

**FIRST AMENDMENT TO CONCESSION AGREEMENT  
SILICON VALLEY AVIATION 701 SKYWAY  
SAN CARLOS AIRPORT**

This First Amendment to the Concession Agreement, dated, this \_\_\_\_ day of \_\_\_\_\_, 2005, between the COUNTY OF SAN MATEO, a political subdivision of the State of California "County", and SILICON VALLEY AVIATION, LLC, "Operator", who mutually agree as follows:

WHEREAS, on June 6, 2000 County and Operator entered into a Concession Agreement, "Original Agreement", in which County granted permission to Operator to operate a flight training school, perform aircraft rentals and other aviation-related activities at 701 Skyway, San Carlos, California, and

WHEREAS, County and Operator desire to amend the Original Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE MATTERS SET FORTH HEREIN, THE CONCESSION AGREEMENT IS HEREBY AMENDED AS FOLLOWS:

1. APPENDIX "A" ("OPERATIONAL ACTIVITIES") to the Original Agreement is hereby replaced with Appendix "A," revised May 25, attached hereto and incorporated by reference herein.
2. APPENDIX "B" ("SAN CARLOS AIRPORT CONCESSION FEES") to the Original Agreement is hereby replaced with Appendix "B", revised May 2005, attached hereto and incorporated by reference herein.
3. Section 1 (TERM), is hereby amended to extend the ending date of the concession agreement for five (5) years from May 30, 2005, to May 31, 2010.
4. Section 4 (PAYMENTS), part d. is hereby amended in its entirety to read as follows:
  - d. *Operator shall, by the tenth day of each month, furnish to County (1) a written report of its concession activities during the previous preceding month on a form provided by County or approved by the Airport Manager (If for any reason, Percentage Fee income information is not available by the first day of the following month, Operator may estimate and provide the income information and make payment based upon historical percentages, so indicating on the reporting form. Operator shall provide the corrected actual income information and any payment adjustments together with the following month's rent payment), (2) payment of those fees that exceed minimum monthly concession fees set forth in Appendix "B", "Concession Fees", (3) a Monthly Report of Aircraft on a form*

*provided by County, reporting each aircraft based on the Airport and owned, operated or under auspices of Operator, including leaseback aircraft.*

5. Section 4 (PAYMENTS), part f. shall be amended in its entirety to read as follows:

*f. In the event any two payments for concession, lease or other fees are delinquent in a twelve-month period, County shall require Operator to make all future payments to the County quarterly and in advance for a 24-month probationary period. In calculating advance payments for concession fees, payment shall be made in the minimum monthly payment amount multiplied by three. Additionally, Operator shall provide, by the tenth day of each month, a report of concession activities for the previous month and any additional fees as required by this Agreement. If Operator fails to make any quarterly or subsequent payments or provide the required reports on time during the probationary period, Operator shall be considered in default of its agreement(s) and be subject to any and all remedies available to the County at law, or equity or under this agreement up to and including the immediate termination of its lease and concession agreements.*

6. Section 4 (PAYMENTS), shall be amended to insert the following part g.:

*g. The minimum payments, percentage of gross receipts, and any and all other fees specified in this Agreement, including the late charge, may be revised by increase or decrease at any time throughout the term of the Agreement by the County Board of Supervisors by resolution applicable to all like concession agreements at County Airports. Any changes shall become effective after reasonable advance notice. County shall give Operators reasonable notice of its intent to make changes in the fee structure and shall inform them as to the time the matter will be considered by the Board of Supervisors. Operator may terminate this Agreement in accordance with Section 23 below if the Board of Supervisors raises fees to a level unacceptable to Operator. Under these conditions, Operator shall be liable only for the fees due up to date of termination.*

7. Section 5 (GROSS RECEIPTS) shall be amended in its entirety to read as follows:

GROSS REVENUES: *Gross revenues are defined to mean all gross charges, sales, rentals, fees and commissions made or earned, and all gross sums received, bartered, exchanged or earned by Tenant, its assignees, sublessees, licensees, and permittees, whether collected or accrued, for any business, use, or operation, or any combination thereof, originating, transacted or performed, in whole or in part, on the premises pursuant to this Agreement, including but not limited to flight training and charter activities, rentals, performance of maintenance and repairs, the rendition or supplying of services, and the sale of goods, wares and merchandise to anyone including employees subject to certain exceptions specifically set forth below ("Gross Revenues"). Gross Revenues shall include, but not be limited to, the total charge to the trainee for aircraft, instructors, overhead and profit, surcharges, and shall include sums received as "flight club dues" or similar charges. In the case of aircraft rental or air taxi/charter, Gross Revenues shall include management fees related to scheduling maintenance, accounts receivable and accounts payable, scheduling cleaning, purchasing of equipment and all other related services.*

*Gross Revenues include those: (i) originating at the Premises, (ii) made by Tenant or Tenant's sales people or independent commissioned representatives utilizing the Premises as a point of contact, or by Tenant at the home or place of business of an employee or a customer, shall be considered as made and completed therein, even though bookkeeping and payment of the account may be transferred to another place for collection and even though actual filling of the sale or service order and actual delivery of the merchandise may be made from a place other than the Premises. Gross Receipts shall include Charter flight trips originating from or coming to the San Carlos Airport, including subsequent legs of the same trip. Charter flights both originating and ending other than at San Carlos Airport shall be excluded from Gross Receipt calculation for Concession Purposes.*

*Gross Revenues shall not include:*

- A. *Gratuities paid to service personnel in the form of tips;*
- B. *Sales tax, income taxes of all kinds and excise taxes applicable thereto, required to be collected by Tenant, its assignees, sub-lessees, licensees or permittees, in connection with the rendition or supplying of services or the sales of goods, wares or merchandise;*
- C. *Any and all commissions paid for financing or discounts to be paid by Tenant to secure financing for any of the business conducted or sales of any kind or nature by Tenant;*
- D. *Proceeds from the sale of capital equipment.*

8. Section 22 (SPECIAL REQUIREMENTS/CONDITIONS) part e. shall be amended in its entirety to read as follows:

*e. County agrees to lease to Operator aircraft tiedowns in the "Juliet" aircraft parking area on an as-available basis. Charges for tiedowns shall be at the rate established and periodically amended by the County Board of Supervisors. Changes to the number or location of aircraft tiedown(s) shall be permitted on no more than two occasions during any 12-month period. The term for tiedowns rented by the Operator shall be for a minimum of 90 days. Operator shall provide 30-days advance written notice for the cancellation of any tiedown space(s) under this agreement. Operator shall ensure that cancelled tiedowns are vacant on the date they revert to the County and shall be responsible for the removal of any aircraft remaining on the tiedown(s) and payment of daily transient fees until the tiedown is vacated.*

9. Section 22 (SPECIAL REQUIREMENTS/CONDITIONS) shall be amended to insert the following as parts f., g. and h.:

*f. Aircraft shall be parked on their assigned tiedown space or leased apron areas at all times. Aircraft owned, operated or under the control or auspices of Operator shall at no time be parked so as to obstruct any taxiway, hangar, tiedown or thoroughfare, including access roads and vehicle gates. In the event the Operator fails to immediately move or relocate aircraft blocking any of the*

*aforesaid areas, the County shall have the right to move or relocate the aircraft or hire to have the aircraft moved or relocated and bill the Operator for all expenses related to such action. Additionally, Operator shall be assessed the daily transient parking fee for any aircraft owned, operated or under the control or auspices of Operator parked so as to obstruct any taxiway, hangar, tiedown or thoroughfare, including access roads and vehicle gates at any time. Failure to pay these fees within 30-days shall constitute default by Operator and result in the termination of the concession agreement by County.*

*g. Operator shall provide in writing to the County the names and descriptions of all commercial businesses and activities being conducted on the airport by the Operator under its agreement with the County. Operator shall ensure the commercial activities of its tenants, sub-lessees, assignees, licensees or permittees on the airport are being conducted under, and in compliance with, its agreement with the County; or that those commercial operators obtain a separate concession agreement from the County prior to conducting business activities on the airport. Commercial activities include but are not limited to: aircraft flight instruction or rental activities, air taxi or charter operations, aircraft servicing or maintenance and aircraft sales.*

*h. Operator may provide limited fueling services solely to its tenants subject to the following conditions and requirements:*

- Operator shall limit its fuel services exclusively to aircraft based on its hangar and tiedown spaces as described in its concession agreement with the County.*
- Operator shall provide a copy of its Certificate of Insurance meeting all County insurance requirements and including coverage for aircraft fueling operations.*
- The maximum weight of Operator's refueling vehicle(s) when fully loaded, including fuel and driver, shall not exceed 12,500 pounds and its*

*refueling vehicle(s) shall comply with all Federal, State, County and National Fire Protection Association (NFPA) requirements. Operator shall provide a reinforced concrete parking area for its refueling vehicle(s) when not in use.*

- *Operator shall comply with all Federal, State, County and NFPA requirements related to its refueling activities and equipment, including but not limited to the completion of a Hazardous Material Business Plan, Spill Prevention Control and Countermeasure Plan (SPCC) and Storm Water Pollution Prevention Plan (SWPPP).*
- *Operator shall purchase fuel for its refueling vehicle(s) either from: (a) fuel operators with a current County concession agreement authorizing them to dispense fuel at the San Carlos Airport and provide documentation that the required fuel flowage fee has been paid to the County for the fuel quantity purchased; or (b) fuel vendors located off airport and provide written documentation regarding the quantity of fuel purchased and pay the County the associated fuel flowage fee as set forth in Appendix "B". Fuel transfers into refueling vehicles on the airport shall be limited to single-point loading operations and no gravity or top loading shall be permitted at any time.*
- *Operator shall assure that all refueling personnel be properly trained in the safe and proper fuel handling techniques and procedures for aircraft refueling operations.*
- *Operator shall notify the County in writing and provide the documentation listed above prior to providing fueling services to its tenants.*

10. Section 23 (NOTICES) shall be amended to change operator's address to:

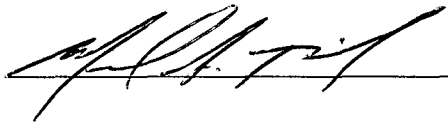
*Silicon Valley Aviation, LLC  
2995 Woodside Rd., Suite 260  
Woodside, CA 94062*

This amendment shall be effective on delivery of a fully executed copy hereof to the parties. Except as set forth herein, all terms of the Original Agreement shall remain unchanged.

This First Amendment shall not be valid unless executed by the President of the Board of Supervisors of the County of San Mateo pursuant to a resolution adopted in accordance with the California Government Code.

OPERATOR  
SILICON VALLEY AVIATION

DATE: 10/28/05

BY: 

COUNTY

DATE: \_\_\_\_\_

BY: \_\_\_\_\_  
President, Board of Supervisors

ATTEST:

Resolution No. \_\_\_\_\_

\_\_\_\_\_  
Clerk of the Board

APPENDIX "A"  
"OPERATIONAL ACTIVITIES"  
TO AIRPORT CONCESSION AGREEMENT  
WITH Silicon Valley Aviation, LLC  
REVISED MAY, 2005

The concession shall be limited to:

- (1) Aircraft Flight Training School and Aircraft Rental, which authorizes Operator to conduct on a non-exclusive basis fixed-wing aircraft flying and ground training instruction under which is designed to prepare students to qualify for FAA pilot's ratings, pilot's refresher training and aircraft solo training, and to provide on a non-exclusive basis aircraft for rental to the public, including aircraft rented for flying training or aircraft flight instruction. The operation of a flying club as a part of or adjunct to a flight school shall be considered as a contract aircraft rental activity and shall be subject to payments as prescribed in Appendix "B" "Concession Fees" of this Agreement.
- (2) Aircraft Sales, which authorizes Operator to conduct on a non-exclusive basis, sales to the public of new and used aircraft.
- (3) Product Sales, which authorizes Operator to conduct on a non-exclusive basis sales of pilots' supplies including but not limited to books, manuals, charts, Hats, T-shirts and GPS products.
- (4) Aircraft Charter, which authorizes Operator to conduct on a non- exclusive basis the charter of aircraft for hire, provided that all charter activities are conducted under appropriate Federal Aviation Administration and Airport rules and guidelines.
- (5) Aircraft Maintenance , which authorizes Operator to conduct on a non-exclusive basis repair and maintenance of aircraft , provided that all charter activities are conducted under appropriate Federal Aviation Administration and Airport rules and guidelines.
- (6) Aircraft Storage and Management, which authorizes Operator to conduct on a non- exclusive basis a business of managing and operating aircraft by the subletting of hangar space for business and personal aircraft.
- (7) Limited Fueling Services, which authorizes Operator to provide on a non-exclusive basis, limited fueling services solely to its tenants under the conditions and requirements listed in Section 22, part h of this agreement.

Any operator operating under the umbrella of this agreement must first be approved in writing by County and shall comply with all requirements of this agreement.

Initial MR



APPENDIX "B"  
"SAN CARLOS AIRPORT CONCESSION FEES"  
TO AIRPORT CONCESSION AGREEMENT  
WITH **Silicon Valley Aviation, LLC**  
REVISED MAY, 2005

<u>CONCESSION ACTIVITY</u>	<u>MINIMUM MONTHLY FEE</u>
Aircraft Flight Training School and Aircraft Rental	\$1000 per month
Product Sales	
Aircraft Charter	
Aircraft Maintenance	
Aircraft Storage and Management	

Total combined minimum monthly fee shall not exceed \$1000 unless 1% of the monthly gross receipts for specified concession activities exceeds the minimum monthly fee. If 1% of monthly gross receipts exceeds minimum monthly fees, 1% of the gross receipts will be the concession fees owed for that month.

Aircraft Sales fees are as follows:

Aircraft Sales	\$100 Per Aircraft sold
Fuel flowage fee (if applicable, see Section 22, Part h.)	\$0.10 Per Gallon

All business enterprises conducted at County Airports are subject to concession fees. Any operator operating under the umbrella of this agreement (see Appendix "A") must report gross income separately on the form provided or approved by County. Those activities not previously specified in this agreement will be negotiated individually with operators and specified in section "A" Operational activities. Fees negotiated will be specified in Appendix B. (this section).

Initial

FIRST AMENDMENT  
TO  
STANDARD INDUSTRIAL/COMMERCIAL SINGLE-TENANT LEASE - NET

This First Amendment to Standard Industrial/Commercial Single-Tenant Lease -- Net (the "First Amendment") (i) is made and entered into by and between Dankers-Ersted Partnership, a California general partnership ("Lessor"), and Silicon Valley Aviation, LLC, a California limited liability company ("Lessee"); and (ii) is dated June 30, 2005, for reference purposes only.

RECITALS

A. On or about June 17, 2000, Lessor and Lessee entered into that certain Standard Industrial/Commercial Single-Tenant Lease - Net (the "Lease") dated June 6, 2000, for reference purposes only, encumbering certain real property and certain improvements located at 701 Skyway Boulevard, San Carlos, California.

B. Lessor and Lessee desire to amend the Lease as provided herein.

C. Unless otherwise defined herein, capitalized terms as used herein shall have the same meanings as given thereto in the Lease.

AMENDMENT

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee do hereby agree as follows:

1. Notwithstanding anything to the contrary set forth in the Lease, the Commencement Date was June 1, 2000.

2. Notwithstanding anything to the contrary set forth in the Lease, (i) the Term of the Lease shall be ten (10) years, and (ii) the Expiration Date shall be May 31, 2010.

3. Notwithstanding anything to the contrary set forth in the Lease, (i) the Base Rent shall be Ten Thousand Dollars (\$10,000) per month for the period commencing June 1, 2005 and ending May 31, 2006, (ii) the Base Rent shall be increased annually in an amount equal to the increase in the Consumer Price Index-All Urban Consumers (CPI-U) for San Francisco-Oakland-San Jose during the preceding twelve (12) month period, (iii) each such annual increase in the Base Rent shall be no less than five percent (5%) and no more than nine percent (9%), (iv) the first such increase in Base Rent shall occur on June 1, 2006, (v) subsequent increases in Base Rent shall occur on June 1, 2007, June 1, 2008, and June 1, 2009, and (vi) the Base Rent is due and payable on the first day of each month.

4. Notwithstanding anything to the contrary set forth in the Lease, the Security Deposit is -- as of the reference date written hereinabove - Ten Thousand Dollars (\$10,000).

5. Notwithstanding anything to the contrary set forth in the Lease, (i) Lessee shall remit -- on and after June 1, 2005 - to Lessor those certain sums necessary to insure that the Security Deposit shall, at all times, equal the then-current Base Rent, and (ii) such Security Deposit increase shall be due and payable from Lessee to Lessor on the first day of the month during which the Base Rent increases.

6. Notwithstanding anything to the contrary set forth in the Lease, the monetary obligations of Lessee set forth in Paragraphs 7, 8, 10, and 11 of the Lease (i) are Rent (as such term is defined in Paragraph 4 of the Lease), (ii) are in addition to the obligation of Lessee to remit Base Rent to Lessor as set forth in the Lease, including, but not limited to, Paragraph 4 therein, and (iii) are not a portion of Base Rent (as such term is defined in Paragraph 1.6).

7. Notwithstanding anything to the contrary set forth in the Lease, Lessee shall pay to Lessor - in addition to Base Rent and those certain other monetary obligations discussed in Section 6 of this First Amendment - one-half (1/2) of the ground lease fees due pursuant to the Ground Lease Agreement. Such ground lease fees (i) equal the product of the Base Rent multiplied by ten percent (10%), (ii) are paid by Lessor to the County in arrears, and (iii) are due and payable by Lessor to the County on the first day of each month. Lessee's payment of one-half (1/2) of the ground lease fees (i) shall be paid to Lessor in arrears, (ii) shall be due and payable on the first calendar day of each month, and (iii) shall be delivered by Lessee and received by Lessor on or before the third calendar day of each month to avoid a late fee charge as set forth in Paragraph 13.4 of the Lease. Lessee's failure to pay Lessee's portion of such ground lease fees shall be a breach of the Lease.

8. Paragraph 66 of the Lease is hereby deleted in its entirety.

9. Lessor hereby grants to Lessee three (3) options (separately, "Option"; collectively, "Options") to renew the term of the Lease:

A. The term of the first Option ("First Option") shall be five (5) years, commencing June 1, 2010 and ending May 31, 2015. The initial monthly Base Rent shall equal (i) the monthly Base Rent during the immediately preceding year - June 1, 2009 to May 31, 2010 - increased by (ii) the change in CPI-U for San Francisco-Oakland-San Jose over such preceding twelve month period; such increase shall be no less than five percent (5%) and no more than nine percent (9%). The Base Rent shall increase each year thereafter by the increase in CPI-U for San Francisco-Oakland-San Jose over the preceding twelve month period; such increase shall be no less than five percent (5%) and no more than nine percent (9%); the first such annual adjustment shall occur on June 1, 2011.

B. The term of the second Option ("Second Option") shall be five (5) years commencing June 1, 2015 and ending May 31, 2020. The initial monthly Base Rent shall equal (i) the monthly Base Rent during the immediately preceding year - June 1, 2014 to May 31, 2015 - increased by (ii) the increase in CPI-U for San Francisco-Oakland-San Jose over such preceding twelve month period; such increase shall be no less than five percent (5%) and no more than nine percent (9%). The Base Rent shall increase each year thereafter by the increase in CPI-U for San Francisco-Oakland-San Jose over the preceding twelve month period; such increase shall be no less than five percent (5%) and no more than nine percent (9%); the first such annual adjustment shall occur on June 1, 2016.

C. The term of the third Option ("Third Option") shall be two (2) years and seven (7) months commencing June 1, 2020 and ending December 31, 2022; in no event, however, shall the term extend beyond the term of the Ground Lease Agreement. The initial monthly Base Rent shall equal (i) the monthly Base Rent during the immediately preceding year - June 1, 2019 to May 31, 2020 - increased by (ii) the increase in CPI-U for San Francisco-Oakland-San Jose over such preceding twelve month period; such increase shall be no less than five percent (5%) and no more than nine percent (9%). The Base Rent shall increase each year thereafter by the increase in CPI-U for San Francisco-Oakland-San Jose over the preceding twelve month period; such increase shall be no less than five percent (5%) and no more than nine percent (9%); the first such annual adjustment shall occur on June 1, 2021.

10. The Options set forth in the preceding Section 9 of this First Amendment are made upon each and all of the following terms and conditions:

A. To exercise an Option to extend, Lessee must give written notice of such election to Lessor - and Lessor must receive same - at least six (6) months but not more than nine (9) months prior to the date the Option period would commence, time being of the essence. Lessee must exercise the First Option no earlier than September 1, 2009 and no later than December 1, 2009. Lessee must exercise the Second Option no earlier than September 1, 2014 and no later than December 1, 2014. Lessee must exercise the Third Option no earlier than September 1, 2019 and no later than December 1, 2019.

B. If proper notification of the exercise of an Option is not given or received, such Option shall automatically expire. Options may only be exercised consecutively; therefore, if Lessee does not exercise the First Option in accordance with the terms and conditions herein, the Second Option shall be (i) null and void, and (ii) of no further force or effect.

C. The provisions of Paragraph 39 of the Lease, including, but not limited to, the provisions of Paragraph 39.4 relating to Lessee's Default, are conditions of the Options.

D. The Options (i) are personal to Lessee, (ii) may not be assigned or exercised by any individual or firm other than Lessee, (iii) may be exercised only while Lessee is in full possession of the Premises, and (iv) may be exercised only if Lessee shall not intend to thereafter assign or sublet.

11. Notwithstanding anything to the contrary set forth in the Lease, Lessee hereby acknowledges and agrees that the County has the right to review and approve or disapprove this First Amendment pursuant to the provisions of Section 15 of the Ground Lease Agreement. Section 15 of the Ground Lease Agreement states in part (words or phrases shown in parentheses below have been added for clarity):

"Lessee (Woodrow C. Ersted and Antonius J. Dankers) shall not assign, sublease or transfer Lessee's rights under this (Ground Lease) Agreement or any part thereof or enter into other agreements or arrangements contrary to the terms of this (Ground Lease) Agreement without prior written approval of County."

Upon (i) Lessee's full execution of three (3) or more originals of this First Amendment and Lessee's delivery of such executed originals to Lessor, and (ii) Lessee's execution of the Amended County/Lessee Concession Agreement (as such term is defined hereinbelow) and Lessee's delivery to Lessor of one (1) copy of such Amended County/Lessee Concession Agreement as executed by Lessee, Lessor shall execute this First Amendment and submit such First Amendment to the County for review and approval or disapproval. Lessee hereby acknowledges and agrees that Lessor does not warrant or guarantee that the County will (i) review such executed First Amendment in a timely manner, or (ii) approve such First Amendment. Upon receipt of the County's written approval, if any, of such First Amendment, Lessor shall promptly return one (1) fully executed original to Lessee. If the County disapproves such First Amendment, (i) Lessor, upon receipt of written notice of such disapproval, shall promptly notify Lessee, and (ii) the Lease Term shall end on that certain date which is thirty (30) calendar days after Lessor's receipt of the County's written notice of such disapproval.

12. Notwithstanding anything to the contrary set forth in the Lease, Lessee shall, at all times during and throughout the term of the Lease (as may be extended from time to time), fully perform, keep, observe, and comply with any and all terms, covenants, and conditions of the County/Lessee Concession Agreement (as may be amended from time to time), together with any and all attachments, appendices, and addenda thereto. Lessee shall promptly provide Lessor with a copy of any and all (i) further amendments to such County/Lessee Concession Agreement, and (ii) information, reports, or notices furnished by Lessee to the County or by the County to Lessee pursuant to the provisions of such County/Lessee Concession Agreement.

Notwithstanding anything to the contrary set forth in the Lease, (i) this First Amendment shall take effect if, and only if, Lessee and County shall have previously entered into (or shall concurrently enter into) an amendment to the County/Lessee Concession Agreement extending the term thereof to a date no earlier than May 31, 2010, (ii) Lessee may exercise the First Option if, and only if, Lessee and County shall have previously entered into (or shall concurrently enter into) a further amendment to the County/Lessee Concession Agreement extending the term thereof to a date no earlier than May 31, 2015, (iii) Lessee may exercise the Second Option if, and only if, Lessee and County shall have previously entered into (or shall concurrently enter into) a further amendment to the County/Lessee Concession Agreement extending the term thereof to a date no earlier than May 31, 2020, and (iv) Lessee may exercise the Third Option if, and only if, Lessee and County shall have previously entered into (or shall concurrently enter into) a further amendment to the County/Lessee Concession Agreement extending the term thereof to a date no earlier than December 31, 2022.

Lessee hereby further acknowledges and agrees that (i) Lessor shall not be responsible, whether in part or in whole, for the payment of any concession fees, gross sales percentage fees, tie-down fees, or other fees, costs, or expenses, whether set forth in the County/Lessee Concession Agreement, the Ground Lease Agreement, or elsewhere, due to the County from Lessee, and (ii) Lessee shall be solely responsible for the payment to the County of all of such fees, costs, and expenses. Notwithstanding the foregoing, (i) Lessor shall be responsible for the payment to the County of the rent set forth in Section 11 of the Ground Lease Agreement, and (ii) Lessee shall, pursuant to Section 5 hereinabove, be responsible for the payment to Lessor of one-half (1/2) of such rent set forth in Section 11 of the Ground Lease Agreement as partial reimbursement of Lessor's payment to the County.

A "Breach" of the Lease by Lessee shall include, without limitation, (i) Lessee's failure to pay to the County when due any sums due under the County/Lessee Concession Agreement, including, but not limited to, concession fees as set forth in Appendix "B" to such Agreement, (ii) Lessee's failure to comply fully with the terms and conditions of such County/Lessee Concession Agreement, and (iii) the failure of Lessee or Lessee's employees, agents, contractors, invitees, licensees, members, or students to fully comply with any and all applicable Federal, State, County, or local laws, rules, regulations, certifications, and license requirements whether set forth in the County/Lessee Concession Agreement or elsewhere, including, without limitation, those laws, rules, regulations, certifications, and license requirements set forth in Section 12 of such County/Lessee Concession Agreement. Any such failures shall be subject only to the cure periods, if any, set forth in the County/Lessee Concession Agreement; no additional cure periods shall accrue to the benefit of Lessee.

The County's termination of the County/Lessee Concession Agreement pursuant to the terms and conditions of Sections 6, 20, or 22 therein or any and all other Sections thereof shall constitute a Breach of the Lease by Lessee (such Breach shall not be subject to, or dependent upon, any oral or written notice from Lessor to Lessee; in addition, no period shall exist within which such Breach may be cured), and Lessor may elect - with respect to such Breach - any of the remedies available under Paragraph 13.2 of the Lease or under applicable law. If Lessee terminates the County/Lessee Concession Agreement pursuant to the terms and conditions of Sections 4.g or

21.a therein, then Lessor may elect either to treat such action as a Breach of the Lease by Lessee, or to leave the Lease in effect in which case Lessee shall remain obligated under the Lease but may not use or occupy the Premises unless and until Lessee enters into a new written concession agreement with the County. If Lessee terminates such Amended County/Lessee Concession Agreement pursuant to the terms and conditions of Section 21.b therein, then Lessee may terminate the Lease upon thirty (30) calendar days prior written notice to Lessor.

13. Notwithstanding anything to the contrary set forth in the Lease, any and all notices or demands which are required or permitted to be given by Lessee to Lessor pursuant to the terms and conditions of the Lease shall be addressed as follows:

Dankers-Ersted Partnership  
c/o Industrial Realty Company of California  
1091 Industrial Road Suite 101  
San Carlos CA 94070-4118  
Voice: (650) 592-5425  
Facsimile: (650) 592-5488

14. In all other respects, the terms and conditions of the Lease are hereby affirmed by Lessor and Lessee and any provisions of the Lease not inconsistent with the modifications set forth herein shall remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee have executed this First Amendment on the dates specified below their signatures.

"Lessor": Dankers-Ersted Partnership,  
a California general partnership

By: Woodrow C. Ersted  
Woodrow C. Ersted, Trustee of the Ersted Family Trust under trust  
agreement dated January 5, 1993  
Its: General Partner

Date: 7/21/05

By: Mieke Dankers  
Mieke Dankers, as Trustee of The Mieke Dankers Separate Property  
Trust dated January 2, 1996  
Its: General Partner

Date: Mieke 8/4/05

By: JH Dankers  
Johannes H. Dankers  
Its: General Partner

Date: 7/26/05

By: Martha W. Dankers  
Martha W. Dankers  
Its: General Partner

Date: 7-26-05

Address: c/o Industrial Realty Company of California  
1091 Industrial Road Suite 101  
San Carlos CA 94070-4118  
Telephone: (650) 592-5425  
Facsimile: (650) 592-5488  
Federal EIN: 94-6110518

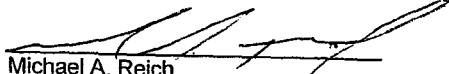
"Lessee": Silicon Valley Aviation, LLC,

a California limited liability company

By: 

Its: Frantisek Pavlik  
Co-Manager

Date: 7/15/05

By: 

Its: Michael A. Reich  
Co-Manager

Date: 7/15/05

Mailing Address: c/o Michael Reich & Associates  
2995 Woodside Road Suite 260  
Woodside CA 94062-2401  
Telephone: (650) 851-5950  
Facsimile: (650) 851-4606  
Federal EIN: