LEASE

BETWEEN

THE

CITY OF LOS ANGELES

AND

AEROVIAS EMPRESA DE CARGO, S.A. DE C.V.

(6851 W. Imperial Hwy., Los Angeles)

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LEASE
BETWEEN THE CITY OF LOS ANGELES AND
AEROVIAS EMPRESA DE CARGO, S.A. DE C.V. AT
LOS ANGELES INTERNATIONAL AIRPORT
(6851 W. Imperial Hwy., Los Angeles, California)

THIS LEASE ("Lease") is made and entered into as of _____, 20 ("Effective Date"), by and between the CITY OF LOS ANGELES, acting by order of and through its Board of Airport Commissioners ("Board") of the **DEPARTMENT OF AIRPORTS** also known as Los Angeles World Airports or LAWA ("City"), and LESSEE (as defined in the Basic Lease Information below). City and Lesse are sometimes herein referred to individually as a "Party," or collectively as "Parties". The Parties hereto, for and in consideration of the covenants and conditions hereinafter contained to be kept and performed, DO HEREBY AGREE AS FOLLOWS:

BASIC LEASE INFORMATION:

The following capitalized terms in this Lease shall have their meanings as set forth herein:

Competitively bid? ❑ Yes ☑ Exception: allow time for RFP	Total term (including renewals and options) over 5 yrs? ❑ No ☑ Yes: Council approval required
1. Airport	Los Angeles International Airport
2. Effective Date	☑ Upon execution by the Chief Executive Officer ❑ As of , 20
3. Lessee (name exactly as shown on Secretary of State registration)	AEROVIAS EMPRESA DE CARGO, S.A. DE C.V.
a. Entity type and state of incorporation or organization	Mexican corporation
b. Lessee's California Secretary of State registration status	☑ Lessee represents to City that Lessee is in good standing and registered to do business in California.
4. Demised Premises	The Demised Premises consist of the Land, Paving and Improvements below.
a. Address (street address of Demised Premises)	6851 W. Imperial Hwy., Los Angeles
b. Land	Cargo land: 139,887 square feet Shares Land: 13,841 quare feet
c. Paving	Auto paving: 74,041 square feet Aircraft paving: 12,244 square feet
d. Improvements	Warehouse: 61,949 square feet
e. Map Drawing Number	91039-80 – Exhibit A
5. Term	
a. Expiration Date	One (1) year from the Effective Date.

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b. City's Termination Option (if any)	City may terminate this Lease upon 90 days' prior written notice to Lessee.
c. Lessee's Termination Option (if any)	Lessee may terminate this Lease upon 90 days' prior written notice to City.
d. Extension Request(s)	One (1) extension request of one (1) year (see Section 2.1.2)
6. Permitted Uses	limited to air cargo operations, Ground Service Equipment maintenance and related administrative operations
7. Proposed Improvements	
a. Minimum Investment	None.
b. Completion Date	Not Applicable.
c. Description of Proposed Improvements	❑ Attached hereto as Schedule 4.1 ☑ None
8. Annual Rent Adjustment	
a. Annual Adjustment Type:	☑ Fixed: 3% ("Fixed Annual Rate") ❑ Adjustable by CPI
b. If CPI-adjustable, Minimum Annual Adjustment Rate	Not applicable.
c. If CPI-adjustable, Maximum Annual Adjustment Rate	Not applicable.
d. Supplemental Rent Annual Adjustment Rate	Not applicable.
9. Periodic Rent Adjustments (sec. 5.2.2)	
a. Land Periodic Rent Adjustment	Every 5 years, commencing on July 1, 2030 ("Land Periodic Rent Adjustment Date").
b. Paving Periodic Rent Adjustment	Every 5 years, commencing on the 5th anniversary of the Effective Date ("Paving Periodic Rent Adjustment Date").
c. Improvement Periodic Rent Adjustment	Every 5 years, commencing on the SECOND ANNIVERSARY of the Effective Date ("Improvement Periodic Rent Adjustment Date").
10. Lessee's Address for Notices	Antonio Gomez Elorduy Aeromexico Cargo 5795 W. Imperial Hwy, Los Angeles, CA 90045

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11. Lessee's Authorized Signatories	❑ Authorized Signatory with copy of resolution provided to City ❑ Corporation's (i) Chairman, CEO, or Vice-President; and (ii) Secretary, CFO, Asst. Secretary or Asst. Treasurer ❑ LLC's two managers or its sole managing member ❑ Partnership's general partner ❑ Sole proprietor ❑ Joint venture's joint venturers
12. Lease-Specific Provisions	☑ Attached hereto as Schedule 8.1 ❑ None

The Parties hereto, for and in consideration of the covenants and conditions hereinafter contained to be kept and performed, hereby agree to the attached lease terms, exhibits thereto, and the Basic Lease Information above.

(continued on the following page)

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Schedule 8.1 – Lease-Specific Provisions

1. Notwithstanding anything to the contrary in Section 5.2.2, the first periodic adjustment for the Improvement rental rate shall not be set by the process specified in Section 5.2.2.1 through 5.2.3.3.6. Instead, such initial periodic adjustment for Improvements shall be established by the Board based on the CEO's recommendation of fair market rental rate, with or without an appraisal.

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ARTICLE 1. SPECIFIC TERMS AND PROVISIONS

Section 1. Demised Premises.

1.1 **Demised Premises.** The "Demised Premises" shall consist of Land, Improvements, and Paving as described in the Basic Information. The Demised Premises are collectively located at the Address, as depicted in the LAWA Drawing identified as the Map Drawing Number and which drawing is attached hereto as Exhibit A and made a part hereof.

1.2. **Acceptance and Surrender.** It is understood and agreed that Lessee accepts the Demised Premises in an "as-is, where-is, with all faults" condition, except with respect to any latent defects, structural deficiencies, or Pre-Existing Environmental Conditions not caused by Lessee. Lessee agrees to surrender the Demised Premises upon the expiration or earlier termination of this Lease in a condition substantially similar to the condition of the Demised Premises on the date of first occupancy of the Demised Premises by Lessee, except as modified in accordance with Article 2, Section 58 Improvements and Alterations, Article 2, Section 62 Signs, and Article 2, Section 63 Maintenance and Repair of Demised Premises or any other modifications made pursuant to this Lease, herein, ordinary wear and tear excepted. Lessee shall comply with the requirements for surrender of the Demised Premises stated in Exhibit D-1. If Lessee fails to surrender the Demised Premises in the condition required under this Section 1.2, then City may restore the Demised Premises to such condition at Lessee's sole cost.

Section 2. Term of Lease.

2.1 The term of this Lease ("Term") shall commence on the Effective Date and shall end on the Expiration Date.

2.1.1 Termination Option. This Lease may be terminated in accordance with the City's Termination Option (if any) and Lessee's Termination Option (if any) as described in the Basic Information Section 5(b) and 5(c), respectively.

2.1.2 Extension Request. Subject to Section 2.3 and so long as no Default Event (hereinafter defined) has occurred and is continuing, Lessee shall have the Extension Request(s), if any, specified in Basic Information Section 5(d) (each an "Extension Request") without the requirement of a further request for proposal process, provided that: (i) Lessee shall submit each such Extension Request no later than six months prior to the then-current expiration of the Term; (ii) each such Extension Request shall be subject to written approval and sole discretion of the City's Chief Executive Officer ("CEO") or his or her designee, provided that if the CEO does not respond within six months, then City is deemed to have approved such Extension Request.

2.2 Intentionally omitted.

2.3. If Lessee remains in possession of all or any part of the Demised Premises after the expiration of the term hereof, without the execution of a new lease for the Demised Premises, or otherwise without the express or implied consent of City, such tenancy shall be from month-to-month only, and not a renewal or an extension hereof for any further term, and in such case, rent

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and other monetary sums due hereunder shall be payable in the amount of one hundred fifty percent (150%) of the rent payable for the last month of the term of this Lease plus other charges payable hereunder at the time specified hereunder, and such month-to-month tenancy shall be subject to every other provision, covenant and agreement contained herein including any applicable Rental Adjustments set forth in Article 1, Section 5, Payments to City. Acceptance by City of Rent after such expiration or earlier termination shall not constitute a holdover hereunder or result in a renewal. The foregoing provisions of this Subsection are in addition to and do not affect the right of re-entry or any right of City hereunder or as otherwise provided by law, and in no way shall such provisions affect any right which City may otherwise have to recover damages from Lessee for loss or liability incurred by City resulting from such failure by Lessee to surrender the Demised Premises. Nothing contained in this Subsection shall be construed as consent by City to any holding over by Lessee, and City expressly reserves the right to require Lessee to surrender possession of the Demised Premises to City as provided for in this Lease upon the expiration or other termination of this Lease.

Section 3. Use of Demised Premises and Other Property.

3.1 **Authorized Uses**. The use of the Demised Premises is limited to the Permitted Uses (as defined in the Basic Information), provided such use must be consistent with applicable zoning and other local ordinances.

3.2 **Unauthorized Uses**: Lessee acknowledges that any use other than those expressly set forth in Article 1, Subsection 3.1 above are prohibited, and that prior written consent of the Chief Executive Officer is required to modify the use of the Demised Premises in any manner. Without limitation to the foregoing, Lessee shall not use the Demised Premises for fixed base operations. Lessee shall not use the Demised Premises for any purpose that is contrary to the Leasing Policy and Minimum Standards (as defined in Section 3.3 below), or that constitutes waste or nuisance, or that would unreasonably annoy other occupants or invitees at Airport.

3.3 **Minimum Standards**: Use of the Demised Premises will be subject to and Lessee agrees to comply fully with the Minimum Standards as and when adopted by the Board, which will then be attached hereto and incorporated by reference herein as Exhibit C, Minimum Standards. Lessee acknowledges that the Minimum Standards may be supplemented, amended, or modified (and Exhibit C revised accordingly) by Executive Directive. Lessee shall be solely responsible for fully complying with any and all supplements, amendments, and/or modifications to the Minimum Standards, but only to the extent such Minimum Standards and any such supplements, amendments and/or modifications are equally applied to all similarly situated lessees of the Airport.

3.4 **Access to Demised Premises**: Throughout the term of this Lease, Lessee, its agents, servants, employees, contractors, licensees and business invitees, shall have ground ingress and egress to and from the Demised Premises. Such access to the Demised Premises shall be subject to reasonable airfield access control and permitting requirements as may be established by City and temporary blockage or redirection due to Airport security, Airport construction or Airport operational necessity.

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3.5 **Parking**: Lessee shall require persons needing access to the Demised Premises, including Lessee's employee, contractors, sublessees, invitees, visitors, and other uses of the leasehold to park within the Demised Premises or any other premises in the exclusive or shared possession of Lessee, without infringing upon the rights of the City, other tenants, or other third parties, provided that nothing in this Lease shall be construed to provide any third parties with any causes of action against City or Lessee.

3.6 **Public Right of Way**. Lessee shall, at its sole cost, maintain the public right-of-way adjacent to their leased premises. This includes, but is not limited to, routine cleaning, maintenance, and repair of sidewalks, curbs, and gutters. Without limiting the foregoing, if such adjacent public right-of-way has landscaping (trees, shrubs, etc.) then Lessee shall provide care and upkeep of these elements.

Section 4. Improvements by Lessee.

4.1 **Proposed Improvements by Lessee**. Intentionally omitted.

4.2 **Maintenance and Repair**. Lessee shall, at its sole cost, be fully responsible for the continuous upkeep and repair of all elements of the Demised Premises. Lessee shall maintain the Demised Premises and improvements in compliance with all applicable laws for the duration of the Lease. Lessee shall implement a comprehensive maintenance program for the property. Lessee shall be responsible for maintenance (including preventive and corrective maintenance) and repair of the Demised Premises, including the Improvements. Lessee shall be responsible for the upkeep and maintenance of all utility infrastructure up to the master meter. Lessee shall maintain records and documentation available to demonstrate to City that Lessee has fulfilled its obligations under this Section 4.2. The obligations under this Section 4 shall not be construed to limit Lessee's obligations under the terms of this Lease including but not limited to Article 2, Section 63 Maintenance and Repair of Demised Premises.

4.3 **Payment of Costs and Fees**. Lessee expressly agrees to pay all costs and expenses, direct and indirect, associated with any lessee improvement including Proposed Improvements, if any (collectively, "Lessee Improvements"), including but not limited to all costs associated with inspection, design and engineering and other professional or consultant services, permitting and inspection fees, project financing, utility relocation and upgrading, environmental impact reports, landscaping, and other costs related to Lessee's Improvements. Lessee shall be solely responsible for all costs associated with the Proposed Improvements and any required environmental or regulatory review, including but not limited to CEQA and NEPA, provided that LAWA shall be the lead agency for purposes of any environmental review and environmental documents shall be subject to review and approval by the CEO. Without limiting the foregoing, if any of Lessee improvements to the Demised Premises (including but not limited to Proposed Improvements, if any) cause any authority having jurisdiction to require upgrades or repairs to areas or facilities inside or outside of Lessee's Demised Premises, then Lessee shall be solely responsible for the cost of such upgrades or repairs. If such upgrades or repairs are performed by City, then Lessee shall pay for the cost of such upgrades or repairs, plus an administrative fee of 15%.

4.4 **Qualified Investments**. Intentionally omitted.

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4.5 **Verification**. Intentionally omitted.

4.6 **Compliance**. In Lessee's construction of improvements (if any), Lessee will comply with all applicable federal, state and local laws.

4.6.1 Construction work performed by Lessee on improvements ("Lessee Improvements") may require payment of prevailing wages, and Lessee is obligated to make that determination. Lessee shall be bound by and comply with applicable provisions of the California Labor Code and Federal, State, and local laws related to labor. Lessee shall indemnify and pay or reimburse City for any damages, penalties or fines and interest (including, but not limited to, attorney's fees and costs of litigation) that City incurs, or pays, as a result of noncompliance with applicable prevailing wage laws in connection with the Lessee Improvements.

4.6.2 Before any work is performed for the Lessee Improvements, Lessee may be required to file a performance bond (the "Performance Bond") with City to be approved by City. If required by applicable law, Lessee shall provide the Performance Bond on a form provided by City. The amount required for the Performance Bond shall be determined by City during Tenant Improvement Approval Process (TIAP) as defined in Article 2, Section 58 Improvements and Alterations to guarantee faithful performance of all such work. The Performance Bond must be issued by a surety who is authorized to issue bonds in California.

4.6.3 Before any work is performed for the Lessee Improvements, Lessee may be required to file a payment bond (the "Payment Bond") with City to be approved by City. If required by applicable law, Lessee shall provide the Payment Bond on a form provided by City. The amount required for the Payment Bond shall be determined by City during TIAP for at least fifty percent (50%) of the price of completing all Lessee Improvements to satisfy claims of material suppliers, mechanics, laborers, and subcontractors employed by Lessee on all such repairs. The Payment Bond must be issued by a surety who is authorized to issue bonds in California.

4.6.4 City shall release the Performance Bond and Payment Bond in accordance with applicable law.

Section 5. Payments to City.

5.1. **Rent.**

(a) **Monthly Rent**. Lessee shall pay monthly rent ("Monthly Rent"), commencing on the Effective Date ("Rent Effective Date"). Monthly Rent shall be as set forth in Exhibit B, Payments, and shall be adjusted pursuant to Article 1, Subsection 5.2. Rental Adjustments. Lessee acknowledges that the Chief Executive Officer is authorized to replace Payments, Exhibit B to reflect rental adjustments made pursuant to Article 1, Subsection 5.2 and to reflect fees and/or other charges established periodically by the Board that shall be generally applicable to similarly-situated lessees at airport and Lessee accepts responsibility for payments based upon such modifications. If adjustments to rental, fees and/or other charges are adopted by

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the Board retroactive to an effective date established by the Board, the adjustment(s) shall be applied retroactively to said effective date, and Lessee must pay all increased amounts due at the next scheduled payment date. Lessee shall be responsible for payment of any and all amounts due City by sublessees of this Lease, if any, unless the Chief Executive Officer specifically waives such responsibility.

(b) **Supplemental Rent**. Intentionally omitted.

(c) **Percentage of Gross Receipts**. Intentionally omitted.

5.2. **Rental Adjustments.** It is agreed that Monthly Rent shall be adjusted each year in accordance with the procedures provided hereinafter.

5.2.1. **Annual Adjustments**.

5.2.1.1. Except when adjusted as provided in Article 1, Subsection 4.2.2. Periodic Adjustment to Fair Market Rental, below, the Monthly Rent shall be subject to automatic, annual rental adjustments effective July 1 of each year (the "Annual Adjustment Date"). The adjustment shall be either fixed or adjustable by CPI, as indicated in Basic Information sec. 8(a).

5.2.1.2. Fixed Annual Adjustment: If the Basic Information states that the annual adjustment is adjustable, then then-current Monthly Rent shall be adjusted by the Fixed Annual Rate (as defined in Basic Information sec. 8(a)) on the Annual Adjustment Date

5.2.1.3. CPI Annual Adjustment: If Basic Information sec. 8(a) states that the annual adjustment is adjustable by CPI, then the Monthly Rent shall be adjusted on the Annual Adjustment Date according to the percentage increases over the prior year, if any, in the Consumer Price Index, All Urban Consumers for the Los Angeles-Riverside-Orange County, California area, 1982-84=100 (CPI-U), as published by the U.S. Department of Labor, Bureau of Labor Statistics ("B.L.S."), or its successor, as follows:

Monthly Rent shall be multiplied by the CPI-U for the month of March immediately preceding the Annual Adjustment Date (hereinafter referred to as the "Adjustment Index"), divided by the said CPI-U as it stood on March of the prior year (hereinafter referred to as the "Base Index") and the result shall be the "Adjusted Monthly Rent" to be applied effective July 1 through June 30, provided that the annual adjustment shall not be less than the Minimum Annual Adjustment Rate per year and nor more than the Maximum Annual Adjustment Rate per year, in accordance with the calculation below. In the event that the Adjusted Monthly Rent indicates a rate increase in excess of the Maximum Annual Adjustment Rate, the rental rate increase shall be carried over and implemented in the succeeding year, as necessary, at a rate not to exceed the Maximum Annual Adjustment Rate per year.

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The formula for calculation of Adjusted Monthly Rent commencing each July 1 during the term of this Lease shall be as follows:

AAAAAAAAAAAAAAA MMMMMMAAhllll RRAAMMAA = MMMMMMAAhllll RRAAMMAA x (AAAAAAAAAAAAAAAAMMAA IIMMAAAAII / BBBBAAAA IIMMAAAAII)

If the B.L.S. should discontinue the preparation or publication of the CPI-U, and if no transposition table is available, then City shall adopt a comparable publicly-available local consumer price index for adjusting and revising the Monthly Rent on July 1 annually.

5.2.1.4. Supplemental Rent Annual Adjustment. Intentionally omitted.

5.2.2. **Periodic Adjustment to Fair Market Rental.** Provided nothing herein shall be construed to grant Lessee any extension rights unless expressly stated in this Lease, it is agreed that: (i) if the Demised Premises include Land, then the Land rates payable hereunder shall be adjusted to fair market rate effective as of the date and frequency specified in Basic Information Section 9(a); (ii) if the Demised Premises include Paving, then the Paving rates payable hereunder shall be adjusted to fair market rate effective as of the date and frequency specified in Basic Information Section 9(b); (iii) if the Demised Premises include Improvements, then the Improvements rates payable hereunder shall be adjusted to fair market rate effective as of the date and frequency specified in Basic Information Section 9(c). For the avoidance of doubt, all rental rates shall be reviewed by City and adjusted, as appropriate, in accordance with City Charter requirements, at intervals of no less than every five (5) years. However, nothing herein shall be construed to grant Lessee a right or option to extend the Lease. At no time under this provision shall the rent due to the City result in a rental reduction.

5.2.2.1 During each Periodic Adjustment (as hereinafter defined), the amount of Rent shall be the amount forecasted to be the fair market rental value of the Demised Premises for the Periodic Adjustment Term (as hereinafter defined), which may be established by the Board on an airport-wide basis for similarly-situated lessees. To the extent no airport-wide rate is established by the Board, then the Rent shall be established pursuant to the procedures, terms, assumptions and conditions set forth herein ("Fair Market Value"); provided, however, regardless of such Fair Market Value, Rent during a Periodic Adjustment Term shall not be less than the Rent scheduled as of when the prior term expires. For purposes of this Section 5.2.2, the following definitions shall apply:

a. "Periodic Adjustment" shall mean each periodic adjustment required under Section 5.2.2.

b. "Periodic Adjustment Term" shall mean the period of up to 5 years between Periodic Adjustments or less (as specified in Basic Information Section 9).

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5.2.2.2. Negotiation Period.

a. At least one (1) year before start of the applicable Periodic Adjustment Term, the Parties shall for thirty (30) days ("Negotiation Period") attempt to agree upon the Fair Market Value.

b. If the Parties agree on the Fair Market Value, then such Fair Market Value shall be the rent, subject to Board approval.

c. If during the Negotiation Period, the Parties do not agree on the Fair Market Value, then the Fair Market Value shall be established pursuant to the procedures set forth herein, which shall be binding, subject to Board approval. For the avoidance of doubt, there shall be no further negotiation after the Negotiation Period.

5.2.2.3. Submitted Values.

a. Each Party shall, within ninety (90) days after the end of the Negotiation Period, submit in writing to the other Party (collectively, "Submitted Value(s)"):

(i). such Party's determination of the Fair Market Value;

(ii). such Party's selected Appraiser who shall meet the qualifications set forth herein ("Advocate Appraiser(s)"). Lessor and Lessee may select an Advocate Appraiser who is favorable to such Party's position and may, prior to or after appointment of an Advocate Appraiser, consult with such Party's Advocate Appraiser;

(iii). complete appraisal instructions; and

(iv). narrative appraisal completed according to the Uniform Standards of Professional Appraisal Practice (USPAP) for the year in which the appraisal is completed.

b. If one or both Parties fail to timely provide a Submitted Value (including the name of their Advocate Appraiser), then the first Submitted Value submitted in accordance with Section 5.2.2.3(a) shall be the Fair Market Value, subject to Board approval, provided that such Fair Market Value shall not be less than the Rent scheduled as of when the prior term expires.

5.2.2.4. If both Parties timely and properly designate Advocate Appraisers, then such Advocate Appraisers shall, within thirty (30) days after their selection, choose a third (3rd) neutral Appraiser who shall meet the qualifications set forth herein ("Neutral Appraiser"). The Neutral Appraiser shall be engaged jointly by Lessor and Lessee. If Advocate Appraisers fail to agree upon and timely appoint a Neutral Appraiser, then either Party may request the President of AIR CRE to appoint such Neutral Appraiser within

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thirty (30) days. If the President of AIR CRE does not appoint the Neutral Appraiser within thirty (30) days from a Party's request, then the Chief Executive Officer shall appoint the Neutral Appraiser.

5.2.2.5. The Neutral Appraiser shall additionally not be related to or affiliated with either Party or Advocate Appraiser, and shall not have previously represented in a real estate transaction a Party or anyone related to or affiliated with a Party. All matters to be determined by the Appraisers shall be decided by a majority vote of the Appraisers, with each Appraiser having one (1) vote. The Appraisers may, as the Appraisers determine, hold hearings and require briefs, including market data and additional information. All Appraisers' instructions, communications (with other Appraisers, the Parties or their counsel), reports, and supporting material, shall be discoverable.

5.2.2.6. Determination of Selected Market Value.

a. Within fifteen (15) days after selection of the Neutral Appraiser, each Advocate Appraiser's complete appraisal instructions and USPAP-compliant appraisal report shall be provided to Neutral Appraiser.

b. Within forty-five (45) days after selection of the Neutral Appraiser, the Appraisers shall first determine by majority vote the Fair Market Value established by taking into account the terms, assumptions and conditions set forth herein, within the criteria specified in Section 5.2.3 below ("Appraisers' Market Value").

c. After determining the Appraisers' Market Value, the Neutral Appraiser shall determine which Party's Submitted Value is closer in monetary amount to the Appraisers' Market Value ("Selected Market Value"), then provide the Parties a copy of the Appraisers' Market Value and finally notify the Parties of the Selected Market Value. The Neutral Appraiser shall have no right to decide a Selected Market Value which is a compromise to (or modification of) the Submitted Values. The Selected Market Value shall be the Fair Market Value, subject to Board approval. The decision of the Neutral Appraiser shall be binding upon the Parties, subject to Board approval.

d. Each Party shall be responsible for the costs of their own Advocate Appraiser. The Party whose Submitted Value is not the Selected Market Value shall, within ten (10) days after the Appraisers decide the Selected Market Value, pay the fees and costs of Neutral Appraiser.

5.2.2.7. Following Board approval of Fair Market Value, the CEO or his or her designee is authorized to replace the Rent in Exhibit B with the Fair Market Value.

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5.2.3. Appraisal Criteria. The following appraisal criteria shall apply to Sections 5.2.2.3 through 5.2.2.6.

5.2.3.1. Appraiser Minimum Qualifications. The Advocate Appraisers and the Neutral Appraiser ("Appraiser(s)") must possess, at a minimum, an MAI or SRPA designation and must be licensed in the State of California. The Advocate Appraiser must perform all of the calculations and technical portions of the appraisal report as well as derive the final value conclusions within the appraisal report. The Advocate Appraiser must have geographic market knowledge of the Los Angeles County area. Knowledge of the entire Southern California real estate market is preferred. The Advocate Appraiser must have a minimum seven (7) years of experience of appraising property in Southern California. If the Advocate Appraiser is valuing property within the perimeter fence of an airport ("on-airport"), he or she must have performed a minimum of five (5) appraisals of on-airport property within the past five (5) years.

5.2.3.2. Advocate Appraisers must be in good standing with the California Bureau of Real Estate Appraisers (CBREA) or its successor organization and have no more than one complaint filed against him or her for any reason and no complaints that have resulted in any disciplinary actions. The Advocate Appraisers must certify in the appraisal report that he or she has never received any disciplinary actions from the CBREA. The Advocate Appraisers must be able to provide documentation of the sources of comparable rental rate and sales data to the reasonable satisfaction of City and Lessee.

5.2.3.3. Appraisal Instructions. The Advocate Appraiser shall consider the following in completing the appraisal report:

5.2.3.3.1. Los Angeles Administrative requirements that are in force upon Lessee within its Lease at the date of value.

5.2.3.3.2. FAA regulations that may affect value such as the Building Restriction Line, Object Free Area, Runway Protection Zone, building height limitations as related to the "Transitional Zone" and any other regulations that may affect value.

5.2.3.3.3. City zoning that applies to the property. If the City-approved use does not conform to the current zoning at the date of value, and the current use is also determined to be the highest and best use, then the Advocate Appraiser will value the property as if it had the zoning that would allow its current use
(variance granted).

5.2.3.3.4. Any public or private easements, such as utilities or rights-of-way, including avigation rights.

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5.2.3.3.5. The appraisal of land shall be determined as if vacant under its highest and best use at the date of value, taking into consideration the government imposed restrictions listed above (both by law and restrictions as imposed under the Lease). The leasehold estate or "lessee's interest" (as defined within the most recent edition of "The Appraisal of Real Estate" as published by the Appraisal Institute) shall not to be considered.

5.2.3.3.6. City and Lessee shall have the right to modify any conditions of the appraisal process upon mutual written agreement of the parties.

5.2.4. With respect to additions, improvements, or alterations to leasehold structures authorized by City and made by Lessee during the term of this Lease, Lessee shall not be charged rent for the rental value thereof unless and until title to said additions, improvements, or alterations revert to City pursuant to the terms of this Lease or by operation of law.

5.2.5. Nothing herein shall prejudice the right of Lessee to contest, in a court of competent jurisdiction, such adjusted rental in the event said Board may have acted arbitrarily or unreasonably. However, pending the outcome of any such litigation, Lessee shall be obligated first to either pay the new rental and all retroactive amounts directly to City as they come due, or deposit such increased amounts of such rental and the retroactive amounts into a joint escrow account. Provision shall be made for the payment to the City of the escrowed funds, including accrued interest, (to the extent such funds are owed by Lessee to City) upon a final determination of the appropriate rental adjustment, if any.

5.2.6. Notwithstanding Article 2, Section 71 below and subject to Section 5.2.7 below, failure by the parties to timely comply with the rental readjustment procedures herein shall not be construed to constitute a waiver of the right of City to a rental readjustment. In the event adjustment of rental is not completed prior to the adjustment date, Lessee shall continue to pay the rent set for the preceding period, at the intervals and in the manner fixed for such preceding period, and if such rent is thereafter fixed in a different amount, such new rental shall take effect retroactively back to the beginning date of the readjustment period. Subject to Lessee's right of contest and right to escrow funds, unless the Board otherwise agrees to a payment plan with interest, Lessee shall promptly pay to City that sum, if any, which has accrued as a result of such retroactive application. If a rental reduction occurs, City shall provide a rent credit to Lessee's account equal to the sum which has accrued as a result of such retroactive application.

5.2.7. If City has complied with the appraisal procedure and related time frames as set forth above, City shall be entitled to receive, in addition to all retroactive rents that become due as a result of Board-adjusted rental rate(s), the time value of said rental increase(s) calculated from the effective date of the increase(s) to the time period that the rental increase(s) are assessed to the Lessee at an interest rate representing what the City may

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have otherwise been entitled to if the funds associated with the increase(s) were available for City's use; however, in no event shall the interest rate be less than 5%.

5.2.8. Assessments, Fees, and Charges. In addition to the rental obligation, Lessee hereby agrees to pay such assessments, fees, and charges as shall be set by the Board and that shall be generally applicable to similarly situated lessees at Airport.

5.3 Reporting Percentage of Gross Receipts. Intentionally omitted.

5.4 Certified Public Accountant ("CPA") Audit Report; Computation of Final Lease Year Payment. Intentionally omitted.

5.5 Intentionally omitted.

5.6 Intentionally omitted.

5.7 Los Angeles Business Office, Record Retention, and Right to Inspect. Intentionally omitted.

5.8 In addition to Rent, Lessee shall pay all Operating Expenses (as defined herein) for the Premises. "Operating Expenses" means all expenses, costs, and amounts of every kind incurred because of or in connection with the planning, design, redevelopment (if any), possession, operation, management, maintenance, repair, replacement, or restoration of the Premises, improvements thereon, and equipment therefor. Lessee shall pay all Operating Expenses directly to the respective suppliers, and shall reimburse City to the extent any such Operating Expenses are incurred by City, provided that nothing herein shall be construed to require City to advance such expenses on Lessee's behalf. For the avoidance of doubt, the Rent shall be absolutely net to City, and Lessee shall have sole responsibility for (i) operating and maintaining the Premises in accordance with the terms of this Lease; and (ii) paying for Operating Expenses. City shall have no obligation to advance any of the Operating Expenses on Lessee's behalf but may do so in City's sole discretion.

Section 6. Notices.

6.1 Written notices to City hereunder shall be given in the manner specified in Section 6.4 to the Chief Executive Officer with a copy to the City Attorney of the City of Los Angeles and addressed to said parties at:

Chief Executive Officer
Department of Airports
1 World Way
Post Office Box 92216
Los Angeles, CA 90009-2216

City Attorney
Department of Airports
1 World Way
Post Office Box 92216
Los Angeles, CA 90009-2216

or to such other address as these parties may designate by written notice to Lessee.

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6.2 Written notices to Lessee hereunder shall be given in the manner specified in Section 6.4 to the Lessee's Address for Notices (as stated in the Basic Information) or to such other address as Lessee may designate by written notice to City.

6.3 The execution of any such notice by the Chief Executive Officer shall be as effective to Lessee as if it were executed by Board or by Resolution or Order of said Board, and Lessee shall not question the authority of the Chief Executive Officer to execute any such notice.

6.4 All such notices, except as otherwise provided herein, may either be delivered personally to the Chief Executive Officer or to the Office of the City Attorney, Airport Division, or to Lessee, as the case may be, or may be deposited in the United States mail, properly addressed as aforesaid with postage fully prepaid by certified or registered mail, return receipt requested, and shall be effective five (5) days after deposit in the mail. Such notices also may be delivered by a nationally recognized overnight commercial courier service that requires the recipient's signature for delivery, and shall be effective one (1) business day after delivery by such courier.

Section 7. Disclosure of Hazardous Substances.

7.1 City hereby notifies Lessee that in addition to Pre-Existing Environmental Conditions (as defined in Section 74 below), petroleum products, Asbestos Containing Material ("ACM") (including, but not limited to, building materials such as floor tile, mastic, roofing, and joint compound), Lead Based Paint ("LBP"), Possible Mercury-Containing Switches and Fluorescent Tubes, and Possible PCB-Containing Materials (including but not limited to fluorescent light ballast and electrical transformers ("Possible PCB") may be present in structures and materials on the Demised Premises. The disclosure in this Section 7 shall only be for purposes of providing Lessee with notice of some substances that may be present on the Demised Premises. The disclosure herein shall not be construed as evidence of Pre-Existing Environmental Conditions for purposes of Art. 2, Sec. 74.

NOTICE IS HEREBY GIVEN TO LESSEE THAT ASBESTOS CONTAINING MATERIALS MAY BE PRESENT IN NUMEROUS STRUCTURES AND MATERIALS IN THE DEMISED PREMISES. ACM MAY BE PRESENT IN SOME BUILDING MATERIALS INCLUDING FLOOR TILE, MASTIC, ROOFING, JOINT COMPOUND AND OTHER VARIOUS MATERIALS. ACM IS REQUIRED BY THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT RULE 1403. TO BE REMOVED PRIOR TO DEMOLITION, IF ANY.

NOTICE IS HEREBY GIVEN TO THE LESSEE THAT LEAD BASED PAINT MAY BE PRESENT IN VARIOUS STRUCTURES IN THE DEMISED PREMISES INCLUDING WALLS, DOOR AND DOOR COMPONENTS, RAILINGS, TANKS, FLOORS, WINDOW SASHES AND OTHER PAINTED SURFACES.

NOTICE IS FURTHER GIVEN TO LESSEE THAT IF ANY LEAD-BASED PAINT WILL BE DISTURBED, THERE ARE OSHA AND CAL-OSHA REGULATIONS FOR WORKERS DISTURBING LEAD BASED PAINT THAT MUST BE FOLLOWED, AND THE WASTE STREAM MUST BE TESTED TO DETERMINE IF IT HAS TO BE DISPOSED OF AS RCRA HAZARDOUS WASTE,

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CALIFORNIA HAZARDOUS WASTE, OR CAN BE DISPOSED OF AS CONSTRUCTION DEBRIS. SEE CAL-OSHA CONSTRUCTION LEAD STANDARD (8 CCR 1532.1).

NOTICE IS FURTHER GIVEN TO THE LESSEE THAT POSSIBLE MERCURY CONTAINING SWITCHES AND FLUORESCENT TUBES MAY BE PRESENT IN THE DEMISED PREMISES. PRIOR TO ANY DEMOLITION OF ANY STRUCTURES AT THE DEMISED PREMISES, ANY ACTUAL MERCURY-CONTAINING SWITCHES AND FLUORESCENT TUBES MUST BE REMOVED AND MANAGED FOLLOWING THE REQUIREMENTS OF THE HAZARDOUS WASTE CONTROL ACT AND THE TOXIC SUBSTANCES CONTROL ACT.

NOTICE IS FURTHER GIVEN THAT POSSIBLE PCB-CONTAINING MATERIALS MAY BE PRESENT IN THE DEMISED PREMISES. SUSPECTED PCB-CONTAINING MATERIALS MAY INCLUDE BUT NOT BE LIMITED TO FLOURESCENT LIGHT BALLASTS AND ELECTRICAL TRANSFORMERS. PRIOR TO ANY DEMOLITION IN THE DEMISED PREMISES, ACTUAL PCB-CONTAINING MATERIALS MUST BE REMOVED AND MANAGED FOLLOWING THE REQUIREMENTS OF THE UNIVERSAL WASTE RULE.

General Release and Waiver by Lessee. Lessee on behalf of itself and its successors and assigns releases the City from and waives any and all claims of any nature whatsoever, whether direct or indirect, known or unknown, foreseen or unforeseen, arising from or related to Pre-Existing Environmental Conditions, petrochemicals, ACM, LBP, actual Mercury-fluorescent tubes and switches, and actual PCB-containing materials in the Demised Premises. The Lessee acknowledges and agrees that it has been advised by legal counsel in California and is familiar with the provisions of California Civil Code Section 1542, which provides as follows:

> "**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM, MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.**"

The provisions of this section shall survive the expiration or earlier termination of this Lease.

ARTICLE 2. STANDARD TERMS AND PROVISIONS

Section 51. Limitations on Use of Demised Premises.

51.1. Lessee shall not use the Demised Premises, nor any portion thereof, for any purpose other than that set forth in Article 1, without first having had and obtained the written consent of the Chief Executive Officer, which consent may be withheld in the Chief Executive Officer's sole discretion, and which written consent is approved as to form by the City Attorney.

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51.2. There is hereby reserved to City, 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 Demised Premises herein leased. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operating on Airport. Lessee agrees not to make any claim or institute legal action against City under any theory of recovery for any interference with Lessee's use and enjoyment of the Demised Premises which may result from noise emanating from the operation of aircraft to, from, or upon Airport.

51.3. Lessee, by accepting this Lease, agrees for itself and its successors and assigns that it will not make use of the Demised Premises in any manner which might interfere with the landing and taking off of aircraft from Airport or otherwise constitute a hazard to such operations. In the event that the Lessee interferes with any air traffic as described above, City reserves the right to enter upon the Demised Premises hereby leased and cause the abatement of such interference at the expense of Lessee.

51.4. Lessee shall conduct its, and cause its sublessees to conduct their operations on the Demised Premises in such manner as to reduce as much as is reasonably practicable, considering the nature and extent of said operations, any and all activities which interfere unreasonably with the use of other premises adjoining the Demised Premises at Airport, including, but not limited to, the emanation from the Demised Premises of noise, vibration, movements of air, fumes, and odors.

51.5. Lessee is prohibited from installing or using any wireless workstations, access control equipment, wireless internet servers, application or system software such as transceivers, modems, or other interface units that access frequencies from 2.0 Gigahertz to 6.0 Gigahertz, inclusive, without first obtaining approval from the Chief Executive Officer.

51.6. Lessee has no rights under this Lease to install or use any antennae or telecommunications equipment on the roof or exterior of any building or structure on the Demised Premises, unless such installation or use is directly related to the conduct of Lessee's business and in full compliance with City's permit process and telecommunications policies, as may be modified from time to time at the sole discretion of the Chief Executive Officer. Lessee may not license or sublease to others the right to install or use antennae or other telecommunications equipment on the Demised Premises.

Section 52. Rental Payments.

52.1. Delivery of Rental Payments. Rent shall be paid by Lessee to City on or before the first day of each calendar month of the term, pursuant to Article 1, Section 2, Term of Lease, herein. In the event the commencement or termination date of this Lease falls on any date other than the first day of the calendar month, the applicable rental for that month shall be calculated pro rata according to the number of days during which the Demised Premises, or any part of same, were occupied by Lessee during said month. All payments shall include the contract number, which is stamped on the first page of this Lease, on each payment check and the remittance advice

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attached to the invoice, if any, delivered to Lessee by City. Upon written approval by the Chief Executive Officer, the Lessee may be approved to make electronic rental payments to the City.

52.2. All payments shall be mailed to the following address:

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

52.3. City may, from time to time, designate another address to which rental payments shall be made and will provide at least thirty (30) days advance written notice of such address change. Invoices may be sent by City to Lessee as a customer courtesy, and receipt of such invoice shall not be a condition prior to payment of rent.

Section 53. Liquidated Damages for Delinquent Payment.

53.1. Payment of rentals, fees, and charges shall be delinquent if not received by City within ten (10) days following the due date. Without waiving any rights available under this Lease or by law, in the event of delinquent payments, Lessee recognizes that City will incur certain expenses, the amount of which is difficult to ascertain. Therefore, in addition to payment(s) owing, Lessee agrees to pay the liquidated damages set forth below to compensate City for all expenses and/or damages and loss resulting from said delinquent payments by Lessee

53.2. The liquidated damages for delinquent payments shall be assessed each month at a rate of 1 percent interest (i.e., equivalent to 12% per annum compounded monthly) on the Average Daily Balance (as hereinafter defined) of the unpaid amount. "Average Daily Balance" shall mean the sum of Lessee's unpaid balance on each day of the monthly billing cycle divided by the number of days in the monthly billing cycle. City may draw such delinquent payments from the Faithful Performance Guarantee required pursuant to Article 2, Section 57 Faithful Performance Guarantee, herein. FPG draw shall apply first to unpaid liquidated damages, then to remaining delinquent balances. Delinquent balance remaining after FPG draw shall continue to be assessed liquidated damages pursuant to this Section 53.2.

Section 54. Utility Services.

54.1. Lessee shall pay all charges for water, gas, power, communications, and any and all other utility services used by Lessee in connection with its occupancy of the Demised Premises, including deposits, connection fees, or charges and meter installation rentals required by the supplier of any such utility service, and the costs of all equipment and improvements necessary for connecting the Demised Premises to such utility service facilities (collectively, "Utility Services"). On or before the fifth calendar day of each month during the Term, Lessee shall provide the Commercial Development Division's Business Relationship Manager (or equivalent staff) with the preceding month's water meter reading.

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54.2. Lessee shall meter all utilities separately and shall install all meters at Lessee's expense unless City and Lessee agree that separately metering any or all of the utilities is not feasible. To the extent Lessee is not paying for any Utility Service directly to the utility company providing said Utility Service, and such Utility Service is being metered, sub-metered, or otherwise paid for by City or a third party ("Utility Third Party") then Lessee shall pay the costs for Utility Services allocable to the Demised Premises as reasonably determined by City or Utility Third Party as the case may be, plus fifteen percent (15%) administrative costs, unless Lessee and City or Utility Third Party agree otherwise in writing.

54.3. City may, at City's own expense, install, maintain and repair utilities under, over, through or in any part of the Demised Premises and Lessee shall not be entitled to payment or abatement of rent or any other compensation in connection with any such installation, maintenance and/or repair. If City installs, maintains or repairs utilities under, over, through or in any part of the Demised Premises and City damages the Demised Premises during such utility work, then City shall repair the damage to a reasonable condition. Furthermore, City will make all reasonable efforts during the installation, maintenance and/or repair not to create a materially adverse effect on Lessee's on-going business concern. Lessee waives any and all claims against City for compensation for any and all loss or damage sustained by reason of any defect, deficiency, or impairment of any water supply system, drainage or sewer system, gas supply system (if provided), telephone system, electrical supply system, or electrical apparatus or wires serving the Demised Premises, with the exception for claims against City for compensation for loss or damage directly resulting from installation, maintenance and/or repair performed by City.

Section 55. Reports.

55.1. City may, at its discretion and with reasonable notice to Lessee, require Lessee within ten (10) days after the end of each calendar month, to report to the City certain operating statistical and financial data applicable to City airports covering the previous calendar month in such form and content as shall reasonably be specified by the Chief Executive Officer.

Section 56. Audits.

56.1. City may, at its sole discretion and with reasonable notice to Lessee, require Lessee to provide access to all records and other information necessary to perform an audit of rental, fees, other charges paid and payable to City, and any required information for payments by City to lessee, including but not limited to invoices and proof of payments related to reimbursement for Lessee improvements and other Lessee-required investments. City shall have the right to access such records and information for five (5) years past the end of the fiscal year in which they were generated and up to five (5) years past the expiration or early termination of this Lease. Lessee shall retain all records and other information necessary to perform an audit as described above for a minimum of five (5) years.

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Section 57. Faithful Performance Guarantee.

57.1. Lessee shall furnish to City and maintain throughout the term of this Lease and for sixty (60) days following Lease termination, a Faithful Performance Guarantee ("FPG") to secure the faithful performance by Lessee of all the terms, provisions, and covenants contained herein including, but not limited to, the payment of rent and any other specified compensation or reimbursement for Proposed Improvements or maintenance not made by Lessee. Such FPG shall be separate from any other guarantee(s) of Lessee. The initial amount of said FPG shall be three (3) times the highest monthly rental amount, commencing with the initial first year's rent, prescribed herein. Any adjustments to rent, pursuant to Article 1, Section 5, Payments to City, herein, shall also result in a commensurate adjustment to the FPG, pursuant to subsections 57.2 and 57.3 below. If all or any part of the FPG is used to pay delinquent account as set forth in Article 2, Section 53. 2, Liquidated Damages for Delinquent Payment herein, Lessee shall, within sixty (60) days after draw down, replenish said FPG so that the FPG equals three (3) times the highest monthly rental amount.

57.2. If Lessee has previously provided such FPG to City and if, for any reason, Lessee's monthly monetary obligation to City for use of the Demised Premises under this Lease is thereafter increased in excess of ten percent (10%), then the amount of Lessee's FPG shall, within sixty (60) days after receiving written notice from City, correspondingly be increased to a sum three (3) times of the new monthly amount prescribed under this Lease.

57.3. If Lessee has previously provided such FPG to City and if, for any reason, Lessee's monthly monetary obligation to City for use of the Demised Premises under this Lease is thereafter decreased in excess of ten percent (10%), then the amount of Lessee's FPG may be correspondingly decreased to a sum three (3) times of the new amount prescriber under this Lease, within sixty (60) days following written notice to City by Lessee.

57.4. FPGs of Five Thousand Dollars ($5,000) or less shall be in the form of a Cashier's Check, Company Check, Money Order, Certificate of Deposit or Irrevocable Letter of Credit. FPGs in excess of Five Thousand Dollars ($5,000) shall be in the form of an Irrevocable Letter of Credit. Letters of Credit shall be self-renewing from year-to-year and shall remain in full force and effect for a minimum period of ninety (90) days following termination or cancellation of the Lease. However, the Irrevocable Letter of Credit may be subject to termination upon sixty (60) days written notice (subject to Subsection 57.5), provided that, Lessee shall first give City notice in writing of its intent to terminate the Letter of Credit and provide a replacement Irrevocable Letter of Credit to the City so that there is no lapse in coverage. All FPGs must be approved as to form by the City Attorney.

57.5. Lessee shall furnish one original and one copy of such FPG on or before the Rent Commencement Date or within thirty (30) days following notice of adjustment of the rent. If, for any reason, said FPG is not provided by Lessee and/or is not thereafter maintained in sufficient amount throughout the term hereof, or replenished within sixty (60) days of drawdown, City, subject to the notice requirements of Article 2, Subsection 71.1.2, may terminate this Lease at any time upon giving Lessee a thirty (30) day advance written notice. Upon the expiration or earlier termination of this Lease, and if Lessee has satisfied all of its obligations to City hereunder, City

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shall relinquish to Lessee said FPG following such expiration or earlier termination and satisfaction of all obligations to City within sixty (60) days of that determination. The FPG shall be submitted to:

Los Angeles World Airports
Attn: Accounting/Revenue FPG Administrator
PO Box 92216
Los Angeles CA 90009-2216

Section 58. Improvements and Alterations.

58.1. By Lessee.

58.1.1. Prior to the construction of any improvements, including but not limited to structural improvements, additions, alterations, or signs, Lessee shall obtain approval from the City through its Tenant Improvement Approval Process (TIAP). Lessee shall submit to the City for concept approval the preliminary plans and estimated construction cost for such improvements. Said approval, subject to the conditions set forth herein, shall be given in a reasonably timely manner. Upon approval by the Chief Executive Officer of Lessee's preliminary plans, Lessee shall prepare working drawings and specifications which shall be true and correct developments of the preliminary plans so approved. Lessee shall then submit a written request for construction approval and a minimum of five (5) complete sets of said approved working drawings and copies of the specifications to the City for written approval by the Chief Executive Officer. The Chief Executive Officer's written approval and any conditions related to the construction of the improvements or alterations shall become a part of the Lease as though fully set forth herein once the document is fully executed by both parties. Upon receipt of the Chief Executive Officer's approval, Lessee shall cause the construction called for by the approved working drawings and specifications to be commenced and completed promptly. No substantial changes, additions, or alterations shall be made in said working drawings or specifications, or in the construction called for thereby, without first obtaining the Chief Executive Officer's approval in writing. As required by TIAP and upon completion of the improvements approved by the City, Lessee shall furnish to City, at no charge, three complete sets of "record" drawings, and one complete set in Computer Aided Design (CAD) format which complies with the then current LAWA CAD standards. These drawings must include any applicable permit numbers, the structural and other improvements installed by Lessee in the Demised Premises, and the location and details of installation of all equipment, utility lines, heating, ventilating, and air-conditioning ducts and related matters. Lessee shall keep said drawings current by updating them in order to reflect any changes or modifications which may be made in or to the Demised Premises.

58.1.2. Any conditions, restrictions, or limitations placed upon the approval of Lessee improvements by the Chief Executive Officer pursuant to Section 58.1.1 shall be conditions of this Lease as though fully set forth herein once the document is fully executed by both parties. Lessee shall hold City harmless from liability with respect to any claims regarding any improvements, additions, or alterations made thereto.

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58.1.3. As required by TIAP, for each and every construction or alteration project undertaken on the Demised Premises, Lessee shall prepare a final construction report. This report shall contain the following elements: (1) type of improvement constructed or altered; (2) floor area or capacity of improvement constructed or altered; (3) total cost of construction or alteration including a detailed cost breakdown; (4) completion date for construction or alteration; and (5) a copy of the certificate of occupancy. The construction report shall be delivered to the City at the address provided in the Notices Section of the Lease no later than sixty (60) days following completion, and applicable permitting approvals of the construction or alteration.

58.1.4. Lessee shall also keep the Demised Premises and any improvements constructed thereon free and clear of liens for labor and material expended by or for Lessee or on its behalf in accordance with Article 2, Section 59 Liens, herein.

58.1.5. Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Administration Regulations in the event any future structure or building is planned for the Demised Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Demised Premises.

58.1.6. Lessee agrees that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on the land leased hereunder above the mean sea level elevation obstruction contours shown on the contour drawings on file with the City, if applicable. In the event the aforesaid covenants are breached, City reserves the right to enter upon the land leased hereunder and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of Lessee.

58.1.7. Before any work is performed on or within the Demised Premises, as described in the aforementioned subsection 58.1.1, Lessee may be required to file Payment and Performance Bonds with the City. Furthermore, Lessee agrees to require its contractors to file with the City any Payment Bonds as required by TIAP. All required Payment and Performance Bonds must be approved by the City before any work commences.

58.1.8. Intentionally omitted.

58.2. By City.

58.2.1. City reserves the right to further develop or improve the landing area of Airport or any other portion of the Airport, as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance. If any such development or improvement interferes substantially with Lessee's use and occupancy of the Demised Premises, Lessee shall be entitled to an appropriate reduction in rental or termination of this Lease.

58.2.2. City reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard.

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58.2.3. Lessee acknowledges that the City retains the right without compensation to Lessee to install or use antennae or telecommunications equipment on the roof or exterior of any building or structure on the Demised Premises (and the right to install and attach cables, wires and conduits on, over or under the Demised Premises), or to lease or license others to do so. City agrees to install such antennae and/or telecommunications equipment in such a manner that will not cause a loss of water-tightness in the roof or wall structures or their related components. The right to install or use said antennae or telecommunications equipment shall not include the right to penetrate fully through roof or wall structures owned by Lessee without first obtaining approval of the Lessee, which approval may not be unreasonably withheld. City further agrees to repair any damage caused by City's installation of antennae or telecommunications equipment on the roof or exterior of any building or structure on the Demised Premises. City will make best efforts not to interfere with the use of the Demised Premises, as described herein, during the installation or maintenance of such antennae and/or telecommunications equipment.

Section 59. Liens.

59.1. During the term of this Lease, the fee interest in the real property underlying the Demised Premises shall not be used as security for any loans or mortgages or otherwise have any liens placed on it. Additionally, Lessee shall keep any City-owned improvements on the Demised Premises free and clear of any liens or other encumbrances. By way of specification without limitation, Lessee shall keep the Demised Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by or for Lessee and shall indemnify, hold harmless and defend City from any liens and encumbrances arising out of any work performed or materials furnished by or at the request of Lessee. In the event that Lessee does not, within thirty (30) calendar days following the imposition of any such lien, cause such lien to be released of record by payment or posting of a proper bond, City shall have in addition to all other remedies provided herein and by law, the right, but not the obligation to cause, upon ten (10) business days prior written notice to Lessee, the same to be released by such means as it shall deem proper, including payment in satisfaction of the claim giving rise to such lien. All such sums paid by City and all expenses incurred by it in connection therewith, including costs, attorney's fees, and a 15% administrative fee, shall be paid by Lessee to City on demand. Nothing in this Section shall be construed to limit any rights of Lessee to use its leasehold interest as security for any loans to the extent that such use is permitted under this Lease. Nothing in this Section shall be construed to place any obligations upon Lessee with respect to liens, loans, or mortgages placed upon the Demised Premises by City, its Department of Airports, its Board, City officers, agents, or employees.

Section 60. Modification to Size of Demised Premises.

60.1. Modification of Premises and Documents. Addition or deletion of space for which Lessee is charged, not to exceed a cumulative total of twenty percent (20%) of the Demised Premises as described at the commencement of the Lease, may be made by City. Such addition or deletion shall be by written amendment and shall specify appropriate adjustments in rental, charges, or credits, as applicable, and shall not require approval by Board or Council, unless the

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modification involves an amount in excess of $150,000 per year, in which case prior Board approval shall be required. The Chief Executive Officer shall revise and replace the Premises, Exhibit A and the Payments, Exhibit B, as necessary.

60.2. Intentionally Omitted

60.3. Damage to or Destruction of Improvements. If, during the term of this Lease, any buildings, structures, or improvements on the Demised Premises are partially or totally destroyed from a risk covered by the insurance described in the Article 2, Section 65, Insurance, herein, thereby rendering said Demised Premises partially or totally inaccessible or unusable, Lessee must restore the Demised Premises to substantially the same condition as they were immediately before destruction.

60.3.1. If, during the term of this Lease, improvements on the Demised Premises are partially or totally destroyed from a risk not covered by the fire and extended coverage insurance described in the Insurance, Exhibit E, herein, thereby rendering said Demised Premises partially or totally inaccessible or unusable, such destruction shall not automatically terminate this Lease. If, however, the cost of restoration exceeds ten percent (10%) of the full replacement value of improvements, as said value existed immediately before said destruction, Lessee may, at Lessee's option, terminate this Lease by giving written notice to City within sixty (60) days from the date of destruction. If Lessee elects to terminate as above provided, Lessee shall be obligated, unless otherwise directed by City, to demolish all damaged improvements and remove all debris from the Demised Premises at Lessee's sole cost. If Lessee fails to exercise its right to terminate this Lease, this Lease shall continue in full force and effect for the remainder of the term specified herein and Lessee shall restore the Demised Premises to substantially the same condition as they were in immediately before destruction.

Section 61. Ownership of Improvements.

61.1. During the term of this Lease, title to all structures, improvements, facilities, or alterations constructed or installed by Lessee shall remain in Lessee. Upon the termination of this Lease, said structures, improvements, facilities, or alterations, other than machines, equipment, trade fixtures, and similar installations of a type commonly removed without structural damage to the Demised Premises, shall become a part of the land upon which they are constructed, or of the building to which they are affixed, and title thereto shall thereupon vest in City, unless City requests Lessee to remove some or all of said structures, improvements, facilities, or alterations. If so requested, Lessee shall promptly remove said items at Lessee's sole cost and expense, including full remediation and restoration of the Demised Premises pursuant to Article 2, Section 74, herein. In the event the removal of any fixture damages any part of the Demised Premises, Lessee shall repair such damage and restore the Demised Premises to as good condition as the same was in prior to said damage, reasonable wear and tear excepted, as may be required and approved by the City.

61.2. During the term of this Lease, title to all structures, improvements, facilities, or alterations constructed or installed by Lessee for which Lessee has been reimbursed by City shall thereupon vest in City.

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61.3. Upon title to said structures, improvements, facilities, or alterations vesting in City, City shall be entitled to reasonable rent, fees and/or other charges, as determined by the Board, and Lessee shall be obligated to pay same for as long as Lessee occupies said structures, improvements, facilities and alterations.

Section 62. Signs.

62.1. No identification signs pertaining to Lessee's operations shall be installed or placed in or on the Demised Premises or Airport until Lessee has submitted to the Chief Executive Officer drawings, sketches, design dimensions, and type and character of such identification signs proposed to be placed thereon or therein and has received written approval from the Chief Executive Officer. The Chief Executive Officer's written approval and any conditions related to the subject signs shall become a part of the Lease as though fully set forth herein once the document is fully executed by both parties.

62.2. Other than approved identification signs, Lessee shall not, at any time, under any circumstances, install, place, or maintain any type of advertising, on the Demised Premises.

Section 63. Maintenance and Repair of Demised Premises.

63.1. Except as otherwise expressly stated in this Lease and in accordance with Exhibit D, Lessee, solely at its own cost and expense, shall keep and maintain the Demised Premises and all improvements in good repair and working order, reasonable wear and tear excepted, and in a clean, properly maintained, and safe condition. All maintenance, repairs, and replacements shall be in accordance with: applicable prevailing industry maintenance standards; maintenance requirements which City may develop; in compliance with all manufacturers' recommendations, warranties and guarantees; and all federal, state, and local government rules and regulations. Lessee shall keep the Demised Premises, at all times, free and clear of weeds, wastepaper, discarded plastic, graffiti, discarded pallets, and all other trash and debris of any kind.

63.2. If Lessee fails to so maintain or repair the Demised Premises, City may serve a "Notice to Cure" upon Lessee. Said Notice shall prescribe the work to be accomplished by Lessee in order to correct the maintenance deficiencies and shall state the due date by which Lessee shall have to complete the work as prescribed in the Notice. In addition, a copy of the "Notice to Cure" may be posted on the Demised Premises in a conspicuous place. Furthermore, City retains the right , but not the obligation, to make emergency repairs when, in the sole determination of the Chief Executive Officer, failure to take immediate action will damage the facilities or disrupt operations, at Lessee's sole cost and expense, plus an administrative fee in the amount of 15% of cost.

63.3. If, in the opinion of the Chief Executive Officer, any default is of such nature that it cannot physically be corrected within the period originally specified by City, and if the party in default has responded with a course of action and has commenced to remedy such default promptly after the receipt of such Notice, and shall continuously and diligently proceed in good faith to eliminate such default, then the period for correction shall be extended for such length of time as is reasonably necessary to complete the same.

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63.4. If the work prescribed in the "Notice to Cure" is not completed by Lessee in a manner reasonably satisfactory to the Chief Executive Officer, and Lessee fails to correct such work within the time specified by City in the mailed Notice, or as set forth in Article 2, Subsection 63.3, City may, at City's sole option, and at Lessee's sole cost and expense, enter upon the Demised Premises and perform whatever work may, in the opinion of the Chief Executive Officer, be required to correct the maintenance deficiencies. If City exercises this option, Lessee shall pay to City a sum equal to the direct cost of labor and materials expended for said work, plus a surcharge equal to fifty percent (50%) of said direct cost. Payment shall be made within thirty (30) days of invoice date.

Section 64. City's Right of Access and Inspection.

64.1. City, by and through its officers, employees, agents, representatives, and contractors, shall have the right at all reasonable times and in a reasonable manner, upon notice to Lessee, to enter upon the Demised Premises for the purpose of inspecting the same or for doing any act or thing which City may be obligated or have the right to do under this Lease, or otherwise, and no abatement of rental shall be claimed by or allowed to Lessee by reason of the exercise of such rights. In the exercise of its rights under this Section, City, its officers, employees, agents, and contractors shall not unreasonably interfere with the conduct of Lessee's business on the Demised Premises as herein authorized.

Section 65. Insurance.

65.1. Lessee shall procure at its expense, and keep in effect at all times during the term of this Lease, the types and amounts of insurance specified on Insurance, Exhibit E, attached hereto and incorporated by reference herein. The specified insurance shall also, either by provisions in the policies, by City's own endorsement form or by other endorsement attached to such policies, include and insure City, its Department of Airports, its Board and all of City's officers, employees, and agents, their successors and assigns, as additional insureds, against the areas of risk described on Insurance, Exhibit E, hereof with respect to Lessee's acts or omissions in its operations, use, and occupancy of the Demised Premises or other related functions performed by or on behalf of Lessee in, on or about Airport.

65.2. Each specified insurance policy (other than Workers' Compensation and Employers' Liability and fire and extended coverages) shall contain a Severability of Interest (Cross Liability) clause which states, "It is agreed that the insurance afforded by this policy shall apply separately to each insured against whom claim is made or suit is brought except with respect to the limits of the company's liability," and a Contractual Endorsement which shall state, "Such insurance as is afforded by this policy shall also apply to liability assumed by the insured under this Lease with the City of Los Angeles."

65.3. All such insurance shall be primary and noncontributing with any other insurance held by City and its Department of Airports where liability arises out of or results from the acts or omissions of Lessee, its agents, employees, officers, assigns, or any person or entity acting for or on behalf of Lessee. Such policies may provide for reasonable deductibles and/or retentions

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acceptable to the Chief Executive Officer based upon the nature of Lessee's operations and the type of insurance involved.

65.4. City shall have no liability for any premiums charged for such coverage(s). The inclusion of City, its Department of Airports, Board and all of City's officers, employees, and agents, their successors and assigns, as insureds is not intended to, and shall not, make them, or any of them, a partner or joint venturer with Lessee in Lessee's operations at Airport. In the event Lessee fails to furnish City evidence of insurance and maintain the insurance as required, City, upon ten (10) days prior written notice to comply, may (but shall not be required to) procure such insurance at the cost and expense of Lessee, and Lessee agrees to promptly reimburse City for the cost thereof plus fifteen percent (15%) for administrative overhead. Payment shall be made within thirty (30) days of invoice date.

65.5. At least ten (10) days prior to the expiration date of the above policies, documentation showing that the insurance coverage has been renewed or extended shall be filed with City. If such coverage is canceled or reduced, Lessee shall, within fifteen (15) days of such cancellation of coverage, file with City evidence that the required insurance has been reinstated or provided through another insurance company or companies.

65.6. Lessee shall provide proof of all specified insurance and related requirements to City either by production of a broker's letter acceptable to the Chief Executive Officer, in both form and content in the case of foreign insurance syndicates, or by other written evidence of insurance acceptable to the Chief Executive Officer. The documents evidencing all specified coverages shall be filed with City in duplicate and shall be procured and approved in strict accordance with the provisions in Sections 11.47 through 11.56 of City's Administrative Code prior to Lessee occupying the Demised Premises. The documents shall contain the applicable policy number, the inclusive dates of policy coverages, and the insurance carrier's name, shall bear an original signature of an authorized representative of said carrier, and shall provide that such insurance shall not be subject to cancellation, reduction in coverage, or nonrenewal except after written notice by certified mail, return receipt requested, to the City Attorney of the City of Los Angeles at least thirty (30) days prior to the effective date thereof. City reserves the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing such insurance.

65.7. City and Lessee agree that the insurance policy limits specified herein shall be reviewed for adequacy annually throughout the term of this Lease by the Chief Executive Officer who may, thereafter, require Lessee, on thirty (30) days prior, written notice, to adjust the amounts of insurance coverage to whatever reasonable amount said Chief Executive Officer deems to be adequate.

65.8. Submission of insurance from a non-California admitted carrier is subject to the provisions of California Insurance Code Sections 1760 through 1780, and any other regulations and/or directives from the State Department of Insurance or other regulatory board or agency. Lessee agrees, except where exempted, to provide City proof of said insurance by and through a surplus line broker licensed by the State of California.

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Section 66. City Held Harmless.

66.1 In addition to the requirements of Section 65, Insurance herein, Lessee shall, to the fullest extent permitted by law, defend (with counsel satisfactory to City), indemnify and hold harmless City and any and all of its boards, commissioners, officers, directors, agents, employees, assigns and successors in interest (collectively "City Defendants") from and against any and all allegations, suits, claims, causes of action, liability, losses, damages, demands or expenses (including, but not limited to, attorney's fees and costs of litigation) (collectively "Claims"), prosecuted by anyone (including Lessee and/or Lessee's agents, former and current employees, or competitors) by any reason of, arising out of, related to, connected with or pertaining to: (1) the acts or omissions of Lessee, its agents, servants, employees or invitees; (2) the Lease; or (3) the Demised Premises, except to the extent Lessee proves to City that such Claim was caused by City's willful misconduct.

66.2 In Lessee's defense of the City under Section 66.1, including but not limited to the negotiation, compromise, and settlement of any action, the City shall retain discretion in and control of the litigation, negotiation, compromise, settlement, and appeals there from, as required by the Los Angeles City Charter, particularly Article II, Sections 271, 272 and 273 thereof.

66.3 Survival of Indemnities. The provisions under this Section 66 shall survive the termination of this Lease. Rights and remedies available to the City hereinabove shall survive the termination of this Lease. Further, the rights and remedies are cumulative of those provided for elsewhere in this Lease and those allowed under the laws of the United States, the State of California, and the City of Los Angeles.

Section 67. Nondiscrimination and Equal Employment Practices/Affirmative Action Program.

67.1. Federal Non-Discrimination Provisions.

67.1.1. The Lessee for itself, its heirs, representatives, successors in interest, and 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 said property described in this Lease, 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, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

67.1.2. The Lessee for itself, its personal representatives, successors in interest, and 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 grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to

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discrimination, (3) that the Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

67.1.3. The Lessee assures that it will comply with pertinent statutes, Executive Orders, and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance. This Provision obligates the Lessee or its transferee for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the Provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property.

67.1.4. Lessee shall furnish its services on a reasonable and not unjustly discriminatory basis to all users, and charge reasonable and not unjustly discriminatory prices for each unit or service, provided that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

67.1.5. Lessee agrees that it shall insert the provisions found in Subsections 67.1.3 and 67.1.4 above in any sublease, assignment, license, or permit by which said Lessee grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the Demised Premises herein leased.

67.2. Municipal Non-Discrimination Provisions.

67.2.1. Non-Discrimination in Use of Premises. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition in the lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Demised Premises or any part of the Demised Premises or any operations or activities conducted on the Demised Premises or any part of the Demised Premises. Nor shall Lessee or any person claiming under or through Lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Lessees, sublessees, or vendees of the Demised Premises. Any sublease or assignment which may be permitted under this Lease shall also be subject to all non-discrimination clauses contained in Article 2, Section 67.2.

67.2.2. Non-Discrimination in Employment. During the term of this Lease, Lessee agrees and obligates itself in the performance of this Lease not to discriminate against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition. Lessee shall take affirmative action to ensure that applicants for employment

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are treated, during the term of this Lease, without regard to the aforementioned factors and shall comply with the affirmative action requirements of the Los Angeles Administrative Code, Sections 10.8, et seq., or any successor ordinances or law concerned with discrimination.

67.2.3. Equal Employment Practices. If the total payments made to City under this lease are $1,000 (one thousand dollars) or more, this provision shall apply. During the performance of this Lease, Lessee agrees to comply with Section 10.8.3 of the Los Angeles Administrative Code ("Equal Employment Practices"), which is incorporated herein by this reference. A copy of Section 10.8.3 has been attached to this Lease for the convenience of the parties as Exhibit F. By way of specification but not limitation, pursuant to Sections 10.8.3.E and 10.8.3.F of the Los Angeles Administrative Code, the failure of Lessee to comply with the Equal Employment Practices provisions of this Lease may be deemed to be a material breach of this Lease. No such finding shall be made, or penalties assessed, except upon a full and fair hearing after notice and an opportunity to be heard has been given to Lessee. Upon a finding duly made that Lessee has failed to comply with the Equal Employment Practices provisions of this Lease, this Lease may be forthwith terminated, cancelled, or suspended.

67.2.4. Affirmative Action Program. If the total payments to City under this Lease are $100,000 (one hundred thousand dollars) or more, this provision shall apply. During the performance of this Lease, Lessee agrees to comply with Section 10.8.4 of the Los Angeles Administrative Code ("Affirmative Action Program"), which is incorporated herein by this reference. A copy of Section 10.8.4 has been attached to this Lease for the convenience of the parties as Exhibit G. By way of specification but not limitation, pursuant to Sections 10.8.4.E and 10.8.4.F of the Los Angeles Administrative Code, the failure of Lessee to comply with the Affirmative Action Program provisions of this Lease may be deemed to be a material breach of this Lease. No such finding shall be made or penalties assessed, except upon a full and fair hearing, after notice and an opportunity to be heard has been given to Lessee. Upon a finding duly made that Lessee has failed to comply with the Affirmative Action Program provisions of this Lease, this Lease may be forthwith terminated, cancelled, or suspended.

Section 68. Taxes, Permits and Licenses.

68.1. Lessee shall pay any and all taxes of whatever character that may be levied or charged upon the Demised Premises, or upon Lessee's improvements, fixtures, equipment, or other property thereon or upon Lessee's use thereof. Lessee shall also pay all license or permit fees necessary or required by law or regulation for the conduct of Lessee's business or use of the Demised Premises.

68.2. If a claim is made against City for any of the above charges, City shall promptly notify Lessee in writing; provided, however, that failure by City to give such notice shall not constitute a waiver of Lessee's obligation to pay such taxes, license and/or permit fees.

68.3. In addition, by executing this Lease and accepting the benefits thereof, a property interest may be created known as a "possessory interest." If such possessory interest is created, Lessee, as the party in whom the possessory interest is vested, shall be subject to the payment of the property taxes levied upon such interest.

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68.4. The obligations of Lessee under this Section, however, shall not prevent Lessee from contesting the validity and/or applicability of any of the above charges and during the period of any such lawful contest, Lessee may refrain from making, or direct the withholding of, any such payment without being in breach of the above provisions. Upon a final determination in which Lessee is held responsible for such taxes and/or fees, Lessee shall promptly pay the required amount plus all legally imposed interest, penalties and surcharges. If all or any part of such taxes and/or fees, penalties, or surcharges are refunded to City, City shall remit to Lessee such sum(s) to which Lessee is legally entitled.

Section 69. Assignments and Subleases.

69.1. Lessee shall not, in any manner, assign, transfer, or encumber this Lease, or any portion thereof or any interest therein, without the prior written consent of the Chief Executive Officer, nor sublet or sublease the whole or any part of the Demised Premises, nor license or permit the use of the same, in whole or in part, without the prior written consent of the Chief Executive Officer. Any attempts to transfer, assign, or sublease without the consent required by this Section shall be void and shall transfer no rights to the Demised Premises. Consent to one assignment, subletting, or use, or occupation shall not be deemed to be a consent to any subsequent assignment, subletting, occupation, or use. This Lease shall not, nor shall any interest therein, be assignable as to the interest of Lessee by operation of law without the prior written consent of the Chief Executive Officer.

69.2. City shall not unreasonably withhold its consent to the assignment of this Lease or the subletting of the Demised Premises or any portion thereof; provided, however, that the use of said premises by any such assignee or sublessee must be consistent with the use authorized herein, any prospective assignee must have a credit rating equal to or greater than the Lessee, and the prospective sublessee and/or assignee must agree to execute City's Consent to Sublease and/or Assignment Agreement. A request by Lessee for assignment or subletting shall be submitted to City in writing along with a fully executed copy of the proposed assignment or sublease, as well as a copy of all contracts or writings which set forth payments from sublessee(s)/assignee(s) to Lessee and/or which describe the acts or services to be performed by or for the sublessee(s)/assignee(s) in connection with the use of the space covered by Lease. Lessee shall promptly advise City of early termination of assignments or subleases.

69.3. In the case of an assignment, Lessee shall pay to City fifty percent (50%) of any monetary or other economic consideration received by Lessee as a result of the assignment over and above the amount of Lessee's rental and other payments due City pursuant to this Lease (excluding any consideration attributed to assets other than this Lease) after first deducting the unamortized cost of leasehold improvements which costs had been approved by City and paid for by Lessee. For the purpose of this Section, an ownership change of more than 50% shall be considered an assignment.

69.4. In the case of a sublease requiring the Chief Executive Officer's consent to a change of use of the Demised Premises, as a condition to the Consent to Sublease, it shall not be deemed unreasonable for the City to require that Lessee shall pay to City 50 percent (50%), of any monetary

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or other economic consideration received by Lessee as a result of the sublease over and above the amount of Lessee's rental and other payments due City pursuant to this Lease (excluding any consideration attributed to assets other than this Lease), after first deducting the unamortized cost of leasehold improvements which costs had been approved by City and paid for by Lessee.

69.5. In the case of a sublease, as a condition to the Consent to Sublease, it shall not be deemed unreasonable for the City to require that Lessee shall pay to City ten percent (10%) of the gross monetary or other economic consideration, including but not limited to rent, received by Lessee as a result of the sublease. In addition to City's audit rights under Article 2, Section 56 herein, Lessee shall within thirty (30) days upon City's request provide City with a written report describing the calculation of the amounts paid by Lessee for the period requested by City. The application of this Section 69.5 shall not limit the application of Section 69.4 if Section 69.4 is otherwise applicable.

Section 70. Space Utilization. (This Section applies to lessees who are federally certificated air carriers only)

70.1. **Accommodation**. (Not applicable to leases where commercial activities are prohibited.) It is City's expressed preference that Lessee voluntarily accommodate, requests for subleasing underutilized space. When directed by City, Lessee is obliged to enter good faith negotiations with entities designated by City for the occupancy and use of portions of the Demised Premises when those premises are not in reasonably productive use. Prior to directing Lessee to enter such negotiations, City shall determine that Lessee's utilization of the space is deficient as defined by utilization standards issued by the Executive Director. Such utilization standards shall be issued following consultation with the Airport/Airline Affairs Committee and shall be applicable to the Demised Premises and similarly situated premises at Airport.

70.2. **Recapture**. City may remove a portion of the Demised Premises from this Lease in accordance with provisions of this Subsection if City finds that Lessee's utilization of the space is deficient as defined by utilization standards issued by the Executive Director. Such utilization standards shall be issued following consultation with the Airport/Airline Affairs Committee and shall be applicable to the Demised Premises and similarly situated premises at Airport. Upon such finding, City may deliver to Lessee a written "Preliminary Notice of Intent to Recapture" a portion of the Demised Premises. Such Preliminary Notice will provide Lessee an opportunity to demonstrate increased utilization over a period of no less than ninety (90) days. If Lessee fails to adequately demonstrate to the satisfaction of the Executive Director increased utilization within such designated period, the Executive Director may issue a "Notice of Intent to Recapture" to become effective 30 days from the date of the Notice. Said Notice shall include revised lease exhibits to reflect reductions in rental and Demised Premises and shall not require approval of the Board. The Lease shall be considered terminated with regard to the portion of the Demised Premises recaptured by City. City shall not be required to compensate Lessee for Lessee's improvements to the recaptured premises. In no case, shall the City's recapture of the Demised Premises result in Lessee's exceeding the utilization standards of the remaining premises as of the date of recapture.

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70.3. **Cancellation**. City retains the right to cancel this Lease on thirty (30) days' notice upon Lessee's cessation of scheduled or actual service at the airport (passenger service, cargo service or maintenance activities, as applicable). City shall not be required to compensate Lessee for Lessee's improvements.

Section 71. Default.

71.1. Default Events. The following events shall be deemed to be events of default by Lessee under the Lease:

71.1.1. Lessee fails to pay any Monthly Rent due under this Lease, which failure continues for a period of ten (10) days after such payment should have been paid pursuant to the terms and conditions of this Lease;

71.1.2. Lessee fails to comply with any term, provision or covenant of this Lease, other than paying its Monthly Rent, and does not cure such failure within ten (10) days after Lessor has sent written notice to Lessee specifying such failure or such longer period of time as may be granted by Chief Executive Officer to cure such default as long as Lessee commences to cure such default within such ten (10) day period and diligently proceeds to cure such default;

71.1.3. Lessee makes an assignment of this Lease, or any rights granted to Lessee hereunder, to, and for the benefit of, Lessee's creditors;

71.1.4. Lessee, within thirty (30) days after the commencement of any proceeding against Lessee seeking adjudication of bankruptcy or reorganization, rearrangement, composition, readjustment, liquidation, dissolution or similar relief, fails to cause such proceedings to be dismissed;

71.1.5. Lessee, within sixty (60) days after the appointment without Lessee's consent or acquiescence of any trustee, receiver, or liquidator of the Lessee or a material part of its assets, fails to cause such appointment to be vacated.

71.1.6. The interests of Lessee under this Lease shall not, except at City's option and with its written consent, be assignable by operation of law. In case of the bankruptcy of Lessee, or the appointment of a receiver for Lessee and such receiver is not removed within one hundred twenty (120) days from the date of appointment, or if a receiver is appointed to take possession of the Demised Premises as a result of any act or omission of Lessee and such receiver is not removed within one hundred twenty (120) days from the date of appointment, or if Lessee makes an assignment of this Lease for the benefit of creditors, or if possession of the Demised Premises is taken by virtue of any attachment, execution, or the levy of any judicial process, City, at its election, may, after written notice to Lessee, terminate this Lease.

71.2. Lessor's Remedies. Upon the occurrence of a Default Event, City, in addition to any other rights or remedies available to City at law or in equity, shall have the right to:

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71.2.1. Terminate this Lease and all rights of Lessee under this Lease, by giving Lessee thirty (30) days written notice that this Lease is terminated, in which case, the provisions of Article 2, Section 61, Ownership of Improvements, herein, shall apply and City may recover from Lessee the aggregate sum of:

71.2.1.1. The worth at the time of award of any unpaid rent that had been earned at the time of termination;

71.2.1.2. The worth at the time of award of the amount by which (A) the unpaid rent that would have been earned after termination until the time of award exceeds (B) the amount of rental loss, if any, that Lessee affirmatively proves could be reasonably avoided;

71.2.1.3. The worth at the time of award of the amount by which (A) the unpaid rent for the balance of the term after the time of award exceeds (B) the amount of rental loss, if any, that Lessee affirmatively proves could be reasonably avoided;

71.2.1.4. Any other amount necessary to compensate City for all the detriment caused by Lessee's failure to perform Lessee's obligations or that, in the ordinary course of things, would be likely to result from Lessee's failure; and

71.2.1.5. All other amounts in addition to or in lieu of those previously set out as may be permitted from time to time by applicable California law.

71.2.1.6. As used in Subsections 71.2.1.1. and 71.2.1.2. of this Section, the "worth at the time of award" is computed by adding interest at the rate of ten percent (10%) per annum. As used in Subsection 71.2.1.3 of this Section, the "worth at the time of award" is computed by discounting that amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%). As used in this Section, the term "rent" shall include the Monthly Rent and any and all other payments required by Lessee under this Lease.

71.2.2. Continue this Lease, and from time to time, without terminating this Lease, either

71.2.2.1. Recover all rent and other amounts payable as they become due or,

71.2.2.2. Relet the Demised Premises or any part on behalf of Lessee on terms and at the rent that City, in City's sole discretion, may deem advisable, all with the right to make alterations and repairs to the Demised Premises, at Lessee's sole cost, and apply the proceeds of reletting to the rent and other amounts payable by Lessee. To the extent that the rent and other amounts payable by Lessee under this Lease exceed the amount of the proceeds from reletting, the City may recover the excess from Lessee as and when due.

71.2.3. Upon the occurrence of a Default Event, City shall also have the right, with or without terminating this Lease, to re-enter the Demised Premises and remove all property from the Demised Premises. City may store the property removed from the Demised Premises at the expense and for the account of Lessee.

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71.2.4. None of the following remedial actions, alone or in combination, shall be construed as an election by City to terminate this Lease unless City has in fact given Lessee written notice that this Lease is terminated or unless a court of competent jurisdiction decrees termination of this Lease: any act by City to maintain or preserve the Demised Premises; any efforts by City to relet the Demised Premises; any re-entry, repossession, or reletting of the Demised Premises by City pursuant to this Section. If City takes any of the previous remedial actions without terminating this Lease, City may nevertheless at any later time terminate this Lease by written notice to Lessee.

71.2.5. If City relets the Demised Premises, City shall apply the revenue from the reletting as follows: first, to the payment of any indebtedness other than rent due from Lessee to City; second, to the payment of any cost of reletting; third, to the payment of the cost of any maintenance and repairs to the Demised Premises; and fourth, to the payment of rent and other amounts due and unpaid under this Lease. City shall hold and apply the residue, if any, to payment of future amounts payable under this Lease as the same may become due, and shall be entitled to retain the eventual balance with no liability to Lessee. If the revenue from reletting during any month, after application pursuant to the previous provisions, is less than the sum of (i) City's expenditures for the Demised Premises during that month and (ii) the amounts due from Lessee during that month, Lessee shall pay the deficiency to City immediately upon demand.

71.2.6. After the occurrence of a Default Event, City, in addition to or in lieu of exercising other remedies, may, but without any obligation to do so, cure the breach underlying the Default Event for the account and at the expense of Lessee. However, City must by prior written notice first allow Lessee a reasonable opportunity to cure, except in cases of emergency, where City may proceed without prior notice to Lessee. Lessee shall, upon demand, immediately reimburse City for all costs, including costs of settlements, defense, court costs, and attorney fees, that City may incur in the course of any cure.

71.2.7. No security or guaranty for the performance of Lessee's obligations that City may now or later hold shall in any way constitute a bar or defense to any action initiated by City or unlawful detainer or for the recovery of the Demised Premises, for enforcement of any obligation of Lessee, or for the recovery of damages caused by a breach of this Lease by Lessee or by a Default Event.

71.2.8. Except where this is inconsistent with or contrary to any provisions of this Lease, no right or remedy conferred upon or reserved to either party is intended to be exclusive of any other right or remedy, or any right or remedy given now or later existing at law or in equity or by statute. Except to the extent that either party may have otherwise agreed in writing, no waiver by a party of any violation or nonperformance by the other party of any obligations, agreements, or covenants under this Lease shall be deemed to be a waiver of any subsequent violation or nonperformance of the same or any other covenant, agreement, or obligation, nor shall any forbearance by either party to exercise a remedy for any violation or nonperformance by the other party be deemed a waiver by that party of the rights or remedies with respect to that violation or nonperformance.

71.3. Cross Default: A material breach of the terms of any other lease, license, permit, or contract held by Lessee with City shall constitute a material breach of the terms of this Lease and

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shall give City the right to terminate this Lease for cause in accordance with the procedures set forth in this Section.

71.4. Failure to Pay Landing Fees: If Lessee is an air carrier, the failure of Lessee to pay to City its landing fees and charges pursuant to the terms of Lessee's operating permit, or if no such permit exists, then in accordance with the Board's resolution establishing the landing fees and charges, is a material breach of the terms of this Lease for which City shall have the right to declare Lessee in default of this Lease and terminate this Lease for cause in accordance with the procedures set forth in this Section.

Section 72. Waiver.

72.1. The waiver by either party of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of any other term, covenant, or condition, or of any subsequent breach of the same term, covenant, or condition. The subsequent acceptance of rent hereunder by City shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, or condition of this Lease other than the failure of Lessee to pay the particular rent so accepted, regardless of City's knowledge of such preceding breach at the time of acceptance of such rent.

Section 73. Attorney's Fees.

73.1. If City shall, without any fault, be made a party to any litigation commenced by or against Lessee arising out of Lessee's use or occupancy of the Demised Premises, then Lessee shall pay all costs, expenses, and reasonable attorney's fees incurred by or imposed upon City in connection with such litigation. Each party shall give prompt notice to the other of any claim or suit instituted against it that may affect the other party.

Section 74. Hazardous and Other Regulated Substances.

74.1. Definition of "hazardous substance(s)." For the purposes of this Lease, "hazardous substances" means:

74.1.1. Any substance the presence of which requires the investigation or remediation under any federal, state or local statute, regulation, rule, ordinance, order, action, policy or common law; or

74.1.2. Any substance which is or becomes defined as a hazardous waste, extremely hazardous waste, hazardous material, hazardous substance, hazardous chemical, toxic chemical, toxic substance, cancer causing substance, substance that causes reproductive harm, pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) and/or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); or

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74.1.3. Any substance which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, council, board, or instrumentality of the United States, the State of California, the City of Los Angeles, or any political subdivision of any of them; or

74.1.4. Any substance the presence of which on the Demised Premises causes or threatens to cause a nuisance upon the Demised Premises or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the Demised Premises; or

74.1.5. Any substance the presence of which on adjacent properties could constitute a trespass by Lessee; or

74.1.6. Any substance, without limitation, which contains gasoline, aviation fuel, jet fuel, diesel fuel or other petroleum hydrocarbons, lubricating oils, solvents, polychlorinated bipheynols (PCBs) asbestos, urea formaldehyde or radon gases.

74.2. Environmental Indemnity. Except for conditions existing prior to the original occupancy of the Demised Premises by Lessee, Lessee's predecessors in interest, or Lessee's affiliates ("Pre-Existing Environmental Conditions"), Lessee agrees to accept sole responsibility for full compliance with any and all applicable present and future rules, regulations, restrictions, ordinances, statutes, laws, and/or other orders of any governmental entity regarding the use, storage, handling, distribution, processing, and/or disposal of hazardous substances, regardless of whether the obligation for such compliance or responsibility is placed on the owner of the land, on the owner of any improvements on the Demised Premises, on the user of the land, or on the user of the improvements. Lessee agrees that any claims, damages, penalties, or fines asserted against or levied on City and/or the Lessee as a result of noncompliance with any of the provisions in this Section shall be the sole responsibility of the Lessee and that Lessee shall indemnify and hold City harmless from all such claims, damages, penalties, or fines. Further, City may, at its option, pay such claims, damages, penalties, or fines resulting from Lessee's non-compliance with any of the terms of this Section, and Lessee shall indemnify and reimburse City for any such payments.

74.3. Except for Pre-Existing Environmental Conditions, in the case of any hazardous substance spill, leak, discharge, release or improper storage on the Demised Premises or contamination of the Demised Premises by any person, Lessee agrees to make or cause to be made any necessary repairs or corrective actions as well as to clean up and remove any spill, leakage, discharge, release or contamination, in accordance with applicable laws. In the case of any hazardous substance spill, leak, discharge, release or contamination by Lessee or its employees, servants, agents, contractors, or subcontractors on the Demised Premises or as may be discharged or released by Lessee or its employees, servants, agents, contractors, or subcontractors in, on or under adjacent property which affects other property of City or its Lessees, Lessee agrees to make or cause to be made any necessary corrective actions to clean up and remove any such spill, leakage, discharge, release or contamination. If Lessee fails to repair, clean up, properly dispose of, or take any other corrective actions as required herein, City may (but shall not be required to) take all steps it deems necessary to properly repair, clean up, or otherwise correct the conditions resulting from the spill, leak, discharge, release or contamination. Any such repair, cleanup, or

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corrective actions taken by City shall be at Lessee's sole cost and expense and Lessee shall indemnify and pay for and/or reimburse City for any and all costs (including any administrative costs) City incurs as a result of any repair, cleanup, or corrective action it takes.

74.4. If Lessee installs or uses already installed underground storage tanks, above-ground storage tanks, pipelines, or other improvements on the Demised Premises for the storage, distribution, use, treatment, or disposal of any hazardous substances, Lessee agrees, upon the expiration and/or termination of this Lease, to remove the above referenced improvements, clean up releases of hazardous substances, or both, at the sole option of the Chief Executive Officer, the above-referred-to improvements. Said removal and/or cleanup shall be at the Lessee's sole cost and expense and shall be undertaken and completed in full compliance with all federal, state, and local laws and regulations, as well as with the reasonable directions of the Chief Executive Officer.

74.5. Lessee's Provision to City of Environmental Documents. Unless otherwise agreed to by City, Lessee shall promptly supply City with complete and legible copies of all notices, reports, correspondence, and other documents sent by Lessee to or received by Lessee from any governmental entity regarding any hazardous substance. Such written materials include, without limitation, all documents relating to any threatened or actual hazardous substance spill, leak, or discharge, or to any investigations into or clean-up of any actual or threatened hazardous substance spill, leak, or discharge including all test results.

74.6. Survival of Environmental Indemnity Obligations. This Section and the obligations herein shall survive the expiration or earlier termination of this Lease.

Section 75. Airfield Security. If the Demised Premises are on the Airport's airfield or other secure area, then Lessee shall comply with the following requirements:

75.1. Lessee shall be responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws, airport security agreements, and/or orders of any federal, state, and/or local governmental entity regarding airfield security. Lessee shall be responsible for the maintenance and repair of that portion of the Airport perimeter fence, including gates and doors, located on the Demised Premises or controlled by Lessee. Lessee shall comply fully with applicable provisions of the Transportation Security Administration Regulations, 49 Code of Federal Regulations ("CFR") Sections 1500 through 1550 and 14 CFR Part 129, including the establishment and implementation of procedures acceptable to the Executive Director to control access from the Demised Premises to air operation areas in accordance with the Airport Security Program required by CFR Sections 1500 through 1550. Further, Lessee shall exercise exclusive security responsibility for the Demised Premises and, if Lessee is an aircraft operator, do so pursuant to Lessee's Transportation Security Administration approved Aircraft Operator Standard Security Program used in accordance with 49 CFR, Parts 1510, 1540 and 1546.

75.2. In addition to the foregoing, gates and doors located on the Demised Premises which permit entry into restricted areas at Airport shall be kept locked by Lessee at all times when not in use or under Lessee's constant security surveillance. Gate or door malfunctions which permit unauthorized entry into restricted areas shall be reported to Department of Airports'

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Operations Division without delay and shall be maintained under constant surveillance by Lessee until repairs are affected by Lessee or City and/or the gate or door is properly secured.

75.3. Lessee shall cooperate with City to maintain and improve Airport security, and shall cooperate in investigations of violations of state and local laws, ordinances, and rules and regulations, of any federal, state and/or local governmental entity regarding airport and airfield security. Lessee shall provide necessary assistance to, and cooperate with, City in case of any emergency. Lessee shall, upon request, provide City relevant information which will enable City to provide efficient and effective management in response to any airport or airfield emergency.

75.4. All civil penalties levied by the TSA for violation of TSA Regulations pertaining to security gates or doors located on the Demised Premises or otherwise controlled by Lessee shall be the sole responsibility of Lessee. Lessee agrees to indemnify City for any federal civil penalties amounts City must pay due to any security violation arising from the use of Demised Premises or the breach of any obligation imposed by this Section. Lessee is also responsible for City's attorney's fees and costs.

Section 76. Business Tax Registration.

76.1. Lessee represents that it has registered its business with the Office of Finance of the City of Los Angeles and has obtained and presently holds from that Office a Business Tax Registration Certificate, or a Business Tax Exemption Number, required by City's Business Tax Ordinance (Article 1, Chapter 2, Sections 21.00 and following, of City's Municipal Code). Lessee shall maintain, or obtain as necessary, all such Certificates required of it under said Ordinance and shall not allow any such Certificate to be revoked or suspended during the term hereof.

Section 77. Laws, Rules, and Regulations.

77.1. In relation to its use and occupation of the Premises, Lessee shall be solely responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws, policies and/or orders of any federal, state, and/or local government authority ("Applicable Laws"). This Lease shall be subject to and subordinate to all Applicable Laws and any City agreement or obligation pursuant to Applicable Laws, including but not limited to City's grant assurances to the Federal Aviation Administration.

77.2. Lessee shall be solely responsible for fully complying with any and all applicable present and/or future orders, directives, or conditions issued, given or imposed by the Chief Executive Officer which are now in force or which may be hereafter adopted by the Board of Airport Commissioners and/or the Chief Executive Officer with respect to the operation of Airport.

77.3. Lessee shall be solely responsible for any and all civil and/or criminal penalties assessed as a result of its failure to comply with any of these rules, regulations, restrictions, restrictions, ordinances, statutes, laws, orders, directives and or conditions.

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Section 78. Disabled Access.

78.1. Lessee shall be solely responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws and/or orders of any federal, state, and/or local governmental entity and/or court regarding disabled access to improvements on the Demised Premises including any services, programs, or activities provided by Lessee. Lessee shall be solely responsible for any and all damages caused by, and/or penalties levied as the result of, Lessee's noncompliance. Further, Lessee agrees to cooperate fully with City in its efforts to comply with the Americans With Disability Act of 1990, and any amendments thereto or successor statutes.

78.2. Should Lessee fail to comply with Subsection 78.1, then City shall have the right, but not the obligation, to perform, or have performed, whatever work is necessary to achieve equal access compliance. Lessee will then be required to reimburse City for the actual cost of achieving compliance, plus a fifteen percent (15%) administrative charge.

Section 79. Living Wage Ordinance and Service Contractor Worker Retention Ordinances.

79.1. Living Wage Ordinance.

79.1.1. General Provisions: Living Wage Policy. This Lease is subject to the Living Wage Ordinance ("LWO") (Section 10.37, et seq., of the Los Angeles Administrative Code) which is incorporated herein by this reference. A copy of Section 10.37 has been attached hereto for the convenience of the parties as Exhibit H. The LWO requires that, unless specific exemptions apply, any employees of Lessee or Lessees of City property who render services on the leased premises or licensed premises are covered by the LWO if any of the following applies: (1) the services are rendered on premises at least a portion of which are visited by substantial numbers of the public on a frequent basis, (2) any of the services could feasibly be performed by City of Los Angeles employees if the awarding authority had the requisite financial and staffing resources, or (3) the designated administrative agency of the City of Los Angeles has determined in writing that coverage would further the proprietary interests of the City of Los Angeles. Employees covered by the LWO are required to be paid not less than a minimum initial wage rate, as adjusted each year. The LWO also requires that employees be provided with at least twelve (12) compensated days off per year for sick leave, vacation, or personal necessity at the employee's request, and at least ten (10) additional days per year of uncompensated time pursuant to Section 10.37.2(b). The LWO requires employers to inform employees making less than twelve dollars ($12) per hour of their possible right to the federal Earned Income Tax Credit ("EITC") and to make available the forms required to secure advance EITC payments from the employer pursuant to Section 10.37.4. Lessee shall permit access to work sites for authorized City representatives to review the operation, payroll, and related documents, and to provide certified copies of the relevant records upon request by the City. Whether or not subject to the LWO, Lessee shall not retaliate against any employee claiming non-compliance with the provisions of the LWO, and, in addition, pursuant to Section 10.37.6(c), Lessee agrees to comply with federal law prohibiting retaliation for union organizing.

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79.1.2. Living Wage Coverage Determination. An initial determination has been made that this is a public lease under the LWO, and, that it is not exempt from coverage by the LWO. Determinations as to whether this Lease is a public lease or license covered by the LWO, or whether an employer or employee are exempt from coverage under the LWO are not final, but are subject to review and revision as additional facts are examined and/or other interpretations of the law are considered. In some circumstances, applications for exemption must be reviewed periodically. City shall notify Lessee in writing about any redetermination by City of coverage or exemption status. To the extent Lessee claims non-coverage or exemption from the provisions of the LWO, the burden shall be on Lessee to prove such non-coverage or exemption.

79.1.3. Compliance; Termination Provisions And Other Remedies: Living Wage Policy. If Lessee is not initially exempt from the LWO, Lessee shall comply with all of the provisions of the LWO, including payment to employees at the minimum wage rates, effective on the Execution Date of this Lease, and shall execute the Declaration of Compliance Form attached to this Lease as Exhibit H contemporaneously with the execution of this Lease. If Lessee is initially exempt from the LWO, but later no longer qualifies for any exemption, Lessee shall, at such time as Lessee is no longer exempt, comply with the provisions of the LWO and execute the then currently used Declaration of Compliance Form, or such form as the LWO requires. Under the provisions of Section 10.37.6(c) of the Los Angeles Administrative Code, violation of the LWO shall constitute a material breach of this Lease and City shall be entitled to terminate this Lease and otherwise pursue legal remedies that may be available, including those set forth in the LWO, if City determines that Lessee violated the provisions of the LWO. The procedures and time periods provided in the LWO are in lieu of the procedures and time periods provided elsewhere in this Lease. Nothing in this Lease shall be construed to extend the time periods or limit the remedies provided in the LWO.

79.1.4. Subcontractor Compliance. Lessee agrees to include, in every subcontract or sublease covering City property entered into between Lessee and any subcontractor, a provision pursuant to which such subcontractor (A) agrees to comply with the Living Wage Ordinance and the Service Contractor Worker Retention Ordinance with respect to City's property; (B) agrees not to retaliate against any employee lawfully asserting noncompliance on the part of the Subcontractor with the provisions of either the Living Wage Ordinance or the Service Contractor Worker Retention Ordinance; and (C) agrees and acknowledges that City, as the intended third-party beneficiary of this provision may (i) enforce the Living Wage Ordinance and Service Contractor Worker Retention Ordinance directly against the subcontractor with respect to City property, and (ii) invoke, directly against the subcontractor with respect to City property, all the rights and remedies available to City under Section 10.37.5 of the Living Wage Ordinance and Section 10.36.3 of the Service Contractor Worker Retention Ordinance, as same may be amended from time to time.

79.2. Service Contract Worker Retention Ordinance. This Lease may be subject to the Service Contract Worker Retention Ordinance ("SCWRO") (Section 10.36, et seq, of the Los Angeles Administrative Code), which is incorporated herein by this reference. A copy of Section 10.36 has been attached hereto for the convenience of the parties as Exhibit I. If applicable, Lessee must also comply with the SCWRO which requires that, unless specific exemptions apply, all employers under contracts that are primarily for the furnishing of services to or for the City of Los

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Angeles and that involve an expenditure or receipt in excess of $25,000 and a contract term of at least three (3) months shall provide retention by a successor contractor for a ninety-day (90-day) transition period of the employees who have been employed for the preceding twelve (12) months or more by the terminated contractor or subcontractor, if any, as provided for in the SCWRO. Under the provisions of Section 10.36.3(c) of the Los Angeles Administrative Code, City has the authority, under appropriate circumstances, to terminate this Lease and otherwise pursue legal remedies that may be available if City determines that the subject contractor violated the provisions of the SCWRO.

Section 80. Child Support Orders.

80.1. This Lease is subject to Section 10.10, Article I, Chapter 1, Division 10 of the Los Angeles Administrative Code related to Child Support Assignment Orders, which is incorporated herein by this reference. A copy of Section 10.10 has been attached hereto for the convenience of the parties on Exhibit J. Pursuant to this Section, Lessee (and any subcontractor of Lessee providing services to City under this Lease) shall (1) fully comply with all State and Federal employment reporting requirements for Lessee's or Lessee's subcontractor's employees applicable to Child Support Assignments Orders; (2) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230, et seq.; and (3) maintain such compliance throughout the term of this Lease. Pursuant to Section 10.10(b) of the Los Angeles Administrative Code, failure of Lessee or an applicable subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of Lessee or applicable subcontractors to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default of this Lease subjecting this Lease to termination where such failure shall continue for more than ninety (90) days after notice of such failure to Lessee by City (in lieu of any time for cure provided elsewhere in this Lease).

Section 81. Visual Artists' Rights Act.

81.1. Lessee shall not install, or cause to be installed, any work of art subject to the Visual Artists' Rights Act of 1990 (as amended), 17 U.S.C. 106A, et seq., or California Code Section 980, et seq., hereinafter collectively "VARA" on or about the Demised Premises without first obtaining a waiver, in writing, of all rights under VARA, satisfactory to the Chief Executive Officer and approved as to form and legality by the City Attorney's Office, from the artist. Said waiver shall be in full compliance with VARA and shall name City as a party for which the waiver applies.

81.2. Lessee is prohibited from installing, or causing to be installed, any piece of artwork covered under VARA on the Demised Premises without the prior, written approval and waiver of the Chief Executive Officer. Any work of art installed on the Demised Premises without such prior approval and waiver shall be deemed a trespass, removable by City, by and through its Chief Executive Officer, upon three (3) days written notice, all costs, expenses, and liability therefor to be borne exclusively by Lessee.

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81.3. Lessee, in addition to other obligations to indemnify and hold City harmless, as more specifically set forth in this Lease, shall indemnify and hold harmless City from all liability resulting from Lessee's failure to obtain City's waiver of VARA and failure to comply with any portion of this provision.

81.4. The rights afforded City under this provision shall not replace any other rights afforded City in this Lease or otherwise, but shall be considered in addition to all its other rights.

Section 82. Equal Benefits Ordinance.

82.1. Unless otherwise exempt in accordance with the provisions of the Equal Benefits Ordinance ("EBO"), Lessee certifies and represents that Lessee will comply with the applicable provisions of EBO Section 10.8.2.1 of the Los Angeles Administrative Code, as amended from time to time. Lessee shall not, in any of its operations within the City of Los Angeles or in other locations owned by the City of Los Angeles, including the Airport, discriminate in the provision of Non-ERISA Benefits (as defined below) between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration. As used above, the term "Non-ERISA Benefits" shall mean any and all benefits payable through benefit arrangements generally available to Lessee's employees which are neither "employee welfare benefit plans" nor "employee pension plans", as those terms are defined in Sections 3(1) and 3(2) of ERISA. Non-ERISA Benefits shall include, but not be limited to, all benefits offered currently or in the future, by Lessee to its employees, the spouses of its employees or the domestic partners of its employees, that are not defined as "employee welfare benefit plans" or "employee pension benefit plans", and, which include any bereavement leave, family and medical leave, and travel discounts provided by Lessee to its employees, their spouses and the domestic partners of employees.

82.2. Lessee agrees to post the following statement in conspicuous places at its place of business available to employees and applicants for employment:

> "During the term of a Lease with the City of Los Angeles, the Lessee will provide equal benefits to employees with spouses and its employees with domestic partners. Additional information about the City of Los Angeles' Equal Benefits Ordinance may be obtained from the Department of Public Works, Bureau of Contract Administration, Office of Contract Compliance at (213) 847-2625."

82.3. The failure of Lessee to comply with the EBO will be deemed to be a material breach of the Lease by City. If Lessee fails to comply with the EBO, the City may cancel or terminate the Lease, in whole or in part, and all monies due or to become due under the Lease may be retained by the City. The City may also pursue any and all other remedies at law or in equity for any breach. Failure to comply with the EBO may be used as evidence against Lessee in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, et seq., Contractor Responsibility Ordinance. If the City determines that Lessee has set up or used its contracting entity for the purpose of evading the intent of the EBO, the City may terminate the Lease.

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Section 83. Condemnation. The parties hereby agree that:

83.1. If the Demised Premises, or any portion thereof, or any interest therein, are taken by eminent domain, or otherwise, by any governmental authority, or by a "quasi-public entity" for public use, or sold to a governmental authority threatening to exercise the power of eminent domain, this Lease, and Lessee's obligation to pay rent hereunder, shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs, and the rent, fees and/or other charges hereunder shall be apportioned and paid to the date of such taking. A taking of the Demised Premises includes the taking of easements for air, light and any other easements in the land, including, but not limited to an impairment or taking of access to adjoining streets.

83.2. Effect of Partial Condemnation. In the event a portion of the Demised Premises are appropriated or taken and Lessee, at its sole discretion, determines that the remainder thereof is not suitable for the continued use of the Demised Premises by Lessee for conducting Lessee's operations thereon in the same manner and extent as carried on prior to such taking, Lessee shall have the right to terminate this Lease upon giving City written notice of its intent to exercise said right. Said notice shall be given not more than one hundred twenty (120) days following the date of service of a complaint in eminent domain upon Lessee, or one hundred twenty (120) days following City's demand that Lessee acknowledge its intent to terminate this Lease, unless City and Lessee agree, in writing, to an earlier termination or to extend said period. If Lessee exercises its right to terminate this Lease pursuant to this Subsection 83.2, Lessee shall give City thirty (30) days prior written notice of the effective date of said termination.

83.2.1. If, in the event of such taking of a portion of the Demised Premises, Lessee does not terminate this Lease, this Lease shall continue in full force and effect as to the part not taken, and the rent to be paid by Lessee during the remainder of the term, subject to adjustment as provided elsewhere in this Lease, shall be as follows: the land and improvement rental shall be reduced in the same proportion as the land taken by eminent domain bears to the area of the Demised Premises before the taking.

83.2.2. In determining whether a partial condemnation renders the remainder of the Demised Premises unsuitable for the use then being made of the Demised Premises by Lessee, Lessee, among other things, shall take into consideration the cost of restoration, the rentable area of the remaining improvements and the suitability of the remaining Demised Premises for conducting Lessee's operations thereon in the same manner and extent as carried on prior to such taking.

83.2.3. Except as provided for in Article 2, Section 60, Ownership of Improvements hereof, should Lessee terminate this Lease pursuant to this Section 83, title to all improvements, additions or alterations constructed or installed by Lessee upon the Demised Premises and which have not already vested in City shall thereupon vest in City.

83.3. Application of Award Upon a Total or Partial Taking.

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83.3.1. If this Lease is terminated pursuant to Subsection 83.2 herein, or, if all or a portion of the Demised Premises are taken, then the entire award or compensation paid for land, improvements, and buildings owned by City, the amortized portion of the value of buildings and improvements built by Lessee and which will become the property of City upon termination of this Lease, and/or loss or taking of business goodwill of City or its Department, shall be the property of City.

83.3.2. Lessee shall have the right to receive compensation for the unamortized value of the buildings and any improvements which are still owned by Lessee and which were placed on the Demised Premises by Lessee and located thereon at the time of such taking or appropriation, and for its trade fixtures, equipment, and supplies, and for loss or damage to Lessee's business goodwill. The "amortized value" which City shall be entitled to receive is a portion of the award for said Lessee-owned buildings and improvements equal to an amount determined by a ratio equal to the number of years the building and/or improvements have been in existence over the original term of the Lease, without consideration of any possibility or probability of renewal, or of options, if any. There shall be no amortization of partially constructed improvements authorized by City, if said construction is incomplete within the time period set forth in the approval granted by City. The value, to be determined by City, of such partially constructed improvements shall be paid to Lessee.

83.4. Severance Damages. The entire award of compensation paid for any severance damages, whether paid for impairment of access, for land, buildings, and/or improvements shall be the property of City, regardless of whether any buildings or improvements so damaged are owned or were constructed by City or Lessee. However, should City determine that improvements are to be restored, that portion of the severance damages necessary to pay the cost of restoration, as set forth in Subsection 83.5 hereof, shall be paid to Lessee upon the written request of Lessee accompanied by evidence that the sum requested has been paid for said restoration and is a proper item of such cost and used for such purpose.

83.5. Partial Taking: Restoration. In case of a taking of the Demised Premises other than a total taking and/or should Lessee elect not to terminate this Lease pursuant to this Section, City and Lessee may mutually agree that Lessee shall restore any improvements on the Demised Premises, and Lessee shall, at Lessee's expense, whether or not the awards or payments, if any, on account of such taking are sufficient for the purpose, promptly commence and proceed with reasonable diligence to effect (subject to Force Majeure) restoration of the improvements on the remaining portion of the Demised Premises as nearly as possible to their condition and character immediately prior to such taking, except for any reduction in area caused thereby, or with such changes or alterations as may be made at the election of Lessee in accordance with Article 2, Section 58, Improvements and Alterations, of this Lease.

83.5.1. In the event the improvements damaged and/or taken belong to City, City shall not be obligated to restore said improvements should City, in its sole discretion, determine not to do so.

83.6. Taking for Temporary Use. In the event of a taking of all or any portion of the Demised Premises for temporary use, this Lease shall continue in full force and effect without reduction or abatement of rental or other sum payable hereunder, and Lessee shall be entitled to

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make claim for, recover and retain any awards or proceeds made on account thereof, whether in the form of rent or otherwise, unless such period of temporary use or occupancy extends beyond the term of this Lease, in which case such awards or proceeds shall be apportioned between City and Lessee as heretofore specified. Lessee shall restore or cause to be restored any such areas temporarily taken to the condition existing before the taking.

Section 84. Miscellaneous Provisions.

84.1. Fair Meaning. The language of this Lease shall be construed according to its fair meaning, and not strictly for or against either City or Lessee.

84.2. Section Headings. The section headings appearing herein are for the convenience of City and Lessee, and shall not be deemed to govern, limit, modify, or in any manner affect the scope, meaning, or intent of the provisions of this Lease.

84.3. Void Provisions. If any provision of this Lease is determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Lease, and all such other provisions shall remain in full force and effect.

84.4. Two Constructions. It is the intention of the parties hereto that if any provision of this Lease is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

84.5. Laws of California. This Lease shall be construed and enforced in accordance with the laws of the State of California and venue shall lie at Airport.

84.6. City's Consent. In each instance herein where City's, Board's or the Chief Executive Officer's approval or consent is required before Lessee may act, such approval or consent shall not be unreasonably withheld, unless otherwise provided.

84.7. Gender. The use of any gender herein shall include all genders, and the use of any number shall be construed as the singular or the plural, all as the context may require.

84.8. Exclusivity. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act [49 U.S.C. 40103(e) and 47107(a)(4) (Public Law 103-272; 108 STAT. 1102)].

84.9. Rights of United States Government. This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between City and the United States relative to the development, operation, or maintenance of Airport. Failure of Lessee or any occupant to comply with the requirements of any existing or future agreement between the City and the United States, which failure shall continue after reasonable notice to make appropriate corrections, shall be cause for immediate termination of Lessee's rights hereunder.

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84.10. War or National Emergency. 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 Airport or the exclusive or nonexclusive use of Airport by the United States during the time of war or national emergency.

84.11. Time. Time shall be of the essence in complying with the terms, conditions, and provisions of this Lease.

84.12. Integration Clause. This is an integrated agreement. It is understood that no alteration or variation of the terms of this Lease shall be valid unless made in writing and signed by the parties hereto. This Lease contains the entire agreement between the parties hereto and supersedes any and all prior written or oral agreements between them concerning the subject matter contained herein. There are no representations, agreements or understandings, oral or written, between and among the parties relating to the subject matter contained in this Lease which are not fully set forth herein.

84.13. Force Majeure. Except as otherwise provided in this Lease, whenever a day is established in this Lease on which, or a period of time, including a reasonable period of time, is designated within which, either party hereto is required to do or complete any act, matter or thing, the time for the doing or completion thereof shall be extended by the period of the Force Majeure (as hereinafter defined); provided, however, that nothing contained in this Subsection shall excuse Lessee from the prompt payment of any rental or other monetary charge required of Lessee hereunder.

For purposes of this Lease, the term "Force Majeure" shall mean, in relation to the conditions that may cause a party to be temporarily, partially or wholly prevented from performing its obligations to the other party under this Agreement and not for any other purpose or for any benefit of any third party: any event beyond the reasonable control of the party claiming it, including, but not limited to, embargoes, shortages of material, acts of God, acts of public enemy (such as war, (declared or undeclared), invasion, insurrection, terrorism, riots, rebellion or sabotage), acts of a governmental authority (such as the United States' Department of Transportation, the United States Federal Aviation Administration, the United States Transportation Security Administration, the United States Environmental Protection Agency and defense authorities), fires, floods, earthquakes, hurricanes, tornadoes and other extreme weather conditions; provided, however, that strikes, boycotts, lockouts, labor disputes, labor disruptions, work stoppages or slowdowns shall not be considered an event of Force Majeure. The term Force Majeure includes delays caused by governmental agencies in the processing of applicable building and safety permits but only to the extent that such processing time actually exceeds the normal and reasonable processing time period for such governmental agency permit; provided, however, that any delays caused by Lessee or its Contractors in the processing of such permits (such as Lessee or its Contractors' failure to submit complete applications for such permits) shall not be considered a basis for a claim of Force Majeure by Lessee. Any lack of funds shall not be deemed to be a cause beyond the control of a party. If Lessee shall claim a delay due to Force Majeure, lessee must notify City in writing within five (5) business days of the first occurrence of any claimed event of Force Majeure. Such notice must specify in reasonable detail the cause or basis for claiming Force Majeure and the anticipated delay in Lessee's performance to the extent such

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anticipated delay is known to Lessee at the time such notice to City is required. If Lessee fails to provide such notice within said five (5) business-day period, then no Force Majeure delay shall be deemed to have occurred. Delays due to events of Force Majeure shall only be recognized to the extent that such event actually delays the performance by such party and cannot otherwise be mitigated using commercially reasonable efforts.

84.14. Approvals. Any approvals required by City under this Lease shall be approvals of the Department of Airports acting as Lessor and shall not relate to, constitute a waiver or, supersede or otherwise limit or affect the governmental approvals or rights of the City as a governmental agency, including the approval of any permits required for construction or maintenance of the Demised Premises and the passage of any laws including those relating to zoning, land use, building and safety.

84.15. Conflicts in this Lease. If there are any direct conflicts between the provisions of Article 1 and Article 2 of the Lease, the provisions of Article 1 shall be controlling. If there are any direct conflicts between the provisions of Article 1 and Article 2 of the Lease and the Exhibits, the provisions of Articles 1 and 2 shall be controlling, provided nothing herein shall be construed to contradict applicable law.

84.16. Ordinance and Los Angeles Administrative Code (hereinafter referred to as "Code") Language Governs. Ordinance and Code Exhibits are provided as a convenience to the parties only. In the event of a discrepancy between the Exhibits and the applicable ordinance and/or code language, or amendments thereto, the language of the ordinance and/or code shall govern.

84.17. Amendments to Ordinances and Codes. The obligation to comply with any Ordinances and Codes which have been incorporated into this Lease by reference, shall extend to any amendments which may be made to those Ordinances and Codes during the term of this Lease.

84.18. Days. Unless otherwise specified, "days" shall mean calendar days.

84.19. Deprivation of Lessee's Rights. City shall not be liable to Lessee for any diminution or deprivation of Lessee's rights under this Lease which may result from Lessee's obligation to comply with any and all applicable laws, rules, regulations, restrictions, ordinances, statutes, and/or orders of any federal, state and/or local government authority and/or court hereunder on account of the exercise of any such authority as is provided in this Section, nor shall Lessee be entitled to terminate the whole or any portion of the Lease by reason thereof.

84.20. Reconciliation of Area and/or Square Footage: If, at any time, it is discovered that any measurement of any portion(s) of the Demised Premises stated in this Lease is inaccurate, this Lease shall be amended to appropriately reflect the correct measurement(s), and corresponding adjustments in the Monthly Rent shall be made. Any such adjustment(s) made to the Monthly Rent, shall be retroactive to the commencement of the Lease, or to that date(s) on which City deems approval of correct measurement(s) to the Demised Premises is appropriate.

84.21. Time is of the Essence. Time is of the essence with respect to Lessee's performance of all obligations under this Lease. Any delay in Lessee's performance of its obligations outside

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of any expressly applicable cure period under this Lease shall constitute a material breach for which City may terminate this Lease.

84.22. Counterparts and Electronic Signatures. 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.

Section 85. First Source Hiring Program For Airport Employers (LAX only).

85.1 Lessee shall comply with the provisions of the First Source Hiring Program adopted by the Board. The rules, regulations, requirements, and penalties of the First Source Hiring Program are attached as Exhibit K and made a material term of this Lease. Lessee shall be an "Airport Employer" under the First Source Hiring Program.

Section 86. Other Agreements Not Affected.

86.1. Except as specifically stated herein, this Lease, and the terms, conditions, provisions and covenants hereof, shall apply only to the Demised Premises herein particularly described and shall not in any way change, amend, modify, alter, enlarge, impair, or prejudice any of the rights, privileges, duties, or obligations of either of the parties hereto, under or by reason of any other agreement between said parties, except that nothing contained in such other agreement shall limit the use by Lessee of the within Demised Premises for the herein referred to purpose.

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Section 87. Noise Abatement Procedures. (Applicable to LAX air carrier only).

87.1 Pursuant to the requirements of the 1993 LAX Noise Variance and in order to limit the use of auxiliary power units (APU's), Lessee hereby agrees to provide a sufficient number of ground power units at each gate and maintenance area used by Lessee's aircraft on the Demised Premises. Said ground power units shall be made available for use by Lessee's aircraft within ninety (90) days from the effective date of this Lease. Further, Lessee hereby agrees to comply with the Department of Airports' Noise Abatement Rules and Regulations.

Section 88. Contractor Responsibility Program.

88.1. Lessee shall comply with the provisions of the Contractor Responsibility Program adopted by the Board. The Executive Directives setting forth the rules, regulations, requirements and penalties of the Contractor Responsibility Program and the Pledge of Compliance Form is attached hereto as Exhibit L and incorporated herein by reference.

Section 89. Alternative Fuel Vehicle Requirement Program (LAX Only).

89.1. Lessee shall comply with the provisions of the Alternative Fuel Vehicle Requirement Program. The rules, regulations, and requirements of the Alternative Fuel Vehicle Requirement Program are attached hereto as Exhibit M and made a material term hereof.

Section 90. Campaign Contributions.

90.1 Lessee, its sublessees and subcontractors, and their respective principals (hereinafter, "Principals") are obligated to fully comply with City of Los Angeles Charter Section 470(c)(12) and related ordinances, regarding limitations on campaign contributions and fundraising for certain elected City officials or candidates for elected City office if the contract or lease is valued at $100,000 or more and requires approval of a City elected official. Additionally, Lessee is required to provide and update certain information to the City as specified by law. Lessee and any sublessee subject to Charter Section 470(c)(12) shall include the following notice in any contract or lease with a sublessee expected to receive at least $100,000 for performance under this contract:

> "Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions"
>
> As provided in Charter Section 470(c)(12) and related ordinances, you are sublessee on City of Los Angeles contract #_____. Pursuant to City Charter Section 470(c)(12), sublessee and its principals are prohibited from making campaign contributions and fundraising for certain elected City officials or candidates for elected City office for 12 months after the City contract is signed. The sublessee is required to provide to Lessee names and addresses of the sublessee's principals and contact information and shall update that information if it changes during the 12 month time period. Sublessee's information included must be provided to Lessee within 5 business days. Failure to comply may result in termination of contract or

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any other available legal remedies including fines. Information about the restrictions may be found at the City Ethics Commission's website at http://ethics.lacity.org/ or by calling 213/978-1960."

90.2 Lessee, its sublessees, and their Principals shall comply with these requirements and limitations. Violation of this provision shall entitle the City to terminate this Lease and pursue any and all legal remedies that may be available.

[signatures on the following page]

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SIGNATURE BLOCKS

IN WITNESS WHEREOF, City has caused this Lease to be executed on its behalf by the Chief Executive Officer or his or her designee, and Lessee has caused the same to be executed by its duly authorized officers, all as of the day and year first herein above written.

APPROVED AS TO FORM:
HYDEE FELDSTEIN SOTO
City Attorney

Date: _____

By: _____
Deputy / Assistant City Attorney

CITY OF LOS ANGELES

Date:_____

By:_____
Chief Executive Officer
Department of Airports

By signing above, the signatory attests that they have no personal, financial, beneficial, or familial interest in this Lease.

Witness:

By: Diana Melina Marquez Lira

AEROVIAS EMPRESA DE CARGO, S.A. DE C.V.

_____

By_____
Juan Carlos Muradas Ruiz / Alejandro Nicolas Mendez Gonzalez
Legal Representatives

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EXHIBITS

Exhibit A Premises

Exhibit B Payments (include FPG amount)

Exhibit C Minimum Standards

Exhibit D Maintenance

Exhibit D-1 Move-Out Conditions

Exhibit E Insurance

Exhibit F Equal Employment Practices

Exhibit G Affirmative Action

Exhibit H Living Wage Ordinance/ Compliance

Exhibit I Service Contract Worker Retention Ordinance

Exhibit J Child Support Orders

Exhibit K First Source Hiring Program For Airport Employers (LAX only)

Exhibit L Contractor Responsibility Program

Exhibit M Alternative Fuel Vehicle Requirement Program (LAX only)

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EXHIBIT A

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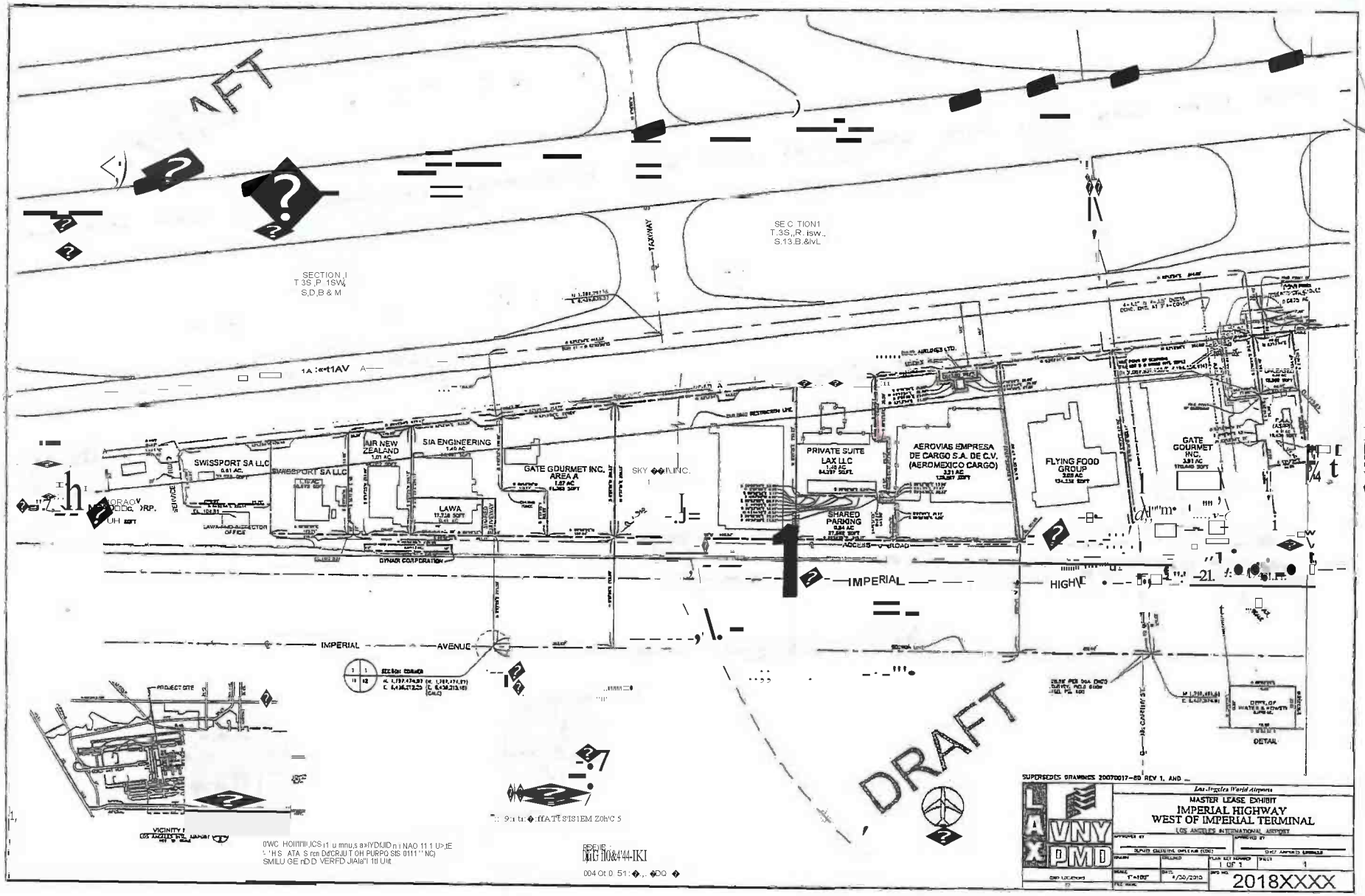

SECTION 1
T.3S.,R.1SW.,
S.13,B.&IVL
SECTION 1
T.3S.,R.1SW.,
S.D,B & M
TAXIWAY
SWISSPORT SA LLC
AIR NEW ZEALAND
SIA ENGINEERING
GATE GOURMET INC. AREA A
LAWA
PRIVATE SUITE LAX LLC
AEROVIAS EMPRESA DE CARGO S.A. DE C.V. (AEROMEXICO CARGO)
FLYING FOOD GROUP
GATE GOURMET INC.
SHARED PARKING
ACCESS ROAD
IMPERIAL HIGHWAY
IMPERIAL AVENUE
DRAFT
DETAIL
VICINITY
SUPERSEDES DRAWINGS 20070017-8D REV 1, AND
Los Angeles World Airports
MASTER LEASE EXHIBIT
IMPERIAL HIGHWAY
WEST OF IMPERIAL TERMINAL
LOS ANGELES INTERNATIONAL AIRPORT
LAX VNY PMD
1" = 100'
4/30/2018
1 OF 1
2018XXXX

EXHIBIT B

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Payment Exhibit

Aerovias Empresa De Cargo S.A. De C.V.
6851 W Imperial Hwy, Los Angeles

Rental, fees, and other charges shall commence as of the Effective Date of the Lease.

Description	Area (SF)	Rental Rate (PSFPY)	Monthly Rent
Building			
Warehouse	61,949	$ 35.00 (Lease Term) *$ 39.00 (Option Term)*	$ 180,684.58
Land			
Cargo Land	139,887	$ 6.18	$ 72,041.81
Paved Parking			
Auto	74,041	$ 0.56	$ 3,455.25
Aircraft	12,244	$ 1.08	$ 1,101.96
		Monthly Total	**$ 257,283.60**
		Faithful Performance Guarantee	**$ 771,850.79**

Notes:

1. PSYPF stands for Per Square Foot Per Year.

2. Rental, fees, and other charges, set forth in this Exhibit B are subject to adjustment in accordance with the terms of the Lease.

3. Land rental rates shall be subject to Periodic Adjustment effective July 1, 2030, and every five (5) years thereafter.

4. Building rent escalation shall be in accordance with the rates set forth above.

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EXHIBIT C

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MINIMUM STANDARDS FOR USE OF REAL PROPERTV AT LOS ANGELES WORLD AIRPORTS

1.0 INTRODUCTJON

1.1 Governlng Pol/cy

Los Angeles World Airports (LAWA), a department of lhe Clty of Los Angeles (City), has through its Board of Airport Commissioners (Board), adopted a Leasing Poflcy (Policy) to provlde a framework for maklng leasing and property management dacisions for Los Angeles International Alrport, Ontario Intemational Airport, Van Nuys Airport, and Palmdale land holdings (collectively and individually referred to herein as Airport). Under the Policy, the Executlve Director óf LAWA is authorlzed to promulgate Executive Directlves to Implement the Policy.

1.2 Purpose ***and*** **Scope**

1.2.1 These Minimum Standards for Use of Real Property at Los Angeles World Alrports (Mlnimum Standards) have been establlshed by the Executlve Director to (1) encourage the provlsiOn of high quality products. services, and facilities to Airport users; (2) promote safety; and (3) promote the economic health of Alrport businesses. To this end, ali entities deslring to use Alrport property will be accorded reasonable opportunities, without unlawful discr:imination, to engage In such actMUes, subject to these Mtnimum Standards.

1.2.2 These Minimum Standards speclfy the standards and requirements that must be met by any entlty using Ail'J)ort property. These Mlnimum Standards are not intended to be all-inclusive. Añy entity using LAWA property will also be requlred to comply with all applicable regulatory measures pertaining to such activities.

1.2.3 Throughout these Mínimum Standards, the words ustandards" or "requJrements" will be understood to be modified by the word "minimum" except where explícítly stated otherwise. Any required dete mínations, inter-pretatlons, or judgments regarding what constitutes an acceptable minlmum standard, or regardlng oompliance with such standard, will be made by LAWA. All entities are encourag.ed to exceed the applicable minlmum standards. No entlty will be allowed to use Airport property under cond· ions that do not, in LAWA's disore·on, meet these Minimum Standards.

1.2.4 Approprlate minlmum standards may be developed on a case-by-case **basis** for certain activiUes, and promulgated by Executlve

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Oírecfive or incorporated loto agreements/permtts relating to the occupancy or use of particular Alrport land or lmprovements.

1.2.5 These Mlnimum Standards may be supplemented, amended; or modified by Executlve Directive from time to time and In such manner and to such extent as is deemed appropriate by LAWA.

1.3 Applicabillty

1.3.1 These Minlmum Standards wllrapply *to* all agreements relatlng *to* the occupancy or use of Airport property or improvements.

1.3.2 These Minimum Standards wlll not be deemed to modify ariy exlsting agreement under whlch an entity is requlred to exceed these Mlnimum Standards, norwill they prohibit LAWA from entering into or enforcing en agreement that requires an entlty to exceed the Mlnlmum Staridards.

1.4 Non-CompllanceNiolations

LAWA reserves the right to prohiblt any entity from uslng Alrport property upon determinatíon by LAWA that such entity has not complled with these Mlnfmum Standards, or has otherwise jeopardízed the safety of other entitles using the Airport.

1.5 Severabtlity

lf one or more clauses, sections, or provis!ons of these Minlmum Standards are held to be unlawful, invalld, or unenforceable by final judgment of any court of competentjurlsdiction, the invalidity of such cla1.1ses, sectlons, or provlsions will not In any way affect other clauses, sections, or provlsiOns of these Mlnlmum Standards.

2.0 GENERAL REQUIREMENTS

Ali Users (hereinafter includes: lessees, licensees, permittees, facility users, operators, •occupants, etc.) uslng Airport property must comply wfth the requlrements of this Sectlon.

2.1 *Experience/Capablllity*

2.1.1 Usar must have the capabUity of providing producis, services, and facilities and engaging in activrties in a good quallty manner.

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2.1.2 User must have the financia! capability to, as appropriate, develop and maintain Improvements; procure and maIntaIn required vehicles, equipment, and/or alrcraft; emptoy personnel, and engage In the *activity,* as may be requlred by the agreement.

2.2 Agreement!Approval

2.2.1 No entity may engage In an activlty untess the entity has an agreement wlth LAWA authorizing such activity or the entity has-received wrltten approval from LAWA to sublease land or improvements from an authorized lessee to cond1:1ct the activlty at the Airport.

2.2.2 An agreement wlll not reduce or Hmit User's obllgations wlth respect to these Mínimum Standards.

22.3 User must comply with all the provísions of the agreement between User and LAWA

*2.3 Payment **of Rents, Fees ◆and Charges***

2.3.1 User must pay the rents, fees, or other charges specífied by LAWA for leasing or uslng land or Improvements or engaging In actlvltíes.

2.3.2 No User will be pennitted to engage In activittes unless said User is current In the payment of all rents, feas, charges, or other sums due to LAWA under any and all agreements User has with LAWA.

2.3.3 User 's fallure to remain current in the payment of any and ali rents, fees, charges, and other sums due to LAWA wlll be grounds for revocation of the ◆reement or approval autho◆ing the occupancy or use of land or improvements or the conduct of activlties at the Airport.

2.4 Facll/ty Maintenance

2.4.1 User most maintain the Premises (including all related and associáted appurtenan.ces, landscaping, paved areas, installed equipment and utility services, and securtty lighting) in a clean, neat, and orderly condltion, as may be required by the agreement.

2.4.2 User must comply with the Airport's signage requfrements.

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2.5 *Products, Serv/ces) and Facilities*

2.5.1 Products, servlces, and facilities must be provided on e reasonable· and non-díscrlmínatory basls to all users of the Alrport.

2.5.2 User must charge reasonable and non-discrimlnatoryprlces for each productor service, provided that User may be allowed to make reasonable and non•discrlminatory dfscounts, rebates, or other similar types of price reducUons to volume purchasers.

2.5.3 Usar must conduct its activíties on and from the Premlses in a safe, efflclent, and professional manner conslstent with the degree of care and sklll exercised by experiencedusers providing comparable products, ervices, and facilities and engaging In slmltar activlties from similar l'easeholds In llke markets.

2.6 ***Non-Discrimination***

User must not discrimlnate against any person or class of persons by reason of rece, religion, national origin, ancestry, sex, sexual orienfation, age, physical handicap, marital status, domesttc partner status, or medical condition in providing any products or services or in the use of any of its facilities provldad for the publlc, In any manner prohlblted by applicable reg.ulatory measures.

2.7 *Llce ses, Permits, Certifications, and Ratlngs*

User (and/or User's personnel) must obtain and comply with, at User's sote expense, ali neoessary licenses, permlts, certíffcations, or raüngs requlred for the conduct of User's acUvities at the Airport as required by LAWA or any other duly authorized agency prior to engaging In any activity at the Airport. Upan request, User must provide copies of such licenses, permits, cértifications, or ratings to LAWA in a timely manner.

2.8 · Personnel

2.8.1 User must have in its employment (as employees), on duty, and on premisas uring operating hours, tralned and courteous personnel in such numbers as to meet the reasonabledemands of the aviation publlc for each activity being conducted in a courteous., prompt, safe, and efflcient manner.

2.8.2 User must provide a responslble person on lts Premisas to supervise acllvities and such personnel wlll be authorlzed to represent and act for and on _behalf of User duri'1Q requlred hours of activíties.

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2.9 Equipment

Ali requlred equlpment must be fully operational and functional at all times. Equlpment not belng used and not scheduled for repalr must be removed from the Premisas wlthin a tlmely basls.

2.10 Regulatory Measures

User must engage In actlvities In accordance wlth án applicable regulatory measures, lncfudlng the Certified Servlc:e Provider Program (CSPP) and these MlnImum Standards.

2.11 Insurance

User must procure and mafntaln, durfng the term of an agreement, lnsurance pollcles requlred by law and the types and mlnimum limlts set forth by LAWA. The insurance company or companies underwriting the required poficJes must be llcensed or authorlzed to write such lnsurance in the state of California or be• approved In writing by LAWA

*2.12 Suspenslon, **Revocatlon of** Privilegas*

LAWA reserves the rlght to suspend or revoke User's prlvileges {includlng1the rtght to revoke ramp badges, lf issued/requlred), on a temporary or permanent basls, for falfing • abide by these Minimum Standards or any applicable regulatory measures governlng the Airpo,t. A c•re perlod may be consldered, lf In LAWA's dlscretion one ls appropriate and consistent with en agreement.

*2.13 **City of Los** Angeles, Los Angeles **World Alrports, Board of** Alrport. Commlssloners, and Executive Director*

The Airport ls owned by the City of Los Angeles, operated by LAWA, and governed by and through the Board. Only the Executive Director can amend or *modify* these MInimum Standards.

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EXHIBIT D

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EXHIBITD

MAINTENANCE

Exceptas specifically identified below as City's responsibilities, Lessecis responsible for all maintenance and repair at the Demised Premises (including its improvements). Lessee is also responsible for underground utilities that service Lessee's premises and improvements. Lessee is responsible for any corrective work required by any authority having jurisdiction.

City retains the right , but not the obligation, to make emergency repairs when, in the sole detennination ofthe Executive Director, failure to take immediate action will damage the facilities ordisrupt operations, at Lessee's sole cost and expense, plus an administrative fee in the amount of 15% of cost.

Lessee shall provide City with maintenance reports as follows:

- Lessee shall transmit inspection/maintenance reports and/or test results to City within fifteen (15) days of completion ofthe scheduled Maintenance and/or Testing.
- Reports and Test Results shall be sent vía e-mail or U.S. mail to Chief Aitports Engineer-Los Angeles World Aii:ports, Engineering and Facilities Management Division.
- City may, in the future, provide Lessee with standardized inspection/maintenance forras forreporting needs for certain major equipment and systems, including inputs to City's MAXIMO or successor facilities management program

City Mainteoance Responsibilities:

NONE

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EXHIBIT D-1: MOVE-OUT CONDITIONS

Lessee shall- surrender the Demised Premises in the same condition as received, ordinary wear and tear, casualty loss, and condemnation excepted as stated in the Lease. Befare surrendering the Demised Premises, Lessee shall remove all personal property, trade fixtures, and such alterations or additions to the Demised Premises made by Lessee as may be required herein. The fallowing list is designed to assist Lessee with the move-out procedures but is not intended to be ali inclusive. Upan Lessee's completion of its surrender obligations as provided in this Lease, please contact the City property manager to coordinate turning in keys, utility and fiberoptic internet changeover, if any, and scheduling an inspection of the Demised Premises. In the event Lessee fails to arrange a joint inspection of the Demised Premises with Landlord upon Lessee's vacating of the Demised Premises, City's inspection at, or subsequent to, Lessee's vacation of the Demised Premises shall be conclusively deemed correct far the purpose of determining Lessee's responsibilities with respect to the repair and restoration of the Demised Premises.

1. Lights: All interior office, warehouse, dock, emergency and exit lights will be fully operational with all bulbs, ballasts and fixtures functioning.
2. Dock Levelers, Service Doors and Truck Doors: All truck doors, service doors, and dock levelers shall be serviced and placed in good operating arder, including the replacement of any dented or damaged truck door panels and adjustment of door tension to insure proper operation. All door panels which are replaced must be painted to match the building standard.
3. Dock Seals/Dock Bumpers: Free of tears and broken backboards repaired. All dock bumpers must be left in place and well secured.
4. Columns: All columns in the warehouse and office shall be inspected far damage caused by Lessee. Necessary structural repairs must be pre-approved by Landlord prior to implementation. Any markings removed.
S. Warehouse Floor: Free of stains and swept clean with no racking bolts and other protrusions or hales left in floor. Cracks, spalling, and racking bolt damage must be repaired with mm-80 (or equivalent) epoxy or polymer to match concrete color and finished smooth with slab surface. All floor striping (including paint or tape) in the Demised Premises shall be removed with no residual staining or other indication that such striping or taping existed, except far any striping as may be required by any Governmental Agency having jurisdiction, or any striping deemed acceptable by City.
6. Lessee-Installed Equipment and Wiring: Air lines, conveyor or process electrical distribution, junction boxes, char broilers, boilers, generators, conduit, underground and above-ground storage tanks, etc., removed and space returned to the original condition when leased.
7. Walls: Sheetrock (drywall) and/ or plywood damage patched and fire-taped so that there are no hales in either office or warehouse walls. Any damage to perimeter concrete or metal walls similarly repaired.

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8. Floor Finishes (Carpet and Tile): Carpet and vinyl or ceramic tiles should be in a clean condition and absent any hales or chips, ordinary wear and tear excepted provided they have been maintained.
9. Roof: Any Lessee-installed equipment must be removed with all roof penetrations properly repaired by a licensed roofing contractor approved by City. Roof shall be inspected and repaired in needed in accordance with Landlord's maintenance and repair recommendations.
10. Signs: All exterior signs must be removed with hales patched and painted to match building standard paint as necessary. Ali window or other interior signs must be removed.
11. Electrical & Plumbing:. All electrical and plumbing equipment to be returned in good working condition conforming to code.
12. HVAC System: HVAC system shall be tested and placed in good working condition.
13. Elevators: All elevators shall be serviced, inspected, and placed in good operating arder.
14. Emergency Power Generator must be functional and in good working condition.
15. Fire, life, and safety systems: All fire, life, and safety systems shall be serviced, inspected, and placed in good operating arder. A copy of latest inspection reports (examples: Fire Alarm, Supervising Alarm, Stored Electrical Energy System, Automatic Closing Fire Assemblies, Elevators: Group 11 & 111 and all Regulation 4 tests) shall be provided to City. Testing company to input testing results in the Los Angeles Fire Departments Brycer System within 5 days after testing.
16. Paving: All exterior paving, whether asphalt or concrete, shall be cleaned professionally with any fuel/oil stained removed and returned in good condition. All cracks and potholes shall be repaired to City's standards.
17. All storm water drains to be clean and clear of residue, dirt and debris.
18. Overall Cleanliness: Clean windows, vacuum carpet, and remove all trash and debris from office and warehouse. Remove all pallets and debris from exterior of Demised Premises. All trade fixtures, dumpsters, racking, vending machines and other personal property to be removed.
19. Restrooms and Janitorial Closets: All sinks, toilets, urinals, and floors to be cleaned, sanitized and clear of stains, paint, rust, dirt, and in proper working arder.
20. Odors: Remove any lingering odor which may exist in the Demised Premises resulting from Lessee's use and occupancy prior to surrendering or vacating the Demised Premises.
21. Landscaping: Landscaping shall be free of weeds and debris. All hedges, plants and trees are to be trimmed, well-kept, and in good condition.
22. Hazardous Substances: All hazardous substances must be properly removed from the Demised Premises in accordance with all Local, State, and/or Federal laws and regulations.
23. If any asbestos-containing materials or lead-based paint is observed to be deteriorated or in poor condition, it should be evaluated and potentially abated by a properly licensed and certified contractor.

EXHIBIT D-1

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24. Any triturators, cleaning racks, grease traps, clarifiers or other similar industrial waste discharge units must be professionally cleaned and inspected far structural integrity and returned in good working arder.

Note:

* Any additional items noticed during pre-closeout inspections must be corrected prior to closeout.

EXHIBIT 0-1

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EXHIBIT E

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Name:	**AEROVIAS EMPRESA DE CARGO S.A. DE C.V. dba AEROMEXICO**
Agreement/Activity:	Lease: Cargo Operations – Limited To Air Cargo Operations, Ground Service Equipment Maintenance And Related Administrative Operations At 6851 W. Imperial Hwy, LAX
Division:	Commercial Development Group
Contract No.	TBD
Term:	1 year

The following Primary and Ancillary Insurance is required for this contract with minimum limits outlined and is subject to the terms and conditions set forth in Section 10 of the General Insurance Provisions in the Contract.

	Primary Insurance
(X) Required	**Workers Compensation, Statutory Limits** **Employer Liability** **$1,000,000 each accident** **$1,000,000 each employee by disease** **$1,000,000 policy limit by disease**
(X) Required	**Commercial General Liability** **$10,000,000 per occurrence** **$10,000,000 general aggregate** **$10,000,000 personal and advertising injury** **$10,000,000 products/completed operations**
(X) Required	**Commercial Auto Liability** **$10,000,000 combined single limit**
() Required	**Excess Liability Coverage –** Underlying Commercial Auto, Commercial General liability $ per occurrence $ general aggregate
	Ancillary Insurance, as Required Below
() Required	**Professional Liability** $_____ per claim and $ _____ aggregate

(X) **Required** **(refer to Specific coverage required)**	**Property Insurance, All Risk/Special Form Coverage** **(X)Tenant Contents/Coverage for Personal Property (Renters' Insurance)** **(X) Tenant improvements - if applicable** **() Earthquake coverage limit: - Replacement Value** **() Flood coverage limit: - Replacement Value** **() Terrorism coverage** **() Builder's Risk Insurance**
() Required	**Installation Floater -When Applicable**
() Required	**Pollution Legal Liability – Must meet policy limits.** **$_____** per occurrence and $_____ per aggregate
() Required	**Network Security and Privacy Liability (Cyber Liability)** **$____** per incident and **$____** annual aggregate
(X) Required	**Aircraft and Passenger Liability - Limit of Liability must meet Federal Requirements or as follows, whichever is greater:** **Commuters with 60 or fewer passengers or Cargo only / with payload Less than 18,000 lbs.: $50,000,000 per occurrence/per passenger** **Air Carriers with more than 60 passengers or Cargo only / with payload Greater than 18,000 lbs.: $200,000,000 CSL per occurrence/per passenger**
() Required	**Garage Keeper's Liability** $____ per occurrence and $____ annual aggregate
() Required	**Hangar Keeper's Liability** $ per occurrence and $ annual aggregate
( ) Required	**Liquor Liability** $__ per occurrence and $__ annual aggregate
() Required	**Crime Insurance or Fidelity Bond** $____ Theft, dishonesty, disappearance, forgery, alteration, and destruction

Once the contract is awarded, your company will receive an email with the portal to your PinsAdvantage insurance profile. Evidence of insurance, including all required endorsements and waivers of subrogation, must be uploaded into the insurance profile at PinsAdvantage.com, before a Notice to Proceed (NTP) can be issued. Contact LAWA Risk Management at riskicu@lawa.org for insurance related concerns, or your Contract Administrator responsible for your contract if you have other questions.

Srn - 07/17/2026

10. General Insurance Provisions

(version 10/2024 REV 09102025)

10.1. **Primary Insurance Requirements.** Contractor shall maintain at its sole expense and keep in effect during the term of this Contract, the following types of insurance in amounts specified in the Special Insurance Provisions attached hereto and incorporated herein by reference.

10.1.1. **Workers' Compensation and Employer's Liability Insurance.** Contractor shall maintain Workers' Compensation Insurance as required by the State of California including coverage for Employer's Liability with limits per accident, employee, and disease.

10.1.2. **Commercial General Liability Insurance.** Contractor shall maintain Commercial General Liability Insurance (CGL) providing coverage for bodily injury, property damage, and personal and advertising injury through any combination of primary and excess or umbrella liability insurance policies with annual reinstatement of the general aggregate limit at each policy period renewal. The CGL shall include broad contractual liability.

The CGL insurance must be written on an ISO occurrence form CG 00 01 or substitute forms providing equivalent coverage. All excess or umbrella policies shall be follow-form and afford no less coverage than the primary policy. Coverage shall apply for both ongoing and completed operations on a form acceptable to LAWA. Coverage shall be provided to LAWA for liability and any damage to property and injury or death of persons, unless caused by LAWA'S sole or active negligence or willful misconduct.

For construction contracts, completed operations coverage must be in place for the entire California State Statute of Repose which is currently ten (10) years. The liability insurance requirements as noted in the Special Insurance Provisions can be met through a Contractor Controlled Insurance Program (CCIP), however, LAWA reserves the right to review and approve the program prior to starting work.

10.1.3. **Commercial Automobile Insurance.** Contractor shall maintain Commercial Auto Insurance written on ISO form CA 00 01 (or substitute form providing equivalent liability coverage). Such insurance shall cover liability arising out of any auto (including owned, hired, and non-owned autos) and may be satisfied by a combination of primary and excess and/or umbrella policies. Insurance limits will vary depending on Contractor's access to Air Operations Area "AOA". All excess or umbrella policies shall contain a drop-down clause in the event of exhaustion of primary limits and provide coverage for primary auto liability. Coverage shall include an MCS 90 endorsement for Contractor's hauling or transporting hazardous materials.

10.2. **Ancillary Insurance Requirements.** Contractor shall maintain at its sole expense and keep in effect during the term of this Contract, ancillary insurance coverages, if required by LAWA and identified in the Special Insurance Provisions, with terms and conditions outlined below:

10.2.1. **Professional Liability Insurance.** Contractor shall maintain Professional Liability Insurance providing coverage for the professional services provided under this Contract.

The policy must have a retroactive date prior to the effective date of the Contract. Contractor agrees to maintain coverage continuously for a period of no less than three (3) years following project acceptance by LAWA.

10.2.2. **Contractor's Pollution Liability Insurance.** Contractor shall maintain Contractor's Pollution Liability Insurance providing coverage for bodily injury, property damage, personal injury and environmental site restoration including fines and penalties in accordance with applicable EPA or state regulations. Coverage shall extend to losses from the release or escape of pollutants including discharge of pollutants brought to the site, release of pre-existing pollutants at the site whether sudden or gradual over time and mold resulting from Contractor's work. Coverage must also extend to first-party clean-up costs, business interruption, loss of rents, and extra expense and include coverage for completed operations up to ten (10) years following project acceptance by LAWA.

10.2.3. **Property Insurance.** Contractor shall maintain Property Insurance providing coverage for the building, including contents, tenant improvements, and/or builders' risk on an All Risk/Special Form for all risks of physical loss or damage for all real property or improvements Contractor may be required to insure, including flood and earthquake coverage, for not less than the full replacement cost. Property insurance deductibles are the sole responsibility of the Contractor and must be approved by LAWA. Contractor shall be responsible to procure and maintain insurance for its tools and equipment in connection with this work.

10.2.4. **Installation on Floater.** Contractor shall maintain an Installation Floater providing coverage for the value of equipment to be installed and shall include LAWA as an insured and loss payee. Coverage for testing, water damage, mechanical breakdown, and electrical injury shall be included.

10.2.5. **Pollution Legal Liability Insurance.** Contractor shall maintain Pollution Legal Liability Insurance providing coverage for bodily injury, property damage, including loss of use of damaged property or of property that has not been physically injured or destroyed, cleanup costs, and defense, including costs and expenses incurred in the investigation, defense, or settlement of claims. Coverage shall apply to sudden and non-sudden pollution conditions resulting from the escape or release of smoke, vapors, fumes, acids, alkalis, toxic chemicals, liquids, or gases, waste materials, or other irritants, contaminants, or pollutants. The insurance shall cover cleanup, including cleanup of pollutants on and migrating away from the insured location, restoration, business interruption, and extra expense as a result of release of pollutants. Coverage shall apply to non-owned disposal sites and shall meet any requirements of proof of financial responsibility laws for underground storage tanks, if appropriate. Contractor agrees to maintain coverage continuously for a period of no less than three (3) years following project acceptance by LAWA.

10.2.6. **Network Security and Privacy Liability Insurance (Cyber liability).** Contractor shall maintain Network Security and Privacy Liability Insurance (Cyber liability) providing overage sufficiently broad to respond to the duties and obligations undertaken by Contractor in this agreement and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of

electronic information, extortion, introduction, implantation or spread of malicious software code and network security including unauthorized access to or use of computer systems or business data. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties, and credit monitoring expenses with limits sufficient to respond to these obligations.

10.2.7. **Aircraft and Passenger Liability Insurance.** Contractor shall maintain Aircraft and Passenger Liability Insurance providing coverage for third party bodily injury and property damage. All excess or umbrella policies shall be follow-form and afford no less coverage than the primary policy. Limits will vary based on federal requirements, passenger and/or cargo capacity.

10.2.8. **Garage Keeper's Liability Insurance.** Contractor shall maintain Garage Keeper's Liability Insurance providing coverage that includes liability for loss or damage to vehicles which are the property of others and in the care, custody, or control of Contractor for storage, repair, or safekeeping.

10.2.9. **Hangar Keeper's Liability Insurance.** Contractor shall maintain Hangar Keeper's Liability Insurance proving coverage that includes liability for loss or damage to aircraft which are the property of others and in the care custody and control of Contractor for storage, repair, or safekeeping.

10.2.10. **Liquor Liability Insurance.** Contractor shall maintain Liquor Liability Insurance providing coverage that includes liability for claims arising from the sale or serving of alcohol on LAWA's premises. Coverage may be endorsed on the commercial general liability policy or through a stand-along policy.

10.2.11. **Crime Insurance or Fidelity Bond Insurance.** Contractor shall maintain Crime Insurance or Fidelity Bond Insurance providing coverage for commercial crime insurance or a fidelity bond naming LAWA as a loss payee. The policy or bond shall cover theft, dishonesty, disappearance, forgery, alteration, and destruction caused by employee of Contractor.

10.3. **General Provisions:**

10.3.1. **Additional Insureds.** Contractor's insurance, with exception of workers compensation and professional liability, if required, shall name City of Los Angeles, Department of Airports, also known as Los Angeles World Airports (referred to as "LAWA"), and its Board of Airport Commissioners, directors, officers, employees, their successors, and assigns as additional insureds.

10.3.2. **Primary Insurance.** Contractor's insurance shall be primary and non-contributory with any insurance maintained by LAWA and shall include cross liability or severability of interest, if applicable.

10.3.3. **Notice of Cancellation.** Contractor's insurance shall be endorsed to provide LAWA with notice thirty (30) days prior to cancellation of any required coverage except for non-payment which may be with ten (10) days notice of cancellation.

10.3.4. **Acceptability of Insurers.** All required insurance shall be written by companies having an AM Best's rating of A- VII or equivalent, as determined by LAWA.

10.3.5. **Deductibles and Self-Insured Retentions.** Any deductible or self-insured retention maintained by Contractor for any required coverage must be declared and approved by LAWA. LAWA reserves the right to request financial statements and Contractor agrees to be fully responsible for payment of any such deductibles or self-insured retentions.

10.3.6. **Insurance Compliance.** Contractor shall deliver to LAWA certificates of insurance on an Acord or equivalent form signed by an authorized representative of the insurers prior to the execution of this Contract, prior to commencing any work or service, and at least ten
(10) days prior to the renewal or replacement of any of the required insurance, or upon reasonable request by LAWA. Certificates of insurance must include all required endorsements, including but not limited to additional insured, primary and non-contributory, notice of cancellation, and waiver of subrogation, as applicable. Contractor will not receive a notice to proceed until LAWA has approved insurance. LAWA reserves the right to request copies of required insurance policies, as needed.

Certificate holder shall read:

City of Los Angeles, Department of Airports
Also Known As Los Angeles World Airports
P. 0. Box 92216
Los Angeles, CA 90009
ATTN: Risk Management Department

Should Contractor fail to obtain and maintain the required insurance, LAWA reserves the right, upon ten (10) days prior written notice to Contractor of its intention to do so, to obtain and maintain such insurance on behalf of Contractor. Contractor shall be responsible for all costs incurred with respect to such insurance obtained by LAWA, plus administrative overhead.

10.3.7. **Maintenance of Insurance.** Contractor shall maintain all required insurance throughout the entire duration of this Contract without any lapse in coverage or reduction in required limits. LAWA reserves the right to reevaluate and adjust the insurance types and coverage limits required herein annually.

10.3.8. **Waiver.** Contractor agrees to waive all rights of recovery against LAWA, and cause its Workers' Compensation, Commercial General Liability, Automobile Liability, and Umbrella/Excess insurance policies to be endorsed to waive subrogation against LAWA. Contractor is solely responsible for insuring, repairing, or replacing any of its personal property and tools and equipment, whether owned, non-owned, or hired. Contractor waives all right of recovery or subrogation against LAWA regardless of cause of damage.

10.3.9. **Self-Insurance.** LAWA recognizes that some insurance requirements contained in this Contract may be fulfilled by self-insurance on the part of the Contractor. Self-insurance shall not in any way limit liabilities assumed by Contractor under this Contract including

but not limited to naming LAWA as an additional insured and waiving rights of recovery. Any self-insurance shall be approved in writing by LAWA upon satisfactory evidence of financial capacity. Contractor obligation hereunder may be satisfied in whole or in part by adequately funded self-insurance programs or self-insured retentions.

10.3.10. **Subcontractors Insurance.** Contractor shall require insurance of its subcontractors for the types and coverage limits appropriate for the exposure in consultation with LAWA. In no event shall the insurance required of the Contractor be reduced or altered by the coverage maintained by subcontractors.

EXHIBIT F

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Sec. 10.8.3. Equal Employment Practices Provisions.

Every non-construction and construction Contract with, or on behalf of, the City of Los Angeles for which the consideration is $1,000 or more shall contain the following provisions, which shall be designated as the **EQUAL EMPLOYMENT PRACTICES** provision of such contract:

A. During the performance of this Contract, the Contractor agrees and represents that it will provide Equal Employment Practices and the Contractor and each Subcontractor hereunder will ensure that in his or her Employment Practices persons are employed and employees are treated equally and without regard to, or because of, race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

1. This provision applies to work or service performed or materials manufactured or assembled in the United States.

2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.

3. The Contractor agrees to post a copy of Paragraph A., hereof, in conspicuous places at its place of business available to employees and applicants for employment.

B. The Contractor will, in all solicitations or advertisements for employees placed by, or on behalf of, the Contractor, state that all qualified applicants will receive consideration for employment without regard to their race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

C. At the request of the Awarding Authority or the DAA, the Contractor shall certify in the specified format that he or she has not discriminated in the performance of City Contracts against any employee or applicant for employment on the basis or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

D. The Contractor shall permit access to, and may be required to provide certified copies of, all of his or her records pertaining to employment and to employment practices by the awarding authority or the DAA for the purpose of investigation to ascertain compliance ith the Equal Employment Practices provisions of City Contracts. Upon request, the Contractor shall provide evidence that he or she has or will comply therewith.

E. The failure of any Contractor to comply with the Equal Employment Practices provisions of this contract may be deemed to be a material breach of City Contracts. The failure shall only be established upon a finding to that effect by the Awarding Authority, on the basis of its own investigation or that of the DAA. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to the Contractor.

F. Upon a finding duly made that the Contractor has failed to comply with the Equal Employment Practices provisions of a City Contract, the Contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the Awarding Authority, and all monies due or to become due hereunder may be forwarded to, and retained by, the City of Los Angeles. In addition thereto, the failure to comply may be the basis for a determination by the Awarding Authority or the DAA that the said Contractor is a non-responsible bidder or proposer pursuant to the provisions of Section 10.40 of this Code. In the event of such a determination, the Contractor shall be disqualified from being awarded a Contract with the City of Los Angeles for a period of two years, or until the Contractor shall establish and carry out a program in conformance with the provisions hereof.

G. Notwithstanding any other provision of this contract, the City of Los Angeles shall have any and all other remedies at law or in equity for any breach hereof.

H. The Board of Public Works shall promulgate rules and regulations through the DAA, and provide necessary forms and required language to the Awarding Authorities to be included in City Request for Bids or Request for Proposal packages or in supplier registration requirements for the implementation of the Equal Employment Practices provisions of this Contract, and such rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive orders. No other rules, regulations or forms may be used by an Awarding Authority of the City to accomplish the contract compliance program.

I. Nothing contained in this Contract shall be construed in any manner so as to require or permit any act which is prohibited by law.

J. By affixing its signature on a Contract that is subject to this article, the Contractor shall agree to adhere to the Equal Employment Practices specified herein during the performance or conduct of City Contracts.

K. Equal Employment Practices shall, without limitation as to the subject or nature of employment activity, be concerned with employment practices, including, but not limited to:

1. hiring practices;

2. apprenticeships where approved programs are functioning and other on-the-job training for non-apprenticeable occupations;

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3. training and promotional opportunities; and

4. reasonable accommodations for persons with disabilities.

L. All Contractors subject to the provisions of this section shall include a similar provision in all subcontracts awarded for work to be performed under the Contract with the City, and shall impose the same obligations including, but not limited to, filing and reporting obligations, on the Subcontractors as are applicable to the Contractor. Subcontracts shall follow the same thresholds specified in Section 10.8.1.1. Failure of the Contractor to comply with this requirement or to obtain the compliance of its Subcontractors with all such obligations shall subject the Contractor to the imposition of any and all sanctions allowed by law, including, but not limited to, termination of the Contractor's Contract with the City.

SECTION HISTORY

Amended by: Ord. No. 147,030, Eff. 4-28-75; Subsecs. A., B., C., Ord. No. 164,516, Eff. 4-13-89; Subsec. C., Ord. No. 168,244, Eff. 10-18-92; Ord. No. 173,186, Eff. 5-22-00; Subsec. F., Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 184,292, Eff. 6-27-16.

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EXHIBIT G

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Every non-construction and construction Contract with, or on behalf of, the City of Los Angeles for which the consideration is $25,000 or more shall contain the following provisions which shall be designated as the **AFFIRMATIVE ACTION PROGRAM** provisions of such Contract:

A. During the performance of a City Contract, the Contractor certifies and represents that the Contractor and each Subcontractor hereunder will adhere to an Affirmative Action Program to ensure that in its employment practices, persons are employed and employees are treated equally and without regard to or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

1. This section applies to work or services performed or materials manufactured or assembled in the United States.

2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.

3. The Contractor shall post a copy of Paragraph A., hereof, in conspicuous places at its place of business available to employees and applicants for employment.

B. The Contractor shall, in all solicitations or advertisements for employees placed, by or on behalf of, the Contractor, state that all qualified applicants will receive consideration for employment without regard to their race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

C. At the request of the Awarding Authority or the DAA, the Contractor shall certify on an electronic or hard copy form to be supplied, that the Contractor has not discriminated in the performance of City Contracts against any employee or applicant for employment on the basis or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

D. The Contractor shall permit access to, and may be required to provide certified copies of, all of its records pertaining to employment and to its employment practices by the Awarding Authority or the DAA for the purpose of investigation to ascertain compliance with the Affirmative Action Program provisions of City Contracts and, upon request, to provide evidence that it has or will comply therewith.

E. The failure of any Contractor to comply with the Affirmative Action Program provisions of City Contracts may be deemed to be a material breach of a City Contract. The failure shall only be established upon a finding to that effect by the Awarding Authority, on the basis of its own investigation or that of the DAA. No finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to the Contractor.

F. Upon a finding duly made that the Contractor has breached the Affirmative Action Program provisions of a City Contract, the Contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the Awarding Authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, the breach may be the basis for a determination by the Awarding Authority or the Board of Public Works that the Contractor is a non-responsible bidder or proposer pursuant to the provisions of Section 10.40 of this Code. In the event of such determination, the Contractor shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two years, or until the Contractor shall establish and carry out a program in conformance with the provisions hereof.

G. In the event of a finding by the Fair Employment and Housing Commission of the State of California, or the Board of Public Works of the City of Los Angeles, or any court of competent jurisdiction, that the Contractor has been guilty of a willful violation of the California Fair Employment and Housing Act, or the Affirmative Action Program provisions of a City Contract, there may be deducted from the amount payable to the Contractor by the City of Los Angeles under the contract, a penalty of ten dollars for each person for each calendar day on which the person was discriminated against in violation of the provisions of a City Contract.

H. Notwithstanding any other provisions of a City Contract, the City of Los Angeles shall have any and all other remedies at law or in equity for any breach hereof.

I. The Public Works Board of Commissioners shall promulgate rules and regulations through the DAA and provide to the Awarding Authorities electronic and hard copy forms for the implementation of the Affirmative Action Program provisions of City contracts, and rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive Orders. No other rules, regulations or forms may be used by an Awarding Authority of the City to accomplish this contract compliance program.

J. Nothing contained in City Contracts shall be construed in any manner so as to require or permit any act which is prohibited by law.

K. By affixing its signature to a Contract that is subject to this article, the Contractor shall agree to adhere to the provisions in this article for the duration of the Contract. The Awarding Authority may also require Contractors and suppliers to take part in a

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pre-registration, pre-bid, pre-proposal, or pre-award conference in order to develop, improve or implement a qualifying Affirmative Action Program.

1. The Contractor certifies and agrees to immediately implement good faith effort measures to recruit and employ minority, women and other potential employees in a non- discriminatory manner including, but not limited to, the following actions as appropriate and available to the Contractor's field of work. The Contractor shall:

(a) Recruit and make efforts to obtain employees through:

(i) Advertising employment opportunities in minority and other community news media or other publications.

(ii) Notifying minority, women and other community organizations of employment opportunities.

(iii) Maintaining contact with schools with diverse populations of students to notify them of employment opportunities.

(iv) Encouraging existing employees, including minorities and women, to refer their friends and relatives.

(v) Promoting after school and vacation employment opportunities for minority, women and other youth.

(vi) Validating all job specifications, selection requirements, tests, etc.

(vii) Maintaining a file of the names and addresses of each worker referred to the Contractor and what action was taken concerning the worker.

(viii) Notifying the appropriate Awarding Authority and the DAA in writing when a union, with whom the Contractor has a collective bargaining agreement, has failed to refer a minority, woman or other worker.

(b) Continually evaluate personnel practices to assure that hiring, upgrading, promotions, transfers, demotions and layoffs are made in a non-discriminatory manner so as to achieve and maintain a diverse work force.

(c) Utilize training programs and assist minority, women and other employees in locating, qualifying for and engaging in the training programs to enhance their skills and advancement.

(d) Secure cooperation or compliance from the labor referral agency to the Contractor's contractual Affirmative Action Program obligations.

(e) Establish a person at the management level of the Contractor to be the Equal Employment Practices officer. Such individual shall have the authority to disseminate and enforce the Contractor's Equal Employment and Affirmative Action Program policies.

(f) Maintain records as are necessary to determine compliance with Equal Employment Practices and Affirmative Action Program obligations and make the records available to City, State and Federal authorities upon request.

(g) Establish written company policies, rules and procedures which shall be encompassed in a company-wide Affirmative Action Program for all its operations and Contracts. The policies shall be provided to all employees, Subcontractors, vendors, unions and all others with whom the Contractor may become involved in fulfilling any of its Contracts.

(h) Document its good faith efforts to correct any deficiencies when problems are experienced by the Contractor in complying with its obligations pursuant to this article. The Contractor shall state:

(i) What steps were taken, how and on what date.

(ii) To whom those efforts were directed.

(iii) The responses received, from whom and when.

(iv) What other steps were taken or will be taken to comply and when.

(v) Why the Contractor has been or will be unable to comply.

2. Every contract of $25,000 or more which may provide construction, demolition, renovation, conservation or major maintenance of any kind shall also comply with the requirements of Section 10.13 of the Los Angeles Administrative

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Code.

L. The Affirmative Action Program required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by the Awarding Authority shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:

1. Apprenticeship where approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;

2. Classroom preparation for the job when not apprenticeable;

3. Pre-apprenticeship education and preparation;

4. Upgrading training and opportunities;

5. Encouraging the use of Contractors, Subcontractors and suppliers of all racial and ethnic groups; provided, however, that any contract subject to this ordinance shall require the Contractor, Subcontractor or supplier to provide not less than the prevailing wage, working conditions and practices generally observed in private industries in the Contractor's, Subcontractor's or supplier's geographical area for such work;

6. The entry of qualified women, minority and all other journey-level persons into the industry; and

7. The provision of needed supplies or job conditions to permit persons with disabilities to be employed, and minimize the impact of any disability.

M. Any adjustments which may be made in the Contractor's work force to achieve the requirements of the City's Affirmative Action Program in purchasing and construction shall be accomplished by either an increase in the size of the work force or replacement of those employees who leave the work force by reason of resignation, retirement or death and not by termination, layoff, demotion or change in grade.

N. This ordinance shall not confer upon the City of Los Angeles or any Agency, Board or Commission thereof any power not otherwise provided by law to determine the legality of any existing collective bargaining agreement and shall have application only to discriminatory employment practices by Contractors engaged in the performance of City Contracts.

O. All Contractors subject to the provisions of this article shall include a similar provision in all subcontracts awarded for work to be performed under the Contract with the City and shall impose the same obligations including, but not limited to, filing and reporting obligations, on the Subcontractors as are applicable to the Contractor. Failure of the Contractor to comply with this requirement or to obtain the compliance of its Subcontractors with all such obligations shall subject the Contractor to the imposition of any and all sanctions allowed by law, including, but not limited to, termination of the Contractor's Contract with the City.

SECTION HISTORY

Amended by Ord. No. 147,030, Eff. 4-28-75; Subsecs. A., B., C., Ord. No. 164,516, Eff. 4-13-89; Subsecs. B. and C., Ord. No. 168,244, Eff. 10-18-92; Title and Section, Ord. No. 173,186, Eff. 5-22-00; Subsec. F., Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 184,292, Eff. 6-27-16.

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EXHIBIT H

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ARTICLE 11

LIVING WAGE

Section
10.37 Legislative Findings.
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10.37.13 Liberal Interpretation of Coverage; Rebuttable Presumption of Coverage.
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10.37.15 Exemptions.
10.37.16 Severability.

Sec. 10.37. Legislative Findings.

The City awards many contracts to private firms to provide services to the public and to City government. Many lessees or licensees of City property perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City also provides financial assistance and funding to other firms for the purpose of economic development or job growth. The City expends grant funds under programs created by the federal and state governments. These expenditures serve to promote the goals established for the grant programs and for similar goals of the City. The City intends that the policies underlying this article serve to guide the expenditure of such funds to the extent allowed by the laws under which such grant programs are established and ensure that employers that receive City contracts and/or financial assistance pay a living wage to their employees. Underpaying employees fosters high turnover, absenteeism and lackluster performance, and tends to inhibit the quantity and quality of services rendered by those employees to the City and to the public. Conversely, studies show that higher wages lead to increases in worker productivity, improves customer service, and results in a decline in worker turnover. Lowering employee turnover is particularly important at the airport, as it yields savings to the employers and alleviates potential security concerns. Through this article, the City intends to require service contractors to provide a minimum level of compensation which will improve the level of services rendered to and for the City. Further, due to the importance of maintaining a safe and secure airport, the City finds that a higher wage for airport employees is needed to reduce employee turnover and retain a qualified and stable workforce.

LAX is a major economic engine in Los Angeles, yet many workers at the airport are struggling to keep a roof over their heads and support their families. The airline industry benefited from significant government support during the COVID-19 pandemic, including more than $45 billion in total payments to the top five domestic airline carriers through the CARES Act's Payroll Support Program (PSP), along with an additional $5 billion to contractors and subcontractors. The airline industry is now rebounding to near pre-pandemic levels, and the City is investing in the industry's future growth as Los Angeles prepares to host the 2026 World Cup and the 2028 Olympics. This investment includes major infrastructure and development projects, including a $6 billion expansion at LAX. Meanwhile, the airport workers who keep the tourism industry functioning, safe, and profitable – including janitors and security guards, airplane cabin cleaners, airline catering workers, airline passenger service workers, airport restaurant and retail workers, and others – are facing housing insecurity as Los Angeles grapples with an unprecedented housing and homelessness crisis.

While airport workers benefit from this article, the wage rates have not kept up with the rising tide of inflation and cost of living in Los Angeles. Further, according to an April 2022 report presented by the City's Chief Administrative Office, the health benefits requirement for airport workers has not kept up with the rising costs of family health insurance coverage. As a result, many airport workers and their families, who were among the hardest hit during the pandemic, now lack quality, affordable health insurance.

Moreover, data gathered by the Los Angeles Alliance for a New Economy in 2024 demonstrates that airport workers, on average, do not work full time, and that approximately 25% of airport workers work part-time. Accordingly, the health benefits provided to airport workers must be increased to ensure more airport workers receive adequate healthcare benefits.

An analysis conducted by Berkeley Economic Advising and Research LLC ("BEAR") in 2024 revealed that modest adjustments in wage distribution for airport workers can substantially enhance equity for the tourism industry, especially for businesses that have

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proactively embraced fairer pay and comprehensive benefits. Furthermore, BEAR found that implementing minimum wage and health benefit adjustments for airport workers will provide substantial net benefits for the City of Los Angeles, the County of Los Angeles, and the neighboring areas. Indeed, BEAR found that, by 2028, increases to wages and health care benefits for tourism workers are projected to generate nearly $700 million in additional income for the City of Los Angeles and nearly $1.2 billion regionally, while also creating approximately 6,000 new full-time equivalent jobs in the City of Los Angeles and over 12,000 across the region.

The City holds a proprietary interest in the work performed by many employees of City lessees and licensees and by their service contractors, subcontractors, sublessees and sublicensees. The success or failure of City operations may turn on the success or failure of these enterprises, for the City has a genuine stake in how the public perceives the services rendered for them by such businesses. By increasing the wage and health benefits for these employees, the City seeks to improve employee performance towards the success of the City's operations and airport enterprise.

SECTION HISTORY

Article and Section Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18; In Entirety, Ord. No. 188,610, Eff. 9-8-25.

Sec. 10.37.1. Definitions.

The following definitions shall apply throughout this article:

(a) "**Airline Food Caterer**" means any Employer that, with respect to the Airport:

(1) prepares food or beverage to or for aircraft crew or passengers;

(2) delivers prepared food or beverage to or for aircraft crew or passengers;

(3) conducts security or inspection of aircraft food or beverage; or

(4) provides any other service related to or in connection with the preparation of food or beverage to or for aircraft crew or passengers.

(b) "**Airport**" means the Department of Airports and each of the airports which it operates.

(c) "**Airport Concessionaire**" means any Employer, with respect to the Airport, which is engaged in the sale of goods or services to the public at the Airport under an agreement with the Airport, another Concessionaire, or the operator or lessee of a terminal.

(d) "**Awarding Authority** " means the governing body, board, officer or employee of the City or City Financial Assistance Recipient authorized to award a Contract and shall include a department which has control of its own funds.

(e) "**City**" means the City of Los Angeles and all awarding authorities thereof, including those City departments which exercise independent control over their expenditure of funds.

(f) "**City Financial Assistance Recipient**" means any person who receives from the City discrete financial assistance for economic development or job growth expressly articulated and identified by the City, as contrasted with generalized financial assistance such as through tax legislation, in accordance with the following monetary limitations. Assistance given in the amount of $1,000,000 or more in any 12-month period shall require compliance with this article for five years from the date such assistance reaches the $1,000,000 threshold. For assistance in any 12-month period totaling less than $1,000,000 but at least $100,000, there shall be compliance for one year, with the period of compliance beginning when the accrual of continuing assistance reaches the $100,000 threshold.

Categories of assistance include, but are not limited to, bond financing, planning assistance, tax increment financing exclusively by the City and tax credits, and shall not include assistance provided by the Community Development Bank. City staff assistance shall not be regarded as financial assistance for purposes of this article. A loan at market rate shall not be regarded as financial assistance. The forgiveness of a loan shall be regarded as financial assistance. A loan shall be regarded as financial assistance to the extent of any differential between the amount of the loan and the present value of the payments thereunder, discounted over the life of the loan by the applicable federal rate as used in 26 U.S.C. §§ 1274(d) and 7872(f). A recipient shall not be deemed to include lessees and sublessees.

A recipient shall be exempted from application of this article if:

(1) it is in its first year of existence, in which case the exemption shall last for one year;

(2) it employs fewer than five Employees for each working day in each of 20 or more calendar weeks in the current or

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preceding calendar year; or

(3) it obtains a waiver as a recipient who employs the long-term unemployed or provides trainee positions intended to prepare Employees for permanent positions. The recipient shall attest that compliance with this article would cause an economic hardship and shall apply in writing to the City department or office administering the assistance. The department or office shall forward the waiver application and the department or office's recommended action to the City Council. Waivers shall be effected by Council resolution.

(g) "**Contractor**" means any person that enters into:

(1) a Service Contract with the City;

(2) a contract with a Public Lessee or Licensee; or

(3) a contract with a City Financial Assistance Recipient to help the recipient in performing the work for which the assistance is being given.

(h) "**Designated Administrative Agency (DAA)**" means the Department of Public Works, Bureau of Contract Administration, which shall bear administrative responsibilities under this article.

(i) "**Employee**" means any person who is not a managerial, supervisory or confidential employee who expends any of their time working for an Employer in the United States.

(j) "**Employer**" means any person who is:

(1) a City Financial Assistance Recipient;

(2) Contractor;

(3) Subcontractor;

(4) Public Lessee or Licensee; and

(5) Contractor, Subcontractor, sublessee or sublicensee of a Public Lessee or Licensee.

(k) "**Person**" means any individual, proprietorship, partnership, joint venture, corporation, limited liability company, trust, association or other entity that may employ individuals or enter into contracts.

(l) "**Public Lease or License**" means, except as provided in Section 10.37.15, a lease, license, sublease or sublicense of City property, including, but not limited to, Non-Exclusive License Agreements, Air Carrier Operating Permits and Certified Service Provider License Agreements (CSPLA), for which services are furnished by Employees where any of the following apply:

(1) The services are rendered on premises at least a portion of which is visited by members of the public (including, but not limited to, airport passenger terminals, parking lots, golf courses, recreational facilities);

(2) Any of the services feasibly could be performed by City employees if the City had the requisite financial and staffing resources; or

(3) The DAA has determined in writing as approved by the Board of Public Works that coverage would further the proprietary interests of the City. Proprietary interest includes, but is not limited to:

(i) the public perception of the services or products rendered to them by a business;

(ii) security concerns related to the location of the business or any product or service the business produces; or

(iii) an Employer's industry-specific job classifications as defined in the regulations.

(m) "**Service Contract**" means a contract involving an expenditure in excess of $25,000 and a contract term of at least three months awarded to a Contractor by the City to furnish services for the City where any of the following apply:

(1) at least some of the services are rendered by Employees whose work site is on property owned or controlled by the City;

(2) the services feasibly could be performed by City employees if the City had the requisite financial and staffing resources; or

(3) the DAA has determined in writing as approved by the Board of Public Works that coverage would further the proprietary interests of the City. Proprietary interest includes, but is not limited to:

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(i) the public perception of the services or products rendered to them by a business;

(ii) security concerns related to the location of the business or any product or service the business produces; or

(iii) an Employer's industry-specific job classifications as defined in the regulations.

(n) "**Subcontractor**" means any person not an Employee who enters into a contract:

(1) to assist in performance of a Service Contract;

(2) with a Public Lessee or Licensee, sublessee, sublicensee or Contractor to perform or assist in performing services for the leased or licensed premises.

(o) "**Willful Violation**" means that the Employer knew of its obligations under this article and deliberately failed or refused to comply with its provisions.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (e), Ord. No. 176,155, Eff. 9-22-04; Subsec. (e), Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; Subsecs. (a) through (l) re-lettered (d) through (o), respectively and new Subsecs. (a), (b), and (c) added, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18; Subsec. (c) added and subsequent subsections renumbered, Ord. No. 188,610, Eff. 9-8-25.

Sec. 10.37.2. Payment of Minimum Compensation to Employees.

(a) **Wages.** An Employer shall pay an Employee for all hours worked on a Service Contract or if a Public Lease or License or for a Contractor of a Public Lessee or Licensee, for all hours worked furnishing a service relating to the City, a wage of no less than the hourly rates set under the authority of this article.

(1) **Non-Airport Employee Wages.**

(i) If an Employer provides an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the following:

a. On July 1, 2018, the wage rate for an Employee shall be no less than $13.25 per hour.

b. On July 1, 2019, the wage rate for an Employee shall be no less than $14.25 per hour.

c. On July 1, 2020, the wage rate for an Employee shall be no less than $15.00 per hour.

d. On July 1, 2022, and annually thereafter, the hourly wage rate paid to an Employee shall be adjusted consistent with any adjustment pursuant to Section 187.02 D. of the Los Angeles Municipal Code.

(ii) If an Employer does not provide an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the applicable wage rate in Section 10.37.2(a)(1)(i) and an additional wage rate of $1.25 per hour.

(iii) Section 10.37.11 is not applicable to this subdivision.

(2) **Airport Employee Wages.**

(i) If an Employer servicing the Airport provides an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the following:

a. Beginning on July 1, 2024, the wage rate for an Employee shall be no less than $19.28 per hour.

b. Beginning on July 1, 2025, the wage rate for an Employee shall be no less than $22.50 per hour.

c. Beginning on July 1, 2026, the wage rate for an Employee shall be no less than $25.00 per hour.

d. Beginning on July 1, 2027, the wage rate for an Employee shall be no less than $27.50 per hour.

e. Beginning on July 1, 2028, the wage rate for an Employee shall be no less than $30.00 per hour.

f. Beginning on July 1, 2029, and annually thereafter on July 1, the hourly wage rate for an Employee of an

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Employer servicing the Airport shall be adjusted higher by a percentage equal to the percentage increase, if any, in the Bureau of Labor Statistics Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Los Angeles metropolitan area, as measured from January to December of the preceding year. The DAA shall announce the adjusted rates on February 1st, or within two weeks of the release of the prior year's CPI-W, whichever is later, and publish a bulletin announcing the adjusted hourly wage rates, which shall take effect on July 1st of each year.

(ii) If an Employer servicing the Airport does not provide an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the applicable wage rate in Section 10.37.2(a)(2)(i) and an additional wage rate as follows:

a. Beginning on July 1, 2024, an Employer servicing the Airport shall pay an additional wage rate of $5.95 per hour.

b. Beginning on July 1, 2025, an Employer servicing the Airport shall pay an additional wage rate of $7.65 per hour.

c. Beginning on July 1, 2026, an Employer servicing the Airport shall pay an Employee an additional wage rate per hour equal to the health benefit payment in effect for an Employee pursuant to Section 10.37.3(a)(5).

(3) An Employer may not use tips or gratuities earned by an Employee to offset the wages required under this article.

(b) **Compensated Time Off.** An Employer shall provide an Employee compensated time off as follows:

(1) An Employee who works at least 40 hours per week or is classified as a full-time Employee by the Employer shall accrue no less than 96 hours of compensated time off per year.

(2) An Employee who works less than 40 hours per week and is not classified as a full-time Employee by the Employer shall accrue hours of compensated time off in increments proportional to that accrued by an Employee who works 40 hours per week.

(3) **General Rules for Compensated Time Off.**

(i) An Employee must be eligible to use accrued paid compensated time off after the first 90 days of employment or consistent with company policies, whichever is sooner. Compensated time off shall be paid at an Employee's regular wage rate at the time the compensated time off is used.

(ii) An Employee may use accrued compensated time off hours for sick leave, vacation or personal necessity.

(iii) An Employer may not unreasonably deny an Employee's request to use the accrued compensated time off. The DAA, through regulations, may provide guidance on what is considered unreasonable.

(iv) The DAA may allow an Employer's established compensated time off policy to remain in place even though it does not meet these requirements, if the DAA determines that the Employer's established policy is overall more generous.

(v) Unused accrued compensated time off shall carry over until time off reaches a maximum of 192 hours, unless the Employer's established policy is overall more generous.

(vi) After an Employee reaches the maximum accrued compensated time off, an Employer shall provide a cash payment once every 30 days for accrued compensated time off over the maximum. An Employer may provide an Employee with the option of cashing out any portion of, or all of, the Employee's accrued compensated time off, but, an Employer shall not require an Employee to cash out any accrued compensated time off. Compensated time off cashed out shall be paid to the Employee at the wage rate that the Employee is earning at the time of cash out.

(vii) An Employer may not implement any unreasonable employment policy to count accrued compensated time off taken under this article as an absence that may result in discipline, discharge, suspension or any other adverse action.

(4) **Compensated Release Time.** An Employer servicing the Airport who holds a Certified Service Provider License Agreement and is subject to this article shall comply with the following additional requirements:

(i) A CSPLA Employer shall provide an Employee at the Airport, 16 hours of additional compensated release time annually to attend and complete emergency response training courses approved by the Airport.

(ii) By December 31, 2018, and continuing thereafter on an annual basis, an Employee of a CSPLA Employer shall successfully complete the 16 hours of emergency response training.

(iii) An Employee of a CSPLA Employer hired after December 31, 2018, shall complete the 16 hours of emergency response training within 120 days of the first date of hire.

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(iv) The 16 hours of compensated release time shall only be used to attend Airport approved annual emergency response training courses. The 16 hours of compensated release time does not accumulate or carry over to the following year. The 16 hours of compensated release time shall not be included as part of the 96 hours of compensated time off required under this article.

(c) **Uncompensated Time Off.** An Employer shall provide an Employee uncompensated time off as follows:

(1) An Employee who works at least 40 hours a week or is classified as a full-time Employee by an Employer shall accrue no less than 80 hours of uncompensated time off per year.

(2) An Employee who works less than 40 hours per week and is not classified as a full-time Employee by the Employer shall accrue hours of uncompensated time off in increments proportional to that accrued by an Employee who works 40 hours per week.

(3) **General Rules for Uncompensated Time Off.**

(i) An Employee must be eligible to use accrued uncompensated time off after the first 90 days of employment or consistent with company policies, whichever is sooner.

(ii) Uncompensated time off may only be used for sick leave for the illness of an Employee or a member of the Employee's immediate family and where an Employee has exhausted their compensated time off for that year.

(iii) An Employer may not unreasonably deny an Employee's request to use the accrued uncompensated time off. The DAA, through regulations, may provide guidance on what is considered unreasonable.

(iv) Unused accrued uncompensated time off shall carry over until the time off reaches a maximum of 80 hours, unless the Employer's established policy is overall more generous.

(v) An Employer may not implement any unreasonable employment policy to count accrued uncompensated time off taken under this article as an absence that may result in discipline, discharge, suspension or any other adverse action.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (a), Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; Subsec. (a), Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18; Subsec. (a)(1), Ord. No. 185,745, Eff. 10-15-18; Subsec. (a)(2), Ord. No. 188,610, Eff. 9-8-25.

Sec. 10.37.3. Health Benefits.

(a) **Health Benefits.** The health benefits required by this article shall consist of the payment by an Employer of at least $1.25 per hour to Employees towards the provision of health care benefits for an Employee and dependents. Beginning on July 1, 2024, the payment amount for health benefits provided to an Employee working for an Employer servicing the Airport shall be at least $5.95 per hour. Beginning on July 1, 2025, the payment amount for health benefits provided to an Employee working for an Employer servicing the Airport shall be at least $7.65 an hour.

(1) Proof of the provision of such benefits must be submitted to the Awarding Authority to qualify for the wage rate in Section 10.37.2(a) for Employees with health benefits.

(2) Health benefits include health coverage, dental, vision, mental health, and disability income. For purposes of this article, retirement benefits, accidental death and dismemberment insurance, life insurance and other benefits that do not provide medical or health related coverage will not be credited toward the cost of providing Employees with health benefits.

(3) If the Employer's hourly health benefit payment is less than that required under this article, the difference shall be paid to the Employee as an additional hourly wage.

(4) Health benefits are not required to be paid on overtime hours.

(5) Beginning on July 1, 2026, and annually thereafter each July 1, the payment amount for health benefits provided to an Employee working for an Employer servicing the Airport shall be adjusted by a percentage equal to the percentage increase, if any, in the California Department of Managed Healthcare's Large Group Aggregate Rates (LGAR) report, as measured from January to December of the preceding year. The DAA shall announce the adjusted rates on April 1st, or within two weeks of the release of the prior year's LGAR report, whichever is later, and publish a bulletin announcing the adjusted rates, which shall take effect on July 1st of each year.

(b) **Periodic Review.** At least once every three years, the City Administrative Officer shall review the health benefit payment by

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Employers servicing the Airport set forth in Section 10.37.3(a) to determine whether the payment accurately reflects the cost of health care and to assess the impacts of the health benefit payment on Airport Employers and Airport Employees and shall transmit a report with its findings to the Council.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18; Subsec. (a), Ord. No. 188,610, Eff. 9-8-25.

Sec. 10.37.4. Employer Reporting and Notification Requirements.

(a) An Employer shall post in a prominent place in an area frequented by Employees a copy of the Living Wage Poster and the Notice Regarding Retaliation, both available from the DAA.

(b) An Employer shall inform an Employee of the Employee's possible right to the federal Earned Income Credit (EIC) under Section 32 of the Internal Revenue Code of 1954, 26 U.S.C. § 32, and shall make available to an Employee forms informing them about the EIC and forms required to secure advance EIC payments from the Employer.

(c) An Employer is required to retain payroll records pertaining to its Employees for a period of at least four years, unless more than four years of retention is specified elsewhere in the contract or required by law.

(d) A Contractor, Public Lessee, Licensee, and City Financial Assistant Recipient is responsible for notifying all Contractors, Subcontractors, sublessees, and sublicensees of their obligation under this article and requiring compliance with this article. Failure to comply shall be a material breach of the contract.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.5. Retaliation Prohibited.

An Employer shall not discharge, reduce in compensation, or otherwise discriminate against any Employee for complaining to the City with regard to the Employer's compliance or anticipated compliance with this article, for opposing any practice proscribed by this article, for participating in proceedings related to this article, for seeking to enforce the Employee's rights under this article by any lawful means, or for otherwise asserting rights under this article.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.6. Enforcement.

(a) **Civil Enforcement Action by Employee.** An Employee claiming violation of this article may bring a civil action in the Superior Court of the State of California against an Employer.

(1) **Notice to Employer and Cure Period Before Filing a Civil Action.** Before an Employee or the Employee's representative can file a civil action alleging a violation of the Living Wage Ordinance, the following requirements must be met:

(i) The Employee or the Employee's representative must provide written notice to the Employer of the provisions of the Living Wage Ordinance alleged to have been violated and the facts to support the alleged violations; and

(ii) The Employer has not, within 30 days of receipt of the written notice, taken action to cure the alleged violations.

(2) **Remedies Payable to a Prevailing Plaintiff in a Civil Action.** An Employee, upon prevailing in a Civil Action, shall be entitled to such legal or equitable relief as may be appropriate to remedy the violation, including, without limitation:

(i) For failure to pay wages required by this article, back pay shall be paid for each day during which the violation occurred.

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(ii) For failure to comply with health benefits requirements pursuant to this article, the Employee shall be paid the differential between the wage required by this article without health benefits and such wage with health benefits, less amounts paid, if any, toward health benefits.

(iii) For retaliation the Employee shall receive reinstatement, back pay or other equitable relief the court may deem appropriate.

(iv) For Willful Violations, the amount of monies to be paid under Subdivisions (i) - (iii), above, shall be trebled.

(b) The court shall award reasonable attorney's fees and costs to an Employee who prevails in any such enforcement action and to an Employer who prevails and obtains a court determination that the Employee's lawsuit was frivolous.

(c) Compliance with this article shall be required in all City contracts to which it applies. Contracts shall provide that violation of this article shall constitute a material breach thereof and entitle the Awarding Authority to terminate the contract and otherwise pursue legal remedies that may be available. Contracts shall also include an agreement that the Employer shall comply with federal law proscribing retaliation for union organizing.

(d) The DAA may audit an Employer at any time to verify compliance. Failure by the Employer to cooperate with the DAA's administrative and enforcement actions, including, but not limited to, requests for information or documentation to verify compliance with this article, may result in a determination by the DAA that the Employer has violated this article.

(e) An Employee claiming violation of this article may report the claimed violation to the DAA, which shall determine whether this article applies to the claimed violation. There shall be no cure period required before an Employee may report the claimed violation to the DAA.

(1) If any of the Employee's allegations merit further review, the DAA shall perform an audit; the scope of which will not exceed four years from the date the complaint was received.

(2) If the claimed violation is filed after a contract has expired, and information needed for the review is no longer readily available, the DAA may determine this article no longer applies.

(3) In the event of a claimed violation of the requirements relating to compensated time off, uncompensated time off or wages, the DAA may require the Employer to calculate the amount the Employee should have earned and compensate the Employee. Nothing shall limit the DAA's authority to evaluate the calculation.

(i) If the DAA determines that an Employer is in violation of Section 10.37.2(b), the time owed must be made available immediately. At the Employer's option, retroactive compensated time off in excess of 192 hours may be paid to the Employee at the current hourly wage rate.

(ii) If the DAA determines that an Employer is in violation of Section 10.37.2(c), the Employer shall calculate the amount of uncompensated time off that the Employee should have accrued. This time will be added to the uncompensated time off currently available to the Employee and must be available immediately.

(f) Where the DAA has determined that an Employer has violated this article, the DAA shall issue a written notice to the Employer that the violation is to be corrected within ten days or other time period determined appropriate by the DAA.

(g) In the event the Employer has not demonstrated to the DAA within such period that it has cured the violation, the DAA may then:

(1) Request the Awarding Authority to declare a material breach of the Service Contract, Public Lease or License, or financial assistance agreement and exercise its contractual remedies thereunder, which may include, but not be limited to: (i) termination of the Service Contract, Public Lease or License, or financial assistance agreement; (ii) the return of monies paid by the City for services not yet rendered; and (iii) the return to the City of money held in retention (or other money payable on account of work performed by the Employer) when the DAA has documented the Employer's liability for unpaid wages, health benefits or compensated time off.

(2) Request the Awarding Authority to declare the Employer non-responsible from future City contracts, leases and licenses in accordance with the Contractor Responsibility Ordinance (LAAC Section 10.40, et seq.) and institute proceedings in a manner that is consistent with law.

(3) Exercise any other remedies available at law or in equity.

(h) Notwithstanding any provision of this Code or any other law to the contrary, no criminal penalties shall attach for violation of this article.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (d), Para. (1), Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff.

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7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18; Subsec. (g), Ord. No. 188,130, Eff. 4-10-24; Subsecs. (a) and (e), Ord. No. 188,610, Eff. 9-8-25.

Sec. 10.37.7. Administration.

The DAA shall administer the requirements of this article and monitor compliance, including the investigation of claimed violations. The DAA shall promulgate rules and procedures consistent with this article for the implementation of the provisions of this article. The DAA shall also issue determinations that persons are City Financial Assistance Recipients, that particular contracts shall be regarded as "Service Contracts" for purposes of Section 10.37.1(m), and that particular leases and licenses shall be regarded as "Public Leases" or "Public Licenses" for purposes of Section 10.37.1(l), when it receives an application for a determination of non-coverage or exemption as provided for in Section 10.37.14 and 10.37.15.

The DAA may require an Awarding Authority to inform the DAA about all contracts in the manner described by regulation. The DAA shall also establish Employer reporting requirements on Employee compensation and on notification about and usage of the federal Earned Income Credit referred to in Section 10.37.4. The DAA shall report on compliance to the City Council no less frequently than annually.

Every three years after July 1, 2018, the Chief Legislative Analyst (CLA) with the assistance of the City Administrative Officer (CAO) shall commission a study to review the state of the Airport's regional economy; minimum wage impacts for Employees servicing the Airport; Airport service industry impacts; temporary workers, guards and janitors impacts; restaurants, hotels and bars impacts; transitional jobs programs impacts; service charges, commissions and guaranteed gratuities impacts; and wage theft enforcement. On an annual basis, the CLA and CAO shall collect economic data, including jobs, earnings and sales tax. The Study shall also address how extensively affected Employers are complying with this article, how the article is affecting the workforce composition of affected Employers, and how the additional costs of the article have been distributed among Employees, Employers and the City.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18; First Para., Ord. No. 188,610, Eff. 9-8-25.

Sec. 10.37.8. City is a Third Party Beneficiary of Contracts Between an Employer and Subcontractor for Purposes of Enforcement.

Any contract an Employer executes with a Contractor or Subcontractor, as defined in Sections 10.37.1(g) and (n), shall contain a provision wherein the Contractor or Subcontractor agrees to comply with this article and designate the City as an intended third-party beneficiary for purposes of enforcement directly against the Contractor or Subcontractor, as provided for in Section 10.37.6 of this article.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18; In Entirety, Ord. No. 188,610, Eff. 9-8-25.

Sec. 10.37.9. Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.

This article shall not be construed to limit an Employee's right to bring legal action for violation of other minimum compensation laws.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.10. Expenditures Covered.

This article shall apply to the expenditure – whether through aid to City Financial Assistance Recipients, Service Contracts let by the City or Service Contracts let by its Financial Assistance Recipients – of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds.

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SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.11. Timing of Application.

The provisions of this article shall become operative 60 days following the effective date of the ordinance and are not retroactive.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (b), Subsec. (c) Added, Ord. No. 173,747, Eff. 2-24-01; Subsec. (d) Added, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.12. Express Supersession by Collective Bargaining Agreement.

The requirements of this article may be superseded by a collective bargaining agreement if expressly stated in the agreement. This provision applies to any collective bargaining agreement that expires or is open for negotiation of compensation terms after the effective date of this ordinance. Any collective bargaining agreement that purports to supersede any requirement of this article shall be submitted by the Employer to the DAA.

(a) A collective bargaining agreement may expressly supersede the requirements of this article with respect to Employees of Employers servicing the Airport only when an Employee is paid a wage not less than the applicable wage rate in Section 10.37.2(a)(2)(i).

(b) A collective bargaining agreement may expressly supersede the requirements of this article with respect to Employees of Airline Food Caterers only when an Employee of the Airline Food Caterer is paid a total economic package no less than the applicable wage rate in Section 10.37.2(a)(2)(ii).

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; Title and Section In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.13. Liberal Interpretation of Coverage; Rebuttable Presumption of Coverage.

The definitions of "City Financial Assistance Recipient" in Section 10.37.1(f), of "Public Lease or License" in Section 10.37.1(l), and of "Service Contract" in Section 10.37.1(m) shall be liberally interpreted to further the policy objectives of this article. All City Financial Assistance Recipients meeting the monetary thresholds of Section 10.37.1(f), all Public Leases and Licenses (including subleases and sublicenses) where the City is the lessor or licensor, and all City contracts providing for services shall be presumed to meet the corresponding definition mentioned above, subject, however, to a determination by the DAA of non-coverage or exemption on any basis allowed by this article, including, but not limited to, non-coverage for failure to satisfy such definition. The DAA shall by regulation establish procedures for informing persons engaging in such transactions with the City of their opportunity to apply for a determination of non-coverage or exemption and procedures for making determinations on such applications.

SECTION HISTORY

Added by Ord. No. 172,336, Eff. 1-14-99.
Amended by: Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18; In Entirety, Ord. No. 185,745, Eff. 10-15-18; In Entirety, Ord. No. 188,610, Eff. 9-8-25.

Sec. 10.37.14. Contracts, Employers and Employees Not Subject to this Article.

The following contracts are not subject to the Living Wage Ordinance. An Awarding Authority, after consulting with the DAA, may determine whether contracts and/or Employers are not subject to the Living Wage Ordinance due to the following:

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(a) a contract where an employee is covered under the prevailing wage requirements of Division 2, Part 7, of the California Labor Code unless the total of the basic hourly rate and hourly health and welfare payments specified in the Director of Industrial Relations' General Prevailing Wage Determinations are less than the minimum hourly rate as required by Section 10.37.2(a) of this article.

(b) a contract with a governmental entity, including a public educational institution or a public hospital.

(c) a contract for work done directly by a utility company pursuant to an order of the Public Utilities Commission.

SECTION HISTORY

Added by Ord. No. 184,318, Eff. 7-7-16.
Amended by: In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.15. Exemptions.

Upon the request of an Employer, the DAA may exempt compliance with this article. An Employer seeking an exemption must submit the required documentation to the DAA for approval before the exemption takes effect.

(a) A Public Lessee or Licensee, that employs no more than seven people total on and off City property shall be exempted. A lessee or licensee shall be deemed to employ no more than seven people if the company's entire workforce worked an average of no more than 1,214 hours per month for at least three- fourths of the previous calendar year. If a Public Lease or License has a term of more than two years, the exemption granted pursuant to this section shall expire after two years, but shall be renewable in two- year increments.

(b) **Non-Profit Organizations.** Corporations organized under Section 501(c)(3) of the United States Internal Revenue Code of 1954, 26 U.S.C. § 501(c)(3), whose chief executive officer earns a salary which, when calculated on an hourly basis, is less than eight times the lowest wage paid by the corporation, shall be exempted as to all Employees other than child care workers.

(c) **Students.** High school and college students employed in a work study or employment program lasting less than three months shall be exempt. Other students participating in a work-study program shall be exempt if the Employer can verify to the DAA that:

(1) The program involves work/training for class or college credit and student participation in the work-study program is for a limited duration, with definite start and end dates; or

(2) The student mutually agrees with the Employer to accept a wage below this article's requirements based on a training component desired by the student.

(d) Nothing in this article shall limit the right of the Council to waive the provisions herein.

(e) Nothing in this article shall limit the right of the DAA to waive the provisions herein with respect to and at the request of an individual Employee who is eligible for benefits under Medicare, a health plan through the U.S. Department of Veteran Affairs or a health plan in which the Employee's spouse, domestic partner or parent is a participant or subscriber to another health plan. An Employee who receives this waiver shall only be entitled to the hourly wage pursuant to Section 10.37.2(a)(2)(i) and an additional wage rate of:

(1) $100 per month for a full-time employee as defined by the Affordable Care Act (ACA) and who works at least 30 hours per week or 130 hours per month; or

(2) $50 per month for a half-time employee as defined by the ACA and who works less than 30 hours per week or 130 hours per month.

(f) **Hardship Waiver for Airport Concessionaires with Less than 50 Employees.**

(1) Airport Concessionaires subject to a lease agreement at Los Angeles International Airport that is in effect at the time of the passage of the ordinance and who have less than 50 employees may apply for a one-year hardship waiver from the requirements of this article.

(2) **Hardship Waiver Application.** The DAA shall grant a waiver from the requirements of this article to any Airport Concessionaire who demonstrates that compliance with this article would require the Airport Concessionaire, in order to avoid bankruptcy or a shutdown of the Airport Concessionaire's enterprise, to reduce its workforce by more than 20 percent or curtail its employees' total hours by more than 30 percent. The DAA shall grant such a hardship waiver only after reviewing the Airport Concessionaire's financial condition at the Airport Concessionaire's expense. A waiver granted under this section shall be valid for no more than one year.

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(3) **Notice of Hardship Waiver Application.** Prior to submitting a hardship waiver application pursuant to this section, an Airport Concessionaire shall provide written notice of the waiver application to all Employees employed by the Airport Concessionaire. Within three days of receiving a waiver determination from the DAA under this section, an Airport Concessionaire shall provide written notice of the determination to all Employees employed by the Airport Concessionaire.

(4) An Airport Concessionaire that receives a hardship waiver under this Article shall be granted a 12-month delay in providing any new wage and health benefit increases that occur after the date the completed hardship waiver application is received by the DAA. An Airport Concessionaire that is granted a hardship waiver must continue to provide its Employees with the wage, health payment, and other benefits that were in effect on the date the DAA received the hardship waiver application.

SECTION HISTORY

Added by Ord. No. 184,318, Eff. 7-7-16.
Amended by: In Entirety, Ord. No. 185,321, Eff. 1-20-18; Subsec. (e) amended and Subsec. (f) added, Ord. No. 188,610, Eff. 9-8-25.

Sec. 10.37.16. Severability.

If any subsection, sentence, clause or phrase of this article is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this section, and each and every subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION HISTORY

Added by Ord. No. 172,336, Eff. 1-14-99.
Amended by: In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

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EXHIBIT I

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ARTICLE 10

WORKER RETENTION

(Title amended by Ord. No. 185,356, Eff. 1-26-18.)

Section
10.36 Findings and Statement of Policy.
10.36.1 Definitions.
10.36.2 Transition Employment Period.
10.36.3 Enforcement.
10.36.4 Exemption for Contractor or Contractor's Prior Employees.
10.36.5 Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.
10.36.6 Expenditures Covered by this Article.
10.36.7 Promulgation of Implementing Rules.
10.36.8 Severability.

Sec. 10.36. Findings and Statement of Policy.

The City awards many contracts to private firms to provide services to the public and to City government. The City also leases its property or grants licenses to enter onto its property and these lessees and licensees often perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City also provides financial assistance and funding to other firms for the purpose of economic development or job growth. At the conclusion of the term of a service contract, lease or license with the City or with those receiving financial assistance from the City, a different firm often receives the successor contract to perform the same City services or to lease or license the same City property.

The City obtains benefits achieved through the competitive process of entering into new contracts. It is the experience of the City that reasons for change do not necessarily include a need to replace workers presently performing services who already have useful knowledge about the workplace where the services are performed.

The City has a proprietary interest in the work performed by employees of City contractors, lessees and licensees and by the employees of firms receiving City financial assistance. The success or failure of City operations may turn on the success or failure of these firms, and the City has a genuine stake in how the public perceives the services rendered by these firms. Replacement of existing employees can adversely impact the performance by these firms and thereby hinders the opportunity for success of City operations.

Incumbent workers have invaluable existing knowledge and experience with the work schedules, practices and clients. Replacing these workers with workers without these experiences decreases efficiency and results in a disservice to the City and City financed or assisted projects.

Retaining existing workers when a change in firm occurs reduces the likelihood of labor disputes and disruptions. The reduction of the likelihood of labor disputes and disruptions results in the assured continuity of services to City constituents and visitors who receive services provided by the City, the City's lessees or licensees, or by City financed or assisted projects.

Contracting decisions involving the expenditure of City funds should avoid a potential effect of creating unemployment and the consequential need for social services. The City, as a principal provider of social support services, has an interest in the stability of employment under contracts, leases and licenses with the City and by those receiving financial assistance from the City. The retention of existing workers benefits that interest.

SECTION HISTORY

Article and Section Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Article and Section, Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184, 293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.1. Definitions.

The following definitions shall apply throughout this article:

(a) "**Awarding Authority**" means the governing body, board, officer or employee of the City or City Financial Assistance

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Recipient authorized to award a Contract and shall include a department which has control of its own funds if the department adopts policies consonant with the provisions of this article.

(b) "**City**" means the City of Los Angeles and all Awarding Authorities thereof.

(c) "**City Financial Assistance Recipient**" means any person who receives from the City in any 12-month period discrete financial assistance for economic development or job growth expressly articulated and identified by the City totaling at least $100,000; provided, however, that corporations organized under Section 501(c)(3) of the United States Internal Revenue Code of 1954, 26 U.S.C. § 501(c)(3), with annual operating budgets of less than $5,000,000, or that regularly employ homeless persons, persons who are chronically unemployed, or persons receiving public assistance, shall be exempt.

Categories of such assistance include, but are not limited to, bond financing, planning assistance, tax increment financing exclusively by the City, and tax credits, and shall not include assistance provided by the Community Development Bank. City staff assistance shall not be regarded as financial assistance for purposes of this article. A loan at market rate shall not be regarded as financial assistance. The forgiveness of a loan shall be regarded as financial assistance. A loan shall be regarded as financial assistance to the extent of any differential between the amount of the loan and the present value of the payments thereunder, discounted over the life of the loan by the applicable federal rate as used in 26 U.S.C. §§ 1274(d) and 7872(f). A recipient shall not be deemed to include lessees and sublessees. Contracts for economic development or job growth shall be deemed providing such assistance once the $100,000 threshold is reached.

(d) "**Contract**" means:

(1) a contract let to a Contractor by the City or a City Financial Assistance Recipient primarily for the furnishing of services to or for the City or City Financial Assistance Recipient (as opposed to the purchase of goods or other property) and that involves an expenditure or receipt in excess of $25,000 and a contract term of at least three months; or

(2) a Public Lease or License as those terms are defined in Section 10.37.1 of the Los Angeles Administrative Code, but only if the lessee or licensee is subject to the Living Wage Ordinance and not otherwise exempt from its provisions.

(e) "**Contractor**" means any person that enters into a Contract with the City or a City Financial Assistance Recipient. Governmental entities, including public educational institutions and public hospitals, are not Contractors and are not subject to this article.

(f) "**Designated Administrative Agency (DAA)**" means the Department of Public Works, Bureau of Contract Administration, which shall bear administrative responsibilities under this article.

(g) "**Employee**" means any person employed as an employee of a Contractor or Subcontractor earning no more than twice the hourly wage without health benefits available under the Living Wage Ordinance, Los Angeles Administrative Code Section 10.37 et seq., whose primary place of employment is in the City on or under the authority of a Contract. Examples of Employee includes: hotel Employees; restaurant, food service or banquet Employees; janitorial Employees; security guards; parking attendants; nonprofessional health care Employees; gardeners; waste management Employees; and clerical Employees. Employee does not include a person who is a managerial, supervisory or confidential Employee. An Employee must have been employed by a terminated Contractor for the preceding 12 months or longer.

(h) "**Person**" means any individual, proprietorship, partnership, joint venture, corporation, limited liability company, trust, association or other entity that may employ individuals or enter into contracts.

(i) "**Subcontractor**" means any person not an Employee who enters into a contract with a Contractor to assist the Contractor in performing a Contract and who employs Employees for such purpose. A Subcontractor includes a sublessee or sublicensee.

(j) "**Successor Contract**" means a Contract where the service to be performed is substantially similar to the Contract recently terminated. The meaning also includes a Contract that is a Public Lease or License substantially similar to a Public Lease or License recently terminated. Termination includes, but is not limited to: (1) the completion of the Contract; (2) early termination of the Contract in whole or in part; or (3) an amendment that reduces services provided under the Contract, in whole or in part.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; Subsec. (c), Ord. No. 172,843, Eff. 11-4-99; Subsec. (j) added, Ord. No. 176,155, Eff. 9-22-04; Subsec. (j), Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18; Subsec. (d)(2), Ord. No. 188,610, Eff. 9-8-25.

Sec. 10.36.2. Transition Employment Period.

(a) Within ten days of learning that a Contract is to be terminated, the Contractor shall provide to the Successor Contractor, the Awarding Authority and the DAA, the name, address, date of hire, and employment occupation classification of each Employee of the

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terminated Contractor and Subcontractor working pursuant to the Contract. If the terminated Contractor has not learned the identity of the Successor Contractor, the Contractor shall request the identity from the Awarding Authority. If a Successor Contract has not been awarded by the end of the ten-day period, the Contractor shall provide the employment information referred to earlier in this subsection to the Awarding Authority and the DAA. Where only a subcontract of a Contract has been terminated, the terminated Subcontractor shall for purposes of this Article be deemed a terminated Contractor.

(1) If multiple Contracts providing similar services are terminated, the Awarding Authority shall consult with the DAA to determine whether to pool the Employees, ordered by seniority within job classification and provide a pool list to the Successor Contractor. The Successor Contractor shall provide written notice to the Awarding Authority and the DAA that the Awarding Authority's pool list will be used. The notice must include the following:

(A) the total number of Employees required under the Successor Contract;

(B) a breakdown of the number of Employees required within each job classification and seniority within each class; and

(C) an indication as to which Employees within each job classification shall be offered employment under this article.

The written notice must be provided no later than ten days after the Successor Contractor receives the listing of the terminated Contractor's Employees.

(2) Where the use of Subcontractors has occurred under the terminated Contract or where the use of Subcontractors is to be permitted under the Successor Contract, or where both circumstances arise, the Awarding Authority shall pool, when applicable, the Employees, ordered by seniority within job classification, under such prior Contracts or subcontracts where required by, and in accordance with, rules promulgated by the DAA. The Successor Contractor or Subcontractor shall provide written notice to the Awarding Authority and the DAA that the Awarding Authority's pool list will be used.

(b) If work-related requirements for a particular job classification under the Successor Contract differ from the terminated Contract, the Successor Contractor (or Subcontractor, where applicable) shall give notice to the Awarding Authority and the DAA and provide an explanation including:

(1) the different work-related requirements needed; and

(2) the reason why the different work-related requirements are necessary for the Successor Contract.

(c) Within ten days of receipt of the list of Employees from the terminated Contractor, the Successor Contractor shall make written offers for a 90-day transition employment period to the eligible Employees by letters sent certified mail. The letters shall ask an Employee to return the offers to the Successor Contractor with the Employee's signature indicating acceptance or rejection of the offer of employment. The letters shall state that if an Employee fails to return a written acceptance of the offer within ten days of the date of mailing of the Successor Contractor's certified letter, then the Employee will be presumed to have declined the offer.

The Successor Contractor shall provide copies of the letters offering employment to the Awarding Authority and proof of mailing.

(d) A Successor Contractor shall retain Employees for a 90-day transition employment period. Where pooling of Employees has occurred, the Successor Contractor shall draw from the pools in accordance with rules promulgated by the DAA. During such 90-day period, Employees so hired shall be employed under the terms and conditions established by the Successor Contractor (or Subcontractor) or as required by law.

(e) If at any time the Successor Contractor determines that fewer Employees are required to perform the new Contract than were required by the terminated Contractor (and Subcontractors, if any), the Successor Contractor shall retain Employees by seniority within job classification. The Successor Contractor shall give notice to the Awarding Authority and the DAA and provide an explanation including:

(1) the reason that fewer Employees will be needed;

(2) the total number of Employees required under the Successor Contract;

(3) a breakdown of the number of Employees required within each job classification;

(4) a listing of the terminated Contractor's Employees by job classification and seniority within each class; and

(5) an indication as to which Employees within each job classification will be offered employment under this article.

The notice must be provided no later than ten days after the Successor Contractor receives the list of the terminated Contractor's Employees pursuant to Section 10.36.2(a).

Letters offering employment shall be made by seniority within each job classification. If an Employee in a job classification declines an offer of employment or fails to respond within ten days pursuant to Section 10.36.2(a), the Successor Contractor shall issue a letter

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offering employment to the next Employee in that job classification. The Successor Contractor shall continue to offer employment in this manner until all required positions are filled for the Successor Contract or until all Employees have been offered employment.

(f) During the 90-day transition employment period, the Successor Contractor (or Subcontractor, where applicable) shall maintain a preferential hiring list of eligible covered Employees not retained by the Successor Contractor (or Subcontractor) from which the successor Contractor (or Subcontractor) shall hire additional Employees, if needed.

(g) During the 90-day transition employment period, the Successor Contractor (or Subcontractor, where applicable) shall not discharge without cause an Employee retained pursuant to this article. "Cause" for this purpose shall mean fair and honest reasons, regulated by good faith on the part of the Contractor or Subcontractor, that are not trivial, arbitrary or capricious, unrelated to business needs or goals, or pretextual.

(h) At the end of the 90-day transition employment period, the Successor Contractor (or Subcontractor, where applicable) shall perform a written performance evaluation for each Employee retained pursuant to this article. If the Employee's performance during the 90-day period is satisfactory, the Successor Contractor (or Subcontractor) shall offer the Employee continued employment under terms and conditions established by the Successor Contractor (or Subcontractor) or as required by law.

(i) If the City or a City Financial Assistance Recipient enters into a Contract for the performance of work that prior to the Contract was performed by the City's or the City Financial Assistance Recipient's own Employees, the City or the City Financial Assistance Recipient shall be deemed to be a terminated Contractor within the meaning of this article and the Contractor shall be deemed to be a Contractor with a Successor Contract within the meaning of this article.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; Subsec. (g) Added, Ord. No. 172,349, Eff. 1-29-99; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.3. Enforcement.

(a) An Employee who has been discharged in violation of this article by a Successor Contractor or its Subcontractor may bring an action in the Superior Court of the State of California against the Successor Contractor and, where applicable, its Subcontractor, and may be awarded:

(1) Back pay for each day during which the violation continues, which shall be calculated at a rate of compensation not less than the higher of:

(A) The average regular rate of pay received by the Employee from the terminated Contractor during the last three years of the Employee's employment in the same occupation classification; or

(B) The final regular rate paid by the terminated Contractor to the Employee.

(2) Costs of benefits the Successor Contractor would have incurred for the Employee under the successor Contractor's (or Subcontractor's, where applicable) benefit plan.

(b) If the Employee is the prevailing party in any such legal action, the court shall award reasonable attorney's fees and costs as part of the costs recoverable.

(c) Compliance with this article shall be required in all Contracts and shall provide that violation of this article shall entitle the City to terminate the Contract and pursue all legal remedies.

(d) If the DAA determines that a Contractor or Subcontractor violated this article, the DAA may recommend that the Awarding Authority take any or all of the following actions:

(1) Document the determination in the Awarding Authority's Contractor Evaluation required under Los Angeles Administrative Code Section 10.39, et seq.;

(2) Require that the Contractor or Subcontractor document the determination in each of the Contractor's or Subcontractor's subsequent Contractor Responsibility Questionnaires submitted under Los Angeles Administrative Section 10.40, et seq.;

(3) Terminate the Contract;

(4) Recommend to the Awarding Authority to withhold payments due to the Contractor or Subcontractor.

(e) Notwithstanding any provision of this Code or any other law to the contrary, no criminal penalties shall attach for any violation of this article.

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SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.4. Exemption for Contractor or Contractor's Prior Employees.

(a) An Awarding Authority may allow a Successor Contractor or Subcontractor to fill a position under a Contractor with a person who has been employed by the Contractor or Subcontractor continuously for at least 12 months prior to the commencement of the Successor Contract working in a position similar to the position to be filled in the Successor Contract. The Successor Contractor or Subcontractor shall first obtain written approval of the Awarding Authority by demonstrating that: (a) the person would otherwise be laid off work; and (b) the person's retention would be helpful to the Contractor or Subcontractor in performing the Successor Contract.

(b) Nothing in this article shall limit the right of the DAA to waive the provisions herein with respect to a Contractor if it finds it is not in the best interest of the City.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.5. Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.

This article shall not be construed to limit an Employee's right to bring legal action for wrongful termination.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.6. Expenditures Covered by this Article.

This article shall apply to the expenditure, whether through Contracts let by the City or by City Financial Assistance Recipients, of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds. City Financial Assistance Recipients shall apply this article to the expenditure of non-City funds for Contracts to be performed in the City by complying with Section 10.36.2(i) and by contractually requiring their Contractors with Contracts to comply with this article. Such requirement shall be imposed by the recipient until the City financial assistance has been fully expended.

SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.
Amended by: Ord. No. 172,337, Eff. 1-14-99; Ord. No. 172,843, Eff. 11-4-99; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.7. Promulgation of Implementing Rules.

The DAA shall promulgate rules for implementation of this article and otherwise coordinate administration of the requirements of this article.

SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.
Amended by: Ord. No. 176,155, Eff. 9-22-04; Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

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Sec. 10.36.8. Severability.

If any subsection, sentence, clause or phrase of this article is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this section, and each and every subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.
Amended by: In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

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EXHIBIT J

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LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 1

CHILD SUPPORT

Sec. 10.10. Child Support Assignment Orders.

a. Definitions.

1. **Awarding Authority** means a subordinate or component entity or person of the City (such as a City department or Board of Commissioners) that has the authority to enter into a contract or agreement for the provision of goods or services on behalf of the City of Los Angeles.

2. **Contract** means any agreement, franchise, lease or concession including an agreement for any occasional professional or technical personal services, the performance of any work or service, the provision of any materials or supplies, or the rendering of any service to the City of Los Angeles or to the public which is let, awarded or entered into with, or on behalf of, the City of Los Angeles or any awarding authority thereof.

3. **Contractor** means any person, firm, corporation, partnership or any combination thereof which submits a bid or proposal or enters into a contract with any awarding authority of the City of Los Angeles.

4. **Subcontractor** means any person, firm, corporation, partnership or any combination thereof who enters into a contract with a contractor to perform or provide a portion of any contract with the City.

5. **Principal Owner** means any person who owns an interest of 10 percent or more in a contractor or subcontractor as defined herein.

b. Mandatory Contract Provisions.

Every contract that is let, awarded or entered into with or on behalf of the City of Los Angeles shall contain a provision obligating the contractor or subcontractor to fully comply with all applicable State and Federal employment reporting requirements for the contractor or subcontractor's employees. The contractor or subcontractor will also be required to certify that the principal owner(s) thereof are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally, that the contractor or subcontractor will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with California Family Code §§ 5230 *et seq.* and that the contractor or subcontractor will maintain such compliance throughout the term of the contract.

Failure of a contractor or subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignments or Notices of Assignment or failure of the principal owner(s) to comply with any Wage and Earnings Assignments or Notices of Assignment applicable to them personally shall constitute a default under the contract. Failure of the contractor or subcontractor or-principal owner thereof to cure the default within 90 days of notice of such default by the City shall subject the contract to termination.

c. Notice to Bidders.

Each awarding authority shall be responsible for giving notice of the provisions of this ordinance to those who bid on, or submit proposals for, prospective contracts with the City.

d. Current Contractor Compliance.

Within 30 days of the operative date of this ordinance, the City, through its operating departments, shall serve upon existing contractors a written request that they and their subcontractors (if any) comply with all applicable State and Federal employment reporting requirements for the contractor and subcontractor's employees, that they certify that the principal owner(s) of the contractor and any subcontractor are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally, that the contractor and subcontractor will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with California Family Code § §5230 *et seq.* and that the contractor and subcontractor will maintain such compliance throughout the term of the contract.

e. City's Compliance with California Family Code.

The City shall maintain its compliance with the provisions of California Family Code §§ 5230 *et*

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seq. and all other applicable law regarding its obligations as an employer to implement lawfully served Wage and Earnings Assignments and Notices of Assignment.

f. Report of Employees' Names to District Attorney.

1. The City shall maintain its current practice of assisting the District Attorney's support enforcement activities by annually reporting to the Los Angeles County District Attorney the names of all of its employees and retirees so that the District Attorney may identify those employees and retirees subject to Wage and Earnings Assignment Orders and Notices of Assignment and may establish court orders for support, where appropriate. Should the District Attorney so request it, the City will provide such information on a more frequent basis.

2. All applicants for employment with the City of Los Angeles will be asked to acknowledge their responsibility to comply with any court ordered support obligations and will be advised of the City's practice of assisting the District Attorney as described in the provisions of Subsection f.1., above.

SECTION HISTORY

Added by Ord. No. 172,401, Eff. 2-l3-99.

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EXHIBIT K

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FIRST SOURCE HIRING PROGRAM FOR AIRPORT EMPLOYEES

I. Purpose. The purpose of this First Source Hiring Program is to facilitate the employment of Targeted Applicants by Airport Employers. It is a goal of this First Source Hiring Program that this Program benefit Airport Employers by providing a pool of qualified job applicants through a non-exclusive referral system.

II. Definitions. As used in this Program, the following capitalized terms shall have the following meanings. All definitions include both the singular and plural form.

"Airport" shall mean Los Angeles International Airport.

"Airport Employer" shall mean a party that, through a contract, lease, licensing arrangement, or other arrangement, agrees to comply with this First Source Hiring Program with regard to Airport Jobs. Operators of transportation charter party limousines, non-tenant shuttles, and taxis shall not be considered Airport Employers.

"Airport Job" shall mean a job that either (i) is performed On-Site, or (ii) is directly related to a contract, lease, licensing arrangement, or other arrangement under which the employer is an Airport Employer. Positions for which City's Worker Retention Policy requires hiring of particular individuals shall not constitute Airport Jobs for purposes of this Program.

"City" shall mean the City of Los Angeles.

"Coalition" shall mean the LAX Coalition for Economic, Environmental, and Educational Justice, an unincorporated association comprised exclusively of the following organizations: AGENDA; AME Minister's Alliance; Clergy and Laity United for Economic Justice; Coalition for Clean Air; Communities for a Better Environment; Community Coalition; Community Coalition for Change; Environmental Defense; Inglewood Coalition for Drug and Violence Prevention; Inglewood Democratic Club; Lennox Coordinating Council; Los Angeles Alliance for a New Economy; Los Angeles Council of Churches; Nation of Islam; Natural Resources Defense Council; Physicians for Social Responsibility Los Angeles; Service Employees International Union Local 347; and Teamsters Local 911.

"Coalition Representative" shall mean the following: The Coalition shall designate one individual as the "Coalition Representative" authorized to speak or act on behalf of the Coalition for all purposes under the Cooperation Agreement. The Coalition Representative may designate one or more assistants to assist the Coalition Representative in speaking or acting on behalf of the Coalition with respect to any specific program or activity or any other matter. The Coalition shall provide LAWA with contact information for the Coalition Representative upon request.

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"Cooperation Agreement" shall mean the Cooperation Agreement between LAWA and the LAX Coalition for Economic, Environmental and Educational Justice.

"LAWA" shall mean Los Angeles World Airports.

"Low-Income Individual" shall mean an individual whose household income is no greater than 80% of the median income, adjusted for household size, for the Primary Metropolitan Statistical Area.

"On-Site" shall mean physically located on property owned or leased by LAWA and pertaining to Airport.

"Program" shall mean this First Source Hiring Program.

"Project Impact Area" shall have the meaning set forth in the "Final Environmental Impact Report" for the LAX Master Plan Program, dated April 2004, as supplemented by one or more EIR Addenda prior to certification of the EIR by the City Council.

"Referral System" shall mean the referral system established to provide applicant referrals for the Program.

"Special Needs Individuals" shall mean: (i) individuals who receive or have received public assistance through the [Temporary Assistance for Needy Families Program], within the past 24 months; (ii) individuals who are homeless; (iii) ex-offenders, (iv) chronically unemployed, and (v) dislocated airport workers.

"Targeted Applicants" shall have the meaning set forth in Section IV below.

III. Coverage. This Program shall apply to hiring by Airport Employers for all Airport Jobs, except for jobs for which the hiring procedures are governed by a collective bargaining contract that conflicts with this Program.

IV. Targeted Applicants. Referrals under the Program shall, to the extent permissible by law, be made in the order of priority set forth below.

- First Priority: Low-Income Individuals living in the Project Impact Area for at least one year and Special Needs Individuals; and
- Second Priority: Low-Income Individuals residing in City.

V. Initial Airport Employer Roles.

A. Liaison. Each Airport Employer shall designate a liaison for issues related to the Program. The liaison shall work with LAWA, the Coalition Representative, the Referral System provider, and relevant public officials to facilitate effective implementation of this Program.

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B. Long-Range Planning. Any entity that becomes an Airport Employer at least two (2) months prior to commencing operations related to Airport shall, at least two months prior to commencing operations related to Airport, provide to the Referral System the approximate number and type of Airport Jobs that it will fill and the basic qualifications necessary.

VI. Airport Employer Hiring Process.

A. Notification of Job Opportunities. Prior to hiring for any Airport Job, an Airport Employer shall notify the Referral System, by e-mail or fax, of available job openings and provide a description of job responsibilities and qualifications, including expectations, salary, work schedule, duration of employment, required standard of appearance, and any special requirements (e.g., language skills, driver's license, etc.). Job qualifications shall be limited to skills directly related to performance of job duties.

B. Referrals. After receiving a notification under Section VI.A above, the Referral System shall within five days, or longer time frame agreed to by the Referral System and Airport Employer, refer to the Airport Employer one or more Targeted Applicants who meet the Airport Employer's qualifications.

C. Hiring.

1. New Employer Targeted Hiring Period. When making initial hires for the commencement of an Airport Employer's operations related to Airport, the Airport Employer shall consider and hire only Targeted Applicants for a two week period following provision of the notification described in Section VI.A. After this period, the Airport Employer shall make good-faith efforts to hire Targeted Applicants, but may consider and hire applicants referred or recruited through any source.

2. Established Employer Targeted Hiring Period. When making hires after the commencement of operations related to Airport, an Airport Employer shall consider and hire only Targeted Applicants for a five-day period following provision of the notification described in Section VI.A. After this period, the Airport Employer shall make good-faith efforts to hire Targeted Applicants, but may consider and hire applicants referred or recruited through any source.

3. Hiring Procedure During Targeted Hiring Periods. During the periods described in Sections VI.C.1 and VI.C.2 above, Airport Employers may hire Targeted Applicants recruited or referred through any source. During such periods Airport Employers shall use normal hiring practices, including interviews, to consider all applicants referred by the Referral System.

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4. No Referral Fees. No Airport Employer or referred job candidate shall be required to pay any fee, cost or expense of the Referral System or this Program in connection with referrals.

VIII. Reporting and Recordkeeping.

A. Reports. During the time that this Program is applicable to any Airport Employer, that Airport Employer shall, on a quarterly basis, notify the Referral System of the number, by job classification, of Targeted Applicants hired by the Airport Employer during that quarter, and the total number of employees hired by the Airport Employer for Airport Jobs during that quarter. Any Airport Employer who has not had hiring activity for the quarter, shall also notify the Referral System of such inactivity.

B. Recordkeeping. During the time that this Program is applicable to any Airport Employer, that Airport Employer shall retain records sufficient for monitoring of compliance with this Program with regard to each Airport Job, including records of notifications sent to the Referral System, referrals from the Referral System, job applications received from any source, number of Targeted Applicants hired, and total number of employees hired for Airport Jobs. To the extent allowed by law, and upon reasonable notice, these records shall be made available to LAWA and to the Referral System for inspection upon request. The Coalition Representative may request that LAWA provide such records at anytime. Records may be redacted so that individuals are not identified by name and so that information required by law to remain confidential is excluded.

C. Complaints. If LAWA, the Coalition, or the Referral System believes that an Airport Employer is not complying with this Program, then the designated LAWA office shall be notified to ensure compliance with this program.

D. Liquidated Damages. Each Airport Employer agrees to pay to LAWA liquidated damages in the amount of One Thousand Dollars ($1,000) where LAWA finds that the Airport Employer has violated this Program with regard to hiring for a particular Airport Job. LAWA shall establish procedures providing to Airport Employers notice and an opportunity to present all relevant evidence prior to LAWA's final determination regarding an alleged violation. This liquidated damages provision does not preclude LAWA from obtaining any other form of available relief to ensure compliance with this Program, including injunctive relief.

IX. Miscellaneous.

A. Compliance with State and Federal Law. This Program shall be implemented only to the extent that it is consistent with the laws of the State of California and the United States. If any provision of this Program is held by a court of law to be in conflict with state or federal law, the applicable law shall prevail over the terms of

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this Program, and the conflicting provisions of this Program shall not be enforceable.

B. Severability Clause. If any term, provision, covenant or condition of this Program is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall continue in full force and effect.

C. Binding on Successors. This Program shall be binding upon and inure to the benefit of the successors in interest, transferees, assigns, present and future partners, subsidiary corporations, affiliates, agents, representatives, heirs, and administrators of any party that has committed to comply with it. Any reference in this Program to a party shall be deemed to apply to any successor in interest, transferee, assign, present or future partner, subsidiary corporation, affiliate, agent, representative, heir or administrator of such party; provided, however, that any assignment, transfer or encumbrance of a lease agreement, permit or contract in which this Program is incorporated shall only be made in strict compliance with the terms of such lease agreement, permit or contract and the foregoing shall not constitute consent to any such assignment, transfer or encumbrance.

D. Lease Agreements and Contracts. Airport Employers shall not execute any sublease agreement or other contract under which Airport Jobs may occur directly or indirectly, unless the entirety of this Program is included as a material term thereof, binding on all parties.

E. Assurance Regarding Preexisting Contracts. Each Airport Employer warrants and represents that as of the date of execution of this Program, it has executed no sublease agreement or other contract that would violate any provision of this Program had it been executed after the date of incorporation of this Program into a binding contract.

F. Intended Beneficiaries. LAWA, the Coalition, and the Referral System are intended third-party beneficiaries of contracts and other agreements that incorporate this Program with regard to the terms and provisions of this Program. However, the parties recognize that only LAWA has the sole responsibility to enforce the provisions of this Program.

G. Material Terms. All provisions of this Program shall be material terms of any lease agreement or contract in which it is incorporated.

H. Effective Date. Section VI of this Program shall become effective on the effective date of the contract or agreement into which it is incorporated.

I. Construction. Any party incorporating this Program into a binding contract has had the opportunity to be advised by counsel with regard to this Program. Accordingly, this Program shall not be strictly construed against any party, and

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the rule of construction that any ambiguities be resolved against the drafting party shall not apply to this Program.

J. Entire Contract. This Program contains the entire agreement between the parties on the subjects described herein, and supersedes any prior agreements, whether written or oral. This Program may not be altered, amended or modified except by an instrument in writing signed in writing by all parties to the contract in which it is incorporated.

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EXHIBIT L

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LOS ANGELES WORLD AIRPORTS

CONTRACTOR RESPONSIBILITY PROGRAM

RULES AND REGULATIONS

Effective date: August 23, 2011

Procurement Services Division
7301 World Way West, 4th Floor
Los Angeles, CA 90045
(424) 646-5380
(424) 646-9262 (Fax)

EXHIBIT L

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These Rules and Regulations are promulgated pursuant to Board Resolution #21601, the Los Angeles World Airports Contractor Responsibility Program (CRP). Each Requesting LAWA Division shall cooperate to the fullest extent with the Executive Director in the administration of the CRP. The Executive Director may amend these Rules and Regulations from time to time as required for the implementation of the CRP.

A. DEFINITIONS

1. **Adoption of CRP definitions:** For purposes of these Rules and Regulations, the definitions set forth in the Board Resolution are incorporated herein by reference, and include the following:

    a. **Board**
    b. **Executive Director**
    c. **Los Angeles World Airports (LAWA)**
    d. **"Contract"** means any agreement for the performance of any work or service, the provision of any goods, equipment, materials or supplies, or the rendition of any service to LAWA or to the public or the grant of a public lease, which is awarded or entered into by or on behalf of LAWA. These Rules and Regulations shall apply to the following contracts:

        (1) Contracts for services that require Board approval.
        (2) Contracts for purchasing goods and products that require Board approval.
        (3) Construction contracts that require Board approval.

    e. **Contractor**
    f. **Subcontractor**
    g. **Bidder**
    h. **Bid**
    i. **Invitation for Bid ("IFB")**
    j. **Public Lease**

2. **New Definitions:**

    a. **"Awarding Authority"** means either the Executive Director or the Board of Airport Commissioners ("Board") or the Board's designee.

    b. **"CRP Questionnaire**" means the set of questions developed by Procurement Services Division (PSD) that will assist LAWA in determining a bidder or contractor's responsibility. Information solicited from the CRP Questionnaire may include but is not limited to: ownership and name changes, financial resources and responsibility, satisfactory performance of other contracts, satisfactory record of compliance with relevant laws and regulations, and satisfactory record of business integrity. PSD may amend the CRP Questionnaire from time to time.

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c. "**CRP Pledge of Compliance**" means the CRP Pledge developed by PSD. The CRP Rules and Regulations may be updated from time to time by PSD. The CRP Pledge shall require contractors to sign under penalty of perjury that the contractor will:

(1) Comply with all applicable Federal, State, and local laws and regulations during the performance of the contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

(2) Notify LAWA within 30 calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the contractor did not comply with subparagraph 2(c)(1) above in the performance of the contract.

(3) Notify LAWA within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the contractor has violated subparagraph 2(c) (1) above in the performance of the contract.

(4) Provide LAWA within thirty (30) calendar days updated responses to the CRP Questionnaire if any change occurs which would change any response contained within the completed CRP Questionnaire. Note: This provision does not apply to amendments of contracts not subject to the CRP and to subcontractors not required to submit a Questionnaire.

(5) Ensure that subcontractors working on the LAWA contract shall complete, sign and submit a CRP Pledge of Compliance attesting under penalty of perjury to compliance with paragraphs 2(c)(1) through (4).

(6) Notify LAWA within thirty (30) days of becoming aware of an investigation, violation or finding of any applicable Federal, State, or local law involving the subcontractors in the performance of a LAWA contract.

(7) Cooperate fully with LAWA during an investigation and to respond to request(s) for information within ten (10) working days from the date of the Notice to Respond.

d. **"Requesting Division"** means the LAWA division(s) which issued the Request For Bids ("RFB"), Request For Proposal ("RFP") or Request for Qualifications ("RFQ").

e. **"Responsibility"** means possessing the necessary "trustworthiness" and "quality, fitness and capacity" to perform the work set forth in the contract.

B. SUBMISSION OF CRP QUESTIONNAIRES

1. **Issuance of Invitation for Bids (IFB)**: These include Request for Bids (RFB), Request for Proposals (RFP), and Request for Qualifications (RFQ). Unless otherwise exempt from the CRP, if a proposed contract meets the definition of a contract subject to the CRP as

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defined in the Resolution and these Rules and Regulations, LAWA shall include in the IFB:

a. Language informing potential bidders of the CRP;
b. The CRP Questionnaire that bidders submit with their bid; and
c. The CRP Pledge of Compliance that bidders submit with their bid.

2. **Submission of CRP Questionnaires with Bids**:

   a. All bid and proposal submissions are required to contain a completed and signed CRP Questionnaire and a signed CRP Pledge of Compliance.
   b. Failure to submit a CRP Questionnaire and a CRP Pledge of Compliance in accordance with the IFB procedures may make the bidder non-responsive and disqualified from the bidding process.
   c. Submitted CRP Questionnaires and CRP Pledge of Compliance become public records, and information contained therein will be available for public review, except to the extent that such information is exempt from disclosure pursuant to applicable law.

3. **Use of a non-competitive process to procure the proposed contract**: If a non-competitive process is used by LAWA Divisions to procure the proposed contract, the proposed contractor is required to submit the completed CRP Questionnaire and a signed CRP Pledge of Compliance to LAWA for determination of contractor responsibility prior to execution of the contract.

4. **Subcontractors**: The list of subcontractors shall be submitted with the bid and will be made available for public review along with the bidder's Questionnaire. For construction contracts, bidders must list a subcontractor proposed to be used on the City contract if the subcontractor will be performing work on the construction contract in an amount in excess of $10,000 or in excess of one-half of one percent of the total bid amount, whichever is greater. For service contracts, bidders must list subcontractors as required by the IFB.

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C. LAWA REVIEW OF SUBMITTED CRP QUESTIONNAIRES

1. **Departmental Review of submitted bids**: As part of the determination of a bidder's responsiveness, PSD will review the bid submissions to determine whether a completed CRP Questionnaire, signed under penalty of perjury, has been included with the bid. If a completed Questionnaire has not been included with the bid as required by the IFB procedures, the bidder may be deemed to be non-responsive and may be disqualified from the bidding process.

2. **Posting of CRP Questionnaires and Subcontractor List**: Requesting Divisions will forward to PSD the completed CRP Questionnaires and subcontractor list(s), if any, submitted by the responsive bidders to make available for public review as follows:

   a. If a contract is to be awarded pursuant to a competitive bid process, the CRP Questionnaires for the three lowest responsive bidders and their list of proposed subcontractors, if any, will be forwarded to PSD to make them available for public review for a minimum period of 14 calendar days.

   b. If a contract is to be awarded pursuant to a proposal (RFP) or qualifications (RFQ) and award is not based on the lowest submitted bid price, the CRP Questionnaires for the short-listed proposers and their list of proposed subcontractors, if any, will be forwarded to PSD to make them available for public review for a minimum period of 14 calendar days. If no short-listing procedure is used, the CRP Questionnaire for the prospective contractor shall be made available for public review for a minimum period of 14 calendar days.

   c. If a contract is to be awarded to a Sole Source, the CRP Questionnaire for the proposed contractor and their list of proposed subcontractors, if any, will be forwarded to PSD to make it available for public review for a period of 14 calendar days.

   d. No contract shall be awarded to any bidder until at least 14 calendar days after the CRP Questionnaire has been made available for public review. If administrative or technical errors prevent or delay the posting of the CRP Questionnaire, the posting period will be extended by the amount of time that the CRP Questionnaire was not available for public review.

   e. The CRP Questionnaire of the bidder/proposer awarded the contract will be retained by the Requesting Division as part of the contract file. The CRP Questionnaires for the bidders/proposers not awarded the contract will be retained in the customary manner by the Requesting Division.

3. **Claims Resulting from Public Review:**

   a. Claims regarding a bidder or contractor's responsibility should be submitted to PSD in writing. However, PSD may investigate a claim regarding a bidder's or a contractor's responsibility, whether or not it is submitted in writing, if PSD in its discretion

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determines that the claim calls into question the bidder's, the proposer's or the contractor's responsibility.

b. If PSD receives information which calls into question a bidder's responsibility, and the information was received **before** the contract has been executed, PSD shall:

(1) Notify the Requesting Division in writing that no contract shall be awarded until PSD has completed investigation into the matter.
(2) Investigate the matter as required in Section G, "LAWA INVESTIGATION" to determine its validity.
(3) Upon completion of the investigation, PSD shall notify the Requesting Division and the Awarding Authority in writing of the result of the investigation.
(4) No contract may be awarded to any bidder until after the investigation has been completed and the Requesting Division and the Awarding Authority have received written notification that the investigation has been completed.
(5) Findings from the PSD investigation received by the Awarding Authority will be considered by the Awarding Authority as part of the determination of the bidder's responsibility.

c. If PSD receives written information that calls into question a contractor's responsibility, and the information was received **after** the contract has been executed, PSD shall investigate the matter as required in Section G, LAWA INVESTIGATION.

D. AWARD AND EXECUTION OF CONTRACTS

1. Departmental Determination of Responsibility and Award of Contract:

a. Requesting Division and the Awarding Authority shall determine whether a bidder/contractor is a responsible bidder, proposer or contractor with the necessary trustworthiness, quality, fitness and capacity to perform the work set forth in the proposed contract by considering the following:

(1) Information contained in the CRP Questionnaire;
(2) Information and documentation from PSD's investigation;
(3) Information regarding the bidder's, proposer's or contractor's past performance that may be contained in the City of Los Angeles' Contractor Evaluation Database.
(4) Information that may be available from any compliance or regulatory governmental agency, and
(5) Any other reliable information that may be available, including but not limited to information from any individual or any other governmental agency.

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b. The Board may award and the Executive Director may execute a contract with a bidder or proposer only if:

(1) The bidder's or proposer's CRP Questionnaire has been made available for public review for at least 14 calendar days unless otherwise exempted from the posting requirement by the CRP;
(2) The bidder or proposer is not being investigated by PSD pursuant to the CRP;
(3) The bidder or proposer has not been found to be a non-responsible bidder/proposer pursuant to the CRP;
(4) The bidder or proposer does not appear on any City list of debarred bidders or contractors; and
(5) The bidder or proposer has met all other applicable City requirements.

2. Submission of Pledge of Compliance:

a. Unless otherwise exempt from the CRP, all bid/proposal submissions (RFBs, RFPs and RFQs) are required to contain a Pledge of Compliance with the CRP signed under penalty of perjury. Failure to submit a CRP Pledge of Compliance with the bid/proposal may make the bidder non-responsive and disqualified from the bidding process.

b. Within 10 calendar days of execution of a contract with LAWA, the contractor shall submit to LAWA a signed CRP Pledge of Compliance from each subcontractor listed as performing work on the contract.

3. Subcontractor Responsibility:

a. Contractors shall ensure that their subcontractors meet the criteria for responsibility set forth in the CRP and these Rules and Regulations unless the subcontract is not subject to the CRP.
b. Contractors shall ensure that subcontractors working on the LAWA agreement shall complete and submit a signed CRP Pledge of Compliance.
c. Contractors shall not use in any capacity any subcontractor that has been determined or found to be a non-responsible contractor by LAWA or the City.
d. Subject to approval by the Requesting Division, contractors may substitute a non-responsible subcontractor with another, responsible subcontractor with no changes in bid amounts.

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4. **Execution of Contracts:**

   a. Unless exempt from the CRP, all contracts shall contain language obligating the contractor to comply with the CRP.
   b. No contract may be executed unless:

      (1) The proposed contractor has submitted a signed Pledge of Compliance with the CRP.
      (2) The proposed contractor's CRP Questionnaire, unless otherwise exempt, has been made available for public review for at least 14 calendar days in accordance with these Rules and Regulations.

E. CONTRACT AMENDMENTS

1. Compliance with the CRP, except for the requirement to submit a CRP Questionnaire, is required in contract amendments if the initial contract was not subject to the CRP, but the total term and amount of the contract, inclusive of all amendments, would make the contract subject to the CRP.

   a. A contractor subject to the CRP because of an amendment shall submit a CRP Pledge of Compliance to the Requesting Division before the contract amendment can be executed.

   b. Unless exempt from the CRP, all contract amendments shall contain contract language obligating the contractor to comply with the CRP.

F. CONTRACTOR NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION

1. **Notification of Investigations**: Contractors shall:

   a. Notify the Requesting Division and PSD within 30 calendar days of receiving notice of any findings by a government agency or court of competent jurisdiction that the contractor violated any applicable Federal, State, or local law in the performance of a LAWA, City of Los Angeles, County of Los Angeles, State of California, Federal Government or other government contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

   b. Notify the Requesting Division and PSD within 30 calendar days of becoming aware of a violation or finding of violation of any applicable federal, state, or local law involving its subcontractors or sub-sub-contractors at any level in the performance of a LAWA contract.

2. **Update of CRP Questionnaire Information**:

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a. Updates of information contained in the contractor's responses to the CRP Questionnaire shall be submitted to the Requesting Division and PSD within 30 days of any changes to the responses if the change would affect the contractor's responsibility or ability to continue performing the contract.

b. PSD or the Requesting Division shall determine whether a contractor in a specific situation should have provided information or updated information.

(1) If PSD or the Requesting Division becomes aware of new information concerning a contractor and determines that the contractor should have provided information or updated LAWA with such information, but the contractor has not done so, PSD shall issue a written notice to the contractor requiring the contractor to submit the required information within 10 calendar days.

(2) If PSD or the Requesting Division becomes aware of new information concerning a subcontractor and determines that the subcontractor should have provided information or updated LAWA of such information, but the subcontractor has not done so, PSD shall issue a written notice to the contractor requiring the subcontractor to submit the required information within 10 calendar days.

c. Contractor's failure to provide information or updated information when required by LAWA, the CRP or these Rules and Regulations may be considered a material breach of the contract, and, additionally, may result in the initiation of a non-responsibility hearing pursuant to Section I of these Rules and Regulations.

3. **Contractors shall ensure that subcontractors provide information and updates.** Contractors shall ensure that subcontractors performing work on their LAWA contract abide by these same updating requirements, including the requirement to:

a. Notify the Requesting Division and PSD within 30 calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the subcontractor did not comply with any applicable Federal, State, or local law in the performance of the LAWA or City contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees

b. Notify the Requesting Division and PSD within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the subcontractor violated any applicable Federal, State, or local law in the performance of a LAWA or City of Los Angeles contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

4. **Submission of CRP Questionnaires and Updates of CRP Questionnaire Is Not Applicable to Subcontractors:** The requirement that contractors submit to LAWA CRP Questionnaires and updates to the CRP Questionnaire responses does not apply to subcontractors.

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G. LAWA INVESTIGATION

1. **Reporting of Alleged Violations:** Allegations of violations of the CRP or these Rules and Regulations shall be reported to PSD. Complaints regarding a bidder's, proposer's or contractor's responsibility should be submitted to PSD in writing. However, PSD may investigate any claim or complaint regarding a bidder's, proposer's or a contractor's responsibility, whether or not it is submitted in writing. Whether based on a written complaint or otherwise, PSD shall be responsible for investigating such alleged violations.

2. **Process**:

   a. Upon receipt of a complaint or upon initiation of an investigation, PSD shall notify the Requesting Division, the Awarding Authority and the bidder, proposer or contractor in writing that an investigation has been initiated.

   b. The bidder, proposer or contractor shall cooperate fully with PSD in providing information. If the bidder/proposer or contractor fails to cooperate with PSD's investigation or fails to timely respond to PSD's requests for information, LAWA may initiate a non-responsibility hearing as set forth in Section I of these Rules and Regulations. A contractor's failure to cooperate may be deemed a material breach of the contract, and the City may pursue all available remedies.

   c. To the extent permissible, PSD shall maintain the identity of the complainant, if any, confidential.

   d. Upon completion of the investigation, PSD shall prepare a written report of the findings and notify the Requesting Division, the Awarding Authority and the bidder, proposer or contractor of the results.

3. **Results of Investigation:**

   a. When an investigation is completed before the contract is awarded, PSD shall notify the Requesting Division and the Awarding Authority of the results, and Requesting Division and the Awarding Authority will consider the information as part of the determination of a bidder's responsibility during the bid/proposal review process.

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b. When an investigation is completed after the execution of a contract:

(1) If violations of the CRP are found, PSD shall notify the Requesting Division and contractor of the violation and require the contractor to make corrections or take reasonable measures within 10 calendar days.
(2) If the contractor fails to make corrections as required, PSD shall notify the Requesting Division and the Awarding Authority and may recommend that the Awarding Authority:
(i) Terminate the contract.
(ii) Initiate a hearing to declare the contractor a non-responsible contractor.

H. VIOLATIONS OF THE CRP OR THESE RULES AND REGULATIONS

1. Violations of the CRP or of these Rules and Regulations may be considered a material breach of the contract and may entitle LAWA or the City to terminate the contract.

2. Alleged violations of the CRP or of these Rules and Regulations shall be reported to the PSD which will investigate all such complaints.

3. When a violation of the CRP or of these Rules and Regulations is found, PSD shall notify the contractor and the Awarding Authority of the violation. PSD shall require the contractor to correct the violation within 10 calendar days. Failure to correct violations or take reasonable measures to correct violations within 10 calendar days may result in PSD:

a. Recommending that the Awarding Authority declare a material breach of the contract and that the Awarding Authority exercise all contractual and legal remedies available, including but not limited to termination of the contract, and/or

b. Recommending that the Awarding Authority declare the contractor a non-responsible contractor by initiating, within 30 calendar days or as soon as practicable, a non-responsibility hearing in accordance with Section I of these Rules and Regulations.

I. NON-RESPONSIBILITY HEARING

1. The process of declaring a bidder or contractor a non-responsible bidder or contractor shall be initiated by the Awarding Authority after consultation with the City Attorney's Office.

2. Before a bidder, proposer or contractor may be declared non-responsible, the bidder, proposer or contractor shall be notified of the proposed determination of non-responsibility and provided with an opportunity for a hearing.

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3. The Awarding Authority or the Executive Director's designee shall preside over the non-responsibility hearing and shall provide the bidder, proposer or contractor with the following:

   a. The bidder, proposer or contractor shall be provided with written Notice of intent to declare the bidder, proposer or contractor non-responsible ("Notice") which shall state that the Awarding Authority intends to declare the bidder, proposer or contractor a non-responsible bidder or contractor.

   b. The Notice shall provide the bidder, proposer or contractor with the following information:

      (1) That the Awarding Authority intends to declare the bidder or contractor a non-responsible bidder, proposer or contractor.
      (2) A summary of the information upon which the Awarding Authority is relying.
      (3) That the bidder, proposer or contractor has a right to respond to the information by requesting a hearing to rebut adverse information and to present evidence of its necessary trustworthiness, quality, fitness and capacity to perform the work required under the contract.
      (4) That the bidder, proposer or contractor must exercise the right to a hearing by submitting to the Awarding Authority a **written request** for a hearing **within 10 working days** of the date of the Notice.
      (5) That failure to submit a written request for hearing within 10 working days of the date of the Notice shall be considered a waiver of the right to a hearing that allows the Awarding Authority to proceed with the determination of non-responsibility.

   c. If the bidder or contractor submits a written request for a hearing, the hearing may be held by the Awarding Authority for recommendation to the Board, which shall make the final decision.

   d. The hearing must allow the bidder, proposer or contractor an opportunity to address the issues contained in the Notice of Intent to declare the bidder, proposer or contractor non-responsible.

   e. The Awarding Authority may determine that the bidder, proposer or contractor:
      (1) Does not possess the necessary trustworthiness, quality, fitness, or capacity to perform the work set forth in the proposed contract, should be declared a non-responsible bidder, proposer or contractor, and recommend to the Board invocation of the remedies set forth in Section J of these Rules and Regulations.
      (2) Should not be declared a non-responsible bidder or contractor.

   f. The Board's determination shall be final and constitute exhaustion of administrative remedies.

   g. The Board's final decision shall be in writing and shall be provided to the bidder,

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proposer or contractor, the Requesting Division and to PSD. If the bidder, proposer or contractor is declared to be non-responsible, a copy of the final decision shall also be provided to the CAO.

J. NON-RESPONSIBILITY SANCTIONS

1. A **bidder/proposer** found non-responsible by LAWA shall be disqualified from:
   a. award of the proposed contract or,
   b. participating, in any way, in the proposed contract.

   Such non-responsible bidder or proposer shall not perform any work in the proposed contract, whether as a prime contractor, a subcontractor, a partner in a partnership, a participant in a joint venture, a member of a consortium or in any other capacity.

2. An existing **contractor** found non-responsible by LAWA may be declared to have a material breach of contract, and LAWA may exercise its contractual and legal remedies thereunder, which are to include, but are not limited to termination of the contract.

3. Upon final determination of a bidder, proposer or contractor as non-responsible, PSD shall provide the Requesting Division and the bidder, proposer or contractor with a written notice summarizing the Awarding Authority's findings and sanctions.

4. PSD shall maintain a listing of bidders/proposers and contractors who have been found non-responsible by LAWA pursuant to the CRP.

K. EXEMPTIONS

1. **Categorical Exemption**: The following types of contracts are categorically exempt from the CRP and these Rules and Regulations:

   a. Contracts with a governmental entity such as the United States of America, the State of California, a county, city or public agency of such entities, or a public or quasi-public corporation located therein and declared by law to have such status.

   b. Contracts for the investment of trust moneys or agreements relating to the management of trust assets.

   c. Banking contracts entered into by the Treasurer pursuant to California Government Code Section 53630 et seq.

   Board approval required for CRP Exemptions: The following types of contracts are exempt from the requirement to submit a Questionnaire but remain subject to the requirement that the contractor submit a Pledge of Compliance and notify the Awarding Authority within 30 days of any information regarding investigations or the results of investigations by any governmental agency into the contractor's compliance with applicable laws.

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a. Contracts awarded on the basis of exigent circumstances when the Awarding Authority finds the City would suffer a financial loss or that City operations would be adversely impacted.
   (1) This exemption is subject to approval by PSD.
   (2) The Awarding Authority shall submit a request to PSD for waiver along with written certification that the required conditions exist.
   (3) No contract may be exempted under this provision unless PSD has granted written approval of the waiver.

b. Contracts where the goods or services are proprietary or available from only one source.
   (1) This exemption is subject to approval by PSD.
   (2) The Awarding Authority shall submit a request to PSD for waiver along with written certification that the required conditions exist.
   (3) No contract may be exempted under this provision unless PSD has granted written approval of the waiver.

c. Contracts awarded in accordance with Charter Section 371(e)(5). The Awarding Authority must certify in writing that award is based on urgent necessity in accordance with Charter Section 371(e)(5).

d. Contracts entered into based on, Charter Section 371(e)(6), (7) or (8). The Awarding Authority must certify in writing that the contract is entered into in accordance with Charter Section 371(e)(6), (7) or (8).

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L. EFFECTIVE DATE OF RULES AND REGULATIONS

1. These Rules and Regulations apply to IFB's issued after the Executive Director has approved these Rules and Regulations.

2. These Rules and Regulations apply to contracts entered into by LAWA after the Executive Director has approved these Rules and Regulations.

3. Contracts amended after these Rules and Regulations are approved by the Executive Director will become subject to CRP and these Rules and Regulations if they meet definitions contained in the CRP and these Rules and Regulations.

M. CONSISTENCY WITH FEDERAL AND STATE LAW

The CRP and these Rules and Regulations do not apply in instances where application would be prohibited by Federal and State law or where the application would violate or be inconsistent with the terms and conditions or a grant or contract with the Federal or State agency.

N. SEVERABILITY

If any provision of the CRP or these Rules and Regulations are declared legally invalid by any court of competent jurisdiction, the remaining provisions remain in full force and effect.

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LOS ANGELES WORLD AIRPORTS
CONTRACTOR RESPONSIBILITY PROGRAM
PLEDGE OF COMPLIANCE

The Los Angeles World Airports (LAWA) Contractor Responsibility Program (Board Resolution #21601) provides that, unless specifically exempted, LAWA contractors working under contracts for services, for purchases, for construction, and for leases, that require the Board of Airport Commissioners' approval shall comply with all applicable provisions of the LAWA Contractor Responsibility Program. Bidders and proposers are required to complete and submit this Pledge of Compliance with the bid or proposal ar with an amendment of a contract subject to the CRP. In addition, within 1O days of execution of any subcontract, the contractor shall submit to LAWA this Pledge of Compliance from each subcontractor who has been Usted as performing work on the contract.

The contractor agrees to comply with the Contractor Responsibility Program and the following provisions:

(a) To comply with all applicable Federal, state, and local laws in the performance of the contract, including but not limited to, laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees.

(b) To notify LAWA within thirty (30) calendar days after receiving notification that any government agency has i"nitiated an investigation that may result in a finding that the contractor Is not in compliance with paragraph (a).

(e) To notify LAWA within thirty (30) calendar days of all findings by a government agency or court of competent jurisdiction that the contractor has violated paragraph (a).

(d) To provide LAWA within thirty (30) calendar days updated responses to the CRP Questionnaire if any change occurs which would change any response contained within the completad CRP Questionnaire. Note: This provision does not apply to amendments ofcontracts not subject to the CRP and to subcontractors not required to submit a CRP Questionnaire.

(e) To ensure that subcontractors working on the LAWA contract shall complete ánd sign a Pledge of Compliance attesting under penalty of perjury to compliance with paragraphs (a) through (c) herein. To submit to LAWA the completad Pledges.

(f) To notify LAWA within thirty (30) days of becoming aware of an investigation, violation or finding of any applicable federal, state, or local law Involving the subcontractors in the performance of a LAWA contract.

(g) To cooperate fully with LAWA during an investigation and to respond to request(s) far information within ten (10) working days from the date of the Notice to Respond.

Failure to sign and submit this form to LAWA with the bid/propasa! may make the bid/proposal non-responsiva.

_____
Company Name, Address and Phone Number

_____
Signatura of Officer or Authorized Representativa Date

_____
Print Name and Title of Officer or Authorized Representativa

_____
Project Title

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EXHIBIT M

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ALTERNATIVE FUEL VEHICLE REQUIREMENT PROGRAM
(LAX ONLY)

I. Definitions.

The following capitalized terms shall have the following meanings. All definitions include both the singular and plural form.

"Airport Contract" shall mean a contract awarded by LAWA and pertaining to LAX, and subcontracts of any level under such a contract.

"Airport Contractor" shall mean (i) any entity awarded an Airport Contract, and subcontractors of any level working under an Airport Contract; (ii) any contractors that have entered into a contract with an Airport Lessee to perform work on property owned by LAWA and pertaining to LAX, and any subcontractors working in furtherance of such a contract; and (iii) any contractor that have entered into a contract with an Airport Licensee to perform work pertaining to LAX, and any subcontractors working under such a contract.

"Airport Lessee" shall mean any entity that leases or subleases any property owned by LAWA and pertaining to LAX.

"Airport Licensee" shall mean any entity issued a license or permit by LAWA for operations that pertain to LAX.

"Alternative-Fuel Vehicle" shall mean a vehicle that is not powered by petroleum-derived gasoline or diesel fuel. Alternative-Fuel Vehicles include, but are not limited to, vehicles powered by compressed or liquefied natural gas, liquefied petroleum gas, methanol, ethanol, electricity, fuel cells, or other advanced technologies.

"CARB" shall mean the California Air Resources Board.

"Covered Vehicle" is defined in Section II below.

"Compliance Plan" is defined in subsection VII.C. below.

"EPA" shall mean the United States Environmental Protection Agency.

"Independent Third Party Monitor" shall mean a person or entity empowered by LAWA to monitor compliance with and/or implementation of particular requirements in this Requirement.

"LAWA" shall mean Los Angeles World Airports.

"LAX" shall mean Los Angeles International Airport.

"Least-Polluting Available Vehicle" shall mean a vehicle that (a) is determined by an Independent Third Party Monitor to be (i) commercially available, (ii) suitable for performance of a particular task, and (iii) certified by CARB to meet the applicable engines emission standard in effect at the time of purchase. Where more than one vehicle meets these requirements for a particular task, LAWA, working with the Independent Third Party Monitor, will designate as the

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Least-Polluting Available Vehicle the vehicle that emits the least amount of criteria air pollutants.

"LEV" shall mean a vehicle that meets CARB's Low-Emission Vehicle standards for criteria pollutant exhaust and evaporative emissions for medium-duty vehicles at the time of vehicle manufacture.

"LEV II" shall mean a vehicle certified by CARB to the "LEV II" Regulation Amendments that were fully implemented as of 2010. A qualifying "LEV II" vehicle shall meet the least polluting standard in the LEV II category that is available at the time of purchase.

"LEV III" shall mean a vehicle certified by CARB to the increasingly stringent "LEV III" Regulatory Amendments to the California greenhouse gas and criteria pollutant exhaust and evaporative emission standards, test procedures, and on-board diagnostic system requirements for medium-duty vehicles.

"Low-Use Vehicle" shall mean a Covered Vehicle that makes less than five (5) trips per month to LAX.

"Operator" shall mean any Airport Contractor, Airport Lessee, or Airport Licensee.

"Optional Low NOx" shall mean any vehicle powered by an engine that meets CARB's optional low oxides of nitrogen (NOx) emission standards for on-road heavy-duty engines applicable at the time of purchase.

II. Covered Vehicles.

A. **Covered Vehicles**. These Requirements shall apply to all on-road vehicles, including trucks, shuttles, passenger vans, and buses that are 8,500 lbs gross vehicle weight rating or more and are used in operations related to LAX ("Covered Vehicles").

B. **Exemptions**. The following vehicles are exempt from this Requirement:

i) Public safety vehicles.

ii) Previously approved vehicles. Vehicles previously approved under the 2007 LAX Alternative Fuel Vehicle Requirement Program are exempt from the Maximum Allowable Vehicle Age Requirement, Section III, but are subject to the Annual Reporting Requirement, Section VI.

iii) Low-Use Vehicles. Low-use vehicles are exempt from the Compliance Schedule, Section IV, the Maximum Allowable Vehicle Age Requirement, Section III, but are subject to the Annual Reporting Requirement, Section VI.

III. Maximum Allowable Vehicle Age Requirement. In accordance with the Compliance Schedule dates outlined in Section IV, no Covered Vehicle equipped with an engine older than thirteen (13) model years or that has 500,000 or more miles, whichever comes first, shall operate at LAX.

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IV. Compliance Schedule.

A. By April 30, 2019, one hundred percent (100%) of the Covered Vehicles operated by a Covered Vehicle Operator shall be (a) Alternative-Fuel Vehicles, (b) Optional Low NOx vehicles or (c) LEV II standard vehicles through 2019 or LEV III standard vehicles thereafter.

B. A new Covered Vehicle Operator who plans to begin operations at LAX prior to April 30, 2019, must comply with the requirement set forth in Section III and subsection IV.A. prior to commencing operations at LAX.

V. Least-Polluting Available Vehicles. In cases where an Operator cannot comply with the requirements established pursuant to Sections III and IV above because neither Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, or LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter, are commercially available for performance of particular tasks, LAWA will instead require Operators to use the Least-Polluting Available Vehicles for such tasks. An Independent Third Party Monitor will determine whether Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, or LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter are commercially available to perform particular tasks, and, in cases where neither Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, nor LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter are commercially available for performance of a particular task, will identify the Least-Polluting Available Vehicle for performance of that task.

VI. Annual Reporting Requirement.

A. By January 31st of each calendar year, Covered Vehicle Operators must submit to LAWA the vehicle information required on the reporting form accessible online at https://online.lawa.org/altfuel/ for the prior calendar year.

B. Low-Use Vehicles shall be included in the annual reporting. Where monthly trip data is used to establish low-use, the operator must provide proof such as transponder data records or an attestation acceptable to LAWA.

C. A Covered Vehicle Operator who plans to begin operations at LAX must comply with this reporting requirement prior to commencing operations, and thereafter comply with the annual reporting deadline of January 31st of each calendar year.

VII. Enforcement.

A. **Non-Compliance**. The following circumstances shall constitute non-compliance for purposes of this Section VII:

i) Failure to submit an annual report pursuant to Section VI above.

ii) Failure to use an Alternative Fuel Vehicle, an Optional Low NOx vehicle, a vehicle meeting LEV II standards prior to December 31, 2019, or LEV III standards thereafter, an approved Least-Polluting Available Vehicle, or a vehicle approved under LAWA's former Alternative Fuel Vehicle Requirement, including approved comparable emissions vehicles.

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iii) Failure to submit a Compliance Plan as defined in subsection VII.C. below within 30 days of notice of non-compliance from LAWA.

iv) Failure to adhere to an approved Compliance Plan as defined in subsection VII.C. below.

B. **Notice of Non-Compliance**. Covered Vehicle Operators found not to be in compliance with the Alternative Fuel Vehicle Requirement as set forth in subsection VII.A. above will be given a notice of non-compliance. Covered Vehicle Operators will have 30 days to correct the deficiencies documented in the notice of non-compliance by completing the annual report as defined in Section VI or submitting a Compliance Plan as defined in subsection VII.C. below, as applicable to the reason cited for non-compliance.

C. **Compliance Plan.**

i) Operators shall transition to compliant vehicles as soon as practicable.

ii) Non-compliant Covered Vehicle Operators will be required to submit a Compliance Plan indicating the disposition (salvage, replace, remove from service, etc.) date for each non-compliant vehicle ("Compliance Plan") within 30 days of receiving a notice of non-compliance for a vehicle in the Operator's fleet. The Compliance Plan shall provide dates by which the non-compliant vehicle or vehicles in the Operator's fleet will meet the requirements of the LAX Alternative Fuel Vehicle Requirement and a justification for the new date. The Compliance Plan shall be signed under attestation.

iii) LAWA's Chief Executive Officer or his/her designee shall review the Operator's Compliance Plan and justification to determine its acceptability and authorize approval or disapproval.

iv) Covered Vehicle Operators shall have 30 days to seek review of LAWA's rejection of a Compliance Plan or any parts thereof by LAWA's Chief Executive Officer or his/her designee.

D. **Default.** Three or more instances of non-compliance with the LAX Alternative Fuel Vehicle Requirement as defined in subsection VII.A above within two years shall be considered a default of the applicable LAX permit, license, contract, lease, Non-Exclusive License Agreement (NELA), concessionaire agreement, and/or Certified Service Provider (CSP) Program. LAWA's Chief Executive Officer or his/her designee may, pursuant to the applicable terms provided therein, suspend or cancel a permit, license, contract, lease, NELA, concessionaire agreement or certified provider certification of non-compliant Covered Vehicle Operators who are not in compliance with this Alternative Fuel Vehicle Requirement. In addition, LAWA's Chief Executive Officer or his/her designee may seek to recoup LAWA's administrative costs from non-compliant operators.

IX. Periodic Review. This Requirement will be reviewed and updated periodically as deemed necessary by LAWA.

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CITY OF LOS ANGELES y AM CARGO - LEASE - 1135.2026

Final Audit Report 2026-09-29

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