



May 13, 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, May 17, 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, May 17, 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, May 17, 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) Finance and Administration Committee
      - (i) April 19, 2021 **[See page 1]**
      - (ii) May 3, 2021 **[See page 3]**
  - b. Commission Minutes  
(For Approval)
    - 1) May 3, 2021 **[See page 5]**
6. ITEMS FOR COMMISSION APPROVAL
  - a. Second Amendment to Lease Agreement – Herc Rentals, Inc. **[See page 8]**
7. ITEMS FOR COMMISSION INFORMATION
  - a. Financial Performance Update - First Nine Months of FY 2021
8. CLOSED SESSION
  - a. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION  
Significant Exposure to Litigation (California Government Code Section 54956.9(d)(2)); 1 potential case. Facts and Circumstances:  
FAA Southern California Metroplex Project
9. EXECUTIVE DIRECTOR COMMENTS
10. COMMISSIONER COMMENTS  
(Other updates and information items, if any)
11. ADJOURNMENT

## COMMISSION NEWSLETTER

Monday, May 17, 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 Finance and Administration Committee meeting of April 19, 2021 and May 3, 2021 are included in the agenda packet for information purposes.
- b. COMMISSION MINUTES. Draft minutes of the May 3, 2021 Commission meeting are attached for the Commission's review and approval.

### 6. ITEMS FOR COMMISSION APPROVAL

- a. SECOND AMENDMENT TO LEASE AGREEMENT – HERC RENTALS, INC. A staff report is included in the agenda packet. At its meeting on May 3, 2021, the Finance and Administration Committee voted (2–0, 1 absent) to recommend that the Commission approve the proposed Second Amendment to the Lease Agreement with Herc Rentals, Inc. (formerly known as Hertz Equipment Rental Corporation).

### 7. ITEMS FOR COMMISSION INFORMATION

- a. FINANCIAL PERFORMANCE UPDATE – FIRST NINE MONTHS OF FY 2021. No staff report attached. Staff will update the Commission with information regarding the financial results for the first nine months of FY 2021.



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

**MONDAY, APRIL 19, 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 10:50 a.m., by Commissioner Selvidge.

**1. ROLL CALL**

**Present:**

Commissioners Selvidge (via teleconference),  
Najarian (via teleconference) and Adams

**Absent:**

None

**Also Present:**

Staff: John Hatanaka, Senior Deputy Executive Director; Kathy David, Deputy Executive Director, Finance and Administration; David Kwon, Director, Financial Services

**2. Staff Announcement: AB 23**

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 in attendance is entitled to receive and shall be provided \$200.

**3. Approval of Agenda**

The agenda was approved as presented.

**4. Public Comment**

There were no public comments.

**5. Approval of Minutes**

**a. April 5, 2021**

Draft minutes for the April 5, 2021, 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, the motion was approved (3-0).

**6. Treasurer's Report**

**a. February 2021**

A copy of the February 2021 Treasurer's Report was included in the agenda packet for the Committee's review.

**Motion**

Commissioner Adams moved approval, seconded by Commissioner Najarian.

**Motion Approved**

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

**7. Items for Discussion**

**a. FY 2022 Budget Development  
(Budget Assumptions - continued)**

Staff presented and continued to discuss the FY 2022 proposed budget focusing on budget assumptions.

**8. Items for Information**

**a. Committee Pending Items**

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

**9. Adjournment**

There being no further business to discuss, the meeting was adjourned at 11:20 a.m.

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

**MONDAY, MAY 3, 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 10:01 a.m., by Commissioner Selvidge.

**1. ROLL CALL**

**Present:**

Commissioners Selvidge (via teleconference), and Adams, Najarian (via teleconference) (arrived 10:08 a.m.)

**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; David Kwon, Director, Financial Services

**2. Staff Announcement: AB 23**

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 in attendance is entitled to receive and shall be provided \$200.

**3. Approval of Agenda**

The agenda was approved as presented.

**4. Public Comment**

There were no public comments.

**5. Approval of Minutes**

**a. April 19, 2021**

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

**Motion**

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

**Motion Approved**

There being no objection, the motion was approved (2-0, 1 absent).

## **6. Items for Approval**

### **a. Second Agreement to Lease Agreement – Herc Rentals, Inc.**

Staff presented to the Committee seeking a recommendation to the Commission for approval a proposed Second Amendment to the Lease Agreement ("Lease") with Herc Rentals, Inc. ("Herc"). This company was formerly known as Hertz Equipment Rental Corporation.

The Lease has an expiration date of March 1, 2022 with an extension term for five years subject to the Authority receiving a 12-month prior written notice from Herc requesting the extension option. Herc has requested the extension option which would extend the term from March 1, 2022 to March 1, 2027.

#### **Motion**

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

#### **Motion Approved**

There being no objection, the motion was approved (2-0, 1 absent).

## **7. Items for Discussion**

### **a. FY 2022 Budget Development (continued)**

Staff presented and continued to discuss the FY 2022 proposed budget.

Staff announced that there would be a special Finance and Administrative Committee meeting on May 10, 2021, at which time the proposed final budget would be presented to the Committee.

## **8. Items for Information**

### **a. Committee Pending Items**

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

Staff also informed the Committee on information received from Columbia Management Investment Advisors, the Authority's Investment manager, regarding the status of a few of the Authority's investments.

## **9. Adjournment**

There being no further business to discuss, the meeting was adjourned at 10:45 a.m.

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

**MONDAY, MAY 3, 2021**

A regular meeting of the Burbank-Glendale-Pasadena Airport Authority was called to order this date in the Airport Skyroom, 2627 N. Hollywood Way, Burbank, California, at 9:04 a.m., by President Selvidge.

**1. ROLL CALL**

**Present:** Commissioners Selvidge (via teleconference), Adams, Devine (via teleconference), Agajanian (via teleconference)(arrived 9:05), Najarian (via teleconference) and Kennedy (via teleconference)

**Absent:** Commissioners Brown, Madison, Wiggins

**Also Present:** Staff: Frank Miller, Executive Director; John Hatanaka, Senior Deputy Executive Director; Kathy David, Deputy Executive Director, Finance and Administration; Nerissa Sugars, Director, Marketing, Communications and Air Services; Tom Janowitz, Sr. Manager, Ground Access

**2. PLEDGE OF ALLEGIANCE**

Commissioner Selvidge 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. PUBLIC COMMENT**

There were no public comments.

**5. CONSENT CALENDAR**

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

**1) Finance and  
Administration  
Committee**

**(i) April 5, 2021**

Approved minutes of the Finance and Administration Committee meeting for April 5, 2021, were included in the agenda packet for information purposes.

**b. Commission Minutes  
(For Approval)**

**1) April 19, 2021**

Minutes of the April 19, 2021, Commission meeting were included in the agenda packet for review and approval.

**c. Treasurer's Report**

**1) February 2021**

At its meeting on April 19, 2021, the Finance and Administration Committee reviewed the February 2021 Treasurer's Report and voted unanimously (3–0) to accept the report and recommend to the Commission for note and file.

**MOTION**

Commissioner Adams moved approval of the Consent Calendar; 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 unanimously (6-0, 3 absent).

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

NOES: NONE

ABSENT: Commissioners Brown, Madison and Wiggins

**6. ITEMS FOR COMMISSION APPROVAL**

**a. Appointment to Ad Hoc Committee for the Replacement Passenger Terminal**

This item was included on the agenda to provide the Commission President the opportunity to make an appointment to the Ad Hoc Committee for the Replacement Passenger Terminal.

Due to Commissioner Devine's commitments for the City of Glendale, she requested to step down from her position on the ad hoc committee. President Selvidge announced that Commissioner Najarian has been chosen to take her place effective immediately.

**7. ITEMS FOR COMMISSION INFORMATION**

**a. ACI – ASQ Report**

Staff presented an update to the Commission on the results of the 2020 ACI Airport Service Quality (ASQ) Passenger Satisfaction Survey. This survey measures passenger satisfaction among participating airport nationwide. Hollywood Burbank Airport scored high in all categories.

**b. March 2021 Passenger and Air Cargo Statistics**

Staff presented an update on the March 2021 Passenger and Air Cargo statistics.

- c. **March 2021 Transportation Network Companies** Staff presented an update on the March 2021 Transportation Network Companies' activities.
- d. **March 2021 Parking Revenue Statistics** Staff presented an update on the March 2021 Parking revenue statistics.
8. **EXECUTIVE DIRECTOR COMMENTS** The Executive Director updated the Commission regarding the contract with ADK Consultants.
- An update was also given on the issue of the price of bottled water at the airport.
9. **COMMISSIONER COMMENTS (Other updates and information, if any)** Commissioner Devine thanked Commissioner Najarian for accepting the appointment as a member of the Ad Hoc Committee on the Replacement Passenger Terminal.
10. **ADJOURNMENT** There being no further business, the meeting was adjourned at 10:00 a.m.

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Ross Selvidge, President

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Date

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Don Brown, Secretary

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Date

**STAFF REPORT PRESENTED TO THE  
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY  
MAY 17, 2021**

**SECOND AMENDMENT TO LEASE AGREEMENT  
HERC RENTALS, INC.**

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

**SUMMARY**

At its meeting on May 3, 2021, the Finance and Administration Committee ("Committee") voted (2-0, 1 absent) to recommend that the Commission approve the proposed Second Amendment to the Lease Agreement ("Lease") with Herc Rentals, Inc. ("Herc") (formerly known as Hertz Equipment Rental Corporation), copy attached.

**BACKGROUND**

In December 2010, Herc assumed the business interest of 24/7 Studio Equipment, Inc. which had been a tenant at Hollywood Burbank Airport since 2006. The leased premises include the buildings and land located at 3111 North Kenwood Avenue, Burbank, California, 91505.

Herc is a specialty equipment rental company that provides boom lifts, scissor lifts, forklifts and related construction and industrial equipment to production and construction crews of television and motion picture studios in Southern California.

The Lease has an expiration date of March 1, 2022 and per Section 2.2 of the First Amendment, the term of the agreement can be extended for five years subject to the Authority receiving a 12-month prior written notice from Herc requesting the extension option. Herc has submitted its notice to exercise the extension option for the additional five-year period to March 1, 2027.

**DETAILS**

Key components of the proposed Second Amendment of the Lease are as follows:

<b><u>Premises:</u></b>	3111 North Kenwood Avenue Burbank, California 91505
<b><u>Use:</u></b>	Storage and rental of construction and industrial equipment to television and motion picture studios in Southern California
<b><u>Term:</u></b>	Lease term extension from March 1, 2022 to March 1, 2027
<b><u>Termination:</u></b>	Authority has sole discretion to terminate the Lease upon 12 months' prior written notice
<b><u>Rent:</u></b>	\$76,958.66 monthly / \$923,503.90 annually



Adjustment: Annually; the greater of 3% or 120% of CPI, up to a maximum of 4%

Others: Herc is responsible for expenses related to occupancy including maintenance, utilities, insurances, and applicable taxes

#### BUDGET IMPACT

The proposed Second Amendment to the Lease is revenue neutral.

#### RECOMMENDATION

At its meeting on May 3, 2021, the Committee voted (2–0, 1 absent) to recommend to the Commission that it approve the Second Amendment to the Lease and authorize the President to execute same.

## **SECOND AMENDMENT TO LEASE AGREEMENT**

This SECOND AMENDMENT TO LEASE AGREEMENT (this "Amendment") 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 HERC RENTALS, INC. (formerly known as **HERTZ** EQUIPMENT RENTAL CORPORATION), a Delaware corporation ("Tenant").

### **RECITALS**

A. Landlord and 24/7 Studio Equipment, Inc. entered into a Lease Agreement dated January, 2006 and 24/7 Studio Equipment, Inc. then assigned such Lease Agreement to Tenant, and Tenant and Landlord entered into a First Amendment to Lease Agreement dated February 21, 2017 (such Lease Agreement, as so assigned and amended, is hereinafter referred to as the "Lease").

B. The term of the Lease expires on March 1, 2022, but Tenant has exercised its right to extend the term to March 1, 2027, and Landlord and Tenant have agreed on the rent for such extension term.

C. Landlord and Tenant desire to amend the Lease to confirm the extension of the term and the rent for such extension.

D. Capitalized terms used but not defined herein shall have the meaning set forth in the Lease.

THEREFORE, in consideration of the foregoing recitals, the mutual terms set forth below, and other consideration, the sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. **Extension of Term.** The term of the Lease is hereby extended to March 1, 2027, and Tenant shall have no right to further extend the term.

2. **Rent.** On January 17, 2022, Section 3.1 of the Lease shall be automatically deleted and the following shall be substituted in lieu thereof:

**"3.1 Annual Base Rent**

**3.1.1 Commencement; Amount.**

Commencing on January 17, 2022, Tenant shall pay to Landlord, without setoff or deduction, annual rent in the amount of Nine Hundred Twenty Three Thousand Five Hundred Three and 90/100 Dollars (\$923,503.90) ("Annual Base Rent"), as adjusted on each Adjustment Date pursuant to Section 3.1.3.

### 3.1.2 Payment of Monthly Rent.

The Annual Base Rent shall be payable in twelve (12) equal monthly installments of Seventy Six Thousand Nine Hundred Fifty Eight and 66/100 Dollars (\$76,958.66) as adjusted on each Adjustment Date pursuant to Section 3.1.3, in advance, without prior demand, and without offset or deduction, and continuing thereafter on the first day of each month.

### 3.1.3 Adjustments.

On each Adjustment Date (defined in Section 3.1.3.1(i) below), the Annual Base Rent shall be increased, on a cumulative basis, by the CPI Increase (defined in Section 3.1.3.1(iii) below).

#### 3.1.3.1 Definitions.

- (i) The term "Adjustment Date" shall mean January 17, 2022 and each anniversary thereof, including during any holdover tenancy permitted by Landlord after the Expiration Date.
- (ii) The term "Adjustment Index" shall mean the Consumer Price Index most recently published and available to the public on each Adjustment Date.
- (iii) The term "CPI Increase" shall mean one hundred and twenty percent (120%) of the percentage increase in the "Consumer Price Index" (as defined below) during the twelve (12) month period immediately prior to an Adjustment Date, but the CPI Increase shall in no event be greater than four percent (4%) nor less than three percent (3%). To determine the CPI Increase, the applicable Adjustment Index shall be compared with the applicable Prior Index. If the Adjustment Index has increased over the Prior Index, the CPI Increase, expressed as a percentage (carried to the third decimal place and rounded up if the third decimal place is  $\geq .005$  or greater and rounded down if the third decimal place is less than  $.005$ ), shall be determined by subtracting the Prior Index from the Adjustment Index and dividing the result by the Prior Index and then multiplying the quotient by one hundred twenty (120).
- (iv) The term "Consumer Price Index" shall mean the Consumer Price Index for All Urban Consumers for the Los Angeles-Anaheim-Riverside statistical area (CPI-U) (1982-84 = 100) published by the United States Department of Labor, Bureau of Labor Statistics. If the Consumer Price

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

- (v) The term "Prior Index" shall mean the Consumer Price Index used as the Adjustment Index for the adjustment on the prior Adjustment Date.

3.1.4 Effect of Landlord Failure to Give Adjustment Notice. If Landlord fails to give notice to Tenant of any adjustment in the Annual Base Rent hereunder, Tenant shall continue to pay the Annual Base Rent due prior to the applicable Adjustment Date until such time as Landlord gives notice of adjustment of the Annual Base Rent. Upon receipt of Landlord's notice of adjustment, Tenant shall pay immediately to Landlord all amounts that would have been payable by Tenant had Landlord given timely notice."

3. No Other Changes. Except as expressly modified herein, all of the terms of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed by the undersigned as of the date first written above.

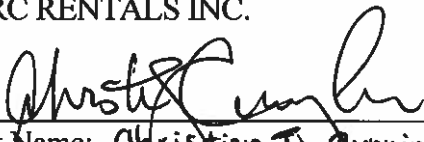
**LANDLORD:**

BURBANK-GLENDALE-PASADENA  
AIRPORT AUTHORITY, a public entity

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: President

**TENANT:**

HERC RENTALS INC.

By:   
Print Name: Christian J. Cunningham  
Title: Senior Vice President

## **FIRST AMENDMENT TO LEASE AGREEMENT**

This FIRST AMENDMENT TO LEASE AGREEMENT (this "Amendment") is dated as of February 21, 2017 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 HERC RENTALS, INC. (formerly known as HERTZ EQUIPMENT RENTAL CORPORATION), a Delaware corporation ("Tenant").

### **RECITALS**

- A. Landlord and 24/7 STUDIO EQUIPMENT, INC. entered into a Lease Agreement dated January, 2006 (the "Lease"). The tenant's interest in the Lease was then assigned to Tenant.
- B. The term of the Lease expired on May 16, 2016 and the Lease then became a month-to-month tenancy.
- C. Landlord and Tenant desire to amend the Lease as hereafter set forth.
- D. Capitalized terms used but not defined herein shall have the meaning set forth in the Lease.

THEREFORE, in consideration of the foregoing recitals, the mutual terms set forth below, and other consideration, the sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

- 1. Extension of Term; Option to Further Extend. The term of the Lease is hereby extended to March 1, 2022. Tenant shall have the right to further extend the term upon and subject to the terms and conditions in Section 2.2 of the Lease (which contemplates one (1) five year extension; consequently, said extension would expire on March 1, 2027).
- 2. Rent. On March 1, 2017, Section 3.1 shall be automatically deleted and the following shall be substituted in lieu thereof:

#### **"3.1 Annual Base Rent**

##### **3.1.1 Commencement; Amount.**

Commencing on March 1, 2017, Tenant shall pay to Landlord, without setoff or deduction, annual rent in the amount of Seven Hundred Ninety-Eight Thousand and 00/100 Dollars (\$798,000) per Annual Period ("Annual Base Rent"), as adjusted on each Adjustment Date pursuant to Section 3.1.3.

##### **3.1.2 Payment of Monthly Rent.**

The Annual Base Rent shall be payable in twelve (12) equal monthly installments of Sixty-Six Thousand Five Hundred and 00/100 Dollars (\$66,500.00), in advance, without prior demand, and without offset or deduction, and continuing thereafter on the first day

of each month during such Annual Period.

### 3.1.3 Adjustments.

#### 3.1.3.1 Definitions.

- (i) The term "Adjustment Date" shall mean the first day of each Annual Period including during any holdover tenancy permitted by Landlord after the Expiration Date.
- (ii) The term "Adjustment Index" shall mean the Consumer Price Index most recently published and available to the public on each Adjustment Date.
- (iii) The term "CPI Increase" shall mean one hundred and twenty percent (120%) of the percentage increase in the "Consumer Price Index" (as defined below) during the preceding twelve (12) month period, as applicable, prior to an Adjustment Date, but the CPI Increase shall in no event be greater than four percent (4%) nor less than three percent (3%). To determine the CPI Increase, the applicable Adjustment Index shall be compared with the applicable Prior Index. If the Adjustment Index has increased over the Prior Index, the CPI Increase, expressed as a percentage (carried to the third decimal place and rounded up if the third decimal place is  $\geq .005$  or greater and rounded down if the third decimal place is  $< .005$ ), shall be determined by subtracting the Prior Index from the Adjustment Index and dividing the result by the Prior Index and then multiplying the quotient by one hundred twenty (120).
- (iv) The term "Consumer Price Index" shall mean the Consumer Price Index for All Urban Consumers for the Los Angeles-Anaheim-Riverside statistical area (CPI-U) (1982-84 = 100) published by the United States Department of Labor, Bureau of Labor Statistics. In the event the Consumer Price Index is changed so that the base year differs from that used for the Prior Index, the Consumer Price Index or the Prior Index, as applicable, shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. In the event the Consumer Price Index is discontinued or revised during the term of this Lease, such other governmental index or computation with which it is replaced shall be used.
- (v) The term "Fair Market Rent" shall mean the fair market rent for the Leased Premises, determined in accordance with the

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

- (vi) The term “Prior Index” shall mean 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 most recently published prior to the Commencement Date).

#### 3.1.3.2 Adjustments.

- (i) On each Adjustment Date, except the Adjustment Date that occurs in 2022 that will apply only if Tenant exercises its Extension Option, the Annual Base Rent for the Annual Period that commences on the applicable Adjustment Date and the subsequent Annual Period shall be the CPI Increase as defined in Section 3.1.3.1(iii).
- (ii) On the Adjustment Date that occurs in 2022 applicable with the Tenant exercise of the Extension Option, the Annual Base Rent shall be increased to the higher of (a) the Annual Base Rent payable during the immediately preceding Annual Period as adjusted by the CPI Increase as defined in Section 3.1.3.1(iii), or (b) the Fair Market Rent as described in Section 3.1.3.1(v).

3.1.3.3 Procedures for Determining Fair Market Rent for Extension Term Adjustment.

- (i) During the first sixty (60) days of the one hundred eighty (180) day period preceding the Adjustment Date that occurs in 2022, Landlord and Tenant shall attempt to agree, in good faith, upon the amount of the Fair Market Rent.
- (ii) If Landlord and Tenant are unable to agree upon the amount of the Fair Market Rent within such sixty (60) days, then during the next thirty (30) days of the one hundred eighty (180) day period, Landlord and Tenant shall each-select an appraiser, who shall be an independent real property appraiser having at least ten (10) years experience in the appraisal of commercial and industrial real property in Southern California and who shall be a member of a professional organization such as the American Institute of Appraisers or the Society of Industrial Real Estate Appraisers or their professional equivalent (a “Qualified Appraiser”). The two (2) designated Qualified Appraisers shall designate a third Qualified Appraiser within fifteen (15) days of the later of their respective designations. If either Landlord or Tenant shall fail to designate timely a Qualified Appraiser, then the Qualified Appraiser designated by the other shall act as a single Qualified Appraiser. Landlord and Tenant may shorten or extend any of the time periods described in this Section 3.1.3.3(ii) by mutual written consent.
- (iii) Within thirty (30) days after the designation of either a single Qualified Appraiser or of the third Qualified Appraiser pursuant to Section 3.1.3.3(ii), the three (3) Qualified Appraisers or the single Qualified Appraiser, as applicable, shall each make a determination in writing of the Fair Market Rent. If three Qualified Appraisers have been designated, the Fair Market Rent shall be the arithmetic average of the two (2) out of three (3) determinations of Fair Market Rent that are closest in amount, and the remaining determination shall be disregarded. If the high and low determinations of Fair Market Rent are equidistant in amount from the middle appraisal, the amount of the middle appraisal shall be the Fair Market Rent.
- (iv) Upon determination of the Fair Market Rent either by Landlord and Tenant or by the Qualified Appraisers, the Fair Market Rent so determined shall be compared to the amount of the Annual Base Rent payable during the immediately



preceding Annual Period as adjusted by the CPI Increase as defined in Section 3.1.3.1(iii), and the higher amount shall be the Annual Base Rent for the Annual Period that commences in 2022, subject to future adjustments as provided in Section 3.1.3.2. Landlord shall give written notice to Tenant of the such Annual Base Rent.

3.1.4 Effect of Failure to Give Adjustment Notice.

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

3. Approval of Plans. The last sentence of Section 6.1.2 of the Lease is hereby deleted.

4. Security Deposit. Prior to March 1, 2017, Tenant shall replace the letter of credit described in Section 17 (or amend such letter of credit) to increase the amount thereof to \$266,000 and shall deliver the new letter of credit (or amendment) to Landlord. Such new letter of credit or amendment shall otherwise comply with the terms of said Section 17.

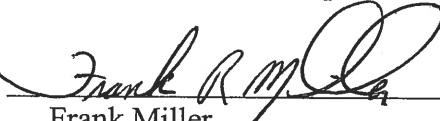
5. Brokers. Any commission owing by Landlord to CBRE, Inc. in connection with this Amendment shall be paid by Landlord pursuant to a separate agreement between Landlord and CBRE, Inc., Landlord and Tenant each warrants that except for CBRE, Inc. and Colliers International, it has not had any dealings with any real estate broker or agent in connection with this Lease, and Landlord and Tenant each agrees to defend, indemnify and hold the other harmless from and against any and all Claims for any compensation, commissions or other charges by any finder or any other real estate broker or agent. The parties acknowledge that Colliers International is Tenant's broker and that Collier's International will need to make arrangements with CBRE, Inc. to be paid from the commission paid by Landlord to CBRE, Inc.

6. No Other Changes. Except as expressly modified herein, all of the terms of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed by the undersigned as of the date first written above.

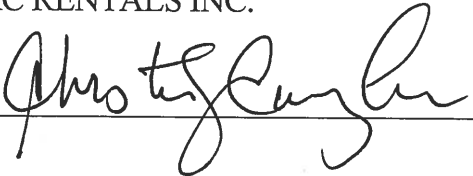
**LANDLORD:**

BURBANK-GLENDALE-PASADENA  
AIRPORT AUTHORITY, a public entity

By:   
Frank Miller  
Executive Director

**TENANT:**

HERC RENTALS INC.

By: 

Print Name: Christian J. Cunningham

Title: Senior Vice President, CHRO

Dated: 12/21/16

---

**LEASE AGREEMENT**

**BETWEEN**

**BURBANK – GLENDALE - PASADENA**

**AIRPORT AUTHORITY**

**AND**

**24/7 STUDIO EQUIPMENT, INC.**

*1-17-06*

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## Exhibits

- A – Leased Premises
- B – FAA Grant Agreement Assurances
- C – Policy on Tenant Improvements
- D – Description of New Improvements



## LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made as of the 17 day of January 200 6, 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 **24/7 STUDIO EQUIPMENT, INC.**, a Delaware corporation ("Tenant").

### 1. LEASE.

#### 1.1. Leased Premises.

Landlord hereby leases to Tenant, and Tenant hereby leases and hires from Landlord, the real property legally described in Exhibit A attached hereto, and the improvements thereon, commonly known as 3111 Kenwood Street, Burbank, CA, and all appurtenances thereto (the "Leased Premises"), upon the terms and subject to the conditions set forth in this Lease. The Leased Premises are part of or adjacent to the Bob Hope Airport, a public airport located in the County of Los Angeles, State of California (the "Airport"); however, Tenant shall have no right of access to nor any right to enter upon or to use any part of the Airport outside of the boundaries of the Leased Premises pursuant to this Lease.

#### 1.2. Acknowledgment of Condition and Ownership of Leased Premises.

Tenant accepts the Leased Premises as of the Lease Commencement Date in the condition existing as of the date hereof, without representation or warranty, express or implied. Tenant hereby acknowledges that Tenant has inspected the Leased Premises to its satisfaction and acknowledges that Landlord is not obligated to make any repairs or alterations to the Leased Premises, except as expressly provided in Section 5.2 of this Lease. Tenant acknowledges and agrees that all (a) buildings, structures or fixtures, including foundations, roofs, ceilings, floors, interior walls, structural and non-structural components of exterior walls and exterior wall surfaces, (b) store fronts, windows, doors, plate glass, showcases, skylights, entrances, and vestibules, (c) automobile pavement, driveways, landscaping, parking lots, fences and signs, and (d) sprinkler systems, plumbing, sewers, drainage devices, heating, air conditioning, electrical and other systems, facilities, equipment and devices (collectively, the "Existing Improvements") constituting a portion of the Leased Premises as of the Lease Commencement Date are real property fixtures owned by Landlord.

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

##### 1.3.1. Title and Use Restrictions.

Tenant accepts the Leased Premises subject to any and all existing easements, restrictions, servitudes and encumbrances, whether recorded or unrecorded, and subject to the rights of parties in possession including, without limitation, restrictions and easements in favor

of the City of Burbank that limit the use of the Leased Premises. Tenant shall not use the Leased Premises for any purpose that will constitute a violation of any such easements, restrictions servitudes or encumbrances of record.

#### 1.3.2. Zoning.

Tenant shall comply with all provisions of the City of Burbank Zoning Ordinance applicable to the use of the Leased Premises and, if applicable, shall apply for, obtain on its own accord and satisfy the conditions of any conditional use permit or other permits issued by the City of Burbank that are necessary for Tenant's use of the Leased Premises under Section 4.

#### 1.3.3. Reservations to Landlord.

Landlord reserves the right, without obligation, to install, lay, construct, maintain and repair roadways, drainage facilities, pipes, conduits, wires, cables, utilities and appurtenances necessary or convenient in connection therewith in, over, upon, through, across, under and along the Leased Premises or any part thereof, and to enter the Leased Premises after reasonable notice for any and all such purposes. Landlord also reserves the right, after reasonable notice, 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 operations, but Tenant shall fully cooperate with Landlord's exercise of its rights under this Section.

#### 1.4. Landlord's Right of Access.

Landlord shall have free access to the Leased Premises in all cases of emergency, and during all reasonable hours for the purposes of examining the same to ascertain if they are in good repair, inspecting any work in progress within or upon the Leased Premises or elsewhere on the Airport, making repairs which Landlord may be permitted to make hereunder, and exhibiting the same to prospective purchasers or tenants, and confirming that Tenant is in compliance with the terms of this Lease. 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 after reasonable notice from Landlord to do so, 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, willful misconduct, or material breach of this Lease on the part of Landlord or any of its employees or agents.

### 2. TERM.

#### 2.1. Lease Commencement Date; Expiration Date.

The term of this Lease shall commence at 12:01 a.m. on January 17, 2006 ("Lease Commencement Date") and continue until midnight on May 16, 2016 (the "Expiration Date"), unless the term is extended by Tenant pursuant to Section 2.2 or is earlier terminated by Landlord pursuant to the terms hereof, in which case the last day of the earlier terminated term

shall be the "Expiration Date." Following the expiration of the Lease term, the holdover provisions of Section 14 shall apply. Each twelve (12) full calendar month period following the Lease Commencement Date during the term of this Lease, including the Extension Term, if applicable, shall be referred to in this Lease as an "Annual Period."

## 2.2. Extension Option.

Tenant shall have one (1) option ("Extension Option") to extend the Lease term as provided in this Section 2.2., provided that the Lease is not sooner terminated and there is no uncured or non-waived Event of Default by Tenant as of both the date on which Tenant exercises its Extension Option and the first day of the Extension Term (as hereinafter defined). Tenant shall notify Landlord in writing of Tenant's exercise of the Extension Option no later than the last day of the twelfth (12<sup>th</sup>) month prior to the Expiration Date of the Initial Term. If Tenant exercises the Extension Option, the Lease term shall be extended for an additional period of sixty (60) months commencing on the day following the Expiration Date of the Initial Term ("Extension Term"). Rental rate adjustment for the Extension Option shall be determined using the Fair Market Value as provided in Section 3.1.3.2. Tenant's failure to timely give Tenant's Option Exercise Notice shall render the Extension Option void.

## 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, security areas and facilities and other Airport and non-Airport facilities, some or all of which may be required by the Federal Aviation Administration ("FAA") or the Transportation Security Administration ("TSA"), by considerations of safety or efficiency of operation at the Airport, or by economic conditions, opportunities or circumstances, and that it is not possible to determine whether or to what extent the Leased Premises will be included within or affected by any such studies, reconfiguration of the Airport or rebuilding or relocation of Airport facilities. Landlord shall have the right to terminate this Lease by delivering to Tenant not less than twelve (12) months' prior written notice of such termination. In the event that Landlord, in its sole and absolute discretion, determines that, for whatever reason, all or a portion of the Leased Premises is needed for alternative purposes, uses or opportunities, or that any reconfiguration of the Airport, reconstruction or rebuilding of Airport facilities, or construction of new Improvements or facilities, will prevent or interfere with Tenant's authorized use of the Leased Premises, 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.

### 2.3.2 Payment of Unamortized Cost of New Improvements.

#### 2.3.2.1 Events.

In the event that Landlord exercises its right under Section 2.3.1 to terminate this Lease, Landlord shall pay to Tenant the actual "Unamortized Cost of New Improvements" (as defined in Section 2.3.2.2). Tenant acknowledges and agrees that (i) Tenant shall not be entitled to reimbursement for any costs incurred in connection with the construction or installation of any New Improvements that are not approved New Improvements and (ii) Tenant shall not have any right to continue the use or occupancy of the Leased Premises following the effective date of Lease termination.

#### 2.3.2.2 Definition of Unamortized Cost of New Improvements.

As used in this Lease, the term "Unamortized Cost of New Improvements" shall mean the actual direct out-of-pocket cost of all approved New Improvements (as previously certified by Tenant as provided in Section 6.2.1) multiplied by a fraction, the numerator of which is the number of full calendar months between the effective date of termination of this Lease and the Expiration Date, and the denominator of which is the number of full calendar months between the date of Tenant's completion of the approved New Improvements (as evidenced by Tenant's receipt of a Certificate of Occupancy or notice of completion for such approved New Improvements) pursuant to Section 6.2.4 and the Expiration Date, in each case including the Extension Option of the Lease term described in Section 2.2, if applicable, prior to Landlord giving written notice of termination pursuant to Section 2.3.1

#### 2.3.3 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 or to extend the Lease term without the right of termination provided herein. Tenant acknowledges that under these circumstances, including those in the preceding sentence, such provisions are reasonable and Tenant is willing to accept Landlord's termination rights in order to obtain a longer lease term in the event Landlord's termination right is not exercised. The exercise by Landlord of any termination right under this Lease shall not be construed as a taking by Landlord of any part of the Leased Premises or of Tenant's rights or leasehold estate under this Lease, and Tenant shall not be entitled to payment of any relocation expense or for any loss of goodwill, income, or other amount measured by Tenant's loss upon termination or reduction of its business following termination of this Lease as to all or a portion of the Leased Premises.

### **3. RENT AND OTHER MONETARY AMOUNTS PAYABLE AS RENT.**

During the term of this Lease, Tenant shall pay to Landlord, without setoff or deduction, the amounts set forth in this Section 3. Except for the Security Deposit, all sums payable by Tenant under this Lease shall constitute "rent."

### 3.1. Annual Base Rent

#### 3.1.1. Amount.

During the term of the Lease, Tenant shall pay to Landlord, without setoff or deduction, annual rent in the amount of Five Hundred Sixty-Four Thousand and 00/100 Dollars (\$564,000) per Annual Period ("Annual Base Rent"), as adjusted on each Adjustment Date pursuant to Section 3.1.3, except that no rents shall be due for months two through five (2-5) of the first (1<sup>st</sup>) Annual Period. Additionally, Tenant shall receive a credit against the rent due up to Three Hundred Thousand and 00/100 Dollars (\$300,000) for months one (1) and two (2) of the second (2<sup>nd</sup>) Annual Period, and for the month of July for each of the Annual Periods three (3) through seven (7) for the cost of the approved improvements performed by Tenant in compliance with this Lease at Tenant's cost, but in no event shall such credits be given for costs that are less than Fifty-Six Thousand Two Hundred Fifty and 00/100 Dollars (\$56,250) or for costs that are more than Ninety-Three Thousand Seven Hundred Fifty and 00/100 Dollars (\$93,750) for any one of the following line item amounts:

- Demolition of Buildings 2 and 3A - \$75,000
- Site work, paving, grading - \$75,000
- Carpet and paint, partition walls in Building 1 - \$75,000
- Other core and shell improvements - \$75,000

Notwithstanding the foregoing, no rent credit shall be given unless and until Tenant has complied with Section 6.1.9.

#### 3.1.2. Payment of Monthly Rent.

The Annual Base Rent shall be payable in twelve (12) equal monthly installments of Forty-Seven Thousand and 00/100 Dollars (\$47,000), in advance, commencing February 1, 2006, and continuing thereafter on the first day of each month during such Annual Period, except as provided in Section 3.1.1; provided, however, that the total amount and any installment of the Annual Base Rent for any partial Annual Period or month at the beginning or end of the term of this Lease shall be pro-rated on the basis of a thirty (30) day calendar month.

#### 3.1.3 Adjustments.

##### 3.1.3.1. Definitions.

(i) The term "Adjustment Date" shall mean the first day of the Annual Period commencing in 2008, 2010, 2012, 2014, and (if the term is extended under Section 2.2) 2016 and 2018, and on the first day of each Annual Period every two (2) years thereafter during any holdover tenancy permitted by Landlord after the Expiration Date.

(ii) The term "Adjustment Index" shall mean the Consumer Price Index most recently published and available to the public on each Adjustment Date.

(iii) The term "CPI Increase" shall mean the percentage increase in the "Consumer Price Index" (as defined below) during the preceding twenty-four (24) month period, as applicable, prior to an Adjustment Date. To determine the CPI Increase, the applicable Adjustment Index shall be compared with the applicable Prior Index. If the Adjustment Index has increased over the Prior Index, the CPI Increase, expressed as a percentage (carried to the third decimal place and rounded up if the third decimal place is .005 or greater and rounded down if the third decimal place is less than .005), shall be determined by subtracting the Prior Index from the Adjustment Index and dividing the result by the Prior Index and then multiplying the quotient by one hundred twenty (120) for the annual percentage increase in the CPI. As defined in this Section 3.1.3.1., the CPI Increase shall in no event be greater than ten percent (10%) nor less than six percent (6%).

(iv) The term "Consumer Price Index" shall mean the Consumer Price Index for All Urban Consumers for the Los Angeles-Anaheim-Riverside statistical area (CPI-U) (1982-84 = 100) published by the United States Department of Labor, Bureau of Labor Statistics. In the event the Consumer Price Index is changed so that the base year differs from that used for the Prior Index, the Consumer Price Index or the Prior Index, as applicable, shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. In the event the Consumer Price Index is discontinued or revised during the term of this Lease, such other governmental index or computation with which it is replaced shall be used.

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

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

#### 3.1.3.2. Adjustments.

(i) On each Adjustment Date, except the Adjustment Date in 2016 that will apply if Tenant exercises its Extension Option, the Annual

Base Rent for the Annual Period that commences on the applicable Adjustment Date and the subsequent Annual Period shall be the CPI increase as defined in Section 3.1.3.1(iii).

(ii) On the Adjustment Date that occurs in 2016 applicable with the Tenant exercise of the Extension Option, the Annual Base Rent shall be increased to the higher of (a) the Annual Base Rent payable during the immediately preceding Annual Period as adjusted by the CPI Increase as defined in Section 3.1.3.1(iii), or (b) the Fair Market Rent as described in Section 3.1.3.1(v).

3.1.3.3. Procedures for Determining Fair Market Rent for Extension Term Adjustment.

(i) During the first sixty (60) days of the one hundred eighty (180) day period preceding the Adjustment Date that occurs in 2016, Landlord and Tenant shall attempt to agree, in good faith, upon the amount of the Fair Market Rent.

(ii) If Landlord and Tenant are unable to agree upon the amount of the Fair Market Rent within such sixty (60) days, then during the next thirty (30) days of the one hundred eighty (180) day period, Landlord and Tenant shall each select an appraiser, who shall be an independent real property appraiser having at least ten (10) years experience in the appraisal of commercial and industrial real property in Southern California and who shall be a member of a professional organization such as the American Institute of Appraisers or the Society of Industrial Real Estate Appraisers or their professional equivalent (a "Qualified Appraiser"). The two (2) designated Qualified Appraisers shall designate a third Qualified Appraiser within fifteen (15) days of the later of their respective designations. If either Landlord or Tenant shall fail to designate timely a Qualified Appraiser, then the Qualified Appraiser designated by the other shall act as a single Qualified Appraiser. Landlord and Tenant may shorten or extend any of the time periods described in this Section 3.1.3.3(ii) by mutual written consent.

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

(iv) Upon determination of the Fair Market Rent either by Landlord and Tenant or by the Qualified Appraisers, the Fair Market Rent so determined shall be compared to the amount of the Annual Base Rent payable during the immediately preceding Annual Period as adjusted by the CPI Increase as defined in Section 3.1.3.1(iii), and the higher amount shall be the Annual Base Rent for the 2016 Annual Period,

subject to future adjustments as provided in Section 3.1.3.2. Landlord shall give written notice to Tenant of the 2016 Annual Base Rent.

#### 3.1.4. Effect of Failure to Give Adjustment Notice.

In the event that Landlord fails to give notice to Tenant of any adjustment in the Annual Base Rent hereunder, including notices based upon applicable twenty-four (24) month CPI Increases or Rent Determination Notices, Tenant shall continue to pay the Annual Base Rent due prior to the applicable Adjustment Date until such time as Landlord gives notice of adjustment of the Annual Base Rent. Upon receipt of Landlord's notice of adjustment, Tenant shall pay immediately to Landlord all amounts that would have been payable by Tenant had Landlord given timely notice.

### 3.2. Taxes.

#### 3.2.1. Possessory Interest and Other Taxes.

Tenant shall pay, as additional rent under this Lease, all "Taxes" imposed by any authority having the direct or indirect power to tax and which are applicable to the Leased Premises during the term of this Lease, whether levied or assessed upon Landlord or Tenant. As used herein, the term "Taxes" shall include any form of possessory interest tax, assessment (including public facilities maintenance district levy or assessment or any public transit or other benefit assessment district levy or assessment), license fee, commercial rental tax, any tax or excise on rents or parking revenues, levy, penalty or tax imposed by any authority having the direct or indirect power to tax, including any federal, state, county or city government, or any school, agricultural, lighting, drainage, or other improvement district thereof, as against any legal or equitable interest of Landlord or Tenant in the Leased Premises or in the real property of which the Leased Premises are a part, as against Landlord's right to rent or other income therefrom, or as against Landlord's business of leasing the Leased Premises; provided, however, that "Taxes" shall not include (i) any mortgage or documentary transfer tax relating to any financing or sale of the Airport; (ii) any tax upon or against Landlord's income or profits; (iii) any franchise, capital stock, excise, social security, unemployment, sales, use or withholding assessments levied against Landlord; (iv) any assessments (or other governmental fees or charges) levied by Landlord against any tenants, the Airport or any portion thereof (whether attributable to special assessment districts or otherwise) to finance any development, maintenance or improvement of facilities at the Airport. In this regard, Tenant recognizes and understands that this Lease might be held to create a possessory interest subject to property taxation and that Tenant might be subject to the payment of property taxes levied on such interest. Tenant shall pay all Taxes prior to delinquency. Tenant shall promptly furnish to Landlord copies all of tax bills received by Tenant (if any) and Tenant shall deliver to Landlord evidence of exemption from Taxes, if applicable, or evidence of payment of Taxes within fifteen (15) days after the date each tax is due.

#### 3.2.2. Personal Property Taxes.

Tenant shall also pay, prior to delinquency, any and all taxes and assessments on the furniture, fixtures, equipment, vehicles and other personal property of Tenant located on the



Leased Premises, whether assessed to Tenant or assessed to Landlord as part of the real property comprising the Leased Premises or the Airport.

### 3.2.3. Right to Contest.

Tenant, at its sole cost and expense, shall have the right to contest the validity, applicability, and/or amount of any Taxes by appropriate proceedings and 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 other real property owned, leased or controlled by Landlord, or the revenues therefrom, or if, in the sole and absolute discretion of Landlord, Landlord determines that the nonpayment of such Taxes may be detrimental to Landlord, then as a condition to making such contest, Tenant shall pay the contested Taxes with a reservation of rights.

### 3.3. Utilities.

Tenant shall pay all water, gas, heat, light, power, air conditioning, telephone, and other utilities and services supplied to and/or used at the Leased Premises, including but not limited to Fire Monitoring Service required by the City of Burbank Fire Department, together with any and all taxes thereon and installation costs and connection fees relating thereto, prior to when said charges, taxes, costs or connection fees are due, and shall defend, indemnify and hold harmless Landlord from and against any and all liabilities, claims, losses, damages, costs and expenses arising directly or indirectly from the late payment or nonpayment of any said charges, taxes, costs or connection fees. In the event that any utilities serving the Leased Premises are not separately metered, Tenant shall have the right to install, at Tenant's expense, utility meters acceptable to the applicable utility supplier indicating actual utility usage by Tenant. Tenant acknowledges, for itself and its permitted successors and assigns, that Landlord has no obligation to provide utilities or services to the Leased Premises. Landlord shall not be liable to Tenant under any circumstances for destruction, damage or loss to property, injury or death of any person, or any consequential damages, arising out of, resulting from or relating to, whether directly or indirectly, the furnishing, failure to furnish, interruption, cancellation or termination of any of said utilities or services by the providers or suppliers of any said utilities or services. Tenant shall comply with all rules, regulations and other requirements which any provider or supplier of utilities or services may establish for the use, proper functioning and protection of any said utility or service.

### 3.4. Net Lease.

Tenant shall be responsible for all costs attributable to the Leased Premises and Tenant's use or occupancy thereof, notwithstanding any other provision hereof. Landlord shall receive all amounts payable by Tenant pursuant to this Section 3, and 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 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. 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 Leased Premises, shall constitute additional rent, and upon the failure of Tenant to pay any of such costs, charges or expenses as required by this Lease, Landlord shall have the rights and remedies provided in this Lease for the failure of Tenant to pay rent.

3.5. Interest on Past Due Payments.

Any amount due from Tenant pursuant to this Section 3 or any other provision of this Lease which is not paid within ten (10) days after it is due shall bear interest from the due date until paid at a rate equal to five percent (5%) in excess of the prevailing rate established by the Federal Reserve Bank at San Francisco on advances to member banks on the twenty-fifth (25th) day of the month preceding the Lease Commencement Date (but not more than the maximum rate permissible by law); provided, however, that neither the payment nor Landlord's acceptance of any interest pursuant to this Section shall not excuse or cure any default by Tenant.

3.6. Address for Payment.

All sums due to Landlord under 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.

3.7. Financial Information.

Within one hundred twenty (120) days following the end of each fiscal year of Tenant, Tenant shall furnish to Landlord the ending balance sheet and statement of profit and loss and statement of changes in financial position for such fiscal year for Tenant, certified by the Tenant's Chief Financial Officer. Within ten (10) days following a written request by Landlord, Tenant shall furnish to Landlord such additional financial information concerning Tenant as Landlord may reasonably request, in such detail as Landlord may reasonably request.

3.8. No Termination Right or Abatement of Rent or Fees.

Notwithstanding any present or future Law to the contrary, Tenant acknowledges and agrees that, except as expressly provided in Sections 3.1.1, 4.7.7, 6.6, 8.2, 8.3, 10.1 or 10.2, (i) this Lease shall not be terminable for any reason by Tenant, and (ii) Tenant shall not be entitled to any abatement of or reduction in rent payable under this Lease.

4. USE OF LEASED PREMISES.

4.1. Use of Leased Premises.

4.1.1. Principal Use of Airport.

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

#### 4.1.2. Authorized Use.

Tenant shall use the Leased Premises for the distribution and rental of boom lifts, scissor lifts, forklifts and related construction and industrial equipment to the production and construction crews of television and motion picture studios in Southern California. Tenant shall maintain the Leased Premises in a neat and orderly manner and shall not stockpile parts, non-operating vehicles and other related goods. Tenant shall not use or authorize the use of the Leased Premises, or any portion thereof, for any other use or purpose whatsoever without Landlord's prior written consent, which consent Landlord may withhold or condition in Landlord's sole and absolute discretion without regard to any standard of reasonableness. Under no circumstance shall Tenant use or authorize the use of the Leased Premises for any purpose or use that may constitute an enlargement or expansion of the Airport.

#### 4.2. Licenses, Permits; Compliance With Laws.

Tenant, at Tenant's own cost and expense, shall obtain and maintain in effect at all times during the term hereof all licenses, permits, certificates, approvals and other authorizations required by any federal, state, county, city or other governmental department, bureau, agency or other authority having jurisdiction over Tenant, Tenant's business and operations, the Leased Premises or the Airport. Tenant shall, to the extent applicable to the Leased Premises or the Airport, 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, the Transportation Security Administration ("TSA"), all rules, regulations, policies and guidelines of Landlord promulgated pursuant to Section 18 of this Lease, and all orders of any governmental department, bureau, agency or other authority having jurisdiction over Tenant, Tenant's business and operations, the Leased Premises or any other areas of the Airport (collectively, "Laws"). Landlord shall use good faith efforts to give written notice to Tenant of any violation of Laws by Tenant that comes to Landlord's attention.

#### 4.3. Manner of Use.

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

National Board of Fire Underwriters, or any other similar body with respect to Tenant's operations at the Leased Premises.

4.4. Utilities, Police and Fire Fighting.

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

4.5. Interference with Fire Exits.

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

4.6. Non-Discrimination and Affirmative Action.

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

4.7. 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:

4.7.1. 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.

#### 4.7.2. 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.

#### 4.7.3. 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.

#### 4.7.4. Construction of Improvements.

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

#### 4.7.5. 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)).

#### 4.7.6. 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.

#### 4.7.7. Height Restrictions.

Tenant shall not erect nor permit the erection of any structure or object, nor permit the storage of materials or equipment or the growth of any tree, on the Leased Premises in violation of federal height restrictions and obstruction criteria or any more restrictive height restrictions and obstruction criteria established from time to time by Landlord; provided, however, that in the event that Landlord establishes any height restrictions or obstruction criteria, other than those promulgated or required by the FAA, that require Tenant to remove any existing materials, equipment or improvements, Tenant may terminate this Lease upon written notice of termination to 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 equipment, materials, structure or object and to cut the offending tree, all of which shall be at the expense of Tenant.

#### 4.7.8. Interference with Aircraft.

Tenant shall not make use of the Leased Premises in any manner that might interfere with the landing and taking off of aircraft from the Airport, or that might otherwise constitute a hazard. In the event the aforesaid covenant is breached, in addition to all other rights and remedies of Landlord, Landlord reserves the right to enter upon the Leased Premises or any other areas of the Airport and cause the abatement of such interference, at the expense of Tenant, and Tenant shall pay costs billed to Tenant within ten (10) days after billing.

#### 4.7.9. 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.

#### 4.7.10. Unauthorized Access.

Tenant shall use reasonable precautions in its use of the Leased Premises to prevent unauthorized persons from gaining access to restricted flight and aircraft operational areas of the Airport.

#### 4.8. Security Requirements.

If required by any applicable Laws or by the requirements of the Landlord, the TSA or the FAA, Tenant shall prepare and implement a security plan applicable to the Leased Premises and to the use and occupancy thereof, which security plan shall be subject to the written approval of Landlord and any federal or state agency exercising jurisdiction over the Airport or the Leased Premises.

### 5. MAINTENANCE, REPAIRS AND REPLACEMENTS.

#### 5.1. Tenant's Obligations.

Tenant, at Tenant's sole expense, shall maintain and repair the Leased Premises, and every part thereof (including the roof and structural portion of the Leased Premises and all utility systems), in good, neat, attractive and sanitary condition, free from waste or debris, all according to standards established by Landlord (whether or not such part of the Leased Premises requiring maintenance, repair or replacement, or the means of maintaining, repairing or replacing the same, are reasonably or readily accessible to Tenant, and whether or not the need for such maintenance, repair or replacement occurs as a result of Tenant's use, any prior use, the elements or the age of such part of the Leased Premises). Tenant shall make any and all repairs and replacements as and when the same become necessary to maintain the Leased Premises and every part thereof in good order, condition and repair, but in no event later than thirty (30) days following the delivery to Tenant of a written notice specifying the repairs or replacements Landlord believes must be undertaken to comply with the terms of this Lease or immediately in the event of an emergency. Landlord shall not be liable to Tenant or their respective members,

directors, officers, employees, agents, representatives, contractors, successors and assigns, or the permitted licensees and users of the Leased Premises (individually, "Tenant Party" and collectively, "Tenant Parties") by reason of any destruction, damage or loss of property, injury or death of persons, or damage or injury to, or interference with the business or operations of any Tenant Party, or the use or occupancy of the Leased Premises arising out of, resulting from or relating to the need for maintenance of or the making of any repairs or alterations to the Leased Premises. All repairs or modifications to or construction of Improvements upon the Leased Premises made by Tenant as provided in this Lease shall be performed in accordance with all applicable Laws, and Tenant shall secure all licenses, permits, approvals and authorizations required by applicable Laws with respect thereto.

5.2. Landlord's Obligations.

Landlord shall deliver the roof of Building 1 (approximately 37,000 square feet of front office and warehouse space) and Building 3B (approximately 20,000 square feet of rear concrete tilt-up space) in water tight condition, and Landlord shall deliver all MEPS equipment associated with Buildings 1 and 3B in good working order and condition; provided, however, that if Tenant fails to notify Landlord in writing within thirty (30) days after the Commencement Date that Landlord has failed to comply with these requirements, then Landlord shall have no obligation to comply and Tenant shall have no further rights against Landlord in connection with such requirements, and if Tenant gives such a notice, describing Landlord's non-compliance, Landlord shall promptly and diligently address the matters described in Tenant's notice and no other matters relating to the rest of Buildings 1 or 3B or MEPS equipment.

5.3. No Landlord Obligation; Tenant Waiver.

Landlord shall have no obligation to maintain or make any repairs or replacements to the Leased Premises, except as expressly provided in Section 5.2 above. Tenant, for itself and its subtenants, successors and assigns, hereby waives any and all rights provided in Section 1941 through Section 1942, inclusive, of the Civil Code of California and hereby waives, to the extent permissible, any rights under other statutes or laws now or hereafter in effect which are contrary to the obligations of Tenant under this Lease, or which place obligations upon Landlord. Landlord shall not be liable to any Tenant Party for any injury to or interference with any Tenant Party or the business or operations or any Tenant Party or the use or occupancy of the Leased Premises or arising out of, resulting from or relating to the need for or performance or non-performance of any maintenance, repair or replacement.

5.4. Landlord Cure.

In the event Tenant fails to perform its obligations under this Section 5, Landlord may, at its option, after thirty (30) 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 thirty (30) 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. TENANT'S IMPROVEMENTS.

### 6.1. Procedures for Approval and Construction of Improvements by Tenant.

#### 6.1.1. Landlord's Approval.

Without in each instance obtaining the prior written approval of Landlord in accordance with this Section 6.1, which approval shall not be unreasonably withheld ("Landlord's Approval"), Tenant shall not (i) construct or install any improvements or demolish any existing improvements, or (ii) make any modifications, alterations or additions to the Leased Premises or improvements (all such demolition, construction, installation, modifications, alterations and additions are individually and collectively referred to in this Lease as "New Improvements"), and no work required in connection therewith shall commence, prior to receiving Landlord's Approval. Landlord may delegate all Landlord's Approvals required under this Section 6.1 to Landlord's Executive Director, to one or more of Landlord's other staff members, or to an outside engineer or architect, or to any combination thereof, and approval or determination by any such delegatee shall be subject to the same standards of review and time requirements as imposed upon Landlord and shall be deemed to be Landlord's Approval or the determination of Landlord under this Section 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.

#### 6.1.2. Review and Approval of Plans.

In order to expedite plan review and approval and to ensure that the proposed New Improvements will be compatible with Airport uses, Tenant first shall submit to Landlord for approval a conceptual plan. Notwithstanding Landlord's Approval of the conceptual plan, all construction plans and specifications for New Improvements shall be subject to Landlord's Approval and shall be prepared, stamped and signed by a California licensed architect or engineer. Engineers shall be licensed for the particular discipline required. All changes to plans and specifications previously receiving Landlord's Approval that are required by the City of Burbank to be submitted to the City for plan check or review in accordance with the City's building codes ("Material Plan Change") shall also concurrently be submitted to Landlord and shall require Landlord's Approval. Landlord shall have 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.

#### 6.1.3. Conditions of Approval.

Landlord may impose, in conjunction with its review and approval of proposed New Improvements, such requirements as to the design, construction, installation or making of the New Improvements as Landlord determines including, without limitation, requirements as to the following: (i) the experience, qualifications, financial condition and other factors relating to the contractor; (ii) the time for the commencement and completion of the construction or installation of the New Improvements; (iii) the type or quality of materials used in the



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

#### 6.1.4. 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 governmental authorities and agencies.

#### 6.1.5. Additional Requirements.

Prior to the commencement of any New Improvements, Tenant shall (i) provide Landlord with a copy of the construction contract, construction schedule, trade payment breakdown and list of subcontractors and suppliers for Landlord's prior written approval; (ii) furnish to Landlord a copy of all demolition and building permits; (iii) provide Landlord with fifteen (15) days written notice prior to commencing any work; and (iv) require any contractor used by Tenant to carry a comprehensive liability insurance policy, on a "per-occurrence basis," covering bodily injury in the amounts of Two Million and 00/100 Dollars (\$2,000,000) for death or injury to any one person, Five Million and 00/100 Dollars (\$5,000,000) for the death or injury to more than one person, and One Million (\$1,000,000) for property damage.

#### 6.1.6. 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 C, 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.

#### 6.1.7. Performance of Work.

All construction work done in connection with any New Improvements shall be performed by a licensed general contractor reasonably acceptable to Landlord under one or more construction contracts and shall be done at Tenant's sole expense and with reasonable diligence, in a good and workmanlike manner, and in compliance with all applicable Laws. Landlord shall have the right to inspect and reject any work not done in accordance with the approved plans and specifications, including any changes permitted under Section 6.1.2, and Tenant shall immediately repair or remove such work in accordance with this Section. Any work in areas adjacent to active portions of the airfield, such as taxiways and runways, shall be scheduled and performed in a manner designed to avoid interference with aircraft operations. In the event that it becomes necessary to close or temporarily alter any part of the active areas of the airfield to accommodate any work by Tenant or its contractors, Tenant shall not perform such work without

submitting a detailed work plan and schedule to Landlord, which Landlord shall have the right to approve, modify or disapprove in Landlord's sole and absolute discretion.

#### 6.1.8. 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 Land, the Improvements, any other areas of the Airport, Tenant, at Tenant's expense, within ten (10) days after any such stop notice or lien is asserted, shall provide and record a statutory bond sufficient to release any such stop notice or lien. Tenant shall deliver to Landlord written notice of its intent to commence construction or installation of any New Improvements at least fifteen (15) days prior to the commencement thereof, and Landlord shall have the right to post such notices of non-responsibility as are provided for in the mechanics' lien Laws of California.

#### 6.1.9. 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, 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 the one hundred twenty (120) days after completion shall constitute Tenant's irrevocable waiver of any future right to receive credit for the cost of such New Improvements and Landlord shall have no obligation or liability to give any rent credit to Tenant therefor. 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. Description of New Improvements.

##### 6.2.1. Improvements to Leased Premises.

Tenant shall construct and install upon the Leased Premises all of the Improvements described in Exhibit D attached hereto, on or before October 1, 2006.

##### 6.2.2. Approval of Budget and Plans and Specifications.

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

6.2.3. Permits, Evidence of Financing and Commencement of Construction.

Prior to the commencement of the demolition of Existing Improvements and the construction of the New Improvements, Tenant shall (i) apply for all the necessary land use entitlements, building permits and other required permits, licenses or approvals from any municipality or other government agency having jurisdiction over the New Improvements and (ii) provide evidence of unrestricted funds available for construction of the New Improvements, which may be in the form of a certificate of the chief financial officer of Tenant confirming the availability of such funds.

6.2.4. Completion of Construction.

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

6.3. No Liability of Landlord.

Landlord shall not be liable for any damage, loss, or prejudice suffered or claimed by Tenant, its agents or any other person or entity on account of (i) the approval or disapproval of any plans, contracts, bonds, contractors, sureties or other matters; (ii) the construction of any New Improvements or performance of any work, whether or not pursuant to approved plans; (iii) the improvement of or alteration or modification to any portion of the Premises; or (iv) the enforcement or failure to enforce any of the covenants, conditions and restrictions contained in this Lease. Landlord's approval of Tenant's plans, or requirement that Tenant modify Tenant's plans, shall not be deemed Landlord's express or implicit covenant or warranty that such plans are safe or comply with any or all Laws.

6.4. Indemnity.

Tenant shall defend, indemnify and hold harmless Landlord, its airport manager in its capacity as manager of the Airport (the present airport manager is TBI (U.S.), Inc./TBI Airport Management, Inc., and any 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.

6.5. Landlord's Property.

Upon the expiration or earlier termination of this Lease, all New Improvements made by or on behalf of Tenant pursuant to this Section 6, shall become Landlord's property and shall be surrendered with the Leased Premises, unless Landlord shall elect otherwise not less than thirty (30) days prior to the expiration, or not more than ten (10) days after any other termination, of this Lease. In the event of such election, New Improvements made by or on behalf of Tenant in the Leased Premises, as Landlord may select, shall be removed by Tenant, at its sole cost and expense, at or prior to the expiration or immediately following termination of this Lease, and Tenant shall repair any and all damages caused by said removal.

6.6. Discovery of Toxic Materials During Excavation/Demolition.

If Tenant or its contractors discover any Toxic Materials in or under the land included in the Leased Premises during the course of excavation for the New Improvements, then Tenant shall promptly notify Landlord in writing describing the Toxic Materials. As soon as reasonably possible after Landlord receives such notice, Landlord shall further investigate the Toxic Materials and prepare a remediation plan in consultation with Tenant and Tenant's contractors (but acceptable to Landlord in its sole and absolute discretion) which provides for remediation of the Toxic Materials to the extent required in order to complete and use the New Improvements. In the event that Landlord declines to prepare such a plan, or Landlord declines to remediate the Toxic Materials, and such remediation is required for the completion or use of the New Improvements, then Tenant may terminate this Lease by written notice to Landlord given within ten (10) days thereafter. If Landlord's investigation and remediation plan of the Toxic Materials will cause Tenant's substantial completion of the New Improvements to be delayed for more than one (1) calendar year, then Tenant may terminate this Lease by written notice to Landlord no event later than thirty (30) days after Landlord submits its remediation plan to Tenant. Each party will at all times use good faith, reasonable efforts to coordinate their

construction and remediation activities in order to minimize delays in the substantial completion of the New Improvements. If Toxic Materials are discovered during the course of demolition of Existing Improvements, Tenant shall, at its own cost and expense, be solely responsible for the proper remediation and disposal of all Toxic Materials under applicable laws.

## 7. INSURANCE, INDEMNITY AND EXCULPATION.

### 7.1. Obligation to Maintain Insurance.

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

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

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

#### 7.2.1. General Liability Insurance.

General liability insurance covering Leased Premises and operations liability, garagekeeper's liability, personal injury liability, contractual liability, products and completed operations liability and independent contractors liability, all written on an occurrence basis in an amount not less than Five Million Dollars (\$5,000,000.00) combined single limit for bodily injury and property damage each occurrence, and, with respect to products and completed operations liability, in the annual aggregate, and, with respect to personal injury, not less than Five Million Dollars (\$5,000,000.00) each occurrence and in the annual aggregate. None of the policies providing such insurance shall contain or be subject to a war risk or terrorism exclusion.

#### 7.2.2. Automobile Liability Insurance.

Automobile liability insurance covering all owned, non-owned and hired vehicles written on an occurrence basis in an amount not less than Two Million Dollars (\$2,000,000.00) combined single limit for each occurrence for bodily injury, death and property damage.

#### 7.2.3. Workers' Compensation and Employer's Liability Insurance.

Workers' compensation insurance written in accordance with California statutory limits and employer's liability insurance in amounts not less than the following:

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

7.3. All Risk Property Insurance.

Tenant shall maintain in effect all risk of direct physical loss or damage property insurance included within the classification "All Risk Property (Special Form)," including earthquake and flood hazards, demolition costs and application of building laws coverage, covering the full replacement cost of: (i.) the Existing Improvements and any New Improvements to the Leased Premises made by Tenant; and (ii.) any fixtures and equipment and other personal property located in or on the Leased Premises 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 of this Lease, the proceeds of said insurance shall be used to repair or replace the insured property and Landlord shall be named as a loss payee with respect to all Existing Improvements and New Improvements made by Tenant.

7.4. Business Interruption Coverage.

Tenant shall maintain in effect business interruption insurance, insuring against damage or economic loss caused by any interruption of Tenant's business or operations at the Leased Premises due to an insured peril, in an amount at least equal to the then current Annual Rent.

7.5. Adjustment of Required Insurance.

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

7.6. Policy Requirements.

Each policy of Required Insurance shall be obtained from an insurance company, or pool of multiple insurance companies, each authorized to conduct business in California and having a rating of not less than A-X in A.M. Best's Insurance Guide and/or otherwise acceptable to Landlord. Within ten (10) days after the acceptance of this Lease by Landlord, Tenant shall deliver to Landlord certificates of insurance issued by the insurance companies and evidencing that all Required Insurance has been obtained and is being maintained by Tenant, together with copies of endorsements (i) requiring the insurers to give to Landlord at least thirty (30) days' prior written notice of the cancellation or non-renewal of some or all of the Required Insurance, (ii) with respect to the general liability, automobile liability 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 and employees of Landlord ("Landlord Insured Parties") as additional insureds, and (iii) with respect to the "all risk" property insurance naming Landlord as a loss payee, as its interest may appear. The failure of Tenant to provide said certificates of insurance, together with said endorsements, within fifteen (15) business days after the delivery to Tenant of a written request therefor, or, if a notice of cancellation or non-renewal of any Required Insurance has been delivered to Tenant, the failure of Tenant to replace the Required Insurance which is the subject matter of such notice of cancellation or non-renewal prior to the effectiveness of such cancellation or non-renewal, shall in either case constitute an Event of Default under Section 12.1.6. All Required Insurance shall be primary insurance without right of contribution of any other insurance carried by or on behalf of any Landlord Insured Party and all policies shall be endorsed to this effect. In no event shall any Landlord Insured Party be responsible or liable for the payment of any premiums for the insurance required to be obtained and maintained by Tenant pursuant to this Section 7. Each policy deductible or self-insured retention shall not exceed Twenty-Five Thousand Dollars (\$25,000).

7.7. No Limitation of Liability.

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

7.8. Waivers of Subrogation Rights.

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

7.9. Indemnification.

In addition to any other express indemnity hereunder, Tenant shall defend, indemnify and hold harmless Landlord all 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") arising out of, resulting from or relating to (i) the breach of this Lease by, or any negligent act or omission or willful misconduct of, any Tenant Party or any person storing equipment or materials or operating or parking vehicles upon the Leased Premises with respect to (a) the use or occupancy of the Leased Premises, (b) the conduct of Tenant's or such persons' business, or (c) any other matter relating to this Lease or the subject matter of this Lease. Notwithstanding the foregoing, the provisions of this Section 7.9 shall not apply to any Claim that arises out of, results from or relates to the gross negligence, willful misconduct or material breach of this Lease by Landlord.

7.10. 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 1.9), 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. Insured Damage.

Subject to Section 8.3, in the event all or any part of the Leased Premises or any New Improvements are destroyed or damaged and (i) the estimated cost of repair of such destruction or damage does not exceed an amount equal to one hundred twenty-five percent (125%) of the insurance proceeds payable on account of the destruction or damage pursuant to the terms of applicable insurance policies carried either by Landlord or Tenant, and (ii) such repair can, in Landlord's reasonable opinion, be made within one (1) year after the occurrence of such destruction or damage, Tenant shall promptly repair such destruction or damage, and this Lease shall continue in full force and effect.

### 8.2. Long Term or Uninsured or Underinsured Damage.

Subject to Section 8.3, in the event (i) all or any part of the Leased Premises or any New Improvements are destroyed or damaged and the repair thereof cannot, in Landlord's reasonable opinion, be made within one (1) year after the occurrence of such damage, or (ii) the estimated cost of repair of damage exceeds an amount equal to one-hundred twenty-five percent (125%) of the insurance proceeds payable on account of the damage pursuant to the terms of applicable insurance policies carried either by Landlord or Tenant (or that would be payable under insurance required to be carried by Tenant), Landlord and Tenant shall each have the right to terminate this Lease effective as of the date of such destruction or damage by delivering to the other written notice thereof within thirty (30) days following the occurrence of such destruction or damage. In the event of the occurrence of any destruction or damage described in clause (ii) above and Tenant's election to terminate this Lease, Landlord shall have the right, but not the obligation, to elect to pay the cost to repair said destruction or damage to the extent that the



amount of said cost exceeds one hundred twenty-five percent (125%) of the insurance proceeds payable on account of said damage under the terms of the applicable insurance policy, and this Lease shall continue in full force and effect. Landlord shall exercise its right to elect to pay the cost to repair said destruction or damage in excess of one hundred twenty-five percent (125%) of the insurance proceeds by the delivery to Tenant of written notice thereof within thirty (30) days following the delivery to Landlord of Tenant's written notice of termination. In the event that Landlord elects to pay the excess costs as provided above, this Lease shall continue in full force and effect, and Landlord shall repair promptly said damage using the sum of the insurance proceeds available either to Tenant or Landlord and Landlord's funds (or funds provided by Tenant in the event Tenant has failed to insure). In the event that Landlord does not elect to pay the excess costs as provided above, this Lease shall terminate and all insurance proceeds payable on account of damage to Approved New Improvements shall be paid to Tenant up to but not exceeding the amount payable to Tenant pursuant to Section 2.3 following an early termination of this Lease, and the balance of the insurance proceeds payable on account of damage to the Leased Premises shall be paid to Landlord. If Tenant does not deliver to Landlord written notice of the termination of this Lease within thirty (30) days following the occurrence of any destruction or damage described in clauses (i) or (ii) above, Landlord shall repair promptly said damage using insurance proceeds available either to Landlord or Tenant and Tenant shall provide any additional funds necessary to pay amounts in excess of available insurance proceeds for such repair, and this Lease shall continue in full force and effect.

#### 8.3. Damage Near End of Term.

In the event all or any part of the Leased Premises are destroyed or materially damaged during the last twelve (12) months of the initial or any Extension Term of this Lease, Tenant may, at its option, cancel and terminate this Lease by giving written notice to Landlord of its election to do so within thirty (30) days after the date of occurrence of such damage, in which event all insurance proceeds payable with respect to the Leased Premises shall be paid to Landlord. In the event Tenant does not so elect to terminate this Lease, the repair of such damage shall be governed by Section 8.1 or Section 8.2, as the case may be.

#### 8.4. Consequences of Damage or Destruction.

Tenant shall have no claim against Landlord for any damage suffered by Tenant by reason of any such damage, destruction, repair or restoration of the Leased Premises or any aircraft or other property of Tenant, unless such damage suffered by Tenant is caused by Landlord's gross negligence, willful misconduct or material breach of this Lease and is not covered by insurance.

#### 8.5. No Abatement of Rent.

Annual Rent and other amounts payable under this Lease by Tenant shall not be abated following any damage or destruction and Tenant shall receive, hold in trust for the benefit of Landlord and use all proceeds received from business interruption insurance to pay the Annual Rent and other amounts payable by Tenant under this Lease to and including the date of termination of this Lease.

8.6. Cost of Repair.

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

8.7. Waiver by Tenant.

Tenant hereby waives the provisions of Sections 1932, 1933, and 1941 through 1942, inclusive, of the California Civil Code and of any other statute or Law now or hereafter in effect which is contrary to the obligations of Tenant under this Section 8 or which relieves Tenant therefrom, or which places upon Landlord obligations to repair or restore the Premises. Under no circumstances shall Landlord have any obligation to repair or replace any damaged or destroyed portion of the Leased Premises, except as expressly provided in this Lease.

9. ASSIGNMENT, SUBLETTING AND ENCUMBRANCES.

9.1. Assignment, Subletting and Encumbrance Prohibited; Exception for Affiliate.

Except as expressly provided in Section 9.2, Tenant shall not voluntarily or by operation of Law assign, transfer, sublet or mortgage, hypothecate, grant a security interest in or otherwise encumber all or any part of Tenant's rights or interest in or to this Lease or the Leased Premises. Any attempted assignment, transfer, subletting, mortgage, hypothecation, grant of a security interest in or other encumbrance in violation of this Section shall be wholly void and shall be an Event of Default under Section 12.1. For the purposes of this Section, (i) if Tenant is a corporation, any assignment, transfer, mortgage, hypothecation, grant of a security interest or other encumbrance or other event which results, or upon foreclosure would result, in the reduction of the interest of the present shareholders of record to less than a majority of any class of voting stock of Tenant, or (ii) if Tenant is a partnership or limited liability company, any assignment, transfer, mortgage, hypothecation, grant of a security interest or other encumbrance of a partnership or membership interest or interests or other event which results, or upon foreclosure would result, in the present general partner(s) or members being removed or replaced or, if the general partner(s) of the partnership or member(s) of the limited liability company is or are a corporation or other entity, or which results, or upon foreclosure would result, in the reduction of the interest of the present shareholders or other owners of record of the corporate or other entity general partner to less than a majority of any class of voting stock or member rights of such corporation or other entity, or (iii) if Tenant is a corporation, partnership, limited liability company, trust or other entity, any change in the direct or indirect power to direct or cause the direction of the management and policies of such business or entity, shall be deemed to be a prohibited assignment, transfer, mortgage, hypothecation, grant of a security interest or other encumbrance under this Section. Notwithstanding the foregoing, Tenant may assign or transfer this Lease and Tenant's interest in the Leased Premises to any entity that controls, is controlled by or is under common control with Tenant, provided that Tenant gives Landlord at least sixty (60) days prior written notice of such assignment, the transferee expressly assumes for the benefit of Landlord Tenant's obligations under this Lease in writing and Tenant provides

evidence of such control to Landlord prior to the assignment and, in any event, Tenant shall remain liable under this Lease.

9.2. Subletting and Temporary License Agreements.

9.2.1. Subletting Permitted.

Tenant shall have the right to enter into subleases which, in aggregate, may not exceed fifty percent (50%) of the area of the Leased Premises upon the terms and subject to the conditions in this Section 9.2. All subleases complying with the provisions of this Section 9.2 shall be deemed "Permitted Subleases" hereunder and any purported subletting in violation of this Section shall be wholly void and shall be an Event of Default under Section 12.1.

9.2.2. Sublease Notice.

For all proposed subleases with terms of twelve (12) months or less or that include less than twenty percent (20%) of the Tenant's total Leased Premises square footage, Tenant shall give Landlord written notice (the "Sublease Notice") at least five (5) days but no more than ninety (90) days prior to the date the proposed sublease is to be effective (the "Sublease Commencement Date"). For all proposed subleases with terms greater than twelve (12) months or that include more than twenty percent (20%) of the Tenant's total Leased Premises square footage, Tenant shall give Landlord a Sublease Notice at least thirty (30) days but no more than ninety (90) days prior to the proposed Sublease Commencement Date.

For all proposed subleases Tenant shall give Landlord a Sublease Notice setting forth: the name, address and business of the proposed subtenant, information on the nature of the business proposed to be conducted in the Leased Premises and the financial condition of the proposed subtenant, the owners of the proposed subtenant, the Sublease Commencement Date, and the Subrent and other material terms of the proposed sublease. If Landlord reasonably requests additional information or documentation, the Sublease Notice shall be deemed to be received as of the date Landlord receives the additional information or documentation. Tenant shall pay to Landlord upon demand all reasonable costs (including attorneys' fees and expenses) incurred by Landlord in connection with Landlord's review of the Sublease Notice (not to exceed Five Thousand Dollars (\$5,000)).

9.2.3. Landlord's Rights.

Upon receipt of a Sublease Notice, Landlord shall have the option, in its sole and absolute discretion, to: (i) consent to the proposed sublease, (ii) reject the proposed sublease on reasonable grounds, or (iii) in the case of a sublease of any space for all or substantially all of the balance of the Term, terminate this Lease, in Landlord's absolute discretion, as to that portion of the Leased Premises that Tenant proposes to sublet by providing Tenant written notice of such termination within twenty (20) days of Landlord's receipt of the Sublease Notice, in which case Tenant may, within ten (10) days of Tenant's receipt of Landlord's notice of termination, rescind Tenant's Sublease Notice. If Landlord fails to respond to a Sublease Notice within thirty (30) days, Tenant shall give Landlord a second Sublease Notice. If Landlord fails to respond to such second Sublease Notice within five (5) business days of Landlord's receipt of such second

Sublease Notice, then such failure shall constitute Landlord's consent to such sublease. The consent by Landlord to any sublease shall not be construed to relieve Tenant from obtaining Landlord's written consent to any further sublease upon receipt of any other Sublease Notice.

#### 9.2.4. Limit Upon Subrent.

The Subrent or other economic terms of a Permitted Sublease may include an amount sufficient to reimburse Tenant for its actual administrative costs attributable to the Permitted Sublease, but in no event shall the Subrent or other economic terms exceed one hundred fifteen percent (115%) of the rent or other economic terms payable by Tenant under this Lease for the portion of the Leased Premises that is covered by any Permitted Sublease with terms greater than twelve (12) months or that includes more than twenty percent (20%) of the Tenant's total Leased Premises square footage.

#### 9.2.5. Non-Disturbance Agreements.

In the event that any Permitted Subtenant requests that Landlord enter into a non-disturbance agreement with the subtenant, Landlord will not unreasonably withhold its consent to doing so provided that the form of non-disturbance agreement and the terms and provisions of the sublease and the credit and net worth of the subtenant shall be subject to Landlord's prior review and reasonable written approval, which approval shall be given or withheld by Landlord within thirty (30) days of receipt by Landlord of the non-disturbance agreement and Permitted Sublease to be approved and all information reasonably necessary to evaluate the credit and net worth of the subtenant. A non-disturbance agreement entered into between Landlord and a subtenant pursuant to this Section shall not apply to, and shall expressly exclude, any termination of this Lease by Landlord pursuant to Section 2.3.1.

#### 9.2.6. Further Subletting Prohibited.

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

#### 9.2.7. Continued Liability of Tenant.

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

#### 9.2.8. Rent Payment upon Default of Tenant.

Landlord may, at its option, send to the subtenant a Subrents Payment Notice pursuant to Section 12.2.3 of this Lease, accompanied by a copy of Section 12.2.3, to the effect

that an Event of Default has occurred, that Landlord, acting on behalf of Tenant, has elected to exercise the Power of Attorney provided in Section 12.2.3, and that the subtenant is directed to make all payments of Subrents to Landlord, as attorney-in-fact of Tenant, or as Landlord shall otherwise direct. From and after receipt of a Subrents Payment Notice, the following provisions shall apply:

9.2.8.1. Payment of Subrents.

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

9.2.8.2. Duration.

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

9.2.8.3. Reliance.

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

9.2.8.4. No Assumption.

The payment of Subrents to Landlord as attorney-in-fact of Tenant pursuant to this Section 9.2.8 and the performance of obligations under any Permitted Sublease in compliance with the provisions of this Section 9.2.8 shall not cause Landlord to assume or be bound by the provisions of any Permitted Sublease, including, but not limited to, the duty to return any security deposit to any subtenant. Nothing contained in this Section 9.2.8 shall operate or be construed to obligate Landlord to perform any of the terms, covenants and conditions contained in any Permitted Sublease or otherwise to impose any obligation upon Landlord with respect to any Permitted Sublease and this Section 9.2.8 shall not operate to place

upon Landlord any responsibility for the operation, control, care, management, environmental remediation or repair of the Leased Premises and Improvements or any portion thereof, and all responsibility for the operation, control, care, management, environmental remediation and repair of the Leased Premises and Improvements is and shall be that of Tenant.

#### 9.2.9. Termination of Lease.

Upon the termination of this Lease for any reason, including termination by Landlord pursuant to Sections 2.3.1, 8.2, 8.3 or 9.2.3 or following the occurrence of an uncured Event of Default of Tenant (but, in the latter case, subject to the provisions of any non-disturbance agreement entered into by Landlord pursuant to Section 9.2.5), Landlord shall have the right, in its sole and absolute discretion, exercisable upon written notice to the subtenant, either: (i) to elect not to terminate the Permitted Sublease upon termination of this Lease and, concurrently with termination of this Lease, to assume all of Tenant's rights and obligations under the Permitted Sublease arising after the date of Landlord's assumption, upon the terms and subject to the conditions set forth therein, including the right to receive all rent payable under the Permitted Sublease; or (ii) to elect to terminate the Permitted Sublease and the subtenant's right to use and occupy the portion of the Leased Premises covered by the Permitted Sublease concurrently with termination of this Lease and, in such event, the subtenant shall surrender the Leased Premises to Landlord as provided in Section 13 of this Lease, notwithstanding any provisions of the Permitted Sublease to the contrary.

##### 9.2.9.1. Attornment.

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

##### 9.2.10. Approval of Forms of Lease Agreement.

Tenant shall use a written form of sublease agreement and shall submit its form of sublease agreement and any future modifications to the form to Landlord for Landlord's review and reasonable approval. Each Permitted Sublease shall be in writing and shall contain

provisions for the express benefit of Landlord which are consistent with the provisions of this Lease.

## 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 conduct of Tenant's business, 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 and Annual Rent shall terminate effective as of the date on which the condemnor obtains a right of possession of the Leased Premises. 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, 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 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, to an amount equal to the then current Annual Rent multiplied by a fraction, the numerator of which is the square footage of the Leased Premises remaining after such condemnation or taking and the denominator of which is the total square footage of the Leased Premises as of the date hereof. Tenant, at its expense with respect to New Improvements and at Landlord's expense with respect to 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 year 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, the New Improvements, trade fixtures and removable personal property or damages for cessation or interruption of Tenant's business; provided, however, that in determining the value of Tenant's business, all goodwill attributable to the location of Tenant's business shall belong to Landlord and any allocation of an award to Tenant representing

compensation for diminution in the value of Tenant's business shall be based solely upon its historical operating results upon the Leased Premises.

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 or the New Improvements.

11. SUBORDINATION.

11.1. Subordination.

This Lease is subject and subordinate to all mortgages, deeds of trust, bond indentures, liens, encumbrances and other security interests now or hereafter affecting the Landlord's interest in the Leased Premises or the Airport, and to all renewals, modifications, replacements, consolidations and extensions thereof ("Senior Lien" and the holder thereof being a "Senior Lienholder"). Tenant shall execute and deliver to Landlord or any other party requiring confirmation of such subordination, within ten (10) calendar days following receipt of a request for such confirmation, any and all documents which may be required to effectuate such subordination and other "subordination, nondisturbance and attornment" document or similar document required by a Senior Lienholder; provided, however, that with respect to any mortgage, deed of trust, bond indenture, lien, encumbrance or other security interest affecting the Landlord's interest in the Leased Premises or the Airport created after the date of this Lease, such subordination shall not be effective and Tenant shall not be required to execute and deliver such confirmation unless Tenant receives a nondisturbance agreement in recordable form and on commercially reasonable 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 arising after the date of the assumption.

## 12. DEFAULTS AND REMEDIES.

### 12.1. Events of Default

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

#### 12.1.1. Insolvency and Creditor Protection.

(i) The voluntary or involuntary appointment of a receiver, trustee or liquidator to take possession of the Leased Premises, New Improvements or all or substantially all of the assets of Tenant when such appointment is not terminated or vacated or possession of the Leased Premises is not restored to Tenant within ninety (90) days; or (ii) a general assignment by Tenant for the benefit or protection of creditors; or (iii) Tenant's or Guarantor'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 Guarantor, or in aid of the voluntary winding up, dissolution and liquidation of a partnership or corporate Tenant or Guarantor, shall not constitute an Event of Default hereunder.

#### 12.1.2. Attachment, Execution or Other Levy.

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

#### 12.1.3. Assignment, Transfer, Subletting or Encumbrance.

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

12.1.4. Vacation or Abandonment.

The vacation or abandonment of the Leased Premises by Tenant.

12.1.5. Failure to Pay.

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

12.1.6. Failure to Maintain Insurance.

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

12.1.7. 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 within ninety (90) days after delivery of the notice).

12.1.8. 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 or 12.1.9 of this Lease, irrespective of the cure thereof by Tenant.

12.1.9. 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 (unless Landlord elects to have the New Improvements removed by Tenant pursuant to Section 6.2). Landlord shall have the right to re-enter the Leased Premises and the New Improvements to remove and eject all persons therefrom, to take possession thereof, and to use and enjoy the Leased Premises and the New Improvements and Landlord shall have all of the rights and remedies of a landlord provided in Section 1951.2 of the California Civil Code, which Section is incorporated herein by this reference as though set forth in full. In computing Landlord's damages pursuant to Sections 1951.2(a)(1) and (2) of the Civil Code, the "worth at the time of award" shall be computed by allowing interest at a rate of ten percent (10%) per annum. The amount of damages which Landlord may recover in the event of such termination shall include the worth at the time of the award of the amount by which the unpaid amounts required to be paid by Tenant pursuant to Section 3, including, without limitation, Annual Base Rent, for the balance of the term after the time of award exceeds the amount of such losses that Tenant proves could be reasonably avoided, computed in accordance with Civil Code Section 1951.2(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 which case Landlord shall not unreasonably withhold its consent to an assignment or subletting. In this regard, if Landlord elects this remedy, Landlord will not unreasonably withhold its consent to assignment or subletting, and 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 sublease the Leased Premises on terms reasonably acceptable to Landlord and 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 only upon the occurrence of an Event of Default and at any time thereafter during the continuance of the Event of Default and prior to termination of this Lease. Upon Landlord's election to exercise the Power of Attorney, Landlord shall send to each subtenant, licensee, franchisee, concessionaire or other party from whom Subrents may be collected a notice, accompanied by a copy of this Section, to the effect that an Event of Default has occurred, that Landlord, acting on behalf of Tenant, has elected to exercise the Power of Attorney, and that such subtenant, licensee, franchisee, concessionaire or other party is directed to make all payments of Subrents to Landlord or as Landlord shall direct (the "Subrents Payment Notice"). From and after giving the Subrents Payment Notice, Landlord, in the stead and on behalf of Tenant, shall collect and receive all Subrents and shall apply the Subrents toward the cure of the Event of Default and, at Landlord's election, exercised in Landlord's sole discretion, toward the payment or discharge of any other obligation, performance of any duty of Tenant under this Lease or under any other agreement between Landlord and Tenant. If, through the application of the Subrents or otherwise, Tenant timely cures the Event of Default, and provided that this Lease has not been terminated by Landlord, any and all unused Subrents held by Landlord shall be paid promptly to Tenant and Landlord shall send a notice to each subtenant, licensee, franchisee, concessionaire or other party rescinding the previous Subrents Payment Notice. In the event that this Lease is terminated by Landlord, either as a result of or during the continuance of an Event of Default, all Subrents held by Landlord as attorney-in-fact shall be applied on behalf of Tenant by Landlord to pay any amounts owing to or damages incurred by Landlord under this Lease and, if no such amounts are owing or damages are known to exist or there are Subrents remaining after such application, the balance of the Subrents shall be paid to Tenant. All amounts collected, received and applied by Landlord pursuant to the Power of Attorney prior to termination of this Lease shall be construed as and are agreed to be payments made by Landlord, as attorney-in-fact, on behalf of Tenant and the parties do not intend, and expressly disclaim, that the provisions of this Section shall give or create in favor of Landlord any lien upon or security interest in or constitute a pledge of the Subrents for the performance of Tenant's obligations under this Lease.

#### 12.2.4. Appointment of Receiver.

Upon the occurrence of an Event of Default and at any time thereafter during the continuance of the Event of Default and prior to termination of this Lease, Landlord shall have the right to have a receiver appointed by a court of competent jurisdiction (by ex parte application of Landlord) to operate Tenant's business in the Leased Premises and pay the rent and Tenant's other obligations from the proceeds of such operation. The appointment of such a receiver shall not diminish or eliminate any of Tenant's obligations or Landlord's rights hereunder.

### 12.3. Waiver of Claims.

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

### 12.4. Waiver of Rights of Redemption.

Tenant hereby expressly waives any and all rights of redemption or relief from forfeiture under California Code of Civil Procedure Section 1174 or 1179, or granted by or under any present or future Laws, and further releases Landlord, from any and all claims, demands and liabilities by reason of such exercise by Landlord.

#### 12.4.1. No Waiver by Landlord.

Efforts by Landlord to mitigate the damages caused by Tenant's breach of this Lease shall not waive Landlord's right to recover damages under this Section 12. For the purposes of this Section 12, the following shall not constitute a termination of Tenant's right to possession: acts of maintenance or preservation or efforts to relet or sublet the Leased Premises; or appointment of a receiver upon the initiative of Landlord to protect Landlord's interest under this Lease.

### 12.5. Cumulative Remedies.

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

### 12.6. 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 (other than Tenant's obligations under Section 5, Landlord's cure rights which are governed by Section 5.4), 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 3.5

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.

12.7. 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 expressly waived in writing by Landlord.

12.8. 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 sum of (i) Annual Base Rent then payable divided by twelve (12), (ii) any and all other amounts due under Section 3, and (iii) any and all other amounts due to Landlord under any other provision of this Lease.

12.9. 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 prosecute the same to completion.

13. SURRENDER AT END OF TERM.

Upon the expiration or other termination of this Lease, ownership of the New Improvements shall pass automatically to Landlord, unless Landlord elects to have New Improvements removed by Tenant pursuant to Section 6.2, and Tenant shall quit and surrender the Leased Premises and the New Improvements to Landlord, broom clean and in good order and condition, ordinary wear and tear, casualty and damage by the elements excepted, and, except as otherwise provided in this Lease, Tenant shall remove all of its personal property and shall promptly repair any damages to the Leased Premises caused by such removal. Tenant's obligation to perform this covenant shall survive the expiration or other termination of this Lease.

14. HOLDOVER BY TENANT.

In the event that Tenant shall holdover in the Leased Premises after the expiration or termination of the term hereof, with the consent of Landlord, such holdover, in the absence of a

written agreement on the subject executed by both parties, shall be deemed to have created a month to month tenancy with respect to the Leased Premises, terminable on thirty (30) days' written notice by either party to the other party. Such holdover tenancy otherwise shall be subject to the same provisions as contained in this Lease, unless the parties execute a written agreement modifying any of the terms hereof applicable to such holdover tenancy; provided, however, that the Annual Base Rent for any such month-to-month tenancy shall be in an amount equal to one hundred fifty percent (150%) of the Annual Base Rent for the last month of the Lease term or last month of any Extension Term, plus all other charges payable hereunder, subject to adjustment as provided in Section 3.1.3.

15. QUIET ENJOYMENT.

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

16. TRANSFER OF LANDLORD'S INTEREST.

In the event of any transfer of Landlord's interest in the Leased Premises, the transferor automatically shall be relieved of any and all obligations and liabilities accruing from and after the date of such transfer, 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.

17. SECURITY FOR PERFORMANCE.

As security for the full and faithful performance of each and every provision of this Lease to be performed by Tenant, Tenant shall obtain and deposit with Landlord a negotiable irrevocable and unconditional letter of credit, in the amount of four (4) months installments of the Annual Base Rent. The initial letter of credit shall be in the amount of One Hundred Eighty-Eight Thousand and 00/100 Dollars (\$188,000). The letter of credit shall be in a form acceptable to Landlord and shall be issued or accepted by a California commercial bank acceptable to Landlord with assets of at least five (5) billion dollars. Said letter of credit shall be effective for thirteen (13) months and shall be renewed or replaced by Tenant annually on or before the date that is thirty-one (31) days prior to the commencement of each Annual Period in an amount equal to four (4) months installments of the Annual Base Rent (including all of the adjustments to Annual Base Rent provided for in Section 3 of this Lease) payable by Tenant during the next Annual Period. If Tenant fails to deliver to Landlord a renewed or replacement letter of credit in the requisite amount on or before the day prior to the commencement of each Annual Period, Landlord shall be entitled to present the existing letter of credit for payment and to hold the proceeds paid under the letter of credit as security for performance of Tenant's obligations hereunder until Tenant provides the renewed or replacement letter of credit. Thereafter, if Tenant fails to deliver to Landlord a renewed or replacement letter of credit in the requisite amount, and such failure continues for thirty (30) days following Tenant's receipt of a written demand from Landlord to renew or replace the letter of credit, such failure shall constitute an

Event of Default under Section 12.1. In the event Tenant defaults with respect to any provision of this Lease, including, but not limited to, the provisions relating to the payment of rent or any other amount due hereunder, Landlord may draw against all or any part of said letter of credit or utilize any proceeds paid thereunder for the payment of any amount in default, to cure any other default or to repair any damage to the Leased Premises which Tenant is obligated to repair. In the event that Landlord draws against any portion of said letter of credit pursuant to this Section, Tenant shall, within thirty (30) days after written demand therefor, obtain and deliver to Landlord a replacement letter of credit to restore said letter of credit to the then required amount, and Tenant's failure to do so shall be an Event of Default under Section 12.1. In the event Landlord draws against the letter of credit as provided in this Section, such action shall not constitute an election or waiver of any other rights or remedies which Landlord may have by virtue of Tenant's default. Tenant hereby waives the provisions of California Civil Code Section 1950.7 to the extent inconsistent with the provisions of this Section 17.

#### 18. RULES AND REGULATIONS OF LANDLORD.

Tenant shall, and shall cause its permitted subtenants to, comply with all nondiscrimination rules and regulations adopted by Landlord at a noticed public meeting for use of the Leased Premises, and 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 occupant of the Airport of any of the Rules and Regulations.

#### 19. TOXIC MATERIALS AND REMEDIATION OF CONTAMINATION.

Tenant shall perform or shall cause each Tenant Party to perform the obligations, duties and covenants set forth in this Section 19. Performance by a Tenant Party shall be accepted by Landlord as performance by Tenant; provided, however, that Tenant, at all times, shall be fully obligated and liable to Landlord for the complete and timely performance of the obligations, duties and covenants set forth in this Section 19 and Landlord shall not be required to look to any Tenant Party for any such performance or to enforce any remedy hereunder.

##### 19.1. Use Prohibited Without Consent.

Tenant shall not cause or permit any Toxic Materials (as defined in Section 19.16.4) to be brought onto, stored, used, generated, recycled, or disposed of (collectively "Use of Toxic Materials") in, on, under or about the Leased Premises or the New Improvements by any Tenant Party, without the prior written consent of Landlord, which Landlord shall not unreasonably withhold, condition or delay so long as Tenant demonstrates to Landlord's satisfaction that such Toxic Materials, and the quantities thereof, are necessary or useful to the Tenant Party's business and that the Tenant Party's use of such Toxic Materials shall be in compliance with all Environmental Laws (as defined in Section 19.16.2). Tenant shall demonstrate that such Toxic Materials are necessary or useful by submitting information to Landlord in accordance with Section 19.3.



#### 19.2. Compliance with Environmental Laws.

Tenant shall cause each Tenant Party to comply, at Tenant's or such Tenant Party's sole cost, with all Environmental Laws applicable to all Toxic Materials and to the lawful conduct of the Tenant Party's business to the extent performed on or about the Leased Premises. It shall be the sole obligation of each Tenant Party to obtain any permits and approvals required for the operation of the Tenant Party's business pursuant to the Environmental Laws. To the extent such action is necessary because of any "Tenant's Contamination" (as defined in Section 19.16.3), Tenant shall or shall cause any responsible Tenant Party to investigate the site conditions and perform to completion, in the manner provided in Section 19.6, any and all investigation, clean-up, remediation, removal or restoration work: (i) necessary to bring the Leased Premises into compliance with the Environmental Laws; (ii) necessary to bring any other real property into compliance with the Environmental Laws in the event of any migration of Toxic Materials from the Leased Premises to such other real property; (iii) necessary to maintain the Leased Premises in compliance with the Environmental Laws; or (iv) required by any federal, state, regional, municipal or local governmental agency or political subdivision ("Agency") at any time during or after the term of this Lease; or (v) necessary to restore the condition of the Leased Premises to a level below regulatory action levels. The obligations of Tenant under this Section shall survive the termination of this Lease.

#### 19.3. Disclosure.

Prior to or upon the last day of each twelve (12) month period during the term of this Lease, Tenant shall submit to Landlord the following documents: (i) an inventory or list of all compounds or products that contain Toxic Materials which were used, stored or disposed of by each Tenant Party on or about the Leased Premises or the New Improvements during the prior year, (ii) all Material Safety Data Sheets for said compounds or products containing Toxic Materials, (iii) an estimate of the quantity or volume of such products or compounds used, stored or disposed of on or about the Leased Premises during the prior year, and (iv) copies of all hazardous waste manifests for wastes generated on the Leased Premises and sent offsite for treatment, storage, disposal or recycling.

#### 19.4. Business Plan.

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

#### 19.5. Tenant's Indemnity.

Tenant shall be solely responsible for and shall defend, indemnify and hold harmless the Landlord Parties, from and against any and all Liabilities (as defined in Section 19.16.5) arising out of, resulting from or caused by the Use of Toxic Materials on the

all of the foregoing  
Leased Premises, or the presence of Toxic Materials in the soil, subsoil, or groundwater located in, on or under the Leased Premises, or the effect of Toxic Materials migrating to other real property or groundwater from the Leased Premises, but only to the extent that the Liabilities are the result of or caused by Tenant's Contamination. The indemnification by Tenant under this Section 19.5 shall survive the termination of this Lease. KPR

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

Tenant shall take any and all action that any Agency lawfully requires to be taken to investigate, clean-up, remediate or remove Tenant's Contamination (the "Necessary Action"). In addition to any notification to Landlord required by Section 19.7, Tenant shall promptly furnish Landlord with a copy of all correspondence between any Tenant Party or its environmental consultants and each involved Agency concerning the Necessary Action. On or before ten (10) business days prior to any Tenant Party's submittal of any work plans or descriptions of the Necessary Action to each involved Agency, Tenant shall furnish Landlord with a draft copy of said document for Landlord's review and comment. Landlord shall have the right to submit written comments on all aspects of the work plan to any Tenant Party and to each involved Agency, including without limitation, comments on the remediation methodology and appropriateness of clean-up levels. Tenant shall provide Landlord with written notice of all meetings with Agencies concerning the Necessary Action, which notices shall be provided where possible ten (10) business days in advance of the meeting. Landlord and its consultants shall have the right to attend and participate actively in all meetings with Agencies concerning the Necessary Action. Except in the case of an emergency, no Necessary Action shall be commenced without (i) written approval by the lead Agency, if one exists, or by all Agencies having and asserting jurisdiction over the Necessary Action and (ii) where practical, ten (10) business days written notice to Landlord. Landlord shall have the right to have a representative present on the Leased Premises at all times during the implementation of the Necessary Action by any Tenant Party. Tenant agrees that the Necessary Action will be supervised by and certified by a registered professional engineer. Tenant hereby releases the Landlord Parties from responsibility for, and indemnifies the Landlord Parties (with counsel approved by the Landlord Parties) against any Liability in connection with the Necessary Action. If any Tenant Party fails to take the Necessary Action on a timely basis, Landlord may, but shall not be obligated to, take the Necessary Action and in such event, all costs incurred by Landlord with respect thereto shall be for the account of Tenant and recoverable as additional rent hereunder.

#### 19.7. Notice.

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

19.8. Storage and Use of Toxic Materials.

Any and all Toxic Material permitted in, on, under or about the Leased Premises pursuant to this Lease shall be stored and used in strict compliance with all Environmental Laws. No underground storage tanks shall be constructed, installed or used without Landlord's prior written consent, which consent may be withheld by Landlord in its sole and absolute discretion.

19.9. Disposal of Toxic Materials.

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

19.10. Safety.

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

19.11. Fees, Taxes and Fines.

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

19.12. Delivery of Documentation.

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

19.13. Annual Site Investigation.

In addition to Landlord's right of access to the Leased Premises set forth in Section 1.4, Landlord shall have the right, but not the obligation, to conduct annually an

environmental inspection and assessment of the Leased Premises during each year of the term of this Lease, either alone or in conjunction with other areas of the Airport, and to utilize the services of an environmental consultant or consulting firm for such inspection and assessment. Tenant shall pay, as additional rent hereunder, fifty percent (50%) of the reasonable cost of each such annual inspection applicable to the Leased Premises. If the environmental inspection and assessment of the Leased Premises discloses the existence of any Tenant's Contamination, Tenant shall take any and all Necessary Action as provided in Section 19.6. In the event that Landlord elects not to conduct an annual environmental inspection and assessment, or if Landlord's environmental inspection and assessment fails to discover or disclose any Tenant's Contamination, Tenant shall not be excused from performing its obligations or relieved from liability to Landlord under this Section 20.

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

On or before the expiration or termination of this Lease, Tenant shall take any and all action required to be taken under the Environmental Laws in order to: (i) surrender the Leased Premises to Landlord free of any and all Toxic Materials present in amounts exceeding then applicable Agency action levels as a result of Tenant's Contamination; and (ii) close or remove any storage tanks in, on, under or around the Leased Premises to the extent installed by Tenant, unless otherwise directed in writing by Landlord. Such closure or removal shall be deemed to constitute Necessary Action within the meaning of Section 19.6 hereof, and all the provisions of Section 19.6 relating to Necessary Action shall be applicable to such closure and removal. Unless waived in writing by Landlord, Tenant, within ninety (90) days of commencement of this Lease and within ninety (90) days prior to the expiration or termination of this Lease or prior to any permitted assignment or subletting of all or any portion of the Leased Premises, shall provide to Landlord a written report certifying that each Tenant Party is in compliance with the Environmental Laws, or, if this Lease is expiring or terminating, that each Tenant Party has complied with the provisions of this Section 19. This report shall contain the following information: (i) a list of all permits issued under Environmental Laws regulating each Tenant Party's business on the Leased Premises and a description of all such permits; (ii) for each permit on the list, a description of the particular area or operation that requires compliance with such permit by a Tenant Party; (iii) for each permit on the list, a description of each Tenant Party's compliance program for the Environmental Law or corresponding regulatory program; (iv) for each permit on the list, a list of all alleged violations for the prior calendar year or Annual Period, or an affirmative statement that there were no alleged violations during said period; and (v) copies of environmental assessments or compliance audits done during the prior calendar year. Tenant shall bear all costs of such reports and shall reimburse Landlord for any and all reasonable out-of-pocket costs incurred by Landlord in connection with its review of such report. From time to time during the Lease term, but no more often than once per Annual Period, Landlord shall have reasonable access to the Leased Premises to conduct an environmental assessment to audit Tenant's compliance with Environmental Laws.

#### 19.15. Prohibited Substances.

The following substances are strictly prohibited from being brought onto the Leased Premises, New Improvements or the Airport in any quantities whatsoever: (i) arsines; (ii) dioxins, including dioxin precursors and intermediates; (iii) polychlorinated biphenyls; and

(iv) any chemical marked with an asterisk (\*) in 22 California Code of Regulations Section 66680(d) as amended, or any waste which meets the definition of extremely hazardous waste in 22 California Code of Regulations Sections 66720 and 66723, as amended.

19.16. Definitions.

19.16.1. Contamination.

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

19.16.2. Environmental Laws.

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

19.16.3. Tenant's Contamination.

The term "Tenant's Contamination" means any spilling, discharging, releasing or disposing of Toxic Materials by any Tenant Party or by any other persons subject to any Tenant Party's control on, in, under or about the Leased Premises or the New Improvements from and after the Lease Commencement Date, and until the Expiration Date and the surrender of possession of the Leased Premises and the New Improvements to Landlord, but shall not include any discharge or release migrating to the Leased Premises from the Airport or other adjacent real property that is not directly or indirectly caused by a Tenant Party.

19.16.4. 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.

#### 19.16.5. Liabilities.

The term "Liabilities" shall mean any and all Claims (as defined in Section 7.9) arising out of, resulting from or caused by the release, discharge, storage, handling, use, accumulation, transportation, generation, migration, disposal, investigation, clean-up, remediation or removal of any Toxic Materials caused by any Tenant Party or any of their respective licensees, permittees or invitees, including, without limitation, the following: (i) diminution in value of the Airport or the real property of which the Leased Premises is a part, (ii) damages for the loss or restriction on use of rentable or usable space or of any amenity of the Airport or the Leased Premises, (iii) damages arising from any adverse impact on marketing of space at the Airport or the Leased Premises or the real property of which the Leased Premises are a part, (iv) sums paid in settlement of Claims (including, without limitation, reasonable attorneys fees, consultant fees and expert fees), (v) damages caused by the breach or nonperformance by Tenant of any covenant or other provision of this Lease, and (vi) costs incurred in connection with any investigation of site conditions and any cleanup, remediation, removal or restoration work necessary should Tenant fail to comply with Section 19.6.

#### 20. ESTOPPEL CERTIFICATE.

##### 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 (a.) to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder (or specifying such defaults if any are claimed) or (b.) any default on the part of the Tenant hereunder.

##### 20.2. Reliance.

Any such statement may be relied upon by any potential purchaser of the real property of which the Leased Premises is a part, 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. 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.

## 22. MISCELLANEOUS.

### 22.1. Lease Interpretation.

#### 22.1.1. Incorporation of Prior Agreements; Amendments.

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

#### 22.1.2. Severability.

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

#### 22.1.3. Gender and Number

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

#### 22.1.4. Headings.

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

22.2. No Representations by Landlord.

Tenant acknowledges that neither Landlord, any Landlord Party, nor any of Landlord's agents, representatives, employees or officers have made any representations or promises with respect to the 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 or promises of Landlord or Landlord's agents, representatives, employees or officers with respect to the Leased Premises or the Airport, except as herein expressly set forth, and Tenant has made its own independent examination of the Leased Premises.

22.3. 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.

22.4. Further Assurances.

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

22.5. Disclaimer of Partnership or Agency

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

22.6. Waivers.

The waiver by either party of any provision of this Lease shall not be deemed to be a waiver of any other provision hereof or of any subsequent breach of the same or any other provision. Landlord's consent to any act by Tenant requiring Landlord's consent shall not be deemed to render unnecessary the obtaining of Landlord's consent to any subsequent act by Tenant, whether or not similar to the act so consented. The subsequent acceptance by Landlord of any amount due from Tenant hereunder shall not be deemed to be a waiver of any preceding breach or Event of Default by Tenant of any provision of this Lease, other than the failure of Tenant to pay the particular amount so accepted, regardless of Landlord's knowledge of such



preceding breach at the time of acceptance of such amount. No waiver on the part of Landlord with respect to any provision of this Lease shall be effective unless such waiver is in writing.

22.7. Successors and Assigns.

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

22.8. No Merger.

The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work as a merger, but shall, at the option of Landlord, either terminate all or any existing subleases or subtenancies, or operate as an assignment to Landlord of any or all such subleases or subtenancies.

22.9. Waiver of Jury Trial.

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

22.10. 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:             24/7 Studio Equipment, Inc.  
                                3111 N. Kenwood Street  
                                Burbank, CA 91505  
                                Attn: Lance Sorenson, President

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

#### 22.11. Brokers.

Except for any commission owing by Landlord to Cushman & Wakefield of California, Inc., which shall be paid by Landlord, Landlord and Tenant each warrants that it has not had any dealings with any real estate broker or agent in connection with this Lease, and Landlord and Tenant each agrees to defend, indemnify and hold the other harmless from and against any and all Claims for any compensation, commissions or other charges by any finder or any other real estate broker or agent.

#### 22.12. Recording

Tenant shall not record any short form or memorandum of this Lease. However, Tenant shall, upon the request of Landlord, promptly execute, acknowledge and deliver to Landlord a short form or memorandum of this Lease for recording.

#### 22.13. 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.

#### 22.14. Signs.

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

#### 22.15. Attorneys' Fees.

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

#### 22.16. Force Majeure.

If either party hereto shall be delayed in or prevented from the performance of any act required hereunder by reason of acts of God, labor troubles, inability to procure materials, restrictive governmental Laws or regulations, delays arising from environmental remediation (except to the extent caused by the party obligated), or other causes without fault and beyond the control of the party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay; provided, however, nothing in this Section shall delay, for a period in excess of one hundred eighty (180) days, the Lease Commencement Date or excuse Tenant from the subsequent prompt payment of any rent or other charge required of Tenant hereunder.

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

BURBANK-GLENDALE-PASADENA  
AIRPORT AUTHORITY

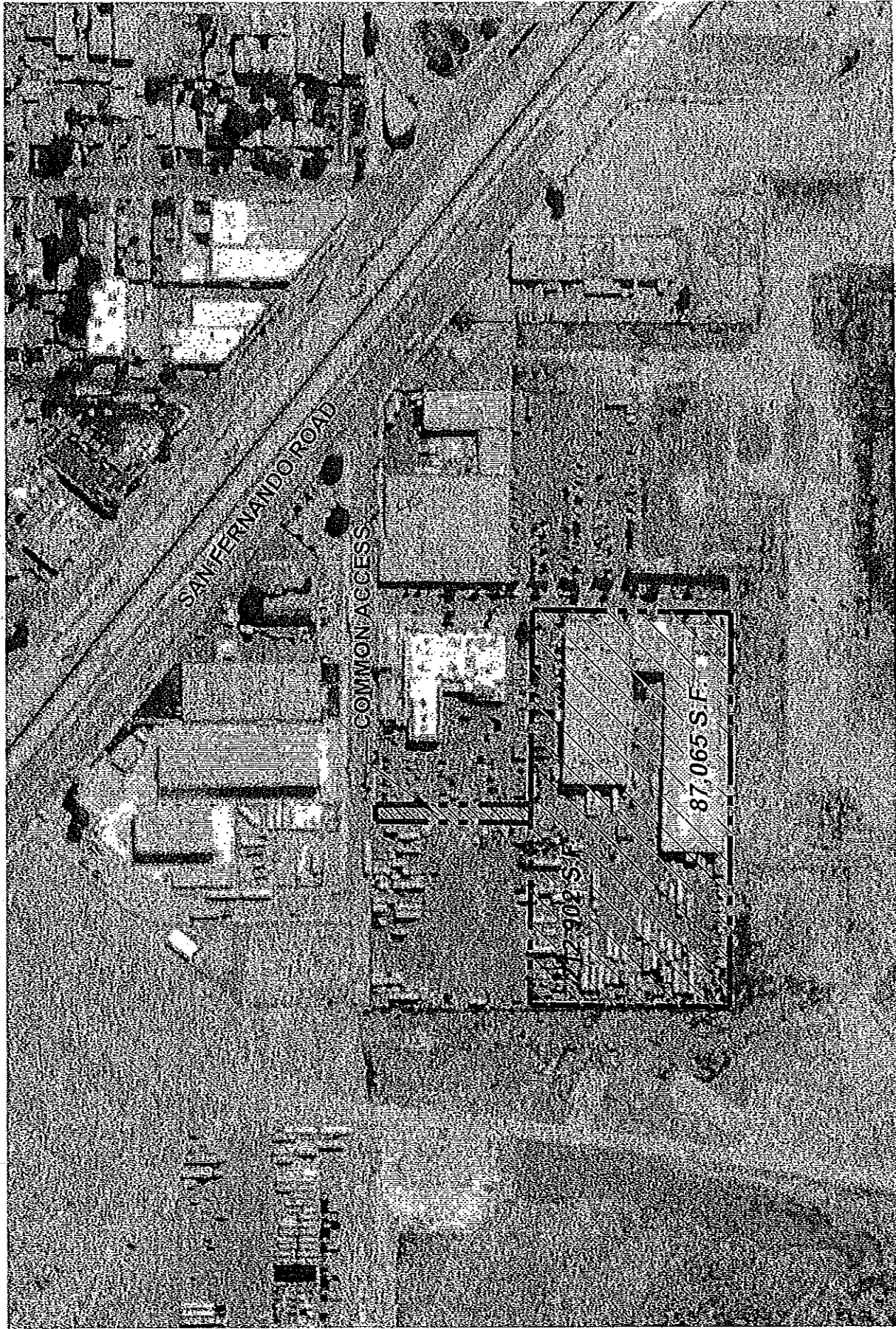
By: Chris Horden  
Name: Chris Horden  
Title: President  
Date: Jan 17, 2006

24/7 STUDIO EQUIPMENT, INC.

By: Kevin P. Rodgers  
Name: KEVIN P. Rodgers  
Title: CEO  
Date: December 8, 2005

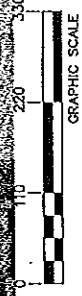
**Exhibit A**

**LEASED PREMISES - LEGAL DESCRIPTION**



# 24/7 STUDIO EQUIPMENT, INC.

EXHIBIT A



PROJECT:		24/7 STUDIO EQUIPMENT, INC. LEASE AGREEMENT		SHEET TITLE:		SITE AREA PLAN		DATE:		DRAWN BY:		CHECKED BY:		REV:	
APPROVED:		[Signature]		APPROVED:		[Signature]		DATE:		DRAWN BY:		CHECKED BY:		REV:	
BY:		DATE:		BY:		DATE:		BY:		DATE:		BY:		DATE:	
DESCRIPTION:		DATE:		DESCRIPTION:		DATE:		DESCRIPTION:		DATE:		DESCRIPTION:		DATE:	

**LEGAL DESCRIPTION  
LEASE PARCEL**

THOSE PORTIONS OF LOTS 2 AND 3 OF THE FRACTIONAL NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 1 NORTH, RANGE 14 WEST, SAN BERNARDINO MERIDIAN IN THE CITY OF BURBANK, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, TOGETHER WITH LOTS 4 AND 5 AND PORTIONS OF LOTS 3 AND 6 OF TRACT NO. 6093 IN SAID CITY, COUNTY AND STATE AS PER MAP RECORDED IN BOOK 67 PAGE 77 OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY DESCRIBED AS A WHOLE AS FOLLOWS:

**BEGINNING** AT THE NORTHWEST CORNER OF THE SOUTHERLY 47.00 FEET OF THE NORTHERLY 660.00 FEET OF THE EASTERLY 330.00 FEET OF LOT 3 OF SAID FRACTIONAL NORTHWEST QUARTER; THENCE ALONG THE WESTERLY LINE OF SAID EASTERLY 330.00 FEET, N1°01'33"E 329.73 FEET; THENCE S88°58'27"E 637.02 FEET; THENCE S0°16'46"W 330.04 FEET TO THE EASTERLY PROLONGATION OF THE NORTHERLY LINE OF SAID SOUTHERLY 47.00 FEET; THENCE ALONG SAID PROLONGATION, N88°56'56"W 641.32 FEET TO AND ALONG SAID NORTHERLY LINE TO THE **POINT OF BEGINNING**.

SUBJECT TO AN EASEMENT FOR STREET PURPOSES OVER THAT PORTION OF KENWOOD STREET HEREIN INCLUDED AS SHOWN ON SAID MAP OF TRACT NO. 6093.

CONTAINING 210,844 SQUARE FEET (4.8403 ACRES), MORE OR LESS.

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

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

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

**HENNON SURVEYING & MAPPING, INC.**

601 E. GLENOAKS BLVD., SUITE 208

GLENDAL, CA 91207

818-243-0640 FAX 818-243-0650

FILE:2420-1LGL.DOC PROJECT: 2420 DATE: JAN. 10, 2006

**LEGAL DESCRIPTION  
ACCESS/UTILITY EASEMENT**

THAT PORTION OF LOT 3 OF THE FRACTIONAL NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 1 NORTH, RANGE 14 WEST, SAN BERNARDINO MERIDIAN IN THE CITY OF BURBANK, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

**COMMENCING** AT THE NORTHWEST CORNER OF THE SOUTHERLY 47.00 FEET OF THE NORTHERLY 660.00 FEET OF THE EASTERLY 330.00 FEET OF SAID LOT 3; THENCE ALONG THE WESTERLY LINE OF SAID EASTERLY 330.00 FEET, N1°01'33"E 329.73 FEET; THENCE S88°58'27"E 300.00 FEET TO A POINT DISTANT WESTERLY 30.00 FEET FROM THE EASTERLY LINE OF SAID LOT 3 AND THE **TRUE POINT OF BEGINNING**; THENCE CONTINUING, S88°58'27"E 30.00 FEET TO SAID EASTERLY LINE; THENCE ALONG SAID EASTERLY LINE, N1°01'33"E 257.22 FEET TO THE SOUTHERLY LINE OF COHASSET STREET, 55.9 FEET WIDE; THENCE ALONG SAID SOUTHERLY LINE, 30.00 FEET TO THE INTERSECTION OF SAID SOUTHERLY LINE WITH A LINE DRAWN PARALLEL WITH SAID EASTERLY LINE THAT PASSES THROUGH THE **TRUE POINT OF BEGINNING**; THENCE ALONG SAID PARALLEL LINE, S1°01'33"W 257.24 FEET TO SAID **TRUE POINT OF BEGINNING**.

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

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---

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

**HENNON SURVEYING & MAPPING, INC.**

601 E. GLENOAKS BLVD., SUITE 208

GLENDAL, CA 91207

818-243-0640 FAX 818-243-0650

FILE:2420-1LGL.DOC PROJECT: 2420 DATE: JAN. 10, 2006

**LEGAL DESCRIPTION  
RECLAIMED WATER EASEMENT**

THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF FRACTIONAL SECTION 4, TOWNSHIP 1 NORTH, RANGE 14 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF BURBANK, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER THE OFFICIAL PLAT THEREOF, BEING A STRIP OF LAND 15.00 FEET WIDE, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS:

**COMMENCING** AT THE INTERSECTION OF THE NORTHERLY LINE OF SAID SOUTHEAST QUARTER OF FRACTIONAL SECTION 4 AND THE WESTERLY LINE OF HOLLYWOOD WAY, 100 FEET WIDE; THENCE WESTERLY ALONG SAID NORTHERLY LINE, N88°51'59"W 470.00 FEET; THENCE S84°33'08"E 200.31 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 100.00 FEET; THENCE SOUTHEASTERLY 46.31 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 26°32'04" TO A POINT OF REVERSE CURVATURE, TO WHICH A RADIAL LINE BEARS S31°58'56"W, SAID CURVE BEING CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 50.00 FEET; THENCE EASTERLY 27.75 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 31°47'50" TO A LINE PARALLEL WITH AND 36.00 FEET SOUTHERLY OF SAID NORTHERLY LINE OF SAID SOUTHEAST QUARTER OF FRACTIONAL SECTION 4, A RADIAL BEARING TO SAID LINE BEARS S0°11'06"W; THENCE EASTERLY ALONG SAID PARALLEL LINE, S88°51'59"E 13.37 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE N1°11'18"E 51.52 FEET; THENCE N46°11'18"E 21.21 FEET; THENCE N1°11'18"E 50.00 FEET.

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

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

---

ROBERT HENNON, PLS 5573 (LIC. EXPIRES 9-30-07)  
**HENNON SURVEYING & MAPPING, INC.**  
601 E. GLENOAKS BLVD., SUITE 208  
GLENDALE, CA 91207  
818-243-0640 FAX 818-243-0650  
FILE:2420-1LGL.DOC PROJECT: 2420 DATE: JAN. 10, 2006



SCALE: 1"=100'  
0' 50' 100'



# EXHIBIT MAP

SHT. 1 OF 1 SHTS

SOUTH BOUNDARY  
CITY OF LOS ANGELES

FD SPK&T PER CITY BUR.  
PB 302-28. HELD AS  
N 1/4 COR. SEC 4

FD SPK&W LACEFB FB  
186-181-135 AT 0.02'  
NORTH(PER FB SPK IS  
0.01'S & 0.07'W)

LOCKHEED DR.

COHASSET ST.

NORTH BOUNDARY  
CITY OF BURBANK

30' PUBLIC ALLEY EASE. PER  
BK D-3368 PGS 919 &  
921, BOTH OR, AND OTHER  
DOC'S.

E'LY LINE LOT 3, SEC. 4

10' POLE LINE EASE.  
PER BK 49916-13 &  
BK 49208-370, BOTH OR

VARIES

KENWOOD ST.

POINT OF BEGINNING  
ACCESS EASEMENT

HEREIN DESC  
ACCESS

HEREIN DESCRIBED  
LEASE PARCEL  
PARCEL AREA=210,844 SQ.FT.

POR. LOT 3

LOT LINE

POR. LOT 4

CONC TILT UP BLDG

TR 6093

LOT LINE

POR. LOT 5

3111 KENWOOD  
1 & 2 STORY BLDG

LOT LINE

POR. LOT 6

50' BUILDING HEIGHT LIMIT  
PER BK. 17725-99 O.R.

N. LINE OF SOUTH  
47 FT. OF THE NO.  
660.00 FT. OF LOT  
3, SEC. 4

POR  
SEC.

FD L&T RCE9840 AT  
0.08' NO. & 0.04'E.

POINT OF BEGINNING  
INTERSECTION OF THE E LINE OF  
THE E'LY 330.00 FT OF LOT 3  
WITH THE N LINE OF THE SOUTH  
47.00 FT. OF THE N. 660.00 FT.  
OF LOT 3

CENTER OF SEC. 4  
FD 2" IRON PIPE

DATE: JAN 9, '06

FILE: 2420LEASE.DWG

PROJECT NO: 2420

HENNON  
Surveying & Mapping, Inc.

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

FAX: (818)243-0650

## Exhibit B

### FAA GRANT AGREEMENT ASSURANCES

#### NONDISCRIMINATION

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

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

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

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

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

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

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

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

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

**Exhibit C**

**POLICY ON TENANT IMPROVEMENTS**

(See Attached)



REQUEST FOR APPROVAL  
PROPOSED TENANT IMPROVEMENT

1. INFORMATION

Tenant \_\_\_\_\_ Building # \_\_\_\_\_  
Name of Contact \_\_\_\_\_  
Address \_\_\_\_\_  
Describe Proposed Improvements \* \_\_\_\_\_  
\_\_\_\_\_  
Estimated cost of improvements \_\_\_\_\_  
Estimated start date \_\_\_\_\_ Completion date \_\_\_\_\_

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

2. PRELIMINARY APPROVALS

Airport Administration:	Approved/Disapproved	Date
Comments		
Airport Engineering:	Approved/Disapproved	Date
Comments		
Airport Operations:	Approved/Disapproved	Date
Comments		

3. FINAL REVIEW AND APPROVAL

Airport Operations	(Reviewed by)	Date
Safety & Security	(Reviewed by)	Date
Maintenance Department	(Reviewed by)	Date
Fire Department	(Reviewed by)	Date
Insurance Underwriter	(Reviewed by)	Date
Engineering Department	(Reviewed by)	Date
Director, Airport Services	(Reviewed by)	Date

4. PRE-CONSTRUCTION

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

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

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

5. FINAL APPROVAL

Airport Engineering (Reviewed by) \_\_\_\_\_ Date \_\_\_\_\_

## INSTRUCTIONS FOR COMPLETING THIS FORM

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

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

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

## PLANS AND SPECIFICATIONS

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

## OTHER REQUIREMENTS

### INSURANCE

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

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

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

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

### BOND

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

#### HOLD HARMLESS AGREEMENT

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

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

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

Exhibit D

DESCRIPTION OF NEW IMPROVEMENTS

Demolition of Buildings 2 and 3A	\$ 75,000
Site Work, Paving, Grading	75,000
Carpet, Paint, Partition Walls in Building 1	75,000
Other Core and Shell Improvements	<u>75,000</u>
Total Cost New Improvements:	\$300,000