

---

---

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

*Landlord*

and

**VIRGIN ATLANTIC AIRWAYS LIMITED,**

*Tenant*

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

Dated as of \_\_\_\_\_

**Tom Bradley International Terminal Los Angeles International Airport**

---

---

## TABLE OF CONTENTS

	Page
1. Demise; Grant of License; Term.....	1
1.1. Demise .....	1
1.2. Grant of License .....	2
1.3. Term and Early Termination .....	2
1.4. Refurbishment.....	4
2. Use .....	5
2.1. Permitted Uses .....	5
2.2. Prohibited Uses .....	6
2.3. Other Use Limitations.....	6
2.4. Limitations on WiFi .....	6
3. Rent.....	7
3.1. Terminal Buildings Charge.....	8
3.2. Rate Agreement .....	8
3.3. Payments.....	8
3.4. Percentage and Concession Rent .....	8
3.5. Other Charges .....	9
3.6. Books and Records; Annual Consultation.....	10
3.7. Other Sums Deemed Additional Rent.....	11
3.8. Late Charges .....	11
3.9. No Counterclaim, Abatement, etc.....	11
3.10. No Waiver; Retroactive Payments.....	12
3.11. Manner of Payment.....	12
4. Alterations to the Demised Premises by the Tenant .....	12
4.1. Landlord's Consent .....	13
4.2. Alterations not Requiring Consent .....	13
4.3. Alterations Requiring Consent .....	13
4.4. Performance of Alterations .....	14
4.5. Ownership of Improvements and Alterations .....	14
4.6. Notices of Non-Responsibility .....	14
5. Alterations to Common Use Areas Public Areas by the Landlord.....	14
6. Pipes, Ducts and Conduits .....	14
7. Access to Demised Premises .....	15
7.1. Landlord's Access to Demised Premises .....	15
7.2. Emergency Access to Demised Premises .....	15
7.3. Tenant's Access to Demised Premises .....	15
8. Utilities.....	15
8.1. Tenant Responsible.....	15

8.2.	Landlord Not Liable.....	16
8.3.	Interruptions of Service.....	16
9.	Maintenance and Repair .....	16
9.1.	Maintenance and Repair by Tenant .....	16
9.2.	Maintenance and Repair by Landlord.....	16
10.	Indemnity; Insurance .....	17
10.1.	Indemnity .....	17
10.2.	Insurance .....	18
10.3.	Carriers; Policy Provisions .....	19
11.	Liens, etc. ....	19
12.	Compliance with Legal Requirements and Insurance Requirements, etc.....	20
13.	Permitted Contests .....	20
14.	Damage or Destruction .....	21
14.1.	Tenant to Restore .....	21
14.2.	Termination of Lease. ....	21
14.3.	Tenant to Give Notice .....	22
14.4.	Waiver.....	22
15.	Eminent Domain.....	22
15.1.	Total Taking.....	22
15.2.	Partial Taking.....	22
15.3.	Awards .....	22
15.4.	Temporary Taking .....	23
15.5.	Restoration .....	23
15.6.	Effect of Termination.....	24
16.	Assignment, Subletting .....	24
16.1.	Landlord's Consent Required .....	24
16.2.	Sublettings and Assignments .....	24
16.3.	Terms of all Sublettings, etc. ....	26
17.	Events of Default, Remedies, etc.....	27
17.1.	Events of Default .....	27
17.2.	Repossession, etc. ....	29
17.3.	Damages.....	29
17.4.	Guaranty.....	30
17.5.	Reletting.....	30
17.6.	Other Remedies.....	31
17.7.	Tenant's Waiver of Statutory Rights .....	31
17.8.	Landlord's Right to Perform Tenant's Covenants .....	31

18.	Performance Guaranty .....	32
18.1.	Initial Performance Guaranty .....	32
18.2.	Increases to Performance Guaranty .....	32
18.3.	Purpose; Return .....	33
18.4.	Policy Change. ....	33
19.	Space Utilization .....	33
19.1.	Policy .....	33
19.2.	Cancellation upon Cessation of Service .....	33
20.	End of Term .....	33
20.1.	Surrender .....	33
20.2.	Holdover .....	33
21.	Other Covenants .....	34
21.1.	Quiet Enjoyment .....	34
21.2.	Rights of Flight .....	34
21.3.	Airport and Terminal Management .....	34
21.4.	No Landlord's Representations .....	35
21.5.	Communications Equipment and Antennae .....	35
21.6.	Signs and Advertising Materials .....	36
21.7.	Environmental Matters .....	36
21.8.	Security .....	37
21.9.	Noise Abatement Procedures .....	37
22.	Federal and Municipal Requirements .....	37
22.1.	Business Tax Registration .....	37
22.2.	Child Support Orders .....	37
22.3.	Contractor Responsibility Program .....	38
22.4.	Equal Benefits Ordinance .....	38
22.5.	First Source Hiring Program .....	39
22.6.	Living Wage Ordinance .....	39
22.7.	Worker Retention Ordinance .....	40
22.8.	Nondiscrimination and Equal Employment Practices .....	40
22.9.	Taxes, Permits and Licenses .....	44
22.10.	Visual Artists' Rights Act .....	44
22.11.	Compliance with Los Angeles city Charter Section 470(c)(12) .....	45
22.12.	Alternative Fuel Vehicle Requirement Program .....	45
23.	Notices .....	45
24.	Definitions .....	46
25.	Miscellaneous .....	53
25.1.	Waiver .....	53
25.2.	Surrender .....	54
25.3.	Entire Agreement .....	54

25.4. Rights Limited by Law ..... 54

25.5. Certain Statutes ..... 54

25.6. Approvals ..... 54

25.7. Certain Amendments ..... 54

25.8. Time Periods ..... 55

25.9. Measurements ..... 55

25.10. Certain Exhibits and Deliveries ..... 56

25.11. Other Agreements not Affected ..... 56

25.12. Subordination to Government Agreements ..... 56

25.13. No Joint Venture..... 56

25.14. Counterparts..... 56

25.15. Captions, etc..... 57

25.16. Waiver of Trial by Jury ..... 57

25.17. Survival of Obligations..... 57

25.18. Governing Law ..... 57

25.19. Interpretation..... 57

25.20. Successors and Assigns..... 57

25.21. Attorneys’ Fees ..... 57

25.22. Authority ..... 57

25.23. Civil Code Section 1938 Disclosure..... 58

## SCHEDULES AND EXHIBITS

Schedule 1	Maintenance Schedule
Schedule 2	Insurance Schedule
Schedule 3	Basic Information Schedule
Exhibit A	Description of Demised Premises
Exhibit B	Board-adopted Rate Methodology
Exhibit C	[Intentionally Omitted]
Exhibit D	Child Support Assignment Orders
Exhibit E	Contractor Responsibility Program and Pledge of Compliance
Exhibit F	First Source Hiring Program
Exhibit G	Living Wage Ordinance
Exhibit H	Worker Retention Ordinance
Exhibit I	Civil Rights – Title VI Assurances
Exhibit J	Equal Employment Practices
Exhibit K	Affirmative Action
Exhibit L	Alternative Fuel Requirement Program

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

THIS AIRLINE PREMIER PASSENGER LOUNGE SPACE LEASE AND LICENSE AGREEMENT is made as of \_\_\_\_\_, 2024 ("Commencement Date") 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 Virgin Atlantic Airways Limited, as tenant and licensee (collectively the "Tenant").

WHEREAS, the Landlord is the owner and operator of the Los Angeles International Airport ("LAX" or "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 Tom Bradley International Terminal (the "Terminal"); and

WHEREAS, the community of airlines operating in the Terminal recognizes that the space available for lounge operations is limited, and cooperation is essential to assure that all airlines are able to offer their premium customers a world-class lounge product; and

WHEREAS, the Tenant and Landlord wish to enter into a lounge lease agreement for space to operate a premier passenger lounge at the Terminal.

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):

### **AGREEMENT**

#### **1. Demise; Grant of License; Term.**

##### **1.1. Demise.**

(a) 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.

(b) Following the completion of construction, 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 and Early Termination.

1.3.1. Term. This Lease shall commence on the Commencement Date and shall terminate five (5) years from the Commencement Date, unless earlier terminated by Landlord pursuant to terms hereinafter set forth (the "Term"). The Tenant shall have the option to extend the term by exercising one (1) five (5) year extension of the Term upon providing written notice 180 days prior to the end of the Term, subject, however, to such earlier termination as herein provided. After the execution of the Lease by the Landlord, the CEO will issue a written notice to the Tenant confirming the Commencement Date.

1.3.2. Early Termination by the Landlord. The Landlord shall have the option to terminate this Lease for operational or security reasons by providing the Tenant a ninety (90) days advance written notice ("Termination Notice"), provided, however, that the Landlord may not terminate this Lease pursuant to this subsection 1.3.2 for (i) accommodating additional concession uses; and (ii) providing lounge space to other premier passenger lounge operators. The Landlord retains the right to early termination pursuant to other terms hereinafter set forth.

(i) If the Landlord exercises its right of early termination pursuant to Section 1.3.2 above, the Landlord will purchase, subject to Board approval, either the Completed Qualified Lounge Improvements Investment (defined below) or the Uncompleted Qualified Lounge Improvements Investment (defined below) pursuant to the terms in Sections 1.3.2(i)(A) and (B) below so long as the Completed Qualified Lounge Improvements or Uncompleted Qualified Lounge Improvements Investment, as applicable, does not exceed Three Million Dollars (\$3,000,000).

(A) Completed Qualified Lounge Improvements Investment. If the construction of the Improvements is completed as of the date of the Termination Notice (the "Termination Notice Date"), the Landlord shall purchase the Completed Qualified Lounge Improvements Investment. 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 date the construction of the improvements are completed and in service ("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 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.

(B) Uncompleted Qualified Lounge Improvements Investment. If the Completion Date has not occurred as of the date of the Termination Notice Date, the Landlord shall purchase the Uncompleted Qualified Lounge Improvements. The purchase price for the Uncompleted Qualified Lounge Improvements Investment will be the actual out-of-pocket expenses incurred by the Tenant up to the Termination Notice Date attributable to the Uncompleted Qualified Lounge Improvements Investment. The Uncompleted Qualified Lounge Improvements Investment shall be determined as follows: within sixty (60) days of the Termination Notice 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 Improvements as of the Termination Notice Date. 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 lounge improvement costs (such improvements, the "Uncompleted Qualified Lounge Improvements Investment"). Within the same 60-day period, the CEO will issue to the Tenant the CEO's determination of the Uncompleted Qualified Lounge Improvements Investment.

(ii) Upon the exercise by the Landlord of the early termination option pursuant to Section 1.3.2 above, the Landlord shall use its reasonable best effort to provide replacement space in the Terminal for the Tenant.

(iii) 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 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 or the Uncompleted Qualified Lounge Improvements Investment pursuant to Sections

1.3.2(i)(A) or 1.3.2(i)(B) as applicable. 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.

(iv) Upon the purchase and payment of the Completed Qualified Lounge Improvements Investment or the Uncompleted Qualified Lounge Improvements Investment, as applicable, title to such improvements shall vest in the Landlord.

(v) Survival. Section 1.3.2(i) shall survive the termination of the Lease.

1.3.3. Early Termination by the Tenant. The Tenant shall have the option to terminate this Lease for convenience if (i) the Tenant exercised its option to extend the Term under Section 1.3.1, (ii) such termination exercise under this Section 1.3.3 is during years six (6) through ten (10) of the Term (each year, an "Option Year"), and (iii) the Tenant provides a 180 day advance written notice prior to the end of the applicable Option Year.

#### 1.4. Refurbishment.

1.4.1. Refurbishment. No later than the Commencement Date, the Tenant shall provide a 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 "Improvements") contemplated under such approved plan must be completed by the Tenant within six (6) months of such CEO approval date at the Tenant's sole cost and expense and after receipt of the Notice to Proceed from the Landlord. Further, the Improvements shall be subject to Sections 4 of this Lease. In addition to the requirements of Section 4, the Tenant shall also provide with its request for consent for the 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>). Only after receiving approval and a Notice to Proceed from Landlord shall the Tenant begin construction of approved Improvements.

1.4.2. 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.

1.4.3. 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 refurbishment of 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.

1.4.4. 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 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 Improvements. The Tenant and its contractors shall hold Landlord harmless and indemnify Landlord for all civil penalties resulting from such failure.

1.4.5. 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 Landlord.

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

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 and passengers of Affiliates, which Affiliates have been pre-approved by the CEO (Tenant and pre-approved Affiliates collectively, "Virgin/Affiliate Airlines") (such Virgin /Affiliate Airlines' passengers collectively, "Virgin /Affiliate Airline Passengers") who meet the criteria for use of the Tenant's airline passenger lounges set out by each Virgin /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. Virgin /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 a Virgin /Affiliate Airline.

(c) B2B Customers. Any Terminal 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-Virgin /Affiliate Airline passengers accessing the lounge pursuant to commercial agreement between the carriers.

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, which will allow passengers in the Lounge to access the internet ("WiFi"), 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 subject to Section 4 of this Lease. The Landlord shall not unreasonably withhold or delay such approval and 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 Lounge passengers 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 Landlord 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 have the absolute right, upon thirty (30) days' prior written notice, to require the removal or modification 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, the Terminal Commercial Manager at the Airport or other authorized users as determined by the CEO at 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 passengers in the Lounge. 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 the 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 B.



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 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, 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 earlier of (i) the commencement of lounge operations and (ii) five (5) months following the Commencement Date (such date, 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 Rent Commencement Date is the amount reflected on the Basic Information Schedule as the "Terminal Buildings Rate".

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 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 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 Virgin/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 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 Tenant for any calendar month shall be twenty percent (20%).

3.4.2. Concession Rent. For fees collected by the Virgin/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) – (c), 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) (which amount shall be adjusted by CPI annually commencing on July 1, 2025) 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").

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 month prior to the last month for which Tenant's records of sales are complete<sup>1</sup>, but in any event not further in arrears than the third 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. This obligation shall survive the termination of this Lease.

3.4.4. The Tenant shall provide to 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 along with its monthly Percentage Rent and Concession Rent payments.

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. 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

---

<sup>1</sup> For example, the Percentage Rent and Concession Rent for February sales would be due April 1.

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.

### 3.6. Books and Records; Annual Consultation.

3.6.1. 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 3.6.1 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.

3.6.2. 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 Concession 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.

3.6.3. 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.

3.7. 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.

3.8. 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.

3.9. 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.

3.10. 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.

3.11. 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 Sections 4.2, if the Tenant shall first obtain the Landlord's consent in accordance with Section 4.3.

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. Consents and approvals provided to the Tenant prior to the Commencement Date required hereunder shall remain effective and are deemed reaffirmed as of the Commencement Date without further action of the Tenant.

4.4. Performance of Alterations. Before the commencement of physical construction 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 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 the 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 Landlord. At the Landlord's expense (but subject to the Tenant's obligation to pay Terminal Buildings Charge under Section 3.3), 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 written 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 certified copies of the actual insurance policies, (b) use of the Landlord's own endorsement forms, (c) broker's letter satisfactory to the Landlord in substance and form in the case of foreign insurance syndicates, or (d) by other written evidence of insurance satisfactory to the Landlord. 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, by Landlord's own endorsement form 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 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 or access to the Demised Premises from the remaining part of the Terminal 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 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



tenantable 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. 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 reasonable 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 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 five Business Days after the Tenant receives notice from the Landlord of the failure (which notice and five-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 (which shall not be for less than thirty (30) days), 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 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

(g) if the Tenant 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 60 days; or

(i) 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

(j) 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

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

(l) 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 beyond any applicable notice and cure period 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 the 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. 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.

## 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 the 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. If applicable, 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 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 D. 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 E.

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 213-847-2625.”

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 F.

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 G. 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. Worker 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 H. 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. Civil Rights – General; Civil Rights – Title VI Assurances** - 49 CFR § 21.7 (a)(1); 49 CFR Part 21 Appendix C (b); and as amended or interpreted from time to time.

(a) Civil Rights – General – 49 USC § 47123, derived from the Airport and Airway Improvement Act of 1982, Section 520. In all its activities within the scope of its airport program, the Tenant agrees to comply with pertinent statutes, Executive Orders, and such rules as identified in Title VI List of Pertinent Nondiscrimination Acts and Authorities to ensure that no person shall, on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance.

This provision is in addition to that required by Title VI of the Civil Rights Act of 1964.

(i) The above provision binds the Tenant and sublessees from the bid solicitation period through the completion of the Lease. If the Tenant transfers its obligation to another, the transferee is obligated in the same manner as the Tenant. The above provision obligates the Tenant for the period during which the property is owned, used or possessed by the Tenant and the airport remains obligated to the Federal Aviation Administration.

(b) Civil Rights – Title VI Assurances – 49 USC § 47123, FAA Order 1400.11, and U.S. Department of Transportation Order DOT 1050.2, Standard Title VI Assurances and Nondiscrimination Provisions, effective April 24, 2013. The Tenant further agrees to comply with all applicable US DOT Standard Title VI/Non-Discrimination, set forth in Exhibit I, attached hereto and made a material term of this Lease, as such requirements may be amended or interpreted by the FAA or the United States Department of Transportation from time to time; specifically, the following clauses as provided in Exhibit I:

- (i) Title VI List of Pertinent Nondiscrimination Acts and Authorities
- (ii) Compliance with Nondiscrimination Requirements
- (iii) Transfer of Real Property Acquired or Improved Under the Airport Improvement Program
- (iv) Construction/Use/Access to Real Property Acquired Under the Activity, Facility or Program

(c) Audit of Subcontracts. The Landlord may conduct a review of the Tenant's compliance with this Subsection 28.8.1. The Tenant must cooperate with the Landlord throughout the review process by supplying all requested information and documentation to the Landlord, making the Tenant staff and officials available for meetings as requested, and correcting any areas of non-compliance as determined by the Landlord.

(d) The Tenant agrees that it shall insert the provisions found in Subsections 28.8.1(a) and 28.8.1(b), inclusive of Exhibit I in whole, in any solicitation, subcontract, sublease, assignment, license, transfer, or permit, or other instrument, by which said Tenant grants a right or privilege to any person, firm, or corporation under this Lease.

22.8.2. 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 of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision obligates the 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 22.8.2 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.

22.8.3. 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 22.8.3.

(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 causing 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 10 business days. Failure to comply may result in termination of contract or any other available legal remedies including fines. Information about the restrictions may be found at the City Ethics Commission's website at <http://ethics.lacity.org/> or by calling 213/978-1960.

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

Email address: CDG-Tenant-Notices@lawa.org

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.

"Airline-Operated Common Use Domestic Baggage Claim Systems" means 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" means 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.

"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 Rent 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 year when such Capital Improvement is put in service, or if no Airport debt was sold or if cash was used by the Landlord to pay down bond or interim financing principal, 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.

“Capital Outlays” means all expenditures for the purchase of equipment, vehicles and information technology systems and expenditures on maintenance, replacement and repair projects at the Airport, appropriated annually as part of LAWA’s operating budget authorization.

“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 Domestic 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 Domestic 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” means equipment that delivers inbound baggage to arriving passengers (excluding equipment serving the FIS Areas).

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

“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.

“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.

“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 Amended and Restated Premier Passenger Lounge Space Airline Terminal 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” means Tenant’s premier passenger lounge in the Terminal.

“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 and Capital Outlays 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.

“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 (a) the Demised Premises, (b) the Common Use Areas, (c) the FIS Areas, and (d) 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 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:

Hydee Feldstein Soto,  
City of Attorney

CITY OF LOS ANGELES

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

Date: \_\_\_\_\_

By: \_\_\_\_\_

Chief Executive Officer  
Department of Airports

By: \_\_\_\_\_  
Deputy/Assistant City Attorney

TENANT:

ATTEST:

VIRGIN ATLANTIC AIRWAYS LIMITED

By: Brian Steer  
Name: Brian Steer  
Title: Manager - Property Business Partner

By:   
Name: Corneel J Koster  
Title: Chief Customer & Operating Officer



## SCHEDULE 1 Maintenance

Virgin Atlantic Airways Limited

	Premises	Terminal Common Areas	Building Exterior and/or Ramp
Systems	<b>Electrical:</b>		
	Master electrical panels and main electrical equipment		
	LAWA		
	Electrical sub-panels and equipment and distribution		
	Tenant	LAWA- unless tenant installed	N/A
	Common Area Lighting: Lamps, Ballasts, Fixtures		
	N/A	LAWA- unless tenant installed	LAWA
	Lighting Interior within Leased Premises		
	Tenant	N/A	N/A
	<b>Fire Suppression System:</b>		
	Fire sprinkler and fire-life-safety systems		
	Tenant	LAWA	LAWA
	Fire Alarm Detection		
	Tenant	LAWA	LAWA
	Fire Suppression System (Building Wide)		
	NA	LAWA	LAWA
	Fire Suppression Equipment Exclusive to the Lease Premises (i.e. Fire Extinguisher, etc.)		
	Tenant	N/A	N/A
	<b>HVAC:</b>		
	HVAC		
	Tenant	LAWA- unless tenant installed	LAWA
	Chilled/hot water for HVAC		
	Tenant	LAWA	N/A
	Thermostats		
	Tenant	LAWA	N/A
	HVAC stand alone systems		
	Tenant	LAWA	N/A
	Fan Coil Units		
	Tenant	LAWA	N/A
	<b>Plumbing:</b>		
	Tenant Installed plumbing		
	Tenant	N/A	N/A
	Main water and sewer lines		
	LAWA		
	Plumbing systems from source to LAWA main		
	Tenant	LAWA	N/A
	Grease Pipe		
	Tenant	LAWA	N/A
	Backflow preventers		
	Tenant	LAWA	N/A
	<b>Information Technology:</b>		
	Telephone and data circuits		
	Tenant	LAWA- unless tenant installed	LAWA
	Telecommunications conduits		
	Tenant	LAWA- unless tenant installed	N/A
	Wi-Fi Equipment		
	Tenant	LAWA- unless tenant installed	LAWA
	Telecommunications cable (fiber/copper) from demised space to Tenant Wiring Closet (TWC)		
	Tenant installed	N/A	N/A
	Telecommunications conduit and cable from TWC to MPOE		
	N/A	LAWA	N/A
	ACAMS		
	Tenant	LAWA	
	CCTV		
	Tenant	LAWA	N/A
	EVIDS (FIDS, GIDS, BIDS, VGDS)		
	Tenant	LAWA	N/A
	Paging System		
	Tenant	LAWA	N/A
	AED Monitors		
	Tenant	LAWA	LAWA
	Distributed Antenna System		
	LAWA		
Other Maintenance and Repair	<b>Environmental Management/Sustainability:</b>		
	Energy Conservation		
	Tenant	LAWA	N/A
	Reclaimed Water (Purple Pipe)		
	N/A	LAWA	N/A
	Energy and building management		
	LAWA		
	<b>Building Exterior:</b>		
	Exterior Walls, Roof and Foundation		
	LAWA		
	Ramp-side dumpster and trash removal		
	LAWA		
	Grease Interceptors: maintenance, repair, monitoring		
	LAWA		
	Window washing - Exterior		
	LAWA		
	<b>Building Envelope:</b>		
	Terminal elevators, escalators, moving walkways		
	LAWA- unless installed by Tenant		
	Exclusive use elevator(s) and dumbwaiters		
	Tenant	N/A	N/A
	Roofing Floods, Ducts, and Fans Associated with Kitchen Exhaust		
	Tenant	N/A	N/A
	Industrial Garbage Disposal		
	Tenant	N/A	N/A
	Heat Exchangers		
	Tenant	N/A	N/A
	Equipment and improvements installed by Tenant (whether authorization was given or not)		
	Tenant	N/A	N/A
	Furnishings/Fixtures/Equipment		
	Tenant	LAWA	LAWA
	<b>Restrooms</b>		
	Tenant	LAWA	N/A
	Ceiling tiles/grid		
	Tenant	LAWA	N/A
	Flooring/Floor finishes		
	Tenant	LAWA	N/A
	Wall finishes (including store front)		
	Tenant	LAWA	N/A
	Interior and Exterior Tenant-Installed doors		
	Tenant	N/A	N/A
	<b>Building Automation System</b>		
	LAWA		
	Grease Traps/Grease Interceptors		
	Tenant	LAWA- unless installed by Tenant	
	Fire doors		
	Tenant	LAWA- unless tenant installed	LAWA

**SCHEDULE 1**  
**Maintenance**

		Premises	Terminal Common Areas	Building Exterior and/or Ramp
Janitorial and Signage	<b>Janitorial:</b>			
	Basic Janitorial and window cleaning, to include Level 6 entry ways and elevator lobby	Tenant	LAWA or other LAWA designated third party	N/A
	High dusting	Tenant	LAWA	LAWA
	Waste Disposal and Recycling	Tenant	LAWA	LAWA
	Window-washing (MSC Core lightwells)	NA	LAWA	LAWA
	Pest Control	Tenant	LAWA	LAWA
	Building Pest Control Program		LAWA	
	Fixtures and Decor installed by Tenant	Tenant	N/A	N/A
	Window-washing of tenant installed windows/glazing	Tenant	N/A	N/A
	Elevator Vestibule serving Premises at Level 6	Tenant	N/A	N/A
	<b>Signage:</b>			
	Wayfinding and building signage		LAWA	
	Tenant installed signage (interior and exterior to Premises)		Tenant	
Maintenance and Repair	<b>Interior and Exterior-Level 6:</b>			
	Doors	Tenant	N/A	N/A
	Wall Panels	Tenant	N/A	N/A
	Terrazzo Flooring	Tenant	N/A	N/A
	Lighting	Tenant	N/A	N/A
	Signage (Building and Wayfinding)	Tenant	N/A	N/A
	Glass Railing	Tenant	N/A	N/A
	Lift Elevator	Tenant	N/A	N/A
	Stairs	Tenant	N/A	N/A
	Furnishings/Fixtures/Equipment	Tenant	N/A	N/A
	Branding/Advertising (Interior/Exterior)	Tenant	N/A	N/A
	Signage - Lighting	Tenant	N/A	N/A
	Window Film	Tenant	N/A	N/A

## SCHEDULE 2



**RISK MANAGEMENT DIVISION**  
**INSURANCE REQUIREMENTS**

**NAME:** Virgin Atlantic Airways Limited  
**AGREEMENT:** Airline Passenger Lounge Space Lease with Virgin Atlantic Airways Limited  
**LAWA DIVISION:** Commercial Development Group  
**TERM.:** 5 Years  
**WIZARD ID NO.:** 10857

The insured must maintain insurance coverage at limits normally required of its type operation; however, a range of coverage limits is provided up to the maximum required limits of possible exposure for the project. The following coverage noted with an "X" is the *minimum evidence of insurance 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.

**(X) Workers' Compensation**

- (X) Waiver of Subrogation, in favor of LAWA (*Please see attached supplement*)  
 ( ) Voluntary Compensation Endorsement

**LIMITS**  
**Statutory**

**(X) Commercial Automobile Liability** – covering All owned, non-owned & Hired autos

**\$10,000,000CSL**

**(X) Aviation/Airport or Commercial General Liability** - including the following coverage

**\$10,000,000**

- (X) Premises and Operations  
 (X) Contractual (Blanket/Schedule)  
 (X) Independent Contractors  
 (X) Personal Injury  
 ( ) Products /Completed Operations  
 (X) Explosion, Collapse & Underground - required when work involves digging, excavating, grading or use of explosive materials  
 (X) Additional Insured Endorsement, specifically naming LAWA  
 (*Please see attached supplement*).  
 (X) Hangarkeepers Legal Liab. (At least at a limit of \$10,000,000 million)  
 ( ) Coverage for Hazardous Substances Must Meet Contractual Requirements

**\$\*\*\*\*\***

**(X) Property Insurance**

- (X) Building, including contents  
     All Risk/Special Form Coverage, including flood and earthquake  
     LAWA named additional insured and loss payee  
 (X) Tenant improvements  
     All Risk/Special Form Coverage, including flood and earthquake  
     LAWA named loss payee  
     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

**100% Replacement Cost**

**100% Replacement Cost**

**Total project value -**  
**100% Replacement Cost**

SCHEDULE 2



**RISK MANAGEMENT DIVISION**  
**INSURANCE REQUIREMENTS**

**INSURANCE REQUIREMENTS FOR LOS ANGELES WORLD AIRPORTS (SUPPLEMENT)**

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

Acceptable evidence of insurance include certificates of insurance, preferably ACORD 25 Certificate of Liability Insurance (or similar), with applicable endorsements and waivers of subrogation documents, as language written on a certificate of insurance is not acceptable as an endorsement; or a True and Certified copy of the policy.

The following items must accompany the certificate of insurance provided:

- Workers Compensation Waiver of Subrogation Endorsement (WC 04 03 06 or policy form)
- General Liability Additional Insured Endorsement\*
- Ongoing and Products - Completed Operations Endorsement\*

**\*Acceptable endorsements:**

CG 20 10	CG 20 26
CG 20 26	CG 20 43
CG 20 37	*or similar

All endorsements and waivers must contain policy start and end dates, current policy numbers and certificate holder /endorsement wording below:

**Please note a blanket or automatic endorsement is not acceptable unless you have a direct contract with LAWA.**

**All Certificate Holder /Endorsement Wording:**

City of Los Angeles, Department of Airports, Los Angeles World Airports also known as (aka) LAWA  
PO Box 92216  
Los Angeles, CA 90009

**Waiver of Subrogation must be in favor of:**

City of Los Angeles, Department of Airports, Los Angeles World Airports also known as (aka) LAWA  
PO Box 92216  
Los Angeles, CA 90009

Include a copy of your company's certificate of insurance as part of your bid package. Do not forward the certificate to Risk Management. Once you have been awarded a contract, you will receive an introduction letter with instructions on submitting insurance to PINSADVANTAGE.

**YOUR COMPANY'S INSURANCE MUST BE UPLOADED INTO THE PINSADVANTAGE PROFILE BY A LICENSED AGENT OR BROKER. PLEASE FORWARD THIS DOCUMENT TO ALL OF YOUR AGENTS AND BROKERS.**



SCHEDULE 3  
Basic Information Schedule  
Virgin Atlantic

Terminal - TBIT

Demised Premises

Location	Exhibit A	Space	Area (SF)
TBIT Level 6		Lounge	4,401
Lounge Storage <sup>2</sup>			-
Total Occupied Area (SF)			4,401

Rent

Demised Premises (SF)		4,401
Terminal Building Rate (FY 2024, Rate Agreement Rate) <sup>1</sup>	\$	275.63
Annual rent	\$	1,213,048
Monthly Rent	\$	101,087
Faithful Performance Guaranty:	\$	303,262

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

*Note1: Terminal Building Rate illustrated here is based on the 2023 Amended and Restated Rate Agreement (2023 ARRA). Rate shall be adjusted annually pursuant to the terms of the Tariff. For tenants who have not executed the 2023 ARRA by December 31, 2023, an alternate Terminal Building Rate will be charged according to their Rate Agreement in effect during the fiscal year.*

*Note2: If Tenant rents extra storage space to operate the lounge, the Basic Information Sheet will be adjusted to reflect the rent for that storage space.*

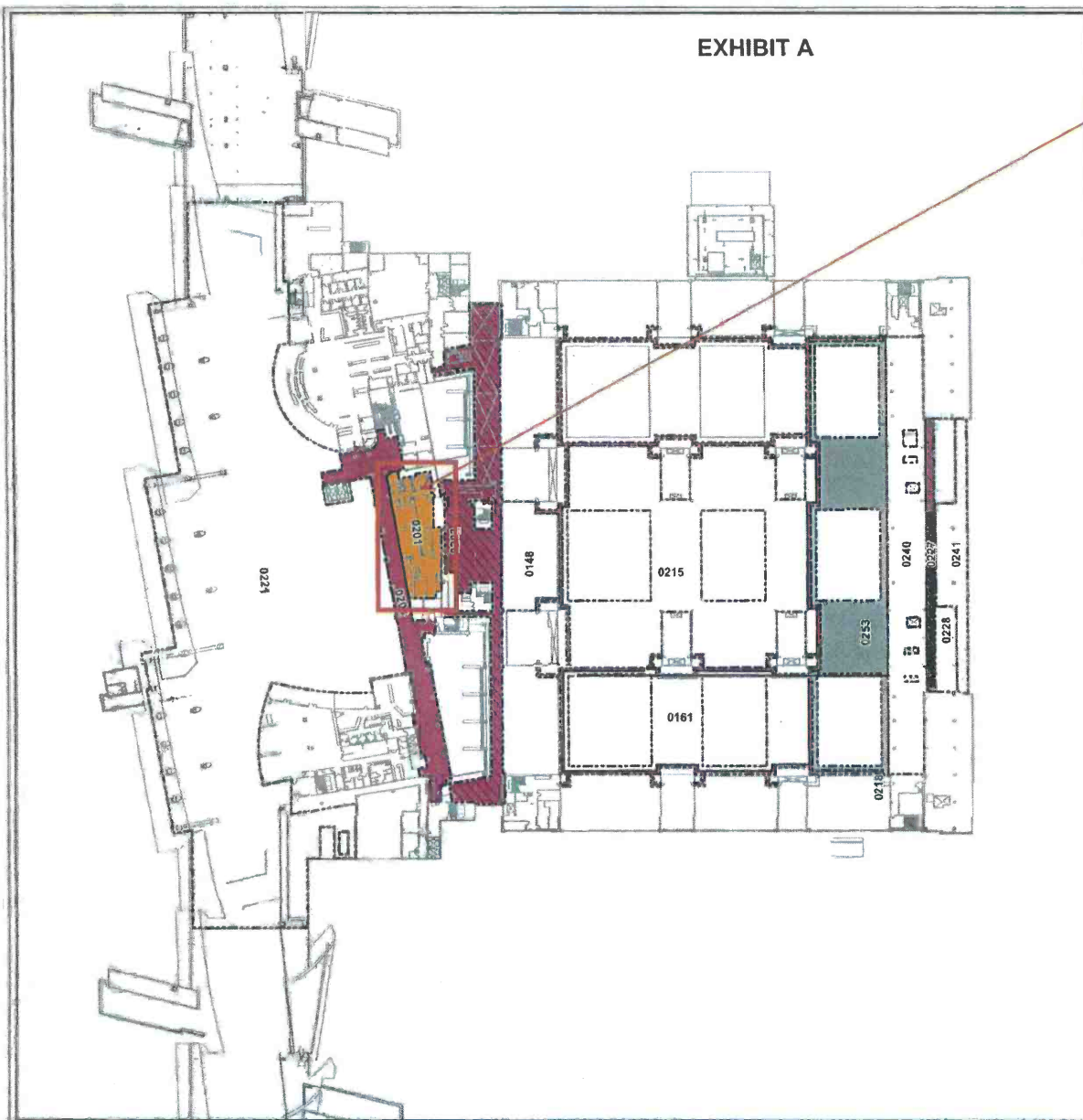
Tenant Addresses for Notices

Name and Title	Hannah Wilson MRICS Head of Property & Facilities
Company	Virgin Atlantic Ltd
Address	
City, state, Zip Code	
Phone	+44 (0) 7939 125745
Email	Hannah.Wilson@fly.virgin.com

Name and Title  
Company  
address  
City, state, Zip Code  
Phone  
Email



# EXHIBIT A



Space No.	Use	Type	Description	Company Name	Area (SqFt)
0148	Open	Open to Below		LAWA - Void	5087
0161	Open	Open to Below		LAWA - Void	9177
0201	Service	Lounge		Ethad Airways	4401
0203	Passage	Corridor	Exterior	LAWA - Public	13168
0208	Passage	Corridor		LAWA - Public	7826
0215	Open	Open to Below		LAWA - Void	29847
0218	Passage	Catwalk		LAWA - Public	8268
0221	Open	Open to Below		LAWA - Void	96931
0227	Passage	Catwalk		LAWA - Public	2016
0228					3343
0240	Open	Open to Below		LAWA - Void	26584
0241					4641
0253	Open	Open to Below		LAWA - Void	12627

## Level 6 Space Class Summary

Space Class	Total Area (SqFt)
Airline Demised Premises (ADP)	13565
Concessionaire Demised Premises - Support	39789
Excluded	386
LAWA & Other - Rentable	28597
LAWA - Public	791
Public Area	14350
Public Area - Restricted	34381
Utilities	44643
Void	282583

Key  
Map

N  
Level 6

- 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

SUPERSEDES DRAWING No 20200009

Los Angeles World Airport	
PROJECT TITLE	
<b>TOM BRADLEY INTERNATIONAL TERMINAL</b>	
LOS ANGELES INTERNATIONAL AIRPORT	
APPROVED BY:	APPROVED BY:
DEPUTY EXECUTIVE DIRECTOR (DD)	DEPUTY EXECUTIVE DIRECTOR (DD)
DRAWN: MT	CHECKED: AM
DATE: 03/12/2021	DATE: 03/12/2021
SCALE: 1 inch = 100 feet	SCALE: 1 inch = 100 feet
GRID LOCATIONS	GRID LOCATIONS
TO	TO
Page 60 of 77	
20210009	

**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 B

**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
<b>Terminal Buildings Rate</b>	[=J/K]	<b>\$ 231.74</b>

(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 C

[INTENTIONALLY OMITTED]

## 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**

**Effective date: August 23, 2011**

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

**EXHIBIT E**  
**Contractor Responsibility Program (CRP)**  
**Pledge of Compliance**

**CONTENTS**

A. DEFINITIONS .....3

B. SUBMISSION OF CRP QUESTIONNAIRES.....5

C. LAW A REVIEW OF SUBMITTED CRP QUESTIONNAIRES.....6

D. AWARD AND EXECUTION OF CONTRACTS.....7

E. CONTRACT AMENDMENTS .....9

F. CONTRACTOR NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION .....9

G. LAW A INVESTIGATION.....11

H. VIOLATIONS OF THE CRP OR THESE RULES AND REGULATIONS.....12

I. NON-RESPONSIBILITY HEARING.....12

J. NON-RESPONSIBILITY SANCTIONS .....14

K. EXEMPTIONS.....14

L. EFFECTIVE DATE OF CRP RULES AND REGULATIONS .....16

M. CONSISTENCY WITH FEDERAL AND STATE LAW .....16

N. SEVERABILITY.....16

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

## **A. DEFINITIONS**

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

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

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

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

**2. New Definitions:**

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

**EXHIBIT E**  
**Contractor Responsibility Program (CRP)**  
**Pledge of Compliance**

- c. **"CRP Pledge of Compliance"** means the CRP Pledge developed by PSD. The CRP Rules and Regulations may be updated from time to time by PSD. The CRP Pledge shall require contractors to sign under penalty of perjury that the contractor will:
- (1) Comply with all applicable Federal, State, and local laws and regulations during the performance of the contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.
  - (2) Notify LAWA within 30 calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the contractor did not comply with subparagraph 2(c)(1) above in the performance of the contract.
  - (3) Notify LAWA within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the contractor has violated subparagraph 2(c)(1) above in the performance of the contract.
  - (4) Provide LAWA within thirty (30) calendar days updated responses to the CRP Questionnaire if any change occurs which would change any response contained within the completed CRP Questionnaire. Note: This provision does not apply to amendments of contracts not subject to the CRP and to subcontractors not required to submit a Questionnaire.
  - (5) Ensure that subcontractors working on the LAWA contract shall complete, sign and submit a CRP Pledge of Compliance attesting under penalty of perjury to compliance with paragraphs 2(c)(1) through (4).
  - (6) Notify LAWA within thirty (30) days of becoming aware of an investigation, violation or finding of any applicable Federal, State, or local law involving the subcontractors in the performance of a LAWA contract.
  - (7) Cooperate fully with LAWA during an investigation and to respond to request(s) for information within ten (10) working days from the date of the Notice to Respond.
- d. **"Requesting Division"** means the LAWA division(s) which issued the Request For Bids ("RFB"), Request For Proposal ("RFP") or Request for Qualifications ("RFQ").
- e. **"Responsibility"** means possessing the necessary "trustworthiness" and "quality, fitness and capacity" to perform the work set forth in the contract.

## **B. SUBMISSION OF CRP QUESTIONNAIRES**

1. **Issuance of Invitation for Bids (IFB):** These include Request for Bids (RFB), Request for Proposals (RFP), and Request for Qualifications (RFQ). Unless otherwise exempt from the CRP, if a proposed contract meets the definition of a contract subject to the CRP as

**EXHIBIT E**  
**Contractor Responsibility Program (CRP)**  
**Pledge of Compliance**

defined in the Resolution and these Rules and Regulations, LAWA shall include in the IFB:

- a. Language informing potential bidders of the CRP;
- b. The CRP Questionnaire that bidders submit with their bid; and
- c. The CRP Pledge of Compliance that bidders submit with their bid.

**2. Submission of CRP Questionnaires with Bids:**

- a. All bid and proposal submissions are required to contain a completed and signed CRP Questionnaire and a signed CRP Pledge of Compliance.
- b. Failure to submit a CRP Questionnaire and a CRP Pledge of Compliance in accordance with the IFB procedures may make the bidder non-responsive and disqualified from the bidding process.
- c. Submitted CRP Questionnaires and CRP Pledge of Compliance become public records, and information contained therein will be available for public review, except to the extent that such information is exempt from disclosure pursuant to applicable law.

**3. Use of a non-competitive process to procure the proposed contract:** If a non-competitive process is used by LAWA Divisions to procure the proposed contract, the proposed contractor is required to submit the completed CRP Questionnaire and a signed CRP Pledge of Compliance to LAWA for determination of contractor responsibility prior to execution of the contract.

**4. Subcontractors:** The list of subcontractors shall be submitted with the bid and will be made available for public review along with the bidder's Questionnaire. For construction contracts, bidders must list a subcontractor proposed to be used on the City contract if the subcontractor will be performing work on the construction contract in an amount in excess of \$10,000 or in excess of one-half of one percent of the total bid amount, whichever is greater. For service contracts, bidders must list subcontractors as required by the IFB.

**EXHIBIT E**  
**Contractor Responsibility Program (CRP)**  
**Pledge of Compliance**



### **C. LAWYER REVIEW OF SUBMITTED CRP QUESTIONNAIRES**

- 1. Departmental Review of submitted bids:** As part of the determination of a bidder's responsiveness, PSD will review the bid submissions to determine whether a completed CRP Questionnaire, signed under penalty of perjury, has been included with the bid. If a completed Questionnaire has not been included with the bid as required by the IFB procedures, the bidder may be deemed to be non-responsive and may be disqualified from the bidding process.
- 2. Posting of CRP Questionnaires and Subcontractor List:** Requesting Divisions will forward to PSD the completed CRP Questionnaires and subcontractor list(s), if any, submitted by the responsive bidders to make available for public review as follows:
  - a. If a contract is to be awarded pursuant to a competitive bid process, the CRP Questionnaires for the three lowest responsive bidders and their list of proposed subcontractors, if any, will be forwarded to PSD to make them available for public review for a minimum period of 14 calendar days.
  - b. If a contract is to be awarded pursuant to a proposal (RFP) or qualifications (RFQ) and award is not based on the lowest submitted bid price, the CRP Questionnaires for the short-listed proposers and their list of proposed subcontractors, if any, will be forwarded to PSD to make them available for public review for a minimum period of 14 calendar days. If no short-listing procedure is used, the CRP Questionnaire for the prospective contractor shall be made available for public review for a minimum period of 14 calendar days.
  - c. If a contract is to be awarded to a Sole Source, the CRP Questionnaire for the proposed contractor and their list of proposed subcontractors, if any, will be forwarded to PSD to make it available for public review for a period of 14 calendar days.
  - d. No contract shall be awarded to any bidder until at least 14 calendar days after the CRP Questionnaire has been made available for public review. If administrative or technical errors prevent or delay the posting of the CRP Questionnaire, the posting period will be extended by the amount of time that the CRP Questionnaire was not available for public review.
  - e. The CRP Questionnaire of the bidder/proposer awarded the contract will be retained by the Requesting Division as part of the contract file. The CRP Questionnaires for the bidders/proposers not awarded the contract will be retained in the customary manner by the Requesting Division.
- 3. Claims Resulting from Public Review:**
  - a. Claims regarding a bidder or contractor's responsibility should be submitted to PSD in writing. However, PSD may investigate a claim regarding a bidder's or a contractor's responsibility, whether or not it is submitted in writing, if PSD in its discretion

**EXHIBIT E**  
**Contractor Responsibility Program (CRP)**  
**Pledge of Compliance**

determines that the claim calls into question the bidder's, the proposer's or the contractor's responsibility.

- b. If PSD receives information which calls into question a bidder's responsibility, and the information was received **before** the contract has been executed, PSD shall:
  - (1) Notify the Requesting Division in writing that no contract shall be awarded until PSD has completed investigation into the matter.
  - (2) Investigate the matter as required in Section G, "LAWA INVESTIGATION" to determine its validity.
  - (3) Upon completion of the investigation, PSD shall notify the Requesting Division and the Awarding Authority in writing of the result of the investigation.
  - (4) No contract may be awarded to any bidder until after the investigation has been completed and the Requesting Division and the Awarding Authority have received written notification that the investigation has been completed.
  - (5) Findings from the PSD investigation received by the Awarding Authority will be considered by the Awarding Authority as part of the determination of the bidder's responsibility.
- c. If PSD receives written information that calls into question a contractor's responsibility, and the information was received **after** the contract has been executed, PSD shall investigate the matter as required in Section G, LAWY INVESTIGATION.

#### **D. AWARD AND EXECUTION OF CONTRACTS**

##### **1. Departmental Determination of Responsibility and Award of Contract:**

- a. Requesting Division and the Awarding Authority shall determine whether a bidder/contractor is a responsible bidder, proposer or contractor with the necessary trustworthiness, quality, fitness and capacity to perform the work set forth in the proposed contract by considering the following:
  - (1) Information contained in the CRP Questionnaire;
  - (2) Information and documentation from PSD's investigation;
  - (3) Information regarding the bidder's, proposer's or contractor's past performance that may be contained in the City of Los Angeles' Contractor Evaluation Database.
  - (4) Information that may be available from any compliance or regulatory governmental agency, and
  - (5) Any other reliable information that may be available, including but not limited to information from any individual or any other governmental agency.

**EXHIBIT E**  
**Contractor Responsibility Program (CRP)**  
**Pledge of Compliance**

- b. The Board may award and the Executive Director may execute a contract with a bidder or proposer only if:
  - (1) The bidder's or proposer's CRP Questionnaire has been made available for public review for at least 14 calendar days unless otherwise exempted from the posting requirement by the CRP;
  - (2) The bidder or proposer is not being investigated by PSD pursuant to the CRP;
  - (3) The bidder or proposer has not been found to be a non-responsible bidder/proposer pursuant to the CRP;
  - (4) The bidder or proposer does not appear on any City list of debarred bidders or contractors; and
  - (5) The bidder or proposer has met all other applicable City requirements.

**2. Submission of Pledge of Compliance:**

- a. Unless otherwise exempt from the CRP, all bid/proposal submissions (RFBs, RFPs and RFQs) are required to contain a Pledge of Compliance with the CRP signed under penalty of perjury. Failure to submit a CRP Pledge of Compliance with the bid/proposal may make the bidder non-responsive and disqualified from the bidding process.
- b. Within 10 calendar days of execution of a contract with LAWA, the contractor shall submit to LAWA a signed CRP Pledge of Compliance from each subcontractor listed as performing work on the contract.

**3. Subcontractor Responsibility:**

- a. Contractors shall ensure that their subcontractors meet the criteria for responsibility set forth in the CRP and these Rules and Regulations unless the subcontract is not subject to the CRP.
- b. Contractors shall ensure that subcontractors working on the LAWA agreement shall complete and submit a signed CRP Pledge of Compliance.
- c. Contractors shall not use in any capacity any subcontractor that has been determined or found to be a non-responsible contractor by LAWA or the City.
- d. Subject to approval by the Requesting Division, contractors may substitute a non-responsible subcontractor with another, responsible subcontractor with no changes in bid amounts.

**EXHIBIT E**  
**Contractor Responsibility Program (CRP)**  
**Pledge of Compliance**

#### **4. Execution of Contracts:**

- a. Unless exempt from the CRP, all contracts shall contain language obligating the contractor to comply with the CRP.
- b. No contract may be executed unless:
  - (1) The proposed contractor has submitted a signed Pledge of Compliance with the CRP.
  - (2) The proposed contractor's CRP Questionnaire, unless otherwise exempt, has been made available for public review for at least 14 calendar days in accordance with these Rules and Regulations.

#### **E. CONTRACT AMENDMENTS**

- 1. Compliance with the CRP, except for the requirement to submit a CRP Questionnaire, is required in contract amendments if the initial contract was not subject to the CRP, but the total term and amount of the contract, inclusive of all amendments, would make the contract subject to the CRP.
  - a. A contractor subject to the CRP because of an amendment shall submit a CRP Pledge of Compliance to the Requesting Division before the contract amendment can be executed.
  - b. Unless exempt from the CRP, all contract amendments shall contain contract language obligating the contractor to comply with the CRP.

#### **F. CONTRACTOR NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION**

- 1. **Notification of Investigations:** Contractors shall:
  - a. Notify the Requesting Division and PSD within 30 calendar days of receiving notice of any findings by a government agency or court of competent jurisdiction that the contractor violated any applicable Federal, State, or local law in the performance of a LAWA, City of Los Angeles, County of Los Angeles, State of California, Federal Government or other government contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.
  - b. Notify the Requesting Division and PSD within 30 calendar days of becoming aware of a violation or finding of violation of any applicable federal, state, or local law involving its subcontractors or sub-sub-contractors at any level in the performance of a LAWA contract.
- 2. **Update of CRP Questionnaire Information:**

**EXHIBIT E**  
**Contractor Responsibility Program (CRP)**  
**Pledge of Compliance**

- a. Updates of information contained in the contractor's responses to the CRP Questionnaire shall be submitted to the Requesting Division and PSD within 30 days of any changes to the responses if the change would affect the contractor's responsibility or ability to continue performing the contract.
  - b. PSD or the Requesting Division shall determine whether a contractor in a specific situation should have provided information or updated information.
    - (1) If PSD or the Requesting Division becomes aware of new information concerning a contractor and determines that the contractor should have provided information or updated LAWA with such information, but the contractor has not done so, PSD shall issue a written notice to the contractor requiring the contractor to submit the required information within 10 calendar days.
    - (2) If PSD or the Requesting Division becomes aware of new information concerning a subcontractor and determines that the subcontractor should have provided information or updated LAWA of such information, but the subcontractor has not done so, PSD shall issue a written notice to the contractor requiring the subcontractor to submit the required information within 10 calendar days.
  - c. Contractor's failure to provide information or updated information when required by LAWA, the CRP or these Rules and Regulations may be considered a material breach of the contract, and, additionally, may result in the initiation of a non-responsibility hearing pursuant to Section I of these Rules and Regulations.
- 3. Contractors shall ensure that subcontractors provide information and updates.** Contractors shall ensure that subcontractors performing work on their LAWA contract abide by these same updating requirements, including the requirement to:
- a. Notify the Requesting Division and PSD within 30 calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the subcontractor did not comply with any applicable Federal, State, or local law in the performance of the LAWA or City contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees
  - b. Notify the Requesting Division and PSD within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the subcontractor violated any applicable Federal, State, or local law in the performance of a LAWA or City of Los Angeles contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.
- 4. Submission of CRP Questionnaires and Updates of CRP Questionnaire Is Not Applicable to Subcontractors:** The requirement that contractors submit to LAWA CRP Questionnaires and updates to the CRP Questionnaire responses does not apply to subcontractors.

**EXHIBIT E**  
**Contractor Responsibility Program (CRP)**  
**Pledge of Compliance**



## **G. LAWA INVESTIGATION**

- 1. Reporting of Alleged Violations:** Allegations of violations of the CRP or these Rules and Regulations shall be reported to PSD. Complaints regarding a bidder's, proposer's or contractor's responsibility should be submitted to PSD in writing. However, PSD may investigate any claim or complaint regarding a bidder's, proposer's or a contractor's responsibility, whether or not it is submitted in writing. Whether based on a written complaint or otherwise, PSD shall be responsible for investigating such alleged violations.
- 2. Process:**
  - a. Upon receipt of a complaint or upon initiation of an investigation, PSD shall notify the Requesting Division, the Awarding Authority and the bidder, proposer or contractor in writing that an investigation has been initiated.
  - b. The bidder, proposer or contractor shall cooperate fully with PSD in providing information. If the bidder/proposer or contractor fails to cooperate with PSD's investigation or fails to timely respond to PSD's requests for information, LAWA may initiate a non-responsibility hearing as set forth in Section I of these Rules and Regulations. A contractor's failure to cooperate may be deemed a material breach of the contract, and the City may pursue all available remedies.
  - c. To the extent permissible, PSD shall maintain the identity of the complainant, if any, confidential.
  - d. Upon completion of the investigation, PSD shall prepare a written report of the findings and notify the Requesting Division, the Awarding Authority and the bidder, proposer or contractor of the results.
- 3. Results of Investigation:**
  - a. When an investigation is completed before the contract is awarded, PSD shall notify the Requesting Division and the Awarding Authority of the results, and Requesting Division and the Awarding Authority will consider the information as part of the determination of a bidder's responsibility during the bid/proposal review process.

b. When an investigation is completed after the execution of a contract:

- (1) If violations of the CRP are found, PSD shall notify the Requesting Division and contractor of the violation and require the contractor to make corrections or take reasonable measures within 10 calendar days.
- (2) If the contractor fails to make corrections as required, PSD shall notify the Requesting Division and the Awarding Authority and may recommend that the Awarding Authority:
  - (i) Terminate the contract.
  - (ii) Initiate a hearing to declare the contractor a non-responsible contractor.

#### **H. VIOLATIONS OF THE CRP OR THESE RULES AND REGULATIONS**

1. Violations of the CRP or of these Rules and Regulations may be considered a material breach of the contract and may entitle LAWA or the City to terminate the contract.
2. Alleged violations of the CRP or of these Rules and Regulations shall be reported to the PSD which will investigate all such complaints.
3. When a violation of the CRP or of these Rules and Regulations is found, PSD shall notify the contractor and the Awarding Authority of the violation. PSD shall require the contractor to correct the violation within 10 calendar days. Failure to correct violations or take reasonable measures to correct violations within 10 calendar days may result in PSD:
  - a. Recommending that the Awarding Authority declare a material breach of the contract and that the Awarding Authority exercise all contractual and legal remedies available, including but not limited to termination of the contract, and/or
  - b. Recommending that the Awarding Authority declare the contractor a non-responsible contractor by initiating, within 30 calendar days or as soon as practicable, a non-responsibility hearing in accordance with Section I of these Rules and Regulations.

#### **I. NON-RESPONSIBILITY HEARING**

1. The process of declaring a bidder or contractor a non-responsible bidder or contractor shall be initiated by the Awarding Authority after consultation with the City Attorney's Office.
2. Before a bidder, proposer or contractor may be declared non-responsible, the bidder, proposer or contractor shall be notified of the proposed determination of non-responsibility and provided with an opportunity for a hearing.

**EXHIBIT E**  
**Contractor Responsibility Program (CRP)**  
**Pledge of Compliance**

3. The Awarding Authority or the Executive Director's designee shall preside over the non-responsibility hearing and shall provide the bidder, proposer or contractor with the following:
  - a. The bidder, proposer or contractor shall be provided with written Notice of intent to declare the bidder, proposer or contractor non-responsible ("Notice") which shall state that the Awarding Authority intends to declare the bidder, proposer or contractor a non-responsible bidder or contractor.
  - b. The Notice shall provide the bidder, proposer or contractor with the following information:
    - (1) That the Awarding Authority intends to declare the bidder or contractor a non-responsible bidder, proposer or contractor.
    - (2) A summary of the information upon which the Awarding Authority is relying.
    - (3) That the bidder, proposer or contractor has a right to respond to the information by requesting a hearing to rebut adverse information and to present evidence of its necessary trustworthiness, quality, fitness and capacity to perform the work required under the contract.
    - (4) That the bidder, proposer or contractor must exercise the right to a hearing by submitting to the Awarding Authority a **written request** for a hearing **within 10 working days** of the date of the Notice.
    - (5) That failure to submit a written request for hearing within 10 working days of the date of the Notice shall be considered a waiver of the right to a hearing that allows the Awarding Authority to proceed with the determination of non-responsibility.
  - c. If the bidder or contractor submits a written request for a hearing, the hearing may be held by the Awarding Authority for recommendation to the Board, which shall make the final decision.
  - d. The hearing must allow the bidder, proposer or contractor an opportunity to address the issues contained in the Notice of Intent to declare the bidder, proposer or contractor non-responsible.
  - e. The Awarding Authority may determine that the bidder, proposer or contractor:
    - (1) Does not possess the necessary trustworthiness, quality, fitness, or capacity to perform the work set forth in the proposed contract, should be declared a non-responsible bidder, proposer or contractor, and recommend to the Board invocation of the remedies set forth in Section J of these Rules and Regulations.
    - (2) Should not be declared a non-responsible bidder or contractor.
  - f. The Board's determination shall be final and constitute exhaustion of administrative remedies.
  - g. The Board's final decision shall be in writing and shall be provided to the bidder,

**EXHIBIT E**  
**Contractor Responsibility Program (CRP)**  
**Pledge of Compliance**

proposer or contractor, the Requesting Division and to PSD. If the bidder, proposer or contractor is declared to be non-responsible, a copy of the final decision shall also be provided to the CAO.

#### **J. NON-RESPONSIBILITY SANCTIONS**

1. A **bidder/proposer** found non-responsible by LAWA shall be disqualified from:
  - a. award of the proposed contract or,
  - b. participating, in any way, in the proposed contract.

Such non-responsible bidder or proposer shall not perform any work in the proposed contract, whether as a prime contractor, a subcontractor, a partner in a partnership, a participant in a joint venture, a member of a consortium or in any other capacity.

2. An existing **contractor** found non-responsible by LAWA may be declared to have a material breach of contract, and LAWA may exercise its contractual and legal remedies thereunder, which are to include, but are not limited to termination of the contract.
3. Upon final determination of a bidder, proposer or contractor as non-responsible, PSD shall provide the Requesting Division and the bidder, proposer or contractor with a written notice summarizing the Awarding Authority's findings and sanctions.
4. PSD shall maintain a listing of bidders/proposers and contractors who have been found non-responsible by LAWA pursuant to the CRP.

#### **K. EXEMPTIONS**

1. **Categorical Exemption:** The following types of contracts are categorically exempt from the CRP and these Rules and Regulations:
  - a. Contracts with a governmental entity such as the United States of America, the State of California, a county, city or public agency of such entities, or a public or quasi-public corporation located therein and declared by law to have such status.
  - b. Contracts for the investment of trust moneys or agreements relating to the management of trust assets.
  - c. Banking contracts entered into by the Treasurer pursuant to California Government Code Section 53630 et seq.

**Board approval required for CRP Exemptions:** The following types of contracts are exempt from the requirement to submit a Questionnaire but remain subject to the requirement that the contractor submit a Pledge of Compliance and notify the Awarding Authority within 30 days of any information regarding investigations or the results of investigations by any governmental agency into the contractor's compliance with applicable laws.

#### **EXHIBIT E** **Contractor Responsibility Program (CRP)** **Pledge of Compliance**

- a. Contracts awarded on the basis of exigent circumstances when the Awarding Authority finds the City would suffer a financial loss or that City operations would be adversely impacted.
  - (1) This exemption is subject to approval by PSD.
  - (2) The Awarding Authority shall submit a request to PSD for waiver along with written certification that the required conditions exist.
  - (3) No contract may be exempted under this provision unless PSD has granted written approval of the waiver.
- b. Contracts where the goods or services are proprietary or available from only one source.
  - (1) This exemption is subject to approval by PSD.
  - (2) The Awarding Authority shall submit a request to PSD for waiver along with written certification that the required conditions exist.
  - (3) No contract may be exempted under this provision unless PSD has granted written approval of the waiver.
- c. Contracts awarded in accordance with Charter Section 371(e)(5). The Awarding Authority must certify in writing that award is based on urgent necessity in accordance with Charter Section 371(e)(5).
- d. Contracts entered into based on, Charter Section 371(e)(6), (7) or (8). The Awarding Authority must certify in writing that the contract is entered into in accordance with Charter Section 371(e)(6), (7) or (8).

**EXHIBIT E**  
**Contractor Responsibility Program (CRP)**  
**Pledge of Compliance**



**L. EFFECTIVE DATE OF RULES AND REGULATIONS**

1. These Rules and Regulations apply to IFB's issued after the Executive Director has approved these Rules and Regulations.
2. These Rules and Regulations apply to contracts entered into by LAWA after the Executive Director has approved these Rules and Regulations.
3. Contracts amended after these Rules and Regulations are approved by the Executive Director will become subject to CRP and these Rules and Regulations if they meet definitions contained in the CRP and these Rules and Regulations.

**M. CONSISTENCY WITH FEDERAL AND STATE LAW**

The CRP and these Rules and Regulations do not apply in instances where application would be prohibited by Federal and State law or where the application would violate or be inconsistent with the terms and conditions or a grant or contract with the Federal or State agency.

**N. SEVERABILITY**

If any provision of the CRP or these Rules and Regulations are declared legally invalid by any court of competent jurisdiction, the remaining provisions remain in full force and effect.

**LOS ANGELES WORLD AIRPORTS  
CONTRACTOR RESPONSIBILITY PROGRAM  
PLEDGE OF COMPLIANCE**

The Los Angeles World Airports (LAWA) Contractor Responsibility Program (Board Resolution #21601) provides that, unless specifically exempted, LAWA contractors working under contracts for services, for purchases, for construction, and for leases, that require the Board of Airport Commissioners' approval shall comply with all applicable provisions of the LAWA Contractor Responsibility Program. Bidders and proposers are required to complete and submit this Pledge of Compliance with the bid or proposal or with an amendment of a contract subject to the CRP. In addition, within 10 days of execution of any subcontract, the contractor shall submit to LAWA this Pledge of Compliance from each subcontractor who has been listed as performing work on the contract.

The contractor agrees to comply with the Contractor Responsibility Program and the following provisions:

- (a) To comply with all applicable Federal, state, and local laws in the performance of the contract, including but not limited to, laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees.
- (b) To notify LAWA within thirty (30) calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the contractor is not in compliance with paragraph (a).
- (c) To notify LAWA within thirty (30) calendar days of all findings by a government agency or court of competent jurisdiction that the contractor has violated paragraph (a).
- (d) To provide LAWA within thirty (30) calendar days updated responses to the CRP Questionnaire if any change occurs which would change any response contained within the completed CRP Questionnaire. Note: This provision does not apply to amendments of contracts not subject to the CRP and to subcontractors not required to submit a CRP Questionnaire.
- (e) To ensure that subcontractors working on the LAWA contract shall complete and sign a Pledge of Compliance attesting under penalty of perjury to compliance with paragraphs (a) through (c) herein. To submit to LAWA the completed Pledges.
- (f) To notify LAWA within thirty (30) days of becoming aware of an investigation, violation or finding of any applicable federal, state, or local law involving the subcontractors in the performance of a LAWA contract.
- (g) To cooperate fully with LAWA during an investigation and to respond to request(s) for information within ten (10) working days from the date of the Notice to Respond.

Failure to sign and submit this form to LAWA with the bid/proposal may make the bid/proposal non-responsive.

\_\_\_\_\_  
Company Name, Address and Phone Number

\_\_\_\_\_  
Signature of Officer or Authorized Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name and Title of Officer or Authorized Representative

\_\_\_\_\_  
Project Title

CRP Pledge.doc

**EXHIBIT E  
Contractor Responsibility Program (CRP)  
Pledge of Compliance**

## 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

## § 10.37

## CONTRACTS

## Division 10

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:

## § 10.37.1

## CONTRACTS

## Division 10

(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.

(l) "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. 176,383, 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 License or for a Contractor of a Public Lessee or Licensee, for all hours worked furnishing a service relating to the City, a wage of no less than the hourly rates set under the authority of this article.

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

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

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

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

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

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

(ii) If an Employer does not provide an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the applicable wage rate in Section

## Chapter 1, Article 11

## Contracts – General

## § 10.37.2

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.

## § 10.37.2

## CONTRACTS

## Division 10

(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.

## Chapter 1, Article 11

## Contracts – General

## § 10.37.5

**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,



## § 10.37.5

## CONTRACTS

## Division 10

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:

## Chapter 1, Article 11

## Contracts – General

## § 10.37.8

(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.

## § 10.37.8

## CONTRACTS

## Division 10

## 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 of compensation terms after the effective date of this ordinance. Any collective bargaining agreement that purports to supersede any requirement of this article shall be submitted by the Employer to the DAA.

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

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

## SECTION HISTORY

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

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

The definitions of "City Financial Assistance Recipient" in Section 10.37.1(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

## Chapter 1, Article 11

## Contracts - General

## § 10.37.15

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. 185,743, 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.

§ 10.37.16

CONTRACTS

Division 10

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

## EXHIBIT H



## Chapter 1, Article 10

## Contracts – General

## § 10.36.1

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

## EXHIBIT H

## § 10.36.1

## CONTRACTS

Division 10

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.

## EXHIBIT H

## Chapter 1, Article 10

## Contracts - General

## § 10.36.3

(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.

## EXHIBIT H

## § 10.36.3

## CONTRACTS

## Division 10

(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. 1-14-99; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

## EXHIBIT H

**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.

**CONTRACTS**

**Division 10**

**EXHIBIT H**



## CIVIL RIGHTS – TITLE VI ASSURANCES

**Civil Rights – Title VI Assurances.** In accordance with, and as amended or interpreted from time to time, 49 USC § 47123, FAA Order 1400.11, and U.S. Department of Transportation Order DOT 1050.2, Standard Title VI Assurances and Nondiscrimination Provisions, effective April 24, 2013.

- I. **Title VI List of Pertinent Nondiscrimination Acts and Authorities.** During the performance of this contract, the Contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the “Contractor”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:
- Title VI of the Civil Rights Act of 1964 (42 USC § 2000d *et seq.*, 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
  - 49 CFR part 21 (Non-discrimination in Federally-Assisted programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964);
  - The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 USC § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
  - Section 504 of the Rehabilitation Act of 1973 (29 USC § 794 *et seq.*), as amended (prohibits discrimination on the basis of disability); and 49 CFR part 27 (Nondiscrimination on the Basis of Disability in Programs or Activities Receiving Federal Financial Assistance);
  - The Age Discrimination Act of 1975, as amended (42 USC § 6101 *et seq.*) (prohibits discrimination on the basis of age);
  - Airport and Airway Improvement Act of 1982 (49 USC § 47123), as amended (prohibits discrimination based on race, creed, color, national origin, or sex);
  - The Civil Rights Restoration Act of 1987 (PL 100-259) (broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
  - Titles II and III of the Americans with Disabilities Act of 1990 (42 USC § 12101, *et seq.*) (prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities) as implemented by U.S. Department of Transportation regulations at 49 CFR parts 37 and 38;
  - The Federal Aviation Administration’s Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
  - Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination

against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations);

- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)];
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 USC § 1681, et seq).

II. Compliance with Nondiscrimination Requirements. During the performance of this contract, the Contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the "Contractor"), agrees as follows:

1. **Compliance with Regulations:** The Contractor (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.
2. **Nondiscrimination:** The Contractor, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The Contractor will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR part 21.
3. **Solicitations for Subcontracts, including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding or negotiation made by the Contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the Contractor of the contractor's obligations under this contract and the Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.
4. **Information and Reports:** The Contractor will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by LAWA or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a

contractor is in the exclusive possession of another who fails or refuses to furnish the information, the Contractor will so certify to LAWA or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.

5. Sanctions for Noncompliance: In the event of a Contractor's noncompliance with the non-discrimination provisions of this contract, LAWA will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:
  - a. Withholding payments to the Contractor under the contract until the Contractor complies; and/or
  - b. Cancelling, terminating, or suspending a contract, in whole or in part.
6. Incorporation of Provisions: The Contractor will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations, and directives issued pursuant thereto. The Contractor will take action with respect to any subcontract or procurement as LAWA or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the Contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the Contractor may request LAWA to enter into any litigation to protect the interests of LAWA. In addition, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.

**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.

**EXHIBIT K**

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.