

ORIGINAL

19380

SECOND AMENDMENT TO LEASE

NO. 19380

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4 THIS SECOND AMENDMENT TO LEASE NO. 19380 (this "Amendment") is made
5 and entered into in duplicate as of APRIL 4, 2007, pursuant to minute order adopted
6 by the City Council of the City of Long Beach at its meeting of April 3, 2007, by and
7 between the CITY OF LONG BEACH, a municipal corporation ("City"), and MCDONNELL
8 DOUGLAS CORPORATION, a Maryland corporation ("MDC").

9
10 A. City and MDC entered into that certain Long Beach Municipal Airport Master
11 Ground Lease Agreement (Contract No. 19380) dated as of January 27, 1987, and
12 amended the same pursuant to a First Amendment to Lease dated January 25, 1988 (as
13 amended, the "Lease").

14 B. City and MDC desire to further amend the Lease by, among other things,
15 evidencing the exercise of an extension option and providing MDC with a limited right to
16 terminate the Lease.

17
18 NOW, THEREFORE, the City and MDC agree as follows:

19 1. MDC exercises its first option to extend provided for under Section 2.2 of the
20 Lease, as amended by this Amendment, so that the term of the Lease is extended for an
21 additional five (5) year and five day period. The expiration date of the Lease shall be
22 January 31, 2012, subject to MDC's five (5) remaining five-year extension options and the
23 termination right provided for in this Amendment.

24
25 2. Section 2.2 of the Lease is amended and restated in its entirety to read as
26 follows:

27 "2.2 Extension of Term. The term of this Lease may be extended by MDC
28 at its option for up to six (6) additional terms of five (5) years each upon notification

1 of City not less than ninety (90) days prior to the date of termination of the Lease
2 or any extension thereof of its intention to extend the term. The total term of this
3 Lease and any extensions shall not exceed fifty (50) years.”

4 3. Section 1.2 of the Lease (but not Section 1.2.1) is amended and restated in
5 its entirety to read as follows:
6

7 “1.2 Premises. The Leased Premises shall be those portions of Long Beach
8 Municipal Airport which are legally described in Exhibit “A” attached hereto and
9 designated in Map No. 1858, attached hereto and marked Exhibit “B”.”

10 4. Exhibits “A” and “B” attached to the Lease shall be replaced with Exhibits “A”
11 and “B” attached to this Amendment.
12

13 5. Upon execution of this Amendment by both parties the basic rent shall be
14 adjusted as required by Section 3.2 and 3.3 of the Lease, and said basic rent adjustment
15 shall be effective as of February 1, 2007. All future rent adjustments provided for under
16 the Lease shall be effective as of February 1st of the applicable year in which the rent is to
17 be adjusted.

18 6. Section 3.2.1 of the Lease is amended and restated to read in its entirety as
19 follows:
20

21 “3.2.1. Consumer Price Index. The rental to be paid to City by MDC for the
22 Premises shall be adjusted annually effective on the adjustment date of February
23 1st, by the 12 Months Percent Change in the Consumer Price Index for All Urban
24 Consumers, All Items, Base Period 1982-84=100, for the Los
25 Angeles-Riverside-Orange County, CA Area, published by the United States
26 Department of Labor, Bureau of Labor Statistics. The October Index immediately
27 prior to the adjustment date shall be the "Current Index," and the October Index for
28

1 the year previous shall be the "Beginning Index". If the Current Index is greater
2 than the Beginning Index, the then-current rent or adjusted rent shall increase by
3 the same percentage rounded to the nearest tenth as did the Current Index
4 increase over the Beginning Index, so that the monthly rent or adjusted rent shall
5 increase each year by the same percentage as did the Consumer Price Index.
6 However, said rental increase shall not exceed five percent (5%). At five (5) year
7 intervals rent shall be adjusted to reflect the fair market value and prevailing rate of
8 return. In no event shall any rent adjustment result in a rent less than that paid
9 during the preceding period. The method for determining the five (5) year rental
10 adjustments is set out in Section 3.3 hereof.
11

12 7. Section 6.1.1 of the Lease is amended so that the words "Ten Million Dollars
13 (\$10,000,000)" are replaced with the words "Fifteen Million Dollars (\$15,000,000)".
14

15 8. The following is added to the Lease as new Section 4.3:

16 "4.3 Hazardous Material.

17 4.3.1 Use of Hazardous Material. MDC shall not cause or permit any
18 Hazardous Material, as defined in Section 4.3.5, to be generated, brought onto,
19 used, stored, dispensed or disposed of in the regular course of business on or
20 about the Premises by MDC or its agents, employees, contractors, subtenants, or
21 invitees, except for limited quantities of chemicals categorized as Hazardous
22 Material and except for batteries or petroleum products used in vehicles or vessels
23 and/or stored on site for use in such vehicles or vessels. MDC shall:
24

25 (a) Use, store, dispense, and dispose of all such Hazardous
26 Material in strict compliance with all applicable statutes, ordinances, and
27 regulations in effect during the term of this Lease that relate to public health
28

1 and safety and protection of the environment ("Environmental Laws"),
2 including those Environmental Laws identified in Paragraph 4.3.5; and

3 (b) Comply at all times during the term of this Lease with all
4 Environmental Laws.

5
6 4.3.2 Notice of Release or Investigation. If, during the term of this
7 Lease (including any extensions), MDC becomes aware of (a) any actual or
8 threatened release of any Hazardous Material on, under, or about the Premises or
9 (b) any inquiry, investigation, proceeding, or claim by any government agency or
10 other person regarding the presence of Hazardous Material on, under, or about the
11 Premises, MDC shall give City written notice of the release or investigation within
12 five (5) days after learning of it and shall simultaneously furnish to City copies of any
13 claims, notices of violation, reports, or other non-privileged writings received by
14 MDC that concern the release or investigation.

15
16 4.3.3 Indemnification. MDC shall, at MDC's sole expense and with
17 counsel reasonably acceptable to City, indemnify, defend, and hold harmless City,
18 directors, officers, employees, and agents with respect to all losses to the extent
19 arising out of or resulting from the (i) grossly negligent disruption of any existing
20 release of Hazardous Material at the Premises which is known to MDC and (ii)
21 release of any Hazardous Material in or about the Premises, or the violation of any
22 Environmental Law (collectively, an "Adverse Environmental Condition"), by MDC
23 or MDC's agents, contractors, or invitees (collectively, "MDC Parties"). This
24 indemnification includes the following to the extent arising from item (i) or (ii) above:

- 25
26 (a) Losses attributable to diminution in the value of the Premises;
27 (b) Loss or restriction of use of rentable space on the Premises;
28

1 and

2 (c) All other liabilities, obligations, penalties, fines, claims, actions
3 (including remedial or enforcement actions of any kind and administrative or judicial
4 proceedings, orders, or judgments), damages (including punitive damages but
5 excluding consequential damages), and costs (including attorney, consultant, and
6 expert fees and expenses) resulting from the release or violation.
7

8 This indemnification shall survive the expiration or termination of this Lease.
9 Notwithstanding the foregoing, MDC shall have absolutely no obligation whatsoever
10 to indemnify, defend or hold harmless City for an Adverse Environmental Condition
11 caused by (i) City, its affiliated entities, their respective directors, officers,
12 employees, agents, contractors and invitees (in which case City shall indemnify
13 MDC to the same extent MDC is obligated to indemnify City) and/or (ii) any other
14 party other than MDC Parties.
15

16 4.3.4 Remediation Obligations. If the presence of any Hazardous
17 Material brought onto the Premises by MDC or MDC's employees, agents,
18 contractors, or invitees results in contamination in violation of any Environmental
19 Law, MDC shall promptly take all necessary actions, at MDC's sole expense, to
20 remediate the contamination in accordance with Environmental Law as required by
21 the lead agency having jurisdiction. MDC shall provide notice to City of, and afford
22 City a opportunity to comment on, the proposed remedial action. This provision
23 does not limit the indemnification obligation set forth in Section 4.3.3.
24

25 4.3.5 Definition of "Hazardous Material". As used in this Section 4.3,
26 the term "Hazardous Material" shall mean any hazardous or toxic substance,
27 material or waste that is or becomes regulated by the United States, the State of
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1 California, or any local government authority having jurisdiction over the Premises.

2 Hazardous Material includes:

3 (a) Any "hazardous substance," as that term is defined in the
4 Comprehensive Environmental Response, Compensation, and Liability Act of 1980
5 (CERCLA) (42 United States Code Sections 9601-9675);

6
7 (b) "Hazardous waste," as that term is defined in the Resource
8 Conservation and of Recovery Act of 1976 (RCRA) (42 United States Code
9 Sections 6901-6992k);

10 (c) Any pollutant, contaminant, or hazardous, dangerous, or toxic
11 chemical, material, or substance, within the meaning of any other applicable federal,
12 state, or local law, regulation, ordinance, or requirement (including consent decrees
13 and administrative orders imposing liability or standards of conduct concerning any
14 hazardous, dangerous, or toxic waste, substance, or material, now or hereafter in
15 effect);

16
17 (d) Petroleum products;

18 (e) Radioactive material, including any source, special nuclear, or
19 byproduct material as defined in 42 United States Code Sections 2011-2297g-4;

20
21 (f) Asbestos in any form or condition unless in compliance with
22 Environmental Laws; and

23 (g) Polychlorinated biphenyls (PCBs) and substances or
24 compounds containing PCBs."

25 9. The last sentence of Section 11.2 of the Lease is amended and restated in
26 its entirety to read as follows:

27 "MDC may terminate this Lease on not less than six (6) months advance
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written notice to City if the Premises will not be used by MDC in the reasonably foreseeable future as a result of economic or government policy changes.”.

10. Notices. MDC address for notices and other communications under the Lease is hereby changed to:

McDonnell Douglas Corporation
c/o Boeing Realty Corporation
Attn: Lease Administrator
4501 East Conant Street
Long Beach, CA 90808

11. Binding Effect, Estoppel. Except as amended by this Amendment, the Lease remains unchanged and in full force and effect. As of the date hereof, neither party is aware of any breach by the other party of the Lease nor is either party aware of any facts or circumstances which with the passage of time or the giving of notice, or both, would constitute a default under the Lease.

12. Entire Agreement, Counterparts. This Amendment constitutes the entire agreement between the parties with respect to the subject matter hereof, and may not be modified except in writing signed by both parties. This Amendment may be executed in counterparts, each of which when taken together shall constitute the entire agreement.

13. Effective Date. This Amendment shall be effective as of the date executed by City.

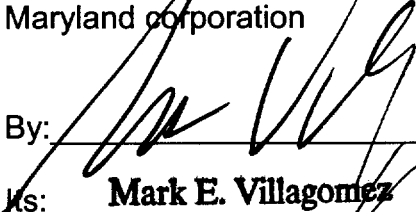
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IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment to Lease as of the day and year first above written.

MCDONNELL DOUGLAS CORPORATION, a Maryland corporation

Date: 3-20-07

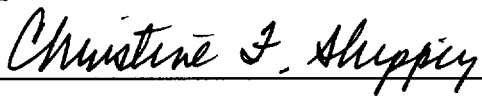
By: 

As: **Mark E. Villagomez**
Authorized Signatory
"MDC"

CITY OF LONG BEACH, a municipal corporation

Date: 4-13-2007

ASSISTANT

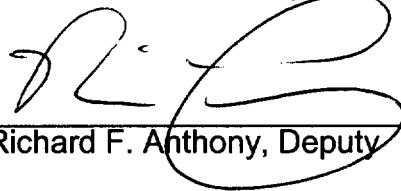
By: 

"City"

EXECUTED PURSUANT TO SECTION 001 OF THE CITY CHARTER.

The foregoing Second Amendment to Lease is approved as to form this 11 day of April, 2007.

ROBERT E. SHANNON, City Attorney

By: 
Richard F. Anthony, Deputy

RFA:abc 03/13/2007 #06-05694
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Exhibit "A"

LEGAL DESCRIPTION

DOUGLAS PARCEL #1

Those portions of Lots 48, 49, and 50 of Tract No. 8084, in the City of Long Beach, County of Los Angeles, State of California, as per map recorded in Book 171, Pages 24 through 30, inclusive, of Maps, in the office of the County Recorder of said County, described as follows:

Beginning at the northwesterly corner of Lot 2 of Tract No. 29579 recorded in Book 935, Pages 37 through 40, inclusive, of Maps in the office of said County Recorder, said corner being on a curve, concave to the west and having a radius of 5,779.32 feet, from which corner a radial bears South 79°19'18" East, said curve also being the westerly line of said Lot 48; thence northerly 77.23 feet along said curve and said westerly line through a central angle of 00°45'56" to the intersection with a non-tangent line, parallel with and 524.00 feet southerly, measured at right angles, from the centerline of Long Beach Airport Runway 25R-7L, as shown on said Tract No. 29579; thence South 89°47'49" East 21.87 feet along said parallel line to the beginning of a non-tangent curve, concave to the north, having a radius of 230.00 feet, a radial through said beginning bears South 42°32'41" West; thence southeasterly 169.97 feet along said curve through a central angle of 42°20'30" to a tangent line, parallel with and southerly 584.00 feet from said centerline; thence South 89°47'49" East 1,559.26 feet along last said parallel line to the beginning of a tangent curve, concave to the south, having a radius of 170.00 feet; thence southeasterly 132.08 feet along said curve through a central angle of 44°30'58" to a tangent line, parallel with and southwesterly 635.00 feet from the centerline of Long Beach Airport Runway 12-30, as shown on Drawing No. E-194 on file in the office of the City Engineer of said City; thence South 45°16'51" East 64.64 feet along last said parallel line to the beginning of a tangent curve, concave to the west, having a radius of 170.00 feet; thence southerly 134.15 feet along said curve through a central angle of 45°12'49" to a tangent line, parallel with and westerly 643.00 feet from the centerline of Long Beach Airport Runway 16R-14L as shown on said Tract No. 29579; thence South 00°04'02" East 549.90 feet along last said parallel line to the northerly line of Wardlow Road, 80 feet wide, as shown on said Tract No. 29579; thence South 89°57'25" West 637.89 feet along said northerly line to the easterly line of Lot 1 of said Tract No. 29579; thence North 00°01'45" West 659.85 feet along said easterly line to an angle point; thence North 00°18'58" East 91.24 feet along said easterly line to the northerly line of said Lot 1; thence North 89°47'48" West 1,327.90 feet along last said northerly line and the northerly line of said Lot 2 to the POINT OF BEGINNING.

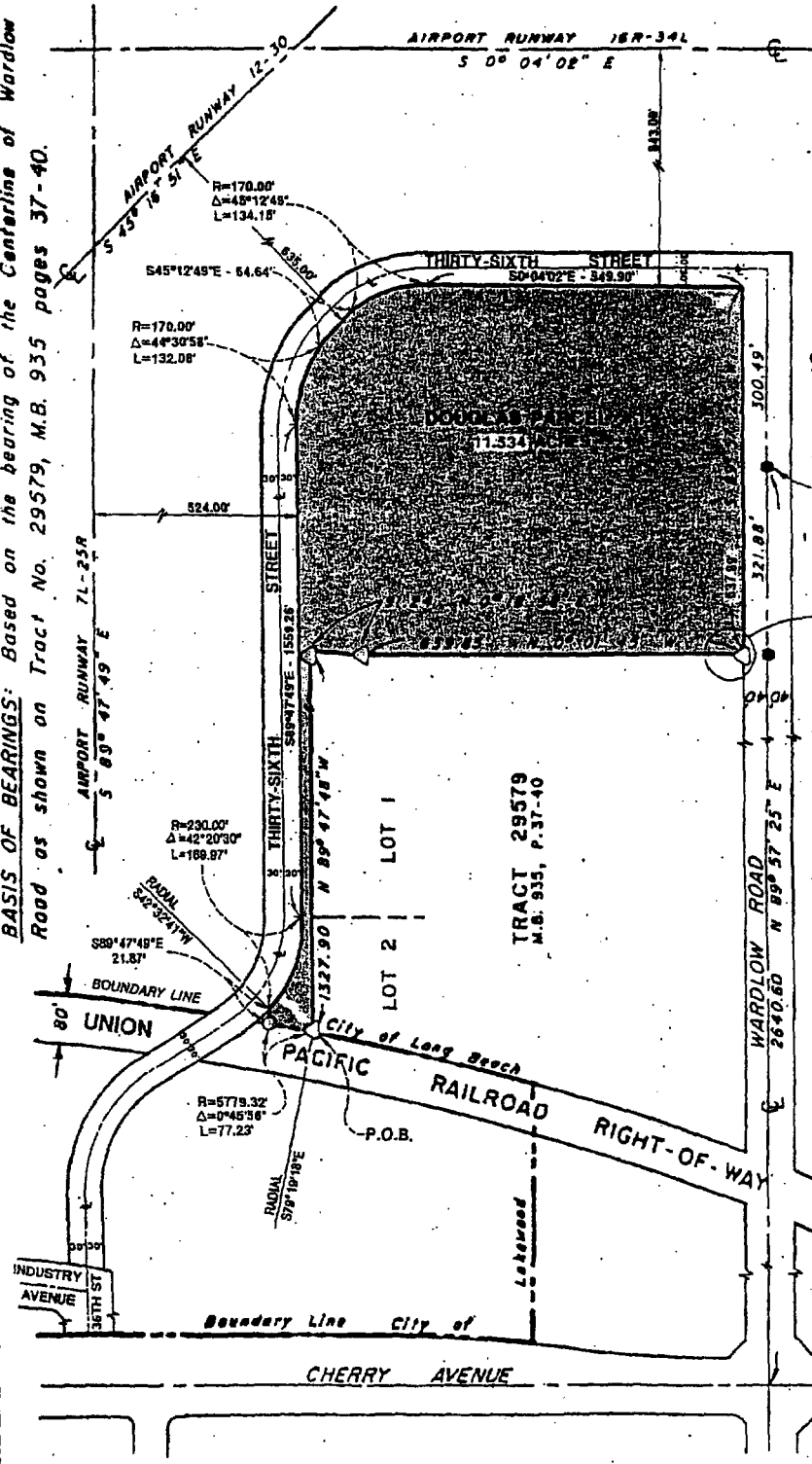


DIETENICH POST RECORDER NO 149920

PREPARED S.SMITH	CHECKED B.BERDANIS	LEASE NO.	DRAWING NO. A-1563
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Exhibit "B"

BASIS OF BEARINGS: Based on the bearing of the Centerline of Wardlow Road as shown on Tract No. 29579, M.B. 935 pages 37-40.

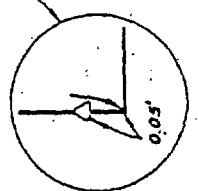


L.B. Airport Mon. 16
NE Corner Lot 9
American Colony Tract

MONUMENTATION

- O = Set per L-1130-66-88
- = Fd per L-1130-66-88
- Δ = Fd per TRACT 29579

DETAIL



PREPARED S. SMITH	CHECKED B. BERDANIS	LEASE NO.	DRAWING NO. A-1563
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