

**LICENSE AGREEMENT BETWEEN THE CITY OF REDONDO BEACH
AND NORTHROP GRUMMAN SPACE & MISSION SYSTEMS CORP.
FOR USE OF AVIATION PARK GYMNASIUM**

This Agreement for Use of Aviation Park Gymnasium is made between the City of Redondo Beach ("City") and Northrop Grumman Space & Mission Systems Corp. ("Northrop Grumman").

RECITALS

- A. The City owns and operates certain facilities comprising a gymnasium building and physical training rooms located in Aviation Park in the City of Redondo Beach, California.
- B. NORTHROP GRUMMAN, with permission from the City, has placed physical fitness equipment in the aforesaid training rooms, which equipment has been used by NORTHROP GRUMMAN employees.
- C. NORTHROP GRUMMAN intends to continue to operate a physical fitness and training program for the benefit of its employees and desires to use the City's facilities for such purposes.
- D. NORTHROP GRUMMAN is willing to license from the City, and the City is willing to license to NORTHROP GRUMMAN, the use of the City's facilities at various times as set forth below.

Now therefore, City and NORTHROP GRUMMAN agree as follows:

1. **Definitions.** "Licensed Premises" means the Fitness Center designated as Rooms G-7, G-8 and G-9, together with the Restroom/Locker Room area, the Dance Room designated as Room G-3, and the Large and Small Gymnasiums designated as Rooms G-1 and G-2, all in the Aviation Gymnasium building located proximate to the intersection of Manhattan Beach Boulevard and Aviation Boulevard in the City of Redondo Beach, California, and further described in Exhibit A, which is attached hereto and made a part hereof. "Equipment" means physical fitness training devices and other ancillary devices, such as exercise bicycles, bar bells and audiovisual equipment owned by NORTHROP GRUMMAN and located on the Licensed Premises.
2. **Uses.** During the term of this Agreement, NORTHROP GRUMMAN shall have the following rights to the Licensed Premises:
 - a. Exclusive use of the Fitness Center portion of the Premises (Rooms G-7, G-8 and G-9);
 - b. Non-exclusive use of the Restroom/Locker Room portion of the Licensed Premises;
 - c. Use of the Large Gym and Small Gym portions of the Licensed Premises (Rooms G-1 and G-2) between the hours of 11:30 a.m. and 1:30 p.m. Monday through Friday, except those rooms will be made available up to six days per year for City sponsored functions/events with at least 10 days notice;

- d. Use of Dance Room portion of the Licensed Premises (G-3) between the hours of 6:00 a.m. and 8:00 a.m., and 12:00 noon and 1:00 p.m. Monday through Friday; 4:45 p.m. and 5:45 p.m. Monday, Wednesday and Thursday; and 5:30 p.m. and 6:30 p.m. Tuesday and Friday, except this room will be made available up to six days per year for City sponsored functions/events with at least 10 days notice;
 - e. Noontime use of the Aviation track, field and park when these facilities are not scheduled for recreation activities or other City events, or closed due to weather, maintenance, or upgrade construction;
 - f. Storage space to store miscellaneous fitness equipment, if available.
3. Equipment. Title to the Equipment as defined in Section 1 shall remain with NORTHROP GRUMMAN. NORTHROP GRUMMAN shall remove the Equipment from the Licensed Premises within ten (10) days following the expiration or earlier termination of this Agreement.
 4. Term. The term of this Agreement shall be for a period of three (3) years, commencing on April 1, 2009 and expiring on March 31, 2012 unless terminated earlier by either party upon one hundred twenty (120) days prior written notice.
 5. Option to Extend. The City hereby grants to NORTHROP GRUMMAN the option to extend the Term of this License Agreement for an additional three (3) year period on such terms and conditions as are mutually agreeable to the parties in their sole and absolute discretion, but shall be bargained for in good-faith. Each option must be exercised, if at all, by written notice delivered to the City at least six (6) months prior to the expiration of the then current term.
 6. Fees. For the period April 1, 2009 through March 31, 2010, NORTHROP GRUMMAN shall pay a total monthly fee in the amount of \$8,316 to the City for use of the Licensed Premises, which is calculated as follows:
 - a. Base license fee of \$5,660 per month for exclusive use of the Fitness Center (G-7, G-8 and G-9);
 - b. Maintenance fee of \$607 per month for use of the Restroom/Locker Room area;
 - c. License fee in the amount of \$2,049 per month for use of the Large and Small Gyms and Dance Room Monday through Friday for two hours each day, except holidays;

Each of the fees set forth herein shall be adjusted every April 1st in proportion to the increase, if any, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for All Urban Consumers, Los Angeles - Riverside - Orange County, California (all items) for the calendar year immediately preceding such adjustment. For example only, the scheduled adjustment as of April 1, 2010 will be based upon the increase in CPI, if any, between the period beginning December 31, 2008, and ending December 31, 2009. In no event shall the fees set forth herein be adjusted downward in any given year. Notwithstanding the foregoing, the annual increases shall not exceed three percent (3%).

Fee for each month is due ten (10) days after the end of such month and shall be paid by check made payable to:

City of Redondo Beach
Department of Recreation and Community Services
1935 Manhattan Beach Blvd.
Redondo Beach, CA 90278

In the event the fee is not paid within thirty (30) days of receipt of invoice, there shall be a late charge of five percent (5%) of monthly fee due. Such charge shall be imposed not as a penalty, but as a compensation for the administrative costs resulting from such delay.

7. Utilities, Custodial Services, Keys. Except as otherwise set forth herein, the City shall, at no additional charge to NORTHROP GRUMMAN, furnish electrical, light, water and heat to the Licensed Premises. The City shall furnish daily custodial services Monday through Friday for the Large and Small Gymnasiums, Dance Room and Restroom/Locker Room portion of the Licensed Premises. NORTHROP GRUMMAN shall provide custodial services to the Fitness Center (Rooms G-7, G-8 and G-9). The City shall provide NORTHROP GRUMMAN one set of keys to Rooms G-7, G-8 and G-9.

NORTHROP GRUMMAN shall pay for all costs associated with the continued use of the HVAC unit added to the Fitness Center portion of the Licensed Premises in 2008. The City and NORTHROP GRUMMAN shall mutually determine the terms for billing and collection of such expenses. All HVAC equipment installed by NORTHROP GRUMMAN shall be 100% maintained by NORTHROP GRUMMAN for the term of the License Agreement. All HVAC equipment installed as part of the Fitness Center portion of the Licensed Premises shall be left in place and become the sole property of the City of Redondo Beach upon expiration or earlier termination of the License Agreement or any extension or follow-on thereto.

8. Condition upon Termination. Upon the termination of this Agreement, NORTHROP GRUMMAN agrees to leave the Licensed Premises clean and in good repair, normal wear excepted.
9. City Utilization of All NORTHROP GRUMMAN Parking Lots. NORTHROP GRUMMAN agrees to make the parking lots referred to as R2 West, R9, R10 and R11 and located at One Space Park Drive in Redondo Beach available during off hours for City events at Aviation Park and/or Redondo Beach Performing Arts Center. A map designating the available parking lots is set forth on Exhibit "B" attached hereto. The City is self-insured for general liability purposes. The City shall furnish NORTHROP GRUMMAN with a Certificate of Coverage with an Endorsement naming NORTHROP GRUMMAN as an additional covered entity for liability arising out of and in connection with the use of the parking lots.
10. Indemnity. NORTHROP GRUMMAN shall indemnify, defend, protect and hold harmless the City, its elected and appointed officials, officers, agents, and employees from and against any and all claims, loss, proceedings, damages, causes of action, liability, costs or expense (including reasonable attorneys' fees for attorneys selected by City) arising from or in connection with, or caused by any willful act or omission or any negligence of NORTHROP GRUMMAN or its contractors, licensees, invitees, agents or employees in the performance of this Agreement.

The City shall indemnify and hold harmless NORTHROP GRUMMAN, its officers, agents

and employees from all liability from loss, damage or injury to NORTHROP GRUMMAN or persons or property, including the payment of costs and reasonable attorneys' fees, in any manner arising out of or attributable to any negligent or willful acts or omissions by the City, its agents, employees or contractors in relation to NORTHROP GRUMMAN's use of the Premises. Additionally the City shall defend, indemnify and hold harmless NORTHROP GRUMMAN, its officers, agents and employees from all liability from loss, damage or injury, including costs and reasonable attorneys' fees, resulting from the use of NORTHROP GRUMMAN parking lots by the City, its officers, agents, employees, invitees and volunteers, during off hours.

11. Insurance. NORTHROP GRUMMAN shall, at its own cost and expense, maintain during the term hereof General Liability Insurance issued by an insurance company acceptable to City. Said Liability Insurance shall cover Bodily Injury, Property Damage and Personal Injury with limits of not less than \$1,000,000 for each occurrence and \$2,000,000 annual aggregate, insuring against all liability of NORTHROP GRUMMAN arising out of and in connection with NORTHROP GRUMMAN's use of the Licensed Premises.

Said policies of Liability Insurance shall include the following:

- a. An endorsement naming the City, its elected officials, officers, employees, agents and members of boards and commissions as additional insureds.
- b. An endorsement providing that such insurance as is afforded under the policy is primary insurance as respects NORTHROP GRUMMAN and that any other insurance maintained by NORTHROP GRUMMAN is excess and non-contributing with the insurance required hereunder.
- c. A provision waiving any right of subrogation against the City, its elected officials, officers, employees, agents and members of boards and commissions.

NORTHROP GRUMMAN shall furnish the City with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on the City authorized forms provided with the contract specifications. Standard ISO forms which shall be subject to City approval and amended to conform to the City's requirements may be acceptable in lieu of City authorized forms. All certificates and endorsements are to be received and approved by the City before the contract is awarded.

In the event NORTHROP GRUMMAN fails to pay the required premiums, the City, at its option, may do so and the amount of such premiums paid by the City shall be deemed additional rent. The insurance required hereunder shall not limit NORTHROP GRUMMAN's indemnity obligations pursuant to Paragraph 10, above.

12. Access. Upon reasonable notice, the City shall have the right to enter the Licensed Premises for the purposes of inspecting the same and making such alterations, repairs, improvements or additions to the Licensed Premises as the City may deem necessary or desirable. In the event such entry materially interferes with NORTHROP GRUMMAN's use of the Licensed Premises, the rent will be reduced pro rata.
13. Notices. Any notices required or permitted to be given under the terms of this Agreement shall be given by mailing the same by registered or certified mail, postage prepaid, and addressed as follows:

If to the City:
City of Redondo Beach
Department of Recreation
& Community Services
1935 Manhattan Beach Blvd.
Redondo Beach, CA 90278

If to NORTHROP GRUMMAN:
Real Estate Operations
NORTHROP GRUMMAN SPACE &
MISSION SYSTEMS CORPORATION
One Space Park Drive
Redondo Beach, CA 90278

With copies to:

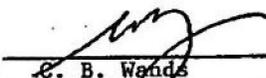
City Attorney
City of Redondo Beach
415 Diamond Street
Redondo Beach, CA 90277

Northrop Grumman Corporation
Attn: Real Estate Dept. - Legal Notices
1840 Century Park East
Los Angeles, CA 90067

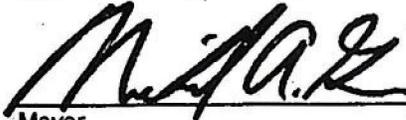
14. Governing Law. This Agreement shall be governed by the laws of the State of California.
15. Assignment. This Agreement may not be assigned in whole or in part by either party.
16. Integration. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other prior agreements, and other commitments or understandings relative thereto. No term or condition hereof may be amended, except by written instrument signed by the parties.
17. Authority. The parties signing below warrant and represent that they are duly authorized to enter into and execute this Agreement on behalf of their respective principals.

IN WITNESS WHEREOF, the City of Redondo Beach and NORTHROP GRUMMAN have executed this Agreement as of this 7th day of April, 2009.

NORTHROP GRUMMAN SPACE &
MISSION SYSTEMS CORPORATION

By: 
Name: C. B. Woods
Title: Sector Vice President
Business Management &
Chief Financial Officer

CITY OF REDONDO BEACH


Mayor

Attest:


City Clerk

Approved as to Form:

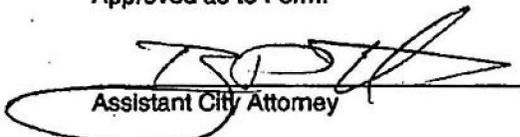
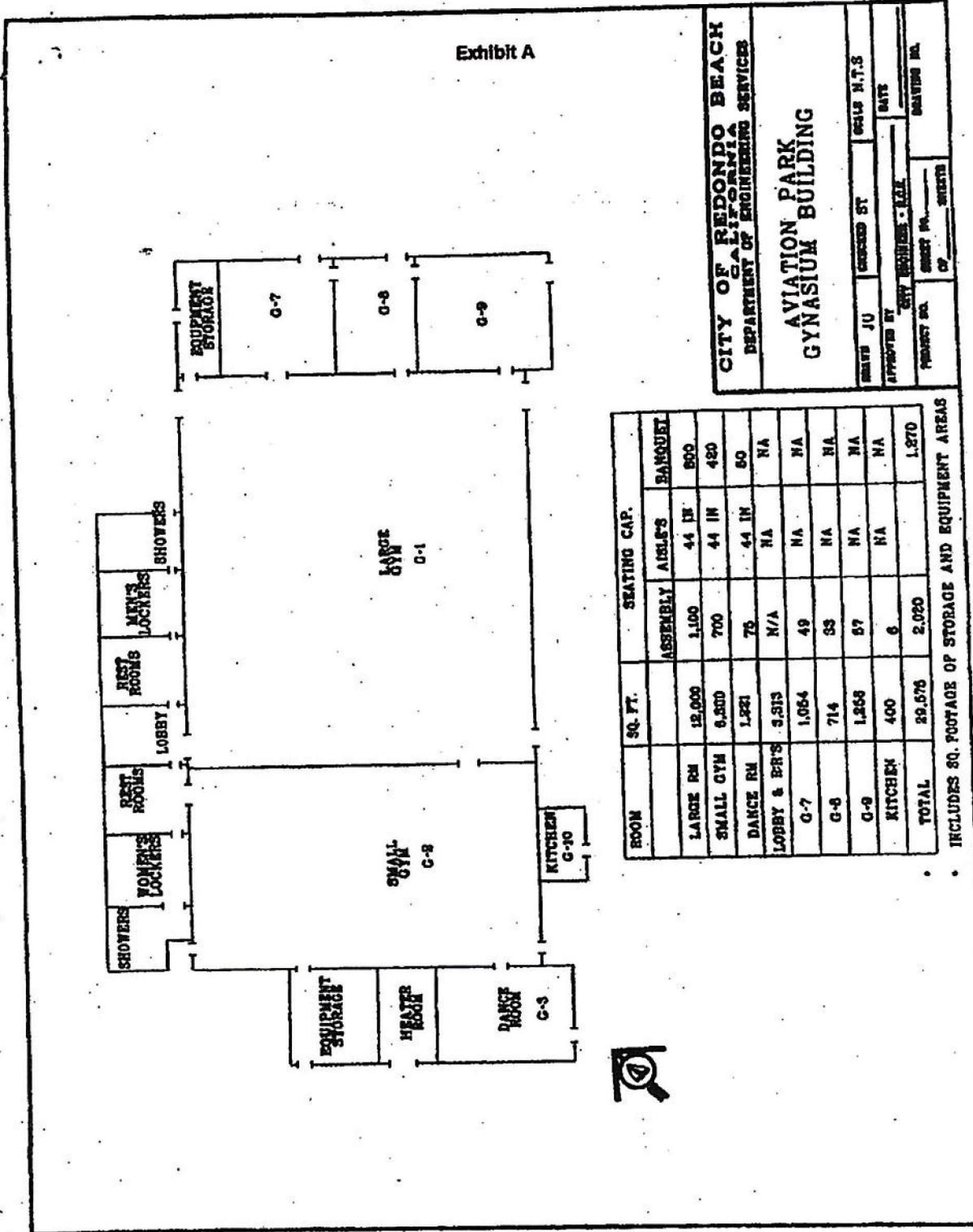

Assistant City Attorney

Exhibit A



ROOM	SQ. FT.	SEATING CAP.	
		ASSEMBLY	ABLES
LARGE RM	12,000	1,100	44 IN
SMALL GYM	6,500	700	44 IN
DANCE RM	1,221	75	44 IN
LOBBY & BR'S	3,513	N/A	NA
G-7	1,054	49	NA
G-8	714	53	NA
G-9	1,256	57	NA
KITCHEN	400	6	NA
TOTAL	29,578	2,020	1,370

• INCLUDES SQ. FOOTAGE OF STORAGE AND EQUIPMENT AREAS

**CITY OF REDONDO BEACH
CALIFORNIA
DEPARTMENT OF ENGINEERING SERVICES**

**AVIATION PARK
GYMNASIUM BUILDING**

DESIGNED BY: [] DATE: []
 CHECKED BY: [] DATE: []
 APPROVED BY: [] DATE: []
 PROJECT NO.: [] SHEET NO.: [] OF [] SHEETS

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Northrop Grumman
Space Park

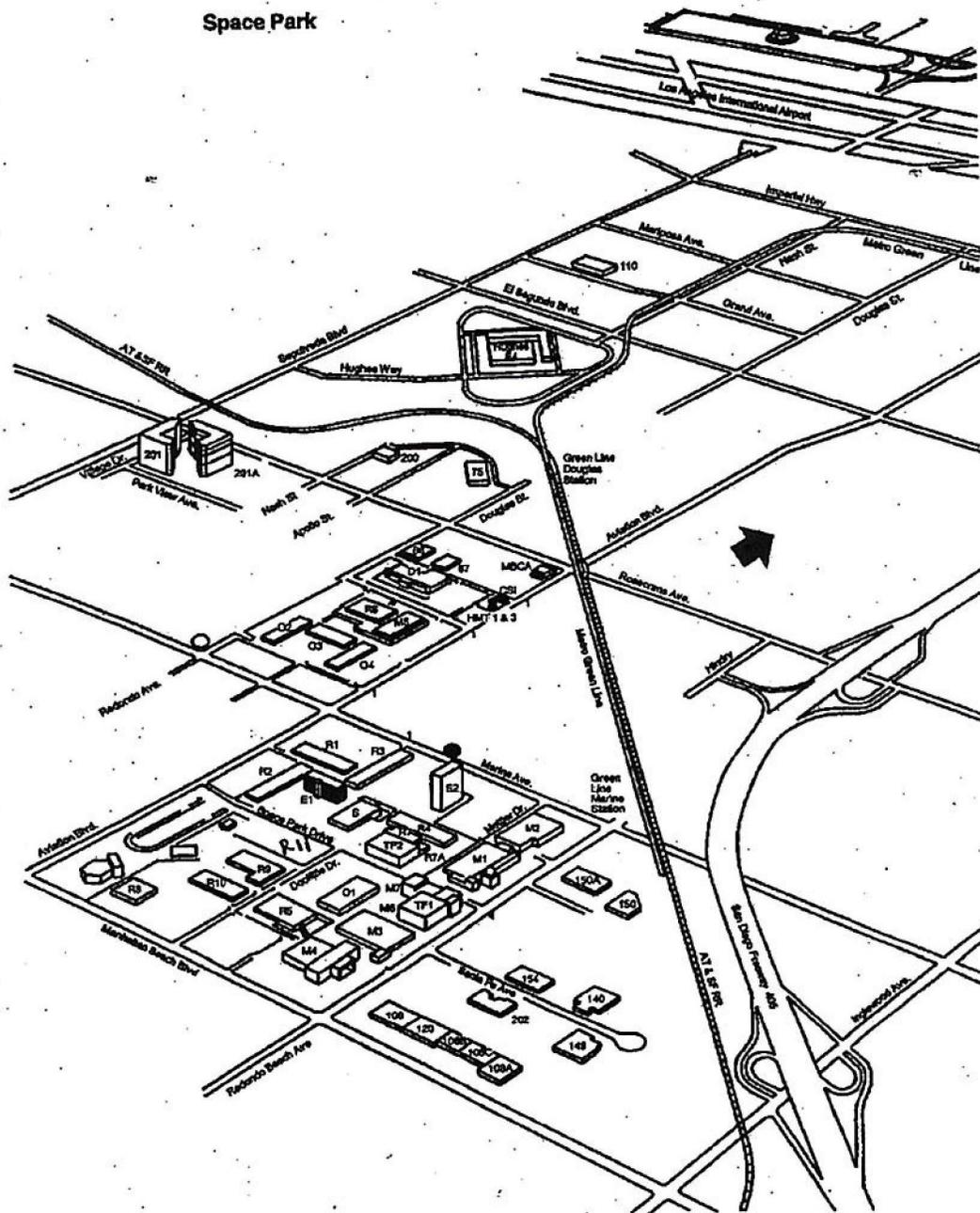


Exhibit "B"

C09-19