

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 13, 2023

CAO File No. 0150-11627-0001

Council File No.:

Council District: 11

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from the Los Angeles World Airports Board of Airport Commissioners (Board) dated June 15, 2023, referred by the Mayor for a report on June 15, 2023

Subject: **PROPOSED 15-YEAR AIRLINE PASSENGER SPACE LEASE AND LICENSE AGREEMENT WITH SOCIETE AIR FRANCE, S.A. FOR SPACE IN THE TOM BRADLEY INTERNATIONAL TERMINAL AT LOS ANGELES INTERNATIONAL AIRPORT**

RECOMMENDATIONS

That the Mayor:

1. Approve Los Angeles World Airports (LAWA) Board Resolution No. 27763 authorizing a proposed 15-year Airline Passenger Lounge Space Lease and License Agreement with Societe Air France, S.A. for space in the Tom Bradley International Terminal at Los Angeles International Airport which includes first year revenue of \$2,800,000;
2. Adopt the determination of the Board of Airport Commissioners that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III Class 1 (18)(c) of the Los Angeles City CEQA Guidelines; and
3. Authorize the LAWA Chief Executive Officer, or designee, to execute the proposed agreement and return the Resolution documents to the Los Angeles World Airports for further processing, including Council consideration.

SUMMARY

The Los Angeles World Airports (LAWA, Department) Board of Airport Commissioners (Board) requests approval of a proposed 15-year Airline Passenger Lounge Space Lease and License Agreement with Societe Air France, S.A. (Air France) for space in the Tom Bradley International Terminal at Los Angeles International Airport. The Lease and License Agreement will generate at least \$2,800,000 annually and approximately \$42,000,000 over the 15-year term of the lease not including optional space, annual rent escalations, or additional rent that may be triggered.

Approval of the proposed lease will allow Air France to plan, develop, and operate the first airline lounge at the Tom Bradley International Terminal West Gates and provide lounge services for Air France's and its affiliates' passengers, as well as access to other users on a pay-per-use basis.

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Air France has committed to invest a minimum of \$10,000,000 in the construction of the lounge. The Department indicates that the rent to be paid by Air France for the operation of the lounge is consistent with Board-approved Terminal Building Rent Rates and is structured to incentivize the first passenger lounge to be developed at that location in the Tom Bradley International Terminal.

The proposed Agreement is subject to approval as to form by the City Attorney. Pursuant to Charter Section 606 and Administrative Code Section 10.5, Council approval is required because the cumulative contract term exceeds five years. Our office has reviewed the request and recommends approval.

BACKGROUND

In September 2019, LAWA notified airlines operating or planning to operate at Tom Bradley International Terminal that space was available to lease and develop as airline passenger lounges. Air France expressed interest in leasing and building out an airline passenger lounge of approximately 11,500 square feet on Level 6 of the West Gates.

On March 5, 2020, the Board approved a 10-year Airline Passenger Lounge Space Lease and License Agreement with Air France. Pursuant to the lease, Air France was required to complete construction of the lounge improvements within 12 months of the lease commencement. However, the COVID-19 pandemic hit immediately after the lease was approved and Air France delayed construction due to the financial challenge the pandemic imposed. Despite LAWA offering to extend the construction period, Air France chose not to complete the required improvements; therefore, the lease was terminated.

The Department indicates that when international traffic began recovering, Air France met with LAWA staff to request a new lease for a premium passenger lounge at the West Gates to support its passengers, as well as provide a common use solution for other users of the facility. As a result of that request, LAWA staff negotiated a new proposed lease allowing Air France to serve its passengers and allow other airlines and passengers to access the lounge on a pay-per-use basis.

The lounge to be constructed will primarily serve Air France's and its affiliates' premium passengers. Air France will also be allowed to accept passengers from affiliated airlines, various membership programs, and passengers from non-affiliated airlines on a pay-per-use basis. This operating model provides Air France the opportunity to offset some operating costs during the initial ramp-up period and provides other West Gate Airlines and passengers access to a lounge in the West Gates.

While the lease provides that the proposed lounge will be approximately 11,500 square feet, the lease provides Air France the option to add an additional 2,300 square feet to the premises within six months of lease commencement. Air France will also have a right of first refusal for this space thereafter. If Air France accepts the additional space, the demised premises will increase to approximately 13,800 square feet.

The Department indicates that the City's Minority, Women and Small Business Enterprise (MBE/WBE/SBE) participation program requirements do not apply to leases; however, Air France

has committed to 25 percent MBE/WBE/SBE participation in the construction and operation of the proposed passenger lounge.

Attachment 2 to this report provides an overview of significant provisions of the proposed lease.

CITY COMPLIANCE

California Environmental Quality Act (CEQA) – The Department has determined that the issuance of permits, leases, agreements, gate assignments, and renewal amendments or extensions thereof, or other entitlements granting the use of existing airport facilities or its operations will not impact the environment and is exempt from California Environmental Quality Act requirements pursuant to Article III, Class 1 18(c) of the Los Angeles City CEQA Guidelines.

The proposed Agreement includes provisions to ensure compliance with applicable City Ordinances, contracting, and insurance requirements. The City Attorney has reviewed and approved the proposed Agreement. In accordance with Charter Section 606 and Administrative Code Section 10.5(c), the proposed Agreement requires Council approval because the total term of the Agreement exceeds five years. Our Office recommends approval.

FISCAL IMPACT STATEMENT

The Department indicates that the proposed lease between the Los Angeles World Airports and Societe Air France, S.A. will provide annual Terminal Buildings Rent of at least \$2,800,000 annually, and approximately \$42,000,000 over the 15-year term of the lease, not including optional space, annual rate escalations, or additional percentage rent that may be triggered. The recommendations in this report comply with the Los Angeles World Airports’ Financial Policies. Approval of the proposed Amendment will have no impact on the City’s General Fund.

Attachment 1 – BOAC June 15, 2023 Report, Resolution No. 27763 and proposed Passenger Lounge Lease and License Agreement with Societe Air France, S.A.

Attachment 2 – Overview of proposed Passenger Lounge Lease and License Agreement between LAWA and Societe Air France, S.A.



June 15, 2023

The Honorable Karen Bass
Mayor, City of Los Angeles
City Hall – Room 303
Los Angeles, CA 90012

ATTN: Heleen Ramirez, Legislative Coordinator
ATTN: Thomas Arechiga, Deputy Legislative Coordinator

LAX

Van Nuys

City of Los Angeles

Karen Bass
Mayor

Board of Airport
Commissioners

Beatrice C. Hsu
President

Valeria C. Velasco
Vice President

Vanessa Aramayo
Matthew M. Johnson
Nicholas P. Roxborough
Karim Webb

Justin Erbacci
Chief Executive Officer

RE: Request to approve the proposed 15-year Airline Passenger Lounge Space Lease and License Agreement with Societe Air France, S.A.

In accordance with Executive Directive No. 4, we are transmitting a copy of the specified board report for the request to approve the proposed 15-year Airline Passenger Lounge Space Lease and License Agreement with Societe Air France, S.A. for space in the Tom Bradley International Terminal at Los Angeles International Airport, that will generate at least \$2,800,000 in revenue annually upon rent commencement.

City Council approval is required pursuant to Section 606 of the Los Angeles City Charter.

Sincerely,

Justin Erbacci
Chief Executive Officer

JPE:MSA:ksf
Attachments





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Report to the BOARD OF AIRPORT COMMISSIONERS

Approver:  Samantha Bricker (Jun 8, 2023 16:20 PDT) Dave Jones, Deputy Executive Director Commercial Development	Meeting Date																								
	6/15/2023																								
Reviewer:  Brian C. Ostler, City Attorney	Needs Council Approval: <input checked="" type="checkbox"/> Y																								
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 Justin Erbacci (Jun 8, 2023 17:07 PDT) Justin Erbacci, Chief Executive Officer																									

SUBJECT

Request to approve the proposed 15-year Airline Passenger Lounge Space Lease and License Agreement with Societe Air France, S.A. for space in the Tom Bradley International Terminal at Los Angeles International Airport, that will generate at least \$2,800,000 in revenue annually upon rent commencement.

RECOMMENDATIONS

Management RECOMMENDS that the Board of Airport Commissioners:

- ADOPT the Staff Report.
- DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
- APPROVE the proposed Airline Passenger Lounge Space Lease and License Agreement (Lease) with Societe Air France, S.A. for space in the Tom Bradley International Terminal at Los Angeles International Airport.
- AUTHORIZE the Chief Executive Officer, or designee, to execute the Airline Passenger Lounge Space Lease and License Agreement with Societe Air France, S.A. after approval as to form by the City Attorney and approval by the Los Angeles City Council.

DISCUSSION

1. Purpose

The purpose of the proposed lease with Societe Air France, S.A. (Air France) is to develop a new premium passenger lounge in the West Gates at Tom Bradley International Terminal (the West Gates) at Los Angeles International Airport (LAX). Approval of the proposed lease will allow Air France to plan, develop, and operate the first airline lounge at the West Gates and provide lounge services for Air France's and its affiliates' passengers, as well as access to other users on a pay-per-use basis.

2. Prior Related Actions/History of Board Actions

- **March 5, 2020 – Resolution No. 26974 (LAA-9097)**

The Board of Airport Commissioners (Board) approved a 10-year Airline Passenger Lounge Space Lease and License Agreement with Air France for an airline passenger lounge in the West Gates at LAX.

3. Background

In September 2019, Los Angeles World Airports (LAWA) staff notified airlines operating or planning to operate at Tom Bradley International Terminal that space was available to lease and develop as airline passenger lounges. Air France expressed interest in leasing and building out an airline passenger lounge of approximately 11,500 square feet on Level 6 of the West Gates.

On March 5, 2020, the Board approved a 10-year Airline Passenger Lounge Space Lease and License Agreement with Air France. Pursuant to the lease, Air France was required to complete construction of the lounge improvements within 12 months of the lease commencement. However, the COVID-19 pandemic hit immediately after the lease was approved, and Air France delayed construction due to the financial challenge the pandemic imposed. Despite LAWA offering to extend the construction period, Air France chose not to complete the required improvements; therefore, the lease was terminated.

4. Current Action/Rationale

When international traffic began recovering, Air France met with LAWA staff to request a new lease for a premium passenger lounge at the West Gates to support its passengers, as well as provide a common use solution for other users of the facility. To support this, LAWA staff negotiated the proposed lease that will allow Air France to serve its passengers and allow other airlines and passengers to access the lounge on a pay-per-use basis.

The lounge will be constructed as an Air France premium passenger lounge, with the primary use to serve Air France's and its affiliates' premium passengers. Air France has committed to 25 percent MBE/WBE/SBE participation for construction and lounge operation. In addition, Air France will be allowed to accept passengers from affiliated airlines, various membership programs (including partner bank card holders), and passengers from non-affiliated airlines on a pay-per-use basis, through both business-to-business and business-to-customer channels. This model provides Air France the opportunity to offset some operating costs during the initial ramp-up period and provides the West Gates airlines and passengers access to a lounge in the West Gates.

The proposed lounge will be approximately 11,500 square feet, but the lease provides Air France the option to add an additional 2,300 square feet to the premises within six months of

lease commencement. Air France also will have a right of first refusal for this space thereafter. If Air France takes the additional space, the demised premises will increase to approximately 13,800 square feet.

Air France will be required to secure all necessary permits and to construct the lounge improvements at its cost. The lease will be for 15 years, unless terminated early by LAWA, subject to subsequent Board approval and buy-out of the verified depreciated value of the improvements. The proposed lease also provides Air France with one five-year option to extend, subject to appropriate refurbishment of the lounge improvements.

Pursuant to the proposed lease, on the earlier of 12 months after execution or opening of the lounge, Air France will commence rental payments for the demised premises. Air France has the option to defer rental payments for six months by providing a written notice to LAWA no less than 60 days prior to the rent commencement date. If Air France chooses to defer rental payments, the airline will pay back the deferred rent amount in full, plus interest, at an annual rate of 6.5 percent, in equal payments over 10 years. Rent for the first operational year is estimated to be approximately \$2,800,000 and will adjust annually based on the Board-approved Terminal Building Rent rate.

Air France also will pay as additional rent 20 percent of all revenues over \$10,000,000 per year that are earned from sale of goods and services in the lounge and from pay-for-use access fees earned from all sources. In addition to actual revenue Air France collects directly from passengers or other airlines, the threshold will include an assessment of \$35, as adjusted annually by CPI, for each passenger that accesses the lounge at the invitation of Air France or its affiliates. The \$10,000,000 threshold was negotiated based on the capital and operating costs, including rent payments to LAWA, that Air France will incur to operate this facility.

All other standard lease terms apply. The table below provides a summary of key elements of the proposed lease.

Description	Proposed Lease Terms
Commencement	Upon approval by the Board and City Council
Term	15-years unless early termination by LAWA
Expiration	15-years unless terminated early by LAWA
Extension Option	5-year option to extend by Air France
Demised Premises	11,500 SF with the option for additional 2,300 SF
Permitted Use	Premium Passenger Lounge
Construction Period	12-months from commencement
Rent Commencement	Earlier of the opening of the lounge or 12 months from Commencement
Base Rent	\$2,800,000 per year
Percentage Rent	20% of gross receipts of sale of goods & services
Concession Rent	The greater of 20% of lounge access fee or \$6 per passenger
Concessions & Percent Rent Threshold	\$10,000,000 annually, subject to CPI adjustment

How This Action Advances a Specific Strategic Plan Goal and Objective

This action advances this strategic goal and objective: *Deliver Facilities & Guest Experiences that are Exceptional: Upgrade every element of the guest experience.* This new lounge facility will provide a premium space opportunity and an enhanced experience for guests, including the ability to enjoy the lounge with pay-per-use access, while in transit through the West Gates.

5. Fiscal Impact

The proposed lease will provide annual Terminal Buildings Rent of at least \$2,800,000 annually, and approximately \$42,000,000 over the 15-year term of the lease, not including optional space, annual rate escalations, or additional rent that may be triggered.

6. Alternatives Considered

- ***Take No Action***

Taking no action is not recommended because it will eliminate development of the first premium passenger lounge at the West Gates and prevent receipt of lease revenue in the amount of approximately \$2,800,000 annually.

- ***Lease Space to Another Tenant***

No other parties have yet expressed interest and willingness to make the necessary investment to construct and operate a premium passenger lounge at the West Gates. If additional airlines express interest in the future, LAWA staff will negotiate to provide additional lounge access at the West Gates.

APPROPRIATIONS

No appropriation of funds is required for this action.

STANDARD PROVISIONS

1. The issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
2. The proposed document(s) is/are subject to approval as to form by the City Attorney.
3. Actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 606.
4. Societe Air France, S.A. will comply with the provisions of the Living Wage/Service Contractor Worker Retention Ordinances.
5. The Small Business Enterprise, Local Business Enterprise/Local Small Business Enterprise, and Disabled Veterans Business Enterprise Programs do not apply to leases.
6. Societe Air France, S.A. will comply with the provisions of the Affirmative Action Program.
7. Societe Air France, S.A. has been assigned Business Tax Registration Certificate No. 0002653453-0001-9.

8. Societe Air France, S.A. will comply with the provisions of the Child Support Obligations Ordinance.
9. Societe Air France, S.A. has approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports.
10. This action is not subject to the provisions of City Charter Section 1022 (Use of Independent Contractors).
11. Societe Air France, S.A. must submit the Contractor Responsibility Program Pledge of Compliance and comply with the provisions of the Contractor Responsibility Program.
12. Societe Air France, S.A. must be determined by Public Works, Office of Contract Compliance, with the provisions of the Equal Benefits Ordinance prior to execution of the Lease Agreement.
13. Societe Air France, S.A. will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. This action is not subject to the provisions of Bidder Contributions CEC Form 55.
15. Societe Air France, S.A. must submit the MLO CEC Form 55 prior to execution of the Lease Agreement.
16. This action is not subject to the provisions of the Iran Contracting Act.

**THE CITY OF LOS ANGELES,
DEPARTMENT OF AIRPORTS,**

Landlord

and

SOCIETE AIR FRANCE, S.A.

Tenant

AIRLINE PASSENGER LOUNGE SPACE LEASE AND LICENSE AGREEMENT

Dated as of _____

THE WEST GATES AT TOM BRADLEY INTERNATIONAL TERMINAL

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SCHEDULES AND EXHIBITS

Schedule 1	Maintenance
Schedule 2	Insurance
Schedule 3	Basic Information Schedule
Schedule 4	Technical Design Criteria for the Tom Bradley International Terminal – West Gates

Exhibit A	Description of Demised Premises
Exhibit A-1	Option Space
Exhibit B	Project Labor Agreement
Exhibit C	Rate Methodology
Exhibit D	Priority Flights
Exhibit E	Child Support Assignment Orders
Exhibit F	Contractor Responsibility Program & Pledge of Compliance
Exhibit G	First Source Hiring Program
Exhibit H	Living Wage Ordinance
Exhibit I	Worker Retention Ordinance
Exhibit J	Equal Employment Practices
Exhibit K	Affirmative Action
Exhibit L	Alternative Fuel Vehicle Requirement Program

**AIRLINE PASSENGER LOUNGE SPACE LEASE
AND LICENSE AGREEMENT**

THIS AIRLINE PASSENGER LOUNGE SPACE LEASE AND LICENSE AGREEMENT is made as of _____, 2023 between the CITY OF LOS ANGELES, acting by and through the Board of Airport Commissioners of its Department of Airports (“Board”), as landlord and licensor (collectively “Landlord”), and SOCIETE AIR FRANCE, S.A., as tenant and licensee (collectively “Tenant”).

WHEREAS, the Landlord is the owner and operator of the Airport located in the City of Los Angeles, County of Los Angeles, State of California; and

WHEREAS, it is necessary, in the promotion of air commerce and air transportation, that premier passenger lounges be provided at the Terminal; and

WHEREAS, the Landlord desires to lease certain space in the Terminal to the Tenant for premier passenger lounge space.

NOW, THEREFORE, in consideration of the mutual agreements contained in this Lease, the Landlord and the Tenant agree with each other as follows (the terms “Lease”, “Landlord”, and “Tenant”, and certain other terms used in this Lease and not defined elsewhere in the text of this Lease, are used with the meanings specified in Section 24; terms defined elsewhere in the text of this Lease are listed in the Index of Defined Terms appearing following the Table of Contents):

1. Demise; Grant of License; Term.

1.1. Demise.

1.1.1. Upon and subject to the conditions and limitations set forth in this Lease, the Landlord hereby leases to the Tenant, and the Tenant hereby rents from the Landlord, the Demised Premises as described and delineated in Exhibit A.

1.1.2. Demised Premises Delivery Condition. The Tenant hereby acknowledges that the Demised Premises as delineated in Exhibit A shall be delivered to the Tenant in shell condition, and except as otherwise provided herein shall be accepted by the Tenant "as is" in such shell condition, and the Tenant shall assume all risks in connection therewith without representation or warranty by the Landlord, express or implied, in fact or by law, on the part of the Landlord and without recourse to the Landlord.

1.1.3. Option to Increase Demised Premises.

(a) Option. During the six (6) month period from the Commencement Date (“Option Period”), the Tenant shall have the option to add the space identified in Exhibit A-1 in blue (the “Optional Space”) to its Demised Premises by providing

written notice to the Landlord during such Option Period that it will exercise such option.

(b) Right of First Refusal. From the Option Period to the end of the Term, if the Landlord receives from a third party a request to lease the Optional Space, before the Landlord agrees to such request, the Landlord shall first give written notice to the Tenant (the "Request Notice") of such request. The Tenant shall then have thirty (30) days from the date of receipt of the Request Notice to provide written notice that it will exercise its right of first refusal to the Optional Space. If the Tenant fails to provide such written notice within the thirty (30) days provided herein, the Landlord may proceed to lease the Option Space to such third party.

(c) Upon the exercise of the option under subsection (a) or the right of first refusal under subsection (b), such addition of the Optional Space to the Demised Premises shall be made by the CEO by an amendment to Exhibit A, subject to City Attorney approval as to form, with an appropriate adjustment in rental charges without the prior approval or later ratification by the Board or the City Council.

1.1.4. Modifications to Demised Premises. Following the completion of the Lounge Improvements (as defined in Section 1.4.1), modifications to the Demised Premises may be made by the CEO by an amendment to Exhibit A, subject to City Attorney approval as to form, with an appropriate adjustment in rental charges without the prior approval or later ratification by the Board or the City Council.

1.2. Grant of License. In connection with the lease of the Demised Premises, the Landlord grants to the Tenant a non-exclusive license to use the Public Areas in the Terminal, which license shall expire simultaneously with the expiration or earlier termination of the Term.

1.3. Term, Extension of Term, Reduction of Term and Early Termination Options.

1.3.1. This Lease shall commence on the date the Lease is signed by the Landlord (the "Commencement Date"), and shall terminate fifteen (15) years from the Rent Commencement Date, unless earlier terminated by Landlord pursuant to terms hereinafter set forth (the "Term"). "Rent Commencement Date" means the earlier of (1) the opening of the Demised Premises for use by the Tenant's approved Passengers and (2) one (1) year from the Commencement Date.

1.3.2. Extension of Term. The Tenant shall have the right to extend the term of this Lease for an additional five (5) years if (a) the Tenant has completed the refurbishment of the Demised Premises pursuant to the CEO-approved refurbishment plan as further described in Section 1.4.2, and (b) the Tenant has provided written notice to the Landlord at least twelve (12) months prior to the scheduled expiration date.

1.3.3. Reduction of Term. The Tenant acknowledges that the term of this Lease was determined by the Landlord on the assumption that the Tenant will make the Lounge

Improvements (as defined in Section 1.4.1) required under Section 1.4 this Lease. Notwithstanding Section 1.3.1, if the Tenant does not complete construction of the Lounge Improvements within one (1) year after the Commencement Date (the “Non-Completion Date”), the Lease shall terminate on the Non-Completion Date; provided, however, that the Non-Completion Date may be extended by the CEO in his or her sole discretion; provided further, that such extension by the CEO may not extend the Non-Completion Date beyond 18 months from the Commencement Date.

1.3.4. Early Termination Options.

(a) Operational/Security. The Landlord shall have the option to terminate this Lease for operational or security reasons by providing the Tenant a 90 day advance written notice (the “Termination Notice”), provided, however, that the Landlord may not terminate this Lease pursuant to this subsection (a) for (i) accommodating additional concession uses, or (ii) providing lounge space to other lounge operators.

(b) If the Landlord exercises its right of early termination pursuant to subsection (a) above, the Landlord will purchase, subject to Board approval, the Completed Qualified Lounge Improvements Investment (defined below) pursuant to the following terms. The purchase price for the Completed Qualified Lounge Improvements Investment will be the undepreciated amount of the Completed Qualified Lounge Improvements Investment installed by the Tenant in the Demised Premises based on a straight line depreciation starting on the Completion Date through the end of the Term. The Completed Qualified Lounge Improvements Investment shall be determined as follows: within sixty (60) days of the Completion Date, the Tenant shall provide the Landlord a Lounge Improvements Investment Report, which lists, in detail, the specific improvements and the actual verified costs incurred by the Tenant for the Lounge Improvements. Within sixty (60) days of receiving the Lounge Improvements Investment Report, the CEO will review the Lounge Improvements Investment Report and, in his or her sole discretion, make a final determination of the improvements and associated costs that qualify as reasonable and permanent lounge improvements (such improvements, the “Completed Qualified Lounge Improvements Investment”). Within the same 60-day period, the CEO will issue to the Tenant the CEO’s determination of the Completed Qualified Lounge Improvements Investment (“CEO Determination Letter”). The CEO Determination Letter shall be attached to the Lease as an addendum and will be included in the Project Closeout Letter as an official project cost.

(c) Upon the exercise by the Landlord of the early termination option pursuant to Section 1.3.4(a) above, the Landlord shall use its reasonable best effort to provide replacement space in the Terminal for the Tenant.

(d) Audit Rights. In addition to the provision in Section 3.6.2, the Landlord may, at its sole discretion and with reasonable notice to the Tenant, require the Tenant to provide access to all records and other information necessary to perform an audit of all or any of the Lounge Improvements. The Landlord shall have the right to commence such audit at any time up to three (3) years beyond the payment of the Completed Qualified Lounge Improvements Investment pursuant to Section 1.3.4(b). The Landlord's right to access such records and information shall continue until any audit so commenced is concluded to the Landlord's reasonable satisfaction. The Tenant shall retain all records and other information necessary to perform such an audit until so concluded.

(e) Upon the purchase and payment of the Completed Qualified Lounge Improvements Investment, title to such improvements shall vest in the Landlord.

(f) Survival. Sections 1.3.4(b), (d) and (e) shall survive the termination of the Lease.

1.4. Lounge Improvements and Mid-Term Refurbishment.

1.4.1. Lounge Improvements. At the Tenant's sole cost and expense, the Tenant shall be required to make permanent capital improvements in the Demised Premises (the "Lounge Improvements"), which shall be subject to Sections 4 of this Lease. The Tenant shall make Lounge Improvements in an amount no less than (i) Ten Million Dollars (\$10,000,000) if the Tenant rents the Demised Premises without the Optional Space, and (ii) Twelve Million Dollars (\$12,000,000) if the Tenant also rents the Optional Space (such applicable amount, the "Capital Improvements Requirement").

1.4.2. Mid-Term Refurbishment. In addition to the Lounge Improvements, no later than the eight (8th) year following the Rent Commencement Date, the Tenant shall be required to provide a mid-term refurbishment plan to the Landlord for CEO approval, which approval shall be in his or her sole discretion, and upon CEO approval, the refurbishments (the "Mid-Term Refurbishment," and together with the Lounge Improvements, the "Improvements") contemplated under such approved plan must be completed by the Tenant within 12 months at the Tenant's sole cost and expense. Further, the Mid-Term Refurbishment shall be subject to Sections 4 of this Lease.

1.4.3. In addition to the requirements of Section 4, the Tenant shall also provide with its request for consent for the Improvements pursuant to Section 4, detailed drawings, plans and cost estimates of the Improvements. The Tenant also agrees to perform all alterations to the Demised Premises in accordance and compliance with the most current published versions of the LAWA Design and Construction Handbook (the current version can be found at <http://www.lawa.org/en/lawa-businesses/lawa-documents-and-guidelines>) and Technical Design Criteria for the Tom Bradley International Terminal - West Gates (Schedule 4). Only after receiving approval and a

Notice to Proceed from the Landlord shall the Tenant begin construction of any approved Improvements.

1.4.4. Additional Use of Space outside of Lease. To the extent the Tenant requires the use of space in the terminals at the Airport in addition to the Demised Premises under this Lease for construction related to the Improvements, the Tenant shall use such space pursuant to the terms of the Tariff.

1.4.5. Prevailing Wage. Construction, alteration, demolition, installation, repair or maintenance work performed on the Landlord's property may require payment of prevailing wages in accordance with federal or state prevailing wage and apprenticeship laws. The Tenant is obligated to make the determination as to whether prevailing wage laws are applicable, and shall be bound by and comply with applicable provisions of the California Labor Code and Federal, State, and local laws related to labor. The Tenant shall indemnify and pay or reimburse the Landlord for any damages, penalties or fines and interest (including, but not limited to, attorney's fees and costs of litigation) that the Landlord incurs, or pays, as a result of noncompliance with applicable prevailing wage laws in connection with the work performed for the Improvements.

1.4.6. Competitive Bidding/Proposals. The Tenant recognizes and accepts that the contractor selection procedures specified herein are intended to promote pricing and responsive and responsible proposals in a fair and reasonable manner. As such, the selection of contractors for the construction of the Improvements shall be based upon competitive bids or proposals as follows:

(a) The Tenant shall use reasonable efforts to secure the commitment to bid or propose on the Improvements from a minimum of three (3) bidders or proposers.

(b) In the event that the Tenant obtains fewer than three (3) bids or proposals, it shall provide the Landlord with a written description of its efforts to obtain competition and, if it believes that it should proceed to award the bid or proposal with fewer than three (3) bidders or proposers, the justification therefor, including why the Tenant believes the cost of such bid or proposal is reasonable.

(c) In the event that the Tenant elects not to proceed to award the bid or proposal solely on the basis of price, it shall provide the Landlord with a written justification of the reasons therefor.

1.4.7. Warranty. The Tenant warrants that the services provided herein shall conform to the highest professional standards pertinent to respective industry. The Tenant warrants that all materials and equipment furnished for the Improvements will be new and of good quality unless otherwise specified, and that all workmanship will be of good quality, free from faults and defects and in conformance with the design documents approved by the City of Los Angeles Department of Building and Safety.

1.4.8. Rules and Regulations.

(a) The Tenant shall have sole responsibility for fully complying with any and all present and future rules, regulations, restrictions, ordinances, statutes, laws and/or orders of any federal, state, and/or local government applicable to the Improvements. The Tenant 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 CEO which are now in force or which may be hereafter adopted by the Board and/or the CEO with respect to the operation of the Airport. In addition, the Tenant agrees to specifically comply with any and all Federal, State, and/or local security regulations, including, but not limited to, 14 CFR Parts 107 and 108, regarding unescorted access privileges.

(b) The Tenant shall comply with the Title VI of the Civil Rights Act of 1964 relating to nondiscrimination. Additionally, FAR Clause 52.203-11 "Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions" is incorporated herein by reference into this Lease. Contracts awarded by the Tenant as a result of these Lounge Improvements must comply with Federal provisions established by laws and statutes.

(c) The Tenant and its contractors shall be responsible for all civil penalties assessed as a result of failure to comply with any and all present and future rules, regulations, restrictions, ordinances, statutes, laws and/or orders of any federal, state, and/or local government regarding the Lounge Improvements. The Tenant and its contractors shall hold the Landlord harmless and indemnify the Landlord for all civil penalties resulting from such failure.

1.4.9. Independent Contractor. In furnishing the services provided in Section 1.4, the Tenant is acting as an independent contractor. The Tenant is to furnish such services in its own manner and method and is in no respect to be considered an officer, employee, servant or agent of the Landlord.

1.4.10. Project Labor Agreement. The Landlord, through its agreement coordinator, has entered into a project labor agreement with various trades (the "PLA"). The Tenant agrees to require its general contractor(s) to sign the Letter of Assent, attached hereto as Exhibit B, agreeing to be subject to the terms of the PLA.

1.4.11. The Tenant agrees that it will manage the Improvements in such a manner so as to minimize disruptions to operations and to the passengers.

1.4.12. MBE/WBE/SBE Policy. The Tenant has advised the Landlord that it intends to employ a MBE/WBE/SBE policy for the construction of the Lounge Improvements at twenty-five percent (25%), and will report the status of attainment of the policy on a quarterly basis to the Landlord.

2. Use.

2.1. Permitted Uses.

2.1.1. The Tenant may, subject to any applicable Legal Requirements and to all other applicable Legal Requirements provisions of this Lease, use and occupy the Demised Premises only to operate and maintain an airline passenger lounge for the Tenant's Approved Passengers. "Tenant's Approved Passengers" shall mean passengers that fall within the categories described Section 2.1.2 below and are confirmed and pre-approved by the CEO. The Tenant shall provide to the CEO for approval any new categories of proposed passengers, not already identified in a list of proposed categories of passengers pursuant to Section 2.1.2 that it wishes to grant access to.

2.1.2. Only the following categories of passengers may access the Tenant's Demised Premises: Any new categories of passengers will require CEO approval, not to be unreasonably withheld:

(a) Loyalty Customers. Passengers of the Tenant, passengers of SkyTeam Alliance members, and passengers of Affiliates, which Affiliates have been pre-approved by the CEO (the Tenant, SkyTeam Alliance members and pre-approved Affiliates collectively, "AF/Alliance/Affiliate Airlines") (such AF/Alliance/Affiliate Airlines' passengers collectively, "AF/Alliance/Affiliate Airline Passengers") who meet the criteria for use of the Tenant's airline passenger lounges set out by each AF/Alliance/Affiliate Airline's global lounge access policies as published on its website and includes any ad hoc individual invitations to commercially important airline customers.

(b) B2C Customers. AF/Alliance/Affiliate Airline Passengers who wish to purchase lounge access on a pay per use basis directly, through a direct sales channel such as a website or from an AF/Alliance/Affiliate Airline.

(c) B2B Customers. Any TBIT passenger who wishes to access to the Tenant's lounge through business agreements, such as, but not limited to, a partner bank card program and non AF/Alliance/Affiliate passengers accessing the lounge pursuant to commercial agreement between the carriers.

(d) Non-Affiliate TBIT-W Airline Customers. Passengers of airlines operating out of the West Gates at Tom Bradley International Terminal ("TBIT-W") that are not AF/Alliance/Affiliate Airlines (such airlines, a "Non-Affiliate TBIT-W Airline") who (i) wish to purchase lounge access as a walk-in on a pay per use basis directly from the Tenant, (ii) wish to access the Tenant's lounge through contractual arrangements between the Tenant and such Non-Affiliate TBIT-W Airline such as through an airline partnership membership, or (iii) wish to access the Tenant's lounge through a business to business membership program of the Tenant such as a partner bank card program, *provided, however*, that upon

the Tenant's cessation of flight operations at TBIT-W, this Section 2.1.2(d) category shall be null and void.

2.2. Prohibited Uses. Notwithstanding anything in Section 2.1 to the contrary, without the prior consent of the Landlord the Tenant will not use or occupy, or permit any portion of the Demised Premises to be used or occupied for any other use not specifically permitted.

2.3. Other Use Limitations. The Tenant will conduct its operations at the Demised Premises in such a manner as to reduce as much as is reasonably practicable, considering the nature and extent of the Tenant's operations, any and all activities that interfere unreasonably (whether by reason of noise, vibration, air movement, fumes, odors or otherwise) with the use by any other Person of space in the Terminal or other facilities at the Airport.

2.4. Limitations on WiFi. The Tenant shall be allowed to provide wireless internet service ("WiFi"), which will allow passengers in the Demised Premises to access the internet, so long as the installation of the access control equipment, wireless internet servers, transceivers, modems or other hardware that transmit or otherwise access radio frequencies has been approved by the Landlord pursuant to Section 4 of this Lease. The Landlord shall not unreasonably withhold or delay such approval and the Tenant shall cooperate and provide any necessary information or documents prior to such approval.

2.4.1. Should approval be given by the Landlord, the Tenant shall do the following: (a) the Tenant's WiFi equipment signal shall be controlled to limit access to the passengers in the Demised Premises only within the boundary of the Demised Premises and may not interfere with the Landlord's or another's control equipment, wireless internet servers, transceivers, modems or other hardware that transmit or otherwise access radio frequencies, (b) the Tenant shall have sole responsibility for fully complying with any and all applicable present and future rules, regulations, restrictions, ordinances, statutes, laws and/or orders of any federal, state, and/or local government, including orders, directives and/or conditions issued, given or imposed by the CEO which are now in force or which may be hereafter adopted by the Board, and (c) the Tenant agrees to comply with all applicable present and future privacy laws, U.S. or foreign (European Union, etc.); including those set forth in California Civil Code Sections 1798.29, 1798.82 and 1798.84, as may be amended from time to time.

2.4.2. The Tenant 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, ordinances, statutes, laws and/or orders, directives or conditions.

2.4.3. Notwithstanding the prior consent of the Landlord for the installation of any such system or equipment, the CEO shall have the absolute right, upon thirty (30) days' prior written notice, to require the removal of any such system or equipment (at the Tenant's sole expense) in the event that such system or equipment interferes with any present or future systems or equipment installed by the Landlord or other authorized users as determined by the CEO in his or her sole discretion.

2.4.4. The Tenant shall be responsible for any and all liabilities arising out of its violation of any privacy laws related to or in connection with providing WiFi service to its passengers. The Tenant further agrees to indemnify and hold harmless the City of Los Angeles, its respective agencies, department, boards, all of their commissioners, officers, employees, and authorized agents, and at the option of the City of Los Angeles, to provide defense against any and all suits and causes of action, claims, charges, damages, demands, judgments, civil fines and penalties, or losses of any kind or nature whatsoever caused or brought by any person, including any aggrieved party under California Civil Code Sections 1798.29, 1798.82 and 1798.84, as amended from time to time, and arising out of Tenant's breach of any of its duties and obligations under California Civil Code Sections 1798.29, 1798.82 & 1798.84, as amended from time to time. The indemnification herein includes all awards, damages, interests, costs and attorneys' fees, if any. Such defense will be consistent with City Charter Sections 271, 272 and 273.

2.4.5. Section 2.4.4 shall survive the termination of the Lease.

3. Rent. The Tenant shall pay as rent the fees and charges calculated pursuant to the Board-adopted rates and charges methodology for the Tariff (the "Rate Methodology") and as set forth in this Lease. The Board-adopted Rate Methodology is attached hereto as Exhibit C. The rent described in Section 3.1 is subject to adjustment by the Board by resolution, and the Tenant shall pay the rent based on the then Board-approved rates. The methodology for calculating the rent under Section 3 is the methodology that is, as of the execution date of this Lease, the methodology used in the Tariff. The Tariff contains the terms and conditions applicable to all Airlines using terminal space at the Airport that do not have a lease. The Tenant acknowledges that the Tariff may be amended from time to time. Upon the amendment of the methodology for calculating rates and charges under the Tariff, the Tenant acknowledges and agrees to be subject to such new methodology for calculating rates and charges and agrees that such new methodology as described and defined under the Tariff shall be incorporated into this Lease by reference and Section 3.1 shall be deemed amended without the need for any further action. In addition to the Tenant's audit right pursuant to Section 3.6.1, the Landlord agrees to consult with the Tenant before adopting a replacement methodology for calculating terminal rates and charges and to provide the Tenant with 60 days to provide written comments on such replacement methodology.

3.1. Terminal Buildings Charge. From the Rent Commencement Date to the end of the Term, the Tenant shall pay to the Landlord a "Terminal Buildings Charge" for the use of the Demised Premises. The Terminal Buildings Charge is comprised of the Unified Capital Charge and an Operations and Maintenance Charge for the use of the Demised Premises. The Terminal Buildings Charge shall be calculated each for each calendar month in an amount equal to the Terminal Buildings Rate for the month multiplied by the square footage of the Demised Premises. The Terminal Buildings Rate in effect as of the Commencement Date is the amount reflected on the Basic Information Schedule as the "Terminal Buildings Rate". Notwithstanding the above, with respect to the Optional Space, if leased by the Tenant pursuant to Section 1.1.3, the Terminal Buildings Charge with respect to such space shall commence the earlier of (a) the opening of the Optional Space for use by the Tenant's approved Passengers and (b) one year from the date such space is included in the Tenant's Demised Premises.

3.2. Rate Agreement. The Tenant has entered into a Rate Agreement with the Landlord, which Rate Agreement remains in effect. Notwithstanding Section 3.1, the Tenant's Terminal Buildings Charge shall be adjusted pursuant to the terms and conditions of the Rate Agreement while the Rate Agreement is in effect. If the Board adopts another rate agreement and the Tenant and the Landlord enter into such an agreement, the terms of such agreement shall be applicable to this Lease.

3.3. Payments.

3.3.1. Rental Payments. The Tenant shall be subject to the payment terms for fees and charges as set forth in the Tariff for its payment of Base Rent and additional rent to the Landlord.

3.3.2. Rental Adjustments. Any adjustment of Base Rent and additional rent shall be pursuant to the terms of the Tariff.

3.4. Percentage Rent and Concession Rent.

3.4.1. Percentage Rent. Except for fees collected by the AF/Alliance/Affiliate Airlines for the use by the Tenant's Approved Passengers of the Demised Premises, for each calendar month during the Term, the Tenant will pay to the Landlord, as additional rent, a percentage of the Tenant's gross receipts, if any, from the sale by the Tenant at the Terminal and through electronic commerce sales of goods (including food and beverages) and services (other than air transport services and services related to air transport services such as handling services) to the Tenant's Approved Passengers (the additional rent payable is referred to as the "Percentage Rent"). The percentage of the gross receipts to be used in calculating the Percentage Rent payable by the Tenant for any calendar month shall be twenty percent (20%). The obligation under this section is subject to Section 3.4.4 (Concession and Percentage Rent Waiver).

3.4.2. Concession Rent. For fees collected by the AF/Alliance/Affiliate Airlines for the use of the Demised Premises by the Tenant's Approved Passengers which passengers fall within the category of passengers described in Sections 2.1.2(b) – (d), the Tenant will pay to the Landlord, as additional rent, the greater of (i) twenty percent (20%) of the transaction fee for such lounge access by such passenger or (ii) Six Dollars (\$6.00) per passenger for each calendar month during the Term (the additional rent payable under this Section 3.4.2 is referred to as the "Concession Rent"). The obligation under this section is subject to Section 3.4.4 (Concession and Percentage Rent Waiver).

3.4.3. The Tenant will pay installments of Percentage Rent and Concession Rent on the first day of each calendar month, with the amount of each installment of Percentage Rent and Concession Rent being calculated based on the Tenant's gross receipts from sales for the last month for which the Tenant's records of sales are complete, but in any event not further in arrears than the second complete month prior to the date that the Percentage Rent and Concession Rent is due. After the expiration or termination of the Term, the Tenant will continue to pay installments of Percentage Rent

and Concession Rent for the calendar months falling within the Term and for which payments have not been made during the Term.

3.4.4. Concession and Percentage Rent Waiver.

(a) This Lease is structured pursuant to the LAWA lounge incentive policy which provides incentives to tenants in new concourses with limited lounge services to make lounge improvement investments. This Lease is being granted to the Tenant in part in consideration of the assumption that the Tenant shall invest at least Ten Million Dollars (\$10,000,000) in constructing its lounge in the Demised Premises and for allowing access to such lounge to passengers of Non-Affiliate TBIT-W Airlines. Therefore, notwithstanding Sections 3.4.1 and 3.4.2 above, from the Rent Commencement Date to the end of the Term, for every 12-month period from the Rent Commencement Date, *after* all gross receipts the Tenant receives from the sale of goods and services contemplated in Section 3.4.1 and the gross revenue the Tenant receives for access to the Tenant's Demised Premises contemplated in Sections 2.1.2(a)-(d)¹ collectively exceeds the Waiver Cap, the Landlord shall assess (i) Percentage Rent for all gross receipts the Tenant receives from the sale of goods and services contemplated in Section 3.4.1 and (ii) Concession Rent for all gross revenue the Tenant receives for access to the Tenant's Demised Premises contemplated in Sections 2.1.2(a)-(d) for any gross receipts from the sale of goods and services and gross revenue for lounge access contemplated in Section 3.4.2 over the Waiver Cap²; *provided, however*, that this waiver shall cease if and when the Tenant ceases lounge access to the Non-Affiliate TBIT-W Airlines, unless such access (i) is restricted due to the maximum capacity/occupancy restrictions mandated by the applicable building permitting agency and (ii) pursuant to the Air France lounge capacity policy. In case of capacity/occupancy restrictions, priority should be given to AF/Alliance/Affiliate Airline passengers.

(b) "Waiver Cap" shall mean Ten Million Dollars (\$10,000,000), which shall be subject to annual CPI adjustment.

¹ Such gross revenue shall include any fees assessed for SkyTeam loyalty passengers.

² For example, for the first 12-month period from the Rent Commencement Date (Year 1), if the Tenant's gross receipts from the sale of goods and services and the gross revenue from lounge access collectively does not exceed \$10,000,000, the Tenant shall not pay Percentage Rent and Concession Rent that year. However, in the second 12-month period (Year 2), if the Tenant's gross receipts from the sale of goods and services and gross revenue from lounge access collectively exceed the Waiver Cap by the 3rd month in such period, any gross receipts and/or gross revenue over the Waiver Cap shall be subject to Percentage Rent and/or Concession Rent, as applicable. Accordingly, if for Year 2 in month 3 the Tenant's gross receipts from the sale of goods and services and gross revenue from lounge access is at the Waiver Cap, any revenue after that shall be subject to the Percentage Rent and/or Concession Rent as applicable.

(c) For purposes of calculating gross revenue under subsection (a)(ii) above, the parties agree that the Tenant will include as gross revenue the higher of \$35 (the "Minimum Per Passenger Fee") or the actual use fee charged to any of Tenant's Approved Passengers for the use of the passenger lounge in the Demised Premises; *further*, the Minimum Per Passenger Fee shall be subject to an annual CPI adjustment.³

(d) The Tenant shall provide to the Landlord a monthly report of gross receipts received for the sale of goods and services and revenues received for lounge access to the Tenant's Approved Passengers which shall also include an aggregate balance for the applicable 12-month period. Any Percentage Rent or Concession Rent that is not waived shall be due and payable within thirty (30) days from the Landlord's receipt of the monthly report that reflects any gross receipts and gross revenues the Tenant received over the Waiver Cap.⁴

(e) The Landlord shall audit such monthly reports from time to time pursuant to Section 3.6.2.

3.4.5. Notwithstanding Section 3.4.1, the Tenant shall not be subject to Section 3.4.1 with respect to the sale of alcohol in the Demised Premises if such alcohol was purchased from the Landlord's concessionaire.

3.5. Rent Deferral. The Tenant may elect to defer the payment of the Base Rent and any additional rent payable for the six (6) month period beginning on the Rent Commencement Date and ending six months thereafter (the "Duration Period") by providing the Landlord written notice of such election no later than 60 days prior to the Rent Commencement Date. Upon such election, the Tenant's Base Rent shall be deferred such that the amount of the Base Rent and any additional rent accrued for the Duration Period, plus interest at an annual rate of 6.5% from the date such payments were due and payable until such deferred payments are made, shall be paid by the Tenant to the City in equal installments beginning on the first day of the month after the

³ For example, when calculating gross revenue, if a passenger of the Tenant is not charged a use fee, the Tenant may nonetheless include \$35 (or as adjusted per CPI) for such passenger in calculating gross revenue for purposes of the Concession and Percentage Rent waiver.

⁴ For example, if the June report reflects an aggregate balance of gross receipts and gross revenue of \$9,500,000 (e.g., \$2,000,000 of sales of goods and services and \$7,500,000 of gross revenue for lounge access) and the July report reflects an aggregate balance of \$10,200,000 (e.g., no new sales of goods and services but an additional \$700,000 of gross revenue from lounge access, the Concession Rent applicable to the \$200,000 over the Waiver Cap shall be due and payable within 30 days from the receipt of such monthly report. Similarly, if the August report reflects new sales of goods and services in the amount of \$400,000 and an additional \$400,000 of gross revenue from lounge access for an aggregate balance of \$11,000,000, the Concession Rent applicable to the \$400,000 and the Percentage Rent applicable to the \$400,000 shall be due and payable within 30 days from the receipt of such monthly report.

Duration Period and continuing ten (10) years thereafter (“Deferral Payment Period End Date”); *provided, however*, that there shall be no pre-payment penalty should the Tenant wish to pre-pay the deferred rent earlier than the Deferral Payment Period End Date.

3.6. Other Charges. The Landlord and the Tenant may from time to time agree upon the installation for the Tenant’s use at the Terminal of special equipment that is not generally available to all of the Terminal Users or for the provision of services to the Tenant that are not generally provided to all of the Terminal Users, in which case the Landlord and the Tenant (and any other Terminal Users by which the equipment or services will be used) will enter into a separate agreement allocating the cost associated with the equipment or services. In the absence of such a separate agreement, the Tenant will pay for the use of the equipment or services the assessments, fees and charges as shall be set by the Landlord and generally applicable to similarly situated Airline tenants at the Airport. Any costs payable by the Tenant in connection with such a separate agreement (or in the absence of such a separate agreement, the assessments, fees and charges set by the Landlord) shall be deemed additional rent payable under this Lease.

3.7. Books and Records; Annual Consultation.

3.7.1. Landlord’s Records. The Landlord will keep books and records sufficient for the purpose of substantiating for auditing purposes all amounts of the Base Rent and additional rent. The Tenant may from time to time, but no more often than once during any calendar year, examine (and, in the course of the examination, may copy) and audit the Landlord’s books and records for the purpose of verifying the amounts of the Base Rent payable by the Tenant (whether or not already paid). The Tenant shall only be permitted to examine and audit the Landlord’s books and records using a nationally recognized independent accounting firm. The expense of any such examination or audit shall be borne by the Tenant. The conduct of any examination or audit as provided in this Section 3.7.1 shall not affect the Tenant’s obligations to pay all amounts due and payable in accordance with the provisions of this Lease. The Tenant will keep all information obtained from the Landlord’s books and records confidential, and the Tenant will use good faith efforts to cause the Tenant’s agents and employees to keep all information obtained from the Landlord’s books and records confidential.

3.7.2. Tenant’s Records. The Landlord’s verification of the accurate payment of Percentage Rent and Concession Rent is dependent upon receiving from the Tenant timely and accurate information regarding the Tenant’s operations. The Tenant will promptly and periodically (but not less frequently than monthly) provide to the Landlord sufficient information about the Tenant’s operations as the Landlord may find necessary or useful in calculating the Percentage Rent, and the Tenant will keep books and records sufficient for the purpose of substantiating the Tenant’s operations information for auditing purposes. The Landlord may from time to time, but no more often than once during any calendar year, examine (and, in the course of such examination, may copy) and audit the Tenant’s books and records for the purpose of verifying the Tenant’s operations information. The expense of any such examination or audit shall be borne by the Landlord, provided that if the Tenant’s books and records are not made available to the Landlord at a location within 50 miles from the Airport, the Tenant will reimburse the

Landlord the reasonable out-of-pocket costs incurred by the Landlord in inspecting the Tenant's books and records, including travel, lodging and subsistence costs. Except to the extent necessary to substantiate charges to other tenants of the Terminal, the Landlord will keep all information obtained from the Tenant's books and records confidential, and the Landlord will use good faith efforts to cause the Landlord's agents and employees to keep all information obtained from the Tenant's books and records confidential.

3.7.3. Annual Consultation. On at least one occasion during each complete Lease Year during the Term, the Landlord will attempt to arrange a meeting with representatives of the Tenant for the purpose of discussing matters relating to the financial aspects of this Lease. At the request of the Landlord or the Tenant, the meeting will include representatives of the other Terminal Users that are Airlines.

3.8. Other Sums Deemed Additional Rent. Any sum of money payable by the Tenant to the Landlord under any provision of this Lease, except for the Base Rent, shall be deemed additional rent.

3.9. Late Charges. If the Tenant shall fail to pay any installment of the Base Rent or any amount of additional rent within five days after it becomes due, the Tenant will pay to the Landlord, in addition to the installment of the Base Rent or amount of additional rent, as the case may be, as additional rent, a sum equal to interest at the Stipulated Rate on the unpaid overdue amount, computed from the date the payment was due to and including the date of payment. If the Tenant shall fail to pay any installment of the Base Rent within five days after it becomes due, in addition to interest at the Stipulated Rate, the Tenant will pay to the Landlord a late charge in the amount of two percent (the "Base Rent Late Charge") of the amount of the delinquent installment of the Base Rent. If the Tenant shall fail to pay any additional rent within ten days after it becomes due, in addition to interest at the Stipulated Rate, the Tenant will pay to the Landlord a late charge in the amount of five percent (the "Additional Rent Late Charge") of the delinquent additional rent. No Additional Rent Late Charge shall be payable for any item of additional rent that constitutes a late charge or interest. The Tenant acknowledges that the Base Rent Late Charge and the Additional Rent Late Charge are intended to reasonably compensate the Landlord for additional expenses incurred by the Landlord by reason of the Tenant's failure to timely pay the Base Rent and additional rent, which expenses are difficult to ascertain, and are not intended to be in the nature of a penalty.

3.10. No Counterclaim, Abatement, etc. Except as expressly provided to the contrary in this Lease, the Tenant will pay the Base Rent and all additional rent payable under this Lease without notice, demand, counterclaim, setoff, deduction, defense, abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of the Tenant under this Lease shall in no way be released, discharged or otherwise affected for any reason, whether foreseen or unforeseen. The Tenant waives, to the extent permitted by applicable law, all rights now or hereafter conferred by statute or otherwise to quit, terminate or surrender this Lease or the Demised Premises or any part thereof, or to any abatement, suspension, deferment, diminution or reduction of the Base Rent and all additional rent payable by the Tenant hereunder. To the extent permitted by applicable law, all payments by the Tenant to the Landlord made hereunder shall be final, and the Tenant will not seek to recover any such payment or any part

thereof for any reason. In the event of any dispute regarding the amount of the Base Rent or any amount of additional rent payable under this Lease, (a) the Landlord's computation of the amounts due shall be presumed correct, and the Tenant will continue to pay the amounts due as computed by the Landlord unless the Tenant shall have obtained a final, unappealable order to the contrary from a court of competent jurisdiction, and (b) to the extent permitted by applicable law, the Tenant waives any right to seek or obtain any provisional remedy before obtaining such a final order. If it is determined by a final, unappealable order of a court of competent jurisdiction that the Tenant was not obligated to pay any amount disputed by the Tenant but nevertheless paid by the Tenant under protest, the Landlord will refund to the Tenant the amount of any excess payments, together with interest on the amounts refunded from the time of their payment to the Landlord until the time of refund, at an annual rate per annum equal to the Reimbursement Rate.

3.11. No Waiver; Retroactive Payments. The failure by the Landlord to timely comply with the provisions of this Section 3 relating to the adjustment of the Base Rent or any item of additional rent shall not be construed as a waiver of the Landlord's right to the adjustment of the Base Rent or to the adjustment of any additional rent. If a determination of the adjusted Base Rent or of any item of additional rent is not completed before any relevant date, the Tenant will continue to pay the amounts applicable to the preceding period, and if the Base Rent or any item of additional rent as of any relevant date is thereafter determined to be an amount greater than that paid by the Tenant, the adjusted amount shall take effect, and shall promptly be paid by the Tenant, retroactively to the date when the payment would have been due absent the failure to timely complete the determination of the appropriate adjustment. If the Landlord has substantially complied with the provisions of this Section 3 relating to the adjustment, the Landlord shall be entitled to receive, in addition to all amounts of additional rent becoming retroactively effective, interest on the retroactive amounts from the date of the invoice for the retroactive amount due until the date of payment to the Landlord, at an annual rate per annum equal to the Reimbursement Rate.

3.12. Manner of Payment. All payments of the Base Rent and other amounts payable under the preceding provisions of this Section 3 shall be paid in U.S. dollars without setoff or deduction by mailing to the following address:

City of Los Angeles
Department of Airports
Accounts Receivable
Los Angeles, California 90074-4989

The Landlord may from time to time designate any other address to which the payments shall be made. As a matter of courtesy, invoices may be sent by the Landlord to the Tenant, but notwithstanding any custom of the Landlord in sending invoices, the receipt of an invoice shall not be a condition to any payment due to the Landlord from the Tenant. All payments, including each payment check and remittance advice, shall include the contract number assigned to this Lease by the Landlord, which is stamped on the first page of this Lease (but failure to do so shall not constitute a default by the Tenant under this Lease). No payment by the Tenant or receipt by the Landlord of a portion of any sum due under this Lease shall be deemed to be other than a

partial payment on account of the earliest sum next due from the Tenant. No endorsement or statement on any check or any letter accompanying a check or other payment from the Tenant shall be deemed an accord and satisfaction, and the Landlord may accept the check or other payment, and pursue any other remedy available under this Lease. The Landlord may accept any partial payment from the Tenant without invalidation of any notice required to be given under this Lease and without invalidation of any notice required to be given under the provisions of California Code of Civil Procedure Section 1161, *et seq.*

4. Alterations to the Demised Premises by the Tenant.

4.1. Landlord's Consent. The Tenant may make alterations, installations, additions and improvements in and to the Demised Premises (referred to as "Alterations") if the Tenant shall comply with the provisions of this Section 4 and, except as provided in Section 4.2, if the Tenant shall first obtain the Landlord's consent in accordance with Section 4.3, which consent shall not be unreasonably withheld.

4.2. Alterations Not Requiring Consent. The Tenant may, without the Landlord's consent, make Alterations in the Demised Premises (but not in any of the other Demised Premises) consisting of furniture, furnishings, painting, carpeting, wall coverings and other decorative changes.

4.3. Alterations Requiring Consent. If the Landlord's consent is required for any Alteration, the Tenant's initial request for the consent shall include reasonably detailed preliminary plans for the Alteration. If the Landlord shall approve the preliminary plans, the Tenant will prepare working drawings and specifications that are in all respect accurate reflections of the approved preliminary plans and will submit for approval to the Landlord two copies of the working drawings and one copy of the specifications. The Tenant will not commence work on the proposed Alteration until the Landlord shall have approved the working drawings and specifications, as well as (in the Landlord's reasonable discretion) the identity of the architects, engineers, contractors and major subcontractors who the Tenant proposes to construct the Alteration. No material modifications shall be made to the working drawings or specifications, or in the construction of the Alteration described by them, without the prior consent of the Landlord. The Tenant will pay to the Landlord, within 30 days after demand therefor, the Landlord's actual and reasonable out-of-pocket costs (as well as a reasonable allowance for the internal costs of the Landlord's use of its own employees) incurred in reviewing or considering any Alterations, and inspecting construction of the Alterations.

4.4. Performance of Alterations. Before the commencement of any Alteration, the Tenant will obtain and deliver to the Landlord (i) all required permits, (ii) insurance for the contractor for such coverages and in such amounts as may be reasonably acceptable to the Landlord, and (iii) surety bonds or other security in such amounts and otherwise reasonably satisfactory to the Landlord. All of the Tenant's Alterations shall be (i) effected at the Tenant's expense and promptly and fully paid for by the Tenant, (ii) performed with due diligence, in a good and workmanlike manner and in accordance with all Legal Requirements and Insurance Requirements, (iii) made under the supervision of a licensed architect or licensed professional engineer reasonably satisfactory to the Landlord, and (iv) performed without interfering with

(A) the use and occupation or conduct of the business of any other tenant or occupant of the Terminal, (B) any construction work being performed elsewhere in the Terminal by the Landlord or by any other tenant or occupant of the Terminal, or (C) ingress and egress to, in and from the Terminal or any other premises demised in the Terminal. In the course of effecting any Alterations the Tenant will use good faith efforts to minimize noise and dust and will keep the Demised Premises and Public Areas clean and neat. Upon completion of the Alteration, the Tenant will furnish to the Landlord, at no charge, two complete reproducible sets of record or as-built drawings of the Alterations, and one complete set in an electronic format that complies with the then current computer aided design standards of the Landlord. The drawings must include any applicable permit numbers, the structural and other improvements installed by the Tenant 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. The Tenant will keep the record or as-built drawings current by updating them in order to reflect any changes or modifications that may later be made in or to the Demised Premises. Within 120 days following the latter of the written dates of "Final Inspections" for the "Fire Sprinkler" and "LAFD Fire Life Safety" on the document entitled "Inspection Record of the City of Los Angeles Building and Safety" (which also has "Final Inspections" typewritten on the top of the document) obtained by Tenant, the Tenant will prepare and submit to the Landlord a construction report including the following information regarding the Alteration: (1) a description of the type of improvements constructed or altered, (2) the floor area or capacity of the improvements constructed or altered, (3) the total cost of the Alteration, (4) the completion date for the Alteration, and (5) a copy of the "Inspection Record of the City of Los Angeles Building and Safety" (for the Demised Premises, after giving effect to the Alteration). Without limiting the generality of the remedies available to the Landlord for any breach of this Lease under Section 17, if the Tenant shall fail to timely and completely perform its obligations under the immediately preceding sentence of this Section 4.4, the Tenant will pay to the Landlord, as additional rent, a late charge equal to \$500 for each day for which the failure continues.

4.5. Ownership of Improvements and Alterations. Ownership of all improvements and equipment existing in the Demised Premises on the Commencement Date is and shall be in the Landlord. Ownership of all improvements, additions, alterations and equipment constructed or installed in the Demised Premises at the Landlord's expense after the Commencement Date shall be and remain in the Landlord. During the Term, the Tenant shall own all Alterations constructed or installed at the Tenant's expense. Upon the expiration or earlier termination of the Term, all Alterations, other than equipment, trade fixtures and similar installations that are removable without material damage to the Demised Premises, shall become the property of the Landlord (without compensation to the Tenant), unless the Landlord requests that the Tenant remove some or all of the equipment, trade fixtures, and similar installations, in which case the Tenant will promptly remove them at the Tenant's expense. All items of Tenant's Property remaining in the Demised Premises or at the Terminal shall, if not removed by the Tenant within thirty (30) Business Days following the end of the Term, be deemed abandoned and shall, at the Landlord's election (i) be disposed of in any manner selected by the Landlord, at the Tenant's expense, or (ii) become the property of the Landlord. The Tenant will promptly repair any damage to the Demised Premises or the Terminal resulting from the removal of any items of Tenant's Property.

4.6. Notices of Non-Responsibility. In connection with any Alteration, the Landlord may post notices of non-responsibility for the services and material furnished by mechanics, materialmen and other vendors.

5. Alterations to Common Use Areas and Public Areas by the Landlord. The Landlord reserves the right to change the arrangement, design, number and location of entrances, passageways, doors, doorways, corridors, elevators, stairways, restrooms, roads, sidewalks, landscaping and other parts of the Public Areas, the Common Use Areas, the FIS Areas, and other areas of the Terminal and the Airport (but not any part of the Demised Premises, as to which the Landlord will not make any changes except as may be required in connection with the Landlord's performance of its obligations hereunder or the exercise of the Landlord's rights specifically elsewhere set forth in this Lease), provided that the Landlord will not exercise its rights under this Section 5 so as to affect the entrances, passageways, doors, doorways, lobby and other hallways, corridors and stairways providing access to the Demised Premises if access to the Demised Premises, or the use or enjoyment thereof, would be unreasonably interfered with or impaired.

6. Pipes, Ducts and Conduits. The Landlord may, without any compensation to the Tenant, erect, use and maintain pipes, ducts and conduits in and through the Demised Premises, provided that they are installed by such methods and at such locations as will not materially interfere with the Tenant's use of the Demised Premises.

7. Access to Demised Premises.

7.1. Landlord's Access to Demised Premises. The Landlord, its officers, employees, agents and contractors may enter the Demised Premises at reasonable times for the purpose of (i) inspecting the Demised Premises and making such repairs, restorations or alterations as the Landlord shall be required or shall have the right to make in accordance with the provisions of this Lease, (ii) inspecting the Demised Premises or exhibiting them to prospective tenants, or (iii) doing any other act or thing that the Landlord may be obligated or have the right to do in accordance with the provisions of this Lease. Such inspections and exhibitions shall be conducted in such a manner as to cause no unreasonable or unnecessary disruption to the Tenant or the conduct of its business.

7.2. Emergency Access to Demised Premises. If no authorized representative of the Tenant shall be personally present to permit an entry into the Demised Premises at any time when such an entry shall be urgently necessary by reason of fire or other emergency, the Landlord may forcibly enter the Demised Premises without rendering the Landlord liable therefor, if, to the extent possible and during and following the entry, the Landlord will accord due care to the Demised Premises and the Tenant's property under the emergency circumstances. The Landlord will notify the Tenant of any emergency entry as soon thereafter as practicable.

7.3. Tenant's Access to Demised Premises. During the Term, if no Event of Default shall have occurred and be continuing, the Tenant and its agents, employees, contractors, customers and invitees shall have ground ingress to and egress from the Demised Premises, subject to such reasonable airfield access control and permitting requirements as may from time

to time be established by the Landlord and to temporary blockage or redirection due to construction work or the requirements of airport operations.

8. Utilities.

8.1. Tenant Responsible. The Tenant shall be responsible for the payment of all costs of furnishing utilities to the Demised Premises (including all charges for water, gas, heat, light, power, telephone, and other utility service used by the Tenant in connection with its use of the Demised Premises), including deposits, connection fees and meter installation and maintenance, and rentals required by the supplier of any utility service, and the costs of all equipment and improvements necessary for connecting the Demised Premises to utility service facilities.

8.2. Landlord Not Liable. With the exception of willful misconduct or gross negligence by the Landlord, the Landlord will not be liable to the Tenant for any failure, defect, impairment or deficiency in the supply of any utility service furnished to the Demised Premises or in any system supplying the service.

8.3. Interruptions of Service. The Landlord reserves the right to temporarily interrupt the services provided by the Terminal's heating, ventilation, air conditioning, elevator, plumbing and electrical systems or other Terminal systems when necessary by reason of accident or emergency or for repairs, alterations, replacements or improvements. The Landlord shall provide reasonable notice to the Tenant prior to the interruption of such services, and shall make good faith efforts not to interrupt such services.

9. Maintenance and Repair.

9.1. Maintenance and Repair by Tenant. At the Tenant's expense, and to the extent identified on the maintenance schedule attached to this Lease as Schedule 1, the Tenant will maintain the Demised Premises and will make all repairs to the Demised Premises and to all the fixtures, equipment and appurtenances therein as and when needed to preserve them in good working order and good and safe condition. With respect to Alterations and other structural improvements made by the Tenant in or on the Demised Premises for which there are construction defects, the Tenant shall be solely responsible for the repair of such improvements or Alterations. Notwithstanding the foregoing, all damage to the Demised Premises and the fixtures, equipment and appurtenances therein, or the Terminal, in each case requiring structural repairs or requiring repairs that affect the Terminal systems, and all damage or injury to any Terminal system, caused by or resulting from the negligence of the Tenant, its servants, employees, agents, customers, invitees or licensees, shall be repaired by the Landlord, at the Tenant's expense, payable within 15 days after the Landlord's delivery of an invoice therefor. Without limiting the generality of the remedies available to the Landlord for any breach of this Lease under Section 17, if, in the reasonable determination of the Landlord, the Tenant shall have regularly failed to maintain equipment in the Demised Premises, the Landlord may elect, upon notice to the Tenant, to maintain the neglected equipment (directly or through third-party contractors and at the Tenant's expense payable promptly after the Landlord's delivery of invoices therefor from time to time) for all or any portion of the remainder of the Term. All damage or injury to the Terminal, the Demised Premises or its fixtures, equipment and

appurtenances therein or thereto caused by the Tenant's removal of furniture, fixtures or other property, shall be repaired to its condition existing before the damage or injury, or restored or replaced promptly by the Tenant at its expense. The Tenant will at all times keep the Demised Premises free and clear of wastepaper, discarded plastic, graffiti, and all other trash and debris of any kind. The Tenant hereby waives the provisions of subsection 1 of Section 1932 and of Sections 1941 and 1942 of the California Civil Code or any successor or similar provision of law, now or hereafter in effect.

9.2. Maintenance and Repair by the Landlord. At the Landlord's expense, the Landlord will maintain the Public Areas and will make all repairs to the Public Areas, and to all the fixtures, equipment and appurtenances therein (but excluding Tenant's Property and the property of other tenants of the Terminal), as and when needed to preserve them in good working order and good and safe condition. The Landlord may in its discretion elect to delegate some or all of its obligations under this Section 9.2 to any Person (including the Tenant and one or more of the other Terminal Users), under such terms as the Landlord and the Person may agree.

10. Indemnity; Insurance.

10.1. Indemnity. The Tenant will indemnify the Landlord against and hold the Landlord harmless from all expenses (including reasonable attorneys' fees and disbursements), liabilities, losses, damages or fines incurred or suffered by the Landlord by reason of (i) any breach or nonperformance by the Tenant, or its agents, employees, contractors, customers and invitees, of any covenant or provision of this Lease to be observed or performed on the part of the Tenant, (ii) the carelessness, negligence or improper conduct of the Tenant, or its agents, employees, contractors and invitees, and (iii) all Environmental Losses arising from the Tenant's Application of Hazardous Materials at the Airport. The Landlord will promptly notify the Tenant of any claim asserted against the Landlord for which the Tenant may be liable under this Section 10.1 and will promptly deliver to the Tenant the original or a true copy of any summons or other process, pleading, or notice issued in any suit or other proceeding to assert or enforce the claim. If the Tenant becomes aware of any claim asserted against the Landlord for which the Tenant may be liable under this Section 10.1, and of which the Tenant has not yet been notified by the Landlord under the provisions of the immediately preceding sentence, the Tenant will promptly notify the Landlord of the claim. If any claim, action or proceeding is made or brought against the Landlord for which claim, action or proceeding the Tenant would be liable under this Section 10.1, upon demand by the Landlord, the Tenant, at its expense, will defend the claim, action or proceeding, in the Landlord's name, if necessary, by such attorneys as the Landlord shall approve, which approval shall not be unreasonably withheld. Attorneys for the Tenant's insurance carrier are deemed approved for purposes of this Section 10.1 (and if the Tenant's insurance carrier offers the Tenant more than one choice of counsel, the Tenant will select the counsel provided by the insurance carrier that is reasonably acceptable to the Landlord). The Tenant shall, in any event, have the right, at the Tenant's expense, to participate in the defense of any action or other proceeding brought against the Landlord and in negotiations for and settlement thereof if, under this Section 10.1, the Tenant may be obligated to reimburse the Landlord in connection therewith. The Landlord in its discretion may settle any claim against it that is covered by the Tenant's indemnity in this Section 10.1, if the Landlord shall first have provided notice to the Tenant of the Landlord's intention to settle the claim and the material

terms of the proposed settlement and if the Tenant does not object to the proposed settlement within five Business Days of its receipt of the notice (or, if the Tenant receives immediate notice of the offer of settlement and its terms, such lesser time as was given as a condition of the settlement offer). In the case of any claim for which the Landlord's proposed settlement includes the payment of more than \$100,000, the Landlord may settle the claim over the Tenant's objection unless the Tenant furnishes the Landlord with either (i) a bond in an amount equal to the claim in a form and from a surety reasonably satisfactory to the Landlord, or (ii) other security reasonably satisfactory to the Landlord. For the purposes of this Section 10.1 and any other indemnity by the Tenant in this Lease, any indemnity of the Landlord shall be deemed to include an indemnity of the Board and all of the Landlord's officers, employees and agents. In the Tenant's defense, negotiation, compromise or settlement under this Section of any action against the Landlord, the Landlord shall retain discretion in and control of the litigation, negotiation, compromise, settlement, and appeals therefrom, as required by the Los Angeles City Charter, particularly Article II, Sections 271, 272 and 273 thereof.

10.2. Insurance. The Tenant will obtain and keep in full force and effect during the Term, at its expense, policies of insurance of the types, with the coverages and insuring the risks specified in the insurance schedule attached to this Lease as Schedule 2. Based on its periodic review of the adequacy of insurance coverages, the Landlord may from time to time, but not more than once in each Lease Year, in the exercise of its reasonable judgment revise the types of insurance required to be maintained by the Tenant, the risks to be insured and the minimum policy limits, on 30 days' prior notice to the Tenant. All policies of insurance required to be maintained by the Tenant under this Section 10.2 (a) shall be primary and noncontributing with any other insurance benefiting the Landlord where liability arises out of or results from the acts or omissions of the Tenant, its agents, employees, officers, assigns or any other Person acting on behalf of the Tenant, and (b) may provide for reasonable deductibles or retention amounts satisfactory to the Landlord based upon the nature of the Tenant's operations and the risks insured. Without limiting the generality of Section 10.1 or the remedies available to the Landlord for any breach of this Lease under Section 17, if the Tenant does not furnish the Landlord with evidence of insurance and maintain insurance in accordance with this Section 10.2, the Landlord may, but shall not be obligated to, procure the insurance at the expense of the Tenant, in which event the Tenant will promptly reimburse the Landlord for any amounts advanced by the Landlord in procuring the insurance, together with a charge of 15% of the amounts so advanced for the Landlord's administrative costs in so doing. The Tenant will provide proof of all insurance required to be maintained by this Section 10.2 by (a) production of the certificate of insurance with endorsements, with additional insured endorsements, (b) production of certified copies of the actual insurance policies, containing additional insured and 30-day cancellation notice language, or (c) broker's letter satisfactory to the Landlord in substance and form only in the case of foreign insurance syndicates. Verifications, memoranda of insurance and other non-binding documents submitted alone are not acceptable proof of insurance. The documents evidencing all specified coverages shall be filed with the Landlord in duplicate and shall be procured and approved in strict accordance with the provisions in Sections 11.47 through 11.56 of Administrative Code of the City of Los Angeles before the Tenant occupies the Demised Premises or any other portions of the Demised Premises. The documents evidencing the coverages shall contain the applicable policy number, the inclusive dates of policy coverages, and the insurance carrier's name, and shall bear an original signature

of an authorized representative of the carrier. The Landlord reserves the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing any policy of insurance required by this Section 10.2. Policies of insurance issued by non-California admitted carriers are subject to the provisions of California Insurance Code Sections 1760 through 1780, and any other regulations and directives from the California Department of Insurance or other regulatory board or agency. Unless exempted, the Tenant will provide the Landlord with proof of insurance from the non-California admitted carriers through a surplus lines broker licensed by the State of California. The Tenant will promptly furnish the Landlord with (i) notice of cancellation or change in the terms of any policy of insurance required to be maintained by this Section 10.2, and (ii) copies of any renewals, replacement or endorsements of or to the policies (and, in the case of renewals or replacements, at least 15 days before the expiration of the corresponding existing policy).

10.3. Carriers; Policy Provisions. All insurance policies referred to in Section 10.2 that are carried by the Tenant shall be maintained with insurance companies of recognized standing and with an A.M. Best rating of A/XII or better. Each insurance policy referred to in Section 10.2 shall also, whether under the express provisions of the policy or by other endorsement attached to the policy, include the Landlord, the Board and all of the Landlord's officers, employees, and agents, as additional named insureds for all purposes of the policy. Each insurance policy referred to in Section 10.2 (other than policies for workers' compensation, employers' liability and fire and extended coverages) shall contain (a) a "Severability of Interest (Cross Liability)" clause stating "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 (b) a "Contractual Endorsement" stating "Such insurance as is afforded by this policy shall also apply to liability assumed by the insured under its lease of property at Los Angeles International Airport with the City of Los Angeles." Each insurance policy referred to in Section 10.2 shall provide that the insurance provided under the policy shall not be subject to cancellation, reduction in coverage, or nonrenewal except after written notice, at least 30 days before the effective date, by certified mail, return receipt requested, to the Landlord at its address specified in or under the provisions of Section 23.

11. Liens, etc. The Tenant will not permit to be created or to remain, and will discharge (by payment, filing of an appropriate bond or otherwise), any lien, deed of trust, mortgage or other encumbrance affecting the Demised Premises caused or created by the Tenant, including any mechanic's liens arising from any work performed for the benefit of the Tenant, or, to the extent caused or created by the act of the Tenant, the Airport or any part thereof, other than (i) this Lease, (ii) any encumbrance affecting the Demised Premises or the Airport and arising solely from any act or omission of the Landlord or any Person claiming by, through or under the Landlord (other than the Tenant or any Person claiming by, through or under the Tenant), (iii) liens or other encumbrances being contested under Section 13, and (iv) inchoate liens of mechanics, materialmen, suppliers or vendors, or rights thereto incurred by the Tenant in the ordinary course of business for sums that under the terms of the related contracts are not yet due. Notice is hereby given that the Landlord shall not be liable for any labor or materials furnished or to be furnished to the Tenant upon credit, and that no mechanics' or other lien for any such labor or materials shall attach to or affect the reversion or other estate or interest of the Landlord in and to the Airport, the Terminal, the Demised Premises or the Demised Premises.

Without limiting the generality of Section 10.1 or the remedies available to the Landlord for any breach of this Lease under Section 17, if the Tenant does not, within 30 days following the imposition of any lien, deed of trust, mortgage or other encumbrance caused or created by the Tenant, including any mechanic's liens arising from any work performed for the benefit of the Tenant, that the Tenant is required to discharge (any of the foregoing being referred to as an "Impermissible Lien"), cause the Impermissible Lien to be released of record by payment or posting of a proper bond or otherwise, the Landlord shall have, in addition to all other remedies provided by law, the right, but not the obligation, upon ten Business Days prior notice to the Tenant, to cause the Impermissible Lien to be released by such means as the Landlord shall deem proper, including payment in satisfaction of the claim giving rise to the Impermissible Lien. All sums paid by the Landlord and all expenses incurred by it in connection with the release of the Impermissible Lien, including costs and attorneys fees, shall be paid by the Tenant to the Landlord on demand.

12. Compliance with Legal Requirements and Insurance Requirements, etc. The Tenant at its expense will comply with all current and future Legal Requirements and Insurance Requirements (other than Legal Requirements and Insurance Requirements being contested under Section 13) that impose any violation or obligation upon the Landlord or the Tenant relating to the Demised Premises or the use or occupancy thereof. Without limiting the generality of the foregoing, but subject to the provisions of Section 13, the Tenant will, at the Tenant's expense, comply with any Legal Requirement that requires repairs or alterations within the Demised Premises so as to cause the Demised Premises to comply with the Americans with Disabilities Act, California Financial Code Section 13082 regarding touch screen devices, and any other Legal Requirements regarding access of disabled persons to the Demised Premises, including any services, programs or activities provided by the Tenant. The Tenant will cooperate with the Landlord in the Landlord's efforts to ensure compliance by the Airport with all applicable Legal Requirements, including Legal Requirements regarding access of disabled persons to the Airport. The Tenant will cooperate with the Landlord and participate in and comply with activities organized by the Landlord and mandated by any governmental agency, including recycling programs. The Landlord will not be liable to the Tenant, nor shall the Tenant be entitled to terminate this Lease in whole or in part, by reason of any diminution or deprivation of the Tenant's rights or benefits under this Lease that may result from the Tenant's obligation to comply with applicable Legal Requirements.

13. Permitted Contests. The Tenant at its expense may contest by appropriate legal proceedings conducted in good faith and with due diligence (i) the amount or validity or application, in whole or in part, of any claims of contractors, mechanics, materialmen, suppliers or vendors or liens therefor and (ii) the interpretation or applicability of any Legal Requirement or Insurance Requirement affecting the Demised Premises or any part thereof and may withhold payment and performance of the foregoing (but not the payment of any amount or the performance of any term for which the Tenant is otherwise obligated to the Landlord under this Lease) pending the outcome of the proceedings if permitted by law, provided that (A) in the case of any claims of contractors, mechanics, materialmen, suppliers or vendors or lien therefor, the proceedings shall suspend the collection thereof from the Landlord and any part of the Airport, (B) in the case of any lien of a contractor, mechanic, materialman, supplier or vendor, the lien has been discharged by bonding or otherwise, (C) in the case of any lien of a contractor,

mechanic, materialman, supplier or vendor, the lien does not encumber any interest in any part of the Airport other than the Tenant's interest in the Demised Premises and the lien will not adversely affect the ongoing operation or leasing of any part of the Airport, (D) in the case of a Legal Requirement or an Insurance Requirement, the cost of compliance with which is reasonably estimated to exceed \$50,000, as adjusted by the CPI from July 1, 2005 to the date of determination, the Tenant will furnish to the Landlord either (x) a bond of a surety company reasonably satisfactory to the Landlord, in form and substance reasonably satisfactory to the Landlord, and in the amount of the lien or the cost of compliance (as reasonably estimated by the Landlord) or (y) other security reasonably satisfactory to the Landlord, (E) neither the Airport nor any part thereof nor interest therein would be sold, forfeited or lost, (F) in the case of a Legal Requirement, the Landlord shall not be subject to any criminal liability, and neither the Airport nor any interest therein would be subject to the imposition of any lien or penalty, as a result of the failure to comply during the pendency or as a result of the proceeding, (G) in the case of an Insurance Requirement, the failure of the Tenant to comply therewith shall not cause the insurance premiums payable by the Landlord for the Airport to be greater than they otherwise would be, (H) in the case of any Legal Requirement or Insurance Requirement, the failure of the Tenant to comply therewith during the contest will not adversely affect the ongoing operation or leasing of the Airport, and will not subject the Landlord to any civil liability, and (I) the Tenant shall have furnished such security, if any, as may be required in the proceedings.

14. Damage or Destruction.

14.1. Tenant to Restore. If the Terminal or the Demised Premises shall be damaged or destroyed by fire or other casualty (and if this Lease shall not have been terminated as provided in Section 14.2), then, whether or not (i) the damage or destruction shall have resulted from the fault or neglect of the Tenant or any other Person, or (ii) the insurance proceeds shall be adequate therefor, the Tenant will repair the damage, and restore the Demised Premises at the Tenant's expense, promptly and expeditiously and with reasonable continuity, to the same or better condition as existed before the casualty and in such a manner as is otherwise consistent with this Lease and the Tenant's uses of the Demised Premises, in each case subject to all then existing Legal Requirements; provided, however, that (x) any such repair and restoration obligation of the Tenant shall be contingent upon the Landlord's repair and restoration of the Terminal, utilities serving the Demised Premises up to the connection point of the Demised Premises, and all structural components of the Demised Premises, (y) in accordance with Section 9.2 the Landlord shall make all repairs and restoration necessary in the Public Areas and (z) if the damage or destruction resulted from any plumbing, electrical or structural failure, then the Landlord shall be responsible for all related repairs and restoration. Any repair or restoration by the Tenant of the Demised Premises following a casualty shall be considered an Alteration for the purposes of Sections 4.2 through 4.5. If as a result of the repairs or restoration, a new certificate of occupancy shall be necessary for the Demised Premises, the Tenant will obtain and deliver to the Landlord a temporary or final certificate of occupancy before the damaged portions of the Demised Premises shall be reoccupied for any purpose.

14.2. Termination of Lease.

14.2.1. Destruction at End of Term. If a Substantial Destruction shall occur during the last 18 months of the Term, and the repair or restoration necessitated by the Substantial Destruction, under normal construction procedures would, in the Landlord's reasonable judgment, require more than three months to complete, then the Landlord will so notify the Tenant, and the Landlord or the Tenant may terminate this Lease upon notice to the other given within 30 days after the Substantial Destruction. The date fixed in the Landlord's notice of the termination of this Lease shall be not earlier than 30 days following the delivery of the notice.

14.2.2. Destruction of Terminal. If substantially all of the Terminal shall be damaged by fire or other casualty, the Landlord may terminate this Lease upon notice to the Tenant given within 30 days after the damage. The date fixed in the Landlord's notice of the termination of this Lease shall be not earlier than 30 days following the delivery of the notice.

14.2.3. Substantial Destruction. If a Substantial Destruction shall occur, other than during the last 18 months of the Term, and the repair or restoration of the Substantial Destruction would, in the Landlord's reasonable judgment, require more than six months to complete, the Tenant may terminate this Lease by giving the Landlord notice of its election to terminate this Lease within 30 days following the occurrence of the circumstance giving rise to the Substantial Destruction.

14.2.4. Effect of Termination. In the event of the termination of this Lease under the provisions of Section 14.2.1, 14.2.2, or 14.2.3, this Lease shall expire (subject to the provisions of Section 25.17) as fully as of the earlier of (i) the date on which the Tenant could no longer operate from the Demised Premises as a result of such casualty, or (ii) on the date fixed in the notice of termination, in each case, as if such date were the date originally fixed for the expiration of the Term, and the Tenant will vacate the Demised Premises and surrender them to the Landlord on the date fixed for termination. The Base Rent and additional rent shall be apportioned and paid by the Tenant up to and including the date of termination. If the Tenant elects to terminate this Lease under the provisions of Section 14.2.1 or 14.2.3, the Tenant will (at the Tenant's expense), unless otherwise directed by the Landlord, demolish all damaged improvements in the Demised Premises and remove and properly dispose of the debris.

14.3. Tenant to Give Notice. The Tenant will give the Landlord notice in case of material damage or destruction to the Demised Premises promptly after the Tenant becomes aware of the event.

14.4. Waiver. The Landlord and the Tenant intend that all of their rights and obligations arising out of any damage to or destruction of the Terminal shall be governed by the provisions of this Lease. The Landlord and the Tenant therefore waive the provisions of California Civil Code Sections 1932 and 1933, and of any other Legal Requirements that relate to termination of a lease when property is damaged or destroyed

15. Eminent Domain.

15.1. Total Taking. If there shall occur a Taking (other than for temporary use) of the whole of the Terminal (a "Total Taking"), this Lease shall terminate as of the Taking Date.

15.2. Partial Taking. If there shall occur a Taking (other than for temporary use) of any part of the Terminal, and if the Taking shall not constitute a Total Taking (a "Partial Taking"), the Tenant may elect to terminate this Lease if the Partial Taking shall be of a portion of the Terminal such that, in the Tenant's reasonable judgment (taking into account any alternatives proposed by the Landlord), the remaining portion of the Demised Premises shall not be adequate for the proper conduct of the Tenant's operations. The Tenant will give at least 30 days notice of the Tenant's election to the Landlord not later than 60 days after the later to occur of (i) the delivery by the Landlord to the Tenant of notice of the Partial Taking, and (ii) the Taking Date.

15.3. Awards. The Tenant shall not be entitled to receive any portion of the Landlord's award in any proceeding relating to any Total Taking or Partial Taking. The Tenant shall, however, be entitled to appear, claim, prove and receive in the proceedings a separate award relating to any Total Taking or Partial Taking, for the then value of the Tenant's estate under this Lease, of the Tenant's Property, for any Alterations made to the Demised Premises after the Commencement Date at the Tenant's expense and for moving expenses, but only to the extent a separate award shall be made in addition to, and shall not result in a reduction of the award made to the Landlord for the Terminal, the remainder of the Airport and the fixtures and equipment of the Landlord so taken. In any Taking proceeding in which the Tenant is claiming the value of the Tenant's estate under this Lease, the Tenant shall have the burden of proving the value thereof, and that the amount of compensation to be awarded to the Landlord will not be reduced by the amount of compensation to be awarded to the Tenant on account of the value of the Tenant's estate under this Lease.

15.4. Temporary Taking.

15.4.1. In General. If there shall occur a Taking for temporary use of all or part of the Demised Premises, the Tenant shall be entitled, except as hereinafter set forth, to receive the portion of the award for the Taking that represents compensation for the use and occupancy of the Demised Premises, for the taking of the Tenant's Property, for any Alterations made to the Demised Premises after the Commencement Date at the Tenant's expense, for moving expenses, and for the cost of restoration of the Demised Premises. Subject to the provisions of Section 15.4.2, the Tenant's rights and obligations under this Lease shall be unaffected by the Taking for temporary use and the Tenant shall continue to be responsible for the performance of all of its obligations hereunder except insofar as the performance is rendered impractical by the Taking. If the period of temporary use or occupancy shall extend beyond the expiration date of the Term, the portion of the award that represents compensation for the use or occupancy of the Demised Premises shall be apportioned between the Landlord and the Tenant so that the Tenant shall receive so much thereof as relates to the period before the expiration date and the Landlord shall receive so much thereof as relates to the period after the expiration date. All payments to which the Tenant may be entitled as part of an award for temporary use or occupancy for

a period beyond the date to which the Base Rent and additional rent hereunder have been paid by the Tenant shall be payable to the Landlord, to be held by it as a trust fund for payment of the Base Rent and additional rent falling due hereunder and shall be applied by the Landlord to the Base Rent and additional rent as the Base Rent and additional rent fall due. The Tenant shall not be entitled to any abatement of the Base Rent or additional rent during any Taking for temporary use or occupancy.

15.4.2. Extensive Temporary Taking. If there shall occur a Taking for temporary use of (i) any substantial part of the Demised Premises at any time during the last six months of the Term, (ii) substantially all of the Demised Premises during the last 18 months of the term, or (iii) any Critical Portion of the Demised Premises for a period reasonably estimated to exceed one year at any time during the Term, the Tenant may terminate this Lease by giving the Landlord at least 30 days' prior notice to that effect within 60 days after the Taking Date, and this Lease shall then terminate on the date specified in the notice.

15.5. Restoration. In the event of any Taking of any portion of the Terminal that does not result in a termination of this Lease, the Tenant will repair, alter and restore the remaining part of the Demised Premises, at the Tenant's expense, promptly and expeditiously and with reasonable continuity, so as to constitute (to the maximum extent feasible) a complete and tenable Demised Premises that shall be substantially comparable in quality and service to the Demised Premises, as they existed immediately before the Taking. All repairs, alterations or restoration shall otherwise be performed in substantially the same manner and subject to the same conditions as provided in Section 14.1 relating to damage or destruction.

15.6. Effect of Termination. In the event of the termination of this Lease under the provisions of Sections 15.1, 15.2, or 15.4.2, this Lease shall expire (subject to the provisions of Section 25.17) as fully on the date specified herein for termination, or fixed in the applicable notice of termination, as if that were the date originally fixed for the expiration of the Term, and the Tenant will vacate the Demised Premises and surrender them to the Landlord on the date of termination. The Base Rent and additional rent shall be apportioned and paid by the Tenant up to and including the date of termination.

16. Assignment, Subletting.

16.1. Landlord's Consent Required. Subject to the provisions of Section 16.2, the Tenant will not assign, mortgage or encumber this Lease without the prior written consent of the Board; and Tenant will not sublet, license, or sublicense the Demised Premises or any part thereof, without the prior consent of the CEO. Any such assignment, mortgage, encumbrance, license, subletting, or sublicensing made without the consent of the Board or the CEO, as applicable, shall be void. An agreement to operate and maintain the Demised Premises shall be considered a license subject to the consent provisions of this Section 16. The Landlord may withhold its consent to any assignment, mortgage or encumbrance of this Lease, or any subletting, license, or sublicense of the Demised Premises or any part thereof in the exercise of the Landlord's sole discretion. The consent by the Landlord to any assignment, mortgage, encumbrance, license, subletting, or sublicensing shall not relieve the Tenant from obtaining the

consent of the Landlord to any other or further assignment, mortgage, encumbrance, license, subletting, or sublicensing not expressly permitted by this Section 16. Any Person accepting an assignment of this Lease shall be deemed to have assumed all of the obligations of the Tenant hereunder. Any license or sublicense of the Demised Premises or any portion thereof shall be deemed a subletting for all purposes of this Section 16. For the purposes of this Section 16, any merger or consolidation of the Tenant (in which the Tenant is not the surviving party), any sale of substantially all of the assets of the Tenant, any other circumstance that results in an assignment of this Lease by operation of law, and the transfer (as part of a single plan of transfer) of 50% or more of the voting securities of the Tenant shall be deemed an assignment of this Lease subject to the provisions of this Section 16.

16.2. Sublettings and Assignments.

16.2.1. Sublettings. If the Tenant wishes to sublet any portion of the Demised Premises, the Tenant will notify the Landlord of the Tenant's intention to sublet, including (i) a description of the portion of the Demised Premises that the Tenant intends to sublet (the "Proposed Sublease Space"), and (ii) the date on which the Proposed Sublease Space will become available, which date shall be no later than six months following the delivery of the notice. The Landlord may, within 30 days after delivery of the Tenant's notice, elect by notice to the Tenant to recapture or not to recapture the Proposed Sublease Space in accordance with the provisions of Section 16.2.2. If the Landlord fails to timely make either election, the Landlord will be deemed to have made an election not to recapture the Proposed Sublease Space, with the same effect as if that election had been made. Before subletting the Demised Premises or any portion thereof, the Tenant will submit to the Landlord a request for the Landlord's consent to the subletting, which request shall contain or be accompanied by the following information: (i) the name and address of the proposed subtenant, (ii) the basic economic terms and conditions of the proposed subletting, (iii) the nature and character of the business of the proposed subtenant and of its proposed use of the Demised Premises, and (iv) current financial information as to the proposed subtenant. Within 30 days following the Landlord's receipt of the request for consent to the proposed subletting (and of the Landlord's receipt of such further financial and other information regarding the proposed subtenant as the Landlord may reasonably request), the Landlord will advise the Tenant whether the Landlord consents to the proposed subtenant. If the Landlord approves the proposed subtenant, the Landlord shall have the further right to approve the form of sublease, which approval shall not be unreasonably withheld. Within 30 days following the Tenant's request for the Landlord's consent to the form of the sublease (which request shall include an original or copy of the fully executed sublease), the Landlord will advise the Tenant as to whether the Landlord consents to the form.

16.2.2. Recapture of Sublet Space. If the Landlord elects to recapture Proposed Sublease Space in accordance with the provisions of Section 16.2.1, (i) the Tenant will surrender the Proposed Sublease Space on the date specified in the Tenant's notice referred to in the first sentence of Section 16.2.1, in the condition required by the provisions of this Lease, (ii) the Proposed Sublease Space shall be eliminated from the Demised Premises, (iii) the Base Rent shall be recalculated after subtracting the square

footage of the Proposed Sublease Space from the then square footage of the Demised Premises immediately before the recapture, (iv) any other additional rent payable for any period from and after the date of the recapture shall be appropriately adjusted, (v) any necessary proration of the Base Rent, and all other additional rent will be made as if, for the Proposed Sublease Space, the date of the recapture were the last day of the Term, (vi) the Tenant will reimburse the Landlord, promptly upon request, for the Landlord's reasonable costs of separately demising the Proposed Sublease Space, in a manner mutually acceptable to the Landlord and the Tenant, and (vii) the Tenant shall be released from all liability or obligations hereunder relating to the Proposed Sublease Space except such liabilities or obligations that occurred during the Tenant's occupancy and which expressly survive termination of this Lease. If the Proposed Sublease Space is all of the Demised Premises (or so much of the Demised Premises that, in the Landlord's reasonable opinion, no other potential Terminal User could make use of the remaining Demised Premises for the purpose of conducting passenger flight operations from the Terminal), and if the Landlord elects to recapture the Proposed Sublease Space in accordance with the provisions of this Section 16.2.1, this Lease (i) the Tenant will surrender the Demised Premises on the date specified in the notice referred to in the first sentence of this Section 16.2.1, in the condition required by the provisions of this Lease, (ii) the Base Rent and all additional rent will be prorated as of the date of the recapture, and (iii) this Lease will terminate (subject to the provisions of Section 25.17) as of the date of the recapture.

16.2.3. Assignments. If the Tenant wishes to assign this Lease, the Tenant will notify the Landlord of its intention to assign and the date on which the Demised Premises will become available, which date shall be no later than twelve months following the delivery of the notice. The Landlord may, within 30 days after the delivery of the Tenant's notice, elect by notice to the Tenant to recapture the Demised Premises in accordance with the provisions of this Section 16.2.3. If the Landlord fails timely to make either election, the Landlord will be deemed to have made an election not to recapture the Demised Premises, with the same effect as if that election had been made. If the Landlord elects to recapture the Demised Premises, in accordance with the provisions of this Section 16.2.3, (i) the Tenant will surrender the Demised Premises on the date specified in the notice referred to in the first sentence of this Section 16.2.3, in the condition required by the provisions of this Lease, (ii) the Base Rent and all additional rent will be prorated as of the date of the recapture, and (iii) this Lease will terminate (subject to the provisions of Section 25.17) as of the date of the recapture. Before assigning this Lease, the Tenant will submit to the Landlord a request for the Landlord's consent to the assignment, which request shall contain or be accompanied by the following information: (i) the name and address of the proposed assignee, (ii) the basic economic terms and conditions of the proposed assignment, (iii) the nature and character of the business of the proposed assignee and of its proposed use of the Demised Premises, and (iv) current financial information as to the proposed assignee. Within 30 days following the Tenant's request for the Landlord's consent to an assignment, the Landlord will advise the Tenant as to whether the Landlord consents to the assignment.

16.3. Terms of all Sublettings and Assignments.

16.3.1. Subletting Terms. Every subletting by the Tenant is subject to the express condition, and by accepting a sublease hereunder each subtenant shall be conclusively deemed to have agreed, that the sublease is subject to all of the provisions of this Lease, and that if this Lease should be terminated before its expiration date or if the Landlord shall succeed to the Tenant's estate in the Demised Premises, then, at the Landlord's election (i) the subtenant shall attorn to and recognize the Landlord as the subtenant's landlord under the sublease and the subtenant will promptly execute and deliver any instrument the Landlord may reasonably request to evidence the attornment, or (ii) the Landlord may terminate the sublease in the exercise of the Landlord's discretion. The Tenant shall remain fully liable for the performance of all of the Tenant's obligations hereunder notwithstanding subletting of all or any portion of the Demised Premises and, without limiting the generality of the foregoing, shall remain fully responsible and liable to the Landlord for all acts and omissions in violation of any of the provisions of this Lease of any subtenant or anyone claiming by, through or under any subtenant. Each sublease of all or a portion of the Demised Premises shall expressly prohibit the subtenant thereunder from further subletting any portion of the subleased premises without the consent of the Landlord and the Tenant. In the case of any sublease entered into by the Tenant under Section 16.2.1, the sublease shall not be effective until the Tenant and the proposed subtenant shall have executed and delivered to the Landlord the Landlord's customary form of consent to subletting. In no event will the Tenant knowingly enter into a sublease or an assignment with any Person entitled to claim sovereign immunity.

16.3.2. Assignment Terms. No assignment of this Lease shall be binding upon the Landlord unless (i) the assignment is approved by the Landlord, and (ii) the assignee shall execute and deliver to the Landlord an instrument, recordable in form, under which the assignee agrees unconditionally to be personally bound by and to perform all of the obligations of the Tenant hereunder. A failure or refusal of the assignee to execute or deliver such an instrument shall not release the assignee from its liability for the obligations of the Tenant assumed by the acceptance of the assignment of this Lease. The Tenant shall remain fully liable for the performance of all of the Tenant's obligations hereunder notwithstanding any assignment of this Lease and, without limiting the generality of the foregoing, shall remain fully responsible and liable to the Landlord for all acts and omissions in violation of any of the provisions of this Lease. In no event will the Tenant knowingly enter into an assignment with any Person entitled to claim sovereign immunity.

17. Events of Default, Remedies, etc.

17.1. Events of Default. If any one or more of the following events shall occur (each being referred to as an "Event of Default"):

(a) if the Tenant shall fail to pay any installment of the Base Rent or any amount of additional rent on the date the same becomes due and payable and the failure shall continue for more than three (3) Business Days after the Tenant receives notice from the Landlord of the failure (which notice and three-day period shall be in lieu of, and not in addition to, the notice requirements of

Section 1161 of the California Code of Civil Procedure or any successor or similar provision of law, now or hereafter in effect); or

(b) if the Tenant shall fail to perform or comply with the provisions of Section 9.1, and the failure shall continue for more than the number of days specified for the cure thereof in any notice from the Landlord to the Tenant of the failure, provided that in the case of any such failure that is susceptible of cure but that cannot with diligence be cured within the period of time specified by the Landlord in its notice, if the Tenant shall promptly have commenced to cure the failure and shall thereafter prosecute the cure of the failure in good faith and with diligence, the period within which the failure may be cured may be extended by the Landlord, in the exercise of its discretion, for such period of time as shall be reasonably necessary for the cure of the failure with diligence; or

(c) if any insurance required to be maintained by the Tenant under the terms of Section 10 shall be cancelled or terminated or shall expire (and if replacement insurance complying with the terms of Section 10 shall not have been effected prior to the cancellation, termination or expiration), or shall be amended or modified, except, in each case, as permitted by the terms of Section 10; or

(d) if the Tenant shall enter into any assignment of this Lease or any sublease without the consent of the Landlord under the terms of Section 16;

(e) if the Tenant shall fail to comply with any provision of Section 18, and the failure shall continue for more than 30 days after the Tenant receives notice from the Landlord of the failure (which notice and 30-day period shall be in lieu of, and not in addition to, the notice requirements of Section 1161 of the California Code of Civil Procedure or any successor or similar provision of law, now or hereafter in effect); or

(f) if the Tenant shall fail to perform or comply with any term of this Lease (other than those referred to in clauses (a) through (e) of this sentence) and the failure shall continue for more than ten days after the Tenant receives notice from the Landlord of the failure (which notice and ten-day period shall be in lieu of, and not in addition to, the notice requirements of Section 1161 of the California Code of Civil Procedure or any successor or similar provision of law, now or hereafter in effect); or

(g) if the Tenant or the Guarantor shall (i) file, or consent by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, (ii) make an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts when due, (iii) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or of any material part of its

properties, (iv) be adjudicated insolvent or be liquidated, or (v) take corporate action for the purpose of any of the foregoing; or

(h) if a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the Tenant, a custodian, receiver, trustee or other officer with similar powers with respect to the Tenant or with respect to any material part of its property, or if an order for relief shall be entered in any case or proceeding for liquidation or reorganization or otherwise to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Tenant, or if any petition for any such relief shall be filed against the Tenant and the petition shall not be dismissed within 30 days; or

(i) if a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the Guarantor, a custodian, receiver, trustee or other officer with similar powers with respect to the Guarantor or with respect to any material part of its property, or if an order for relief shall be entered in any case or proceeding for liquidation or reorganization or otherwise to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Guarantor, or if any petition for any such relief shall be filed against the Guarantor and the petition shall not be dismissed within 30 days; or

(j) if the Tenant shall vacate the Demised Premises without a demonstrable intention to return, whether or not the Tenant continues to pay the Base Rent and additional rent in a timely manner; or

(k) if the Tenant or any of its Affiliates shall be in material breach of the terms of any other lease, license, permit or contract to which the Landlord shall be a party; or

(l) if the Tenant shall fail to pay when due any Landing Fee; or

(m) if the Tenant shall fail to remit when due to the Landlord any Passenger Facility Charges;

then and in any such event the Landlord may at any time thereafter, during the continuance of the Event of Default, give a written termination notice to the Tenant specifying a date (not fewer than 30 days from the date the notice is given) on which this Lease shall terminate, and on that date, subject to the provisions of Section 25.17, the Term shall terminate by limitation and all rights of the Tenant under this Lease shall cease. The Tenant will pay, as additional rent, all reasonable costs and expenses incurred by or on behalf of the Landlord (including, without limitation, reasonable attorneys' fees and expenses) occasioned by any default by the Tenant under this Lease.

17.2. Repossession, etc. If an Event of Default shall have occurred and be continuing, the Landlord, whether or not the Term of this Lease shall have been terminated under Section 17.1, may enter upon and repossess the Demised Premises or any part thereof by summary proceedings, legal process or otherwise in accordance with applicable law, and may remove the Tenant and all other persons and any and all property from the Demised Premises. At the expense of the Tenant, the Landlord may store any property so removed from the Demised Premises. The Landlord shall be under no liability for or by reason of the entry, repossession or removal. No re-entry or repossession of the Demised Premises or any, part thereof by the Landlord shall be construed as an election by the Landlord to terminate this Lease unless notice of the termination be given to the Tenant under Section 17.1.

17.3. Damages.

17.3.1. Monthly Installments. In the event of a termination of this Lease, the Tenant will pay to the Landlord as damages, sums equal to the aggregate Base Rent and additional rent that would have been payable by the Tenant had this Lease not terminated, payable upon the due dates therefor specified herein until the last day of the Term (had this Lease not been terminated). Suit or suits for the recovery of any damages payable hereunder by the Tenant, or any installments thereof, may be brought by the Landlord from time to time at its election, and the Landlord need not postpone suit until the date when the Term would have expired but for the termination.

17.3.2. Final Damages. In the event of a termination of this Lease, the Tenant will pay to the Landlord, whether or not the Landlord shall have collected any monthly installment described in Section 17.3.1, as and for final damages, an amount equal to the sum of the following:

(a) the value at the time of the award of any unpaid Base Rent, and all other additional rent due as of the date of the termination of this Lease;

(b) the value at the time of the award of the amount by which (i) the unpaid Base Rent, and all other additional rent that would have been payable after the date of the termination of this Lease until the time of the award, exceeds (ii) the amount of rental loss, if any, that the Tenant shall have affirmatively proven could have been reasonably avoided;

(c) the value at the time of the award of the amount by which (i) the unpaid Base Rent, and all other additional rent that would have been payable after the date of the award, exceeds (ii) the amount of rental loss, if any, that the Tenant shall have affirmatively proven could have been reasonably avoided;

(d) any other amount necessary to compensate the Landlord for all detriment caused by (and that would be reasonably likely in the future

to result from) the Tenant's failure to perform the Tenant's obligations under this Lease; and

(e) all other amounts in addition to or in lieu of those set out in clauses (a) through (d) of this sentence as may from time to time be permitted by applicable California law.

As used in clauses (a) and (b) of the immediately preceding sentence, the "value at the time of the award" is computed by allowing interest at the annual rate of ten percent; as used in clause (c) of the immediately preceding sentence, the "value at the time of the 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, expressed as an annual rate of interest, plus one percent; as used in clauses (a), (b) and (c) of the immediately preceding sentence, the "value at the time of the award" is computed to the extent necessary on the basis of reasonable estimates of all of the factors unknown at the time of computation and necessary for the computation. If, before presentation of proof of final damages to any court, commission or tribunal, the Demised Premises, or any part thereof, shall have been relet by the Landlord for the period that otherwise would have constituted the unexpired portion of the Term, or any part thereof, the amount of rent reserved upon the reletting shall be deemed, prima facie, to be the fair and reasonable rental value for the part or the whole of the Demised Premises so relet during the term of the reletting.

17.4. Guaranty. Following the occurrence and during the continuance of an Event of Default, the Landlord may apply the amount held by it under the Performance Guaranty toward any obligation of the Tenant under this Lease. The Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code and all other provisions of any successor or similar provision of law, now or hereafter in effect, that provide that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by the tenant or to clean the demised premises, the Tenant having agreed in this Lease that the Landlord may, in addition, claim those sums specified in this Section 17. Neither the Performance Guaranty nor any other security or guaranty for the performance of the Tenant's obligations that the Landlord may now or hereafter hold shall constitute a bar or defense to any action initiated by the Landlord for unlawful detainer or for the recovery of the Demised Premises, for the enforcement of any obligation of the Tenant, or for the recovery of damages suffered by the Landlord as a result of any Event of Default.

17.5. Reletting. In case of any termination of this Lease under Section 17.1 or any repossession of the Demised Premises under Section 17.2, the Landlord may relet the Demised Premises on such terms as the Landlord in its discretion may deem advisable. If the Landlord relets all or any part of the Demised Premises for all or any part of the period commencing on the day following the date of the termination or repossession and ending on the last day of the Term (had this Lease not been terminated), the Landlord will credit the Tenant with the net rents (including any other sums) received by the Landlord from the reletting, the net rents to be determined by first deducting from the gross rents as and when received by the Landlord from the reletting the expenses incurred or paid by the Landlord in terminating this Lease and re-entering the Demised Premises and securing possession thereof, as well as the reasonable expenses of reletting, including altering and preparing the Demised Premises for new tenants,

brokers' commissions, and all other expenses properly chargeable against the Demised Premises and the rental therefrom in connection with the reletting, it being understood that any reletting may be for a period equal to or shorter or longer than the balance of the Term, provided that (i) in no event shall the Tenant be entitled to receive any excess of the net rents over the sums payable by the Tenant to the Landlord hereunder, (ii) in no event shall the Tenant be entitled, in any suit for the collection of damages under this Section 17.5, to a credit in respect of any net rents from a reletting except to the extent that the net rents are actually received by the Landlord, and (iii) if the Demised Premises or any part thereof should be relet in combination with other space, then proper apportionment on the basis of square footage shall be made of the rent received from the reletting and of the expenses of reletting. The inability of the Landlord to relet the Demised Premises or any part thereof shall not release or affect the Tenant's liability for damages for any breach of the provisions of this Lease.

17.6. Other Remedies. Upon the occurrence of an Event of Default by the Tenant of any of the provisions of this Lease, the Landlord shall have the right of injunction and the right to invoke any remedy permitted at law or in equity in addition to any other remedies specifically mentioned in this Lease. The remedies specified herein are cumulative, and the exercise of one remedy shall not preclude the exercise of any other remedy available to the Landlord herein. No exercise by the Landlord of any remedy specifically mentioned in this Lease or otherwise permitted by law shall be construed, alone or in combination, as the exercise by the Landlord of its right to terminate this Lease unless the Landlord has in fact given written notice of the termination of this Lease. Notwithstanding the exercise of any other remedy, the Landlord may at any later time exercise its right to terminate this Lease.

17.7. Tenant's Waiver of Statutory Rights. The Tenant hereby expressly waives any and all rights, so far as is permitted by law, that the Tenant might otherwise have to (a) redeem the Demised Premises or any interest therein, (b) obtain possession of the Demised Premises, or (c) reinstate this Lease, after any repossession of the Demised Premises by the Landlord or after any termination of this Lease, whether the repossession or termination shall be by operation of law or under the provisions of Section 17.1 or 17.2.

17.8. Landlord's Right to Perform Tenant's Covenants. If the Tenant shall default in the observance or performance of any term or covenant on the Tenant's part to be observed or performed under the terms of this Lease, the Landlord may, without being under any obligation to do so, and without waiving the default, remedy the default for the account of the Tenant, immediately and without notice in case of emergency, and in any other case if the Tenant shall fail to remedy the default with all reasonable dispatch after the Landlord shall have notified the Tenant of the default and the applicable grace period for curing the default shall have expired. If the Landlord makes any expenditures or incurs any obligations for the payment of money in connection with the remedy of any such default, the sums paid and obligations incurred (together with a reasonable allowance for related administrative costs and overhead) shall be deemed to be additional rent hereunder and shall be reimbursed by the Tenant to the Landlord promptly after submission of a statement to the Tenant therefor, together with interest at the Stipulated Rate from the date of payment by the Landlord to the date of reimbursement. The reasonable allowance for administrative costs and overhead referred to in the immediately preceding sentence shall include the reasonable value of the efforts of the City Attorney in connection with

the remedy of the default. In the case of the Landlord's remedy of any default by the Tenant of the Tenant's obligations under Section 9.1, or any other default requiring the performance of work at the Demised Premises, the reasonable allowance for administrative costs and overhead shall also include a surcharge of 50 percent of the Landlord's out-of-pocket costs.

18. Performance Guaranty.

18.1. Initial Performance Guaranty. It shall be a condition to the effectiveness of this Lease that, before the Commencement Date, the Tenant shall have delivered a security deposit (the "Performance Guaranty") to the Landlord at the following address:

Revenue Accounting
Department of Airports
P.O. Box 92214
Los Angeles, California 90009

The initial amount of the Performance Guaranty shall be the amount reflected on the Basic Information Schedule (Schedule 3) as the "Performance Guaranty Amount", which is three times the sum of the amount of the initial estimated monthly installments of the Base Rent, and all other additional rent, which amount shall include any rent that would otherwise be subject to deferral pursuant to this Lease. The Performance Guaranty may only be in the form of a cashier's check or in the form of an irrevocable bank letter of credit (and if the Performance Guaranty is for an amount equal to or greater than \$5,000.00, the Performance Guaranty must be in the form of an irrevocable bank letter of credit), in either case issued by a bank satisfactory to the Landlord. Any irrevocable bank letter of credit shall be self-renewing annually (but subject to termination as of any renewal date upon not less than 60 days' prior notice to the Landlord, in accordance with Section 20) and shall otherwise be in such form as may be approved by the City Attorney. The Performance Guaranty shall not be in lieu of any other guaranty required by the Landlord in connection with this Lease, nor shall any other guaranty in favor of the Landlord relating to any obligation of the Tenant, whether in connection with this Lease or otherwise, stand wholly or partly in lieu of the Performance Guaranty.

18.2. Increases to Performance Guaranty. Whenever under the terms of this Lease the monthly amounts payable by the Tenant on account of the Base Rent, and all other additional rent increase, such that the amount of the aggregate cumulative increase shall exceed ten percent of the amount of the existing Performance Guaranty, the Tenant will, within 30 days of the delivery by the Landlord of a notice requiring that the Performance Guaranty be increased, deliver a new Performance Guaranty to the Landlord at the address specified in Section 18.1 (or such other address as the Landlord may from time to time specify for the purpose of this Section 18.2) in the amount of three times the sum of the amount of the then current monthly installments of the Base Rent, and all other additional rent. Upon the application by the Landlord of any portion of the Performance Guaranty under the terms of Section 17.4, the Tenant will immediately deliver a new Performance Guaranty to the Landlord in the amount of the Performance Guaranty immediately before the application.

18.3. Purpose; Return. The Performance Guaranty shall be held by the Landlord as security for the faithful performance by the Tenant of all of the terms, provisions, and covenants to be performed by the Tenant under this Lease, including the payment of the Base Rent, and all other additional rent. Upon the expiration or earlier termination of the Term, and if the Tenant has satisfied all of its obligations to the Landlord under this Lease, the Landlord will return the Performance Guaranty to the Tenant. Without limiting the generality of the first sentence of this Section 18.3, the Performance Guaranty is intended as security for the final damages under this Lease described in Section 17.3.2, as well as for the monthly installments of damages described in Section 17.3.1. To the extent necessary to permit the Landlord to retain the Performance Guaranty until any final damages have been determined, the Tenant waives the application of Section 1950.7 of the California Civil Code.

18.4. Policy Change. The Board reserves the right, power and duty to revise and readjust the Performance Guaranty policy and amount at any time throughout the Term. Upon the adoption of a revised Performance Guaranty Policy by the Board, such policy shall be applicable to the Tenant.

19. Space Utilization.

19.1. Policy. Because the Airport is a public facility essential to regional and national transport and economy, as a matter of public policy the Landlord requires that space at the facilities of the Airport be fully utilized.

19.2. Cancellation upon Cessation of Service. If the Tenant shall for any reason cease to operate regularly scheduled or actual flight services at the Airport other than for reasons due to acts, events or conditions beyond the Tenant's control such as acts of God, weather conditions, work stoppages and other labor actions, riots, rebellion, sabotage, acts of a public enemy, war, terrorism, and insurrection, the Landlord may, on at least 30 days' prior notice to the Tenant, cancel this Lease. In the event of such a cancellation of this Lease, (i) the Tenant shall surrender the Demised Premises on the date specified in the Landlord's notice, in the condition required by the provisions of this Lease, (ii) the Base Rent and all additional rent shall be prorated as of the date of the cancellation, and (iii) this Lease shall terminate (subject to the provisions of Section 25.17) as of the date specified in the Landlord's notice.

19.3. Tenant's Priority Scheduling Rights on Common-Use Gates. The Tenant shall have first scheduling priority on the West Gates at the Terminal ("Priority Flight Gates") for the flights and times listed in Exhibit D attached hereto (the "Priority Flights") during the Term; provided, however, that the Tenant acknowledges and agrees that if on any given day a Priority Flight does not arrive within 30 minutes of the scheduled time for the operation, the Tenant shall lose its first scheduling priority rights for that duration of that operation. The Tenant also acknowledges that at times Priority Flight Gates may not be available in the Terminal for Priority Flights on a particular day. If a Priority Flight Gate is not available in the Terminal to accommodate Priority Flights on a particular day, the Landlord shall only be required to use reasonable efforts to provide the Tenant with access to alternative Gate(s) for those Priority Flights at other Gates in the Terminal. The CEO, in his or her sole discretion, shall determine which Priority Flight Gates in the Terminal shall be used by the Tenant for the Priority Flights

and may, from time to time, in the CEO's sole discretion, change which Priority Flight Gates will be used for the Priority Flights. Notwithstanding the above, the Landlord acknowledges that direct access to the Priority Flight Gates from the Demised Premises by the Tenant's guests and invitees was and is an important incentive for the Tenant to enter into this Lease. Further, the Landlord acknowledges that some of the Preferential Flights are KLM Dutch Airlines flights and as such, may use the Priority Flight Gates for such flights.

20. End of Term.

20.1. Surrender. Upon the expiration of the Term or earlier termination of this Lease, the Tenant will quit and surrender to the Landlord the Demised Premises, broom clean, in good order and in the condition required by the provisions of this Lease, ordinary wear and tear, casualty damage governed by Section 14 and damage which the Landlord is obligated to repair under this Lease in each case excepted.

20.2. Holdover. If the Tenant remains in possession of the Demised Premises after the termination of this Lease (whether at the end of the Term or otherwise) without the execution of a new lease, the Tenant, without derogation of any other rights of the Landlord hereunder, shall be deemed to be occupying the Demised Premises as a tenant from month to month, at a monthly rental equal to 150% of the Base Rent and all additional rent payable for the last month of the Term, and subject to all of the other terms of this Lease, unless the Landlord, at its sole discretion, agrees to the imposition of the Tariff following termination of this Lease (whether at the end of the Term or otherwise), by providing thirty (30) days advanced written notice to Tenant. Acceptance by the Landlord of holdover rent after the termination of this Lease shall not be deemed to create or evidence a renewal of this Lease. The foregoing provisions of this Section 20.2 are not intended to limit or otherwise modify the Landlord's right of re-entry or any other right of the Landlord under this Lease or as otherwise provided by law, and shall not affect any right that the Landlord may otherwise have to recover damages from the Tenant for loss or liability incurred by the Landlord resulting from the Tenant's failure to timely surrender the Demised Premises. Nothing contained in this Section 20 shall be construed as a consent by the Landlord to any holding over by the Tenant, and the Landlord expressly reserves the right to require the Tenant to surrender possession of the Demised Premises to the Landlord upon the expiration or earlier termination of the Term as provided in this Lease.

21. Other Covenants.

21.1. Quiet Enjoyment. The Landlord covenants with the Tenant that, upon the Tenant paying the Base Rent and all additional rent and observing and performing all the other terms, covenants and conditions on the Tenant's part to be observed and performed under this Lease, the Tenant may peaceably and quietly enjoy the Demised Premises (subject, however, to the terms and conditions of this Lease) free of interference by anyone claiming by, through or under the Landlord.

21.2. Rights of Flight. The Landlord reserves, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the Terminal, including the right to cause any noise and vibration inherent in the operation of any aircraft through the airspace or

landing at, taking off from, or operating at the Airport. The Tenant will not to make any claim against the Landlord under any theory of recovery for any interference with the Tenant's use and enjoyment of the Demised Premises that may result from noise or vibration emanating from the operation of aircraft at the Airport.

21.3. Airport and Terminal Management.

21.3.1. Authority of Landlord in Public Areas. The Tenant acknowledges that the Airport is a public facility essential to regional and national transport and economy and that the Landlord is a political subdivision with a public responsibility for the proper functioning of the Airport and the Terminal. In order to carry out its responsibilities (including its obligations to comply with the requirements of the Federal Aviation Administration, the U.S. Transportation Security Administration, and other Legal Requirements), the Landlord must therefore have broad power to regulate activities in the Airport and in the areas of the Terminal not part of the Demised Premises. Without limiting any other specific provisions of this Lease, the Landlord shall have the right to adopt from time to time rules and regulations, and may make other specific orders, for the conduct of operations in the Public Areas. The Tenant shall at all times comply with any rules and regulations from time to time so adopted and any specific orders so made by the Landlord (and of which the Tenant shall have received a copy in writing), provided only that the rules and regulations are adopted, and the orders made, by the Landlord in the good faith discharge of its public responsibilities and do not unreasonably discriminate against the business operations of the Tenant in the Demised Premises.

21.3.2. Major Changes. The Landlord may make any change to the Terminal or the Airport that the Landlord determines may be necessary or desirable. The Tenant acknowledges that the Landlord may undertake various improvements to the Airport and the Terminal during the Term, and that the construction of the improvements may interfere with the Tenant's operations at the Terminal. The Landlord and the Tenant will cooperate in good faith to address the construction requirements and to attempt to mitigate the effects on the Tenant's operations.

21.3.3. Other Users. The Tenant acknowledges that other users of the Terminal may undertake various improvements in the Terminal during the Term, and that the construction of such user's improvements may require interference with the Tenant's operations at the Terminal. The Tenant also acknowledges that the Tenant may undertake various improvements in the Terminal during the Term, and that the construction of the Tenant's improvements may require interference with other users' operations at the Terminal. The Tenant agrees to (a) cooperate in good faith with other users of the Terminal to address such user's construction requirements, and (b) cooperate in good faith with other users of the Terminal that may be impacted by the Tenant's construction requirements and to attempt to mitigate the effects on such user's operations.

21.4. No Landlord's Representations. The Tenant agrees to accept the Demised Premises and the Terminal "as is", in their condition and state of repair existing on the date of the Tenant's execution and delivery of this Lease. The Landlord makes no representations, express or implied, as to the current condition of the Terminal, the Airport or the Demised

Premises, or the equipment and systems serving the Terminal, the Airport or the Demised Premises. To the maximum extent permitted by law, the Tenant waives the right to make repairs at the expense of the Landlord and the benefit of the provisions of Sections 1941 and 1942 of the California Civil Code.

21.5. Communications Equipment and Antennae. The Tenant has no right to install or use any telecommunications equipment or antennae on the roof or exterior of the Terminal, unless (a) the installation and use are directly related to the conduct of the Tenant's business at the Demised Premises and are in full compliance with the Landlord's permit process and telecommunications policies, as established in the discretion of the Landlord and from time to time in effect, and (b) the installation is effected in compliance with the requirements of Section 4. The Tenant will not license, sublease or in any other manner permit any other Person to use any telecommunications equipment or antennae installed by the Tenant at the Terminal. The Landlord shall have the right, without compensation to the Tenant, to install or use telecommunications equipment or antennae on the roof or exterior of the Demised Premises and to install and attach cables, wires and conduits on, over or under the Demised Premises in connection with telecommunications equipment or antennae, or to license or otherwise permit others to do so.

21.6. Signs and Advertising Materials. Except as set forth in this Section 21.6, the Tenant will not place any signs or advertising materials in any location at the Terminal without the prior consent of the Landlord, which consent may be withheld in the discretion of the Landlord. Any request for the approval of identification signs for the Tenant's operations shall be accompanied by illustrative drawings and design dimensions together with information about the type of identification signs proposed by the Tenant and the locations in which the signs are proposed to be installed. The Tenant will comply with any conditions to the installation or use of signs to which the Landlord may make its consent subject. The Tenant will keep all ticket counter space used by the Tenant and any associated ticket lifts and podiums free of all signs, advertising materials, credit card application dispensing units, posters and banners. The Landlord may without notice remove any unauthorized signs or advertising materials, and may store them at the Tenant's expense, and may dispose of them if they are not promptly claimed by the Tenant after notice from the Landlord.

21.7. Environmental Matters. The Tenant's activities at or about the Demised Premises and the Application of all Hazardous Materials by the Tenant, its employees, agents, contractors, or subcontractors, shall comply at all times with all Environmental Requirements. Except for conditions existing before the original occupancy of the Demised Premises by the Tenant, in the case of any the spill, leak, discharge, release or improper storage of any Hazardous Materials on the Demised Premises or contamination of the Demised Premises with Hazardous Materials by the Tenant, its employees, agents, contractors, or subcontractors, (or by the Tenant or its employees, agents, contractors, or subcontractors onto any other property at the Airport), the Tenant will 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, all in accordance with applicable Environmental Requirements. At the expiration or earlier termination of the Term, the Tenant will promptly remove from the Demised Premises all Hazardous Materials Applied by the Tenant at the Demised Premises. If the Tenant installs or uses 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 Materials, the Tenant will, upon the expiration or earlier termination of the Term, remove or clean up such improvements, at the election of the Landlord, at the sole expense of the Tenant and in compliance with all Environmental Requirements and the reasonable directions of the Landlord. The Tenant shall be responsible and liable for the compliance with all of the provisions of this Section 21.7 by the Tenant's officers, employees, contractors, assignees, sublessees, agents and invitees. The Tenant will, at its expense, promptly take all actions required by any governmental agency in connection with the Tenant's Application of Hazardous Materials at or about the Demised Premises, including inspection and testing, performing all cleanup, removal and remediation work required for those Hazardous Materials, complying with all closure requirements and post-closure monitoring, and filing all required reports or plans. All of the foregoing work and all Application of Hazardous Materials shall be performed in a good, safe and workmanlike manner by personnel qualified and licensed to undertake the work and in a manner that will not materially interfere with the Landlord's use, operation and leasing of the Terminal or the Airport and other tenants' quiet enjoyment of their premises. The Tenant will deliver to the Landlord before delivery to any agency, or promptly after receipt from any agency, copies of all permits, manifests, closure or remedial action plans, notices, and all other documents relating to the Tenant's Application of Hazardous Materials at or about the Demised Premises. The Tenant will keep the Landlord fully informed of its Application of Hazardous Materials, and, if the Tenant Applies Hazardous Materials, the Landlord may engage one or more consultants to review all permits, manifests, remediation plans and other documents related to the Application of the Hazardous Materials. The Landlord's reasonable out-of-pocket costs of engaging the consultants will be paid by the Tenant.

21.8. Security. The Tenant will fully comply with all Legal Requirements relating to airfield and airport security. The Tenant will maintain and keep in good repair that portion of the Airport perimeter fence, including gates and doors, that are in the Demised Premises or controlled by the Tenant. The Tenant will comply fully with applicable provisions of the Transportation Security Administration Regulations, 49 CFR Sections 1500 through 1550 (and 49 CFR Part 129), including the establishment and implementation of procedures acceptable to the Landlord to control access from the Demised Premises to air operation areas in accordance with the Airport Security Program required by 49 CFR Part 1542, as may be amended from time to time, or any successor statute. The Tenant will exercise exclusive security responsibility for the Demised Premises and, if the Tenant is an air carrier, will do so under the Tenant's Transportation Security Administration approved Air Carrier Standard Security Program used in accordance with 49 CFR Part 1544, as may be amended from time to time, or any successor statute. Without limiting the generality of the foregoing, the Tenant will keep gates and doors in the Demised Premises and that permit entry to restricted areas at the Airport locked at all times when not in use or under the Tenant's constant security surveillance. The Tenant will report gate or door malfunctions that permit unauthorized entry into restricted areas to the Landlord's operations center without delay, and the Tenant will maintain the affected gate or door under constant security surveillance until repairs are affected by the Tenant or the Landlord and the gate or door is properly secured. The Tenant will pay all civil penalties levied by the Transportation Security Administration for violation of Transportation Security Administration

Regulations pertaining to security gates or doors in the Demised Premises or otherwise controlled by the Tenant.

21.9. Noise Abatement Procedures. The Tenant will comply with the Department's Noise Abatement Rules and Regulations. Under the requirements of the 1993 LAX Noise Variance and in order to limit the use of auxiliary power units, the Tenant (if the Tenant is an air carrier and if the Terminal is at Los Angeles International Airport) will provide a sufficient number of ground power units at each gate and maintenance area used by the Tenant's aircraft at the Terminal.

22. Federal and Municipal Requirements.

22.1. Business Tax Registration. The Tenant represents that it has registered its business with the office of the City Clerk of the City of Los Angeles and has obtained and presently holds a Business Tax Registration Certificate, or a Business Tax Exemption Number, required by the Business Tax Ordinance (Article I, Chapter 2, Sections 21.00 and following, of the Municipal Code of the City of Los Angeles). The Tenant will maintain, or obtain as necessary, all certificates required of the Tenant under that ordinance, and shall not allow any such certificate to be revoked or suspended during the Term.

22.2. Child Support Orders. 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, a copy of which is attached for convenience as Exhibit E. Under this Section, the Tenant (and any subcontractor of the Tenant providing services to the Landlord under this Lease) will (1) fully comply with all State and Federal employment reporting requirements for the Tenant's or the Tenant's subcontractor's employees applicable to Child Support Assignments Orders; (2) certify that the principal owners of the Tenant and applicable subcontractors are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) 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 (4) maintain compliance throughout the Term. Under Section 10.10(b) of the Los Angeles Administrative Code, failure of the Tenant 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 owners of the Tenant 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 the failure shall continue for more than 90 days after notice of the failure to the Tenant by the Landlord (in lieu of any time for cure provided elsewhere in this Lease).

22.3. Contractor Responsibility Program. The Tenant will comply with the provisions of the Contractor Responsibility Program adopted by the Board. The rules, regulations, requirements and penalties of the Contractor Responsibility Program and the Pledge of Compliance Form are attached to this Lease as Exhibit F.

22.4. Equal Benefits Ordinance.

22.4.1. Unless otherwise exempt in accordance with the provisions of the Equal Benefits Ordinance (“EBO”), the Tenant certifies and represents that the Tenant 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. The Tenant 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 the Tenant’s employees which are neither “employee welfare benefit plans” nor “employee pension benefit 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 the Tenant 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 the Tenant to its employees, their spouses and the domestic partners of employees.

22.4.2. The Tenant 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 Tenant 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 213-847-6480.”

22.4.3. The failure of the Tenant to comply with the EBO will be deemed to be a material breach of the Lease by the Landlord. If the Tenant fails to comply with the EBO, the Landlord 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 Landlord. The Landlord 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 the Tenant in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, *et seq.*, Contractor Responsibility Ordinance. If the Landlord determines that the Tenant has set up or used its contracting entity for the purpose of evading the intent of the EBO, the Landlord may terminate the Lease.

22.5. First Source Hiring Program. The Tenant will 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 to this Lease as Exhibit G.

22.6. Living Wage Ordinance.

22.6.1. 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, a copy of which is attached hereto for convenience as Exhibit H. The LWO requires that, unless specific exemptions apply, any employees of tenants or licensees of property of the City of Los Angeles 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 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 12 compensated days off per year for sick leave, vacation, or personal necessity at the employee’s request, and at least ten additional days per year of uncompensated time under Section 10.37.2(b). The LWO requires employers to inform employees making less than twelve dollars per hour of their possible right to the federal Earned Income Tax Credit and to make available the forms required to secure advance Earned Income Tax Credit payments from the employer under Section 10.37.4. The Tenant will permit access to work sites for authorized representatives of the City of Los Angeles to review the operation, payroll, and related documents, and to provide certified copies of the relevant records upon request by the City of Los Angeles. Whether or not subject to the LWO, the Tenant will not retaliate against any employee claiming non-compliance with the provisions of the LWO, and, in addition, under Section 10.37.6(c), the Tenant will comply with federal law prohibiting retaliation for union organizing.

22.6.2. Living Wage Coverage Determination. An initial determination has been made that this Lease 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 other interpretations of the law are considered. In some circumstances, applications for exemption must be reviewed periodically. The City of Los Angeles will notify the Tenant in writing about any redetermination by the City of Los Angeles of coverage or exemption status. To the extent the Tenant claims non-coverage or exemption from the provisions of the LWO, the burden shall be on the Tenant to prove the non-coverage or exemption.

22.6.3. Compliance. If the Tenant is not initially exempt from the LWO, the Tenant will comply with all of the provisions of the LWO, including payment to employees at the minimum wage rates, effective on the Commencement Date. If the Tenant is initially exempt from the LWO, but later no longer qualifies for any exemption, the Tenant will, at such time as the Tenant 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 the Landlord shall be entitled to terminate this Lease and otherwise pursue legal remedies that may be available, including those set forth in the LWO, if the City of Los Angeles determines that the Tenant 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.

22.7. Workers Retention Ordinance. This Lease may be subject to the Worker Retention Ordinance (“WRO”), Section 10.36, *et seq.*, of the Los Angeles Administrative Code, a copy of which is attached for convenience as Exhibit I. If applicable, the Tenant must also comply with the WRO 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 Angeles and that involve an expenditure or receipt in excess of \$25,000 and a contract term of at least three months shall provide retention by a successor contractor for a 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 WRO. Under the provisions of Section 10.36.3(c) of the Los Angeles Administrative Code, the City of Los Angeles has the authority, under appropriate circumstances, to terminate this Lease and otherwise pursue legal remedies that may be available if the City of Los Angeles determines that the Tenant violated the provisions of the WRO.

22.8. Nondiscrimination and Equal Employment Practices.

22.8.1. Federal Non-Discrimination Provisions.

(a) The Tenant for itself, its 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 Demised Premises or the other Demised Premises, for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Tenant will 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.

(b) The Tenant for itself, its 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 the 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 discrimination, (3) that the Tenant will use the Demised Premises and the other Demised 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.

(c) The Tenant 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 or 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 Tenant 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.

(d) The Tenant will 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 the Tenant may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

(e) The Tenant will insert the provisions found in clauses (c) and (d) of this Section 22.8.1 in any sublease, assignment, license, or permit by which the Tenant grants a right or privilege to any Person to render accommodations or services to the public at the Demised Premises.

22.8.2. City Non-Discrimination Provisions.

(a) 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 the Tenant or any person claiming under or through the Tenant establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, subtenants, or vendees of the Demised Premises. Any sublease or assignment that

may be permitted under this Lease shall also be subject to all non-discrimination clauses contained in this Section 22.8.2.

(b) Non-Discrimination In Employment. During the Term, the Tenant 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. The Tenant will take affirmative action to insure that applicants for employment are treated, during the Term, without regard to the aforementioned factors and will 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.

(c) Equal Employment Practices. If the total payments made to the Landlord under this Lease are \$1,000 or more, this provision shall apply. During the performance of this Lease, the Tenant will comply with Section 10.8.3 of the Los Angeles Administrative Code ("Equal Employment Practices"), a copy of which is attached hereto for convenience as Exhibit J. By way of specification but not limitation, under Sections 10.8.3.E and 10.8.3.F of the Los Angeles Administrative Code, the failure of the Tenant 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 the Tenant. Upon a finding duly made that the Tenant has failed to comply with the Equal Employment Practices provisions of this Lease, this Lease may be forthwith terminated, cancelled or suspended.

(d) Affirmative Action Program. If the total payments to the Landlord under this Lease are \$100,000 or more, this provision shall apply. During the performance of this Lease, the Tenant will comply with Section 10.8.4 of the Los Angeles Administrative Code ("Affirmative Action Program"), a copy of which is attached hereto for convenience as Exhibit K. By way of specification but not limitation, under Sections 10.8.4.E and 10.8.4.F of the Los Angeles Administrative Code, the failure of the Tenant 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 the Tenant. Upon a finding duly made that the Tenant has failed to comply with the Affirmative Action Program provisions of this Lease, this Lease may be forthwith terminated, cancelled or suspended.

22.9. Taxes, Permits and Licenses. The Tenant will pay any and all taxes of whatever character that may be levied or charged upon the Demised Premises, or upon the Tenant's improvements, fixtures, equipment, or other property thereon or upon the Tenant's use thereof. The Tenant will also pay all license or permit fees necessary or required by law or regulation for

the conduct of the Tenant's business or use of the Demised Premises. By executing this Lease and accepting the benefits hereof, a property interest in the nature of a "possessory interest" may be created in the Tenant. If such a possessory interest is deemed to be created, the Tenant, as the party in whom the possessory interest is vested, will be subject to the payment of the property taxes levied upon the possessory interest. The Tenant may contest the validity and applicability of any taxes or fees, and during the period of any lawful contest, the Tenant may refrain from making, or direct the withholding of, any such payment without being in breach of the provisions of this Section 22.9. Upon a final determination in which the Tenant is held responsible for such taxes or fees, the Tenant will promptly pay the required amount plus all legally imposed interest, penalties and surcharges. If all or any part of such taxes, fees, penalties or surcharges are refunded to the Landlord, the Landlord will remit to the Tenant such sums to which the Tenant is legally entitled.

22.10. Visual Artists' Rights Act. The Tenant will 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.*, (collectively, "VARA") on or about the Demised Premises without first obtaining a written waiver from the artist of all rights under VARA, satisfactory to the Landlord and approved as to form and legality by the City Attorney. The waiver shall be in full compliance with VARA and shall name the Landlord as a party for which the waiver applies. The Tenant will not install, or cause to be installed, any piece of artwork covered under VARA at the Demised Premises without the prior approval and waiver of the Landlord. Any work of art installed at the Demised Premises without such prior approval and waiver shall be deemed a trespass, removable by the Landlord, upon three days' written notice, with all costs, expenses, and liability therefor to be borne exclusively by the Tenant.

22.11. Compliance with Los Angeles City Charter Section 470(c)(12). The Tenant, its sublessees, and their 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 is valued at \$100,000 or more and requires approval of a City elected official. Additionally, the Tenant is required to provide and update certain information to City as specified by law. Any tenant subject to Charter Section 470(c)(12), shall include the following notice in any contract with a sublessee expected to receive at least \$100,000 for performance under this Lease:

Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions

As provided in Charter Section 470(c)(12) and related ordinances, you are a sublessee on City of Los Angeles contract # _____. Pursuant to City Charter Section 470(c)(12), sublessees 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 the 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. The sublessee's information included must be provided to contractor within 5 business days. Failure to comply may result in termination of contract or any other available legal remedies including

finer. 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.

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

22.12. Alternative Fuel Vehicle Requirement Program. Tenant shall comply with the provisions of the alternative fuel vehicle requirement program (the "Alternative Fuel Vehicle Requirement Program"). The rules, regulations and requirements of the Alternative Fuel Vehicle Requirement Program are attached as Exhibit L and made a material term of this Lease. Tenant shall complete and submit to Landlord the vehicle information required on the reporting form accessible online at <https://sbo.lawa.org/altfuel> on a semi-annual basis. The reporting form may be amended from time to time by Landlord.

23. Notices. Any notice or other communication required or permitted to be given, rendered or made by either party to the other, by any provision of this Lease or by any applicable law or requirement of public authority, shall (unless otherwise expressly set forth herein) be in writing and shall be deemed to have been properly given, rendered or made, if delivered by hand or received by certified mail, postage prepaid, return receipt requested, or delivered by nationally recognized overnight courier service, delivery service prepaid, or delivered by telecopier, in any case addressed as follows:

If to the Landlord:

Department of Airports
1 World Way
Post Office Box 92216
Los Angeles, California 90009-2216
Attention: CEO

Telecopier No. (310) 646-0523

with a copy to:

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

Telecopier No. (310) 646-9617

If to the Tenant:

to the addresses shown on the Basic Information Schedule (Schedule 3) under the heading "Tenant Addresses for Notices".

The Landlord or the Tenant may from time to time, by notice, designate a different or additional address within the United States or attention designation for communications intended for it. Any notice or other communication given by certified mail shall be deemed given as of the date of delivery as indicated on the return receipt, or when the delivery is first refused. Any notice or other communication delivered by a nationally recognized overnight courier service shall be deemed delivered on the Business Day following the day upon which the notice or other communication was delivered to the courier. Any notice or other communication delivered by telecopier shall be deemed delivered when the transmission is actually received, if received during normal business hours, otherwise the notice or other communication, if received, shall be deemed delivered on the following Business Day. Any notice or other communication may be given on behalf of the Landlord or the Tenant by their respective attorneys, provided that the attorneys represent their capacity as such in the notice or other communication.

24. Definitions. The terms defined in this Section 24 shall have, for all purposes of this Lease, the meanings herein specified unless unambiguously required to the contrary by their context.

"Affiliate" means any air transportation company that (i) is a parent or subsidiary of the Tenant, or (ii) operates at the Airport under a trade name of the Tenant and uses the Tenant's two-letter designator code for its flights serving the Airport, or (iii) operates at the Airport using a trade name of a parent or subsidiary of the Tenant and uses the two-letter designator code of such parent or subsidiary for its flights serving the Airport. Prior to the execution of this Lease, the Tenant shall provide the Landlord with a list of its current Affiliates. The Tenant may update such list from time to time to add additional persons that fall within the definition of Affiliate hereunder provided that the Tenant provides prior written notice to the CEO, including a brief explanation as to how such additional Person satisfies the definition of "Affiliate". The Tenant shall provide the Landlord with written notice if at any time a Person on the list shall no longer be considered an Affiliate of the Tenant for purposes of this Lease.

"Airline" means an Air Carrier or Foreign Air Carrier as defined in 49 U.S.C. § 40102(A)(2) & (a)(21), respectively.

"Airport" means Los Angeles International Airport in Los Angeles, California.

"Airport Engineer" means the Chief Airports Engineer of the Airport from time to time, as successors to that position may be designated (by whatever title).

"Apply," "Applied," or "Application" mean any installation, handling, generation, storing, treatment, application, use, disposal, discharge, release, manufacture, refinement, presence, migration, emission, abatement, removal, transportation, or any other activity of any

type in connection with or involving Hazardous Materials by the Tenant or its officers, employees, contractors, assignees, sublessees, agents or invitees.

“Base Rent” means the rental payable for the use of the Demised Premises in monthly installments as provided in Section 3. As of the Commencement Date, the Base Rent is the Terminal Buildings Charge.

“Basic Information Schedule” means the schedule provided to the Tenant containing certain basic information relating to this Lease, including the rates and charges applicable to the Tenant in effect as of the Commencement Date, and identified as Schedule 3.

“Board” means the Board of Airport Commissioners of the Department of Airports of the City of Los Angeles, California.

“Business Day” means any day excluding Saturdays, Sundays, and any other day designated as a holiday under the federal laws of the United States or under the laws of the State of California or the City of Los Angeles.

“Capital Costs” means all capital costs of the Airport, including the following:

(a) debt service (net of Passenger Facility Charges) allocable to bond-funded Capital Improvements;

(b) debt service coverage allocated in accordance with stated bond covenant requirements;

(c) amortization allocable to Capital Improvements funded with airport revenue, based on the economic life for each Capital Improvement and calculated using an interest rate set to equal the average all-in cost of Airport debt sold by the Landlord during the calendar year when such Capital Improvement is put in service, or if no Airport debt was sold, set to equal comparable published average borrowing costs.

“Capital Improvement” means any improvement or item or related group of items acquired, purchased, leased or constructed to improve, maintain or develop the Airport, as well as any extraordinary or substantial expenditure whose object is to preserve, enhance or protect the Airport that, in accordance with generally accepted accounting principles consistently applied, is capitalized by the Landlord.

“CEO” means the Chief Executive Officer of the Department of Airports of the City of Los Angeles, California, or his or her designee.

“City Attorney” means the Office of the City Attorney of the City of Los Angeles.

“Common Use Areas” means the space in any terminal at the Airport designated by the CEO to be used in common by one or more Airlines or otherwise benefitting one or more Airlines for operations and include, without limitation, Common Use Holdrooms, Common Use

Ticket Counters, Common Use Baggage Claim Areas and Common Use Outbound Baggage System Areas.

“Common Use Baggage Claim Areas” means the space in any terminal at the Airport (excluding the FIS Areas) designated by the CEO to be used in common with other Airlines for the delivery of inbound baggage to arriving passengers, including the baggage recheck areas and the areas where Common Use Baggage Claim Systems are located.

“Common Use Baggage Claim System” means equipment that delivers inbound baggage to arriving passengers.

“Common-Use Gate” means a Gate in a terminal at the Airport to which preferential use has not been assigned to any Airline.

“Common Use Holdrooms” means the space in any terminal at the Airport designated by the CEO to be used in common with other Airlines for passenger holdrooms and gate areas.

“Common Use Outbound Baggage System” means equipment that sorts outbound baggage for delivery to departing aircraft.

“Common Use Outbound Baggage System Areas” means the space in any terminal at the Airport designated by the CEO to be used in common with other Airlines for the sorting of outbound baggage for delivery to departing aircraft and includes the areas that the Common Use Outbound Baggage System is located.

“Common Use Ticket Counters” means the space in any terminal at the Airport designated by the CEO to be used in common with other Airlines for ticket counters and associated queuing space.

“Completion Date” means the date noted as project complete on the Tenant's Project Closeout Letter for the improvements.

“CPI” means the Consumer Price Index for All Urban Consumers (CPI-U), as published from time to time by the U.S. Department of Labor, Bureau of Labor Statistics, for the Los Angeles-Riverside Orange County area, All Items (1982-84 = 100), or, if that index shall cease to be regularly published, such replacement index (adjusted for any difference in base year and absolute amount) as shall from time to time be published by the Bureau. If the U.S. Department of Labor ceases to publish such an index, the Landlord will adopt in its place a comparable index published at the time of the cessation by a responsible financial periodical, if any. If there is no comparable index published by a responsible financial periodical, the Landlord will adopt any other comparable index available, and make any adjustments required thereto to reflect the 1982-84 = 100 base year. In addition, if the method of calculating the consumer price index changes in any way, for the purposes of this Lease, the CPI shall be determined without giving effect to the new methods, and the CPI shall continue to be calculated in the manner as of the Rent Commencement Date. Any adjustments to the CPI (if it is calculated differently) shall be made by the Landlord, subject to the Tenant's right to reasonably approve the adjustments.

“Critical Portion” means any portion of the Demised Premises that, if not usable by the Tenant in its customary manner (taking into account any alternatives proposed by the Landlord) would, in the Tenant’s reasonable judgment, render the balance of the Demised Premises insufficient for the proper and ordinary conduct of the Tenant’s operations.

“Demised Premises” means the space (if any) demised for the exclusive use of the Tenant under this Lease, consisting of approximately the number of square feet reflected on the Basic Information Schedule under the heading “Demised Premises”, located in the Terminal and shown in heavy black outline on the Airport Engineer’s Drawing described on the Basic Information Schedule under the heading “Demised Premises”, a copy of which is attached to this Lease as Exhibit A.

“discretion” means sole and absolute discretion; any provision of this Lease referring to the exercise by the Landlord or the Tenant of its discretion, whether in those words or words of similar import, shall (unless expressly subject to a different standard) permit the party exercising its discretion to do so in any manner and for any reasons it chooses, and, to the maximum extent permitted by law, the exercise of that discretion is not intended to be reviewable by any judicial or regulatory authority.

“Environmental Losses” means all costs and expenses of any kind (including remediation expenses), damages, fines and penalties incurred in connection with any violation of and compliance with Environmental Requirements and all losses of any kind attributable to the diminution of value, loss of use or adverse effects on marketability or use of any portion of the Demised Premises, the Terminal or the Airport.

“Environmental Requirements” means all present and future governmental statutes, codes, ordinances, regulations, rules, orders, permits, licenses, approvals, authorizations and other requirements of any kind applicable to Hazardous Materials.

“FIS Areas” means the space in the Terminals designated by the CEO to be used in common with other Airlines for federal inspection services (including sterile corridors, customs areas, baggage service areas, customs baggage claim areas, cashier areas, interline baggage areas, immigration inspection areas, storage areas, locker areas, federal inspection service swing areas, conference room areas and registration areas), offices for federal agencies, restrooms included in or adjacent to the foregoing areas, transit lounge space and other in transit facilities for international passengers.

“Gate” means the gate position and the adjacent aircraft loading area.

“Hazardous Materials” means any substance (i) that now or in the future is regulated or governed by, requires investigation or remediation under, or is defined as a hazardous waste, hazardous substance, extremely hazardous waste, hazardous material, hazardous chemical, toxic chemical, toxic substance, cancer causing substance, substance that causes reproductive harm, pollutant or contaminant under any governmental statute, code, ordinance, regulation, action, case law, rule or order, and any amendment thereto, including the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. §9601 *et seq.*, and the Resource

Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.*, (ii) that is toxic, explosive, corrosive, flammable, radioactive, carcinogenic, mutagenic, or otherwise hazardous, including aviation fuel, jet fuel, gasoline, diesel, petroleum hydrocarbons, polychlorinated biphenyls (PCBs), asbestos, radon and urea formaldehyde, (iii) the presence of which at the Terminal causes or threatens to cause a nuisance at the Terminal or adjacent property, or poses or threatens to pose a hazard to the health or safety of persons on or about the Terminal or adjacent property, or (iv) the presence of which on adjacent property could constitute a trespass by the Tenant.

“herein”, “hereof”, “hereto”, “hereunder” and similar terms contained in this Lease refer to this Lease as a whole and not to any particular Section, paragraph or provision of this Lease.

“including” and “include” mean including or include without limiting the generality of any description preceding that term; for the purposes of this Lease the rule of ejusdem generis shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to the matters specifically mentioned.

“Insurance Requirements” means all terms of any insurance policy covering the Tenant or covering or applicable to the Terminal or any part thereof, all requirements of the issuer of the policy, and all orders, rules, regulations and other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions) applicable to or affecting the Terminal or any part thereof or any use or condition of the Terminal or any part thereof.

“Landing Fee” means the landing fees and charges payable by the Tenant under the terms of any operating permit issued by the Landlord and held by the Tenant as an air carrier or as established by any resolution of the Board.

“Landlord” means the City of Los Angeles, acting by and through the Board of Airport Commissioners of its Department of Airports, in its capacities as the landlord and the licensor under this Lease.

“Lease” means this Airline Passenger Lounge Space Lease and License Agreement and the Schedule and Exhibits hereto, as amended from time to time.

“Lease Year” means the fiscal year of the Landlord, which is currently the year beginning on July 1 and ending on the following June 30, or any other fiscal year as may from time to time be adopted by the Landlord.

“Legal Requirements” means all laws, statutes, codes, acts, ordinances, charters, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, foreseen or unforeseen, ordinary or extraordinary, that now or at any time hereafter may be applicable to the Tenant or to the Terminal, or to the Airport or any part thereof.

“Lounge Improvements Investment Report” means the report submitted to the Landlord by the Tenant pursuant to Sections 1.3.4(b), which lists, in detail, the specific improvements and the actual verified costs incurred by Tenant for the Lounge Improvements.

“Operations and Maintenance Charge” means a charge assessed to the Tenant through the Terminal Buildings Charge and the Common Use Areas rates and charges that is based on an equalized rate for the recovery of the Operations and Maintenance Expenses and Reserve Deposits that are included in the Operations and Maintenance Requirement (defined in the Rate Methodology).

“Operations and Maintenance Expenses” means the total operation and maintenance expenses of the Airport.

“Passenger Facility Charges” means passenger facility charges remitted to the Landlord under 49 U.S.C. § 40117 and 14 C.F.R. Part 158 as they may be amended from time to time.

“Person” means a corporation, an association, a partnership, a limited liability company, an organization, a trust, a natural person, a government or political subdivision thereof or a governmental agency.

“Preferential-Use Gate” means a Gate designated as preferential-use.

“Project Closeout Letter” means the letter issued by the Landlord’s Airport Development Group upon receiving 1) a final inspection by the City, and 2) a Lounge Improvements Investments Report by the Tenant.

“Public Areas” means sidewalks, concourses, corridors, lobbies, passageways, restrooms, elevators, escalators and other similar space made available by the Landlord from time to time for use by passengers, the Landlord and Airline employees and other members of the public, as designated by the CEO.

“Reimbursement Rate” means, as of any date of determination, the annual rate of interest equal to two per cent per annum in excess of the fixed rate of interest quoted in The Bond Buyer 25 Revenue Bond Index (or, if that index is no longer published, such successor or replacement index or similar index selected by the Landlord) for fixed rate bonds having a term remaining to maturity of one year (with no credit enhancement) and bearing interest that is not excluded from gross income for federal income tax purposes.

“Rentable Area” means any areas in the terminals at the Airport that are available for use by Airlines, other aeronautical users, concessionaires or the Landlord or other governmental users on an exclusive, common or preferential use basis, as designated by the CEO. Rentable Area does not include any areas that are located outside the Terminals nor does Rentable Area include any space (such as security checkpoints) used by federal governmental agencies (such as Customs and Border Patrol or the TSA) or local law enforcement agencies to carry out their operations at the Airport.

“Reserve Deposits” means the amounts deposited to funds and accounts for operation and maintenance reserves, to satisfy debt service reserve requirements, and similar expense reserves

under the terms of any applicable bond covenants or as required by the Los Angeles City Charter.

“Stipulated Rate” means the rate of interest per annum equal to the lesser of (a) 20% or (b) the maximum rate permitted by applicable law.

“Substantial Destruction” means damage or destruction to the Demised Premises making the Demised Premises unfit for the Tenant’s normal operations and resulting from a cause not insured against in the policies of insurance maintained by the Tenant (and not required to be maintained by the Tenant under the provisions of Section 9.2).

“Taking” means a temporary or permanent taking by a government or political subdivision thereof or by a governmental agency (or by any other Person exercising the power of condemnation or eminent domain) for public or quasi-public use of all or any part of the Terminal, or any interest therein or right accruing thereto, including, without limitation, any right of access thereto existing on the date hereof, as the result of or in lieu of or in anticipation of the exercise of the right of condemnation or eminent domain. No recapture by the Landlord of any portion of the Demised Premises, or exercise by the Landlord of any similar right under the terms of this Lease, shall constitute a Taking.

“Taking Date” means, in connection with a Taking, the earlier of the date on which title vests due to the Taking and the date on which possession of the property affected by the Taking is required to be, or is, delivered to or at the direction of the condemning authority.

“Tariff” means the Los Angeles International Airport Passenger Terminal Tariff adopted by the Board, as may be amended from time to time.

“Tenant” means the entity specified in the preamble to this Lease as the tenant and licensee under this Lease, and any permitted assignee from time to time of the leasehold estate and license created by this Lease.

“Tenant’s Property” means all furniture, furnishings, office equipment, books, records, office supplies, computers and related equipment, audio-visual equipment, telephone systems and equipment, art work and rugs installed at or located in the Demised Premises at the expense of the Tenant and removable without damage to the Terminal that cannot be readily repaired.

“Terminal” means the airline passenger terminal at the Airport reflected on the Basic Information Schedule as the “Terminal”.

“Terminal Buildings Rate” means the amount calculated pursuant to the Rate Methodology, expressed in U.S. dollars per square foot of Rentable Area, by which the Terminal Buildings Charge is computed under the terms of Section 3.

“Terminal Users” means, for any Terminal on any date, all passenger Airlines and other non-governmental Persons then leasing space at the Terminal, all passenger Airlines and other non-governmental Persons using space under the Tariff, and all other passenger Airlines and other non-governmental Persons then having other contractual arrangements with the Landlord

for the use and occupancy of the Terminal, but excluding (a) all concessionaires, and (b) all itinerant and charter Airlines not leasing space at the Terminal and not signatories to a contractual arrangement with the Landlord having substantially the same economic provisions with respect to charges for the use of Common Use Areas and FIS Areas as those contained in this Tariff.

“TSA” means the United States Department of Homeland Security Transportation Security Administration, or its successor agency.

“Unavoidable Delays” means delays due to strikes, acts of God, interruption of services, enemy action, terrorist acts, civil commotion, shortages of labor or supply or other similar causes beyond the reasonable control of the party whose action is required; but lack of funds shall not be deemed a cause beyond the control of the Tenant.

“Unified Capital Charge” means a charge assessed to the Tenant through the Terminal Buildings Charge and the Common Use Areas rates and charges that is based on an equalized rate for the recovery of Capital Costs that are included in the Unified Capital Requirement (defined in the Rate Methodology).

25. Miscellaneous.

25.1. Waiver. No provision of this Lease may be waived, discharged or modified without an instrument in writing, signed by the party against whom enforcement of the waiver, discharge or modification is sought. No waiver on behalf of the Landlord will be deemed binding upon the Landlord unless approved in writing as to form by the City Attorney. During any period in which an Event of Default shall have occurred and be continuing, or during the existence of any breach of the terms of this Lease that, after the lapse of time or the giving of notice (or both), would constitute an Event of Default, the Landlord’s acceptance of payments of the Terminal Buildings Charge or additional rent shall not be deemed a waiver of the Event of Default or breach. The failure of the Landlord or the Tenant to insist upon the strict performance of any provision of this Lease shall not be deemed a waiver and shall not bar the Landlord or the Tenant from thereafter insisting upon strict performance of the provision.

25.2. Surrender. No agreement to accept a surrender of this Lease shall be valid unless in writing signed by the Landlord.

25.3. Entire Agreement. This Lease contains the entire agreement between the Landlord and the Tenant relating to the subject matter hereof.

25.4. Rights Limited by Law. All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and are intended to be limited to the extent necessary so that they will not render this Lease invalid, illegal, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law. If any term of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of the term shall not be affected.

25.5. Certain Statutes. No provision of this Lease 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 40107(a)(4) (Public Law 103-272). The Tenant waives any right or benefit in any way related to the Airport or its operations to which the Tenant would otherwise be entitled as a result of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 49 U.S.C. 4601, *et seq.* (Public Law 91-646), Title 1, Division 7, Chapter 16 of the California Government Code (Sections 7260, *et seq.*), or any other Legal Requirement conferring similar rights and benefits.

25.6. Approvals. Any approvals or consents required from or given by the Landlord under this Lease shall be approvals of the Department acting as the Landlord, and shall not relate to, constitute a waiver of, supersede or otherwise limit or affect the rights or prerogatives of the City of Los Angeles as a government, including the right to grant or deny any permits required for construction in the Demised Premises or maintenance of the Demised Premises and the right to enact, amend or repeal Legal Requirements, including those relating to zoning, land use, and building and safety. Any requirement in this Lease that an approval or consent be not unreasonably withheld shall also be deemed to require that the approval or consent be not unreasonably delayed. Any other requirement in this Lease that an approval or consent be obtained shall entitle the party whose approval or consent is required to withhold the approval or consent in its discretion. No approval or consent on behalf of the Landlord will be deemed binding upon the Landlord unless approved in writing as to form by the City Attorney.

25.7. Certain Amendments. If the City Attorney shall determine that any provision of this Lease is in conflict with any Legal Requirement or that any right otherwise afforded to the Tenant under this Lease would (if exercised by the Tenant) result in a violation of any Legal Requirement, the Landlord may unilaterally amend this Lease to the extent necessary to bring this Lease into conformity with the Legal Requirement or to restrict the rights otherwise afforded to the Tenant to the extent necessary to prohibit the conduct that would result in the violation of the Legal Requirement, by delivering to the Tenant a notice specifying the text of the amendment and the date on which the amendment will become effective. Together with any notice amending the terms of this Lease as permitted by the preceding sentence of this Section 25.7, the Landlord will furnish to the Tenant an opinion of the City Attorney that specifies the conflict and the narrowest amendment, consistent with the remaining terms of this Lease, that would bring this Lease, as so amended, into conformity with the Legal Requirement or that would restrict the rights otherwise afforded to the Tenant to the extent necessary to prohibit the conduct that would result in the violation of the Legal Requirement. No such amendment will become effective on fewer than 30 days' notice to the Tenant, unless in the opinion of the City Attorney a shorter period of time is required in order to avoid any civil or criminal penalty or any other adverse effect on the Landlord. If the City Attorney shall determine that any policy of the Federal Aviation Administration, the U.S. Department of Transportation, the U.S. Transportation Security Administration, or any other federal or state regulatory agency shall have changed on or after the Commencement Date, whether or not the change shall have the force of law and whether or not the change shall have retroactive effect, the Landlord may unilaterally amend this Lease to the extent necessary to bring this Lease into conformity with the revised policy, by delivering to the Tenant a notice specifying the text of the amendment and the date on which the amendment will become effective. Together with any notice amending the terms of this Lease as

permitted by the immediately preceding sentence of this Section 25.7, the Landlord will furnish to the Tenant an opinion of the City Attorney that specifies the change in policy and the narrowest amendment, consistent with the remaining terms of this Lease, that would bring this Lease, as so amended, into conformity with the new policy.

25.8. Time Periods. Unless otherwise specified, any reference to “days” in this Lease shall mean calendar days. Time of performance shall be of the essence of this Lease, provided that whenever a day is established in this Lease on or by which either the Landlord or the Tenant is required to perform any action (other than the Tenant’s obligation to make any payment of money required by this Lease), the time for performance shall be extended by the number of days (if any) during which the party whose performance is required is prevented from performing due to Unavoidable Delays.

25.9. Measurements. All measurements of the Demised Premises and any other relevant portion of the Terminal shall be made (except as required to the contrary by the express terms of this Lease) under ANSI/BOMA Z65.1-1996 (“Standard for Measuring Floor Area in Office Buildings”) or any other consistent methods from time to time adopted by the Landlord. Any measurements of the Rentable Area of any area in the Terminal shall be adjusted from time to time by the Landlord to take into account changes in the measurements of relevant portions of the Terminal. For the purposes of any computation of area required by this Lease, (a) the measurement of any area in the Terminal will not be affected by the temporary unavailability of floor area in the Terminal due to maintenance, repairs, and construction activity in or affecting the Terminal, and (b) additions to any area in the Terminal resulting from the construction of new improvements will not be included in the measurement of any area in the Terminal until the new improvements are placed in service. The computation by the Landlord of any area required by this Lease shall be deemed conclusive absent manifest error. If at any time the Landlord concludes that any computation of floor area measurement proves to have been incorrect, the Landlord will promptly disclose the inaccuracy to the Tenant, and the Landlord and the Tenant will promptly make such payments to the other as may be necessary to correct retroactively for the economic effect of the error.

25.10. Certain Exhibits and Deliveries. Exhibits to this Lease consisting of provisions of ordinances and the Administrative Code of the City of Los Angeles are attached to this Lease only as a matter of convenience. In the event of a conflict between the Exhibits to this Lease and the official text of the ordinance or Administrative Code provision, the official text shall govern. In order to illustrate the computation of the Terminal Buildings Charge and other financial matters relevant to this Lease, the Landlord has delivered or may deliver to the Tenant sample calculations in written or electronic form. In the event of a conflict between the sample calculations and the terms of this Lease, the terms of this Lease shall govern.

25.11. Other Agreements not Affected. The provisions of this Lease shall apply only to the Demised Premises and shall not modify in any respect any of the rights or obligations of the Landlord or the Tenant under any other lease or other agreement between them. Except as expressly provided in this Lease, no third-party is intended to be a beneficiary of the provisions of this Lease.

25.12. Subordination to Government Agreements. The Tenant's rights and leasehold estate under this Lease shall be subordinate to the provisions of any existing or future agreement between the Landlord and the United States relating to the development, operation, or maintenance of the Airport.

25.13. No Joint Venture. The provisions of this Lease shall not be construed to create a joint venture or partnership between the Landlord and the Tenant.

25.14. Counterparts. 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 document, 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 document 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 to authenticate this writing and to have the same force and effect as a manual signature; (ii) intend 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 facsimile, 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.

25.15. Captions, etc. The captions, table of contents and cover page of this Lease are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

25.16. Waiver of Trial by Jury. The Landlord and the Tenant do hereby waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other relating to any matters arising out of or in any way connected with this Lease, the relationship of the Landlord and the Tenant, the Tenant's use or occupancy of the Demised Premises, or any other claims (except claims for personal injury or property damage) or any other statutory remedy.

25.17. Survival of Obligations. Unless expressly provided to the contrary, the obligations of the Landlord and the Tenant hereunder shall survive, to the extent previously accrued, any termination of this Lease, the expiration of the Term or the exercise by the Landlord

or the Tenant of any of their respective remedies for the breach by the other of the provisions of this Lease.

25.18. Governing Law. Irrespective of the place of execution or performance, this Lease shall be governed by and construed and enforced in accordance with the laws of the State of California.

25.19. Interpretation. This Lease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Lease to be drafted. Any references in this Lease to a specific Legal Requirement shall be deemed to include a reference to any similar or successor provision.

25.20. Successors and Assigns. The covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of the Landlord and the Tenant and their respective successors and, except as otherwise provided in this Lease, their assigns, and shall run with the land.

25.21. Attorneys' Fees. In any action brought to enforce the terms of this Lease, the party substantially prevailing in the action shall be entitled to recover from the other party the prevailing party's reasonable expenses of the action (including reasonable attorneys' fees).

25.22. Authority. Except as expressly provided in this Section 25.22 to the contrary, (a) the powers of the Landlord under this Lease, including the power to interpret and implement the provisions of this Lease, have been delegated to and may be exercised by the CEO, and (b) any notice, election, approval or consent that this Lease by its terms requires or permits the Landlord to give may be given by the CEO, in each case as if exercised or given by resolution or order of the Board. Without limitation of the authority of the CEO under Sections 14.2.1, 16.2.1, 16.2.3, and 19.2 (after giving effect to the foregoing provisions of this Section 25.22), the CEO shall have the authority to bind the Landlord to any amendment of this Lease having the effect of increasing or decreasing by not more than \$150,000 in any Lease Year the amounts payable by the Tenant to the Landlord under this Lease. The authority of the CEO under this Section 25.22 shall not extend to either of the following actions without the prior approval or later ratification of the Board: (a) any extension of the Term for a period that, when added to the Term originally specified in this Lease, exceeds five years, or (b) any amendment of the terms of this Lease if the specific text of this Lease has been presented to and approved by the City Council of the City of Los Angeles. In taking any action under this Lease, the Tenant shall be entitled to rely on the authority of the CEO as specified in this Section 25.22.

25.23. Civil Code Section 1938 Disclosure. For purposes of Section 1938 of the California Civil Code, the Landlord hereby discloses to Tenant, and the Tenant hereby acknowledges, that the Demised Premises has not undergone inspection by a Certified Access Specialist (CASp). Since the Demised Premises has not undergone inspection by a CASp, California Civil Code Section 1938(e) requires the following statement to be set forth in this Lease:

“A Certified Access Specialist (CAsp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CAsp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CAsp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CAsp inspection, the payment of the fee for the CAsp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.”

The parties hereby mutually agree that any inspection by a CAsp obtained by the Tenant shall be performed at the Tenant’s sole cost and expense and at a time and in a manner reasonably satisfactory to the Landlord. The parties hereby mutually agree that, notwithstanding any presumption set forth in California Civil Code Section 1938, any and all repairs or alterations necessary to correct violations of construction-related accessibility standards within the Demised Premises shall be performed by the Tenant at the Tenant’s sole cost and expense, except as otherwise expressly provided in this Lease.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Landlord and the Tenant have respectively executed this Lease as of the day and year first above written.

LANDLORD:

APPROVED AS TO FORM:

CITY OF LOS ANGELES

Hydee Feldstein Soto
City Attorney

By: _____
Chief Executive Officer
Department of Airports

Date: _____

By: _____
Deputy/Assistant City Attorney

TENANT:

ATTEST:

SOCIETE AIR FRANCE, S.A.

By: *Olivier Boulland*
Name: Olivier Boulland
Title: Chief of Staff to the EVP Commercial
Sales Air France KLM

By: *Henri de Peyrelongue*
Name: Henri de Peyrelongue
Title: EVP Commercial Sales Air France KLM

**SCHEDULE 1
MAINTENANCE**

General Maintenance Items	Demised Premises	Terminal Common Areas	Building Exterior and/or Ramp
Ceiling tiles/grid	Tenant	Landlord	N/A
Flooring/Floor finishes	Tenant	Landlord	N/A
Wall finishes (including store front)	Tenant	Landlord	N/A
Way finding signage to lounge	N/A	Landlord	N/A
Storefront signage identifying lounge	Tenant	N/A	N/A
Light bulbs, fixtures, and components	Tenant	Landlord	N/A
Pest Control	Tenant	Landlord	N/A
Doors (including locks, hinges and closers)	Tenant	Landlord	N/A
Interior leased space doors	Tenant	N/A	N/A
Fire doors	Tenant	Landlord	N/A
Exterior door to leased space	Tenant	N/A	N/A
Janitorial	Tenant	Landlord	N/A

Building Exterior			
Exterior walls, roof and foundation		Landlord	
Ramp-side dumpster and trash removal		Landlord	
Paving		Landlord	
Exterior window washing		Landlord	
System / Technology			
Telephone and data circuits	Tenant	N/A	N/A
Telecommunications conduites	Tenant	Landlord	N/A
Telecommunications cable (fiber/copper) from demised space to Tenant Wiring Closet (TWC)	Tenant	N/A	N/A
Telecommunications conduit and cable from TWC to MPOE	N/A	Landlord	N/A
ACAMS		Landlord	
CCTV	Tenant	Landlord	N/A
FIDS	Tenant	Landlord	N/A
Vi-Fi	Tenant	Landlord	N/A
ARCC Interface		Landlord	
Distributed antenna system		Landlord	
Paging	Tenant	Landlord	N/A
Fire sprinkler and fire-life- safety systems	Tenant	Landlord	N/A
Master electrical panels and main electrical equipment		Landlord	
Electrical equipment, sub- panels, and distribution	Tenant	Landlord	N/A
Single user water and sewer system from the point of tie-in to building main, meter or shared system to and including Demised Premises	Tenant	Landlord	N/A
HVAC systems connected to Landlord provided chilled/hot water	Tenant	N/A	N/A
HVAC stand-alone systems	Tenant	Landlord	N/A

Insurance



RISK MANAGEMENT DIVISION
INSURANCE REQUIREMENTS

NAME: Societe Air France, S.A.
ACTIVITY: Lease and Construction of Premier Passenger Lounge at the West Gates of Tom Bradley International Terminal
LAWA DIVISION: Commercial Development Group

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

	<u>LIMITS</u>
(X) Workers' Compensation (Statutory)/Employer's Liability () Voluntary Compensation Endorsement (X) Waiver of Subrogation	<u>Statutory</u>
(X) Commercial Automobile Liability - covering owned, non-owned & hired auto	<u>\$10,000,000 CSL</u>
(X) Commercial General Liability , including the following coverage: (X) Premises and Operations (X) Contractual (Blanket/Schedule) (X) Independent Contractors (X) Personal Injury (X) Damage to Premises Rented to You (minimum \$1 million each occurrence) (X) Products /Completed Operations () Explosion, Collapse & Underground (required when work involves digging, Excavation, grading or use of explosive materials.) (X) Additional Insured Endorsement, specifically naming LAWA (Please see attached supplement). () Hangarkeepers Legal Liab. (At least at a limit of liability of \$ 1 million)	<u>\$10,000,000</u>
(X) Property Insurance () Building, including contents All Risk/Special Form Coverage, including flood and earthquake LAWA named additional insured and loss payee	<u>100% Replacement Cost</u>
(X) Tenant improvements All Risk/Special Form Coverage, including flood and earthquake LAWA named loss payee	<u>100% Replacement Cost</u>
(X) Waiver of subrogation (Please see attached supplement)	
() Builder's Risk Insurance All Risk/Special Form Coverage, including flood and earthquake LAWA named loss payee required if property or building ultimately revert to City	<u>Total project value -</u> <u>100% Replacement Cost</u>

*******REURN THIS PAGE WITH EVIDENCE OF YOUR INSURANCE*******
PLEASE SUBMT ALL DOCUMENTS TO RISKINSURANCE@LAWA.ORG

INSURANCE REQUIREMENTS FOR LOS ANGELES WORLD AIRPORTS (SUPPLEMENT)

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

Insurance companies, which do not have an AM Best rating of A- or better, and have a minimum financial size of at least four, must be reviewed for acceptability by Risk Management

Endorsements:

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

Certificate Holder:

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

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

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

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

Insurance

Contractor shall procure at its own expense, and keep in effect at all times during the term of this Agreement, the types and amounts of insurance specified herein. The specified insurance shall also, either by provisions in the policies or by endorsement attached to such policies, specifically name the City of Los Angeles, Los Angeles World Airports, its Board of Airport Commissioners (hereinafter referred to as "Board"), and all of its officers, employees, and agents, their successors and assigns, as additional insureds, against the area of risk described herein as respects Contractor's acts or omissions in its operations, use and occupancy of the premises hereunder or other related functions performed by or on behalf of Contractor on Airport.

With respect to Workers' Compensation, the Contractor shall, by specific endorsement, waive its right of subrogation against the City of Los Angeles, Los Angeles World Airports, its Board, and all of its officers, employees and agents, their successors and assigns.

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 Agreement with the City of Los Angeles."

All such insurance shall be primary and noncontributing with any other insurance held by City's Department of Airport where liability arises out of or results from the acts or omissions of Contractor, its agents, employees, officers, assigns, or any person or entity acting for or on behalf of Contractor.

Such policies may provide for reasonable deductibles and/or retentions acceptable to the Chief Executive Officer of the Department of Airport (hereinafter referred to as "Chief Executive Officer") based upon the nature of Contractor's operations and the type insurance involved.

City shall have no liability for any premiums charged for such coverage(s). The inclusion of City, its Department of Airports, its Board, and all of its officers, employees and agents, and their agents and assigns, as insureds, is not intended to, and shall not, make them, or any of them a partner or joint venture with Contractor in its operations at Airport.

In the event Contractor fails to furnish City evidence of insurance and maintain the insurance as required, City, upon ten (10) day prior written notice to comply, may (but shall not be required to) procure such insurance at the cost and expense of Contractor, and Contractor agrees to promptly reimburse City for the cost thereof plus fifteen percent (15%) for administrative overhead.

At least ten (10) days prior to the expiration date of any 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, Contractor shall, within fifteen (15) days of such cancellation or reduction of coverage, file with City evidence that the required insurance has been reinstated or provided through another insurance company or companies.

Contractor shall provide proof of all specified insurance and related requirements to City either by production of the actual insurance policy(ies), by 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 specific coverages shall be filed with City prior to commencement of this contract. The documents shall contain the applicable policy number, the inclusive dates of policy coverages and the insurance carrier's name, shall bear signature and the typed name 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 and Contractor agree that the insurance policy limits specified herein shall be reviewed for adequacy annually throughout the term of this Agreement by Chief Executive Officer, who may thereafter require Contractor to adjust the amounts of insurance coverage to whatever amount Chief Executive Officer deems to be adequate. City reserves the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing such insurance.

City Held Harmless

To the fullest extent permitted by law, Contractor shall defend, indemnify and hold harmless City and any and all of City's Boards, officers, agents, employees, assigns and successors in interest from and against any and all suits, claims, causes of action, liability, losses, damages, demands or expenses (including, but not limited to, attorney's fees and costs of litigation), claimed by anyone (including Contractor and/or Contractor's agents or employees) by reason of injury to, or death of, any person(s) (including Contractor and/or Contractor's agents or employees), or for damage to, or destruction of, any property (including property of Contractor and/or Contractor's agents or employees) or for any and all other losses, founded upon or alleged to arise out of, pertain to, or relate to the Contractor's and/or Sub-Contractor's performance of the Contract, whether or not contributed to by any act or omission of City, or of any of City's Boards, officers, agents or employees. Provided, however, that where such suits, claims, causes of action, liability, losses, damages, demands or expenses arise from or relate to Contractor's performance of a "Construction Contract" as defined by California Civil Code section 2783, this paragraph shall not be construed to require Contractor to indemnify or hold City harmless to the extent such suits, causes of action, claims, losses,

demands and expenses are caused by the City's sole negligence, willful misconduct or active negligence. Provided further that where such suits, claims, causes of action, liability, losses, damages, demands or expenses arise from Consultant's design professional services as defined by California Civil Code section 2782.8, Consultant's indemnity obligations shall be limited to allegations, suits, claims, causes of action, liability, losses, damages, demands or expenses arising out of, pertaining to, or relating to the Consultant's negligence, recklessness or willful misconduct in the performance of the Contract.

In addition, Contractor agrees to protect, defend, indemnify, keep and hold harmless City, including its Boards, Departments and City's officers, agents, servants and employees, from and against any and all claims, damages, liabilities, losses and expenses arising out of any threatened, alleged or actual claim that the end product provided to LAWA by Contractor violates any patent, copyright, trade secret, proprietary right, intellectual property right, moral right, privacy, or similar right, or any other rights of any third party anywhere in the world. Contractor agrees to, and shall, pay all damages, settlements, expenses and costs, including costs of investigation, court costs and attorney's fees, and all other costs and damages sustained or incurred by City arising out of, or relating to, the matters set forth above in this paragraph of the City's "Hold Harmless" agreement.

In Contractor's defense of the City under this Section, 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.

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

Hazardous and Other Regulated Substances

(a) Contractor's performance under this Contract and/or occupancy or use of any LAWA property shall be in 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 wastes, extremely hazardous wastes, hazardous substances, hazardous materials, hazardous chemicals, toxic chemicals, toxic substances, pollutants, contaminants or other similarly regulated substances (hereinafter referred to as "hazardous substances"). Said hazardous substances shall include, but shall not be limited to, mold, gasoline, aviation, diesel and jet fuels, lubricating oils and solvents. Contractor agrees that any damages, penalties or fines levied on City and/or Contractor as a result of Contractor's noncompliance with any of the above shall be the sole responsibility of Contractor and further, that Contractor shall indemnify and pay and/or reimburse City for any damages, penalties or fines that City pays as a result of noncompliance with the above.

(b) In the case of any hazardous substance spill, contamination, leak, discharge or improper storage affecting LAWA property caused or contributed to by Contractor or its employees, servants, agents, contractors or subcontractors, Contractor agrees to make or cause to be made any necessary repairs or corrective actions as well as to clean up and remove any leakage, contamination or contaminated ground to the satisfaction of Chief Executive Officer. If Contractor fails to repair, cleanup, 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 or contamination. Any such repair, clean-up or corrective actions taken by City shall be at Contractor's sole cost and expense and Contractor 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, clean-up or corrective action it takes.

(c) Contractor shall promptly supply City with copies of all notices, reports, correspondence and submissions made by Contractor to any governmental entity regarding any hazardous substance spill, leak, discharge or clean-up including all test results.

(d) The provisions of this section shall survive the expiration or earlier termination of this Agreement.



1. **When should I comply with the Insurance Requirements?** The Risk Management Division's Insurance Compliance section is the first place to start if your proposal has been accepted or you have been awarded the bid. You cannot perform any work for the Department without approved evidence of insurance. Please be aware that if current evidence of insurance is not on file with the Insurance Compliance Section, invoices cannot be processed, badges cannot be issued and permits cannot be processed.

THE ACCOUNTING DIVISION HAS BEEN INSTRUCTED BY THE CITY CONTROLLER NOT TO PROCESS INVOICES UNLESS CURRENT EVIDENCE OF INSURANCE IS IN PLACE.

2. **What does LAWA consider as Acceptable Evidence of insurance?** The only evidence of insurance acceptable is either a Certificate of Insurance and/or a True and Certified copy of a policy. The following items must accompany the form of evidence provided:
 - a. A copy of the Waiver of Subrogation Endorsement **specifically** naming Los Angeles World Airports on the schedule is required for Workers' Compensation. **A BLANKET ENDORSEMENT AND/OR LANGUAGE ON A CERTIFICATE OF INSURANCE IS NOT ACCEPTABLE.**
 - b. A copy of the Additional Insured Endorsement (CG 20 10 11 85 or similar) **specifically** naming Los Angeles World Airports on the schedule is required for General Liability. **A BLANKET ENDORSEMENT AND/OR LANGUAGE WRITTEN ON A CERTIFICATE OF INSURANCE IS NOT ACCEPTABLE UNLESS YOU HAVE A DIRECT CONTRACT WITH LAWA.**
 - c. The Certificate of Insurance and/or the True and Certified copy of the policy must be signed by the Authorized Representative.
 - d. A copy of the Schedule of Underlying Coverage/Insurance is required for the Excess policy.
3. **Is there an added cost to add Los Angeles Worlds Airports as Additional Insured?** Possibly; there usually is an added cost to doing this. This fact should be considered when you are formulating your costs for the bid or proposal. Check with your insurance agent or broker as .
4. **How can I obtain information on your Insurance Requirements?** An Insurance Requirement Sheet is included in the Proposal/Bid Package, which specifically outlines the types and amounts of coverage required. This Requirement Sheet should be passed on to your authorized agent/broker for their review. You may also contact us at (424) 646- 5480.
5. **Do I need to prepare more forms if I already have LAWA's evidence of insurance?** No. If you already have current evidence of insurance on file with our Risk Management's Insurance Compliance Section, it is not necessary to complete a new set of forms. Once documentation is in place, you do not need to go through the process for each project. **However**, if the documents submitted are project specific, you will need to submit forms for each project. Therefore it is suggested that forms submitted indicate they are for the maximum coverage required and all LAWA projects. Please check with our office to be sure that all coverages are current. Your contract administrator can do this for you as well. Our office maintains a computerized record of your evidence of insurance.

6. **What insurance companies are acceptable to LAWA?** Insurance companies must have an A- or better rating and have a financial size of at least IV to be acceptable to LAWA. We use the A.M. Best Key Rating Guide as our reference.
7. **How long will I need the insurance coverage?** If you are awarded a contract, there will be a provision in your contract which specifically states that it is your responsibility to maintain current evidence of insurance in our files for the contract period.
8. **How long does it take LAWA to process my evidence of insurance?** Evidence of Insurance is processed upon receipt by LAWA. Please submit your evidence of insurance documents to the Risk Management Division's Insurance Compliance Section at riskinsurance@lawa.org, as soon as you are awarded the contract.
9. **When should I complete the evidence of insurance?** Prior to the commencement of this contract, the vendor must provide proof of insurance. Do not spend any money to meet the insurance requirements until you are awarded the contract by LAWA. Get an estimate or quote from your insurance agent or broker and factor that into the bid/proposal you are preparing. Enclose a statement, provided on your company letterhead, which states you have reviewed the insurance requirements and that you will provide the required evidence of insurance if you are awarded the contract.
Note for Prime Contractors: Prime Contractors are responsible for ensuring that their Sub-contractors have adequate evidence of insurance coverage appropriate to the work to be performed. At a minimum, if airfield access is involved, the sub-contractor must show \$10 million in coverage, plus endorsements. If no airfield access is involved in the work, the minimum threshold is \$1 million, plus endorsements. In rare cases, if the work is performed entirely off site, there may be no need for evidence of insurance coverage.

10. **Where is the Risk Management Division's Insurance Compliance Section located?**

7301 World Way West

2nd Floor

Los Angeles, CA 90045

riskinsurance@lawa.org

Phone: (424) 646-5480

Office Hours: Monday-Thursday, 7:30 a.m. to 3:30 p.m.

Friday: 7:30 a.m. to 12:00 noon

Closed Holidays and weekends

For more information on LAWA's insurance requirements, visit our webpage at:

<https://www.lawa.org/en/lawa-tenants-411/risk-management/insurance-compliance>

**GUIDANCE FOR SUBMITTING EVIDENCE OF INSURANCE TO THE CITY OF LOS ANGELES,
LOS ANGELES WORLD AIRPORTS**

Coverage & Limits: All insurance requirements established are based on the detailed scope of work and or/nature of your business with the Los Angeles World Airports (LAWA). The coverage and limits for each type of insurance are specified on the Insurance Requirements Sheet (IR Sheet).

Please give your insurance agent/broker a copy of the Insurance Requirements Sheet along with these instructions. All evidence of insurance must be authorized by a licensed insurance agent with authority to bind coverage.

1. **When to submit:** Normally, no work may begin until acceptable insurance is analyzed and approved by the Insurance Compliance Section. Upon approval the Contract Administrator will authorize a Notice to Proceed (NTP). So insurance documents should be submitted as early as practicable.
2. **Acceptable Evidence and Approval:** Electronic submission is the best method of submitting your documents, and designed to make the experience of submitting insurance information quick and easy. LAWA accepts the standard insurance industry form known as the **ACORD 25 Certificate of Liability Insurance**, with applicable endorsements and waiver of subrogation. Other insurance industry certificates that have been approved by the State of California, Broker's Letters, and True and Certified copy of insurance policies may be accepted. The following items (**#4 and #5**) **must accompany the form of evidence provided.**
3. **Additional Insured Endorsements:** (CG20101185 / CG2010 / CG2037 or similar) are required acceptable for the general liability policy. All endorsements must name the **City of Los Angeles, Los Angeles World Airports (LAWA), its Board, and all of its officers, employees and agents as additional insured's.**
4. **Waivers of Subrogation:** Required For Workers Compensation.
5. **Blanket Endorsement or Waiver of Subrogation:** Acceptable only for contracts directly with LAWA. If the policy includes an automatic or blanket additional insured endorsement, the Certificate must state **LAWA** is an automatic or blanket additional insured.
6. **Certificate Language:** Language written on the Certificate of Insurance in the "**Description of Operations Section**" is not acceptable as an endorsement.
7. **Cancellation Notice:** All Certificates must provide a thirty (**30**) days' cancellation notice provision, ten (10) days for non-payment of premium).
8. **Self-Insure:** If your agreement requires Workers' Compensation coverage and you have been authorized by the State of California to self-insure, a copy of the certificate from the State consenting to self- insurance must be provided from the State of California as proof of insurance.
9. **Acceptable Insurers:** **LAWA** uses the A.M. Best Key Rating Guide as our reference. All acceptable insurers must have an A.M. Best **A-VI or better rating** to be acceptable to LAWA.

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.

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.

SCHEDULE 3
Basic Information Schedule
Societe Air France, S.A.

Terminal - TBIT

Demised Premises*	MSC-06-01		
	Room No.	Space	Area (SF)
Portion Of MSC-06-C1-040	Lounge Level 6	Lounge	11,500
MSC-01-C4-060	Basement Level 1	Storage	319
Total Occupied Area (SF)			11,819

Rent		
Demised Premises (SF)		11,819
Terminal Building Rate (FY 2023, Rate Agreement Rate) ¹	\$	237.43
Annual rent	\$	2,806,185
Monthly Rent	\$	233,849
 Faithful Performance Guaranty:	 \$	 701,546
 Minimum Lounge Improvement Requirement ²	 \$	 10,000,000

Permitted Uses: To operate a premier business lounge of an international air transportation carrier, and for purposes reasonably incidental thereto.

Note¹: Terminal Building Rate shall be adjusted annually pursuant to the terms of Tariff.

Note²: If Tenant chooses to take additional space of approximately 2,300 SF, the Minimum Lounge Improvement Requirement will be \$12 million, calculated based an equivalent cost of \$869.57 per Sq. Ft..

Note: Pursuant to Section 1.1.4, following the completion of the Lounge Improvements (as defined in Section 1.4.1), modifications to the Demised Premises may be made by the CEO by an amendment to Exhibit A.*

Tenant Addresses for Notices

Name and Title	Henri de Peyrelongue, EVP Commercial Sales
Company	Societe Air France, S.A. KLM
address	380 World Way Los Angeles,
City, state, Zip Code	Los Angeles, CA 90045
Phone	
Email	

Name and Title	Delphine Deleger, LAX Station Manager
Company	Societe Air France, S.A. KLM
address	380 World Way Los Angeles,

City, state, Zip Code

Los Angeles, CA 90045

Phone

415.324.9926

Email

dedeleger@airfranceklm.com



SCHEDULE 4

Technical Design Criteria

Tom Bradley International Terminal - West Gates

Building Systems Guidelines and Criteria

THIS DOCUMENT RUNS WITH LAWA'S DESIGN AND CONSTRUCTION HANDBOOK

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POLICIES

1.1 Project Introduction

Welcome to the Los Angeles International Airport.

In the pages that follow, the Los Angeles World Airport (LAWA) has set forth its vision and goals for the leasehold improvements at Midfield Satellite Concourse.

This Project Sponsor Design Manual has been prepared to help you, the Project Sponsor, your designers and contractors to facilitate the planning, design, and construction of your leasehold. This guideline is unique and specific to leasehold improvements in the Midfield Satellite Concourse Project which includes the Gateway at TBIT, The Passenger Tunnel and the Midfield Satellite Concourse. In the absence of requirements or criteria provided in these guidelines, the Los Angeles World Airports Design and Construction Handbook, latest version applies.

Please follow the guidelines and procedures outlined in this manual to expedite the necessary approvals and completion of your leasehold. Please note a two-step submittal process is required, first to LAWA and secondly to the County of Los Angeles Building Inspection Division. Attention should be paid to the design criteria and plan submittal procedures to avoid needless delays or expensive redesign.

The guidelines contained herein provide a framework for Project Sponsors for developing a leasehold while allowing individual expression in design. LAWA does not intend to design your space but rather intends to maintain a consistent, high level of design throughout the airport. It is the Project Sponsor's responsibility to become familiar with the objectives outlined within the manual and other documents such as the DCH. LAWA reserves the right to change, delete or augment any of the requirements contained within this manual as it may deem necessary.

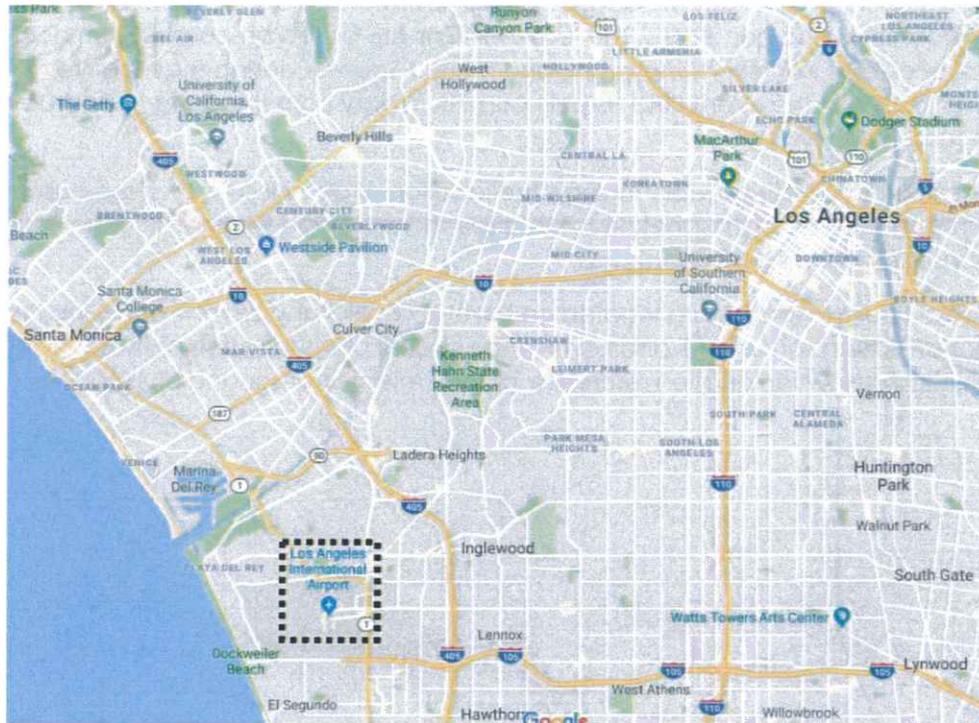
The information contained in this Project Sponsor Guideline Manual is intended as a supplement to the Lease Documents. In the event of any conflict, the provisions of the lease documents shall govern.

A representative from LAWA shall be assigned to each project or phase within the project to assist the Project Sponsor through the approval process and shall hereafter be referred to as the Airport Project Coordinator (APC). The APC contact may change as necessary based on the requirements of the project.

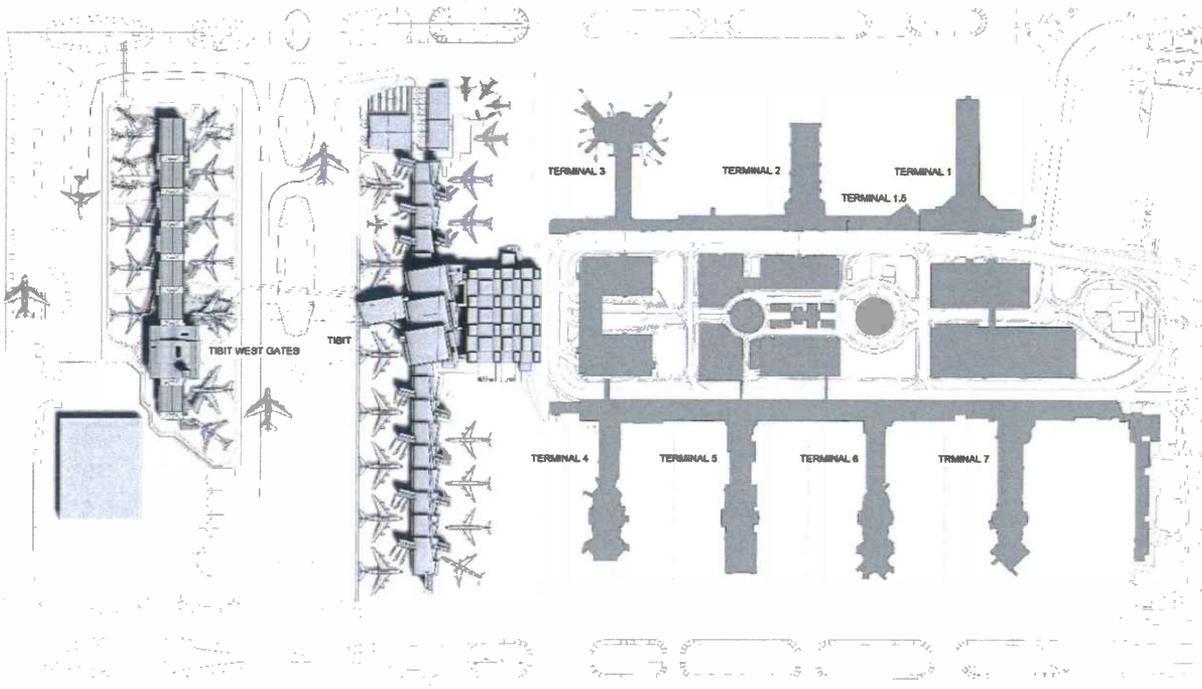
The Lessee of the leasehold spaces shall hereafter be referred to as the Project Sponsor.

1.2 Maps and Location

1.2.1 Vicinity Map



1.2.2 Site Plan

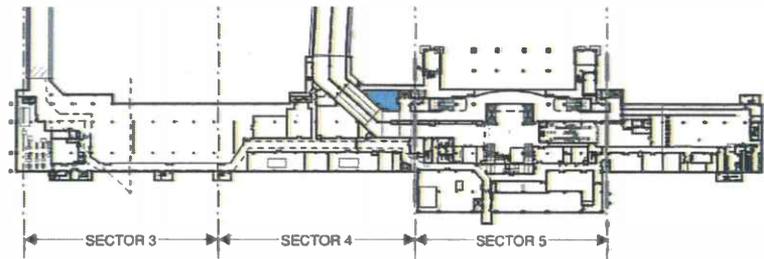


1.3 Master Lease Exhibits (MLE) – Midfield Satellite Concourse (TBIT WEST GATES)

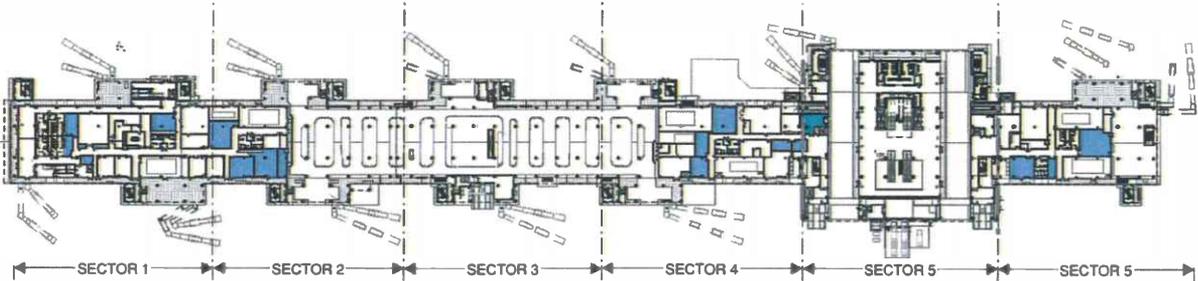
Individual Master Lease Exhibits (MLE) have been developed for each of the designated Project Sponsor locations. The lease exhibits illustrate and document the anticipated physical limits and conditions. The lease exhibits are based on construction documents. Actual as-built conditions may vary, and Project Sponsor design may require modification in the event field as-built conditions vary from the design construction documents intent.

Lease exhibits (MLE) typically include the location of demising walls, base building elements, and other information to describe the envelope within which the Project Sponsor's work will be constructed.

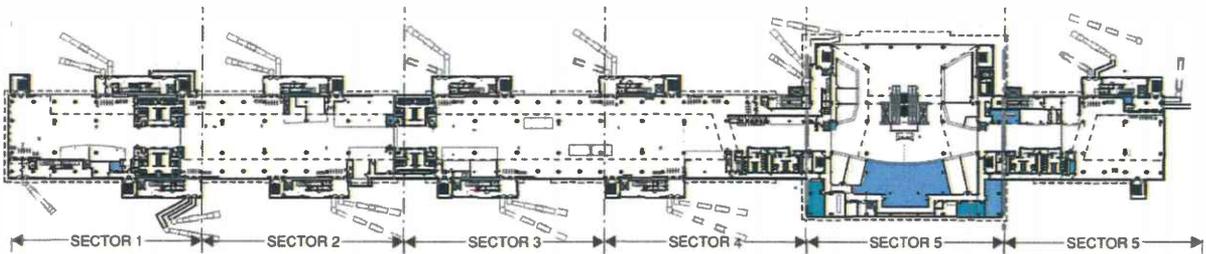
Project Sponsor spaces are located on Level 1, Level 3 and Level 4 with Club Project Sponsor spaces on Level 5 and Level 6. The overall plans for each of these levels are provided below for location reference of the Project Sponsor and club spaces.



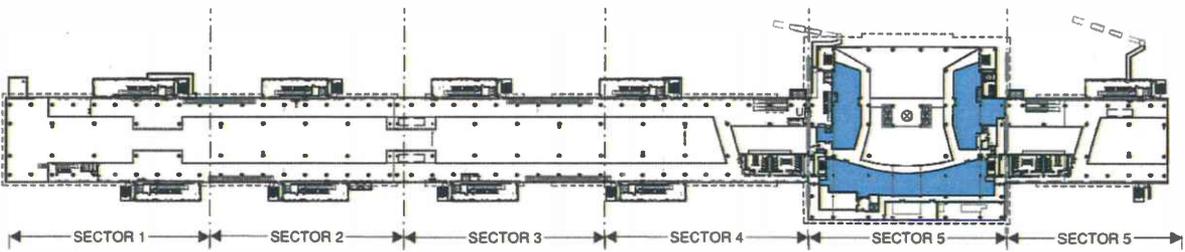
TBIT WEST GATES – Level 3 (Apron Level)



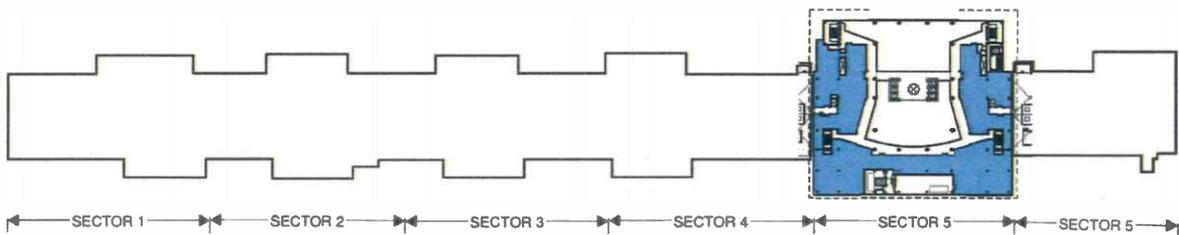
TBIT WEST GATES – Level 4 (Concourse Level)



TBIT WEST GATES – Level 5 (Sterile / Club Level)

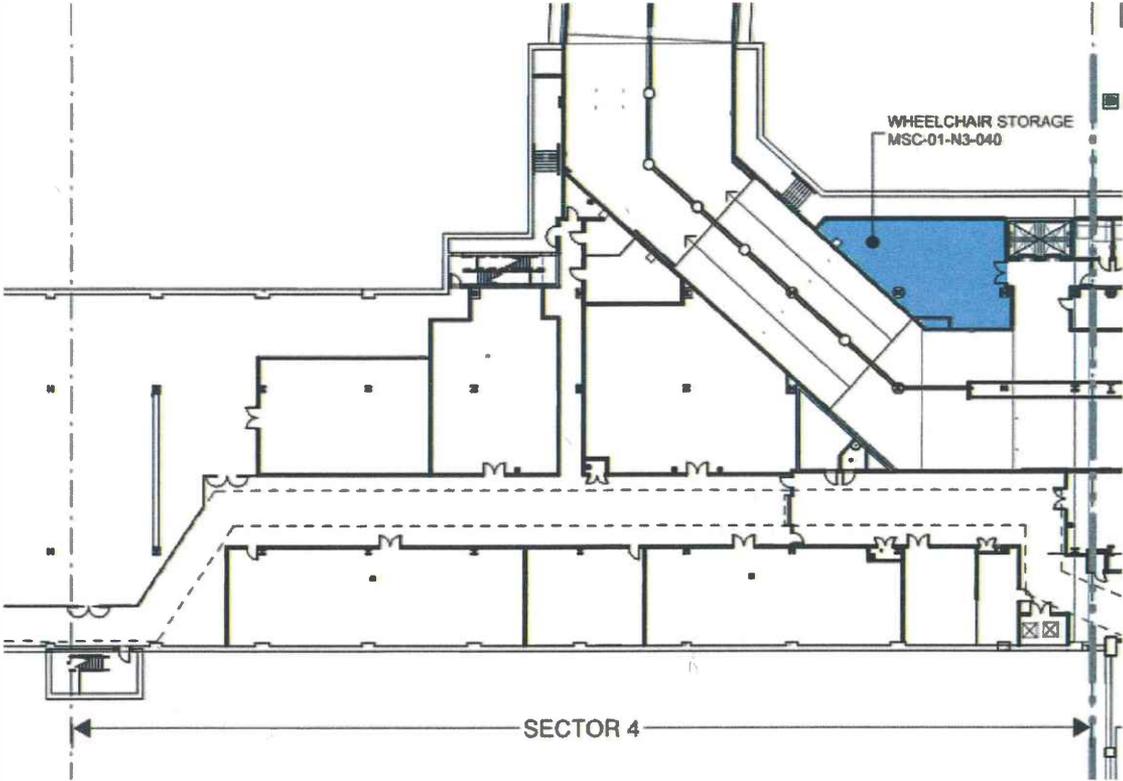


TBIT WEST GATES – Level 6 (Club Level)



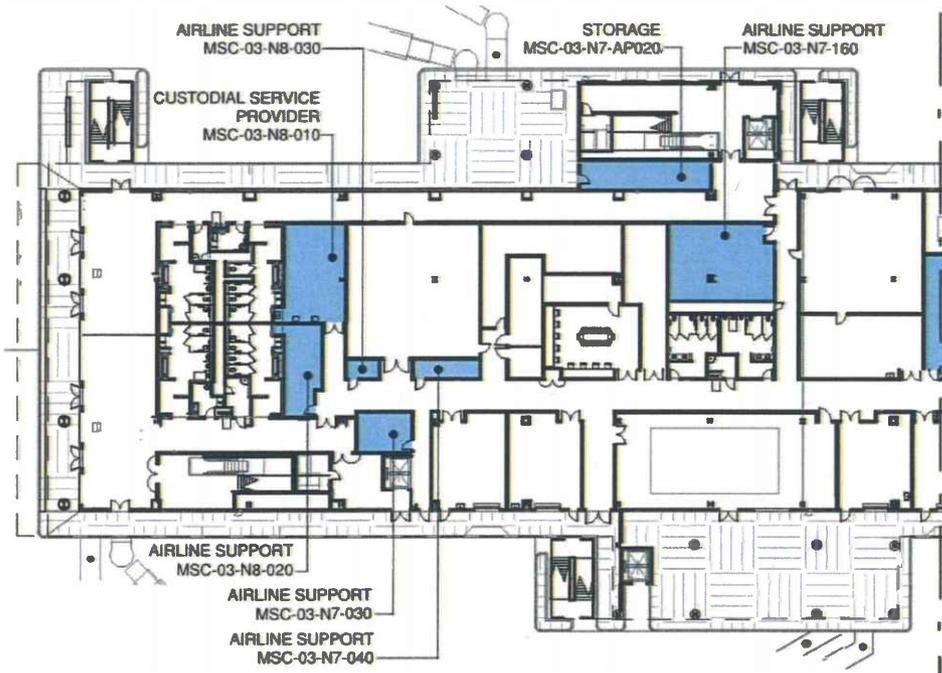
ENLARGED TBIT WEST GATES PLANS

TBIT WEST GATES Level 1 - Sector 3

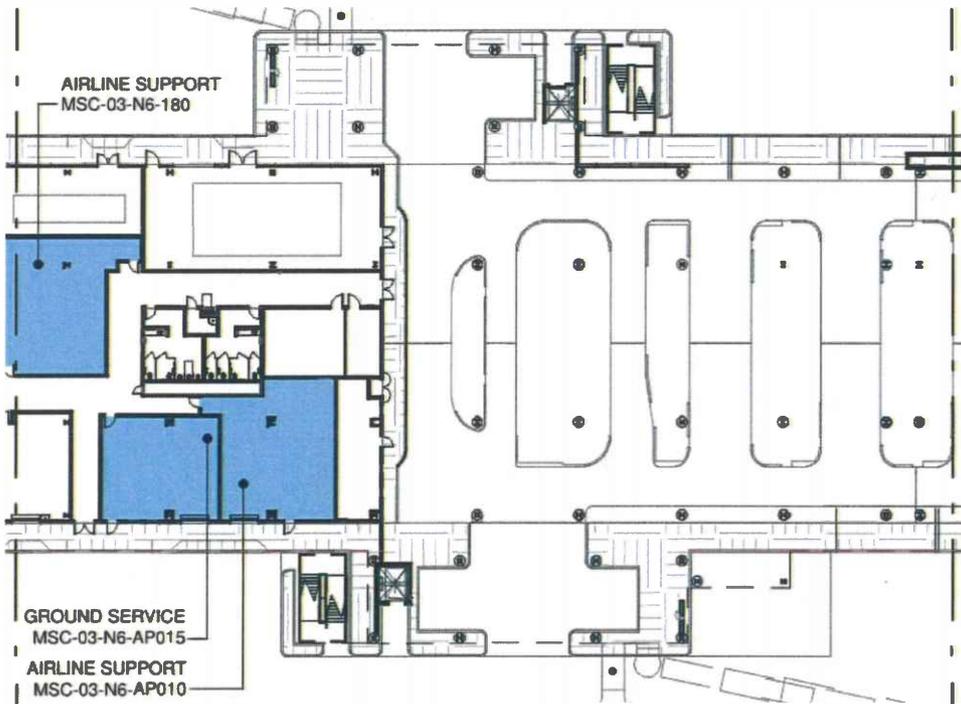


ENLARGED TBIT WEST GATES PLANS

TBIT WEST GATES Level 3 - Sector 1



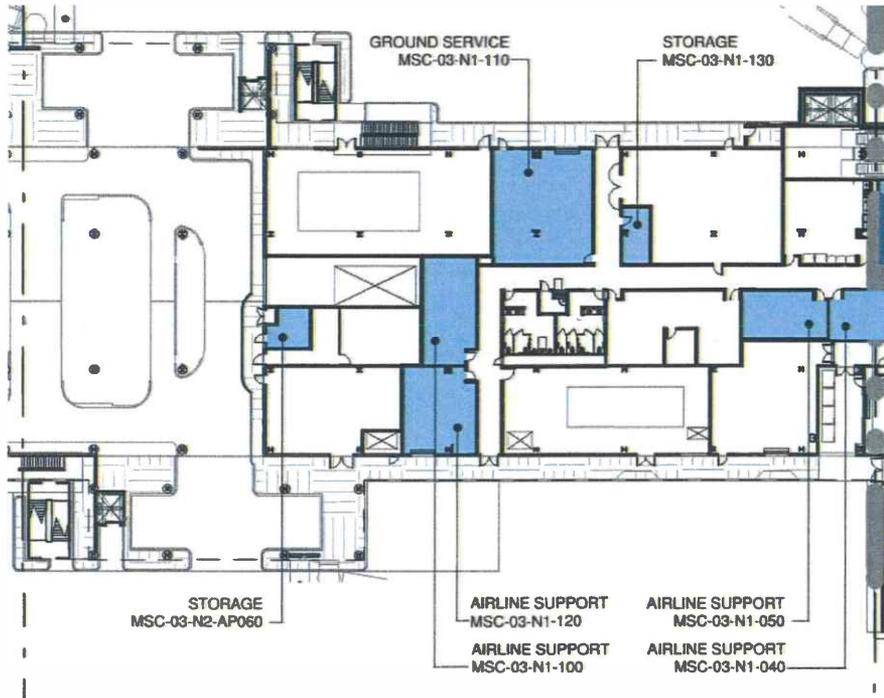
TBIT WEST GATES Level 3 - Sector 2



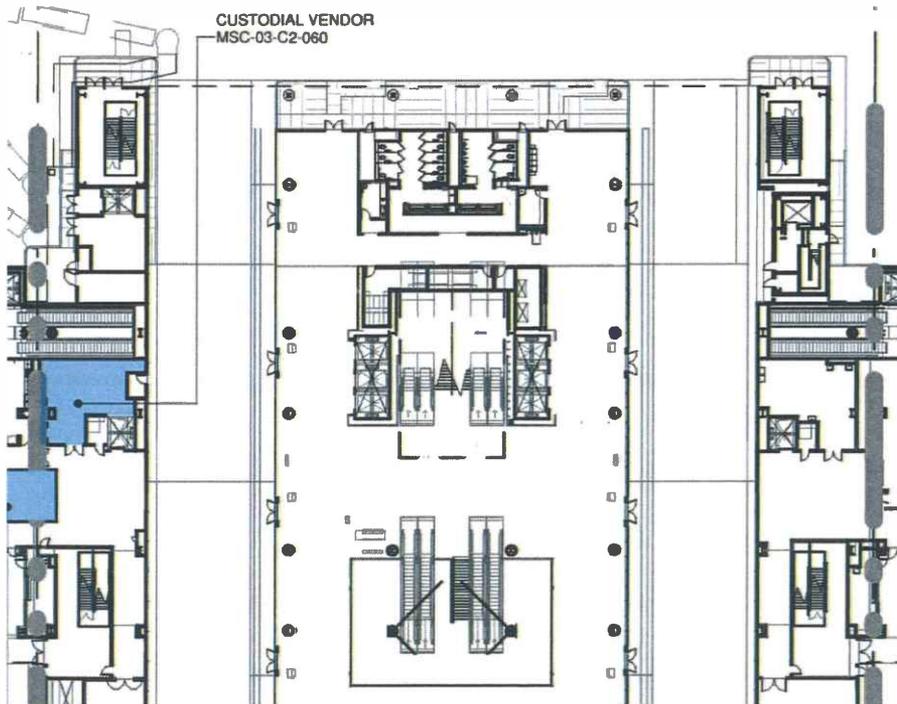
TBIT West Gates

Project Sponsor Design Guideline Manual

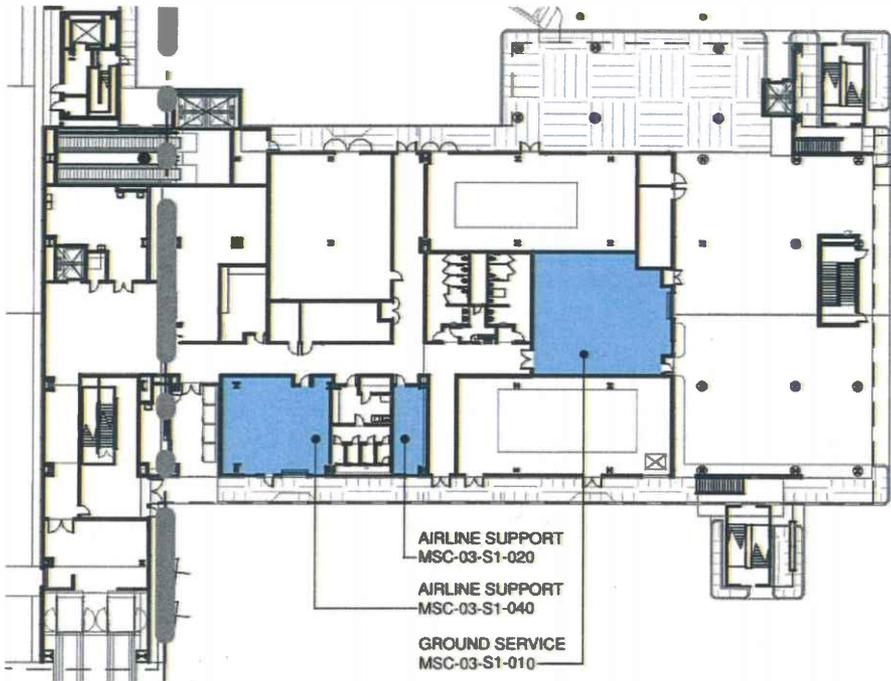
TBIT WEST GATES Level 3 - Sector 4



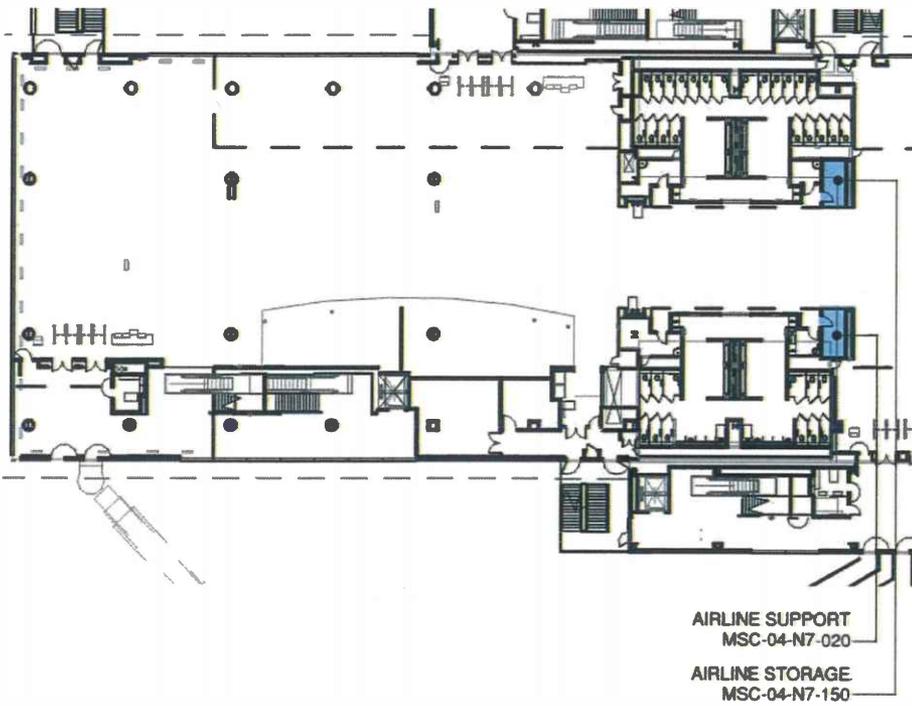
TBIT WEST GATES Level 3 - Sector 5



TBIT WEST GATES Level 3 – Sector 6



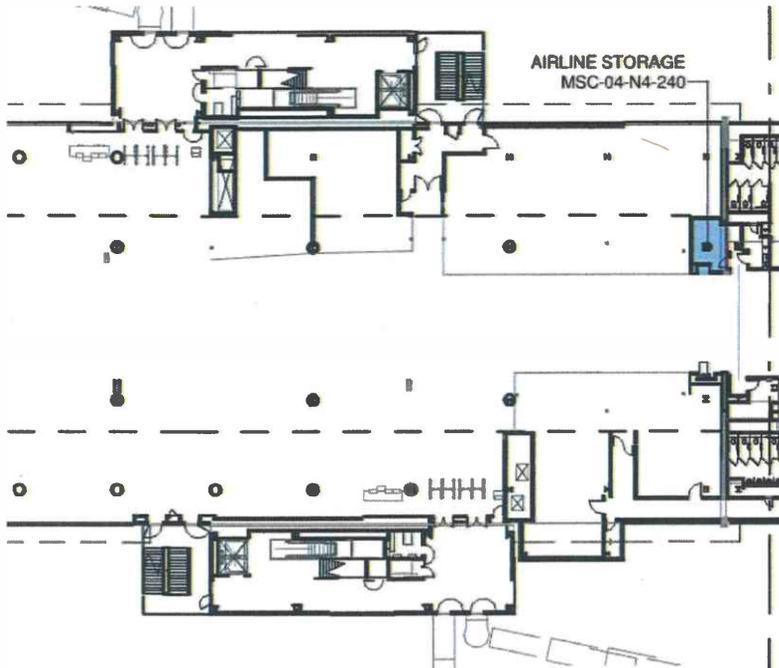
TBIT WEST GATES Level 4 – Sector 1



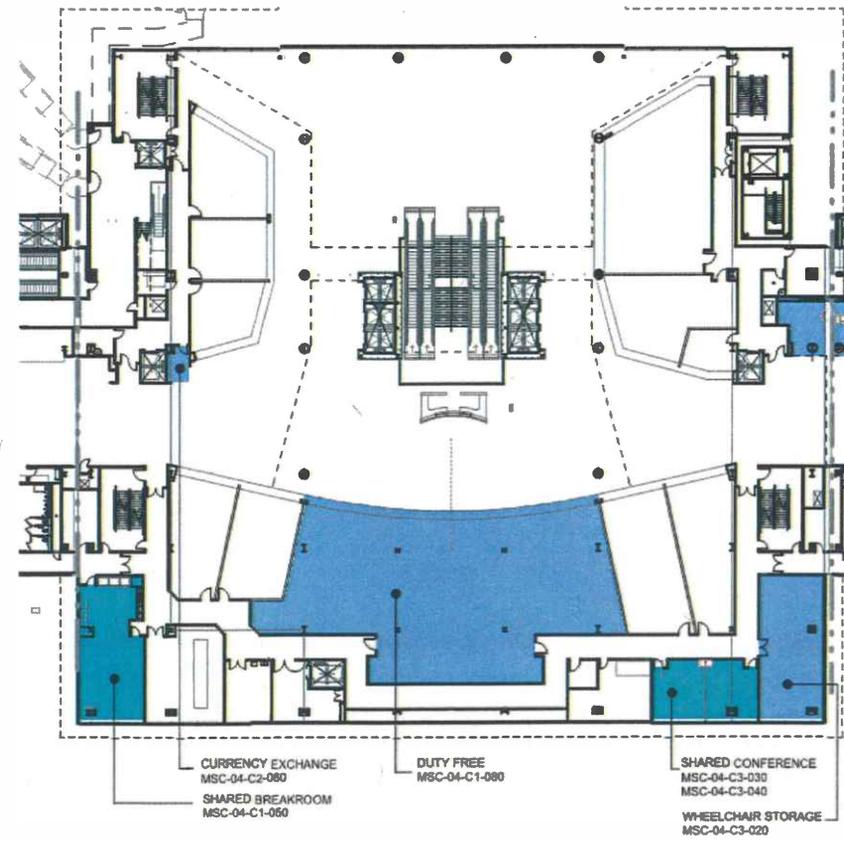
TBIT West Gates

Project Sponsor Design Guideline Manual

TBIT WEST GATES Level 4 – Sector 2



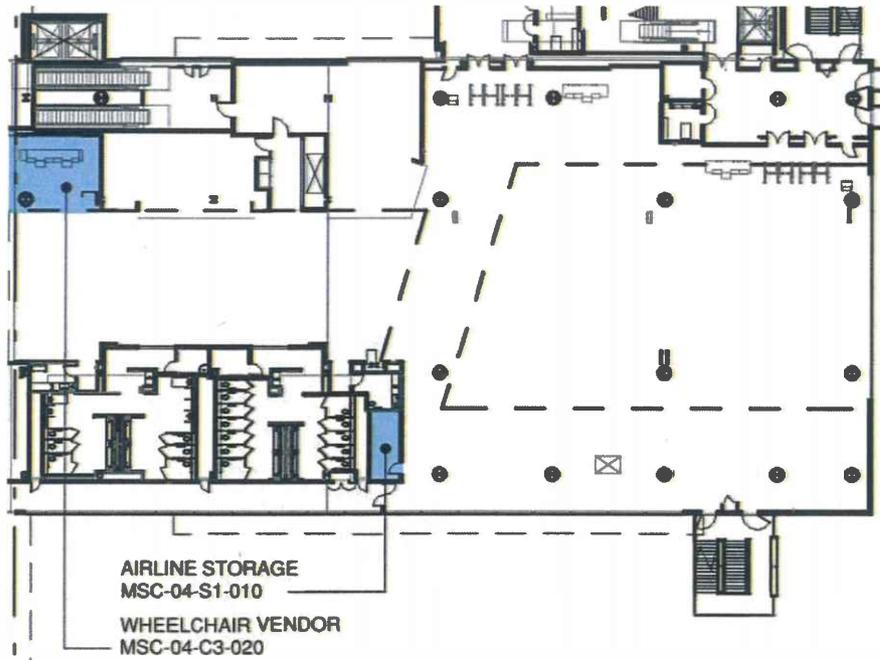
TBIT WEST GATES Level 4 – Sector 5



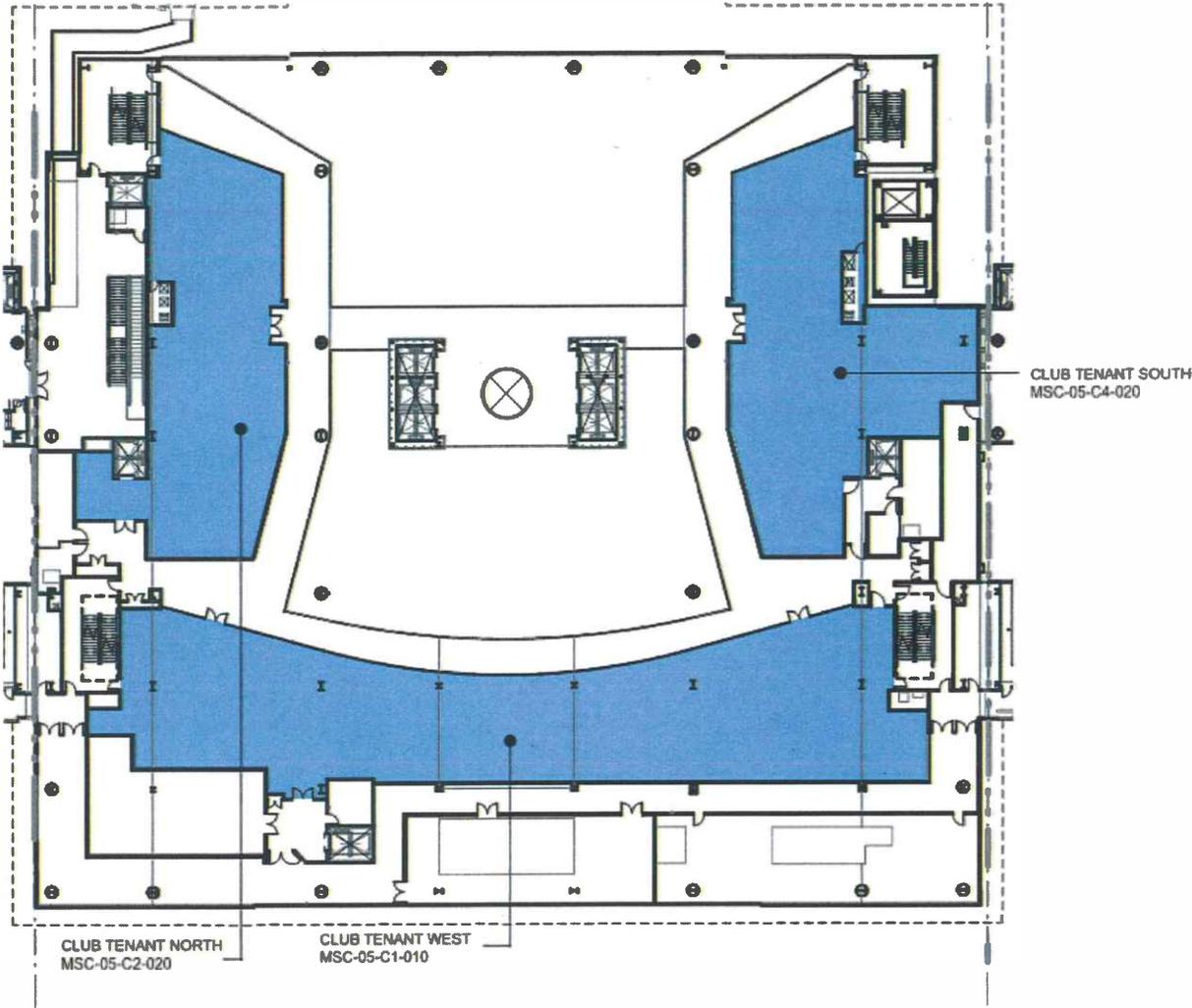
TBIT West Gates

Project Sponsor Design Guideline Manual

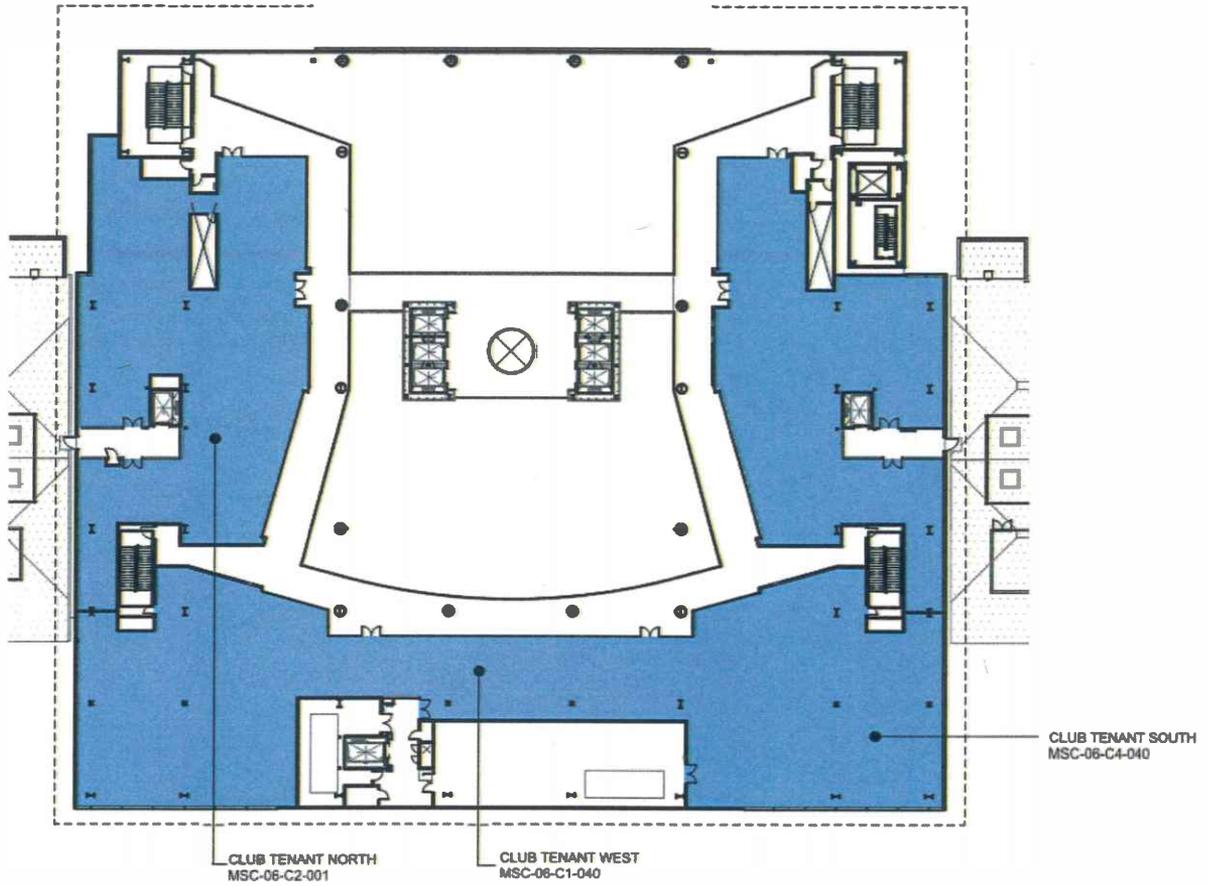
TBIT WEST GATES Level 4 – Sector 6



TBIT WEST GATES Level 5 – Sector 5



TBIT WEST GATES Level 6 – Sector 5



1.4 Definitions and Acronyms

For a full list of definitions and Acronyms reference the LAWA Design and Construction Handbook.

<https://www.lawa.org/en/lawa-businesses/lawa-documents-and-guidelines/lawa-design-and-construction-handbook>

The following definitions and acronyms are used throughout the TBIT WEST GATES Project Sponsor Design Manual and shall be interpreted as follows:

Accessibility	Refers to all applicable codes pertaining to a person's ability to use building components, including but not limited to the Americans with Disabilities Act and the California Building Code. Additionally, the California Disabled Accessibility Guidebook (CalDAG) may be referenced as an interpretive manual.
ACAMS	Access Control and (Alarm) Monitoring System
ADA	American's Disability Act
ADG	Airport Developments Group
AHJ	Authority having Jurisdiction
AOA	Aircraft Operations Area (secure area)
APC	Airport PAT Committee
APM	Airport Project Manager
AQMD	Air Quality Management District
ARFF	Aircraft Rescue Fire Fighting (Airport Fire Marshal)
BAS	Building Automation Systems
BRM	Business Relationship Manager
CASP	Certified Access Specialist in Accessibility
CBC	California Building Code, latest applicable version. Refer to CCR Title 24
CDG	LAWA's Commercial Development Group
CEQA	California Environmental Quality Act
CTA	LAX Central Terminal Area
CUPA	Certified Unified Program Agency
DAS	Distributed Antenna System - A network of antennas sharing a common infrastructure for wireless communications.
DCH	<u>LAWA Design and Construction Handbook. Current version can be found at https://www.lawa.org/en/lawa-businesses/lawa-documents-and-guidelines/lawa-design-and-construction-handbook</u>
EPA	Environmental Protection Agency
EPG	Environmental Programs Group
EVIDS	Electronic Visual Information Display Systems

FAA	Federal Aviation Administration
FLSS	Fire Life Safety System
FMCS	Facilities Monitoring and Control System
FOG	Fats, Oils and Greases
FSE	Food Service Establishment
GI	Grease Interceptor
ITMG	Facilities Maintenance, Information Management Technology Group
LADBS	Los Angeles Department of Building and Safety
LAGBC	Los Angeles Green Building Code
Landside	The unsecured portion of the terminal or concourse, or non- AOA SIDA area.
LARR	Los Angeles Research Report Numbers
LAWA	Los Angeles World Airports (or Department of Airports)
LEED®	Leadership in Energy & Environmental Design (standards, US Green Building Council)
LID	Low Impact Development Ordinance
MLE	Master Lease Exhibits
MOU	Memorandum of Understanding
NEPA	National Environmental Policy Act
NFPA 13	National Fire Protection Association, Standard 13, <i>Standard for the Installation of Sprinkler Systems</i> , as adopted by the California Building Code.
NFPA 72	National Fire Protection Association, Standard 72, National Fire Alarm Code, as adopted by the California Building Code.
NTP	Notice to Proceed
PAT	LAWA's Project Approval Team
PDG	LAWA's Planning and Development Group
PERT	LAWA's Project Evaluation & Review Team
PM	LAWA Project Manager
Project Sponsor	Developer or Project Owner
SA	State Architect
SCAQMD	South Coast Air Quality Management District
SIDA	Security Identification Display Area (SIDA). The secure area of the terminal requiring display of a LAWA issued identification badge. Access levels vary and must be verified by the holder of an AOA badge through the Airport Badging Office.

TBIT West Gates

Project Sponsor Design Guideline Manual

SOO	Sequence of Operations
SUSMP	Standard Urban Stormwater Mitigation Plan
SWRCB	State Water Resources Control Board



1.5 Codes and Regulations, ADA Compliance, LAWA Guidelines and Standards

1.5.1 Codes and Regulations

All Project Sponsor development undertaken shall adhere to the requirements contained in the Guidelines unless otherwise approved by Los Angeles World Planning and Development Group (LAWA PDG) in writing or as required.

All design and construction must comply with applicable federal, state and local statutes, codes, laws and administrative regulations (collectively "Applicable Law"). Each Project Sponsor is responsible for compliance with Applicable Laws regardless of the guidelines or their implication. Should a conflict between Applicable Law and the Guidelines arise, the Project Sponsor is to notify LAWA ADG immediately, but is to nevertheless conform to Applicable Law. The Project Sponsor shall be responsible for the due diligence necessary to determine the extent to which any conflict or inconsistency exists between the Guidelines and Applicable Law; and the level of compliance required to the satisfaction of Applicable Law.

Special conditions and requirements specific to the Project are recorded in the Memorandum of Understanding (MOU) between the Los Angeles Department of Building and Safety, the Los Angeles Fire Department and the Los Angeles World Airport. A copy of the MOU is included in the Appendix of this document.

The Life Safety Documents for TBIT West Gates are provided for Project Sponsor information and are included in the Appendix of this document.

It is important that your project is developed, constructed and operated in the best interest of the public we mutually serve at each of LAWA's two airports. Protecting and safeguarding the 24x7 operations of one of the busiest commercial airports in the world, requires us to partner with you as you develop your project.

1.5.2 LAWA Guidelines and Standards

Refer to LAWA's Design and Construction Handbook (DCH) for the LAWA Design Standards and Guide Specifications for all requirements not specifically addressed in this guideline. <https://www.lawa.org/en/lawa-businesses/lawa-documents-and-guidelines/lawa-design-and-construction-handbook>

Refer to the lease contract with LAWA to determine the DCH version to adhere to.

1.5.3 ADA Compliance

Refer to the DCH and the Appendix of this document for ADA Compliance requirements.

1.6 BIM Standards and Requirements

Los Angeles World Airports recognizes that Building Information Modeling (BIM) represents a fundamental change to the industry. This change affects the traditional processes and deliverables for planning, architecture, engineering, construction and facilities management.

To achieve this goal, LAWA has adopted the BIM requirements outlined in the LAWA Design and Construction Handbook (DCH). Refer to the DCH for BIM standards, procedures, libraries and templates. <https://www.lawa.org/en/lawa-businesses/lawa-documents-and-guidelines/lawa-design-and-construction-handbook>

1.7 Sustainability

1.7.1 LAGBC – CAL Green Tier I

All projects are subject to various sustainable requirements in the City of Los Angeles and at LAWA, including, but not limited to Los Angeles Green Building Code (LAGBC), which is based on California Green Building Code (CALGreen) with some modifications unique to Los Angeles. This is a code requirement that is part of Title 24 and is enforced by the Los Angeles Department of Building & Safety (LADBS).

Given that LAGBC has replaced LEED® in Los Angeles Municipal Code (LAMC), LAWA has based our new sustainable construction standards on the mandatory & voluntary tiers defined in LAGBC.

Project Sponsors, although not required to attain LEED® certification, are encouraged to support LAWA in these goals and should build and operate their Concessions and Project Sponsor spaces within the Midfield Satellite Concourse in the most sustainable manner possible.

Refer to the DCH and CALGreen in the Appendix of this document for additional information on sustainability requirements, and to www.usgbc.org for more information on LEED® rating systems.

1.8 Commissioning

Commissioning and Activation are required to ensure all facilities and systems are fully operational and functional and that airport operation staff, stakeholders and users are trained and ready to operate the facility on opening day.

Refer to the DCH at www.lawa.org for Airport Commissioning and Activation Requirements.

DESIGN OBJECTIVES

2.1. Program Planning Requirements and Design

2.2. Project Sponsor Type

1. Airline Clubs
 - a. Airline clubs are welcome to use their own standards within the lease space. Public facing doors and openings must conform to LAWA guidelines.
2. Airport Vendors
 - a. Duty Free
 - b. Currency Exchange
3. Airline Operation
 - a. Airline Ops
 - b. Ramp Ops
 - c. Flight Ops
 - d. Inflight Services
 - e. Cabin Services
 - f. Line Maintenance
 - g. Line Stores
 - h. Open Air Storage
 - i. GSE
 - j. Vendors

2.3. Notes to the Design Team

The Design Team is responsible for reviewing the DCH, and this Guideline in their entirety, and ensuring the design of the project complies with all design requirements and for coordinating their design across all trades and disciplines.

2.4. Base Building Provided

2.4.1. Clubs

- 2.4.1.1. The following utilities have been provided in the club spaces:
- 2.4.1.1.1. Hot Heating water supply and return (HHWS/HHWR) POC
 - 2.4.1.1.2. Cold Heating water supply and return (CHWS/CHWR) POC
 - 2.4.1.1.3. Power POC
 - 2.4.1.1.4. Telecom POC
 - 2.4.1.1.5. Supply Air POC
 - 2.4.1.1.6. Grease Exhaust POC
 - 2.4.1.1.7. Makeup Air POC
 - 2.4.1.1.8. Sanitary Sewer POC
 - 2.4.1.1.9. Grease Vent POC
 - 2.4.1.1.10. Dishwasher Vent POC
 - 2.4.1.1.11. Sanitary Vent POC
 - 2.4.1.1.12. Natural Gas POC
 - 2.4.1.1.13. Domestic cold Water (DCW) POC

2.4.1.1.14. Fire Sprinkler and Fire Detection Systems

2.4.1.2. Refer to the provided utility matrix for Size, Location and Height of each POC.

2.5. Airport Vendor

2.5.1. Duty Free

- 2.5.1.1. Hot Heating water supply and return (HHWS/HHWR) POC
- 2.5.1.2. Cold Heating water supply and return (CHWS/CHWR) POC
- 2.5.1.3. Power POC
- 2.5.1.4. Telecom POC
- 2.5.1.5. Supply Air POC
- 2.5.1.6. Makeup Air POC
- 2.5.1.7. Sanitary Sewer (condensate drain) POC
- 2.5.1.8. Sanitary Vent POC
- 2.5.1.9. Fire Sprinkler and Fire Detection Systems

2.5.2. Currency Exchange

- 2.5.2.1. Power POC
- 2.5.2.2. Telecom POC

2.6. Airline Operations

2.6.1. For airline support spaces and airline vendor spaces the base building is providing the following:

- 2.6.1.1. HVAC systems
- 2.6.1.2. Finished Ceilings and Lighting
- 2.6.1.3. Fire Sprinklers and Fire Detection Systems
- 2.6.1.4. Electrical outlets as shown on base building drawings
- 2.6.1.5. Data boxes and conduit installed in walls to above ceiling plane
- 2.6.1.6. Sanitary Sewer and Vent POC for spaces identified in Utility Matrix
- 2.6.1.7. Domestic Cold water POC for spaces identified in Utility Matrix
- 2.6.1.8. Completed

2.7. Guide Specifications

The Design team shall build upon the relevant LAWA Guide Specifications to generate their own project-specific Technical Specifications in a manner consistent with their overall design goals. These do not supersede any applicable codes or regulations.

The Design Team shall look to the DCH for all design guidelines unless specifically called out in this document.

PROJECT SPONSOR PLAN SUBMITTAL PROCEDURES

3.1. Project Sponsor Plan Submittal Procedures Overview

The following section provides an overview of the steps required to submit and receive design approval to proceed with Project Sponsor Improvements at the TBIT West Gates to be built and opened for operation as outlined in the LAWA DCH.

All design and construction must comply with applicable federal, state and local statutes, codes, laws and administrative regulations (collectively, "Applicable Law"). Each Project Sponsor is responsible for compliance with Applicable Laws regardless of the guidelines or their implication. Should a conflict between Applicable Law and the Guidelines arise, the Project Sponsor is to notify LAWA Planning and Development Group (PDG) immediately but is to nevertheless conform to Applicable Law. The Project Sponsor shall be responsible for the due diligence necessary to determine the extent to which any conflict or inconsistency exists between the Guidelines and Applicable Law; and the level of compliance required for satisfaction of Applicable Law.

Please note that LAWA is not a self – permitting agency. The submittal process is in addition to any other required submittals to the Los Angeles Department of Building and Safety, the Los Angeles County Department of Public Health, the Los Angeles Fire Department, the Los Angeles County Department of Environmental Health, Los Angeles Department of Public Works Bureau of Sanitation, and/or any other governing agency. Collectively these entities are referred to as the Authorities Having Jurisdiction (AHJ).

In preparing the documents for food and beverage services, it is recommended that the Project Sponsor hire a kitchen consultant who is familiar with the plan check procedures for the Los Angeles County Department of Health.

The following milestones describe the processes required to create, manage, and deliver a project. In-depth coverage of these steps is provided in the DCH and should be referenced to review current project requirements.

- Project Initiation & Concept Review
 - This section outlines the required forms and information required to be submitted LAWA, outlining the scope and purpose of the project.
- Design Development and Progress Reviews
 - These reviews will take place at 30%, 60% and 90% design.
 - Refer to the DCH for information on procedures of submittal, required documents and time lines.
- Construction Documents and Notice to Proceed (NTP) Review
 - This section outlines all the requirements of the project team to close out all previous questions and comments from LAWA on prior drawing packages, conditions of acceptance and finally notice to proceed and next step requirements.

- Construction, Activation and Closeout
 - Prior to starting construction, the Project Sponsor shall host a Pre-Construction meeting with the LAWA Project Manager (PM) and other stakeholders (as identified by the PM)
 - In addition to the requirements set forth in the DCH, the Project Sponsor needs to review and become familiar with the Construction Work Plan attached in the appendix of this document.

For detailed information on the submittal requirements and process review to the DCH. <https://www.lawa.org/en/lawa-businesses/lawa-documents-and-guidelines/lawa-design-and-construction-handbook>

All submissions are at the expense of the Project Sponsor. Refer to the Submittal descriptions in DCH for the drawings and materials required with the scheduled submittal.

Submissions shall be sent to LAWA at the following address:

Los Angeles World Airports
Planning & Development Group (PDG)
Project Controls, 9th Floor
7301 World Way West
Los Angeles, CA 90045

LAWA will review all submittal documents at the prescribed intervals for adherence to and compliance with the Guidelines and Standards applicable to the TBIT West Gates. Throughout the submittal process, LAWA reserves the right to require design refinements as they deem necessary or appropriate. All work associated with the Project Sponsor's assigned space shall be executed to maintain the intent of the approved design. No construction may commence without first obtaining written approval to proceed from LAWA.

3.2. Regulatory Compliance Guidelines

This section provides an overview of the regulatory requirements applicable to work at LAX. Mentioned in this section are the codes and guidelines that the Project Sponsor is encouraged to become familiar with. This list is neither exhaustive nor inclusive. The Project Sponsor is responsible for knowledge and application of codes and regulations.

LAWA works closely with the Los Angeles Department of Building and Safety, (LADBS) to make sure they are aware of projects at the Airport that will require plan check services. When starting the plan check process, please be aware LADBS has a designated case manager with oversight of plan check, permit and code matters at LAX. Designers are strongly encouraged to schedule a Preliminary Plan Check review early in the design process. The LADBS Case Manager is responsible for assigning a plan checker for the project who will provide a preliminary plan check review.

Refer to the DCH for contact information for the current case manager and information on the additional LA City and State departments that may require additional reviews or permits.

4.
Construction Work Plan

(Included as separate document)

5.

Building Systems Guidelines

5.1 Building Systems Guidelines

All base building provisioning – referred to as 'space preparation' or 'space prep' -by the PM for the Project Sponsor Unit, represents enabling upgrades to the original base building. While LAWA has made every effort to anticipate Project Sponsor requirements during the space prep it is the responsibility of the Project Sponsor to perform due diligence and report back to PM confirming that Project Sponsor's concession Utility Matrix components were provided in the Project Construction Documentation and confirmed upon space acceptance. Should the Project Sponsor have additional requirements -above and beyond LAWA provided space prep provisioning, these would be at the Project Sponsor's sole cost and expense and must be identified in advance with PM who will coordinate with LAWA what options may be available. The Project Sponsor is advised that there may be limitations beyond PM's control as to the availability of additional capacities and right of ways (ROW) within the base building infrastructure. Where the use or interface with proprietary building systems are required, the manufacturer and product information are provided in this document and should be confirmed with your PM representative.

In addition to this Technical Design Criteria and all code and AHJ requirements, Project Sponsor designs are to verify, incorporate and/or adhere to the following:

1. Base building Construction Plans and Specifications (provided at PM Project Kick-Off meeting)
2. LAWA's Design and Construction Handbook (latest edition per website)
3. LAWA's IT Infrastructure Standards of Practice
4. All applicable codes, rules and regulations per AHJ.
5. Utility Matrix provided by PM.

As noted previously, LAWA DCH applies selectively as follows:

1. All LAWA Guide Specifications apply when/where the Project Sponsor is connected to or somehow affecting any condition outside of the Project Sponsor's defined lease area.
2. All conditions occurring solely within the Project Sponsor's defined lease area are per LADBS requirements.
3. Any questions and/or concerns by the Project Sponsor regarding the lines of demarcation and/or application of LAWA DCH requirements shall be submitted in writing to PM.

NOTE: All Project Sponsor installed infrastructure (mechanical, electrical, plumbing (MEP) are to have their respective shut-off valves and/or breakers to be located in an easily accessible area. This is to allow for immediate access for emergency shut down and re-start. All infrastructure systems shall be labeled (including affected areas beyond premises such as roof and plenums) using industry acceptable standards and conventions. Electrical panels to use engraved phenolic resin material, mechanical and plumbing to use engraved metal/vinyl labeling/phenolic resin in a location not susceptible to future damage and labels to be located for maximum visibility at access panel locations, valves, meters or switches and at a minimum of every twenty (20') feet of run of pipe and/or conduit. Labeling is to include Project Sponsor's name, Unit number, and type of operation. Furthermore, F&B Project Sponsors must confirm with PM the appropriate measures to be taken in the design and programming methodology for

the Sequence of Operations (SOO). This is a critical component to how daily operations are impacted -or not -when the building goes into alarm. SOO impacted components are noted as 'SOO component' for consideration but the Project Sponsor is responsible for identifying and addressing all required components. **A laminated card shall be created that is posted in a prominent location providing SOO procedures for steps to be taken upon a shut down and re-start.**

5.2 Building Automation System (BAS)

BAS is the automatic centralized control of a building's heating, ventilation and air condition. LAWA's BAS provides such an integrated system of fully operational and functional elements, including, but not limited to, equipment, software, programming, and associated materials.

LAWA has a designated Facility Monitoring and Control System (FMCS) at the Central Utilities Plant, Wonderware Graphical User Interface for LAX.

LAWA has a designated FMCS Systems Administrator (FMCS SA) to coordinate BACnet tie-in with all Terminal BAS Contractors and approve legacy database prior to database merger. BAS Contractor is responsible to coordinate with LAWA's FMCS SA for the final connection to FMCS /BAS BACnet system, including but not limited to Wide Area Network (WAN) IP information, BACnet network information. BAS Contractor is responsible to perform all final terminations, verification, programming and integration of a fully functional system to the FMCS.

All BAS work shall be coordinated and provided by the LAWA designated BAS Contractor who shall be the primary installer, commissioner and on-going service provider for the work.

The work of this Section shall be scheduled, coordinated and interfaced with the associated work of other trades. If the BAS Contractor believes there are conflicts or missing information in the project documents, the Project Sponsor shall promptly request, in writing, clarification and instruction from the Airport Project Manager (APM) to insure a fully functional BAS system is provided.

The LAWA designated BAS Contractor is responsible for integration of all BAS points into the FMCS and for performing point mapping as required to develop schedules, trends, alarms and Wonderware GUI. Equipment and systems requiring approval of AHJ's must comply with such regulations and shall be approved by them. Filing shall be at the expense of the BAS Contractor, where filing is necessary. A copy of all related correspondence and permits are to be provided in the Closeouts.

The BAS Contractor shall be Wonderware Certified System Integrator on Wonderware System Platform and Wonderware In Touch.

LAWA's integrated direct digital control (DDC) is an open protocol, BACnet (building automation and control network) system manufactured by Siemens. The BAS is the Control System monitoring utility services and is part of the overall Facilities Management

Control System (FMCS) operated and managed by LAWA's Central Utility Plant (CUP). All equipment requiring connection to the BAS, including all metering equipment, is to be compatible with the system consistent with ASHRAE, ANSI, and ISO 16484-5 standard protocol. The BACnet Master Slave Token Passing (MS/TP) protocol is used to relay and exchange information between building devices. FCU, VAV, VFD's and other AHU controls including meters (power, water and gas) shall be communicating over Siemen's devices using BACnet MS/TP. The BACnet MS/TP is a peer-to-peer, multiple master protocol based on token passing. A token is information packets in the form of a pulse signal that is passed between devices on a network.

The Project Sponsor is required to contract directly with the LAWA recognized systems provider and shall coordinate with PM accordingly.

BAS shall integrate with other building systems. The Project Sponsor is responsible to meet this requirement. Refer to LAEA DCH for all applicable integration systems.

For more information reference the LAWA DCH.

5.3 HVAC POC's per TCM's Tenant Utility Matrix and Project Construction Documentation - Plans and Specifications

5.3.2 HVAC Supply/Outside Air: Duct POC shall be capped within Project Sponsor lease area and accessible for future connection by Project Sponsor. Supply air provisions satisfy OSA requirements only. Additional space air conditioning is the responsibility of the Project Sponsor.

5.3.3 Applicable to Club Project Sponsor only: Grease exhaust and make-up air (MAU) duct POC's will be located within Project Sponsor area. Per the Utility Matrix base building provides SA, MAU, and OSA; Project Sponsor responsible to provide all other mechanical equipment and associated systems necessary to operate such as FCU's, condensate waste lines and pumps (if required); hood wash-down station; duct sump and wash down (if required), grease drains, and all other systems, components or infrastructure required to operate.

5.3.4 Hydronic lines provided by base building providing chilled and hot water (CHW-HHW) are to serve HVAC uses only – no exceptions.

5.3.5 Ventilation Air Allotments are provided through the base building air handling unit ducts capped within Project Sponsor lease area. Confirm provisioning per Utility Matrix.

5.4 Make-up Air Supply Ducts and Make-up Air Units for Club Project Sponsor Units

5.4.1 All air handling systems shall comply with the documented building smoke control system and the prescribed Sequence of Operation (SOO). SOO component may require FSD's per NFPA 90A². See base building construction document plans and specifications.

5.4.2 For Club Project Sponsors with cooking, 100% outside air duct POC is provided and capped about the lease area for future connection by Project Sponsor.

5.4.3 **Project sponsor** shall furnish MAU. Project Sponsor to provide engineered analysis of heat loads to prevent overheated working environments and to properly size additional cooling (FCU) capacity as needed. This has been a past issue and is to be mitigated.

5.4.4 No General Exhaust duct provisions are provided to the lease area. Options may exist if needed, consult with your PM. Reference section 5.5 Exhaust Requirements for detailed Project Sponsor exhaust requirements.

5.4.5 Grease Exhaust duct POC will be capped at curb on roof for future connection for cooking designated spaces. Project Sponsor to provide all fans, ductwork, insulation, access panels, fire sprinklers, and supports, etc., as required by AHJ. Fans shall be VFD type and sized to pass candle smoke tests (refer to Utility Matrix included in lease exhibit). See Appendix for required basis of design exhaust fans.

5.4.6 Club Project Sponsor Dishwasher Exhaust duct POC's have been provided by the base building. All fans are to be supplied by the project sponsor.

5.5 Exhaust Requirements (SOO component – FSD's)

5.5.1 Project Sponsor's with odor producing operations are required to provide adequate measures utilizing exhaust and make-up air ventilating systems at Project Sponsor's expense, which shall prohibit such odors to drift into the common areas of the Terminal. No general exhaust POC's are provided. Systems shall be fully compliant with building's smoke control SOO as noted throughout this document refer to building construction documents -plans and specifications.

5.5.2 HVAC Technical Design Criteria for Full Cooking Club Project Sponsors. PM requires that Project Sponsors retain the services of a professional kitchen design consultant to properly design, specify and coordinate with all disciplines all equipment and equipment support and systems as is required to properly schedule, sequence, procure, stage, furnish, install, commission, operate and maintain such equipment.

5.5.3 Cooling Load (BTU/Tonnage) allotments based on assumed Project Sponsor load density will be provided as follows:

Cooling: Refer to Utility Matrix and base building documents – plans and specifications for supply air provisions. Supply air provisions satisfy OSA requirements only.

5.5.4 Supply air duct POC being provided as part of Base Building construction, capped within Project Sponsor lease area. Refer to Utility Matrix and base building plans for specific provisions.

5.5.5 Make-up air duct being provided as shown in Utility Matrix per plans and specifications.

5.5.6 Project Sponsor to provide new fan coil unit (FCU) with heating/cooling coils as required, heating hot /chilled water piping, and supply ductwork and diffusers within Project Sponsor space. Project Sponsor is responsible for connection to condensate POC as directed should such provisions not be provided for the unit per the Utility Matrix. Requirements may include condensate pumps due to fall constraints. Project Sponsor to provide wiring connection to BAS.

- 5.5.7** Project Sponsor to provide roof-mounted grease exhaust fan per code and AHJ. Reference section 5.6 Grease Exhaust for detailed exhaust fan requirements.

5.6 Grease Exhaust:

- 5.6.1** Grease exhaust fan shall be:

Installed in conformance with base building SOO requirements.

UL-listed for use with Type-I grease hood and include vented and hinged roof curb with flexible power connection to fan motor.

Interlocked grease exhaust fan to make-up air unit. Maintain code-required clearances to fresh air intakes and openings into building. Exhaust fans to be sized based on field verified conditions and not text book assumptions. Engineering calculations must be per actual duct lengths and number of turns per actual site conditions.

Project Sponsor to ensure that location of supply and exhaust air intakes and vents -whether on roof or side mounted - meet minimum separation requirements and that exhaust is downstream of prevailing winds relative to supply air ducts and fresh air intakes to prevent short circuiting of exhaust.

- 5.6.2** Project Sponsor shall provide Type-I UV wet grease hood, with high-efficiency grease extraction and UV-light filtration, and clean-in-place technology. Non-UV wet hoods will be considered on a case-by-case basis where Project Sponsor menu can prove that the latter system is not necessary and requires PM approval in writing.

- 5.6.3** Hood shall include code-compliant fire-suppression system with discharge nozzles and control panel, required interconnection with fire-alarm system for shutdown, as well as interconnection to BAS/FMCS system for monitoring. Wet system wash-down drains to go to grease waste line.

- 5.6.4** Project Sponsor to provide fully welded stainless-steel grease exhaust duct connection(s) to grease hoods. Project Sponsor is required to maintain its grease ducts per PM's requirements. Project Sponsor to be mindful of the impact of duct runs/geometry regarding both sizing of fans, location of access panels and fire sprinkler systems and to avoid use of duct sumps whenever possible. Duct runs are to avoid crossing over non-Project Sponsor lease areas unless specifically approved in writing during design.

- 5.6.5** Project Sponsor to provide roof-mounted Exhaust Fans. Motors shall be variable frequency drive (VFD) type with minimum ten (10%) percent excess capacity/factor of safety. See Appendix for fan type specification.

- 5.6.6** Project Sponsor to provide new a general-purpose exhaust fan, duct and control switch for odor removal, storage/utility room venting, and mop sink area venting if required.

5.7 Controls and Monitoring Systems

- 5.7.1** Project Sponsor to provide controls wiring connection(s) for all HVAC systems including but not limited to: Exhaust fans, fan coil units (FCU) and variable air volume (VAV) boxes. Confirm SOO requirements with PM.

5.7.2 All associated monitoring and control systems are required to be procured and installed by Project Sponsor including all meters, valves, temperature sensors, switches, control panels, etc. See LAWA construction design standards for interface specifications. Confirm that all meters and applicable systems have valid LARR number prior to ordering where applicable. If LARR is an issue, see your PM.

5.8 Recirculation Type Hoods:

Are not allowed unless approved by PM and LAWA in advance in writing.

5.9 Plumbing POC's

5.9.1 Plumbing POC's per APM's Utility Matrix and Project Construction Documents, Plans and Specifications

5.9.2 Plumbing requirements as applicable to use/type (i.e. full-cooking vs. retail/kiosk)

5.9.3 Cold water – POC about lease area Project Sponsor space, size as shown on Project Sponsor Utility Matrix.

5.9.4 Domestic hot water – Project Sponsor shall provide water heater sized to serve Project Sponsor needs. Unless Project Sponsor is also using base building hot water (which is not acceptable as sole source of hot water for F&B operators), no BTUH meter is required. Use gas heater with vent whenever possible if allowed by base building. Coordinate with PM as required.

5.9.5 Project Sponsor shall clean/chlorinate/pressure test water lines prior to connecting to building main and in accordance with LAWA and AHJ Standards.

5.9.6 Sanitary Sewer – All lines shall be a minimum of three (3") diameter. All sanitary lines shall be lined for the first thirty (30') feet for corrosive (soda) protection.

5.9.7 POC about Project Sponsor premises below deck per plans and specifications and Project Sponsor Utility Matrix. Project Sponsor is required to bring all systems into its unit from POC provided. At no time shall any utility, system or component serving Project Sponsor be outside of its lease line. Should a condition arise requiring such consideration then Project Sponsor shall submit a request in writing to PM for review and approval. Project Sponsor shall provide all GI (grease interceptor) and sanitary lines with FCO's (floor clean out) located within the lease area as needed to access the entire plumbing system for scheduled maintenance of lines.

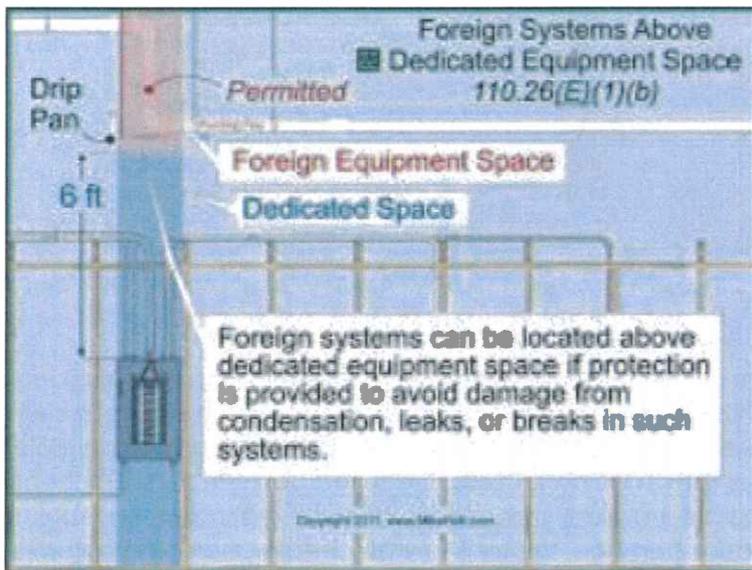
5.9.8 Vent Risers – Sanitary and grease waste vent POC located about Project Sponsor's lease area. For island vents, PM may have provided accommodations where anticipated. Island vented fixtures requires home runs for each fixture served to the vent line where it must tie in above fixture flood rim height at the stack. All such conditions are to be reviewed and approved by PM during design and prior to construction. Refer to Utility Matrix and/or the base building plans and specifications

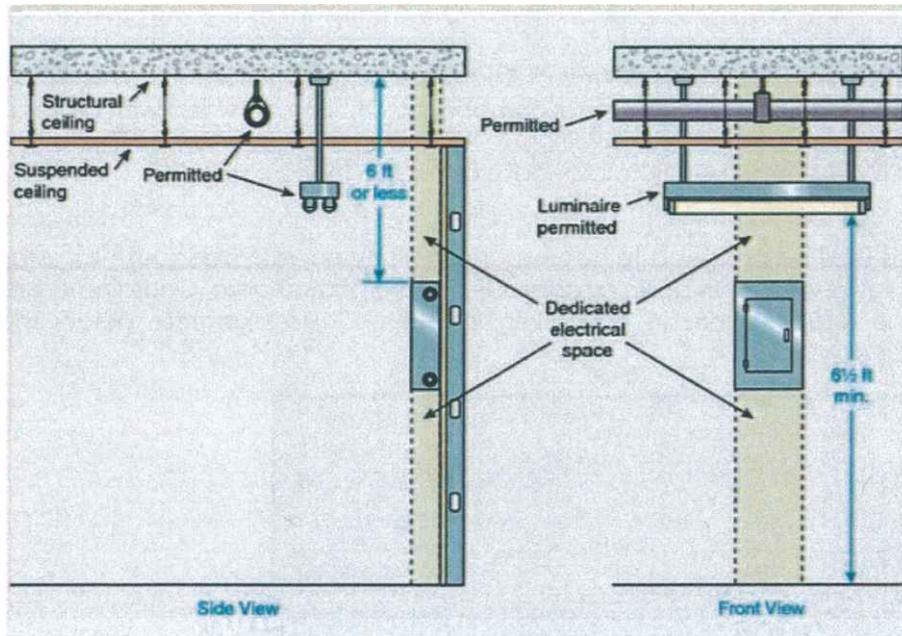
5.9.9 Grease Waste POC will be capped below deck. Heat trace will not be required on Project Sponsor provided grease waste piping unless determined by project sponsor's engineer or required by AHJ. POC runs back to grease interceptor for projects with kitchens. See notes 6.1.6 and 6.1.7 above regarding FCO requirements.

5.9.10 Drip Pans (applies to all plumbing conditions regardless of project type)

5.9.11 Any plumbing system that exits a Project Sponsor space and traverses over any room or space housing anything with electrical components shall be provided with protective drip pans. This is inclusive of and in addition to NFPA 70 requirements pertaining to foreign objects as LAWA has discretion to mandate as needed/where needed.

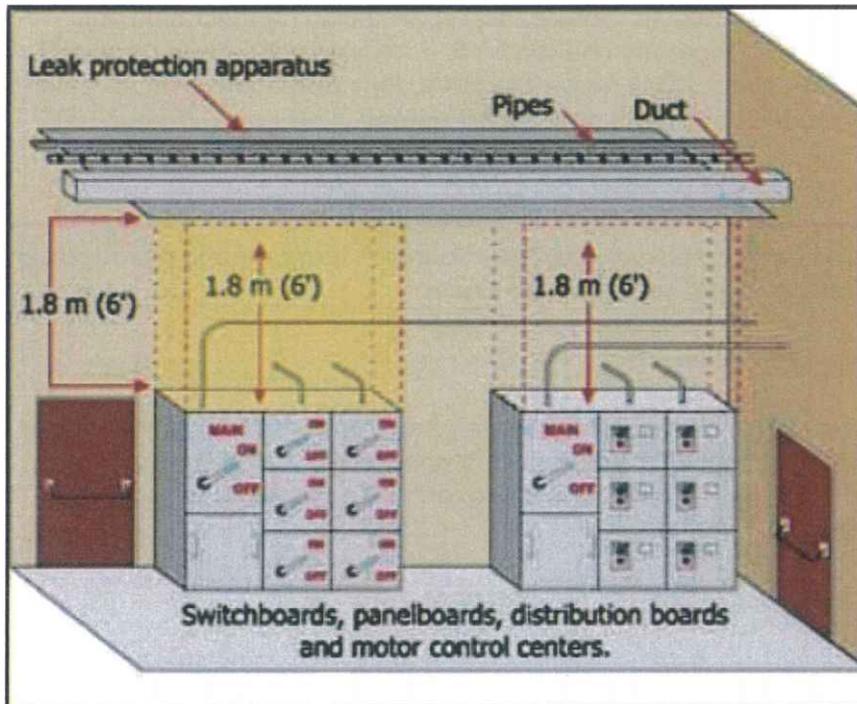
5.9.12 Drip pans shall be designed to code such that they provide adequate coverage and that the liquid waste has code acceptable means of discharge. Coordinate with PM to determine final solutions in any given location. Code examples below shown as reference only:





5.9.13 NFPA 70 (b) Foreign Systems. Foreign systems can be located above the dedicated space if protection is installed to prevent damage to the electrical equipment from condensation, leaks, or breaks in the foreign systems, which can be as simple as a drip pan. IIC citations for reference only: P2801.5 required pan. Where water heaters or hot water storage tanks are installed in locations where the leakage of the tanks or connections will cause damage, the tank or water heater shall be installed in a galvanized steel pan having a minimum thickness of 24 gauge (0.016 inch) (0.4mm) or other pans for such use. Listed pans shall comply with CSA LC3. P2801.5.1 Pan size and drain. The pan shall be not less than 1-1/2 inches (38 mm) deep and shall be of sufficient size and shape to receive all dripping or condensate from the tank or water heater. The pan shall be drained by an indirect waste pipe having a minimum diameter of 3/4 inch (19 mm).

Piping for safety pan more than 24 inches (610 mm) above the adjacent ground surface:



- 5.9.14 Natural Gas: If provided, the gas POC will be a low-pressure gas line with a valve located within the Project Sponsor lease area; however, Project Sponsor is required to provide secondary shut off valve in an area easily identified and accessible by staff to shut off in the event of an emergency. No venting or pressure regulators are required as base building shall be providing low pressure gas.
- 5.9.15 See Utility Matrix and plans for gas capacity and pipe sizes. Specific provisions for each unit are provided.
- 5.9.16 All shut off valves shall be installed in a manner allowing clear access. Should Project Sponsor fail to meet this requirement the work must be redone at Project Sponsor's cost and expense. All access panels shall be fully operational and accessible. Hatches shall have operable locks or latches only. Use of rivets or any other inappropriate method of closure is unacceptable and will be repaired and/or replaced by Project Sponsor at Project Sponsor's cost and expense.
- 5.9.17 Any plumbing items not listed above shall be provided by Project Sponsor including, but not limited to:

Electric domestic hot water heater and associated distribution piping. Club Project Sponsor with island or kiosk type units are advised to confirm hot water heater tank size requirements and placement in unit early in design process.

All plumbing distribution piping and accessories about Project Sponsor premises as required.

Beverage (soda) lines conduits shall be used in overhead configuration only. Should under deck configuration be required, coordinate all runs and material approvals with PM. Under deck runs will require a leak detection method to signal any active leak conditions inside the conduit system.

Sanitary waste piping not provided per plan or Utility Matrix.

Vent piping and connections within Project Sponsor's lease area to provided vent riser/connection unless provided in Utility Matrix.

Domestic water distribution piping.

Grease waste piping, including piping serving the grease duct drain, with heat tracing, if required, from POC to all Project Sponsor drains being served. Project Sponsor heat tracing wire, power and insulation to Project Sponsor's electrical panel, if required.

Gas pressure regulator to meet LAWA and or AHJ Standards.

Fire Suppression: Project Sponsor shall provide a system design approved by the Los Angeles Fire Department (LAFD) and/or other AHJ's when submitting its design package. Project Sponsor is responsible to design, permit, install and maintain all modifications, additions and connections to the fire sprinkler system and provide coverage within its lease premise, including any components located above the ceiling requiring coverage, per code requirements. Project Sponsor is responsible to insure the final sprinkler system design is connected to the LAWA CUP via the FMCS. See section 5.2 above.

PM does not provide infrastructure associated with chemical fire suppression systems. If chemical suppression is required, Project Sponsor shall advise PM in writing prior to design. Such suppression systems are Project Sponsor's responsibility to design, permit, procure, install and operate in a manner acceptable to PM, LAWA and LAFD. Such systems are to be connected to the LAWA CUP. See Section 5.2 above.

Project Sponsor is also responsible for fire watch in the event of disruption of fire sprinkler or fire alarm systems. Project Sponsor shall utilize LAWA approved fire sprinkler and alarm contractors.

5.11 Waterproofing

- 5.11.1** PM waterproofing requirements are for all wet and/or back-of-house locations. All Project Sponsor units shall be reviewed for waterproofing of flooring including slab on grade per LAWA requirements. In all cases where a Project Sponsor is using plumbing systems, waterproofing shall be employed. Project Sponsor to build into project schedule hold points during prep and installation of LAWA approved waterproofing system to ensure

that PM designated third (3rd) party observers are available to properly observe and document the application and subsequent testing process. PM requires use of electronic leak detection testing to save time and eliminate flooding the unit. Contact your PM to confirm scheduling.

Failure to meet all waterproofing requirements may result in Project Sponsor having to demolish new work and start over.

5.12 Electrical Points of Connection

- 5.12.1 All electrical work outside of Project Sponsor premises shall be properly coordinated with base building electrical contractor. Project Sponsor electrical contractor shall provide proof of comprehensive LOTO protocol for all work prior to NTP.
- 5.12.2 **Temporary power:** Project Sponsor will be provided some means of temporary power for a planned schedule duration. The specific allocation is to be determined. Project Sponsor to confirm with its PM regarding the means and methods.
- 5.12.3 **Emergency power [(e) power]:** Should (e) power be provided, Project Sponsor to tie-in as required. Coordinate emergency requirements with LAWA and LADBS. Bug-eyes and other stand-alone battery pack lighting systems are not allowed for use in front-of-house.
- 5.12.4 **Normal power:** Conduit only POC about Project Sponsor lease area from designated and dedicated LAWA distribution from their Main Service Switchboard.
- 5.12.5 Power provisions are shown on PM Utility Matrix (CEP Exhibit 10) and is provided for Project Sponsor planning and engineering requirements. Should Project Sponsor require additional power -above and beyond what is being provided -the request must be submitted in writing to PM with reasoning and justification for review and approval by PM and LAWA. Such additional power – if available and accessible – shall be provided at Project Sponsor's sole cost 2nd expense.
- 5.12.6 All electrical devices, components, systems, signage, and assemblies shall be UL (or equal i.e. ETL) listed and labeled. Design team to confirm. Signage labels to be placed in a manner not seen by the viewing public. Not having a nationally recognized lab List and Rate an electrical product and/or assembly may severely impact Project Sponsor's ability to open on time and within budget.
- 5.12.7 Circuit breakers in the main distribution boards feeding Project Sponsor spaces will be provided. Project Sponsor shall coordinate access to main distribution boards with PM to ensure that LAWA and base building electrical contractor are informed and coordinated.
- 5.12.8 Conduit for power feed to mechanical equipment and controls on the roof will be provided per the Utility Matrix and/or plans and specifications provided by PM.
- 5.12.9 Any electrical work not listed above shall be provided by Project Sponsor including but not limited to:

PM/LAWA approved Project Sponsor power and lighting design.

Power distribution in entire Project Sponsor space.

Identification of electrical equipment shall be per LAWA Design and Construction Handbook latest edition: <https://www.lawa.org/en/lawa-businesses/lawa-documents-and-guidelines/lawa-design-and-construction-handbook>

Transformers, where required, shall be provided by Project Sponsor and located within Project Sponsor space per code. Coordinate with PM in advance to confirm proposed locations and methods of securing/mounting.

Branch circuit panels shall be provided by Project Sponsor in designated units as required by code or AHJ at Project Sponsor's expense.

Electrical conduit will be provided from building distribution system to each unit as defined in the Utility Matrix. Project Sponsor required to provide all conductors, panels and remaining equipment to complete electrical systems as required per code. All electrical components, devices and assemblies shall be UL listed and approved for the designated use.

Project Sponsor shall extend conduit as required within the demised premises to Project Sponsor panel board.

5.13 Lighting

5.13.1 An architectural lighting consultant shall be retained by Project Sponsor to provide well designed, Listed/Rated, lighting plan. Plans to include photometric analysis confirming that lighting levels (lumens) are appropriate for proposed use throughout the unit. Project Sponsor is responsible for all code required emergency lighting fixtures and exit signage. Front of house (FOH) emergency lighting -when required -shall be integrated into architectural lighting system using battery pack inverters (e.g. Phillips – Bodine series). No separate lighting systems allowed i.e. pop-outs, wall mounted battery packs (bug eyes) in FOH. Lighting plans shall include fixture schedule along with code required Title 24 calculations demonstrating that the lighting system meets code parameters.

5.13.2 Any lighting not listed above shall be provided by Project Sponsor including, but not limited to:

Exit signage within Project Sponsor spaces. NOTE that all units DO NOT require exit signage. Confirm code requirements before adding Exit signs. Any unnecessary Exit signs shall be removed at the Project Sponsor's sole cost and expense.

Exit pathway illumination within Project Sponsor spaces shall meet code and AHJ requirements.

All typical, decorative, display, advertising, and task illumination will be the sole responsibility of Project Sponsor per PM approval.

Dimmers and timers are required where applicable. Review all conditions and coordinate with PM.

Sustainability requirements shall be Project Sponsor's responsibility and shall comply with all codes and AHJ requirements.

- 5.13.3 "nLight" is the designated lighting control system for the MSC North. Any lighting that is to be connected to the base building lighting control system shall be compatible with this system.

5.14 Fire Suppression

- 5.14.1 Full fire sprinkler coverage for Project Sponsor shell space is provided by the base building improvements. Project Sponsor is responsible to document and/or provide a system design approved by the Los Angeles City Fire Department (LAFD) to accompany Project Sponsor improvement design. Project Sponsor is responsible to design, permit and install all modifications, additions, and connections to the fire sprinkler system to provide 100% coverage within the Project Sponsor's lease premise including any components located above the ceiling requiring coverage.
- 5.14.2 Project Sponsor is advised to work with PM and have plan review meetings with LAFD representatives prior to final submittal to ensure that design is complete as Project Sponsor is responsible to ensure the final sprinkler system design is connected to any required monitoring centers in order to pass all testing and inspections.
- 5.14.4 Project Sponsor responsible to turn down all heads as required. Project Sponsor to coordinate with PM regarding all fire sprinkler work as it will require a USR. Project Sponsor is required to have on its construction site at least two emergency fire sprinkler head clamps in the event of accidental damage to a sprinkler head. See Fire Penny or equal: https://www.firepenny.com/Quickstop_Talon_Fire_Sprinkler_Tool_p/q-com.htm

5.15 Fire and Life Safety System

- 5.15.1 Fire Alarm: LAWA has provided the minimum core and shell fire alarm system requirements for the premises. Project Sponsor is responsible to provide, at its sole cost and expense, a system design that meet all code and AHJ requirements at the premises. PM recommends that Project Sponsor work with PM to meet with the Fire Marshal prior to submitting to Plan Check.

Project Sponsor shall use LAWA maintenance provider for installation, testing and commissioning of all base building systems and interfaces including the fire and life safety systems.

- 5.15.2 Fire and Life Safety proprietary equipment is as follows:

Edwards System Technology, [EST](#)

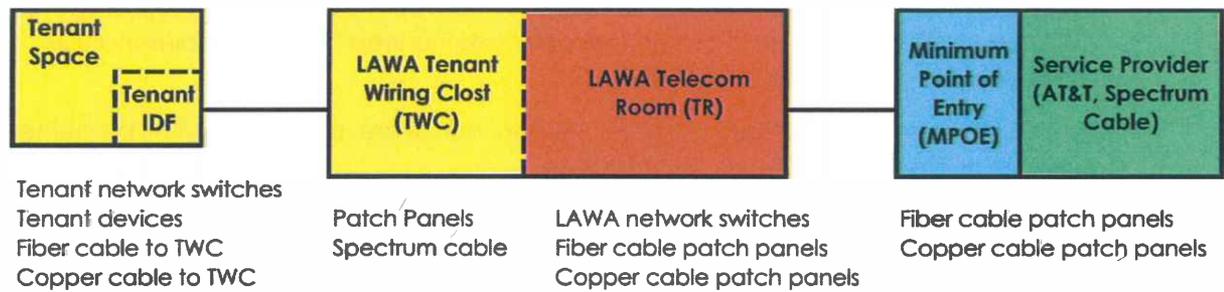
- 5.15.3 Fire and Life safety proprietary maintenance provider(s) is as follows:

As required by LAWA. Current provider Building Electronic Controls (BEC):
<https://www.becinc.net/> Kyle Obermire – 905.305.1600 kobermire@becinc.net

- 5.15.4 Project Sponsor to provide HVAC, gas and cooking equipment designed for shut down during a fire event as required by Code and base building approved life safety procedures/reports and AHJ utilizing the Fire Alarm System.

- 5.15.5** No music system, audio/video display or television system in Project Sponsor's lease premises shall interfere with the Terminal public address system and fire alarm notification/paging system, or otherwise be deemed a nuisance as determined in the sole and absolute discretion of PM and AHJ.
- 5.15.6** Any approved music systems, audio/video display or television system installed must be compatible with the automated interrupt devices to ensure compliance with the life safety system. Coordinate with PM and life safety vendor for system specifics.
- 5.15.7** Meeting fire and life safety requirements are paramount and therefore when it comes to architectural systems, components, and/or assemblies, PM will require reviewing all proposed solutions by Project Sponsor.
- 5.16 IT/Communications:**
- 5.16.1** Project Sponsor is not allowed to install j-hooks, conduit and/or cable tray outside of its premises. Project Sponsor is not allowed to access LAWA equipment or telecom/rack rooms under any circumstances. LAWA provides controls to Project Sponsor Wiring Closets (TWC), Telecom rooms (TR), and Minimum points of entry (MPOE). Project Sponsor will place its Intermediate Distribution Facility (IDF) within its premises and PM will provide a TWC for connection to LAWA backbone system.
- 5.16.2** Project Sponsor Equipment: Project Sponsor is responsible to provide all enabling systems and components required for installation of its equipment and systems. Coordinate with PM as needed to confirm all POC's during design phase of work.
- 5.16.3** Access to Local Exchange Carrier (LEC): LAWA will provide access to regulated telephone services or "Local Exchange Carrier" (LEC) and "Competitive Local Exchange Carriers" (CLEC) service. LAWA will provide copper cable from TWC to AT&T MPOE. Fiber optic cabling, if needed, shall be provided by Project Sponsor.
- 5.16.4** Radio Equipment Installation: No pathways or support for radio equipment installation is being provided. Project Sponsor must coordinate with PM should radio equipment be desired.
- 5.16.5** Conduit to Wiring Closet: Conduit for telephone will be provided within the area of Project Sponsor premises. Review PM Project Sponsor Utility Matrix to confirm conduit size. Coordinate with PM as required.

5.16.6 Access to Project Sponsor Wiring Closets (TWC)



5.16.7 Project Sponsor must provide data transport/cable requirements plans and specifications to PM for coordination and panel assignment. Project Sponsor will be responsible to provide wiring from its IDF to designated TWC. PM will assign TWC room number and patch panel POC.

5.16.8 Data Cable Requirements: Project Sponsor must comply with LAW A fiber, copper and coax cable requirements as listed below. J-hooks are not allowed to be used outside of project sponsor's premises. Project Sponsor to use yellow or green jacket color on cable to differentiate from LAW A systems:

Copper – CAT 6A – Systimax Gigaspeed X10 Category 6A – 2091 Plenum or approved equal.

Fiber – Single Mode, Plenum rated, jacket color yellow, Corning Unitized MIC Plenum Rated (request for fiber will be evaluated on case-by-case basis).

Coax – Belden 9116P or approved equal.

5.16.9 CATV

Project Sponsor may provide CCTV system of their choosing within its premises. Any request for CCTV cameras outside premises must be submitted to PM for review/approval followed by review and approval by LAW A – PD.

5.16.10 CCTV

Project sponsor is responsible for obtaining cable TV service to the nearest TWC. The CATV provider will install their equipment in the nearest TWC and the project sponsor is responsible for cabling between the TWC and the lease space.

5.16.11 Access Control and Alarm Monitoring System (ACAMS)

Any request for ACAMS controlled portals within a Project Sponsor premises must be submitted to PM for review/approval. ACAMS within the Project Sponsor premises that is

not required by LAWA airport police for airport security requirements, shall be on a separate ACAMS system (owned and operated by the Project Sponsor)

Should LAWA require/designate ACAMS within Project Sponsor premises, Project Sponsor will be responsible for all costs, including those costs incurred by LAWA maintenance provider to procure and install the ACAMS.

ACAMS include CCTV cameras and special door hardware, all of which shall be at the sole cost and expense of the Project Sponsor.

5.16.12 Wireless Network (IEEE 802.11x)

Project Sponsor improvements must not interfere with LAWA wireless networks, any conditions determined to cause such a problem will be mitigated by Project Sponsor using industry standard engineering techniques such as directional antennas at its sole cost and expense within thirty (30) days of written notice. Should Project Sponsor not perform the necessary corrections, PM and/or LAWA will make the corrections at Project Sponsor's sole cost and expense.

Project Sponsor is required to submit its wireless network design to PM and LAWA for review and approval. Design documentation must include AP type, manufacturer, and model, AP locations/layout, antenna type, quantity of AP's, coverage map, and how wired to their network (physical location within premises where AP cables terminate).

The TBIT WEST GATES wireless design provides for coverage within public Project Sponsor spaces. Project Sponsor shall coordinate with PM for LAWA IT approval for usage access to LAWA AP (access point) controller. Cellular DAS (distributed antenna system) wireless systems would also require LAWA review and approval. Should Project Sponsor wish to use its own wireless this too requires approval with use limited to a 2.4 gigahertz frequency.

Project Sponsor must constrain the wireless signal for their wireless network within Project Sponsor space. Project Sponsor shall attempt to achieve 85dBm signal strength at the boundary of Project Sponsor's leased space and at the building perimeter wall (if applicable).

Wherever Project Sponsor operates unlicensed wireless systems within shared Project Sponsor spaces, Project Sponsor is responsible for resolving any radio frequency interference issues between impacted users.

Project Sponsor understands and agrees that when LAWA expands its wireless networks where Project Sponsor and LAWA's networks are not compatible due to interference, Project Sponsor agrees to decommission Project Sponsor's wireless network and subscribe to LAWA's network at the existing fair market rates as defined by LAWA's Commercial Development Group.

Failure to comply with the conditions specified herein may result in the required removal of the installed system at Project Sponsor's sole expense. Project Sponsor shall not install any public address, paging, or other similar audio system or any of the aforementioned

IT/Communication systems in the lease premises at any time, without the prior written approval of PM and/or the City in its sole and absolute discretion.

5.17 Security:

5.17.1 There are no provisions for security systems within Project Sponsor premises. All security systems within Project Sponsor premises are the responsibility of the Project Sponsor and are subject to approval by PM and LAWA.

5.17.2 Project Sponsor shall work with PM to ensure that security cameras and systems are properly integrated in to the design of the unit and not an afterthought.

5.18 Access Control & Alarm Monitoring Systems (ACAMS)

5.18.1 Any condition where Project Sponsor intends to create an opening through a plane or perimeter that separates areas of differing security levels, and approval by AHJ is granted to do so, the work required to modify the existing monitoring and control devices will be at the sole cost and expense of the Project Sponsor. Project Sponsor will be required to retain the services of the airports designated maintenance provider(s) to perform such work. This condition shall apply in all cases even if the access portal is a code required condition. Work is subject to 60days advance notice to LAWA Airport Police for approval.

5.19 Work in Occupied Spaces

5.19.1 Air quality is paramount to ensure that the air the public is breathing is safe and clean. Any work proposed to take place in public areas (areas not behind full barricade) shall be reviewed by PM in advance of any work.

5.19.2 Project Sponsor shall ensure that measures are taken to protect the public and users of the terminal from nuisance or harm. This includes proper project isolation and containment; use of mobile air filtration systems to create negative air pressure and negative ions to minimize or eliminate charged particles. Project Sponsor recognizes that site safety and security are paramount to all functions on the job site and the site is to be monitored. Fines and/or loss of site access can be imposed for violations.

5.20 Sustainability and Commissioning Cx and CALGreen

5.20.1 PM defers to AHJ's for all sustainable practices and requirements including LAWA DCH and LADBS.

5.20.2 Commissioning shall include General Requirements, Plumbing, HVAC (Kitchen), Electrical, Communications/Sound, Fire Life Safety, and Security. Reference:

<https://lawa.org//media/lawaweb/ProjectSponsors411/file/lawasustainabledesignandconstructionpolicy.ashx?la=en&hash=943CF9EB68DA44DB4209F5832242C38BEA4E3289>
<https://www.ladbs.org/forms-publications/forms/green-building/green-building-for-2017-codes>

<https://www.ladbs.org/docs/default-source/forms/green-building-2017/green-building-code-plan-check-notes-non-residential-buildings.pdf?sfvrsn=7>

<https://www.ladbs.org/docs/default-source/forms/green-building-2017/green-building-plan-check-notes-non-residential-buildings.pdf?sfvrsn=9>

- 5.20.3** Primary areas where Project Sponsors are expected to participate include: Los Angeles Green Building Code (LAGBC) and CALGreen

<https://www.dgs.ca.gov/BSC/Resources/Page-Content/Building-Standards-Commission-Resources-List-Folder/CALGreen>

Demolition and Debris Recycling Program.

All projects with an LADBS permit-valuation over \$200,000 shall achieve LAGBC Tier-1 conformance, to be certified by LADBS during Final Plan-Check (on the issued building permit) and validated by the LADBS inspector during Final Inspection (on the Certificate of Occupancy).

Project Sponsor Projects: For Project Sponsor projects, the permittee shall submit copies of all LADBS GRN Forms to PM prior to issuance of a Notice-To-Proceed. This information may be published in our Annual Sustainability Reports in accordance with the GRI Sustainability Reporting Guidelines & Airport Operators Sector Supplement.

VOC's - PM requires zero (0) VOC paints to be used in any project at LAX.

Formaldehyde emission – PM prohibits use of products containing formaldehyde

Plumbing fixtures (efficiency)

Operations and Maintenance: TAB (Testing, Adjusting, and Balancing) reports are required for all HVAC and kitchen air systems prior to overall Commissioning of all systems serving the unit. TAB evolutions are required first as an integral part of Commissioning.

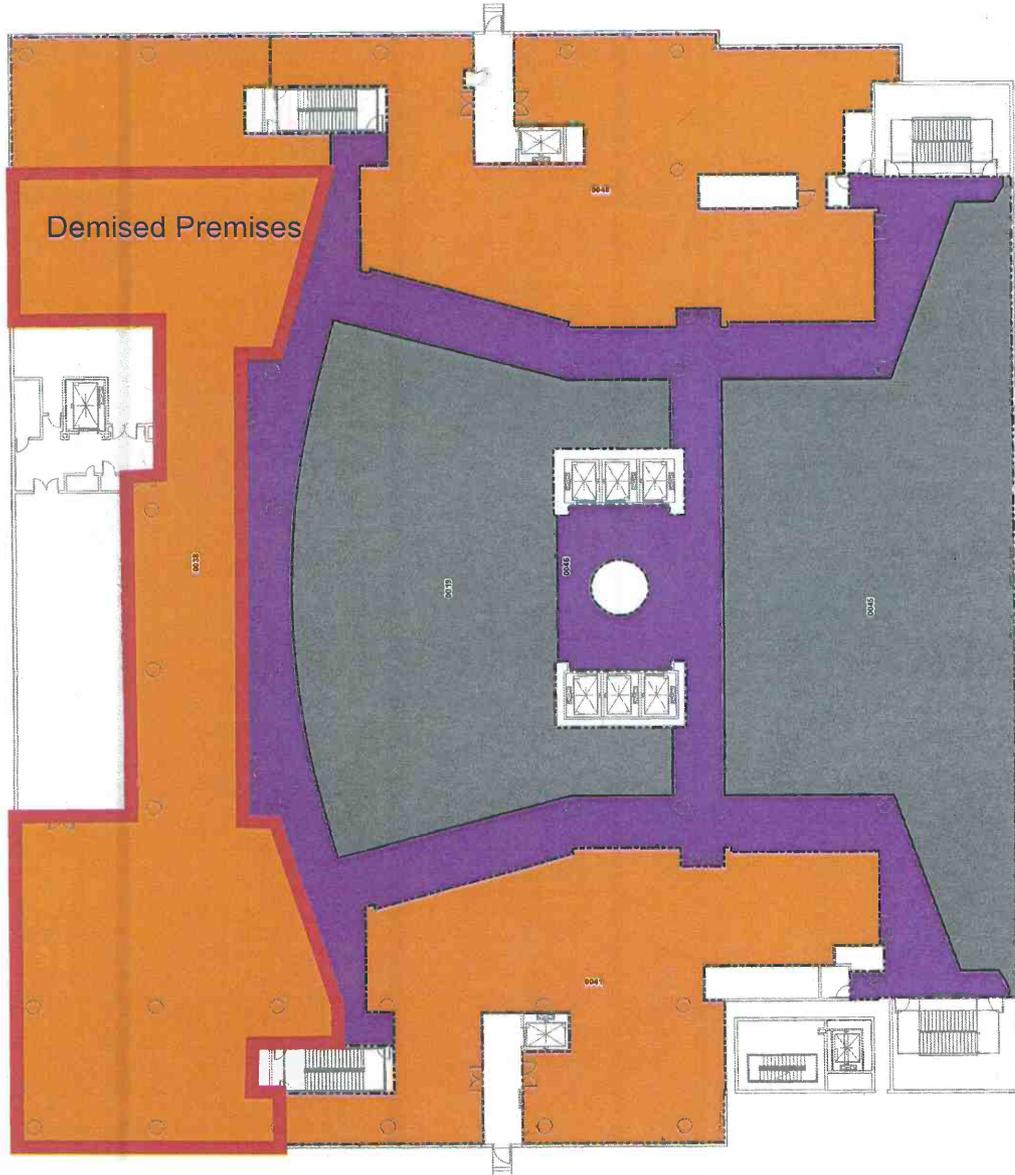
CalGreen, Operations and Maintenance Manuals shall be provided at closeout. PM requires that stipulated engineering design operational parameters are verified at start up and checked during required maintenance periods.

6.0

APPENDIX

- 6.1. Memorandum of Understanding – Code Discussions**
- 6.2. Sustainability Guideline**
- 6.3. Base Building LEED Score Sheet**
- 6.4. Basis of Design – Grease Exhaust Fans**
- 6.5. Basis of Design – Mechanical Outside Air Units**

EXHIBIT A



Space No.	Use	Type	Description	Company Name	Area (SqFt)
0019	Open	Open to Below			8497
0038	Service	Lounge		Air France	11500
0041	Service	Lounge			8741
0045	Open	Open to Below			9473
0048	Passage	Corridor			10665
0048	Service	Lounge			7950

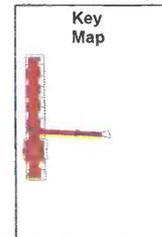
ADP

Level 06 Space Class Summary

Space Class	Total Area (SqFt)
Airline Demised Premises (ADP)	28537
Excluded	18203
Public Area	13166
Public Area - Restricted	2368
Utilities	3633
Void	1170

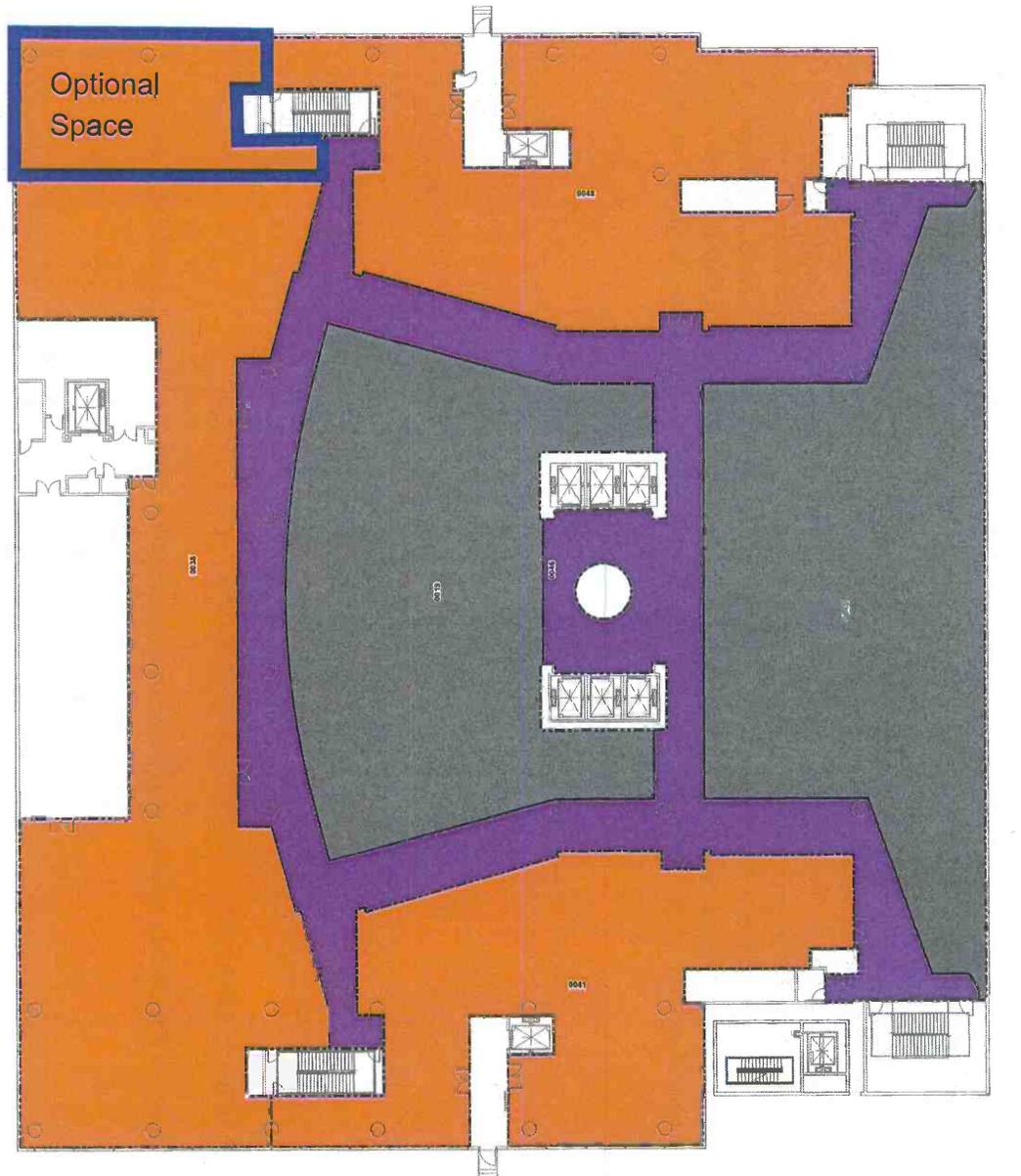
N
Level 06

- NOTES:
1. Leading zeros of the space numbers are trimmed from the map for map space saving purpose.
 2. The spaces noted above are to be considered planning data and may not reflect the current conditions. This data should be field verified prior to use.
 3. Space Class Summary provided on the first sheet of each level represents the entire floor



	Los Angeles World Airport MASTER LEASE EXHIBIT West Gates at Tom Bradley International Terminal LOS ANGELES INTERNATIONAL AIRPORT			
	APPROVED BY _____		APPROVED BY _____	
	BUSINESS RELATIONSHIP MANAGER (OO)		GIS MANAGER	
DRAWN MT	CHECKED AM	PLAN SET NUMBER 1	SHEET 59 of 66	
GRID LOCATIONS TO _____		SCALE 1 inch = 30 feet	DATE 03/14/2023	DWG NO. 20230140

EXHIBIT A-1



Space No.	Use	Type	Description	Company Name	Area (SqFt)
0019	Open	Open to Below			8497
0038	Service	Lounge		Air France	2200
0041	Service	Lounge			6741
0045	Open	Open to Below			9473
0046	Passage	Corridor			10665
0048	Service	Lounge			7950

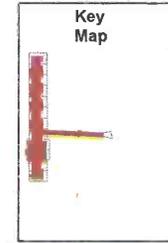
HDP

Level 06 Space Class Summary

Space Class	Total Area (SqFt)
Airline Demised Premises (ADP)	28537
Excluded	18203
Public Area	13166
Public Area - Restricted	2366
Utilities	3633
Void	1170

N
Level 06

NOTES:
 1. Leading zeros of the space numbers are trimmed from the map for map space saving purpose.
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 3. Space Class Summary provided on the first sheet of each level represents the entire floor



Los Angeles World Airports
 MASTER LEASE EXHIBIT
West Gates at Tom Bradley International Terminal
 LOS ANGELES INTERNATIONAL AIRPORT

APPROVED BY: _____ APPROVED BY: _____
 BUSINESS RELATIONSHIP MANAGER (ODG) GIS MANAGER

DRAWN: MT CHECKED: AM PLAN SET NUMBER: 1 SHEET: 59 of 66

SCALE: 1 inch = 30 feet DATE: 03/14/2023 DWG NO.: 20230140

GRID LOCATIONS: TO: _____

LETTER OF ASSENT

[To be signed by all Contractors Undertaking Work on the TBIT-W Air France Lounge Improvement (Tenant Project) and covered by the Los Angeles World Airports Project Labor Agreement.]

(Contractor Letterhead)

c/o Parsons Constructors Inc.
100 West Walnut Street
Pasadena, California 91124
Attn: Jessica Jones

Re: Los Angeles International Airport Project
Labor Agreement – Letter of Assent

Dear Sir:

This is to confirm that (Name of Company) (the “Company”) agrees to be a party to and bound by the Los Angeles International Airport Project Labor Agreement (the “Agreement”) as entered into by and between Parsons Constructors Inc., its successors or assignees, and the Building and Construction Trades Department, AFL-CIO and other Building and Construction Trades Councils and signatory unions, dated November 19, 1999, as such agreement may, from time to time, be amended by the negotiating parties or interpreted pursuant to its terms.

Such obligation to be a party to and bound by this Agreement shall extend to all construction work undertaken by this Company pursuant to Construction Contract No. _____, issued to this Company for work on the TBIT-W Air France Lounge Improvement (Tenant Project) and any definitive terminal improvement projects pursuant to the lease between Societe Air France, S.A. and Los Angeles World Airports for the West Gates at Tom Bradley International Terminal. This Company shall require all its subcontractors, of whatever tier, to be similarly bound for all their construction work within the Scope of the Agreement by signing an identical Letter of Assent.

Sincerely,

(Name of Construction Company)

By:

(Name of Title of Authorized Executive)

Cc: City of Los Angeles, Department of Airports

(Copies of this Letter will be available for inspection or copying on request of the Union).

EXHIBIT B

**RATES AND CHARGES FOR THE USE OF
TERMINAL FACILITIES AND EQUIPMENT AT LOS ANGELES INTERNATIONAL
AIRPORT
PURSUANT TO THE
LOS ANGELES INTERNATIONAL AIRPORT PASSENGER TERMINAL TARIFF,
AS IT MAY BE AMENDED FROM TIME TO TIME**

Revised Effective July 1, 2021

The following rates and charges methodology for the use of passenger terminals (the “Terminals”) and equipment at Los Angeles International Airport (the “Airport”) by Aeronautical Users subject to the Los Angeles International Airport Passenger Terminal Tariff (the “Tariff”), is established by the City of Los Angeles (the “City”), acting by and through the Board of Airport Commissioners (the “Board”) of the Los Angeles World Airports (“LAWA”), under the City of Los Angeles City Charter and Administrative Code, §§ 630 et seq.

Section 1. Definitions. As used in this document, the terms identified in this section shall have the meanings indicated unless the context clearly indicates otherwise. Additional words and phrases used in this document shall have the meanings set forth in the Tariff or, if not so set forth, shall have their usual and customary meaning.

“AAAC” shall mean the Airline Airport Affairs Committee.

“Aeronautical User” shall mean an Airline or any other Person engaged in an activity that involves, makes possible or is required for the safety of, or is otherwise directly related to, the operation of aircraft and includes providers of services related directly and substantially to the movement of passengers, baggage, mail and cargo on the Airport, but does not include any government or political subdivision thereof or a governmental agency.

“Airline” shall mean an Air Carrier or Foreign Air Carrier as defined in 49 U.S.C. §§ 40102(a)(2) and (a)(21), respectively.

“Airline-Operated Common Use Domestic Baggage Claim Systems” shall mean the inbound baggage equipment maintained, and the associated space leased, by one Airline that is used from time to time by other Airlines on a common use basis (excluding any such space and equipment serving the FIS Areas).

“Airline-Operated Common Use Outbound Baggage Systems” shall mean the outbound baggage equipment maintained, and the associated space leased, by one Airline that is used from time to time by other Airlines on a common use basis.

“Capital Costs” shall mean all capital costs of the Airport, including the following:

- (a) Debt service (net of PFC’s) allocable to bond-funded Capital Improvements.

- (b) Debt service coverage allocated in accordance with stated bond covenant requirements (currently 1.25 for senior debt obligations and 1.15 for subordinate debt obligations).
- (c) Amortization allocable to Capital Improvements funded with airport revenue, based on the economic life for each Capital Improvement and calculated using an interest rate set to equal the average all-in cost of Airport debt sold by LAWA during the year when such Capital Improvement is put in service or, if no Airport debt was sold, set to equal comparable published average borrowing costs.

“Capital Improvement” shall mean any improvement or item or related group of items acquired, purchased, leased or constructed to improve, maintain or develop the Airport, as well as any extraordinary or substantial expenditure whose object is to preserve, enhance or protect the Airport that, in accordance with generally accepted accounting principles consistently applied, is capitalized by LAWA.

“Common Use Areas,” previously referred to as “Joint Use Areas” under the Tariff, shall mean the space in any Terminal designated by the Executive Director to be used in common by one or more Airlines or otherwise benefitting one or more Airlines for operations and include, without limitation, Common Use Holdrooms, Common Use Ticket Counters, Common Use Domestic Baggage Claim Areas and Common Use Outbound Baggage System Areas.

“Common Use Domestic Baggage Claim Areas” shall mean the space in any Terminal (excluding the FIS Areas) designated by the Executive Director to be used in common with other Airlines for the delivery of inbound baggage to arriving passengers, including the baggage recheck areas and the areas where Common Use Domestic Baggage Claim Systems are located, but excluding the areas leased by Airlines for Airline-Operated Common Use Domestic Baggage Claim Systems.

“Common Use Domestic Baggage Claim System” shall mean equipment that delivers inbound baggage to arriving passengers (excluding equipment serving the FIS Areas).

“Common Use Holdrooms” shall mean the space in any Terminal designated by the Executive Director to be used in common with other Airlines for passenger holdrooms and gate areas.

“Common Use Loading Bridge” shall mean a passenger loading bridge and related equipment owned by LAWA.

“Common Use Outbound Baggage System” shall mean equipment that sorts outbound baggage for delivery to departing aircraft.

“Common Use Outbound Baggage System Areas” shall mean the space in any Terminal designated by the Executive Director to be used in common with other Airlines for the sorting of outbound baggage for delivery to departing aircraft, including the areas where Common Use

Outbound Baggage Systems are located, but excluding the areas leased by Airlines for Airline-Operated Common Use Outbound Baggage Systems.

“Common Use Ticket Counters” shall mean the space in any Terminal designated by the Executive Director to be used in common with other Airlines for ticket counters and associated queuing space.

“Deplaned Domestic Passengers” shall mean the number of passengers, not including the flight crew, disembarking from a domestic flight at the Terminals and shall include passengers clearing customs and immigration in the country that his or her flight originated from, disembarking from an international flight at the Terminals.

“Deplaned International Passengers” shall mean the number of passengers, not including the flight crew or passengers clearing customs and immigration in the country that his or her flight originated from, disembarking from an international flight at the Terminals.

“Enplaned Passengers” shall mean the number of passengers, not including the flight crew or international in-transit passengers, but including both originating and connecting passengers, embarking on a flight at the Terminals.

“Executive Director” shall mean the Executive Director of the Department of Airports of the City of Los Angeles, California, or his or her designee.

“Fiscal Year” shall mean the twelve (12) month period beginning July 1 of any year and ending June 30 of the following year or any other period adopted by LAWA for its financial affairs.

“FIS Areas,” previously referred to as the “International Joint Use Areas” under the Tariff, shall mean the space in the Terminals designated by the Executive Director to be used in common with other Airlines for federal inspection services (including sterile corridors, customs areas, baggage service areas, customs baggage claim areas, cashier areas, interline baggage areas, immigration inspection areas, storage areas, locker areas, federal inspection service swing areas, conference room areas and registration areas), offices for federal agencies, restrooms included in or adjacent to the foregoing areas, transit lounge space and other in transit facilities for international passengers.

“Operations and Maintenance Expenses,” previously referred to as “Terminal Expenses” under the Tariff, shall mean the total operations and maintenance expenses of the Airport.

“Passenger Facility Charges” or “PFC’s” shall mean passenger facility charges remitted to LAWA under 49 U.S.C. § 40117 and 14 C.F.R. Part 158 as they may be amended from time to time.

“Person” shall mean a corporation, an association, a partnership, a limited liability company, an organization, a trust, a natural person, a government or political subdivision thereof or a governmental agency.

“Public Area” shall mean sidewalks, concourses, corridors, lobbies, passageways, restrooms, elevators, escalators and other similar space made available by LAWA from time to time for use by passengers, LAWA and Airline employees and other members of the public, as designated by the Executive Director.

“Rentable Area,” previously referred to as “Measured Area” under the Tariff, shall mean any areas in the Terminals that are available for use by Airlines, other Aeronautical Users, concessionaires or LAWA or other governmental users on an exclusive, common or preferential use basis, as designated by the Executive Director. Rentable Area does not include any areas that are located outside the Terminals nor does Rentable Area include any space (such as security checkpoints) used by federal governmental agencies (such as Customs and Border Patrol or the Transportation Security Administration) or local law enforcement agencies to carry out their operations at the Airport.

“Reserve Deposits” shall mean the amounts deposited to funds and accounts for operations and maintenance reserves, to satisfy debt service reserve requirements, and similar expense reserves under the terms of any applicable bond covenants or as required by the Los Angeles City Charter.

“Signatory Airline” shall mean each Airline that signed the Further Amended and Restated Rate Agreement effective on and after July 1, 2021 as it may be amended from time to time.

“Terminals” shall mean all of the airline passenger terminals at the Airport.

“Terminal Airline Support Systems” shall mean an information technology system used to allocate terminal resources (gates, stands, ticket counters, baggage carousels, bag sortation piers, flight information displays, gate information displays, and public address systems) to assist Airlines with passenger processing.

“Turn” shall mean the active arrival and departure of an aircraft from a gate (including a remote gate) and may be measured in halves. The movement of an empty aircraft to or from a gate shall not constitute half a “Turn.”

Section 2. Calculation of Rate and Charges for Airlines.

2.1. Generally.

2.1.1. An Airline using any space or equipment in the Terminals pursuant to the Tariff shall be subject to the rates and charges set forth in this Section 2. There are two kinds of rates and charges set forth in this Section: equalized charges for all of the Terminals (described in Sections 2.2 through 2.7 below) and Terminal Special Charges (described in Section 2.8 below), assessed for the use of certain space or equipment in certain Terminals, for the recovery of certain types of Capital Costs or Operations and Maintenance Expenses that are not incurred by LAWA in all of the Terminals and not recovered from the Airlines through the equalized rates and charges. In calculating the Terminal Buildings Requirement.

the FIS Requirement and Terminal Special Charges, as set forth below, LAWA shall exclude any cost (net of the cost of collection) that (a) has been reimbursed or covered by government grants or PFC's, (b) has been reimbursed or covered by any insurance recovery, condemnation proceeds or other third-party payment, or (c) has been reimbursed or is required to be reimbursed to LAWA by an individual Airline under the Tariff in connection with projects undertaken by LAWA at the request and for the benefit of an individual Airline. Illustrative calculations displaying how rates and charges will be calculated under this methodology are attached as Exhibit A through Exhibit G-4.

2.1.2. Airline Consultations on Proposed Rates and Charges. No later than May 1 of each year, the Executive Director shall provide each Airline then currently using space at the Airport with a complete copy of the then proposed rates and charges, calculated in accordance with this Section 2, for the next Fiscal Year. The Executive Director shall, upon request by any such Airline, consult with such Airlines concerning the then proposed rates and charges. No later than June 1 of each year, the Executive Director shall make any revisions to the proposed rates and charges as the Executive Director determines, in his or her sole discretion, to be warranted as a result of consultation with the Airlines or otherwise, and shall provide written notice to each Airline then currently using space at the Airport of new rates and charges to be effective on July 1 of the next Fiscal Year. A copy of such written notice shall be filed with the secretary of the Board.

2.2. Calculation of the Terminal Buildings Rate. Each year LAWA shall calculate the estimated Terminal Buildings Rate for the next Fiscal Year as follows:

2.2.1. The Terminal Buildings Requirement shall be computed as the total of (i) the Unified Capital Requirement and (ii) the Operations and Maintenance Requirement.

(a) Calculation of the Unified Capital Requirement. Each year LAWA shall calculate the Unified Capital Requirement by totaling all budgeted Capital Costs allocable to the Terminals (excluding the FIS Areas) for the next Fiscal Year.

(b) Calculation of Operations and Maintenance Requirement. Each year LAWA shall calculate the Operations and Maintenance Requirement by totaling all budgeted Operations and Maintenance Expenses and Reserve Deposits (if any) allocable to the Terminals (excluding the FIS Areas and any Operations and Maintenance Expenses to be recovered under Sections 2.4 through 2.8) for the next Fiscal Year.

The allocation method for Capital Costs and Operations and Maintenance Expenses is outlined in attached Appendix 1.

2.2.2. The estimated Terminal Buildings Rate shall then be calculated by dividing the Terminal Building Requirement by the estimated total amount of Rentable Area. LAWA may use the actual amount of Rentable Area in the immediately preceding Fiscal Year in calculating the estimated Terminal Buildings Rate.

2.3. Calculation of the FIS Rate. Each year LAWA shall calculate the estimated FIS Rate for the next Fiscal Year as follows:

2.3.1. The estimated Gross FIS Requirement shall be computed as the total of (i) all budgeted Capital Costs allocable to the FIS Areas for the next Fiscal Year and (ii) all budgeted Operations and Maintenance Expenses and Reserve Deposits (if any) allocable to the FIS Areas for the next Fiscal Year.

2.3.2. From the estimated Gross FIS Requirement, LAWA shall deduct the amounts of any estimated revenue from the rental of space in the FIS Areas to governmental agencies to yield the Net FIS Requirement.

2.3.3. The estimated FIS Rate shall then be calculated by dividing the Net FIS Requirement by the estimated total annual number of Deplaned International Passengers for the next Fiscal Year. LAWA may use the actual number of Deplaned International Passengers in the immediately preceding Fiscal Year in calculating the estimated FIS Rate.

2.4. Calculation of Common Use Holdroom Rate. Each year LAWA shall calculate the estimated Common Use Holdroom Rate for the next Fiscal Year as follows:

2.4.1. The estimated Holdroom Requirement shall be computed as the product of the Terminal Buildings Rate and the total square footage of all Common Use Holdrooms in the Terminals; *provided*, however, that the City shall have the discretion to reduce the estimated Holdroom Requirement by an amount deemed appropriate by the City to moderate increases in the Common Use Holdroom Rate related to the global COVID-19 pandemic. In no event shall the reductions in the Holdroom Requirement result in a Common Use Holdroom Rate that is less than the unweighted average of the budgeted Calendar Year 2020 Common Use Holdroom Rates. Any such reductions in the Holdroom Requirement that do not reflect the application of federal or state grants (under the CARES Act or otherwise) shall be recovered in subsequent Fiscal Years by increases to the otherwise-indicated Holdroom Requirement on a schedule to be reasonably determined and, from time to time, adjusted by the City after consultation with the Signatory Airlines.

2.4.2. LAWA shall then calculate six separate Common Use Holdroom Rates for use of Common Use Holdrooms by the six different classes of aircraft shown in the table below.

Aircraft Class					
1	2	3	4	5	6
A380	747	A340 A330 B777 A350 MD-11 IL-96	B757-300 B767 B787	B717 A220 A318 A319 A320 A321 MD (DC) All B737 757-200	All others having 100 seats or less

The charges for use of Common Use Holdrooms by aircraft within each of these classes shall bear the following relativities to each other:

Relative Charge per Turn

- Class 1: 2.75x
- Class 2: 1.75x
- Class 3: 1.25x
- Class 4: 1.00x
- Class 5: 0.80x
- Class 6: 0.50x

For rate-setting purposes, the charges per Turn for each of these six classes of aircraft will be calculated so that expected aggregate Common Use Holdroom charges equal the Common Use Holdroom Requirement.

2.4.3. Revised Aircraft Relativities. LAWA may adjust the aircraft relativities between the six classes of aircraft in Section 2.4.2 pursuant to this Section 2.4.3. Prior to adjusting the aircraft relativities, LAWA shall provide written notice (“New Relativities Notice”) to the AAAC that provides the new aircraft relativities and the reason for the adjustment. The AAAC shall provide LAWA with any comments in writing within thirty (30) days following the New Relativities Notice. LAWA shall consider any such comments and then, in its sole discretion, shall reasonably determine whether to make the adjustment. LAWA shall provide written notice to the AAAC of its determination, and thereafter the calculations of relative charges per Turn under Section 2.4.2 shall reflect any such adjustment.

2.4.4 New Types of Aircraft. If any Airline begins to serve the Airport with types of aircraft not shown in the table in Section 2.4.2, LAWA shall provide written notice (“New Aircraft Notice”) to the AAAC to solicit a recommendation from the AAAC as to the proper classification of such new aircraft types for rate-setting purposes. If the AAAC wishes to make such a recommendation, it shall do so in writing within thirty (30) days following the New Aircraft Notice. LAWA shall consider any such recommendation and then, in its sole discretion, shall reasonably determine whether to (a) assign such new aircraft to a new class with a different specified relativity or (b) include it in one of the existing aircraft classes under Section 2.4.2. LAWA shall provide written notice to the AAAC of its determination of how such new aircraft will be classified for rate-setting purposes, and thereafter the calculations of relative charges per Turn under Section 2.4.2 shall reflect any such classification.

2.5. Calculation of Common Use Domestic Baggage Claim Rate. Each year LAWA shall calculate the estimated Common Use Domestic Baggage Claim Rate for the next Fiscal Year as follows:

2.5.1. The estimated Common Use Domestic Baggage Claim Requirement shall be computed as the total of (i) the product of the Terminal Buildings Rate and the total square footage of all Common Use Domestic Baggage Claim Areas in the Terminals, (ii) all budgeted Operations and Maintenance Expenses allocable to Common Use Domestic Baggage Claim Systems operated and maintained by LAWA in any of the Terminals, (iii) all budgeted payments to be made by LAWA to an Airline to cover a pro rata share of such Airline’s costs of leasing, operating and maintaining Airline-Operated Common Use Domestic Baggage Claim Systems, and (iv) all budgeted rental payments, if any, that would otherwise be due from an airline consortium leasing any such space but are waived by LAWA; *provided*, however, that LAWA shall have the discretion to reduce the estimated Common Use Domestic Baggage Claim Requirement by an amount deemed appropriate by LAWA to moderate increases in the Common Use Domestic Baggage Claim Rate related to the global COVID-19 pandemic. In no event shall such reductions in the Common Use Domestic Baggage Claim Requirement result in a Common Use Domestic Baggage Claim Rate that is less than the Calendar Year 2020 Common Use Domestic Baggage Claim Rate or cause LAWA to reduce its payments to any Airline under Section 2.5.1(iii). Any such reductions in the Common Use Domestic Baggage Claim Requirement that do not reflect the application of federal or state grants (under the CARES Act or otherwise) shall be recovered in subsequent Fiscal Years by increases to the otherwise-indicated Common Use Domestic Baggage Claim Requirement on a schedule to be reasonably determined and, from time to time, adjusted by the City after consultation with the Signatory Airlines.

2.5.2. The estimated Common Use Domestic Baggage Claim Rate shall then be calculated by dividing the Common Use Domestic Baggage Claim Requirement by the estimated total annual number of Deplaned Domestic Passengers of Airlines using Common Use Domestic Baggage Claim Systems or Airline-Operated Common Use Domestic Baggage Claim Systems in any of the Terminals. LAWA may use the actual number of Deplaned Domestic Passengers of Airlines using Common Use Domestic Baggage Claim Systems or Airline-Operated Common Use Domestic Baggage Claim

Systems in the immediately preceding Fiscal Year in calculating the estimated Common Use Domestic Baggage Claim Rate.

2.6. Calculation of Common Use Outbound Baggage System Rate. Each year LAWA shall calculate the estimated Common Use Outbound Baggage System Rate for the next Fiscal Year as follows:

2.6.1. The estimated Common Use Outbound Baggage System Requirement shall be computed as the total of (i) the product of the Terminal Buildings Rate and the total square footage of all Common Use Outbound Baggage System Areas in the Terminals, (ii) all budgeted Operations and Maintenance Expenses allocable to Common Use Outbound Baggage Systems operated and maintained by LAWA in any of the Terminals, (iii) all budgeted payments to be made by LAWA to an Airline to cover a pro rata share of such Airline's costs of leasing, operating and maintaining Airline-Operated Common Use Outbound Baggage Systems, and (iv) all budgeted rental payments, if any, that would otherwise be due from an airline consortium leasing any such space but are waived by LAWA; *provided*, however, that LAWA shall have the discretion to reduce the estimated Common Use Outbound Baggage System Requirement by an amount deemed appropriate by LAWA to moderate increases in the Common Use Outbound Baggage System Rate related to the global COVID-19 pandemic. In no event shall such reductions in the Common Use Outbound Baggage System Requirement result in a Common Use Outbound Baggage System Rate that is less than the Calendar Year 2020 Common Use Outbound Baggage System Rate or cause LAWA to reduce its payments to any Airline under Section 2.6.1(iii). Any such reductions in the Common Use Outbound Baggage System Requirement that do not reflect the application of federal or state grants (under the CARES Act or otherwise) shall be recovered in subsequent Fiscal Years by increases to the otherwise-indicated Common Use Outbound Baggage System Requirement on a schedule to be reasonably determined and, from time to time, adjusted by the City after consultation with the Signatory Airlines.

2.6.2. The estimated Common Use Outbound Baggage System Rate shall then be calculated by dividing the estimated Common Use Outbound Baggage System Requirement by the estimated total annual number of Enplaned Passengers of Airlines using the Common Use Outbound Baggage System Areas or Airline-Operated Common Use Outbound Baggage Systems in all of the Terminals. LAWA may use the actual number of Enplaned Passengers of Airlines using the Common Use Outbound Baggage System Areas or Airline-Operated Common Use Outbound Baggage Systems in the immediately preceding Fiscal Year in calculating the estimated Outbound Baggage System Rate.

2.7. Common Use Ticket Counter Rate. Each year LAWA shall calculate the estimated Common Use Ticket Counter Rate for all Terminals for the next Fiscal Year as follows:

2.7.1. The estimated Common Use Ticket Counter Requirement shall be computed as the product of the Terminal Buildings Rate and the total square footage of all of the Common Use Ticket Counter space in the Terminals.

2.7.2. The estimated Common Use Ticket Counter Rate shall then be calculated by dividing the Common Use Ticket Counter Requirement by the estimated total annual number of Enplaned Passengers of Airlines using Common Use Ticket Counters in the next Fiscal Year. LAWA may use the actual number of Enplaned Passengers in the immediately preceding Fiscal Year in calculating the estimated Common Use Ticket Counter Rate.

2.8. Terminal Special Charges. There are certain equipment and services that LAWA provides in some, but not all of the Terminals. Airlines using such equipment or services in certain Terminals pursuant to the Tariff shall be subject to Terminal Special Charges as follows. Any Capital Costs or Operations and Maintenance Expenses that are included in the calculations of Terminal Special Charges shall be excluded from the rates and charges calculated under Sections 2.2 through 2.7.

2.8.1. Custodial Rates. Each year LAWA shall calculate estimated Custodial Rates for the next Fiscal Year as follows:

2.8.1.1. The Custodial Requirement shall be computed as the total of (i) all budgeted payments by LAWA under service contracts for janitorial and cleaning services in all Terminals (ii) all budgeted costs to LAWA of providing its own janitorial and cleaning services in all Terminals; and (iii) payments made by LAWA to an Airline providing such services in a Common Use Holdroom that is used by other Airlines on a common use basis.

2.8.1.2. The Custodial Requirement shall then be divided by the total square footage of all areas (whether Public Areas or Rentable Areas) for which LAWA provides janitorial and cleaning services to derive the Average Custodial Rate. LAWA shall then calculate four separate Custodial Rates for use of Common Use Holdrooms, Common Use Ticket Counters, Outbound Baggage System Areas and Baggage Claim Areas, respectively, by (x) multiplying the total square footage of each such type of space in all Terminals by the Average Custodial Rate and then (y) dividing by the following factors:

- (a) for Common Use Holdrooms, Enplaned Passengers;
- (b) for Common Use Ticket Counters, Enplaned Passengers;
- (c) for Common Use Outbound Baggage System Areas, Enplaned Passengers; and
- (d) for Common Use Domestic Baggage Claim Areas, the total of Deplaned Domestic Passengers.

In making these calculations, LAWA shall only consider the numbers of passengers using the Common Use facilities that are expected to be the subject of these Terminal Specific Charges in the next Fiscal Year and may use the actual numbers of such passengers in the immediately preceding Fiscal Year in calculating these rates.

2.8.2. Terminal Airline Support System Rate. Each year LAWA shall calculate the estimated Terminal Airline Support System Rate for the next Fiscal Year as follows:

2.8.2.1. The estimated Terminal Airline Support System Requirement shall be calculated by totaling (a) the budgeted Operations and Maintenance Expenses allocable to the Airline Support System and (b) all budgeted Capital Costs allocable to the Airline Support System and to be paid by LAWA for the next Fiscal Year.

2.8.2.2. The estimated Terminal Airline Support System Rate shall then be calculated by dividing the estimated Terminal Airline Support System Requirement by the estimated total number of Enplaned Passengers of Airlines using the Terminal Airline Support System in the next Fiscal Year. LAWA may use the actual number of Enplaned Passengers of Airlines using the Terminal Airline Support System in the immediately preceding Fiscal Year in calculating the estimated Terminal Airline Support System Rate.

2.8.3. Common Use Loading Bridge Rates. Each year LAWA shall calculate the estimated Common Use Loading Bridge Capital Rate and the Common Use Loading Bridge O&M Rate for the use of Loading Bridges for the next Fiscal Year as follows:

2.8.3.1 The Average Common Use Loading Bridge Capital Requirement shall be calculated by dividing all budgeted Capital Costs allocable to Common Use Loading Bridges for the following Fiscal Year by the total number of Common Use Loading Bridges.

2.8.3.2 The estimated Common Use Loading Bridge Capital Rate shall be calculated by dividing the Average Common Use Loading Bridge Capital Requirement by the estimated average annual number of Turns per Common Use Loading Bridge, so that the capital charges for use of the Common Use Loading Bridges by each type of aircraft shall bear the relativities to each other set forth in Section 2.4.2. LAWA may use the actual number of Turns at Common Use Loading Bridges in the immediately preceding Fiscal Year in calculating the estimated Common Use Loading Bridge Capital Rate.

2.8.3.3 The Average Common Use Loading Bridge O&M Requirement for Common Use Loading Bridges maintained by LAWA shall be calculated by first summing (i) all budgeted Operations and Maintenance Expenses allocable to

such Common Use Loading Bridges and (ii) any payments made by LAWA to an Airline to cover a pro rata share of such Airline's costs of operating and maintaining a Common Use Loading Bridge and then dividing that sum by the total number of Common Use Loading Bridges.

2.8.3.4 The estimated Common Use Loading Bridge O&M Rate for Common Use Loading Bridges maintained by LAWA shall be calculated by dividing the Average Common Use Loading Bridge O&M Requirement by the estimated average annual number of Turns per Common Use Loading Bridge, so that the maintenance charges for use of such Common Use Loading Bridges by each type of aircraft shall bear the relativities to each other set forth in Section 2.4.2. LAWA may use the actual number of Turns at such Common Use Loading Bridges in the immediately preceding Fiscal Year in calculating the estimated Common Use Loading Bridge O&M Rate.

2.8.4. Future Terminal Special Charges. The Executive Director, subject to Board approval, may impose additional Terminal Special Charges in similar circumstances, where LAWA is providing certain specified services or equipment in some, but not all of the Terminals. LAWA shall notify and consult with the Airlines concerning any proposed new Terminal Special Charges at least 60 days before LAWA submits any proposed new Terminal Special Charges for approval by the Board.

2.9. Mid-year Adjustments. If it appears to LAWA, on the basis of information it is able to accumulate during the course of any Fiscal Year, that the estimated Capital Costs and Operations and Maintenance Expenses, projected levels of Airline activity or other factors affecting the prescribed calculations it has used to calculate the rates and charges set forth in Section 2 are likely to vary significantly (higher or lower) from actual results, LAWA may make adjustments to such rates and charges at mid-year or at such other time during the Fiscal Year (a) as the need for such an adjustment becomes apparent to LAWA or (b) the variance between the estimated Capital Costs and Operations and Maintenance Expenses or projected levels of Airline activity and actual results is expected to be ten percent (10%) or more. LAWA shall provide the AAAC with at least thirty (30) days advance written notice ("Mid-Year Adjustment Notice") of any adjustments to be made under this Section 2.9. The AAAC may, within fifteen (15) days of receipt of the Mid-Year Adjustment Notice, request a meeting with LAWA to review the information that LAWA used as the basis for an adjustment under this Section 2.9 and if the AAAC does so, LAWA shall meet with the AAAC within fifteen (15) days of the AAAC's request.

2.10. Annual Adjustments-to-Actual. Within 180 days after the close of each Fiscal Year after 2022, LAWA shall recalculate the rates and charges as set forth in this Section 2 on the basis of actual Capital Costs and Operations and Maintenance Expenses, Airline activity and other factors affecting the prescribed calculations and shall determine the amount of any overpayment (credit) or underpayment (deficit) due to or from each Airline. Any resulting credit will be issued to the Airline, and any resulting debit will be invoiced to and payable by the Airline, as prescribed in the Tariff.

2.11 Adjustments-to-Actual After the Close of Fiscal Year 2022. Within 180 days after the close of Fiscal Year 2022, LAWA shall separately recalculate rates and charges for (i) the first half of calendar year 2021 (January 1 through June 30) and (ii) Fiscal Year 2022 on the basis of actual Capital Costs and Operations and Maintenance Expenses, Airline activity and other factors affecting the prescribed calculations and shall determine the cumulative amount of any overpayment (credit) or underpayment (deficit) due to or from each Airline for these eighteen (18) months combined. Any resulting credit will be issued to the Airline, and any resulting debit will be invoiced to and payable by the Airline, as prescribed in the Tariff. The recalculation of rates and charges for the first half of calendar year 2021 shall employ the rate methodology in this Section 2 as it was set forth and in effect as of January 1, 2021, except that LAWA shall take into account its actual Operations and Maintenance Expenses for this period (including costs borne by LAWA as a result of any amendments to the TBITEC Lease effective on or before June 30, 2021), rather than LAWA's actual Operations and Maintenance Expenses for the previous Fiscal Year, in recalculating these rates. The recalculation of rates and charges for Fiscal Year 2022 shall reflect the modification to this Section 2 that took effect on July 1, 2021.

Section 3. Calculation of Rates and Charges for Aeronautical Users other than Airlines. An Aeronautical User using any space in the Terminals pursuant to the Tariff shall be subject to the Terminal Buildings Charge described in Section 2.2.

Appendix 1

Cost Allocation Method

(1) *Description of Cost Centers.* Cost centers at the Airport are those functions or physically discrete areas that are used to account for costs incurred by LAWA to own (or otherwise provide), maintain, operate, construct, develop, and administer the Airport. There are two types of cost centers used to account for costs at the Airport: (a) direct cost centers, which are each related to a defined physical area of the Airport that serves a particular function, and (b) indirect cost centers, which are related to service functions that support the direct cost centers. The following are the direct and indirect cost centers used to account for both capital costs and operations and maintenance expenses at the Airport:

Direct Cost Centers

Terminals - the Terminals cost center comprises the land and all passenger terminal buildings and other related and appurtenant facilities, whether owned, operated, or maintained by LAWA. Facilities include the passenger terminal buildings located in the central terminal area, passenger terminal buildings located outside the central terminal area, associated concourses, holdrooms, passenger tunnels, and all other facilities that are a part of the passenger terminal buildings.

Airfield - the Airfield cost center comprises those portions of the Airport (excluding the aircraft aprons associated with the terminal, general aviation, cargo, and aircraft maintenance facilities) providing for the landing, taking off, and taxiing of aircraft, including approach and turning zones, clear zones, navigation or other easements, runways, a fully integrated taxiway system, runway and taxiway lights, and other appurtenances related to the aeronautical use of the Airport, including any property acquired for noise mitigation purposes.

Apron - the Apron cost center comprises the land and paved areas primarily adjacent to passenger terminal buildings, but also includes remote parking areas that provide for the parking, loading, and unloading of passenger aircraft. The Apron cost center does not include aprons associated with general aviation, cargo, or aircraft maintenance facilities.

Aviation - the Aviation cost center comprises the land and facilities related to air cargo, general aviation, fixed-base operations, aircraft fueling, aircraft maintenance, in-flight catering, and other aviation-related services.

Commercial - the Commercial cost center comprises the land and facilities not located in the Terminal cost centers and that are provided for nonaeronautical commercial and industrial activities, including public automobile parking, car rental service centers, golf courses, the Theme Building, and the Proud Bird restaurant.

Indirect Cost Centers

Access – the Access cost center includes the costs of facilities and services for on-Airport and off-Airport ground access for vehicles and pedestrians, including airside and landside access, and Airport access generally. It also includes the costs of increasing, preserving, or managing the capacity of the Airport’s access facilities.

General Administration – the General Administration cost center includes the general administrative and support costs related to providing, maintaining, operating, and administering the Airport that cannot be directly allocated to other cost centers.

(2) *Allocation Methods.* Expenses directly attributable to the Terminals, and indirect Administrative and Access cost center expenses are allocated to the Terminals as follows:

- (i) Wherever possible, expenses directly attributable to the Terminals are allocated to the Terminals.
- (ii) Expenses attributable to Airport administrative divisions are allocated to the Terminals cost center based on its proportion of total direct expenses.
- (iii) Expenses directly allocated to the Access cost center are allocated to the Terminals cost center and all other direct cost centers on the basis of the ratio of land area by cost center.

Exhibit A

TERMINAL BUILDINGS RATE
 Los Angeles International Airport
 Fiscal Year

	[Calc]	Hypothetical Year
Unified Capital Requirement (a)		
Gross debt service	[A]	\$ 311,000,000
PFC revenues	[B]	97,506,000
Debt service	[C=A-B]	\$ 213,494,000
Debt service coverage	[D]	41,000,000
Amortization	[E]	105,500,000
Unified Capital Requirement	[F=C+D+E]	\$ 359,994,000
Operations and Maintenance Requirement (b)		
Operations and Maintenance Expenses	[G]	\$ 335,681,000
Reserve Deposits	[H]	-
Operations and Maintenance Requirement	[I=G+H]	\$ 335,681,000
Terminal Buildings Requirement	[J=F+I]	\$ 695,675,000
Rentable Area (c)	[K]	3,002,000
Terminal Buildings Rate	[=J/K]	\$ 231.74

- (a) See Section 2.2.1(a) of the Rate Methodology.
 (b) See Section 2.2.1(b) of the Rate Methodology.
 (c) See Section 2.2.2 of the Rate Methodology.

Exhibit B

FIS RATE
 Los Angeles International Airport
 Fiscal Year

	<u>[Calc]</u>	<u>Hypothetical Year</u>
Capital Costs		
Gross debt service	[A]	\$ 11,300,000
PFC revenues	[B]	-
		<hr/>
Debt service	[C=A-B]	\$ 11,300,000
Debt service coverage	[D]	2,500,000
Amortization	[E]	1,415,000
		<hr/>
Capital Costs	[F=C+D+E]	\$ 15,215,000
Operations and Maintenance Expenses	[G]	72,680,000
Reserve Deposits	[H]	-
		<hr/>
Gross FIS Requirement (a)	[I=F+G+H]	\$ 87,895,000
Rental revenue of space in FIS Areas from governmental agencies	[J]	-
		<hr/>
Net FIS Requirement (b)	[K=I-J]	\$ 87,895,000
Deplaned International Passengers (c)	[L]	4,947,000
		<hr/>
FIS Rate	[=K/L]	\$ 17.77
		<hr/> <hr/>

- (a) See Section 2.3.1 of the Rate Methodology.
 (b) See Section 2.3.2 of the Rate Methodology.
 (c) See Section 2.3.3 of the Rate Methodology.

Exhibit C

COMMON USE HOLDROOM RATE
Los Angeles International Airport
Fiscal Year

	[Calc]	Hypothetical Year
Terminal Buildings Rate (a)	[A]	\$ 231.74
Common Use Holdrooms (square feet)	[B]	283,000
	[C=A*B]	\$ 65,580,000
Holdroom Requirement COVID-19 Adjustment	[D]	(27,598,000)
Holdroom Requirement (b)	[E=C+D]	\$ 37,982,000
Turns (weighted by aircraft class) (c)	[F]	34,816
Common Use Holdroom Rate (c)	[=E/F]	\$ 1,090.94

Common Use Holdroom Rates (by aircraft class) (c):

Class	Common Use Holdroom Rate	Relative charge per Turn	Weighted Common Use Holdroom Rate
	[A]	[B]	[=A*B]
1	\$ 1,090.94	2.75	\$ 3,000.09
2	\$ 1,090.94	1.75	\$ 1,909.15
3	\$ 1,090.94	1.25	\$ 1,363.68
4	\$ 1,090.94	1.00	\$ 1,090.94
5	\$ 1,090.94	0.80	\$ 872.75
6	\$ 1,090.94	0.50	\$ 545.47

(a) See Exhibit A.

(b) See Section 2.4.1 of the Rate Methodology.

(c) See Section 2.4.2 of the Rate Methodology.

Illustrative use of Common Use Holdrooms (by aircraft class):

Class	Illustrative Turns	Relative charge per Turn	Illustrative Turns (weighted)
1	2,034	2.75	5,594
2	715	1.75	1,251
3	10,629	1.25	13,286
4	4,360	1.00	4,360
5	17,816	0.80	14,253
6	52	0.50	26
	<u>35,606</u>		<u>38,770</u>
			Less: Adjustment for payments over cap
			<u>(3,954)</u>
			34,816

Exhibit D

COMMON USE DOMESTIC BAGGAGE CLAIM RATE

Los Angeles International Airport
Fiscal Year

	[Calc]	Hypothetical Year
Terminal Buildings Rate (a)	[A]	\$ 231.74
Common Use Domestic Baggage Claim Areas (square feet)	[B]	18,881
Common Use Domestic Baggage Claim Areas requirement (b)	[C=A*B]	\$ 4,400,000
Operations and Maintenance Expenses	[D]	7,500,000
LAWA payments for Airline-Operated Common Use Domestic Baggage Systems	[E]	-
	[F=C+D+E]	\$ 11,900,000
Common Use Domestic Baggage Claim Requirement COVID-19 Adjustment (c)	[G]	(2,446,000)
Common Use Domestic Baggage Claim Requirement (d)	[H=F+G]	\$ 9,454,000
Deplaned Domestic Passengers (e)	[I]	1,521,000
Common Use Domestic Baggage Claim Rate	[=H/I]	\$ 6.22

(a) See Exhibit A.

(b) Includes the rentals due from an airline consortium leasing some or all of this space but waived by LAWA.

(c) The COVID-19 Adjustment mitigates FY 2022 CU Domestic Baggage Claim space costs per deplaned domestic passenger to be equal to the average of long term leasing airlines followed by a ramp back to full cost recovery in FY 2024.

(d) See Section 2.5.1 of the Rate Methodology.

(e) See Section 2.5.2 of the Rate Methodology.

Exhibit E

COMMON USE OUTBOUND BAGGAGE SYSTEM RATE

Los Angeles International Airport

Fiscal Year

	<u>[Calc]</u>	<u>Hypothetical Year</u>
Terminal Buildings Rate (a)	[A]	\$ 231.74
Common Use Outbound Baggage System Areas (square feet)	[B]	246,000
Common Use Outbound Baggage System Areas requirement (b)	[C=A*B]	\$ 57,000,000
Operations and Maintenance Expenses	[D]	26,000,000
LAWA payments for Airline-Operated Common Use Outbound Baggage Systems	[E]	906,000
	[F=C+D+E]	\$ 83,906,000
Common Use Outbound Baggage Claim Requirement COVID-19 Adjustment (c)	[G]	(32,092,000)
Common Use Outbound Baggage System Requirement (d)	[H=F+G]	\$ 51,814,000
Enplaned Passengers (e)	[I]	5,825,000
Common Use Outbound Baggage System Rate	[=H/I]	\$ 8.90

(a) See Exhibit A.

(b) Includes the rentals due from an airline consortium leasing some or all of this space but waived by LAWA.

(c) The COVID-19 Adjustment mitigates FY 2022 CU Outbound Baggage System space costs per enplaned passenger to be equal to the average of long term leasing airlines followed by a ramp back to full cost recovery in FY 2024.

(d) See Section 2.6.1 of the Rate Methodology.

(e) See Section 2.6.2 of the Rate Methodology.

Exhibit F

COMMON USE TICKET COUNTER RATE
 Los Angeles International Airport
 Fiscal Year

	<u>[Calc]</u>	<u>Hypothetical Year</u>
Terminal Buildings Rate (a)	[A]	\$ 231.74
Common Use Ticket Counter space (square feet)	[B]	15,000
Common Use Ticket Counter Requirement (b)	[C=A*B]	\$ 3,476,000
Enplaned Passengers (c)	[D]	3,838,000
Common Use Ticket Counter Rate	[=C/D]	\$ 0.91

-
- (a) See Exhibit A.
 - (b) See Section 2.7.1 of the Rate Methodology.
 - (c) See Section 2.7.2 of the Rate Methodology.

Exhibit G-1

CUSTODIAL RATES
Los Angeles International Airport
Fiscal Year

	[Calc]	Hypothetical Year
Calculation of the Average Custodial Rate		
Payments by LAWA under service contracts	[A]	\$ 9,500,000
Cost to LAWA of providing janitorial and cleaning services	[B]	62,815,000
LAWA payments to an Airline providing custodial services in a Common Use Holdroom	[C]	-
Custodial Requirement (a)	[D=A+B+C]	\$ 72,315,000
Space receiving LAWA Custodial (b)	[E]	3,277,881
Average Custodial Rate	[=D/E]	\$ 22.06

Calculation of the Custodial Rates

	Common Use Areas			
	Holdrooms	Ticket Counters	Outbound Baggage System Areas	Baggage Claim Areas
Average Custodial Rate	\$ 22.06	\$ 22.06	\$ 22.06	\$ 22.06
Space	283,000	15,000	246,000	18,881
Passengers (c)	\$ 6,243,407 3,500,000	\$ 330,923 3,800,000	\$ 5,427,131 5,825,000	\$ 416,543 1,521,000
Custodial Rates	\$ 1.78	\$ 0.09	\$ 0.93	\$ 0.27

(a) See Section 2.8.1.1 of the Rate Methodology.

(b) Terminal Building space receiving LAWA Custodial:

Common Use Holdrooms	283,000
Common Use Ticket Counters	15,000
Common Use Outbound Baggage System Areas	246,000
Common Use Baggage Claim Areas	18,881
Common Use Areas	562,881
Public Areas	1,935,000
LAWA & Other Rentable	144,000
Terminal Building space receiving LAWA Custodial	2,497,881
FIS space receiving LAWA Custodial	780,000
	3,277,881

(c) See Section 2.8.1.2 of the Rate Methodology. Only passengers that use the specified Common Use facilities.

EXHIBIT C

Exhibit G-2

TERMINAL AIRLINE SUPPORT SYSTEM RATE
 Los Angeles International Airport
 Fiscal Year

	<u>[Calc]</u>	<u>Hypothetical Year</u>
Operations and Maintenance Expenses	[A]	\$ 2,700,000
Capital Costs	[B]	-
Terminal Airline Support System Requirement (a)	[C=A+B]	\$ 2,700,000
Enplaned Passengers using the Terminal Airline Support System (b)	[D]	3,344,000
Terminal Airline Support System Rate	[=E/F]	\$ <u>0.81</u>

(a) See Section 2.8.2.1 of the Rate Methodology.

(b) See Section 2.8.2.2 of the Rate Methodology.

Exhibit G-3

COMMON USE LOADING BRIDGE CAPITAL RATE
Los Angeles International Airport
Fiscal Year

	[Calc]	Hypothetical Year
Capital Costs of Common Use Loading Bridges	[A]	\$ 4,590,000
Number of Common Use Loading Bridges	[B]	86
Average Common Use Loading Bridge Capital Requirement (a)	[C=A/B]	\$ 53,000
Average annual number of Turns per Common Use Loading Bridge (weighted) (b)	[D]	451
Common Use Loading Bridge Capital Rate (b)	[=C/D]	\$ 117.49

Common Use Loading Bridge Capital Rate (by aircraft class) (b):

Class	Common Use Loading Bridge Capital Rate	Relative charge per Turn	Weighted Common Use Loading Bridge Capital Rate
	[A]	[B]	[=A*B]
1	\$ 117.49	2.75	\$ 323.08
2	\$ 117.49	1.75	\$ 205.60
3	\$ 117.49	1.25	\$ 146.86
4	\$ 117.49	1.00	\$ 117.49
5	\$ 117.49	0.80	\$ 93.99
6	\$ 117.49	0.50	\$ 58.74

(a) See Section 2.8.3.1 of the Rate Methodology.

(b) See Section 2.8.3.2 of the Rate Methodology.

Average annual number of Turns per Common Use Loading Bridge (by aircraft class):

Capital:	Class	Illustrative Turns	Relative charge per Turn	Illustrative Turns (weighted)
	1	2,034	2.75	5,594
	2	715	1.75	1,251
	3	10,629	1.25	13,286
	4	4,360	1.00	4,360
	5	17,816	0.80	14,253
	6	52	0.50	26
		35,606		38,770
			Divided by: Number of Common Use Loading Bridges	86
			Average annual number of Turns per Common Use Loading Bridge (weighted) (b)	451

Exhibit G-4

COMMON USE LOADING BRIDGE O&M RATE
Los Angeles International Airport
Fiscal Year

	[Calc]	Hypothetical Year
Operations and Maintenance Expenses of Common Use Loading Bridges	[A]	\$ 6,100,000
LAWA payments for Airline maintained Common Use Loading Bridges	[B]	-
Total Common Use Loading Bridge O&M	[C=A+B]	\$ 6,100,000
Number of Common Use Loading Bridges	[D]	86
Average Common Use Loading Bridge O&M Requirement (a)	[E=C/D]	\$ 71,000
Average annual number of Turns per Common Use Loading Bridge (weighted) (b)	[H]	451
Common Use Loading Bridge O&M Rate (b)	[=G/H]	\$ 157.49

Common Use Loading Bridge O&M Rate (by aircraft class) (b):

Class	Common Use Loading Bridge O&M Rate	Relative charge per Turn	Weighted Common Use Loading Bridge O&M Rate
	[A]	[B]	[=A*B]
1	\$ 157.49	2.75	\$ 433.11
2	\$ 157.49	1.75	\$ 275.61
3	\$ 157.49	1.25	\$ 196.87
4	\$ 157.49	1.00	\$ 157.49
5	\$ 157.49	0.80	\$ 125.99
6	\$ 157.49	0.50	\$ 78.75

(a) See Section 2.8.3.3 of the Rate Methodology.

(b) See Section 2.8.3.4 of the Rate Methodology.

Average annual number of Turns per Common Use Loading Bridge (by aircraft class):

Class	Illustrative Turns	Relative charge per Turn	Illustrative Turns (weighted)
1	2,034	2.75	5,594
2	715	1.75	1,251
3	10,629	1.25	13,286
4	4,360	1.00	4,360
5	17,816	0.80	14,253
6	52	0.50	26
	<u>35,606</u>		<u>38,770</u>

Divided by: Number of Common Use Loading Bridges 86

Average annual number of Turns per Common Use Loading Bridge (weighted) (b) 451

EXHIBIT D

AF 70/73	ETA 11:10 ETD 13:10.	Gate Preference 204
KL 601/602	ETA 11:50 ETD 13:55.	Gate Preference 206
AF66/65	ETA 13:05 ETD 15:20.	Gate Preference 204
KL 603/604	ETA 14:50. ETD 16:55.	Gate Preference 206
AF 72/69	ETA 16:00 ETD 18:10.	Gate Preference 206
AF 77/79	ETA 18:45. ETD 21:15.	Gate Preference 221
AF 78/67	ETA 21:10. ETD 23:50.	Gate Preference 221

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*

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. 2-13-99.

LOS ANGELES WORLD AIRPORTS



CONTRACTOR RESPONSIBILITY PROGRAM

RULES AND REGULATIONS FOR LEASES

Effective date: July 1, 2012

Procurement Services Division
7301 World Way West, 4th Floor
Los Angeles, CA 900145
(424) 646-5380
(424) 646-9262 (Fax)

EXHIBIT F

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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

- (a) **“Awarding Authority”** means either the Executive Director or the Board or the Board’s designee.
- (b) **“Bid”** means an application submitted by a bidder in response to an Invitation for Bid, Request for Proposal or Request for Qualifications or other procurement process.
- (c) **“Bidder”** means any person or entity that applies for any contract whether or not the application process is through an Invitation for Bid, Request for Proposal, Request for Qualifications or other procurement process.
- (d) **“Board”** means the City of Los Angeles Board of Airport Commissioners.
- (e) **“Contract”** means any agreement for the performance of any work or service, the provisions 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. The provisions of these Rules and Regulations shall apply to all leases that require Board approval.
- (f) **“Contractor”** means any person, firm, corporation, partnership, association or any combination thereof, which enters into a Contract with LAWA and includes a Public Lessee.
- (g) **“CRP Pledge of Compliance”** means the CRP Pledge of Compliance developed by PSD. The CRP Pledge of Compliance shall require Public Lessees and Public Sublessees to sign under penalty of perjury that the Public Lessees and Public Sublessees will:
 - (1) Comply with all applicable Federal, State, and local laws and regulations during the performance of the lease, 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 tenant or did not comply with subparagraph (g)(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 Public Lessee or Public Sublessee has violated subparagraph (g)(1) above in the performance of the Public Lease.
 - (4) Provide LAWA within 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 Public Leases not subject to the CRP and to Public Sublessees not required to submit a CRP Questionnaire.
 - (5) Ensure that Public Lessees and Public Sublessees with LAWA leases shall complete, sign and submit a CRP Pledge of Compliance attesting under penalty of perjury to compliance with subparagraphs (u)(1) through (4).
 - (6) Notify LAWA within 30 days of becoming aware of an investigation, violation or finding of any applicable Federal, State, or local law involving Public Sublessees 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.
- (h) **“CRP Questionnaire”** means the set of questions developed by PSD that will assist LAWA in determining a bidder, proposer’s 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.
- (i) **“Executive Director”** means the Executive Director of the City of Los Angeles Department of Airports.
- (j) **“Invitation for Bid” (“IFB”)** means the process through which the City solicits Bids including Request for Proposals (“RFP”) and Requests for Qualifications (“RFQ”).
- (k) **“Los Angeles World Airports”** means the City of Los Angeles Department of Airports.
- (l) **“PSD”** means LAWA’s Procurement Services Division.
- (m) **“Public Lease”** means a lease of LAWA property.
- (n) **“Public Lessee”** means a Contractor that leases LAWA property under a Public Lease.

- (o) **“Public Sublessee”** means a Subcontractor that subleases LAWA property from a Public Lessee.
- (p) **“PSD”** means LAWA’s Procurement Services Division.
- (q) **“Subcontractor”** means any person not an employee who enters into a contract with a Contractor to assist the Contractor in performing a Contract, including a Contractor or subcontractor of a Public Lessee or Public Sublessee, to perform or assist in performing services on the leased premises.
- (r) **“Prospective Lessee”** means any person, firm, corporation, partnership, association or any combination thereof that currently does not have a Public Lease.
- (s) **“Prospective Sublessee”** means any person, firm, corporation, partnership, association or any combination thereof that currently does not sublease LAWA property from a Public Lessee.
- (t) **“Requesting LAWA Division”** means the LAWA division(s) which issued the RFB, RFP or RFQ.
- (u) **“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. **Prospective Lessees** are required to submit a completed and signed CRP Questionnaire for determination of responsibility prior to award of a Public Lease.
- 2. **Public Lessees, Prospective Sublessees and Public Sublessees** are not required to submit a completed and signed CRP Questionnaire.

C. LAWA REVIEW OF SUBMITTED CRP QUESTIONNAIRES (APPLICABLE TO PROSPECTIVE LESSEES ONLY)

1. Posting of CRP Questionnaires and Sublessee Lists:

The Requesting LAWA Division will forward to PSD the completed CRP Questionnaires and sublessee list(s), if any, submitted by the Prospective Lessees to make available for public review and comment for a minimum of fourteen (14) calendar days prior to the award of the Public Lease.

2. Departmental Review of CRP Questionnaires

- a. PSD will determine Contractor Responsibility from the completeness and accuracy of the information in the submitted CRP Questionnaire; information from various

compliance and regulatory agencies; accuracy and completeness of the information received from the public; and through PSD's own reviews and investigations.

- b. PSD may submit written requests to the Prospective Lessee for clarification or additional documentation. Failure to respond to these requests within the specified time may render the Prospective Lessee non-responsible and disqualified.
- c. PSD will report its findings and determination to the Requesting LAWA Division.
- d. No award of a Public Lease will be made by LAWA until after the CRP Questionnaire review and Contractor Responsibility determination has been made.
- e. The CRP Questionnaire of the Prospective Lessee that is awarded a Public Lease will be retained by PSD. The CRP Questionnaires of the Prospective Lessees that are not awarded a Public Lease will also be retained by PSD.

3. Claims Resulting from Public Review and Comments

Prospective Lessees:

- a. Claims regarding a Prospective Lessee's responsibility must be submitted to PSD in writing. However, PSD may investigate a claim regarding a Prospective Lessee's responsibility, whether or not it is submitted in writing.
- b. If PSD receives information which calls into question a Prospective Lessee's responsibility, and the information was received **before** LAWA awards a Public Lease to the Prospective Lessee, PSD shall:
 - (1) Notify the Requesting LAWA Division in writing that LAWA will not award a Public Lease, until PSD has completed investigation into the matter.
 - (2) Investigate the complaint, collect necessary documentation, and determine the complaint's validity.
 - (3) Upon completion of the investigation, notify the Requesting LAWA Division in writing of the results of the investigation.
 - (4) Findings from the PSD investigation received by the Requesting LAWA Division will be considered by the Awarding Authority as part of the determination of the Prospective Lessee's responsibility.

Public Lessee:

- a. Claims regarding a Public Lessee's responsibility must be submitted to PSD in writing. However, PSD may investigate a claim regarding a Public Lessee's responsibility, whether or not it is submitted in writing.

- b. If PSD receives written information that calls into question a Public Lessee's responsibility, PSD shall investigate the matter as required in Section G, LAWA Investigation.

D. AWARD AND EXECUTION OF PUBLIC LEASES

1. Determination of Responsibility and Award of Public Lease

- a. PSD shall determine whether a Prospective Lessee is a responsible lessee with the necessary trustworthiness, quality, fitness and capacity to comply with the terms of the Public Lease by considering the following:
 - (1) Completeness and accuracy of the information contained in the CRP Questionnaire;
 - (2) Completeness and accuracy of the information received from the public;
 - (3) Information and documentation from PSD's own investigation; and
 - (4) Information that may be available from any compliance or regulatory governmental agency.
- b. The Awarding Authority may award and execute a Public Lease to a Prospective Lessee only if:
 - (1) The Prospective Lessee's CRP Questionnaire, and sublessee's list(s), if any, has been made available for public review for at least fourteen (14) calendar days unless otherwise exempted from the posting requirement by the CRP;
 - (2) The Prospective Lessee is not being investigated pursuant to the CRP;
 - (3) The Prospective Lessee has not been found to be a non-responsible lessee pursuant to the CRP;
 - (4) The Prospective Lessee does not appear on any City list of debarred bidders or contractors; and
 - (5) The Prospective Lessee has met all other applicable City requirements.

2. Submission of Pledge of Compliance

Prospective Lessees/Prospective Sublessees:

- a. Unless otherwise exempt from the CRP, all Prospective Lessees and Prospective Sublessees are required to submit a CRP Pledge of Compliance signed under penalty of perjury. Failure to submit a CRP Pledge of Compliance as required may render the Prospective Lessees or Prospective Sublessees, as applicable, non-compliant with the terms of the Public Lease or a consent to sublease, as applicable, and subject to sanctions.

Public Sublessees:

- b. Prior to LAWA's execution of a consent to sublease with a Prospective Sublessee, the Public Lessee shall submit to LAWA a signed CRP Pledge of Compliance from each Public Sublessee listed as occupying space on the leasehold premises.

3. Public Sublessee Responsibility

- a. Public Lessees shall ensure that their sublessees meet the criteria for responsibility set forth in the CRP and these Rules and Regulations.
- b. Public Lessees shall ensure that sublessees occupying space on the LAWA leasehold premises shall complete and submit a signed CRP Pledge of Compliance.
- c. Public Lessees shall not sublease to any sublessee that has been determined or found to be a non-responsible contractor by LAWA or the City.
- d. Subject to approval by the Awarding Authority, Public Lessees may substitute a non-responsible sublessee with another sublessee.

4. Execution of Public Leases/Consent to Subleases

Prospective Lessees:

- a. Unless exempt from the CRP, all Public Leases subject to the CRP shall contain language obligating the Public Lessee to comply with the CRP.
- b. No Public Lease may be awarded unless:
 - (1) The Prospective Lessee's CRP Questionnaire, unless otherwise exempt, has been made available for public review for at least fourteen (14) calendar days
 - (2) The Prospective Lessee has submitted a signed CRP Pledge of Compliance.
 - (3) The Prospective Lessee's sublessee list, if any, has been made available for public review for at least fourteen (14) calendar days.
 - (4) The Prospective Lessee is determined by LAWA to be a Responsible Contractor.

Prospective Sublessee:

- a. Unless exempt from the CRP, all subleases subject to the CRP shall contain language obligating the Public Sublessee to comply with the CRP.
- b. No consent to sublease will be executed by LAWA unless the Public Lessee has submitted a signed CRP Pledge of Compliance by the Prospective Sublessee.

E. LEASE AMENDMENTS

Compliance with the CRP is required in any amendment to a Public Lease if the initial lease was not subject to the CRP, but the total term and amount of the lease, inclusive of all amendments, would make the lease subject to the CRP.

- a. A Public Lessee subject to the CRP because of an amendment to the Public Lease shall submit a CRP Pledge of Compliance to LAWA before the amendment can be executed by LAWA.
- b. Unless exempt from the CRP, all Public Lease amendments shall contain contract language obligating the Public Lessee to comply with the CRP.

F. NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION

1. Notification of Investigations

Public Lessees shall:

- a. 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 Public Lessees is not in compliance with any applicable Federal, State, or local law that apply to the Public Lease or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.
- b. Notify LAWA within 30 calendar days of receiving notice of any findings by a government agency or court of competent jurisdiction that the Public Lessee violated any applicable Federal, State, or local law that apply to the Public Lease or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

2. Public Sublessee Notification of Investigations

Public Lessees shall ensure that Public Sublessees occupying the LAWA leasehold premises abide by these same updating requirements, including the requirement to:

- a. Notify LAWA within 30 calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the Public Sublessee did not comply with any applicable Federal, State, or local law that apply to the Public Lease or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

- b. Notify LAWA within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the Public Sublessee violated any applicable Federal, State, or local law that apply to the Public Lease or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

3. Update of CRP Questionnaire Information – applies to Public Lessees only.

- a. Updates of information contained in the Public Lessee's responses to the CRP Questionnaire shall be submitted to LAWA within thirty (30) days of any changes to the responses if the change would affect the Public Lessee's fitness and ability to comply with the terms of the Public Lease.
- b. PSD, or the Requesting LAWA Division, shall determine whether a Public Lessee in a specific situation should have provided updated information.
 - (1) If PSD, or the Requesting LAWA Division, becomes aware of new information concerning a Public Lessee and determines that the Public Lessee should have provided information or updated LAWA of such information, but the Public Lessee has not done so, PSD shall issue a written notice to the Public Lessee requiring the Public Lessee to submit the required information within (ten) 10 calendar days.
 - (2) If PSD or the Requesting LAWA Division becomes aware of new information concerning a Public Sublessee and determines that the Public Sublessee should have provided information or updated LAWA of such information, but the Public Sublessee has not done so, PSD shall issue a written notice to the Public Lessee requiring the Public Sublessee to submit the required information within (ten) 10 calendar days of receipt of the written notice.
- c. The Public Lessee'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 Public Lease, and LAWA may initiate a "Non-Responsibility Hearing" pursuant to the procedures set forth in Section I of these Rules and Regulations.

- 4. Submission of CRP Questionnaire and Updates of CRP Questionnaire Responses Not Applicable to Sublessees:** The requirement that Public Lessees submit to LAWA CRP Questionnaires and updates to the CRP Questionnaire responses does not apply to Public Sublessees.

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 Prospective

Lessee's or Public Lessee's responsibility should be submitted to PSD in writing. However, PSD may investigate any claim or complaint regarding a Prospective Lessee's or Public Lessee'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 LAWA Division, the Awarding Authority, and the Prospective Lessee or Public Lessee, as applicable, in writing that an investigation has been initiated.
- b. The Prospective Lessee or Public Lessee, as applicable, shall cooperate fully with PSD in providing information. If the Prospective Lessee or Public Lessee, as applicable, 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 1 of these Rules and Regulations. A failure to cooperate by a Public Lessee may be deemed a material breach of the Public Lease, 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 LAWA Division, the Awarding Authority, and the Prospective Lessee or Public Lessee, as applicable, of the results.

3. Results of Investigation

Prospective Lessee

- a. When an investigation is completed before a Public Lease is awarded, PSD shall notify the Requesting LAWA Division and the Awarding Authority of the results, and the Requesting LAWA Division and the Awarding Authority will consider the information as part of the determination of a Prospective Lessee's responsibility during the bid/proposal review process.

Public Lessees

- b. When an investigation is completed after the execution of a Public Lease:
 - (1) If violations of the CRP are found, PSD shall notify the Requesting LAWA Division and the Public Lessee of the violation and require the Public Lessee to make corrections or take reasonable measures within 10 calendar days.
 - (2) If the Public Lessee fails to make corrections as required, PSD shall notify the

Requesting LAWA Division and the Awarding Authority and may recommend that the Awarding Authority:

- (i) Terminate the Public Lease.
- (ii) Initiate a hearing to declare the Public Lessee a non-responsible lessee.

H. VIOLATIONS OF THE CRP OR ITS RULES AND REGULATIONS

1. Violations of the CRP or of these Rules and Regulations may be considered a material breach of the Public Lease and may entitle LAWA or the City to terminate the Public Lease.
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 Public Lessee and the Awarding Authority of the violation. PSD shall require the Public Lessee 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 Public Lease and that the Awarding Authority exercise all contractual and legal remedies available, including but not limited to termination of the Public Lease.
 - b. Recommending that the Awarding Authority declare the Public Lessee a non-responsible lessee 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 Prospective Lessee or a Public Lessee a non-responsible lessee shall be initiated by the Awarding Authority after consultation with the City Attorney's Office.
2. Before a Prospective Lessee or a Public Lessee may be declared non-responsible, the Prospective Lessee or a Public Lessee shall be notified of the proposed determination of non-responsibility and provided with an opportunity for a hearing.
3. The Awarding Authority or the Executive Director's designee shall preside over the non-responsibility hearing and shall provide the Prospective Lessee or Public Lessee with the following:

- a. The Prospective Lessee or Public Lessee shall be provided with written Notice of intent to declare the Prospective Lessee or Public Lessee non-responsible ("Notice") which shall state that the Awarding Authority intends to declare the Prospective Lessee or Public Lessee a non-responsible bidder, proposer or lessee.
- b. The Notice shall provide the Prospective Lessee or Public Lessee with the following information:
 - (1) That the Awarding Authority intends to declare the Prospective Lessee or Public Lessee a non-responsible bidder, proposer or lessee.
 - (2) A summary of the information upon which the Awarding Authority is relying.
 - (3) That the Prospective Lessee or Public Lessee 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 comply with the terms of the Public Lease or proposed Public Lease.
 - (4) That the Prospective Lessee or Public Lessee 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 Prospective Lessee or Public Lessee 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 Prospective Lessee or Public Lessee an opportunity to address the issues contained in the Notice of Intent to declare the Prospective Lessee or a Public Lessee non-responsible.
- e. The Awarding Authority may determine that the Prospective Lessee or Public Lessee:
 - (1) Does not possess the necessary trustworthiness, quality, fitness, or capacity to comply with the terms of the Public Lease or proposed Public Lease, should be declared a non-responsible bidder, proposer or lessee, 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, proposer or lessee.
- 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 Prospective Lessee or Public Lessee, the LAWA Requesting Division and to PSD. If the Prospective Lessee or Public Lessee is declared to be non-responsible, a copy of the final decision shall also be provided to the CAO.

J. NON-RESPONSIBILITY SANCTIONS

Sanctions for Airline Tenants:

Airline lessees that do not comply with the CRP requirements or are determined non-responsible by LAWA will be declared to have a material breach of the Public Lease. LAWA may exercise its legal remedies thereunder, which are to include, but are not limited to:

1. Non-issuance of a successor air carrier operating permit, resulting in the payment of higher landing fees as a non-permitted carrier.
2. Termination of the Public Lease, which may result in the loss of exclusive or preferential gate assignments.

Sanctions for Non-Airline Tenants:

1. **Prospective Lessees** that do not comply with CRP requirements and/or are determined non-responsible by LAWA will be disqualified and will not be awarded a Public Lease.
2. **Public Lessees** that do not comply with CRP requirements and/or are determined non-responsible will be declared to have a material breach of the Public Lease. LAWA may exercise its legal remedies thereunder, which are to include, but not limited to the termination of the Public Lease.

Such lessee shall not occupy any leasehold premises in the proposed Public Lease, whether as a master lessee, a sublessee, a partner in a partnership, a participant in a joint venture, a member of a consortium, or in any other capacity.

3. Upon final determination of a Prospective Lessee or Public Lessee as a non-responsible lessee, PSD shall provide the LAWA Requesting Division and the Prospective Lessee or Public Lessee, as applicable, with a written notice summarizing the findings and applicable sanctions.
4. PSD shall maintain a listing of Prospective Lessees/Public Lessees who have been found non-responsible by LAWA pursuant to the CRP.

K. EXEMPTIONS

1. **Categorical Exemption:** The following types of Public Leases are categorically exempt from the CRP and these Rules and Regulations:

Public Leases 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 public status.

2. **Board approval required for CRP Exemptions:** The following types of Public Leases are exempt from the requirement to submit a Questionnaire but remain subject to the

requirement that the Public Lessee submit a Pledge of Compliance and notify the Awarding Authority within 30 days of any information regarding investigations of the results of investigations by any governmental agency into the Public Lessee's compliance with applicable laws.

- a. Public Leases awarded on the basis of exigent circumstances when the Board finds that LAWA would suffer a financial loss or that LAWA operations would be adversely impacted.
 - (1) The Awarding Authority shall submit a request to PSD for waiver along with written certification that the required conditions exist.
 - (2) No contract may be exempted under this provision unless PSD has granted written approval of the waiver.
- b. Public Leases entered into based on Charter Section 371(e)(6). The Awarding Authority must certify in writing that the Public Lease is entered into in accordance with Charter Section 371(e)(6).

L. EFFECTIVE DATE OF RULES AND REGULATIONS

1. These Rules and Regulations apply to RFBs and RFPs issued after the Executive Director has approved these Rules and Regulations.
2. These Rules and Regulations apply to Public Leases entered into by LAWA after the Executive Director has approved these Rules and Regulations.
3. Public Leases 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.

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.

"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.

- 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.

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

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

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.

CHAPTER 1, ARTICLE 11

LIVING WAGE

- Section
- 10.37 Legislative Findings.
 - 10.37.1 Definitions.
 - 10.37.2 Payment of Minimum Compensation to Employees.
 - 10.37.3 Health Benefits.
 - 10.37.4 Employer Reporting and Notification Requirements.
 - 10.37.5 Retaliation Prohibited.
 - 10.37.6 Enforcement.
 - 10.37.7 Administration.
 - 10.37.8 City is a Third Party Beneficiary of Contracts Between an Employer and Subcontractor for Purposes of Enforcement.
 - 10.37.9 Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.
 - 10.37.10 Expenditures Covered.
 - 10.37.11 Timing of Application.
 - 10.37.12 Express Supersession by Collective Bargaining Agreement.
 - 10.37.13 Liberal Interpretation of Coverage; Rebuttable Presumption of Coverage.
 - 10.37.14 Contracts, Employers and Employees Not Subject to this Article.
 - 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.

Experience indicates that procurement by contract of services all too often has resulted in the payment by service contractors to their employees of wages at or slightly above the minimum required by federal and state minimum wage laws. The minimal compensation tends to inhibit the quantity and quality of services rendered by those employees to the City and to the public. Underpaying employees in this way fosters high turnover, absenteeism and lackluster performance. Conversely, adequate compensation promotes amelioration of these undesirable conditions. 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.

The inadequate compensation leaves service employees with insufficient resources to afford life in Los Angeles. Contracting decisions involving the expenditure of City funds should not foster conditions that place a burden on limited social services. The City, as a principal provider of social support services, has an interest in promoting an employment environment that protects such limited resources. In requiring the payment of a higher minimum level of compensation, this article benefits that interest.

In comparison with the wages paid at San Francisco International Airport, the wage for Los Angeles airport workers is often lower even though the airports are similar in the number of passengers they serve and have similar goals of providing a living wage to the airport workforce. Studies show that higher wages at the airport leads to increases in worker productivity and improves customer service. Higher wages for airport workers also results in a decline in worker turnover, yielding savings to the employers and alleviating potential security concerns. Therefore, the City finds that a higher wage for airport employees is needed to reduce turnover and retain a qualified and stable workforce.

Many airport workers who provide catering services to the airlines are paid below the living wage. Federal law allows employment contract agreements between airline caterers and its workers to remain in effect without an expiration date, effectively freezing wages for workers. Long-term employment contract agreements provide little incentive for employers to renegotiate the employment contract agreements with their workers. Airline catering

workers often struggle to pay their bills, sometimes having to choose between paying medical bills and buying food for their families. The City finds that airline caterers should pay their workers, at a minimum, the living wage with benefits.

Airport workers are also the first to respond when an emergency occurs at the airport. In order to properly assist first responders during a crisis at the airport, the City finds that airport employees of Certified Service Provider License Agreement holders should be formally trained for an emergency response at the airport.

Nothing less than the living wage should be paid by employers that are the recipients of City financial assistance. Whether workers are engaged in manufacturing or some other line of business, the City does not wish to foster an economic climate where a lesser wage is all that is offered to the working poor.

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. Inadequate compensation of these employees adversely impacts the performance by the City's lessee or licensee and thereby hinders the opportunity for success of City operations. A proprietary interest in providing a living wage is important for various reasons, including, but not limited to: 1) the public perception of the services or products rendered to them by a business; 2) security concerns related to the location of the business or any product or service the business produces; or 3) an employer's industry-specific job classification which is in the City's interest to cover by the living wage. This article is meant to cover all such employees not expressly exempted.

Requiring payment of the living wage further serves a proprietary concern of the City. If an employer does not comply with this article, the City may: 1) declare a material breach of the contract; 2) declare the employer non-responsible and limit its ability to bid on future City contracts, leases or licenses; and 3) exercise any other remedies available.

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.

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) "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.

(d) "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.

(e) "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 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.

(f) "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.

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

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

(i) "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.

(j) "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.

(k) "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.

(1) "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:

(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) "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.

(n) "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.

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 Licensee 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. On July 1, 2017, the wage rate for an Employee shall be no less than \$12.08 per hour.

b. On July 1, 2018, the wage rate for an Employee shall be no less than \$13.75 per hour.

c. On July 1, 2019, the wage rate for an Employee shall be no less than \$15.25 per hour.

d. On July 1, 2020, the wage rate for an Employee shall be no less than \$16.50 per hour.

e. On July 1, 2021, the wage rate for an Employee shall be no less than \$17.00 per hour.

f. Beginning on July 1, 2022, the wage rate for an Employee shall increase annually, on July 1, to an amount \$2.00 above the minimum rate under the City's Minimum Wage Ordinance for that same period of time.

(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. On July 1, 2017, an Employer servicing the Airport shall pay an Employee an additional wage rate of \$5.18 per hour.

b. Beginning on July 1, 2018, 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.

(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 his or her immediate family and where an Employee has exhausted his or her 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.

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 his or her dependents. On July 1, 2017, the health benefit rate for an Employee working for an Employer servicing the Airport shall be at least \$5.18 per hour. On July 1, 2018, the annual increase for Employees working for an Employer servicing the Airport shall continue as provided in Section 10.37.3(a)(5).

(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's hourly wage.

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

(5) On July 1, 2018, and annually thereafter each July 1, the amount of payment 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 United States Bureau of Labor Statistics Consumer Price Index for All Urban Consumers: Medical Care Services, as measured from January to December of the preceding year. The DAA shall announce the adjusted rates on February 1st 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 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.

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 his or her 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 his or her 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) An Employee claiming violation of this article may bring an action in the Superior Court of the State of California against an Employer and may be awarded:

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

(2) 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.

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

(4) For Willful Violations, the amount of monies to be paid under Subdivisions (1) - (3), 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.

(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) Impose a fine payable to the City in the amount of up to \$100 for each violation for each day the violation remains uncured.

(4) 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. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.7. Administration.

The DAA shall administer the requirement of this article and monitor compliance, including the investigation of claimed violations. The DAA shall promulgate rules and regulations consistent with this article for the implementation of the provision 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(l), and that particular leases and licenses shall be regarded as "Public Leases" or "Public Licenses" for purposes of Section 10.37.1(k), 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.

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 Section 10.37.1(f) and (m), shall contain a provision wherein the Contractor or Subcontractor agree 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.

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.

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 or 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(e), of "Public Lease or License" in Section 10.37.1(k), and of "Service Contract" in Section 10.37.1(l) shall be liberally interpreted so as to further the policy objectives of this article. All City Financial Assistance Recipients meeting the monetary thresholds of Section 10.37.1(e), 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.

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:

(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).

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. 10.37.16. 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.

CHAPTER 1, ARTICLE 10

WORKER RETENTION

(Title amended, 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 Recipient authorized to award a Contract and shall include a department which

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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 Los Angeles Administrative Code Section 10.37.1(k) 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

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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.

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 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.

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(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 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.

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(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.

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) his or her 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.

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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.

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.

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 with 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;

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.

Sec. 10.8.4. Affirmative Action Program Provisions.

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 he or she 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 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 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 journeymen 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.

**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

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.

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.

- 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.

**PROPOSED SOCIETE AIR FRANCE, S.A. LEASE AND LICENSE AGREEMENT
FOR SPACE IN THE TOM BRADLEY INTERNATIONAL TERMINAL
AT LOS ANGELES INTERNATIONAL AIRPORT**

ITEM DESCRIPTION	PROPOSED LEASE PROVISIONS
Lease Commencement	Following approval by the Board and City Council
Lease Term	15-years unless terminated early by LAWA
Extension Option	One 5-year option to extend term
Demised Premises	11,500 sq. ft. with option for additional 2,300 sq. ft. for a total of 13,800 sq. ft.
Permitted Use	Premium Passenger Lounge for use by Air France passengers, passengers of affiliate airlines, and other airlines on a pay-per-use basis
Minimum Lounge Investment	\$10,000,000 pursuant to LAWA lounge investment policy
Construction Period	12 Months from commencement
Rent Commencement	Lounge opening date or 12 months from commencement with option to defer rent for six months with written notice 60 days prior to rent commencement date
Base Rent	\$2,800,000 per year to adjust annually based on Board-approved Terminal Building Rent Rate
Percentage and Concession Rent Waiver Cap	\$10,000,000 annually subject to CPI adjustment
Additional Percentage Rent	20% of all revenues over \$10,000,000 from sale of goods (including food and beverages) and services in the lounge and from pay-for-use access fees earned from all sources, subject to CPI adjustment
Concession Rent	The greater of 20% of lounge access fees or \$6 per passenger subject to the \$10,000,000 Waver Cap and CPI changes