

LEASE

36162

The following Lease is made and entered into, in duplicate, as of October 1, 2021 ("Effective Date"), pursuant to a minute order adopted by the City Council, City of Long Beach, at its meeting held on February 9, 2021 by and between the CITY OF LONG BEACH, a municipal corporation, ("LANDLORD") and SPRING STREET HOLDINGS, LLC, a California limited liability company ("TENANT").

1. PREMISES. In consideration of the faithful performance of the covenants and conditions hereinafter agreed to be kept by LANDLORD and TENANT, LANDLORD does hereby lease and TENANT does hereby take and accept the following described premises consisting of approximately 0.95 acres of land located on the southwest corner of E. Spring Street and E. Airport Lane, adjacent to the Long Beach Municipal Airport (LGB) (the "Airport") and more particularly described and depicted in Exhibit "A" attached hereto and made a part hereof (the "Premises").

2. CONDITION OF PREMISES.

A. TENANT accepts the Premises in an "AS IS" condition and acknowledges that TENANT has not received and LANDLORD has not made any warranty, express or implied as to the condition of the Premises or any improvements, structures substructures, or infrastructures located thereon.

B. Except as otherwise set forth in this Lease, TENANT agrees to bear all expenses incurred in the development, operation and maintenance of the Premises including improvements thereto existing as of the Effective Date, it being acknowledged by the parties that TENANT and its predecessors-in-interests have occupied and currently occupy the Premises pursuant to a previous lease with LANDLORD, which has expired as of the Effective Date.

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

1 3. TERM. The term of this Lease shall be a period of five (5) years,
2 beginning on October 1, 2021 and terminating at midnight on September 30, , 2026
3 (as may be extended, the "Lease Term"), unless sooner terminated in accordance
4 with the terms of the Lease. Upon the mutual written agreement of LANDLORD and
5 TENANT and subject to the provisions of Section 4.C., the term of this Lease may
6 be extended for one additional period of five (5) years, terminating at midnight on
7 June 30 , 2031 ("Extension Option").

8 4. RENT.

9 A. Beginning on October 1, 2021 and continuing monthly
10 thereafter, TENANT shall pay rent to LANDLORD monthly in advance, without
11 deduction, setoff, notice or demand, on the first day of each month, an amount equal
12 to Five Thousand Nine Hundred Dollars (\$5,900) (approximately \$0.143 per sf),
13 subject to adjustment as hereinafter provided.

14 B. Beginning on October 1, 2022 and continuing annually
15 thereafter, the then-current monthly rent shall be adjusted to reflect the increase (if
16 any) in the Consumer Price Index for All Urban Consumers, All Items, for the Los
17 Angeles-Riverside-Orange County, CA Area, published by the United States
18 Department of Labor, Bureau of Labor Statistics ("index"). If the index for the month
19 of July for the year of such review (hereinafter referred to as the "current index") is
20 more than the index for the month of July I in the year immediately prior to the year
21 of such review (hereinafter referred to as the "beginning index"), then the then-
22 current monthly rental payable by TENANT to LANDLORD thereafter, unless and
23 until adjusted as a result of further periodic reviews, shall be increased by the same
24 percentage that the current index increased over the beginning index; provided,
25 however, that in no event shall the monthly rent increase be less than two percent
26 (2%) or more than five percent (5%) from the prior year's monthly rent.

27 C. Either LANDLORD or TENANT may request that then-current
28 monthly rent be adjusted to reflect the current fair market value of the Premises, to

1 be effective as of October 1, 2026. LANDLORD or TENANT shall deliver written
2 notice of such request to the other party on or before April 1, 2026 ("FMV
3 Adjustment Request"). If a FMV Adjustment Request is made, then LANDLORD
4 and TENANT shall promptly thereafter meet to determine the fair market land value
5 and prevailing rate of return. Should LANDLORD and TENANT not be able to come
6 to agreement at least four (4) months prior to the expiration of the Lease Term, then
7 the fair rental value of the subject land and/or the prevailing rate of return shall be
8 determined by appraisals prepared by two appraisers, one appointed by
9 LANDLORD at its expense and one appointed by TENANT at its expense. All
10 appraisers shall be MAI members of the American Institute of Real Estate
11 Appraisers or a successor organization in the event the American Institute of Real
12 Estate Appraisers ceases to exist. Both appraisals must be completed and
13 exchanged between LANDLORD and TENANT respectively within forty (40) days
14 after the appointment of the appraisers. The two appraisals shall be averaged
15 unless the higher of the two appraisals exceeds the lesser by ten percent (10%) or
16 more, in which case the two appraisers shall appoint a third appraiser, also an MAI
17 member of the American Institute. In order to select such third appraiser, if the two
18 appraisers do not agree, the appraisers shall obtain a list of five appraisers from the
19 President of the American Institute of Real Estate Appraisers and shall alternately
20 strike names from such list until one remains to become the third appraiser. The
21 third appraiser shall be appointed by the first two appraisers within fourteen (14)
22 days after notice from either of the parties to this Lease that the appointment of a
23 third appraiser is necessary. The cost of such third appraiser shall be shared
24 equally by the parties to this Lease. The third appraiser shall complete and submit
25 the required appraisal to both parties within forty (40) days after appointment. All
26 appraisals shall be in the form of written reports supported by facts and analysis.
27 The two of the three appraisers arriving at values closest to each other shall attempt
28 to concur on a value. If they are unable to do so within forty (40) days, the two

1 closest appraisals shall be averaged and that value shall be the fair market value of
2 the land or the prevailing rate of return, as appropriate. The adjusted fair market
3 land value shall be converted into an annual rent obligation based on the prevailing
4 rate of return on similar ground leases then current in the market. Disagreements
5 between the two appraisers as to the method of appraisal shall be resolved by a
6 third appraiser, appointed in the manner described in this subsection. Upon
7 completion of the determination of the adjusted rent to be paid by Tenant hereunder,
8 Landlord and Tenant shall execute an amendment to this Lease to formally
9 recognize the new rent amount.

10 5. LATE PAYMENT. TENANT hereby acknowledges that late
11 payment by TENANT to LANDLORD of rent and other sums due hereunder will
12 cause LANDLORD to incur costs not contemplated by this Lease, the exact amount
13 of which will be extremely difficult to ascertain. Such costs include, but are not limited
14 to, processing and accounting charges. Accordingly, if any installment of rent or
15 other sum due from TENANT shall not be received by LANDLORD within ten (10)
16 days after such amount shall be due, TENANT shall pay to LANDLORD a late charge
17 equal to ten percent (10%) of such overdue amount. The parties hereby agree that
18 such late charge by LANDLORD shall in no event constitute a waiver of TENANT'S
19 default with respect to such overdue amount, nor prevent LANDLORD from
20 exercising any of the other rights and remedies granted at law or equity or pursuant
21 to this Lease.

22 6. SECURITY DEPOSIT. TENANT shall have no obligation to
23 maintain a security deposit with LANDLORD under this Lease.

24 7. USE. The Premises are to be used for surface parking ("parking
25 lot") purposes only. No parking structure may be constructed on the Premises
26 without the consent of LANDLORD, in its sole discretion. The Premises shall not be
27 used for commercial parking ("fee parking") or for valet services for client parking.
28 TENANT agrees to provide and properly designate sufficient spaces convenient to

1 TENANT to satisfy any and all parking requirements of handicapped persons.
2 Notwithstanding the foregoing or anything to the contrary in this Lease, TENANT
3 may continue to sublease to Marine Spill Response Corporation ("Subtenant") that
4 certain portion of the Premises currently subleased to, and occupied by, the
5 Subtenant through September 30, 2026. TENANT and LANDLORD agree that the
6 portion currently utilized by the Subtenant is used for storage of vehicles and
7 equipment and not surface parking.

8 8. UNAUTHORIZED USES. Only the uses specified in Section 7
9 are authorized uses, and such uses are authorized only when (i) such uses do not
10 conflict with applicable zoning, and (ii) are conducted by TENANT.

11 9. OPERATION OF BUSINESS.

12 A. TENANT, for itself, or through its subtenants, shall continuously
13 use and operate the Premises, during all usual business hours and on all such days
14 as comparable business of like nature in the area are open for business in
15 accordance with the provisions of this Lease relating to use. If the Premises are
16 destroyed or partially condemned and this Lease remains in full force and effect,
17 TENANT shall continue operation of its business at the Premises to the extent
18 reasonably practical as determined by good business judgment during any period
19 of reconstruction.

20 B. TENANT shall appoint in writing an authorized local agent duly
21 empowered to make decisions on behalf of TENANT in all routine administrative
22 and operational matters relating to the Premises who shall be available at the
23 Premises during normal business hours. TENANT shall notify the Airport Director
24 in writing of the name, address and telephone number of said agent. TENANT
25 hereby authorizes Michael Mileski to be the authorized local agent. The contact info
26 for Michael Mileski is as follows: a) michael@mileskiholdings.com; b) (310) 715-
27 1300, c) address: 1971 West 190th Street, Suite 100, Torrance, California 90504.

28 10. COMPLIANCE WITH LAW. TENANT shall at all times conduct

1 its operations in accordance with all applicable municipal, County, State and Federal
2 rules and regulations. No improvements or structures, either permanent, temporary
3 or portable, shall be erected, placed upon, operated or maintained on the Premises,
4 nor shall business or any other activity be conducted or carried on, in, onto, or from
5 the Premises in violation of the terms of this Lease or any duly adopted rules,
6 regulations, orders, law, statute, by-law, or ordinance of any governmental agency
7 having jurisdiction thereover.

8 11. CONSTRUCTION, ALTERATION AND CHANGES.

9 A. TENANT shall not construct, install, or modify the Premises
10 without the prior written approval of LANDLORD'S Airport Director or designee (the
11 "Airport Director").

12 B. After the Effective Date, TENANT shall not place upon the
13 Premises any portable buildings, trailers, or other portable structures without the
14 prior written approval of the Airport Director.

15 12. CONSTRUCTION AND BONDING.

16 A. BONDS. Prior to beginning any construction valued at more
17 than Two Hundred Fifty Thousand Dollars (\$250,000.00), TENANT shall provide
18 written notice of such proposed construction to the Airport Director. Within ten (10)
19 days of receipt of such notice the Airport Director, in his or her reasonable discretion,
20 may require TENANT to file with LANDLORD a Performance Bond or letter of credit
21 or an assignment of a Certificate of Deposit (CD) in the amount of fifty percent (50%)
22 of the estimated cost of the construction and a Labor and Material Bond (also known
23 as a Payment Bond) in the amount of fifty percent (50%) of the estimated cost of
24 the construction, executed by LESSEE or LESSEE'S contractor, as Principal, and
25 by a surety authorized to do business in California as a Surety. The bonds shall
26 name LANDLORD as a joint obligee with TENANT. Should the Airport Director fail
27 to respond to the written notice as described above, then TENANT may commence
28 construction without provision of any bonds or other construction security to

1 LANDLORD. Nothing contained in this Lease shall be deemed to release TENANT
2 from the duty to keep the Premises free of liens. The Performance Bond shall
3 remain in effect until the expiration of the statutory period for filing liens or stop
4 notices, or until the Premises are free from the effect of such liens or stop notices,
5 if liens have been filed.

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

15 C. ZONING. The Premises are presently zoned "IG", General
16 Industrial.

17 D. PROPERTY OF TENANT. Any improvements existing as of
18 the Effective Date or thereafter constructed or placed on the Premises by TENANT
19 shall remain the property of TENANT until the expiration or earlier termination of this
20 Lease.

21 E. LIENS.

22 i. Subject to TENANT's right, to contest the same as
23 hereinafter provided, TENANT agrees that it will pay as soon as due all
24 mechanics, laborers, materialmen, contractors, subcontractors or similar
25 charges, and all other charges of whatever nature which may become due,
26 attached to or payable on said property or any part thereof or any building,
27 structure or other improvements thereon, from and after the Effective Date.
28 Nothing herein contained shall in any respect make TENANT the agent of

1 LANDLORD, or (except as otherwise specifically provided in this Lease),
2 authorize TENANT to do any act or to make any contract encumbering or in
3 any manner affecting the title or rights of LANDLORD in or to the Premises
4 or in the improvements thereon.

5 ii. Before any improvements, repairs or additions thereto
6 are constructed or reconstructed upon the Premises, costing in excess of
7 Fifty Thousand Dollars (\$50,000), TENANT shall serve written notice upon
8 the Airport Director in the manner specified in this Lease of TENANT's
9 intention to perform such work for the purpose of enabling LANDLORD to
10 post notices of non-responsibility under the provisions of Section 3094 of the
11 Civil Code of the State of California, or any other similar notices which may
12 be required by law.

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

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

27 v. In the event of TENANT'S failure to discharge of record
28 any such uncontested lien within said thirty (30) day period or to pay and

1 satisfy any such judgment as aforesaid, LANDLORD may, but shall not be
2 obliged to, pay the amount thereof, inclusive of any interest thereon and any
3 costs assessed against TENANT in said litigation, or may discharge such lien
4 by contesting its validity or by any other lawful means.

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

12 F. COMPLIANCE WITH CONSTRUCTION LAWS. TENANT
13 shall cause all construction work performed at the Premises to comply with (a) all
14 applicable laws, ordinances, rules and regulations of federal, state, county or
15 municipal governments or agencies (including, without limitation, all applicable
16 federal and state labor standards, including the prevailing wage provisions of
17 Section 1770 et seq. of the California Labor Code), and (b) all directions, rules and
18 regulations of any fire marshal, health officer, building inspector, or other officer of
19 every governmental agency now having or hereafter acquiring jurisdiction. TENANT
20 shall indemnify, defend and hold LANDLORD harmless from any and all claims
21 based upon or arising from the failure of any work related to the Premises to comply
22 with all such applicable legal requirements, including, without limitation, any such
23 claims that may be asserted against or incurred by LANDLORD with respect to or
24 in any way arising from such construction work's compliance with or failure to
25 comply with applicable laws, including all federal and state labor requirements
26 including, without limitation, the requirements of California Labor Code Section 1770
27 et seq.

28 13. IMPROVEMENTS TO BECOME PROPERTY OF LANDLORD.

1 Upon the expiration or earlier termination of this Lease, (i) all improvements on the
2 Premises shall immediately become the property of LANDLORD without
3 compensation to TENANT, and (ii) any personal property remaining on the Premises
4 may be disposed of by LANDLORD, and TENANT shall reimburse LANDLORD the
5 costs of such disposal (if any).

6 14. INDEMNIFICATION AND HOLD HARMLESS.

7 A. TENANT shall indemnify, protect and hold harmless
8 LANDLORD, its Boards, Commissions, and their officials, employees and agents
9 ("Indemnified Parties"), from and against any and all liability, claims, demands,
10 damage, loss, obligations, causes of action, proceedings, awards, fines, judgments,
11 penalties, costs and expenses, including attorneys' fees, court costs, expert and
12 witness fees, and other costs and fees of litigation, arising or alleged to have arisen,
13 in whole or in part, out of or in connection with (1) the use of the Premises by
14 TENANT, its officers, employees, agents, subcontractors, or anyone under
15 TENANT'S control, or (2) TENANT'S breach or failure to comply with any of its
16 obligations contained in this Lease (collectively "Claims" or individually "Claim").

17 B. In addition to TENANT'S duty to indemnify, TENANT shall have
18 a separate and wholly independent duty to defend Indemnified Parties at TENANT'S
19 expense by legal counsel approved by LANDLORD, from and against all Claims,
20 and shall continue this defense until the Claims are resolved, whether by settlement,
21 judgment or otherwise. No finding or judgment of negligence, fault, breach, or the
22 like on the part of TENANT shall be required for the duty to defend to arise.
23 LANDLORD shall notify TENANT of any Claim, shall tender the defense of the Claim
24 to TENANT, and shall assist TENANT, as may be reasonably requested, in the
25 defense.

26 C. If a court of competent jurisdiction determines that a Claim was
27 caused by the sole negligence or willful misconduct of Indemnified Parties,
28 TENANT'S costs of defense and indemnity shall be (1) reimbursed in full if the court

determines sole negligence by the Indemnified Parties, or (2) reduced by the percentage of willful misconduct attributed by the court to the Indemnified Parties.

D. The provisions of this Section 15 shall survive the expiration or termination of this Lease.

15. INSURANCE. Concurrent with and as a condition of obtaining occupancy of the Premises, TENANT shall procure and maintain at TENANT'S expense for the duration of this Lease including any extensions, renewals, or holding over thereof, from insurance companies that are admitted to write insurance in the State of California or that have ratings of or equivalent to an A:VIII by A.M. Best and Company, the following insurance:

A. Commercial general liability insurance equivalent in coverage scope to ISO CG 00 01 10 93 or airport liability insurance, including contractual coverage, and, as may be applicable to TENANT'S operations, products and completed operations, sudden and accidental pollution and cleanup liability, and garage-keeper's legal liability, naming the City of Long Beach, its officials, employees, and agents as additional insureds from and against claims, demands, causes of action, expenses, costs, or liability for injury to or death of persons, or damage to or loss of property arising out activities performed by or on behalf of TENANT in an amount not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in aggregate. Said insurance shall be primary insurance with respect to LANDLORD and shall include cross liability protection, and its insurer shall agree to waive its right of subrogation against the City.

B. Workers' compensation insurance in an amount and form as required by all applicable laws. Its insurer of such coverage shall agree to waive its right of subrogation against the City.

C. Commercial automobile liability insurance equivalent in coverage scope to ISO CA 00 01 06 92), covering Symbol 1 in an amount not less

1 than One Million Dollars (\$1,000,000) combined single limit. Said insurance shall
2 be primary insurance with respect to LANDLORD and shall include cross liability
3 protection.

4 D. In the event the terms of Section 7 are modified, then, in
5 addition and, as applicable, aircraft liability insurance, including contractual
6 coverage, and, as may be applicable to TENANT'S operations, products and
7 completed operations, naming the City of Long Beach, its officials, employees, and
8 agents as additional insureds from and against claims, demands, causes of action,
9 expenses, costs, or liability for injury to or death of persons, or damage to or loss of
10 property arising out activities performed by or on behalf of TENANT in an amount
11 not less than Five Million Dollars per occurrence. Said insurance shall be primary
12 insurance with respect to LANDLORD and shall include cross liability protection,
13 and its insurer shall agree to waive its right of subrogation against the City.

14 E. "All Risk" property insurance, including Builder's Risk protection
15 during the course of construction, in an amount sufficient to cover the full
16 replacement value of all buildings and structural improvements erected on the
17 Premises. LANDLORD shall be named as an additional insured under a standard
18 loss payable endorsement.

19 F. "All Risk" property insurance in an amount sufficient to cover
20 the full replacement value of TENANT'S personal property, improvements, and
21 equipment on the Premises.

22 G. Business interruption insurance providing that the rent due
23 LANDLORD shall be paid for a period up to twelve (12) months if the Premises are
24 destroyed or rendered inaccessible.

25 H. Workers' compensation insurance in an amount and form as
26 required by all applicable laws. Said insurer of such coverage shall agree to waive
27 its right of subrogation against the City.

28 I. Any self-insurance program, self-insurance retention, or

1 deductibles must be approved separately in writing by LANDLORD and shall protect
2 the City of Long Beach, its officials, employees, and agents in the same manner and
3 to the same extent as they would have been protected had the policy or policies not
4 contained retention provisions. Each insurance policy shall be endorsed to state
5 that coverage shall not be suspended, voided, changed, or canceled by either party
6 except after thirty (30) days prior written notice to LANDLORD, and shall be primary
7 and not contributing to any other insurance or self-insurance maintained by
8 LANDLORD.

9 J. With respect to damage to property, LANDLORD and TENANT
10 hereby waive all rights of subrogation, one against the other, but only to the extent
11 that collectible commercial insurance is available for said damage.

12 K. TENANT shall deliver to LANDLORD certificates of insurance
13 and original endorsements for approval as to sufficiency and form prior to the
14 execution of this Lease. The certificates and endorsements for each insurance
15 policy shall contain the original signature of a person authorized by that insurer to
16 bind coverage on its behalf. "Claims-made" policies are not acceptable unless
17 LANDLORD'S Risk Manager determines that "Occurrence" policies are not
18 available in the market for the risk being insured. If a "Claims-made" policy is
19 accepted, it must provide for an extended reporting period of not less than one
20 hundred eighty (180) days.

21 L. Not more frequently than every three years, if in the opinion of
22 LANDLORD or of LANDLORD'S Risk Manager or designee, the amount of the
23 foregoing insurance coverage is not adequate, TENANT shall increase the
24 insurance coverage as required by LANDLORD.

25 M. Such insurance as required herein shall not be deemed to limit
26 TENANT'S liability relating to performance under this Lease. LANDLORD reserves
27 the right to require complete certified copies of all said policies at any time. The
28 procuring of insurance shall not be construed as a limitation on liability or as full

1 performance of the indemnification and hold harmless provisions of this LEASE.
2 TENANT understands and agrees that, notwithstanding any insurance, TENANT'S
3 obligation to defend, indemnify, and hold LANDLORD, its officials, agents, and
4 employees harmless hereunder is for the full and total amount of any damage,
5 injuries, loss, expense, costs, or liabilities caused by the condition of the Premises
6 or in any manner connected with or attributed to the acts or omissions of TENANT,
7 its officers, agents contractors, employees, subtenants, licensees, patrons, or
8 visitors, or the operations conducted by TENANT, or the TENANT'S use, misuse, or
9 neglect of the Premises.

10 N. Any modification or waiver of the insurance requirements
11 herein shall be made only with the written approval of the LANDLORD'S Risk
12 Manager or designee.

13 16. ASSIGNMENT AND SUBLETTING.

14 A. CONSENT.

15 i. TENANT shall not assign or sublet this Lease or any
16 interest therein (including without limitation subleases or licenses for wireless
17 communication facilities) without first obtaining the written consent of
18 LANDLORD and the giving of such consent shall not be a waiver of any rights
19 to object to further or future assignments or subleases, but the consent to
20 each successive assignment or sublease must be first obtained in writing
21 from and by LANDLORD.

22 ii. Any request to assign or sublease shall be accompanied
23 by such data relating to the identity and financial condition of the proposed
24 assignee or sublessee as may be requested to permit LANDLORD to render
25 its decision. The monthly rental rate for the sublease shall also be provided.
26 If the sublease rent is more than the Lease rent, then LANDLORD shall be
27 entitled to fifty (50) percent of the sublease monthly rental rate after
28 subtracting the Lease monthly rental rate.

1 iii. Except as otherwise provided herein, if TENANT be a
2 partnership or joint venture, a withdrawal, addition or change (voluntary,
3 involuntary, by operation of law, or otherwise) of any of the partners or
4 adventurers thereof, or if TENANT be composed of more than one person, a
5 purported assignment or transfer (voluntary, involuntary, by operation of law,
6 or otherwise) from one thereof unto the other or others thereof, or if TENANT
7 be a corporation, a change in the ownership (voluntary, involuntary, by
8 operation of law, or otherwise) of twenty-five percent (25%) or more of its
9 capital stock owned as of the date of its acquisition of this Lease shall be
10 deemed an assignment prohibited hereby unless the written consent of
11 LANDLORD be first obtained thereto; provided, however, that a change in
12 the ownership of said capital stock as a result of the death or judicially
13 declared incompetency of TENANT may be made without the consent of
14 LANDLORD.

15 iv. The Premises is located in a parking impacted area
16 ("Area") bounded by Temple Avenue, Spring Street, Redondo Avenue and
17 Interstate 405. LANDLORD shall have the right to refuse to grant its written
18 consent to a transfer or assignment to an entity not located in the Area.
19 LANDLORD shall not unreasonably refuse to grant its written consent to such
20 transfer or assignment to an entity within the Area, however, any such
21 transfer without said approval, whether voluntary or involuntary, shall be void
22 and shall confer no right or occupancy upon said assignee or purchaser.

23 v. A transfer or an assignment of any such stock or interest
24 to a shareholder's or partner's spouse, children or grandchildren is accepted
25 from the provisions hereof.

26 B. VESTING OF ASSIGNMENTS. As a condition of the vesting
27 of any rights in this Lease or in the leasehold estate created hereby in any assignee
28 of TENANT's interest hereunder, whether voluntary or involuntary, each such

1 assignee shall first have delivered to LANDLORD a written notice of such
2 assignment, which notice:

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

6 ii. Shall state the name and address of the assignee for the
7 purpose of enabling notices to be given under Section 33L.

8 iii. Shall state whether the assignee is an individual, a
9 corporation or a partnership, and if such assignee be a corporation, the
10 names of such corporation's principal officers and of its directors and state of
11 incorporation, and if such assignee be a partnership, the names and
12 addresses of .the members of such partnership.

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

15 C. VESTING OF SUBLEASES. As a condition to the vesting of
16 any rights in this Lease or in the leasehold estate created hereby in any sublessee
17 of TENANT's interest hereunder, whether voluntary or involuntary, each such
18 sublessee shall first have delivered to LANDLORD a written notice of such
19 subleases which notice:

20 i. Shall state the name and address of the sublessee for
21 the purpose of enabling notices to be given under Section 33L.

22 ii. Shall state whether the sublessee is an individual, a
23 corporation or a partnership, and if such sublessee be a corporation, the
24 names of such corporation's principal officers and its directors and state of
25 incorporation, and if such sublessee be a partnership, the names and
26 addresses of the members of such partnership.

27 D. TERMINATION. This Lease shall not be terminated by reason
28 of any assignment or transfer by operation of law of TENANT's interest hereunder

or in the leasehold estate created hereby.

17. EMINENT DOMAIN.

A. DEFINITIONS. As used in this Lease:

i. "Condemnation" means (i) the taking or damaging, including severance damage, by eminent domain or by inverse condemnation or for any public or quasi-public use under any statute, whether by legal proceedings or otherwise, by a condemnor (hereinafter defined), and (ii) a voluntary sale or transfer to a condemnor, either under threat of condemnation or while condemnation legal proceedings are pending.

ii. "Date of taking" means, the earlier of (i) the date actual physical possession is taken by the condemnor, or (ii) the date on which the right to compensation and damages accrues under the law applicable to the Premises.

iii. "Award" means all compensation, sums, or anything of value awarded, paid or received for a total taking, a substantial taking or a partial taking (hereinafter defined), whether pursuant to judgment or by agreement or otherwise.

iv. "Condemnor" means any public or quasi-public authority or private corporation or individual having the power of condemnation.

v. "Total taking" means the taking by condemnation of the fee title to all the Premises and all the improvements.

vi. "Substantial taking" means the taking by condemnation of so much of the Premises or improvements or both that one or more of the following conditions results:

(a) The remainder of the Premises would not be economically and feasibly usable by TENANT; and/or

(b) A reasonable amount of reconstruction would not

1 make the Premises and improvements a practical improvement and
2 reasonably suited for the uses and purposes for which the Premises
3 are leased hereunder.

4 vii. "Partial taking" means any taking of the fee title that is
5 not either a total taking or a substantial taking.

6 viii. "Notice of intended condemnation" means any notice or
7 notification on which a reasonably prudent man would rely and which he
8 would interpret as expressing an existing intention of condemnation as
9 distinguished from a mere preliminary inquiry or proposal.

10 B. NOTICE. LANDLORD and TENANT shall give each other
11 prompt notice of any condemnation action or threat thereof. LANDLORD and
12 TENANT shall all have the right to participate in any settlement of awards,
13 compensation, and damages and may contest any such awards, compensation, and
14 damages and. prosecute appeals therefrom. Each party shall bear its own cost
15 thereof.

16 C. TOTAL OR SUBSTANTIAL TAKING.

17 i. On a total taking, this Lease shall terminate on the date
18 of taking.

19 ii. If a taking is a substantial taking as defined above,
20 TENANT may, by notice to LANDLORD given within thirty (30) days after
21 TENANT receives notice of intended condemnation, elect to treat the taking
22 as a substantial taking. If TENANT does not so notify LANDLORD, the taking
23 shall be deemed a partial taking. If TENANT gives such notice and
24 LANDLORD gives TENANT notice disputing TENANT's contention within ten
25 (10) days following receipt of TENANT'S notice, the dispute shall be promptly
26 submitted to arbitration before the American Arbitration Association in Los
27 Angeles County, California. If LANDLORD gives no such notice, the taking
28 shall be deemed a substantial taking. A substantial taking shall be treated as

1 a total taking.

2 iii. On a total taking all sums, including damages and
3 interest awarded for the fee or leasehold or both, shall be distributed and
4 disbursed in the following order of priority:

5 (a) To LANDLORD a sum equal to the fair market
6 value of the land, valued as unimproved land exclusive of
7 improvements and encumbered by the terms and conditions of this
8 Lease and subleases, as well as any compensation awarded for its
9 loss of revenue from this lease, and the value of LANDLORD'S
10 reversionary interest in the Premises, to the extent that said
11 reversionary interest has a separate value from the unimproved land.

12 (b) To TENANT, the value of the Leasehold estate
13 under this Lease, and the value of any buildings or improvements, on
14 the Premises, less the sum of any payments made to LANDLORD with
15 respect to LANDLORD's reversionary interest, if any, in the buildings
16 or improvements.

17 D. PARTIAL TAKING.

18 i. On a partial taking, this Lease shall cease as to the part
19 so taken, as of the date of taking, and shall remain in full force and effect
20 covering the remainder of the Premises and improvements, except that the
21 minimum annual rent, and minimum monthly rent, shall be reduced in
22 proportion to percentage of the lost subrentals (or relative value) of the
23 portion taken bears to the total subrentals (or relative value) of the Premises
24 prior to such taking.

25 ii. Promptly after a partial taking, TENANT, to the extent of
26 any award paid to TENANT on account of such taking, shall repair, alter,
27 modify, or reconstruct the improvements restoring so as to make them
28 reasonably suitable for TENANT's continued occupancy for the uses and

1 purposes for which the Premises are leased. If TENANT does not restore as
2 above, the cost of such restoring shall be deducted from TENANT's share of
3 the award and paid to LANDLORD.

4 iii. On a partial taking, all sums, including damages and
5 interest, awarded for the fee or leasehold or both, shall be distributed and
6 disbursed in the following order of priority:

7 (a) To TENANT the cost of restoring the
8 improvements, plus any amount awarded or assessed for severance
9 damages, plus any amount assessed, awarded, paid, or incurred to
10 remove or relocate subtenants, plus any amount awarded for
11 detriment to business.

12 (b) To LANDLORD a sum equal to that percent of the
13 value of the Premises equal to the percentage the area of the
14 Premises taken bears to the total area of the Premises; the value of
15 the Premises shall be as unimproved land exclusive of improvements
16 and burdened by all leases and subleases.

17 iv. Rent shall be abated or reduced during the period from
18 the date of taking until the completion of restoration, but all other obligations
19 of TENANT under this Lease shall remain in full force and effect. The amount
20 of abatement or reduction of rent shall be based on the extent to which the
21 restoration interferes with TENANT's use of the Premises.

22 v. Each party waives the provisions of Code of Civil
23 Procedure Section 1265.130, allowing either party to petition the Superior
24 Court to terminate this Lease in the event of a partial taking of the Premises
25 under the circumstances described in said Section.

26 E. LIMITED TAKING. If the Premises or any portion thereof or
27 any improvements thereon should be taken for governmental occupancy for a
28 limited period not extending beyond the Lease Term, this Lease shall not terminate

1 and TENANT shall continue to perform and observe all of its obligations hereunder
2 as though such taking had not occurred, except only to the extent that it may be
3 prevented from performing such obligations by reason of such taking. In such event,
4 TENANT shall be entitled to receive the entire amount of any awards,
5 compensation, and damages made for such taking, and LANDLORD hereby
6 assigns any and all of its interest in such awards, compensation, and damages to
7 TENANT to the extent that the governmental occupancy does not extend beyond
8 the expiration of the Lease Term.

9 18. RESERVATIONS TO LANDLORD.

10 A. The Premises are accepted by TENANT subject to any and all
11 existing or planned easements or other encumbrances and LANDLORD shall have
12 the right to install, lay, construct, maintain, repair and operate such sanitary sewers,
13 drains, storm water sewers, pipelines, manholes, connections, water, oil and gas
14 pipelines, and telephone and telegraph power lines and such other appliances and
15 appurtenances necessary or convenient to use in connection therewith over, in,
16 upon, through, across and along the Premises or any part thereof, as will not
17 interfere with TENANT's operations hereunder and to enter thereupon for any and
18 all such purposes. LANDLORD also reserves the right to grant franchises,
19 easements, rights of way and permits in, over, and upon, along, or across any and
20 all portions of the Premises as LANDLORD may elect so to do, provided, however,
21 that no right of LANDLORD provided for in this Section shall be so executed as to
22 interfere unreasonably with TENANT's operations hereunder, or impair the security
23 of any secured creditor of TENANT or be in competition with businesses carried on
24 by TENANT or its subtenants. In addition, TENANT and LANDLORD acknowledge
25 that the Long Beach Water Department owns and operates certain facilities located
26 in the northeast corner of the Premises ("Existing Water Facilities"), and will require
27 access through the Premises in order to perform routine inspection and
28 maintenance of the Existing Water Facilities. TENANT agrees to reasonably

1 cooperate with the Long Beach Water Department to provide ongoing access to the
2 Existing Water Facilities.

3 B. Except in connection with access to the Premises to support
4 the Existing Water Facilities, LANDLORD agrees that any right as set forth by this
5 Section shall not be exercised unless a prior written notice of sixty (60) days is given
6 to TENANT. However, if such right must be exercised by reason of emergency
7 LANDLORD will give TENANT such notice as is possible under the existing
8 circumstances.

9 C. LANDLORD will cause the surface of the Premises to be
10 restored to its original condition upon the completion of any construction done
11 pursuant to this Section.

12 D. LANDLORD reserves the right to enter and have access to the
13 Premises in order to make, construct or carry out airport improvements after at least
14 forty-eight (48) hours prior written notice to TENANT.

15 E. LANDLORD shall exercise its best efforts to avoid
16 unreasonable interference with TENANT's operations or enjoyment of the Premises
17 or impairment of the security of any secured creditor in its exercise of rights pursuant
18 to this Section.

19 F. Should any exercise of the rights described in this Section
20 result in a significant interference with TENANT's use of the Premises, LANDLORD
21 shall provide compensation to TENANT by means of a reduction in rent
22 proportionate to the amount of the interference which shall continue until TENANT
23 has been compensated in an amount equal to its actual out of pocket costs.

24 19. MAINTENANCE.

25 A. TENANT agrees, at TENANT's sole cost and expense, to repair
26 and maintain the Premises and all improvements or landscaping existing or
27 constructed thereon in good order and repair and to keep the Premises and facilities
28 in a neat, clean, attractive and orderly condition, including without limitation slurry

1 coating, sealing, and striping. Failure of TENANT to properly maintain and repair
2 the Premises shall constitute a breach of the terms of this Lease.

3 B. If, in the opinion of the Airport Director, the Premises are not
4 being properly maintained, the Airport Director may, after giving thirty (30) days
5 written notice to TENANT to remedy discrepancies, cause such repair and
6 maintenance to be made. The cost of such maintenance or repair shall be added to
7 the rent. If said costs are not paid promptly by TENANT, this Lease shall be deemed
8 to be in default, and LANDLORD shall be entitled to all legal remedies provided
9 hereunder.

10 20. AVIGATION EASEMENT. There is hereby reserved to
11 LANDLORD, its successors and assigns, for the use and benefit of the public, a right
12 of flight for the passage of aircraft in the airspace above the surface of the Premises.
13 This public right of flight shall include the right to cause in said airspace any noise
14 inherent in the operation of any aircraft used for navigation or flight through said
15 airspace or landing at, taking off from or operation at the Airport.

16 21. UTILITIES. TENANT shall, at its own cost, pay for all electricity,
17 gas, water, telephone and other utility services furnished to TENANT, including the
18 cost of installation of necessary connections for all of said services. All utilities added
19 from or after the Effective Date shall be underground.

20 22. WASTE DISPOSAL.

21 A. TENANT shall construct all facilities necessary to prevent any
22 water or industrial waste from the operations of TENANT on the Premises from
23 flowing into adjacent property. TENANT shall dispose of all sewage and industrial
24 waste in accordance with all applicable regulations and laws of those governmental
25 agencies having jurisdiction or authority thereover.

26 B. TENANT shall ensure that all solid waste materials are placed
27 in appropriate covered containers designed for use with the type of waste involved,
28 which shall remain covered, and that said containers are maintained within

enclosures located on the Premises and designated to keep said trash containers out of the flow of traffic and obscured from view.

23. BILLBOARDS AND SIGNS. TENANT agrees not to construct, install or maintain, nor to allow upon the Premises any billboards, signs, banners or like displays which may be placed in or upon any building or structure in such manner as to be visible from the outside thereof, except those approved in TENANT'S site plan or the applicable zoning ordinance. All signs are subject to the limitations of the City's sign ordinance.

24. AUDIT. LANDLORD and its designated representatives shall be permitted to examine and review TENANT'S records at all reasonable times, with or without prior notification, for the purpose of determining compliance with all terms, covenants and conditions of this Lease. Such examinations and reviews shall be conducted during TENANT'S regular business hours in a manner causing as little inconvenience as possible to TENANT.

25. TERMINATION BY LANDLORD.

A. Should TENANT default in the performance of any term, covenant, condition or agreement imposed upon or promised by TENANT to be performed and such default is not corrected within thirty (30) days from and after written notice to TENANT by LANDLORD, specifying said default and demanding its immediate correction, LANDLORD may declare this Lease and all rights and interests created thereby to be terminated. Provided, however, that where it appears to the satisfaction of LANDLORD that such default cannot be cured within thirty (30) days by the exercise of due diligence, and where TENANT has begun and continues a good faith effort to cure such default, LANDLORD shall grant an extension of time for the curing of said default sufficient to permit said default to be cured.

B. Nothing herein shall be deemed to deprive TENANT of any right to legal redress which TENANT would otherwise have.

C. NON-DISTURBANCE AGREEMENT. LANDLORD agrees that

1 it will from time to time enter into so called "non-disturbance" agreements with any
2 subtenant of TENANT which requests such an agreement. Such non-disturbance
3 agreement shall provide that in the event of early termination of this Lease as a
4 result of TENANT's default thereunder, LANDLORD shall recognize the sublease
5 and not disturb the subtenant's possession thereunder only so long as such
6 subtenant shall not be in default under its sublease, that the subtenant will attorn to
7 LANDLORD, and that the subtenant will pay rent to LANDLORD from the date of
8 such attornment, and that LANDLORD shall not be responsible to the subtenant
9 under the sublease except for obligations accruing subsequent to the date of such
10 attornment.

11 26. TERMINATION BY TENANT. Should LANDLORD default in the
12 performance of any term, covenant, or condition to be performed by LANDLORD and
13 such default is not remedied by LANDLORD within thirty (30) days from and after
14 written notice by TENANT specifying said default, TENANT may declare this Lease
15 and all rights and interests created thereby to be terminated. Should any law or
16 ordinance become effective which results in substantial interference with the use of
17 the Premises by TENANT, then TENANT may terminate this Lease upon giving
18 written notice to LANDLORD of such termination.

19 27. LANDLORD'S RIGHT TO RE-ENTER. If any default by
20 TENANT shall continue uncured following notice of default for the period applicable
21 to the default under the provisions of this Lease, LANDLORD may, at its option,
22 terminate this Lease by giving tenant notice of termination. On the expiration of the
23 Lease Term or in the event of a sooner termination following TENANT'S default, upon
24 giving written notice of termination to TENANT, TENANT agrees to yield and
25 peaceably deliver possession of the Premises to LANDLORD on the date of
26 termination of this Lease, without regard to the reason for such termination. Upon
27 giving written notice of termination to TENANT, LANDLORD shall have the right to
28 re-enter and take possession of the Premises on the date such termination becomes

1 effective without further notice of any kind and without institution of summary or
2 regular legal proceedings. Termination of the Lease and re-entry of the Premises by
3 LANDLORD shall in no way alter or diminish any obligation of TENANT under the
4 Lease terms and shall not constitute an acceptance or surrender. TENANT waives
5 any and all right of redemption under any existing or future law or statute in the event
6 of eviction from or dispossession of the Premises for any reason or in the event
7 LANDLORD re-enters and takes possession of the Premises in a lawful manner. If
8 upon service by LANDLORD upon TENANT of a termination notice, TENANT
9 disputes LANDLORD's right to terminate, TENANT shall seek its appropriate
10 provisional or preliminary relief by filing an application for same in the appropriate
11 court, prior to the termination date in the notice of termination, it being the intention
12 of the parties that any dispute as to the right of LANDLORD to terminate this Lease,
13 shall thereafter be fully adjudicated in that forum. In the event that TENANT fails to
14 seek provisional or preliminary relief as provided for herein within the time period set
15 forth above, TENANT agrees that should the manner or method employed by
16 LANDLORD in re-entering or taking possession of the Premises give TENANT a
17 cause of action for damages or in forcible entry and detainer, the total amount of
18 damages to which TENANT shall be entitled in any such action shall be One Dollar
19 (\$1.00). TENANT agrees that this Clause may be filed in any such action and that
20 when filed, it shall be a stipulation of TENANT fixing the total damages to which
21 TENANT is entitled in such an action.

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

28 29. POSSESSORY INTEREST. TENANT recognizes and

1 understands that this Lease may create a possessory interest subject to property
2 taxation and that TENANT may be subject to the payment of property taxes on such
3 interest.

4 30. FEDERAL AVIATION ADMINISTRATION ASSURANCES. This
5 Lease is subject to certain assurances mandated by the Federal Aviation
6 Administration for inclusion in airport leases. These assurances are set out in full in
7 Exhibit "B" attached hereto and made a part hereof.

8 31. TERMINATION OF PRIOR AGREEMENTS. It is mutually
9 agreed that this Lease shall supersede any prior agreements between the parties
10 hereto covering all or any portion of the Premises, including without limitation the
11 Original Lease.

12 32. GENERAL CONDITIONS.

13 A. HOLDING OVER BY TENANT. In the event of TENANT
14 holding over and failing to surrender the Premises at the expiration of the Lease
15 Term, or any extension thereof, with or without the consent of LANDLORD, said
16 holdover shall result in the creation of a tenancy from month to month at the monthly
17 rental in effect for the last month prior to termination hereof, payable on the first day
18 of each month during said month to month tenancy. Nothing herein shall be
19 construed to grant TENANT any right to hold over at the expiration of the Lease
20 Term, or any extension thereof. All other terms and conditions of this Lease shall
21 remain in full force and effect and be fully applicable to any month to month tenancy
22 hereunder.

23 B. BANKRUPTCY. Should TENANT make an assignment for
24 benefit of creditors or should a voluntary or involuntary petition of bankruptcy or for
25 reorganization or for any arrangements be filed by or against TENANT, or if
26 TENANT becomes bankrupt or insolvent, or if a receiver be appointed of TENANT's
27 business or assets (except a receiver appointed at request of LANDLORD), such
28 action shall constitute a breach of this Lease for which LANDLORD, at its option,

1 may terminate all rights of TENANT or TENANT'S successors in interest under this
2 Lease except as provided in this Lease; provided, however, that an involuntary
3 petition for bankruptcy or reorganization which is dismissed within sixty (60) days
4 after filing without loss to LANDLORD shall not constitute a breach of this Lease.

5 C. DISPOSITION OF PERSONAL PROPERTY ABANDONED BY
6 TENANT. If TENANT abandons the. Premises or is dispossessed thereof by
7 process of law or otherwise, title to any personal property belonging to TENANT and
8 left on the Premises thirty (30) days after such abandonment or dispossession shall
9 be deemed to have been transferred to LANDLORD. LANDLORD shall have the
10 right to remove and to dispose of such property without liability therefore to TENANT
11 or to any person claiming under TENANT and shall have no duty or obligation to
12 account therefore.

13 D. SUCCESSORS IN INTEREST. Unless otherwise provided in
14 this Lease, the terms, covenants and conditions contained herein shall apply to and
15 find the heirs, successors, executors, administrators and assigns of all of the parties
16 hereto, all of whom shall be jointly and severably liable hereunder.

17 E. TAXES AND ASSESSMENTS. TENANT shall pay before
18 delinquency, all taxes, license fees, assessments and other charges which are
19 levied and assessed against and upon the premises, fixtures, equipment, or other
20 property caused or suffered by TENANT to be placed upon the Premises.. TENANT
21 shall furnish LANDLORD with satisfactory evidence of these payments upon
22 demand by LANDLORD.

23 F. COSTS OF SUSTAINING AN ACTION FOR BREACH OR
24 DEFAULT. In the event LANDLORD commences legal action against TENANT
25 claiming a breach or default of this Lease, LANDLORD, if successful, shall be
26 entitled to recover from TENANT its costs and expenses of said litigation, including
27 but not limited to legal fees.

28 G. CIRCUMSTANCES WHICH EXCUSE PERFORMANCE. If

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

10 H. AMENDMENTS. This Lease sets forth all of the agreements
11 and understandings of the parties hereto and is not subject to modification, except
12 in writing duly executed by the legally authorized representatives of each of the
13 parties.

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

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

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

27 L. NOTICES. All notices given or to be given by either party to
28 the other, shall be served by either: (1) enclosing the same in a sealed envelope

1 addressed to the party intended to receive the same at the address indicated herein
2 or at such other address as the parties may by written notice hereafter designate,
3 and deposited in the U. S. Postal Service, with postage prepaid; or (2) personal
4 service upon the Airport Director or upon an officer or authorized agent of TENANT.
5 Such notices shall be effective on the date of mailing if served by mail or on the date
6 personal service is effected if such notice is personally served. For the purposes
7 hereof, notices to LANDLORD and TENANT shall be addressed as follows:

8
9
10 LANDLORD: City of Long Beach
11 411 W. Ocean Blvd., 10th Floor
12 Long Beach, CA 90802
13 Attn: City Manager
14
15 With a copy to: City of Long Beach
16 4100 Donald Douglas Drive
17 Long Beach, CA 90808
18 Attn: Airport Director
19
20 TENANT: Spring Street Holdings, LLC
21 1971 W. 190th Street, Suite 100
22 Torrance, CA 90504
23 Attn: Michael Mileski, Authorized Agent

24 M. TIME. Time is of the essence of this Lease.

25 N. APPROVALS AND CONSENTS BY CITY. Wherever in this
26 Lease consents or approvals by LANDLORD or LANDLORD's Airport Director are
27 required, such consents or approvals shall not unreasonably be withheld or delayed.

28 O. PROHIBITION AGAINST RECORDING LEASE;
RECORDABLE MEMORANDUM OF LEASE. This Lease shall not be recorded.
LANDLORD and TENANT agree that they shall, at any time at the request of the
other, promptly execute a memorandum or short form of this Lease, in recordable
form, setting forth a description of the Premises, the Lease Term, and any other
provisions herein, or the substance thereof, as either party desires, and the cost of
recording any such memorandum or short form shall be paid by TENANT.

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Long Beach, CA 90802-4664

P. QUIET POSSESSION. LANDLORD covenants and agrees that TENANT, upon paying the rent and other charges herein provided for and observing and keeping the covenants, conditions, and terms of this Lease on TENANT'S part to be kept or performed, shall lawfully and quietly hold, occupy, and enjoy the Premises during the Lease Term without any hindrance or molestation by LANDLORD or any person claiming under LANDLORD.

IN WITNESS WHEREOF, 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

By

City Manager

"LANDLORD"

SPRING STREET HOLDINGS, LLC, a California limited liability company

By

"TENANT"

This Lease is approved as to form on 10.19, 2021.

CHARLES PARKIN, City Attorney

By

Deputy

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Long Beach, CA 90802-4664

P. QUIET POSSESSION. LANDLORD covenants and agrees that TENANT, upon paying the rent and other charges herein provided for and observing and keeping the covenants, conditions, and terms of this Lease on TENANT'S part to be kept or performed, shall lawfully and quietly hold, occupy, and enjoy the Premises during the Lease Term without any hindrance or molestation by LANDLORD or any person claiming under LANDLORD.

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CITY OF LONG BEACH, a municipal corporation

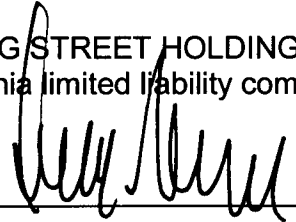
_____, 2021

By _____
City Manager

"LANDLORD"

SPRING STREET HOLDINGS, LLC, a California limited liability company

OCTOBER 7, 2021

By  _____

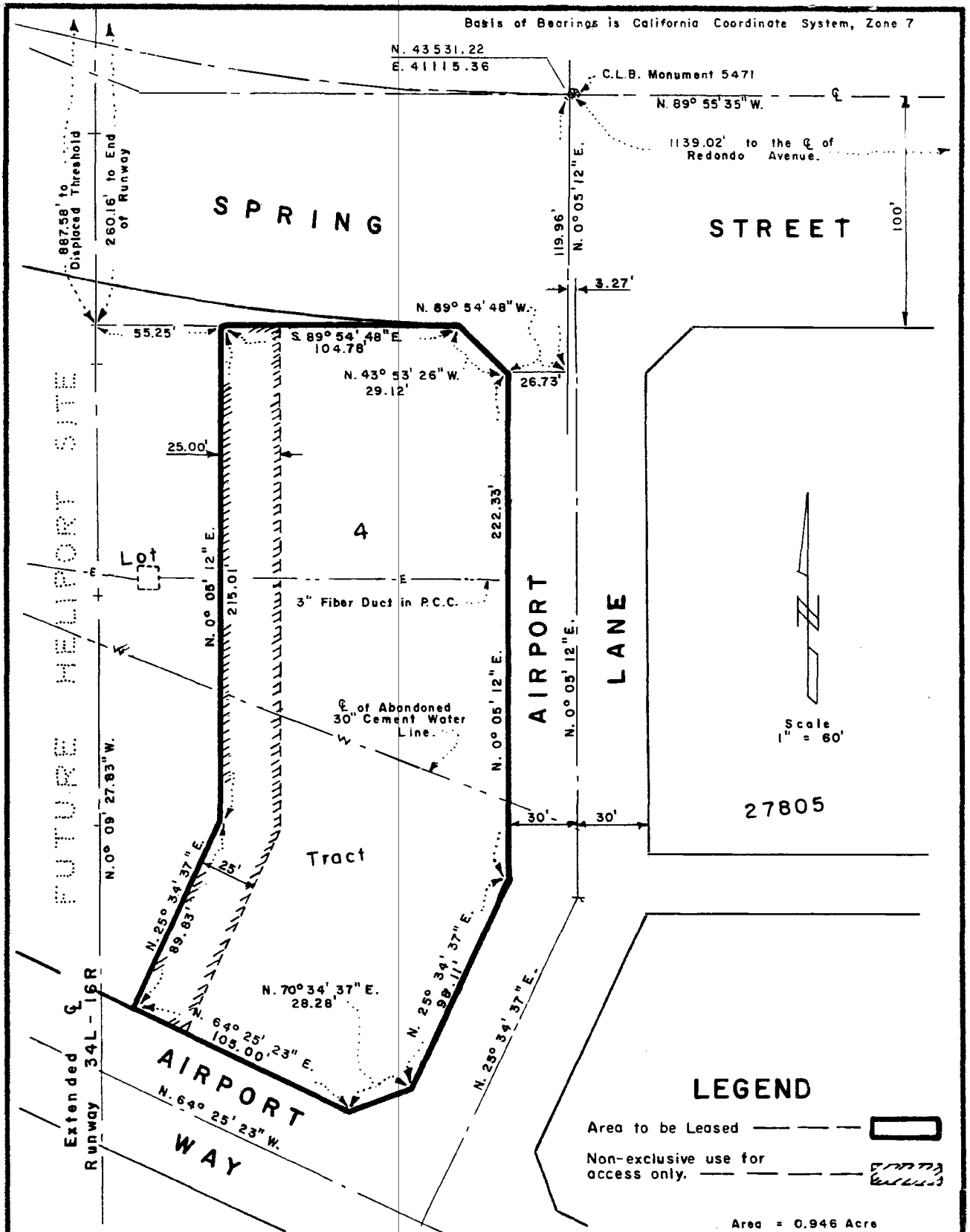
"TENANT"

This Lease is approved as to form on _____, 2021.

CHARLES PARKIN, City Attorney

By _____
Deputy

EXHIBIT
"A"



DESIGNED BY Jones
4-20-68
DR. BY Ryan C.K'D BY Warren
SUBMITTED BY
SECTION HEAD
RECOMMENDED BY
DEPUTY CITY ENGINEER R.C.E.
RECOMMENDED BY
ASSISTANT CITY ENGINEER R.C.E.

CITY OF LONG BEACH, CALIFORNIA
DEPARTMENT OF ENGINEERING
LONG BEACH AIRPORT
LEASE TO
COMMUNICATIONS MANUFACTURING CO.
Revised 6-17-71
APPROVED April 30, 1968
Jesse D. Gilkerson
CITY ENGINEER R.C.E. 3111



**FAA
Airports**

EXHIBIT "B"

ASSURANCES AIRPORT SPONSORS

A. General.

1. These assurances shall be complied with in the performance of grant agreements for airport development, airport planning, and noise compatibility program grants for airport sponsors.
2. These assurances are required to be submitted as part of the project application by sponsors requesting funds under the provisions of Title 49, U.S.C., subtitle VII, as amended. As used herein, the term "public agency sponsor" means a public agency with control of a public-use airport; the term "private sponsor" means a private owner of a public-use airport; and the term "sponsor" includes both public agency sponsors and private sponsors.
3. Upon acceptance of this grant offer by the sponsor, these assurances are incorporated in and become part of this grant agreement.

B. Duration and Applicability.

1. **Airport development or Noise Compatibility Program Projects Undertaken by a Public Agency Sponsor.**

The terms, conditions and assurances of this grant agreement shall remain in full force and effect throughout the useful life of the facilities developed or equipment acquired for an airport development or noise compatibility program project, or throughout the useful life of the project items installed within a facility under a noise compatibility program project, but in any event not to exceed twenty (20) years from the date of acceptance of a grant offer of Federal funds for the project. However, there shall be no limit on the duration of the assurances regarding Exclusive Rights and Airport Revenue so long as the airport is used as an airport. There shall be no limit on the duration of the terms, conditions, and assurances with respect to real property acquired with federal funds. Furthermore, the duration of the Civil Rights assurance shall be specified in the assurances.

2. **Airport Development or Noise Compatibility Projects Undertaken by a Private Sponsor.**

The preceding paragraph 1 also applies to a private sponsor except that the useful life of project items installed within a facility or the useful life of the facilities developed or equipment acquired under an airport development or noise compatibility program project shall be no less than ten (10) years from the date of acceptance of Federal aid for the project.

3. **Airport Planning Undertaken by a Sponsor.**

Unless otherwise specified in this grant agreement, only Assurances 1, 2, 3, 5, 6, 13, 18, 25, 30, 32, 33, and 34 in Section C apply to planning projects. The terms, conditions, and assurances of this grant agreement shall remain in full force and effect during the life of the project; there shall be no limit on the duration of the assurances regarding Exclusive Rights and Airport Revenue so long as the airport is used as an airport.

C. Sponsor Certification.

The sponsor hereby assures and certifies, with respect to this grant that:

1. General Federal Requirements.

It will comply with all applicable Federal laws, regulations, executive orders, policies, guidelines, and requirements as they relate to the application, acceptance and use of Federal funds for this project including but not limited to the following:

- a. Title 49, U.S.C., subtitle VII, as amended.
- b. Davis-Bacon Act - 40 U.S.C. 276(a), et seq.¹
- c. Federal Fair Labor Standards Act - 29 U.S.C. 201, et seq.
- d. Hatch Act – 5 U.S.C. 1501, et seq.²
- e. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Title 42 U.S.C. 4601, et seq.¹²
- f. National Historic Preservation Act of 1966 - Section 106 - 16 U.S.C. 470(f).¹
- g. Archeological and Historic Preservation Act of 1974 - 16 U.S.C. 469 through 469c.¹
- h. Native Americans Grave Repatriation Act - 25 U.S.C. Section 3001, et seq.
- i. Clean Air Act, P.L. 90-148, as amended.
- j. Coastal Zone Management Act, P.L. 93-205, as amended.
- k. Flood Disaster Protection Act of 1973 - Section 102(a) - 42 U.S.C. 4012a.¹
- l. Title 49, U.S.C., Section 303, (formerly known as Section 4(f))
- m. Rehabilitation Act of 1973 - 29 U.S.C. 794.
- n. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
- o. Americans with Disabilities Act of 1990, as amended, (42 U.S.C. § 12101 et seq.), prohibits discrimination on the basis of disability).
- p. Age Discrimination Act of 1975 - 42 U.S.C. 6101, et seq.
- q. American Indian Religious Freedom Act, P.L. 95-341, as amended.
- r. Architectural Barriers Act of 1968 -42 U.S.C. 4151, et seq.¹
- s. Power plant and Industrial Fuel Use Act of 1978 - Section 403- 2 U.S.C. 8373.¹
- t. Contract Work Hours and Safety Standards Act - 40 U.S.C. 327, et seq.¹
- u. Copeland Anti-kickback Act - 18 U.S.C. 874.1
- v. National Environmental Policy Act of 1969 - 42 U.S.C. 4321, et seq.¹
- w. Wild and Scenic Rivers Act, P.L. 90-542, as amended.
- x. Single Audit Act of 1984 - 31 U.S.C. 7501, et seq.²
- y. Drug-Free Workplace Act of 1988 - 41 U.S.C. 702 through 706.
- z. The Federal Funding Accountability and Transparency Act of 2006, as amended (Pub. L. 109-282, as amended by section 6202 of Pub. L. 110-252).

EXECUTIVE ORDERS

- a. Executive Order 11246 - Equal Employment Opportunity¹
- b. Executive Order 11990 - Protection of Wetlands
- c. Executive Order 11998 –Flood Plain Management
- d. Executive Order 12372 - Intergovernmental Review of Federal Programs
- e. Executive Order 12699 - Seismic Safety of Federal and Federally Assisted New Building Construction¹
- f. Executive Order 12898 - Environmental Justice
- g. Executive Order 13788 - Buy American and Hire American
- h. Executive Order 13858 – Strengthening Buy-American Preferences for Infrastructure Projects

FEDERAL REGULATIONS

- a. 2 CFR Part 180 – OMB Guidelines to Agencies on Government-wide Debarment and Suspension (Non-procurement).
- b. 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. [OMB Circular A-87 Cost Principles Applicable to Grants and Contracts with State and Local Governments, and OMB Circular A-133 - Audits of States, Local Governments, and Non-Profit Organizations].^{4, 5, 6}
- c. 2 CFR Part 1200 – Non-procurement Suspension and Debarment
- d. 14 CFR Part 13 - Investigative and Enforcement Procedures 14 CFR Part 16 - Rules of Practice For Federally Assisted Airport Enforcement Proceedings.
- e. 14 CFR Part 150 - Airport noise compatibility planning.
- f. 28 CFR Part 35- Discrimination on the Basis of Disability in State and Local Government Services.
- g. 28 CFR § 50.3 - U.S. Department of Justice Guidelines for Enforcement of Title VI of the Civil Rights Act of 1964.
- h. 29 CFR Part 1 - Procedures for predetermination of wage rates.¹
- i. 29 CFR Part 3 - Contractors and subcontractors on public building or public work financed in whole or part by loans or grants from the United States.¹
- j. 29 CFR Part 5 - Labor standards provisions applicable to contracts covering federally financed and assisted construction (also labor standards provisions applicable to non-construction contracts subject to the Contract Work Hours and Safety Standards Act).¹
- k. 41 CFR Part 60 - Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor (Federal and federally assisted contracting requirements).¹
- l. 49 CFR Part 18 - Uniform administrative requirements for grants and cooperative agreements to state and local governments.³
- m. 49 CFR Part 20 - New restrictions on lobbying.

- n. 49 CFR Part 21 – Nondiscrimination in federally-assisted programs of the Department of Transportation - effectuation of Title VI of the Civil Rights Act of 1964.
- o. 49 CFR Part 23 - Participation by Disadvantage Business Enterprise in Airport Concessions.
- p. 49 CFR Part 24 – Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs.^{1,2}
- q. 49 CFR Part 26 – Participation by Disadvantaged Business Enterprises in Department of Transportation Programs.
- r. 49 CFR Part 27 – Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance.¹
- s. 49 CFR Part 28 –Enforcement of Nondiscrimination on the Basis of Handicap in Programs or Activities conducted by the Department of Transportation.
- t. 49 CFR Part 30 - Denial of public works contracts to suppliers of goods and services of countries that deny procurement market access to U.S. contractors.
- u. 49 CFR Part 32 –Government-wide Requirements for Drug-Free Workplace (Financial Assistance)
- v. 49 CFR Part 37 –Transportation Services for Individuals with Disabilities (ADA).
- w. 49 CFR Part 41 - Seismic safety of Federal and federally assisted or regulated new building construction.

SPECIFIC ASSURANCES

Specific assurances required to be included in grant agreements by any of the above laws, regulations or circulars are incorporated by reference in this grant agreement.

FOOTNOTES TO ASSURANCE C.1.

- ¹ These laws do not apply to airport planning sponsors.
- ² These laws do not apply to private sponsors.
- ³ 49 CFR Part 18 and 2 CFR Part 200 contain requirements for State and Local Governments receiving Federal assistance. Any requirement levied upon State and Local Governments by this regulation and circular shall also be applicable to private sponsors receiving Federal assistance under Title 49, United States Code.
- ⁴ On December 26, 2013 at 78 FR 78590, the Office of Management and Budget (OMB) issued the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR Part 200. 2 CFR Part 200 replaces and combines the former Uniform Administrative Requirements for Grants (OMB Circular A-102 and Circular A-110 or 2 CFR Part 215 or Circular) as well as the Cost Principles (Circulars A-21 or 2 CFR part 220; Circular A-87 or 2 CFR part 225; and A-122, 2 CFR part 230). Additionally it replaces Circular A-133 guidance on the Single Annual Audit. In accordance with 2 CFR section 200.110, the standards set forth in Part 200 which affect administration of Federal awards issued by Federal agencies become effective once implemented by Federal agencies or when any future amendment to this Part becomes final. Federal agencies, including the Department of Transportation, must implement the policies and procedures applicable to Federal awards by promulgating a regulation to be effective by December 26, 2014 unless different provisions are required by statute or approved by OMB.

- ⁵ Cost principles established in 2 CFR part 200 subpart E must be used as guidelines for determining the eligibility of specific types of expenses.
- ⁶ Audit requirements established in 2 CFR part 200 subpart F are the guidelines for audits.

2. Responsibility and Authority of the Sponsor.

a. Public Agency Sponsor:

It has legal authority to apply for this grant, and to finance and carry out the proposed project; that a resolution, motion or similar action has been duly adopted or passed as an official act of the applicant's governing body authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.

b. Private Sponsor:

It has legal authority to apply for this grant and to finance and carry out the proposed project and comply with all terms, conditions, and assurances of this grant agreement. It shall designate an official representative and shall in writing direct and authorize that person to file this application, including all understandings and assurances contained therein; to act in connection with this application; and to provide such additional information as may be required.

3. Sponsor Fund Availability.

It has sufficient funds available for that portion of the project costs which are not to be paid by the United States. It has sufficient funds available to assure operation and maintenance of items funded under this grant agreement which it will own or control.

4. Good Title.

- a. It, a public agency or the Federal government, holds good title, satisfactory to the Secretary, to the landing area of the airport or site thereof, or will give assurance satisfactory to the Secretary that good title will be acquired.
- b. For noise compatibility program projects to be carried out on the property of the sponsor, it holds good title satisfactory to the Secretary to that portion of the property upon which Federal funds will be expended or will give assurance to the Secretary that good title will be obtained.

5. Preserving Rights and Powers.

- a. It will not take or permit any action which would operate to deprive it of any of the rights and powers necessary to perform any or all of the terms, conditions, and assurances in this grant agreement without the written approval of the Secretary, and will act promptly to acquire, extinguish or modify any outstanding rights or claims of right of others which would interfere with such performance by the sponsor. This shall be done in a manner acceptable to the Secretary.
- b. Subject to the FAA Act of 2018, Public Law 115-254, Section 163, it will not sell, lease, encumber, or otherwise transfer or dispose of any part of its title or other interests in the property shown on Exhibit A to this application or, for a noise compatibility program project, that portion of the property upon which Federal funds have been expended, for the duration of the terms, conditions, and assurances in this grant agreement without approval by the

Secretary. If the transferee is found by the Secretary to be eligible under Title 49, United States Code, to assume the obligations of this grant agreement and to have the power, authority, and financial resources to carry out all such obligations, the sponsor shall insert in the contract or document transferring or disposing of the sponsor's interest, and make binding upon the transferee all of the terms, conditions, and assurances contained in this grant agreement.

- c. For all noise compatibility program projects which are to be carried out by another unit of local government or are on property owned by a unit of local government other than the sponsor, it will enter into an agreement with that government. Except as otherwise specified by the Secretary, that agreement shall obligate that government to the same terms, conditions, and assurances that would be applicable to it if it applied directly to the FAA for a grant to undertake the noise compatibility program project. That agreement and changes thereto must be satisfactory to the Secretary. It will take steps to enforce this agreement against the local government if there is substantial non-compliance with the terms of the agreement.
- d. For noise compatibility program projects to be carried out on privately owned property, it will enter into an agreement with the owner of that property which includes provisions specified by the Secretary. It will take steps to enforce this agreement against the property owner whenever there is substantial non-compliance with the terms of the agreement.
- e. If the sponsor is a private sponsor, it will take steps satisfactory to the Secretary to ensure that the airport will continue to function as a public-use airport in accordance with these assurances for the duration of these assurances.
- f. If an arrangement is made for management and operation of the airport by any agency or person other than the sponsor or an employee of the sponsor, the sponsor will reserve sufficient rights and authority to insure that the airport will be operated and maintained in accordance Title 49, United States Code, the regulations and the terms, conditions and assurances in this grant agreement and shall insure that such arrangement also requires compliance therewith.
- g. Sponsors of commercial service airports will not permit or enter into any arrangement that results in permission for the owner or tenant of a property used as a residence, or zoned for residential use, to taxi an aircraft between that property and any location on airport. Sponsors of general aviation airports entering into any arrangement that results in permission for the owner of residential real property adjacent to or near the airport must comply with the requirements of Sec. 136 of Public Law 112-95 and the sponsor assurances.

6. Consistency with Local Plans.

The project is reasonably consistent with plans (existing at the time of submission of this application) of public agencies that are authorized by the State in which the project is located to plan for the development of the area surrounding the airport.

7. Consideration of Local Interest.

It has given fair consideration to the interest of communities in or near where the project may be located.

8. Consultation with Users.

In making a decision to undertake any airport development project under Title 49, United States Code, it has undertaken reasonable consultations with affected parties using the airport at which project is proposed.

9. Public Hearings.

In projects involving the location of an airport, an airport runway, or a major runway extension, it has afforded the opportunity for public hearings for the purpose of considering the economic, social, and environmental effects of the airport or runway location and its consistency with goals and objectives of such planning as has been carried out by the community and it shall, when requested by the Secretary, submit a copy of the transcript of such hearings to the Secretary. Further, for such projects, it has on its management board either voting representation from the communities where the project is located or has advised the communities that they have the right to petition the Secretary concerning a proposed project.

10. Metropolitan Planning Organization.

In projects involving the location of an airport, an airport runway, or a major runway extension at a medium or large hub airport, the sponsor has made available to and has provided upon request to the metropolitan planning organization in the area in which the airport is located, if any, a copy of the proposed amendment to the airport layout plan to depict the project and a copy of any airport master plan in which the project is described or depicted.

11. Pavement Preventive Maintenance.

With respect to a project approved after January 1, 1995, for the replacement or reconstruction of pavement at the airport, it assures or certifies that it has implemented an effective airport pavement maintenance-management program and it assures that it will use such program for the useful life of any pavement constructed, reconstructed or repaired with Federal financial assistance at the airport. It will provide such reports on pavement condition and pavement management programs as the Secretary determines may be useful.

12. Terminal Development Prerequisites.

For projects which include terminal development at a public use airport, as defined in Title 49, it has, on the date of submittal of the project grant application, all the safety equipment required for certification of such airport under section 44706 of Title 49, United States Code, and all the security equipment required by rule or regulation, and has provided for access to the passenger enplaning and deplaning area of such airport to passengers enplaning and deplaning from aircraft other than air carrier aircraft.

13. Accounting System, Audit, and Record Keeping Requirements.

- a. It shall keep all project accounts and records which fully disclose the amount and disposition by the recipient of the proceeds of this grant, the total cost of the project in connection with which this grant is given or used, and the amount or nature of that portion of the cost of the project supplied by other sources, and such other financial records pertinent to the project. The accounts and records shall be kept in accordance with an accounting system that will facilitate an effective audit in accordance with the Single Audit Act of 1984.
- b. It shall make available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for the purpose of audit and examination, any books, documents, papers, and records of the recipient that are pertinent to this grant. The Secretary may require that an appropriate audit be conducted by a recipient. In any case in which an independent audit is made of the accounts of a sponsor relating to the disposition of the proceeds of a grant or relating to the project in connection with which this grant was given or used, it shall file a certified copy of such audit with the Comptroller General of the United States not later than six (6) months following the close of the fiscal year for which the audit was made.

14. Minimum Wage Rates.

It shall include, in all contracts in excess of \$2,000 for work on any projects funded under this grant agreement which involve labor, provisions establishing minimum rates of wages, to be predetermined by the Secretary of Labor, in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work.

15. Veteran's Preference.

It shall include in all contracts for work on any project funded under this grant agreement which involve labor, such provisions as are necessary to insure that, in the employment of labor (except in executive, administrative, and supervisory positions), preference shall be given to Vietnam era veterans, Persian Gulf veterans, Afghanistan-Iraq war veterans, disabled veterans, and small business concerns owned and controlled by disabled veterans as defined in Section 47112 of Title 49, United States Code. However, this preference shall apply only where the individuals are available and qualified to perform the work to which the employment relates.

16. Conformity to Plans and Specifications.

It will execute the project subject to plans, specifications, and schedules approved by the Secretary. Such plans, specifications, and schedules shall be submitted to the Secretary prior to commencement of site preparation, construction, or other performance under this grant agreement, and, upon approval of the Secretary, shall be incorporated into this grant agreement. Any modification to the approved plans, specifications, and schedules shall also be subject to approval of the Secretary, and incorporated into this grant agreement.

17. Construction Inspection and Approval.

It will provide and maintain competent technical supervision at the construction site throughout the project to assure that the work conforms to the plans, specifications, and schedules approved by the Secretary for the project. It shall subject the construction work on any project contained in an approved project application to inspection and approval by the Secretary and such work shall be in accordance with regulations and procedures prescribed by the Secretary. Such regulations and procedures shall require such cost and progress reporting by the sponsor or sponsors of such project as the Secretary shall deem necessary.

18. Planning Projects.

In carrying out planning projects:

- a. It will execute the project in accordance with the approved program narrative contained in the project application or with the modifications similarly approved.
- b. It will furnish the Secretary with such periodic reports as required pertaining to the planning project and planning work activities.
- c. It will include in all published material prepared in connection with the planning project a notice that the material was prepared under a grant provided by the United States.
- d. It will make such material available for examination by the public, and agrees that no material prepared with funds under this project shall be subject to copyright in the United States or any other country.
- e. It will give the Secretary unrestricted authority to publish, disclose, distribute, and otherwise use any of the material prepared in connection with this grant.

- f. It will grant the Secretary the right to disapprove the sponsor's employment of specific consultants and their subcontractors to do all or any part of this project as well as the right to disapprove the proposed scope and cost of professional services.
- g. It will grant the Secretary the right to disapprove the use of the sponsor's employees to do all or any part of the project.
- h. It understands and agrees that the Secretary's approval of this project grant or the Secretary's approval of any planning material developed as part of this grant does not constitute or imply any assurance or commitment on the part of the Secretary to approve any pending or future application for a Federal airport grant.

19. Operation and Maintenance.

- a. The airport and all facilities which are necessary to serve the aeronautical users of the airport, other than facilities owned or controlled by the United States, shall be operated at all times in a safe and serviceable condition and in accordance with the minimum standards as may be required or prescribed by applicable Federal, state and local agencies for maintenance and operation. It will not cause or permit any activity or action thereon which would interfere with its use for airport purposes. It will suitably operate and maintain the airport and all facilities thereon or connected therewith, with due regard to climatic and flood conditions. Any proposal to temporarily close the airport for non-aeronautical purposes must first be approved by the Secretary. In furtherance of this assurance, the sponsor will have in effect arrangements for-
 - 1) Operating the airport's aeronautical facilities whenever required;
 - 2) Promptly marking and lighting hazards resulting from airport conditions, including temporary conditions; and
 - 3) Promptly notifying airmen of any condition affecting aeronautical use of the airport. Nothing contained herein shall be construed to require that the airport be operated for aeronautical use during temporary periods when snow, flood or other climatic conditions interfere with such operation and maintenance. Further, nothing herein shall be construed as requiring the maintenance, repair, restoration, or replacement of any structure or facility which is substantially damaged or destroyed due to an act of God or other condition or circumstance beyond the control of the sponsor.
- b. It will suitably operate and maintain noise compatibility program items that it owns or controls upon which Federal funds have been expended.

20. Hazard Removal and Mitigation.

It will take appropriate action to assure that such terminal airspace as is required to protect instrument and visual operations to the airport (including established minimum flight altitudes) will be adequately cleared and protected by removing, lowering, relocating, marking, or lighting or otherwise mitigating existing airport hazards and by preventing the establishment or creation of future airport hazards.

21. Compatible Land Use.

It will take appropriate action, to the extent reasonable, including the adoption of zoning laws, to restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft. In addition, if the project is for noise compatibility program implementation, it will not cause or permit any change in land use, within its jurisdiction, that will reduce its compatibility, with

respect to the airport, of the noise compatibility program measures upon which Federal funds have been expended.

22. Economic Nondiscrimination.

- a. It will make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport.
- b. In any agreement, contract, lease, or other arrangement under which a right or privilege at the airport is granted to any person, firm, or corporation to conduct or to engage in any aeronautical activity for furnishing services to the public at the airport, the sponsor will insert and enforce provisions requiring the contractor to-
 - 1) furnish said services on a reasonable, and not unjustly discriminatory, basis to all users thereof, and
 - 2) 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.
- c. Each fixed-based operator at the airport shall be subject to the same rates, fees, rentals, and other charges as are uniformly applicable to all other fixed-based operators making the same or similar uses of such airport and utilizing the same or similar facilities.
- d. Each air carrier using such airport shall have the right to service itself or to use any fixed-based operator that is authorized or permitted by the airport to serve any air carrier at such airport.
- e. Each air carrier using such airport (whether as a tenant, non-tenant, or subtenant of another air carrier tenant) shall be subject to such nondiscriminatory and substantially comparable rules, regulations, conditions, rates, fees, rentals, and other charges with respect to facilities directly and substantially related to providing air transportation as are applicable to all such air carriers which make similar use of such airport and utilize similar facilities, subject to reasonable classifications such as tenants or non-tenants and signatory carriers and non-signatory carriers. Classification or status as tenant or signatory shall not be unreasonably withheld by any airport provided an air carrier assumes obligations substantially similar to those already imposed on air carriers in such classification or status.
- f. It will not exercise or grant any right or privilege which operates to prevent any person, firm, or corporation operating aircraft on the airport from performing any services on its own aircraft with its own employees [including, but not limited to maintenance, repair, and fueling] that it may choose to perform.
- g. In the event the sponsor itself exercises any of the rights and privileges referred to in this assurance, the services involved will be provided on the same conditions as would apply to the furnishing of such services by commercial aeronautical service providers authorized by the sponsor under these provisions.
- h. The sponsor may establish such reasonable, and not unjustly discriminatory, conditions to be met by all users of the airport as may be necessary for the safe and efficient operation of the airport.

- i. The sponsor may prohibit or limit any given type, kind or class of aeronautical use of the airport if such action is necessary for the safe operation of the airport or necessary to serve the civil aviation needs of the public.

23. Exclusive Rights.

It will permit no exclusive right for the use of the airport by any person providing, or intending to provide, aeronautical services to the public. For purposes of this paragraph, the providing of the services at an airport by a single fixed-based operator shall not be construed as an exclusive right if both of the following apply:

- a. It would be unreasonably costly, burdensome, or impractical for more than one fixed-based operator to provide such services, and
- b. If allowing more than one fixed-based operator to provide such services would require the reduction of space leased pursuant to an existing agreement between such single fixed-based operator and such airport. It further agrees that it will not, either directly or indirectly, grant or permit any person, firm, or corporation, the exclusive right at the airport to conduct any aeronautical activities, including, but not limited to charter flights, pilot training, aircraft rental and sightseeing, aerial photography, crop dusting, aerial advertising and surveying, air carrier operations, aircraft sales and services, sale of aviation petroleum products whether or not conducted in conjunction with other aeronautical activity, repair and maintenance of aircraft, sale of aircraft parts, and any other activities which because of their direct relationship to the operation of aircraft can be regarded as an aeronautical activity, and that it will terminate any exclusive right to conduct an aeronautical activity now existing at such an airport before the grant of any assistance under Title 49, United States Code.

24. Fee and Rental Structure.

It will maintain a fee and rental structure for the facilities and services at the airport which will make the airport as self-sustaining as possible under the circumstances existing at the particular airport, taking into account such factors as the volume of traffic and economy of collection. No part of the Federal share of an airport development, airport planning or noise compatibility project for which a grant is made under Title 49, United States Code, the Airport and Airway Improvement Act of 1982, the Federal Airport Act or the Airport and Airway Development Act of 1970 shall be included in the rate basis in establishing fees, rates, and charges for users of that airport.

25. Airport Revenues.

- a. All revenues generated by the airport and any local taxes on aviation fuel established after December 30, 1987, will be expended by it for the capital or operating costs of the airport; the local airport system; or other local facilities which are owned or operated by the owner or operator of the airport and which are directly and substantially related to the actual air transportation of passengers or property; or for noise mitigation purposes on or off the airport. The following exceptions apply to this paragraph:
 - 1) If covenants or assurances in debt obligations issued before September 3, 1982, by the owner or operator of the airport, or provisions enacted before September 3, 1982, in governing statutes controlling the owner or operator's financing, provide for the use of the revenues from any of the airport owner or operator's facilities, including the airport, to support not only the airport but also the airport owner or operator's general debt obligations or other facilities, then this limitation on the use of all revenues generated

by the airport (and, in the case of a public airport, local taxes on aviation fuel) shall not apply.

- 2) If the Secretary approves the sale of a privately owned airport to a public sponsor and provides funding for any portion of the public sponsor's acquisition of land, this limitation on the use of all revenues generated by the sale shall not apply to certain proceeds from the sale. This is conditioned on repayment to the Secretary by the private owner of an amount equal to the remaining unamortized portion (amortized over a 20-year period) of any airport improvement grant made to the private owner for any purpose other than land acquisition on or after October 1, 1996, plus an amount equal to the federal share of the current fair market value of any land acquired with an airport improvement grant made to that airport on or after October 1, 1996.
 - 3) Certain revenue derived from or generated by mineral extraction, production, lease, or other means at a general aviation airport (as defined at Section 47102 of title 49 United States Code), if the FAA determines the airport sponsor meets the requirements set forth in Sec. 813 of Public Law 112-95.
- b. As part of the annual audit required under the Single Audit Act of 1984, the sponsor will direct that the audit will review, and the resulting audit report will provide an opinion concerning, the use of airport revenue and taxes in paragraph (a), and indicating whether funds paid or transferred to the owner or operator are paid or transferred in a manner consistent with Title 49, United States Code and any other applicable provision of law, including any regulation promulgated by the Secretary or Administrator.
 - c. Any civil penalties or other sanctions will be imposed for violation of this assurance in accordance with the provisions of Section 47107 of Title 49, United States Code.

26. Reports and Inspections.

It will:

- a. submit to the Secretary such annual or special financial and operations reports as the Secretary may reasonably request and make such reports available to the public; make available to the public at reasonable times and places a report of the airport budget in a format prescribed by the Secretary;
- b. for airport development projects, make the airport and all airport records and documents affecting the airport, including deeds, leases, operation and use agreements, regulations and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request;
- c. for noise compatibility program projects, make records and documents relating to the project and continued compliance with the terms, conditions, and assurances of this grant agreement including deeds, leases, agreements, regulations, and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request; and
- d. in a format and time prescribed by the Secretary, provide to the Secretary and make available to the public following each of its fiscal years, an annual report listing in detail:
 - 1) all amounts paid by the airport to any other unit of government and the purposes for which each such payment was made; and
 - 2) all services and property provided by the airport to other units of government and the amount of compensation received for provision of each such service and property.

27. Use by Government Aircraft.

It will make available all of the facilities of the airport developed with Federal financial assistance and all those usable for landing and takeoff of aircraft to the United States for use by Government aircraft in common with other aircraft at all times without charge, except, if the use by Government aircraft is substantial, charge may be made for a reasonable share, proportional to such use, for the cost of operating and maintaining the facilities used. Unless otherwise determined by the Secretary, or otherwise agreed to by the sponsor and the using agency, substantial use of an airport by Government aircraft will be considered to exist when operations of such aircraft are in excess of those which, in the opinion of the Secretary, would unduly interfere with use of the landing areas by other authorized aircraft, or during any calendar month that –

- a. Five (5) or more Government aircraft are regularly based at the airport or on land adjacent thereto; or
- b. The total number of movements (counting each landing as a movement) of Government aircraft is 300 or more, or the gross accumulative weight of Government aircraft using the airport (the total movement of Government aircraft multiplied by gross weights of such aircraft) is in excess of five million pounds.

28. Land for Federal Facilities.

It will furnish without cost to the Federal Government for use in connection with any air traffic control or air navigation activities, or weather-reporting and communication activities related to air traffic control, any areas of land or water, or estate therein, or rights in buildings of the sponsor as the Secretary considers necessary or desirable for construction, operation, and maintenance at Federal expense of space or facilities for such purposes. Such areas or any portion thereof will be made available as provided herein within four months after receipt of a written request from the Secretary.

29. Airport Layout Plan.

- a. Subject to the FAA Reauthorization Act of 2018, Public Law 115-254, Section 163, it will keep up to date at all times an airport layout plan of the airport showing:
 - 1) boundaries of the airport and all proposed additions thereto, together with the boundaries of all offsite areas owned or controlled by the sponsor for airport purposes and proposed additions thereto;
 - 2) the location and nature of all existing and proposed airport facilities and structures (such as runways, taxiways, aprons, terminal buildings, hangars and roads), including all proposed extensions and reductions of existing airport facilities;
 - 3) the location of all existing and proposed non-aviation areas and of all existing improvements thereon; and
 - 4) all proposed and existing access points used to taxi aircraft across the airport's property boundary. Such airport layout plans and each amendment, revision, or modification thereof, shall be subject to the approval of the Secretary which approval shall be evidenced by the signature of a duly authorized representative of the Secretary on the face of the airport layout plan. The sponsor will not make or permit any changes or alterations in the airport or any of its facilities which are not in conformity

with the airport layout plan as approved by the Secretary and which might, in the opinion of the Secretary, adversely affect the safety, utility or efficiency of the airport.

- b. Subject to the FAA Reauthorization Act of 2018, Public Law 115-254, Section 163, if a change or alteration in the airport or the facilities is made which the Secretary determines adversely affects the safety, utility, or efficiency of any federally owned, leased, or funded property on or off the airport and which is not in conformity with the airport layout plan as approved by the Secretary, the owner or operator will, if requested, by the Secretary (1) eliminate such adverse effect in a manner approved by the Secretary; or (2) bear all costs of relocating such property (or replacement thereof) to a site acceptable to the Secretary and all costs of restoring such property (or replacement thereof) to the level of safety, utility, efficiency, and cost of operation existing before the unapproved change in the airport or its facilities except in the case of a relocation or replacement of an existing airport facility due to a change in the Secretary's design standards beyond the control of the airport sponsor.

30. Civil Rights.

It will promptly take any measures necessary to ensure that no person in the United States shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in any activity conducted with, or benefiting from, funds received from this grant.

- a. Using the definitions of activity, facility and program as found and defined in §§ 21.23 (b) and 21.23 (e) of 49 CFR § 21, the sponsor will facilitate all programs, operate all facilities, or conduct all programs in compliance with all non-discrimination requirements imposed by, or pursuant to these assurances.
- b. Applicability
 - 1) Programs and Activities. If the sponsor has received a grant (or other federal assistance) for any of the sponsor's program or activities, these requirements extend to all of the sponsor's programs and activities.
 - 2) Facilities. Where it receives a grant or other federal financial assistance to construct, expand, renovate, remodel, alter or acquire a facility, or part of a facility, the assurance extends to the entire facility and facilities operated in connection therewith.
 - 3) Real Property. Where the sponsor receives a grant or other Federal financial assistance in the form of, or for the acquisition of real property or an interest in real property, the assurance will extend to rights to space on, over, or under such property.

- c. Duration.

The sponsor agrees that it is obligated to this assurance for the period during which Federal financial assistance is extended to the program, except where the Federal financial assistance is to provide, or is in the form of, personal property, or real property, or interest therein, or structures or improvements thereon, in which case the assurance obligates the sponsor, or any transferee for the longer of the following periods:

- 1) So long as the airport is used as an airport, or for another purpose involving the provision of similar services or benefits; or
- 2) So long as the sponsor retains ownership or possession of the property.

- d. Required Solicitation Language. It will include the following notification in all solicitations for bids, Requests For Proposals for work, or material under this grant agreement and in all proposals for agreements, including airport concessions, regardless of funding source:

"The **(Name of Sponsor)**, in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C. §§ 2000d to 2000d-4) and the Regulations, hereby notifies all bidders that it will affirmatively ensure that any contract entered into pursuant to this advertisement, disadvantaged business enterprises and airport concession disadvantaged business enterprises will be afforded full and fair opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award."

- e. Required Contract Provisions.

- 1) It will insert the non-discrimination contract clauses requiring compliance with the acts and regulations relative to non-discrimination in Federally-assisted programs of the DOT, and incorporating the acts and regulations into the contracts by reference in every contract or agreement subject to the non-discrimination in Federally-assisted programs of the DOT acts and regulations.
- 2) It will include a list of the pertinent non-discrimination authorities in every contract that is subject to the non-discrimination acts and regulations.
- 3) It will insert non-discrimination contract clauses as a covenant running with the land, in any deed from the United States effecting or recording a transfer of real property, structures, use, or improvements thereon or interest therein to a sponsor.
- 4) It will insert non-discrimination contract clauses prohibiting discrimination on the basis of race, color, national origin, creed, sex, age, or handicap as a covenant running with the land, in any future deeds, leases, license, permits, or similar instruments entered into by the sponsor with other parties:
 - a. For the subsequent transfer of real property acquired or improved under the applicable activity, project, or program; and
 - b. For the construction or use of, or access to, space on, over, or under real property acquired or improved under the applicable activity, project, or program.
- f. It will provide for such methods of administration for the program as are found by the Secretary to give reasonable guarantee that it, other recipients, sub-recipients, sub-grantees, contractors, subcontractors, consultants, transferees, successors in interest, and other participants of Federal financial assistance under such program will comply with all requirements imposed or pursuant to the acts, the regulations, and this assurance.
- g. It agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the acts, the regulations, and this assurance.

31. Disposal of Land.

- a. For land purchased under a grant for airport noise compatibility purposes, including land serving as a noise buffer, it will dispose of the land, when the land is no longer needed for such purposes, at fair market value, at the earliest practicable time. That portion of the proceeds of such disposition which is proportionate to the United States' share of acquisition of such land will be, at the discretion of the Secretary, (1) reinvested in another project at the airport, or (2) transferred to another eligible airport as prescribed by the Secretary. The Secretary shall give preference to the following, in descending order, (1)

reinvestment in an approved noise compatibility project, (2) reinvestment in an approved project that is eligible for grant funding under Section 47117(e) of title 49 United States Code, (3) reinvestment in an approved airport development project that is eligible for grant funding under Sections 47114, 47115, or 47117 of title 49 United States Code, (4) transferred to an eligible sponsor of another public airport to be reinvested in an approved noise compatibility project at that airport, and (5) paid to the Secretary for deposit in the Airport and Airway Trust Fund. If land acquired under a grant for noise compatibility purposes is leased at fair market value and consistent with noise buffering purposes, the lease will not be considered a disposal of the land. Revenues derived from such a lease may be used for an approved airport development project that would otherwise be eligible for grant funding or any permitted use of airport revenue.

- b. For land purchased under a grant for airport development purposes (other than noise compatibility), it will, when the land is no longer needed for airport purposes, dispose of such land at fair market value or make available to the Secretary an amount equal to the United States' proportionate share of the fair market value of the land. That portion of the proceeds of such disposition which is proportionate to the United States' share of the cost of acquisition of such land will, (1) upon application to the Secretary, be reinvested or transferred to another eligible airport as prescribed by the Secretary. The Secretary shall give preference to the following, in descending order: (1) reinvestment in an approved noise compatibility project, (2) reinvestment in an approved project that is eligible for grant funding under Section 47117(e) of title 49 United States Code, (3) reinvestment in an approved airport development project that is eligible for grant funding under Sections 47114, 47115, or 47117 of title 49 United States Code, (4) transferred to an eligible sponsor of another public airport to be reinvested in an approved noise compatibility project at that airport, and (5) paid to the Secretary for deposit in the Airport and Airway Trust Fund.
- c. Land shall be considered to be needed for airport purposes under this assurance if (1) it may be needed for aeronautical purposes (including runway protection zones) or serve as noise buffer land, and (2) the revenue from interim uses of such land contributes to the financial self-sufficiency of the airport. Further, land purchased with a grant received by an airport operator or owner before December 31, 1987, will be considered to be needed for airport purposes if the Secretary or Federal agency making such grant before December 31, 1987, was notified by the operator or owner of the uses of such land, did not object to such use, and the land continues to be used for that purpose, such use having commenced no later than December 15, 1989.
- d. Disposition of such land under (a) (b) or (c) will be subject to the retention or reservation of any interest or right therein necessary to ensure that such land will only be used for purposes which are compatible with noise levels associated with operation of the airport.

32. Engineering and Design Services.

Engineering and Design Services. If any phase of such project has received Federal funds under Chapter 471 subchapter 1 of Title 49 U.S.C., it will award each contract, or sub-contract for program management, construction management, planning studies, feasibility studies, architectural services, preliminary engineering, design, engineering, surveying, mapping or related services in the same manner as a contract for architectural and engineering services is negotiated under Chapter 11 of Title 40 U. S. C., or an equivalent qualifications-based requirement prescribed for or by the sponsor of the airport.

33. Foreign Market Restrictions.

It will not allow funds provided under this grant to be used to fund any project which uses any product or service of a foreign country during the period in which such foreign country is listed by the United States Trade Representative as denying fair and equitable market opportunities for products and suppliers of the United States in procurement and construction.

34. Policies, Standards, and Specifications.

It will carry out the project in accordance with policies, standards, and specifications approved by the Secretary including, but not limited to, the advisory circulars listed in the Current FAA Advisory Circulars for AIP projects, dated _____, and included in this grant, and in accordance with applicable state policies, standards, and specifications approved by the Secretary.

35. Relocation and Real Property Acquisition.

- a. It will be guided in acquiring real property, to the greatest extent practicable under State law, by the land acquisition policies in Subpart B of 49 CFR Part 24 and will pay or reimburse property owners for necessary expenses as specified in Subpart B.
- b. It will provide a relocation assistance program offering the services described in Subpart C and fair and reasonable relocation payments and assistance to displaced persons as required in Subpart D and E of 49 CFR Part 24.
- c. It will make available within a reasonable period of time prior to displacement, comparable replacement dwellings to displaced persons in accordance with Subpart E of 49 CFR Part 24.

36. Access By Intercity Buses.

The airport owner or operator will permit, to the maximum extent practicable, intercity buses or other modes of transportation to have access to the airport; however, it has no obligation to fund special facilities for intercity buses or for other modes of transportation.

37. Disadvantaged Business Enterprises.

The sponsor shall not discriminate on the basis of race, color, national origin or sex in the award and performance of any DOT-assisted contract covered by 49 CFR Part 26, or in the award and performance of any concession activity contract covered by 49 CFR Part 23. In addition, the sponsor shall not discriminate on the basis of race, color, national origin or sex in the administration of its Disadvantaged Business Enterprise (DBE) and Airport Concessions Disadvantaged Business Enterprise (ACDBE) programs or the requirements of 49 CFR Parts 23 and 26. The sponsor shall take all necessary and reasonable steps under 49 CFR Parts 23 and 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts, and/or concession contracts. The sponsor's DBE and ACDBE programs, as required by 49 CFR Parts 26 and 23, and as approved by DOT, are incorporated by reference in this agreement. Implementation of these programs is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the sponsor of its failure to carry out its approved program, the Department may impose sanctions as provided for under Parts 26 and 23 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1936 (31 U.S.C. 3801).

38. Hangar Construction.

If the airport owner or operator and a person who owns an aircraft agree that a hangar is to be constructed at the airport for the aircraft at the aircraft owner's expense, the airport owner or

operator will grant to the aircraft owner for the hangar a long term lease that is subject to such terms and conditions on the hangar as the airport owner or operator may impose.

39. Competitive Access.

- a. If the airport owner or operator of a medium or large hub airport (as defined in section 47102 of title 49, U.S.C.) has been unable to accommodate one or more requests by an air carrier for access to gates or other facilities at that airport in order to allow the air carrier to provide service to the airport or to expand service at the airport, the airport owner or operator shall transmit a report to the Secretary that-
 - 1) Describes the requests;
 - 2) Provides an explanation as to why the requests could not be accommodated; and
 - 3) Provides a time frame within which, if any, the airport will be able to accommodate the requests.
- b. Such report shall be due on either February 1 or August 1 of each year if the airport has been unable to accommodate the request(s) in the six month period prior to the applicable due date.