



December 9, 2016

CALL AND NOTICE OF A SPECIAL MEETING OF THE
FINANCE AND ADMINISTRATION COMMITTEE
OF THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

NOTICE is hereby given that a special meeting of the Finance and Administration Committee will be held Monday, December 12, 2016, at 10:30 a.m., (or immediately following the special Commission meeting), in the Airport Skyroom of the Hollywood Burbank Airport, 2627 Hollywood Way, Burbank, California 91505.

Terri Williams, Assistant Board Secretary
Burbank-Glendale-Pasadena Airport Authority

SPECIAL MEETING
OF THE
FINANCE AND ADMINISTRATION COMMITTEE

Airport Skyroom
Monday, December 12, 2016
10:30 A.M. or Immediately Following
the Conclusion of the
Special Airport Authority Meeting

NOTE TO THE PUBLIC: Any disclosable public records related to an open session item on a special meeting agenda and distributed by the Authority to the Commission less than 72 hours prior to that meeting are available for public inspection at Hollywood Burbank Airport (2627 Hollywood Way, Burbank) in the administrative office during normal business hours.

As a result of the convening of this meeting of the Finance and Administration Committee, each Committee member is entitled to receive and shall be provided \$200.



In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the Board Secretary at (818) 840-8840 at least 48 hours prior to the meeting.

AGENDA

1. Approval of Agenda

2. Public Comment

3. Approval of Minutes

a. November 14, 2016

[See page 1]

b. November 28, 2016

[See page 4]

4. Treasurer's Reports

a. October 2016

[See page 8]

The Treasurer's Report for October 2016 is included in the agenda packet for the Committee's review.

5. Items for Discussion

- a. Aviation Ramp Ground Lease: Yucaipa Companies, LLC

[See page 31]

Staff seeks the Committee's recommendation to the Commission for approval of the Aviation Ramp Ground Lease between the Authority and Yucaipa Companies, LLC and authorization for the Authority President to execute the same.

6. Items for Information

- a. Committee Pending Items

[See page 33]

Current

- (1) Award of Aviation Ramp Ground Lease, Yucaipa Companies, LLC

Future

- (1) Award of Aviation Ramp Ground Lease; United Parcel Service, Inc.
(2) Ground Lease Renewal; Hertz Equipment Rental Corporation
(3) Hangar Lease Renewal; GTC Management Services Inc.
(4) Market Conditions Analysis – Hangar Facilities
(5) New Branding Food & Beverage Concession

7. Other Contracts and Leases

8. Adjournment

5. Items for Discussion

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7. Other Contracts and Leases

8. Adjournment

Subject to Approval

**MINUTES OF THE SPECIAL MEETING OF THE
FINANCE AND ADMINISTRATION COMMITTEE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY**

MONDAY, NOVEMBER 14, 2016

A special meeting of the Finance and Administration Committee was called to order on this date in the Airport Skyroom of the Burbank-Glendale-Pasadena Airport Authority, 2627 Hollywood Way, Burbank, California, at 9:40 a.m., by Chairman Tornek.

AB 23 Disclosure: The Senior Deputy Executive Director announced that, as a result of the convening of this meeting of the Finance and Administration Committee, each Committee member is entitled to receive and shall be provided \$200.

ROLL CALL**Present:**

Commissioners Tornek and Adams

Absent:

Commissioner Friedman

Also Present:

Staff: Frank Miller, Executive Director;
John Hatanaka, Senior Deputy Executive Director;
Kathy David, Deputy Executive Director, Finance
and Administration; Scott Smith, Director of Financial
Services; and David Freedman, Director, Business
Development and Administrative Services

1. Approval of Agenda

There were no changes to the agenda.

2. Public Comment

There were no public speakers.

3. Approval of Minutes**a. October 17, 2016**

Draft minutes for the October 17, 2016, Finance and
Administration Committee meeting were presented
for approval.

Motion

Commissioner Adams moved approval of the
minutes.

Motion Approved

The minutes were approved (2-0; one absent) as
presented.

4. Treasurer's Report

a. July 2016

The July 2016 Treasurer's Report was included in the agenda packet. Staff presented a new schedule which focuses on the Facility Improvement Program. Commissioner Tornek recommends this schedule be provided on a quarterly basis in future reports.

The Committee accepted the Treasurer's Report and recommended it be forwarded to the Commission for their review.

5. Items for Discussion

a. Update: Available Hangar Facilities/Rate Structure

Staff presented information regarding an analysis of rental rates for the available hangar facilities located at Hollywood Burbank Airport. Contact will be made with two outside firms for a formal appraisal and market analysis of the hangars and, based on their findings, Staff will present the information at the Committee meeting in January 2017.

6. Items for Information

a. Committee Pending Items

Current

- 1) Vacant Aviation Hangars and Market Conditions

Please see agenda item 5.a. above.

Future

- 1) CMIA Quarterly Investment Review
- 2) Approval of TSA OTA for Utilities and Janitorial Cost Reimbursement
- 3) Award of Aviation Ramp Ground Lease; Yucaipa Companies, LLC
- 4) Award of Aviation Ramp Ground Lease; United Parcel Service, Inc.
- 5) Ground Lease Renewal; Hertz Equipment Rental Corporation

- 6) Hangar Lease Renewal; GTC Management Services Inc.
- 7) Market Conditions Analysis – Hangar Facilities
- 8) New Branding Food & Beverage Concession

7. Other Contracts and Leases

There were no other contracts and leases to be discussed.

8. Adjournment

There being no further business, the meeting was adjourned at 10:15 a.m.

Subject to Approval

**MINUTES OF THE SPECIAL MEETING OF THE
FINANCE AND ADMINISTRATION COMMITTEE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY**

MONDAY, NOVEMBER 28, 2016

A special meeting of the Finance and Administration Committee was called to order this date in the Airport Skyroom of the Burbank-Glendale-Pasadena Airport Authority, 2627 Hollywood Way, Burbank, California, at 9:25 a.m., by Commissioner Tornek.

AB 23 Disclosure: The Senior Deputy Executive Director announced that, as a result of the convening of this meeting of the Finance and Administration Committee, each Committee member is entitled to receive and shall be provided \$200.

ROLL CALL

Present: Commissioners Tornek, Friedman (arrived at 9:26 a.m.) and Adams

Absent: None

Also Present: Staff: Frank R. Miller, Executive Director; John Hatanaka, Senior Deputy Executive Director; Kathy David, Deputy Executive Director, Finance and Administration; Scott R. Smith, Director of Financial Services; and Mike Duong, Senior Manager, Business and Compliance

Columbia Management Investment Advisors, LLC (via teleconference): James A. Wilkinson, Institutional Relationship Manager, and Ronald B. Stahl, Senior Portfolio Manager

1. Approval of Agenda There were no adjustments to the agenda.

2. Public Comment There were no public speakers.

3. Treasurer's Reports

- a. September 2016** Copies of the September 2016 and August 2016 Treasurer's Reports were included in the agenda packet.
- b. August 2016** Staff reviewed the reports with the Committee and answered various questions from the Commissioners.

Motion

Commissioner Adams moved to recommend to the Commission that the September and August 2016 Treasurer's Reports be noted and filed, seconded by Commissioner Friedman.

Motion Approved

There being no objection, the motion was approved unanimously (3-0).

4. Contracts and Leases

a. Other Transaction Agreement with the Department of Homeland Security – Transportation Security Administration

Staff presented to the Committee a proposed modified Other Transaction Agreement ("OTA") with the Department of Homeland Security – Transportation Security Administration ("TSA") for the purpose of obtaining additional reimbursement for electrical utility and janitorial charges associated with the use of areas for baggage screening operations at Hollywood Burbank Airport.

TSA has provided a modified OTA which increases reimbursements to the Authority for electrical and janitorial services for an applicable period beginning January 1, 2017, to August 31, 2017. The modified OTA will increase the electrical costs reimbursement by \$1,568.72 and janitorial cost reimbursement by \$2,346.48, resulting in a total additional reimbursement of \$3,915.20 over the eight-month period, for a total obligated amount to the Authority of \$127,735.88 for a 12-month period ending August 31, 2017.

Staff recommended that the Committee recommend to the Commission that it approve the modified Other Transaction Agreement with the TSA and authorize the Authority President to execute same.

Motion

Commissioner Adams moved approval of Staff's recommendation, seconded by Commissioner Friedman.

Motion Approved

The motion was approved unanimously (3-0).

Staff advised this item will be agendaized for inclusion in the Commission's agenda for its December 12, 2016, special meeting.

5. Items for Discussion

a. CMIA Quarterly Investment Portfolio Review

Via teleconference representatives from CMIA (Columbia Management Investment Advisors, LLC) updated the Committee on the status of the Authority's PFC investment portfolio for the quarter ended September 30, 2016, and answered various questions from the Commissioners. At the Committee's request, when the next quarterly investment portfolio report is presented to the Committee, CMIA representatives will provide recommendations on suggested longer term investments if applicable.

6. Items for Information

a. Committee Pending Items

Current

- | | |
|--|-------------------------------------|
| (1) CMIA Quarterly
Investment Review | (See agenda item 5.a. above) |
| (2) Approval of TSA OTA
for Utilities and
Janitorial Cost
Reimbursement | (See agenda item 4.a. above) |

Future

- (1) Award of Aviation
Ramp Ground Lease,
Yucaipa Companies,
LLC**
- (2) Award of Aviation
Ramp Ground Lease,
United Parcel Services,
Inc.**
- (3) Ground Lease
Renewal; GTC
Management Services
Inc.**
- (4) Market Conditions
Analysis -- Hangar
Facilities**
- (5) New Branding Food &
Beverage Concession**

7. Other Contracts and Leases

Staff informed the Committee that the airlines serving Hollywood Burbank Airport are in the process of changing their aircraft maintenance service provider. The airlines have collectively decided to replace HAECO (formerly TIMCO) with Airline Tech Reps, LLC, dba, STS Line Maintenance.

Staff noted the Authority's month-to-month support space lease with HAECO will be terminated on December 31, 2016, with STS Line Maintenance entering into a replacement space lease effective January 1, 2017. Due

to time constraints, Staff suggested that the new proposed space lease be brought directly to the Commission, with inclusion in the consent calendar for its December 12, 2016, meeting. The Committee concurred with Staff's suggestion.

Prior to adjournment the Committee thanked Commissioner Friedman for her service on the Airport Authority Commission and wished her well as she becomes the new California State Assembly member for District 43, which includes the Airport.

8. Adjournment

There being no further business, the meeting was adjourned at 9:45 a.m.



DRAFT

December 12, 2016

Burbank-Glendale-Pasadena Airport Authority
2627 Hollywood Way
Burbank, CA 91505

Dear Commissioners:

The attached report, covering the month of October 2016, fulfills the legal requirements of the California Code and our Investment Policy. Based on projected income and expenses, as well as investment liquidity, there will be sufficient funds available to meet the needs of the Airport Authority for the six month period following the date of the attached report.

Sincerely,

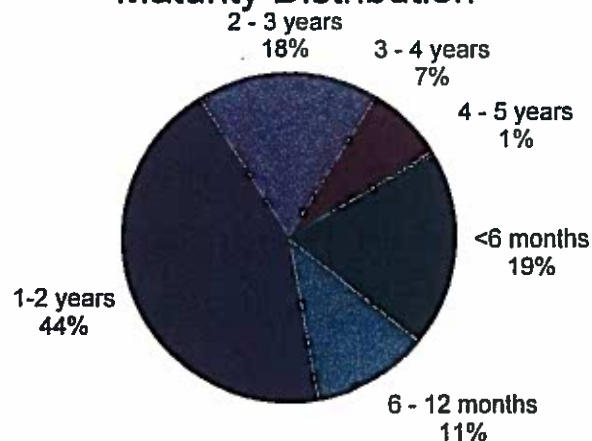
Ross Selvidge
Treasurer

Attachments

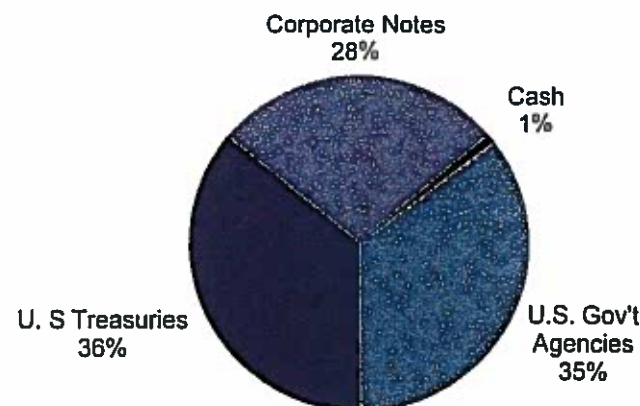
Operating Portfolio Investment Guidelines Conformance as of October 31, 2016

	Legal Max Maturity	Actual Max Maturity	Policy Maximum	Policy Actual
U.S. Gov Agencies	5 Years	2.87 Years	70%	35%
Corporate Notes	5 Years	4.01 Years	30%	28%
LAIF	N/A	N/A	\$20 mil	N/A
Bankers Acceptances	6 Months	N/A	15%	N/A
Negotiable Certificates of Deposit	5 Years	N/A	15%	N/A
Non-Negotiable Certificates of Deposit	5 Years	N/A	15%	N/A
Commercial Paper	270 Days	N/A	15%	N/A
Repurchase Agreements	1 Year	N/A	10%	N/A
Money Market Fund	N/A	N/A	15%	1%
U.S. Gov Securities (Treasuries)	5 Years	3.17 Years	No Limit	36%

Maturity Distribution



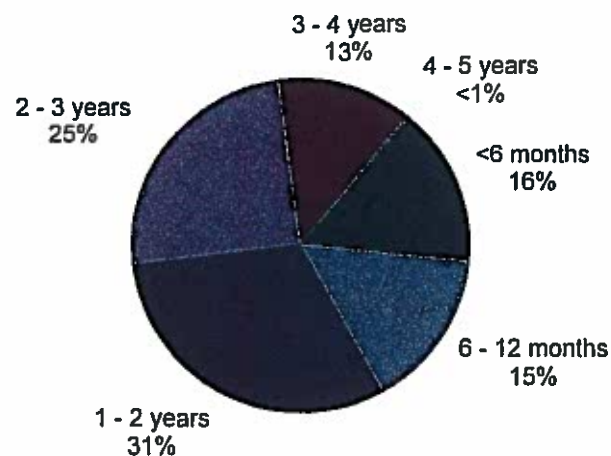
Sector Allocation



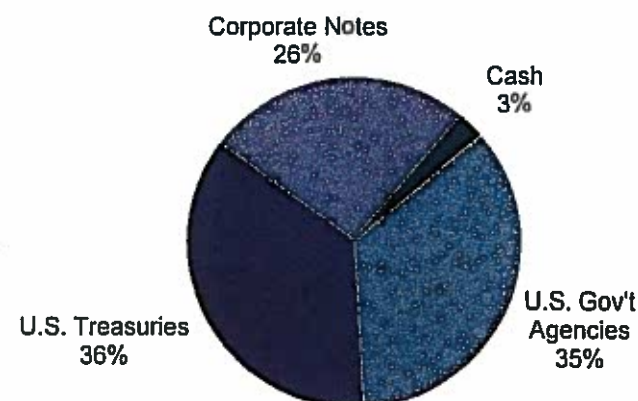
PFC Portfolio Investment Guidelines Conformance as of October 31, 2016

	Legal Max Maturity	Actual Max Maturity	Policy Maximum	Policy Actual
U.S. Gov Agencies	5 Years	3.50 Years	70%	35%
Corporate Notes	5 Years	4.01 Years	30%	26%
LAIF	N/A	N/A	\$20 mil	N/A
Bankers Acceptances	6 Months	N/A	15%	N/A
Negotiable Certificates of Deposit	5 Years	N/A	15%	N/A
Non-Negotiable Certificates of Deposit	5 Years	N/A	15%	N/A
Commercial Paper	270 Days	N/A	15%	N/A
Repurchase Agreements	1 Year	N/A	10%	N/A
Money Market Fund	N/A	N/A	15%	3%
U.S. Gov Securities (Treasuries)	5 Years	3.17 Years	No Limit	36%

Maturity Distribution



Sector Allocation



Burbank-Glendale-Pasadena Airport Authority - Operating Account
Statement of Investments
As of 10/31/16

Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Eff. Mat. Date	Par Value	Purchase Cost	Market Value	Unrealized Gain/Loss	YTM	Days to Eff. Mat.	% Mkt Value
10/31/16	Columbia Treasury Reserves	097101307	0.000	10/31/16	10/31/16	\$ 1,482,915	\$ 1,482,915	\$ 1,482,915	\$ -	0.00%	0	0.71%
09/12/14	Procter & Gamble Co	742718ED7	0.750	11/04/16	11/04/16	1,000,000	999,680	999,997	317	0.78%	4	0.48%
05/06/16	Apple Inc	037833AP5	1.088	05/06/19	11/06/16	1,200,000	1,196,747	1,203,215	6,468	1.09%	6	0.57%
04/19/16	FFCB	3133EEZ52	0.554	03/22/18	11/22/16	5,000,000	4,986,879	5,003,240	16,361	0.52%	22	2.39%
11/26/13	Key Bank NA	49327M2J2	1.100	11/25/16	11/25/16	500,000	499,620	500,025	405	1.02%	25	0.24%
03/02/16	Johnson & Johnson	478160BW3	1.112	03/01/19	12/01/16	1,500,000	1,502,346	1,505,504	3,158	1.01%	31	0.72%
04/28/16	American Express Credit Corp	0258MODY2	1.906	09/14/20	12/14/16	700,000	703,049	710,478	7,429	1.56%	44	0.34%
04/25/16	Home Depot Inc	437076BJ0	1.220	09/15/17	12/15/16	1,000,000	1,003,966	1,002,927	(1,039)	0.93%	45	0.48%
12/08/14	General Electric Capital Corp	36962G6X7	1.556	04/02/18	01/02/17	1,690,000	1,707,900	1,699,900	(8,000)	1.19%	63	0.81%
03/20/14	Comcast Corporation	20030NAP6	6.500	01/15/17	01/15/17	1,375,000	1,522,824	1,390,531	(132,293)	0.98%	76	0.66%
01/21/16	Oracle Corporation	68389XAR6	1.460	01/15/19	01/15/17	1,170,000	1,173,824	1,179,665	5,841	1.11%	76	0.56%
12/30/13	Pfizer Inc	717081DD2	0.900	01/15/17	01/15/17	1,460,000	1,455,228	1,460,409	5,181	0.76%	76	0.70%
07/08/15	Wells Fargo & Company	94974BFK1	1.512	04/23/18	01/23/17	1,500,000	1,502,735	1,504,845	2,110	1.31%	84	0.72%
04/03/14	Treasury Note	912828SC5	0.875	01/31/17	01/31/17	2,050,000	2,049,920	2,052,960	3,040	0.30%	92	0.98%
04/26/16	Ace InA Holdings Inc	00440EAJ6	5.700	02/15/17	02/15/17	900,000	934,731	911,440	(23,291)	1.27%	107	0.43%
12/03/12	Walt Disney Co.	25468PCS3	1.125	02/15/17	02/15/17	1,200,000	1,205,120	1,200,942	(4,178)	0.85%	107	0.57%
06/12/14	Branch Banking and Trust Company	07330NAH8	1.000	04/03/17	03/03/17	1,028,000	1,025,372	1,028,258	2,886	0.94%	123	0.49%
10/16/12	FHLMC	3137EADC0	1.000	03/08/17	03/08/17	6,000,000	6,045,930	6,012,018	(33,912)	0.43%	128	2.87%
05/20/14	US Bancorp	91159HHD5	1.650	05/15/17	04/15/17	1,500,000	1,519,595	1,503,293	(16,302)	1.24%	166	0.72%
05/21/12	FNMA	3135G0JA2	1.125	04/27/17	04/27/17	4,550,000	4,575,085	4,561,969	(13,116)	0.59%	178	2.18%
05/06/14	State Street Corporation	857477AD5	5.375	04/30/17	04/30/17	1,000,000	1,093,220	1,021,169	(72,051)	1.12%	181	0.49%
02/03/14	FHLB	3133XKQX6	4.875	05/17/17	05/17/17	4,375,000	4,868,587	4,477,183	(391,404)	0.57%	198	2.14%
01/28/15	FHLB	313379DD8	1.000	06/21/17	06/21/17	4,000,000	4,027,520	4,007,400	(20,120)	0.71%	233	1.91%
08/02/12	Treasury Note	912828TG5	0.500	07/31/17	07/31/17	1,275,000	1,266,020	1,273,804	7,784	0.63%	273	0.61%
07/14/16	Duke Energy Florida LLC	341099CG2	5.800	09/15/17	09/15/17	675,000	713,016	700,953	(12,063)	1.35%	319	0.33%
09/29/15	FNMA Bench	3135G0ZL0	1.000	09/27/17	09/27/17	3,000,000	3,016,945	3,007,920	(9,025)	0.71%	331	1.43%
04/19/16	Treasury Note	912828TS9	0.625	09/30/17	09/30/17	7,750,000	7,743,340	7,744,552	1,212	0.70%	334	3.69%
11/02/12	Treasury Note	912828TW0	0.750	10/31/17	10/31/17	10,950,000	10,952,602	10,953,689	1,087	0.72%	365	5.23%
06/01/16	Praxair Inc	74005PBC7	1.050	11/07/17	11/07/17	685,000	683,718	684,626	908	1.10%	372	0.33%
04/19/16	FHLB	3133XMQ87	5.000	11/17/17	11/17/17	2,500,000	2,665,725	2,611,188	(54,537)	0.72%	382	1.25%
09/10/14	FHLMC Reference Notes	3137EABA6	5.125	11/17/17	11/17/17	5,200,000	5,834,036	5,436,205	(397,831)	0.75%	382	2.59%
10/07/14	Mellife Inc	59156RBK3	1.903	12/15/17	12/15/17	800,000	805,636	805,080	(556)	1.33%	410	0.38%
05/06/14	Bank of New York Mellon Corp	06406HCE7	1.300	01/25/18	12/25/17	1,000,000	992,963	1,001,042	8,079	1.21%	420	0.48%
04/19/16	FHLMC Reference Notes	3137EADN6	0.750	01/12/18	01/12/18	3,750,000	3,748,050	3,749,186	1,136	0.77%	438	1.79%
08/07/15	Fifth Third Bank	31677QAV1	1.450	02/28/18	01/28/18	1,000,000	996,120	999,660	3,540	1.48%	454	0.48%

Burbank-Glendale-Pasadena Airport Authority - Operating Account
Statement of Investments
As of 10/31/16

Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Eff. Mat. Date	Par Value	Purchase Cost	Market Value	Unrealized Gain/Loss	YTM	Days to Eff. Mat.	% Mkt Value
12/23/13	FNMA Benchmark Notes	3135G0TG8	0.875	02/08/18	02/08/18	6,000,000	5,904,390	6,006,510	102,120	0.79%	465	2.87%
11/18/15	Exxon Mobil Corp	30231GAL6	1.305	03/06/18	03/06/18	700,000	701,862	702,006	144	1.09%	491	0.33%
09/07/16	Coca-Cola Company (The)	191216BA7	1.150	04/01/18	04/01/18	1,450,000	1,452,871	1,451,900	(971)	1.06%	517	0.69%
06/27/16	FHLB	3130A4GJ5	1.125	04/25/18	04/25/18	1,520,000	1,530,579	1,526,145	(4,434)	0.85%	541	0.73%
09/25/15	Boeing Co	097023BE4	0.950	05/15/18	05/15/18	944,000	938,314	942,093	3,779	1.08%	561	0.45%
03/11/14	Merck & Co Inc	58933YAG0	1.300	05/18/18	05/18/18	1,350,000	1,339,553	1,352,804	13,251	1.16%	564	0.65%
06/29/16	Chevron Corp	166764AE0	1.718	06/24/18	05/24/18	900,000	908,865	906,153	(2,712)	1.30%	570	0.43%
12/03/14	Treasury Note	912828VE7	1.000	05/31/18	05/31/18	13,010,000	12,972,601	13,046,077	73,476	0.82%	577	6.22%
08/05/15	FHLMC	3137EABP3	4.875	06/13/18	06/13/18	5,500,000	6,011,095	5,851,632	(159,463)	0.88%	590	2.79%
07/06/15	Southern California Gas Company	842434CN0	1.550	06/15/18	06/15/18	1,175,000	1,182,360	1,180,020	(2,340)	1.28%	592	0.56%
04/19/16	Treasury Note	912828XK1	0.875	07/15/18	07/15/18	7,750,000	7,762,715	7,756,055	(6,660)	0.83%	622	3.70%
04/19/16	FNMA Benchmark Notes	3135G0E33	1.125	07/20/18	07/20/18	3,750,000	3,771,825	3,765,008	(6,817)	0.89%	627	1.80%
07/06/15	Nevada Power Company	641423BW7	6.500	08/01/18	08/01/18	1,050,000	1,189,265	1,143,028	(46,237)	1.36%	639	0.55%
08/07/15	3M Company	88579YAP6	1.375	08/07/18	08/07/18	900,000	898,398	903,002	4,604	1.18%	645	0.43%
12/18/15	Berkshire Hathaway Finance Corp	084664BY6	2.000	08/15/18	08/15/18	1,550,000	1,577,051	1,572,594	(4,457)	1.17%	653	0.75%
08/18/15	Treasury Note	912828RE2	1.500	08/31/18	08/31/18	6,400,000	6,482,133	6,473,498	(8,635)	0.87%	669	3.09%
04/19/16	FNMA	3135G0E58	1.125	10/19/18	10/19/18	3,750,000	3,772,538	3,764,441	(8,097)	0.93%	718	1.80%
12/24/15	Simon Property Group LP	828807CQ8	2.200	02/01/19	11/01/18	865,000	875,364	878,874	3,510	1.47%	731	0.42%
11/03/15	Microsoft Corporation	594918BF0	1.300	11/03/18	11/03/18	650,000	649,898	652,450	2,552	1.11%	733	0.31%
04/13/16	Commonwealth Edison Company	202795JC5	2.150	01/15/19	12/15/18	1,000,000	1,018,088	1,013,239	(4,849)	1.54%	775	0.48%
09/25/15	Manufacturers & Traders Trust Co	55279HAE0	2.300	01/30/19	12/30/18	1,000,000	1,013,451	1,015,884	2,433	1.58%	790	0.48%
12/01/15	Treasury Note	912828A75	1.500	12/31/18	12/31/18	500,000	503,516	506,211	2,695	0.92%	791	0.24%
06/10/16	John Deere Capital Corp	24422ETE9	1.950	01/08/19	01/08/19	1,200,000	1,222,064	1,214,042	(8,022)	1.40%	799	0.58%
07/01/15	Treasury Note	912828SD3	1.250	01/31/19	01/31/19	4,000,000	4,003,594	4,028,908	25,314	0.92%	822	1.92%
01/14/16	IBM Corp	459200HT1	1.950	02/12/19	02/12/19	1,150,000	1,164,229	1,166,172	1,943	1.32%	834	0.56%
02/26/16	Cisco Systems Inc	17275RAE2	4.950	02/15/19	02/15/19	1,050,000	1,156,947	1,134,341	(22,606)	1.37%	837	0.54%
01/21/15	Union Pacific Corporation	907818DW5	2.250	02/15/19	02/15/19	1,050,000	1,078,576	1,070,761	(7,815)	1.37%	837	0.51%
06/30/16	Treasury Note	912828P53	0.750	02/15/19	02/15/19	5,000,000	5,008,984	4,980,860	(28,124)	0.92%	837	2.38%
07/11/16	JP Morgan Chase & CO	46625HQU7	1.850	03/22/19	02/22/19	1,710,000	1,731,443	1,717,295	(14,148)	1.67%	844	0.82%
09/15/14	Unitedhealth Group Inc	91324PCB6	1.625	03/15/19	03/15/19	720,000	706,025	723,609	17,584	1.41%	865	0.35%
12/07/15	FHLMC	3137EACA5	3.750	03/27/19	03/27/19	3,500,000	3,763,900	3,728,113	(35,787)	1.00%	877	1.78%
04/16/16	Lowes Companies Inc	548661DL8	1.150	04/15/19	04/15/19	1,000,000	998,565	996,668	(1,897)	1.29%	896	0.48%
09/12/14	Public Service Electric And Gas	74456QBG0	1.800	06/01/19	05/01/19	1,129,000	1,122,407	1,141,119	18,712	1.38%	912	0.54%
12/08/14	Target Corporation	87612EBB1	2.300	06/26/19	06/26/19	1,005,000	1,027,143	1,029,628	2,485	1.36%	968	0.49%
11/01/16	Treasury Note	912828VW6	1.625	07/31/19	07/31/19	2,600,000	2,646,008	2,645,906	(102)	0.97%	1003	1.26%

Burbank-Glendale-Pasadena Airport Authority - Operating Account
Statement of Investments
As of 10/31/16

Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Eff. Mat. Date	Par Value	Purchase Cost	Market Value	Unrealized Gain/Loss	YTM	Days to Eff. Mat.	% Mkt Value
03/17/15	FNMA Bench	3135G0ZG1	1.750	09/12/19	09/12/19	4,500,000	4,545,910	4,587,692	41,782	1.06%	1046	2.19%
10/30/16	Honeywell International Inc	438516BJ4	1.400	10/30/19	10/30/19	250,000	249,803	249,705	(98)	1.44%	1094	0.12%
04/01/16	Treasury Note	912828F62	1.500	10/31/19	10/31/19	3,905,000	3,970,134	3,960,677	(9,457)	1.02%	1095	1.89%
05/26/15	Arizona Public Service Company	040555CR3	2.200	01/15/20	12/15/19	950,000	956,522	967,068	10,546	1.62%	1140	0.46%
01/19/16	Treasury Note	912828G95	1.625	12/31/19	12/31/19	4,250,000	4,326,504	4,325,871	(633)	1.05%	1156	2.06%
04/21/16	Pepsico Inc	713448BN7	4.500	01/15/20	01/15/20	1,300,000	1,445,831	1,422,095	(23,736)	1.49%	1171	0.68%
04/25/16	Medtronic Inc	585055BG0	2.500	03/15/20	03/15/20	1,200,000	1,241,266	1,231,775	(9,491)	1.69%	1231	0.59%
05/08/15	United Technologies Corporation	913017BR9	4.500	04/15/20	04/15/20	1,150,000	1,283,709	1,260,821	(22,888)	1.62%	1262	0.60%
03/08/16	Public Service Company of Colorado	744448CD1	3.200	11/15/20	05/15/20	1,080,000	1,135,783	1,143,644	7,861	1.68%	1292	0.55%
04/21/16	Travelers Cos Inc	89417EAG4	3.900	11/01/20	11/01/20	900,000	984,932	975,221	(9,711)	1.73%	1462	0.47%
	Subtotal					\$191,078,915	\$194,727,975	\$193,499,803	\$(1,228,172)	0.92%	531	92.31%
	Local Agency Investment Fund (LAIF)					16,108,070	16,108,070	16,113,000	4,930	0.65%	163	7.69%
	Subtotal					\$207,186,985	\$210,836,045	\$209,612,803	\$(1,223,242)	0.90%	503	100.00%
	Operating Bank Balance						3,796,325					
	TOTAL						\$214,632,370					

Burbank-Glendale-Pasadena Airport Authority - Operating Account
Statement of Purchases - Maturities - Sales
As of 10/31/16

PURCHASES

Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Par Value	Purchase Price	Purchase Cost	Prepaid Interest
10/30/16	Honeywell International Inc	438516BJ4	1.400	10/30/19	190,000.00	99.92100	\$ 189,849.90	
10/31/16	Honeywell International Inc	438516BJ4	1.400	10/30/19	60,000.00	99.92100	59,952.60	
11/01/16	Treasury Note	912828WW6	1.625	07/31/19	2,600,000.00	101.76953	2,646,007.81	(10,677.31)
							-	
							-	
							-	
TOTAL PURCHASES					\$ 2,850,000.00		\$ 2,895,810.31	\$ (10,677.31)

MATURITIES

Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Par Value	Purchase Price	Purchase Cost	Gain / (Loss)
10/15/13	Treasury Note	912828RM4	1.000	10/31/16	\$ 3,970,000.00	100.88672	\$ 4,005,202.73	\$ (35,202.73)
							-	-
							-	-
							-	-
TOTAL MATURITIES					\$ 3,970,000.00		\$ 4,005,202.73	\$ (35,202.73)

SALES / REDEMPTIONS

Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Sale Date	Par Value	Sale Price	Sale Amount	Purchase Cost	Gain / (Loss)
								\$ -		\$ -
								-		-
								-		-
								-		-
TOTAL SALES						\$ -		\$ -	\$ -	\$ -

Burbank-Glendale-Pasadena Airport Authority - Operating Account
Earnings Report
10/01/16-10/31/16

Type of Investment		Coupon	Maturity Date	Previous Accrual	Realized Interest For Period	Interest Paid At Purc/Recv	Current Accrual	Interest Earned	Amrt/Accrt For Period	Adjusted Total Int. Earned
FIXED INCOME										
Treasury Note	NOTE	1.000	10/31/16	16,613.59	19,850.00	-	-	3,236.41	(949.71)	2,286.70
Procter & Gamble Co	NOTE	0.750	11/04/16	3,062.50	-	-	3,687.50	625.00	12.44	637.44
Key Bank NA	NOTE	1.100	11/25/16	1,925.00	-	-	2,383.33	458.33	0.24	458.57
Comcast Corporation	NOTE	6.500	01/15/17	18,868.06	-	-	26,315.98	7,447.92	(6,201.43)	1,246.49
Pfizer Inc	NOTE	0.900	01/15/17	2,774.00	-	-	3,869.00	1,095.00	78.13	1,173.13
Treasury Note	MTN	0.875	01/31/17	3,022.08	-	-	4,533.12	1,511.04	2.40	1,513.44
Ace InA Holdings Inc	NOTE	5.700	02/15/17	6,555.00	-	-	10,830.00	4,275.00	(3,605.30)	669.70
Walt Disney Co	MTN	1.125	02/15/17	1,725.00	-	-	2,850.00	1,125.00	(204.17)	920.83
FHLMC	NOTE	1.000	03/08/17	3,833.33	-	-	8,833.33	5,000.00	(1,029.25)	3,970.75
Branch Banking and Trust Company	MTN	1.000	04/03/17	5,082.89	5,140.00	-	799.56	856.67	90.28	946.95
FNMA	NOTE	1.125	04/27/17	21,896.88	25,593.75	-	568.75	4,265.62	(632.14)	3,633.48
State Street Corporation	NOTE	5.375	04/30/17	22,545.14	26,875.00	-	149.30	4,479.16	(3,575.78)	903.38
US Bancorp	NOTE	1.650	05/15/17	9,350.00	-	-	11,412.50	2,062.50	(746.62)	1,315.88
FHLB	NOTE	4.875	05/17/17	79,388.02	-	-	97,161.46	17,773.44	(14,292.65)	3,480.79
FHLB	NOTE	1.000	06/21/17	11,147.54	-	-	14,535.52	3,387.98	(975.00)	2,412.98
Treasury Note	NOTE	0.500	07/31/17	1,074.05	-	-	1,611.07	537.02	155.32	692.34
Duke Energy Florida LLC	NOTE	5.800	09/15/17	1,740.00	-	-	5,002.50	3,262.50	(2,708.97)	553.53
Home Depot Inc	NOTE	1.220	09/15/17	542.35	-	-	1,593.14	1,050.79	(242.50)	808.29
FNMA Bench	NOTE	1.000	09/27/17	333.34	-	-	2,833.34	2,500.00	(708.02)	1,791.98
Treasury Note	NOTE	0.625	09/30/17	133.07	-	-	4,258.24	4,125.17	390.29	4,515.46
Treasury Note	NOTE	0.750	10/31/17	34,367.53	41,062.50	-	226.87	6,921.84	(203.85)	6,717.99
Praxair Inc	NOTE	1.050	11/07/17	2,877.00	-	-	3,476.38	599.38	74.57	673.95
FHLB	NOTE	5.000	11/17/17	46,527.78	-	-	56,944.44	10,416.66	(8,753.08)	1,663.58
FHLMC Reference Notes	NOTE	5.125	11/17/17	99,197.22	-	-	121,405.56	22,208.34	(16,583.33)	5,625.01
Mellife Inc	NOTE	1.903	12/15/17	676.62	-	-	1,945.28	1,268.66	(147.30)	1,121.36
FHLMC Reference Notes	NOTE	0.750	01/12/18	6,171.88	-	-	8,515.63	2,343.75	93.90	2,437.65
Bank of New York Mellon Corp	NOTE	1.300	01/25/18	2,383.33	-	-	3,466.67	1,083.34	139.73	1,223.07
FNMA Benchmark Notes	NOTE	0.875	02/08/18	7,729.16	-	-	12,104.16	4,375.00	2,127.74	6,502.74
Fifth Third Bank	NOTE	1.450	02/28/18	1,248.62	-	-	2,456.94	1,208.32	136.55	1,344.87
Exxon Mobil Corp	NOTE	1.305	03/06/18	634.38	-	-	1,395.63	761.25	(67.47)	693.78
FFCB	NOTE	0.554	03/22/18	716.33	2,387.75	-	769.45	2,440.87	579.41	3,020.28
Coca-Cola Company (The)	NOTE	1.150	04/01/18	8,337.50	8,337.50	-	1,389.59	1,389.59	(152.85)	1,236.74
General Electric Capital Corp	NOTE	1.556	04/02/18	6,645.48	5,760.15	-	2,190.81	1,305.48	(541.95)	763.53
Wells Fargo & Company	NOTE	1.512	04/23/18	3,921.46	5,097.90	-	566.92	1,743.36	(89.51)	1,653.85

Burbank-Glendale-Pasadena Airport Authority - Operating Account
Earnings Report
10/01/16-10/31/16

Type of Investment		Coupon	Maturity Date	Previous Accrual	Realized Interest For Period	Interest Paid At Purc/Recv	Current Accrual	Interest Earned	Amrt/Accrt For Period	Adjusted Total Int. Earned
FHLB	NOTE	1.125	04/25/18	7,410.00	8,550.00	-	285.00	1,425.00	(482.34)	942.66
Boeing Co	NOTE	0.950	05/15/18	3,387.91	-	-	4,135.25	747.34	181.02	928.36
Merck & Co Inc	NOTE	1.300	05/18/18	6,483.74	-	-	7,946.25	1,462.51	155.26	1,617.77
Treasury Note	NOTE	1.000	05/31/18	43,722.14	-	-	54,741.53	11,019.39	782.46	11,801.85
FHLMC	NOTE	4.875	06/13/18	80,437.50	-	-	102,781.25	22,343.75	(17,787.45)	4,556.30
Southern California Gas Company	NOTE	1.550	06/15/18	5,362.57	-	-	6,880.28	1,517.71	(273.93)	1,243.78
Chevron Corp	NOTE	1.718	06/24/18	4,166.15	-	-	5,454.65	1,288.50	(388.25)	900.25
Treasury Note	NOTE	0.875	07/15/18	14,373.30	-	-	20,085.77	5,712.47	(482.45)	5,230.02
FNMA Benchmark Notes	NOTE	1.125	07/20/18	8,320.31	-	-	11,835.94	3,515.63	(807.33)	2,708.30
Nevada Power Company	NOTE	6.500	08/01/18	11,374.99	-	-	17,062.50	5,687.51	(4,159.45)	1,528.06
3M Company	NOTE	1.375	08/07/18	1,856.25	-	-	2,887.50	1,031.25	44.50	1,075.75
Berkshire Hathaway Finance Corp	NOTE	2.000	08/15/18	3,961.11	-	-	6,544.44	2,583.33	(899.66)	1,683.67
Treasury Note	NOTE	1.500	08/31/18	8,221.00	-	-	16,441.98	8,220.98	(2,309.02)	5,911.96
FNMA	NOTE	1.125	10/19/18	18,984.38	21,093.75	-	1,406.25	3,515.62	(751.25)	2,764.37
Microsoft Corporation	NOTE	1.300	11/03/18	3,473.88	-	-	4,178.06	704.18	2.55	706.73
Treasury Note	NOTE	1.500	12/31/18	1,895.38	-	-	2,527.17	631.79	(96.79)	535.00
John Deere Capital Corp	NOTE	1.950	01/08/19	5,395.00	-	-	7,345.00	1,950.00	(713.27)	1,236.73
Commonwealth Edison Company	NOTE	2.150	01/15/19	4,538.89	-	-	6,330.56	1,791.67	(566.04)	1,225.63
Oracle Corporation	NOTE	1.460	01/15/19	3,194.36	3,767.70	-	806.65	1,379.99	(115.38)	1,264.61
Manufacturers & Traders Trust Co	NOTE	2.300	01/30/19	3,897.23	-	-	5,813.89	1,916.66	(374.85)	1,541.81
Treasury Note	NOTE	1.250	01/31/19	8,423.91	-	-	12,635.87	4,211.96	(85.04)	4,126.92
Simon Property Group LP	NOTE	2.200	02/01/19	3,171.66	-	-	4,757.50	1,585.84	(328.59)	1,257.25
IBM Corp	NOTE	1.950	02/12/19	3,052.29	-	-	4,921.04	1,868.75	(404.57)	1,464.18
Cisco Systems Inc	NOTE	4.950	02/15/19	6,641.25	-	-	10,972.50	4,331.25	(3,056.14)	1,275.11
Treasury Note	NOTE	0.750	02/15/19	4,789.40	-	-	7,948.37	3,158.97	(290.12)	2,868.85
Union Pacific Corporation	NOTE	2.250	02/15/19	3,018.76	-	-	4,987.50	1,968.74	(687.24)	1,281.50
Johnson & Johnson	NOTE	1.112	03/01/19	1,390.14	-	-	2,826.61	1,436.47	(69.50)	1,366.97
Unitedhealth Group Inc	NOTE	1.625	03/15/19	520.00	-	-	1,495.00	975.00	258.80	1,233.80
JP Morgan Chase & CO	NOTE	1.850	03/22/19	790.88	-	-	3,427.13	2,636.25	(683.64)	1,952.61
FHLMC	NOTE	3.750	03/27/19	1,458.33	-	-	12,395.83	10,937.50	(6,652.94)	4,284.56
Lowe's Companies Inc	NOTE	1.150	04/15/19	5,143.06	5,590.28	-	511.11	958.33	40.15	998.48
Apple Inc	NOTE	1.088	05/06/19	2,030.19	-	-	3,154.04	1,123.85	92.10	1,215.95
Public Service Electric And Gas	NOTE	1.800	06/01/19	6,774.00	-	-	8,467.50	1,693.50	89.99	1,783.49
Target Corporation	NOTE	2.300	06/26/19	6,099.80	-	-	8,026.04	1,926.24	(509.91)	1,416.33
Treasury Note	NOTE	1.625	07/31/19	-	-	10,677.31	10,677.31	-	-	-

Burbank-Glendale-Pasadena Airport Authority - Operating Account
Earnings Report
10/01/16-10/31/16

Type of Investment	Coupon	Maturity Date	Previous Accrual	Realized Interest For Period	Interest Paid At Purc/Recv	Current Accrual	Interest Earned	Amrt/Accrt For Period	Adjusted Total Int. Earned	
FNMA Bench	NOTE	1.750	09/12/19	4,156.25	-	-	10,718.75	6,562.50	(913.80)	5,648.70
Honeywell International Inc	NOTE	1.400	10/30/19	-	-	-	9.72	9.72	0.18	9.90
Treasury Note	NOTE	1.500	10/31/19	24,512.36	29,287.50	-	161.81	4,936.95	(1,543.70)	3,393.25
Treasury Note	NOTE	1.625	12/31/19	17,453.30	-	-	23,271.06	5,817.76	(1,837.29)	3,980.47
Arizona Public Service Company	NOTE	2.200	01/15/20	4,412.23	-	-	6,153.89	1,741.66	(139.51)	1,602.15
Pepsico Inc	NOTE	4.500	01/15/20	12,350.00	-	-	17,225.00	4,875.00	(3,292.49)	1,582.51
Medtronic Inc	NOTE	2.500	03/15/20	1,333.33	-	-	3,833.33	2,500.00	(884.29)	1,615.71
United Technologies Corporation	NOTE	4.500	04/15/20	23,862.50	25,875.00	-	2,300.00	4,312.50	(2,441.44)	1,871.06
American Express Credit Corp	NOTE	1.906	09/14/20	629.97	-	-	1,778.73	1,148.76	(60.25)	1,088.51
Travelers Cos Inc	NOTE	3.900	11/01/20	14,625.00	-	-	17,550.00	2,925.00	(1,581.68)	1,343.32
Public Service Company of Colorado	NOTE	3.200	11/15/20	13,056.00	-	-	15,936.00	2,880.00	(1,126.98)	1,753.02
Subtotal				\$ 843,196.83	\$ 234,268.78	\$ 10,677.31	\$ 901,713.53	\$ 282,108.17	\$ (113,679.45)	\$ 168,428.72
CASH EQUIVALENTS										
Blackrock Liquidity Funds				-	219.42	-	-	219.42	-	219.42
Subtotal				\$ -	\$ 219.42	\$ -	\$ -	\$ 219.42	\$ -	\$ 219.42
LAIF										
Local Agency Investment Fund				23,334.62	23,334.62	-	8,551.97	8,551.97	-	8,551.97
TOTAL				\$ 866,531.45	\$ 257,822.82	\$ 10,677.31	\$ 910,265.50	\$ 290,879.56	\$ (113,679.45)	\$ 177,200.11

Burbank-Glendale-Pasadena Airport Authority - PFC Account
Statement of Investments
As of 10/31/16

Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Eff Mat. Date	Par Value	Purchase Cost	Market Value	Unrealized Gain/Loss	YTM	Days to Eff. Mat.	% Mkt Value
10/31/16	Columbia Treasury Reserves	097101307	0.000	10/31/16	10/31/16	\$ 635,232	\$ 635,232	\$ 635,232	\$ -	0.00%	0	2.58%
09/12/14	Procter & Gamble Co	742718ED7	0.750	11/04/16	11/04/16	125,000	124,960	125,000	40	0.78%	4	0.51%
05/06/16	Apple Inc	037833AP5	1.088	05/06/19	11/06/16	135,000	134,634	135,362	728	1.09%	6	0.55%
03/02/16	Johnson & Johnson	478160BW3	1.112	03/01/19	12/01/16	160,000	160,136	160,587	451	1.01%	31	0.65%
04/26/16	Home Depot Inc	437076BJ0	1.220	09/15/17	12/15/16	100,000	100,397	100,293	(104)	0.93%	45	0.41%
01/21/15	General Electric Capital Corp	36962G6X7	1.556	04/02/18	01/02/17	185,000	186,693	186,084	(609)	1.19%	63	0.76%
07/09/14	Comcast Corporation	20030NAP6	6.500	01/15/17	01/15/17	150,000	165,457	151,694	(13,763)	0.98%	76	0.62%
01/21/16	Oracle Corporation	68389XAR6	1.460	01/15/19	01/15/17	125,000	125,299	126,033	734	1.11%	76	0.51%
09/12/14	Pfizer Inc	717081DD2	0.900	01/15/17	01/15/17	160,000	159,874	160,045	171	0.76%	76	0.65%
10/05/15	Wells Fargo & Company	94974BFBK1	1.512	04/23/18	01/23/17	175,000	175,592	175,565	(27)	1.31%	84	0.71%
05/06/15	Treasury Note	912828SC5	0.875	01/31/17	01/31/17	350,000	351,859	350,505	(1,354)	0.30%	92	1.42%
04/26/16	Ace InA Holdings Inc	00440EAJ6	5.700	02/15/17	02/15/17	100,000	103,859	101,271	(2,588)	1.27%	107	0.41%
02/19/13	Walt Disney Company (The)	25468PCS3	1.125	02/15/17	02/15/17	160,000	159,987	160,126	139	0.85%	107	0.65%
03/19/12	FHLMC	3137EADC0	1.000	03/08/17	03/08/17	755,000	746,165	756,512	10,347	0.43%	128	3.08%
07/09/14	US Bancorp	91159HHD5	1.650	05/15/17	04/15/17	175,000	176,803	175,384	(1,419)	1.24%	166	0.71%
05/06/15	FNMA	3135G0JA2	1.125	04/27/17	04/27/17	300,000	302,598	300,789	(1,809)	0.59%	178	1.22%
09/12/14	State Street Corporation	857477AD5	5.375	04/30/17	04/30/17	110,000	119,523	112,329	(7,194)	1.12%	181	0.46%
07/07/14	FHLB	3133XKQX6	4.875	05/17/17	05/17/17	875,000	957,246	895,437	(61,809)	0.57%	198	3.64%
01/28/15	FHLB	313379DD8	1.000	06/21/17	06/21/17	700,000	704,816	701,295	(3,521)	0.71%	233	2.85%
10/17/12	Treasury Note	912828TG5	0.500	07/31/17	07/31/17	1,265,000	1,259,009	1,263,813	4,804	0.63%	273	5.14%
07/14/16	Duke Energy Florida LLC	341099CG2	5.800	09/15/17	09/15/17	100,000	105,632	103,845	(1,787)	1.35%	319	0.42%
03/17/15	FNMA Bench	3135G0ZL0	1.000	09/27/17	09/27/17	700,000	700,924	701,848	924	0.71%	331	2.85%
09/25/14	Treasury Note	912828TW0	0.750	10/31/17	10/31/17	940,000	932,264	940,317	8,053	0.72%	365	3.82%
06/01/16	Praxair Inc	74005PBC7	1.050	11/07/17	11/07/17	75,000	74,859	74,959	100	1.10%	372	0.30%
11/20/14	FHLB	3133XMQ87	5.000	11/17/17	11/17/17	450,000	501,998	470,014	(31,984)	0.72%	382	1.91%
09/10/14	FHLMC Reference Notes	3137EABA6	5.125	11/17/17	11/17/17	800,000	897,594	836,339	(61,255)	0.75%	382	3.40%
10/07/14	Mellife Inc	59156RBK3	1.903	12/15/17	12/15/17	100,000	100,663	100,635	(28)	1.33%	410	0.41%
07/09/14	Bank Of New York Mellon Corp	06406HCE7	1.300	01/25/18	12/25/17	100,000	98,925	100,104	1,179	1.21%	420	0.41%
07/07/14	FNMA Benchmark Notes	3135G0TG8	0.875	02/08/18	02/08/18	1,000,000	986,045	1,001,085	15,040	0.79%	465	4.07%
10/28/15	Exxon Mobil Corp	30231GAL6	1.305	03/06/18	03/06/18	100,000	100,776	100,287	(489)	1.09%	491	0.41%
09/07/16	Coca-Cola Company (The)	191216BA7	1.150	04/01/18	04/01/18	175,000	175,346	175,229	(117)	1.06%	517	0.71%
06/25/16	FHLB	3130A4GJ5	1.125	04/25/18	04/25/18	555,000	559,246	557,244	(2,002)	0.85%	541	2.27%
09/25/15	Boeing Co	097023BE4	0.950	05/15/18	05/15/18	94,000	93,432	93,810	378	1.08%	561	0.38%
07/09/14	Merck & Co Inc	58933YAG0	1.300	05/18/18	05/18/18	150,000	148,778	150,312	1,534	1.16%	564	0.61%

Burbank-Glendale-Pasadena Airport Authority - PFC Account
Statement of Investments
As of 10/31/16

Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Eff Mat. Date	Par Value	Purchase Cost	Market Value	Unrealized Gain/Loss	YTM	Days to Eff. Mat.	% Mkt Value
06/29/16	Chevron Corp	166764AE0	1.718	06/24/18	05/24/18	100,000	100,985	100,684	(301)	1.30%	570	0.41%
02/18/15	Treasury Note	912828VE7	1.000	05/31/18	05/31/18	825,000	825,248	827,288	2,040	0.82%	577	3.36%
09/25/14	FHLMC	3137EABP3	4.875	06/13/18	06/13/18	750,000	834,773	797,950	(36,823)	0.88%	590	3.24%
04/21/16	Southern California Gas Company	842434CN0	1.550	06/15/18	06/15/18	125,000	125,896	125,534	(362)	1.28%	592	0.51%
02/29/16	Nevada Power Company	641423BW7	6.500	08/01/18	08/01/18	115,000	127,818	125,189	(2,629)	1.36%	639	0.51%
06/30/16	3M Company	88579YAP6	1.375	08/07/18	08/07/18	100,000	101,129	100,334	(795)	1.18%	645	0.41%
12/18/15	Berkshire Hathaway Finance Corp	084664BY6	2.000	08/15/18	08/15/18	165,000	167,603	167,405	(198)	1.17%	653	0.68%
12/10/15	Treasury Note	912828RE2	1.500	08/31/18	08/31/18	800,000	809,246	809,187	(59)	0.87%	669	3.29%
12/24/15	Simon Property Group LP	828807CQ8	2.200	02/01/19	11/01/18	97,000	97,924	98,556	632	1.47%	731	0.40%
01/21/16	Microsoft Corporation	5594918BF0	1.300	11/03/18	11/03/18	100,000	100,032	100,377	345	1.11%	733	0.41%
08/04/16	Caterpillar Financial Services	14912L6M8	1.800	11/13/18	11/13/18	135,000	137,086	135,999	(1,087)	1.43%	743	0.55%
04/13/16	Commonwealth Edison Company	202795JC5	2.150	01/15/19	12/15/18	115,000	117,094	116,522	(572)	1.54%	775	0.47%
11/16/15	Treasury Note	912828A75	1.500	12/31/18	12/31/18	600,000	604,953	607,453	2,500	0.92%	791	2.47%
09/25/15	BB&T Corp	05531FAQ6	2.250	02/01/19	01/02/19	110,000	111,642	111,546	(96)	1.61%	793	0.45%
06/30/16	John Deere Capital Corp	24422ETE9	1.950	01/08/19	01/08/19	135,000	138,016	136,580	(1,436)	1.40%	799	0.56%
04/01/15	Treasury Note	912828SD3	1.250	01/31/19	01/31/19	900,000	905,625	906,504	879	0.92%	822	3.69%
01/14/16	IBM Corp	459200HT1	1.950	02/12/19	02/12/19	110,000	111,065	111,547	482	1.32%	834	0.45%
02/26/16	Cisco Systems Inc	17275RAE2	4.950	02/15/19	02/15/19	125,000	137,609	135,041	(2,568)	1.37%	837	0.55%
11/01/16	Treasury Note	912828P53	0.750	02/15/19	02/15/19	500,000	498,164	498,086	(78)	0.92%	837	2.02%
01/21/15	Union Pacific Corporation	907818DW5	2.250	02/15/19	02/15/19	115,000	118,266	117,274	(992)	1.37%	837	0.48%
07/11/16	JP Morgan Chase & CO	46625HQU7	1.850	03/22/19	02/22/19	190,000	192,383	190,811	(1,572)	1.67%	844	0.78%
09/15/14	Unitedhealth Group Inc	91324PCB6	1.625	03/15/19	03/15/19	100,000	98,472	100,501	2,029	1.41%	865	0.41%
08/31/16	FHLMC	3137EACA5	3.750	03/27/19	03/27/19	400,000	428,344	426,070	(2,274)	1.00%	877	1.73%
04/20/16	Lowes Companies Inc	548661DL8	1.150	04/15/19	04/15/19	110,000	109,881	109,633	(248)	1.29%	896	0.45%
09/12/14	Public Service Electric And Gas	74456QBG0	1.800	06/01/19	05/01/19	124,000	123,022	125,331	2,309	1.38%	912	0.51%
01/21/15	Target Corporation	87612EBB1	2.300	06/26/19	06/26/19	110,000	113,227	112,696	(531)	1.36%	968	0.46%
07/29/16	Treasury Note	912828WW6	1.625	07/31/19	07/31/19	800,000	817,703	814,125	(3,578)	0.97%	1003	3.31%
01/28/15	FNMA Bench	3135G0ZG1	1.750	09/12/19	09/12/19	990,000	1,004,663	1,009,292	4,629	1.06%	1046	4.10%
10/30/16	Honeywell International Inc	438516BJ4	1.400	10/30/19	10/30/19	150,000	149,882	149,823	(59)	1.44%	1094	0.61%
04/01/16	Treasury Note	912828F62	1.500	10/31/19	10/31/19	610,000	620,175	618,697	(1,478)	1.02%	1095	2.52%
05/26/15	Arizona Public Service Company	040555CR3	2.200	01/15/20	12/15/19	100,000	100,341	101,797	1,456	1.62%	1140	0.41%
09/02/16	National Rural Utilities Coop	637432NC5	2.000	01/27/20	12/27/19	115,000	116,716	115,747	(969)	1.79%	1152	0.47%
01/11/16	Treasury Note	912828G95	1.625	12/31/19	12/31/19	960,000	975,537	977,138	1,601	1.05%	1156	3.97%
09/26/16	Treasury Note	912828UF5	1.125	12/31/19	12/31/19	250,000	251,318	250,615	(703)	1.05%	1156	1.02%

Burbank-Glendale-Pasadena Airport Authority - PFC Account
Statement of Investments
As of 10/31/16

Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Eff Mat. Date	Par Value	Purchase Cost	Market Value	Unrealized Gain/Loss	YTM	Days to Eff. Mat.	% Mkt Value
12/14/15	Pepsico Inc	713448BN7	4.500	01/15/20	01/15/20	140,000	153,849	153,149	(700)	1.49%	1171	0.62%
09/02/16	PNC Funding Corp	693476BJ1	5.125	02/08/20	02/08/20	140,000	155,865	154,215	(1,650)	1.91%	1195	0.63%
04/25/16	Medtronic Inc	585055BG0	2.500	03/15/20	03/15/20	130,000	134,471	133,442	(1,029)	1.69%	1231	0.54%
05/18/15	United Technologies Corporation	913017BR9	4.500	04/15/20	04/15/20	125,000	139,686	137,046	(2,640)	1.62%	1262	0.56%
09/25/15	American Express Credit Corp	0258M0DT3	2.375	05/26/20	04/25/20	125,000	126,660	127,119	459	1.88%	1272	0.52%
10/25/16	FHLMC Reference Notes	3137EADR7	1.375	05/01/20	05/01/20	250,000	251,953	251,985	32	1.14%	1278	1.02%
03/08/16	Public Service Company of Colorado	744448CD1	3.200	11/15/20	05/15/20	115,000	120,648	121,777	1,129	1.68%	1292	0.50%
04/21/16	Travelers Cos Inc	89417EAG4	3.900	11/01/20	11/01/20	100,000	109,436	108,358	(1,078)	1.73%	1462	0.44%
Subtotal						\$ 24,235,232	\$ 24,791,027	\$ 24,597,807	\$ (193,220)	0.92%	588	100.00%
PFC Bank Balance							204,657					
TOTAL							\$ 24,995,684					

Burbank-Glendale-Pasadena Airport Authority - PFC Account
Statement of Purchases - Maturities - Sales
As of 10/31/16

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TOTAL PURCHASES	\$ 1,100,000.00	\$ 1,103,608.69	\$ (3,489.59)

		MATURITIES	
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[illegible]

TOTAL MATURITIES	\$ 375,000.00	\$ 377,871.09	\$ (2,871.09)
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SALES / REDEMPTIONS / DELIVERS

Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Sale Date	Par Value	Sale Price	Sale Amount	Purchase Cost	Gain / (Loss)
								\$ -		\$ -
								-		-
								-		-
								-		-
						\$ -		\$ -	\$ -	\$ -

Burbank-Glendale-Pasadena Airport Authority - PFC Account
Earnings Report
10/01/16-10/31/16

Type of Investment	Type	Coupon	Maturity Date	Previous Accrual	Realized Interest For Period	Interest Paid At Purc/Recv	Current Accrual	Interest Earned	Amrt/Accrt For Period	Adjusted Total Int. Earned
FIXED INCOME										
Treasury Note	NOTE	1.000	10/31/16	1,569.29	1,875.00	-	-	305.71	(158.33)	147.38
Procter & Gamble Co	NOTE	0.750	11/04/16	382.81	-	-	460.94	78.13	1.55	79.68
Comcast Corporation	NOTE	6.500	01/15/17	2,058.33	-	-	2,870.84	812.51	(679.55)	132.96
Pfizer Inc	NOTE	0.900	01/15/17	304.00	-	-	424.00	120.00	0.85	120.85
Treasury Note	NOTE	0.875	01/31/17	515.96	-	-	773.95	257.99	(90.63)	167.36
Ace InA Holdings Inc	NOTE	5.700	02/15/17	728.33	-	-	1,203.33	475.00	(400.58)	74.42
Walt Disney Company (The)	MTN	1.125	02/15/17	230.00	-	-	380.00	150.00	0.26	150.26
FHLMC	NOTE	1.000	03/08/17	482.36	-	-	1,111.52	629.16	209.60	838.76
FNMA	NOTE	1.125	04/27/17	1,443.75	1,687.50	-	37.50	281.25	(109.62)	171.63
State Street Corporation	NOTE	5.375	04/30/17	2,479.97	2,956.25	-	16.42	492.70	(387.96)	104.74
US Bancorp	NOTE	1.650	05/15/17	1,090.84	-	-	1,331.46	240.62	(76.55)	164.07
FHLB	NOTE	4.875	05/17/17	15,877.61	-	-	19,432.30	3,554.69	(2,848.54)	706.15
FHLB	NOTE	1.000	06/21/17	1,950.82	-	-	2,543.72	592.90	(170.62)	422.28
Treasury Note	NOTE	0.500	07/31/17	1,065.63	-	-	1,598.44	532.81	250.86	783.67
Duke Energy Florida LLC	NOTE	5.800	09/15/17	257.78	-	-	741.11	483.33	(401.33)	82.00
Home Depot Inc	NOTE	1.220	09/15/17	54.23	-	-	159.31	105.08	(24.24)	80.84
FNMA Bench	NOTE	1.000	09/27/17	77.78	-	-	661.11	583.33	(30.46)	552.87
Treasury Note	NOTE	0.750	10/31/17	2,950.27	3,525.00	-	19.47	594.20	219.16	813.36
Praxair Inc	NOTE	1.050	11/07/17	315.00	-	-	380.63	65.63	8.21	73.84
FHLB	NOTE	5.000	11/17/17	8,375.00	-	-	10,250.00	1,875.00	(1,448.40)	426.60
FHLMC Reference Notes	NOTE	5.125	11/17/17	15,261.11	-	-	18,677.77	3,416.66	(2,574.44)	842.22
Mellife Inc	NOTE	1.903	12/15/17	84.58	-	-	243.16	158.58	(17.33)	141.25
Bank Of New York Mellon Corp	NOTE	1.300	01/25/18	238.33	-	-	346.67	108.34	26.46	134.80
FNMA Benchmark Notes	NOTE	0.875	02/08/18	1,288.20	-	-	2,017.36	729.16	337.88	1,067.04
Exxon Mobil Corp	NOTE	1.305	03/06/18	90.63	-	-	199.38	108.75	(27.45)	81.30
Coca-Cola Company (The)	NOTE	1.150	04/01/18	1,006.25	1,006.25	-	167.71	167.71	(18.44)	149.27
General Electric Capital Corp	NOTE	1.556	04/02/18	727.47	630.55	-	239.82	142.90	(48.99)	93.91
Wells Fargo & Company	NOTE	1.512	04/23/18	457.51	594.75	-	66.14	203.38	(20.63)	182.75
FHLB	NOTE	1.125	04/25/18	2,705.63	3,121.88	-	104.07	520.32	(193.73)	326.59
Boeing Co	NOTE	0.950	05/15/18	337.36	-	-	411.78	74.42	18.09	92.51
Merck & Co Inc	NOTE	1.300	05/18/18	720.42	-	-	882.91	162.49	21.71	184.20
Treasury Note	NOTE	1.000	05/31/18	2,772.54	-	-	3,471.32	698.78	(37.08)	661.70
FHLMC	NOTE	4.875	06/13/18	10,968.75	-	-	14,015.63	3,046.88	(2,150.82)	896.06

Burbank-Glendale-Pasadena Airport Authority - PFC Account
Earnings Report
10/01/16-10/31/16

Type of Investment	Type	Coupon	Maturity Date	Previous Accrual	Realized Interest For Period	Interest Paid At Purc/Recv	Current Accrual	Interest Earned	Amrt/Accrt For Period	Adjusted Total Int. Earned
Southern California Gas Company	NOTE	1.550	06/15/18	570.49	-	-	731.94	161.45	(34.74)	126.71
Chevron Corp	NOTE	1.718	06/24/18	462.91	-	-	606.07	143.16	(43.14)	100.02
Nevada Power Company	NOTE	6.500	08/01/18	1,245.83	-	-	1,868.75	622.92	(444.46)	178.46
3M Company	NOTE	1.375	08/07/18	206.25	-	-	320.83	114.58	(44.74)	69.84
Berkshire Hathaway Finance Corp	NOTE	2.000	08/15/18	421.66	-	-	696.66	275.00	(83.16)	191.84
Treasury Note	NOTE	1.500	08/31/18	1,027.63	-	-	2,055.25	1,027.62	(323.14)	704.48
Microsoft Corporation	NOTE	1.300	11/03/18	534.44	-	-	642.78	108.34	(0.96)	107.38
Caterpillar Financial Services	NOTE	1.800	11/13/18	931.50	-	-	1,134.00	202.50	(76.40)	126.10
Treasury Note	NOTE	1.500	12/31/18	2,274.45	-	-	3,032.61	758.16	(133.63)	624.53
John Deere Capital Corp	NOTE	1.950	01/08/19	606.94	-	-	826.31	219.37	(99.65)	119.72
Commonwealth Edison Company	NOTE	2.150	01/15/19	521.97	-	-	728.01	206.04	(65.40)	140.64
Oracle Corporation	NOTE	1.460	01/15/19	341.27	402.53	-	86.19	147.45	(8.68)	138.77
Treasury Note	NOTE	1.250	01/31/19	1,895.38	-	-	2,843.07	947.69	(142.47)	805.22
BB&T Corp	NOTE	2.250	02/01/19	412.50	-	-	618.76	206.26	(48.56)	157.70
Simon Property Group LP	NOTE	2.200	02/01/19	355.67	-	-	533.50	177.83	(28.16)	149.67
IBM Corp	NOTE	1.950	02/12/19	291.96	-	-	470.71	178.75	(28.83)	149.92
Cisco Systems Inc	NOTE	4.950	02/15/19	790.63	-	-	1,306.25	515.62	(353.85)	161.77
Treasury Note	NOTE	0.750	02/15/19	-	-	794.84	794.84	-	-	-
Union Pacific Corporation	NOTE	2.250	02/15/19	330.65	-	-	546.25	215.60	(72.85)	142.75
Johnson & Johnson	NOTE	1.112	03/01/19	148.29	-	-	301.50	153.21	(4.02)	149.19
Unitedhealth Group Inc	NOTE	1.625	03/15/19	72.22	-	-	207.64	135.42	28.24	163.66
JP Morgan Chase & CO	NOTE	1.850	03/22/19	87.88	-	-	380.79	292.91	(75.96)	216.95
FHLMC	NOTE	3.750	03/27/19	166.67	-	-	1,416.67	1,250.00	(917.28)	332.72
Lowes Companies Inc	NOTE	1.150	04/15/19	565.74	614.93	-	56.22	105.41	3.32	108.73
Apple Inc	NOTE	1.088	05/06/19	228.40	-	-	354.83	126.43	10.36	136.79
Public Service Electric And Gas	NOTE	1.800	06/01/19	744.00	-	-	930.00	186.00	15.52	201.52
Target Corporation	NOTE	2.300	06/26/19	667.64	-	-	878.47	210.83	(65.69)	145.14
Treasury Note	NOTE	1.625	07/31/19	2,190.22	-	-	3,285.32	1,095.10	(507.43)	587.67
FNMA Bench	NOTE	1.750	09/12/19	914.37	-	-	2,358.13	1,443.76	(319.55)	1,124.21
Honeywell International Inc	NOTE	1.400	10/30/19	-	-	-	5.83	5.83	0.11	5.94
Treasury Note	NOTE	1.500	10/31/19	3,829.08	4,575.00	-	25.28	771.20	(241.14)	530.06
Treasury Note	NOTE	1.625	12/31/19	3,121.05	-	1,033.29	5,256.52	1,102.18	(296.34)	805.84
Treasury Note	NOTE	1.125	12/31/19	710.77	-	-	947.69	236.92	(34.32)	202.60
Arizona Public Service Company	NOTE	2.200	01/15/20	464.44	-	-	647.78	183.34	(6.24)	177.10

Burbank-Glendale-Pasadena Airport Authority - PFC Account
Earnings Report
10/01/16-10/31/16

Type of Investment	Type	Coupon	Maturity Date	Previous Accrual	Realized Interest For Period	Interest Paid At Purc/Recv	Current Accrual	Interest Earned	Amrt/Accrt For Period	Adjusted Total Int. Earned
Pepsico Inc	NOTE	4.500	01/15/20	1,330.00	-	-	1,855.00	525.00	(285.70)	239.30
National Rural Utilities Coop	NOTE	2.000	01/27/20	408.89	-	-	600.56	191.67	(43.16)	148.51
PNC Funding Corp	NOTE	5.125	02/08/20	1,056.32	-	-	1,654.24	597.92	(385.07)	212.85
Medtronic Inc	NOTE	2.500	03/15/20	144.45	-	-	415.28	270.83	(95.80)	175.03
United Technologies Corporation	NOTE	4.500	04/15/20	2,593.75	2,812.50	-	250.00	468.75	(247.94)	220.81
FHLMC Reference Notes	NOTE	1.375	05/01/20	-	-	1,661.46	1,718.75	57.29	(9.26)	48.03
American Express Credit Corp	NOTE	2.375	05/26/20	1,030.81	-	-	1,278.21	247.40	(36.44)	210.96
Travelers Cos Inc	NOTE	3.900	11/01/20	1,625.00	-	-	1,950.00	325.00	(175.74)	149.26
Public Service Company of Colorado	NOTE	3.200	11/15/20	1,390.21	-	-	1,696.89	306.68	(113.14)	193.54
Subtotal				\$ 115,580.87	\$ 23,802.14	\$ 3,489.59	\$ 133,554.15	\$ 38,285.83	\$ (16,656.58)	\$ 21,629.25
CASH EQUIVALENTS										
Blackrock Liquidity Funds				-	92.43	-	-	92.43	-	92.43
Subtotal				\$ -	\$ 92.43	\$ -	\$ -	\$ 92.43	\$ -	\$ 92.43
TOTAL				\$ 115,580.87	\$ 23,894.57	\$ 3,489.59	\$ 133,554.15	\$ 38,378.26	\$ (16,656.58)	\$ 21,721.68

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS MONTH AND FOUR MONTHS ENDED OCTOBER 31, 2016 AND 2015

Monthly Performance					October 2016	Fiscal YTD Performance (July 2016 - October 2016)				
Actual \$ Oct 2016	Budget Oct 2016	Actual \$ Prior Year Oct 2015	Note	Variance Actual Vs. Budget		Actual \$ Fiscal YTD	Fiscal YTD Budget	Actual \$ Prior Year Fiscal YTD	Note	Variance Actual Vs. Budget
OPERATING ACTIVITY										
CASH RECEIPTS FROM OPERATIONS										
\$328,320	\$287,500	\$284,159	(2)	\$40,820	Landing/Fuel Fees	\$1,323,061	\$1,150,000	\$1,157,109	(2)	\$173,061
1,890,159	1,855,000	1,774,288	(3)	35,159	Parking Fees	6,963,629	6,902,000	6,655,525	(3)	61,629
937,812	920,353	695,351	(4)	17,459	Rental Receipts - Terminal Building	3,821,537	3,681,416	3,796,549	(4)	140,121
891,028	887,980	621,998	(5)	3,048	Rental Receipts - Other Buildings	3,579,435	3,551,920	4,129,822	(5)	27,515
135,536	78,750	104,074	(6)	56,786	Other Receipts	527,301	315,000	293,020	(6)	212,301
230,166	175,000	133,674	(7)	55,166	Investment Receipts - Treasurer/Other Interest Earned	967,813	700,000	471,155	(7)	267,813
<u>\$4,413,021</u>	<u>\$4,204,583</u>	<u>\$3,613,544</u>	<u>(1)</u>	<u>\$208,438</u>		<u>\$17,182,776</u>	<u>\$16,300,336</u>	<u>\$16,503,180</u>	<u>(1)</u>	<u>\$882,440</u>
CASH DISBURSEMENTS FROM OPERATIONS										
(\$80,061)	(\$84,021)	(\$56,455)	(9)	\$3,960	Administrative Supplies & Costs	(\$347,948)	(\$369,084)	(\$248,858)	(9)	\$21,136
(229,194)	(326,127)	(262,614)	(10)	96,933	Operating Supplies & Maintenance	(1,137,573)	(1,304,508)	(1,127,009)	(10)	166,935
(1,935,896)	(2,121,032)	(653,063)	(11)	185,136	Contractual Operating Costs	(7,148,164)	(7,650,158)	(7,470,373)	(11)	501,994
(331,016)	(385,908)	(235,958)	(12)	54,892	Contractual Professional Services	(2,324,994)	(2,433,632)	(2,401,584)	(12)	108,638
(350,600)	(356,374)	(347,148)	(13)	5,774	Wages & Benefits	(1,616,794)	(1,622,279)	(1,675,858)	(13)	5,485
(12,623)	(40,440)	(62,278)	(14)	27,817	Other Operating Costs	(79,197)	(161,760)	(162,278)	(14)	82,563
(380,329)	(380,329)	(358,454)		0	Bond Debt Service - 2015 Bonds	(1,521,316)	(1,521,316)	(1,433,816)		0
(543,031)	(550,000)	(521,512)	(15)	6,969	Parking Tax	(1,087,579)	(1,095,000)	(1,059,953)	(15)	7,421
<u>(\$3,862,750)</u>	<u>(\$4,244,231)</u>	<u>(\$2,497,482)</u>	<u>(8)</u>	<u>\$381,481</u>		<u>(\$15,263,565)</u>	<u>(\$16,157,737)</u>	<u>(\$15,579,729)</u>	<u>(8)</u>	<u>\$894,172</u>
INCREASE (DECREASE) IN CASH FROM OPERATIONS										
<u>\$550,271</u>	<u>(\$39,648)</u>	<u>\$1,116,062</u>		<u>\$589,919</u>		<u>\$1,919,211</u>	<u>\$142,599</u>	<u>\$923,451</u>		<u>\$1,776,612</u>
FACILITY IMPROVEMENT / NOISE MITIGATION TRANSACTIONS										
CASH DISBURSEMENTS										
(\$38)	\$0	(\$3,009)	(16)	(\$38)	Sound Insulation Program Costs	(\$1,408)	(\$10,000)	(\$379,264)	(16)	\$8,592
(514,582)	(693,500)	(349,558)	(17)	178,918	Other Facility Improvement Program Project Costs	(4,109,261)	(2,126,500)	(3,473,688)	(17)	(1,982,761)
0	0	0		0	Regional Intermodal Transportation Center	0	0	(30,590)		0
<u>(\$514,620)</u>	<u>(\$693,500)</u>	<u>(\$352,567)</u>		<u>\$178,880</u>		<u>(\$4,110,669)</u>	<u>(\$2,136,500)</u>	<u>(\$3,883,542)</u>		<u>(\$1,974,169)</u>
CASH RECEIPTS FROM FUNDING SOURCES										
\$0	\$0	\$0	(16)	\$0	FAA Grants - Sound Insulation Program	\$0	\$0	\$303,958	(16)	\$0
0	0	275,335	(18)	0	FAA Grants - Facility Improvement Program	395,820	43,000	275,335	(18)	352,820
0	0	18,462	(19)	0	Other Grants	7,057	0	47,762	(19)	7,057
0	3,400	191,264	(20)	(3,400)	Passenger Facility Charge Receipts/Reserves	107,964	55,350	6,061,189	(20)	52,614
250,346	185,000	149,096	(21)	65,346	Facility Development Fund (Authority Reserves)	2,121,457	2,075,700	1,188,134	(21)	45,757
<u>\$250,346</u>	<u>\$188,400</u>	<u>\$634,157</u>		<u>\$61,946</u>		<u>\$2,632,298</u>	<u>\$2,174,050</u>	<u>\$7,876,378</u>		<u>\$458,248</u>
INCREASE (DECREASE) - FACILITY / NOISE MITIGATION TRANSACTIONS										
<u>(\$264,274)</u>	<u>(\$505,100)</u>	<u>\$281,590</u>		<u>\$240,826</u>		<u>(\$1,478,371)</u>	<u>\$37,550</u>	<u>\$3,992,836</u>		<u>(\$1,515,921)</u>
NET ACTIVITY VS. BUDGET										
<u>\$285,997</u>	<u>(\$544,748)</u>	<u>\$1,397,652</u>		<u>\$830,745</u>		<u>\$440,840</u>	<u>\$180,149</u>	<u>\$4,916,287</u>		<u>\$260,691</u>
<u>(\$250,346)</u>	<u>(\$185,000)</u>	<u>(\$149,096)</u>		<u>(\$65,346)</u>	LESS USE OF AUTHORITY RESERVES	<u>(\$2,121,457)</u>	<u>(\$2,075,700)</u>	<u>(\$1,188,134)</u>		<u>(\$45,757)</u>
NET INCREASE (DECREASE) IN CASH - TOTAL										
<u>\$35,651</u>	<u>(\$729,748)</u>	<u>\$1,248,556</u>		<u>\$765,399</u>	(see note below)	<u>(\$1,680,617)</u>	<u>(\$1,895,551)</u>	<u>\$3,728,153</u>		<u>\$214,934</u>

Notes: The FY 2017 adopted budget approved use of \$7,680,000 of Authority Reserves to provide funding for the airport share of capital projects. See additional discussion at note 21.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

NOTES TO SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS MONTH AND FOUR MONTHS ENDED OCTOBER 31, 2016 AND 2015

General Comments

The Schedule of Cash Receipts and Disbursements ("Schedule") represents the cash basis activity for the month and fiscal year-to-date compared to the allocation of the annual adopted budget.

The Schedule consists of two sections: Operating Activity and Facility Improvement/Noise Mitigation Transactions. Receipts are shown as positive amounts and disbursements as negative amounts. Favorable budget variances are shown as positive amounts and unfavorable variances as negative amounts. Because this Schedule is on a cash basis, cash timing differences may contribute to budget variances.

The Operating Activity receipts include charges for services (parking, landing fees and concessions), tenant rents, fuel flowage fees, other revenues and investment receipts. The Operating Activity disbursements include costs of services, materials, contracts, personnel and debt service.

Facility Improvement / Noise Mitigation Transactions represent the activity for the Authority's capital program, which consists of (a) the Sound Insulation Program, (b) Other Facility Improvement Program Projects, and (c) the Regional Intermodal Transportation Center ("RITC"). The RITC project was completed in FY 2015.

The FY 2017 Capital Program expenditures are primarily funded by the following sources:

- FAA-approved Passenger Facility Charge ("PFC") program receipts/reserves;
- Grants;
- Facility Development Funds (Authority Reserves).

The notes below provide additional information regarding the performance results detailed in the "Schedule of Cash Receipts and Disbursements."

A Supplemental Schedule of Cash Receipts and Disbursements reflecting the activities related to the Series 2012 Bond debt service and repayment to the Authority of the loans provided to the Rent-A-Car Companies ("RACs") for the Regional Intermodal Transportation Center / Consolidated Rental Car Facility is also presented.

NOTE (1) - Cash Receipts from Operations

Cash receipts from operations are ahead of budget fiscal year-to-date ("FYTD") October due to better than expected performance primarily in parking, concessions and filming revenues. On the accrual basis, all categories of operating revenues are favorably ahead of budget in FYTD October by \$806,517. See notes 2 through 7 for additional information regarding operating receipts.

NOTE (2) - Landing/Fuel Fees

Landing fees are based on landed weight of the aircraft. Fuel fees are charged at a rate of \$0.05 a gallon to non-signatory air carriers for fuel loaded at BUR. Landing fees and fuel fees performed ahead of the budget forecast FYTD October. Accrual basis revenues for this line item are ahead of budget in FYTD October by \$152,431.

NOTE (3) - Parking Fees

Parking fee revenues performed ahead of the budget forecast. Accrual basis parking fees are \$14,455 under budget FYTD October.

NOTE (4) - Rental Receipts - Terminal Building

Terminal Building rental receipts exceed the budget FYTD October partially due to the timing of receipts and additional concession revenues received above the minimum annual guarantee. Accrual basis terminal building rents are \$348,249 ahead of budget FYTD October.

(Continued)

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

NOTES TO SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS MONTH AND FOUR MONTHS ENDED OCTOBER 31, 2016 AND 2015

NOTE (5) – Rental Receipts - Other Buildings

Other Buildings rental receipts exceed the budget FYTD October partially due to the timing of receipts. Accrual basis other building receipts are \$81,309 ahead of budget FYTD October.

NOTE (6) – Other Receipts

This category consists primarily of off-airport access fees and film location revenues. This line item favorably exceeds the budget FYTD October primarily due to strong film location revenues. Accrual basis other revenues are \$143,603 ahead of budget FYTD October.

NOTE (7) – Investment Receipts - Treasurer

This line item represents cash received from the investment of funds. These receipts fluctuate in response to interest rate and portfolio balance changes and the timing of coupon payments and individual investment maturities and sales. Accrual basis investment income, including the interest earned on loans to Rent-A-Car Companies, exceeds the budget FYTD October by \$95,380.

NOTE (8) – Cash Disbursements from Operations

Overall operating disbursements are favorably under budget FYTD October. On an accrual basis operating disbursements are favorably within budget parameters. See additional information on operating disbursements in notes 9 through 15.

NOTE (9) – Administrative Supplies & Costs

This line item includes office supplies, printing, postage and delivery, office equipment service and lease, recruiting, membership, uniform, Commission meeting, conference and training costs.

NOTE (10) – Operating Supplies & Maintenance

This line item includes utilities, fuel, general repairs and maintenance, landscaping, supplies and telephone costs.

NOTE (11) – Contractual Operating Costs

This line item includes various contractual operating costs such as ARFF services, janitorial services, systems and vehicle repair, parking operations and the TBI Airport Management contract costs.

NOTE (12) – Contractual Professional Services

This line item includes various professional services such as legal, auditing, noise, financial and insurance.

NOTE (13) – Wages and Benefits

Wages and Benefits consist of payroll and fringe benefit costs for the Airport Police officers, and include the impact of the terms of the new Memorandum of Understanding effective February 2014. Wages and benefits include overtime for film location services which are recovered through the related revenue.

NOTE (14) – Other Operating Costs

This line item includes public relations/advertising, air service retention, license and permits and bad debt expense.

(Continued)

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

NOTES TO SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS MONTH AND FOUR MONTHS ENDED OCTOBER 31, 2016 AND 2015

NOTE (15) – Parking Tax

The 12% City of Burbank parking tax is paid quarterly for the prior three-month period. The amount paid in October 2016 of \$543,031 reflects the parking activity for the months of July, August and September 2016.

NOTE (16) – Sound Insulation Program

The Sound Insulation program is funded primarily through FAA Airport Improvement Program ("AIP") grants and and Passenger Facility Charge ("PFC") fees. A Part 150 Study is under final FAA review and upon conclusion may result in eligible multi-family and an additional number of single family residences being added to the sound insulation program in the future.

NOTE (17) – Other Facility Improvement Program Projects

Several projects account for most of the Other Facility Improvement Program Projects expenditures: Taxiway B Reconstruction FY 2016 expenditures, Replacement Terminal Project and Emergency Back-Up Generator Project. The budget variance of \$1,982,761 is due to the timing of projects and payment for FY 2016 accrued costs.

NOTE (18) – FAA Grants – Other Facility Improvement Program Projects

FAA Grants – Other Facility Improvement Program Projects are budgeted to fund several projects: Runway 8/26 EMAS Project, Runway 8/26 Rehabilitation Project and the Acquisition of Hollyona Property.

NOTE (19) – Other Grants

Other grants represent federal grants, other than FAA AIP grants, and local grants that fund or partially fund the Ground Access Study.

NOTE (20) – Passenger Facility Charge Receipts/Reserves

A number of capital projects are budgeted to be funded or partially funded by Passenger Facility Charges.

NOTE (21) – Facility Development Fund (Authority Reserves)

The FY 2017 adopted budget programmed the use of Authority Reserves as a funding source for the airport share of capital projects.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
SUPPLEMENT SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
REGIONAL INTERMODAL TRANSPORTATION CENTER / CONSOLIDATED RENTAL CAR FACILITY PAYMENTS AND COLLECTIONS
MONTH AND FOUR MONTHS ENDED OCTOBER 31, 2016 AND 2015

Monthly Performance					October 2016	Fiscal YTD Performance (July 2016 - October 2016)				
Actual \$ Oct 2016	Budget Oct 2016	Actual \$ Prior Year Oct 2015	Note	Variance Actual Vs. Budget		Actual \$ Fiscal YTD	Fiscal YTD Budget	Actual \$ Prior Year Fiscal YTD	Note	Variance Actual Vs. Budget
\$475,159	\$420,000	\$421,884	(1)	\$55,159	Customer Facility Charge Receipts	\$1,875,194	\$1,680,000	\$1,907,766	(1)	\$195,194
90,824	93,005	72,099	(2)	(2,181)	Facility Rent	390,383	372,020	352,272	(2)	18,363
(486,130)	(486,130)	(486,380)		0	Payments to Bond Trustee for 2012 Bond Debt Service	(1,944,520)	(1,944,520)	(1,945,520)		0
(26,244)	(26,875)	(18,038)	(3)	631	Loan Principal Repayments to the Authority	(112,805)	(107,500)	(88,131)	(3)	(5,305)
<u>\$53,609</u>	<u>\$0</u>	<u>(\$10,435)</u>	(4)	<u>\$53,609</u>		<u>\$208,252</u>	<u>\$0</u>	<u>\$226,387</u>	(4)	<u>\$208,252</u>

General Comments

The debt service on the 2012 Revenue Bonds and the repayment to the Authority of the loans to the Rent-A-Car Companies ("RACs") is payable from Customer Facility Charges ("CFCs") and Facility Rents. Under the terms of the Bond Indenture, as amended, all CFCs collected subsequent to July 1, 2014 are remitted to the Bond Trustee for the 2012 Bond debt service.

On July 1, 2014, the terms and conditions of the Non-Exclusive Concession and Lease Agreement with the respective Rent-A-Car Companies became effective, including the collection of Facility Rent.

Note (1) – Customer Facility Charge ("CFC") Receipts

CFCs of \$6 per day per transaction, up to a maximum of five days, are collected and applied to the 2012 Bond debt service. CFCs received fiscal year-to-date ("FYTD") October exceeded the budget due to better than expected car rental activity.

Note (2) – Facility Rent

Facility Rent exceeds the budget FYTD October due to the timing of receipts.

Note (3) – Loan Principal Repayments to the Authority

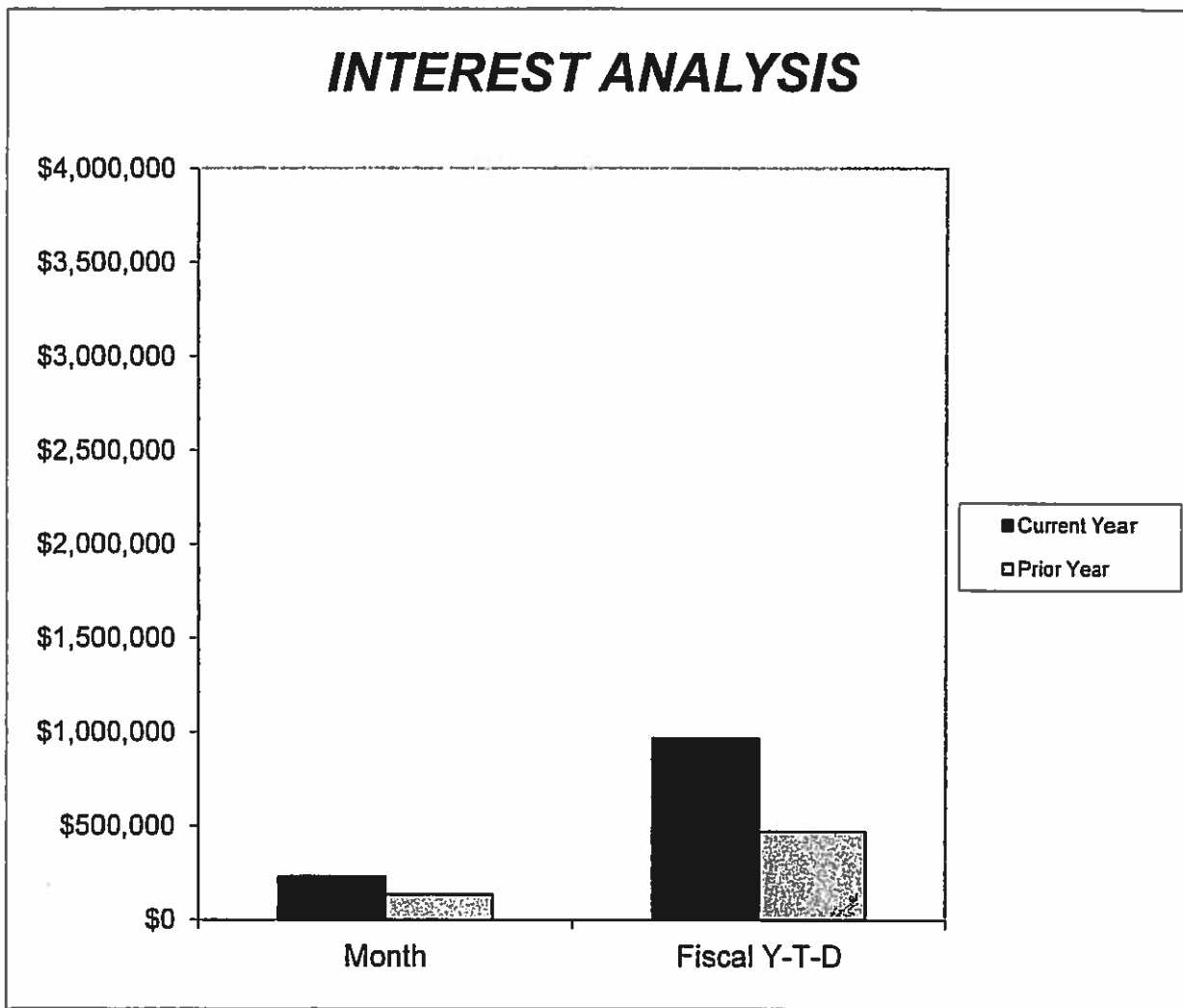
Repayments of the loan principal to the Authority from the Rent-A-Car Companies exceed the budget FYTD October (\$5,305) due to timing of receipts. The principal portion of the payment will be deposited as reimbursement to the Authority's Facility Development Fund. The interest portion of the loan repayment is recorded as investment income.

Note (4) – Net RITC / ConRAC Facility Payments and Collections

A positive amount in this line indicates that cash has been received above the required payment obligations. At fiscal year-end, upon conclusion of the required reconciliation, any excess surplus accumulated will be evaluated and applied toward the allowed uses under the terms and conditions of the Non-Exclusive Concession and Lease Agreement with the Rent-A-Car Companies.

In the event of a shortfall of receipts to meet the required payment obligations (i.e., CFC collections perform under budget projections), the Authority holds the right to adjust the Facility Rent paid by the rental car companies on a 30-day notice.

Burbank-Glendale-Pasadena Airport Authority



	October 2016	October 2015
Interest Receipts - - Month	\$230,166	\$133,674
Interest Receipts - - Fiscal Y-T-D	\$967,813	\$471,155
Month End Portfolio Balance	\$214,632,370	\$148,707,686
Yield to Maturity	0.90%	0.79%

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FINANCE AND ADMINISTRATION COMMITTEE
DECEMBER 12, 2016**

**AVIATION RAMP GROUND LEASE
YUCAIPA COMPANIES, LLC**

SUMMARY

Staff seeks a Finance and Administration Committee ("Committee") recommendation to the Commission for approval of an Aviation Ramp Ground Lease ("Lease") for the western half of the ramp space located north of Hangar 2 to Yucaipa Companies, LLC ("Yucaipa") for the purposes of parking their B757 aircraft. Yucaipa is a tenant of the Airport and currently has a month-to-month lease for the same 49,223 square feet of ramp space that is being proposed for a three-year Lease.

BACKGROUND

Yucaipa is a private equity firm based in the Los Angeles area and has had a presence at the Hollywood Burbank Airport since 1998. Prior to entering into the current month-to-month lease, Yucaipa was a subtenant for a similar portion of the Hangar 2 ramp from the then resident tenant in Hangar 2. When that tenant relocated to facilities provided by Atlantic Aviation, Yucaipa entered into the current month-to-month lease for the ramp to continue the parking of their aircraft with Burbank-Glendale-Pasadena Airport Authority ("Authority"). Yucaipa, a tenant in good standing, now seeks to enter into a longer term lease for the same area with the Authority.

The use of the ramp space will remain dedicated for the parking of the Boeing 757 aircraft owned by Yucaipa.

DETAILS

Key components of the Lease are as follows:

<u>Premises:</u>	Hangar 2 – 49,223 sq. ft. of ramp space
<u>Use:</u>	Aircraft parking
<u>Term:</u>	Three year term effective January 1, 2017
<u>Options:</u>	One three year extension option
<u>Rent:</u>	\$60,544 for the first year (1/1/17 – 12/31/17) \$64,974 for the second year (1/1/18 – 12/31/18)
<u>Adjustments</u>	Beginning in the third year of the lease, rent will be increased by either 3% or 120% of CPI, whichever is greater
<u>Termination:</u>	6 months' prior written notice

IMPACT ON REVENUE

Yucaipa currently pays \$57,212 annually. The proposed Lease will increase the annual rent to \$60,544 in the first year, rising to \$64,974 in the second year with either the greater of 3% or 120% of CPI in the third year of the lease.

STAFF RECOMMENDATION

Staff seeks the Committee's recommendation to the Commission for approval of the Aviation Ramp Ground Lease between the Authority and Yucaipa Companies, LLC and authorization for the Authority President to execute the same.

**BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FINANCE AND ADMINISTRATION COMMITTEE
DECEMBER 12, 2016
COMMITTEE PENDING ITEMS**

Current

1. Award of Aviation Ramp Ground Lease;
Yucaipa Companies, LLC

Future

1. Award of Aviation Ramp Ground Lease;
United Parcel Service, Inc.
2. Ground Lease Renewal; Hertz Equipment
Rental Corporation
3. Hangar Lease Renewal; GTC Management
Services Inc.
4. Market Conditions Analysis –
Hangar Facilities
5. New Branding Food & Beverage Concession

12-12-16 Finance Cmte Mtg
Item 5.a.
Aviation Ramp Ground Lease for
Yucaipa Companies, LLC

AVIATION RAMP GROUND LEASE

BETWEEN

**BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY**

AND

THE YUCAIPA COMPANIES, LLC,
a Delaware limited liability company

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AVIATION RAMP GROUND LEASE

THIS AVIATION RAMP GROUND LEASE (this "Lease") is made and entered into as of _____, 2016, by and between the BURBANK-GLENDALE PASADENA AIRPORT AUTHORITY, a public entity formed under a joint exercise of powers agreement among the Cities of Burbank, Glendale, and Pasadena, California, pursuant to the California Joint Exercise of Powers Act ("Landlord"), and THE YUCAIPA COMPANIES, LLC, a Delaware limited liability company ("Tenant"), with reference to the following facts:

A. Landlord is the owner and operator of the Burbank-Glendale-Pasadena Airport, a public land airport located in Burbank, California ("Airport").

B. Tenant desires to lease a portion of a ramp at the Airport (as described in Section 1.1 below, the "Leased Premises") from Landlord for aircraft parking.

THEREFORE, in consideration of the covenants and agreements contained herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. LEASE.

1.1 Leased Premises. Landlord hereby leases to Tenant, and Tenant hereby leases and hires from Landlord, the area described and/or depicted on Exhibit A attached hereto (the "Leased Premises"), together with the right, in common with others, to use certain of the "Common Use Facilities" of the Airport as set forth in Section 15, upon the terms and subject to the conditions set forth in this Lease.

1.2 "AS-IS". Tenant accepts the Leased Premises as of the Commencement Date (as hereinafter defined) in the condition existing as of the Commencement Date and agrees that the Leased Premises are otherwise in a good and tenantable condition and acknowledges that, except as specifically provided herein, Landlord is not otherwise obligated to make any repairs or alterations to the Leased Premises.

1.3 Title; Reservations to Landlord. Tenant accepts the Leased Premises subject to any and all existing easements, servitudes and encumbrances, whether recorded or unrecorded. Landlord reserves the right, without obligation, to install, lay, construct, maintain, repair and replace utilities and appurtenances necessary or convenient in connection therewith in, over, upon, through, across, under and along the Leased Premises and any New Improvements (as defined in Section 6.1.1) or any part thereof, and to enter the Leased Premises or any New Improvements for any and all such purposes. Landlord also reserves the right to grant franchises, licenses, easements, rights of way and permits in, over, upon, through, across, under and along any and all portions of the Leased Premises. No right reserved by Landlord in this Section shall be so exercised as to interfere unreasonably with Tenant's use of the Leased Premises or Tenant's business operations in the Leased Premises or the construction of the New Improvements as provided in this Lease or Tenant's reasonable access to the Common Use Facilities.

1.4 Landlord's Right of Access. Landlord shall have free access to the Leased Premises during all reasonable hours, or at any time in the event of an emergency, for the purposes of examining the same to ascertain if they are in good repair, inspecting any work in progress within or upon the Leased Premises, New Improvements or elsewhere on the Airport, making repairs which Landlord may be permitted to make hereunder, and, during the last twelve (12) months of the term of this Lease or at any time following either Landlord or Tenant giving a notice of termination under this Lease, exhibiting the same to prospective purchasers or tenants. Such entry shall be made in a manner that will not unreasonably interfere with Tenant's use of the Leased Premises, except in case of emergency. In the event that Tenant is not personally present to open and permit such entry, Landlord may enter by means of master keys or may enter forcibly and shall incur no liability to Tenant as a result of such entry, except for any gross negligence or willful misconduct on the part of Landlord or any of its employees, agents, representatives or contractors. In non-emergency situations, Landlord shall exercise such right of access with reasonable notice and frequency and shall exercise commercially reasonable efforts to be accompanied by Tenant's representative.

2. TERM.

2.1 Initial Term; Commencement Date; Annual Period. The term of this Lease shall commence at 12:01 a.m. on January 1, 2017 ("Commencement Date") and continue until 11:59 p.m. December 31, 2019 ("Expiration Date"), unless the term is extended pursuant to Section 2.2 or is earlier terminated by Landlord pursuant to Section 2.3 or otherwise under the terms of this Lease, or Tenant terminates this Lease pursuant to the terms of this Lease, in which case the last day of the extended or earlier terminated term shall be the "Expiration Date". Each twelve (12) full calendar month period, commencing on the Commencement Date, during the term of this Lease, including the extended term described in Section 2.2, if applicable, shall be referred to in this Lease as an "Annual Period."

2.2 Extension Option. Provided that the Lease is not sooner terminated and there is no uncured or non-waived Event of Default by Tenant then existing, Tenant shall have the option ("Extension Option") to extend the initial term of this Lease for a single period of thirty-six (36) months, commencing on the day following the initial Expiration Date. If Tenant exercises the Extension Option, the Lease term shall be deemed to include the Extension Term. Tenant shall notify Landlord in writing of Tenant's exercise of the Extension Option no later than one hundred eighty (180) days prior to the initial Expiration Date ("Tenant's Option Exercise Notice"). Tenant's failure to give Tenant's Option Exercise Notice on or before the date required hereinabove shall render the Extension Option void. The Annual Base Rent payable during the Extension Term shall be determined as provided in Section 3.1, including applicable adjustments.

2.3 Early Termination.

2.3.1 Landlord Right to Terminate Lease. Tenant acknowledges that Landlord is presently conducting and in the future will conduct feasibility, economic, land use and other studies of the Airport and its physical configuration for the purpose of relocating or rebuilding terminal facilities, fixed base operator facilities, cargo facilities, fueling facilities, retail, commercial, industrial and manufacturing facilities, parking areas, service areas, runways,

taxiways, apron areas, access roads, control tower, safety and open areas, safety and navigation equipment and other Airport and non-Airport facilities, some or all of which may be required by the Federal Aviation Administration ("FAA"), by considerations of safety or efficiency of operation at the Airport, or by economic conditions, opportunities or circumstances, and that it is not possible to determine whether or to what extent the Leased Premises or New Improvements will be included within or affected by any such studies, reconfiguration of the Airport or rebuilding or relocation of Airport facilities. In the event that Landlord, in its sole and absolute discretion, determines that all or a portion of the Leased Premises is needed for alternative purposes, uses or opportunities, or that any reconfiguration of the Airport, reconstruction, rebuilding or reconstruction of Airport facilities, or construction of new Improvements or facilities, will prevent or interfere with Tenant's authorized use of the Leased Premises, and without any requirement that Landlord consider the potential or actual adverse economic impacts upon Tenant or that Landlord meet any standard of reasonableness, need, good faith or fair dealing, all of which Tenant acknowledges shall not be required to be considered by Landlord, Landlord shall have the right to terminate this Lease as to all of the Leased Premises by delivering to Tenant not less than six (6) months' prior written notice of such termination pursuant to this Section.

2.3.2 Tenant Acknowledgments. The provisions of this Section 2.3 are contractual and arise from Landlord's unwillingness to enter into a Lease of the Leased Premises without the rights of termination provided herein. Tenant acknowledges that under these circumstances, including those in the preceding sentence, such provisions are reasonable and Tenant is willing to accept Landlord's termination rights in consideration of the payment and other provisions in this Section 2.3. The exercise by Landlord of a termination right shall not be construed as a taking by Landlord of any part of the Leased Premises or any New Improvements or of Tenant's rights or leasehold estate under this Lease, and Tenant shall not be entitled to payment for any loss of goodwill, income or other amount measured by Tenant's loss upon termination or reduction of its business following termination of this Lease as to the Leased Premises or any New Improvements.

2.3.3 Tenant's Right to Terminate. Tenant shall have the right to terminate the Lease at any time upon at least six (6) calendar months' prior written notice to Landlord provided Tenant is not in default (after applicable notice, if any, and the expiration of any applicable cure period under this Lease).

3. RENT.

3.1 Annual Base Rent.

3.1.1 Obligation to Pay. During the initial term and Extension Term, Tenant shall pay to Landlord, without setoff or deduction, rent for each Annual Period at the rates and in the amounts described in this Section 3, which rent shall be payable at the times and in the manner set forth in Section 3.1.2 and shall be subject to the adjustments set forth in Sections 3.1.3 ("Annual Base Rent").

3.1.2 Payment of Annual Base Rent. The Annual Base Rent under this Lease shall be:

1/1/17 – 12/31/17: \$60,544.29
1/1/18 – 12/31/18: \$64,974.36;
1/1/19 and thereafter: previous Annual Rent adjusted annually as
set forth in Section 3.1.3.

Annual Base Rent shall be payable in twelve (12) equal monthly installments, each of which shall be due and payable in advance on the first (1st) day of each calendar month, commencing on the Commencement Date and continuing on the first (1st) day of each calendar month thereafter during the term of this Lease, including the Extension Terms described in Section 2.2, if applicable. Each installment of Annual Base Rent shall be paid, without demand therefore, as and when it becomes due and payable, without abatement, reduction or offset, in lawful money of the United States of America. The Annual Base Rent for any partial Annual Period shall be prorated on the basis of a three hundred sixty five (365) day annual period and the installment of Annual Base Rent for any partial calendar month shall be prorated on the basis of the number of days in that calendar month.

3.1.3 Base Rent Adjustments.

3.1.3.1 Definitions

(i) The term “Adjustment Date” shall mean the first day of the Annual Period commencing in 2019 and in each Annual Period thereafter (or each twelve (12) calendar month period during any holdover tenancy permitted by Landlord after the Expiration Date).

(ii) The term “Adjustment Index” shall mean the Consumer Price Index for the month of November of the calendar year containing the applicable Adjustment Date.

(iii) The term “CPI Increase” shall mean the percentage increase in the Consumer Price Index.

(iv) The term “Consumer Price Index” shall mean the Consumer Price Index for All Urban Consumers for the Los Angeles - Anaheim - Riverside statistical area (CPI-U) (1982-84 = 100) (the “Index”) published by the United States Department of Labor, Bureau of Labor Statistics.

(v) The term “Prior Index” shall mean on each Adjustment Date, the Consumer Price Index used as the Adjustment Index on the prior Adjustment Date (or in the case of the first adjustment, the Consumer Price Index for the month of November of the prior calendar year).

3.1.3.2 Adjustments.

(i) Regular Annual Adjustments. Commencing on January 1, 2019 and thereafter on each Adjustment Date, the Annual Base Rent applicable to the Leased Premises shall be increased (but not decreased) by the greater of (i) three percent (3%),

or (ii) one hundred and twenty percent (120%) of the CPI Increase; however, in no event shall the increase exceed six percent (6%) of the then-existing Annual Base Rent.

3.1.3.3 Calculation. To determine the CPI Increase, the applicable Adjustment Index shall be compared with the applicable Prior Index. If the Adjustment Index has increased over the Prior Index, the CPI Increase, expressed as a percentage (carried to the third decimal place and rounded up if the third decimal place is .005 or greater and rounded down if the third decimal place is less than .005), shall be determined by dividing the Adjustment Index by the Prior Index and multiplying the quotient by one hundred (100). In the event the Consumer Price Index is changed so that the base year differs from that used for the Prior Index, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. In the event the Index is discontinued or revised during the term of this Lease, such other governmental index or computation with which it is replaced shall be used.

3.2 Taxes.

3.2.1 Possessory Interest and Other Taxes. Provided that if Tenant shall not have received a bill directly from the taxing authority, and Landlord has received such a bill, that Landlord shall have delivered the applicable bill to Tenant, and provided further that, subject to the second sentence of Section 3.2.3 below, Tenant shall not be contesting the applicable Tax in good faith as shown by reasonable evidence delivered to Landlord, then Tenant shall pay, as additional rent under this Lease, all "Taxes" imposed by any authority having the direct or indirect power to tax and which are applicable to the Leased Premises during the term of this Lease, whether levied or assessed upon Landlord or Tenant. As used herein, the term "Taxes" shall include any form of possessory interest tax, assessment (including public facilities maintenance district levy or assessment or any public transit or other benefit assessment district levy or assessment), license fee, commercial rental tax, any tax or excise on rents, levy, penalty or tax imposed by any authority having the direct or indirect power to tax, including any federal, state, county or city government, or any school, agricultural, lighting, drainage, or other improvement district thereof, as against any legal or equitable interest of Landlord or Tenant in the Leased Premises or in the real property of which the Leased Premises are a part, as against Landlord's right to rent or other income therefrom, or as against Landlord's business of leasing the Leased Premises; provided, however, that "Taxes" shall not include (i) any mortgage or documentary transfer tax relating to any financing or sale of the Airport; (ii) any tax upon or against Landlord's income or profits; (iii) any franchise, capital stock, excise, social security, unemployment, sales, use or withholding assessments levied against Landlord; (iv) any assessments (or other governmental fees or charges) levied by Landlord against any tenants, the Airport or any portion thereof (whether attributable to special assessment districts or otherwise) to finance any development, maintenance or improvement of facilities at the Airport. Tenant recognizes and understands that this Lease might be held to create a possessory interest subject to property taxation and that Tenant might be subject to the payment of property taxes levied on such interest. Tenant shall pay all Taxes prior to delinquency. Tenant shall furnish to Landlord evidence of payment of Taxes within fifteen (15) days after Landlord's written request therefor from time to time. In the event that Landlord receives any bill or invoice for Taxes that are payable by Tenant under this Section 3, Landlord shall promptly forward the bill or invoice to Tenant. If Tenant contests any Taxes, Tenant shall defend, indemnify and hold Landlord

harmless from and against any and all claims, losses, damages, liabilities, costs and expenses incurred or suffered by Landlord as a direct or indirect result of such contest or any failure to timely pay Taxes.

3.2.2 Personal Property Taxes. Provided that if Tenant shall not have received a bill directly from the taxing authority, and Landlord has received such a bill, that Landlord shall have delivered the applicable bill to Tenant, and provided further that, subject to the second sentence of Section 3.2.3 below, Tenant shall not be contesting the applicable tax or assessment in good faith as shown by reasonable evidence delivered to Landlord, then Tenant shall pay prior to delinquency any and all taxes and assessments on the furniture, fixtures, equipment, aircraft and other personal property of Tenant located on the Leased Premises, whether separately assessed and taxed to Tenant or assessed and taxed to Landlord as part of the real property comprising the Leased Premises and/or the Airport. If Tenant contests any such tax or assessment, Tenant shall defend, indemnify and hold Landlord harmless from and against any and all claims, losses, damages, liabilities, costs and expenses incurred or suffered by Landlord as a direct or indirect result of such contest or any failure to timely pay such taxes or assessments.

3.2.3 Right to Contest. Tenant shall have the right to contest the validity, applicability, and/or amount of any Taxes by appropriate proceedings and the cost of such contest shall be paid by Tenant, but Tenant shall be entitled to receive and retain the recoveries from such contest. Notwithstanding the foregoing, if such Taxes are secured by a lien on any portion of the Airport or its revenues or if, in the sole opinion of Landlord, the nonpayment of such Taxes will be detrimental to Landlord, then as a condition to making such contest, Tenant shall pay the contested Taxes with a right of reservation.

3.3 Utilities. Tenant shall, within ten (10) days after written demand from Landlord from time to time, pay (or reimburse Landlord for) all charges for water, gas, heat, light, power, air conditioning, telephone, and other utilities and services supplied to and/or used in the Leased Premises, together with any and all taxes thereon and connection fees relating thereto, prior to when said charges, taxes or connection fees are due, and shall indemnify Landlord against any liability for the late payment or nonpayment of any said charges, taxes or connection fees. Tenant acknowledges, for itself and its permitted subtenants, successors and assigns, that, except to the limited extent provided in Section 3.4, Landlord has no obligation to provide utilities or services to the Leased Premises. Landlord shall not be liable to Tenant under any circumstances for destruction, damage or loss to property, injury or death of any person, or any consequential damages, arising out of, resulting from or relating to, whether directly or indirectly, the furnishing, failure to furnish, interruption, cancellation or termination of any of said utilities or services by the providers or suppliers of any said utilities or services. In the event that any charges, taxes or connection fees are not separately metered or billed to Tenant, Tenant shall pay to Landlord (or reimburse Landlord for) a reasonable proportion of all charges, taxes or connection fees jointly metered with or billed for other premises. Tenant shall comply with all rules, regulations and other requirements which any provider or supplier of utilities or services may establish for the use, proper functioning and protection of any said utility or service.

3.4 Net Lease. Except as otherwise expressly provided in this Lease, Tenant shall be responsible for all costs attributable to the Leased Premises and Tenant's use or

occupancy thereof. Landlord shall receive all amounts payable by Tenant pursuant to this Section 3, or any other provision of this Lease, free and clear of any and all other impositions, Taxes, liens, charges or expense of any nature whatsoever in connection with the ownership and operation of the Leased Premises. In addition to the amounts payable by Tenant pursuant to this Section 3, Tenant shall pay to the parties respectively entitled thereto all other impositions, operating charges, maintenance charges, construction costs, and any other charges, costs and expenses which arise or may be contemplated under any provision of this Lease during the term hereof; provided, however, that Tenant shall have the right to contest the validity, applicability or amount of any such charge, cost or expense and, if the claimant attempts to attach or to assert any stop notice or mechanics lien rights against funds held by Tenant's lender, the Leased Premises or any New Improvements, Tenant provides any statutory bond required to prevent such claimant from exercising any such rights or remedies against the lender, the Leased Premises or the New Improvements. All of such charges, costs and expenses which either (i) are payable to Landlord or (ii) the failure to pay will create a lien against the Land, shall constitute additional rent, and upon the failure of Tenant to pay any of such costs, charges or expenses, Landlord shall have the same rights and remedies as otherwise provided in this Lease for the failure of Tenant to pay rent.

3.5 Interest on Past Due Payments. Any amount due from Tenant to Landlord pursuant to this Section 3 or any other provision of this Lease which is not paid within fifteen (15) days after Landlord delivers written notice to Tenant that such amount is due shall bear interest from the due date until paid at a rate equal to the lower of (i) ten percent (10%) per annum or (ii) one (1%) in excess of the prevailing rate established by the Federal Reserve Bank at San Francisco on advances to member banks on the twenty-fifth (25th) day of the month preceding the Commencement Date (but not more than the maximum rate permissible by Law); provided, however, that the payment of any interest pursuant to this Section shall not excuse or cure any default by Tenant with respect to its obligations to pay any amount due from Tenant pursuant to this Section 3 or any other provision of this Lease.

3.6 Address for Payment. The rent and all other amounts due to Landlord pursuant to this Section 3 or any other provision of this Lease shall be paid at the office of Landlord; Burbank-Glendale-Pasadena Airport Authority, 2627 Hollywood Way, Burbank, California 91505, Attention: Controller, or at such other place as Landlord may designate from time to time in writing to Tenant.

4. USE OF LEASED PREMISES.

4.1 Use of Leased Premises.

4.1.1 Principal Use As Airport. Tenant hereby acknowledges that the principal use of the Airport consists of the operation of a public airport and that all other businesses and operations which now are or hereafter permitted by Landlord, to be conducted on or at the Airport, including Tenant's use of the Leased Premises pursuant to this Lease, must at all times be compatible with such principal use, as Landlord, in its sole and absolute discretion,

shall determine, including, without limitation, the exercise of Landlord's rights pursuant to Section 2.3.1.

4.1.2 Authorized Use of Leased Premises. Tenant shall use the Leased Premises exclusively throughout the Lease term for aircraft parking on the Leased Premises ("Permitted Uses"). Tenant shall not use nor authorize the use of the Leased Premises, or any portion thereof, for any purpose whatsoever that is not a Permitted Use without Landlord's prior written consent, which consent Landlord may withhold or condition in Landlord's sole and absolute discretion without regard to any standard of reasonableness.

4.1.3 Service, Maintenance, Repair and Fueling. No service, maintenance or repair of aircraft, equipment or vehicles shall be performed on the Leased Premises. Under no circumstances shall any fueling of aircraft or other fueling activities be performed or permitted.

4.1.4 Restrictions on Storage. Derelict aircraft, inoperative ground vehicles, unused ramp equipment, scaffolding, hoists and related items may not be kept on any portion of the Airport.

4.1.5 Violation of Permitted Uses. Violation of the requirements of this Section 4.1 shall be deemed an Event of Default if the condition has not been cured to the satisfaction of the Landlord within thirty (30) days after delivery to Tenant of a notice of violation. Landlord acknowledges that Tenant shall not be in violation of this Section 4.1 if it is in compliance with Landlord's rules and regulations regarding construction of Improvements.

4.2 Prohibited Uses. Tenant shall neither use nor permit the use of any part of the Leased Premises for any purpose other than as set forth in Section 4.1. Without limiting the generality of the foregoing sentence, the following uses are specifically prohibited unless the prior written consent of Landlord is obtained:

4.2.1 Sales of aviation fuel or oil;

4.2.2 Sales of food;

4.2.3 Sales of products or sundry items;

4.2.4 Sales or dispensing of alcoholic beverages;

4.2.5 Any use prohibited by Law or not related to aviation.

4.2.6 Knowingly boarding, enplaning or unloading revenue passengers, either on a scheduled or nonscheduled basis.

4.3 Conduct of Tenant's Activities.

4.3.1 Standards. In addition to any and all other terms, conditions and requirements under this Lease, Tenant, at all times during the term of this Lease, shall comply strictly with the terms, conditions and requirements set forth in this Section 4.3.

4.3.2 Conduct of Employees. Tenant shall exercise its diligent efforts to control the conduct, demeanor, and appearance of its officers, employees, agents, representatives, contractors, licensees, permittees, invitees and permitted Tenants, and shall require all of its employees to wear clean and neat appearing clothing and shall take all actions necessary to ensure their courteous, polite and inoffensive conduct and demeanor. Upon receipt of reasonable written objection from Landlord concerning the conduct, demeanor, or appearance of any such person, Tenant immediately shall take all legal steps necessary to correct or to remove the cause of the objection.

4.3.3 Noise Abatement Rules. Tenant hereby acknowledges that Tenant has read and understands the Burbank-Glendale-Pasadena Airport Authority noise abatement rules as they presently exist, attached hereto as Exhibit "B". Tenant shall conduct its business and flight operations, if any, in compliance with the noise abatement rules, as the same may be amended by Landlord from time to time, including, without limitation, any voluntary or mandatory curfew imposed now or in the future by Landlord on flight operations between specified nighttime and morning hours (the "Noise Abatement Rules"). Landlord may give written notice to Tenant of any violation of the Noise Abatement Rules by Tenant which comes to Landlord's attention.

4.3.4 Licenses, Permits; Compliance With Laws. Tenant, at Tenant's own cost and expense, shall maintain in effect at all times during the term hereof all licenses, permits, certificates, approvals and other authorizations required by any federal, state, county, city or other governmental department, bureau, agency or other authority having jurisdiction over Tenant, Tenant's business and operations from the Leased Premises or any other areas of the Airport, including, without limitation, all licenses, permits, certificates, approvals and other authorizations required by the FAA. Tenant shall comply, and Tenant shall cause its permitted subtenants to comply, with all applicable federal, state, county and city statutes, regulations, rules and ordinances governing or regulating matters of health, safety or security or the use or occupancy of the Leased Premises or the operation of the Airport, including all rules and regulations promulgated by the FAA or the TSA, all rules, regulations, policies and guidelines of Landlord promulgated pursuant to Section 16 of this Lease, and all orders of any governmental department, bureau, agency or other authority having jurisdiction over Tenant, Tenant's business and operations from the Leased Premises, and any New Improvements or any other areas of the Airport (collectively, "Laws"). Landlord may give written notice to Tenant of any violation of Laws by Tenant which comes to Landlord's attention.

4.4 Manner of Use. Tenant shall not use or permit the use of the Leased Premises or any other areas of the Airport in any manner that will (i) tend to create or permit any waste or nuisance, (ii) unreasonably tend to disturb other tenants, users or occupants of the Airport, (iii) invalidate, cause the cancellation of or conflict with any fire or other hazard insurance policies covering the Airport, or (iv) increase the premiums for any fire insurance policies covering the Leased Premises, the Airport or any property located thereon; or (v) constitute an immoral, improper, unlawful or objectionable purpose. Tenant, at its expense, shall comply with all rules, orders, regulations, or requirements of the National Board of Fire Underwriters, or any other similar body with respect to Tenant's operations at the Leased Premises.

4.5 Interference with Utilities, Police, Fire Fighting. Tenant shall not do or permit to be done anything which may interfere with the effectiveness or accessibility of the mechanical, gas, electrical, heating, ventilating, air conditioning, plumbing or sewer systems, facilities or devices or portions thereof on or servicing the Leased Premises, or elsewhere on the Airport. In addition, Tenant shall not do or permit to be done anything which may interfere with free access or passage to the Leased Premises or the streets, roads, parking lots, curb areas, entryways, exits, sidewalks, Common Use Facilities or any other areas of the Airport other than such interference resulting from Tenant's compliance with Landlord's Security Requirements in accordance with the terms of this Lease. Further, Tenant shall not hinder police, fire fighting or other emergency personnel in the discharge of their duties.

4.6 Interference with Fire Exits. Tenant shall not do or permit to be done anything which may interfere with the effectiveness or accessibility of fire exits in or adjacent to the Leased Premises or elsewhere at the Airport.

4.7 Temporary Structures. Tenant shall not allow any temporary structures or facilities on the Leased Premises, unless Tenant has obtained Landlord's prior written approval, which approval may be granted or withheld by Landlord in its sole and absolute discretion and, if such approval is granted, it shall be revocable at any time by Landlord, in its sole and absolute discretion.

4.8 Signs. Tenant shall not place, erect or maintain or cause to be placed, erected or maintained on or to the roof or any exterior door, wall, window or the roof of the building in which the Leased Premises are located or any New Improvement, or on or to the glass of any window or door of the Leased Premises or any New Improvement, any sign, marquee (flashing, moving, hanging, handwritten, or otherwise), decal, placard, awning, decoration, flashing, moving or hanging lights, lettering, or any other advertising matter of any kind or description without the express, written consent of Landlord. If Tenant places or causes to be placed or maintained any of the foregoing, Landlord or Landlord's representative may remove the same at Tenant's sole cost and expense and without notice or liability and without such removal constituting a breach of this Lease or entitling Tenant to claim damages on account thereof. No illuminated sign located within the Leased Premises that is visible from the outside of the Leased Premises shall be permitted. Tenant shall repair, at its sole cost and expense, any damage to the Leased Premises caused by the erection, maintenance or removal of any sign or other attachment. Landlord hereby acknowledges its approval of Tenant's existing signage, and signs substantially similar thereto.

4.9 Vending Machines. Tenant shall not place any vending machines or devices in or on the Leased Premises except for sales to its employees, without the prior written consent of Landlord.

4.10 Aviation Fuel. As a material part of the consideration for this Lease, Tenant agrees that no fuel shall be placed in any aircraft on the Leased Premises by any person or company except such vendors of aviation fuel as are expressly authorized by Landlord.

4.11 Non-Discrimination and Affirmative Action. Tenant shall comply with the provisions of Exhibit "C" attached hereto and by this reference made a part hereof regarding

nondiscrimination, as the same may be amended by Landlord from time to time. In addition, Tenant shall undertake an affirmative action program, as required by 14 Code of Federal Regulations Part 152, Subpart E, to insure that no person shall, on the ground of race, creed, color, national origin, or sex, be excluded from participating in any employment activities covered in 14 Code of Federal Regulations Part 152, Subpart E. Tenant agrees that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by said Subpart. Tenant will require its permitted subtenants, successors and assigns to provide assurances to Tenant that they similarly will undertake affirmative action programs and that they will require similar assurances from their permitted successors, subtenants and assigns, as required by 14 Code of Federal Regulations Part 152, Subpart E, to the same effect.

4.12 Compliance with FAA Grant Assurances and Airport Use. In connection with the ownership and use of the Airport by Landlord, Tenant hereby agrees as follows:

4.12.1 Development or Improvement of Landing Area. Landlord reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or views of Tenant, and without interference or hindrance.

4.12.2 Maintenance of Landing Area and Public Facilities. Landlord reserves the right, but shall not be obligated to Tenant, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Tenant in this regard.

4.12.3 Agreements with United States. This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between Landlord and the United States, or any lawful requirement of the United States, relative to the development, operation, or maintenance of the Airport.

4.12.4 Construction of Improvements. In the event any future structure or building is planned for the Leased Premises in the event of any planned modification or alteration of any present or future building or structure situated on the Leased Premises, Tenant shall comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations.

4.12.5 Non-exclusive Rights. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of any exclusive right within the meaning of Section 308 (a) of the Federal Aviation Act of 1958 (49 U.S.C. 1349(a)).

4.12.6 Reservation of Rights. There is hereby reserved to Landlord, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Leased Premises and the other areas of the Airport. This public right of flight shall include the right to cause within said airspace any noise inherent in the operation of any aircraft used for navigation or flight through said airspace or landing at, taking off from or operating on the Airport.

4.12.7 Height Restrictions. Tenant shall not erect nor permit the erection of any structure or object, nor permit the growth of any tree, on the Leased Premises in violation

of federal height restrictions and obstruction criteria or any more restrictive height restrictions and obstruction criteria established from time to time by Landlord. In the event the aforesaid covenants are breached, in addition to all other rights and remedies of Landlord, Landlord reserves the right to enter upon the Leased Premises to remove the offending structure or object and to cut the offending tree, all of which shall be at the expense of Tenant.

4.12.8 Interference with Aircraft. Tenant shall not make use of the Leased Premises nor any other areas of the Airport in any manner which might interfere with the landing and taking off of aircraft from the Airport, or which might otherwise constitute a hazard. In the event the aforesaid covenant is breached, in addition to all other rights and remedies of Landlord, Landlord reserves the right to enter upon the Leased Premises or any other areas of the Airport and cause the abatement of such interference, at the expense of Tenant.

4.12.9 Rights of United States. This Lease and all the provisions hereof shall be subject to whatever right the United States Government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport, or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency or otherwise.

4.12.10 Unauthorized Access. Tenant shall use reasonable precautions to prevent unauthorized persons from gaining access to restricted flight and aircraft operational areas, including, without limitation, the precautions established pursuant to Section 4.13.

4.12.11 Security Checks. Tenant shall comply with Part 107 of the Federal Aviation Regulations requiring background checks, including references and prior employment history, for all persons who have unescorted access to the airfield. Tenant agrees to maintain records of background checks for all employees of Tenant and to make such records available to the FAA and Landlord as may be requested from time to time.

4.13 Airport Security.

4.13.1 Security Requirements. Tenant's written security program described in Section 4.13.2 below may be modified or supplemented from time to time by Landlord or its staff in writing, and in its sole and absolute discretion ("Security Requirements"), is an integral part of this Lease and is hereby incorporated herein by this reference.

4.13.2 Security Program. To the extent not previously submitted, within thirty (30) days after the date hereof, Tenant shall submit Tenant's written security program to Landlord for review and approval.

4.13.3 Violations by Tenant or Others. Upon receipt of any written notice from Landlord of a violation of the Security Requirements by Tenant or by any person subject to Tenant's control. Tenant shall promptly engage security personnel or undertake other necessary security procedures as reasonably requested by Landlord to cure the violation of the Security Requirements described in such notice and Tenant shall pay any fine or penalty imposed by the FAA as a result of such violation or imposed by Landlord under the Rules and Regulations. Tenant's failure to cure timely the violation of the Security Requirements described in the Landlord's notice shall constitute an Event of Default under this Lease.

4.13.4 Indemnity. Tenant shall defend, indemnify and hold harmless Landlord and the other Landlord Parties from and against any and all demands, claims, actions, causes of action, proceedings, judgments, awards, damages, fines, penalties, liabilities, obligations, losses, costs and expenses, including, without limitation, attorneys' fees, of any nature whatsoever, whether now existing or hereafter arising, known or unknown, foreseen or unforeseen, fixed or contingent (collectively, "Claims"), that Landlord or any other Landlord Party may at any time sustain or incur arising out of, resulting from or relating to any breach or violation by Tenant, its permitted subtenants or anyone subject to Tenant's control of, or failure to comply with, any provision of the Security Requirements, Tenant's own security program, any applicable Laws relating to Airport security, or any applicable guidelines, policies or procedures relating to Airport security adopted and published from time to time by the FAA or by Landlord or their respective staffs and applicable to tenants at the Airport, including, without limitation, the Rules and Regulations.

4.14 Quiet Enjoyment. Subject to the provisions of this Lease and applicable Laws, so long as Tenant is not in default (after applicable notice, if any, and an opportunity to cure) in the performance of any of its obligations under this Lease, Tenant shall lawfully and quietly hold, occupy and enjoy the Leased Premises during the Lease term.

5. MAINTENANCE AND REPAIRS.

5.1 Tenant's Obligations. Tenant, at Tenant's sole expense, but subject to Section 5.3 of this Lease, shall maintain, repair and replace the Leased Premises, and every part thereof, in good order, condition and repair in a neat and sanitary condition, free from waste or debris, all according to reasonable standards adopted from time to time by Landlord. Tenant shall perform all maintenance and make any and all repairs and replacements required pursuant to this Section as and when the same become necessary to keep and maintain the Leased Premises and every part thereof in good order, condition and repair, but in no event later than thirty (30) days following the delivery to Tenant of a written notice specifying the maintenance, repairs or replacements Landlord reasonably believes must be undertaken to comply with the terms of this Lease or immediately in the event of an emergency. Landlord shall have the right, at any time and from time to time, to change on a uniform basis the reasonable standards applicable to the maintenance, repair and replacement of the Leased Premises and Tenant shall comply with all such reasonable standards, as they may be so modified. Subject to Landlord's obligations under Section 5.3 of this Lease, Landlord shall not be liable to Tenant or to Tenant's owners, shareholders, partners, members, directors, officers, employees, agents, representatives, contractors, and permitted subtenants, successors and assigns (individually, "Tenant Party" and collectively, "Tenant Parties") by reason of any destruction, damage or loss of property, injury or death of persons, or damage or injury to, or interference with, the business or operations of any Tenant Party, or the use or occupancy of the Leased Premises or the Common Use Facilities or any other areas of the Airport by any Tenant Party, arising out of, resulting from or relating to the need for or the making of any repairs, replacements or alterations to or the construction of Improvements. All repairs or replacements upon the Leased Premises made by Tenant as provided in this Lease shall be performed in accordance with all applicable Laws, and Tenant shall secure all licenses, permits, approvals and authorizations required by applicable Laws with respect thereto.

5.2 Permitted Repairs by Landlord. The above provisions notwithstanding, in the event that the Landlord reasonably determines that for any other reason maintenance and repairs of the type required herein are impracticable or impossible for Tenant to make or perform, Landlord may elect, in accordance with this Section 5.2, to make such repairs or perform such maintenance, and the reasonable cost thereof attributable to the Leased Premises and any property or Improvements therein or thereon shall be paid by Tenant upon Landlord's demand. Unless notice is impractical because of the emergency nature of the repair, applicable Law, or any governmental or quasi-governmental authority (other than Landlord), Landlord shall notify Tenant of any election to effect repairs made by Landlord under this Section 5.2. Such election shall be made in writing at least ten (10) days prior to the anticipated date of effecting repairs, unless shorter notice is reasonably required under the particular circumstances, applicable law, or any governmental or quasi-governmental authority (other than Landlord). Unless Landlord is required to perform the repair under applicable Law or any governmental or quasi-governmental authority (other than Landlord), Tenant shall have the right to perform such repair, provided Tenant notifies Landlord of Tenant's intention to perform such repair within five (5) days after Tenant receives Landlord's notice of election pursuant to this Section 5.2 and thereafter diligently prosecutes such repair to completion in a reasonably prompt manner (in view of the particular circumstances).

5.3 Limitations on Landlord Obligations. Except as specifically provided in this Lease, Landlord shall have no obligation to maintain or make any repairs or replacement to the Leased Premises. Tenant for itself and for each Tenant Party hereby waives any and all rights provided in Section 1941 through 1942, inclusive, of the Civil Code of California and hereby waives, to the extent possible, any rights under any other statutes or laws nor or hereafter in effect which are contrary to the obligations of Tenant under this Lease or which place obligations upon Landlord. Except as specifically provided in this Lease, Landlord shall not be liable to any Tenant or any Tenant Party for any injury to or interference with Tenant or any Tenant Party or the business or operations of Tenant or any Tenant Party or the use or occupancy of the Leased Premises or the Common Use Facilities or any other area of the Airport by any Tenant Party arising out of, resulting from or relating to the need for or performance or non-performance of any maintenance, repair or replacement.

5.4 Landlord Cure. In the event Tenant fails to perform its obligations under this Section 5, in addition to any and all other rights and remedies of Landlord, Landlord may, at its option, after fifteen (15) days' written notice to Tenant, enter upon the Leased Premises and put the same in good order, condition and repair and make any required replacement, and the cost thereof shall become due and payable, upon demand, by Tenant to Landlord as additional rent; provided, however, so long as Tenant commences required maintenance, repairs and replacements within such fifteen (15) day period and diligently prosecutes such maintenance, repairs and replacements to completion, Tenant shall be deemed to be fully performing Tenant's obligations hereunder.

6. ALTERATIONS AND IMPROVEMENTS.

6.1 Approval and Construction of New Improvements.

6.1.1 Landlord's Approval. Without in each instance obtaining the prior written approval of Landlord in accordance with this Section 6.1.1, which approval may be granted or withheld in Landlord's sole and absolute discretion ("Landlord's Approval"), Tenant shall not (i) demolish any Existing Improvements, (ii) construct or install any Improvements or (iii) make any modifications, alterations or additions to the Leased Premises or Improvements (all such demolition, construction, installation, modifications, alterations and additions are individually and collectively referred to in this Lease as "New Improvements"), and no work required in connection therewith shall commence, prior to receiving Landlord's Approval. Landlord reserves the right to disapprove any New Improvements wholly on aesthetic grounds. If Tenant makes or commences any New Improvements without the prior written approval of Landlord, then Landlord shall have the right to require Tenant to remove any or all of such New Improvements at Tenant's sole expense and shall also have the right to declare Tenant in default under this Lease. Landlord may delegate all Landlord's Approvals required under this Section 6.1, to Landlord's Executive Director, or to an outside engineer or architect, or to any combination thereof, and approval or determination by any such delegatee shall be subject to the same standards of review and time requirements as imposed upon Landlord and shall be deemed to be Landlord's Approval or the determination of Landlord under this Section 6.1. Any Landlord's Approval under this Section 6.1 shall be evidenced by a "Certificate of Approval" signed by the Executive Director of Landlord.

6.1.2 Compliance with Policy on Tenant Improvements. Prior to the commencement of any New Improvements, Tenant shall comply with the rules and guidelines established by Landlord for such work pursuant to Landlord's policy on tenant improvements attached hereto as Exhibit "D", as the same may be amended from time to time. If there is any conflict between the policy on tenant improvements and the provisions of this Lease, the provisions of this Lease shall apply.

6.1.3 Review and Approval of Plans. In order to expedite plan review and approval and to insure that the proposed New Improvements will be compatible with Airport uses, Tenant first shall submit to Landlord for approval a conceptual plan and shall pay Landlord an administrative fee in the amount equal to the greater of five percent (5%) of the total estimated cost of all New Improvements, or Two Thousand Dollars (\$2,000), for reviewing Tenant's plans. Notwithstanding Landlord's Approval of the conceptual plan, all construction plans and specifications shall be subject to Landlord's Approval and, when required by the Airport Engineer, shall be prepared, stamped and signed by a California licensed architect or engineer. Engineers shall be licensed for the particular discipline required. All changes to plans and specifications previously receiving Landlord's Approval which are required by the City of Burbank to be submitted to the City for plan check or review in accordance with the City's building codes ("Material Plan Change") shall also concurrently be submitted to Landlord and shall require Landlord's Approval. Landlord shall have ten (10) business days within which to review and to approve or disapprove the proposed Material Plan Change and, if Landlord fails to disapprove the Material Plan Change, then the Material Plan Change shall be deemed to have received Landlord's Approval. Upon Landlord's Approval, Landlord shall issue promptly a Certificate of Approval for each Material Plan Change.

6.1.4 Conditions of Approval. Landlord may impose, as a condition of its approval of any New Improvements, such reasonable requirements as to the design,

construction, installation, making or removal of the New Improvements, as Landlord determines, in the exercise of its reasonable judgment, including, without limitation, requirements as to the following: (i) the experience, qualifications, financial condition and other factors relating to the contractor; (ii) the time for the commencement and completion of the construction or installation of the New Improvements; (iii) the type or quality of materials used in the construction or installation of the New Improvements; and (iv) the means or methods used in the construction or installation of the New Improvements.

6.1.5 Entitlements and Permits. No New Improvements shall be constructed until Tenant shall have procured and paid for all entitlements, permits, licenses, approvals and authorizations relating to such New Improvements required by all Laws and governmental authorities and agencies.

6.1.6 Performance of Work. All work done in connection with any New Improvements shall be done at Tenant's sole expense and with reasonable diligence, in a good and workmanlike manner, and in compliance with all applicable Laws. Landlord shall have the right to inspect and reject any work not done in accordance with the approved plans and specifications, and Tenant shall immediately repair or remove such work in accordance with this Section. Any work in areas adjacent to active portions of the airfield, such as taxiways and runways, shall be scheduled and performed in a manner designed to avoid interference with aircraft operations. In the event that it becomes necessary to close or temporarily alter any part of the active areas of the airfield to accommodate any work by Tenant or its contractors, Tenant shall not perform such work without submitting a detailed work plan and schedule to Landlord, which Landlord shall have the right to approve, modify or disapprove in Landlord's sole and absolute discretion.

6.1.7 Payment for Work Performed. Tenant shall pay, when due, all claims for labor, materials, equipment, supplies and services furnished or alleged to have been furnished to or for Tenant at or for use in the Leased Premise or any other areas of the Airport, including, without limitation, in connection with the construction, installation or making of any Improvements, which claims are or may be secured by any stop notice rights or by any lien against the Leased Premises or other areas of the Airport or any interest therein. Tenant shall have the right to contest the validity, applicability or amount of any such claims so long as Tenant establishes an adequate reserve for the disputed amount and, if the claimant asserts any stop notice rights or lien against the Landlord, the Leased Premises, the Improvements, or other areas of the Airport or any interest therein, Tenant, at Tenant's expense, within (10) days after any such stop notice or lien is asserted, shall provide and record a statutory bond sufficient to release any such stop notice or lien. Tenant shall deliver to Landlord written notice of its intent to commence construction or installation of any New Improvements at least fifteen (15) days prior to the commencement thereof, and Landlord shall have the right to post such notices of non-responsibility as are provided for in the mechanics' lien Laws of California.

6.1.8 As Built Plans and Statement of Cost. Within sixty (60) days following the completion of any New Improvements, Tenant shall furnish to Landlord a set of "as built" plans and specifications.

6.2 No Liability of Landlord. Landlord shall not be liable for any damage, loss, or prejudice suffered or claimed by Tenant, its agents or any other person or entity on account of (i) the approval or disapproval of any plans, contracts, bonds, contractors, sureties or other matters; (ii) the construction of any New Improvements or performance of any work, whether or not pursuant to approved plans; (iii) the improvement of or alteration or modification to any portion of the Leased Premises (except to the extent performed by Landlord); or, (iv) the enforcement or failure to enforce any of the covenants, conditions and restrictions contained in this Lease. Landlord's approval of Tenant's plans, or requirement that Tenant modify Tenant's plans, shall not be deemed Landlord's express or implicit covenant or warranty that such plans are safe or comply with any or all Laws.

6.3 Indemnity. Tenant shall defend, indemnify and hold harmless Landlord, its airport manager in its capacity as manager of the Airport (the airport manager is presently TBI Management, Inc., and any present or future airport manager is referred to hereinafter as "Airport Manager"), and the Cities of Burbank, Glendale and Pasadena, California, and their respective officials, commissioners, officers, employees, agents, representatives, contractors, successors and assigns (individually, "Landlord Party" and collectively, "Landlord Parties") from and against any and all Claims arising out of, resulting from or relating to any and all New Improvements constructed, installed or made by Tenant pursuant to this Section 6, whether such Claims are based upon Landlord's review of the plans and specifications relating thereto or otherwise. Tenant hereby assigns to Landlord any and all warranties, guaranties or indemnities of contractors, subcontractors and suppliers furnishing labor, materials, equipment and services in connection with the New Improvements, which assignment shall be effective upon the expiration or earlier termination of this Lease.

6.4 Removal of New Improvements, Personal Property and Trade Fixtures. Except in the event of a termination pursuant to Section 2.3, promptly upon the expiration or sooner termination of this Lease, Tenant shall remove all New Improvements constructed or installed by Tenant during the term of this Lease and Tenant shall repair any and all damages caused by said removal, unless, prior to such removal, Landlord shall have given written notice to Tenant that some or all of the New Improvements need not be removed, in which case such New Improvements that Landlord elects to retain shall be surrendered with the Leased Premises. At any time during the term of this Lease and upon the expiration or sooner termination of this Lease, including a termination pursuant to Section 2.3, Tenant shall have the right to remove from the Leased Premises the personal property and trade fixtures of Tenant not permanently affixed.

7. INSURANCE, INDEMNITY AND EXCULPATION.

7.1 Obligation to Maintain Insurance. At all times during the term of this Lease and at its sole cost and expense, Tenant shall maintain in effect the insurance coverage and limits of liability as provided in this Section 7 ("Required Insurance"). In the event that Tenant fails to maintain any of the Required Insurance, Landlord shall have the right, but not the obligation, to obtain some or all of the Required Insurance. In the event Landlord elects to maintain some or all of the Required Insurance because of Tenant's failure to provide Required Insurance, Tenant shall pay to Landlord, as additional rent hereunder, the premiums for all Required Insurance paid by Landlord within ten (10) days following the delivery to Tenant of

each written statement setting forth the amount of said premiums and the applicable premium period.

7.2 Liability and Workers' Compensation Coverage. Tenant shall maintain in effect insurance protecting Tenant and each "Landlord Insured Party" (as hereinafter defined) from and against claims arising out of, resulting from or relating to the use or occupancy of the Leased Premises or the conduct of Tenant's business upon the Leased Premises, as follows:

7.2.1 General Liability Insurance. General liability insurance covering airport premises and operations liability, ground hangarkeeper's liability, personal injury liability, contractual liability, products and completed operations liability and independent contractors liability, including standard war risks writeback, all written on an occurrence basis in an amount not less than Five Million Dollars (\$5,000,000) combined single limit for bodily injury and property damage each occurrence and each aircraft, and, with respect to products and completed operations liability and war risks writeback, in the annual aggregate, and, with respect to personal injury, not less than Five Million Dollars (\$5,000,000) each offense and in the annual aggregate.

7.2.2 Aircraft Liability Insurance. Aircraft liability insurance with standard war risk writeback covering all owned, non-owned and hired aircraft, written on an occurrence basis in an amount not less than Twenty-Five Million Dollars (\$25,000,000) combined single limit for each occurrence for bodily injury, death (including passengers) and property damage, and, with respect to the war risks writeback, in the annual aggregate, as applicable.

7.2.3 Automobile Liability Insurance. Automobile liability insurance covering all owned vehicles, and all non-owned and hired vehicles, written on an occurrence basis in an amount not less than Two Million Dollars (\$2,000,000) combined single limit for each occurrence for bodily injury, death and property damage.

7.2.4 Workers' Compensation Insurance. Workers' compensation insurance written in accordance with California statutory limits

7.2.5 Employer's Liability Insurance. Employer's liability insurance in amounts not less than the following:

Bodily injury by accident - \$2,000,000 - each accident

Bodily injury by disease - \$2,000,000 - policy limit

Bodily injury by disease - \$2,000,000 - each employee

7.3 Property Insurance. Tenant shall maintain in effect insurance protecting Tenant and Landlord, as their respective interests may appear, from and against claims arising out of damage or destruction to property as follows:

7.3.1 Fixtures and Equipment. All risk of direct physical loss or damage property insurance included within the classification "All Risk Property (Special Form)"

covering: (i) the permitted Improvements to the Leased Premises made by Tenant; and (ii) any fixtures and equipment and other personal property located in or on the Leased Premises in an amount not less than 100% of their replacement value. Except as provided in Section 8, the proceeds of said insurance shall be used to repair or replace the insured property and Landlord shall be named as a loss payee with respect to all Improvements to the Leased Premises made by Tenant.

7.3.2 Aircraft Hull Insurance. Tenant shall, at all times and at its sole cost and expense, maintain in effect Aircraft Hull Insurance (such coverage to include both ground and flight coverage) in such limits as to cover the value of the aircraft hull for all aircraft operated by or on behalf of Tenant and any Tenant Party in its capacity as such. Tenant shall obtain from Tenant's insurers a written waiver of subrogation in favor of the Landlord Insured Parties for any damage to the hulls of such aircraft whatsoever.

7.4 Adjustment of Required Insurance. Tenant understands and agrees that the types and amounts of Required Insurance may become inadequate during the term of this Lease, and Tenant agrees that it shall add such insurance or coverage and increase such minimum limits of liability by such amounts as may be required at any time and from time to time by Landlord, if Landlord shall adopt a resolution or other written policy requiring such additional insurance coverage or limits of liability from all comparable hangar tenants at the Airport.

7.5 Policy Requirements. Each policy of Required Insurance shall be obtained from an insurance company, or pool of multiple insurance companies, each authorized to conduct business in California and having a rating of not less than A-X in A.M. Best's Insurance Guide and/or otherwise acceptable to Landlord. Policies of Required Insurance may be blanket policies covering multiple Tenant Parties or multiple properties owned or leased by a Tenant Party. Within fifteen (15) business days after the Commencement Date, Tenant shall deliver to Landlord certificates of insurance issued by Tenant's independent insurance broker or other party acceptable to Landlord evidencing that all Required Insurance has been obtained and is being maintained by Tenant and certifying that the Required Insurance includes provisions (i) requiring the insurers to give to Landlord at least thirty (30) days' prior written notice (or such lesser period as is customary as respects war risks writebacks) of the cancellation or non-renewal of some or all of the Required Insurance, (ii) with respect to the general liability, automobile liability, aircraft liability and employer's liability insurance, naming (a) Tenant and their respective owners, shareholders, partners, directors and employees as named insureds, and (b) except for employer's liability insurance, Landlord, the Airport Manager, the Cities of Burbank, Glendale and Pasadena and the Commissioners of Landlord ("Landlord Insured Parties") as additional insureds, (iii) with respect to the property insurance (other than aircraft hull insurance) naming Landlord as a loss payee, and (iv) with respect to the general liability and aircraft liability insurance, including standard war risks writeback, with a description of the specific perils or risks that are included within the policy coverage set forth in or attached to the certificates of insurance. The failure of Tenant to provide said certificates of insurance within said fifteen (15) business days after the Commencement Date or, if a notice of cancellation or non-renewal of any Required Insurance has been delivered to Tenant, the failure of Tenant to replace the Required Insurance which is the subject matter of such notice of cancellation or non-renewal prior to the effectiveness of such cancellation or non-renewal, shall in either case

constitute an Event of Default under Section 12.1. All Required Insurance shall be primary insurance without right of contribution of any other insurance carried by or on behalf of any Landlord Insured Party and all policies shall be endorsed to this effect. In no event shall any Landlord Insured Party be responsible or liable for the payment of any premiums for the insurance required to be obtained and maintained by Tenant pursuant to this Section 7. Deductibles or self-insured retentions under all Required Insurance liability policies applicable to the Leased Premises and Tenant's operations at the Airport shall not exceed Twenty Five Thousand dollars (\$25,000).

7.6 No Limitation of Liability. Tenant acknowledges and agrees that the limits of liability provided in the Required Insurance shall in no event be considered as limiting the liability of Tenant under this Lease.

7.7 Waivers of Subrogation Rights. Each of the parties hereto hereby waives any and all rights of recovery against (a) the other party, (b) any tenant or occupant of the Airport, (c) the Airport Manager and the Cities of Burbank, Glendale and Pasadena, or (d) the officers, commissioners, employees, agents, representatives, customers and business visitors of such other party or of any tenant or occupant of the Airport, for loss of or damage to such waiving party, its property or the property of others under its control, arising from any cause insured against under the standard form of All Risk Property (Special Form) Insurance Policy with all permissible extension endorsements covering additional perils, or under any other policy of insurance carried by such waiving party in lieu thereof. Such waiver shall be effective only so long as the same is permitted by the waiving party's insurance carrier without the payment of additional premiums; provided, without limiting the generality of the foregoing, Tenant shall obtain from Tenant's insurer a written waiver of subrogation in favor of Landlord and each Landlord Insured Party in connection with Tenant's Aircraft Hull Insurance and from all insurers of all aircraft owned, leased, stored or maintained by Tenant notwithstanding any increased premium or other cost for such waiver. Tenant shall obtain and furnish evidence to Landlord of the waiver by Tenant's liability insurance carrier of any right of subrogation against Landlord or any other of the Landlord Insured Parties.

7.8 Indemnification. In addition to any other express indemnity hereunder, Tenant shall defend, indemnify and hold harmless all Landlord Parties from and against any and all Claims arising out of, resulting from or relating to (i) the breach of this Lease by, or any negligent act or omission or willful misconduct of, any Tenant Party or any subtenant with respect to (a) the use or occupancy of the Leased Premises, the Common Use Facilities or any other areas of the Airport, (b) the conduct of Tenant's or any Tenant's business, or (c) any other matter relating to this Lease or the subject matter of this Lease. Notwithstanding the foregoing, the provisions of this Section shall not apply to any Claim which arises out of, results from or relates to the gross negligence, willful misconduct or material breach of this Lease by Landlord.

7.9 Exculpation of Landlord from Liability. Tenant, on behalf of itself and the Tenant Parties, hereby waives any and all Claims against the Landlord Parties, and the Landlord Parties shall not be liable, for any injury or death to persons or any damage or loss to any property in, on or about the Leased Premises, arising out of, resulting from or relating to any cause whatsoever, including, without limitation, the following: (i) latent or patent defects in the construction or condition of the Leased Premises, including, without limitation, any use or

release of "Toxic Materials" (as defined in Section 19.15.2) on, under or into the Leased Premises; (ii) Acts of God; (iii) fire, steam, electricity, gas, water, or rain which may leak or flow from or into any part of the Leased Premises, New Improvements or any other areas of the Airport; (iv) riot, civil commotion, aircraft, vehicles, smoke, vandalism, malicious mischief; (v) breakage, leakage, obstruction or other defects of the pipes, wires, appliances, plumbing, heating, ventilation and air conditioning systems, or lighting fixtures of or serving the Leased Premises, New Improvements or other areas of the Airport; (vi) the use or occupancy of the Leased Premises, New Improvements or any other areas of the Airport by any Tenant Party, whether said damage or injury results from conditions arising upon the Leased Premises, New Improvements or upon other areas of the Airport, or from other sources; or (vii) any damage or loss arising from any negligent acts or omissions or willful misconduct of any other tenant, licensee, concessionaire or customer of the Airport or any other person or entity; except to the extent any of the foregoing arises from the gross negligence, willful misconduct or material breach of this Lease by Landlord.

8. DAMAGE AND DESTRUCTION.

8.1 Termination Right. In the event that all or such portion of the Leased Premises or the Improvements within which the Leased Premises are located are destroyed or damaged such that Tenant cannot reasonably use the Leased Premises for the aviation related uses permitted under this Lease for the last twelve (12) months of the initial term of this Lease or the last twelve months of any extension of the initial term under Section 2.2, then Tenant shall have the right to terminate this Lease by written notice to Landlord given within thirty (30) days after the damage. If the Lease is not terminated, Tenant shall restore promptly those portions of the Leased Premises that Tenant initially caused to be constructed, and Landlord shall restore promptly those portions of the Leased Premises that Landlord initially caused to be constructed. If the Lease is not terminated, then the Annual Base Rent payable by Tenant hereunder shall be abated in proportion to the reduction in the ability of the Tenant to use the Leased Premises, provided that if, during the period of any repair of such damage or destruction to the Improvements within which the Leased Premises are located, the Landlord makes available to Tenant other reasonably acceptable space, then the Annual Base Rent shall continue unabated (but for reasonable relocation costs). Landlord shall not be liable to Tenant for any inconvenience or annoyance to Tenant or injury to Tenant's business resulting in any way from the undertaking of any repair following any damage or destruction, to the extent such repair is conducted in compliance with this Lease.

8.2 Landlord's Repair Obligations. Except as provided in Section 8.1, in the case of damage or destruction to the Improvements within which the Leased Premises are located, and notwithstanding any other provision in this Lease, Landlord shall have no obligation to Tenant to repair or restore any of the Improvements within which the Leased Premises are located.

8.3 Costs of Restoration or Repair. To the extent Landlord elects to rebuild, then the Landlord shall be responsible for all costs and expenses associated with the reconstruction of the Improvements of which the Leased Premises are a part; provided, however, that Tenant shall be responsible for all costs and expenses associated with reconstructing Improvements or fixtures within the Leased Premises that Tenant caused to be constructed.

Tenant shall cause any such Improvements or fixtures to be constructed in accordance with provisions of Section 6 of this Lease. Tenant shall pay to Landlord all proceeds from the casualty insurance required to be carried by Tenant pursuant to the provisions of Section 7.3.1 above except proceeds of casualty insurance for Tenant's personal property, plate glass, and Tenant's actual cost of reconstructing Improvements or fixtures.

8.4 Waiver by Tenant. Tenant hereby waives the provisions of Sections 1932, 1933, and 1941 through 1942, inclusive, of the California Civil Code and of any other statute or Law now or hereafter in effect which is contrary to the obligations of Tenant under this Section 8 or which relieves Tenant therefrom, or which places upon Landlord obligations to repair or restore the Leased Premises or the Improvements within which the Leased Premises are located.

9. ASSIGNMENT, SUBLETTING AND ENCUMBRANCES.

9.1 Assignment or Encumbrance Prohibited; Exception for Affiliate.

9.1.1 Generally. Tenant shall not voluntarily or by operation of Law assign or transfer or mortgage, hypothecate, grant a security interest in or otherwise encumber all or any part of Tenant's rights or interest in or to this Lease or the Leased Premises without Landlord's prior written consent in its sole and absolute discretion. Any attempted assignment, transfer, mortgage, hypothecation, grant of a security interest in or other encumbrance in violation of this Section shall be wholly void and shall be an Event of Default under Section 12.1. For the purposes of this Section, (i) if Tenant is a corporation, any assignment, transfer, mortgage, hypothecation, grant of a security interest or other encumbrance or other event which results, or upon foreclosure would result, in the reduction of the interest of the present shareholders of record to less than a majority of any class of voting stock of Tenant, or (ii) if Tenant is a partnership or limited liability company, any assignment, transfer, mortgage, hypothecation, grant of a security interest or other encumbrance of a partnership or membership interest or interests or other event which results, or upon foreclosure would result, in the present general partner(s) or members being removed or replaced or, if the general partner(s) of the partnership or member(s) of the limited liability company is or are a corporation or other entity, or which results, or upon foreclosure would result, in the reduction of the interest of the present shareholders or other owners of record of the corporate or other entity general partner to less than a majority of any class of voting stock or member rights of such corporation or other entity, or (iii) if Tenant is a corporation, partnership, limited liability company, trust or other entity, any change in the direct or indirect power to direct or cause the direction of the management and policies of such business or entity, shall be deemed to be a prohibited assignment, transfer, mortgage, hypothecation, grant of a security interest or other encumbrance under this Section.

10. EMINENT DOMAIN.

10.1 Entire or Substantial Taking. In the event the entire Leased Premises, or such portion thereof as to make the balance not reasonably adequate for the permitted uses hereunder, as determined by Tenant in the exercise of its reasonable judgment, shall be taken under the power of eminent domain, this Lease shall automatically terminate as of the date of the vesting of title to all or such portion of the Leased Premises in such condemning entity. The termination of this Lease as to all or a portion of the Leased Premises by Landlord pursuant to

any right of Landlord to do so set forth in this Lease, including, without limitation, under Section 2.3.1 or after an uncured Event of Default under Section 12, shall not be a taking under this Section 10.

10.2 Partial Taking. In the event of any taking under the power of eminent domain which does not result in a termination of this Lease pursuant to Section 10.1, the Annual Base Rent payable hereunder shall be reduced, effective as of the earlier of the date on which the condemnor obtains a right of possession of any portion of the Leased Premises or the date on which title vests with the condemning entity, by an amount calculated in the manner described in Section 2.3.2.1. Tenant, at its expense with respect to New Improvements and at Landlord's expense with respect to the balance of the Leased Premises, shall promptly restore the remaining portion of the Leased Premises to the condition existing immediately prior to such condemnation to the extent reasonably possible, and this Lease shall continue in full force and effect as to such remaining portion; provided, however, if the taking occurs during the last five (5) years of the term of this Lease, at Tenant's option, exercised by written notice to Landlord, Tenant shall have the right to terminate this Lease.

10.3 Awards. Except as provided below, any award or settlement proceeds for any taking under the power of eminent domain of all or any part of the Leased Premises shall be the property of Landlord, whether such award or payment shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, and any award or settlement proceeds for any taking of all or any part of the New Improvements shall be the property of Tenant. Nothing contained herein, however, shall be deemed to preclude Tenant from obtaining, or to give Landlord any interest in, any award to Tenant for loss of or damage to Tenant's Possessory interest in the Leased Premises, trade fixtures and removable personal property or damages for cessation or interruption of Tenant's business or operations at the Airport; provided, however, that in determining the value of Tenant's business or operations, all goodwill attributable to the location of Tenant's business or operations at the Airport shall belong to Landlord.

10.4 Sale Under Threat of Condemnation. A sale by Landlord to any entity having the power of eminent domain, either under threat of condemnation or while condemnation proceedings are pending, shall be deemed a taking under the power of eminent domain for all purposes of this Section.

10.5 Condemnation by Landlord. Nothing in this Lease (including, without limitation, Section 2.3.1) shall impair, limit or otherwise affect the power of eminent domain of Landlord or the exercise of such power by Landlord or the obligation of Landlord to pay just compensation, should Landlord exercise its power of eminent domain with respect to the Leased Premises.

11. SUBORDINATION.

11.1 Subordination. This Lease is subject and subordinate to all mortgages, deeds of trust, bond indentures, liens, encumbrances and other security interests now or hereafter affecting the Landlord's interest in the Leased Premises or the Airport, and to all renewals, modifications, replacements, consolidations and extensions thereof ("Senior Lien" and the holder

thereof being a "Senior Lienholder"). Tenant shall execute and deliver to Landlord or any other party requiring confirmation of such subordination, within ten (10) calendar days following receipt of a request for such confirmation, any and all documents which may be required to effectuate such subordination; provided, however, that with respect to any mortgage, deed of trust, bond indenture, lien, encumbrance or other security interest affecting the Landlord's interest in the Leased Premises or the Airport created after the date of this Lease, such subordination shall not be effective and Tenant shall not be required to execute and deliver such confirmation unless Tenant receives a nondisturbance agreement in recordable form and on terms and conditions reasonably acceptable to Tenant that has been duly executed and acknowledged by any Senior Lienholder making such request. Tenant further agrees that this Lease shall be amended, altered or modified in accordance with the reasonable requirements of a Senior Lienholder, so long as such amendment, alteration or modification does not materially alter the rights or duties or materially increase the obligations or liabilities of Tenant under this Lease, and that Tenant's written consent to any such amendment, alteration or modification shall not be unreasonably withheld or delayed. Tenant shall give prompt written notice to each Senior Lienholder, of which Tenant has written notice, of any default of Landlord, and Tenant shall allow such Senior Lienholder a reasonable length of time (in any event, not less than thirty (30) days from the date of such notice) in which to cure such default.

11.2 Attornment. Subject to the terms of any nondisturbance agreement between Tenant and a Senior Lienholder, in the event that any Senior Lien is foreclosed, Tenant, with and at the election of the purchaser or, if there is no purchaser, with and at the election of the holder of the fee title to the Leased Premises, agrees to (i) enter into a new Lease covering the Leased Premises and the New Improvements for the remainder of the term of this Lease, on the same provisions herein provided or (ii) attorn to the purchaser and recognize the purchaser as the Landlord under this Lease, provided such purchaser agrees to assume in writing all obligations of Landlord under this Lease.

12. DEFAULTS AND REMEDIES.

12.1 Events of Default. After the expiration of any applicable cure period, each of the following shall constitute an "Event of Default" under this Lease:

12.1.1 Insolvency and Creditor Protection. (i) The voluntary or involuntary appointment of a receiver, trustee or liquidator to take possession of the Leased Premises, New Improvements or all or substantially all of the assets of Tenant when such appointment is not terminated or vacated or possession of the Leased Premises is not restored to Tenant within ninety (90) days; or (ii) a general assignment by Tenant for the benefit or protection of creditors; or (iii) Tenant's written admission of its inability to pay its debts as they become due; or (iv) any action taken against or suffered by Tenant under any federal, state or other statute relating to insolvency, bankruptcy, reorganization, arrangement, composition, liquidation, dissolution or other relief for debtors; unless, in the case of an involuntary petition filed against Tenant to have Tenant adjudged a bankrupt or for reorganization or arrangement, the petition is dismissed within ninety (90) days. The appointment of a trustee or conservator of the person or estate of an individual Tenant, or in aid of the voluntary winding up, dissolution and liquidation of a partnership or corporate Tenant, shall not constitute an Event of Default hereunder.

12.1.2 Attachment, Execution or Other Levy. Any attachment, execution, distraint, judicial seizure, or other process of Law pursuant to which Tenant's interest or estate in the Leased Premises, the New Improvements or this Lease may be taken, occupied or used by anyone other than Tenant, when such attachment, execution, distraint, judicial seizure or other process of Law shall not be released, dismissed or stayed within ninety (90) days.

12.1.3 Transfer or Encumbrance. A purported assignment, Lease, transfer, mortgage, grant of security interest, hypothecation or other encumbrance of Tenant's interest or estate in the Leased Premises, the New Improvements or this Lease in violation of Section 9.

12.1.4 Vacation or Abandonment. The vacation or abandonment of the Leased Premises by Tenant.

12.1.5 Violation of Noise Abatement Rules or Law. A violation of Section 4.3.3 or Section 4.3.4.

12.1.6 Violation of Security Requirements. The failure by Tenant to cure a violation of the Security Requirements, as provided in Section 4.13.4, or to institute and to prosecute diligently to completion appropriate legal proceedings to terminate the sublease and to evict the subtenant from the Leased Premises for violations of the Security Requirements, as provided in Section 4.13.3.

12.1.7 Failure to Pay. The failure by Tenant to pay any amount when due and payable hereunder, where such failure to pay continues for ten (10) days following Tenant's receipt of written notice that such amount is past due.

12.1.8 Failure to Maintain Insurance. Any cancellation or lapse of insurance policies providing Required Insurance to be provided by Tenant pursuant to Section 7, unless Landlord has elected to obtain such insurance pursuant to Section 7.1, or any other failure by Tenant to comply with the provisions of Section 7, where such other failure to comply continues for ten (10) days following Tenant's receipt of written notice from Landlord that Tenant has not complied with the provisions of Section 7.

12.1.9 Security Deposit. An Event of Default occurs under the terms of Section 18 below.

12.1.10 Other Defaults: Failure to Cure. The default, breach or non-performance of any covenant or provision of this Lease not otherwise described in Sections 12.1.1 through 12.1.9, where Tenant fails to cure such default, breach or non-performance within thirty (30) days after the delivery to Tenant of written notice of such default, breach or non-performance (or, in the case of a default, breach or non-performance which reasonably requires more than thirty (30) days to cure, where Tenant fails to commence such cure within said thirty (30) days or thereafter fails diligently to prosecute the same to completion).

12.1.11 Multiple Defaults. The receipt by Tenant during any twelve (12) consecutive calendar month period of more than four (4) written notices pertaining to actual

defaults, breaches or non-performance under Sections 12.1.6, 12.1.7, 12.1.8, 12.1.9 or 12.1.10 of this Lease, irrespective of the cure thereof by Tenant.

12.1.12 Defaults Under Other Agreements. The occurrence and continuation of any default or breach by Tenant under any other written agreement between Landlord and Tenant, after giving effect to any applicable grace period, notice requirement or opportunity to cure such default or breach.

12.2 Remedies. Upon the occurrence of any Event of Default, Landlord, at its option and election, and without further demand or notice, shall have all of the following rights and remedies:

12.2.1 Termination of Lease. Landlord shall have the right to declare this Lease, including Tenant's leasehold estate, terminated. Upon termination of this Lease prior to the expiration of its term, Tenant's ownership of the New Improvements shall end automatically and Landlord shall succeed to ownership of the New Improvements free and clear of any and all liens or encumbrances upon Tenant's leasehold estate, the Leased Premises or upon the New Improvements. Landlord shall have the right to re-enter the Leased Premises and the New Improvements to remove and eject all persons therefrom, to take possession thereof; and to use and enjoy the Leased Premises and the New Improvements and Landlord shall have all of the rights and remedies of a landlord provided in Section 1951.2 of the California Civil Code, which Section is incorporated herein by this reference as though set forth in full. In computing Landlord's damages pursuant to Sections 1951.2(1) and (2) of the Civil Code, the "worth at the time of award" shall be computed by allowing interest at a rate of ten percent (10%) per annum. The amount of damages which Landlord may recover in the event of such termination shall include the worth at the time of the award of the amount by which the unpaid amounts required to be paid by Tenant pursuant to Section 3, including, without limitation, Annual Base Rent, for the balance of the term after the time of award exceeds the amount of such losses that Tenant proves could be reasonably avoided, computed in accordance with Civil Code Section 1951.2(4)(b), plus reasonable attorneys' fees and leasing commissions. In the event that Landlord may have lawfully reentered the Leased Premises and the New Improvements after an Event of Default hereunder without having declared this Lease terminated, Landlord shall have the right at any time thereafter to elect to terminate this Lease and all of the rights and remedies of Tenant in and to the Leased Premises and the New Improvements as provided in this Section 12.2.

12.2.2 Continuation of Lease without Termination. Landlord has the remedy described in California Civil Code, Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has right to sublet or assign, subject only to reasonable limitations). In this regard, Landlord shall have the right to continue this Lease and to maintain Tenant's right to possession of the Leased Premises and the New Improvements, whether or not Tenant shall have breached this Lease and/or abandoned the Leased Premises and the New Improvements. In such event this Lease shall continue in effect for so long as Landlord chooses not to terminate Tenant's right of possession and Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to collect and receive Annual Base Rent and any and all other amounts payable by Tenant to Landlord under this Lease as the same shall come due and including the

right, as attorney-in-fact of Tenant, to collect, receive and apply the "Subrents" on behalf of Tenant as provided in Section 12.2.3.

12.2.3 Collection of Subrents on Behalf of Tenant. Tenant hereby irrevocably appoints Landlord as Tenant's attorney-in-fact and grants to Landlord an irrevocable power of attorney, which power shall be coupled with Landlord's interest in the Leased Premises and in this Lease (the "Power of Attorney"), solely to collect, receive and apply on behalf of Tenant as provided herein all rents, issues, profits, royalties, income and other monetary benefits derived by Tenant from the Leased Premises, including without limitation, under any lease, license, franchise, concession or other agreement entered into by Tenant now existing or hereafter created and affecting all or any portion of the Leased Premises or the use or occupancy thereof (the "Subrents"). The Power of Attorney may be exercised by Landlord upon the occurrence of an Event of Default and at any time thereafter during the continuance of the Event of Default and prior to termination of this Lease. Upon Landlord's election to exercise the Power of Attorney, Landlord shall send to each subtenant, licensee, franchisee, concessionaire or other party from whom Subrents may be collected a notice, accompanied by a copy of this Section, to the effect that an Event of Default has occurred, that Landlord, acting on behalf of Tenant, has elected to exercise the Power of Attorney, and that such subtenant, licensee, franchisee, concessionaire or other party is directed to make all payments of Subrents to Landlord or as Landlord shall direct (the "Subrents Payment Notice"). From and after giving the Subrents Payment Notice, Landlord, in the stead and on behalf of Tenant, shall collect and receive all Subrents and shall apply the Subrents toward the cure of the Event of Default and, at Landlord's election, exercised in Landlord's sole discretion, toward the payment or discharge of any other obligation, performance of any duty of Tenant under this Lease or under any other agreement between Landlord and Tenant. If, through the application of the Subrents or otherwise, Tenant timely cures the Event of Default, and provided that this Lease has not been terminated by Landlord, any and all unused Subrents held by Landlord shall be paid promptly to Tenant and Landlord shall send a notice to each subtenant, licensee, franchisee, concessionaire or other party rescinding the previous Subrents Payment Notice. In the event that this Lease is terminated by Landlord, either as a result of or during the continuance of an Event of Default, all Subrents held by Landlord as attorney-in-fact shall be applied on behalf of Tenant by Landlord to pay any amounts owing to or damages incurred by Landlord under this Lease and, if no such amounts are owing or damages are known to exist or there are Subrents remaining after such application, the balance of the Subrents shall be paid to Tenant. All amounts collected, received and applied by Landlord pursuant to the Power of Attorney prior to termination of this Lease shall be construed as and are agreed to be payments made by Landlord, as attorney-in-fact, on behalf of Tenant and the parties do not intend, and expressly disclaim, that the provisions of this Section shall give or create in favor of Landlord any lien upon or security interest in or constitute a pledge of the Subrents for the performance of Tenant's obligations under this Lease.

12.3 Waiver of Claims. Tenant hereby waives all claims and demands against Landlord for damages or loss arising out of or in connection with any lawful exercise by Landlord of any one or more of its rights and remedies under this Section 12.

12.4 Waiver of Rights of Redemption. In the event of the lawful exercise by Landlord of any one or more of its rights and remedies under Section 12.2, Tenant hereby expressly waives any and all rights of redemption or relief from forfeiture under California Code

of Civil Procedure Section 1174 or 1179, or granted by or under any present or future Laws, and further releases Landlord, from any and all claims, demands and liabilities by reason of such lawful exercise by Landlord.

12.5 No Waiver. Efforts by Landlord to mitigate the damages caused by Tenant's breach of this Lease shall not waive Landlord's right to recover damages under this Section 12. For the purposes of this Section 12, the following shall not constitute a termination of Tenant's right to possession: acts of maintenance or preservation or efforts to relet the Leased Premises; or appointment of a receiver upon the initiative of Landlord to protect Landlord's interest under this Lease.

12.6 Cumulative Remedies. The various rights, options, elections, powers and remedies reserved to Landlord herein shall be cumulative, and, except as otherwise provided by Law, Landlord may pursue any or all such rights and remedies, whether at the same time or otherwise, and no single right shall be deemed to be exclusive of any of the other or of any right or priority allowed by Law or in equity. No delay or omission of Landlord to exercise any right or remedy shall be construed as a waiver of any such right or remedy or waiver of any Event of Default. In addition to the foregoing, Landlord may exercise any other remedy now or hereafter available to a landlord against a defaulting tenant under the Laws of the State of California.

12.7 Performance of Tenant's Covenants by Landlord. In the event that Tenant at any time fails to make any payment or perform any other act under this Lease, and such failure continues for the applicable cure period specified herein, or if no cure period is specified herein, for at least five (5) business days after written notice thereof is delivered to Tenant (but no prior notice shall be required in an emergency), Landlord shall have the right, but not the obligation, immediately or at any time thereafter, without further notice or demand and without waiving any right or releasing Tenant from any obligation to Landlord, to make such payment or perform such other act for the account of Tenant, to the extent Landlord may deem desirable. In connection therewith, Landlord may pay reasonable expenses and employ counsel in instituting, prosecuting or defending any action or proceeding under this Lease. All sums so paid by Landlord and all expenses incurred in connection therewith, together with interest thereon at the annual rate specified in Section 3.6 shall be deemed additional rent hereunder and shall be payable to Landlord on demand. In the event such additional amounts remain unpaid within ten (10) days following the delivery to Tenant of a written demand therefor, Landlord shall have the same rights and remedies as for the nonpayment of rent.

12.8 Excuse of Performance by Landlord. Landlord shall be under no obligation to observe or perform any covenant of this Lease on its part to be observed or performed for the benefit of Tenant, which accrues after the date of any Event of Default by Tenant, unless and until such Event of Default is cured by Tenant or waived by Landlord.

12.9 Determination of Rental Amount. For purposes of this Section 12, the amounts due for each calendar month after re-entry by Landlord, or termination of this Lease by Landlord pursuant to Section 12.2, shall be deemed to be the Annual Base Rent then payable divided by twelve (12), any and all other amounts due under Section 3, and any and all other amounts due, to Landlord under any other provision of this Lease.

12.10 Default by Landlord. Landlord shall not be deemed to be in default in the performance of any obligation required to be performed by it hereunder unless and until it has failed to perform such obligation for thirty (30) days following the delivery by Tenant to Landlord of written notice specifying the obligation Landlord has failed to perform; provided, however, in the event that the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, Landlord shall not be deemed to be in default if it shall commence such performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

13. SURRENDER AT END OF TERM. Upon the expiration or other termination of this Lease, unless required to be removed by Tenant pursuant to Section 6.4, ownership of the New Improvements shall pass automatically to Landlord and Tenant shall quit and surrender the Leased Premises and the Improvements to Landlord, broom clean and in good order and condition, ordinary wear and tear, casualty and damage by the elements excepted, and, except as otherwise provided in this Lease, Tenant shall remove all of its personal property, trade fixtures and equipment and shall promptly repair any damages to the Leased Premises caused by such removal. Tenant's obligation to perform this covenant shall survive the expiration or other termination of this Lease.

14. HOLDOVER BY TENANT. In the event that Tenant shall holdover in the Leased Premises after the expiration or termination of the term hereof, with the consent of Landlord, such holdover, in the absence of a written agreement on the subject executed by both parties, shall be deemed to have created a month to month tenancy with respect to the Leased Premises, terminable on thirty (30) days' written notice by either party to the other party. Such holdover tenancy otherwise shall be subject to the same provisions as contained in this Lease, unless the parties execute a written agreement modifying any of the terms hereof applicable to such holdover tenancy; provided, however, that the Annual Base Rent for any such month-to-month tenancy shall be in an amount equal to one hundred fifty percent (150%) of the Annual Base Rent for the last month of the Lease term or last month of any Extension Term, plus all other charges payable hereunder.

15. COMMON USE FACILITIES.

15.1 Common Use Facilities. As an appurtenance to Tenant's leasehold estate in the Leased Premises and in conjunction with Tenant's use of the Leased Premises, Tenant is hereby granted, for itself and for the benefit of its permitted subtenants, invitees and assigns, the non-exclusive right, at any time and from time to time, to enter upon or make customary and reasonable use of (i) runways, landing areas, taxiways, aprons, roadways, runway lights, signals, and other operating aids of the Airport and all avigation or flight easements now or hereafter granted or reserved for the benefit of Landlord and (ii) such other areas of the Airport provided and developed by Landlord for public aviation use as Landlord may from time to time make available or designate as "Common Use Facilities" (collectively, the "Common Use Facilities"). Tenant's rights hereunder shall be in common with Landlord and with other persons authorized by Landlord from time to time to use the Common Use Facilities, including members of the general public and shall be exercised by Tenant and its Tenants, invitees and assigns subject to all applicable Laws and FAA, TSA or other applicable governmental regulations governing

aviation and air navigation and to the uniform rules and procedures adopted by Landlord from time to time governing the use of the Airport and the Common Use Facilities.

15.2 Reservation of Right to Make Changes. Landlord reserves the right, in its sole and absolute discretion, to make changes, at any time and from time to time, in the size, shape, location, number and extent of the Common Use Facilities and specifically further reserves the right to designate portions of the Common Use Facilities for the exclusive or non-exclusive use of certain tenants, licensees, concessionaires and other vendors or users of the Airport; provided, however, that none of such changes or designations shall materially interfere with reasonable access by Tenant between the Leased Premises and the Common Use Facilities.

15.3 Passenger Terminal Facilities Excluded. As used herein, the terms Common Area and Common Use Facilities does not include any public passenger terminal facilities, holdroom space or baggage claim space within the Airport. Tenant is not granted any rights under this Lease to use said passenger terminal facilities, holdroom space or baggage claim space, whether on a non-exclusive basis or otherwise.

16. RULES AND REGULATIONS OF LANDLORD. Tenant shall comply with all uniform rules and regulations adopted by Landlord at a noticed public meeting for use of the Leased Premises, and the other areas of the Airport, including the Common Use Facilities, as the same may be amended from time to time by Landlord ("Rules and Regulations"). Landlord shall provide Tenant with a copy of the Rules and Regulations and any and all amendments thereto. Landlord shall not be responsible to Tenant for the nonperformance of any other Tenant or user of the Airport of any of the Rules and Regulations.

17. TRANSFER OF LANDLORD'S INTEREST. In the event of any transfer of Landlord's interest in the Leased Premises, the transferor automatically shall be relieved of any and all obligations and liabilities accruing from and after the date of such transfer, provided that the transferee assumes all of the liabilities and obligations of Landlord under this Agreement from and after the date of such transfer, but the transferor shall not be released from any obligations or liabilities accruing prior to the date of such transfer.

18. SECURITY FOR PERFORMANCE. Concurrently with the execution of this Lease, Tenant shall deliver to Landlord the sum of \$30,272.15. In the event of an Event of Default on the part of Tenant with respect to any provision of this Lease, including, but not limited to, the provisions relating to the payment of rent or any other amount due hereunder, Landlord may apply all or any part of said sums for the payment of any amount in default, to cure any Event of Default or to repair any damage to the Leased Premises caused by Tenant and to pay any and all damages to which Landlord is otherwise entitled as a result of such default. When the Annual Rent increases, and in the event that Landlord elects to apply any of the sums delivered by Tenant to Landlord pursuant to this Section, Tenant shall, within thirty (30) days after written demand therefor, deliver to Landlord a sum sufficient to restore the sums held by Landlord to six (6) months of rent, and Tenant's failure to do so shall be an Event of Default. In the event Landlord applies any funds as provided in this Section, such action shall not constitute an election or waiver of any other rights or remedies which Landlord may have by virtue of Tenant's default. TENANT HEREBY WAIVES THE PROVISIONS OF CALIFORNIA CIVIL

CODE SECTION 1950.7 TO THE EXTENT INCONSISTENT WITH THE PROVISIONS OF THIS SECTION 18.

19. COMPLIANCE WITH ENVIRONMENTAL LAWS.

19.1 Use of Toxic Materials Prohibited. Tenant shall not cause or permit any "Toxic Materials" (as defined in Section 19.15.2) to be brought onto, stored, used, generated, recycled, or disposed of (collectively, "Use of Toxic Materials") in, on, under or about the Leased Premises, the Improvements associated with the Leased Premises, or any other part of the Clybourn Complex, or the Airport, by any Tenant Party or any of their respective licensees, permittees or invitees; provided, however, that Tenant shall be permitted to store and use in the ordinary course of maintaining aircraft stored in the Leased Premises Toxic Materials so long as Tenant demonstrates to Landlord's reasonable satisfaction that such Toxic Materials, and the quantities thereof, are necessary or useful to Tenant's business and that such use of Toxic Materials is at all times subject to and in compliance with all Environmental Laws (as defined in Section 19.15.2). Landlord shall not cause any "Toxic Materials" (as defined in Section 19.15.2) to be brought onto, stored, used generated, recycled or disposed of in, on, under or about the Leased Premises unless requested to do so by Tenant. Tenant shall demonstrate that such Toxic Materials are necessary or useful by submitting information to Landlord in accordance with Section 19.3.

19.2 Compliance with Environmental Laws. Tenant and Landlord shall each comply, at their respective sole cost and expense, with all "Environmental Laws" (as defined in Section 19.16.3), applicable to their respective premises and their use thereof and operation of their respective businesses and, with respect to any use of Toxic Materials permitted under Section 19.1 above; provided, unless caused by a Tenant Party, Tenant's obligations under this Section 19.2 shall exclude any discharge or release migrating to the Leased Premises from other land. Tenant and Landlord shall not release or dispose of any Toxic Material in the drains, storm drains, sewers, plumbing or any other drainage facility within the Airport that will cause or contribute to a violation of any Environmental Law or any contamination of any portion of the Airport. The off-site disposal of any and all Toxic Materials shall be in strict compliance with all Environmental Laws.

19.3 Disclosure. Prior to or upon the Commencement Date, and prior to the end of January during each Annual Period, Tenant shall submit to Landlord the following documents: (i) an inventory or list of all compounds or products that contain Toxic Materials which were used, stored or disposed of by each Tenant Party on or about the Leased Premises or the New Improvements during the prior year, (ii) all Material Safety Data Sheets for said compounds or products containing Toxic Materials, (iii) an estimate of the quantity or volume of such products or compounds used, stored or disposed of on or about the Leased Premises during the prior year, and (iv) copies of all hazardous waste manifests for wastes generated on the Leased Premises and sent offsite for treatment, storage, disposal or recycling.

19.4 Business Plan. If any Tenant Party's business conducted or to be conducted in, on, under or about the Leased Premises requires the establishment and implementation of a business plan pursuant to California Health and Safety Code Sections 25500 et seq., concerning the handling of hazardous materials, Tenant shall immediately give written

notification to Landlord that the Tenant Party's business is subject to the business plan requirement of such Code and that the business is in compliance with such Code. A copy of the plan shall be delivered to Landlord with such notification.

19.5 Tenant's Indemnity. Tenant shall defend, indemnify and hold harmless each of the Landlord Parties from and against any and all "Liabilities" (as defined in Section 19.15.3) arising out of, resulting from or caused by the Use of any Toxic Materials by any Tenant Party; provided, unless such Contamination is caused by a Tenant Party, Tenant's obligations under this Section shall exclude any discharge or release migrating to the Leased Premises from other land. In the event of any indemnification under this provision, the Tenant shall pay promptly upon demand all reasonable costs and expenses incurred by Landlord for attorneys' fees, environmental consultants or other amounts incurred for remediation or otherwise because of the Tenant's violation of the terms of this Lease with respect to Toxic Material or failure to comply with any Environmental Laws. Tenant acknowledges that Landlord shall have complete control (which control shall be exercised in a reasonable manner) over any litigation, settlement discussion or regulatory compliance or remediation with respect to any indemnity claim under this Section and that Tenant shall cooperate fully with Landlord in connection therewith, including without limitation, executing any instruments, affidavits or other documents necessary in the reasonable judgment of Landlord in connection therewith. This indemnity shall survive the termination of this Lease.

19.6 Landlord's Representation and Warranty. Landlord represents and warrants to Tenant that, to Landlord's actual knowledge, except for information in reports of the Regional Water Quality Control Board, the Leased Premises are in compliance with Environmental Laws. Notwithstanding the foregoing, any breach of any representation or warranty of Landlord shall be subject to the limitations of Landlord's liability set forth in this Lease (including but not limited to the provisions of Section 12.10).

19.7 Notice. If any Tenant Party is required by statute or regulation to give notice to any Agency about any spilling, discharging, releasing or disposing of Toxic Materials on, in, under or about the Leased Premises, Tenant shall immediately give the Landlord's Director of Airport Operations the same notice by telephone at (818) 840-8840, which shall be confirmed by written notice not later than the next business day. This obligation to notify Landlord shall also extend to any personal injuries or property damage to third parties resulting directly or indirectly from said spilling, discharging, releasing or disposing of Toxic Materials on, in, under or about the Leased Premises. If Tenant becomes aware of the presence of or Use of any Toxic Materials not authorized in accordance with the terms of this Lease, or of any spilling, discharging, releasing or disposing of Toxic Materials on, in, under or about the Leased Premises not subject to the notification provisions of the first sentence of this Section, Tenant shall immediately give written notice of such condition to Landlord to the extent required by California Health and Safety Code Section 25359.7.

19.8 Storage and Use of Toxic Materials. Any and all Toxic Materials permitted in, on, under or about the Leased Premises pursuant to this Lease shall be stored and used in strict compliance with all Environmental Laws. There shall be no ponding or uncovered surface storage whatsoever of Toxic Materials in, on or about the Leased Premises. No underground storage tanks shall be constructed, installed or used without Landlord's prior

written consent, which consent may be withheld by Landlord in its absolute discretion. If the Tenant is not in substantial compliance with Environmental Laws concerning underground storage tanks or has failed to take Necessary Action when required to do so under Section 19.6, Landlord shall have the right to enter the Leased Premises for the purpose of removing any underground storage tank, if any, at Tenant's sole expense in accordance with a closure plan approved by regulatory authorities.

19.9 Disposal of Toxic Materials. Notwithstanding anything to the contrary contained in this Section 19, Tenant shall not release or dispose of any Toxic Material, in the drains, storm drains, sewers, plumbing, or any other drainage facility within the Leased Premises, New Improvements, or the Airport that will cause or contribute to a violation of Environmental Laws or Contamination. The offsite disposal of Toxic Materials shall be in strict compliance with all Environmental Laws.

19.10 Safety. Tenant shall maintain Material Safety and Data Sheets for each and every item or product containing any regulated amount of Toxic Material brought onto the Leased Premises. Such information shall be kept current at all times.

19.11 Fees, Taxes and Fines. Tenant shall pay, prior to delinquency, any and all fees, taxes (including excise taxes) and fines which are charged upon or incident to Tenant's activities related to Toxic Materials, provided Tenant shall have the right to contest the validity or amount of any such fees, taxes or fines, so long as (i) Tenant establishes a reserve in the amount thereof on its financial statements, and (ii) shall not allow such obligations to become a lien or charge against the Leased Premises, New Improvements or the Airport or upon Landlord.

19.12 Delivery of Documentation. Tenant shall deliver to Landlord true and correct copies of the following documents related to compliance with Environmental Laws concurrently with the receipt from or submission to an Agency: (i) permit applications; (ii) permits and approvals; (iii) notices of violations of Environmental Laws and Tenant's responses thereto; (iv) environmental assessments, and (v) any other documents related to compliance with Environmental Laws that the Landlord may reasonably request from time to time.

19.13 Annual Site Investigation. In addition to Landlord's right of access to the Leased Premises set forth in Section 1.4, Landlord shall have the right, but not the obligation, to conduct annually an environmental inspection and assessment of the Leased Premises during each year of the term of this Lease, and to utilize the services of an environmental consultant or consulting firm for such inspection and assessment. Tenant shall pay, as additional rent hereunder, the reasonable cost of each such annual inspection.

19.14 Limitation on Liability of Landlord. Without limiting any other rights or remedies of any Landlord Party or any other obligation of Tenant pursuant to this Lease or applicable Laws, Tenant hereby assumes the risk of, waives, releases and forever discharges the Landlord Parties from and against, and covenants not to bring any action or proceeding against, the Landlord Parties as a result of, any delay in construction, prevention of construction, increase in the cost of Improvements, loss or adverse effects upon Tenant's financing (if any), loss of rental income or subtenants (if any), diminution in the value of the Leased Premises or Improvements, or any and all other Claims arising out of or resulting from the discovery or

presence on, in, under or about the Leased Premises or Improvements. Landlord's sole obligation and liability arising out of the presence of any such spilling, discharging, releasing or disposing of Toxic Materials, irrespective of the theory of liability or the facts supporting any such theory, shall be to take, or cause any person legally obligated to take, any and all action which any federal, state, regional, municipal or local governmental agency lawfully requires of Landlord to be taken to investigate, clean-up, remediate or remove such spilling, discharging, releasing or disposing of Toxic Materials.

19.15 Definitions.

19.15.1 Environmental Laws. The term "Environmental Laws" means any and all Laws, rules, regulations, judgments, orders, permits, licenses, agreements, covenants, restrictions, requirements, policies or the like enacted now or hereafter relating to or governing in any way the environmental condition of soil, air, water, groundwater or the presence of Toxic Materials in or affecting all or any portion of the Leased Premises or other parts of the Airport, including, without limitation, the statutes described in the definition of Toxic Materials.

19.15.2 Toxic Materials. The term "Toxic Materials" means any hazardous or toxic materials, pollutants, effluents, contaminants, radioactive materials, flammables, explosives, pesticides, chemicals known to cause cancer or reproductive toxicity, emissions, wastes or any other chemicals, materials or substances, whose handling, storage, release, transportation or disposal is or becomes prohibited, limited or regulated by any federal, state, county, regional or local authority or, even if not so regulated, is or becomes known to pose a hazard or potential threat to the health and safety of any person or to the environment. The term "Toxic Materials" shall include, without limitation, the following compounds: (i) asbestos; (ii) petroleum, petroleum by-products, and petroleum degradation products; (iii) polychlorinated biphenyls; (iv) all substances now or hereafter defined as a "hazardous substance" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, Section 101 (14), 42 U.S.C. Section 9601(14), including petroleum, crude oil, and any fractions thereof; (v) all substances now or hereafter defined as "extremely hazardous substances" pursuant to the Emergency Planning and Community Right-to-Know Act of 1986, Section 302(a), 42 U.S.C. Section 11002(a); (vi) all substances now or hereafter defined as "hazardous waste" by Section 25117 of the California Health and Safety Code; (vii) all substances now or hereafter designated by the Governor of the State of California as substances known to the state to cause cancer or reproductive toxicity pursuant to California Health and Safety Code Section 25249.8; (viii) all substances now or hereafter defined as an "economic poison" pursuant to California Health and Safety Code Section 12753; and (ix) all substances now or hereafter defined as "extremely hazardous waste" pursuant to California Health and Safety Code Section 25115.

19.15.3 Liabilities. The term "Liabilities" shall mean any and all Claims (as defined in Section 4.13.4) arising out of, resulting from or caused by the release, discharge, storage, handling, use, accumulation, transportation, generation, migration, disposal, investigation, clean-up, remediation or removal of any Toxic Materials caused by any Tenant Party or any of their respective licensees, permittees or invitees, including, without limitation, the following: (i) diminution in value of the Airport, the Leased Premises or any Improvements thereon; (ii) damages for the loss or restriction on use of rentable or usable space or of any amenity of the Airport, the Leased Premises or any Improvements thereon; (iii) damages arising

from any adverse impact on marketing of space at the Airport, the Leased Premises or any Improvements thereon; (iv) sums paid in settlement of Claims (including, without limitation, attorneys fees, consultant fees and expert fees); (v) damages caused by the breach or nonperformance by Tenant of any covenant or other provision of this Lease related to Toxic Materials; and (vi) costs incurred in connection with any investigation of site conditions and any cleanup, remediation, removal or restoration work related to the violation of this Lease or any Environmental Law, and (vii) any liabilities of Landlord under any statute, law or regulation.

20. OFFSET/ESTOPPEL STATEMENT.

20.1 Delivery. Tenant, from time to time upon not less than ten (10) days' prior written notice from Landlord, shall execute, acknowledge and deliver to Landlord a statement in writing: (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect); (ii) setting forth the dates to which the rent, fees and other charges, if any, are paid; and (iii) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder (or specifying such defaults if any are claimed).

20.2 Reliance. Any such statement may be relied upon by any encumbrancer of the Leased Premises or any Senior Lienholder or underwriter of debt financing for all or any portion of the Airport. Tenant's failure to deliver such statement within such time shall be conclusive evidence upon Tenant that: (i) this Lease is in full force and effect, without modification except as may be represented by Landlord; (ii) there are no uncured defaults in Landlord's performance; and (iii) not more than one month's installment of rent has been paid in advance.

21. MISCELLANEOUS.

21.1 Lease Interpretation.

21.1.1 Incorporation of Prior Agreements; Amendments. This Lease contains the entire agreement between the parties hereto, and no prior or contemporaneous agreement or understanding shall be effective for any purpose, all of which, if any, are hereby terminated or rescinded, except as to provisions which are expressly stated to survive termination and any indemnity or insurance obligations in favor of Landlord. Except as otherwise expressly provided herein, no provision of this Lease may be amended or added to, except by an agreement in writing signed by the parties hereto or their respective successors in interest. Tenant agrees that it shall not unreasonably refuse to execute any amendment of or supplement to this Lease which Landlord determines is necessary or advisable in order to comply with applicable Laws, governmental regulations or Landlord's uniform policies reflected in resolutions in effect from time to time; provided Tenant shall not be required to execute any amendment of or supplement to this Lease which materially impairs the rights and benefits of Tenant or materially increases the obligations and liabilities imposed on Tenant under this Lease.

21.1.2 No Representations by Landlord. Tenant acknowledges that no Landlord Party has made any representations, warranties or promises with respect to the Leased Premises or the Airport, except as herein expressly set forth. Tenant acknowledges that it has not

executed this Lease in reliance upon any representations, warranties or promises of any Landlord Party with respect to the Leased Premises or the Airport, except as herein expressly set forth.

21.1.3 Examination of Lease. Submission of this Lease for examination or signature by Tenant does not constitute a reservation of or option for a lease, and it is not effective as a lease or otherwise until its execution and delivery by both Landlord and Tenant.

21.1.4 Severability. In the event that any one or more of the provisions contained in this Lease shall be determined to be invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in other respect and the remaining provisions of this Lease shall not be in any way impaired.

21.1.5 Gender and Number. As used in this Lease, each gender shall be deemed to include each other gender, and the singular shall be deemed to include the plural and vice versa, whenever the context so indicates.

21.1.6 Headings. The Section headings, paragraph captions and marginal headings contained in this Lease are for convenience only and shall have no effect in the construction or interpretation of any provision hereof.

21.2 Further Assurances. Tenant and Landlord each agree to perform any further acts and execute and deliver any additional documents which may be reasonably necessary to carry out the provisions of this Lease, or which may be reasonably requested by the other party.

21.3 Contractor Warranties. Tenant shall have the non-exclusive benefit of any third party contractor warranties related to the Leased Premises to the extent such warranties inure to the benefit of Landlord.

21.4 Disclaimer of Partnership or Agency. Neither Landlord nor Tenant are the legal representatives or agents of the other party for any purpose whatsoever and neither party shall have the power or authority to assume or create, in writing or otherwise, any obligation or responsibility of any kind, express or implied, to transact business, to make any warranty or otherwise to act in any manner in the name of or on behalf of the other party. This Lease shall not be construed as constituting or creating a partnership between Landlord and Tenant or as creating any other form of legal association between Landlord and Tenant which would impose liability upon one party for the act or the failure to act of the other party.

21.5 Waivers. The waiver by either party of any provision of this Lease shall not be deemed to be a waiver of any other provision hereof or of any subsequent breach of the same or any other provision. Landlord's consent to any act by Tenant requiring Landlord's consent shall not be deemed to render unnecessary the obtaining of Landlord's consent to any subsequent act by Tenant, whether or not similar to the act so consented. The subsequent acceptance by Landlord of any amount due from Tenant hereunder shall not be deemed to be a waiver of any preceding breach or Event of Default by Tenant of any provision of this Lease, other than the failure of Tenant to pay the particular amount so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such amount. No

waiver on the part of Landlord with respect to any provision of this Lease shall be effective unless such waiver is in writing.

21.6 Successors and Assigns. The provisions contained in this Lease shall bind and inure to the benefit of Landlord, Tenant and, except as otherwise provided in this Lease, their respective successors and assigns.

21.7 No Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work as a merger, but shall, at the option of Landlord, either terminate all or any existing subleases or subtenancies, or operate as an assignment to Landlord of any or all such subleases or subtenancies.

21.8 Waiver of Jury Trial. Landlord and Tenant hereby waive the right of trial by jury to the maximum extent permitted by Law.

21.9 Notices. All notices, requests, demands and other communications given, or required to be given under this Lease, shall be in writing, duly addressed to the parties as follows:

To Landlord:

Burbank-Glendale-Pasadena
Airport Authority
2627 Hollywood Way
Burbank, CA 91505
Attn: Executive Director

To Tenant:

The Yucaipa Companies, LLC

Any notices properly addressed, sent by registered or certified mail, return receipt requested, shall be deemed to have been duly given and received seventy-two (72) hours after they are deposited in the United States Mail, postage prepaid. Notices shall be deemed delivered and received at the time delivered if properly addressed and delivered to the addresses set forth in this Section during normal business hours or personally delivered to the person to whose attention they are addressed. Notice sent by any other manner shall be effective upon actual receipt of the addressee. Any party may change its address for purposes of this Section by giving notice to the other party as provided in this Section.

21.10 Brokers. Each party warrants that it has not had any dealings with any real estate broker or agent in connection with this Lease, and each party agrees to defend, indemnify and hold harmless the other party from and against any and all Claims for any compensation, commission or other charge by any finder or any other real estate broker or agent.

21.11 Recording. No copy, short form or memorandum of this Lease shall be recorded.

21.12 Governing Law. This Lease shall be governed by and construed pursuant to the Law of the State of California applicable to contracts made and to be performed fully within such state.

21.13 Attorneys' Fees. In the event of any action or proceeding (including, without limitation, any bankruptcy proceeding) to enforce or construe any of the provisions of this Lease, the prevailing party in any such action or proceeding shall be entitled to reasonable attorneys' fees and costs.

21.14 Force Majeure. If either party hereto shall be delayed in or prevented from the performance of any act required hereunder by reason of acts of God, labor troubles, inability to procure materials, restrictive governmental Laws or regulations, delays arising from environmental remediation (except to the extent caused by the party obligated), or other causes without fault and beyond the control of the party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay; provided, however, nothing in this Section shall excuse Tenant from the prompt payment of any rent or other charge required of Tenant hereunder.

21.15 Authority of Person Signing for Tenant. Tenant and the person executing this Lease on behalf of Tenant hereby represent and warrant to Landlord that such person has the legal power and authority to execute this Lease on behalf of Tenant and bind Tenant to the terms of this Lease, and that this Lease and the execution hereof has been duly authorized by Tenant.

IN WITNESS WHEREOF, this Lease has been executed by the undersigned as of on the date first set forth above.

"LANDLORD"

BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY

By: _____
Print Name: _____
Title: _____

"TENANT"

THE YUCAIPA COMPANIES, LLC


By: 
Print Name: Robert P. Birmingham
Title: Vice President and Secretary

Exhibit A

Leased Premises

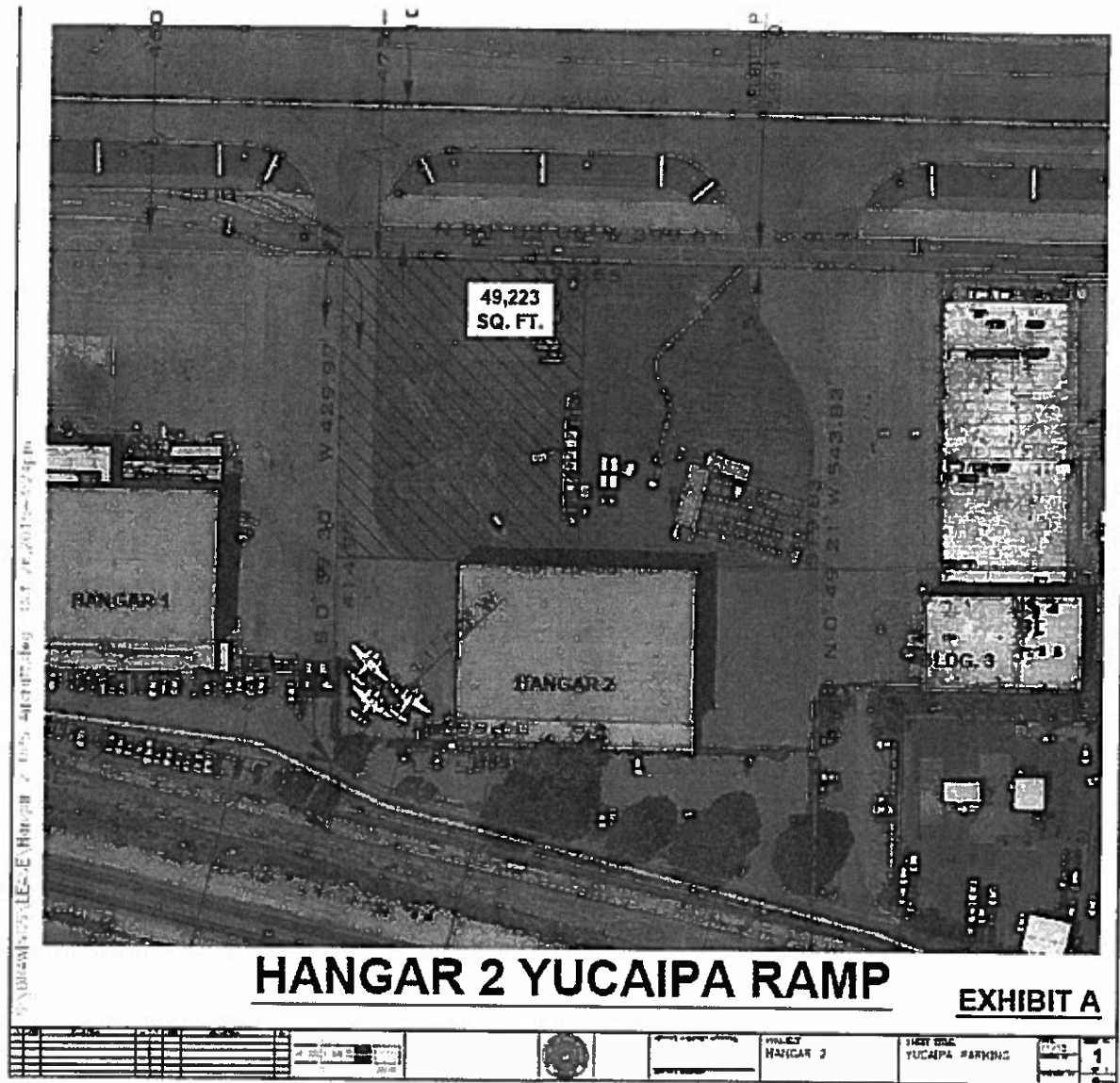


Exhibit B

**BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY**

**NOISE ABATEMENT RULES
(amended and effective as of April 1, 2013)**

The daily operation of the Burbank-Glendale-Pasadena Airport is governed by a set of specific rules and regulation which have been established by the Airport Authority. One section of the Airport Rules and Regulations applies to noise abatement and is commonly called the Airport "noise rules."

For legal or technical reasons, some of these rules are long and may be difficult to follow. For clarity, this booklet begins with a brief and-nontechnical summary of the noise abatement section. Although this summary may be useful as a quick reference, the complete and unabridged version is produced later in this booklet. Please refer to the complete version for specific information, exact details and any pertinent exceptions.

BURBANK-GLENDALE PASADENA
AIRPORT AUTHORITY
NOISE ABATEMENT RULES



Selected Burbank Airport noise rules are summarized below for quick reference, followed by the complete text of the rules for those who would like more detail:

PROCEDURES

Rule 3

General aviation jet aircraft are to use the National Business Aircraft Association's noise abatement procedures.

PROHIBITED ACTIVITIES

Rule 8

Between the hours of 10:00 p.m. and 7:00 a.m. (local time) daily, the following activities are prohibited:

- Intersection takeoffs
- Maintenance run-ups
- Flight training operations
- Practice approaches
- Touch and go landings

NIGHTTIME CURFEW

1. *Rule 9*

Between the hours of 10:00 p.m. to 7:00 a.m. (local time) daily, takeoffs and landings of "noisy" aircraft are prohibited. Operations caused by emergencies, use of the airport as a weather alternative, and for air traffic control delays are permitted. The following is a list of jet aircraft approved for 24-hour operations, which are unaffected by this rule:

JET AIRCRAFT APPROVED FOR OPERATION

24 HOURS A DAY

Manufacturer	Model (s)
British Aerospace	BAe 125-700 and 800 Hawker Jet with Garrett TFE 731 Engines*
*This aircraft has had several designations: DH125; BH125. Early Models with RR Viper engines do not comply.	
Canadair Ltd.	Challenger Series Global Express
Cessna	Citation Series
Dassault	Falcon Series; all except the Falcon 20 without Garrett TFE731 engines
Learjet	30 Series 40 Series 50 Series 60 Series
Gulfstream**	G4 G5
**Special provisions for other Gulfstream Models: Models G2B and G3 May be operated provided manufacturer's "Quiet Flying Procedures" are utilized and the gross weight of 55,500 pounds is not exceeded.	
Model G2 with "Hush Kit" or conical nozzles	
• May be operated provided manufacturer's "Quiet Flying Procedures" are utilized and the gross weight of 47,000 pounds is not exceeded.	
Israel Aircraft Industries	1124 Westwind 1125 Astra
Lockheed	Jetstar 731 Jetstar II 1329-25
Beechcraft	Model 400 Beechjet Diamond I, II
Sabreliner	NA 265-65 Series NA 265-75 Series NA 265-with Garrett TFE 731 Engines

Violations of these provisions carry with them monetary sanctions in amounts of up to \$4,117 per violation.

NOTE: If your jet aircraft is **NOT** listed above, please call to confirm operation as it may be subject to violation if operated during nighttime hours (10:00 p.m. to 7:00 a.m.).

NOTE: These rules are not intended to interfere with the rights or responsibilities of the pilot-in-command concerning safety of flight.

Questions should be addressed to the Noise Management Office at (818) 840-8840 or to the Airport Operations Office at (818) 840-8830 (24 hours).

The complete text of the Burbank-Glendale-Pasadena Airport Noise Rules follows:

NOISE ABATEMENT RULES

(amended and effective as of April 1, 2013)

To further compliance with the state noise regulations and all other applicable laws and agreements, the Airport Authority requires (to the extent that such requirements shall not conflict with pilot's judgment of safety in flight) that:

Rule 1

All subsonic transport category airplanes and all subsonic turbojet powered airplanes regardless of category operating at the Burbank Airport shall be in compliance with all Federal Air Regulations respecting noise, as the same may be amended from time to time.

Rule 2

Each air carrier jet operator shall implement appropriate FAA approved takeoff and arrival procedures consistent with the standards of Case 9A as contained in the Final Environmental Impact Statement approved by FAA on September 12, 1977.

Rule 3

All other jet operators shall use the National Business Aircraft Association's noise abatement procedures established January 1978.

Rule 4

Each air carrier that operates, for any reason, after 10:00 p.m. or before 7:00 a.m. shall pay the full amount of any costs charged to or incurred by the Authority for maintaining the crash rescue service on duty.

Rule 5

Repealed February 24, 1986.

Rule 6

Each aircraft operator and maintenance and repair facility shall adhere to the Authority Engine Test Run Up Policy as contained in the Airport Operations Manual, as the same may be amended from time to time.

Rule 7

- A* No air carrier shall: (1) inaugurate any operations; (2) implement any increase in operations; (3) substitute aircraft types producing higher noise levels for aircraft already in service (except on a temporary basis because of emergency maintenance, weather, payload, or other unanticipated conditions beyond the carrier's control); or (4) substitute aircraft which do not comply with the Stage 3 requirements of F.A.R. Part 36 for aircraft which meet those requirements (except on a temporary basis because of emergency maintenance, weather, payload, or other unanticipated conditions beyond the carrier's control) without having first obtained the written approval of the Commission, which approval shall not be granted except upon a determination by the Commission that such proposed operations or increase will not result in or contribute to an increase in the noise impact area of the Airport from all aircraft operations based on the annual CNEL of 70 for the period ending June 30, 1978.
- B* As used herein, the term "operations" shall mean takeoffs and landings other than emergency procedures or takeoffs or landings resulting from the use of the Airport as weather alternate. The term "weighted operations" shall mean operations weighted on the basis of time of occurrence as provided in Section 5006 of the California Noise Standards, 21 Cal. Admin. Code Section 5000 et. seq. As used herein, noise levels are defined as sound exposure levels measured at, or calculated for, Airport noise monitor system positions.
- C* Any air carrier desiring to: (1) inaugurate any operations; (2) implement any increase in operations or weighted operations; (3) substitute aircraft types producing higher noise levels for aircraft types already in service (except on a temporary basis because of emergency maintenance, weather, payload, or other unanticipated conditions beyond the carrier's control); or (4) substitute aircraft which do not comply with the Stage 3 requirements of F.A.R. Part 36 for aircraft which meet those requirements (except on a temporary basis because of emergency maintenance, weather, payload, or other unanticipated conditions beyond the carrier's control) Pursuant to Part (A) hereof shall, not less than 30 days prior to the proposed effective date of such service apply in writing for permission to the Airport Operations Committee. Such application shall include information as to the nature of the proposed operations or increase, and the projected effect thereof on the Airport's June 30, 1978 noise impact area and other material which the applicant air carrier wishes to bring to the attention of the Operations Committee. Upon review of the application and such other information as it deems appropriate, the Operations Committee shall recommend to the Commission that it grant or deny the permission requested, or any portion thereof. The Commission shall consider the recommendation of the Operations Committee, together with any other additional information which the applicant air carrier desires to present to it, and act thereon at its next regularly scheduled meeting.

- D* The Commission may approve an application, in whole or in part, for a period not to exceed one year from the commencement of such approved operations or weighted operations. Any air carrier desiring to continue such operations or weighted operations beyond said period shall have the burden of demonstrating to the Commission prior to the expiration thereof that such increase did not result in or contribute to an increase in the Airport's June 30, 1978 noise impact area.
- E* Any air carrier violating the provision of this Rule may, in the discretion of the Commission and in addition to any other remedies, including injunctive remedies available, be subject to civil penalties in the amount of One Thousand Dollars (\$1,000) for each operation which has not been approved by the Commission pursuant to the provisions of this Rule.

Rule 8

- A* Between the hours of 10:00 p.m. and 7:00 a.m.:
- 1* No intersection takeoffs shall be permitted;
 - 2* No maintenance engine run-ups shall be permitted, unless a delay of such maintenance engine run-up would cause an aircraft to arrive and/or depart after 10:00 p.m. in the succeeding 24 hour period; and
 - 3* No flight training operations, including practice instrument approaches and touch-and-go operations, shall be permitted.
- B* Any pilot in command or maintenance facility violating the provisions of these Rules may, in the discretion of the Commission, and in addition to other remedies (including injunctive remedies) available, be subject to civil penalties for each violation of this Rule as follows: (1) For the first violation, *one thousand four hundred sixteen Dollars (\$1,416)*; (2) For subsequent violations, *two thousand fifty-seven Dollars (\$2,057)*.

Rule 9

- A* Except as provided in Parts (B) and (C) hereof, no aircraft may land at or take off from the Burbank-Glendale-Pasadena Airport between the hours of 10:00 p.m. and 7:00 a.m.
- B* The following aircraft shall be permitted to land at and take off from the Burbank-Glendale-Pasadena Airport between the hours of 10:00 p.m. and 7:00 a.m.:
- 1* Public aircraft, military aircraft, aircraft owned or operated by the armed forces of the United States, and aircraft operated in support of military operations.
 - 2* Aircraft operated by commercial air carriers whose schedules comply with Rule 7 of these Rules and Regulations.

- 3 Aircraft, other than those listed in FAA Advisory Circular 36-1B or 36-2A, whose total rated maximum brake or shaft horsepower is 200 or less.
 - 4 Propeller-driven aircraft whose certificated takeoff weights are 12,500 pounds or less and whose measured or estimated flyover noise levels, as contained in FAA Advisory Circular 36-1H or 36-2A (as said Advisory Circulars may be revised, supplemented, or replaced from time to time), are equal to or less than 85.6 dBA.
 - 5 Aircraft whose estimated sideline noise levels, as set forth in FAA Advisory Circular 36-3 (or in any revision, supplement, or replacement thereof listing sideline noise levels), are equal to or less than:
 - a for aircraft whose noise levels have been determined at a sideline distance of 450 meters, 82.2 dBA;
 - b for aircraft whose noise levels have been determined at a sideline distance 0.25 nautical miles, 82 dBA; and
 - c for four-engine aircraft whose noise levels have been determined at a sideline distance of 0.35 nautical miles, 79.1 dBA.
 - 6 Aircraft whose maximum noise levels, under normal operating conditions and procedures, have been determined by the Airport Authority, upon a showing by the aircraft manufacturer or operator, are equal to or less than either:
 - a when measured or estimated at a sideline distance of 450 meters, 0.25 nautical miles, or 0.35 nautical miles pursuant to F.A.R. Part 36 Appendix C, 82.2 dBA, 82 dBA, or 79.1 dBA, as applicable respectively, or
 - b when measured or estimated at a flyover altitude of 1,000 feet pursuant to F.A.R. Part 36 Appendix F, 85.6 dBA.
- C Aircraft other than those specified in Paragraph (B) shall be permitted to land at or take off from the Burbank-Glendale-Pasadena Airport between the hours of 10:00 p.m. and 7:00 a.m. only under the following circumstances:
- 1 in the event such landing and/or takeoff results from the existence of a declared emergency;
 - 2 in the event such landing and/or takeoff results from the use of the airport as a weather alternate; and
 - 3 in the event such landing and/or takeoff results from a weather, mechanical, or air traffic control delay; provided however, that this exception shall not authorize any landing or takeoff between the hours of 11:00 p.m. and 7:00 a.m.

- D* Upon the request of the Airport Authority, the aircraft operator or pilot in command shall document or demonstrate the precise emergency conditions resulting in a landing and/or takeoff between the hours of 10:00 p.m. and 7:00 a.m. or the precise weather, mechanical, or air traffic control conditions resulting in a landing and/or takeoff between the hours of 10:00 p.m. and 11:00 p.m.
- E* Any aircraft operator or pilot in command violating the provisions of this Rule may, in the discretion of the Commission, and in addition to any other remedies (including injunctive remedies) available, be subject to civil penalties in the amount of ***Four Thousand One hundred seventeen Dollars (\$4,117)*** for each unauthorized landing and each unauthorized takeoff.

Rule 10

- A* Except as provided in Parts (B) and (C) hereof, no aircraft operating pursuant to an Operating Certificate issued by the Federal Aviation Administration may land at or take off from the Burbank-Glendale-Pasadena Airport.
- B* The following aircraft operated pursuant to an Operating Certificate issued by the Federal Aviation Administration shall, subject to all other applicable Rules and Regulations, be permitted to land at and take off from the Burbank-Glendale-Pasadena Airport:
- 1* Transport category large airplanes and turbojet powered airplanes certificated under F.A.R. Part 36 or ICAO Annex 16 whose certificated sideline noise levels are equal to or less than:
- a* for aircraft whose certificated noise levels have been determined at a sideline distance of 0.25 nautical miles, 105.0 effective perceived noise decibels;
 - b* for aircraft whose certificated noise levels have been determined at a sideline distance of 450 meters, 105.1 effective perceived noise decibels; and
 - c* for four-engine aircraft whose certificated noise levels have been determined at a sideline distance of 0.35 nautical miles, 103.5 effective perceived noise decibels.
- 2* Aircraft whose average sound exposure levels (SEL) on takeoff from Runway 15, under normal operating conditions and procedures, as measured at Airport Monitoring Stations 1, 2, and 3, are equal to or less than 104.5 dB, determined as follows:
- a* for aircraft types regularly operating at the Airport during the year ending June 30, 1981, the average level shall be determined from the energy average of the SEL values measured at Monitoring Stations 1, 2, and 3 during April, May, and June, 1981.
 - b* for aircraft types not regularly operating at the Airport during the year ending June 30, 1981, the aircraft operator shall submit estimates of the energy average SEL values expected at Monitoring Stations 1, 2, and 3, accompanied by noise level and takeoff performance calculations sufficient to show the basis for obtaining the estimates.

Where the average combined noise level estimates fall within the range of 101.5 to 104.5 dB, the Airport shall have the option of allowing the aircraft to operate at the Airport for a demonstration period of 90 days. The noise levels measured at Stations 1, 2, and 3 during this 90-day demonstration period shall be the basis for determining whether or not the aircraft meets the noise limits under this Part. The permission granted under this Part (B) (3) (b) shall continue only for so long as the approved aircraft continues to be operated at an average combined noise level at or below 104.5 dB as set forth above.

- C* Aircraft operated pursuant to an Operating Certificate issued by the Federal Aviation Administration, whose noise levels exceed the limits specified in Part (B) shall be permitted to land at and take off from the Burbank-Glendale-Pasadena Airport only under the following circumstances:
- 1* in the event such landing and takeoff results from the existence of a declared emergency;
 - 2* in the event such landing and takeoff results from use of the Airport as a weather alternative; or
 - 3* in the event such landing and takeoff occurs in connection with FAA certificated maintenance, repair and modification.
- D* Upon request of the Airport Authority, the aircraft operator or pilot in command shall document or demonstrate the precise emergency conditions or FAA certificated maintenance, repair, or modification resulting in the landing and takeoff of an aircraft whose noise levels exceed those set forth in Part (B) above.
- E* Any aircraft operator or pilot in command violating the provisions of this Rule may, in the discretion of the Commission, and in addition to any other remedies (including injunctive remedies) available, be subject to civil penalties in the amount of One Thousand Dollars (\$1,000) for each unauthorized landing and takeoff.

Rule 11

Subject to the provisions of Rule 7 of these Rules and Regulations:

- A* No air carrier shall inaugurate or reinstitute scheduled turbojet operations at the Burbank-Glendale-Pasadena Airport ("the Airport"), except as provided in Part C below, unless all turbojet operations of that carrier are to be conducted solely with aircraft which comply with the noise level criteria of F.A.R. Part 36 Stage 3 (section C36.5 (a) (3) of Appendix C), as the same may be revised, supplemented, or replaced from time to time ("Stage 3 aircraft").
- B* Each air carrier that has continuously provided scheduled passenger service at the Airport using non-Stage 3 aircraft since March 1, 1982, shall:

- 2 Utilize only Stage 3 aircraft in increases in its scheduled turbojet operations above the number of such operations in effect on June 30, 1982;
 - 3 Conduct at least twenty-five percent (25%) of its scheduled turbojet operations with Stage 3 aircraft until March 31, 1986; and
 - 4 From April 1, 1986, to March 31, 1987, conduct at least fifty percent (50%) of its scheduled turbojet operations with Stage 3 aircraft.
- C* Air carriers seeking to inaugurate or reinstitute scheduled passenger operations at the Airport between the effective date of this Rule and March 31, 1987, will be permitted to make use of non-Stage 3 aircraft to the extent such aircraft may be used during that period by air carriers that have continuously utilized such aircraft at the Airport in scheduled passenger service since March 1, 1982, if the air carrier seeking to inaugurate or reinstitute scheduled passenger service demonstrates that the non-Stage 3 aircraft sought to be utilized will produce, at the average gross weight reasonably expected in operations at the Airport, an energy average Sound Exposure Level ("SEL") no greater than 98 decibels at Airport Monitoring Stations 1, 2, and 3 for departures on Runway 15 and no greater than 93 decibels at Station 9 for arrivals on Runway 8.
- D* After March 31, 1987, each air carrier providing scheduled passenger service at the Airport shall conduct one hundred percent (100%) of its scheduled turbojet operations with Stage 3 aircraft.
- E* Air carriers may substitute higher noise level aircraft in operations required to be flown with lower noise level aircraft only if the required lower noise level aircraft is removed from service on a temporary basis for unanticipated conditions beyond the carrier's control, but only for so long as is necessary to correct such unanticipated conditions.
- F* Each scheduled air carrier shall demonstrate, in writing, its intention and ability to fulfill the requirements of the Rule not less than 30 days prior to the commencement (including reinstitution) of scheduled passenger service or any proposed increase in operations at the Airport. Each such air carrier shall also, upon request of the Authority, provide written documentation of the reasons for and duration of any substitution of aircraft pursuant to Part E hereof.
- G* Each scheduled air carrier violating the provisions of this Rule may, in the discretion of the Commission, and in addition to the other remedies (including injunctive remedies) available, be subject to civil penalties in the amount of Ten Thousand Dollars (\$10,000) for each day on which operations are conducted in violation of the provisions of this Rule.

Rule 12

In the event one or more clauses, sections or provisions of these Rules shall be held to be unlawful, invalid or unenforceable, the remainder of such Rule (or Rules) shall not be affected thereby.

ENFORCEMENT

The following procedures shall govern the enforcement of the Noise Abatement Rules.

- 1 Alleged violations of the Noise Abatement Rules shall be investigated by the Environmental Operations Manager or such other airport staff member as the Executive Director may designate.
- 2 In each instance of a potential violation identified by the Environmental Operations Manager, the Environmental Operations Manager shall notify the owner or operator of the aircraft in question. In the case of potential violations of Rules 8 or 9, or in any other instance in which a violation, if confirmed, would result in the imposition of a monetary fine or operational restriction, such notice shall be in writing and shall be delivered by certified mail or other form of registered delivery. Such written notice shall specify the nature of the alleged violation, the time, date and location of its occurrence, the rule allegedly violated, and shall include a copy or description of these enforcement procedures.
- 3 The owner or operator shall have fifteen (15) business days from the date of such notice to: pay the proposed fine; contest in writing the finding of a violation; or request in writing an informal conference with the Director, Environmental and Safety Programs ("Director"). The Director shall, based upon information received in writing or through an informal conference, determine whether a violation has occurred and shall promptly give written notice of such determination to the owner or operator.
- 4 The owner or operator shall have ten (10) business days from the date of such notice of determination to appeal the determination of the Director to the Authority's Operations Committee. Such appeal shall be in writing, submitted to the Environmental Operations Manager, and shall set forth all information the owner or operator believes necessary to support such appeal. The Operations Committee shall have the discretion to request further information from the owner or operator, either in writing or in person, and may affirm, overrule or modify the determination of the Director. The Operations Committee shall give written notice of its decision to the owner or operator.
- 5 The owner or operator may, within ten (10) business days of the date of the notice of decision of the Operations Committee, appeal that decision to the full Airport Authority Commission, by submitting a notice of appeal, together with such written information as it deems appropriate, to the Environmental Operations Manager. The Commission may request further information from the owner or operator, either in writing or in person, and may affirm, overrule or modify the decision of the Operations Committee. The Commission shall give written notice of its decision to the owner or operator.

Exhibit C

FAA Grant Agreement Assurances Nondiscrimination

A. Tenant, for itself, its representatives, successors in interest, and permitted assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the Leased Premises for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, Tenant shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

B. Tenants for itself and its representatives, successors in interest and permitted assigns as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that:

1. No person on the ground of race, color, or national origin shall be excluded from participation, denied the benefits of, or be otherwise subjected to discrimination in the use of the Leased Premises;

2. In the construction of any Improvements on, over or under the Leased Premises, if allowed, and the furnishings of services thereon, no person on the ground of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and

3. Tenant shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

C. In the event of breach of any of the above nondiscrimination covenants, Landlord shall have the right to terminate this Lease and to re-enter and to repossess the Leased Premises, and hold the Leased Premises as if this Lease had never been made. This provision does not become effective until the procedures of 49 Code of Federal Regulations Part 21 are followed and completed, including expiration of appeal rights.

D. Tenant shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, that the Tenant may make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.

E. Noncompliance with Provision D, above shall constitute a material breach hereof and in the event of such noncompliance Landlord shall have the right to terminate this Lease and the estate hereby created without liability therefor or, at the election of Landlord or the United States, either or both thereof shall have the right to judicially enforce Provisions A, B, C and D above.

F. Applicant agrees that it shall insert the above five provisions in any Permitted Lease, license or agreement by which said Tenant grants a right or privilege to any person, firm or corporation to render accommodations and/or service to the public at the Leased Premises.

Exhibit D

Policy on Tenant Improvements



**REQUEST FOR APPROVAL
PROPOSED TENANT IMPROVEMENT**

1. INFORMATION

Tenant _____ Building # _____
Name of Contact _____ Phone # _____
Address _____ Email: _____
Describe Proposed Improvements * _____

Estimated cost of improvements _____
Estimated start date _____ Completion date _____

***Attach sketches or drawings as required to clearly indicate the type, size, height
and location of proposed improvements***

2. PRE-CONSTRUCTION

Contractor _____ License # _____
Address _____
Contract Price _____ Phone # _____
Construction Commencement Date _____ End Date _____

***Applicant must submit required Certificate of Insurance, Material and Labor Bond
one week prior to the start of construction***

Tenant Representative (Signed) _____ Date _____

3. REVIEW AND APPROVALS

Airside Operations	(Reviewed by) _____	Date _____
Comments	_____	
Landside Operations	(Reviewed by) _____	Date _____
Comments	_____	
Business & Properties	(Reviewed by) _____	Date _____
Comments	_____	
Engineering Department	(Reviewed by) _____	Date _____
Comments	_____	
Environmental & Noise	(Reviewed by) _____	Date _____
Comments	_____	
Fire Department	(Reviewed by) _____	Date _____
Comments	_____	
ICT Department	(Reviewed by) _____	Date _____
Comments	_____	
Maintenance Department	(Reviewed by) _____	Date _____
Comments	_____	
Police & Security	(Reviewed by) _____	Date _____
Comments	_____	

4. FINAL APPROVAL

Airport Administration (Reviewed by) _____ Date _____

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