



February 11, 2021

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

The Airport Authority administrative offices will be closed on Monday, February 15, 2021, in observance of President's Day. Therefore, the regular meeting of the Burbank-Glendale-Pasadena Airport Authority scheduled for Monday, February 15, 2021, at 9:00 a.m., in the Airport Skyroom of Hollywood Burbank Airport, 2627 N. Hollywood Way, Burbank, California 91505, has been cancelled.

NOTICE is hereby given that a special meeting of the Burbank-Glendale-Pasadena Airport Authority will be held Tuesday, February 16, 2021, at 9:00 a.m., 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: (818) 862-3332*

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

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Special Meeting of Tuesday, February 16, 2021

9:00 A.M.

*The public comment period is the opportunity for members of the public to address the Commission on agenda items and on airport-related non-agenda matters that are within the Commission'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 Commission:*

- *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 Commission 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 Commission's subject matter jurisdiction.*
- *Limit comments to five minutes or to such other period of time as may be specified by the presiding officer.*



*The following activities are prohibited:*

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



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



*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, February 16, 2021

1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. APPROVAL OF AGENDA
4. CLOSED SESSION
  - a. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Significant Exposure to Litigation (California Government Code Section 54956.9(d)(2)): 1 potential case. Facts and Circumstances: FAA Southern California Metroplex Project **[No staff report]**
5. PUBLIC COMMENT  
(For items not on the Agenda. Public Comment on specific Agenda items will be received at the time the item is presented.)
6. CONSENT CALENDAR
  - a. Committee Minutes  
(For Note and File)
    - 1) Finance and Administration Committee
      - (i) January 19, 2021 **[See page 1]**
  - b. Commission Minutes  
(For Approval)
    - 1) February 1, 2021 **[See page 4]**
7. ITEMS FOR COMMISSION APPROVAL
  - a. Ground Lease and License Agreement  
Avis Rent A Car System, LLC **[See page 8]**
8. ITEMS FOR COMMISSION DISCUSSION
  - a. Financial Performance Update  
First Six Months of FY 2021 **[No staff report]**
  - b. New Entrant Announcement **[No staff report]**
  - c. World Jet, Inc. (Aircraft N734TJ) **[See page 10]**
9. ITEMS FOR COMMISSION INFORMATION
  - a. December 2020 Passenger and Air Cargo Statistics **[See page 13]**

b. December 2020 Transportation Network Companies

***[No staff report]***

c. December 2020 Parking Revenue Statistics

***[No staff report]***

10. EXECUTIVE DIRECTOR COMMENTS

11. COMMISSIONER COMMENTS

(Other updates and information items, if any)

12. ADJOURNMENT



## COMMISSION NEWSLETTER

Tuesday, February 16, 2021

*[Regarding agenda items]*

### 6. CONSENT CALENDAR

*(Consent Calendar items may be enacted by one motion. There will be no separate discussion on these items unless a Commissioner so requests, in which event the item will be removed from the Consent Calendar and considered in its normal sequence on the agenda.)*

- a. COMMITTEE MINUTES. Approved minutes of the Finance and Administration Committee special meeting of January 19, 2021; are included in the agenda packet for information purposes.
- b. COMMISSION MINUTES. Draft minutes of the February 1, 2021 Commission meeting are attached for the Commission's review and approval.

### 7. ITEMS FOR COMMISSION APPROVAL

- a. GROUND LEASE AND LICENSE AGREEMENT - AVIS RENT A CAR SYSTEM, LLC. A staff report is included in the agenda packet. Staff seeks Commission approval of a Month-to-Month Ground Lease ("Lease") and a License Agreement with Avis Rent A Car System, LLC for temporary overflow storage of its rental car fleet inventory. The Lease covers a 34,358 square foot area of the former Enterprise Rental Car service area located off of Empire Avenue in the southwest quadrant of the Airport, and the Agreement is for the fifth floor of the Replacement Parking Structure located across from the Regional Intermodal Transportation Center.

### 8. ITEMS FOR COMMISSION DISCUSSION

- a. FINANCIAL PERFORMANCE UPDATE – FIRST SIX MONTHS OF FY 2021. No staff report attached. Staff will update the Commission with information regarding the financial results for the first six months of FY 2021.
- b. NEW ENTRANT ANNOUNCEMENT. No staff report attached. Staff will be announcing to the Commission that TEM Enterprise ("TEM"), to be doing business as Avelo Airlines, has executed an Airport Use Agreement and anticipates commencing operations to Hollywood Burbank Airport in the late spring to early summer time frame.
- c. WORLD JET, INC. (AIRCRAFT N734TJ). A staff report is included in the agenda packet. This discussion item provides a briefing on the enforcement of the Airport Noise Rules against the Gulfstream III aircraft, N734TJ, periodically operated by World Jet, Inc. ("World Jet") at Hollywood Burbank Airport. Aircraft N734TJ is based elsewhere and is one of the noisiest, if not the noisiest, general aviation aircraft using the Airport. Departures of aircraft N734TJ have triggered a number of noise complaints by residents dating back to last summer. Pursuant to Airport Noise Rule 9 ("Rule 9"), the Authority is able to issue a fine if that aircraft departs from the

Airport at night weighing more than 55,500 pounds. Staff investigated and determined that two of the aircraft's nighttime departures in the past year violated Rule 9. As a result, the Authority issued a \$4,661 fine for each of the two violations and World Jet has paid both fines.

9. ITEMS FOR COMMISSION INFORMATION

- a. DECEMBER 2020 PASSENGER AND AIR CARGO STATISTICS. A staff report is included in the agenda packet. The December passenger count of 95,447 was down 83%, compared to last year's 554,520 passengers. Air carrier aircraft operations decreased 62%, while cargo volume in December was up 19%, at 11.3 million pounds.
- b. DECEMBER 2020 TRANSPORTATION NETWORK COMPANIES. No staff report attached. Staff will update the Commission on TNC activity for the month of December 2020.
- c. DECEMBER 2020 PARKING REVENUE STATISTICS. No staff report attached. Staff will present parking revenue data for the month of December 2020.

*Approved February 1, 2021*

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

**TUESDAY, JANUARY 19, 2021**

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 9:41 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, Najarian (both via teleconference), and Adams

**Absent:** None

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

**1. Approval of Agenda** The agenda was approved as presented.

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

**Motion Approved** There being no objection, a voice vote was taken to accommodate those participating via teleconference. The motion was approved (3–0).

**2. Public Comment** There were no public comments.

**3. Approval of Minutes**

**a. December 14, 2020** Draft minutes for the December 14, 2020, special meeting of the Finance and Administration Committee meeting was presented for approval.

**Motion** Commissioner Najarian moved approval of the minutes, seconded by Commissioner Adams.

**Motion Approved** There being no objection a voice vote was taken to accommodate those participating via teleconference.

The motion was approved (3–0).

#### **4. Treasurer's Report**

##### **a. November 2020**

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

##### **Motion**

Commissioner Najarian moved approval, seconded by Commissioner Adams.

##### **Motion Approved**

There being no objection, a voice vote was taken. The motion was approved (3–0) that it be forwarded to the Commission for note and file.

#### **5. Items for Approval**

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

Staff presented the proposed Resolution No. 489 adopting the 2021 Authority Investment Policy to the Committee. Staff sought Committee recommendation to the Commission to adopt proposed Resolution No. 489 approving the 2021 Authority Investment Policy.

##### **Motion**

Commissioner Najarian moved approval, seconded by Commissioner Adams.

##### **Motion Approved**

There being no objection a voice vote was taken to accommodate those participating via teleconference. The motion was approved (3–0).

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

Staff sought a Committee recommendation to the Commission for approval a 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.

On March 21, 2016, the Commission approved a Consent to Assignment between Avjet and Jet Aviation Holdings USA, Inc., as a result of a Stock Purchase agreement which provided for a sale of Avjet to Jet 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.

The PSA is contingent upon the Commission's approval of the proposed Conditional Consent to Assignment of the Lease.

**Motion**

Commissioner Adams moved approval, seconded by Commissioner Najarian.

**Motion Approved**

There being no objection a voice vote was taken to accommodate those participating via teleconference. The motion was approved (3–0).

**6. Items for Information**

**a. Committee Pending Items**

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

**7. Adjournment**

There being no further business to discuss, the meeting was adjourned at 10:02 a.m.

**MINUTES OF THE REGULAR MEETING OF THE  
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY**

**MONDAY, FEBRUARY 1, 2021**

A regular meeting of the Burbank-Glendale-Pasadena Airport Authority was called to order this date in the Airport Skyroom, 2627 N. Hollywood Way, Burbank, California, at 9:02 a.m., by President Selvidge.

**1. ROLL CALL**

**Present:** Commissioners Selvidge (via teleconference); Brown, Adams, Agajanian (via teleconference), Najarian (via tele-conference), and Kennedy (via teleconference)

**Absent:** Commissioners Devine, Madison, Wiggins

**Also Present:** Staff: Frank Miller, Executive Director, John Hatanaka, Senior Deputy Executive Director; Scott Kimball, Deputy Executive Director, Business and Properties, SMS, Procurement, and Operations

**2. PLEDGE OF ALLEGIANCE** Commissioner Agajanian led the assembly in the recitation of the Pledge of Allegiance to the Flag.

NOTE: Commissioner Selvidge announced that Item 7.a. Noise Rules and Application would be deferred to the next regularly scheduled meeting.

**3. APPROVAL OF AGENDA** The agenda was approved as presented.

**4. PUBLIC COMMENTS** Laura Ioanou of Studio City; Stacey Slichta of Studio City, both via teleconference.

**5. CONSENT CALENDAR**

**a. Committee Minutes  
(For Note and File)**

**1) Finance and  
Administration  
Committee**

**(i) December 14, 2020** Approved minutes of the special meeting of the Finance and Administration Committee meeting for December 14, 2020, were included in the agenda packet for information purposes.

- |   |  |
|---|--|
| <p><b>2) Legal, Government and Environmental Affairs Committee</b></p>  | <p>Approved minutes of the Legal, Government and Environmental Affairs Committee meeting for November 16, 2020, were included in the agenda packet for information purposes.</p>   |
| <p><b>b. Commission Minutes (For Approval)</b></p>  |  |
| <p><b>1) January 19, 2021</b></p>   | <p>Minutes of the January 19, 2021, special Commission meeting were included in the agenda packet for review and approval.</p>   |
| <p><b>c. Treasurer's Reports</b></p>  |  |
| <p><b>1) November 2020</b></p>  | <p>At its special meeting on January 19, 2021, the Finance and Administration Committee reviewed the November 2020 Treasurer's Report and voted unanimously (3–0) to accept the report and recommend to the Commission for note and file.</p>  |
| <p><b>d. Proposed Resolution No. 489 Adopting the 2021 Authority Investment Policy</b></p>                                      | <p>At its special meeting on January 19, 2021, the Finance and Administration Committee voted unanimously (3–0) to recommend to the Commission that it adopt proposed Resolution No. 489 adopting the 2021 Authority Investment Policy.</p>  |
| <p><b>e. Approval of Other Transaction Agreement Department of Homeland Security Transportation Security Administration</b></p> | <p>Staff submitted to the Commission for approval an Other Transaction Agreement with the Department of Homeland Security/Transportation Security Administration ("TSA") for reimbursement of electrical services at baggage inspection checkpoints and for the continuation of cleaning and sanitization protocols at TSA checkpoints due to the COVID-19 pandemic.</p> |
| <p><b>MOTION</b></p>  | <p>Commissioner Agajanian moved approval of the Consent Calendar; seconded by Commissioner Najarian.</p>   |
| <p><b>MOTION APPROVED</b></p>   | <p>There being no objection, a voice vote was taken to accommodate those participating via teleconference. The motion was approved (6-0, 3 absent).</p>  |
|   | <p>AYES: Commissioners Selvidge (via teleconference) Brown, Adams, Agajanian (via teleconference), Najarian (via teleconference), and Kennedy (via teleconference)</p>   |
|   | <p>NOES: NONE</p>  |
|   | <p>ABSENT: Commissioners Devine, Madison and Wiggins</p>   |

## **6. ITEMS FOR COMMISSION APPROVAL**

### **a. Conditional Consent to Assignment – Development Ground Lease – Avjet Corporation**

Staff submitted to the Commission for approval of a Conditional Consent to Assignment for a Development Ground Lease (“Ground Lease”) with Avjet Corporation to lease Hangar 25 pursuant to a Purchase and Sales Agreement (“PSA”) with Harbor Freight Tools, USA (“Harbor Freight Tools”) dated November 2020.

On November 23, 2020 Avjet informed Staff that it executed a Purchase and Sales Agreement with Harbor Freight Tools for the purchase of Hangar 25 and assumption of the Lease.

The PSA is contingent upon Commission approval of the Ground Lease.

At its special meeting on January 19, 2021, the Finance and Administration Committee voted unanimously (3–0) to recommend Commission approval of this item.

### **MOTION**

Commissioner Kennedy moved approval; seconded by Commissioner Agajanian.

### **MOTION APPROVED**

There being no objection, a voice vote was taken to accommodate those participating via teleconference. The motion was approved (6-0, 3 absent).

**AYES:** Commissioners Selvidge (via teleconference) Brown, Adams, Agajanian (via teleconference), Najarian (via teleconference), and Kennedy (via teleconference)

**NOES:** NONE

**ABSENT:** Commissioners Devine, Madison and Wiggins

## **8. COMMISSIONER COMMENTS (Other updates and information, if any)**

Commissioner Kennedy congratulated Commissioner Najarian on his recent appointment as Chair of Los Angeles County Metropolitan Transportation Authority (Metrolink).

At Commissioner Selvidge's request, Staff updated the Commission on the recently opened COVID-19 testing clinic located across the street from Hollywood Burbank Airport.

Commissioner Kennedy questioned if traveler's flying into Hollywood Burbank Airport were required to fill out a form indicating they planned to quarantine upon



arrival. Staff indicated that they were not required to do so at the Airport since that is a requirement for the City of Los Angeles. Commissioner Kennedy requested that Staff provide further information on the steps the Airport could implement to stop the spread of the virus. Commissioner Selvidge requested Staff to further research this matter.

**9. ADJOURNMENT**

There being no further business, the meeting was adjourned at 9:38 a.m.

\_\_\_\_\_  
Ross Selvidge, Ph.D., President

\_\_\_\_\_  
Don Brown, Secretary

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**STAFF REPORT PRESENTED TO THE  
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY  
FEBRUARY 16, 2021**

**GROUND LEASE AND LICENSE AGREEMENT  
AVIS RENT A CAR SYSTEM, LLC**

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

**SUMMARY**

Staff seeks Commission approval of a Month-to-Month Ground Lease ("Lease") and a License Agreement ("Agreement") with Avis Rent A Car System, LLC ("Avis") for temporary overflow storage of its rental car fleet inventory. The Lease covers a 34,358 square feet area of the former Enterprise Rental Car service area located off of Empire Avenue in the southwest quadrant of the Airport, and the Agreement is for the fifth floor of the Replacement Parking Structure ("RPS") located across from the Regional Intermodal Transportation Center ("RITC"). Copies of the Lease and the Agreement are attached.

At the Finance and Administration Committee ("Committee") meeting on February 1, 2021, staff advised of Avis' request and its urgent operational need for the space to store new fleet inventory. With the concurrence of the Committee, this item is being presented directly to the Commission for consideration.

**BACKGROUND**

Avis is a signatory to the Non-Exclusive On-Airport Rental Car Lease and Concession Agreement for its rental car operation at the RITC. Avis has operated in this facility since July 2014 and currently is a tenant in good standing.

On January 22, 2021, Avis reached out to staff requesting additional parking spaces to store approximately 500 recently purchased new vehicles that are expected to begin arriving over the course of the next two months.

Prior to the COVID-19 pandemic, storage of additional new vehicles did not cause any operational issues as Avis was able to cycle out and replace older vehicles on a regularly scheduled basis. However, the pandemic has impacted the logistic management of the fleet vehicle inventory resulting in a significant amount of new inventory arriving prior to the older models being removed. This has resulted in many more vehicles scheduled to be on site than Avis' space within the RITC is able to accommodate.

Avis seeks to enter into two contracts with the Authority. The first is a month-to-month ground lease of the former Enterprise Rent a Car storage lot which provides flexibility with storage and rotation of the fleet as indications are that the car rental demand may be recovering faster than originally forecasted. The second contract is for a month-to-month License Agreement which allows access to the fifth floor of the RPS for the purposes of storing the new car fleet.

## DETAILS

Key components of the proposed Lease and proposed Agreement are as follows:

<u>Use:</u>	Storage of rental car fleet inventory
<u>Premises:</u>	The former Enterprise Rent A Car service storage lot located on Empire Avenue and fifth floor of the Replacement Parking Structure
<u>Term:</u>	Month-to-Month
<u>Commencement:</u>	February 16, 2021
<u>Rent:</u>	For the Empire Avenue Lot: \$6,528 per month For the RPS: \$5,400 per month
<u>Adjustment:</u>	If the occupancy exceeds twelve months, a 3% adjustment to the rent shall apply
<u>Termination:</u>	30 days' prior written notice

## BUDGET IMPACT

The proposed two contracts will increase the Authority's revenues on a temporary basis by an additional \$11,928 per month.

## RECOMMENDATION

Staff seeks the approval of the Commission for the proposed Lease and proposed Agreement and authorization for the President to execute the same.

**STAFF REPORT PRESENTED TO THE  
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY  
FEBRUARY 16, 2021**

**WORLD JET, INC.  
(Aircraft N734TJ)**

**SUMMARY**

This discussion item provides a briefing on the enforcement of the Airport Noise Rules against the Gulfstream III aircraft, N734TJ, periodically operated by World Jet, Inc. ("World Jet") at Hollywood Burbank Airport. Aircraft N734TJ is based elsewhere and is one of the noisiest, if not the noisiest, general aviation aircraft using the Airport. Departures of aircraft N734TJ have triggered a number of noise complaints by residents dating back to last summer. Pursuant to Airport Noise Rule 9 ("Rule 9"), the Authority is able to issue a fine if that aircraft departs from the Airport at night weighing more than 55,500 pounds. Staff investigated and determined that two of the aircraft's nighttime departures in the past year violated Rule 9. As a result, the Authority issued a \$4,661 fine for each of the two violations and World Jet has paid both fines.

**BACKGROUND**

**I. Basic Facts**

Aircraft N734TJ is not based at the Airport. It is a transient aircraft. Since August 2020, that aircraft has had 37 operations at the Airport. Thirty-four of those operations were during the day and the other three were at night. Each time it has visited the Airport, aircraft N734TJ has triggered at least one noise complaint. Specifically, four residents have complained, either orally or in writing, at least 14 times about that aircraft's operations. Investigations of that aircraft's three nighttime operations revealed that two of them violated Rule 9.

Rule 9, in essence, sets a nighttime standard for general aviation aircraft operations between 10 p.m. and 7 a.m. That standard is based on the aircraft's estimated sideline noise levels as set forth by the Federal Aviation Administration. In the early 1980s, the Authority had its noise consultant (Bolt Beranek and Newman Inc.) review the Gulfstream III aircraft to determine the operating conditions under which they could comply with Rule 9. The consultant determined that, at a takeoff weight of 55,495 pounds or less, the aircraft should comply with Rule 9. Because Rule 9 and that determination predated federal legislation preempting airport proprietors' ability to add or increase noise or access restrictions, Rule 9 remains in place and enforceable today. As Rule 9 applies to only nighttime operations, Staff, as a matter of course, reviews all Gulfstream III nighttime operations to determine if they are in violation of Rule 9. With respect to aircraft N734TJ, Staff determined that nighttime operations on August 5 and November 3 occurred above the weight restrictions and thus were in violation of Rule 9. Staff's investigations resulted in the issuance of a fine to World Jet in the amount of \$4,661 for each violation, both of which have been paid.

## II. Airport Noise Rules

The Authority has 11 active Airport Noise Rules. The one applicable to aircraft N734TJ is Rule 9. Rule 9 does not restrict daytime operations of aircraft. Instead, as interpreted and enforced by the Authority since the early 1980s, Rule 9 requires Gulfstream III aircraft to weigh less than 55,500 on takeoff at night. The Airport Noise Rules are enforced by the levying of a fine for each prohibited operation. The Authority has always enforced the Airport Noise Rules through monetary fines.

## III. Federal Law

In 1990, with the passage of the Airport Noise and Capacity Act and then again, in 2013, with the passage of the Federal Aviation Administration Reauthorization and Modernization Act, Congress barred airport proprietors from restricting or regulating aircraft operations due to noise concerns. In short, there was a federal legislative tradeoff enacted that required Federal Aviation Administration approval of any new restrictions on aircraft operations due to noise concerns. In return, the nation's aircraft fleet would be required to convert from noisier Stage II aircraft to less noisy Stage III aircraft. The federal legislation, however, allowed preexisting local restrictions (such as the Authority's Airport Noise Rules) to be considered grandfathered and remain in force as long as they are not changed.

## CONCLUSION

Staff continues to enforce the Airport Noise Rules but is cognizant of the limits of the Authority's jurisdiction over actual flight operation due to federal preemption.

## FREQUENTLY ASKED QUESTIONS

1. How is the fine amount for violation of a noise rule determined?

The Authority in its Resolution 382 set the amount of the fine. It can be adjusted periodically to reflect an increase in the Consumer Price Index.

2. Has an aircraft operator ever contested the assessment of a fine?

While one operator was slow to pay a fine a number of years ago, that fine and all other fines have been collected.

3. Did complaints by residents trigger the Airport staff's investigation of the operations of N734TJ aircraft?

No, nighttime operations by Gulfstream III are checked every day by Airport staff to verify weight.

4. Has the Airport staff responded to each resident who complained about N734TJ?

The Airport staff has spoken by phone with some of the residents and sent emails to all residents who complained by email.

## Hollywood Burbank Airport

REVENUE PASSENGERS	December			January - December		
	2020	2019	% Change	2020	2019	% Change
Signatory Airlines						
Alaska Airlines	8,973	44,690	-79.92%	174,812	605,303	-71.12%
American Airlines	11,267	35,875	-68.59%	184,907	323,583	-42.86%
Delta Airlines	6,449	29,085	-77.83%	77,016	242,016	-68.18%
JetBlue Airways	0	18,174	-100.00%	49,557	240,758	-79.42%
Southwest Airlines	63,128	391,386	-83.87%	1,362,522	4,157,782	-67.23%
Spirit Airlines	2,280	7,582	-69.93%	46,942	73,090	-35.78%
United Airlines	3,350	27,728	-87.92%	99,592	341,205	-70.81%
<b>Total Revenue Passengers</b>	<b>95,447</b>	<b>554,520</b>	<b>-82.79%</b>	<b>1,995,348</b>	<b>5,983,737</b>	<b>-66.65%</b>
Inbound (deplaned)	46,530	281,749	-83.49%	998,636	2,996,242	-66.67%
Outbound (enplaned)	48,917	272,771	-82.07%	996,712	2,987,495	-66.64%

AIRCRAFT OPERATIONS	December			January - December		
	2020	2019	% Change	2020	2019	% Change
<b>Landings &amp; Takeoffs</b>						
Air Carrier	2,070	5,438	-61.93%	34,044	65,058	-47.67%
Air Taxi	1,303	2,062	-36.81%	15,582	22,734	-31.46%
General Aviation	1,782	2,383	-25.22%	24,035	32,004	-24.90%
Military Itinerant	20	58	-65.52%	422	553	-23.69%
<i>Subtotal</i>	<i>5,175</i>	<i>9,941</i>	<i>-47.94%</i>	<i>74,083</i>	<i>120,349</i>	<i>-38.44%</i>
<b>Pass Through BUR Airspace</b>						
Civil Local	2,042	1,636	24.82%	31,274	25,746	21.47%
Military Local	0	0	N/A	0	0	N/A
<i>Subtotal</i>	<i>2,042</i>	<i>1,636</i>	<i>24.82%</i>	<i>31,274</i>	<i>25,746</i>	<i>21.47%</i>
<b>Total Aircraft Operations</b>	<b>7,217</b>	<b>11,577</b>	<b>-37.66%</b>	<b>105,357</b>	<b>146,095</b>	<b>-27.88%</b>

**Air Carrier:** Scheduled commercial air carrier operations; including cargo operators

**Air Taxi:** Smaller aviation operators such as charters, commuter carriers or on-demand operators

**General Aviation:** Civil aviation operations for personal use

**Military Itinerant:** Military aviation activities

**Civil Local:** Civil aviation operations that pass through BUR airspace monitored by FAA ATCT at BUR.

**Military Local:** Military aviation operations that pass through BUR airspace monitored by FAA ATCT at BUR

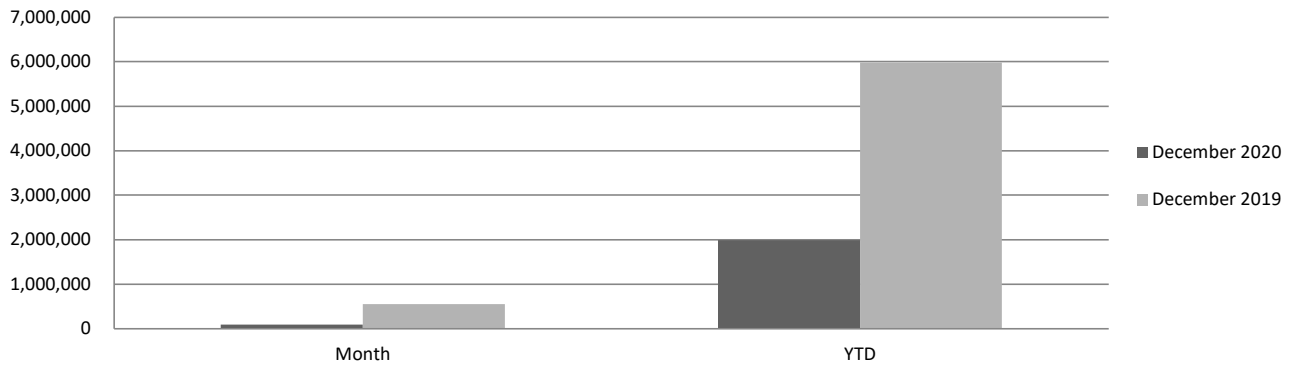
# Hollywood Burbank Airport

AIR CARGO (lbs.)	December			January - December		
	2020	2019	% Change	2020	2019	% Change
Signatory Airlines						
Alaska Airlines	1,400	216	548.15%	8,550	8,709	-1.83%
American Airlines	0	0	N/A	2,793	213	1211.27%
Delta Airlines	0	0	N/A	49,078	150	32618.67%
JetBlue Airways						
Southwest Airlines	103,208	135,125	-23.62%	1,394,578	1,896,509	-26.47%
Spirit Airlines						
United Airlines	0	2,245	-100.00%	1,106	56,709	-98.05%
Other Scheduled Carriers						
Federal Express	5,152,109	4,131,466	24.70%	52,754,594	51,337,511	2.76%
United Parcel Service	5,699,739	4,954,376	15.04%	55,620,652	49,842,334	11.59%
Charter/Contract Carriers						
AirNet Express	0	0	N/A	0	0	N/A
Ameriflight	312,169	273,591	14.10%	3,300,693	2,905,266	13.61%
<b>Total Air Cargo</b>	<b>11,268,625</b>	<b>9,497,019</b>	<b>18.65%</b>	<b>113,132,044</b>	<b>106,047,401</b>	<b>6.68%</b>
Inbound (deplaned)	5,647,383	4,877,011	15.80%	58,594,470	52,292,237	12.05%
Outbound (enplaned)	5,621,242	4,620,008	21.67%	54,537,574	53,755,164	1.46%

MAIL (lbs.)	December			January - December		
	2020	2019	% Change	2020	2019	% Change
American Airlines	0	0	N/A	6,032	0	N/A
<b>Total Mail</b>	<b>0</b>	<b>0</b>	<b>N/A</b>	<b>6,032</b>	<b>0</b>	<b>N/A</b>
Inbound (deplaned)	0	0	N/A	3,016	0	N/A
Outbound (enplaned)	0	0	N/A	3,016	0	N/A

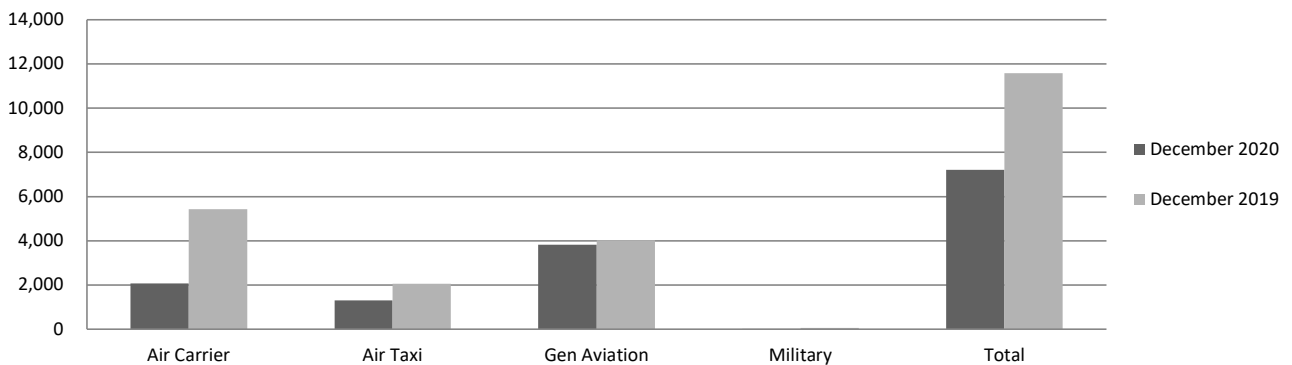


### Revenue Passengers



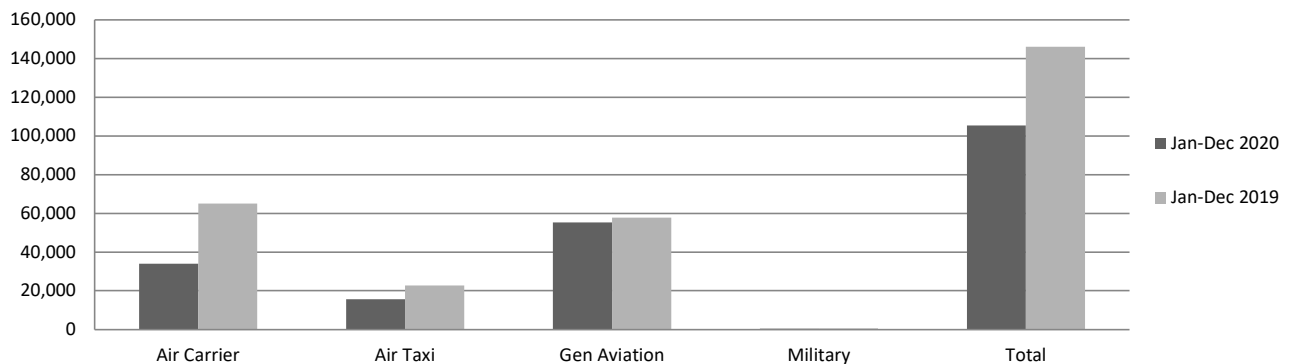
Revenue Passengers	Month	YTD
December 2020	95,447	1,995,348
December 2019	554,520	5,983,737
% Change	-82.79%	-66.65%

### Aircraft Operations - Month



Aircraft Operations - MO	Air Carrier	Air Taxi	Gen Aviation	Military	Total
December 2020	2,070	1,303	3,824	20	7,217
December 2019	5,438	2,062	4,019	58	11,577
% Change	-61.93%	-36.81%	-4.85%	-65.52%	-37.66%

### Aircraft Operations - Year-to-Date



Aircraft Operations - YTD	Air Carrier	Air Taxi	Gen Aviation	Military	Total
Jan-Dec 2020	34,044	15,582	55,309	422	105,357
Jan-Dec 2019	65,058	22,734	57,750	553	146,095
% Change	-47.67%	-31.46%	-4.23%	-23.69%	-27.88%

## **LICENSE AGREEMENT**

THIS LICENSE AGREEMENT (the "Agreement") is dated as of \_\_\_\_\_, 2021, and is entered into by and between the BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY, a public entity formed under a joint exercise and powers agreement among the Cities of Burbank, Glendale and Pasadena, California pursuant to the California Joint Exercise of Powers Act ("Licensor"), and AVIS RENT A CAR SYSTEM, LLC, a Delaware limited liability company ("Licensee").

### **WITNESSETH:**

WHEREAS, Licensor is the owner of the parking facility at 2509 North Hollywood Way, Burbank, CA 91505 (the "Property") at the Hollywood Burbank Airport, a public airport in the County of Los Angeles (the "Airport");

WHEREAS, Licensee has requested the limited right to enter upon the Property for the limited purpose of parking vehicles (the "Activities") on the 5th floor thereof (the "Licensed Premises");

WHEREAS, Licensor has agreed to give to Licensee, and Licensee has agreed to accept from Licensor, a limited license to enter upon the Property to conduct the Activities in accordance with and subject to the terms and provisions of this Agreement;

WHEREAS, Licensor and Licensee desire to execute and enter into this Agreement for the purpose of setting forth their agreement with respect to the Activities and Licensee's entry upon and use of the Property.

NOW, THEREFORE, for and in consideration of the foregoing premises, the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Licensor and Licensee do hereby covenant and agree as follows:

1. Term. This Agreement shall commence on February 16, 2021 ("License Commencement Date") and may thereafter be terminated by either party upon thirty (30) days' prior written notice to the other ("Term").

Licensee hereby waives any and all rights to relocation benefits under applicable law upon the expiration or earlier termination of this Agreement.

2. Use. Licensee may use the Licensed Premises during the term of this Agreement only for storing and providing rental cars, and for no other use or purpose.

Licensee shall comply with the FAA Grant Assurances described in Exhibit "B" and all applicable laws. 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)). Licensee shall not make use of the

Property in any manner that might interfere with the landing and taking off of aircraft from the Airport, or that might otherwise constitute a hazard. In the event the aforesaid covenant is breached, in addition to all other rights and remedies of Licensor, Licensor reserves the right to enter upon the Property or any other areas of the Airport and cause the abatement of such interference, at the expense of Licensee. Licensee shall use reasonable precautions in its use of the Property to prevent unauthorized persons from gaining access to restricted flight and aircraft operational areas of the Airport.

3. Monthly License Payments. Licensee shall pay to Licensor for the Licensed Premises without prior demand, abatement, setoff or deduction, rent in an amount equal to \$5,400 per calendar month, which shall increase by three percent (3%) on a cumulative basis on each anniversary of the License Commencement Date. Tenant shall pay the prorated rent for February 16, 2021 through February 28, 2021 upon its execution and delivery of this Agreement. The rent shall be payable in advance on the first (1st) business day of each calendar month, without demand, abatement, deduction or offset. Each installment of rent shall be paid in lawful money of the United States of America.

4. No Improvements; Hazardous Substances. Licensee shall not construct any improvements on the Property. With respect to the Property, Licensee shall comply with Section 25 of its Ground Lease with Landlord dated April 2, 2012 (which relates to hazardous substances), and the terms of said Section 25 are incorporated herein and shall apply to the Property.

5. Access Rules; Cleaning; Trash Removal. Licensee's use of the Property shall be subject to the rules and conditions attached hereto as Exhibit "A", and Licensee shall comply therewith. Licensee shall remove and properly dispose of all trash.

6. Removal of Personal Property. Upon the expiration or earlier termination of this Agreement, Licensee shall remove all of its personal property from the Property and restore the Property to its condition as of the date hereof.

7. Damage; Indemnity. Licensee expressly agrees that: (i) all activities by or on behalf of Licensee, or Licensee's officers, members, employees, agents, customers, guests or contractors (collectively, "Licensee's Designees") shall not damage the Property in any manner whatsoever (normal wear and tear excepted), (ii) in the event the Property is damaged, altered or disturbed in any manner in connection with such activities, Licensee shall return the Property to the condition existing prior to the damage, alteration or disturbance, and (iii) Licensee, to the fullest extent allowed by law, shall indemnify, defend and hold harmless Licensor, the Cities of Burbank, Glendale and Pasadena, the Airport Manager and the Commissioners and employees of the Licensor, from and against any and all claims, liabilities, damages, losses, costs and expenses of any kind or nature whatsoever, including, without limitation, reasonable outside attorneys' fees and expenses and court costs suffered, incurred or sustained by Licensor as a result of, by reason of, or in connection with such activities or the entry by Licensee or Licensee's Designees onto the Property (including, without limitation mechanics liens). The obligations of Licensee contained herein shall survive the expiration or earlier termination of this Agreement.

8. Insurance.

### 8.1. Obligation to Maintain Insurance.

At all times during the term of this Agreement and at its sole cost and expense, Licensee shall maintain or cause to be maintained in effect the insurance coverage and limits of liability as provided in this Section ("Required Insurance"). In the event that Licensee fails to maintain any of the Required Insurance, Licensor shall have the right, but not the obligation, to obtain some or all of the Required Insurance. In the event Licensor elects to maintain some or all of the Required Insurance, Licensee shall pay to Licensor, as additional rent hereunder, its proportionate share of the premiums for all Required Insurance maintained by Licensor within ten (10) days following the delivery to Licensee of each written statement setting forth the amount of said premiums and the applicable premium period.

### 8.2. Liability and Workers' Compensation Coverage.

Licensee shall maintain in effect insurance protecting Licensor and each "Licensor Party" (as hereinafter defined) from and against claims arising out of, resulting from or relating to the use or occupancy of the Property or the conduct of business upon the Property, as follows:

#### 8.2.1. General Liability Insurance.

General liability insurance covering the airport premises and operations liability, ground hangarkeepers liability, garagekeeper'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 Five Million Dollars (\$5,000,000.00) per occurrence with a combined single limit of Ten Million Dollars (\$10,000,000.00), for bodily injury and property damage, and, with respect to products and completed operations liability and personal injury liability, in the annual aggregate.

#### 8.2.2. 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 Two Million Dollars (\$2,000,000.00) combined single limit for each occurrence for bodily injury, death and property damage.

#### 8.2.3. 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 - \$2,000,000 - each accident  
Bodily injury by disease - \$2,000,000 - policy limit  
Bodily injury by disease - \$2,000,000 - each employee

### 8.3. Property Insurance.

Licensee shall maintain in effect property insurance written on an all risk of direct physical loss basis covering Licensee's personal property, including all vehicles located or stored on the Property, in an amount not less than one hundred percent (100%) of their replacement value.

#### 8.4. 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 Licensor. Prior to entering the Property, Licensee shall deliver to Licensor certificates of insurance issued by the insurance companies and evidencing that all Required Insurance has been obtained and is being maintained by Licensee, together with copies of endorsements (i) requiring the insurers to give to Licensor prior written notice of the cancellation or non-renewal of all of the Required Insurance, (ii) with respect to the general liability, automobile liability, aircraft liability and employer's liability insurance, naming (a) Licensee as Named Insured and (b) except for employer's liability insurance, Licensor, the Cities of Burbank, Glendale and Pasadena, the Airport Manager and the Commissioners and employees of Licensor ("Licensor Parties") as additional insureds, and (iii) All Required Insurance shall be primary insurance without right of contribution of any other insurance carried by or on behalf of Licensor and all policies shall be endorsed to this effect.

#### 8.5. No Limitation of Liability.

Licensor and Licensee acknowledges and agrees that the limits of liability provided in the Required Insurance shall in no event be considered as limiting the liability of Licensee under this Agreement.

#### 8.6. 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 Licensor Party.

9. Contractual in Nature; No Recording. Licensor does not hereby convey to Licensee any right, title or interest in or to the Property, but merely grants the specific and limited contractual rights and privileges hereinabove set forth. In no event shall this Agreement or any memorandum hereof be recorded.

10. Notices. Any notice, demand, request, consent, approval or communication that Licensee desires or is required to give to Licensor shall be delivered by email to the Licensor at the email address set forth below and shall be deemed given as of the time of sending by email (provided the email is not rejected as shown by the sender's email system). Any notice to the Licensee shall be mailed to the address below and shall be deemed given 3 days after the date of mailing.

If to Licensor, to:

Burbank-Glendale-Pasadena  
Airport Authority  
2627 Hollywood Way  
Burbank, CA 91505  
Attn: Contracts and Properties Administrator

If to Licensee, to:

Avis Rent A Car System, LLC  
6 Sylvan Way  
Parsippany, NJ 07054  
Attn: Properties Dept.

11. Assignment. This Agreement may not be assigned by Licensee, in whole or in part, except that Licensee may assign this Agreement in writing to Licensee's parent, subsidiary or affiliate company upon prior written notice to Licensor, if Licensee shall concurrently provide Licensor with a copy of the assignment and assumption agreement. No assignment shall release the assignor from liability.

12. Governing Law. This Agreement shall be construed, enforced and interpreted in accordance with the laws of the State of California.

13. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument. Furthermore, executed counterparts of this Agreement may be delivered by emails of pdf documents, and such electronic transmissions shall be valid and binding for all purposes when transmitted to and actually received by the other party.

14. Time. Time is of the essence of this Agreement and each and all of its provisions in which performance is a factor.

15. Prior Agreements. This License contains the entire agreement of the parties hereto with respect to the subject matter hereof.

16. Partial Invalidity. Any provision of this License which shall prove to be invalid, void, or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provision shall remain in full force and effect.

17. POSSESSORY INTEREST TAX. LICENSEE RECOGNIZES AND UNDERSTANDS THAT THIS AGREEMENT MAY CREATE A POSSESSORY INTEREST THAT IS SUBJECT TO TAXES LEVIED UPON SUCH INTEREST. LICENSEE SHALL PAY ALL SUCH TAXES AS REQUIRED BY THE APPROPRIATE TAXING AUTHORITY TO BE PAID BY LICENSEE IN CONNECTION WITH LICENSEE'S RIGHTS TO USE THE PROPERTY HEREUNDER.


18. Attorneys' Fees. If any party brings an action in connection with this Agreement, the prevailing party in any such action, as determined by the trier of fact, shall be entitled to recover its costs and reasonable outside attorneys' fees.

19. Condition of Property. Licensee represents that it has inspected the Property and hereby accepts the Property in its current "AS IS" condition (hidden and latent defects excepted), without representation or warranty, express or implied.

**IN WITNESS WHEREOF,** Licensors and Licensee have executed this Agreement as of the day and year first written above.

**LICENSEE:**

AVIS RENT A CAR SYSTEM, LLC,  
a Delaware limited liability company

By:  \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: **Anne Morrison** \_\_\_\_\_

**Vice President Properties & Facilities**

**LICENSOR:**

BURBANK-GLENDALE-PASADENA  
AIRPORT AUTHORITY

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

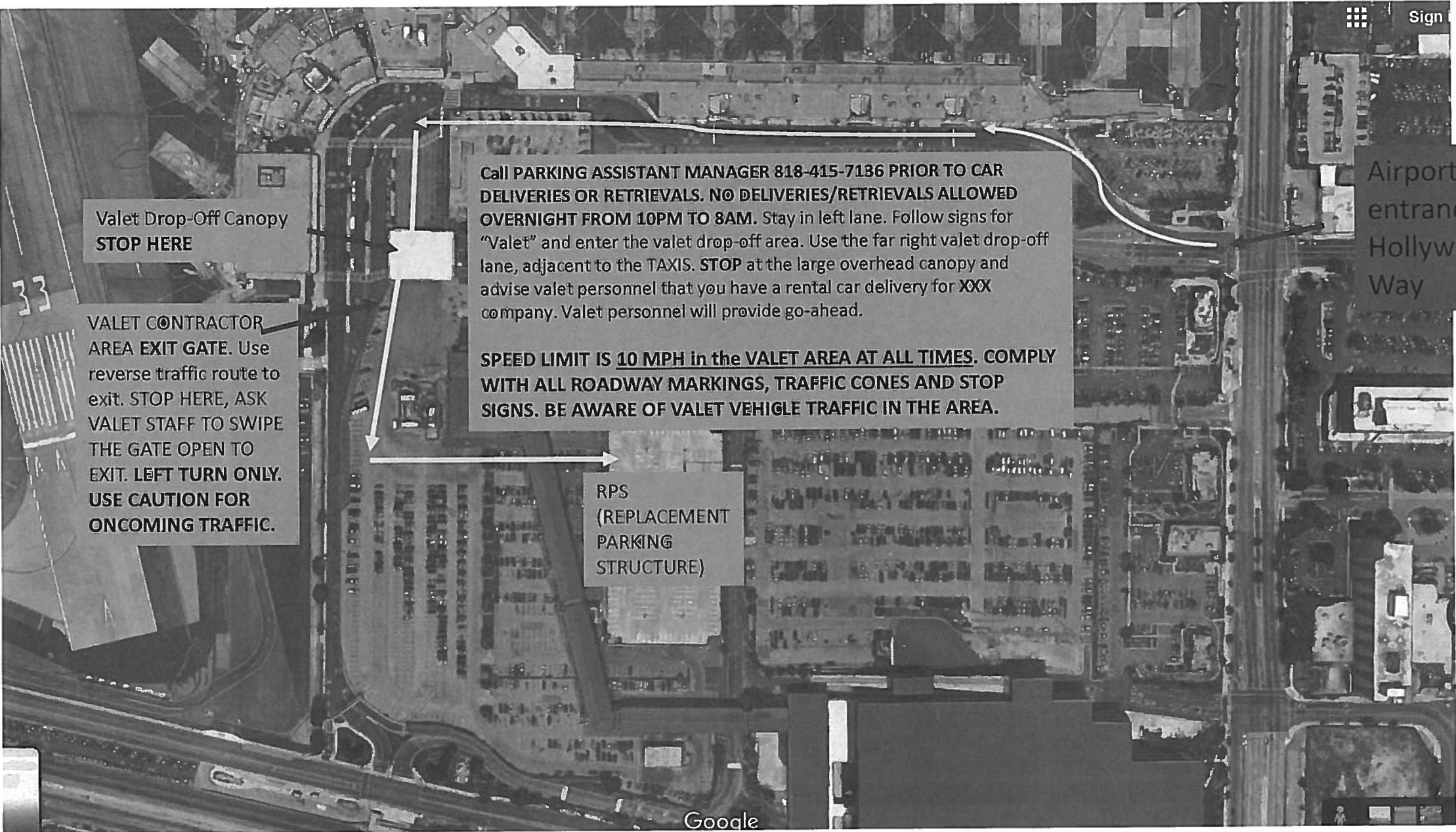
Commission President

**EXHIBIT "A"**

**ACCESS/USE RULES**

(Attached.)





Valet Drop-Off Canopy  
**STOP HERE**

**VALET CONTRACTOR  
AREA EXIT GATE.** Use  
reverse traffic route to  
exit. **STOP HERE, ASK  
VALET STAFF TO SWIPE  
THE GATE OPEN TO  
EXIT. LEFT TURN ONLY.  
USE CAUTION FOR  
ONCOMING TRAFFIC.**

**Call PARKING ASSISTANT MANAGER 818-415-7136 PRIOR TO CAR  
DELIVERIES OR RETRIEVALS. NO DELIVERIES/RETRIEVALS ALLOWED  
OVERNIGHT FROM 10PM TO 8AM.** Stay in left lane. Follow signs for  
"Valet" and enter the valet drop-off area. Use the far right valet drop-off  
lane, adjacent to the TAXIS. **STOP** at the large overhead canopy and  
advise valet personnel that you have a rental car delivery for XXX  
company. Valet personnel will provide go-ahead.

**SPEED LIMIT IS 10 MPH in the VALET AREA AT ALL TIMES. COMPLY  
WITH ALL ROADWAY MARKINGS, TRAFFIC CONES AND STOP  
SIGNS. BE AWARE OF VALET VEHICLE TRAFFIC IN THE AREA.**

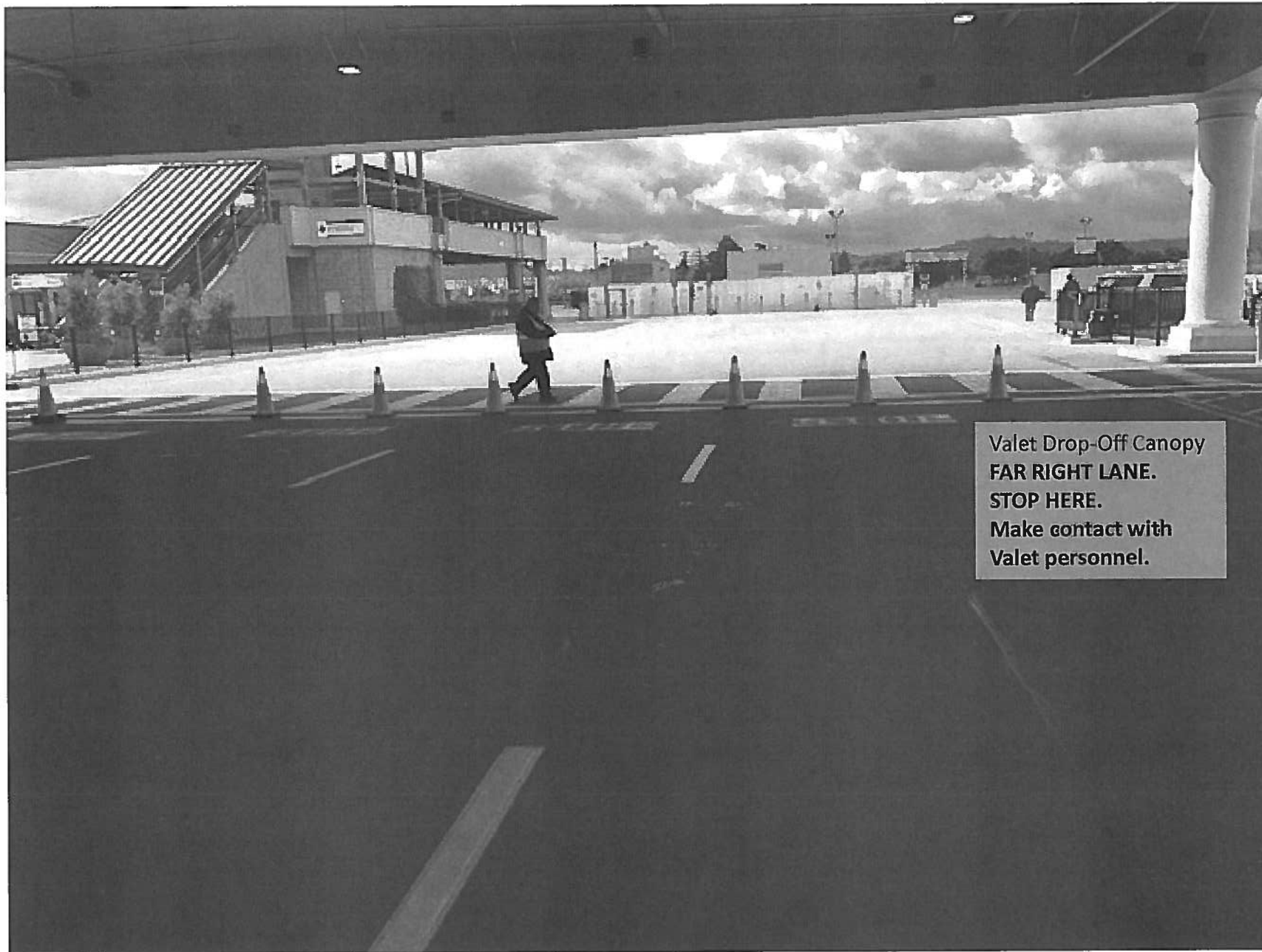
RPS  
(REPLACEMENT  
PARKING  
STRUCTURE)

Airport  
entrance on  
Hollywood  
Way

Google

Valet Drop-Off Canopy





**Valet Drop-Off Canopy  
FAR RIGHT LANE.  
STOP HERE.  
Make contact with  
Valet personnel.**





SPEED LIMIT 10 MPH.  
Watch for cross traffic.  
Two way traffic in this  
area. Proceed along  
the right side of the  
traffic cones towards  
RPS.

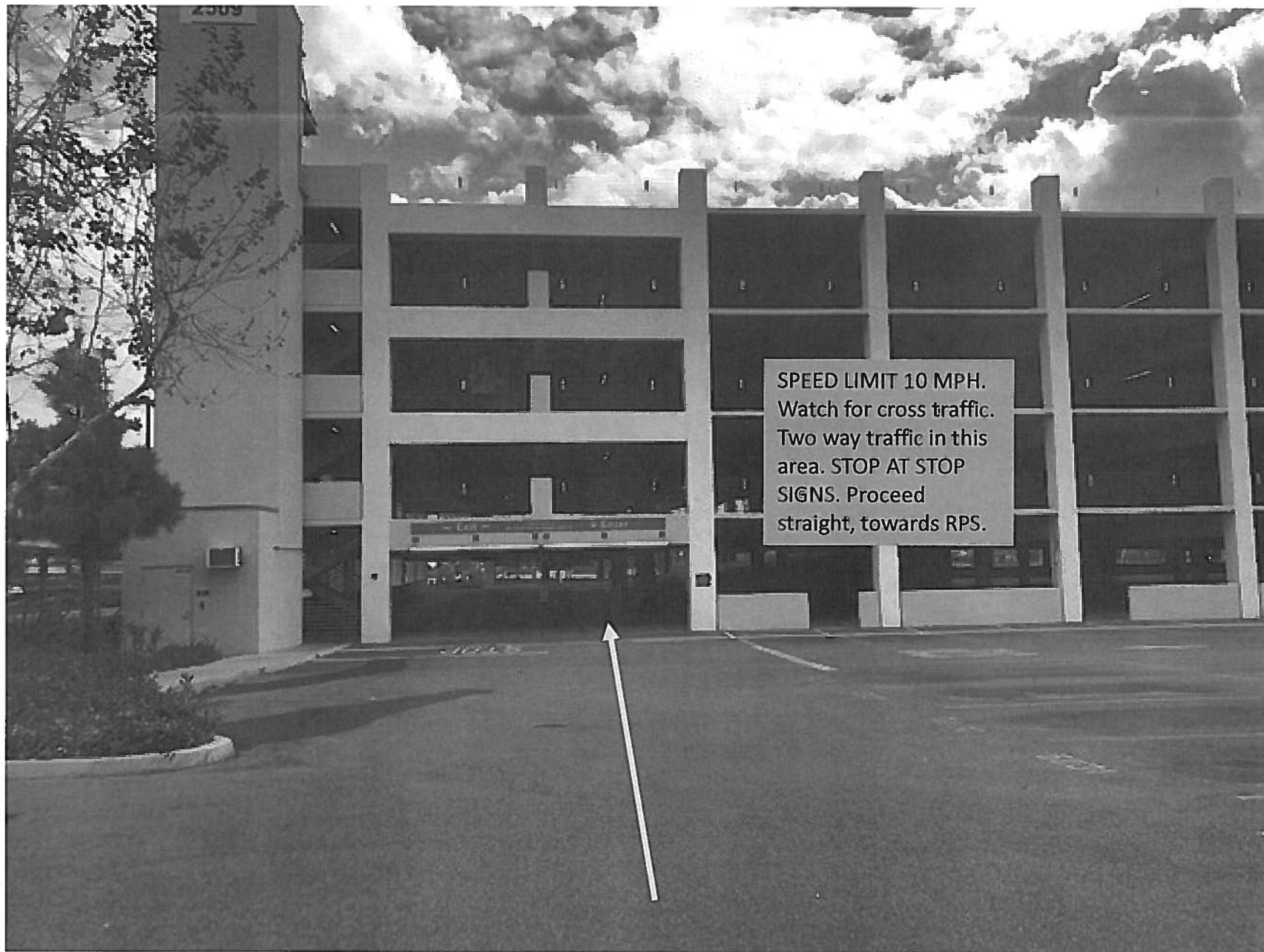




SPEED LIMIT 10 MPH.  
Watch for cross traffic.  
Two way traffic in this  
area. STOP AT STOP  
SIGNS. Proceed  
straight.



SPEED LIMIT 10 MPH.  
Watch for cross traffic.  
Two way traffic in this  
area. STOP AT STOP  
SIGNS. Proceed  
straight, under  
elevated walkway,  
towards RPS.

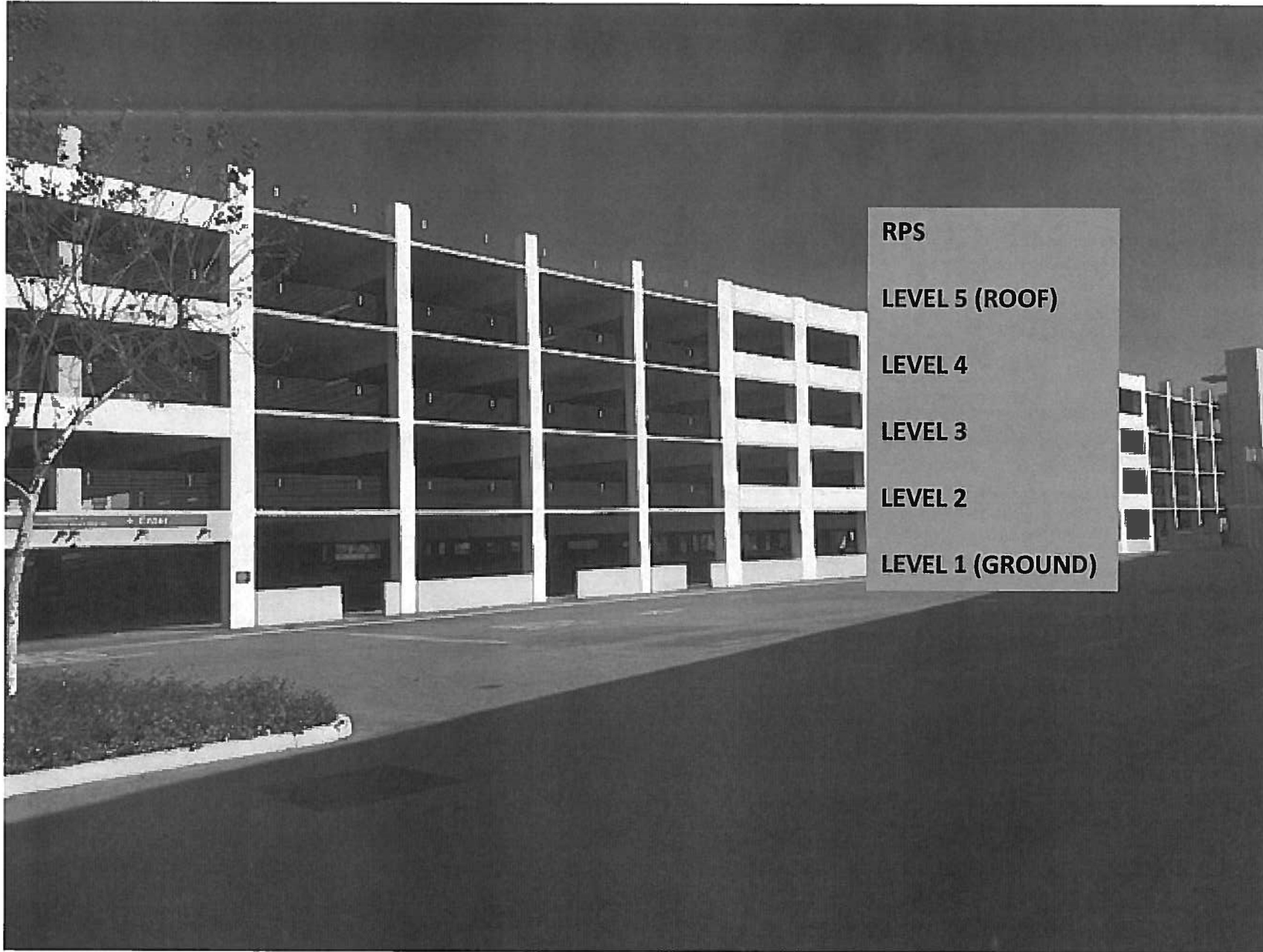


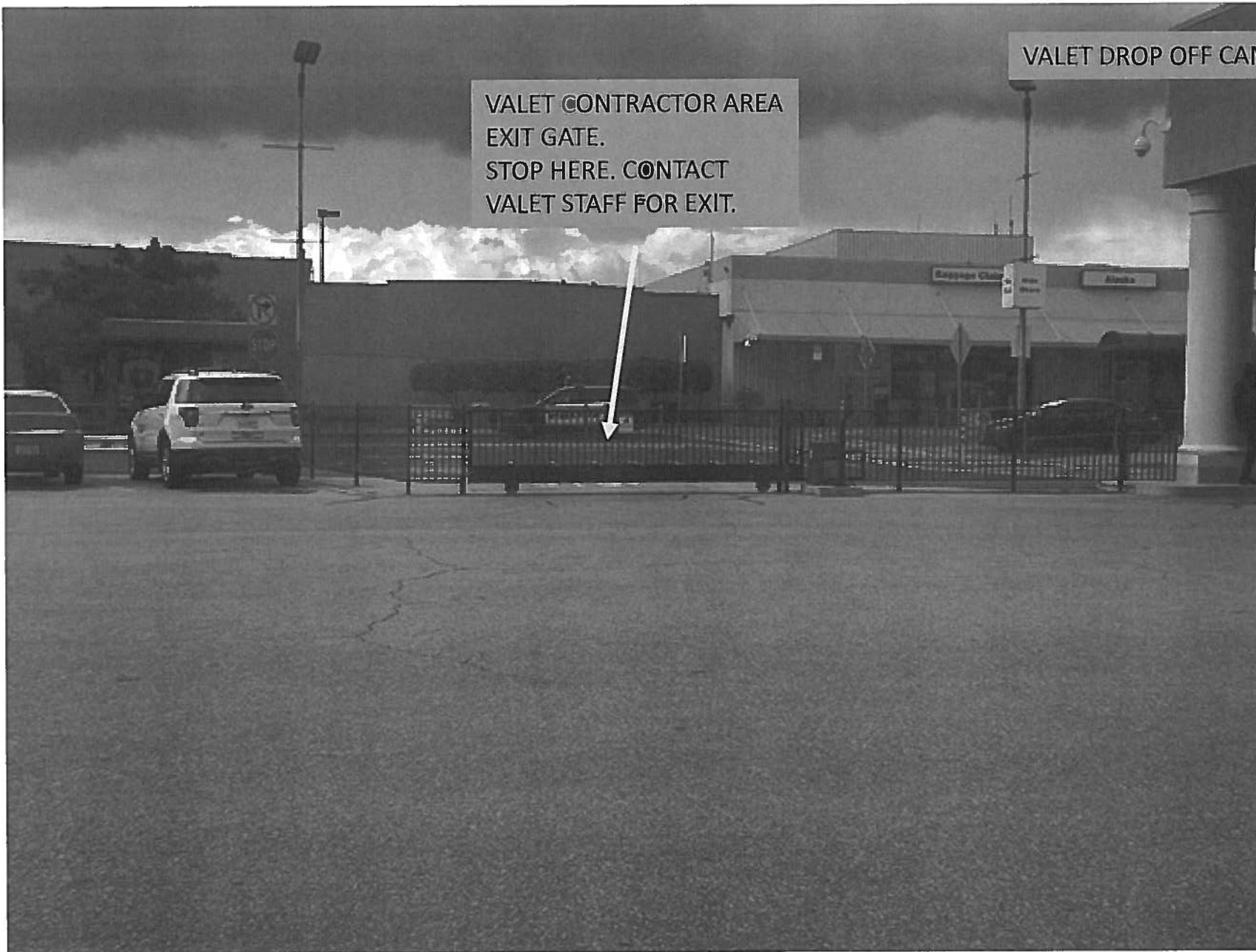
SPEED LIMIT 10 MPH.  
Watch for cross traffic.  
Two way traffic in this  
area. STOP AT STOP  
SIGNS. Proceed  
straight, towards RPS.





SPEED LIMIT 10 MPH.  
Watch for cross traffic.  
Two way traffic in this  
area. STOP AT STOP  
SIGNS. Proceed  
straight, enter RPS.  
Proceed straight to the  
UP RAMPS to assigned  
level.





VALET CONTRACTOR AREA  
EXIT GATE.  
STOP HERE. CONTACT  
VALET STAFF FOR EXIT.

VALET DROP OFF CANOPY

**EXHIBIT "B"**

**FAA GRANT AGREEMENT ASSURANCES**

**NONDISCRIMINATION**

A. Licensee, 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 Property that in the event facilities are constructed, maintained, or otherwise operated on the Property 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, Licensee 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. Licensee for itself and its representatives, successors and any permitted assigns as a part of the consideration hereof, does hereby covenant and agree 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 Property;

2. In the construction of any improvements on, over or under the Property, 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. Licensee shall use the Property 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, Licensor shall have the right to terminate this License Agreement and to re-enter and to repossess the Property, and hold the Property as if this License Agreement had never been made.

D. Licensee 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 Licensee 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 Licensor shall have the right to terminate this License Agreement and the estate hereby created without liability therefor or, at the election of Licensor

or the United States, either or both thereof shall have the right to judicially enforce Provisions A, B, C and D above.

F. Licensee agrees that it shall insert the above five provisions in any permitted agreement by which said Licensee grants a right or privilege to any person, firm or corporation to render accommodations and/or service to the public at the Property.

**GROUND LEASE**

**between**

**BURBANK – GLENDALE – PASADENA  
AIRPORT AUTHORITY**

**and**

**AVIS RENT A CAR SYSTEM, LLC,  
a Delaware limited liability company**

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## GROUND LEASE

THIS GROUND LEASE (this "Lease") is dated as of \_\_\_\_\_, 2021, 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 AVIS RENT A CAR SYSTEM, LLC, a Delaware limited liability company ("Tenant").

### 1. PREMISES.

#### 1.1 Leased Premises.

1.1.1 Landlord hereby allows Tenant to use the area described on Exhibit "A" attached hereto (the "Leased Premises"), upon the terms and subject to the conditions set forth in this Lease.

1.1.2 The Leased Premises are near the Burbank - Glendale - Pasadena Airport, a public airport located in the County of Los Angeles, State of California (the "Airport").

#### 1.2 Acknowledgment of Condition of Leased Premises; Accessibility Requirements.

Tenant accepts the Leased Premises in the condition existing as of the date hereof. Tenant hereby agrees that the Leased Premises are in a good and tenantable condition and acknowledges that Tenant has inspected the Leased Premises to its satisfaction and acknowledges that Landlord is not obligated to make any repairs or alterations to the Leased Premises.

The Leased Premises have not been inspected by a Certified Access Specialist (CAsp). A Certified Access Specialist (CAsp) can inspect the Leased Premises and determine whether the Leased Premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not, require a CAsp inspection of the Leased Premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CAsp inspection of the Leased Premises for the occupancy or potential occupancy; of the lessee or tenant, if requested by the lessee or tenant. If Tenant desires a CAsp inspection, the parties must mutually agree on the arrangements for the time and manner of the CAsp inspection, the payment of the fee for the CAsp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards for the Leased Premises.

Tenant hereby agrees, however, that Landlord shall not be required to obtain or pay for any inspection of the Leased Premises or other areas of the Airport, by a Certified Access Specialist and shall not be obligated to make any repairs or alterations to the Leased Premises, or other areas necessary to correct violations of construction-related accessibility standards or other violations of accessibility (under the Americans with Disabilities Act or any other laws). In the event Tenant performs any improvements or alterations, Tenant may arrange for a CAsp inspection of the work, but if Tenant does so, then Tenant shall deliver a copy of the inspection report to Landlord and Tenant shall be solely responsible for making (and shall promptly make at

Tenant's cost) any and all repairs necessary to correct violations of construction-related accessibility standards, as noted in such report, and shall promptly provide reasonable evidence of all corrections and repairs to Landlord.

1.3 Title and Use Restrictions; Zoning; Reservations to Landlord.

1.3.1 Title and Use Restrictions.

Tenant accepts the Leased Premises subject to any and all existing easements, restrictions, servitudes and encumbrances of record. Tenant shall not use the Leased Premises for any purpose that will constitute a violation of any such easements, restrictions servitudes or encumbrances of record.

1.3.2 Law.

Tenant shall comply with all laws applicable to the use of the Leased Premises, and shall obtain any required permits.

1.4 Landlord's Right of Access.

Landlord shall have access to the Leased Premises in all cases of emergency, and during all reasonable hours 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 or elsewhere on the Airport, making repairs which Landlord may be permitted to make hereunder, and exhibiting the same to prospective purchasers or tenants.

2. TERM.

2.1 Lease Commencement Date; Expiration Date.

The term of this Lease shall commence at 12:01 a.m. on February 16, 2021 ("Lease Commencement Date") and continue as a month-to-month tenancy terminable upon thirty (30) days' prior written notice by either party to the other (the termination date being referred to herein as the "Expiration Date"), unless terminated earlier pursuant to the terms hereof.

2.2 Tenant Acknowledgments.

The exercise by Landlord of any termination right under this Lease 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 or other amount measured by Tenant's loss upon termination or reduction of its business following termination of this Lease as to all or a portion of the Leased Premises.

### 3. RENT.

#### 3.1 Rent.

##### 3.1.1 Amount.

Tenant shall pay to Landlord for the Leased Premises without setoff or deduction, rent in an amount equal to \$6,528.02 per calendar month, which shall increase by three percent (3%) on a cumulative basis on each anniversary of the Lease Commencement Date. Tenant shall pay the prorated rent for February 16, 2021 through February 28, 2021 upon its execution and delivery of this Lease.

##### 3.1.2 Payment.

The rent shall be payable in advance on the first (1st) business day of each calendar month, without demand, abatement, deduction or offset. Each installment of rent shall be paid in lawful money of the United States of America.

#### 3.2 Taxes.

##### 3.2.1 Possessory Interest Taxes.

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 Tax.

Tenant shall pay prior to delinquency any and all taxes and assessments on the furniture, fixtures, equipment, vehicles and other personal property of Tenant located on the Leased Premises, whether assessed to Tenant or assessed to Landlord as part of the real property comprising the Leased Premises or the Airport.

#### 3.3 Utilities.

Tenant shall pay to Landlord from time to time within ten (10) days after written request by Landlord an equitable share of all electrical services billed to Landlord with respect to the Leased Premises.

#### 3.4 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 Lease 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.

3.5 Address for Payment.

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

4. CONDUCT OF BUSINESS BY TENANT.

4.1 Use of the Leased Premises.

4.1.1 Principal Use of 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 shall be permitted by Landlord, to be conducted on, at or adjacent to 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.

4.1.2 Authorized Use.

Tenant shall use the Leased Premises for storage of Tenant's motor vehicles and shall not allow Tenant's customers to access the Leased Premises. Tenant shall not use nor authorize the use of the Leased Premises, or any portion thereof, for any other purpose whatsoever 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. Under no circumstance shall Tenant use or authorize the use of the Leased Premises for any purpose or use that may constitute an enlargement or expansion of the Airport.

4.2 Conduct of Tenant's Business.

4.2.1 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 4.2.

4.2.2 Conduct of Employees.

Tenant shall exercise its diligent efforts to control the conduct, demeanor, and appearance of its officers, employees, agents, representatives, contractors, licensees, permittees, invitees and permitted subtenants, and shall require all of its employees to wear clean

and neat appearing clothing and 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 if such correction or removal is not inconsistent with applicable law.

#### 4.2.3 Manner of Use.

Tenant shall not use or permit the use of the Leased Premises or any other areas of the Airport in any manner that will (i) tend to create or permit any waste or nuisance, (ii) tend to disturb other tenants or users of the Airport, (iii) invalidate or cause the cancellation of or be in conflict with any fire or other hazard insurance policies covering the Airport, or (iv) increase the premiums for any fire insurance policies covering the Airport or any property located thereon. 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.

#### 4.2.4 Utilities, Police and Fire Fighting.

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

#### 4.2.5 Interference with Fire Exits.

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

### 4.3 Non-Discrimination and Affirmative Action.

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



their permitted successors, subtenants and assigns, as required by 14 Code of Federal Regulations Part 152, Subpart E, to the same effect.

#### 4.4 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:

##### 4.4.1 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.

##### 4.4.2 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.

##### 4.4.3 Leases 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.

##### 4.4.4 Construction of Improvements.

In the event any Tenant Improvements are planned for the Leased Premises or 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.

##### 4.4.5 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)).

##### 4.4.6 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.



#### 4.4.7 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; provided, however, that in the event that Landlord establishes any height restrictions or obstruction criteria, other than those promulgated or required by the FAA, that require Tenant to remove any improvements, such action by Landlord shall be deemed to be an election by Landlord to terminate this Lease and the provisions of Section 2.3 shall apply, except that sixty (60) days' prior notice need not be given 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.

#### 4.4.8 Interference with Aircraft.

Tenant shall not make use of the Leased Premises in any manner that might interfere with the landing and taking off of aircraft from the Airport, or that 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.

#### 4.4.9 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.

#### 4.4.10 Unauthorized Access.

Tenant shall use reasonable precautions to prevent unauthorized persons from gaining access to restricted flight and aircraft operational areas.

### 5. MAINTENANCE, REPAIRS AND REPLACEMENTS.

#### 5.1 Tenant's Obligations.

Tenant, at Tenant's sole expense, shall maintain and repair the Leased Premises, and every part thereof, including the paving and other improvements constructed and installed by Landlord, in good, neat, attractive and sanitary condition, free from waste or debris, all according to standards established by Landlord in good faith, but Tenant shall not be obligated to make any improvements or replacements that would result in the Leased Premises being returned to Landlord in materially better condition than when received from Landlord. Tenant shall make any and all repairs required pursuant to this Section as and when the same become necessary to

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 repairs Landlord believes must be undertaken to comply with the terms of this Lease or immediately in the event of an emergency. Landlord shall not be liable to Tenant or its respective owners, shareholders, partners, directors, officers, employees, agents, representatives, contractors, successors and assigns, or the permitted licensees and users of the Leased Premises (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 or any Tenant Party, or the use or occupancy of the Leased Premises arising out of, resulting from or relating to the need for or the making of any repairs or alterations to the Leased Premises. All repairs or modifications to or construction of Improvements 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. Tenant shall not allow any 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.

## 5.2 No Landlord Obligation; Tenant Waiver.

Landlord shall have no obligation to maintain or make any repairs or replacements to the Leased Premises (but the forgoing shall not relieve Landlord from liability for damage by Landlord to the Leased Premises after the date of this Lease). Tenant, for itself and its permitted subtenants, successors and assigns, hereby waives any and all rights provided in Section 1941 through Section 1942, inclusive, of the Civil Code of California and hereby waives, to the extent permissible, any rights under 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 Party for any injury to or interference with any Tenant Party or the business or operations or any Tenant Party or the use or occupancy of the Leased Premises or Tenant Improvements or arising out of, resulting from or relating to the need for or performance or non-performance of any maintenance, repair or replacement.

## 6. IMPROVEMENTS.

### 6.1 Procedures for Approval and Construction of 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, which approval may be granted or withheld in Landlord's sole and absolute discretion ("Landlord's Approval"), Tenant shall not (i) construct or install any improvements or demolish any existing improvements or (ii) make any modifications, alterations or additions to the Leased Premises or improvements (all such demolition, construction, installation, modifications, alterations and additions, are individually and collectively referred to in this Lease as "New Improvements"), and no work required in connection therewith shall commence, prior to receiving Landlord's Approval. Landlord may delegate all Landlord's

Approvals required under this Section to Landlord's Executive Director, to one or more of Landlord's other staff members, 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. Any Landlord's Approval under this Section shall be evidenced by a "Certificate of Approval" signed by Landlord or its delegatee.

#### 6.1.2 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. Notwithstanding Landlord's Approval of the conceptual plan, all construction plans and specifications for New Improvements shall be subject to Landlord's Approval and 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 that are required by the City of Burbank to be submitted to the City for plan check or review in accordance with the City's building codes ("Material Plan Change") shall also concurrently be submitted to Landlord and shall require Landlord's Approval. Landlord shall have ten (10) business days within which to review and to approve or disapprove the proposed Material Plan Change and, if Landlord fails to disapprove the Material Plan Change, then the Material Plan Change shall be deemed to have received Landlord's Approval. Upon Landlord's Approval, Landlord shall issue promptly a Certificate of Approval for each Material Plan Change.

#### 6.1.3 Conditions of Approval.

Landlord may impose, in conjunction with its review and approval of proposed improvements, making of the 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 improvements; (iii) the type or quality of materials used in the construction or installation of the improvements; (iv) the means or methods used in the construction or installation of the improvements; (v) the design and the drawings, plans and specifications for the improvements; and (vi) security for the payment and performance of the construction and installation of the improvements, including payment and performance bonds and/or letters of credit.

#### 6.1.4 Entitlements and Permits.

No improvements shall be constructed until Tenant shall have procured and paid for all entitlements, permits, licenses, approvals and authorizations relating to such improvements required by all governmental authorities and agencies.

#### 6.1.5 Compliance with Policy on Tenant Improvements.

Prior to the commencement of any 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 C, as the same may be uniformly amended from time to time. If there is any conflict between the policy on tenant improvements and the provisions of this Lease, the provisions of this Lease shall apply.

#### 6.1.6 Performance of Work.

All construction work done in connection with any improvements shall be performed by a licensed general contractor reasonably acceptable to Landlord under one or more construction contracts and 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 6.1.2, and Tenant shall immediately repair or remove such work in accordance with this Section. Any work in areas adjacent to active portions of the airfield, such as taxiways and runways, shall be scheduled and performed in a manner designed to avoid interference with aircraft operations. In the event that it becomes necessary to close or temporarily alter any part of the active areas of the airfield to accommodate any work by Tenant or its contractors, Tenant shall not perform such work without submitting a detailed work plan and schedule to Landlord, which Landlord shall have the right to approve, modify or disapprove in Landlord's sole and absolute discretion.

#### 6.1.7 As Built Plans and Statement of Cost.

Within sixty (60) days following the completion of any improvements, Tenant shall furnish to Landlord a set of "as built" plans and specifications.

#### 6.1.8 Compliance with Law.

All improvements must comply with applicable law and shall be subject to Section 1.2 above.

### 6.2 Landlord's Property.

Upon the expiration or earlier termination of this Lease, all improvements made by or on behalf of Tenant pursuant to this Section 6, shall become Landlord's property and shall be surrendered with the Leased Premises, unless Landlord shall elect otherwise not less than thirty (30) days prior to the expiration, or not more than ten (10) days after any other termination, of this Lease. In the event of such election, improvements made by or on behalf of Tenant in the Leased Premises, as Landlord may select, 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.

## 7. INSURANCE, INDEMNITY AND EXCULPATION.

### 7.1 Obligation to Maintain Insurance.

At all times during the term of this Lease and at its sole cost and expense, Tenant shall maintain in effect the insurance coverage and limits of liability as provided in this Section 7 ("Required Insurance"). In the event that Tenant fails to maintain any of the Required Insurance,

Landlord shall have the right, but not the obligation, to obtain some or all of the Required Insurance. In the event Landlord elects to maintain some or all of the Required Insurance, 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 Leased Premises and operations liability, garagekeeper'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 One Million Dollars (\$1,000,000.00) combined single limit for bodily injury and property damage each occurrence, and, with respect to products and completed operations liability, in the annual aggregate, and, with respect to personal injury, not less than One Million Dollars (\$1,000,000.00) each occurrence and in the annual aggregate.

### 7.2.2 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 One Million Dollars (\$1,000,000.00) combined single limit for each occurrence for bodily injury, death and property damage.

### 7.2.3 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 - \$1,000,000 - each accident

Bodily injury by disease - \$1,000,000 - policy limit

Bodily injury by disease - \$1,000,000 - each employee

## 7.3 Property Insurance.

Tenant shall maintain in effect property insurance written on an all risk of direct physical loss basis covering Tenant's improvements, fixtures, personal property, equipment and vehicles located on the Leased Premises, in an amount not less than one hundred percent (100%)

of their replacement value. Except as otherwise provided in Section 8, the proceeds of such insurance shall be used to repair or replace the insured property.

#### 7.4 Adjustment of Required Insurance.

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

#### 7.5 Policy Requirements.

Each policy of Required Insurance shall be obtained from an insurance company, or pool of multiple insurance companies, each authorized to conduct business in California and having a rating of not less than A X in A.M. Best's Insurance Guide and/or otherwise acceptable to Landlord. 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 and employer's liability insurance, naming (a) Tenant and its owners, shareholders, partners, directors and employees as a named insured 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 "all risk" property insurance naming Landlord as a loss payee, as its interest may appear. The failure of Tenant to provide said certificates of insurance, together with said endorsements, within fifteen (15) business days after the delivery to Tenant of a written request therefor, 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 12.1.7. 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.

#### 7.6 No Limitation of Liability.

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



#### 7.7 Waivers of Subrogation Rights.

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.

#### 7.8 Indemnification.

In addition to any other express indemnity hereunder, Tenant shall defend, indemnify and hold harmless Landlord, its airport manager in its capacity as manager of the Airport (the airport manager is presently TBI Management, Inc., and any present or future airport manager is referred to hereinafter as "Airport Manager"), and the Cities of Burbank, Glendale and Pasadena, California, and their respective officials, commissioners, officers, employees, agents, representatives, contractors, successors and assigns (individually, "Landlord Party" and collectively, the "Landlord Parties") from and against any and all Claims arising out of, resulting from or relating to (i) the breach of this Lease by, or any negligent act or omission or willful misconduct of, any Tenant Party or any person storing equipment or parking vehicles upon the Leased Premises with respect to (a) the use or occupancy of the Leased Premises, (b) the conduct of Tenant's or such persons' business, or (c) any other matter relating to this Lease or the subject matter of this Lease. Notwithstanding the foregoing, the provisions of this Section 7.8 shall not apply to any Claim which arises out of, results from or relates to the gross negligence, willful misconduct or material breach of this Lease by Landlord.

#### 7.9 Exculpation of Landlord from Liability.

Tenant, on behalf of itself and the Tenant Parties, hereby waives any and all Claims against the Landlord Parties, and the Landlord Parties shall not be liable, for any injury or death to persons or any damage or loss to any property in, on or about the Leased Premises, arising out of, resulting from or relating to any cause whatsoever, including, without limitation, the following: (i) latent or patent defects in the construction or condition of the Leased Premises, including, without limitation, any use or release of "Toxic Materials" (as defined in Section 20), 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 or New Improvements by any Tenant Party, whether said damage or injury results from conditions arising upon the Leased Premises, New Improvements or upon other areas of the Airport, or from other sources; or (vii) any damage or loss arising from any negligent acts or omissions or willful misconduct of any other tenant, licensee, concessionaire or customer of the Airport or any other person or entity; except to the extent any of the foregoing arises from the gross negligence, willful misconduct or material breach of this Lease by Landlord.

8. [INTENTIONALLY OMITTED]

9. ASSIGNMENT, SUBLETTING OR ENCUMBRANCE PROHIBITED.

Tenant shall not voluntarily or by operation of law assign, sublet, transfer, license others to use, 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 or any portion thereof. Any attempted assignment, subletting, transfer, mortgage, hypothecation, grant of a security interest in or other encumbrance in violation of this Section shall be wholly void and shall be an Event of Default under Section 12.1.3.

10. [INTENTIONALLY OMITTED]

11. [INTENTIONALLY OMITTED]

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, improvements or all or substantially all of the assets of Tenant; 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. 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 improvements or this Lease may be taken, occupied or used by anyone other than Tenant.

12.1.3 Assignment, Transfer, Subletting or Encumbrance.

A purported assignment, sublease, transfer, license, mortgage, grant of security interest, hypothecation or other encumbrance of Tenant's interest or estate in the Leased Premises, the improvements or this Lease in violation of Section 9.



#### 12.1.4 Vacation or Abandonment.

The vacation or abandonment of the Leased Premises by Tenant.

#### 12.1.5 Violation of Security Requirements.

[INTENTIONALLY OMITTED]

#### 12.1.6 Failure to Pay.

The failure by Tenant to pay any amount when due and payable hereunder, where such failure to pay continues for ten (10) days after Landlord gives Tenant written notice that such amount is past due, or the failure by Tenant to replenish the security deposit within ten (10) days after Landlord gives Tenant written notice of the amount due.

#### 12.1.7 Failure to Maintain Insurance.

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

#### 12.1.8 Default under Other Lease(s).

A default under any other agreement (including any lease) between Landlord and Tenant that is not cured after any notice required thereby has been given and any cure period provided therein has expired.

#### 12.1.9 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 12.1.7, 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).

### 12.2 Remedies.

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

#### 12.2.1 Termination of Lease.

Landlord shall have the right to terminate this Lease, effective immediately upon written notice to Tenant. Upon termination of this Lease, Tenant's ownership of any improvements shall end automatically and Landlord shall succeed to ownership of any improvements free and clear of all liens or encumbrances. Landlord shall have the right to re-enter the Leased Premises and the improvements to remove and eject all persons therefrom, to take possession thereof, and to use and enjoy the Leased Premises and the improvements and Landlord shall have all other remedies at law or in equity that may be applicable to Landlord, and if any automobiles or other property is not promptly removed, Landlord may remove and dispose of the same without liability to Tenant.

#### 12.3 Waiver of Claims.

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

#### 12.4 Waiver of Rights of Redemption.

In the event of the lawful exercise by Landlord of any one or more of its rights and remedies under Section 12.2, Tenant hereby expressly waives any and all rights of redemption or relief from forfeiture under California Code of Civil Procedure Section 1174 or 1179, or granted by or under any present or future laws, and further releases Landlord, from any and all claims, demands and liabilities by reason of such lawful exercise by Landlord.

#### 12.5 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.

#### 12.6 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, ownership of the New Improvements shall pass automatically to Landlord, unless Landlord elects to have improvements removed by Tenant pursuant to Section 6.3, 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. [INTENTIONALLY DELETED]

15. 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 to any Senior Liens, to which this Lease and the rights of Tenant are subordinate.

16. 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, but shall not be released from any obligations or liabilities accruing prior to the date of such transfer.

17. SECURITY FOR PERFORMANCE.

As security for the full and faithful performance of each and every provision of this Lease to be performed by Tenant, upon execution hereof, Tenant shall deliver to Landlord the sum of \$6,528.02. Upon an Event of Default on the part of Tenant with respect to any provision of this Lease, including, but not limited to, the provisions relating to the payment of rent or any other amount due hereunder, Landlord may draw against all or any part of said deposit or utilize any proceeds paid thereunder for the payment of any amount in default, to cure any Event of Default or to repair any damage to the Leased Premises caused by Tenant. In the event that Landlord uses any portion of said deposit pursuant to this Section, Tenant shall, within ten (10) days after written demand therefor, obtain and deliver to Landlord funds restore said deposit to the previous amount, and Tenant's failure to do so shall be an Event of Default under Section 12.1.6 of this Lease. In the event Landlord applies any of the security deposit 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. USER HEREBY WAIVES ALL STATUTES AND LAWS REGARDING SECURITY DEPOSITS TO THE EXTENT THEY CONFLICT WITH THIS SECTION.

## 18. RULES AND REGULATIONS OF LANDLORD.

Tenant shall and shall cause its licensees and users to comply with all uniform rules and regulations adopted by Landlord for use of the Leased Premises and the Airport, as the same may be amended from time to time by Landlord. Landlord shall provide Tenant with a copy of all such rules and regulations and any and all amendments thereto. Landlord shall not be responsible to Tenant for the nonperformance of any other Tenant or occupant of the Airport of any of said rules and regulations.

## 19. TOXIC MATERIALS AND REMEDIATION OF CONTAMINATION.

Tenant shall perform or shall cause each Tenant Party to perform the obligations, duties and covenants set forth in this Section 19. Performance by a Tenant Party 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 19 and Landlord shall not be required to look to any Tenant Party for any such performance or to enforce any remedy hereunder.

### 19.1 Use Prohibited Without Consent.

Tenant shall not cause or permit any Toxic Materials (as defined in Section 19.16.5) 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, 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 19.16.3). Tenant shall demonstrate that such Toxic Materials are necessary or useful by submitting information to Landlord in accordance with Section 19.3.

### 19.2 Compliance with Environmental Laws.

Tenant 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 19.16.4), Tenant shall or shall cause any responsible Tenant Party to investigate the site conditions and perform to completion, in the manner provided in Section 19.6, 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, regional, municipal or local governmental agency or political subdivision

("Agency") 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. The obligations of Tenant under this Section shall survive the termination of this Lease.

#### 19.3 Disclosure.

Prior to or upon the last day of each six (6) month period during the term of this Lease, 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 improvements during the prior year, (ii) all Material Safety Data Sheets for said compounds or products containing Toxic Materials, (iii) an estimate of the quantity or volume of such products or compounds used, stored or disposed of on or about the Leased Premises during the prior year, and (iv) copies of all hazardous waste manifests for wastes generated on the Leased Premises and sent offsite for treatment, storage, disposal or recycling.

#### 19.4 Business Plan.

If any Tenant Party's business conducted or to be conducted in, on, under or about the Leased Premises requires the establishment and implementation of a business plan pursuant to California Health and Safety Code Sections 25500 et seq., concerning the handling of hazardous materials, Tenant shall immediately give written notification to Landlord that the Tenant Party's business is subject to the business plan requirement of such Code and that the business is in compliance with such Code. A copy of the plan shall be delivered to Landlord with such notification.

#### 19.5 Tenant's Indemnity.

Tenant shall 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 or groundwater from the Leased Premises, but only to the extent that the Liabilities are the result of or caused by Tenant's Contamination. The indemnification by Tenant under this Section shall survive the termination of this Lease.

#### 19.6 Cleanup of Tenant's Contamination.

Tenant shall take any and all action that any 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 19.7, 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 incurred by Landlord with respect thereto shall be for the account of Tenant and recoverable as additional rent hereunder.

#### 19.7 Notice.

If any Tenant Party is required by statute or regulation to give notice to any Agency about any Contamination, Tenant shall immediately give Landlord's Director of Airport Operations the same notice by telephone at (818) 840 8840, which shall be confirmed by written notice not later than the next business day. This obligation to notify Landlord shall also extend to any personal injuries or property damage to third parties resulting directly or indirectly from said 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 19.7, Tenant shall immediately give written notice of such condition to Landlord to the extent required by California Health and Safety Code Section 25359.7.

#### 19.8 Storage and Use of Toxic Materials.

Any and all Toxic Material 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. 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.

#### 19.9 Disposal of Toxic Materials.

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



#### 19.10 Safety.

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

#### 19.11 Fees, Taxes and Fines.

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

#### 19.12 Delivery of Documentation.

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

#### 19.13 Annual Site Investigation.

In addition to Landlord's right of access to the Leased Premises set forth in Section 1.5, if Landlord determines in good faith after inspecting the Leased Premises that a formal environmental inspection and assessment is necessary, Landlord shall have the right, but not the obligation, to conduct an environmental inspection and assessment of the Leased Premises no more frequently than once 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. Landlord shall conduct its initial inspection together with a representative of user if Tenant makes such representation available, and Landlord shall give Tenant at least five (5) days' prior written notice of each such annual preliminary inspection. 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 19.6. 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.

#### 19.14 Environmental Assessment at End of Lease Term.

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 in amounts exceeding then applicable Agency action levels as a result of Tenant's Contamination; and (ii) close or remove any storage tanks in, on, under or around the Leased Premises to the extent 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 19.6 hereof, and all the provisions of Section 19.6 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 permitted assignment or subletting 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 19. 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 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 and shall reimburse Landlord for any and all reasonable out-of-pocket costs incurred by Landlord in connection with its review of such report. 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.

#### 19.15 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 hazardous waste in 22 California Code of Regulations Sections 66720 and 66723, as amended.



## 19.16 Definitions.

### 19.16.1 Claims.

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, reasonable attorneys' fees, of any nature whatsoever, whether now existing or hereafter arising, known or unknown, foreseen or unforeseen, fixed or contingent.

### 19.16.2 Contamination.

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.

### 19.16.3 Environmental Laws.

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

### 19.16.4 Tenant's Contamination.

The term "Tenant's Contamination" means any spilling, discharging, releasing or disposing of Toxic Materials by any Tenant Party or by any other persons subject to any Tenant Party's control on, in, under or about the Leased Premises or the New Improvements, but shall not include any discharge or release migrating to the Leased Premises from other portions of the Airport or other adjacent real property. Landlord and Tenant agree that, in any action or proceeding between one or more Tenant Parties and Landlord Parties in which it is necessary for the finder of fact to determine whether Contamination is Tenant's Contamination, for purposes of interpreting or applying the provisions of this Lease relating to Contamination, all Contamination constitutes Tenant's Contamination except to the extent that a Tenant Party can prove, either (i) by a preponderance of admissible direct evidence, without the use of circumstantial evidence, or (ii) by clear and convincing admissible evidence, which may include the use of admissible circumstantial evidence, that some or all of the Contamination is not Tenant's Contamination.

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

#### 19.16.6 Liabilities.

The term "Liabilities" shall mean any and all Claims (as defined in Section 19.16.1 above) 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 or the Leased Premises, (ii) damages for the loss or restriction on use of rentable or usable space or of any amenity of the Airport or the Leased Premises, (iii) damages arising from any adverse impact on marketing of space at the Airport or the Leased Premises, (iv) sums paid in settlement of Claims (including, without limitation, reasonable 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 Tenant fail to comply with Section 19.6.

#### 20. WAIVER OF SPACE ALLOCATION CLAIMS.

##### 20.1 Tenant acknowledges all of the following:

20.1.1 The Authority awarded an April 2, 2012 Non-Exclusive, On-Airport Rental Car Lease and Concession Lease ("Lease/Concession Lease") to seven rental car companies, including Tenant, for lease of space in the Consolidated Rental Car Facility ("CRCF") in Landlord's Regional Intermodal Transportation Center at the Airport.

20.1.2 Landlord reallocated CRCF space in 2013 and 2016 to achieve the best overall operational efficiency and customer service level enhancement.

20.1.3 Tenant's acceptance of the results of Landlord's 2016 reallocation of CRCF space is part of the consideration for Landlord's execution of this Lease.

20.2 Tenant hereby waives, releases and covenants not to assert any claims, liabilities or causes of action based on or relating to any previous allocation of space by Landlord under either: (i) Landlord's Lease/Concession Lease with Tenant; or (ii) Landlord's Lease/Concession Lease with any other rental car company. Without limitation, this waiver and release applies to Landlord's 2016 reallocation of CRCF space.

20.3 Tenant acknowledges that it may hereafter discover facts different from, or in addition to, those that Tenant now believes to be true with respect to any and all of the matters or rights released in this Section; nevertheless, Tenant agrees that the releases set forth in this Section shall be and remain effective in all respects, notwithstanding the discovery of any such different or additional facts.

In that regard, Tenant hereby waives and relinquishes all rights and benefits under California Civil Code Section 1542, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

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Tenant's Initials

## 21. MISCELLANEOUS.

### 21.1 Lease Interpretation.

This Lease contains the entire agreement between the parties hereto with respect to the specific subject matter hereof, and no prior or contemporaneous agreement or understanding with respect thereto 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 impairs the rights and benefits of Tenant or increases the obligations and liabilities imposed on Tenant under this Lease.

### 21.2 Disclaimer of Partnership or Agency.

Neither Landlord nor Tenant are the legal representatives or agents of the other party for any purpose whatsoever and neither party shall have the power or authority to assume

or create, in writing or otherwise, any obligation or responsibility of any kind, express or implied, to transact business, to make any warranty or otherwise to act in any manner in the name of or on behalf of the other party. This Lease shall not be construed as constituting or creating a partnership between Landlord and Tenant or as creating any other form of legal association between Landlord and Tenant which would impose liability upon one party for the act or the failure to act of the other party.

21.3 Waivers.

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

21.4 Successors and Assigns.

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

21.5 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: Contracts and Properties Administrator

To Tenant:             Avis Rent A Car System, LLC  
                                6 Sylvan Way  
                                Parsippany, NJ 07054  
                                Attn: Properties Dept.

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.

21.6 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 real estate broker or agent claiming through Tenant.

21.7 Recording.

Tenant shall not record this Lease.

21.8 Governing Law.

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

21.9 Signs.

Tenant shall not, without the prior written consent of Landlord, install or affix any signs or advertisements on or to the Leased Premises, new improvements or the Airport.

21.10 Attorneys' Fees.

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

21.11 No Third Party Beneficiaries.

There are no third party beneficiaries of this Lease.

21.12 Time of Essence.

Time is of the essence of each provision hereof in which time is a factor.

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, a public entity

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Commission President

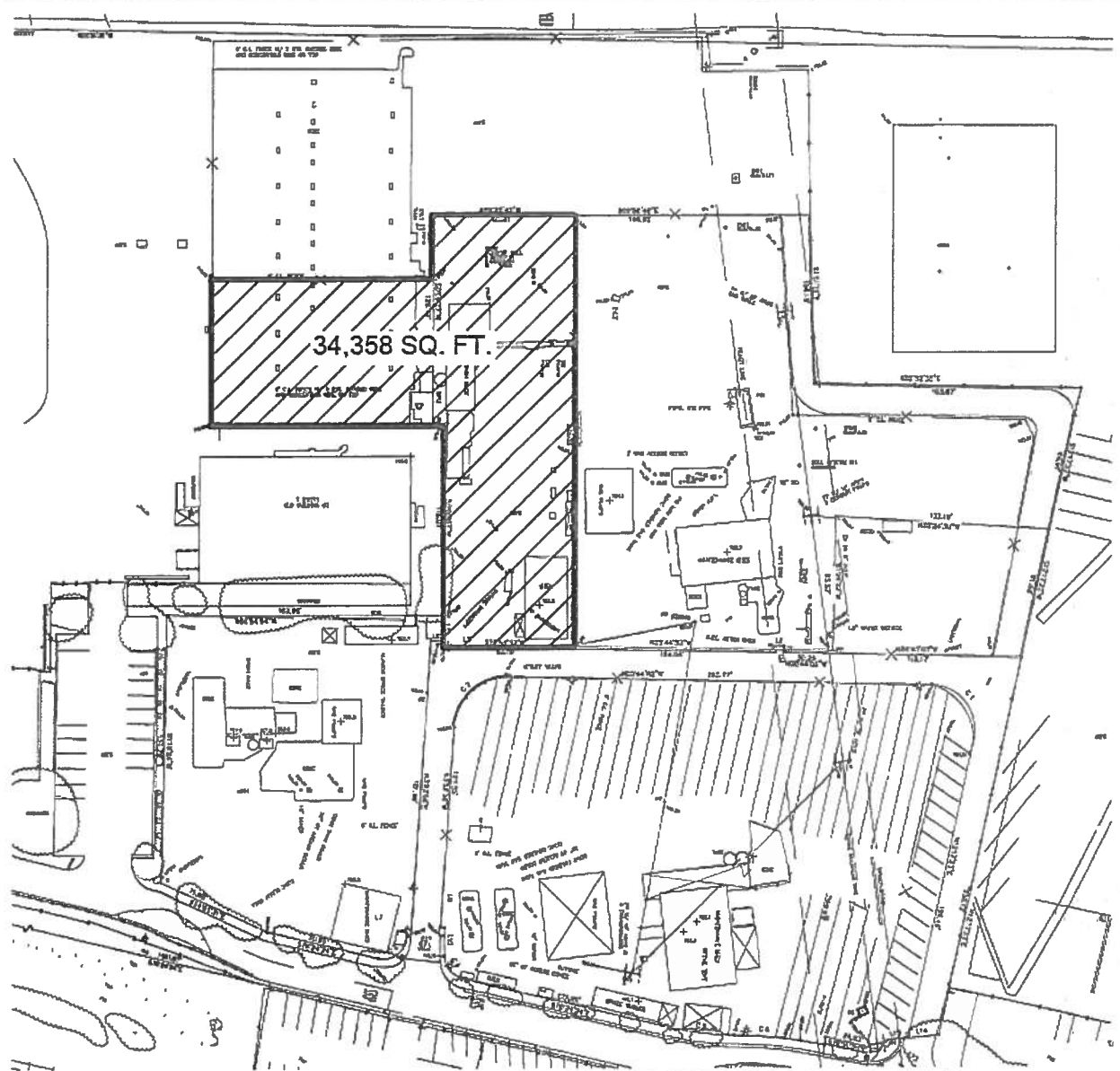
**TENANT:**

AVIS RENT A CAR SYSTEM, LLC,  
a Delaware limited liability company

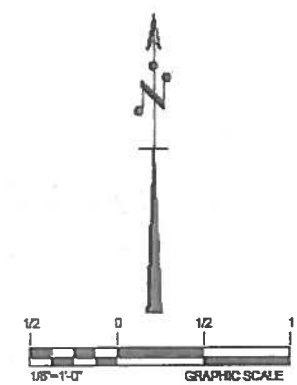
By:  \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: **Anne Morrison** \_\_\_\_\_  
**Vice President Properties & Facilities**

**Exhibit A**  
**DESCRIPTION/DIAGRAM OF LEASED PREMISES**  
(Attached.)

Exhibit A  
DESCRIPTION/DIAGRAM OF LEASED PREMISES  
(Attached.)



# AVIS RENT A CAR PARKING AREA



<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>	<div> <div>DATE</div> <div>DESCRIPTION</div> <div>BY</div> </div>

REPORT AUTHORITY APPROVAL

PROJECT ENGINEER

PROJECT: AVIS RENT A CAR PARKING

SHEET TITLE:

DATE: 1/1/2000

DESIGNED BY: 1

CHECKED BY: 1

REV: 1



**Exhibit B**  
**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 Leased Premises 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 Leased Premises 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 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 Sublease, 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 C**  
**POLICY ON TENANT IMPROVEMENTS**  
(Attached.)

**REQUEST FOR APPROVAL  
PROPOSED TENANT IMPROVEMENT**



**MUST BE SUBMITTED AT LEAST TEN BUSINESS DAYS PRIOR TO PROJECT  
START DATE. LARGER PROJECTS REQUIRE ADDITIONAL LEAD TIME.**

**1. INFORMATION**

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

Estimated cost of improvements \_\_\_\_\_  
Estimated start date \_\_\_\_\_ Completion date \_\_\_\_\_

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

**2. PRE-CONSTRUCTION**

Contractor \_\_\_\_\_ License # \_\_\_\_\_  
Address \_\_\_\_\_  
Contract Price \_\_\_\_\_ Phone # \_\_\_\_\_  
Construction Commencement Date \_\_\_\_\_ End Date \_\_\_\_\_

\*\*\*Applicant must submit required Certificate of Insurance, Material and Labor Bond  
two weeks prior to the start of construction\*\*\*

Tenant Representative (Signed) \_\_\_\_\_ Date \_\_\_\_\_

**3. INITIAL APPROVALS**

Operations	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Business & Properties	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Engineering Department	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Environmental & Noise	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Fire Department	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
ICT Department	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Maintenance Department	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Safety Department	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Police & Security	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		

**4. FINAL APPROVAL**

Airport Administration (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 and 2 of this form and submit to: Burbank-Glendale-Pasadena Airport Authority, Business, Property and Administrative Services Department, 2627 Hollywood Way, Burbank, CA 91505.
2. Upon receipt of this Request Form, the Business, Property and Administrative Services Department 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 or if additional information is required.
3. In addition to the submission of the Tenant Improvement Form, Tenant shall also provide 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 Business, Property and Administrative Services Department for review by all applicable Airport Departments with final review and approval by Airport Administration.
4. The Business, Property and Administrative Services Department and Engineering Department 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.
5. Prior to the start of construction and after all insurance and bond requirements have been satisfied, an Indemnification & Defense 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 Tenant Improvement Form and a copy returned to the Tenant. The form will indicate whether approval has been granted, and if not granted, the reason for denial.
6. All Tenants shall, within thirty (30) days after completion, submit to Business, Property and Administrative Services Department one set of "as built" plans. Also, an itemized summary of construction costs shall be forwarded to Business, Property and Administrative Services Department. 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 REQUIREMENT

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 Business, Property and Administrative Services Department. 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 REQUIREMENT

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.

## INDEMNIFICATION & DEFENSE AGREEMENT

The Tenant and its Contractor agree to and do hereby indemnify, defend and hold harmless the Burbank-Glendale-Pasadena Airport Authority, and its officers, agents, employees and contractors from all claims, demands, liabilities, losses, damages, costs and expenses, of any nature whatsoever, caused by or arising from, directly or indirectly, any act or omission (including, without limitation, negligent acts, negligent omissions, willful misconduct and any violation of the terms of that certain Lease between Tenant and Authority in, on or near the Bob Hope Airport by Contractor, or its subcontractors, agents or employees (including without limitation work done by Contractor for Tenant on Tenant's leased premises).

## PREVAILING WAGES

As part of Tenant's obligations under the terms of the Lease to comply with applicable law, Tenant acknowledges and agrees that if Tenant is provided improvement funds from the Burbank-Glendale-Pasadena Airport Authority, or a rent credit based on timely construction of improvements, then Tenant shall (and shall cause its contractors to) pay prevailing wages for such improvements and shall otherwise comply with California Labor Code Sections 1720 et seq. (including all recordkeeping and reporting requirements).

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**AIRPORT USE AGREEMENT**

**BETWEEN**

**BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY**

**AND**

**TEM ENTERPRISES**

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## AIRPORT USE AGREEMENT

THIS AIRPORT USE AGREEMENT (this "Agreement") is made and entered into as of \_\_\_\_\_, 20\_\_\_\_, 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 (the "Authority") and **TEM ENTERPRISES**., a Nevada corporation (the "Airline").

### RECITALS:

WHEREAS, the Authority owns and operates the Airport (capitalized terms used but undefined herein shall have the meaning ascribed thereto in Section 1.02) and has full power and authority to grant to Airline rights and privileges concerning its occupancy and use of the Airport;

WHEREAS, Airline is a FAA-certificated air carrier corporation and desires to occupy and use certain Airport premises and facilities and to acquire from the Authority certain rights and privileges in connection with its occupancy and use of the Airport; and

WHEREAS, the Authority and Airline desire to enter into this Agreement to set forth the rights, privileges and obligations of both parties with respect to the use and occupancy of the Airport and to facilitate the development, promotion and improvement of air commerce;

NOW, THEREFORE, in consideration of the mutual covenants and considerations herein contained, the Authority and Airline agree as follows:

### ARTICLE I

#### BASIC INFORMATION; DEFINITIONS; EXHIBITS

1.01 Basic Information. Each reference in this Agreement to any of the following subjects shall incorporate the information specified below:

<b>Authority:</b>	Burbank-Glendale-Pasadena Airport Authority
<b>Authority's Overnight Delivery and Street Address:</b>	2627 Hollywood Way Burbank, California 91505 Attention: Executive Director
<b>Authority's Payment Address:</b>	2627 Hollywood Way Burbank, California 91505 Attention: Director, Financial Services
<b>Airline:</b>	TEM ENTERPRISES
<b>Airline's Overnight Delivery Address:</b>	3262 Westheimer Rd, #879 Houston, TX 77098
<b>Airline's Post Office Delivery Address:</b>	Same as above
<b>Effective Date:</b>	February 17, 2021

<b>Term:</b>	The period of time beginning on the Effective Date and ending on the Expiration Date.
<b>Expiration Date:</b>	Thirty (30) days after written notice of termination given by either party to the other.
<b>Permitted Uses:</b>	As provided in Article IV.
<b>Premises and Legal Description:</b>	As provided in Article III.
<b>Security Deposit:</b>	\$222,542.00, an amount equal to three times the estimated monthly Rent and Landing Fees due under this Agreement.

1.02 Definitions. Unless the context otherwise requires, the words and phrases recited in this Section shall have the following meanings when used elsewhere in this Agreement:

“Act” shall mean the Joint Exercise of Powers Act, commencing with Section 6500 of the Government Code of the State.

“Affiliate” shall mean any Air Transportation company that: (i) has been designated as an Affiliate for purposes of this Agreement by a Signatory Airline pursuant to Section 6.15, which designation has not been rescinded by such Signatory Airline in accordance with such Section 6.15; (ii) has in full force and effect an executed operating permit with the Airport; (iii) (a) has a common parent with or is a subsidiary of the Signatory Airline designating such Air Transportation company as its Affiliate and does not sell tickets for departures at the Airport or (b) otherwise operates under the same or a similar trade name at the Airport as the Signatory Airline designating such Air Transportation company as its Affiliate and does not sell tickets for departures at the Airport; (iv) is not a Signatory Airline; and (v) has not, within the five years immediately preceding its designation as an Affiliate, been a major airline (as such term is defined by the FAA).

“Agency” shall mean any federal, state, regional, municipal or local governmental agency.

“Aircraft Arrivals” shall mean any aircraft arrivals at the Airport (including, without limitation, scheduled flights, charters, sight-seeing flights, test flights, ferry, courtesy flights, inspection flights or any other flights). Aircraft Arrivals shall not include any flight that immediately returns to the Airport after departure due to mechanical, meteorological or other precautionary reasons.

“Airfield Area” shall mean those portions of the Airport, including the Apron Area, as they now exist or hereafter may be modified, changed, or developed, as hereinafter provided, which provide for the landing and takeoff, handling, servicing, loading and unloading, and other operations of aircraft and related support facilities (e.g., field lighting, navigational aides and cart roads). The Airfield Area is shown, together with the Terminal Building, in its present condition on the plot plan attached as Exhibit A attached hereto and hereby incorporated herein.

“Airfield Area Requirement” shall have the meaning set forth in Section 7.05.

“Airline” shall mean TEM ENTERPRISES, Inc. and any corporate successor to such corporation and any permitted assignee or other transferee under Section 11.01.

“Airline Party” shall mean Airline and its shareholders, partners, directors, officers, employees, agents, representatives and contractors.

“Airport” shall mean the Hollywood Burbank Airport, as shown on the plot plan attached hereto as Exhibit A and hereby incorporated herein by reference and any other real property acquired or leased by the Authority for Airport Purposes.

“Airport Cost Centers” shall mean the following cost centers, more fully described on Exhibit B attached hereto and hereby incorporated herein by reference, as the same hereafter may be amended, modified or supplemented from time to time:

(a) “Airfield Cost Center” shall refer to the revenues received and expenses, including Coverage on Bonds, incurred in connection with the operation, maintenance and improvement of the Airfield Area.

(b) “Authority Areas Cost Center” shall refer to the revenues received and expenses incurred in connection with the operation, maintenance and improvement of the Authority Areas.

(c) “Other Buildings and Areas Cost Center” shall refer to the revenues received and expenses, including Coverage on Bonds, incurred in connection with the operation, maintenance and improvement of those portions of the Airport not included in any other Airport Cost Center, including the facilities, installations and improvements thereon, as they exist now or hereafter may be modified, changed or developed.

(d) “Parking and Roadway Cost Center” shall refer to the revenues received and expenses, including Coverage on Bonds, incurred in connection with the operation, maintenance and improvement of (i) access roads to the Terminal Building and (ii) those portions of the Airport devoted to automobile parking, as the same now exist or may hereafter be acquired, modified, changed, improved or developed.

(e) “Terminal Building Cost Center” shall refer to the revenues received and expenses, including Coverage on Bonds, incurred in connection with the operation, maintenance and improvement of the Terminal Building.

“Airport Engineer” shall mean the Authority’s Director of Engineering and Planning or his or her designee.

“Airport Expense” shall mean all costs and expenses of operating the Airport or incidental to, or arising out of, the operation of the Airport, including but not limited to, Coverage on Bonds and the costs of defending, settling or satisfying any litigation which relates to the Airport, or any aspect thereof.

“Airport Layout Plan” shall mean the Airport Layout Plan attached hereto as Exhibit A.

“Airport Manager” shall mean the person or organization designated by the Authority to exercise functions with respect to the rights and obligations of the Authority under this Agreement. The term also includes any person expressly designated by the Authority to exercise

functions with respect to rights and obligations of the Airport Manager under this Agreement or such other person, division, department, bureau or agency as may from time to time exercise functions equivalent or similar to those exercised by Airport Manager.

“Airport Purpose” shall mean any action or undertaking by the Authority reasonably related to (i) the development and preservation of the Airport as a destination for air commerce and as an industrial or commercial site or (ii) the operation and preservation of the Authority.

“Airport Revenue” shall have the meaning of the term “Revenues” as defined in any Bond Resolution.

“Air Transportation” shall mean the carriage of passengers, personal property, cargo and mail by aircraft.

“Alterations” shall have the meaning assigned to such term in Section 10.01.

“Annual Budget” shall mean the capital and operating budgets prepared by the Airport Manager and approved by a resolution of the Authority.

“Approved Alterations” shall have the meaning assigned to such term in Section 10.01.

“Apron Area” shall mean the aircraft parking and maneuvering areas adjacent to the Terminal Building.

“Authority” shall mean 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 Act, or its successors.

“Authority Areas” shall mean those areas, designated on Exhibit B hereto, and shall include any property or improvements hereafter acquired by the Authority with either (i) funds other than Airport Revenue or (ii) Airport Revenue allocable to the Authority Areas Cost Center.

“Authority Parties” shall mean the Authority, Airport Manager and the cities of Burbank, Glendale and Pasadena, California, and their respective commissioners, officials, directors, officers, employees, agents, representatives, contractors, successors and assigns.

“Bond Resolution” shall mean the indenture, trust agreement, resolution or similar instrument, howsoever denominated, pursuant to which bonds, notes or other evidences of indebtedness of the Authority have been or will be issued, as originally executed or as the same may be amended, modified or supplemented from time to time pursuant to the provisions thereof.

“Bonds” shall mean notes, revenue bonds and other evidences of indebtedness, heretofore and hereafter issued by the Authority for any Airport Purpose pursuant to a Bond Resolution.

“CFR” shall mean the Code of Federal Regulations.

“Capital Improvement” shall mean any item charged to a capital account of the Airport in the Authority’s financial statements.

“Claims” shall mean any and all demands, claims, actions, causes of action, proceedings, judgments, damages, awards, penalties, fines, losses, liabilities, obligations, costs and expenses, including, without limitation, interest, court costs and attorneys’ fees.

“Confidential Information” shall mean information of a confidential or proprietary nature.

“Contamination” shall mean any spilling, discharging, releasing or disposing of Hazardous Substances on, in, under or about the Airport, or any other contamination or deterioration of groundwater, subsoil or soil in, on, under or originating from the Airport.

“Cost” shall mean, with respect to any Capital Improvement, all costs and expenses of planning, designing, acquiring, constructing, installing and financing such Capital Improvement, placing such Capital Improvement in operation, disposing of such Capital Improvement, and obtaining governmental approvals, certificates, permits and licenses with respect thereto, heretofore or hereafter paid or incurred by the Authority. Payment of any Cost shall include the reimbursement to the Authority for any of the costs included in this definition and paid by the Authority but which have not previously been reimbursed to the Authority and which are not reimbursed from contributions in aid of construction. The term Cost shall include, but shall not be limited to, funds required for:

(a) Costs of preliminary investigation and development, the performance or acquisition of feasibility and planning studies, and the securing of regulatory approvals, as well as costs for land and land rights, engineering and contractors’ fees, labor, materials, equipment, utility services and supplies, legal fees and financing expenses.

(b) Working capital and reserves therefor in such amounts as shall be determined by the Authority.

(c) Interest accruing in whole or in part on Bonds prior to and during construction of a Capital Improvement or any portion thereof, and for such additional period as the Authority determines.

(d) Proceeds of Bonds deposited in any fund or account required by a Bond Resolution.

(e) The payment of principal, premium, if any, and interest when due (whether at the maturity of principal or at the due date of interest or upon redemption or otherwise) of any note or other evidence of indebtedness the proceeds of which were applied to any of the costs of a Capital Improvement described herein.

(f) Training and testing costs which are properly allocable to the acquisition, placing in operation, or construction of a Capital Improvement.

(g) All costs of insurance applicable to the period of construction and placing a Capital Improvement in operation.

(h) All costs relating to injury and damage claims arising out of the acquisition or construction of a Capital Improvement less proceeds of insurance.



(i) Legally required or permitted federal, state and local taxes and payments in lieu of taxes applicable to the period of construction and placing a Capital Improvement in operation.

(j) Amounts payable with respect to capital costs for the expansion, reinforcement, enlargement or other improvement of facilities determined by the Authority to be necessary in connection with the utilization of a Capital Improvement and the costs associated with the removal from service or reductions in service of any facilities as a result of the expansion, reinforcement, enlargement or other improvement of such facilities or the construction of a Capital Improvement.

(k) Costs of issuance of any Bonds.

(l) Fees and expenses pursuant to any lending or credit facility or agreement applicable to the period for construction and placing a Capital Improvement in operation.

(m) All other costs incurred by the Authority and properly allocable to the acquisition, construction, or placing in operation of a Capital Improvement or any portion thereof.

“Coverage” for any series of Bonds shall mean a given percentage, specified in the corresponding Bond Resolution, of the Maximum Annual Debt Service (as such term is defined in such Bond Resolution) and shall also mean the dollar amount computed by applying said percentage to said Maximum Annual Debt Service.

“CUPPS” shall mean the Common Use Passenger Processing System certified by IATA and described in Section 3.01(e).

“Disability Equipment” shall mean equipment for use in boarding and unloading of passengers in accordance with the specifications set forth in the FAA Advisory Circular dated March 17, 2000, as the same may be amended, modified or supplemented from time to time.

“Disability Laws” shall mean the provisions of 49 U.S.C. 1374(c), 14 CFR 382.23 and 49 CFR 27.71, as the same may be amended, modified or supplemented from time to time.

“Effective Date” shall mean the date set forth in Section 1.01.

“Environmental Law” shall mean any federal, state or local law, statute, ordinance, code, judgment, order or regulation pertaining to the environment, Hazardous Substances, pollutants, occupational safety and health, industrial hygiene or the environmental conditions on, under or about the Airport, and includes, without limitation the following: (i) the Clean Air Act, 42 USCA §§ 7401, et seq. (ii) the Clean Water Act, 33 USCA §§ 1251, et seq.; (iii) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (“CERCLA”), 42 U.S.C. §§ 9601, et seq.; (iv) 49 CFR, Sections 173.5 (Transportation of Hazardous Materials); (v) the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1986 and Hazardous and Solid Waste amendments of 1984 (“RCRA”), 42 U.S.C. §§ 6901, et seq.; (vi) the Oil Pollution Act of 1990, 33 USCA §§ 2701, et seq.; (vii) the Federal Water Pollution Control Act, 33 U.S.C. §§ 1317, et seq.; (viii) the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code §§ 25249.5 et seq.; (ix) the California Health and

Safety Code §§ 25100, 25395.7, 25915, et seq.; (x) the California Water Code §§ 1300, et seq.; (xi) the California Civil Code §§ 3479, et seq.; (xii) Storm Water Discharge Rules, 40 C.F.R. §§ 122.26 and 122.30-37; and (xiii) all other State laws, rules, orders, directives, codes, regulations and judgments, relating to (i) emissions, discharges, releases or threatened releases of Hazardous Substances into the environment (including but not limited to ambient air, surface water, groundwater, land surface or subsurface strata) and (ii) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of Hazardous Substances, as such laws may be amended, modified or supplemented from time to time and the regulations and administrative codes applicable thereto.

“Equipment” shall have the meaning set forth in Exhibit L.

“Equipment Maintenance Agreement” shall mean that certain Equipment Maintenance Agreement, entered into by the Signatory Airlines and any other passenger airlines that, with the prior written approval of the Authority, agree to be bound by the provisions of such Equipment Maintenance Agreement, as the same may be amended, modified or supplemented from time to time with the prior written consent of the Authority.

“Event of Default” shall have the meaning set forth in Section 17.1.

“Exclusive Use Space” shall mean the premises in the Terminal Building leased by the Authority to Airline as more particularly described in Exhibit C attached hereto and hereby incorporated herein by reference.

“Expiration Date” shall mean the date determined pursuant to Section 1.01.

“FAA” shall mean the Federal Aviation Administration created under the Federal Aviation Act of 1958 or any federal agency succeeding to its jurisdiction.

“Fiscal Year” shall mean the fiscal year of the Authority, as established from time to time, which, as of the date of this Agreement, is the twelve month period commencing on July 1 of any year and ending on June 30 of the succeeding year.

“Hazardous Substances” shall mean any hazardous or toxic substance, material or waste which is or shall become regulated by any Agency acting in its governmental capacity. The term “Hazardous Substances” includes, without limitation, any material or substance which is (i) defined or listed as a “hazardous waste,” “extremely hazardous waste,” “restrictive hazardous waste” or “hazardous substance” or considered a waste, condition of pollution or nuisance under any Environmental Law; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos or asbestos-containing materials; (iv) flammable or explosive substances; (v) mold, mold spores or fractions thereof; and/or (vi) substances designated by any Agency to cause cancer and/or reproductive toxicity.

“IATA” shall mean the International Air Transport Association, its successors and assigns.

“Joint Use Fees” shall mean Airline’s share of the fees payable by the Signatory Airlines for the license to use the Joint Use Space, which share shall be calculated and paid by Airline pursuant to Section 6.02.

“Joint Use Formula” shall mean a formula which equally allocates among those Signatory Airlines using the Joint Use Space in question 20% of the fees for the use of the Joint Use Space and allocates 80% of such fees among such Signatory Airlines according to the ratio of the number of each such Signatory Airline’s enplaning passengers at the Airport during each month of the Fiscal Year to the total number of enplaning passengers of all such Signatory Airlines (with the number of enplaning passengers determined as provided in Section 6.03(a)(2)) or such other formula as may be agreed upon by such Signatory Airlines and the Authority.

“Joint Use Space” shall mean the premises in the Terminal Building available to Airline and the other Signatory Airlines for the uses specified in Section 4.01(b)(1), which premises are more particularly set forth in Exhibit D attached hereto and hereby incorporated herein by reference.

“Landing Fees” have the meaning given such term in Section 6.03.

“Landing Fee Rate” shall mean the rate set forth in Section 6.03(a)(1) as from time to time adjusted as provided in Article VII.

“Law” shall mean any federal, state, county, municipal or local statute, rule, regulation or ordinance or any order, restriction or requirement of any Agency having jurisdiction over the Airline, the Airport or the Authority, as the case may be.

“Lockheed” shall mean Lockheed Martin Corporation, or its successors and assigns.

“Majority-In-Interest” shall mean, as of any date, a numerical majority of Signatory Airlines, which numerical majority shall have landed more than seventy-five percent (75%) of the Total Landed Weight at the Airport during the immediately preceding Fiscal Year.

“Maximum Gross Landing Weight” shall mean, with respect to an aircraft, the certified maximum weight of such aircraft, as recited in the flight manual governing that aircraft.

“Necessary Action” shall have the meaning set forth in Section 17.01(f)(1).

“Noise Abatement Rules” shall mean the Burbank-Glendale-Pasadena Airport Authority Noise Abatement Rules as they presently exist, attached hereto as Exhibit F and hereby incorporated herein, and as the same may be amended, modified or supplemented by the Authority from time to time.

“Non-Airline Revenue” shall mean revenue received by the Authority from sources other than the Signatory Airlines, including PFC’s.

“Non Storm Water Discharge” shall mean any discharge to storm sewer systems that is not entirely composed of storm water. “Non Storm Water Discharge” includes “Unauthorized Non Storm Water Discharges” and “Authorized Non Storm Water Discharges” as defined by the California Environmental Protection Agency State Water Resources Control Board National Pollutant Discharge Elimination System General Permit for Discharges for Storm Water Associated with Industrial Activities Excluding Construction Activities.

“PFC” shall mean passenger facility charges, as defined in 14 CFR Section 158.3, levied or imposed by the Authority at the Airport pursuant to the PFC Laws.

“PFC Laws” shall mean all federal statutes and regulations applicable to the Authority’s PFC program.

“Premises” shall mean any Exclusive Use Space and Joint Use Space; provided, however, that in the case of Joint Use Space, such areas will only constitute “Premises” during the period of time for which Airline has a license to use such areas.

“Proposed Action” shall mean any contemplated material amendment, modification or supplement to a Bond Resolution.

“Public Areas” shall mean those Terminal Building areas made available by the Authority from time to time for use by Authority, Airline, Airline Parties, passengers and other members of the general public.

“Rental” shall have the meaning set forth in Section 6.01.

“Reports” shall mean the reports prepared annually by the Authority pursuant to Section 7.03.

“Rules and Regulations” shall mean those rules and regulations promulgated by the Authority for the orderly use of the Airport or its facilities by both the Signatory Airlines and other tenants and users utilizing the same pursuant to agreements with the Authority, as the same may be amended, modified or supplemented from time to time.

“Security Deposit” shall mean the amount set forth in Section 1.01 hereof and described in Article XXVI.

“Security Requirements” shall have the meaning set forth in Section 4.06(a).

“Senior Lien” shall have the meaning set forth in Section 20.01.

“Senior Lienholder” shall have the meaning set forth in Section 20.01.

“Signatory Airlines” shall mean airlines providing scheduled transportation of persons or property by air to and from the Airport which have executed agreements with the Authority granting certain rights and privileges in connection with such airline’s use and occupancy of the Airport, substantially similar to this Agreement. “Signatory Airlines” shall include Airline.

“Special Funds” shall mean any and all funds or accounts permitted by, established under, or identified in a Bond Resolution, held and administered by the Trustee or the Authority, and such other funds as the Authority may from time to time establish as hereinafter provided.

“State” shall mean the State of California.

“Storm Water” shall mean storm water runoff, snowmelt runoff, and storm water surface runoff and drainage.

“Sub-Contractor” shall mean an independent contractor hired to maintain and repair Equipment pursuant to the Equipment Maintenance Agreement.

“Terminal Building” shall mean the terminal building, as shown on the Airport Layout Plan attached hereto as Exhibit A and incorporated herein by reference, as the same may be modified or improved from time to time.

“Terminal Building Requirement” shall have the meaning set forth in Section 7.04.

“Total Landed Weight” shall mean the sum of the Maximum Gross Landing Weights for all of Airline’s and Airline’s Affiliates’ Aircraft Arrivals over a stated period of time.

“Total Landed Weight of the Signatory Airlines” shall mean the sum of the Maximum Gross Landing Weights for all of the Aircraft Arrivals of the Signatory Airlines (inclusive of their respective Affiliates) over a stated period of time.

“Trustee” shall mean the entity designated by a Bond Resolution to act in a fiduciary capacity, either as a trustee or as a fiscal agent, with respect to the issuance of Bonds.

“TSA” shall mean the Transportation Security Administration created under the Aviation and Transportation Security Act of 2001 or any federal agency succeeding to its jurisdiction.

“U.S.C.” shall mean the United States Code.

1.03 Exhibits.

Exhibit A:	Airport Layout Plan
Exhibit B:	Airport Cost Centers
Exhibit C:	Description of Exclusive Use Space
Exhibit D:	Description of Joint Use Space
Exhibit E:	Description of Apron Area
Exhibit F:	Noise Abatement Rules
Exhibit G:	FAA Grant Assurances - Nondiscrimination
Exhibit H:	Landing Fees Report Form
Exhibit I:	Rental and Joint Use Fee Rates Adjustment Formula
Exhibit J:	Airline Improvement Policy
Exhibit K:	FAA Grant Assurances - General
Exhibit L:	Description of Equipment
Exhibit M:	Description and Location of Work
Exhibit N:	Inspection Form

1.04 Construction and Interpretation. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neutral genders. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including agencies and other public bodies, as well as natural persons. Unless otherwise indicated, references herein to subsections, Sections and Articles are to such subsections, Sections and Articles of this Agreement. Unless the context requires otherwise, the terms “herein,” “hereof,” “hereunder” and any similar terms, as used in this Agreement, shall refer to this Agreement as a whole and not to any particular provisions of this Agreement. Unless the context otherwise requires, the terms “heretofore” and “hereafter” shall refer to the period of time prior to the execution and delivery of this Agreement by the Airline and the Authority and after the execution and delivery of this Agreement by the Airline and the Authority, respectively. Defined terms shall include any variant of the terms set forth in this Article. References in this Agreement to particular sections of Rules and Regulations, Noise Abatement Rules, Environmental Laws, Disability Laws, any FAA advisory circular or other Law shall include all amendments, modifications and supplements to such and Rules and Regulations, Noise Abatement Rules, Environmental Laws, Disability Laws, FAA advisory circular or other Law sections and any successor provisions.

## ARTICLE II

### TERM; TERMINATION

2.01 Term. This Agreement shall become effective on the Effective Date set forth in Section 1.01. The term of this Agreement shall continue from the Effective Date through the Expiration Date.

2.02 Termination by the Authority. The Authority shall have the right to terminate this Agreement pursuant to Section 16.02 upon the occurrence of an Event of Default hereunder.

2.03 Surrender of the Premises. No notice to quit possession on the Expiration Date shall be given by the Authority, and Airline covenants and agrees that upon such Expiration Date it will peaceably surrender possession of the Premises in good condition, reasonable wear and tear, acts of God, fire and other casualties excepted, and the Authority shall have the right to take possession thereof. Airline shall have the right, upon termination and within 60 days thereafter, to remove all trade fixtures and equipment and other personal property installed or placed by it at its expense, in, on or about the Airport, subject, however, to any valid lien which the Authority may have thereon for unpaid rents or fees; provided, however, Airline shall not abandon any of its property on the Premises. Any and all property not removed by Airline within said 60-day period shall, at the option of Authority, thereupon become a part of the land on which it is located, and title thereto shall thereupon vest in the Authority. All Authority property damaged by or as the result of the removal of Airline’s property shall be restored by Airline, at its own expense, to the condition existing prior to such damage.

2.04 Holdover by Airline. Absent the written consent of the Authority, Airline has no right to possess or occupy any of the Premises after the Expiration Date, and any such possession or occupancy shall be an unlawful detainer of the Premises. Absent the written consent of the Authority, during any holdover period by Airline, Airline shall be subject to all charges which

are charged to non-Signatory Airlines at the Airport, including landing and fuel charges. This Section shall survive termination of this Agreement.

### ARTICLE III

#### GRANT OF RIGHTS TO USE AIRPORT AND FACILITIES

##### 3.01 Grant of Rights to Use.

(a) General. The Authority hereby grants to Airline the right to conduct activities on the Airport directly connected with its business of Air Transportation, upon the terms and subject to the conditions set forth herein.

(b) Exclusive Use Space. Authority hereby leases to Airline, and Airline hereby leases from the Authority, the Exclusive Use Space. Notwithstanding any other provision of this Agreement, that portion of the Exclusive Use Space described in Section 6.01(b) shall be converted to Joint Use Space described in Section 6.02(a)(1) and the fees for the use of such space shall be as described in Section 6.02(a)(1) (subject to adjustment as provided in Article VII), upon installation of CUPPS pursuant to Section 3.01(e).

(c) Joint Use Space. The Authority hereby grants to Airline a non-exclusive license to use, in common with others and subject to the direction of the Authority, the Joint Use Space, upon the terms and subject to the conditions set forth in this Agreement. The Authority shall have the right, at any time or from time to time during the term hereof and in the Authority's sole and absolute discretion, to (i) terminate Airline's license to use some or all of the Joint Use Space, (ii) reduce, expand or otherwise modify the Joint Use Space, (iii) grant to others a license to use the Joint Use Space, and/or (iv) grant to Airline a non-exclusive license to use, in common with others and subject to the direction of the Authority, other areas of the Joint Use Space.

(d) Other Areas and Facilities. Airline may operate pursuant to a non-exclusive license to use, consistent with federal law and Authority policy and procedure, in common with others and subject to the exclusive control and management of the Authority, other areas, facilities, equipment, improvements and services at the Airport for use in connection with Airline's business of Air Transportation. In addition, the Authority shall have the right, at any time and from time to time during the term hereof, to terminate or modify any rights granted to Airline pursuant to this subsection.

(e) CUPPS. The Authority reserves the right to install CUPPS within the Premises. Airline acknowledges that the Authority will be pursuing the development and installation of an IATA-certified CUPPS system at the Airport and agrees to cooperate with the development, installation, use and cost of operation and maintenance of such CUPPS system.

(f) Rights of Ingress and Egress. Subject to the Rules and Regulations, the Authority hereby grants the right of ingress to and egress from the Airport and facilities of the Airport referred to in this Article III to Airline and Airline Parties.

(g) Acceptance of Space. Airline hereby accepts the Exclusive Use Space in the condition existing as of the Effective Date. Airline hereby agrees that the Premises are in a



good and usable condition and acknowledges that Airline has inspected the Premises and other areas of the Airport to its satisfaction and acknowledges that the Authority is not obligated to make any repairs or alterations to the Premises or any other areas of the Airport.

(h) Reservations to the Authority. Airline further accepts the Premises subject to any and all existing easements and encumbrances. The Authority reserves the right, without obligation, to install, lay, construct, maintain and repair utilities and appurtenances necessary or convenient in connection therewith in, over, upon, through, across, under and along the Premises or any part thereof, and to enter the Premises for any and all such purposes. The Authority 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 Premises. No right reserved by the Authority in this subsection shall be so exercised as to interfere unreasonably with Airline's operations hereunder.

(i) Authority's Right of Access. The Authority shall have access to the Premises at all times in cases of emergency. The Authority shall also have access to the Premises at any time for the purpose of examining the same to ascertain if they are in good repair, inspecting any work in progress, making repairs which the Authority may be required or permitted to make hereunder, or exhibiting the same to prospective purchasers or airlines or other prospective or actual tenants, licensees or other users of the Airport. Such entry shall be made in a manner which will not unreasonably interfere with Airline's use of the Premises, except in case of emergency. In the event that Airline is not personally present to open and permit entry to Exclusive Use Space, the Authority may enter by means of a master key or may enter forcibly and shall incur no liability to Airline as a result of such entry, and this Agreement shall not be affected thereby.

## ARTICLE IV

### PERMISSIBLE USES

#### 4.01 Use of Airport and Facilities.

(a) Principal Use of Airport. Airline 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 or hereafter are permitted by the Authority to be conducted on or at the Airport, including Airline's business and operations pursuant to this Agreement, must be at all times compatible with and subordinate to such principal use, as the Authority, in its sole and absolute discretion, shall determine.

#### (b) Permissible Uses.

(1) Exclusive Use Space. Airline shall use the Exclusive Use Space solely for the purposes described in Exhibit C in connection with Airline's business of Air Transportation.

(2) Joint Use Space. Airline shall use the Joint Use Space solely for the sale of Air Transportation, handling, ticketing, billing and manifesting of passengers and for purposes of taxiing, servicing, loading, unloading and parking of Airline's aircraft and storage of a reasonable amount of equipment required with respect thereto in connection with Airline's



business of Air Transportation. In the event that the Authority grants to Airline the right to use other areas of the Joint Use Space pursuant to Section 3.01(c), Airline shall use such other areas of the Joint Use Space solely for the purposes set forth in this subsection.

(3) Airport Areas. Airline shall use all areas and/or facilities, equipment, improvements and services at the Airport made available to Airline pursuant to this Agreement, solely for the purposes relating to Airline's Air Transportation specified by the Authority. Said use shall be limited to one or more of the following:

(A) The repairing, maintaining, conditioning, servicing, testing, parking or storage of aircraft or other equipment operated by Airline or any agency or branch of the United States Government; provided, however, such right shall not be construed as authorizing the conduct of a separate business by Airline but shall permit Airline to perform such functions only as an incident to its conduct of Air Transportation.

(B) The ground training on the Airport of personnel in the service of or employ of, or to be employed by, Airline or any agency or branch of the United States Government; provided, however, such right shall not be construed as authorizing the conduct of a separate business by Airline but shall permit Airline to perform such functions only as an incident to its conduct of Air Transportation.

(C) The sale, lease, transfer, disposal or exchange of Airline's aircraft, engines, accessories and other equipment or supplies; provided, however, such right shall not be construed as authorizing the conduct of a separate business by Airline but shall permit Airline to perform such functions only as an incident to its conduct of Air Transportation. Airline shall not sell aviation fuel, propellants or lubricants except when such aviation fuel, propellants or lubricants are not available for sale by an authorized supplier located on the Airport.

(D) The servicing by Airline, or by the Authority or the Authority's designee, of aircraft and other equipment operated by Airline on the Apron Area, by truck or otherwise, with aviation fuel, propellants, lubricants or any other materials or supplies required by Airline.

(E) The right to land, take-off, fly, taxi, tow, load and unload aircraft or other equipment used by Airline in its conduct of Air Transportation.

(F) The right to install and operate advertising signs representing Airline's business, which signs shall be substantially uniform in size, type and location with those of other Signatory Airlines. The number, type, size, design and location of all of such signs shall be consistent with the Authority's graphic standards and shall be subject to the prior written approval of the Authority and shall comply with all applicable Agency requirements.

(G) The right to install, maintain and operate, by Airline alone or in conjunction with other Signatory Airlines, or through a designee, both air-to-ground communications and communications systems between suitable locations on the Airport, subject to the prior written approval of the Authority.

(H) Customary fueling and servicing of Airline's aircraft at its aircraft parking positions preparatory to loading and take-off or immediately following landing and unloading, and/or any maintenance of aircraft, vehicles or equipment at places and in accordance with the Authority's Rules and Regulations so long as such activities are not unreasonably unsightly, offensive or annoying to the public and provided that the same shall not interfere with other operations of the Airport.

#### 4.02 Conduct of Airline's Business.

(a) Standards. In addition to any and all other terms, conditions and requirements under this Agreement, Airline shall comply strictly with the terms, conditions and requirements set forth in this Section 4.02. In its use of the Airport pursuant to this Agreement, Airline shall maintain the highest degree and standards of service to meet the needs of the traveling public.

(b) Conduct of Employees. Airline shall monitor the conduct, demeanor and appearance of its employees and all other individuals constituting Airline Parties and shall require 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 objection from the Authority concerning the conduct, demeanor or appearance of any such individual, Airline immediately shall take all steps necessary to correct or remove the cause of the objection.

(c) Manager. Airline shall designate an individual who shall be authorized to serve as manager of Airline's business and operations at the Airport. Concurrently with the execution and delivery of this Agreement, Airline shall notify the Authority in writing of the name, title, qualifications and experience of said manager. Said manager shall be a qualified individual with substantial experience in managing businesses and operations similar to Airline's business and operations conducted at the Airport. Said manager shall be vested with full power and authority with respect to the method, manner and conduct of Airline's business and operations at the Airport and shall be present at the Airport at all times during the hours of 8:00 a.m. to 5:00 p.m. Monday through Friday. Airline shall designate another individual as Airline's authorized substitute manager should the principal manager become unavailable and the same experience and authority requirements specified above in this Section with respect to Airline's principal manager shall apply to the substitute manager.

(d) Interference with Utilities, Police, Fire Fighting. Airline shall not do or permit to be done anything which may interfere with the effectiveness or accessibility of the mechanical, gas, electrical, heating, ventilating, air conditioning, plumbing or sewer systems, facilities or devices or portions thereof on or servicing the Premises or elsewhere on the Airport, nor shall Airline do or permit to be done anything which may interfere with free access or passage to the Premises, the streets, roads, parking lots, curb areas, entryways, exits, sidewalks or the Public Areas adjacent thereto, or any other areas of the Airport. In addition, Airline shall not hinder police, fire fighting or other emergency personnel in the discharge of their duties.

(e) Interference with Fire Exits. Airline shall not do or permit to be done anything which may interfere with the effectiveness or accessibility of fire exits, elevators or escalators in or adjacent to the Premises or elsewhere at the Airport, including lines, pipes, wires, conduits and equipment connected with or appurtenant thereto.

(f) Nuisance. Airline shall not use or permit the use of the Premises or any other areas of the Airport in any manner that will (i) tend to create or permit any waste or nuisance, (ii) tend to disturb other tenants, concessionaires, licensees or users of the Airport, (iii) invalidate or cause the cancellation of or be in conflict with any fire or other hazard insurance policies covering the Airport or (iv) increase the premiums for any fire insurance policies covering the Airport or any property located therein. Airline, at its expense, shall comply with all rules, orders, regulations, or requirements of the National Board of Fire Underwriters, or any other similar body.

(g) Vending Machines. Airline shall not place any vending machines or similar devices in or on the Premises or elsewhere at the Airport, except as approved by Authority.

(h) Boarding, Enplaning and Unloading Passengers. In connection with the use of the Premises and the other areas of the Airport, no Airline Party shall knowingly board, enplane or unload, or permit the boarding, enplaning or unloading of, revenue passengers, either on a scheduled or nonscheduled basis, except as authorized by the Authority's policies and procedures and applicable federal law.

(i) Authority Noise Abatement Rules. Airline hereby acknowledges that Airline has read and understands the Noise Abatement Rules and hereby covenants to conduct its business and flight operations in compliance with the Noise Abatement Rules.

4.03 Licenses and Permits; Compliance with Laws. Airline, at Airline's own cost and expense, shall obtain and maintain in effect at all times during the term hereof all licenses, permits, certificates, approvals and other authorizations required by any applicable Law in connection with the Airline's performance of this Agreement or the conduct of Airline's business and operations at the Airport. Airline shall comply with all applicable Laws in the conduct of Airline's business and operations at the Airport. Nothing in this Agreement, including provisions relating to specific Laws, shall be construed as limiting the generality of this Section.

4.04 Non-Discrimination and Affirmative Action. Airline shall comply with the provisions of Exhibit G attached hereto and by this reference incorporated herein regarding nondiscrimination, as the same may be amended, modified or supplemented from time to time. In addition, Airline shall undertake an affirmative action program as required by 14 CFR 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 CFR Part 152, Subpart E. Airline 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.

4.05 Compliance With FAA Grant Assurances and Airport Use. Airline acknowledges and understands that the Authority is obligated to comply with the provisions of Exhibit K attached hereto and by this reference incorporated herein constituting FAA grant assurances. Airline agrees that it shall not do anything that will cause or contribute to the violation by the Authority of any of the provisions of Exhibit K. In connection with the ownership and use of the Airport by the Authority, Airline hereby agrees as follows:

(a) Maintenance, Development or Improvement of Landing Area. The Authority reserves the right to maintain and further develop or improve the landing area of the

Airport as it sees fit, regardless of the desires or views of Airline, and without interference or hindrance.

(b) Agreements with and Rights of United States. This Agreement shall be subordinate to the provisions and requirements of any existing or future agreement between the Authority and the United States, or any lawful requirement of the United States, relative to the development, operation or maintenance of the Airport. This Agreement 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 said Airport, or the exclusive or nonexclusive use of the Airport, by the United States during the time of war or national emergency or otherwise.

(c) Reservation of Rights. There is hereby reserved to the Authority, 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 Premises and all 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.

(d) Height Restrictions. Airline shall not erect or permit the erection of any structure or object, nor permit the growth of any tree, on the Premises or elsewhere at the Airport in violation of federal height restrictions and obstruction criteria or any more restrictive height restrictions and obstruction criteria established from time to time by the Authority. In the event the aforesaid covenants are breached, the Authority shall have the right to enter upon the Premises or other areas at the Airport to remove the offending structure or object and to cut the offending tree, all of which shall be at the expense of Airline.

(e) Interference with Aircraft. Airline shall not make use of the Premises or any other areas at the Airport in any manner which might interfere with the landing or 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 the Authority, the Authority shall have the right to enter upon the Premises or other areas at the Airport and cause the abatement of such interference, at the expense of Airline.

(f) Construction of Alterations. In the event any future structure or building is planned for the Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises, Airline shall comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations.

(g) Non-Exclusive Rights. Nothing herein contained shall be deemed to grant the Airline any exclusive right or privilege within the meaning of 49 U.S.C. Section 40103(e) with respect to any activity on the Airport, except that, subject to the terms and provisions hereof, Airline shall have the right to exclusive possession of any Exclusive Use Space made available to Airline under the provisions of this Agreement.

#### 4.06 Airport Security.

(a) Security Requirements. Within 30 days of the Effective Date, Airline shall submit Airline's security program to Authority, as required by 49 CFR 1542 and

49 CFR 1544 (the "Security Requirements"). Within 30 days of the Effective Date, Airline shall submit to Authority a letter confirming insurance coverage, as required by the Security Requirements.

(b) Unauthorized Access. Airline shall use reasonable precautions which comply with the Security Requirements to prevent unauthorized persons from gaining access to restricted flight and aircraft operational areas.

(c) Security Checks. Airline shall comply with 49 CFR 1544, which requires background checks, including references and prior employment history, for all persons who have unescorted access to the airfield side of the Airport security fence in a manner consistent with the Security Requirements. Airline agrees to maintain records of background checks for all employees, agents, representatives and contractors of Airline and to make such records available to the TSA and the Authority as may be requested from time to time.

(d) Violations by Airline. Upon receipt of any written notice from the Authority of a violation of the Security Requirements by Airline, Airline shall promptly engage security personnel or undertake other necessary security procedures as reasonably requested by the Authority to cure the violation of the Security Requirements described in such notice and Airline shall pay any fine or penalty imposed by the TSA as a result of such violation.

#### 4.07 Special Lift Equipment Requirements.

(a) General. Airline shall comply with the Disability Laws. Without limiting the generality of the foregoing, Airline shall comply with all of the provisions of this Section.

(b) Equipment. Airline shall acquire and maintain, at all times during the term hereof and at Airline's cost and expense, Disability Equipment sufficient to permit Airline to comply with federal and state laws regarding aircraft access by disabled persons. The Disability Equipment shall be compatible with the aircraft and the other facilities and equipment used by Airline in connection with its operations at the Airport.

(c) Training. Airline shall train or cause to be trained each Airline Party who maintains or operates the Disability Equipment in accordance with the specifications of the manufacturer so as to assure the safe, proper and efficient use of the Disability Equipment.

(d) Passengers. Airline shall maintain, operate and use the Disability Equipment and provide all other necessary assistance in connection with boarding and unloading of handicapped passengers of Airline in accordance with the Disability Laws. Airline shall use the Disability Equipment in accordance with the manufacturer's specifications and in a safe, proper and efficient manner.

## ARTICLE V

### CAPITAL IMPROVEMENTS

5.01 Review of Capital Improvements. It is the intent of the parties hereto to establish a procedure which will allow the timely review of anticipated Capital Improvements.

(a) Report. If the Authority decides to undertake a Capital Improvement, the Cost of which is to be funded by the inclusion of (i) the purchase price, (ii) the construction cost, (iii) the annual debt service on Bonds therefor or (iv) the Signatory Airlines' lease payments, fees for use of the Joint Use Space or Landing Fees during any subsequent Fiscal Year or Fiscal Years, then the Authority shall submit a report on said Capital Improvement to each of the Signatory Airlines. Said report shall be submitted at least 60 days prior to the expiration of the then current Fiscal Year and shall include the following:

- (1) a description of the proposed Capital Improvements, together with Cost estimates and any available preliminary drawings;
- (2) a statement of the need for such Capital Improvement;
- (3) a statement of the benefits to be derived from such Capital Improvement;
- (4) the allocation of the Cost thereof to the various Airport Cost Centers; and
- (5) the Authority's preferred means of financing the Cost.

(b) Approval. Except as provided in this Section 5.01(b) and Section 5.01(e), Capital Improvements shall be approved by the Signatory Airlines as provided in Sections 5.01(c) and 5.01(d). Approval by the Signatory Airlines shall not be required in the case of a Capital Improvement, the portion of the total Cost of which to be borne by the Authority does not exceed \$1,000,000; provided, however, the total Cost to be borne by the Authority of Capital Improvements not approved by the Signatory Airlines shall not exceed \$2,000,000 in any Fiscal Year. Capital Improvements described in Section 5.01(e) shall not be included in making any such computation. It is understood that building and construction costs change from time to time. Each year the limits specified in this Section may be adjusted based on any change in such costs.

(c) First Meeting. Within a reasonable time, but no sooner than 30 days after distribution of the report described in Section 5.01(a), the Authority shall convene a meeting of the Signatory Airlines for the purpose of discussing and obtaining the Signatory Airline's approval of any proposed Capital Improvement requiring such approval and to the means of financing its Cost. The Capital Improvement shall be deemed approved unless approval is specifically withheld, in writing, by a Majority-In-Interest of the Signatory Airlines within 30 days of said meeting.

(d) Second Meeting. If the Capital Improvement is not approved at the first meeting, the Authority shall have the option to convene a second meeting of the Signatory Airlines. Said second meeting shall be held within 45 days after the first meeting, upon notice by the Authority. At the second meeting, the Authority shall respond to questions raised during the first meeting and shall ask for reconsideration of the Capital Improvement. Upon reconsideration, the proposed Capital Improvement shall be deemed approved, unless approval is specifically withheld, in writing, by a Majority-In-Interest of the Signatory Airlines within 30 days of said meeting. If approval is so withheld, said Capital Improvement will thereupon be deferred until the next Fiscal Year. In such subsequent Fiscal Year, if the Authority remains



desirous of proceeding with said Capital Improvement, the process set forth in subsections (c) and (d) shall be repeated. In the event approval of a Capital Improvement is not specifically withheld by a Majority-In-Interest of the Signatory Airlines in the manner specified in subsections (c) and (d), the Authority may include the Cost for such Capital Improvement in the Signatory Airlines' Landing Fee Rate and Rental.

(e) Adjustment of Landing Fees and Rental. Notwithstanding the absence of approval by any Signatory Airline to any proposed Capital Improvement, the Authority may include the Cost of such Capital Improvement in the succeeding Fiscal Year's calculation for the Landing Fee Rate and each Signatory Airline's (including the Airline's) Rental, if the Authority shall determine that such Capital Improvement is necessary or prudent to:

(1) Insure compliance with a Law of any Agency (exclusive of the Authority); or

(2) Permit the continued operation, maintenance and development of the Airport for any of its intended purposes; or

(3) Maintain or create functional capability at the Airport at a level which is required (i) by public health, safety or welfare or (ii) by the Trustee for the security of the Bonds; or

(4) Satisfy judgments against the Authority rendered by a court of competent jurisdiction; or

(5) Repair or replace Airport property damaged by casualty to a condition appropriate for the continued use of such Airport property for its intended purpose; or

(6) Acquire land to preserve the Airport or its operations.

## ARTICLE VI

### RENTALS, CHARGES AND FEES

6.01 Rental. Airline shall pay to the Authority as rent for the Exclusive Use Space during the term hereof, without notice or demand and without deduction or setoff, the amounts set forth in this Section 6.01 ("Rental"). Said Rental shall be payable monthly, in advance, on or before the first (1st) day of each month, and shall be subject to adjustment as provided in Article VII.

(a) For 109 square feet of office space in building 9, a monthly sum computed at the rate of \$20.70 per square foot per year.

(b) For N/A square feet of ticket counter space, a monthly sum computed at the rate of \$26.45 per square foot per year.

(c) For 78 square feet of ramp storage space, a monthly sum computed at the rate of \$8.74 per square foot per year.

(d) For 94 square feet of operations office space, a monthly sum computed at the rate of \$17.71 per square foot per year.

(e) For N/A square feet of baggage make up space, a monthly sum computed at the rate of \$8.74 per square foot per year.

(f) For 290 square feet of office space in the East Concourse, a monthly sum computed at the rate of \$23.00 per square foot per year.

(g) For N/A square feet of cargo public parking, a monthly sum computed at the rate of \$0.60 per square foot per year.

6.02 Joint Use Fees. Airline shall pay to the Authority Airline's share of the following amounts (the "Joint Use Fees"), for the license to use the Joint Use Space during the term hereof, which Joint Use Fees and Airline's share shall be calculated and paid pursuant to this Section 6.02.

(a) Rates. Subject to the adjustment provisions of Article VII, the Joint Use Fees shall be as follows:

(1) For 1,903 square feet of non-exclusive ticket counter space, a monthly sum computed at the rate of \$26.45 per square foot per year.

(2) For N/A square feet of non-exclusive ramp storage space, a monthly sum computed at the rate of \$8.74 per square foot per year.

(3) For 2,968 square feet of non-exclusive baggage claim space, a monthly sum computed at the rate of \$19.72 per square foot per year.

(4) For 10,085 square feet of non-exclusive holdroom space, a monthly sum computed at the rate of \$19.72 per square foot per year.

(5) For 3,028 square feet of non-exclusive passenger screening space, a monthly sum computed at the rate of \$19.72 per square foot per year.

(6) For 6,662 square feet of non-exclusive baggage make-up space, a monthly sum computed at the rate of \$8.74 per square foot per year.

(7) For 3,163 square feet of non-exclusive baggage screening space, a monthly sum computed at the rate of \$19.72 per square foot per year.

(b) Calculation of Joint Use Fee. The Joint Use Fees shall be payable on a monthly basis. Not later than the last day of each month during the term hereof and the month following the termination hereof, the Authority shall deliver to Airline an invoice setting forth the Joint Use Fees and Airline's share of such Joint Use Fees for such month. The Joint Use Fees for each month shall be allocated among the Signatory Airlines, including during the term hereof the Airline, according to the Joint Use Formula using the Signatory Airlines' respective passenger enplanement statistics for such month set forth in the respective reports delivered by Airline pursuant to Section 6.03(a)(2) and by the other Airlines pursuant to their respective agreements with the Authority. In the event that any Signatory Airline, including Airline, fails to



furnish the Authority with the passenger enplanement report for any month (required by Airline pursuant to Section 6.03(a)(2) and by the other Signatory Airlines pursuant to their respective agreements with the Authority), the Joint Use Fees for such month shall be determined by assuming that the total enplanements for such Signatory Airline during such month was the same as during the most recent month for which such figure is available for such Signatory Airline. Any necessary adjustment in such Joint Use Fees shall be calculated after an accurate report is delivered to the Authority by the applicable Signatory Airline for the month in question, and resulting surpluses or deficits shall be applied to the Joint Use Fees for the next succeeding month after such accurate report is made available to the Authority.

(c) Payment. The Joint Use Fees for each month during the term hereof shall be paid by Airline to the Authority within 15 days following the delivery to Airline of the Authority's written invoice therefor, without deduction or set-off.

6.03 Landing Fees. Airline shall pay the Authority, without notice or demand and without deduction or setoff, fees for the use of the facilities of the Airport, other than the Exclusive Use Space and the Joint Use Space, monthly landing fees (hereinafter referred to as the "Landing Fees").

(a) Calculation and Payment. The monthly Landing Fees shall be calculated and determined as provided in this Section.

(1) Rate. The initial Landing Fee Rate for purposes of this Agreement shall be Ninety-seven cents (\$0.97). The Landing Fee Rate shall be subject to adjustment from time to time as provided in Article VII.

(2) Calculation and Report of Landing Fee. The Airline's Landing Fees for a month shall be the product of the then applicable Landing Fee Rate multiplied by Airline's and any Affiliates' Total Landed Weight for the month. Airline shall furnish to the Authority on or before the 20th day of each month, commencing in the month following the Effective Date and including the month following the Expiration Date, an accurate report of Airline's and any Affiliates' operations at the Airport during the preceding month, setting forth the Landing Fees due under this Agreement for such month. Said report shall include, but not be limited to, (i) Airline's and any Affiliates' total number of Aircraft Arrivals, by type of aircraft and Maximum Gross Landing Weight of each type of Aircraft, (ii) the calculation of the Landing Fees for each type of aircraft and a total of the Landing Fees for that month as shown in the space provided on the report form, as the same may be changed by the Authority from time to time, the current sample of which is attached hereto as Exhibit H and hereby incorporated herein by reference, (iii) the total number of Airline's and any Affiliates' enplaning and deplaning passengers, and (iv) the amount, expressed by weight, of Airline's and any Affiliates' freight, mail and other cargo for such month. The Maximum Gross Landing Weight for each Aircraft Arrival shall be rounded up to the nearest one thousand pound unit for Landing Fees computation. In the event that Airline fails to furnish the Authority with a report for any month pursuant to this Section, Airline's and any Affiliates' Landing Fees for such month shall be determined by assuming that the Total Maximum Gross Landed Weight for Airline and any Affiliates for such month was the same as during the most recent month for which such figure is available for Airline and any Affiliates. Any necessary adjustment in such Landing Fees shall be calculated after an accurate report is delivered to the Authority by Airline for the month in

question, and resulting surpluses or deficits shall be applied to Airline's Landing Fees for the next succeeding month after such accurate report is made available to the Authority.

(b) Payment. The Landing Fees for each month during the term hereof shall be paid by Airline to the Authority on the first day of the second month following the month of Aircraft Arrivals to which the Landing Fees relate. For purposes of illustration, the Landing Fees for the month of January are due and payable on the following March 1.

6.04 Passenger Facility Charge. Airline agrees to the imposition by the Authority of a PFC at the Airport. Airline agrees to comply with the Airport's PFC program and all PFC Laws. Without limiting the generality of the foregoing, Airline issuing an air travel ticket or whose ticket stock is used in issuing such ticket by an agent shall collect from its passengers the funds required by the Airport PFC program and shall remit to the Authority said funds in accordance with the Airport's PFC program and the PFC Laws.

6.05 Late Charge. Any payment required hereunder and not received on or before the due date thereof shall be assessed a late charge at the rate of 1.5% per month, in addition to all other remedies available to the Authority with respect to such failure, including but not limited to the provisions of Article XVI.

6.06 Interest on Past Due Payments. Any amount due from Airline pursuant to this Article VI or any other provision of this Agreement which is not paid within ten days of when due shall bear interest from the due date until paid at a rate equal to 5% in excess of the prevailing prime rate established by banks located in Los Angeles, California for pricing commercial loans, on the first day of the month during which such payment default begins (but not more than the maximum rate permissible by Law); provided, however, that the payment of any late fee or interest pursuant to this Section shall not excuse or cure any default by Airline with respect to its obligations to pay any amount due from Airline pursuant to this Article VI or any other provision of this Agreement.

6.07 Maintenance of Books and Records. Airline hereby agrees to keep and preserve, at all times during the term hereof and for a period of 24 months following the termination hereof, at Airline's office, full, true and accurate books of account and records of all Airline aircraft landings at the Airport during the term of this Agreement, and Airline agrees to make said books and records available to the Authority's representatives for inspection and audit during the usual business hours at Airline's office at the Airport.

6.08 Acceptance of Payments. The acceptance by the Authority of any payment made by Airline shall not preclude the Authority from verifying the accuracy of any of Airline's reports submitted hereunder or from recovering any additional payment actually due from Airline.

6.09 Furnishing Information. Airline shall, upon request and to the greatest extent possible, furnish the Authority information pertinent to the Authority's planning purposes regarding Airline's current or future operations (including forecasts) at the Airport. Except for consolidated statistics for all airlines, the Authority shall not release such information without first obtaining Airline's consent, unless (i) required to do so by Law, or (ii) required to do so to facilitate the sale of Bonds by the Authority.

6.10 Changes in Scheduling. Airline shall, at the earliest date possible, but in any event no later than 15 days prior to any change in schedule, discuss with the Authority its consideration of any changes to its schedule of operations or the type and series of aircraft used at the Airport. Such discussions will be kept confidential unless disclosure is required by Law.

6.11 Inspection and Audit. The Authority, at its expense and upon reasonable notice, shall have the right from time to time to inspect and audit, during regular business hours, the books, records, and other data of the Airline relating to the provisions and requirements hereof. In the event that any audit determines that Airline has a deficiency in the amounts due and payable to the Authority, Airline shall pay to the Authority the deficiency so determined within ten days after receipt of an invoice therefor, and in the event that the deficiency is more than 5% of the amounts paid by Airline with respect to the relevant category of charges (i.e. Rental, Joint Use Fees or Landing Fees, or additional rental pursuant to Section 6.12). Airline shall also pay to the Authority the cost of such audit within such ten day period.

6.12 Additional Rental. The Authority, after due notice to Airline, may, but is not obligated to, cure any default of Airline. Airline shall pay all amounts paid or costs incurred by the Authority to cure any such default and any amounts levied or assessed by the Authority for violations by Airline of the Noise Abatement Rules or the Rules and Regulation shall be payable with the next succeeding installment of monthly Rental due under this Agreement.

6.13 Payments. All reports and payments required to be delivered or paid by Airline to the Authority pursuant to this Agreement shall be delivered to the Authority as set forth in Section 1.01, or to such other place as may hereafter be designated by the Authority.

6.14 Taxes.

(a) Airline shall pay all taxes (including any possessory interest tax or personal property tax), assessment, and charges, if any, which at any time during the term of this Agreement may be levied against Airline or become a lien by virtue of any levy, assessment or charge against Airline by any Agency, including the federal government, the State, any municipal corporation or any other tax or assessment-levying body, in whole or in part, upon or in respect of the Premises or such facilities of the Airport as are made available for use by Airline hereunder, or in respect to or upon any personal property belonging to Airline situated on the Premises or any of the other facilities of the Airport under this Agreement. Payment of such taxes, assessments and charges, when and if levied or assessed, shall be made by Airline directly to the taxing or assessing authority charged with collection thereof.

(b) Airline may, at its own expense, contest the amount or validity of any tax or assessment, or the inclusion of the Premises as taxable or assessable property, directly against the taxing or assessing authority.

(c) Upon any termination of this Agreement, all lawful taxes then levied, or which constitute a lien upon any of the Premises or such facilities of the Airport as are made available for use by Airline or any taxable interest therein, shall be paid in full by Airline forthwith, or as soon as a statement thereof has been issued by the tax collector if termination occurs during the interval between the attachment of the lien and issuance of statement.

#### 6.15 Affiliates.

(a) Airline may at any time, by written notice to the Authority, designate an Air Transportation company as its Affiliate; provided that at the time of such designation such Air Transportation company satisfies the requirement for an Affiliate contained in the definition of "Affiliate" in Section 1.02. Airline may designate more than one Affiliate. An Air Transportation company may be designated as an Affiliate by more than one Signatory Airline.

(b) If an Air Transportation company which has been designated an Affiliate by Airline ceases to satisfy all of the requirements for an Affiliate contained in the definition of "Affiliate" in Section 1.02, such Air Transportation company shall automatically and without further action by Airline or Authority cease to be the Affiliate of Airline as of the first day of the month following the month in which the Air Transportation company ceased to satisfy such requirements.

(c) If Airline shall give the Authority written notice that an Affiliate is no longer an Affiliate of said Airline, such change shall become effective on the last day of the month in which the Authority receives such written notice unless the Authority receives such written notice within 15 days of the end of said month, in which case such change shall become effective on the last day of the month next succeeding the month of receipt of such notice.

### ARTICLE VII

#### ADJUSTMENT OF RENTAL, JOINT USE FEES AND LANDING FEES

7.01 Effective Date of Adjustments. The Rental, Joint Use Fees and Landing Fee Rate shall be subject to adjustment as provided below. Said adjustments shall be effective on the first (1st) day of the Fiscal Year to which they apply, subject to Section 7.08.

#### 7.02 Records of Airport Cost Centers.

(a) Authority shall maintain accounting records which will reflect the following items for each of the Airport Cost Centers: (i) annual revenues; (ii) maintenance and operating expenses (including administrative expenses); and (iii) any other documented expenses of the Authority incurred for Airport purposes and charged to the Airport.

(b) Authority shall further maintain records evidencing the allocation of capital funds obtained from the proceeds of Bonds or other capital fund sources to each Airport Cost Center. Included in the allocation to each Airport Cost Center shall be its proportionate share of the expenses of Bond issuance, capitalized interest and funding of Special Funds, determined with reference to the allocation of costs funded through Bonds or other capital fund sources. All state and federal funds received by the Authority with respect to any project or improvement at the Airport shall be deposited into the appropriate Special Fund.

#### 7.03 Reports by the Authority.

(a) At least 120 days prior to the end of each Fiscal Year, the Airline shall submit to the Authority, in writing, their composite Maximum Gross Landing Weight forecast for the succeeding Fiscal Year. The Authority shall include in each agreement with the other Signatory Airlines a requirement that each such Signatory Airline submit a comparable report. If

all Signatory Airlines have timely submitted such forecasts, at least 60 days prior to the end of such Fiscal Year, the Authority shall submit to the Signatory Airlines the following Reports:

(1) The Authority's proposed Annual Budget for the succeeding Fiscal Year reflecting all estimated Airport maintenance, operating and administrative expenses and all proposed outlays for Capital Improvements at the Airport for the succeeding Fiscal Year which are not separately scheduled pursuant to Article V. The proposed Annual Budget shall include a statement of estimated Airport Revenue from all sources other than the Signatory Airlines.

(2) A schedule of the principal and interest payments to accrue and Coverage to be applicable during the succeeding Fiscal Year in connection with the Bonds.

(3) A schedule of the Capital Improvements proposed for the succeeding Fiscal Year which will impact the Joint Use Fees or Landing Fee Rate.

(4) A preliminary calculation of the Joint Use Fees and Landing Fee Rate for the succeeding Fiscal Year.

(b) Within 30 days after receipt of each Report, a meeting shall be held among the Authority and the Signatory Airlines, at which time Airline may present objections which it may have to the items within the applicable Report. The Authority shall give due consideration to any suggestions, comments or requests of Airline but shall retain full authority to make all final decisions with respect to the Reports.

(c) Before the beginning of the Fiscal Year, the Authority shall adopt an Annual Budget which shall include any revisions made as a result of the Authority's discussions with Airline regarding the Reports relating to such Fiscal Year and as a result of the Authority's budget process. The Authority shall promptly furnish Airline with a copy of such approved Annual Budget together with the calculation of the Rental, Joint Use Fees and Landing Fee Rate which shall be effective from and after the beginning of the Fiscal Year.

(d) If an Annual Budget for a Fiscal Year is not adopted by the Authority prior to commencement of such Fiscal Year, the Rental, Joint Use Fees and Landing Fee Rate in effect at the end of the preceding Fiscal Year shall remain in effect until (i) the new Annual Budget has been adopted by the Authority and (ii) the Authority has calculated the Rental, Joint Use Fees and Landing Fee Rate in accordance therewith. The new Rental, Joint Use Fees and Landing Fee Rate shall then be effective retroactively to the beginning of such Fiscal Year; provided, however, in the event that all Signatory Airlines submit timely forecasts as required by Section 7.03(a) with respect to a Fiscal Year and the Authority does not submit to the Signatory Airlines the Reports listed in Sections 7.03(a)(1) through (4) at least 60 days prior to the beginning of such Fiscal Year, the new Rental, Joint Use Fees and Landing Fee Rate shall only be effective retroactively to the date that the Authority does submit the Reports or the start of the Fiscal Year, whichever is later.

7.04 Adjustments of Rental and Joint Use Fees. The Rental and Joint Use Fees then in effect shall be subject to adjustment by the Authority in connection with the adoption of each Annual Budget during the term hereof to amounts sufficient to provide for the expenses of the Terminal Building Cost Center (the "Terminal Building Requirement") for the Fiscal Year to

which such Annual Budget relates. Whenever the adjustment calculation involves an estimate, the estimate of the Authority shall be used.

(a) The Terminal Building Requirement for a Fiscal Year shall be calculated by totaling the following amounts:

(1) The estimated amounts for maintenance, operating and administrative expenses, capital outlays, replacements and renewals of the Terminal Building Cost Center for the Fiscal Year, as reflected in the Authority's Annual Budget, plus

(2) An amount equal to 1.25 times the principal and interest payments due for the Fiscal Year on Bonds allocable to the Terminal Building Cost Center, plus

(3) The estimated expense of services, if any, to be provided by the cities of Burbank, Glendale and Pasadena, California, to the Terminal Building Cost Center for the Fiscal Year, plus

(4) An amount determined by the Authority but not to exceed 25% of the estimated deficit resulting from actual operations of the Parking and Roadway Cost Center for the Fiscal Year, plus

(5) Any Airport Expense, assessment or charge for the Fiscal Year allocable to the Terminal Building Cost Center, plus

(6) Any adjustment pursuant to Section 5.01(e), plus

(7) Any deficit resulting from actual operations of the Terminal Building during the preceding Fiscal Year.

(b) The Terminal Building Requirement for a Fiscal Year shall be net of the following amounts:

(1) The total estimated Non-Airline Revenue from the Terminal Building Cost Center for the Fiscal Year, plus

(2) An amount determined by the Authority but not to exceed 50% of the estimated Parking and Roadway Cost Center net revenue for the Fiscal Year.

7.05 Adjustment of Landing Fee Rate. In addition to adjustments pursuant to Section 7.08, the Landing Fee Rate then in effect shall be subject to adjustment by the Authority in connection with the adoption of each Annual Budget during the term hereof to an amount sufficient to provide for the expenses of the Airfield Cost Center (the "Airfield Area Requirement") for the Fiscal Year to which such Annual Budget relates. Whenever the adjustment calculation involves an estimate, the estimate of the Authority shall be used:

(a) The Airfield Area Requirement for a Fiscal Year shall be calculated by totaling the following amounts:



(1) The estimated maintenance expenses, operating and administrative expenses, capital outlays, replacements, and renewals of the Airfield Cost Center for the Fiscal Year, as reflected in the Authority's Annual Budget, plus

(2) An amount equal to 1.25 times the interest and principal payments due for the Fiscal Year on Bonds allocable to the Airfield Cost Center, plus

(3) The estimated expense of services, if any, to be provided by the cities of Burbank, Glendale and Pasadena, California, to the Airfield Cost Center for the Fiscal Year, plus

(4) An amount determined by the Authority but not to exceed 25% of the estimated deficit resulting from actual operations of the Parking and Roadway Cost Center for the Fiscal Year, plus

(5) Any Airport Expense, assessment or charge for the Fiscal Year allocable to the Airfield Cost Center, plus

(6) Any deficiency in any Special Fund of the Authority, plus

(7) Any adjustment pursuant to Section 5.01(e), plus

(8) Any deficit resulting from actual operations of the Airfield Area during the preceding Fiscal Year.

(b) The Airfield Area Requirement for a Fiscal Year shall be net of the following amounts:

(1) Estimated Non-Airline Revenue from the Airfield Cost Center for the Fiscal Year.

(2) Estimated Other Buildings and Area Cost Center net revenue (deficit) for the Fiscal Year.

(3) An amount determined by the Authority but not to exceed 50% of the estimated Parking and Roadway Cost Centers net revenue for the Fiscal Year.

(4) The amount by which the total Rental and Joint Use Fees for the preceding Fiscal Year exceeded the Terminal Building Requirement for such Fiscal Year, as such Terminal Building Requirement was adjusted under Section 7.04(b).

(c) The adjusted Landing Fee Rate for a Fiscal Year shall be calculated by dividing the Airfield Area Requirement for such Fiscal Year by the estimated composite Maximum Gross Landing Weight of all Aircraft Arrivals of all Signatory Airlines during such Fiscal Year, as estimated by the Authority, based upon estimates of use provided by the Signatory Airlines; provided, however, the Landing Fee Rate shall not be less than Zero Cents (\$.00) per thousand (1,000) pounds.

7.06 Authority Areas Cost Center.

(a) Except as hereafter provided, Airline shall not be liable for any cost or expense incurred in connection with the development, operation and maintenance of the Authority Areas, and said costs and expenses shall not be a factor in any calculation or adjustment of Rental, Joint Use Fees or the Landing Fee Rate.

(b) The debt service on Bonds, if any, allocable to the acquisition by the Authority of those Authority Areas which are designated on Exhibit B hereto as of the date of this Agreement shall be taken into account in any adjustment of Rental, Joint Use Fees or the Landing Fee Rate. Debt service on Bonds, if any, issued to acquire additional property to be included in the Authority Areas Cost Center shall not be used as a factor in calculating future Rental, Joint Use Fees or Landing Fee Rates unless expressly agreed to, in writing, by a Majority-In-Interest of the Signatory Airlines.

7.07 Disclosure of Financial Statements. For the purpose of keeping Airline informed as to Airport Revenue and Airport Expenses, the Authority shall make available to Airline the annual audit of its financial statements and its statements of revenues and expenses (hereinafter referred to as the "Statement of Revenues and Expenses") of the Airport. The Authority shall provide information as to the basis for allocation and the distribution of revenues and expenses not set forth in the Statement of Revenues and Expenses or whose allocation is set forth herein. The Authority shall respond to questions raised by Airline as a result of Airline's review of the Statement of Revenues and Expenses.

7.08 Extraordinary Adjustments of Landing Fee Rate. (a) Notwithstanding any other provision hereof, if, at any time during the term hereof, Airport Revenue is insufficient to pay, when due, all items included in the Reports prepared pursuant to this Article, or to pay any other Airport Expense, the Authority may, upon notice to Airline, immediately increase the Landing Fee Rate to such amount as is sufficient to assure that all such items, expenses and costs shall be paid in full solely from Airport Revenue.

(b) Notwithstanding any other provisions of this Article, in the event that total Landing Fees of all Signatory Airlines for any quarter vary by more than ten percent from the projected total Landing Fees for such quarter, the Landing Fee Rate shall, in the event that adjustment is deemed necessary by the Authority, be adjusted for the balance of such Fiscal Year by an amount equal to the difference (between projected and actual total Landing Fees) divided by the estimated Maximum Gross Landing Weight of Aircraft Arrivals during the balance of such Fiscal Year.

(c) Notwithstanding any other provisions of this Article, in the event that actual Airport Expenses exceed the projected Airport Expenses used to calculate the Landing Fee Rate for a Fiscal Year, or if actual Airport Revenue is less than projected Airport Revenue, Airline's proportionate share of the difference shall be charged to Airline's Landing Fee over the remaining billing periods in the Fiscal Year.



## ARTICLE VIII

### BOND RESOLUTION

#### 8.01 Subordination to Resolution.

- (a) This Agreement is made subject and subordinate to each Bond Resolution.
- (b) In conflicts between this Agreement and any Bond Resolution, such Bond Resolution shall govern.
- (c) It is mutually understood and agreed that so long as any Bonds secured by a Bond Resolution are outstanding, all Airport Revenue, including interest income, shall be deposited, maintained and paid as set forth in such Bond Resolution.

#### 8.02 Amendments to Bond Resolution.

- (a) In the event that the Authority contemplates a Proposed Action during the term hereof, it shall provide notice of the Proposed Action to Airline.
- (b) Within 30 days of said notice, the Airport Manager shall convene a meeting of the Signatory Airlines for the purpose of discussing and soliciting the Signatory Airlines' approval of the Proposed Action.
- (c) In the event that a Majority-In-Interest of the Signatory Airlines specifically withholds approval of the Proposed Action, in writing, within 30 days of the meeting, the Airport Manager shall convene a second meeting within two weeks of receipt of such written notice by a Majority-In-Interest of the Signatory Airlines. At such second meeting, the Airport Manager shall ask for reconsideration of the Proposed Action. If approval is again withheld in writing by a Majority-In-Interest of the Signatory Airlines within 15 days of the meeting, the Authority, at its discretion, will make a determination to either abandon or proceed with the Proposed Action.
- (d) The determination of the Authority to proceed with the Proposed Action shall be final unless a Majority-In-Interest of Signatory Airlines deems it desirable to object to such action. In such event, the objecting Signatory Airlines shall be given an opportunity to challenge said determination before the Authority at a regularly scheduled meeting. The decision of the Authority regarding the Proposed Action shall be binding and final, notwithstanding any objection by such Signatory Airlines.

## ARTICLE IX

### MAINTENANCE OF AIRPORT FACILITIES AND PUBLIC AREAS

9.01 Airline's Responsibilities. Airline shall, at its sole cost and expense and in a manner acceptable to the Authority, perform all of the following:

- (a) Maintain the Premises in a neat, clean and orderly condition, free from litter, debris, refuse, petroleum products or grease that may result from activities of Airline or the Airline Parties.

(b) Remove all oil and grease spillage or other damage which is attributable to Airline's aircraft and other equipment.

(c) Perform ordinary preventative maintenance and ordinary upkeep of all facilities, personal property and equipment, including, but not limited to, fixtures, doors, baggage conveyors and belts, floor coverings, ticket counters, and baggage examination and inspection facilities and other facilities within the Premises; provided, however, the Authority, at its own cost and expense, shall maintain the exterior portions of the walls and roof of the Premises and all central mechanical distribution systems in good repair and condition.

(d) Immediately repair any damage occasioned by the fault or negligence of Airline or the Airline Parties.

(e) Promptly remove Airline's damaged or disabled aircraft from any area of the Airport (including, without limitation, any runways, taxiways, the aprons and gate positions) to such storage areas as may be designated by the Authority, following approval by the National Transportation Safety Board, the FAA or other government agency having jurisdiction with respect to such removal. Airline may store such damaged or disabled aircraft only for such length of time and upon such terms and conditions as may be established by the Authority. Should Airline fail to remove its damaged or disabled aircraft in accordance with this Section, the Authority may, but shall not be obligated to, cause the removal and/or storage of such damaged or disabled aircraft, and Airline agrees to reimburse the Authority for all costs of such removal and/or storage.

#### 9.02 Authority's Responsibilities.

(a) General. The Authority shall use reasonable efforts to keep, or make appropriate arrangements to keep, the Public Areas of the Terminal Building adequately and attractively supplied, equipped, furnished and decorated, clean and presentable. Except as otherwise herein provided, the Authority shall provide and supply in the Public Areas of the Terminal Building and other areas of the Airport not otherwise subject to the exclusive use of the Airline or other Signatory Airlines, adequate signage, heat, electricity, light, power, air-conditioning, sewage, water and janitorial services (including waste removal). The Authority also shall provide field lighting, adequate to meet FAA standards, for all landing, taxiing and ramp areas and also for all vehicular parking areas.

(b) Airline Obligations. The undertakings by the Authority under this Section 9.02 are not intended to relieve any Airline Party or users of the Airport, including Airline, of any of their respective duties, obligations or responsibilities to maintain any property or facilities at the Airport or any such Airline Parties' or users' respective duties, obligations or responsibilities to use due care in using the Public Area, Joint Use Space or other areas of the Airport.

9.03 Waiver. Airline expressly agrees that the Authority shall not be liable to any Airline Party for loss or damage occasioned by flood, fire, earthquake, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, vandalism, malicious mischief, civil authority or any other cause beyond the reasonable control of the Authority.

## ARTICLE X

### ALTERATIONS AND IMPROVEMENTS

10.01 Construction. Airline shall not, without in each instance obtaining the prior written consent of the Authority, which consent may be granted or withheld in the Authority's sole and absolute discretion, construct, install or make any modifications, alterations, improvement, or additions ("Alterations") in, on or to the Premises. Airline shall have no right to construct, install or make any Alterations in any areas of the Airport, other than Airline's rights granted in the preceding sentence. The Authority may impose, as a condition of the Authority's written consent to any Alterations to the Premises approved by the Authority hereunder ("Approved Alterations"), such requirements as to the contractor, time, manner, method, design and construction in which the Approved Alterations shall be done as the Authority determines, in its sole and absolute discretion. No such Approved Alterations shall be undertaken until Airline shall have procured and paid for all permits, licenses, approvals and authorizations of all required Agencies having jurisdiction thereof and the Authority's written consent to commence work. Prior to the commencement of any Approved Alterations, Airline shall comply with the Authority's policy on tenant improvements attached hereto as Exhibit J and hereby incorporated herein by reference, as the same may be amended, modified or supplemented from time to time. All plans shall be subject to the Authority's approval and, when required by the Airport Engineer, shall be prepared, stamped and signed by a State-licensed architect or engineer. Engineers shall be licensed for the particular discipline required. All work done in connection with any Approved Alterations shall be done at Airline's sole expense and with reasonable diligence, in a good and workmanlike manner, and in compliance with all Laws of any Agency having jurisdiction thereof. In order to expedite plan review and approval and to insure that the proposed Approved Alterations will be compatible with the Airport uses, Airline first shall submit to the Authority for approval a schematic or conceptual plan. The Authority shall have the right to inspect and reject any work not done in accordance with the plans and specifications approved by the Authority, and Airline shall immediately repair or remove such work. Within 30 days following the completion of any Approved Alterations, Airline shall furnish to the Authority a set of "as built" plans and specifications.

10.02 Assignment. Airline hereby assigns to the Authority any and all warranties or guaranties of contractors and subcontractors furnishing labor, materials, equipment and services in connection with the Approved Alterations, which assignment shall be effective upon the expiration or earlier termination of this Agreement.

10.03 Payment. Airline shall pay, when due, all claims for labor, materials, equipment and services furnished or alleged to have been furnished to or for Airline at or for use in the Premises or any other areas of the Airport, which claims are or may be secured by any lien against the Premises or any other areas of the Airport or any interest therein. In the event any such lien is filed against the Premises or any other areas of the Airport in connection with Approved Alterations, it shall be discharged by Airline, at Airline's expense, within ten days after written notice thereof is delivered to Airline. The Authority shall have the right to post such notices of nonresponsibility as are provided for in the mechanics' lien laws of the State.

10.04 Authority's Property. Except for personal property and trade fixtures not permanently affixed to the Premises, all Approved Alterations made by or on behalf of Airline pursuant to Section 10.01, upon the Expiration Date, shall become the Authority's property and

shall be surrendered with the Premises, unless the Authority shall elect otherwise not less than 15 days prior to the Expiration Date. In the event of such election, such Approved Alterations made by or on behalf of Airline in the Premises, as the Authority may select, shall be removed by Airline, at its sole cost and expense prior to the Expiration Date, and the Premises shall be restored and repaired to the condition existing as of the Effective Date, subject to reasonable wear and tear, casualty and damage by the elements.

## ARTICLE XI

### ASSIGNMENT OR SUBLEASE

11.01 Assignment or Sublease. Unless previously agreed to in writing by the Authority, the Airline shall not voluntarily assign, transfer, sublease, convey, mortgage, grant a security interest in, hypothecate or otherwise encumber all or any part of Airline's rights or interest in or to the Premises or this Agreement or take any action which results in any of the foregoing by operation of law. Any attempted assignment, sublease, transfer, conveyance, mortgage, hypothecation, grant of a security interest in, or other encumbrance in violation of this Section shall be wholly void. For purposes of this Section, if Airline is a corporation, any assignment, transfer, conveyance, mortgage, hypothecation, grant of a security interest in 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 Airline, or if Airline is a partnership, any assignment, transfer, conveyance, mortgage, hypothecation, grant of security interest in partnership interest or other encumbrance or other event which results, or upon foreclosure would result, in the reduction of the profit and loss participation of the present general partners to less than fifty-one percent (51%), or if Airline is a corporation, partnership, 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, sublease, transfer, conveyance, mortgage, hypothecation, grant of a security interest or other encumbrance under this Section.

## ARTICLE XII

### DAMAGE OR DESTRUCTION

12.01 Repairable Damage. Should the Premises, or any portion thereof, be damaged by fire or other casualty not caused by any Airline Party, and if the damage is repairable within a reasonable time from the date of the occurrence, the space shall be repaired with due diligence by the Authority; provided, however, the Authority will exert its reasonable effort to provide Airline with temporary substitute space, if available, until such time as the repairs are completed.

12.02 Complete Destruction. Should the Premises, or any portion thereof, be completely destroyed by fire or other casualty, or should they be damaged to such an extent that the damage cannot, in the opinion of the Authority, be repaired within a reasonable time after the occurrence, the Authority shall have the option to terminate this Agreement to the extent that it shall apply to the affected building, rooms or other space. In the event that this Section shall become applicable, the Authority shall advise Airline within 30 days after the happening of any such damage whether the Authority has elected to continue the Agreement in effect as to the space damaged or destroyed or to terminate it. If the Authority shall fail to notify Airline of its election within said 30 day period, the Authority shall be deemed to have elected to terminate

this Agreement as to the space damaged or destroyed, and the Agreement shall automatically terminate as to such space 90 days after the occurrence of the damage. If the Authority shall elect to continue this Agreement in effect with respect to such damaged space, it shall commence and prosecute with due diligence any work necessary to restore or repair the space; provided, however, the Authority will exert its reasonable efforts to provide Airline with temporary substitute space, if available.

12.03 Waiver by Airline. Airline hereby waives the provisions of Sections 1932, 1933, and 1941 through 1942, inclusive, of the California Civil Code and of any other Law now or hereafter in effect which is contrary to the obligations of Airline under this Agreement or which relieves Airline therefrom, or which places upon the Authority obligations in addition to those provided for in this Article.

## ARTICLE XIII

### INSURANCE

13.01 Obligation to Maintain Insurance. At all times during the term of this Agreement and at its sole cost and expense, Airline shall maintain in effect the insurance coverage and limits of liability as provided in this Article ("Required Insurance"). In the event that Airline fails to maintain any of the Required Insurance, the Authority shall have the right, but not the obligation, to obtain some or all of the Required Insurance at Airline's sole expense. In addition, the Authority, at the Authority's election, exercised by delivery to Airline of written notice thereof, shall have the right to maintain some or all of the Required Insurance, provided that (i) the Authority reserves the same right in all new or renewal Airport use agreements, and (ii) the cost to Airline of insurance maintained by the Authority does not exceed the cost of such insurance if obtained by Airline. In the event the Authority elects to maintain some or all of the Required Insurance, either because of Airline's failure to provide Required Insurance or the Authority's election to provide some or all of the Required Insurance, Airline shall pay to the Authority its proportionate share of the premiums for all Required Insurance maintained by the Authority within ten days following the delivery to Airline of each written statement setting forth the amount of said premiums and the applicable premium period.

13.02 Liability and Workers' Compensation Coverages. Airline shall maintain in effect insurance protecting Airline and each Authority Party from and against claims arising out of, resulting from or relating to the conduct by Airline of its business of Air Transportation and otherwise relating to Airline's use of the Airport pursuant to this Agreement as follows:

(a) Comprehensive Airline Liability Insurance. Comprehensive Airline liability covering bodily injury, death, property damage and passenger liability insurance, including war and allied perils coverage under extended coverage endorsement AVN52D or equivalent, airport premises and operations liability, aircraft liability, contractual liability, products and completed operations liability and independent contractors liability, all written on an occurrence basis in an amount not less than \$300,000,000 combined single limit for bodily injury, death, property damage and passenger liability each occurrence and each aircraft, and, with respect to products and completed operations liability, in the annual aggregate, and, provided that Airline has complied with the requirements of subsection (b) below, as respects the coverage provided for bodily injury and property damage under extended coverage endorsement AVN52D or equivalent (war and allied perils coverage), subject to a sub-limit of \$25,000,000

any one occurrence and in the annual aggregate, as respects non-passenger third-party liability only, within the full policy limit and not in addition thereto.

(b) FAA Insurance. So long as the FAA is issuing war risk insurance for aircraft hull, passenger, crew and third-party liability as representative of the United States of America under 49 U.S.C. Ch. 443 (as amended by the Air Transportation Safety and System Stabilization Act—Public Law 107-42), Airline shall obtain and maintain the maximum amount of coverage available to Airline from the FAA or other available sources. During the period that such FAA insurance is available to Airline, the provisions of Section 14.02 shall apply.

(c) 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 \$5,000,000 combined single limit for each occurrence for bodily injury, death and property damage.

(d) 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:

- (i) Bodily injury by accident - \$5,000,000 - each accident
- (ii) Bodily injury by disease - \$5,000,000 - policy limit
- (iii) Bodily injury by disease - \$5,000,000 - each employee

The employer's liability insurance shall not contain an occupational disease exclusion.

(e) War Risk Liability Coverages. All policies of liability insurance required hereunder shall include war risk liability extensions.

13.03 Property Insurance. Airline shall maintain in effect property insurance written on an all risk of direct physical loss basis covering Airline's fixtures, tenant improvements and betterments, personal property and equipment located at the Airport in an amount not less than 100% of the replacement value thereof. The proceeds of such insurance shall be used to repair or replace the insured property. Airline shall also maintain in effect aircraft physical damage insurance (aka hull insurance) covering all aircraft operated by Airline against "All Risks" of loss or damage in an amount not less than 100% of the replacement value thereof.

13.04 Business Interruption Coverage. Airline shall maintain in effect business interruption insurance, insuring against damage or economic loss caused by any interruption of Airline's business of Air Transportation or use of the Airport due to an insured peril in an amount at least equal to the sum of the then current annual Rental, Landing Fees, Joint Use Fees and PFC charges required to be paid by Airline to the Authority pursuant to this Agreement.

13.05 Adjustment of Required Insurance. Airline understands and agrees that the types and amounts of Required Insurance may become inadequate during the term of this Agreement, and Airline 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 the Authority, if the Authority shall adopt a resolution or other written policy requiring such additional insurance coverage or limits of liability from all Signatory Airlines at the Airport.



13.06 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 the State and having a rating of not less than A-X in A.M. Best's Insurance Guide or such other similar guide acceptable to the Authority and/or otherwise acceptable to the Authority. Within ten days prior to the Effective Date and ten days prior to policy renewal dates thereafter, Airline shall deliver to the Authority certificates of insurance issued by the insurance companies and evidencing that all Required Insurance has been obtained and is being maintained by Airline, together with copies of endorsements (i) requiring the insurers to give to the Authority at least 30 days' prior written notice of the cancellation or non-renewal of any Required Insurance, (ii) with respect to the "all risk" property insurance, naming the Authority as a loss payee, (iii) providing that all Required Insurance is primary insurance without right of contribution of any other insurance carried by or on behalf of any Authority Party, (iv) requiring insurers to provide a waiver of subrogation in favor of Authority Parties and (v) with respect to the comprehensive airline liability, automobile liability and employer's liability insurance, naming (A) Airline and the Airline Parties as named insureds, and (B) except for workers' compensation insurance, all of the Authority Parties as "additional insureds." Unless otherwise approved in writing by the Authority, the definition of "additional insured" and the coverage of the Authority as an additional insured under Airline's liability insurance policies shall be as provided in the 1997 Insurance Services Office CG 20 10 Additional Insured endorsement. The failure of Airline 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 Airline, the failure of Airline 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 hereunder. In no event shall any Authority Party be responsible or liable for the payment of any premiums for the insurance required to be obtained and maintained by Airline pursuant to this Article.

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

## ARTICLE XIV

### INDEMNIFICATION

14.01 General. In addition to any other claim or indemnity hereunder, or by operation of law to which the Authority is entitled to, to the fullest extent permitted by law, Airline shall defend, indemnify and hold harmless the Authority Parties from and against any and all Claims arising out of, resulting from, relating to or in connection with this Agreement, the conduct of Airline's Air Transportation business or operations at the Airport, or Airline's use of the Premises or other areas of the Airport by Airline or any Airline Party, including but not limited to, any breach or violation of, or failure to comply with, any provision of the Noise Abatement Rules, Security Requirements, Rules and Regulations or Disability Laws or arising out of, resulting from or relating to any Approved Alteration or other improvement, alteration or facility constructed, installed or made by Airline on the Premises.

14.02 War Risk Indemnification. During the period that the FAA makes available to Airline war risk insurance coverage as described in Section 13.02(b), to the fullest extent permitted by law, Airline shall release, indemnify, defend and hold harmless the Authority

Parties from and against any and all Claims, which in any way arise out of or result from flight activities of Airline, the screening, ticketing, boarding or transporting of passengers by Airline, the use or occupancy by Airline of any space or facilities at the Airport or the performance of services by the Authority for the use or benefit of Airline, including but not limited to injury to or death of any person, damage to or destruction of any property, real or personal (including but not limited to property owned, leased or under the control of Airline), and liability or obligations under or with respect to any violation of federal, state and local laws, regulations, rules, codes and ordinances, but in all cases only to the extent that (i) such Claims are not covered by other insurance of the Authority and (ii) coverage in the form of war risk insurance under the Airline's insurance policies as required by Sections 13.02(a) and 13.02(c), including extended coverage endorsement AVN52D and/or insurance provided by the FAA as described in Section 13.02(b) is available to Airline. Airline's indemnification obligations hereunder shall apply regardless of whether or not the damage, loss or injury complained of arises out of or relates to the negligence (whether active, passive or otherwise) of, or was caused in part by, an Authority Party. Airline's indemnification obligations hereunder shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits paid or payable by Airline under Workers' Compensation Acts, disability benefits acts or other employee benefit laws or regulations.

14.03 Exculpation of the Authority from Liability. Airline, on behalf of itself and the Airline Parties, hereby waives any and all Claims against the Authority Parties, and the Authority Parties shall not be liable for any Claim arising out of, resulting from, relating to or in connection with any cause whatsoever, including, but not limited to: (i) latent or patent defects in the construction or condition of the Airport, including, without limitation, any Contamination; (ii) fire, steam, electricity, gas, water or rain which may leak or flow from or into any part of the Airport; (iii) flood, fire, earthquake, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, vandalism, malicious mischief, civil authority or any other cause beyond the reasonable control of the Authority; (iv) 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 Airport; (v) the use of the Airport by any Airline Party, whether said damage or injury results from conditions arising upon the Airport, or from other sources; or (vi) any damage or loss arising from any negligent acts or omissions or willful misconduct of any other tenant, licensee, concessionaire or customer of the Airport or any other person or entity; except to the extent any of the foregoing arises from the gross negligence or willful misconduct by the Authority.

14.04 Survival. Airline's indemnification obligations under this Article shall survive termination or expiration of this Agreement to the extent the applicable Claims arose during the term of this Agreement.

## ARTICLE XV

### EMINENT DOMAIN

15.01 Entire or Substantial Taking. In the event that the Premises or any other portion of the Airport, or so much thereof as to make the balance not reasonably adequate for the conduct of Airline's business of Air Transportation, shall be taken under the power of eminent domain, this Agreement automatically shall terminate as of the date of the vesting of title in such condemning entity.



15.02 Partial Taking. In the event of any taking under the power of eminent domain which does not result in a termination of this Agreement pursuant to Section 15.01, the Authority and Airline shall each, at its own expense, promptly restore the remaining portion or the Premises for which they are obligated hereunder to repair to as near its former condition as is reasonably possible, and this Agreement shall continue in full force and effect.

15.03 Awards. Any award for any taking of all or any part of the Premises or any other areas of the Airport under the power of eminent domain shall be the property of the Authority, whether or not such award shall be made as compensation for diminution in value for the taking of the fee. Nothing contained herein, however, shall be deemed to preclude Airline from obtaining, or giving the Authority any interest in, any award to Airline for loss of or damage to Airline's trade fixtures and removable personal property or damages for cessation or interruption of Airline's business, provided, however, that in determining the value of Airline's business, all goodwill attributable to the location of the business shall belong to the Authority and Airline's business shall be valued based solely upon its operating results.

15.04 Condemnation by the Authority. Nothing in this Agreement shall impair, limit or otherwise affect the power of eminent domain of the Authority or the exercise of such power by the Authority.

## ARTICLE XVI

### EVENTS OF DEFAULT; REMEDIES

16.01 Event of Default. Each of the following shall constitute an Event of Default under this Agreement:

(a) (i) The voluntary or involuntary appointment of a receiver, trustee or liquidator to take possession of all or substantially all of the assets of Airline when such appointment is not dismissed, terminated or vacated in 60 days; or (ii) a general assignment by Airline for the benefit or protection of creditors; or (iii) Airline's admission of its inability to pay its debts as they become due; or (iv) any action taken against or suffered by Airline 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 Airline to have Airline adjudged a bankrupt or for reorganization or arrangement, the petition is dismissed within 60 days.

(b) Any attachment, execution, distraint, judicial seizure or other process of law pursuant to which Airline's rights or interest in the Premises or this Agreement may be taken, occupied or used by anyone other than Airline, when such attachment, execution, distraint, judicial seizure or other process of law shall not be released, dismissed or stayed within 90 days.

(c) An attempted or purported assignment, sublease, transfer, conveyance, mortgage, grant of security interest, hypothecation or other encumbrance of all or any part of Airline's rights or interests under this Agreement or in the Premises in violation of Section 11.

(d) Vacation or abandonment of the Premises or of possession of the Premises, except in conjunction with the exercise by Airline of any express right of Airline to terminate this Agreement.

(e) The failure by Airline to cure a violation of the Security Requirements within 30 days of Airline's receipt of the notice described in Section 4.06(d).

(f) The failure by Airline to pay any amount when due and payable hereunder, where such failure to pay continues for ten days following the date that such amount was due.

(g) Any violation by Airline of a provision of Article XIII.

(h) The failure by Airline to obtain and/or maintain in effect all licenses, permits, approvals, authorizations and registrations required by applicable Laws in connection with the conduct of Airline's business.

(i) The failure by Airline to comply with the Authority's Rules and Regulations within 30 days of Airline's receipt of the notice described in Article XXII.

(j) Any violation by Airline of the Noise Abatement Rules; provided, however, that Airline may cure any such default within 24 hours after written notice by the Authority to Airline of such default, or, if the cure of such default is not in the opinion of the Authority reasonably susceptible to cure within 24 hours, Airline may cure such default within 20 days of the delivery of such written notice of default.

(k) Any violation by Airline or any of its agents or employees of any Hazardous Substances laws, rules, or regulations as provided in Article XVII.

(l) The failure by Airline to replenish the Security Deposit within 10 days of Airline's receipt of the notice described in Section 26.02.

(m) (i) The occurrence of any non-curable default in the keeping or performance of any provision of this Agreement to be kept and performed by Airline other than those described in subsections (a) through (l) of this Section, or (ii) failure to remedy any curable default in the keeping or performance of any other provision of this Agreement to be kept and performed by Airline other than those described in subsections (a) through (l) of this Section (A) within a period of 30 days after the delivery to Airline of written notice of such default (or, in the event such curable default is of such a nature as to reasonably require more than 30 days to cure, if Airline shall fail to commence said cure within said time or thereafter fails diligently to prosecute the same to completion), or (B) immediately in the event of an emergency.

(n) The occurrence and continuation of any default, breach or non-performance by Airline under this Agreement or any other written agreement between the Authority and Airline, or by Airline or Sub-Contractor under the Equipment Maintenance Agreement, after giving effect to any applicable grace period, notice requirement or opportunity to cure such default, breach or non-performance.

**16.02 Remedies.** Upon the occurrence and continuance of any Event of Default by Airline, the Authority may at any time, upon notice and demand and without limiting the exercise of any other right or remedy which the Authority may have by reason of such default or breach:

(a) Terminate Airline's right to possession of the Premises by notice to Airline, in which case this Agreement shall terminate and Airline shall immediately surrender possession of the Premises to the Authority. In such event, the Authority shall be entitled to recover from Airline:

(i) The unpaid amounts (including late charges and interest) payable by Airline under this Agreement which have accrued to the date of termination;

(ii) The worth at the time of termination of the Rental which would have accrued under this Agreement from the date of termination until the Scheduled Expiration Date less the worth at the time of termination of the amount of such Rental loss that Airline proves could have been reasonably avoided; and

(iii) Any other amount necessary to compensate the Authority for all damages and losses proximately caused by Airline's failure to perform its obligations under this Agreement including, but not limited to, the cost of recovering possession of the Premises, expenses of reletting (including advertising), brokerage commissions and fees, costs of putting the Premises in good order, condition and repair, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, court costs, all costs for maintaining the Premises, all costs incurred in the appointment of and performance by a receiver to protect the Premises or the Authority's interest under the Agreement and any other reasonable cost.

(b) Pursue any other remedy now or hereafter available to the Authority under the laws of the State, including, without limitation, the remedy provided in California Civil Code Section 1951.4, to continue this Agreement in effect and enforce all rights and remedies under this Agreement, including the right to recover amounts payable by Airline hereunder as it becomes due, even though Airline has breached this Agreement and abandoned the Premises or failed to take possession of the Premises upon tender thereof by the Authority. In the event Airline fails to take possession of the Premises and commence payment of amounts payable by Airline hereunder, the Authority shall have all of the rights and be entitled to recover from Airline all of the damages described in this Section.

(c) If the Authority terminates this Agreement pursuant to subsection (a) of this Section, unless and until removed in accordance with Section 2.04, take exclusive possession of all of Airline's fixtures, furniture, equipment, improvements, additions, alterations and other personal property on the Premises or other areas of the Airport, and to use the same, without rent or charge, until all defaults are cured, or, at its option, at any time during the term of this Agreement, to require Airline to forthwith remove to same.

The "worth at the time of termination" of an amount referred to in Section 16.02(a)(ii) shall be computed by discounting such amount at one percentage point above the discount rate of the Federal Reserve Bank of San Francisco at the time of termination.

16.03 Waiver. Airline hereby waives all claims and demands against the Authority for damages or loss arising out of or in connection with any re-entering and taking possession of the Premises, as provided in Section 16.02.

16.04 Waiver of Redemption. In the event of the lawful exercise by the Authority of any one or more of its rights and remedies hereunder, Airline 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 the Authority from any and all claims, demands and liabilities by reason of such exercise by the Authority.

16.05 Cumulative Remedies. The various rights and remedies reserved to the Authority herein shall be cumulative, and, except as otherwise provided by law, the Authority 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 remedy allowed by law or in equity. No delay or omission of the Authority 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.

16.06 Performance of Airline's Covenants by the Authority. In the event that Airline at any time fails to make any payment or perform any other act under this Agreement, the Authority shall have the right, but not the obligation, immediately or at any time thereafter, without notice or demand and without waiving any right or releasing Airline from any obligation to the Authority, to make such payment or perform such other act for the account of Airline, to the extent the Authority may deem desirable. In connection therewith, the Authority may pay reasonable expenses and employ counsel in instituting, prosecuting or defending any action or proceeding under this Agreement. All sums so paid by the Authority and all expenses incurred in connection therewith, together with interest thereon at the annual rate specified in Section 6.06, shall be payable to the Authority on demand.

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

16.08 Default by the Authority. The Authority 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 30 days following the delivery by Airline to the Authority of written notice specifying the obligation the Authority has failed to perform; provided, however, in the event that the nature of the Authority's obligation is such that more than 30 days are required for its performance, the Authority shall not be deemed to be in default if it shall commence such performance within such 30 day period and thereafter diligently prosecutes the same to completion. In the event of the Authority's default under this Agreement, subject to the notice and cure provisions described above in this Section, Airline's sole remedy shall be to terminate this Agreement with no further obligation or liability by either party.

## ARTICLE XVII

### ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION

17.01 Hazardous Substances and Environmental Compliance. Airline agrees that it shall abide by all Hazardous Substances laws, rules and regulations, relating to hazardous substances including, but not limited to, 49 CFR, Part 171, et seq. Airline agrees it will carry no Hazardous Substances onto the Airport which are not permitted by law to be carried by passenger aircraft except those items required to maintain Airline's aircraft.

Airline shall comply with all Environmental Laws and shall not engage in any activity on or about the Airport that violates any Environmental Law. In conducting its operations and maintenance on the Airport under this Agreement, Airline shall comply with such regulations regarding the storage, distribution, processing, handling and/or disposal, including Storm Water discharge requirements, of Hazardous Substances including, but not limited to, gasoline, aviation fuel, jet fuel, diesel fuel, lubricants and/or solvents, regardless of whether the obligation for such compliance is placed on the owner of the land, owner of the improvements or user of the improvements.

Airline shall at its own expense take all investigatory and/or remedial action required or ordered by any governmental Agency or Environmental Law for clean-up and removal of any Contamination caused by Airline or an Airline Party. In conducting a clean-up of a Hazardous Substance release under this Agreement, Airline shall comply with applicable Environmental Laws.

Airline shall not allow or cause the entry of any Hazardous Substances under its control into the Airport Storm Water drainage system unless authorized by Environmental Law and the Airport's Storm Water discharge permit. Airline shall not allow or cause the entry of any unauthorized Non-Storm Water Discharge that is under its control into the Storm Water drainage system of the Airport or into the Storm Water drainage system of any of its surrounding communities, unless such substances are first properly treated by equipment installed with the approval of the Authority for that purpose, and Airline complies with recommendations made by the State and/or federal Environmental Protection Agency and the Airport's Storm Water discharge permit requirements. Airline shall bear all costs and any other expenses related to the prohibited entry of such oil, fuel or other Hazardous Substances into said drainage systems prohibited by Environmental Law.

Airline shall provide all notices required pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code §§25249, et seq. Airline shall provide prompt written notice to the Authority within five days of receipt of all written notices of violation of any Environmental Law received by Airline.

17.02 Environmental Indemnification. To the fullest extent authorized by law, the Airline shall indemnify, defend and hold harmless the Authority Parties and their respective officers and employees, from and against any and all Environmental Law Claims arising out of any actions by the Airline, the Airline's operations at the Airport or any action arising from and which involve any Airline Party, including the cost of defense arising therefrom, including but not limited to the following:

(a) The Airline's placing, disposing, allowing or releasing of Hazardous Substances upon or within the Airport including any such claims, demands, liabilities and/or obligations related to Airline's release of Hazardous Substances on the Airport since the time Airline first occupied the Airport.

(b) The Airline's release of Hazardous Substances upon or within the Airport.

(c) The Airline's violation of any Environmental Law, except that Airline's obligations under this paragraph shall not extend to known conditions that are, as of the date of this Agreement, the subject of investigation and remediation by Lockheed or others, or

remediation conditions that arise from operations of third parties that are not affiliated with Airline that take place off of the Airport. A party shall be deemed to be affiliated with Airline if it is an employee, officer, director, agent, subtenant, contractor or subcontractor of Airline or if it is controlled by, or under common control with, Airline.

(d) The Airline's causing or allowing any discharge into the Airport Storm Water drainage system that is prohibited by Section 17.01 of this Agreement.

This indemnification includes, without limitation, reasonable attorney's fees/costs and other costs incurred by the Authority in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any Agency because of any Hazardous Substances being present in the soil or groundwater under the Airport. However, Airline's indemnity obligation shall not apply in the event of any claims for any loss, damage or expense arising from the sole or active negligence or willful misconduct of the Authority or agents, servants or independent contractors who are directly responsible to the Authority.

In the event the indemnitees described hereinabove are named as defendants or respondents in any lawsuit or administrative proceeding, the Airline shall, at the request of the Authority, represent the indemnitee with qualified counsel that the Authority determines, in its sole and exclusive discretion, is acceptable, unless the Authority, at its sole and exclusive discretion, undertakes legal representation, in which event the Airline shall reimburse the Authority for the reasonable costs incurred by it in defending such lawsuit or administrative proceeding, including reasonable attorney's fees, expert and consultant's fees, and investigative and court costs.

In the event that a monetary judgment is awarded against the Authority and the Airline because of the concurrent negligence of the Authority and the Airline or their respective officers, subcontractors, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. The Authority and the Airline agree that neither party shall request a jury apportionment.

The rights and obligations of the parties hereto set forth in this Article shall survive the termination of this Agreement.

17.03 Disclosure. Airline shall keep sufficient records such that, within 15 days of the Authority's written request, Airline shall submit to the Authority the following documents: (i) an inventory or list of all compounds or products that contain Hazardous Substances which were used, stored or disposed of by each Airline Party on or about the Airport during the prior year, (ii) all Material Safety Data Sheets for said compounds or products containing Hazardous Substances, (iii) an estimate of the quantity or volume of such products or compounds used, stored or disposed of on or about the Airport during the prior year, and (iv) copies of all hazardous waste manifests for wastes generated on the Airport and sent offsite for treatment, storage, disposal or recycling.

(a) Delivery of Documentation. Airline shall deliver to the Authority 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 Airline's responses thereto; (iv) environmental assessments, and (v) any other documents related to

compliance with Environmental Laws that the Authority may reasonably request from time to time.

(b) Notice. If any Airline Party is required by Law to give notice to any Agency about any Contamination, Airline shall immediately give notice of such Contamination to the Authority's Director of Environmental and Noise Programs or such other person as may be designated by the Authority in writing by telephone at (818) 840-8840, which shall be confirmed by written notice not later than the next business day. This obligation to notify the Authority shall also extend to any personal injuries or property damage to third parties resulting directly or indirectly from said Contamination. If Airline becomes aware of the presence of or use of any Hazardous Substances not authorized in accordance with the terms of this Agreement, or of any Contamination not subject to the notification provisions of the first sentence of this Section, Airline shall immediately give written notice of such condition to the Authority to the extent required by California Health and Safety Code Section 25359.7.

17.04 Annual Site Investigation. Without limiting its other rights with respect to the Premises, the Authority shall have the right, but not the obligation, to conduct annually an environmental inspection and assessment of the Airport during each year of the term of this Agreement, and to utilize the services of an environmental consultant or consulting firm for such inspection and assessment. Airline shall pay its share (as determined by the Authority) of the reasonable cost of each such annual inspection of the Airport. If the environmental inspection and assessment of the Airport discloses the existence of any Airline Contamination, Airline shall take any and all action as provided in Section 17.01. In the event that the Authority elects not to conduct an annual environmental inspection and assessment, or if the Authority's environmental inspection and assessment fails to discover or disclose any Airline's Contamination, Airline shall not be excused from performing its obligations or relieved from liability to the Authority under this Article.

## ARTICLE XVIII

### NO OBLIGATION TO PROVIDE UTILITIES OR SERVICES

18.01 The Authority Not Responsible. Airline acknowledges that the Authority has no obligation to provide utilities or services to the Exclusive Use Space. Airline 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.

18.02 Fire and Security. The Authority is not obligated to Airline to furnish any fire fighting services or security services for the Premises or other areas of the Airport. Airline acknowledges that the Airport are within the municipal service areas of the City of Burbank and the City of Los Angeles.

## ARTICLE XIX

### PUBLIC AREAS

19.01 Public Areas. During the term of this Agreement, Airline and the Airline Parties shall be entitled to use all Public Areas located in the Terminal Building, including waiting

rooms, restrooms and toilet facilities, in common with the Authority and with other persons authorized by the Authority from time to time to use said facilities.

19.02 Restrictions on Use. The Authority 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 Public Areas, or any of them, and specifically further reserves the right to designate portions of the Public Areas for the exclusive or non-exclusive use of certain tenants concessionaires, licensees, vendors and other users of the Airport.

19.03 Parking. Notwithstanding that the Authority may lease motor vehicle parking spaces to employees of Airport tenants as such parking spaces may be available, it is expressly understood and agreed that the Authority is not responsible or obligated to provide Airline or Airline Parties with any motor vehicle parking spaces within the Airport or otherwise, as an appurtenance to this Agreement. Airline shall be solely responsible for arranging any and all necessary motor vehicle parking incidental to this Agreement.

## ARTICLE XX

### SUBORDINATION

20.01 Subordination. This Agreement is subject and subordinate to all mortgages, deeds of trust, bond indentures, liens, encumbrances and other security interests now or hereafter affecting the Premises or any other areas of the Airport, and to all renewals, modifications, replacements, consolidations and extensions thereof ("Senior Lien" and the holder thereof being a "Senior Lienholder"). Airline shall execute and deliver to the Authority or any other party requiring confirmation of such subordination, within ten calendar days following receipt of a request for such confirmation, any and all documents which may be required to effectuate such subordination. Airline further agrees that this Agreement shall be amended, modified or supplemented in accordance with the reasonable requirements of a Senior Lienholder, so long as such amendment, modification or supplement does not alter the rights or duties of Airline under this Agreement and that Airline's written consent to any such amendment, modification or supplement shall not be unreasonably withheld or delayed. Airline shall give prompt written notice to each Senior Lienholder of which Airline has written notice, of any default of the Authority, and Airline shall allow such Senior Lienholder a reasonable length of time (in any event, not less than 30 days from the date of such notice) in which to cure such default.

20.02 Attornment. Subject to the terms of any nondisturbance agreement between Airline and a Senior Lienholder, in the event that any Senior Lien is foreclosed, Airline, 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 Premises or any other area of the Airport, agrees to (i) enter into a new Airport use agreement for the remainder of the term of this Agreement with substantially the same provisions herein provided or (ii) attorn to the purchaser and recognize the purchaser as the Authority under this Agreement, provided such purchaser agrees to assume in writing all obligations of the Authority under this Agreement.



## ARTICLE XXI

### QUIET ENJOYMENT

Upon payment of all the amounts due hereunder and the observance and performance by Airline of all the provisions on Airline's part to be observed and performed pursuant to this Agreement, Airline may peaceably and quietly enjoy the Exclusive Use Space, subject to the provisions of this Agreement and to any mortgages, deeds of trust, bond indentures, security interests, liens and other encumbrances secured by the Airport or its revenues.

## ARTICLE XXII

### RULES AND REGULATIONS

Airline shall comply with the Rules and Regulations established by the Authority for use of the Premises and the other areas of the Airport. The Authority shall provide Airline with a copy of the Rules and Regulations and any and all supplements, modifications and amendments thereto. Upon receipt of any written notice from the Authority of a violation of the Rules and Regulations by Airline, Airline shall cure the violation specified in such notice. The Authority shall not be responsible to Airline for the nonperformance of any other airline, tenant, occupant, licensee, concessionaire or user of the Airport of any of the Rules and Regulations.

## ARTICLE XXIII

### CONFIDENTIAL INFORMATION

23.01 Prohibition Against Disclosure. Each party covenants and agrees, for itself and its employees, agents, representatives and contractors, that, except as provided in Section 23.02, such party and its employees, agents, representatives and contractors shall maintain and keep in strict confidence and shall not disclose to any other person or entity any Confidential Information relating to the other party or the other party's business or properties. Each party acknowledges and understands that legal remedies may not be adequate in connection with a breach of the provisions of this Article, and, therefore, each party consents to injunctive relief in connection with the enforcement of this Article.

23.02 Permitted Disclosures. Notwithstanding the provisions of Section 23.01, each party shall have a right to disclose Confidential Information (i) to such party's officers, employees, agents, representatives, contractors and consultants as may be necessary in connection with the performance of this Agreement and of such persons' duties; (ii) in connection with litigation, including in response to discovery requests; (iii) in connection with any applicable Law or any Agency, including any and all notices, plans or other documents required to be filed with any regulatory agency; (iv) in connection with the California Public Records Act, California Government Code §§6250, et seq.; (v) in connection with the issuance by the Authority of Bonds; (vi) in connection with the Authority's application for or compliance with the requirements of any federal, state or local funding program, grant or other financing; (vii) in connection with the preparation and issuance of financial statements of such party; or (viii) as otherwise is required by Law.

23.03 Exclusion from Definition. Notwithstanding the provisions of Section 23.01, the term "Confidential Information," as used herein, shall not include any information relating to a party to the extent that the information (i) was already known by the other party at the time of disclosure to the other party; (ii) is or becomes publicly available through no fault of the other party; or (iii) is disclosed by the other party to a third party, provided that at the time of such disclosure such third party was lawfully in possession of such information.

23.04 Survival. The provisions of this Article shall survive the expiration or termination of this Agreement.

## ARTICLE XXIV

### COVENANT NOT TO GRANT MORE FAVORABLE TERMS

24.01 Authority Covenant. The Authority covenants and agrees not to enter into any lease, contract or any other agreement with any other certificated air carrier containing more favorable terms than this Agreement, or to grant to any certificated air carrier engaged in Air Transportation, rights, privileges or concessions with respect to the Airport which are not accorded Airline hereunder, unless the same rights, terms and privileges are concurrently made available to Airline; provided, however, this covenant shall not extend to Exclusive Use Space, or any leases, contracts or other agreements in effect as of the date hereof with any other certificated air carrier or to any leases, contracts or other agreements with any carrier operating only aircraft of less than thirty thousand (30,000) pounds gross weight.

24.02 Agreement with Other Aircraft Operator. In the event that any aircraft operator shall undertake any operation at the Airport for Air Transportation, the Authority shall require, to the extent legally permissible, such other aircraft operator to execute and deliver an agreement, permit, lease or contract with the Authority providing for:

(a) The payment of landing fees at rates and on such other terms and conditions as are not less than those rates or terms and conditions currently in effect for the Signatory Airlines;

(b) The payment of rental for any space leased from the Authority in the Terminal Building at rates not less than those rates then payable by the Signatory Airlines for similar space or, if space has been constructed by the Authority for such operator, then at rates that compensate the Authority for the cost of providing, maintaining, operating and administering such space over the term of the agreement with such operator; and

(c) The payment for the use by such aircraft operator for all jointly leased areas and operating costs of all baggage handling or passenger service systems, calculated and billed to such operator as in the case of the Signatory Airlines.

## ARTICLE XXV

### AIRLINES COMMITTEE

25.01 Airline Representative. With respect to all matters required or permitted hereunder to be approved by the Signatory Airlines or a Majority-In-Interest, and further with

respect to any other matter arising pursuant to this Agreement, Airline hereby appoints and will continue to permit a representative to act in its behalf. Such person is and shall be Airline's designated representative on the Airlines/Airport Affairs Committee hereby established to cooperate with the Authority in matters related to the planning, development, operating and financing of the Airport.

25.02 Approval. Whenever in this Agreement approval of an act, thing or document is required or permitted by a Majority-In-Interest of the Signatory Airlines, such act may be taken, such thing may be done or such document shall be considered approved for the purposes hereof if a Majority-In-Interest, as certified by the then Chairman of the Airlines/Airport Affairs Committee, has not objected in writing, and the Authority, Signatory Airlines and all affected third parties may rely upon such approval as conclusively binding on Airline.

## ARTICLE XXVI

### SECURITY DEPOSIT

26.01 Security Deposit. Airline shall deposit with the Authority on the Effective Date an irrevocable letter of credit, surety bond or cash ("Security Deposit") in the amount set forth in Section 1.01 to guarantee the faithful performance by Airline of its obligations under this Agreement and the payment of all rentals, fees and charges due hereunder. Authority may use the Security Deposit to pay delinquent rentals, fees and other charges payable by Airline hereunder (including but not limited to PFCs) in order to ensure prompt payment thereof. The Authority may adjust such Security Deposit requirement from time to time upon a determination that an additional amount is warranted due to increased flight levels or, in the Authority's sole and absolute discretion, for any other purpose reasonably necessary to protect Authority and the Airport from changed circumstances. Airline shall be obligated to maintain such Security Deposit during the term of this Agreement. If such Security Deposit shall be in the form of an irrevocable letter of credit or surety bond, then such Security Deposit shall be in a form and with a company reasonably acceptable to Authority and licensed to do business in the State. In the event that any such Security Deposit shall be for a period less than the full period required by this Section or if the Security Deposit shall be canceled, Airline shall provide a renewal or replacement Security Deposit for the remaining required period at least 60 days prior to the date of the expiration or cancellation of such Security Deposit and it shall contain a provision allowing for a draw on the then Existing Security Deposit if a renewal or replacement is not provided by such date. The Authority shall not pay interest on the Security Deposit and shall not be required to keep the Security Deposit separate from its other funds and accounts. If Airline shall have fully performed all terms and conditions of this Agreement, any cash constituting the Security Deposit shall be paid to Airline no later than 30 days after the Expiration Date, without interest, provided, however, if the provisions of Section 2.05 apply, the Authority shall retain such Security Deposit.

26.02 Continuing Obligation. The obligation of Airline to provide and maintain the Security Deposit mentioned above shall be a continuing obligation in the nature of a payment obligation. In the event Authority is required to draw down or collect against Airline's Security Deposit for any reason, Airline shall, within ten business days after Authority's written notice to Airline of such draw down or collection, take such action as may be necessary to replenish the existing Security Deposit to its original amount or to provide additional or supplemental Security Deposit from another source so that the aggregate of all Security Deposits is equal to the required

amount. Notwithstanding anything set forth herein to the contrary, Authority shall not be barred from drawing down or collecting against Airline's Security Deposit by (i) the insolvency of Airline, (ii) the election of Airline to take the benefit of any present or future insolvency statute, (iii) a general assignment by Airline for the benefit of creditors, or (iv) any action of Airline to seek a reorganization or the readjustment of its indebtedness under any Law including the filing by Airline of a voluntary petition of bankruptcy or the institution of proceedings against Airline or the adjudication of Airline as bankrupt pursuant thereto.

## ARTICLE XXVII

### MAINTENANCE AND REPAIR OF EQUIPMENT

27.01 Equipment Maintenance Agreement. Airline agrees that it shall enter into and maintain in full force and effect during the term hereof, the Equipment Maintenance Agreement to assume responsibility and provide for all labor, material and equipment for the maintenance and repair of all Equipment throughout the term of this Agreement, including all costs associated with the maintenance and repair of the Equipment. The Authority, in its sole discretion, may upon reasonable notice, add, delete, shift or adjust the Equipment without amending this Agreement. The Authority shall not pay for any work performed on the Equipment. A Sub-Contractor acceptable to the Authority may be hired by Airline to generally maintain and repair the Equipment. Any Sub-Contractor so hired shall not have any possessory rights in Airport facilities but may, in a nonexclusive and non-possessory manner, enter the Airport for the purpose of performing the obligations set forth in the Equipment Maintenance Agreement. Airline agrees that the Equipment Maintenance Agreement shall include the terms and conditions set forth in Section 27.02.

27.02 Terms of Equipment Maintenance Agreement. Airline agrees that the Equipment Maintenance Agreement shall provide for the:

(a) Ensure that daily, monthly and semi-annual inspections are performed and reported using the inspection form(s) attached hereto as Exhibit O and by the 20th day of each month, the Authority shall receive a report detailing routine and non-routine maintenance/repairs completed in the prior month on each item of Equipment. Authority shall retain the right at any time to inspect the Equipment and review its maintenance records.

(b) Any work conducted pursuant to the Equipment Maintenance Agreement shall comply with then-current advisory circulars from the FAA or any other government agency, which relate to aviation operations. If in the sole opinion of the Authority, the Equipment is not maintained in good condition and repair in accordance with any applicable Law, or is maintained in a manner which is deemed to be hazardous or harmful to Airport personnel or the public, Authority may remove the Equipment from operation and require the unsatisfactory condition(s) be corrected within 15 days after receipt of written notice. If the condition is not corrected within 15 days after receipt of written notice, Authority shall have the right, but not the obligation, to effect the repair and any costs for parts and labor shall be borne by the parties to the Equipment Maintenance Agreement.

(c) Should any Equipment become inoperative, the Authority's Airport Operation Department shall be advised within one hour of such inoperation.

(d) If the Authority, in its sole discretion, determines that the maintenance and repair of any Equipment are insufficient, the Authority shall provide written notice to the Sub-Contractor and if Sub-Contractor's performance does not improve to the satisfaction of the Authority, the Authority shall notify the Chairperson of the Airlines/Airport Affairs Committee or his or her designee in writing that it is in default of this Agreement, and specify the requirements to cure the default by a specified time. Should the default fail to be cured within the specified time, the Authority may terminate this Agreement upon ten days written notice.

(e) Prior to effecting repairs or replacing parts the Authority's written consent shall be obtained. No alterations and changes shall be made and no structures, machines, appliances, utilities, signs or other improvements shall be made, built or installed, on or within, the Equipment. Notwithstanding the foregoing, repairs and parts replacement may be made on an emergency basis with verbal approval from Airport Operations.

(f) Authority shall receive a copy of Sub-Contractor's invoices describing the services performed by Sub-Contractor and the costs for those services within a month of their performance. Attached to the invoices shall be all supporting documentation detailing the work performed and any other information required by the Authority from time to time.

(g) The Authority shall have the right to audit any cost, payment, settlement or supporting documentation resulting from the Equipment Maintenance Agreement during the term of this Agreement and for three years following the Expiration Date. The Sub-Contractor shall maintain all necessary records and documentation for the entire length of the audit period within a 25 mile radius of the Airport or will reimburse the Authority for travel expenses to the site where located, and shall fully cooperate with any such audit(s). The cost of any such audit shall be borne by the Authority unless the audit reveals a discrepancy of more than two percent between the amounts described in the documentation, and the amounts determined by the Authority audit. In the event of a greater discrepancy, the parties to the Equipment Maintenance Agreement shall pay the cost of the audit.

(h) The Sub-Contractor, shall act in an independent capacity and not as officers or employees of the Authority. The Equipment Maintenance Agreement shall expressly provide that the Authority is not liable for Sub-Contractor's actions and performance, or taxes, bonds, payments or other commitments, implied or explicit, by or for Sub-Contractor. Sub-Contractor shall have no authority to act as an agent on behalf of the Authority unless specifically authorized in writing by the Authority and shall be an independent contractor and not a lessee. Sub-Contractor shall disclaim the right to any fee or benefit.

(i) Sub-Contractor shall satisfy all substantive requirements for the work set forth in this Agreement, including insurance, indemnification and FAA and TSA regulations. The Authority shall be advised in writing at least three business days prior to Airline revokes, amends, supersedes or revises its agreement with Sub-Contractor and Airline shall not execute any agreement with any proposed Sub-Contractor to perform services without the prior written approval by the Authority of the Sub-Contractor and a transition plan, which is to be submitted to the Authority in writing at least 60 days in advance of executing such an agreement. If Sub-Contractor requests space at the Airport, the Authority reserves the right to charge Sub-Contractor the current rental rate for such space, or a processing fee if the Authority elects to provide that space without rent.

## ARTICLE XXVIII

### MISCELLANEOUS

#### 28.01 Offset Statement.

(a) Airline shall from time to time, upon not less than ten days' prior written notice from the Authority, execute, acknowledge and deliver to the Authority a statement in writing:

(1) Certifying that this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Agreement, as so modified, is in full force and effect);

(2) Setting forth the dates to which the Rental, Joint Use Fees, Landing Fee and other charges, if any, are paid; and

(3) Acknowledging that there are not, to Airline's knowledge, any uncured defaults on the part of the Authority hereunder (or specifying such defaults if any are claimed).

(b) Any such statement may be relied upon by any encumbrancer of the Premises or any other areas of the Airport. Airline's failure to deliver such statement within such time shall be conclusive evidence upon Airline that:

(c) This Agreement is in full force and effect, without modification except as may be represented by the Authority;

(d) There are no uncured defaults in the Authority's performance; and

(e) Not more than one month's installment of the Rental, Joint Use Fees or Landing Fee has been paid in advance.

28.02 Notices. Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the party entitled thereto at its address set forth in Section 1.01, or at such other address as such party may provide to the other party in writing from time to time. Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by e-mail, telex, telegram or telecopier, upon the sender's receipt of an electronically generated confirmation of delivery; provided that such electronic communication is sent on a business day during business hours, (c) if given by registered or certified mail, return receipt requested, when deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail or (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier.

28.03 Recording. Airline shall not record this Agreement without the prior written consent of the Authority. In the event the Authority consents to recordation of this Agreement or a memorandum thereof, any documentary transfer taxes shall be paid by Airline.



28.04 Governing Law. This Agreement shall be governed by and construed pursuant to the Law of the State, including any choice of law principles which would result in use of other states' law.

28.05 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 Agreement, the prevailing party in any such action or proceeding shall be entitled to attorneys' fees and costs.

28.06 Amendment; Modification. No change or modification of the terms or provisions of this Agreement shall be valid unless in writing and signed by both parties.

28.07 Integration. This Agreement constitutes the entire agreement of the parties and supersedes all prior and contemporaneous negotiations, understandings and agreements of the parties with respect to the subject matter hereof.

28.08 No Waiver. No waiver of any breach or default shall be construed as a continuing waiver of any provision or as a waiver of any other or subsequent breach of any provision contained in this Agreement. The waiver by either party of any provision of this Agreement 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. The Authority's consent to any act by Airline requiring the Authority's consent shall not be deemed to render unnecessary the obtaining of the Authority's consent to any subsequent act by Airline, whether or not similar to the act so consented. The subsequent acceptance by the Authority of any amount due from Airline hereunder shall not be deemed to be a waiver of any preceding breach or Event of Default by Airline of any provision of this Agreement, other than the failure of Airline to pay the particular amount so accepted, regardless of the Authority's knowledge of such preceding breach at the time of acceptance of such amount. No waiver on the part of the Authority with respect to any provision of this Agreement shall be effective unless such waiver is in writing.

28.09 Nonliability of Individuals. No commissioner, councilman, director, officer, agent or employee of either party shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or because of any breach thereof or because of its or their execution or attempted execution.

28.10 Generally Accepted Accounting Principles. Whenever any report or disclosure referred to in this Agreement consists, either in whole or in part, of financial information, said report or disclosure shall be prepared in accordance with generally accepted accounting principles.

28.11 No Representations by the Authority. Airline acknowledges that neither the Authority nor any of the Authority Parties have made any representations, warranties or promises with respect to the Premises or any other areas of the Airport, except as herein expressly set forth. Airline acknowledges that it has not executed this Agreement in reliance upon any representations, warranties or promises of the Authority or any of the Authority Parties, with respect to the Airport, the Premises or any other areas of the Airport, except as herein expressly set forth.

28.12 Relationship Between Parties. Nothing contained in this Agreement shall be construed to create the relationship of principal and agent, partnership, joint venture or any other relationship between the parties hereto, other than the relationship of landlord and tenant and licensor and licensee. Neither the Authority nor Airline 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 Agreement shall not be construed as constituting or creating a partnership between the Authority and Airline or as creating any other form of legal association between the Authority and Airline which would impose liability upon one party for the act or the failure to act of the other party.

28.13 Trademarks. Airline acknowledges and agrees that any and all names, trademarks, tradenames and logos (collectively, "Trademarks") owned or used by the Authority are proprietary to the Authority, and Airline shall not use any of the Trademarks for any purpose whatsoever.

28.14 Successors and Assigns. The provisions contained in this Agreement shall bind and inure to the benefit of the Authority, Airline and, except as otherwise provided in this Agreement, their respective successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

**ATTEST:**

**BURBANK-GLENDALE-PASADENA  
AIRPORT AUTHORITY**

By: \_\_\_\_\_


By: \_\_\_\_\_  
President of its Commission

By: \_\_\_\_\_

By: \_\_\_\_\_  
Secretary of its Commission

**ATTEST:**

**TEM ENTERPRISES**

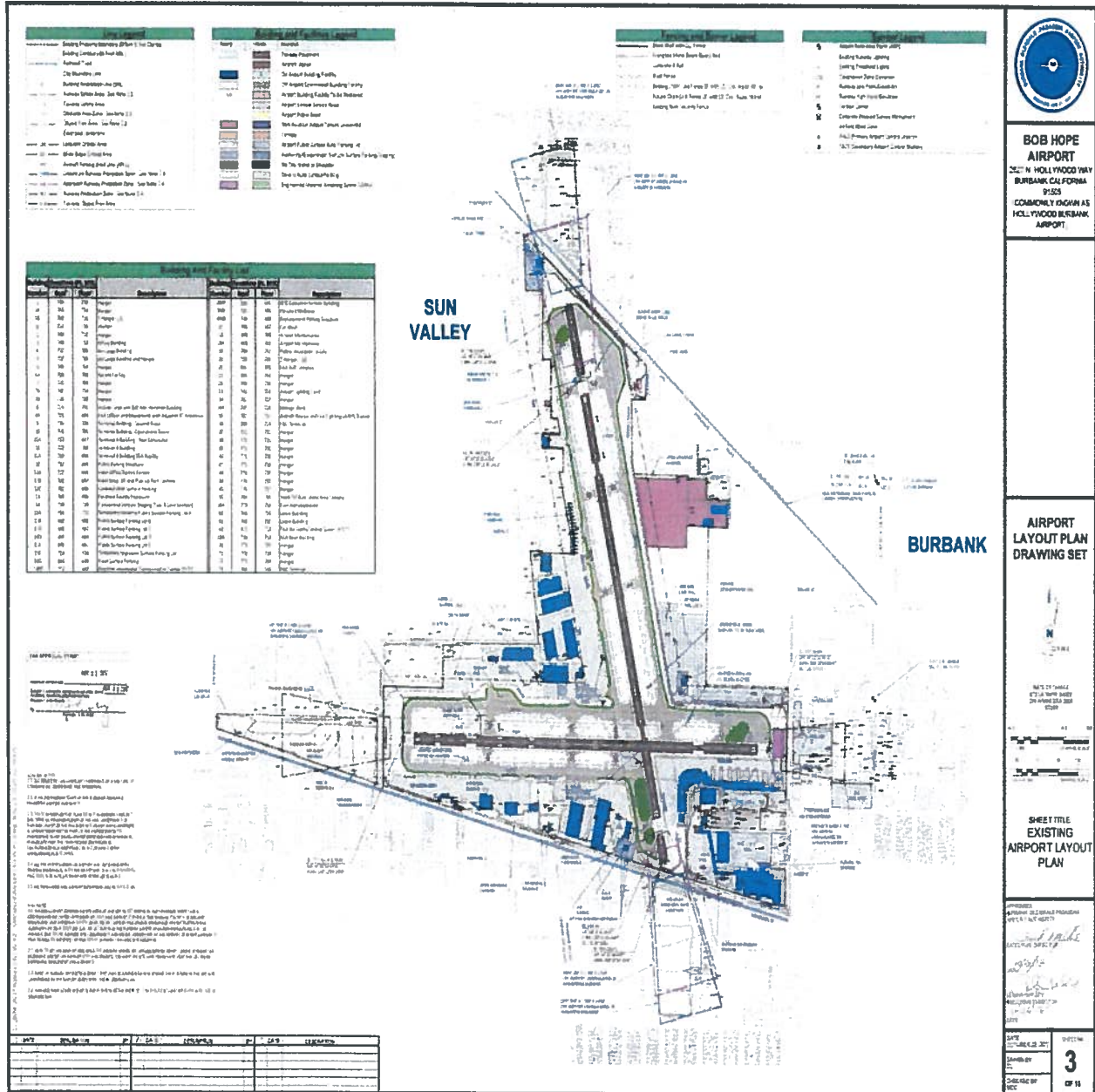
By:  \_\_\_\_\_

By: ROBERT N. ASHCROFT  
Title: HEAD OF STRATEGY



# EXHIBIT A

## Airport Layout Plan See Attached Plot Plan



Airport Use Agreement #09020073U

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## EXHIBIT B

### Airport Cost Centers

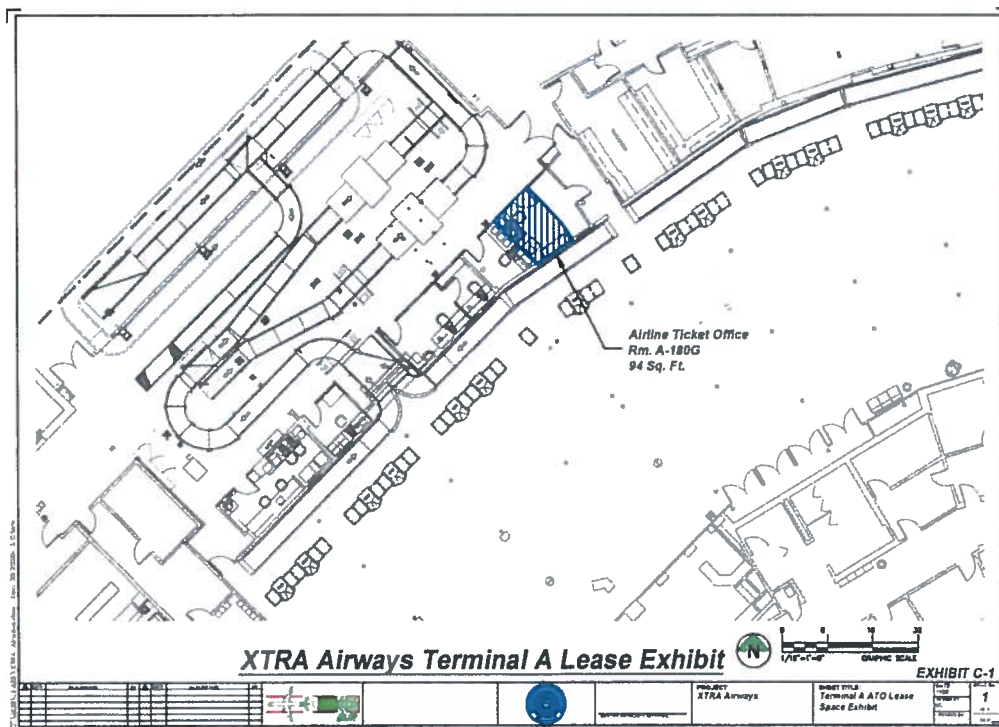
<u>Code Number</u>	<u>Title and Descriptive Use</u>
TERMINAL BUILDING AREA:	
4-01-30	Maintenance Airport Terminal Buildings A & B
4-01-31	Operations, Security Airport Terminal Buildings A & B
4-01-33	Non-Operating Expenses
4-01-35	TV and Movie Location
4-01-40	Operations, Land Side
PARKING AND ROADWAY AREA:	
4-02-21	Maintenance
4-02-22	Parking Operations
4-02-23	Operations, Security
4-02-24	Non-Operating Expenses
AIRFIELD AREA:	
4-03-40	Operations, Air Side
4-03-80	Maintenance Runways, Taxiways, & Perimeter Roadway
4-03-82	Operations, Security Runways, Taxiways, & Perimeter Roadway
4-03-84	Non-Operating Expenses
LEASED BUILDINGS AND AREAS:	
4-04-08	Maintenance based Buildings & Areas
4-04-10	Operations, Security-Leased Buildings & Areas
4-04-36	Airport Authority Areas or Facilities
4-04-38	Non-Operating Expenses
Each Airport Cost Center is allocated a portion of the following expenses:	
ADMINISTRATIVE:	
4-05-01	Administrative Overhead
PUBLIC RELATIONS:	
4-06-01	Public Relations
NOISE:	
4-06-02	Noise Related
AIRPORT DEVELOPMENT:	
4-07-01	Airport Development Fund

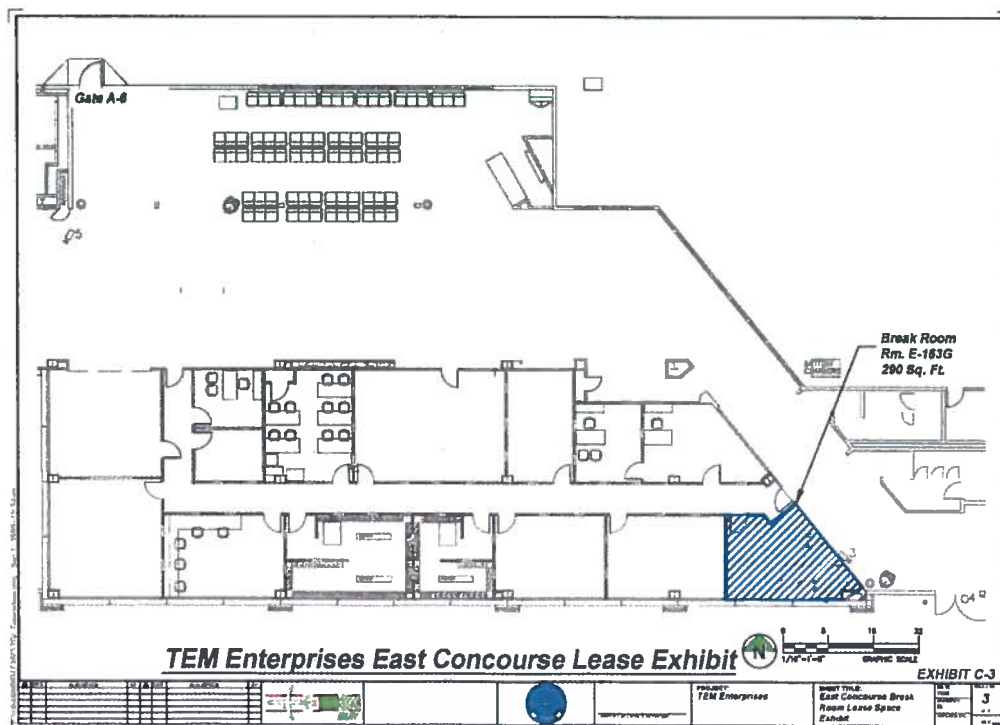
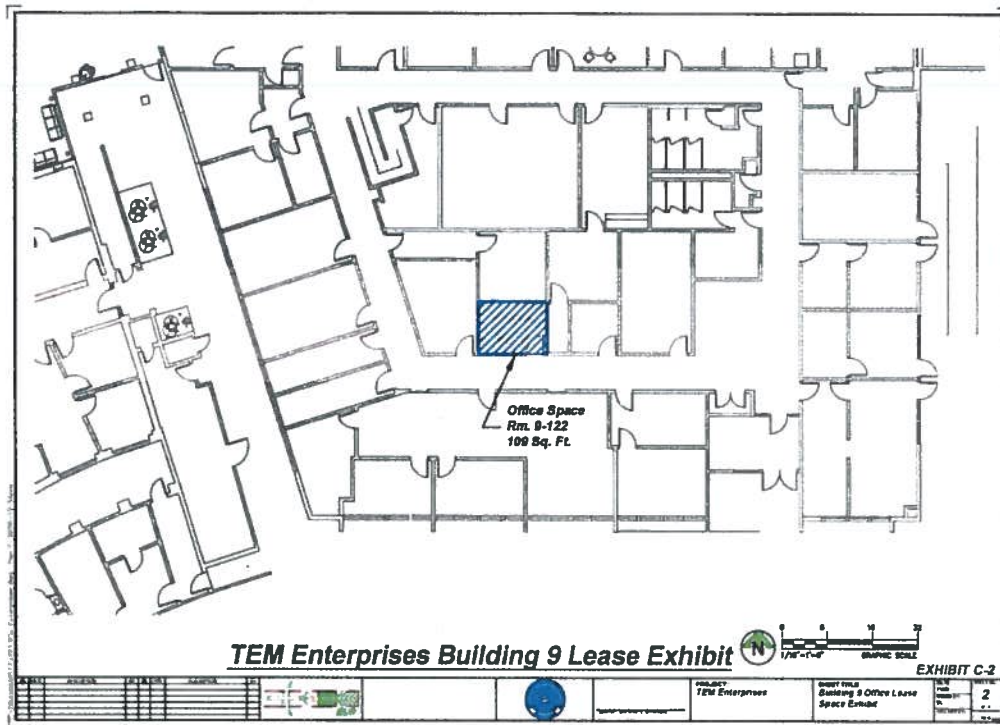
## EXHIBIT C

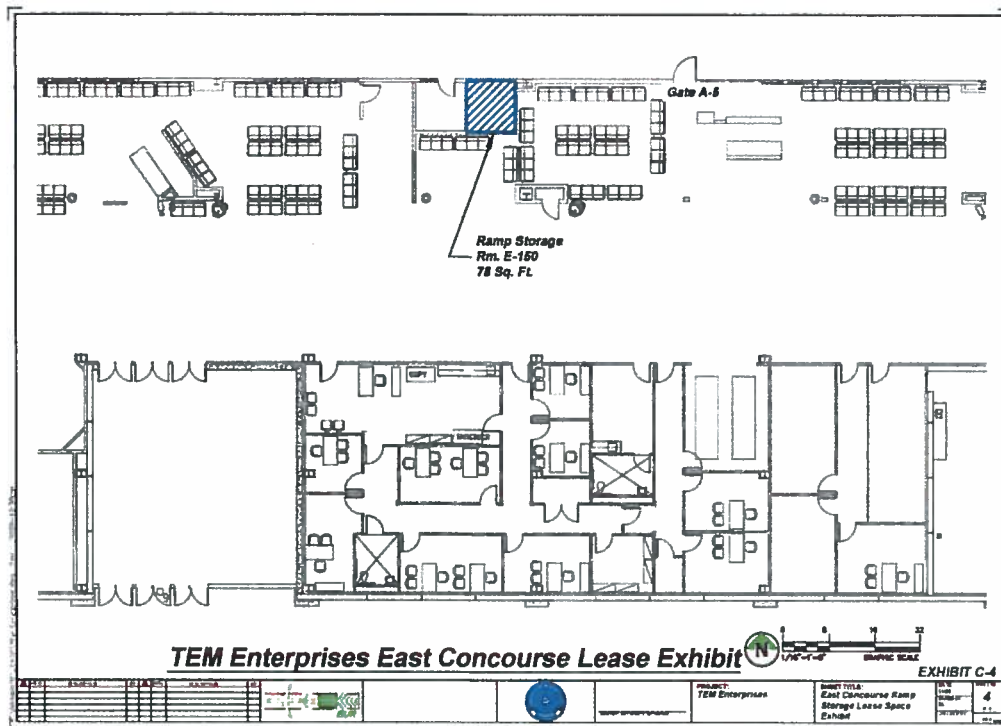
### Description of Exclusive Use Space

<u>Area</u>	<u>Square Footage</u>
Operations Office Space 9-122	109
Airline Ticket Office A-180G	94
Breakroom E-163G	290
Ramp Storage Space A5, E-150	78
Baggage Service Office Space	N/A
Cargo Bay and Associated Office Space	N/A
Cargo Public Parking	N/A
Baggage Make up Space	N/A

See attached plot plan for layout of above space at Airport.



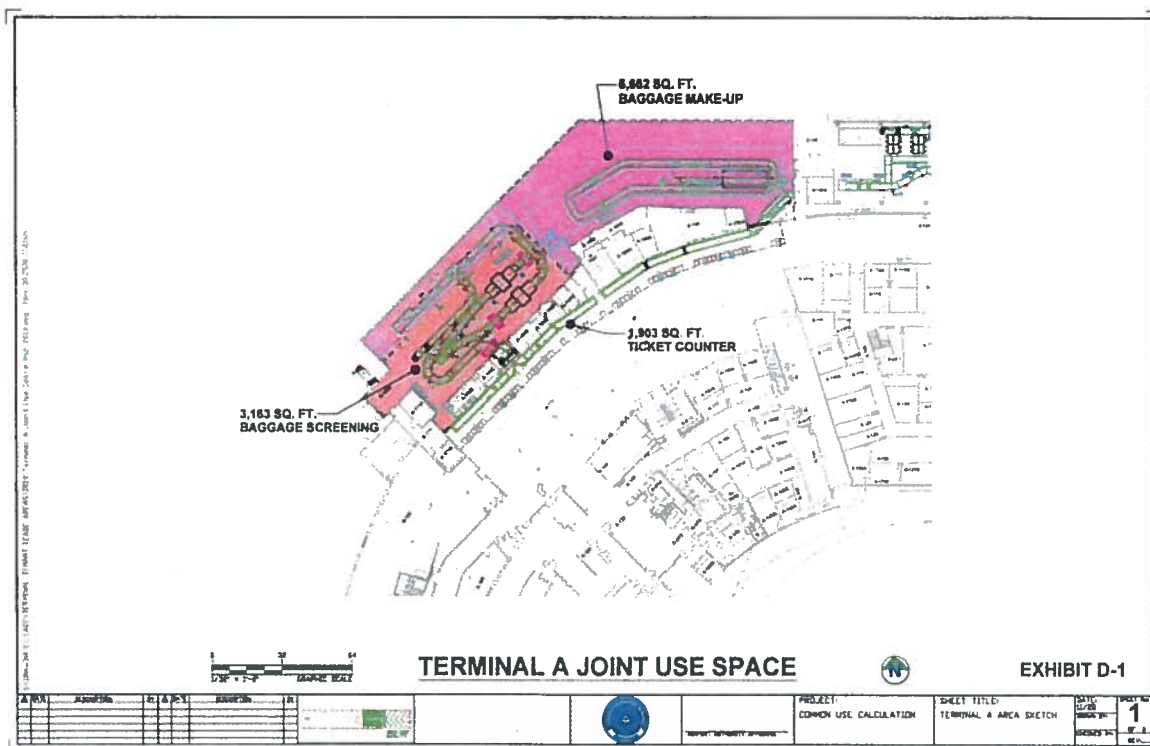




## EXHIBIT D

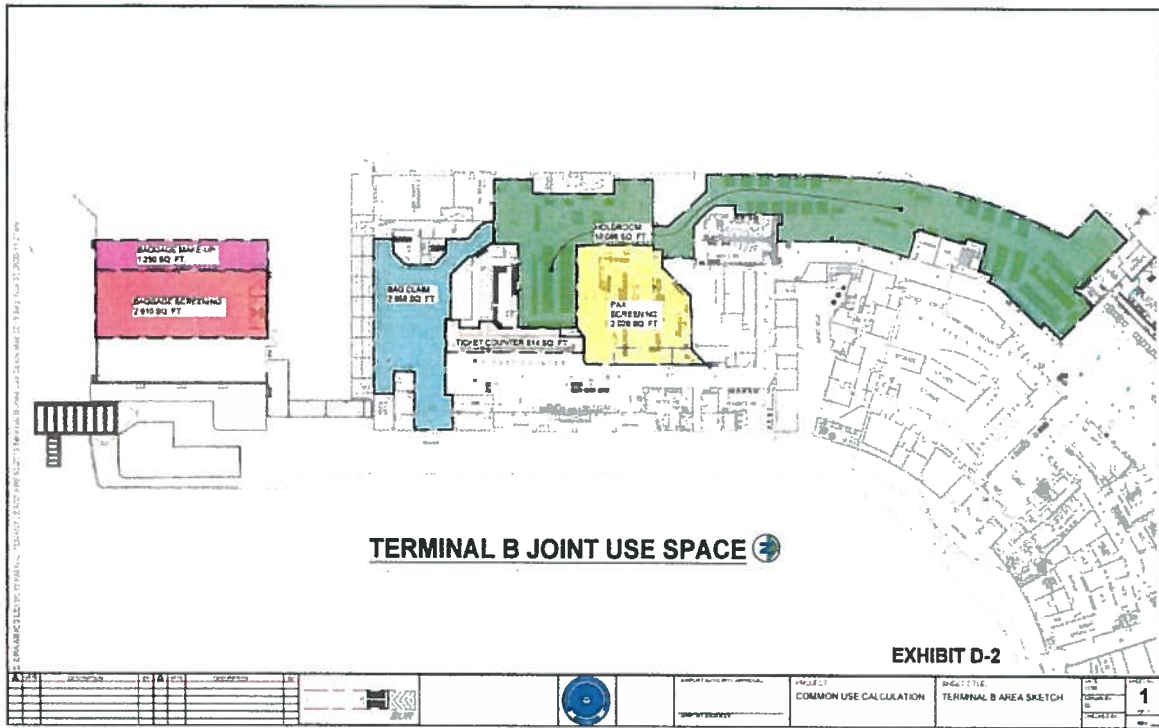
### Description of Joint Use Space

#### Terminal A





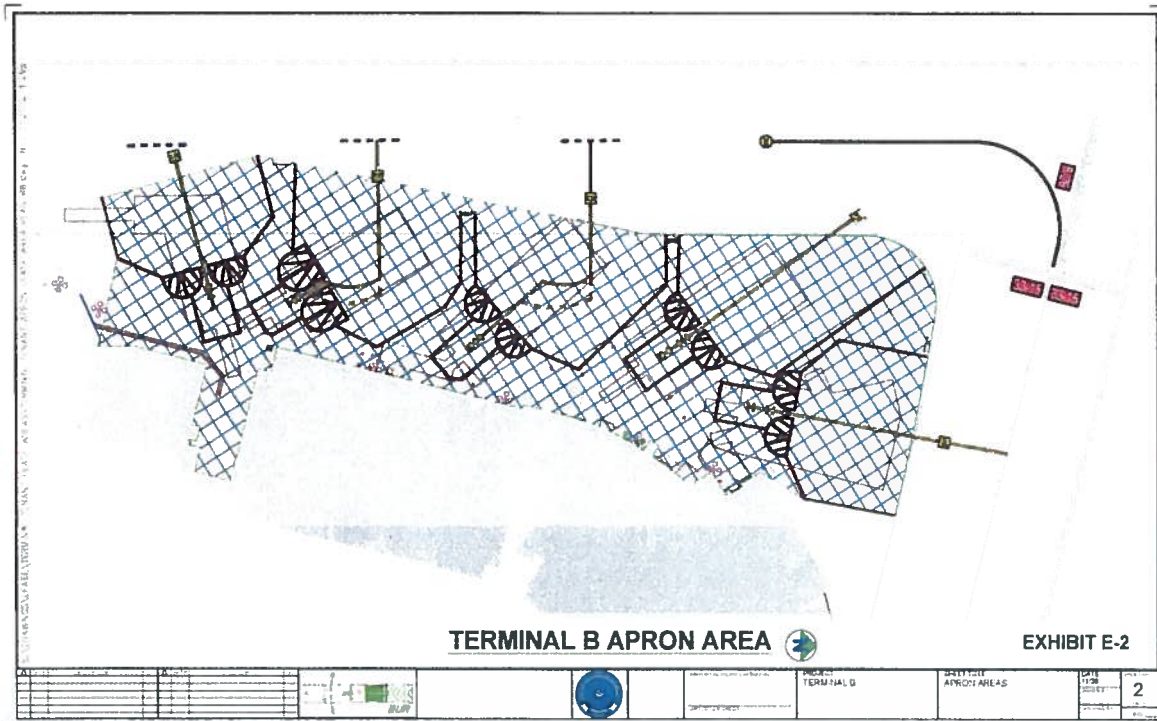
# Terminal B



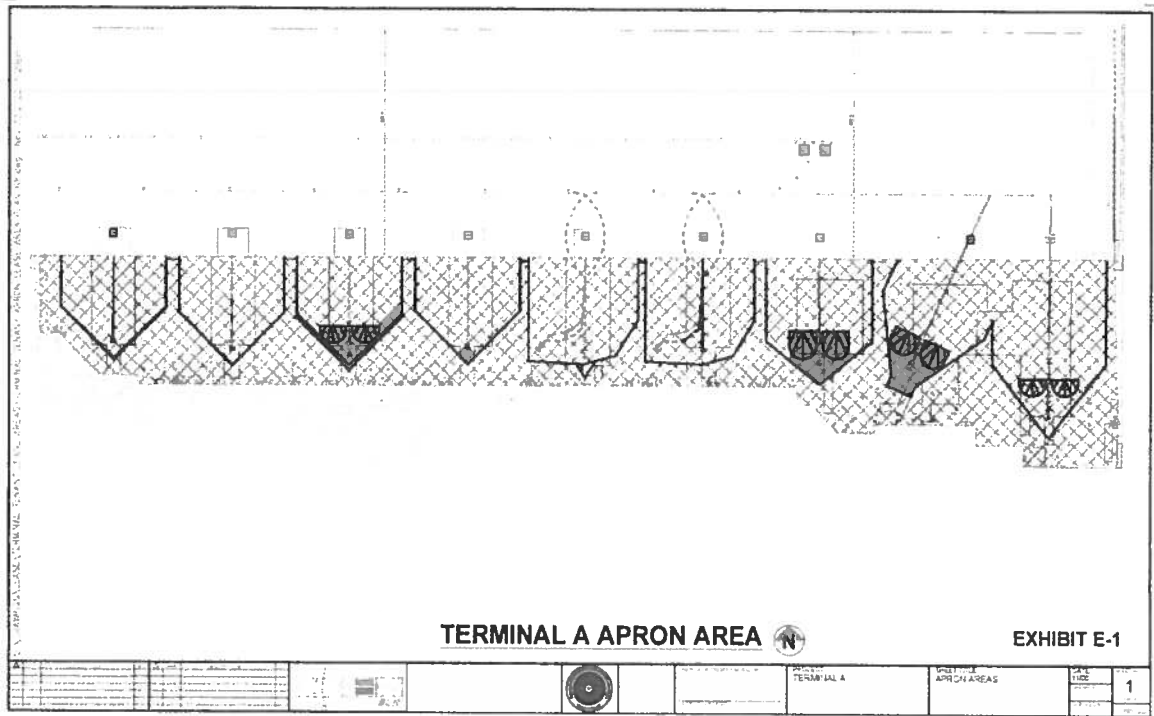
## EXHIBIT E

### Description of Apron Area

See attached plot plan for layout of such space at Airport.







## EXHIBIT F

### Notice Abatement Rules

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#### NOISE ABATEMENT RULES

(amended and effective as of April 1, 2008)



## **NOISE RULES**

The Airport Noise Rules were originally adopted in the 1980s and have been enforced as follows since the late 1980s. This restatement and clarification is not intended to modify the enforceability of the Noise Rules under federal law.

### ***Rule 1***

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

This Rule has been and shall continue to be enforced by requiring all aircraft to be FAA certified under Part 36 (provision governing aircraft noise levels).

### ***Rule 2***

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

This Rule has been and shall continue to be enforced by requiring that all aircraft meet the noise performance levels of certified Stage 3 aircraft.

### ***Rule 3***

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

This Rule has been and shall continue to be enforced by requiring that all general aviation turbojet aircraft (including Stage 2 hush-kitted aircraft that are certified as Stage 3) use the applicable NBAA noise abatement procedures as amended from time to time.

### ***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.

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This Rule has not been enforced since the mid-1980s due to grant assurances adopted by the federal government in the 1980s that prohibit such enforcement, and shall not be enforced going forward.

#### ***Rule 5***

This Rule was repealed in 1986 and shall not be enforced going forward. (It specified departure runways for flights to the east and south.)

#### ***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.

This Rule has been and shall continue to be enforced by requiring all operators to comply with the run-up policy in the Airport's Operations Manual as 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

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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.

This Rule has been and shall continue to be enforced by a public report by Airport Staff to the Commission of schedule changes and a report of the anticipated impact, if any, on the Airport's Noise Impact Area of those changes. No approval of the Authority has been or shall be needed by an air carrier for any changes as long as the Noise Impact Area incompatible land within the 70db CNEL contour of the Airport does not exceed the 403 acres existing in 1978. If the acreage of incompatible land within the Airport's 70db CNEL contour ever exceeds 403 acres, the Airport shall attempt to prevent the increase in operations. That effort may or may not be successful.

#### **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 six hundred and three dollars (\$1,603); (2) For subsequent violations, two thousand three hundred twenty-eight dollars (\$2,328).

This Rule has been and shall continue to be enforced as written.

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### ***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 36-2C, whose total rated maximum brake or shaft horsepower is 200 or less.

4. Propeller-driven aircraft whose certificated takeoff weights are 12,500 pounds or less and whose measured or estimated flyover noise levels, as contained in FAA Advisory Circular 36-1H or 36-2C (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:

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1. in the event such landing and/or takeoff results from the existence of a declared emergency;

2. in the event such landing and/or takeoff results from the use of the airport as a weather alternate; and

3. in the event such landing and/or takeoff results from a weather, mechanical, or air traffic control delay; provided however, that this exception shall not authorize any landing or takeoff between the hours of 11:00 p.m. and 7:00 a.m.

D. Upon the request of the Airport Authority, the aircraft operator or pilot in command shall document or demonstrate the precise emergency conditions resulting in a landing and/or takeoff between the hours of 10:00 p.m. and 7:00 a.m. or the precise weather, mechanical, or air traffic control conditions resulting in a landing and/or takeoff between the hours of 10:00 p.m. and 11:00 p.m.

E. Any aircraft operator or pilot in command violating the provisions of this Rule may, in the discretion of the Commission, and in addition to any other remedies (including injunctive remedies) available, be subject to civil penalties in the amount of four thousand six hundred sixty-one dollars (\$4,661) for each unauthorized landing and each unauthorized takeoff.

This Rule has been and shall continue to be enforced consistent with the ongoing enforcement of Clarified Rule 7 with respect to aircraft other than public aircraft, military aircraft, aircraft owned or operated by the armed forces of the United States, and aircraft operated in support of military operations. In particular, this Rule has been and will be enforced by allowing Stage 3 certified aircraft to fly between 10 p.m. and 7:00 a.m. With respect to Stage 2 hush-kitted aircraft that are certified as Stage 3, such aircraft operating between 10 p.m. and 7:00 a.m. shall continue to have to demonstrate compliance with the Rule as written. Stage 2 aircraft not certified as Stage 3 are not permitted to fly at any time.

### ***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

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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.

This Rule has been and shall continue to be enforced as written as all modern commercial and general aviation aircraft in service meet these standards.

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## **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 8.

D. After March 31, 1987, each air carrier providing scheduled passenger service at the Airport shall conduct one hundred percent (100%) of its scheduled turbojet operations with Stage 3 aircraft.

E. Air carriers may substitute higher noise level aircraft in operations required to be flown with lower noise level aircraft only if the required lower noise level aircraft is removed from service on a temporary basis for unanticipated conditions beyond the carrier's control, but only for so long as is necessary to correct such unanticipated conditions.

F. Each scheduled air carrier shall demonstrate, in writing, its intention and ability to fulfill the requirements of this 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)

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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.

This Rule has been and shall continue to be enforced by requiring all air carriers to use aircraft that are certified Stage 3 or quieter at the Airport.

### ***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.

This Rule has been and shall continue to be enforced as written.

### ***Noise Rules 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 Noise & Environmental Department or such other airport staff member as the Executive Director may designate.

2. In each instance of a potential violation identified by the Noise & Environmental Department, the Noise & Environmental Department staff 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, Noise & Environmental 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 Noise & Environmental Department, 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

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Commission, by submitting a notice of appeal, together with such written information as it deems appropriate, to the Noise & Environmental Department. 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.

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## EXHIBIT G

### FAA Grant Agreement Assurances - Nondiscrimination

During the performance of the Agreement, Airline agrees as follows:

1. Compliance with Regulations. Airline shall comply with the regulations relative to nondiscrimination in federally assisted programs of the Department of Transportation which are herein incorporated by reference and made a part of the Agreement.

2. Nondiscrimination. Airline shall not discriminate on the grounds of race, color, or national origin in the selection and retention of its employees. Airline shall not participate either directly or indirectly in the discrimination prohibited by Section 20.5 of the Nondiscrimination Regulations, including employment practices when the contract covers a program set forth in Appendix B of the Nondiscrimination Regulations.

3. Information and Reports. Airline shall provide all information and reports required by the Nondiscrimination Regulations or directives issued pursuant thereto and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or other FAA to be pertinent to ascertain compliance with such regulations, orders, and instructions. Where any information required of Airline is in the exclusive possession of another who fails or refuses to furnish this information, Airline shall so certify to the sponsor or the FAA, as appropriate, and shall set forth what efforts it has made to obtain the information.

4. Sanctions for Noncompliance. In the event of Airline's noncompliance with the nondiscrimination provisions of the Agreement, the Authority shall impose such contract sanctions as it or the FAA may determine to be appropriate, including but not limited to:

4.1 Withholding of payments to Airline under the Agreement until Airline complies, and/or

4.2 Cancellation, termination or suspension of the Agreement, in whole or in part.



## EXHIBIT I

### Rental and Joint Use Fee Rates Adjustment Formula

In the derivation of any rental rates for the different classes of space listed in Section 3, the following procedures shall apply:

1. The estimated Terminal Building Requirement shall be calculated pursuant to the provisions of Section 7.04.
2. The Terminal Building space rented by Airline shall be classified according to the use for which the space is rented. In any classification of space or determination of the amount of space so rented by Airline, the Authority's records shall be used.
3. Each type of space shall be assigned one of the following factors (hereinafter the "Relative Value Factors"):

Ticket Counter Space	1.00
Office Space	0.88
Ramp Storage Space	0.67
Operations Office Space	0.67
Baggage Make up Space	0.33
Cargo Bay and Associated Office Space	0.14
Cargo Public Parking	0.02*

\* Subject to an annual CPI adjustment each November 1, commencing November 1, 2009.

Relative Value Factors may be adjusted as mutually agreed upon by the Authority and a Majority-In-Interest of the Signatory Airlines.

4. The amount of space in category of use shall be multiplied by the appropriate Relative Value Factor to produce an equivalent amount of Ticket Counter Space. The amount of Ticket Counter Space and the amounts of equivalent Ticket Counter Space shall then be added to arrive at the "Ticket Counter Space Equivalent."
5. The estimated Terminal Building Requirement shall be divided by the Ticket Counter Space Equivalent to calculate the required Ticket Counter Space rental rate for the Fiscal Year. Rates for other types of space shall be calculated by multiplying the respective Relative Value Factors by the Ticket Counter Space rental rate.
6. The various space rental rates derived above may be "rounded" by the Authority to simplify invoice procedures so long as the total revenue to be generated by the rounded space rentals during Fiscal Year equals the estimated Terminal Building Requirement for said Fiscal Year.

EXHIBIT J

Airline Improvement Policy

**REQUEST FOR APPROVAL  
PROPOSED TENANT IMPROVEMENT**



**REQUEST FOR APPROVAL  
PROPOSED TENANT IMPROVEMENT**



**MUST BE SUBMITTED AT LEAST TEN BUSINESS DAYS PRIOR TO PROJECT  
START DATE. LARGER PROJECTS REQUIRE ADDITIONAL LEAD TIME.**

**1. INFORMATION**

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

Estimated cost of improvements \_\_\_\_\_  
Estimated start date \_\_\_\_\_ Completion date \_\_\_\_\_

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

**2. PRE-CONSTRUCTION**

Contractor \_\_\_\_\_ License # \_\_\_\_\_  
Address \_\_\_\_\_  
Contract Price \_\_\_\_\_ Phone # \_\_\_\_\_  
Construction Commencement Date \_\_\_\_\_ End Date \_\_\_\_\_

\*\*\*Applicant must submit required Certificate of Insurance, Material and Labor Bond  
two weeks prior to the start of construction\*\*\*

Tenant Representative (Signed) \_\_\_\_\_ Date \_\_\_\_\_

**3. INITIAL APPROVALS**

Operations	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Business & Properties	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Engineering Department	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Environmental & Noise	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Fire Department	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
ICT Department	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Maintenance Department	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Safety Department	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		
Police & Security	(Approver) _____	Date _____	Pre-Con Needed (Y/N)
Comments	_____		

**4. FINAL APPROVAL**

Airport Administration (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 and 2 of this form and submit to: Burbank-Glendale-Pasadena Airport Authority, Business, Property and Administrative Services Department, 2627 Hollywood Way, Burbank, CA 91505.
2. Upon receipt of this Request Form, the Business, Property and Administrative Services Department 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 or if additional information is required.
3. In addition to the submission of the Tenant Improvement Form, Tenant shall also provide 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 Business, Property and Administrative Services Department for review by all applicable Airport Departments with final review and approval by Airport Administration.
4. The Business, Property and Administrative Services Department and Engineering Department 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.
5. Prior to the start of construction and after all insurance and bond requirements have been satisfied, an Indemnification & Defense 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 Tenant Improvement Form and a copy returned to the Tenant. The form will indicate whether approval has been granted, and if not granted, the reason for denial.
6. All Tenants shall, within thirty (30) days after completion, submit to Business, Property and Administrative Services Department one set of "as built" plans. Also, an itemized summary of construction costs shall be forwarded to Business, Property and Administrative Services Department. 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 REQUIREMENT

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 Business, Property and Administrative Services Department. 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 REQUIREMENT

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.

## INDEMNIFICATION & DEFENSE AGREEMENT

The Tenant and its Contractor agree to and do hereby indemnify, defend and hold harmless the Burbank-Glendale-Pasadena Airport Authority, and its officers, agents, employees and contractors from all claims, demands, liabilities, losses, damages, costs and expenses, of any nature whatsoever, caused by or arising from, directly or indirectly, any act or omission (including, without limitation, negligent acts, negligent omissions, willful misconduct and any violation of the terms of that certain Lease between Tenant and Authority in, on or near the Bob Hope Airport by Contractor, or its sub contractors, agents or employees (including without limitation work done by Contractor for Tenant on Tenant's leased premises).

## PREVAILING WAGES

As part of Tenant's obligations under the terms of the Lease to comply with applicable law, Tenant acknowledges and agrees that if Tenant is provided improvement funds from the Burbank-Glendale-Pasadena Airport Authority, or a rent credit based on timely construction of improvements, then Tenant shall (and shall cause its contractors to) pay prevailing wages for such improvements and shall otherwise comply with California Labor Code Sections 1720 et seq. (including all recordkeeping and reporting requirements).

## EXHIBIT K

### FAA Grant Agreement Assurances - General

#### **ASSURANCES Airport Sponsors**

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##### **A. General.**

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

##### **B. Duration and Applicability.**

1. **Airport development or Noise Compatibility Program Projects Undertaken by a Public Agency Sponsor.** The terms, conditions and assurances of the grant agreement shall remain in full force and effect throughout the useful life of the facilities developed or equipment acquired for an airport development or noise compatibility program project, or throughout the useful life of the project items installed within a facility under a noise compatibility program project, but in any event not to exceed twenty (20) years from the date of acceptance of a grant offer of Federal funds for the project. However, there shall be no limit on the duration of the assurances regarding Exclusive Rights and Airport Revenue so long as the airport is used as an airport. There shall be no limit on the duration of the terms, conditions, and assurances with respect to real property acquired with federal funds. Furthermore, the duration of the Civil Rights assurance shall be specified in the assurances.
2. **Airport Development or Noise Compatibility Projects Undertaken by a Private Sponsor.** The preceding paragraph 1 also applies to a private sponsor except that the useful life of project items installed within a facility or the useful life of the facilities developed or equipment acquired under an airport

development or noise compatibility program project shall be no less than ten (10) years from the date of acceptance of Federal aid for the project.

3. **Airport Planning Undertaken by a Sponsor.** Unless otherwise specified in the grant agreement, only Assurances 1, 2, 3, 5, 6, 13, 18, 30, 32, 33, and 34 in section C apply to planning projects. The terms, conditions, and assurances of the grant agreement shall remain in full force and effect during the life of the project.

**C. Sponsor Certification.** The sponsor hereby assures and certifies, with respect to this grant that:

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

**Federal Legislation**

- a. Title 49, U.S.C., subtitle VII, as amended.
- b. Davis-Bacon Act - 40 U.S.C. 276(a), et seq.<sup>1</sup>
- c. Federal Fair Labor Standards Act - 29 U.S.C. 201, et seq.
- d. Hatch Act - 5 U.S.C. 1501, et seq.<sup>2</sup>
- e. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Title 42 U.S.C. 4601, et seq.<sup>1 2</sup>
- f. National Historic Preservation Act of 1966 - Section 106 - 16 U.S.C. 470(f).<sup>1</sup>
- g. Archeological and Historic Preservation Act of 1974 - 16 U.S.C. 469 through 469c.<sup>1</sup>
- h. Native Americans Grave Repatriation Act - 25 U.S.C. Section 3001, et seq.
- i. Clean Air Act, P.L. 90-148, as amended.
- j. Coastal Zone Management Act, P.L. 93-205, as amended.
- k. Flood Disaster Protection Act of 1973 - Section 102(a) - 42 U.S.C. 4012a.<sup>1</sup>
- l. Title 49, U.S.C., Section 303, (formerly known as Section 4(f))
- m. Rehabilitation Act of 1973 - 29 U.S.C. 794.
- n. Civil Rights Act of 1964 - Title VI - 42 U.S.C. 2000d through d-4.
- o. Age Discrimination Act of 1975 - 42 U.S.C. 6101, et seq.
- p. American Indian Religious Freedom Act, P.L. 95-341, as amended.
- q. Architectural Barriers Act of 1968 - 42 U.S.C. 4151, et seq.<sup>1</sup>
- r. Power plant and Industrial Fuel Use Act of 1978 - Section 403- 2 U.S.C. 8373.<sup>1</sup>
- s. Contract Work Hours and Safety Standards Act - 40 U.S.C. 327, et seq.<sup>1</sup>
- t. Copeland Antikickback Act - 18 U.S.C. 874.<sup>1</sup>
- u. National Environmental Policy Act of 1969 - 42 U.S.C. 4321, et seq.<sup>1</sup>
- v. Wild and Scenic Rivers Act, P.L. 90-542, as amended.
- w. Single Audit Act of 1984 - 31 U.S.C. 7501, et seq.<sup>2</sup>
- x. Drug-Free Workplace Act of 1988 - 41 U.S.C. 702 through 706.

## **Executive Orders**

Executive Order 11246 - Equal Employment Opportunity<sup>1</sup>

Executive Order 11990 - Protection of Wetlands

Executive Order 11998 – Flood Plain Management

Executive Order 12372 - Intergovernmental Review of Federal Programs.

Executive Order 12699 - Seismic Safety of Federal and Federally Assisted New Building Construction<sup>1</sup>

Executive Order 12898 - Environmental Justice

## **Federal Regulations**

- a. 14 CFR Part 13 - Investigative and Enforcement Procedures.
- b. 14 CFR Part 16 - Rules of Practice For Federally Assisted Airport Enforcement Proceedings.
- c. 14 CFR Part 150 - Airport noise compatibility planning.
- d. 29 CFR Part 1 - Procedures for predetermination of wage rates.<sup>1</sup>
- e. 29 CFR Part 3 - Contractors and subcontractors on public building or public work financed in whole or part by loans or grants from the United States.<sup>1</sup>
- f. 29 CFR Part 5 - Labor standards provisions applicable to contracts covering federally financed and assisted construction (also labor standards provisions applicable to non-construction contracts subject to the Contract Work Hours and Safety Standards Act).<sup>1</sup>
- g. 41 CFR Part 60 - Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor (Federal and federally assisted contracting requirements).<sup>1</sup>
- h. 49 CFR Part 18 - Uniform administrative requirements for grants and cooperative agreements to state and local governments.<sup>3</sup>
- i. 49 CFR Part 20 - New restrictions on lobbying.
- j. 49 CFR Part 21 - Nondiscrimination in federally-assisted programs of the Department of Transportation - effectuation of Title VI of the Civil Rights Act of 1964.
- k. 49 CFR Part 23 - Participation by Disadvantage Business Enterprise in Airport Concessions.
- l. 49 CFR Part 24 - Uniform relocation assistance and real property acquisition for Federal and federally assisted programs.<sup>1 2</sup>
- m. 49 CFR Part 26 – Participation By Disadvantaged Business Enterprises in Department of Transportation Programs.
- n. 49 CFR Part 27 - Nondiscrimination on the basis of handicap in programs and activities receiving or benefitting from Federal financial assistance.<sup>1</sup>
- o. 49 CFR Part 29 – Government wide debarment and suspension (non-procurement) and government wide requirements for drug-free workplace (grants).
- p. 49 CFR Part 30 - Denial of public works contracts to suppliers of goods and services of countries that deny procurement market access to U.S. contractors.

- q. 49 CFR Part 41 - Seismic safety of Federal and federally assisted or regulated new building construction.<sup>1</sup>

#### **Office of Management and Budget Circulars**

- a. A-87 - Cost Principles Applicable to Grants and Contracts with State and Local Governments.
- b. A-133 - Audits of States, Local Governments, and Non-Profit Organizations

<sup>1</sup> These laws do not apply to airport planning sponsors.

<sup>2</sup> These laws do not apply to private sponsors.

<sup>3</sup> 49 CFR Part 18 and OMB Circular A-87 contain requirements for State and Local Governments receiving Federal assistance. Any requirement levied upon State and Local Governments by this regulation and circular shall also be applicable to private sponsors receiving Federal assistance under Title 49, United States Code.

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

#### **2. Responsibility and the Authority of the Sponsor.**

- a. **Public Agency Sponsor:** It has legal authority to apply for the grant, and to finance and carry out the proposed project; that a resolution, motion or similar action has been duly adopted or passed as an official act of the applicant's governing body authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.
- b. **Private Sponsor:** It has legal authority to apply for the grant and to finance and carry out the proposed project and comply with all terms, conditions, and assurances of this grant agreement. It shall designate an official representative and shall in writing direct and authorize that person to file this application, including all understandings and assurances contained therein; to act in connection with this application; and to provide such additional information as may be required.

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

**4. Good Title.**

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

**5. Preserving Rights and Powers.**

- a. It will not take or permit any action which would operate to deprive it of any of the rights and powers necessary to perform any or all of the terms, conditions, and assurances in the grant agreement without the written approval of the Secretary, and will act promptly to acquire, extinguish or modify any outstanding rights or claims of right of others which would interfere with such performance by the sponsor. This shall be done in a manner acceptable to the Secretary.
- b. It will not sell, lease, encumber, or otherwise transfer or dispose of any part of its title or other interests in the property shown on Exhibit A to this application or, for a noise compatibility program project, that portion of the property upon which Federal funds have been expended, for the duration of the terms, conditions, and assurances in the grant agreement without approval by the Secretary. If the transferee is found by the Secretary to be eligible under Title 49, United States Code, to assume the obligations of the grant agreement and to have the power, authority, and financial resources to carry out all such obligations, the sponsor shall insert in the contract or document transferring or disposing of the sponsor's interest, and make binding upon the transferee all of the terms, conditions, and assurances contained in this grant agreement.
- c. For all noise compatibility program projects which are to be carried out by another unit of local government or are on property owned by a unit of local government other than the sponsor, it will enter into an agreement with that government. Except as otherwise specified by the Secretary, that agreement shall obligate that government to the same terms, conditions, and assurances that would be applicable to it if it applied directly to the FAA for a grant to undertake the noise compatibility program project. That agreement and changes thereto must be satisfactory to the Secretary. It will take steps to enforce this agreement against the local government if there is substantial non-compliance with the terms of the agreement.

- d. For noise compatibility program projects to be carried out on privately owned property, it will enter into an agreement with the owner of that property which includes provisions specified by the Secretary. It will take steps to enforce this agreement against the property owner whenever there is substantial non-compliance with the terms of the agreement.
  - e. If the sponsor is a private sponsor, it will take steps satisfactory to the Secretary to ensure that the airport will continue to function as a public-use airport in accordance with these assurances for the duration of these assurances.
  - f. If an arrangement is made for management and operation of the airport by any agency or person other than the sponsor or an employee of the sponsor, the sponsor will reserve sufficient rights and authority to insure that the airport will be operated and maintained in accordance Title 49, United States Code, the regulations and the terms, conditions and assurances in the grant agreement and shall insure that such arrangement also requires compliance therewith.
6. **Consistency with Local Plans.** The project is reasonably consistent with plans (existing at the time of submission of this application) of public agencies that are authorized by the State in which the project is located to plan for the development of the area surrounding the airport.
7. **Consideration of Local Interest.** It has given fair consideration to the interest of communities in or near where the project may be located.
8. **Consultation with Users.** In making a decision to undertake any airport development project under Title 49, United States Code, it has undertaken reasonable consultations with affected parties using the airport at which project is proposed.
9. **Public Hearings.** In projects involving the location of an airport, an airport runway, or a major runway extension, it has afforded the opportunity for public hearings for the purpose of considering the economic, social, and environmental effects of the airport or runway location and its consistency with goals and objectives of such planning as has been carried out by the community and it shall, when requested by the Secretary, submit a copy of the transcript of such hearings to the Secretary. Further, for such projects, it has on its management board either voting representation from the communities where the project is located or has advised the communities that they have the right to petition the Secretary concerning a proposed project.
10. **Air and Water Quality Standards.** In projects involving airport location, a major runway extension, or runway location it will provide for the Governor of the state in which the project is located to certify in writing to the Secretary that the project will be located, designed, constructed, and operated so as to comply



with applicable air and water quality standards. In any case where such standards have not been approved and where applicable air and water quality standards have been promulgated by the Administrator of the Environmental Protection Agency, certification shall be obtained from such Administrator. Notice of certification or refusal to certify shall be provided within sixty days after the project application has been received by the Secretary.

11. **Pavement Preventive Maintenance.** With respect to a project approved after January 1, 1995, for the replacement or reconstruction of pavement at the airport, it assures or certifies that it has implemented an effective airport pavement maintenance-management program and it assures that it will use such program for the useful life of any pavement constructed, reconstructed or repaired with Federal financial assistance at the airport. It will provide such reports on pavement condition and pavement management programs as the Secretary determines may be useful.
12. **Terminal Development Prerequisites.** For projects which include terminal development at a public use airport, as defined in Title 49, it has, on the date of submittal of the project grant application, all the safety equipment required for certification of such airport under section 44706 of Title 49, United States Code, and all the security equipment required by rule or regulation, and has provided for access to the passenger enplaning and deplaning area of such airport to passengers enplaning and deplaning from aircraft other than air carrier aircraft.
13. **Accounting System, Audit, and Record Keeping Requirements.**
  - a. It shall keep all project accounts and records which fully disclose the amount and disposition by the recipient of the proceeds of the grant, the total cost of the project in connection with which the grant is given or used, and the amount or nature of that portion of the cost of the project supplied by other sources, and such other financial records pertinent to the project. The accounts and records shall be kept in accordance with an accounting system that will facilitate an effective audit in accordance with the Single Audit Act of 1984.
  - b. It shall make available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for the purpose of audit and examination, any books, documents, papers, and records of the recipient that are pertinent to the grant. The Secretary may require that an appropriate audit be conducted by a recipient. In any case in which an independent audit is made of the accounts of a sponsor relating to the disposition of the proceeds of a grant or relating to the project in connection with which the grant was given or used, it shall file a certified copy of such audit with the Comptroller General of the United States not later than six (6) months following the close of the fiscal year for which the audit was made.

14. **Minimum Wage Rates.** It shall include, in all contracts in excess of \$2,000 for work on any projects funded under the grant agreement which involve labor, provisions establishing minimum rates of wages, to be predetermined by the Secretary of Labor, in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work.
15. **Veteran's Preference.** It shall include in all contracts for work on any project funded under the grant agreement which involve labor, such provisions as are necessary to insure that, in the employment of labor (except in executive, administrative, and supervisory positions), preference shall be given to Veterans of the Vietnam era and disabled veterans as defined in Section 47112 of Title 49, United States Code. However, this preference shall apply only where the individuals are available and qualified to perform the work to which the employment relates.
16. **Conformity to Plans and Specifications.** It will execute the project subject to plans, specifications, and schedules approved by the Secretary. Such plans, specifications, and schedules shall be submitted to the Secretary prior to commencement of site preparation, construction, or other performance under this grant agreement, and, upon approval of the Secretary, shall be incorporated into this grant agreement. Any modification to the approved plans, specifications, and schedules shall also be subject to approval of the Secretary, and incorporated into the grant agreement.
17. **Construction Inspection and Approval.** It will provide and maintain competent technical supervision at the construction site throughout the project to assure that the work conforms to the plans, specifications, and schedules approved by the Secretary for the project. It shall subject the construction work on any project contained in an approved project application to inspection and approval by the Secretary and such work shall be in accordance with regulations and procedures prescribed by the Secretary. Such regulations and procedures shall require such cost and progress reporting by the sponsor or sponsors of such project as the Secretary shall deem necessary.
18. **Planning Projects.** In carrying out planning projects:
  - a. It will execute the project in accordance with the approved program narrative contained in the project application or with the modifications similarly approved.
  - b. It will furnish the Secretary with such periodic reports as required pertaining to the planning project and planning work activities.
  - c. It will include in all published material prepared in connection with the planning project a notice that the material was prepared under a grant provided by the United States.

- d. It will make such material available for examination by the public, and agrees that no material prepared with funds under this project shall be subject to copyright in the United States or any other country.
- e. It will give the Secretary unrestricted authority to publish, disclose, distribute, and otherwise use any of the material prepared in connection with this grant.
- f. It will grant the Secretary the right to disapprove the sponsor's employment of specific consultants and their subcontractors to do all or any part of this project as well as the right to disapprove the proposed scope and cost of professional services.
- g. It will grant the Secretary the right to disapprove the use of the sponsor's employees to do all or any part of the project.
- h. It understands and agrees that the Secretary's approval of this project grant or the Secretary's approval of any planning material developed as part of this grant does not constitute or imply any assurance or commitment on the part of the Secretary to approve any pending or future application for a Federal airport grant.

**19. Operation and Maintenance.**

- a. The airport and all facilities which are necessary to serve the aeronautical users of the airport, other than facilities owned or controlled by the United States, shall be operated at all times in a safe and serviceable condition and in accordance with the minimum standards as may be required or prescribed by applicable Federal, state and local agencies for maintenance and operation. It will not cause or permit any activity or action thereon which would interfere with its use for airport purposes. It will suitably operate and maintain the airport and all facilities thereon or connected therewith, with due regard to climatic and flood conditions. Any proposal to temporarily close the airport for non-aeronautical purposes must first be approved by the Secretary. In furtherance of this assurance, the sponsor will have in effect arrangements for-

- (1) Operating the airport's aeronautical facilities whenever required;

- (2) Promptly marking and lighting hazards resulting from airport conditions, including temporary conditions; and

- (3) Promptly notifying airmen of any condition affecting aeronautical use of the airport.

Nothing contained herein shall be construed to require that the airport be operated for aeronautical use during temporary periods when snow, flood or other climatic conditions interfere with such operation and maintenance. Further, nothing herein shall be construed as requiring the maintenance, repair, restoration, or replacement of any structure or facility which is substantially damaged or destroyed due to an act of God or other condition or circumstance beyond the control of the sponsor.

- b. It will suitably operate and maintain noise compatibility program items that it owns or controls upon which Federal funds have been expended.
- 20. **Hazard Removal and Mitigation.** It will take appropriate action to assure that such terminal airspace as is required to protect instrument and visual operations to the airport (including established minimum flight altitudes) will be adequately cleared and protected by removing, lowering, relocating, marking, or lighting or otherwise mitigating existing airport hazards and by preventing the establishment or creation of future airport hazards.
- 21. **Compatible Land Use.** It will take appropriate action, to the extent reasonable, including the adoption of zoning laws, to restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft. In addition, if the project is for noise compatibility program implementation, it will not cause or permit any change in land use, within its jurisdiction, that will reduce its compatibility, with respect to the airport, of the noise compatibility program measures upon which Federal funds have been expended.
- 22. **Economic Nondiscrimination.**
  - a. It will make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport.
  - b. In any agreement, contract, lease, or other arrangement under which a right or privilege at the airport is granted to any person, firm, or corporation to conduct or to engage in any aeronautical activity for furnishing services to the public at the airport, the sponsor will insert and enforce provisions requiring the contractor to-
    - (1) furnish said services on a reasonable, and not unjustly discriminatory, basis to all users thereof, and
    - (2) charge reasonable, and not unjustly discriminatory, prices for each unit or service, provided that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
  - c. Each fixed-based operator at the airport shall be subject to the same rates, fees, rentals, and other charges as are uniformly applicable to all other fixed-based operators making the same or similar uses of such airport and utilizing the same or similar facilities.
  - d. Each air carrier using such airport shall have the right to service itself or to use any fixed-based operator that is authorized or permitted by the airport to serve any air carrier at such airport.

- e. Each air carrier using such airport (whether as a tenant, nontenant, or subtenant of another air carrier tenant) shall be subject to such nondiscriminatory and substantially comparable rules, regulations, conditions, rates, fees, rentals, and other charges with respect to facilities directly and substantially related to providing air transportation as are applicable to all such air carriers which make similar use of such airport and utilize similar facilities, subject to reasonable classifications such as tenants or nontenants and signatory carriers and nonsignatory carriers. Classification or status as tenant or signatory shall not be unreasonably withheld by any airport provided an air carrier assumes obligations substantially similar to those already imposed on air carriers in such classification or status.
- f. It will not exercise or grant any right or privilege which operates to prevent any person, firm, or corporation operating aircraft on the airport from performing any services on its own aircraft with its own employees including, but not limited to maintenance, repair, and fueling that it may choose to perform.
- g. In the event the sponsor itself exercises any of the rights and privileges referred to in this assurance, the services involved will be provided on the same conditions as would apply to the furnishing of such services by commercial aeronautical service providers authorized by the sponsor under these provisions.
- h. The sponsor may establish such reasonable, and not unjustly discriminatory, conditions to be met by all users of the airport as may be necessary for the safe and efficient operation of the airport.
- i. The sponsor may prohibit or limit any given type, kind or class of aeronautical use of the airport if such action is necessary for the safe operation of the airport or necessary to serve the civil aviation needs of the public.

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

- a. It would be unreasonably costly, burdensome, or impractical for more than one fixed-based operator to provide such services, and
- b. If allowing more than one fixed-based operator to provide such services would require the reduction of space leased pursuant to an existing agreement between such single fixed-based operator and such airport.

It further agrees that it will not, either directly or indirectly, grant or permit any person, firm, or corporation, the exclusive right at the airport to conduct any aeronautical activities, including, but not limited to charter flights, pilot training, aircraft rental and sightseeing, aerial photography, crop dusting, aerial advertising and surveying, air carrier operations, aircraft sales and services, sale of aviation petroleum products whether or not conducted in conjunction with other aeronautical activity, repair and maintenance of aircraft, sale of aircraft parts, and any other activities which because of their direct relationship to the operation of aircraft can be regarded as an aeronautical activity, and that it will terminate any exclusive right to conduct an aeronautical activity now existing at such an airport before the grant of any assistance under Title 49, United States Code.

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

25. **Airport Revenues.**

- a. All revenues generated by the airport and any local taxes on aviation fuel established after December 30, 1987, will be expended by it for the capital or operating costs of the airport; the local airport system; or other local facilities which are owned or operated by the owner or operator of the airport and which are directly and substantially related to the actual air transportation of passengers or property; or for noise mitigation purposes on or off the airport. Provided, however, that if covenants or assurances in debt obligations issued before September 3, 1982, by the owner or operator of the airport, or provisions enacted before September 3, 1982, in governing statutes controlling the owner or operator's financing, provide for the use of the revenues from any of the airport owner or operator's facilities, including the airport, to support not only the airport but also the airport owner or operator's general debt obligations or other facilities, then this limitation on the use of all revenues generated by the airport (and, in the case of a public airport, local taxes on aviation fuel) shall not apply.
- b. As part of the annual audit required under the Single Audit Act of 1984, the sponsor will direct that the audit will review, and the resulting audit report will provide an opinion concerning, the use of airport revenue and taxes in paragraph (a), and indicating whether funds paid or transferred to the owner or operator are paid or transferred in a manner consistent with Title 49, United States Code and any other applicable provision of law, including any regulation promulgated by the Secretary or Administrator.

- c. Any civil penalties or other sanctions will be imposed for violation of this assurance in accordance with the provisions of Section 47107 of Title 49, United States Code.

**26. Reports and Inspections.** It will:

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

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

- a. Five (5) or more Government aircraft are regularly based at the airport or on land adjacent thereto; or



- b. The total number of movements (counting each landing as a movement) of Government aircraft is 300 or more, or the gross accumulative weight of Government aircraft using the airport (the total movement of Government aircraft multiplied by gross weights of such aircraft) is in excess of five million pounds.

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

**29. Airport Layout Plan.**

- a. It will keep up to date at all times an Airport Layout Plan of the airport showing (1) boundaries of the airport and all proposed additions thereto, together with the boundaries of all offsite areas owned or controlled by the sponsor for airport purposes and proposed additions thereto; (2) the location and nature of all existing and proposed airport facilities and structures (such as runways, taxiways, aprons, terminal buildings, hangars and roads), including all proposed extensions and reductions of existing airport facilities; and (3) the location of all existing and proposed nonaviation areas and of all existing improvements thereon. Such Airport Layout Plans and each amendment, revision, or modification thereof, shall be subject to the approval of the Secretary which approval shall be evidenced by the signature of a duly authorized representative of the Secretary on the face of the Airport Layout Plan. The sponsor will not make or permit any changes or alterations in the airport or any of its facilities which are not in conformity with the Airport Layout Plan as approved by the Secretary and which might, in the opinion of the Secretary, adversely affect the safety, utility or efficiency of the airport.
- b. If a change or alteration in the airport or the facilities is made which the Secretary determines adversely affects the safety, utility, or efficiency of any federally owned, leased, or funded property on or off the airport and which is not in conformity with the Airport Layout Plan as approved by the Secretary, the owner or operator will, if requested, by the Secretary (1) eliminate such adverse effect in a manner approved by the Secretary; or (2) bear all costs of relocating such property (or replacement thereof) to a site acceptable to the Secretary and all costs of restoring such property (or replacement thereof) to the level of safety, utility, efficiency, and cost of operation existing before the unapproved change in the airport or its facilities.



**30. Civil Rights.** It will comply with such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from funds received from this grant. This assurance obligates the sponsor for the period during which Federal financial assistance is extended to the program, except where Federal financial assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon in which case the assurance obligates the sponsor or any transferee for the longer of the following periods: (a) the period during which the property is used for a purpose for which Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits, or (b) the period during which the sponsor retains ownership or possession of the property.

**31. Disposal of Land.**

a. For land purchased under a grant for airport noise compatibility purposes, it will dispose of the land, when the land is no longer needed for such purposes, at fair market value, at the earliest practicable time. That portion of the proceeds of such disposition which is proportionate to the United States' share of acquisition of such land will, at the discretion of the Secretary, 1) be paid to the Secretary for deposit in the Trust Fund, or 2) be reinvested in an approved noise compatibility project as prescribed by the Secretary.

b. (1) For land purchased under a grant for airport development purposes (other than noise compatibility), it will, when the land is no longer needed for airport purposes, dispose of such land at fair market value or make available to the Secretary an amount equal to the United States' proportionate share of the fair market value of the land. That portion of the proceeds of such disposition which is proportionate to the United States' share of the cost of acquisition of such land will, (a) upon application to the Secretary, be reinvested in another eligible airport improvement project or projects approved by the Secretary at that airport or within the national airport system, or (b) be paid to the Secretary for deposit in the Trust Fund if no eligible project exists.

(2) Land shall be considered to be needed for airport purposes under this assurance if (a) it may be needed for aeronautical purposes (including runway protection zones) or serve as noise buffer land, and (b) the revenue from interim uses of such land contributes to the financial self-sufficiency of the airport. Further, land purchased with a grant received by an airport operator or owner before December 31, 1987, will be considered to be needed for airport purposes if the Secretary or Federal agency making such grant before December 31, 1987, was notified by the operator or owner of the uses of such land, did not object to such use, and the land

continues to be used for that purpose, such use having commenced no later than December 15, 1989.

- c. Disposition of such land under (a) or (b) will be subject to the retention or reservation of any interest or right therein necessary to ensure that such land will only be used for purposes which are compatible with noise levels associated with operation of the airport.

- 32. **Engineering and Design Services.** It will award each contract, or sub-contract for program management, construction management, planning studies, feasibility studies, architectural services, preliminary engineering, design, engineering, surveying, mapping or related services with respect to the project in the same manner as a contract for architectural and engineering services is negotiated under Title IX of the Federal Property and Administrative Services Act of 1949 or an equivalent qualifications-based requirement prescribed for or by the sponsor of the airport.
- 33. **Foreign Market Restrictions.** It will not allow funds provided under this grant to be used to fund any project which uses any product or service of a foreign country during the period in which such foreign country is listed by the United States Trade Representative as denying fair and equitable market opportunities for products and suppliers of the United States in procurement and construction.
- 34. **Policies, Standards, and Specifications.** It will carry out the project in accordance with policies, standards, and specifications approved by the Secretary including but not limited to the advisory circulars listed in the Current FAA Advisory Circulars for AIP projects and included in this grant, and in accordance with applicable state policies, standards, and specifications approved by the Secretary.
- 35. **Relocation and Real Property Acquisition.** (1) It will be guided in acquiring real property, to the greatest extent practicable under State law, by the land acquisition policies in Subpart B of 49 CFR Part 24 and will pay or reimburse property owners for necessary expenses as specified in Subpart B. (2) It will provide a relocation assistance program offering the services described in Subpart C and fair and reasonable relocation payments and assistance to displaced persons as required in Subpart D and E of 49 CFR Part 24. (3) It will make available within a reasonable period of time prior to displacement, comparable replacement dwellings to displaced persons in accordance with Subpart E of 49 CFR Part 24.
- 36. **Access By Intercity Buses.** The airport owner or operator will permit, to the maximum extent practicable, intercity buses or other modes of transportation to have access to the airport, however, it has no obligation to fund special facilities for intercity buses or for other modes of transportation.
- 37. **Disadvantaged Business Enterprises.** The recipient shall not discriminate on the basis of race, color, national origin or sex in the award and performance of

any DOT-assisted contract or in the administration of its DBE program or the requirements of 49 CFR Part 26. The Recipient shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure non discrimination in the award and administration of DOT-assisted contracts. The recipient's DBE program, as required by 49 CFR Part 26, and as approved by DOT, is incorporated by reference in this agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the recipient of its failure to carry out its approved program, the Department may impose sanctions as provided for under Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801).

## EXHIBIT L

### Description of Equipment

Out-bound Baggage Conveyor Systems (4)

In-line Baggage Screening Conveyor Systems (3)

In-bound Baggage Conveyor Systems (3)

Baggage Claim Carousels (3)

Electric Battery Charger System

Existing Spare Parts inventory transferred from Authority to Contractor

Common Use Passenger Processing System hardware (including but not limited to monitors, printers, reading devices, flight and baggage flight information displays and telephone support systems) and software

## EXHIBIT M

### Description and Location of Work

#### Description:

Operation and maintenance of the systems described in Exhibit L, including but not necessarily limited to:

1. Operations
2. Preventative maintenance;
3. Repair;
4. Replacement;
5. Cleaning;
6. Spare parts management; and
7. On-call response and service.

#### Location:

1. Outbound Baggage Conveyor System located in Terminals A and B
2. In-line Baggage Screening Conveyor System in Terminals A and B
3. Inbound Baggage Conveyor System in Terminals A and B
4. Baggage Claim Carousels in Building 9 and Terminal B
5. Electric Battery Charger System at each Gate (A1-A9; B1-B5)

# EXHIBIT N

## Inspection Form

### Bob Hope Airport – In-line EDS Baggage Inspection Mechanical Dynamic Inspection – Node 1: 'A' Carriers

Sunday

Page 1 of 2

	Item to be Verified / Tested	AC-100	N1-102	N1-103	N1-104	N1-105	N1-106	N1-107	N1-108
1	Gearbox Temp								
2	Motors Amp Draw								
3	Belt tracking								
4	Excessive vibration								
6	Abnormal noises								
7	Bearing temp								
8	Photo eye - Aligned & Tight	Night	Night	Night					
9	Grease								

Notes:

	Item to be Verified / Tested	N1-109	N1-110	N1-201	N1-202	N1-203	N1-204	N1-205	N1-206
1	Gearbox Temp								
2	Motors Amp Draw								
3	Belt tracking								
4	Excessive vibration								
6	Abnormal noises								
7	Bearing temp								
8	Photo eye - Aligned & Tight								
9	Grease								

Notes:

	Item to be Verified / Tested	N1-207	N1-208	N1-209	N1-210	N1-211	N1-212	N1-117	N1-118
1	Gearbox Temp								
2	Motors Amp Draw								
3	Belt tracking								
4	Excessive vibration								
6	Abnormal noises								
7	Bearing temp								
8	Photo eye - Aligned & Tight								
9	Grease								

Notes:

Date:

Time: \_\_\_\_\_

Employee: \_\_\_\_\_

**Bob Hope Airport – In-line EDS Baggage Inspection**  
**Mechanical Dynamic Inspection – Node 1: 'A' Carriers**

**Sunday**

Page 2 of 2

	Item to be Verified / Tested	AC-1	AC-2	N1-400	N1-401	N1-200	N1-111	N1-112	N1-113
1	Gearbox Temp								
2	Motors Amp Draw					Night Work			
3	Belt tracking								
4	Excessive vibration								
6	Abnormal noises								
7	Bearing temp								
8	Photo eye - Aligned & Tight	Night Work	Night Work	Night Work	Night Work				
9	Grease								

Notes:

	Item to be Verified / Tested	N1-114	N1-115	N1-116	N1-303	N1-304	N1-301	N1-302	N1-213
1	Gearbox Temp								
2	Motors Amp Draw								
3	Belt tracking								
4	Excessive vibration								
6	Abnormal noises								
7	Bearing temp								
8	Photo eye - Aligned & Tight								
9	Grease								

Notes:

	Item to be Verified / Tested	N1-214	N1-215	N1-300	N1-216	N1-217	N1-218	N1-219	N1-MU1
1	Gearbox Temp								
2	Motors Amp Draw			Night Work					Night Work
3	Belt tracking								
4	Excessive vibration								
6	Abnormal noises								
7	Bearing temp								
8	Photo eye - Aligned & Tight								
9	Grease								

Notes:

Date:

Time: \_\_\_\_\_

Employee: \_\_\_\_\_