

1 THIRD AMENDMENT TO
2 FIXED BASE OPERATION LEASE NO. 20064
3 20064

4 THIS THIRD AMENDMENT ("Third Amendment") TO FIXED BASE
5 OPERATION LEASE is made and entered into, in duplicate as of April 1, 2012 ("Effective
6 Date"), pursuant to a minute order adopted by the City Council of the City of Long Beach
7 at its meeting of December 6, 2011, between the CITY OF LONG BEACH, a municipal
8 corporation, hereinafter referred to as "LANDLORD", and LONG BEACH AVIATION
9 BUILDING, a California limited partnership, hereinafter referred to as "TENANT".

10 1. RECITALS. This Third Amendment is made
11 with reference to the following facts and objections:

12 1.1 LANDLORD and TENANT entered into a Fixed Base
13 Operation Lease (as amended, "Lease") (#20064) dated as of January 1, 1988,
14 covering a parcel of land at the Long Beach Municipal Airport consisting of
15 approximately 3.51 acres of land commonly known as Parcel 1 of the Leased
16 Premises, which lease was amended by that certain First Amendment to Fixed
17 Base Operation Lease ("First Amendment") dated as of June 7, 1994 and a
18 Second Amendment to Fixed Base Operation Lease ("Second Amendment") dated
19 as of July 20, 1999.

20 1.2 TENANT desires to exercise its option to extend the term of
21 the Lease for a period of fifteen (15) years upon the terms and conditions set forth
22 herein.

23 2. DEFINITIONS. Unless otherwise defined in this
24 Third Amendment, all capitalized terms shall have the meanings
25 ascribed to them in the Lease.

26 3. TERM. Section 3 of the Lease shall be and
27 hereby is amended and restated in its entirety to read as follows:

28 "3. TERM. The term of this Lease shall commence on January 1, 1988

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1 and shall continue thereafter until December 31, 2027. TENANT shall have no further
2 options to extend the term. LANDLORD may, in its sole and absolute discretion, grant
3 TENANT further extension options upon approval of LANDLORD'S City Council."

4 4. RENT. In connection with the exercise by
5 TENANT of its extension option, the parties hereby acknowledge and
6 agree that they have completed the fair market value rent adjustment
7 as required by the Lease. Effective January 1, 2013 and continuing
8 thereafter until further adjustment in accordance with the Lease, the
9 monthly rent shall be Ten Thousand Five Hundred Four Dollars
10 (\$10,504).

11 5. USE. Section 11 of the Lease shall be and
12 hereby is amended and restated to read as follows:

13 "11. USE.

14 The Leased Premises and any and all improvements located or erected
15 thereupon shall be used for the private, non-commercial use, storage, maintenance and
16 operation of aircraft and personal property, which shall be limited to the following uses:

- 17 A. Storage and operation of aircraft;
- 18 B. Non-commercial maintenance of aircraft;
- 19 C. Non-commercial construction of aircraft, such as a kit plane;
- 20 D. Non-commercial storage and use of personal property; and
- 21 E. Any such other aviation-related use as may be approved in writing by

22 LANDLORD's Airport Manager in his or her sole and absolute discretion."

23 6. INSURANCE. Sections 18, 19 and 20 of the
24 Lease shall be and hereby are amended and restated to read as
25 follows:

26 "19. INSURANCE.

27 Concurrent with the execution of this Lease and at all time during the term
28 of this lease, TENANT shall:

1 (1) Procure and maintain the following types of insurance at TENANT'S
2 sole expense for the duration of this Lease, including any extensions, renewals, or
3 holding over thereof, from insurance companies that are admitted to write insurance in
4 the State of California or from authorized non-admitted insurers that have ratings of or
5 equivalent to an A:VIII by A.M. Best Company:

6 (a) Commercial general liability insurance equivalent in coverage
7 scope to ISO form CG 00 01 11 85 or 10 93 in an amount not less than Five Million
8 Dollars (\$5,000,000) per occurrence and in aggregate. Such coverage shall include but
9 is not limited to broad form contractual liability coverage, cross liability protection,
10 products and completed operations, sudden and accidental pollution and cleanup liability,
11 underground storage tank liability, airport owners and operators liability, aircraft products
12 liability, aircraft liability including passengers, aircraft repairer's legal liability,
13 hangarkeepers liability including aircraft in flight, and garagekeepers legal liability. The
14 City of Long Beach, its officials, employees, and agents shall be added as additional
15 insureds by endorsement equivalent in coverage scope to ISO form CG 20 26 11 85 and
16 such endorsement shall protect the City, its officials, employees, and agents from and
17 against claims, demands, causes of action, expenses, costs, or liability for injury to or
18 death of persons, or damage to or loss of property arising out activities performed by or
19 on behalf of the TENANT or from maintenance or use of the Leased Premises. The
20 coverage shall contain no special limitations on the scope of protection afforded to the
21 City, its officials, employees, and agents:

22 (b) Commercial automobile liability insurance equivalent in scope
23 to ISO form CA 00 01 06 92 covering symbol 1 (Any Auto) in an amount not less than
24 Two Million Dollars (\$2,000,000) combined single limit.

25 (c) All Risk property insurance, including Builder's Risk protection
26 during the course of construction, in an amount sufficient to cover the full replacement
27 value of all buildings and structural improvements erected on the Leased Premises. In
28 addition, the TENANT will endeavor to purchase insurance covering the perils of

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1 earthquake and flood (if available from responsible insurance companies at reasonable
2 cost) and debris removal. Determination of "responsible insurance companies" and
3 "reasonable cost" are at the sole discretion of Landlord's Risk Manager or designee.
4 LANDLORD shall be named as an additional insured under a standard loss payable
5 endorsement. With respect to damage to property, LANDLORD and TENANT hereby
6 waive all rights of subrogation, one against the other, but only to the extent that collectible
7 commercial insurance is available for said damage.

8 (d) All Risk property insurance in an amount sufficient to cover
9 the full replacement value of TENANT'S personal property, improvements and equipment
10 on the Leased Premises. With respect to damage to property, LANDLORD and TENANT
11 hereby waive all rights of subrogation, one against the other, but only to the extent that
12 collectible commercial insurance is available for said damage.

13 (e) Business interruption insurance providing that the rent due
14 LANDLORD shall be paid for a period of up to twelve (12) months if the Leased Premises
15 are destroyed or rendered inaccessible.

16 (f) Workers' compensation insurance required by the State of
17 California and employer's liability insurance in an amount not less than One Million
18 Dollars (\$1,000,000) per accident. TENANT agrees to obtain and furnish evidence to
19 City of the waiver of TENANT'S workers' compensation insurance carrier of any right of
20 subrogation against the City.

21 (2) Require its subtenants to procure and maintain the following types of
22 insurance at subtenant's sole expense for the duration of this Lease, including any
23 extensions, renewals, or holding over thereof, from insurance companies that are
24 admitted to write insurance in the State of California or from authorized non-admitted
25 insurers that have ratings of or equivalent to an A:VIII by A.M. Best Company:

26 (a) Premises liability insurance (equivalent in coverage scope to
27 ISO form CG 00 01 11 85 or 11 88) in an amount not less than Two Million Dollars
28 (\$2,000,000) per occurrence and in aggregate except that if any such subtenant has

1 exposure for airport owners and operators liability, aircraft liability, aircraft products
2 liability, aircraft repairers legal liability, sudden and accidental pollution and cleanup
3 liability, underground storage tank liability, and/or hangarkeepers liability, such
4 commercial general liability insurance shall be in an amount not less than Five Million
5 Dollars (\$5,000,000) per occurrence and in aggregate. Such coverage shall include but
6 is not limited to broad form contractual liability coverage, cross liability protection, and, as
7 may be applicable to subtenant's operations, products and completed operations, airport
8 owners and operators liability, aircraft liability, aircraft products liability, aircraft repairers
9 legal liability, sudden and accidental pollution and cleanup liability, underground storage
10 tank liability, hangarkeepers liability, and/or garagekeepers legal liability. The City of
11 Long Beach, its officials, employees, and agents shall be added as additional insureds by
12 endorsement equivalent in coverage scope to ISO form CG 20 26 11 85 and such
13 endorsement shall protect the City, its officials, employees, and agents from and against
14 claims, demands, causes of action, expenses, costs, or liability for injury to or death of
15 persons, or damage to or loss of property arising out activities performed by or on behalf
16 of the subtenant or from maintenance or use of the Leased Premises. The coverage
17 shall contain no special limitations on the scope of protection afforded to the City, its
18 officials, employees, and agents.

19 (b) Commercial automobile liability insurance (equivalent in scope
20 to ISO form CA 00 01 06 92) covering symbol 1 (Any Auto) in an amount not less than
21 One Million Dollars (\$1,000,000) combined single limit unless subtenant is subject to
22 Federal Aviation Administration regulations or other applicable laws, rules, regulations, or
23 other directives requiring otherwise.

24 (c) All Risk property insurance in an amount sufficient to cover
25 the full replacement value of building improvements on the Leased Premises.

26 (d) Workers' compensation insurance required by the State of
27 California and employer's liability insurance in an amount not less than One Million
28 Dollars (\$1,000,000) per accident.

1 (3) Require its contractors and subcontractors working in connection
2 with the Leased Premises or the Project to procure and maintain the following types of
3 insurance at subtenant's sole expense for the duration of this Lease, including any
4 extensions, renewals, or holding over thereof, from insurance companies that are
5 admitted to write insurance in the State of California or from authorized non-admitted
6 insurers that have ratings of or equivalent to an A:VIII by A.M. Best Company:

7 (a) Commercial general liability insurance (equivalent in coverage
8 scope to ISO form CG 00 01 11 85 or 11 88) in an amount not less than Two Million
9 Dollars (\$2,000,000) combined single limit per occurrence. Such coverage shall include
10 but is not limited to broad form contractual liability coverage, cross liability protection, and
11 products and completed operations coverage. The City of Long Beach, its officials,
12 employees, and agents shall be added as additional insureds by endorsement
13 (equivalent in coverage scope to ISO form CG 20 26 11 85) and such endorsement shall
14 protect the City, its officials, employees, and agents from and against claims, demands,
15 causes of action, expenses, costs, or liability for injury to or death of persons, or damage
16 to or loss of property arising out activities performed by or on behalf of the contractor or
17 subcontractor or from maintenance or use of the Leased Premises. The coverage shall
18 contain no special limitations on the scope of protection afforded to the City, its officials,
19 employees, and agents.

20 (b) Commercial automobile liability insurance (equivalent in scope
21 to ISO form CA 00 01 06 92) covering symbol 1 (Any Auto) in an amount not less than
22 One Million Dollars (\$1,000,000) combined single limit unless said contractor or
23 subcontractor is subject to Federal Aviation Administration regulations or other applicable
24 laws, rules, regulations, or other directives requiring otherwise.

25 (c) Professional liability or errors and omissions insurance in an
26 amount not less than Two Million Dollars (\$2,000,000) covering the work of any person or
27 organization providing architectural, consulting, engineering, environmental, landscape
28 architectural, surveying, real estate, soils engineering, or other professional services.

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1 (d) All Risk property insurance in an amount sufficient to cover
2 the full replacement value of contractor's or subcontractor's personal property,
3 improvements and equipment on the Leased Premises.

4 (e) Workers' compensation insurance required by the State of
5 California and employer's liability insurance in an amount not less than One Million
6 Dollars (\$1,000,000) per accident.

7 Any self-insurance program or self-insured retention must be approved
8 separately in writing by LANDLORD and shall protect the City of Long Beach, its officials,
9 employees, and agents in the same manner and to the same extent as they would have
10 been protected had the policy or policies not contained retention provisions.

11 Each insurance policy shall be endorsed to state that coverage shall not be
12 cancelled, nonrenewed or changed by either party except after thirty (30) days prior
13 written notice to LANDLORD and shall be primary to LANDLORD. Any insurance or self-
14 insurance maintained by LANDLORD shall be excess to and shall not contribute to
15 insurance or self-insurance maintained by TENANT.

16 TENANT shall deliver to LANDLORD certificates of insurance and the
17 required endorsements for approval as to sufficiency and form prior to commencement of
18 this Lease. The certificates and endorsements for each insurance policy shall contain the
19 original signature of a person authorized by that insurer to bind coverage on its behalf.
20 TENANT shall, at least thirty (30) days prior to expiration of such policies, furnish
21 LANDLORD with evidence of renewals. LANDLORD reserves the right to require
22 complete certified copies of all said policies at any time.

23 Such insurance as required herein shall not be deemed to limit TENANT'S
24 liability relating to performance under this Lease. The procuring of insurance shall not be
25 construed as a limitation on liability or as full performance of the indemnification and hold
26 harmless provisions of this Lease. TENANT understands and agrees that,
27 notwithstanding any insurance, TENANT'S obligation to defend, indemnify, and hold
28 LANDLORD, its officials, agents, and employees harmless hereunder is for the full and

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1 total amount of any damage, injuries, loss, expense, costs, or liabilities caused by the
2 condition of the Leased Premises or in any manner connected with or attributed to the
3 acts or omissions of TENANT, its officers, agents contractors, employees, subtenants,
4 licensees, vendors, patrons, or visitors, or the operations conducted by or on behalf of
5 TENANT, or the TENANT'S use, misuse, or neglect of the Leased Premises.

6 Not more frequently than every three (3) years, if in the opinion of
7 LANDLORD the amount of the foregoing insurance coverages is not adequate, TENANT
8 shall amend the insurance coverage as required by LANDLORD'S Risk Manager or
9 designee.

10 If any requirements of City of Long Beach Administrative Regulation 8-27,
11 including but not limited to its Section V, Paragraph D., Federal Aviation Administration
12 regulations, or other applicable laws, rules, regulations, or other directives require
13 additional coverages or limits of coverage not specified herein, these coverages and
14 limits apply in addition to the coverages and limits described herein.

15 Any modification or waiver of the insurance requirements herein shall be
16 made only with the written approval of the LANDLORD'S Risk Manager or designee."

17 7. FULL FORCE AND EFFECT. Except as
18 amended by this Third Amendment, the Lease remains unchanged
19 and in full force and effect.

20
21 IN WITNESS WHEREOF, the parties have executed this Third Amendment
22 on the day and year first above written.

23 LONG BEACH AVIATION BUILDING, a
24 California limited partnership

25 02-12-13, 2012

By: Colene J. Mayles

26 _____

Its: General Partner

27 _____, 2012

By: _____

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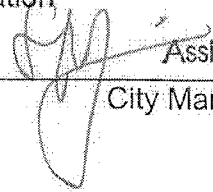
Its: _____

"TENANT"

CITY OF LONG BEACH, a municipal corporation

35

2012
2013

By:  Assistant City Manager
City Manager

EXECUTED PURSUANT TO SECTION 301 OF THE CITY CHARTER.

"CITY"

Approved as to form this 13 day of February, 2012.³

ROBERT E. SHANNON, City Attorney

By  Deputy