

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

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LONG BEACH AIRPORT

34760

AMENDED AND RESTATED LEASE

by and between the

CITY OF LONG BEACH

LANDLORD

and

AIRSPACE LLC

TENANT

AMENDED AND RESTATED LEASE

1
2 The following Amended and Restated Lease (“Lease”) is made and entered
3 into, in duplicate, as of _____ October 1, 2017 (“Effective Date”), pursuant to a minute
4 order adopted by the City Council, City of Long Beach at its meeting held on May 2, 2017,
5 by and between the CITY OF LONG BEACH, a municipal corporation, hereinafter referred
6 to as “LANDLORD” and AIRSPACE LLC, a Delaware limited liability company, having its
7 place of business at 4310 Donald Douglas Drive, Long Beach, California 90808, hereinafter
8 referred to as “TENANT”. LANDLORD and TENANT’s predecessor-in-interest previously
9 executed that certain Fixed Base Operation Lease dated as of November 15, 1988 (as
10 amended and assigned, the “Original Lease”). This Lease continues the leasehold interest
11 of TENANT but amends and restates the Original Lease in its entirety, and the terms and
12 provisions of the Original Lease shall be of no further force or effect as of the Effective
13 Date.

14 1. LEASED PREMISES. In consideration of the faithful performance of
15 the covenants and conditions hereinafter agreed to be kept by LANDLORD and TENANT,
16 LANDLORD does hereby lease and TENANT does hereby take and accept the following
17 described premises herein after referred to as the Leased Premises, which consists of
18 approximately 3.35 acres of land as shown on the aerial in Exhibit “A-1” and legally
19 described in Exhibit “A-2” attached hereto and made a part hereof by this reference,
20 commonly referred to as Parcels 1 and 4 located at 4310 Donald Douglas Drive, Long
21 Beach, California.

22 2. CONDITION OF LEASED PREMISES.

23 A. TENANT accepts the Leased Premises in an as is condition
24 and acknowledges that TENANT has not received and LANDLORD has not made
25 any warranty, express or implied as to the condition of the premises or any
26 improvements, structures, substructures, or infrastructures located thereon.

27 B. Except as otherwise set forth in this agreement, TENANT
28 agrees to bear all expenses incurred in the development, operation and

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1 maintenance of said premises including improvements thereto existing at the time
2 TENANT assumes possession.

3 C. TENANT agrees to keep the Leased Premises in a neat, orderly
4 and safe condition and free of waste, rubbish and debris during the term of this
5 lease.

6 3. TERM. The term of the Original Lease commenced on December 1,
7 1988, for an initial term of forty (40) years. The term is extended for an additional ten (10)
8 years and therefore this Lease shall terminate on November 30, 2038.

9 4. RENT.

10 A. TENANT agrees to continue to pay LANDLORD monthly land
11 rent for the Leased Premises in an amount equal to Eleven Thousand One Hundred
12 Ten Dollars and Sixty Cents (\$11,110.60). Each monthly installment is payable to
13 LANDLORD on the first day of each calendar month during the term of this Lease.
14 Said installments shall be subject to adjustment as provided for in this Lease.

15 B. In the event the obligation to pay rent commences on some
16 date other than the first day of the month, the first month's rent shall be prorated to
17 reflect the actual period of occupancy.

18 C. Payment of rental hereunder shall be considered delinquent on
19 the tenth day of month following the date due. TENANT understands and agrees
20 that LANDLORD shall not be obligated to bill or otherwise advise TENANT of the
21 date when rental charges are due and payable.

22 5. RENTAL ADJUSTMENT. On December 1, 2018 and December 1,
23 2028, the land rental shall be adjusted by determining land value and prevailing rate of
24 return for the period in question using the procedure set out in Section 5.B. However, in no
25 event shall the rent after any application of the adjustment process be less than the land
26 rent in effect prior to the adjustment.

27 A. Definitions.

28 i. Fair Market Value. As used in this Lease the term "fair

1 market value”, shall mean the fair market value of the Premises with
2 adjustments and considerations as follows:

3 (a) The value of the Premises at its highest and best
4 use shall be a factor and be included.

5 (b) The value of any improvements placed on the
6 property shall be excluded and not considered.

7 (c) The nature and extent to which the real property
8 title is affected by, among others, reservations, covenants, conditions,
9 easements, encumbrances, restrictions on use or other restrictions on
10 the enjoyment or use of the property, whether or not imposed upon
11 said Premises by City or others shall be considered.

12 ii. Rate of Return. As used in this Lease, the term “rate of
13 return” shall be a sum two percentage points greater than the average prime
14 lending rate over the 3-year period immediately prior to the rental adjustment
15 date as published by the Wall Street Journal or other published resource
16 document generally available and of equivalent reliability, or any government
17 publication which provides such information.

18 B. Ground Rent Adjustment Procedure. The Ground Rent for the
19 subject leasehold shall be adjusted by multiplication of the fair market value of the
20 property by the rate of return at the periods specified in Section 5. The fair market
21 value and rate of return, as defined in Section 5.A, shall be agreed to by the
22 LANDLORD and TENANT at least one hundred eighty (180) days prior to the
23 Ground Rent Adjustment date specified in Section 5. LANDLORD shall notify
24 TENANT at least ninety (90) days prior to the rental adjustment date, as to the new
25 rental rates. Both parties shall meet and agree on the new rates. However, if
26 LANDLORD and TENANT have not agreed to the adjustment terms at least sixty
27 (60) days prior to the Ground Rent adjustment date, then by written notice of either
28 party to the other, the fair market value and rate of return shall be determined by

1 arbitration, using the following procedure:

2 i. The LANDLORD and TENANT shall each have
3 independent appraisals or other appropriate valuation analyses prepared that
4 include an analysis of comparable land transactions in the same land use
5 and either zoned for or improved with similar or like facilities. The comparable
6 transactions shall consist principally of aviation-related uses of similar and
7 like development at airports of comparable size and scope of development
8 prepared within the previous 12 months. The appraisers, if used by the
9 LANDLORD and TENANT, shall be MAI members of the American Institute
10 of Real Estate Appraisers or a successor organization in the event the
11 American Institute of Real Estate Appraisers ceases to exist. The valuation
12 analysis must be complete within forty-five (45) days of giving notice of intent
13 to arbitrate by either party.

14 ii. The appraisals or valuation analyses shall state in
15 writing the proposed values and rates of return, and the reasons therefor.

16 iii. The appraisals shall be presented to a single neutral
17 arbitrator who shall hear and determine the dispute in the manner described
18 in this Section.

19 iv. After written notice is given by either party demanding
20 arbitration, the parties shall agree upon a single neutral arbitrator to hear and
21 determine the dispute. If such an arbitrator is not selected by mutual
22 agreement within thirty (30) days after giving of notice of intent to arbitrate,
23 then within an additional twenty (20) days the parties shall select a neutral
24 arbitrator from the list of retired judges available to settle such disputes which
25 is maintained by the Los Angeles County Superior Court. Each party shall
26 have the right to strike two names from the list. Having done so, the parties
27 must select from one of the remaining names. In all cases the "neutral
28 arbitrator" shall be a retired judge of the Superior or higher court of California.

1 v. Within twenty (20) days from the date of his selection,
2 the neutral arbitrator shall arrange for a simultaneous exchange of the
3 appraisals or valuation analyses, the neutral arbitrator shall schedule
4 presentation by the appraisers of the appraisals or valuation analyses within
5 ten (10) days thereafter. The neutral arbitrator may question the appraisers
6 as to the method and reasonableness of their respective appraisals.
7 Thereafter, either party may modify its proposed resolution within a time
8 determined by the neutral arbitrator. The neutral arbitrator shall select from
9 the two final proposed resolutions the one that most closely approximates his
10 determination of fair market value and prevailing rate of return based upon
11 the appraisals or valuation analyses submitted. The neutral arbitrator shall
12 have no right to adopt a compromise or a middle ground or any modification
13 of either of the two final proposed resolutions. The resolution the neutral
14 arbitrator selects shall constitute the decision and award of the arbitrator and
15 be final and binding upon the parties. The neutral arbitrator shall render a
16 decision within ten (10) days after the date for modification of proposed
17 resolution. Any fee or costs incurred by the use of a neutral arbitrator shall
18 be promptly paid by the party whose proposed resolution was rejected by the
19 neutral arbitrator.

20 C. No Waiver. No failure by LANDLORD's accounting or clerical
21 personnel to notify TENANT of any rental adjustment provided for herein shall be
22 construed as a waiver of the right of the LANDLORD to require such adjustment as
23 of the date or dates when it should have been made, nor shall any such failure be
24 held to estop LANDLORD from requiring such adjustment. This provision shall not
25 apply to any rental adjustment sought more than five (5) years after its originally
26 scheduled date.

27 6. LATE PAYMENT. If money payable to LANDLORD as a condition of
28 this Lease is not paid when due, interest at the rate of ten percent (10%) of the amount

1 due and unpaid shall be added to the amount due and the total sum shall become
2 immediately due and payable to LANDLORD. Such interest shall be compounded on the
3 amount unpaid, including accrued interest for any month that said amount remains unpaid,
4 provided, however, that payments not made within sixty (60) days from the date first due
5 shall be deemed to be in default.

6 7. CONSTRUCTION, ALTERATION AND CHANGES.

7 A. TENANT shall not construct, install, modify, paint or otherwise
8 change any structures, facilities or exterior signs on the Leased Premises without
9 prior written approval of LANDLORD's Airport Director.

10 B. TENANT shall not place upon the Leased Premises any
11 portable buildings, trailers, or other like portable structures without prior written
12 approval of LANDLORD's Airport Director.

13 C. TENANT hereby agrees to remove any such structure that may
14 exist on the Leased Premises within six (6) months from date of execution thereof.
15 The fire access lane on the west side of Parcel 1 shall not be blocked or obstructed
16 at any time.

17 8. CONSTRUCTION AND BONDING. No new construction shall be
18 commenced upon the Leased Premises by TENANT until TENANT has furnished
19 LANDLORD with a Completion Bond in the amount of the total estimated construction cost
20 of the improvements to be constructed by TENANT. In lieu of this Completion Bond,
21 LANDLORD will accept the performance, labor and material bonds supplied by TENANT's
22 contractor or contractors, provided said bonds are issued jointly to TENANT and
23 LANDLORD. Said bonds must be issued by a company qualified to do business in the
24 State of California and acceptable to LANDLORD. Said bonds shall be in a form acceptable
25 to LANDLORD and shall insure faithful and full observance and performance by TENANT
26 of all the terms, conditions, covenants, and agreements relating to construction of
27 improvements upon the Leased Premises.

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A. BONDS.

i. On or before the date of commencement of construction of any new building, structure or other improvements on the Leased Premises, TENANT shall file or cause to be filed with LANDLORD, a Performance Bond and a Payment Bond executed by TENANT or TENANT's contractor and by a surety authorized to do business in the State of California as surety guaranteeing the performance of the provisions of this Lease. If said bond is executed by the TENANT's contractor it shall name the TENANT and the LANDLORD as joint obligees.

ii. The term of both bonds shall commence on or before the date of filing with LANDLORD. The Performance Bond shall remain in effect until the date of completion of the work to the reasonable satisfaction of LANDLORD's City Manager or his designate. The Payment Bond shall remain in effect until the expiration of the period of filing a claim of lien as provided in Title 15 of Part 4 of the California Civil Code, and as hereafter amended, or if a claim of lien is filed, the expiration of the period for filing an action to foreclose such lien, or until the Leased Premises are freed from the effect of such claim of lien and any action brought to foreclose such lien pursuant to the provisions of said Title 15 of Part 4 or the lien is otherwise discharged.

iii. The Performance Bond shall be in the amount and provide a penalty of one hundred percent (100%) of the valuation of the improvements to be constructed. The Payment Bond shall be in the amount and provide a penalty of one hundred percent (100%) of the valuation of the improvements to be constructed.

iv. In lieu of the Performance Bond and Payment Bond required in subsections (i), (ii) and (iii) hereof, TENANT may furnish cash, assignment of account, or a time certificate of deposit.

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B. FORCE MAJEURE. The time within which TENANT is obligated hereunder to construct, repair or rebuild any building or other improvement, or cure any default on the part of TENANT hereunder shall be extended for a period of time equal in duration to, and performance in the meantime shall be excused on account of and for and during the period of time equal in duration to any delay caused by strikes, threats of strikes, lockouts, war, threats of war, insurrection, invasion, acts of God, calamities, violent action of the elements, fire action or regulation of any governmental agency, law or ordinance, impossibility of obtaining materials, or other things beyond the reasonable control of TENANT.

C. [RESERVED].

D. APPLICABLE LAWS. (SUBJECT TO CHANGE). The Leased Premises are presently zoned Planned Development District 12 (PD-12) for the Long Beach Airport Terminal. Any new buildings, structures or other improvements constructed or placed thereon shall be constructed or placed in accordance with the laws and regulations of the State and City applicable to development in Zone PD-12.

E. PROPERTY OF CITY. Any buildings, structures or other improvements now existing or hereafter constructed or placed on the Leased Premises by TENANT shall remain the property of TENANT during the term of this Lease. Upon expiration of the term of this Lease, or other termination hereof, all such buildings, structures or other improvements remaining on the Leased Premises shall immediately become the property of LANDLORD without any obligation on the part of LANDLORD to compensate TENANT.

F. LIENS.

i. Subject to TENANT's right to contest the same as hereinafter provided, TENANT agrees that it will pay as soon as due all mechanics, laborers, materialmen, contractors, subcontractors or similar charges, and all other charges of whatever nature which may become due,

1 attached to or payable on said property or any part thereof or any building,
2 structure or other improvements thereon, from and after the date as of which
3 this Lease is executed. Nothing herein contained shall in any respect make
4 TENANT the agent of the LANDLORD, or (except as otherwise specifically
5 provided in this Lease), authorize TENANT do any act or to make any
6 contract encumbering or in any manner affecting the title or rights of the
7 LANDLORD in or to the Leased Premises or in the improvements thereon.

8 ii. Before any buildings, structures or other improvements,
9 repairs or additions thereto, are constructed or reconstructed upon the
10 Leased Premises, TENANT shall serve written notice upon the LANDLORD's
11 Airport Director in the manner specified in this Lease of TENANT's intention
12 to perform such work for the purpose of enabling the LANDLORD to post
13 notices of non-responsibility under the provisions of Section 3094 of the Civil
14 Code of the State of California, or any other similar notices which may be
15 required by the law.

16 iii. If any such mechanics or other liens shall at any time be
17 filed against the Leased Premises, TENANT shall cause the same to be
18 discharged of record within thirty (30) days after the date of filing the same,
19 or otherwise free the Leased Premises from the effect of such claim of lien
20 and any action brought to foreclose such lien, or TENANT shall promptly
21 furnish to the LANDLORD a bond in an amount and issued by a surety
22 company satisfactory to the LANDLORD securing the LANDLORD against
23 payment of such lien and against any and all loss or damage whatsoever in
24 any way arising from the failure of TENANT to discharge such lien.

25 iv. Any contest by TENANT of any such liens shall be made
26 by TENANT in good faith and with due diligence and TENANT shall fully pay
27 and immediately discharge the amount of any final judgment rendered
28 against the LANDLORD or TENANT in any litigation involving the

1 enforcement of such liens or the validity thereof.

2 v. In the event of TENANT's failure to discharge of record
3 any such uncontested lien within said thirty (30) day period or to pay and
4 satisfy any such judgment as aforesaid, the LANDLORD may, but shall not
5 be obliged to, pay the amount thereof, inclusive of any interest thereon and
6 any costs assessed against TENANT in said litigation, or may discharge such
7 lien by contesting its validity or by any other lawful means.

8 vi. Any amount paid by the LANDLORD for any of the
9 aforesaid purposes, and all reasonable legal and other expenses of the
10 LANDLORD including reasonable counsel fees, in defending any such action
11 or in connection with procuring the discharge of such lien, with all necessary
12 disbursements in connection therewith, together with interest thereon at the
13 rate provided by law from the date of payment shall be repaid by TENANT to
14 LANDLORD on demand.

15 vii. TENANT will indemnify, defend and hold LANDLORD
16 harmless from any liens of whatever nature arising from TENANT's
17 occupancy of the premises by virtue of that certain lease dated February 24,
18 1960, and superseded by this Lease. All liens shall be paid, cleared or
19 otherwise removed by TENANT.

20 9. REMOVAL OF PERSONAL PROPERTY. TENANT shall re-deliver
21 possession of the premises to LANDLORD upon expiration of the term of this Lease, or
22 other termination hereof, clear of all personal property including, but not limited to, all
23 furniture, fixtures and equipment ("FF&E"). Should TENANT fail to remove all FF&E from
24 the Premises, any remaining FF&E shall be deemed abandoned property which
25 LANDLORD may remove at its sole discretion without liability to any lienholder or for any
26 cost of labor or material incurred by TENANT during TENANT's possession of the
27 Premises. It is specifically agreed that LANDLORD may charge the cost of any such
28 removal to TENANT and that TENANT will pay that sum without objection. It is further

1 agreed that the obligation to pay for removal of FF&E shall extend for one year beyond the
2 end of the term or other termination of the lease.

3 10. USE. The Leased Premises and any and all improvements located or
4 erected thereupon shall be used for the purpose of conducting operations in conformity
5 with LANDLORD'S current adopted minimum standards for aeronautical uses (as may be
6 amended) and for no other purpose. The operations are limited to the following
7 aeronautical and support uses which are inclusive.

- 8 A. Sale of new and used aircraft (both retail and wholesale);
- 9 B. Sale of aircraft parts and accessories (both retail and
10 wholesale);
- 11 C. Sale of aircraft parts, components and allied equipment;
- 12 D. Sale of new and used avionics and electronic equipment;
- 13 E. Sale of new and used aircraft instruments;
- 14 F. Storage, distribution, sale and dispensing of aviation fuel and
15 lubricants on the Leased Premises and operation of fuel trucks from the Leased
16 Premises to dispense fuel off premises for a period of ninety (90) days following the
17 Effective Date. Thereafter, there shall be no sale or dispensing of aviation fuel on
18 the Leased Premises other than as allowed under Section 7 (Non-Commercial Self-
19 Fueling) of the 2017 Minimum Standards for Aeronautical Activities;
- 20 G. Sale of pilot supplies and accessories;
- 21 H. Leasing and rental of aircraft;
- 22 I. Sale of aircraft insurance;
- 23 J. Financing of aircraft;
- 24 K. Operation of air cargo and air freight activities subject to prior
25 written approval of LANDLORD'S Airport Director;
- 26 L. Flight operations, including ground school, flight
27 training/proficiency, demonstration of aircraft for sale, charter and air taxi.
28 Charter/Air Taxi operations are subject to prior written approval of LANDLORD'S

1 Airport Director. The conduct of scheduled commercial service is expressly
2 prohibited;

3 M. Maintenance, repair, overhaul and modification of aircraft,
4 aircraft engines, airframes, flight systems, instruments, avionics, electronics
5 equipment, propellers and related aircraft components;

6 N. Rental of aircraft storage hangars and open tie-down facilities;

7 O. Operation of a UNICOM radio transmitter and receiver (subject
8 to written approval of LANDLORD'S Airport Director);

9 P. Washing, detailing and waxing of aircraft;

10 Q. Providing upholstery, cabinetry and interior

11 R. Parachute, fire extinguisher and oxygen services;

12 S. Line Services for the purpose of meeting the needs of transient
13 aircraft;

14 T. Operation of food vending equipment and/or a coffee bar for
15 the purpose of serving TENANT's employees and customers;

16 U. Maintenance and servicing of TENANT-owned and operated
17 automotive ramp equipment;

18 V. Aviation oriented offices.

19 W. Any such other aviation related uses as may be approved in
20 writing by LANDLORD's Airport Director and which do not conflict with future airport
21 terminal facilities.

22 11. UNAUTHORIZED USES. Only the uses specified in the use clause
23 hereof are authorized uses, and such uses are authorized only when conducted by
24 TENANT or a Subtenant approved in advance by LANDLORD'S Airport Director. All other
25 business activities engaged in on or from the Leasehold premises for involving provision
26 of services or products to parties other than TENANT or an approved Subtenant for
27 financial gain are prohibited. Said prohibition shall be enforced by TENANT.

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1 12. OPERATION OF BUSINESS.

2 A. TENANT shall continuously use and operate the premises,
3 during all usual business hours and on all such days as comparable business of like
4 nature in the area are open for business in accordance with the provisions of this
5 Lease relating to use. If the premises are destroyed or partially condemned and this
6 Lease remains in full force and effect, TENANT shall continue operation of its
7 business at the premises to the extent reasonably practical as determined by good
8 business judgment during any period of reconstruction.

9 B. TENANT shall appoint in writing an authorized local agent duly
10 empowered to make decisions on behalf of TENANT in all routine administrative
11 and operational matters relating to the Leased Premises who shall be available
12 during normal business hours. TENANT shall notify LANDLORD'S Airport Director
13 in writing of the name, address and telephone number of the said agent and shall
14 supply therewith a copy of the writing appointing the agent.

15 C. All uses operating on or from the Leased Premises shall
16 maintain an office in Los Angeles or Orange County which is staffed during normal
17 business hours.

18 D. Rotary winged aircraft may not be parked, repaired or operated
19 from the Leased Premises without the prior written approval of the Airport Director
20 and such approval, if granted, is subject to Airport Rules and Regulations and may
21 be terminated by the Airport Director on thirty (30) days' notice unless otherwise
22 specified in writing at the time of said written approval. Execution of this Lease shall
23 be deemed to be approval for the rotary wing operations of the Los Angeles County
24 Sheriff's Department – Aero Bureau from the Leased Premises.

25 E. TENANT agrees to provide reasonable services at reasonable
26 prices compared to those prevailing at comparable airports within the Southern
27 California area.

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1 13. COMPLIANCE WITH LAW. No improvements or structures either
2 permanent, temporary or portable, shall be erected, placed upon, operated or maintained
3 on the Leased Premises, nor shall business or any other activity be conducted or carried
4 on, in, into, or from the Leased Premises in violation of the terms of this Lease or any duly
5 adopted rules, regulations, orders, law, statute, by-law, or ordinance of any governmental
6 agency having jurisdiction thereover.

7 14. IMPROVEMENTS.

8 A. On or before November 30, 2023, TENANT shall be required
9 to spend not less than Six Hundred Thousand Dollars (\$600,000) on capital
10 improvements to the Leased Premises ("Capital Improvements"). Capital
11 Improvements shall include certain tenant improvements and other improvements
12 which add additional capacity or function to the Leased Premises or which extend
13 the useful life of the Leased Premises for at least five (5) years, including without
14 limitation (i) the rehabilitation or replacement of structural components of buildings
15 located on the Leased Premises such as walls, roofs and sub-flooring, (ii) the repair
16 or replacement of HVAC systems, (iii) the rehabilitation or replacement of common
17 area spaces, including restrooms, and (iv) the replacement of utility and
18 telecommunication infrastructure. TENANT shall obtain prior written approval from
19 LANDLORD's Airport Director for Capital Improvements intended to fulfill this
20 minimum requirement by submitting plans and cost estimates for review. Capital
21 Improvements shall not include (i) maintenance costs, (ii) landscaping costs, (iii)
22 routine repairs, such as interior painting, carpet replacement, and/or pest
23 abatement, or (iv) costs associated with tenant improvements required in
24 connection with specific subleased space within the Leased Premises, unless
25 approved by LANDLORD's Airport Director. As-built construction plans and
26 specifications of the completed capital improvements along with itemized contractor
27 costs/receipts shall be submitted to the LANDLORD's Airport Director within sixty
28 (60) days of completion. Upon verification, itemized contractor costs/receipts shall

1 be returned to TENANT. TENANT shall conduct its construction operations so that
2 such operations will in no way interfere with the normal operation and use of the
3 Long Beach Municipal Airport by LANDLORD and other persons and organizations
4 entitled to use of the same.

5 B. After completion of the work set out in this section, TENANT
6 shall not perform any other construction upon the Leased Premises, nor shall
7 TENANT modify, alter, or remove permanent improvements lying within the Leased
8 Premises without the prior written approval of LANDLORD'S Airport Director.

9 15. MONTHLY REPORT.

10 A. If applicable, TENANT shall submit a written report to
11 LANDLORD's Airport Director listing all based aircraft located on the Leased
12 Premises. Said report shall be prepared on a form supplied by LANDLORD, and
13 shall include for each based aircraft located on the Leased Premises: the make,
14 model, registration number, color, space or hangar number, registered owner(s)
15 name(s), address(es) and telephone number(s). Should aircraft be on lease, the
16 same information required for owner shall be provided for any or all lessee(s) of
17 said aircraft.

18 B. For purposes of this section, a based aircraft is any aircraft
19 which makes arrangements to park at Long Beach Airport for any purpose other
20 than those specified herein, to wit:

21 i. Visiting or transient aircraft who utilize parking facilities
22 for less than fifteen (15) days in any thirty (30) day period.

23 ii. Aircraft maintaining tiedown or storage space at
24 another airport that are undergoing maintenance, service or repair by a
25 tenant or subtenant.

26 iii. New aircraft awaiting sale and/or delivery by a tenant or
27 subtenant where delivery subsequent to sale occurs within thirty (30)
28 calendar days.

1 iv. Used aircraft for sale by a tenant or subtenant where
2 delivery subsequent to sale occurs within thirty (30) calendar days.

3 C. TENANT further agrees that by the tenth (10th) day of each
4 month to submit a list showing additions to, or deletions from, the above
5 mentioned written report.

6 16. INDEMNIFICATION AND HOLD HARMLESS. TENANT expressly
7 agrees to defend, protect, indemnify and hold harmless the City, its officers, agents and
8 employees free and harmless from and against any and all claims, demands, damages,
9 expenses, losses or liability of any kind or nature whatsoever which LANDLORD, its
10 officers, agents or employees may sustain or incur or which may be imposed upon them
11 or any of them for injury to or death of persons or damage to property arising out of or
12 resulting from the alleged acts or omissions of TENANT, its officers, agents or employees
13 or in any manner connected with this Lease or with the occupancy, use or misuse of the
14 Leased Premises by TENANT, its officers, agents, employees, subtenants, licensees,
15 contractors, patrons or visitors; and TENANT agrees to defend at its own cost, expense
16 and risk all claims or legal actions that may be instituted against either the TENANT or the
17 LANDLORD, and the TENANT agrees to pay any settlement entered into and satisfy any
18 judgment that may be rendered against either the TENANT or the LANDLORD as a result
19 of any injuries or damages which are alleged to have resulted from or be connected with
20 this Lease or the occupancy or use of the Leased Premises by the TENANT, or its officers,
21 agents, employees, subtenants, licensees, contractors, patrons or visitors.

22 17. LIABILITY INSURANCE.

23 A. TENANT agrees that at all times during the term of this Lease,
24 it shall maintain in full force and effect an insurance policy which shall insure and
25 indemnify the TENANT and the City of Long Beach, the City Council and each
26 member thereof, all of City's Boards and Commissions and every officer, employee
27 and volunteer of the City against liability, financial loss or expense resulting from
28 any suits, claims, demands, actions or loss, brought by any person or persons and

1 from all costs and expenses of litigation brought by reason of the use and occupation
2 by TENANT or by any other person or persons of said Leased Premises, in the
3 amount of Ten Million Dollars (\$10,000,000) combined single limit for any injury to
4 persons and or damages to property.

5 B. Such policy or policies of insurance shall provide at least the
6 following forms of insurance as may be applicable:

- 7 i. Comprehensive General Liability
- 8 ii. Airport Liability;
- 9 iii. Contractual Liability
- 10 iv. Aircraft Liability, including Passengers
- 11 v. Products and Completed Operations, including Aircraft

12 Products

- 13 vi. Hangarkeepers Liability, including Aircraft in Flight

14 C. All insurance shall be placed with insurers having a rating in
15 Best's Insurance Guide of or equivalent to A:X or otherwise acceptable to and
16 approved by the City Manager. The City of Long Beach, the City Council and each
17 member thereof, all of the City's Boards and Commissions, and every officer,
18 employee and volunteer of the City shall be named as insureds under said
19 insurance, and each policy shall be endorsed to provide thirty (30) days written
20 notice from the insurer to LANDLORD before cancellation or change to conditions.
21 Coverage shall be primary with respect to LANDLORD and all liability insurance
22 shall provide for severability of interests.

23 Said insurance may include such deductibles or self-insured retention as may
24 be acceptable to the City Manager. In the event insurance does provide for
25 deductibles or self - insured retention, TENANT agrees that it will fully protect
26 LANDLORD, its Boards, officers and employees, in the same manner as those
27 interests would have been protected had the policy or policies not contained a
28 deductible or retention.

1 D. The insurance policy or policies shall either contain a broad
2 form of contractual liability including Leases, or it shall have attached thereto an
3 endorsement providing for such coverage. The policy shall include a Severability of
4 Interests (Cross Liability) Clause, and said coverage shall be primary and non-
5 contributing with any other insurance available to the City. The City of Long Beach,
6 the City Council and each member thereof, all of City's Boards and every officer and
7 employee of the City shall be named as an additional insured on

8 E. Upon the execution of this Lease, the TENANT shall deliver to
9 the Airport Director for approval as to sufficiency and for approval as to form by the
10 City Attorney a certificate or certificates of insurance issued by the respective
11 insurance companies certifying that said insurance coverage is in full force and
12 effect and that all operations of the TENANT under this Lease are covered by such
13 insurance; and upon the filing of said certificates, the policy or policies will be
14 returned by the LANDLORD to the TENANT. All insurance policies secured by
15 TENANT shall contain the following: **"The inclusion herein of any person or**
16 **entity as an insured shall not affect any right such person or entity would have**
17 **as a claimant here- under if not so included."** Notwithstanding any other
18 provision to the contrary contained in this Lease, TENANT shall not have the right
19 to take possession of said Leased Premises until such certificate or certificates are
20 filed with the Airport Director.

21 F. In the event TENANT does not desire to present the original or
22 a photostatic copy of the original insurance policy for approval as above provided,
23 TENANT may present for approval and filing a certificate of insurance to which is
24 attached the following endorsement: **"Within the limits set forth in the**
25 **declarations, to indemnify and save harmless the City of Long Beach, its**
26 **officers and employees, from and against any and all claims or demands for**
27 **injury, damage, loss, liability, cost and expense of any kind or nature**
28 **whatsoever for death, injury or loss to persons or damage to property, which**

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the City of Long Beach, its officers or employees, may sustain or incur or which may be imposed upon them, or any of them, arising out of or attributable to the use of the premises described in a lease between the City of Long Beach and the insured, including the use of the City's Long Beach Airport and its facilities."

This policy names as additional insureds, the City of Long Beach, its boards and their officers, agents and employees. This insurance is primary and not contributing with other insurance held by said additional insureds.

The policy shall not be cancelled or otherwise modified until thirty (30) days' written notice thereof has been served on the Airport Director of the City of Long Beach. This endorsement shall control over all other provisions of the policy or endorsements thereto, which are inconsistent herewith.

G. The procuring of any policy of insurance shall not be construed to be a limitation upon TENANT's liability or as a full performance on its part of the indemnification provisions of this Lease, TENANT's obligations being, notwithstanding said policy of insurance, for the full and total amount of any damage, injury or loss caused by the negligence or neglect connected with or attributable to its operations under this Lease.

H. As a condition precedent to the effectiveness of this Lease, TENANT shall obtain an endorsement to, or have an appropriate provision in, its public liability and property damage insurance policy indicating that any loss occasioned the City as a result of negligent activities, operation or conduct of any subtenant is covered by the policy

I. Any insurance policies procured by TENANT hereunder shall provide that the insurance carrier waives all rights of subrogation against the City. If the City shall obtain any policies of insurance on or insuring against loss arising out of the operation of the Leased Premises during the term hereof, each such policy shall include a waiver by the insurance carrier of all rights of subrogation against

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TENANT.

J. LANDLORD shall have the right at any time during the term of this Lease to review the type, form and coverage limits of the insurance enumerated herein. If, in the opinion of LANDLORD, the insurance provisions in this Lease are not sufficient to provide adequate protection for LANDLORD and the members of the public using Long Beach Airport, LANDLORD may require the TENANT to obtain insurance sufficient to provide such adequate protection. Insurance requirements shall be applied uniformly to all TENANTS engaged in similar type operations on the Long Beach Airport, and such requirements shall be consistent with industry standards.

18. PROPERTY INSURANCE.

A. TENANT agrees that at all times during the term of this Lease and any renewal or extension thereof, it will maintain in force an insurance policy which will insure and indemnify the TENANT and the City from loss occurring to equipment, buildings, structures, or other improvements on said Leased Premises by reason of fire and any other hazards insured against in what is commonly known as an extended coverage to the extent of at least ninety percent (90%) of the full replacement cost of the buildings, structures or other improvements or fixtures used in connection with the operation of any improvements located on said Leased Premises. The City shall be named as an additional insured under said policy.

B. Should the Leased Premises or the building of which the Leased Premises is a part be damaged or destroyed, in whole or in part, by fire, earthquake or any other casualty at any time during the term of this Lease so that the same cannot be repaired within ninety (90) working days to substantially the same condition it was immediately prior to the happening of such casualty, TENANT may, within ninety (90) working days after the happening of such casualty, terminate this Lease as of the date of said casualty. In the event of any termination of this Lease as provided in this clause, the TENANT shall forthwith surrender the Leased

1 Premises to LANDLORD. In the event of any damage or destruction or other
2 casualty as mentioned in this paragraph, except that caused by neglect on the part
3 of TENANT, and this Lease is not terminated as provided in this clause, LANDLORD
4 shall proceed with reasonable diligence to restore the basic building to substantially
5 the condition in which it was prior to the occurrence of said casualty. TENANT shall
6 likewise proceed with reasonable diligence to restore and reconstruct all other
7 improvements on the Leased Premises to substantially the same condition in which
8 they were prior to the happening of the casualty. During the period of reconstruction
9 and restoration under conditions as set forth above, the TENANT shall be entitled
10 to a reduction in the monthly rental in an amount that is in direct proportion to
11 TENANT's loss of use of the Leased Premises. Should the damage or destruction
12 herein be caused by neglect on the part of TENANT, then TENANT shall be
13 responsible for the restoration of the Leased Premises and the restoration of the
14 basic building to the condition in which they were prior to the happening of the
15 casualty, and in such case there shall be no reduction in the rent for TENANT's loss
16 of use of the Leased Premises. In no event shall LANDLORD be liable to TENANT
17 for any damages resulting to TENANT from the happening of any such fire or other
18 casualty or from the repair or reconstruction of the Leased Premises or from the
19 termination of this Lease as herein provided, nor shall TENANT be released thereby
20 from any of its obligations hereunder except as expressly stated in this clause.

21 C. Any insurance policies procured by TENANT hereunder shall
22 provide that the insurance carrier waives all rights of subrogation against the City. If
23 the City shall obtain any policies of insurance on or insuring against loss arising out
24 of the operation of the Leased Premises during the term hereof, each such policy
25 shall include a waiver by the insurance carrier of all rights of subrogation against
26 TENANT.

27 D. The requirements of Section 17, C, D, E, F, G, H, I and J hereof
28 relating to the form, nature, source and effects of insurance policies shall apply to

1 policies obtained pursuant to this Section as well.

2 19. WAIVER OF SUBROGATION. TENANT hereby waives all rights
3 of subrogation against LANDLORD with respect to damage to or loss of property
4 insured under Section 18 or with respect to any workers' compensation benefits paid
5 as a result of injury to TENANT's employees. TENANT shall attempt to obtain a waiver
6 of subrogation against LANDLORD from any insurer providing workers' compensation
7 insurance for TENANT.

8 20. ENCUMBRANCES.

9 A. ASSIGNMENTS FOR PURPOSES OF FINANCING. During
10 the term of this Lease, TENANT may assign for security purposes only TENANT's
11 interest under this Lease and the leasehold estate hereby created to a lender on the
12 security of the leasehold estate and in that connection may perform any and all acts
13 and execute any and all instruments necessary or proper to consummate any loan
14 transaction and perfect the security therefor to be given such lender on the security
15 of the leasehold estate.

16 B. LENDER'S RIGHTS. Any such lender shall have the right at
17 any time during the term hereof:

18 i. To do any act or thing required of TENANT hereunder
19 and all such acts or things done and performed shall be as effective to
20 prevent a forfeiture of TENANT's rights hereunder as if done by the TENANT;
21 and

22 ii. To realize on the security afforded by the leasehold
23 estate and to acquire and succeed to the interest of TENANT hereunder by
24 foreclosure of any mortgage or deed of trust and to convey or assign the title
25 to the leasehold estate created hereby to any purchaser at a foreclosure sale;
26 and

27 iii. In the event of any default by the TENANT in the
28 payment of an installment of rent hereunder, to pay such rent to the

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LANDLORD and such rent payments alone, without further requirement, shall be sufficient to prevent a termination or forfeiture of the leasehold estate created hereby, provided, however, that such right to prevent such termination or forfeiture shall exist only for a period of sixty (60) days after notice of such default has been given by the LANDLORD to such lender and only as to those lenders who have notified the Airport Director of their interest in said Leased Premises, as provided in Section 20.D, and after said sixty (60) day period such lender, to prevent such termination or forfeiture, shall be required to do all acts and things required of TENANT to be done and performed hereunder; and

iv. Cure such default or breach if the same can be cured by the payment of expenditure of money provided to be paid under the terms of this Lease; or if such default or breach is not so curable, cause the trustee under the trust deed to commence and thereafter to diligently pursue to completion steps and proceedings for the exercise of the power of sale under and pursuant to the trust deed in the manner provided by law; and

v. Keep and perform all of the covenants and conditions of this Lease requiring the payment or expenditure of money by TENANT until such time as said leasehold shall be sold upon foreclosure pursuant to the trust deed or shall be released or reconveyed thereunder; and

vi. However, if the holder of the trust deed shall fail or refuse to comply with any and all of the conditions of this paragraph, then and thereupon LANDLORD shall be released from the covenant of forbearance herein contained.

vii. In the event TENANT or its subtenants, successors or assignees creates or allows a citable offense or is cited for a violation or violations of the Health and Safety Code or any other applicable federal, state or local law, LANDLORD, as its sole option, may either declare the Lease in

1 default and pursue all remedies available to it in law, equity, or this Lease or
2 in the alternative, as provided in this Section 20, permit TENANT's lender to
3 assume the Lease conditional upon curing the offending default.
4 Cancellation of the Lease shall not release TENANT, lender, or other
5 responsible party from any responsibility, liability, or obligation to remedy any
6 toxic condition occurring on the leasehold.

7 C. LENDER DEFINED. The term "lender on the security of the
8 leasehold estate" as used in this paragraph and elsewhere in this Lease shall mean
9 the mortgagee under any mortgage, or the trustee and beneficiary under any deed
10 of trust or indenture of mortgage and deed of trust encumbering the leasehold estate
11 or TENANT's interest therein (including the assignee or successor of any such
12 mortgage, beneficiary or trustee of any such mortgage, deed of trust or indenture of
13 mortgage and deed of trust and the holder of any promissory note or bond secured
14 thereby), and executed by TENANT and delivered for the purpose of securing to
15 such mortgagee, trustee or beneficiary payment of any indebtedness incurred by
16 TENANT and secured by such mortgage, deed of trust or indenture of mortgage
17 and deed of trust.

18 D. NOTICE. As a condition to the vesting of any rights in this
19 Lease or in the leasehold estate created hereby in any encumbrancer, except as
20 may be otherwise provided by law, there shall first have been delivered to the Airport
21 Director a written notice of such encumbrance which shall state the name and
22 address of the encumbrancer for the purpose of enabling notices to be given under
23 Section 48.L herein.

24 E. NOTICE OF DEFAULT. Upon and immediately after the
25 recording of the trust deed, TENANT, at TENANT's expense, shall cause to be
26 recorded in the office of the Recorder of Los Angeles County, California, a written
27 request executed and acknowledged by LANDLORD for a copy of any notice of
28 default and of any notice of sale under the trust deed as provided by the statutes of

1 the State of California relating thereto. Concurrently with the execution of the
2 consent, TENANT shall furnish to LANDLORD a complete copy of the trust deed
3 and note secured thereby, together with the name and address of the holder thereof.
4 No such encumbrance shall be valid or effective unless and until LANDLORD shall
5 execute its written consent thereto as herein- above provided.

6 21. ASSIGNMENT AND SUBLETTING.

7 A. CONSENT.

8 i. TENANT shall not have any right to assign or sublet this
9 Lease or any interest herein.

10 ii. LANDLORD will consider requests to assign or
11 sublease. Such requests will not be approved unless the identity and
12 acceptability and financial responsibility of the proposed assignee or
13 subtenant has been demonstrated to the satisfaction of the Airport Director
14 and the parties have agreed in writing as to the additional rent to be paid to
15 LANDLORD by TENANT as a result of such assignment or sublease.
16 Additional rent shall be negotiated pursuant to this paragraph where the
17 assignment or sublease will result in a change or expansion of the use from
18 that which had existed prior to the assignment or sublease.

19 iii. Any request to assign or sublease, shall be
20 accompanied by such data relating to the identity and financial condition of
21 the proposed assignee or sublessee as may be requested to permit
22 LANDLORD to render its decision.

23 iv. If TENANT be a partnership or joint venture, a
24 withdrawal, addition or change (voluntary, involuntary, by operation of law, or
25 otherwise) of any of the partners or adventurers thereof, or if TENANT be
26 composed of more than one person, a purported assignment or transfer
27 (voluntary or involuntary, by operation of law, or otherwise) from one thereof
28 unto the other or others thereof, or if TENANT be a corporation, a change

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in the ownership (voluntary, involuntary, or by operation of law, or otherwise) of twenty five percent (25%) or more of its capital stock owned as of the date of its acquisition of this Lease shall be deemed an assignment prohibited hereby unless the written consent of the LANDLORD be first obtained thereto; provided, however, that a change in the ownership of said capital stock as a result of the death or judicially declared incompetency of the TENANT may be made without the consent of the LANDLORD.

v. LANDLORD's City Manager is authorized to approve subleases of all or a portion of the Leased Premises. Assignments shall only be considered for the entirety of the Leased Premises and shall be approved by LANDLORD's City Manager.

vi. This Lease is executed to accommodate a sublease for more than twenty-five percent (25%) of the leasable area for the Los Angeles County Sheriff's Department – Aero Bureau. LANDLORD has reviewed the proposed sublease and approves.

vii. Subject to the requirements of subsections (ii) and (iii) hereof, LANDLORD shall not unreasonably refuse to grant its written consent to such transfer or assignment, however, any such transfer without said approval, whether voluntary or involuntary, shall be void and shall confer no right or occupancy upon said assignee or purchaser. A transfer or an assignment of any such stock or interest to a shareholder's or member's spouse, children or grandchildren is excepted from the provisions hereof.

viii. LANDLORD's City Manager shall, within thirty (30) days after submission of a complete request for consent to assign or sublease, approve, disapprove or request further information relating to such request. Should LANDLORD's City Manager fail to take any action within said thirty

1 (30) day period, consent to the proposed assignment or sublease shall be
2 deemed to have been granted.

3 B. VESTING OF ASSIGNMENTS. As a condition of the vesting
4 of any rights in this Lease or in the leasehold estate created hereby in any
5 assignee of the TENANT's interest hereunder, whether voluntary or in-
6 voluntary, each such assignee shall first have delivered to LANDLORD's Airport
7 Director a written notice of such assignment, which notice:

8 i. Shall contain a statement that the assignee agrees to
9 be bound by all the terms, covenants and conditions of this Lease which are
10 to be performed by TENANT.

11 ii. Shall state the name and address of the assignee for the
12 purpose of enabling notices to be given under Section 48.L herein.

13 iii. Shall state whether the assignee is an individual, a
14 corporation or a partnership, and if such assignee be a corporation, the
15 names of such corporation's principal officers and of its directors and state of
16 incorporation, and if such assignee be a partnership, the names and
17 addresses of the members of such partnership.

18 iv. Shall state the amount of capital stock assigned and the
19 total amount of capital stock outstanding at the time of the assignment.

20 C. VESTING OF SUBLEASES. As a condition to the vesting of
21 any rights in this Lease or in the leasehold estate created hereby in any sublessee
22 of the TENANT's interest hereunder, whether voluntary or involuntary, each such
23 sublessee shall first have delivered to LANDLORD's Airport Director a written
24 notice of such subleases which notice:

25 i. Shall state the name and address of the sublessee for
26 the purpose of enabling notices to be given under Section 48.L herein.

27 ii. Shall state whether the sublessee is an individual, a
28 corporation or a partnership, and if such sublessee be a corporation, the

1 names of such corporation's principal officers and its directors and state of
2 incorporation, and if such sublessee be a partnership, the names and
3 addresses of the members of such partnership.

4 D. TERMINATION. This Lease shall not be terminated by reason
5 of any assignment or transfer by operation of law of TENANT's interest hereunder
6 or in the leasehold estate created hereby.

7 E. LENDER'S LIABILITY. In the event that any lender on the
8 security of the leasehold estate obtains title to the leasehold estate or to any part
9 hereof, by sale on foreclosure proceedings or by deed given in lieu of foreclosure
10 and subsequently assigns its interest therein and such lender and its assignee
11 comply with all the provisions of this paragraph, then such lender shall be relieved
12 of any liability hereunder as the successor of TENANT, except:

13 i. Liability for the amount of any rental or other moneys due
14 and owing to the City by the lender or by TENANT or any other of the
15 assignees or successors of the lender or TENANT at the time of such
16 assignment;

17 ii. Liability to apply the proceeds of any insurance policy in
18 accordance with the provisions of Sections 17 and 18 herein; and

19 iii. Liability under the provisions of Sections 17 and 18
20 herein.

21 F. LENDER'S RIGHT TO ASSIGNMENT. Notwithstanding
22 anything to the contrary contained in this Section 21, any lender on the security of
23 the leasehold estate upon succeeding to the TENANT's interest shall have the right
24 to make one (1) assignment thereafter without the prior written consent of
25 LANDLORD.

26 22. EMINENT DOMAIN.

27 A. In the event the whole or any part of the Leased Premises is
28 condemned by a public entity in the lawful exercise of the power of eminent domain,

1 this Lease shall cease as to the part condemned upon the date possession of that
2 part is taken by the public entity.

3 B. If only a part is condemned and the taking of that part does not
4 substantially impair the capacity of the remainder to be used for the purposes
5 required in this Lease, TENANT shall continue to be bound by the terms, covenants,
6 and conditions of this Lease. However, in such case, annual rental shall be reduced
7 in proportion to the percentage of the Leased Premises which is taken by the public
8 entity.

9 C. If only a part is condemned, but the taking of the part
10 substantially impairs the capacity of the remainder to be used for the purposes
11 required in this Lease, TENANT shall have the option of:

12 i. Terminating this Lease and being absolved of
13 obligations hereunder which have not accrued at the date possession is
14 taken by the public entity; or

15 ii. Continuing to occupy the remainder of the Leased
16 Premises and remaining bound by the terms, covenants, and conditions of
17 this Lease. If TENANT elects to continue to occupy the remainder, the annual
18 rental shall be reduced in proportion to the percentage of the Leased
19 Premises which is taken by the public entity.

20 D. TENANT shall give notice in writing of its election hereunder
21 within thirty (30) days of the date possession of the part is taken by the public entity.

22 E. LANDLORD shall be entitled to receive and shall receive all
23 compensation for the condemnation of all or any portion of the Leased Premises by
24 exercise of eminent domain except as hereinafter provided. TENANT shall be
25 entitled to that portion of said compensation or award which is computed and paid
26 for the loss of use of improvements constructed by TENANT prorated over the
27 remainder of the Lease term. The amount to which TENANT shall be entitled
28 hereunder shall not exceed the fair market value, as set forth in the judgment or

1 award, of improvements constructed by TENANT, reduced in proportion to the
2 relationship that the portion of the Lease term which has expired bears to the original
3 Lease term. Any separately identified award for loss of goodwill or loss of business
4 shall be payable solely to TENANT.

5 23. RESERVATIONS TO LANDLORD.

6 A. Leased Premises are accepted by TENANT subject to any
7 and all existing easements or other encumbrances; and LANDLORD shall have
8 the right to install, lay, construct, maintain, repair and operate such sanitary
9 sewers, drains, storm water sewers, pipelines, manholes, connections; water,
10 oil and gas pipelines; and telephone and telegraph power lines and such other
11 appliances and appurtenances necessary or convenient to use in connection
12 therewith, over, in, upon, through, across and along the Leased Premises or any
13 part thereof, as will not interfere with TENANT's operations hereunder and to
14 enter thereupon for any and all such purposes. LANDLORD also reserves the
15 right to grant franchises, easements, rights of way and permits in, over, and
16 upon, along, or across any and all portions of said Leased Premises as
17 LANDLORD may elect so to do, provided, however, that no right of the
18 LANDLORD provided for in this paragraph shall be so executed as to interfere
19 unreasonably with TENANT's operations hereunder, or impair the security of
20 any secured creditor of TENANT.

21 B. LANDLORD agrees that any right as set forth by this paragraph
22 shall not be exercised unless a prior written notice of sixty (60) days is given to
23 TENANT. However, if such right must be exercised by reason of emergency,
24 LANDLORD will give TENANT such notice in writing as is possible under the
25 existing circumstances.

26 C. LANDLORD will cause the surface of the Leased Premises to
27 be restored to its original condition upon the completion of any construction done
28 pursuant to this paragraph.

1 D. LANDLORD reserves the right to enter and have access to the
2 property in order to make, construct or carry out airport improvements.

3 E. LANDLORD shall exercise its best efforts to avoid
4 unreasonable interference with TENANT's operations or enjoyment of the premises
5 or impairment of the security of any secured creditor in its exercise of rights pursuant
6 to this paragraph.

7 F. Should any exercise of the rights described in this paragraph
8 result in a significant interference with TENANT's use of the Leased Premises,
9 LANDLORD shall provide compensation to TENANT by means of a reduction in rent
10 proportionate to the amount of the interference which shall continue for not more
11 than two months or until TENANT has been adequately compensated, whichever
12 comes first.

13 24. USE OF AIRPORT FACILITIES. TENANT shall have, in conjunction
14 with the general public and other airport users, a non-exclusive right to the use of the public
15 airport facilities provided and developed by LANDLORD for public aviation use on such
16 terms and conditions as such facilities may be made available by LANDLORD either now
17 or in the future to other users and tenants of the same class and subject to all applicable
18 laws and rules of the United States, the State of California or the City of Long Beach
19 governing aviation, air navigation or the use of the airport.

20 25. MAINTENANCE.

21 A. TENANT agrees, at TENANT's sole cost and expense, to repair
22 and maintain the Leased Premises and all improvements or landscaping existing or
23 constructed thereon in good order and repair and to keep said premises and
24 facilities in a neat, clean, attractive and orderly condition. Failure of the TENANT to
25 properly maintain and repair the Leased Premises shall constitute a breach of the
26 terms of this Lease.

27 B. If, in the opinion of LANDLORD's Airport Director, the Leased
28 Premises are not being properly maintained, LANDLORD's Airport Director may,

1 after giving thirty (30) days written notice to TENANT to remedy discrepancies,
2 cause such repair and maintenance to be made. The cost of such maintenance or
3 repair shall be added to the rent. If said costs are not paid promptly by TENANT,
4 this Lease shall be deemed to be in default, and LANDLORD shall be entitled to all
5 legal remedies provided hereunder.

6 26. AIRCRAFT PARKING, STORAGE AND HANGARS.

7 A. TENANT shall provide open aircraft parking aprons which shall
8 be so designed, marked and maintained, as to provide for safe and functional
9 parking of aircraft, including sufficient distance between all structural elements
10 (including, but not limited to body, wings and tail) of parked aircraft to permit safe
11 movement of aircraft to and from aircraft parking spaces. Aircraft tiedown equipment
12 or apparatus shall be of a type approved by the Airport Director for use at the airport
13 and all aircraft designed and equipped to be tied down shall be properly secured to
14 such tiedown apparatus when left unattended. All tiedown spaces shall be clearly
15 marked on the pavement with an identification number in such manner that each
16 individual parking space can be easily identified.

17 B. TENANT will provide and maintain taxi lanes and aircraft
18 parking spaces clear of obstacles, vehicles and improperly parked aircraft in a
19 manner which will permit safe and convenient movement of aircraft throughout all
20 open parking areas.

21 C. TENANT will provide adequate aircraft parking spaces on the
22 Leased Premises to accommodate transient or visiting aircraft or aircraft present at
23 TENANT's facility for the purpose of maintenance or other work. Parking is permitted
24 only in designated spaces and TENANT expressly covenants and agrees to make
25 every reasonable and prudent effort to prevent parking of aircraft or ground vehicles
26 on property contiguous to the Leased Premises, but not a part thereof. The Airport
27 Director may require creation of additional parking spaces if he finds that aircraft
28 using TENANT's facilities are parking in areas other than authorized tiedowns or

1 hangar spaces.

2 D. Maintenance and repair of aircraft on the based and transient
3 aircraft parking area shall be limited to that permitted by Federal Aviation
4 Regulations Part 43.3(h) and Appendix A(c), unless otherwise specifically
5 authorized in writing by the Airport Director. Said parking areas shall be kept free
6 from partially dismantled or derelict aircraft.

7 E. Aircraft storage hangars shall be used for storage of aircraft
8 only and no maintenance shall be done therein, except as specifically authorized by
9 Federal Aviation Regulations Part 43.3(h) and Appendix A(c) if such maintenance
10 and repair can be done in compliance with such fire, building and safety codes, rules
11 and/or regulations as may be applicable to such hangar or activity from time to time.

12 F. Maintenance, repair, and other activities may be conducted in
13 hangars heretofore or hereafter constructed in such manner that such maintenance
14 repair and other activities can be carried out in such hangar in compliance with such
15 fire, building and safety codes, rules and/or regulations, as may be applicable from
16 time to time to such activities, if authorized in writing by the Airport Director.

17 G. All aircraft service, maintenance, repair, inspection and building
18 activities conducted for financial gain within or from aircraft storage hangars shall
19 be done by fixed based operators, tenants or subtenants located on the Long Beach
20 Municipal Airport or their duly authorized personnel. No other persons may perform
21 such work.

22 H. The aircraft identification number of each aircraft parked in a
23 hangar shall be affixed to the outside of such hangar in a convenient and plainly
24 visible manner and said information shall be revised from time to time so that it shall
25 be current and visible at all times.

26 I. Aircraft hangars constructed after the date of execution of this
27 Lease shall be so designed and constructed by means of a method approved by the
28 Airport Director as to permit verification for identification, safety and security

1 purposes of all aircraft parked therein at all times without compromising the security
2 of such aircraft.

3 J. TENANT shall not park or permit or authorize the parking of
4 aircraft in any manner such that any part of the aircraft extends beyond the lease
5 boundary at any time. Failure to cure such condition within twenty-four (24) hours
6 after notice to do so from the Airport Director may be deemed a default of this Lease.

7 27. AIRCRAFT TIEDOWN AND STORAGE HANGAR AGREEMENTS.

8 TENANT is authorized to enter into sublease agreements to permit aircraft tiedown and
9 storage on the Leased Premises without approval of LANDLORD, provided that TENANT
10 shall enter into and maintain current a written Aircraft Tiedown or Aircraft Storage Hangar
11 Agreement with the owner or lessee or operator of each aircraft renting space on the
12 Leased Premises. Such agreements shall be in writing and shall specify all terms,
13 conditions and restrictions relating to the rental of space for the tiedown or storage of
14 TENANT's aircraft and indicating that said owner, operator or lessee of an aircraft to be
15 tied down or stored is a sub-tenant of LANDLORD as well as TENANT by virtue of the
16 creation of this sublease. Such agreement shall also require that the information which
17 TENANT must provide to LANDLORD pursuant to the terms of Section 15 shall be supplied
18 to TENANT by any parties with whom TENANT has entered such agreements.
19 LANDLORD'S Airport Director or his designated representative may inspect TENANT's file
20 of Aircraft Tiedown and Storage Hangar Rental Agreements at any reasonable time during
21 TENANT's regular business hours.

22 28. STORAGE.

23 A. TENANT may store aircraft components, equipment, parts,
24 bulk liquids, scrap lumber, metal, machinery or other materials related to the conduct
25 of its business on the Leased Premises, provided, however, that such storage may
26 be done only within an area screened from public view as approved by the Airport
27 Director. No storage may be done on any apron, ramp or taxiway, without prior
28 written approval of Airport Director.

1 B. Derelict aircraft, inoperative grounded vehicles, unused ramp
2 equipment, scaffolding, hoists and related items not regularly and routinely in use
3 as part of TENANT's business, may not be kept on the Leased Premises unless
4 such materials are maintained within a fully enclosed permanent structure.

5 C. Violation of the requirements of this paragraph shall be deemed
6 in default if the condition has not been cured to the satisfaction of the Airport Director
7 within thirty (30) days of posting of the property or service of TENANT with a notice
8 thereof.

9 D. TENANT shall not store or permit storage of recreational
10 vehicles, including but not limited to motor homes, boats or trailers, on the Leased
11 Premises. Parking of automobiles and trucks, except for those directly related to the
12 day to day business of the TENANT, is also prohibited.

13 29. AUTOMOBILE PARKING. TENANT agrees to provide sufficient
14 automobile parking on the Leased Premises to accommodate the parking needs of patrons,
15 visitors and employees, provided, however, that Airport streets and access roadways may
16 not be utilized to comply with this requirement. All customer vehicles entering or leaving
17 the aircraft operation area must be accompanied at all such times by employees of
18 TENANT or its subtenants. Customer vehicles within the aircraft operating area shall be
19 parked inside of aircraft hangars and not on any taxiway or between hangars.

20 30. FUEL FLOWAGE FEES. The requirements of Section 30 shall only
21 be applicable for a period of ninety (90) days following the Effective Date.

22 A. REQUIREMENT TO PAY. TENANT agrees to pay such fuel
23 flowage fees at such rates as may be regularly established from time to time by
24 LANDLORD's City Council for aircraft fuels delivered at the airport. such fees shall
25 be due and payable on the tenth (10th) day of the month succeeding that in which
26 the fuel deliveries are made to the TENANT. The fees shall be calculated and
27 administered as provided herein on the basis of information submitted on a form
28 provided by LANDLORD.

1 B. SUPPLIER AGREEMENT. TENANT shall enter into a written
2 agreement with its fuel supplier which recognizes the existence of the provisions of
3 this Lease. A copy of said agreement shall be delivered to LANDLORD's Airport
4 Director prior to the commencement of fuel delivery. Said agreement shall provide
5 that either TENANT or TENANT's supplier shall indemnify, hold harmless and
6 provide insurance coverage to the City for all uses arising from the delivery, storage,
7 sale and supplying of such fuel. Such agreement shall further provide that the
8 supplier shall make available to the City at reasonable times, its records of
9 transactions involving delivery of fuel to TENANT for purposes of auditing
10 TENANT's performance under this Lease.

11 C. [RESERVED].

12 D. REPORTING, PAYMENT AND STATEMENTS. Deliveries of
13 fuel shall be reported and fees therefor paid by TENANT to LANDLORD each
14 calendar month as provided herein. The fees to be paid shall be computed on the
15 basis of the oil company's meter tickets supplied by the tanker truck holding the
16 delivery from, or from refinery meter tickets provided to the carrier at the time the
17 tanker truck is loaded. The amount shown on such tickets to have been delivered in
18 agreement shall be multiplied by the rate established by the City Council then in
19 effect. The product of that computation shall be the fuel flowage fee due for that
20 month. TENANT will provide a year-end statement showing all deliveries in the
21 previous year. Both monthly reports and year-end statements shall be on forms
22 supplied by the Airport Director.

23 31. NOISE ABATEMENT. TENANT expressly covenants to make every
24 reasonable and prudent effort to ensure that aircraft based on, or operating from, the
25 Leased Premises adhere to duly adopted present and future Noise Abatement Programs
26 and Rules and Regulations relating thereto.

27 32. AVIGATION EASEMENT. There is hereby reserved to the
28 LANDLORD, its successors and assigns, for the use and benefit of the public, a right of

1 flight for the passage of aircraft in the airspace above the surface of the premises herein
2 leased. This public right of flight shall include the right to cause in said airspace any noise
3 inherent in the operation of any aircraft used for navigation or flight through said airspace
4 or landing at, taking off from or operation on the Long Beach Municipal Airport.

5 33. UTILITIES. The TENANT shall, at its own cost, pay for all electricity,
6 gas, water, telephone and other utility services furnished to TENANT, including the cost of
7 installation of necessary connections for all of said services. All utilities added from or after
8 the date of this Lease shall be underground.

9 34. WASTE DISPOSAL. TENANT shall construct all facilities
10 necessary to prevent any water or industrial waste from the operations of TENANT on the
11 Leased Premises from flowing into adjacent property. TENANT shall dispose of all sewage
12 and industrial waste in accordance with all applicable regulations and laws of those
13 governmental agencies having jurisdiction or authority thereover. TENANT shall insure
14 that all solid waste materials are placed in appropriate covered containers designed for use
15 with the type of waste involved, which shall remain covered, and that said containers are
16 maintained within enclosures located on said Leased Premises and designated to keep
17 said trash containers out of the flow of traffic and obscured from view.

18 35. FAA SECURITY AND SAFETY REGULATIONS.

19 A. This Lease is subject to Federal Aviation Regulations Part 107
20 and Part 139 relating to Safety and Security. LANDLORD shall provide copies
21 thereof to TENANT who shall provide copies thereof to all subtenants.

22 B. If any violation of Part 107 or Part 139 occurs on the Leased
23 Premises, TENANT or its sub-tenants shall be strictly liable to reimburse
24 LANDLORD for the full amount of any fine, penalty or other financial loss resulting
25 therefrom.

26 C. TENANT assumes liability for any security or safety violation of
27 FAA regulations, including but not limited to violations arising from any gate
28 providing access from and between the leasehold and the airfield being left open.

1 TENANT will pay any fines levied or assessed by FAA as a result of any violation
2 occurring on or as a result of actions on the leasehold.

3 36. BILLBOARDS AND SIGNS. TENANT agrees not to construct, install
4 or maintain, nor to allow upon the Leased Premises any billboards, signs, banners or like
5 displays which may be placed in or upon any building or structure in such manner as to be
6 visible from the outside thereof, except those receiving prior approval in writing by
7 LANDLORD's Airport Director.

8 37. INSPECTION. The Airport Director or his authorized representative
9 shall have the right to enter, inspect, determine the condition of and protect LANDLORD's
10 interest in, the Leased Premises for the purpose of keeping said premises in a decent,
11 safe, healthy, clean and functional condition. If inspection discloses that the premises are
12 not in the condition described and if the TENANT fails to perform the necessary
13 maintenance work after ten (10) days written notice, LANDLORD may have any necessary
14 maintenance done at the expense of the TENANT. TENANT also agrees to hold
15 LANDLORD harmless for any damage to TENANT's property and operations in the course
16 of such necessary maintenance work performed by LANDLORD.

17 38. AUDIT. The LANDLORD, City Auditor and City Manager, or their
18 designated representatives, shall be permitted to examine and review TENANT's records
19 at all reasonable times, with or without prior notification, for the purpose of determining
20 compliance with all terms, covenants and conditions of this Lease. Such examinations and
21 reviews shall be conducted during TENANT's regular business hours in a manner causing
22 as little inconvenience as possible to TENANT.

23 39. TERMINATION BY LANDLORD. Should TENANT default in the
24 performance of any term, covenant, condition or agreement imposed upon or promised by
25 said TENANT to be performed and such default is not corrected within thirty (30) days from
26 and after written notice to TENANT by LANDLORD's Airport Director, specifying said
27 default and demanding its immediate correction, LANDLORD's Airport Director may
28 declare this Lease and all rights and interests created thereby to be terminated. Provided,

1 however, that where it appears to the satisfaction of City's Airport Director that such default
2 cannot be cured within thirty (30) days by the exercise of due diligence, and where
3 TENANT has begun and continues a good faith effort to cure such default, the Airport
4 Director shall grant an extension of time for the curing of said default sufficient to permit
5 said default to be cured.

6 40. TERMINATION BY TENANT. Should LANDLORD default in the
7 performance of any term, covenant, or condition to be performed by LANDLORD and such
8 default is not remedied by LANDLORD within thirty (30) days from and after written notice
9 by TENANT specifying said default, TENANT may declare this Lease and all rights and
10 interests created thereby to be terminated. Should any law or ordinance become effective
11 which results in substantial interference with the use of the Leased Premises by TENANT,
12 then TENANT may terminate this Lease upon giving written notice to LANDLORD's City
13 Manager of such termination.

14 41. LANDLORD'S RIGHT TO RE-ENTER. TENANT agrees to yield and
15 peaceably deliver possession of the Leased Premises to LANDLORD on the date of
16 termination of this Lease, without regard to the reason for such termination. Upon giving
17 written notice of termination to TENANT, the LANDLORD shall have the right to re-enter
18 and take possession of the Leased Premises on the date such termination becomes
19 effective without further notice of any kind and without institution of summary or regular
20 legal proceedings. Termination of the Lease and re-entry of the Leased Premises by
21 LANDLORD shall in no way alter or diminish any obligation of TENANT under the Lease
22 terms and shall not constitute an acceptance or surrender. TENANT waives any and all
23 right of redemption under any existing or future law or statute in the event of eviction from
24 or dispossession of the Leased Premises for any reason or in the event LANDLORD re-
25 enters and takes possession of the Leased Premises in a lawful manner. TENANT agrees
26 that should the manner or method employed by LANDLORD in re-entering or taking
27 possession of the Leased Premises give TENANT a cause of action for damages or in
28 forcible entry and detainer, the total amount of damages to which TENANT shall be entitled

1 in any such action shall be One Dollar (\$1.00). TENANT agrees that this clause may be
2 filed in any such action and that when filed, it shall be a stipulation of TENANT fixing the
3 total damages to which TENANT is entitled to such an action.

4 42. DEFAULT. TENANT shall be in default upon the occurrence of the
5 following events:

6 A. If any default in the payment of an installment of rent hereunder,
7 shall continue for a period of thirty (30) days after the LANDLORD delivers to
8 TENANT notice in writing thereof; or

9 B. If default should be made in any of the other covenants and
10 conditions herein contained to be observed, kept and performed by TENANT and
11 such default, if curable within a period of sixty (60) days, shall nevertheless continue
12 for sixty (60) days after LANDLORD delivers to TENANT notice thereof in writing;

13 C. If such default be not curable within such sixty (60) days and
14 TENANT shall have failed to commence the curing of such default within such sixty
15 (60) day period, or, having thus commenced to cure said default, shall thereafter fail
16 to prosecute diligently the curing thereof as soon as possible.

17 43. ABANDONMENT. If TENANT shall abandon or be dispossessed by
18 process of law or otherwise, any personal property belonging to TENANT remaining on the
19 premises thirty (30) days after such abandonment or dispossession shall be deemed to
20 have been transferred to LANDLORD, and LANDLORD shall have the right to remove and
21 to dispose of the same without liability to account therefore to TENANT or to any person
22 claiming under TENANT.

23 44. POSSESSORY INTEREST. TENANT recognizes and understands
24 that this Lease may create a possessory interest subject to property taxation and that
25 TENANT may be subject to the payment of property taxes on such interest.

26 45. FEDERAL AVIATION ADMINISTRATION ASSURANCES. This
27 Lease is subject to certain assurances mandated by the Federal Aviation Administration
28 for inclusion in airport leases. These assurances are set out in full in Exhibit "B" attached

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hereto and made a part hereof.

46. TERMINATION OF PRIOR AGREEMENTS. It is mutually agreed that this Lease shall supersede any prior agreements between the parties hereto covering all or any portion of the Leased Premises.

47. ARBITRATION. If any dispute arises between the parties with respect to any matters set forth in this Lease other than rents or rent adjustments or defaults as set forth in this Lease, such dispute shall be resolved by the parties within thirty (30) days after either of the parties has notified the other of its desire to arbitrate the dispute. Notwithstanding anything set forth herein to the contrary, the parties agree that LANDLORD shall have the right to institute unlawful detainer proceedings as provided for in the Code of Civil Procedure in the event of any occurrence of default which is not cured, subject to the rights of any leasehold mortgagee. If the parties are unable to resolve the dispute by mutual agreement within that period of time, the dispute shall be resolved in accordance with provisions of Part 3, Title 9 of the California Code of Civil Procedure except as provided in this paragraph. No discovery shall be permitted in such proceeding except that not later than ten (10) days prior to any arbitration hearing the parties shall exchange the name and a summary of the testimony of each witness which they intend to present. No party shall submit into evidence at the arbitration any document which has not been submitted to the other side, nor shall any party present any testimony which has not been described in a summary presented to the opposition. The arbitration shall be conducted by a panel of arbitrators, one of them shall be an attorney-at-law actively engaged in the practice for at least 10 years prior to the date of the arbitration. The arbitrators shall have no power to modify any of the provisions of this agreement and their jurisdiction is limited accordingly. Each party consents to the entry of judgment by any court having jurisdiction in accordance with the decision of the arbitration panel. Each party shall have the right to be represented by counsel to present evidence or to cross-examine witnesses presented by the other party and such rule shall remain in effect regardless of any change in the California Code of Civil Procedure relating to arbitrations. The arbitration

1 hearings shall be conducted informally. Formal rules of evidence and court procedures
2 shall not apply. such arbitrations shall be conducted in the County of Los Angeles. If the
3 dispute is not settled within thirty (30) days after the Notice of Intent to Arbitrate, the parties
4 shall select arbitrators either by agreement or in accordance with the procedures set forth
5 in the Code of Civil Procedure for selecting such arbitrators. The arbitration panel as
6 described in this section shall have been established not less than sixty (60) days after the
7 Notice of Intent to Arbitrate. The panel of arbitrators and the attorneys representing the
8 parties shall meet not less than ten (10) days after the appointment of the panel of
9 arbitrators and establish a hearing date for such arbitration. That hearing date shall be not
10 less than sixty (60) days after the date of the meeting between the panel of arbitrators and
11 the attorneys. The panel of arbitrators shall have ten (10) days from and after the
12 conclusion of any hearing on the arbitration to submit a decision to the parties.

13 48. GENERAL CONDITIONS.

14 A. Holding Over by TENANT. In the event of TENANT holding
15 over and failing to surrender the premises at the expiration of the term hereof, or
16 any extension thereof, with or without the consent of LANDLORD's City Manager,
17 said holdover shall result in the creation of a tenancy from month to month at the
18 monthly rental in effect for the last month prior to termination hereof, payable on the
19 first day of each month during said month to month tenancy, until the fourth month
20 of such holdover, at which point the monthly rental shall increase to an amount equal
21 to one hundred twenty-five percent (125%) of the then-current monthly rate. Nothing
22 herein shall be construed to grant TENANT any right to hold over at the expiration
23 of the term, or any extension thereof without the express written consent of
24 LANDLORD's City Manager. All other terms and conditions of this Lease shall
25 remain in full force and effect and be fully applicable to any month to month tenancy
26 hereunder.

27 B. Bankruptcy. Should TENANT make an assignment for benefit
28 of creditors or should a voluntary or involuntary petition of bankruptcy or for

1 reorganization or for any arrangements be filed by or against TENANT, or if
2 TENANT becomes bankrupt or insolvent, or if a receiver be appointed of TENANT's
3 business or assets (except a receiver appointed at request of LANDLORD), such
4 action shall constitute a breach of this Lease for which LANDLORD, at its option,
5 may terminate all rights of TENANT or TENANT's successors in interest under this
6 Lease, except as provided in this Lease.

7 C. Disposition of Personal Property Abandoned by TENANT. If
8 TENANT abandons the Leased Premises or is disposed thereof by process of law
9 or otherwise, title to any personal property belonging to TENANT and left on the
10 Leased Premises thirty (30) days after such abandonment or dispossession shall
11 be deemed to have been transferred to LANDLORD. LANDLORD shall have the
12 right to remove and to dispose of such property without liability therefor to TENANT
13 or to any person claiming under TENANT and shall have no duty or obligation to
14 account therefor.

15 D. Successors in Interest. Unless otherwise provided in this
16 Lease, the terms, covenants and conditions contained herein shall apply to and bind
17 the heirs, successors, executors, administrators and assigns of all of the parties
18 hereto, all of whom shall be jointly and severably liable hereunder.

19 E. Taxes and Assessments. TENANT shall pay before
20 delinquency, all taxes, license fees, assessments and other charges which are
21 levied and assessed against and upon the premises, fixtures, equipment, aircraft or
22 other property caused or suffered by the TENANT to be placed upon the Leased
23 Premises or located at the Long Beach Municipal Airport The TENANT shall furnish
24 LANDLORD with satisfactory evidence of these payments upon demand by
25 LANDLORD.

26 F. Costs of Sustaining an Action for Breach or Default. In the
27 event LANDLORD commences legal action against TENANT claiming a breach or
28 default of this Lease, LANDLORD shall be entitled to recover from TENANT its costs

1 and expenses of said litigation, including but not limited to legal fees.

2 G. Circumstances Which Excuse Performance. If either party
3 hereto shall be delayed or prevented from the performance of any act required
4 hereunder by reason of acts of God, restrictive governmental laws or regulations or
5 other cause, without fault and beyond control of the party obligated other than
6 financial incapacity, performance of such act shall be excused for the period of the
7 delay; and the period for the performance of any such act shall be extended for a
8 period equivalent to the period of such delay, provided, however, nothing in this
9 section shall excuse TENANT from the prompt payment of any rental or other
10 charge required of TENANT hereunder except as may be expressly provided
11 elsewhere in this Lease.

12 H. Amendments. This Lease sets forth all of the agreements and
13 under-standings of the parties hereto and is not subject to modification, except in
14 writing duly executed by the legally authorized representatives of each of the parties.

15 I. Lease Organization. The various headings in this Lease, the
16 number of letters thereof, and the organization of the Lease into separate sections
17 and paragraphs are for purposes of convenience only and shall not be considered
18 otherwise.

19 J. Partial Invalidity. If any term, covenant, condition or provisions
20 of this Lease is held by a court of competent jurisdiction to be invalid, void or
21 unenforceable, the remainder of the provisions hereof shall remain in full force and
22 effect and shall in no way be affected, impaired or invalidated thereby.

23 K. Waiver of Rights. The failure of TENANT or LANDLORD to
24 insist upon strict performance of any of the terms, conditions or covenants herein
25 shall not be deemed a waiver of any rights or remedies that either may have, and
26 shall not be deemed a waiver of any subsequent breach or default of the terms,
27 conditions or covenants herein contained.

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OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Lona Beach, CA 90802-4664

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L. Notices. All notices given or to be given by either party to the other, shall be served by either: (1) enclosing the same in a sealed envelope addressed to the party intended to receive the same at the address indicated herein or at such other address as the parties may by written notice hereafter designate, and deposited in the u. s. Postal Service, with postage prepaid; or (2) personal service upon the Airport Director or upon an officer or authorized agent of TENANT. Such notices shall be effective on the date of mailing if served by mail or on the date personal service is effected if such notice is personally served. For the purposes hereof, notices to LANDLORD and TENANT shall be addressed as follows:

TO: LANDLORD
Director – Long Beach Airport
4100 Donald Douglas Drive
Long Beach, California 90808

TO: TENANT
CEO – Airspace LLC
c/o Alerion Aviation
401 Industrial Avenue
Teterboro, NJ 07608

M. Time. Time is of the essence in this Lease.

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IN WITNESS HEREOF, the parties hereto have caused these presents to be
duly executed with all the formalities required by law on the respective dates set forth
opposite their signatures.

CITY OF LONG BEACH, a municipal
corporation

Oct 4, 2017

By [Signature] EXECUTED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER.
City Manager
Tom Modica
Assistant City Manager
LANDLORD

AIRSPACE LLC, a Delaware limited
liability company

September 25, 2017

By [Signature]
General Partner

TENANT

APPROVED AS TO FORM

10-2-2017

[Signature]
CHARLES PARKIN, City Attorney

By [Signature]
RICHARD ANTHONY
DEPUTY CITY ATTORNEY

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

EXHIBIT "A-1"

BARBARA LONDON DR.

AIRSPACE

**PARCEL 1
3.11 ACRES**

PARCEL 4= 0.24 ACRES



**long beach
airport**
where the going is easy.

CITY OF LONG BEACH - CALIFORNIA

AIRSPACE, LLC

4310 Donald Douglas Drive



EXHIBIT "A-2"

LEGAL DESCRIPTION

Airspace LLC
Long Beach Airport

Those portions of Lots 65 and 66 of Tract No. 8084, City of Long Beach, County of Los Angeles, State of California as per Map recorded in Book 171, Page 24 through 30, inclusive, of Maps in the office of the County Recorder of said County, described as follows:

Parcel 1.

Beginning at the intersection of the centerline of Lakewood Boulevard, 100 feet in width, formally Cerritos Avenue, 80.00 feet in width vacated per Resolution of the California Highway Commission and recorded as Document No. 3601 on May 19, 1959, in the office of said County Recorder and the westerly prolongation of the northerly line of said Lot 65, all as shown on said Tract No. 8084, said intersection also being City of Long Beach Monument No. 2905 (Airport Monument No. G-10); thence South 0°05'37" West 659.91 feet along said centerline to the TRUE POINT OF BEGINNING; thence South 89°54'08" East 249.94 feet to a point, hereinafter referred to as Point "A"; thence South 89°54'23" East 76.06 feet; thence South 0°05'37" West 113.00 feet; thence North 89°54'23" West 40.00 feet; thence South 0°05'37" West 278.16 feet; thence North 89°54'23" West 306.06 feet; thence North 46°52'53" West 41.04 feet to a point, hereinafter referred to as Point "B"; thence North 0°05'37" East 363.18 feet; thence South 89°54'08" East 50.06 feet to the TRUE POINT OF BEGINNING.

Parcel 4 Beginning at Point "B"; thence North 46°52'53" West 41.04 feet; thence South 89°54'23" East 306.06 feet to the TRUE POINT OF BEGINNING of Parcel 4; thence North 0°05'37" East 278.16 feet; thence North 89°54'23" West 40.00 feet; thence South 0°05'37" West 238.16 feet; thence South 45°06' West 56.57 feet to the TRUE POINT OF BEGINNING of Parcel 4



PREPARED	CHECKED	LEASE NO.	DRAWING NO.
S. SMITH	L.MADDOX	19331	M-1750a

EXHIBIT "B"

FEDERAL AVIATION ADMINISTRATION ASSURANCES

1. The lessee for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this permit for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, the permittee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

The permittee for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that: (1) no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the permittee shall use the premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

The permittee assures that it will comply with pertinent statutes, Executive Orders and 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 Federal assistance. This Provision obligates the lessee or its transferee for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the Provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property. In the case of contractors, this Provision binds the contractors from the bid solicitation period through the completion of the contract.

(Additional information regarding civil rights and Disadvantaged Business Enterprise obligations can be obtained from the FAA Civil Rights Office.)

2. The airport owner/sponsor reserves the right to further develop or improve the landing area of the airport as it sees fit, regardless of the desires or views of the lessee and without interference or hindrance.

3. The airport owner/sponsor reserves the right, but shall not be obligated to the lessee, to maintain and keep in repair the landing area of the airport and all publicly owned facilities of the airport, together with the right to direct and control all activities of the lessee in this regard.

4. This permit shall be subordinate to the provisions and requirements of any existing or future agreement between the airport owner/sponsor and the United States, relative to the development, operation, or maintenance of the airport.
5. There is reserved to the airport owner/sponsor, 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 permitted premises. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through said airspace or landing at, taking off from, or operating on the airport premises.
6. The lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the permitted premises or in the event of any planned modification or alteration of any present or future building or structure situated on the permitted premises.
7. The lessee by accepting this permit agreement expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or building nor permit object of natural growth or other obstruction on the land leased hereunder above a height as determined by the application of the requirements of Title 14 CFR Part 77. In the event the aforesaid covenants are breached, the owner reserves the right to enter upon the land hereunder and to remove the offending structure or object or cut the offending, natural growth, all of which shall be at the expense of the lessee.
8. The lessee by accepting this license agrees for itself, its successors and assigns that it will not make use of the permitted premises in any manner which might interfere with the landing and taking off of aircraft or otherwise constitute a hazard. In the event the aforesaid covenant is breached, the owner reserves the right to enter upon the premises hereby permitted and cause the abatement of such interference at the expense of the lessee.
9. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of U.S. Code 40103 (e) and 47107(a)(4).
10. This permit and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of said airport or the exclusive or nonexclusive use of the airport by the United States during the time of war or national emergency.
11. The lessee will furnish services on a reasonable and not unjustly discriminatory basis to all users, and 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.