



January 14, 2021

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

The Airport Authority administrative offices will be closed on Monday, January 18, 2021, in observance of Martin Luther King, Jr., Day. Therefore, the regular meeting of the Finance and Administration Committee scheduled for Monday, January 18, 2021, at 9:30 a.m., or immediately following the Commission meeting, in the Airport Skyroom of Hollywood Burbank Airport, has been cancelled.

NOTICE is hereby given that a special meeting of the Finance and Administration Committee will be held Tuesday, January 19, 2021, at 9:30 a.m., or immediately following the Commission meeting, in the Airport Skyroom of Hollywood Burbank Airport, 2627 N. Hollywood Way, Burbank, California 91505.

Pursuant to Governor Newsom's Executive Order N-29-20, members of the Commission or staff may participate in this meeting via teleconference. In the interest of maintaining appropriate social distancing, members of the public may observe and participate in the meeting telephonically through the following number:

Dial In: (978) 990-5000

Access Code: 880737#

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

SPECIAL MEETING
OF THE
FINANCE AND ADMINISTRATION COMMITTEE

Skyroom
Tuesday, January 19, 2021
9:30 a.m., or Immediately Following
the Conclusion of the
Commission Meeting

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

The public comment period is the opportunity for members of the public to address the Committee on agenda items and on airport-related non-agenda matters that are within the Committee's subject matter jurisdiction. At the discretion of the presiding officer, public comment on an agenda item may be presented when that item is reached.

Members of the public are requested to observe the following decorum when attending or participating in meetings of the Committee:

- *Turn off cellular telephones and pagers.*
- *Refrain from disorderly or boisterous conduct, including loud, threatening, profane, or abusive language, clapping, whistling, stamping, or other acts that disrupt or otherwise render unfeasible the orderly conduct of the meeting.*
- *If you desire to address the Committee during the public comment period, fill out a speaker request card and present it to the Board Secretary.*
- *Confine remarks to agenda items or to airport-related non-agenda matters that are within the Committee's subject matter jurisdiction.*
- *Limit comments to five minutes or to such other period of time as may be specified by the presiding officer.*

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The following activities are prohibited:

- *Allocation of speaker time to another person.*
- *Video presentations requiring use of Authority equipment.*

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

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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

Tuesday, January 19, 2021

1. Approval of Agenda

2. Public Comment

3. Approval of Minutes

a. December 14, 2020

[See page 1]

4. Treasurer's Report

a. November 2020

[See page 4]

5. Items for Approval

a. Proposed Resolution No. 489 Adopting the
2021 Authority Investment Policy

[See page 28]

Formerly mandated by State law and now currently recommended under Sections 53646(a)(2) and 53646(h) of the California Government Code ("Code"), the Commission annually reviews and approves an investment policy to identify policies and procedures for the prudent and systematic investment to be followed by the Authority Treasurer in the exercise of the investment authority delegated to him/her.

The Authority's Investment Manager, Columbia Management Investment Advisors LLC ("CMIA"), has opined that the 2020 Authority Investment Policy, with overall investment criteria of capital preservation (safety) and liquidity, is still appropriate and conservative and does not need revisions at this time. Staff concurs with the CMIA recommendation and seeks a Finance and Administration Committee recommendation to the Commission that it adopt the proposed Resolution No. 489 approving the 2021 Authority Investment Policy.

b. Conditional Consent to Assignment - Development Ground Lease
AvJet Aviation

[See page 36]

Staff seeks the recommendation of the Finance and Administration Committee to the Commission to approve the proposed Conditional Consent to Assignment of the Development Ground Lease for Hangar 25 from AvJet Corporation to Harbor Freight Tools, USA pursuant to a Purchase and Sales Agreement dated November 23, 2020.

6. Items for Information

a. Committee Pending Items

[See page 38]

7. Adjournment

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

MONDAY, DECEMBER 14, 2020

A special meeting of the Finance and Administration Committee was called to order on this date in the Skyroom of Hollywood Burbank Airport, 2627 N. Hollywood Way, Burbank, California, at 11:21 a.m., by Commissioner Selvidge.

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 Selvidge and Najarian (both via teleconference)

Absent: Commissioner Adams

Also Present: Staff: John Hatanaka, Senior Deputy Executive Director; Kathy David, Deputy Executive Director, Finance and Administration (via teleconference); Scott Kimball, Deputy Executive Director, Operations, Properties and SMS; David Kwon, Director, Financial Services

Also present via teleconference:
James Wilkinson, Columbia Management Investments; Ron Stahl, Columbia Management Investments; John Dempsey, Columbia Management Investments

1. Approval of Agenda Agenda was approved as presented.

NOTE: Commissioner Selvidge suggested that Item 5 be addressed after Item 3. Commissioner Najarian agreed.

Motion Commissioner Najarian moved approval of the agenda, seconded by Commissioner Selvidge.

Motion Approved There being no objection, a voice vote was taken to accommodate those participating via teleconference. The motion was approved (2-0, 1 absent).

2. Public Comment There were no public comments.

3. Approval of Minutes

a. November 16, 2020

Draft minutes for the November 16, 2020, regular meeting of the Finance and Administration Committee meeting was presented for approval.

Motion

Commissioner Najarian moved approval of the minutes, seconded by Commissioner Selvidge.

Motion Approved

There being no objection a voice vote was taken to accommodate those participating via teleconference. The motion was approved (2–0, 1 absent).

5. Items for Discussion

a. CMIA Quarterly Investment Portfolio – Third Quarter

Staff introduced James Wilkinson, Ron Stahl and John Dempsey of Columbia Management Investments, the Authority's investment advisors, who participated via teleconference. Mr. Wilkinson and his colleagues presented an update on the status of the Authority's Operating and Passenger Facility Charge Investment portfolios for the period ended September 30, 2020.

4. Treasurer's Report

a. September 2020

A copy of the September 2020 Treasurer's Report was included in the agenda packet for the Committee's review.

b. October 2020

A copy of the October 2020 Treasurer's Report was included in the agenda packet for the Committee's review.

Motion

Commissioner Selvidge moved approval, seconded by Commissioner Najarian.

Motion Approved

There being no objection, a voice vote was taken. The motion was approved (2–0, 1 absent) that it be forwarded to the Commission for note and file.

6. Other Contracts and Leases

There were no other contracts or leases.

7. Items for Information

a. Committee Pending Items

Staff informed the Committee of future pending items that will come to the Committee for review.

8. Adjournment

There being no further business to discuss, the meeting was adjourned at 12:01 p.m.



February 1, 2021

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

Dear Commissioners:

The attached report, covering the month of November 2020, 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,

[To be signed]

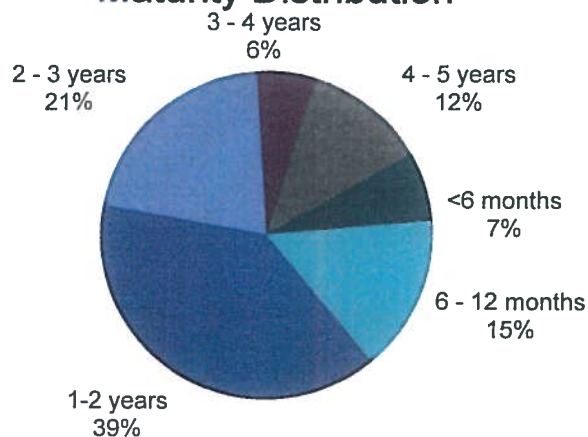
Vrej Agajanian
Treasurer

Attachments

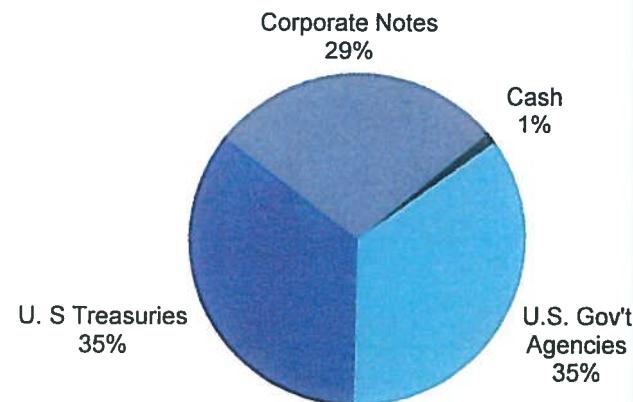
Operating Portfolio Investment Guidelines Conformance as of November 30, 2020

	Legal Max Maturity	Actual Max Maturity	Policy Maximum	Policy Actual
U.S. Gov Agencies	5 Years	4.94 Years	70%	35%
Corporate Notes	5 Years	4.72 Years	30%	29%
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	4.58 Years	No Limit	35%

Maturity Distribution



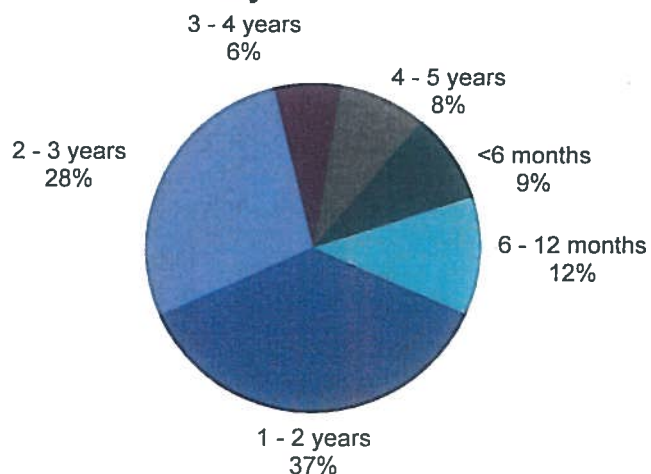
Sector Allocation



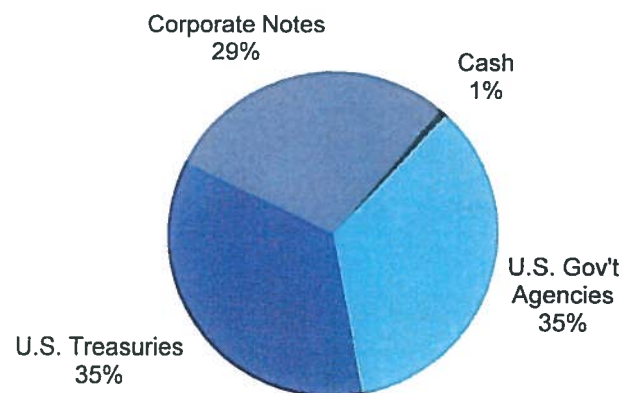
PFC Portfolio Investment Guidelines Conformance as of November 30, 2020

	Legal Max Maturity	Actual Max Maturity	Policy Maximum	Policy Actual
U.S. Gov Agencies	5 Years	4.94 Years	70%	35%
Corporate Notes	5 Years	4.72 Years	30%	29%
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	4.58 Years	No Limit	35%

Maturity Distribution



Sector Allocation



Burbank-Glendale-Pasadena Airport Authority - Operating Account
Statement of Investments
As of 11/30/20

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
10/31/20	Columbia Treasury Reserves	097101307	0.000	10/31/20	10/31/20	\$ 2,448,684	\$ 2,448,684	\$ 2,448,684	\$ -	0.00%	-30	1.06%
04/24/18	Wells Fargo & Company	949746RT0	3.240	03/04/21	12/04/20	1,300,000	1,330,534	1,304,262	(26,272)	0.31%	4	0.56%
04/24/18	US Bank NA	90331HNQ2	2.256	04/26/21	01/26/21	1,175,000	1,175,000	1,176,050	1,050	0.32%	57	0.51%
03/06/18	Exxon Mobil Corp	30231GAV4	2.222	03/01/21	03/01/21	1,050,000	1,035,930	1,053,316	17,386	0.96%	91	0.46%
11/10/17	Praxair Inc	74005PAY0	4.050	03/15/21	03/15/21	404,000	429,143	407,983	(21,160)	0.66%	105	0.18%
01/25/18	Bank of New York Mellon Corp	06406FAA1	2.500	04/15/21	04/15/21	1,225,000	1,216,443	1,233,163	16,720	0.72%	136	0.53%
12/05/16	PNC Bank NA	6935REW4	2.150	04/29/21	04/29/21	1,450,000	1,436,649	1,459,003	22,354	0.64%	150	0.63%
06/13/18	FNMA	3135G0K69	1.250	05/06/21	05/06/21	3,000,000	2,883,300	3,014,356	131,056	0.14%	157	1.30%
12/21/18	General Dynamics Corporation	369550BE7	3.000	05/11/21	05/11/21	1,300,000	1,305,578	1,316,056	10,478	0.24%	162	0.57%
03/01/18	Fifth Third Bank	31677QBG3	2.250	06/14/21	06/14/21	1,000,000	977,850	1,008,947	31,097	0.58%	196	0.44%
06/20/18	WalMart Inc	931142EJ8	3.125	06/23/21	06/23/21	1,300,000	1,299,935	1,320,999	21,064	0.26%	205	0.57%
05/31/18	Treasury Note	912828WR7	2.125	06/30/21	06/30/21	12,500,000	12,338,867	12,646,484	307,617	0.12%	212	5.46%
10/05/17	Florida Power Corporation	341099CP2	3.100	08/15/21	08/15/21	705,000	728,709	713,943	(14,766)	1.29%	258	0.31%
05/31/19	FNMA Benchmark Note	3135G0N82	1.250	08/17/21	08/17/21	300,000	295,398	302,383	6,985	0.14%	260	0.13%
08/07/18	3M Company	88579YAU5	1.625	09/19/21	09/19/21	1,000,000	960,330	1,009,716	49,386	0.41%	293	0.44%
08/31/18	Treasury Note	912828T34	1.125	09/30/21	09/30/21	2,300,000	2,200,367	2,319,137	118,770	0.12%	304	1.00%
12/23/16	Federal Home Loan Banks	3130AABG2	1.875	11/29/21	11/29/21	15,000,000	14,742,129	15,257,908	515,779	0.15%	364	6.59%
01/23/17	Pfizer Inc	717081DZ3	2.200	12/15/21	12/15/21	1,500,000	1,498,845	1,529,818	30,973	0.29%	380	0.66%
04/15/19	FNMA Benchmark Note	3135G0S38	2.000	01/05/22	01/05/22	3,800,000	3,812,172	3,877,158	64,986	0.15%	401	1.67%
06/23/17	FHLMC	3137EADB2	2.375	01/13/22	01/13/22	8,125,000	8,173,493	8,328,583	155,090	0.13%	409	3.60%
06/26/19	Target Corporation	87612EAZ9	2.900	01/15/22	01/15/22	1,300,000	1,329,214	1,338,175	8,961	0.28%	411	0.58%
08/15/18	Berkshire Hathaway Finance Corp	084670BF4	3.400	01/31/22	01/31/22	1,500,000	1,521,795	1,553,956	32,161	0.27%	427	0.67%
02/03/17	Treasury Note	912828H86	1.500	01/31/22	01/31/22	2,450,000	2,386,645	2,489,047	102,402	0.13%	427	1.08%
08/06/18	PacifiCorp	695114CP1	2.950	02/01/22	02/01/22	1,000,000	991,823	1,023,880	32,057	0.89%	428	0.44%
11/05/18	Microsoft Corporation	594918BA1	2.375	02/12/22	02/12/22	1,225,000	1,199,000	1,253,727	54,727	0.41%	439	0.54%
02/21/17	Walt Disney Co	25468PCT1	2.550	02/15/22	02/15/22	1,300,000	1,309,135	1,334,635	25,500	0.34%	442	0.58%
09/25/20	American Express Credit Corp	0258M0EG0	2.700	03/03/22	03/03/22	1,300,000	1,341,041	1,336,218	(4,823)	0.48%	458	0.58%
09/28/17	FHLB	313378CR0	2.250	03/11/22	03/11/22	4,000,000	4,059,140	4,104,876	45,736	0.20%	466	1.77%
04/17/17	BB&T Corp	05531FAX1	2.750	04/01/22	04/01/22	1,500,000	1,523,109	1,545,347	22,238	0.48%	487	0.67%
05/18/17	Federal National Mortgage Association	3135G0T45	1.875	04/05/22	04/05/22	8,300,000	8,166,654	8,492,665	326,011	0.15%	491	3.67%
01/31/19	Treasury Note	912828X47	1.875	04/30/22	04/30/22	9,475,000	9,301,015	9,707,804	406,789	0.14%	516	4.19%
05/06/19	Apple Inc	037833CQ1	2.300	05/11/22	05/11/22	1,250,000	1,241,250	1,284,513	43,263	0.38%	527	0.55%
01/15/19	Oracle Corporation	68389XBB0	2.500	05/15/22	05/15/22	1,265,000	1,243,561	1,300,967	57,406	0.54%	531	0.56%
10/03/17	Home Depot Inc	437076BG6	2.625	06/01/22	06/01/22	1,200,000	1,214,701	1,240,158	25,457	0.39%	548	0.54%
09/25/17	Caterpillar Financial Services	14913QAA7	2.400	06/06/22	06/06/22	1,500,000	1,503,869	1,547,200	43,331	0.32%	553	0.67%
02/15/19	Cisco Systems Inc	17275RAV4	3.000	06/15/22	06/15/22	1,200,000	1,210,416	1,250,904	40,488	0.24%	562	0.54%
08/01/17	Treasury Note	912828XQ8	2.000	07/31/22	07/31/22	9,850,000	9,706,887	10,152,811	445,924	0.15%	608	4.39%

Burbank-Glendale-Pasadena Airport Authority - Operating Account
Statement of Investments
As of 11/30/20

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
11/01/19	Procter & Gamble Company	742718EU9	2.150	08/11/22	08/11/22	1,275,000	1,290,912	1,316,666	25,754	0.22%	619	0.57%
02/15/19	Burlington Northern Santa Fe LLC	12189LAL5	3.050	09/01/22	09/01/22	1,200,000	1,211,382	1,249,170	37,788	0.69%	640	0.54%
01/09/19	John Deere Capital Corp	24422ETV1	2.150	09/08/22	09/08/22	1,500,000	1,460,768	1,549,587	88,819	0.28%	647	0.67%
05/18/18	Merck & Co Inc	589331AT4	2.400	09/15/22	09/15/22	1,500,000	1,448,385	1,549,601	101,216	0.54%	654	0.67%
09/25/17	National Rural Utilities Coop	63743HEQ1	2.300	09/15/22	09/15/22	1,000,000	995,980	1,033,061	37,081	0.45%	654	0.45%
10/03/17	Treasury Note	9128282W9	1.875	09/30/22	09/30/22	9,125,000	9,098,667	9,412,651	313,984	0.15%	669	4.07%
09/12/19	FNMA	3135G0T78	2.000	10/05/22	10/05/22	4,500,000	4,543,965	4,650,568	106,603	0.18%	674	2.01%
07/25/18	Bank of America Corp	06051GEU9	3.300	01/11/23	01/11/23	1,825,000	1,815,791	1,935,567	119,776	0.42%	772	0.84%
09/26/19	Federal National Mortgage Association	3135G0T94	2.375	01/19/23	01/19/23	4,800,000	4,919,052	5,022,428	103,376	0.20%	780	2.17%
03/20/19	JP Morgan Chase & CO	46625HJH4	3.200	01/25/23	01/25/23	1,825,000	1,843,112	1,933,938	90,826	0.41%	786	0.84%
10/31/19	Treasury Note	9128283U2	2.375	01/31/23	01/31/23	4,200,000	4,309,594	4,400,813	91,219	0.17%	792	1.90%
02/14/19	IBM Credit LLC	44932HAH6	3.000	02/06/23	02/06/23	1,425,000	1,434,243	1,505,735	71,492	0.39%	798	0.65%
03/18/19	Unitedhealth Group Inc	91324PBZ4	2.750	02/15/23	02/15/23	1,365,000	1,371,071	1,429,244	58,173	0.60%	807	0.62%
10/02/19	Pepsico Inc	713448CG1	2.750	03/01/23	03/01/23	1,300,000	1,344,486	1,370,469	25,983	0.33%	821	0.59%
12/03/19	Treasury Note	9128284L1	2.750	04/30/23	04/30/23	6,850,000	7,104,980	7,276,520	171,540	0.17%	881	3.14%
11/03/20	Loews Corporation	54042AAQ1	2.625	05/15/23	05/15/23	1,000,000	1,049,100	1,047,527	(1,573)	0.67%	896	0.45%
06/06/19	Public Service Electric And Gas	74456QBC9	2.375	05/15/23	05/15/23	1,125,000	1,125,878	1,173,245	47,367	0.61%	896	0.51%
02/04/19	Simon Property Group LP	828807DD6	2.750	06/01/23	06/01/23	1,250,000	1,234,086	1,306,535	72,449	0.92%	913	0.56%
05/05/20	Federal Home Loan Mortgage Corp	3137EAE5	2.750	06/19/23	06/19/23	6,250,000	6,718,056	6,652,445	(65,611)	0.22%	931	2.87%
01/21/20	FNMA	3135G0U43	2.875	09/12/23	09/12/23	5,050,000	5,296,103	5,419,433	123,330	0.24%	1016	2.34%
07/31/19	Treasury Note	9128285D8	2.875	09/30/23	09/30/23	6,775,000	7,065,870	7,290,006	224,136	0.18%	1034	3.15%
03/16/20	Treasury Note	9128285P1	2.875	11/30/23	11/30/23	3,200,000	3,479,090	3,457,000	(22,090)	0.19%	1095	1.49%
03/20/19	Citibank NA	17325FAS7	3.650	01/23/24	01/23/24	1,750,000	1,806,515	1,911,600	105,085	0.68%	1149	0.83%
06/22/20	Comcast Corporation	2003NCR0	3.700	04/15/24	04/15/24	1,400,000	1,550,276	1,541,589	(8,687)	0.66%	1232	0.67%
06/23/20	Prudential Financial Inc	74432QBZ7	3.500	05/15/24	05/15/24	1,195,000	1,324,243	1,315,870	(8,373)	0.54%	1262	0.57%
11/03/20	Bristol-Myers Squibb Co	110122CM8	2.900	07/26/24	07/26/24	1,475,000	1,593,144	1,594,277	1,133	0.66%	1334	0.69%
10/31/19	Honeywell International Inc	438516BW5	2.300	08/15/24	08/15/24	1,500,000	1,543,546	1,601,358	57,812	0.46%	1354	0.69%
06/25/20	Wisconsin Electric Power Company	976656CL0	2.050	12/15/24	12/15/24	1,100,000	1,161,130	1,160,783	(347)	0.66%	1476	0.50%
08/05/20	FHLB	3130A4CH3	2.050	12/15/24	12/15/24	250,000	273,060	270,956	(2,104)	0.40%	1476	0.12%
10/01/20	FHLMC Reference Note	3137EAE0	1.500	02/12/25	02/12/25	500,000	524,867	523,495	(1,372)	0.37%	1535	0.23%
08/05/20	Ace InA Holdings Inc	00440EAS6	3.150	03/15/25	03/15/25	1,500,000	1,660,740	1,657,442	(3,298)	0.67%	1566	0.72%
05/12/20	Intel Corp	458140BP4	3.400	03/25/25	03/25/25	1,000,000	1,106,180	1,114,312	8,132	0.71%	1576	0.48%
05/05/20	Florida Power & Light Company	341081FZ5	2.850	04/01/25	04/01/25	1,000,000	1,086,929	1,090,658	3,729	0.72%	1583	0.47%
09/28/20	Federal Home Loan Banks	3130AJHU6	0.500	04/14/25	04/14/25	3,100,000	3,126,681	3,115,763	(10,918)	0.38%	1596	1.35%
08/05/20	Treasury Note	912828ZW3	0.250	06/30/25	06/30/25	8,500,000	8,461,069	8,468,789	7,720	0.33%	1673	3.66%
11/19/20	Intel Corp	458140AS9	3.700	07/29/25	07/29/25	400,000	452,247	452,354	107	0.83%	1702	0.20%
09/24/20	State Street Corporation	857477AT0	3.550	08/18/25	08/18/25	1,250,000	1,422,304	1,419,285	(3,019)	0.63%	1722	0.61%

Burbank-Glendale-Pasadena Airport Authority - Operating Account
Statement of Investments
As of 11/30/20

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
09/25/20	FNMA Benchmark Note	3135G05X7	0.375	08/25/25	08/25/25	3,500,000	3,493,349	3,485,967	(7,382)	0.46%	1729	1.51%
11/17/20	FNMA Benchmark Note	3135G06G3	0.500	11/07/25	11/07/25	5,000,000	4,998,149	5,003,722	5,573	0.48%	1803	2.16%
		Subtotal				\$213,257,684	\$215,283,611	\$220,395,261	\$ 5,111,650	0.002802	723.7538	95.21%
	Local Agency Investment Fund (LAIF)					11,047,566	11,047,566	11,093,022	45,456	0.58%	171	4.79%
		Subtotal				\$224,305,250	\$226,331,177	\$231,488,283	\$ 5,157,106	0.29%	697	100.00%
	Operating Bank Balance						<u>4,445,305</u>					
		TOTAL					\$230,776,482					

Burbank-Glendale-Pasadena Airport Authority - Operating Account
Statement of Purchases - Maturities - Sales
As of 11/30/20

PURCHASES

Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Par Value	Purchase Price	Purchase Cost	Prepaid Interest
11/03/20	Ace InA Holdings Inc	00440EAS6	3.150	03/15/25	1,000,000.00	110.07900	\$ 1,100,790.00	\$ (4,375.00)
11/03/20	Bristol-Myers Squibb Co	110122CM8	2.900	07/26/24	1,000,000.00	108.12600	1,081,260.00	(7,975.00)
11/03/20	Loews Corporation	540424AQ1	2.625	05/15/23	1,000,000.00	104.91000	1,049,100.00	(12,395.83)
11/17/20	FNMA Benchmark Note	3135G06G3	0.500	11/07/25	5,000,000.00	99.96300	4,998,150.00	(416.67)
11/17/20	Treasury Note	912828ZW3	0.250	06/30/25	8,150,000.00	99.51560	8,110,521.40	(7,806.73)
11/19/20	Bristol-Myers Squibb Co	110122CM8	2.900	07/26/24	475,000.00	107.76500	511,883.75	(4,476.88)
11/19/20	IBM Corp	44932HAH6	3.000	02/06/23	200,000.00	105.71600	211,432.00	(1,783.33)
11/19/20	Intel Corp	458140AS9	3.700	07/29/25	400,000.00	113.06200	452,248.00	(4,686.67)
11/19/20	State Street Corporation	857477AT0	3.550	08/18/25	250,000.00	113.52600	283,815.00	(2,342.01)
							-	-
TOTAL PURCHASES					\$ 17,475,000.00		\$ 17,799,200.15	\$ (46,258.12)

MATURITIES

Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Par Value	Purchase Price	Purchase Cost	Gain / (Loss)
04/21/16	Travelers Cos Inc	89417EAG4	3.900	11/01/20	\$ 900,000.00	109.43703	\$ 984,933.25	\$ (84,933.25)
02/21/17	Ace InA Holdings Inc	00440EAT4	2.300	11/03/20	1,000,000.00	100.09600	1,000,960.00	(960.00)
04/02/18	Coca-Cola Company (The)	191216AR1	3.150	11/15/20	1,300,000.00	101.19603	1,315,548.40	(15,548.40)
11/01/17	Treasury Note	912828PC8	2.625	11/15/20	8,000,000.00	102.64063	8,211,250.00	(211,250.00)
06/25/18	Chevron Corp	166764AY6	2.419	11/17/20	1,050,000.00	98.95586	1,039,036.50	10,963.50
01/12/18	FHLMC Reference Bond	3137EAEK1	1.875	11/17/20	4,000,000.00	99.22000	3,968,800.00	31,200.00
TOTAL MATURITIES					\$ 16,250,000.00		\$ 16,520,528.15	\$ (270,528.15)

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
11/01/20-11/30/20

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									
Travelers Cos Inc	NOTE	3.900	11/01/20	17,550.00	-	-	-	-	-
Ace InA Holdings Inc	NOTE	2.300	11/03/20	11,372.22	-	-	127.78	-	127.78
Coca-Cola Company (The)	NOTE	3.150	11/15/20	18,882.50	-	-	1,592.50	-	1,592.50
Treasury Note	NOTE	2.625	11/15/20	97,010.87	-	-	7,989.13	-	7,989.13
Chevron Corp	NOTE	2.419	11/17/20	11,570.88	-	-	1,128.87	-	1,128.87
FHLMC Reference Bond	NOTE	1.875	11/17/20	34,166.67	-	-	3,333.33	-	3,333.33
Exxon Mobil Corp	NOTE	2.222	03/01/21	3,888.50	-	5,832.76	1,944.26	448.47	2,392.73
Wells Fargo & Company	NOTE	3.240	03/04/21	3,332.78	-	4,991.00	1,658.22	(1,031.20)	627.02
Praxair Inc	NOTE	4.050	03/15/21	2,090.70	-	3,454.20	1,363.50	(625.71)	737.79
Bank of New York Mellon Corp	NOTE	2.500	04/15/21	1,361.11	-	3,913.19	2,552.08	269.73	2,821.81
US Bank NA	NOTE	2.256	04/26/21	104.72	-	628.33	523.61	-	523.61
PNC Bank NA	NOTE	2.150	04/29/21	173.19	-	2,771.11	2,597.92	220.40	2,818.32
FNMA	NOTE	1.250	05/06/21	18,229.17	-	2,604.17	3,125.00	3,359.89	6,484.89
General Dynamics Corporation	NOTE	3.000	05/11/21	18,416.67	-	2,166.67	3,250.00	(332.50)	2,917.50
Fifth Third Bank	NOTE	2.250	06/14/21	8,562.50	-	10,437.50	1,875.00	578.33	2,453.33
WalMart Inc	NOTE	3.125	06/23/21	14,444.44	-	17,829.86	3,385.42	1.81	3,387.23
Treasury Note	NOTE	2.125	06/30/21	89,504.08	-	111,158.29	21,654.21	4,296.88	25,951.09
Florida Power Corporation	NOTE	3.100	08/15/21	4,613.83	-	6,435.08	1,821.25	(547.13)	1,274.12
FNMA Benchmark Note	NOTE	1.250	08/17/21	770.83	-	1,083.33	312.50	173.88	486.38
3M Company	NOTE	1.625	09/19/21	1,895.83	-	3,250.00	1,354.17	1,091.83	2,446.00
Treasury Note	NOTE	1.125	09/30/21	2,274.72	-	4,407.28	2,132.56	2,716.14	4,848.70
Federal Home Loan Banks	NOTE	1.875	11/29/21	118,750.01	-	1,562.51	23,437.50	5,398.51	28,836.01
Pfizer Inc	NOTE	2.200	12/15/21	12,466.67	-	15,216.67	2,750.00	19.66	2,769.66
FNMA Benchmark Note	NOTE	2.000	01/05/22	24,488.89	-	30,822.22	6,333.33	(415.72)	5,917.61
FHLMC	NOTE	2.375	01/13/22	58,205.25	-	73,936.40	15,731.15	(404.65)	15,326.50
Target Corporation	NOTE	2.900	01/15/22	11,100.56	-	14,242.23	3,141.67	(1,010.97)	2,130.70
Berkshire Hathaway Finance Corp	NOTE	3.400	01/31/22	12,891.67	-	17,141.67	4,250.00	(526.02)	3,723.98
Treasury Note	NOTE	1.500	01/31/22	9,287.36	-	12,283.29	2,995.93	1,177.43	4,173.36
PacifiCorp	NOTE	2.950	02/01/22	7,375.00	-	9,833.33	2,458.33	211.04	2,669.37
Microsoft Corporation	NOTE	2.375	02/12/22	6,384.47	-	8,808.94	2,424.47	689.34	3,113.81
Walt Disney Co	NOTE	2.550	02/15/22	6,998.33	-	9,760.83	2,762.50	(185.72)	2,576.78
American Express Credit Corp	NOTE	2.700	03/03/22	5,655.00	-	8,580.00	2,925.00	(2,559.73)	365.27
FHLB	NOTE	2.250	03/11/22	12,500.00	-	20,000.00	7,500.00	(1,107.37)	6,392.63
BB&T Corp	NOTE	2.750	04/01/22	3,437.51	-	6,874.99	3,437.48	(825.46)	2,612.02
Federal National Mortgage Association	NOTE	1.875	04/05/22	11,239.58	-	24,208.33	12,968.75	3,245.58	16,214.33

Burbank-Glendale-Pasadena Airport Authority - Operating Account
Earnings Report
11/01/20-11/30/20

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
Treasury Note	NOTE	1.875	04/30/22	490.77	-	-	15,213.66	14,722.89	4,446.83	19,169.72
Apple Inc	NOTE	2.300	05/11/22	13,576.39	14,375.00	-	1,597.22	2,395.83	249.29	2,645.12
Oracle Corporation	NOTE	2.500	05/15/22	14,582.64	15,812.50	-	1,405.56	2,635.42	552.24	3,187.66
Home Depot Inc	NOTE	2.625	06/01/22	13,125.01	-	-	15,750.00	2,624.99	(330.38)	2,294.61
Caterpillar Financial Services	NOTE	2.400	06/06/22	14,500.01	-	-	17,500.01	3,000.00	(284.63)	2,715.37
Cisco Systems Inc	NOTE	3.000	06/15/22	13,600.00	-	-	16,600.00	3,000.00	(261.49)	2,738.51
Treasury Note	NOTE	2.000	07/31/22	49,785.32	-	-	65,845.11	16,059.79	3,351.81	19,411.60
Procter & Gamble Company	NOTE	2.150	08/11/22	6,091.67	-	-	8,376.04	2,284.37	(479.28)	1,805.09
Burlington Northern Santa Fe LLC	NOTE	3.050	09/01/22	6,100.00	-	-	9,150.00	3,050.00	(347.89)	2,702.11
John Deere Capital Corp	NOTE	2.150	09/08/22	4,747.92	-	-	7,435.42	2,687.50	725.78	3,413.28
Merck & Co Inc	NOTE	2.400	09/15/22	4,600.00	-	-	7,600.00	3,000.00	1,127.78	4,127.78
National Rural Utilities Coop	NOTE	2.300	09/15/22	2,938.89	-	-	4,855.56	1,916.67	68.52	1,985.19
Treasury Note	NOTE	1.875	09/30/22	15,041.20	-	-	29,142.34	14,101.14	449.14	14,550.28
FNMA	NOTE	2.000	10/05/22	6,500.00	-	-	14,000.00	7,500.00	(1,196.87)	6,303.13
Bank of America Corp	NOTE	3.300	01/11/23	18,402.08	-	-	23,420.83	5,018.75	11.10	5,029.85
Federal National Mortgage Association	NOTE	2.375	01/19/23	32,300.00	-	-	41,800.00	9,500.00	(3,063.13)	6,436.87
JP Morgan Chase & CO	NOTE	3.200	01/25/23	15,573.33	-	-	20,440.00	4,866.67	(393.59)	4,473.08
Treasury Note	NOTE	2.375	01/31/23	25,208.56	-	-	33,340.35	8,131.79	(2,769.85)	5,361.94
IBM Credit LLC	NOTE	3.000	02/06/23	8,677.08	-	1,783.33	13,656.25	3,195.84	(91.22)	3,104.62
Unitedhealth Group Inc	NOTE	2.750	02/15/23	7,924.59	-	-	11,052.70	3,128.11	(205.07)	2,923.04
Pepsico Inc	NOTE	2.750	03/01/23	5,958.33	-	-	8,937.50	2,979.17	(1,087.67)	1,891.50
Treasury Note	NOTE	2.750	04/30/23	520.38	-	-	16,131.56	15,611.18	(6,263.03)	9,348.15
Loews Corporation	NOTE	2.625	05/15/23	-	13,125.00	12,395.83	1,166.67	1,895.84	(1,556.83)	339.01
Public Service Electric And Gas	NOTE	2.375	05/15/23	12,320.31	13,359.38	-	1,187.50	2,226.57	(19.87)	2,206.70
Simon Property Group LP	NOTE	2.750	06/01/23	14,322.91	-	-	17,187.50	2,864.59	311.50	3,176.09
Federal Home Loan Mortgage Corp	NOTE	2.750	06/19/23	63,020.83	-	-	77,343.75	14,322.92	(12,503.73)	1,819.19
FNMA	NOTE	2.875	09/12/23	19,761.63	-	-	31,860.59	12,098.96	(5,735.95)	6,363.01
Treasury Note	NOTE	2.875	09/30/23	17,123.63	-	-	33,177.02	16,053.39	(6,011.92)	10,041.47
Treasury Note	NOTE	2.875	11/30/23	38,710.39	46,000.00	-	252.75	7,542.36	(6,296.95)	1,245.41
Citibank NA	NOTE	3.650	01/23/24	17,388.20	-	-	22,711.11	5,322.91	(1,105.12)	4,217.79
Comcast Corporation	NOTE	3.700	04/15/24	2,302.22	-	-	6,618.89	4,316.67	(3,378.86)	937.81
Prudential Financial Inc	NOTE	3.500	05/15/24	19,285.98	20,912.50	-	1,858.89	3,485.41	(2,770.81)	714.60
Bristol-Myers Squibb Co	NOTE	2.900	07/26/24	-	-	12,451.88	14,852.43	2,400.55	(1,839.77)	560.78
Honeywell International Inc	NOTE	2.300	08/15/24	7,283.34	-	-	10,158.34	2,875.00	(844.27)	2,030.73
Wisconsin Electric Power Company	NOTE	2.050	12/15/24	8,518.89	-	-	10,398.06	1,879.17	(1,193.05)	686.12
FHLB	NOTE	2.050	12/15/24	775.17	-	-	1,269.97	494.80	(417.25)	77.55

**Burbank-Glendale-Pasadena Airport Authority - Operating Account
Earnings Report
11/01/20-11/30/20**

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	
FHLMC Reference Note	NOTE	1.500	02/12/25	1,645.83	-	-	2,270.83	625.00	(477.20)	147.80
Ace InA Holdings Inc	NOTE	3.150	03/15/25	2,012.50	-	4,375.00	9,975.00	3,587.50	(2,753.87)	833.63
Intel Corp	NOTE	3.400	03/25/25	3,400.00	-	-	6,233.33	2,833.33	(1,850.90)	982.43
Florida Power & Light Company	NOTE	2.850	04/01/25	2,375.00	-	-	4,750.00	2,375.00	(1,503.98)	871.02
Federal Home Loan Banks	NOTE	0.500	04/14/25	731.94	-	-	2,023.61	1,291.67	(489.57)	802.10
Treasury Note	NOTE	0.250	06/30/25	294.84	-	7,806.73	8,892.66	791.09	295.40	1,086.49
Intel Corp	NOTE	3.700	07/29/25	-	-	4,686.67	5,015.56	328.89	(261.89)	67.00
State Street Corporation	NOTE	3.550	08/18/25	7,198.61	-	2,342.01	12,696.18	3,155.56	(2,519.28)	636.28
FNMA Benchmark Note	NOTE	0.375	08/25/25	2,333.33	-	-	3,427.08	1,093.75	112.91	1,206.66
FNMA Benchmark Note	NOTE	0.500	11/07/25	-	-	416.67	1,319.44	902.77	13.44	916.21
Subtotal				\$ 1,182,046.23	\$ 507,184.13	\$ 46,258.12	\$ 1,104,131.45	\$ 383,011.23	\$ (44,262.69)	\$ 338,748.54
CASH EQUIVALENTS										
Cash Interest (MISC)				-	67.04	-	-	67.04	-	67.04
Subtotal				\$ -	\$ 67.04	\$ -	\$ -	\$ 67.04	\$ -	\$ 67.04
LAIF										
Local Agency Investment Fund				5,809.90	-	-	11,040.10	5,230.20	-	5,230.20
TOTAL				\$ 1,187,856.13	\$ 507,251.17	\$ 46,258.12	\$ 1,115,171.55	\$ 388,308.47	\$ (44,262.69)	\$ 344,045.78

Burbank-Glendale-Pasadena Airport Authority - PFC Account
Statement of Investments
As of 11/30/20

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
11/30/20	Columbia Treasury Reserves	097101307	0.000	11/30/20	11/30/20	\$ 341,205	\$ 341,205	\$ 341,205	\$ -	0.00%	0	0.70%
04/24/18	Wells Fargo & Company	949746RT0	4.076	03/04/21	12/04/20	350,000	357,655	351,148	(6,507)	0.31%	4	0.72%
03/06/18	Exxon Mobil Corp	30231GAV4	2.222	03/01/21	03/01/21	250,000	247,308	250,790	3,482	0.96%	91	0.52%
11/10/17	Praxair	74005PAY0	4.050	03/15/21	03/15/21	131,000	136,341	132,291	(4,050)	0.66%	105	0.27%
01/25/18	Bank of New York Mellon Corp	06406FAA1	2.500	04/15/21	04/15/21	300,000	299,256	301,999	2,743	0.72%	136	0.62%
01/24/18	Treasury Note	912828Q78	1.375	04/30/21	04/30/21	1,200,000	1,163,789	1,206,328	42,539	0.11%	151	2.48%
05/31/18	FNMA	3135G0K69	1.250	05/06/21	05/06/21	925,000	891,013	929,426	38,413	0.14%	157	1.91%
05/08/18	General Dynamics Corporation	369550BE7	3.000	05/11/21	05/11/21	300,000	300,494	303,705	3,211	0.24%	162	0.63%
06/20/18	WalMart Inc	931142EJ8	3.125	06/23/21	06/23/21	300,000	301,350	304,846	3,496	0.25%	205	0.63%
03/01/18	Fifth Third Bank	31677QBG3	2.250	06/14/21	06/14/21	200,000	195,570	201,789	6,219	0.58%	196	0.42%
12/23/16	Treasury Note	912828WR7	2.125	06/30/21	06/30/21	1,500,000	1,488,668	1,517,578	28,910	0.12%	212	3.13%
10/02/17	Florida Power Corporation	341099CP2	3.100	08/15/21	08/15/21	250,000	256,744	253,171	(3,573)	1.29%	258	0.52%
05/31/19	FNMA Benchmark Note	3135G0N82	1.250	08/17/21	08/17/21	130,000	128,006	131,033	3,027	0.14%	260	0.27%
08/07/18	3M Company	88579YAU5	1.625	09/19/21	09/19/21	275,000	266,930	277,672	10,742	0.41%	293	0.57%
07/05/18	Treasury Note	912828T34	1.125	09/30/21	09/30/21	1,590,000	1,517,091	1,603,229	86,138	0.12%	304	3.30%
12/23/16	Federal Home Loan Banks	3130AABG2	1.875	11/29/21	11/29/21	1,525,000	1,497,278	1,551,221	53,943	0.15%	364	3.19%
01/23/17	Pfizer Inc	717081DZ3	2.200	12/15/21	12/15/21	360,000	359,305	367,156	7,851	0.29%	380	0.76%
03/27/19	FNMA Benchmark Note	3135G0S38	2.000	01/05/22	01/05/22	1,150,000	1,152,401	1,173,351	20,950	0.15%	401	2.42%
09/25/18	FHLMC	3137EADB2	2.375	01/13/22	01/13/22	1,775,000	1,757,610	1,819,475	61,865	0.13%	409	3.75%
06/26/19	Target Corporation	87612EAZ9	2.900	01/15/22	01/15/22	300,000	306,848	308,810	1,962	0.28%	411	0.64%
08/15/18	Berkshire Hathaway Finance Corp	084670BF4	3.400	01/31/22	01/31/22	360,000	366,983	372,949	5,966	0.27%	427	0.77%
02/03/17	Treasury Note	912828H86	1.500	01/31/22	01/31/22	1,450,000	1,400,944	1,473,109	72,165	0.13%	427	3.03%
08/06/18	PacifiCorp	695114CP1	2.950	02/01/22	02/01/22	250,000	249,340	255,970	6,630	0.89%	428	0.53%
11/05/18	Microsoft Corporation	594918BA1	2.375	02/12/22	02/12/22	300,000	295,021	307,035	12,014	0.41%	439	0.63%
02/21/17	Walt Disney Co	25468PCT1	2.550	02/15/22	02/15/22	300,000	300,881	307,993	7,112	0.34%	442	0.63%
11/19/20	American Express Credit Corp	0258M0EG0	2.700	03/03/22	03/03/22	275,000	282,835	282,661	(174)	0.48%	458	0.58%
07/09/19	FHLB	313378CR0	2.250	03/11/22	03/11/22	1,175,000	1,190,245	1,205,807	15,562	0.20%	466	2.48%
05/31/19	US Bancorp	91159HHC7	3.000	03/15/22	03/15/22	290,000	294,840	299,224	4,384	0.53%	470	0.62%
01/11/19	BB&T Corp	05531FAX1	2.750	04/01/22	04/01/22	300,000	298,290	309,069	10,779	0.48%	487	0.64%
03/01/18	Federal National Mortgage Assoc	3135G0T45	1.875	04/05/22	04/05/22	1,050,000	1,033,101	1,074,373	41,272	0.15%	491	2.21%
01/31/19	Treasury Note	912828X47	1.875	04/30/22	04/30/22	1,550,000	1,530,471	1,588,084	57,613	0.14%	516	3.27%
05/31/19	Apple Inc	037833CQ1	2.300	05/11/22	05/11/22	300,000	300,762	308,283	7,521	0.38%	527	0.63%
01/15/19	Oracle Corporation	68389XBB0	2.500	05/15/22	05/15/22	300,000	296,412	308,530	12,118	0.54%	531	0.64%
10/03/17	Home Depot Inc	437076BG6	2.625	06/01/22	06/01/22	300,000	303,523	310,040	6,517	0.39%	548	0.64%

Burbank-Glendale-Pasadena Airport Authority - PFC Account
Statement of Investments
As of 11/30/20

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
11/08/18	Caterpillar Financial Services	14913QAA7	2.400	06/06/22	06/06/22	300,000	292,337	309,440	17,103	0.32%	553	0.64%
02/15/19	Cisco Systems Inc	17275RAV4	3.000	06/15/22	06/15/22	300,000	303,772	312,726	8,954	0.24%	562	0.64%
12/31/18	Treasury Note	912828XQ8	2.000	07/31/22	07/31/22	1,425,000	1,405,583	1,468,808	63,225	0.15%	608	3.02%
11/01/19	Procter & Gamble Company	742718EU9	2.150	08/11/22	08/11/22	300,000	303,998	309,804	5,806	0.22%	619	0.64%
02/15/19	Burlington Northern Santa Fe LLC	12189LAL5	3.050	09/01/22	09/01/22	275,000	277,996	286,268	8,272	0.69%	640	0.59%
01/09/19	John Deere Capital Corp	24422ETV1	2.150	09/08/22	09/08/22	300,000	290,735	309,917	19,182	0.28%	647	0.64%
05/18/18	Merck & Co Inc	589331AT4	2.400	09/15/22	09/15/22	350,000	343,117	361,574	18,457	0.54%	654	0.74%
01/11/19	Treasury Note	9128282W9	1.875	09/30/22	09/30/22	1,225,000	1,201,813	1,263,616	61,803	0.15%	669	2.60%
09/12/19	FNMA	3135G0T78	2.000	10/05/22	10/05/22	1,000,000	1,009,770	1,033,459	23,689	0.18%	674	2.13%
04/25/18	Bank of America Corp	06051GEU9	3.300	01/11/23	01/11/23	400,000	399,124	424,234	25,110	0.42%	772	0.87%
09/26/19	Federal National Mortgage Assoc	3135G0T94	2.375	01/19/23	01/19/23	1,750,000	1,791,413	1,831,094	39,681	0.20%	780	3.77%
03/20/19	JP Morgan Chase & CO	46625HJH4	3.200	01/25/23	01/25/23	425,000	430,662	450,369	19,707	0.41%	786	0.93%
08/22/19	Treasury Note	9128283U2	2.375	01/31/23	01/31/23	1,675,000	1,718,542	1,755,086	36,544	0.17%	792	3.61%
02/14/19	IBM Corp	44932HAH6	3.000	02/06/23	02/06/23	325,000	326,680	343,413	16,733	0.39%	798	0.71%
03/18/19	Unitedhealth Group Inc	91324PBZ4	2.750	02/15/23	02/15/23	325,000	326,091	340,296	14,205	0.60%	807	0.70%
10/02/19	Pepsico Inc.	713448CG1	2.750	03/01/23	03/01/23	300,000	310,179	316,262	6,083	0.33%	821	0.65%
11/19/19	Treasury Note	9128284L1	2.750	04/30/23	04/30/23	1,900,000	1,969,049	2,018,305	49,256	0.17%	881	4.16%
11/03/20	Loews Corporation	540424AQ1	2.625	05/15/23	05/15/23	250,000	262,275	261,882	(393)	0.67%	896	0.54%
06/06/19	Public Service Electric And Gas	74456QBC9	2.375	05/15/23	05/15/23	275,000	275,975	286,793	10,818	0.61%	896	0.59%
02/04/19	Simon Property Group LP	828807DD6	2.750	06/01/23	06/01/23	300,000	298,333	313,569	15,236	0.92%	913	0.65%
02/19/20	FHLMC	3137EAEN5	2.750	06/19/23	06/19/23	1,875,000	1,984,696	1,995,734	11,038	0.22%	931	4.11%
01/21/20	FNMA	3135G0U43	2.875	09/12/23	09/12/23	1,400,000	1,464,189	1,502,417	38,228	0.24%	1016	3.09%
07/31/19	Treasury Note	9128285D8	2.875	09/30/23	09/30/23	1,875,000	1,959,890	2,017,529	57,639	0.18%	1034	4.15%
02/19/20	Treasury Note	9128285P1	2.875	11/30/23	11/30/23	800,000	856,141	864,250	8,109	0.19%	1095	1.78%
03/20/19	Citibank NA	17325FAS7	3.650	01/23/24	01/23/24	300,000	307,317	327,703	20,386	0.68%	1149	0.67%
09/25/20	Comcast Corporation	20030NCR0	3.700	04/15/24	04/15/24	315,000	348,289	346,857	(1,432)	0.66%	1232	0.71%
09/28/20	Prudential Financial Inc	74432QBZ7	3.500	05/15/24	05/15/24	260,000	287,885	286,298	(1,587)	0.54%	1262	0.59%
11/03/20	Bristol-Myers Squibb Co	110122CM8	2.900	07/26/24	07/26/24	325,000	351,139	351,281	142	0.66%	1334	0.72%
10/31/19	Honeywell International Inc	438516BW5	2.300	08/15/24	08/15/24	325,000	332,087	346,961	14,874	0.46%	1354	0.71%
02/12/20	PNC Funding Corp	69353REF1	3.300	10/30/24	10/30/24	325,000	345,448	357,509	12,061	0.71%	1430	0.74%
09/24/20	Wisconsin Electric Power Company	976656CL0	2.050	12/15/24	12/15/24	250,000	264,272	263,814	(458)	0.66%	1476	0.54%
11/03/20	Ace InA Holdings Inc	00440EAS6	3.150	03/15/25	03/15/25	300,000	330,237	331,488	1,251	0.67%	1566	0.68%
09/28/20	Federal Home Loan Banks	3130AJHU6	0.500	04/14/25	04/14/25	350,000	353,012	351,780	(1,232)	0.38%	1596	0.72%
11/17/20	Treasury Note	912828ZW3	0.250	06/30/25	06/30/25	350,000	348,305	348,715	410	0.33%	1673	0.72%

Burbank-Glendale-Pasadena Airport Authority - PFC Account
Statement of Investments
As of 11/30/20

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
09/25/20	Intel Corp	458140AS9	3.700	07/29/25	07/29/25	300,000	340,414	339,265	(1,149)	0.83%	1702	0.70%
09/24/20	State Street Corporation	857477AT0	3.550	08/18/25	08/18/25	265,000	301,581	300,888	(693)	0.63%	1722	0.62%
11/17/20	FNMA Benchmark Note	3135G06G3	0.500	11/07/25	11/07/25	2,500,000	2,499,074	2,501,861	2,787	0.48%	1803	5.15%
		Subtotal				\$ 46,867,205	\$ 47,319,930	\$ 48,560,615	\$ 1,240,685	0.00283	715.3528	100.00%
	PFC Bank Balance						772,571					
		TOTAL					\$ 48,092,501					

Burbank-Glendale-Pasadena Airport Authority - PFC Account										
Statement of Purchases - Maturities - Sales										
As of 11/30/20										
PURCHASES										
Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Par Value	Purchase Price	Purchase Cost	Prepaid Interest		
11/03/20	Ace InA Holdings Inc	00440EAS6	3.150	03/15/25	\$ 300,000.00	110.07900	\$ 330,237.00	\$ (1,312.50)		
11/03/20	Bristol-Myers Squibb Co	110122CM8	2.900	07/26/24	250,000.00	108.12600	270,315.00	(1,993.75)		
11/03/20	Loews Corporation	540424AQ1	2.625	05/15/23	250,000.00	104.91000	262,275.00	(3,098.96)		
11/17/20	FNMA Benchmark Note	3135G06G3	0.500	11/07/25	2,500,000.00	99.96300	2,499,075.00	(208.33)		
11/17/20	Treasury Note	912828ZW3	0.250	06/30/25	350,000.00	99.51563	348,304.69	(335.26)		
11/19/20	American Express Credit Corp	0258M0EG0	2.700	03/03/22	275,000.00	102.84900	282,834.75	(1,650.00)		
11/19/20	Bristol-Myers Squibb Co	110122CM8	2.900	07/26/24	75,000.00	107.76500	80,823.75	(706.88)		
11/19/20	Intel Corp	458140AS9	3.700	07/29/25	40,000.00	113.06200	45,224.80	(468.67)		
							-			
							-			
							-			
							-			
							-			
TOTAL PURCHASES					\$ 4,040,000.00		\$ 4,119,089.99	\$ (9,774.35)		
MATURITIES										
Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Par Value	Purchase Price	Purchase Cost	Gain / (Loss)		
04/21/16	Travelers Cos Inc	89417EAG4	3.900	11/01/20	\$ 200,000.00	105.48135	\$ 210,962.70	\$ (10,962.70)		
02/21/17	Ace InA Holdings Inc	00440EAT4	2.300	11/03/20	250,000.00	99.72800	249,320.00	680.00		
04/02/18	Coca-Cola (The)	191216AR1	3.150	11/15/20	200,000.00	101.19610	202,392.20	(2,392.20)		
10/27/17	Treasury Note	912828PC8	2.625	11/15/20	1,525,000.00	102.57415	1,564,255.86	(39,255.86)		
06/25/18	Chevron Corp	166764AE0	2.419	11/17/20	250,000.00	99.31800	248,295.00	1,705.00		
03/01/18	FHLMC Reference Bond	3137EAEK1	1.875	11/17/20	1,350,000.00	98.55190	1,330,450.65	19,549.35		
TOTAL MATURITIES					\$ 3,775,000.00		\$ 3,805,676.41	\$ (30,676.41)		
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										
11/01/20-11/30/20										
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										
Travelers Cos Inc	NOTE	3.900	11/01/20	3,900.00	3,900.00	-	-	-	-	-
Ace InA Holdings Inc	NOTE	2.300	11/03/20	2,843.05	2,875.00	-	-	31.95	-	31.95
Coca-Cola (The)	NOTE	3.150	11/15/20	2,905.00	3,150.00	-	-	245.00	-	245.00
Treasury Note	NOTE	2.625	11/15/20	18,492.70	20,015.63	-	-	1,522.93	-	1,522.93
Chevron Corp	NOTE	2.419	11/17/20	2,754.97	3,023.75	-	-	268.78	-	268.78
FHLMC Reference Bond	NOTE	1.875	11/17/20	11,531.25	12,656.25	-	-	1,125.00	-	1,125.00
Exxon Mobil Corp	NOTE	2.222	03/01/21	925.84	-	-	1,388.75	462.91	78.62	541.53
Wells Fargo & Company	NOTE	4.076	03/04/21	897.29	-	-	1,344.00	446.71	(291.05)	155.66
Praxair	NOTE	4.050	03/15/21	677.93	-	-	1,120.05	442.12	(145.65)	296.47
Bank of New York Mellon Corp	NOTE	2.500	04/15/21	333.34	-	-	958.33	624.99	3.32	628.31
Treasury Note	NOTE	1.375	04/30/21	45.58	-	-	1,412.98	1,367.40	971.10	2,338.50
FNMA	NOTE	1.250	05/06/21	5,620.66	5,781.25	-	802.95	963.54	978.43	1,941.97
General Dynamics Corporation	NOTE	3.000	05/11/21	4,250.00	4,500.00	-	500.00	750.00	(37.96)	712.04
Fifth Third Bank	NOTE	2.250	06/14/21	1,712.50	-	-	2,087.50	375.00	115.67	490.67
WalMart Inc	NOTE	3.125	06/23/21	3,333.34	-	-	4,114.58	781.24	(65.69)	715.55
Treasury Note	NOTE	2.125	06/30/21	10,740.49	-	-	13,339.00	2,598.51	315.23	2,913.74
Florida Power Corporation	NOTE	3.100	08/15/21	1,636.11	-	-	2,281.95	645.84	(212.85)	432.99
FNMA Benchmark Note	NOTE	1.250	08/17/21	334.03	-	-	469.44	135.41	75.34	210.75
3M Company	NOTE	1.625	09/19/21	521.35	-	-	893.75	372.40	235.71	608.11
Treasury Note	NOTE	1.125	09/30/21	1,572.53	-	-	3,046.78	1,474.25	1,931.47	3,405.72
Federal Home Loan Banks	NOTE	1.875	11/29/21	12,072.91	14,296.88	-	158.86	2,382.83	591.22	2,974.05
Pfizer Inc	NOTE	2.200	12/15/21	2,992.01	-	-	3,652.00	659.99	5.16	665.15
FNMA Benchmark Note	NOTE	2.000	01/05/22	7,411.12	-	-	9,327.77	1,916.65	(85.78)	1,830.87
FHLMC	NOTE	2.375	01/13/22	12,715.61	-	-	16,152.26	3,436.65	446.30	3,882.95
Target Corporation	NOTE	2.900	01/15/22	2,561.66	-	-	3,286.67	725.01	(233.88)	491.13
Berkshire Hathaway Finance Corp	NOTE	3.400	01/31/22	3,094.00	-	-	4,114.00	1,020.00	(212.05)	807.95
Treasury Note	NOTE	1.500	01/31/22	5,496.61	-	-	7,269.70	1,773.09	1,035.27	2,808.36
PacifiCorp	NOTE	2.950	02/01/22	1,843.76	-	-	2,458.34	614.58	7.91	622.49
Microsoft Corporation	NOTE	2.375	02/12/22	1,563.55	-	-	2,157.29	593.74	123.74	717.48
Walt Disney Co	NOTE	2.550	02/15/22	1,615.01	-	-	2,252.51	637.50	(24.44)	613.06
American Express Credit Corp	NOTE	2.700	03/03/22	-	-	1,650.00	1,815.00	165.00	(146.79)	18.21
FHLB	NOTE	2.250	03/11/22	3,671.88	-	-	5,875.00	2,203.12	(506.56)	1,696.56
US Bancorp	NOTE	3.000	03/15/22	1,111.67	-	-	1,836.67	725.00	(157.57)	567.43
BB&T Corp	NOTE	2.750	04/01/22	687.49	-	-	1,375.00	687.51	34.59	722.10

Burbank-Glendale-Pasadena Airport Authority - PFC Account
Earnings Report
11/01/20-11/30/20

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
Federal National Mortgage Assoc	NOTE	1.875	04/05/22	1,421.87	-	-	3,062.49	1,640.62	349.69	1,990.31
Treasury Note	NOTE	1.875	04/30/22	80.28	-	-	2,488.78	2,408.50	491.16	2,899.66
Apple Inc	NOTE	2.300	05/11/22	3,258.34	3,450.00	-	383.33	574.99	(25.16)	549.83
Oracle Corporation	NOTE	2.500	05/15/22	3,458.34	3,750.00	-	333.33	624.99	86.21	711.20
Home Depot Inc	NOTE	2.625	06/01/22	3,281.27	-	-	3,937.50	656.23	(84.32)	571.91
Caterpillar Financial Services	NOTE	2.400	06/06/22	2,899.99	-	-	3,499.99	600.00	175.88	775.88
Cisco Systems Inc	NOTE	3.000	06/15/22	3,400.00	-	-	4,150.00	750.00	(107.48)	642.52
Treasury Note	NOTE	2.000	07/31/22	7,202.45	-	-	9,525.82	2,323.37	447.07	2,770.44
Procter & Gamble Company	NOTE	2.150	08/11/22	1,433.33	-	-	1,970.83	537.50	(125.05)	412.45
Burlington Northern Santa Fe LLC	NOTE	3.050	09/01/22	1,397.92	-	-	2,096.88	698.96	(90.10)	608.86
John Deere Capital Corp	NOTE	2.150	09/08/22	949.58	-	-	1,487.08	537.50	209.43	746.93
Merck & Co Inc	NOTE	2.400	09/15/22	1,073.34	-	-	1,773.34	700.00	129.25	829.25
Treasury Note	NOTE	1.875	09/30/22	2,019.23	-	-	3,912.26	1,893.03	512.88	2,405.91
FNMA	NOTE	2.000	10/05/22	1,444.44	-	-	3,111.11	1,666.67	(265.97)	1,400.70
Bank of America Corp	NOTE	3.300	01/11/23	4,033.33	-	-	5,133.33	1,100.00	(7.07)	1,092.93
Federal National Mortgage Assoc	NOTE	2.375	01/19/23	11,776.05	-	-	15,239.58	3,463.53	(1,066.94)	2,396.59
JP Morgan Chase & CO	NOTE	3.200	01/25/23	3,626.66	-	-	4,760.00	1,133.34	(130.81)	1,002.53
Treasury Note	NOTE	2.375	01/31/23	10,053.41	-	-	13,296.45	3,243.04	(1,095.05)	2,147.99
IBM Corp	NOTE	3.000	02/06/23	2,302.08	-	-	3,114.58	812.50	(51.24)	761.26
Unitedhealth Group Inc	NOTE	2.750	02/15/23	1,886.81	-	-	2,631.59	744.78	(34.47)	710.31
Pepsico Inc.	NOTE	2.750	03/01/23	1,375.00	-	-	2,062.51	687.51	(249.16)	438.35
Treasury Note	NOTE	2.750	04/30/23	144.34	-	-	4,474.44	4,330.10	(1,690.10)	2,640.00
Loews Corporation	NOTE	2.625	05/15/23	-	3,281.25	3,098.96	291.67	473.96	(389.21)	84.75
Public Service Electric And Gas	NOTE	2.375	05/15/23	3,011.63	3,265.63	-	290.28	544.28	(24.09)	520.19
Simon Property Group LP	NOTE	2.750	06/01/23	3,437.50	-	-	4,125.00	687.50	24.90	712.40
FHLMC	NOTE	2.750	06/19/23	18,906.25	-	-	23,203.13	4,296.88	(2,796.50)	1,500.38
FNMA	NOTE	2.875	09/12/23	5,478.47	-	-	8,832.64	3,354.17	(1,469.98)	1,884.19
Treasury Note	NOTE	2.875	09/30/23	4,739.01	-	-	9,181.83	4,442.82	(1,759.85)	2,682.97
Treasury Note	NOTE	2.875	11/30/23	9,677.60	11,500.00	-	63.18	1,885.58	(1,235.80)	649.78
Citibank NA	NOTE	3.650	01/23/24	2,980.83	-	-	3,893.33	912.50	(128.90)	783.60
Comcast Corporation	NOTE	3.700	04/15/24	518.00	-	-	1,489.25	971.25	(801.77)	169.48
Prudential Financial Inc	NOTE	3.500	05/15/24	4,196.11	4,550.00	-	404.44	758.33	(641.04)	117.29
Bristol-Myers Squibb Co	NOTE	2.900	07/26/24	-	-	2,700.63	3,272.57	571.94	(438.92)	133.02
Honeywell International Inc	NOTE	2.300	08/15/24	1,578.06	-	-	2,200.97	622.91	(134.49)	488.42
PNC Funding Corp	NOTE	3.300	10/30/24	29.79	-	-	923.54	893.75	(368.23)	525.52

Burbank-Glendale-Pasadena Airport Authority - PFC Account Earnings Report 11/01/20-11/30/20										
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
Wisconsin Electric Power Company	NOTE	2.050	12/15/24	1,936.11	-	-	2,363.20	427.09	(287.99)	139.10
Ace InA Holdings Inc	NOTE	3.150	03/15/25	-	-	1,312.50	1,995.00	682.50	(500.74)	181.76
Federal Home Loan Banks	NOTE	0.500	04/14/25	82.64	-	-	228.47	145.83	(55.27)	90.56
Treasury Note	NOTE	0.250	06/30/25	-	-	335.26	366.17	30.91	13.08	43.99
Intel Corp	NOTE	3.700	07/29/25	2,458.44	-	468.67	3,761.67	834.56	(666.11)	168.45
State Street Corporation	NOTE	3.550	08/18/25	1,907.63	-	-	2,691.59	783.96	(623.68)	160.28
FNMA Benchmark Note	NOTE	0.500	11/07/25	-	-	208.33	659.72	451.39	6.72	458.11
Subtotal				\$ 261,321.37	\$ 99,995.64	\$ 9,774.35	\$ 258,174.00	\$ 87,073.92	\$ (10,070.41)	\$ 77,003.51
CASH EQUIVALENTS										
Cash Interest				-	15.06	-	-	15.06	-	15.06
Subtotal				\$ -	\$ 15.06	\$ -	\$ -	\$ 15.06	\$ -	\$ 15.06
TOTAL				\$ 261,321.37	\$ 100,010.70	\$ 9,774.35	\$ 258,174.00	\$ 87,088.98	\$ (10,070.41)	\$ 77,018.57

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
MONTH AND FIVE MONTHS ENDED NOVEMBER 30, 2020 & 2019**

Monthly Performance					November 2020	Fiscal YTD Performance (July 2020 - November 2020)					
A	B	C	D	E		F	G	H	I	J	
Actual \$ Nov 2020	Budget Nov 2020	Actual \$ Prior Year Nov 2019	Note	Variance Actual Vs. Budget		Fiscal YTD	Fiscal YTD Budget	Actual \$ Prior Year Fiscal YTD	Note	Variance Actual Vs. Budget	
OPERATING ACTIVITY											
CASH RECEIPTS FROM OPERATIONS											
1	\$229,530	\$174,342	\$441,079	(2)	\$55,188	Landing/Fuel Fees	\$1,425,124	\$776,499	\$2,214,185	(2)	\$648,625
2	567,559	502,206	1,857,421	(3)	65,353	Parking Fees	2,859,942	1,635,010	10,063,399	(3)	1,224,932
3	443,658	636,261	1,288,044	(4)	(192,603)	Rental Receipts - Terminal Building	2,944,048	3,093,220	6,407,464	(4)	(149,172)
4	1,163,947	1,074,315	1,259,525	(5)	89,632	Rental Receipts - Other Buildings	5,847,043	5,371,573	5,623,765	(5)	475,470
5	76,610	73,285	483,595	(6)	3,325	Ground Transportation	341,730	275,971	2,257,721	(6)	65,759
6	14,458	5,417	(178,744)	(7)	9,041	Other Receipts	104,479	27,085	303,451	(7)	77,394
7	190,465	270,833	487,471	(8)	(80,368)	Investment Receipts - Treasurer/Other Interest Earned	1,822,631	1,354,165	1,747,462	(8)	468,466
8	\$2,686,227	\$2,736,659	\$5,638,391	(1)	(\$50,432)		\$15,344,997	\$12,533,523	\$28,617,447	(1)	\$2,811,474
CASH DISBURSEMENTS FROM OPERATIONS											
9	(\$57,859)	(\$81,442)	(\$79,033)	(10)	\$23,583	Administrative Supplies & Costs	(\$424,134)	(\$512,208)	(\$478,802)	(10)	\$88,074
10	(274,566)	(300,799)	(322,789)	(11)	26,233	Operating Supplies & Maintenance	(1,401,870)	(1,503,995)	(1,828,840)	(11)	102,125
11	(2,083,349)	(2,128,731)	(2,230,535)	(12)	45,382	Contractual Operating Costs	(10,491,534)	(10,783,657)	(11,760,567)	(12)	292,123
12	(262,662)	(263,075)	(361,981)	(13)	413	Contractual Professional Services	(2,937,746)	(2,913,475)	(2,971,942)	(13)	(24,271)
13	(491,467)	(529,333)	(427,525)	(14)	37,866	Wages & Benefits	(2,599,403)	(2,646,666)	(2,425,401)	(14)	47,263
14	(1,962)	(34,679)	(3,939)	(15)	32,717	Other Operating Costs	(74,579)	(185,896)	(362,164)	(15)	111,317
15	(380,354)	(380,354)	(380,688)		0	Bond Debt Service – 2015 Bonds	(1,901,770)	(1,901,770)	(1,903,440)		0
16	0	0	0	(16)	0	Parking Tax	(254,925)	(228,992)	(1,248,952)	(16)	(25,933)
17	(\$3,552,219)	(\$3,718,413)	(\$3,806,490)	(9)	\$166,194		(\$20,085,961)	(\$20,676,659)	(\$22,980,108)	(9)	\$590,698
INCREASE (DECREASE) IN CASH FROM OPERATIONS											
18	(\$865,992)	(\$981,754)	\$1,831,901		\$115,762		(\$4,740,964)	(\$8,143,136)	\$5,637,339		\$3,402,172
FACILITY IMPROVEMENT / NOISE MITIGATION TRANSACTIONS											
CASH DISBURSEMENTS											
19	(\$169)	(\$10,000)	(\$158)	(17)	\$9,831	Sound Insulation Program Costs	(\$811)	(\$51,250)	(\$790)	(17)	\$50,439
20	(378,289)	(475,000)	(457,069)	(18)	96,711	Other Facility Improvement Program Project Costs	(1,072,250)	(1,965,375)	(3,548,993)	(18)	893,125
21	(\$378,458)	(\$485,000)	(\$457,227)		\$106,542		(\$1,073,061)	(\$2,016,625)	(\$3,549,783)		\$943,564
CASH RECEIPTS FROM FUNDING SOURCES											
22	\$0	\$8,059	\$0	(17)	(\$8,059)	FAA Grants - Sound Insulation Program	\$0	\$41,302	\$0	(17)	(\$41,302)
23	71,676	424,482	1,575,702	(19)	(352,806)	FAA Grants - Facility Improvement Program	252,316	1,711,619	2,115,446	(19)	(1,459,303)
24	1,520	0	1,853	(20)	1,520	Other Grants	1,520	0	1,853	(20)	1,520
25	0	30,146	0	(21)	(30,146)	Passenger Facility Charge Receipts/Reserves	1,205,834	153,703	0	(21)	1,052,131
26	\$73,196	\$462,687	\$1,577,555		(\$389,491)		\$1,459,670	\$1,906,624	\$2,117,299		(\$446,954)
INCREASE (DECREASE) – FACILITY / NOISE MITIGATION TRANSACTIONS											
27	(\$305,262)	(\$22,313)	\$1,120,328		(\$282,949)		\$386,609	(\$110,001)	(\$1,432,484)		\$496,610
CARES ACT FUNDING											
28	\$2,257,637	\$1,055,122	\$0		\$1,202,515	2015 Bond Debt Service & Personnel Costs	\$6,662,900	\$5,275,610	\$0		\$1,387,290
29	\$2,257,637	\$1,055,122	\$0	(22)	\$1,202,515		\$6,662,900	\$5,275,610	\$0	(22)	\$1,387,290
NET INCREASE (DECREASE) IN CASH - TOTAL											
30	\$1,086,383	\$51,055	\$2,952,229		\$1,035,328		\$2,308,545	(\$2,977,527)	\$4,204,855		\$5,286,072

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

NOTES TO SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS MONTH AND FIVE MONTHS ENDED NOVEMBER 30, 2020 & 2019

General Comments

The Schedule of Cash Receipts and Disbursements ("Schedule") represents the cash basis activity for the month and fiscal year-to-date ("FYTD") 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 the Sound Insulation Program and Other Facility Improvement Program Projects.

The FY 2021 Capital Program expenditures are primarily funded by the following sources:

- FAA-approved Passenger Facility Charge ("PFC") program receipts/reserves;
- Grants;
- Operating Revenues

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.

Due to the uncertainty caused by the impacts of COVID-19 to the aviation industry, the Authority continued its conservative outlook on passenger activity recovery into FY 2021. The Authority's Adopted FY 2021 budget was based on the following quarterly activity assumptions:

- Q1 (July -September): a reduction of 85%
- Q2 (October - December): a reduction of 75%
- Q3 (January - March): a reduction of 65%
- Q4 (April - June): a reduction of 50%

Passengers were down 77.51% for November 2020 and down 77.44% FYTD November when compared to the same periods in the prior year. This result was in line with the Q2 budgeted assumption of a passenger reduction of 75% and is reflected in the Authority's cash receipts from operations for both the month of November 2020 and FYTD November.

Additionally, the Adopted FY 2021 Budget includes the use of \$16.1 million of the remaining \$17.8 million in CARES Act Grant Funds for the reimbursement of bond debt service and personnel costs to help supplement the reduction in revenues due to declined passenger activity.

NOTE (1) – Cash Receipts from Operations

Cash receipts from operations exceed the budget FYTD November. On an accrual basis, operating revenues exceed the budget FYTD November by \$2,234,503. See notes 2 through 8 for additional information regarding operating receipts.

(Continued)

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

NOTES TO SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS MONTH AND FIVE MONTHS ENDED NOVEMBER 30, 2020 & 2019

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. On an accrual basis, Landing Fees combined with Fuel Flowage Fees exceed the budget by \$335,773 FYTD November. The Authority deferred landing fees for signatory airlines for April 2020 through June 2020. This deferral will be paid back by the airlines in equal installments during the first half of FY 2021, which will be reflected in the actual monthly cash receipts, but not in the monthly FY 2021 budgeted amounts as these amounts were accrued as part of FY 2020 activity.

NOTE (3) – Parking Fees

Parking fee revenues performed above budget forecast. Accrual basis Parking Fees are \$1,226,633 ahead of budget FYTD November.

NOTE (4) – Rental Receipts - Terminal Building

Terminal Building rental receipts are under budget FYTD November. The Authority deferred Terminal Building rental fees for signatory airlines for April 2020 through June 2020. This deferral will be paid back by the airlines in equal installments during the first half of FY 2021, which will be reflected in the actual monthly cash receipts, but not in the monthly FY 2021 budgeted amounts as these amounts were accrued as part of FY 2020 activity. Accrual basis Terminal Building rents are under budget by \$320,167 FYTD November primarily due to the continued economic relief extended by the Authority to the concessionaires from July 2020 to December 2020.

NOTE (5) – Rental Receipts - Other Buildings

Other Buildings rental receipts exceed the budget FYTD November partially due to the timing of receipts. Accrual basis Other Building rents are \$361,071 ahead of budget FYTD November.

NOTE (6) – Ground Transportation

This category consists of off-airport access fees and TNC activity. Accruals basis Ground Transportation receipts are \$72,099 ahead of budget FYTD November.

NOTE (7) – Other Receipts

This category consists primarily of filming, TSA LEO reimbursements, fingerprint/badge renewal fees, noise fees, and access fees. Accrual basis Other Receipts are \$105,007 ahead of budget FYTD November.

NOTE (8) – 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, the timing of coupon payments and individual investment maturities. Accrual basis investment income exceeds the budget by \$454,087 FYTD November.

NOTE (9) – Cash Disbursements from Operations

Overall operating disbursements are favorably under budget FYTD November. On an accrual basis operating disbursements are favorably within budget parameters. See additional information on operating disbursements in notes 10 through 16.

NOTE (10) – 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.

(Continued)

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

NOTES TO SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS MONTH AND FIVE MONTHS ENDED NOVEMBER 30, 2020 & 2019

NOTE (11) – Operating Supplies & Maintenance

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

NOTE (12) – 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 (13) – Contractual Professional Services

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

NOTE (14) – 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 Memorandum of Understanding effective February 2020. Wages and Benefits include overtime for film location services which are recovered through the related film revenue.

NOTE (15) – Other Operating Costs

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

NOTE (16) – Parking Tax

The 12% City of Burbank parking tax is paid quarterly for the prior three-month period. The next remittance, covering parking activity for the months of October, November and December 2020, is due in January 2021.

NOTE (17) – Sound Insulation Program

The Sound Insulation program is funded primarily through FAA Airport Improvement Program ("AIP") grants and and Passenger Facility Charge ("PFC") revenues. Staff is awaiting FAA's decision to award a noise discretionary grant, the receipt of which will facilitate the restart of the program.

NOTE (18) – Other Facility Improvement Program Projects

Other Facility Improvement Program Projects costs are under budget FYTD November by \$893,125 due to delays in construction for certain projects.

NOTE (19) – FAA Grants – Other Facility Improvement Program Projects

FAA Grants are budgeted to partially fund the ARFF Truck Replacement, Taxiway D7 Connector, G Infield and Delta Ramp Rehabilitation Project and the Environmental Impact Statement (EIS) for the Replacement Passenger Terminal.

NOTE (20) – 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 (21) – Passenger Facility Charge Receipts/Reserves

A number of capital projects are budgeted to be funded or partially funded by Passenger Facility Charges, including the Airfield Maintenance Equipment and the Environmental Impact Statement (EIS) for the Replacement Passenger Terminal.

(Continued)

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY**NOTES TO SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
MONTH AND FIVE MONTHS ENDED NOVEMBER 30, 2020 & 2019****NOTE (22) – CARES Act Grant**

The Authority has programmed approximately \$13.3 million of the \$21.1 million in CARES Act Grant funds to fund the 2015 Bond Debt Service and certain personnel costs for FY 2021. FYTD November reimbursements include FY 2020 costs of \$3.3 million related to the 2015 Bond debt service for April through June 2020 and certain personnel costs for May and June 2020. Also included are FY 2021 costs of \$3.4 million for the 2015 Bond Debt Service for the months of July through September 2020 and certain personnel costs for July and August 2020.

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 FIVE MONTHS ENDED NOVEMBER 30, 2020 & 2019

Monthly Performance					November 2020	Fiscal YTD Performance (July 2020 - November 2020)					
A	B	C	D	E		F	G	H	I	J	
Actual \$ Nov 2020	Budget Nov 2020	Actual \$ Prior Year Nov 2019	Note	Variance Actual Vs. Budget		Actual \$ Fiscal YTD	Fiscal YTD Budget	Actual \$ Prior Year Fiscal YTD	Note	Variance Actual Vs. Budget	
31	\$193,699	\$131,510	\$559,013	(1)	\$62,189	Customer Facility Charge Receipts	\$895,755	\$504,087	\$2,702,708	(1)	\$391,668
32	\$0	268,748	0	(2)	(268,748)	CARES Act Grant Funds - 2012 Bond Debt Service	0	1,497,202	0	(2)	(1,497,202)
33	62,188	85,914	56,889	(3)	(23,726)	Facility Rent	389,698	429,570	418,898	(3)	(39,872)
34	(486,172)	(486,172)	(486,417)		0	Payments to Bond Trustee for 2012 Bond Debt Service	(2,430,859)	(2,430,859)	(2,432,085)		0
35	0	0	0		0	Loan Principal Repayments to the Authority	0	0	0		0
36	(\$230,285)	\$0	\$129,485	(4)	(\$230,285)		(\$1,145,406)	\$0	\$689,521	(4)	(\$1,145,406)

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.

Note (2) – CARES Act Grant Funds

The Authority has reserved approximately \$2.8 million of the \$21.1 million in CARES Act Grant funds to fund the 2012 Bond Debt Service. Reimbursements are anticipated to be received through future CARES Act Grant drawdowns.

Note (3) – Facility Rent

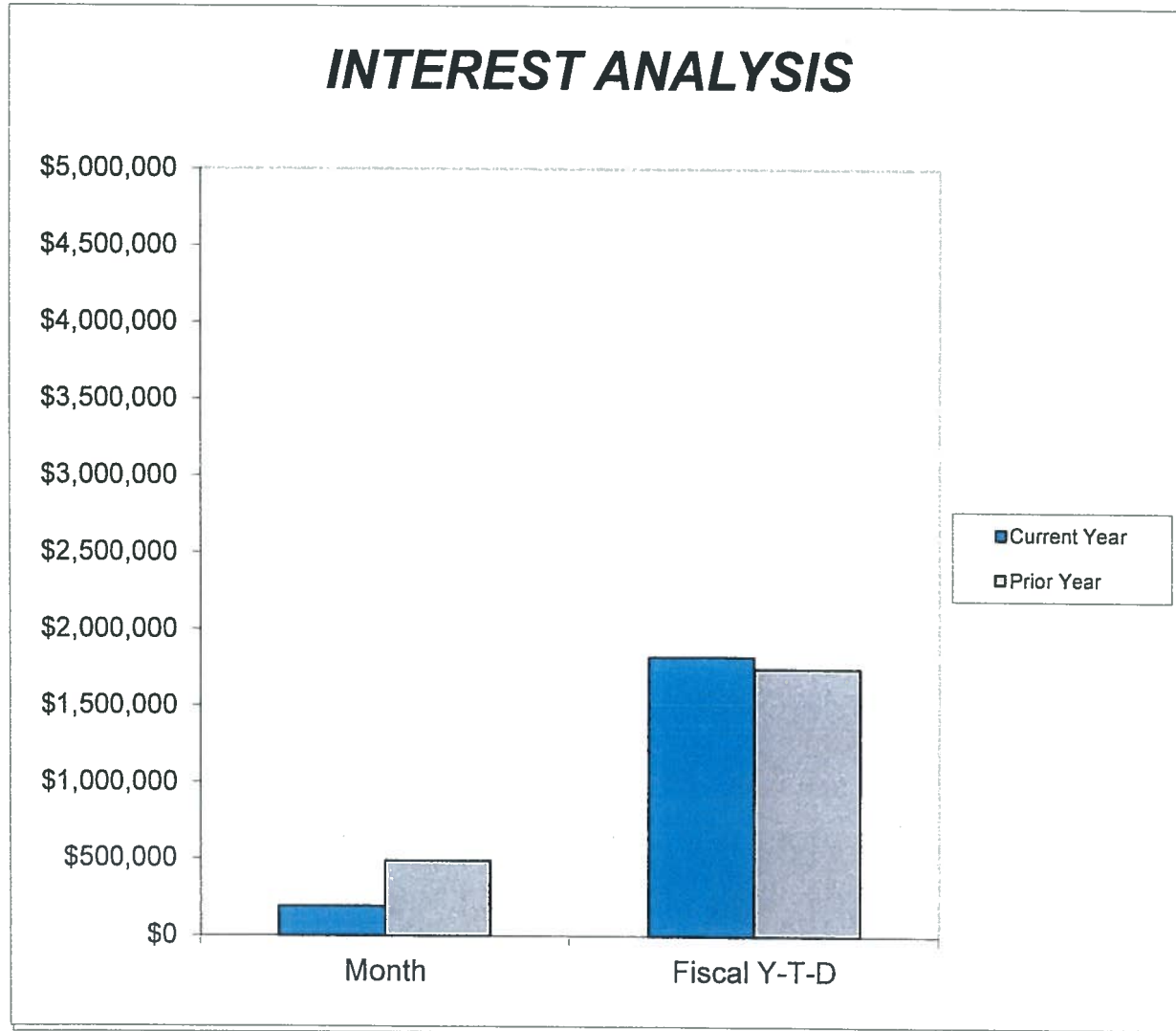
Facility Rent receipts are applied to the 2012 Bond debt service

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

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



	November 2020	November 2019
Interest Receipts - - Month	\$190,465	\$487,471
Interest Receipts - - Fiscal Y-T-D	\$1,822,631	\$1,747,462
Month End Portfolio Balance	\$230,776,482	\$233,008,243
Yield to Maturity	0.29%	1.76%

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FINANCE AND ADMINISTRATION COMMITTEE
JANUARY 19, 2021**

**PROPOSED RESOLUTION NO. 489 ADOPTING
THE 2021 AUTHORITY INVESTMENT POLICY**

Presented by David Kwon
Director, Financial Services

SUMMARY

Formerly mandated by State law and now currently recommended under Sections 53646(a)(2) and 53646(h) of the California Government Code ("Code"), the Commission annually reviews and approves an investment policy to identify policies and procedures for the prudent and systematic investment to be followed by the Authority Treasurer in the exercise of the investment authority delegated to him/her.

The Authority's Investment Manager, Columbia Management Investment Advisors LLC ("CMIA"), has opined that the 2020 Authority Investment Policy, with overall investment criteria of capital preservation (safety) and liquidity, is still appropriate and conservative, and does not need revisions at this time. Staff concurs with the CMIA recommendation and seeks a Finance and Administration Committee recommendation to the Commission that it adopt the attached proposed Resolution No. 489 approving the 2021 Investment Policy (Attachment 1), which reaffirms the current 2020 Investment Policy with no changes.

DISCUSSION

The Authority was previously required by Section 53646 of the Code to annually review and adopt an investment policy for its restricted and non-restricted cash portfolios. The Legislature amended this statute to make annual investment policy review optional for local agencies and to declare that no liability is incurred for failure to annually adopt an investment policy. However, the Legislature strongly recommends, and the Authority believes it is prudent to continue to annually review and adopt an investment policy. The Authority further requires that CMIA abide by that policy as it makes decisions regarding changes to the Authority's investments. The Authority's investment policy dictates the types and maximum allowable percentages of individual investment vehicles that are permitted to be invested in.

For local governments, including the Authority, State law (Code Section 53600 et seq.) sets forth the types of allowable investments, maximum maturities, maximum concentration of investments by type of investment and issuer, minimum ratings for certain types of investments, and how the investments may be held.

The Authority's investment policy further limits all investments to be more restrictive than the Code. The restrictions in the Code and the additional limitations in the Authority's investment policy mitigate the Authority's interest rate risk, credit risk, concentration of credit risk, and custodial credit risk related to its various investments.

CMIA continues to diligently review and report on the Authority's investments in this challenging economic environment. The Authority has historically favored holding its investments until they mature. CMIA will continue to bring recommendations to the Finance and Administration Committee on individual investments and/or the policy as conditions warrant throughout the year.

STAFF RECOMMENDATION

Staff seeks a Finance and Administration Committee recommendation to the Commission that it adopt the attached proposed Resolution No. 489 approving the 2021 Authority Investment Policy.

RESOLUTION NO. 489

**A RESOLUTION OF THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY COMMISSION
ADOPTING THE 2021 AUTHORITY INVESTMENT POLICY**

The Burbank-Glendale-Pasadena Airport Authority Commission finds, resolves and determines as follows:

Section 1. Recitals.

A. Government Code Section 53646 authorizes, but no longer requires, local agencies to review and approve an investment policy on an annual basis.

B. The Burbank-Glendale-Pasadena Airport Authority ("Authority") has a fiduciary responsibility to maximize the use of public funds entrusted to its care, manage those funds wisely and prudently, and protect those funds from financial catastrophes.

C. The objective and purpose of the Authority's investment program is to maintain a level of investment as near 100% as possible, with due consideration given to such factors as safety, liquidity, yield, and cash flow requirements.

D. The Commission desires to continue its existing policy to review and approve an investment policy on an annual basis.

E. The Commission desires to continue its existing investment policy with no changes.

Section 2. 2021 Investment Policy. The Commission hereby adopts the 2021 Investment Policy attached hereto as Exhibit A. Such policy supersedes all prior investment policies adopted by the Commission.

Section 3. Effective Date. This Resolution shall be effective upon adoption.

Adopted this ____ day of February, 2021.

Ross Selvidge, President

Attest:

Don Brown, Secretary

2021 INVESTMENT POLICY

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

This document identifies policies and procedures for the prudent and systematic investment policy to be followed by the Burbank-Glendale-Pasadena Airport Authority Treasurer in the exercise of the investment authority delegated to him/her. All of these policies and procedures are within the statutory guidelines provided for in State law.

The Investment Policy must be renewed annually. The Treasurer must present it in draft form to the Finance and Administration Committee for its review and approval prior to presentation to the Authority for its approval.

INVESTMENT MANAGER

The Treasurer may utilize an Investment Manager in the investment management of the Authority's portfolio(s). The Investment Manager shall comply with the investment restrictions contained in Sections 53601, 53601.1, 53601.5 and 53601.6 of the California Government Code ("Government Code Provisions") and this Investment Policy. In the event the Investment Policy is more restrictive than the Government Code Provisions, the Investment Policy shall control. Further, the Investment Manager shall periodically, but no less than annually, advise the Treasurer and the Authority on recommended changes to the Investment Policy, including any required to bring the policy into compliance with the Government Code Provisions.

BASIC POLICY AND OBJECTIVES

Three fundamental criteria shall be followed in the investment program (all investments and deposits). In order of importance they are:

1. SAFETY. Investments shall be made in a manner that seeks to ensure the preservation of principal and interest. The Treasurer will evaluate, or have evaluated each investment, seeking quality in issuer and in the underlying security or collateral. He/she will also diversify the portfolio to reduce loss exposure. In the investment of idle cash, the prudent man rule shall be followed. This rule states in essence, that when investing property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The Treasurer will remain within the policy maximums regarding asset allocation and maturity guidelines identified on Exhibit A.
2. LIQUIDITY. To the extent possible, investments will be made whose maturities are compatible with cash flow and will allow for easy and rapid conversion into cash without any loss of value. The Treasurer's monthly report to the Authority is to include a comparison of the actual portfolio to the policy maximums shown on Exhibit A.
3. YIELD. An acceptable rate of return on investments is desirable, but only after first considering safety of principal and liquidity.

TYPES OF INVESTMENTS

1. U.S. Treasuries. These are investments in direct obligations of the U. S. Treasury.
2. U.S. Agencies. These are obligations of the Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, etc.
3. Time Deposits. Time deposits are to be placed in accordance with the California Government Code, in those banks and savings and loan associations which meet the requirements. Deposits must be either insured or secured by Government securities with a market value of at least 10% in excess of the total amount deposited or real estate mortgages with a value of at least 150% of the total amount deposited. The latest available quarterly financial statements will be evaluated to determine whether an institution meets all the capital levels required by the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), which are also required by the Investment Manager prior to placing deposits.
4. Local Agency Investment Funds. This is a pool of funds managed by the State Treasurer's Office and includes only investments that meet the legal requirements.
5. Bankers Acceptances. Only those bankers acceptances eligible for purchase by the Federal Reserve System meet eligibility requirements.
6. Commercial Paper. Only commercial paper of prime quality of the highest ranking or of the highest letter and numerical rating as provided by Moody's Investors Service or Standard and Poor's may be purchased (A-1/P-1). To be eligible for purchase, commercial paper may not exceed 270 days maturity nor represent more than 10% of the outstanding paper of an issuing corporation. Purchases of commercial paper may not exceed 15% of each agency's surplus money which may be invested.
7. Repurchase Agreements. These are a purchase of securities (any of the investments authorized under the Government Code) pursuant to an agreement by which the seller will repurchase such securities on or before a specified date, or on demand of either party, and for a specified amount.
8. Money Market Funds. Funds will consist of U.S. Treasury securities only.
9. Corporate Medium Term Notes. The Corporate Notes must be issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States that are rated A or better by a nationally recognized rating service (Government Code Section 53601(j)). Purchase requires approval of the Authority Director of Financial Services and the Treasurer.
10. Negotiable Certificates of Deposit. These are negotiable investments evidencing a time deposit made with a bank at a fixed rate of interest for a fixed period of time. These investments are liquid and are traded in the market place. The long-term rating of the issuing institution must be A or higher.

In the event a security is downgraded below the minimum authorized rating, the Investment Manager will notify the Airport Authority of the downgrade with a recommendation on the disposition of the security. The Airport Authority will provide written instructions to the Investment Manager regarding the disposition of a security that is below the minimum acceptable rating.

MATURITY LIMITATIONS

The Authority's weighted average maturity goal during any calendar year will be established based on the recommendations of the Investment Manager and may be reviewed and adjusted at any time based on the recommendations of the Investment Manager.

For purposes of this policy, the "A" category will include Standard & Poor's ratings of "A+", "A" and "A-"; Moody's Investor Services ratings of "A1", "A2" and "A3"; and Fitch Ratings of "A+", "A" and "A-".

PURCHASE OF SECURITIES/DEPOSITS

Transactions shall be made with reputable banks and brokers who are experienced, knowledgeable and offer service. Before placing deposits, comparisons of at least three eligible financial institutions shall be obtained. The brokers approved by the Investment Manager (Columbia Management Investment Advisors LLC) will be utilized.

PAYMENT FOR SECURITIES AND SAFEKEEPING

All securities purchased shall be delivered against payment (DVP), and held in safekeeping as evidenced by safekeeping receipts.

PORTFOLIO DIVERSIFICATION

To maintain a diversified portfolio, a maximum percentage limitation has been set for each type of investment. If an investment percentage-of-portfolio limitation were to be exceeded due to an incident, such as fluctuation in portfolio size, the affected investments may be held to maturity to avoid losses or if no loss is indicated, the Treasurer may reconstruct the portfolio if in his/her judgment it appears prudent, taking into consideration the expected length of time to bring the portfolio back into balance.

INVESTMENT RESOURCES

Information concerning investment opportunities and market developments will be gained by maintaining contact with the financial community and the media.

CASH MANAGEMENT

Cash will be invested as close to 100% of collected funds as possible taking into consideration cash flow information given to the Treasurer.

REPORTING REQUIREMENTS

The Treasurer shall annually submit to the Airport Authority a statement of investment policy.

The Treasurer shall submit a monthly report, that meets all Government Code requirements, to the Airport Authority showing the type of all investments, including any made and maturing between monthly reports, showing institution, date of maturity, amount of deposit or cost of security, current market value of all securities with a maturity of more than 12 months, rate of interest, statement relating the report to the Statement of Investment Policy, statement that there are sufficient funds to meet the next six months obligations, and such data as may be required by the Airport Authority.

INTERNAL CONTROLS

A system of internal controls shall be established and documented in writing. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation of third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Government Agency.

**EXHIBIT A
PORTFOLIO GUIDELINES**

INVESTMENTS	MAXIMUM AMOUNT	MAXIMUM MATURITY
U.S. Agency Securities	70%	5 YEARS
Corporate Term Notes	30% (note 1)	5 YEARS
Local Agency Investment Fund	\$20 MILLION	N/A
Bankers Acceptances	15% (note 1)	6 MONTHS
Non-Negotiable Certificates Of Deposit	15% (note 1)	5 YEARS
Negotiable Certificates Of Deposit	15% (note 1)	5 YEARS
Commercial Paper	15% (note 1)	9 MONTHS
Repurchase Agreements	10%	1 YEAR
Money Market Funds (note 2)	15%	N/A
U.S. Treasury Securities	NO LIMIT	5 YEARS

Footnotes: (1) Maximum amount of any one issuer is 5%.
 (2) U.S. Treasury obligations only.

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FINANCE AND ADMINISTRATION COMMITTEE
JANUARY 19, 2021**

**CONDITIONAL CONSENT TO ASSIGNMENT
DEVELOPMENT GROUND LEASE
AVJET CORPORATION**

Presented by Scott Kimball
Deputy Executive Director,
Business and Properties, SMS, Procurement, Operations

SUMMARY

Staff seeks the recommendation of the Finance and Administration Committee ("Committee") to the Commission to approve the proposed Conditional Consent to Assignment of the Development Ground Lease, copy attached, for Hangar 25 from AvJet Corporation ("AvJet") to Harbor Freight Tools, USA ("Harbor Freight Tools") pursuant to a Purchase and Sales Agreement dated November 23, 2020.

BACKGROUND

AvJet, is a corporate jet management company that has operated at Hollywood Burbank Airport since 1978. On June 19, 2006, AvJet was granted a Development Ground Lease ("Lease") for the development and construction of Hangar 25 which was completed in December 2008. The hangar is located on the northwest quadrant of Hollywood Burbank Airport.

On March 21, 2016, the Commission approved a Consent to Assignment between AvJet and Jet Aviation Holdings USA Inc. ("Jet Aviation") as a result of a Stock Purchase Agreement which provided for a sale of AvJet to Jet Aviation. Under the Lease, the sale of stock constitutes a deemed assignment of the Lease. In addition to Hangar 25, with the acquisition of AvJet, Jet Aviation also operates in Hangars 6, 7, 7A and 7B as a sublessee of Atlantic Aviation.

On November 23, 2020, AvJet advised Staff that it executed a Purchase and Sales Agreement ("PSA") with Harbor Freight Tools for the purchase of Hangar 25 and assumption of the Lease. Harbor Freight Tools is a privately held discount tool and equipment retailer headquartered in Calabasas, California. It is a multi-billion-dollar company that operates a chain of retail stores, as well as a mail-order and e-commerce business with 1,000 locations in 48 states. As the proposed assignee of the Lease, Harbor Freight Tools intends to house two corporate Gulfstream 650 which are Stage 4 aircraft.

The PSA is contingent upon the Commission's approval of the proposed Conditional Consent to Assignment of the Lease. As such, AvJet has requested an assignment of Lease to Harbor Freight Tools.

FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

This First Amendment to Purchase and Sale Agreement (this "Amendment") is entered into as of this 23rd day of December, 2020 (the "Effective Date"), by and among Jet Aviation Holdings USA, Inc., a Delaware corporation ("**Jet Aviation**"), Avjet Corporation, a California corporation ("**Avjet**"), and together with Jet Aviation, jointly and severally, "**Seller**", and Harbor Freight Tools USA, Inc., a Delaware corporation ("**Buyer**").

WHEREAS, Seller and Buyer entered into that certain Purchase and Sale Agreement, dated November 23, 2020 (the "**Agreement**"), pursuant to which (i) Seller agreed to sell, and Buyer agreed to purchase, the Hangar (as defined therein), and (ii) Seller agreed to assign, and Buyer agreed to assume, the Ground Lease (as defined therein), upon the terms and covenants and subject to the conditions set forth in the Agreement;

WHEREAS, Seller and Buyer desire to amend the Agreement subject to and upon the terms and conditions described herein.

NOW THEREFORE, incorporating and in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The Land. Attached hereto as **Exhibit A** is a depiction and description of the specific portion of the Land leased by Seller pursuant to the Ground Lease.

2. Personal Property. Exhibit A-2 attached to the Agreement is hereby amended by adding the items identified on **Exhibit B** attached hereto to such exhibit and, accordingly, the definition of "Personal Property".

3. Contingency Period. The Contingency Period set forth in Section 3.2 of the Agreement is hereby extended to February 1, 2021.

4. Memo of Assignment of Ground Lease. All references to the "Memo of Assignment of Ground Lease" set forth in the Agreement are hereby amended to be the "Memo of Ground Lease". The form of the Memo of Assignment of Ground Lease attached as Exhibit D to the Agreement is hereby replaced in its entirety with the form Memo of Ground Lease attached hereto as **Exhibit C**.

5. Conflicts. If and to the extent that any of the provisions in this Amendment conflict with or are otherwise inconsistent with any of the provisions of the Agreement, whether or not such inconsistency is expressly noted in this Amendment, the provisions of this Amendment shall prevail.

6. No Further Modifications. Except as modified by this Amendment, all covenants, agreements, terms and conditions of the Agreement shall remain in full force and effect and are hereby in all respects ratified and affirmed.

7. Integration. This Amendment contains the entire agreement of the parties as it relates to the Agreement terms to be amended and supersedes and replaces all prior agreements and understandings with regard to the subject matter thereto and all such prior agreements and understanding shall be deemed void and of no force or legal effect unless set forth in this Amendment.

8. Binding on Successor and Assigns. The covenants, agreements, terms and conditions in this Amendment shall be considered an integral part of the Agreement and bind and inure to the benefit of the parties hereto and their respective successors and assigns.

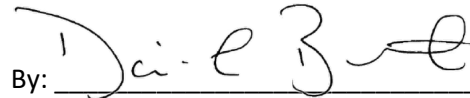
9. Amendments. This Amendment may not be changed orally, but only by an agreement, in writing, signed by both parties hereto.

10. Definitions. Capitalized terms used in this Amendment which are defined in the Agreement will have the same meaning and definition when used in this Amendment unless the term is specifically amended or modified by this Amendment. All references in the Agreement to the term "Agreement" shall refer to the Agreement as amended by this Amendment.

IN WITNESS WHEREOF, the parties hereof have executed this Amendment effective as of the Effective Date.

Seller:

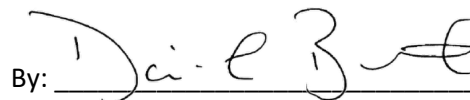
JET AVIATION HOLDINGS USA, INC.,
a Delaware corporation

By: 

Name: David Best

Title: SVP and GM

AVJET CORPORATION,
a California corporation

By: 

Name: David Best

Title: SVP and GM

Buyer:

HARBOR FREIGHT TOOLS USA, INC.,
a Delaware corporation

By: _____

Name: _____

Title: _____

8. Binding on Successor and Assigns. The covenants, agreements, terms and conditions in this Amendment shall be considered an integral part of the Agreement and bind and inure to the benefit of the parties hereto and their respective successors and assigns.

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IN WITNESS WHEREOF, the parties hereof have executed this Amendment effective as of the Effective Date.

Seller:

JET AVIATION HOLDINGS USA, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

AVJET CORPORATION,
a California corporation

By: _____
Name: _____
Title: _____

Buyer:

HARBOR FREIGHT TOOLS USA, INC.,
a Delaware corporation

By:  _____
Name: Allan Mutchnik
Title: President

EXHIBIT A

GROUND LEASED PROTION OF THE LAND

See attached.

**BOB HOPE AIRPORT – LEASEHOLD
LEGAL DESCRIPTION**


THAT PORTION OF THE BOB HOPE AIRPORT DESCRIBED IN DEED TO THE HOLLYWOOD-BURBANK AIRPORT AUTHORITY RECORDED ON JUNE 29, 1978 AS DOCUMENT NO. 78-704352 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, BEING MORE PARTICULARLY DESCRIBED AS THOSE PORTIONS OF LOTS 21 AND 22 OF TRACT NO. 10629 IN THE CITY OF BURBANK, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 165 PAGES 34 AND 35 OF MAPS IN THE OFFICE OF SAID COUNTY RECORDER, TOGETHER WITH THOSE PORTIONS OF VACATED TULARE AVENUE AS SHOWN ON SAID MAP, THAT PORTION OF LOT A OF TRACT NO. 3008, IN SAID CITY, COUNTY AND STATE, AS PER MAP RECORDED IN BOOK 34 PAGE 71 OF SAID MAPS, AND THAT PORTION OF LOT 4 OF SECTION 4, TOWNSHIP 1 NORTH, RANGE 14 WEST, SAN BERNARDINO MERIDIAN, IN SAID CITY, COUNTY AND STATE DESCRIBED AS A WHOLE AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EASTERLY LINE OF CLYBOURN AVENUE (100 FEET WIDE) WITH THE SOUTHERLY LINE OF SHERMAN WAY (75 FEET WIDE); THENCE ALONG SAID EASTERLY LINE OF CLYBOURN AVENUE, N7°07'32"W 1001.99 FEET; THENCE NORTH 82°52'28"E 100.94 FEET; THENCE N26°17'08"E 65.57 FEET; THENCE N2°02'12"W 15.65 FEET TO A LINE PARALLEL WITH AND DISTANT 10.00 FEET SOUTHERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHERLY LINE OF PARCEL MAP NO. 12299, IN SAID CITY, COUNTY AND STATE, AS PER MAP FILED IN BOOK 126, PAGES 51 AND 52 OF PARCEL MAPS IN THE OFFICE OF SAID COUNTY RECORDER; THENCE ALONG SAID PARALLEL LINE, S89°10'44"E 381.33 FEET; THENCE S0°46'48"W 243.61 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE N89°36'40"W 208.50 FEET; THENCE S0°02'00"E 13.98 FEET; THENCE N89°16'26"W 178.00 FEET; THENCE S46°09'06"W 57.70 FEET; THENCE S82°52'28"W 51.61 FEET TO SAID EASTERLY LINE OF CLYBOURN AVENUE; THENCE ALONG SAID EASTERLY LINE, S7°07'32"E 228.60 FEET; THENCE N77°02'08"E 580.55 FEET; THENCE N0°34'13"E 152.49 FEET; THENCE N89°36'40"W 116.32 FEET TO THE **TRUE POINT OF BEGINNING**.

1 CONTAINING 2.8136 ACRES, MORE OR LESS.

2
3 **SEE ATTACHED EXHIBIT MAP FOR INFORMATIONAL PURPOSES.**

4
5 THIS LEGAL DESCRIPTION WAS PREPARED BY ME OR UNDER MY DIRECTION
6 IN CONFORMANCE WITH THE PROVISIONS OF THE LAND SURVEYORS' ACT OF
7 THE STATE OF CALIFORNIA. THIS LEGAL DESCRIPTION IS NOT TO BE USED IN
8 VIOLATION OF THE SUBDIVISION MAP ACT OF THE STATE OF CALIFORNIA.

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12 ROBERT HENNON, PLS 5573 (LIC. EXPIRES 9-30-07)

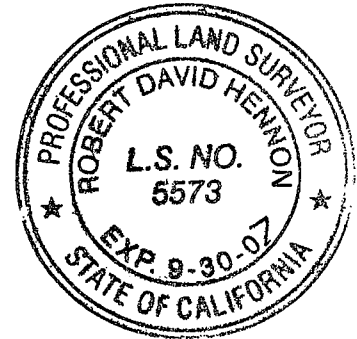
13 **HENNON SURVEYING & MAPPING, INC.**

14 601 E. GLENOAKS BLVD., SUITE 208

15 GLENDALE, CA 91207

16 818-243-0640 FAX 818-243-0650

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18 *FILE:2490LGL.DOC PROJECT: 2490 DATE: JULY 11, 2006*
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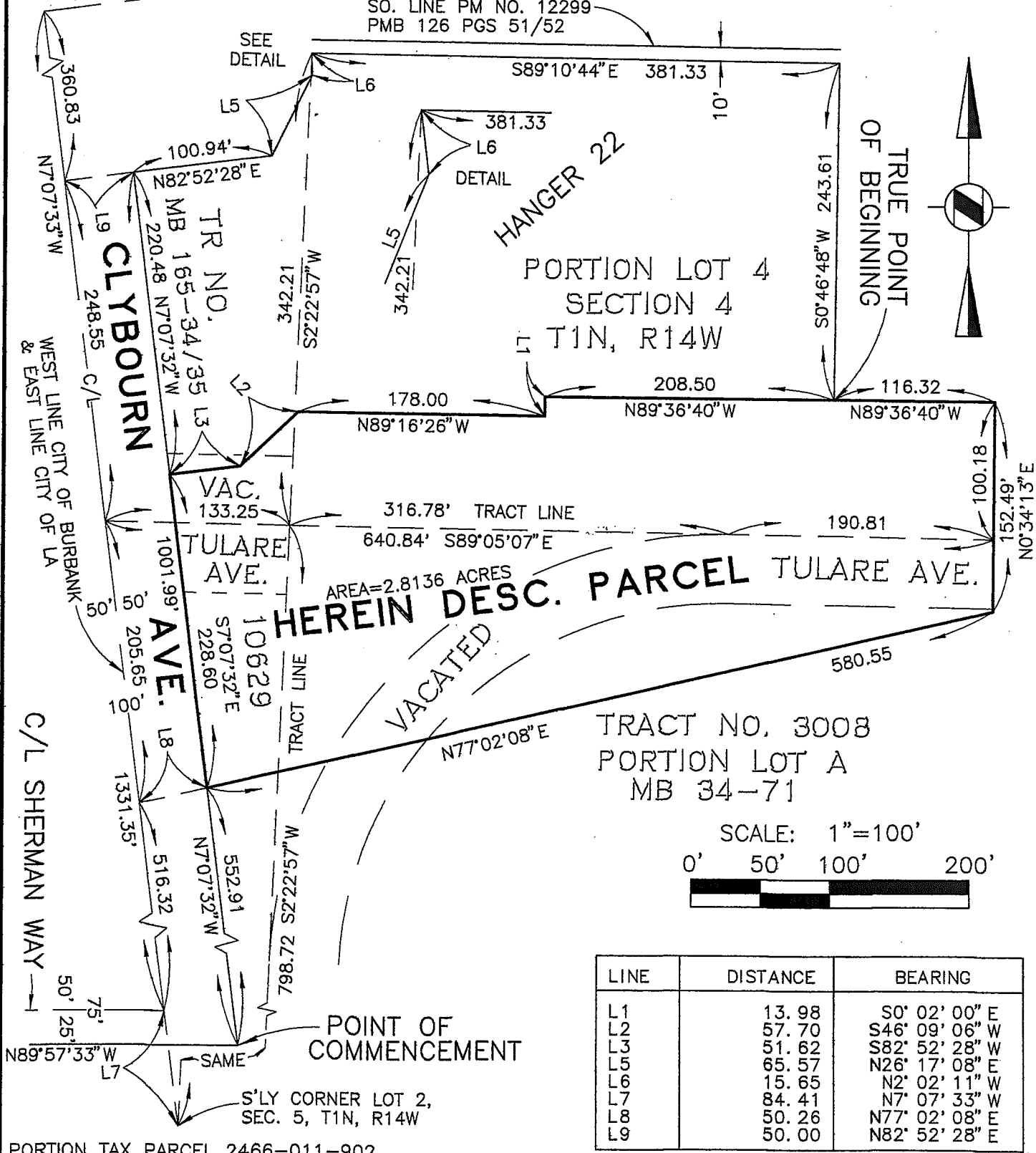
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EXHIBIT MAP

LEASEHOLD IN THE CITY BURBANK

SO. LINE PM NO. 12299
PMB 126 PGS 51/52

VALERIO ST.



PORTION TAX PARCEL 2466-011-902

DATE: JULY 10, '06
THOM. GDE: 533 B4
FILE: 2490.DWG
PROJECT NO: 2490

HENNON
Surveying & Mapping, Inc.

601 E. GLENOAKS BLVD., SUITE 208
GLENDALE, CALIFORNIA 91207
(818)243-0640
FAX: (818)243-0650

EXHIBIT B

ADDITIONAL PERSONAL PROPERTY

1. Art sculpture in front entry courtyard area
2. Bicycle Racks
3. Solar panels and Inverter
4. Hi-Fog Fire Suppression System inclusive of compressors, pumps, generators & fuel/battery storage (in its current state)
5. Security Systems
 - Security monitoring systems (hardware and software)
 - Security access control systems (card readers, door controls, electrified hardware, etc.)
 - Security Cameras
 - All pass codes, keys, keycards, etc.
6. Office Suites
 - Reception Desks
 - Office Desks & chairs
 - Misc. office chairs (ancillary chairs)
 - Hoteling Desks & chairs
 - Lighting fixtures
 - (2) Conference table + (10) chairs
 - Misc. conference tables & chairs
 - Misc. ancillary furniture (consoles, coffee tables, side tables, accent chairs, couches, break area tables & chairs, etc.)
 - Wall hung monitors and mounting brackets
7. Break Area Appliances
 - (4) Viking Refrigerators
 - (4) Viking dishwashers
 - (4) Viking Trash compactors
 - (4) Microwaves, etc.
 - Hoshizaki ice makers
8. Trash and Recycle Receptacles
9. Airplane Service & Maintenance Equipment & Accessories
 - (2) sets of air stairs
 - (2) Building to Aircraft Mobile Power Stations & Wall Mounted Connection Equipment
10. Building Maintenance Tools/Storage Room Fixtures & Equipment
 - Misc. hand trucks and carts
 - (2) mobile fire suppression tanks/carts
 - Flammable Materials Cabinet
 - Pallet Jack
 - Cleaning carts
 - Vacuum cleaners
 - Ladders
 - Caution Cones
 - Packing blankets
 - Adgresssor Floor scrubber & electric charger
 - Hoses (air and water)
 - Misc. cleaning accessories (mop buckets, mops, etc.)
 - Misc. tools

- All tool boxes/storage (with the exception of personnel property of Seller's current and former employees)
 - All Work benches (rolling and fixed)
 - Battery chargers
 - Power cords
 - Lawn care tools (trimmers, blowers, etc.)
 - Miele washer and dryer
 - Ice maker
 - Refrigerator
 - Global mobile air conditioning unit
 - Misc. fans (floor fans, vertical stand fans, etc.)
 - Misc. metal and wood shelving
 - Misc. furniture (chairs, tables, beds, etc.)
11. Eye wash station
 12. Air compressors
 13. 5 ton Portable Air Conditioner
 14. All Lighting Fixtures
 15. (7) HVLS Fans and Wall Controls (Big Ass Fans)

EXHIBIT C

FORM OF MEMO OF GROUND LEASE

RECORDING REQUESTED BY

Chicago Title Company

AND WHEN RECORDED MAIL TO

Harbor Freight Tools USA, Inc.
26541 Agoura Road
Calabasas, CA 91302
Attention: Marc Friedman

MEMORANDUM OF GROUND LEASE

THIS MEMORANDUM OF GROUND LEASE (this "Memorandum") is made and entered into on _____ but effective as of _____, 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 **HARBOR FREIGHT TOOLS USA, INC.**, a Delaware corporation ("Tenant").

Landlord and Avjet Corporation, a California corporation ("Avjet"), entered into that certain Development Ground Lease dated June 19, 2006, as amended by that certain First Amendment of Lease dated January 16, 2007, between Landlord and Avjet, as further amended by that certain Second Amendment of Lease dated August 6, 2012, between Landlord and Avjet, as further amended by that certain Third Amendment of Lease dated May 16, 2014, between Landlord and Avjet, and as assigned by Avjet to Tenant by that certain Assignment and Assumption of Ground Lease dated as of the effective date hereof (as so amended and assigned, the "Ground Lease"), pursuant to which Landlord leases to Tenant the real property described on Exhibit A attached hereto and depicted on Exhibit B attached hereto and both incorporated herein (the "Premises"), which is a portion of the parcel of land described on Exhibit C attached hereto and incorporated herein.

The term of the Ground Lease commenced on June 19, 2006, and shall expire, unless extended or sooner terminated pursuant to the terms and conditions of the Ground Lease, on June 30, 2031. In the event that, pursuant to the terms and conditions of the Ground Lease, the term of the Ground Lease is terminated or terminates prior to the stated expiration of the term, Tenant shall promptly sign and deliver to Landlord a duly executed and notarized termination of this Memorandum in recordable form. If Tenant does not provide such termination ten (10) days after receipt from Landlord of a written request for such termination, Landlord may unilaterally execute such termination and have it recorded with the Los Angeles County Recorder's Office.

Tenant shall provide Landlord with a recorded copy of this Memorandum after Tenant's receipt of the recorded copy of this Memorandum.

This Memorandum is not a complete summary of the Ground Lease and shall not be used in interpreting the Ground Lease provisions. In the event of any inconsistency between the terms of the Ground Lease and this Memorandum, the terms of the Ground Lease shall control.

[Signature Pages Follow]

LANDLORD:

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

By: _____

Name: _____

Title: _____

CERTIFICATE OF ACKNOWLEDGEMENT OF NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA, _____)
COUNTY OF _____)

On _____ before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

TENANT:

HARBOR FREIGHT TOOLS USA, INC.,

a Delaware corporation

By: _____

Name: _____

Title: _____

CERTIFICATE OF ACKNOWLEDGEMENT OF NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA, _____)
COUNTY OF _____)

On _____ before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

PREMISES DESCRIPTION

See attached.

**BOB HOPE AIRPORT – LEASEHOLD
LEGAL DESCRIPTION**


THAT PORTION OF THE BOB HOPE AIRPORT DESCRIBED IN DEED TO THE HOLLYWOOD-BURBANK AIRPORT AUTHORITY RECORDED ON JUNE 29, 1978 AS DOCUMENT NO. 78-704352 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, BEING MORE PARTICULARLY DESCRIBED AS THOSE PORTIONS OF LOTS 21 AND 22 OF TRACT NO. 10629 IN THE CITY OF BURBANK, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 165 PAGES 34 AND 35 OF MAPS IN THE OFFICE OF SAID COUNTY RECORDER, TOGETHER WITH THOSE PORTIONS OF VACATED TULARE AVENUE AS SHOWN ON SAID MAP, THAT PORTION OF LOT A OF TRACT NO. 3008, IN SAID CITY, COUNTY AND STATE, AS PER MAP RECORDED IN BOOK 34 PAGE 71 OF SAID MAPS, AND THAT PORTION OF LOT 4 OF SECTION 4, TOWNSHIP 1 NORTH, RANGE 14 WEST, SAN BERNARDINO MERIDIAN, IN SAID CITY, COUNTY AND STATE DESCRIBED AS A WHOLE AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EASTERLY LINE OF CLYBOURN AVENUE (100 FEET WIDE) WITH THE SOUTHERLY LINE OF SHERMAN WAY (75 FEET WIDE); THENCE ALONG SAID EASTERLY LINE OF CLYBOURN AVENUE, N7°07'32"W 1001.99 FEET; THENCE NORTH 82°52'28"E 100.94 FEET; THENCE N26°17'08"E 65.57 FEET; THENCE N2°02'12"W 15.65 FEET TO A LINE PARALLEL WITH AND DISTANT 10.00 FEET SOUTHERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHERLY LINE OF PARCEL MAP NO. 12299, IN SAID CITY, COUNTY AND STATE, AS PER MAP FILED IN BOOK 126, PAGES 51 AND 52 OF PARCEL MAPS IN THE OFFICE OF SAID COUNTY RECORDER; THENCE ALONG SAID PARALLEL LINE, S89°10'44"E 381.33 FEET; THENCE S0°46'48"W 243.61 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE N89°36'40"W 208.50 FEET; THENCE S0°02'00"E 13.98 FEET; THENCE N89°16'26"W 178.00 FEET; THENCE S46°09'06"W 57.70 FEET; THENCE S82°52'28"W 51.61 FEET TO SAID EASTERLY LINE OF CLYBOURN AVENUE; THENCE ALONG SAID EASTERLY LINE, S7°07'32"E 228.60 FEET; THENCE N77°02'08"E 580.55 FEET; THENCE N0°34'13"E 152.49 FEET; THENCE N89°36'40"W 116.32 FEET TO THE **TRUE POINT OF BEGINNING**.

1 CONTAINING 2.8136 ACRES, MORE OR LESS.

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3 **SEE ATTACHED EXHIBIT MAP FOR INFORMATIONAL PURPOSES.**

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7 THE STATE OF CALIFORNIA. THIS LEGAL DESCRIPTION IS NOT TO BE USED IN
8 VIOLATION OF THE SUBDIVISION MAP ACT OF THE STATE OF CALIFORNIA.

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12 ROBERT HENNON, PLS 5573 (LIC. EXPIRES 9-30-07)

13 **HENNON SURVEYING & MAPPING, INC.**

14 601 E. GLENOAKS BLVD., SUITE 208

15 GLENDALE, CA 91207

16 818-243-0640 FAX 818-243-0650

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18 *FILE:2490LGL.DOC PROJECT: 2490 DATE: JULY 11, 2006*
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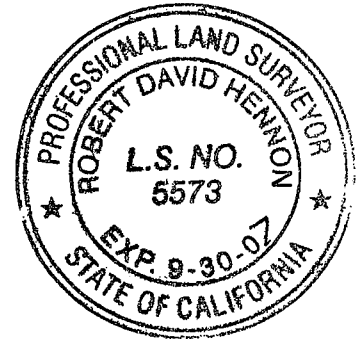


EXHIBIT B

PREMISES DEPICTION

See attached.

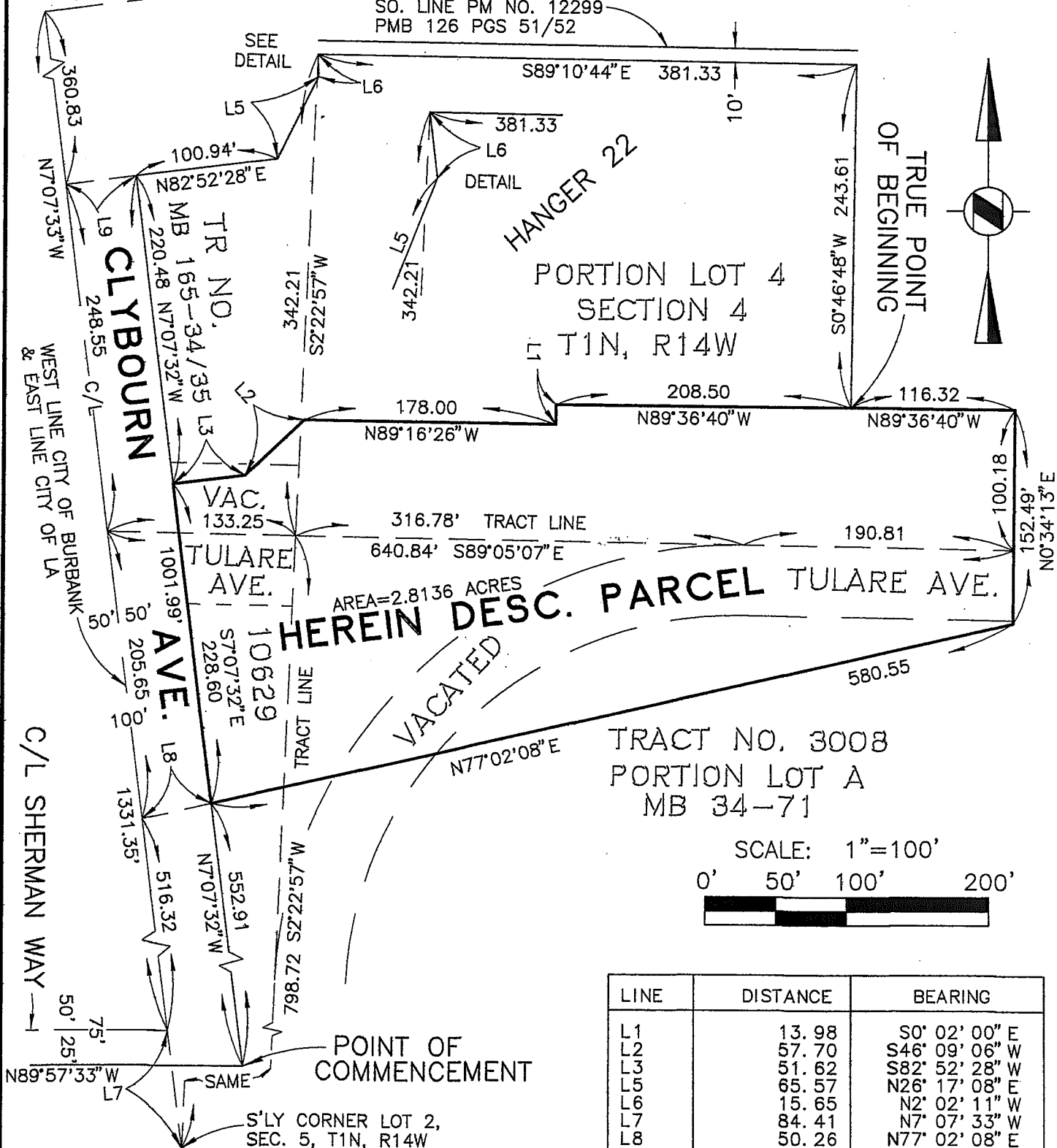
SHT ONE OF ONE SHTS

EXHIBIT MAP

LEASEHOLD IN THE CITY BURBANK

SO. LINE PM NO. 12299
PMB 126 PGS 51/52

VALERIO ST.



PORTION TAX PARCEL 2466-011-902

DATE: JULY 10, '06
THOM. GDE: 533 B4
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PROJECT NO: 2490

HENNON

Surveying & Mapping, Inc.

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(818)243-0640
FAX: (818)243-0650

EXHIBIT C

PARCEL

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF BURBANK, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

THAT PORTION OF THE FOLLOWING DESCRIBED LAND WITHIN ASSESSOR'S PARCEL NUMBER 2466-011-902:

THAT PORTION OF THE BURBANK-GLENDALE-PASADENA AIRPORT DESCRIBED IN DEED TO THE HOLLYWOOD-BURBANK AIRPORT AUTHORITY RECORDED ON JUNE 29, 1978 AS [DOCUMENT NO. 78-704352 OF OFFICIAL RECORDS](#), IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, BEING MORE PARTICULARLY THOSE PORTIONS OF LOT 1 OF [TRACT NO. 7619](#), IN THE CITY OF BURBANK, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 78, PAGES 70](#) AND 71 OF MAPS, IN THE OFFICE OF SAID COUNTY RECORDER; LOT A OF [TRACT NO. 3008](#) IN SAID CITY, COUNTY AND STATE, AS PER MAP RECORDED IN [BOOK 34 PAGE 71](#) OF SAID MAPS; LOTS 12 TO 22 INCLUSIVE OF [TRACT NO. 10629](#) IN SAID CITY, COUNTY AND STATE AS PER MAP RECORDED IN [BOOK 165, PAGES 34](#) AND 35 OF SAID MAPS; LOT 59 OF THE LAND OF LANKERSHIM RANCH LAND AND WATER COMPANY, IN SAID CITY, COUNTY AND STATE, AS PER MAP FILED IN [BOOK 31, PAGES 39](#) TO 44 INCLUSIVE OF MISCELLANEOUS RECORDS OF SAID COUNTY; LOTS 3 AND 4 OF SECTION 4, TOWNSHIP 1 NORTH, RANGE 14 WEST, AND THOSE PORTIONS OF VACATED WINONA AVENUE, TULARE AVENUE, CLYBOURN AVENUE AND THAT CERTAIN ALLEY ADJACENT TO SAID LOTS

12 THROUGH 14 OF [TRACT NO. 10629](#), DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE EASTERLY LINE OF CLYBOURN AVENUE (100 FEET WIDE) WITH THE SOUTHERLY LINE OF SHERMAN WAY (75 FEET WIDE); THENCE ALONG SAID EASTERLY LINE OF CLYBOURN AVENUE, NORTH 7° 07' 32" WEST 1001.99 FEET; THENCE NORTH 82° 52' 20" EAST 100.98 FEET; THENCE NORTH 26° 17' 08" EAST 65.57 FEET; THENCE NORTH 2° 02' 12" WEST 25.66 FEET TO THE SOUTHERLY LINE OF [PARCEL MAP NO. 12299](#), IN SAID CITY, COUNTY AND STATE, AS PER MAP FILED IN [BOOK 126, PAGES 51](#) AND 52 OF PARCEL MAPS IN THE OFFICE OF SAID COUNTY RECORDER; THENCE ALONG SAID SOUTHERLY LINE AND THE EASTERLY LINE OF SAID PARCEL MAP, SOUTH 89° 10' 44" EAST 494.64 FEET NORTH 2° 19' 04" EAST 158.95 FEET AND NORTH 12° 54' 21" WEST 469.57 FEET; THENCE NORTH 77° 05' 39" EAST 151.52 FEET TO A LINE PARALLEL WITH AND DISTANT WESTERLY 434.50 FEET, MEASURED AT RIGHT ANGLES FROM THE CENTERLINE OF RUNWAY 15-33 OF SAID AIRPORT; THENCE ALONG SAID PARALLEL LINE, SOUTH 12° 54' 21" EAST 343.50 FEET; THENCE SOUTH 15° 03' 50" EAST 239.00 FEET TO A LINE PARALLEL WITH AND DISTANT WESTERLY 425.50 FEET, MEASURED AT RIGHT ANGLES FROM SAID CENTERLINE; THENCE ALONG SAID PARALLEL LINE, SOUTH 12° 54' 21" EAST 1703.83 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 138.00 FEET; THENCE SOUTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 103° 51' 15" AN ARC DISTANCE OF 250.14 FEET TO A LINE PARALLEL WITH AND DISTANT NORTHERLY 563.00 FEET, MEASURED AT RIGHT ANGLES FROM THE CENTERLINE OF RUNWAY 8-26 OF SAID AIRPORT; THENCE ALONG SAID PARALLEL LINE, NORTH 89° 03' 06" WEST 900.12 FEET; THENCE NORTH 3° 06' 00" WEST 153.00 FEET; THENCE NORTH 51° 42' 00" WEST 50.00 FEET; THENCE NORTH 0° 26' 30" WEST 4.05 FEET; THENCE NORTH 89° 03' 06" WEST 18.33 FEET TO A POINT HEREINAFTER REFERRED TO AS POINT "A"; THENCE NORTH 0° 01' 58" EAST 457.71 FEET TO SAID SOUTHERLY LINE OF SHERMAN WAY; THENCE SOUTH 89° 58' 02" EAST 35.17 FEET ALONG SAID LINE TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION OF SAID PARCEL DESCRIBED AS FOLLOWS:

BEGINNING AT THE ABOVEMENTIONED POINT "A"; THENCE NORTH $0^{\circ} 01' 58''$ EAST 75.00 FEET;
THENCE SOUTH $89^{\circ} 58' 02''$ EAST 17.00 FEET; THENCE SOUTH $0^{\circ} 01' 58''$ WEST 75.00 FEET;
THENCE NORTH $89^{\circ} 58' 02''$ WEST 17.00 FEET TO SAID POINT "A" BEING THE POINT OF
BEGINNING.

Upon approval of the Conditional Consent to Assignment, Harbor Freight Tools will assume all obligations and requirements set forth under the Lease conditioned upon satisfactory delivery of, i) a replacement Letter of Credit in favor of the Authority; and ii) delivery to Harbor Freight Tools of a copy of the executed Conditional Consent of Assignment and associated exhibits to record.

DETAILS

Key components of the proposed assignment of the Lease are as follows:

<u>Use:</u>	Headquarters for Assignee's aircraft and flight department which is currently located at Van Nuys, CA
<u>Premises:</u>	Hangar 25
<u>Commencement:</u>	February 1, 2021
<u>Expiration:</u>	June 30, 2031
<u>Rent:</u>	\$38,106.16 monthly/\$457,273.92 annually
<u>Adjustment:</u>	Done annually at 120% of CPI. Fair market value assessment every five (5) years
<u>Termination:</u>	Authority has sole discretion to terminate upon six (6) months' notice
<u>Others:</u>	Tenant responsible for expenses related to occupancy including maintenance, utilities, insurances and applicable taxes

BUDGET IMPACT

The proposed Conditional Consent to Assignment of the Lease is revenue neutral.

STAFF RECOMMENDATION

Staff seeks Finance and Administration Committee recommendation to the Commission that it approve the Conditional Consent to Assignment of the Lease for Hangar 25 and authorize the President to execute same.

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "**Agreement**") is made as of November 23, 2020 (the "**Effective Date**"), by and among Jet Aviation Holdings USA, Inc., a Delaware corporation, having an address at 112 Charles A. Lindbergh Drive, Teterboro, NJ 07608 ("**Jet Aviation**"), Avjet Corporation, a California corporation, having an address at 4301 Empire Ave, Burbank, CA 91505 ("**Avjet**"), and together with Jet Aviation, jointly and severally, "**Seller**"), and Harbor Freight Tools USA, Inc., a Delaware corporation, having an address at 26541 Agoura Road, Suite 101, Calabasas, CA 91302 ("**Buyer**").

RECITALS

WHEREAS, Seller desires to sell, and Buyer desires to purchase, that certain approximately 63,653 square foot hangar facility commonly known as Hangar 25 (the "**Hangar**"), located at 3030 Clybourn Avenue, Burbank, California 91505, and which real property is more particularly described on **Exhibit A-1** attached hereto and made a part hereof (the "**Land**"), upon the terms and covenants and subject to the conditions set forth below;

WHEREAS, Seller leases the Land from 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 ("**Ground Landlord**"), pursuant to that certain Development Ground Lease dated June 19, 2006, between Ground Landlord and Avjet, as amended by that certain First Amendment of Lease dated January 16, 2007, between Ground Landlord and Avjet, as further amended by that certain Second Amendment of Lease dated August 6, 2012, between Ground Landlord and Avjet, as further amended by that certain Third Amendment of Lease dated May 16, 2014, between Ground Landlord and Avjet, and as assigned by Avjet to Jet Aviation in the manner described in, and consented to by Ground Landlord pursuant to, that certain Consent to Assignment of Leases dated March 21, 2016 (as so amended and assigned, the "**Ground Lease**");

WHEREAS, the Land is part of the Bob Hope Airport, a public land airport located in the County of Los Angeles, Burbank, California (the "**Airport**"); and

WHEREAS, Seller also desires to assign, and Buyer desires to assume, the Ground Lease, upon the terms and covenants and subject to the conditions set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

AGREEMENT

ARTICLE I

Purchase and Sale of the Property

1.1 **Purchase.** For the consideration hereinafter set forth, but subject to the terms, provisions, covenants and conditions contained herein, Seller hereby agrees to sell, transfer and convey to Buyer, and Buyer agrees to purchase and acquire from Seller, a good and marketable interest in and to the following (collectively, the “**Property**”):

(a) all improvements, structures, systems, parking facilities and fixtures now or hereafter placed, constructed, installed or located on the Land, including the Hangar and all apparatus, equipment and appliances affixed to and used in connection with the operation or occupancy of the Land or the Hangar (such as heating, air conditioning, and mechanical systems), all of which is subject to the terms of the Ground Lease (collectively, the “**Improvements**”);

(b) the following intangibles owned by Seller and/or its affiliates, as applicable, and related to the ownership, use or occupancy by Buyer of the Property, : (i) to the extent assignable, all governmental or quasi-governmental permits, agreements, licenses, certificates, authorizations, applications, approvals, entitlements, variances and waivers in the name of Seller or its predecessor(s) in interest, including building permits and certificates of occupancy, relating to the construction, ownership, development, use, operation, maintenance or repair of the Property (collectively, the “**Permits**”); (ii) to the extent in Seller's possession, custody and/or control, all reports, studies, financial or other records, books or documents existing and relating to the ownership, construction, fabrication, repair or maintenance of, the Property, including the following: surveys, maps, plats and street improvement specifications of the Property; soil, substratus, environmental, engineering, structural and geological/geotechnical studies, reports, plans and assessments; architectural specifications, drawings, as-builts, plans; engineer's plans, drawings and specifications; appraisals; title reports or policies together with any copies of documents referenced therein; and booklets, manuals, files, records, and similar items (collectively, the “**Plans and Records**”); and (iii) to the extent assignable, warranties applicable to the Improvements and Personal Property (as defined in clause (c) below) (all items in this **clause (b)**, collectively, “**Intangible Property**”). For the avoidance of doubt, Seller may retain copies of such Permits and Plans and Records, and Intangible Property shall not include Permits or Plans and Records to the extent relating to the conduct and operation of Seller’s business;

(c) all tangible personal property, machinery, apparatus, appliances, equipment (except for ground support equipment, which shall remain the property of Seller, its affiliates, customers and vendors, as applicable), systems, furniture and supplies owned by Seller and/or its affiliates, as applicable, and currently located on the Land and/or the Improvements and/or used in the operation, repair and maintenance of all or any portion of the Land and/or the Improvements, including those items identified on **Exhibit A-2** (collectively, the “**Personal Property**”); and

(d) all of Seller’s right, title and interest in and to the Ground Lease.

1.2 **Purchase Price.** The total purchase price (the “**Purchase Price**”) payable by Buyer for the Property shall be equal to Six Million Nine Hundred Fifty Thousand Dollars (\$6,950,000),

subject to adjustment as hereinafter provided. The Purchase Price shall be payable by Buyer as follows:

(a) Deposit. The parties hereby acknowledge that Buyer delivered on October 29, 2020 the amount of One Million Dollars (\$1,000,000) to Chicago Title Company (the "Escrow Agent"). Escrow Agent shall deposit and hold such amount pursuant to the provisions of Article XIII (which earnest money deposit, together with all interest and dividends earned thereon, is herein referred to as the "Deposit"). If the sale is not consummated for any reason (other than a default by Buyer), the Deposit (other than the sum of \$100.00 (the "Independent Contract Consideration")) shall be returned to Buyer. Seller and Buyer agree that a portion of the Deposit equal to the Independent Contract Consideration has been bargained for as consideration for Seller's execution and delivery of this Agreement and for Buyer's right of review, inspection and termination, and is independent of any other consideration or payment provided for in this Agreement and, notwithstanding anything to the contrary contained herein, is non-refundable in all events.

(b) Balance. The balance of the Purchase Price (after crediting the Deposit), subject to prorations and adjustments in accordance with Article XI and elsewhere in this Agreement, shall be paid in good funds for immediate credit to Seller on the Closing Date if the Closing occurs.

ARTICLE II

Seller's Deliveries

Except as otherwise provided below, Seller has as of the date hereof delivered (or will deliver within three (3) days after the Effective Date), at Seller's sole cost and expense, to Buyer, the following (collectively, the "Seller's Deliveries"):

2.1 Tax; Insurance Policies. Copies of (a) the ad valorem and other property tax statements and assessments covering the Land, Improvements and/or Personal Property for the current and preceding three (3) calendar years together with a copy of any notice of increase in valuation received by Seller since such tax statements were issued; and (b) copies of all claims and settlements with respect to the Land and Improvements of \$25,000.00 or more for the three (3) most recent calendar years before Closing and the year of Closing, together with (i) a summary of the loss under each policy of insurance for the past 3 years, (ii) a statement describing each claim under a policy of insurance with respect to the Land and Improvements for the past three (3) years for an amount in excess of \$25,000, and (iii) a statement describing the loss experience for all claims with respect to the Land and Improvements for the past three (3) years that were self-insured, including the number and aggregate costs of such claims.

2.2 Title Insurance Commitment. A current ALTA title insurance commitment issued by Chicago Title Insurance Company (the "Title Company"), including legible copies of all recorded exceptions to title referred to therein (collectively, the "Title Commitment"), showing marketable leasehold interest pursuant to the Ground Lease vested in Seller and committing to insure such interest in the Ground Lease in Buyer (or its assignee) by the issuance of a ALTA form of extended coverage policy of leasehold title insurance, with the standard printed exceptions deleted, in the amount of the Purchase Price. Seller also shall cause to be delivered to Buyer

concurrently with the Title Commitment a current tax certificate for the Land showing the Property as a separately assessed parcel (the "**Tax Certificate**"). Notwithstanding anything to the contrary contained herein, Seller shall discharge and remove any and all Liens (defined below) affecting the Property which secure an obligation to pay money (other than installments of real and Personal Property taxes not delinquent as of the Closing), including Liens for special improvements installed as of the date of Closing, whether assessed or not (all such Liens, collectively, "**Monetary Liens**"), and such Monetary Liens shall not be Permitted Exceptions (defined below) (whether or not Buyer expressly objects to such Monetary Liens).

2.3 **Other Documents.** Copies of all of the following relating to the Property (but not the separate conduct of Seller's business) to the extent in the possession, custody and/or control of Seller: (a) all current service contracts, agreements or commitments, including a description of any such oral service contracts, agreements or commitments, (b) all lease agreements (including the Ground Lease), (c) all Plans and Records, (d) all Permits, (e) all rent rolls, income and expense statements and utility bills solely related to the Land and Improvements, and (f) all other documents in any way related to the construction, ownership, development, usage or operation by Seller of the Land and Improvements, excluding such documents related to the operation of Seller's business. Subsequent to the delivery of any material required to be delivered pursuant to this **Article II**, Seller thereafter shall deliver promptly to Buyer any such additional items or materials referenced in this **Article II**, or copies thereof, as may come into Seller's possession, custody and/or control prior to Closing.

ARTICLE III **Investigation of the Property**

3.1 **Inspection of Property.** At all reasonable times prior to the Closing Date or earlier termination of this Agreement, Buyer and its agents and representatives shall be entitled, at Buyer's sole cost and expense, to investigate and evaluate the Property, all Seller's Deliveries, and any other aspects or characteristics of the Property which may affect its acquisition, ownership, development, usage, operation, marketability or economic viability. Such right of investigation shall include the right to enter the Property (with prior written notice to Seller, which such notice may be sent via e-mail) and have made, at Buyer's expense, any studies, tests or inspections of the Property as Buyer may deem necessary or appropriate, including soil tests, environmental (Phase I and Phase II testing), geotechnical, mechanical and structural studies and samplings, and/or flood plain studies; provided that any invasive testing or samplings shall not be conducted absent the written consent of Seller (and the Ground Landlord under the Ground Lease, if required) and if this Agreement is terminated, Buyer shall be responsible to promptly repair any damage caused by such testing and samplings; provided, however, that Buyer shall have no obligation to repair any damage to the extent caused by Seller's negligence or misconduct, to remediate, contain, abate or control any Hazardous Materials not placed on the Property by Buyer, or to repair or restore any latent condition discovered by Buyer (as long as Buyer takes reasonable steps not to exacerbate such condition once discovered by Buyer). Seller agrees to cooperate reasonably with any such investigations, tests, samplings, analyses, inspections, studies or meetings made by or at Buyer's direction. Seller also agrees to reasonably cooperate with Buyer and any third parties (e.g., lenders, surveyors, architect, engineer, etc.) with regard to any questionnaires or other items as may be deemed necessary, including inquiries with regard to the environmental status of the Property. Buyer shall indemnify, hold harmless and defend Seller and Ground Landlord from any Losses to

the extent caused by Buyer's physical investigations under this **Section 3.1**, but expressly excluding Losses arising out of latent defects, the displacement or disturbance of Hazardous Materials not placed on the Property by Buyer, the discovery of pre-existing conditions or the acts or omissions of Seller, or Seller's agents, employees or contractors. Buyer shall use commercially reasonable efforts to conduct such investigations in a manner that reasonably minimizes disruptions with Seller's operations at or about the Property and shall provide Seller with copies of the results (including any written reports) of any such testing and studies.

3.2 **Buyer's Termination Right.** Buyer's obligation to complete the transaction contemplated by this Agreement is expressly contingent on, among other things, Buyer's approval and acceptance, in its sole and absolute discretion, of the feasibility of this transaction. Buyer shall have until thirty (30) days after the Effective Date ("**Contingency Period**") to deliver to Seller written notice of its approval of the feasibility of this transaction ("**Continuation Notice**"). If Seller has not received the Continuation Notice prior to the expiration of the Contingency Period, Buyer shall be deemed to have disapproved the feasibility of this transaction, in which event the Deposit (less the Independent Contract Consideration, which shall be paid to Seller) shall be promptly returned to Buyer and this Agreement shall be deemed terminated and shall be of no further force or effect, except for any provision hereof which expressly survives the termination of this Agreement. If Buyer delivers the Continuation Notice to Seller prior to the expiration of the Contingency Period, the Deposit shall be nonrefundable to Buyer (except in the event of a Seller default under this Agreement or the failure to occur of a condition precedent to Buyer's obligations under this Agreement, and except as provided in **Section 7.2** of this Agreement), but such Deposit shall be credited to the Purchase Price at Closing, and the parties shall proceed to Closing.

ARTICLE IV

Title

4.1 **Buyer's Review of Title.** The Title Commitment shall include an obligation of the Title Company to issue to Buyer, upon recording the Memo of Assignment of Ground Lease (defined below), a standard leasehold ALTA policy, in the amount of the Purchase Price, without exception for any matters other than current taxes and assessments not yet due or payable, easements, rights of way, covenants, conditions, restrictions, reservations, agreements and other matters of record, as shown in the Title Commitment. Buyer shall have until the expiration of the Contingency Period to satisfy itself with the Title Commitment, and the status of title to the Property. Buyer shall work directly with the Title Company to resolve any title issues. All matters that are (i) shown in the Title Commitment, and (ii) approved by Buyer in writing prior to the expiration of the Contingency Period shall be deemed "**Permitted Exceptions.**" In addition, matters which may be caused by Buyer shall also be Permitted Exceptions. All other matters shall be deemed disapproved. Seller shall have no obligation to cure any title objection, other than to cause the satisfaction and release of any mortgage, deed of trust or other monetary liens filed of record against the Property. Buyer may, in Buyer's sole and absolute discretion elect to receive an extended leasehold ALTA title insurance policy in lieu of the standard leasehold policy referenced above (and the title insurance policy that Buyer elects to obtain under this **Section 4.1**, together with any endorsements thereto, shall be referred to in this Agreement as the "**Title Policy**"). In such event, Buyer shall be responsible to pay the incremental premium incident to such upgraded policy, it being understood and agreed that Seller shall be responsible for the payment of the base

premium for a standard leasehold policy of title insurance in the amount of the Purchase Price. Seller shall not be permitted to further encumber the Property with any additional liens, encumbrances, claims, leases, licenses, possessory interests, covenants, conditions, restrictions, easements, rights of way, options, judgments or other exceptions to title (collectively, "**Liens**") at any time after the Effective Date of this Agreement without Buyer's prior written consent, which consent may be granted or withheld, in Buyer's sole and absolute discretion.

4.2 Issuance of Title Policy. At the Closing, Seller shall cause the Title Company to issue to Buyer (with an effective date not earlier than the Closing Date) a standard ALTA form of extended coverage leasehold policy of title insurance insuring good, marketable, insurable title to the Land and the Improvements in Buyer or its assignee in the amount of the Purchase Price, subject only to the Permitted Exceptions and with all endorsements agreed to by Buyer and Buyer may elect, at its expense, to pay for the costs to increase coverage to an extended coverage leasehold policy of title insurance (the "**Title Policy**").

ARTICLE V

Seller's Representations and Warranties

Seller represents, warrants and covenants to Buyer as follows as of the Effective Date and Closing:

5.1 Authority. Jet Aviation is a Delaware corporation duly incorporated, validly existing and in good standing under the laws of the state of its organization and the state in which the Property is located. Avjet is a California corporation duly incorporated, validly existing and in good standing under the laws of the state of its organization and the state in which the Property is located. Seller never has existed or operated under any other name. Seller has made all filings necessary in the state in which the Property is located to own, lease and operate its Property. Seller has the full right, power and authority to enter into this Agreement and all documents contemplated hereby, and consummate the transaction contemplated by this Agreement. All requisite action has been taken by Seller in connection with entering into this Agreement, and will be taken by Seller prior to the Closing in connection with the execution and delivery of the instruments referenced herein, and the consummation of the transaction contemplated hereby. Each of the persons and entities signing this Agreement and the other documents contemplated by this Agreement on behalf of Seller has the legal right, power and authority to bind Seller.

5.2 No Conflicts. The execution, delivery and performance by Seller of this Agreement and the instruments referenced herein and the transaction contemplated hereby will not conflict with, or with or without notice or the passage of time or both, result in a breach of, violate any term or provision of, or constitute a default under any articles of incorporation, bylaws, partnership agreement (oral or written), operating agreement, indenture, deed of trust, mortgage, contract, agreement, judicial or administrative order, or any law to which any Seller or any portion of the Property is bound.

5.3 Consents; Binding Obligations. Other than the Ground Landlord Consent (defined below) that is required in connection with the assignment and assumption of the Ground Lease as described herein, no approval or consent is required from any person (including any partner, shareholder, member, creditor, investor or governmental body) for Seller to execute, deliver or

perform this Agreement or the other instruments contemplated hereby or for Seller to consummate the transaction contemplated hereby. This Agreement and all documents required hereby to be executed by Seller are and shall be valid, legally binding obligations of and enforceable against Seller in accordance with their terms.

5.4 No Bankruptcy. No petition in bankruptcy (voluntary or otherwise), attachment, execution proceeding, assignment for the benefit of creditors, or petition seeking reorganization or insolvency, arrangement or other action or proceeding under federal or state bankruptcy law is pending against or contemplated (or, to Seller's knowledge, threatened) by or against any Seller.

5.5 No Liens. Pursuant to the Ground Lease, Seller is the tenant under the Ground Lease for the Land and Improvements and has good, marketable and insurable leasehold title to the Land and Improvements, subject to the terms of the Ground Lease, and good, marketable and insurable title to the other Property, each free and clear of all Liens (other than matters (other than Monetary Liens) shown on the Title Commitment and the terms and conditions of the Ground Lease).

5.6 Property and Property Documents. There are no leases, subleases, occupancies or tenancies or parties in possession of any part of the Property that will extend beyond the Closing (other than the Ground Lease), and there are no other rights of possession which have been granted to any third party or parties. Seller has not granted to any party any option, rights of first refusal, contract, easement, license or other agreement with respect to a purchase or sale of the Property or any portion thereof or any interest therein. Seller is not in default of, and to the best of Seller's knowledge, no other party is in default of, any of its obligations under any of the Permitted Exceptions or Permits, and to the best knowledge of Seller, there is no event which with the giving of notice or passage of time, or both, would be a default thereunder. Seller has not entered into any service contract relating to the Property that would survive closing, other than those service contracts that Buyer elects, in its sole discretion, to assume, in which event, such service contracts shall be assigned to Buyer at the Closing pursuant to an assignment and assumption agreement reasonably acceptable to Buyer.

5.7 Ground Lease. The Ground Lease is in full force and effect. Attached hereto as **Exhibit F** is a true, correct and complete copy of the Ground Lease and there are no other agreements related to the Ground Lease. Seller (a) is not in default of, and to the best of Seller's knowledge, no other party is in default of, any of its obligations under the Ground Lease, and there is no event which with the giving of notice or passage of time, or both, would be a default thereunder; (b) in the last 12 calendar months immediately preceding the date hereof, has not received any written notices pertaining to any actual defaults, breaches or non-performance as set forth in Section 12.1.12 of the Ground Lease; and (c) is in full compliance with all of the environmental provisions under the Ground Lease. There is no security deposit made by Seller under the Ground Lease, however Seller has delivered a letter of credit to Ground Landlord in the current amount of \$228,636.96. Seller is not aware of and has no knowledge of any plans (i) by Ground Landlord of exercising its termination right under Section 2.4.1 of the Ground Lease nor (ii) permanent closure of the Airport or no longer permitting general aviation flights at the Airport. Seller has timely provided to Ground Landlord the certified statement of the actual direct out-of-

pocket costs of the New Improvements (as defined in the Ground Lease) pursuant to Section 6.1.12 of the Ground Lease and such costs set forth therein approximately totaled to \$18,000,000.¹

5.8 No Actions/Compliance With Laws. To the best of Seller's knowledge and belief, there are no pending, threatened or contemplated actions, suits, arbitrations, claims or proceedings, at law or in equity, affecting the Property or in which any Seller is, or will be, a party by reason of Seller's interest in the Property. There are no pending condemnation, eminent domain or similar proceedings affecting the Property, or any part thereof, and to the best of Seller's knowledge, no such proceeding is contemplated or threatened by any governmental or quasi-governmental authority. Seller has not received any notices, demands or deficiency comments from any governmental or quasi-governmental authority with regard to any portion of the Property. Seller has not received notice of, and has no knowledge of, any violations of any laws affecting or applicable to any or all of the Property or any condition currently or previously existing on the Property or any portion thereof which may give rise to any violation of any law applicable to the Property if it were disclosed to the authorities having jurisdiction over the Property. Seller has not received any notices from any insurance company of any defects or inadequacies in the Property.

5.9 Hazardous Materials. Seller is in full compliance with all applicable Environmental Laws (defined below) relating to the Property, including the possession and compliance therewith by Seller of all permits and other governmental authorizations required under applicable Environmental Laws. Seller has not received any notice from any person or entity alleging that Seller is not in such full compliance with Environmental Laws and there are no circumstances that may prevent or interfere with such full compliance in the future. Seller has not, and to the best of Seller's knowledge, no other person or entity ever has used, generated, processed, stored, released, discharged, transported or disposed Hazardous Materials (defined below) on the Property or adjacent property except for use and storage consistent with the use of the Property as an aircraft hangar and then only in compliance with all applicable Environmental Laws. There is no Environmental Claim (defined below) pending or, to Seller's knowledge, threatened with regard to the Property. To the best of Seller's knowledge, there are no past or present actions, activities, circumstances, conditions, events or incidents relating to the Property, including the manufacture, generation, treatment, processing, distribution, use, transport, handling, deposit, storage, disposal, leaking, or other presence or release of any Hazardous Material, that could form the basis of any Environmental Claim against Seller or against any person or entity in connection with the Property, including persons or entities whose liability for such Environmental Claim Seller may have retained or assumed either contractually or by operation of law or who may succeed to Seller's interest in the Property. Without limiting the foregoing, with respect to the Property, to the best of Seller's knowledge, (i) there are no Hazardous Materials present on or under the Property or any property adjacent to the Property; (ii) there are no underground or above ground storage tanks present at the Property; (iii) there is no asbestos present at, contained in or forming part of any building, structure or facility at the Property; (iv) there is no mold, yeast, fungi or other similar biological agent, whether visible or invisible, or hidden, that exceeds permissible or regulated limits, requires remediation or abatement, or may have adverse health effects contained in or forming part of any Improvement; (v) no PCB's are located, used or stored at the Property; (vi) there are no wetlands located on the Property; (vii) there are no Environmental Claims or

¹ Actual amount to be confirmed during the Contingency Period.

circumstances in the vicinity of the Property relating to environmental contamination or clean-up affecting or compromising the value of the Property; and (viii) Seller has provided to Buyer all assessments, reports, data, results of investigations or audits, or other information that is in Seller's possession, custody and/or control relating to the environmental matters at or the environmental condition of the Property. If at any time prior to Closing Buyer determines that the Property does contain any such materials or that remedial action is or may be required under any Environmental Laws, then Buyer may, in its sole and absolute discretion terminate this Agreement, in which event the Deposit will be returned to Buyer, and this Agreement will be of no further force or effect and neither party shall have any further rights or obligations hereunder (other than pursuant to any provision hereof which expressly survives the termination of this Agreement). As used herein:

(a) **"Environmental Claim"** means any claim, action, cause of action, investigation or notice (written or oral) by any person or entity alleging potential liability (including potential liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from (i) the manufacture, treatment, processing, distribution, use, transport, handling, deposit, storage, disposal, leaking or other presence, or release into the environment of any Hazardous Material in, at, on, under, from or about any location, whether or not owned or operated by Seller, or (ii) circumstances forming the basis of any violation or alleged violation of any Environmental Law.

(b) **"Environmental Law"** means any Law, including requirements under permits, licenses, consents and approvals, relating to pollution or protection of human health or the environment, including those that relate to emissions, discharges, releases or threatened releases, or the generation, manufacturing, processing, distribution, use, treatment, storage, disposal, transport, or handling, of Hazardous Materials.

(c) **"Hazardous Materials"** means those materials that are regulated by or form the basis of liability under any Environmental Law, including: (i) any substance identified under any Environmental Law as a pollutant, contaminant, hazardous substance, liquid, industrial or solid or hazardous waste, hazardous material or toxic substance; (ii) any petroleum or petroleum derived substance or waste; (iii) any asbestos or asbestos-containing material; (iv) any polychlorinated biphenyl (PCB) or PCB-containing or urea-formaldehyde-containing material or fluid; (v) any radioactive material or substance, including radon; (vi) any lead or lead based paints or materials; and (vii) any mold, fungi, yeast or other similar biological agents that may have an adverse effect on human health.

5.10 **Taxes and Special Assessments.** Other than the amounts disclosed by the tax bills delivered to Buyer by Seller, no other real property taxes have been or, to the best of Seller's knowledge and belief, will be assessed against the Property for the current tax year. To the best of Seller's knowledge and belief, (a) there is not any plan, study or effort of any governmental authorities which in any way would materially affect the use of the Property for its intended uses or any intended public improvements which will result in any charge being levied against, or any lien assessed upon, the Property, and (b) there is not any existing, proposed or contemplated plan to widen, modify or realign any street or highway contiguous to the Property.

5.11 Non-Foreign Status. Seller is not a foreign person, foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in (a) the Internal Revenue Code of 1986, as amended (the “**Code**”) and the corresponding income tax regulations, and (b) similar provisions of state law. Buyer has no duty to collect withholding taxes for Seller pursuant to the Foreign Investors Real Property Tax Act of 1980, as amended, or any applicable foreign, state, or local law.

5.12 Not a Prohibited Person. Seller, and each shareholder, member or partner of any Seller, is currently in compliance with and shall at all times during the term of this Agreement remain in compliance with the regulations of the Office of Foreign Asset Control (“**OFAC**”) of the Department of the Treasury (including those named on OFAC’s Specially Designated and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action relating thereto.

5.13 Seller's Deliveries. All of Seller’s Deliveries (except for the Title Commitment) and the .xlsx files named “Hangar 25 Cost Center_Historical and Forecast” and “Hangar 25 – Operating Expenses”): (a) are and shall be originals or true, correct and complete copies of what they purport to be, (b) constitute all of such applicable materials in Seller’s possession, custody and/or control that are material; and (c) Seller is not in default of, and to the best of Seller’s knowledge, no other party is in default of, any of its obligations under any such items, and to the best of Seller’s knowledge, there is no event which with the giving of notice or passage of time, or both, would be a default thereunder.

5.14 Title. Seller has, and upon the Closing Date will deliver to Buyer, good and marketable title to the Improvements Personal Property, and Intangible Property, in each case, free and clear of all Liens.

5.15 AS-IS Property Condition. Subject only to the representations and warranties set forth in this **Article 5** and the warranty of title as set forth in the Bill of Sale, Seller makes no representations or warranties as to the condition or future use of the Property or the Ground Lease, Buyer accepts all such Property at Closing in an “AS IS” “WHERE IS” condition, with all faults.

Each of the representations and warranties contained in this **Article V** and the warranty of title as set forth in the Bill of Sale are acknowledged by Seller to be material and to be relied upon by Buyer in proceeding with this transaction, and shall be deemed to have been remade by Seller as of the Closing Date. Seller will not cause or suffer any action to be taken which would cause any such representations or warranties to be untrue as of the Closing Date. Seller shall immediately notify Buyer, in writing, of any event or condition known to Seller which occurs prior to the Closing Date which causes a change in the facts relating to, or the truth of, any of the representations or warranties contained in this **Article V** and/or the warranty of title as set forth in the Bill of Sale.

ARTICLE VI

Buyer's Representations and Warranties

Buyer represents and warrants to Seller as follows:

6.1 Authority. Buyer is a Delaware corporation duly incorporated, validly existing and in good standing under the laws of the state of its organization. Buyer has the full right, power and authority to enter into this Agreement and all documents contemplated hereby, and consummate the transaction contemplated by this Agreement. All requisite action has been taken by Buyer in connection with entering into this Agreement, and will be taken by Buyer prior to the Closing in connection with the execution and delivery of the instruments referenced herein, and the consummation of the transaction contemplated hereby. Each of the persons and entities signing this Agreement and the other documents contemplated by this Agreement on behalf of Buyer has the legal right, power and authority to bind Buyer.

6.2 No Conflicts. The execution, delivery and performance by Buyer of this Agreement and the instruments referenced herein and the transaction contemplated hereby will not conflict with, or with or without notice or the passage of time or both, result in a breach of, violate any term or provision of, or constitute a default under any articles of incorporation, bylaws, partnership agreement, operating agreement, indenture, deed of trust, mortgage, contract, agreement (oral or written), judicial or administrative order, or any law to which Buyer is bound.

6.3 Binding Obligations. This Agreement and all documents required hereby to be executed by Buyer are and shall be valid, legally binding obligations of and enforceable against Buyer in accordance with their terms.

6.4 No Bankruptcy. No petition in bankruptcy (voluntary or otherwise), attachment, execution proceeding, assignment for the benefit of creditors, or petition seeking reorganization or insolvency, arrangement or other action or proceeding under federal or state bankruptcy law is pending against or contemplated (or, to Buyer's knowledge, threatened) by or against Buyer or any general partner or managing member of Buyer.

6.5 Non-Foreign Status. Buyer is not a foreign person, foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in (a) the Code and the corresponding income tax regulations, and (b) similar provisions of state law.

6.6 Not a Prohibited Person. Buyer, and each shareholder, member or partner of Buyer, is currently in compliance with and shall at all times during the term of this Agreement remain in compliance with the regulations of the OFAC of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action relating thereto.

Each of the representations and warranties contained in this Article VI are acknowledged by Buyer to be material and to be relied upon by Seller in proceeding with this transaction, and shall be deemed to have been remade by Buyer as of the Closing Date. Buyer will not cause or suffer any action to be taken which would cause any of the foregoing representations or warranties to be untrue as of the Closing Date. Buyer shall immediately notify Seller, in writing, of any event or condition known to Buyer which occurs prior to the Closing Date which causes a change in the facts relating to, or the truth of, any of the representations or warranties contained in this Article VI.

ARTICLE VII
Seller's Undertakings Pending Closing

7.1 Operation of the Property. Until the earlier of the Closing or the termination of this Agreement, Seller undertakes and agrees as follows: (a) Seller shall perform all obligations relating to the Property, (b) Seller shall reasonably cooperate with Buyer in Buyer's efforts to obtain such governmental approvals as Buyer deems necessary to permit Buyer to operate the Property as Buyer desires following the Closing Date; (c) Seller shall operate and maintain the Property in a professional manner and in accordance with Seller's past practice and all applicable laws; (d) Seller shall remove the Property from the market for sale (but may be listed as under contract), and Seller shall not solicit, accept or negotiate back-up offers, and shall not permit or authorize any of its agents or representatives to solicit, accept or negotiate any offer or proposal relating to the sale, exchange, lease or other transfer of the Property; (e) Seller shall remove any signage from the Property and repair, at its sole cost and expense, any damage to the Property caused by the erection, maintenance or removal of any such sign; and (f) Seller shall notify Buyer in writing promptly upon (i) any event, transaction or occurrence prior to Closing which would or might materially affect any portion of the Property or the ownership, use, operation, repair or maintenance of any portion of the Property, or (ii) Seller's breach of any of its representations, warranties or covenants in this Agreement and/or the warranty of title as set forth in the Bill of Sale, or any fact or event which would make (A) any of the representations or warranties of Seller contained in this Agreement and/or the warranty of title as set forth in the Bill of Sale untrue or misleading in any material respect or (B) any covenant or agreement of Seller under this Agreement incapable or substantially less likely of being performed, in which event Buyer shall have the option to terminate this Agreement by delivering written notice thereof to Seller, in which case Escrow Agent shall return the Deposit to Buyer, and this Agreement shall be of no further force or effect and neither party shall have any further rights or obligations hereunder (other than pursuant to any provision hereof which expressly survives the termination of this Agreement). In addition to (and notwithstanding) the foregoing, Buyer may pursue any of its other remedies set forth herein.

7.2 Risk of Loss; Casualty Damage/Condemnation. Seller shall maintain risk of loss of the Property until 11:59 p.m. on the Closing Date, after which time the risk of loss shall pass to Buyer and Buyer shall be responsible for obtaining its own insurance thereafter. If prior to Closing all or any part of the Property is condemned or appropriated by public authority or any party exercising the right of eminent domain, or is threatened thereby, or if the building improvements located upon the Property shall be damaged or destroyed by fire or other casualty, Seller will give Buyer immediate written notice thereof and Buyer may, at its option: (a) terminate this Agreement and Buyer shall be entitled to the return of the Deposit and the parties shall be released from further liability; or (b) elect to proceed under this Agreement and, at Buyer's discretion, either (i) the Purchase Price shall be reduced by, or (ii) Buyer may take an assignment to, the amount of Seller's award and/or insurance proceeds to which Seller is entitled to receive. Seller shall be obligated from and after the Effective Date of this Agreement and continuing up through the Closing, to keep the Property and the improvements located thereupon in good order and condition, and Seller shall maintain in full force and effect, a so-called "special form" insurance policy insuring the improvements located upon the Property with full replacement cost coverage, save and except a commercially reasonable deductible and save and except footings and foundations. Seller shall provide a copy of a certificate of such coverage to Buyer as part of the due diligence documents to be provided to Buyer hereunder.

7.3 Ground Landlord Consent. Promptly after the Effective Date, Seller shall reach out to, and follow up as reasonably necessary with, Ground Landlord to obtain a duly executed unconditional consent to the assignment of the Ground Lease by Seller to Buyer, in the form attached hereto as **Exhibit B** or with such modifications required by Ground Landlord that are reasonably acceptable to Buyer and Seller (the "**Ground Landlord Consent**"). Seller shall obtain the Ground Landlord Consent from Ground Landlord as soon as possible after the Effective Date and in all events prior to the Closing Date; provided that, for the avoidance of doubt, if, despite Seller exercising its best efforts, such Ground Landlord Consent is not obtained prior to January 31, 2021 through no fault of Seller, then Seller shall not be considered in breach or default of this Agreement and Seller may exercise its rights under clauses (a), (b) and/or (c) of Section 9.2 below.

ARTICLE VIII

Buyer's Obligation to Close

8.1 Buyer's Conditions. Buyer shall not be obligated to close hereunder unless each of the following conditions shall exist on the Closing Date: (a) the Title Company shall issue (or shall be prepared and irrevocably and unconditionally committed to issue) the Title Policy as described herein; (b) Seller shall have received a survey of the Land and Improvements in form and detail satisfactory to Buyer and Title Company; (c) all of the representations and warranties made by Seller in this Agreement or any of the Closing Documents shall be true, correct and complete on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, and Seller will so certify; (d) Seller shall have (i) performed all covenants and obligations, and (ii) complied with all conditions, required by this Agreement to be performed or complied with by Seller on or before the Closing Date or each such covenant, obligation and condition shall be waived by Buyer in writing and in its sole and absolute discretion prior to the Closing; (e) there shall be no notice issued of any violation or alleged violation of any law with respect to any portion of the Property which has not been corrected to the satisfaction of the issuer of the notice; (f) no laws affecting any portion of the Property shall have changed or been enacted, issued or pending which would materially and adversely affect the ownership, development, maintenance, repair, operation, use or value of any portion of the Property, such as zoning changes; (g) subject to **Section 7.2**, the Property shall be in substantially the same condition as of the Effective Date, reasonable use and wear, and any damage caused by Buyer's inspection of the Property pursuant to **Section 3.1** hereof, excepted; (h) the Property, including the Personal Property, shall be conveyed free and clear of all Liens, except Permitted Exceptions; (i) Seller shall have obtained the Ground Landlord Consent; and (j) any other condition set forth in this Agreement to Buyer's obligation to close has been satisfied by the applicable date.

8.2 Failure of Conditions. If any condition specified in **Section 8.1** is not satisfied on or before the date for Closing through no breach or default of Buyer hereunder or any fault of Buyer, Buyer may, at its option, and in its sole and absolute discretion, (a) extend the date for Closing to allow Seller a sufficient time (but not to exceed 60 days) within which to cure or satisfy such condition, and Seller shall immediately commence prosecution of such cure or satisfaction and diligently pursue the same to completion, at which time a new date for Closing shall be scheduled on or before the 10th day after Buyer's acceptance of such cure or satisfaction, (b) waive any such condition which can legally be waived either at the time originally established for Closing or at any time on or before the 60th day thereafter and proceed to Closing without adjustment or

abatement of the Purchase Price, or (c) unless extended by Seller pursuant to **Section 9.2**, terminate this Agreement by written notice thereof to Seller, in which case the Deposit shall be returned to Buyer. In addition to (and notwithstanding) the foregoing, if the failure of the condition is due to a breach by Seller hereunder, Buyer may pursue any of its remedies set forth herein.

ARTICLE IX

Seller's Obligation to Close

9.1 **Seller's Conditions.** Seller shall not be obligated to close hereunder unless each of the following conditions shall exist on the Closing Date: (a) all of the representations and warranties made by Buyer in this Agreement or any of the Closing Documents shall be true, correct and complete on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date; (b) Buyer shall have (i) performed all covenants and obligations, (ii) complied with all conditions, required by this Agreement to be performed or complied with by Buyer on or before the Closing Date or each such covenant, obligation and condition shall be waived by Seller in writing and in its sole and absolute discretion prior to Closing; and (c) the Ground Landlord shall have provided the Ground Landlord Consent.

9.2 **Failure of Conditions.** If any condition specified in **Section 9.1** is not satisfied on or before the date for Closing through no breach or default of Seller hereunder or any fault of Seller, Seller may, at its option, and in its sole and absolute discretion, (a) extend the date for Closing to allow Buyer (or Seller, in the case of the Ground Landlord Consent) a sufficient time (but not to exceed 60 days) within which to cure or satisfy such condition, and Buyer shall immediately commence prosecution of such cure or satisfaction and diligently pursue the same to completion, at which time a new date for Closing shall be scheduled on or before the 10th day after Seller's acceptance of such cure or satisfaction, (b) waive any such condition which can legally be waived and proceed to Closing without adjustment or abatement of the Purchase Price, or (c) unless extended by Buyer pursuant to **Section 8.2**, terminate this Agreement by written notice thereof to Buyer in which case the Deposit shall be returned to Buyer, and Buyer shall pay for all of the cancellation charges, if any, of Escrow Agent and Title Company. Notwithstanding the foregoing, if the failure of the condition is due to a breach by Buyer hereunder, Seller may pursue any of its remedies set forth herein.

ARTICLE X

Closing

10.1 **Time of Closing.** Subject to the provisions of this Agreement, the closing of the transactions contemplated hereby (the "**Closing**") shall take place on the Closing Date through an escrow with Escrow Agent, whereby Seller, Buyer and their attorneys need not be physically present and may deliver documents by overnight air courier or other means. The "**Closing Date**" shall occur on or before three (3) business days after the later to occur of (a) the end of the Contingency Period or (b) satisfaction of all further conditions and contingencies set forth herein (including, without limitation, receipt of the Ground Landlord Consent), or such earlier date as may be mutually acceptable to the parties; provided, however, that the Closing shall not be later than January 31, 2021 (subject to extension pursuant to **Sections 8.2** and **9.2** hereof).

10.2 Deliveries at Closing by Seller. On or before the Closing, Seller, at its sole cost and expense, shall deliver to Escrow Agent the following, each dated as of the Closing Date, in addition to all other items and payments required by this Agreement to be delivered by Seller at the Closing: (a) a duly executed counterpart to the assignment of Ground Lease, in the form attached hereto as **Exhibit C** (the “**Assignment of Ground Lease**”); (b) an original, duly executed and acknowledged counterpart to the memorandum of assignment of Ground Lease, in substantially the form attached hereto as **Exhibit D** (the “**Memo of Assignment of Ground Lease**”); (c) a duly executed counterpart to the Ground Landlord Consent (to the extent Seller’s signature is required by Ground Landlord); (d) a duly executed counterpart to a bill of sale and general assignment, in the form attached hereto as **Exhibit E** (the “**Bill of Sale**”), conveying to Buyer good and marketable title to the Personal Property and such title as Seller has in Intangible Property, free and clear of all Liens but subject to the Permitted Exceptions; (e) such proof of authority and authorization to enter into this Agreement and the transactions contemplated hereby, and such proof of the power and authority of the individual(s) executing or delivering any documents or certificates on behalf of Seller as may be reasonably required by Title Company, Buyer or both; (f) an original duly executed affidavit reasonably satisfactory to Title Company for the purpose of satisfying Title Company and Buyer that the transaction is exempt from the withholding requirements of Section 1445 of the Code; (g) such agreements or statements as may be reasonably required by the Title Company in order to issue the Title Policy as described herein; (h) a duly executed counterpart of a mutually agreed customary form of settlement statement of all prorations, allocations, closing costs and payments of moneys related to the Closing of the transactions contemplated by this Agreement (the “**Closing Statement**”); and (i) any and all conveyances, assignments and all other instruments and documents as may be reasonably necessary in order to complete the transaction herein provided and to carry out the intent and purposes of this Agreement.

10.3 Deliveries at Closing by Buyer. On or before the Closing, Buyer, at its sole cost and expense, shall deliver to Escrow Agent the following, each dated as of the Closing Date (if applicable), in addition to all other items and payments required by this Agreement to be delivered by Buyer at the Closing: (a) to Escrow Agent for delivery to Seller, cash in an amount equal to the Purchase Price as provided in **Section 1.2**, subject to the adjustments described in **Article XI**; (b) a duly executed counterpart to the Assignment of Ground Lease; (b) an original, duly executed and acknowledged counterpart to the Memo of Assignment of Ground Lease; (c) such proof of authority and authorization to enter into this Agreement and the transactions contemplated hereby, and such proof of the power and authority of the individual(s) executing or delivering any documents or certificates on behalf of Buyer as may be reasonably required by Title Company, Seller or both; (d) a duly executed counterpart of the Closing Statement; and (e) any and all conveyances, assignments and all other instruments and documents as may be reasonably necessary in order to complete the transaction herein provided and to carry out the intent and purposes of this Agreement. As used herein, all deliveries set forth in **Sections 10.2** and **10.3** hereof shall collectively be the “**Closing Documents**”.

10.4 Deliveries Outside of Escrow. Seller shall deliver vacant possession of the Property to Buyer upon the Closing free from any tenants or other occupants, in broom clean condition, free from the presence of any removable personal property, whether within the interior of any building improvements or otherwise located upon the Property, except for such removable personal property transferred to Buyer pursuant to the Bill of Sale under this Agreement, and free from any

leases, licenses or other possessory interests. Further, Seller hereby covenants and agrees to deliver to Buyer the Personal Property, including any and all keys, pass cards, remote controls, security codes, computer software and other devices solely relating to access to the Improvements. On or before the Closing, Buyer shall deliver to Ground Landlord a letter of credit in a form acceptable to Ground Landlord and in the amount of \$228,636.96 to secure Buyer's obligations as "Tenant" under the Ground Lease from and after the Closing.

ARTICLE XI

Prorations and Closing Expenses

11.1 Closing Costs and Adjustments. In addition to any other credits or prorations provided elsewhere in this Agreement, the cash due at Closing pursuant to **Section 1.2** shall be adjusted as of the Closing Date as follows: (a) the cost of any applicable document fees and/or transfer fees, taxes and/or stamps shall be borne by Seller; (b) the cost of recording the Memo of Assignment of Ground Lease shall be borne by the Buyer; (c) and real estate taxes and assessments for the Property for the year within which the Closing occurs shall be prorated at and as of Closing (and if real estate taxes are not known for the current year, the most recent available year shall be used to calculate the prorated portions at Closing; and thereafter, at such time as real estate taxes for the year of Closing are finally and conclusively established by the applicable taxing authority (the "**Final Taxes**"), the parties shall adjust the proration made at Closing (by an appropriate payment one to the other) so as to be consistent with the Final Taxes, such adjustment obligation of the parties to expressly survive Closing); (d) any and all rollback taxes or other assessments resulting from a change of use of the Property shall be paid by Seller; (e) the costs of closing escrow shall be divided evenly between Seller and Buyer, but each party shall be responsible for paying such party's own attorney's fees; (f) any and all fees and costs related to obtaining the Ground Landlord Consent or the Assignment of Ground Lease shall be paid by Seller; and (g) Seller shall pay the premium for the standard coverage portion of the Title Policy.

ARTICLE XII

Remedies

12.1 Breach by Seller. Notwithstanding anything to the contrary contained in this Agreement, Seller shall be in default hereunder and Buyer shall be entitled to exercise any and all of its remedies hereunder if Seller (i) has or acquires knowledge prior to Closing that any representation or warranty made by Seller herein is or becomes false in any material respect; or (ii) fails to cure its breach of any obligation of Seller hereunder within ten (10) business days of Seller's receipt of a reasonably detailed notice specifying such breach; or (iii) provided Buyer is not in default under this Agreement or any other condition to Seller's obligations to proceed with Closing has not been satisfied or waived (to the extent such condition is not within the control of Seller), refuses to convey to Buyer at Closing title or interest to any Property in accordance herewith. Any Closing shall automatically be extended to allow Seller to effect the above referenced cures. After the expiration of the cure period provided above, if Seller shall not have cured Seller's default, Buyer shall have any or all of the following remedies: (a) pursue and obtain any relief provided at law or in equity, including specific performance of Seller's obligations hereunder and damages, or (b) to terminate this Agreement, in which event (w) Escrow Agent shall promptly return the Deposit to Buyer, (x) Seller shall promptly pay to Buyer an additional amount equal to the Deposit, (y) Seller shall promptly reimburse Buyer for Buyer's actual reasonable out of pocket third party costs incurred in connection with this transaction (including reasonable

attorneys' fees, costs and disbursements), and the investigation, evaluation and testing and other due diligence of the Property and (z) Seller shall pay for all cancellation charges of the Escrow Agent and the Title Company.

12.2 Breach by Buyer. Notwithstanding anything to the contrary contained in this Agreement, Buyer shall be in default hereunder if Buyer (i) has or acquires knowledge prior to Closing that any representation or warranty made by Buyer herein is or becomes false in any material respect; or (ii) fails to cure its breach of any obligation of Buyer hereunder within ten (10) business days of Buyer's receipt of a reasonably detailed notice specifying such breach; or (iii) provided Seller is not in default under this Agreement or any other condition to Buyer's obligations to proceed with Closing has not been satisfied or waived (to the extent such condition is not within the control of Buyer), fails to pay the Purchase Price or any other amount due to Seller at Closing in accordance herewith. Any Closing shall automatically be extended to allow Buyer to effect the above referenced cures. After the expiration of the cure period provided above, if Buyer shall not have cured Buyer's default, Seller shall have the remedy to terminate this Agreement. IF SELLER TERMINATES THIS AGREEMENT PURSUANT TO THIS **SECTION 12.2**, BUYER AND SELLER AGREE THAT SELLER'S ACTUAL DAMAGES WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO FIX. THE PARTIES THEREFORE AGREE THAT, IN SUCH EVENT, SELLER, AS SELLER'S SOLE AND EXCLUSIVE REMEDY, IS ENTITLED TO LIQUIDATED DAMAGES IN THE AMOUNT OF THE DEPOSIT (EXCLUSIVE OF INTEREST AND DIVIDENDS EARNED THEREON), IN WHICH CASE (A) THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF BUYER AND SELLER HEREUNDER SHALL BE OF NO FURTHER FORCE OR EFFECT AND NEITHER PARTY SHALL HAVE ANY FURTHER RIGHTS OR OBLIGATIONS HEREUNDER OTHER THAN PURSUANT TO ANY PROVISION HEREOF WHICH EXPRESSLY SURVIVES THE TERMINATION OF THIS AGREEMENT, (B) ESCROW AGENT SHALL DELIVER THE DEPOSIT TO SELLER PURSUANT TO SELLER'S INSTRUCTIONS, AND THE SAME SHALL BE THE FULL, AGREED AND LIQUIDATED DAMAGES, AND (C) ALL TITLE AND ESCROW CANCELLATION CHARGES, IF ANY, SHALL BE CHARGED TO BUYER. THE PARTIES HEREBY AGREE THAT THE AMOUNT OF THE DEPOSIT IS A FAIR AND REASONABLE ESTIMATE OF THE TOTAL DETRIMENT THAT SELLER WOULD SUFFER IN THE EVENT OF BUYER'S DEFAULT AND FAILURE TO DULY COMPLETE THE TRANSACTIONS CONTEMPLATED IN THIS AGREEMENT. SELLER IRREVOCABLY WAIVES THE RIGHT TO SEEK OR OBTAIN ANY OTHER LEGAL OR EQUITABLE REMEDIES, INCLUDING THE REMEDIES OF DAMAGES AND SPECIFIC PERFORMANCE, EXCEPT THAT THE FOREGOING SHALL NOT CONSTITUTE A WAIVER OF ANY CLAIMS BY SELLER AGAINST BUYER ARISING OUT OF BUYER'S INDEMNIFICATION OBLIGATIONS UNDER **SECTIONS 3.1** and **14.17** HEREOF.

SELLER AND BUYER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS **SECTION 12.2**, AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

DHB
Seller's Initials

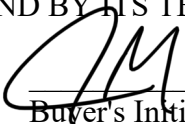
Buyer's Initials

attorneys' fees, costs and disbursements), and the investigation, evaluation and testing and other due diligence of the Property and (z) Seller shall pay for all cancellation charges of the Escrow Agent and the Title Company.

12.2 Breach by Buyer. Notwithstanding anything to the contrary contained in this Agreement, Buyer shall be in default hereunder if Buyer (i) has or acquires knowledge prior to Closing that any representation or warranty made by Buyer herein is or becomes false in any material respect; or (ii) fails to cure its breach of any obligation of Buyer hereunder within ten (10) business days of Buyer's receipt of a reasonably detailed notice specifying such breach; or (iii) provided Seller is not in default under this Agreement or any other condition to Buyer's obligations to proceed with Closing has not been satisfied or waived (to the extent such condition is not within the control of Buyer), fails to pay the Purchase Price or any other amount due to Seller at Closing in accordance herewith. Any Closing shall automatically be extended to allow Buyer to effect the above referenced cures. After the expiration of the cure period provided above, if Buyer shall not have cured Buyer's default, Seller shall have the remedy to terminate this Agreement. IF SELLER TERMINATES THIS AGREEMENT PURSUANT TO THIS **SECTION 12.2**, BUYER AND SELLER AGREE THAT SELLER'S ACTUAL DAMAGES WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO FIX. THE PARTIES THEREFORE AGREE THAT, IN SUCH EVENT, SELLER, AS SELLER'S SOLE AND EXCLUSIVE REMEDY, IS ENTITLED TO LIQUIDATED DAMAGES IN THE AMOUNT OF THE DEPOSIT (EXCLUSIVE OF INTEREST AND DIVIDENDS EARNED THEREON), IN WHICH CASE (A) THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF BUYER AND SELLER HEREUNDER SHALL BE OF NO FURTHER FORCE OR EFFECT AND NEITHER PARTY SHALL HAVE ANY FURTHER RIGHTS OR OBLIGATIONS HEREUNDER OTHER THAN PURSUANT TO ANY PROVISION HEREOF WHICH EXPRESSLY SURVIVES THE TERMINATION OF THIS AGREEMENT, (B) ESCROW AGENT SHALL DELIVER THE DEPOSIT TO SELLER PURSUANT TO SELLER'S INSTRUCTIONS, AND THE SAME SHALL BE THE FULL, AGREED AND LIQUIDATED DAMAGES, AND (C) ALL TITLE AND ESCROW CANCELLATION CHARGES, IF ANY, SHALL BE CHARGED TO BUYER. THE PARTIES HEREBY AGREE THAT THE AMOUNT OF THE DEPOSIT IS A FAIR AND REASONABLE ESTIMATE OF THE TOTAL DETRIMENT THAT SELLER WOULD SUFFER IN THE EVENT OF BUYER'S DEFAULT AND FAILURE TO DULY COMPLETE THE TRANSACTIONS CONTEMPLATED IN THIS AGREEMENT. SELLER IRREVOCABLY WAIVES THE RIGHT TO SEEK OR OBTAIN ANY OTHER LEGAL OR EQUITABLE REMEDIES, INCLUDING THE REMEDIES OF DAMAGES AND SPECIFIC PERFORMANCE, EXCEPT THAT THE FOREGOING SHALL NOT CONSTITUTE A WAIVER OF ANY CLAIMS BY SELLER AGAINST BUYER ARISING OUT OF BUYER'S INDEMNIFICATION OBLIGATIONS UNDER **SECTIONS 3.1** and **14.17** HEREOF.

SELLER AND BUYER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS **SECTION 12.2**, AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

Seller's Initials



Buyer's Initials

ARTICLE XIII

Escrow

13.1 Escrow. Escrow Agent is hereby appointed and designated to act as escrow agent hereunder and is instructed to hold and deliver, pursuant to the terms of this Agreement, the documents and funds to be deposited into escrow as herein provided. Escrow Agent shall hold the Deposit in escrow in a federally insured account in accordance with the provisions of this Agreement. The Deposit shall be released by Escrow Agent on the earlier to occur of (i) the Closing, at which time the Deposit is to be applied against the Purchase Price, and (ii) election by Buyer or Seller to terminate this Agreement by reason of an express right of termination granted in this Agreement. The parties acknowledge that Escrow Agent is acting solely as a stakeholder at their request and for their convenience, that Escrow Agent shall not be deemed to be the agent of either of the parties for any act or omission on its part unless taken or suffered in bad faith in willful disregard of this Agreement or involving gross negligence. The parties shall deliver to Escrow Agent an executed copy of this Agreement, which shall constitute their instructions to Escrow Agent, provided, however, that (i) Escrow Agent's signature hereon shall not be a prerequisite to the binding nature of this Agreement on Buyer and Seller, and the same shall become fully effective upon execution by Buyer and Seller, and (ii) the signature of Escrow Agent will not be necessary to amend any provision of this Agreement other than this **Section 13.1**. The parties hereto may execute such additional or supplemental escrow instructions (not inconsistent with this Agreement) as may be agreed between such party and Escrow Agent.

ARTICLE XIV

Miscellaneous

14.1 Brokers. Seller and Buyer warrant and represent to each other that no real estate brokers other than Katrin Gist and Bennett Robinson at CBRE, Inc. (collectively, "Brokers") are entitled to receive any fees or commissions in connection with this transaction. Seller shall be responsible to pay a commission to the Brokers at the Closing pursuant to a separate agreement. Seller shall indemnify Buyer against any claim of any broker claiming by, through or under Seller, including, without limitation, Brokers. Buyer shall indemnify Seller against any claim of any broker other than the Brokers, claiming by, through or under Buyer. These indemnities, warranties and representations shall survive delivery of the Closing Documents and closing of this transaction, or the earlier termination of this Agreement.

14.2 Further Assurances. Each of the parties hereto agrees to perform, execute and deliver such documents, writings, acts and further assurances as may be necessary to carry out the intent and purpose of this Agreement.

14.3 Survival of Representations and Warranties. All of Seller's and Buyer's respective representations, warranties, covenants and indemnities set forth in this Agreement, and the provisions of **Article XIII**, shall survive the recording of the Memo of Assignment of Ground Lease and the Closing and shall not be deemed merged into any instrument of assignment or conveyance delivered at Closing. Subject to the foregoing, any provision of this Agreement which requires observance or performance subsequent to the Closing, whether or not there is an express survival provision, shall continue in force and effect following such Closing.

14.4 Partial Invalidity. If any provision of this Agreement is determined to be unenforceable, such provision shall be reformed and enforced to the maximum extent permitted by law. If it cannot be reformed, it shall be stricken from and construed for all purposes not to constitute a part of this Agreement, and the remaining portions of this Agreement shall remain in full force and effect and shall, for all purposes, constitute this entire Agreement.

14.5 Time of Essence. Time shall be of the essence with respect to all matters contemplated by this Agreement.

14.6 Construction of Agreement. All parties hereto acknowledge that they have had the benefit of independent counsel with regard to this Agreement and that this Agreement has been prepared as a result of the joint efforts of all parties and their respective counsel. Accordingly, all parties agree that the provisions of this Agreement shall not be construed or interpreted for or against any party hereto based upon authorship.

14.7 Amendments/Waiver. Except as set forth in **Section 13.1**, no amendment, change or modification of this Agreement shall be valid unless the same is in writing and signed by the party or parties to be bound. No waiver of any of the provisions of this Agreement shall be valid unless in writing and signed by the party against whom it is sought to be enforced. No waiver of any provision shall be deemed a continuing waiver of such provision or of this Agreement.

14.8 Entire Agreement. This Agreement, including any Exhibits attached hereto and incorporated herein by this reference, contains the entire Agreement between Seller and Buyer and all other representations, negotiations and agreements, written and oral, including any letters of intent which pre-date the Effective Date hereof, with respect to the Property or any portion thereof, are superseded by this Agreement and are of no force and effect.

14.9 Counterparts; Electronic Copies. This Agreement may be executed in one or more counterparts, each of which will constitute an original, and all of which together shall constitute one and the same agreement. Executed copies hereof may be delivered by facsimile, PDF or email, and, upon receipt, shall be deemed originals and binding upon the parties hereto.

14.10 Dates. If any date set forth in this Agreement for the delivery of any document or the happening of any event should, under the terms hereof, fall on a non-business day, then such date shall be extended automatically to the next succeeding business day.

14.11 Governing Law/Jurisdiction. This Agreement and the legal relations between the parties hereto shall be governed by and construed in accordance with the internal laws of the state of California, without regard to the conflicts of laws principles thereof.

14.12 Arbitration. Any dispute, controversy or claim arising out of and/or relating to this Agreement or the arbitrability of any controversy or claim, whether arising prior to, on or subsequent to the date hereof, shall be finally settled by arbitration conducted in accordance with the Rules of the Judicial Arbitration & Mediation Services ("**JAMS**") before a JAMS panel in accordance with its rules, and such proceeding shall take place in Los Angeles, California. **EACH PARTY (FOR ITSELF AND FOR ANY OTHER PARTY WITH THE RIGHT OR ALLEGED OR ASSERTED RIGHT TO MAKE A CLAIM UNDER THIS AGREEMENT) KNOWINGLY AND VOLUNTARILY HEREBY WAIVES ANY RIGHTS SUCH PARTY**

MAY HAVE HAD TO A JURY TRIAL FOR ANY SUCH DISPUTES, CONTROVERSIES OR CLAIMS. The arbitrators shall have authority to grant any form of appropriate relief, whether legal or equitable in nature, including specific performance and the other equitable relief contemplated by this Agreement. The award of the arbitrators, or of the majority of them, shall be final, and judgment upon the award may be entered in any court, state or federal, having jurisdiction. The parties agree that this Section has been adopted to rapidly, confidentially and inexpensively resolve any disputes between the parties and that this Section will be grounds for dismissal of any court action commenced by any party with respect to this Agreement to adjudicate any claim within the scope of this Section, other than post-arbitration actions by any party seeking to enforce an arbitration award. Notwithstanding anything herein to the contrary, this Section shall not prevent Buyer or Seller from seeking and obtaining equitable relief on a temporary or permanent basis, including a temporary restraining order, a preliminary or permanent injunction or similar equitable relief, from a court of competent jurisdiction located in the state in which the Property is located (to which all parties hereto consent to venue and jurisdiction) by instituting a legal action or other court proceeding in order to protect or enforce the rights of such party under this Agreement or to prevent irreparable harm and injury. The court's jurisdiction over any such equitable matter, however, shall be expressly limited only to the temporary, preliminary, or permanent equitable relief sought; all other claims initiated under this Agreement between the parties hereto shall be determined through final and binding arbitration in accordance with this Section.

14.13 Notices. Notices hereunder shall be given to the parties set forth below and shall be made either by (a) hand delivery, (b) overnight delivery by a nationally recognized courier service (e.g., Federal Express, DHL, etc.), or (c) electronic mail with an original copy thereof transmitted to the recipient by one of the means described in clauses (a) or (b) above no later than 3 business days thereafter. Notice delivered by hand shall be considered given when personally delivered. Notices sent via recognized overnight courier shall be considered given on the date delivered by such courier and receipted therefor. Notices sent via electronic mail shall be considered given and received upon transmission of such electronic mail. Any notice permitted or required herein to be given by Buyer may be delivered and/or sent by Buyer's counsel on behalf of Buyer. Each party shall be entitled to change its address for notices from time to time by delivering to the other party notice thereof in the manner herein provided for the delivery of notices. Notices shall be addressed as follows:

To Seller:

112 Charles A. Lindbergh Drive
Teterboro, NJ 07608
Attention: Scott Fleming, General Counsel
Email: scott.fleming@jetaviation.com

To Buyer:

26541 Agoura Road
Calabasas, CA 91302
Attention: Trey Feiler
Email: tfeiler@harborfreight.com

and:
26541 Agoura Road, Suite 101
Calabasas, CA 91302
Attention: Jason Kupper and Saba Yazdani
Email: jkupper@sfegroup.com; syazdani@sfegroup.com

with a copy to:
26541 Agoura Road
Calabasas, CA 91302
Attention: Marc Friedman
Email: mfriedman@harborfreight.com

with a copy to:
7155 Valjean Ave.
Van Nuys, CA 91406
Attention: Terry Walby
Email: twalby@sfegroup.com

Any notice required hereunder to be delivered to the Escrow Agent shall be delivered in accordance with above provisions as follows:

725 South Figueroa St., Suite 200
Los Angeles, CA 90017
Attention: Nko Justin
Email: Nko.Justin@ctt.com

14.14 Headings/Use of Terms. The paragraph and section headings that appear in this Agreement are for purposes of convenience of reference only and are not to be construed as modifying, explaining, restricting or affecting the substance of the paragraphs and sections in which they appear. Wherever the singular number is used, and when the context requires, the same shall include the plural and the masculine gender shall include the feminine and neuter genders. The term "**including**" means "**including, but not limited to**" and "**such as**" means "**such as, but not limited to**" and similar words are intended to be inclusive.

14.15 Assignment; Parties. Buyer may assign all or any portion of this Agreement or its rights hereunder, or delegate all or any portion of its duties or obligations to an affiliate without Seller's written consent, provided that Buyer gives Seller notice of the assignment or delegation and that such assignment or delegation does not relieve Buyer of its obligations hereunder. Seller shall not assign this Agreement or any rights hereunder, or delegate any of its obligations, without the prior written approval of Buyer. Subject to the provisions of this section, this Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, personal representatives, successors and permitted assigns. Except as specifically set forth or referred to herein, nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person or entity, other than the parties hereto and their successors or permitted assigns, any rights or remedies under or by reason of this Agreement. If more than one person or entity signs this Agreement as Seller, the obligations of such persons and entities shall be joint and several.

14.16 Attorney's Fees. In the event litigation or arbitration is required by either party to enforce the terms of this Agreement, the prevailing party of such action or proceeding, shall, in addition to all other relief granted or awarded by the court or arbitrator, recover its reasonable attorneys' fees, charges and disbursements incurred by reason of such action or proceeding and all costs of suit or arbitration and those incurred in preparation thereof at both the trial and appellate levels.

14.17 Indemnification. Seller agrees to indemnify and hold Buyer and its affiliates, nominees, successors, assigns, officers, directors, partners, shareholders, members, agents and employees, harmless of and from any and all liabilities, claims, causes of action, penalties, demands and expenses, of any kind or nature whatsoever ("Claims") arising out of, resulting from, relating to, or incident to the Property (including, without limitation, any environmental matters) or which are in any way related to the Ground Lease or the ownership, maintenance, use or operation of the Property, in each case to the extent accruing in the period prior to and including time of Closing or any representations, warranties, covenants, or agreements of Seller set forth in this Agreement or any of the Closing Documents, and all expenses related thereto, including, without limitation, court costs and attorney's fees, excluding, however, any such Claims to the extent resulting from the acts or omissions of Buyer. Buyer agrees to indemnify and hold Ground Landlord and Seller and its affiliates, and their respective nominees, successors, assigns, officers, directors, partners, shareholders, members, agents and employees, harmless of and from any and all Claims arising out of, resulting from, relating to, or incident to the Property (including, without limitation, any environmental matters) or which are in any way related to the Ground Lease or the ownership, maintenance, use or operation of the Property, in each case to the extent accruing in the period commencing from and after Closing or any representations, warranties, covenants, or agreements of Buyer set forth in this Agreement or any of the Closing Documents, and all expenses related thereto, including, without limitation, court costs and attorney's fees, excluding, however, any such Claims to the extent resulting from the acts or omissions of Seller. THE PARTIES EXPRESSLY ACKNOWLEDGE AND AGREE THAT, EXCEPT AS MAY BE EXPRESSLY SET FORTH IN THIS AGREEMENT AND/OR IN CONNECTION WITH CLAIMS INCURRED AND CLAIMED BY AN UNRELATED THIRD PARTY, IN NO EVENT SHALL EITHER PARTY HAVE ANY LIABILITY OR RESPONSIBILITY TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES UNDER OR IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, WHETHER ARISING UNDER CONTRACT OR IN TORT, INCLUDING WITHOUT LIMITATION, LOSS OF USE OR LOSS OF REVENUE; PROVIDED, HOWEVER, THE FOREGOING SHALL NOT LIMIT A PARTY'S ABILITY TO COLLECT FOR ANY DAMAGES THAT (I) DIRECTLY AND NATURALLY ARISE FROM THE BREACH OF THE TERMS AND CONDITIONS OF THIS AGREEMENT OR THAT ARE THE REASONABLY FORESEEABLE RESULT OF SUCH BREACH AND DO NOT CONSTITUTE LOSS OF USE OR LOSS OF REVENUE, OR OTHERWISE INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, OR (II) RESULTING FROM FRAUD OR WILLFUL MISCONDUCT. This Section 14.17 shall survive the Closing or the earlier termination of this Agreement.

14.18 Confidentiality. Buyer and Seller shall keep strictly confidential the entire contents of this Agreement, except that a party may disclose the contents of this Agreement: (a) to the Ground Landlord (if required to obtain Ground Landlord Consent, in which case economic related

terms shall be redacted), Escrow Agent and Title Company and such party's principals, affiliates, officers, directors, accountants, auditors, lawyers, consultants and lenders, but only if and to the extent such disclosure is necessary for either party to carry out the terms of this Agreement, and provided that each such third party agrees to keep confidential all information and terms disclosed, and (b) as required by law. This **Section 14.18** shall survive the Closing or the earlier termination of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first set forth above.

SELLER:

JET AVIATION HOLDINGS USA, INC.,
a Delaware corporation

A handwritten signature in black ink, appearing to read "David Best", with a stylized flourish at the end.

By:
Name: David Best
Title: Sr. Vice President & General Manager

AVJET CORPORATION,
a California corporation

A handwritten signature in black ink, appearing to read "David Best", with a stylized flourish at the end.

By:
Name: David Best
Title: Sr. Vice President & General Manager

BUYER:

HARBOR FREIGHT TOOLS USA, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first set forth above.

SELLER:

JET AVIATION HOLDINGS USA, INC.,
a Delaware corporation

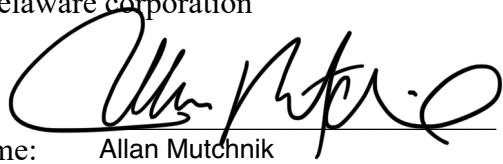
By: _____
Name: _____
Title: _____

AVJET CORPORATION,
a California corporation

By: _____
Name: _____
Title: _____

BUYER:

HARBOR FREIGHT TOOLS USA, INC.,
a Delaware corporation

By:  _____
Name: Allan Mutchnik
Title: President

**SIGNATURE PAGE
ESCROW AGENT**

The undersigned hereby accepts the foregoing Purchase and Sale Agreement and executes this Agreement for the purpose of agreeing to the provisions of **Sections 1.2 and 13.1** (and agreeing to act as Escrow Agent in strict accordance with the terms thereof), and hereby establishes October 29, 2020 as the date of opening of escrow and designates 139795-016 as the escrow number assigned to this escrow.

ESCROW AGENT:

CHICAGO TITLE COMPANY

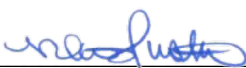
By:	
Name:	Nko Justin
Title:	Sr. Escrow Officer
Date:	November 23, 2020

EXHIBIT A-1

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF BURBANK, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

THAT PORTION OF THE FOLLOWING DESCRIBED LAND WITHIN ASSESSOR'S PARCEL NUMBER 2466-011-902:

THAT PORTION OF THE BURBANK-GLENDALE-PASADENA AIRPORT DESCRIBED IN DEED TO THE HOLLYWOOD-BURBANK AIRPORT AUTHORITY RECORDED ON JUNE 29, 1978 AS [DOCUMENT NO. 78-704352 OF OFFICIAL RECORDS](#), IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, BEING MORE PARTICULARLY THOSE PORTIONS OF LOT 1 OF [TRACT NO. 7619](#), IN THE CITY OF BURBANK, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 78, PAGES 70](#) AND 71 OF MAPS, IN THE OFFICE OF SAID COUNTY RECORDER; LOT A OF [TRACT NO. 3008](#) IN SAID CITY, COUNTY AND STATE, AS PER MAP RECORDED IN [BOOK 34 PAGE 71](#) OF SAID MAPS; LOTS 12 TO 22 INCLUSIVE OF [TRACT NO. 10629](#) IN SAID CITY, COUNTY AND STATE AS PER MAP RECORDED IN [BOOK 165, PAGES 34](#) AND 35 OF SAID MAPS; LOT 59 OF THE LAND OF LANKERSHIM RANCH LAND AND WATER COMPANY, IN SAID CITY, COUNTY AND STATE, AS PER MAP FILED IN [BOOK 31, PAGES 39](#) TO 44 INCLUSIVE OF MISCELLANEOUS RECORDS OF SAID COUNTY; LOTS 3 AND 4 OF SECTION 4, TOWNSHIP 1 NORTH, RANGE 14 WEST, AND THOSE PORTIONS OF VACATED WINONA AVENUE, TULARE AVENUE, CLYBOURN AVENUE AND THAT CERTAIN ALLEY ADJACENT TO SAID LOTS 12 THROUGH 14 OF [TRACT NO. 10629](#), DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE EASTERLY LINE OF CLYBOURN AVENUE (100 FEET WIDE) WITH THE SOUTHERLY LINE OF SHERMAN WAY (75 FEET WIDE); THENCE ALONG SAID EASTERLY LINE OF CLYBOURN AVENUE, NORTH 7° 07' 32" WEST 1001.99 FEET; THENCE NORTH 82° 52' 20" EAST 100.98 FEET; THENCE NORTH 26° 17' 08" EAST 65.57 FEET; THENCE NORTH 2° 02' 12" WEST 25.66 FEET TO THE SOUTHERLY LINE OF [PARCEL MAP NO. 12299](#), IN SAID CITY, COUNTY AND STATE, AS PER MAP FILED IN [BOOK 126, PAGES 51](#) AND 52 OF PARCEL MAPS IN THE OFFICE OF SAID COUNTY RECORDER; THENCE ALONG SAID SOUTHERLY LINE AND THE EASTERLY LINE OF SAID PARCEL MAP, SOUTH 89° 10' 44" EAST 494.64 FEET NORTH 2° 19' 04" EAST 158.95 FEET AND NORTH 12° 54' 21" WEST 469.57 FEET; THENCE NORTH 77° 05' 39" EAST 151.52 FEET TO A LINE PARALLEL WITH AND DISTANT WESTERLY 434.50 FEET, MEASURED AT RIGHT ANGLES FROM THE CENTERLINE OF RUNWAY 15-33 OF SAID AIRPORT; THENCE ALONG SAID PARALLEL LINE, SOUTH 12° 54' 21" EAST 343.50 FEET; THENCE SOUTH 15° 03' 50" EAST 239.00 FEET TO A LINE PARALLEL WITH AND DISTANT WESTERLY 425.50 FEET, MEASURED AT RIGHT ANGLES FROM SAID CENTERLINE; THENCE ALONG SAID PARALLEL LINE, SOUTH 12° 54' 21" EAST 1703.83 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 138.00 FEET; THENCE SOUTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 103° 51' 15" AN ARC DISTANCE OF 250.14 FEET TO A LINE PARALLEL WITH AND DISTANT NORTHERLY 563.00 FEET, MEASURED AT RIGHT ANGLES FROM THE CENTERLINE OF RUNWAY 8-26 OF SAID AIRPORT; THENCE ALONG SAID PARALLEL LINE, NORTH 89° 03' 06" WEST 900.12 FEET; THENCE NORTH 3° 06' 00" WEST 153.00 FEET; THENCE NORTH 51° 42' 00" WEST 50.00 FEET; THENCE NORTH 0° 26' 30" WEST 4.05 FEET; THENCE NORTH 89° 03' 06" WEST 18.33 FEET TO A POINT HEREINAFTER REFERRED TO AS POINT "A"; THENCE NORTH 0° 01' 58" EAST 457.71 FEET TO SAID SOUTHERLY LINE OF SHERMAN WAY; THENCE SOUTH 89° 58' 02" EAST 35.17 FEET ALONG SAID LINE TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION OF SAID PARCEL DESCRIBED AS FOLLOWS:

BEGINNING AT THE ABOVEMENTIONED POINT "A"; THENCE NORTH 0° 01' 58" EAST 75.00 FEET; THENCE SOUTH 89° 58' 02" EAST 17.00 FEET; THENCE SOUTH 0° 01' 58" WEST 75.00 FEET;

THENCE NORTH 89° 58' 02" WEST 17.00 FEET TO SAID POINT "A" BEING THE POINT OF BEGINNING.

EXHIBIT A-2

PERSONAL PROPERTY

All tangible personal property, machinery, apparatus, appliances, equipment (except for ground support equipment, which shall remain the property of Seller, its affiliates, customers and vendors, as applicable), systems, furniture and supplies owned by Seller and/or its affiliates, as applicable, and currently located on the Land and/or the Improvements and/or used in the operation, repair and maintenance of all or any portion of the Land and/or the Improvements, including:*

QTY	ITEM NAME	SOURCED WEBSITE COMPANY
1	CONFERENCE TABLE	NATIONAL OFFICE
10	COMF. TABLE CHAIRS	NATIONAL OFFICE
6	L-SHAPE DESK	OFFICE FURNITURE
5	4-DRAWER CREDENZA	OFFICE ANYTHING
3	SLED BASE ARMLESS CHAIR	BARSTOOL
1	2 DOOR BOOKCASE CABINET 36"	OFFICE ANYTHING
2	2 DOOR BOOKCASE CABINET 38"	OFFICE ANYTHING
5	2 DRAWER FILE CABINET	NATIONAL BUSINESS
1	ROUND TABLE W/ FOUR CHAIRS	WAYFAIR

*Items may be added to this chart by Buyer during the course of Buyer's investigations and subject to Seller's approval.

EXHIBIT B

FORM OF GROUND LANDLORD CONSENT

GROUND LANDLORD CONSENT AND ESTOPPEL²

THIS GROUND LANDLORD CONSENT AND ESTOPPEL (this “Consent”) is made as of _____, 2020, and executed by 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 (“Ground Landlord”), in favor of JET AVIATION HOLDINGS USA, INC., a Delaware corporation (“Jet Aviation”), [AVJET CORPORATION, a California corporation (“Avjet”), and HARBOR FREIGHT TOOLS USA, INC., a Delaware corporation (“HFT”).

W I T N E S S E T H:

WHEREAS, pursuant to that certain Development Ground Lease dated June 19, 2006, between Ground Landlord Avjet, as amended by that certain First Amendment of Lease dated January 16, 2007, between Ground Landlord and Avjet, as further amended by that certain Second Amendment of Lease dated August 6, 2012, between Ground Landlord and Avjet, as further amended by that certain Third Amendment of Lease dated May 16, 2014, between Ground Landlord and Avjet, and as assigned by Avjet to Jet Aviation in the manner described in, and consented to by Ground Landlord pursuant to, that certain Consent to Assignment of Leases dated March 21, 2016 (as so amended and assigned, the “Ground Lease”), [Jet Aviation] leases from Ground Landlord certain premises as more particularly described in and pursuant to the terms of the Ground lease (all capitalized terms not defined herein shall bear the meanings ascribed to such terms in the Ground Lease);

WHEREAS, Jet Aviation, Avjet and HFT have entered into that certain Purchase and Sale Agreement dated November ____, 2020 (the “Purchase Agreement”), pursuant to which, among other things, Jet Aviation and Avjet will assign their interests in the Ground Lease to HFT (the “Transaction”) pursuant to the Assignment of Ground Lease (as defined in the Purchase Agreement); and

WHEREAS, the Ground Lease requires the Tenant to obtain the consent of Ground Landlord to the Transaction, and Jet Aviation, Avjet and HFT are hereby requesting such consent.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for purposes of providing Jet Aviation, Avjet and HFT with the assurances set forth herein, Ground Landlord hereby agrees as follows:

² We understand Jet Aviation is in discussions with Ground Landlord to confirm the Tenant entity under the Ground Lease and the actual direct out-of-pocket costs of the New Improvements. We have left those portions of this Consent bracketed for now.

1. Ground Landlord hereby irrevocably and unconditionally consents to the assignment of the Ground Lease from Jet Aviation and/or Avjet to HFT as contemplated by the Transaction and memorialized in the Assignment of Ground Lease. No fees or reimbursements will be due to Ground Landlord as a result of the assignment of the Ground Lease from Jet Aviation and/or Avjet to HFT or the provision of this Consent by Ground Landlord.
2. Ground Landlord hereby irrevocably and unconditionally consents to the recording of the Memo of Assignment of Ground Lease (as defined in the Purchase Agreement) in the Official Records of Los Angeles County.
3. Ground Landlord hereby acknowledges, agrees, certifies, covenants, represents and warrants to Jet Aviation, Avjet and HFT that:
 - a. Attached hereto as Exhibit A is a true, correct and complete copy of the Ground Lease. [Jet Aviation] is the current Tenant under the Ground Lease and the Ground Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way except as set forth above and in Exhibit A; the Ground Lease represents the entire agreement between Ground Landlord and Tenant's rights with respect to the matters set forth therein and there are no other agreements related to the Ground Lease.
 - b. There are no defaults of Ground Landlord under the Ground Lease, and Ground Landlord knows of no condition or event which, with the giving of notice, the passage of time, or both, would constitute a default by Tenant in the performance of its obligations under the Ground Lease. There are no outstanding notices of default given or received by Ground Landlord under the Ground Lease and in the last 12 calendar months immediately preceding the date hereof, Ground Landlord has not issued any written notices to Tenant pertaining to any actual defaults, breaches or non-performance as set forth in Section 12.1.12 of the Ground Lease.
 - c. The lease term expires on June 30, 2031. Ground Landlord has no current plans of exercising its termination right under Section 2.4.1 of the Ground Lease and is not aware of any plans for permanent closure of the Airport or no longer permitting general aviation flights at the Airport.
 - d. There is no security deposit made by Tenant under the Ground Lease, however Tenant has delivered a letter of credit to Ground Landlord in the current amount of \$228,636.96, which will be released and returned to Avjet upon HFT providing Ground Landlord with a replacement letter of credit in connection with the assignment of the Ground Lease to HFT as contemplated by the Transaction.
 - e. Tenant has timely provided to Ground Landlord the certified statement of the actual direct out-of-pocket costs of the New Improvements pursuant to Section 6.1.12 of the Ground Lease and such costs set forth therein totaled to [\$18,000,000].

- f. The Ground Lease and all of the terms, covenants and conditions thereof shall remain unchanged, except as amended herein, and in full force and effect after the closing of the Transaction.
 - g. This Consent shall inure to the benefit of Jet Aviation, Avjet and HFT and each of their respective successors and assigns and shall be binding upon Ground Landlord and its successors and assigns. Ground Landlord acknowledges and agrees that HFT and its successors and assigns shall be entitled to rely on the provisions set forth herein.
 - h. The undersigned has the full right, power and authority to execute this Consent on behalf of Ground Landlord, and Ground Landlord hereby acknowledges that such undersigned is the person who is the most familiar with the subject matters of Ground Landlord's representations in this Consent.
4. Upon the closing of the Transaction and the assignment of the Ground Lease to HFT, Jet Aviation and Avjet are hereby released and discharged from any and all liability under the Ground Lease, except for such liability under the Ground Lease solely arising out of the period of time prior to such closing of the Transaction and assignment of the Ground Lease.
5. From and after the closing of the Transaction and the assignment of the Ground Lease to HFT, all notices, requests, demands and other communications given, or required to be given, to "Tenant" under the Ground Lease, shall be addressed as follows:

26541 Agoura Road
Calabasas, CA 91302
Attention: Trey Feiler
Email: tfeiler@harborfreight.com

and:
26541 Agoura Road, Suite 101
Calabasas, CA 91302
Attention: Jason Kupper and Saba Yazdani
Email: jkupper@sfgroup.com; syazdani@sfgroup.com

with a copy to:
26541 Agoura Road
Calabasas, CA 91302
Attention: Marc Friedman
Email: mfriedman@harborfreight.com

with a copy to:
3030 Clybourn Avenue
Burbank, CA 91505
Attention: Terry Walby

Email: twalby@sfegroup.com

with a copy to the following, in the case of any such notices, requests, demands and other communications given, or required to be given to “Tenant” under the Ground Lease related to the period of time prior to closing of the Transaction and assignment of the Ground lease:

Jet Aviation Holdings USA, Inc.
112 Charles A. Lindbergh Drive
Teterboro, NJ 07608
Attention: Scott Fleming, General Counsel
Email: scott.fleming@jetaviation.com

IN WITNESS WHEREOF, Ground Landlord has executed and delivered this Consent as of the date first above written.

BURBANK-GLENDALE-PASADENA AIRPORT
AUTHORITY

By: _____
Name: _____
Title: _____

EXHIBIT A

GROUND LEASE

[TO BE ATTACHED]

EXHIBIT C

FORM OF ASSIGNMENT OF GROUND LEASE

ASSIGNMENT AND ASSUMPTION OF GROUND LEASE

THIS ASSIGNMENT AND ASSUMPTION OF GROUND LEASE (this "Assignment") is made and entered into effective as of _____ (the "Effective Date") by and among JET AVIATION HOLDINGS USA, INC., a Delaware corporation ("Jet Aviation"), AVJET CORPORATION, a California corporation ("Avjet"), and together with Jet Aviation, jointly and severally, "Assignor", and HARBOR FREIGHT TOOLS USA, INC., a Delaware corporation ("Assignee").

WITNESSETH:

WHEREAS, Assignor and Assignee are parties to that certain Purchase and Sale Agreement dated November __, 2020 (the "Purchase Agreement"), whereby Assignor has agreed to sell and assign to Assignee certain assets of Assignor including, among other things, all of Assignor's right, title and interest as tenant in and to that certain Development Ground Lease dated June 19, 2006, 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 ("Ground Landlord"), and Avjet, as amended by that certain First Amendment of Lease dated January 16, 2007, between Ground Landlord and Avjet, as further amended by that certain Second Amendment of Lease dated August 6, 2012, between Ground Landlord and Avjet, as further amended by that certain Third Amendment of Lease dated May 16, 2014, between Ground Landlord and Avjet, and as assigned by Avjet to Jet Aviation in the manner described in, and consented to by Ground Landlord pursuant to, that certain Consent to Assignment of Leases dated March 21, 2016 (as so amended and assigned, the "Ground Lease") for the real property described therein, and Assignee has agreed to assume Assignor's liabilities and obligations under the Ground Lease to be performed from after the Effective Date, subject to and upon the terms and conditions set forth herein;

WHEREAS, the parties hereto desire to provide for the assignment to Assignee of such right, title and interest of Assignor in the Ground Lease and for the assumption by Assignee of such liabilities and obligations of Assignor under the Ground Lease in accordance with the terms of the Purchase Agreement (all capitalized terms not defined herein shall bear the meanings ascribed to such terms in the Purchase Agreement); and

WHEREAS, the Ground Landlord has provided its consent to this Assignment, a fully executed copy of which is made a part hereof and attached hereto as Exhibit A ("Ground Landlord Consent").

NOW, THEREFORE, in consideration of the foregoing premises and satisfaction of their respective obligations under the Purchase Agreement, the parties hereto hereby agree as follows:

1. Assignment. Assignor hereby sells, transfers, conveys, assigns and delivers to Assignee, its successors and assigns, to have and to hold forever, all of Assignor's right, title and

interest in, to and under the Ground Lease as of the Effective Date, free of all Liens, but subject only to the Permitted Exceptions and the terms of the Ground Landlord Consent.

2. Assumption. Assignee hereby accepts the foregoing assignment and agrees to perform the obligations of Assignor under the Ground Lease solely to the extent that such obligations accrue and are required pursuant to the Ground Lease to be performed from and after the Effective Date. Assignee does not hereby assume and shall not otherwise be responsible for, and Assignor shall retain and remain liable for, any breach of the Ground Lease prior to the Effective Date and any other obligations of Assignor under the Ground Lease with respect to all periods prior to the Effective Date.
3. No Modification of Purchase Agreement. This Assignment is subject to and made with the benefit of the respective representations, warranties, covenants and agreements of the parties set forth in the Purchase Agreement, none of which shall be deemed to be modified or amended in any way by this Assignment.
4. Miscellaneous. This Assignment may be executed in the original or by telecopy or other electronic means in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Assignment shall be governed by, interpreted under, and construed and enforceable in accordance with, the laws of the State of California.

IN WITNESS WHEREOF, this Assignment has been duly executed and delivered by the duly authorized officers of each of the parties hereto to be effective as of the Effective Date.

JET AVIATION HOLDINGS USA, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

AVJET CORPORATION, a California corporation

By: _____
Name: _____
Title: _____

HARBOR FREIGHT TOOLS USA, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

EXHIBIT A

GROUND LANDLORD CONSENT

[TO BE ATTACHED]

EXHIBIT D

FORM OF MEMO OF ASSIGNMENT OF GROUND LEASE³

RECORDING REQUESTED BY

Chicago Title Company

AND WHEN RECORDED MAIL TO

MEMORANDUM OF ASSIGNMENT OF GROUND LEASE

THIS MEMORANDUM OF ASSIGNMENT OF GROUND LEASE (this “Memorandum”) is made and entered into on _____ but effective as of _____, by and between [_____, a _____] (“[Counter Party]”)⁴, and HARBOR FREIGHT TOOLS USA, INC., a Delaware corporation (“HFT”).

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 (“Ground Landlord”), and Avjet Corporation, a California corporation (“Avjet”), entered into that certain Development Ground Lease dated June 19, 2006 (as amended and assigned, the “Ground Lease”), pursuant to which Ground Landlord leased to [Avjet / Jet Aviation] the real property described as follows (the “Premises”):

[_____]

The term of the Ground Lease commenced on June 19, 2006, and shall expire, unless extended or sooner terminated pursuant to the terms and conditions of the Ground Lease, on June 30, 2031.

Concurrently herewith, [Avjet / Jet Aviation] has assigned the Ground Lease to HFT.

³ This remains subject to review and approval of the Title Company.

⁴ Title Company to advise who will need to be the counter party to this Memorandum.

This Memorandum is not a complete summary of the Ground Lease and shall not be used in interpreting the Ground Lease provisions. In the event of any inconsistency between the terms of the Ground Lease and this Memorandum, the terms of the Ground Lease shall control.

[Signature Pages Follow]

[COUNTER PARTY]:

_____,
a _____

By: _____
Name: _____
Title: _____

CERTIFICATE OF ACKNOWLEDGEMENT OF NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA,)
COUNTY OF _____)

On _____ before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

HFT:

HARBOR FREIGHT TOOLS USA, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

CERTIFICATE OF ACKNOWLEDGEMENT OF NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA,)
COUNTY OF _____)

On _____ before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT E

FORM OF BILL OF SALE

BILL OF SALE AND GENERAL ASSIGNMENT

THIS BILL OF SALE AND GENERAL ASSIGNMENT (this "**Bill of Sale**") is made this ____ day of _____, 2020 by JET AVIATION HOLDINGS USA, INC., a Delaware corporation, and AVJET CORPORATION, a California corporation (jointly and severally, "**Seller**"), in favor of HARBOR FREIGHT TOOLS USA, INC., a Delaware corporation ("**Buyer**").

WITNESSETH:

WHEREAS, Seller and Buyer entered into that certain Purchase and Sale Agreement dated as of November ____, 2020 (the "**Agreement**") with respect to the assignment of the Ground Lease identified therein and the sale of the Improvements located thereon. (Any term with its initial letter capitalized and not otherwise defined herein shall have the meaning set forth in the Agreement.)

WHEREAS, pursuant to the Agreement, Seller is obligated to transfer to Buyer good and marketable title to the Personal Property and Intangible Property (collectively, the "**Transferred Property**").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller does hereby absolutely, irrevocably and unconditionally give, grant, bargain, sell, transfer, set over, assign, convey, release, confirm and deliver to Buyer all of the Transferred Property.

Seller hereby covenants that Seller will, at any time and from time to time upon written request therefor, execute and deliver to Buyer, Buyer's successors, nominees or assigns, such documents as Buyer or they may reasonably request in order to fully assign and transfer to and vest in Buyer or Buyer's successors, nominees and assigns, and protect Buyer's or their right, title and interest in and to all of the Transferred Property and rights of Seller intended to be transferred and assigned hereby, or to enable Buyer, Buyer's successors, nominees and assigns to realize upon or otherwise enjoy such rights and property.

Seller hereby represents and warrants to Buyer title to the Transferred Property against and all persons claiming the whole or any part thereof. Seller further represents and warrants to Buyer that it has good and marketable title to the Transferred Property and that the Transferred Property is free and clear of all Liens, prior assignments and any other matters affecting title, other than the Permitted Exceptions.

This Bill of Sale and the obligations of the parties hereunder shall survive the closing of the transactions referred to in the Agreement, and shall be binding upon and inure to the benefit of Seller and Buyer, their respective legal representatives, successors and assigns.

This Bill of Sale (a) may be executed in counterparts, each of which shall be deemed an original, and both of which together shall constitute one and the same instrument, (b) shall be governed by and construed in accordance with the laws of the State of California, and (c) may not be modified or amended except by written agreement signed by both Seller and Buyer.

In the event litigation or arbitration is required by either party to enforce the terms of this Bill of Sale, the prevailing party of such action or proceeding, shall, in addition to all other relief granted or awarded by the court or arbitrator, recover its reasonable attorneys' fees, charges and disbursements incurred by reason of such action or proceeding and all costs of suit or arbitration and those incurred in preparation thereof at both the trial and appellate levels

Nothing in this Bill of Sale alters or amends any covenants, representations, warranties or indemnities set forth in the Agreement, all of which shall be independent of the terms and conditions of this Bill of Sale.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale on the day and year first above written.

SELLER:

JET AVIATION HOLDINGS USA, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

AVJET CORPORATION,
a California corporation

By: _____
Name: _____
Title: _____

EXHIBIT F

GROUND LEASE

See attached.

DEVELOPMENT GROUND LEASE
BETWEEN
BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY
AND
AVJET CORPORATION

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DEVELOPMENT GROUND LEASE

THIS DEVELOPMENT GROUND LEASE (this "Lease") is made and entered into as of this 19th day of June, 2006, 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 **AVJET CORPORATION**, a California corporation ("Tenant"), with reference to the following facts:

1. LEASE.

1.1 Leased Premises. Landlord hereby leases to Tenant, and Tenant hereby leases and hires from Landlord, the unimproved real property legally described in Exhibit A attached hereto and all appurtenances (the "Leased Premises"), which Leased Premises are a part of the Bob Hope Airport, a public land airport located in the County of Los Angeles, Burbank, California (the "Airport"), 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 Condition of Leased Premises. Tenant accepts the Leased Premises as of the Lease Commencement Date in the condition existing as of the date hereof, without representation or warranties, express or implied. Tenant hereby acknowledges that Tenant has inspected the Leased Premises and available Common Use Facilities of the Airport to its satisfaction and acknowledges that Landlord is not obligated to make any repairs or alterations to the Leased Premises or Common Use Facilities.

1.3 Title; Reservations to Landlord. Tenant accepts the Leased Premises subject to any and all existing easements, servitudes and encumbrances of record. 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 or New Improvements. 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 the construction, management or operations of the New Improvements as provided in this Lease.

1.4 Landlord's Right of Access. Landlord shall have free access to the Leased Premises and New Improvements 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 Lease term 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 upon reasonable notice to Tenant and 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 in the case of an emergency 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, contractors or third parties present with Landlord.

2. TERM.

2.1 Initial Term; Lease Commencement Date. The initial term ("Initial Term") of this Lease shall commence at 12:01 a.m. on June 19, 2006 ("Lease Commencement Date") and continue until 11:59 p.m. on the last day of the thirtieth (30th) month following the Lease Commencement Date or until a Certificate of Occupancy is obtained, whichever comes first ("Expiration Date"), unless the term is automatically extended pursuant to Section 2.3, or is earlier terminated by Tenant pursuant to Section 2.2, or is earlier terminated by Landlord pursuant to Section 2.4, 2.5 or otherwise pursuant to this Lease, in which case, the last day of the extended or earlier terminated term shall be the "Expiration Date."

2.2 Failure to Obtain Permits. If, on or before six (6) months following the Lease Commencement Date (the "Permits Date"), Tenant has not obtained from the City of Burbank or other government agency with jurisdiction all required building and other permits necessary for completion of the Required New Improvements, Tenant may terminate this Lease upon written notice to Landlord given on or before seven (7) days after said Permits Date. If Tenant elects to terminate this Lease pursuant to this Section 2.2, (i) this Lease and Tenant's right of possession shall terminate effective as of the date of delivery of Tenant's written notice, which shall be deemed to be the "Expiration Date" of this Lease, and the provisions of Section 13 shall apply, and (ii) effective upon the Expiration Date of this Lease, Tenant hereby assigns, transfers and conveys to Landlord all of Tenant's right, title and interest in and to any architectural or engineering plans, drawings, and specifications, geotechnical studies and plans, permits and entitlements relating to the construction of New Improvements or facilities on the Leased Premises, and upon the Expiration Date, Tenant shall deliver copies thereof to Landlord. Tenant shall obtain from each architect, engineer or consultant engaged by Tenant to provide design or professional services relating to New Improvements or facilities a written acknowledgment and consent to this assignment, transfer and conveyance by Tenant to Landlord of plans, drawings, specifications or studies, as applicable.

2.2.1 No Obligation. Landlord shall not be responsible or have any obligation to assist Tenant in obtaining from the City of Burbank or other government

agency with jurisdiction the required building and other permits necessary for completion of the Required New Improvements.

2.3 Automatic Extension of Term Upon Completion of Required New Improvements. Pursuant to Section 6.2, Tenant is obligated to construct and install Required New Improvements upon the Leased Premises. If (i) Tenant has not terminated this Lease as provided in Section 2.2 and (ii) on or before the last day of the thirtieth (30th) month following the Lease Commencement Date, Tenant has completed the construction and installation of the Required New Improvements as provided in Section 6.2.1.1, then the Initial Term of this Lease shall be extended automatically to end on the last day of the three hundredth (300th) month after the Lease Commencement Date ("Extended Term"). Upon such automatic extension, the parties will execute and record an amendment to this Lease confirming the extension of the Initial Term. If the Initial Term of this Lease is not automatically extended as provided in this Section 2.2, (i) this Lease and Tenant's right of possession shall terminate as of the Expiration Date of the Initial Term and the provisions of Section 13 shall apply and (ii) effective upon the Expiration Date Tenant hereby assigns, transfers and conveys to Landlord all of Tenant's right, title and interest in and to any architectural or engineering plans, drawings, and specifications, geotechnical studies and plans, permits and entitlements relating to the construction of New Improvements or facilities on the Leased Premises, and upon the Expiration Date, Tenant shall deliver copies thereof to Landlord. Tenant shall obtain from each architect, engineer or consultant engaged by Tenant to provide design or professional services relating to New Improvements or facilities a written acknowledgment and consent to this assignment, transfer and conveyance by Tenant to Landlord of plans, drawings, specifications or studies, as applicable.

2.4 Termination by Landlord.

2.4.I Right to Terminate. 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, security areas and facilities and other Airport and non-Airport facilities, some or all of which may be required by the Federal Aviation Administration ("FAA") or the Transportation Security Administration ("TSA"), 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 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, for whatever reason, all or a portion of the Leased Premises or New Improvements is needed for alternative purposes, uses or opportunities, or that any reconfiguration of the Airport, reconstruction or rebuilding of Airport facilities, or construction of new Improvements or facilities, will prevent or interfere with Tenant's

authorized use of the Leased Premises or New Improvements, 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 by delivering to Tenant not less than six (6) months' prior written notice of such termination pursuant to this Section.

2.4.2 Payment of Unamortized Cost of Approved New Improvements.

2.4.2.1 Events. In the event that Landlord exercises its right under Section 2.4.1 to terminate this Lease, Landlord shall pay to Tenant the "Unamortized Cost of Approved New Improvements" (as defined in Section 2.4.2.2). Tenant acknowledges and agrees that (i) Tenant shall not be entitled to reimbursement for any costs incurred in connection with the construction or installation of any Improvements that are not Approved New Improvements; and (ii) except as set forth in Section 14, Tenant shall not have any right to continue the use or occupancy of the Leased Premises following the effective date of Lease termination.

2.4.2.2 Definition of Unamortized Cost of Approved New Improvements. As used in this Lease, the term "Unamortized Cost of Approved New Improvements" shall mean the actual direct out-of-pocket cost of all Approved New Improvements (as previously certified by Tenant as provided in Section 6.1.12) multiplied by a fraction, the numerator of which is the number of full calendar months between the effective date of termination of this Lease and the Expiration Date, and the denominator of which is the number of full calendar months between the date of Tenant's Completion of the Approved New Improvements (as evidenced by Tenant's receipt of a certificate of occupancy for such Approved New Improvements) pursuant to Section 6.1.12 and the Expiration Date, in each case including the automatic extension of the Lease term described in Section 2.3, if applicable, prior to Landlord giving written notice of termination pursuant to Section 2.4.1.

2.4.2.3 Payment. Landlord shall pay to Tenant the Unamortized Cost of the Approved New Improvements in cash in one lump sum upon the close of escrow as provided in Section 2.4.3. Landlord shall be entitled to offset or credit against such payment any amounts owing by Tenant to Landlord under this Lease or any other separate agreement between Landlord and Tenant or as a result of Tenant's acts or omissions at the Airport, and to withhold from such payment the amount of any such monetary claim then being asserted by Landlord against Tenant.

2.4.3 Escrow; Quitclaim Deed. If Landlord gives a notice of termination to Tenant pursuant to Section 2.4.1, Landlord shall open an escrow with Chicago Title Company, or such other title company as shall be mutually acceptable to the parties, the cost of which shall be divided equally between Landlord and Tenant. Landlord and Tenant shall execute and deliver to the escrow holder all instructions

reasonably necessary to facilitate and perform the provisions of this Section 2.4. On or prior to the effective date of termination of this Lease pursuant to this Section 2.4, the parties shall deposit into escrow all funds, documents, deeds and instruments required to be paid or delivered under this Section 2.4. Specifically, Landlord shall deposit into escrow the payment due to Tenant and Tenant shall execute and deposit into escrow a quitclaim deed in recordable form conveying to Landlord, free and clear of all liens, security interests and encumbrances (other than those created by Landlord or existing prior to the Lease Commencement Date), all of the right, title and interest of Tenant in the Leased Premises. The escrow shall close upon the effective date of termination of this Lease pursuant to this Section 2.4, and the funds, documents and instruments shall be dispersed, delivered or recorded, as applicable, as provided in the escrow instructions of the parties. Notwithstanding anything to the contrary, Landlord's failure to open escrow or Tenant's failure to close escrow or otherwise to comply with the terms of this Section 2.4.3 shall not affect, delay or prevent the termination of this Lease, which termination shall occur on the date specified in Landlord's notice of termination.

2.4.4 Tenant Acknowledgments. The provisions of this Section 2.4 are contractual and arise from Landlord's unwillingness to enter into a long term lease of the Leased Premises or to extend the Lease term without the right 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 order to obtain a longer lease term and in consideration of the payment and other provisions in this Section 2.4. The exercise by Landlord of its termination right shall not be construed as a taking by Landlord of any part of the Leased Premises 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, relocation expense or other amount measured by Tenant's loss upon termination or reduction of its business following termination of this Lease.

2.5 Closure of Airport. In the event that the Airport is closed permanently or general aviation flight operations are no longer permitted at the Airport, Tenant shall have the right to terminate this Lease by delivering to Landlord written notice of such termination effective upon the date of closure or discontinuance of general aviation flight operations. Tenant's right to terminate shall not apply to temporary closures of the Airport or temporary suspensions of general aviation operations necessary to accommodate airfield improvements or repairs or due to war, terrorism, national emergency or natural disaster; however, if such temporary closure or suspension extends for a period longer than sixty (60) days, the Annual Base Rent shall be abated during any such period in excess of sixty (60) days. In the event Tenant terminates this Lease pursuant to this Section 2.5, Tenant shall not be entitled to any payment or reimbursement from Landlord, including, without limitation, any reimbursement for the costs of any Approved New Improvements.

3. RENT.

3.1 Annual Base Rent.

3.1.1 Obligation to Pay. During the term of the Lease, Tenant shall pay to Landlord, without setoff or deduction, annual rent ("Annual Base Rent"), as follows:

3.1.1.1 Initial Term and Extended Term; Rent Commencement Date. During the Initial Term ("Rent Commencement Date"), Tenant shall pay to Landlord Annual Base Rent of Eighty-Eight Thousand Seven Hundred Sixty-Six and 64/100 Dollars (\$88,766.64). During the first year of the Extended Term, Tenant shall pay to Landlord Annual Base Rent adjusted to the Market Rate as defined in Section 3.1.3(v) and as determined in accordance with the procedures set forth in Section 3.1.3.3. The Annual Base Rent shall be paid at the times and in the manner set forth in Section 3.1.2 and shall be subject to the adjustments set forth in Section 3.1.3. All other amounts payable by Tenant as rent under this Lease, other than the Annual Base Rent, shall be payable by Tenant beginning with the Lease Commencement Date. Each twelve (12) full calendar month period following the Rent Commencement Date during the term of this Lease, including the Extended Term, if applicable, shall be referred to in this Lease as an "Annual Period."

3.1.2 Payment of Annual Base Rent. 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 Rent Commencement Date, and continuing on the first (1st) day of each calendar month thereafter during the term of this Lease. 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 Annual Base Rent Adjustments.

3.1.3.1 Definitions.

(i) The term "Adjustment Date" shall mean the first day of the Annual Period commencing in 2007 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 most recently published and available to the public on each Adjustment Date.

(iii) The term "CPI Increase" shall mean the percentage increase in the "Consumer Price Index" (as defined below) during the preceding Annual Period or other specified period of time prior to an Adjustment Date. To determine the CPI Increase for each Annual Period or other specified period, 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).

(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) published by the United States Department of Labor, Bureau of Labor Statistics. In the event the Consumer Price Index is changed so that the base year differs from that used for the Prior Index, the Consumer Price Index or the Prior Index, as applicable, 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 Consumer Price 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.

(v) The term "Fair Market Rent" shall mean the fair market rent for the Leased Premises, determined in accordance with the procedures set forth in Section 3.1.3.3, assuming: (a) the use of the Leased Premises is the highest and best use permitted by applicable general plan and zoning ordinances of the City of Burbank in effect as of the date of determination of Fair Market Rent; (b) the Leased Premises are unimproved, except for any Existing Improvements as of the Commencement Date and not demolished thereafter and any Improvements made or paid for by Landlord or Tenant; (c) the Leased Premises are unencumbered by this Lease; (d) FAA or TSA safety standards which affect development of the Leased Premises by establishing building restriction lines and height limitations or other restrictions on development, as in effect as of the date of determination of Fair Market Rent, are applicable; (e) any Landlord policies regarding development of comparable real property at the Airport in effect as of the date of determination of Fair Market Rent are applicable; and (f) the market areas for determining comparable values shall be the Southern California commercial and industrial market areas that are in proximity to the Airport.

(vi) The term "Market Rate Annual Base Rent" shall mean the higher of (a) the Annual Base Rent payable during the immediately preceding Annual Period or applicable twelve (12) month period, increased by an amount equal to the product of one hundred twenty percent (120%) of the CPI Increase for the immediately preceding Annual Period multiplied by the Annual Base Rent payable during the immediately preceding Annual Period or applicable twelve (12) month period, or (b) the "Fair Market Rent."

(vii) The term "Prior Index" shall mean the Consumer Price Index used as the Adjustment Index on the prior Adjustment Date or other specified date prior to an Adjustment Date (or in the case of the first adjustment, the Consumer Price Index most recently published prior to the Rent Commencement Date).

3.1.3.2 Adjustments.

(i) On the Adjustment Date that occurs in 2007, the Annual Base Rent shall be adjusted to the Fair Market Rent as defined in Section 3.1.3(v) and as determined in accordance with the procedures set forth in Section 3.1.3.3(i)-(iii).

(ii) On each Adjustment Date that occurs after 2007, except the Adjustment Dates occurring in 2012, 2017, 2022 and 2027, the Annual Base Rent for the Annual Period, or applicable twelve (12) calendar month period, that commences on said Adjustment Date shall be increased by an amount equal to the product of one hundred twenty percent (120%) of the CPI Increase for the immediately preceding Annual Period multiplied by the Annual Base Rent payable during the immediately preceding Annual Period or applicable twelve (12) month period.

(iii) On each Adjustment Date, that occurs in 2012, 2017, 2022 and 2027, the Annual Base Rent shall be increased to the Market Rate Annual Base Rent (as described in Section 3.1.3.3(iv)).

3.1.3.3 Procedures for Determining Fair Market Rent and Market Rate Annual Base Rent.

(i) During the first sixty (60) days of the one hundred eighty (180) day period preceding the beginning date of each Annual Period for which the Annual Base Rent is to be increased to the Market Rate Annual Base Rent under Section 3.1.3.2(ii), Landlord and Tenant shall attempt to agree, in good faith, upon the amount of the Fair Market Rent and, if they are able to agree, they shall determine the Market Rate Annual Base Rent as provided in Section 3.1.3.3(iv).

(ii) If Landlord and Tenant are unable to agree upon the amount of the Fair Market Rent within such sixty (60) days, then during the next thirty (30) days of the one hundred eighty (180) day period, Landlord and Tenant shall each select an appraiser, who shall be an independent real property appraiser having at least ten (10) years experience in the appraisal of commercial and industrial real property in Southern California and who shall be a member of a professional organization such as the American Institute of Appraisers or the Society of Industrial Real Estate Appraisers or their professional equivalent (a

"Qualified Appraiser"). The two (2) designated Qualified Appraisers shall designate a third Qualified Appraiser within fifteen (15) days of the later of their respective designations. If either Landlord or Tenant shall fail to designate timely a Qualified Appraiser, then the Qualified Appraiser designated by the other shall act as a single Qualified Appraiser. Landlord and Tenant may shorten or extend any of the time periods described in this Section 3.1.3.3(ii) by mutual written consent.

(iii) Within thirty (30) days after the designation of either a single Qualified Appraiser or of the third Qualified Appraiser pursuant to Section 3.1.3.3(ii), the three (3) Qualified Appraisers or the single Qualified Appraiser, as applicable, shall each make a determination in writing of the Fair Market Rent. If three Qualified Appraisers have been designated, the Fair Market Rent shall be the arithmetic average of the two (2) out of three (3) determinations of Fair Market Rent that are closest in amount, and the remaining determination shall be disregarded. If the high and low determinations of Fair Market Rent are equidistant in amount from the middle appraisal, the amount of the middle appraisal shall be the Fair Market Rent.

(iv) Upon determination of the Fair Market Rent either by Landlord and Tenant or by the Qualified Appraisers, the Fair Market Rent so determined shall be compared to the amount of the Annual Base Rent payable during the immediately preceding Annual Period, increased by an amount equal to the product of one hundred twenty percent (120%) of the CPI Increase for the immediately preceding Annual Period multiplied by the Annual Base Rent payable during the immediately preceding Annual Period, and the higher amount shall be the Market Rate Annual Base Rent for the Annual Period under consideration, subject to future adjustments as provided in Section 3.1.3.2. Landlord shall give written notice to Tenant of the Market Rate Annual Base Rent.

3.1.4 Effect of Failure to Give Adjustment Notice. In the event that Landlord fails to give notice to Tenant of any adjustment in the Annual Base Rent hereunder, including notices based upon annual CPI Increases or Rent Determination Notices, Tenant shall continue to pay the Annual Base Rent due prior to the applicable Adjustment Date until such time as Landlord gives notice of adjustment of the Annual Base Rent. Upon receipt of Landlord's notice of adjustment, Tenant shall pay immediately to Landlord all amounts that would have been payable by Tenant had Landlord given timely notice.

3.2 Taxes.

3.2.1 Possessory Interest and Other Taxes. 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. In this regard, 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 of making such payment.

3.2.2 Personal Property Taxes. 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.

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 and absolute discretion of Landlord, Landlord determines that the nonpayment of such Taxes may 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 pay 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. 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 Other Charges.

3.4.1 Obligation to Pay. Tenant shall pay, as additional rent, "Tenant's Share" (as defined in Section 3.4.6) of the costs and expenses incurred by Landlord described in this Section 3.4

3.4.2 Security Services. Landlord is not obligated to Tenant to furnish any fire fighting services or security services to the Leased Premises, Common Use Facilities or other areas of the Airport. Tenant acknowledges that the Leased Premises, Common Use Facilities and other areas of the Airport are within the municipal service areas of the City of Burbank and/or the City of Los Angeles. Tenant shall provide such security services as may be reasonably required by Landlord to protect the Leased Premises against fire, theft, vandalism, malicious mischief, and unauthorized use or entry of the Leased Premises. In the event that the Leased Premises comprise less than an entire building, or if for any other reason security services of the type required herein are impracticable or impossible for Tenant to obtain, Landlord may provide such security services. It is agreed that if Landlord provides such services, Tenant shall be charged Tenant's Share of the total cost of providing any or all such security services for the Leased Premises and other leased premises occupied by tenants to whom such services are provided by Landlord.

3.4.3 Trash Removal. Tenant shall comply with all written instructions of Landlord in disposing of Tenant's trash and refuse. Tenant shall dispose of its refuse at its sole expense; provided, however, that if such disposal services are impracticable or impossible for Tenant to obtain, Landlord may provide such disposal services. It is hereby agreed that if Landlord provides such services, Tenant shall be charged Tenant's Share of the total cost of providing any or all such trash and refuse services for the Leased Premises and other leased premises occupied by tenants to whom such services are provided by Landlord.

3.4.4 Insurance Cost Reimbursement. Except to the extent that insurance is provided by Tenant pursuant to Section 7.3.1, Tenant shall reimburse Landlord, as additional rent, for all costs incurred by Landlord for insurance against loss arising out of physical damage or destruction to the structure of which the Leased Premises are a part written on an "All Risk Property" form, including earthquake and flood hazards, for the full replacement cost of the structures and other Improvements located upon the Leased Premises, including any Existing Improvements and all New Improvements, including demolition costs and application of building laws coverage, and for Tenant's Share of all other reasonable insurance costs applicable to or incurred by Landlord in connection with the Leased Premises.

3.4.5 Manner of Payment. In the event Landlord pays or incurs any amount reimbursable to Landlord under this Section 3.4 or under any other section of this Lease, Tenant shall reimburse Landlord for such charge, as additional rent hereunder, within thirty (30) days after Landlord gives to Tenant an appropriate invoice therefor.

3.4.6 Tenant's Share. "Tenant's Share" of the costs of services and Common Area expenses provided and paid by Landlord shall be a fraction, the numerator of which is the square footage of the Leased Premises and the denominator of which is the square footage of the total leased premises occupied by tenants to whom such services are provided by Landlord.

3.5 Net Lease. Tenant shall be responsible for all costs attributable to the Leased Premises and Tenant's use or occupancy thereof, notwithstanding any other provision hereof. 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 so long as Tenant reserves on its financial records the disputed amount 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 a statutory bond sufficient 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.

3.6 Interest on Past Due Payments. Any amount due from Tenant pursuant to this Section 3 or any other provision of this Lease which is not paid within ten (10) days of when due shall bear interest from the due date until paid at a rate equal to five percent (5%) 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.

3.7 Financial Information. Within one hundred twenty (120) days following the end of each fiscal year of Tenant, Tenant shall furnish to Landlord the ending balance sheet and statement of profit and loss and statement of changes in financial position for such fiscal year for Tenant, including the opinion of an independent auditor. Within ten (10) days following a written request by Landlord, Tenant shall furnish to Landlord such additional financial information concerning Tenant's obligations under this Lease as Landlord may reasonably request and in such detail as Landlord may reasonably request.

3.8 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.

3.9 No Abatement of Rent or Fees. Notwithstanding any present or future Law to the contrary, Tenant acknowledges and agrees that, except as provided in Sections 2.2, 2.5, 7.2.5, 8.1, 8.2, 8.3, 10.1 or 10.2, (i) this Lease shall not be terminable for any reason by Tenant, and (ii) Tenant shall not be entitled to any abatement of or reduction in rent payable under this Lease.

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 2.5.

4.1.2 Authorized Use of Leased Premises. Tenant shall use the portion of the Leased Premises constituting hangar space exclusively throughout the Lease term for an aviation hangar for the storage of general aviation aircraft and for no other use except as provided in Sections 4.1.3, 4.1.4 and 4.1.5 ("Permitted Hangar Use"). Tenant shall use the portion of the Leased Premises constituting office space exclusively throughout the Lease Term for office purposes that are related to the storing or servicing of general aviation aircraft in the hangar space and for no other use ("Permitted Office Use"). Tenant shall use the portion of the Leased Premises constituting ramp area exclusively throughout the Lease term for aircraft parking and storage purposes and for no other use ("Permitted Ramp Use"). The Permitted Hangar Use, the Permitted Office Use and the Permitted Ramp Use are sometimes collectively referred to herein as the "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 within the Leased Premises, except that aircraft may be serviced, maintained or repaired under the following conditions: (i) such service, maintenance and repair is specifically authorized by FAA regulations and performed by duly authorized personnel or contractors; (ii) such service, maintenance and repair is done in compliance with all applicable fire, building and safety, environmental and other Laws; and (iii) such service, maintenance and repair is conducted in accordance with Landlord's adopted standards for aeronautical uses. Under no circumstances shall any fueling of aircraft or other fueling activities be performed or permitted inside the hangar buildings.

4.1.4 Other Permitted Storage. Tenant may store within the hangar building or buildings that are or will be part of the Leased Premises aircraft components, equipment, parts, bulk liquids, scrap lumber, metal, machinery or other materials related to the storage of its aircraft; provided, however, that such storage must be in compliance with all Laws, including the Environmental Laws, unless otherwise approved by Landlord. No storage may be done on any apron, ramp or taxiway, without prior written approval of Landlord.

4.1.5 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 unless such equipment and materials are kept within the fully enclosed hangar building portion of the Leased Premises.

4.1.6 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 of posting of the property or service of Tenant with 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, permittees, invitees, permitted subtenants and Temporary Licensees, 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 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 Landlord 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"). Tenant shall incorporate the Noise Abatement Rules into all of its Permitted Subleases (as defined in Section 9.2.1) and Temporary License Agreements and shall enforce the Noise Abatement Rules against its permitted subtenants and Temporary Licensees. Landlord shall give written notice to Tenant of any violation of the Noise Abatement Rules by Tenant or any permitted subtenant or Temporary Licensee which comes to Landlord's attention and, upon receipt of a written notice from Landlord of any violation of the Noise Abatement Rules by a permitted subtenant or Temporary Licensee, Tenant shall promptly provide a notice of default to the permitted subtenant or Temporary Licensee (with a copy to Landlord). If the permitted subtenant or Temporary Licensee again violates the Noise Abatement Rules within ninety (90) days of the initial notice from Landlord, or if a permitted subtenant or Temporary Licensee violates the Noise Abatement Rules four (4) times within any twelve (12) month period, upon being notified in writing by Landlord of the occurrence of such repeated violation(s), Tenant shall institute appropriate legal proceedings to terminate the permitted subtenant's Permitted Sublease Agreement or Temporary Licensee's Temporary License Agreement and to evict the permitted subtenant or Temporary Licensee from the Leased Premises.

4.3.4 Licenses, Permits; Compliance With Laws. Tenant, at Tenant's own cost and expense, shall and shall cause its permitted subtenants and Temporary Licensees to obtain and 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, Tenant's permitted subtenants and Temporary Licensees' operations, 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 or the TSA. Tenant shall comply, and Tenant shall cause its permitted subtenants and Temporary Licensees 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, Tenant's permitted subtenants and Temporary Licensees' operations, the Leased Premises and New Improvements or any other areas of the Airport (collectively, "Laws"). Tenant shall incorporate the provisions of this Section into all of its Permitted Subleases and Temporary License Agreements and shall enforce the provisions of this Section against its permitted subtenants and Temporary Licensees. Landlord shall give written notice to Tenant of any violation of Laws by Tenant or any permitted subtenant or Temporary Licensee that comes to Landlord's attention and, upon receipt of a written notice from Landlord of any violation of the Laws by a permitted subtenant or Temporary Licensee, Tenant shall promptly provide a notice of default to the permitted subtenant or Temporary Licensee (with a copy to Landlord). If Tenant has knowledge that a permitted subtenant or Temporary Licensee violates any of the Laws two (2) times within any ninety (90) day period or four (4) times within any twelve (12) month period, Tenant shall institute appropriate legal proceedings to terminate the permitted subtenant's Permitted Sublease or Temporary Licensee's Temporary License Agreement and to remove the permitted subtenant or Temporary Licensee from the Leased Premises and shall give written notice to Landlord of such violations and the institution of such proceedings.

4.4 Manner of Use. Tenant shall not use nor permit any person subject to the direction or control of Tenant to use 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 nor permit any person subject to the direction or control of Tenant to do 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 nor permit any person subject to the direction or control of Tenant to do 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 nor permit any person subject to the direction or control of Tenant to do anything that 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 Leased Premises 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 in the interior of the Leased Premises that is visible from the outside of the Leased Premises shall be permitted. All signs located in the interior of the Leased Premises shall be in good taste so as not to detract from the general appearance of the Improvements. 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.

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 or Temporary Licensees, 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, tenants 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 4.12.11 and 4.13.

4.12.11 Security Checks. Tenant shall comply with 49CFR1542 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 Transportation Security Administration ("TSA") and Landlord as may be requested from time to time.

4.13 Airport Security.

4.13.1 Security Requirements. Part X of Landlord's Airport Security Program, as the same may be modified or supplemented from time to time by Landlord or its staff in its sole and absolute discretion ("Security Requirements"), are an integral part of this Lease and are hereby incorporated herein by this reference.

4.13.2 Security Program. Prior to the Lease Commencement Date, Tenant shall enter into a Tenant Security Plan with Landlord, as required by Part X, Section 2 of the Security Requirements, which shall be supplemented to include provisions applicable to persons and equipment used in the construction and installation of the Required New Improvements.

4.13.3 Violations by Permitted Subtenants or Temporary Licensees. Tenant shall incorporate the Security Requirements into all of its Permitted Subleases and Temporary License Agreements and shall provide in its Permitted Sublease Agreements and Temporary License Agreements that any violation of the Security Requirements by a permitted subtenant or Temporary Licensee or anyone subject to the control of the permitted subtenant or Temporary Licensee shall constitute a default as a result of which the Permitted Sublease Agreement or Temporary License Agreement may be terminated. Tenant shall enforce the Security Requirements against its permitted subtenants and Temporary Licensees and other persons entering upon and using the Leased Premises. Tenant shall pay or cause the permitted subtenant or Temporary Licensee violating the Security Requirements to pay any fine or penalty imposed by the TSA as a result of such violation and any monetary assessment or charge levied by Landlord pursuant to Landlord's Rules and Regulations. Landlord shall give written notice to Tenant of any violation of the Security Requirements by Tenant or any permitted subtenant or Temporary Licensee that comes to Landlord's attention and, upon receipt of a written notice from Landlord of any violation of the Security Requirements by a permitted subtenant or Temporary Licensee, Tenant shall promptly provide a notice of default to the permitted subtenant or Temporary Licensee (with a copy to Landlord). If a permitted subtenant or Temporary Licensee violates any of the Security Requirements two (2) times within any twelve (12) month period, Tenant shall institute appropriate legal proceedings to terminate the permitted subtenant's Permitted Sublease Agreement or Temporary Licensee's Temporary License Agreement and to remove the permitted subtenant or Temporary Licensee from the Leased Premises.

4.13.4 Violations by Tenant or Others. Upon receipt of any written notice from Landlord of a violation of the Security Requirements by Tenant or any assignee or subtenant 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.

4.13.5 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 Airport 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, of whatever kind or nature, known or unknown, foreseen or unforeseen, fixed or contingent, 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 and Temporary Licensees 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.

5. MAINTENANCE AND REPAIRS.

5.1 Tenant's Obligations. Tenant, at Tenant's sole expense, 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 (whether or not such part of the Leased Premises requiring maintenance, repair or replacement, or the means of maintaining, repairing or replacing the same, are reasonably or readily accessible to Tenant, and whether or not the need for such maintenance, repair or replacement occurs as a result of Tenant's use, any prior use, the elements or the age of such part of the Leased Premises), including, without limiting the generality of the foregoing: (a) fixtures, hangar doors and interior and exterior structural components, walls and surfaces; (b) foundations, roof, ceilings, office partitions walls, windows, doors, plate glass, showcases, skylights, entrances and vestibules located within the Leased Premises; and (c) all sprinkler systems, plumbing, sewers, drainage devices, heating, air conditioning and electrical facilities and equipment within the Leased Premises. Tenant shall paint the interior and exterior surfaces of exterior walls and wash all interior and exterior windows as often as Landlord reasonably requires to keep the Leased Premises neat and attractive. 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. Landlord shall not be liable to any

Tenant or to Tenant's owners, shareholders, partners, members, directors, officers, employees, agents, representatives, contractors and 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 Landlord determines that 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 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, 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. Unless Landlord is required to perform the repair under applicable Law or by any governmental or quasi-governmental authority, 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. 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 now or hereafter in effect which are contrary to the obligations of Tenant under this Lease or which place obligations upon Landlord. 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) except as provided in 6.1.2, demolish any Existing Improvements, (ii) construct or install any Improvements or (iii) except as provided in Sections 6.1.2 and 6.2, 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. Except as otherwise set forth in Section 6.1.3, 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, including any determination of whether New Improvements are "Approved New Improvements" under Section 6.1.5, 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 Landlord or its delegatee pursuant to Section 6.1.5. Landlord agrees to promptly consider and act upon any of Tenant's requests for Landlord's Approval.

6.1.2 Demolition of Existing Improvements. Provided that no uncured Event of Default then exists, Tenant shall have the right to demolish and remove the Existing Improvements located upon the Leased Premises concurrently with the commencement of construction and installation of Required New Improvements pursuant to Section 6.2. Demolition of Existing Improvements shall be in accordance with a

demolition and replacement construction plan or plans submitted to and reasonably approved by Landlord in the manner and subject to the conditions of approval set forth in this Section 6.1. Demolition of Existing Improvements shall not be permitted, unless the Existing Improvements are being replaced with Required New Improvements, without the prior written consent of Landlord, which Landlord may give or withhold in its absolute discretion. All work of demolition permitted hereunder shall constitute "Approved New Improvements" (as defined in Section 6.1.5) and shall be subject to all provisions of this Lease applicable to Approved New Improvements.

6.1.3 Cosmetic Alterations. Landlord shall not unreasonably withhold its consent to any interior New Improvements that do not affect the roof or load bearing walls (collectively, "Cosmetic Alterations"), provided that any signage or graphic materials constituting Cosmetic Alterations shall not be visible from outside the Leased Premises. Landlord shall not impose any aesthetic condition or condition listed in Section 6.1.6 upon any approval of a Cosmetic Alteration.

6.1.4 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; provided that, except as provided in Section 6.1.7, Tenant and its contractor shall not be required to take out and maintain a material and labor bond in connection with the Required New Improvements. If there is any conflict between the policy on tenant improvements and the provisions of this Lease, the provisions of this Lease shall apply.

6.1.5 Approved New Improvements. If the New Improvements proposed to be made by Tenant are Required New Improvements or otherwise add to, enlarge or replace Existing Improvements, upon Landlord's Approval, the New Improvements shall be "Approved New Improvements" hereunder. New Improvements made for the purpose of maintenance or repair of Existing Improvements and New Improvements paid for with the proceeds of insurance, condemnation awards or recoveries of damages shall not be eligible to be Approved New Improvements; however, any New Improvements paid for partially by proceeds of insurance, condemnation awards or recoveries of damages and partially by Tenant's funds shall be Approved New Improvements to the extent of the portion paid for by Tenant's funds, except that New Improvements required to be paid for with Tenant's funds as a result of Tenant's failure to maintain insurance required to be maintained by Tenant pursuant to Section 7 shall not be eligible to be Approved New Improvements. At the time Tenant requests Landlord's Approval of any New Improvements, Tenant shall specify whether the New Improvements or some eligible portion thereof are intended to be Approved New Improvements, failing which the New Improvements shall not be eligible to be Approved New Improvements. In the event that Landlord disagrees with Tenant's specification of any New Improvements as Approved New Improvements, Landlord shall notify Tenant in writing of its disagreement and shall state the reasons therefor. Tenant shall have the right to respond in writing to Landlord's notice and statement of reasons; however, after

considering any response by Tenant, Landlord's determination of whether any New Improvements are Approved New Improvements shall be final and binding.

6.1.6 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 five percent (5%) of the total estimated cost of all New Improvements, not to exceed One Thousand Dollars (\$1,000), 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 three (3) working 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.

6.1.7 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; (iv) the means or methods used in the construction or installation of the New Improvements; (v) the design and the drawings, plans and specifications for the New Improvements; and (vi) in connection with the Reimbursable Improvements, security for the payment and performance of the construction and installation of the New Improvements, including payment and performance bonds and/or letters of credit.

6.1.8 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.

6.1.9 Additional Requirements. Prior to the commencement of any New Improvements, Tenant shall (i) provide Landlord with a copy of the construction contract, construction schedule, trade payment breakdown and list of subcontractors and suppliers for Landlord's prior written approval; (ii) furnish to Landlord a copy of all demolition and building permits; (iii) provide Landlord with ten

(10) days' written notice prior to commencing any work; and (iv) require any contractor used by Tenant carry a comprehensive liability insurance policy, on a "per-occurrence basis", covering bodily injury in the amounts of Two Million Dollars (\$2,000,000) for death or injury to any one person, Five Million Dollars (\$5,000,000) for the death or injury to more than one person, and One Million Dollars (\$1,000,000) for property damage.

6.1.10 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, including any changes permitted under Section 6.1.6, 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.

6.1.11 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, any other areas of the Airport, Tenant, at Tenant's expense, within ten (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.

6.1.12 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 and, if the New Improvements are eligible to be Approved New Improvements, within one hundred twenty (120) days following the completion of the New Improvements, Tenant shall furnish to Landlord a statement certified as accurate by Tenant of the actual direct out-of-pocket cost of the New Improvements, which may include architectural and engineering fees, permit fees,

capitalized construction period interest and loan fees, and other "soft costs" reasonably approved by Landlord, together with any reasonable supporting documentation required by Landlord sufficient to verify such cost. Failure by Tenant to notify Landlord in writing of the cost of any such New Improvements within one hundred twenty (120) days after completion shall constitute Tenant's irrevocable waiver of any future right to receive payment of the Unamortized Cost of Approved New Improvements for such New Improvements and Landlord shall have no obligation or liability to make any payment to Tenant therefor under Section 2.4.2. Tenant shall not include in the cost of New Improvements any cost paid or reimbursed from the proceeds of insurance, condemnation awards or damages recovered from any party, or any settlement related thereto.

6.2 Required New Improvements.

6.2.1 Description of Required New Improvements

6.2.1.1 Improvements to Leased Premises. Tenant shall construct and install upon the Leased Premises all of the Improvements described in Exhibit E attached hereto, to be comparable in quality and appearance with the other facilities in the general location of the Leased Premises, at a minimum aggregate demolition and construction cost of Five Million and 00/100 Dollars (\$5,000,000.00) (the "Required New Improvements"). In the event that the aggregate demolition and construction cost of the Required New Improvements constructed and installed by Tenant is less than Five Million and 00/100 Dollars (\$5,000,000.00), as shown in the certified statement of cost provided by Tenant pursuant to Section 6.1.12, Tenant shall pay to Landlord, concurrently with delivery of such certified statement, the difference between the actual cost of the Required New Improvements and Five Million and 00/100 Dollars (\$5,000,000.00), which shall constitute additional rent hereunder.

6.2.1.2 Approval of Budget and Plans and Specifications. Tenant shall prepare and submit to Landlord detailed preliminary construction plans and specifications for the Required New Improvements, which Landlord shall have the right to review and approve as provided in Section 6.1. When approved by Landlord, Landlord shall, upon written request of Tenant, execute and deliver a Certificate of Approval covering the Required New Improvements as shown in those preliminary plans and specifications, including any demolition of Existing Improvements. Any changes in the preliminary construction plans and specifications made by Tenant or required by the City of Burbank shall be subject to Landlord's review and approval as and to the extent provided in Section 6.1. All demolition and construction work shall be performed by a licensed general contractor reasonably acceptable to Landlord under one or more demolition and construction contracts. The Required New Improvements shall be approved, constructed and installed in accordance with and subject to all of the provisions of this Lease relating to Approved New Improvements and, upon completion by Tenant and compliance with the provisions of Section 6.1, the Required New Improvements described in Section 6.2.1.1 shall be Approved New Improvements.

6.2.2 Milestone Schedule. Tenant shall comply with the milestone schedule for construction and completion of the Required New Improvements, as described in Sections 6.2.2.1, 6.2.2.2 and 6.2.2.3 ("Project Milestones"). Tenant's failure to perform timely any of the Project Milestones shall constitute an Event of Default under Section 12.1.10.

6.2.2.1 Landlord Approval. On or before ninety (90) days after the Lease Commencement Date, Tenant shall prepare fully detailed final construction plans and specifications for the Required New Improvements and shall submit to and obtain Landlord's Approval thereof as provided in Section 6.1.

6.2.2.2 Permits, Evidence of Financing and Commencement of Construction. On or before ninety (90) days after the Lease Commencement Date, Tenant (i) shall apply for all land use entitlements, building permits and other required permits, licenses or approvals from any municipality or other government agency having jurisdiction over the Required New Improvements necessary to commence construction of the Required New Improvements, (ii) shall provide evidence of unrestricted funds available for construction of the Required New Improvements, which may be in the form of a certificate of the chief financial officer of Tenant confirming the availability of such funds, and (iii) shall, subject to its receipt of any necessary permits, commence demolition of Existing Improvements and construction of the Required New Improvements.

6.2.2.3 Completion of Construction. On or before the expiration of the Initial Term, Tenant shall complete the construction and installation of all of the Required New Improvements without material deviation from the approved plans and specifications, including any approved changes, and in compliance with the requirements of Section 6.1. Completion of construction shall be evidenced either by (i) a certificate of occupancy, signed-off building permits or other authorization issued by the City of Burbank permitting the lawful use and occupancy of the Leased Premises and Required New Improvements, or (ii) a written notice of completion delivered by Tenant to Landlord on or before the expiration of the Initial Term, accompanied by the written verification of completion of construction by Landlord's Executive Director or by an architect or engineer designated by Landlord to review and verify completion of such construction.

6.3 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 Premises; 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.

6.4 Indemnity. Tenant shall defend, indemnify and hold harmless the 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.

6.5 Landlord's Property. Except for personal property and trade fixtures of Tenant not permanently affixed, and subject to the terms of Section 2.3, upon the expiration or earlier termination of this Lease, all New Improvements made by or on behalf of Tenant pursuant to this Section 6, shall be removed by Tenant, at its sole cost and expense, at or prior to the expiration or immediately following termination 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 become Landlord's property and shall be surrendered with the Leased Premises.

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 addition, Landlord, at Landlord's election, exercised by delivery to Tenant of written notice thereof, shall have the right to maintain some or all of the Required Insurance, provided that (i) Landlord reserves the same right in all new or renewal leases for hangar tenants at the Airport, and (ii) the cost to Tenant of insurance maintained by Landlord does not exceed the cost of such insurance provided by Tenant. In the event Landlord elects to maintain some or all of the Required Insurance, either because of Tenant's failure to provide Required Insurance or Landlord's election to provide some or all of the Required Insurance, Tenant shall pay to Landlord, as additional rent hereunder, its proportionate share of the premiums for all Required Insurance maintained 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, all written on an occurrence basis in an amount not less than Twenty-Five Million Dollars (\$25,000,000) combined single limit for bodily injury and property damage each occurrence and each aircraft, and, with respect to products and completed operations liability, in the annual aggregate, and, with respect to personal injury, not less than Twenty-Five Million Dollars (\$25,000,000) each occurrence and in the annual aggregate.

7.2.2 Aircraft Liability Insurance. Aircraft liability insurance, 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.

7.2.3 Automobile Liability Insurance. Automobile liability insurance covering all owned, non-owned and hired vehicles written on an occurrence basis in an amount not less than Five Million Dollars (\$5,000,000) combined single limit for each occurrence for bodily injury, death and property damage.

7.2.4 Workers' Compensation and Employer's Liability Insurance. Workers' compensation insurance written in accordance with California statutory limits and employer's liability insurance in amounts not less than the following:

Bodily injury by accident - \$5,000,000 - each accident

Bodily injury by disease - \$5,000,000 - policy limit

Bodily injury by disease - \$5,000,000 - each employee

7.2.5 War Risk and Terrorism Coverage. None of the Required Insurance described in this Section 7.2 shall contain or be subject to a war risk or terrorism exclusion or to a war risk or terrorism sublimit that is lower than the amount of such Required Insurance. If, despite making commercially reasonable efforts to do so, Tenant is unable to obtain any of the Required Insurance without a war risk or terrorism exclusion or lower sublimit of coverage, and Landlord has not elected to provide such Required Insurance pursuant to Section 7.1, either Landlord or Tenant shall have the right to terminate this Lease upon written notice to the other effective as of the date that war risk or terrorism coverage is no longer available to Tenant or a lower sublimit for war risk or terrorism coverage is imposed.

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 Improvements, Fixtures and Equipment. All risk of direct physical loss or damage property insurance included within the classification "All Risk Property (Special Form)," including earthquake and flood hazards, demolition costs and application of building laws coverage, covering the full replacement cost of: (i) the Existing Improvements and any New 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; and (iii) all plate glass located in or on the Leased Premises. 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 Existing Improvements and New Improvements made by Tenant. In the event that Tenant fails or is unable to provide the insurance required by this Section 7.3.1, Tenant shall reimburse Landlord, as additional rent, for all costs incurred by Landlord for obtaining such.

7.3.2 Aircraft Hull Insurance. Tenant shall, at all times and at its sole cost and expense, maintain or cause to be maintained 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 Intentionally Omitted.

7.5 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 hangar and fixed base operator tenants at the Airport.

7.6 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. Within ten (10) days after the acceptance of this Lease by Landlord, Tenant shall deliver to Landlord certificates of insurance issued by the insurance companies and evidencing that all Required Insurance has been obtained and is being maintained by Tenant, together with copies of endorsements (i) requiring the insurers to give to Landlord at least thirty (30) days' prior written notice 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, and (iii) with respect to the property insurance (other than aircraft hull insurance) naming Landlord as a loss payee. The failure of Tenant to provide said certificates of insurance, together with said endorsements, 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. Each policy deductible or self-insured retention shall not exceed Twenty Five Thousand dollars (\$25,000).

7.7 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.

7.8 Waivers of Subrogation Rights. All policies of Required Insurance, except workers' compensation insurance, shall include, or be endorsed to provide, a waiver by the insurers of any rights of subrogation that the insurers may have at any time against any Landlord Insured Party.

7.9 Permitted Subtenant and Temporary Licensee Policies. Each Permitted Sublease Agreement and Temporary License Agreement shall include provisions for the benefit of Landlord and Tenant (i) requiring each permitted subtenant and Temporary Licensee that owns, leases, stores or maintains aircraft to obtain and maintain aircraft premises liability and physical damage and liability insurance meeting coverage and other requirements established by Tenant and reasonably approved by Landlord, (ii) requiring all Landlord Insured Parties and Tenant to be included as additional insureds under all liability policies required to be maintained by the permitted subtenant and Temporary Licensee ; (iii) waiving any claims against each Landlord Insured Party as a result of any loss or damage to aircraft owned, leased, stored or maintained by the permitted subtenant and Temporary Licensee; and (iv) requiring the permitted subtenant and Temporary Licensee to obtain from each insurer of each aircraft owned, leased, stored or maintained by the permitted subtenant and Temporary Licensee a waiver of such insurer's rights of subrogation as to claims or causes of action against all Landlord Insured Parties.

7.10 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 the breach of this Lease by, or any negligent act or omission or willful misconduct of, any Tenant Party with respect to (i) the use or occupancy of the Leased Premises, the Common Use Facilities or any other areas of the Airport, (ii) the conduct of Tenant's business, or (iii) 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 that arises out of, results from or relates to the gross negligence, willful misconduct or material breach of this Lease by the Landlord Parties.

7.11 Exculpation of Landlord from Liability. Tenant, on behalf of itself and the Tenant Parties, hereby waives any and all Claims (as defined in Section 20.16.1) 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 20.16.5) 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, temporary 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 the Landlord Parties.

8. DAMAGE AND DESTRUCTION.

8.1 Insured Damage. Subject to Section 8.3, in the event all or any part of the Leased Premises or any New Improvements are destroyed or damaged and (i) the estimated cost of repair of such destruction or damage does not exceed an amount equal to one hundred twenty five percent (125%) of the insurance proceeds payable on account of the destruction or damage pursuant to the terms of applicable insurance policies carried either by Landlord or Tenant, and (ii) such repair can, in Landlord's reasonable opinion, be made within one (1) year after the occurrence of such destruction or damage, Tenant shall promptly repair such destruction or damage, and this Lease shall continue in full force and effect, except that the Annual Base Rent and other charges payable as rent under this Lease for any portion of the Leased Premises that is rendered unusable by Tenant shall be abated until the date that the repairs are completed and such portion of the Leased Premises is usable by Tenant.

8.2 Long Term or Uninsured or Underinsured Damage. Subject to Section 8.3, in the event all or any part of the Leased Premises or any New Improvements are destroyed or damaged and (i) the repair thereof cannot, in Landlord's good faith opinion, be made within one (1) year after the occurrence of such damage, or (ii) the estimated

cost of repair of damage exceeds an amount equal to one-hundred twenty five percent (125%) of the insurance proceeds payable on account of the damage pursuant to the terms of applicable insurance policies carried either by Landlord or Tenant, Tenant shall have the right to terminate this Lease effective as of the date of such destruction or damage by delivering to Landlord written notice thereof within thirty (30) days following the occurrence of such destruction or damage. In the event of the occurrence of any destruction or damage described in clause (ii) above and Tenant's election to terminate this Lease, Landlord shall have the right, but not the obligation, to elect to pay the cost to repair said destruction or damage to the extent that the amount of said cost exceeds one hundred twenty five percent (125%) of the insurance proceeds payable on account of said damage under the terms of the applicable insurance policy, and this Lease shall continue in full force and effect, except that the Annual Base Rent and other charges payable as rent under this Lease for any portion of the Leased Premises that is not usable by Tenant for the purposes contemplated by this Lease shall be abated until the date that the repairs are completed and such portion of the Leased Premises is usable by Tenant. Landlord shall exercise its right to elect to pay the cost to repair said destruction or damage in excess of one hundred twenty five percent (125%) of the insurance proceeds by the delivery to Tenant of written notice thereof within thirty (30) days following the delivery to Landlord of Tenant's written notice of termination. In the event that Landlord elects to pay the excess costs as provided above, this Lease shall continue in full force and effect, and Landlord shall repair promptly said damage using the sum of the insurance proceeds available either to Tenant or Landlord and Landlord's funds, and Tenant shall reimburse Landlord the amount of the difference between 125% of the insurance proceeds and the insurance proceeds. In the event that Landlord does not elect to pay the excess costs as provided above, this Lease shall terminate and all insurance proceeds payable on account of damage to Approved New Improvements shall be paid to Tenant up to but not exceeding the amount payable to Tenant pursuant to Section 2.5 following an early termination of this Lease, and the balance of the insurance proceeds payable on account of damage to the Leased Premises shall be paid to Landlord. If Tenant does not deliver to Landlord written notice of the termination of this Lease within thirty (30) days following the occurrence of any destruction or damage described in clauses (i) or (ii) above, Tenant shall repair promptly said damage using insurance proceeds available either to Landlord or Tenant and Tenant shall provide any additional funds necessary to pay amounts in excess of available insurance proceeds for such repair, and this Lease shall continue in full force and effect, except that the Annual Base Rent and other charges payable as rent under this Lease for any portion of the Leased Premises that is not unusable by Tenant for the purposes contemplated by this Lease shall be abated until the date that the repairs are completed and such portion of the Leased Premises is usable by Tenant.

8.3 Damage Near End of Term. In the event all or any part of the Leased Premises are destroyed or damaged during the last twelve (12) months of the Initial or Extended Term of this Lease, Tenant may, at its option, cancel and terminate this Lease by giving written notice to Landlord of its election to do so within thirty (30) days after the date of occurrence of such damage, in which event all insurance proceeds payable with respect to the Leased Premises shall be paid to Tenant in an amount equal to the Unamortized Cost of Approved Tenant Improvements calculated as of the date of

destruction or damage, and the balance, if any, shall be paid to Landlord. In the event Tenant does not so elect to terminate this Lease, the repair of such damage shall be governed by Section 8.1 or Section 8.2, as the case may be.

8.4 Consequences of Damage or Destruction. Tenant shall have no claim against Landlord for any damage suffered by Tenant by reason of any such damage, destruction, repair or restoration of the Leased Premises or any aircraft or other property of Tenant, unless such damage suffered by Tenant is caused by Landlord's gross negligence, willful misconduct or material breach of this Lease, provided, however, in no event will Landlord ever be responsible for any consequential damage such as lost profits.

8.5 Cost of Repair. The good faith determination by Landlord of the estimated cost of repair of any damage, based upon bona fide estimates received from at least three (3) reputable general contractors, shall be conclusive for the purposes of this Section 8.

8.6 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 Premises. Under no circumstances shall Landlord have any obligation to repair or replace any damaged or destroyed portion of the Leased Premises, except as expressly provided in this Lease.

9. ASSIGNMENT, SUBLETTING AND ENCUMBRANCES.

9.1 Assignment, Subletting and Encumbrance Prohibited; Exception for Affiliate. Except as provided in Section 9.2, Tenant shall not voluntarily or by operation of Law assign, transfer, sublet 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 except as expressly provided herein. Any attempted assignment, transfer, subletting, 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. Notwithstanding the foregoing, Tenant may assign or transfer this Lease and Tenant's interest in the Leased Premises to any entity that controls, is controlled by or is under common control with Tenant, provided that Tenant shall remain liable under this Lease.

9.2 Subletting and Temporary License Agreements.

9.2.1 Subletting Permitted. Tenant shall have the right to enter into subleases of the Leased Premises upon the terms and subject to the conditions in this Section 9.2. All subleases complying with the provisions of this Section 9.2 shall be deemed "Permitted Subleases" hereunder and any purported subletting in violation of this Section shall be wholly void and shall be an Event of Default under Section 12.1.

9.2.2 Sublease Notice. At least thirty (30) days but no more than ninety (90) days prior to the date the proposed sublease is to be effective (the "Sublease Commencement Date"), Tenant shall give Landlord a written notice (the "Sublease Notice") setting forth: the name, address and business of the proposed subtenant, information on the nature of the business proposed to be conducted in the Leased Premises and the financial condition of the proposed subtenant, the Sublease Commencement Date, and the Subrent and other material terms of the proposed sublease. If Landlord reasonably requests additional detail or documentation, the Sublease Notice shall be deemed to be received as of the date Landlord receives the additional detail or documentation. Tenant shall pay to Landlord upon demand all reasonable costs (including attorneys' fees and expenses) incurred by Landlord in connection with Landlord's review of the Sublease Notice (not to exceed One Thousand Dollars (\$1,000)).

9.2.3 Landlord's Rights. Upon receipt of a Sublease Notice, Landlord shall have the option to: (i) consent to the proposed sublease, (ii) reject the proposed sublease on reasonable grounds, or (iii) in the case of a sublease of all or substantially all of the balance of the term, terminate this Lease, in Landlord's absolute discretion, as to that portion of the Leased Premises that Tenant proposes to sublet by providing Tenant written notice of such termination within twenty (20) days of Landlord's receipt of the Sublease Notice, in which case Tenant may, within ten (10) days of Tenant's receipt of Landlord's notice of termination, rescind Tenant's Sublease Notice. If Landlord fails to respond to a Sublease Notice within thirty (30) days, Tenant shall give Landlord a second Sublease Notice. If Landlord fails to respond to such second Sublease Notice within five (5) days of Landlord's receipt of such second Sublease Notice, then such failure shall constitute Landlord's consent to such sublease. The consent by Landlord to any sublease shall not be construed to relieve Tenant from

obtaining Landlord's written consent to any further sublease upon receipt of any other Sublease Notice.

9.2.4 Limit Upon Subrent. The Subrent or other economic terms of any Permitted Sublease for all or any portion of the Leased Premises may include an amount sufficient to reimburse Tenant for its actual administrative costs attributable to the Permitted Sublease, but in no event shall the Subrent or other economic terms of any Permitted Sublease exceed one hundred fifteen percent (115%) of the rent or other economic terms payable by Tenant under this Lease for the portion of the Leased Premises that is covered by the Permitted Sublease.

9.2.5 Non-Disturbance Agreements. In the event that any permitted subtenant requests that Landlord enter into a non-disturbance agreement with the subtenant, Landlord will not unreasonably withhold its consent to doing so provided that the form of non-disturbance agreement and the terms and provisions of the sublease and the credit and net worth of the subtenant shall be subject to Landlord's prior review and reasonable written approval, which approval shall be given or withheld by Landlord within thirty (30) days of receipt by Landlord of the non-disturbance agreement and Permitted Sublease to be approved and all information reasonably necessary to evaluate the credit and net worth of the subtenant. A non-disturbance agreement entered into between Landlord and a subtenant pursuant to this Section shall not apply to, and shall expressly exclude, any termination of this Lease by Landlord pursuant to Section 2.4.1.

9.2.6 Further Subletting Prohibited. Tenant shall include a provision in each Permitted Sublease prohibiting any sub-subleasing or assigning of the subtenant's subleasehold estate. Tenant covenants to use all reasonable efforts to enforce such prohibition, including commencing legal proceedings against any subtenant violating such prohibition and prosecuting diligently such proceedings to completion.

9.2.7 Continued Liability of Tenant. No permitted subletting shall relieve Tenant of its obligations to pay rent and to perform its other obligations hereunder. The acceptance of rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision of this Lease or a consent to any subletting.

9.2.8 Rent Payment upon Default of Tenant. Landlord may, at its option, send to the subtenant a Subrents Payment Notice pursuant to Section 12.2.3 of this Lease, accompanied by a copy of Section 12.2.3, 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 provided in Section 12.2.3, and that the subtenant is directed to make all payments of Subrents to Landlord, as attorney-in-fact of Tenant, or as Landlord shall otherwise direct. From and after receipt of a Subrents Payment Notice, the following provisions shall apply:

9.2.8.1 Payment of Subrents. Subtenant shall pay and deliver to Landlord, as attorney-in-fact of Tenant, all Subrents under the Permitted

Sublease and Landlord, acting on behalf of Tenant, shall collect, receive and apply the Subrents and shall be entitled to enforce the Permitted Sublease and any guaranties of the Permitted Sublease in order to collect, receive and apply all or any portion of the Subrents, all as provided in Section 12.2.3.

9.2.8.2 Duration. The Subrents Payment Notice shall remain in effect until the first to occur of: (i) the receipt by the subtenant of a subsequent notice from Landlord to the effect that the Event of Default giving rise to the Subrents Payment Notice has been cured or waived and the Subrents Payment Notice is rescinded; (ii) termination of this Lease by Landlord; (iii) the appointment of a receiver, in which event the subtenant shall thereafter make payments of Subrents and perform all obligations under the Permitted Sublease as may be directed by such receiver; or (iv) the issuance of an order of a court of competent jurisdiction otherwise directing the subtenant to pay Subrents or to perform Permitted Sublease obligations in a manner inconsistent with the Subrents Payment Notice.

9.2.8.3 Reliance. The subtenant shall be entitled to rely upon the Subrents Payment Notice from Landlord to establish Landlord's authority to act as attorney-in-fact of Tenant and the subtenant shall be protected with respect to any payment of Subrents made pursuant to the Subrents Payment Notice, irrespective of whether a dispute exists between Tenant and Landlord relating to the existence of an Event of Default or the authority of Landlord to act on behalf of Tenant. The subtenant shall not be required to investigate or determine the validity or accuracy of a Subrents Payment Notice, the validity or enforceability of the Power of Attorney, or the validity or enforceability of Section 12.2.3 or this Section 9.2.8.

9.2.8.4 No Assumption. The payment of Subrents to Landlord as attorney-in-fact of Tenant pursuant to this Section 9.2.8 and the performance of obligations under any Permitted Sublease in compliance with the provisions of this Section 9.2.8 shall not cause Landlord to assume or be bound by the provisions of any Permitted Sublease, including, but not limited to, the duty to return any security deposit to any subtenant. Nothing contained in this Section 9.2.8 shall operate or be construed to obligate Landlord to perform any of the terms, covenants and conditions contained in any Permitted Sublease or otherwise to impose any obligation upon Landlord with respect to any Permitted Sublease and this Section 9.2.8 shall not operate to place upon Landlord any responsibility for the operation, control, care, management, environmental remediation or repair of the Leased Premises and Improvements or any portion thereof, and all responsibility for the operation, control, care, management, environmental remediation and repair of the Leased Premises and Improvements is and shall be that of Tenant.

9.2.9 Termination of Lease. Upon the termination of this Lease for any reason, including termination by Landlord pursuant to Sections 2.4.1 or 9.2.3 or following the occurrence of an uncured Event of Default of Tenant (but, in the latter case, subject to the provisions of any non-disturbance agreement entered into by Landlord pursuant to Section 9.2.5), Landlord shall have the right, in its sole and absolute

discretion, exercisable upon written notice to the subtenant, either: (i) to elect not to terminate the Permitted Sublease upon termination of this Lease and, concurrently with termination of this Lease, to assume all of Tenant's rights and obligations under the Permitted Sublease, upon the terms and subject to the conditions set forth therein, including the right to receive all rent payable under the Permitted Sublease; or (ii) to elect to terminate the Permitted Sublease and the subtenant's right to use and occupy the portion of the Leased Premises covered by the Permitted Sublease concurrently with termination of this Lease and, in such event, the subtenant shall surrender the Leased Premises to Landlord as provided in Section 13 of this Lease, notwithstanding any provisions of the Permitted Sublease to the contrary.

9.2.9.1 Attornment. Upon termination of this Lease and the election by Landlord to assume all of Tenant's rights and obligations under a Permitted Sublease: (i) Landlord shall succeed to and shall have all of the rights of Tenant under the Permitted Sublease and shall be deemed to have assumed all of the obligations of Tenant under the Permitted Sublease, except as otherwise provided herein; (ii) the subtenant shall attorn to Landlord and shall perform all of the subtenant's obligations under the Permitted Sublease directly to Landlord as if Landlord were the sublessor under the Permitted Sublease, including, without limitation, the subtenant's obligation to pay rent; (iii) so long as the subtenant performs its obligations under the Permitted Sublease, Landlord shall continue to recognize the subtenant's rights and interests in the portion of the Leased Premises covered by the Permitted Sublease; (iv) the Permitted Sublease, including any provisions of this Lease incorporated by reference or assumed by subtenant under the Permitted Sublease, shall continue with the same force and effect as if Landlord and subtenant had entered into the Permitted Sublease directly, except as modified herein; and (v) Landlord shall not be (a) liable for any act or omission of Tenant or its employees, agents, representatives, contractors, licensees, permittees or invitees, or (b) subject to any offsets or defenses that the subtenant has against Tenant, or (c) bound by any prepaid rent, security deposit, or other prepaid sum that subtenant has paid to Tenant.

9.2.10 Temporary License Agreements. Tenant shall have the right to grant temporary licenses to aircraft owners or operators (each a "Temporary Licensee") to use the Leased Premises for the storage of aircraft, provided that each license is pursuant to an approved form of written license agreement, the Temporary Licensee is not required to pay license fees or rent for the use of the Leased Premises, and the Temporary Licensee satisfies the insurance requirements of Section 7.8 ("Temporary License Agreements").

9.2.11 Approval of Forms of Lease Agreement and Temporary License Agreement. Tenant shall use a written form of sublease agreement and Temporary License Agreement and shall submit its form of sublease agreement and Temporary License Agreement and any future modifications to the forms to Landlord for Landlord's review and reasonable approval. Each Permitted Sublease and Temporary License Agreement shall be in writing and shall contain provisions for the express benefit of Landlord which are consistent with the provisions of this Lease.

9.3 Assignment to Permitted Assignee. Substantially concurrently with giving any notice of default under this Lease to Tenant, Landlord shall give a copy of such notice to Shangri La Entertainment, LLC ("Permitted Assignee") at 1801 Avenue of the Stars, Suite 150, Los Angeles, CA 90067, and Permitted Assignee shall be entitled to cure such default within the applicable cure period granted to Tenant under Section 12.1, if any. Without regard to any default by Tenant, Tenant and Landlord hereby further agree that upon written notice to Landlord from Permitted Assignee executed by a duly authorized representative of Permitted Assignee (such as its managing member), notifying Landlord that Permitted Assignee has elected to take an assignment of this Lease from Tenant (i.e., Avjet Corporation) under the terms of this Section 9.3, and including copies of current, certified financial statements of Permitted Assignee and a representation that Permitted Assignee is not insolvent or in bankruptcy, Permitted Assignee shall be deemed to have received and accepted an assignment from Tenant of this Lease provided Permitted Assignee satisfies the following requirements within ten (10) business days after such notice is given:

- (i) the Permitted Assignee cures all defaults of Tenant under this Lease;
- (ii) Permitted Assignee assumes all obligations of Tenant under the Lease, in a written assumption agreement reasonably acceptable in form and content to Landlord, and Landlord reasonably approves the assignment document;
- (iii) Permitted Assignee pays to Landlord all consideration (if any) that would otherwise have been paid by, to or for the benefit of Tenant for such assignment; and
- (iv) Permitted Assignee is not in bankruptcy, and Permitted Assignee is not insolvent, as determined by Landlord based on Landlord's review of Permitted Assignee's then-current financial statements, which must be submitted to Landlord.

Upon such deemed assignment, Landlord shall release Avjet Corporation from obligations arising under this Lease thereafter provided that Landlord has determined that the net worth of Permitted Assignee at the time of the assignment is equal to or greater than the net worth of Avjet Corporation as of the date Avjet Corporation executes this Lease (as determined by Landlord based on certified financial statements of Avjet Corporation delivered to Landlord prior to Avjet Corporation's execution of this Lease).

By giving its notice to Landlord that it elects to take an assignment of this Lease from Tenant under the terms of this Section 9.3, Permitted Assignee shall be deemed to have agreed to defend, indemnify and hold Landlord harmless from and against any and all claims, liabilities, damages, losses, costs and expenses incurred or asserted by Avjet Corporation in connection with Permitted Assignee's election or Landlord's recognition of Permitted Assignee as the tenant under this Lease. Upon such deemed assignment,

Permitted Assignee, at its sole cost and expense, shall be responsible for taking any further action as may be necessary to remove Tenant named herein and any other occupant from the Leased Premises.

Should this Lease be terminated as a result of a rejection of the Lease in a bankruptcy of Tenant, Landlord shall, upon written request by Permitted Assignee to Landlord received within ten (10) days after such rejection, execute and deliver a new lease of the Leased Premises to Permitted Assignee for the remainder of the term of this Lease with the same covenants, conditions and agreements (except for any requirements which have been satisfied by Tenant prior to termination) as are contained herein; except that such new lease shall require the Permitted Assignee to cure all non-monetary defaults of Tenant under this Lease, i.e. the previous Lease, diligently and within a reasonable time provided, however, that Landlord's execution and delivery of such new lease of the Leased Premises shall be made without representation or warranty of any kind or nature whatsoever, either express or implied, and provided, further, that Landlord's obligation to enter into such new lease is conditioned upon the occurrence of the following: (i) Permitted Assignee curing all monetary defaults under this Lease, and (ii) Permitted Assignee paying all costs and expenses of Landlord, including, without limitation, reasonable attorneys' fees incurred by Landlord in connection with the preparation and execution of such new lease. Upon execution and delivery of such new lease, Permitted Assignee, at its sole cost and expense, shall be responsible for taking any further action as may be necessary to remove Tenant named herein and any other occupant from the Leased Premises.

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 by Landlord pursuant to any right of Landlord to do so set forth in this Lease, including, without limitation, under Sections 2.4.1 or 9.2.3 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 2.4.2.1. 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, except that any award or settlement proceeds for any taking of all or any part of the New Improvements shall be the property of Tenant up to but not exceeding the Unamortized Cost of Approved New Improvements that would be payable to Tenant pursuant to Section 2.4 if Landlord had exercised its right to terminate the Lease as to all or the same part of the Leased Premises that was taken by eminent domain. 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 and any allocation of an award to Tenant representing compensation for diminution in the value of Tenant's business shall be based solely upon its historical operating results and any balance shall be paid 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 2.4.1) 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 and any other "subordination, nondisturbance and attornment" document or similar document requested by a Senior Lienholder; 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 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 arising after the assumption.

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 Assignment, Transfer, Subletting or Encumbrance. A purported assignment, transfer, sublease, 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 Non-Compliance by Permitted Subtenant or Temporary Licensees. The failure by Tenant to institute and to prosecute diligently to completion appropriate legal proceedings to terminate a subtenant's Permitted Sublease Agreement or a Temporary Licensee's Temporary License Agreement and to remove the subtenant or Temporary Licensee from the Leased Premises for repeated non-compliance with the Noise Abatement Rules or the Laws, in violation of Sections 4.3.3 or 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 institute and to prosecute diligently to completion appropriate legal proceedings to terminate the Permitted Sublease Agreement or Temporary License Agreement and to remove a subtenant or Temporary Licensee 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 business (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) business days following Tenant's receipt of written notice from Landlord that Tenant has not complied with the provisions of Section 7.

12.1.9 Failure to Maintain Required Security. The failure by Tenant to comply with the provisions of Section 19.

12.1.10 Failure to Achieve Project Milestones. The failure by Tenant to perform timely any of the Project Milestones required under Section 6.2.2.

12.1.11 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 12.1.10, 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).

12.1.12 Multiple Defaults. The receipt by Tenant during any twelve (12) consecutive calendar month period of more than six (6) written notices pertaining to actual defaults, breaches or non-performance under Sections 12.1.5, 12.1.6, 12.1.7, 12.1.8, 12.1.9 or 12.1.11 of this Lease, irrespective of the cure thereof by Tenant.

12.1.13 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. Subject to the Permitted Assignee's rights under Section 9.3 of this Lease, 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(a)(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, 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 which case Landlord shall not unreasonably withhold its consent to an assignment or subletting. 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.

12.2.4 Appointment of Receiver. 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, Landlord may have a receiver appointed by a court of competent jurisdiction to operate Tenant's business in the Leased Premises and pay the rent and Tenant's other obligations from the proceeds of such operation. The appointment of such a receiver shall not diminish or eliminate any of Tenant's obligations or Landlord's rights hereunder.

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 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 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 exercise by Landlord.

12.5 No Waiver by Landlord. 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 Tenant is required to remove the New Improvements pursuant to Section 6.5, ownership of the New Improvements shall pass automatically to Landlord and Tenant shall quit and surrender the Leased Premises and the New 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 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, subject to adjustment as provided in Section 3.1.3.

15. COMMON USE FACILITIES.

15.1 Common Use Facilities. As an appurtenance to Tenant's leasehold estate in and 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 subtenants, invitees and assigns subject to all applicable Laws and FAA 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 Area and Common Use Facilities and specifically further reserves the right to designate portions of the Common Area or Common Use Facilities for the exclusive or non-exclusive use of certain tenants, licensees, concessionaires and other vendors or users of the Airport so long as such designation(s) do not unreasonably interfere with Tenant's aircraft access to and from the Leased Premises.

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, and shall cause its permitted subtenants to, 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. QUIET ENJOYMENT. Upon paying the amounts payable by Tenant and observing and performing all the provisions on Tenant's part to be observed and performed pursuant to this Lease, Tenant may peaceably and quietly enjoy the Leased Premises, subject, nevertheless, to the provisions of this Lease, and, subject to Article 11, to any Senior Liens arising after the date hereof and to the terms of any non-disturbance agreements between Tenant and the holders of such Senior Liens.

18. 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.

19. SECURITY FOR PERFORMANCE

19.1 Letter of Credit. As security for the full and faithful performance of each and every provision of this Lease to be performed by Tenant, Tenant shall obtain and deposit with Landlord a negotiable irrevocable and unconditional letter of credit, in the amount of six (6) months installments of the Annual Base Rent payable by Tenant to Landlord as provided in Section 3 of this Lease. The initial letter of credit shall be in the amount of Forty-Four Thousand Three Hundred Eighty-Three and 32/100 Dollars (\$44,383.32). The letter of credit shall be in a form acceptable to Landlord and shall be issued or accepted by a California commercial bank acceptable to Landlord with assets of at least five (5) billion dollars. Said letter of credit shall be effective for thirteen (13) months, except that the first letter of credit shall be effective for twenty-four (24) months and shall be renewed or replaced by Tenant annually on or before the day prior to the commencement of each Annual Period in an amount equal to six (6) months installments of the Annual Base Rent (including all of the adjustments to Annual Base Rent provided for in Section 3 of this Lease) payable by Tenant during the next Annual Period. If Tenant fails to deliver to Landlord a renewed or replacement letter of credit in

the requisite amount on or before the day prior to the commencement of each Annual Period, Landlord shall be entitled to present the existing letter of credit for payment and to hold the proceeds paid under the letter of credit as security for performance of Tenant's obligations hereunder until Tenant provides the renewed or replacement letter of credit. Thereafter, if Tenant fails to deliver to Landlord a renewed or replacement letter of credit in the requisite amount, and such failure continues for thirty (30) days following Tenant's receipt of a written demand from Landlord to renew or replace the letter of credit, such failure shall constitute an Event of Default under Section 12.1. In the event Tenant defaults 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 draw against all or any part of said letter of credit or utilize any proceeds paid thereunder for the payment of any amount in default, to cure any other default or to repair any damage to the Leased Premises which Tenant is obligated to repair. In the event that Landlord draws against any portion of said letter of credit pursuant to this Section, Tenant shall, within thirty (30) days after written demand therefor, obtain and deliver to Landlord a replacement letter of credit to restore said letter of credit to the then required amount, and Tenant's failure to do so shall be an Event of Default under Section 12.1. In the event Landlord draws against the letter of credit 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.

20. TOXIC MATERIALS AND REMEDIATION OF CONTAMINATION.

Tenant shall perform or shall cause each of its permitted subtenants to perform the obligations, duties and covenants set forth in this Section. Performance by a subtenant shall be accepted by Landlord as performance by Tenant; provided, however, that Tenant, at all times, shall be fully obligated and liable to Landlord for the complete and timely performance of the obligations, duties and covenants set forth in this Section and Landlord shall not be required to look to any subtenant for any such performance or to enforce any remedy hereunder.

20.1 Use Prohibited Without Consent. Tenant shall not cause or permit any Toxic Materials to be brought onto, stored, used, generated, recycled, or disposed of (collectively "Use of Toxic Materials") in, on, under or about the Leased Premises or the New Improvements by any Tenant Party or any of their respective licensees, permittees or invitees, without the prior written consent of Landlord, which Landlord shall not unreasonably withhold, condition or delay so long as Tenant demonstrates to Landlord's reasonable satisfaction that such Toxic Materials, and the quantities thereof, are necessary or useful to the Tenant Party's business and that the Tenant Party's use of such Toxic Materials shall be in compliance with all Environmental Laws (as defined in Section 20.16.4). Tenant shall demonstrate that such Toxic Materials are necessary or useful by submitting information to Landlord in accordance with Section 20.3. Attached hereto as Exhibit F is a list of Toxic Materials use of which has been approved by Landlord.

20.2 Compliance with Environmental Laws. Tenant shall cause each Tenant Party to comply, at Tenant's or such Tenant Party's sole cost, with all

Environmental Laws applicable to all Toxic Materials and to the lawful conduct of the Tenant Party's business to the extent performed on or about the Leased Premises. It shall be the sole obligation of each Tenant Party to obtain any permits and approvals required for the operation of the Tenant Party's business pursuant to the Environmental Laws. To the extent such action is necessary because of any Tenant's Contamination (as defined in Section 20.16.3), Tenant shall or shall cause any responsible Tenant Party to investigate the site conditions and perform to completion, in the manner provided in Section 20.6, any and all investigation, clean-up, remediation, removal or restoration work: (i) necessary to bring the Leased Premises into compliance with the Environmental Laws; (ii) necessary to bring any other real property into compliance with the Environmental Laws in the event of any migration of Toxic Materials from the Leased Premises to such other real property; (iii) necessary to maintain the Leased Premises in compliance with the Environmental Laws; or (iv) required by any federal, state or local governmental agency or political subdivision at any time during or after the term of this Lease; or (v) necessary to restore the condition of the Leased Premises to a level below regulatory action levels for all land uses permitted under the zoning applicable to the Leased Premises. The obligations of Tenant under this Section shall survive the termination of this Lease.

20.3 Disclosure. 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 during the prior calendar year.

20.4 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 promptly 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.

20.5 Tenant's Indemnity. Tenant shall be solely responsible for and shall defend, indemnify and hold harmless the Landlord Parties, from and against any and all Liabilities (as defined in Section 20.16.6) arising out of, resulting from or caused by the Use of Toxic Materials on the Leased Premises, or the presence of Toxic Materials in the soil, subsoil, or groundwater located in, on or under the Leased Premises, or the effect of Toxic Materials migrating to other real property from the Leased Premises, but only to the extent that the Liabilities are, or are likely to be, the result of or caused by Tenant's Contamination. The indemnification by Tenant under this Section shall survive the

termination of this Lease. Notwithstanding any other provision of this Lease, Tenant shall not be responsible for Liabilities or to clean-up, remediate or remove Contamination except to the extent that the Liabilities are, or are likely to be, the result of Tenant's acts or omissions or the Contamination is, or is likely to be, Tenant's Contamination.

20.6 Cleanup. Tenant shall take any and all action which any federal, state, regional, municipal or local governmental agency ("Agency") lawfully requires to be taken to investigate, clean-up, remediate or remove Tenant's Contamination (the "Necessary Action"). In addition to any notification to Landlord required by Section 20.7, Tenant shall promptly furnish Landlord with a copy of all correspondence between any Tenant Party or its environmental consultants and each involved Agency concerning the Necessary Action. On or before ten (10) business days prior to any Tenant Party's submittal of any work plans or descriptions of the Necessary Action to each involved Agency, Tenant shall furnish Landlord with a draft copy of said document for Landlord's review and comment. Landlord shall have the right to submit written comments on all aspects of the work plan to any Tenant Party and to each involved Agency, including without limitation, comments on the remediation methodology and appropriateness of clean-up levels. Tenant shall provide Landlord with written notice of all meetings with Agencies concerning the Necessary Action, which notices shall be provided where possible ten (10) business days in advance of the meeting. Landlord and its consultants shall have the right to attend and participate actively in all meetings with Agencies concerning the Necessary Action. Except in the case of an emergency, no Necessary Action shall be commenced without (i) written approval by the lead Agency, if one exists, or by all Agencies having and asserting jurisdiction over the Necessary Action and (ii) where practical, ten (10) business days written notice to Landlord. Landlord shall have the right to have a representative present on the Leased Premises at all times during the implementation of the Necessary Action by any Tenant Party. Tenant agrees that the Necessary Action will be supervised by and certified by a registered professional engineer. Tenant hereby releases the Landlord Parties from responsibility for, and indemnifies the Landlord Parties (with counsel approved by the Landlord Parties) against any Liability in connection with the Necessary Action. If any Tenant Party fails to take the Necessary Action on a timely basis, Landlord may, but shall not be obligated to, take the Necessary Action and in such event, all costs reasonably incurred by Landlord with respect thereto shall be for the account of Tenant and recoverable as additional rent hereunder.

20.7 Notice. If any Tenant Party is required by statute or regulation to give notice to any Agency about any Contamination, Tenant shall promptly give the Landlord's Director of Airport Operations the same notice by telephone at (818) 840-8840, which shall be confirmed by written notice within three (3) business days. This obligation to notify Landlord shall also extend to any personal injuries or property damage to third parties resulting directly or indirectly from said Contamination. 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 Contamination 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.

20.8 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 20.6, 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. If Tenant's Contamination is detected at the time of the tank removal, clean-up shall proceed in accordance with Section 20.6.

20.9 Disposal of Toxic Materials. Notwithstanding anything to the contrary contained in this Section 20, 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.

20.10 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.

20.11 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 unless Tenant provides a bond reasonably acceptable to Landlord guaranteeing payment or performance of the obligations secured by such lien or constituting such charge against the Leased Premises.

20.12 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.

20.13 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, either alone or in conjunction with other areas of the Airport, and to utilize the services of an environmental consultant or consulting firm for such inspection and assessment. Tenant shall pay, as additional rent hereunder, fifty percent (50%) of the reasonable cost of each such annual inspection applicable to the Leased Premises. If the environmental inspection and assessment of the Leased Premises discloses the existence of any Tenant's Contamination, Tenant shall take any and all Necessary Action as provided in Section 20.6. In the event that Landlord elects not to conduct an annual environmental inspection and assessment, or if Landlord's environmental inspection and assessment fails to discover or disclose any Tenant's Contamination, Tenant shall not be excused from performing its obligations or relieved from liability to Landlord under this Section 20.

20.14 Expiration of Term of Lease/Environmental Assessment. On or before the expiration or termination of this Lease, Tenant shall take any and all action required to be taken under the Environmental Laws in order to: (i) surrender the Leased Premises to Landlord free of any and all Toxic Materials present as a result of Tenant's Contamination in amounts exceeding then applicable Agency action levels for all land uses permitted under the zoning applicable to the Leased Premises; and (ii) close or remove any storage tanks in, on, under or around the Leased Premises installed by Tenant unless otherwise directed in writing by Landlord. Such closure or removal shall be deemed to constitute Necessary Action within the meaning of Section 20.6 hereof, and all the provisions of Section 20.6 relating to Necessary Action shall be applicable to such closure and removal. Unless waived in writing by Landlord, Tenant, within ninety (90) days of commencement of this Lease and within ninety (90) days prior to the expiration or termination of this Lease or prior to any assignment or subletting (other than Permitted Leases) of all or any portion of the Leased Premises, shall provide to Landlord a written report certifying that each Tenant Party is in compliance with the Environmental Laws, or, if this Lease is expiring or terminating, that each Tenant Party has complied with the provisions of this Section 20. This report shall contain the following information: (i) a list of all permits issued under Environmental Laws regulating each Tenant Party's business on the Leased Premises and a description of all such permits; (ii) for each permit on the list, a description of the particular area or operation that requires compliance with such permit by a Tenant Party; (iii) for each permit on the list, a description of each Tenant Party's compliance program for the Environmental Law or corresponding regulatory program; (iv) for each permit on the list, a list of all alleged violations for the prior calendar year or Annual Period, or an affirmative statement that there were no alleged violations during said period; (v) copies of environmental assessments or compliance audits done during the prior calendar year; and (vi) a certification. The certification shall be signed and notarized by an appropriate corporate manager of the Tenant who has direct responsibility for environmental compliance at the Leased Premises. The certification shall state as follows: "I, (name), am an employee of (Tenant's name). My title is (Title). My job responsibilities include direct responsibility for monitoring and assessing environmental compliance at Leased

Premises). This report has been prepared by me or under my direct supervision during the course of my employment for (Tenant's name). I hereby certify that I have personal knowledge of the facts in the report and that said facts are true, accurate and complete. I also certify that (the Leased Premises) are in compliance with all applicable federal, state and local environmental Laws except to the extent otherwise disclosed in this report. (Signature, notary seal and date.)” Tenant shall bear all costs of such reports. From time to time during the Lease term, but no more often than once per Annual Period, Landlord shall have reasonable access to the Leased Premises to conduct an environmental assessment to audit Tenant's compliance with Environmental Laws.

20.15 Prohibited Substances. The following substances are strictly prohibited from being brought onto the Leased Premises, New Improvements or the Airport in any quantities whatsoever: (i) arsines; (ii) dioxins, including dioxin precursors and intermediates; (iii) polychlorinated biphenyls; and (iv) any chemical marked with an asterisk (*) in 22 California Code of Regulations Section 66680(d) as amended, or any waste which meets the definition of extremely

in 22 California Code of Regulations Sections 66720 and 66723, as amended.

20.16 Definitions.

20.16.1Claims. The term “Claims” means 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.

20.16.2Contamination. The term “Contamination” means any spilling, discharging, releasing or disposing of Toxic Materials on, in, under or about the Leased Premises, or any other contamination or deterioration of groundwater, subsoil or soil in, on, under or originating from the Leased Premises.

20.16.3Tenant's Contamination. The term “Tenant's Contamination” means any spilling, discharging, releasing or disposing of Toxic Materials on, in, under or about the Leased Premises from and after the Lease Commencement Date and until the termination of this Lease and the surrender of possession of the Leased Premises and the New Improvements to Landlord, but shall not include any discharge or release migrating to the Leased Premises from other land or caused by Landlord or Landlord Parties.

20.16.4Environmental 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 during the term of this Lease 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, including, without limitation, the statutes described in the definition of Toxic Materials.

20.16.5 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 prior to the expiration or early termination of this Lease becomes prohibited, limited or regulated by any federal, state, county, regional or local authority or, even if not so regulated, is or prior to the expiration or early termination of this Lease 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 during the term of this Lease defined as "extremely hazardous waste" pursuant to California Health and Safety Code Section 25115.

20.16.6 Liabilities. The term "Liabilities" shall mean any and all Claims 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; (ii) damages for the loss or restriction on use of rentable or usable space or of any amenity of the Airport, the Leased Premises; (iii) damages arising from any adverse impact on marketing of space at the Airport, the Leased Premises; (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; and (vi) costs incurred in connection with any investigation of site conditions and any cleanup, remediation, removal or restoration work necessary should the Tenant fail to comply with Section 20.6.

21. OFFSET STATEMENT.

21.1 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).

21.2 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.

22. MISCELLANEOUS.

22.1 Lease Interpretation.

22.1.1 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.

22.1.2 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, at the election of the party for whom the benefit of the provision exists, be in any way impaired.

22.1.3 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.

22.1.4 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.

22.2 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.

22.3 Representations by Landlord. Tenant acknowledges that neither Landlord, any Landlord Party, nor any of Landlord's agents, representatives, employees or officers have made any representations or promises with respect to the Airport or the Leased Premises, except as herein expressly set forth. Tenant acknowledges that it has not executed this Lease in reliance upon any representations or promises of Landlord or Landlord's agents, representatives, employees or officers with respect to the Airport or the Leased Premises, except as herein expressly set forth, and Tenant has made its own independent examination of the Leased Premises.

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

22.5 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.

22.6 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.

22.7 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.

22.8 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.

22.9 As-Is. Tenant accepts the Leased Premises in its as is condition and without warranties or representations by Landlord.

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

22.11 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: Avjet Corporation
 4301 Empire Avenue
 Burbank, CA 91505
 Attn: Marc Foulkrod, CEO

Cooling & Herbers, P.C.
1100 Main Street, Suite 2400
Kansas City, MO 64105
Attn: James E. Cooling, Esq.

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 or sent by confirmed telecopy to a party's regular business telecopier during regular business hours. 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.

22.12 Brokers. Tenant warrants that it has not had any dealings with any real estate broker or agent in connection with this Lease, and Tenant agrees to defend, indemnify and hold harmless the Landlord Parties 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.

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

22.14 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.

22.15 Signs. Tenant shall not, without the prior written consent of Landlord, install or affix any signs or advertisements on or to the exterior of the Leased Premises, New Improvements or the Airport.

22.16 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 attorneys' fees and costs.

22.17 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 delay, for a period in excess of one hundred eighty (180) days the Rent Commencement Date or excuse Tenant from the prompt payment of any rent or other charge required of Tenant hereunder, except as may be expressly provided elsewhere in this Lease.

[Signatures on Following Page]

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: Chris Holden

Name: CHRIS HOLDEN

Title: PRESIDENT

Date: 6-19-06

"Tenant"

AVJET CORPORATION

By: Marc S. Foulkrod

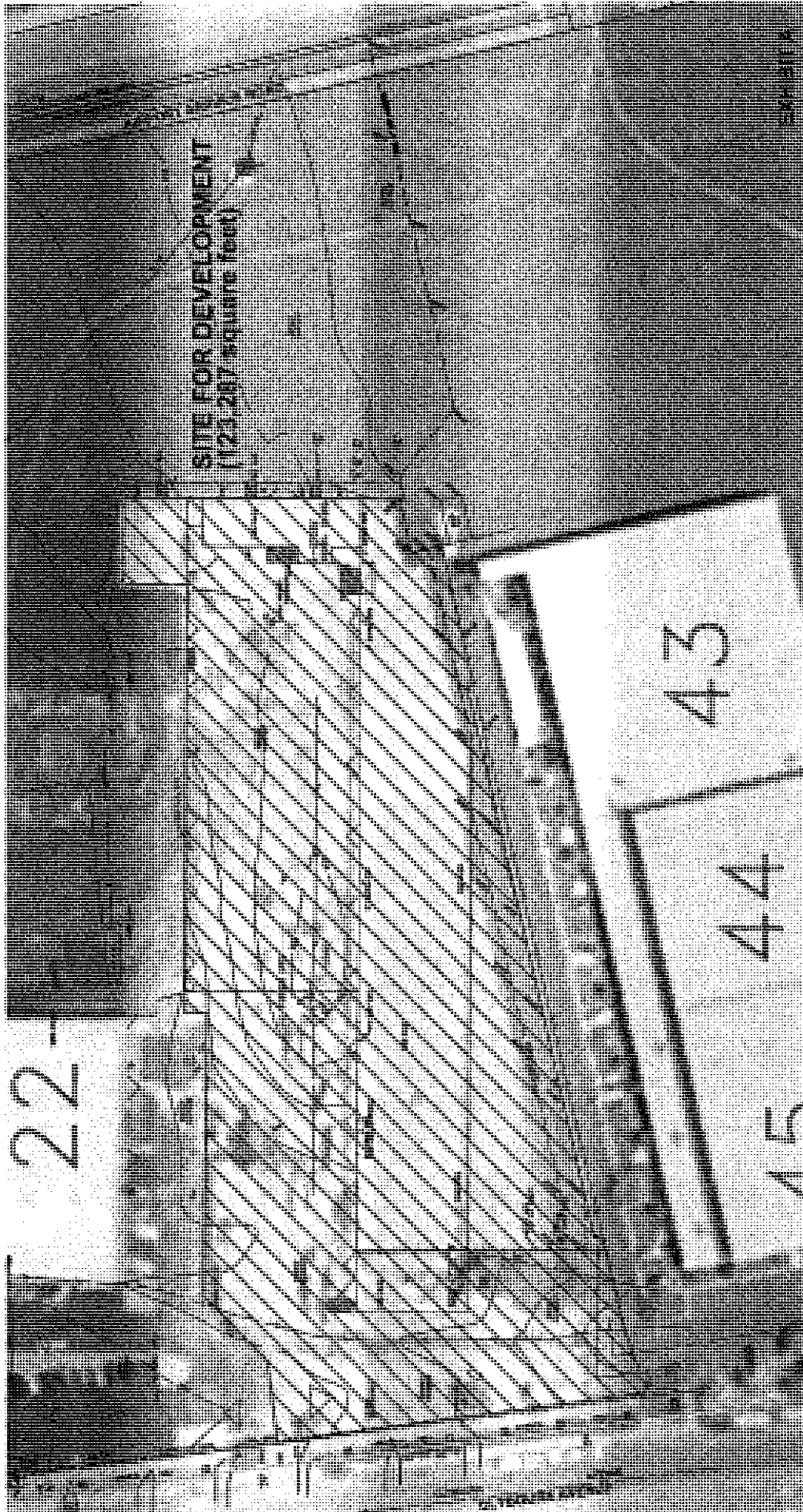
Name: MARC S. FOULKROD

Title: CEO

Date: ~~7/3/06~~ 5/3/06

Exhibit A

LEASED PREMISES



AVJET PROPOSED DEVELOPMENT SITE PLAN

												PROJECT AVJET PROPOSED DEVELOPMENT		SHEET TITLE LEASEHOLD SITE PLAN		SHEET NO. 10/05		GRAPHIC SCALE 1"=60'		REVISION RECORD NO.		REV.	

Exhibit B

NOISE ABATEMENT RULES

(Amended and Effective as of April 1, 2006)

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 Two Hundred Twenty-Three Dollars (\$1,223); (2) For subsequent violations, One Thousand Seven Hundred Seventy-Eight Dollars (\$1,778).

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 36-1B 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 Three Thousand Five Hundred Fifty-Seven Dollars (\$3,557) 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:
 - 1* Utilize only Stage 3 aircraft in increases in its scheduled turbojet operations above the number of such operations in effect on June 30, 1982;
 - 2* Conduct at least twenty-five percent (25%) of its scheduled turbojet operations with Stage 3 aircraft until March 31, 1986; and
 - 3* 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 7.
- 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 _____
Address _____
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. PRELIMINARY APPROVALS

Airport Administration: Approved/Disapproved _____ Date _____
Comments _____

Airport Engineering: Approved/Disapproved _____ Date _____
Comments _____

Airport Operations: Approved/Disapproved _____ Date _____
Comments _____

3. FINAL REVIEW AND APPROVAL

Airport Operations	(Reviewed by) _____	Date _____
Contracts & Properties	(Reviewed by) _____	Date _____
Engineering Department	(Reviewed by) _____	Date _____
Environmental & Noise	(Reviewed by) _____	Date _____
Fire Department	(Reviewed by) _____	Date _____
IT Department	(Reviewed by) _____	Date _____
Maintenance Department	(Reviewed by) _____	Date _____
Safety & Security	(Reviewed by) _____	Date _____

4. PRE-CONSTRUCTION

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

Be sure to have a Certificate of Insurance, Material and Labor Bond and a Hold Harmless Statement.

Tenant Representative (Signed) _____ Date _____

5. FINAL APPROVAL

Airport Engineering (Reviewed by) _____ Date _____

INSTRUCTIONS FOR COMPLETING THIS FORM

The following procedures are to be followed by all Airport Tenants desiring to make improvements to their leasehold. Close adherence to the procedures and regulations outlined below will greatly aid in expediting the processing and approval of each Proposed Improvement.

1. Tenant shall complete Section 1 of this form and submit to: Burbank-Glendale-Pasadena Airport Authority, Administration Department, 2627 Hollywood Way, Burbank, CA 91505.
2. Upon receipt of this Request Form, Airport Administration will review the Proposed Improvement and, if the proposal is considered to be basically acceptable, it will then be forwarded to Airport Engineering for further review and evaluation. However, if the proposal is not considered to be basically acceptable, the Request Form will be returned to the Tenant accompanied by a written statement from the Authority as to why the request is being denied at this stage.
3. The Airport Administration and Engineering departments will determine any impact of the Proposed Improvement on the Airport Master Plan, Airport Facilities, Navigable Airspace Requirements of Federal Aviation Regulations Part 77, and/or if it conforms to the Airport Rules and Regulations. Upon completion the form will be returned to the Tenant. The form will indicate whether preliminary approval has been granted, and if not granted, the reason for denial.
4. Upon receipt of preliminary approval, the Tenant shall proceed with preparing final plans and specifications for the Proposed Improvement. The plans and specifications shall conform to the following requirements: five (5) sets of plans and specifications shall be submitted by the Tenant with this form to Airport Engineering for review by the Airport Operations Department, Airport Safety & Security, Airport Maintenance, Airport Fire Department, Authority Insurance Underwriter, and final review and approval by Airport Administration.
5. After the plans have received final approval and the Tenant has received written confirmation of this approval on this form, the Tenant shall then complete Section 4 and re-submit this form to the Authority, notifying Engineering of their intent to begin construction. Prior to receiving approval to begin construction and after all insurance and bond requirements have been satisfied, a Hold Harmless Agreement has been submitted to the Authority, and Building permits and any other necessary permits are on file with the Authority, a pre-construction meeting must be held in the Authority Administrative offices. When all of these requirements have been satisfied, approval to begin construction will be granted on the form and a copy returned to the Tenant.
6. All Tenants shall, within thirty (30) days after completion, submit to Airport Engineering one set of "as built" plans. Also, an itemized summary of construction costs shall be forwarded to Airport Administration. The itemized summary shall be signed by the contractor and notarized.

NOTES: a.) For smaller projects costing less than \$5,000, the Authority may, at its discretion, waive any or all of the above requirements.
b.) Airport approval does not constitute a substitution of approval from any other governmental agency having jurisdiction.

PLANS AND SPECIFICATIONS

Plans shall be drawn to scale and dimensioned on standard size drawing sheets for future reference and file retention, and shall be of sufficient clarity to indicate the nature and extent of the work proposed and show in detail that it conforms to the provisions of the governing codes, ordinances, rules and regulations. The minimum number of drawings normally acceptable with each set of plans submitted for final review and approval will generally consist of a plot plan, foundation plan, floor plan, elevations, framing section and details. Electrical, plumbing, heating and air conditioning plans and details shall be submitted when applicable. Foundation recommendations, including calculations and a soils investigation report shall be submitted when appropriate or requested by Airport Engineering. All design documents, including required calculations, shall be prepared, stamped, and signed by a licensed professional engineer or architect registered in the State of California. Engineers shall be licensed for the specific discipline required. Drawings/specifications and/or calculations prepared by contractors and/or fabricators will not be acceptable.

OTHER REQUIREMENTS

INSURANCE

Contractor shall take out and maintain during the period of the Contract the following insurance and amounts unless a larger amount is specified on the Approval Request Form:

Comprehensive General Liability: \$1,000,000 single limit for combined Bodily Injury and Property Damage for each occurrence.
\$1,000,000 for Personal Injury for each occurrence.

Comprehensive Automobile Liability: \$1,000,000 single limit for combined Bodily Injury and Property Damage for each occurrence.
Workers' Compensation: California statutory requirements

Liability policies shall name the Burbank-Glendale-Pasadena Airport Authority as an Additional Insured. Certificates of Insurance on all policies shall be filed with Airport Engineering. Each of said insurance policies shall contain a provision requiring the insurer to notify the Burbank-Glendale-Pasadena Airport Authority ten (10) days prior to the cancellation or material change in the Policy.

BOND

The Tenant shall require the contractor to obtain a material and labor bond equal to the contract price of the work. A copy of said bond shall be forwarded to Airport Engineering.

HOLD HARMLESS AGREEMENT

The Tenant and its Contractor agree to and do hereby indemnify and hold harmless the Burbank-Glendale-Pasadena Airport Authority, its officers, agents and employees from every claim or demand made and every liability, loss, damage, or expense, of any nature whatsoever, which may be incurred by reason of:

- a.) liability for damages for (1) death or bodily injury to persons, (2) injury to, loss or theft of property, or (3) any other loss, damage or expense arising under either (1) or (2) above, sustained by the Contractor upon or in connection with the work performed on Airport property, except for liability resulting from the sole negligence or willful misconduct of the Authority, its officers, employees, agents ; and
- b.) any injury to or death of persons or damage to property caused by any act, neglect, default or omission of the Contractor, or any person, firm, or corporation employed by the Contractor, either directly or by independent contract, including all damages due to loss or theft, sustained by any person, firm or corporation, including the Authority, arising out of, or in any way connected with the work performed on Airport property, whether said injury or damage occurs either on or off Authority property, if the liability arose from the negligence or willful misconduct of anyone employed by the Contractor, either directly or by Independent contract.

The Contractor, at his own expense, cost and risk, shall defend any and all actions, suits, or other proceedings that may be brought or instituted against the Authority, its officers, agents or employees, on any such claim, demand or liability, and shall pay or satisfy any judgment that may be rendered against the Authority, its officers, agents or employees in any action, suit or other proceedings as a result thereof.

Exhibit E

REQUIRED NEW IMPROVEMENTS

(See attached Required New Improvements List)

AVJET CORPORATION
DEVELOPMENT GROUND LEASE
REQUIRED NEW IMPROVEMENTS

Minimum Capital Investment: **\$5,000,000.00**

All improvements subject to certification and review by the Burbank-Glendale-Pasadena Airport Authority including architectural and engineering fees, permit fees, capitalized construction period interest and loan fees, and other "soft costs" reasonably approved by Landlord.

Description:

A. SITE IMPROVEMENTS (General – per City of Burbank Requirements):

1. Demolition:
Demo existing site improvements
2. Soils:
Testing
Grading and compaction
Export of soils and asphalt spoils
3. Asphalt:
Paving of ramp, parking lot areas, street entry driveway
Sealcoat
Striping
4. Concrete:
Curbs, swales and walks
5. Utility Services:
Install new sewer service
Install new water service with meter(s) connection
Install new electrical service

6. Fencing:
Install new chain link fence per Airport Operations security requirements (8' high with 3 strands of barbed wire and concertina/razor wire)
7. Entry Gate:
Hardened, crash-resistant
8. Perimeter Access Controls:
Designed to prevent and detect unauthorized persons
9. Landscaping and Irrigation
10. Signage

B. HANGAR BUILDING (General - per City of Burbank Requirements):

1. Construction of new hangar facility including:
 - Plumbing (waste, water and air) and floor drainage system
 - Overhead fire sprinkler system
 - Lighting systems
 - Paint interior and exterior of hangar including piping and conduit
 - Hangar floor coating (such as urethane/epoxy)
 - Hangar door(s) installation

Exhibit F

LIST OF PERMITTED TOXIC MATERIAL

(To be furnished by Tenant from time to time and subject to approval by Landlord)

FIRST AMENDMENT OF LEASE

THIS FIRST AMENDMENT OF DEVELOPMENT GROUND LEASE (this ("Amendment")) is dated as of January 16, 2007, and is entered into 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 AVJET CORPORATION, a California corporation ("Tenant").

RECITALS

- A. The Landlord is the owner and operator of the Bob Hope Airport (the "Airport") located in the City of Burbank, County of Los Angeles, State of California.
- B. On June 19, 2006 Tenant and Landlord entered into a Development Ground Lease ("Lease").
- C. Capitalized terms used but not defined herein shall have the meaning set forth in the Lease.
- D. Tenant and Landlord wish to amend Section 2.2 of the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the sufficiency of which is hereby acknowledged, Tenant and Landlord hereby agree as follows:

- 1. Failure to Obtain Permits. Section 2.2 of the Lease shall be amended to read in full as follows:

"If, on or before July 16, 2007 (the "Permits Date"), Tenant has not obtained from the City of Burbank or other government agency with jurisdiction all required building and other permits necessary for completion of the Required New Improvements, Tenant may terminate this Lease upon written notice to Landlord given on or before seven (7) days after said Permits Date. If Tenant elects to terminate this Lease pursuant to this Section 2.2, (i) this Lease and Tenant's right of possession shall terminate effective as of the date of delivery of Tenant's written notice, which shall be deemed to be the "Expiration Date" of this Lease, and the provisions of Section 13 shall apply, and (ii) effective upon the Expiration Date of this Lease, Tenant hereby assigns, transfers and conveys to Landlord all of Tenant's right, title and interest in and to any architectural or engineering plans, drawings, and specifications, geotechnical studies and plans, permits and entitlements relating to the construction of New Improvements or facilities on the Leased Premises, and upon the Expiration Date Tenant shall deliver copies thereof to Landlord. Tenant shall obtain from each architect, engineer or consultant engaged by Tenant to provide design or professional services relating to New Improvements or facilities a written acknowledgment and consent to this assignment, transfer and conveyance by Tenant to Landlord of plans, drawings, specifications or studies, as applicable."

2. Conflict. In the event of a conflict or inconsistency between the terms and conditions of the Lease and the terms and conditions of this First Amendment, the terms and conditions of this First Amendment shall prevail and control.

3. Continuing Effect. Except as specifically modified hereby, the Lease shall remain unaffected and unchanged. The Lease is hereby ratified and affirmed by Landlord and Tenant and remains in full force and effect as modified hereby.

4. Counterparts. This First Amendment may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

5. Time of Essence. Time is of the essence of each and every provision hereof.

6. Governing Law. This First Amendment shall be governed and construed in accordance with California law.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to be effective as of the date first written above.

LANDLORD:

BURBANK-GLENDALE-PASADENA AIRPORT
AUTHORITY, a public entity

By: Chris Holden
Print Name: CHRIS HOLDEN
Title: President
Date: 5-21-07

TENANT:

AVJET CORPORATION, a California corporation

By: Mark J. Faulkrod
Print Name: MARK J. FAULKROD
Title: CEO
Date: 4/24/07

SECOND AMENDMENT OF LEASE

THIS SECOND AMENDMENT OF LEASE ("Second Amendment") is dated as of August 6, 2012, and is entered into 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 AVJET CORPORATION, a California corporation ("Tenant").

RECITALS

- A. The Landlord is the owner and operator of the Bob Hope Airport (the "Airport") located in the City of Burbank, County of Los Angeles, State of California.
- B. Tenant and Landlord entered into a Development Ground Lease dated June 19, 2006 and amended it by a First Amendment of Lease dated January 16, 2007 (the "Lease").
- C. Section 2.3 of the Lease provides for an automatic extension of the term of the Lease if Tenant timely completes certain improvements (the "Required New Improvements") and Tenant has timely completed the Required New Improvements.
- D. Section 2.3 of the Lease also provides that upon the automatic extension, the parties will execute an amendment to the Lease confirming the extension. The parties have not yet executed such an amendment, but desire to do so now.
- E. Capitalized terms used but not defined herein shall have the meaning set forth in the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the sufficiency of which is hereby acknowledged, Tenant and Landlord hereby agree as follows:

1. Confirmation of Extension of Term. The automatic extension described in Section 2.3 of the Lease has occurred and has extended the Initial Term to June 30, 2031.
2. Conflict. In the event of a conflict or inconsistency between the terms and conditions of the Lease and the terms and conditions of this Second Amendment, the terms and conditions of this Second Amendment shall prevail and control.
3. Continuing Effect. Except as specifically modified hereby, the Lease shall remain unaffected and unchanged. The Lease is hereby ratified and affirmed by Landlord and Tenant and remains in full force and effect as modified hereby.
4. Counterparts. This Second Amendment may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.



5. Time of Essence. Time is of the essence of each and every provision hereof.

6. Governing Law. This Second Amendment shall be governed and construed in accordance with California law.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment to be effective as of the date first written above.

LANDLORD:

BURBANK-GLENDALE-PASADENA AIRPORT
AUTHORITY, a public entity


By: Chris Holden
Print Name: Chris Holden
Title: President
Date: August 6, 2012

TENANT:

AVJET CORPORATION, a California corporation

By: Marc J. Foulkard
Print Name: MARC J. FOULKARD
Title: CEO
Date: 6-15-12

THIRD AMENDMENT OF LEASE

 THIS THIRD AMENDMENT OF LEASE ("Third Amendment") is dated as of 16 May, 2014, and is entered into 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 AVJET CORPORATION, a California corporation ("Tenant").

RECITALS

A. The Landlord is the owner and operator of the Bob Hope Airport (the "Airport") located in the City of Burbank, County of Los Angeles, State of California.

B. Tenant and Landlord entered into a Development Ground Lease dated June 19, 2006 and amended it by a First Amendment of Lease dated January 16, 2007 and a Second Amendment of Lease dated June 15, 2012 (the "Lease").

C. Landlord and Tenant desire to further amend the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the sufficiency of which is hereby acknowledged, Tenant and Landlord hereby agree as follows:

1. Deletion of Section 9.3. Section 9.3 of the Lease is hereby deleted. Tenant hereby represents to Landlord that Tenant has not assigned the Lease.

2. Conflict. In the event of a conflict or inconsistency between the terms and conditions of the Lease and the terms and conditions of this Third Amendment, the terms and conditions of this Third Amendment shall prevail and control.

3. Continuing Effect. Except as specifically modified hereby, the Lease shall remain unaffected and unchanged. The Lease is hereby ratified and affirmed by Landlord and Tenant and remains in full force and effect as modified hereby.

4. Counterparts. This Third Amendment may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

5. Time of Essence. Time is of the essence of each and every provision hereof.

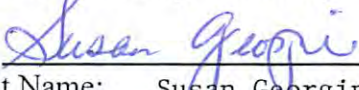
6. Governing Law. This Third Amendment shall be governed and construed in accordance with California law.



IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment to be effective as of the date first written above.

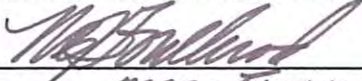
LANDLORD:

BURBANK-GLENDALE-PASADENA AIRPORT
AUTHORITY, a public entity

By: 
Print Name: Susan Georgino
Title: President
Date: June 16, 2014

TENANT:

AVJET CORPORATION, a California corporation

By: 
Print Name: Marc Faulkner
Title: CEO
Date: 5/16/14

CONSENT TO ASSIGNMENT OF LEASES

21 This CONSENT TO ASSIGNMENT OF LEASES ("Consent") is dated March, 2016 and is executed by 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") in favor of **AVJET CORPORATION** ("Tenant").

A. Landlord and Tenant entered into (i) a Development Ground Lease dated June 19, 2006 and three amendments (the "Development Ground Lease"); and (ii) an Aviation Hangar Lease dated December 19, 2003 and two amendments thereto (the "Aviation Hangar Lease").

B. Section 9.1 of the Development Ground Lease and Section 9.1 of the Aviation Hangar Lease provide that a change in the power to direct the management and policies of Tenant is a prohibited assignment of the Development Ground Lease and Aviation Hangar Lease, respectively.

C. Tenant, Jet Aviation Holdings USA, Inc. ("Assignee"), The Marc J. Foulkrod Family Limited Partnership ("Foulkrod"), Mark H. Lefever ("Lefever") (Foulkrod and Lefever being hereinafter referred to as the "Sellers") and Marc J. Foulkrod ("Seller's Representative") have entered into a Stock Purchase Agreement dated March 3, 2016.

D. The Stock Purchase Agreement provides for a sale by Sellers to Assignee of all of the stock of Tenant and, consequently, such sale of stock would constitute a deemed assignment of the Development Ground Lease and Aviation Hangar Lease.

E. Authority has received financial statements for Assignee, and Authority now desires to consent to the "deemed assignments" of the Development Ground Lease and Aviation Hangar Lease.

THEREFORE:

1. Consent.

Landlord hereby consents to the assignment of the Development Ground Lease and Aviation Hangar Lease resulting from the sale of the stock described in the Assignment Agreement (the "Transaction"). The terms and conditions of the Development Ground Lease and Aviation Hangar Lease shall remain unchanged and in full force and effect after the closing of the Transaction.

2. No Release: Reservation of Rights.

Neither the assignments described herein nor Landlord's consent thereto shall release Tenant from any liabilities or obligations heretofore or hereafter arising under the Development Ground Lease or Aviation Hangar Lease. Nothing in this Consent is intended to waive any defaults by Tenant that may exist under the Development Ground Lease or Aviation Hangar Lease, and Landlord hereby reserves all of its rights and remedies with respect to any such defaults.

**BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY**

By: Frank Quintero
Print Name: FRANK QUINTERO
Title: president

CONDITIONAL CONSENT TO ASSIGNMENT OF LEASE

This CONDITIONAL CONSENT TO ASSIGNMENT OF LEASE (“Consent”) is dated _____, 2021 and is executed by 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”) in favor of **AVJET CORPORATION** (“Tenant”) and **HARBOR FREIGHT TOOLS USA, INC.** (“Assignee”).

A. Landlord and Tenant entered into a Development Ground Lease dated June 19, 2006, as amended by that certain First Amendment of Lease dated January 16, 2007, between Landlord and Tenant, as further amended by that certain Second Amendment of Lease dated August 6, 2012, between Landlord and Tenant, as further amended by that certain Third Amendment of Lease dated May 16, 2014, between Landlord and Tenant (as so amended, the “Lease”).

B. Section 9.1 of the Development Ground Lease requires Landlord’s consent to an assignment of the Lease.

C. Tenant desires to assign the Lease to Assignee and Assignee desires to accept such assignment and assume the obligations of Tenant under the Lease accruing from and after the effective date of such assignment upon the terms and conditions set forth in the form attached hereto as **Exhibit B** (the “Assignment and Assumption Agreement”), and subject to the consent of Landlord to the assignment.

D. Assignee intends to replace the letter of credit held by Landlord as the security deposit under the Lease with a new letter of credit in the form attached hereto as **Exhibit A** (the “New Letter of Credit”) , and enter into the Assignment and Assumption Agreement, subject to the consent of Landlord to the assignment.

THEREFORE, in consideration of the foregoing recitals, Landlord agrees as follows:

1. **Conditional Consent.**

Subject to the satisfaction of the Conditions Precedent hereinafter described by June 30, 2021 (time being of the essence), Landlord consents to the assignment of the Lease by Tenant to Assignee in full satisfaction of the requirements set forth in Section 9.1 of the Development Ground Lease and, at Assignee’s option, the recording of a memorandum of the Lease in the Official Records of Los Angeles County in the form attached hereto as **Exhibit C** (the “Memo of Lease”). As used in the preceding sentence, the term “Conditions Precedent” shall mean: (i) the delivery to Landlord of the New Letter of Credit; (ii) the delivery to Landlord of a copy of the Assignment and Assumption Agreement executed by Tenant, as assignor, and Assignee; (iii) if Assignee elects, in its sole discretion, to record the Memo of Lease, the delivery to Landlord of a copy of the same notarized and executed by Assignee; and (iv) Assignee and Tenant are ready, willing and able to close the assignment and assumption of the Lease but for the effectiveness of the consents of Landlord set forth herein and delivery of Landlord’s counterpart to the Memo of Lease as set forth below.

In the event Assignee elects, in its sole discretion, to record the Memo of Lease, Landlord shall provide a properly notarized and executed original counterpart of the same prior to or upon satisfaction of Conditions Precedent (i), (ii) and (iii) set forth above. Such original copy shall be delivered to the escrow agent for this transaction at the following address:

Chicago Title Company
725 South Figueroa St., Suite 200
Los Angeles, CA 90017
Attention: Nko Justin
Email: Nko.Justin@ctt.com

Upon timely satisfaction of the Conditions Precedent, Landlord's staff shall, upon written request of Tenant or Assignee, confirm the timely satisfaction of the Conditions Precedent by written notice to Tenant and Assignee given by overnight mail and email and addressed: (i) to Assignee at Harbor Freight Tools USA, Inc., 26541 Agoura Road, Suite 101, Calabasas, CA 91302, Attention: Jason Kupper and Saba Yazdani, Email: jkupper@sfegroup.com and syazdani@sfegroup.com; and (ii) to Tenant at Avjet Corporation, 112 Charles A. Lindbergh Drive, Teterboro, NJ 07608, Attention: Scott Fleming, General Counsel, Email: Scott.Fleming@jetaviation.com

2. Release; Reservation of Rights.

Upon the closing of the assignment of the Lease to Assignee, Tenant is hereby released and discharged from any and all liability under the Lease, except for such liability under the Lease solely arising out of the period of time prior to such closing of the assignment of the Lease.

Nothing in this Consent is intended to waive (i) any defaults by Tenant that may exist under the Lease, and Landlord hereby reserves all of its rights and remedies with respect to any such defaults, or (ii) any rights Landlord may have to approve or disapprove any future assignments and subleases as set forth under the Lease.

3. Addresses.

Landlord acknowledges that Assignee's address for notices as "Tenant" under the Lease as assigned to Assignee from and after the closing of the assignment of the Lease is as follows:

26541 Agoura Road
Calabasas, CA 91302
Attention: Trey Feiler
Email: tfeiler@harborfreight.com

and:

26541 Agoura Road, Suite 101
Calabasas, CA 91302
Attention: Jason Kupper and Saba Yazdani
Email: jkupper@sfegroup.com; syazdani@sfegroup.com

with a copy to:
26541 Agoura Road
Calabasas, CA 91302
Attention: Marc Friedman
Email: mfriedman@harborfreight.com

with a copy to:
3030 Clybourn Avenue
Burbank, CA 91505
Attention: Terry Walby
Email: twalby@sfgroup.com

with a copy to the following, in the case of any such notices to be given to “Tenant” under the Lease related to the period of time prior to closing of the assignment of the Lease:

Jet Aviation Holdings USA, Inc.
112 Charles A. Lindbergh Drive
Teterboro, NJ 07608
Attention: Scott Fleming, General Counsel
Email: scott.fleming@jetaviation.com

4. Reliance.

This Consent shall inure to the benefit of Tenant and Assignee and each of their respective successors and assigns and shall be binding upon Landlord and its successors and assigns. Landlord acknowledges and agrees that Assignee and its successors and assigns shall be entitled to rely on the provisions set forth herein.

**BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY**

By: _____
Print Name: _____
Title: _____

EXHIBIT A

FORM OF LETTER OF CREDIT

See attached.

Format provided for guidance purpose and is not to be considered legal advice. WFB SBLC Operations Department reserves the right to modify the text upon receipt of a draft/complete details.

THIS SAMPLE WORDING IS PRESENTED WITHOUT ANY RESPONSIBILITY ON OUR PART. THIS PROFORMA IS PROVIDED TO YOU AT YOUR REQUEST ONLY AS SUGGESTED WORDING FOR THE LETTER OF CREDIT. PLEASE NOTE THAT THE LETTER OF CREDIT IS IN DRAFT FORM ONLY AND REMAINS UNISSUED AND IS NOT AN ENFORCEABLE INSTRUMENT.

APPLICANT(S) HEREBY AGREE WITH THE FORM AND WORDING OF THE FOLLOWING PROFORMA LETTER OF CREDIT, AND REQUEST THAT WELLS FARGO BANK, N.A. ISSUE THE LETTER OF CREDIT WITH SUCH FORM AND WORDING. IF THERE ARE MULTIPLE APPLICANTS FOR THE LETTER OF CREDIT, THE SIGNATURE OF ONE APPLICANT DENOTES APPROVAL BY ALL APPLICANT'S AND BINDS ALL APPLICANTS

BY: _____
NAME AND TITLE:

THIS PROFORMA LETTER OF CREDIT IS AN INTEGRAL PART OF THE APPLICATION AND AGREEMENT FOR THE ISSUANCE OF THE LETTER OF CREDIT. THE LETTER OF CREDIT CANNOT BE ISSUED UNTIL THE PROFORMA LETTER OF CREDIT IS RETURNED TO US WITH THE APPLICANT'S SIGNATURE ABOVE.

Wells Fargo Bank, N.A.
U. S. TRADE SERVICES – Standby Letters of Credit
MAC D4004-017
401 N. Research Pkwy, 1st Floor
Winston-Salem, NC 27101
Phone: 1(800) 776-3862 Option 2
E-Mail: trade.ccustandbys@wachovia.com

IRREVOCABLE STANDBY LETTER OF CREDIT
NUMBER _____
Issue Date: _____

BENEFICIARY:
Beneficiary Name
Address
City, State Zip
Attention: _____

APPLICANT:
Applicant Name
Address
City, State Zip

LETTER OF CREDIT ISSUE AMOUNT _____

EXPIRY DATE: _____

Ladies and Gentlemen:

At the request and for the account of the above referenced applicant, we hereby issue our Irrevocable Standby Letter of Credit (the "Wells Credit") in your favor in the amount of **[Insert Amount in Words] [US\$ Insert Amount in Numbers]** available with us at our above office by payment against presentation of the following documents:

1. A draft drawn on us at sight marked "Drawn under Wells Fargo Bank, N.A. Standby Letter of Credit No. _____."
2. The original of this Standby Letter of Credit and any amendments thereto.
3. Beneficiary's signed and dated statement worded as follows (with the instructions in brackets therein complied with):

The undersigned, an authorized representative of the beneficiary of Wells Fargo Bank Letter of Credit No. _____ certifies that the amount of the draft accompanying this statement represents the amount due to Beneficiary pursuant to and in connection with that certain Lease dated **[insert date]** between *Applicant Name* and *Beneficiary Name* (as such lease may be amended, restated or replaced).

In the event of partial drawings where multiple drawings are not prohibited, Wells Fargo Bank, N.A. shall endorse the original of this Letter of Credit and return it to the beneficiary.

If any instructions accompanying a drawing under this Letter of Credit request that payment is to be made by transfer to an account with us or at another bank, we and/or such other bank may rely on an account number specified in such instructions as that of the beneficiary's without any further validation.

(Optional – Delete if not fax presentation)

Drawings may also be presented to us by facsimile transmission to facsimile number ____-____-____ (each such drawing, a “fax drawing”); provided, however, that a fax drawing will not be effectively presented until you confirm by telephone our receipt of such fax drawing by calling us at telephone number 1-800-____-____. If you present a fax drawing under this letter of credit you do not need to present the original of any drawing documents, and if we receive any such original drawing documents they will not be examined by us. In the event of a full or final drawing the original standby letter of credit must be returned to us by overnight courier

(Optional – Delete if not automatically extendable)

This Letter of Credit expires at our above office on **[Insert Month, Day, and Year]**. It is a condition of this Letter of Credit that such expiration date shall be deemed automatically extended, without written amendment, for one year periods to **[Insert Same Month and Day, but not Year]** in each succeeding calendar year, unless at least **[Insert number in figures]** days prior to such expiration date we send written notice to you at your address above by overnight courier or registered mail that we elect not to extend the expiration date of this Letter of Credit beyond the date specified in such notice. In no event shall this Letter of Credit be extended beyond **[Insert Month, Day, and Year]** which will be considered the final expiration date. Any reference to a final expiration date does not imply that we are obligated to extend the expiration date beyond the initial or any extended date thereof..

Upon our sending you such notice of the non-extension of the expiration date of this Letter of Credit, you may draw under this Letter of Credit, on or before the Expiration Date specified in such notice, by presentation of the following documents to us at our above address:

1. A draft drawn on us at sight marked “Drawn under Wells Fargo Bank, N.A. Standby Letter of Credit No. _____.”
2. The original of this Standby Letter of Credit and any amendments thereto.
3. Your signed and dated statement worded as follows (with the instructions in brackets therein complied with):

The undersigned, an authorized representative of the beneficiary of Wells Fargo Bank, N. A. Letter of Credit No. _____, hereby certifies that it has received notification from Wells Fargo Bank, N.A. that this letter of credit will not be extended past its current expiration date. The undersigned further certifies that (i) as of the date of this statement, it has not received a letter of credit or other instrument acceptable to it as a replacement; and (ii) **[Insert Name of Letter of Credit Applicant]** has not been released from its obligations.”

(Optional – Delete if not transferable)

This Letter of Credit is transferable one or more times, but in each instance only to a single transferee and only in the full amount available to be drawn under the Letter of Credit at the time of such transfer. Any such transfer may be effected only through Wells Fargo Bank, N.A. and only upon presentation to us at our presentation office specified herein of a duly executed transfer request in the form attached hereto as Exhibit A, with instructions therein in brackets complied with, together with the original of this Letter of Credit and any amendments thereto and payment of our transfer fee. Each transfer shall be evidenced by our endorsement on the reverse of the original of this Letter of Credit, and we shall deliver such original to the transferee. The transferee’s name shall automatically be substituted for that of the beneficiary wherever such beneficiary’s name appears within this Standby Letter of Credit. All charges in connection with any transfer of this Letter of Credit are for the Applicant’s account.

We are subject to various laws, regulations and executive and judicial orders (including economic sanctions, embargoes, anti-boycott, anti-money laundering, anti-terrorism, and anti-drug trafficking laws and regulations) of the U.S. and other countries that are enforceable under applicable law. We will not be liable for our failure to make, or our delay in making, payment under this Letter of Credit or for any other action we take or do not take, or any disclosure we make, under or in connection with this Letter of Credit *[(including, without limitation, any refusal to transfer this Letter of Credit)]* that is required by such laws, regulations, or orders.

We hereby engage with you that each draft drawn under and in compliance with the terms and conditions of this Letter of Credit will be duly honored if presented together with the documents specified in this Letter of Credit at our office located at 401 N. Research Pkwy, 1st Floor MAC D4004-017, Winston-Salem, NC 27101, Attention: U.S. Trade Services, Standby Letters of Credit on or before the above stated expiry date, or any extended expiry date if applicable.

This Irrevocable Standby Letter of Credit sets forth in full the terms of our undertaking. This undertaking is independent of and shall not in any way be modified, amended, amplified or incorporated by reference to any document, contract or agreement referenced herein other than the stipulated ICC rules and governing laws.

Except as otherwise expressly stated herein, this Standby Letter of Credit is subject to *(select one and delete other) **The International Standby Practice 1998, International Chamber of Commerce Publication No. 590. or **The Uniform Customs and Practice For Documentary Credits, (2007 Revision) The International Chamber of Commerce Publication No. 600.*

Very truly yours

WELLS FARGO BANK, N.A.

BY: _____
(AUTHORIZED SIGNATURE)

The original of this Letter of Credit contains an embossed seal over the Authorized Signature.

Please direct any written correspondence or inquires regarding this Letter of Credit, always quoting our reference number to Wells Fargo Bank, N.A., Attn: U.S. Trade Services, Standby Letters of Credit, 401 N. Research Pkwy, MAC D4004-017, Winston-Salem, NC 27101 (Hours of operation: 8:00am EST to 5:30pm EST)

All phone inquiries regarding this credit should be directed to our Standby Customer Connection Professionals at 1-800-776-3862, Option 2.

TRANSFER REQUEST

TO: WELLS FARGO BANK, N. A.
U.S. Trade Services
Standby Letter of Credit Department
401 N. Research Pkwy, 1st Floor, MAC D4004-012
Winston-Salem, North Carolina 27101

Date: _____

LETTER OF CREDIT INFORMATION	Letter of Credit No.: _____ Issuing Bank: _____
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For value received, the undersigned Beneficiary of the above described Letter of Credit (the "Transferor") hereby irrevocably transfers all its rights under the Letter of Credit as amended to this date (the "Credit") to the following transferee (the "Transferee"):

Name of Transferee

Address

By this transfer, all rights of Transferor in the Letter of Credit are transferred to the Transferee, and the Transferee shall be the sole Beneficiary of the Letter of Credit, possessing all rights pertaining thereto, including, but not limited to, sole rights relating to the approval of any amendments, whether increases or extensions or other amendments, and whether now existing or hereafter made. You are hereby irrevocably instructed to advise future amendment(s) of the Letter of Credit to the Transferee without the Transferor's consent or notice to the Transferor.

Enclosed are the original Letter of Credit and the original(s) of all amendments to date. **[Insert one of the following only if the Transferor is Paying the Transfer Fee:** Also enclosed is our official or certified check in the amount of \$_____ in payment of your transfer commission of ¼ of 1% of the transfer amount, minimum \$250.00 maximum \$1,500.00. **or** We authorize you to debit our account number _____ with you for the amount of your transfer commission of ¼ of 1% of the transfer amount, minimum \$250.00 maximum \$1,500.00.]

The Transferor warrants to you that this transfer and the transaction(s) hereunder will not contravene any federal laws or regulations of the United States nor the laws or regulations of any state thereof. Please notify the Transferee of this transfer and of the terms and

conditions of the Letter of Credit as transferred. This transfer will become effective upon Wells Fargo Bank, N.A.'s written notification to the Transferee that such transfer was effected.

[Transferor's Name]

By: _____

Printed Name: _____

Title: _____

Phone Number: _____

THE BANK SIGNING BELOW GUARANTEES THAT THE
TRANSFEROR'S SIGNATURE IS GENUINE AND THAT
THE INDIVIDUAL SIGNING THIS TRANSFER REQUEST HAS
THE AUTHORITY TO DO SO:

[Bank's Name]

By: _____

Printed Name: _____

Title: _____

*[A notary acknowledgment or a certificate of authority with
Corporate seal is acceptable in lieu of a bank guarantee]*

EXHIBIT B

FORM OF ASSIGNMENT OF LEASE

ASSIGNMENT AND ASSUMPTION OF GROUND LEASE

THIS ASSIGNMENT AND ASSUMPTION OF GROUND LEASE (this "Assignment") is made and entered into effective as of _____ (the "Effective Date") by and among JET AVIATION HOLDINGS USA, INC., a Delaware corporation ("Jet Aviation"), AVJET CORPORATION, a California corporation ("Avjet"), and together with Jet Aviation, jointly and severally, "Assignor"), and HARBOR FREIGHT TOOLS USA, INC., a Delaware corporation ("Assignee").

WITNESSETH:

WHEREAS, Assignor and Assignee are parties to that certain Purchase and Sale Agreement dated November 23, 2020 (the "Purchase Agreement"), whereby Assignor has agreed to sell and assign to Assignee certain assets of Assignor including, among other things, all of Assignor's right, title and interest as tenant in and to that certain Development Ground Lease dated June 19, 2006, 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 ("Ground Landlord"), and Avjet, as amended by that certain First Amendment of Lease dated January 16, 2007, between Ground Landlord and Avjet, as further amended by that certain Second Amendment of Lease dated August 6, 2012, between Ground Landlord and Avjet, as further amended by that certain Third Amendment of Lease dated May 16, 2014, between Ground Landlord and Avjet, and as assigned by Avjet to Jet Aviation in the manner described in, and consented to by Ground Landlord pursuant to, that certain Consent to Assignment of Leases dated March 21, 2016 (as so amended and assigned, the "Ground Lease") for the real property described therein, and Assignee has agreed to assume Assignor's liabilities and obligations under the Ground Lease to be performed from after the Effective Date, subject to and upon the terms and conditions set forth herein;

WHEREAS, the parties hereto desire to provide for the assignment to Assignee of such right, title and interest of Assignor in the Ground Lease and for the assumption by Assignee of such liabilities and obligations of Assignor under the Ground Lease in accordance with the terms of the Purchase Agreement (all capitalized terms not defined herein shall bear the meanings ascribed to such terms in the Purchase Agreement); and

WHEREAS, the Ground Landlord has provided its consent to this Assignment, a fully executed copy of which is made a part hereof and attached hereto as Exhibit A ("Ground Landlord Consent").

NOW, THEREFORE, in consideration of the foregoing premises and satisfaction of their respective obligations under the Purchase Agreement, the parties hereto hereby agree as follows:

1. Assignment. Assignor hereby sells, transfers, conveys, assigns and delivers to Assignee, its successors and assigns, to have and to hold forever, all of Assignor's right, title and

interest in, to and under the Ground Lease as of the Effective Date, free of all Liens, but subject only to the Permitted Exceptions and the terms of the Ground Landlord Consent.

2. Assumption. Assignee hereby accepts the foregoing assignment and agrees to perform the obligations of Assignor under the Ground Lease solely to the extent that such obligations accrue and are required pursuant to the Ground Lease to be performed from and after the Effective Date. Assignee does not hereby assume and shall not otherwise be responsible for, and Assignor shall retain and remain liable for, any breach of the Ground Lease prior to the Effective Date and any other obligations of Assignor under the Ground Lease with respect to all periods prior to the Effective Date.
3. No Modification of Purchase Agreement. This Assignment is subject to and made with the benefit of the respective representations, warranties, covenants and agreements of the parties set forth in the Purchase Agreement, none of which shall be deemed to be modified or amended in any way by this Assignment.
4. Miscellaneous. This Assignment may be executed in the original or by telecopy or other electronic means in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Assignment shall be governed by, interpreted under, and construed and enforceable in accordance with, the laws of the State of California.

(Remainder of Page Left Intentionally Blank)

IN WITNESS WHEREOF, this Assignment has been duly executed and delivered by the duly authorized officers of each of the parties hereto to be effective as of the Effective Date.

JET AVIATION HOLDINGS USA, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

AVJET CORPORATION, a California corporation

By: _____
Name: _____
Title: _____

HARBOR FREIGHT TOOLS USA, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

EXHIBIT A

GROUND LANDLORD CONSENT

[TO BE ATTACHED]

EXHIBIT C

FORM OF MEMO OF GROUND LEASE

RECORDING REQUESTED BY

Chicago Title Company

AND WHEN RECORDED MAIL TO

Harbor Freight Tools USA, Inc.
26541 Agoura Road
Calabasas, CA 91302
Attention: Marc Friedman

MEMORANDUM OF GROUND LEASE

THIS MEMORANDUM OF GROUND LEASE (this “Memorandum”) is made and entered into on _____ but effective as of _____, 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 **HARBOR FREIGHT TOOLS USA, INC.**, a Delaware corporation (“Tenant”).

Landlord and Avjet Corporation, a California corporation (“Avjet”), entered into that certain Development Ground Lease dated June 19, 2006, as amended by that certain First Amendment of Lease dated January 16, 2007, between Landlord and Avjet, as further amended by that certain Second Amendment of Lease dated August 6, 2012, between Landlord and Avjet, as further amended by that certain Third Amendment of Lease dated May 16, 2014, between Landlord and Avjet, and as assigned by Avjet to Tenant by that certain Assignment and Assumption of Ground Lease dated as of the effective date hereof (as so amended and assigned, the “Ground Lease”), pursuant to which Landlord leases to Tenant the real property described on Exhibit A attached hereto and depicted on Exhibit B attached hereto and both incorporated herein (the “Premises”), which is a portion of the parcel of land described on Exhibit C attached hereto and incorporated herein.

The term of the Ground Lease commenced on June 19, 2006, and shall expire, unless extended or sooner terminated pursuant to the terms and conditions of the Ground Lease, on June 30, 2031. In the event that, pursuant to the terms and conditions of the Ground Lease, the term of the Ground Lease is terminated or terminates prior to the stated expiration of the term, Tenant shall promptly sign and deliver to Landlord a duly executed and notarized termination of this Memorandum in recordable form. If Tenant does not provide such termination ten (10) days after receipt from

Landlord of a written request for such termination, Landlord may unilaterally execute such termination and have it recorded with the Los Angeles County Recorder's Office.

Tenant shall provide Landlord with a recorded copy of this Memorandum after Tenant's receipt of the recorded copy of this Memorandum.

This Memorandum is not a complete summary of the Ground Lease and shall not be used in interpreting the Ground Lease provisions. In the event of any inconsistency between the terms of the Ground Lease and this Memorandum, the terms of the Ground Lease shall control.

[Signature Pages Follow]

LANDLORD:

**BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY**

By: _____
Name: _____
Title: _____

CERTIFICATE OF ACKNOWLEDGEMENT OF NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA, _____)
COUNTY OF _____)

On _____ before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

TENANT:

HARBOR FREIGHT TOOLS USA, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

CERTIFICATE OF ACKNOWLEDGEMENT OF NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA,)
COUNTY OF _____)

On _____ before me, _____, (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

PREMISES DESCRIPTION

See attached.

**BOB HOPE AIRPORT – LEASEHOLD
LEGAL DESCRIPTION**


THAT PORTION OF THE BOB HOPE AIRPORT DESCRIBED IN DEED TO THE HOLLYWOOD-BURBANK AIRPORT AUTHORITY RECORDED ON JUNE 29, 1978 AS DOCUMENT NO. 78-704352 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, BEING MORE PARTICULARLY DESCRIBED AS THOSE PORTIONS OF LOTS 21 AND 22 OF TRACT NO. 10629 IN THE CITY OF BURBANK, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 165 PAGES 34 AND 35 OF MAPS IN THE OFFICE OF SAID COUNTY RECORDER, TOGETHER WITH THOSE PORTIONS OF VACATED TULARE AVENUE AS SHOWN ON SAID MAP, THAT PORTION OF LOT A OF TRACT NO. 3008, IN SAID CITY, COUNTY AND STATE, AS PER MAP RECORDED IN BOOK 34 PAGE 71 OF SAID MAPS, AND THAT PORTION OF LOT 4 OF SECTION 4, TOWNSHIP 1 NORTH, RANGE 14 WEST, SAN BERNARDINO MERIDIAN, IN SAID CITY, COUNTY AND STATE DESCRIBED AS A WHOLE AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE EASTERLY LINE OF CLYBOURN AVENUE (100 FEET WIDE) WITH THE SOUTHERLY LINE OF SHERMAN WAY (75 FEET WIDE); THENCE ALONG SAID EASTERLY LINE OF CLYBOURN AVENUE, N7°07'32"W 1001.99 FEET; THENCE NORTH 82°52'28"E 100.94 FEET; THENCE N26°17'08"E 65.57 FEET; THENCE N2°02'12"W 15.65 FEET TO A LINE PARALLEL WITH AND DISTANT 10.00 FEET SOUTHERLY, MEASURED AT RIGHT ANGLES FROM THE SOUTHERLY LINE OF PARCEL MAP NO. 12299, IN SAID CITY, COUNTY AND STATE, AS PER MAP FILED IN BOOK 126, PAGES 51 AND 52 OF PARCEL MAPS IN THE OFFICE OF SAID COUNTY RECORDER; THENCE ALONG SAID PARALLEL LINE, S89°10'44"E 381.33 FEET; THENCE S0°46'48"W 243.61 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE N89°36'40"W 208.50 FEET; THENCE S0°02'00"E 13.98 FEET; THENCE N89°16'26"W 178.00 FEET; THENCE S46°09'06"W 57.70 FEET; THENCE S82°52'28"W 51.61 FEET TO SAID EASTERLY LINE OF CLYBOURN AVENUE; THENCE ALONG SAID EASTERLY LINE, S7°07'32"E 228.60 FEET; THENCE N77°02'08"E 580.55 FEET; THENCE N0°34'13"E 152.49 FEET; THENCE N89°36'40"W 116.32 FEET TO THE **TRUE POINT OF BEGINNING**.

1 CONTAINING 2.8136 ACRES, MORE OR LESS.

2
3 **SEE ATTACHED EXHIBIT MAP FOR INFORMATIONAL PURPOSES.**

4
5 THIS LEGAL DESCRIPTION WAS PREPARED BY ME OR UNDER MY DIRECTION
6 IN CONFORMANCE WITH THE PROVISIONS OF THE LAND SURVEYORS' ACT OF
7 THE STATE OF CALIFORNIA. THIS LEGAL DESCRIPTION IS NOT TO BE USED IN
8 VIOLATION OF THE SUBDIVISION MAP ACT OF THE STATE OF CALIFORNIA.

9
10 
11

12 ROBERT HENNON, PLS 5573 (LIC. EXPIRES 9-30-07)

13 **HENNON SURVEYING & MAPPING, INC.**

14 601 E. GLENOAKS BLVD., SUITE 208

15 GLENDALE, CA 91207

16 818-243-0640 FAX 818-243-0650

17
18 *FILE:2490LGL.DOC PROJECT: 2490 DATE: JULY 11, 2006*
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24
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26

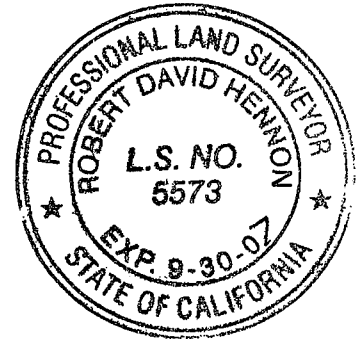


EXHIBIT B

PREMISES DEPICTION

See attached.

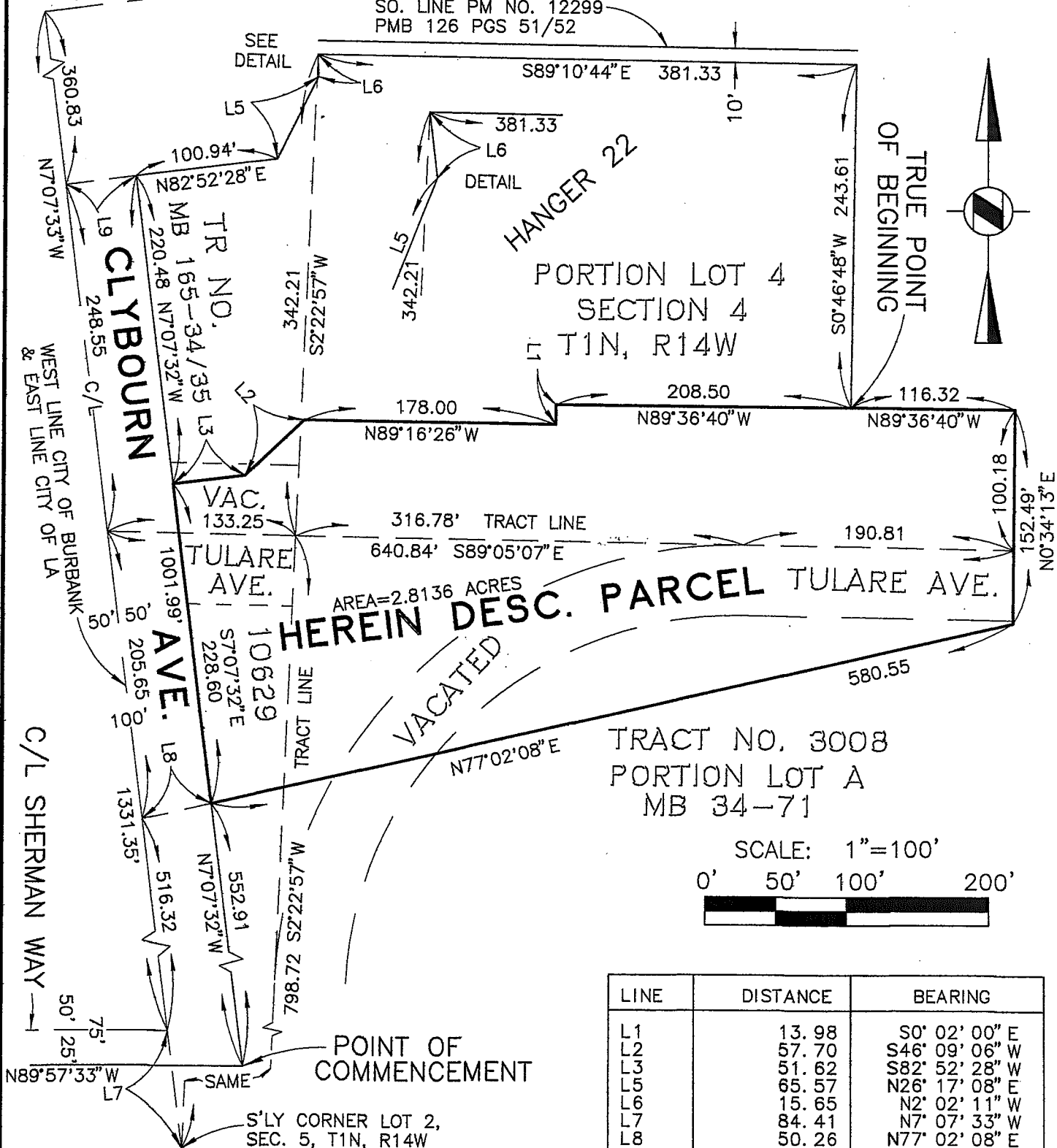
SHT ONE OF ONE SHTS

EXHIBIT MAP

LEASEHOLD IN THE CITY BURBANK

SO. LINE PM NO. 12299
PMB 126 PGS 51/52

VALERIO ST.



PORTION TAX PARCEL 2466-011-902

DATE: JULY 10, '06
THOM. GDE: 533 B4
FILE: 2490.DWG
PROJECT NO: 2490

HENNON
Surveying & Mapping, Inc.

601 E. GLENOAKS BLVD., SUITE 208
GLENDALE, CALIFORNIA 91207
(818)243-0640
FAX: (818)243-0650

LINE	DISTANCE	BEARING
L1	13.98	S0° 02' 00" E
L2	57.70	S46° 09' 06" W
L3	51.62	S82° 52' 28" W
L5	65.57	N26° 17' 08" E
L6	15.65	N2° 02' 11" W
L7	84.41	N7° 07' 33" W
L8	50.26	N77° 02' 08" E
L9	50.00	N82° 52' 28" E

EXHIBIT C

PARCEL

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF BURBANK, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

THAT PORTION OF THE FOLLOWING DESCRIBED LAND WITHIN ASSESSOR'S PARCEL NUMBER 2466-011-902:

THAT PORTION OF THE BURBANK-GLENDALE-PASADENA AIRPORT DESCRIBED IN DEED TO THE HOLLYWOOD-BURBANK AIRPORT AUTHORITY RECORDED ON JUNE 29, 1978 AS [DOCUMENT NO. 78-704352 OF OFFICIAL RECORDS](#), IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, BEING MORE PARTICULARLY THOSE PORTIONS OF LOT 1 OF [TRACT NO. 7619](#), IN THE CITY OF BURBANK, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 78, PAGES 70](#) AND 71 OF MAPS, IN THE OFFICE OF SAID COUNTY RECORDER; LOT A OF [TRACT NO. 3008](#) IN SAID CITY, COUNTY AND STATE, AS PER MAP RECORDED IN [BOOK 34 PAGE 71](#) OF SAID MAPS; LOTS 12 TO 22 INCLUSIVE OF [TRACT NO. 10629](#) IN SAID CITY, COUNTY AND STATE AS PER MAP RECORDED IN [BOOK 165, PAGES 34](#) AND 35 OF SAID MAPS; LOT 59 OF THE LAND OF LANKERSHIM RANCH LAND AND WATER COMPANY, IN SAID CITY, COUNTY AND STATE, AS PER MAP FILED IN [BOOK 31, PAGES 39](#) TO 44 INCLUSIVE OF MISCELLANEOUS RECORDS OF SAID COUNTY; LOTS 3 AND 4 OF SECTION 4, TOWNSHIP 1 NORTH, RANGE 14 WEST, AND THOSE PORTIONS OF VACATED WINONA AVENUE, TULARE AVENUE, CLYBOURN AVENUE AND THAT CERTAIN ALLEY ADJACENT TO SAID LOTS 12 THROUGH 14 OF [TRACT NO. 10629](#), DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE EASTERLY LINE OF CLYBOURN AVENUE (100 FEET WIDE) WITH THE SOUTHERLY LINE OF SHERMAN WAY (75 FEET WIDE); THENCE ALONG SAID EASTERLY LINE OF CLYBOURN AVENUE, NORTH 7° 07' 32" WEST 1001.99 FEET; THENCE NORTH 82° 52' 20" EAST 100.98 FEET; THENCE NORTH 26° 17' 08" EAST 65.57 FEET; THENCE NORTH 2° 02' 12" WEST 25.66 FEET TO THE SOUTHERLY LINE OF [PARCEL MAP NO. 12299](#), IN SAID CITY, COUNTY AND STATE, AS PER MAP FILED IN [BOOK 126, PAGES 51](#) AND 52 OF PARCEL MAPS IN THE OFFICE OF SAID COUNTY RECORDER; THENCE ALONG SAID SOUTHERLY LINE AND THE EASTERLY LINE OF SAID PARCEL MAP, SOUTH 89° 10' 44" EAST 494.64 FEET NORTH 2° 19' 04" EAST 158.95 FEET AND NORTH 12° 54' 21" WEST 469.57 FEET; THENCE NORTH 77° 05' 39" EAST 151.52 FEET TO A LINE PARALLEL WITH AND DISTANT WESTERLY 434.50 FEET, MEASURED AT RIGHT ANGLES FROM THE CENTERLINE OF RUNWAY 15-33 OF SAID AIRPORT; THENCE ALONG SAID PARALLEL LINE, SOUTH 12° 54' 21" EAST 343.50 FEET; THENCE SOUTH 15° 03' 50" EAST 239.00 FEET TO A LINE PARALLEL WITH AND DISTANT WESTERLY 425.50 FEET, MEASURED AT RIGHT ANGLES FROM SAID CENTERLINE; THENCE ALONG SAID PARALLEL LINE, SOUTH 12° 54' 21" EAST 1703.83 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 138.00 FEET; THENCE SOUTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 103° 51' 15" AN ARC DISTANCE OF 250.14 FEET TO A LINE PARALLEL WITH AND DISTANT NORTHERLY 563.00 FEET, MEASURED AT RIGHT ANGLES FROM THE CENTERLINE OF RUNWAY 8-26 OF SAID AIRPORT; THENCE ALONG SAID PARALLEL LINE, NORTH 89° 03' 06" WEST 900.12 FEET; THENCE NORTH 3° 06' 00" WEST 153.00 FEET; THENCE NORTH 51° 42' 00" WEST 50.00 FEET; THENCE NORTH 0° 26' 30" WEST 4.05 FEET; THENCE NORTH 89° 03' 06" WEST 18.33 FEET TO A POINT HEREINAFTER REFERRED TO AS POINT "A"; THENCE NORTH 0° 01' 58" EAST 457.71 FEET TO SAID SOUTHERLY LINE OF SHERMAN WAY; THENCE SOUTH 89° 58' 02" EAST 35.17 FEET ALONG SAID LINE TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION OF SAID PARCEL DESCRIBED AS FOLLOWS:

BEGINNING AT THE ABOVEMENTIONED POINT "A"; THENCE NORTH 0° 01' 58" EAST 75.00 FEET; THENCE SOUTH 89° 58' 02" EAST 17.00 FEET; THENCE SOUTH 0° 01' 58" WEST 75.00 FEET;

THENCE NORTH 89° 58' 02" WEST 17.00 FEET TO SAID POINT "A" BEING THE POINT OF BEGINNING.

**BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FINANCE AND ADMINISTRATION COMMITTEE
JANUARY 19, 2021**

COMMITTEE PENDING ITEMS

Future

1. Presentation of Audited Financial Statements
2. FY 2022 Budget Development Calendar
3. UPS Lease
4. Award of Hangar 41 Lease
5. Award of Ground Development Lease (Lot C)
6. Approval of Amendment of Concession Agreement - Hudson
7. Succeeding Lease - TSA