

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (“Agreement”) is made and entered into as of the date of last execution below (“Execution Date”), by and between PACIFIC STATES AVIATION, INC., a California Corporation, with a business address at 51 John Glenn Drive, Concord, California 94520 (hereinafter “Seller”), and THRESHOLD TECHNOLOGIES, INC., a California Corporation, with a business address at 8352 Kimball Avenue, F350, #3, Chino, California 91708 (hereinafter “Buyer”).

RECITALS

A. Seller is engaged in the business of providing services as General Aviation Fixed Based Operator (the “Business”) at Buchanan Field (the “Airport”) in the State of California with a business location at 51 John Glenn Drive, Concord, California 94520.

B. Buyer desires to purchase from Seller substantially all of the assets of Seller related to the Business, including the real property, fixtures, tangible and intangible personal property, inventory, goodwill, and other assets of the Business listed in this Agreement.

C. Subject to the terms and conditions contained in this Agreement, Seller desires to sell to Buyer, and Buyer agrees to purchase from Seller, substantially all of the assets of Seller related to the Business

D. The Business which is the subject of this Agreement does not include the Flight Academy and Repair Service operations of Seller conducted at the Airport.

NOW, THEREFORE, in consideration of the mutual covenants, representations, and warranties contained in this Agreement, the parties agree as follows:

ARTICLE 1. PURCHASE AND SALE OF ASSETS

1.1. Purchase and Sale of Assets.

Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, at Closing (as defined below), all of Seller’s right, title, and interest in and to all of the assets used by Seller in connection with the operation of the Business (the “Acquired Assets”), including, without limitation, the following:

- (a) Seller’s interest as Tenant in the lease of the real property located in the City of Concord, County of Contra Costa, State of California, commonly known as 51 John Glenn Drive, from the County of Contra Costa, a political subdivision of the State of California, as Lessor, and as more fully described in **Exhibit 1** (“51 John Glenn Drive”), together with Seller’s interest, if any, in all buildings, structures, improvements, and/or fixtures constructed, erected, or existing on, in, or under said real property;

(b) Seller's interest as Tenant in the lease of the real property located in the City of Concord, County of Contra Costa, State of California, commonly known as 101 John Glenn Drive, from the County of Contra Costa, a political subdivision of the State of California, as Lessor, and as more fully described in **Exhibit 2** (collectively, "the 51 and 101 John Glenn Drive Lease"), together with all buildings, structures, improvements, and/or fixtures constructed, erected, or existing on, in, or under said real property;

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1.2. Permitted Liens.

[REDACTED]

1.3. Risk of Loss.

[REDACTED]

1.4. Excluded Assets..

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**ARTICLE 2.
ASSUMPTION OF LIABILITIES**

2.1. Assumption of Liabilities.

Effective as of the Closing Date (as defined below), and in addition to any other liabilities expressly assumed by Buyer under this Agreement, Seller shall assign to Buyer and Buyer shall assume responsibility from Seller for the performance and satisfaction of all of the executory obligations and liabilities of Seller listed on **Schedule D** (the "Assumed Liabilities"), including, without limitation, the following:

- (a) all of the executory obligations and liabilities of Seller arising from and after the Closing pursuant to the 51 and 101 John Glenn Drive Lease, except any such Liability relating to any breach, default or violation of the Lease for which the underlying claim occurred prior to the Closing;

[REDACTED]

[REDACTED]

2.2. Excluded Liabilities.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**ARTICLE 3.
PURCHASE PRICE**

3.1. Purchase Price.

[REDACTED]

3.2. Payment of Purchase Price.

[REDACTED]

3.3. Allocation of Purchase Price.

The Purchase Price shall be allocated among the Acquired Assets as follows:

(a) 51 John Glenn Drive: [REDACTED]

(b) 101 John Glenn Drive: [REDACTED]

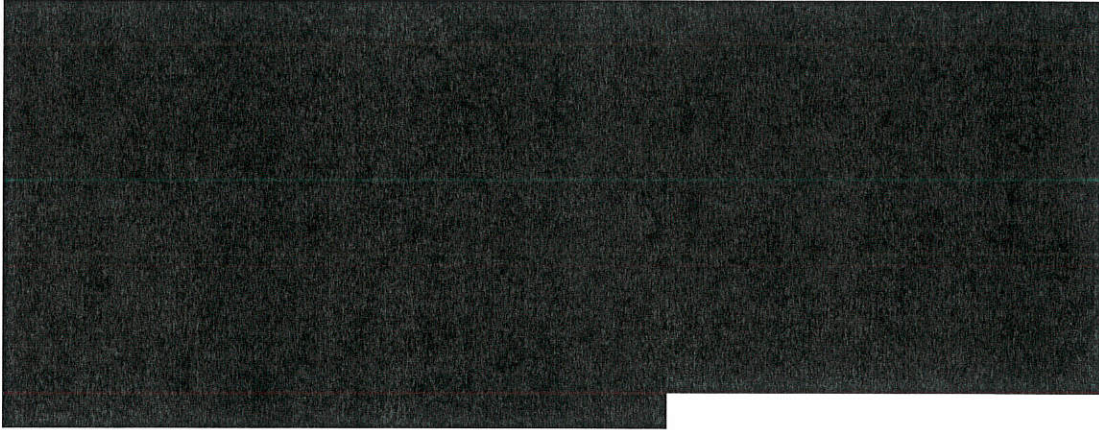
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3.4. Effect of Allocation.

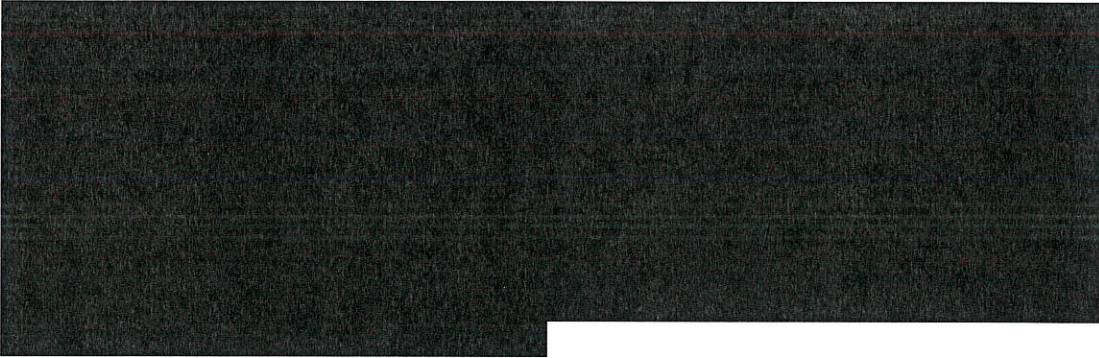
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**ARTICLE 4.
INSPECTION OF ACQUIRED ASSETS**

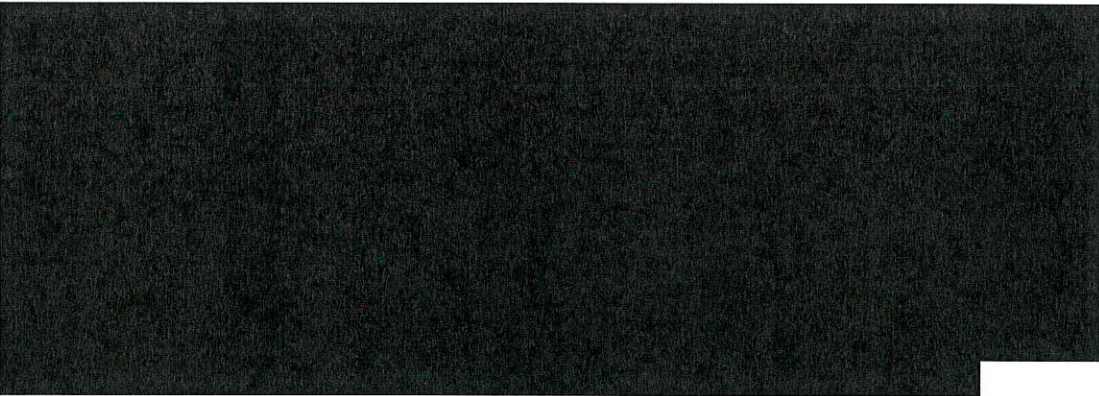
4.1. Inspection Period.



4.2. Title Matters.



4.3. Access to Acquired Assets.



**ARTICLE 5.
ESCROW AND CLOSING**

5.1. Opening of Escrow.

[REDACTED]

5.2. Time and Place of Closing.

The closing for the purchase and sale of the Acquired Assets (the "Closing") shall be held at the office of Escrow Agent on the date which is the later to occur of thirty (30) days from the Execution Date or the first business day following the date on which the County of Contra Costa delivers an executed consent to the assignment of the 51 and 101 John Glenn Drive Lease , or at such other time and place as the parties may mutually agree in writing (the "Closing Date"). At Closing Seller shall convey title to the Acquired Assets to Buyer as provided in this Agreement, subject only to the Permitted Liens.

5.3. Seller's Closing Obligations.

[REDACTED]

[REDACTED]

(c) A duly executed and acknowledged Assignment and Assumption Agreement assigning to Buyer Seller's interest as Tenant in the 51 and 101 John Glenn Drive Lease, together with written consent of the County of Contra Costa to such assignment.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5.4. Buyer's Closing Obligations.

[REDACTED]

[REDACTED]

(b) Duly executed and acknowledged counterparts of any documents required to be signed by Buyer pursuant to this Agreement, including, but not limited to, the Assignment and Assumption Agreement of the 51 and 101 John Glenn Drive Lease, an Assignment of Contracts and an Assignment and Assumption Agreement of Real Property Subleases described in Exhibit C.

[REDACTED]

[REDACTED]

[REDACTED]

5.5. Expenses of Closing.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**ARTICLE 6.
REPRESENTATIONS AND WARRANTIES OF SELLER**

6.1. Seller's Representations and Warranties.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6.2. Correctness of Representations.

[REDACTED]

**ARTICLE 7.
REPRESENTATIONS AND WARRANTIES OF BUYER**

7.1. Buyer's Representations and Warranties.

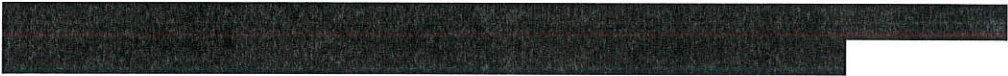
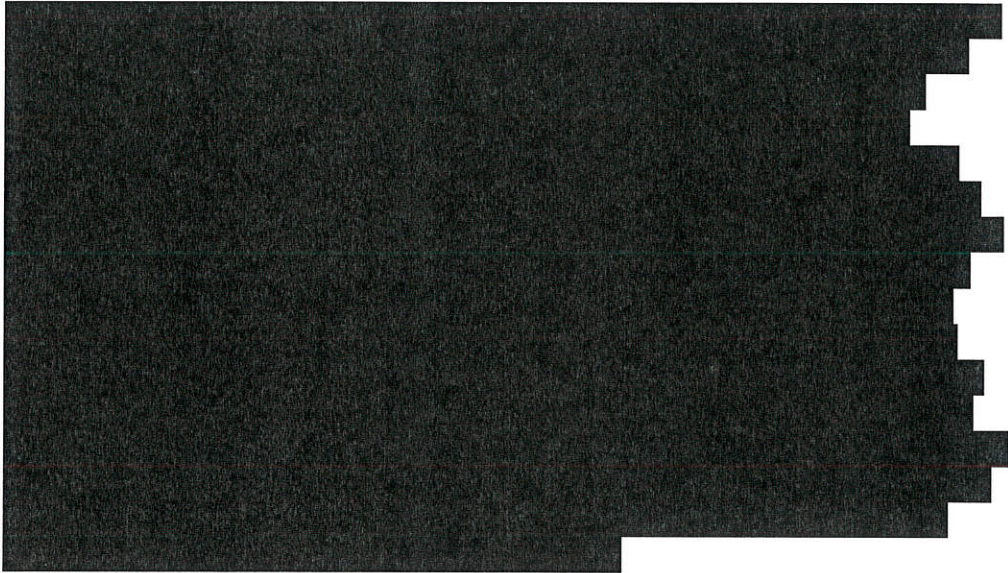
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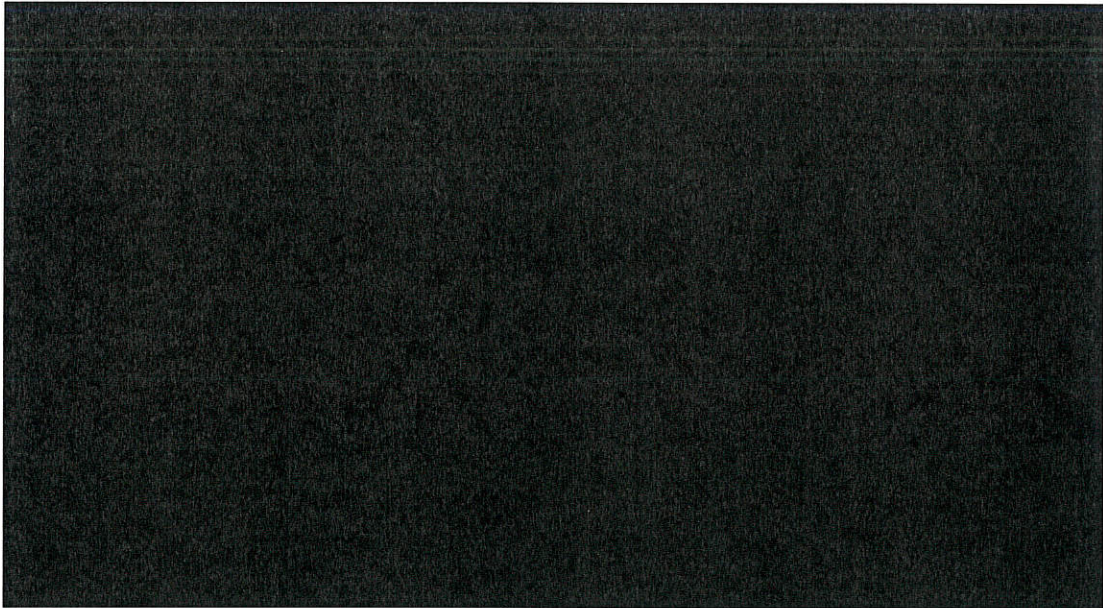
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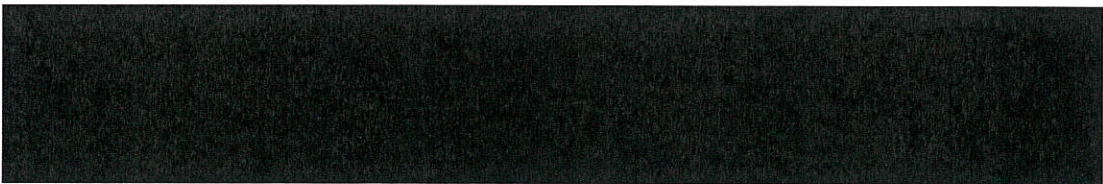
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7.2. Sophisticated Party; Independent Appraisal and Investigation.



7.3. Correctness of Representations.



[REDACTED]

ARTICLE 8.
SELLER'S PRE-CLOSING OBLIGATIONS

8.1. Maintenance of Property Pending Closing.

[REDACTED]

8.2. Access and Information.

[REDACTED]

8.3. Consents.

On or before the Closing Date, Seller, at its expense, shall use its best efforts to obtain all necessary consents required to assign Seller's interest in any of the Acquired Assets to Buyer as contemplated by this Agreement. In the event Seller is unable to obtain any such consent on or before the Closing Date, Buyer may terminate this Agreement as provided in Article 13.

8.4. Discharge of Liens.

[REDACTED]

8.5. Termination of Employees.

[REDACTED]

ARTICLE 9.
MUTUAL COVENANTS

9.1. Further Assurances Prior to Closing.

[REDACTED]

9.2. Notification of Changed Circumstances.

[REDACTED]

9.3. Seller's Employees.

[REDACTED]

9.4. Compliance With Bulk Sales Law.

[REDACTED]

9.5. Broker's Fees.

[REDACTED]

[REDACTED]

**ARTICLE 10.
CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER**

10.1. Buyer's Conditions.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

(e) Seller shall have obtained all necessary agreements and consents of any parties required to consummate the transactions contemplated by this Agreement, including, without limitation, the written consent of the County of Contra Costa to the assignment of the 51 and 101 John Glenn Drive Lease to Buyer.

[REDACTED]

[REDACTED]

10.2. Failure to Satisfy Buyer's Conditions.

[REDACTED]

**ARTICLE 11.
CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER**

11.1. Seller's Conditions.

[REDACTED]

(c) Seller shall have obtained all necessary agreements and consents of any parties required to consummate the transactions contemplated by this Agreement, including, without limitation, the written consent of the County of Contra Costa to the assignment of the 51 and 101 John Glenn Drive Lease to Buyer.

11.2. Failure to Satisfy Seller's Conditions.

[REDACTED]

**ARTICLE 12.
POST-CLOSING OBLIGATIONS**

12.1. Additional Assurances.

[REDACTED]

12.3. Buyer's Obligation to Operate the Business.

Buyer acknowledges that the 51 and 101 John Glenn Drive Lease obligates the Tenant under the Lease to provide certain services and specifies the manner in which such services are to be provided. Buyer further acknowledges that Seller would not agree to assign the 51 and 101 John Glenn Drive Lease to Buyer but for Buyer's assumption of said Lease pursuant to its terms. Buyer agrees to indemnify, hold harmless and defend Seller from and against any and all claims, causes of action, judgments or awards arising out of Buyer's

breach of the 51 and 101 John Glenn Drive Lease occurring from and after the Closing Date. Notwithstanding the foregoing, subsequent to the Closing, nothing stated in this Agreement shall be deemed to prevent or otherwise limit Buyer's right to sell, convey, alienate, transfer, hypothecate, and/or dispose of the Acquired Assets, or any part thereof, at Buyer's sole discretion, provided that no such transfer shall be a breach of the Lease.

12.4. Covenant Not To Compete.

[REDACTED]

**ARTICLE 13.
TERMINATION**

13.1. Termination.

[REDACTED]

13.2. Effect of Termination.

[REDACTED]

13.3. Remedies Cumulative.

[REDACTED]

[REDACTED]

**ARTICLE 14.
INDEMNIFICATION**

14.1. Seller's Indemnification.

[REDACTED]

14.2. Buyer's Indemnification.

[REDACTED]

14.3. Survival of Indemnities.

[REDACTED]

**ARTICLE 15.
CONFIDENTIALITY**

15.1. Confidentiality.

The Parties each expressly acknowledge and agree that the transactions contemplated by this Agreement, including without limitation the terms, conditions, and negotiations pertaining to such transactions, as well as all oral and written correspondence exchanged in connection with this Agreement, shall be held in the strictest confidence (hereinafter collectively as "Confidential Information"). Each Party further agrees that it shall not disclose such Confidential Information to any third-party without first obtaining the written consent of other Party, except in the following circumstances: (i) to their respective legal counsel, accountants, consultants, officers, directors, and agents, and only to the extent that such disclosure may be necessary for performance under this Agreement; (ii) to Escrow as is necessary for the consummation of the transactions contemplated under this Agreement; (iii) to any third-party whose consent is necessary to effectuate the Assignments contemplated under this Agreement; (iv) as may be required to comply with federal, state, or local law, or else in response to lawful process or subpoena or other valid or enforceable

order of a court of competent jurisdiction, or as part of any filings with governmental authorities required by reason of the transactions provided for herein, pursuant to advice of counsel; and (v) for the purposes of enforcing this Agreement, and prosecuting any breach thereof. The provisions of this Article 15 will survive the Closing or any termination of this Agreement.

**ARTICLE 16.
GENERAL PROVISIONS**

16.1. Assignment.

The respective rights and obligations of the parties to this Agreement may not be assigned by any party without the prior written consent of the other, which consent may not be unreasonably withheld or delayed.

16.2. Successors and Assigns.

[REDACTED]

16.3. Entire Agreement.

This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior agreements, oral and written, between the parties to this Agreement with respect to the subject matter of this Agreement.

16.4. Modification and Waiver.

[REDACTED]

16.5. Attorney's Fees.

[REDACTED]

16.6. Fees and Expenses.

[REDACTED]

[REDACTED]

16.7. Notices.

[REDACTED]

If to Seller: Pacific States Aviation, Inc.
Attn: Robert Thompson
51 John Glenn Drive
Concord, CA 94520

[REDACTED]

If to Buyer: Threshold Technologies, Inc.
Attn: Thomas Bressan
8352 Kimball Avenue
F350, Hangar #3
Chino, California 91708

[REDACTED]

[REDACTED]

16.8. Headings.

All section headings contained in this Agreement are for convenience of reference only, do not form a part of this Agreement, and shall not affect in any way the meaning or interpretation of this Agreement.

16.9. Counterparts.

This Agreement may be executed in two (2) or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one counterpart has been signed by each party and delivered to the other party hereto.

16.10. Time of Essence.

Time shall be of the essence with respect to the obligations of the parties to this Agreement.

16.11. Choice of Law and Venue.

[REDACTED]

16.12. Mediation.

[REDACTED]

16.13. Arbitration.

[REDACTED]

16.14. Severability

In the event any provision of this Agreement is deemed to be invalid, illegal, or unenforceable, all other provisions of the Agreement that are not affected by the invalidity,

illegality, or unenforceability shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have each approved and executed this Agreement as of the date of full execution below.

Dated: November 15, 2018

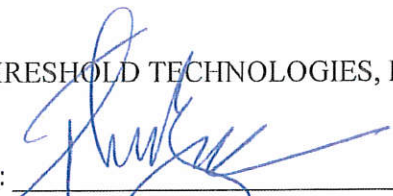
PACIFIC STATES AVIATION, INC.

By: 

Arthur Thompson
Its President

Dated: November 15, 2018

THRESHOLD TECHNOLOGIES, INC.

By: 

Thomas Bressan
Its Chief Operating Officer