



Report to the BOARD OF AIRPORT COMMISSIONERS

Approver:


Samantha Bricker (Jun 9, 2023 09:34 PDT)

Dave Jones, Deputy Executive Director
Commercial Development Division

Reviewer:



Brian C. Ostler, City Attorney



Justin Erbacci (Jun 9, 2023 09:41 PDT)

Justin Erbacci, Chief Executive Officer

Meeting Date

6/15/2023

Needs Council Approval: Y

Reviewed for/by	Date	Approval Status	By
Finance	6/5/2023	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
CEQA	6/1/2023	<input checked="" type="checkbox"/> Y	MO
Procurement	6/6/2023	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	LK
Guest Experience	5/31/2023	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	5/31/2023	<input checked="" type="checkbox"/> Y	BNZ

SUBJECT

Request to approve the proposed Fourth Amendment to the Terminal Facilities Lease and License Agreement with Southwest Airlines Company (LAA-8757) to provide rent credits, not to exceed \$6,393,000, over the term of the lease for costs associated with the use of the baggage system located in Terminal 1 that benefits the common use airlines at Los Angeles International Airport.

RECOMMENDATIONS

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f and Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
3. APPROVE the proposed Fourth Amendment to the Terminal Facilities Lease and License Agreement LAA-8757.
4. APPROVE authority to issue rent credits in an amount not to exceed \$6,393,000 over the remaining term of the Terminal Facilities Lease and License Agreement LAA-8757.

5. AUTHORIZE the Chief Executive Officer, or designee, to execute the proposed Fourth Amendment to the Terminal Facility Lease and License Agreement LAA-8757, after approval as to form by the City Attorney and approval by the Los Angeles City Council.

DISCUSSION

1. Purpose

Staff request approval of the proposed amendment to provide rent credits to Southwest Airlines Company (Southwest Airlines), up to \$6,393,000, through June 30, 2024, for costs incurred operating and maintaining portions of the baggage system in Terminal 1 used by common use airlines. Approval of this action, and two other simultaneous requests to amend Air Canada's Lease and Alaska Airlines' Lease, is a critical component for Los Angeles World Airports (LAWA) to implement a single common use gate charge at Los Angeles International Airport (LAX).

2. Prior Related Actions/History of Board Actions

- **January 14, 2013 – Resolution No. 25009 (LAA-8757)**
The Board approved an eleven-year and three-month Terminal Facilities Lease and License Agreement (Lease) with Southwest that contemplated approximately \$400,000,000 in terminal renovations to be constructed by Southwest and obligated LAWA to acquire \$384,008,000 of these improvements through cash purchase and rent credits upon completion.
- **April 2, 2013 – Resolution No. 25077 (LAA-8757)**
The Board authorized the Chief Executive Officer (CEO) to exercise the option to purchase from Southwest instead of issuing rent credits for certain renovations in accordance with the lease and approved appropriation of \$146,929,000 from the Los Angeles International Airport Revenue Fund.
- **May 19, 2014 – Resolution No. 25414 (LAA-8757A)**
The Board approved the First Amendment to the lease to increase the acquisition of renovations from \$384,008,000 to \$509,801,000 for an increase in the scope of work.
- **July 13, 2017 – Resolution No. 26289 (LAA-8757B)**
The Board approved the Second Amendment to the lease to adjust Southwest's demised premises.
- **July 13, 2017 – Resolution No. 26290 (LAA-8975)**
The Board approved a 10-year ground lease (Ground Lease) with Southwest covering land between Terminals 1 and 2 to construct and operate a terminal check-in and arrivals baggage claim and bus gate facility, including a Landside Access Modernization Program core at LAX that contemplated approximately \$46,000,000 in site improvements and \$432,600,00 in facility improvements. The Board approved appropriation of \$46,000,000 to purchase the site improvements.
- **December 14, 2017 – Resolution No. 26398 (LAA-8975)**
The Board authorized the CEO to exercise the option to purchase the facility improvements to be constructed between Terminals 1 and 2 from Southwest in

accordance with the Ground Lease and approved appropriation of \$432,600,000 to purchase the facility improvements.

3. Background

Airlines operating at LAX pay for use of terminal facilities pursuant to the rates and charges methodology under the Los Angeles International Airport Passenger Terminal Tariff (the "Rate Methodology") approved by the Board. The Rate Methodology provides a square foot rate Terminal Building Charge for demised premises and sets common use rates for common use areas and equipment, such as common use check-in counters, baggage claim areas, outbound baggage systems, common use hold rooms and associated aeronautical equipment.

Airlines that lease entire terminals at LAX, pay for all terminal space in their lease at the square foot rate Terminal Building Charge, and therefore do not pay common use rates in their leaseholds, except when they use common use facilities in addition to their leasehold space. Los Angeles World Airports maintains the common use equipment at the Tom Bradley International Terminal, which is used by most common use airlines. However, there is a small amount of equipment that is used by common use airlines that operate from Terminal 6 and Terminal 1 that currently is maintained by Air Canada, Alaska Airlines, and Southwest Airlines. Therefore, common use airlines that operate in Terminal 6 and Terminal 1 pay some fees to LAWA, and also pay fees to Air Canada, Alaska Airlines, or Southwest Airlines to cover costs they incur maintaining and operating parts of the baggage system equipment in Terminal 6 and Terminal 1. Therefore, common use charges vary by terminal and common use airlines utilizing different terminal facilities pay different rates depending on the location where they operate.

4. Current Action/Rationale

Los Angeles World Airports' terminal rate structure intends that common use airlines will pay a uniform common use rate for use of terminal gates and common equipment such as the baggage handling system, regardless of the terminal in which they operate. To establish a uniform common use rate, LAWA proposes to transfer all costs for maintaining common use equipment to LAWA. To accomplish this, LAWA proposes to amend the Air Canada Lease, the Alaska Airlines Lease, and the Southwest Airlines Lease simultaneously to provide rent credits equal to the costs they incur operating and maintaining the common use portions of the baggage system in Terminal 6 and Terminal 1. As a result, the common use airlines will pay LAWA the full common use charge and no longer pay Air Canada, Alaska Airlines, and Southwest Airlines a portion of the common use fee.

To confirm the cost that needs to be transferred to LAWA, at the beginning of each fiscal year, Air Canada, Alaska Airlines, and Southwest Airlines will submit to LAWA the annual budget to operate and maintain their respective baggage handling systems. Allowable costs will include all fees incurred operating and maintaining the system, the cost to lease the baggage handling space, and overhead costs (not to exceed 10 percent). Los Angeles World Airports will review and approve the operations and maintenance budgets and determine the amount attributable to common use fees. Based on this calculation, LAWA will issue annual rent credits in 12 monthly installments to Air Canada, Alaska Airlines, and Southwest Airlines. Los Angeles World Airports will annually reconcile actual costs against the annual budget costs. Any variance between budget and actual expenditures will be

corrected the following year through adjustment to the annual rent credit LAWA provides to these airlines.

Based on the specific equipment maintained by Southwest Airlines, LAWA and Southwest Airlines estimate the total rent credits needed to cover the cost incurred by common use airlines over the term of the lease will be \$6,393,000. Therefore, the proposed amendment will provide up to \$6,393,000 in rent credits to Southwest Airlines.

How This Action Advances a Specific Strategic Plan Goal and Objective

This action advances this strategic goal and objective: *Sustain a Strong Business: Diversify and grow revenue sources, and manage costs.* The proposed amendment will allow LAWA to retain control of rate setting for the common use airlines at LAX, to harmonize the common use rates across all facilities, and to apply mitigation measures as part of the Airline Cost Stabilization and Recovery Plan. Establishing equalized common use rates facilitates the relocation of airlines from terminal-to-terminal that enables growth in aviation activity.

5. Fiscal Impact

Approval of this amendment will result in an authority not to exceed \$6,393,000 of rent credits over the remaining term of the lease. Southwest rent credits will be recovered through the uniform common use baggage claim and outbound system fees, where applicable.

6. Alternatives Considered

- ***Take No Action***

Alternatives were not considered because the baggage system that is used by the common use airlines is located in Southwest Airlines' Demised Premises. Therefore, appropriating funds for the Southwest demised premises and operations and maintenance costs on behalf of the common use carriers for continued operations from Terminal 1.5 is necessary.

APPROPRIATIONS

No appropriation of funds is required for this action.

STANDARD PROVISIONS

1. The issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines. In addition, this item, as a continuing administrative, maintenance and personnel-related activity, is administratively exempt from CEQA requirements pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines.
2. The proposed document(s) is/are subject to approval as to form by the City Attorney.

3. Actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 606.
4. Southwest Airlines Company is required by contract to comply with the provisions of the Living Wage/Service Contractor Worker Retention Ordinances.
5. Small Business Enterprise Program does not apply to leases.
6. Southwest Airlines Company is required by contract to comply with the provisions of the Affirmative Action Program.
7. Southwest Airlines Company is not required to obtain a Business Tax Registration Certificate for this Lease Amendment.
8. Southwest Airlines Company is required by contract to comply with the provisions of the Child Support Obligations Ordinance.
9. Southwest Airlines Company has approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports.
10. This action is not subject to the provisions of City Charter Section 1022 (Use of Independent Contractors).
11. Southwest Airlines Company has submitted the Contractor Responsibility Program Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Southwest Airlines Company has been determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance.
13. Southwest Airlines Company will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. This action is not subject to the provisions of the Bidder Contributions CEC Form 55.
15. This action is not subject to the provisions of the MLO Bidder Contributions CEC Form 50.
16. This action is not subject to the provisions of the Iran Contracting Act.

**FOURTH AMENDMENT
TO
THE TERMINAL FACILITIES LEASE AND LICENSE AGREEMENT**

THIS FOURTH AMENDMENT TO THE TERMINAL FACILITIES LEASE AND LICENSE AGREEMENT (this "Fourth Amendment") is made as of _____, 2023 ("Execution Date") between the CITY OF LOS ANGELES, acting by and through the Board of Airport Commissioners of its Department of Airports, as landlord and licensor (the "Landlord"), and SOUTHWEST AIRLINES CO., as tenant and licensee (the "Tenant") and shall be effective on the last day of the month following Los Angeles City Council approval of this Fourth Amendment.

RECITALS

WHEREAS, the Tenant and the Landlord entered into a Terminal Facilities Lease and License Agreement (LAA-8757), as amended, for space in Terminal 1 and Terminal 1.5 (the "Southwest Lease"); and

WHEREAS, the Tenant currently provides maintenance and operating services for certain of the Landlord's equipment located inside the Tenant's Demised Premises which equipment is used for the Tenant's operations as well as other airlines as outlined in the Scope of Work attached hereto as Schedule 2-A; and

WHEREAS, the parties agree the Tenant should continue providing the Services as the equipment is primarily located inside its Demised Premises, and because the Services are for common use equipment, the Landlord should compensate the Tenant for providing such services to other airlines and directly charge the airlines utilizing such common use equipment.

NOW, THEREFORE, in consideration of the mutual agreements contained in this Fourth Amendment, the Landlord and the Tenant agree with each other as follows (certain terms used in this Fourth Amendment and not defined elsewhere in the text of this Fourth Amendment, are used with the meanings specified in the Southwest Lease):

1. A new Section 1.2.1(d) shall be added to the Southwest Lease after Section 1.2.1(c) as follows:

"(d) On the Fourth Amendment Effective Date, the Demised Premises as described and delineated in Exhibit A-2 shall be increased by approximately 5,793 square feet to include space that was previously used under the Tariff and to correct a measurement error. The amended Exhibit A-2 is attached to the Fourth Amendment to the Lease."

2. Section 1.2.2 of the Southwest Lease shall be amended and restated in its entirety as follows:

"1.2.2. Following the completion of the Terminal 1 Renovations (as defined below) and the addition of the completed T1.5 premises, the Demised Premises is as described and delineated in Exhibit A -2. Modification(s) of the Demised Premises may

be made by the CEO by an amendment to Exhibit A-2, 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.”

3. Section 3.2.1(c) and Section 3.2.2(d) of the Southwest Lease shall be deleted in its entirety.

4. Section 3.8.2 of the Southwest Lease shall be amended and restated in its entirety as follows:

“3.8.2. Tenant’s Records. The Landlord’s accurate calculation of the Base Rent, the verification of the Tenant’s expenses under Section 9.1.4 [common use equipment maintenance and operation] and the verification of the Tenant’s gate utilization and the accurate payment of the Percentage Rent are dependent upon the Landlord receiving from the Tenant timely and accurate information regarding the Tenant’s operations, including the number of passengers using the Terminal to enplane onto or deplane from flights operated by the Tenant. 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 reasonably necessary or useful in calculating the Base Rent, the Common Use Equipment M&O Fee, the Percentage Rent and gate utilization, and the Tenant will keep books and records sufficient for the purpose of substantiating the Tenant’s operations information for auditing purposes. The Tenant also agrees to provide copies of invoices and other documentation verifying all of the costs of the Terminal 1 Renovations if the Landlord requests such documentation. 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.”

5. A new Section 9.1.4 shall be added to the Southwest Lease after Section 9.1.3 as follows:

“9.1.4. Services for Common Use Equipment.

9.1.4.1. With respect to maintenance and operating services (each a “Service” and collectively the “Services”) for certain of the Landlord’s equipment

located inside the Tenant's Demised Premises which equipment is used for the Tenant's operations as well as other airlines as outlined in the Scope of Work attached hereto as Schedule 2-A ("Scope of Work"), the Tenant has provided a plan for providing the Services to the Landlord. It is expressly understood and agreed that the Tenant shall perform, or cause its approved subcontractors to perform, all incidental work required to satisfactorily perform the Services, including work not specifically defined or described in Schedule 2-A attached hereto in order to fulfil the intent of Schedule 2-A attached hereto. All such incidental work shall not be considered extra work for which additional compensation can be claimed by the Tenant. The Landlord shall compensate the Tenant for the Services as set forth below.

9.1.4.2. The Tenant's performance of the Services shall conform to the highest level of industry standards, performance specifications, service level agreement or other standards for the performance of similar services as set forth by the Landlord.

9.1.4.3. The Tenant may be required to submit maintenance records and schedules to the Landlord in such form and frequency as determined by the CEO.

9.1.4.4. The Tenant will be obligated to participate in the process that may be established by the Landlord to coordinate with common use airlines and the Landlord on the operation and maintenance of aeronautical equipment at the Airport and the Tenant's performance of the Services.

9.1.4.5. If subcontractors require space at the Airport to perform the Services required under this Section 9.1.4, and such space requirement is approved by the CEO, then such subcontractors shall occupy space under the terms of a separate agreement with the Landlord. Neither the Tenant nor its subcontractors shall receive any reimbursement for the costs incurred for the use of space by subcontractors at the Airport. Instead, the costs for space that are applicable to perform the Services shall be included in the amounts the Tenant invoices the Landlord pursuant to Section 9.1.4.7 hereof.

9.1.4.6. Schedule 2-B attached hereto lists the Tenant's current subcontracts. The Tenant may only change the hourly rates under the subcontracts with prior written approval by the CEO. The Tenant may, with prior written approval by the CEO, not to be unreasonably withheld, enter into additional subcontracts to perform portions of the Services. The Tenant's request for entering into a new subcontract shall be submitted in writing to the Landlord at least sixty (60) days prior to execution, which request shall describe the scope of work to be contracted, the name of the proposed subcontractor and the proposed total price or hourly rates for the subcontractor's services. The Tenant shall remain solely responsible to Landlord for the quality and performance of all subcontractors' services. The Tenant may, upon advance written notice to Landlord, extend,

terminate and replace the services of any subcontractor, subject in all cases to the prior written approval of the CEO, not to be unreasonably withheld. Every subcontract or agreement of any kind entered into between the Tenant and any subcontractor shall contain, or subcontractor shall otherwise provide, in a form acceptable to the City Attorney, appropriate language whereby subcontractor, without creating any contractual obligation on the part of the Landlord to the subcontractor or anyone working under contract to subcontractor, accepts and agrees to be bound by the obligations of this Lease pertaining to indemnification, insurance, accounting records, and audit, and agrees to include in its contracts with its subcontractors a contingent assignment of its contract to the Landlord, or its designee, effective only upon written acceptance by the Landlord or its designee. The Tenant shall use reasonable commercial efforts to obtain at least three (3) bids in a subcontractor procurement process and will include this information in its approval request to the CEO for hiring a subcontractor.

9.1.4.7. Subject to Section 9.1.4 hereof, the compensation to the Tenant for the Services shall not exceed Six Million Three Hundred Ninety-Three Thousand Dollars (\$6,393,000) for the term of the Lease. The Landlord shall pay the Tenant for its performance under this Section 9.1.4 in rental credits ("Common Use Equipment M&O Fee") in accordance with the process outlined in the Invoicing for Payment of Services attached hereto as Schedule 2-C and the Budget Schedule attached hereto as Schedule 2-D, which Budget Schedule will be updated for each Lease Year in accordance with Schedule 2-D.

9.1.4.8. As more particularly described in Schedule 2-D, based on the Lease Year Budget Schedule which includes the proposed cost for the Services for a 12 month period ("Lease Year Services Budgeted Cost"), the Landlord shall pay to the Tenant every month a Common Use Equipment M&O Fee that is 1/12 of the Lease Year Services Budgeted Cost. At the end of Lease Year, the Tenant shall provide the total 12-month actual out of pocket costs incurred to provide the Services ("Actual Expenses") for the applicable Lease Year period. In addition, the Tenant must submit all supporting documentation/backup for both the Tenant and its subcontractors, including, but not limited to: subcontractor invoices with all supporting backup, employee time sheets, part purchase and receipt logs and invoices, and proof of payments to subcontractors. Within 60 days of the close of the Lease Year, the Landlord shall recalculate the Common Use Equipment M&O Fee on the basis of Actual Expenses incurred after reviewing supporting documentation and shall determine the amount of any overpayment (debit) or underpayment (credit) due to or from the Landlord. Any resulting credit will be issued to the Tenant, and any resulting debit will be invoiced to and payable by the Tenant.

9.1.4.9. The Tenant shall not include in the Actual Expenses costs of Services deemed unsatisfactory by the Landlord. The CEO shall make the final determination as to when Services or any part thereof have been satisfactorily performed or completed to justify inclusion in the Actual Expenses under this

Section 9.1.4. If the CEO reasonably determines that a Service has not been satisfactorily performed or completed, the CEO shall provide a written notice to the Tenant of such determination. Upon receipt of such written notice, the Tenant and the Landlord shall work together to find a mutually agreeable solution such that the CEO will be able to determine that such Service has been satisfactorily performed or completed. If the Tenant and the Landlord are unable to find a mutually agreeable solution, the CEO shall make the final determination as to how such Service can be satisfactorily performed or completed.

9.1.4.10. If a necessary change causes an increase in the Scope of Work or the Services, the Parties shall agree upon additional compensation, if any, to be paid to the Tenant therefor, and this Lease shall be amended, in writing, prior to the performance by the Tenant of said increased Scope of Work or Service, subject to approval by the Board and City Council.

9.1.4.11. The Tenant shall not include in the Actual Expenses any amount that the Tenant does not intend to pay to a subcontractor because of a dispute or for any other reason. The Tenant shall perform a complete and thorough review of the supporting documentation for the Actual Expenses for accuracy and completeness prior to submitting to the Landlord. The submittal of the supporting documentation for the Actual Expenses constitute a representation by the Tenant to the Landlord that to the Tenant's actual knowledge, after due inquiry and investigation, the Services covered by the request have been performed and the costs were incurred in accordance with the applicable requirements of this Lease.

9.1.4.12. In the event of any good faith dispute as to whether a particular payment or a portion of a particular payment is owed or not owed by the Landlord to the Tenant under this Section 9.1.4., the Landlord shall have the right to do either of the following: (i) make all or part of such disputed payment to the Tenant without prejudice to Landlord's right to contest the amount so paid; or (ii) withhold all or a portion of such disputed payment. In either case, Landlord shall so notify the Tenant in writing of the reasons therefor. From and after the Tenant's receipt of such notice, the Landlord and the Tenant shall use their good faith efforts to resolve their dispute as quickly as practicable under the circumstances. If the Landlord has given such notice, the Tenant shall not be entitled to terminate this Lease or suspend its Services hereunder on account of such non-payment, provided Landlord remits to the Tenant all undisputed sums. If Landlord chooses to withhold payments under Clause (ii) above and if it is subsequently determined that Landlord owes an additional payment to the Tenant, the Landlord shall pay such amount to the Tenant. If Landlord chooses to proceed under Clause (i) above and it is subsequently determined that Landlord overpaid the Tenant, the Tenant shall refund to Landlord the amount of such overpayment.

9.1.4.13. The Tenant agrees to offer the Landlord any discount terms that are offered to the Tenant's best customers for the Services to be provided

herein, and apply such discount to payments made under this Section 9.1.4 which meet the discount terms.”

6. The following new definition shall be added to Section 24 of the Southwest Lease as follows:

" Fourth Amendment Effective Date" means the date the Fourth Amendment to the Lease is fully executed and delivered.

7. Miscellaneous.

7.1. It is understood and agreed by and between the parties that, except as specifically provided herein, this Fourth Amendment shall not, in any manner, alter, change, modify or affect any of the rights, privileges, duties or obligations of either of the parties under the Southwest Lease and except as expressly amended herein, all of the terms, covenants and conditions of the Southwest Lease shall remain in full force and effect.

7.2. This Fourth Amendment shall be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns.

7.3. This Fourth Amendment and any other document necessary for the consummation of the transaction contemplated by this Fourth Amendment 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 Fourth Amendment 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 Fourth Amendment (i) agree that an electronic signature, whether digital or encrypted, of a party to this Fourth Amendment 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 Fourth Amendment based on the foregoing forms of signature. If this Fourth Amendment 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.

[signature page follows]

Fourth (18)

IN WITNESS WHEREOF, the parties hereto have executed this ~~Third~~ Amendment by their duly authorized officers the day and year first hereinabove written.

**CITY OF LOS ANGELES,
A MUNICIPAL CORPORATION**

SOUTHWEST AIRLINES CO.

Date: _____

Date: 5/1/2023

By: _____
Chief Executive Officer
Department of Airports

By: [Signature]
Name: _____
Title: Stephen F. Sisneros
Vice President-Airport Affairs

APPROVED AS TO FORM:
Hydee Feldstein Soto, City Attorney

ATTEST:

Date: _____

Date: 5/1/2023

By: _____
Deputy/Assistant City Attorney

By: Hollye Gaman
Name: Hollye Gaman
Title: Sr. Executive Assistant

[Signature Page to Fourth Amendment to Terminal Facilities Lease and License Agreement]

EXHIBIT A-2

Southwest Airlines Co. - Amendment

Terminal 1

Master Lease Exhibit 20100001A

Sheet	Space	Map Location	Space Description	Area (SF)
3	135	Arrival Level, T1.5	Bag Claim 3	2,805
3	141	Arrival Level, T1.5	Bag Claim Area 3	2,608
4	14	Arrival Level, T1	SWA Oversized Baggage	363
4	23	Arrival Level, T1	Break Room	161
4	24	Arrival Level, T1	Work Room	116
4	29	Arrival Level, T1	SWA BSO	701
4	35	Arrival Level, T1	Bag Storage	100
4	38	Arrival Level, T1	SWA BSO	466
4	49	Arrival Level, T1	Lift Controls	24
4	65	Arrival Level, T1	Bag Claim 3	205
4	66	Arrival Level, T1	Bag Claim 2	2,016
4	67	Arrival Level, T1	Bag Claim 1	2,016
4	68	Arrival Level, T1	BSO Kiosk 1	25
4	152	Arrival Level, T1	Baggage Lift	137
4	165	Arrival Level, T1	Bag Claim 2	2,682
4	166	Arrival Level, T1	Bag Claim 1	2,682
5	5	Arrival Level, T1	BHS Server	103
5	10	Arrival Level, T1	CBIS	1,755
5	22	Arrival Level, T1	BHS Spare Parts Storage	326
5	24	Arrival Level, T1	CBIS	18,390
5	29	Arrival Level, T1	CBRA Room	3,010
5	37	Arrival Level, T1	BHS Control Room	256
5	158	Arrival Level, T1	CBRA Room	3,928
6	4	Arrival Level, T1	Tunnel Circulation	137
6	5	Arrival Level, T1	Tunnel Access	5,435
ARRIVAL LEVEL				50,447
7	223	Departure Level, T1.5	Baggage Conveyor	318
8	208	Departure Level, T1.5	SWA Ticketing	423
8	229	Departure Level, T1.5	SWA Skycap	343
8	282	Departure Level, T1.5	SWA Kiosks	38
8	283	Departure Level, T1.5	SWA Kiosks	38
8	486	Departure Level, T1.5	Exterior SWA Tug Area	3,396
9	2	Departure Level, T1	Baggage Lift	121
9	4	Departure Level, T1	Storage	240
9	5	Departure Level, T1	Boarding Pass Kiosk	231
9	8	Departure Level, T1	On-Duty Sups Office	74
9	15	Departure Level, T1	Storage	221
9	35	Departure Level, T1	Baggage Conveyor	2,116
9	45	Departure Level, T1	Oversized Pass Kiosk	201
9	52	Departure Level, T1	Oversized Bag Screening	649
9	57	Departure Level, T1	Boarding Pass Kiosk	231
9	58	Departure Level, T1	Boarding Pass Kiosk	231
9	159	Departure Level, T1	Inbound Baggage	36,552
9	161	Departure Level, T1	Full Service Ticketing	1,270
9	162	Departure Level, T1	Bag Activation Station	1,361
9	256	Departure Level, T1	SWA Storage	82
10	1	Departure Level, T1	Baggage Conveyor	807
10	4	Departure Level, T1	Storage	283
10	5	Departure Level, T1	Boarding Pass Kiosk	174
10	43	Departure Level, T1	SWA O&M Vendor Office	106
10	44	Departure Level, T1	SWA O&M Breakroom	141

Sheet	Space	Map Location	Space Description	Area (SF)
10	45	Departure Level, T1	SWA O&M / Storage	233
10	54	Departure Level, T1	BHS Transfer Line	126
10	146	Departure Level, T1	BHS Spare Parts Storage	258
11	6	Departure Level, T1	Pantry	103
11	9	Departure Level, T1	T-Point Ready Room	371
11	13	Departure Level, T1	Ramp Ops Storage	372
11	14	Departure Level, T1	SSO Room	1,673
11	15	Departure Level, T1	Kitchen	138
11	25	Departure Level, T1	Ramp Storage	269
11	26	Departure Level, T1	Huddle Room	127
11	28	Departure Level, T1	Huddle Room	153
11	29	Departure Level, T1	Storage	86
11	38	Departure Level, T1	Vending	148
11	44	Departure Level, T1	General Storage	153
11	45	Departure Level, T1	Men's Locker Room	270
11	46	Departure Level, T1	Mechs. Work Area	314
11	47	Departure Level, T1	Air Mechs. Sups. & Clerk	176
11	48	Departure Level, T1	Line Maintenance Manager	177
11	49	Departure Level, T1	Breakroom	844
11	50	Departure Level, T1	Circulation	197
11	51	Departure Level, T1	Circulation	153
11	52	Departure Level, T1	Stock Clerk	181
11	53	Departure Level, T1	Oxygen Room	118
11	54	Departure Level, T1	Storage	160
11	55	Departure Level, T1	Men's Restroom	138
11	56	Departure Level, T1	Women's Restroom	137
11	57	Departure Level, T1	Parts Storage	1,139
11	58	Departure Level, T1	SWA Janitors Breakroom	419
11	59	Departure Level, T1	Women's Locker Room	188
11	60	Departure Level, T1	Men's Locker Room	164
11	71	Departure Level, T1	Bulk Storage	586
11	72	Departure Level, T1	SWA Janitors Storage	470
11	74	Departure Level, T1	Women's Locker Room	540
11	79	Departure Level, T1	Ramp Breakroom	1,873
11	81	Departure Level, T1	Men's Locker Room	2,089
11	85	Departure Level, T1	File Storage	177
11	86	Departure Level, T1	Huddle Room	143
11	87	Departure Level, T1	Huddle Room	204
11	88	Departure Level, T1	Kitchenette	25
11	92	Departure Level, T1	Ramp Ready Room	184
11	93	Departure Level, T1	Service Air	251
11	96	Departure Level, T1	Ops Kitchenette	236
11	97	Departure Level, T1	Circulation	453
11	98	Departure Level, T1	Sups Locker Room	207
11	99	Departure Level, T1	Ramp Supervisors	282
11	100	Departure Level, T1	Ramp Ready Room	126
11	104	Departure Level, T1	Ops Storage	153
11	105	Departure Level, T1	Ops Office	631
11	106	Departure Level, T1	Checkout Room	176
11	107	Departure Level, T1	Circulation	145
11	108	Departure Level, T1	Command Center	709
11	117	Departure Level, T1	Kitchenette	16
11	118	Departure Level, T1	Bull Pen Space	212
11	119	Departure Level, T1	Bull Pen	713
11	120	Departure Level, T1	Assistant Station Manager	147
11	121	Departure Level, T1	Ops Office	190
11	122	Departure Level, T1	SWA Conference Room	1,056
11	123	Departure Level, T1	SWA Shop/Storage	211

Sheet	Space	Map Location	Space Description	Area (SF)
11	125	Departure Level, T1	Tool Storage	1,046
11	150	Departure Level, T1	Line Maintenance Expansion	2,296
11	151	Departure Level, T1	Line Maintenance Expansion	1,046
DEPARTURE LEVEL				75,225
14	3	Concourse Level, T1	Union Office	116
14	81	Concourse Level, T1	Seasonal Storage	169
14	86	Concourse Level, T1	Station Manager	191
14	41	Concourse Level, T1	File Storage	131
14	45	Concourse Level, T1	Circulation	351
14	46	Concourse Level, T1	Assistant Station Manager	151
14	18	Concourse Level, T1	Admin Manager	148
14	48	Concourse Level, T1	Station Admin	120
14	49	Concourse Level, T1	Reception	122
14	50	Concourse Level, T1	Circulation	127
14	54	Concourse Level, T1	Huddle Room	270
14	42	Concourse Level, T1	Copy Room	173
14	51	Concourse Level, T1	Secured Storage	176
14	53	Concourse Level, T1	Bell Pen	617
14	52	Concourse Level, T1	Kitchenette	30
14	69	Concourse Level, T1	Circulation	295
14	67	Concourse Level, T1	Huddle Room	196
14	58	Concourse Level, T1	Supervisors	354
14	68	Concourse Level, T1	Locker Room	301
14	72	Concourse Level, T1	Super Locker	161
14	73	Concourse Level, T1	ATO Break Room	866
14	61	Concourse Level, T1	Accounting Admin	214
14	60	Concourse Level, T1	Agent Checkout	301
14	64	Concourse Level, T1	ATO Locker	309
15	51	Concourse Level, T1	Locker Room	124
15	50	Concourse Level, T1	Breakroom	264
15	44	Concourse Level, T1	Gateway Workstation	438
15	45	Concourse Level, T1	Manager Office	174
15	145	Concourse Level, T1	SWA Regional Director	150
15	21	Concourse Level, T1	SWA Work Area	93
15	85	Concourse Level, T1	SWA Training	567
15	84	Concourse Level, T1	SWA Training	727
15	83	Concourse Level, T1	SWA Training	965
15	86	Concourse Level, T1	Huddle Room	453
15	148	Concourse Level, T1	Class Room A	665
15	147	Concourse Level, T1	Class Room B	727
15	19	Concourse Level, T1	Supervisors Training Room	737
15	53	Concourse Level, T1	Holdroom 9	4,760
15	89	Concourse Level, T1	Training Storage	171
16	2	Concourse Level, T1	Holdroom 11A	2,744
16	3	Concourse Level, T1	Holdroom 11B	2,744
16	21	Concourse Level, T1	Storage	169
16	31	Concourse Level, T1	SWA OPS	211
16	40	Concourse Level, T1	SWA Pilot Work Room	76
16	66	Concourse Level, T1	Holdroom 13	2,799
16	69	Concourse Level, T1	Holdroom 15	2,797
16	170	Concourse Level, T1	Holdroom 17A	2,797
16	171	Concourse Level, T1	Holdroom 17B	2,802
16	173	Concourse Level, T1	Holdroom 18B	2,797
16	172	Concourse Level, T1	Holdroom 18A	2,797
16	70	Concourse Level, T1	Holdroom 16	2,797
16	67	Concourse Level, T1	Holdroom 14	2,798
16	22	Concourse Level, T1	SWA Janitorial	480

Sheet	Space	Map Location	Space Description	Area (SF)
16	6	Concourse Level, T1	Gate Corridor	263
16	64	Concourse Level, T1	Holdroom 12B	3,509
16	63	Concourse Level, T1	Holdroom 12A	3,510
CONCOURSE LEVEL				52,994
18	401	Office Level, T1.5	SWA Lounge	1,945
18	404	Office Level, T1.5	Drug Testing Restroom	138
18	407	Office Level, T1.5	SWA Conference Room	553
18	415	Office Level, T1.5	SWA Operations	1,791
18	441	Office Level, T1.5	Bag Storage	80
18	442	Office Level, T1.5	Vestibule	56
18	443	Office Level, T1.5	Dressing Room	68
18	444	Office Level, T1.5	SWA Office	215
18	445	Office Level, T1.5	Quiet Room	368
18	446	Office Level, T1.5	SWA Open Office	693
18	448	Office Level, T1.5	SWA Office	145
18	449	Office Level, T1.5	SWA Office	161
18	450	Office Level, T1.5	File Storage	150
18	451	Office Level, T1.5	SWA Office	180
18	452	Office Level, T1.5	SWA Break Room	159
18	454	Office Level, T1.5	Storage	57
18	455	Office Level, T1.5	SWA Office	142
18	456	Office Level, T1.5	SWA Office	130
18	457	Office Level, T1.5	SWA Office	130
18	458	Office Level, T1.5	SWA Office	130
18	459	Office Level, T1.5	Huddle Room	239
18	460	Office Level, T1.5	SWA Open Office	630
18	463	Office Level, T1.5	Storage	144
18	464	Office Level, T1.5	File Storage	142
18	465	Office Level, T1.5	Supervisors	343
18	467	Office Level, T1.5	Vanity / Vestibule	147
18	468	Office Level, T1.5	Dressing Room	36
18	469	Office Level, T1.5	Dressing Room	57
18	470	Office Level, T1.5	Uniform Storage	53
18	471	Office Level, T1.5	Bag Storage	128
18	472	Office Level, T1.5	Reception	721
OFFICE LEVEL				9,931
21	11	Roof Level	SWA Radio Room	452
ROOF LEVEL				452
TOTAL				189,049

SCOPE OF WORK
Schedule 2-A

OVERVIEW:

This exhibit begins with a summary of the services that Southwest shall provide through its employees or through approved Service Providers on behalf of Los Angeles World Airports (LAWA) pursuant to the Agreement between the City of Los Angeles and the Southwest Airline Company (Southwest) for Providing Equipment Maintenance Services at Los Angeles International Airport ("Agreement").

The section entitled "Subcontractor Services Provided" in this exhibit is intended to be a summary of the scope contained in the Southwest Contracts listed in the table below. All work performed must adhere to the standards of those contracts and the terms of this Agreement. Southwest shall be and remain solely responsible to LAWA for the quality and performance of all subcontractors' services.

Southwest MANAGEMENT OBLIGATIONS:

Southwest will provide the services to LAWA as defined in this Scope of Work. Southwest will provide these services by means of procurement of subcontracted service providers who will be subsequently managed by Southwest. These service providers and their scopes are listed and defined below. Southwest shall procure these service providers in accordance with LAWA's guidelines, and in compliance with all applicable local and federal regulations, via a competitive bid process in which all elements of scope, staffing, pricing, compliance, performance, and management will be evaluated. Southwest will assume responsibility for oversight and management of all such subcontracted service providers and will govern all elements of contract execution including the operational and financial performance of each party.

They subcontracted service providers will report to Southwest's General Manager.

SUBCONTRACTOR SERVICES PROVIDERS:

A-1 Siemens Logistics LLC

Terminals	Southwest Contract #	Effective date	End date
Terminal 1 and 1.5	Siemens CW2317439	8/1/2021	7/31/2024
Scope Summary - O&M on Checked Baggage Inspection System (CBIS), Baggage Handling Systems (BHS) and related systems <ul style="list-style-type: none">• Operations & maintenance for T1 / T1.5 inbound and outbound baggage handling system conveyors and integrated conveyance equipment, security/fire doors, makeup and claim devices, oversize belts/lift, etc.• Maintain the equipment/system to meet or exceed contractual KPIs• Use SWA computerized maintenance system (CMMS) as source of record for all maintenance activities, audits, incident reports, etc.• Maintain a parts inventory for all contracted equipment to contractual KPI levels/thresholds.			

A-2 **Brock Solutions US Systems LLC**

Terminals	Southwest Contract #	Effective date	End date
Terminal 1 and 1.5	Brock CW2308239	1-1-2020	12-31-2022
<p>Scope Summary - O&M on Checked Baggage Inspection System (CBIS), Baggage Handling Systems (BHS) and related systems</p> <ul style="list-style-type: none"> • Provide 24/7 support for upper and lower level controls systems. • Satisfy all contractual KPIs regarding response time • Provide a monthly record of support calls containing date and time, issue, activities performed, resolution, hours billed, etc. • Maintain/manage change logs, EDS(electronic data sheets), compact flash, near and far backups of PLC programs, configurations files, settings, etc. • Organize and maintain a library of historic files after updates/modifications/changes • Support creation of processes/procedures for restoring programmable, configurable components/hardware • Maintain support log reflecting date and time of log in, detail of activities, log out time, billable hours, etc. 			

SCOPE OF SERVICES
SUMMARY

Subcontractor Service Provider - A-1

ATTACHMENT 1

Services (Baggage Handling Systems)

Operator will provide Operations and Maintenance services to Southwest for the System as follows and/or as outlined in the Site Operations Manual as provided by Southwest;

Equipment

- All equipment indicated in the Location Agreement - Master Equipment List

System Operation

- Develop and provide the appropriate documentation and training to support all contracted operational facets of the System;
- Monitor system performance and coordinate planned system availability with baggage handling demand;
- Provide the appropriate corrective measures in reaction to system faults, failures or other situations where human intervention is required to sustain System performance;
- Coordinate plans and activities between all parties as necessary to meet operational and systemic requirements for operating the System;

System Preventative & Corrective Maintenance

- Develop and provide the appropriate schedules, documentation, training and tools necessary to support all contracted maintenance of the System;
- Inspect and note suspected and malfunctioning System components for the necessary maintenance activity;
- Maintain a clean System and surrounding areas around the System equipment and working space;
- Conduct preventative maintenance on System based on the prescribed Preventative Maintenance Schedule that is compatible with SWA CMMS maintenance practices and System performance measurements in Attachment 9;
- Repair and/or replacement of Non-warranty System Components;
- Procedures for ordering parts will be provided by Southwest; Coordination with OEM's for all warranty and non-warranty repair and replacement work;
- Coordinate plans and activities between all parties as necessary to address operational and systemic requirements for maintaining the System;
- Perform, as needed, corrective maintenance.

Management and Administration

- Supervision and scheduling of all Operator resources in all aspects of the responsibilities and staffing levels outlined in this Agreement;
- Communications and coordinating with Southwest;
- Establish and maintain a safe work place per Article 4 of Agreement;
- Initiate communications with Southwest in regards to the ongoing assessment of the services and staffing requirements outlined within this agreement

Subcontractor Service Provider - A-2

24/7 Emergency Remote Support Agreement

This 24/7 Emergency Remote Support Agreement ("Support Agreement") sets forth the services to be provided by Brock Solutions US Systems LLC ("Supplier" or "Brock") under the terms and conditions of the Master Services Agreement between Southwest Airlines Co. ("Southwest") and Brock Solutions US Inc., dated March 11, 2015 and associated Assignment and Assumption Agreement between Southwest Airlines Co. and Brock Solutions US Systems LLC dated July 29th, 2019, and any associated amendments, collectively (the "Agreement"). All other terms and conditions will remain in full force for the term of the Agreement and any extension thereof. The Effective Date of this Support Agreement is January 1, 2020, and the Support Agreement shall continue until December 31, 2022, unless terminated in accordance with the Agreement.

To the extent there is any contradiction, inconsistency or ambiguity between the terms of this Support Agreement and the Agreement, the Agreement will govern, except for pricing elements, in which case this Support Agreement will govern. This Support Agreement, its Appendices, and the Agreement represent the entire agreement between the parties regarding the subject matter and replace any prior oral or written communications.

1 Introduction

Supplier will provide Southwest with 24/7 Emergency Remote Technical Support for multiple baggage handling systems ("BHS").

The baggage handling systems for the following locations will be covered under this agreement:

- Houston Hobby Airport (HOU)
- Phoenix Sky Harbor International Airport (PHX) - Terminal 4 South
- Los Angeles International Airport (LAX) - Terminal 1
- Boston Logan International Airport (BOS) - Terminal B2

1.1 Term

Start Date: January 1, 2020

End Date: December 31, 2022

2 Scope of Services

This Support Agreement is to supply Southwest with a three (3) year support service plan that will provide stable and reliable access to informed and knowledgeable support, for the subscribed systems. The support service plan will allow for swift and competent solutions to service issues when they arise. Brock's support team shall consist of Brock employees knowledgeable of the BHS, including the Brock software operating on the BHS, and Southwest operations.

24/7 Emergency Remote Support Agreement

2.1 Remote Phone Support

The 24x7 remote phone support plan will provide Southwest with access to Brock's on-call personnel who are knowledgeable about the BHS and are able to handle support issues when they arise, 24 hours a day 7 days per week.

This support plan will include the following:

- **Custom Toll-Free Phone Number** – The following Southwest specific phone number has been assigned to increase the speed of response and improve the efficiency of the support: 1-877-889-3183.
- **Guaranteed Response Time** – The Brock Support Team will make contact with on-site personnel within the parameters of the table below.

Severity Level	Definition	Response Time
Level 1	Critical Issue - Incidents involving complete system failure	30 minutes
Level 2	Major Issue - Major incidents involving downtime and affecting system operation	30 minutes
Level 3	Minor Issue - Minor incidents which are not severely affecting the system operation, but which must be dealt with soon	60 minutes
Level 4	Non-Critical Issue - Issues which require no immediate response	Next Business Day

It is anticipated that front line (Level 1) support will be provided by Southwest or others, while Brock will provide Level 2 support. The Level 1 Southwest Support Team will attempt to troubleshoot and resolve most issues. However, if they are not able to resolve the issue, they will contact Brock's Level 2 Support Team through Brock's call center.

When Brock's Support Team is engaged to work on an issue, they will remain involved in the troubleshooting process until:

- The problem has been resolved, meaning that the root cause has been determined, the necessary course of action to fix the problem has been recommended and the necessary escalation procedure going forward has been recommended and approved by the Level 1 Southwest Support Team.
- The Southwest Level 1 Support Team determines that no further work is necessary.

During the course of troubleshooting an issue, it might be necessary for the Brock Support Team to make small, non-security related program modifications to restore operations to the system. All of these modifications will be monitored and tested to ensure that functionality has been restored, and in some cases diagnostic code ("traps") might be added to the programs for further investigation.

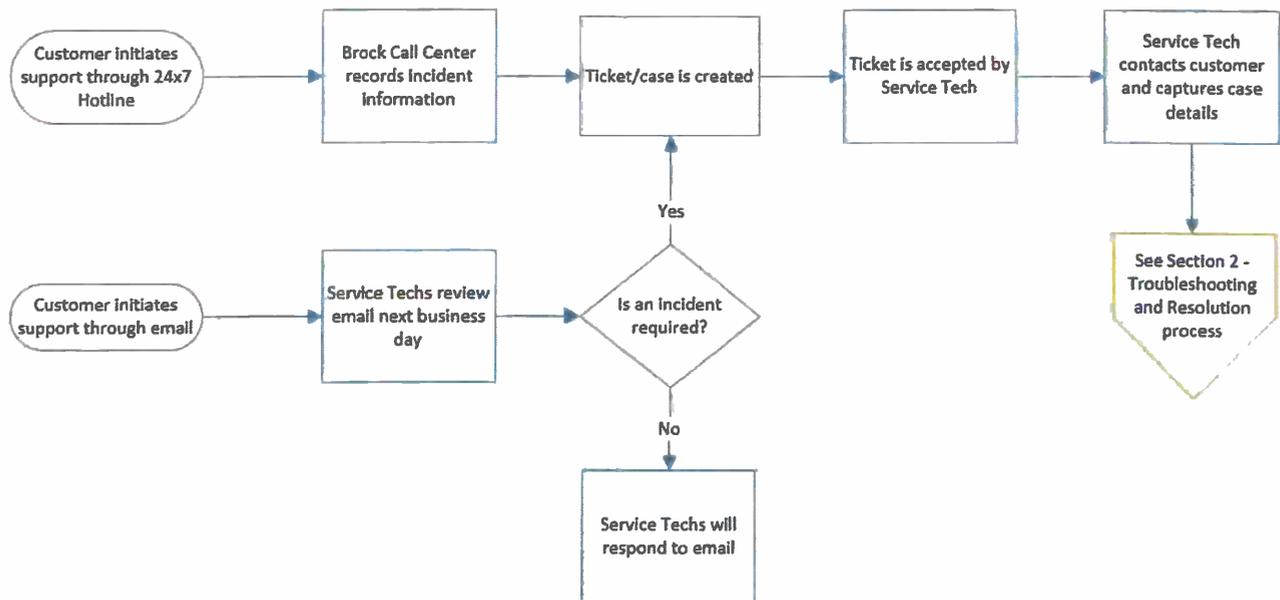
The following bullets detail the process for a typical support incident, and how it would be resolved through the 24x7 remote phone support plan.

2.2 Case Management

The following sections cover Brock's case management process from incident creation, through to close out and supporting cases.

2.2.1 Incident Creation

The incident handoff phase begins when Southwest's internal process has determined that escalation to Brock support is necessary. The phase ends once a service tech has accepted the case and contacted the originating caller. **Please note that for guaranteed response times, the Brock call center needs to be engaged.**



2.2.2 Southwest Updates

Once the case is accepted and Southwest is contacted, the service tech will review the reported severity and adjust as per the definitions in the contract. The service tech will then add a Southwest update to the case which will automatically trigger an email from Brock's Affinity ticketing management tool to notify Southwest of the current status of the incident. A sample initial customer update is as follows:

24/7 Emergency Remote Support Agreement

From: Affinity CRM
Received: Tue Aug 21 2018 19:07:51 GMT-0400 (Eastern Daylight Time)
To: Mark Ruiz
Subject: Case: CAS-05383-P1C0 - Configuring New Devices

Case: CAS-05383-P1C0 was recently created with the following information:

***** This email has been auto-generated, do not reply to this email *****

Case ID: CAS-05383-P1C0

Customer Ticket:

Case Title: Configuring New Devices

Customer: [Customer name here]

Job: [Name of Brock's Job here]

Site: YYZ - Toronto Pearson International Airport

Location: [May be used by Brock to identify sub-site location or airport terminal]

Severity: 4

System: SmartSuite - Software

Reported Issue: Configuration of new device needed , need to know if compatible

Created: 21-Aug-2018 18:12

Customer Contact Name: Kamlesh

Customer Contact Number: [Customer contact number here]

Comments:

21-Aug-2018 19:07 EST (Mark Ruiz): Contacted customer: reports that they are looking to upgrade devices/get some devices newly configured. Wipro will be sending over an email with further information regarding scanners and configuration. Got the okay to follow up with Project Team tomorrow in regards to this inquire. Will proceed with putting case on hold until tomorrow morning.

2.2.3 Call Center Details

When escalating an issue to Brock's call center, Southwest will need to use the dedicated phone number. Brock's call center will typically answer Southwest's calls in under 90 seconds. Once on the line Southwest will be asked a series of questions in order to properly setup and route Southwest's incident in Brock's Affinity ticketing management tool.

2.2.4 Email Response Details

When reaching out to Brock's service team via email for non-urgent cases, Southwest will need to use the following emails:

- For HOU - houswasupport@brocksolutions.com
- For LAX - laxwasupport@brocksolutions.com
- For PHX - phxsupport@brocksolutions.com
- For BOS - bosswasupport@brocksolutions.com

The reason being that this email list will be monitored in a queue to ensure a 1-2 business day response. The expectation is that email inquiries would be used for low severity incidents or info requests. The email may result in a case or simply a response email depending on the nature of the email. **Email should not be used to open any urgent cases.**

24/7 Emergency Remote Support Agreement

2.2.5 Service Level Agreement (SLA) Timers

The SLA Timers for response and resolution begin once a case is created. The SLA Timer for response does not end until the case has an owner assigned and Southwest has been contacted.

For the scenario where a case is created from email, the SLA Timer will not start from the time the email was sent, but rather from the time it was processed from the queue.

2.2.6 Response Escalation

Once a ticket is created by the call center, Brock's Affinity ticketing management tool will automatically escalate the dispatch request in order to meet response time SLA's. **Note that response time SLA's only apply to call center events, email's will be responded to within 1-2 business days.** A typical escalation path looks like:

1st alert: On-Call Primary Tech

2nd alert: Primary Tech; Backup Tech

3rd alert: Entire Service Team

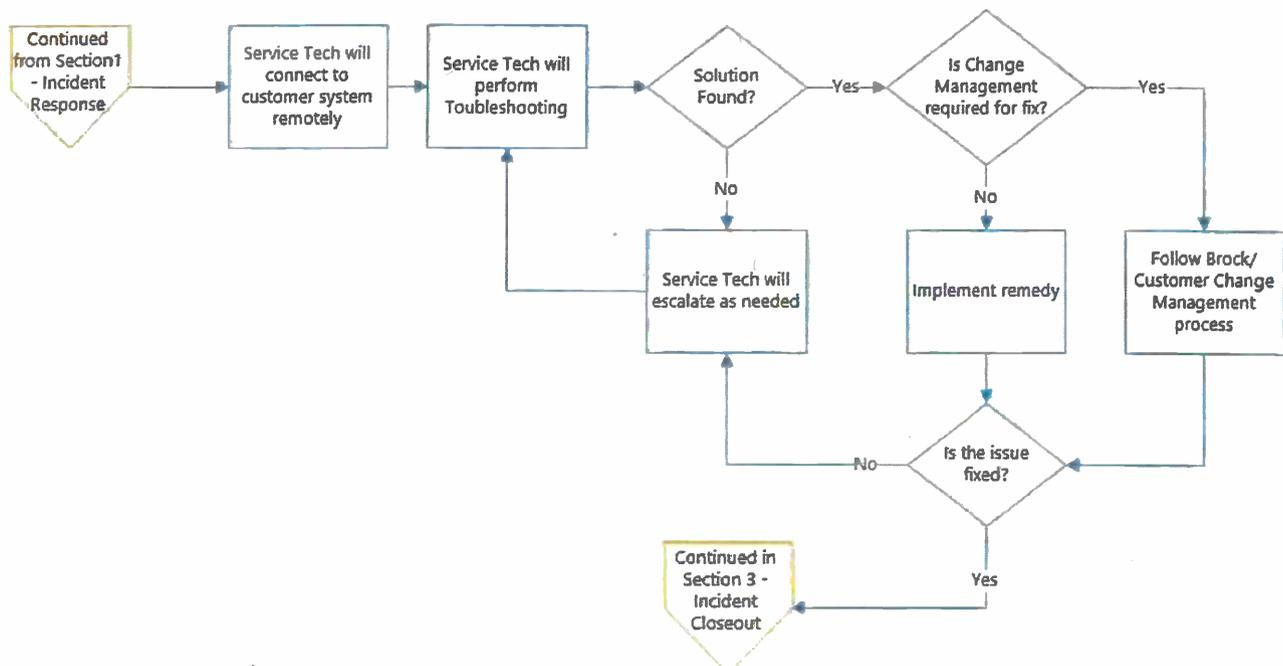
4th alert: Service Team; Service Manager

5th alert: Service Team; Service Manager; Account Manager

6th alert: Service Team; Service Manager, Account Manager; Senior Management

2.3 Incident Troubleshooting and Resolution

The incident resolution phase begins once a case has been accepted by a service tech and Southwest has been contacted and it ends once the incident has been resolved.



24/7 Emergency Remote Support Agreement

2.3.1 Southwest Updates

Southwest will, at a minimum, be updated via the Affinity customer update emails. As service techs are working on a case, they will be adding comments to their case, and Brock's Affinity ticketing management tool will immediately send an email to a predefined list of email addresses. Service techs will add comments to their case when:

- Details of the issue are verified or new details discovered or provided
- When a cause has been identified, or when a potential cause has been ruled out
- When an action step is required or taken (following change management and noting approvals)
- If an escalation is required
- When the issue has been fixed or any temporary work arounds have been found
- If there is any follow up or next steps required.

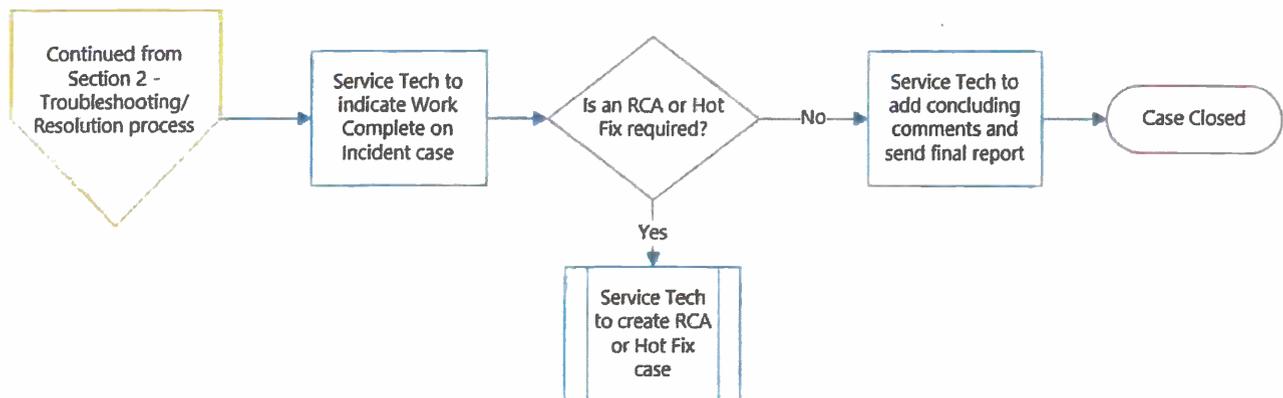
In addition to the update emails, the service tech may engage/join in a bridge call to better troubleshoot and communicate the incident troubleshooting and resolution process.

2.3.2 Troubleshooting Escalation

If Brock service techs are troubleshooting and are unable to find a solution, they will call senior techs on the team, subject matter experts, system architects, or managers as needed to help. Service techs will gauge how quickly to escalate based on the severity (operational impact) and complexity of the issue.

2.4 Incident Closeout & Supporting Cases

When an issue has been resolved (and the customer agrees), Brock service techs will mark the issue as completed. Brock service techs will then review the case to determine if follow up is needed to further investigate the root cause or if a hot fix is required. Root Cause Analysis cases or Hot Fix cases will be created as required. The Brock service techs will then proceed to add closing comments, send the final report, review the case for scope, and close the case.



24/7 Emergency Remote Support Agreement

2.4.1 Closing Comments

When the issue is resolved, the Brock service tech will add an update to the case indicating as such and what was found. The tech will also note any next steps required.

When a case is ready to be closed, the tech will add concluding comments to the case and trigger another email from Brock's Affinity ticketing management tool which will serve as the final report.

2.4.2 Root Cause Analysis Case

Sometimes an issue is resolved, but the root cause is not immediately known. Brock service techs will mark the Incident case as completed and then open a related RCA (root cause analysis) case to follow up and investigate at a deeper level. This may involve developers and subject matter experts as required.

Please note that it may not always be possible to determine a root cause. In these circumstances, Brock will review with Southwest before closing out the RCA case.

2.4.3 Hot Fix Case

On occasion, Brock will identify from an RCA case or an Incident case that a Hot Fix is required to correct an issue with Brock's code. If this occurs, the service tech will open a Hot Fix case and engage Brock's product management team to take over the case. The product management team will ensure that a fix is properly developed, tested, and implemented in production following change management (noted above). Note that for some hot fix cases the ultimate decision may result in no changes being recommended.

2.5 Reporting and Follow-Up

For each support call, the troubleshooting process and resolution will be communicated to the Southwest Level 1 Support Team. Each support call is recorded in Brock's case management system. Each monthly invoice will include a report of all service calls with information for each call including the event or issue reported, the resolution of the issue, and the number of hours spent on the issue.

A separate monthly report will be sent providing a breakdown of:

- Issues Created, Closed and Open, for each of the previous 12 months
- Closed issues broken down by Caused By reason, for each of the previous 12 months
- Information broken down by Site

Once the invoices and reports have been submitted, then it is the responsibility of Southwest to make the decision on if and when the next steps are to occur (i.e. addressing existing issues).

24/7 Emergency Remote Support Agreement

2.6 Remote Access

In order to provide remote support for the system, a VPN connection to site is required. It is expected that this connection will be provided and maintained by Southwest (or others) throughout the support contract.

2.7 Knowledge Acquisition Site Trip

For any system to be added to this Support Agreement, that was not implemented by Brock and which Brock is not familiar with, a Knowledge Acquisition Site Trip will be required. The necessity for this trip as well as the length of trip required will be based on:

- Brock's existing knowledge of the system (e.g., for systems originally implemented by Brock, no Knowledge Acquisition Trip will be required)
- Nature of the controls system (i.e., architecture, extent of Programmable Logic Controller (PLC) controls, extent of upper level systems)
- Size and complexity of the system
- Original controls vendor
- Location of airport

For most systems, 3-4 days onsite will be required. Pricing will be provided for this as needed.

Immediately upon execution of this Support Agreement (or when adding a new system), one or more Brock support engineers will visit the airport(s) to gather information about the systems that will be covered under this Support Agreement. Aside from a general inspection of the system, the information that will be gathered includes software programs, PLC programs, computer images, electrical drawings, manuals and other documentation, etc. Note that the Knowledge Acquisition Site Trip will still likely be required, even if all of the above data can be provided by Southwest. However, it may shorten the trips if the documentation can be provided in advance.

Note that for the systems under this Support Agreement, no Knowledge Acquisition Trip will be required. This includes the following systems:

- Houston Hobby Airport (HOU)
- Boston-Logan International Airport (BOS)
- Phoenix Sky Harbor International Airport (PHX) - Terminal 4 South
- Los Angeles International Airport (LAX) - Terminal 1

3 Support Plan Scope

Brock support will cover the following elements, as applicable (see section 1 for additional details on the systems covered):

- Lower Level Controls – Programmable Logic Controllers (PLCs), Motor Control Panels (MCPs), field devices, etc.

24/7 Emergency Remote Support Agreement

- Human Machine Interface (HMI)
- Upper Level Controls Software

3.1 BHS Systems

Pricing included with this Support Agreement has been developed on a “per system” basis. A system may include both PLC Level Controls and Upper Level Controls Software (including HMI), but in any case, it is considered a single system.

The following table provides a summary of the four “systems” covered under this Support Agreement.

Site / BHS
Houston Hobby Airport (HOU)
Boston International Airport (BOS)
Phoenix Sky Harbor International Airport (PHX) – Terminal 4 South
Los Angeles International Airport (LAX) – Terminal 1

3.2 Scheduled System Enhancements

Southwest may also elect to perform “non-emergency” project work stemming from issues discovered during routine maintenance or daily operations. Work can be performed during regular business hours (8:00 AM to 5:00 PM, EST) and must be initiated by Southwest representatives ahead of time.

The additional project work would constitute BHS enhancements, small projects that require prior engineering, design and testing (on-site and/or off-site), or projects that could affect the daily operations of the system. All modifications made on-site during these trips are fully tested to ensure that they are operationally sound and ready for daily use. All additional project work activities are also fully document through incident reports and service reports as all other support activities are documented.

4 Optional Services

4.1 High-Tech Maintenance Site Trip

Brock recommends two (2) high-tech maintenance site trips each year, often 3-days each.. The scope of work for each trip will be tailored to the needs of Southwest at that specific time, but it is expected that the following will occur:

- Preventative Maintenance – Network inspections, PLC inspections, field device inspections, computer inspections, server maintenance, etc.
- Training – Site specific or general
- BHS Enhancements – Punch-list items or other scheduled modifications that are all approved ahead of time.

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Prior to Brock going to site, an up to date punch-list is required of all items that need to be addressed. It is also necessary for Brock to have this list ahead of time to allow for proper investigation and preparation so that time on site is minimized and used as efficiently as possible.

All modifications made on-site during these trips are fully tested to ensure that they are operationally sound and ready for daily use. All high-tech maintenance site trip activities are also fully document through incident reports and service reports as all other support activities are documented.

Below is the process that will be followed for optional high-tech maintenance site trips:

- Southwest approves a high-tech maintenance trip to perform preventative maintenance work.
- Southwest supplies Brock with a current punch-list of items from site that they would like remedied, and this list is provided in advance of the trip.
- Southwest will approve any other activities that they would like performed on site prior to the trip, such as specific training.
- Brock will review all of the requested activities and prepare the necessary modifications, documentation, etc.
- Brock will inform Southwest if the required activities are expected to take longer than 3 days, for Southwest's approval.
- Brock will go to site to perform the activities.
- Brock will document all activities thoroughly through incident and service reports and submit them to Southwest.

Since the level of activity during each high-tech maintenance site trip may vary and multiple sites may be combined in one trip, pricing will be provided upon Southwest's request once the trip scope is finalized, at either a fixed rate or on a Time and Material basis using the rate for Scheduled System Enhancements outlined in section 5.3. Note that if any issues are discovered during these trips which cannot be resolved by the on-site engineer within the given period, additional costs will also apply, if such activity is approved by Southwest. Similarly, the pricing for the site trips will typically not include the services of any off-site resources who may be required to help resolve issues remotely.

If there are any issues that cannot be resolved and properly tested during the site trip, then the necessary diagnostic "traps" will be put in place to help diagnose the problem or validate a possible modification. These traps will be monitored at a later date from off-site or at the time that Brock can return to site.

4.2 Remote System Health Checks

Also included in this Support Agreement are optional remote system health checks, recommended once every quarter (pricing to be provided upon request). For this, Brock will connect to the site, using a VPN connection, and perform basic health checks on the Upper Level Control System elements. This will include the following activities:

- Verify database integrity

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- Check disk space usage
- Run overnight performance monitoring tool to check server memory and CPU performance
- Check software logs and system event logs
- Check redundancy status

It is expected that this will require approximately 6 hours. This does not include the time required to address any issues that are discovered during this time and which cannot be resolved during the 6 hour call.

5 Pricing

3 Year Pricing Summary Table

Service	Year 1	Year 2	Year 3
Base Fee	\$51,900.00	\$51,900.00	\$54,600.00
Monthly VPN Checks	\$1,625.00	\$1,625.00	\$1,700.00
Emergency Support Hourly Rate (T&M)	\$180/hr	\$180/hr	\$180/hr
Scheduled System Enhancements Hourly Rate (T&M)	\$150/hr	\$150/hr	\$150/hr

NOTE: The cost to add a new site is **\$7,406.67 USD** per year, which will cover the Base Fee and Monthly VPN Checks, plus the one-time cost of a Knowledge Acquisition Trip, if required.

5.1 Base Fee for Time & Material Support Services

Support services as outlined in Section 2 and 3 will be provided using an hourly rate model. This includes a monthly retainer to guarantee access to Brock’s technical support staff, with an hourly rate for all calls and support services. All calls and technical support effort provided under this model will be billable.

The Monthly Fee per system, will be as follows:

System	Year 1	Year 2	Year 3
First System	\$2,705.00	\$2,705.00	\$2,840.00
Second and Subsequent Systems	\$540.00	\$540.00	\$570.00

With 4 systems currently under contract, the total monthly fee will be:

- Year 1 and 2 - $\$2,705 + \$540 \times 3 = \$4,325.00/\text{month}$
- Year 3 - $\$2,840 + \$570 \times 3 = \$4,550.00/\text{month}$

5.2 Hourly Rate for Billable Emergency Support

For all billable calls, the hourly rate will be **\$180 USD per hour**. Minimum billable time per call is 30 minutes. If travel is required, expenses will be billed at cost. Travel costs will be determined based on a combination of a \$50 per diem allowance for meals and actual receipts for all other expenses. Materials will be billed at cost + 15%.

5.3 Rate for Scheduled System Enhancements

As discussed in section 3.2, all non-emergency project work will be handled during regular hours on a T&M basis. All labor will be billed at **\$150 USD per hour**. All material will be billed at cost + 15%. All

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travel expenses will be billed at cost. Travel costs will be determined based on a combination of a \$50 per diem allowance for meals and actual receipts for all other expenses.

Brock reserves the right to quote work on a fixed price basis, which will typically be used for any larger scopes of work.

5.4 Monthly VPN Connectivity Checks

The cost to verify VPN connectivity, site-to-site, between Brock and the BHS control systems noted in section 3.1, to check the 3 VPN connections listed below:

- Houston Hobby Airport (HOU)
- Phoenix Sky Harbor International Airport (PHX) – Terminal 4 South
- Los Angeles International Airport (LAX) – Terminal 1

will be as follows:

- Year 1 and 2 – **\$1,625** per year
- Year 3 - **\$1,700** per year

NOTE: Boston-Logan International Airport (BOS) VPN connectivity is managed by Massport and will be maintained under the Massport Service contract with Brock.

5.5 Optional Services Pricing

Additional pricing for any of the optional services described in section 4 are available upon request and will be invoiced upon completion.

5.6 Pricing Terms and Conditions

- Prices exclude taxes as applicable.
- Prices in US dollars.
- Support shall be invoiced monthly to include the monthly fee plus any unbilled support activity costs. Terms are net 30 days from the invoice date.
- If travel is required, other than the schedule High Tech Maintenance Trips, expenses will be billed at cost and in accordance with the terms of the Agreement. Costs will be determined based on a combination of a per diem allowance for meals and actual receipts for all other expenses.
- Materials will be billed at cost + 15%.
- Each invoice shall be submitted to Southwest via INVOICENONPO@WNCO.COM and to the "Attention: #50084383" and shall identify this Support Agreement and noted on behalf of Larry Norman. Brock shall provide monthly invoices on a timely basis by no later than the fifth day of the following month.

6 Termination Option

Brock has the right to terminate this support agreement prior to its expiration on 30 days prior written notice to Southwest. Southwest has the right to terminate this support agreement prior to its expiration on 7 days prior written notice to Brock. Upon such termination, Southwest would be responsible for payment of that portion of the fees and disbursements reasonably incurred for the value of the services provided up to and including the date of termination.

7 Clarifications and Exceptions

The following clarifications and exceptions apply to this proposal:

- Brock will not be stocking spare parts for the system.
- Brock does not provide any guarantees on the time required to fix a problem or to get the system running during a downtime situation.
- Billable time will include the time spent by the support engineers to fix the problem (see Minimum Support Times above) as well as any project management and follow-up reporting requirements.
- This Support Agreement covers the baggage handling systems as they currently exist. If any changes are made to the system, Brock reserves the right to re-evaluate the support costs.
- In Article 4.1 of the MSA, the limitation of liability applicable to this Support Agreement shall be One Million Dollars (\$1,000,000).

8 General

8.1 Site Access

Brock assumes that pre-arranged site time will be uninterrupted, and that our personnel will have free and clear access to equipment and reasonable assistance of Southwest's personnel. Should site time be interrupted by factors outside of Brock control, all resulting standby time will be billed at the given rates.

8.2 Southwest's Role and Responsibilities

This Support Agreement assumes that all relevant information (sketches, drawings, specifications, other documents or queries related to the service) that may reasonably be required by Brock s to execute the services herein will be provided by Southwest, that Brock is entitled to rely on its accuracy and completeness, and that Southwest will give prompt consideration to all information submitted by Brock s for Southwest review or decisions. Should Southwest not fulfill its responsibilities within this Support Agreement, including payment of invoices when due, delays services may result.

Southwest understands the importance of staff continuity to Brock's business and consequently Southwest will in no way solicit for employment any Brock employee; otherwise Brock has the right to charge Southwest for damages incurred.

8.3 Ownership and Use of Intellectual Property (IP)

All background IP provided by a party to the services, and not developed or acquired through the course of the services will remain exclusively owned by the party providing the background IP.

All resulting IP developed by Brock through the course of the services will be owned exclusively by Brock, but Brock grants to Southwest a permanent, non-exclusive, fully paid and royalty free license to the background and resulting IP to the extent required to utilize the services at Southwest's site for the life of the services for which it was developed.

8.4 Project Changes

In the event Southwest and Brock mutually agree to implement change(s) to the timeline, fees, locations, and/or scope set forth in this Support Agreement or in the event other substantive changes to this Support Agreement are mutually agreed, the parties will follow the following process:

1. A written change request ("CR") will be the vehicle for documenting and approving changes to this Support Agreement. The CR will be substantially in the same format as this Support Agreement and include the following at minimum:
 - a. Description of the change, including reasons
 - b. Amount of incremental change to fees and expenses

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- c. Revised cumulative fee and expense total
 - d. Timeline impact, including any changes to deliverable due dates, if applicable
 - e. New, revised or omitted services or scope
2. Time spent by Brock preparing and negotiating the CR will not be billable to Southwest.
 3. An authorized representative from each party must sign the CR.
 4. Until a CR is signed by both parties, each party will continue to act in accordance with the latest executed version of the Support Agreement.

24/7 Emergency Remote Support Agreement

Customer and Brock Solutions agree that this Support Agreement may be executed in counterparts, and that delivery thereof by facsimile or e-mail of scanned original is permitted.

By written Acceptance of this Support Agreement set forth below, Southwest and Brock s agree to be bound by the terms and conditions stated herein.

Accepted By:

Southwest Airlines, Co.



Torri Vickery (May 1, 2020)

Duly Authorized Signature

Asst Manager, Technology Supply Chain

Title

Torri Vickery

Printed name

May 1, 2020

Date

Brock Solutions US Systems LLC



Trevor Simon (May 4, 2020)

Duly Authorized Signature

Contracts Manager

Title

Trevor Simon

Printed name

May 4, 2020

Date

SCHEDULE 2-B
Approved Service Providers

Subcontractor's Name Siemens Logistics LLC

Point of Contact: Jerome Vaughan

Address: 2700 Esters Boulevard Ste 200B, DFW Airport, Texas, 75261

Phone: 972-947-7231

Subcontractor's Name Brock Solutions US Systems LLC

Point of Contact: Trevor Simon

Address: 8080 Tristar Drive Ste 126, Irving, Texas, 75063

Phone: 972-373-2500

Subcontractor's Name

Point of Contact:

Address:

Phone:

SCHEDULE 2-C

Invoicing for Payment for Services

Overview

[AIRLINE] must submit to the City a request for payment on a monthly basis for Services rendered and expenses incurred and paid by [AIRLINE] in the performance of the obligations of this Agreement during that month. City will pay [AIRLINE] monthly the amounts [AIRLINE] paid approved Subcontractors for the work invoiced by approved Subcontractors.

SCHEDULE [2-C]
[AIRLINE] Service Invoice Summary
For [Month, Year]

Bill To:
Los Angeles World Airports
1 World Way , 2nd Floor
Los Angeles, CA 90045
Attn: [NAME]

Remit To:
[AIRLINE]
FILE [TBD]
Los Angeles, CA 90074-6416
Attn: [NAME]

Invoice No.: [#]
Invoice Date: [MONTH/DAY/YEAR]

Category	Support Page(s)	[Calc]	Amount
Service Vendor A			
Outbound Baggage System			
Fixed Costs	Wk. 1		\$ 50,000.00
Time and Materials	Wk. 2		150,000.00
Parts	Wk. 3		11,500.00
Other Reimbursements ^(a)	Wk. 4		5,000.00
Total Outbound Baggage System		[A]	\$ 216,500.00
Baggage Claim			
Fixed Costs			\$ 50,000.00
Time and Materials			30,000.00
Parts			-
Other Reimbursements ^(a)			-
Baggage Claim System		[B]	\$ 80,000.00
Passenger Boarding Bridges			
Fixed Costs			\$ 50,000.00
Time and Materials			-
Parts			20,000.00
Other Reimbursements ^(a)			-
Total Passenger Boarding Bridges		[C]	\$ 70,000.00
Total Service Vendor A		[D=A+B+C]	\$ 366,500.00
Service Vendor B			
Outbound Baggage System			
Fixed Costs			\$ 50,000.00
Time and Materials			-
Parts			10,000.00
Other Reimbursements ^(a)			-
Total Outbound Baggage System		[E]	\$ 60,000.00

SCHEDULE [2-C]
[AIRLINE] Service Invoice Summary
For [Month, Year]

Bill To:
Los Angeles World Airports
1 World Way, 2nd Floor
Los Angeles, CA 90045
Attn: [NAME]

Remit To:
[AIRLINE]
FILE [TBD]
Los Angeles, CA 90074-6416
Attn: [NAME]

Invoice No.: [#]
Invoice Date: [MONTH/DAY/YEAR]

Category	Support Page(s)	[Calc]	Amount
Passenger Boarding Bridges			
Fixed Costs			\$ 50,000.00
Time and Materials			-
Parts			20,000.00
Other Reimbursements ^(a)			-
Total Passenger Boarding Bridges		[F]	\$ 70,000.00
Total Service Vendor B		[G=E+F]	\$ 130,000.00
Total Monthly Invoice		[H=D+G]	\$ 496,500.00
Prior Cumulative Total		[I]	\$ 500,000.00
New Cumulative Total		[J=H+I]	\$ 996,500.00

I certify under penalty of perjury under the laws of the State of California that to the best of my knowledge and belief, the above bill/invoice is just, true and correct according to the terms of this contract, and that payment therefore has not been received.

[Name - Signature - Date]

Note:

(a) Other Reimbursements represents any other expensive or service that is eligible and approved pursuant to this agreement.

Worksheet 1
Fixed Invoice Summary
For [Month, Year]

Bill To:

[AIRLINE]

FILE [TBD]

Los Angeles, CA 90074-6416

Attn: [NAME]

Remit To:

Vendor A

[ADDRESS]

[CITY/STATE/ZIP]

Attn: [NAME]

Invoice No.: [#]

Invoice Date: [MONTH/DAY/YEAR]

<u>Description Item</u>	<u>Month</u>	<u>Agreement #</u>	<u>Notes</u>	<u>Total</u>
Monthly Fee per Agreement	[Month]	[1234]		\$ 50,000.00
				-
				-
				-
Total Costs				<u>\$ 50,000.00</u>

I certify under penalty of perjury under the laws of the State of California that to the best of my knowledge and belief, the above bill/invoice is just, true and correct according to the terms of this contract, and that payment therefore has not been received.

[Name - Signature - Date]

Worksheet 2
Time and Materials Invoice Summary
For [Month, Year]

Bill To:
[AIRLINE]
FILE [TBD]
Los Angeles, CA 90074-6416
Attn: [NAME]

Remit To:
Vendor A
[ADDRESS]
[CITY/STATE/ZIP]
Attn: [NAME]

Invoice No.: [#]
Invoice Date: [MONTH/DAY/YEAR]

Worker	Position	Grade #	Hourly Wage	Hours Per Timesheet	Total
A	Supervisor	824	\$ 110.00	160.00	\$ 17,600.00
B	Supervisor	824	110.00	160.00	17,600.00
C	Mechanic	610	45.00	120.00	5,400.00
D	Mechanic	611	47.00	140.00	6,580.00
E	Mechanic	611	47.00	120.00	5,640.00
F	Mechanic	611	47.00	120.00	5,640.00
G	Mechanic	611	47.00	130.00	6,110.00
H	Mechanic	611	47.00	140.00	6,580.00
I	Mechanic	611	47.00	160.00	7,520.00
J	Mechanic	611	47.00	140.00	6,580.00
K	Mechanic	611	47.00	160.00	7,520.00
L	Mechanic	611	47.00	140.00	6,580.00
M	Mechanic	611	47.00	160.00	7,520.00
N	Specialist	710	61.00	160.00	9,760.00
O	Specialist	711	62.00	150.00	9,300.00
P	Specialist	712	63.00	150.00	9,450.00
Q	Specialist	709	60.00	161.00	9,660.00
R	Specialist	711	62.00	80.00	4,960.00
Total Costs					\$ 150,000.00

I certify under penalty of perjury under the laws of the State of California that to the best of my knowledge and belief, the above bill/invoice is just, true and correct according to the terms of this contract, and that payment therefore has not been received.

[Name - Signature - Date]

Worksheet 2a
Time Sheet Example
 For [Month, Year]

Worker

Name: A
 Position Supervisor
 Pay Grade # 824
 Hourly Wage \$ 110.00 [Per Approved Hourly Rates]

Day	Notes	Hourly Wage	Hours	Total
1		\$ 110.00	8.00	\$ 880.00
2		110.00	8.00	880.00
3		110.00	8.00	880.00
4		110.00	8.00	880.00
5		110.00	8.00	880.00
6		110.00		-
7		110.00		-
8		110.00	8.00	880.00
9		110.00	8.00	880.00
10		110.00	8.00	880.00
11		110.00	8.00	880.00
12		110.00	8.00	880.00
13		110.00		-
14		110.00		-
15		110.00	8.00	880.00
16		110.00	8.00	880.00
17		110.00	8.00	880.00
18		110.00	8.00	880.00
19		110.00	8.00	880.00
20		110.00		-
21		110.00		-
22		110.00	8.00	880.00
23		110.00	8.00	880.00
24		110.00	8.00	880.00
25		110.00	8.00	880.00
26		110.00	8.00	880.00
27		110.00		-
28		110.00		-
Totals			160.00	\$ 17,600.00

Worksheet 3
Parts Invoice Summary
 For [Month, Year]

Bill To:
 [AIRLINE]
 FILE [TBD]
 Los Angeles, CA 90074-6416
 Attn: [NAME]

Remit To:
 Vendor A
 [ADDRESS]
 [CITY/STATE/ZIP]
 Attn: [NAME]

Invoice No.: [#]
 Invoice Date: [MONTH/DAY/YEAR]

Description Item	Vendor	Quantity	Note	Cost Per Item	Total
ICS Bins	ABC	50	Replacement	\$ 100.00	\$ 5,000.00
Conveyor Belt	XYZ	1	Replacement #	5,000.00	5,000.00
				-	-
				-	-
				-	-
Total Costs					\$ 10,000.00
Parts Mark-Up				15%	1,500.00
Total Costs with Mark-Up					\$ 11,500.00

I certify under penalty of perjury under the laws of the State of California that to the best of my knowledge and belief, the above bill/invoice is just, true and correct according to the terms of this contract, and that payment therefore has not been received.

[Name - Signature - Date]

Worksheet 3a
Parts Invoice/Receipt Summary
 For [Month, Year]

Bill To:
 Vendor A
 [ADDRESS]
 [CITY/STATE/ZIP]
 Attn: [NAME]

Remit To:
 ABC
 [ADDRESS]
 [CITY/STATE/ZIP]
 Attn: [NAME]

Invoice No.: [#]
 Invoice Date: [MONTH/DAY/YEAR]

Description Item	Quantity	Back Order	Shipped	Cost Per Item	Total
ICS Bins	50	0	50	\$ 100.00	\$ 5,000.00
				-	-
				-	-
				-	-
Total Costs					\$ 5,000.00

RECEIVED DATE

[MONTH/DATE/YEAR]

[EMPLOYEE]

Worksheet 4
Other Service Invoice Summary
 For [Month, Year]

Bill To:
 [AIRLINE]
 FILE [TBD]
 Los Angeles, CA 90074-6416
 Attn: [NAME]

Remit To:
 Vendor A
 [ADDRESS]
 [CITY/STATE/ZIP]
 Attn: [NAME]

Invoice No.: [#]
 Invoice Date: [MONTH/DAY/YEAR]

Description Item	Quantity	Note	Cost Per Item	Total
Special Equipment Rental	1	4 Days	\$ 1,000.00	\$ 4,000.00
Sublet Repair	1	5 hours	200.00	1,000.00
			-	-
			-	-
			-	-
Total Costs				\$ 5,000.00

I certify under penalty of perjury under the laws of the State of California that to the best of my knowledge and belief, the above bill/invoice is just, true and correct according to the terms of this contract, and that payment therefore has not been received.

[Name - Signature - Date]

SCHEDULE 2-D
Budget Schedule

Table 1
ILLUSTRATIVE SOUTHWEST AIRLINES AND CU AIRLINES BAGGAGE ALLOCATIONS IN TERMINAL 1 & 1.5
 Los Angeles International Airport

	Ref.	FY 2022	
Checked baggage inspection system (CBIS) space costs			
Terminal Buildings Rate	[A]	\$224.32	
CBIS space (a)	[B]	32,138	
Total	[C=A*B]	\$7,209,000	
Baggage system O&M costs			
Preventative maintenance	[D]	\$292,060	
Variable system costs	[E]	1,425,940	
Total (b)	[=D+E]	\$1,718,000	
Inbound and outbound baggage systems space in T1 & T1.5 (c)			
Southwest Airlines (a)	[F]	59,452	
CU Airlines (a)	[G]	13,398	
Total	[H=F+G]	72,850	
<i>Southwest Airlines % of baggage system space in T1 & T1.5</i>	[I=F/H]	81.6%	
<i>CU Airlines % of baggage system space in T1 & T1.5</i>	[J=G/H]	18.4%	
Enplaned passengers (d)			
Southwest Airlines	[K]	1,979,000	
CU Airlines	[L]	222,000	
Total	[M=K+L]	2,201,000	
<i>Southwest Airlines % of enplaned passengers in T1 & T1.5</i>	[N=K/M]	89.9%	
<i>CU Airlines % of enplaned passengers in T1 & T1.5</i>	[O=L/M]	10.1%	
Baggage system costs allocated to Southwest Airlines			
CBIS space costs	[P=C*I]	\$5,883,000	
Preventative maintenance O&M costs	[Q=D*I]	238,000	
Variable system O&M costs	[R=E*N]	1,282,000	
Total	[=P+Q+R]	\$7,403,000	82.9% (e)
Baggage system costs allocated to CU airlines			
CBIS space costs	[S=C*J]	\$1,326,000	
Preventative maintenance O&M costs	[T=D*J]	54,000	
Variable system O&M costs	[U=E*O]	144,000	
Total	[V=S+T+U]	\$1,524,000	17.1% (e)
Overhead expense estimate (f)	[W=V*10%]	152,000	
Baggage system and overhead costs allocated to CU airlines	[X=V+W]	\$1,676,000	

- (a) See Table 2.
- (b) Annual amount provided by Southwest Airlines June 10, 2022. Assumes preventative maintenance equal to 17% of annual contract amount.
- (c) Reflects portions of the baggage system that are not shared between Southwest and CU airlines that forms the basis for the allocation of fixed preventative maintenance O&M costs and CBIS space costs.
- (d) Estimate of enplaned passengers based on 5-year recovery of enplaned passengers at LAX; forms the basis for the allocation of variable baggage system O&M expenses.
- (e) Reflects the weighted average percent of baggage system O&M costs and CBIS space costs allocated on a fixed and variable basis.
- (f) Overhead expenses will be reconciled by the City based on Southwest Airlines actual expenses and variances to budget will be corrected by adjusting the following year overhead expense amount. Notwithstanding the above, Southwest Airline's overhead may not exceed 10% of Southwest Airlines actual direct expenses billed to the City.

Table 2
BAGGAGE SPACE IN TERMINAL 1 & 1.5 (DRAWINGS AS OF MAY 2020)
 Los Angeles International Airport

Sum of AREA in SF TSRC Analogue2	TSRC Analogue	NAME	2020 Space Name	Total	
Southwest Airlines space	ADP Bag Claim	BAG CLAIM 1	2020 Drawing; Sheet 4; Space 166	2,682	
			2020 Drawing; Sheet 4; Space 67	2,016	
		BAG CLAIM 2	2020 Drawing; Sheet 4; Space 165	2,682	
			2020 Drawing; Sheet 4; Space 66	2,016	
		BAG CLAIM 3	2020 Drawing; Sheet 3; Space 135	2,805	
			2020 Drawing; Sheet 4; Space 65	205	
		BAGGAGE CLAIM AREA 3	2020 Drawing; Sheet 3; Space 141	2,608	
	ADP Bag Claim Total ADP OBBS	BAGGAGE LIFT	2020 Drawing; Sheet 4; Space 152	137	
		BSO KIOSK 1	2020 Drawing; Sheet 4; Space 68	25	
		BAG ACTAVATION STATION	2020 Drawing; Sheet 9; Space 162	1,361	
		BAGGAGE LIFT	2020 Drawing; Sheet 9; Space 2	121	
		BHS TRAMFER LINE	2020 Drawing; Sheet 10; Space 54	126	
		INBOUND BAGGAGE	2020 Drawing; Sheet 9; Space 159	36,552	
		OVERSIZED BAGGAGE	2020 Drawing; Sheet 9; Space 45	201	
ADP OBBS Total	SWA SKYCAP	2020 Drawing; Sheet 8; Space 229	343		
	TUNNEL ACCESS	2020 Drawing; Sheet 6; Space 5	5,435		
	TUNNEL CIRCULATION	2020 Drawing; Sheet 6; Space 4	137		
			44,276		
			59,452		
Southwest Airlines space Total			59,452		
Common use airlines space	CU Bag Claim	BAG CLAIM 4	2020 Drawing; Sheet 3; Space 134	2,805	
		BAGGAGE CLAIM AREA 4	2020 Drawing; Sheet 3; Space 140	2,732	
		OAL BSO	2020 Drawing; Sheet 3; Space 104	649	
		OVERSIZED BAGGAGE	2020 Drawing; Sheet 2; Space 132	641	
	CU Bag Claim Total CU OBBS	BAGGAGE CONVEYOR	2020 Drawing; Sheet 8; Space 209	354	
			2020 Drawing; Sheet 8; Space 287	379	
			2020 Drawing; Sheet 9; Space 24	2,581	
		EXTERIOR BAG BELT	2020 Drawing; Sheet 7; Space 271	1,579	
	CU OBBS Total		2020 Drawing; Sheet 7; Space 272	401	
			2020 Drawing; Sheet 8; Space 270	934	
		OAL SKYCAP CONVEYOR	2020 Drawing; Sheet 7; Space 228	343	
				6,571	
				13,398	
Common use airlines space Total			13,398		
CBIS and support space (a)	CBIS space	BAGGAGE CONVEYOR	2020 Drawing; Sheet 10; Space 1	807	
			2020 Drawing; Sheet 7; Space 223	318	
			2020 Drawing; Sheet 9; Space 35	2,116	
		BHS CONTROL RM	2020 Drawing; Sheet 5; Space 37	256	
		BHS SERVER	2020 Drawing; Sheet 5; Space 5	103	
		BHS SPARE PARTS STORAGE	2020 Drawing; Sheet 5; Space 22	326	
		CBIS	2020 Drawing; Sheet 5; Space 10	1,755	
			2020 Drawing; Sheet 5; Space 24	18,390	
		CBRA RM	2020 Drawing; Sheet 5; Space 158	3,928	
			2020 Drawing; Sheet 5; Space 29	3,010	
		OVERSIZED BAG SCREENING	2020 Drawing; Sheet 9; Space 52	649	
		CBIS space Total		31,658	
		OBBS support space	*SWA O&M VENDOR BREAK RM	2020 Drawing; Sheet 10; Space 44	141
			*SWA O&M VENDOR OFFICE	2020 Drawing; Sheet 10; Space 43	106
			SWA O&M SHOP / STORAGE	2020 Drawing; Sheet 10; Space 45	233
		OBBS support space Total		480	
		CBIS and support space (a) Total			32,138
Grand Total			104,988		

Source: LAWA Terminal 1 & 1.5 space drawing, dated 5/8/2020.

(a) CBIS space confirmed by LAWA as leased by Southwest Airlines.

Table 3
TERMINAL 1 and 1.5 ENPLANED PASSENGERS PROJECTION
 Los Angeles International Airport

	Projected
	FY 2022
LAX domestic enplaned passengers	22,565,799
Estimated domestic enplaned passenger year-over-year increase	82.2%
Projected T1 and T1.5 enplaned passengers (a)	
Southwest Airlines	1,979,000
CU Airlines	222,000
	2,201,000

(a) T1 and T1.5 enplaned passengers assumed to grow year-over-year at the same rate as the LAX domestic enplaned passengers forecast in the Series 2021DE Feasibility Report.

Table 4
BAGGAGE SYSTEM OPERATIONS AND MAINTENACE COSTS
Los Angeles International Airport

<u>Fiscal year</u>	<u>Service</u>	<u>Parts</u>	<u>Total Cost</u>
2022	\$1,605,421	\$112,380	\$1,717,801
2023	1,653,640	115,755	1,769,395
2024	1,703,250	119,227	1,822,477
2025	1,754,347	122,804	1,877,151
2026	1,806,977	126,488	1,933,466
2027	1,653,641	115,755	1,769,396

Source: Southwest Airlines, provided June 10, 2022.