

**SECOND AMENDMENT TO THE LEASE
BETWEEN CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS
AND KINKISHARYO INTERNATIONAL, LLC
AT PALMDALE LAND HOLDINGS
(2825 East Avenue P; Site 9 - Lease No. PIA-224)**

THIS SECOND AMENDMENT TO THE LEASE (this “Second Amendment”) is made and entered into as of this ____ day of _____, 2022 (the “Amendment Effective Date”) between the **CITY OF LOS ANGELES**, (hereinafter referred to as “City”) acting by and through its Board of Airport Commissioners (“Board”) of the Airport Commissioners of the **DEPARTMENT OF AIRPORTS** (hereinafter referred to as “Department” or “LAWA”), and **KINKISHARYO INTERNATIONAL, LLC**, a Delaware limited liability company (“Lessee”). City and Lessee are each a “Party” to this Second Amendment, and collectively are referred to herein as “Parties”.

RECITALS

The Parties hereby acknowledge and agree that their respective decisions to enter into this Second Amendment are premised on the following recitals which set forth certain facts upon which the Parties agree:

A. City and Lessee entered a Lease dated July 3, 2014, for premises located at 2825 East Avenue P in Palmdale, California at Palmdale Airport Land Holdings, which lease is designated as Lease No. PIA-224 (“Lease”). Unless otherwise specified, all capitalized terms in this Second Amendment shall have their meanings as set forth in the Lease.

B. City and Lessee have agreed to amend the lease to allow for continued manufacturing of light rail cars and to decrease the size of the Lessee’s Demised Premises.

C. In the original Lease PIA-224 and its First Amendment, the previous reference to “Airport” or “Palmdale Airport” is now referenced herein as “Palmdale Landholdings”. The City has puts its FAA airport certification on hold so City-owned area is no longer considered an airport.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Section 1. Demised Premises. Article 1, Section 1.1 is hereby deleted in its entirety and replaced with the following:

“1.1 **Description.** City hereby leases to the Lessee the subject property, in the areas commonly known as 2825 East Avenue P, Palmdale, California (hereinafter referred to as “Site 9”) in the vicinity of Palmdale Land Holdings which leased property includes the following property as depicted in **Exhibit A2**:

(i) "Portion of Hangar 704," consisting of the entire ground floor totaling 168,840 square feet of improvement space within the 260,146 square foot building known as Hangar 704 located at 2825 East Avenue P;

(ii) "Land Under and Adjacent to Hangar 704," consisting of 389,235 square feet of real property;

(iii) "Portion of Building 702," consisting of a 130,164 square foot portion of improvement space, depicted on **Exhibit A2 (Page 2 of 3)**, within the 258,000 square foot building known as Building 702 located at 2825 East Avenue P;

(iv) "Land Under and Adjacent to Building 702," consisting of 256,657 square feet of real property;

(v) "Parking Area A," consisting of approximately 122,956 square feet of land for automobile parking adjacent to building known as Building 701 located at 2825 East Avenue P;

The foregoing Sections 1.1(i) to 1.1(v) shall be collectively referred to herein as "Demised Premises." The Demised Premises are collectively depicted and outlined in bold on LAWA Drawing No. 20130053 attached hereto as **Exhibit A2 (Page 1 of 3)**. The Demised Premises' use categories and respective square footage are also identified on **Exhibit B, Payments**, both of which are attached hereto and incorporated by reference herein."

Section 2. Use of Demised Premises. Article 1, Section 3.1 is hereby deleted in its entirety and replaced with the following:

"3.1. **Authorized Uses.** The use of the portion of the Demised Premises located at 2825 East Avenue P is limited to assembly and manufacturing of light rail cars and uses incidental thereto. Lessee shall have ingress and egress rights to its Demised Premises and entry to building shall be from entry points located at their exterior land Parking and Staging area. Lessee shall provide reasonable ingress and egress across its Demised Premises to other users of Building 702 if no other alternate access to Building 702 users are available. Lessee shall also have Ingress and Egress rights inside the Building 702 common area hallways located on the east side of Lessee's Demised Premises and to a common area IT room, in which case requires other building user notification and escort before entry into common area IT room."

Section 3. Payments to the City. Article 1, Section 5.1.2 is hereby deleted in its entirety and replaced with the following:

"5.1.2 **CAM Charge.** In addition to the Monthly Rent, Lessee shall pay common area maintenance (CAM) charges to cover Lessee's proportional share of costs incurred by City for the portion of Site 9 and Common Areas located at 2825 East Avenue P, including but not limited to maintenance, repairs, utility costs, applicable taxes, and the costs of a facility management company collectively allocated by rentable square footage. The amount of the CAM charge shall be as stated in **Exhibit B**, and shall be periodically adjusted on July 1, 2022, and increased by 3% every July 1st when the

CAM charge is not periodically adjusted. The CAM charge shall be recalculated and periodically adjusted to reflect City's costs, effective on July 1, 2022, and every five (5) years thereafter.”

Section 4. Rental Payments. Article 2, Section 2.2 is hereby deleted in its entirety and replaced with the following:

“2.2 All payments shall be mailed to the following address:

**City of Los Angeles
LAWA Los Angeles World Airports
P.O. Box 102662
Pasadena, CA 91189-2662.”**

Section 5. Insurance. Exhibit E to the Lease is hereby deleted in its entirety and replaced with Exhibit E (Pages 1-2) to this Second Amendment.

Article 2, Section 13.8 is hereby deleted in its entirety.

Section 6. Laws, Rules, and Regulations. Article 2, Section 25.5 is added to this Second Amendment with the following:

25.5 Antelope Valley Groundwater Adjudication

25.5.1 AV Groundwater Adjudication Final Judgment. Lessee is hereby informed and acknowledges that the Demised Premises are located within the Antelope Valley Water Basin and that use of water and groundwater production on the Demised Premises is subject to the terms of the Final Judgment and Physical Solution entered on December 23, 2015 (“Final Judgment”) which includes the City as a party thereto, as may be further amended by the Court and implemented through Rules and Regulations of the Antelope Valley Watermaster. A copy of the Final Judgment is available for review at the Watermaster website at <http://watermaster.wp.iescentral.com/wp-content/uploads/2018/03/151228-Exhibit-a.pdf>.

25.5.2 Limited Water Rights. Lessee agrees that it shall use no more than 8 acre feet of water per year on the Demised Premises during the Term. Lessee acknowledges that this amount is subject to further limitation or adjustment in the Chief Executive Officer’s sole discretion with advance written notice in order to comply with the City’s broader obligations under the Final Judgment. Except as expressly set forth herein, Lessee acknowledges that the Lease does not include any entitlement to use any of the City’s rights under the Final Judgment.

25.5.3 Cooperation and Costs. Lessee will cooperate with City in ensuring compliance with Final Judgment provisions, including but not limited to: (1) installation and maintenance of meters on wells which comply with Watermaster requirements; (2) reporting of groundwater production consistent with Watermaster reporting requirements; (3) assisting with any applications

required by the Watermaster, such as for construction of any new wells, and (4) allowing access for inspections by City, the Watermaster, and the Watermaster Engineer as required under the Judgment. Lessee shall bear costs associated with the foregoing, if any, and for its share of any pass-through costs or assessments from the Watermaster attributable to the Demised Premises in the Chief Executive Officer's sole discretion.

Section 7. Laws, Rules, and Regulations. Article 2, Section 25.6 is added to this Second Amendment with the following:

Section 25.6 Nitrate Groundwater Contamination

25.6.1 Cleanup & Abatement Order / Nitrates. Lessee is hereby informed and acknowledges the Regional Water Quality Control Board, Lahontan Region ("Regional Board") has determined that groundwater beneath and associated with the Premises has been degraded with respect to nitrates and has issued Cleanup and Abatement Order R6V-2003-0056 ("Order") to both LAWA and County Sanitation District No. 20 of Los Angeles County ("District").

25.6.2 Cooperation and Access. Pursuant to an agreement between LAWA and the District, the District shall be responsible for certain compliance requirements under the Order that may require access for groundwater sampling or monitoring or remedial actions in Palmdale including the Demised Premises. Lessee shall cooperate with respect to access needed or desired in performance of compliance requirements. The District will endeavor to avoid any material disruption in performing compliance requirements, and has agreed to provide 14 calendar days' notice to LAWA and its tenant of the District's intent to access those areas (except in the event of a resampling, in which case the District shall provide at least 3 business days' notice), or pursuant to a defined schedule for access subject to LAWA's and the Lessee's reasonable approval.

25.6.3 Tenant Monitoring and Reporting Plan. Lessee shall not create or increase nitrate groundwater contamination after the Effective Date of this Lease. In connection therewith, Lessee understands and agrees that it shall perform monitoring and reporting to LAWA relating to agronomic application of water and nutrients in manner and frequency as set forth in an annual Tenant Monitoring and Reporting Plan to be provided by City and may be updated from time to time.

Section 8. Exhibits.

8.1 **Exhibit A** and **Exhibit A-1** to the Lease is hereby deleted in its entirety and replaced with **Exhibit A2 (Pages 1-3)** to this Second Amendment.

8.2 **Exhibit B** to the Lease is hereby deleted in its entirety and replaced with **Exhibit B** to this Second Amendment.

Section 9. Effect of This Second Amendment. Except as modified by this Second Amendment, the Lease is hereby ratified and confirmed and all other terms of the Lease shall remain in full force and effect, unaltered and unchanged by this Second Amendment. If there is any conflict between the

provisions of this Second Amendment and the provisions of the Lease, the provisions of this Second Amendment shall prevail. Whether or not specifically amended by this Second Amendment, all terms and provisions of the Lease are amended to the extent necessary to give effect to the purpose and intent of this Second Amendment.

Section 10. Integration; No Third-Party Beneficiaries. No provisions of the Second Amendment may be further amended or added to except by a written agreement signed by the Parties or their respective successors-in-interest. Except as expressly provided for herein, this Second Amendment is not intended to confer upon any person other than the Parties any rights or remedies hereunder.

Section 11. Governing Law; Interpretation. This Second Amendment shall be governed by, and construed in accordance with, the laws of the State of California. The Lease and this Second Amendment are subject to the provisions of the Los Angeles Administrative Code. Each Party represents and warrants that this Second Amendment has been negotiated and drafted at arm's length by equally sophisticated parties, and any ambiguity cannot be attributed to either Party hereto. If any provision of this Second Amendment, or the application thereof to any persons or circumstances, shall be invalid or unenforceable, the remainder of this Second Amendment shall not be affected thereby, and each provision of this Second Amendment shall be valid and shall be enforceable to the fullest extent permitted by law.

Section 12. Rights of United States Government; National Emergency. The Lease and this Second Amendment shall be subordinate to the provisions and requirements of any existing or future agreement(s) between City and the United States relative to the development, operation or maintenance of AIRPORT, including but not limited to Airport Grant Assurances. Furthermore, the Lease and this Second Amendment 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, taking over, or use (whether exclusive or nonexclusive) of AIRPORT during war or a national emergency.

Section 13. Counterparts. This Second Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by other parties to this Second Amendment attached thereto.

Section 14. Electronic Signature. This Lease and any other document necessary for the consummation of the transaction contemplated by this Lease may be executed in counterparts, including counterparts that are manually executed and counterparts that are in the form of electronic records and are electronically executed. An electronic signature means a signature that is executed by symbol attached to or logically associate with a record and adopted by a party with the intent to sign such record, including facsimile or e-mail signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Lease and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called PDF format shall be legal and binding and shall have the same full force and effect as if a paper original of this Lease had been delivered that had

been signed using a handwritten signature. All parties to this Lease (i) agree that an electronic signature, whether digital or encrypted, of a party to this Lease is intended to authenticate this writing and to have the same force and effect as a manual signature; (ii) intended to be bound by the signatures (whether original, faxed, or electronic) on any document sent or delivered by facsimile or electronic mail or other electronic means; (iii) are aware that the other party(ies) will rely on such signatures; and, (iv) hereby waive any defenses to the enforcement of the terms of this Lease based on the foregoing forms of signature. If this Lease has been executed by electronic signature, all parties executing this document are expressly consenting, under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 (“E-SIGN”) and the California Uniform Electronic Transactions Act (“UETA”) (California Civil Code §1633.1 et seq.), that a signature by fax, e-mail, or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

[Signatures on the following page]

IN WITNESS WHEREOF, the parties hereto have themselves or through their duly authorized officers caused this Second Amendment to be executed as of the Amendment Effective Date.

APPROVED AS TO FORM:
Michael N. Feuer, City Attorney

CITY OF LOS ANGELES

Date: _____


By: _____
Deputy/Assistant City Attorney

By _____
Chief Executive Officer
Department of Airports

By _____
Chief Financial Officer
Deputy Executive Director
Department of Airports

ATTEST:

KINKISHARYO INTERNATIONAL, LLC

By 
Secretary (Signature)

Masaya Wakuda
Print Name

By 
Signature

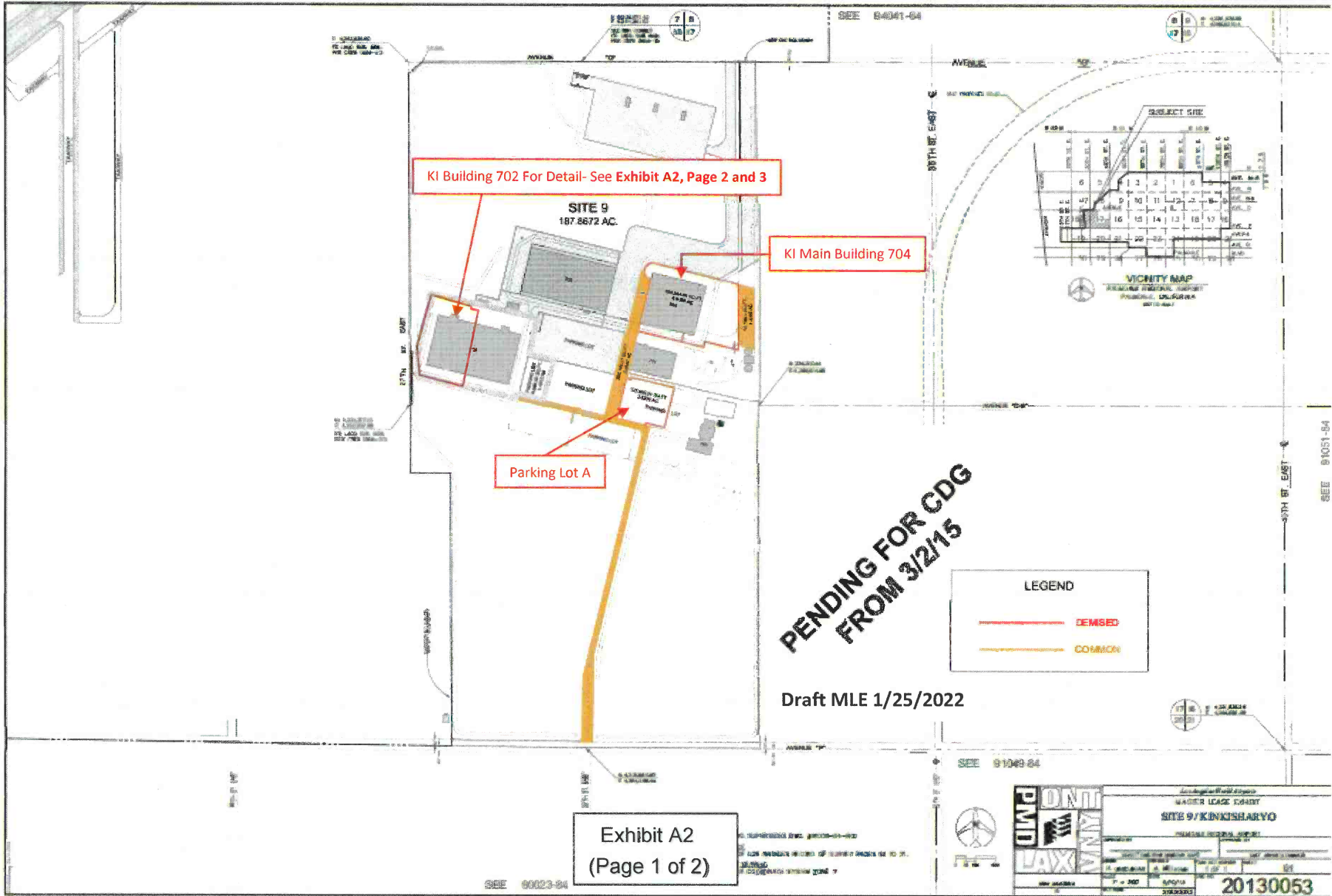
Koji Nishiyama
Print Name

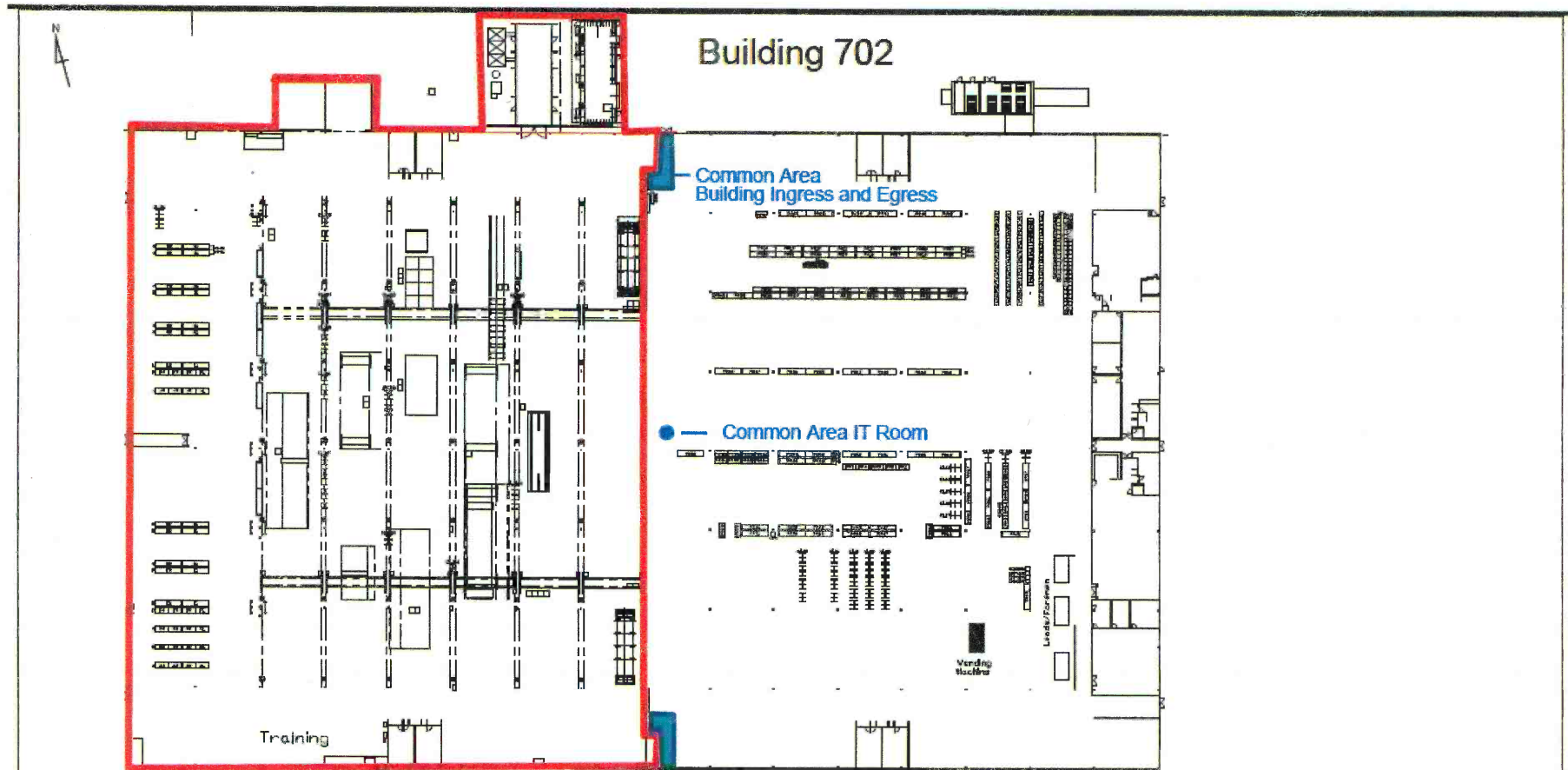
President
Print Title

[SEAL]

EXHIBIT A-2

Property Depictions





B702

KI Demised Premises Building Area is outlined in Red

Exhibit A2
(Page 2 of 3)

Approved	WJG/2019	Approved	P2550 LRV Modernization
Revised	LAC/2019 P-2550 LRV	Project	Floor Plan B702
Transmit	XXX	Project No	[Rev.0]
Prepared by	Ledger	Project No	08/26/19
Checked by	0750	Project No	08/26/19
DATE	DESCRIPTION	KINKISHARYO International LLC. Palmetto Factory - Manufacturing Engineering Division	

Kinkisharyo International, L.L.C. (KI) - Building 702 Demised Premises - Site 9, Palmdale Landholdings

KI Demised Premises = 

Note:

1. Demised Premises, (iv) "Land Under and Adjacent to Hangar 702," consists of 256,657 S.F.
2. Blasting and Paint Booth improvements in delineated area were installed by KI and have not reverted to LAWA ownership.
3. KI shall have ingress and egress rights to its Demised Premises. KI shall provide reasonable ingress and egress across its Demised Premises to other users of Building 702 if no other reasonable alternate access is available.



Exhibit A2
(Page 3 of 3)

EXHIBIT B

Payments

LOS ANGELES WORLD AIRPORTS
Kinkisharyo International, L.L.C.
2nd Amendment to Lease No. PIA-224

PAYMENTS
(To be effective upon Amendment Effective Date)

Description	Area (Square Feet)	Rate/PSFPY	Monthly Amount
Hangar 704	168,840	\$ 3.92	\$55,154.40
704 CAM	168,840	\$ 1.24	17,446.80
Building 702	130,164	\$ 1.18	12,799.46
702 CAM	130,164	\$ 0.93 *	<u>10,087.71</u>
		Total:	\$95,488.37

Performance Guarantee: \$286,466

* 75% of Common Area Maintenance Charge for building 702

Note:

1. Rental, fees and other charges, as set forth in this Exhibit B are subject to adjustment pursuant to the terms of this lease.
2. Periodic Adjustments for Building Rental Rates and Common Area Maintenance (CAM) charges pursuant to this lease were put on hold and are now scheduled for adjustment on July 1, 2022.
3. Rental charges and fees will commence upon Amendment Effective Date.

EXHIBIT E

Insurance



**RISK MANAGEMENT DIVISION
INSURANCE REQUIREMENTS**

NAME: KINKISHARYO INTERNATIONAL, L.L.C.
AGREEMENT: Second Amendment to Lease No. PIA-224, at Site 9, Palmdale Land Holdings
LAWA DIVISION: Commercial Development Division, Property Services
WIZARD ID NO.: 10236

The insured must maintain insurance coverage at limits normally required of its type operation; however, the following coverage noted with an "X" is the minimum required and must be at least the level of the limits indicated. All policies must be occurrence based with the minimum required per occurrence limits indicated below.

	<u>LIMITS</u>
(X) Workers' Compensation (Statutory)/Employer's Liability	<u>Statutory</u>
() Voluntary Compensation Endorsement	
(X) Waiver of Subrogation	
(X) Automobile Liability - covering owned, non-owned & hired auto	<u>\$1,000,000</u>
(X) General Liability - including the following coverage:	<u>\$1,000,000</u>
(X) Contractual (Blanket/Schedule)	
(X) Independent Contractors	
(X) Personal Injury	
(X) Premises & Operations (minimum \$1 million each occurrence)	
(X) Products /Completed Operations	
(X) Additional Insured Endorsement, specifically naming LAWA (Please see attached supplement).	
() Hangar keepers Legal Liability (At least at a limit of liability of \$ 1 million)	
(X) Umbrella Excess Liability	<u>\$20,000,000CSL</u>
(X) Property Insurance	
() Building, including contents	<u>100% Replacement Cost</u>
All Risk/Special Form Coverage, including flood and earthquake LAWA named additional insured and loss payee	
(X) Tenant improvements	<u>100% Replacement Cost</u>
All Risk/Special Form Coverage, including flood and earthquake LAWA named loss payee	
Waiver of subrogation (Please see attached supplement)	
() Builder's Risk Insurance	<u>Total project value -</u>
All Risk/Special Form Coverage, including flood and earthquake LAWA named loss payee required if property or building ultimately revert to City	<u>100% Replacement Cost</u>

*******RETURN THIS PAGE WITH EVIDENCE OF YOUR INSURANCE*******

SUBMIT ALL DOCUMENTS TO RISKINSURANCE@LAWA.ORG

7/2022



RISK MANAGEMENT DIVISION
INSURANCE REQUIREMENTS

INSURANCE REQUIREMENTS FOR LOS ANGELES WORLD AIRPORTS (SUPPLEMENT)

The only evidence of insurance accepted will be either a Certificate of Insurance, or a True and Certified copy of the policy. The following items must accompany the form of evidence provided:

Insurance companies, must have an **AM Best rating of A- or better**, and have a minimum **financial size of at least four**

Endorsements:

- **Workers Compensation Waiver of Subrogation Endorsement
(WC 04 03 06 or similar)**
- **General Liability Additional Insured Endorsement**
- **Ongoing and Products - Completed Operations Endorsement
(ISO Standard Endorsements preferred)**

Certificate Holder:

**Los Angeles World Airports
PO Box 92216
Los Angeles, CA 90009**

A typed legible name of the Authorized Representative must accompany the signature on the Certificate of Insurance and/or the True and Certified copy of the policy.

A blanket/automatic endorsement is not acceptable unless you have a direct contract with LAWA.

Language written on a certificate of insurance is not acceptable as an endorsement.