



February 16, 2023

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

The Airport Authority administrative offices will be closed on Monday, February 20, 2023, in observance of President's Day. Therefore, the regular meeting of the Burbank-Glendale-Pasadena Airport Authority scheduled for Monday, February 20, 2023, at 9:00 a.m., in the Airport Skyroom of Hollywood Burbank Airport, 2627 N. Hollywood Way, Burbank, CA 91505, has been cancelled.

NOTICE is hereby given that a special meeting of the Burbank-Glendale-Pasadena Airport Authority will be held on Tuesday, February 21, 2023, at 9:00 a.m., in the Airport Skyroom of Hollywood Burbank Airport, 2627 N. Hollywood Way, Burbank, CA 91505.

In addition to attending the meeting in person, members of the public may observe the meeting telephonically and may offer comment in real time through the following number:

Dial In: (818) 862-3332

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

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Airport Skyroom

Special Meeting of Tuesday, February 21, 2023

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.



When in-person attendance or participation at meetings of the Commission is allowed, members of the public are requested to observe the following rules of decorum:

- *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 three minutes or to such other period of time as may be specified by the presiding officer.*



The following activities are prohibited:

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



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



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

AGENDA

Tuesday, February 21, 2023

1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. APPROVAL OF AGENDA
4. PUBLIC COMMENT (Public comment will be limited to a total of 20 minutes at the beginning of the meeting and will continue at the conclusion of the meeting, if necessary. Comments are limited to 3 minutes each, and the Authority President may limit this time if reasonable under the circumstances.)
5. CONSENT CALENDAR (Includes Minutes. Items on the Consent Calendar are generally routine in nature and may be acted upon by one motion unless removed for separate consideration.)
 - a. Committee Minutes
(For Note and File)
 - 1) Operations and Development Committee
 - (i) January 17, 2023 ***[See page 1]***
 - 2) Finance and Administration Committee
 - (i) January 17, 2023 ***[See page 3]***
 - 3) Legal, Government and Environmental Affairs Committee
 - (i) December 19, 2022 ***[See page 5]***
 - b. Commission Minutes
(For Approval)
 - 1) February 6, 2023 ***[See page 7]***
 - c. Fleet Maintenance Services Agreement Extension
Keolis Transit Services, LLC ***[See page 12]***
 - d. Award of Multi-Year Purchase Order
Magnetic Ticket and Label Corporation ***[See page 13]***
 - e. Month-to-Month Space Lease
Certified Aviation Services, LLC ***[See page 16]***
6. ITEMS FOR COMMISSION DISCUSSION
 - a. Design Process Update

7. ITEMS FOR COMMISSION INFORMATION

- a. Presentation of Fiscal Year 2022 Financial Statements and Summary of Audit Results **[See page 18]**
- b. Financial Performance Update
Six Months of FY 2023
- c. December 2022 Passenger and Air Cargo Statistics **[See page 25]**
- d. December 2022 Ground Transportation Statistics
- e. December 2022 Parking Revenue Statistics
- f. Information Item - Electric Vertical Take-Off and Landing Aircraft **[See page 31]**

8. CLOSED SESSION

- a. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(California Government Code Section 54956.9(d)(1))

Name of Case: City of Los Angeles v. FAA et al. (Case No. 21-71170)

- b. CONFERENCE WITH LABOR NEGOTIATOR
(California Government Code Section 54957.6)
Authority Representatives: Frank R. Miller, Executive Director
Unrepresented Employee: Director of Public Safety/Chief of Police

9. ITEMS PULLED FROM CONSENT CALENDAR

10. EXECUTIVE DIRECTOR COMMENTS

11. COMMISSIONER COMMENTS
(Commissioners may make a brief announcement, make a brief report on their activities, and request an agenda item for a future meeting.)

12. PUBLIC COMMENT

13. ADJOURNMENT

COMMISSION NEWSLETTER

Tuesday, February 21, 2023

[Regarding agenda items]

5. CONSENT CALENDAR

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

- a. COMMITTEE MINUTES. Approved minutes of the Operations and Development Committee special meeting of January 17, 2023; approved minutes of the Finance and Administration Committee special meeting of January 17, 2023; and approved minutes of the Legal, Government and Environmental Affairs Committee meeting of December 19, 2022, are included in the agenda packet for information purposes.
- b. COMMISSION MINUTES. A draft copy of the February 6, 2023, Commission meeting minutes is attached for the Commission's review and approval.
- c. FLEET MAINTENANCE SERVICES AGREEMENT EXTENSION - KEOLIS TRANSIT SERVICES, LLC. A staff report is included in the agenda packet. At its meeting held on February 6, 2023, the Operations and Development Committee voted unanimously (3-0) to recommend that the Commission authorize a second one-year extension of the Fleet Maintenance Services Agreement with Keolis Transit Services, LLC.
- d. AWARD OF MULTI-YEAR PURCHASE ORDER – MAGNETIC TICKET AND LABEL CORPORATION. A staff report is included in the agenda packet. At its meeting held on February 6, 2023, the Operations and Development Committee voted unanimously (3-0) to recommend that the Commission approve a multi-year Purchase Order with Magnetic Ticket & Label Corporation for the provision of all paper stock utilized by the SITA Common Use Passenger Processing System and Common Use Self-Service equipment. This paper is a thermal type of stock used for boarding passes, kiosk documents, and baggage tags. The term of the proposed Purchase Order is from April 1, 2023, through March 31, 2026, with two one-year extension options. The cost of these supplies are fully reimbursable by the Airlines serving the Airport. The annual cost of these supplies can vary as the paper stock utilization is affected by passenger use and level of enplanements, but historical annual cost is approximately \$110,000.
- e. MONTH-TO-MONTH SPACE LEASE – CERTIFIED AVIATION SERVICES, LLC. A staff report is included in the agenda packet. At its meeting held on February 6, 2023, the Finance and Administration Committee voted unanimously (3-0) to recommend that the Commission approve a proposed Month-To-Month Space Lease with Certified Aviation Services, LLC for the purpose of providing support space for aircraft and ground equipment maintenance services, commonly referred to as "aircraft line maintenance".

6. ITEMS FOR COMMISSION DISCUSSION

- a. DESIGN PROCESS UPDATE. No staff report attached. Mr. Brent Kelly of Corgan and Mr. Roger Johnson of Jacobs Project Management Co., will review with the Commission the participation and feedback that are being incorporated into the Replacement Passenger Terminal project design process.

7. ITEMS FOR COMMISSION INFORMATION

- a. PRESENTATION OF FISCAL YEAR 2022 FINANCIAL STATEMENTS AND SUMMARY OF AUDIT RESULTS. A staff report is included in the agenda packet. The Authority's independent auditor, Macias Gini & O'Connell LLP has completed its audit of the Burbank-Glendale-Pasadena Airport Authority fiscal year 2022 financial statements. Enclosed with this staff report is a copy of the audited Basic Financial Statements for the fiscal years ended June 30, 2022 ("FY 2022") and 2021 ("FY 2021"). Also enclosed are copies of the audited Single Audit Reports (audit of federal grant programs), Passenger Facility Charge Compliance Report, Customer Facility Charge Compliance Report, Independent Auditor's Report on Compliance with Section 6.05 of the Bond Indenture, and the Auditor's Required Communications to the Authority Regarding the FY 2022 Audits. At its meeting on February 6, 2023, the Finance and Administration Committee voted unanimously (3-0) to that the Commission note and file these audit reports.
- b. FINANCIAL PERFORMANCE UPDATE – FIRST SIX MONTHS OF FY 2023. No staff report attached. Staff will update the Commission with information regarding the financial results for the first six months of FY 2023.
- c. DECEMBER 2022 PASSENGER AND AIR CARGO STATISTICS. No staff report attached. The December 2022 passenger count of 440,542 was down 21% compared to December of 2019's 554,520 passengers. Also compared to December of 2019, air carrier aircraft operations in December 2022 were down 14%, while cargo volume was down 16%, at 7.9 million pounds.
- d. DECEMBER 2022 GROUND TRANSPORTATION STATISTICS. No staff report attached. Staff will update the Commission on Ground Transportation activities for the month of December 2022.
- e. DECEMBER 2022 PARKING REVENUE STATISTICS. No staff report attached. Staff will present parking revenue data for the month of December 2022.
- f. INFORMATION ITEM - ELECTRIC VERTICAL TAKE-OFF AND LANDING AIRCRAFT. A staff report is included in the agenda packet. At the Legal, Government and Environmental Affairs Committee meeting of February 6, 2023, Commissioner Dyson requested the attached report on Electric Vertical Take-off and Landing ("eVTOL") aircraft be provided to the Commission. In summary, the report discusses the progress in a new category of aircraft and a potential disruption of the current air and ground transportation model that has generated significant interest from private industry and launched a form of air transportation commonly termed Urban Air Mobility ("UAM"). The various types of aircraft involved are referred to as eVTOL. These new designs have the potential to enhance mobility throughout

metropolitan areas but may result in unanticipated demand effects for airports and communities.

Approved February 6, 2023

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

TUESDAY, JANUARY 17, 2023

A special meeting of the Operations and Development Committee was called to order this date in the Airport Skyroom, 2627 N. Hollywood Way, Burbank, California, at 8:32 a.m., by Commissioner Devine.

1. ROLL CALL

Present:

Commissioners Devine, Gabel-Luddy, and Hampton (arrived at 8:36 a.m.)

Absent:

NONE

Also Present:

Staff: Frank Miller, Executive Director; John Hatanaka, Senior Deputy Executive Director; Scott Kimball, Deputy Executive Director, Business and Properties, SMS, Procurement and Operations; Kate Sepulveda, Manager, Engineering and Construction

2. Approval of Agenda

Agenda was approved as presented.

3. Public Comment

There were no public comments.

4. Approval of Minutes

a. November 21, 2022

A draft copy of the November 21, 2022, minutes was included in the agenda packet for review and approval.

Motion

Commissioner Hampton moved approval of the minutes; seconded by Commissioner Gabel-Luddy.

Motion Approved

The minutes were approved as presented (2–0, 1 abstention).

5. Items for Approval

a. Award of Professional Services Agreement - Runway Shoulders and Blast Pad Rehabilitation Design (E22-11) and Approval of CEQA Exemption Finding

Staff sought a Committee recommendation to the Commission that it:

- Concur with a California Environmental Quality Act exemption finding;
- Award a Professional Services Agreement for design and engineering services in the amount of \$263,772 to RDM, International, Inc. ("RDM");

- Approve a project budget for design management services for a not-to-exceed amount of \$20,000; and
- Approve a design contingency of \$10,000 to address changes in scope of design and engineering services resulting from information developed as part of the initial design development.

The Pavement Condition Index ("PCI") values indicated the condition of 17 pavement sections to be "fair" or worse and it is determined that regular maintenance and spot repairs are no longer capable of maintaining the pavement in an acceptable condition. RDM's design process will identify the most suitable and cost-effective rehabilitation approach for each of the areas within the project scope.

Motion

Commissioner Gabel-Luddy moved approval; seconded by Commissioner Hampton.

Motion Approved

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

b. Transportation Network Company Staging Lot Agreement

Staff sought a Committee recommendation to the Commission for approval of the proposed Transportation Network Company Staging Lot Agreement, with the Transportation Network Companies ("TNCs") serving the Airport. This Agreement allows TNCs that have executed an Airport Access and Facilities Use Agreement with the Authority to park at a designated geo- fenced staging lot located in the northeast quadrant of the Airport on Cohasset Street in Burbank.

Motion

Commissioner Gabel-Luddy moved approval; seconded by Commissioner Hampton.

Motion Approved

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

6. Items for Information

a. Committee Pending Items

Staff updated the Committee on future pending items.

7. Adjournment

There being no further business to discuss, the meeting was adjourned at 8:50 a.m.

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

TUESDAY, JANUARY 17, 2023

A special meeting of the Finance and Administration Committee was called to order this date in the Airport Skyroom, 2627 N. Hollywood Way, Burbank, California, at 12:21 p.m., by Commissioner Ovrom.

1. ROLL CALL

Present: Commissioners Ovrom, Wilson and Quintero

Absent: NONE

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

Also present:
Geoff Wheeler, Ricondo & Associates
Louis Choi, Public Resources Advisory Group

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

Agenda was approved as presented.

4. Public Comment

There were no public comments.

5. Approval of Minutes

a. December 19, 2022

A draft copy of the December 19, 2022, minutes were included in the agenda packet for review and approval.

Motion

Commissioner Quintero moved approval of the minutes; seconded by Commissioner Wilson.

Motion Approved

The minutes were approved as presented (3–0).

6. Treasurer's Reports

a. October 2022

A copy of the October 2022 Treasurer's Report was included in the agenda packet for the Committee's review.

- b. November 2022**
- A copy of the November 2022 Treasurer's Report was included in the agenda packet for the Committee's review.
- Motion**
- Commissioner Wilson moved approval to recommend that the Commission note and file the October 2022 and November 2022 Treasurer's Reports; seconded by Commissioner Quintero.
- Motion Approved**
- The motion was approved (3–0) to note and file the reports.
- 7. Items for Discussion**
- a. Proposed Resolution No. 497 Adopting the 2023 Authority Investment Policy**
- Staff sought Committee recommendation to the Commission to adopt proposed Resolution No. 497 approving the 2023 Authority Investment Policy.
- Motion**
- Commissioner Wilson moved approval; seconded by Commissioner Quintero.
- Motion Approved**
- There being no objection, the motion was approved (3–0).
- 8. Items for Information**
- a. Replacement Passenger Terminal Financing Update**
- Mr. Geoff Wheeler of Ricondo & Associates and Mr. Louis Choi of Public Resources Advisory Group briefed the Committee on the Authority's status of financing activities for the Replacement Passenger Terminal.
- b. 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 12:45 p.m.

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

MONDAY, DECEMBER 19, 2022

A regular meeting of the Legal, Government and Environmental Affairs Committee was called to order on this date in the Burbank Room, 2627 N. Hollywood Way, Burbank, California, at 12:40 p.m., by Commissioner Williams.

1. ROLL CALL

Present:	Commissioners Williams (via teleconference), Dyson and Najarian
Absent:	None
Also Present:	Staff: Frank Miller, Executive Director; Patrick Lammerding, Deputy Executive Director, Planning and Development; Maggie Martinez, Director, Noise and Environmental Affairs Authority Counsel: Terence R. Boga of Richards, Watson & Gershon

2. Staff Announcement: AB 23

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

3. Approval of Agenda

Commissioner Najarian moved approval of the agenda, seconded by Commissioner Dyson. There being no objection, a voice vote was taken to accommodate the Commissioner participating via teleconference. The motion was approved (3-0).

4. Public Comment

There were no public comments.

5. Approval of Minutes

a. November 21, 2022

A draft copy of the November 21, 2022, minutes was included in the agenda packet for review and approval.

Motion

Commissioner Najarian moved approval of the minutes of the November 21, 2022 meeting, seconded by Commissioner Dyson.

Motion Approved

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

6. Items for Discussion

a. Carbon Offset Program John Wayne Airport

Staff provided information regarding a carbon offset program offered by Fixed Based Operator (“FBO”) Clay Lacy Aviation at John Wayne Airport. Additionally, Staff included information of the ongoing sustainability programs currently being undertaken by FBOs that operate at Hollywood Burbank Airport.

7. Items for Information

a. Committee Pending Items

The Committee had no questions or comments regarding this item.

8. Adjournment

There being no further business, the meeting adjourned at 12:52 p.m.

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

MONDAY, FEBRUARY 6, 2023

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 9:01 a.m., by President Gabel-Luddy.

1. ROLL CALL

Present: Commissioners Gabel-Luddy, Devine, Williams (arrived 9:10 a.m.), Hampton, Ovrom, Dyson, Wilson, Quintero

Absent: Commissioner Najarian

Also Present: Staff: Frank Miller, Executive Director;
John Hatanaka, Senior Deputy Executive Director

Also Present:
Terence Boga, Esq., Authority General Counsel,
Richards Watson Gershon

Roger Johnson, Senior Program Manager, Jacobs
Program Management Co.

2. PLEDGE OF ALLEGIANCE

Commissioner Dyson led the Pledge of Allegiance.

3. APPROVAL OF AGENDA

The agenda was approved as presented.

MOTION

Commissioner Wilson moved approval of agenda;
seconded by Commissioner Hampton.

MOTION APPROVED

There being no objection, the motion was approved
(7-0, 2 absent).

AYES: Commissioners Gabel-Luddy, Devine,
Hampton, Ovrom, Dyson, Wilson, Quintero

NOES: NONE

ABSENT: Commissioners Najarian and Williams

4. PUBLIC COMMENT (*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.*)

Justin, Resident of Studio City.

5. CONSENT CALENDAR *(Includes Minutes. Items on the Consent Calendar are generally routine in nature and may be acted upon by one motion unless removed for separate consideration.)*

a. Committee Minutes (For Note and File)

1) Executive Committee

- | | |
|------------------------------|--|
| (i) January 4, 2023 | Approved minutes of the January 4, 2023, Executive Committee meeting were included in the agenda packet for information purposes. |
| (ii) January 25, 2023 | Approved minutes of the January 25, 2023, Executive Committee meeting were included in the agenda packet for information purposes. |

2) Operations and Development Committee

- | | |
|------------------------------|--|
| (i) November 21, 2022 | Approved minutes of the November 21, 2022, Operations and Development Committee meeting were included in the agenda packet for information purposes. |
|------------------------------|--|

3) Finance and Administration Committee

- | | |
|------------------------------|--|
| (i) December 19, 2022 | Approved minutes of the December 19, 2022, Finance and Administration Committee meeting were included in the agenda packet for information purposes. |
|------------------------------|--|

b. Commission Minutes (For Approval)

- | | |
|----------------------------|---|
| 1) January 17, 2023 | A copy of the draft minutes of the January 17, 2023, Commission meeting were included in the agenda packet for review and approval. |
|----------------------------|---|

c. Treasurer's Reports

- | | |
|-------------------------|---|
| 1) October 2022 | At its special meeting on January 17, 2023, the Finance and Administration Committee reviewed the October 2022 and November 2022 Treasurer's Reports and voted unanimously (3–0) to accept the reports and recommend to the Commission for note and file. |
| 2) November 2022 | |

d. Proposed Resolution No. 497 Adopting the 2023 Authority Investment Policy

At its special meeting on January 17, 2023, the Finance and Administration Committee voted unanimously (3–0) to recommend that the Commission adopt proposed Resolution No. 497 adopting the 2023 Authority Investment Policy.

e. Award of Professional Services Agreement - Runway Shoulders and Blast Pad Rehabilitation Design (E22-11) and Approval of CEQA Exemption Finding

At its special meeting held on January 17, 2023, the Operations and Development Committee voted unanimously (3–0) to recommend that the Commission: (i) concur with a California Environmental Quality Act exemption finding; (ii) award a Professional Services Agreement for design and engineering services in the amount of \$263,772 to RDM, International, Inc.; (iii) approve a project budget for design management services for a not-to-exceed amount of \$20,000; and (iv) approve a design contingency of \$10,000 to address changes in scope of design and engineering services resulting from information developed as part of the initial design development.

f. Transportation Network Company Staging Lot Agreement

At its special meeting held on January 17, 2023, the Operations and Development Committee voted unanimously (3–0) to recommend that the Commission approve the proposed Transportation Network Company Staging Lot Agreement with the Transportation Network Companies (“TNCs”) serving the Airport. For those TNCs which have executed an Airport Access and Facilities Use Agreement with the Authority, this Agreement will enable them to park at a designated geo-fenced staging lot located in the northeast quadrant of the Airport on Cohasset Street in the City of Burbank.

MOTION

Commissioner Dyson moved approval of the Consent Calendar; seconded by Commissioner Najarian.

MOTION APPROVED

There being no objection, the motion was approved (8–0, 1 absent).

AYES: Commissioners Gabel-Luddy, Devine, Williams, Hampton, Ovrom, Dyson, Wilson, Quintero

NOES: NONE

ABSENT: Commissioner Najarian

6. ITEMS FOR COMMISSION APPROVAL

a. Proposed Resolution No. 498 Replacement Passenger Terminal Design-Build Agreement Executive Summary

Staff presented to the Commission for adoption a proposed Resolution 498 to approve an executive summary for the Replacement Passenger Terminal Project design-build agreement award to Holder Pankow, TEC – A Joint Venture (“HPTJV”). The resolution reaffirms the Commission’s support for the project and its selection of HPTJV as the design-builder.

MOTION

Commissioner Ovrom moved approval of the motion; seconded by Commissioner Wilson.

MOTION APPROVED

There being no objection, the motion was approved (8–0, 1 absent).

AYES: Commissioners Gabel-Luddy, Devine, Williams, Hampton, Ovrom, Dyson, Wilson, Quintero

NOES: NONE

ABSENT: Commissioner Najarian

b. Proposed Resolution No. 499 Resolution Approving a Project Charter, Designating Change Order Approval Responsibilities, and Establishing a Conceptual Design Selection Voting Procedure for the Replacement Passenger Terminal Project

Staff presented to the Commission proposed Resolution No. 499 Approving a Project Charter, Designating Change Order Approval Responsibilities, and Establishing a Conceptual Design Selection Voting Procedure for the Replacement Passenger Terminal Project (“RPT”).

Resolution No. 499 commemorates the Commission’s desire to promote the successful completion of the RPT Project.

MOTION

Commissioner Wilson moved approval of this item; seconded by Commission Hampton.

MOTION APPROVED

There being no objection, the motion was approved (8–0, 1 absent).

AYES: Commissioners Gabel-Luddy, Devine, Williams, Hampton, Ovrom, Dyson, Wilson, Quintero

NOES: NONE

ABSENT: Commissioner Najarian

c. Amendment No. 1 to Design-Build Agreement for Replacement Passenger Terminal Project

Staff presented to the Commission for approval an Amendment No. 1 to Design-Build Agreement for the Replacement Passenger Terminal Project.

This Amendment memorializes the threshold at which change orders must be approved by the Commission and clarifies the contract document list.

MOTION

Commissioner Williams moved approval of this item; seconded by Commissioner Dyson.

MOTION APPROVED

There being no objection, the motion was approved (7–0, 2 absent).

AYES: Commissioners Gabel-Luddy, Devine, Williams, Hampton, Ovrom, Dyson, Wilson

NOES: NONE

ABSENT: Commissioner Najarian and Quintero

7. CLOSED SESSION

The meeting convened to Closed Session at 11:10 a.m.

**a. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(California Government Code Section 54956.9(d)(1))**

Name of Case: City of Los Angeles v. FAA et al. (Case No. 21-71170)

**Meeting Reconvened to
Open Session**

The meeting was reconvened to open session at 11:15 a.m. with (8) Commissioners present.

Closed Session Report

There was nothing to report from Closed Session.

8. ITEMS PULLED FROM CONSENT CALENDAR

No items were pulled from the Consent Calendar.

9. EXECUTIVE DIRECTOR COMMENTS

The Executive Director briefed the Commission on an incident involving Human Trafficking at the Airport in which Airport staff played an integral part in successfully assisting a passenger to safety. Commissioner Gabel-Luddy applauded their efforts and invited staff to attend the next meeting of the Burbank chapter of ZONTA, an organization dedicated to empowering women through service and advocacy, of which she is a member.

10. COMMISSIONER COMMENTS

(Commissioners may make a brief announcement, make a brief report on their activities, and request an agenda item for a future meeting)

The Commission had no further comments.

11. PUBLIC COMMENT

There were no additional public comments.

12. ADJOURNMENT

The meeting was adjourned at 11:31 a.m.

Emily Gabel-Luddy, President

Ara Najarian, Secretary

Date

Date

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FEBRUARY 21, 2023**

**FLEET MAINTENANCE SERVICES AGREEMENT EXTENSION
KEOLIS TRANSIT SERVICES, LLC**

Prepared by Patrick Lammerding
Deputy Executive Director, Planning and Development

SUMMARY

At its meeting held on February 6, 2023, the Operations and Development Committee (“Committee”) voted unanimously (3–0) to recommend that the Commission authorize a second one-year extension of the Fleet Maintenance Services Agreement (“Agreement”) with Keolis Transit Services, LLC (“Keolis”).

BACKGROUND

In 2016, the Authority entered into a contract for fleet vehicle and equipment maintenance with Keolis for a three-year base period with two one-year extension options. Upon completion of the base term and being satisfied with the performance level of Keolis, the Authority exercised both extension options. In February of 2021, the Authority negotiated a new contract with Keolis. The Agreement has a one-year base term and allows the parties, by consensus, to twice extend the term for one year at a time. The one-year base term ended March 31, 2022. The first one-year extension was exercised April 1, 2022 and ends March 31, 2023.

Keolis remains in good standing with its obligations to the Authority and has maintained a satisfactory level of service for the past seven years. Staff has determined that maintaining continuity with the current fleet vehicle maintenance service provider represents a good value and is in the best interest of the airport.

The current labor rate is \$75.00 per hour during regular hours (non-overtime and non-holiday) for an annual expense of approximately \$150,000. If this second extension is approved, the fixed hourly rate would increase to \$76.50, adjusting the annual labor cost to approximately \$153,000. Parts and materials ordered through Keolis are charged separately and will be subject to an 18% markup. In FY 2022 the cost of parts & materials (without markup) was approximately \$90,000.

BUDGET

Appropriations for vehicle maintenance services are included in the adopted FY 2023 budget. Appropriations for these services in the upcoming years will be included in future budget requests.

RECOMMENDATION

At its meeting held on February 6, 2023, the Committee voted unanimously (3–0) to recommend that the Commission approve a second one-year extension with Keolis to extend the agreement to March 31, 2024 and authorize staff to issue the notice of extension to Keolis and execute the necessary Change Order.

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FEBRUARY 21, 2023**

**AWARD OF MULTI-YEAR PURCHASE ORDER
MAGNETIC TICKET AND LABEL CORPORATION**

Prepared by Thomas Henderson
Director, Operations

SUMMARY

At its meeting held on February 6, 2023, the Operations and Development Committee (“Committee”) voted unanimously (3-0) to recommend that the Commission approve a multi-year Purchase Order with Magnetic Ticket & Label Corporation (“MT&L”) for the provision of all paper stock utilized by the SITA Common Use Passenger Processing System (“CUPPS”) and Common Use Self-Service (“CUSS”) equipment. This paper is a thermal type of stock used for boarding passes, kiosk documents, and baggage tags. The term of the proposed Purchase Order is from April 1, 2023, through March 31, 2026, with two one-year extension options. The cost of these supplies are fully reimbursable by the Airlines serving the Airport. The annual cost of these supplies can vary as the paper stock utilization is affected by passenger use and level of enplanements, but historical annual cost is approximately \$110,000.

BACKGROUND

In 2012, after selection of SITA for the CUPPS and CUSS equipment, a solicitation for competitive bids was conducted for a paper stock vendor to provide the compatible stock for use in the new equipment. The solicitation required a vendor to provide ticketing and baggage tag stock that can be used in all relevant components of the CUPPS and CUSS equipment, including passenger check-in systems at all gates and ticket counter positions, and at self-service units.

MT&L was selected as the most responsive, responsible supplier for the required paper stock with the lowest price. The CUPPS was completed and certified for use on March 31, 2014. After nearly a decade of system operation, MT&L ticketing stock has performed efficiently and its paper stock continues to be compatible with all components of the common use system. Staff has tried products from other vendors and the experience has been a less efficient performance due to printing jams and other malfunctions caused by the paper stock.

Additionally, as approved by the Commission and the Airlines in October 2021 and amended in July 2022, SITA is currently installing a CUPPS refresh project to replace essential software, hardware, and network infrastructure. The refresh project is necessary to ensure the continued performance of the CUPPS and CUSS equipment to the opening of the Replacement Passenger Terminal. SITA expects to complete the refresh project in March 2023. There are challenges with the supply chain of thermal paper used to create boarding passes and baggage tags. Through these challenges, MT&L has been a responsive supplier, and its stock quality has been consistent, which is essential for the efficient operation of the CUPPS and the CUSS equipment.

The proposed pricing is listed below:

Item	Quantity	Price per UoM
Blank Boarding Pass	1,000,000	\$23.77 / 1,000 units
Kiosk Boarding Pass Rolls	200 rolls	\$24.64 / roll
Bag Tags	1000 cartons (700 per carton)	\$46.19 / carton
Bag Tags – Self Check	900 cartons (700 per carton)	\$47.07 / carton

- All paper stock is ordered from MT&L on an as needed basis. MT&L will produce the quantities as listed above and will work with staff to ensure inventories are replenished in a timely manner.

The estimated annual cost of ticketing and baggage tag paper stock is \$110,000. As stated in the proposal prices will be evaluated twice annually due to potential price changes in the thermal paper market.

FUNDING

The proposed agreement with MT&L will have no impact on the Authority's FY 2023 budget as the cost of the paper stock is fully reimbursed by the Airlines serving the Airport.

RECOMMENDATION

At its meeting held on February 6, 2023, the Committee voted unanimously to recommend that the Commission approve a multi-year Purchase Order with MT&L for the paper stock supplies to support the CUPPS and the CUSS equipment.



January 25, 2023

**BOB HOPE AIRPORT
3 YEAR PROPOSAL STARTING APRIL 1, 2023
(Option to extend for 2 (1) year terms)**

<u>Item</u>	<u>Quantity</u>	<u>Price per UoM</u>
Blank Boarding Pass	1,000,000	\$23.77/m
Kiosk Rolls	200 rolls	\$24.65/carton
Bag Tags	1000 Cartons (700 per carton)	\$46.19/carton
Bag Tags – Self Check	900 Cartons (700 per carton)	\$47.07/carton

Terms: Net 30

Burbank-Glendale-Pasadena Airport Authority will be responsible for freight.

Prices include warehousing.

MT&L agrees to ship product on an as needed basis per instructions from customer.

MT&L will agree to produce the quantities above and notify customer when inventories need replenished. Reporting options are also available.

Prices will be evaluated every six months due to the instability in the thermal paper market. Price increases will be determined by material increases received by MT&L.

A handwritten signature in black ink that reads 'Rachael King'.

Rachael King
Client Care Director

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FEBRUARY 21, 2023**

**MONTH-TO-MONTH SPACE LEASE
CERTIFIED AVIATION SERVICES, LLC**

Prepared by Scott Kimball
Deputy Executive Director, Operations, Business, & SMS

SUMMARY

At its meeting held on February 6, 2023, the Finance and Administration Committee (“Committee”) voted unanimously (3–0) to recommend that the Commission approve a proposed Month-To-Month Space Lease (“Lease”) with Certified Aviation Services, LLC (“CAS”) for the purpose of providing support space for aircraft and ground equipment maintenance services, commonly referred to as “aircraft line maintenance”.

BACKGROUND

Currently, Airline Tech Reps, LLC dba STS Line Maintenance (“STS”), is the provider of aircraft line maintenance to the airlines serving the Airport. STS has been a month-to-month tenant at the Airport since 2017 and leases 1,500 square feet of space at the Air Cargo Building located on the southwest quadrant of the Airport. STS contracts directly with the Airlines, under separate agreements, for the performance of aircraft line maintenance services.

STS notified staff that it is terminating its line of business at the Airport and its Lease. STS has worked with CAS on the transfer of the aircraft line maintenance operations. CAS has notified staff that it is entering into separate agreements with the airlines operating at the Airport.

CAS, a Delaware corporation headquartered in Ontario, California, is an independent provider of maintenance, repair and operations services for fleet operators, lessors, and adjusters globally. CAS has over 30 years of service and is backed by more than 500 world class aircraft and power mechanics. CAS currently operates at 15 airports including San Francisco International, Los Angeles International, JFK International, Bergstrom Austin International and Seattle-Tacoma International airports.

The proposed Lease with CAS is for the same space occupied by STS and for the same purposes of providing support space for aircraft line maintenance services. Subject to Commission approval, the proposed Lease would become effective on February 21, 2023.

DETAILS

The key components of the proposed Lease are as follows:

Locations: Air Cargo Building

Use:	Support space for aircraft line maintenance operation
Term:	Month-To-Month
Termination:	Thirty (30) days prior written notice by either party
Rent:	\$1,200 per month or \$14,400 per year
Adjustment:	Greater of three percent (3%) per year or 120% of CPI, not to exceed 6% annually
Others:	Tenant responsible for expenses related to occupancy including maintenance, utilities and applicable taxes

RECOMMENDATION

At its meeting held on February 6, 2023, the Committee voted unanimously (3–0) to recommend that the Commission approve the proposed Lease with CAS and authorization for the President to execute same.

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FEBRUARY 21, 2023**

**PRESENTATION OF FISCAL YEAR 2022 FINANCIAL STATEMENTS AND
SUMMARY OF AUDIT RESULTS**

Presented by David Kwon
Director, Financial Services

SUMMARY

The Authority's independent auditor, Macias Gini & O'Connell LLP ("MGO") has completed its audit of the Burbank-Glendale-Pasadena Airport Authority ("Authority") fiscal year 2022 financial statements. Enclosed with this staff report is a copy of the audited Basic Financial Statements for the fiscal years ended June 30, 2022 ("FY 2022") and 2021 ("FY 2021"). Also enclosed are copies of the audited Single Audit Reports (audit of federal grant programs), Passenger Facility Charge Compliance Report, Customer Facility Charge Compliance Report, Independent Auditor's Report on Compliance with Aspects of Contractual Agreements (bond compliance), and the Auditor's Required Communications to the Authority Regarding the FY 2022 Audits.

The results are summarized below.

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

MGO will present the results of its audits. Also included in the accompanying sections of this staff report is a summary of the audit results for FY 2022. At the February 6, 2023, meeting of the Finance and Administration Committee ("Committee"), the Committee voted unanimously (3-0) to recommend that the Commission note and file these reports.

BASIC FINANCIAL STATEMENTS

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

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

The BFS report is composed of three parts:

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

The Independent Auditor’s Report reflects an unmodified opinion, indicating that the BFS present fairly, in all material respects, the financial position of the Authority at June 30, 2022 and 2021, and the change in financial position and cash flows for the years then ended, are in conformity with GAAP. The audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

A summary of the Statements of Net Position at June 30, 2022 and 2021 is as follows:

Summary Statements of Net Position				
Years Ended June 30, 2022 and 2021				
	2022	2021*	Change	
			\$	%
Assets:				
Current unrestricted assets	\$ 47,183,502	\$ 51,842,292	\$ (4,658,790)	-8.99%
Noncurrent unrestricted assets	10,244,382	5,710,548	4,533,834	79.39%
Restricted assets	97,832,280	90,412,599	7,419,681	8.21%
Facility Development Reserve	200,132,453	180,132,453	20,000,000	11.10%
Bond debt service reserve surety, net	9,455	14,183	(4,728)	-33.34%
Capital assets, net	304,807,471	312,584,227	(7,776,756)	-2.49%
Total assets	660,209,543	640,696,302	19,513,241	3.05%
Liabilities:				
Current liabilities and liabilities payable from restricted assets	19,775,763	19,363,459	412,304	2.13%
Noncurrent liabilities	78,436,675	84,723,912	(6,287,237)	-7.42%
Total liabilities	98,212,438	104,087,371	(5,874,933)	-5.64%
Deferred inflows of resources:				
Deferred inflows - leases	14,310,232	7,632,990	6,677,242	87.48%
Deferred amount on refunding of 2005 Bonds	204,018	306,027	(102,009)	-33.33%
Total deferred inflows	14,514,250	7,939,017	6,575,233	82.82%
Net position:				
Net investment in capital assets	226,527,174	228,168,126	(1,640,952)	-0.72%
Restricted	89,368,657	81,824,609	7,544,048	9.22%
Unrestricted	231,587,024	218,677,179	12,909,845	5.90%
Total net position	\$ 547,482,855	\$ 528,669,914	\$ 18,812,941	3.56%

Note * - FY 2021 balances were restated to reflect the implementation of GASB 87, *Leases*, effective July 1, 2020.

A summary of the Statements of Revenue, Expenses and Changes in Net Position for the years ended June 30, 2022 and 2021 is as follows:

Summary Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2022 and 2021

	2022	2021*	Change	
			\$	%
Operating revenues	\$ 64,712,780	\$ 34,415,327	\$ 30,297,453	88.03%
Operating expenses before depreciation	49,214,407	40,903,322	8,311,085	20.32%
Operating income before depreciation	15,498,373	(6,487,995)	21,986,368	338.88%
Depreciation	16,391,543	17,126,358	(734,815)	-4.29%
Operating loss	(893,170)	(23,614,353)	22,721,183	-96.22%
Nonoperating revenues, net	12,472,558	12,503,857	(31,299)	-0.25%
Income before capital contributions	11,579,388	(11,110,496)	22,689,884	204.22%
Capital contributions	7,233,553	12,730,126	(5,496,573)	-43.18%
Changes in net position	18,812,941	1,619,630	17,193,311	1061.56%
Net position, beginning of year	528,669,914	527,050,284	1,619,630	0.31%
Net position, end of year	<u>\$ 547,482,855</u>	<u>\$ 528,669,914</u>	<u>\$ 18,812,941</u>	3.56%

Note * - FY 2021 balances were restated to reflect the implementation of GASB 87, *Leases*, effective July 1, 2020.

SINGLE AUDIT REPORTS

The Single Audit Reports present the activity of federal award programs of the Authority for the year ended June 30, 2022. The Single Audit Reports include:

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

PASSENGER FACILITY CHARGE COMPLIANCE REPORT

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

The PFC compliance report includes the following:

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

No findings or questioned costs were noted.

CUSTOMER FACILITY CHARGE COMPLIANCE REPORT

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

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

The CFC compliance report includes the following:

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

No findings or questioned costs were noted.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ASPECTS OF CONTRACTUAL AGREEMENTS (BOND INDENTURE COMPLIANCE)

Based on audit procedures performed, MGO identified no instances of noncompliance with the terms, covenants, provisions or conditions with Section 6.05 (Rates and Charges) to Article VI of the Indenture dated May 1, 2005 with Bank of New York Mellon Trust Company, as amended (Bond Indenture), insofar as they relate to accounting matters. The report also contains a calculation of the rates and charges ratio and the debt service ratio for the year ended June 30, 2022, as follows:

Rates and Charges Ratio	
Pledged revenues ¹	\$ 72,817,851
Less operating expenses	49,214,407
Net revenues	\$ 23,603,444
Transfers to Surplus Fund	2,599,114
Net revenues plus transfers to Surplus Fund	\$ 26,202,558
Deposits and charges:	
Accrued debt service - 2012 Airport Revenue Bonds	\$ 5,834,956
Deposit of Customer Facility Charge revenue to Debt Service Fund	(4,581,381)
Accrued debt service - 2015 Airport Revenue Bonds	4,561,500
Total deposits and charges	\$ 5,815,075
Deposits and charges coverage ratio	4.51
Required deposits and charges coverage ratio	1.00
Debt Service Coverage Ratio	
Net revenues plus transfers to Surplus Fund	\$ 26,202,558
Net accrued debt service	\$ 5,815,075
Debt service coverage ratio	4.51
Required debt service coverage ratio	1.25

(1) Pledged revenues includes \$14,867,479 in CRRSAA and ARPA grant funds expended in FY 2022 for eligible expenditures.

RECOMMENDATION

At the February 6, 2023, meeting of the Committee, the Committee voted unanimously (3-0) to recommend that the Commission note and file the Basic Financial Statements as of and for the fiscal years ended June 30, 2022 and 2021; the Single Audit Reports for the year ended June 30, 2022; the Passenger Facility Charge Compliance Report for the year ended June 30, 2022; the Customer Facility Charge Compliance Report for the year ended June 30, 2022; the Independent Auditor's Report on Compliance with Aspects of Contractual Agreements (Bond Indenture Compliance) for the year ended June 30, 2022; and the Auditor's Required Communications to the Authority regarding the FY 2022 Audits.

Hollywood Burbank Airport

REVENUE PASSENGERS	December			January - December		
Signatory Airlines	2022	2021	% Change	2022	2021	% Change
Alaska Airlines	44,370	39,719	11.71%	490,593	369,009	32.95%
American Airlines	36,434	33,411	9.05%	363,276	333,760	8.84%
Avelo Airlines	28,547	38,291	-25.45%	358,191	275,082	30.21%
Delta Airlines	12,369	14,465	-14.49%	170,984	157,960	8.25%
Flair Airlines	0	971	N/A	18,487	1,204	1435.47%
JetBlue Airways	7,423	12,504	-40.63%	128,744	80,542	59.85%
Southwest Airlines	267,850	297,514	-9.97%	3,929,713	2,311,317	70.02%
Spirit Airlines	14,903	6,361	134.29%	145,133	49,638	192.38%
United Airlines	23,567	12,096	94.83%	217,194	75,831	186.42%
Non-Signatory Airlines						
Frontier Airlines	5,079	15,033	-66.21%	76,421	78,628	-2.81%
Total Revenue Passengers	440,542	470,365	-6.34%	5,898,736	3,732,971	58.02%
Inbound (deplaned)	221,372	237,208	-6.68%	2,957,171	1,871,772	57.99%
Outbound (enplaned)	219,170	233,157	-6.00%	2,941,565	1,861,199	58.05%

AIRCRAFT OPERATIONS	December			January - December		
	2022	2021	% Change	2022	2021	% Change
Landings & Takeoffs						
Air Carrier	4,678	5,045	-7.27%	65,381	42,601	53.47%
Air Taxi	2,209	2,020	9.36%	24,477	20,046	22.10%
General Aviation	1,699	2,136	-20.46%	27,047	28,719	-5.82%
Military Itinerant	29	9	222.22%	447	372	20.16%
Subtotal	8,615	9,210	-6.46%	117,352	91,738	27.92%
Pass Through BUR Airspace						
Civil Local	1,760	1,694	3.90%	25,259	33,691	-25.03%
Military Local	0	0	N/A	0	0	N/A
Subtotal	1,760	1,694	3.90%	25,259	33,691	-25.03%
Total Aircraft Operations	10,375	10,904	-4.85%	142,611	125,429	13.70%

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

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

General Aviation: Civil aviation operations for personal use

Military Itinerant: Military aviation activities

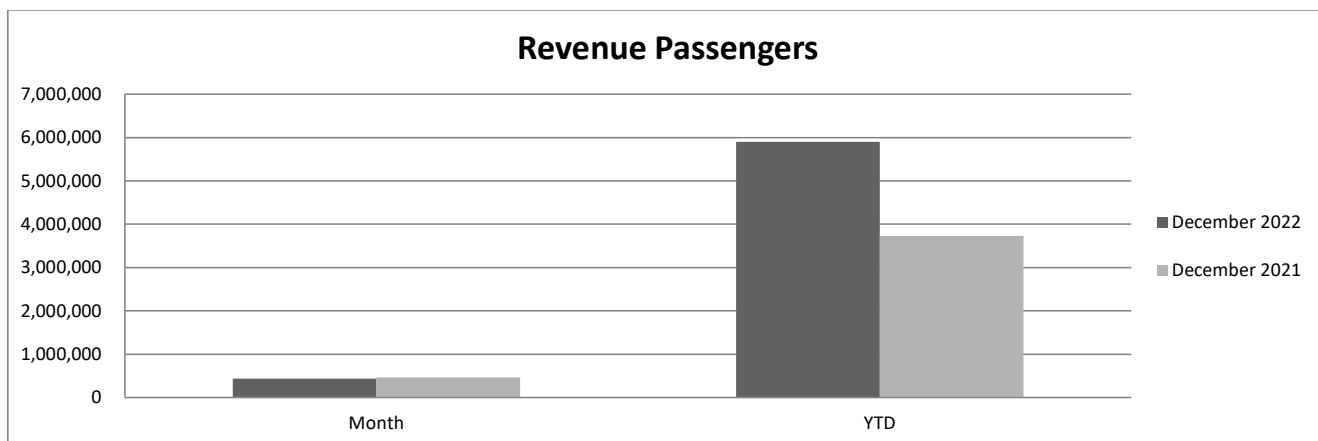
Civil Local: Civil aviation operations that pass through BUR airspace monitored by FAA ATCT at BUR

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

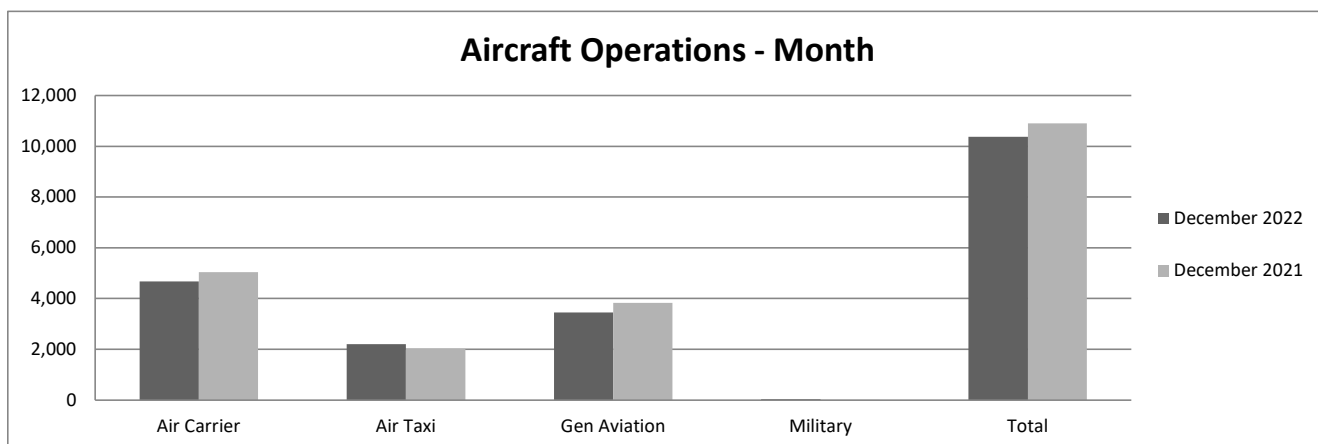
Hollywood Burbank Airport

AIR CARGO (lbs.)	December			January - December		
Signatory Airlines	2022	2021	% Change	2022	2021	% Change
Alaska Airlines	3,560	161	2111.18%	22,798	7,693	196.35%
American Airlines	0	20	-100.00%	876	1,673	-47.64%
Avelo Airlines						
Delta Airlines						
Flair Airlines						
JetBlue Airways						
Southwest Airlines	93,857	315,971	-70.30%	2,187,353	2,697,241	-18.90%
Spirit Airlines						
United Airlines	0	0	N/A	4,581	0	N/A
Non-Signatory Airlines						
Frontier Airlines						
Other Scheduled Carriers						
Federal Express	2,866,178	4,502,956	-36.35%	38,099,798	52,149,016	-26.94%
United Parcel Service	4,777,775	5,175,641	-7.69%	46,754,384	50,587,159	-7.58%
Charter/Contract Carriers						
Ameriflight	199,835	245,019	-18.44%	2,071,279	2,427,117	-14.66%
Total Air Cargo	7,941,205	10,239,768	-22.45%	89,141,069	107,869,899	-17.36%
Inbound (deplaned)	3,983,213	5,145,503	-22.59%	45,032,995	53,199,911	-15.35%
Outbound (enplaned)	3,957,992	5,094,265	-22.30%	44,108,074	54,669,988	-19.32%

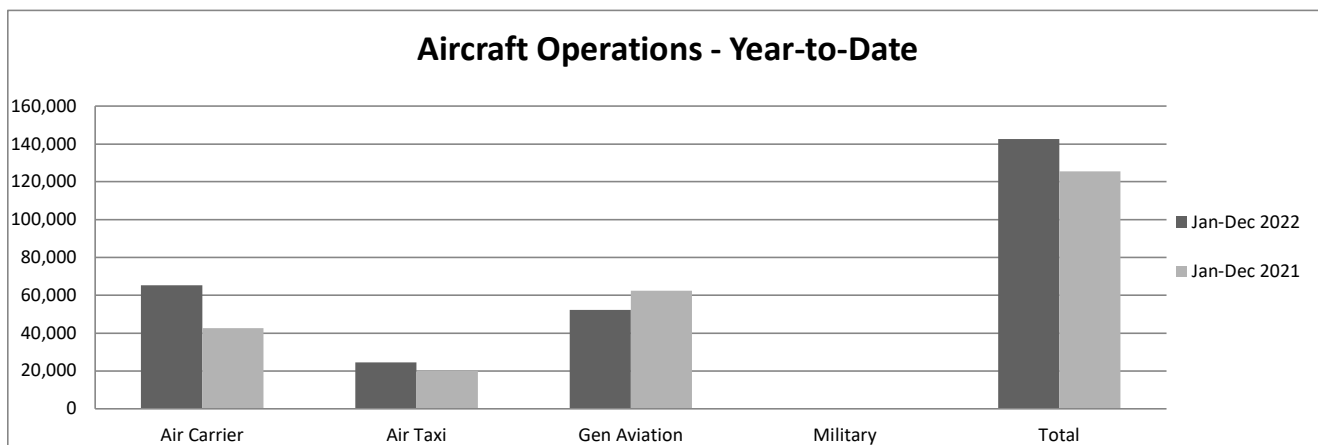
MAIL (lbs.)	December			January - December		
	2022	2021	% Change	2022	2021	% Change
	0	0	N/A	0	0	N/A
Total Mail	0	0	N/A	0	0	N/A
Inbound (deplaned)	0	0	N/A	0	0	N/A
Outbound (enplaned)	0	0	N/A	0	0	N/A



Revenue Passengers	Month	YTD
December 2022:	440,542	5,898,736
December 2021:	470,365	3,732,971
% Change	-6.34%	58.02%



Aircraft Operations - MO	Air Carrier	Air Taxi	Gen Aviation	Military	Total
December 2022:	4,678	2,209	3,459	29	10,375
December 2021:	5,045	2,020	3,830	9	10,904
% Change	-7.27%	9.36%	-9.69%	222.22%	-4.85%



Aircraft Operations - YTD	Air Carrier	Air Taxi	Gen Aviation	Military	Total
Jan-Dec 2022	65,381	24,477	52,306	447	142,611
Jan-Dec 2021	42,601	20,046	62,410	372	125,429
% Change	53.47%	22.10%	-16.19%	20.16%	13.70%

Hollywood Burbank Airport

REVENUE PASSENGERS

Signatory Airlines	December			January - December		
	2022	2019	% Change	2022	2019	% Change
Alaska Airlines	44,370	44,690	-0.72%	490,593	608,119	-19.33%
American Airlines	36,434	35,875	1.56%	363,276	365,133	-0.51%
Avelo Airlines	28,547	0	N/A	358,191	0	N/A
Delta Airlines	12,369	29,085	-57.47%	170,984	261,983	-34.73%
Flair Airlines	0	0	N/A	18,487	0	N/A
JetBlue Airways	7,423	18,174	-59.16%	128,744	242,193	-46.84%
Southwest Airlines	267,850	391,386	-31.56%	3,929,713	4,224,353	-6.97%
Spirit Airlines	14,903	7,582	96.56%	145,133	92,922	56.19%
United Airlines	23,567	27,728	-15.01%	217,194	355,887	-38.97%
Non-Signatory Airlines						
Frontier Airlines	5,079	0	N/A	76,421	0	N/A
Total Revenue Passengers	440,542	554,520	-20.55%	5,898,736	6,150,590	-4.09%
Inbound (deplaned)	221,372	281,749	-21.43%	2,957,171	3,082,088	-4.05%
Outbound (enplaned)	219,170	272,771	-19.65%	2,941,565	3,068,502	-4.14%

AIRCRAFT OPERATIONS

Landings & Takeoffs	December			January - December		
	2022	2019	% Change	2022	2019	% Change
Air Carrier	4,678	5,438	-13.98%	65,381	66,297	-1.38%
Air Taxi	2,209	2,062	7.13%	24,477	23,356	4.80%
General Aviation	1,699	2,383	-28.70%	27,047	32,589	-17.01%
Military Itinerant	29	58	-50.00%	447	559	-20.04%
Subtotal	8,615	9,941	-13.34%	117,352	122,801	-4.44%
Pass Through BUR Airspace						
Civil Local	1,760	1,636	7.58%	25,259	24,733	2.13%
Military Local	0	0	N/A	0	0	N/A
Subtotal	1,760	1,636	7.58%	25,259	24,733	2.13%
Total Aircraft Operations	10,375	11,577	-10.38%	142,611	147,534	-3.34%

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

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

General Aviation: Civil aviation operations for personal use

Military Itinerant: Military aviation activities

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

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

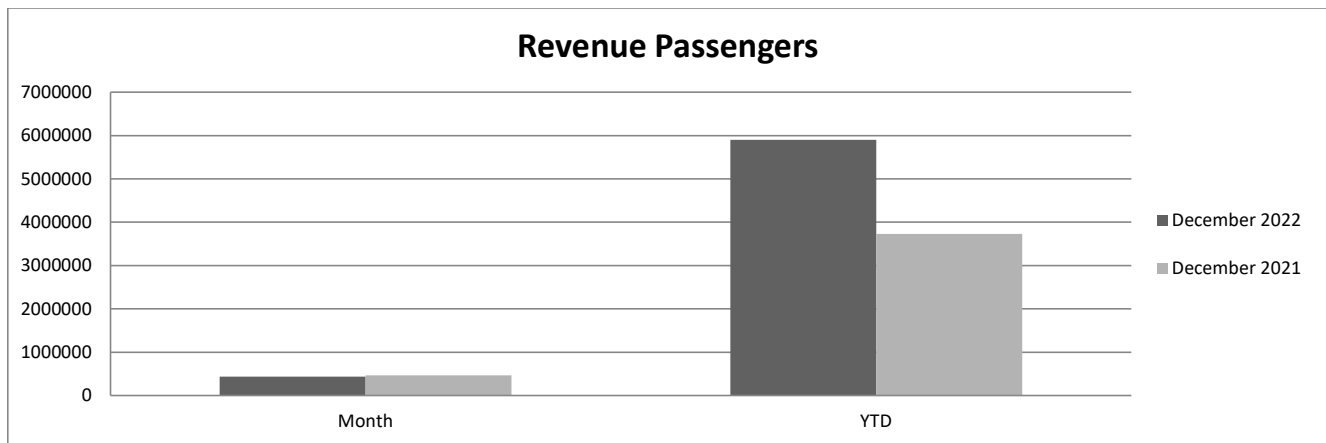
* 2019 Year-to-Date numbers include January - February 2020, and March - December 2019 totals.

Hollywood Burbank Airport

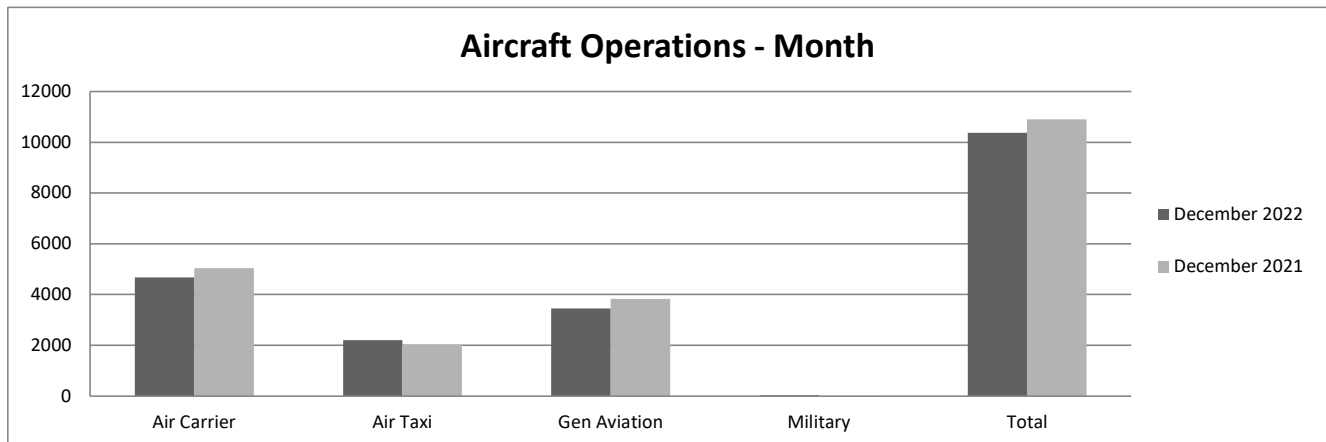
AIR CARGO (lbs.)		December			January - December		
Signatory Airlines	2022	2019	% Change	2022	2019	% Change	
Alaska Airlines	3,560	216	1548.15%	22,798	8,422	170.70%	
American Airlines	0	0	N/A	876	231	279.22%	
Avelo Airlines							
Delta Airlines	0	0	N/A	0	150	-100.00%	
Flair Airlines							
JetBlue Airways							
Southwest Airlines	93,857	135,125	-30.54%	2,187,353	1,980,248	10.46%	
Spirit Airlines							
United Airlines	0	2,245	-100.00%	4,581	57,784	-92.07%	
Non-Signatory Airlines							
Frontier Airlines							
Other Scheduled Carriers							
Federal Express	2,866,178	4,131,466	-30.63%	38,099,798	50,292,261	-24.24%	
United Parcel Service	4,777,775	4,954,376	-3.56%	46,754,384	51,135,570	-8.57%	
Charter/Contract Carriers							
Ameriflight	199,835	273,591	-26.96%	2,071,279	2,994,650	-30.83%	
Total Air Cargo	7,941,205	9,497,019	-16.38%	89,141,069	106,469,316	-16.28%	
Inbound (deplaned)	3,983,213	4,877,011	-18.33%	45,032,995	53,296,682	-15.51%	
Outbound (enplaned)	3,957,992	4,620,008	-14.33%	44,108,074	53,172,634	-17.05%	

MAIL (lbs.)		December			January - December		
	2022	2019	% Change	2022	2019	% Change	
	0	0	N/A	0	6,032	N/A	
Total Mail	0	0	N/A	0	6,032	N/A	
Inbound (deplaned)	0	0	N/A	0	3,016	N/A	
Outbound (enplaned)	0	0	N/A	0	3,016	N/A	

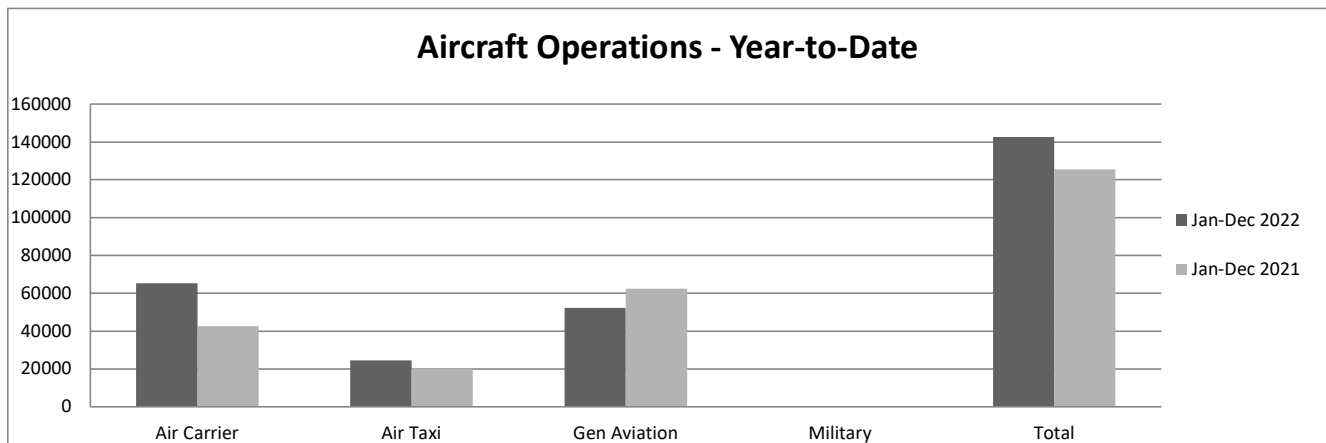
* 2019 Year-to-Date numbers include January - February 2020, and March - December 2019 totals.



Revenue Passengers	Month	YTD
December 2022:	440,542	5,898,736
December 2021:	554,520	6,150,590
% Change	-20.55%	-4.09%



Aircraft Operations - MO	Air Carrier	Air Taxi	Gen Aviation	Military	Total
December 2022:	4,678	2,209	3,459	29	10,375
December 2021:	5,438	2,062	4,019	58	11,577
% Change	-13.98%	7.13%	-13.93%	-50.00%	-10.38%



Aircraft Operations - YTD	Air Carrier	Air Taxi	Gen Aviation	Military	Total
Jan-Dec 2022	65,381	24,477	52,306	447	142,611
Jan-Dec 2021	66,297	23,356	57,322	559	147,534
% Change	-1.38%	4.80%	-8.75%	-20.04%	-3.34%

**STAFF REPORT PRESENTED TO THE
BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
FEBRUARY 21, 2023**

**INFORMATION ITEM
ELECTRIC VERTICAL TAKE-OFF AND LANDING AIRCRAFT**

Prepared by Patrick Lammerding
Deputy Executive Director, Planning and Development

SUMMARY

Progress in a new category of aircraft and a potential disruption of the current air and ground transportation model has generated significant interest from private industry and launched a form of air transportation commonly termed Urban Air Mobility (“UAM”). The various types of aircraft involved are often referred to as Electric Vertical Take-Off and Landing (“eVTOL”). These new designs have potential to enhance mobility throughout metropolitan areas but may result in unanticipated demand effects for airports and communities.

eVTOL Aircraft Types

The aircraft typically included in the industry term eVTOL include:

- Helicopters- electric versions of traditional rotorcraft designs.
- Multicopters- these use multiple rotors usually positioned in a radial fashion on the end of arms. Vehicle movement is controlled through varying the speed of the rotors independently.
- Vectored thrust/tilt rotor/tilt duct- the thrust generating components are moveable or thrust can be otherwise redirected in order to control the orientation and direction of movement of the vehicle.
- Tilt wing/augmented lift- The aircraft uses a wing that adjusts its angle on the aircraft through phases of flight, usually with motors fixed to the wing.
- Lift and Cruise- separate thrust components used for vertical and horizontal flight. Autogyros would also fall into this group.
- Hybrids of these and/or traditional fixed wing and rotorcraft

Earliest Potential Market Entrants

In December 2020, Uber announced that its eVTOL program, called “Elevate”, will be acquired by Joby Aviation. Joby’s S4 tilt-rotor aircraft is expected to complete FAA certification in 2024 and begin real-world operations in 2025.

Among the numerous eVTOL startups there are other designs that appear to be proceeding in their development. These include the Archer Aviation Midnight which has received a substantial order from United Airlines. Also receiving increasing orders is Eve, a spin-off of Embraer, a Brazilian aircraft manufacturer known for their commonly used regional air carrier aircraft.

Powered-Lift

The Joby S4 and other proposed near-to-market aircraft use a tilt-rotor design which is defined by the Federal Aviation Administration (“FAA”) as a “powered-lift” category of aircraft. To date, the FAA has not certified any powered-lift category aircraft for civilian use. The FAA initially proposed to certify these aircraft under Part 23 in the category of light aircraft. In May 2022 the FAA changed direction and stated that they intend to certify eVTOLs as “Powered-Lift” under Part 21.17(b). The FAA is expected to publish a Special Federal Aviation Regulation in 2024 to describe the certification requirements of powered-lift category aircraft. The updated regulation will also add the term “powered-lift” to other regulations, such as pilot certification, where today only “airplane” and “rotorcraft” are used.

Community Acceptance

The use of multiple electric motors with smaller rotors and lower blade tip speeds differentiates the eVTOL designs from traditional helicopter designs and likely lowers the decibel level generated by the aircraft. However, the noise signature of these aircraft is different than what communities are acclimated to and could introduce a new perceived level of annoyance regardless of the lower decibel level.

Acceptance at the population scale will rely heavily on the perceived community benefit. If the eVTOL industry is able to meaningfully apply principles of equity, accessibility, and affordability broadly to a population, and not just to the most affluent, then the acceptance of noise and other potential annoyance could be minimized. This presents a challenge to a market segment currently filled by helicopters which are not priced for the largest economic demographic in most metropolitan areas.

Community integration will also be a critical task for the eVTOL operators. Integration efforts will likely require increased participation from a broad group of stakeholders, such as local governmental bodies where eVTOL service is to begin, public transit agencies, community organizations, and metropolitan planning organizations. These stakeholders will be in addition to traditional aviation stakeholders, such as the FAA and airport operators in areas where eVTOL service is to begin. The airport’s goal is proper coordination with both the operator and the FAA to determine the lowest impact departure and arrival procedures, hours of operation, and advanced public notification of the start of the operations, whereas community goals may include balancing economic benefits against noise, visual, or privacy-related concerns.

Heliports and Vertiports

A dedicated heliport is not required for rotorcraft operations on an existing airport. The proposed operation of eVTOL aircraft includes off-airport arrivals and departures where a heliport or vertiport would need to be installed to FAA design standards. It is possible that an existing airport that experiences a dramatic influx in these types of operations due to the introduction of eVTOL aircraft may benefit from pursuing construction of a heliport or vertiport on or adjacent to the airport in order to manage these operations and potentially to better connect passengers to parking and ground transportation facilities or airline terminal connections.

Airports used by eVTOLs will need to assess the operational demand and space availability in planning for on-site heliport or vertiport facilities. Currently, the nature of the proposed eVTOL service would require the same passenger screening as an air carrier operation. This would likely place the first eVTOL operations in portions of the airport that are within the secured area of the airport, such as where general aviation operations occur.

Heliports and Vertiports may also be constructed as stand-alone facilities not associated with an airport. Under a scenario where UAM services achieve viability as a mode for intra-regional circulation (as an extension of, or replacement for, current TNC services such as Uber and Lyft), there may be significant demand for heliports and vertiports located within the urban environment to facilitate direct service to one's destination. Existing heliports would be usable for eVTOLs, although most helicopter landing areas, such as on high-rise roof-tops, are for emergency or infrequent use and would be unsuitable for serving significant passenger demand.

Conclusions

The public and industry interest in increased mobility by a new type of aircraft is high at the moment. The potential for eVTOLs to become a viable transportation mode in metropolitan areas exists, but is contingent on development of the technology, new regulatory guidance from the FAA, and community acceptance. Recent progress has been made in all three of these areas, but it is not possible at this time to provide a forecast of the timeframe for this service to begin, the level of demand for the service, or the long-ran

FLEET MAINTENANCE SERVICES AGREEMENT

This Fleet Maintenance Services Agreement ("Agreement") is dated March 15, 2021 for reference purposes and is executed by the Burbank-Glendale-Pasadena Airport Authority ("Authority"), a California joint powers agency, and Keolis Transit Services, LLC ("Contractor"), a Delaware limited liability company.

RECITALS

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

AGREEMENT

NOW, THEREFORE, the parties agree as follows:

1. DEFINITIONS

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

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

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

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

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

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

1.12 “Contractor” means Keolis Transit Services, LLC.

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

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

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

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

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

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

1.19 “FAA” means the Federal Aviation Administration.

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

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

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

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

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

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

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

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

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

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

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

1.31 "Qualified Mechanic" means ASE Certified mechanic.

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

1.33 "Shall" is mandatory.

1.34 "TBI" means TBI Airport Management, Inc.

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

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

1.37 "Toxic Materials" means any hazardous or toxic materials, pollutants, effluents, contaminants, radioactive materials, flammables, explosives, pesticides, chemicals known to cause cancer or reproductive toxicity, emissions, wastes or any other chemicals, materials or substances whose handling, storage, release, transportation or disposal either: (i) is or becomes prohibited or regulated by a government agency; or (ii) is or becomes known to pose a hazard or potential threat to the health and safety of any person or to the environment.

1.38 "TSA" means the United States Transportation Security Administration.

2. TERM

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

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

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

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

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

3. GENERAL PROVISIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SCHEDULE

4.1 Inspections.

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

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

4.2 Preventive Maintenance.

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

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

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

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

4.3 Miscellaneous Maintenance Services.

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

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

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

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

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

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

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

4.4 Warranty Service.

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

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

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

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

5. COMPENSATION

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

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

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

5.2 Subcontracted Services.

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

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

5.4 Invoices.

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

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

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

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

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

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

6. RECORDS AND REPORTS

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

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

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

6.4 Computerized Work Order System.

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

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

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

7. INVENTORY

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

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

8. USE OF AIRPORT

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

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

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

9. SECURITY REQUIREMENTS

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

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

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

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

- (a) List of company officials, with samples of their signatures, who may authorize production of new badges and the re-issuance of expired badges.
- (b) Company phone numbers for verification purposes.
- (c) List of all Contractor Personnel, and their dates of hire, who will need field/ramp access I.D. cards.
- (d) A completed Photo Identification Badge application and driver's license for each Contractor Employee to be badged.

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

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

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

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

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

10. TOXIC MATERIALS

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

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

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

11. ASSIGNMENT

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

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

12. DEFAULT

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

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

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

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

13. INDEMNITY

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

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

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

14. INSURANCE

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

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

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

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

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

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

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

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

15. NOTICES

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

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

With copy to:

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

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

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

16. DISPUTE RESOLUTION

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

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

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

17. MISCELLANEOUS PROVISIONS

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

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

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

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

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

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

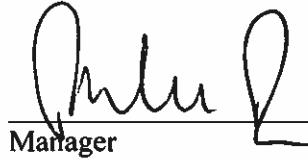
17.7 Severability. If one or more of the provisions of this Agreement is hereafter declared invalid or unenforceable by judicial, legislative or administrative authority of competent

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

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

Keolis Transit Services, LLC


Manager


Manager

Philippe Bo
(CFO)

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

Burbank-Glendale-Pasadena Airport Authority


Ross Selvidge, Ph.D., President

Approved as to form:


Richards, Watson & Gershon
A Professional Corporation

EXHIBIT A

AIRPORT FLEET ITEMS

CURRENT VEHICLE LIST – SUBJECT TO CHANGE

FLEET A – NON PRIORITY FLEET ITEM LIST

DEPT.	UNIT NO.	FUEL	YEAR	VEHICLE DESCRIPTION
Ops.	73	NA	2002	2002 Big Tex Trailer
Police	148	NA	1996	1996 Big Tex Utility Trailer
Fire	174		1997	1997 Foam Trailer
Fire	175		2006	2006 Hallmark Trailer
Fire	176		2019	2019 Foam Trailer carson
Parking	# 1	EV		Electric cart Crushman
Parking	# 2	EV		Electric cart Crushman
Parking	# 3	EV	2018	2018 EZ GO
Ops.	E-09	NA	2016	2016 Skiddometer
Maint.	E-10	PROPANE	2006	2006 Tymco Sweeper
Maint.	E-11	DIESEL	2006	2006 GEHL 10,000 LBS
Maint.	E-12	PROPANE	2017	2017 Forklift Utilev
Maint.	E-15		2006	2006 Triple -l Power Deck Trailer
Maint.	E-17	PROPANE		Sweeper Scrubber Tennant mod 8200
Maint.	E-18	DIESEL	2006	2006 Tractor John Deere mod 5425 / Rotary Cutter
Maint.	E-19	DIESEL	1979	1979 Ford 540 Tractor Landscaper
Maint.	E-20	DIESEL	2007	2007 New Holland B/O
Maint.	E-21	DIESEL		Coleman Port light Generator
Maint.	E-22	DIESEL		Coleman Port light Generator
Maint.	E-23	DIESEL		Port Generator, light cart Terex-A
Maint.	E-24	DIESEL		Port Generator, light cart Terex-A
Maint.	E-25	DIESEL		Port Generator, light cart Terex-A
Maint.	E-26	DIESEL	1996	1996 Mower John Deere Tractor
Maint.	E-27	DIESEL		Compressor Ingresoll Mod P185WIR/03
Maint.	E-29			Cement Mixer MC64PHA
Maint.	E-30	NA		Chemical Trailer (Sprayer for weed)
Maint.	E-31	EV		Scissor Lift MX19
Maint.	E-32	EV		Scissor Lift SJII4632
Maint.	E-34	DIESEL	2006	2006 Bobcat Tractor Model S130
Maint.	E-35	DIESEL	2009	2009 GMC Sweeper
Maint.	E-36	SOLAR	2009	2009 Solar Sign Model 1548
Maint.	E-37	SOLAR	2009	2009 Solar Sign Model 1548
Maint.	E-38	DIESEL	2009	2009 Light Tower Model MLT360K
Maint.	E-39	DIESEL	2009	2009 Light Tower Model MLT360K

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

FLEET B – NON-PRIORITY FLEET ITEM LIST

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

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

FLEET B – PRIORITY FLEET ITEM LIST

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

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

EXHIBIT B

AUTOMOTIVE SERVICES

1. **Daily Inspections.** Daily Inspections of the Priority Fleet Items shall and the prompt repair, replacement and/or correction of any item in need of restoration shall be completed in order to bring the vehicle to a full and safe operating condition.

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

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

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

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

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

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

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

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

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

6. Tune Ups.

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

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

7. Brake Replacement.

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

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

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

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

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

EXHIBIT C

NON-AIP PROJECT FEDERAL REQUIREMENTS

1. General Civil Rights Provisions

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

2. Civil Rights – Title VI Assurance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Federal Fair Labor Standards Act

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

4. Occupational Safety and Health Act

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

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

MONTH-TO-MONTH SPACE LEASE

BETWEEN

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

AND

CERTIFIED AVIATION SERVICES, LLC

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MONTH-TO-MONTH SPACE LEASE

THIS MONTH-TO-MONTH SPACE LEASE ("Lease") is dated as of _____, 2023, and is entered into by and between the BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY, 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 CERTIFIED AVIATION SERVICES, LLC, a Delaware limited liability company ("Tenant").

In consideration of the mutual covenants, conditions, and agreements contained herein, Landlord and Tenant hereby agree as follows:

1. LEASED PREMISES.

1.1 Location of Leased Premises. Landlord hereby leases to Tenant, and Tenant hereby hires and takes from Landlord, those certain premises more particularly described in Exhibit "A" attached hereto ("Leased Premises") located within the Hollywood Burbank Airport ("Airport"), including the right in common with others, to the use of certain of the "common use facilities" of the Airport as set forth in Section 13 below, upon the terms and subject to the conditions set forth in this lease.

1.2 Acceptance of the Leased Premises. Tenant accepts the Leased Premises in their current as is condition, without representation or warranty, express or implied.

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

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

1.3 Reservations to Landlord. Tenant further accepts the Leased Premises subject to any and all existing easements and encumbrances. Landlord reserves the right, without obligation, to install, lay construct, maintain and repair utilities and appurtenances necessary or convenient in connection therewith in, over, upon, through, across, under and along the Leased Premises or any part thereof, and to enter the Leased Premises for any and all such purposes. Landlord also reserves the right to grant franchises, licenses, easements, rights of way and permits in, over, upon, through, across, under and along any and all portions of the Leased Premises. No right reserved by Landlord in this Section shall be so exercised as to interfere unreasonably with Tenant's operations hereunder.

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 the Leased Premises, the Building or elsewhere on the Airport, making repairs which Landlord may be required or permitted to make hereunder, and exhibiting the same to prospective purchasers or Tenants. Such entry shall be made in a manner which will not unreasonably interfere with Tenant's use of the Leased Premises, except in case of emergency. In the event that Tenant is not personally present to open and permit such entry, Landlord may enter by means of a master key or may enter forcibly and shall incur no liability to Tenant as a result of such entry, and this Lease shall not be affected thereby.

2. TERM

2.1 Commencement Date. The term of this lease shall be month-to-month, commencing at 12:01 a.m., February __, 2023 (hereinafter the "Commencement Date"), and continuing until this Lease is terminated as provided herein.

2.2 Early Possession. In the event that Tenant, with Landlord's consent, takes possession and Tenant shall be subject to all of the provisions hereof, excluding any and all covenants, obligations and conditions required to be performed or satisfied by Landlord under this Lease, and the provisions of Section 3.3 applicable to adjustments in the Monthly Base Rent (as defined herein) shall apply. Landlord shall have no obligation or responsibility with respect to such early possession, and Tenant shall defend, indemnify and hold harmless Landlord from and against any and all claims, losses, damages, liabilities, obligations, costs and expenses, including attorneys' fees, arising out of, resulting from or relating to such early possession.

2.3 Termination. Either party shall have the right to terminate this Lease at any time, with or without cause, by delivering to the other party at least thirty (30) days' prior written notice of termination.

2.4 Default. Landlord shall have the right to terminate this lease in the event of a default by Tenant as provided in Section 11.2.

3. RENT

3.1 Rent. In consideration of Landlord leasing to Tenant the Leased Premises, Tenant shall pay to Landlord as monthly base rent the sum of One Thousand Two Hundred and No/100 Dollars (\$1,200.00) ("Monthly Base Rent"), subject to adjustment pursuant to Sections 3.2 and 3.3, commencing on the Commencement Date and continuing on the first (1st) day of each calendar month thereafter during the term hereof. The Monthly Base Rent from the Commencement Date to the first (1st) day of the calendar month following the Commencement Date and for the calendar month in which this Lease is terminated shall be prorated to the extent that such calendar months are partial calendar months on the basis of thirty (30) day calendar month.

3.2 Rent Adjustments. On each Adjustment Date (as defined below), the Monthly Base Rent shall be increased (but not decreased), as described below.

3.2.1.1 Definitions.

(i) The term “Adjustment Date” shall mean February 1, 2024 and each anniversary thereof.

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

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

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

(v) The term “Prior Index” shall mean on each Adjustment Date, the Consumer Price Index used as the Adjustment Index on the prior Adjustment Date (or in the case of the first adjustment, the Consumer Price Index for the month of December 2023).

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

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

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

3.3 Special Adjustments to Monthly Base Rent. In the event that (i) Landlord is unable to deliver possession of some or all of the Leased Premises on the Commencement Date, or (ii) this Lease is terminated pursuant to Section 2.3 or 2.4, or (iii) the Leased Premises are subject to a taking under the power of eminent domain which does not result in a termination of this Lease as provided in Section 9, the following provisions shall apply: (i) if the area of the Leased Premises is reduced by more than ten percent (10%) but not more than twenty-five percent (25% in the aggregate, the Monthly Base Rent for the remainder of the Annual Period

during which such reduction occurs shall be reduced, effective as of the date of such reduction, by the same percentage; or (ii) if the area of the Leased Premises is reduced by more than twenty-five percent (25%) in the aggregate, the Monthly Base Rent for the remainder of the Annual Period during which such reduction occurs shall be reduced, effective as of the date of such reduction, by such amount as Landlord determines in its sole discretion, as set forth in a written notice to Tenant.

3.4 Taxes.

3.4.1 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. As used herein, the term “taxes” shall include any form of possessory interest tax, assessment (including public facilities maintenance district levy or assessment or any public transit or other benefit assessment district levy or assessment), license fee, commercial rental tax, any tax or excise on rents, levy, penalty or tax (other than net income, inheritance or estate taxes) 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 in 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. 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.

3.4.2 Personal Property Tax. Tenant shall pay before delinquency any and all taxes and assessments on the furniture, fixtures, equipment and other personal property of Tenant located or used in the Leased Premises, whether assessed to Tenant or assessed to Landlord as part of the real property.

3.5 Utilities.

3.5.1 Payment. Tenant shall pay all costs, expenses and charges for telephone and other utilities and services, including gas, heat, light, power and air conditioning services, supplied to the Leased Premises, together with any taxes thereon and any connection fees, prior to when such charges are due, and Tenant shall defend, indemnify and hold Landlord harmless from and against any claims, losses, liabilities, damages, costs and expenses relating to any failure by Tenant to do so. However, if any utilities or services are not separately metered to Tenant, Tenant shall pay to Landlord as additional rent under this Lease, Tenant’s proportionate share, determined by Landlord, of all charges jointly metered with other premises in the Building or elsewhere at the Airport within fifteen (15) days following the delivery to Tenant of a statement with respect thereto.

3.5.2 No Obligation to Furnish. Notwithstanding any other provisions of this Lease, Tenant acknowledges that Landlord has no obligation to provide any utilities or services to the Leased Premises. Landlord shall not be liable to Tenant under any circumstances for damages or loss to Tenant’s property, injury to persons or property, or consequential damages, however occurring, through, in connection with, or incidental to any such utilities or services not

being provided or inadequately being provided or any permanent or temporary cessation or other interruption of any such utilities or services.

3.5.3 Compliance with Utility Supplier Rules. Tenant shall comply with all rules and regulations which Landlord, any governmental agencies or authorities, or any utility company may establish for the use, proper functioning and protection of any utilities or services.

3.6 Net Lease. Landlord shall receive all amounts payable by Tenant pursuant to this Section 3 or any other provision of this Lease, free and clear of any and all other impositions, taxes, liens, charges or expense of any nature whatsoever in connection with the ownership and operation of the Leased Premises. In addition to the amounts payable by Tenant pursuant to this Section 3, Tenant shall pay to the parties respectively entitled thereto all other impositions, operating charges, maintenance charges, construction costs, and any other charges, costs and expenses which arise or may be contemplated under any provision of this Lease during the term hereof, except only those amounts payable by Landlord as provided in Section 5.1.1. All of such charges, costs and expenses shall constitute additional rent, and upon the failure of Tenant to pay any of such costs, charges or expenses, Landlord shall have the same rights and remedies as otherwise provided in this Lease for the failure of Tenant to pay rent.

3.7 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 when due shall bear interest from the due date until paid at a rate equal to five percent (5%) in excess of the prevailing rate established by the Federal Reserve Bank at San Francisco on advances to member banks on the twenty-fifth (25th) day of the month preceding the Commencement Date (but not more than the maximum rate permissible by law); provided, however, that the payment of any interest pursuant to this Section shall not excuse or cure any default by Tenant with respect to its obligations to pay any amount due from Tenant pursuant to this Section 3 or any other provision of this Lease.

3.8 Financial Information. Within ten (10) days following a written request by Landlord, Tenant shall furnish to Landlord, in such detail as Landlord may reasonably request, financial information concerning Tenant, any parent or subsidiary of Tenant, or any person, firm or entity having the power, direct or indirect, to control Tenant or its operations at the Airport. The financial information to be furnished hereunder shall include, but shall not be limited to, balance sheets, statements of profit and loss and statements of changes in financial position. If available, such financial information shall include the opinion of an independent auditor as to the financial statements or, if not available, shall be certified as true, accurate and complete by the chief financial officer of the party for whom the information is furnished.

3.9 Address for Payment. The payment of Monthly Base Rent and all other amounts due to Landlord hereunder 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.

4. SECURITY DEPOSIT. Concurrently with the execution of this Lease, Tenant shall pay to Landlord the sum of Three Thousand Six Hundred and No/100 Dollars (\$3,600.00) ("Security Deposit"), as security for the full and faithful performance by Tenant of the terms, provision, conditions, clauses, and covenants of this Lease. 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

Monthly Base Rent or any other amounts payable by Tenant to Landlord hereunder, Landlord may, but shall not be required to, use, apply or retain all or any part of the Security Deposit for the payment of such Monthly Base Rent or other amounts in default, or for the payment of any amount which Landlord may spend or become obligated to spend by reason of Tenant's default, or to cure any other default for any other loss or damage which Landlord may suffer by reason of Tenant's default including, but not limited to or repairing damages to the Leased Premises, the Building or other areas of the Airport or any portion thereof, caused by Tenant. If any portion of the Security Deposit is so used or applied, Tenant shall, upon demand, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to the amount of the current Monthly Base Rent and Tenant's failure to do so shall constitute a material breach of this Lease. Landlord shall not be required to keep the Security Deposit separate from its general accounts. If Tenant performs all of Tenant's obligations hereunder, the Security Deposit, or so much thereof as has not previously been applied by Landlord, shall be returned, without payment of interest for its use, to Tenant (or, at Landlord's election, to the last assignee, if any, of Tenant's interest hereunder) at the expiration of the term hereof, following Tenant's vacation of the Leased Premises in strict accordance with the provisions of this Lease. No trust relationship is created herein between Landlord and Tenant with respect to the Security Deposit.

5. CONDUCT OF BUSINESS BY TENANT.

5.1 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 permitted by Landlord, to be conducted on or at the Airport, including Tenant's use of the Leased Premises pursuant to this Lease, must be at all time compatible with such principal use, as Landlord, in its sole discretion, shall determine.

5.2 Authorized Use of Leased Premises. Tenant shall use the Leased Premises solely for the storage of parts, equipment and supplies in support of Tenant's Aircraft and Ground Equipment maintenance operation. Tenant shall not use the Leased Premises for any other use.

5.3 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 authority or agency having jurisdiction over Tenant, Tenant's business and operations, the Leased Premises, the Building or the other areas of the Airport, including, without limitation, all licenses, permits certificates, approvals and other authorizations required by the FAA. Without limiting the generality of the foregoing, Tenant shall comply with all applicable federal, state, county and city statutes, regulations, rules, ordinances and all orders of any department, bureau or agency or any governmental authority having jurisdiction over Tenant, Tenant's business and operations and the occupancy, maintenance and use of the Leased Premises for the purpose demised hereunder including, without limitation, the provisions of Section 24 and all rules and regulations promulgated by the FAA.

5.3.1 Air Quality Improvement Plan. In addition to complying with Section 5.3, Tenant shall also comply with the certain provisions of the Burbank Airport's Air Quality Improvement Plan:

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

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

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

5.4 Restrictions On Use.

5.4.1 No Other Use. Tenant shall not use or permit the use of the Leased Premises for any purpose other than the purposes set forth in Section 5.2.

5.4.2 Manner of Use. Tenant shall not use or permit the use of the Leased Premises, the Building 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, occupants, licensees, concessionaires or other users or customers of the Building or any other areas of the Airport, (iii) invalidate or cause the cancellation of or be in conflict with any fire or other hazard insurance policies covering the Airport, or (iv) increase the premiums for any fire insurance policies covering the Airport or any property located therein, over the premiums for such policies in effect on the Commencement Date hereof. 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.

5.4.3 Vending Machines. Tenant shall not place any vending machines or vending devices in or on the Leased Premises without the prior written approval of Landlord.

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

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

5.5 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 that its permitted subtenants, licensees or permittees will provide assurances to Tenant that they similarly will undertake affirmative action programs and that they will require assurances from their licensees or permittees, as required by 14 Code of Federal regulations Part 152, Subpart E, to the same effect.

5.6 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:

5.6.1 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.

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

5.6.3 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.

5.6.4 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.

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

5.6.6 Interference with Aircraft. Tenant shall not make use of the Leased Premises or any other areas of the Airport in any manner which might interfere with the landing and taking off of aircraft from the Airport, or which might otherwise constitute a hazard. In the event the aforesaid covenant is breached, 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.

5.6.7 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 said Airport, or the exclusive or nonexclusive use of the Airport by the United States during the time of war or national emergency or otherwise.

5.6.8 Unauthorized Access. Tenant shall use reasonable precautions to prevent unauthorized persons from gaining access to restricted flight and aircraft operational areas, including, without limitation, the precautions established pursuant to Section 5.7.

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

6. MAINTENANCE AND REPAIRS.

6.1 Landlord's Obligations.

6.1.1 Landlord Obligations. During the term of this Lease, Landlord shall keep and maintain in good condition and repair, reasonable wear and tear excepted, according to the standards established by Landlord, as the same may be changed at any time and from time to time, (i) the foundations, roof and other structural components of the Building, including the structural portions of the exterior walls of the Leased Premises, and (ii) all sprinklers, plumbing, sewer, electrical, water, gas, drains, heating, ventilating and air conditioning systems, facilities and equipment serving the Leased Premises, but only to the extent such systems, facilities or equipment are located within the Airport and only to the point of connection or distribution to the Leased Premises, as determined by Landlord, and are not located within any easement in favor of a municipal or public utility supplier; provided, however, that Landlord shall have no obligation

to repair any damage to any of the foregoing to the extent caused by the willful or negligent act or omission, including, without limitation, any overuse or abuse, of Tenant or the agents, employees, or invitees of Tenant, which damage shall be repaired promptly by Tenant, at Tenant's sole cost and expense. Landlord shall have no obligation to commence any maintenance or repair required under this Section until thirty (30) days after the receipt by Landlord of written notice of the need for such maintenance or repair. Landlord shall not be liable to Tenant for any injury to or interference with Tenant, Tent's business and operations or use or occupancy of the Leased Premises arising out of, resulting from, or relating to the performance of any maintenance or the making of any repairs.

6.1.2 Tenant Waiver. Except as provided in Section 6.1.1, Landlord shall have no obligation to maintain or make any repairs to the Leased Premises. Tenant 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 Landlord under Section 6.1.1, or which place obligations upon Landlord in addition to those provided in Section 6.1.1. Landlord shall not be liable to Tenant by reason of any injury to or interference with Tenant's business arising from or connected with the need for or the making of any repairs, alteration, or improvements to the Leased Premises.

6.2 Tenant's Obligations.

6.2.1 Maintenance. Except as expressly provided in Section 6.1.1 hereof, Tenant, at Tenant's sole expense, shall maintain the Leased Premises, in good order, condition, and repair and in a neat, attractive, sanitary condition, free from waste or debris according to standards established by Landlord (whether or not such part of the Leased Premises requiring repair, or the means of repairing the same, are reasonably or readily accessible to Tenant, and whether or not the need for such repairs occurs as a result of Tenant's use, any prior use, the elements or the age of such part of the Leased Premises) including, without limitation, all of the following: (i) all doors (including without limitation, roll-up doors), locks and replacement of light fixtures and light bulbs; (ii) all ceilings, floors, interior walls, non-structural components of exterior walls, store fronts, windows, doors, plate glass, showcases, skylights, entrances, and vestibules located within the Leased Premises, and (iii) trade fixtures, furniture and other personal property located in or used in the Leased Premises, including, without limitation, any and all alterations (as defined in Section 7.1). Tenant shall make any and all repairs required pursuant to this Section as and when the same become necessary to maintain the Leased Premises and every part thereof in good order condition and repair, but in no event later than thirty (30) days following the delivery to Tenant of the need for such repair, or immediately in the event of an emergency. All repairs to the Leased Premises made by Tenant as provided in this Lease shall be performed in accordance with all applicable statutes, regulations, rules and ordinances and all requirements and orders of any and all federal, state, county, city and other governmental authorities and agencies having jurisdiction with respect thereto and Tenant shall secure all licenses, permits, approvals and authorizations required with respect thereto.

6.2.2 Tenant Failure to Repair. In the event that Tenant fails to make any repair to the Leased Premises pursuant to Section 6.2.1 within thirty (30) days following the delivery to Tenant of written notice of the requirement therefore, or immediately in the event of any emergency, Landlord shall have the right, but not the obligation, at Landlord's option, to enter

upon the Leased Premises and put the same in good order, condition and repair, and in a neat, attractive and sanitary condition, free from waste and debris, and the cost thereof shall become due and payable, upon demand, by Tenant to Landlord as additional rent under this Lease.

7. IMPROVEMENTS AND ALTERATIONS.

7.1 Construction. Tenant shall not, without in each instance obtaining the prior written consent of Landlord, which consent may be granted or withheld, in Landlord's sole discretion, construct, install or make any modifications, alterations, improvements, or additions ("Alterations") in, on or to the Leased Premises. Landlord may impose, as a condition of such consent, such requirements as to the contractor, time, manner, method, design and construction in which the Alterations shall be done as Landlord determines, in its sole discretion. No such Alterations shall be undertaken until Tenant shall have procured and paid for all permits, licenses, approvals and authorizations of all required governmental authorities and agencies having jurisdiction thereof. Prior to the commencement of any Alterations, 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. All plans shall be subject to Landlord's approval and, when required by the Airport Engineer, shall be prepared, stamped and signed by a California licensed architect or engineer. Engineers shall be licensed for the particular discipline required. No work required in connection with any Alterations shall commence prior to receiving written approval of Landlord. All work done in connection with any Alterations shall be done at Tenant's sole expense and with reasonable diligence, in a good and workmanlike manner, and in compliance with all applicable federal, state, county and city statutes, regulations, rules and ordinances and all orders of any and all governmental authorities having jurisdiction thereof. In order to expedite plan review and approval and to insure that the proposed Alterations will be compatible with the Airport uses, Tenant first shall submit to Landlord for approval a schematic or conceptual plan. Landlord shall have the right to inspect and reject any work not done in accordance with the plans and specifications, and Tenant shall immediately repair or remove such work in accordance with this Section. Within thirty (30) days following the completion of an Alterations, Tenant shall furnish to Landlord a set of "as built" plans and specifications.

7.2 Indemnity. Tenant hereby agrees to defend, indemnify and hold harmless Landlord from and against any and all responsibilities, liabilities, obligations, damages, injuries, claims, demands, losses, awards, judgments, costs or expenses, arising out of, resulting from, or relating to any and all Alterations constructed, installed or made by Tenant on, in or to the Leased Premises pursuant to Section 7.1 by virtue of Landlord's review of the plans and specifications relating thereto or otherwise. Tenant hereby assigns to Landlord any and all warranties or guaranties of contractors and subcontractors furnishing labor, materials, equipment and services in connection with the Alterations, which assignment shall be effective upon the expiration or earlier termination of the Lease.

7.3 Payment. Tenant shall pay, when due, all claims for labor, materials, equipment 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, which claims are or may be secured by any lien against the Leased Premises or the other areas of the Airport or any interest therein. In the event any such lien is filed against the Leases Premises or any other areas of the Airport, it shall be discharged by Tenant, at Tenant's expense, within (10) days after written notice thereof is

delivered to Tenant. Landlord shall have the right to post such notices of non-responsibility as are provided for in the mechanics' lien laws of California.

7.4 Landlord's Property. Except for personal property and trade fixtures not permanently affixed to the Leased Premises, all Alterations, decorations, floor coverings, and fixtures made in, on, or to the Leased Premises by or on behalf of Tenant pursuant to Section 7.1, upon the expiration or other termination of this Lease, 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, such Alterations, decorations, floor coverings and fixtures, 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 of the term of this Lease, the Leased Premises shall be restored and repaired to the condition existing as of the Commencement Date, subject to reasonable wear and tear, casualty and damage by the elements. In the event of the termination of this Lease prior to the expiration of the term hereof, any such removal shall be accomplished within thirty (30) days after such termination.

8. INSURANCE; INDEMNITY; WAIVERS.

8.1 Tenant Requirements.

8.1.1 General. Tenant, at all times during the term hereof and at Tenant's sole cost and expense, shall maintain in effect the policies of insurance with limits of liability as provided in this Section 8.1.1.

8.1.2 Commercial General Liability Insurance. A policy of commercial general liability insurance written on an occurrence basis covering the liability of Tenant and Landlord arising out of, resulting from or relating to injuries to or death of persons and damage to or loss of property occurring on, in, under or about the Leased Premises in the minimum amount of Five Million Dollars (\$5,000,000) per occurrence for bodily injury, including death, or property damage.

8.1.2.1 Fire Insurance. A policy or policies of hazard insurance insuring against loss or damage to or destruction of (i) Tenant's fixtures, Alterations, personal property and equipment located in, on, or at the Leased Premises in an amount not less than one hundred percent (100%) of their replacement value, and (ii) all plate glass in the Leased Premises, on an all risk basis.

8.1.2.2 Workers' Compensation Insurance. Statutory workers' compensation insurance and employers' liability coverage in the minimum amount of One Million Dollars (\$1,000,000) covering Tenant's liability for its business and operations at the Leased Premises.

8.1.2.3 Motor Vehicle Liability. Motor vehicle liability insurance coverage, including hired and non-owned vehicle coverage, which provides public liability and property damage liability coverages of not less than Five Million Dollars (\$5,000,000) per occurrence for bodily injury, including death, or property damage occurring as a result of the

ownership, use or operation of motor vehicles in connection with Tenant's business and operations at the Leased Premises.

8.1.3 Adjustment of Insurance Coverage and Limits. Landlord may add to or change the types or coverages of insurance or the minimum limits of liability required to be maintained by Tenant pursuant to Section 8.1.1 by written notice to Tenant of such additions or changes. If Tenant elects not to maintain such additional or changed insurance or limits of liability, Tenant may terminate this Lease in its entirety by written notice of termination given to Landlord prior to the expiration of said thirty (30) days. If Tenant does not terminate this Lease, Tenant shall obtain such additional or changed types of insurance or coverages or shall increase its insurance limits of liability as may be required by Landlord and failure to do so shall be an event of default under Section 12.1.5.

8.1.4 Policy Requirements. Each insurance policy required to be maintained by Tenant pursuant to Section 8.1.1 (i) shall be obtained from an insurance company authorized to conduct business in the State of California and having a rating of not less than A VII in A.M. Best's Insurance Guide; (ii) except for workers' compensation, shall name Landlord as a named additional insured; and (iii) shall provide that Landlord given at least thirty (30) days' prior written notice of the termination, cancellation or amendment thereof. Concurrently with the execution and delivery of this Lease, Tenant shall furnish to Landlord a certificate or copy of each such insurance policy and prior to the expiration, cancellation or termination thereof, Tenant shall deliver to Landlord certificates or copies of any and all extensions, renewals or replacements thereof. Tenant may satisfy the insurance requirements under the Concession Agreement by maintaining policies which cover both the Leased Premises and the premises leased under the Concession Agreement.

8.1.5 No Limitation of Liability. Tenant acknowledges and agrees that the limits of liability provided in the insurance policies maintained by Tenant pursuant to Section 8.1.1 shall in no event be considered as limited the liability of Tenant under this Lease.

8.2 Indemnification. Tenant shall defend, indemnify and hold harmless Landlord and its commissioners, officers, employees, agents and contractors, from and against any and all claims, demands, actions, suits, proceedings, damages, losses, liabilities, obligations, costs and expenses, including, without limitation, attorneys' fees, arising out of, resulting from or relating to the use or occupancy of the Leased Premises, the Building or any other areas of the Airport by Tenant and its directors, officers, partners, employees, agents, representatives, contractors and customers, except to the extent legally caused by the active negligence or willful misconduct of Landlord.

8.3 Exemption of Landlord from Liability. Tenant, on behalf of itself and its directors, officers, partners, employees, agents, representatives, contractors and customers hereby waives all claims against Landlord, and Landlord 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, the Building or any other areas of Airport, arising out of, resulting from or relating to (i) latent or patent defects in the construction or condition of the Leased Premises, the Building or any other areas of the Airport; (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, the Building 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, the Building or any other areas of the Airport; (vi) the use or occupancy of the Leased Premises, the Building or any other areas of the Airport by Tenant or any of its directors, officers, partners, employees, agents, representatives, contractors and customers, whether said damage or injury results from conditions arising upon the Leased Premises, the Building or upon other areas of the Airport, or from other sources; or (vii) any damage or loss arising from any act or neglect of any other tenant, licensee, concessionaire or customer of the Airport.

9. ASSIGNMENT AND SUBLETTING. Tenant shall not voluntarily or by operation of law assign, sublet, transfer or mortgage, hypothecate, grant a security interest in or otherwise encumber all or any part of Tenant's rights or interest in or to this Lease or the Leased Premises. Any attempted assignment, subletting, transfer, mortgage, hypothecation, grant of a security interest in or other encumbrance in violation of this Section shall be wholly void and of no force or effect. For the purposes of this Section, if Tenant is a corporation any attempted assignment, subletting, transfer, mortgage, hypothecation, grant of a security interest in or other encumbrance or other event which results, or upon foreclosure would result, in the reduction of the interest of the present shareholders of record to less than a majority of any class of voting stock of Tenant, or if Tenant is a partnership, any assignment, transfer, mortgage, hypothecation, grant of a security interest or other encumbrance of a partnership interest or interests or other event which results, or upon foreclosure would result, in the reduction of the profit and loss participation of the present general partners to less than fifty-one percent (51%) or if Tenant is a corporation, partnership, trust or other entity, any change in the direct or indirect power to direct or cause the direction of the management and policies of such business or entity, shall be deemed to be a prohibited assignment, transfer, mortgage, hypothecation, grant of a security interest or other encumbrance under this Section.

10. EMINENT DOMAIN.

10.1 Entire or Substantial Taking. In the event that the entire Leased Premises, or so much thereof as to make the balance not reasonable adequate for the conduct of Tenant's business, shall be taken under the power of eminent domain, this Lease automatically shall terminate as of the date of the vesting of title in such condemning entity.

10.2 Awards. Any award for any taking of all or any part of the Leased Premises under the power of eminent domain shall be the property of Landlord, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee. 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 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 the business shall belong to Landlord and Tenant's business shall be valued based solely upon its operating results.

10.3 Condemnation by Landlord. Nothing in this Lease shall impair, limit or otherwise affect the power of eminent domain of Landlord or the exercise of such power by Landlord.

11. SUBORDINATION.

11.1 Subordination. This Lease is subject and subordinate to all mortgages, deeds of trust, bond indentures, liens, encumbrances and other security interest now or hereafter affecting the Leased Premises, the Building or the Airport, and to all renewals, modifications, replacements, consolidations and extensions thereof. Tenant shall execute and deliver to Landlord or any other party requiring such subordination, within ten (10) calendar days following its receipt, any and all documents which may be required to effectuate such subordination. Tenant further agrees that this Lease shall be amended, altered or modified in accordance with the reasonable requirements of a mortgagee, beneficiary, bond trustee, secured party or other lien holder, so long as such amendment, alteration or modification does not cause Tenant material financial loss, 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 mortgagee, beneficiary, bond trustee, secured party or other lien holder, of which Tenant has written notice, of any default of Landlord, and Tenant shall allow such mortgagee, beneficiary, bond trustee, secured party or lien holder 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. In the event that any mortgage, deed of trust, bond indenture, security interest, lien or other encumbrance 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 enter into a new Lease covering the Leased Premises for the remainder of the term of this Lease, on the same provisions herein provided. Alternatively, upon such foreclosure, Tenant shall, upon written request, attorn to the purchaser and recognize the purchaser as Landlord under this Lease.

12. DEFAULTS AND REMEDIES.

12.1 Default by Tenant. Any of the following shall constitute an event of default by Tenant under this lease:

12.1.1 Bankruptcy, Insolvency or Receivership. The consent of Tenant to the appointment of a receiver, trustee or liquidator of all or a substantial portion of Tenant's assets; or (ii) the adjudication of Tenant as a bankrupt or insolvent; or (iii) the filing by Tenant of a voluntary petition in bankruptcy; or (iv) the admittance by Tenant in writing of Tenant's inability to pay its debts as they become due; or (v) the failure by Tenant to pay its debts as they become due; or (vi) the making by Tenant of a general assignment for the benefit of creditors; or (vii) the filing by Tenant of a petition or answer seeking reorganization or arrangement with creditors; or (viii) the taking by Tenant of advantage of any insolvency law; or (ix) the entrance of any order, judgment or decree upon an application a creditor of Tenant by a court of competent jurisdiction approving a petition seeking appointment of a receiver, trustee or assignee of all or a substantial part of Tenant's assets, when such order, judgment or decree is not vacated within thirty (30) days.

12.1.2 Assignment, Subletting or Encumbrance. An attempted assignment, transfer, mortgage, grant of a security interest in, hypothecation or other encumbrance by Tenant of Tenant's rights or interests in this Leased or in the Leased Premises in violation of Section 9.

12.1.3 Abandonment or Termination. The vacation or abandonment by Tenant of the Leased Premises, or the termination of Tenant's right to possession by operation of law or as herein set forth, except in conjunction with the exercise by Tenant of any express right of Tenant to terminate this Lease.

12.1.4 Nonpayment of Rent. The failure by tenant to pay any installment of Monthly Base Rent, any additional rent, or any other sum due hereunder when due and payable, when such failure to pay continues for ten (10) days following the due date thereof.

12.1.5 Insurance. Failure to maintain the insurance required by Section 8.1.

12.1.6 Other. The breach of or failure to perform by Tenant of any representation, warranty, covenant or agreement under this Lease, other than those described in Sections 13.1.1 through 13.1.5, (i) after the delivery to Tenant of written notice thereof and Tenant's failure to cure such breach or failure within thirty (30) days following the delivery of such written notice; provided, however, in the event that the nature of Tenant's obligation is such that more than thirty (30) days are required for its performance, Tenant shall not be deemed to be in default if Tenant shall commence such performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion; or (ii) immediately in the event of an emergency.

12.2 Remedies. Upon the occurrence of any event of default under this Lease, Landlord, at its option and election, and without further demand or notice, shall have the right to declare this Lease, including the leasehold estate in the Leased Premises, ended and terminated, to re-enter the Leased Premises, to remove and eject all persons therefrom, to take possession thereof, and to enjoy the Leased Premises, together with all additions, Alterations and improvements thereto, and Landlord shall have all of the rights and remedies of a landlord provided in Sections 1951.2 and, if applicable, 1995.320 through 1995.340, inclusive, of the California Civil Code, which Sections are incorporated herein by this reference as though set forth in full. In computing Landlord's damages pursuant to Sections 1951.2(1) and (2) of the Civil Code, the "worth at the time of award" shall be computed by allowing interest at a rate of ten percent (10%) per annum. The amount of damages which Landlord may recover in the event of such termination shall include the worth at the time of the award of the amount by which the unpaid rent and other amounts required to be paid by Tenant pursuant to this Lease for the balance of the term after the time of award exceeds the amount of such losses that Tenant proves could be reasonably avoided, computed in accordance with Civil Code Section 1951.2(4) (b), plus reasonable attorneys' fees and leasing commissions. In the event that Landlord may have reentered the Leased Premises 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 as provided herein.

12.3 Personal Property. In the event of a default hereunder, all of Tenant's fixtures, furniture, equipment, improvements, additions, alterations, including Alterations, and other personal property shall remain on the Leased Premises, and Landlord shall have the right to take exclusive possession of same and to use the same, rent or charge free, until all defaults are cured, or, at its option, at any time during the term of this Lease, to require Tenant to forthwith remove to same.

12.4 Waiver. Tenant hereby waives all claims and demands against Landlord for damages or loss arising out of or in connection with any lawful re-entering and taking possession of the Leased Premises.

12.5 Waiver of Redemption. In the event of the lawful exercise by Landlord of any one or more of its rights and remedies under this Section 11, 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 release Landlord, from any and all claims, demands and liabilities by reason of such exercise by Landlord.

12.6 Cumulative Remedies. The various rights, options, elections, powers and remedies reserved to Landlord herein shall be cumulative, and, except as otherwise provided by statute, 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 default by Tenant. In addition to the foregoing, Landlord may exercise any other remedy now or hereafter available to a landlord against a defaulting tenant under the laws of the State of California.

12.7 Termination of Landlord Liability. 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.

12.8 Determination of Rental Amount. For the purposes of this Section 11, the Monthly Base Rent and other amounts due hereunder for any calendar month after re-entry by Landlord, or termination of the Lease by Landlord pursuant to Section 11.2, shall be deemed to be the Monthly Base Rent and other amounts which shall have been payable for the month prior to the month of default.

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

13. SURRENDER BY END OF TERM. Upon the termination of this Lease, Tenant shall quit and surrender the Leased Premises to Landlord, broom clean and in the same condition as received, 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 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 the term hereof.

14. COMMON USE FACILITIES.

14.1 Common Use Facilities. In conjunction with Tenant's use of the Leased Premises, and solely for the purposes hereinbefore set forth in this Lease, Tenant is hereby granted the nonexclusive right during the term of this Lease to enter upon or make customary and reasonable use of such areas of the Building and the other areas of the Airport as Landlord may from time to time designate as "common use facilities." Tenant's rights hereunder shall be in common with Landlord and with other persons authorized by Landlord from time to time to use such facilities and shall be in strict compliance with all laws, rules, directions and orders of Landlord applicable thereto.

14.2 Public Areas. During the term of this Lease, Tenant, and its officers, directors, employees, agents, representatives, customers, passengers, guests and invitees, shall be entitled to use all public areas located in the Building, and the other areas of the Airport, in common with Landlord and with other persons authorized by Landlord from time to time to use said facilities.

14.3 Restrictions on Use. Landlord reserves the right, in its sole discretion, to make changes at any time and from time to time in the size, shape, location, number and extent of all areas of the Airport, including all common use facilities and public areas, or any of them, and specifically further reserves the right to designate portions of the common use facilities and public areas for the use of certain tenants of the Airport.

14.4 Parking. Notwithstanding that Landlord may lease parking spaces to employees of Airport tenants, as such parking spaces may be available, it is expressly understood and agreed that Landlord is not responsible or obligated to provide Tenant or its officers, directors, its employees, agents, representatives, contractors, licensees, invitees or permittees, with any parking spaces within the Airport or otherwise, as an appurtenance to this Lease. Tenant shall be solely responsible for arranging any and all necessary parking incidental to this Lease.

15. SERVICES.

15.1 Services. In the event that Landlord provides other additional services with respect to the Leased Premises, the common use facilities or other areas of the Airport, including, but not limited to, security, janitorial, maintenance and repair service, Tenant shall pay its proportionate share, determined by Landlord, in its sole discretion of all charges therefore within fifteen (15) days following receipt of a statement for said additional services.

15.2 Fire and Security. Landlord is not obligated to Tenant to furnish any fire fighting services or security services to the Leased Premises. Tenant shall maintain its own security services for the Leased Premises and agrees that the maintenance by Landlord of either security or fire fighting services shall not constitute a waiver of this provision. Tenant acknowledges that the Leased Premises are within the municipal service area of the City of Burbank.

15.3 Landlord Not Responsible. Landlord shall not be liable in damages or otherwise for any failure to interruption of any services, or of any utilities to the Leased Premises, and no such failure or interruption shall entitle Tenant to terminate this Lease or to an abatement of rent. Landlord shall not be liable to Tenant under any circumstances for damage or loss of Tenant's property, injury to person or property, or consequential damages, however occurring, through, in connection with, or incidental to failure to furnish any of the foregoing.

16. QUIET ENJOYMENT. Upon paying the rent and other sums due hereunder 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 mortgages, deeds of trust, bond indentures, security interests, liens and other encumbrances secured by the Airport or its revenues.

17. ATTORNEYS' FEES AND COSTS. In the event any action or proceeding is brought by either party against the other under this Lease (including in any bankruptcy proceeding), the prevailing party shall be entitled to recover its costs, and, for the fees of its attorneys in such action or proceeding, in such amount as the Court may adjudge reasonable as attorneys' fees (including in any bankruptcy proceeding).

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

19. LEASE INTERPRETATION.

19.1 Incorporation of Prior Agreements; Amendments. This Lease contains the entire agreement between the parties hereto, and no prior 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 obligation 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, rules and resolutions of Landlord in effect from time to time.

19.2 No Representations by Landlord. Tenant acknowledges that neither Landlord nor any of Landlord's agents, representatives, employees or officers have made any representations or promises with respect to the Airport or the Leased Premises, except as herein expressly set forth. Tenant acknowledges that it has not executed this Lease in reliance upon any representations or promises of Landlord or Landlord's commissioners, officers, employees, agents or representatives, with respect to the Airport or the Leased Premises, except as herein expressly set forth.

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

19.4 Relationship Between Parties. Nothing contained in this Lease shall be construed to create the relationship of principal and agent, partnership, joint venture or any other relationship between the parties hereto, other than the relationship of Landlord and Tenant.

20. 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 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 of any rent or any other amount due from Tenant hereunder by Landlord 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.

21. PERFORMANCE OF TENANT'S COVENANTS BY LANDLORD. In the event that Tenant at any time fails to make any payment or perform any other act under this Lease, and such failure continues for at least five (5) calendar days after written notice thereof from Landlord to Tenant (but no 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 without waiving 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 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 3.7 shall be deemed additional rent hereunder and shall be payable to Landlord on demand. In the event such additional amounts remain unpaid, Landlord shall have the same rights and remedies as for the nonpayment of rent.

22. 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.

23. RULES AND REGULATIONS. Tenant shall comply with all uniform rules and regulations established by Landlord for use of the Airport, the Building or the Leased Premises, as the same may be amended from time to time by Landlord. Landlord shall provide Tenant with a copy of all such rules and regulations and any and all amendments thereto. Landlord shall not be responsible to Tenant for the nonperformance of any other tenant, occupant, licensee, concessionaire or other user of the Airport of any of said rules and regulations.

24. TOXIC MATERIALS.

24.1 Prohibited Without Consent. Tenant shall not cause or permit any Toxic Materials (as defined in Section 24.2) to be brought onto, stored, used or disposed of in, on or about the Leased Premises by Tenant, its agents, employees, contractors, licensees, subtenant or invitees, without the prior written consent of Landlord, which Landlord shall not unreasonably withhold or delay so long as Tenant demonstrates to Landlord's reasonable satisfaction that such Toxic Materials, and the quantities thereof, are necessary or useful to Tenant's business and will be stored, used and disposed of in a manner that complies with all Environmental Laws (as defined in Section 24.2).

24.2 Compliance with Environmental Laws. Tenant shall comply, at its sole cost, with all federal, state and local laws and governmental orders applicable to all Toxic Materials and to the lawful conduct of Tenant's business. 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 Landlord 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 “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 by federal, state, regional or local governments, agencies or authorities relating to or governing in any way the environmental condition of soil, air, water, groundwater or the presence of Toxic Materials in or affecting all or any portion of the Leased Premises or any other areas of the Airport.

24.3 Indemnity. Tenant shall be solely responsible for and shall indemnify, hold harmless and defend Landlord, its commissioners, officers, employees and agents, and the Cities of Burbank, Glendale, and Pasadena, California, from and against any and all liabilities, claims, costs, penalties, fines, losses (including without limitation, (i) diminution in value of the Airport, the Leased Premises, the Building or any other areas of the Airport or any improvements thereon; (ii) damages for the loss or restriction on use of rentable or usable space or of any amenity of the Airport, the Leased Premises, the Building or any other areas of the Airport or any improvements thereon; (iii) damages arising from any adverse impact on marketing of space in the Airport, the Leased Premises, the Building or any other areas of the Airport or any improvements therein; and (iv) sums paid in settlement of claims), liabilities, losses, damages, injuries, causes of action, judgments, and expenses (including, without limitation, attorneys’ fees, consultant fees and expert fees), which arise during or after the term of this Agreement as a result of the receiving, handling, use, storage, accumulation, transportation, generation, spillage, migration, discharge, release or disposal of Toxic Materials in, on or about the Leased Premises, the Building or any other areas of the Airport by Tenant or its agents, employees, contractors, licensees, subtenants or invitees. The foregoing indemnification by Tenant includes, without limitation, any and all costs incurred in connection with any investigation of site conditions and any cleanup, remediation, removal or restoration work necessary to bring the Leased Premises, the Building or any other areas of the Airport into compliance with the Environmental Laws or required by a federal, state or local governmental agency or political subdivision because of Toxic Materials present in the soil, subsoils, groundwater or elsewhere from, in, on, under or about the Leased Premises, the Building or any other areas of the Airport. The indemnification by Tenant under this Section shall survive the termination of this Agreement.

24.4 Prohibited Substances. The following substances are strictly prohibited from being brought onto the Leased Premises, the Building or any other areas of the Airport in any quantities whatsoever: (i) arsines; (ii) dioxins, including dioxin precursors and intermediates; (iii) polychlorinated biphenyls; and (iv) anything contained in the California List of Extremely Hazardous Chemicals.

25. MISCELLANEOUS.

25.1 Offset Statement.

25.1.1 Delivery. Tenant shall from time to time, upon not less than ten (10) days' prior written notice from Landlord, execute, acknowledge and deliver to Landlord a statement in writing:

25.1.1.1 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);

25.1.1.2 Setting forth the dates to which the rent and other charges, if any, are paid; and

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

25.1.2 Reliance. Any such statement may be relied upon by any encumbrancer of the Leased Premises or of all or any portion of the Airport. Tenant's failure to deliver such statement within such time shall be conclusive evidence upon Tenant that:

25.1.2.1 This lease is in full force and effect, without modification except as may be represented by Landlord;

25.1.2.2 There are no uncured defaults in Landlord's performance; and

25.1.2.3 Not more than one month's installment of the rent has been paid in advance.

25.2 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.

25.3 Notices. Whenever notice is to be given under the terms of this Lease, it shall be personally delivered or be sent by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

To Landlord:

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY
2627 Hollywood Way
Burbank, CA 91505
Attn: Executive Director

To Tenant:

Certified Aviation Services, LLC
1150 S. Vineyard Ave
Ontario, CA 91761
Attn: Ron Torres

In the event a different address is furnished by either party to the other party in writing, notices shall thereafter be sent or delivered to the new address. Any such notice shall be deemed given as of the date of personal delivery or forty-eight hours after it is mailed, except that a notice of a change in address shall be deemed given as of the date of receipt thereof. A notice given in any other manner shall be deemed given as of the date it is actually received by the party for whom intended. It is recognized that Landlord may employ a manager or operator of the Airport, as an agent of Landlord, and any notices to Landlord hereunder shall be given to both Landlord and any such manager or operator.

25.4 Brokers. Tenant warrants that it has not had any dealings with any real estate broker or agent in connection with this Lease, and Tenant agrees to defend, indemnify and hold Landlord harmless from any claim for any compensation, commission or other charge by any finder or any other real estate broker or agent.

25.5 Recording. Tenant shall not record this Lease without the prior written consent of Landlord. In the event Landlord consents to recordation of this Lease or a memorandum thereof, any documentary transfer taxes shall be paid by Tenant.

25.6 Governing Law. This Lease be governed by and construed pursuant to the law of the State of California.

25.7 Time of Essence. Time is of the essence of this Lease.

25.8 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 or the Airport.

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

LANDLORD:

BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY, a Joint Power Authority

BY: _____
PRINT NAME: _____
TITLE: _____

TENANT:

CERTIFIED AVIATION SERVICES, LLC

BY: Bradley J. Cary
PRINT NAME: Brad Cary
TITLE: Business Operations Director

Approved as to Form:

Terence Boga, Authority General Counsel

EXHIBIT A

DESCRIPTION OF PREMISES

(See attached diagram.)

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

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

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

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

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

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

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

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

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

Exhibit C

Policy on Tenant Improvements

**REQUEST FOR APPROVAL
PROPOSED TENANT IMPROVEMENT**



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

1. INFORMATION

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

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

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

2. PRE-CONSTRUCTION

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

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

Tenant Representative (Signed) _____ Date _____

3. INITIAL APPROVALS

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

Safety Department (Approver)_____ Date_____ Pre-Con Needed (Y/N)
 Comments _____
 Police & Security (Approver)_____ Date_____ Pre-Con Needed (Y/N)
 Comments _____

4. FINAL APPROVAL

Airport Administration (Reviewed by)_____ Date_____

INSTRUCTIONS FOR COMPLETING THIS FORM

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

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

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

PLANS AND SPECIFICATIONS

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

OTHER REQUIREMENTS INSURANCE REQUIREMENT

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

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

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

BOND REQUIREMENT

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

INDEMNIFICATION & DEFENSE AGREEMENT

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

PREVAILING WAGES

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