



March 11, 2021

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

NOTICE is hereby given that a regular meeting of the Burbank-Glendale-Pasadena Airport Authority will be held on Monday, March 15, 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

Regular Meeting of Monday, March 15, 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

Monday, March 15, 2021

1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. APPROVAL OF AGENDA
4. PUBLIC COMMENT
(For items not on the Agenda. Public Comment on specific Agenda items will be received at the time the item is presented.)
5. CONSENT CALENDAR
 - a. Committee Minutes
(For Note and File)
 - 1) Operations and Development Committee
 - (i) December 14, 2020 ***[See page 1]***
 - 2) Finance and Administration Committee
 - (i) February 1, 2021 ***[See page 3]***
 - 3) Legal, Government and Environmental Affairs Committee
 - (i) January 19, 2021 ***[See page 5]***
 - b. Commission Minutes
(For Approval)
 - 1) February 16, 2021 ***[See page 7]***
 - c. Treasurer's Report
 - 1) December 2020 ***[See page 11]***
6. ITEMS FOR COMMISSION APPROVAL
 - a. Presentation of FY 2020 Audited Financial Statements and Analysis of Financial Results ***[See page 37]***
 - b. Award of Fleet Maintenance Services Agreement
Keolis Transit Services, LLC ***[See page 44]***
 - c. Award of Aviation Hangar Lease – Hangar 1A
TEM Enterprises ***[See page 46]***

- d. Award of Aviation Hangar Lease – Hangar 40
Innova Aviation, LLC ***[See page 48]***
- e. Safety Management System Specialist ***[See page 50]***
- 7. ITEMS FOR COMMISSION DISCUSSION
 - a. Update – RPT Project ***[No staff report]***
- 8. ITEMS FOR COMMISSION INFORMATION
 - a. January 2021 Passenger and Air Cargo Statistics ***[See page 52]***
 - b. January 2021 Transportation Network Companies ***[No staff report]***
 - c. January 2021 Parking Revenue Statistics ***[No staff report]***
- 9. CLOSED SESSION
 - a. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
(California Government Code Section 54957(b))
Title: Executive Director
 - b. CONFERENCE WITH LABOR NEGOTIATOR
(California Government Code Section 54957.6)
Authority Representative: Terence R. Boga, Esq.
Unrepresented Employee: Executive Director
- 10. EXECUTIVE DIRECTOR COMMENTS
- 11. COMMISSIONER COMMENTS
(Other updates and information items, if any)
- 12. ADJOURNMENT

COMMISSION NEWSLETTER

Monday, March 15, 2021

[Regarding agenda items]

5. 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 Operations and Development Committee special meeting of December 14, 2020; approved minutes of the Finance and Administration Committee meeting of February 1, 2021; and approved minutes of the Legal, Government and Environmental Affairs Committee special meeting of January 19, 2021, are included in the agenda packet for information purposes.
- b. COMMISSION MINUTES. Draft minutes of the February 16, 2021, Commission special meeting are attached for the Commission's review and approval.
- c. TREASURER'S REPORT. The Treasurer's Report for December 2020 is included in the agenda packet. At its February 16, 2021, special meeting, the Finance and Administration Committee voted (3–0) to recommend that the Commission note and file this report.

6. ITEMS FOR COMMISSION APPROVAL

- a. PRESENTATION OF FY 2020 AUDITED FINANCIAL STATEMENTS AND ANALYSIS OF FINANCIAL RESULTS. A staff report is included in the agenda packet. The Authority's independent auditor, Macias Gini & O'Connell LLP ("MGO") has completed its audits of the Burbank-Glendale-Pasadena Airport Authority fiscal year 2020 financial statements. Enclosed with the agenda packet is a copy of the audited Basic Financial Statements for the fiscal years ended June 30, 2020 ("FY 2020") and 2019. Also enclosed are copies of the audited Single Audit Reports (audit of federal grant programs), Passenger Facility Charge Compliance Reports, Customer Facility Charge Compliance Reports, Independent Auditor's Report on Compliance with Section 6.05 of the Bond Indenture, and the Auditor's Required Communications to the Authority Regarding the FY 2020 Audits.

Staff will present each report and provide an overview and analysis of financial results for the fiscal year ended June 30, 2020. MGO will present a summary of its audits. At its special meeting on February 16, 2021, the Finance and Administration Committee voted unanimously (3–0) to recommend that the Commission note and file these audit reports.

- b. AWARD OF FLEET MAINTENANCE SERVICES AGREEMENT – KEOLIS TRANSIT SERVICES, LLC. A staff report is included in the agenda packet. At its special meeting on February 16, 2021, the Operations and Development Committee voted unanimously (3–0) to recommend that the Commission award a Fleet Maintenance

Services Agreement (“Agreement”) to Keolis Transit Services, LLC. The proposed Agreement has a one-year base term and two one-year extension options.

- c. AWARD OF AVIATION HANGAR LEASE – HANGAR 1A – TEM ENTERPRISES. A staff report is included in the agenda packet. At its special meeting on February 16, 2021, the Finance and Administration Committee voted unanimously (3–0) to recommend the Commission approve an Aviation Hangar Lease with TEM Enterprises (“TEM”) for Hangar 1A. TEM seeks a lease term of five years with an option for one five-year extension for the purpose of aircraft ground service equipment maintenance at Hollywood Burbank Airport.
- d. AWARD OF AVIATION HANGAR LEASE – HANGAR 40 – INNOVA AVIATION, LLC. A staff report is included in the agenda packet. At its special meeting on February 16, 2021, the Finance and Administration Committee voted unanimously (3–0) to recommend the Commission approve an Aviation Hangar Lease with Innova Aviation, LLC for Hangar 40. Innova seeks a lease term of five years with an option for one five-year extension for purposes of storing aircraft at Hollywood Burbank Airport.
- e. SAFETY MANAGEMENT SYSTEM SPECIALIST. A staff report is included in the agenda packet. At its special meeting on February 16, 2021, the Finance and Administration Committee voted unanimously (3–0) to recommend the Commission approve an increase in staffing to support the operations of the Safety Management System Department by adding a Safety Management System Specialist position.

7. ITEMS FOR COMMISSION DISCUSSION

- a. UPDATE – RPT PROJECT. No staff report attached. Staff will brief the Commission on the status of the Replacement Passenger Terminal (“RPT”) project, including illustrative potential cost to finance and impacts of a potential three-year delay.

8. ITEMS FOR COMMISSION INFORMATION

- a. JANUARY 2021 PASSENGER AND AIR CARGO STATISTICS. A staff report is included in the agenda packet. The January 2021 passenger count of 68,643 was down 86%, compared to last year’s 480,876 passengers. Air carrier aircraft operations decreased 66%, while cargo volume in January was up 1%, at 8.9 million pounds.
- b. JANUARY 2021 TRANSPORTATION NETWORK COMPANIES. No staff report attached. Staff will update the Commission on TNC activity for the month of January 2021.
- c. JANUARY 2021 PARKING REVENUE STATISTICS. No staff report attached. Staff will present parking revenue data for the month of January 2021.

Approved February 16, 2021

**MINUTES OF THE SPECIAL MEETING OF THE
OPERATIONS AND DEVELOPMENT COMMITTEE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY**

MONDAY, DECEMBER 14, 2020

A special meeting of the Operations and Development Committee was called to order on this date in the Airport Skyroom, 2627 N. Hollywood Way, Burbank, California, at 8:30 a.m., by Commissioner Devine.

ROLL CALL

Present: Commissioners Brown, Devine (via teleconference) and Kennedy (via teleconference)

Absent: None

Also Present: John Hatanaka, Senior Deputy Executive Director; Anthony DeFrenza, Director of Engineering and Maintenance

1. Approval of Agenda The agenda was approved as submitted.

2. Public Comment There were no public comments.

3. Approval of Minutes

a. November 16, 2020 Commissioner Kennedy (via teleconference) moved approval of the minutes of the November 16, 2020 meeting seconded by Commissioner Brown. There being no objection, a voice vote was taken to accommodate those participating via teleconference. The motion was approved (3-0).

4. Contracts and Leases

a. Award of Contract for Airfield Lighting Electrical Inspection, Testing, and On-Call Repair Services Staff sought a Committee recommendation to the Commission to award a contract for a two-year period in the amount of \$43,300 per year to Vellutini Corporation dba Royal Electric Company for quarterly airfield lighting testing and inspection services. The agreement includes two one-year extension options with an allowable 3% increase for each extension year. This contract also includes rates for on-call repair and emergency services if needed.

Motion Commissioner Kennedy (via teleconference) moved approval of Staff's recommendation, seconded by Commissioner Brown.

Motion Approved

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

5. Items for Information

a. Committee Pending Items

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

6. Adjournment

There being no further business, the meeting adjourned at 8:38 a.m.

Approved February 16, 2021

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

MONDAY, FEBRUARY 1, 2021

A regular 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 9:43 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;

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. January 19, 2021**

Draft minutes for the January 19, 2021, special meeting of the Finance and Administration Committee meeting was presented for approval.

Motion

Commissioner Adams moved approval of the minutes, 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).

4. Items for Discussion

a. FY 2022 Budget Development Calendar

Staff presented and discussed a proposed budget development calendar for FY 2022.

5. Items for Information

a. Aviation Hangar Lease Update – Hangar 40

Staff informed the Committee on a pending lease for Hangar 40 with Pasadena-based Innova Aviation, LLC and guaranty Innova Medical Group, Inc., which will be presented to the Committee at its next regularly scheduled meeting.

b. Short-Term Lease (Rent-a-Car Storage) – Avis/Budget

Staff informed the Committee of the immediate need for additional storage space for approximately 500 cars by the car rental company Avis/Budget. This item will be presented to the Committee at its next regularly scheduled meeting.

c. Committee Pending Items

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

6. Adjournment

There being no further business to discuss, the meeting was adjourned at 10:06 a.m.

Approved February 16, 2021

**MINUTES OF THE SPECIAL MEETING OF THE
LEGAL, GOVERNMENT AND ENVIRONMENTAL AFFAIRS COMMITTEE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY**

TUESDAY, JANUARY 19, 2021

A special meeting of the Legal, Government and Environmental Affairs Committee was called to order on this date in the Burbank Room, 2627 N. Hollywood Way, Burbank, California, at 9:48 a.m., by Chairman Wiggins.

AB 23 Disclosure: The Assistant Board Secretary announced that, as a result of the convening of this meeting of the Legal, Government and Environmental Affairs Committee, each Committee member in attendance is entitled to receive and shall be provided \$200.

ROLL CALL

Present: Commissioners Wiggins, Agajanian and Madison (all via teleconference)

Absent: None

Also Present: Staff: Frank Miller, Executive Director; John Hatanaka, Senior Deputy Executive Director; Patrick Lammerding, Deputy Executive Director, Planning and Development (via teleconference); Pamela Marcello, Senior Director, Government and Public Affairs; Mark Hardymont, Director of Transportation and Environmental Programs; Scott Kimball, Deputy Executive Director, Business and Properties, SMS, Procurement, and Operations

Airport Authority Legislative Consultants:
Kristian Foy and Mike Arnold, of Arnold and Associates (via teleconference)

Airport Authority Counsel: Terence R. Boga of Richards, Watson & Gershon and Tom Ryan of McDermott, Will & Emery

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

2. Public Comment There were no public speakers.

3. Approval of Minutes

a. November 16, 2020 Commissioner Agajanian (via teleconference) moved approval of the minutes of the November 16, 2020 meeting, seconded by Commissioner Madison (via teleconference). There being no objection, a voice vote was taken to accommodate those participating via teleconference. The motion was approved (3-0).

4. Items for Discussion

a. State of California Legislative Report and 2021 Legislative Calendar (Arnold & Associates)

Staff along with representatives from Arnold and Associates updated the Committee on current State legislative activities.

5. Items for Information

a. Update Phase 2 Report to LARWQCB

Staff updated the Committee on the report findings of the PFAS Phase 2 investigation.

b. EPA Past Cost Recovery Claim

Staff updated the Committee on the status of the EPA past cost recovery claim.

c. Committee Pending Items

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

6. Closed Session

The meeting recessed to closed session at 10:12 a.m. to consider the items listed on the closed session agenda and to confer with legal counsel.

a. Conference with Real Property Negotiators (California Government Code Section 54956.8)

Property: Bob Hope Airport Leaseholds
Authority Negotiator: Executive Director
Negotiating Party: Delux Public Charter LLC
Under Negotiation: Price and Terms of Payment

The meeting reconvened to open session at 10:22 a.m. with the same Commissioners present. Chairman Wiggins announced that there was no reportable action taken in closed session.

7. Adjournment

There being no further business, the meeting was adjourned at 10:23 a.m.

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

TUESDAY, FEBRUARY 16, 2021

A special 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 9:00 a.m., by President Selvidge.

1. ROLL CALL

Present: Commissioners Selvidge (via teleconference); Devine (via teleconference); Brown, Wiggins, Adams, Agajanian (via teleconference), Najarian (via teleconference), Madison (via teleconference) and Kennedy (via teleconference)

Absent: None

Also Present: Staff: John Hatanaka, Senior Deputy Executive Director; Kathy David, Deputy Executive Director, Finance and Administration; Scott Kimball, Deputy Executive Director, Business and Properties, SMS, Procurement, and Operations; Nerissa Sugars, Director, Marketing, Communications and Air Service (via teleconference); Tom Janowitz, Sr. Manager, Ground Access;

Also Present: Tom Ryan, Esq., Counsel, Richards Watson Gershon

2. PLEDGE OF ALLEGIANCE

Commissioner Brown led the assembly in the recitation of the Pledge of Allegiance to the Flag.

3. APPROVAL OF AGENDA

The agenda was approved as presented.

4. CLOSED SESSION

The meeting convened to Closed session at 9:01 a.m.

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.

Meeting Reconvened to Open Session

The meeting reconvened to open session at 9:40 a.m., with all Commissioners present.

Closed Session Report

No reportable action taken on the presented item.

5. PUBLIC COMMENT

Laura Iowanu, Studio City

6. CONSENT CALENDAR

a. Committee Minutes (For Note and File)

1) Finance and Administration Committee

(i) January 19, 2021

Approved minutes of the Finance and Administration Committee special meeting for January 19, 2021, were included in the agenda packet for information purposes.

b. Commission Minutes (For Approval)

1) February 1, 2021

Minutes of the February 1, 2021, Commission meeting were included in the agenda packet for review and approval.

MOTION

Commissioner Kennedy moved approval of the Consent Calendar; 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 (6-0, 3 abstentions).

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

NOES: NONE

ABSENT: NONE

ABSTENTIONS: Commissioners Devine, Wiggins and Madison

7. ITEMS FOR COMMISSION APPROVAL

a. Ground Lease and License Agreement – AVIS Rent A Car System, LLC

At its meeting on February 1, 2021, the Finance and Administration Committee was advised by Staff of a request by Avis Rent A Car, LLC of an urgent operational need for space to store new fleet inventory. With the concurrence of the Committee, Staff presented to the Commission for approval a Ground Lease and License Agreement for temporary overflow storage of its rental car fleet inventory.

MOTION

Commissioner Wiggins moved approval; seconded by Commissioner Devine.

MOTION APPROVED

There being no objection, a voice vote was taken to accommodate those participating via teleconference. The motion was approved (9-0).

AYES: Commissioners Selvidge (via teleconference) Devine (via teleconference); Brown, Wiggins, Adams, Agajanian (via teleconference), Najarian (via teleconference), Madison (via teleconference) and Kennedy (via teleconference)

NOES: NONE

ABSENT: NONE

8. ITEMS FOR COMMISSION DISCUSSION

a. Financial Performance Update – First Six Months of FY 2021

Staff updated the Commission with information regarding the financial results for the first six months of FY 2021 at the Airport.

b. New Entrant Announcement

Staff announced to the Commission that TEM Enterprises, dba Avelo Airlines, will lease Hangar 1A for the purpose of maintaining ground service equipment at the Airport.

At this point Public Comments were taken prior to Item 8.c. Stacey Slichta, Studio City; Laura Ioanou of Studio City.

c. World Jet, Inc. (Aircraft N734TJ)

Staff briefed the Commission on the enforcement of the Airport Rules against the Gulfstream III aircraft, N734TJ, which is periodically operated by World Jet, Inc., at the Airport. Departures of this aircraft have triggered a number of noise complaints by residents dating back to last summer.

9. ITEMS FOR COMMISSION INFORMATION

a. December 2020 Passenger and Air Cargo Statistics

Staff presented an update on the December 2020 Passenger and Air Cargo statistics.

b. December 2020 Transportation Network Companies

Staff presented an update on the December 2020 Transportation Network Companies' activities.

c. December 2020 Parking Revenue Statistics

Staff presented an update on the December 2020 Parking revenue statistics.

**10. EXECUTIVE DIRECTOR
COMMENTS**

The Executive Director was not present at the meeting.

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

There were no Commissioner comments.

12. ADJOURNMENT

There being no further business, the meeting was adjourned at 10:46 a.m.

Ross Selvidge, President

Don Brown, Secretary

Date

Date



March 15, 2021

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

Dear Commissioners:

The attached report, covering the month of December 2020, fulfills the legal requirements of the California Code and our Investment Policy. Based on projected income and expenses, as well as investment liquidity, there will be sufficient funds available to meet the needs of the Airport Authority for the six month period following the date of the attached report.

Sincerely,

[To be signed]

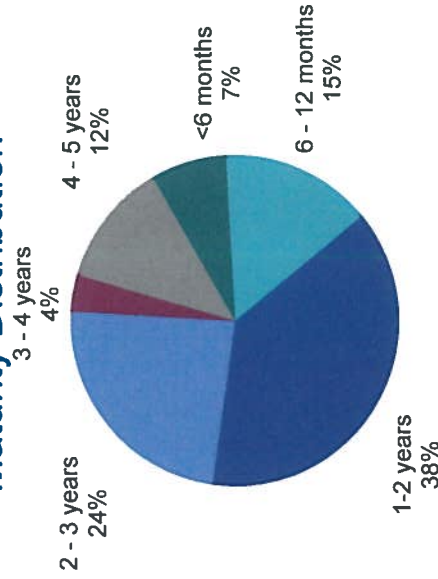
Vrej Agajanian
Treasurer

Attachments

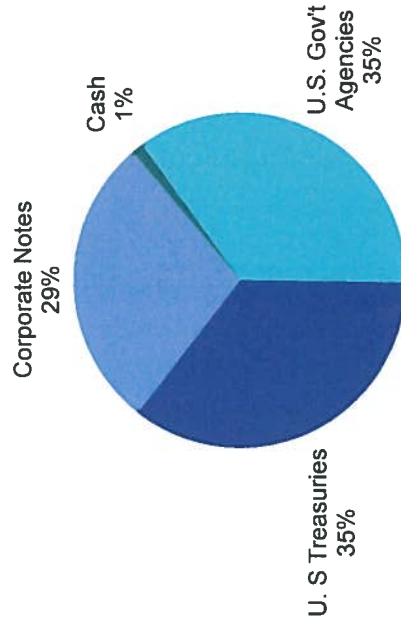
Operating Portfolio Investment Guidelines Conformance as of December 31, 2020

	Legal Max Maturity	Actual Max Maturity	Policy Maximum	Policy Actual
U.S. Gov Agencies	5 Years	4.85 Years	70%	35%
Corporate Notes	5 Years	4.63 Years	30%	29%
LAIF	N/A	N/A	\$20 mil	N/A
Bankers Acceptances	6 Months	N/A	15%	N/A
Negotiable Certificates of Deposit	5 Years	N/A	15%	N/A
Non-Negotiable Certificates of Deposit	5 Years	N/A	15%	N/A
Commercial Paper	270 Days	N/A	15%	N/A
Repurchase Agreements	1 Year	N/A	10%	N/A
Money Market Fund	N/A	N/A	15%	1%
U.S. Gov Securities (Treasuries)	5 Years	4.50 Years	No Limit	35%

Maturity Distribution



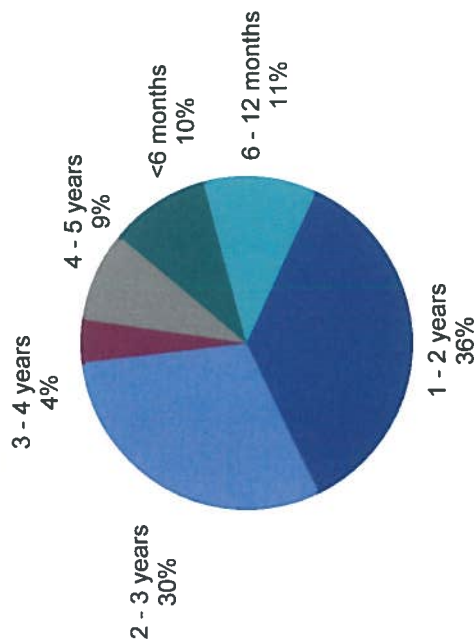
Sector Allocation



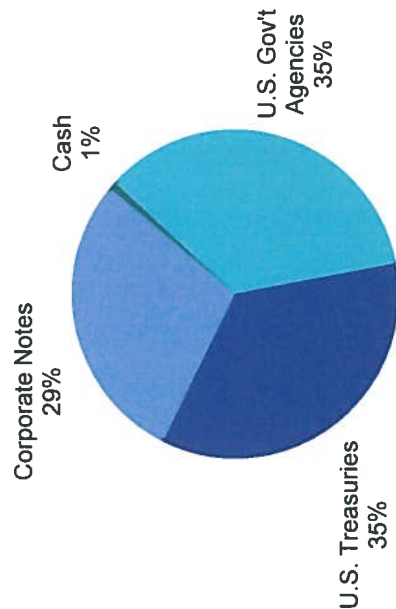
PFC Portfolio Investment Guidelines Conformance as of December 31, 2020

	Legal Max Maturity	Actual Max Maturity	Policy Maximum	Policy Actual
U.S. Gov Agencies	5 Years	4.85 Years	70%	35%
Corporate Notes	5 Years	4.63 Years	30%	29%
LAIF	N/A	N/A	\$20 mil	N/A
Bankers Acceptances	6 Months	N/A	15%	N/A
Negotiable Certificates of Deposit	5 Years	N/A	15%	N/A
Non-Negotiable Certificates of Deposit	5 Years	N/A	15%	N/A
Commercial Paper	270 Days	N/A	15%	N/A
Repurchase Agreements	1 Year	N/A	10%	N/A
Money Market Fund	N/A	N/A	15%	1%
U.S. Gov Securities (Treasures)	5 Years	4.50 Years	No Limit	35%

Maturity Distribution



Sector Allocation



Burbank-Glendale-Pasadena Airport Authority - Operating Account Statement of Investments As of 12/30/20													
Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Eff. Mat. Date	Par Value	Purchase Cost	Market Value	Unrealized Gain/Loss	YTM	Days to Eff. Mat.	% Mkt Value	
12/31/20	Columbia Treasury Reserves	097101307	0.000	12/31/20	12/31/20	\$ 2,720,712	\$ 2,720,712	\$ 2,720,712	\$ -	0.00%	0	1.17%	
04/24/18	US Bank NA	90331HNQ2	2.256	04/26/21	01/26/21	1,175,000	1,175,000	1,175,746	746	0.36%	26	0.51%	
04/24/18	Wells Fargo & Company	949746RT0	3.240	03/04/21	03/01/21	1,300,000	1,330,534	1,302,701	(27,833)	0.38%	60	0.56%	
03/06/18	Exxon Mobil Corp	30231GAV4	2.222	03/01/21	03/01/21	1,050,000	1,035,930	1,051,478	15,548	1.36%	60	0.45%	
01/25/18	Bank of New York Mellon Corp	06406FAA1	2.500	04/15/21	04/15/21	1,225,000	1,216,443	1,230,394	13,951	0.97%	105	0.53%	
12/05/16	PNC Bank NA	6935REW4	2.150	04/29/21	04/29/21	1,450,000	1,436,649	1,456,646	19,997	0.75%	119	0.63%	
06/13/18	FNMA	3135G0K69	1.250	05/06/21	05/06/21	3,000,000	2,883,300	3,010,331	127,031	0.26%	126	1.30%	
12/21/18	General Dynamics Corporation	369550BE7	3.000	05/11/21	05/11/21	1,300,000	1,305,578	1,312,513	6,935	0.33%	131	0.57%	
03/01/18	Fifth Third Bank	31677QBG3	2.250	06/14/21	06/14/21	1,000,000	977,850	1,007,156	29,306	0.66%	165	0.43%	
06/20/18	WalMart Inc	931142EJ8	3.125	06/23/21	06/23/21	1,300,000	1,299,935	1,317,651	17,716	0.28%	174	0.57%	
05/31/18	Treasury Note	912828WR7	2.125	06/30/21	06/30/21	12,500,000	12,338,867	12,622,559	283,692	0.16%	181	5.45%	
10/05/17	Florida Power Corporation	341099CP2	3.100	08/15/21	08/15/21	705,000	728,709	712,182	(16,527)	1.45%	227	0.31%	
05/31/19	FNMA Benchmark Note	3135G0N82	1.250	08/17/21	08/17/21	300,000	295,398	302,095	6,697	0.14%	229	0.13%	
08/31/18	Treasury Note	912828T34	1.125	09/30/21	09/30/21	2,300,000	2,200,367	2,317,430	117,063	0.11%	273	1.00%	
12/23/16	Federal Home Loan Banks	3130AABG2	1.875	11/29/21	11/29/21	15,000,000	14,742,129	15,238,895	496,766	0.12%	333	6.58%	
01/23/17	Pfizer Inc	717081DZ3	2.200	12/15/21	12/15/21	1,500,000	1,498,845	1,528,049	29,204	0.24%	349	0.66%	
04/15/19	FNMA Benchmark Note	3135G0S38	2.000	01/05/22	01/05/22	3,800,000	3,812,172	3,872,314	60,142	0.12%	370	1.67%	
06/23/17	FHLMC	3137EADB2	2.375	01/13/22	01/13/22	8,125,000	8,173,493	8,312,743	139,250	0.14%	378	3.59%	
06/26/19	Target Corporation	87612EAZ9	2.900	01/15/22	01/15/22	1,300,000	1,329,214	1,335,330	6,116	0.28%	380	0.58%	
08/15/18	Berkshire Hathaway Finance Corp	084670BF4	3.400	01/31/22	01/31/22	1,500,000	1,521,795	1,549,645	27,850	0.28%	396	0.67%	
02/03/17	Treasury Note	912828H86	1.500	01/31/22	01/31/22	2,450,000	2,386,645	2,486,367	99,722	0.13%	396	1.07%	
08/06/18	PacificCorp	695114CP1	2.950	02/01/22	02/01/22	1,000,000	991,823	1,021,882	30,059	0.92%	397	0.44%	
11/05/18	Microsoft Corporation	594918BA1	2.375	02/12/22	02/12/22	1,225,000	1,199,000	1,251,978	52,978	0.39%	408	0.54%	
02/21/17	Walt Disney Co	25468PCT1	2.550	02/15/22	02/15/22	1,300,000	1,309,135	1,331,732	22,597	0.37%	411	0.57%	
09/25/20	American Express Credit Corp	0258M0EG0	2.700	03/03/22	03/03/22	1,300,000	1,341,041	1,333,421	(7,620)	0.50%	427	0.58%	
09/28/17	FHLB	313378CR0	2.250	03/11/22	03/11/22	4,000,000	4,059,140	4,100,125	40,985	0.15%	435	1.77%	
04/17/17	BB&T Corp	05531FAX1	2.750	04/01/22	04/01/22	1,500,000	1,523,109	1,542,734	19,625	0.46%	456	0.67%	
05/18/17	Federal National Mortgage Association	3135G0T45	1.875	04/05/22	04/05/22	8,300,000	8,166,654	8,480,908	314,254	0.14%	460	3.66%	
01/31/19	Treasury Note	912828X47	1.875	04/30/22	04/30/22	9,475,000	9,301,015	9,694,850	393,835	0.13%	485	4.19%	
05/06/19	Apple Inc	037833CQ1	2.300	05/11/22	05/11/22	1,250,000	1,241,250	1,283,534	42,284	0.32%	496	0.55%	
01/15/19	Oracle Corporation	68389XBB0	2.500	05/15/22	05/15/22	1,265,000	1,243,561	1,298,482	54,921	0.56%	500	0.56%	
10/03/17	Home Depot Inc	437076BG6	2.625	06/01/22	06/01/22	1,200,000	1,214,701	1,237,381	22,680	0.42%	517	0.53%	
09/25/17	Caterpillar Financial Services	14913QAA7	2.400	06/06/22	06/06/22	1,500,000	1,503,869	1,545,667	41,798	0.27%	522	0.67%	
02/15/19	Cisco Systems Inc	17275RAV4	3.000	06/15/22	06/15/22	1,200,000	1,210,416	1,248,045	37,629	0.24%	531	0.54%	
08/01/17	Treasury Note	912828XQ8	2.000	07/31/22	07/31/22	9,850,000	9,706,887	10,140,498	433,611	0.14%	577	4.38%	
11/01/19	Procter & Gamble Company	742718EU9	2.150	08/11/22	08/11/22	1,275,000	1,290,912	1,314,611	23,699	0.22%	588	0.57%	
02/15/19	Burlington Northern Santa Fe LLC	12189LAL5	3.050	09/01/22	09/01/22	1,200,000	1,211,382	1,246,162	34,780	0.72%	609	0.54%	

Burbank-Glendale-Pasadena Airport Authority - Operating Account
Statement of Investments
As of 12/30/20

Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Eff. Mat. Date	Par Value	Purchase Cost	Market Value	Unrealized Gain/Loss	YTM	Days to Eff. Mat.	% Mkt Value
01/09/19	John Deere Capital Corp	24422ETV1	2.150	09/08/22	09/08/22	1,500,000	1,460,768	1,547,917	87,149	0.25%	616	0.67%
05/18/18	Merck & Co Inc	589331AT4	2.400	09/15/22	09/15/22	1,500,000	1,448,385	1,546,915	98,530	0.55%	623	0.67%
09/25/17	National Rural Utilities Coop	63743HEQ1	2.300	09/15/22	09/15/22	1,000,000	995,980	1,031,887	35,907	0.42%	623	0.45%
10/03/17	Treasury Note	912828WV9	1.875	09/30/22	09/30/22	9,125,000	9,098,667	9,401,958	303,291	0.14%	638	4.06%
09/12/19	FNMA	3135G0T78	2.000	10/05/22	10/05/22	4,500,000	4,543,965	4,647,060	103,095	0.14%	643	2.01%
07/25/18	Bank of America Corp	06051GEU9	3.300	01/11/23	01/11/23	1,825,000	1,815,791	1,934,752	118,961	0.32%	741	0.84%
09/26/19	Federal National Mortgage Association	3135G0T94	2.375	01/19/23	01/19/23	4,800,000	4,919,052	5,018,584	99,532	0.15%	749	2.17%
03/20/19	JP Morgan Chase & CO	46625HJH4	3.200	01/25/23	01/25/23	1,825,000	1,843,112	1,934,362	91,250	0.29%	755	0.84%
10/31/19	Treasury Note	9128283U2	2.375	01/31/23	01/31/23	4,200,000	4,309,594	4,394,906	85,312	0.14%	761	1.90%
02/14/19	IBM Credit LLC	44932HAH6	3.000	02/06/23	02/06/23	1,425,000	1,434,243	1,503,892	69,649	0.35%	767	0.65%
03/18/19	Unitedhealth Group Inc	91324PBZ4	2.750	02/15/23	02/15/23	1,365,000	1,371,071	1,427,433	56,362	0.58%	776	0.62%
10/02/19	Pepsico Inc	713448CG1	2.750	03/01/23	03/01/23	1,300,000	1,344,486	1,370,510	26,024	0.24%	790	0.59%
12/03/19	Treasury Note	9128284L1	2.750	04/30/23	04/30/23	6,850,000	7,104,980	7,264,211	159,231	0.15%	850	3.14%
11/03/20	Loews Corporation	540424AQ1	2.625	05/15/23	05/15/23	1,500,000	1,572,790	1,569,380	(3,410)	0.66%	865	0.68%
06/06/19	Public Service Electric And Gas	74456QBC9	2.375	05/15/23	05/15/23	1,125,000	1,125,878	1,174,684	48,806	0.50%	865	0.51%
02/04/19	Simon Property Group LP	828807DD6	2.750	06/01/23	06/01/23	1,250,000	1,234,086	1,310,295	76,209	0.73%	882	0.57%
05/05/20	Federal Home Loan Mortgage Corp	3137EAE5	2.750	06/19/23	06/19/23	6,250,000	6,718,056	6,649,123	(68,933)	0.16%	900	2.87%
01/21/20	FNMA	3135G0U43	2.875	09/12/23	09/12/23	5,050,000	5,296,103	5,414,980	118,877	0.19%	985	2.34%
07/31/19	Treasury Note	9128285D8	2.875	09/30/23	09/30/23	6,775,000	7,065,870	7,277,832	211,962	0.17%	1003	3.14%
03/16/20	Treasury Note	9128285P1	2.875	11/30/23	11/30/23	3,200,000	3,479,090	3,452,000	(27,090)	0.17%	1064	1.49%
03/20/19	Citibank NA	17325FAS7	3.650	01/23/24	01/23/24	1,750,000	1,806,515	1,913,441	106,926	0.57%	1118	0.83%
06/22/20	Comcast Corporation	2003NCR0	3.700	04/15/24	04/15/24	1,400,000	1,550,276	1,543,144	(7,132)	0.56%	1201	0.67%
06/23/20	Prudential Financial Inc	74432QBZ7	3.500	05/15/24	05/15/24	1,195,000	1,324,243	1,315,654	(8,589)	0.44%	1231	0.57%
11/03/20	Bristol-Myers Squibb Co	110122CM8	2.900	07/26/24	07/26/24	1,475,000	1,593,144	1,600,790	7,646	0.49%	1303	0.69%
10/31/19	Honeywell International Inc	438516BW5	2.300	08/15/24	08/15/24	1,500,000	1,543,546	1,599,162	55,616	0.46%	1323	0.69%
06/25/20	Wisconsin Electric Power Company	976656CL0	2.050	12/15/24	12/15/24	1,100,000	1,161,130	1,160,861	(269)	0.68%	1445	0.50%
08/05/20	FHLB	3130A4CH3	2.050	12/15/24	12/15/24	250,000	273,060	270,658	(2,402)	0.39%	1445	0.12%
10/01/20	FHLMC Reference Note	3137EAEF0	1.500	02/12/25	02/12/25	500,000	524,867	523,917	(950)	0.33%	1504	0.23%
12/22/20	Exxon Mobil Corp	30231GAF9	2.709	03/06/25	03/06/25	650,000	701,630	702,123	493	0.76%	1526	0.30%
08/05/20	Ace InA Holdings Inc	00440EAS6	3.150	03/15/25	03/15/25	1,500,000	1,660,740	1,655,212	(5,528)	0.65%	1535	0.71%
05/12/20	Intel Corp	458140BP4	3.400	03/25/25	03/25/25	1,000,000	1,106,179	1,110,822	4,643	0.74%	1545	0.48%
05/05/20	Florida Power & Light Company	341081FZ5	2.850	04/01/25	04/01/25	1,000,000	1,086,929	1,091,336	4,407	0.67%	1552	0.47%
09/28/20	Federal Home Loan Banks	3130AJHU6	0.500	04/14/25	04/14/25	3,100,000	3,126,681	3,119,932	(6,749)	0.35%	1565	1.35%
08/05/20	Treasury Note	912828ZW3	0.250	06/30/25	06/30/25	8,500,000	8,461,069	8,478,086	17,017	0.31%	1642	3.66%
11/19/20	Intel Corp	458140AS9	3.700	07/29/25	07/29/25	400,000	452,247	451,882	(365)	0.81%	1671	0.20%
09/24/20	State Street Corporation	857477AT0	3.550	08/18/25	08/18/25	1,500,000	1,705,082	1,701,770	(3,312)	0.60%	1691	0.73%
09/25/20	FNMA Benchmark Note	3135G05X7	0.375	08/25/25	08/25/25	3,500,000	3,493,349	3,495,841	2,492	0.40%	1698	1.51%

Burbank-Glendale-Pasadena Airport Authority - Operating Account												
Statement of Investments												
As of 12/30/20												
Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Eff. Mat. Date	Par Value	Purchase Cost	Market Value	Unrealized Gain/Loss	YTM	Days to Eff. Mat.	% Mkt Value
11/17/20	FNMA Benchmark Note	3135G06G3	0.500	11/07/25	11/07/25	5,000,000	4,998,149	5,020,157	22,008	0.42%	1772	2.17%
		Subtotal				\$213,525,712	\$215,674,263	\$220,562,416	\$ 4,888,153	0.27%	701	95.22%
	Local Agency Investment Fund (LAIF)					11,047,566	11,047,566	11,072,659	25,093	0.54%	165	4.78%
		Subtotal				\$224,573,278	\$226,721,829	\$231,635,075	\$ 4,913,246	0.28%	675	100.00%
	Operating Bank Balance						5,186,336					
		TOTAL					\$231,908,165					

Burbank-Glendale-Pasadena Airport Authority - Operating Account Earnings Report 12/01/20-12/31/20										
Type of Investment	Coupon	Maturity Date	Previous Accrual	Realized Interest For Period	Interest Paid At Purc/Recv	Current Accrual	Interest Earned	Amrt/Accrt For Period	Adjusted Total Int. Earned	
FIXED INCOME										
Praxair Inc	NOTE	03/15/21	3,454.20	4,090.50	-	-	636.30	-	636.30	
3M Company	NOTE	09/19/21	3,250.00	4,243.06	-	-	993.06	-	993.06	
Exxon Mobil Corp	NOTE	03/01/21	5,832.76	-	-	7,777.00	1,944.24	448.49	2,392.73	
Wells Fargo & Company	NOTE	03/04/21	4,991.00	5,229.02	-	1,587.95	1,825.97	(1,065.58)	760.39	
Bank of New York Mellon Corp	NOTE	04/15/21	3,913.19	-	-	6,465.28	2,552.09	269.73	2,821.82	
US Bank NA	NOTE	04/26/21	628.33	-	-	1,169.39	541.06	-	541.06	
PNC Bank NA	NOTE	04/29/21	2,771.11	-	-	5,369.02	2,597.91	220.40	2,818.31	
FNMA	NOTE	05/06/21	2,604.17	-	-	5,729.17	3,125.00	3,359.88	6,484.88	
General Dynamics Corporation	NOTE	05/11/21	2,166.67	-	-	5,416.67	3,250.00	(332.50)	2,917.50	
Fifth Third Bank	NOTE	06/14/21	10,437.50	11,250.00	-	1,062.50	1,875.00	578.32	2,453.32	
WalMart Inc	NOTE	06/23/21	17,829.86	20,312.50	-	902.78	3,385.42	1.81	3,387.23	
Treasury Note	NOTE	06/30/21	111,158.29	132,812.50	-	733.77	22,387.98	4,440.10	26,828.08	
Florida Power Corporation	NOTE	08/15/21	6,435.08	-	-	8,256.34	1,821.26	(1,503.98)	317.28	
FNMA Benchmark Note	NOTE	08/17/21	1,083.33	-	-	1,395.83	312.50	173.88	486.38	
Treasury Note	NOTE	09/30/21	4,407.28	-	-	6,610.93	2,203.65	2,806.67	5,010.32	
Federal Home Loan Banks	NOTE	11/29/21	1,562.51	-	-	25,000.01	23,437.50	5,398.50	28,836.00	
Pfizer Inc	NOTE	12/15/21	15,216.67	16,500.00	-	1,466.67	2,750.00	19.67	2,769.67	
FNMA Benchmark Note	NOTE	01/05/22	30,822.22	-	-	37,155.55	6,333.33	(415.71)	5,917.62	
FHLMC	NOTE	01/13/22	73,936.40	-	-	90,191.91	16,255.51	(418.13)	15,837.38	
Target Corporation	NOTE	01/15/22	14,242.23	-	-	17,383.88	3,141.65	(1,010.96)	2,130.69	
Berkshire Hathaway Finance Corp	NOTE	01/31/22	17,141.67	-	-	21,391.67	4,250.00	(526.03)	3,723.97	
Treasury Note	NOTE	01/31/22	12,283.29	-	-	15,379.07	3,095.78	1,216.67	4,312.45	
PacifiCorp	NOTE	02/01/22	9,833.33	-	-	12,291.67	2,458.34	211.03	2,669.37	
Microsoft Corporation	NOTE	02/12/22	8,808.94	-	-	11,233.41	2,424.47	689.33	3,113.80	
Walt Disney Co	NOTE	02/15/22	9,760.83	-	-	12,523.33	2,762.50	(185.70)	2,576.80	
American Express Credit Corp	NOTE	03/03/22	8,580.00	-	-	11,505.00	2,925.00	(2,559.73)	365.27	
FHLB	NOTE	03/11/22	20,000.00	-	-	27,500.00	7,500.00	(1,107.38)	6,392.62	
BB&T Corp	NOTE	04/01/22	6,874.99	-	-	10,312.50	3,437.51	(825.45)	2,612.06	
Federal National Mortgage Association	NOTE	04/05/22	24,208.33	-	-	37,177.08	12,968.75	3,245.57	16,214.32	
Treasury Note	NOTE	04/30/22	15,213.66	-	-	30,427.31	15,213.65	4,595.07	19,808.72	
Apple Inc	NOTE	05/11/22	1,597.22	-	-	3,993.06	2,395.84	249.29	2,645.13	
Oracle Corporation	NOTE	05/15/22	1,405.56	-	-	4,040.97	2,635.41	552.22	3,187.63	
Home Depot Inc	NOTE	06/01/22	15,750.00	15,750.00	-	2,625.01	2,625.01	(330.38)	2,294.63	
Caterpillar Financial Services	NOTE	06/06/22	17,500.01	18,000.00	-	2,500.01	3,000.00	(284.63)	2,715.37	
Cisco Systems Inc	NOTE	06/15/22	16,600.00	18,000.00	-	1,600.00	3,000.00	(261.49)	2,738.51	

Burbank-Glendale-Pasadena Airport Authority - Operating Account Earnings Report 12/01/20-12/31/20										
Type of Investment	Coupon	Maturity Date	Previous Accrual	Realized Interest For Period	Interest Paid At Purc/Recv	Current Accrual	Interest Earned	Amrt/Accrt For Period	Adjusted Total Int. Earned	
Treasury Note	2.000	07/31/22	65,845.11	-	-	82,440.21	16,595.10	3,463.51	20,058.61	
Procter & Gamble Company	2.150	08/11/22	8,376.04	-	-	10,660.42	2,284.38	(479.28)	1,805.10	
Burlington Northern Santa Fe LLC	3.050	09/01/22	9,150.00	-	-	12,200.00	3,050.00	(347.90)	2,702.10	
John Deere Capital Corp	2.150	09/08/22	7,435.42	-	-	10,122.91	2,687.49	725.78	3,413.27	
Merck & Co Inc	2.400	09/15/22	7,600.00	-	-	10,600.00	3,000.00	1,127.79	4,127.79	
National Rural Utilities Coop	2.300	09/15/22	4,855.56	-	-	6,772.22	1,916.66	68.52	1,985.18	
Treasury Note	1.875	09/30/22	29,142.34	-	-	43,713.52	14,571.18	464.11	15,035.29	
FNMA	2.000	10/05/22	14,000.00	-	-	21,500.00	7,500.00	(1,196.87)	6,303.13	
Bank of America Corp	3.300	01/11/23	23,420.83	-	-	28,439.58	5,018.75	11.13	5,029.88	
Federal National Mortgage Association	2.375	01/19/23	41,800.00	-	-	51,300.00	9,500.00	(3,063.13)	6,436.87	
JP Morgan Chase & CO	3.200	01/25/23	20,440.00	-	-	25,306.67	4,866.67	(393.60)	4,473.07	
Treasury Note	2.375	01/31/23	33,340.35	-	-	41,743.21	8,402.86	(2,862.17)	5,540.69	
IBM Credit LLC	3.000	02/06/23	13,656.25	-	-	17,218.75	3,562.50	(408.38)	3,154.12	
Unitedhealth Group Inc	2.750	02/15/23	11,052.70	-	-	14,180.84	3,128.14	(205.06)	2,923.08	
Pepsico Inc	2.750	03/01/23	8,937.50	-	-	11,916.67	2,979.17	(1,087.68)	1,891.49	
Treasury Note	2.750	04/30/23	16,131.56	-	-	32,263.12	16,131.56	(6,471.78)	9,659.78	
Loews Corporation	2.625	05/15/23	1,166.67	-	1,421.88	5,031.25	2,442.70	(2,011.42)	431.28	
Public Service Electric And Gas	2.375	05/15/23	1,187.50	-	-	3,414.06	2,226.56	(19.87)	2,206.69	
Simon Property Group LP	2.750	06/01/23	17,187.50	17,187.50	-	2,864.59	2,864.59	311.51	3,176.10	
Federal Home Loan Mortgage Corp	2.750	06/19/23	77,343.75	85,937.50	-	5,729.17	14,322.92	(12,503.73)	1,819.19	
FNMA	2.875	09/12/23	31,860.59	-	-	43,959.54	12,098.95	(5,735.95)	6,363.00	
Treasury Note	2.875	09/30/23	33,177.02	-	-	49,765.54	16,588.52	(6,212.29)	10,376.23	
Treasury Note	2.875	11/30/23	252.75	-	-	8,087.91	7,835.16	(6,506.84)	1,328.32	
Citibank NA	3.650	01/23/24	22,711.11	-	-	28,034.03	5,322.92	(1,105.11)	4,217.81	
Comcast Corporation	3.700	04/15/24	6,618.89	-	-	10,935.55	4,316.66	(3,378.85)	937.81	
Prudential Financial Inc	3.500	05/15/24	1,858.89	-	-	5,344.31	3,485.42	(2,770.80)	714.62	
Bristol-Myers Squibb Co	2.900	07/26/24	14,852.43	-	-	18,417.01	3,564.58	(2,715.27)	849.31	
Honeywell International Inc	2.300	08/15/24	10,158.34	-	-	13,033.33	2,874.99	(844.26)	2,030.73	
Wisconsin Electric Power Company	2.050	12/15/24	10,398.06	11,275.00	-	1,002.22	1,879.16	(1,193.06)	686.10	
FHLB	2.050	12/15/24	1,269.97	-	-	1,764.76	494.79	(417.25)	77.54	
FHLMC Reference Note	1.500	02/12/25	2,270.83	-	-	2,895.83	625.00	(477.19)	147.81	
Exxon Mobil Corp	2.709	03/06/25	-	-	5,282.55	5,624.94	342.39	(254.15)	88.24	
Ace InA Holdings Inc	3.150	03/15/25	9,975.00	-	-	13,912.50	3,937.50	(3,010.68)	926.82	
Intel Corp	3.400	03/25/25	6,233.33	-	-	9,066.67	2,833.34	(1,850.90)	982.44	
Florida Power & Light Company	2.850	04/01/25	4,750.00	-	-	7,125.00	2,375.00	(547.13)	1,827.87	
Federal Home Loan Banks	0.500	04/14/25	2,023.61	-	-	3,315.28	1,291.67	(489.58)	802.09	

Burbank-Glendale-Pasadena Airport Authority - Operating Account Earnings Report 12/01/20-12/31/20										
Type of Investment	Coupon	Maturity Date	Previous Accrual	Realized Interest For Period	Interest Paid At Purc/Recv	Current Accrual	Interest Earned	Amrt/Accrt For Period	Adjusted Total Int. Earned	
Treasury Note	0.250	06/30/25	8,892.66	10,625.00	-	58.70	1,791.04	716.80	2,507.84	
Intel Corp	3.700	07/29/25	5,015.56	-	-	6,248.89	1,233.33	(982.11)	251.22	
State Street Corporation	3.550	08/18/25	12,696.18	-	3,106.25	19,672.92	3,870.49	(3,092.68)	777.81	
FNMA Benchmark Note	0.375	08/25/25	3,427.08	-	-	4,520.83	1,093.75	112.90	1,206.65	
FNMA Benchmark Note	0.500	11/07/25	1,319.44	-	-	3,402.78	2,083.34	31.03	2,114.37	
Subtotal			\$ 1,104,131.45	\$ 371,212.58	\$ 9,810.68	\$ 1,121,780.47	\$ 379,050.92	\$ (47,952.91)	\$ 331,098.01	
CASH EQUIVALENTS										
Cash Interest (MISC)			-	96.41	-	-	96.41	-	96.41	
Subtotal			\$ -	\$ 96.41	\$ -	\$ -	\$ 96.41	\$ -	\$ 96.41	
LAIF										
Local Agency Investment Fund			11,040.10	-	-	17,468.06	6,427.96	-	6,427.96	
TOTAL			\$ 1,115,171.55	\$ 371,308.99	\$ 9,810.68	\$ 1,139,248.53	\$ 385,575.29	\$ (47,952.91)	\$ 337,622.38	

Burbank-Glendale-Pasadena Airport Authority - PFC Account
Statement of Investments
As of 12/31/20

Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Eff Mat. Date	Par Value	Purchase Cost	Market Value	Unrealized Gain/Loss	YTM	Days to Eff. Mat.	% Mkt Value
12/31/20	Columbia Treasury Reserves	097101307	0.000	12/31/20	12/31/20	\$ 603,630	\$ 603,630	\$ 603,630	\$ -	0.00%	0	1.24%
03/06/18	Exxon Mobil Corp	30231GAV4	2.222	03/01/21	03/01/21	250,000	247,308	250,352	3,044	1.36%	60	0.52%
04/24/18	Wells Fargo & Company	949746RT0	4.076	03/04/21	03/04/21	350,000	357,655	350,727	(6,928)	0.38%	63	0.72%
01/25/18	Bank of New York Mellon Corp	06406FAA1	2.500	04/15/21	04/15/21	300,000	299,256	301,321	2,065	0.97%	105	0.62%
01/24/18	Treasury Note	912828Q78	1.375	04/30/21	04/30/21	1,200,000	1,163,789	1,204,828	41,039	0.16%	120	2.48%
05/31/18	FNMA	3135G0K69	1.250	05/06/21	05/06/21	925,000	891,013	928,186	37,173	0.26%	126	1.91%
05/08/18	General Dynamics Corporation	369550BE7	3.000	05/11/21	05/11/21	300,000	300,494	302,888	2,394	0.33%	131	0.62%
06/20/18	WalMart Inc	931142EJ8	3.125	06/23/21	06/23/21	300,000	301,350	304,073	2,723	0.28%	174	0.63%
03/01/18	Fifth Third Bank	31677QBG3	2.250	06/14/21	06/14/21	200,000	195,570	201,431	5,861	0.66%	165	0.41%
12/23/16	Treasury Note	912828WR7	2.125	06/30/21	06/30/21	1,500,000	1,488,668	1,514,707	26,039	0.16%	181	3.12%
10/02/17	Florida Power Corporation	341099CP2	3.100	08/15/21	08/15/21	250,000	256,744	252,547	(4,197)	1.45%	227	0.52%
05/31/19	FNMA Benchmark Note	3135G0N82	1.250	08/17/21	08/17/21	130,000	128,006	130,908	2,902	0.14%	229	0.27%
07/05/18	Treasury Note	912828T34	1.125	09/30/21	09/30/21	1,590,000	1,517,091	1,602,049	84,958	0.11%	273	3.30%
12/23/16	Federal Home Loan Banks	3130AABG2	1.875	11/29/21	11/29/21	1,525,000	1,497,278	1,549,288	52,010	0.12%	333	3.19%
01/23/17	Pfizer Inc	717081DZ3	2.200	12/15/21	12/15/21	360,000	359,305	366,732	7,427	0.24%	349	0.75%
03/27/19	FNMA Benchmark Note	3135G0S38	2.000	01/05/22	01/05/22	1,150,000	1,152,401	1,171,885	19,484	0.12%	370	2.41%
09/25/18	FHLMC	3137EADB2	2.375	01/13/22	01/13/22	1,775,000	1,757,610	1,816,015	58,405	0.14%	378	3.74%
06/26/19	Target Corporation	87612EAZ9	2.900	01/15/22	01/15/22	300,000	306,848	308,153	1,305	0.28%	380	0.63%
08/15/18	Berkshire Hathaway Finance Corp	084670BF4	3.400	01/31/22	01/31/22	360,000	366,983	371,915	4,932	0.28%	396	0.77%
02/03/17	Treasury Note	912828H86	1.500	01/31/22	01/31/22	1,450,000	1,400,944	1,471,523	70,579	0.13%	396	3.03%
08/06/18	PacificCorp	695114CP1	2.950	02/01/22	02/01/22	250,000	249,340	255,470	6,130	0.92%	397	0.53%
11/05/18	Microsoft Corporation	594918BA1	2.375	02/12/22	02/12/22	300,000	295,021	306,607	11,586	0.39%	408	0.63%
02/21/17	Walt Disney Co	25468PCT1	2.550	02/15/22	02/15/22	300,000	300,881	307,323	6,442	0.37%	411	0.63%
11/19/20	American Express Credit Corp	0258M0EG0	2.700	03/03/22	03/03/22	275,000	282,835	282,070	(765)	0.50%	427	0.58%
07/09/19	FHLB	313378CR0	2.250	03/11/22	03/11/22	1,175,000	1,190,245	1,204,412	14,167	0.15%	435	2.48%
05/31/19	US Bancorp	91159HHC7	3.000	03/15/22	03/15/22	290,000	294,840	298,873	4,033	0.45%	439	0.62%
01/11/19	BB&T Corp	05531FAX1	2.750	04/01/22	04/01/22	300,000	298,290	308,547	10,257	0.46%	456	0.63%
03/01/18	Federal National Mortgage Assoc	3135G0T45	1.875	04/05/22	04/05/22	1,050,000	1,033,101	1,072,886	39,785	0.14%	460	2.21%
01/31/19	Treasury Note	912828X47	1.875	04/30/22	04/30/22	1,550,000	1,530,471	1,585,965	55,494	0.13%	485	3.26%
05/31/19	Apple Inc	037833CQ1	2.300	05/11/22	05/11/22	300,000	300,762	308,048	7,286	0.32%	496	0.63%
01/15/19	Oracle Corporation	68389XBB0	2.500	05/15/22	05/15/22	300,000	296,412	307,940	11,528	0.56%	500	0.63%
10/03/17	Home Depot Inc	437076BG6	2.625	06/01/22	06/01/22	300,000	303,523	309,345	5,822	0.42%	517	0.64%

Burbank-Glendale-Pasadena Airport Authority - PFC Account
Statement of Investments
As of 12/31/20

Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Eff Mat. Date	Par Value	Purchase Cost	Market Value	Unrealized Gain/Loss	YTM	Days to Eff. Mat.	% Mkt Value
11/08/18	Caterpillar Financial Services	14913QAA7	2.400	06/06/22	06/06/22	300,000	292,337	309,133	16,796	0.27%	522	0.64%
02/15/19	Cisco Systems Inc	17275RAV4	3.000	06/15/22	06/15/22	300,000	303,772	312,011	8,239	0.24%	531	0.64%
12/31/18	Treasury Note	912828XQ8	2.000	07/31/22	07/31/22	1,425,000	1,405,583	1,467,026	61,443	0.14%	577	3.02%
11/01/19	Procter & Gamble Company	742718EU9	2.150	08/11/22	08/11/22	300,000	303,998	309,320	5,322	0.22%	588	0.64%
02/15/19	Burlington Northern Santa Fe LLC	12189LAL5	3.050	09/01/22	09/01/22	275,000	277,996	285,579	7,583	0.72%	609	0.59%
01/09/19	John Deere Capital Corp	24422ETV1	2.150	09/08/22	09/08/22	300,000	290,735	309,583	18,848	0.25%	616	0.64%
05/18/18	Merck & Co Inc	589331AT4	2.400	09/15/22	09/15/22	350,000	343,117	360,947	17,830	0.55%	623	0.74%
01/11/19	Treasury Note	9128282W9	1.875	09/30/22	09/30/22	1,225,000	1,201,813	1,262,181	60,368	0.14%	638	2.60%
09/12/19	FNMA	3135G0T78	2.000	10/05/22	10/05/22	1,000,000	1,009,770	1,032,680	22,910	0.14%	643	2.13%
04/25/18	Bank of America Corp	06051GEU9	3.300	01/11/23	01/11/23	400,000	399,124	424,055	24,931	0.32%	741	0.87%
09/26/19	Federal National Mortgage Assoc	3135G0T94	2.375	01/19/23	01/19/23	1,750,000	1,791,413	1,829,692	38,279	0.15%	749	3.77%
03/20/19	JP Morgan Chase & CO	46625HJH4	3.200	01/25/23	01/25/23	425,000	430,662	450,468	19,806	0.29%	755	0.93%
08/22/19	Treasury Note	9128283U2	2.375	01/31/23	01/31/23	1,675,000	1,718,542	1,752,730	34,188	0.14%	761	3.61%
02/14/19	IBM Corp	44932HAH6	3.000	02/06/23	02/06/23	325,000	326,680	342,993	16,313	0.35%	767	0.71%
03/18/19	Unitedhealth Group Inc	91324PBZ4	2.750	02/15/23	02/15/23	325,000	326,091	339,865	13,774	0.58%	776	0.70%
10/02/19	Pepsico Inc.	713448CG1	2.750	03/01/23	03/01/23	300,000	310,179	316,272	6,093	0.24%	790	0.65%
11/19/19	Treasury Note	9128284L1	2.750	04/30/23	04/30/23	1,900,000	1,969,049	2,014,891	45,842	0.15%	850	4.15%
11/03/20	Loews Corporation	540424AQ1	2.625	05/15/23	05/15/23	300,000	314,644	313,876	(768)	0.66%	865	0.65%
06/06/19	Public Service Electric And Gas	74456QBC9	2.375	05/15/23	05/15/23	275,000	275,975	287,145	11,170	0.50%	865	0.59%
02/04/19	Simon Property Group LP	828807DD6	2.750	06/01/23	06/01/23	300,000	298,333	314,471	16,138	0.73%	882	0.65%
02/19/20	FHLMC	3137EAEN5	2.750	06/19/23	06/19/23	1,875,000	1,984,696	1,994,737	10,041	0.16%	900	4.11%
01/21/20	FNMA	3135G0U43	2.875	09/12/23	09/12/23	1,400,000	1,484,189	1,501,183	36,994	0.19%	985	3.09%
07/31/19	Treasury Note	9128285D8	2.875	09/30/23	09/30/23	1,875,000	1,959,890	2,014,160	54,270	0.17%	1003	4.15%
02/19/20	Treasury Note	9128285P1	2.875	11/30/23	11/30/23	800,000	856,141	863,000	6,859	0.17%	1064	1.78%
03/20/19	Citibank NA	17325FAS7	3.650	01/23/24	01/23/24	300,000	307,317	328,018	20,701	0.57%	1118	0.68%
09/25/20	Comcast Corporation	20030NCR0	3.700	04/15/24	04/15/24	315,000	348,289	347,207	(1,082)	0.56%	1201	0.71%
09/28/20	Prudential Financial Inc	74432QBZ7	3.500	05/15/24	05/15/24	260,000	287,885	286,251	(1,634)	0.48%	1231	0.59%
11/03/20	Bristol-Myers Squibb Co	110122CM8	2.900	07/26/24	07/26/24	325,000	351,139	352,716	1,577	0.49%	1303	0.73%
10/31/19	Honeywell International Inc	438516BW5	2.300	08/15/24	08/15/24	325,000	332,088	346,485	14,397	0.46%	1323	0.71%
02/12/20	PNC Funding Corp	69353REF1	3.300	10/30/24	10/30/24	325,000	345,449	357,935	12,486	0.62%	1399	0.74%
09/24/20	Wisconsin Electric Power Company	976656CLO	2.050	12/15/24	12/15/24	250,000	264,273	263,832	(441)	0.63%	1445	0.54%
12/22/20	Exxon Mobil Corp	30231GAF9	2.709	03/06/25	03/06/25	50,000	53,972	54,009	37	0.12%	1526	0.11%

Burbank-Glendale-Pasadena Airport Authority - PFC Account
Statement of Investments
As of 12/31/20

Purchase Date	Type of Investment	CUSIP	Coupon	Maturity Date	Eff Mat. Date	Par Value	Purchase Cost	Market Value	Unrealized Gain/Loss	YTM	Days to Eff. Mat.	% Mkt Value
11/03/20	Ace InA Holdings Inc	00440EAS6	3.150	03/15/25	03/15/25	300,000	330,236	331,042	806	0.65%	1535	0.68%
09/28/20	Federal Home Loan Banks	3130AJHU6	0.500	04/14/25	04/14/25	350,000	353,011	352,250	(761)	0.35%	1565	0.72%
11/17/20	Treasury Note	912828ZW3	0.250	06/30/25	06/30/25	350,000	348,304	349,098	794	0.31%	1642	0.72%
09/25/20	Intel Corp	458140AS9	3.700	07/29/25	07/29/25	300,000	340,414	338,911	(1,503)	0.81%	1671	0.70%
09/24/20	State Street Corporation	857477AT0	3.550	08/18/25	08/18/25	365,000	414,692	414,097	(595)	0.60%	1691	0.85%
11/17/20	FNMA Benchmark Note	3135G06G3	0.500	11/07/25	11/07/25	2,500,000	2,499,074	2,510,079	11,005	0.42%	1772	5.17%
Subtotal						\$ 46,923,630	\$ 47,398,536	\$ 48,590,572	\$ 1,192,036	0.002646	689.4701	100.00%
PFC Bank Balance												
							798,914					
TOTAL							\$ 48,197,450					

Burbank-Glendale-Pasadena Airport Authority - PFC Account
Earnings Report
12/01/20-12/31/20

Type of Investment	Type	Coupon	Maturity Date	Previous Accrual	Realized Interest For Period	Interest Paid At Purc/Recv	Current Accrual	Interest Earned	Amrt/Accrt For Period	Adjusted Total Int. Earned
FIXED INCOME										
Praxair	NOTE	4.050	03/15/21	1,120.05	1,326.38	-	-	206.33	-	206.33
3M Company	NOTE	1.625	09/19/21	893.75	1,166.84	-	-	273.09	-	273.09
Exxon Mobil Corp	NOTE	2.222	03/01/21	1,388.75	-	-	1,851.66	462.91	78.61	541.52
Wells Fargo & Company	NOTE	4.076	03/04/21	1,344.00	1,407.81	-	427.53	491.34	(300.75)	190.59
Bank of New York Mellon Corp	NOTE	2.500	04/15/21	958.33	-	-	1,583.33	625.00	3.31	628.31
Treasury Note	NOTE	1.375	04/30/21	1,412.98	-	-	2,825.96	1,412.98	1,003.46	2,416.44
FNMA	NOTE	1.250	05/06/21	802.95	-	-	1,766.49	963.54	978.45	1,941.99
General Dynamics Corporation	NOTE	3.000	05/11/21	500.00	-	-	1,250.00	750.00	(37.97)	712.03
Fifth Third Bank	NOTE	2.250	06/14/21	2,087.50	2,250.00	-	212.50	375.00	115.66	490.66
WalMart Inc	NOTE	3.125	06/23/21	4,114.58	4,687.50	-	208.33	781.25	(65.71)	715.54
Treasury Note	NOTE	2.125	06/30/21	13,339.00	15,937.50	-	88.05	2,686.55	325.75	3,012.30
Florida Power Corporation	NOTE	3.100	08/15/21	2,281.95	-	-	2,927.79	645.84	(212.83)	433.01
FNMA Benchmark Note	NOTE	1.250	08/17/21	469.44	-	-	604.86	135.42	75.35	210.77
Treasury Note	NOTE	1.125	09/30/21	3,046.78	-	-	4,570.16	1,523.38	1,995.85	3,519.23
Federal Home Loan Banks	NOTE	1.875	11/29/21	158.86	-	-	2,541.66	2,382.80	591.22	2,974.02
Pfizer Inc	NOTE	2.200	12/15/21	3,652.00	3,960.00	-	352.00	660.00	5.17	665.17
FNMA Benchmark Note	NOTE	2.000	01/05/22	9,327.77	-	-	11,244.44	1,916.67	(85.77)	1,830.90
FHLMC	NOTE	2.375	01/13/22	16,152.26	-	-	19,703.47	3,551.21	461.18	4,012.39
Target Corporation	NOTE	2.900	01/15/22	3,286.67	-	-	4,011.67	725.00	(233.88)	491.12
Berkshire Hathaway Finance Corp	NOTE	3.400	01/31/22	4,114.00	-	-	5,134.01	1,020.01	(212.03)	807.98
Treasury Note	NOTE	1.500	01/31/22	7,269.70	-	-	9,101.91	1,832.21	1,069.77	2,901.98
PacificCorp	NOTE	2.950	02/01/22	2,458.34	-	-	3,072.91	614.57	7.92	622.49
Microsoft Corporation	NOTE	2.375	02/12/22	2,157.29	-	-	2,751.04	593.75	123.75	717.50
Walt Disney Co	NOTE	2.550	02/15/22	2,252.51	-	-	2,890.01	637.50	(24.44)	613.06
American Express Credit Corp	NOTE	2.700	03/03/22	1,815.00	-	-	2,433.75	618.75	(550.45)	68.30
FHLB	NOTE	2.250	03/11/22	5,875.00	-	-	8,078.13	2,203.13	(506.58)	1,696.55
US Bancorp	NOTE	3.000	03/15/22	1,836.67	-	-	2,561.67	725.00	(157.57)	567.43
BB&T Corp	NOTE	2.750	04/01/22	1,375.00	-	-	2,062.51	687.51	34.58	722.09
Federal National Mortgage Assoc	NOTE	1.875	04/05/22	3,062.49	-	-	4,703.12	1,640.63	349.70	1,990.33
Treasury Note	NOTE	1.875	04/30/22	2,488.78	-	-	4,977.56	2,488.78	507.56	2,996.34
Apple Inc	NOTE	2.300	05/11/22	383.33	-	-	958.33	575.00	(25.16)	549.84
Oracle Corporation	NOTE	2.500	05/15/22	333.33	-	-	958.33	625.00	86.21	711.21
Home Depot Inc	NOTE	2.625	06/01/22	3,937.50	3,937.50	-	656.27	656.27	(84.33)	571.94

Burbank-Glendale-Pasadena Airport Authority - PFC Account
Earnings Report
12/01/20-12/31/20

Type of Investment	Type	Coupon	Maturity Date	Previous Accrual	Realized Interest For Period	Interest Paid At Purc/Recv	Current Accrual	Interest Earned	Amrt/Accrt For Period	Adjusted Total Int. Earned
Caterpillar Financial Services	NOTE	2.400	06/06/22	3,499.99	3,600.00	-	499.99	600.00	175.89	775.89
Cisco Systems Inc	NOTE	3.000	06/15/22	4,150.00	4,500.00	-	400.00	750.00	(107.48)	642.52
Treasury Note	NOTE	2.000	07/31/22	9,525.82	-	-	11,926.63	2,400.81	461.97	2,862.78
Procter & Gamble Company	NOTE	2.150	08/11/22	1,970.83	-	-	2,508.33	537.50	(125.06)	412.44
Burlington Northern Santa Fe LLC	NOTE	3.050	09/01/22	2,096.88	-	-	2,795.83	698.95	(90.11)	608.84
John Deere Capital Corp	NOTE	2.150	09/08/22	1,487.08	-	-	2,024.60	537.52	209.45	746.97
Merck & Co Inc	NOTE	2.400	09/15/22	1,773.34	-	-	2,473.34	700.00	129.25	829.25
Treasury Note	NOTE	1.875	09/30/22	3,912.26	-	-	5,868.39	1,956.13	529.97	2,486.10
FNMA	NOTE	2.000	10/05/22	3,111.11	-	-	4,777.78	1,666.67	(265.97)	1,400.70
Bank of America Corp	NOTE	3.300	01/11/23	5,133.33	-	-	6,233.33	1,100.00	(7.07)	1,092.93
Federal National Mortgage Assoc	NOTE	2.375	01/19/23	15,239.58	-	-	18,703.13	3,463.55	(1,066.94)	2,396.61
JP Morgan Chase & CO	NOTE	3.200	01/25/23	4,760.00	-	-	5,893.34	1,133.34	(130.81)	1,002.53
Treasury Note	NOTE	2.375	01/31/23	13,296.45	-	-	16,647.59	3,351.14	(1,131.56)	2,219.58
IBM Corp	NOTE	3.000	02/06/23	3,114.58	-	-	3,927.08	812.50	(51.25)	761.25
Unitedhealth Group Inc	NOTE	2.750	02/15/23	2,631.59	-	-	3,376.39	744.80	(34.49)	710.31
Pepsico Inc.	NOTE	2.750	03/01/23	2,062.51	-	-	2,750.00	687.49	(249.17)	438.32
Treasury Note	NOTE	2.750	04/30/23	4,474.44	-	-	8,948.90	4,474.46	(1,746.43)	2,728.03
Loews Corporation	NOTE	2.625	05/15/23	291.67	-	142.19	1,006.25	572.39	(470.59)	101.80
Public Service Electric And Gas	NOTE	2.375	05/15/23	290.28	-	-	834.55	544.27	(24.10)	520.17
Simon Property Group LP	NOTE	2.750	06/01/23	4,125.00	4,125.00	-	687.50	687.50	24.91	712.41
FHLMC	NOTE	2.750	06/19/23	23,203.13	25,781.25	-	1,718.75	4,296.87	(2,796.52)	1,500.35
FNMA	NOTE	2.875	09/12/23	8,832.64	-	-	12,186.81	3,354.17	(1,469.97)	1,884.20
Treasury Note	NOTE	2.875	09/30/23	9,181.83	-	-	13,772.75	4,590.92	(1,818.50)	2,772.42
Treasury Note	NOTE	2.875	11/30/23	63.18	-	-	2,021.98	1,958.80	(1,276.99)	681.81
Citibank NA	NOTE	3.650	01/23/24	3,893.33	-	-	4,805.83	912.50	(128.90)	783.60
Comcast Corporation	NOTE	3.700	04/15/24	1,489.25	-	-	2,460.50	971.25	(801.76)	169.49
Prudential Financial Inc	NOTE	3.500	05/15/24	404.44	-	-	1,162.78	758.34	(641.03)	117.31
Bristol-Myers Squibb Co	NOTE	2.900	07/26/24	3,272.57	-	-	4,057.99	785.42	(600.00)	185.42
Honeywell International Inc	NOTE	2.300	08/15/24	2,200.97	-	-	2,823.88	622.91	(134.50)	488.41
PNC Funding Corp	NOTE	3.300	10/30/24	923.54	-	-	1,817.29	893.75	(368.23)	525.52
Wisconsin Electric Power Company	NOTE	2.050	12/15/24	2,363.20	2,562.50	-	227.78	427.08	(287.99)	139.09
Exxon Mobil Corp	NOTE	2.709	03/06/25	-	-	406.35	432.69	26.34	(19.55)	6.79
Ace InA Holdings Inc	NOTE	3.150	03/15/25	1,995.00	-	-	2,782.50	787.50	(577.78)	209.72
Federal Home Loan Banks	NOTE	0.500	04/14/25	228.47	-	-	374.31	145.84	(55.28)	90.56

Burbank-Glendale-Pasadena Airport Authority - PFC Account											
Earnings Report											
12/01/20-12/31/20											
Type of Investment	Type	Coupon	Maturity Date	Previous Accrual	Realized Interest For Period	Interest Paid At Purc/Recv	Current Accrual	Interest Earned	Amrt/Accrt For Period	Adjusted Total Int. Earned	
Treasury Note	NOTE	0.250	06/30/25	366.17	437.50	-	2.42	73.75	31.19	104.94	
Intel Corp	NOTE	3.700	07/29/25	3,761.67	-	-	4,686.66	924.99	(738.13)	186.86	
State Street Corporation	NOTE	3.550	08/18/25	2,691.59	-	1,242.50	4,787.08	852.99	(678.48)	174.51	
FNMA Benchmark Note	NOTE	0.500	11/07/25	659.72	-	-	1,701.39	1,041.67	15.51	1,057.18	
	Subtotal			\$ 258,174.00	\$ 75,679.78	\$ 1,791.04	\$ 270,615.79	\$ 86,330.53	\$ (11,000.47)	\$ 75,330.06	
CASH EQUIVALENTS											
Cash Interest				-	15.31	-	-	15.31	-	15.31	
	Subtotal			\$ -	\$ 15.31	\$ -	\$ -	\$ 15.31	\$ -	\$ 15.31	
	TOTAL			\$ 258,174.00	\$ 75,695.09	\$ 1,791.04	\$ 270,615.79	\$ 86,345.84	\$ (11,000.47)	\$ 75,345.37	

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

MONTH AND SIX MONTHS ENDED DECEMBER 31, 2020 & 2019

Monthly Performance					December 2020					Fiscal YTD Performance (July 2020 - December 2020)				
A	B	C	D	E	F	G	H	I	J					
Actual \$ Dec 2020	Budget Dec 2020	Actual \$ Prior Year Dec 2019	Note	Variance Actual Vs. Budget	Fiscal YTD	Fiscal YTD Budget	Actual \$ Prior Year Fiscal YTD	Note	Variance Actual Vs. Budget					
OPERATING ACTIVITY														
CASH RECEIPTS FROM OPERATIONS														
1	\$219,724	\$174,342	\$411,086	(2)	\$45,382	\$1,644,848	\$2,625,271	(2)	\$694,007					
2	416,630	502,209	1,922,773	(3)	(85,579)	3,276,572	2,137,219	(11,986,172)	(3)	1,139,353				
3	659,781	636,259	1,131,155	(4)	23,522	3,603,829	3,729,479	7,538,619	(4)	(125,650)				
4	1,163,635	1,074,315	1,164,781	(5)	89,320	7,010,678	6,445,888	6,788,546	(5)	564,790				
5	71,327	73,285	473,666	(6)	(1,958)	413,057	349,256	2,731,387	(6)	63,801				
6	136,387	5,415	281,505	(7)	130,972	240,866	32,500	584,956	(7)	208,366				
7	390,653	270,835	256,813	(8)	119,818	2,213,284	1,625,000	2,004,275	(8)	588,284				
8	\$3,058,137	\$2,736,660	\$5,641,779	(1)	\$321,477	\$18,403,134	\$15,270,183	\$34,259,226	(1)	\$3,132,951				
CASH DISBURSEMENTS FROM OPERATIONS														
9	(\$43,293)	(\$81,442)	(\$72,358)	(10)	\$38,149	(\$457,427)	(\$593,650)	(\$551,160)	(10)	\$126,223				
10	(174,343)	(300,799)	(319,205)	(11)	126,456	(1,576,213)	(1,804,794)	(2,148,045)	(11)	228,581				
11	(1,928,202)	(2,128,732)	(2,331,422)	(12)	200,530	(12,419,736)	(12,912,389)	(14,091,989)	(12)	492,653				
12	(169,662)	(289,075)	(335,682)	(13)	119,413	(3,107,408)	(3,202,550)	(3,307,624)	(13)	95,142				
13	(661,373)	(529,333)	(619,137)	(14)	(132,040)	(3,260,776)	(3,175,999)	(3,044,538)	(14)	(84,777)				
14	(12,294)	(34,180)	(130,148)	(15)	21,886	(86,873)	(220,076)	(492,312)	(15)	133,203				
15	(380,355)	(380,355)	(380,688)	(16)	0	(2,282,125)	(2,282,125)	(2,284,128)	(16)	0				
16	0	0	0	(16)	0	(254,925)	(228,992)	(1,248,952)	(16)	(25,933)				
17	(\$3,369,522)	(\$3,743,916)	(\$4,188,640)	(9)	\$374,394	(\$23,455,483)	(\$24,420,575)	(\$27,168,748)	(9)	\$965,092				
18	(\$311,385)	(\$1,007,256)	\$1,453,139		\$695,871	(\$5,052,349)	(\$9,150,392)	\$7,090,478		\$4,098,043				
FACILITY IMPROVEMENT / NOISE MITIGATION TRANSACTIONS														
CASH DISBURSEMENTS														
19	\$0	(\$11,250)	(\$158)	(17)	\$11,250	(\$811)	(\$62,500)	(\$948)	(17)	\$61,689				
20	(29,875)	(1,545,375)	(308,767)	(18)	1,515,500	(1,102,125)	(3,510,750)	(3,857,760)	(18)	2,408,625				
21	(\$29,875)	(\$1,556,625)	(\$308,925)		\$1,526,750	(\$1,102,936)	(\$3,573,250)	(\$3,858,708)		\$2,470,314				
CASH RECEIPTS FROM FUNDING SOURCES														
22	\$0	\$9,066	\$0	(17)	(\$9,066)	\$0	\$50,368	\$0	(17)	(\$50,368)				
23	176,617	1,308,691	140,828	(19)	(1,132,074)	428,933	3,020,310	2,256,274	(19)	(2,591,377)				
24	0	0	0	(20)	0	1,520	0	1,853	(20)	1,520				
25	142,722	218,119	0	(21)	(75,397)	1,348,556	371,822	0	(21)	976,734				
26	\$319,339	\$1,535,876	\$140,828		(\$1,216,537)	\$1,779,009	\$3,442,500	\$2,258,127		(\$1,663,491)				
27	\$289,464	(\$20,749)	(\$168,097)		\$310,213	\$676,073	(\$130,750)	(\$1,600,581)		\$806,823				
CARES ACT FUNDING														
28	\$1,141,063	\$1,055,122	\$0		\$85,941	\$7,803,963	\$6,330,732	\$0		\$1,473,231				
29	\$1,141,063	\$1,055,122	\$0	(22)	\$85,941	\$7,803,963	\$6,330,732	\$0	(22)	\$1,473,231				
30	\$1,119,142	\$27,117	\$1,285,042		\$1,092,025	\$3,427,687	(\$2,950,410)	\$5,489,897		\$6,378,097				

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

NOTES TO SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

MONTH AND SIX MONTHS ENDED DECEMBER 31, 2020 & 2019

General Comments

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

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

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

Facility Improvement / Noise Mitigation Transactions represent the activity for the Authority's capital program, which consists of the Sound Insulation Program and Other Facility Improvement Program Projects.

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

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

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

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

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

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

Passengers were down 82.79% for December 2020 and down 78.36% FYTD December when compared to the same periods in the prior year. This result was below the Q2 budgeted assumption of a passenger reduction of 75% and is reflected in the Authority's cash receipts from operations for the month of December 2020. However, due to Q1's positive performance, the December 2020 FYTD performance remains slightly positive.

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

NOTE (1) – Cash Receipts from Operations

Cash receipts from operations exceed the budget FYTD December. On an accrual basis, operating revenues exceed the budget FYTD December by \$2,188,740. See notes 2 through 8 for additional information regarding operating receipts.

(Continued)

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

NOTES TO SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

MONTH AND SIX MONTHS ENDED DECEMBER 31, 2020 & 2019

NOTE (2) – Landing/Fuel Fees

Landing Fees are based on landed weight of the aircraft. Fuel fees are charged at a rate of \$0.05 a gallon to non-signatory air carriers for fuel loaded at BUR. On an accrual basis, Landing Fees combined with Fuel Flowage Fees exceed the budget by \$378,668 FYTD December. The Authority deferred landing fees for signatory airlines for April 2020 through June 2020. This deferral will be paid back by the airlines in equal installments during the first half of FY 2021, which will be reflected in the actual monthly cash receipts, but not in the monthly FY 2021 budgeted amounts as these amounts were accrued as part of FY 2020 activity.

NOTE (3) – Parking Fees

Parking fee revenues performed above the FYTD budget forecast. Accrual basis Parking Fees are \$1,154,300 ahead of budget FYTD December.

NOTE (4) – Rental Receipts - Terminal Building

Terminal Building rental receipts are under budget FYTD December. The Authority deferred Terminal Building rental fees for signatory airlines for April 2020 through June 2020. This deferral was paid back by the airlines in equal installments during the first half of FY 2021, which was reflected in the actual monthly cash receipts, but not in the monthly FY 2021 budgeted amounts as these amounts were accrued as part of FY 2020 activity. Accrual basis Terminal Building rents are under budget by \$482,133 FYTD December primarily due to the continued economic relief extended by the Authority to the concessionaires from July 2020 to June 2021.

NOTE (5) – Rental Receipts - Other Buildings

Other Buildings rental receipts exceed the budget FYTD December partially due to the timing of receipts. Accrual basis Other Building rents are \$408,322 ahead of budget FYTD December.

NOTE (6) – Ground Transportation

This category consists of off-airport access fees and TNC activity. Accruals basis Ground Transportation receipts are \$64,855 ahead of budget FYTD December.

NOTE (7) – Other Receipts

This category consists primarily of filming, TSA LEO reimbursements, fingerprint/badge renewal fees, noise fees, and access fees. Accrual basis Other Receipts are \$143,559 ahead of budget FYTD December.

NOTE (8) – Investment Receipts - Treasurer

This line item represents cash received from the investment of funds. These receipts fluctuate in response to interest rate and portfolio balance changes, the timing of coupon payments and individual investment maturities. Accrual basis investment income exceeds the budget by \$521,169 FYTD December.

NOTE (9) – Cash Disbursements from Operations

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

NOTE (10) – Administrative Supplies & Costs

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

(Continued)

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

NOTES TO SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

MONTH AND SIX MONTHS ENDED DECEMBER 31, 2020 & 2019

NOTE (11) – Operating Supplies & Maintenance

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

NOTE (12) – Contractual Operating Costs

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

NOTE (13) – Contractual Professional Services

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

NOTE (14) – Wages and Benefits

Wages and Benefits consist of payroll and fringe benefit costs for the Airport Police officers, and include the impact of the terms of the Memorandum of Understanding effective February 2020. Wages and Benefits include overtime for film location services which are recovered through the related film revenue.

NOTE (15) – Other Operating Costs

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

NOTE (16) – Parking Tax

The 12% City of Burbank parking tax is paid quarterly for the prior three-month period. The January 2021 remittance, in the amount of \$171,778, covers parking activity for the months of October, November and December 2020.

NOTE (17) – Sound Insulation Program

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

NOTE (18) – Other Facility Improvement Program Projects

Other Facility Improvement Program Projects costs are under budget FYTD December by \$2,408,625 due to delays in construction for certain projects.

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

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

NOTE (20) – Other Grants

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

NOTE (21) – Passenger Facility Charge Receipts/Reserves

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

(Continued)

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY**NOTES TO SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS****MONTH AND SIX MONTHS ENDED DECEMBER 31, 2020 & 2019****NOTE (22) – CARES Act Grant**

The Authority has programmed approximately \$13.3 million of the \$21.1 million in CARES Act Grant funds to fund the 2015 Bond Debt Service and certain personnel costs for FY 2021. FYTD December reimbursements include FY 2020 costs of \$3.3 million related to the 2015 Bond debt service for April through June 2020 and certain personnel costs for May and June 2020. Also included are FY 2021 costs of \$4.5 million for the 2015 Bond Debt Service for the months of July through December 2020 and certain personnel costs for July and August 2020.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

SUPPLEMENT SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS **REGIONAL INTERMODAL TRANSPORTATION CENTER / CONSOLIDATED RENTAL CAR FACILITY PAYMENTS AND COLLECTIONS** **MONTH AND SIX MONTHS ENDED DECEMBER 31, 2020 & 2019**

	Monthly Performance					December 2020						Fiscal YTD Performance (July 2020 - December 2020)						
	A	B	C	D	E		F				G		H		I	J		
							Actual \$ Dec 2020	Budget Dec 2020	Actual \$ Prior Year Dec 2019	Note	Variance Actual Vs. Budget	Actual \$ Fiscal YTD	Prior Year Fiscal YTD Budget	Actual \$ Fiscal YTD			Note	Variance Actual Vs. Budget
31	\$180,458	\$131,509	\$522,053	(1)	\$48,949	Customer Facility Charge Receipts	\$1,076,213	\$635,596	\$3,224,761	(1)	\$440,617							
32	\$724,380	268,749	0	(2)	455,631	CARES Act Grant Funds - 2012 Bond Debt Service	724,380	1,765,951	0	(2)	(1,041,571)							
33	112,960	85,910	110,449	(3)	27,050	Facility Rent	502,658	515,480	529,347	(3)	(12,822)							
34	(486,168)	(486,168)	(486,417)		0	Payments to Bond Trustee for 2012 Bond Debt Service	(2,917,027)	(2,917,027)	(2,918,502)		0							
35	0	0	0		0	Loan Principal Repayments to the Authority	0	0	0		0							
36	\$531,630	\$0	\$146,085	(4)	\$531,630		(\$613,776)	\$0	\$835,606	(4)	(\$613,776)							

General Comments

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

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

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

CFCs of \$6 per day per transaction, up to a maximum of five days, are collected and applied to the 2012 Bond debt service.

Note (2) – CARES Act Grant Funds

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

Note (3) – Facility Rent

Facility Rent receipts are applied to the 2012 Bond debt service

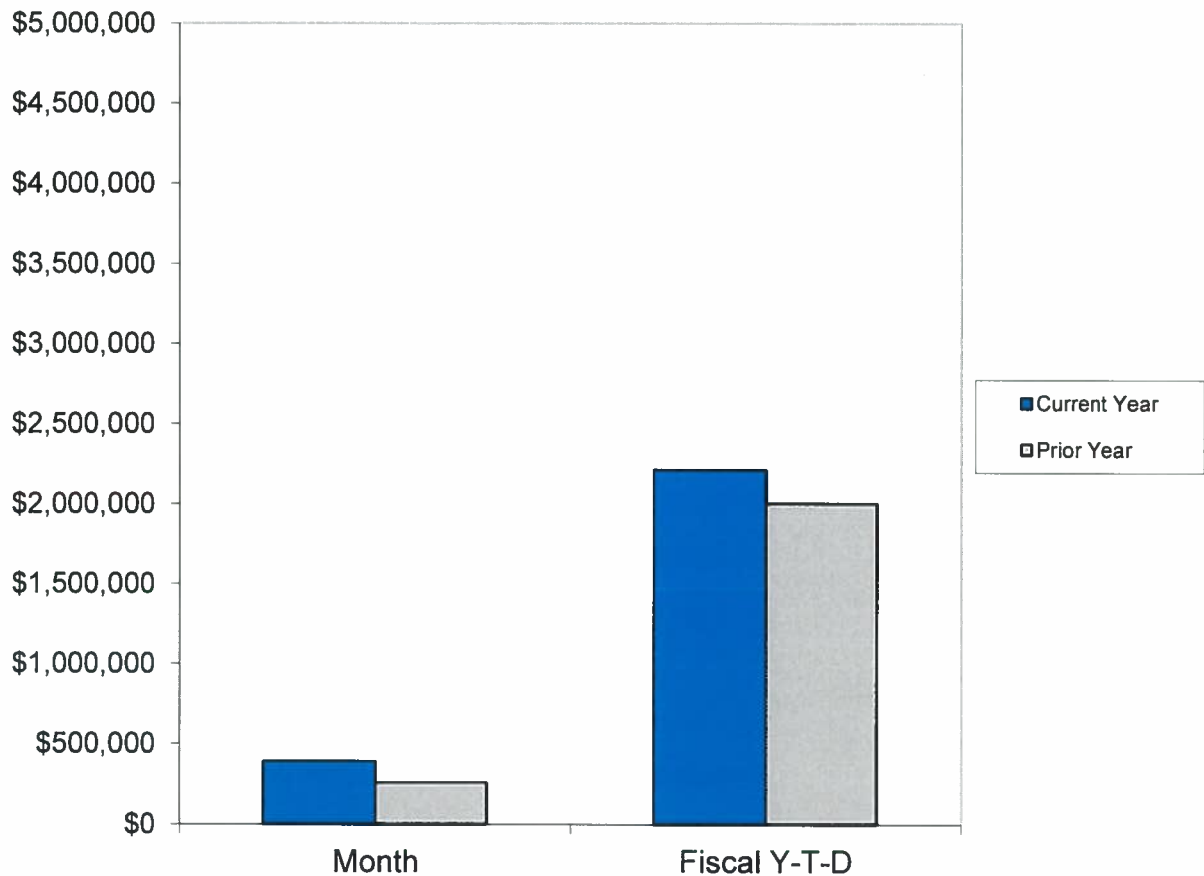
Note (4) – Net RITC / ConRAC Facility Payments and Collections

At fiscal year-end, upon conclusion of the required reconciliation, any excess surplus accumulated will be evaluated and applied toward the allowed uses under the terms and conditions of the Non-Exclusive Concession and Lease Agreement with the Rent-A-Car Companies

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

Burbank-Glendale-Pasadena Airport Authority

INTEREST ANALYSIS



	December 2020	December 2019
Interest Receipts - - Month	\$390,653	\$256,813
Interest Receipts - - Fiscal Y-T-D	\$2,213,284	\$2,004,275
Month End Portfolio Balance	\$231,908,165	\$234,879,448
Yield to Maturity	0.28%	1.72%

Supplement to the December 2020 Treasurer's Report

FYTD December 2020 Cash Disbursements

Facility Improvement / Noise Mitigation Transactions

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY					
FY 2021 Cash Disbursements - Facility Improvement / Noise Mitigation Transactions					
PROJECT DESCRIPTION	Annual Budgeted Cost	FYTD 2021 (Dec 2020) Budgeted Cost	FYTD 2021 (Dec 2020) Cash Basis Cost	FYTD 2021 (Dec 2020) Budget Variance Fav. / (Unfav.)	Project Status FYTD December 2020
BUILDING IMPROVEMENTS					
Minor Building Improvements	50,000	25,250	30,712	(5,462)	HVAC system improvement
TOTAL BUILDING IMPROVEMENTS	\$ 50,000	\$ 25,250	\$ 30,712	\$ (5,462)	
EQUIPMENT					
ARFF Truck Replacement	875,000	-	-	-	Projected delivery 1st half of FY 2022
Airfield Maintenance Equipment	265,000	210,000	-	210,000	Anticipated 2nd half of FY 2021; PFC funded
Verdugo Communication Upgrades	-	-	46,426	(46,426)	FY 2020 accrued costs
TOTAL EQUIPMENT	\$ 1,140,000	\$ 210,000	\$ 46,426	\$ 163,574	
RUNWAY / TAXIWAY / ROADWAY PROJECTS					
Airfield Lighting System Rehabilitation	-	-	286,581	(286,581)	Includes FY 2020 accrued costs; PFC funded
Twy D7 Connector, G Infield & Delta Ramp Rehab	2,295,000	2,295,000	47,052	2,247,948	Estimated project completion Q3 FY 2021
Taxilane A Rehab - Design	-	-	5,838	(5,838)	FY 2020 accrued costs
TOTAL RUNWAY/TAXIWAY/ROADWAY	\$ 2,295,000	\$ 2,295,000	\$ 339,471	\$ 1,955,529	
NOISE MITIGATION					
Residential Acoustical Treatment Program	\$ 125,000	\$ 62,500	\$ 811	\$ 61,689	Pending award of FAA grant
TOTAL NOISE MITIGATION	\$ 125,000	\$ 62,500	\$ 811	\$ 61,689	
DEVELOPMENT					
Replacement Terminal Development	\$ 960,000	\$ 930,000	\$ 528,859	\$ 401,141	Primarily includes EIS costs
TOTAL DEVELOPMENT	\$ 960,000	\$ 930,000	\$ 528,859	\$ 401,141	
O & M CAPITAL	\$ 151,500	\$ 50,500	\$ 156,657	\$ (106,157)	Lower value O & M projects, exceed budget due to Commission approved replacement of network storage in November
TOTAL	\$ 4,721,500	\$ 3,573,250	\$ 1,102,936	\$ 2,470,314	

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
MARCH 15, 2021**

**PRESENTATION OF FY 2020 FINANCIAL STATEMENTS AND
ANALYSIS OF FINANCIAL RESULTS**

Presented by David Kwon
Director, Financial Services

SUMMARY

The Authority's independent auditor, Macias Gini & O'Connell LLP ("MGO") has completed its audit of the Burbank-Glendale-Pasadena Airport Authority ("Authority") fiscal year 2020 financial statements. Enclosed with this staff report is a copy of the audited Basic Financial Statements for the fiscal years ended June 30, 2020 ("FY 2020") and 2019 ("FY 2019"). Also enclosed are copies of the audited Single Audit Reports (audit of federal grant programs), Passenger Facility Charge Compliance Report, Customer Facility Charge Compliance Report, Independent Auditor's Report on Compliance with Section 6.05 of the Bond Indenture, and the Auditor's Required Communications to the Authority Regarding the FY 2020 Audits. At its special meeting on February 16, 2021, the Finance and Administration Committee voted unanimously (3-0) to recommend that the Commission note and file these reports.

The results are summarized below.

- MGO's "unmodified" opinions are:
 - The Basic Financial Statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles.
 - The Authority complied in all material respects with compliance requirements applicable to its major federal program, the Passenger Facility Charge program and the Customer Facility Charge program and identified no reportable deficiencies in internal control over compliance.
 - MGO identified no reportable deficiencies in internal control over financial reporting or compliance that are required to be reported under Government Auditing Standards.
 - The Schedule of Expenditures of Federal Awards, Schedule of Passenger Facility Charge Revenues and Expenditures and Schedule of Customer Facility Charge Revenues and Expenditures are fairly stated in relation to the Basic Financial Statements as a whole.
 - Based on auditing procedures performed, the Authority complied with the terms, covenants, provisions or conditions of Section 6.05 (Rates and Charges) to Article VI of the Bond Indenture, as amended.

Staff will present each report and provide an overview and analysis of financial results for the fiscal year ended June 30, 2020. MGO will present a summary of its audits.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements (“BFS”) of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The Government Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing accounting and financial reporting principles.

The Authority reports its financial operations as a government enterprise activity, and as such, its financial statements are presented using the “economic resources” measurement focus and the accrual method of accounting. Under this method of accounting, revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. The measurement focus is on determination of changes in net position, financial position, and cash flows. Operating revenues include charges for services, tenant rent, ground transportation, fuel flowage fees, and other operating revenues. Operating expenses include costs of services as well as materials, contracts, personnel, and depreciation. Grants and similar items are recognized as revenue as soon as all eligibility requirements for reimbursement of expenses have been met.

The BFS report is composed of three parts:

- (i) The Independent Auditor’s Report;
- (ii) Management’s Discussion and Analysis (“MD&A”), a narrative overview and analysis of the Authority’s financial activities; and
- (iii) The Basic Financial Statements, consisting of the Statements of Net Position (Balance Sheets), Statements of Revenues, Expenses and Changes in Net Position (Income Statements), Statements of Cash Flows and Notes to Basic Financial Statements.

The Independent Auditor’s Report reflects an unmodified opinion, indicating that the BFS present fairly, in all material respects, the financial position of the Authority at June 30, 2020 and 2019, and the change in financial position and cash flows for the years then ended, are in conformity with GAAP. The audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The MD&A is required supplementary information. The discussion and analysis in the MD&A is intended to serve as an introduction to the Authority’s Basic Financial Statements.

A summary of the Statements of Net Position at June 30, 2020 and 2019 is as follows:

Summary Statements of Net Position				
June 30, 2020 and 2019				
	2020	2019	Change	
			\$	%
Current assets	\$ 42,358,426	\$ 34,886,063	\$ 7,472,363	21.42%
Restricted assets	87,016,726	80,908,734	6,107,992	7.55%
Facility Development Reserve	180,132,453	180,132,453	—	0.00%
Bond debt service reserve surety, net	18,911	23,638	(4,727)	-20.00%
Capital assets, net	326,217,599	334,237,514	(8,019,915)	-2.40%
Total assets	635,744,115	630,188,402	5,555,713	0.88%
Liabilities:				
Current liabilities and liabilities payable from restricted assets	17,534,646	19,047,302	(1,512,656)	-7.94%
Noncurrent liabilities	90,751,149	96,538,385	(5,787,236)	-5.99%
Total liabilities	108,285,795	115,585,687	(7,299,892)	-6.32%
Deferred inflows of resources –				
Deferred amount on refunding of 2005 Bonds	408,036	510,045	(102,009)	-20.00%
Net position:				
Net investment in capital assets	235,909,562	238,185,073	(2,275,511)	-0.96%
Restricted	78,307,950	72,175,039	6,132,911	8.50%
Unrestricted	212,832,772	203,732,558	9,100,214	4.47%
Total net position	\$ 527,050,284	\$ 514,092,670	\$ 12,957,614	2.52%

A summary of the Statements of Revenue, Expenses and Changes in Net Position for the years ended June 30, 2020 and 2019 is as follows:

Summary Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2020 and 2019

	2020	2019	Change	
			\$	%
Operating revenues	\$ 53,070,298	\$ 58,469,920	\$ (5,399,622)	-9.23%
Operating expenses before depreciation	47,209,860	44,850,463	2,359,397	5.26%
Operating income before depreciation	5,860,438	13,619,457	(7,759,019)	-56.97%
Depreciation	17,092,659	17,572,175	(479,516)	-2.73%
Operating loss	(11,232,221)	(3,952,718)	(7,279,503)	-184.16%
Nonoperating revenues, net	20,621,821	21,186,447	(564,626)	-2.67%
Income before capital contributions	9,389,600	17,233,729	(7,844,129)	-45.52%
Capital contributions	3,568,014	5,170,716	(1,602,702)	-31.00%
Changes in net position	12,957,614	22,404,445	(9,446,831)	-42.16%
Net position, beginning of year	514,092,670	491,688,225	22,404,445	4.56%
Net position, end of year	\$ 527,050,284	\$ 514,092,670	\$ 12,957,614	2.52%

SINGLE AUDIT REPORTS

The Single Audit Reports present the activity of federal award programs of the Authority for the year ended June 30, 2020. The Single Audit Reports include:

- An unmodified independent auditor's report which indicates that MGO identified no instances of noncompliance, reportable deficiencies or other matters that are required to be reported under *Government Auditing Standards*.
- An independent auditor's report that provides an unmodified opinion on compliance with compliance requirements applicable to the Authority's major program and identified no reportable deficiencies related to compliance for that program. The report also indicated that the Schedule of Expenditures of Federal Awards is fairly stated in relation to the Basic Financial Statements as a whole.
- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Schedule of Findings and Questioned Costs
No findings or questioned costs were noted.
- Summary Schedule of Prior Audit Findings and Questioned Costs
None noted.

PASSENGER FACILITY CHARGE COMPLIANCE REPORT

The Passenger Facility Charge Compliance Report presents the cash receipts and disbursements of the Authority's Passenger Facility Charge ("PFC") program. The Aviation Safety and Capacity Expansion Act of 1990 authorized the local imposition of Passenger Facility Charges and use of the PFC revenue on Federal Aviation Administration ("FAA") approved projects.

The PFC compliance report includes the following:

- An unmodified independent auditor's report, which indicates that: (i) the Authority complied in all material respects with compliance requirements applicable to the Passenger Facility Charge program; (ii) MGO identified no reportable deficiencies in internal control over compliance; and (iii) the Schedule of Passenger Facility Charge Revenues and Expenditures is fairly stated in relation to the Basic Financial Statements taken as a whole.
- Schedule of Passenger Facility Charge Revenues and Expenditures
- Notes to Schedule of Passenger Facility Charge Revenues and Expenditures

No findings or questioned costs were noted.

CUSTOMER FACILITY CHARGE COMPLIANCE REPORT

The Customer Facility Charge Compliance Report presents the cash receipts and disbursements of the Authority's Customer Facility Charge ("CFC") program. Assembly Bill 491 of the 2001-2002 California Legislature (codified in California Civil Code Section 1936 et

seq. ("Code")) authorized the local imposition of CFCs and use of CFC revenue to plan, finance, design and construct on-airport consolidated rental car facilities (CRCF). The Authority established the CFC effective December 1, 2009 with adoption of Resolution 429. Based on an amendment of the enabling legislation for the CFC (S.B. 1192; Chapter 642, Statutes of 2010), on December 10, 2010 the Authority approved Resolution No. 439 which repealed Resolution No. 429 and authorized collection of an alternative CFC, effective July 1, 2011, of \$6 per rental car transaction day up to a maximum of five days. Resolution No. 439 authorized collection of the alternative CFC through the period that any debt related to the CRCF is outstanding.

The CFC compliance report includes the following:

- An unmodified independent auditor's report, which indicates that: (i) the Authority complied in all material respects with compliance requirements applicable to the Customer Facility Charge program; (ii) MGO identified no reportable deficiencies in internal control over compliance; and (iii) the Schedule of Customer Facility Charge Revenues and Expenditures is fairly stated in relation to the Basic Financial Statements taken as a whole.
- Schedule of Customer Facility Charge Revenues and Expenditures
- Notes to Schedule of Customer Facility Charge Revenues and Expenditures

No findings or questioned costs were noted.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SECTION 6.05
OF THE BOND INDENTURE**

Based on audit procedures performed, MGO identified no instances of noncompliance with the terms, covenants, provisions or conditions with Section 6.05 (Rates and Charges) to Article VI of the Indenture dated May 1, 2005 with Bank of New York Mellon Trust Company, as amended (Bond Indenture), insofar as they relate to accounting matters. The report also contains a calculation of the rates and charges ratio and the debt service ratio for the year ended June 30, 2020, as follows:

Rates and Charges Ratio	
Pledged revenues	\$ 65,834,395
Less operating expenses	<u>47,209,860</u>
Net revenues	\$ 18,624,535
Transfers to Surplus Fund	<u>2,601,315</u>
Net revenues plus transfers to Surplus Fund	<u>\$ 21,225,850</u>
Deposits and charges:	
Accrued debt service - 2012 Airport Revenue Bonds	\$ 5,837,008
Deposit of Customer Facility Charge revenue to Debt Service Fund	(5,174,449)
Accrued debt service - 2015 Airport Revenue Bonds	4,568,250
Deposits to operating reserve account	<u>688,435</u>
Total deposits and charges	<u>\$ 5,919,244</u>
Deposits and charges coverage ratio	3.59
Required deposits and charges coverage ratio	1.00
Debt Service Coverage Ratio	
Net revenues plus transfers to Surplus Fund	<u>\$ 21,225,850</u>
Net accrued debt service	<u>\$ 5,230,809</u>
Debt service coverage ratio	4.06
Required debt service coverage ratio	1.25

RECOMMENDATION

At its special meeting on February 16, 2021, the Finance and Administration Committee voted unanimously (3–0) to recommend that the Commission note and file the Basic Financial Statements as of and for the fiscal years ended June 30, 2020 and 2019; the Single Audit Reports for the year ended June 30, 2020; the Passenger Facility Charge Compliance Report for the year ended June 30, 2020; the Customer Facility Charge Compliance Report for the year ended June 30, 2020; the Independent Auditor's Report on Compliance with Section 6.05 of the Bond Indenture; and the Auditor's Required Communications to the Authority regarding the FY 2020 Audits.

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
MARCH 15, 2021**

**AWARD OF FLEET MAINTENANCE SERVICES AGREEMENT
KEOLIS TRANSIT SERVICES, LLC**

Presented by Anthony Defrenza
Director, Engineering and Maintenance

SUMMARY

At its special meeting on February 16, 2021, the Operations and Development Committee voted unanimously (3–0) to recommend that the Commission award a Fleet Maintenance Services Agreement (“Agreement”) to Keolis Transit Services, LLC (“Keolis”). The proposed Agreement, copy attached, has a one-year base term and two one-year extension options.

BACKGROUND

In 2016, the Authority entered into an agreement for fleet vehicle and equipment maintenance with Keolis for a three-year base period with two one-year extensions. Upon completion of the base term and satisfied with the performance level of Keolis, the Authority exercised both extension options. This contract is scheduled to expire March 31, 2021.

Keolis remains in good standing with its obligations to the Authority and has maintained a satisfactory level of service for the past five years. Based on an analysis by Staff, services provided by Keolis represent good value to the Authority. As Staff is planning on reviewing the Authority’s fleet requirements and options for future acquisitions, Staff determined that maintaining continuity with the current fleet vehicle maintenance service provider would be of assistance in the process. Staff entered into discussions with Keolis for a replacement contract and sought to negotiate cost savings. These discussions resulted in Keolis agreeing to maintain the existing hourly rates for a 12-month period and to reduce the markup on parts and materials down to 18% from 25%.

The current labor rate is \$72.50 per hour during regular hours (non-overtime and non-holiday) for an annual expense of approximately \$145,000. The proposed Agreement maintains the fixed hourly price of \$72.50 during regular hours for the first year with the fixed hourly rate increasing to \$75.00 and \$76.50 during the first and second extension periods, respectively, if one or both extension options are exercised. Parts and materials ordered through Keolis are charged separately and will be subject to a 18% markup. In FY 2020, parts & materials cost (without markup) was approximately \$100,000. The reduction in the markup rate from 25% to 18% represents approximately a \$7,000 savings to the Authority.

BUDGET

Appropriations for the fleet vehicle maintenance services are included in the adopted FY 2021 budget and future year appropriations will be included in subsequent budget proposal requests.

RECOMMENDATION

At its special meeting on February 16, 2021, the Operations and Development Committee voted unanimously (3–0) to recommend that the Commission recommend that the Commission award the proposed Agreement to Keolis and authorize the Authority President to execute the same.

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
MARCH 15, 2021**

**AWARD OF AVIATION HANGAR LEASE
HANGAR 1A**

TEM ENTERPRISES

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

SUMMARY

At its special meeting on February 16, 2021, the Finance and Administration Committee voted unanimously (3–0) to recommend that the Commission approve an Aviation Hangar Lease (“Lease”) with TEM Enterprises (“TEM”) for Hangar 1A, copy attached. TEM seeks a lease term of five years with an option for one five-year extension for purpose of aircraft ground service equipment maintenance at Hollywood Burbank Airport.

BACKGROUND

TEM Enterprises, which previously did business as “XTRA Airways” and will serve Hollywood Burbank Airport doing business as “Avelo Airlines”, is a subsidiary of Houston Air Holdings, Inc. TEM is a Federal Aviation Administration Part 121 air carrier based in Houston, Texas, certificated to conduct domestic and international scheduled operations in the United States.

TEM has the financial resources to meet the obligations of the proposed Lease.

TEM will be a new air carrier entrant to serve Hollywood Burbank Airport. Its use of Hanger 1A is primarily for aircraft ground service equipment maintenance to support the commercial passenger operation at the terminal. Additional uses include IT and general administrative support functions. TEM will not conduct any aircraft operations from this hanger.

DETAILS

Key components of the proposed Lease are:

Premises: Hangar 1A (located in the southwest quadrant of the Airport)

Use: Aircraft ground service equipment maintenance

Term: March 15, 2021 through January 31, 2026

Option: One five-year extension

Rent: \$1,671 per month; effective immediately until May 1, 2021
 \$3,342 per month; effective May 1, 2021 – May 1, 2022
 \$5,012 per month; effective May 1, 2022 – May 1, 2023
 \$6,683 per month; effective May 1, 2024

Adjustments: Beginning May 1, 2022, the greater of three percent (3%) per year or 120% of CPI, not to exceed 6% annually may apply

Other: Tenant responsible for expenses related to occupancy including maintenance, utilities, share of property insurance and applicable taxes

REVENUE IMPACT

After the initial period from commencement date to May 1, 2021, the annual revenue will be the \$40,104 for the first year, \$60,144 second year, then \$80,196 plus applicable rent adjustments as described above.

RECOMMENDATION

At its special meeting on February 16, 2021, the Finance and Administration Committee voted unanimously (3–0) to recommend that the Commission approve the proposed Lease with TEM for Hangar 1A and authorize the President to execute the same.

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
MARCH 15, 2021**

**AWARD OF AVIATION HANGAR LEASE
HANGAR 40**

INNOVA AVIATION, LLC.

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

SUMMARY

At its special meeting on February 16, 2021, the Finance and Administration Committee voted unanimously (3-0) to recommend that the Commission approve an Aviation Hangar Lease ("Lease") with Innova Aviation, LLC ("Innova") for Hangar 40, copy attached. Innova seeks a lease term of five years with an option for one five-year extension for purpose of storing aircraft at Hollywood Burbank Airport.

BACKGROUND

Innova is a subsidiary of Innova Medical Group ("Innova Medical"), a wholly owned subsidiary of Pasaca Capital, Inc. ("Pasaca"). Both Innova Medical and Pasaca are headquartered in Pasadena. Innova Medical provides expertise in testing and unique offerings in diagnostic medical devices and services that help tackle some of the world's most challenging healthcare problems. In response to the global pandemic, Innova developed an end-to-end ecosystem of rapid diagnostic and screening tests, along with digital reporting and tracing applications to help organizations manage COVID-19. As the world's largest manufacturer of rapid antigen test kits and leader in COVID-19 testing solutions globally, Innova Medical desires to store and operate two aircraft in support of its business.

Innova is acquiring two Stage 4 aircraft manufactured by Gulfstream Aerospace, specifically a G650ER (Extended Range) and G550 which will be operated by GoodJET, a jet charter operator based in Oakland, CA. Innova has the financial resources to meet the obligations of the proposed Lease and is providing a financial guarantee of the Lease by Innova Medical.

DETAILS

The proposed Lease is for a term of five-years with one five-year extension and includes a Tenant Improvement Allowance of up to \$236,816.00 in the form of rent credit for Authority approved tenant improvements to the facility. These improvements must be applied for and completed within 24 months of execution of the Lease.

Key components of the proposed Lease are:

Premises: Hangar 40 (located in the northwest quadrant of the Airport)

Use: Storage of general aviation aircraft

Term: March 15, 2021 through March 15, 2026

Option: One five-year extension

Rent: \$40,412.44 per month; \$484,949.28 annually

Adjustments: Greater of three percent (3%) per year or 120% of CPI, not to exceed 6% annually

Rent Credit: \$236,816.00 upon completion of Authority approved tenant improvements

Other: Tenant responsible for expenses related to occupancy including maintenance, utilities, share of property insurance and applicable taxes

REVENUE IMPACT

If tenant improvements are completed within the first six months of the Lease as planned, the application of the full rental credit to the first year's rental revenue will be \$236,816.00, or approximately one-half of the annual rent. For each succeeding year thereafter, the base revenue will be the base year rent of \$484,949.28 plus applicable rent adjustments, as described above.

RECOMMENDATION

At its special meeting on February 16, 2021, the Finance and Administration Committee voted unanimously (3-0) to recommend that the Commission approve the proposed Lease with Innova and authorize the President to execute the same.

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
MARCH 15, 2021**

SAFETY MANAGEMENT SYSTEM SPECIALIST

Presented by John T. Hatanaka
Senior Deputy Executive Director

SUMMARY

At its special meeting on February 16, 2021, the Finance and Administration Committee voted unanimously (3–0) to recommend that the Commission approve an increase in staffing to support the operations of the Safety Management System (“SMS”) Department by adding a Safety Management System Specialist position.

BACKGROUND

In January 2018, the Commission authorized the organizational development of a SMS Department under the guidelines established by International Civil Aviation Organization in 2001 and furthered by an Advisory Circular issued by the Federal Aviation Administration issued in February 2007.

SMS is formal top-down organization-wide approach to managing safety risks at an airport and ensuring the effectiveness of safety risk controls established by the airport sponsor. The program builds upon existing safety measures and processes through a review of the safety risk management, policies, assurances, and promotion of safety in the day-to-day activities of all departments, tenants, concessionaires, vendors, and visitors at the airport.

The process to develop an SMS program at Hollywood Burbank Airport required a period of three years and the final product was a stand-alone Safety Manual that has been incorporated in the Authority’s safety policies. The manual establishes a training program for the entire airport community and constantly requires promotion of safety. Additionally, the SMS program establishes a reporting, committee, and working group structure that seeks to identify hazards and resolve key safety concerns that may arise at the airport.

The initial staffing of the SMS Department, approved in the adopted FY 2020 budget, was one manager reporting to the then Director of Business, Properties, Safety and Procurement. The first year of the department focused on implementation of SMS program requirements and they were successfully completed. It was originally anticipated that, during the budget development in the current fiscal year, a request would be made to increase the SMS Department staff by one to add a position of Safety Management System Specialist. This position would support the department manager and be primarily tasked with: i) SMS investigations and audits; ii) SMS training and outreach; and iii) daily management of the SMS hotline and support safety software reporting system.

However, during the development of the FY 2021 budget, the immediate fiscal impact of the COVID-19 pandemic resulted in the initiation of a general hiring freeze for FY 2021. As a result, the SMS Department has operated with one person covering not only the initial required duties of the SMS program but also the response and coordination to COVID-19 for the entire airport community as well as the local, county and federal public health authorities.

The need for the addition of a Safety Management System Specialist has not diminished and the need to increase the department staff by one is becoming urgent. The implementation of the SMS program continues but has been slowed by the need to address the impacts of COVID-19. In addition to the initial requirements of the SMS program, the Safety Management System Specialist will be tasked with incorporating the lessons learned from the pandemic relative to cleaning, sanitization, disinfection and maintaining a safe and clean environment for the travelling public and all airport workers.

This position will report to the Manager, SMS Department who in turn, will report to the Deputy Executive Director, Operations, Business, Properties, Safety and Procurement.

BUDGET IMPACT

The estimated salary range for a Safety Management System Specialist is between \$75,000 to \$80,000, plus benefits, which can be currently addressed through the current FY 2021 O&M appropriations.

RECOMMENDATION

At its special meeting on February 16, 2021, the Finance and Administration Committee voted unanimously (3–0) to recommend that the Commission approve an increase in staffing of the SMS Department by one person to add a Safety Management System Specialist position and direct staff accordingly.

Hollywood Burbank Airport

REVENUE PASSENGERS	January			Year-to-Date		
	2021	2020	% Change	2021	2020	% Change
Signatory Airlines						
Alaska Airlines	6,988	39,837	-82.46%	6,988	39,837	-82.46%
American Airlines	9,347	32,536	-71.27%	9,347	32,536	-71.27%
Delta Airlines	5,462	21,627	-74.74%	5,462	21,627	-74.74%
JetBlue Airways	0	18,606	-100.00%	0	18,606	-100.00%
Southwest Airlines	43,259	330,441	-86.91%	43,259	330,441	-86.91%
Spirit Airlines	1,543	10,115	-84.75%	1,543	10,115	-84.75%
United Airlines	2,044	27,714	-92.62%	2,044	27,714	-92.62%
Total Revenue Passengers	68,643	480,876	-85.73%	68,643	480,876	-85.73%
Inbound (deplaned)	35,880	239,050	-84.99%	35,880	239,050	-84.99%
Outbound (enplaned)	32,763	241,826	-86.45%	32,763	241,826	-86.45%

AIRCRAFT OPERATIONS	January			Year-to-Date		
	2021	2020	% Change	2021	2020	% Change
Landings & Takeoffs						
Air Carrier	1,773	5,231	-66.11%	1,773	5,231	-66.11%
Air Taxi	1,152	2,032	-43.31%	1,152	2,032	-43.31%
General Aviation	1,668	2,442	-31.70%	1,668	2,442	-31.70%
Military Itinerant	27	31	-12.90%	27	31	-12.90%
<i>Subtotal</i>	<i>4,620</i>	<i>9,736</i>	<i>-52.55%</i>	<i>4,620</i>	<i>9,736</i>	<i>-52.55%</i>
Pass Through BUR Airspace						
Civil Local	2,947	2,057	43.27%	2,947	2,057	43.27%
Military Local	0	0	N/A	0	0	N/A
<i>Subtotal</i>	<i>2,947</i>	<i>2,057</i>	<i>43.27%</i>	<i>2,947</i>	<i>2,057</i>	<i>43.27%</i>
Total Aircraft Operations	7,567	11,793	-35.83%	7,567	11,793	-35.83%

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.

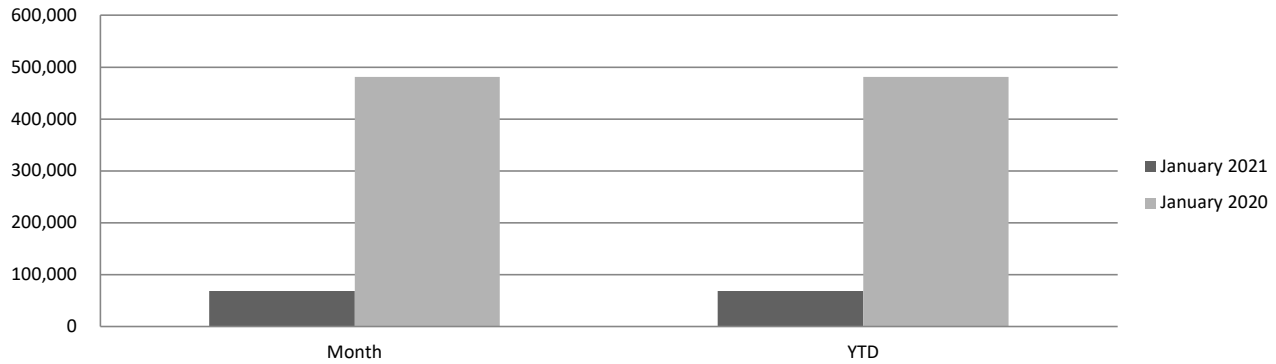
Military Local: Military aviation operations that pass through BUR airspace monitored by FAA ATCT at BUR

Hollywood Burbank Airport

AIR CARGO (lbs.)	January			Year-to-Date		
	2021	2020	% Change	2021	2020	% Change
Signatory Airlines						
Alaska Airlines	930	552	68.48%	930	552	68.48%
American Airlines	0	18	-100.00%	0	18	-100.00%
Delta Airlines						
JetBlue Airways						
Southwest Airlines	78,338	187,563	-58.23%	78,338	187,563	-58.23%
Spirit Airlines						
United Airlines	0	1,006	-100.00%	0	1,006	-100.00%
Other Scheduled Carriers						
Federal Express	4,725,306	3,762,650	25.58%	4,725,306	3,762,650	25.58%
United Parcel Service	3,930,082	4,613,299	-14.81%	3,930,082	4,613,299	-14.81%
Charter/Contract Carriers						
Ameriflight	172,749	257,513	-32.92%	172,749	257,513	-32.92%
Total Air Cargo	8,907,405	8,822,601	0.96%	8,907,405	8,822,601	0.96%
Inbound (deplaned)	4,493,049	4,760,469	-5.62%	4,493,049	4,760,469	-5.62%
Outbound (enplaned)	4,414,356	4,062,132	8.67%	4,414,356	4,062,132	8.67%

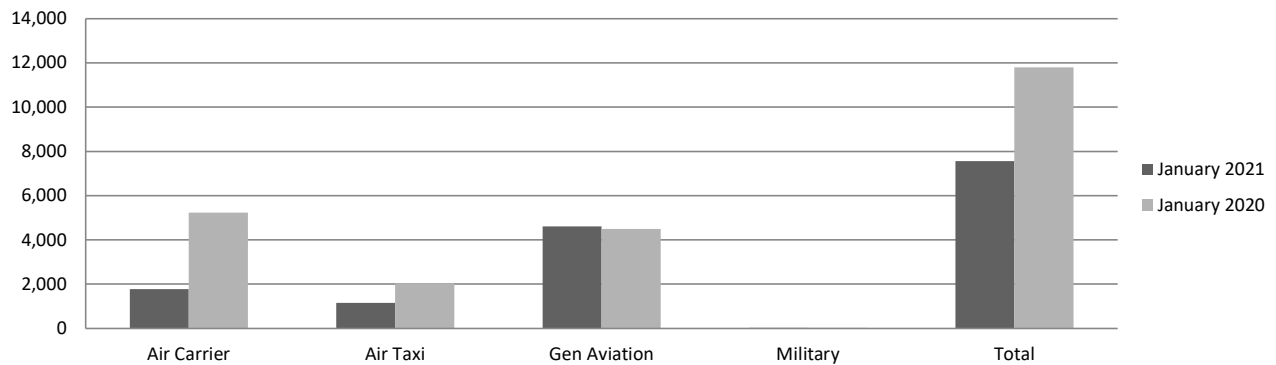
MAIL (lbs.)	January			Year-to-Date		
	2021	2020	% Change	2021	2020	% Change
American Airlines	0	6,032	-100.00%	0	6,032	-100.00%
Total Mail	0	6,032	-100.00%	0	6,032	-100.00%
Inbound (deplaned)	0	3,016	-100.00%	0	3,016	-100.00%
Outbound (enplaned)	0	3,016	-100.00%	0	3,016	-100.00%

Revenue Passengers



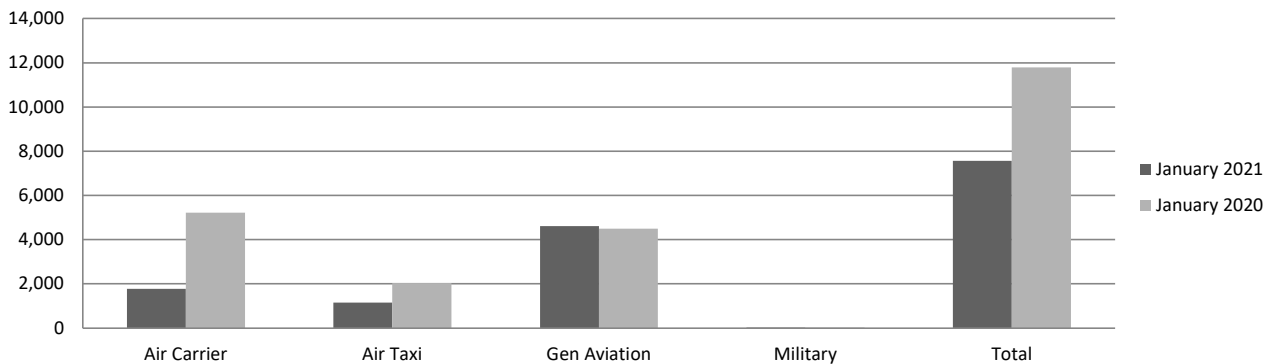
Revenue Passengers	Month	YTD
January 2021	68,643	68,643
January 2020	480,876	480,876
% Change	-85.73%	-85.73%

Aircraft Operations - Month



Aircraft Operations - MO	Air Carrier	Air Taxi	Gen Aviation	Military	Total
January 2021	1,773	1,152	4,615	27	7,567
January 2020	5,231	2,032	4,499	31	11,793
% Change	-66.11%	-43.31%	2.58%	-12.90%	-35.83%

Aircraft Operations - Year-to-Date



Aircraft Operations - YTD	Air Carrier	Air Taxi	Gen Aviation	Military	Total
January 2021	1,773	1,152	4,615	27	7,567
January 2020	5,231	2,032	4,499	31	11,793
% Change	-66.11%	-43.31%	2.58%	-12.90%	-35.83%

FLEET MAINTENANCE SERVICES AGREEMENT

This Fleet Maintenance Services Agreement (“Agreement”) is dated _____ for reference purposes and is executed by the Burbank-Glendale-Pasadena Airport Authority (“Authority”), a California joint powers agency, and Keolis Transit Services, LLC (“Contractor”), a Delaware limited liability company.

RECITALS

- A. The Authority is the owner and operator of the Bob Hope Airport, commonly known as Hollywood Burbank Airport (“Airport”), a public land airport located in the City of Burbank, County of Los Angeles, State of California.
- B. The Authority wishes to retain Contractor to provide various vehicle and equipment maintenance and repair services, including: inspections; tune ups; brake service; wheel service; air conditioning service; tire replacement and rotation; and replacement of hoses, belts, water pumps and operating parts.
- C. Contractor wishes to provide the designated vehicle and equipment maintenance and repair services for the Authority upon the terms and conditions contained in this Agreement.
- D. Contractor acknowledges that it has examined the on-Airport work site and is aware of all existing conditions.
- E. Contractor represents that it is an ASE Certified shop and that it has mechanics with Master ASE Certifications who will be assigned to the Airport.

AGREEMENT

NOW, THEREFORE, the parties agree as follows:

1. DEFINITIONS

- 1.1 “Agreement” means this Fleet Maintenance Services Agreement.
- 1.2 “Airport” means the Bob Hope Airport.
- 1.3 “Airport Fleet Items” means the Priority Fleet Items and Non-Priority Fleet Items listed in the attached Exhibit A.
- 1.4 “Airport Operations Superintendent” means the Authority’s Superintendent, Airport Operations or such person’s duly authorized representative.
- 1.5 “At any time” means at any time and from time to time during the Term.
- 1.6 “Authority” means the Burbank-Glendale-Pasadena Airport Authority.

1.7 “Automotive Service Space” means Airport building space in which Contractor may conduct the Automotive Services and/or off-site space for Automotive Services.

1.8 “Automotive Services” means the automotive maintenance and repair services listed in the attached Exhibit B.

1.9 “Automotive Supplies” means automotive goods, parts and materials to be used on Airport Fleet Items in the performance of the Automotive Services.

1.10 “Claims” means actual, alleged, or threatened claims, demands, actions, proceedings, causes of action, damages, judgments, awards, settlement amounts, penalties, fines, assessments, charges, fees, forfeitures, losses, liabilities, obligations, costs, and expenses. “Claims” includes attorneys’ fees.

1.11 “Commencement” means 12:01 a.m. on April 1, 2021.

1.12 “Contractor” means Keolis Transit Services, LLC.

1.13 “Contractor Employee” means any of the Contractor Personnel regardless of such person’s contractual relationship with Contractor.

1.14 “Contractor Personnel” means collectively Contractor’s employees, subcontractors and other persons for whose acts Contractor is responsible.

1.15 “Default Event” means an event specified in Subsection 12.1.

1.16 “Executive Director” means the Authority’s Executive Director or such person’s duly authorized representative.

1.17 “Expiration” means 11:59 p.m. on March 31, 2022, or, if the Authority extends the Term pursuant to Subsection 2.2, the time and date of expiration of the Term as extended.

1.18 “Extra Services” means automotive maintenance or repair services that are not listed in Exhibit B.

1.19 “FAA” means the Federal Aviation Administration.

1.20 “Federal Requirements” means the federal requirements set forth in the attached Exhibit C, which requirements are applicable to projects not funded by an Airport Improvement Program grant from the FAA.

1.21 “Fleet Manager” means the Authority’s Fleet Manager or such person’s duly authorized representative.

1.22 “Holiday” means the following days: New Year’s Day (January 1); Memorial Day (last Monday in May); Independence Day (July 4); Labor Day (first Monday in September); Thanksgiving Day (fourth Thursday in November); and Christmas Day (December 25).

1.23 “Holiday Hours” means 8:00 a.m. through 5:00 p.m. on any Holiday.

1.24 “Indemnitees” means collectively the Authority, TBI, the Cities of Burbank, Glendale and Pasadena, California and the respective commissioners, councilmembers, officers, directors, employees, agents, and representatives of the Authority, TBI and the Cities of Burbank, Glendale and Pasadena, California.

1.25 “Large-Cost Supply Item” means any Automotive Supply Item that has an estimated cost of \$1,000 or more.

1.26 “Large-Cost Task” means any Automotive Service having an estimated cost of \$1,000 or more.

1.27 “May” is permissive in the sole and absolute discretion of the subject person.

1.28 “Non-Priority Fleet Items” means the Airport Fleet Items designated “non-priority” in Exhibit A.

1.29 “Overtime Hours” means 4:01 p.m. through 6:59 a.m. on any day not a Holiday.

1.30 “Priority Fleet Items” means the Airport Fleet Items designated “priority” in Exhibit A.

1.31 “Qualified Mechanic” means ASE Certified mechanic.

1.32 “Regular Hours” means 7:00 a.m. through 4:00 p.m. on any day not a Holiday.

1.33 “Shall” is mandatory.

1.34 “TBI” means TBI Airport Management, Inc.

1.35 “Term” means the term of this Agreement as specified in Section 2.

1.36 “Termination” means the effective time and date of early termination of this Agreement by the Authority pursuant to Subsection 2.3 or 2.4.

1.37 “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 either: (i) is or becomes prohibited or regulated by a government agency; or (ii) is or becomes known to pose a hazard or potential threat to the health and safety of any person or to the environment.

1.38 “TSA” means the United States Transportation Security Administration.

2. TERM

2.1 Base Period. The Term of this Agreement shall begin at Commencement and shall end at Expiration unless extended pursuant to Subsection 2.2 or earlier terminated pursuant to Subsection 2.3 or 2.4.

2.2 Extension. The parties may extend the term of this contract, by mutual agreement, for two one-year terms.

2.3 Termination For Convenience. The Authority may terminate this Agreement in its entirety, or as to some but not all of the Automotive Services, for convenience at any time. To effectuate such termination, the Authority shall give written notice to Contractor at least 30 days prior to the effective time and date of termination, and, if applicable, the particular Automotive Service(s) terminated.

2.4 Termination For Default. The Authority may immediately terminate this Agreement in its entirety, or as to some but not all the Automotive Services, upon the occurrence of any Default Event. To effectuate such termination, the Authority shall give written notice to Contractor stating the effective time and date of termination, and, if applicable, the particular Automotive Service(s) terminated.

2.5 Final Payment. Upon terminating this Agreement in its entirety, the Authority shall pay Contractor the balance due for (i) any Automotive Services completed or Automotive Supplies delivered to the Authority before receipt of the termination notice; and (ii) any Automotive Supplies ordered by the Authority for delivery and actually delivered within 15 days after receipt of the termination notice.

3. GENERAL PROVISIONS

3.1 Scope of Services. Contractor shall perform the Automotive Services in accordance with this Agreement. At any time, upon 24 hours written notice to Contractor, the Fleet Manager may add or delete Airport Fleet Items to or from this Agreement and Exhibit A shall be revised accordingly.

3.2 Compliance with Law. Contractor shall conduct the Automotive Services in accordance with the Federal Requirements and applicable law. Contractor shall obtain any certifications as may be required by law for the Authority's operation of the Airport Fleet Items.

3.3 Performance Standard. Contractor shall perform all work to the highest professional standard and in a manner reasonably satisfactory to the Authority. Contractor shall cause all work to be performed by a Qualified Mechanic.

3.4 Warranty. Contractor warrants that Automotive Supplies and Automotive Services shall be free from defects in design, materials and workmanship, and shall conform to all applicable specifications, descriptions, samples and drawings referred to in this Agreement. If any such item or service is shown to be defective or otherwise fails to conform to the requirements of this Agreement within 12 months of delivery, Contractor shall repair, replace, or make good the defect(s) at no cost to the Authority. Contractor shall issue the Authority a credit for any such item or service returned to Contractor due to a defect or nonconformance.

3.5 Performance Time. Time is of the essence for performance of the Automotive Services and for the purchase of Automotive Supplies. If at any time Contractor has reason to believe that performance of an Automotive Service will not be completed by any scheduled date, Contractor shall immediately notify the Fleet Manager of the cause and duration of the anticipated

delay. If the Fleet Manager determines that the delay is due to causes within Contractor's reasonable control, Contractor shall at its expense take necessary action (including working overtime or working extra shifts) to complete the Automotive Service by the scheduled date.

3.6 Rescheduling or Cancellation. The Fleet Manager may reschedule or cancel the maintenance, repair, or other servicing of any Airport Fleet Item by giving 24 hours written notice to Contractor.

3.7 Work Location. Contractor shall conduct the Automotive Services at the Airport in the Automotive Service Space unless prior written authorization has been obtained from the Fleet Manager for an off-Airport work location. The Fleet Manager may authorize an off-Airport work location for Automotive Services that the Fleet Manager determines cannot be completed satisfactorily on-Airport. Contractor shall be responsible for, and shall bear the cost of, round-trip transportation for any Airport Fleet Item that is to be serviced off-Airport.

3.8 Work Orders. Contractor shall issue the Authority a work order for each of the Automotive Services provided. Work orders shall be in a format approved by the Fleet Manager and shall contain the following information: specific work order number; unit number; odometer and/or Hobbs hour reading of the unit (whichever is applicable); date created; time work began; total time for completion rounded to nearest quarter hour; work location; detailed description of problem and solution; name of reporter; name of individual that authorized the work (if the work is a Large-Cost Task); listing of parts by manufacturers' part numbers and corresponding MSRP; and name and phone number of any subcontractor used to do the work.

3.9 Equipment. Contractor shall furnish all equipment necessary for performance of the Automotive Services and shall maintain such items in good operating condition. Contractor shall repair or replace any such item within 24 hours of determining that the item is defective.

3.10 Personnel Training. Contractor shall ensure that Contractor Personnel are trained and certified as required by law. Additionally, Contractor shall ensure that Contractor Personnel performing warranty work on an Airport Fleet Item are trained and certified as required by the manufacturer.

3.11 Personnel Conduct. Contractor shall require Contractor Personnel to conduct themselves in a courteous manner and with inoffensive demeanor while at the Airport. Additionally, Contractor shall require Contractor Personnel to wear clean and neat appearing clothing while at the Airport. Upon objection from the Fleet Manager concerning the conduct, demeanor, or appearance of any Contractor Employee, Contractor shall immediately take all steps necessary to correct or to remove the cause of the objection.

3.12 Airport Fleet Item Monitoring. Contractor shall continuously monitor the useful life of the Airport Fleet. Contractor shall give the Authority prompt written notice upon determining that an Airport Fleet Item has (i) metal fatigue; (ii) exceeded its useful life; or (iii) a repair cost in excess of its replacement cost.

3.13 Out-of Service Notice. Contractor shall give the Authority prompt written notice upon determining that an Airport Fleet Item may be out of service for more than six hours.

3.14 Miscellaneous Notices. Contractor shall give the Authority prompt written notice of any vehicle repairs that are becoming excessive or that may become repetitive in the future. Additionally, Contractor shall give the Authority prompt written notice of any goods, materials, parts, or work necessary to fully refurbish, repair, or replace an Airport Fleet Item's body, interior, existing enhanced supporting super-structures or environmental protections.

3.15 Large-Cost Expenditures. Contractor shall obtain the Fleet Manager's written authorization prior to purchasing any Large-Cost Supply Item or conducting any Large-Cost Task.

3.16 Confidentiality. Contractor shall keep the Authority's confidential information plainly marked "CONFIDENTIAL" to prevent unauthorized use or reproduction. Unless approved by the Fleet Manager in advance in writing, Contractor shall not disclose such information to any person. This provision does not preclude Contractor from disclosing such information to a Contractor Employee as necessary for performance of the Automotive Services.

3.17 Extra Services. Contractor shall obtain the Fleet Manager's written authorization prior to conducting any Extra Services for the Authority.

4. SCHEDULE

4.1 Inspections.

(a) *Daily Inspections.* Contractor shall conduct daily inspections of Priority Fleet Items on Monday through Friday during Regular Hours in accordance with CHP requirements.

(b) *PMI Inspections.* Contractor shall conduct PMI Inspections of Priority Fleet Items during Regular Hours every 250 hours of operation, 45 days, or 6,000 miles, whichever occurs first.

4.2 Preventive Maintenance.

(a) *Notice.* Contractor shall provide the Fleet Manager a written schedule indicating the dates on which Contractor will conduct preventive maintenance of Airport Fleet Items. Prior to performing any preventive maintenance work, Contractor shall provide the Fleet Manager at least seven days written notice.

(b) *Police Vehicles.* Contractor shall conduct brake inspections and lube, oil and filter services on Airport police vehicles every 90 days or 3,000 miles, whichever occurs first.

(c) *Staff and Maintenance Vehicles.* Contractor shall conduct brake inspections and lube, oil, and filter services on Airport staff and maintenance vehicles every 90 days or 3,000 miles, whichever occurs first.

(d) *Other Airport Fleet Items.* Contractor shall conduct brake inspections, Non-Priority Fleet Item inspections and lube, oil, and filter services for all other Airport Fleet Items every 90 days or 250 hours of operation, whichever occurs first.

4.3 Miscellaneous Maintenance Services.

(a) *Transmission.* Contractor shall provide transmission service for Airport Fleet Items during Regular Hours. Transmission service shall be scheduled on an as needed basis as determined by the parties.

(b) *Tune Ups.* Contractor shall provide tune ups for Airport Fleet Items during Regular Hours. Tune up service shall be scheduled on an as needed basis as determined by the parties.

(c) *Brakes.* Contractor shall provide brake service for Airport Fleet Items during Regular Hours. Brake inspections and replacement shall be scheduled on an as needed basis as determined by the parties. Brake inspections shall include removal of the wheels and checking of the brake pads, calipers, brake drums, springs, seals, brake lines, brake cylinders, and master cylinder.

(d) *Tires.* Contractor shall provide tire service for Airport Fleet Items during Regular Hours as needed. Tires shall be rotated every 5,000 miles or as required by manufacturer's specifications. Tires shall be purchased and provided by the Authority.

(e) *Fuel Injection System.* Contractor shall provide fuel injection system service for Airport Fleet Items during Regular Hours. The fuel injection system shall be cleaned every 50,000 miles or as required by manufacturer's specifications.

(f) *Coolant System.* Contractor shall provide coolant system service for Airport Fleet Items on a yearly basis. Coolant system service shall include: flushing of the system; pressure checking the system and radiator cap; verification that the radiator cap functions properly; verification that radiator hoses are not worn, cracked, or disintegrating; and inspection of engine belts.

(g) *Air Conditioning.* Contractor shall provide air conditioning service for Airport Fleet Items on an as needed basis as determined by the parties, but no less than annually prior to the summer. Air conditioning service shall be performed off-Airport at a location agreed upon by the parties.

4.4 Warranty Service.

(a) *Notice.* The Fleet Manager shall give Contractor written notice of each Airport Fleet Item that is under factory warranty.

(b) *Service.* Contractor shall conduct the Automotive Services on each factory-warranted Airport Fleet Item in accordance with the manufacturer's specifications with the frequency that the parties determine is necessary to keep the vehicle under warranty.

(c) *Replacements.* If authorized to perform warranty work by the manufacturer, Contractor shall obtain from the manufacturer a replacement for any malfunctioning good, material, or part and the Authority shall not be charged for such replacement.

(d) *Unscheduled Services.* Contractor shall obtain prior written authorization from the Fleet Manager before scheduling or performing any Automotive Service that does not have a service schedule specified by this Section.

5. COMPENSATION

The Authority shall compensate Contractor for the Automotive Services and Automotive Supplies, and Contractor agrees to accept as full satisfaction, according to the following fee schedule:

5.1 Automotive Services. For Automotive Services performed, the Authority shall compensate Contractor at the following hourly rates:

Time Period	Regular Hours Rate	Overtime Hours Rate	Holiday Hours Rate
1 st Year	\$72.50	\$102.00	\$102.00
Time Period	Regular Hours Rate	Overtime Hours Rate	Holiday Hours Rate
1 st Option Year	\$75.00	\$106.00	\$106.00
2 nd Option Year	\$76.50	\$106.00	\$106.00

5.2 Subcontracted Services.

When beneficial to the Authority and with prior written authorization from the Authority Contractor may have a subcontractor perform repairs off-site. When a subcontractor is utilized the cost of pre-authorized off-site services will be reimbursed at cost (no mark-up). Contractor shall reference the written pre-authorization and provide evidence of the costs of subcontracted services to Authority when invoiced.

5.3 Automotive Supplies. Except as provided in Paragraph 4.4, the Authority shall pay Contractor 18% mark-up of the price paid by Contractor for the purchase of Automotive Supplies used on Airport Fleet Items in the performance of the Automotive Services. Contractor shall provide evidence of cost of materials billed to Authority when invoiced.

5.4 Invoices.

(a) *Submission.* No later than the tenth day of each month, Contractor shall provide the Authority a written invoice for all work performed during the prior month. Invoices shall be in a format approved by the Fleet Manager and shall include the following information for each Airport Fleet Item serviced: vehicle identification; work order number; description of work; work location; date and time of work; number of hours worked and hourly rate; and retail price and Contractor's purchase price for Automotive Supplies used on the vehicle.

(b) *Liquidated Damages.* If an invoice is submitted between 60 days and 120 days after the end of the month covered by such invoice, the Authority shall process the delinquent invoice and Contractor shall pay the Authority the sum of \$1,000 as liquidated damages. The parties agree that this amount is a reasonable approximation of the actual damages that would be

suffered by the Authority by reason of extraordinary accounting costs necessary to process a delinquent invoice.

(c) *Forfeiture.* If an invoice is submitted more than 120 days after the end of the month covered by such invoice, Contractor shall be deemed to have committed a grossly negligent, willful, or fraudulent breach of duty. In such event, the Authority shall not process the delinquent invoice and Contractor shall forfeit payment for work performed during the month covered by that delinquent invoice.

5.5 *Payment.* Within 10 days of receipt of each invoice, the Authority shall notify Contractor in writing of any disputed amounts on the invoice. Within 30 days of receipt of each invoice, the Authority shall pay all undisputed amounts on the invoice. The Authority shall not withhold applicable taxes or other authorized deductions from the payments, and Contractor shall pay all required taxes on the payments.

5.6 *Audits.* If an audit shows that any compensation paid by the Authority to Contractor was in excess of the amount to which Contractor is entitled, Contractor shall pay the Authority such excess immediately upon written demand. Alternatively, the Authority may deduct such excess from any future payments to Contractor. If an audit shows that any compensation paid by the Authority to Contractor was equal to or in excess of 2% of the amount to which Contractor is entitled, Contractor shall pay the Authority the costs of the audit. The Authority's rights under this Subsection are additional to any other available remedies.

6. RECORDS AND REPORTS

6.1 Airport Fleet Item Service Records. On a monthly basis, Contractor shall provide airport vehicle service records to the Fleet Manager for Airport Fleet Items serviced during the period. Airport vehicle service records shall be in a format approved by the Fleet Manager and shall include the following information for each Airport Fleet Item: the vehicle number; the dates Automotive Services were performed on the vehicle; and the description of the Automotive Services performed on the vehicle. Contractor shall maintain airport vehicle service records in a fireproof cabinet and shall maintain duplicate copies at Contractor's headquarters. The records shall be organized by vehicle identification number. The records shall be subject to inspection and audit by Authority representatives at any time during the Term and within the five year period following Expiration or Termination.

6.2 Vehicle Repair History Reports. On a quarterly basis, Contractor shall provide vehicle repair history records to the Fleet Manager for Airport Fleet Items serviced during the period. Vehicle repair history records shall be in a format approved by the Fleet Manager and shall include the details stated in the corresponding work orders.

6.3 Miscellaneous Records. Contractor shall retain all records and reports required by law on-Airport in a fireproof cabinet.

6.4 Computerized Work Order System.

(a) *Requirement.* Contractor shall maintain a computerized work order system capable of monitoring the service status, service history, and condition of Airport Fleet Items. The

system shall be organized by work order number and by vehicle or equipment identifier number. The information recorded by the system shall be approved by the Fleet Manager and shall include the following: the date each Airport Fleet Item entered the shop; the scope of work to be performed; the date the work will commence and the completion date, hours associated with work once completed, supplies or materials used in performing the work and total cost of the work. System shall also record purchase date of the vehicle and any available vehicle usage information at time of each service or repair (mileage/hours).

(b) *System Access.* At its sole expense, Contractor shall procure and maintain the computer components necessary to afford the Authority remote access to Contractor's computerized work order system for at least three concurrent users to be assigned by the Authority. Access shall be available to the Authority 24 hours per day, seven days per week except for regularly scheduled periods of system maintenance. The parties shall agree on the time and frequency that system maintenance is performed.

7. INVENTORY

7.1 Requirement. Contractor will be responsible for purchasing an adequate inventory of Automotive Supplies and for maintaining such inventory. If non-inventory Automotive Supplies are required for the Automotive Services, Contractor shall request overnight delivery in order to minimize down time of the Airport Fleet Item being serviced. Contractor shall provide a secure storage container for its inventory and shall be solely responsible for any theft or damage to such inventory.

7.2 Limitation. This Agreement does not include the purchase of goods, parts, materials, or work necessary to fully refurbish, repair or replace any Airport Fleet Item's body, interior, existing enhanced supporting super-structures or environmental protections.

8. USE OF AIRPORT

8.1 Acknowledgements. Contractor acknowledges that the principal use of the Airport consists of the operation of a public airport. Contractor also acknowledges that all other on-Airport uses permitted by Authority, including Contractor's business, must at all times be compatible with and subordinate to such principal use as determined by the Authority in its sole discretion.

8.2 Authorization. The Authority grants Contractor the preferential non-exclusive right to use the Automotive Service Space in common with others and subject to the direction of the Fleet Manager if services are provided on Airport property. Contractor shall not service or store non-Airport Fleet Items in the Automotive Service Space. The Authority may at any time do any of the following: (i) terminate Contractor's right to use some or all of the Automotive Service Space; (ii) reduce, expand, change the location of, or otherwise modify the Automotive Services Space; or (iii) grant to others the right to use the Automotive Service Space.

8.3 Alterations. Unless prior written authorization has been obtained from the Fleet Manager, Contractor shall not construct, install, or make any alterations in, on, or to the Automotive Service Space if services are provided on Airport property.

9. SECURITY REQUIREMENTS

9.1 Employee Background Checks. Contractor shall comply with 49 CFR Part 1544 (requiring background checks, including references and prior employment history) for all Contractor Personnel who have unescorted access to the airfield. Contractor shall ensure that all Contractor Personnel engaged in Airport-related activities have submitted to a 10-year employment background history check. Five of the years shall be verified with the employer. All gaps in employment greater than one year shall be explained and verified in writing. Contractor shall not allow any Automotive Service to be conducted by a Contractor Employee who has been convicted of a felony. Contractor shall maintain records of background checks for Contractor Personnel and shall make such records available to the FAA, the TSA, and the Authority upon request.

9.2 Unauthorized Entry. Entering the airfield without authorization is federal trespass. No Contractor Employee may enter the airfield through any gate without an authorized escort by a representative of the Authority. Contractor Personnel found on the airfield without an authorized escort will be subject to fines or other penalty in addition to any civil or criminal charges levied by the FAA, the TSA, or other government agency.

9.3 Security. Contractor shall comply with the most recent version of the Airport Rules and Regulations (<http://hollywoodburbankairport.com/wp-content/uploads/2020/05/Airport-Rules-Regulations-Adopted-May-4-2020.pdf>) in all manners, but specifically as it relates to safety and security. Contractor shall develop a "Contractor Security Program" that shall denote specific steps to ensure compliance with the Airport Security Program and shall be approved by the Airport Operations Superintendent. Assistance in developing the Contractor Security Program is available from the Airport Operations Superintendent.

9.4 Field Badges. Contractor Personnel requiring unescorted access and vehicle driving privileges to the Automotive Service Area must submit to a criminal history records check a minimum of two weeks prior to Commencement. Applicants who successfully complete the criminal history check must schedule a two hour airport security and driver's training class with the Airport Operations Superintendent. Applicants will be badged upon successful completion of this class and will be eligible to escort other employees on the work site. Contractor shall bear all expense associated with processing Contractor Personnel through the criminal history records check and badging (currently \$90/applicant), and may contact the Authority's Administrative Specialist at (818) 840-8833 for more information. No field access badge shall be issued until Contractor has provided the Airport Operations Superintendent the following information:

(a) List of company officials, with samples of their signatures, who may authorize production of new badges and the re-issuance of expired badges.

(b) Company phone numbers for verification purposes.

(c) List of all Contractor Personnel, and their dates of hire, who will need field/ramp access I.D. cards.

(d) A completed Photo Identification Badge application and driver's license for each Contractor Employee to be badged.

(e) Information related to all badging requirements and forms needed to complete the process are available on the Authority's website at:

<https://hollywoodburbankairport.com/badging-office/>

9.5 Return of Badges. At Expiration or Termination, all badges issued to Contractor Personnel shall be returned to the Airport Operations Superintendent. Each un-returned badge shall result in a \$150 penalty charged to Contractor.

9.6 Airfield Access. Gate access and driving privileges on the airfield must be approved by the Airport Operations Superintendent. Upon approval, all vehicles must bear company logos on both sides. The airfield driving privilege is contingent upon compliance with all rules and regulations of the Authority. Violations will result in an immediate escort off of airport property.

9.7 SIDA. Any project involving access to the Security Identification Display Area (SIDA) requires security training pursuant to 49 CFR Part 1544 by sufficient personnel to ensure that at least one individual who has received the training is present at the job site at all times. Security training is offered by Airport Operations and can be coordinated by contacting the Airport Operations Superintendent.

10. TOXIC MATERIALS

10.1 Prohibition. Contractor shall not cause or permit any Toxic Materials to be brought onto, stored, used, or disposed of in, on, or about the Airport without the prior written consent of the Executive Director. Consent shall not be unreasonably withheld if Contractor demonstrates to the Executive Director's reasonable satisfaction that the Toxic Materials (i) are required in connection with the Automotive Services; and (ii) will be stored, used and disposed of in a manner that complies with law.

10.2 Indemnity. Contractor shall be solely responsible for and shall defend, indemnify, and hold harmless the Indemnitees from and against any and all Claims related to the receipt, handling, use, storage, accumulation, transportation, generation, spillage, migration, discharge, release, or disposal of Toxic Materials in, on, or about the Airport by Contractor or Contractor Personnel. This indemnification obligation includes costs incurred in connection with investigation of site conditions and cleanup, remediation, removal, or restoration work necessary to bring the Airport into compliance with law. Contractor's indemnity obligation under this Subsection 10.2 shall survive Expiration or Termination.

10.3 Prohibited Substances. Notwithstanding anything to the contrary, the following substances shall not be brought onto the Airport: (i) arsines; (ii) dioxins, including dioxin precursors and intermediates; (iii) polychlorinated biphenyls; and (iv) anything contained in the California List of Extremely Hazardous Chemicals.

11. ASSIGNMENT

This Agreement is personal to Contractor. Contractor shall have no right to assign this Agreement, or any monies due or to become due, or to delegate any of its duties, either voluntarily,

involuntarily or by operation of law, without the prior written approval of the Fleet Manager. A prohibited assignment within the meaning of this Section 11 includes any transfer, sale, or change in the ownership of more than 20% of the total stock or partnership interests or limited liability company interests or other equity or voting rights or interests of Contractor or any other change in the management of Contractor. The Authority's consent to any assignment or transfer shall not constitute a waiver of any of the restrictions provided for in this Agreement or be a consent to any subsequent transfer or assignment.

12. DEFAULT

12.1 Contractor Default Events. The following shall constitute Default Events by Contractor:

(a) *Exercise of Creditor Rights or Remedies*. (i) The consent of Contractor to the appointment of a receiver, trustee, or liquidator of all or a substantial portion of Contractor's assets; (ii) the adjudication of Contractor as a bankrupt or insolvent; (iii) the filing by Contractor of a voluntary petition in bankruptcy; (iv) the admission by Contractor in writing of Contractor's inability to pay its debts as they become due; (v) the failure by Contractor to pay its debts as they become due; (vi) the making by Contractor of a general assignment for the benefit of creditors; (vii) the filing by Contractor of a petition or answer seeking reorganization or arrangement with creditors; or (viii) the entry of any order, judgment, or decree by a court of competent jurisdiction approving a petition seeking appointment of a receiver, trustee, or liquidator of all or a substantial part of Contractor's assets.

(b) *Material Breach*. The occurrence of any of the following, each of which shall be a material breach of this Agreement: (i) misrepresentation, default, breach, or nonperformance of any provision of this Agreement by Contractor; (ii) abandonment of this Agreement by Contractor; or (iii) initiation of proceedings to dissolve Contractor.

12.2 Authority's Default. The Authority shall not be deemed to be in default in the performance of any of its obligations under this Agreement until it has failed to perform such obligation within 30 days following the receipt by the Authority of written notice specifying the unperformed obligation. If such obligation is not reasonably susceptible of being performed within a 30 day period, the Authority shall not be in default unless it has failed to initiate the performance of such obligation within 30 days (or longer period if required) of receipt of the notice, or unless it has failed to prosecute diligently such performance to completion. In the event of a default by the Authority under this Agreement, the sole remedy of Contractor shall be to terminate this Agreement.

13. INDEMNITY

13.1 General. Contractor shall defend, indemnify, and hold harmless the Indemnites from and against Claims arising out of, resulting from or relating to this Agreement. Without limiting the generality of the preceding sentence, Contractor shall defend, indemnify and hold harmless the Indemnites from and against Claims arising out of, resulting from or relating to the following: (i) the performance of the Automotive Services; (ii) the employment by or on behalf of Contractor of any Contractor Employee in the performance of the Automotive Services; or (iii)

the reassignment, replacement or removal of any Contractor Employee from the performance of the Automotive Services.

13.2 Indemnitor's Rights. Notwithstanding Subsection 13.1, each Indemnitor shall have the following rights with respect to any Claim against the Indemnitor: (i) to approve of any legal counsel engaged by Contractor to defend the Indemnitor with respect to such Claim, which approval shall not be unreasonably withheld; and (ii) to engage separate legal counsel for the Indemnitor (which separate legal counsel shall be selected by the Indemnitor with Contractor's approval, which approval shall not be unreasonably withheld) in any of the following circumstances: (a) the Indemnitor reasonably determines that there is a material conflict between the interests of Contractor and/or any insurance carrier of Contractor and the interests of the Indemnitor with respect to such Claim; (b) any material disagreement between Contractor or any insurance carrier of Contractor and the Indemnitor, as to the manner, method, or handling of the defense of such Claim; or (c) the Indemnitor reasonably determines that separate legal counsel is otherwise required to protect its interests with respect to such Claim. The fees and costs of the legal counsel described in (i) and (ii) above shall be paid for by Contractor as part of its indemnity obligation under Subsection 13.1.

14. INSURANCE

14.1 In General. Contractor shall carry insurance during the Term as specified below. The insurance shall be provided by companies that are licensed to do business in California and that have an A. M. Best insurance guide rating of no less than A-X:

(a) Worker's Compensation insurance written in accordance with California statutory limits and Employer's Liability insurance of \$5,000,000 minimum. The Employer's Liability insurance shall not contain occupational disease exclusion, provided such coverage is reasonably available in the insurance market.

(b) Comprehensive General Liability and Excess Liability combined including broad form property damage and contractual liability: \$10,000,000 minimum. Bodily injury by disease - \$10,000,000 - policy limit.

(c) Garage Liability insurance and Excess Liability combined covering Airport Fleet Items in Contractor's care, custody and control, including coverage for loss by fire, explosion, theft, vandalism and/or malicious mischief, and collision or upset with a minimum of \$10,000,000 per occurrence.

(d) Comprehensive Motor Vehicle Liability and Excess Liability combined for owned, non-owned and hired vehicles physical damage and vehicle hazards. Coverage shall be written in an amount of \$10,000,000 combined single limit.

14.2 Miscellaneous Requirements. Contractor's insurance required herein shall (i) name the Indemnitors as additional insureds (Comprehensive General Liability and Comprehensive Motor Vehicle Liability policies only); (ii) state that such insurance is primary and not contributing with any other insurance maintained by the Indemnitors; and (iii) contain a waiver of subrogation clause. Additionally, Contractor's insurance shall state that such insurance is not subject to cancellation, change in coverage, reduction of limits or non-renewal except after not less than

thirty (30) days' written notice to the Authority; provided, however, that if the policy is canceled for non-payment of premium only ten (10) days' notice is required.

14.3 Proof. Upon Commencement, Contractor shall provide the Procurement Department with certificates of insurance and endorsements effecting coverage required by this Section. Upon request of the Fleet Manager, Contractor shall provide a copy of the insurance policy.

15. NOTICES

Any notices, requests, demands, and other communications given or required to be given under this Agreement shall be in writing duly addressed to the parties as follows:

TO AUTHORITY: Burbank-Glendale-Pasadena Airport Authority
Attention: Director of Engineering & Maintenance
2627 Hollywood Way
Burbank, CA 91505
Email: ADefrenza@bur.org

With copy to:

Burbank-Glendale-Pasadena Airport Authority
Attention: Fleet Manager
2627 Hollywood Way
Burbank, CA 91505
Email: MRODRIGUEZ@bur.org

TO CONTRACTOR:
Keolis Transit Services, LLC
470 Atlantic Avenue
Boston, MA 02210
Email: sandi.hill@keolisna.com

Any notice properly addressed shall be deemed received upon: (i) personal delivery; (ii) 72 hours after mailing by certified or registered United States mail, postage prepaid, return receipt requested; (iii) on the date of the first attempted delivery by any nationally recognized overnight delivery/courier service which delivers to the noticed destination and provides proof of delivery to the sender; or (iv) one day after being sent via email with transmission and receipt confirmed.

16. DISPUTE RESOLUTION

16.1 In General. If the parties are unable to resolve by mutual agreement any dispute relating to this Agreement, either party shall have the right to commence an action in any court of the State of California or the United States located in Los Angeles County, California, unless the parties agree as to an alternative dispute resolution procedure for resolving such dispute. Pending settlement or the final decision by the court, Contractor shall proceed diligently with the performance of the Agreement in accordance with the Fleet Manager's direction.

16.2 Prevailing Party. In the event of any judicial, arbitration or mediation action or proceeding to enforce or construe any of the provisions of this Agreement, the prevailing party in any such action shall be entitled to reasonable attorneys' fees, expert witness fees and costs. The trier of fact in any judicial proceeding shall be specifically requested to name the prevailing party.

16.3 Force Majeure. Neither party shall be liable for failure to perform any of its obligations under this Agreement during any period in which such party cannot perform due to matters beyond its control (including pandemic, strike, fire, flood or other natural disaster, war, embargo or riot) provided that the party so delayed immediately notifies the other party of such delay.

17. MISCELLANEOUS PROVISIONS

17.1 Exhibits. Exhibits A through C are incorporated into this Agreement by reference. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of Exhibits A or B, the provisions of this Agreement shall prevail. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of Exhibit C, the provisions of Exhibit C shall prevail.

17.2 Incorporation of Mandatory Language. Each and every provision required by law to be inserted in this Agreement shall be deemed to be inserted and this Agreement shall be read and enforced as though such provision were included. If through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon request of either party this Agreement shall promptly be amended to make such insertion or correction.

17.3 Integration. This Agreement, together with all Exhibits, constitutes the entire contract of the parties and supersedes all prior and contemporaneous negotiations, understandings and contracts of the parties with respect to this subject matter. No change or modification of the provisions of this Agreement shall be valid unless in writing and signed by both parties.

17.4 Interpretation. Unless otherwise indicated, the following rules of interpretation shall govern this Agreement. References to "Section," "Subsection" or "Paragraph" refer to provisions of this Agreement. References to "days" refer to calendar days. When the context requires, words importing only the singular include the plural and vice versa.

17.5 Relationship of Parties. This Agreement shall not be construed as creating a partnership between Contractor and the Authority or as creating any other form of legal association that would impose liability upon Contractor or the Authority for an act or omission of the other party. Contractor shall perform the Automotive Services as an independent contractor of the Authority. Contractor shall not have any authority to bind the Authority by contract or otherwise, or to incur any obligation or liability on behalf of the Authority, unless such authority is expressly conferred by this Agreement.

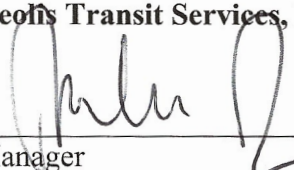
17.6 Governing Law. This Agreement shall be governed by the law of the State of California.

17.7 Severability. If one or more of the provisions of this Agreement is hereafter declared invalid or unenforceable by judicial, legislative or administrative authority of competent


jurisdiction, the parties agree that the invalidity or unenforceability of such provisions shall not in any way affect the validity or enforceability of any other provisions of this Agreement.

TO EXECUTE THIS AGREEMENT, the parties have caused their duly authorized representatives to sign below.

Keolis Transit Services, LLC



Manager



Manager

[Pursuant to California Corporations Code Section 17703.01(d), both signature lines must be executed unless the articles of incorporation state that the firm is managed by only one manager.]

Burbank-Glendale-Pasadena Airport Authority

Ross Selvidge, Ph.D., President

Approved as to form:

Richards, Watson & Gershon
A Professional Corporation

EXHIBIT A

AIRPORT FLEET ITEMS

CURRENT VEHICLE LIST – SUBJECT TO CHANGE

FLEET A – NON PRIORITY FLEET ITEM LIST

DEPT.	UNIT NO.	FUEL	YEAR	VEHICLE DESCRIPTION
Ops.	73	NA	2002	2002 Big Tex Trailer
Police	148	NA	1996	1996 Big Tex Utility Trailer
Fire	174		1997	1997 Foam Trailer
Fire	175		2006	2006 Hallmark Trailer
Fire	176		2019	2019 Foam Trailer carson
Parking	# 1	EV		Electric cart Crushman
Parking	# 2	EV		Electric cart Crushman
Parking	# 3	EV	2018	2018 EZ GO
Ops.	E-09	NA	2016	2016 Skiddometer
Maint.	E-10	PROPANE	2006	2006 Tymco Sweeper
Maint.	E-11	DIESEL	2006	2006 GEHL 10,000 LBS
Maint.	E-12	PROPANE	2017	2017 Forklift Utilev
Maint.	E-15		2006	2006 Triple -l Power Deck Trailer
Maint.	E-17	PROPANE		Sweeper Scrubber Tennant mod 8200
Maint.	E-18	DIESEL	2006	2006 Tractor John Deere mod 5425 / Rotary Cutter
Maint.	E-19	DIESEL	1979	1979 Ford 540 Tractor Landscaper
Maint.	E-20	DIESEL	2007	2007 New Holland B/O
Maint.	E-21	DIESEL		Coleman Port light Generator
Maint.	E-22	DIESEL		Coleman Port light Generator
Maint.	E-23	DIESEL		Port Generator, light cart Terex-A
Maint.	E-24	DIESEL		Port Generator, light cart Terex-A
Maint.	E-25	DIESEL		Port Generator, light cart Terex-A
Maint.	E-26	DIESEL	1996	1996 Mower John Deere Tractor
Maint.	E-27	DIESEL		Compressor Ingresoll Mod P185WIR/03
Maint.	E-29			Cement Mixer MC64PHA
Maint.	E-30	NA		Chemical Trailer (Sprayer for weed)
Maint.	E-31	EV		Scissor Lift MX19
Maint.	E-32	EV		Scissor Lift SJIII4632
Maint.	E-34	DIESEL	2006	2006 Bobcat Tractor Model S130
Maint.	E-35	DIESEL	2009	2009 GMC Sweeper
Maint.	E-36	SOLAR	2009	2009 Solar Sign Model 1548
Maint.	E-37	SOLAR	2009	2009 Solar Sign Model 1548
Maint.	E-38	DIESEL	2009	2009 Light Tower Model MLT360K
Maint.	E-39	DIESEL	2009	2009 Light Tower Model MLT360K

Maint.	E-40	GASOLINE	2009	2009 Jeter Trailer mod TR-3500
Maint.	E-41	DIESEL	2009	2009 Trailer Generator
Maint.	E-42	GAS/DIESE L	2010	2010 Trailer High Pressure Washer
Maint.	E-43	GAS/DIESE L	2010	2010 Runway Closure Generator 6KW
Maint.	E-44	GAS/DIESE L	2010	2010 Runway Closure Generator 6KW
Maint.	E-45	GAS/DIESE L	2010	2010 Runway Closure Generator 6KW
Maint.	E-46	GAS/DIESE L	2010	2010 Runway Closure Generator 6KW
Maint.	E-47	DIESEL	2013	2013 Crack Sealer Trailer
Maint.	E-48	GASOLINE	2015	2015 Toro Workman Cart Mod 07279
Maint.	E-49	GASOLINE	2000	2000 Water Trailer
Maint.	E-50	NA	2021	2021 Electrical Trailer

FLEET B – NON-PRIORITY FLEET ITEM LIST

DEPT.	UNIT NO.	FUEL	YEAR	VEHICLE DESCRIPTION
Maint.	9	GASOLINE	2013	2013 Ford F-350 Pick-up Truck
Eng.	10	GASOLINE	1999	1999 Ford F-250 Super Cab Truck
Maint.	11	GASOLINE	2011	2011 Chevy Silverado S1500 Club Cab
Maint.	11	GASOLINE	2006	2006 Ford F-150 1/2 Ton Pickup
Maint.	13	GASOLINE	2006	2006 Ford F-250 3/4 Ton Pickup
Maint.	14	GASOLINE	2006	2006 Ford F-250 3/4 Ton Pickup
Maint.	17	GASOLINE	2007	2007 Ford F-150 1/2 Ton Pickup
Maint.	18	GASOLINE	2002	2002 Ford F150 Truck
Maint.	19	GASOLINE	2007	2007 Ford F-150 1/2 Ton Pickup
Maint.	20	GASOLINE	2008	2008 Ford F-250 3/4 Ton Pickup
Maint.	21	GASOLINE	2008	2008 Ford Cargo Van
Maint.	22	GASOLINE	2008	2008 Ford F-150 Pickup Truck
Maint.	23	GASOLINE	2006	2006 Ford F-150 Single Cab
Maint.	24	GASOLINE	2017	2017 Ford F-450 Dump Truck
Maint.	25	GASOLINE	2006	2006 Ford F-150 1/2 Ton Longbed
Maint.	27	GASOLINE	2004	2004 Ford F250 Cab Truck
Maint.	28	GASOLINE	2011	2011 Ford F-550 Flatbed Truck
Maint.	29	GASOLINE	2003	2003 Ford F450 Crew Cab Truck
Maint.	30	GASOLINE	2015	2015 Ford F-350 Single Cab 4X2
Maint.	31	GASOLINE	2017	2017 Ford F-350 Truck 4x2
Maint.	32	GASOLINE	2004	2004 Ford Econoline Van
Maint.	34	GASOLINE	2005	2005 Ford F250 Crew Cab

Maint.	35	GASOLINE	2005	2005 Ford F150 Truck 4x2
Maint.	36	GASOLINE	2014	2014 Ford F-350
Maint.	37	GASOLINE	2005	2005 Ford F150 Truck 4x2
Maint.	38	GASOLINE	2017	2017 Ford F-350 Club Cab
Maint.	39	GASOLINE	2020	2020 Chevy Colorado Club Cab
Ops.	40	GASOLINE	2006	2006 Dodge Durango SLT 4x2
Ops.	41	GASOLINE	2006	2006 Ford E-250XLT
Ops.	42	GASOLINE	2013	2013 Chevrolet Tahoe LS
Ops.	43	GASOLINE	2017	2017 Chevrolet Tahoe LS
Ops.	44	GASOLINE	2017	2017 Silverado S1500
Maint.	45	GASOLINE	2005	2005 Ford Explorer
Ops.	49	GASOLINE	2007	2007 Ford Expedition
Admin.	51	GASOLINE	2007	2007 Chevrolet Impala LS
Admin.	52	GASOLINE	2005	2005 Ford Crown Victoria
Admin.	53	GASOLINE	2019	2019 Chrysler Pacifica
Ops.	55	GASOLINE	2002	2002 Ford Ranger XLT
Eng.	58	GASOLINE	2001	2001 Ford Expedition
Eng.	60	GASOLINE	2008	2008 Chevrolet Impala
Eng.	61	GASOLINE	2008	2008 Ford F-150 XLT Super Crew
Eng	62	GASOLINE	2011	2011 Chevy Silverado 1500 Club Cab
Eng	63	GASOLINE	2017	2017 Chevrolet Silverado 1500 Club Cab
Eng	86	GASOLINE	2004	2004 Chevrolet Tahoe SUV
Admin.	87	GASOLINE	2004	2004 Chevrolet Impala LS
ICT	98	GASOLINE	2018	2018 Ford Explorer XLT
Envirom	S172	GASOLINE	2007	2007 Chevrolet Impala LS

FLEET B – PRIORITY FLEET ITEM LIST

DEPT.	UNIT NO.	FUEL	YEAR	VEHICLE DESCRIPTION
Fire	5	DIESEL	2008	2008 F-450 Rescue
Fire	6	GASOLINE	2013	2013 Chevrolet Tahoe LS
Fire	7	GASOLINE	2017	2017 Ford Explorer
Police	102	GASOLINE	2011	2011 Chevy Tahoe B/W
Police	103	GASOLINE	2011	2011 Chevy Tahoe B/W
Police	104	GASOLINE	2011	2011 Chevy Tahoe B/W
Police	105	GASOLINE	2014	2014 Explorer Interceptor B/W
Police	142	GASOLINE	2019	2019 Explorer interceptor Black
Police	143	GASOLINE	2010	2010 Ford Expedition Silver
Police	144	GASOLINE	2010	2010 Ford Expedition Gray
Police	145	GASOLINE	2016	2016 Ford Explorer B/W
Police	146	GASOLINE	2016	2016 Ford Explorer B/W
Police	147	GASOLINE	2010	2010 Ford Expedition Dark Blue

Police	149	GASOLINE	2017	2017 Ford Explorer Blue
Fire	U174	NA	2008	2008 Ford F-450 4 X 2 Utility

EXHIBIT B

AUTOMOTIVE SERVICES

1. Daily Inspections. Daily Inspections of the Priority Fleet Items shall and the prompt repair, replacement and/or correction of any item in need of restoration shall be completed in order to bring the vehicle to a full and safe operating condition.
2. PMI Inspections. PMI inspections shall include all inspections and tests necessary to obtain all required local, state or federal certifications for the Airport fleet and equipment and shall include the prompt repair, replacement and/or correction of any item in need of restoration in order to bring the vehicle to a full and safe operating condition.

All PMI inspections shall comply with Department of the California Highway Patrol regulations pursuant to Vehicle Code Section 34501. Inspection forms must be signed by the State of California certified mechanic and filed per this Agreement.

3. Preventive Maintenance. Preventive Maintenance shall mean lubrication, oil and filter changes ("LOF Service"), brake inspections and Non-Priority Fleet Item Inspections as specified below.

3.1 *LOF Service*. LOF Service shall include: draining and replacement of the engine oil; replacement of the oil filter; lubrication of the chassis; checking all fluids (including transmission oil, brake fluid, coolant, windshield wiper fluid, power steering fluid); and topping off, as needed.

3.2. *Brake Inspections*. Brake inspections shall include: removal of the wheels; checking of the brake pads, calipers, brake drums, springs, seals, brake lines, brake cylinders and master cylinder; and adjusting the brakes, as needed.

3.3. *Non-Priority Fleet Item Inspections*. Non Priority Fleet Item inspections and the prompt repair, replacement and/or correction of any item or items in need of restoration in order to bring the vehicle to a full and safe are operating condition.

3.4 *Coolant System*. The Cooling System shall be checked yearly. The following services shall be performed. Pressure conditions and coolant volume are to be checked. The radiator cap is to be checked that it functions and fits correctly. Radiator hoses shall be checked that they are not worn, cracked or disintegrating. Engine belts shall be checked.

4. Transmission Service. Transmission service shall include changing the transmission fluid, filter and pan gasket, and making adjustments as required.

5. Air Conditioning Service. Air Conditioning service shall include inspection of all hoses and lines, checking the cooling system for leaks, checking cooling system temperature and adding freon or fluid as needed.

6. Tune Ups.

6.1 *Diesel Engines.* Diesel engine tune ups shall include valve adjustments, replacement of valve cover and fuel injectors and checking fuel injection timing.

6.2 *Gasoline Engines.* Gasoline engine tune ups shall include replacement of spark plugs, cap, rotor, wires, and checking and adjusting timing.

7. Brake Replacement.

7.1 *Air Brakes.* Air brake service shall include resurfacing of all drums, replacement of hard work kits and seals.

7.2 *Air Over-Hydraulic Brake System.* Air Over-Hydraulic Brake System service shall include replacement of brake shoes, resurfacing of drums, and replacement of hard work kits and seals.

7.3 *Hydraulic Brakes.* Hydraulic brake service shall include resurfacing of drums and rotors, and replacement of brake shoes, front pads, and seals.

8. Tire Inspection. Rotate tires every 5,000 miles or as required by manufacture's specifications.

9. Fuel Injection System. System shall be cleaned every 50,000 miles or as required by manufacture's specifications.

EXHIBIT C

NON-AIP PROJECT FEDERAL REQUIREMENTS

1. General Civil Rights Provisions

Consultant agrees to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision binds Consultant and subtier contractors from the bid solicitation period through the completion of the contract. This provision is in addition to that required of Title VI of the Civil Rights Act of 1964.

2. Civil Rights – Title VI Assurance

During the performance of this contract, Consultant, for itself, its assignees, and successors in interest (hereinafter referred to as the “Consultant”) agrees as follows:

A. Compliance with Regulations: Consultant will comply with the Title VI List of Pertinent Nondiscrimination Acts And Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.

B. Non-discrimination: Consultant, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. Consultant will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR part 21.

C. Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding, or negotiation made by Consultant for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by Consultant of Consultant’s obligations under this contract and the Nondiscrimination Acts And Authorities on the grounds of race, color, or national origin.

D. Information and Reports: Consultant will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the Authority or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts And Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, Consultant will so certify to the Authority or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.

E. Sanctions for Noncompliance: In the event of Consultant's noncompliance with the non-discrimination provisions of this contract, the Authority will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

1. Withholding payments to Consultant under the contract until Consultant complies; and/or
2. Cancelling, terminating, or suspending a contract, in whole or in part.

F. Incorporation of Provisions: Consultant will include the provisions of paragraphs A through F in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. Consultant will take action with respect to any subcontract or procurement as the Authority or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if Consultant becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, Consultant may request the Authority to enter into any litigation to protect the interests of the Authority. In addition, Consultant may request the United States to enter into the litigation to protect the interests of the United States.

G. During the performance of this contract, Consultant, for itself, its assignees, and successors in interest (hereinafter referred to as the "Consultant") agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

1. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
2. 49 CFR part 21 (Non-discrimination in Federally-Assisted Programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964);
3. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
4. Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended (prohibits discrimination on the basis of disability); and 49 CFR part 27;
5. The Age Discrimination Act of 1975, as amended (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);
6. Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
7. The Civil Rights Restoration Act of 1987, (PL 100-209), (broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the

definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);

8. Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by U.S. Department of Transportation regulations at 49 CFR parts 37 and 38;

9. The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);

10. Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;

11. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);

12. Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 *et seq*).

3. Federal Fair Labor Standards Act

All contracts and subcontracts that result from this solicitation incorporate by reference the provisions of 29 CFR part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text. The FLSA sets minimum wage, overtime pay, recordkeeping, and child labor standards for full and part time workers. Consultant has full responsibility to monitor compliance to the referenced statute or regulation. Consultant must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

4. Occupational Safety and Health Act

All contracts and subcontracts that result from this solicitation incorporate by reference the requirements of 29 CFR Part 1910 with the same force and effect as if given in full text. Consultant must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. Consultant retains full responsibility to monitor its compliance and its subcontractor’s compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (20 CFR Part 1910). Consultant must address any

claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration.

AVIATION HANGAR LEASE

BETWEEN

**BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY**

AND

TEM ENTERPRISES

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AVIATION HANGAR LEASE

THIS AVIATION HANGAR LEASE (this "Lease") is dated as of February 2, 2021, 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 TEM ENTERPRISES, a Nevada corporation ("Tenant").

RECITALS

A. Landlord is the owner and operator of the Bob Hope Airport (commonly known as the "Hollywood Burbank Airport") located in Burbank, California ("Airport").

B. Tenant desires to lease space at the Airport (as described in Section 1.1 below, the "Leased Premises") from Landlord for aircraft hangar and office and related uses.

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

1. LEASE.

1.1 Leased Premises. Landlord hereby leases to Tenant, and Tenant hereby leases and hires from Landlord, the hangar space and office space described and/or depicted in Exhibit A and A-1 attached hereto (the "Leased Premises"), together with the right, in common with others, to use certain of the "Common Use Facilities" of the Airport as set forth in Section 15, upon the terms and subject to the conditions set forth in this Lease.

1.2 "AS-IS". Tenant accepts the Leased Premises as of the Commencement Date (as hereinafter defined) in the condition existing as of the Commencement Date, without representation or warranty, express or implied, and agrees that the Leased Premises are otherwise in a good condition and acknowledges that Landlord is not otherwise obligated to make any repairs or alterations to the Leased Premises.

The Leased Premises, the building in which they are located and any other areas that may be used by Tenant under this Lease (herein, the "subject premises") have not been inspected by a Certified Access Specialist (CASp). A CASp can inspect the subject premises and determine whether they comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, a commercial property owner or lessor may not prohibit a lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. 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 within the subject premises.

The Landlord and Tenant hereby agree that Landlord will not be obligated to obtain or pay for such an inspection report, or make any repairs or alterations.

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

1.4 Landlord's Right of Access. Landlord shall have free access to the Leased Premises during all reasonable hours, or at any time in the event of an emergency, for the purposes of examining the same to ascertain if they are in good repair, inspecting any work in progress within or upon the Leased Premises, New Improvements or elsewhere on the Airport, making repairs which Landlord may be permitted to make hereunder, and, during the last twelve (12) months of the term of this Lease or at any time following either Landlord or Tenant giving a notice of termination under this Lease, exhibiting the same to prospective purchasers or tenants. Such entry shall be made in a manner that will not unreasonably interfere with Tenant's use of the Leased Premises, except in case of emergency. If Landlord provides Tenant with three (3) days' prior written notice of a Landlord access/inspection, and Tenant is not personally present to open and permit such entry on the date and at the time specified in the notice, or in the event of an emergency, Landlord may enter by means of master keys or may enter forcibly and shall incur no liability to Tenant as a result of such entry, except for any gross negligence or willful misconduct on the part of Landlord or any of its employees, agents, representatives or contractors.

2. TERM.

2.1 Initial Term; Commencement Date; Annual Period. The term of this Lease shall commence at 12:01 a.m. on March 15, 2021 ("Commencement Date") and continue until 11:59 p.m. on January 31, 2026 ("Expiration Date"), unless the term is extended pursuant to Section 2.2 or is earlier terminated by Landlord pursuant to Section 2.3 or otherwise under the terms of this Lease, or Tenant terminates this Lease pursuant to the terms of this Lease, in which case the last day of the extended or earlier terminated term shall be the "Expiration Date". Each twelve (12) full calendar month period, commencing on the Commencement Date, during the term of this Lease, shall be referred to in this Lease as an "Annual Period."

2.2 Extension Option(s). Tenant shall have the right (subject to the Executive Director approval described below) to extend the Expiration Date by five (5) calendar years by giving written notice of such extension to Landlord at least six (6) months prior to the initial

Expiration Date; however, such extension shall not be effective unless it is approved by the Executive Director of Landlord in writing within sixty (60) days after the extension notice is given. The terms of this Lease shall apply during the extension period (and Annual Base Rent shall continue at the rate in effect at the end of the initial term, subject to adjustment as provided in Section 3.1.3).

2.3 Early Termination.

2.3.1 Tenant and Landlord Rights to Terminate. Tenant may terminate this Lease upon sixty (60) days' prior written notice to Landlord.

Tenant acknowledges that Landlord is presently conducting and in the future will conduct feasibility, economic, land use and other studies of the Airport and its physical configuration for the purpose of relocating or rebuilding terminal facilities, fixed base operator facilities, cargo facilities, fueling facilities, retail, commercial, industrial and manufacturing facilities, parking areas, service areas, runways, taxiways, apron areas, access roads, control tower, safety and open areas, safety and navigation equipment and other Airport and non-Airport facilities, some or all of which may be required by the Federal Aviation Administration ("FAA"), by considerations of safety or efficiency of operation at the Airport, or by economic conditions, opportunities or circumstances, and that it is not possible to determine whether or to what extent the Leased Premises or New Improvements will be included within or affected by any such studies, reconfiguration of the Airport or rebuilding or relocation of Airport facilities. In the event that Landlord, in its sole and absolute discretion, determines that all or a portion of the Leased Premises is needed and is related to any reconfiguration of the Airport, reconstruction, rebuilding or reconstruction of Airport facilities, or construction of new Improvements or facilities, Landlord shall have the right to terminate this Lease as to all of the Leased Premises by delivering to Tenant not less than twelve (12) months' prior written notice of such termination pursuant to this Section.

2.3.2 Payment of Unamortized Cost of Approved New Improvements. In the event that Landlord exercises its right under Section 2.3.1 to terminate this Lease as to all of the Leased Premises, Landlord shall pay to Tenant the "Unamortized Cost of Approved New Improvements" (as defined in Section 2.3.2.1 below). Tenant acknowledges and agrees that (a) Tenant shall not be entitled to reimbursement for any costs incurred in connection with the construction or installation of any Improvements that are not Approved New Improvements; and (b) Tenant shall not have any right to continue the use or occupancy of any portion of the Leased Premises as to which this Lease has been terminated under Section 2.3 following the effective date of such termination.

2.3.2.1 Unamortized Cost of Approved New Improvements. As used in this Lease, the term "Unamortized Cost of Approved New Improvements" shall mean the actual direct out-of-pocket cost of all Approved New Improvements (constructed after the Commencement Date and certified by Tenant as provided in Section 6.1) located within the Leased Premises, multiplied by a fraction, the numerator of which is the number of full calendar months between the effective date of termination of this Lease and the Expiration Date, and the denominator of which is the number of full calendar months between the date of certification by Tenant of the cost of the Approved New Improvements for which payment is being made and the

Expiration Date. For purposes of determining the "Expiration Date" under this Section 2.3.2.1, any Extension Terms as to which Tenant has exercised Extension Option prior to Landlord giving notice of termination pursuant to Section 2.3.1 shall be included.

2.3.3 Payment. Landlord shall pay to Tenant the Unamortized Cost of the Approved New Improvements in cash in one lump sum upon the close of escrow as provided in Section 2.3.4. Landlord shall be entitled to offset or credit against such payment any amounts owing by Tenant to Landlord, whether under this Lease or otherwise, and to withhold from such payment the amount of any monetary claim then being asserted in good faith by Landlord against Tenant.

2.3.4 Escrow; Quitclaim Deed and Bill of Sale. Upon receipt of Landlord's notice of termination of this Lease as to the Leased Premises, Landlord and Tenant shall open an escrow with Chicago Title Company, or such other title company as shall be mutually acceptable to the parties, the cost of which shall be divided equally between Landlord and Tenant. Landlord and Tenant shall execute and deliver to the escrow holder all instructions reasonably necessary to facilitate and perform the provisions of this Section 2.3. On or prior to the effective date of termination of this Lease as to the Leased Premises, the parties shall deposit into escrow all funds, documents, deeds and instruments required to be paid or delivered under this Section 2.3. Specifically, Landlord shall deposit into escrow the payment due to Tenant and Tenant shall execute and deposit into escrow a quitclaim deed in recordable form conveying to Landlord, free and clear of all liens, security interests and encumbrances, all of the right, title and interest of Tenant in the Leased Premises and any New Improvements, together with all of the right, title and interest of Tenant in any appurtenances located thereon or appurtenant thereto. The escrow shall close upon the effective date of termination of this Lease as to the Leased Premises and New Improvements pursuant to this Section 2.3, and the funds, documents and instruments shall be dispersed, delivered or recorded, as applicable, as provided in the escrow instructions of the parties.

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

3. RENT.

3.1 Annual Base Rent.

3.1.1 Obligation to Pay. During the initial term and Extension Term, Tenant shall pay to Landlord, without setoff or deduction, rent for each Annual Period (as

defined in Section 2.1) at the rates and in the amounts described in this Section 3, which rent shall be payable at the times and in the manner set forth in Section 3.1.2 and shall be subject to the adjustments set forth in Sections 3.1.3 ("Annual Base Rent").

3.1.2 Payment of Annual Base Rent. The Annual Base Rent under this Lease shall be payable in monthly installments as follows: (i) \$1,671.00 from the Commencement Date until May 1, 2021,; \$3,342.00 from May 1, 2021, to May 1, 2022; \$5,012.00 from May 1, 2022 to May 1, 2023; and thereafter \$6,683.00 however, such \$5,012.00 and \$6,683.00 amounts shall be subject to annual adjustment as described under Section 3.1.3 below. Each monthly installment shall be due and payable in advance on the first (1st) day of each calendar month, commencing on the Commencement Date and continuing on the first (1st) day of each calendar month thereafter during the term of this Lease. Each installment of Annual Base Rent shall be paid, without demand therefore, as and when it becomes due and payable, without abatement, reduction or offset, in lawful money of the United States of America. The Annual Base Rent for any partial Annual Period shall be prorated on the basis of a three hundred sixty five (365) day annual period and the installment of Annual Base Rent for any partial calendar month shall be prorated on the basis of the number of days in that calendar month.

3.1.3 Base Rent Adjustments.

3.1.3.1 Definitions

(i) The term "Adjustment Date" shall mean the first day of the Annual Period (defined in Section 2.1) commencing in 2022 and in each Annual Period thereafter (or each twelve (12) calendar month period during any holdover tenancy permitted by Landlord after the Expiration Date).

(ii) The term "Adjustment Index" shall mean the Consumer Price Index for the month of December of the calendar year prior to the calendar year containing the applicable Adjustment Date.

(iii) The term "CPI Increase" shall mean the percentage increase in the Consumer Price Index, calculated by subtracting the Prior Index from the Adjustment Index and then dividing the result by the Prior Index, calculated by subtracting the Prior Index from the Adjustment Index and then dividing the result by the Prior Index.

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

(v) The term "Prior Index" shall mean on each Adjustment Date, the Consumer Price Index used as the Adjustment Index on the prior Adjustment Date (or in the case of the first adjustment, the

Consumer Price Index for the month of December of the prior calendar year).

3.1.3.2 Regular Annual Adjustments. Commencing on the first (1st) anniversary of the Commencement Date and thereafter on each Adjustment Date, the Annual Base Rent applicable to the Leased Premises (including all office space and hangar space) shall be increased (but not decreased) by the greater of (i) three percent (3%); or (ii) one hundred and twenty percent (120%) of the CPI Increase (rounded to the nearest hundredth). However, in no event shall an annual increase be greater than six percent (6%). The following is an example of the calculation under the preceding clause (a):

$$\begin{array}{rcl} \frac{\text{Adjustment Index} - \text{Prior Index}}{\text{Prior Index}} & = & \text{CPI Increase} \\ \text{CPI Increase} \times 1.2 & = & 120\% \text{ of CPI Increase} \\ 120\% \text{ of CPI Increase} & = & \text{xx.xx}\% \end{array}$$

3.1.3.3 CPI Changes. If the Consumer Price Index is changed so that the base year differs from that used for the Prior Index, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this Lease, such other governmental index or computation with which it is replaced shall be used.

3.2 Taxes.

3.2.1 Possessory Interest and Other Taxes. Provided that if Tenant shall not have received a bill directly from the taxing authority, and Landlord has received such a bill, that Landlord shall have delivered the applicable bill to Tenant, and provided further that, subject to the second sentence of Section 3.2.3 below, Tenant shall not be contesting the applicable Tax in good faith as shown by reasonable evidence delivered to Landlord, then Tenant shall pay, as additional rent under this Lease, all "Taxes" imposed by any authority having the direct or indirect power to tax and which are applicable to the Leased Premises during the term of this Lease, whether levied or assessed upon Landlord or Tenant. As used herein, the term "Taxes" shall include any form of possessory interest tax, assessment (including public facilities maintenance district levy or assessment or any public transit or other benefit assessment district levy or assessment), license fee, commercial rental tax, any tax or excise on rents, levy, penalty or tax imposed by any authority having the direct or indirect power to tax, including any federal, state, county or city government, or any school, agricultural, lighting, drainage, or other improvement district thereof, as against any legal or equitable interest of Landlord or Tenant in the Leased Premises or in the real property of which the Leased Premises are a part, as against Landlord's right to rent or other income therefrom, or as against Landlord's business of leasing the Leased Premises; provided, however, that "Taxes" shall not include (i) any mortgage or documentary transfer tax relating to any financing or sale of the Airport; (ii) any tax upon or against Landlord's income or profits; (iii) any franchise, capital stock, excise, social security, unemployment, sales, use or withholding assessments levied against Landlord; (iv) any assessments (or other governmental fees or charges) levied by Landlord against any tenants, the

Airport or any portion thereof (whether attributable to special assessment districts or otherwise) to finance any development, maintenance or improvement of facilities at the Airport; or (v) during the five (5) year period following the Commencement Date, any increase in Taxes to the extent arising from a reassessment of the Leased Premises triggered by a sale or other conveyance of all or any part of the Landlord's (or any successor's) interest in the Improvements within which the Leased Premises are located, excluding the conveyance to Tenant of Tenant's leasehold estate effected by this Lease. In the event that a reassessment occurs during the five (5) year period described in clause (v) of the preceding sentence and the Taxes payable by Tenant are thereby increased, Tenant shall have the right, exercised within thirty (30) days after each payment of the increased amount of Taxes by Tenant during the balance of said five (5) year period, to request in writing that Landlord reimburse to Tenant the amount of such increase in Taxes, which request shall be accompanied by a copy of the applicable Tax bills and evidence of payment by Tenant. Landlord shall reimburse to Tenant within thirty (30) days after receipt of Tenant's written request and accompanying documents, the amount of the increase in Taxes paid by Tenant. Tenant recognizes and understands that this Lease might be held to create a possessory interest subject to property taxation and that Tenant might be subject to the payment of property taxes levied on such interest. Tenant shall pay all Taxes prior to delinquency. Tenant shall furnish to Landlord evidence of payment of Taxes within fifteen (15) days after Landlord's written request therefor from time to time. In the event that Landlord receives any bill or invoice for Taxes that are payable by Tenant under this Section 3, Landlord shall promptly forward the bill or invoice to Tenant. If Tenant contests any Taxes, Tenant shall defend, indemnify and hold Landlord harmless from and against any and all claims, losses, damages, liabilities, costs and expenses incurred or suffered by Landlord as a direct or indirect result of such contest or any failure to timely pay Taxes.

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

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

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

3.4 Other Charges.

3.4.1 Obligation to Pay. Tenant shall pay, as additional rent, "Tenant's Share" (as defined in Section 3.4.7) of the costs and expenses incurred by Landlord described in this Section 3.4.

3.4.2 Fire and Security Services. Landlord is not obligated to Tenant to furnish any fire fighting services or security services to the Leased Premises. Tenant acknowledges that the Leased Premises, Common Use Facilities and other areas of the Airport are within the municipal service areas of the City of Burbank and the City of Los Angeles. Tenant shall provide such security services as may be reasonably required by Landlord to protect the Leased Premises against fire, theft, vandalism, malicious mischief, and unauthorized use or entry of the Leased Premises, and any improvements so required shall be included in "Approved New Improvements". Without limiting or modifying any obligation of Tenant to pay Annual Base Rent or other amounts due under this Lease, with Landlord's prior written approval, which shall not be unreasonably withheld, Tenant shall have the right to station its own security personnel at the Leased Premises and to install its own security systems in the Leased Premises.

3.4.3 Trash Removal. Tenant shall comply with all reasonable written instructions of Landlord in disposing of its trash and refuse. Tenant shall dispose of its refuse at its sole expense.

3.4.4 Insurance Cost Reimbursement. Landlord shall provide insurance against loss arising out of physical damage or destruction to the structure of which the Leased Premises are a part written on an "All Risk Property" form, including earthquake and flood hazards, for the full replacement cost of the structures and other Improvements, including demolition costs and application of building laws coverage. Tenant shall reimburse Landlord, as additional rent, for all costs incurred by Landlord to obtain All Risk Property insurance covering the structure of which the Leased Premises are a part and for Tenant's Share of all other

reasonable insurance costs applicable to or incurred by Landlord in connection with the Leased Premises.

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

3.4.6 Redetermination of Charges. Landlord and Tenant acknowledge that the apportionment of Taxes, utilities, security services and trash removal services is based upon circumstances prevailing at the time this Lease is entered into. In the event of a material change in such circumstances (such as, but not limited to, a re-metering of utilities or an increase in real property taxes due to improvements made), Landlord shall re-determine the apportionments made in a reasonable and equitable manner.

3.4.7 Tenant's Share. "Tenant's Share" of the costs of services and expenses provided and paid by Landlord shall be a fraction, the numerator of which is the square footage of the Leased Premises and the denominator of which is the total square footage of the buildings (excluding the Airport passenger terminal and parking facilities) for which such services are provided from time to time by Landlord.

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

3.6 Interest on Past Due Payments. Any amount due from Tenant to Landlord pursuant to this Section 3 or any other provision of this Lease which is not paid within fifteen (15) days after Landlord delivers written notice to Tenant that such amount is due shall bear interest from the due date until paid at a rate equal to the lower of (i) ten percent (10%) per annum or (ii) one (1%) in excess of the prevailing rate established by the Federal Reserve Bank at San Francisco on advances to member banks on the twenty-fifth (25th) day of the month

preceding the Commencement Date (but not more than the maximum rate permissible by Law); provided, however, that the payment of any interest pursuant to this Section shall not excuse or cure any default by Tenant with respect to its obligations to pay any amount due from Tenant pursuant to this Section 3 or any other provision of this Lease.

3.7 Intentionally Deleted

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

3.9 No Abatement of Rent or Fees. Tenant acknowledges and agrees that, except as provided in Sections 2.3.1, 8.1, 8.2, 10.1 or 10.2: (i) this Lease shall not be terminable for any reason by Tenant, and (ii) Tenant shall in no event be entitled to any abatement of or reduction in rent payable under this Lease. Any present or future Law to the contrary shall not alter this Lease.

4. USE OF LEASED PREMISES.

4.1 Use of Leased Premises.

4.1.1 Principal Use As Airport. Tenant hereby acknowledges that the principal use of the Airport consists of the operation of a public airport and that all other businesses and operations which now are or hereafter permitted by Landlord, to be conducted on or at the Airport, including Tenant's use of the Leased Premises pursuant to this Lease, must at all times be compatible with such principal use, as Landlord, in its sole and absolute discretion, shall determine, including, without limitation, the exercise of Landlord's rights pursuant to Section 2.3.1.

4.1.2 Authorized Use of Leased Premises. Tenant shall use the portion of the Leased Premises constituting hangar space exclusively throughout the Lease term for an aviation hangar for Tenant's normal course of business including, but not limited to, maintenance and storage of ground service equipment parts and supplies; maintenance and storage of aircraft related parts, components, materials, and supplies; aircraft cleaning equipment, products and supplies; and storage of various food and alcohol products, onboard products and supplies, including the preparation and distribution of products and supplies to aircraft ("Permitted Hangar Use"). Tenant shall use the portion of the Leased Premises constituting office space exclusively throughout the Lease Term for office purposes that are related to the airline operations support as described in Section 4.1.2. ("Permitted Office Use"; the Permitted Hangar Use and the Permitted Office Use are sometimes collectively referred to herein as the "Permitted Uses"). Tenant shall not use nor authorize the use of the Leased Premises, or any portion thereof, for any purpose whatsoever that is not a Permitted Use without Landlord's prior written consent, which may be withheld in Landlord's sole and absolute discretion (and in that regard, Tenant hereby waives the implied covenant of good faith and fair dealing, and any claim that Landlord is not being reasonable in withholding consent).

4.1.3 Service, Maintenance, Repair and Fueling. No service, maintenance or repair of aircraft, equipment or vehicles shall be performed within the Leased Premises, except that aircraft may be serviced, maintained or repaired under the following conditions: (i) such service, maintenance and repair is specifically authorized by FAA regulations and performed by duly authorized personnel or contractors; (ii) such service, maintenance and repair is done in compliance with all applicable fire, building and safety, environmental and other Laws; and (iii) such service, maintenance and repair is conducted in accordance with Landlord's adopted standards for aeronautical uses. Under no circumstances shall any fueling of aircraft or other fueling activities be performed or permitted inside the hangar buildings.

4.1.4 Other Permitted Storage. Tenant may store within the hangar building or buildings that are part of the Leased Premises aircraft components, equipment, parts, bulk liquids, scrap lumber, metal, machinery or other materials used in standard airline operations (to the extent such operations are permitted under Section 4.1.2 above); provided, however, that such storage must be in compliance with all Laws, including the Environmental Laws, unless otherwise approved by Landlord. No storage may be done on any apron, ramp or taxiway, without prior written approval of Landlord.

4.1.5 Restrictions on Storage. Derelict aircraft, inoperative ground vehicles, unused ramp equipment, scaffolding, hoists and related items may not be kept on any portion of the Airport unless such equipment and materials are kept within the fully enclosed hangar building portion of the Leased Premises.

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

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

4.2.1 Sales of aviation fuel or oil;

4.2.2 Sales of food;

4.2.3 Sales of products or sundry items;

4.2.4 Sales or dispensing of alcoholic beverages;

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

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

4.3 Conduct of Tenant's Activities.

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

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

4.3.3 Landlord Noise Abatement Rules. Tenant hereby acknowledges that Tenant has read and understands the Burbank-Glendale-Pasadena Airport Authority noise abatement rules as they presently exist, attached hereto as Exhibit "C". Tenant shall conduct its business and flight operations, if any, in compliance with the noise abatement rules, as the same may be amended by Landlord from time to time, including, without limitation, any voluntary or mandatory curfew imposed now or in the future by Landlord, consistent with federal law, on flight operations between specified nighttime and morning hours (the "Noise Abatement Rules"). Tenant shall also conduct its flight operation in accordance with any voluntary noise abatement procedures as may be promulgated by Landlord that are in compliance with federal law. Tenant shall incorporate the Noise Abatement Rules into all of its Permitted Subleases and shall enforce the Noise Abatement Rules against its permitted subtenants. Landlord shall give written notice to Tenant of any violation of the Noise Abatement Rules by Tenant or any subtenant which comes to Landlord's attention and, upon receipt of a written notice from Landlord of any violation of the Noise Abatement Rules by a subtenant, Tenant shall promptly provide a notice of default to the subtenant (with a copy to Landlord). If the subtenant again violates the Noise Abatement Rules within ninety (90) days of the initial notice from Landlord, or if a subtenant violates the Noise Abatement Rules four (4) times within any twelve (12) month period, upon being notified in writing by Landlord of the occurrence of such repeated violation(s), Tenant shall institute appropriate legal proceedings to terminate the subtenant's sublease and to evict the subtenant from the Leased Premises.

4.3.4 Licenses, Permits; Compliance With Laws. Tenant, at Tenant's own cost and expense, shall and shall cause its permitted subtenants to obtain and maintain in effect at all times during the term hereof all licenses, permits, certificates, approvals and other authorizations required by any federal, state, county, city or other governmental department, bureau, agency or other authority having jurisdiction over Tenant, Tenant's business and operations from the Leased Premises, Tenant's subtenants' operations from the Leased Premises, the Leased Premises or any other areas of the Airport, including, without limitation, all licenses, permits, certificates, approvals and other authorizations required by the FAA. Tenant shall comply, and Tenant shall cause its permitted subtenants to comply, with all applicable federal, state, county and city statutes, regulations, rules and ordinances governing or regulating matters of health, safety or security or the use or occupancy of the Leased Premises or the operation of

the Airport, including all rules and regulations promulgated by the FAA or the TSA, all rules, regulations, policies and guidelines of Landlord promulgated pursuant to Section 16 of this Lease, and all orders of any governmental department, bureau, agency or other authority having jurisdiction over Tenant, Tenant's business and operations from the Leased Premises, Tenant's subtenant's operations from the Leased Premises, the Leased Premises and New Improvements or any other areas of the Airport (collectively, "Laws"). Tenant shall incorporate the provisions of this Section into all of its Permitted Subleases and shall enforce the provisions of this Section against its permitted subtenants. Landlord shall give written notice to Tenant of any violation of Laws by Tenant or any subtenant which comes to Landlord's attention and, upon receipt of a written notice from Landlord of any violation of the Laws by a subtenant, Tenant shall promptly provide a notice of default to the subtenant (with a copy to Landlord). If Tenant has knowledge that a subtenant violates any of the Laws two (2) times within any ninety (90) day period or four (4) times within any twelve (12) month period, Tenant shall institute appropriate legal proceedings to terminate the subtenant's sublease and to evict the subtenant from the Leased Premises and shall give written notice to Landlord of such violations and the institution of such proceedings.

4.3.5 Air Quality Improvement Plan. In addition to complying with Section 4.3.3, Tenant shall also comply with the certain provisions of the Burbank Airport's Air Quality Improvement Plan:

4.3.5.1 Ground Support Equipment Emissions Policy. Airlines and other entities own and operate ground support equipment ("GSE") to support arriving, departing, and parked aircraft at the Airport. The Airport's GSE policy will ensure that the Airport achieves Airport-wide GSE emissions targets. The Airport will achieve an airport average composite emissions factor for its GSE fleet which is equal to or less than 1.66 horsepower-hour of nitrogen oxides (g/hp-h of NO_x) by January 1, 2023, and 0.74 g/hp-h of NO_x by January 1, 2031. Upon achieving the 2023 and 2031 emissions targets, Tenant shall be required to ensure its fleet average continues to meet the Airport emissions targets. Tenant's obligation to meet the 2031 target shall be contingent on the installation of adequate infrastructure to support zero-emission GSE, which is operationally feasible and commercially available. Tenant's "Burbank Airport GSE fleet" shall be comprised solely of GSE operated at the Airport. Emissions performance of GSE operating at the Airport cannot be averaged with emissions performance of GSE operating at other airports to demonstrate compliance with the Airport GSE emissions targets.

4.3.5.2 Clean Construction Policy. Landlord has adopted a Clean Construction Policy, which may be accessed/found at <http://hollywoodburbankairport.com/green-initiatives/>. For all capital improvement projects ("CIPs") undertaken by Tenant, Tenant shall comply, and shall cause its CIP contractors to comply, with such Clean Construction Policy, and shall otherwise ensure its contractors follow clean construction policies to reduce emissions of NO_x such as using low-emission vehicles

and equipment, recycling construction and demolition debris, and minimizing non- essential trips through better schedule coordination.

4.3.6 Burbank Airport Employee Ride Share Policy. Landlord intends to join the Burbank Transportation Management Organization (BTMO), which will serve all Airport employees and all Airport tenant employers, including employers with less than 250 employees. Tenant is encouraged to also join and to actively participate in the BTMO as an individual member.

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

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

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

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

4.8 Signs. Tenant shall not place, erect or maintain or cause to be placed, erected or maintained on or to the roof or any exterior door, wall, window or the roof of the building in which the Leased Premises are located or any New Improvement, or on or to the glass of any window or door of the Leased Premises or any New Improvement, any sign, marquee (flashing, moving, hanging, handwritten, or otherwise), decal, placard, awning, decoration, flashing, moving or hanging lights, lettering, or any other advertising matter of any

kind or description without the express, written consent of Landlord. If Tenant places or causes to be placed or maintained any of the foregoing, Landlord or Landlord's representative may remove the same at Tenant's sole cost and expense and without notice or liability and without such removal constituting a breach of this Lease or entitling Tenant to claim damages on account thereof. No illuminated sign located within the Leased Premises that is visible from the outside of the Leased Premises shall be permitted. Tenant shall repair, at its sole cost and expense, any damage to the Leased Premises caused by the erection, maintenance or removal of any sign or other attachment. Landlord hereby acknowledges its approval of Tenant's existing signage, and signs substantially similar thereto.

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

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

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

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

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

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

4.12.3 Agreements with United States. This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between Landlord and the

United States, or any lawful requirement of the United States, relative to the development, operation, or maintenance of the Airport.

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

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

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

4.12.7 Height Restrictions. Tenant shall not erect nor permit the erection of any structure or object, nor permit the growth of any tree, on the Leased Premises in violation of federal height restrictions and obstruction criteria or any more restrictive height restrictions and obstruction criteria established from time to time by Landlord. In the event the aforesaid covenants are breached, in addition to all other rights and remedies of Landlord, Landlord reserves the right to enter upon the Leased Premises to remove the offending structure or object and to cut the offending tree, all of which shall be at the expense of Tenant.

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

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

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

4.12.11 Security Checks. Tenant shall comply with Part 107 of the Federal Aviation Regulations requiring background checks, including references and prior

employment history, for all persons who have unescorted access to the airfield. Tenant agrees to maintain records of background checks for all employees of Tenant and to make such records available to the FAA and Landlord as may be requested from time to time.

4.13 Airport Security.

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

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

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

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

4.13.5 Indemnity. Tenant shall defend, indemnify and hold harmless Landlord and the other Landlord Parties from and against any and all demands, claims, actions, causes of action, proceedings, judgments, awards, damages, fines, penalties, liabilities, obligations, losses, costs and expenses, including, without limitation, attorneys' fees, of any nature whatsoever, whether now existing or hereafter arising, known or unknown, foreseen or unforeseen, fixed or contingent (collectively, "Claims"), that Landlord or any other Landlord

Party may at any time sustain or incur arising out of, resulting from or relating to any breach or violation by Tenant, its permitted subtenants or anyone subject to Tenant's control of, or failure to comply with, any provision of the Security Requirements, Tenant's own security program, any applicable Laws relating to Airport security, or any applicable guidelines, policies or procedures relating to Airport security adopted and published from time to time by the FAA or by Landlord or their respective staffs and applicable to tenants at the Airport, including, without limitation, the Rules and Regulations.

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

5. MAINTENANCE AND REPAIRS.

5.1 Tenant's Obligations. Tenant, at Tenant's sole expense, but subject to Section 5.3 of this Lease, shall maintain, repair and replace the Leased Premises, and every part thereof, in good order, condition and repair in a neat and sanitary condition, free from waste or debris, all according to reasonable standards adopted from time to time by Landlord, including, without limiting the generality of the foregoing: (a) fixtures, hangar doors, locks, interior walls and interior surfaces of exterior walls; (b) floors, ceilings, store fronts, windows, doors, plate glass, showcases, skylights, entrances and vestibules located within the Leased Premises; and (c) all sprinkler systems, plumbing, sewers, backflow equipment, drainage devices, heating, air conditioning and electrical facilities and equipment within the Leased Premises. Tenant shall paint all interior walls and the interior surfaces of exterior walls and wash all interior and exterior windows as often as Landlord reasonably requires to keep the Leased Premises neat and attractive. Tenant shall perform all maintenance and make any and all repairs and replacements required pursuant to this Section as and when the same become necessary to keep and maintain the Leased Premises and every part thereof in good order, condition and repair, but in no event later than thirty (30) days following the delivery to Tenant of a written notice specifying the maintenance, repairs or replacements Landlord reasonably believes must be undertaken to comply with the terms of this Lease or immediately in the event of an emergency. Landlord shall have the right, at any time and from time to time, to change on a uniform basis the reasonable standards applicable to the maintenance, repair and replacement of the Leased Premises and Tenant shall comply with all such reasonable standards, as they may be so modified. Subject to Landlord's obligations under Section 5.3 of this Lease, Landlord shall not be liable to Tenant or to Tenant's owners, shareholders, partners, members, directors, officers, employees, agents, representatives, contractors, and permitted subtenants, successors and assigns (individually, "Tenant Party" and collectively, "Tenant Parties") by reason of any destruction, damage or loss of property, injury or death of persons, or damage or injury to, or interference with, the business or operations of any Tenant Party, or the use or occupancy of the Leased Premises or the Common Use Facilities or any other areas of the Airport by any Tenant Party, arising out of, resulting from or relating to the need for or the making of any repairs, replacements or alterations to or the construction of Improvements. All repairs or replacements upon the Leased Premises made by Tenant as provided in this Lease shall be performed in accordance with all applicable Laws, and Tenant shall secure all licenses, permits, approvals and authorizations required by

applicable Laws with respect thereto. Common space as described and depicted in Exhibit A and A-1 will be maintained and repaired by the Landlord or its designee.

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

5.3 Landlord's Obligation to Repair. Subject to the provisions of Section 8 (Damage and Destruction), Landlord shall, during the term of this Lease, keep the roof, foundations, exterior walls (excluding interior painting and all windows, doors, plate glass and showcases) of the Leased Premises in good order, condition and repair, except, for (i) any damage thereto caused by any negligent act or omission of Tenant or any Tenant Party; and (ii) reasonable wear and tear not affecting structural integrity or safety. Landlord shall have no obligation, however, to commence any such repair until forty (40) days after the receipt by Landlord of written notice specifying the repairs Tenant believes must be undertaken to comply with the terms of this Lease; provided, in an emergency, Tenant shall have the right, if reasonably required under the circumstances, to make any such repair at Landlord's reasonable expense.

5.4 Limitations on Landlord Obligations. Except as specifically provided in Section 5.3 above, Landlord shall have no obligation to maintain or make any repairs or replacement to the Leased Premises. Tenant for itself and for each Tenant Party hereby waives any and all rights provided in Section 1941 through 1942, inclusive, of the Civil Code of California and hereby waives, to the extent possible, any rights under any other statutes or laws now or hereafter in effect which are contrary to the obligations of Tenant under this Lease or which place obligations upon Landlord. Except as specifically provided in Section 5.3 of this Lease, Landlord shall not be liable to any Tenant or any Tenant Party for any injury to or interference with Tenant or any Tenant Party or the business or operations of Tenant or any Tenant Party or the use or occupancy of the Leased Premises or the Common Use Facilities or any other area of the Airport by any Tenant Party arising out of, resulting from or relating to the need for or performance or non-performance of any maintenance, repair or replacement.

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

6. ALTERATIONS AND IMPROVEMENTS.

6.1 Approval and Construction of New Improvements.

6.1.1 Landlord's Approval. Without in each instance obtaining the prior written approval of Landlord in accordance with this Section 6.1.1, which approval may be granted or withheld in Landlord's sole and absolute discretion ("Landlord's Approval"), Tenant shall not (i) demolish any Existing Improvements, (ii) construct or install any Improvements or (iii) except as provided in Section 6.1.2, make any modifications, alterations or additions to the Leased Premises or Improvements (all such demolition, construction, installation, modifications, alterations and additions are individually and collectively referred to in this Lease as "New Improvements"), and no work required in connection therewith shall commence, prior to receiving Landlord's Approval. Landlord reserves the right to disapprove any New Improvements wholly on aesthetic grounds. If Tenant makes or commences any New Improvements without the prior written approval of Landlord, then Landlord shall have the right to require Tenant to remove any or all of such New Improvements at Tenant's sole expense and shall also have the right to declare Tenant in default under this Lease. Landlord may delegate all Landlord's Approvals required under this Section 6.1, including any determination of whether New Improvements are "Approved New Improvements" under Section 6.1.4, to Landlord's Executive Director, or to an outside engineer or architect, or to any combination thereof, and approval or determination by any such delegatee shall be subject to the same standards of review and time requirements as imposed upon Landlord and shall be deemed to be Landlord's Approval or the determination of Landlord under this Section 6.1. Any Landlord's Approval under this Section 6.1 shall be evidenced by a "Certificate of Approval" signed by Landlord or its delegatee pursuant to Section 6.1.4.

6.1.2 Cosmetic Alterations. Landlord shall not unreasonably withhold its consent to any interior Alterations that do not affect the roof or load bearing walls (collectively, "Cosmetic Alterations"), provided that any signage or graphic materials constituting Cosmetic Alterations shall not be visible from outside the Leased Premises. Landlord shall not impose any aesthetic condition or condition listed in Section 6.1.8(iii) or (iv) upon any approval of a Cosmetic Alteration.

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

conflict between the policy on tenant improvements and the provisions of this Lease, the provisions of this Lease shall apply.

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

6.1.5 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 shall be subject to Landlord's Approval and, when required by the Airport Engineer, shall be prepared, stamped and signed by a California licensed architect or engineer. Engineers shall be licensed for the particular discipline required. All changes to plans and specifications previously receiving Landlord's Approval which are required by the City of Burbank to be submitted to the City for plan check or review in accordance with the City's building codes ("Material Plan Change") shall also concurrently be submitted to Landlord and shall require Landlord's Approval. Landlord shall have five (5) working days within which to review and to approve or disapprove the proposed Material Plan Change and, if Landlord fails to disapprove the Material Plan Change, then the Material Plan Change shall be deemed to have received Landlord's Approval. Upon Landlord's Approval, Landlord shall issue promptly a Certificate of Approval for each Material Plan Change.

6.1.6 Conditions of Approval. Landlord may impose, as a condition of its approval of any New Improvements, such reasonable requirements as to the design, construction, installation, making or removal of the New Improvements, as Landlord determines, in the exercise of its reasonable judgment, including, without limitation, requirements as to the following: (i) the experience, qualifications, financial condition and other factors relating to the contractor; (ii) the time for the commencement and completion of the construction or installation of the New Improvements; (iii) the type or quality of materials used in the construction or

installation of the New Improvements; and (iv) the means or methods used in the construction or installation of the New Improvements.

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

6.1.8 Additional Requirements. Prior to the commencement of any New Improvements, Tenant shall (i) provide Landlord with a copy of the construction contract, construction schedule, trade payment breakdown and list of subcontractors and suppliers for Landlord's prior written approval; (ii) furnish to Landlord a copy of all building permits; (iii) record or cause the general contractor performing the construction contract to record a statutory payment and performance bond acceptable to Landlord and issued by a corporate surety acceptable to Landlord in an amount equal to the construction cost; (iv) provide Landlord with ten (10) days' written notice prior to commencing any work; and (v) require any contractor used by Tenant carry a comprehensive liability insurance policy, on a "per-occurrence basis", covering bodily injury in the amounts of Two Million Dollars (\$2,000,000) for death or injury to any one person, Two Million Dollars (\$2,000,000) for the death or injury to more than one person, and One Million Dollars (\$1,000,000) for property damage.

6.1.9 Performance of Work. All work done in connection with any New Improvements shall be done at Tenant's sole expense and with reasonable diligence, in a good and workmanlike manner, and in compliance with all applicable Laws. Landlord shall have the right to inspect and reject any work not done in accordance with the approved plans and specifications, including any changes permitted under Section 6.1.4, 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.

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

to the commencement thereof, and Landlord shall have the right to post such notices of non-responsibility as are provided for in the mechanics' lien Laws of California.

6.1.11 As Built Plans and Statement of Cost. Within sixty (60) days following the completion of any New Improvements, Tenant shall furnish to Landlord a set of "as built" plans and specifications and, if the New Improvements are eligible to be Approved New Improvements, within one hundred twenty (120) days following the completion of the New Improvements, Tenant shall furnish to Landlord a statement certified as accurate by Tenant of the actual direct out-of-pocket cost of the New Improvements, which may include architectural and engineering fees, permit fees, capitalized construction period interest and loan fees, and other "soft costs" reasonably approved by Landlord, together with any reasonable supporting documentation required by Landlord sufficient to verify such cost. Failure by Tenant to notify Landlord in writing of the cost of any such New Improvements within one hundred twenty (120) days after completion shall constitute Tenant's irrevocable waiver of any future right to receive payment of the Unamortized Cost of Approved New Improvements for such New Improvements and Landlord shall have no obligation or liability to make any payment to Tenant therefor under Section 2.3.2. Tenant shall not include in the cost of New Improvements any cost paid or reimbursed from the proceeds of insurance, condemnation awards or damages recovered from any party, or any settlement related thereto.

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

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

6.4 Removal of New Improvements, Personal Property and Trade Fixtures. Except in the event of a termination pursuant to Section 2.3, promptly upon the expiration or

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

7. INSURANCE, INDEMNITY AND EXCULPATION.

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

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

7.2.1 General Liability Insurance. General liability insurance covering airport premises and operations liability, ground hangarkeeper's liability, personal injury liability, contractual liability, products and completed operations liability and independent contractors liability, including standard war risks writeback, all written on an occurrence basis in an amount not less than Twenty-Five Million Dollars (\$25,000,000) combined single limit for bodily injury and property damage each occurrence and each aircraft, and, with respect to products and completed operations liability and war risks writeback, in the annual aggregate, and, with respect to personal injury, not less than Twenty-Five Million Dollars (\$25,000,000) each offense and in the annual aggregate.

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

7.2.3 Automobile Liability Insurance. Automobile liability insurance covering all owned vehicles, and all non-owned and hired vehicles, written on an occurrence

basis in an amount not less than Two Million Dollars (\$2,000,000) combined single limit for each occurrence for bodily injury, death and property damage.

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

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

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

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

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

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

7.3.1 Fixtures and Equipment. All risk of direct physical loss or damage property insurance included within the classification "All Risk Property (Special Form)" covering: (i) the permitted Improvements to the Leased Premises made by Tenant; and (ii) any fixtures and equipment and other personal property located in or on the Leased Premises in an amount not less than 100% of their replacement value; and (iii) all plate glass located in or on the Leased Premises. Except as provided in Section 8, the proceeds of said insurance shall be used to repair or replace the insured property and Landlord shall be named as a loss payee with respect to all Improvements to the Leased Premises made by Tenant.

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

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

7.5 Policy Requirements. Each policy of Required Insurance shall be obtained from an insurance company, or pool of multiple insurance companies, each authorized to conduct business in California and having a rating of not less than A-X in A.M. Best's Insurance Guide and/or otherwise acceptable to Landlord. Policies of Required Insurance may be

blanket policies covering multiple Tenant Parties or multiple properties owned or leased by a Tenant Party. Within fifteen (15) business days after the Commencement Date, Tenant shall deliver to Landlord certificates of insurance issued by Tenant's independent insurance broker or other party acceptable to Landlord evidencing that all Required Insurance has been obtained and is being maintained by Tenant and certifying that the Required Insurance includes provisions (i) requiring the insurers to give to Landlord at least thirty (30) days' prior written notice (or such lesser period as is customary as respects war risks writebacks) of the cancellation or non-renewal of some or all of the Required Insurance, (ii) with respect to the general liability, automobile liability, aircraft liability and employer's liability insurance, naming (a) Tenant and their respective owners, shareholders, partners, directors and employees as named insureds, and (b) except for employer's liability insurance, Landlord, the Airport Manager, the Cities of Burbank, Glendale and Pasadena and the Commissioners of Landlord ("Landlord Insured Parties") as additional insureds, (iii) with respect to the property insurance (other than aircraft hull insurance) naming Landlord as a loss payee, and (iv) with respect to the general liability and aircraft liability insurance, including standard war risks writeback, with a description of the specific perils or risks that are included within the policy coverage set forth in or attached to the certificates of insurance. The failure of Tenant to provide said certificates of insurance within said fifteen (15) business days after the Commencement Date or, if a notice of cancellation or non-renewal of any Required Insurance has been delivered to Tenant, the failure of Tenant to replace the Required Insurance which is the subject matter of such notice of cancellation or non-renewal prior to the effectiveness of such cancellation or non-renewal, shall in either case constitute an Event of Default under Section 12.1. All Required Insurance shall be primary insurance without right of contribution of any other insurance carried by or on behalf of any Landlord Insured Party and all policies shall be endorsed to this effect. In no event shall any Landlord Insured Party be responsible or liable for the payment of any premiums for the insurance required to be obtained and maintained by Tenant pursuant to this Section 7. Deductibles or self-insured retentions under all Required Insurance liability policies applicable to the Leased Premises and Tenant's operations at the Airport shall not exceed Twenty Five Thousand dollars (\$25,000).

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

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

of all aircraft owned, leased, stored or maintained by Tenant notwithstanding any increased premium or other cost for such waiver. Tenant shall obtain and furnish evidence to Landlord of the waiver by Tenant's liability insurance carrier of any right of subrogation against Landlord or any other of the Landlord Insured Parties.

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

7.9 Indemnification. In addition to any other express indemnity hereunder, Tenant shall defend, indemnify and hold harmless all Landlord Parties from and against any and all Claims arising out of, resulting from or relating to (i) the breach of this Lease by, or any negligent act or omission or willful misconduct of, any Tenant Party or any subtenant with respect to (a) the use or occupancy of the Leased Premises, the Common Use Facilities or any other areas of the Airport, (b) the conduct of Tenant's or any Tenant's business, (c) Tenant's construction of improvements (including, without limitation, failure to comply with the Prevailing Wage Laws); or (d) any other matter relating to this Lease or the subject matter of this Lease, [and (ii) the breach of the Former Leases by, or any negligent act or omission or willful misconduct of, any Tenant Party or any Tenant or any predecessor in interest to Tenant under the Former Lease]. Notwithstanding the foregoing, the provisions of this Section shall not apply to any Claim which arises out of, results from or relates to the gross negligence, willful misconduct or material breach of this Lease by Landlord.

7.10 Tenant Acknowledgment of Notice of Claim. If Landlord delivers to Tenant a notice of a claim filed with Landlord involving Tenant with a request that Tenant acknowledge receipt of the notice, then Tenant shall acknowledge receipt of such notice in writing within thirty (30) days, and failure to timely acknowledge receipt shall constitute an Event of Default.

7.11 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) patent or latent or defects in the construction or condition of the Leased Premises, including, without limitation, any use or release of "Toxic Materials" (as

defined in Section 20.16.3) on, under or into the Leased Premises; (ii) Acts of God; (iii) fire, steam, electricity, gas, water, or rain which may leak or flow from or into any part of the Leased Premises, New Improvements or any other areas of the Airport; (iv) riot, civil commotion, aircraft, vehicles, smoke, vandalism, malicious mischief; (v) breakage, leakage, obstruction or other defects of the pipes, wires, appliances, plumbing, heating, ventilation and air conditioning systems, or lighting fixtures of or serving the Leased Premises, New Improvements or other areas of the Airport; (vi) the use or occupancy of the Leased Premises, New Improvements or any other areas of the Airport by any Tenant Party, whether said damage or injury results from conditions arising upon the Leased Premises, New Improvements or upon other areas of the Airport, or from other sources; or (vii) any damage or loss arising from any negligent acts or omissions or willful misconduct of any other tenant, licensee, concessionaire or customer of the Airport or any other person or entity; except to the extent any of the foregoing arises from the gross negligence, willful misconduct or material breach of this Lease by Landlord.

8. DAMAGE AND DESTRUCTION.

8.1 Termination Right. In the event that all or such portion of the Leased Premises or the Improvements within which the Leased Premises are located are destroyed or damaged such that Tenant cannot reasonably use the Leased Premises for the aviation related uses permitted under this Lease for an unreasonable period of time, then Tenant shall have the right to terminate this Lease by written notice to Landlord given within thirty (30) days after the damage (except that in the event of complete destruction of the Improvements in which the Leased Premises are located, this Lease shall automatically terminate without notice). If the Lease is not terminated, Tenant shall restore promptly those portions of the Leased Premises that Tenant initially caused to be constructed, and Landlord shall restore promptly those portions of the Leased Premises that Landlord initially caused to be constructed. If the Lease is not terminated, then the Annual Base Rent payable by Tenant hereunder shall be abated in proportion to the reduction in the ability of the Tenant to use the Leased Premises, provided that if, during the period of any repair of such damage or destruction to the Improvements within which the Leased Premises are located, the Landlord makes available to Tenant other reasonably acceptable hangar space, then the Annual Base Rent shall continue unabated (but for reasonable relocation costs). Landlord shall not be liable to Tenant for any inconvenience or annoyance to Tenant or injury to Tenant's business resulting in any way from the undertaking of any repair following any damage or destruction, to the extent such repair is conducted in compliance with this Lease.

8.2 Landlord's Repair Obligations. Except as provided in Section 8.1, in the case of damage or destruction to the Improvements within which the Leased Premises are located, and notwithstanding any other provision in this Lease, Landlord shall have no obligation to Tenant to repair or restore any of the Improvements within which the Leased Premises are located; provided, however, that if Landlord has not commenced within 6 months after the date of such damage or destruction the repair and restoration of the Improvements within which the

Leased Premises are located or is not prosecuting such construction with reasonable diligence after such commencement, then Tenant shall have the right to terminate the Lease upon written notice to Landlord as Tenant's sole right and remedy.

8.3 Costs of Restoration or Repair. To the extent Landlord elects to rebuild, then the Landlord shall be responsible for all costs and expenses associated with the reconstruction of the Improvements of which the Leased Premises are a part; provided, however, that Tenant shall be responsible for all costs and expenses associated with reconstructing Improvements or fixtures within the Leased Premises that Tenant caused to be constructed. Tenant shall cause any such Improvements or fixtures to be constructed in accordance with provisions of Section 6 of this Lease. Tenant shall pay to Landlord all proceeds from the casualty insurance required to be carried by Tenant pursuant to the provisions of Section 7.3.1 above except proceeds of casualty insurance for Tenant's personal property, plate glass, and Tenant's actual cost of reconstructing Improvements or fixtures.

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

9. ASSIGNMENT AND ENCUMBRANCES; SUBLETTING.

9.1 Assignment or Encumbrance Prohibited; Exception for Affiliate.

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

Notwithstanding the foregoing, Tenant may assign or transfer this Lease and Tenant's interest in the Leased Premises to any entity that controls, is controlled by or is under common control with Tenant, provided Tenant gives prior written notice to Landlord thereof with reasonable evidence of such control, and provided that Tenant shall remain liable under this Lease.

9.1.2 Permitted Transferee. Notwithstanding anything to the contrary contained in Section 9.1.1, the following assignments, transfers, actions or uses shall not be subject to Landlord's consent, provided that Tenant provides Landlord with at least ten (10) business days' prior written notice thereof and reasonable evidence that the transaction is one of the following: but Tenant shall not be released from the obligations under this Lease: (i)(A) an assignment of this Lease to any "Affiliate" (as hereinafter defined) of Tenant, or (B) an assignment of this Lease to a purchaser of all or substantially all of the assets of Tenant, or (ii) a transfer, by operation of law or otherwise, in connection with the merger, consolidation or other reorganization of Tenant. As used herein, the term "Affiliate" shall mean any entity if more than fifty percent (50%) of the stock or other equity of the entity is owned, directly or through one or more intermediaries, by Tenant or by any entity that owns, directly or through one or more intermediaries, more than fifty percent (50%) of the stock or other equity of Tenant, as shown by reasonable evidence delivered to Landlord.

9.2 Subletting Prohibited. Tenant shall not sublet or license the Leased Premises.

10. EMINENT DOMAIN.

10.1 Entire or Substantial Taking. In the event the entire Leased Premises, or such portion thereof as to make the balance not reasonably adequate for the permitted uses hereunder, as determined by Tenant in the exercise of its reasonable judgment, shall be taken under the power of eminent domain, this Lease shall automatically terminate as of the date of the vesting of title to all or such portion of the Leased Premises in such condemning entity. The termination of this Lease as to all or a portion of the Leased Premises by Landlord pursuant to any right of Landlord to do so set forth in this Lease, including, without limitation, under Section 2.3.1 or after an uncured Event of Default under Section 12, shall not be a taking under this Section 10.

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

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

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

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

11. SUBORDINATION.

11.1 Subordination. This Lease is subject and subordinate to all mortgages, deeds of trust, bond indentures, liens, encumbrances and other security interests now or hereafter affecting the Landlord's interest in the Leased Premises or the Airport, and to all renewals, modifications, replacements, consolidations and extensions thereof ("Senior Lien" and the holder thereof being a "Senior Lienholder"). Tenant shall execute and deliver to Landlord or any other party requiring confirmation of such subordination, within ten (10) calendar days following receipt of a request for such confirmation, any and all documents which may be required to effectuate such subordination; provided, however, that with respect to any mortgage, deed of trust, bond indenture, lien, encumbrance or other security interest affecting the Landlord's interest in the Leased Premises or the Airport created after the date of this Lease, such subordination shall not be effective and Tenant shall not be required to execute and deliver such confirmation unless Tenant receives a nondisturbance agreement in recordable form and on terms and conditions reasonably acceptable to Tenant that has been duly executed and acknowledged by any Senior Lienholder making such request. Tenant further agrees that this Lease shall be amended, altered or modified in accordance with the reasonable requirements of a Senior Lienholder, so long as such amendment, alteration or modification does not materially alter the rights or duties or materially increase the obligations or liabilities of Tenant under this Lease, and that Tenant's written consent to any such amendment, alteration or modification shall not be unreasonably withheld or delayed. Tenant shall give prompt written notice to each Senior Lienholder, of which Tenant has written notice, of any default of Landlord, and Tenant shall

allow such Senior Lienholder a reasonable length of time (in any event, not less than thirty (30) days from the date of such notice) in which to cure such default.

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

12. DEFAULTS AND REMEDIES.

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

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

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

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

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

12.1.5 Non-Compliance by Subtenants. The failure by Tenant to institute and to prosecute diligently to completion appropriate legal proceedings to terminate a subtenant's sublease and to evict the subtenant from the Leased Premises for repeated non-compliance with the Noise Abatement Rules or the Laws, in violation of Sections 4.3.3 or 4.3.4.

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

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

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

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

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

12.1.11 Multiple Defaults. The receipt by Tenant during any twelve (12) consecutive calendar month period of more than six (6) written notices pertaining to actual defaults, breaches or non-performance under Sections 12.1.5, 12.1.6, 12.1.7, 12.1.8, 12.1.9 or 12.1.10 of this Lease, irrespective of the cure thereof by Tenant.

12.1.12 Failure to Acknowledge Notice of Claim. The failure by Tenant to comply with Section 7.10.

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

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

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

12.2.2 Continuation of Lease without Termination. Landlord has the remedy described in California Civil Code, Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has right to sublet or assign, subject only to reasonable limitations). In this regard, Landlord shall have the right to continue this Lease and to maintain Tenant's right to possession of the Leased Premises and the New Improvements, whether or not Tenant shall have breached this Lease and/or abandoned the Leased Premises and the New Improvements. In such event this Lease shall continue in effect for so long as Landlord chooses not to terminate Tenant's right of possession and Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to collect and receive Annual Base Rent and any and all other amounts payable by Tenant to Landlord under this Lease as the same shall come due and including the right, as attorney-in-fact of Tenant, to collect, receive and apply the "Subrents" on behalf of Tenant as provided in Section 12.2.3.

12.2.3 Collection of Subrents on Behalf of Tenant. Tenant hereby irrevocably appoints Landlord as Tenant's attorney-in-fact and grants to Landlord an irrevocable power of attorney, which power shall be coupled with Landlord's interest in the Leased Premises and in this Lease (the "Power of Attorney"), solely to collect, receive and apply on behalf of Tenant as provided herein all rents, issues, profits, royalties, income and other monetary benefits

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

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

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

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

Premises; or appointment of a receiver upon the initiative of Landlord to protect Landlord's interest under this Lease.

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

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

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

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

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

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

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

15. COMMON USE FACILITIES.

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

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

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

15.4 Vehicle Parking. Landlord shall provide to Tenant during the Lease term at a monthly rate equal to Landlord's employee parking rate (which is currently \$17.00 per space per month) 20 unreserved automobile parking spaces for use by Tenant and Tenant's invitees, contractors, agents and employees as shown in Exhibit "B" attached hereto. The number of positions will be adjusted no less than annually by mutual agreement. Landlord reserves the right to relocate such parking spaces if deemed necessary by Landlord for any reason related to the operation, management or development of the Airport and will provide reasonably located substitute parking. The use of any designated parking spaces shall be subject to all reasonable and non-discriminatory Rules and Regulations of Landlord adopted from time to time. Tenant shall be entitled to cover the parking spaces designated for Tenant's use at Tenant's expense and with Landlord's prior written approval.

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

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

18. SECURITY FOR PERFORMANCE. Concurrently with the execution of this Lease, Tenant shall deliver to Landlord the sum of \$20,049.00. In the event of an Event of Default on the part of Tenant with respect to any provision of this Lease, including, but not limited to, the provisions relating to the payment of rent or any other amount due hereunder, Landlord may apply all or any part of said sums for the payment of any amount in default, to cure any Event of Default or to repair any damage to the Leased Premises caused by Tenant and to pay any and all damages to which Landlord is otherwise entitled as a result of such default. In the event that Landlord elects to apply any of the sums delivered by Tenant to Landlord pursuant to this Section, Tenant shall, within thirty (30) days after written demand therefor, deliver to Landlord a sum sufficient to restore the sums held by Landlord to three (3) months of rent, and Tenant's failure to do so shall be an Event of Default. In the event Landlord applies any funds as provided in this Section, such action shall not constitute an election or waiver of any other rights or remedies which Landlord may have by virtue of Tenant's default. TENANT HEREBY

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

19. COMPLIANCE WITH ENVIRONMENTAL LAWS.

19.1 Use of Toxic Materials Prohibited. Tenant shall not cause or permit any "Toxic Materials" (as defined in Section 19.16.2) to be brought onto, stored, used, generated, recycled, or disposed of (collectively, "Use of Toxic Materials") in, on, under or about the Leased Premises, the Improvements associated with the Leased Premises, or any other part of the Airport, by any Tenant Party or any of their respective licensees, permittees or invitees; provided, however, that Tenant shall be permitted to store and use in the ordinary course of Tenant's permitted uses under this Lease so long as Tenant demonstrates to Landlord's reasonable satisfaction that such Toxic Materials, and the quantities thereof, are necessary or useful to Tenant's business and that such use of Toxic Materials is at all times subject to and in compliance with all Environmental Laws (as defined in Section 19.16.2). Landlord shall not cause any "Toxic Materials" (as defined in Section 19.16.2) to be brought onto, stored, used generated, recycled or disposed of in, on, under or about the Leased Premises unless requested to do so by Tenant. Tenant shall demonstrate that such Toxic Materials are necessary or useful by submitting information to Landlord in accordance with Section 19.3.

19.2 Compliance with Environmental Laws. Tenant and Landlord shall each comply, at their respective sole cost and expense, with all "Environmental Laws" (as defined in Section 19.16.1), applicable to their respective premises and their use thereof and operation of their respective businesses at the Airport and, with respect to any use of Toxic Materials permitted under Section 19.1 above; provided, unless caused by a Tenant Party, Tenant's obligations under this Section 19.2 shall exclude any discharge or release migrating to the Leased Premises from other land, unless caused by a Tenant Party. Tenant shall not release or dispose of any Toxic Material in the drains, storm drains, sewers, plumbing or any other drainage facility that will cause or contribute to a violation of any Environmental Law or any contamination. The off-site disposal of any and all Toxic Materials shall be in strict compliance with all Environmental Laws.

19.3 Disclosure. Prior to or upon the Commencement Date, and prior to the end of January during each Annual Period, Tenant shall submit to Landlord the following documents: (i) an inventory or list of all compounds or products that contain Toxic Materials which were used, stored or disposed of by each Tenant Party on or about the Leased Premises or the New Improvements during the prior year, (ii) all 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 and Landlord's Indemnity

19.5.1 Tenant's Indemnity. Tenant shall defend, indemnify and hold harmless each of the Landlord Parties from and against any and all "Liabilities" (as defined in Section 19.16.3) arising out of, resulting from or caused by the Use of any Toxic Materials by any Tenant Party; provided, unless such Contamination is caused by a Tenant Party, Tenant's obligations under this Section 19.5.1 shall exclude any discharge or release migrating to the Leased Premises from other land. In the event of any indemnification under this provision, the Tenant shall pay promptly upon demand all reasonable costs and expenses incurred by Landlord for attorneys' fees, environmental consultants or other amounts incurred for remediation or otherwise because of the Tenant's violation of the terms of this Lease with respect to Toxic Material or failure to comply with any Environmental Laws. Tenant acknowledges that Landlord shall have complete control (which control shall be exercised in a reasonable manner) over any litigation, settlement discussion or regulatory compliance or remediation with respect to any indemnity claim under this Section 19.5.1 and that Tenant shall cooperate fully with Landlord in connection therewith, including without limitation, executing any instruments, affidavits or other documents necessary in the reasonable judgment of Landlord in connection therewith. This indemnity shall survive the termination of this Lease.

19.5.2 Landlord's Indemnity. Landlord shall defend, indemnify and hold harmless each of the Tenant Parties from and against any and all "Liabilities" (as defined in Section 19.16.3) arising out of, resulting from or caused by the Use of any Toxic Materials by any Landlord Party; provided, Landlord's obligations under this Section 19.5.2 shall exclude any discharge or release caused by any tenant or customer of Landlord or such tenant's or customer's agents, employees, contractors or licensees. In the event of any indemnification under this provision, Landlord shall pay promptly upon demand all reasonable costs and expenses incurred by Tenant for attorneys' fees, environmental consultants or other amounts incurred for remediation or otherwise because of Landlord's violation of the terms of this Lease with respect to Toxic Material or failure to comply with any Environmental Laws. Tenant acknowledges that Landlord shall have complete control (which control shall be exercised in a reasonable manner) over any litigation, settlement discussion or regulatory compliance or remediation with respect to any indemnity claim under this Section 19.5.2 and that Tenant shall cooperate fully with Landlord in connection therewith, including without limitation, executing any instruments, affidavits or other documents necessary in the reasonable judgment of Landlord in connection therewith. This indemnity shall survive the termination of this Lease.

19.6 Landlord's Representation and Warranty. Landlord represents and warrants to Tenant that, to Landlord's actual knowledge, except for information in reports of the Regional Water Quality Control Board, the Leased Premises are in compliance with Environmental Laws. Notwithstanding the foregoing, any breach of any representation or warranty of Landlord shall be subject to the limitations of Landlord's liability set forth in this Lease (including but not limited to the provisions of Sections 12.10 and 21.16 of this Lease).

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

19.8 Storage and Use of Toxic Materials. Any and all Toxic Materials permitted in, on, under or about the Leased Premises pursuant to this Lease shall be stored and used in strict compliance with all Environmental Laws. There shall be no ponding or uncovered surface storage whatsoever of Toxic Materials in, on or about the Leased Premises. No underground storage tanks shall be constructed, installed or used without Landlord's prior written consent, which consent may be withheld by Landlord in its absolute discretion. If the Tenant is not in substantial compliance with Environmental Laws concerning underground storage tanks or has failed to take Necessary Action when required to do so under Section 19.6, Landlord shall have the right to enter the Leased Premises for the purpose of removing any underground storage tank, if any, at Tenant's sole expense in accordance with a closure plan approved by regulatory authorities.

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

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

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

19.12 Delivery of Documentation. Tenant shall deliver to Landlord true and correct copies of the following documents related to compliance with Environmental Laws concurrently with the receipt from or submission to an Agency: (i) permit applications; (ii)

permits and approvals; (iii) notices of violations of Environmental Laws and Tenant's responses thereto; (iv) environmental assessments, and (v) any other documents related to compliance with Environmental Laws that the Landlord may reasonably request from time to time.

19.13 Annual Site Investigation. In addition to Landlord's right of access to the Leased Premises set forth in Section 1.4, Landlord shall have the right, but not the obligation, to conduct annually an environmental inspection and assessment of the Leased Premises during each year of the term of this Lease, either alone or in conjunction with other areas of the Airport, and to utilize the services of an environmental consultant or consulting firm for such inspection and assessment. Tenant shall pay, as additional rent hereunder, Tenant's Share (as defined in Section 3.4.7).

19.14 Intentionally Deleted

19.15 Limitation on Liability of Landlord. Without limiting any other rights or remedies of any Landlord Party or any other obligation of Tenant pursuant to this Lease or applicable Laws, Tenant hereby assumes the risk of, waives, releases and forever discharges the Landlord Parties from and against, and covenants not to bring any action or proceeding against, the Landlord Parties as a result of, any delay in construction, prevention of construction, increase in the cost of Improvements, loss or adverse effects upon Tenant's financing (if any), loss of rental income or subtenants (if any), diminution in the value of the Leased Premises or Improvements, or any and all other Claims arising out of or resulting from the discovery or presence on, in, under or about the Improvements, of any spilling, discharging, releasing or disposing of Toxic Materials. Landlord's sole obligation and liability arising out of the presence of any such spilling, discharging, releasing or disposing of Toxic Materials, irrespective of the theory of liability or the facts supporting any such theory, shall be to take, or cause any person legally obligated to take, any and all action which any federal, state, regional, municipal or local governmental agency lawfully requires of Landlord to be taken to investigate, clean-up, remediate or remove such spilling, discharging, releasing or disposing of Toxic Materials.

19.16 Definitions.

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

19.16.2 Toxic Materials. The term "Toxic Materials" means any hazardous or toxic materials, pollutants, effluents, contaminants, radioactive materials, flammables, explosives, pesticides, chemicals known to cause cancer or reproductive toxicity, emissions, wastes or any other chemicals, materials or substances, whose handling, storage, release, transportation or disposal is or becomes prohibited, limited or regulated by any federal, state, county, regional or local authority or, even if not so regulated, is or becomes known to pose a hazard or potential threat to the health and safety of any person or to the environment. The term "Toxic Materials" shall include, without limitation, the following compounds: (i) asbestos;

(ii) petroleum, petroleum by-products, and petroleum degradation products; (iii) polychlorinated biphenyls; (iv) all substances now or hereafter defined as a "hazardous substance" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, Section 101 (14), 42 U.S.C. Section 9601(14), including petroleum, crude oil, and any fractions thereof; (v) all substances now or hereafter defined as "extremely hazardous substances" pursuant to the Emergency Planning and Community Right-to-Know Act of 1986, Section 302(a), 42 U.S.C. Section 11002(a); (vi) all substances now or hereafter defined as "hazardous waste" by Section 25117 of the California Health and Safety Code; (vii) all substances now or hereafter designated by the Governor of the State of California as substances known to the state to cause cancer or reproductive toxicity pursuant to California Health and Safety Code Section 25249.8; (viii) all substances now or hereafter defined as an "economic poison" pursuant to California Health and Safety Code Section 12753; and (ix) all substances now or hereafter defined as "extremely hazardous waste" pursuant to California Health and Safety Code Section 25115.

19.16.3 Liabilities. The term "Liabilities" shall mean any and all Claims (as defined in Section 4.13.5) arising out of, resulting from or caused by the release, discharge, storage, handling, use, accumulation, transportation, generation, migration, disposal, investigation, clean-up, remediation or removal of any Toxic Materials caused by any Tenant Party or any of their respective licensees, permittees or invitees, including, without limitation, the following: (i) diminution in value of the Airport, the Leased Premises, the Common Use Facilities or any Improvements thereon; (ii) damages for the loss or restriction on use of rentable or usable space or of any amenity of the Airport, the Leased Premises, the Common Use Facilities or any Improvements thereon; (iii) damages arising from any adverse impact on marketing of space at the Airport, the Leased Premises, Common Use Facilities or any Improvements thereon; (iv) sums paid in settlement of Claims (including, without limitation, attorneys' fees, consultant fees and expert fees); (v) damages caused by the breach or nonperformance by Tenant of any covenant or other provision of this Lease related to Toxic Materials; and (vi) costs incurred in connection with any investigation of site conditions and any cleanup, remediation, removal or restoration work related to the violation of this Lease or any Environmental Law, and (vii) any liabilities of Landlord under any statute, law or regulation.

20. OFFSET STATEMENT.

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

20.2 Reliance. Any such statement may be relied upon by any encumbrancer of the Leased Premises or any Senior Lienholder or underwriter of debt financing for all or any portion of the Airport. Tenant's failure to deliver such statement within such time shall be conclusive evidence upon Tenant that: (i) this Lease is in full force and effect, without modification except as may be represented by Landlord; (ii) there are no uncured defaults in

Landlord's performance; and (iii) not more than one month's installment of rent has been paid in advance.

21. MISCELLANEOUS.

21.1 Lease Interpretation.

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

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

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

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

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

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

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

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

21.4 "Leased Premises". Nothing in this Lease shall be deemed to imply that the term "Leased Premises" includes other than interior space and any interior equipment, interior partition walls, windows and doors, office space, exterior equipment, interior plumbing and ducting, and electrical lines and panels that are located within or adjacent to such interior space.

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

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

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

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

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

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

To Landlord:

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

To Tenant:

TEM Enterprises
3262 Westheimer Rd, #879
Houston, TX 77098

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

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

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

21.13 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.

21.14 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.

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

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

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

"LANDLORD"

BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY

By: _____
Print Name: _____
Title: _____

"TENANT"

TEM ENTERPRISES,
a Nevada corporation


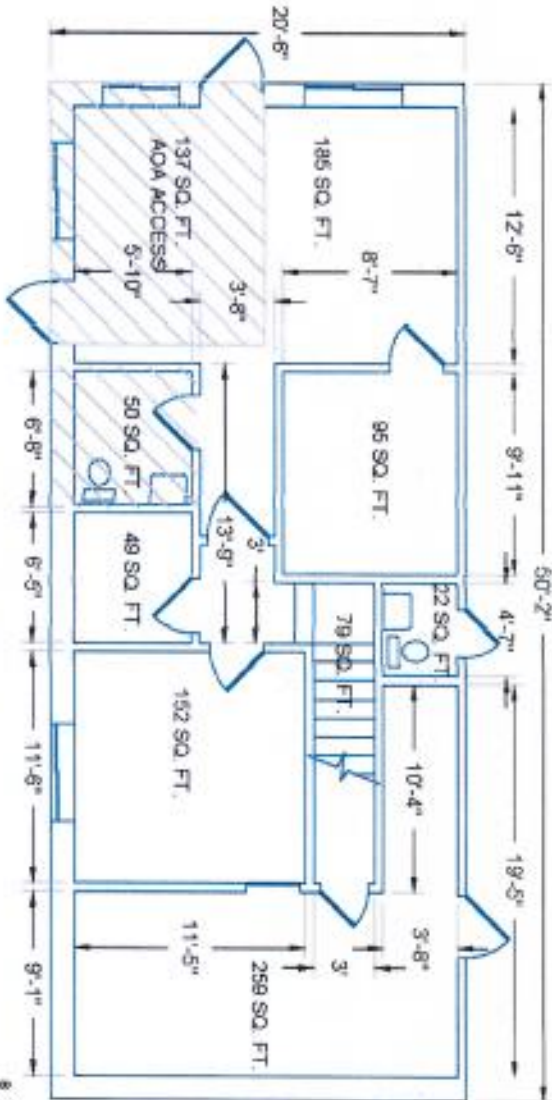
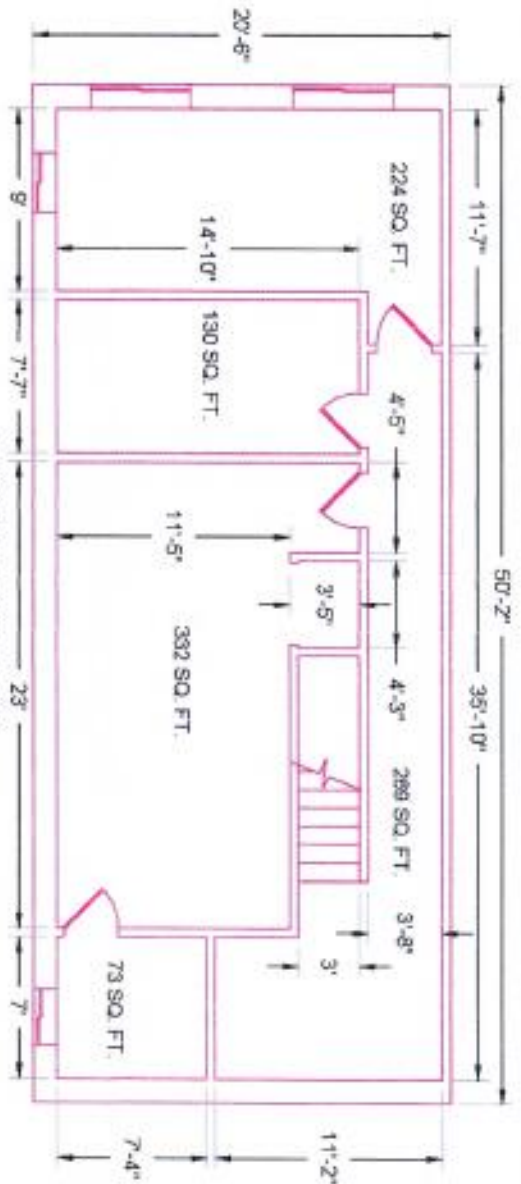
By: 
Print Name: ROBERT N. ASHCROFT
Title: HEAD OF STRATEGY

Exhibit A

Leased Premises

The Leased Premises shall consist of the space within Hangar No. 1A at the Airport shown on Exhibit A-1 attached hereto and all interior equipment, interior partition walls, windows and doors, office space, interior and exterior equipment, interior plumbing and ducting, and electrical lines and panels.



DATE	30/01/2021	SCALE	1/8"=1'-0"	PROJECT	TEM Enterprises	SHEET TITLE	Office Area Exhibit	NO	2
DRAWN	30/01/2021	SCALE	1/8"=1'-0"	PROJECT	TEM Enterprises	SHEET TITLE	Office Area Exhibit	NO	2
CHECKED	30/01/2021	SCALE	1/8"=1'-0"	PROJECT	TEM Enterprises	SHEET TITLE	Office Area Exhibit	NO	2
APPROVED	30/01/2021	SCALE	1/8"=1'-0"	PROJECT	TEM Enterprises	SHEET TITLE	Office Area Exhibit	NO	2
DATE	30/01/2021	SCALE	1/8"=1'-0"	PROJECT	TEM Enterprises	SHEET TITLE	Office Area Exhibit	NO	2
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CHECKED	30/01/2021	SCALE	1/8"=1'-0"	PROJECT	TEM Enterprises	SHEET TITLE	Office Area Exhibit	NO	2
APPROVED	30/01/2021	SCALE	1/8"=1'-0"	PROJECT	TEM Enterprises	SHEET TITLE	Office Area Exhibit	NO	2
DATE	30/01/2021	SCALE	1/8"=1'-0"	PROJECT	TEM Enterprises	SHEET TITLE	Office Area Exhibit	NO	2
DRAWN	30/01/2021	SCALE	1/8"=1'-0"	PROJECT	TEM Enterprises	SHEET TITLE	Office Area Exhibit	NO	2
CHECKED	30/01/2021	SCALE	1/8"=1'-0"	PROJECT	TEM Enterprises	SHEET TITLE	Office Area Exhibit	NO	2
APPROVED	30/01/2021	SCALE	1/8"=1'-0"	PROJECT	TEM Enterprises	SHEET TITLE	Office Area Exhibit	NO	2

Exhibit A-1

Diagram Showing Leased Premises

(Attached.)

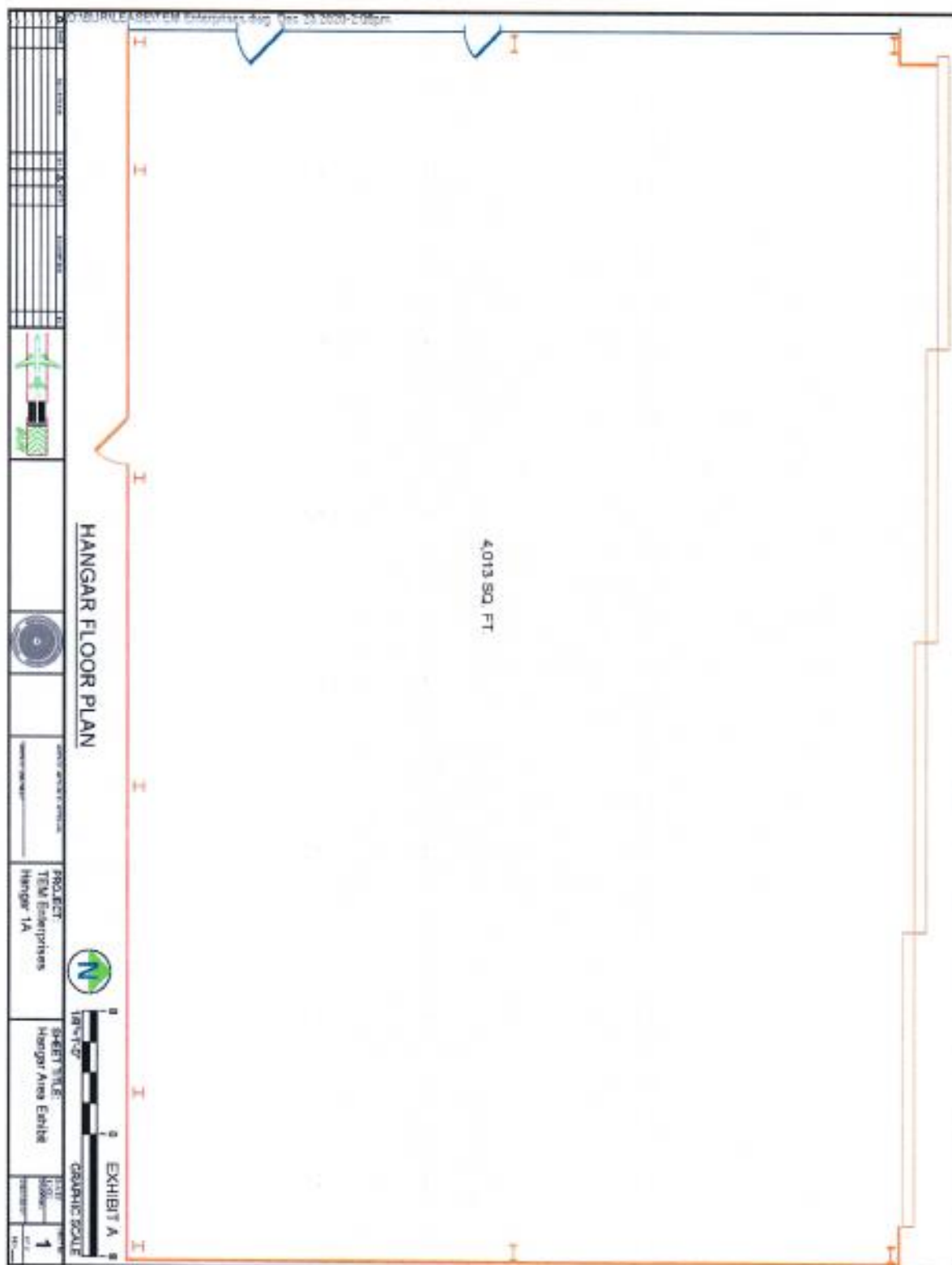


Exhibit A-1
Page 2 of 2

Exhibit B

Diagram and Description of Parking Spaces



Exhibit B
Page 2 of 2

Exhibit C

**BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY**

**NOISE ABATEMENT RULES
(amended and effective as of April 1, 2019)**

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

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



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.

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 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 five hundred fifty-five dollars (\$1,555); (2) For subsequent violations, two thousand two hundred fifty-eight dollars (\$2,258).

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

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:

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 five hundred twenty-two dollars (\$4,522) 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

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.

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 reinstatement) of scheduled passenger service or any proposed increase in operations at the Airport. Each such air carrier shall also, upon request of the Authority, provide written documentation of the reasons for and duration of any substitution of aircraft pursuant to Part E hereof.

G. Each scheduled air carrier violating the provisions of this Rule may, in the discretion of the Commission, and in addition to the other remedies (including injunctive remedies) available, be subject to civil penalties in the amount of Ten Thousand Dollars (\$10,000) for each day on which operations are conducted in violation of the provisions of this Rule.

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 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.

Exhibit D

FAA Grant Agreement Assurances Nondiscrimination

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

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

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

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

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

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

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

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

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

Exhibit E

Policy on Tenant Improvements

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

GUARANTY OF LEASE

THIS GUARANTY OF LEASE ("Guaranty") is made by INNOVA MEDICAL GROUP INC., a Nevada corporation ("Guarantor"), in favor of the BURBANK-GLENDALE PASADENA AIRPORT AUTHORITY, a public entity formed under a joint exercise of powers agreement among the Cities of Burbank, Glendale, and Pasadena, California, pursuant to the California Joint Exercise of Powers Act ("Landlord"), in connection with that certain Aviation Hangar Lease dated _____, 2021 (the "Lease") pursuant to which Landlord leases to Innova Aviation, LLC, a Wyoming limited liability company ("Tenant"), certain "Leased Premises" (as more particularly defined in the Lease).

Guarantor is affiliated with Tenant and will benefit from Tenant entering into the Lease.

As a material inducement to and in consideration of Landlord entering into the Lease, Landlord having indicated that it would not enter into the Lease without the execution of this Guaranty, Guarantor does hereby agree with Landlord as follows:

1. Guarantor does hereby unconditionally and irrevocably guarantee, as a primary obligor and not as a surety, and promise to perform and be liable for any and all obligations and liabilities of Tenant under the terms of the Lease.
2. Guarantor does hereby agree that, without the consent of Guarantor and without affecting any of the obligations of Guarantor hereunder: (a) any term, covenant or condition of the Lease may be hereafter amended, compromised, released or otherwise altered by Landlord and Tenant, and Guarantor does guarantee and promise to perform all the obligations of "Tenant" under the Lease as so amended, compromised, released or altered; (b) any guarantor of or party to the Lease may be released, substituted or added; (c) any right or remedy under the Lease may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; (d) Landlord or any other person acting on Landlord's behalf may deal in any manner with Tenant, any guarantor, any party to the Lease or any other person; and (e) all or any part of the Leased Premises or of the rights or liabilities of "Tenant" under the Lease may be sublet, assigned or assumed. This is a continuing guaranty.
3. Guarantor hereby waives and agrees not to assert or take advantage of (a) any right to require Landlord to proceed against Tenant or any other person or to pursue any other remedy before proceeding against Guarantor; (b) any right or defense that may arise by reason of the incapacity, lack of authority, death or disability of Tenant or any other person; and (c) any right or defense arising by reason of the absence, impairment, modification, limitation, destruction or cessation (in bankruptcy, by an election of remedies, or otherwise) of the liability of Tenant (other than any defense based on Landlord's acts or omissions), of the subrogation rights of Guarantor or of the right of Guarantor to proceed against Tenant for reimbursement. Without in any manner limiting the generality of the foregoing, Guarantor hereby waives the benefits of the provisions of Sections 2809, 2810, 2819, 2845, 2849, 2850, 2899 and 3433 of the California Civil Code and any similar or analogous statutes of California or any other jurisdiction.

4. Guarantor hereby waives and agrees not to assert or take advantage of any right or defense based on the absence of any or all presentments, demands (including demands for performance), notices (including notices of adverse change in the financial status of Tenant or other facts which increase the risk to Guarantor, notices of non-performance and notices of acceptance of this Guaranty) and protests of each and every kind.
5. Until all Tenant's obligations under the Lease are fully performed, Guarantor: (a) shall have no right of subrogation against Tenant by reason of any payments or acts of performance by Guarantor under this Guaranty; and (b) subordinates any liability or indebtedness of Tenant now or hereafter held by Guarantor to the obligations of Tenant under, arising out of or related to the Lease or Tenant's use or occupancy of the Leased Premises.
6. The liability of Guarantor and all rights, powers and remedies of Landlord hereunder and under any other agreement now or at any time hereafter in force between Landlord and Guarantor relating to the Lease shall be cumulative and not alternative and such rights, powers and remedies shall be in addition to all rights, powers and remedies given to Landlord by law and/or in equity.
7. This Guaranty applies to, inures to the benefit of and binds all parties hereto, their heirs, devisees, legatees, executors, administrators, representatives, successors and assigns (including any purchaser at a judicial foreclosure or trustee's sale or a holder of a deed in lieu thereof). This Guaranty may be assigned by Landlord voluntarily or by operation of law.
8. Guarantor shall not, without the prior written consent of Landlord, commence, or join with any other person in commencing, any bankruptcy, reorganization or insolvency proceeding against Tenant. The obligations of Guarantor under this Guaranty shall not be altered, limited or affected by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Tenant, or by any defense which Tenant may have by reason of any order, decree or decision of any court or administrative body resulting from any such proceeding. Guarantor shall file in any bankruptcy or other proceeding in which the filing of claims is required or permitted by law all claims which Guarantor may have against Tenant relating to any indebtedness of Tenant to Guarantor and will assign to Landlord all rights of Guarantor thereunder. Landlord shall have the sole right to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Landlord the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to Landlord all of Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled; provided, however, that Guarantor's obligations hereunder shall not be satisfied except to the extent that Landlord receives cash by reason of any such payment or distribution. If Landlord receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty.

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9. At any time during the Term of the Lease where Tenant is required to provide its financial statements, Guarantor shall, upon ten (10) days prior written notice from Landlord, provide Landlord with a current financial statement and financial statements of the two (2) years prior to the current financial statement year. Such statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Guarantor, shall be audited by an independent certified public accountant. Notwithstanding anything to the contrary contained herein, if Guarantor is a publicly traded corporation making annual 10-K filings with the Securities and Exchange Commission, Guarantor may satisfy the requirements of this section with respect to delivery of financial information by delivery of Guarantor's most recent annual report filed with the Securities and Exchange Commission.
10. As a further material part of the consideration to Landlord to enter into the Lease with Tenant, Guarantor agrees: (a) the law of the State of California shall govern all questions with respect to the Guaranty; (b) any suit, action or proceeding arising directly or indirectly from the Guaranty, the Lease or the subject matter thereof shall be litigated only in courts located within the county and state in which the Leased Premises is located; (c) Guarantor hereby irrevocably consents to the jurisdiction of any local, state or federal court located within the county and state in which the Leased Premises is located; and (d) without limiting the generality of the foregoing, Guarantor hereby waives and agrees not to assert by way of motion, defense or otherwise in any suit, action or proceeding any claim that Guarantor is not personally subject to the jurisdiction of the above-named courts, that such suits, action or proceeding is brought in an inconvenient forum or that the venue of such action, suit or proceeding is improper.
11. This Guaranty shall constitute the entire agreement between Guarantor and the Landlord with respect to the subject matter hereof. No provision of this Guaranty or right of Landlord hereunder may be waived nor may any Guarantor be released from any obligation hereunder except by a writing duly executed by an authorized officer or director of Landlord. When the context and construction so requires, all words used in the singular herein shall be deemed to have been used in the plural. The word "person" as used herein shall include an individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective. The waiver or failure to enforce any provision of this Guaranty shall not operate as a waiver of any other breach of such provision or any other provisions hereof. Time is strictly of the essence under this Guaranty and any amendment, modification or revision hereof. If Guarantor is a corporation, limited liability company, partnership or other entity, each individual executing this Guaranty on behalf of such corporation, limited liability company, partnership or other entity represents and warrants that he or she is duly authorized to execute and deliver this Guaranty on behalf of such corporation, limited liability company, partnership or other entity in accordance with the governing documents of such corporation, limited liability company, partnership or other entity, and that this Guaranty is binding upon such corporation, limited liability company, partnership or other entity in accordance with its terms. If Guarantor is a corporation, limited liability company, partnership or other entity, Landlord, at its option, may require Guarantor to concurrently with the execution of this

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Guaranty, deliver to Landlord a certified copy of a resolution of the board of directors of said corporation, or other authorizing documentation for such entity authorizing or ratifying the execution of this Guaranty. If either party hereto participates in an action against the other party arising out of or in connection with this Guaranty, the prevailing party shall be entitled to have and recover from the other party reasonable attorneys' fees, collection costs and other costs incurred in and in preparation for the action. The term "Landlord" whenever hereinabove used refers to and means the Landlord in the foregoing Lease specifically named and also any assignee of said Landlord, whether by outright assignment or by assignment for security, and also any successor to the interest of said Landlord or of any assignee of such Lease or any part thereof, whether by assignment or otherwise. The term "Tenant" whenever hereinabove used refers to and means Tenant and also any assignee of the interest of "Tenant" in the Lease or any subtenant of all or any part of the Leased Premises and their respective successors in interest. If there is more than one undersigned Guarantor, (a) the term "Guarantor", as used herein, shall include all of the undersigned; (b) each provision of this Guaranty shall be binding on each one of the undersigned, who shall be jointly and severally liable hereunder; and (c) Landlord shall have the right to join one or all of them in any proceeding or to proceed against them in any order.

12. Any notice, request, demand, instruction or other communication to be given to any party hereunder shall be in writing and shall be delivered in the manner provided in the Lease for delivery of notices and addressed to the party to be notified at the address set forth below, or to such other place as the party to be notified may from time to time designate by at least ten (10) days' prior written notice to the notifying party.

To Landlord:

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

To Guarantor:

Innova Medical Group Inc.
c/o Pasaca Capital
800 E. Colorado Blvd, Suite 888
Pasadena, CA 91101
Attn: Robert Kasprowak

Executed as of _____, 2021.

INNOVA MEDICAL GROUP INC.

By: 
Daniel Elliott, President

AVIATION HANGAR LEASE

BETWEEN

**BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY**

AND

INNOVA AVIATION, LLC

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AVIATION HANGAR LEASE

THIS AVIATION HANGAR 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 INNOVA AVIATION, LLC, a Wyoming limited liability company ("Tenant").

RECITALS

A. Landlord is the owner and operator of the Bob Hope Airport (commonly known as the "Hollywood Burbank Airport") located in Burbank, California ("Airport").

B. Tenant desires to lease space at the Airport (as described in Section 1.1 below, the "Leased Premises") from Landlord for aircraft hangar, office, shop and related uses.

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

1. LEASE.

1.1 Lease Guaranty Condition Precedent. It shall be a condition to the effectiveness of this Lease that Innova Medical Group Inc., a Nevada corporation, duly approve, execute and deliver to Landlord a guaranty of this Lease in a form acceptable to Landlord.

1.2 Leased Premises. Landlord hereby leases to Tenant, and Tenant hereby leases and hires from Landlord, the hangar space and office space described and/or depicted in Exhibit A and A-1 attached hereto (the "Leased Premises"), together with the right, in common with others, to use certain of the "Common Use Facilities" of the Airport as set forth in Section 15, upon the terms and subject to the conditions set forth in this Lease.

1.3 "AS-IS". Tenant accepts the Leased Premises as of the Commencement Date (as hereinafter defined) in the condition existing as of the Commencement Date, without representation or warranty, express or implied, and agrees that the Leased Premises are otherwise in a good and tenantable condition and acknowledges that, except as specifically provided herein, Landlord is not otherwise obligated to make any repairs or alterations to the Leased Premises.

The Leased Premises, the building in which they are located and any other areas that may be used by Tenant under this Lease (herein, the "subject premises") have not been inspected by a Certified Access Specialist (CASp). A CASp can inspect the subject premises and determine whether they comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, a commercial property owner or lessor may not prohibit a lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. 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 within the subject premises.

The Landlord and Tenant hereby agree that Landlord will not be obligated to obtain or pay for such an inspection report, and will not make or pay for any necessary repairs (all of which shall be the responsibility of the Tenant under this Lease).

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

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

2. TERM.

2.1 Initial Term; Commencement Date; Annual Period. The term of this Lease shall commence at 12:01 a.m. on March 15, 2021 ("Commencement Date") and continue until 11:59 p.m. on the date that is five (5) calendar years thereafter (i.e., March 15, 2026) ("Expiration Date"), unless the term is extended pursuant to Section 2.2 or is earlier terminated by Landlord pursuant to Section 2.3 or otherwise under the terms of this Lease, or Tenant terminates this Lease pursuant to the terms of this Lease, in which case the last day of the extended or earlier terminated term shall be the "Expiration Date". Each twelve (12) full

calendar month period, commencing on the Commencement Date, during the term of this Lease, including the extended term described in Section 2.2, if applicable, shall be referred to in this Lease as an "Annual Period."

2.2 Extension Option. Provided that the Lease is not sooner terminated and there is no uncured or non-waived Event of Default by Tenant then existing, Tenant shall have the option ("Extension Option") to extend the initial term of this Lease for one period of five (5) years ("Extension Term"), commencing on the day following the initial Expiration Date, subject to the written approval of the Executive Director of Landlord given prior to the expiration of the initial Expiration Date. If Tenant exercises the Extension Option and such approval is given, the Lease term shall be deemed to include the Extension Term. Tenant shall notify Landlord in writing of Tenant's exercise of the Extension Option no later than one hundred eighty (180) days prior to the initial Expiration Date ("Tenant's Option Exercise Notice"). Tenant's failure to give Tenant's Option Exercise Notice on or before the date required hereinabove shall render the Extension Option void. The Annual Base Rent payable during the Extension Term, if there is an Extension Term, shall be determined as provided in Section 3.1, including applicable adjustments.

2.3 Early Termination.

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

2.3.2 Payment of Unamortized Cost of Approved New Improvements. In the event that Landlord exercises its right under Section 2.3.1 to terminate this Lease as to all of the Leased Premises, Landlord shall pay to Tenant the "Unamortized Cost of Approved New Improvements" (as defined in Section 2.3.2.1 below). Tenant acknowledges and agrees that

(a) Tenant shall not be entitled to reimbursement for any costs incurred in connection with the construction or installation of any Improvements that are not Approved New Improvements; and
(b) Tenant shall not have any right to continue the use or occupancy of any portion of the Leased Premises as to which this Lease has been terminated under Section 2.3 following the effective date of such termination.

2.3.2.1 Unamortized Cost of Approved New Improvements. As used in this Lease, the term “Unamortized Cost of Approved New Improvements” shall mean the actual direct out-of-pocket cost of all Approved New Improvements (constructed after the Commencement Date and certified by Tenant as provided in Section 6.1) located within the Leased Premises (but excluding such costs covered by the Improvements Credit as defined in Section 3.1.1 below), multiplied by a fraction, the numerator of which is the number of full calendar months between the effective date of termination of this Lease and the Expiration Date, and the denominator of which is the number of full calendar months between the date of certification by Tenant of the cost of the Approved New Improvements for which payment is being made and the Expiration Date. For purposes of determining the “Expiration Date” under this Section 2.3.2.1, any Extension Terms as to which Tenant has exercised Extension Option prior to Landlord giving notice of termination pursuant to Section 2.3.1 shall be included.

2.3.3 Payment. Landlord shall pay to Tenant the Unamortized Cost of the Approved New Improvements in cash in one lump sum upon the close of escrow as provided in Section 2.3.4. Landlord shall be entitled to offset or credit against such payment any amounts owing by Tenant to Landlord, whether under this Lease or otherwise, and to withhold from such payment the amount of any monetary claim then being asserted in good faith by Landlord against Tenant.

2.3.4 Escrow; Quitclaim Deed and Bill of Sale. Upon receipt of Landlord’s notice of termination of this Lease as to the Leased Premises, Landlord and Tenant shall open an escrow with Chicago Title Company, or such other title company as shall be mutually acceptable to the parties, the cost of which shall be divided equally between Landlord and Tenant. Landlord and Tenant shall execute and deliver to the escrow holder all instructions reasonably necessary to facilitate and perform the provisions of this Section 2.3. On or prior to the effective date of termination of this Lease as to the Leased Premises, the parties shall deposit into escrow all funds, documents, deeds and instruments required to be paid or delivered under this Section 2.3. Specifically, Landlord shall deposit into escrow the payment due to Tenant and Tenant shall execute and deposit into escrow a quitclaim deed in recordable form conveying to Landlord, free and clear of all liens, security interests and encumbrances, all of the right, title and interest of Tenant in the Leased Premises and any New Improvements, together with all of the right, title and interest of Tenant in any appurtenances located thereon or appurtenant thereto. The escrow shall close upon the effective date of termination of this Lease as to the Leased Premises and New Improvements pursuant to this Section 2.3, and the funds, documents and instruments shall be dispersed, delivered or recorded, as applicable, as provided in the escrow instructions of the parties.

2.3.5 Tenant Acknowledgments. The provisions of this Section 2.3 are contractual and arise from Landlord’s unwillingness to enter into a long term Lease of the Leased Premises without the right of termination provided herein. Tenant acknowledges that

under these circumstances, including those in the preceding sentence, such provisions are reasonable and Tenant is willing to accept Landlord's termination rights in order to obtain a longer lease term and in consideration of the payment and other provisions in this Section 2.3. The exercise by Landlord of its termination right shall not be construed as a taking by Landlord of any part of the Leased Premises or New Improvements or of Tenant's rights or leasehold estate under this Lease, and Tenant shall not be entitled to payment for any loss of goodwill, income or other amount measured by Tenant's loss upon termination or reduction of its business following termination of this Lease as to the Leased Premises or New Improvements.

3. RENT.

3.1 Annual Base Rent; Rent Credit.

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

However, Tenant shall receive a credit ("Improvements Credit") against the Annual Base Rent described below in an amount equal to the actual, documented costs of the initial improvements made by Tenant to the Leased Premises to prepare the Leased Premises for initial use and occupancy by Tenant that comply with the improvement provisions of this Lease after Tenant has completed all of the improvements (i.e., the entirety of all such initial improvements) and submitted reasonable evidence of the cost thereof to Landlord, and has complied with the improvements provisions of this Lease as to such improvements; however, in no event shall the Improvements Credit exceed \$236,816.00.

As described in the last paragraph of Exhibit E hereto (Policy on Tenant Improvements), Tenant shall pay prevailing wages for and otherwise comply with California Labor Code Sections 1720 et seq. in connection with such improvements.

3.1.2 Payment of Annual Base Rent. The Annual Base Rent under this Lease shall be (i) \$389,376.00 for hangar space; (ii) \$35,768.64 for office space contiguous to the hangar space; and (iii) \$59,804.64 for shop space. Annual Base Rent shall be payable in twelve (12) equal monthly installments, each of which shall be due and payable in advance on the first (1st) day of each calendar month, commencing on the Commencement Date and continuing on the first (1st) day of each calendar month thereafter during the term of this Lease, including the Extension Terms described in Section 2.2, if applicable. Each installment of Annual Base Rent shall be paid, without demand therefore, as and when it becomes due and payable, without abatement, reduction or offset, in lawful money of the United States of America. The Annual Base Rent for any partial Annual Period shall be prorated on the basis of a three hundred sixty five (365) day annual period and the installment of Annual Base Rent for any partial calendar month shall be prorated on the basis of the number of days in that calendar month.

3.1.3 Base Rent Adjustments.

3.1.3.1 Definitions

(i) The term “Adjustment Date” shall mean the first day of the Annual Period commencing in 2022 and in each Annual Period thereafter (or each twelve (12) calendar month period during any holdover tenancy permitted by Landlord after the Expiration Date).

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

(iii) The term “CPI Increase” shall mean the percentage increase in the Consumer Price Index, calculated by subtracting the Prior Index from the Adjustment Index and then dividing the result by the Prior Index, calculated by subtracting the Prior Index from the Adjustment Index and then dividing the result by the Prior Index.

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

(v) The term “Prior Index” shall mean on each Adjustment Date, the Consumer Price Index used as the Adjustment Index on the prior Adjustment Date (or in the case of the first adjustment, the Consumer Price Index for the month of January, 2021).

3.1.3.2 Regular Annual Adjustments. Commencing on the first (1st) anniversary of the Commencement Date and thereafter on each Adjustment Date during the Term (including the Extension Term, if any), the Annual Base Rent applicable to the Leased Premises (including all office space and hangar space) shall be increased (but not decreased) by the greater of (i) three percent (3%); or (ii) one hundred and twenty percent (120%) of the CPI Increase (rounded to the nearest hundredth). However, in no event shall an annual increase be greater than six percent (6%). The following is an example of the calculation under the preceding clause (a):

$$\begin{array}{ll} \frac{\text{Adjustment Index} - \text{Prior Index}}{\text{Prior Index}} & = \text{CPI Increase} \\ \text{CPI Increase} \times 1.2 & = 120\% \text{ of CPI Increase} \\ 120\% \text{ of CPI Increase} & = \text{xx.xx}\% \end{array}$$

3.1.3.3 CPI Changes. If the Consumer Price Index is changed so that the base year differs from that used for the Prior Index, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this Lease, such other governmental index or computation with which it is replaced shall be used.

3.2 Taxes.

3.2.1 Possessory Interest and Other Taxes. Provided that if Tenant shall not have received a bill directly from the taxing authority, and Landlord has received such a bill, that Landlord shall have delivered the applicable bill to Tenant, and provided further that, subject to the second sentence of Section 3.2.3 below, Tenant shall not be contesting the applicable Tax in good faith as shown by reasonable evidence delivered to Landlord, then Tenant shall pay, as additional rent under this Lease, all "Taxes" imposed by any authority having the direct or indirect power to tax and which are applicable to the Leased Premises during the term of this Lease, whether levied or assessed upon Landlord or Tenant. As used herein, the term "Taxes" shall include any form of possessory interest tax, assessment (including public facilities maintenance district levy or assessment or any public transit or other benefit assessment district levy or assessment), license fee, commercial rental tax, any tax or excise on rents, levy, penalty or tax imposed by any authority having the direct or indirect power to tax, including any federal, state, county or city government, or any school, agricultural, lighting, drainage, or other improvement district thereof, as against any legal or equitable interest of Landlord or Tenant in the Leased Premises or in the real property of which the Leased Premises are a part, as against Landlord's right to rent or other income therefrom, or as against Landlord's business of leasing the Leased Premises; provided, however, that "Taxes" shall not include (i) any mortgage or documentary transfer tax relating to any financing or sale of the Airport; (ii) any tax upon or against Landlord's income or profits; (iii) any franchise, capital stock, excise, social security, unemployment, sales, use or withholding assessments levied against Landlord; (iv) any assessments (or other governmental fees or charges) levied by Landlord against any tenants, the Airport or any portion thereof (whether attributable to special assessment districts or otherwise) to finance any development, maintenance or improvement of facilities at the Airport; or (v) during the five (5) year period following the Commencement Date, any increase in Taxes to the extent arising from a reassessment of the Leased Premises triggered by a sale or other conveyance of all or any part of the Landlord's (or any successor's) interest in the Improvements within which the Leased Premises are located, excluding the conveyance to Tenant of Tenant's leasehold estate effected by this Lease. In the event that a reassessment occurs during the five (5) year period described in clause (v) of the preceding sentence and the Taxes payable by Tenant are thereby increased, Tenant shall have the right, exercised within thirty (30) days after each payment of the increased amount of Taxes by Tenant during the balance of said five (5) year period, to request in writing that Landlord reimburse to Tenant the amount of such increase in Taxes, which request shall be accompanied by a copy of the applicable Tax bills and evidence of payment by Tenant. Landlord shall reimburse to Tenant within thirty (30) days after receipt of Tenant's written request and accompanying documents, the amount of the increase in Taxes paid by Tenant. Tenant recognizes and understands that this Lease might be held to create a possessory interest subject to property taxation and that Tenant might be subject to the payment of property taxes levied on such interest. Tenant shall pay all Taxes prior to delinquency. Tenant shall furnish to Landlord evidence of payment of Taxes within fifteen (15) days after Landlord's written request therefor from time to time. In the event that Landlord receives any bill or invoice for Taxes that are payable by Tenant under this Section 3, Landlord shall promptly forward the bill or invoice to Tenant. If Tenant contests any Taxes, Tenant shall defend, indemnify and hold Landlord harmless from and against any and all claims, losses, damages, liabilities, costs and expenses incurred or suffered by Landlord as a direct or indirect result of such contest or any failure to timely pay Taxes.

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

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

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

3.4 Other Charges.

3.4.1 Obligation to Pay. Tenant shall pay, as additional rent, "Tenant's Share" (as defined in Section 3.4.7) of the costs and expenses incurred by Landlord described in this Section 3.4.

3.4.2 Fire and Security Services. Landlord is not obligated to Tenant to furnish any fire-fighting services or security services to the Leased Premises. Tenant acknowledges that the Leased Premises, Common Use Facilities and other areas of the Airport are within the municipal service areas of the City of Burbank and the City of Los Angeles. Tenant shall provide such security services as may be reasonably required by Landlord to protect the Leased Premises against fire, theft, vandalism, malicious mischief, and unauthorized use or entry of the Leased Premises, and any improvements so required shall be included in "Approved New Improvements". Without limiting or modifying any obligation of Tenant to pay Annual Base Rent or other amounts due under this Lease, with Landlord's prior written approval, which shall not be unreasonably withheld, Tenant shall have the right to station its own security personnel at the Leased Premises and to install its own security systems in the Leased Premises.

3.4.3 Trash Removal. Tenant shall comply with all reasonable written instructions of Landlord in disposing of its trash and refuse. Tenant shall dispose of its refuse at its sole expense.

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

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

3.4.6 Redetermination of Charges. Landlord and Tenant acknowledge that the apportionment of Taxes, utilities, security services and trash removal services is based upon circumstances prevailing at the time this Lease is entered into. In the event of a material change in such circumstances (such as, but not limited to, a re-metering of utilities or an increase in real property taxes due to improvements made), Landlord shall re-determine the apportionments made in a reasonable and equitable manner.

3.4.7 Tenant's Share. "Tenant's Share" of the costs of services and expenses provided and paid by Landlord shall be a fraction, the numerator of which is the square footage of the Leased Premises and the denominator of which is the total square footage of the buildings (excluding the Airport passenger terminal and parking facilities) for which such services are provided from time to time by Landlord.

3.5 Net Lease. Except as otherwise provided in this Lease, Tenant shall be responsible for all costs attributable to the Leased Premises and Tenant's use or occupancy thereof. Landlord shall receive all amounts payable by Tenant pursuant to this Section 3, or any

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

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

3.7 Intentionally Deleted

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

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

4. USE OF LEASED PREMISES.

4.1 Use of Leased Premises.

4.1.1 Principal Use As Airport. Tenant hereby acknowledges that the principal use of the Airport consists of the operation of a public airport and that all other businesses and operations which now are or hereafter permitted by Landlord, to be conducted on or at the Airport, including Tenant's use of the Leased Premises pursuant to this Lease, must at all times be compatible with such principal use, as Landlord, in its sole and absolute discretion, shall determine, including, without limitation, the exercise of Landlord's rights pursuant to Section 2.3.1.

4.1.2 Authorized Use of Leased Premises. Tenant shall use the portion of the Leased Premises constituting hangar space exclusively throughout the Lease term for an aviation hangar for the storage of general aviation aircraft and for no other use ("Permitted Hangar Use"). Tenant shall use the portion of the Leased Premises constituting office space exclusively throughout the Lease Term for office purposes that are related to the storing of general aviation aircraft in the hangar space and for no other use ("Permitted Office Use"). Tenant shall use the portion of the Leased Premises constituting "shop" space exclusively throughout the Lease Term for the repair of general aviation aircraft and storage and repair of parts for general aviation aircraft and for no other use ("Permitted Shop Use"). The Permitted Hangar Use, the Permitted Office Use and the Permitted Shop Use are sometimes collectively referred to herein as the "Permitted Uses". Tenant shall not use nor authorize the use of the Leased Premises, or any portion thereof, for any purpose whatsoever that is not a Permitted Use without Landlord's prior written consent, which consent Landlord may withhold or condition in Landlord's sole and absolute discretion without regard to any standard of reasonableness.

4.1.3 Service, Maintenance, Repair and Fueling. Tenant acknowledges and agrees that into-plane fueling and ramp services must be obtained from an entity which has exclusive rights to provide such services (for as long as such exclusive rights exist) and that Landlord has separately informed Tenant of the name and contact person for that entity. (If such exclusive rights cease to exist, Landlord shall so notify Tenant.) No service, maintenance or repair of aircraft, equipment or vehicles shall be performed within the Leased Premises, except that aircraft may be serviced, maintained or repaired under the following conditions: (i) such service, maintenance and repair is specifically authorized by FAA regulations and performed by duly authorized personnel or contractors; (ii) such service, maintenance and repair is done in compliance with all applicable fire, building and safety, environmental and other Laws; and (iii) such service, maintenance and repair is conducted in accordance with Landlord's adopted standards for aeronautical uses. Under no circumstances shall any fueling of aircraft or other fueling activities be performed or permitted inside the hangar buildings.

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

4.1.5 Restrictions on Storage. Derelict aircraft, inoperative ground vehicles, unused ramp equipment, scaffolding, hoists and related items may not be kept on any

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

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

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

4.2.1 Sales of aviation fuel or oil;

4.2.2 Sales of food;

4.2.3 Sales of products or sundry items;

4.2.4 Sales or dispensing of alcoholic beverages;

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

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

4.3 Conduct of Tenant's Activities.

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

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

4.3.3 Landlord Noise Abatement Rules. Tenant hereby acknowledges that Tenant has read and understands the Burbank-Glendale-Pasadena Airport Authority noise abatement rules as they presently exist, attached hereto as Exhibit "C". Tenant shall conduct its business and flight operations, if any, in compliance with the noise abatement rules, as the same may be amended by Landlord from time to time, including, without limitation, any voluntary or

mandatory curfew imposed now or in the future by Landlord, consistent with federal law, on flight operations between specified nighttime and morning hours (the "Noise Abatement Rules"). Tenant shall also conduct its flight operation in accordance with any voluntary noise abatement procedures as may be promulgated by Landlord that are in compliance with federal law. Tenant shall incorporate the Noise Abatement Rules into all of its Permitted Subleases and shall enforce the Noise Abatement Rules against its permitted subtenants. Landlord shall give written notice to Tenant of any violation of the Noise Abatement Rules by Tenant or any subtenant which comes to Landlord's attention and, upon receipt of a written notice from Landlord of any violation of the Noise Abatement Rules by a subtenant, Tenant shall promptly provide a notice of default to the subtenant (with a copy to Landlord). If the subtenant again violates the Noise Abatement Rules within ninety (90) days of the initial notice from Landlord, or if a subtenant violates the Noise Abatement Rules four (4) times within any twelve (12) month period, upon being notified in writing by Landlord of the occurrence of such repeated violation(s), Tenant shall institute appropriate legal proceedings to terminate the subtenant's sublease and to evict the subtenant from the Leased Premises.

4.3.4 Licenses, Permits; Compliance With Laws. Tenant, at Tenant's own cost and expense, shall and shall cause its permitted subtenants to obtain and maintain in effect at all times during the term hereof all licenses, permits, certificates, approvals and other authorizations required by any federal, state, county, city or other governmental department, bureau, agency or other authority having jurisdiction over Tenant, Tenant's business and operations from the Leased Premises, Tenant's subtenants' operations from the Leased Premises, the Leased Premises or any other areas of the Airport, including, without limitation, all licenses, permits, certificates, approvals and other authorizations required by the FAA. Tenant shall comply, and Tenant shall cause its permitted subtenants to comply, with all applicable federal, state, county and city statutes, regulations, rules and ordinances governing or regulating matters of health, safety or security or the use or occupancy of the Leased Premises or the operation of the Airport, including all rules and regulations promulgated by the FAA or the TSA, all rules, regulations, policies and guidelines of Landlord promulgated pursuant to Section 16 of this Lease, and all orders of any governmental department, bureau, agency or other authority having jurisdiction over Tenant, Tenant's business and operations from the Leased Premises, Tenant's subtenant's operations from the Leased Premises, the Leased Premises and New Improvements or any other areas of the Airport (collectively, "Laws"). Tenant shall incorporate the provisions of this Section into all of its Permitted Subleases and shall enforce the provisions of this Section against its permitted subtenants. Landlord shall give written notice to Tenant of any violation of Laws by Tenant or any subtenant which comes to Landlord's attention and, upon receipt of a written notice from Landlord of any violation of the Laws by a subtenant, Tenant shall promptly provide a notice of default to the subtenant (with a copy to Landlord). If Tenant has knowledge that a subtenant violates any of the Laws two (2) times within any ninety (90) day period or four (4) times within any twelve (12) month period, Tenant shall institute appropriate legal proceedings to terminate the subtenant's sublease and to evict the subtenant from the Leased Premises and shall give written notice to Landlord of such violations and the institution of such proceedings.

4.3.5 Air Quality Improvement Plan. In addition to complying with Section 4.3.3, Tenant shall also comply with the certain provisions of the Burbank Airport's Air Quality Improvement Plan:

4.3.5.1 Ground Support Equipment Emissions Policy. Airlines and other entities own and operate ground support equipment (“GSE”) to support arriving, departing, and parked aircraft at the Airport. The Airport’s GSE policy will ensure that the Airport achieves Airport-wide GSE emissions targets. The Airport will achieve an airport average composite emissions factor for its GSE fleet which is equal to or less than 1.66 horsepower-hour of nitrogen oxides (g/hp-h of NO_x) by January 1, 2023, and 0.74 g/hp-h of NO_x by January 1, 2031. Upon achieving the 2023 and 2031 emissions targets, Tenant shall be required to ensure its fleet average continues to meet the Airport emissions targets. Tenant’s obligation to meet the 2031 target shall be contingent on the installation of adequate infrastructure to support zero-emission GSE, which is operationally feasible and commercially available. Tenant’s “Burbank Airport GSE fleet” shall be comprised solely of GSE operated at the Airport. Emissions performance of GSE operating at the Airport cannot be averaged with emissions performance of GSE operating at other airports to demonstrate compliance with the Airport GSE emissions targets.

4.3.5.2 Clean Construction Policy. Landlord has adopted a Clean Construction Policy, which may be accessed/found at <http://hollywoodburbankairport.com/green-initiatives/>. For all capital improvement projects (“CIPs”) undertaken by Tenant, Tenant shall comply, and shall cause its CIP contractors to comply, with such Clean Construction Policy, and shall otherwise ensure its contractors follow clean construction policies to reduce emissions of NO_x such as using low-emission vehicles and equipment, recycling construction and demolition debris, and minimizing non-essential trips through better schedule coordination.

4.3.6 Burbank Airport Employee Ride Share Policy. Landlord intends to join the Burbank Transportation Management Organization (BTMO), which will serve all Airport employees and all Airport tenant employers, including employers with less than 250 employees. Tenant is encouraged to also join and to actively participate in the BTMO as an individual member.

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

4.5 Interference with Utilities, Police, Fire Fighting. Tenant shall not do or permit to be done anything which may interfere with the effectiveness or accessibility of the

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

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

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

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

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

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

4.11 Non-Discrimination and Affirmative Action. Tenant shall comply with the provisions of Exhibit "D" attached hereto and by this reference made a part hereof regarding nondiscrimination, as the same may be amended by Landlord from time to time. In addition, Tenant shall undertake an affirmative action program, as required by 14 Code of Federal

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

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

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

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

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

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

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

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

4.12.7 Height Restrictions. Tenant shall not erect nor permit the erection of any structure or object, nor permit the growth of any tree, on the Leased Premises in violation of federal height restrictions and obstruction criteria or any more restrictive height restrictions and obstruction criteria established from time to time by Landlord. In the event the aforesaid

covenants are breached, in addition to all other rights and remedies of Landlord, Landlord reserves the right to enter upon the Leased Premises to remove the offending structure or object and to cut the offending tree, all of which shall be at the expense of Tenant.

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

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

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

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

4.13 Airport Security.

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

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

4.13.3 Violations by Subtenants. Tenant shall incorporate the Security Requirements into all of its Permitted Subleases and shall provide in its Permitted Subleases that any violation of the Security Requirements by a subtenant or anyone subject to the control of the subtenant shall constitute a default as a result of which the sublease may be terminated. Tenant shall enforce the Security Requirements against its permitted subtenants and other persons entering upon and using the Leased Premises. Tenant shall pay or cause the subtenant violating the Security Requirements to pay any fine or penalty imposed by the FAA as a result of such violation and any monetary assessment or charge levied by Landlord pursuant to Landlord's Rules and Regulations. Landlord shall give written notice to Tenant of any violation of the Security Requirements by Tenant or any subtenant that comes to Landlord's attention and, upon

receipt of a written notice from Landlord of any violation of the Security Requirements by a subtenant, Tenant shall promptly provide a notice of default to the subtenant (with a copy to Landlord). If a subtenant violates any of the Security Requirements two (2) times within any twelve (12) month period, Tenant shall institute appropriate legal proceedings to terminate the subtenant's sublease and to evict the subtenant from the Leased Premises.

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

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

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

5. MAINTENANCE AND REPAIRS.

5.1 Tenant's Obligations. Tenant, at Tenant's sole expense, but subject to Section 5.3 of this Lease, shall maintain, repair and replace the Leased Premises, and every part thereof, in good order, condition and repair in a neat and sanitary condition, free from waste or debris, all according to reasonable standards adopted from time to time by Landlord, including, without limiting the generality of the foregoing: (a) fixtures, hangar doors, locks, interior walls and interior surfaces of exterior walls; (b) floors, ceilings, store fronts, windows, doors, plate glass, showcases, skylights, entrances and vestibules located within the Leased Premises; and (c) all sprinkler systems, plumbing, sewers, backflow equipment, drainage devices, heating, air conditioning and electrical facilities and equipment within the Leased Premises. Tenant shall, at its expense, obtain any and all pest control services required or desired by Tenant, and Landlord

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

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

5.3 Landlord's Obligation to Repair; Landscaping. Subject to the provisions of Section 8 (Damage and Destruction), Landlord shall, during the term of this Lease, keep the roof, foundations, exterior walls (excluding interior painting and all windows, doors, plate glass

and showcases), and of the Leased Premises and landscaping outside of the Lease Premises that is adjacent to the Leased Premises in good order, condition and repair, except, for (i) any damage thereto caused by any negligent act or omission of Tenant or any Tenant Party; and (ii) reasonable wear and tear not affecting structural integrity or safety. Landlord shall have no obligation, however, to commence any such repair until forty (40) days after the receipt by Landlord of written notice specifying the repairs Tenant believes must be undertaken to comply with the terms of this Lease; provided, in an emergency, Tenant shall have the right, if reasonably required under the circumstances, to make any such repair at Landlord's reasonable expense. Any changes to the landscaping shall be subject to Landlord's approval, and shall be completed by Landlord at Tenant's cost, as additional rent (payable within ten days after written demand with evidence of the costs).

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

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

6. ALTERATIONS AND IMPROVEMENTS.

6.1 Approval and Construction of New Improvements.

6.1.1 Landlord's Approval. Without in each instance obtaining the prior written approval of Landlord in accordance with this Section 6.1.1, which approval may be granted or withheld in Landlord's sole and absolute discretion ("Landlord's Approval"), Tenant shall not (i) demolish any Existing Improvements, (ii) construct or install any Improvements or (iii) except as provided in Section 6.1.2, make any modifications, alterations or additions to the Leased Premises or Improvements (all such demolition, construction, installation, modifications, alterations and additions are individually and collectively referred to in this Lease as "New Improvements"), and no work required in connection therewith shall commence, prior to

receiving Landlord's Approval. Landlord reserves the right to disapprove any New Improvements wholly on aesthetic grounds. If Tenant makes or commences any New Improvements without the prior written approval of Landlord, then Landlord shall have the right to require Tenant to remove any or all of such New Improvements at Tenant's sole expense and shall also have the right to declare Tenant in default under this Lease. Landlord may delegate all Landlord's Approvals required under this Section 6.1, including any determination of whether New Improvements are "Approved New Improvements" under Section 6.1.4, to Landlord's Executive Director, or to an outside engineer or architect, or to any combination thereof, and approval or determination by any such delegatee shall be subject to the same standards of review and time requirements as imposed upon Landlord and shall be deemed to be Landlord's Approval or the determination of Landlord under this Section 6.1. Any Landlord's Approval under this Section 6.1 shall be evidenced by a "Certificate of Approval" signed by Landlord or its delegatee pursuant to Section 6.1.4.

6.1.2 Cosmetic Alterations. Landlord shall not unreasonably withhold its consent to any interior Alterations that do not affect the roof or load bearing walls (collectively, "Cosmetic Alterations"), provided that any signage or graphic materials constituting Cosmetic Alterations shall not be visible from outside the Leased Premises. Landlord shall not impose any aesthetic condition or condition listed in Section 6.1.8(iii) or (iv) upon any approval of a Cosmetic Alteration.

6.1.3 Compliance with Policy on Tenant Improvements. Prior to the commencement of any New Improvements, Tenant shall comply with the rules and guidelines established by Landlord for such work pursuant to Landlord's policy on tenant improvements attached hereto as Exhibit "E", as the same may be amended from time to time. If there is any conflict between the policy on tenant improvements and the provisions of this Lease, the provisions of this Lease shall apply. Tenant acknowledges that the New Improvements are a public work for which prevailing wages must be paid, and Tenant hereby agrees to pay prevailing wages, obtain required bonds, and otherwise comply with California Labor Code Sections 1720 et seq. ("Prevailing Wage Laws") in all respects.

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

Tenant in writing of its disagreement and shall state the reasons therefor. Tenant shall have the right to respond in writing to Landlord's notice and statement of reasons; however, after considering any response by Tenant, Landlord's determination of whether any New Improvements are Approved New Improvements shall be final and binding.

6.1.5 Review and Approval of Plans. In order to expedite plan review and approval and to insure that the proposed New Improvements will be compatible with Airport uses, Tenant first shall submit to Landlord for approval a conceptual plan and shall pay Landlord an administrative fee in the amount equal to the greater of five percent (5%) of the total estimated cost of all New Improvements, or Two Thousand Dollars (\$2,000), for reviewing Tenant's plans. Notwithstanding Landlord's Approval of the conceptual plan, all construction plans and specifications shall be subject to Landlord's Approval and, when required by the Airport Engineer, shall be prepared, stamped and signed by a California licensed architect or engineer. Engineers shall be licensed for the particular discipline required. All changes to plans and specifications previously receiving Landlord's Approval which are required by the City of Burbank to be submitted to the City for plan check or review in accordance with the City's building codes ("Material Plan Change") shall also concurrently be submitted to Landlord and shall require Landlord's Approval. Landlord shall have three (3) working days within which to review and to approve or disapprove the proposed Material Plan Change and, if Landlord fails to disapprove the Material Plan Change, then the Material Plan Change shall be deemed to have received Landlord's Approval. Upon Landlord's Approval, Landlord shall issue promptly a Certificate of Approval for each Material Plan Change.

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

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

6.1.8 Additional Requirements. Prior to the commencement of any New Improvements, Tenant shall (i) provide Landlord with a copy of the construction contract, construction schedule, trade payment breakdown and list of subcontractors and suppliers for Landlord's prior written approval; (ii) furnish to Landlord a copy of all building permits; (iii) record or cause the general contractor performing the construction contract to record a statutory payment and performance bond acceptable to Landlord and issued by a corporate surety acceptable to Landlord in an amount equal to the construction cost; (iv) provide Landlord with ten (10) days' written notice prior to commencing any work; and (v) require any contractor used by Tenant carry a comprehensive liability insurance policy, on a "per-occurrence basis",

covering bodily injury in the amounts of Two Million Dollars (\$2,000,000) for death or injury to any one person, Two Million Dollars (\$2,000,000) for the death or injury to more than one person, and One Million Dollars (\$1,000,000) for property damage.

6.1.9 Performance of Work. All work done in connection with any New Improvements shall be done at Tenant's sole expense and with reasonable diligence, in a good and workmanlike manner, and in compliance with all applicable Laws. Landlord shall have the right to inspect and reject any work not done in accordance with the approved plans and specifications, including any changes permitted under Section 6.1.4, 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.

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

6.1.11 As Built Plans and Statement of Cost. Within sixty (60) days following the completion of any New Improvements, Tenant shall furnish to Landlord a set of "as built" plans and specifications and, if the New Improvements are eligible to be Approved New Improvements, within one hundred twenty (120) days following the completion of the New Improvements, Tenant shall furnish to Landlord a statement certified as accurate by Tenant of the actual direct out-of-pocket cost of the New Improvements, which may include architectural and engineering fees, permit fees, capitalized construction period interest and loan fees, and other "soft costs" reasonably approved by Landlord, together with any reasonable supporting documentation required by Landlord sufficient to verify such cost. Failure by Tenant to notify Landlord in writing of the cost of any such New Improvements within one hundred twenty (120) days after completion shall constitute Tenant's irrevocable waiver of any future right to receive payment of the Unamortized Cost of Approved New Improvements for such New Improvements and Landlord shall have no obligation or liability to make any payment to Tenant therefor under Section 2.3.2. Tenant shall not include in the cost of New Improvements any cost paid or

reimbursed from the proceeds of insurance, condemnation awards or damages recovered from any party, or any settlement related thereto.

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

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

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

7. INSURANCE, INDEMNITY AND EXCULPATION.

7.1 Obligation to Maintain Insurance. At all times during the term of this Lease and at its sole cost and expense, Tenant shall maintain in effect the insurance coverage and limits of liability as provided in this Section 7 ("Required Insurance"). In the event that Tenant fails to maintain any of the Required Insurance, Landlord shall have the right, but not the obligation, to obtain some or all of the Required Insurance. In the event Landlord elects to

maintain some or all of the Required Insurance because of Tenant's failure to provide Required Insurance, Tenant shall pay to Landlord, as additional rent hereunder, the premiums for all Required Insurance paid by Landlord within ten (10) days following the delivery to Tenant of each written statement setting forth the amount of said premiums and the applicable premium period.

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

7.2.1 General Liability Insurance. General liability insurance covering airport premises and operations liability, ground hangarkeeper's liability, personal injury liability, contractual liability, products and completed operations liability and independent contractors liability, including standard war risks writeback, all written on an occurrence basis in an amount not less than Twenty-Five Million Dollars (\$25,000,000) combined single limit for bodily injury and property damage each occurrence and each aircraft, and, with respect to products and completed operations liability and war risks writeback, in the annual aggregate, and, with respect to personal injury, not less than Twenty-Five Million Dollars (\$25,000,000) each offense and in the annual aggregate.

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

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

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

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

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

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

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

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

7.3.1 Fixtures and Equipment. All risk of direct physical loss or damage property insurance included within the classification "All Risk Property (Special Form)" covering: (i) the permitted Improvements to the Leased Premises made by Tenant; and (ii) any fixtures and equipment and other personal property located in or on the Leased Premises in an amount not less than 100% of their replacement value; and (iii) all plate glass located in or on the Leased Premises. Except as provided in Section 8, the proceeds of said insurance shall be used to repair or replace the insured property and Landlord shall be named as a loss payee with respect to all Improvements to the Leased Premises made by Tenant.

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

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

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

perils or risks that are included within the policy coverage set forth in or attached to the certificates of insurance. The failure of Tenant to provide said certificates of insurance within said fifteen (15) business days after the Commencement Date or, if a notice of cancellation or non-renewal of any Required Insurance has been delivered to Tenant, the failure of Tenant to replace the Required Insurance which is the subject matter of such notice of cancellation or non-renewal prior to the effectiveness of such cancellation or non-renewal, shall in either case constitute an Event of Default under Section 12.1. All Required Insurance shall be primary insurance without right of contribution of any other insurance carried by or on behalf of any Landlord Insured Party and all policies shall be endorsed to this effect. In no event shall any Landlord Insured Party be responsible or liable for the payment of any premiums for the insurance required to be obtained and maintained by Tenant pursuant to this Section 7. Deductibles or self-insured retentions under all Required Insurance liability policies applicable to the Leased Premises and Tenant's operations at the Airport shall not exceed Twenty Five Thousand dollars (\$25,000).

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

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

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

owned, leased, stored or maintained by the subtenant or temporary licensee a waiver of such insurer's rights of subrogation as to claims or causes of action against all Landlord Insured Parties.

7.9 Indemnification. In addition to any other express indemnity hereunder, Tenant shall defend, indemnify and hold harmless all Landlord Parties from and against any and all Claims arising out of, resulting from or relating to (i) the breach of this Lease by, or any negligent act or omission or willful misconduct of, any Tenant Party or any subtenant with respect to (a) the use or occupancy of the Leased Premises, the Common Use Facilities or any other areas of the Airport, (b) the conduct of Tenant's or any Tenant's business, (c) Tenant's construction of improvements (including, without limitation, failure to comply with the Prevailing Wage Laws); or (d) any other matter relating to this Lease or the subject matter of this Lease. Notwithstanding the foregoing, the provisions of this Section shall not apply to any Claim which arises out of, results from or relates to the gross negligence, willful misconduct or material breach of this Lease by Landlord.

7.10 Tenant Acknowledgment of Notice of Claim. If Landlord delivers to Tenant a notice of a claim filed with Landlord involving Tenant with a request that Tenant acknowledge receipt of the notice, then Tenant shall acknowledge receipt of such notice in writing within thirty (30) days, and failure to timely acknowledge receipt shall constitute an Event of Default.

7.11 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 20.16.3) on, under or into the Leased Premises; (ii) Acts of God; (iii) fire, steam, electricity, gas, water, or rain which may leak or flow from or into any part of the Leased Premises, New Improvements or any other areas of the Airport; (iv) riot, civil commotion, aircraft, vehicles, smoke, vandalism, malicious mischief; (v) breakage, leakage, obstruction or other defects of the pipes, wires, appliances, plumbing, heating, ventilation and air conditioning systems, or lighting fixtures of or serving the Leased Premises, New Improvements or other areas of the Airport; (vi) the use or occupancy of the Leased Premises, New Improvements or any other areas of the Airport by any Tenant Party, whether said damage or injury results from conditions arising upon the Leased Premises, New Improvements or upon other areas of the Airport, or from other sources; or (vii) any damage or loss arising from any negligent acts or omissions or willful misconduct of any other tenant, licensee, concessionaire or customer of the Airport or any other person or entity; except to the extent any of the foregoing arises from the gross negligence, willful misconduct or material breach of this Lease by Landlord.

8. DAMAGE AND DESTRUCTION.

8.1 Termination Right. In the event that all or such portion of the Leased Premises or the Improvements within which the Leased Premises are located are destroyed or

damaged such that Tenant cannot reasonably use the Leased Premises for the aviation related uses permitted under this Lease for an unreasonable period of time, then Tenant shall have the right to terminate this Lease by written notice to Landlord given within thirty (30) days after the damage (except that in the event of complete destruction of the Improvements in which the Leased Premises are located, this Lease shall automatically terminate without notice). If the Lease is not terminated, Tenant shall restore promptly those portions of the Leased Premises that Tenant initially caused to be constructed, and Landlord shall restore promptly those portions of the Leased Premises that Landlord initially caused to be constructed. If the Lease is not terminated, then the Annual Base Rent payable by Tenant hereunder shall be abated in proportion to the reduction in the ability of the Tenant to use the Leased Premises, provided that if, during the period of any repair of such damage or destruction to the Improvements within which the Leased Premises are located, the Landlord makes available to Tenant other reasonably acceptable hangar space, then the Annual Base Rent shall continue unabated (but for reasonable relocation costs). Landlord shall not be liable to Tenant for any inconvenience or annoyance to Tenant or injury to Tenant's business resulting in any way from the undertaking of any repair following any damage or destruction, to the extent such repair is conducted in compliance with this Lease.

8.2 Landlord's Repair Obligations. Except as provided in Section 8.1, in the case of damage or destruction to the Improvements within which the Leased Premises are located, and notwithstanding any other provision in this Lease, Landlord shall have no obligation to Tenant to repair or restore any of the Improvements within which the Leased Premises are located; provided, however, that if Landlord has not commenced within 6 months after the date of such damage or destruction the repair and restoration of the Improvements within which the Leased Premises are located or is not prosecuting such construction with reasonable diligence after such commencement, then Tenant shall have the right to terminate the Lease upon written notice to Landlord as Tenant's sole right and remedy.

8.3 Costs of Restoration or Repair. To the extent Landlord elects to rebuild, then the Landlord shall be responsible for all costs and expenses associated with the reconstruction of the Improvements of which the Leased Premises are a part; provided, however, that Tenant shall be responsible for all costs and expenses associated with reconstructing Improvements or fixtures within the Leased Premises that Tenant caused to be constructed. Tenant shall cause any such Improvements or fixtures to be constructed in accordance with provisions of Section 6 of this Lease. Tenant shall pay to Landlord all proceeds from the casualty insurance required to be carried by Tenant pursuant to the provisions of Section 7.3.1 above except proceeds of casualty insurance for Tenant's personal property, plate glass, and Tenant's actual cost of reconstructing Improvements or fixtures.

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

9. ASSIGNMENT, SUBLETTING AND ENCUMBRANCES.

9.1 Assignment or Encumbrance Prohibited; Exception for Affiliate.

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

9.1.2 Permitted Transferee. Notwithstanding anything to the contrary contained in Section 9.1.1, the following assignments, transfers, actions or uses shall not be subject to Landlord's consent, provided that Tenant provides Landlord with at least ten (10) business days' prior written notice thereof and reasonable evidence that the transaction is one of the following: but Tenant shall not be released from the obligations under this Lease: (i)(A) an assignment of this Lease to any "Affiliate" (as hereinafter defined) of Tenant, or (B) an assignment of this Lease to a purchaser of all or substantially all of the assets of Tenant, or (ii) a transfer, by operation of law or otherwise, in connection with the merger, consolidation or other reorganization of Tenant. As used herein, the term "Affiliate" shall mean any entity if more than fifty percent (50%) of the stock or other equity of the entity is owned, directly or through one or more intermediaries, by Tenant or by any entity that owns, directly or through one or more intermediaries, more than fifty percent (50%) of the stock or other equity of Tenant, as shown by reasonable evidence delivered to Landlord.

9.2 Subletting Prohibited. Tenant shall not sublet or licensee the Leased Premises.

10. EMINENT DOMAIN.

10.1 Entire or Substantial Taking. In the event the entire Leased Premises, or such portion thereof as to make the balance not reasonably adequate for the permitted uses hereunder, as determined by Tenant in the exercise of its reasonable judgment, shall be taken under the power of eminent domain, this Lease shall automatically terminate as of the date of the vesting of title to all or such portion of the Leased Premises in such condemning entity. The termination of this Lease as to all or a portion of the Leased Premises by Landlord pursuant to any right of Landlord to do so set forth in this Lease, including, without limitation, under Section 2.3.1 or after an uncured Event of Default under Section 12, shall not be a taking under this Section 10.

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

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

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

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

compensation, should Landlord exercise its power of eminent domain with respect to the Leased Premises.

11. SUBORDINATION.

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

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

12. DEFAULTS AND REMEDIES.

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

12.1.1 Insolvency and Creditor Protection. (i) The voluntary or involuntary appointment of a receiver, trustee or liquidator to take possession of the Leased Premises, New Improvements or all or substantially all of the assets of Tenant when such appointment is not terminated or vacated or possession of the Leased Premises is not restored to Tenant within ninety (90) days; or (ii) a general assignment by Tenant for the benefit or

protection of creditors; or (iii) Tenant's written admission of its inability to pay its debts as they become due; or (iv) any action taken against or suffered by Tenant under any federal, state or other statute relating to insolvency, bankruptcy, reorganization, arrangement, composition, liquidation, dissolution or other relief for debtors; unless, in the case of an involuntary petition filed against Tenant to have Tenant adjudged a bankrupt or for reorganization or arrangement, the petition is dismissed within ninety (90) days. The appointment of a trustee or conservator of the person or estate of an individual Tenant, or in aid of the voluntary winding up, dissolution and liquidation of a partnership or corporate Tenant, shall not constitute an Event of Default hereunder.

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

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

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

12.1.5 Non-Compliance by Subtenants. The failure by Tenant to institute and to prosecute diligently to completion appropriate legal proceedings to terminate a subtenant's sublease and to evict the subtenant from the Leased Premises for repeated non-compliance with the Noise Abatement Rules or the Laws, in violation of Sections 4.3.3 or 4.3.4.

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

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

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

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

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

12.1.11 Multiple Defaults. The receipt by Tenant during any twelve (12) consecutive calendar month period of more than six (6) written notices pertaining to actual defaults, breaches or non-performance under Sections 12.1.5, 12.1.6, 12.1.7, 12.1.8, 12.1.9 or 12.1.10 of this Lease, irrespective of the cure thereof by Tenant.

12.1.12 Failure to Acknowledge Notice of Claim. The failure by Tenant to comply with Section 7.10.

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

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

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

of Tenant in and to the Leased Premises and the New Improvements as provided in this Section 12.2.

12.2.2 Continuation of Lease without Termination. Landlord has the remedy described in California Civil Code, Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has right to sublet or assign, subject only to reasonable limitations). In this regard, Landlord shall have the right to continue this Lease and to maintain Tenant's right to possession of the Leased Premises and the New Improvements, whether or not Tenant shall have breached this Lease and/or abandoned the Leased Premises and the New Improvements. In such event this Lease shall continue in effect for so long as Landlord chooses not to terminate Tenant's right of possession and Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to collect and receive Annual Base Rent and any and all other amounts payable by Tenant to Landlord under this Lease as the same shall come due and including the right, as attorney-in-fact of Tenant, to collect, receive and apply the "Subrents" on behalf of Tenant as provided in Section 12.2.3.

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

balance of the Subrents shall be paid to Tenant. All amounts collected, received and applied by Landlord pursuant to the Power of Attorney prior to termination of this Lease shall be construed as and are agreed to be payments made by Landlord, as attorney-in-fact, on behalf of Tenant and the parties do not intend, and expressly disclaim, that the provisions of this Section shall give or create in favor of Landlord any lien upon or security interest in or constitute a pledge of the Subrents for the performance of Tenant's obligations under this Lease.

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

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

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

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

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

(10) days following the delivery to Tenant of a written demand therefor, Landlord shall have the same rights and remedies as for the nonpayment of rent.

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

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

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

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

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

15. COMMON USE FACILITIES.

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

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

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

15.4 Vehicle Parking. Landlord shall provide to Tenant during the Lease term, at no additional rent, thirty (30) automobile parking spaces for use by Tenant and Tenant's invitees, contractors, agents and employees as shown in Exhibit "B" attached hereto (but Landlord shall not be obligated to supervise or manage use of the spaces, or tow any vehicles improperly parked in the spaces, or mark such spaces or install signs as to such spaces). Landlord reserves the right to relocate such parking spaces if deemed necessary by Landlord for any reason related to the operation, management or development of the Airport and will provide reasonably located substitute parking. The use of any designated parking spaces shall be subject to all reasonable and non-discriminatory Rules and Regulations of Landlord adopted from time to time. Tenant shall be entitled to cover the parking spaces designated for Tenant's use at Tenant's expense and with Landlord's prior written approval.

16. RULES AND REGULATIONS OF LANDLORD. Tenant shall, and shall cause its subtenants to, comply with all uniform rules and regulations adopted by Landlord at a noticed public meeting for use of the Leased Premises, and the other areas of the Airport, including the

Common Use Facilities, as the same may be amended from time to time by Landlord ("Rules and Regulations"). Landlord shall provide Tenant with a copy of the Rules and Regulations and any and all amendments thereto. Landlord shall not be responsible to Tenant for the nonperformance of any other Tenant or user of the Airport of any of the Rules and Regulations.

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

18. SECURITY FOR PERFORMANCE. Concurrently with the execution of this Lease, Tenant shall deliver to Landlord the sum of \$118,737.32. 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 apply all or any part of said sums for the payment of any amount in default, to cure any Event of Default or to repair any damage to the Leased Premises caused by Tenant and to pay any and all damages to which Landlord is otherwise entitled as a result of such default. In the event that Landlord elects to apply any of the sums delivered by Tenant to Landlord pursuant to this Section, Tenant shall, within thirty (30) days after written demand therefor, deliver to Landlord a sum sufficient to restore the sums held by Landlord to three (3) months of rent, and Tenant's failure to do so shall be an Event of Default. In the event Landlord applies any funds as provided in this Section, such action shall not constitute an election or waiver of any other rights or remedies which Landlord may have by virtue of Tenant's default. TENANT HEREBY WAIVES THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1950.7 TO THE EXTENT INCONSISTENT WITH THE PROVISIONS OF THIS SECTION 18.

19. COMPLIANCE WITH ENVIRONMENTAL LAWS.

19.1 Use of Toxic Materials Prohibited. Tenant shall not cause or permit any "Toxic Materials" (as defined in Section 19.16.2) to be brought onto, stored, used, generated, recycled, or disposed of (collectively, "Use of Toxic Materials") in, on, under or about the Leased Premises, the Improvements associated with the Leased Premises, or any other part of the Airport, by any Tenant Party or any of their respective licensees, permittees or invitees; provided, however, that Tenant shall be permitted to store and use in the ordinary course of maintaining aircraft stored in the Leased Premises Toxic Materials so long as Tenant demonstrates to Landlord's reasonable satisfaction that such Toxic Materials, and the quantities thereof, are necessary or useful to Tenant's business and that such use of Toxic Materials is at all times subject to and in compliance with all Environmental Laws (as defined in Section 19.16.2). Landlord shall not cause any "Toxic Materials" (as defined in Section 19.16.2) to be brought onto, stored, used generated, recycled or disposed of in, on, under or about the Leased Premises unless requested to do so by Tenant. Tenant shall demonstrate that such Toxic Materials are necessary or useful by submitting information to Landlord in accordance with Section 19.3.

19.2 Compliance with Environmental Laws. Tenant and Landlord shall each comply, at their respective sole cost and expense, with all "Environmental Laws" (as defined in

Section 19.16.1), applicable to their respective premises and their use thereof and operation of their respective businesses at the Airport and, with respect to any use of Toxic Materials permitted under Section 19.1 above; provided, unless caused by a Tenant Party, Tenant's obligations under this Section 19.2 shall exclude any discharge or release migrating to the Leased Premises from other land, unless caused by a Tenant Party. Tenant shall not release or dispose of any Toxic Material in the drains, storm drains, sewers, plumbing or any other drainage facility that will cause or contribute to a violation of any Environmental Law or any contamination. The off-site disposal of any and all Toxic Materials shall be in strict compliance with all Environmental Laws.

19.3 Disclosure. Prior to or upon the Commencement Date, and prior to the end of January during each Annual Period, Tenant shall submit to Landlord the following documents: (i) an inventory or list of all compounds or products that contain Toxic Materials which were used, stored or disposed of by each Tenant Party on or about the Leased Premises or the New Improvements during the prior year, (ii) all 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 and Landlord's Indemnity

19.5.1 Tenant's Indemnity. Tenant shall defend, indemnify and hold harmless each of the Landlord Parties from and against any and all "Liabilities" (as defined in Section 19.16.3) arising out of, resulting from or caused by the Use of any Toxic Materials by any Tenant Party; provided, unless such Contamination is caused by a Tenant Party, Tenant's obligations under this Section 19.5.1 shall exclude any discharge or release migrating to the Leased Premises from other land. In the event of any indemnification under this provision, the Tenant shall pay promptly upon demand all reasonable costs and expenses incurred by Landlord for attorneys' fees, environmental consultants or other amounts incurred for remediation or otherwise because of the Tenant's violation of the terms of this Lease with respect to Toxic Material or failure to comply with any Environmental Laws. Tenant acknowledges that Landlord shall have complete control (which control shall be exercised in a reasonable manner) over any litigation, settlement discussion or regulatory compliance or remediation with respect to any indemnity claim under this Section 19.5.1 and that Tenant shall cooperate fully with Landlord in connection therewith, including without limitation, executing any instruments, affidavits or other documents necessary in the reasonable judgment of Landlord in connection therewith. This indemnity shall survive the termination of this Lease.

19.5.2 Landlord's Indemnity. Landlord shall defend, indemnify and hold harmless each of the Tenant Parties from and against any and all "Liabilities" (as defined in Section 19.16.3) arising out of, resulting from or caused by the Use of any Toxic Materials by any Landlord Party; provided, Landlord's obligations under this Section 19.5.2 shall exclude any discharge or release caused by any tenant or customer of Landlord or such tenant's or customer's agents, employees, contractors or licensees. In the event of any indemnification under this provision, Landlord shall pay promptly upon demand all reasonable costs and expenses incurred by Tenant for attorneys' fees, environmental consultants or other amounts incurred for remediation or otherwise because of Landlord's violation of the terms of this Lease with respect to Toxic Material or failure to comply with any Environmental Laws. Tenant acknowledges that Landlord shall have complete control (which control shall be exercised in a reasonable manner) over any litigation, settlement discussion or regulatory compliance or remediation with respect to any indemnity claim under this Section 19.5.2 and that Tenant shall cooperate fully with Landlord in connection therewith, including without limitation, executing any instruments, affidavits or other documents necessary in the reasonable judgment of Landlord in connection therewith. This indemnity shall survive the termination of this Lease.

19.6 Landlord's Representation and Warranty. Landlord represents and warrants to Tenant that, to Landlord's actual knowledge, except for information in reports of the Regional Water Quality Control Board, the Leased Premises are in compliance with Environmental Laws. Notwithstanding the foregoing, any breach of any representation or warranty of Landlord shall be subject to the limitations of Landlord's liability set forth in this Lease (including but not limited to the provisions of Sections 12.10 and 21.16 of this Lease).

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

19.8 Storage and Use of Toxic Materials. Any and all Toxic Materials permitted in, on, under or about the Leased Premises pursuant to this Lease shall be stored and used in strict compliance with all Environmental Laws. There shall be no ponding or uncovered surface storage whatsoever of Toxic Materials in, on or about the Leased Premises. No underground storage tanks shall be constructed, installed or used without Landlord's prior written consent, which consent may be withheld by Landlord in its absolute discretion. If the Tenant is not in substantial compliance with Environmental Laws concerning underground storage tanks or has failed to take Necessary Action when required to do so under Section 19.6, Landlord shall have the right to enter the Leased Premises for the purpose of removing any

underground storage tank, if any, at Tenant's sole expense in accordance with a closure plan approved by regulatory authorities.

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

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

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

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

19.13 Annual Site Investigation. In addition to Landlord's right of access to the Leased Premises set forth in Section 1.4, Landlord shall have the right, but not the obligation, to conduct annually an environmental inspection and assessment of the Leased Premises during each year of the term of this Lease, either alone or in conjunction with other areas of the Airport, and to utilize the services of an environmental consultant or consulting firm for such inspection and assessment. Tenant shall pay, as additional rent hereunder, Tenant's Share (as defined in Section 3.4.7).

19.14 Intentionally Deleted

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

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

19.16 Definitions.

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

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

19.16.3 Liabilities. The term "Liabilities" shall mean any and all Claims (as defined in Section 4.13.5) arising out of, resulting from or caused by the release, discharge, storage, handling, use, accumulation, transportation, generation, migration, disposal, investigation, clean-up, remediation or removal of any Toxic Materials caused by any Tenant Party or any of their respective licensees, permittees or invitees, including, without limitation, the following: (i) diminution in value of the Airport, the Leased Premises, the Common Use Facilities or any Improvements thereon; (ii) damages for the loss or restriction on use of rentable or usable space or of any amenity of the Airport, the Leased Premises, the Common Use Facilities or any Improvements thereon; (iii) damages arising from any adverse impact on

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

20. OFFSET STATEMENT.

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

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

21. MISCELLANEOUS.

21.1 Lease Interpretation.

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

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

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

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

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

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

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

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

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

21.4 "Leased Premises". Nothing in this Lease shall be deemed to imply that the term "Leased Premises" includes other than interior space and any interior equipment, interior partition walls, windows and doors, office space, exterior equipment, interior plumbing and ducting, and electrical lines and panels that are located within or adjacent to such interior space.

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

21.6 Waivers. The waiver by either party of any provision of this Lease shall not be deemed to be a waiver of any other provision hereof or of any subsequent breach of the same or any other provision. Landlord's consent to any act by Tenant requiring Landlord's consent shall not be deemed to render unnecessary the obtaining of Landlord's consent to any

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

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

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

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

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

To Landlord:

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

To Tenant:

Innova Aviation, LLC
c/o Pasaca Capital
800 E. Colorado Blvd, Suite 888
Pasadena, CA 91101
Attn: _____

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

21.11 Brokers. Each party warrants that it has not had any dealings with any real estate broker or agent in connection with this Lease, and each party agrees to defend,

indemnify and hold harmless the other party from and against any and all Claims for any compensation, commission or other charge by any finder or any other real estate broker or agent.

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

21.13 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.

21.14 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.

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

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

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

"LANDLORD"

BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY

By: _____
Print Name: _____
Title: _____

"TENANT"

INNOVA AVIATION, LLC,
a Wyoming limited liability company

By: Innova Medical Group Inc., a Nevada
corporation, Sole Member/Manager

By: 
Daniel Elliott, President

Exhibit A

Leased Premises

The Leased Premises shall consist of the space within Hangar No. 40 at the Airport shown on Exhibit A-1 attached hereto and all interior equipment, interior partition walls, windows and doors, office space, interior and exterior equipment, interior plumbing and ducting, and electrical lines and panels.

Exhibit A-1

Diagrams Showing Leased Premises

(Attached.)

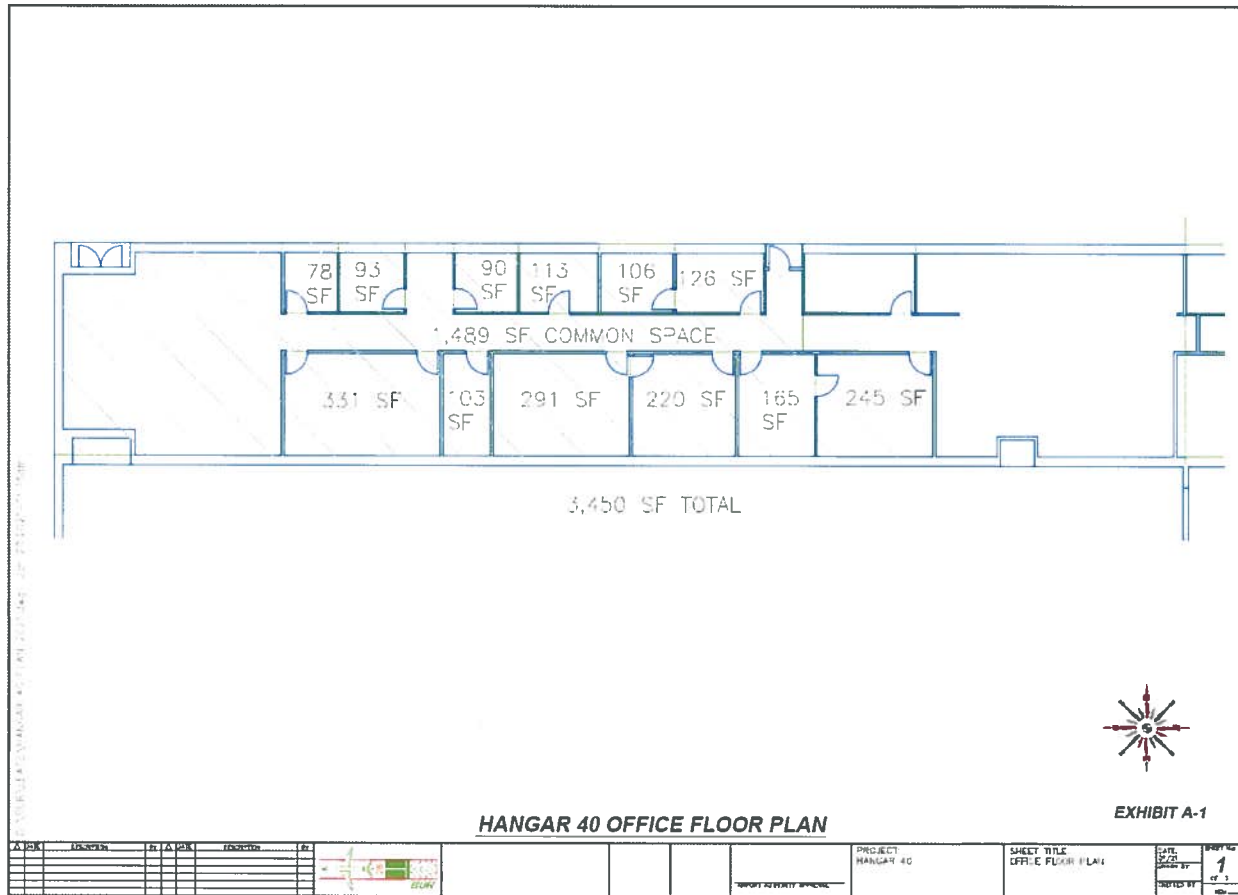


Exhibit A-1

DOE

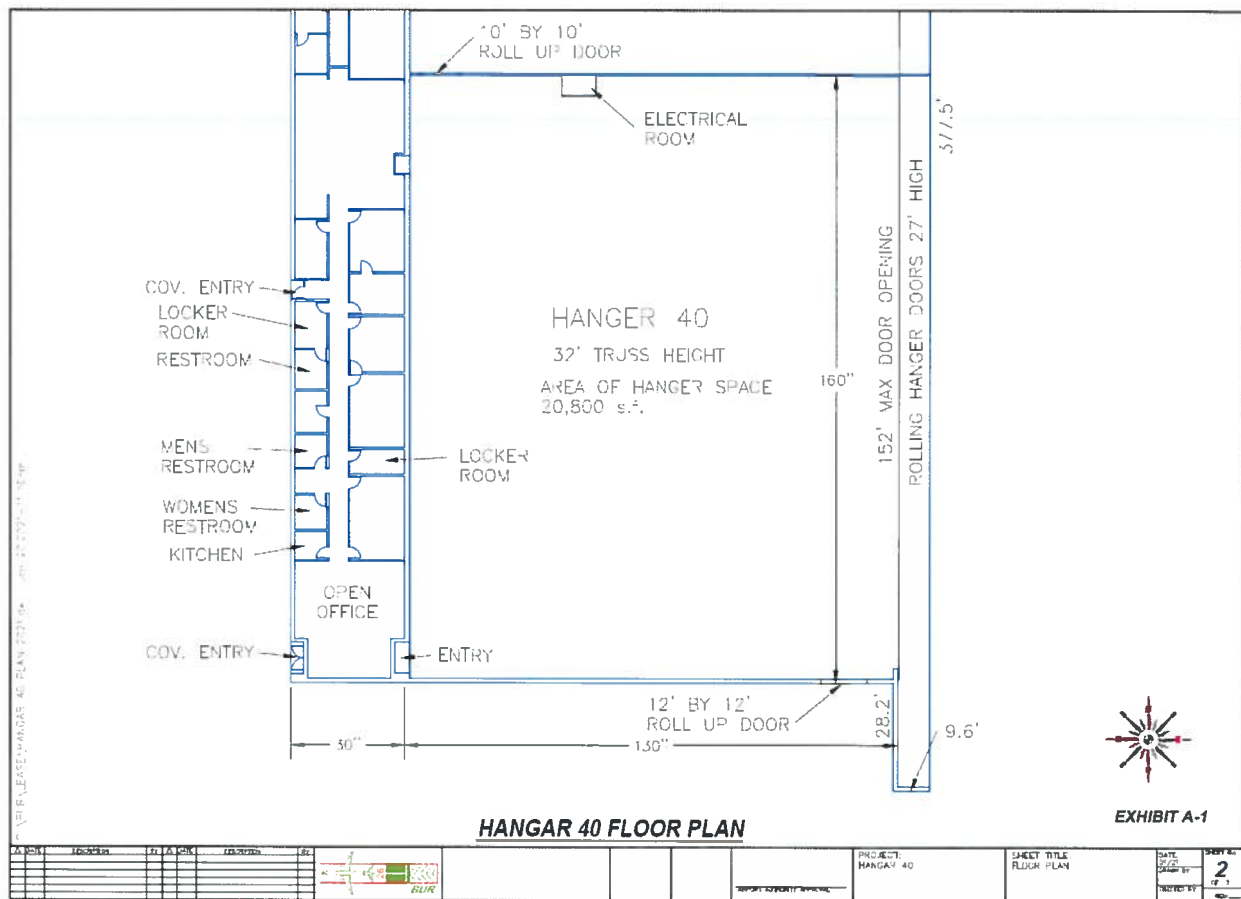


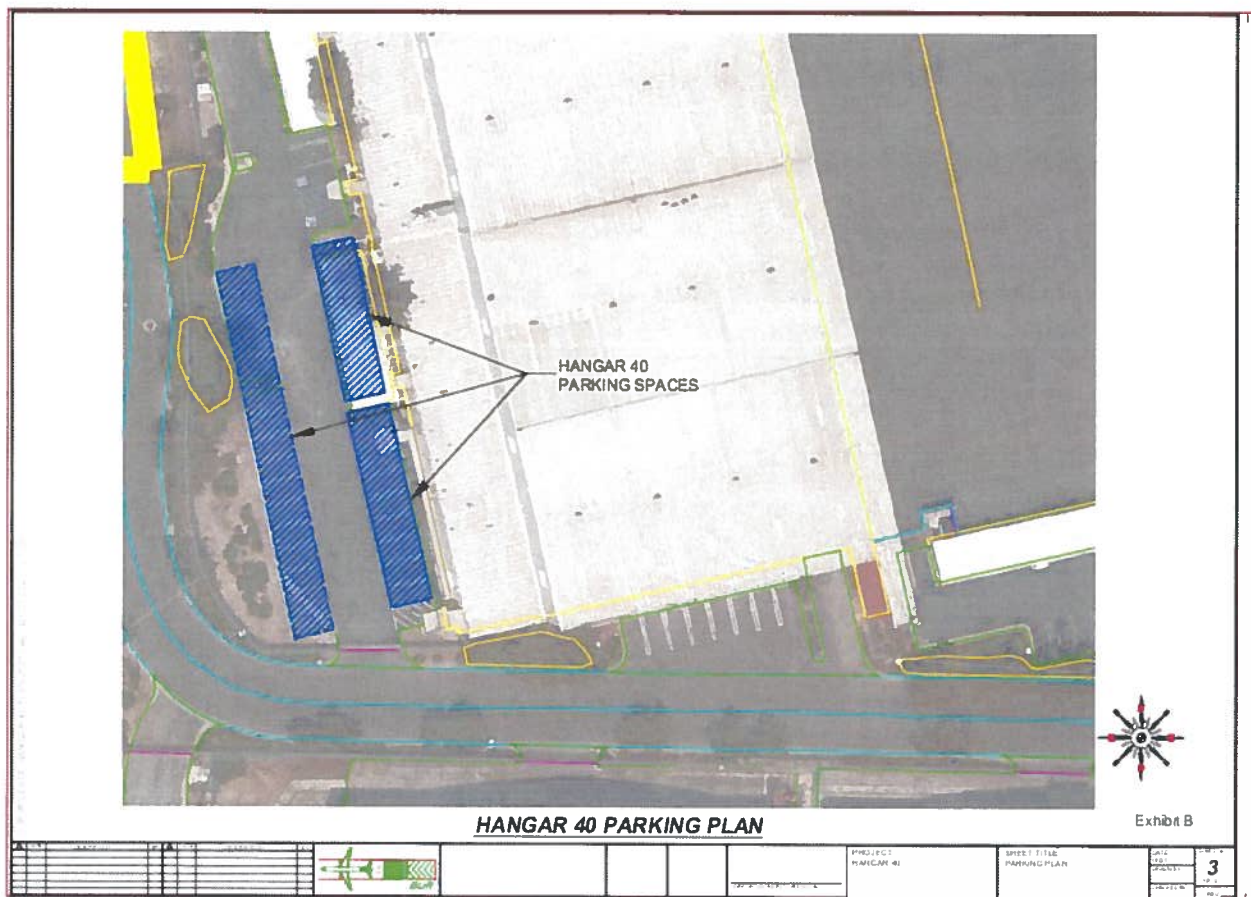
Exhibit A-1

DOT

Exhibit B

Diagram and Description of Parking Spaces

(Attached.)



DJB

Exhibit C

**BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY**

**NOISE ABATEMENT RULES
(amended and effective as of April 1, 2019)**

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

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



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.

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 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 five hundred fifty-five dollars (\$1,555); (2) For subsequent violations, two thousand two hundred fifty-eight dollars (\$2,258).

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

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:

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 five hundred twenty-two dollars (\$4,522) 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

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.

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) 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 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.

Exhibit D

FAA Grant Agreement Assurances
Nondiscrimination

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

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

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

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

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

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

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

DTE

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

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

Exhibit E

Policy on Tenant Improvements

**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).