



Item Number  
13

## Report to the BOARD OF AIRPORT COMMISSIONERS

Approver:  <u>Denise Sample (Sep 30, 2022 11:14 PDT)</u> Dave Jones, Deputy Executive Director Commercial Development	<b>Meeting Date</b> 10/6/2022																									
	<b>Needs Council Approval:</b> <input checked="" type="checkbox"/> Y																									
Reviewer:  <u>Brian C. Ostler, City Attorney</u> <i>MT</i>   <u>Justin Erbacci (Sep 30, 2022 12:05 PDT)</u> Justin Erbacci, Chief Executive Officer	<table border="1"> <thead> <tr> <th>Reviewed for/by</th> <th>Date</th> <th>Approval Status</th> <th>By</th> </tr> </thead> <tbody> <tr> <td>Finance</td> <td>5/23/2022</td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> NA</td> <td>JS</td> </tr> <tr> <td>CEQA</td> <td>5/20/2022</td> <td><input checked="" type="checkbox"/> Y</td> <td>VW</td> </tr> <tr> <td>Procurement</td> <td>6/21/2022</td> <td><input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond</td> <td>BG</td> </tr> <tr> <td>Guest Experience</td> <td>5/20/2022</td> <td><input checked="" type="checkbox"/> Y</td> <td>TB</td> </tr> <tr> <td>Strategic Planning</td> <td>5/18/2022</td> <td><input checked="" type="checkbox"/> Y</td> <td>KC</td> </tr> </tbody> </table>	Reviewed for/by	Date	Approval Status	By	Finance	5/23/2022	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS	CEQA	5/20/2022	<input checked="" type="checkbox"/> Y	VW	Procurement	6/21/2022	<input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond	BG	Guest Experience	5/20/2022	<input checked="" type="checkbox"/> Y	TB	Strategic Planning	5/18/2022	<input checked="" type="checkbox"/> Y	KC	
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### SUBJECT

Request for approval of a proposed lease for up to 25 years with Bonseph Helinet, LLC, for the potential redevelopment of land and existing facilities at 16231 Waterman Drive at Van Nuys Airport.

### RECOMMENDATIONS

Management RECOMMENDS that the Board of Airport Commissioners:

- ADOPT the Staff Report.
- DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
- FIND that the Request for Proposal process used in this competitive award process satisfies the requirements of Administrative Code Section 10.17 and is compatible with the City's interests.
- FIND that Bonseph Helinet, LLC is responsive and responsible, that entering into this lease is in the City's best interest, and that any informality in the proposal should be waived.
- APPROVE award of lease with Bonseph Helinet, LLC as referenced in this report.
- AUTHORIZE the Chief Executive Officer, or designee, to execute the lease with Bonseph Helinet, LLC upon approval as to form by the City Attorney and approval by the Los Angeles City Council.

## DISCUSSION

### 1. Purpose

Staff request the Board of Airport Commissioners award a new lease for the potential redevelopment of the property located at 16231 Waterman Drive at Van Nuys Airport (VNY).

### 2. Prior Related Actions/History of Board Actions

- **January 12, 1972 – Board Resolution No. 6814 (Lease No. LAA-1188)**  
The Board of Airport Commissioners (Board) approved an assignment to Air Center Aviation, Inc. of Avemco Corporation, Lease No. LAA-1188 at VNY.
- **July 31, 1985 – Board Order No. AO-3824 (Lease No. VNA-4967)**  
The Board authorized a lease with Air Center, which covered 0.365 acres of land at VNY and adjoining premises under Lease No. LAA-1188.
- **April 20, 1988 – Board Order No. AO-4056 (Lease No. VNA-5697)**  
The Board authorized a month-to-month replacement lease with Air Center, which covered 4.8650 acres of land at VNY and replaced Lease Nos. LAA-1188 and VNA-4967.
- **August 22, 1990 – Board Order No. AO-4228 (Lease No. VNA-6713)**  
The Board authorized a five-year lease with Air Center, which covered 4.4585 acres of land at VNY and replaced Lease No. VNA-5697.
- **July 27, 1992 – Board Order No. AO-4350 (Lease No. VNA-7211)**  
The Board authorized an interim five-year replacement lease with Air Center Aviation, Inc. covering 4.4585 acres at VNY and rescinded Board Order No. AO-4228.
- **July 14, 1998 – Board Order No. AO-4664 (Lease No. VNA-7754)**  
The Board authorized a five-year replacement lease with Air Center Aviation, Inc. covering 4.3253 acres at VNY.
- **November 14, 2013 – Board Resolution No. 25266 (Lease No. VNA-8795)**  
The Board authorized a five-year replacement lease and building rental rates with Air Center Aviation, Inc. covering 4.3253 acres at VNY.
- **September 6, 2018 – Board Resolution No. 26587 (Lease No. VNA-8795A)**  
The Board approved a First Amendment to Lease No. VNA-8795 with Air Center Aviation Inc. (Air Center) to extend the term by 18 months. The First Amendment allowed Air Center to continue its general aviation operations at VNY, while Los Angeles World Airports (LAWA) staff determined the highest and best use of the property and conducted a Request for Proposals (RFP) process for a new lease.

### 3. Background

Since 1972, the 16231 Waterman Drive property has supported general aviation activities, including helicopter repair, flight school, and hangar and tie-down rentals. During this period, the property has been occupied by the current tenant through a series of consecutive

leases. The premises consist of 4.22 acres of land and 17,253 square feet of office and hangar space. The current lease expired on June 30, 2020, and the existing tenant currently is in holdover status.

Section 607(a) of the Los Angeles City Charter limits LAWA leases to a maximum of 50-years. As the existing tenant has occupied the premises since 1972, the City Attorney advised that a competitive process was required to provide a new lease for the site. Accordingly, LAWA released a Request for Proposal (RFP) to develop modern and sustainable facilities that support helicopter operations and other non-FBO aviation activities, enhance revenues to LAWA, and promote efficient aircraft operations at VNY. Prior to releasing the RFP, LAWA conducted an outreach campaign to notify local stakeholders and potential proposers, such as the VNY Citizens Advisory Council and the Van Nuys Airport Association, of the intent to proceed with a competitive solicitation for the opportunity to lease the premises.

#### **4. Current Action/Rationale**

In response to the RFP, LAWA received one proposal from Bonseph Helinet, LLC (Bonseph Helinet). The proposal was scored and deemed acceptable by the evaluation panel. Bonseph Helinet is a newly formed, privately held limited liability company comprised of Helinet Aviation Services LLC (Helinet), the Castagna 1998 Trust (Curt Castagna), and Bonseph Holdings Van Nuys Inc. (Bonseph). Helinet, a woman-owned business, currently operates a helicopter maintenance facility as a subtenant of the current leaseholder on the 16231 Waterman Drive property. Curt Castagna is the managing partner of Aeroplex Group Partners that provides operations, construction and property management services. Bonseph brings experience and knowledge in real estate development and investment and will guarantee the capital investment required to complete the proposed development.

Bonseph Helinet presented a thorough plan for the proposed site that meets LAWA's goals to redevelop the site to support a full range of non-FBO aviation activities, including helicopter operations, promote efficient aircraft operations, and provide appropriate revenues to LAWA.

##### Proposed Redevelopment:

Bonseph Helinet proposes to invest \$19,500,000 to redevelop the premises to optimize efficient operations through modern and sustainable facilities to support the non-FBO aviation services and the continuation of the helicopter operations. Bonseph Helinet proposed to construct two new 30,000 square feet (SF), state of the art hangars, 15,000 SF of office terminal/shop space, 72,000 SF of renovated ramp areas, and additional related improvements consisting of landscape, hardscape sidewalk and parking. The proposed redevelopment project will comply with CALGreen Tier One requirements, which will provide the framework for sustainable infrastructure, enhance indoor environmental quality, and optimize operational and maintenance practices.



Community Benefit:

Helinet currently employs approximately 60 people. Bonseph Helinet's proposed development project will support over 100 high-wage, local jobs (with an average annual income of \$87,000) through continuation of Helinet's operations at VNY. Helinet has committed to working with local technical aviation colleges to provide internships across its different business lines for students seeking careers in aviation, with the intent of hiring aviation mechanics and growing its pilot staff. In addition, the project will create additional space for aviation support business that provide further high wage employment opportunities.

In addition, Bonseph Helinet proposes to renovate the VNY Observation Area as a community benefit, at a value estimated at \$350,000, at no cost to LAWA. Bonseph Helinet plans to renovate the existing 6,820 SF Observation Area and realign the parking to allow access from Lindberg Street. This adjustment will nearly triple the parking area from 4,070 SF to 11,465 SF.



Rent to LAWA:

Bonseph Helinet's proposal offered fair compensation to LAWA for demolition of the existing facilities, in addition to fair market rent for the premises, with an annual fixed three percent increase. Bonseph Helinet also agreed to pay additional rent of \$50,000 per year from the construction completion date through the term of the Lease. Further, Bonseph temporarily

will rent an adjacent vacant parcel to support operations during construction, which will provide approximately \$108,021 in additional rent during the construction phase.

The annual revenue to LAWA from ground and building rent is \$265,957 in the first year. In addition, LAWA will receive a one-time payment of \$80,000 for the buyout of the structures on the site.

Proposed Lease Summary:

The lease includes a pre-term that begins from the date the lease is signed and the property is delivered to Bonseph Helinet. This initial pre-term provides Bonseph Helinet a 105 day period to conduct an environmental review of the property. Bonseph will pay full rent during this period. The primary term of five years will commence after this period and the tenant will begin the process to redevelop the property. Bonseph Helinet anticipates a two-year timeframe to secure all entitlements and complete the site redevelopment. However, the lease will terminate in year five if the improvements are not completed. If the proposed improvements are completed within this time frame, Bonseph Helinet will have an option to extend the lease term for an additional 20 years, in which case the total lease term will be 25 years from the commencement of the primary term.

Bonseph Helinet will pay land and building rent until the point that the existing facilities are demolished, at which point Bonseph Helinet will make a one-time buyout of \$80,000 for the existing facilities. Thereafter, they will pay only land rent for the premises and the adjacent vacant parcel they plan to occupy temporarily to support operations during the construction of the new facilities. Once the new facilities have been completed, the Lease term will be automatically extended for an additional 20 years, for a total of 25 year, and Bonseph Helinet will pay ground rent plus supplement rent of \$50,000 year, with annual 3% increases.

The following is a summary of key terms in the lease:

Bonseph Helinet	
<b>TERM:</b>	
Term	5 years, with an option to extend for an additional 20 years if Lessee completes proposed improvements.
Effective Date	Upon execution by the Chief Executive Officer
Commencement Date	105 days after the Effective Date or the completion of Lessee's due diligence inspection, whichever is sooner.
<b>DEMISED PREMISES:</b>	
Land – General Aviation Use	4.22 Acres (AC)
Existing Buildings	17,253 Square Feet (SF)
<b>RENT IN YEAR ONE:</b>	\$265,957*
<b>EST RENT THRU YEAR 5</b>	\$1,460,854**
<b>EST. RENT THRU YEAR 25</b>	\$8,698,709***

Note: \* Bonseph Helinet will pay the Board-approved rate for General Aviation use, currently \$42,288.27/acre/year, plus approved building rates at \$4.25 and \$4.86/square feet/year.

\*\* The total approximate rent received during the initial 5-year term will consist of the rent in year one, one-time payment for buyout of LAWA facilities in year two, ongoing ground rent, temporary rent payments for vacant parcel, and the payment of supplement rent after the construction completion date through the lease term.

\*\*\* 25 year estimate does not include Fair Market Value rent reset that will be negotiated every 5 years

Development Process:

The Lease does not provide authorization for the potential approval or construction of any of the proposed improvements, prior to compliance with California Environmental Quality Act (CEQA), the National Environmental Policy Act (NEPA) and all other applicable laws. The City of Los Angeles expressly reserves the right to exercise complete unfettered discretion and to consider and adopt all mitigation measures for any proposed development, and all alternatives, including the "no project" alternative for any proposed development. The proposed improvements are also subject to Board approval.

If compliance with CEQA and all other applicable laws are satisfied, then Bonseph Helinet may proceed with securing all the necessary approvals and permits from the appropriate regulatory agencies, including approval from the Federal Aviation Administration due to building height restrictions for parcels located along the VNY airfield, before any construction activities can occur at the site.

***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. Staff requests the Board to approve a 25-year lease with Bonseph Helinet for the proposed facilities at VNY and authorize the execution of the proposed lease so as to enhance revenues and services at VNY while supporting the full range of non-FBO aviation activities.

**5. Selection Process**

In July of 2021, LAWA released an RFP for the leasing and redevelopment of the site located at 16231 Waterman Drive. Proposers were asked to submit a proposal outlining the proposed redevelopment and the type of general aviation services to be conducted at the site. On August 31, 2021, LAWA issued an addendum to the RFP that extended the due date by 30 days from September 1 to September 30, 2021. Further, on September 24, 2021, LAWA issued another addendum that extended the due date an additional 21 days to October 21, 2021. This addendum also removed the requirement that proposers provide a plan to accommodate existing subtenants, and removed any evaluation criteria associated with accommodating aviation business on the site.

Evaluation Process

On October 21, 2021, LAWA received a proposal from Bonseph Helinet. The proposal was reviewed by a three-member evaluation panel consisting of senior-level LAWA staff. The following evaluation criteria were published in the RFP and used to evaluate the proposal from Bonseph Helinet.

CRITERIA		POINTS
1.	Financial Proposal	25
2.	Financial Capability	20
3.	Experience	15
4.	Conceptual Plan	15
5.	Business and Operations Plan	15
6.	Aviation/Community Benefits	10
<b>TOTAL POINTS</b>		<b>100</b>

On December 29, 2021, LAWA staff issued a notification letter to Bonseph Helinet of LAWA's intent to recommend Bonseph Helinet to the Board for the award of the lease at 16231 Waterman Drive.

As a result of the competitive selection process, staff requests that the Board approve the proposed lease and authorize the Chief Executive Officer to execute the lease after approval as to form by the City Attorney and the Los Angeles City Council.

## **6. Fiscal Impact**

Approval of this lease will generate approximately \$265,957 in revenue in the first year and approximately \$1,460,854 throughout the initial five-year period, excluding a periodic rate adjustment. If Bonseph Helinet completes the redevelopment within the required timeframe and secures the full 25-year term, LAWA anticipates collecting approximately \$8,698,709 over the full term, not including any periodic rate adjustments.

## **7. Alternatives Considered**

- ***Take No Action***

Taking no action is not recommended as it will delay redevelopment of the site and result in LAWA releasing another RFP to secure a new lease for the site. The proposal received as a result of the current RFP meets all of the criteria established in the RFP and provides LAWA with additional revenue as well as a renovated observation deck facility at no cost.

## **APPROPRIATIONS**

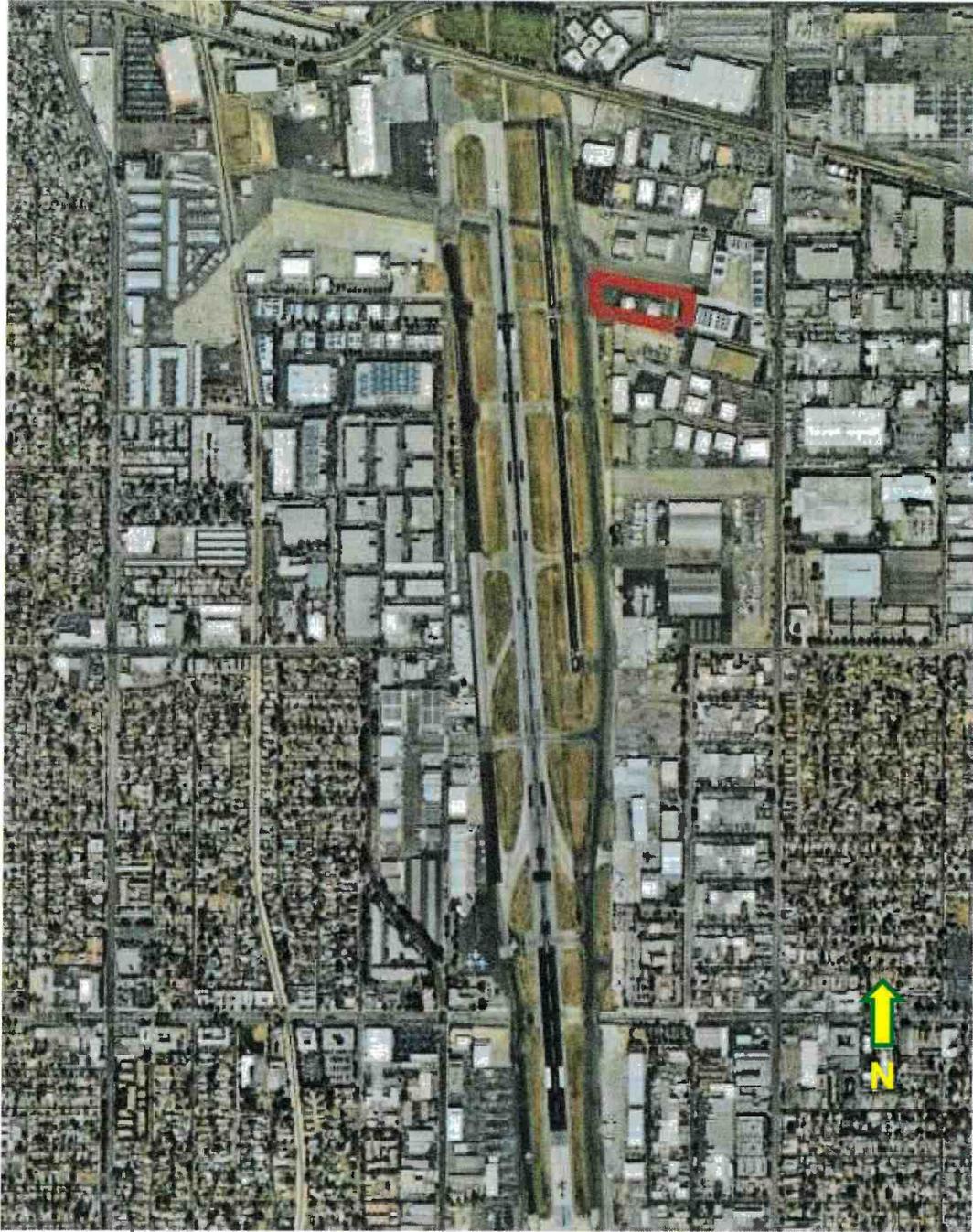
No appropriations of funds is required for this action.

## **STANDARD PROVISIONS**

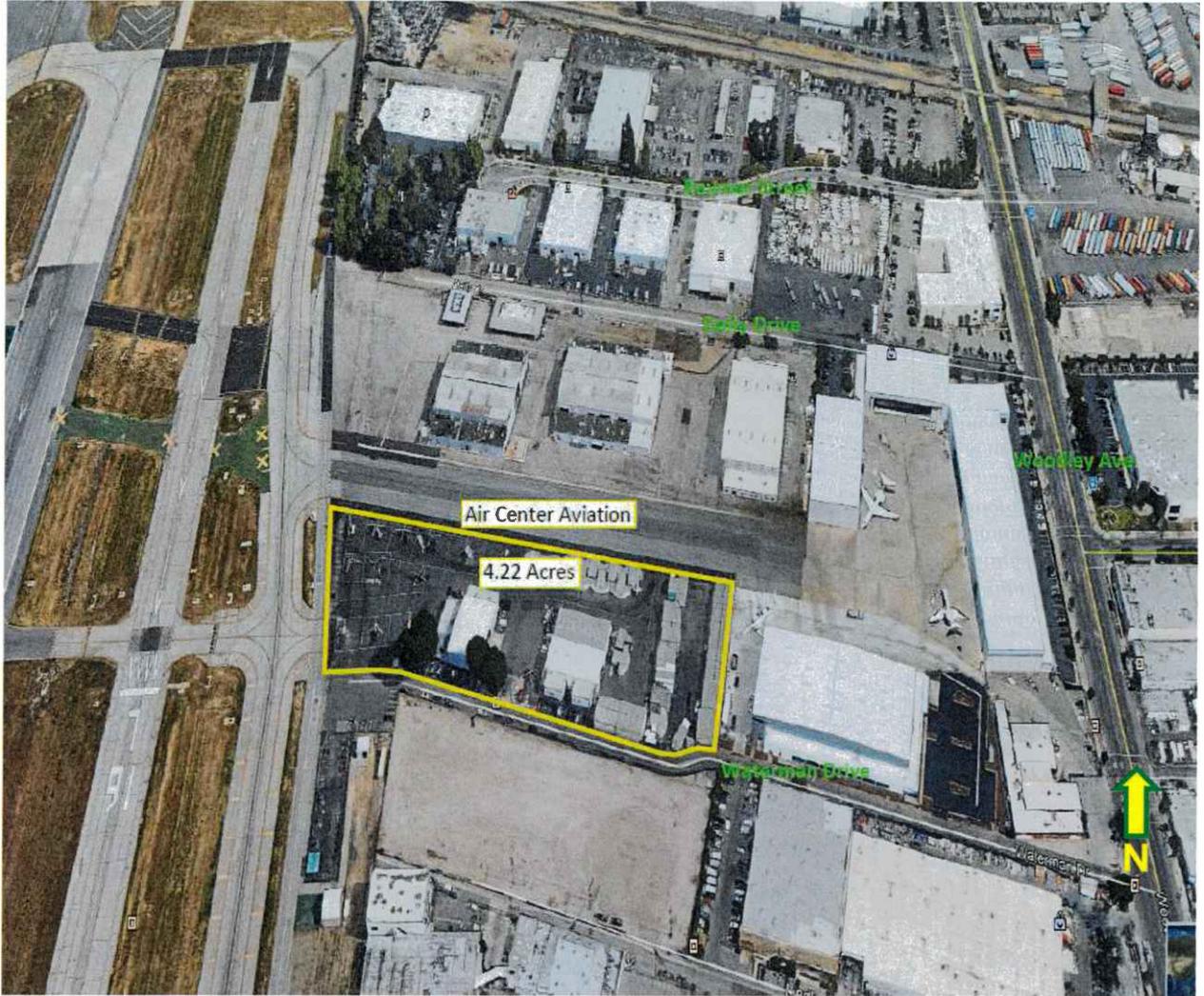
1. The issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
2. The proposed document(s) is/are subject to approval as to form by the City Attorney.
3. Actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 606.
4. Bonseph Helinet, LLC will comply with the provisions of the Living Wage/Service Contractor Worker Retention Ordinances.
5. The Small Business Enterprise, Local Business Enterprise/Local Small Business Enterprise, and Disabled Veterans Business Enterprise Programs do not apply to leases.
6. Bonseph Helinet, LLC will comply with the provisions of the Affirmative Action Program.

7. Bonseph Helinet, LLC has been assigned Business Tax Registration Certificate No. 0003268135-0001-1.
8. Bonseph Helinet, LLC will comply with the provisions of the Child Support Obligations Ordinance.
9. Bonseph Helinet, LLC must have approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports prior to execution of the Lease.
10. This action is not subject to the provisions of City Charter Section 1022 (Use of Independent Contractors).
11. Bonseph Helinet, LLC has submitted the Contractor Responsibility Program Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Bonseph Helinet, LLC has been determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance.
13. This action is not subject to the provisions of the First Source Hiring Program.
14. Bonseph Helinet, LLC has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. Bonseph Helinet, LLC has submitted the MLO Bidder Contributions CEC Form 50 and will comply with its provisions.
16. This action is not subject to the provisions of the Iran Contracting Act.

Site Map – Van Nuys Airport



Location Map – 16231 Waterman Drive



**LEASE**  
**BETWEEN THE CITY OF LOS ANGELES AND**  
**BONSEPH HELINET LLC AT**  
**VAN NUYS AIRPORT**  
(16231 Waterman Drive, Los Angeles, California)

**THIS LEASE** (“Lease”) is made and entered into as of this \_\_\_<sup>th</sup> of \_\_\_\_\_, 2022 (“Effective Date”), by and between the CITY OF LOS ANGELES, acting by order of and through its Board of Airport Commissioners (“Board”) of the **DEPARTMENT OF AIRPORTS** also known as Los Angeles World Airports or LAWA (“City”), and **BONSEPH HELINET LLC**, a Delaware limited liability company (“Lessee”) (sometimes herein referred to individually as a “Party,” or together as “Parties”). The Parties hereto, for and in consideration of the covenants and conditions hereinafter contained to be kept and performed, DO HEREBY AGREE AS FOLLOWS:

**ARTICLE 1. SPECIFIC TERMS AND PROVISIONS**

**Section 1. Demised Premises.**

1.1 **Demised Premises.** The “Demised Premises” shall consist of Land and City Buildings described as follows: (i) approximately 183,996 square feet (4.22 acres) of airport land (“Land”), and (ii) approximately 12,480 square feet of existing hangar space and 4,773 square feet of existing office space (collectively, the “City Buildings”). The Demised Premises are collectively located at 16231 Waterman Drive, Los Angeles, California at Van Nuys Airport (hereinafter referred to as “Airport”), as depicted in Exhibit A attached hereto and made a part hereof. In addition, the Demised Premises shall include the parcel identified on Exhibit A-1 hereto (the “Vacant Parcel”) commencing six (6) months after the Commencement Date (as defined in Section 2.2 below), or sooner upon written request by Lessee, in which case the City shall provide written notice to Lessee of the start of the lease for the Vacant Parcel (“Vacant Parcel Commencement Date”). The term of the lease for the Vacant Parcel will be for a term of 18 months from the Vacant Parcel Lease Commencement Date, provided that: (i) the Parties may terminate the lease for the Vacant Parcel at any time by mutual written consent; (ii) City may terminate the lease for the Vacant Parcel for reasons if absolutely necessary for Airport operations, upon 30 days’ prior written notice to Lessee, provided further that in case of such termination, City shall use best efforts to lease a replacement parcel to Lessee; and (iii) in no case shall the lease for the Vacant Parcel exceed twenty-four months from the Commencement Date, provided that the term for the Vacant Parcel shall be extended for the duration of any Force Majeure, as defined in Section 84.13 below, up to a maximum extension of twelve (12) months, unless the Parties agree to a longer extension by an amendment subject to Board approval. Lessee shall remove all Lessee’s equipment, materials, refuse and debris from the Vacant Parcel upon termination of the lease for the Vacant Parcel.

1.2. **Acceptance and Surrender.** It is understood and agreed that on the Commencement Date, Lessee shall accept the Demised Premises in an “as is” condition. Lessee agrees to surrender the Demised Premises upon the expiration or earlier termination of this Lease in a condition substantially similar to the condition of the Demised Premises on the date of first occupancy of the

Demised Premises by Lessee, except as modified in accordance with Article 2, Section 58 Improvements and Alterations, Article 2, Section 62 Signs, and Article 2, Section 63 Maintenance and Repair of Demised Premises or any other modifications made pursuant to this Lease, herein, ordinary wear and tear excepted.

**Section 2. Term of Lease.**

2.1 The initial term of this Lease shall commence on the Commencement Date and shall end on the fifth anniversary of the Commencement Date-, which five-year period is subject to extension for the duration of any Force Majeure, up to a maximum extension of twelve (12) months, unless the Parties agree to a longer extension by an amendment subject to Board approval (the “Initial Term”). For the avoidance of doubt, the term of the lease with respect to the Vacant Parcel shall expire or terminate as specified in Section 1.1 above. If Lessee completes the Proposed Improvements prior to the expiration of the Initial Term, then the term of this Lease shall be automatically extended for an additional twenty (20) years.

2.2 Conditions to Commencement. The Commencement Date shall be the earlier of: (i) 105 calendar days after the Effective Date; (ii) Lessee’s beneficial use or occupancy of the Demised Premises (it being agreed that Lessee’s management of the Premises and performing services for current occupants of the Demised Premises shall not constitute Lessee’s beneficial use or occupancy of the Demised Premises for purposes of this paragraph, but Lessee shall be required to pay Monthly Rent under Section 5.1 and City Buildings Rent under Section 5.1.1 commencing on the Effective Date regardless of Lessee’s use or occupancy of the Demised Premises); or (iii) the date on which Lessee approves the Inspection Condition in Section 2.2.1 below.

2.2.1 Inspection Condition. From the Effective Date until 60 days after the Effective Date, Lessee may enter the Demised Premises solely for inspections and environmental analysis. Within 45 days after the inspection, Lessee shall provide City with a copy of the results of its inspection and inform City whether it (x) approves of the inspection results and this condition, (y) terminates the Lease, or (z) requires correction of Discovered Substances under Section 74.2.2.

If this Lease terminates in accordance with Section 2.2.1, then: (i) Lessee shall restore the Demised Premises to the same condition prior to inspection at its sole cost; (ii) City shall return to Lessee the security deposit delivered by Lessee pursuant to Section 57; and (iii) neither Party shall have any liability to the other Party except for any liability which, by the terms of this Lease, expressly survives termination.

Concurrently with the execution and delivery of this Lease, City shall assign to Lessee any and all claims and rights City has for unlawful detainer (or to otherwise regain possession of the Demised Premises pursuant to the lease between the City and Air Center (“Lease No. VNA 8795”) or applicable law) against Air Center and any other occupant of the Demised Premises claiming by or through Air Center. City shall reasonably cooperate with Lessee in any unlawful detainer action brought by Lessee against Air Center and any other occupant of the Demised Premises claiming by or through Air Center and named in

such action (collectively, the “Air Center Parties”). Notwithstanding the foregoing, if a court of competent jurisdiction rules that Lessee lacks standing to bring an unlawful detainer action against Air Center and the other Air Center Parties, City shall promptly thereafter initiate an unlawful detainer action against the Air Center Parties and City shall thereafter prosecute such unlawful detainer action with diligence until its final conclusion. If Air Center contests the termination of Lease No. VNA-8795, City shall prosecute the defense of such termination with diligence until its final conclusion.

2.3. This Lease does not provide authorization for the potential approval or construction of any of the Proposed Improvements prior to compliance with the California Environmental Quality Act (“CEQA”), the National Environmental Policy Act (“NEPA”), and all other applicable laws. City expressly reserves the right to exercise complete unfettered discretion and to consider and adopt all mitigation measures for any proposed development, and all alternatives, including the “no project” alternative for any proposed development.

2.4. Notwithstanding anything herein to the contrary, Lessee acknowledges that it has no right to an extension of this Lease or a right to a new lease at the expiration of this Lease.

2.5. If Lessee remains in possession of all or any part of the Demised Premises after the expiration of the term hereof, without the execution of a new lease for the Demised Premises, or otherwise without the express or implied consent of City, such tenancy shall be from month-to-month only, and not a renewal or an extension hereof for any further term, and in such case, rent and other monetary sums due hereunder shall be payable in the amount of one hundred fifty percent (150%) of the rent payable for the last month of the term of this Lease plus other charges payable hereunder at the time specified hereunder, and such month-to-month tenancy shall be subject to every other provision, covenant and agreement contained herein including any applicable Rental Adjustments set forth in Article 1, Section 5, Payments to City. Acceptance by City of Rent after such expiration or earlier termination shall not constitute a holdover hereunder or result in a renewal. The foregoing provisions of this Subsection are in addition to and do not affect the right of re-entry or any right of City hereunder or as otherwise provided by law, and in no way shall such provisions affect any right which City may otherwise have to recover damages from Lessee for loss or liability incurred by City resulting from such failure by Lessee to surrender the Demised Premises. Nothing contained in this Subsection shall be construed as consent by City to any holding over by Lessee, and City expressly reserves the right to require Lessee to surrender possession of the Demised Premises to City as provided for in this Lease upon the expiration or other termination of this Lease.

### **Section 3. Use of Demised Premises and Other Property.**

3.1 **Authorized Uses.** The use of the Demised Premises is limited to (i) aeronautical use of manned aircraft, other than fixed base operations, to the extent the aeronautical use and aircraft are not otherwise prohibited by LAWA policy or applicable law (ii) the storage, repair and maintenance (but not the use, unless expressly permitted by City) of unmanned aerial vehicles, and (iii) office operations in support of the uses in the preceding clauses (i) and (ii).

3.1.1. If there are discussions on Electric Vertical Take-Off and Landing (“eVTOL”) use at VNY to which members of the public are invited, then City shall use good faith efforts to invite Lessee and/or Helinet Aviation Services, LLC (“Helinet”) to such discussions.

3.1.2. Lessee and its sublessees may charge and store lithium or other batteries solely for the use of the permitted aircraft in Section 3.1 above to the extent not otherwise prohibited by LAWA policy or applicable law, provided that: (a) Lessee and such sublessees (each, a “Battery User”) shall give prior notice to City regarding the quantity and types of batteries and the safety measures they shall take in accordance with best practices; (b) Battery Users may not charge batteries unless they each have at least one employee actively monitoring the charging and physically present in the immediate vicinity of the batteries at all times while they are being charged; (c) without limitation to Section 66, Battery Users shall be jointly and severally liable to City for any damage or injury caused by such batteries; (d) Battery Users shall each have sufficient insurance coverage for damage or injury actually or proximately caused by the batteries, with City named as an additional insured party, and shall inform their respective insurers regarding the use of lithium or other batteries on the Demised Premises.

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

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

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

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

#### **Section 4. Improvements by Lessee.**

4.1 **Proposed Improvements by Lessee.** For and in consideration of the execution of this Lease by City, and subject to the provisions contained in Article 2, Section 58 Improvements and Alterations and additional provisions in this Lease, Lessee, at its sole cost and expense, and at no cost to City, undertakes and agrees to construct at the Demised Premises certain Lessee improvements agreed upon by City and Lessee as described in Schedule 4.1 attached ("Proposed Improvements"), to be completed and ready on or before the end of the Initial Term, subject to extension by reason of Force Majeure or unless otherwise extended by the Chief Executive Officer at his or her sole discretion in writing. The Proposed Improvements, if approved by the Board following completion of all necessary analysis under CEQA, shall be completed at a cost not less than \$19,533,929 ("Minimum Investment") in accordance with the Chief Executive Officer's prior written approval for such Proposed Improvements. Notwithstanding anything to the contrary contained in this Lease, if Lessee constructs the Proposed Improvements substantially in accordance with working drawings and specifications approved by the Chief Executive Office pursuant to Section 58.1.1 and the cost of the Proposed Improvements is less than the Minimum Investment, Lessee shall be deemed to comply with the preceding sentence, provided that Lessee shall pay to City any difference between the Minimum Investment and actual cost.

Lessee shall maintain the Demised Premises and improvements in compliance with all applicable laws for the duration of the Lease. The obligations under this Section 4.1 shall not be construed to limit the Lessee's obligations under the terms of this Lease including but not limited to Article 2, Section 63 Maintenance and Repair of Demised Premises.

4.2 **Observation Area.** City has requested, and Lessee has agreed, to upgrade the area identified on Exhibit A as the Observation Area (the "Observation Area Upgrade") with a minimum required investment of \$350,000, in accordance with the plan attached hereto as Schedule 4.2, and shall be completed within twelve (12) months of the issuance of the certificate of occupancy for the Requirement Improvements.

4.3 **Payment of Costs and Fees.** Lessee expressly agrees to pay all costs and expenses, direct and indirect, associated with Lessee's Improvements, including but not limited to all costs associated with inspection, design and engineering and other professional or consultant services, permitting and inspection fees, project financing, utility relocation and upgrading, environmental impact reports, landscaping, and other costs related to Lessee's Improvements. Lessee shall be solely responsible for all costs associated with the Proposed Improvements and any required environmental or regulatory review, including but not limited to CEQA and NEPA, provided that LAWA shall be the lead agency for purposes of any environmental review and environmental documents shall be subject to review and approval by the CEO. Without limiting the foregoing,

if any of Lessee improvements to the Demised Premises (including but not limited to Proposed Improvements) cause any authority having jurisdiction to require upgrades or repairs to areas or facilities inside or outside of Lessee's Demised Premises, then Lessee shall be solely responsible for the cost of such upgrades or repairs. If such upgrades or repairs are performed by City, then Lessee shall pay for the cost of such upgrades or repairs, plus an administrative fee of 15%.

4.4 **Compliance.** In Lessee's construction of Lessee Improvements, Lessee will comply with all applicable federal, state and local laws and will construct the Proposed Improvements consistent with any and all mitigation measures the Board may adopt in connection with the City's analysis of the Proposed Improvements pursuant to CEQA and any other applicable conditions of approval.

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

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

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

4.4.4 City must release the Performance Bond and Payment Bond in accordance with applicable law.

## **Section 5. Payments to City.**

5.1. **Rent.** Lessee shall pay monthly rent ("Monthly Rent"), commencing on the Effective Date. Monthly Rent shall be as set forth in Exhibit B, Payments, and shall be adjusted pursuant to

Article 1, Subsection 5.2. Rental Adjustments. Lessee acknowledges that the Chief Executive Officer is authorized to replace Payments, Exhibit B to reflect rental adjustments made pursuant to Article 1, Subsection 5.2 and to reflect fees and/or other charges established periodically by the Board that shall be generally applicable to similarly-situated lessees at airport and Lessee accepts responsibility for payments based upon such modifications. If adjustments to rental, fees and/or other charges are adopted by the Board retroactive to an effective date established by the Board, the adjustment(s) shall be applied retroactively to said effective date, and Lessee must pay all increased amounts due at the next scheduled payment date. Lessee shall be responsible for payment of any and all amounts due City by sublessees of this Lease, if any, unless the Chief Executive Officer specifically waives such responsibility.

5.1.1 City Buildings. As described in Exhibit B, Lessee shall pay City \$80,000.00 per year (the “City Buildings Rent”) during the period commencing on the Effective Date and ending on the date Lessee completes demolition of the City Buildings (such period being the “City Buildings Period”). The City Buildings Rent shall be subject to adjustment during the City Buildings Period as provided in Section 5.2. The City Build Rent shall be payable in equal monthly installments of \$6,666.67 (increased to \$6,866.67 commencing on July 1, 2022). If the City Buildings Period does not commence on the first day of a calendar month or does not end on the last day of a calendar month, then the monthly City Buildings Rent for the first month and/or the last month, as applicable, of the City Buildings Period shall be appropriately pro-rated.

5.1.2 City Buildings Acquisition. For Lessee’s demolition of the City Buildings, Lessee shall make a one-time payment to City in the amount of \$80,000.00 (the “City Building Acquisition Payment”). Lessee shall make the City Building Acquisition Payment within thirty (30) days following the end of the City Building Period.

5.1.3 Supplemental Rent Payments. commencing the year in which the Proposed Improvements are completed and a certificate of occupancy therefor is issued, Lessee shall make a supplemental rent payment in the amount of \$1,250,000 (the “Supplemental Rent Payment”), payable in annual installments amortized over the remaining term of the Lease, provided that: (a) the unpaid balance of the Supplemental Rent Payment shall be subject to an annual adjustment of 3% until paid, with no prepayment penalty; and (b) Lessee shall be entitled to 100% of any revenue or royalty from solar power generated on the Demised Premises. For the avoidance of doubt, the annual installment during the first lease year shall be \$50,000, and the annual installment during second lease year shall be \$51,500 unless Lessee makes any additional payments toward the unpaid balance of the Supplemental Rent Payment.

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

5.2.1. **Annual Adjustments.**

5.2.1.1. Subject to Section 5.2.1.2 and except when adjusted as provided in Article 1, Subsection 5.2.2. Periodic Adjustment to Fair Market Rental, below, the Monthly Rent (other than Supplemental Rent) for the Demised Premises covered under this Lease shall be subject to automatic, annual rental adjustments on July 1 (hereinafter referred to as "Annual Adjustment Date"). The Monthly Rent shall be revised and adjusted on the Annual Adjustment Date to a 3% increase over the prior year.

5.2.1.2. The Supplemental Rent shall be subject to automatic, annual rental adjustments effective July 1 of each year (the "Annual Adjustment Date"). The Supplemental Rent shall be subject to automatic, annual rental adjustments on the Annual Adjustment Date. The Supplemental Rent shall be revised and adjusted on the Annual Adjustment Date to a 3% increase over the prior year.

5.2.2. **Periodic Adjustment to Fair Market Rental**. Provided nothing herein shall be construed to grant Lessee any extension rights unless expressly stated in this Lease, it is agreed that the : (i) the City Buildings rates payable hereunder shall be adjusted to fair market rate effective as of the fifth anniversary of the Commencement Date, and every five years thereafter until the City Buildings are demolished; (ii) the Land rental rate payable hereunder shall be adjusted to fair market rental value effective as of July 1, 2025, and every five years thereafter. For the avoidance of doubt, all rental rates shall be reviewed by City and adjusted, as appropriate, in accordance with City Charter requirements, at intervals of no less than every five (5) years. However, nothing herein shall be construed to grant Lessee a right or option to extend the Lease. At no time under this provision shall the rent due to the City result in a rental reduction.

5.2.2.1. Parties May Negotiate in Good Faith. At least one (1) year prior to the scheduled Periodic Adjustment Date and in accordance with Section 5.2.2 above, the parties may (but are not required to), in good faith, negotiate the rental rate(s) applicable to the subject adjustment period(s) as referenced above. Such good faith negotiations, initiated by either party, may include the involvement of a third party reviewer to review and make nonbinding recommendations regarding each party's rate adjustment proposal, discussions regarding external and internal factors that may be unique to the land and/or improvements so that the reviewer(s) can take them into consideration when making the recommendations, in substantially the same manner as corroborated by the parties and applicable to the Demised Premises. The parties shall have continuing opportunities to negotiate in good faith in an attempt to reach agreement on rental adjustment(s) notwithstanding each party's obligation to perform its duties as described under Section 5.2.2.2 below. If the parties are able to reach an agreement on the adjustment to the rental rate(s), then said rate(s) shall be presented as a recommendation to the Board. However, if the parties are unable to reach final agreement during said negotiation period, the parties may continue to negotiate in

good faith to attempt to reach agreement until arbitration commences pursuant to Section 5.2.2.6 below.

5.2.2.2. Appraisal Process. If the parties cannot reach agreement on the rental rate(s) or the Board does not approve the agreed upon rental rate(s) as described in Section 5.2.2.1 at least nine (9) months prior to the scheduled Periodic Adjustment Date, then the parties shall determine the Land Rent (and, if applicable, the City Buildings Rent) by the procedures described in Sections 5.2.2.3 through 5.2.2.5 below. City may elect to have such procedures apply separately to the rent applicable to improvements and may adjust the land rental rates on the basis of airport-wide land rental rates then in effect, provided that such rates were adopted in compliance with applicable laws. Should City choose to adopt this adjustment option, City will provide written notice to Lessee no later than ten (10) months prior to the Periodic Adjustment Date of the intention to adjust land and improvements separately. Separate appraisals will be procured for the land and the improvements (if any). Under this option, both the land and improvement adjustments will be completed separately under Sections 5.2.2.2 through 5.2.2.6. City or Lessee may elect to use the same appraiser for both appraisal reports. Every effort will be made by City and Lessee to consolidate any required meetings as required in the appraisal process described below.

5.2.2.3. Step 1: Independent Appraisals. City and Lessee shall each select an appraiser, who is a member of the Appraisal Institute or its successor organization and meets the Minimum Qualifications as defined within this Lease (a “Qualified Appraiser”). Either Lessee or City shall, when notified in writing by the other to do so, deliver to the other party the name and address of such appraiser (each, selected Qualified Appraiser, a “Main Appraiser”). The Chief Executive Officer shall immediately fix the time and place for a conference between the two parties and the Main Appraisers no later than fifteen (15) days from the date of the exchange of names and addresses of the Main Appraisers. At such meeting, both Lessee and City may have discussions with the Main Appraisers as to any externalities that may affect the derivation of rental value conclusions. The Appraisal Instructions to be given to the Main Appraisers are as defined within this Lease. City and Lessee shall each pay the fees and expenses of their respective Main Appraisers. The narrative appraisals must be completed according to the Uniform Standards of Professional Appraisal Practice (USPAP) for the year in which the appraisal is completed. No later than one hundred (100) calendar days after the date of the appraiser meeting, a copy of the completed, final USPAP-compliant appraisal report procured by both City and Lessee will be made available for review by the other party on the same day. If either City or Lessee fails to deliver its appraisal report by the appraisal report delivery deadline, the late party will inform the other party in writing of the reason for the delay and the expected date on which appraisal reports will be exchanged. If either party’s appraisal report cannot be delivered within four (4) months of the appraiser meeting, the complying party shall have its appraisal report presented to the Board for approval. Upon

exchange of the two appraisal reports, in the event that the determination of the rental value in the two appraisal reports differs by fifteen percent (15%) or less, the rate that is the average of the determinations in the two appraisal reports shall be presented as a recommendation to the Board. If the rate determinations in the two appraisal reports differ by more than fifteen percent (15%), the parties shall proceed to Section 5.2.2.5 below.

5.2.2.4. Step 2: Arbitration Appraiser Selection. The Main Appraisers selected by each party shall be instructed to agree upon and select an Arbitration Appraiser (as defined below) no later than six (6) weeks after the appraiser meeting described above. The Arbitration Appraiser shall be a Qualified Appraiser that is not under contract with the City for appraisal services. If the Arbitration Appraiser selected is not available to perform the task pursuant to the instructions set forth in Section 5.2.2.6 below or is unwilling to execute a City contract for the performance of appraisal services, then City and Lessee shall inform the Main Appraisers and require them to repeat the selection process again until an available Arbitration Appraiser is selected. If the Main Appraisers cannot come to agreement on the selection of an Arbitration Appraiser within (6) six weeks from the date of the appraiser meeting, the Chief Executive Officer shall select an Arbitration Appraiser.

5.2.2.5. Appraisal Review Period. The parties shall have one (1) month to review each other's appraisal reports from the date of the appraisal exchange as described in 5.2.2.3 above. The parties may continue to negotiate the adjusted rental rates during this period. Within fifteen (15) calendar days of the appraisal report exchange in Section 5.2.2.3 above, the Chief Executive Officer shall fix a time and place for a negotiation meeting between the parties to be held no later than six (6) weeks from the date of the appraisal report exchange. At such meeting, the parties shall attempt to reach a final agreement on the adjusted rental rates. Either party may include its Main Appraiser in the meeting, if desired. If Lessee and City reach agreement on the rental rate adjustments, the Chief Executive Officer shall present the results as a recommendation to the Board. If Lessee and City are unable to reach agreement on the adjusted rental rate(s) by the date that is fourteen calendar (14) days from the date of the negotiation meeting, then the parties shall proceed to Step 3 below.

5.2.2.6. Step 3: Appraiser Arbitration. City and Lessee shall each pay one-half of the fees and expenses of the Arbitration Appraiser. The Arbitration Appraiser selected by the two Main Appraisers or the Chief Executive Officer, as the case may be, in Step 2, shall receive copies of both Lessee and City's final appraisal reports that were procured in Step 1 and a list of the rental rate adjustments that have not been agreed to by the parties. The Arbitration Appraiser shall be allowed three (3) weeks to review both appraisal reports. After review of the two appraisal reports, the Arbitration Appraiser will determine which of the rental

rate(s) from the two appraisal reports are the most reasonable, considering comparable data selection, market information and applicable valuation methodology. The Arbitration Appraiser will communicate its decision in writing to both Lessee and City three (3) weeks after engagement. The Chief Executive Officer shall present the agreed-upon rental rate(s) and the Arbitration Appraiser's determinations as a recommendation to the Board. City shall make every effort to present the rate(s) for approval to the Board prior to the Periodic Adjustment Date.

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

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

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

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

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

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

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

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

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

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

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

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

5.2.6. Notwithstanding Article 2, Section 71 below and subject to Section 5.2.7 below, if either Party alleges that the other Party has failed to comply with the procedure specified in Section 5.2.2.2 above, the Party alleging noncompliance must notify the other Party in writing within 30 days, describing such noncompliance in detail and providing the other Party a reasonable time for cure (in any case, not less than 10 days), otherwise such noncompliance shall be deemed waived; provided that failure by the parties to timely comply with the rental readjustment procedures herein shall not be construed to constitute

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

5.2.7. If City has complied with the appraisal procedure and related time frames as set forth above, City shall be entitled to receive, in addition to all retroactive rents that become due as a result of Board-adjusted rental rate(s), the time value of said rental increase(s) calculated from the effective date of the increase(s) to the time period that the rental increase(s) are assessed to the Lessee at an interest rate representing what the City may have otherwise been entitled to if the funds associated with the increase(s) were available for City's use; however, in no event shall the interest rate be less than 5%.

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

5.2.8.1. Fuel Flowage Fees: Without limiting Section 5.2.8 above, upon 30 days' prior written notice to Lessee, to the extent applicable, City may require Lessee to pay fuel flowage fees ("Fuel Flowage Fees") that have been adopted and approved by the Board of Airport Commissioners, provided that such Fuel Flowage Fees must be generally applicable to similarly situated lessees at Airport.

**Section 6. Notices.**

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

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

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

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

6.2 Written notices to Lessee hereunder shall be given in the manner specified in Section 6.4 to:

**Bonseph Helinet LLC  
c/o Aeroplex Group Partners, LLC  
3333 East Spring Street  
Suite 204  
Long Beach, CA 90806  
Attention: Curt Castagna**

with a copy to:

**Manatt, Phelps & Phillips, LLP  
Attn: Keith Allen-Niesen, Esq.  
2049 Century Park East, Suite 1700  
Los Angeles, California 90067**

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

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

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

#### **Section 7. Disclosure of Hazardous Substances.**

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

**NOTICE IS HEREBY GIVEN TO LESSEE THAT ASBESTOS CONTAINING MATERIALS MAY BE PRESENT IN NUMEROUS STRUCTURES AND MATERIALS IN THE DEMISED PREMISES. ACM MAY BE PRESENT IN SOME BUILDING MATERIALS INCLUDING FLOOR TILE, MASTIC, ROOFING,**

**JOINT COMPOUND AND OTHER VARIOUS MATERIALS. ACM IS REQUIRED BY THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT RULE 1403. TO BE REMOVED PRIOR TO DEMOLITION, IF ANY.**

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

**NOTICE IS FURTHER GIVEN TO LESSEE THAT IF ANY LEAD-BASED PAINT WILL BE DISTURBED, THERE ARE OSHA AND CAL-OSHA REGULATIONS FOR WORKERS DISTURBING LEAD BASED PAINT THAT MUST BE FOLLOWED, AND THE WASTE STREAM MUST BE TESTED TO DETERMINE IF IT HAS TO BE DISPOSED OF AS RCRA HAZARDOUS WASTE, CALIFORNIA HAZARDOUS WASTE, OR CAN BE DISPOSED OF AS CONSTRUCTION DEBRIS. SEE CAL-OSHA CONSTRUCTION LEAD STANDARD (8 CCR 1532.1).**

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

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

7.2 General Release and Waiver by Lessee. Subject to Section 74.2, Lessee on behalf of itself and its successors and assigns releases the City from and waives any and all claims of any nature whatsoever, whether direct or indirect, known or unknown, foreseen or unforeseen, arising from or related to Pre-Existing Environmental Conditions, petrochemicals, ACM, LBP, actual Mercury-fluorescent tubes and switches, and actual PCB-containing materials in the Demised Premises. The Lessee acknowledges and agrees that it has been advised by legal counsel in California and is familiar with the provisions of California Civil Code Section 1542, which provides as follows:

**“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”**

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

**Section 8. Lease Specific Provisions.**

8.1 Notwithstanding Section 51 below, Lessee shall have the right to install solar panels on the roof of the Proposed Improvements through an arrangement in which Lessee either owns or leases such solar panels or by any other commercially reasonable arrangement.

8.2 Notwithstanding Section 58.1 below, Lessee shall not be required to obtain City’s approval to an alteration that meets the following conditions: (i) the cost of such alteration is not greater than Fifty Thousand Dollars (\$50,000), (ii) such alteration affects only the interior of a building on the Demised Premises and is not visible from outside such building, (iii) such alteration is non-structural, (iv) such alteration does not require a building permit or similar approval of a governmental authority, (v) such alteration does not affect any electrical, mechanical or plumbing system; and (vi) does not have a material effect on other premises.

**Section 9. Mortgages, Financing, and Other Encumbrance.**

9.1. Notwithstanding the terms and conditions of Article 1, Section 8, Lessee shall have the right to assign Lessee's interest in this Lease for security and/or encumber Lessee's interest in the leasehold estate hereby created, with the prior written consent of the Chief Executive Officer, which consent shall not be unreasonably withheld, approved as to form by the City Attorney, by mortgage, pledge, deed of trust or other instrument, or transfer title to the new improvements constructed on the Demised Premises by Lessee in accordance with the terms and conditions hereunder (subject to City's rights of reversion to such improvements upon the expiration or earlier termination of this Lease) (a "Leasehold Financing"), to a reputable lender or lending institution , as determined in the sole judgment of the Chief Executive Officer or approved by the Board (a "Leasehold Mortgagee") for the purpose of financing or refinancing the construction of the improvements authorized herein to be constructed on the Demised Premises, including any betterments or additions thereto. In such event, upon Lessee’s written request to the Chief Executive Officer, City shall execute an estoppel certificate in form and substance reasonable satisfactory to City and Leasehold Mortgagee. Any Leasehold Financing attempted without the prior written consent of the Chief Executive Officer shall be null and void and shall be a Default Event under this Lease. In connection with Lessee's request for consent to any such Leasehold Financing, Lessee shall submit for the Chief Executive Officer's prior review and written approval any and all instruments and documents to be executed by, or binding upon, Lessee in connection therewith (the "Leasehold Financing Documents"). In the event such Leasehold Financing is

approved in writing by the Chief Executive Officer and this Lease is so assigned, Lessee's interest in the leasehold estate hereby created is so encumbered, or title to the new improvements is so transferred, City shall not be bound, nor shall the terms, conditions, and covenants of this Lease nor the rights and remedies of City hereunder be in any manner limited, restricted, modified, or affected by reason of the terms or provisions of the Leasehold Financing Documents. The only rights of any such Leasehold Mortgagee under an approved Leasehold Financing shall be as follows:

9.1.1. A Leasehold Mortgagee under an approved Leasehold Financing shall not be entitled to any notice required to be given by City to Lessee under the provisions of Article 2, Section 70, hereof unless Lessee designates by written notice to City that notices of Default Events or notices to cure Default Events under this Lease are to be sent to such lender's address, as well as to Lessee (see Article 1, Section 7).

9.1.2. In the event of any Default Event by Lessee under the provisions of this Lease:

9.1.2.1. the Leasehold Mortgagee will have the same periods as are given Lessee for remedying such Default Event or causing it to be remedied, plus, in each case, provided that the Leasehold Mortgagee shall pay all unpaid Monthly Rent under this Lease and, to the extent susceptible of cure by the Leasehold Mortgagee, shall promptly commence and diligently pursue to completion any cure with respect to any other acts required to be performed by Lessee under this Lease, an additional period of sixty (60) days after the expiration thereof or after City has served a notice or a copy of a notice of such Default Event upon the Leasehold Mortgagee, whichever is later;

9.1.2.2. the Leasehold Mortgagee, without prejudice to its rights against Lessee, shall have the right to make good such Default Event within the applicable grace periods provided for in Article 1, Subsection 10.1.2.1 whether the same consists of the failure to pay Monthly Rent or the failure to perform any other matter or thing which Lessee is hereby required to do or perform, and City shall accept such performance on the part of the Leasehold Mortgagee as though the same had been done or performed by Lessee; for such purpose City and Lessee hereby authorize the Leasehold Mortgagee to enter upon the Demised Premises and to exercise any of its rights and powers under this Lease and, subject to the provisions of this Lease, under the Leasehold Financing; and

9.1.2.3. In the event of any Default Event by Lessee other than in the payment of Rent under this Lease, and if prior to the expiration of the applicable grace period specified in Article 1, Subsection 10.1.2.1, the Leasehold Mortgagee shall give City written notice that Leasehold Mortgagee intends to undertake the curing of such Default Event, or to cause the same to be cured, or to exercise its rights to acquire the leasehold interest of Lessee by foreclosure or otherwise, and

shall immediately commence and then proceed with all due diligence to do so, whether by performance on behalf of Lessee or its obligations under this Lease, or by entry on the Demised Premises by foreclosure or otherwise, then so long as Lessee or Leasehold Mortgagee remains current in the payment of Monthly Rent due under this Lease, City will not terminate or take any action to effect a termination of the Lease or reenter, take possession of or relet the Demised Premises or similarly enforce performance of this Lease in a mode provided by law so long as the Leasehold Mortgagee is with all due diligence and in good faith engaged in the curing of such Default Event, or effecting such foreclosure; provided, however, that the Leasehold Mortgagee shall not be required to continue such possession or continue such foreclosure proceedings if such Default Event shall be cured.

9.1.2.4. Any non-curable Default Event by Lessee shall be deemed waived (and all rights of Lessee under the Lease reinstated) upon completion of Leasehold Mortgagee's foreclosure proceedings or otherwise upon Leasehold Mortgagee's acquisition of Lessee's interest in the Lease.

9.1.2.5. If the Lease is terminated for any reason (including, without limitation, a Default Event or a rejection of this Lease in any bankruptcy proceeding) other than the expiration of the Lease term or an uncured default by Leasehold Mortgagee, then City shall give written notice of such termination to Leasehold Mortgagee, in which case such Leasehold Mortgagee or a wholly-owned subsidiary thereof as its nominee shall have the option, exercisable by written notice to City delivered not later than the thirtieth (30<sup>th</sup>) day after written notice that such termination occurred, to receive from City a new lease for the Demised Premises on the then-current terms of the Lease for the balance of the term of this Lease (i.e., the portion of the term of this Lease that would remain absent the termination of this Lease).

9.1.3. In the event Lessee files with Chief Executive Officer a written assignment of its right to participate in the distribution of any insurance proceeds, assigning all of its right, title, and interest in and to such proceeds to an approved Leasehold Mortgagee, and further, in the event the indebtedness upon the note secured by such assignment, mortgage, deed of trust, encumbrance, or instrument transferring title has not been fully paid, satisfied and the security for the debt released, then, subject to any limitations imposed under applicable law on the right to use such proceeds to pay off the indebtedness evidenced by the Leasehold Financing Documents imposed under applicable laws, such approved Leasehold Mortgagee shall be entitled to the distribution of the insurance proceeds, if any, payable to Lessee to the extent of such Leasehold Mortgagee's interest therein.

9.1.4. So long as any monetary Default Events under this Lease have been cured, approved Leasehold Mortgagee (or a wholly owned subsidiary of such approved Leasehold Mortgagee) shall have the right to succeed to Lessee's interest in the leasehold estate herein

created under the exercise of the power of foreclosure as provided by law or as may be done by voluntary act on the part of Lessee in lieu of sale on foreclosure and such Leasehold Mortgagee (or a wholly owned subsidiary of such approved Leasehold Mortgagee, as the case may be), may assign said leasehold estate to a third party transferee ("Successor by Leasehold Mortgage") with the prior written consent of the Board (which consent shall not be unreasonably withheld, conditioned or delayed), provided that, in each case, (i) the Successor by Leasehold Mortgage and/or its principal or management company shall possess sufficient financial capability to perform the remaining obligations under the Lease as they come due, and (ii) the Successor by Leasehold Mortgage and/or its principal, management company or the executives of the Successor by Leasehold Mortgage or management company must either be lessees at the Van Nuys Airport in good standing and not in default under their leases or have at least five (5) years of experience managing or owning a commercial hangar or fixed base operations at an airport with aircraft operations of the character and type of users reasonably comparable to Van Nuys Airport. Section 69.3 shall not apply to either of the above-referenced transfers. Upon such succession to or taking over of the leasehold estate, such Successor by Leasehold Mortgage shall be bound by all of the terms, conditions, and covenants of this Lease and shall continue the operation on the Demised Premises only for the purposes provided in Article 1, Section 3, hereof or for such purpose as Chief Executive Officer may, at that time, authorize in writing; and *provided, further*, no succession by a Successor by Leasehold Mortgage shall release Lessee from its obligations hereunder.

9.1.5. Once a Leasehold Financing and the Leasehold Financing Documents are approved, two (2) copies of any and all Leasehold Financing Documents shall be filed with City at least two (2) weeks prior to the effective date thereof, and Lessee shall obtain Chief Executive Officer's prior written consent of any changes or amendments thereto. Upon and immediately after the recording of any approved Leasehold Financing Documents, Lessee shall cause to be recorded in the Office of the County Recorder for the County of Los Angeles a request for a copy of any notice of Default Event and of any notice of sale, as provided in Section 2924b of the Civil Code of the State of California, duly executed and acknowledged by City and specifying that said notice be mailed to City at the address set forth in Article 1, Section 7.

9.1.6. Consent by the Chief Executive Officer to one Leasehold Financing or one Leasehold Mortgagee shall not be a waiver of City's rights under this Section as to any subsequent Leasehold Financing or assignment or other transfer by such Leasehold Mortgagee, and any such subsequent Leasehold Financing or successor Leasehold Mortgagee shall be subject to City's review and approval in accordance with the terms and conditions of this Lease. This prohibition against the transfer of any Leasehold Mortgagee's interest includes any transfer which would otherwise occur by operation of law.

9.1.7. So long as any Leasehold Financing is outstanding, Lessee and City shall not amend this Lease, and City shall not accept a surrender or termination of this Lease by

Lessee on account of a casualty or condemnation, without the Leasehold Mortgagee's prior written consent.

## ARTICLE 2. STANDARD TERMS AND PROVISIONS

### Section 51. Limitations on Use of Demised Premises.

51.1 Lessee shall not use the Demised Premises, nor any portion thereof, for any purpose other than that set forth in Section 3.1, without first having had and obtained the written consent of the Chief Executive Officer, which consent may be withheld in the Chief Executive Officer's sole discretion, and which written consent is approved as to form by the City Attorney.

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

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

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

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

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

**Section 52. Rental Payments.**

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

52.2 All payments shall be mailed to the following address:

**City of Los Angeles  
Los Angeles World Airports  
P.O. Box 54078  
Los Angeles, CA 90054-0078**

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

**Section 53. Liquidated Damages for Delinquent Payment.**

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

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

**Section 54. Utility Services.**

54.1 Lessee shall pay all charges for water, gas, power, communications, and any and all other utility services used by Lessee in connection with its occupancy of the Demised Premises, including deposits, connection fees, or charges and meter installation rentals required by the supplier of any such utility service, and the costs of all equipment and improvements necessary for connecting the Demised Premises to such utility service facilities (collectively, "Utility Services").

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

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

**Section 55. Reports.**

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

**Section 56. Audits.**

56.1 City may, at its sole discretion and with reasonable notice to Lessee, require Lessee to provide access to all records and other information necessary to perform an audit of rental, fees, other charges paid and payable to City, and any required information for payments by City to lessee, including but not limited to invoices and proof of payments related to reimbursement for Lessee improvements and other Lessee-required investments. City shall have the right to access

such records and information for five (5) years past the end of the fiscal year in which they were generated and up to five (5) years past the expiration or early termination of this Lease, and if such records or information are provided by Lessee to City, City shall notify Lessee if such records are requested by a third party and shall use good faith efforts in giving such notice to Lessee in a timely manner. Lessee shall retain all records and other information necessary to perform an audit as described above for a minimum of five (5) years.

**Section 57. Faithful Performance Guarantee.**

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

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

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

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

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

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

**Section 58. Improvements and Alterations.**

**58.1 By Lessee.**

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

current by updating them in order to reflect any changes or modifications which may be made in or to the Demised Premises.

58.1.2 Any conditions, restrictions, or limitations placed upon the approval of Lessee improvements by the Chief Executive Officer pursuant to Section 58. 1.1 shall be conditions of this Lease as though fully set forth herein once the document is fully executed by both parties. Lessee shall hold City harmless from liability with respect to any claims regarding any improvements, additions, or alterations made thereto.

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

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

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

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

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

58.1.8 Intentionally omitted.

## 58.2 By City.

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

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

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

## **Section 59. Liens.**

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

place any obligations upon Lessee with respect to liens, loans, or mortgages placed upon the Demised Premises by City, its Department of Airports, its Board, City officers, agents, or employees.

**Section 60. Modification to Size of Demised Premises.**

60.1 Modification of Premises and Documents. Addition or deletion of space for which Lessee is charged, not to exceed a cumulative total of twenty percent (20%) of the Demised Premises as described at the commencement of the Lease, may be made by City. Such addition or deletion shall be by written amendment and shall specify appropriate adjustments in rental, charges, or credits, as applicable, and shall not require approval by Board or Council, unless the modification involves an amount in excess of \$150,000 per year, in which case prior Board approval shall be required. The Chief Executive Officer shall revise and replace the Premises, Exhibit A and the Payments, Exhibit B, as necessary.

60.2 Intentionally Omitted

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

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

**Section 61. Ownership of Improvements.**

61.1 During the term of this Lease, title to all structures, improvements, facilities, or alterations constructed or installed by Lessee shall remain in Lessee. Upon the termination of this Lease, said structures, improvements, facilities, or alterations, other than machines, equipment, trade fixtures, and similar installations of a type commonly removed without structural damage to

the Demised Premises, shall become a part of the land upon which they are constructed, or of the building to which they are affixed, and title thereto shall thereupon vest in City, unless City requests Lessee to remove some or all of said structures, improvements, facilities, or alterations. If so requested, Lessee shall promptly remove said items at Lessee's sole cost and expense, including full remediation and restoration of the Demised Premises pursuant to Article 2, Section 74, herein. In the event the removal of any fixture damages any part of the Demised Premises, Lessee shall repair such damage and restore the Demised Premises to as good condition as the same was in prior to said damage, reasonable wear and tear excepted, as may be required and approved by the City.

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

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

#### **Section 62. Signs.**

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

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

#### **Section 63. Maintenance and Repair of Demised Premises.**

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

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

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

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

**Section 64. City’s Right of Access and Inspection.**

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

**Section 65. Insurance.**

65.1 Lessee shall procure at its expense, and keep in effect at all times during the term of this Lease, the types and amounts of insurance specified on Insurance, Exhibit E, attached hereto and incorporated by reference herein. The specified insurance shall also, either by provisions in the policies, by City’s own endorsement form or by other endorsement attached to such policies, include and insure City, its Department of Airports, its Board and all of City’s officers, employees,

and agents, their successors and assigns, as additional insureds, against the areas of risk described on Insurance, Exhibit E, hereof with respect to Lessee's acts or omissions in its operations, use, and occupancy of the Demised Premises or other related functions performed by or on behalf of Lessee in, on or about Airport.

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

65.3 All such insurance shall be primary and noncontributing with any other insurance held by City and its Department of Airports where liability arises out of or results from the acts or omissions of Lessee, its agents, employees, officers, assigns, or any person or entity acting for or on behalf of Lessee. Such policies may provide for reasonable deductibles and/or retentions acceptable to the Chief Executive Officer based upon the nature of Lessee's operations and the type of insurance involved.

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

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

65.6 Lessee shall provide proof of all specified insurance and related requirements to City either by production of a broker's letter acceptable to the Chief Executive Officer, in both form and content in the case of foreign insurance syndicates, or by other written evidence of insurance acceptable to the Chief Executive Officer. The documents evidencing all specified coverages shall be filed with City in duplicate and shall be procured and approved in strict accordance with the provisions in Sections 11.47 through 11.56 of City's Administrative Code prior to Lessee occupying the Demised Premises. The documents shall contain the applicable policy number, the inclusive dates of policy coverages, and the insurance carrier's name, shall bear an original signature of an authorized representative of said carrier, and shall provide that such

insurance shall not be subject to cancellation, reduction in coverage, or nonrenewal except after written notice by certified mail, return receipt requested, to the City Attorney of the City of Los Angeles at least thirty (30) days prior to the effective date thereof. City reserves the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing such insurance.

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

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

**Section 66. City Held Harmless.**

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

66.1 In Lessee's defense of the City under Section 66. 1, including but not limited to the negotiation, compromise, and settlement of any action, the City shall retain discretion in and control of the litigation, negotiation, compromise, settlement, and appeals there from, as required by the Los Angeles City Charter, particularly Article II, Sections 271, 272 and 273 thereof.

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

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

67.1 Federal Non-Discrimination Provisions.

67.1.1 The Lessee for itself, its heirs, representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this Lease, for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

67.1.2 The Lessee for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (1) no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, and (3) that the Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

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

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

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

67.2 Municipal Non-Discrimination Provisions.

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

67.2.2 Non-Discrimination in Employment. During the term of this Lease, Lessee agrees and obligates itself in the performance of this Lease not to discriminate against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition. Lessee shall take affirmative action to ensure that applicants for employment are treated, during the term of this Lease, without regard to the aforementioned factors and shall comply with the affirmative action requirements of the Los Angeles Administrative Code, Sections 10.8, et seq., or any successor ordinances or law concerned with discrimination.

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

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

**Section 68. Taxes, Permits and Licenses.**

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

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

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

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

**Section 69. Assignments and Subleases.**

Lessee shall not, in any manner, assign, transfer, or encumber this Lease, or any portion thereof or any interest therein, without the prior written consent of the Chief Executive Officer, nor sublet or sublease the whole or any part of the Demised Premises, nor license or permit the use

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

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

69.3. In the case of an assignment, Lessee shall pay to City a percentage of any monetary or other economic consideration received by Lessee as a result of the assignment over and above the amount of Lessee's rental and other payments due City pursuant to this Lease (excluding any consideration attributed to assets other than this Lease) after first deducting the unamortized cost of leasehold improvements which costs had been approved by City and paid for by Lessee. The percentage to be paid under this Section 69.3 shall be based on the then-remaining balance of the Lease as follows: (a) 20% if the is remining term is 10 years or more; (b) 15% if the remaining term is 5 years or more but less than 10 years; or (c) 10% if the remaining term is less than 5 years. For the purpose of this Section, an ownership change of more than 50% shall be considered an assignment.

69.4. Subject to Section 69.8, in the case of a sublease requiring the Chief Executive Officer's consent to any change of use of the Demised Premises from those specified in Section 3.1, it shall not be deemed unreasonable for the City to require, as a condition to the Consent to Sublease, that Lessee shall pay to City a negotiated percentage of 20% or more, of any monetary or other economic consideration received by Lessee as a result of the sublease over and above the amount of Lessee's rental and other payments due City pursuant to this Lease (excluding any consideration attributed to assets other than this Lease), after first deducting the unamortized cost of leasehold improvements which costs had been approved by City and paid for by Lessee.

69.5. Subject to Section 69.8, in the case of a sublease to a sublessee other than Helinet, as a condition to the Consent to Sublease, it shall not be deemed unreasonable for the City to require that Lessee shall pay to City twenty-five percent (25%) of any increase between (i) the then-current sublease rent paid by Helinet and (ii) the proposed sublease rent, payable on payment

terms to be agreed upon by the Parties, unless a different rate is negotiated by City and Lessee. In addition to City's audit rights under Article 2, Section 56 herein, Lessee shall make records available to City for inspection to confirm the calculation of the consideration required under this Section 69.5. The application of this Section 69.5 shall not limit the application of Section 69.4 if Section 69.4 is otherwise applicable.

69.6 Lessee, Helinet, and any sublessee shall disclose or allow City to inspect the terms of the sublessee's current and proposed sub-subleases. If the Board authorizes a fee on all similarly situated subleases at the Airport, then Lessee and/or its sublessees shall pay to City such fee, from and after the later of (i) the effective date of such fee, and (ii) the date the Board authorizes such fee.

69.7 As a condition to any consent, City may require Lessee or any sublessee to make information available to City regarding any assignment, sublease, or change of use. City shall have the right to inspect the records of Lessee and any sublessee or proposed sublessee at a location within a reasonable distance from the Demised Premises.

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

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

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

improvements to the recaptured premises. In no case, shall the City's recapture of the Demised Premises result in Lessee's exceeding the utilization standards of the remaining premises as of the date of recapture.

70.3. Cancellation. City retains the right to cancel this Lease on thirty (30) days' notice upon Lessee's cessation of scheduled or actual service at the airport (passenger service, cargo service or maintenance activities, as applicable), unless such cessation of service is caused solely by Force Majeure (as defined in Section 83.12 below). City shall not be required to compensate Lessee for Lessee's improvements.

**Section 71. Default.**

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

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

71.1.2. Lessee fails to comply with any term, provision or covenant of this Lease, other than paying its Monthly Rent, and does not cure such failure within thirty (30) days after Lessor has sent written notice to Lessee specifying such failure or such longer period of time as may be reasonably necessary to cure such default as long as Lessee commences to cure such default within such thirty (30) day period and the Chief Executive Officer determines in his or her sole discretion that Lessee is diligently proceeding to cure such default;

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

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

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

71.1.6 The interests of Lessee under this Lease shall not, except at City's option and with its written consent, be assignable by operation of law. In case of the bankruptcy of Lessee, or the appointment of a receiver for Lessee and such receiver is not removed within one hundred twenty (120) days from the date of appointment, or if a receiver is appointed to take possession of the Demised Premises as a result of any act or omission of Lessee and such receiver is not removed within one

hundred twenty (120) days from the date of appointment, or if Lessee makes an assignment of this Lease for the benefit of creditors, or if possession of the Demised Premises is taken by virtue of any attachment, execution, or the levy of any judicial process, City, at its election, may, after written notice to Lessee, terminate this Lease.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

71.2.6 After the occurrence of a Default Event, City, in addition to or in lieu of exercising other remedies, may, but without any obligation to do so, cure the breach underlying the Default Event for the account and at the expense of Lessee. However, City must by prior written notice first allow Lessee a reasonable opportunity to cure, except in cases of emergency, where City may proceed without

prior notice to Lessee. Lessee shall, upon demand, immediately reimburse City for all costs, including costs of settlements, defense, court costs, and attorney fees, that City may incur in the course of any cure.

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

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

71.3 Cross Default: A material breach of the terms of any other lease, license, permit, or contract held by Lessee with City shall constitute a material breach of the terms of this Lease and shall give City the right to terminate this Lease for cause in accordance with the procedures set forth in this Section.

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

## **Section 72. Waiver.**

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

## **Section 73. Attorney's Fees.**

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

**Section 74. Hazardous and Other Regulated Substances.**

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

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

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

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

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

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

74.2 Environmental Conditions.

74.2.1 Pre-Existing Environmental Conditions. Except for conditions existing prior to the Effective Date (excluding hazardous substances located above-grade in the materials comprising the City Buildings, the "Pre-Existing Environmental Conditions"), Lessee agrees to accept sole responsibility for full compliance with any and all applicable present and future rules, regulations, restrictions, ordinances, statutes, laws, and/or other orders of any governmental entity regarding the use, storage, handling, distribution,

processing, and/or disposal of hazardous substances, regardless of whether the obligation for such compliance or responsibility is placed on the owner of the land, on the owner of any improvements on the Demised Premises, on the user of the land, or on the user of the improvements. Lessee agrees that any claims, damages, penalties, or fines asserted against or levied on City and/or the Lessee as a result of noncompliance with any of the provisions in this subsection 74.2.1 shall be the sole responsibility of the Lessee and that Lessee shall indemnify and hold City harmless from all such claims, damages, penalties, or fines. Further, City may, at its option, pay such claims, damages, penalties, or fines resulting from Lessee's non-compliance with any of the terms of subsection 74.2.1, and Lessee shall indemnify and reimburse City for any such payments. Except for Pre-Existing Conditions and subject to Section 74.2.3, in the case of any hazardous substance spill, leak, discharge, release or improper storage on the Demised Premises or contamination of the Demised Premises by any person, Lessee agrees to make or cause to be made any necessary repairs or corrective actions as well as to clean up and remove any spill, leakage, discharge, release or contamination, in accordance with applicable laws ("Remediation"). In the case of any hazardous substance spill, leak, discharge, release or contamination by Lessee or its employees, servants, agents, contractors, or subcontractors on the Demised Premises or as may be discharged or released by Lessee or its employees, servants, agents, contractors, or subcontractors in, on or under adjacent property which affects other property of City or its Lessees, Lessee agrees to make or cause to be made any necessary Remediation to clean up and remove any such spill, leakage, discharge, release or contamination. If Lessee fails to complete the Remediation as required herein, City may (but shall not be required to) undertake the Remediation at Lessee's sole cost and expense and Lessee shall indemnify and pay for and/or reimburse City for any and all costs (including any administrative costs) City incurs as a result of any Remediation it takes.

74.2.2 Nothing in this Lease shall be construed as to cause Lessee to be responsible for pre-existing hazardous substances that were merely discovered by Lessee ("Discovered Substances"). If there are Discovered Substances on Demised Premises, then Lessee shall notify City within two (2) business days. Upon City's receipt of such notice, the Parties shall review the extent of the Discovered Substances and the options to remediate including: (i) subject to Board approval, City may remediate or otherwise address the Discovered Substances; or (ii) subject to Board approval, City may request Lessee to remediate or otherwise address the Discovered Substances-, and provide reimbursement in the form of a negotiated rent credit and/or an extension to the Lease Term agreed upon by the Parties; provided that if good faith negotiations on the foregoing terms fail to result in the Parties reaching agreement on such terms, then either Party may terminate this Lease upon written notice to the other Party, in which case neither Party shall have any liability to the other Party for any costs that have been incurred or which shall arise from this Lease. Pending the Parties' agreement as to the Discovered Substances, Lessee shall have no liability for any payments under this Lease so long as it suspends all operations on the Demised Premises other than operations consented to by City or any operations necessary to avoid deterioration or damage to the Demised Premises.

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

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

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

**Section 75. Airfield Security.**

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

75.2 In addition to the foregoing, gates and doors located on the Demised Premises which permit entry into restricted areas at Airport shall be kept locked by Lessee at all times when not in use or under Lessee's constant security surveillance. Gate or door malfunctions which permit unauthorized entry into restricted areas shall be reported to Department of Airports' Operations Division without delay and shall be maintained under constant surveillance by Lessee until repairs are affected by Lessee or City and/or the gate or door is properly secured.

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

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

**Section 76. Business Tax Registration.**

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

**Section 77. Laws, Rules, and Regulations.**

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

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

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

**Section 78. Disabled Access.**

78.1 Lessee shall be solely responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws and/or orders of any federal, state, and/or local governmental entity and/or court regarding disabled access to

improvements on the Demised Premises including any services, programs, or activities provided by Lessee. Lessee shall be solely responsible for any and all damages caused by, and/or penalties levied as the result of, Lessee's noncompliance. Further, Lessee agrees to cooperate fully with City in its efforts to comply with the Americans With Disability Act of 1990, and any amendments thereto or successor statutes.

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

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

79.1 Living Wage Ordinance.

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

79.1.2 Living Wage Coverage Determination. An initial determination has been made that this is a public lease under the LWO, and, that it is not exempt from coverage

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

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

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

**79.2 Service Contract Worker Retention Ordinance.** This Lease may be subject to the Service Contract Worker Retention Ordinance ("SCWRO") (Section 10.36, et seq, of the Los Angeles Administrative Code), which is incorporated herein by this reference. A copy of Section 10.36 has been attached hereto for the convenience of the parties as Exhibit I. If applicable, Lessee

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

**Section 80. Child Support Orders.**

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

**Section 81. Visual Artists' Rights Act.**

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

81.2 Lessee is prohibited from installing, or causing to be installed, any piece of artwork covered under VARA on the Demised Premises without the prior, written approval and waiver of the Chief Executive Officer. Any work of art installed on the Demised Premises without such prior approval and waiver shall be deemed a trespass, removable by City, by and through its Chief

Executive Officer, upon three (3) days written notice, all costs, expenses, and liability therefor to be borne exclusively by Lessee.

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

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

**Section 82. Equal Benefits Ordinance.**

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

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

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

82.3 The failure of Lessee to comply with the EBO will be deemed to be a material breach of the Lease by City. If Lessee fails to comply with the EBO, the City may cancel or terminate the Lease, in whole or in part, and all monies due or to become due under the Lease may be retained by the City. The City may also pursue any and all other remedies at law or in equity for any breach. Failure to comply with the EBO may be used as evidence against Lessee in actions

taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, et seq., Contractor Responsibility Ordinance. If the City determines that Lessee has set up or used its contracting entity for the purpose of evading the intent of the EBO, the City may terminate the Lease.

**Section 83. Condemnation.** The parties hereby agree that:

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

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

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

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

83.2.3 Except as provided for in Article 2, Section 60, Ownership of Improvements hereof, should Lessee terminate this Lease pursuant to this Section 83, title to all

improvements, additions or alterations constructed or installed by Lessee upon the Demised Premises and which have not already vested in City shall thereupon vest in City.

83.3 Application of Award Upon a Total or Partial Taking.

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

83.3.2 Lessee shall have the right to receive compensation for the unamortized value of the buildings and any improvements which are still owned by Lessee and which were placed on the Demised Premises by Lessee and located thereon at the time of such taking or appropriation, and for its trade fixtures, equipment, and supplies, and for loss or damage to Lessee's business goodwill. The "amortized value" which City shall be entitled to receive is a portion of the award for said Lessee-owned buildings and improvements equal to an amount determined by a ratio equal to the number of years the building and/or improvements have been in existence over the twenty-five (25)-year term of the Lease, without consideration of any possibility or probability of renewal, or of options, if any. There shall be no amortization of partially constructed improvements authorized by City, if said construction is incomplete within the time period set forth in the approval granted by City. The value, to be determined by City, of such partially constructed improvements shall be paid to Lessee.

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

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

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

83.6 Taking for Temporary Use. In the event of a taking of all or any portion of the Demised Premises for temporary use, this Lease shall continue in full force and effect without reduction or abatement of rental or other sum payable hereunder, and Lessee shall be entitled to make claim for, recover and retain any awards or proceeds made on account thereof, whether in the form of rent or otherwise, unless such period of temporary use or occupancy extends beyond the term of this Lease, in which case such awards or proceeds shall be apportioned between City and Lessee as heretofore specified. Lessee shall restore or cause to be restored any such areas temporarily taken to the condition existing before the taking.

#### **Section 84. Miscellaneous Provisions.**

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

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

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

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

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

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

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

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

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

84.10 War or National Emergency. This Lease and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire affecting the control, operation, regulation, and taking over of Airport or the exclusive or nonexclusive use of Airport by the United States during the time of war or national emergency.

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

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

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

For purposes of this Lease, the term "Force Majeure" shall mean, in relation to the conditions that may cause a party to be temporarily, partially or wholly prevented from performing its obligations to the other party under this Agreement and not for any other purpose or for any benefit of any third party: any event beyond the reasonable control of the party claiming it, including, but not limited to, embargoes, shortages of material, acts of God, acts of public enemy (such as war, (declared or undeclared), invasion, insurrection, terrorism, riots, rebellion or sabotage), acts of a governmental authority (such as the United States' Department of Transportation, the United States Federal Aviation Administration, the United States Transportation Security Administration, the United States Environmental Protection Agency and defense authorities), Construction Events (as defined below), fires, floods, earthquakes, hurricanes, tornadoes and other extreme weather conditions, or litigation against City and/or Lessee seeking to directly or indirectly invalidate either this Lease or the City's July 19, 2021 Request for Proposals for the Demised Premises even if such litigation does not expressly or otherwise prohibit Lessee from developing or constructing the Proposed Improvements; provided, however, that strikes, boycotts, lockouts, labor disputes, labor

disruptions, work stoppages or slowdowns shall not be considered an event of Force Majeure. The term Force Majeure includes delays caused by governmental agencies in the processing of applicable building and safety permits but only to the extent that such processing time actually exceeds the normal and reasonable processing time period for such governmental agency permit; provided, however, that any delays caused by Lessee or its Contractors in the processing of such permits (such as Lessee or its Contractors' failure to submit complete applications for such permits) shall not be considered a basis for a claim of Force Majeure by Lessee. Any lack of funds shall not be deemed to be a cause beyond the control of a party. If Lessee shall claim a delay due to Force Majeure, lessee must notify City in writing within five (5) business days of the first occurrence of any claimed event of Force Majeure. Such notice must specify in reasonable detail the cause or basis for claiming Force Majeure and the anticipated delay in Lessee's performance to the extent such anticipated delay is known to Lessee at the time such notice to City is required. If Lessee fails to provide such notice within said five (5) business-day period, then no Force Majeure delay shall be deemed to have occurred. Delays due to events of Force Majeure shall only be recognized to the extent that such event actually delays the performance by such party and cannot otherwise be mitigated using commercially reasonable efforts. For purposes of this Section, Construction Events mean government-required shutdowns or "stay at home" orders or similar restrictions that materially impair the ability of Lessee or its contractors to complete the Proposed Improvements,

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

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

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

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

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

84.19 Deprivation of Lessee's Rights. City shall not be liable to Lessee for any diminution or deprivation of Lessee's rights under this Lease, other than as set forth in Section 83

(Condemnation) which may result from Lessee's obligation to comply with any and all applicable laws, rules, regulations, restrictions, ordinances, statutes, and/or orders of any federal, state and/or local government authority and/or court hereunder on account of the exercise of any such authority as is provided in this Section, nor shall Lessee be entitled to terminate the whole or any portion of the Lease by reason thereof.

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

84.20 Time is of the Essence. Time is of the essence with respect to Lessee's performance of all obligations under this Lease. Any delay in Lessee's performance of its obligations outside of any expressly applicable cure period under this Lease shall constitute a material breach for which City may terminate this Lease.

84.21 Counterparts and Electronic Signatures. This Lease and any other document necessary for the consummation of the transaction contemplated by this Lease may be executed in counterparts, including counterparts that are manually executed and counterparts that are in the form of electronic records and are electronically executed. An electronic signature means a signature that is executed by symbol attached to or logically associate with a record and adopted by a party with the intent to sign such record, including facsimile or e-mail signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Lease and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called PDF format shall be legal and binding and shall have the same full force and effect as if a paper original of this Lease had been delivered that had been signed using a handwritten signature. All parties to this Lease (i) agree that an electronic signature, whether digital or encrypted, of a party to this Lease is intended to authenticate this writing and to have the same force and effect as a manual signature; (ii) intended to be bound by the signatures (whether original, faxed, or electronic) on any document sent or delivered by facsimile or electronic mail or other electronic means; (iii) are aware that the other party(ies) will rely on such signatures; and, (iv) hereby waive any defenses to the enforcement of the terms of this Lease based on the foregoing forms of signature. If this Lease has been executed by electronic signature, all parties executing this document are expressly consenting, under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 ("E-SIGN") and the California Uniform Electronic Transactions Act ("UETA") (California Civil Code §1633.1 et seq.), that a signature by fax, email, or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

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

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

**Section 86. Other Agreements Not Affected.**

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

**Section 87. Noise Abatement Procedures.**

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

87.2 Lessee shall require Helinet and any other sublessee of the Demised Premises to use commercially reasonable efforts to comply with the Airport’s required noise reduction efforts.

**Section 88. Contractor Responsibility Program.**

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

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

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

**Section 90. Campaign Contributions.**

90.1 Lessee, its sublessees and subcontractors, and their respective principals (hereinafter, “Principals”) are obligated to fully comply with City of Los Angeles Charter Section 470(c)(12) and related ordinances, regarding limitations on campaign contributions and fundraising for certain elected City officials or candidates for elected City office if the contract or

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

“Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions”  
As provided in Charter Section 470(c)(12) and related ordinances, you are sublessee on City of Los Angeles contract # . Pursuant to City Charter Section 470(c)(12), sublessee and its principals are prohibited from making campaign contributions and fundraising for certain elected City officials or candidates for elected City office for 12 months after the City contract is signed. The sublessee is required to provide to Lessee names and addresses of the sublessee’s principals and contact information and shall update that information if it changes during the 12 month time period. Sublessee’s information included must be provided to Lessee within 5 business days. Failure to comply may result in termination of contract or any other available legal remedies including fines. Information about the restrictions may be found at the City Ethics Commission’s website at <http://ethics.lacity.org/> or by calling 213/978-1960.”

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

**Section 91. Memorandum of Lease.**

91.1 If permitted under the City charter and other applicable City codes, the Parties agree to have executed, and then to have recorded (by Sublessee at its expense) in the official records of the County Recorder of Los Angeles County, California, a mutually agreed-upon Memorandum of this Lease (including necessary exhibits thereto) that substantially conforms to the form provided in **Exhibit N** attached hereto.

**Section 92. Estoppel Certificates.**

92.1 Either Party shall, within forty-five (45) days after any written request from the other Party or its lender, execute, acknowledge and deliver a statement (i) certifying (A) that this Lease is unmodified and in full force and effect or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect (or if this Lease is claimed not to be in force and effect, specifying the ground therefor) and (B) any dates to which any Land Rent and other components of Rent have been paid in advance, and the amount of any security deposit, (ii) acknowledging that no uncured defaults exist on the requesting Party’s part, to the certifying Party’s actual knowledge, or, alternatively, specifying such defaults, if any are claimed, and (iii) certifying such other matters as the requesting Party may reasonably request or as may be requested by such Party’s current or prospective lenders, insurance carriers, auditors, and prospective assignees or subtenants.

**Section 93. Covenant of Quiet Enjoyment**

93.1 Subject to applicable laws, Lessee shall have the right to peaceably and quietly hold and enjoy the Demised Premises throughout the term of this Lease subject to the provisions of this Lease.

**SIGNATURE BLOCKS**

IN WITNESS WHEREOF, the parties hereto have themselves or through their duly authorized officers caused this Lease to be executed as of the day and year hereinbelow written.

**APPROVED AS TO FORM:**  
MICHAEL N. FEUER  
City Attorney

**CITY OF LOS ANGELES**

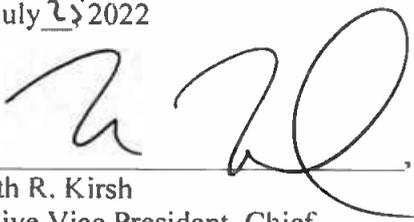
Date: \_\_\_\_\_  
By: \_\_\_\_\_  
Deputy/Assistant City Attorney

Date: \_\_\_\_\_  
By: \_\_\_\_\_  
Chief Executive Officer  
Department of Airports

**BONSEPH HELINET LLC**  
By: Bonseph Holdings Van Nuys, Inc., its  
Managing Member

By:   
Ronald Faust, Chief Executive Officer  
and President

Date: July 25 2022

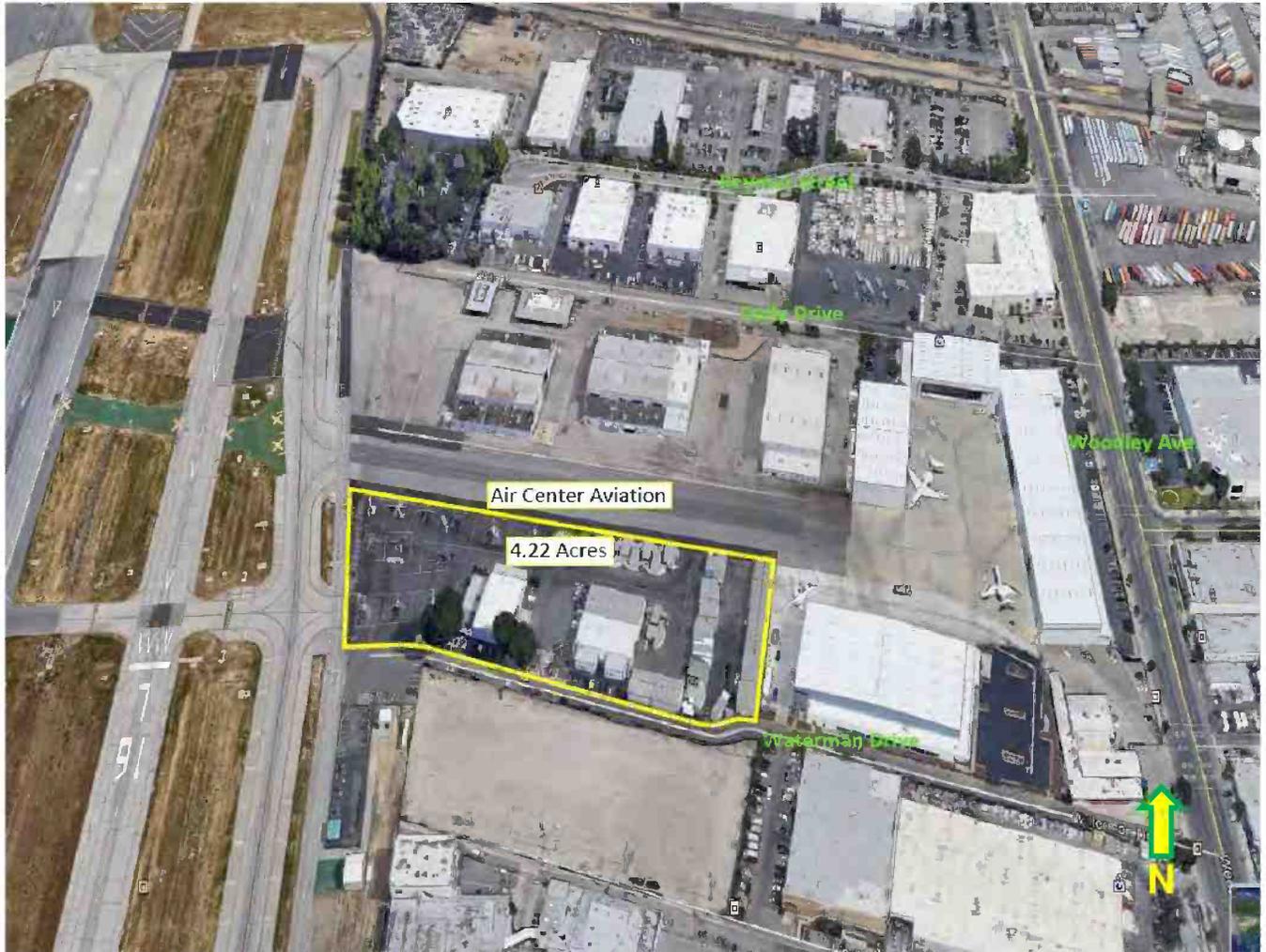
By:   
Kenneth R. Kirsh  
Executive Vice President, Chief  
Operating Officer, Secretary and  
Treasurer

=  
Date: July 25, 2022

## **EXHIBITS AND SCHEDULE**

Exhibit A	Premises
Exhibit A-1	Vacant Parcel
Exhibit B	Payments (include FPG amount)
Exhibit C	Minimum Standards
Exhibit D	Maintenance
Exhibit E	Insurance
Exhibit F	Equal Employment Practices
Exhibit G	Affirmative Action
Exhibit H	Living Wage Ordinance/Compliance
Exhibit I	Service Contract Worker Retention Ordinance
Exhibit J	Child Support Orders
Exhibit K	First Source Hiring Program For Airport Employers (LAX only)
Exhibit L	Contractor Responsibility Program
Exhibit M	Alternative Fuel Vehicle Requirement Program (LAX only)
Exhibit N	Memorandum of Lease
Schedule 4.1	Proposed Improvements
Schedule 4.2	Plan for Observation Area Upgrade

**EXHIBIT "A"**  
**MAP OF DEMISED PREMISES**  
**16231 Waterman Drive**



# EXHIBIT "A"

## VNY OBSERVATION AREA

Located off of Woodley Avenue at the end of Waterman Drive, adjacent to the east side of the airfield at VNY





## EXHIBIT "B"

### RENT SCHEDULE

#### 16231 Waterman Drive at VNY

##### RENT PAYMENTS

Rental, fees, and other charges will commence on the Effective Date of the Lease, except for the rent associated with the Vacant Parcel and the Supplemental Rent. In addition, rental, fees, and other charges, as set forth in this Exhibit "B" are subject to adjustments pursuant to the Lease.

	<u>Monthly Rental</u>
<u>Building:</u>	
Hangar Building (6,810 Square Feet – Hangar @ \$ 4.25 Per Square Foot Per Year)	<b>\$ 2,411.88</b>
Hangar/Office Building (5,670 Square Feet – Hangar/4773 Square Feet – Office @ \$ 4.86 Per Square Foot Per Year)	<b>\$ 4,229.42</b>
<u>Land:</u>	
General Aviation Use (4.22 Acre @ \$ 42,288.27 Per Acre Per Year)	<b>\$ 14,871.37</b>
<b>Total Monthly Rent at the Effective Date:</b>	<b>\$ 21,512.67</b>
<b>FPG at the Effective Date:</b>	<b>\$ 64,538.01</b>
<u>*Vacant Parcel – 16200 Daily Drive:</u>	
General Aviation Use (2.48 Acre @ \$ 42,288.27 Per Acre Per Year)	<b>\$ 8,739.58</b>
<b>Total Monthly Rent with Vacant Parcel Rent:</b>	<b>\$ 30,252.25</b>
<b>FPG with Vacant Parcel Rent:</b>	<b>\$ 90,756.75</b>
<u>**Supplemental Rent:</u>	
(Annual Payment of \$ 50,000, to be paid in monthly installments)	<b>\$ 4,166.67</b>
<b>Total Monthly Rent with Supplemental Rent:</b>	<b>\$ 34,418.92</b>
<b>FPG with Supplemental Rent:</b>	<b>\$ 103,256.76</b>

**Note:** \*Rental charge for the Vacant Parcel will commence six (6) months after the Effective Date, or sooner upon written request by Lessee, in which case the City shall provide written notice to Lessee of the start of the Lease for the Vacant Parcel ("Vacant Parcel Commencement Date"), and the monthly rental invoice and FPG will be adjusted accordingly

**\*\*The Supplemental Rent will commence on the year the Proposed Improvements are completed and a certificate of occupancy is issued. Thereafter, the monthly rental invoice and FPG will be adjusted accordingly.**

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# EXECUTIVE DIRECTIVES

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Los Angeles World Airports

Van Nuys Airport

  
Lydia Kennard  
Executive Director

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Adopted April 22, 2002

EXHIBIT C

**LIST OF DIRECTIVES**

VNY 01.0 Minimum Standards for Engaging in Aeronautical Activities (4/22/02)

VNY 02.0 Relationship Between Capital Investment and Lease Term (4/22/02)

VNY 03.0 Definitions (4/22/02)

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## 1.0 INTRODUCTION

### 1.1 Governing Policy

- 1.1.1 Los Angeles World Airports (LAWA), a department of the City of Los Angeles (City), has, through its Board of Airport Commissioners (BOAC), adopted a Leasing Policy (Policy) to provide a framework for making leasing and property management decisions at the Van Nuys Airport (Airport). Under the Policy, the Executive Director of LAWA is authorized to promulgate Executive Directives to implement the Policy.

### 1.2 Purpose and Scope

- 1.2.1 These Minimum Standards for Engaging in Aeronautical Activities (Minimum Standards) have been established by Executive Directive pursuant to and in accordance with the Policy.
- 1.2.2 The purpose of these Minimum Standards is to (1) encourage the provision of high quality products, services, and facilities to Airport users; (2) encourage the development of quality improvements at the Airport; (3) promote safety; (4) promote the economic health of Airport businesses; and (5) promote the orderly development of Airport property. To this end, all entities desiring to engage in Aeronautical Activities at the Airport shall be accorded reasonable opportunities, without unlawful discrimination, to engage in such activities, subject to these Minimum Standards.
- 1.2.3 These Minimum Standards specify the standards and requirements that shall be met by any entity desiring to engage in one or more Aeronautical Activities at the Airport. These Minimum Standards are not intended to be all-inclusive. Any entity engaging in Aeronautical Activities at the Airport shall also be required to comply with all applicable Regulatory Measures pertaining to such activities.
- 1.2.4 Throughout these Minimum Standards, the words "standards" or "requirements" shall be understood to be modified by the word "minimum" except where explicitly stated otherwise. Any required determinations, interpretations, or judgments regarding what constitutes an acceptable minimum standard, or regarding compliance with such standard, shall be made by LAWA. All entities are encouraged to exceed the applicable minimum standards. No entity shall be allowed to engage in Aeronautical Activities at the Airport under conditions that do not, in LAWA's discretion, meet these Minimum Standards.
- 1.2.5 Aeronautical Activities may be proposed that do not fall within the categories designated herein. In any such cases, appropriate minimum standards shall be developed on a case-by-case basis for such activities and promulgated by Executive Directive or incorporated into Agreements relating to the occupancy or use of particular Airport land or Improvements.
- 1.2.6 These Minimum Standards may be supplemented, amended, or modified by Executive Directive from time to time and in such manner and to such extent as is deemed appropriate by LAWA.
- 1.2.7 Specialized Aviation Service Operators (SASO) are encouraged to be subtenants of Fixed Base Operators (FBO); however, if suitable land or improvements are not available or cannot be secured from an FBO, SASOs may sublease improvements from another SASO, lease land from LAWA and, if necessary, request permission in writing from LAWA to construct improvements on such land in the LAWA designated areas, and/or lease improvements from LAWA.

### **1.3 Applicability**

- 1.3.1 These Minimum Standards shall apply to any new Agreement or any extension of the term of an existing Agreement relating to the occupancy or use of Airport land or Improvements for Aeronautical Activities. If an entity desires, under the terms of an existing Agreement, to materially change its Aeronautical Activities, LAWA shall, as a condition of its approval of such change, require the entity to comply with these Minimum Standards.
- 1.3.2 These Minimum Standards are not retroactive and do not affect the term or any authorized extension of the term of any Agreement properly executed prior to the date of promulgation of these Minimum Standards except as provided for in such Agreement, in which case these Minimum Standards shall apply to the extent permitted by such Agreement.
- 1.3.3 These Minimum Standards shall not be deemed to modify any existing Agreement under which an entity is required to exceed these Minimum Standards, nor shall they prohibit LAWA from entering into or enforcing an Agreement that requires an entity to exceed the Minimum Standards.

### **1.4 Non-Compliance/Violations**

- 1.4.1 LAWA reserves the right to prohibit any entity from using the Airport or engaging in Aeronautical Activities at the Airport upon determination by LAWA that such entity has not complied with these Minimum Standards, or has otherwise jeopardized the safety of other entities using the Airport.

### **1.5 Right to Self Service**

- 1.5.1 These Minimum Standards shall not grant any right or privilege that prevents any entity operating Aircraft at the Airport from performing any services it may choose to perform on its own Aircraft with its own employees (including, but not limited to, maintenance, repair, and refueling). However, all Aircraft Operators shall adhere to all applicable Regulatory Measures in the performance of any services on its own Aircraft.
  - 1.5.1.1 Operator is not obligated to allow any entity to perform services on its own Aircraft on the premises leased exclusively by the Operator.

### **1.6 Severability**

- 1.6.1 If one or more clauses, sections, or provisions of these Minimum Standards shall be held to be unlawful, invalid, or unenforceable by final judgment of any court of competent jurisdiction, the invalidity of such clauses, sections, or provisions shall not in any way affect other clauses, sections, or provisions of these Minimum Standards.

## GENERAL REQUIREMENTS

### 2.0 GENERAL REQUIREMENTS

All Operators engaging in Aeronautical Activities at the Airport shall comply with the requirements of this section as well as the minimum standards applicable to the specific Activities, as set forth in subsequent sections.

#### 2.1 *Experience/Capability*

- 2.1.1 Operator shall, in the judgment of LAWA, demonstrate the capability of providing comparable products, services, and facilities and engaging in comparable Activities in a good and workmanlike manner.
- 2.1.2 Operator shall, in the judgment of LAWA, demonstrate the financial responsibility and capability to develop and maintain Improvements; procure and maintain required Vehicles, Equipment, and/or Aircraft; employ personnel, and engage in the Activity.

#### 2.2 *Agreement/Approval*

- 2.2.1 No entity shall engage in an Activity unless the entity has a lease agreement or Permit (Agreement) with LAWA authorizing such Activity or the entity has received written approval from LAWA to sublease land or Improvements from an authorized Operator and conduct the Activity at the Airport.
  - 2.2.1.1 Unless otherwise notified by LAWA, applications to engage in an Activity properly delivered to LAWA (as stated in section 2.2) shall be deemed approved within 30 calendar days of receipt.
- 2.2.2 An Agreement shall not reduce or limit Operator's obligations with respect to these Minimum Standards.
- 2.2.3 Operator shall comply with all the provisions of the Agreement between Operator and LAWA.
- 2.2.4 Activities shall only be conducted from the Leased Premises unless the entity has received prior written approval from LAWA.
- 2.2.5 Only written approvals or permission granted by the BOAC or duly authorized representative of the BOAC are binding.

#### 2.3 *Restricted Activities*

- 2.3.1 Activities not explicitly identified in these Minimum Standards or an executed Agreement shall be restricted at the Airport. No entity shall engage in restricted activities at the Airport without the prior written permission of LAWA.

#### 2.4 *Payment of Rents, Fees, and Charges*

- 2.4.1 Operator shall pay the rents, fees, or other charges specified by LAWA for leasing or using land or Improvements or engaging in Activities.
- 2.4.2 No Operator shall be permitted to engage in Activities unless said Operator is current in the payment of all rents, fees, charges, or other sums due to LAWA under any and all Agreements Operator has with LAWA.
- 2.4.3 Operator's failure to remain current in the payment of any and all rents, fees, charges, and other sums due to LAWA shall be grounds for revocation of the Agreement or approval authorizing the occupancy or use of land or Improvements or the conduct of Activities at the Airport.

#### 2.5 *Leased Premises*

- 2.5.1 Operator shall lease or sublease sufficient land and lease, sublease, or construct sufficient Improvements for the Activity as stipulated in these Minimum Standards.

## GENERAL REQUIREMENTS

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2.5.1.1 Unless written permission is granted through an Agreement, leased Premises that are used for commercial purposes and require public access shall have direct streetside access.

2.5.2 Operators providing rotary wing Aircraft parking shall follow AC150/5390-2A in the design of the Apron to be utilized for rotary wing Aircraft parking.

### **2.6 Facility Maintenance**

2.6.1 Operator shall maintain the Leased Premises (including all related and associated appurtenances, landscaping, paved areas, installed Equipment and utility services, and security lighting) in a clean, neat, and orderly condition.

2.6.2 Operator shall provide all necessary cleaning services for its Leased Premises, including janitorial and custodial services, trash removal services, and any related services necessary to maintain the Improvements in good, clean, neat, and orderly condition, normal wear and tear excepted.

2.6.3 Operator shall replace in like kind any Property damaged by Employees, patrons, subtenants, contractors, etc., or Operator's Activities.

2.6.4 Operator shall comply with the Airport's landscape and signage requirements.

### **2.7 Products, Services, and Facilities**

2.7.1 Products, services, and facilities shall be provided on a reasonable, and not unjustly discriminatory, basis to all users of the Airport.

2.7.2 Operator shall charge reasonable, and not unjustly discriminatory, prices for each product or service, provided that, Operator may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

2.7.3 Operator shall conduct its Activities on and from the Leased Premises in a safe, efficient, and professional manner consistent with the degree of care and skill exercised by experienced operators providing comparable products, services, and facilities and engaging in similar Activities from similar leaseholds in like markets.

### **2.8 Non-Discrimination**

2.8.1 Operator shall not discriminate against any person or class of persons by reason of race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition in providing any products or services or in the use of any of its facilities provided for the public, in any manner prohibited by applicable Regulatory Measures.

### **2.9 Licenses, Permits, Certifications, and Ratings**

2.9.1 Operator (and/or Operator's personnel) shall obtain and comply with, at Operator's sole expense, all necessary licenses, permits, certifications, or ratings required for the conduct of Operator's Activities at the Airport as required by LAWA or any other duly authorized Agency prior to engaging in any Activity at the Airport. Upon request, Operator shall provide copies of such licenses, permits, certifications, or ratings to LAWA within 10 business days.

### **2.10 Personnel**

2.10.1 Operator shall have in its employ (as Employees), on duty, and on premises during operating hours, trained and courteous personnel in such numbers as are required to meet these Minimum Standards and to meet the reasonable demands of the aviation public for each Activity being conducted in a courteous, prompt, safe, and efficient manner.

2.10.2 Operator shall provide a responsible person on its Leased Premises to supervise Activities and such personnel shall be authorized to represent and act for and on

## GENERAL REQUIREMENTS

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behalf of Operator during all required Hours of Activities as established in these Minimum Standards.

### **2.11 Equipment**

2.11.1 All required Equipment must be fully operational and functional at all times.

### **2.12 Regulatory Measures**

2.12.1 Operator shall engage in Activities in accordance with all applicable Regulatory Measures, including these Minimum Standards.

### **2.13 Insurance**

2.13.1 Operator shall procure and maintain, during the term of an Agreement, insurance policies required by law and the types and minimum limits set forth in Attachment A of these Minimum Standards for each Activity. The insurance company or companies underwriting the required policies shall be licensed or authorized to write such insurance in the state of California or be approved in writing by LAWA.

2.13.1.1 When coverages or limits set forth in these Minimum Standards are not commercially available, appropriate replacement coverages or limits must be approved by LAWA.

2.13.2 When Operator engages in more than one Activity (or engages in an Activity that does not fall within the categories designated in these Minimum Standards), the minimum limits may vary depending upon the nature of each Activity and/or combination of Activities, but shall not necessarily be cumulative in all instances. It shall not be necessary for Operator to carry insurance policies for the combined total of the minimum requirements of each Activity. However, Operator shall procure and maintain insurance for all exposures in amounts at least equal to the greatest of the required minimum, or as established by LAWA.

2.13.3 All insurance that Operator is required by LAWA to carry and keep in force, shall name the City of Los Angeles, Los Angeles World Airports, and the Board of Airport Commissioners, individually and collectively, and their representatives, officers, officials, employees, agents, and volunteers as additional insured.

2.13.4 Liability policies shall contain, or be endorsed to contain, the following provisions:

2.13.4.1 "The City of Los Angeles, Los Angeles World Airports, and the Board of Airport Commissioners, individually and collectively, and their representatives, officers, officials, employees, agents, and volunteers are to be covered as additional insureds with respect to: liability arising out of Activities performed by or on behalf of Operator; products and services of Operator; premises owned, leased, occupied, or used by Operator; or vehicles, equipment, or aircraft owned, leased, hired, or borrowed by Operator. Any insurance or self-insurance maintained by the City of Los Angeles, Los Angeles World Airports, and the Board of Airport Commissioners, individually and collectively, and their representatives, officers, officials, employees, agents, and volunteers shall be excess of Operator's and shall not contribute with it."

2.13.4.2 "Any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the City of Los Angeles, Los Angeles World Airports, and the Board of Airport Commissioners, individually and collectively, and their representatives, officers, officials, employees, agents, and volunteers. Operator's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the aggregate limits of the insurer's liability."

## GENERAL REQUIREMENTS

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- 2.13.4.3 "Coverage shall not be suspended, voided, or cancelled by either party or reduced in coverage or in limits except after 30 days prior written notice by Certified Mail, return receipt requested, has been given to Los Angeles World Airports."
- 2.13.5 Special Endorsement Forms for the insurance required by law and set forth by these Minimum Standards for each Activity shall be delivered to LAWA upon execution of any Agreement or approval. Operator shall furnish additional Special Endorsement Forms 30 days prior to any changes in coverage, if the change results in a reduction. Current proof of insurance shall be continually provided to LAWA throughout the term of the Agreement.
- 2.13.6 The limits stipulated herein for each Activity represents the minimum coverage and policy limits that shall be maintained by the Operator to engage in Activities at the Airport. Operators are encouraged to secure higher policy limits.
- 2.13.7 Any self-insured Operator shall furnish evidence of such self-insurance and shall hold the City, LAWA, and the BOAC harmless in the event of any claims or litigation arising out of its Activities at the Airport. Such evidence shall be reviewed and approved in writing by the Executive Director.
- 2.13.8 Operator shall, at its sole expense, cause all facilities and Improvements on the Leased Premises to be kept insured to the full insurable value (current replacement cost with no depreciation) thereof against the perils of fire, lightning, wind, hail, earthquake, flood, extended coverage, and/or vandalism. The proceeds of any such insurance paid on account for any of the aforementioned perils, shall be used to defray the cost of repairing, restoring, or reconstructing said facilities or Improvements to the condition and location existing prior to the casualty causing the damage or destruction, unless a change in design or location is approved in writing by LAWA. When a facility and/or improvement reverts to LAWA's ownership and/or control during the term of an Agreement, notice will be given of any changes in insurance requirements.
- 2.13.9 Disclosure Requirement: Any Operator conducting Aircraft rental, sales, or flight training shall post a notice and incorporate within the rental and instruction agreements the coverage and limits provided to the renter or student by Operator, as well as a statement advising that additional coverage is available to such renter or student through the purchase of an individual non-ownership liability policy. Operator shall provide a copy of such notice to LAWA upon request.

### **2.14 Indemnification and Hold Harmless**

- 2.14.1 Operator shall defend, indemnify, save, protect, and completely hold harmless the City, LAWA, and the BOAC, individually and collectively, and their representatives, officers, officials, employees, agents, and volunteers from any and all claims, demands, damages, fines, obligations, suits, judgments, penalties, causes of action, losses, liabilities, administrative proceedings, arbitration, or costs at any time received, incurred, or accrued by the City, LAWA and the BOAC, individually and collectively, and their representatives, officers, officials, employees, agents, and volunteers as a result of, or arising out of Operator's actions or inaction. In the event a party indemnified hereunder is in part responsible for the loss, the indemnitor shall not be relieved of the obligation to indemnify; however, in such a case, liability shall be shared in accordance with California principles of comparative fault.
- 2.14.2 The Operator shall accept total responsibility and hold harmless the City, LAWA, and the BOAC, individually and collectively, and their representatives, officers, officials, employees, agents, and volunteers in the event of an environmental contaminating accident or incident caused by Operator, its Employees, its vendors

## GENERAL REQUIREMENTS

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or any other personnel used by the Operator to maintain Operator's facilities, vehicles, equipment, or Aircraft.

### **2.15 Taxes**

2.15.1 Operator shall, at its sole cost and expense, pay all taxes, fees, and other charges that may be levied, assessed, or charged by any duly authorized Agency.

### **2.16 Suspension, Revocation of Privileges**

2.16.1 LAWA reserves the right to suspend or revoke Operator privileges (including the right to revoke ramp badges, if issued/required), on a temporary or permanent basis, for failing to abide by these Minimum Standards or any applicable Regulatory Measures governing the Airport or any applicable Activity. A cure period may be considered, if in LAWA's discretion one is appropriate and consistent with an Agreement.

### **2.17 Fines/Penalties**

2.17.1 Operator shall have the responsibility to pay any fine or penalty levied against Operator, the City, LAWA, the BOAC, individually or collectively, and their representatives, officers, officials, employees, agents, and volunteers as a result of Operator's failure to comply with any applicable Regulatory Measure.

2.17.1.1 If the fine or penalty is contestable (and contested by the Operator), Operator shall pay the fine or penalty when upheld by the Agency having jurisdiction.

### **2.18 Multiple Activities**

2.18.1 When more than one Activity is conducted, the minimum requirements shall vary depending upon the nature of each Activity and/or combination of Activities, but shall not necessarily be cumulative.

### **2.19 City of Los Angeles, Los Angeles World Airports, Board of Airport Commissioners, Executive Director, and Airport Manager**

2.19.1 The Airport is owned by the City of Los Angeles, operated by Los Angeles World Airports, and governed by and through the Board of Airport Commissioners (BOAC). Only the Executive Director can amend or modify these Minimum Standards.

2.19.2 The Airport Manager is authorized and directed to obtain and receive copies of all licenses, permits, certifications, ratings, certificates of insurance, and other documents required to be provided to or filed with LAWA under these Minimum Standards. All official inquiries to LAWA regarding these Minimum Standards or compliance therewith shall be directed to the Airport Manager. LAWA shall be responsible for enforcement of these Minimum Standards and no approval or consent required hereunder shall be valid unless given in writing by LAWA.

### **2.20 Notices, Requests for Approval, Applications, and Other Filings**

2.20.1 Any notice, request for approval, application, or other filing required or permitted to be given or filed with LAWA and any notice or communication required or permitted to be given or filed with any Operator or prospective Operator pursuant to these Minimum Standards shall be in writing, signed by the party giving such notice, and may be sent by overnight courier or by United States Certified Mail or delivered by hand with dated receipt from LAWA, and shall be deemed to have been given when delivered to LAWA or Operator at their principal place of business or such other address as may have been provided.

### **3.0 FIXED BASE OPERATOR**

#### **3.1 Definition**

- 3.1.1 A Fixed Base Operator (FBO) is a Commercial Operator engaged in the sale of products, services, and facilities to Aircraft Operators including, at a minimum, aviation fuels and lubricants; ground services and support; tiedown, hangar, and parking; and aircraft maintenance.
- 3.1.2 In addition to the General Requirements set forth in Section 2, each FBO at the Airport shall comply with the following Minimum Standards.

#### **3.2 Scope of Activity**

- 3.2.1 Unless otherwise noted, all products and services shall be provided by FBO's employees using FBO's vehicles and equipment.
- 3.2.2 FBO's products and services shall include, at a minimum, the following:
  - 3.2.2.1 Aviation Fuels and Lubricants (Jet Fuel, Avgas, and Aircraft Lubricants):
    - 3.2.2.1.1 FBO shall be capable of delivering and dispensing Jet Fuel, Avgas, and Aircraft lubricants into all general aviation aircraft normally frequenting the Airport.
    - 3.2.2.1.2 FBO shall be capable of providing a response time not to exceed 15 minutes during required hours of activity and not to exceed 60 minutes after hours.
  - 3.2.2.2 Ground Services and Support
    - 3.2.2.2.1 Aircraft marshalling and towing
    - 3.2.2.2.2 Oxygen, nitrogen, and compressed air services
    - 3.2.2.2.3 Baggage handling
    - 3.2.2.2.4 Lavatory services
    - 3.2.2.2.5 Ground power
    - 3.2.2.2.6 Aircraft cleaning services
    - 3.2.2.2.7 Courtesy transportation (using the Operator's vehicles)
    - 3.2.2.2.8 Ground transportation arrangements (limousine, shuttle, and rental car)
    - 3.2.2.2.9 Hotel arrangements
    - 3.2.2.2.10 Aircraft catering
  - 3.2.2.3 Aircraft Maintenance
    - 3.2.2.3.1 FBO shall be an FAA certified Repair Station qualified to perform major maintenance (as defined in 14 CFR Part 43) on the airframe, powerplants, and associated systems of Group I and Group II piston, turboprop, and turbine General Aviation Aircraft.
    - 3.2.2.3.2 FBO can meet these Minimum Standards for the provision of Aircraft Maintenance by and through an authorized Sublessee(s) who meets the Minimum Standards for Aircraft Maintenance Operator and operates from the FBO's Leased Premises.

**FIXED BASE OPERATOR****3.3 Leased Premises**

3.3.1 FBO shall have adequate land, apron, facilities (hangars, terminal, maintenance, and fuel storage), and vehicle parking to accommodate all Activities of FBO and all approved sublessees, but not less than the following square footages, which are not cumulative:

	FBO Providing Groups I and II Piston, Turboprop, and Turbine Aircraft Maintenance	FBO Providing Group III Piston, Turboprop, and Turbine Aircraft Maintenance
Contiguous Land	304,920 SF	304,920 SF
Apron	130,680 SF	130,680 SF
Total Facilities	46,550 SF	46,800
Terminal	5,000 SF	5,000 SF
Administrative Area	≥ 1,250 SF	≥ 1,250 SF
Customer Area	≥ 2,500 SF	≥ 2,500 SF
Maintenance		
Administrative Area	300 SF	300 SF
Maintenance Area	1,250 SF	1,500 SF
Hangar	40,000 SF	40,000 SF
Storage	≥ 20,000 SF	≥ 20,000 SF
Maintenance	≥ 10,000 SF	≥ 15,000 SF

- 3.3.1.1 All required Improvements including, but not limited to, apron, vehicle parking, roadway access, landscaping, and all facilities shall be located on Contiguous Land.
- 3.3.1.2 Apron shall be sufficient weight bearing capacity to accommodate the largest Aircraft to be handled or serviced by FBO.
- 3.3.1.3 Paved Tiedown shall be adequate to accommodate the number, type, and size of Aircraft requiring tiedown space based at the Operator's Leased Premises. FBO shall have paved tiedown readily available to accommodate the reasonable demand of transient Aircraft (number, type, and size) requiring tiedown space.
- 3.3.1.4 Facilities shall include terminal (customer and administrative), maintenance (administrative and maintenance), and hangar areas.
- 3.3.1.4.1 Terminal customer area shall include dedicated and adequate space for crew and passenger lounge(s), flight planning room, conference room, public telephones, and restrooms.
- 3.3.1.4.2 Terminal administrative area shall include dedicated and adequate space for employee offices, work areas, and storage.
- 3.3.1.4.3 Maintenance administrative area shall include dedicated and adequate space for employee offices, work areas, and storage
- 3.3.1.4.4 Maintenance area shall include adequate space for employee work areas, shop area, and storage.
- 3.3.1.4.5 At least one hangar shall be capable of accommodating an Aircraft having a length of 100 feet, a wingspan of 95 feet, and a tail height of 26 feet. No single structure making up the

**FIXED BASE OPERATOR**

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required hangar space shall be less than 5,000 square feet. Aircraft Maintenance hangar area shall be at least equal to the square footage stipulated for the type of maintenance being provided (as identified above) or large enough to accommodate the largest Aircraft undergoing Aircraft Maintenance (other than preventative Aircraft Maintenance), whichever is greater.

- 3.3.1.5 Vehicle parking shall be sufficient to accommodate FBO and tenant customers, passengers, and employees on a daily basis.

**3.4 Fuel Storage**

- 3.4.1 Construct or install and/or maintain an on-Airport aboveground fuel storage facility at the Airport, unless otherwise authorized or required, in a location consistent with the Airport Master Plan and approved by LAWA. Fuel storage facility shall have total capacity for three days' supply of aviation fuel for Aircraft being serviced by FBO. In no event shall the total storage capacity be less than 24,000 gallons for Jet Fuel storage. While FBO is not required to have Avgas storage, FBO shall provide Avgas fueling services. FBO shall demonstrate capabilities to expand fuel storage capacity within a reasonable time period.
- 3.4.2 FBO shall demonstrate that satisfactory arrangements have been made with a reputable aviation petroleum supplier/distributor for the delivery of aviation fuels in the quantities that are necessary to meet the requirements set forth herein.
  - 3.4.2.1 Fuel suppliers utilized by Operator shall have a current and executed Non-Exclusive Revocable Fuel Delivery Permit on file with LAWA.
- 3.4.3 FBO shall have an approved written Spill Prevention Contingency and Control Plan ("SPCC Plan") that meets Regulatory Measures for aboveground fuel storage facilities with a capacity greater than 660 gallons. An updated copy of the SPCC Plan shall be filed with the Airport Manager at least 30 calendar days prior to commencing operations.
- 3.4.4 FBO shall be liable and indemnify the City, LAWA, and the BOAC for all leaks, spills, or other damage that may result through the storage, handling, and dispensing of fuel.
- 3.4.5 Fuel delivered shall be clean, bright, pure, and free of microscopic organisms, water, or other contaminants. Ensuring the quality of the fuel and meeting all applicable government standards related to fueling and fuel storage is the responsibility of FBO.
- 3.4.6 FBO shall maintain current fuel reports on file, including total gallons of fuel delivered by type, and make such reports available for auditing with proper advance written notification, during normal business hours by the Airport Manager.

**3.5 Fueling Equipment**

- 3.5.1 Two operating and fully functional Jet Fuel refueling Vehicles, both having a capacity of 2,000 gallons and one operating and fully functional Avgas refueling Vehicle having a capacity of 750 gallons are required. A fixed Avgas refueling (self-service) system can be substituted for the Avgas refueling Vehicle.
- 3.5.2 Aircraft refueling Vehicles shall be equipped with metering devices that meet all applicable Regulatory Measures. One refueling Vehicle dispensing Jet Fuel shall have over-the-wing and single point Aircraft servicing capability. All refueling Vehicles shall be bottom loaded.

**FIXED BASE OPERATOR**

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- 3.5.3 Each refueling Vehicle shall be equipped and maintained to comply with all applicable safety and fire prevention requirements or standards including without limitation, those prescribed by:
  - 3.5.3.1 These Minimum Standards and all other applicable Regulatory Measures;
  - 3.5.3.2 State of California Fire Code and Fire Marshal's Codes;
  - 3.5.3.3 National Fire Protection Association (NFPA) Codes;
  - 3.5.3.4 14 CFR Part 139, Airport Certification, Section 139.321 "Handling/Storing of Hazardous Substances and Materials" (including updates).
  - 3.5.3.5 Applicable FAA Advisory Circulars (AC) including AC 00-34 "Aircraft Ground Handling and Servicing" and AC 150/5210-5 "Painting, Marking and Lighting of Vehicles Used On An Airport" (including updates).

**3.6 Equipment**

- 3.6.1 Adequate Equipment for recharging or energizing discharged Aircraft batteries.
- 3.6.2 One courtesy Vehicle to provide transportation of passengers, crews, and baggage to and from destinations on the Airport and local area hotels and restaurants.
- 3.6.3 Two Aircraft tugs (and tow bars) each having a rated draw bar capacity sufficient to meet the towing requirement of the Aircraft normally frequenting the Leased Premises.
- 3.6.4 Adequate number of approved and regularly inspected dry chemical fire extinguisher units shall be maintained within all hangars, on Apron areas, at fuel storage facilities, and on all grounding handling and refueling Vehicles.
- 3.6.5 All Equipment necessary for the proper performance of Aircraft Maintenance in accordance with applicable FAA regulations and manufacturers' specifications.

**3.7 Personnel**

- 3.7.1 Personnel, while on duty, shall be clean, neat in appearance, courteous, and at all times, properly uniformed, except management and administrative personnel. Uniforms shall identify the name of FBO (and the employee) and shall be clean, professional, and properly maintained at all times.
- 3.7.2 FBO shall develop and maintain Standard Operating Procedures (SOP) for fueling and ground handling and shall ensure compliance with standards set forth in FAA Advisory Circular 00-34A "Aircraft Ground Handling and Servicing" (including updates). FBO's SOP shall include a training plan, fuel quality assurance procedures and record keeping, and emergency response procedures to fuel fires and spills. FBO's SOP shall also address: (1) bonding and fire protection; (2) public protection; (3) control of access to fuel storage facilities; and (4) marking and labeling of fuel storage tanks and refueling Vehicles. FBO's SOP shall be submitted to LAWA no later than 30 days before the FBO commences Activities at the Airport. Inspections shall be conducted by LAWA on a periodic basis to ensure compliance.
- 3.7.3 Two properly trained and qualified employees, on each shift, shall provide aircraft fueling, parking, and ground services support.
- 3.7.4 One properly trained and qualified employee, on each shift (except from the hours of 10:00 p.m. to 6:00 a.m.), shall provide customer service and support.
- 3.7.5 One FAA licensed Airframe and Powerplant mechanic employed by FBO or an approved subtenant and properly trained and qualified to perform Aircraft

**FIXED BASE OPERATOR**

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Maintenance on Aircraft frequenting the Airport shall be on-duty and on-premises for at least eight hours during FBO's hours of activity, five days a week.

**3.8 Hours of Activity**

3.8.1 Aircraft fueling, ground handling, and customer service shall be continuously offered and available to meet reasonable demands of the public for this Activity seven days a week (including holidays) from 6:00 a.m. to at least 10:00 p.m. Aircraft fueling, ground handling, and customer service shall be available after hours, on-call, and with response time not to exceed 60 minutes.

3.8.2 Aircraft Maintenance shall be continuously offered and available to meet reasonable demand of the public for this Activity five days a week, eight hours a day. Aircraft Maintenance shall be available after hours, on-call, and with response time not to exceed 60 minutes.

**3.9 Aircraft Removal**

3.9.1 Recognizing that Aircraft removal is the responsibility of the Aircraft owner/operator, FBO shall be prepared to lend assistance within 30 minutes of request by Airport or the Aircraft owner/operator in order to maintain the operational readiness of the Airport. FBO shall prepare an Aircraft removal plan and have the equipment readily available that is necessary to remove the general aviation aircraft normally frequenting the Airport.

**3.10 Insurance**

3.10.1 FBO shall maintain, at a minimum, the coverage and limits of insurance set forth in Attachment A – Schedule of Minimum Insurance Requirements.

**AIRCRAFT MAINTENANCE OPERATOR (SASO)**

**4.0 AIRCRAFT MAINTENANCE OPERATOR (SPECIALIZED AVIATION SERVICE OPERATOR)**

**4.1 Definition**

- 4.1.1 An Aircraft Maintenance Operator is a Commercial Operator engaged in providing Aircraft Maintenance for Aircraft other than those Aircraft that are owned or leased or operated by (and under the full and exclusive control of) the Operator, which includes the sale of Aircraft parts and accessories.
- 4.1.2 In addition to the General Requirements set forth in Section 2, each Aircraft Maintenance Operator at the Airport shall comply with the following Minimum Standards. FBOs shall comply with the Minimum Standards set forth in Section 3, Fixed Base Operator.

**4.2 Leased Premises (Lessee)**

- 4.2.1 Operator other than an authorized Sublessee engaging in this Activity shall have adequate land, apron, facilities, and vehicle parking to accommodate all Activities of the Operator and all approved Sublessees, but not less than the following square footages, which are not cumulative:

	Group I Piston and Turboprop Aircraft Maintenance	Group II Piston and Turboprop Aircraft Maintenance	Group I Turbine Aircraft Maintenance	Group II Turbine Aircraft Maintenance	Group III Turbine Aircraft Maintenance
Contiguous Land	21,780 SF	21,780 SF	21,780 SF	35,000 SF	51,000 SF
Total Facilities	4,200 SF	5,950 SF	7,700 SF	11,950 SF	17,200 SF
Customer Area	400 SF	400 SF	400 SF	400 SF	400 SF
Administrative Area	300 SF	300 SF	300 SF	300 SF	300 SF
Maintenance Area	500 SF	750 SF	1,000 SF	1,250 SF	1,500 SF
Hangar	3,000 SF	4,500 SF	6,000 SF	10,000 SF	15,000 SF

- 4.2.1.1 All required Improvements including, but not limited to, apron, vehicle parking, roadway access, landscaping, and all facilities shall be located on Contiguous Land.
- 4.2.1.2 Apron area shall be adequate to accommodate the movement of Aircraft into and out of the hangar, staging, and parking of customer Aircraft.
- 4.2.1.3 Facilities shall include customer, administrative, maintenance, and hangar areas.
  - 4.2.1.3.1 Customer area shall include dedicated space for customer lounge(s), public telephones, and restrooms.
  - 4.2.1.3.2 Administrative area shall include dedicated space for employee offices, work areas, and storage.
  - 4.2.1.3.3 Maintenance area shall include dedicated space for employee work areas, shop areas, and storage.
  - 4.2.1.3.4 Hangar area shall be at least equal to the square footage stipulated for the type of maintenance being provided (as identified above) or large enough to accommodate the largest Aircraft undergoing Aircraft Maintenance (other than preventative Aircraft Maintenance), whichever is greater.
- 4.2.1.4 Vehicle parking shall be sufficient to accommodate customers and employees on a daily basis.

**AIRCRAFT MAINTENANCE OPERATOR (SASO)****4.3 Leased Premises (Sublessee or Multiple Activities)**

4.3.1 Operator engaging in this Activity as well as other Activities or an authorized Sublessee engaging in this Activity shall have adequate apron, facilities, and vehicle parking (all located within close proximity) to accommodate all Activities of the Operator, but not less than the following square footages, which are not cumulative:

	Group I Piston and Turboprop Aircraft Maintenance	Group II Piston and Turboprop Aircraft Maintenance	Group I Turbine Aircraft Maintenance	Group II Turbine Aircraft Maintenance	Group III Turbine Aircraft Maintenance
Contiguous Land	N/A	N/A	N/A	N/A	N/A
Total Facilities	3,800 SF	5,550 SF	7,300 SF	11,550 SF	16,800 SF
Customer Area	Accessible	Accessible	Accessible	Accessible	Accessible
Administrative Area	300 SF	300 SF	300 SF	300 SF	300 SF
Maintenance Area	500 SF	750 SF	1,000 SF	1,250 SF	1,500 SF
Hangar	3,000 SF	4,500 SF	6,000 SF	10,000 SF	15,000 SF

- 4.3.1.1 Apron shall be adequate to accommodate the movement of Aircraft into and out of the hangar and parking of customer Aircraft.
- 4.3.1.2 Facilities shall include customer, administrative, maintenance, and hangar areas.
- 4.3.1.2.1 Customer area: Operator's customers shall have immediate access to customer lounge(s), public telephones, and restrooms.
- 4.3.1.2.2 Administrative area shall be dedicated to the provision of Aircraft Maintenance and shall include adequate space for employee offices, work areas, and storage.
- 4.3.1.2.3 Maintenance area shall include dedicated space for employee work areas, shop areas, and storage.
- 4.3.1.2.4 Hangar area shall be at least equal to the square footage stipulated for the type of maintenance being provided (as identified above) or large enough to accommodate the largest Aircraft undergoing Aircraft Maintenance (other than Preventative Aircraft Maintenance), whichever is greater.
- 4.3.1.3 Vehicle parking shall be sufficient to accommodate customers and employees on a daily basis.

**4.4 Aircraft Painting**

4.4.1 Operator desiring to offer Aircraft painting services shall provide a separate enclosed painting area of sufficient size to accommodate the largest Aircraft serviced. Such facility shall meet all applicable Regulatory Measures.

**4.5 Licenses and Certification**

- 4.5.1 Operator conducting turboprop or turbine Aircraft Maintenance shall be properly certificated as an FAA Repair Station.
- 4.5.2 Personnel shall be properly certificated by the FAA, and hold the appropriate ratings and medical certification for the work being performed.

**4.6 Personnel**

4.6.1 Operator shall provide a sufficient number of personnel to adequately and safely carry out Aircraft Maintenance in a courteous, prompt, and efficient manner and meet the reasonable demands of the public for this Activity.

**AIRCRAFT MAINTENANCE OPERATOR (SASO)**

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4.6.1.1 Operator shall employ two FAA licensed Airframe and Powerplant mechanics.

4.6.1.2 Operator shall employ one customer service representative.

**4.7 Equipment**

4.7.1 Operator shall provide sufficient shop space, equipment, supplies, and availability of parts as required for certification as an FAA Repair Station.

**4.8 Hours of Activity**

4.8.1 Operator shall be open and services shall be available to meet reasonable demands of the public for this Activity, at least five days a week, eight hours a day and available on call after hours, with response time not to exceed 60 minutes.

**4.9 Insurance**

4.9.1 Operator shall maintain, at a minimum, the coverage and limits of insurance set forth in Attachment A – Schedule of Minimum Insurance Requirements.

**5.0 AVIONICS, INSTRUMENT, OR PROPELLER MAINTENANCE OPERATOR (SASO)**

**5.1 Definition**

- 5.1.1 An Avionics, Instrument, or Propeller Maintenance Operator is a Commercial Operator engaged in the business of maintenance or alteration of one or more of the items described in Part 43, Appendix A (i.e., Aircraft radios, electrical systems, propellers, instruments, or accessories).
- 5.1.2 In addition to the General Requirements set forth in Section 2, each Avionics, Instrument, or Propeller Maintenance Operator at the Airport shall comply with the following Minimum Standards.

**5.2 Leased Premises (Lessee)**

- 5.2.1 Operator other than an authorized Sublessee engaging in this Activity shall have adequate land, Apron, facilities, and Vehicle parking to accommodate all Activities of the Operator and all approved Sublessees, but not less than the following square footages, which are not cumulative:

- 5.2.1.1 For Operators performing just benchwork (i.e., no removal and replacement services being performed), the minimums, which are based upon the type of Aircraft avionics, instruments, and/or propellers being tested and/or repaired, are as follows:

	Group I Piston and Turboprop Aircraft Avionics/ Instruments/ Propellers	Group II Piston and Turboprop Aircraft Avionics/ Instruments/ Propellers	Group I Turbine Aircraft Avionics/ Instruments/ Propellers	Group II Turbine Aircraft Avionics/ Instruments/ Propellers	Group III Turbine Aircraft Avionics/ Instruments/ Propellers
Contiguous Land	21,780 SF	21,780 SF	21,780 SF	21,780 SF	21,780 SF
Total Facilities	1,000 SF	1,200 SF	1,400 SF	1,600 SF	1,800 SF
Customer Area	400 SF	400 SF	400 SF	400 SF	400 SF
Administrative Area	300 SF	300 SF	300 SF	300 SF	300 SF
Maintenance Area	300 SF	500 SF	700 SF	900 SF	1,100 SF

- 5.2.1.2 For Operators performing services beyond benchwork (i.e., removal and replacement services being performed), the minimums, which are based upon the type of Aircraft avionics, instruments, and/or propellers being tested and/or repaired, are as follows:

	Group I Piston and Turboprop Aircraft Avionics/ Instruments/ Propellers	Group II Piston and Turboprop Aircraft Avionics/ Instruments/ Propellers	Group I Turbine Aircraft Avionics/ Instruments/ Propellers	Group II Turbine Aircraft Avionics/ Instruments/ Propellers	Group III Turbine Aircraft Avionics/ Instruments/ Propellers
Contiguous Land	21,780 SF	21,780 SF	21,780 SF	35,000 SF	51,000 SF
Total Facilities	4,000 SF	5,700 SF	7,400 SF	11,600 SF	16,800 SF
Customer Area	400 SF	400 SF	400 SF	400 SF	400 SF
Administrative Area	300 SF	300 SF	300 SF	300 SF	300 SF
Maintenance Area	300 SF	500 SF	700 SF	900 SF	1,100 SF
Hangar	3,000 SF	4,500 SF	6,000 SF	10,000 SF	15,000 SF

- 5.2.2 All required Improvements including, but not limited to, apron, vehicle parking, roadway access, landscaping, and all facilities shall be located on Contiguous Land.

- 5.2.3 If a hangar is required or if Operator has constructed a hangar, Apron shall be adequate to accommodate the movement of Aircraft into and out of the hangar, staging, and parking of customer Aircraft. If a hangar is not required, Apron shall be adequate to accommodate the movement and parking of customer Aircraft.
- 5.2.4 Facilities shall include customer, administrative, maintenance, and hangar (if required) areas.
  - 5.2.4.1 Customer area shall include dedicated space for customer lounge(s), public telephones, and restrooms.
  - 5.2.4.2 Administrative area shall include dedicated space for employee offices, work areas, and storage.
  - 5.2.4.3 Maintenance area shall include dedicated space for employee work areas, shop areas, and storage.
  - 5.2.4.4 Hangar area shall be at least equal to the square footage stipulated for the type of service being provided (as identified above) or large enough to accommodate the largest Aircraft undergoing avionics, instruments, and/or propeller removal and replacement services, whichever is greater.
- 5.2.5 Vehicle parking shall be sufficient to accommodate customers and employees on a daily basis.

**5.3 Leased Premises (Sublessee or Multiple Activities)**

- 5.3.1 Operator engaging in this Activity as well as other Activities or an authorized Sublessee engaging in this Activity shall have adequate Apron, facilities, and Vehicle parking (all located within close proximity) to accommodate all Activities of the Operator, but not less than the following square footages, which are not cumulative:
  - 5.3.1.1 For Operators performing just benchwork (i.e., no removal and replacement services being performed), the minimums, which are based upon the type of Aircraft avionics, instruments, and/or propellers being tested and/or repaired, are as follows:

	Group I Piston and Turboprop Aircraft Avionics/ Instruments/ Propellers	Group II Piston and Turboprop Aircraft Avionics/ Instruments/ Propellers	Group I Turbine Aircraft Avionics/ Instruments/ Propellers	Group II Turbine Aircraft Avionics/ Instruments/ Propellers	Group III Turbine Aircraft Avionics/ Instruments/ Propellers
Contiguous Land	N/A	N/A	N/A	N/A	N/A
Total Facilities	600 SF	800 SF	1,000 SF	1,200 SF	1,400 SF
Customer Area	Accessible	Accessible	Accessible	Accessible	Accessible
Administrative Area	300 SF	300 SF	300 SF	300 SF	300 SF
Maintenance Area	300 SF	500 SF	700 SF	900 SF	1,100 SF

- 5.3.1.2 For Operators performing services beyond benchwork (i.e., removal and replacement services are being provided), the minimums, which are based upon the type of Aircraft avionics, instruments, and/or propellers being tested and/or repaired, are as follows:

	Group I Piston and Turboprop Aircraft Avionics/ Instruments/ Propellers	Group II Piston and Turboprop Aircraft Avionics/ Instruments/ Propellers	Group I Turbine Aircraft Avionics/ Instruments/ Propellers	Group II Turbine Aircraft Avionics/ Instruments/ Propellers	Group III Turbine Aircraft Avionics/ Instruments/ Propellers
Contiguous Land	N/A	N/A	N/A	N/A	N/A
Total Facilities	3,600 SF	5,300 SF	7,000 SF	11,200 SF	16,400 SF
Customer Area	Accessible	Accessible	Accessible	Accessible	Accessible
Administrative Area	300 SF	300 SF	300 SF	300 SF	300 SF
Maintenance Area	300 SF	500 SF	700 SF	900 SF	1,100 SF
Hangar	3,000 SF	4,500 SF	6,000 SF	10,000 SF	15,000 SF

5.3.2 Apron shall be adequate to accommodate the movement of Aircraft into and out of the hangar and parking of customer Aircraft.

5.3.3 Facilities shall include customer, administrative, maintenance, and hangar areas.

5.3.3.1 Customer area: Operator's customers shall have immediate access to customer lounge(s), public telephones, and restrooms.

5.3.3.2 Administrative area shall be dedicated to the provision of Aircraft Maintenance and shall include adequate space for employee offices, work areas, and storage.

5.3.3.3 Maintenance area shall include adequate space for employee work areas, shop areas, and storage.

5.3.3.4 Hangar area shall be at least equal to the square footage stipulated for the type of service being provided (as identified above) or large enough to accommodate the largest Aircraft undergoing avionics, instruments, and/or propeller removal and replacement services, whichever is greater.

5.3.4 Vehicle parking shall be sufficient to accommodate customers and employees on a daily basis.

#### **5.4 Licenses and Certifications**

5.4.1 Operator shall be properly certificated as an FAA Repair Station.

5.4.2 Personnel shall be properly certificated by the FAA, and hold the appropriate ratings and medical certification for the work being performed.

#### **5.5 Personnel**

5.5.1 Operator shall provide a sufficient number of personnel to adequately and safely carry out Activity in a courteous, prompt, and efficient manner adequate to meet the reasonable demands of the public seeking such services.

5.5.1.1 Operator shall employ one technician as an Employee.

5.5.1.2 Operator shall employ one customer service representative, per shift, as an Employee.

#### **5.6 Equipment**

5.6.1 Operator shall provide sufficient shop space, equipment, supplies, and availability of parts as required for certification as an FAA Repair Station.

#### **5.7 Hours of Activity**

5.7.1 Operator shall be open and services shall be available to meet the reasonable demands of the public for this Activity five days a week, eight hours a day.

**5.8 Insurance**

- 5.8.1 Operator shall maintain, at a minimum, the coverage and limits of insurance set forth in Attachment A – Schedule of Minimum Insurance Requirements.

## **6.0 AIRCRAFT RENTAL, FLYING CLUB, OR FLIGHT TRAINING OPERATOR (SASO)**

### **6.1 Definitions**

- 6.1.1 An Aircraft Rental Operator is a Commercial Operator engaged in the rental of Aircraft to the general public.
- 6.1.2 A Flying Club Operator is an entity engaged in owning Aircraft and making such Aircraft available for use by its members where membership is available to the general public.
  - 6.1.2.1 A Private Flying Club is an entity that is legally formed as a non-profit entity with the State of California, operates on a non-profit basis (so as not to receive revenues greater than the costs to operate, maintain, acquire and/or replace Flying Club aircraft), and restricts membership from the general public (i.e., does not advertise its membership availability to the general public).
- 6.1.3 A Flight Training Operator is a Commercial Operator engaged in providing flight instruction to the general public and/or providing such related ground school instruction as is necessary to take the written examination and flight check for the category or categories of pilots' licenses and ratings involved.
- 6.1.4 In addition to the General Requirements set forth in Section 2, each Aircraft Rental, Flying Club, or Flight Training Operator at the Airport shall comply with the following Minimum Standards.

### **6.2 Leased Premises (Lessee)**

- 6.2.1 Operator other than an authorized Sublessee engaging in this Activity shall have adequate land, apron, facilities, and Vehicle parking to accommodate all Activities of the Operator and all approved Sublessees, but not less than the following:
  - 6.2.1.1 Contiguous Land – one-half acre (21,780 square feet) upon which all required Improvements including, but not limited to, apron, vehicle parking, roadway access, landscaping, and all facilities shall be located.
  - 6.2.1.2 Apron/Paved Tiedowns shall be adequate to accommodate the total number of Aircraft in Operator's fleet based at the Airport but not less than the space required to accommodate four Aircraft.
    - 6.2.1.2.1 If Operator constructs or has a hangar, apron shall be adequate to accommodate the movement of Aircraft into and out of the hangar, staging, and parking of Operator's Aircraft.
    - 6.2.1.2.2 If Operator utilizes a hangar for the storage of Operator's fleet based at the Airport, no paved tiedowns will be required.
  - 6.2.1.3 Facilities shall include customer and administrative areas. Maintenance and hangar areas are required if Operator is conducting Aircraft Maintenance on Aircraft owned or leased or operated by (and under the full and exclusive control of) Operator. If Operator provides Aircraft Maintenance on other Aircraft, Operator shall meet the Minimum Standards for an Aircraft Maintenance Operator.
    - 6.2.1.3.1 Customer area shall be at least 700 square feet to include dedicated space for customer lounge(s), class/training rooms, public telephones, and restrooms.
    - 6.2.1.3.2 Administrative area shall be at least 300 square feet to include dedicated space for employee offices, work areas, and storage.

- 6.2.1.3.3 Maintenance area, if required, shall be at least 500 square feet to include dedicated space for employee work areas, shop areas, and storage.
- 6.2.1.3.4 Hangar area, if required, shall be at least 3,000 square feet or large enough to accommodate the largest Aircraft in Operator's fleet being maintained by Operator at the Airport, whichever is greater.
- 6.2.1.4 Vehicle parking shall be sufficient to accommodate customers and employees on a daily basis.

### **6.3 Leased Premises (Sublessee or Multiple Activities)**

- 6.3.1 Operator engaging in this Activity as well as other Activities or an authorized Sublessee engaging in this Activity shall have adequate apron, facilities, and Vehicle parking (all located within close proximity) to accommodate all Activities of the Operator, but not less than the following:
  - 6.3.1.1 Apron/Paved Tiedowns shall be adequate to accommodate the total number of Aircraft in Operator's fleet based at the Airport.
  - 6.3.1.2 Facilities shall include customer and administrative areas. Maintenance and hangar areas are required if Operator is conducting Aircraft Maintenance on Aircraft owned or leased or operated by (and under the full and exclusive control of) Operator. If Operator provides Aircraft Maintenance on other Aircraft, Operator shall meet the Minimum Standards for an Aircraft Maintenance Operator.
    - 6.3.1.2.1 Customer area shall be at least 300 square feet to include dedicated space for class/training rooms. Operator's customers shall have immediate access to customer lounge(s), public telephones, and restrooms.
    - 6.3.1.2.2 Administrative area shall be at least 300 square feet to include dedicated space for employee offices, work areas, and storage.
    - 6.3.1.2.3 Maintenance area, if required, shall be at least 500 square feet to include dedicated space for employee work areas, shop areas, and storage.
    - 6.3.1.2.4 Hangar area, if required, shall be large enough to accommodate the largest Aircraft in Operator's fleet being maintained by Operator at the Airport.
  - 6.3.1.3 Vehicle parking shall be sufficient to accommodate customers and employees on a daily basis.

### **6.4 Licenses and Certifications**

- 6.4.1 Personnel performing Aircraft proficiency checks and/or flight training shall be properly certificated by the FAA, and hold the appropriate ratings and medical certification for the Aircraft being utilized and/or flight training being provided.

### **6.5 Personnel**

- 6.5.1 Operator shall provide a sufficient number of personnel to adequately and safely carry out Aircraft rental and/or flight training in a courteous, prompt, and efficient manner adequate to meet the reasonable demands of the public and/or members seeking such services.
  - 6.5.1.1 Aircraft Rental Operators and Flying Club Operators shall employ one flight instructor and one customer service representative on each shift.

- 6.5.1.2 Flight Training Operators shall employ one chief flight instructor and one customer service representative on each shift. In addition, Flight Training Operators shall have available a properly certificated ground school instructor capable of providing regularly scheduled ground school instruction sufficient to enable student to pass the FAA written examinations for private pilot and commercial ratings.

## **6.6 Equipment**

- 6.6.1 Operator shall have available for rental or use in flight training, either owned by or under written lease to (and under the full and exclusive control of) Operator, no less than three properly certified and currently airworthy Aircraft, at least one of which shall be equipped for and fully capable of flight under instrument conditions and one of which shall be a four-place aircraft.
- 6.6.2 Flight Training Operators shall include, at a minimum, adequate mock-ups, pictures, slides, filmstrips, movies, video tapes, or other training aids necessary to provide proper and effective ground school instruction.

## **6.7 Hours of Activity**

- 6.7.1 An Aircraft Rental Operator and a Flight Training Operator shall be open and services shall be available to meet the reasonable demands of the public for this Activity five days a week, eight hours a day.

## **6.8 Private Flying Clubs**

- 6.8.1 Private Flying Clubs shall not be required to meet the minimum standards stipulated for a Flying Club so long as the Private Flying Club's membership is not available to the general public.
- 6.8.2 No member of a Private Flying Club shall receive compensation for providing Commercial Aeronautical Activities for such Private Flying Club or its members unless such member is an authorized Operator with LAWA.
- 6.8.3 No entity shall use Private Flying Club Aircraft at the Airport in exchange for compensation unless such entity is an authorized Operator with LAWA.

## **6.9 Insurance**

- 6.9.1 Operator shall maintain, at a minimum, the coverage and limits of insurance set forth in Attachment A – Schedule of Minimum Insurance Requirements.

## **7.0 AIRCRAFT CHARTER OR AIRCRAFT MANAGEMENT OPERATOR (SASO)**

### **7.1 Definition**

- 7.1.1 An Aircraft Charter Operator is a Commercial Operator engaged in the business of providing air taxi services (for persons or property) to the general public for hire (on-demand), as defined in the 14 CFR Part 135.
- 7.1.2 An Aircraft Management Operator is a Commercial Operator engaged in the business of providing aircraft management including, but not limited to, flight dispatch, flight crews, or aircraft maintenance coordination to the general public.
- 7.1.3 In addition to the General Requirements set forth in Section 2, each Aircraft Charter or Aircraft Management Operator at the Airport shall comply with the following Minimum Standards.

### **7.2 Leased Premises (Lessee)**

- 7.2.1 Operator other than an authorized Sublessee engaging in this Activity shall have adequate land, Apron, facilities, and Vehicle parking to accommodate all Activities of the Operator and all approved Sublessees, but not less than the following:
  - 7.2.1.1 Contiguous land – one-half acre (21,780 square feet) upon which all required Improvements including, but not limited to, Apron, Vehicle parking, roadway access, landscaping, and all facilities shall be located.
  - 7.2.1.2 Apron/Paved Tiedowns shall be adequate to accommodate the total number of Aircraft in Operator's fleet based at the Airport but not less than the space required to accommodate four Aircraft.
    - 7.2.1.2.1 If Operator constructs or has a hangar, Apron shall be adequate to accommodate the movement of Aircraft into and out of the hangar, staging, and parking of Operator's Aircraft.
    - 7.2.1.2.2 If Operator utilizes a hangar for the storage of Operator's fleet based at the Airport, no paved tiedowns will be required.
  - 7.2.1.3 Facilities shall include customer and administrative areas. Maintenance and hangar areas are required if Operator is conducting Aircraft Maintenance on Aircraft owned or leased or operated by (and under the full and exclusive control of) Operator. If Operator provides Aircraft Maintenance on other Aircraft, Operator shall meet the Minimum Standards for an Aircraft Maintenance Operator.
    - 7.2.1.3.1 Customer area shall be at least 500 square feet to include dedicated space for customer lounge(s), public telephones, and restrooms.
    - 7.2.1.3.2 Administrative area shall be at least 600 square feet and shall include dedicated space for employee offices, work areas, and storage.
    - 7.2.1.3.3 Maintenance area, if required, shall be at least 500 square feet and shall include dedicated space for employee work areas, shop areas, and storage.
    - 7.2.1.3.4 Hangar area, if required, shall be at least 3,000 square feet or large enough to accommodate the largest Aircraft in Operator's fleet being maintained by Operator at the Airport, whichever is greater.
  - 7.2.1.4 Vehicle parking shall be sufficient to accommodate customers and employees on a daily basis.

### **7.3 Leased Premises (Sublessee or Multiple Activities)**

- 7.3.1 Operator engaging in this Activity as well as other Activities or an authorized Sublessee engaging in this Activity shall have adequate apron/paved tiedown, facilities, and vehicle parking (all located within close proximity) to accommodate all Activities of the Operator, but not less than the following:
  - 7.3.1.1 Apron/Paved Tiedowns shall be adequate to accommodate the total number of Aircraft in Operator's fleet based at the Airport.
    - 7.3.1.1.1 If Operator utilizes a hangar for the storage of Operator's fleet based at the Airport, no paved tiedowns will be required.
  - 7.3.1.2 Facilities shall include customer and administrative areas. Maintenance and hangar areas are required if Operator is conducting Aircraft Maintenance on Aircraft owned or leased or operated by (and under the full and exclusive control of) Operator. If Operator provides Aircraft Maintenance on other Aircraft, Operator shall meet the Minimum Standards for an Aircraft Maintenance Operator.
    - 7.3.1.2.1 Customer area: Operator's customers shall have immediate access to customer lounge(s), public telephones, and restrooms.
    - 7.3.1.2.2 Administrative area shall be at least 600 square feet and shall include dedicated space for employee offices, work areas, and storage.
    - 7.3.1.2.3 Maintenance area, if required, shall be at least 500 square feet and shall include dedicated space for employee work areas, shop areas, and storage.
    - 7.3.1.2.4 Hangar area, if required, shall be large enough to accommodate the largest Aircraft in Operator's fleet being maintained by Operator at the Airport.
  - 7.3.1.3 Vehicle parking shall be sufficient to accommodate customers and employees on a daily basis.

### **7.4 Licenses and Certifications**

- 7.4.1 Operator shall have and provide copies to LAWA of all appropriate certifications and approvals, including without limitation, the Pre-application Statement of Intent (FAA Form 8400-6), the Registrations and Amendments under Part 298 (OST Form 4507), and FAA issued operating certificate(s).
- 7.4.2 Personnel shall be properly certificated by the FAA, and hold the appropriate ratings and medical certification for the Aircraft utilized for Activity.

### **7.5 Personnel**

- 7.5.1 Operator shall provide a sufficient number of personnel to adequately and safely carry out Activity in a courteous, prompt, and efficient manner adequate to meet the reasonable demands of the public seeking such services.
  - 7.5.1.1 Operator shall employ one Chief Pilot.
  - 7.5.1.2 Operator shall employ one customer service representative on each shift.

### **7.6 Equipment**

- 7.6.1 Operator shall provide, either owned or under written lease to (and under the full and exclusive control of) Operator, one certified and continuously airworthy multi-engine (instrument-qualified) Aircraft or one certified and continuously airworthy (instrument-qualified) single-engine turboprop or turbine Aircraft.

**7.7 Hours of Activity**

7.7.1 Operator shall be open and services shall be available to meet the reasonable demands of the public for this Activity five days a week, eight hours a day. After hours, on-call response time to customer inquiries shall not exceed 60 minutes.

**7.8 Insurance**

7.8.1 Operator shall maintain, at a minimum, the coverage and limits of insurance set forth in Attachment A – Schedule of Minimum Insurance Requirements.

**AIRCRAFT SALES OPERATOR (SASO)**

**8.0 AIRCRAFT SALES OPERATOR (SASO)**

**8.1 Definition**

- 8.1.1 An Aircraft Sales Operator is a Commercial Operator engaged in the sale of new and/or used Aircraft.
- 8.1.2 In addition to the General Requirements set forth in Section 2, each Aircraft Sales Operator at the Airport shall comply with the following Minimum Standards.

**8.2 Leased Premises (Lessee)**

- 8.2.1 Operator, other than an authorized Sublessee engaging in this Activity, shall have adequate land, Apron, facilities, and vehicle parking to accommodate all Activities of the Operator and all approved Sublessees, but not less than the following:
  - 8.2.1.1 Contiguous Land – one-half acre (21,780 square feet) upon which all required Improvements including, but not limited to, apron, vehicle parking, roadway access, landscaping, and all facilities shall be located.
  - 8.2.1.2 Apron/Paved Tiedowns shall be adequate to accommodate the total number of Aircraft in Operator’s fleet based at the Airport (inventory) but not less than the space required to accommodate four Aircraft.
    - 8.2.1.2.1 If Operator constructs or has a hangar, Apron shall be equal to one times the hangar square footage, or adequate to accommodate the movement of Aircraft into and out of the hangar, staging, and parking of Operator’s fleet based at the Airport (inventory), whichever is greater.
    - 8.2.1.2.2 If Operator utilizes a hangar for the storage of Operator’s fleet based at the Airport (inventory), no paved tiedowns will be required.
  - 8.2.1.3 Facilities shall include customer and administrative areas. Maintenance and hangar areas are required if Operator is conducting Aircraft Maintenance on Aircraft owned or leased or operated by (and under the full and exclusive control of) Operator and/or in Operator’s inventory. If Operator provides Aircraft Maintenance on other Aircraft, Operator shall meet the Minimum Standards for an Aircraft Maintenance Operator.
    - 8.2.1.3.1 Customer area shall be at least 400 square feet and shall include dedicated space for customer lounge(s), public telephones, and restrooms.
    - 8.2.1.3.2 Administrative area shall be at least 200 square feet and shall include dedicated space for employee offices, work areas, and storage.
    - 8.2.1.3.3 Maintenance area, if required, shall be at least 500 square feet and shall include dedicated space for employee work areas, shop areas, and storage.
    - 8.2.1.3.4 Hangar area, if required, shall be at least 3,000 square feet or large enough to accommodate the largest Aircraft in Operator’s fleet being maintained by Operator at the Airport, whichever is greater.
  - 8.2.1.4 Vehicle parking shall be sufficient to accommodate customers and employees on a daily basis.

**8.3 Leased Premises (Sublessee or Multiple Activities)**

- 8.3.1 Operator engaging in this Activity as well as other Activities or an authorized Sublessee engaging in this Activity shall have adequate apron/paved tiedown,

## **AIRCRAFT SALES OPERATOR (SASO)**

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facilities, and vehicle parking (all located within close proximity) to accommodate all Activities of the Operator, but not less than the following:

- 8.3.1.1 Apron/Paved Tiedowns shall be adequate to accommodate the total number of Aircraft in Operator's fleet based at the Airport.
  - 8.3.1.1.1 If Operator utilizes a hangar for the storage of Operator's fleet based at the Airport, no paved tiedowns will be required.
- 8.3.1.2 Facilities shall include customer and administrative areas. Maintenance and hangar areas are required if Operator is conducting Aircraft Maintenance on Aircraft owned or leased or operated by (and under the full and exclusive control of) Operator and/or in Operator's inventory. If Operator provides Aircraft Maintenance on other Aircraft, Operator shall meet the Minimum Standards for an Aircraft Maintenance Operator.
  - 8.3.1.2.1 Customer area: Operator's customers shall have immediate access to customer lounge(s), public telephones, and restrooms.
  - 8.3.1.2.2 Administrative area shall be at least 200 square feet to include dedicated space for employee offices, work areas, and storage.
  - 8.3.1.2.3 Maintenance area, if required, shall be at least 500 square feet to include dedicated space for employee work areas, shop areas, and storage.
  - 8.3.1.2.4 Hangar area, if required, shall be large enough to accommodate the largest Aircraft in Operator's fleet being maintained by Operator at the Airport.
- 8.3.1.3 Vehicle parking shall be sufficient to accommodate customers and employees on a daily basis.

### **8.4 Dealership**

- 8.4.1 An operator who is an authorized factory sales franchise, dealer, or distributor, either on a retail or wholesale basis, shall have available or shall make available (with advance notice) at least one current model demonstrator of Aircraft in each of its authorized product lines.

### **8.5 Licenses and Certifications**

- 8.5.1 Designated personnel shall be properly certificated by the FAA, and hold the appropriate ratings and medical certification for providing flight demonstration in all Aircraft offered for sale.

### **8.6 Personnel**

- 8.6.1 Operator shall provide a sufficient number of personnel to adequately and safely carry out Activity in a courteous, prompt, and efficient manner adequate to meet the reasonable demand of the public seeking such services.

### **8.7 Equipment**

- 8.7.1 Operator shall provide necessary and satisfactory arrangements for Aircraft Maintenance in accordance with any sales guarantee or warranty period.

### **8.8 Hours of Activity**

- 8.8.1 Operator shall be open and service shall be available to meet the reasonable demands of the public for this Activity five days a week, eight hours a day.

**8.9 Insurance**

- 8.9.1 Operator shall maintain, at a minimum, the coverage and limits of insurance set forth in Attachment A - Schedule of Minimum Insurance.

## SPECIALIZED COMMERCIAL AERONAUTICAL OPERATOR (SASO)

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### 9.0 SPECIALIZED COMMERCIAL AERONAUTICAL OPERATOR (SASO)

#### 9.1 Definition

- 9.1.1 A Specialized Commercial Aeronautical Operator is a Commercial Operator engaged in providing Limited Aircraft Services and Support, Miscellaneous Commercial Services and Support, or Air Transportation Services for Hire.
- 9.1.1.1 **Limited Aircraft Services and Support** - are defined as limited Aircraft, engine, or accessory support (for example, washing, cleaning, painting, upholstery, etc.) or other miscellaneous Activities directly related to Aircraft services and support.
- 9.1.1.2 **Miscellaneous Commercial Services and Support** - are defined as ground schools, simulator training, charter flight coordinators, aircrew or aviation management, or any other miscellaneous Activities directly related to supporting or providing support services for a Commercial Activity.
- 9.1.1.3 **Air Transportation Services for Hire** - are defined as non-stop sightseeing flights (flights that begin and end at the Airport and are conducted within a 25-statute mile radius of the Airport); flights for aerial photography or survey, fire fighting, power line, underground cable, or pipe line patrol; or any other miscellaneous Activities directly related to air transportation services for hire (e.g., helicopter operations in construction or repair work).
- 9.1.2 In addition to the General Requirements set forth in Section 2, each Specialized Commercial Aeronautical Operator at the Airport shall comply with the following Minimum Standards.

#### 9.2 Leased Premises (Lessee)

- 9.2.1 Operator, other than an authorized Sublessee engaging in this Activity, shall have adequate land, Apron, facilities, and Vehicle parking to accommodate all Activities of the Operator and all approved Sublessees, but not less than the following:
- 9.2.1.1 Contiguous Land – one-half acre (21,780 square feet) upon which all required Improvements including, but not limited to, apron, vehicle parking, roadway access, landscaping, and all facilities shall be located.
- 9.2.1.2 Apron/Paved Tiedowns shall be adequate to accommodate the total number of Aircraft in Operator's fleet based at the Airport but not less than the space required to accommodate four Aircraft.
- 9.2.1.2.1 If Operator has a hangar, Apron shall be adequate to accommodate the movement of Aircraft into and out of the hangar, staging, and parking of Operator's Aircraft, whichever is greater.
- 9.2.1.2.2 If Operator utilizes a hangar for the storage of Operator's fleet based at the Airport, no paved tiedowns will be required.
- 9.2.1.3 Facilities shall include customer and administrative areas. Maintenance and hangar areas are required if Operator is conducting Aircraft Maintenance on Aircraft owned or leased or operated by (and under the full and exclusive control of) Operator. If Operator provides Aircraft Maintenance on other Aircraft, Operator shall meet the Minimum Standards for an Aircraft Maintenance Operator.
- 9.2.1.3.1 Customer area shall be at least 400 square feet and shall include dedicated space for customer lounge(s), public telephones, and restrooms.

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**SPECIALIZED COMMERCIAL AERONAUTICAL OPERATOR (SASO)**

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- 9.2.1.3.2 Administrative area shall be at least 200 square feet or sufficient to accommodate the administrative functions associated with the Activity, whichever is greater, and shall include dedicated space for employee offices, work areas, and storage.
- 9.2.1.3.3 Maintenance area, if required, shall be at least 500 square feet and shall include dedicated space for employee work areas, shop areas, and storage.
- 9.2.1.3.4 Hangar area, if required, shall be at least 3,000 square feet or large enough to accommodate the largest Aircraft in Operator's fleet being maintained by Operator at the Airport, whichever is greater.
- 9.2.1.4 Vehicle parking shall be sufficient to accommodate customers and employees on a daily basis.

**9.3 Leased Premises (Sublessee or Multiple Activities)**

- 9.3.1 Operator engaging in this Activity as well as other Activities or an authorized Sublessee engaging in this Activity shall have adequate apron, facilities, and vehicle parking (all located within close proximity) to accommodate all Activities of the Operator, but not less than the following:
  - 9.3.1.1 Apron/Paved Tiedowns shall be adequate to accommodate the total number of Aircraft in Operator's fleet based at the Airport.
    - 9.3.1.1.1 If Operator utilizes a hangar for the storage of Operator's fleet based at the Airport, no paved tiedowns will be required.
  - 9.3.1.2 Facilities shall include customer and administrative areas. Maintenance and hangar areas are required if Operator is conducting Aircraft Maintenance on Aircraft owned or leased or operated by (and under the full and exclusive control of) Operator. If Operator provides Aircraft Maintenance on other Aircraft, Operator shall meet the Minimum Standards for an Aircraft Maintenance Operator.
    - 9.3.1.2.1 Customer area: Operator's customers shall have immediate access to customer lounge(s), public telephones, and restrooms.
    - 9.3.1.2.2 Administrative area shall be sufficient to accommodate the administrative functions associated with the Activity and shall include dedicated space for employee offices, work areas, and storage.
    - 9.3.1.2.3 Maintenance area, if required, shall be at least 500 square feet and shall include dedicated space for employee work areas, shop areas, and storage.
    - 9.3.1.2.4 Hangar area, if required, shall be large enough to accommodate the largest Aircraft in Operator's fleet being maintained by Operator at the Airport.
  - 9.3.1.3 Vehicle parking shall be sufficient to accommodate customers and employees on a daily basis.

**9.4 Licenses and Certifications**

- 9.4.1 Operator shall have and provide to LAWA evidence of all federal, state, and local licenses and certificates that are required to conduct the Activity.

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**SPECIALIZED COMMERCIAL AERONAUTICAL OPERATOR (SASO)**

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**9.5 Personnel**

9.5.1 Operator shall provide a sufficient number of personnel to adequately and safely carry out its Activity in a courteous, prompt, and efficient manner adequate to meet the reasonable demands of the public seeking such services.

**9.6 Equipment**

9.6.1 Operator shall have (based at the Airport), either owned or under written lease to Operator, sufficient vehicles, equipment, and, if appropriate, one continuously airworthy Aircraft.

9.6.2 Operator shall have sufficient supplies and parts available to support the Activity.

**9.7 Hours of Activity**

9.7.1 Operator shall be open and services shall be available during hours normally maintained by entities operating competitive businesses at the Airport.

**9.8 Insurance**

9.8.1 Operator shall maintain, at a minimum, the coverage and limits of insurance set forth in Attachment A – Schedule of Minimum Insurance Requirements.

## **10.0 TEMPORARY SPECIALIZED COMMERCIAL AERONAUTICAL OPERATOR**

### **10.1 Introduction**

- 10.1.1 LAWA recognizes that Aircraft Operators using the Airport may require specialized assistance with the maintenance of their Aircraft and or flight training of their pilots. When this assistance is not available on the Airport through an existing Operator due to either the specialized nature of the maintenance and/or flight training requirements, LAWA may allow an Aircraft Operator to solicit and utilize the services of a qualified entity to provide said services.
- 10.1.2 In addition to the General Requirements set forth in Section 2, each Temporary Specialized Commercial Aeronautical Operator at the Airport shall comply with the following Minimum Standards.

### **10.2 Scope of Activity**

- 10.2.1 Operator shall conduct Activity on and from the Leased Premises of the Aircraft Operator in a professional manner consistent with the degree of care and skill exercised by experienced Operators providing comparable products and services and engaging in similar Activities.

### **10.3 Permit**

- 10.3.1 Operator shall obtain a Temporary Permit (issued by LAWA) prior to engaging in Activity on the Airport.

### **10.4 Licenses and Certifications**

- 10.4.1 Operator shall have and provide to LAWA evidence of all federal, state, and local licenses and certificates that are required.

### **10.5 Insurance**

- 10.5.1 Operator shall maintain, at a minimum, the coverage and limits of insurance set forth in Attachment A – Schedule of Minimum Insurance Requirements.

**COMMERCIAL APRON OPERATOR (SASO)**

**11.0 COMMERCIAL APRON OPERATOR (SASO)**

**11.1 Definition**

- 11.1.1 A Commercial Apron Operator is a Commercial Operator that develops, constructs, owns, or leases apron for the purpose of subleasing apron to entities engaging in Non-Commercial Aeronautical Activities.
- 11.1.2 In addition to the General Requirements set forth in Section 2, each Commercial Apron Operator at the Airport shall comply with the following Minimum Standards.

**11.2 Scope of Activity**

- 11.2.1 Operator shall use the Leased Premises to: (1) store or maintain Operator or sublessee Aircraft, (2) sublease apron for the construction or placement of non-permanent aircraft storage facilities.

**11.3 Leased Premises**

- 11.3.1 Operator engaging in this Activity shall have adequate land, apron, and vehicle parking, to accommodate all Activities of the Operator and all approved Sublessees, but not less than the following square footages, which are not cumulative:

	Group I Piston and Turboprop Aircraft Hangar Storage	Group II Piston and Turboprop Aircraft Hangar Storage	Group I Turbine Aircraft Hangar Storage	Group II Turbine Aircraft Hangar Storage	Group III Turbine Aircraft Hangar Storage
Contiguous Land	43,560 SF	54,450 SF	65,340 SF	76,230 SF	87,120 SF
Apron	32,670 SF	40,838 SF	49,005 SF	57,172 SF	65,340 SF

- 11.3.1.1 All required Improvements including, but not limited to, apron, vehicle parking, roadway access, and landscaping shall be located on Contiguous Land.
- 11.3.1.2 Vehicle parking shall be sufficient to accommodate customers and employees on a daily basis.

**11.4 Insurance**

- 11.4.1 Operator shall maintain, at a minimum, the coverage and limits of insurance set forth in Attachment A - Schedule of Minimum Insurance.

**COMMERCIAL HANGAR OPERATOR (SASO)**

**12.0 COMMERCIAL HANGAR OPERATOR (SASO)**

**12.1 Definition**

- 12.1.1 A Commercial Hangar Operator is a Commercial Operator that develops, constructs, owns, or leases a hangar structure(s) for the sole purpose of subleasing hangar and associated office or shop space to entities engaging in Commercial or Non-Commercial Aeronautical Activities.
- 12.1.2 In addition to the General Requirements set forth in Section 2, each Commercial Hangar Operator at the Airport shall comply with the following Minimum Standards.

**12.2 Scope of Activity**

- 12.2.1 Operator shall use the Leased Premises to: (1) store or maintain Operator or sublessee Aircraft, (2) sublease associated office and shop space that can be used for approved Commercial or Non-Commercial Aeronautical Activities.

**12.3 Leased Premises**

- 12.3.1 Operator engaging in this Activity shall have adequate land, apron, facilities, and vehicle parking, to accommodate all Activities of the Operator and all approved Sublessees, but not less than the following:

	Group I Piston and Turboprop Aircraft Hangar Storage	Group II Piston and Turboprop Aircraft Hangar Storage	Group I Turbine Aircraft Hangar Storage	Group II Turbine Aircraft Hangar Storage	Group III Turbine Aircraft Hangar Storage
Contiguous Land	43,560 SF	54,450 SF	65,340 SF	76,230 SF	87,120 SF
Hangar	5,000 SF	7,500 SF	10,000 SF	12,500 SF	15,000 SF

- 12.3.1.1 All required Improvements including, but not limited to, apron, vehicle parking, roadway access, landscaping, and all facilities shall be located on Contiguous Land.
- 12.3.1.2 Apron/Paved Tiedown shall be equal to one times the hangar square footage or adequate to accommodate the movement of Aircraft into and out of the hangar, staging, and parking of Aircraft, whichever is greater.
- 12.3.1.3 The development of Commercial hangar(s) shall be limited to the following types of hangar structures:
  - 12.3.1.3.1 Hangar – a single structure of not less than 2,500 square feet, completely enclosed.
  - 12.3.1.3.2 Hangars - a single structure of not less than 5,000 square feet, subdivided and configured (although each unit shall not be less than 1,250 square feet) to accommodate individual bays for the storage of private Aircraft.
- 12.3.1.4 Vehicle parking shall be sufficient to accommodate customers and employees on a daily basis.

**12.4 Insurance**

- 12.4.1 Operator shall maintain, at a minimum, the coverage and limits of insurance set forth in Attachment A - Schedule of Minimum Insurance.

**NON-COMMERCIAL HANGAR OPERATOR**

**13.0 NON-COMMERCIAL HANGAR OPERATOR**

**13.1 Definition**

- 13.1.1 A Non-Commercial Hangar Operator is an entity that develops, constructs, owns, or leases one or more hangar structures for the sole purpose of storing Aircraft used for Non-Commercial purposes only.
- 13.1.2 In addition to the General Requirements set forth in Section 2, each Non-Commercial Hangar Operator at the Airport shall comply with the following Minimum Standards.

**13.2 Scope of Activity**

- 13.2.1 Operator shall use the Leased Premises solely to store and maintain Aircraft owned or leased or operated by (and under the full and exclusive control of) Operator for Non-Commercial purposes.
- 13.2.2 No Commercial Activity of any kind shall be permitted on or from the Leased Premises.
- 13.2.3 Operator shall not be permitted to sublease any land or Improvements located on the Leased Premises to any entity for any purpose.

**13.3 Leased Premises**

- 13.3.1 Operator engaging in this Activity shall have adequate land, apron, facilities, and vehicle parking to accommodate all Activities of the Operator, but not less than the following square footages, which are not cumulative:

	Group I Piston and Turboprop Aircraft Hangar Storage	Group II Piston and Turboprop Aircraft Hangar Storage	Group I Turbine Aircraft Hangar Storage	Group II Turbine Aircraft Hangar Storage	Group III Turbine Aircraft Hangar Storage
Contiguous Land	10,890 SF	13,068 SF	17,424 SF	23,958 SF	34,848 SF
Hangar	2,500 SF	5,000 SF	7,500 SF	10,000 SF	15,000 SF

- 13.3.1.1 All required Improvements including, but not limited to, apron, vehicle parking, roadway access, landscaping, and all facilities shall be located on Contiguous Land.
- 13.3.1.2 Apron or Paved Tiedown – equal to one times the hangar square footage or adequate to accommodate the movement of Aircraft into and out of the hangar and parking of Operator’s Aircraft, whichever is greater.
- 13.3.1.3 The development of Non-Commercial hangar(s) shall be limited to the following types of hangar structures:
  - 13.3.1.3.1 Hangar – a single structure of not less than 2,500 square feet, completely enclosed.
  - 13.3.1.3.2 Hangars – a single structure of not less than 5,000 square feet, sub-divided and configured (although each unit shall not be less than 1,250 square feet) to accommodate individual bays for the storage of private aircraft.
- 13.3.1.4 Vehicle parking shall be sufficient to accommodate employees on a daily basis.

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**NON-COMMERCIAL HANGAR OPERATOR**

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**13.4 Ownership Structure**

- 13.4.1 Hangar development may be accomplished by any entity, including Associations.
- 13.4.1.1 Association membership shall be contingent upon ownership interest in the Association of a proportionate share of the Non-Commercial hangar facility which shall consist of not less than one individual t-hangar or an equal portion of a community (or "common") hangar area which is consistent with the total number of members/shareholders (such area not to be less than 1,000 total square feet).
- 13.4.1.2 All members/shareholders of the Association shall be declared to LAWA at the time the application for development and Activity is submitted. Thereafter, the Association and/or each member/shareholder of the Association shall be required to demonstrate ownership (as required herein) as requested by LAWA from time to time. Association shall appoint (be represented by) one individual. The hangar facilities developed and utilized by the Association shall be exclusively for storage of aircraft owned by the member(s)/shareholder(s) of the Association.
- 13.4.1.3 The Association may not utilize nor cause the Leased Premises to be utilized for speculative development of either the Leased Premises or the Improvements located thereupon.
- 13.4.1.4 Each member/shareholder of the Association shall be responsible and jointly and severally liable with all other members/shareholders for the Association's compliance with these Minimum Standards, and each member/shareholder of the Association shall, upon written request, provide appropriate written confirmation of membership status or share ownership. All Association members/shareholders declared to LAWA in accordance with paragraph 13.4.1.2 hereof shall remain jointly and severally liable to LAWA for the Association's compliance with these Minimum Standards, regardless of whether the membership or ownership of the Association changes, unless a release of the liability of a former Association member is approved in writing by LAWA.

**13.5 Insurance**

- 13.5.1 Operator shall maintain, at a minimum, the coverage and limits of insurance set forth in Attachment A - Schedule of Minimum Insurance.

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## 14.0 SELF-FUELING

### 14.1 Introduction

- 14.1.1 All entities desirous of self-fueling shall be accorded a fair and reasonable opportunity, without unlawful discrimination, to qualify and receive a Non-Commercial Self-Fueling Permit (Self-Fueling Permit). Those entities that have leases granting them the rights to perform Commercial fueling are not required to apply for a Non-Commercial Self-Fueling Permit.
- 14.1.2 The following section sets forth the standards prerequisite to an entity desirous of engaging in Non-Commercial self-fueling activities at the Airport. Any entity engaging in such Activities shall also be required to comply with all applicable Regulatory Measures pertaining to such Activities.
- 14.1.3 In addition to the applicable General Requirements set forth in Section 2, each entity conducting Non-Commercial self-fueling activities at the Airport shall comply with the following Minimum Standards.

### 14.2 Agreement/Approval

- 14.2.1 No entity shall engage in self-fueling activities unless a valid Self-Fueling Permit authorizing such Activity has been entered into with LAWA. Such entities shall herein be referred to as "Permittees."
- 14.2.2 The Self-Fueling Permit shall not reduce or limit Permittee's obligations with respect to these Minimum Standards, which shall be included in the Self-Fueling Permit by reference.
- 14.2.3 Prior to issuance and subsequently upon request by LAWA, Permittee shall provide evidence of ownership (and/or lease) of any Aircraft being operated (and under the full and exclusive control of) and fueled by Permittee.

### 14.3 Reporting

- 14.3.1 Permittee shall report all fuel dispensed during each calendar month and submit a summary report along with appropriate fees and charges due LAWA on or before the 10<sup>th</sup> of each subsequent month.
- 14.3.2 Permittee shall, during the term of the Self-Fueling Permit, and for 3 years thereafter, maintain records identifying the total number of aviation fuel gallons purchased and delivered. Records shall be made available for audit to LAWA or representatives of LAWA within 10 business days upon written request. In the case of a discrepancy, Permittee shall promptly pay, in cash, all additional rates, fees, and charges due LAWA, plus interest on the unpaid balance at the maximum rate allowable by law from the date originally due.

### 14.4 Fuel Storage

- 14.4.1 Permittee shall arrange and demonstrate that satisfactory arrangements have been made for the storage of fuel through either an authorized FBO at the Airport or with a reputable off-airport aviation petroleum supplier/distributor.
- 14.4.2 Operators authorized by LAWA to construct or install a self-fuel storage facility at the Airport shall do so in a centrally located fuel storage area approved by LAWA and the state's Fire Marshal as applicable. In no event shall the total storage capacity be less than:
  - 14.4.2.1 12,000 gallons for Jet Fuel storage.
  - 14.4.2.2 10,000 gallons for Avgas storage.
- 14.4.3 Fuel may not be stored on the Leased Premises.

- 14.4.4 Fuel suppliers utilized by Operator shall have a current and executed Non-Exclusive Revocable Fuel Delivery Permit (or updated permit) on file with LAWA.

### **14.5 Fueling Equipment**

- 14.5.1 Permittee shall utilize a single refueling vehicle for each type of fuel to be dispensed with a minimum capacity of 750 gallons. Avgas refuelers shall have a maximum capacity of 1,200 gallons and jet refuelers shall have a maximum capacity of 3,000 gallons. All refueling vehicles shall be capable of bottom loading.
- 14.5.2 Each refueling vehicle shall be equipped and maintained to comply at all times with all applicable safety and fire prevention requirements or standards including, without limitation, those prescribed by:
- 14.5.2.1 These Minimum Standards and all other applicable Regulatory Measures.
  - 14.5.2.2 State of California Fire Code and the City of Los Angeles Fire Codes.
  - 14.5.2.3 National Fire Protection Association (NFPA) Codes.
  - 14.5.2.4 14 CFR Part 139, Airport Certification, Section 139.321; Handling/Storing of Hazardous Substances and Materials Applicable FAA Advisory Circulars (AC), including AC 00-34, "Aircraft Ground Handling and Servicing," and AC 150/5210-5, "Painting, Marking and Lighting of Vehicles Used On An Airport" (including updates).
- 14.5.3 Prior to transporting fuel onto the Airport, the Permittee shall provide LAWA with a Spill Prevention Contingency and Control (SPCC) Plan that meets regulatory requirements for above ground fuel storage facilities. An updated copy of such SPCC Plan shall be filed with LAWA at least 10 business days prior to actual implementation. Such plan shall describe, in detail, those methods that shall be used by the Permittee to clean up any potentially hazardous fuel spills. The Plan shall include equipment to be used, emergency contact personnel and their telephone numbers, and all other details as to how the Permittee will contain such a spill. This Plan shall also describe, in detail, what methods the Permittee intends to use to prevent any such spill from ever occurring.
- 14.5.4 In accordance with all applicable Regulatory Measures and appropriate industry practices, the Permittee shall develop and maintain Standard Operating Procedures (SOP) for fueling and shall ensure compliance with standards set forth in FAA Advisory Circular 00-34A, entitled "Aircraft Ground Handling and Servicing" (including updates). The SOP shall include a training plan, fuel quality assurance procedures, record keeping, and emergency response procedures for fuel spills and fires. The SOP shall also address the following: (1) bonding and fire protection; (2) public protection; (3) control of access to refueling vehicle storage areas; and (4) marking and labeling of refueling vehicles. The SOP shall be submitted to LAWA not later than 10 business days before the Permittee commences self-fueling at the Airport. LAWA shall conduct inspections on a periodic basis to ensure compliance.

### **14.6 Limitations**

- 14.6.1 Permittees shall be restricted from selling and/or dispensing fuels to based or transient Aircraft. Fueling of any Aircraft not owned or leased or operated by (and under the full and exclusive control of) Permittee shall constitute a violation of the Self-Fueling Permit and shall be grounds for immediate revocation of the Self-Fueling Permit.

**SELF-FUELING**

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14.6.2 Prior to issuance and subsequently upon request by LAWA, Permittee shall provide evidence of ownership or lease (and the full and exclusive control) of any Aircraft being fueled.

**14.7 Insurance**

14.7.1 Permittee shall maintain, at a minimum, the coverages and policy limits set forth in Attachment A – Schedule of Minimum Insurance Requirements.

## COMMERCIAL AERONAUTICAL ACTIVITY PERMIT

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### 15.0 COMMERCIAL AERONAUTICAL ACTIVITY PERMIT

#### 15.1 Application

- 15.1.1 Any entity desiring to engage in a Commercial Aeronautical Activity at the Airport shall submit a written application to LAWA for a Commercial Aeronautical Activities Permit (Permit).
- 15.1.2 The prospective Operator shall submit all of the information requested on the application form and thereafter shall submit any additional information that may be required or requested by LAWA in order to properly evaluate the application and/or facilitate an analysis of the prospective operation.
- 15.1.3 To the extent allowed by law, all information contained in an application shall be treated as confidential for discussion between and among LAWA representatives, Airport management, Airport staff, Airport advisors, and the applicant(s).

#### 15.2 Approval

- 15.2.1 Once completed, the application and all accompanying materials shall be submitted to the Airport Manager for review and recommendation.
- 15.2.2 Once recommended for approval by the Airport Manager, the application will be sent to LAWA for review and approval. No application will be deemed complete that does not provide LAWA with the information necessary to allow LAWA to make a meaningful assessment of applicant's prospective operation and determine whether or not the prospective operation will comply with all applicable Regulatory Measures (including all applicable Policies and Directives) and be compatible with the Airport's Master Plan and/or Land Use Plan (if any).
- 15.2.3 After LAWA approves the application, the application will then be submitted to the Executive Director for approval and once the Executive Director (or designee) approves the application, a Permit will be issued.

#### 15.3 Permit

- 15.3.1 Commercial Aeronautical Activities
  - 15.3.1.1 The Permit will be valid as long as the Operator meets the following requirements:
    - 15.3.1.1.1 The information submitted in the Application is current. The Operator shall notify the Airport Manager in writing within fifteen (15) days of any change to the information submitted in the Application.
    - 15.3.1.1.2 The Operator is in compliance with all applicable Regulatory Measures including, but not limited to, LAWA Policies and Directives.
  - 15.3.1.2 The Permit may not be assigned or transferred and shall be limited solely to the approved Activity.
- 15.3.2 Temporary or Special Use Permit
  - 15.3.2.1 The Airport Manager may issue a temporary or special use Permit that allows an entity to engage in specific Activities, in designated areas, and only for a specified period of time, not to exceed one year.
  - 15.3.2.2 The Permit will be valid only during the time period specified and only as long as the Operator complies with all applicable Regulatory Measures (including all applicable LAWA Policies and Directives).
  - 15.3.2.3 The Permit may not be assigned or transferred and shall be limited solely to the approved Activity, the designated area, and the specified time period.

**COMMERCIAL AERONAUTICAL ACTIVITY PERMIT**

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**15.4 Existing Operator with an Existing Agreement**

15.4.1 No Change in Scope of Activities

15.4.1.1 An existing Operator with an existing Agreement may engage in the Activities permitted under the Agreement without submitting an application for Permit provided that the Operator is in compliance with all applicable Regulatory Measures including, but not limited to, LAWA Policies and Directives.

15.4.2 Change in Scope of Activities

15.4.2.1 Prior to engaging in any Activity not permitted under the Agreement or changing or expanding the scope of the Activities permitted under the Agreement, the Operator shall submit a request through an application and obtain a Permit prior to engaging in the Activity.

**15.5 Non-Commercial Operators**

15.5.1 A permit is not required; however, the Operator shall only conduct activities approved in their Agreement and comply with all applicable Regulatory Measures including, but not limited to, LAWA Policies and Directives.

**ATTACHMENT A - MINIMUM INSURANCE REQUIREMENTS**

		Fixed Base Operator	Aircraft Maintenance	Avionics, Instrument, Propeller Repair	Aircraft Rental Flying Club Flight Training	Aircraft Charter or Aircraft Management	Aircraft Sales	Specialized Commercial	Temporary Specialized Commercial, Apron, and Commercial Hangar	Non-Commercial Hangar	Self-Fueling
<b>COMMERCIAL GENERAL LIABILITY (Combined Single Limit)</b>											
	Each Occurrence	\$5,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
<b>VEHICULAR LIABILITY or BUSINESS AUTOMOBILE LIABILITY (Combined Single Limit)</b>											
	Each Occurrence	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
<b>HANGAR KEEPER'S LIABILITY (Largest Aircraft Accommodated)</b>											
SE Piston Group I	Each Aircraft		\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000		
	Each Occurrence		\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000		
ME Piston Group I	Each Aircraft		\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000		
	Each Occurrence		\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
SE Turboprop Group I	Each Aircraft		\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000		
	Each Occurrence		\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000		
ME Turboprop Group I & II	Each Aircraft		\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000		
	Each Occurrence		\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000		
Turbine Group I	Each Aircraft		\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000		
	Each Occurrence		\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000		
Turbine Group II	Each Aircraft		\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000		
	Each Occurrence		\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000		
Turbine Group III	Each Aircraft	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000		
	Each Occurrence	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000		

**ATTACHMENT A - MINIMUM INSURANCE REQUIREMENTS**

<b>AIRCRAFT AND PASSENGER LIABILITY (Combined Single Limit, Each Occurrence)</b>							
SE Piston/Group I				\$1,000,000 CSL/\$100,000 sub limit per seat/passenger			
ME Piston/Group I				\$1,000,000 CSL/\$100,000 sub limit per seat/passenger			
Turboprop/Group I & II				\$5,000,000 CSL/\$200,000 sub limit per seat/passenger			
Turbine/Group I				\$5,000,000 CSL/\$200,000 sub limit per seat/passenger			
Turbine/ Group II				\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Turbine/Group III				\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Student and Renter Liability				\$100,000			
CFI Professional Liability				\$100,000			

**Commercial General Liability** to include bodily injury, personal injury, and property damage for all premises, products and completed operations, unlicensed vehicles, and contractual liability.

**Vehicular Liability or Business Automobile Liability** to include bodily injury and property damage for all vehicles (owned, non-owned, or hired).

**Hangar Keeper’s Liability** to include property damage for all non-owned Aircraft under the care, custody, and control of the Operator.

**Aircraft and Passenger Liability** to include bodily injury, property damage, and passenger injury for all owned, leased, or operated Aircraft.

**Student and Renter Liability** to include bodily injury, personal injury, and property damage (excluding aircraft hull) for students and renters of Aircraft.

**CFI Professional Liability** to include bodily injury and property damage not only during dual flight instruction, but also after instruction has been given.

**SE** = Single engine aircraft.

**ME** = Multi engine aircraft.

**Piston Aircraft** = An Aircraft that utilizes a reciprocating engine for propulsion.

**Turboprop Aircraft** = An Aircraft that utilizes a gas turbine engine to drive a set of reduction gears, which, in turn, drives a propeller for propulsion.

**Turbine Aircraft** = An Aircraft that utilizes a form of heat engine that produces thrust by accelerating a relatively small mass of air through a large change in velocity for propulsion.

**Group I** = Aircraft Design Group with Aircraft having a wingspan up to but not including 49 feet.

**Group II** = Aircraft Design Group with Aircraft having a wingspan 49 feet up to but not including 79 feet.

**Group III** = Aircraft Design Group with Aircraft having a wingspan 79 feet up to but not including 118 feet.

## RELATIONSHIP BETWEEN CAPITAL INVESTMENT AND LEASE TERM

This Executive Directive is issued in accordance with the Leasing Policy adopted by the Board of Airport Commissioners of LAWA (BOAC) on March 6, 2001. See in particular Sections 5.7, 5.9, and 7.3 of the Leasing Policy.

- 1.1 The term of a lease agreement shall be commensurate with the amount of capital investment made by the tenant in leasehold improvements and/or related improvements at the Airport in accordance with the following guidelines:

Type of Operator	Aircraft/Service Category	Required Capital Investment (Per Year of Lease Term)
FBO	All	\$17,000 per acre
SASO (without Hangar)	Group I Piston and Turboprop	\$3,000 per acre
SASO (without Hangar)	Group II Piston and Turboprop	\$5,000 per acre
SASO (without Hangar)	Group I, II, and III Turbine	\$8,000 per acre
SASO (with Hangar)	Group I Piston and Turboprop	\$12,000 per acre
SASO (with Hangar)	Group II Piston and Turboprop	\$15,000 per acre
SASO (with Hangar)	Group I, II, and III Turbine	\$17,000 per acre
Commercial Hangar Operator	Group I Piston and Turboprop	\$5,000 per acre
Commercial Hangar Operator	Group II Piston and Turboprop	\$8,000 per acre
Commercial Hangar Operator	Group I, II, and III Turbine	\$12,000 per acre
Non-commercial Hangar Operator	Group I Piston and Turboprop	\$20,000 per acre
Non-commercial Hangar Operator	Group II Piston and Turboprop	\$25,000 per acre
Non-commercial Hangar Operator	Group I, II, and III Turbine	\$35,000 per acre

- 1.2 When capital investment is made, the term of a lease agreement shall not be greater than 30 years unless approved by the BOAC and Los Angeles City Council.
- 1.3 When no capital investment is made, the term of a lease agreement shall be at the discretion of LAWA, but not greater than 5 years. LAWA shall not be obligated to automatically grant a term of any duration if no capital investment is made.
- 1.4 The capital investment required shall be based upon the type of operator and the category of aircraft being serviced or operated. If a hangar is constructed, the required capital investment shall be based upon the highest category of aircraft that the hangar is capable of accommodating.
- 1.5 In exceptional cases (i.e., when a site has unusual or extraordinary attributes), if the tenant demonstrates immediate need for the land and if the design (layout) achieves optimal utilization of the site and if LAWA agrees in writing, the tenant may be allowed to exclude the land designated by LAWA as incapable of being developed and unusable when calculating the lease term and the capital investment required.
- 1.6 The required capital investment amounts shall be adjusted annually in accordance with the change in the Consumer Price Index (CPI) for the Los Angeles, California area.
- 1.7 Notwithstanding circumstances beyond the control of the tenant and if LAWA agrees in writing that such circumstances were beyond the control of the tenant, all leasehold improvements shall be completed and occupied or used by the tenant within 36 months of the commencement date of the lease agreement.
- 1.8 When a tenant makes additional capital investment in leasehold improvements and/or related improvements at the Airport during the term of an existing lease agreement, the

term of such agreement may be extended by LAWA based upon the level of capital investment made by the tenant in accordance with the guidelines set forth above.

- 1.9 In the event of any such lease extension, the lease agreement shall be amended to conform to all applicable LAWA Policies and Directives in effect at the time of such amendment.
- 1.10 The remaining term of an existing lease plus the term of any extension thereto shall not exceed 30 years unless approved by the BOAC and Los Angeles City Council.
- 1.11 Any option periods shall be considered part of the lease term.

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## DEFINITIONS

The following words and phrases, whenever capitalized, shall be construed as defined herein unless from the context a different meaning is intended, or unless a different meaning is specifically defined and more particularly ascribed to the use of such words or phrases. In addition, certain other capitalized words and phrases are defined in other Policies or Directives.

All definitions contained in 49 U.S.C. § 40101 *et seq.* (previously known as the Federal Aviation Act of 1958, hereinafter cited as "FAA Act") and all amendments thereto shall be considered as included herein; and all definitions shall be interpreted on the basis and intention of the FAA Act and amendments thereto unless from the context a different meaning is intended, or unless a different meaning is specifically defined and more particularly ascribed to the use of such words or phrases.

Aeronautical Activity (or "Aeronautical Activities" or "Activity" or "Activities") - Any activity or service that involves, makes possible, facilitates, is related to, assists in, or is required for the operation of Aircraft or which contributes to or is required for the safety of such operations. The following Activities, without limitation, which are commonly conducted on airports, are considered Aeronautical Activities within this definition: Aircraft charter, pilot training, Aircraft rental, sightseeing, aerial photography, aerial spraying and agricultural aviation services, aerial advertising, aerial surveying, air carrier operations (passenger and cargo), Aircraft sales and service, sale of aviation fuel and oil, Aircraft Maintenance, sale of Aircraft parts, and any other Activities which, in the sole judgment of the BOAC, because of their direct relationship to the operation of Aircraft or the Airport, can appropriately be regarded as an Aeronautical Activity. For all purposes of these Directives, all products and services described herein are deemed to be "Aeronautical Activities."

Aircraft - Any contrivance now known or hereafter invented, used, or designed for navigation of, or flight in air or space. This includes, but is not limited to, airplanes, airships, balloons, dirigibles, rockets, helicopters, gliders, sailplanes, amphibians, and seaplanes.

Aircraft Maintenance - The repair, maintenance, alteration, preservation, or inspection of Aircraft (including the replacement of parts). Major repairs include major alterations to the airframe, powerplant, and propeller as defined in 14 CFR Part 43. Minor repairs include normal, routine annual inspection with attendant maintenance, repair, calibration, or adjustment of Aircraft and their accessories.

Aircraft Operator - The owner of any Aircraft or any person who has rented or leased such an Aircraft for the purpose of operation by himself or his own agents, or any person operating an Aircraft.

Airframe and Powerplant Mechanic (or "A and P Mechanic") - A person who holds an aircraft mechanic certificate with both the airframe and powerplant ratings. This certification is issued by the FAA under the provisions of 14 CFR Part 65.

Airport - The Van Nuys Airport and all land, improvements, and appurtenances within the legal boundaries of the Airport as it now exists on the Airport Layout Plan (or Exhibit A of the most recent Airport Sponsor Assurances) and as it may hereinafter be extended, enlarged, or modified.

Airport Layout Plan (or "ALP") - The currently approved drawing depicting the physical layout of the Airport and identifying the location and configuration of current and proposed runways, Taxiways, buildings, roadways, utilities, nav aids, etc.

Airport Manager - The person, designated by the Executive Director, charged with the duty to administer, manage, and control the Airport, or a duly authorized representative.

**DEFINITIONS**

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Airport Sponsor Assurances (or "Airport Grant Assurances") - Assurances that airport owner/operators must comply with in the performance of grant agreements for airport development, airport planning, and noise compatibility program grants for airport sponsors.

Appraiser - A person who possesses the education, training, experience, and professional qualifications necessary to render a properly informed opinion regarding the value of real estate.

Apron - The paved area where Aircraft can be parked and tied down.

Association - An entity legally formed and recognized under the laws of the State of California having an existence separate and apart from its members or shareholders (i.e., Limited Liability Company, Corporation, Partnership, Limited Partnership, etc.)

Board of Airport Commissioners (or "BOAC") - An official body of seven members appointed for five-year staggered terms by the Mayor and approved by the City Council. This body is responsible for the formulation of Los Angeles World Airports' and Airport policy.

Commercial - For the purpose of securing earnings, income, compensation (including exchange of service), and/or profit, whether or not such objectives are accomplished.

Competitive Proposal Process - A process that is used to seek competitive proposals from qualified entities when land and/or improvements are or become available at the Airport for occupancy or use.

Contiguous Land - Land that is sharing an edge or boundary or is separated by no more than a taxilane.

Courtesy Vehicle - A vehicle that carries persons between the Airport and off-Airport businesses, such as hotels, motels, or other attractions for which the passenger pays no direct charge.

Current - All rents, fees, and other charges (required to be paid under any and all Agreements with LAWA) are paid.

Employees - Any individual employed by an entity whereby said entity collects and pays all associated taxes on behalf of Employee (i.e., social security and medicare) or which is contracted for through a temporary employment agency.

Equipment - All property and machinery, together with the necessary supplies, tools, and apparatus necessary for the proper conduct of the Activity being performed.

Exclusive Right - A power, privilege, or other right excluding or preventing another from enjoying or exercising a like power, privilege, or right. An exclusive right may be conferred either by express Agreement, by imposition of unreasonable standards or requirements, or by any other means. Such a right conferred on one or more parties, but excluding others from enjoying or exercising a similar right or rights, would be an exclusive right. An exclusive right to conduct an Aeronautical Activity, which is forbidden by federal regulation, is distinguished from an exclusive right to occupy real estate, which is permitted by federal regulation under certain conditions.

Executive Directive VNY-01.0, Minimum Standards - Those qualifications, standards, and criteria set forth as the minimum requirements to be met as a condition for the right to engage in Activities at the Airport.

**DEFINITIONS**

Executive Director -The person charged with the duty to administer, manage, and control LAWA, and other officials in charge of LAWA, or his or her duly authorized representative.

Fair Market Rent -The rent that a property would command in the open market as indicated by rents asked and paid for comparable property as of the date of determination.

Federal Aviation Administration (or "FAA") -The division within the Department of Transportation of the United States government that has the responsibility of promoting safety in the air, by both regulation and education.

Fiscal Year (or "FY") - The yearly period beginning July 1<sup>st</sup> and ending June 30<sup>th</sup> established for accounting purposes.

Fixed Base Operator (or "FBO") - An entity that is authorized and required by Agreement with LAWA to provide to the public, at a minimum, the following Activities at the Airport:

- A. Sale of Aviation Fuels and Lubricants
- B. Ancillary Aircraft Ground Services and Support
- C. Tiedown, Hangar, and Parking
- D. Aircraft Maintenance

Flight Training - Any use of an Aircraft to increase or maintain pilot or crewmember proficiency rather than the use of an Aircraft as transportation between two different Airports or other destinations. Flight Training shall also include any portion of a flight between two Airport or other destinations dedicated to increase or maintain pilot or crewmember proficiency.

Fuel - Any substance (solid, liquid, or gaseous) used to operate any engine in Aircraft or Vehicles.

General Aviation - All civil aviation with exception of air carriers. General aviation Aircraft are utilized for Commercial and non-commercial purposes including business/corporate, recreational/pleasure, charter/air taxi, industrial/special purpose, and instructional.

Good Standing - Consistently in compliance with all applicable regulatory measures and not in default of any Agreement with the City.

Group I - Aircraft having a wingspan up to but not including 49 feet.

Group II - Aircraft having a wingspan 49 feet up to but not including 79 feet.

Group III - Aircraft having a wingspan 79 feet up to but not including 118 feet.

Immediately - The ability to occupy premises leased from LAWA and offer products, services, and/or facilities (to the public) as of the effective date of an Agreement. When construction and/or alteration of facilities are involved, immediately shall mean the ability to obtain a certificate of occupancy from the City of Los Angeles, California for the proposed facilities within six months following receipt of possession of the leased premises.

Improvements - All permanent improvements including infrastructure improvements (taxiways, taxilanes, roadways, walkways, automobile parking areas, and apron areas – asphalt pavement or concrete), utilities, landscaping, fencing, signage, fixtures, and facilities (terminal building, hangar, office, shop, fuel storage, and other related buildings, improvements, and/or support facilities) constructed, installed, or placed on, under, or above the land. Furniture, vehicles, and equipment are not considered improvements.

**DEFINITIONS**

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Infrastructure - Runways, taxiways, aprons, nav aids, roadways, and utilities.

Instructor - Any individual giving or offering to give instruction in the operation, construction, repair, or maintenance of Aircraft, Aircraft powerplants, and accessories, including the repair, parking, and maintenance of parachutes.

Leased Premises - The land and/or improvements used exclusively by Operator for the conduct of Operator's Activities.

Leasing Policy (or "Policy") - The policy adopted by the BOAC on March 6, 2001 that replaces the 1986 Lease and Rental Policy. The policy is intended to provide a framework for making leasing and property management decisions.

Los Angeles World Airports (or "LAWA") - A department of the City of Los Angeles that operates the system of airports owned by the City of Los Angeles, which includes Los Angeles International Airport, Ontario International Airport, Palmdale Regional Airport, and Van Nuys Airport.

Master Plan - An assembly of appropriate documents and drawings covering the development of the Airport from a physical, economic, social, and political jurisdictional perspective. A copy is on file and available for inspection in the Airport Manager's office. The Airport Layout Plan (ALP) is a part of the Master Plan.

Non-Commercial - Not for the purpose of securing earnings, income, compensation (including exchange of service), and/or profit. A non-commercial Aircraft Operator owns and/or operates Aircraft that are incidental or ancillary to the business (i.e., the Aircraft is used only to provide transportation for the exclusive use of employees, agents, and/or customers of the business and not for Commercial Activities) or used strictly for private (not for hire), personal, or recreational purposes only.

Operator (as used in Executive Directive VNY-01.0, Minimum Standards) - An entity that has entered into an Agreement with the LAWA to engage in Aeronautical Activities (commercial or non-commercial).

Piston Aircraft - An Aircraft that utilizes a reciprocating engine for propulsion.

Property - Anything that is owned by an entity. Property is divided into two types: "real property," which is any interest in land or improvements (manmade or natural) located on the land, and "personal property," which is all other property (or property other than real property) consisting of things that are temporary or movable.

Prospective Operator - An entity desiring to use land and/or improvements at the Airport to engage in Aeronautical Activities and who shall apply in writing and in the manner or form prescribed herein for authorization to engage in such Activities at the Airport.

Readily Available - Conveniently located (in close proximity) and immediately available and accessible, but not necessarily located on the leased premises.

Refueling Vehicle - Any vehicle used for the transporting, handling or dispensing of fuels, oils, and lubricants.

Regulatory Measures - Federal, state, and local laws, codes, ordinances, rules, and regulations including LAWA Policies and Directives.

**DEFINITIONS**

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Repair Station - A certified Aircraft maintenance facility approved by the FAA to perform certain specific maintenance functions. These facilities are certificated under 14 CFR Part 145.

Specialized Aviation Service Operator (or "SASO") - A commercial Operator that provides Activities not listed under the definition of a Fixed Base Operator. These may include any one or a combination of the following:

- A. Aircraft Maintenance
- B. Aircraft Rental/Flying Club
- C. Flight Training
- D. Aircraft Charter/Air Taxi
- E. Avionics, Instrument, or Propeller Maintenance
- F. Aircraft Sales

Sublease - An Agreement entered into by an entity with an Operator that transfers rights or interests in the Operator's leased premises and is enforceable by law.

Sublessee - An entity that has entered into a sublease with an Operator.

Taxiway - A defined path, usually paved, over which Aircraft can taxi from one part of an airport to another (excluding the runway) and is under the control of the FAA Airport Traffic Control Tower.

Tiedown Area (or "Tiedown") - A paved or unpaved area (where tiedown points are located) that is suitable for parking and mooring of Aircraft. Tiedown includes the points (or anchors) and the Equipment (ropes, chains, wheel chocks, and other types of restraining devices) that are required to safely secure tiedown Aircraft, as set forward in FAA AC 20-35C.

Through-the-Fence - The right for an Operator located on private property contiguous to the Airport to have access to the Airport's runway and taxiway system.

Turbine Aircraft - An Aircraft that utilizes a form of heat engine that produces thrust by accelerating a relatively small mass of air through a large change in velocity for propulsion.

Turboprop Aircraft - An Aircraft that utilizes a gas turbine engine to drive a set of reduction gears, which, in turn, drives a propeller for propulsion.

Vehicle - Any device that is capable of moving itself, or being moved, from place to place; but does not include any device designed to be moved by human muscular power or designed to move primarily through the air.

## EXHIBIT D

### MAINTENANCE

Lessee shall, at Lessee's sole cost and expense, keep and maintain the Demised Premises in good repair and working order, reasonable wear and tear excepted, and in a clean, neat, attractive, properly maintained, and safe condition. All maintenance, repairs, and replacements shall be in accordance with applicable prevailing industry maintenance standards, maintenance requirements which City may develop, and in compliance with all manufacturers' recommendations and federal, state, and local government rules and regulations.

Except as specifically identified below as City's responsibilities, Lessee is responsible for all maintenance and repair at the Demised Premises (including its Improvements, if any). Lessee is responsible for any corrective work required by any authority having jurisdiction.

City may charge Lessee a fee for its failure to perform its maintenance requirements. City retains the right, but not the obligation, to make emergency repairs when, in the sole determination of the Chief Executive Officer, failure to take immediate action will damage the facilities or disrupt operations, at Lessee's sole cost and expense, plus an administrative fee in the amount of 15% of cost. Lessee shall, within 90 days of Lease Commencement, provide City with a conceptual maintenance plan for the facility. City staff will meet with the Lessee on a regular basis to review the condition of the Demised Premises and, if repairs are necessary, jointly develop a repair action plan. However, this does not relieve the Lessee of its responsibility to proactively fulfill its maintenance responsibilities.

#### City Maintenance Responsibilities:

None



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

NAME: **GROUND LEASE NON-FBO AVIATION FACILITY**  
ACTIVITY: RFP /Seeking Proposals for Space Located at 16231 Waterman Drive at Van Nuys Airport  
LAWA DIVISION: Commercial Development Group  
WIZARD NO.: 9705

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

	<b><u>LIMITS</u></b>
<b>(X) Workers' Compensation</b> (Statutory)/Employer's Liability	<b><u>Statutory</u></b>
<input type="checkbox"/> Voluntary Compensation Endorsement	
<input checked="" type="checkbox"/> Waiver of Subrogation	
<b>(X) Commercial Automobile Liability</b> - covering owned, non-owned & hired auto	<b><u>\$2,000,000 CSL</u></b>
<b>(X) Commercial General Liability</b> , including the following coverage:	<b><u>\$2,000,000</u></b>
<input checked="" type="checkbox"/> Premises and Operations	
<input checked="" type="checkbox"/> Contractual (Blanket/Schedule)	
<input checked="" type="checkbox"/> Independent Contractors	
<input checked="" type="checkbox"/> Personal Injury	
<input checked="" type="checkbox"/> Damage to Premises Rented to You (minimum \$1 million each occurrence)	
<input type="checkbox"/> Products /Completed Operations	
<input type="checkbox"/> Explosion, Collapse & Underground (required when work involves digging, excavation, grading or use of explosive materials.)	
<input checked="" type="checkbox"/> Additional Insured Endorsement, specifically naming LAWA <b>(Please see attached supplement).</b>	
<input type="checkbox"/> Hangarkeepers Legal Liab. (At least at a limit of liability of \$ 1 million)	
<b>(X) Property Insurance</b>	
<input checked="" type="checkbox"/> Building, including contents	<b><u>100% Replacement Cost</u></b>
All Risk/Special Form Coverage, including flood and earthquake	
LAWA named additional insured and loss payee	
<input type="checkbox"/> Tenant improvements	<b><u>100% Replacement Cost</u></b>
All Risk/Special Form Coverage, including flood and earthquake	
LAWA named loss payee	
<input checked="" type="checkbox"/> Builder's Risk Insurance	<b><u>Total project value -</u></b>
All Risk/Special Form Coverage, including flood and earthquake	<b><u>100% Replacement Cost</u></b>
LAWA named loss payee required if property or building ultimately revert to City	
<input checked="" type="checkbox"/> Waiver of subrogation (Please see attached supplement)	

**\*\*\*\*\*REURN THIS PAGE WITH EVIDENCE OF YOUR INSURANCE\*\*\*\*\***

**PLEASE SUBMT ALL DOCUMENTS TO [RISKINSURANCE@LAWA.ORG](mailto:RISKINSURANCE@LAWA.ORG)**

**EXHIBIT E**

01/2021

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

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

Insurance companies which do not have an AM Best rating of A- or better, and have a minimum financial size of at least 4, must be reviewed for acceptability by Risk Management

### Endorsements:

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

### Certificate Holder:

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

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

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

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

### **Sec. 10.8.3. Equal Employment Practices Provisions.**

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

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

1. This provision applies to work or service performed or materials manufactured or assembled in the United States.
2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.
3. The Contractor agrees to post a copy of Paragraph A., hereof, in conspicuous places at its place of business available to employees and applicants for employment.

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

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

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

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

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

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

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

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

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

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

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

3. training and promotional opportunities; and
4. reasonable accommodations for persons with disabilities.

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

#### SECTION HISTORY

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

#### **Sec. 10.8.4. Affirmative Action Program Provisions.**

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

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

1. This section applies to work or services performed or materials manufactured or assembled in the United States.
2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.
3. The Contractor shall post a copy of Paragraph A., hereof, in conspicuous places at its place of business available to employees and applicants for employment.

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

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

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

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

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

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

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

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

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

**K.** By affixing its signature to a Contract that is subject to this article, the Contractor shall agree to adhere to the provisions in this article for the duration of the Contract. The Awarding Authority may also require Contractors and suppliers to take part in a pre-registration, pre-bid, pre-proposal, or pre-award conference in order to develop, improve or implement a qualifying

Affirmative Action Program.

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

- (a) Recruit and make efforts to obtain employees through:
  - (i) Advertising employment opportunities in minority and other community news media or other publications.
  - (ii) Notifying minority, women and other community organizations of employment opportunities.
  - (iii) Maintaining contact with schools with diverse populations of students to notify them of employment opportunities.
  - (iv) Encouraging existing employees, including minorities and women, to refer their friends and relatives.
  - (v) Promoting after school and vacation employment opportunities for minority, women and other youth.
  - (vi) Validating all job specifications, selection requirements, tests, etc.
  - (vii) Maintaining a file of the names and addresses of each worker referred to the Contractor and what action was taken concerning the worker.
  - (viii) Notifying the appropriate Awarding Authority and the DAA in writing when a union, with whom the Contractor has a collective bargaining agreement, has failed to refer a minority, woman or other worker.
- (b) Continually evaluate personnel practices to assure that hiring, upgrading, promotions, transfers, demotions and layoffs are made in a non-discriminatory manner so as to achieve and maintain a diverse work force.
- (c) Utilize training programs and assist minority, women and other employees in locating, qualifying for and engaging in the training programs to enhance their skills and advancement.
- (d) Secure cooperation or compliance from the labor referral agency to the Contractor's contractual Affirmative Action Program obligations.
- (e) Establish a person at the management level of the Contractor to be the Equal Employment Practices officer. Such individual shall have the authority to disseminate and enforce the Contractor's Equal Employment and Affirmative Action Program policies.
- (f) Maintain records as are necessary to determine compliance with Equal Employment Practices and Affirmative Action Program obligations and make the records available to City, State and Federal authorities upon request.
- (g) Establish written company policies, rules and procedures which shall be encompassed in a company-wide Affirmative Action Program for all its operations and Contracts. The policies shall be provided to all employees, Subcontractors, vendors, unions and all others with whom the Contractor may become involved in fulfilling any of its Contracts.
- (h) Document its good faith efforts to correct any deficiencies when problems are experienced by the Contractor in complying with its obligations pursuant to this article. The Contractor shall state:
  - (i) What steps were taken, how and on what date.
  - (ii) To whom those efforts were directed.
  - (iii) The responses received, from whom and when.
  - (iv) What other steps were taken or will be taken to comply and when.
  - (v) Why the Contractor has been or will be unable to comply.

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

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

1. Apprenticeship where approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
2. Classroom preparation for the job when not apprenticeable;
3. Pre-apprenticeship education and preparation;
4. Upgrading training and opportunities;
5. Encouraging the use of Contractors, Subcontractors and suppliers of all racial and ethnic groups; provided, however, that any contract subject to this ordinance shall require the Contractor, Subcontractor or supplier to provide not less than the prevailing wage, working conditions and practices generally observed in private industries in the Contractor's, Subcontractor's or supplier's geographical area for such work;
6. The entry of qualified women, minority and all other journeymen into the industry; and
7. The provision of needed supplies or job conditions to permit persons with disabilities to be employed, and minimize the impact of any disability.

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

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

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

#### SECTION HISTORY

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

CHAPTER 1, ARTICLE 11

LIVING WAGE

- Section
- 10.37 Legislative Findings.
- 10.37.1 Definitions.
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- 10.37.4 Employer Reporting and Notification Requirements.
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- 10.37.11 Timing of Application.
- 10.37.12 Express Supersession by Collective Bargaining Agreement.
- 10.37.13 Liberal Interpretation of Coverage; Rebuttable Presumption of Coverage.
- 10.37.14 Contracts, Employers and Employees Not Subject to this Article.
- 10.37.15 Exemptions.
- 10.37.16 Severability.

**Sec. 10.37. Legislative Findings.**

The City awards many contracts to private firms to provide services to the public and to City government. Many lessees or licensees of City property perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City also provides financial assistance and funding to other firms for the purpose of economic development or job growth. The City expends grant funds under programs created by the federal and state governments. These expenditures serve to promote the goals established for the grant programs and for similar goals of the City. The City intends that the policies underlying this article serve to guide the expenditure of such funds to the extent allowed by the laws under which such grant programs are established.

Experience indicates that procurement by contract of services all too often has resulted in the payment by service contractors to their employees of wages at or slightly above the minimum required by federal and state minimum wage laws. The minimal compensation tends to inhibit the quantity and quality of services rendered by those employees to the City and to the public. Underpaying employees in this way fosters high turnover, absenteeism and lackluster performance. Conversely, adequate compensation promotes amelioration of these undesirable conditions. Through this article, the City intends to require service contractors to provide a minimum level of compensation which will improve the level of services rendered to and for the City.

The inadequate compensation leaves service employees with insufficient resources to afford life in Los Angeles. Contracting decisions involving the expenditure of City funds should not foster conditions that place a burden on limited social services. The City, as a principal provider of social support services, has an interest in promoting an employment environment that protects such limited resources. In requiring the payment of a higher minimum level of compensation, this article benefits that interest.

In comparison with the wages paid at San Francisco International Airport, the wage for Los Angeles airport workers is often lower even though the airports are similar in the number of passengers they serve and have similar goals of providing a living wage to the airport workforce. Studies show that higher wages at the airport leads to increases in worker productivity and improves customer service. Higher wages for airport workers also results in a decline in worker turnover, yielding savings to the employers and alleviating potential security concerns. Therefore, the City finds that a higher wage for airport employees is needed to reduce turnover and retain a qualified and stable workforce.

Many airport workers who provide catering services to the airlines are paid below the living wage. Federal law allows employment contract agreements between airline caterers and its workers to remain in effect without an expiration date, effectively freezing wages for workers. Long-term employment contract agreements provide little incentive for employers to renegotiate the employment contract agreements with their workers. Airline catering

workers often struggle to pay their bills, sometimes having to choose between paying medical bills and buying food for their families. The City finds that airline caterers should pay their workers, at a minimum, the living wage with benefits.

Airport workers are also the first to respond when an emergency occurs at the airport. In order to properly assist first responders during a crisis at the airport, the City finds that airport employees of Certified Service Provider License Agreement holders should be formally trained for an emergency response at the airport.

Nothing less than the living wage should be paid by employers that are the recipients of City financial assistance. Whether workers are engaged in manufacturing or some other line of business, the City does not wish to foster an economic climate where a lesser wage is all that is offered to the working poor.

The City holds a proprietary interest in the work performed by many employees of City lessees and licensees and by their service contractors, subcontractors, sublessees and sublicensees. The success or failure of City operations may turn on the success or failure of these enterprises, for the City has a genuine stake in how the public perceives the services rendered for them by such businesses. Inadequate compensation of these employees adversely impacts the performance by the City's lessee or licensee and thereby hinders the opportunity for success of City operations. A proprietary interest in providing a living wage is important for various reasons, including, but not limited to: 1) the public perception of the services or products rendered to them by a business; 2) security concerns related to the location of the business or any product or service the business produces; or 3) an employer's industry-specific job classification which is in the City's interest to cover by the living wage. This article is meant to cover all such employees not expressly exempted.

Requiring payment of the living wage further serves a proprietary concern of the City. If an employer does not comply with this article, the City may: 1) declare a material breach of the contract; 2) declare the employer non-responsible and limit its ability to bid on future City contracts, leases or licenses; and 3) exercise any other remedies available.

#### SECTION HISTORY

Article and Section Added by Ord. No. 171.547, Eff. 5-5-97.  
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184.318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

#### Sec. 10.37.1. Definitions.

The following definitions shall apply throughout this article:

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

- (1) prepares food or beverage to or for aircraft crew or passengers;
- (2) delivers prepared food or beverage to or for aircraft crew or passengers;
- (3) conducts security or inspection of aircraft food or beverage; or
- (4) provides any other service related to or in connection with the preparation of food or beverage to or for aircraft crew or passengers.

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

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

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

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

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

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

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

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

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

(f) **“Contractor”** means any person that enters into:

(1) a Service Contract with the City;

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

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

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

(h) **“Employee”** means any person who is not a managerial, supervisory or confidential employee who expends any of his or her time working for an Employer in the United States.

(i) **“Employer”** means any person who is:

(1) a City Financial Assistance Recipient;

(2) Contractor;

(3) Subcontractor;

(4) Public Lessee or Licensee; and

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

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

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

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

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

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

- (i) the public perception of the services or products rendered to them by a business;
  - (ii) security concerns related to the location of the business or any product or service the business produces; or
  - (iii) an Employer’s industry-specific job classifications as defined in the regulations.
- (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. 176,283, Eff. 12-25-04. Oper. 9-22-04; Subsecs. (a) through (l) re-lettered (d) through (o), respectively and new Subsecs. (a), (b), and (c) added, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

**Sec. 10.37.2. Payment of Minimum Compensation to Employees.**

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

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

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

- a. On July 1, 2018, the wage rate for an Employee shall be no less than \$13.25 per hour.
- b. On July 1, 2019, the wage rate for an Employee shall be no less than \$14.25 per hour.
- c. On July 1, 2020, the wage rate for an Employee shall be no less than \$15.00 per hour.
- d. On July 1, 2022, and annually thereafter, the hourly wage rate paid to an Employee shall be adjusted consistent with any adjustment pursuant to Section 187.02 D. of the Los Angeles Municipal Code.

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

10.37.2(a)(1)(i) and an additional wage rate of \$1.25 per hour.

equal to the health benefit payment in effect for an Employee pursuant to Section 10.37.3(a)(5).

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

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

**(2) Airport Employee Wages.**

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

(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:

(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.

a. On July 1, 2017, the wage rate for an Employee shall be no less than \$12.08 per hour.

(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.

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.

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

d. On July 1, 2020, the wage rate for an Employee shall be no less than \$16.50 per hour.

(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.

e. On July 1, 2021, the wage rate for an Employee shall be no less than \$17.00 per hour.

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

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.

(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.

(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:

(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.

a. On July 1, 2017, an Employer servicing the Airport shall pay an Employee an additional wage rate of \$5.18 per hour.

(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.

b. Beginning on July 1, 2018, an Employer servicing the Airport shall pay an Employee an additional wage rate per hour

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION HISTORY

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

**Sec. 10.37.3. Health Benefits.**

(a) **Health Benefits.** The health benefits required by this article shall consist of the payment by an Employer of at least \$1.25 per hour to Employees towards the provision of health care benefits for an Employee and his or her dependents. On July 1, 2017, the health benefit rate for an Employee working for an Employer servicing the Airport shall be at least \$5.18 per hour. On July 1, 2018, the annual increase for Employees working for an Employer servicing the Airport shall continue as provided in Section 10.37.3(a)(5).

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

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

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

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

(5) On July 1, 2018, and annually thereafter each July 1, the amount of payment for health benefits provided to an Employee working for an Employer servicing the Airport shall be adjusted by a percentage equal to the percentage increase, if any, in the United States Bureau of Labor Statistics Consumer Price Index for All Urban Consumers: Medical Care Services, as measured from January to December of the preceding year. The DAA shall announce the adjusted rates on February 1st and publish a bulletin announcing the adjusted rates, which shall take effect on July 1st of each year.

(b) **Periodic Review.** At least once every three years, the City Administrative Officer shall review the health benefit payment by Employers servicing the Airport set forth in Section 10.37.3(a) to determine whether the payment accurately reflects the cost of health care and to

assess the impacts of the health benefit payment on Airport Employers and Airport Employees and shall transmit a report with its findings to the Council.

**SECTION HISTORY**

Added by Ord. No. 171,547, Eff. 5-5-97.  
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

**Sec. 10.37.4. Employer Reporting and Notification Requirements.**

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

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

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

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

**SECTION HISTORY**

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

**Sec. 10.37.5. Retaliation Prohibited.**

An Employer shall not discharge, reduce in compensation, or otherwise discriminate against any Employee for complaining to the City with regard to the Employer's compliance or anticipated compliance with this article, for opposing any practice proscribed by this article,

for participating in proceedings related to this article, for seeking to enforce his or her rights under this article by any lawful means, or for otherwise asserting rights under this article.

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.

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.

(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.

**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) 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.

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

(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.

(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) 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.

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

(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.

(4) For Willful Violations, the amount of monies to be paid under Subdivisions (1) – (3), above, shall be trebled.

(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.

(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.

(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.

(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.

(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:

(d) The DAA may audit an Employer at any time to verify compliance. Failure by the Employer to cooperate

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

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

(3) Impose a fine payable to the City in the amount of up to \$100 for each violation for each day the violation remains uncured.

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

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

#### SECTION HISTORY

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

#### Sec. 10.37.7. Administration.

The DAA shall administer the requirement of this article and monitor compliance, including the investigation of claimed violations. The DAA shall promulgate rules and regulations consistent with this article for the implementation of the provision of this article. The DAA shall also issue determinations that persons are City Financial Assistance Recipients, that particular contracts shall be regarded as "Service Contracts" for purposes of Section 10.37.1(l), and that particular leases and licenses shall be regarded as "Public Leases" or "Public Licenses" for purposes of Section 10.37.1(k). when it receives an

application for a determination of non-coverage or exemption as provided for in Section 10.37.14 and 10.37.15.

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

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

#### SECTION HISTORY

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

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

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

SECTION HISTORY

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

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

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

SECTION HISTORY

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

**Sec. 10.37.10. Expenditures Covered.**

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

SECTION HISTORY

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

**Sec. 10.37.11. Timing of Application.**

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

SECTION HISTORY

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

**Sec. 10.37.12. Express Supersession by Collective Bargaining Agreement.**

The requirements of this article may be superseded by a collective bargaining agreement if expressly stated in the agreement. This provision applies to any collective bargaining agreement that expires or is open for negotiation 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

a determination of non-coverage or exemption and procedures for making determinations on such applications.

#### SECTION HISTORY

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

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

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

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

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

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

#### SECTION HISTORY

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

#### Sec. 10.37.15. Exemptions.

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

(a) A Public Lessee or Licensee, that employs no more than seven people total on and off City property shall be exempted. A lessee or licensee shall be deemed to employ no more than seven people if the

company's entire workforce worked an average of no more than 1,214 hours per month for at least three-fourths of the previous calendar year. If a Public Lease or License has a term of more than two years, the exemption granted pursuant to this section shall expire after two years, but shall be renewable in two-year increments.

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

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

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

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

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

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

#### SECTION HISTORY

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

**Sec. 10.37.16. Severability.**

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

SECTION HISTORY

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

CHAPTER 1, ARTICLE 10

WORKER RETENTION

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

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

**Sec. 10.36. Findings and Statement of Policy.**

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

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

The City has a proprietary interest in the work performed by employees of City contractors, lessees and licensees and by the employees of firms receiving City financial assistance. The success or failure of City operations may turn on the success or failure of these firms, and the City has a genuine stake in how the public perceives

the services rendered by these firms. Replacement of existing employees can adversely impact the performance by these firms and thereby hinders the opportunity for success of City operations.

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

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

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

SECTION HISTORY

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

**Sec. 10.36.1. Definitions.**

The following definitions shall apply throughout this article:

(a) "Awarding Authority" means the governing body, board, officer or employee of the City or City Financial Assistance Recipient authorized to award a Contract and shall include a department which

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

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.

(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.

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

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

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

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

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

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

(3) Terminate the Contract;

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

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

SECTION HISTORY

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

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

(a) An Awarding Authority may allow a Successor Contractor or Subcontractor to fill a position under a Contractor with a person who has been employed by the Contractor or Subcontractor continuously for at least 12 months prior to the commencement of the Successor

Contract working in a position similar to the position to be filled in the Successor Contract. The Successor Contractor or Subcontractor shall first obtain written approval of the Awarding Authority by demonstrating that: (a) the person would otherwise be laid off work; and (b) his or her retention would be helpful to the Contractor or Subcontractor in performing the Successor Contract.

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

SECTION HISTORY

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

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

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

SECTION HISTORY

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

**Sec. 10.36.6. Expenditures Covered by this Article.**

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

SECTION HISTORY

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

**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.

# 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.*

## **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.

# LOS ANGELES WORLD AIRPORTS



## CONTRACTOR RESPONSIBILITY PROGRAM

### RULES AND REGULATIONS FOR LEASES

Effective date: July 1, 2012

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

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

## A. DEFINITIONS

- (a) “**Awarding Authority**” means either the Executive Director or the Board or the Board’s designee.
- (b) “**Bid**” means an application submitted by a bidder in response to an Invitation for Bid, Request for Proposal or Request for Qualifications or other procurement process.
- (c) “**Bidder**” means any person or entity that applies for any contract whether or not the application process is through an Invitation for Bid, Request for Proposal, Request for Qualifications or other procurement process.
- (d) “**Board**” means the City of Los Angeles Board of Airport Commissioners.
- (e) “**Contract**” means any agreement for the performance of any work or service, the provisions of any goods, equipment, materials or supplies, or the rendition of any service to LAWA or to the public or the grant of a Public Lease, which is awarded or entered into by or on behalf of LAWA. The provisions of these Rules and Regulations shall apply to all leases that require Board approval.
- (f) “**Contractor**” means any person, firm, corporation, partnership, association or any combination thereof, which enters into a Contract with LAWA and includes a Public Lessee.
- (g) “**CRP Pledge of Compliance**” means the CRP Pledge of Compliance developed by PSD. The CRP Pledge of Compliance shall require Public Lessees and Public Sublessees to sign under penalty of perjury that the Public Lessees and Public Sublessees will:
  - (1) Comply with all applicable Federal, State, and local laws and regulations during the performance of the lease, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.
  - (2) Notify LAWA within 30 calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that

the tenant or did not comply with subparagraph (g)(1) above in the performance of the contract.

- (3) Notify LAWA within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the Public Lessee or Public Sublessee has violated subparagraph (g)(1) above in the performance of the Public Lease.
  - (4) Provide LAWA within 30 calendar days updated responses to the CRP Questionnaire if any change occurs which would change any response contained within the completed CRP Questionnaire. Note: This provision does not apply to amendments of Public Leases not subject to the CRP and to Public Sublessees not required to submit a CRP Questionnaire.
  - (5) Ensure that Public Lessees and Public Sublessees with LAWA leases shall complete, sign and submit a CRP Pledge of Compliance attesting under penalty of perjury to compliance with subparagraphs (u)(1) through (4).
  - (6) Notify LAWA within 30 days of becoming aware of an investigation, violation or finding of any applicable Federal, State, or local law involving Public Sublessees in the performance of a LAWA contract.
  - (7) Cooperate fully with LAWA during an investigation and to respond to request(s) for information within ten (10) working days from the date of the Notice to Respond.
- (h) **“CRP Questionnaire”** means the set of questions developed by PSD that will assist LAWA in determining a bidder, proposer’s or contractor’s responsibility. Information solicited from the CRP Questionnaire may include but is not limited to: ownership and name changes, financial resources and responsibility, satisfactory performance of other contracts, satisfactory record of compliance with relevant laws and regulations, and satisfactory record of business integrity. PSD may amend the CRP Questionnaire from time to time.
- (i) **“Executive Director”** means the Executive Director of the City of Los Angeles Department of Airports.
- (j) **“Invitation for Bid” (“IFB”)** means the process through which the City solicits Bids including Request for Proposals (**“RFP”**) and Requests for Qualifications (**“RFQ”**).
- (k) **“Los Angeles World Airports”** means the City of Los Angeles Department of Airports.
- (l) **“PSD”** means LAWA’s Procurement Services Division.
- (m) **“Public Lease”** means a lease of LAWA property.
- (n) **“Public Lessee”** means a Contractor that leases LAWA property under a Public Lease.

- (o) “**Public Sublessee**” means a Subcontractor that subleases LAWA property from a Public Lessee.
- (p) “**PSD**” means LAWA’s Procurement Services Division.
- (q) “**Subcontractor**” means any person not an employee who enters into a contract with a Contractor to assist the Contractor in performing a Contract, including a Contractor or subcontractor of a Public Lessee or Public Sublessee, to perform or assist in performing services on the leased premises.
- (r) “**Prospective Lessee**” means any person, firm, corporation, partnership, association or any combination thereof that currently does not have a Public Lease.
- (s) “**Prospective Sublessee**” means any person, firm, corporation, partnership, association or any combination thereof that currently does not sublease LAWA property from a Public Lessee.
- (t) “**Requesting LAWA Division**” means the LAWA division(s) which issued the RFB, RFP or RFQ.
- (u) “**Responsibility**” means possessing the necessary “trustworthiness” and “quality, fitness and capacity” to perform the work set forth in the contract.

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

1. **Prospective Lessees** are required to submit a completed and signed CRP Questionnaire for determination of responsibility prior to award of a Public Lease.
2. **Public Lessees, Prospective Sublessees and Public Sublessees** are not required to submit a completed and signed CRP Questionnaire.

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

### **1. Posting of CRP Questionnaires and Sublessee Lists:**

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

### **2. Departmental Review of CRP Questionnaires**

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

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

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

### **3. Claims Resulting from Public Review and Comments**

#### **Prospective Lessees:**

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

#### **Public Lessee:**

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

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

## **D. AWARD AND EXECUTION OF PUBLIC LEASES**

### **1. Determination of Responsibility and Award of Public Lease**

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

### **2. Submission of Pledge of Compliance**

#### **Prospective Lessees/Prospective Sublessees:**

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

#### **Public Sublessees:**

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

### **3. Public Sublessee Responsibility**

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

### **4. Execution of Public Leases/Consent to Subleases**

#### **Prospective Lessees:**

- a. Unless exempt from the CRP, all Public Leases subject to the CRP shall contain language obligating the Public Lessee to comply with the CRP.
- b. No Public Lease may be awarded unless:
  - (1) The Prospective Lessee's CRP Questionnaire, unless otherwise exempt, has been made available for public review for at least fourteen (14) calendar days
  - (2) The Prospective Lessee has submitted a signed CRP Pledge of Compliance.
  - (3) The Prospective Lessee's sublessee list, if any, has been made available for public review for at least fourteen (14) calendar days.
  - (4) The Prospective Lessee is determined by LAWA to be a Responsible Contractor.

#### **Prospective Sublessee:**

- a. Unless exempt from the CRP, all subleases subject to the CRP shall contain language obligating the Public Sublessee to comply with the CRP.
- b. No consent to sublease will be executed by LAWA unless the Public Lessee has submitted a signed CRP Pledge of Compliance by the Prospective Sublessee.

## **E. LEASE AMENDMENTS**

Compliance with the CRP is required in any amendment to a Public Lease if the initial lease was not subject to the CRP, but the total term and amount of the lease, inclusive of all amendments, would make the lease subject to the CRP.

- a. A Public Lessee subject to the CRP because of an amendment to the Public Lease shall submit a CRP Pledge of Compliance to LAWA before the amendment can be executed by LAWA.
- b. Unless exempt from the CRP, all Public Lease amendments shall contain contract language obligating the Public Lessee to comply with the CRP.

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

### **1. Notification of Investigations**

#### **Public Lessees shall:**

- a. Notify LAWA within 30 calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the Public Lessees is not in compliance with any applicable Federal, State, or local law that apply to the Public Lease or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.
- b. Notify LAWA within 30 calendar days of receiving notice of any findings by a government agency or court of competent jurisdiction that the Public Lessee violated any applicable Federal, State, or local law that apply to the Public Lease or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

### **2. Public Sublessee Notification of Investigations**

Public Lessees shall ensure that Public Sublessees occupying the LAWA leasehold premises abide by these same updating requirements, including the requirement to:

- a. Notify LAWA within 30 calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the Public Sublessee did not comply with any applicable Federal, State, or local law that apply to the Public Lease or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

- b. Notify LAWA within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the Public Sublessee violated any applicable Federal, State, or local law that apply to the Public Lease or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

### **3. Update of CRP Questionnaire Information – applies to Public Lessees only.**

- a. Updates of information contained in the Public Lessee's responses to the CRP Questionnaire shall be submitted to LAWA within thirty (30) days of any changes to the responses if the change would affect the Public Lessee's fitness and ability to comply with the terms of the Public Lease.
- b. PSD, or the Requesting LAWA Division, shall determine whether a Public Lessee in a specific situation should have provided updated information.
  - (1) If PSD, or the Requesting LAWA Division, becomes aware of new information concerning a Public Lessee and determines that the Public Lessee should have provided information or updated LAWA of such information, but the Public Lessee has not done so, PSD shall issue a written notice to the Public Lessee requiring the Public Lessee to submit the required information within (ten) 10 calendar days.
  - (2) If PSD or the Requesting LAWA Division becomes aware of new information concerning a Public Sublessee and determines that the Public Sublessee should have provided information or updated LAWA of such information, but the Public Sublessee has not done so, PSD shall issue a written notice to the Public Lessee requiring the Public Sublessee to submit the required information within (ten) 10 calendar days of receipt of the written notice.
- c. The Public Lessee's failure to provide information or updated information when required by LAWA, the CRP or these Rules and Regulations, may be considered a material breach of the Public Lease, and LAWA may initiate a "Non-Responsibility Hearing" pursuant to the procedures set forth in Section I of these Rules and Regulations.

- 4. Submission of CRP Questionnaire and Updates of CRP Questionnaire Responses Not Applicable to Sublessees:** The requirement that Public Lessees submit to LAWA CRP Questionnaires and updates to the CRP Questionnaire responses does not apply to Public Sublessees.

## **G. LAWA INVESTIGATION**

- 1. Reporting of Alleged Violations:** Allegations of violations of the CRP or these Rules and Regulations shall be reported to PSD. Complaints regarding a Prospective

Lessee's or Public Lessee's responsibility should be submitted to PSD in writing. However, PSD may investigate any claim or complaint regarding a Prospective Lessee's or Public Lessee's responsibility, whether or not it is submitted in writing. Whether based on a written complaint or otherwise, PSD shall be responsible for investigating such alleged violations.

## **2. Process:**

- a. Upon receipt of a complaint or upon initiation of an investigation, PSD shall notify the Requesting LAWA Division, the Awarding Authority, and the Prospective Lessee or Public Lessee, as applicable, in writing that an investigation has been initiated.
- b. The Prospective Lessee or Public Lessee, as applicable, shall cooperate fully with PSD in providing information. If the Prospective Lessee or Public Lessee, as applicable, fails to cooperate with PSD's investigation or fails to timely respond to PSD's requests for information, LAWA may initiate a non-responsibility hearing as set forth in Section I of these Rules and Regulations. A failure to cooperate by a Public Lessee may be deemed a material breach of the Public Lease, and the City may pursue all available remedies.
- c. To the extent permissible, PSD shall maintain the identity of the complainant, if any, confidential.
- d. Upon completion of the investigation, PSD shall prepare a written report of the findings and notify the Requesting LAWA Division, the Awarding Authority, and the Prospective Lessee or Public Lessee, as applicable, of the results.

## **3. Results of Investigation**

### **Prospective Lessee**

- a. When an investigation is completed before a Public Lease is awarded, PSD shall notify the Requesting LAWA Division and the Awarding Authority of the results, and the Requesting LAWA Division and the Awarding Authority will consider the information as part of the determination of a Prospective Lessee's responsibility during the bid/proposal review process.

### **Public Lessees**

- b. When an investigation is completed after the execution of a Public Lease:
  - (1) If violations of the CRP are found, PSD shall notify the Requesting LAWA Division and the Public Lessee of the violation and require the Public Lessee to make corrections or take reasonable measures within 10 calendar days.
  - (2) If the Public Lessee fails to make corrections as required, PSD shall notify the

Requesting LAWA Division and the Awarding Authority and may recommend that the Awarding Authority:

- (i) Terminate the Public Lease.
- (ii) Initiate a hearing to declare the Public Lessee a non-responsible lessee.

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

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

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

1. The process of declaring a Prospective Lessee or a Public Lessee a non-responsible lessee shall be initiated by the Awarding Authority after consultation with the City Attorney's Office.
2. Before a Prospective Lessee or a Public Lessee may be declared non-responsible, the Prospective Lessee or a Public Lessee shall be notified of the proposed determination of non-responsibility and provided with an opportunity for a hearing.
3. The Awarding Authority or the Executive Director's designee shall preside over the non-responsibility hearing and shall provide the Prospective Lessee or Public Lessee with the following:

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

## J. NON-RESPONSIBILITY SANCTIONS

### Sanctions for Airline Tenants:

Airline lessees that do not comply with the CRP requirements or are determined non-responsible by LAWA will be declared to have a material breach of the Public Lease. LAWA may exercise its legal remedies thereunder, which are to include, but are not limited to:

1. Non-issuance of a successor air carrier operating permit, resulting in the payment of higher landing fees as a non-permitted carrier.
2. Termination of the Public Lease, which may result in the loss of exclusive or preferential gate assignments.

### Sanctions for Non-Airline Tenants:

1. **Prospective Lessees** that do not comply with CRP requirements and/or are determined non-responsible by LAWA will be disqualified and will not be awarded a Public Lease.
2. **Public Lessees** that do not comply with CRP requirements and/or are determined non-responsible will be declared to have a material breach of the Public Lease. LAWA may exercise its legal remedies thereunder, which are to include, but not limited to the termination of the Public Lease.

Such lessee shall not occupy any leasehold premises in the proposed Public Lease, whether as a master lessee, a sublessee, a partner in a partnership, a participant in a joint venture, a member of a consortium, or in any other capacity.

3. Upon final determination of a Prospective Lessee or Public Lessee as a non-responsible lessee, PSD shall provide the LAWA Requesting Division and the Prospective Lessee or Public Lessee, as applicable, with a written notice summarizing the findings and applicable sanctions.
4. PSD shall maintain a listing of Prospective Lessees/Public Lessees who have been found non-responsible by LAWA pursuant to the CRP.

## K. EXEMPTIONS

1. **Categorical Exemption:** The following types of Public Leases are categorically exempt from the CRP and these Rules and Regulations:

Public Leases with a governmental entity such as the United States of America, the State of California, a county, city or public agency of such entities, or a public or quasi-public corporation located therein and declared by law to have such public status.

2. **Board approval required for CRP Exemptions:** The following types of Public Leases are exempt from the requirement to submit a Questionnaire but remain subject to the

requirement that the Public Lessee submit a Pledge of Compliance and notify the Awarding Authority within 30 days of any information regarding investigations of the results of investigations by any governmental agency into the Public Lessee's compliance with applicable laws.

- a. Public Leases awarded on the basis of exigent circumstances when the Board finds that LAWA would suffer a financial loss or that LAWA operations would be adversely impacted.
  - (1) The Awarding Authority shall submit a request to PSD for waiver along with written certification that the required conditions exist.
  - (2) No contract may be exempted under this provision unless PSD has granted written approval of the waiver.
- b. Public Leases entered into based on Charter Section 371(e)(6). The Awarding Authority must certify in writing that the Public Lease is entered into in accordance with Charter Section 371(e)(6).

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

1. These Rules and Regulations apply to RFBs and RFPs issued after the Executive Director has approved these Rules and Regulations.
2. These Rules and Regulations apply to Public Leases entered into by LAWA after the Executive Director has approved these Rules and Regulations.
3. Public Leases amended after these Rules and Regulations are approved by the Executive Director will become subject to CRP and these Rules and Regulations if they meet definitions contained in the CRP and these Rules and Regulations.

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

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

#### **N. SEVERABILITY**

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

**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, LAWA licensees with licenses, agreements or permits issued under the Certified Service Provider Program, and LAWA tenants with 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

**Contractor Responsibility Program  
Pledge of Compliance  
EXHIBIT L**

**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.

# Exhibit N

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

Manatt, Phelps & Phillips, LLP  
2049 Century Park East  
Suite 1700  
Los Angeles, CA 90067  
Attention: Keith Allen-Niesen, Esq.

APN: \_\_\_\_\_

(Space Above This Line For Recorder's Use)

*This Memorandum provides notice of a Lease with a term of less than 35 years. Documentary Transfer Tax \$0.00.*

## MEMORANDUM OF LEASE

This Memorandum of Lease (“**Memorandum**”) is made effective as of \_\_\_\_\_, 2022 (the “Effective Date”) by and between the **CITY OF LOS ANGELES**, acting by order of and through its Board of Airport Commissioners (“Board”) of the **DEPARTMENT OF AIRPORTS** also known as Los Angeles World Airports or LAWA (“City”), and **BONSEPH HELINET LLC**, a Delaware limited liability company (“Lessee”), who agree as follows:

A. City, as lessor, and Lessee, as lessee, entered into that certain Lease dated as of \_\_\_\_\_ (the “Lease”) pursuant to which City leased to Lessee, and Lessee leased from City, the land and improvements located at 16231 Waterman Drive, Los Angeles, California at Van Nuys Airport (the “Demised Premises”).

B. City and Lessee desire to record this Memorandum for the purpose of providing constructive notice of the Lease.

NOW, THEREFORE, in consideration of the Demised Premises, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Lessee, hereby agree as follows:

1. Demised Premises. The Demised Premises consists of certain real property located in the City of Los Angeles, County of Los Angeles, State of California, and more particularly described on Exhibit A attached hereto and incorporated herewith.

2. Term. The term of the Lease expires on the twenty-fifth (25<sup>th</sup>) anniversary of the Commencement Date (as defined in the Lease), subject to possible extensions on account of Force Majeure as set forth in the Lease.

3. Incorporation of Lease. The terms and provisions of the Lease are incorporated herein by reference.

4. Governing Document. This Memorandum is a short form being executed and delivered solely for the purpose of recordation, it is not a complete summary of the Lease, and it

## Exhibit N

in no way modifies any of the provisions of the Lease. In the event of any inconsistency between the terms of this Memorandum and terms of the Lease, the terms of the Lease shall prevail.

5. Power and Authority. City and Lessee each represents and warrants to the other that it is fully empowered and authorized to execute and deliver this Memorandum, and the individual signing this Memorandum on behalf of such party is fully empowered and authorized to do so.

6. Counterpart Execution. This Memorandum may be executed in one or more counterparts, each of which when so executed and delivered shall be deemed an original, but all of which taken together shall constitute but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

# Exhibit N

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum to be executed effective as of the Effective Date.

**CITY:**

**City of Los Angeles,**  
a municipal corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Chief Executive Officer,  
Department of Airports

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

This Lease is hereby approved as to form this \_\_\_\_ day of \_\_\_\_\_, 2022

**APPROVED AS TO FORM:**

Michael N. Feuer  
City Attorney

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

# Exhibit N

**LESSEE:**

**Bonseph Helinet LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Authorized Signatory

# Exhibit N

## ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA  
COUNTY OF \_\_\_\_\_

On this \_\_\_ day of \_\_\_\_\_, 20\_\_ before me, \_\_\_\_\_,  
Notary Public, personally appeared \_\_\_\_\_, who  
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same  
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument  
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the  
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: \_\_\_\_\_ (Seal)

# Exhibit N

## ACKNOWLEDGEMENT

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COUNTY OF \_\_\_\_\_

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subscribed to the within instrument and acknowledged to me that he/she/they executed the same  
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument  
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the  
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: \_\_\_\_\_ (Seal)

Memorandum of Lease  
Notary Acknowledgement

# Exhibit N

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COUNTY OF LOS ANGELES

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foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: \_\_\_\_\_ (Seal)

# Exhibit N

## EXHIBIT A

### LEGAL DESCRIPTION

[To be attached]

## **Schedule 4.1**

### Proposed Improvements

If approved, Lessee will develop two large hangars and three office/shop areas, specifically designed to be the primary facility supporting Helinet Aviation's operations out of Van Nuys Airport. A total of 71,891 square feet of paved ramp will be renovated by Proposer providing thirteen (13) 55' x 55' helicopter pads and a 70' x 70' aircraft wash area. Hangar 1 is a 115' x 315' footprint containing a 29,325 square foot hangar accessed by a 240' wide, 28' high hangar door. The hangar is between a 115' x 35' single story office located on the west side and a second 115' x 25' single story office east of the hangar below a 2,875 square foot mezzanine. Hangar 2 is a 160' x 230' footprint containing a 31,050 square foot hangar accessed by a 215' wide, 28' high hangar door with a 230' x 25' single story office located south of the hangar. The location of these improvements and the exact size and configuration of same are subject to update based on any necessary adjustments (i) as required by the City's and Lessor's approval and/or permitting processes, including environmental review,-or (ii) which occur during the construction of these improvements.

## **Schedule 4.2**

### Plan for Observation Area Upgrade

Lessee shall be responsible for the design, obtaining the necessary approvals and completing certain offsite renovations to the existing 6,820 square foot LAWA VNY observation area. Such renovations shall cost approximately \$350,000 to complete, and may include one or more of the following elements in the observation area: site improvements to the existing hardscape and/or parking lot, new or repaired outdoor furniture, new or repaired play equipment, new or repaired art work, improvements to the circulation and/or parking spaces (which may include restriping) within the observation area, and/or new or improved access to and from the observation area to adjacent public streets. The final plans for the renovations will be subject to approval by Lessee and the Executive Director. Lessee shall complete the renovations to the Observation Area before the end of the Initial Term, as may be extended by Force Majeure.