



Item Number
5

Report to the BOARD OF AIRPORT COMMISSIONERS

Approver:


Samantha Bricker (Sep 1, 2023 15:05 PDT)

Dave Jones, Deputy Executive Director
Commercial Development

Reviewer:



Brian C. Ostler, City Attorney



Justin Erbacci (Sep 1, 2023 16:00 PDT)

Justin Erbacci, Chief Executive Officer

Meeting Date

9/7/2023

Needs Council Approval: ☒ Y

Reviewed for/by	Date	Approval Status	By
Finance	08/21/23	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
CEQA	8/30/2023	<input checked="" type="checkbox"/> Y	MD
Procurement	8/24/2023	<input checked="" type="checkbox"/> Y <input checked="" type="checkbox"/> Cond	SGL
Guest Experience	8/28/2023	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	8/22/2023	<input checked="" type="checkbox"/> Y	BNZ

SUBJECT

Request for approval of the proposed 20-year lease with PCS Energy, LLC for the potential development of a ground mount solar facility at 16521 Chase Street at Van Nuys Airport that is anticipated to generate approximately \$21,900,000 in non-aeronautical revenue for Los Angeles World Airports over the term of the agreement.

RECOMMENDATIONS

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines sections 15303, 15304, and 15311.
3. 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.
4. FURTHER FIND that PCS Energy, LLC is responsive and responsible, and that entering into this lease is in the City's best interest.
5. APPROVE the proposed lease with PCS Energy, LLC as referenced in this report.
6. AUTHORIZE the Chief Executive Officer, or designee, to execute the lease with PCS Energy, LLC upon approval as to form by the City Attorney and approval by the Los Angeles City Council.

DISCUSSION

1. Purpose

Staff request approval of the proposed lease with PCS Energy, LLC (PCS Energy) to develop a ground mount solar facility at Van Nuys Airport (VNY) that is expected to generate approximately \$21,900,000 in non-aeronautical revenue to Los Angeles World Airports (LAWA) over the term of the lease.

2. Prior Related Actions/History of Board Actions

- **June 16, 2014 – Resolution No. 25439 (Lease VNA-8825)**

The Board of Airport Commissioners (Board) approved a 10-year lease with Valley Sod Farms Inc. to lease approximately 47 acres of non-aviation land at 16405 Chase Street at Van Nuys Airport (VNY) for sod farming or similar use.

3. Background

Since August 19, 2014, Valley Sod Farm, Inc. (Valley Sod) has leased approximately 47 acres of non-aviation land to operate a sod farm. As part of LAWA's Sustainability Action Plan, staff have encouraged the use of solar on its property and has reviewed sites that can support solar installations. The Valley Sod site was identified as an optimal location for a solar farm due to its size, zoning restrictions, and proximity to runways at VNY which limit other potential uses.

Therefore, on May 27, 2022, LAWA released a Request for Proposal (RFP) for the development and operation of a photovoltaic (PV) system to promote renewable energy and generate additional non-aeronautical revenue for LAWA on approximately 34 acres of the non-aviation land located at 16504 Chase Street at VNY (See Attachment – Aerial Map of Premises). To provide requisite property rights for installation of a solar ground mount system, LAWA staff also negotiated with Valley Sod to amend its lease to remove portions of its leasehold and is requesting that the Board approve the proposed First Amendment to the Valley Sod lease simultaneous with this request to award a new lease to PCS Energy.

4. Current Action/Rationale

In response to the RFP, LAWA received nine proposals, and PCS Energy ultimately was selected as the successful proposer by the evaluation panel, as described in Section 5 below. PCS Energy is a locally-based solar development company with 11 years of experience that has completed over 180 self-financed solar projects within the City of Los Angeles, including on several VNY leaseholds.

PCS Energy presented a thorough and comprehensive plan for the proposed site that meets LAWA's goals to develop and operate a ground mount PV system that will produce renewable energy for the City of Los Angeles and generate additional non-aeronautical revenue for LAWA. Based on PCS Energy's proposal, staff negotiated the proposed lease for development and operation of a PV system.

Proposed Lease

Pursuant to the proposed lease, PCS Energy will have the right to develop and operate a 10-megawatts solar facility on approximately 34 acres of non-aviation land for a lease term

of up to 20 years if: (a) all regulatory and environmental approvals necessary for the proposed development are received; (b) the Los Angeles Department of Water and Power (LADWP) provides a commitment to purchase the solar energy; and (c) PCS Energy installs the equipment and commences commercial operations before December 31, 2025, unless extended by LAWA's CEO.

If PCS Energy cannot secure all regulatory and environmental approvals necessary for the proposed development or does not receive an adequate energy purchase commitment from the LADWP, PCS Energy may terminate the proposed lease before construction starts. However, if the project is successfully developed, once the installed solar facility becomes commercially operational, PCS Energy will pay LAWA a monthly rent calculated as the greater of Land Rent (\$8,963 per month) or Operating Rent equal to \$0.06 per kilowatt-hour (kW-Hr) generated monthly.

Proposed Development

PCS Energy proposes to invest at least \$14,575,000 to develop, permit, engineer, finance, install, operate, and maintain a ground mount PV system that has the potential to generate approximately 10 megawatts of electricity.

PCS Energy has set a goal of 25% for SBE participation to complete the installation. Indian Energy, who is certified as a Minority Business Enterprise (100 percent Native American owned), a Small Business Enterprise (SBE), and a Disadvantaged Business Enterprise, will manage the engineering of the PV system. PCS Energy commits to subcontract with additional SBE companies to install components of the PV system. In addition, Morrow-Meadows, a local certified Women-owned Business Enterprise, will manage the project's engineering, procurement, and construction. PCS Energy estimates that 25% of the labor costs will be subcontracted to Morrow-Meadows.

Term

The proposed lease includes a pre-term that allows for property inspection and development of the solar infrastructure. During the pre-term, PCS Energy can terminate the proposed lease prior to installation if the proposed project does not receive all requisite approvals or if PCS Energy determines that LADWP will not commit to purchasing energy from the PV System. In addition, LAWA may terminate the proposed lease if the ground mount PV system is not installed by December 31, 2025. If the system is installed, then the 20-year lease term and rent payments will commence on the earlier of operation of the PV system or December 31, 2025.

Revenue to LAWA

Commencing on the Commercial Operation Date, unless extended by LAWA's CEO, PCS Energy will pay the greater of Land Rent or Operating Rent.

Land Rent will be an annual amount of approximately \$107,566 and subject to a two percent increase every five years. However, it is expected that the Operating Rent will greatly exceed the Land Rent. The Operating Rent will be calculated at \$0.06 per kW-Hr for the proposed production of 10 megawatts of renewable energy, for an estimated annual revenue of \$1,095,000, and \$21,900,000 over the 20-year lease term. In addition, if the proposed solar project qualifies for the Investment Tax Credit (ITC), PCS Energy has agreed to pay LAWA an additional \$0.004/kW-Hr for each 10 percent increase greater than 40

percent. For example, should PCS Energy qualify for a 50 percent ITC, PCS Energy will pay \$0.064 per kW-Hr.

A summary of the proposed lease terms is reflected in the table below:

Lease Summary	
TERM	
Effective Date:	Upon approval of Board/City Council/Full Execution
Commercial Operation/Rent: Commencement:	Upon operation of the PV system, but no later than December 31, 2025
Term:	20 years from the Commercial Operation Date
EARLY TERMINATION	
Tenant Termination Right:	PCS Energy can terminate if approvals are not secured, the site is not delivered, or LADWP will not commit to purchasing energy from the PV System
LAWA Termination Right:	LAWA may terminate if PCS does not achieve Commercial Operation by December 31, 2025
DEMISED PREMISES	
Land – Open Space Use:	Approximately 34 Acres
RENT STRUCTURE	
	PCS Energy will pay the greater of:
	1) Land Rent of \$8,963 per month and
	2) Operating Rent calculated at \$0.06 kW-Hr
ESTIMATED RENT	
Annual:	Land Rent – \$107,556* / Operating Rent – \$1,095,000**
Total:	Land Rent – \$2,216,427* / Operating Rent – \$21,900,000**
Notes:	
*Land Rent: Rent is set to increase by 2% every five years.	
**Operating Rent: Estimated rent based on a proposed 10 MW solar facility at \$0.06 per kilowatt-hour.	

Environmental Process

The proposed project is exempt under California Environmental Quality Act (CEQA) Guidelines 15303 – Class 3 New Construction or Conversion of Small Structures, which includes construction and location of limited numbers of new, small facilities and structures, including accessory structures. The proposed project is also exempt under CEQA Guidelines 15304 – Class 4 Minor Alteration to Land, which includes minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees. The proposed project is also exempt under CEQA Guidelines 15311 – Class 11 Accessory Structures, which includes construction or placement of minor structures accessory to (appurtenant to) existing commercial, industrial, or institutional facilities.

The CEQA Guidelines Section 15300.2 includes a number of exceptions to categorical exemptions, none of which apply to the proposed project. Specifically, the project site does not include any environmental resources of hazardous or critical concern. There are no plans for other projects of the same type in the same place and, therefore, no cumulative impacts. There are no unusual circumstances distinguishing this project from others typically exempt under the Class 3, 4 and 11 exemptions and no reasonable possibility that the activity will have a significant effect on the environment due to any unusual circumstances. The proposed project will not result in damage to scenic resources within a highway officially designated as a state scenic highway. The project is not located on a site that is included on any list compiled pursuant to Section 65962.5 of the Government Code. Finally, the proposed project will not cause a substantial adverse change in the significance of any historical resource.

PCS Energy will be responsible for securing all necessary approvals and permits from the appropriate regulatory agencies, which may include Federal Aviation Administration (FAA) approval of the PV System, subject to compliance with the National Environmental Policy Act, if applicable, a conditional use permit and/or any other required planning approval, building permit(s), and all required plan check-level permitting from City Planning, and FAA approval of a glare study associated with a solar project to ensure no interference with the landing and departing of overhead flights at VNY.

How This Action Advances a Specific Strategic Plan Goal and Objective

This action advances this strategic goal and objective: *Sustain a Strong Business: Operate sustainability – balancing economic, social and environmental responsibilities.* Staff is requesting approval of a 20-year lease for a proposed ground mount PV system at VNY which will help LAWA achieve its goal of reducing its carbon footprint through the production of renewable energy as outlined in its Sustainability Action Plan.

5. Selection Process

In May 2022, an RFP was released by LAWA for the leasing and redevelopment of a site located at Van Nuys Airport. The RFP required submittal of proposals to develop, own, operate, and maintain a ground mount solar facility at the provided location.

Evaluation Process

On September 22, 2022, LAWA received nine proposals, specifically from Ameresco, Current Energy, PCS Energy, EDPRNADG, Green Quest, Luminace, Pacifico Power Holt, DSD, and Total Energy in response to the RFP.

The proposals were reviewed by a four-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 PCS Energy.

CRITERIA		POINTS
1.	Firm's Qualifications, Experience and References	25
2.	Proposed PV System Approach	20
3.	Inclusivity	10
4.	Financial Proposal	45
TOTAL POINTS		100

On December 21, 2022, LAWA staff sent a notification to all responding companies that the evaluation panel had established a short list.

Among the short-listed participants, DSD obtained the highest score. However, DSD rejected a list of non-negotiable terms. Consequently, LAWA approached PCS Energy, the runner-up with the second-highest score, and PCS Energy accepted the same non-negotiable lease terms. The evaluation panel deemed the runner-up's proposal acceptable.

As a result of the competitive selection process, staff request that the Board approve the proposed lease and authorize the Chief Executive Officer, or designee, 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 is estimated to generate approximately \$1,095,000 in annual revenue in the first year following the Commercial Operations Date, and \$21,900,000 throughout the 20-year period, based on 10 megawatts of energy produced.

7. Alternatives Considered

- ***Take No Action***

Taking no action is not recommended, as it will result in no solar facility development and a loss of potentially greater revenue to LAWA. Therefore, it is advisable to act and approve the lease with PCS Energy to ensure the timely solar development and the maximum revenue potential for the LAWA property.

APPROPRIATIONS

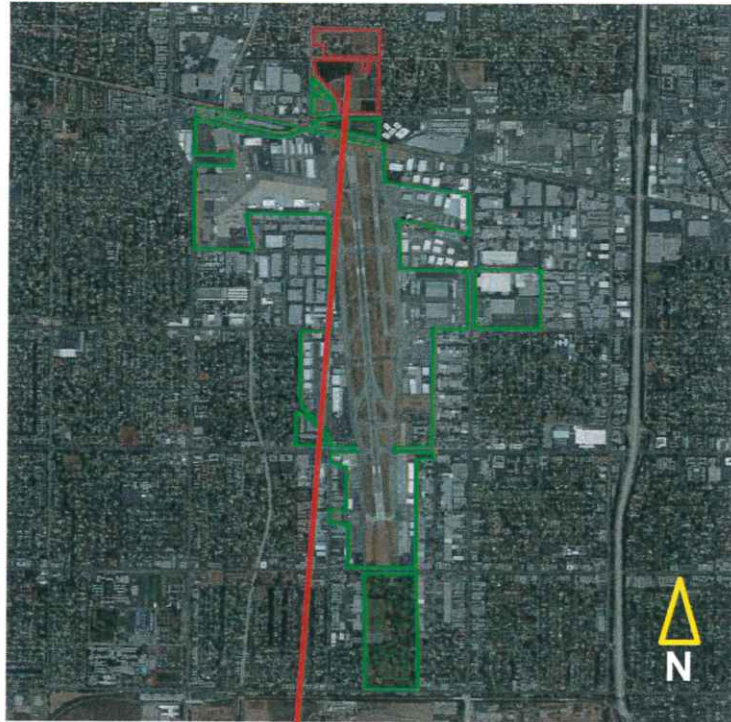
No appropriation of funds is required for this action.

STANDARD PROVISIONS

1. Construction and location of limited numbers of new, small facilities and structures, including accessory structures, is exempt under CEQA Guidelines 15303. Minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees is exempt under CEQA Guidelines 15304. Construction, or placement of minor structures accessory to (appurtenant to) existing commercial, industrial, or institutional facilities is exempt under CEQA Guidelines 15311.
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. PCS Energy, LLC will comply with the provisions of the Living Wage Ordinance.
5. Procurement Services reviewed this action (File No. 10174) and established a mandatory 7% Small Business Enterprise goal for this project. PCS Energy, LLC committed to 7% SBE goal.
6. PCS Energy, LLC will comply with the provisions of the Affirmative Action Program.

7. PCS Energy, LLC has been assigned Business Tax Registration Certificate No. 0002779094-001-7.
8. PCS Energy, LLC will comply with the provisions of the Child Support Obligations Ordinance.
9. PCS Energy, LLC must have approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports prior to the issuance of a Notice to Proceed.
10. This action is not subject to the provisions of Charter Section 1022 (Use of Independent Contractors).
11. PCS Energy, LLC has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. PCS Energy, 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. PCS Energy, LLC has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. PCS Energy, LLC has submitted the Municipal Lobbying Ordinance CEC Form 50 and will comply with its provisions.
16. PCS Energy, LLC will comply with the provisions of the Iran Contracting Act.

Attachment: Aerial Map of Premises



Location Map – 16521 Chase Street VNY



LEASE

BETWEEN

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

AND

PCS ENERGY, LLC

REGARDING

16521 CHASE STREET, VAN NUYS, CALIFORNIA

AT

VAN NUYS AIRPORT

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Exhibit F – Standard Offer Power Purchase Agreement
Exhibit G – Interconnection Agreement
Exhibit H – Lessee’s Maintenance Obligations
Exhibit I – Equal Employment
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Exhibit K – Living Wage Ordinance
Exhibit L – Service Contractor Worker Retention Ordinance
Exhibit M – Child Support
Exhibit N – Contractor Responsibility Program Rules and Regulations for Leases

Exhibit O – Small/Very Small Business Enterprise Program and
Local Business Preference Program
Exhibit P – Guaranty

**GROUND LEASE
BETWEEN THE CITY OF LOS ANGELES, DEPARTMENT OF AIRPORTS AND
PCS ENERGY, LLC
FOR GROUND MOUNT PHOTOVOLTAIC SOLAR POWER SYSTEM
FOR VAN NUYS AIRPORT PROPERTY**

[16521 Chase Street, Van Nuys, California]

THIS GROUND LEASE (“Lease”) is made and entered into as of this _____ day of _____, 2023 (“Effective Date”), at Los Angeles, California, by and between the CITY OF LOS ANGELES, a municipal corporation (“City”), acting by order of and through its Board of Airport Commissioners (the “Board”) of the DEPARTMENT OF AIRPORTS also known as Los Angeles World Airports (“LAWA”) and PCS ENERGY, LLC, a California limited liability company (“Lessee”) (sometimes herein referred to individually as a “party” or together as “parties”).

RECITALS

WHEREAS, on May 27, 2022, LAWA issued a Request for Proposals for a 10-Megawatt Ground Mount Photovoltaic Solar Power System for Van Nuys Airport Property (“RFP”);

WHEREAS, LAWA’s overall objective is to generate sustainable electricity and reduce LAWA’s carbon footprint, while also creating revenue;

WHEREAS, after review of all the proposals, the Board has selected Lessee based on the criteria set forth in the RFP; and

WHEREAS, LAWA and Lessee desire to enter into the Lease for real property adjacent to the Van Nuys Airport (“Airport”), and for Lessee to install, operate, and maintain a ground mount photovoltaic solar power system (“PV System”) at the provided location, to be owned by Lessee.

NOW, THEREFORE, for and in consideration of the covenants and conditions hereinafter contained to be kept and performed, the parties hereby agree as follows:

ARTICLE 1. SPECIFIC TERMS AND PROVISIONS

Section 1. Demised Premises. The subject property is located at 16521 Chase Street, Van Nuys, California 91343, consisting of approximately 33.7978 acres of land (the “Demised Premises”), which land is depicted and outlined in red, and described as Parcels 1 and 2, on Exhibit A.

1.1. **LAWA’s Deletion Right.** If, at any time during the Lease Term (as herein defined), the Chief Executive Officer determines in his or her sole discretion that the Demised Premises or a portion thereof, is necessary for Airport security, construction or operational purposes, including without limitation, for runway extension, taxiway extension, RSAs, RPZs or OFAs or pursuant to an order from the Federal Aviation Administration (“FAA”), LAWA shall

(have the right to remove such area or any portion thereof from the Demised Premises (“LAWA’s Deletion Right”) and Exhibits A and B shall be adjusted accordingly, subject to ninety (90) days’ prior written notice to Lessee. In the event that any portion of the Demised Premises are removed pursuant to LAW A’s Deletion Right, the Monthly Rent (as herein defined) shall be adjusted accordingly. LAW A acknowledges that removing any part of the Demised Premises on which any of the switchgears, transformers, inverters, energy storage systems or utility electrical equipment (collectively, the “Critical Equipment”) is located will necessitate a substantial and costly rewiring of the PV System and will result in suspension of the operation of the PV System until such rewiring is completed. Accordingly, if LAW A exercises LAW A’s Deletion Right and can choose which areas to remove from the Demised Premises, LAW A shall use best efforts to choose areas on which no Critical Equipment is located. If for any reason LAW A removes areas on which Critical Equipment is located or causes a reduction in the size or capacity of the PV System, LAW A shall reimburse Lessee for the cost of any such rewiring and related adjustments and compensate Lessee for any lost net operating income (“NOI”) for any period that the PV System is inoperable or the capacity reduced, in addition to paying Lessee for the depreciated value (straight-line) of the Qualified Investment (as herein defined) allocable to the deleted portion of the Demised Premises. Not less than sixty (60) days prior to LAW A exercising LAW A’s Deletion Right, LAW A shall provide Lessee with written notice of its intent to exercise the Deletion Right (the “Deletion Right Notice”) and the Deletion Right Notice shall include the area of the Demised Premises that LAW A proposes to delete from the Lease. Within thirty (30) days after LAW A’s delivery of the Deletion Right Notice, Lessee shall provide LAW A with: (a) an estimated reasonable cost for re-wiring the Critical Equipment and related adjustments based on the deletion of the portion of the Demised Premises described in the Deletion Right Notice; (b) the estimated reasonable time for such rewiring and related adjustments; and (c) the estimated reasonable amount of lost NOI for the period the PV System would be shut down or its capacity diminished. Lessee shall, in good faith, rewire, adjust and/or return the Critical Equipment to full capacity as quickly as possible following LAW A’s exercise of its Deletion Right. Upon receipt of Lessee’s written response to the Deletion Right Notice, LAW A shall have thirty (30) days to decide whether to proceed with the proposed deletion as described in the Deletion Right Notice. Notwithstanding the above, if the Demised Premises being deleted does not contain any Critical Equipment, reduction in the PV System capacity or reduction in NOI, Lessee shall not be entitled to any reimbursement as provided for herein.

(1.2. **Acceptance and Surrender.** Except as otherwise provided in this Section 1.2 or Section 41 it is understood and agreed that Lessee accepts the Demised Premises in “AS-IS, WHERE-IS, WITH ALL FAULTS” condition. LAW A makes no warranty or representation as to the condition of the Demised Premises, the compliance of the Demised Premises with codes or applicable law, or that the Demised Premises are suitable for Lessee’s intended use, it being assumed Lessee has satisfied itself thereof and assumed all risk associated therewith. LAW A is under no obligation to perform any work or provide any materials to prepare the Demised Premises for Lessee. Lessee agrees to surrender the Demised Premises upon the expiration or earlier termination of the Lease or the SOPPA (as herein defined), in a condition substantially similar to the condition of the Demised Premises on the Commencement Date (as herein defined) except as modified in accordance with the Lease, including but not limited to Sections 5, 5.2.2 and 6.3.3, 25, 27, 30, 31, 41, 42, 50, or any other modifications made pursuant to the Lease, ordinary wear and tear excepted.

Section 2. Term of Lease.

2.1 **Commencement.** The Lease shall commence on the Commencement Date (as herein defined) and shall expire on the earlier of (i) twenty (20) years after the Commercial Operation Date (as herein defined), or (ii) the termination of the Standard Offer Power Purchase Agreement or such other form of power purchase agreement used by LADWP for the PV System (the "SOPPA"), unless and until it is sooner terminated pursuant to the terms provided in the Lease (the "Lease Term"). The Commercial Operation Date shall be the earlier of: (i) the date on which Lessee notifies LAWA in writing that it has achieved Commercial Operation ("Commercial Operation Date") or (ii) subject to extension by mutual agreement of the parties, December 31, 2025 (as such date may be extended by mutual agreement of the parties, the "Outside Date"). "Commercial Operation" shall mean completed permitting, construction, and testing of the PV System such that the PV System is both authorized and able to deliver energy at full capacity to the point of interconnection, but the Commercial Operation Date shall be no later than Outside Date. Lessee shall provide LAWA with documentation to evidence that the PV System is ready to begin Commercial Operation. If Lessee has not achieved Commercial Operation by the Outside Date, LAWA's Chief Executive Officer, at his/her sole option, may extend or terminate the Lease and LAWA and Lessee shall thereafter be released and discharged from all obligations hereunder. Lessee shall submit certain applications and requests for inspections to various departments of the City for review, approval, or completion, which shall include but not be limited to the following: (i) LAWA reviews, approvals, or agreements; (ii) Los Angeles City Planning Department, , land-use permits, inspections, reviews or approvals; (iii) Los Angeles Department of Water and Power ("LADWP") reviews, approvals, or agreements; (iv) Los Angeles Building and Safety inspections and approvals; (v) Los Angeles Fire Department inspections or approvals; (vi) Los Angeles City Council approvals.

Lessee shall promptly notify LAWA in writing upon the submission of any applications or requests for inspections as outlined above to the respective departments of the City. Any notice provided pursuant to the preceding sentence must include details of the application or request, the date of submission, a copy of any application(s) filed, and any other relevant information. If any processes related to the aforementioned applications or inspections are delayed or extended due to factors beyond the control of Lessee with respect to procedures of LAWA, the time period for Lessee's obligations under this Section 2.1 ("Outside Date Clock") shall be automatically extended for a period equal to the cumulative number of days of such delay or extension. Such an extension shall not constitute a default by either party or give rise to any penalties or liabilities being imposed on Lessee. The extension of the Outside Date Clock under this Section shall only apply to delays or extensions that are outside the control of Lessee, and shall not exceed more than one (1) year from the Outside Date, unless mutually extended by the parties. Delays or extensions resulting from actions, inactions, or decisions of the Lessee will not qualify for an extension of the Outside Date Clock under this provision. "Delay or Extension" shall mean a postponement, delay, or extension of a timeline or schedule of an activity, project, or process and applies to the processing, review, hearings, and approvals by regulatory agencies and their respective departments. This shall include but is not limited to delays due to administrative proceedings, changes in policy, regulatory backlog, or force majeure events. This shall also apply to any appeals process or potential modifications to the initial application.

Lessee shall have the right to terminate the Lease prior to the Outside Date if: (1) any of the agency approvals set forth in subparagraphs 2.1 (i) through (vi) are not obtained by the Outside Date; (2) Lessee is unable to obtain a mutually acceptable and executed SOPPA; or (3) Lessee is unable to satisfy Lessee's Objectives as defined in Section 5.2. Lessee's termination of the Lease prior to the Outside Date shall not constitute a default pursuant to Section 38.1 hereof.

2.1.1. **Commencement Date.** The Commencement Date shall mean the date that is 120 calendar days after the date Lessee provides written notice to LAWA that Lessee is prepared to take physical possession of the Demised Premises to commence installation of the PV System on the Demised Premises. LAWA must tender to Lessee physical possession of the Demised Premises, except as otherwise provided in the Lease, on the Commencement Date (the "Delivery Date"). If LAWA has not provided physical possession of the Demised Premises to Lessee on or before the Delivery Date, unless extended by mutual agreement of the parties, Lessee shall have the right to terminate the Lease upon thirty (30) days' prior written notice to LAWA. If Lessee does not deliver written notice to LAWA that Lessee is prepared to take physical possession of the Demised Premises within twenty-four (24) months of the Effective Date of this Lease, LAWA shall have the right to terminate this Lease, unless such time to provide the notice is mutually extended by the parties in writing. If LAWA terminates the Lease pursuant to the preceding sentence, the Termination Right Provisions shall apply.

2.1.2 **Inspection Access.** From the Effective Date until the Commencement Date, Lessee may enter the Demised Premises for inspections and environmental assessments, provided that: (a) Lessee provides LAWA with prior written notice that it wishes to access the Demised Premises for the above purpose, but not less than twenty-four (24) hours advanced notice; (b) LAWA provides written approval of such entry and access by Lessee; and (c) Lessee does not unreasonably interfere with or disturb the existing uses at the Demised Premises. On or prior to the ninetieth (90th) day after the Effective Date, Lessee shall inform LAWA whether Lessee (i) is satisfied with the results of the above-mentioned inspections and environmental assessments and desires to continue the Lease, (ii) terminates the Lease, or (iii) requires, as a condition to not terminating the Lease, correction of any Pre-Existing Conditions (as herein defined) that are discovered by Lessee during such inspections. If there are Pre-Existing Conditions on the Demised Premises, subsection 41.3.1 shall apply. If the Lease terminates pursuant to the preceding portion of this subsection 2.1.2: (i) Lessee shall restore the Demised Premises to the condition that existed prior to such inspections at its sole cost; (ii) City shall return to Lessee the FPG (as herein defined) and (iii) neither party shall have any liability to the other except for any liability which expressly survives termination of the Lease (clauses (i) to (iii) above being the "Termination Right Provisions").

2.2. Lessee shall not commence construction of the PV System prior to receiving all necessary approvals from LAWA, the City of Los Angeles, and the FAA, subject to compliance with the California Environmental Quality Act ("CEQA"), the National Environmental Policy Act ("NEPA") if applicable, and all other applicable laws. LAWA will serve as lead agency under the CEQA environmental review process and the lead coordinating sponsor with the FAA on the NEPA environmental review process. LAWA expressly reserves the right to exercise complete unfettered discretion in determining the appropriate level of CEQA review for the approval and construction of the PV System, including approval of the Lease, and, if necessary, to consider and

adopt all feasible mitigation measures and alternatives, including the “no project” alternative to address any significant environmental impacts of the PV System pursuant to CEQA and NEPA.

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

2.4. **LAWA’s Purchase Right.** Provided LAWA is not in default of the Lease (beyond any applicable cure period), LAWA shall have the right to purchase the PV System from Lessee and terminate the Lease (the “Purchase Right”), as of each annual anniversary of the Commercial Operation Date. LAWA’s exercise of the Purchase Right shall be by written notice to Lessee given at least one hundred twenty (120) days prior to each anniversary of the Commercial Operation Date. For purposes of the Purchase Right, the purchase price shall be equal to the NOI for the remaining balance of the Lease Term. NOI shall mean the gross income generated by the PV System, less operating expenses, not including any form of financing or income taxes. Upon the purchase and payment of the purchase price for the PV System, title thereto shall vest in LAWA. Upon such purchase, LAWA shall be eligible and entitled to receive the balance of any revenue due under the SOPPA.

2.5 If Lessee remains in possession of all or any part of the Demised Premises after the expiration of the Lease Term hereof, with or without the express or implied consent of LAWA, such tenancy shall be from month to month only, and not a renewal hereof or an extension for any further term, and in such case, Monthly Rent (as defined in Section 10.1, below) and other monetary sums due hereunder shall be payable in the amount of one hundred fifty percent (150%) of the Monthly Rent paid for the last month of the lease period plus any other charges payable hereunder at the time specified in the Lease for so long as such month to month lease shall continue and such month to month tenancy shall be subject to every other provision, covenant and agreement contained herein, including any applicable rental adjustments as set forth in the Lease. For example, during any period in which Lessee is holding over, and unless such “(y) factor” described below has changed, Monthly Rent shall be an amount equal to the product of (x) the kilowatt hours (kW-Hr) of energy purchased by LADWP pursuant to the SOPPA during such calendar month, multiplied by (y) \$.09 for each such kW-Hr so purchased). Acceptance by LAWA of rent after such expiration or earlier termination shall not constitute a holdover hereunder or result in a renewal of the Lease Term. The foregoing provisions of this subsection are in addition to and do not affect the right of re-entry or any right of LAWA hereunder or as otherwise provided by law, and in no way shall such provisions affect any right which LAWA may otherwise have to recover damages from Lessee for loss or liability incurred by LAWA resulting from such failure by Lessee to surrender the Demised Premises. Nothing contained in this subsection shall be construed as consent by LAWA to any holding over by Lessee, and LAWA expressly reserves the right to require Lessee to surrender possession of the Demised Premises to LAWA as provided in the Lease upon the expiration or other termination of the Lease.

Section 3. Milestone Objectives.

3.1. **Milestones.** Lessee agrees to meet the objectives of the milestones set forth in Exhibit C, (the "Milestone Objectives"). Lessee shall promptly notify LAWA in writing upon the satisfactory completion of each Milestone Objective. Such notification shall provide a full and detailed description of the actions performed and resources utilized to achieve such Milestone Objective.

3.2. **Discretion To Extend Due Dates.** Notwithstanding anything to the contrary contained herein, LAWA's Chief Executive Officer shall have the sole and absolute discretion to extend any Milestone Objectives deadline. Any such extension shall be made in writing and delivered to Lessee.

Section 4. Use of Demised Premises and Other Property.

4.1. **Authorized Uses.** Lessee shall have the right to use the Demised Premises solely for installation, construction, operation, interconnection, inspection, maintenance, repair, improvement, enhancement, alteration, replacement and removal of the PV System and uses incidental thereto and for no other use or purpose (collectively, the "Permitted Use") and in accordance with the Lease.

4.2. **Unauthorized Uses.** Lessee expressly acknowledges that the Demised Premises shall not be used for any use other than the Permitted Use, without the prior written consent of the Chief Executive Officer. Without limitation to the foregoing, Lessee shall not use the Demised Premises for any purpose that constitutes waste or nuisance, or that would unreasonably interfere with tenants of the Airport or the adjacent sod farm.

4.3. **Minimum Standards.** Use of the Demised Premises will be subject to and Lessee agrees to comply fully with LAWA's Executive Directives, attached as Exhibit D, as amended, restated or replaced from time to time, provided that Lessee does not waive its right to seek relief from a court of competent jurisdiction to the extent that such Minimum Standards are contrary to applicable law.

4.4. **Access to Demised Premises.** Throughout the Lease Term, Lessee, its agents, servants, employees, contractors, licensees and invitees, shall have ground ingress and egress to and from the Demised Premises. Such access to the Demised Premises shall be subject to reasonable access control and permitting requirements as may be established by LAWA and temporary restriction or redirection due to Airport security, construction and operational necessity. In addition, Lessee shall, at all times, allow access (ingress and egress) to and around the existing antennae and its surrounding equipment located on the Demised Premises. Lessee shall complete an access solution that provides vehicular access to and from the existing antennae facility and its surrounding equipment located on the Demised Premises that is acceptable to LAWA and FAA or, if such alternate solution is not achievable, an access road (collectively, as applicable, "Access Solution") no later than three (3) months after the Effective Date. Following completion of the Access Solution, LAWA and its operators, and the FAA, shall have access to any improvements

as provided in the Access Solution; provided that Lessee may utilize the Access Solution as reasonably necessary for the Permitted Use.

Section 5. PV System.

5.1. **Scope of Work.** Lessee shall finance, develop, construct, install, operate, manage, maintain and conduct any other related services for the PV System as agreed upon by LAWA and Lessee at the Demised Premises in accordance with the terms and conditions set forth in the Lease. Lessee's responsibilities include, but are not limited to, financing, engineering, acquiring all required permits, procurement, installation (including utilities), security, operation and maintenance, transportation, labor, materials, and any temporary or interim facilities required to maintain essential existing functions in operation throughout the operational period at the Demised Premises.

5.1.1. **LAWA's Right for Other Sites.** LAWA reserves the right to enter into or contract with other companies or entities to allow use of any other sites, locations, or areas at the Airport or other LAWA properties for the installation and operation of solar power systems.

5.2. **City of Los Angeles Los Angeles Department of Water and Power.** The parties acknowledge that between the Effective Date and the Commercial Operation Date, the Feed-in Tariff Programs currently used by LADWP to purchase energy produced by renewal resources may change, including the development of additional programs or the modification of existing programs. Lessee shall have the right to select, with LAWA's prior written consent, which shall not be unreasonable withheld or delayed, the available LADWP program (or programs) (each, a "Program") that in Lessee's judgment best meets Lessee's financial and energy production objectives for the PV System and which also allows Lessee to comply with Lessee's obligations under the Lease (collectively, "Lessee's Objectives"). Lessee shall comply with the guidelines of LADWP for any applicable Program (or Programs), which guidelines may be modified from time to time at the sole discretion of LADWP (provided the modification does not adversely impact the FAA antenna, or Airport operations), applicable to the PV System, including any requirement to supply equipment required for such Program or Programs including, without limitation, panels, inverters, racking, conduit, wire, vista switches, safety equipment, energy storage systems, monitoring equipment, concrete pads, distribution lines, feeders, conductors, trenches, underground wiring or other electrical equipment, all of which shall be supplied at the sole cost of Lessee. Should Lessee choose to change the Program, Lessee shall provide ninety (90) days' written notice to LAWA regarding Lessee's intent to change the Program. LAWA shall, in its sole discretion, have sixty (60) days to object to Lessee's proposed change in Program. Should LAWA object within the 60-day period, Lessee shall not be allowed to change the Program and shall remain with its existing Program.

5.2.1 **SOPPA.** Lessee shall be solely responsible for entering into an agreement to sell energy from an Eligible Renewable Electricity Resource as defined in the SOPPA. Lessee shall provide to LAWA copy(ies) of the fully executed and final SOPPA which shall become Exhibit F to the Lease without any further action of the Board. Lessee shall comply with all the terms, conditions, and provisions of its respective SOPPA with LADWP. In the event LADWP and Lessee amend the SOPPA or add supplemental documents to respective SOPPA, Lessee shall provide LAWA copy(ies) of the fully executed and final amendment(s) and/or supplemental

documents which shall be numbered and attached to the Lease as Exhibit F-1, F-2, etc., as applicable without any further action of the Board.

5.2.2 **SOPPA to Survive Termination of the Lease.** LAWA acknowledges that LADWP requires the PV System remain in place generating energy for LADWP for the entire term of the SOPPA. Accordingly, if the Lease is terminated prior to the expiration date of the SOPPA for any reason, LAWA, or its designated operator, may, in its sole discretion, succeed to Lessee's interest under the SOPPA and continue to operate the PV System in accordance with the SOPPA until such expiration date. At the request of LADWP, LAWA, or its designated operator, may, in its sole discretion, enter into an agreement with LADWP pursuant to which LAWA agrees to perform in accordance with the preceding sentence. Following the expiration or termination of the Lease, LAWA reserves the right to contract with a third-party operator to accomplish the obligations provided in this subsection 5.2.2.

5.2.3 **Termination of SOPPA.** Unless otherwise agreed by the parties or pursuant to LAWA's purchase of the PV System pursuant to subsection 2.4, upon termination of Lessee's SOPPA with LADWP, Lessee shall notify LAWA of such termination and the PV System shall be removed at Lessee's sole cost and expense and in accordance with subsection 7.1.3.

5.2.4. **Lessee's Termination Right.** If Lessee concludes at any time prior to the commencement of construction of the PV System, but no later than twenty-four (24) months following the Effective Date, that LADWP will not timely commit to purchase the energy generated by the PV System having a generating capacity of not less than ten (10) megawatts on terms that will allow Lessee to meet Lessee's Objectives, or for a lesser generating capacity approved by Lessee and LAWA's CEO, in his or her sole discretion, Lessee shall have the right to terminate the Lease by written notice to LAWA. If Lessee terminates the Lease pursuant to the preceding sentence, the Termination Right Provisions shall apply.

5.3 **Lessee's Representations, Warranties, and Covenants.** Lessee's representations, warranties, and covenants to LAWA as of the Commencement Date shall be consistent with Lessee's representations and warranties in the SOPPA.

5.4. Lessee expressly agrees to pay all costs and expenses, direct and indirect, associated with the PV System, including but not limited to all costs associated with inspection, architectural, design and engineering and other professional or consultant services, permitting and inspection fees, project financing, utility relocation and upgrading, environmental impact reports, landscaping, construction, maintenance and operation of the PV System, and any other costs related to the PV System.

Section 6. Additional PV System Requirements.

6.1 **PV System.** Photovoltaic modules shall have a minimum PV USA Test Conditions rating of 400 watts and a minimum module efficiency of 18%. Inverters shall have a weighted efficiency of not less than 96%.

Lessee shall be required to submit a FIT application to LADWP to build a Photovoltaic (PV) Solar Facility (the "PV System") with a minimum capacity to generate ten (10) megawatts

of solar power and request that LADWP commit to purchase ten (10) megawatts of solar power energy from the PV System. If LADWP does not approve a PV System that can produce 10 megawatts of solar production and downsizes the PV System, the LAWA CEO may, in his or her sole discretion, approve in writing the reduced system size prior to Lessee executing the SOPPA and Interconnection Agreement. In the event the PV System size LADWP will allow should fall below six (6) megawatts, Lessee or Lessor shall have the right to terminate the Lease subject to the Termination Right Provisions.

6.2 **Ownership of PV System.** LAWA and Lessee acknowledge ownership of the PV System belongs to Lessee during the term of the SOPPA and the Lease, except as otherwise provided herein, and subject to LAWA's right to purchase the PV System pursuant to Section 2.4. Upon the expiration or termination as set forth in this Agreement, all improvements shall be removed at Lessee's sole cost and expense, unless otherwise requested by LAWA.

6.3 **Interconnection.** Lessee shall be solely responsible for extending and terminating the AC power from the PV System to points of Interconnection (as herein defined) to be established by LADWP and in compliance with LADWP's voltage, phase, and frequency requirements. For purposes of the Lease, "Interconnection" is defined as an LADWP facility designed, constructed, owned, operated, and maintained by LADWP for the safe operation of the PV System in parallel with LADWP's power distribution network.

6.3.1 **Interconnection Agreement.** Lessee shall, at its sole cost and expense, negotiate and enter into an agreement with the LADWP for Interconnection (the "Interconnection Agreement"), as amended, supplemented or otherwise modified from time to time. Lessee is responsible for compliance with all terms and conditions set forth in the Interconnection Agreement. Lessee shall provide to LAWA copy(ies) of the fully executed and final Interconnection Agreement for the PV System, which shall be numbered and attached to the Lease as Exhibit G, G-1, G-2, etc., as applicable without any further action of the Board.

6.3.2 **Interconnection Cost.** Lessee shall be responsible for the payment of any and all related study and Interconnection costs and fees for the PV System as charged by LADWP. LAWA shall not be responsible for any statements, invoicing, or any other billing related to Interconnection costs charged by LADWP to Lessee.

6.3.3. **Interconnection Agreement to Survive Termination of the Lease.** LAWA acknowledges that LADWP requires that the PV System remain in place generating energy for LADWP for the term of the SOPPA. Accordingly, subject to the SOPPA, if the Lease is terminated prior to the expiration date of the SOPPA for any reason, LAWA, or its designated operator, will succeed to Lessee's interest under the Interconnection Agreement and continue to operate the PV System in accordance with the Interconnection Agreement until such expiration date. At the request of LADWP, LAWA, or its designated operator, will enter into an agreement with LADWP pursuant to which LAWA agrees to perform in accordance with the preceding sentence. LAWA reserves the right to contract with a third-party operator to accomplish the obligations provided in this subsection 6.3.3.

Section 7. PV System – Demised Premises.

7.1 Existing Improvements. Prior to commencement of construction and installation of the PV System, Lessee shall determine and ensure compliance with all applicable City requirements regarding excavation in the City.

7.1.1. Excavations. Lessee or its contractor shall: (i) initiate the call to the applicable regional notification center at least two (2) business days prior to excavating to allow Lessee's excavation (namely, utilities) of subsurface installations (including but not limited to pipelines, conduit, duct, wire, or other structures) to field mark or locate their lines; (ii) contact owners of existing subsurface installations that may interfere with excavation work; (iii) determine and field mark locations of subsurface installations and structures not marked by owners, including those owned by LAWA, which is not a member of a regional notification center, does not participate in their activities, nor field marks its subsurface installations but will make its substructures records, including unpressurized drains (storms drains and sewers), available to Lessee or its contractor with prior notification; (iv) be responsible for field marking and location all subsurface installations prior to performing any excavation or underground work; (v) be responsible for exposing and protecting from damage all existing surface and subsurface installations; (vi) protect any structures or foliage from damage and replace all structures, landscaping, lawn and paving to the condition prior to the work performed by Lessee; and (vii) refrain from preventing or impeding access to the Demised Premises due to any excavation work.

7.1.2 Damage to LAWA Property. Lessee shall be responsible for the repair of any damage to LAWA property to the extent caused by Lessee, its members, employees, agents, invitees, or any person or entity acting for or on behalf of Lessee, or resulting from Lessee's, its members', employees', agents', and/or invitees' omissions, negligence, or willful misconduct during the development, construction, installation, operation, management, and maintenance of the PV System.

7.1.3 Return of Premises. Upon termination of the Lease, Lessee shall take all actions necessary to return the Demised Premises where the PV System was installed to the condition Lessee first encountered at Lessee's sole cost and expense, except in the case LAWA exercises its Purchase Right as provided in Section 2.4.

7.1.3.1 Corrective Action. In the event of fire, destruction or damage to panels in the PV System, Lessee shall take all corrective actions to clean up, remove, repair or otherwise expiate any resulting harm.

7.2 Lessee's Improvements. Any improvements to the Demised Premises constructed by Lessee for the purposes of the Lease shall be approved by LAWA within forty-five (45) days (not including City holidays) of the submission of plans or the same shall be deemed approved. Approval by LAWA shall not relieve Lessee of its obligations to obtain all Governmental Approvals, as provided in Section 8.3, and comply with all applicable laws related to construction of improvements in the City of Los Angeles. Upon the expiration or termination as set forth in Section 8.3, all improvements shall be removed at Lessee's sole cost and expense, unless otherwise requested by LAWA.

7.3 **Existing Conditions.** Lessee has accepted the Demised Premises as provided for in Section 1.2, except for Pre-Existing Conditions and subject to Sections 41.2 and 41.3 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, at its sole expense, 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").

Section 8. Design, Construction and Installation of the PV System.

8.1 Design.

8.1.1 Requirements.

8.1.1.1 Lessee shall investigate the location where the PV System shall be constructed and installed, including suitability of structures, location of utilities, and point of Interconnection for the proposed PV System and determine the construction and installation methods required, including the preparation and submittal for approval by LAWA for the staging of equipment or materials.

8.1.1.2 Lessee shall prepare all PV System plans, specifications, and estimates using engineers licensed in the State of California.

8.1.1.3 LAWA shall have the right to approve all design documents and add requirements on compatibility with existing power infrastructure and other newly added infrastructure which shall be subject to any LADWP approval rights pursuant to the SOPPA. Lessee shall submit design plans and meet with LAWA at defined design milestones (potentially 30%, 60%, 90%, and final design). It is the responsibility of Lessee to research of the location prior to design to check for geotechnical hazards, environmentally sensitive areas, or any other environmental hazards and permitting requirements.

8.1.1.4 Lessee's submitted plans, specifications, and estimates shall comply with all applicable federal, state and local codes, rules and regulations.

8.1.1.5 Lessee shall be responsible for obtaining all necessary approvals prior to construction of the PV System, which may include but are not limited to: (1) LAWA's approval of the PV System, subject to compliance with CEQA, (2) FAA's approval of the PV System, subject to compliance with NEPA, if applicable, (3) FAA's Glare Study Determination approval in compliance with FAA policy on review of solar energy system projects on federally-obligated airports, (4) Conditional Use Permit(s) and/or any other required planning approval in the name of Lessee for the PV System, and (5) Building Permit(s) and all required plan check level permitting with the City of Los Angeles. Lessee acknowledges and agrees that LAWA shall have no liability to Lessee if FAA conditions or denies the Project, or any part thereof.

8.1.1.6 Lessee shall provide weekly status reports throughout the design phase, as well as any additional briefing requested by LAWA.

8.1.1.7 Lessee shall submit final as-built engineering plans (in both AutoCAD and PDF formats), specifications (in PDF format), and cost estimates (in PDF format), including construction cost and as-built value for the PV System to LAWA no later than sixty (60) days prior to the Commercial Operation Date for the PV System.

8.2 Construction and Installation.

8.2.1 **Status Reports.** Lessee shall provide monthly status reports throughout this phase, as well as any additional briefing requested by LAWA Pre-Construction Meeting. Prior to the commencement of construction of the PV System, Lessee shall contact LAWA to schedule preconstruction orientation meetings by Lessee with the general contractor to discuss the schedule of performance and proposed installation activities.

8.3 **Governmental Approvals.** Lessee acknowledges and agrees that the ability of Lessee to use the Demised Premises for the permitted use is expressly contingent upon Lessee, at its sole cost and expense, obtaining all certificates, licenses, entitlements, permits, or other approvals (collectively the “Governmental Approvals”) that may be required by any local, state or federal agencies, including but not limited to the Board, the City of Los Angeles Planning Department, Department of Building & Safety, LADWP, California Public Utilities Commission, California Energy Commission, Federal Energy Regulatory Commission, FAA, and any local zoning authority (collectively, the “Governmental Authorities”). Lessee shall diligently prosecute all applications necessary to obtain Governmental Approvals from the requisite Governmental Authorities. LAWA review, lack of objection to and/or approval of any such Governmental Approvals shall not relieve Lessee of its obligations hereunder. If Lessee concludes at any time prior to the commencement of construction of the PV System, but no later than twenty-four (24) months following the Effective Date that Lessee will not be able to obtain any Governmental Approval for the PV System on a timely basis or that the conditions imposed by any Governmental Authority for issuance of the Governmental Approvals will not allow Lessee to meet Lessee’s Objectives, Lessee shall have the right to terminate the Lease by notice to LAWA. If Lessee terminates the Lease pursuant to the preceding sentence, the Termination Right Provisions shall apply.

8.4 Intentionally Omitted.

8.5 **PV System Inspection.** Lessee shall notify LAWA in writing of the Commissioning (as herein defined) of the PV System. At the discretion of LAWA, Lessee will schedule and arrange for LAWA to conduct an inspection of the PV System. The inspection shall be scheduled for a date and time mutually agreeable to Lessee and LAWA, which is within twenty (20) business days prior to Commissioning of the PV System. Based on the inspection, LAWA may, within ten (10) business days of the inspection, prepare and provide to Lessee a punch list of any observed defects or deficiencies in the construction work or discrepancies between installed equipment and workmanship and the Lease. Lessee shall be responsible for completion, correction, or otherwise addressing issues identified by LAWA, and shall provide a written response to document actions taken in response to the punch list items. If requested by LAWA, Lessee shall schedule and arrange a follow-up inspection for LAWA after all punch list items are resolved. All punch list items shall be resolved prior to the Commercial Operation Date of the PV System except those items specifically excepted by mutual agreement between LAWA and

Lessee. Any approval or sign-off related to LAWA's inspection rights under this Section shall not relieve Lessee of its obligation to obtain and comply with all Governmental Approvals, nor constitute LAWA's approval of Lessee's compliance with any other Lessee obligation under the Lease.

8.6 **Commissioning.** Lessee shall comply with all applicable requirements for commissioning the PV System ("Commissioning"). Provided LADWP gives Lessee sufficient advance written notice of the Commissioning Date, no later than fourteen (14) days prior to Commissioning, Lessee shall notify LAWA of the date on which Lessee intends to perform Commissioning (the "Commissioning Date"). During the start-up, LAWA and/or its engineer shall observe and verify the PV System performance. Within seven (7) days of the successful Commissioning, Lessee shall provide to LAWA written notification of the Commercial Operation Date for the PV System. "Commissioning" shall mean Lessee's inspection and testing of each component of the PV System to assure they have been completely, properly and safely installed before the PV System is activated and that they are operating properly and within expected parameters after the PV System is turned on. The as-built condition of a PV System shall be documented during Commissioning. The PV System's performance will be benchmarked during Commissioning so it can be compared with future performance.

8.7 **Mechanics Liens.** Lessee shall promptly pay for Lessee's work in the installation and construction of the PV System when due and shall not permit any lien to attach to the Demised Premises, lay down areas, or other property in which Lessee has been granted the right to conduct the Permitted Use. Lessee will promptly discharge any such lien. LAWA shall have the right to post notices of non-responsibility.

Section 9. Operation and Maintenance (O&M).

9.1 **Lessee's Operation Obligations.** Lessee shall operate the PV System in accordance with all city, state and federal rules and regulations and the following:

9.1.1 **Monitoring System.** Lessee shall install, own and maintain, at its sole cost and expense, a monitoring system and services necessary to allow remote reading of the PV System's performance and environmental benefits in real time through a secure website in form and format acceptable to LAWA in its reasonable discretion. Lessee shall provide LAWA access to that website along with complete performance data during the Lease Term. Lessee will use commercially reasonable efforts to assist LAWA, if LAWA so requests, with incorporating the PV System's data feeds into LAWA websites that will showcase the alternative energy systems within LAWA at no cost to LAWA.

9.2 **Lessee's Maintenance Obligations.** Lessee shall maintain the PV System consistent with Exhibit H and with the terms and conditions of the Lease. Lessee shall maintain, at its sole cost and expense, the PV System and any and all related equipment. The Demised Premises will be maintained in good condition and state of repair, in conformance with the Lease and all applicable laws and commonly accepted industry standards.

9.3 **Emergency Repairs.** Lessee shall immediately notify LAWA upon actual knowledge of the occurrence of an emergency related to the PV System or the Demised Premises.

(In the event of an emergency affecting the PV System or the Demised Premises, Lessee shall make repairs as quickly as possible without regard to the time of the year, but not later than five (5) business days' after notice thereof, subject to Force Majeure and to the extent such repairs can be practicably made in such period. For the purposes of this Section 9.3, "Force Majeure" shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, wildland fire or firestorm, storm or flood, tsunami, or any order, regulation, or restriction imposed by governmental, military, or lawfully established civilian authorities (i) which prevents Lessee or LAWA from performing any of its obligations under this Section 9.3; (ii) which could not reasonably be anticipated as of the date of this Lease; (iii) which is not within the reasonable control of, or the result of negligence, or failure to maintain a PV System, willful misconduct, breach of contract, intentional act, omission, or wrongdoing on the part of the Lessee or LAWA; and (iv) which despite the exercise of reasonable efforts Lessee or LAWA is unable to overcome or avoid or cause to be avoided. (as herein defined) and to the extent such repairs can be practicably made during such period. For the purposes of this Section 9.3, LAWA acknowledges and agrees that any costs, damages, claims, liabilities, or expenses arising out of or related to such emergency repairs initiated by LADWP are outside the purview and responsibility of Lessee. While Lessee is not obligated to bear the responsibility for such repairs, it agrees to facilitate and cooperate in a reasonable manner with LAWA and LADWP to ensure the timely and efficient completion of the repairs, provided it does not incur any costs or liabilities as a result.

(9.4 **Sole Responsibility.** To ensure the safe and sound operation of the PV System and to maintain the generating capacity thereof during the Lease Term (i) all maintenance and repairs of the PV System shall be performed solely by Lessee and/or Lessee-authorized contractors, and (ii) no third-party electrical or non-electrical equipment of any kind, including, without limitation, inverters, electric lines, distribution equipment, transmission equipment, interconnection equipment and/or storage systems shall be connected to (a) the PV System or any component thereof, or (b) LADWP's equipment that is connected to the PV System or any component thereof, without the prior written consent of Lessee in each instance.

Section 10. Rent.

(10.1 **Monthly Rent.** Commencing on the Commercial Operation Date, Lessee shall pay to LAWA as monthly rent the greater of: 1) a Land Rent of \$8,963.80 per month (calculated by multiplying the area of the Demised Premises by a land rental rate of \$3,182.62 per acre and divided into twelve [12] monthly payments), to be adjusted periodically as provided herein, and, 2) the Operating Rent, calculated as the amount equal to the product of (x) the kilowatt hours (kW-Hr) of energy purchased by LADWP pursuant to the SOPPA during such calendar month, multiplied by (y) \$.06 for each such kW-Hr so purchased) (the product of (x) and (y) for any month being the "Operating Rent" for such month), provided that for the first calendar year, or portion thereof, of operations following the Commercial Operation Date, Lessee shall pay the Operating Rent for each calendar month within thirty (30) days following Lessee's receipt from LADWP of the payment under the SOPPA for energy purchased by LADWP during such month. The Land Rent shall be increased by two percent (2%) on the 5 year, 10 year, and 15 year, and if applicable 20 year, anniversaries of the Commercial Operation Date. Such adjusted annual Land Rent rates will be \$109,716.87 (fifth year anniversary), \$111,911.21 (10th year anniversary), \$114,149.43 (15th Year Anniversary) and \$116,432.42 (20th Year Anniversary). Within ninety (90) days following the end of each calendar year hereunder, LAWA shall give to Lessee a statement (the

(“Statement”) which shall indicate the total annual amount due under the Land Rent formula and the total annual amount due under the Operating Rent, as provided above, and the annual amount paid by Tenant relating thereto for the prior calendar year. If the amount paid by Lessee is less than the amount due (the greater of the annual Land Rent due and the annual Operating Rent due, or portion thereof), Lessee agrees to pay such deficiency to LAWA within thirty (30) days after receipt of the Statement.

If applicable, the amount of Land Rent payable during any partial month during the Lease Term shall be one-twelfth (1/12) of the Land Rent multiplied by the ratio of the number of days active divided by the total number of days in partial month. The amount of Operating Rent payable during any partial month during the Lease Term, if applicable, shall be based on the amount of kW-Hrs generated and purchased by LADWP during such partial month. If at the expiration of the Lease, Lessee has not paid LAWA Operating Rent, if applicable, for any period occurring prior to or at the expiration of the Lease because the corresponding payment from LADWP to Lessee for such period has not been made, Lessee’s obligation to make such Operating Rent payments shall survive the expiration of the Lease.

10.2 **Guaranteed Rate.** If Lessee is to pay LAWA based on the Operating Rent, LAWA shall be entitled to receive monthly rent payments based on the above rate of \$0.06 per kilowatt hour (the “Guaranteed Rate”). If for any Lease Year, the rate paid under the SOPPA is less than the Guaranteed Rate, Lessee shall pay LAWA monthly rent based on the Guaranteed Rate for such Lease Year.

(10.3 **Investment Tax Credit.** Lessee has assumed a forty percent (40%) Investment Tax Credit (“ITC”). Pursuant to Section 10.1, LAWA’s revenue share (Monthly Rent) is set at \$0.06 per kilowatt-hour (kWh) of power purchased by LADWP, considering the anticipated 40% ITC. If Lessee fails to achieve or receive a 40% ITC, Lessee shall still be obligated to pay the specified \$0.06/kWh outlined in Section 10.1. The Monthly Rent payable by Lessee to LAWA (as provided in Section 10.1) shall increase by \$0.004/kWh for each ten percent (10%) increase in Lessee’s ITC above the anticipated 40%. For example, should the PV System qualify for 50% ITC, the total rent to LAWA would be \$0.064/kWh of power purchased by LADWP. Lessee shall provide documentation to LAWA that indicates the final ITC obtained with respect to the PV System and received by Lessee.

10.4 **Periodic Adjustments to Monthly Rent.** . The Land Rental Rate, currently set at \$3,182.62 per acre, payable hereunder shall be automatically adjusted by two percent (2%) on the fifth year anniversary of the Commercial Operation Date, and every five years thereafter. For the avoidance of doubt, the Land Rent shall be reviewed by LAWA and adjusted, as appropriate, in accordance with City Charter 607.b requirements, at intervals of no less than every five (5) years. Nothing herein shall be construed to grant Lessee a right or option to extend the Lease.

(**Section 11. Utility Services.** In addition to the terms contained in the Lease regarding the PV System, Lessee shall install all utilities for the Demised Premises serving the PV System. As deemed necessary by LAWA, Lessee shall make reasonable efforts to meter or sub-meter all utilities separately and shall be responsible for installing and maintaining all meters and sub-meters. Lessee shall pay all charges for water, gas, heat, light, power, telephone, internet, waste,

(sewage, and any other utility service used by Lessee in connection with the Permitted Use 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 Costs"). To the extent Lessee is not paying Utility Costs directly through metered utilities, Lessee shall pay as additional rent the Utility Costs that are directly or indirectly incurred by LAWA to the extent allocable to the Demised Premises as reasonably determined by LAWA, plus a fifteen percent (15%) administrative fee. LAWA may, at LAWA'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 LAWA installs, maintains or repairs utilities under, over, through or in any part of the Demised Premises and LAWA damages the Demised Premises during such utility work, then LAWA shall repair the damage to a reasonable condition. Furthermore, LAWA will make all reasonable efforts during such activities not to create a materially adverse effect on Lessee's ongoing Permitted Use. Lessee waives any and all claims against LAWA 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 LAWA for compensation for loss or damage directly resulting from installation, maintenance and/or repair performed by LAWA.

(**Section 12. Notices.**

12.1. Written notices to LAWA hereunder shall be sent to the Chief Executive Officer with a copy sent to the City Attorney of the City of Los Angeles and addressed to said parties at:

Deputy Executive Director
Commercial Development Group
Department of Airports
1 World Way
Post Office Box 92216
Los Angeles, CA 90009-2216

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

With a copy to:

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

(or to such other address as LAWA may designate by written notice to Lessee. Copies of all notices shall also be e-mailed to CDG-Tenant-Notices@lawa.org.

12.2. Written notices to Lessee hereunder shall be given by registered or certified mail, postage prepaid, and addressed to:

PCS Energy, LLC
3947 Landmark Street
Culver City, CA 90232
Attention: Joseph Pekarovic

With a copy to:

Russ August & Kabat
21900 Burbank Boulevard
Suite 280
Woodland Hills, CA 91367
Attention: Steven M. Siemens

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

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

12.4. 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, in the one case, or to Lessee in the other case, 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, or 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 to such courier.

Section 13. Assignments and Subletting.

13.1 Lessee shall not, in any manner, assign or transfer the Lease, or any portion thereof or any interest therein (collectively, "Assignment"; for the avoidance of doubt, a sublease or termination thereof shall not constitute an Assignment), without the prior written consent of the Board, nor sublet or sublease in whole or in part 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, except as permitted under the Los Angeles World Airports Leasing Policy, as may be modified or amended from time to time. Any attempts to transfer, assign, or sublease (collectively, "Transfer") without the consent required by this Section shall be void and shall transfer no rights to the Demised Premises. Consent to one Transfer shall not be deemed to be a consent to any subsequent Transfer, subletting, occupation, or use. The 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 Board. For purposes of the Lease, an Assignment shall include any change in the majority ownership of or power to vote, directly or indirectly, the majority of outstanding capital stock, membership interest or other ownership interests of Lessee; provided, moreover, for purposes of this Section 13.1, a serial or cumulative transfer of fifty percent (50%) or more of the

(ownership interests of Lessee shall also be an Assignment for purposes of the Lease; provided, however, that a serial or cumulative transfer of less than fifty percent (50%) of the ownership interests of Lessee shall not constitute an Assignment for purposes of the Lease.

13.2 LAWA shall not unreasonably withhold its consent to the Assignment of the Lease or the subletting of the Demised Premises or any portion thereon provided, however, that the use of said Demised Premises by any such assignee or sublessee must be consistent with the Permitted Use authorized herein, the prospective sublessee and/or assignee must agree to execute LAWA's Consent to Sublease and/or Assignment Agreement, and the prospective sublessee and/or assignee is sufficiently capitalized and experienced in the installation, construction, maintenance and operation of the PV System contemplated in the Lease. A request by Lessee for Assignment shall be submitted to LAWA in writing at least ninety (90) days before LAWA's requested consent, along with a fully executed copy of the proposed assignment agreement, as well as a copy of all contracts or writings which set forth payments from assignee(s) to Lessee and/or which describe the acts or services to be performed by or for the assignee(s) in connection with the use of the space covered by the Lease. A request by Lessee for a Consent to Sublease shall be submitted to LAWA in writing at least thirty (30) days before LAWA's requested consent, along with a fully executed copy of the sublease. Lessee shall promptly advise LAWA of early termination of Assignments.

13.3 In the case of an Assignment, any time after Commercial Operation Date, Lessee shall pay to LAWA a fee ("Assignment Fee") based on the following formulas:

(13.3.1. If there are ten (10) years or more remaining on the Lease term when the Assignment occurs (excluding any unexercised extension or renewal terms), Lessee shall pay to LAWA an amount equal to ten percent (10%) of the Net Transaction Value (the "Assignment Fee"). For purposes of calculating the Assignment Fee, the "Net Transaction Value" shall be the difference between the net present value of the income stream for the remainder of the SOPPA term calculated based on a 7% discount rate and the Sales Price of the PV System.

13.3.2. If there are less than ten (10) years but more than five (5) years remaining on the Lease term when the Assignment occurs (excluding any unexercised extension or renewal terms), Lessee shall pay to LAWA an amount equal to Five percent (5%) of the Net Transaction Value.

13.3.3. If there are five (5) years or less remaining on the Lease term when the Assignment occurs (excluding any unexercised extension or renewal terms), Lessee shall pay to LAWA an amount equal to ten (2.5%) of the Net Transaction Value.

(13.4. Notwithstanding the foregoing, no Assignment Fee shall be charged in the event of an assignment to an Affiliate of Lessee, including a transfer all of Lessee's right, title and interest in and under the Lease as Lessee hereunder to MicroGrid Systems 5 LLC, an Affiliate of PCS Energy, LLC, or a transfer of the Lease in connection with a leasehold mortgage (including entering into such leasehold mortgage or lease assignment or upon a foreclosure or delivery of deed in lieu of foreclosure or pursuant to any other judicial remedy, or the first transfer by a lender following such foreclosure or delivery of a deed in lieu of foreclosure), whether or not Lessee

receives an compensation for any such assignment or transfer, provided, however, (a) in the case of a transfer to an Affiliate of Lessee, LAWA reserves the right to require a guaranty, in a form satisfactory to the City Attorney's Office, for all obligations under the Lease and (b) LAWA shall receive a reasonable administrative fee for costs reasonably incurred in connection with the processing of the consent to assignment and reimbursement of its attorneys' fees in connection with the review, preparation and processing of the consent to the assignment of the Lease to the Affiliate. Such assignment shall nonetheless require prior written consent of the Board. For purposes of the Lease, "Affiliate" shall mean (i) any entity not less than fifty percent (50%) of whose outstanding ownership interest shall, at the time, be owned directly or indirectly by Lessee or (ii) any entity which, directly or indirectly, controls or is controlled by or is under common control with Lessee. For this purpose, control shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through the ownership of voting securities or by contract or otherwise.

13.5. In the case of a sublease requiring consent by the Chief Executive Officer to a change in the Permitted Use of the Demised Premises, it shall not be deemed to be an unreasonable restraint by LAWA, as a condition to the Consent to Sublease, for LAWA to require that Lessee pay to LAWA a percentage, to be negotiated, 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 LAWA pursuant to the Lease (excluding any consideration attributed to assets other than the Lease) after first deducting depreciated value of the Qualified Investments that Lessee has made to the Demised Premises at the time of the sublease.

Section 14. Mortgages, Financing, and Other Encumbrance.

14.1. Notwithstanding the terms and conditions of Section 14, Lessee shall have the right to assign Lessee's interest in the 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 improvements constructed on the Demised Premises by Lessee in accordance with the terms and conditions hereunder (subject to LAWA's rights of reversion to such improvements upon the termination of the 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 Mortgage") 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, LAWA shall execute an estoppel certificate in form and substance reasonable satisfactory to LAWA and Leasehold Mortgage. 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 (as herein defined). 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 the Lease is so assigned, Lessee's interest in the leasehold estate hereby created is so encumbered, or title to the improvements is so transferred,

(except as provided for herein, LAWA shall not be bound, nor shall the terms, conditions, and covenants of the Lease nor the rights and remedies of LAWA hereunder be in any manner limited, restricted, modified, or affected by reason of the Leasehold Financing Documents. The only rights of any such Leasehold Mortgagee under an approved Leasehold Financing shall be as follows:

14.1.1. A Leasehold Mortgagee under an approved Leasehold Financing shall not be entitled to any notice required to be given by LAWA to Lessee under the provisions of the Lease unless Lessee designates by written notice to LAWA that notices of Default Events or notices to cure Default Events under the Lease are to be sent to such Leasehold Mortgager's address, as well as to Lessee.

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

14.1.2.1. 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 the 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 the Lease, an additional period of sixty (60) days after the expiration thereof or after LAWA has served a notice or a copy of a notice of such Default Event upon the Leasehold Mortgagee, whichever is later;

(14.1.2.2. 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 subsection 14.1.2.1 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 LAWA 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 LAWA and Lessee hereby authorize the Leasehold Mortgagee to enter upon the Demised Premises and to exercise any of its rights and powers under the Lease and, subject to the provisions of the Lease, under the Leasehold Financing; and

(14.1.2.3. In the event of any Default Event by Lessee other than in the payment of Monthly Rent under the Lease, and if prior to the expiration of any applicable grace periods, Leasehold Mortgagee shall give LAWA 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 the 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 the Lease, LAWA 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 the 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.

14.1.2.4. 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.

14.1.3. 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 any promissory 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 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.

(14.1.4. As long as all monetary Default events provided in the Lease have been cured, any approved Leasehold Mortgagee reserves the right to assume Lessee's interest in the leasehold estate. This right arises either under the exercise of foreclosure in accordance with the law or through a voluntary act by the Lessee as an alternative to foreclosure sale. Such Leasehold Mortgagee may transfer the leasehold estate to a third-party successor ("Successor by Leasehold Mortgage"), subject to the Board's prior written consent, which should not be unreasonably denied, conditioned, or delayed. This is on the condition that, (i) the Successor by Leasehold Mortgage and/or its principal or management company demonstrates adequate financial capability to fulfill the remaining obligations under the Lease as they become due, and (2) the proposed Successor by Leasehold Mortgage is not on a list of businesses or entities prohibited from conducting business with or entering into a contract with the City of Los Angeles.

Upon such a succession or assumption of the leasehold estate, the Successor by Leasehold Mortgage shall comply with all terms, conditions, and covenants of the Lease and continue operations on the Demised Premises strictly for the purposes outlined in Section 4, or for any purpose that the Chief Executive Officer may authorize in writing at that time. Furthermore, no succession by a Successor by Leasehold Mortgage will relieve Lessee from its responsibilities pursuant to the Lease.

(14.1.5. 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 LAWA 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 LAWA and specifying that said notice be mailed to LAWA at the address set forth in Section 12.

14.1.6. Consent by the Chief Executive Officer to one Leasehold Financing or one Leasehold Mortgagee shall not be a waiver of LAWA'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 LAWA's review and approval in accordance with the terms and conditions of the Lease. This prohibition against the transfer of any Leasehold Mortgagee's interest includes any transfer which would otherwise occur by operation of law.

Section 15. PV System – Solar Glare Hazard Analysis. The Lease and the uses to which Lessee shall put the Demised Premises shall be expressly subject to the following access and noise restrictions:

15.1. Lessee shall comply with Federal regulation, Title 14 Part 77 (14 CFR Part 77), for Demised Premises. Lessee shall be required to provide a Solar Glare Hazard Analysis for FAA review and approval for the Demised Premises. Once the Solar Glare Hazard Analysis for the Demised Premises is approved by FAA, Lessee shall provide two (2) copies of Solar Glare Hazard Analysis shall be filed with LAWA prior to the Commercial Operation Date.

(15.2. Lessee agrees that LAWA shall not be liable or responsible to Lessee for any damage, injury, economic loss or deprivation which may develop or arise by reason of any denial or conditions placed upon Lessee at the Demised Premises by FAA in its review of the Solar Glare Hazard Analysis or review of Lessee's compliance with any other regulation. Lessee agrees not to institute any legal action or make any claims with regard to any such FAA regulations or requirements.

Section 16. Estoppel Certificate. The parties hereto agree, from time to time and within twenty (20) business days after request by the other party hereto, to deliver to the requesting party, or the requesting party's designee, an estoppel certificate in reasonable, normal and customary form, as reasonably requested by the requesting party, with such modifications as may be necessary to make such certificate factually accurate, certifying: (i) whether the Lease is in full force and effect, and if it is alleged that the Lease is not in full force and effect, setting forth the nature thereof in reasonable detail; (ii) whether the Lease has been supplemented or amended, specifying the manner in which it has been supplemented or amended; (iii) the date to which all rental payments have been made; (iv) the commencement and expiration date of the Lease; and (v) whether, to the best of the knowledge of the signer of such certificate, the other party is in Default Event.

(**Section 17. Guaranty Requirement.** Upon execution, Lessee shall execute and deliver to LAWA and maintain throughout the Lease Term and for sixty (60) days following Lease Termination, a Guaranty ("Guaranty") from PCS Energy, LLC ("Guarantor"), in the form of Exhibit P attached hereto. This Guaranty shall become effective at such time as there is a Trigger Event, as defined below. This Guaranty is intended to be a present obligation of a future contingent commitment.

(A “Trigger Event” means one or more of the following: (a) a transfer or assignment of Lessee’s interest in the Lease, including an assignment to an Affiliate of Lessee, such as MicroGrid Systems 5 LLC; or (b) any other event which would decrease membership interests, partnership interests, shares or other ownership interests in Lessee.

Section 18. Qualified Investments.

18.1 **Qualified Investments.** The amounts expended by Lessee for construction of the Demised Premises shall be defined as “Qualified Investments” provided that (i) such amount has been actually incurred by Lessee; (ii) such amount has been approved in writing by the Chief Executive Officer in advance of any construction, (iii) such improvements have been constructed in accordance with Section 25, (iv) such amount is for Permissible Costs (as herein defined below), (v) such amount has been verified in accordance with Section 17.1.3 and 25 and (vi) Lessee has not previously received any form of reimbursement or economic compensation for such amount.

(18.1.1. “Permissible Costs” shall mean the reasonable and actual hard and soft costs of construction management, design, engineering, permitting and construction of any new improvements from time to time located on the Demised Premises, plus the cost of required bonds, construction insurance, building, payments made to sub-contractors or independent contractors for engineering and other similar fees related to the design and construction of such improvements incurred by Lessee; and shall also include the cost of financing incurred by Lessee for the construction of the PV System cost by Lessee shall be included as Qualified Investments, provided that such costs shall not exceed twenty percent (20%) of the aggregate amount of Qualified Investments for each Qualified Investment submittal. Amounts paid to any Lessee Affiliate shall be a Permissible Cost only to the extent that the amounts paid are (i) fair and are otherwise no less favorable to Lessee than would be obtained in a comparable arm’s-length transaction with an unrelated third party or (ii) specifically approved in writing by the Chief Executive Officer, upon the separate written request of Lessee, made prior to incurring such costs.

18.1.2. Only payments made by Lessee, and Lessee’s contractors and subcontractors (without duplication) may be included as Permissible Costs. For avoidance of doubt, all costs associated with the permitting, design and construction of the PV System shall constitute Permissible Costs. Any costs incurred by any sublessee, licensee or other occupant of any portion of the Demised Premises, other than Lessee, shall not constitute Permissible Costs. Costs associated with installation of items that are not permanently affixed to the Demised Premises shall not be Permissible Costs.

18.1.3. Verification. To be a Qualified Investment, amounts spent by Lessee must be verified by LAWA, and must meet the following conditions:

(18.1.3.1. The expenditure must be submitted to LAWA for verification within one hundred twenty (120) calendar days following the earlier to occur of the following, to the extent applicable: (a) Lessee’s receipt of a Certificate of Substantial Completion AIA Document G704 Form; (b) the completion of the Improvements.

18.1.3.2. Lessee must provide to LAWA a schedule of all expenditures, which shall show line item detailed information as to each cost, including but not limited to, description, payee and date of payment. Lessee shall be responsible for providing reasonable documentation to LAWA indicating that the amounts were expended (including, but not limited to, copies of returned checks and lien waivers, if requested), and that they are true and correct. LAWA, at its option, may conduct an audit of such expenditures, or may engage, at Lessee's expense, a CPA firm to conduct such audit.

18.1.3.3. Within five (5) years following the completion of the Improvements, LAWA may, at its sole discretion, and with 30 days' prior written notice to Lessee, require Lessee to provide access to all records and other information necessary to perform an audit of fees and charges paid toward any or all of the improvements. LAWA, at its option, may conduct an audit of such expenditures, or may engage, at Lessee's expense, a CPA firm to conduct such audit.

18.2. Subject to subsection 18.2.1, Lessee agrees to pay all costs and expenses, direct and indirect, associated with 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, and other costs related to Lessee's investment. Without limiting the foregoing, if any of Lessee improvements to the Demised Premises (including but not limited to the improvements) cause any authority having jurisdiction to require upgrades or repairs to areas or facilities inside or outside of the Demised Premises, Lessee shall be solely responsible for the cost of such upgrades or repairs. If such upgrades or repairs are performed by LAWA, Lessee shall pay for the cost of such upgrades or repairs, plus an administrative fee of fifteen percent (15%).

18.2.1. The actual cost of design, permitting and construction of any new improvements from time to time located on the Demised Premises, plus the cost of required bonds, construction insurance, building, impact and concurrency fees and other similar fees related to the construction of such improvements incurred by Lessee; payments made by Lessee to independent contractors for engineering and architectural design work shall be included as Qualified Investments, provided that such costs shall not exceed twenty percent (20%) of the aggregate amount of Qualified Investments for each Qualified Investments submittal. Amounts paid to any Affiliate of Lessee that qualify as Qualified Investments shall be included as such only (i) to the extent that the amounts paid are fair and are otherwise no less favorable to Lessee than would be obtained in a comparable arm's-length transaction with an unrelated third party or (ii) specifically approved in writing by the Chief Executive Officer, upon the separate written request of Lessee made prior to incurring such costs. Only payments made by Lessee and its contractors and subcontractors (without duplication) may be included as Qualified Investments.

18.2.2. Any costs incurred by any sublessee, licensee or other occupant of any portion of the Demised Premises, other than Lessee, shall not be included in Qualified Investments. Costs associated with acquisition or installation of personal property that is not permanently affixed to the Demised Premises shall not be included in Qualified Investments (except as provided in subsection 18.2.3).

18.2.3. So long as such costs are not expended for the purpose of completing the initial construction at the PV System, any costs associated with repairs, alterations, modifications, renovations or maintenance of the PV System (including improvements existing as of the date of the Lease, and improvements subsequently constructed on the Demised Premises) shall be included in Qualified Investments if such costs are performed as part of a single plan of investment exceeding One Hundred Seventy-Five Thousand Dollars (\$175,000.00) and such costs are specifically approved in writing by the Chief Executive Officer, which approval shall not be unreasonably withheld, upon the separate written request of Lessee, made prior to incurring such costs.

18.3. **Conditions applicable to Qualified Investments during the Lease Term.** Any expenditures during the Lease Term which are Qualified Investments shall be subject to the following conditions:

18.3.1. Any expenditure during the Lease Term which Lessee desires to be classified as Qualified Investments must be submitted to LAWA for verification within one hundred twenty (120) calendar days following the earliest to occur of the following, to the extent applicable: (a) Lessee's receipt of a Certificate of Substantial Completion; or (c) Lessee's compliance with the requirements of Section 25.

18.3.2. For purposes of LAWA's verification of such amounts, Lessee must provide to LAWA a schedule of all Qualified Investments, which schedule shall show line item detailed information as to each cost, including but not limited to, description, payee and date of payment, Lessee shall be responsible for providing reasonable documentation to LAWA indicating that the amounts were expended (including, but not limited to, copies of returned checks and lien waivers, if requested), that they are true and correct, and why they are eligible to be included in the Qualified Investments amount. LAWA, in its sole discretion, will decide if such amount may then be included in the total Qualified Investments amount. LAWA, at its option, may conduct an audit of such expenditures, or may engage, at Lessee's expense, a CPA firm to conduct such audit.

ARTICLE 2. STANDARD TERMS AND PROVISIONS

Section 19. Limitations on Use of Demised Premises.

19.1. Lessee shall not use the Demised Premises, nor any portion thereof, for any purpose other than the Permitted Use without first having 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.

19.2. There is hereby reserved to LAWA, 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. 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 LAWA 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 the Airport.

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

19.4. 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 the Airport, including, but not limited to, the emanation from the Demised Premises of noise, vibration, movements of air, fumes, and odors.

19.5. 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.

(19.6. Lessee has no rights under the Lease to install or use any antennae or telecommunications equipment on the roof or exterior of any building or structure on the Demised Premises or directly on the Demised Premises, unless such installation or use is directly related to the Permitted Use and in full compliance with LAWA'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, unless such sublessee has been approved by the Chief Executive Officer to use the Demised Premises for the Permitted Use, and such installation and use of antennae or telecommunications equipment is directly related to the conduct of such sublessee's business and is in full compliance with LAWA's permit process and telecommunications policies.

Section 20. Rent Payments.

20.1. **Delivery of Rent Payments.** Monthly Rent and any deficiency in the Guaranteed Rate for any Lease Year shall be paid by Lessee to LAWA in accordance with Section 10. All payments shall include the contract number, which is stamped on the first page of the Lease, on each payment check and the remittance advice attached to the invoice, if any, delivered to Lessee by LAWA. Upon written approval by the Chief Executive Officer, Lessee may be approved to make electronic rental payments to LAWA.

20.2. 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

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

Section 21. Liquidated Damages for Delinquent Payment.

21.1. Payment of rentals, fees, and charges shall be delinquent if not received by LAWA within ten (10) days following the due date. Without waiving any rights available under the Lease or by law, in the event of delinquent payments, Lessee recognizes that LAWA 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 LAWA for all expenses and/or damages and loss resulting from said delinquent payments by Lessee.

21.2. The liquidated damages for delinquent payments shall be assessed each month at a rate of 1 percent interest (i.e., equivalent to twelve percent (12%) per annum compounded monthly) on the Average Daily Balance (as herein 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. LAWA may draw such delinquent payments from the Faithful Performance Guarantee ("FPG"), as defined below, required pursuant to Section 24. 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 21.2.

Section 22. Reports.

22.1. LAWA 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 LAWA certain operating statistical and financial data applicable to the Airport covering the previous calendar month in such form and content as shall reasonably be specified by the Chief Executive Officer.

22.2. Lessee shall submit Monthly Energy Production and Operational Status Reports no later than 30 days after the end of each calendar month throughout Lease Term. The Monthly Energy Production and Operational Status Report shall include the following information:

- i. Time period covered by the report.
- ii. Operational status of project components (modules, inverters, transformers).
- iii. Description of any unusual operational events that occurred during the month.
- iv. Description of any unusual weather events that occurred during the month if they impact production.
- v. Description of improvements, expansion or repair to the system during the month.
- vi. List of needed and/or planned improvements, expansions or repairs
- vii. Energy production for the month in MWh, plane-of-array solar irradiance for the

month in kWh/m²/day, and cumulative energy production to-date in MWh.

viii. Description of any ownership, management, energy sales, or REC changes during the month.

ix. Name and contact information for the individual responsible for preparing and submitting the report.

x. Copies of any engineering reports or independent evaluations of any project completed during the month.

xi. Maintain reasonable remote site security, including upkeep of proposed video or other measures. Interface with insurance company in event of trespassing, vandalism, natural act, or other cause for claim.

Section 23. Audits. LAWA may, at its sole discretion and with reasonable prior written 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 LAWA, and any required information for payments by LAWA to lessee, including but not limited to invoices and proof of payments related to reimbursement for Lessee improvements and other Lessee-required investments. LAWA 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 the Lease. Lessee shall retain all records and other information necessary to perform an audit as described above for a minimum of five (5) years.

Section 24. Faithful Performance Guarantee.

24.1. Lessee shall furnish to LAWA upon LAWA's delivery to Lessee of a Notice to Proceed to commence construction of the PV System at the Demised Premises, and maintain throughout the Lease Term 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 the construction of the PV System or maintenance not made by Lessee. The FPG shall be separate from any other guarantee(s) to LAWA by Lessee. The initial amount of the FPG shall be \$300,000.00. Any adjustments to rent pursuant to Section 1.1, shall also result in a commensurate adjustment to the FPG, pursuant to subsections 24.2 and 24.3, but not greater than three (3) times the amount of the Monthly Rent. If all or any part of the FPG is used to pay delinquent amounts as set forth in Section 21.2, Lessee shall, within sixty (60) days after draw down, replenish the FPG so that the FPG always equals the amount stated herein.

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

24.3. If Lessee has previously provided the FPG to LAWA and if, for any reason, Lessee's monthly rent for use of the Demised Premises under the Lease is thereafter decreased by more than ten percent (10%), then the amount of the FPG shall be correspondingly decreased to a sum equal

(to three (3) times of the new amount of monthly rent within sixty (60) days following written notice to LAWA by Lessee.

24.4. FPGs of Twenty Five Thousand Dollars (\$25,000) 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 Twenty Five Thousand Dollars (\$25,000) 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 24.4), provided that, Lessee shall first give LAWA notice in writing of its intent to terminate the Letter of Credit and provide a replacement Irrevocable Letter of Credit to LAWA so that there is no lapse in coverage. All FPGs must be approved as to form by the City Attorney.

(24.5. 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, LAWA, subject to the notice requirements of subsection 38.1.2, may terminate the Lease at any time upon giving Lessee a thirty (30) day advance written notice. Upon the expiration or earlier termination of the Lease, and if Lessee has satisfied all of its obligations to LAWA hereunder, LAWA shall relinquish to Lessee said FPG following such expiration or earlier termination and satisfaction of all obligations to LAWA 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 25. Improvements and Alterations.

25.1. By Lessee.

(25.1.1. Prior to the construction of any improvements and any additions or connections thereto, including the PV System, and including but not limited to structural improvements, additions, alterations, or signs, Lessee shall obtain approval from LAWA through its Tenant Improvement Approval Process ("TIAP"). Lessee shall submit to LAWA 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 LAWA 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 LAWA, Lessee shall furnish to LAWA, 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.

25.1.2. Any conditions, restrictions, or limitations placed upon the approval of Lessee improvements by the Chief Executive Officer pursuant to subsection 25.1.1 shall be conditions of the Lease as though fully set forth herein once the document is fully executed by

both parties. Lessee shall hold LAWA harmless from liability with respect to any claims regarding any improvements, additions, or alterations made thereto.

(25.1.3. As required by TIAP, for each and every construction or alteration project undertaken on the Demised Premises, including the PV System, 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 LAWA 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.

25.1.4. 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 Section 26.

25.1.5. 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.

(25.1.6. 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 LAWA, if applicable. In the event the aforesaid covenants are breached, LAWA reserves the right to enter upon the

Demised Premises hereunder and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of Lessee.

25.1.7. Before any work is performed on or within the Demised Premises, as described in the aforementioned Subsection 25.1.1, Lessee may be required to file Payment and Performance Bonds with LAWA. Lessee's Performance Bonds shall include the total cost of the installation of the PV System, including the work of any sub-contractors. All required Payment and Performance Bonds must be approved by LAWA before any work commences.

25.2. By LAWA.

25.2.1. LAWA 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 materially interferes with Lessee's Permitted Use and occupancy of the Demised Premises, Lessee shall be entitled to an equitable reduction in rent, as described in Section 1.1 of the Lease.

25.2.2. LAWA 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, subject to Lessee's rights under the Lease.

25.2.3. Lessee acknowledges that LAWA retains the right without compensation to Lessee to install or use antennae or telecommunications equipment on the roof or exterior of any building or 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. LAWA 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 Lessee, which approval may not be unreasonably withheld. LAWA further agrees to repair any damage caused by LAWA's installation of antennae or telecommunications equipment on the roof or exterior of any building or structure on the Demised Premises. LAWA shall use best efforts not to interfere with the Permitted Use of the Demised Premises, during the operation, installation or maintenance of such antennae and/or telecommunications equipment.

Section 26. Liens. At all times during the Lease Term, 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 LAWA-owned improvements on the Demised Premises free and clear of any liens or other encumbrances. Except as otherwise provided in the Lease, 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 LAWA 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 sixty (60) 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, LAWA 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 LAWA and all expenses incurred by it in connection therewith, including costs, attorneys' fees, and a fifteen (15%) administrative fee, shall be paid by Lessee to LAWA 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 the 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 LAWA, its Board and LAWA officers, agents, or employees.

Section 27. Modification to Size of Demised Premises.

27.1. **Modification of Premises and Documents.** Addition or deletion of any space in the Demised Premises as of the commencement of the Lease, may only be made by mutual agreement of LAWA and Lessee except as otherwise provided in the Lease. 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 City Council, unless the modification involves an amount in excess of \$150,000.00, in which case prior Board approval shall be required. The Chief Executive Officer shall revise and replace Exhibit A and Exhibit B, as necessary.

(27.2. **Intentionally Omitted.**

27.3. **Damage to or Destruction of Improvements.** If, during the Lease Term, any buildings, structures, or improvements on the Demised Premises are partially or totally destroyed from a risk covered by the insurance described in the Section 34, herein, thereby rendering said Demised Premises partially or totally inaccessible or unusable, Lessee shall restore the Demised Premises to substantially the same condition as they were immediately before such destruction or exercise of any other rights under the Lease.

27.3.1. If, during the Lease Term, improvements on the Demised Premises are partially or totally destroyed from a risk not covered by the fire and extended coverage insurance described in, Exhibit E, thereby rendering the Demised Premises partially or totally inaccessible or unusable, such destruction shall not automatically terminate the 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 the Lease by giving written notice to LAWA 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 LAWA, 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 the Lease, the Lease shall continue in full force and effect for the remainder of the Lease Term herein and Lessee shall restore the Demised Premises to substantially the same condition as immediately before such destruction.

(**Section 28. Ownership of Improvements.**

(28.1. At all times during the Lease Term, title to all structures, improvements, facilities, or alterations constructed or installed by Lessee consisting of the PV System shall remain in Lessee. Subject to Section 2, upon the expiration of the Lease, or earlier termination of the 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 LAWA, unless LAWA requests Lessee to remove some or all of said structures, improvements, facilities, or alterations at the time of the TIAP. 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 Section 41. 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 prior to said damage, reasonable wear and tear excepted, as may be required and approved by LAWA.

28.2. During the Lease Term, title to all structures, improvements, facilities, or alterations constructed or installed by Lessee for which Lessee has been reimbursed by LAWA shall thereupon vest in LAWA.

Section 29. Signs.

(29.1. 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.

29.2. 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 30. Maintenance and Repair of Demised Premises.

30.1. Except as otherwise expressly provided for in the Lease to the contrary and in accordance with Exhibit H, Lessee, 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 LAWA 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.

(30.2. If Lessee fails to so maintain or repair the Demised Premises, LAWA 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 complete the work as prescribed in the Notice. In addition, a copy of the Notice may be posted on the Demised Premises in a conspicuous place. Furthermore, LAWA 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.

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

(30.4. 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 LAWA in the mailed Notice, or as set forth in subsection 30.3, LAWA may, at LAWA'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 LAWA exercises this option, Lessee shall pay to LAWA a sum equal to the direct cost of labor and materials expended for said work, plus a surcharge equal to fifteen percent (15%) of said direct cost. Payment shall be made within thirty (30) days of invoice date.

Section 31. LAWA's Right of Access and Inspection. With forty-eight (48) hours’ written notice in the absence of any emergency, LAWA, 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 LAWA may be obligated or have the right to do under the 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, LAWA, its officers, employees, agents, and contractors shall not unreasonably interfere with the conduct of Lessee's use or occupancy of the Demised Premises as herein authorized.

Section 32. Insurance.

(32.1. Lessee shall procure at its expense, and keep in effect at all times during the term of the Lease, the types and amounts of insurance specified on Exhibit E. The specified insurance shall also, either by provisions in the policies, by LAWA's own endorsement form or by other endorsement attached to such policies, include and insure LAWA, the Board and all of LAWA's officers, employees, and agents, their successors and assigns, as additional insureds, against the areas of risk described on Exhibit E 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.

(32.2. 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 the Lease with LAWA".

32.3. All such insurance shall be primary and noncontributing with any other insurance held by City and LAWA 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.

(32.4. LAWA shall have no liability for any premiums charged for such coverage(s). The inclusion of City, LAWA, the 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 the Airport. In the event Lessee fails to furnish LAWA evidence of insurance and maintain the insurance as required, LAWA, 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 LAWA for the cost thereof plus fifteen percent (15%) for administrative overhead. Payment shall be made within thirty (30) days of invoice date.

32.5. 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 LAWA. If such coverage is canceled or reduced, Lessee shall, within fifteen (15) days of such cancellation of coverage, file with LAWA evidence that the required insurance has been reinstated or provided through another insurance company or companies.

(32.6. Lessee shall provide proof of all specified insurance and related requirements to LAWA either by production of the actual insurance policy(ies), by use of LAWA's own endorsement form(s), by 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 LAWA 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 at least thirty (30) days prior to the effective date thereof. LAWA reserves the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing such insurance.

32.7. LAWA and Lessee agree that the insurance policy limits specified herein shall be reviewed for adequacy annually throughout the Lease Term 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.

32.8. 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 LAWA proof of said insurance by and through a surplus line broker licensed by the State of California.

Section 33. City Held Harmless.

33.1. In addition to the requirements of Section 32, Insurance, herein, Lessee shall, to the fullest extent permitted by law, defend (with counsel satisfactory to LAWA), indemnify and hold harmless City and any and all of its boards, commissioners, LAWA, 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, attorneys' 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 LAWA that such Claim was caused by LAWA's gross negligence or willful misconduct.

33.2. In Lessee's defense of LAWA under Section 33.1, including but not limited to the negotiation, compromise, and settlement of any action, LAWA shall retain discretion in and control of the litigation, negotiation, compromise, settlement, and appeals there from with respect to LAWA, as required by the Los Angeles City Charter, particularly Article II, Sections 271, 272 and 273 thereof.

33.3. **Survival of Indemnities.** The provisions under this Section 33 shall survive the termination of the Lease. Rights and remedies available to LAWA hereinabove shall survive the termination of the Lease. Further, the rights and remedies are cumulative of those provided for elsewhere in the Lease and those allowed under the laws of the United States, the State of California, and the City of Los Angeles.

Section 34. Nondiscrimination and Equal Employment Practices/Affirmative Action Program.

34.1. Federal Non-Discrimination Provisions.

34.1.1. 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 the 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, 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.

34.1.2. 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, (3) that 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.

34.1.3. 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 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.

34.1.4. 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.

34.1.5. Lessee agrees that it shall insert the provisions found in subsections 34.1.3 and 34.1.4 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.

34.2. **Municipal Non-Discrimination Provisions.**

34.2.1. **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 the Lease shall also be subject to all non-discrimination clauses contained in Section 34.2.

(34.2.2. **Non-Discrimination in Employment.** During the term of the Lease, Lessee agrees and obligates itself in the performance of the 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 insure that applicants for employment are treated, during the term of the 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.

34.2.3. **Equal Employment Practices.** If the total payments made to LAWA under the Lease are One Thousand and no/100 Dollars (\$1,000.00) or more, this provision shall apply. During the performance of the 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 the Lease for the convenience of the parties as Exhibit I. 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 the Lease may be deemed to be a material breach of the 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 the Lease, the Lease may be forthwith terminated, cancelled, or suspended.

(34.2.4. **Affirmative Action Program.** If the total payments to LAWA under the Lease are One Hundred Thousand and No/100 Dollars (\$100,000.00) or more, this provision shall apply. During the performance of the 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 the Lease for the convenience of the parties as Exhibit J. 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 the Lease may be deemed to be a material breach of the 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 the Lease, the Lease may be forthwith terminated, cancelled, or suspended. All subcontracts awarded shall contain a like nondiscrimination provision.

Section 35. Taxes, Permits and Licenses.

35.1. Lessee shall pay any and all taxes of whatever character that may be levied or charged upon the Demised Premises or the use of 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.

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

(35.3. In addition, pursuant to Revenue and Taxation Code Section 170.6, LAWA hereby advises Lessee that by executing the 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.

35.4. 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 LAWA, LAWA shall remit to Lessee such sum(s) to which Lessee is legally entitled.

Section 36. Intentionally Omitted.

Section 37. Intentionally Omitted.

Section 38. Default.

38.1. **Default Events.** The following events shall be deemed to be events of default (each, a "Default Event") by Lessee under the Lease:

(38.1.1. Lessee fails to pay any Monthly Rent due under the 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 the Lease;

38.1.2. Lessee fails to comply with any term, provision or covenant of the Lease, other than paying Monthly Rent, and does not cure such failure within thirty (30) days after written notice to Lessee specifying such failure, or such longer period of time as may be granted by Chief Executive Officer, in his or her sole discretion, 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;

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

38.1.4. Lessee, within ninety (90) 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;

38.1.5. Lessee, within ninety (90) days after the appointment without Lessee's consent or acquiescence of any trustee, receiver, or liquidator of Lessee or a material part of its assets, fails to cause such appointment to be vacated.

(38.1.6. The interests of Lessee under the Lease shall not, except at LAWA'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 the 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, LAWA, at its election, may, after written notice to Lessee, terminate the Lease.

38.2. **Lessor's Remedies.** Upon the occurrence of a Default Event, LAWA, in addition to any other rights or remedies available to LAWA at law or in equity, but provided that Leasehold Mortgagee is not then pursuing a cure of such Default Event in accordance with the terms of Section 14, hereof, shall have the right to:

38.2.1. Terminate the Lease and all rights of Lessee under the Lease, by giving Lessee thirty (30) days written notice that the Lease is terminated, in which case, the provisions of Section 28 shall apply and LAWA may recover from Lessee the aggregate sum of:

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

(38.2.1.2. 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;

(38.2.1.3. 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;

38.2.1.4. Any other amount necessary to compensate LAWA for all the detriment caused by Lessee's failure to perform Lessee's obligations, including any such amounts ascertained or determined at any time after the Default Event; and

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

38.2.1.6. As used in subsections 38.2.1.1 and 38.2.1.2 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 38.2.1.3 of this Section, the "worth at the time of award" is computed by discounting that amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%). As used in this Section, the term "rent" shall include the monthly rent and any and all other payments required by Lessee under the Lease.

38.2.2. Continue the Lease, and from time to time, without terminating the Lease, either:

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

38.2.2.2. Relet the Demised Premises or any part on behalf of Lessee on terms and at the rent that LAWA, in LAWA'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 the Lease exceed the amount of the proceeds from reletting, LAWA may recover the excess from Lessee as and when due.

38.2.3. Upon the occurrence of a Default Event, but provided that Leasehold Mortgagee is not then pursuing a cure of such Default Event in accordance with the terms of Section 10 hereof, LAWA shall also have the right, with or without terminating the Lease, to re-enter the Demised Premises and remove all property from the Demised Premises. LAWA may store the property removed from the Demised Premises at the expense and for the account of Lessee.

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

(nevertheless at any later time terminate the Lease by written notice to Lessee, provided that Leasehold Mortgagee is not then pursuing a cure of such Default Event in accordance with the terms of Section 14.

38.2.5. If LAWA relets the Demised Premises, LAWA shall apply the revenue from the reletting as follows: first, to the payment of any indebtedness other than rent due from Lessee to LAWA; 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 the Lease. LAWA shall hold and apply the residue, if any, to payment of future amounts payable under the 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) LAWA'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 LAWA immediately upon demand.

(38.2.6. After the occurrence of a Default Event, LAWA, 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, LAWA must, by prior written notice to Lessee (and Leasehold Mortgagee, if applicable) first allow Lessee a reasonable opportunity to cure, except in cases of emergency, where LAWA may proceed without prior notice to Lessee. Lessee shall, upon demand, immediately reimburse LAWA for all costs, including costs of settlements, defense, court costs, and attorney fees, that LAWA may incur in the course of any cure.

(38.2.7. No security or guaranty for the performance of Lessee's obligations that LAWA may now or later hold shall in any way constitute a bar or defense to any action initiated by LAWA 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 the Lease by Lessee or by a Default Event.

38.2.8. Except where this is inconsistent with or contrary to any provisions of the 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 the 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.

(**Section 39. Waiver.** 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 LAWA shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, or condition of the Lease other than the failure of Lessee to pay

(the particular rent so accepted, regardless of LAWA's knowledge of such preceding breach at the time of acceptance of such rent.

Section 40. Attorneys' Fees. If LAWA 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 attorneys' fees incurred by or imposed upon City, including LAWA, 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 41. Hazardous and Other Regulated Substances.

41.1. For the purposes of the Lease, "hazardous substances" means:

41.1.1. 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

(41.1.2. 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

41.1.3. 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

41.1.4. 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

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

41.1.6. Any substance, without limitation, which contains gasoline, aviation fuel, jet fuel, diesel fuel or other petroleum hydrocarbons, lubricating oils, solvents, polychlorinated biphenols (PCBs) asbestos, per- and polyfluoroalkyl substances (PFAS), urea formaldehyde or radon gases.

(41.2. **Environmental Indemnity.** Except for conditions existing prior to the Delivery Date ("Pre-Existing 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 LAWA and/or Lessee as a result of noncompliance with any of the provisions in this Section shall be the sole responsibility of Lessee and that Lessee shall indemnify and hold LAWA harmless from all such claims, damages, penalties, or fines. Further, LAWA may, at its option, pay such claims, damages, penalties, or fines resulting from Lessee's non-compliance with any of the terms of this Section, and Lessee shall indemnify and reimburse LAWA for any such payments.

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

indemnify and pay for and/or reimburse LAWA for any and all costs (including any administrative costs) LAWA incurs as a result of any repair, cleanup, or corrective action it takes.

(41.3.1 Nothing in the Lease shall be construed as to cause Lessee to be responsible for any Pre-Existing Condition including any pre-existing hazardous substances that were merely discovered by Lessee ("Discovered Substances"). If there are Discovered Substances on Demised Premises, then Lessee shall notify LAWA within two (2) business days. Upon LAWA'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, LAWA may remediate or otherwise address the Discovered Substances; or (ii) subject to Board approval, LAWA 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 the 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 the Lease, except to the extent the Lease calls for an obligation to survive termination of the Lease. Pending the Parties' agreement as to the Discovered Substances, Lessee shall have no liability for any payments under the Lease so long as it suspends all operations on the Demised Premises other than operations consented to by LAWA or any operations necessary to avoid deterioration or damage to the Demised Premises.

41.4. If Lessee installs or uses already installed underground storage tanks, above-ground storage tanks, pipelines, or other improvements on the Demised Premises for the storage, distribution, use, treatment, or disposal of any hazardous substances, Lessee agrees, upon the expiration and/or termination of the 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 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.

41.5. **Lessee's Provision to LAWA of Environmental Documents.** Unless otherwise agreed to by LAWA, Lessee shall promptly supply LAWA 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.

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

Section 42. Airfield Security.

42.1. If applicable, 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. If applicable, 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.

42.2. If applicable, and 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 LAWA and/or the gate or door is properly secured.

42.3. Lessee shall cooperate with LAWA 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, LAWA in case of any

(emergency. Lessee shall, upon request, provide LAWA relevant information which will enable LAWA to provide efficient and effective management in response to any airport or airfield emergency.

42.4. 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 LAWA for any federal civil penalties amounts LAWA 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 LAWA's attorneys' fees and costs.

Section 43. Business Tax Registration. Lessee represents that it has registered its business with the Office of Finance of the LAWA 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 44. Laws, Rules, and Regulations.

(44.1. 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"). The 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 LAWA's grant assurances to the Federal Aviation Administration.

44.2. 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.

44.3. 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 45. Disabled Access.

(45.1. 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, including LAWA, in its efforts to comply with the Americans with Disability Act of 1990,

and any amendments thereto or successor statutes.

45.2. Should Lessee fail to comply with subsection 45.1, 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 46. Living Wage Ordinance and Service Contractor Worker Retention Ordinances.

46.1. Living Wage Ordinance.

46.1.1. **General Provisions: Living Wage Policy.** The 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 K. The LWO requires that, unless specific exemptions apply, any employees of Lessees 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.

46.1.2. **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 the 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.

46.1.3. **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 the 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 the Lease and City shall be entitled to terminate the 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 the Lease. Nothing in the Lease shall be construed to extend the time periods or limit the remedies provided in the LWO.

46.1.4. **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.

46.2. **Worker Retention Ordinance.** The Lease may be subject to the Worker Retention Ordinance ("WRO") (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 L. If applicable, Lessee must also comply with the WRO which requires that, unless specific exemptions apply, all employers under contracts that are primarily for the furnishing of services to or for the City of Los Angeles and that involve an expenditure or receipt in excess of Twenty-Five Thousand and No/100 Dollars (\$25,000.00) 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 WRO. Under the provisions of Section 10.36.3(c) of the Los Angeles Administrative Code, City has the authority, under appropriate circumstances, to terminate the Lease and otherwise pursue legal remedies that may be available if City determines that the subject contractor violated the provisions of the WRO.

Section 47. Child Support Orders. The 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 M. Pursuant to this Section, Lessee (and any subcontractor of Lessee providing services to City under the 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 Lease Term. 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 Event under the Lease subjecting the 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 the Lease).

Section 48. Visual Artists' Rights Act.

(48.1. 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.

48.2. 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.

48.3. Lessee, in addition to other obligations to indemnify and hold City harmless, as more specifically set forth in the 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.

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

Section 49. Equal Benefits Ordinance.

(49.1. 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.

49.2. 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, 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."

(49.3. 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 50. Condemnation. The parties hereby agree:

(50.1. 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, the 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.

(50.2. **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 the Lease upon giving LAWA 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 LAWA's demand that Lessee acknowledge its intent to terminate the Lease, unless LAWA and Lessee agree, in writing, to an earlier termination or to extend said period. If Lessee exercises its right to terminate the Lease pursuant to this subsection 50.2, Lessee shall give LAWA thirty (30) days prior written notice of the effective date of said termination.

50.2.1. If, in the event of such taking of a portion of the Demised Premises, Lessee does not terminate the Lease, the 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 the 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.

(50.2.2. 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.

50.2.3. Except as provided for in Section 28, Ownership of Improvements hereof, should Lessee terminate the Lease pursuant to this Section 50, title to all improvements, additions or alterations constructed or installed by Lessee upon the Demised Premises and which have not already vested in LAWA shall thereupon vest in LAWA.

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

50.3.1. If the Lease is terminated pursuant to subsection 50.2 other than by LAWA, 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 LAWA, the amortized portion of the value of buildings and improvements built by Lessee and which will become the property of LAWA upon termination of the Lease, and/or loss or taking of business goodwill of LAWA, shall be the property of LAWA.

(50.3.2. Lessee shall have the right to receive compensation for the unamortized Qualified Investment allocable to 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 LAWA shall be entitled to receive is a portion of the award for said Lessee-owned buildings and improvements equal to an

(amount determined by a ratio equal to the number of years the building and/or improvements have been in existence over the original term of the Lease, without consideration of any possibility or probability of renewal, or of options, if any. There shall be no amortization of partially constructed improvements authorized by LAWA, if said construction is incomplete within the time period set forth in the approval granted by LAWA. The value, to be determined by LAWA, of such partially constructed improvements shall be paid to Lessee.

50.4. **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 LAWA, regardless of whether any buildings or improvements so damaged are owned or were constructed by LAWA or Lessee. However, should LAWA 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 82.5 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.

(50.5. **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 the Lease pursuant to this Section, LAWA 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 Section 25.

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

(50.5.2. If a partial taking occurs, LAWA or City is the condemning authority, and such partial taking includes portions of the Demised Premises on which Critical Equipment is located, the condemning authority shall also compensate Lessee for the cost of any such rewiring and related adjustments and compensate Lessee for any lost revenues for any period that the PV System is shut down. Prior to LAWA proceeding with any formal condemnation of any portion of the Demised Premises, LAWA shall provide Lessee with written notice of its potential interest in taking portions of the Demised Premises ("Potential Taking Notice"). This notice shall not be in lieu of any other notice required by statute for condemnation of property, Such Potential Taking Notice shall include the portions of the Demised Premises that LAWA is considering taking. Within thirty (30) days of LAWA's delivery of the Potential Taking Notice, Lessee shall provide LAWA with: (a) an estimated cost for re-wiring the Critical Equipment and related adjustments based on the taking of the portion of the Demised Premises described in the Potential Taking Notice, (b) the estimated time for such rewiring and related adjustments, and (c) the estimated amount of lost revenues for the period that the PV system would be shut down (if applicable). Upon receipt of Lessee's written response as described in the preceding sentence, LAWA shall have ten (10) business days to decide whether to proceed with the proposed taking as described in

(the Potential Taking Notice.

50.6. **Taking for Temporary Use.** In the event of a taking of all or any portion of the Demised Premises for temporary use, the 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 Lease Term, in which case such awards or proceeds shall be apportioned between LAWA 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 51. Miscellaneous Provisions.

51.1. **Fair Meaning.** The language of the Lease shall be construed according to its fair meaning, and not strictly for or against either LAWA or Lessee.

51.2. **Section Headings and Exhibits.** The section headings appearing herein are to Sections and subsections of the Lease and are for the convenience of LAWA 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 the Lease. Exhibits referenced herein are to Exhibits attached hereto which are incorporated herein by reference.

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

51.4. **Two Constructions.** It is the intention of the parties hereto that if any provision of the 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.

51.5. **Laws of California.** The Lease shall be construed and enforced in accordance with the laws of the State of California with venue in the state courts of Los Angeles County.

51.6. **LAWA's Consent.** In each instance herein where LAWA's, the 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.

51.7. **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.

(51.8. **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)].

(51.9. **Rights of United States Government.** The Lease shall be subordinate to the provisions and requirements of any existing or future agreement between LAWA 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 LAWA 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.

51.10. **War or National Emergency.** The 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.

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

(51.12. **Integration Clause.** The Lease is an integrated agreement. It is understood that no alteration or variation of the terms of the Lease shall be valid unless made in writing and signed by the parties hereto. The Lease, including its Exhibits, 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 the Lease which are not fully set forth herein.

(51.13. **Force Majeure.** Whenever a day 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 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 the 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 the Lease 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), pandemics, 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 or a declaration of emergency), fires, floods, earthquakes, hurricanes, tornadoes, tsunamis and other extreme weather conditions; provided, however, that strikes, boycotts, lockouts, labor disputes, labor disruptions, work stoppages or slowdowns shall not be considered an event of Force Majeure. The term Force Majeure includes delays caused by governmental agencies in the processing of applicable building and safety permits or other applications, but only to the extent that such processing time actually exceeds the normal, typical 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 Governmental Approvals) 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 LAWA 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 LAWA 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 until five (5) business days following receipt of such notice. 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.

51.14. **Approvals.** Any approvals required by City or LAWA under the 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 of Los Angeles or LAWA 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.

(51.15. **Conflicts in the 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.

51.16. **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 any conflict between the Exhibits and the applicable ordinance and/or code language, or amendments thereto, the language of the ordinance and/or code shall govern.

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

51.18. **Days.** Unless otherwise specified, "days" shall mean calendar days. "Business days" shall mean any calendar day except Saturday, Sunday, any City, State or Federal holiday or any day on which the national banks located in Los Angeles County are closed for business.

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

51.20. **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 the Lease is inaccurate, the 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 LAWA deems approval of correct measurement(s) to the Demised Premises is appropriate.

Section 52. Intentionally Omitted.

Section 53. Other Agreements Not Affected. Except as specifically stated herein, the 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 54. Intentionally Omitted.

Section 55. Contractor Responsibility Program. 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 N and incorporated herein by reference.

Section 56. Intentionally Omitted.

Section 57. Campaign Contributions.

57.1. 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.”

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

Section 58. Small/Very Small Business Enterprise Program and Local Business Preference Program.

(58.1. Pursuant to the provisions of Resolution No. 24820 of the Board of Airport Commissioners, LAWA's Small Business Enterprise (SBE) Program was created to provide additional opportunities for small businesses to participate in construction, non-professional, professional, and personal services projects valued over \$150,000. It is the policy of LAWA to provide Small Business Enterprises (SBE), Very Small Business Enterprises (VSBE) and Minority-Owned, Women-Owned, Disabled Veteran Business Enterprises and all Other Business Enterprises (MBE/WBE/DVBE/OBE) an equal opportunity to participate in the performance of all City contracts in all areas where such contracts afford such participation opportunities. Lessee shall assist the LAWA in implementing this policy and shall use its best efforts to afford the opportunity for SBEs, VSBEs, MBEs, WBEs, DVBEs, and OBEs to achieve participation in subcontracts where such participation opportunities present themselves and attempt to ensure that all available business enterprises, including SBEs, VSBEs, MBEs, WBEs, DVBEs, and OBEs, have equal participation opportunity which might be presented under the Lease. See Exhibit O.

58.2. Lessee commits to seven and one-tenth (7.1%) participation for Small Business Enterprise (SBE) minimum participation levels on the project over the Lease Term for the PV System's design, installation, and construction.

58.3. Lessee shall submit, on a monthly basis the SBE Utilization Form listing the SBE Sub-consultants utilized during the reporting period. Lessee shall cooperate with LAWA personnel in providing such information as shall be requested by LAWA in order to ensure compliance with the provisions of this Section. LAWA will not process or pay Lessee's subsequent invoices if the SBE Utilization Forms are not timely submitted or if the Consultant fails to cooperate with LAWA personnel by promptly providing any and all information related to SBE participation requested by LAWA.

58.4 Failure to comply with any of the terms of this Section (or the terms of this Contract) shall constitute a material breach of contract and may result in Lessee being deemed “Non-Responsible.” (Section 10.40 et seq. of the Los Angeles Administrative Code.)

(58.5 Pursuant to the provisions of Resolution No. 24781 (for Bids) and Resolution No. 25919 (for Proposals) of the Board of Airport Commissioners, Los Angeles World Airports adopted a Local Business Preference Program (LBPP) for procurement of goods, equipment, and

(non-professional services, including design and construction to encourage businesses to compete for LAWA contracting opportunities, to locate operations and create jobs in the City and to encourage existing local business to refrain from relocating. Accordingly, it is also the policy of the LAWA to support an increase in local and regional jobs. LAWA's LBPP aims to benefit the Southern California region by increasing jobs and expenditures within the local and regional private sector. Lessee shall assist the LAWA in implementing this policy and shall participate in the program to afford the opportunity for Local Business Enterprises to achieve participation in subcontracts where such participation opportunities present themselves.

NOTE: Prior to being awarded a contract with the LAWA, Lessee and all Subcontractors must be registered on the City's Contracts Management and Opportunities Database, Los Angeles Business Assistance Virtual Network (LABAVN), at <http://www.labavn.org>.

Section 59. Conflict of Interest.

(59.1. It is hereby understood and agreed that the parties to the Lease have read and are aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the California Government Code relating to conflict of interest of public officers and employees, as well as the Los Angeles Municipal Code (LAMC) Municipal Ethics and Conflict of Interest provisions of Section 49.5.1 et seq. and the Conflict of Interest Codes of the City and the LAWA. All parties hereto agree that they are unaware of any financial or economic interest of any public officer or employee of City relating to the Lease. Notwithstanding any other provision of the Lease, it is further understood and agreed that if such financial interest does exist at the inception of the Lease, LAWA may immediately terminate the Lease by giving written notice thereof.

Section 60. Prevailing Wage.

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

(60.2. The "General Prevailing Wage Rates" will be those rates as determined by the Director of the Department of Industrial Relations of the State of California. The general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in this locality for each craft, classification, predetermined increases, if applicable, or type of workman needed to execute this contract are from the State of California Director of the Department of Industrial Relations, and may be obtained by going to the website. Copies of these rates are also on file in the Office of Contract Compliance, Bureau of Contract Administration, telephone (213) 847-1922 (the contact information is provided for convenience only, but it is Lessee's responsibility to obtain the current applicable phone numbers and websites in the event that those provided are no longer correct).

Section 61. Payment and Performance Bond.

61.1. After award of the contract, but before any work is performed under the contract, Lessee will be required to file a Payment Bond with LAWA to be approved by the City. Lessee shall provide the Payment Bond on a form provided by LAWA. The Payment Bond shall be for not less than 100 percent of the amount of the work of improvement proposed by the contractor to satisfy claims of material suppliers, mechanics, laborers, and subcontractors employed by it on the work. The Payment and Performance Bond shall be issued by a surety who is authorized to issue bonds in California.

61.2. After award of the contract, but before any work is performed under the contract, Lessee will be required to file a Performance Bond with LAWA to be approved by the City. Lessee shall provide the Performance Bond on a form provided by LAWA. The Performance Bond shall be for 100 percent of the amount of the work of improvement proposed by the Contractor to guaranty faithful performance of all work. The Performance Bond shall be issued by a surety who is authorized to issue bonds in California.

Section 62. Wage and Earnings Assignment Orders/Notices of Assignments.

62.1. Lessee and/or any subcontractor are obligated to fully comply with all applicable state and federal employment reporting requirements for Lessee and/or subcontractor's employees.

62.2. Lessee and/or Subcontractor shall certify that the principal owner(s) are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignments applicable to them personally. Lessee and/or subcontractor will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with Cal. Family Code Sections 5230 et seq. Lessee or subcontractor will maintain such compliance throughout the term of the Lease.

Section 63. Intentionally Deleted.

Section 64. Assignment of Anti-Trust Claims. Lessee may be subject to California Government Code Sections 4550 – 4554. If applicable, Lessee offers and agrees that, it will assign to LAWA all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act or under the Cartwright Act, arising from purchases of goods, services, or materials by Lessee. Such assignment is made and becomes effective at the time LAWA tenders final payment to Lessee.

Section 65. Intentionally Omitted.

Section 66. Covenant of Quiet Enjoyment. Lessee shall have peaceable and quiet enjoyment of the Demised Premises throughout the Lease Term subject to the provisions of the Lease. Lessee shall not invoke any alleged breach of Lessee's quiet enjoyment while Lessee is in default of any provision of the Lease. Lessee hereby acknowledges that Airport operations and associated uses therewith, including but not limited to (1) any shading or shadowing of the PV System solar panels from the use and passage of all types of aircraft in and through the airspace at any height or altitude above the Demised Premises; and (2) any noise, vibrations, fumes, deposits

of dust, fuel particles caused by said aircraft, Airport operations, or other LAWA uses, shall not be considered a violation or breach of Lessee's quiet enjoyment of the Demised Premises. As used herein, the term "aircraft" shall mean any and all types of aircraft, whether now in existence or hereafter manufactured and developed, to include jet, propeller-driven, civil, military or commercial aircraft; helicopters, regardless of existing or future noise levels, for the purpose of transporting persons or property through the air, by whoever owned or operated. Notwithstanding the above to the contrary, LAWA shall use commercially reasonable efforts, within its control, to avoid or minimize interference with Lessee's use or occupancy of the Demised Premises or any reduction in the generating capacity of the PV System.

[SIGNATURES ON FOLLOWING PAGE]

SIGNATURE BLOCKS

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

APPROVED AS TO FORM:

CITY OF LOS ANGELES

_____,
City Attorney

Date: _____

By: _____
Deputy/Assistant City Attorney

By _____
Chief Executive Officer
Department of Airports

ATTEST:

PCS ENERGY, LLC

By Nichelle J. Reed
Secretary (Signature)

By Joseph Pekarovic
Signature

Nichelle J. Reed
Print Name

Joseph Pekarovic
Print Name

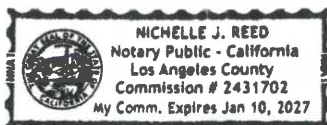
[SEAL]

Principal
Print Title

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 LOS ANGELES

Subscribed and sworn to (or affirmed) before me on this 25th day of August, 2023, by Joseph Pekarovic, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Seal)

Signature

Nichelle J. Reed

Exhibit A
Demised Premises
16521 Chase St at VNY Airport



Exhibit B
Rent Schedule
PCS Energy LLC
16521 Chase Street at VNY

RENT PAYMENTS

Rental, fees, and other charges will commence on the Commercial Operation Date. Lessee shall pay the greater of Land Rent and Operating Rent Pursuant to Sec 10.1 of the Lease.

Rent Schedule From Commercial Operation Date

Monthly Rent: Monthly Rent shall be the greater of Land Rent and Operating Rent (Section 10.1)

Land Rent:

Monthly Rent

[Parcel 1 - 13.2731 Acres @ \$3,182.62 Per Acre Per Year/12] ¹

\$3,520.27

[Parcel 2 - 20.5247 Acres @ \$3,182.62 Per Acre Per Year/12] ¹

\$5,443.53

Total = 33.7978 Acres

\$8,963.80

Operating Rent:

\$0.06 for each kWh of energy purchased by DWP pursuant to the SOPPA for each calendar month ²

Investment Tax Credit:

Lessee assumes a 40% Investment Tax Credit (ITC), as outlined in Section 10.3. If Lessee's ITC exceeds 40%, their Operating Rent payment to LAWA will increase by \$0.004/kWh for every additional 10% increase. For example, should the PV System qualify for 50% ITC, the total rent to LAWA would be \$0.064/kWh.

Faithful Performance Guarantee:

Initial Amount of the FPG upon Notice of Proceed to construct PV System (Section 24.1)

\$300,000.00

¹ Subject to fixed 2% adjustment every 5 years per Section 10.1

² Guaranteed Rate of \$0.06 per kilowatt hour per Section 10.2

Exhibit C Milestone Objectives



LAWA - VALLEY SOD SOLAR FIT+ PROJECT MAJOR MILESTONES

AS OF 8.01 23

CONTRACT EXECUTION
Sept 1, 2023*

TASK / PROCESS

CUP

CUP Waiver (CF: 23-0141)

Begin CUP Application (if needed)

⊗ Decision Point

If it appears it won't pass

DWP APPROVALS

System Size & Type

⊗ Decision Point

Interconnection Study

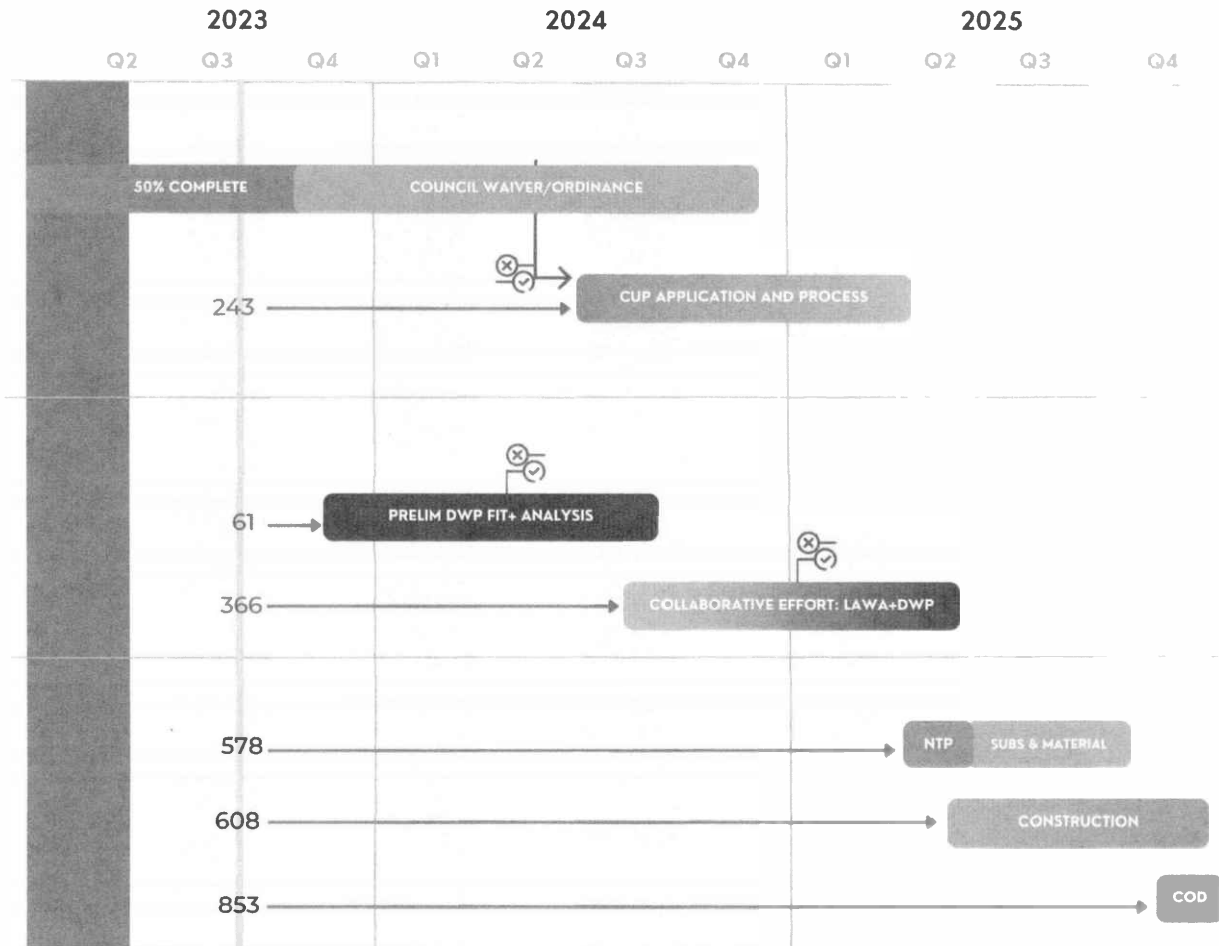
⊗ Decision Point

NTP | CONSTRUCTION | COD

NTP

Construction

COD



⊗ = Decision Point

CONTRACT APPROVAL/EXECUTION = BOAC & CITY COUNCIL

Days to start
each milestone*

*The Major Milestones' dates are determined relative to the Contract Execution date, presumed to be September 1, 2023. Any variation in the final Contract Execution date will lead to a corresponding adjustment in these dates. These dates do not consider the "Outside Date Clock" as specified in the Lease Agreement, Section 2.1.

EXHIBIT D

MINIMUM STANDARDS - LOS ANGELES WORLD AIRPORTS'
EXECUTIVE DIRECTIVES



Los Angeles World Airports

April 29, 2002

Re: Van Nuys Airport Executive Directives

Dear Van Nuys Airport Association and Tenants:

The development of the Los Angeles World Airports (LAWA) Leasing Policy and Executive Directives for Van Nuys Airport has been an intense collaborative process for the last two and a half years. I appreciate your input, time and dedication to this process. With your help, a comprehensive series of directives has been created that is an innovative business approach to setting airport leasing standards. We believe these directives strike a successful balance between airport and landlord interests.

LAWA is moving forward in this process and I have approved for immediate implementation, the enclosed Executive Directives dated April 22, 2002. The Directives include Minimum Standards for Engaging in Aeronautical Activities, Relationship Between Capital Investment and Lease Term, and Definitions.

All of the recommendations received by tenants and the community were carefully considered and many of those suggestions, such as reconsidering the rate of investment for lease term, have been implemented in the final document. Because of the ongoing discussions related to the appraisal process, the Executive Directive titled "Establishment and Adjustment of Fair Market Rents" has not been finalized. An opportunity to comment on a revised draft of this Executive Directive will be given in the near future.

Industry experts have reviewed the Executive Directives and they have been recognized as one of the most comprehensive in the General Aviation industry.

Again, I thank each of you who collaborated on this process for your efforts on this important matter.

Sincerely,

Lydia Kennard
Executive Director

Enclosure

LAX
Ontario
Van Nuys
Palmdale
City of Los Angeles
James K. Hahn
Mayor
Board of Airport
Commissioners
Theodore Stein, Jr.
President
Warren W. Valdry
Vice President
Eileen N. Levine
Cheryl K. Petersen
Armando Vergara, Sr.
Mahala Walter
Leland Wong
Lydia H. Kennard
Executive Director

EXECUTIVE DIRECTIVES

Los Angeles World Airports

Van Nuys Airport



Lydia Kennar
Executive Director

Adopted April 22, 2002

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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INTRODUCTION

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.

INTRODUCTION

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

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

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."

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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

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.

FIXED BASE OPERATOR

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

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

- 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

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)

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.

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- 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

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- 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)

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.

AIRCRAFT SALES OPERATOR (SASO)

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)

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.

SPECIALIZED COMMERCIAL AERONAUTICAL OPERATOR (SASO)

- 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.

SPECIALIZED COMMERCIAL AERONAUTICAL OPERATOR (SASO)

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.

**TEMPORARY SPECIALIZED
COMMERCIAL AERONAUTICAL OPERATOR (SASO)**

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.

NON-COMMERCIAL HANGAR OPERATOR

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.

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 10th 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

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

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

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
COMMERCIAL GENERAL LIABILITY (Combined Single Limit)											
	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
VEHICULAR LIABILITY or BUSINESS AUTOMOBILE LIABILITY (Combined Single Limit)											
	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
HANGAR KEEPER'S LIABILITY (Largest Aircraft Accommodated)											
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

AIRCRAFT AND PASSENGER LIABILITY (Combined Single Limit, Each Occurrence)									
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.

DEFINITIONS**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

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 1st and ending June 30th 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

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

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 E
INSURANCE REQUIREMENTS FOR LOS ANGELES WORLD AIRPORTS



VAN NUYS AIRPORT

**RISK MANAGEMENT DIVISION
INSURANCE REQUIREMENTS**

NAME: PCS ENERGY
AGREEMENT/ACTIVITY: Contract / Develop, Operate and Maintain a 10-Megawatt Photovoltaic Ground Mount Solar Power System at Van Nuys Airport
LAWA DIVISION: Environmental Programs Division
WIZARD ID NO.: 10174

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.

LIMITS

- ☒ Workers' Compensation (Statutory)/Employer's Liability
☒ Voluntary Compensation Endorsement
☒ Waiver of Subrogation (Please see attached supplement).

Statutory

- ☒ Commercial Automobile Liability - covering owned, non-owned & hired auto

\$1,000,000 CSL

- ☐ Commercial General Liability, including the following coverage:

\$1,000,000

- ☒ Premises and Operations
- ☒ Contractual (Blanket/Schedule)
- ☒ Independent Contractors
- ☒ Personal Injury
- ☒ Products /Completed Operations
- ☒ Damage to Premises Rented to You (minimum \$1 million each occurrence)
- ☐ Explosion, Collapse & Underground
(required when work involves digging, excavation, grading or use of explosive materials.)
- ☐ Aircraft Liability, including Passenger Liability

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

- ☐ Additional Insured Endorsement (Please see attached supplement).

RETURN THIS PAGE WITH EVIDENCE OF YOUR INSURANCE

PLEASE SUBMIT ALL DOCUMENTS TO RISKINSURANCE@LAWA.ORG

04/2022



RISK MANAGEMENT DIVISION
INSURANCE REQUIREMENTS

INSURANCE REQUIREMENTS FOR LOS ANGELES WORLD AIRPORTS (SUPPLEMENT)

Insurance companies must have an **AMBEST rating of A- or better**, and have a minimum *financial size of at least 4*.

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:

ENDORSEMENTS:

- General Liability Endorsement Documents - ISO Standard Endorsements preferred

1. ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION (CG 20 10 or similar)

2. ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS - If required (CG 20 37 or similar)

AIVER OF SUBROGATION ENDORSEMENT

- Workers Compensation (WC 04 03 06 or similar)

BLANKET/AUTOMATIC ENDORSEMENTS

- Only acceptable if you have a direct contract with LAWA. Please include the policy declaration page listing the endorsements and waivers.

- 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.

LANGUAGE WRITTEN ON A CERTIFICATE OF INSURANCE IS NOT ACCEPTABLE AS AN ENDORSEMENT



PCSENER-01

KSHYAMALA

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

8/25/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER License # 0757776
HUB International Insurance Services Inc.
PO Box 20005
Encino, CA 91436

CONTACT NAME: Jose Cardoso

PHONE (A/C, No, Ext): (818) 257-7411

FAX (A/C, No):

E-MAIL ADDRESS: jose.cardoso@hubinternational.com

INSURER(S) AFFORDING COVERAGE

NAIC #

INSURER A : Great Divide Insurance Company

25224

INSURER B : Key Risk Insurance Company

10885

INSURER C : Nautilus Insurance Company

17370

INSURER D : State Compensation Insurance Fund of California

35076

INSURER E :

INSURER F :

INSURED

PCS Energy, LLC
3947 Landmark Street
Culver City, CA 90232

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	GLP2036205-11	11/1/2022	11/1/2023	EACH OCCURRENCE \$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000
							MED EXP (Any one person) \$ 5,000
							PERSONAL & ADV INJURY \$ 1,000,000
							GENERAL AGGREGATE \$ 2,000,000
							PRODUCTS - COM/OP AGG \$ 2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						
	<input checked="" type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC						
	OTHER:						
B	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY						
	<input checked="" type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY	<input checked="" type="checkbox"/>		BAP203620811	11/1/2022	11/1/2023	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
							BODILY INJURY (Per person) \$
							BODILY INJURY (Per accident) \$
							PROPERTY DAMAGE (Per accident) \$
							\$
C	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> EXCESS LIAB	<input checked="" type="checkbox"/>		FFX203620711	11/1/2022	11/1/2023	EACH OCCURRENCE \$ 5,000,000
	<input type="checkbox"/> CLAIMS-MADE						AGGREGATE \$ 5,000,000
	DED <input type="checkbox"/> RETENTION \$						\$
D	<input checked="" type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/>	N/A	9161552-23	6/25/2023	6/25/2024	E.L. EACH ACCIDENT \$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
							E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	<input checked="" type="checkbox"/> Errors & Omissions/P			CCP203620611	11/1/2022	11/1/2023	Each Claim \$ 2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
REVISED CERTIFICATE This Certificate voids and supersedes Certificate issued: 08/25/2023.

Re: NAME: 10-MEGAWATT PHOTOVOLTAIC SOLAR POWER SYSTEM

AGREEMENT/ACTIVITY: RFP / Develop, Operate and Maintain a Photovoltaic Ground Mount Solar Power System at Van Nuys Airport

LAWA DIVISION: Environmental Programs Division

WIZARD ID #10174

Additional Insured applies City of Los Angeles, Department of Airports, Los Angeles World Airports also known as (aka) LAWA its Board of Airport
SEE ATTACHED ACORD 101

CERTIFICATE HOLDER

CANCELLATION

City of Los Angeles, Department of Airports, Los Angeles
World Airports also known as (aka) LAWA
Attn: Risk Management Department
P.O. Box 92216
Los Angeles, CA 90009

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



AGENCY CUSTOMER ID: PCSENER-01

KSHYAMALA

LOC #: 1

ADDITIONAL REMARKS SCHEDULE

Page 1 of 1

AGENCY HUB International Insurance Services Inc.	License # 0757776	NAMED INSURED PCS Energy, LLC 3947 Landmark Street Culver City, CA 90232
POLICY NUMBER SEE PAGE 1		
CARRIER SEE PAGE 1	NAIC CODE SEE P 1	EFFECTIVE DATE: SEE PAGE 1

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance

Description of Operations/Locations/Vehicles:

Commissioners (hereinafter referred to as "Board"), and all of its officers, employees, and agents, their successors and assigns for General Liability and Automobile Liability policies per attached forms #CG 20 10 12 19, #CG 20 37 12 19 and #CA T3 53 08 17. Primary and non-contributory wording applies to General Liability per attached form #CG 20 01 12 19. Waiver of subrogation applies City of Los Angeles, Department of Airports, Los Angeles World Airports also known as (aka) LAWA its Board of Airport Commissioners (hereinafter referred to as "Board"), and all of its officers, employees, and agents, their successors and assigns for General Liability and Workers compensation policy per attached forms #CG 2404 A 12 19 and #10217 (REV.7-2018).

ENDORSEMENT AGREEMENT



WAIVER OF SUBROGATION
BLANKET BASIS

9161552-22
RENEWAL
SC

HOME OFFICE
SAN FRANCISCO

EFFECTIVE JUNE 25, 2022 AT 12.01 A.M.
AND EXPIRING JUNE 25, 2023 AT 12.01 A.M.

PAGE 1 OF 1

ALL EFFECTIVE DATES ARE
AT 12:01 AM PACIFIC
STANDARD TIME OR THE
TIME INDICATED AT
PACIFIC STANDARD TIME

PCS ENERGY, LLC
3947 LANDMARK ST
CULVER CITY, CA 90232

WE HAVE THE RIGHT TO RECOVER OUR PAYMENTS FROM ANYONE
LIABLE FOR AN INJURY COVERED BY THIS POLICY. WE WILL
NOT ENFORCE OUR RIGHT AGAINST THE PERSON OR
ORGANIZATION NAMED IN THE SCHEDULE.

THIS AGREEMENT APPLIES ONLY TO THE EXTENT THAT YOU
PERFORM WORK UNDER A WRITTEN CONTRACT THAT REQUIRES YOU
TO OBTAIN THIS AGREEMENT FROM US.

THE ADDITIONAL PREMIUM FOR THIS ENDORSEMENT SHALL BE
2.00% OF THE TOTAL POLICY PREMIUM.

SCHEDULE

<u>PERSON OR ORGANIZATION</u>	<u>JOB DESCRIPTION</u>
ANY PERSON OR ORGANIZATION FOR WHOM THE NAMED INSURED HAS AGREED BY WRITTEN CONTRACT TO FURNISH THIS WAIVER	BLANKET WAIVER OF SUBROGATION

NOTHING IN THIS ENDORSEMENT SHALL BE HELD TO VARY, ALTER, WAIVE OR EXTEND
ANY OF THE TERMS, CONDITIONS, AGREEMENTS, OR LIMITATIONS OF THIS POLICY
OTHER THAN AS ABOVE STATED. NOTHING ELSEWHERE IN THIS POLICY SHALL BE
HELD TO VARY, ALTER, WAIVE OR LIMIT THE TERMS, CONDITIONS, AGREEMENTS OR
LIMITATIONS IN THIS ENDORSEMENT.

COUNTERSIGNED AND ISSUED AT SAN FRANCISCO:

MAY 13, 2022

AUTHORIZED REPRESENTATIVE

PRESIDENT AND CEO

2572

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – SCHEDULED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):	Location(s) Of Covered Operations
Where Required by Written Contract	Designated Job Site
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or

2. Available under the applicable limits of insurance;

whichever is less.

This endorsement shall not increase the applicable limits of insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS AUTO EXTENSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

GENERAL DESCRIPTION OF COVERAGE – This endorsement broadens coverage. However, coverage for any injury, damage or medical expenses described in any of the provisions of this endorsement may be excluded or limited by another endorsement to the Coverage Part, and these coverage broadening provisions do not apply to the extent that coverage is excluded or limited by such an endorsement. The following listing is a general coverage description only. Limitations and exclusions may apply to these coverages. Read all the provisions of this endorsement and the rest of your policy carefully to determine rights, duties, and what is and is not covered.

- | | |
|---|---|
| A. BROAD FORM NAMED INSURED | H. HIRED AUTO PHYSICAL DAMAGE – LOSS OF USE – INCREASED LIMIT |
| B. BLANKET ADDITIONAL INSURED | I. PHYSICAL DAMAGE – TRANSPORTATION EXPENSES – INCREASED LIMIT |
| C. EMPLOYEE HIRED AUTO | J. PERSONAL EFFECTS |
| D. EMPLOYEES AS INSURED | K. AIRBAGS |
| E. SUPPLEMENTARY PAYMENTS – INCREASED LIMITS | L. NOTICE AND KNOWLEDGE OF ACCIDENT OR LOSS |
| F. HIRED AUTO – LIMITED WORLDWIDE COVERAGE – INDEMNITY BASIS | M. BLANKET WAIVER OF SUBROGATION |
| G. WAIVER OF DEDUCTIBLE – GLASS | N. UNINTENTIONAL ERRORS OR OMISSIONS |

PROVISIONS

A. BROAD FORM NAMED INSURED

The following is added to Paragraph A.1., **Who Is An Insured**, of **SECTION II – LIABILITY COVERAGE**:

Any organization you newly acquire or form during the policy period over which you maintain 50% or more ownership interest and that is not separately insured for Business Auto Coverage. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier.

B. BLANKET ADDITIONAL INSURED

The following is added to Paragraph c. in A.1., **Who Is An Insured**, of **SECTION II – LIABILITY COVERAGE**:

This includes any person or organization who you are required under a written contract or agreement between you and that person or organization, that is signed by you before the "bodily injury" or "property damage" occurs and that is in effect during the policy period, to name

as an additional insured for Liability Coverage, but only for damages to which this insurance applies and only to the extent of that person's or organization's liability for the conduct of another "insured".

C. EMPLOYEE HIRED AUTO

1. The following is added to Paragraph A.1., **Who Is An Insured**, of **SECTION II – LIABILITY COVERAGE**:

An "employee" of yours is an "insured" while operating an "auto" hired or rented under a contract or agreement in that "employee's" name, with your permission, while performing duties related to the conduct of your business.

2. The following replaces Paragraph b. in B.5., **Other Insurance**, of **SECTION IV – BUSINESS AUTO CONDITIONS**:

- a. For **Hired Auto Physical Damage Coverage**, the following are deemed to be covered "autos" you own:

COMMERCIAL AUTO

- (1) Any covered "auto" you lease, hire, rent or borrow; and
- (2) Any covered "auto" hired or rented by your "employee" under a contract in that individual "employee's" name, with your permission, while performing duties related to the conduct of your business.

However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

D. EMPLOYEES AS INSURED

The following is added to Paragraph A.1., **Who Is An Insured**, of **SECTION II – LIABILITY COVERAGE**:

Any "employee" of yours is an "insured" while using a covered "auto" you don't own, hire or borrow in your business or your personal affairs.

E. SUPPLEMENTARY PAYMENTS – INCREASED LIMITS

1. The following replaces Paragraph A.2.a.(2), of **SECTION II – LIABILITY COVERAGE**:

- (2) Up to \$3,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.

2. The following replaces Paragraph A.2.a.(4), of **SECTION II – LIABILITY COVERAGE**:

- (4) All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to \$500 a day because of time off from work.

F. HIRED AUTO – LIMITED WORLDWIDE COVERAGE – INDEMNITY BASIS

The following replaces Subparagraph e. in Paragraph B.7., **Policy Term, Coverage Territory**, of **SECTION IV – BUSINESS AUTO CONDITIONS**:

- e. Anywhere in the world, except any country or jurisdiction while any trade sanction, embargo, or similar regulation imposed by the United States of America applies to and prohibits the transaction of business with or within such country or jurisdiction, for Liability Coverage for any covered "auto" that you lease, hire, rent or borrow without a driver for a period of 30 days or less and that is not an "auto" you lease, hire, rent or borrow from any of your "employees", partners (if you are a partnership), members (if you are a limited

liability company) or members of their households.

- (1) With respect to any claim made or "suit" brought outside the United States of America, the territories and possessions of the United States of America, Puerto Rico and Canada:

- (a) You must arrange to defend the "insured" against, and investigate or settle any such claim or "suit" and keep us advised of all proceedings and actions.

- (b) Neither you nor any other involved "insured" will make any settlement without our consent.

- (c) We may, at our discretion, participate in defending the "insured" against, or in the settlement of, any claim or "suit".

- (d) We will reimburse the "insured":

- (i) For sums that the "insured" legally must pay as damages because of "bodily injury" or "property damage" ~~to which this insurance applies~~, that the "insured" pays with our consent, but only up to the limit described in Paragraph C., **Limit Of Insurance**, of **SECTION II – LIABILITY COVERAGE**;

- (ii) For the reasonable expenses incurred with our consent for your investigation of such claims and your defense of the "insured" against any such "suit", but only up to and included within the limit described in Paragraph C., **Limit Of Insurance**, of **SECTION II – LIABILITY COVERAGE**, and not in addition to such limit. Our duty to make such payments ends when we have used up the applicable limit of insurance in payments for damages, settlements or defense expenses.

- (2) This insurance is excess over any valid and collectible other insurance available to the "insured" whether primary, excess contingent or on any other basis.

- (3) This insurance is not a substitute for required or compulsory insurance in any country outside the United States, its

territories and possessions, Puerto Rico and Canada.

You agree to maintain all required or compulsory insurance in any such country up to the minimum limits required by local law. Your failure to comply with compulsory insurance requirements will not invalidate the coverage afforded by this policy, but we will only be liable to the same extent we would have been liable had you complied with the compulsory insurance requirements.

- (4) It is understood that we are not an admitted or authorized insurer outside the United States of America, its territories and possessions, Puerto Rico and Canada. We assume no responsibility for the furnishing of certificates of insurance, or for compliance in any way with the laws of other countries relating to insurance.

G. WAIVER OF DEDUCTIBLE – GLASS

The following is added to Paragraph D., **Deductible**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

No deductible for a covered "auto" will apply to glass damage if the glass is repaired rather than replaced.

H. HIRED AUTO PHYSICAL DAMAGE – LOSS OF USE – INCREASED LIMIT

The following replaces the last sentence of Paragraph A.4.b., **Loss Of Use Expenses**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

However, the most we will pay for any expenses for loss of use is \$65 per day, to a maximum of \$750 for any one "accident".

I. PHYSICAL DAMAGE – TRANSPORTATION EXPENSES – INCREASED LIMIT

The following replaces the first sentence in Paragraph A.4.a., **Transportation Expenses**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

We will pay up to \$50 per day to a maximum of \$1,500 for temporary transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type.

J. PERSONAL EFFECTS

The following is added to Paragraph A.4., **Coverage Extensions**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

Personal Effects

We will pay up to \$400 for "loss" to wearing apparel and other personal effects which are:

- (1) Owned by an "insured"; and
- (2) In or on your covered "auto".

This coverage applies only in the event of a total theft of your covered "auto".

No deductibles apply to this Personal Effects coverage.

K. AIRBAGS

The following is added to Paragraph B.3., **Exclusions**, of **SECTION III – PHYSICAL DAMAGE COVERAGE**:

Exclusion 3.a. does not apply to "loss" to one or more airbags in a covered "auto" you own that inflate due to a cause other than a cause of "loss" set forth in Paragraphs A.1.b. and A.1.c., but only:

- a. If that "auto" is a covered "auto" for Comprehensive Coverage under this policy;
- b. The airbags are not covered under any warranty; and
- c. The airbags were not intentionally inflated.

We will pay up to a maximum of \$1,000 for any one "loss".

L. NOTICE AND KNOWLEDGE OF ACCIDENT OR LOSS

The following is added to Paragraph A.2.a., of **SECTION IV – BUSINESS AUTO CONDITIONS**:

Your duty to give us or our authorized representative prompt notice of the "accident" or "loss" applies only when the "accident" or "loss" is known to:

- (a) You (if you are an individual);
- (b) A partner (if you are a partnership);
- (c) A member (if you are a limited liability company);
- (d) An executive officer, director or insurance manager (if you are a corporation or other organization); or
- (e) Any "employee" authorized by you to give notice of the "accident" or "loss".

M. BLANKET WAIVER OF SUBROGATION

The following replaces Paragraph A.5., **Transfer Of Rights Of Recovery Against Others To Us**, of **SECTION IV – BUSINESS AUTO CONDITIONS**:

5. Transfer Of Rights Of Recovery Against Others To Us

We waive any right of recovery we may have against any person or organization to the extent required of you by a written contract signed and executed prior to any "accident" or "loss", provided that the "accident" or "loss" arises out of operations contemplated by such contract. The waiver applies only to the person or organization designated in such contract.

N. UNINTENTIONAL ERRORS OR OMISSIONS

The following is added to Paragraph B.2., **Concealment, Misrepresentation, Or Fraud**, of **SECTION IV – BUSINESS AUTO CONDITIONS**:

The unintentional omission of, or unintentional error in, any information given by you shall not prejudice your rights under this insurance. However this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s)	Location And Description Of Completed Operations
Where Required by Written Contract	Designated Job Site
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work" at the location designated and described in the Schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard".

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to Section III – Limits Of Insurance:

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable limits of insurance;

whichever is less.

This endorsement shall not increase the applicable limits of insurance.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US (WAIVER OF SUBROGATION)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
ELECTRONIC DATA LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART DESIGNATED SITES
POLLUTION LIABILITY LIMITED COVERAGE PART DESIGNATED SITES
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY DESIGNATED TANKS

SCHEDULE

Name Of Person(s) Or Organization(s): Where Required by Written Contract

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.
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The following is added to Paragraph 8. **Transfer Of Rights Of Recovery Against Others To Us** of Section IV – Conditions:

We waive any right of recovery against the person(s) or organization(s) shown in the Schedule above because of payments we make under this Coverage Part. Such waiver by us applies only to the extent that the insured has waived its right of recovery against such person(s) or organization(s) prior to loss. This endorsement applies only to the person(s) or organization(s) shown in the Schedule above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRIMARY AND NONCONTRIBUTORY - OTHER INSURANCE CONDITION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The following is added to the **Other Insurance** Condition and supersedes any provision to the contrary:

Primary And Noncontributory Insurance

This insurance is primary to and will not seek contribution from any other insurance available to an additional insured under your policy provided that:

- (1) The additional insured is a Named Insured under such other insurance; and

- (2) You have agreed in writing in a contract or agreement that this insurance would be primary and would not seek contribution from any other insurance available to the additional insured.

EXHIBIT F
STANDARD OFFER POWER PURCHASE AGREEMENT
[to be attached after the Commencement Date]

EXHIBIT G
INTERCONNECTION AGREEMENT
[to be attached after the Commencement Date]

EXHIBIT H
LESSEE'S MAINTENANCE OBLIGATIONS

EXHIBIT H

LESSEE'S MAINTENANCE OBLIGATIONS

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

EXHIBIT I
EQUAL EMPLOYMENT

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.

EXHIBIT J
AFFIRMATIVE ACTION

Sec. 10.8.4. Affirmative Action Program Provisions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) To whom those efforts were directed.

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

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

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

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

EXHIBIT J
Affirmative Action

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.

EXHIBIT K

LIVING WAGE ORDINANCE

CHAPTER 1, ARTICLE 11

LIVING WAGE

Section

- 10.37 Legislative Findings.
- 10.37.1 Definitions.
- 10.37.2 Payment of Minimum Compensation to Employees.
- 10.37.3 Health Benefits.
- 10.37.4 Employer Reporting and Notification Requirements.
- 10.37.5 Retaliation Prohibited.
- 10.37.6 Enforcement.
- 10.37.7 Administration.
- 10.37.8 City is a Third Party Beneficiary of Contracts Between an Employer and Subcontractor for Purposes of Enforcement.
- 10.37.9 Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.
- 10.37.10 Expenditures Covered.
- 10.37.11 Timing of Application.
- 10.37.12 Express Supersession by Collective Bargaining Agreement.
- 10.37.13 Liberal Interpretation of Coverage; Rebuttable Presumption of Coverage.
- 10.37.14 Contracts, Employers and Employees Not Subject to this Article.
- 10.37.15 Exemptions.
- 10.37.16 Severability.

Sec. 10.37. Legislative Findings.

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

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

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

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

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

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

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

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

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

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

SECTION HISTORY

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

Sec. 10.37.1. Definitions.

The following definitions shall apply throughout this article:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) a Service Contract with the City;

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

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

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

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

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

(1) a City Financial Assistance Recipient;

(2) Contractor;

(3) Subcontractor;

(4) Public Lessee or Licensee; and

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

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

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

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

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

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

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

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

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

(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

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

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

(2) Airport Employee Wages.

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

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

b. On July 1, 2018, the wage rate for an Employee shall be no less than \$13.75 per hour.

c. On July 1, 2019, the wage rate for an Employee shall be no less than \$15.25 per hour.

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

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

f. Beginning on July 1, 2022, the wage rate for an Employee shall increase annually, on July 1, to an amount \$2.00 above the minimum rate under the City's Minimum Wage Ordinance for that same period of time.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec.

(a), Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; Subsec.

(a), Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No.

184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff.

1-20-18; Subsec. (a)(1), Ord. No. 185,745, Eff. 10-15-18.

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Sec. 10.37.3. Health Benefits.

(a) **Health Benefits.** The health benefits required by this article shall consist of the payment by an Employer of at least \$1.25 per hour to Employees towards the provision of health care benefits for an Employee and his or her dependents. On July 1, 2017, the health benefit rate for an Employee working for an Employer servicing the Airport shall be at least \$5.18 per hour. On July 1, 2018, the annual increase for Employees working for an Employer servicing the Airport shall continue as provided in Section 10.37.3(a)(5).

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

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

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

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

(5) On July 1, 2018, and annually thereafter each July 1, the amount of payment for health benefits provided to an Employee working for an Employer servicing the Airport shall be adjusted by a percentage equal to the percentage increase, if any, in the United States Bureau of Labor Statistics Consumer Price Index for All Urban Consumers: Medical Care Services, as measured from January to December of the preceding year. The DAA shall announce the adjusted rates on February 1st and publish a bulletin announcing the adjusted rates, which shall take effect on July 1st of each year.

(b) **Periodic Review.** At least once every three years, the City Administrative Officer shall review the health benefit payment by Employers servicing the Airport set forth in Section 10.37.3(a) to determine whether the payment accurately reflects the cost of health care and to

assess the impacts of the health benefit payment on Airport Employers and Airport Employees and shall transmit a report with its findings to the Council.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.4. Employer Reporting and Notification Requirements.

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

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

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

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

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.

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

Sec. 10.37.5. Retaliation Prohibited.

An Employer shall not discharge, reduce in compensation, or otherwise discriminate against any Employee for complaining to the City with regard to the Employer's compliance or anticipated compliance with this article, for opposing any practice proscribed by this article,

for participating in proceedings related to this article, for seeking to enforce his or her rights under this article by any lawful means, or for otherwise asserting rights under this article.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.

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

Sec. 10.37.6. Enforcement.

(a) An Employee claiming violation of this article may bring an action in the Superior Court of the State of California against an Employer and may be awarded:

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

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

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

(4) For Willful Violations, the amount of monies to be paid under Subdivisions (1) - (3), above, shall be trebled.

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

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

(d) The DAA may audit an Employer at any time to verify compliance. Failure by the Employer to cooperate

with the DAA's administrative and enforcement actions, including, but not limited to, requests for information or documentation to verify compliance with this article, may result in a determination by the DAA that the Employer has violated this article.

(e) An Employee claiming violation of this article may report the claimed violation to the DAA, which shall determine whether this article applies to the claimed violation.

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

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

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

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

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

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

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

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(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

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Living Wage Ordinance

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.

EXHIBIT L

SERVICE CONTRACTOR WORKER RETENTION ORDINANCE

CHAPTER 1, ARTICLE 10

WORKER RETENTION

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

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

Sec. 10.36. Findings and Statement of Policy.

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

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

The City has a proprietary interest in the work performed by employees of City contractors, lessees and licensees and by the employees of firms receiving City financial assistance. The success or failure of City operations may turn on the success or failure of these firms, and the City has a genuine stake in how the public perceives

the services rendered by these firms. Replacement of existing employees can adversely impact the performance by these firms and thereby hinders the opportunity for success of City operations.

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

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

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

SECTION HISTORY

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

Sec. 10.36.1. Definitions.

The following definitions shall apply throughout this article:

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

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Service Contractor Worker Retention Ordinance

has control of its own funds if the department adopts policies consonant with the provisions of this article.

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

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

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

(d) “**Contract**” means:

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

(2) a Public Lease or License as those terms are defined in Los Angeles Administrative Code Section 10.37.1(k) but only if the lessee or

licensee is subject to the Living Wage Ordinance and not otherwise exempt from its provisions.

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

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

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

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

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

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

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services provided under the Contract, in whole or in part.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.

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

Sec. 10.36.2. Transition Employment Period.

(a) Within ten days of learning that a Contract is to be terminated, the Contractor shall provide to the Successor Contractor, the Awarding Authority and the DAA, the name, address, date of hire, and employment occupation classification of each Employee of the terminated Contractor and Subcontractor working pursuant to the Contract. If the terminated Contractor has not learned the identity of the Successor Contractor, the Contractor shall request the identity from the Awarding Authority. If a Successor Contract has not been awarded by the end of the ten-day period, the Contractor shall provide the employment information referred to earlier in this subsection to the Awarding Authority and the DAA. Where only a subcontract of a Contract has been terminated, the terminated Subcontractor shall for purposes of this Article be deemed a terminated Contractor.

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

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

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

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

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

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

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

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

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

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

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

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

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

- (1) the reason that fewer Employees will be needed;
- (2) the total number of Employees required under the Successor Contract;
- (3) a breakdown of the number of Employees required within each job classification;
- (4) a listing of the terminated Contractor's Employees by job classification and seniority within each class; and
- (5) an indication as to which Employees within each job classification will be offered employment under this article.

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

Letters offering employment shall be made by seniority within each job classification. If an Employee in a job classification declines an offer of employment or fails to respond within ten days pursuant to Section 10.36.2(a), the Successor Contractor shall issue a letter offering employment to the next Employee in that job classification. The Successor Contractor shall continue to offer employment in this manner until all required positions are filled for the Successor Contract or until all Employees have been offered employment.

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

(g) During the 90-day transition employment period, the Successor Contractor (or Subcontractor, where applicable) shall not discharge without cause an Employee retained pursuant to this article. "Cause" for this purpose

shall mean fair and honest reasons, regulated by good faith on the part of the Contractor or Subcontractor, that are not trivial, arbitrary or capricious, unrelated to business needs or goals, or pretextual.

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

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

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.

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

Sec. 10.36.3. Enforcement.

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

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

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

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

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

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

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

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

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

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

(3) Terminate the Contract;

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

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

SECTION HISTORY

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

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

(a) An Awarding Authority may allow a Successor Contractor or Subcontractor to fill a position under a Contractor with a person who has been employed by the Contractor or Subcontractor continuously for at least 12 months prior to the commencement of the Successor

Contract working in a position similar to the position to be filled in the Successor Contract. The Successor Contractor or Subcontractor shall first obtain written approval of the Awarding Authority by demonstrating that: (a) the person would otherwise be laid off work; and (b) his or her retention would be helpful to the Contractor or Subcontractor in performing the Successor Contract.

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

SECTION HISTORY

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

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

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

SECTION HISTORY

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

Sec. 10.36.6. Expenditures Covered by this Article.

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

SECTION HISTORY

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

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Service Contractor Worker Retention Ordinance

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.

EXHIBIT L**Service Contractor Worker Retention Ordinance**

EXHIBIT M
CHILD SUPPORT

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 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.

EXHIBIT N

CONTRACTOR RESPONSIBILITY PROGRAM RULES AND

REGULATIONS FOR LEASES

LOS ANGELES WORLD AIRPORTS



CONTRACTOR RESPONSIBILITY PROGRAM

RULES AND REGULATIONS

Effective date: August 23, 2011

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

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Contractor Responsibility Program (CRP) Rules & Regulation for Leases

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

A. DEFINITIONS

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

- a. **Board**
- b. **Executive Director**
- c. **Los Angeles World Airports (LAWA)**
- d. **"Contract"** means any agreement for the performance of any work or service, the provision of any goods, equipment, materials or supplies, or the rendition of any service to LAWA or to the public or the grant of a public lease, which is awarded or entered into by or on behalf of LAWA. These Rules and Regulations shall apply to the following contracts:
 - (1) Contracts for services that require Board approval.
 - (2) Contracts for purchasing goods and products that require Board approval.
 - (3) Construction contracts that require Board approval.
- e. **Contractor**
- f. **Subcontractor**
- g. **Bidder**
- h. **Bid**
- i. **Invitation for Bid ("IFB")**
- j. **Public Lease**

2. **New Definitions:**

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

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

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

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

2. Submission of CRP Questionnaires with Bids:

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

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

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

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C. LAWYER REVIEW OF SUBMITTED CRP QUESTIONNAIRES

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

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

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

D. AWARD AND EXECUTION OF CONTRACTS

1. Departmental Determination of Responsibility and Award of Contract:

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

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- b. The Board may award and the Executive Director may execute a contract with a bidder or proposer only if:

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

2. Submission of Pledge of Compliance:

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

3. Subcontractor Responsibility:

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

4. Execution of Contracts:

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

E. CONTRACT AMENDMENTS

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

F. CONTRACTOR NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION

1. Notification of Investigations: Contractors shall:

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

2. Update of CRP Questionnaire Information:

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

G. LAWA INVESTIGATION

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

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

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

H. VIOLATIONS OF THE CRP OR THESE RULES AND REGULATIONS

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

I. NON-RESPONSIBILITY HEARING

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

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

J. NON-RESPONSIBILITY SANCTIONS

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

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

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

K. EXEMPTIONS

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

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

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Contractor Responsibility Program (CRP) Rules & Regulation for Leases

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

L. EFFECTIVE DATE OF RULES AND REGULATIONS

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

M. CONSISTENCY WITH FEDERAL AND STATE LAW

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

N. SEVERABILITY

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

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

The Los Angeles World Airports (LAWA) Contractor Responsibility Program (Board Resolution #21601) provides that, unless specifically exempted, LAWA contractors working under contracts for services, for purchases, for construction, 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.

PCS ENERGY, LLC
Company Name, Address and Phone Number

Joseph Pekarovic 8/25/23
Signature of Officer or Authorized Representative Date

Joseph Pekarovic, Principal
Print Name and Title of Officer or Authorized Representative

Ground Mount Solar, Van Nuys Airport
Project Title

EXHIBIT N

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EXHIBIT O

**SMALL/VERY SMALL BUSINESS ENTERPRISE PROGRAM AND LOCAL
BUSINESS PREFERENCE PROGRAM**

AFFIDAVIT
REQUIRED OF ALL PROPOSERS/BIDDERS
(This Affidavit will become part of the contract for the selected Proposer/Bidder)

The City of Los Angeles, Los Angeles World Airports (LAWA) is committed to creating an environment that provides all individuals and businesses open access to the business opportunities available at LAWA.

MANDATORY BUSINESS ENTERPRISE PARTICIPATION LEVELS:

<p>This Project has the following mandatory participation levels:</p> <p style="text-align: center;">SBE <u> 7 </u> %</p> <p style="text-align: center;">LBE <u> 0 </u> %</p> <p style="text-align: center;">LSBE <u> 0 </u> %</p> <p style="text-align: center;">DVBE <u> 0 </u> %</p>	<p>If awarded the contract, the selected Proposer/Bidder commits to achieving the following participation levels on the Project:</p> <p style="text-align: center;">SBE <u> 7 </u> %</p> <p style="text-align: center;">LBE <u> </u> %</p> <p style="text-align: center;">LSBE <u> </u> %</p> <p style="text-align: center;">DVBE <u> </u> %</p>
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Achievement level(s) will be calculated as the percentage of the total contract amount for which SBEs, LBEs, LSBEs or DVBEs were utilized. The selected Proposer/Bidder's performance on the applicable business enterprise levels will be monitored throughout the duration of the contract, and the business enterprise achievement levels will be calculated at the end of the contract term.

SUBCONTRACTORS:

As applicable, the selected Proposer/Bidder will be required to comply with California's "Subletting and Subcontracting Fair Practices Act" (Public Contract Code Sections 4100 et seq.) (www.leginfo.ca.gov/cgi-bin/calawquery?codesection=pcc&codebody=&hits=20).

Any reduction, increase, or other change to the SBE, LBE, LSBE or DVBE Subcontract amounts without prior written approval of Procurement Services Division (PSD) is considered an Unauthorized Subcontractor Substitution, and the selected Proposer/Bidder may be subject to a penalty. A subcontract dollar value increased or reduced solely as the result of a Change Order issued by LAWA to add or delete from the original scope of work shall not be subject to a penalty for an Unauthorized Subcontractor Substitution.

Proposers/Bidders must list all Subcontractors on LAWA's Subcontractor Participation Plan and include all requested information. Only PSD is authorized to grant either initial approval of Subcontractor(s) or additions, deletions, and substitutions.

PENALTIES:

Violation of the SBE, LBE, LSBE and DVBE Program Rules and Regulations (http://www.lawa.org/welcome_LAWA.aspx?id=146) may result in financial penalties.

At the end of each project, LAWA may withhold as disputed funds 15% of the total dollar value of all subcontract(s) that appear to be in violation of the SBE, LBE, LSBE or DVBE Programs and 15% of the total dollar value of all subcontract(s) where work was performed on the project without, or prior to, approval by LAWA.

REPORTING REQUIREMENTS:

The selected Proposer/Bidder shall submit to LAWA, on a monthly basis, together with its invoice the Subcontractor Utilization Report listing the SBE, LBE, LSBE or DVBE subcontractors utilized during the reporting period. LAWA will not process or pay selected Proposer/Bidder's subsequent invoices if the Subcontractor Utilization Reports are not submitted with the monthly invoice.

The Contractor must submit the Final Subcontracting Report to PSD within fifteen (15) calendar days after a request for the report by PSD. Failure to comply shall result in the assessment of liquidated damages in the amount of \$100.00 per day by LAWA.

CERTIFICATION

The Bidder/Proposer certifies that it/he/she has read and understood the SBE, LBE, LSBE and DVBE Program Rules and Regulations (located at http://www.lawa.org/welcome_LAWA.aspx?id=146) and further certifies that, if awarded the Contract, it/he/she shall fully comply with LAWA's SBE, LBE, LSBE and DVBE Programs.

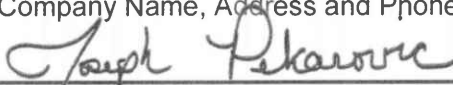
PCS Energy, LLC 3947 Landmark Street, Culver City, CA 90232 310-600-9448	
Company Name, Address and Phone Number	
	August 25, 2022
Signature of Officer or other Authorized Representative Date	
Joseph Pekarovic, Principal	
Print Name and Title of Officer or Other Authorized Representative	
10- Megawatt Ground Mount Photovoltaic Solar Power System for Van Nuys Airport Property	
Project Title	

EXHIBIT O

LAWA Official Site | Small Business Enterprise Program (SBE)

LOS ANGELES WORLD AIRPORTS (lawa.org) SBE RULES & REGS 2019

SUBCONTRACTOR PARTICIPATION PLAN

ATTENTION:

You MUST list ALL anticipated subcontractors, regardless of their dollar amount or percent proposed, and regardless of whether they are certified or not.

You MUST fill out ALL applicable fields completely for the Prime and all subcontractors. Failure to provide complete and legible information on this form may result in your firm not receiving full certification credit.

Project Title: 10- Megawatt Ground Mount Photovoltaic Solar Power System for Van Nuys Airport Property Today's Date: July 25, 2022

BIDDER/PROPOSER COMPANY INFORMATION		BID/PROPOSAL AMOUNT		DESCRIPTION OF PROJECT SERVICES
NAME: PCS ENERGY	ETHNICITY: Portugese	\$24,000,000		Design, Engineering, Permit, Install, and Maintain Ground Mount Solar System
ADDRESS: 3947 Landmark St.	GENDER: Male			
CITY/STATE/ZIP: Culver City, CA 90232	FEDERAL TAX ID #: 47-1442734			
CONTACT NAME: Joseph Pekarovic	EMAIL: joseph.pekarovic@teampcs.com			
TELEPHONE NO: (310) 600-9448				
CERTIFICATION TYPE: ACDBE <input type="checkbox"/> DBE <input type="checkbox"/> DVBE <input type="checkbox"/> MBE <input type="checkbox"/> LBE <input type="checkbox"/> LSBE <input type="checkbox"/> SBE <input type="checkbox"/> WBE				
CERTIFYING AGENCY: CITY OF L.A. <input type="checkbox"/> CALIF DGS <input type="checkbox"/> CALTRANS <input type="checkbox"/> METRO <input type="checkbox"/> SBA DVA <input type="checkbox"/> USWCC <input type="checkbox"/> NWBOC <input type="checkbox"/> WBEC-WEST <input type="checkbox"/> OTHER <input type="checkbox"/>				NAICS: 238210, 221114, 237130
SUBCONTRACTOR COMPANY INFORMATION		\$ PROPOSED	% PROPOSED	DESCRIPTION OF PROJECT SERVICES
NAME: Morrow Meadows	ETHNICITY: White	\$16,800,000	70%	Engineering, Procurement, Construction
ADDRESS: 231 Benton Court	GENDER: Male			
CITY/STATE/ZIP: City of Industry, CA 91789	FEDERAL TAX ID #: 95-2313206			
CONTACT NAME: Raymond Winstead	EMAIL: rwinstead@morrow-meadows.com			
TELEPHONE NO: (909) 598-7700				
CERTIFICATION TYPE: ACDBE <input type="checkbox"/> DBE <input type="checkbox"/> DVBE <input type="checkbox"/> MBE <input type="checkbox"/> LBE <input type="checkbox"/> LSBE <input type="checkbox"/> SBE <input checked="" type="checkbox"/> WBE				
CERTIFYING AGENCY: <input checked="" type="checkbox"/> CITY OF L.A. <input type="checkbox"/> CALIF DGS <input type="checkbox"/> CALTRANS <input type="checkbox"/> METRO <input type="checkbox"/> SBA DVA <input type="checkbox"/> USWCC <input type="checkbox"/> NWBOC <input type="checkbox"/> WBEC-WEST <input type="checkbox"/> OTHER <input type="checkbox"/>				NAICS: 238210, 541618, 541690
NAME: Indian Energy	ETHNICITY: Native American	\$1,680,000	7%	Engineering and Consulting Services
ADDRESS: 7991 E Altair Lane	GENDER: Male			
CITY/STATE/ZIP: Anaheim Hills, CA 92808	FEDERAL TAX ID #: 27-1375128			
CONTACT NAME: Henry J Bouley, Jr.	EMAIL: hjbouley@indianenergy.com			
TELEPHONE NO: (541) 698-0153				
CERTIFICATION TYPE: ACDBE <input checked="" type="checkbox"/> DBE <input type="checkbox"/> DVBE <input checked="" type="checkbox"/> MBE <input type="checkbox"/> LBE <input type="checkbox"/> LSBE <input checked="" type="checkbox"/> SBE <input type="checkbox"/> WBE				
CERTIFYING AGENCY: CITY OF L.A. <input type="checkbox"/> CALIF DGS <input type="checkbox"/> CALTRANS <input checked="" type="checkbox"/> METRO <input type="checkbox"/> SBA DVA <input type="checkbox"/> USWCC <input type="checkbox"/> NWBOC <input type="checkbox"/> WBEC-WEST <input type="checkbox"/> OTHER <input type="checkbox"/>				NAICS: 541618, 541690, 425120

SUBCONTRACTOR COMPANY INFORMATION		PROFILE INFORMATION	\$ PROPOSED	% PROPOSED	DESCRIPTION OF PROJECT SERVICES
NAME: JRMA		ETHNICITY: Italian	\$240,000	1%	Architectural Engineering, FAA Consulting
ADDRESS: 2700 Saturn St.		GENDER: Male			
CITY/STATE/ZIP: Brea, CA 92821		EMAIL: danb@jrma.com			
CONTACT NAME: Dan Bianco		FEDERAL TAX ID #: 33-0110222			
TELEPHONE NO: (714) 524-1870					
CERTIFICATION TYPE: <input type="checkbox"/> ACDBE <input type="checkbox"/> DBE <input type="checkbox"/> DVBE <input type="checkbox"/> MBE <input type="checkbox"/> LBE <input type="checkbox"/> LSBE <input type="checkbox"/> SBE <input type="checkbox"/> WBE					
CERTIFYING AGENCY: <input type="checkbox"/> CITY OF L.A. <input type="checkbox"/> CALIF DGS <input type="checkbox"/> CALTRANS <input type="checkbox"/> METRO <input type="checkbox"/> SBA <input type="checkbox"/> DVA <input type="checkbox"/> USWCC <input type="checkbox"/> NWBOC <input type="checkbox"/> WBEC-WEST <input type="checkbox"/> OTHER					NAICS: 541310, 238320, 541330
NAME: Spohnheimer & Associates		ETHNICITY: White	\$85,000	> 1%	FAA Consulting, Glare Studies, Application Preparation
ADDRESS: 35216 Military Road South		GENDER: Male			
CITY/STATE/ZIP: Auburn, WA 98001		EMAIL: nelson@spohnheimerconsulting.com			
CONTACT NAME: Nelson Spohnheimer		FEDERAL TAX ID #: 27-1842363			
TELEPHONE NO: (206) 953-6013					
CERTIFICATION TYPE: <input type="checkbox"/> ACDBE <input type="checkbox"/> DBE <input type="checkbox"/> DVBE <input type="checkbox"/> MBE <input type="checkbox"/> LBE <input type="checkbox"/> LSBE <input type="checkbox"/> SBE <input type="checkbox"/> WBE					
CERTIFYING AGENCY: <input type="checkbox"/> CITY OF L.A. <input type="checkbox"/> CALIF DGS <input type="checkbox"/> CALTRANS <input type="checkbox"/> METRO <input type="checkbox"/> SBA <input type="checkbox"/> DVA <input type="checkbox"/> USWCC <input type="checkbox"/> NWBOC <input type="checkbox"/> WBEC-WEST <input type="checkbox"/> OTHER					NAICS: 541330
NAME:		ETHNICITY:			
ADDRESS:		GENDER:			
CITY/STATE/ZIP:		EMAIL:			
CONTACT NAME:		FEDERAL TAX ID #:			
TELEPHONE NO:					
CERTIFICATION TYPE: <input type="checkbox"/> ACDBE <input type="checkbox"/> DBE <input type="checkbox"/> DVBE <input type="checkbox"/> MBE <input type="checkbox"/> LBE <input type="checkbox"/> LSBE <input type="checkbox"/> SBE <input type="checkbox"/> WBE					
CERTIFYING AGENCY: <input type="checkbox"/> CITY OF L.A. <input type="checkbox"/> CALIF DGS <input type="checkbox"/> CALTRANS <input type="checkbox"/> METRO <input type="checkbox"/> SBA <input type="checkbox"/> DVA <input type="checkbox"/> USWCC <input type="checkbox"/> NWBOC <input type="checkbox"/> WBEC-WEST <input type="checkbox"/> OTHER					NAICS:
NAME:		ETHNICITY:			
ADDRESS:		GENDER:			
CITY/STATE/ZIP:		EMAIL:			
CONTACT NAME:		FEDERAL TAX ID #:			
TELEPHONE NO:					
CERTIFICATION TYPE: <input type="checkbox"/> ACDBE <input type="checkbox"/> DBE <input type="checkbox"/> DVBE <input type="checkbox"/> MBE <input type="checkbox"/> LBE <input type="checkbox"/> LSBE <input type="checkbox"/> SBE <input type="checkbox"/> WBE					
CERTIFYING AGENCY: <input type="checkbox"/> CITY OF L.A. <input type="checkbox"/> CALIF DGS <input type="checkbox"/> CALTRANS <input type="checkbox"/> METRO <input type="checkbox"/> SBA <input type="checkbox"/> DVA <input type="checkbox"/> USWCC <input type="checkbox"/> NWBOC <input type="checkbox"/> WBEC-WEST <input type="checkbox"/> OTHER					NAICS:

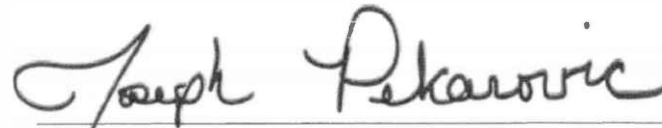
EXHIBIT O

SUBCONTRACTOR COMPANY INFORMATION		PROFILE INFORMATION	\$ PROPOSED	% PROPOSED	DESCRIPTION OF PROJECT SERVICES
NAME:		ETHNICITY:			
ADDRESS:		GENDER:			
CITY/STATE/ZIP:		EMAIL:			
CONTACT NAME:		FEDERAL TAX ID #:			
TELEPHONE NO:					
CERTIFICATION TYPE: <input type="checkbox"/> ACDBE <input type="checkbox"/> DBE <input type="checkbox"/> DVBE <input type="checkbox"/> MBE <input type="checkbox"/> LBE <input type="checkbox"/> LSBE <input type="checkbox"/> SBE <input type="checkbox"/> WBE					
CERTIFYING AGENCY: <input type="checkbox"/> CITY OF L.A. <input type="checkbox"/> CALIF DGS <input type="checkbox"/> CALTRANS <input type="checkbox"/> METRO <input type="checkbox"/> SBA				NAICS:	
<input type="checkbox"/> DVA <input type="checkbox"/> USWCC <input type="checkbox"/> NWBOC <input type="checkbox"/> WBEC-WEST <input type="checkbox"/> OTHER _____					

I certify under the penalty of perjury that the information contained on this form is true and correct and that the firms listed are the subcontractors anticipated to be utilized if this project is awarded to the above prime contractor. I agree to comply with any applicable provisions for additions and substitutions, and I further understand and agree that any and all changes or substitutions must be authorized by the LAWA Procurement Services Division prior to their implementation. An amended Subcontractor Participation Plan is required for any substitution or change to Subcontractors listed on the originally submitted Plan.

Participation Level(s) Proposed by Bidder/Proposer:	_____ %	<input type="checkbox"/> ACDBE
	_____ %	<input type="checkbox"/> DBE
	_____ %	<input type="checkbox"/> DVBE
	_____ %	<input type="checkbox"/> LBE
	_____ %	<input type="checkbox"/> LSBE
	<u>70</u> %	<input type="checkbox"/> MBE/WBE
	<u>7</u> %	<input type="checkbox"/> SBE

Goal(s) Stated in the Request for Bid/Proposal:	_____ %	<input type="checkbox"/> ACDBE
	_____ %	<input type="checkbox"/> DBE
	_____ %	<input type="checkbox"/> DVBE
	_____ %	<input type="checkbox"/> LBE
	_____ %	<input type="checkbox"/> LSBE
	_____ %	<input type="checkbox"/> MBE/WBE
	<u>7</u> %	<input type="checkbox"/> SBE


 SIGNATURE

August 25th, 2022
 DATE

Joseph Pekarovic
 PRINT NAME

Principal
 TITLE

(310) 600-9448
 PHONE

2.1.7 Inclusivity

PCS ENERGY INCLUSIVITY GUIDING PRINCIPLES:

*PCS Energy is and has always been committed to cultivating and preserving a culture of inclusion and connectedness. PCS and its employees can grow and learn better with a **diverse team of employees, vendors, and contractors**. The collective sum of individual differences, life experiences, knowledge, innovation, self-expression, and talent that our team invests in their work represents our culture, reputation, and PCS's achievement. PCS welcomes the unique contributions from various opinions, cultures, ethnicity, race, sex, gender identity and expression, nation of origin, age, languages spoken, veteran's status, color, religion, disability, sexual orientation, and beliefs.*

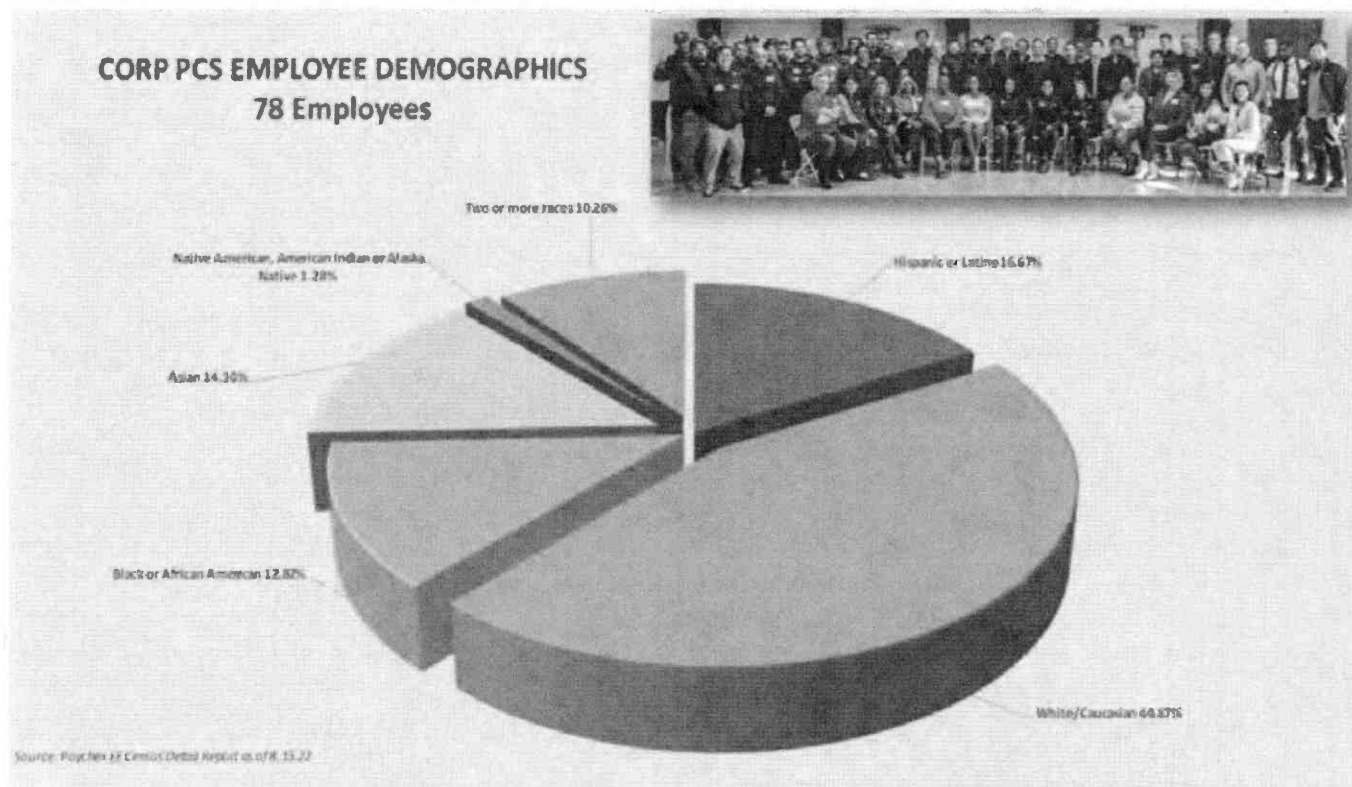
Since its founding, PCS has been committed to equal opportunity employment. Employment decisions and practices comply with all applicable laws prohibiting discrimination in employment, including Title VII of the Civil Rights Act of 1964, the age discrimination in employment act of 1967, the Americans with Disabilities Act of 1990, the Immigration & Nationality Act, and any applicable state or federal laws. This policy applies to all employment terms and conditions, including hiring, compensation decisions, benefits, discipline, training, promotions, transfers, and terminations.

PCS does not and does not permit its employees to discriminate against other employees or applicants because of ancestry, race, color, religious creed (including dress and grooming practices), sex (which includes pregnancy, childbirth, breastfeeding, and medical conditions related to pregnancy, childbirth or breastfeeding), sexual orientation, gender, gender identity and gender expression, marital status, national origin (including language use restrictions), citizenship, military and veteran status, ancestry, age (40 or over), physical or mental disability (an impairment that limits a major life activity including HIV and AIDS), medical condition (cancer and genetic characteristics), including the perception that a person has any of those characteristics or that the person is associated with a person who has or is perceived to have any of those characteristics, or any other consideration made unlawful by applicable laws. PCS applies equal employment opportunity to all persons in all aspects of the employer-employee relationship, including recruitment, hiring, upgrading, training, promotion, transfer, compensation, benefits, discipline, layoff, recall, and termination. PCS prohibits any such discrimination or harassment.



Similarly, throughout its existence, PCS Energy has actively promoted inclusivity and diversification on its projects through its hiring practices, contracting requirements, and vendor selection to achieve a higher representation of diverse local vendors among PCS's subcontractors and suppliers. For government contracts and private-sector contractors that do not impose diversity mandates, PCS regularly partners with a large pool of SBE, LBE, WBE, DVBE, and MBE vendors.

PCS maintains an internal tracking system of its employee pool and subcontractors to monitor the racial and ethnic makeup of its internal and external workforce by conducting three-month, six-month, and annual check-in surveys. Today PCS Energy has 78 employees, 55% of whom are from underrepresented racial groups. PCS is also proud of its extensive community outreach programs participating with non-profits and universities to ensure a homegrown future diverse workforce.



Of the approximately 180+ solar projects PCS has completed to date, each included at least one SBE, WBE, MBE, VBE, DBE, or LBE business to conduct a minimum of 25% of the total work performed on each project.

The RFP requires each respondent to include a 7% SBE mandatory participation level. Given PCS's long-standing inclusivity principles and practices, PCS is compelled to exceed the set mandatory minimums. PCS's response includes subcontractors with WBE, SBE, VBE, and DBE certifications. Further, PCS has an alliance with the International Brotherhood of Electrical Workers, Local 11, under an executed MOU, as does PCS's major sub-vendor, Morrow-Meadows.

Morrow-Meadows is the 7th largest Women-owned Business Enterprise in Los Angeles, and they will be focusing on the project's engineering, procurement, and construction. Indian Energy will also undertake a significant portion of the engineering duties. Indian Energy is proudly certified as a Minority Business Enterprise (Native American), a Small Business Enterprise, and a Disadvantaged Business Enterprise. Combined, the PCS team adds a deep layer of diversity to its already inclusive workforce.

PCS Energy's principals are also the founding members of LACI (Los Angeles CleanTech Incubator). As LACI founders, their goal is to create an inclusive green economy. Together, they invited and encouraged innovation by convening key leaders and entrepreneurs to develop catalytic solutions, partnerships, and programs with minority start-ups and diversified innovators. They helped shape the mission of LACI based on their PCS Energy model to ensure diversity, equity, and inclusion of historically underrepresented populations and overburdened communities in the green economy. Today, PCS and its founders remain actively involved with LACI.

PCS has undertaken numerous projects to serve disadvantaged communities. One of its successful projects was with ONEGeneration, a 501c(3) in the San Fernando Valley. ONEGeneration's mission is "to support and enrich the lives of older adults, children, and their families throughout the community." At ONEGeneration, PCS installed a large-scale FIT solar



canopy on their parking lot. That site is now a programable space for weekend events and a regular farmers' market. This provides much-needed shade in one of the hottest areas of LA. PCS designed and installed the system at no cost to ONEGeneration and provides clean energy to their facilities and an ongoing revenue stream.

Another recent successful non-profit FIT project in the San Fernando Valley was an installation at Discovery Cube. PCS was proud to partner with Discovery Cube, helping facilitate its mission of

educating low-income communities on the importance of sustainability and STEM-related subjects.

PCS Energy maintains a rigorous vendor outreach, assessment, and onboarding process. PCS's contractors must go beyond the minority and diversity classifications and certifications. PCS assesses potential sub-vendors on employee demographics, geographics, union affiliations, equal opportunity employment practices, and employee retention history.

PCS has an Internal Dispute Resolutions Team (IDRT) comprised of PCS's principals, CAO, COO, HR, and account supervisors. IDRT exists to resolve issues with employees, contractors, vendors, or clients quickly, fairly, and amicably. While the cause for dispute varies widely, IDRT has succeeded in reaching resolutions that have satisfied every complainant to date.

PCS takes pride in its strong financial foundation. In addition to PCS's robust financial statements (attached), PCS maintains numerous lines of credit to ensure PCS always pays its employees, vendors, supplies, and contractors on time. We are incredibly proud of our D&B Rating.

As the prime contractor on this project, PCS commits to paying all sub-contractors within 7 days of receiving a complete payment application. The 7-day response period, which is incorporated into all of PCS's contracts for government projects, is made possible by PCS's strong financial position, which allows PCS to rely solely on internally-sourced capital to pay 100% of the project costs, rather than depending on a project loan to pay the project costs. By applying only PCS's own capital, PCS can review and approve payment applications on an expeditious basis without the need to obtain lender approval.

EXHIBIT P
GUARANTY

5437981.1

GUARANTY AGREEMENT
BETWEEN THE CITY OF LOS ANGELES, DEPARTMENT OF AIRPORTS
AND PCS ENERGY, LLC
COVERING THE GROUND LEASE AT 16521 CHASE STREET
• VAN NUYS AIRPORT

This **GUARANTY AGREEMENT** (“**Guaranty**”) is made and entered into as of _____, 2023, in Los Angeles, California, by and between the CITY OF LOS ANGELES, municipal corporation (“**CITY**” or “**LAWA**”), acting by order of and through its Board of Airport Commissioners (“**Board**”), and PCS ENERGY, LLC, a California limited liability company (“**Guarantor**”) with respect to that certain Ground Lease dated _____, 2023 (the “**Lease**”) entered into between LAWA and PCS Energy, LLC (“**PCS Energy**”).

The parties hereto, for and in consideration of the covenants and conditions hereinafter contained to be kept and performed, DO HEREBY AGREE AS FOLLOWS:

1. Guarantor unconditionally guaranties to LAWA performance of all financial obligations under the Lease including, but not limited to, the prompt payment when due of the rent, additional rent and all other charges payable by MicroGrid Systems 5 LLC (“**Microgrid**”), a California limited liability company or any Assignee or Transferee of PCS Energy, as those terms are defined under the Lease (wherever in this Guaranty reference is made to Microgrid, the same shall be deemed to refer also to any successor or assign of Microgrid and any Assignee or Transferee of PCS Energy as Lessee under the Lease) for the premises at 16521 Chase Street, and full and faithful performance of the other financial covenants (including, without limitation, the indemnities contained in the Lease). Guarantor unconditionally covenants to LAWA that if (a) default or breach shall at any time be made by Microgrid in the covenants to pay rent and additional rent or any other charges payable under the Lease or in the performance of any of the other covenants (including but not limited to completion of all Improvements) and (b) notice of any such default or breach shall have been given by LAWA to Microgrid and Microgrid shall not have cured such default or breach after the expiration of applicable notice and grace periods, if any, provided for in the Lease (except that the foregoing clause (b) shall be inapplicable if Microgrid shall be bankrupt or insolvent), then Guarantor shall well and truly perform (or cause to be performed) the covenants, and pay (or cause to be paid) said rent, additional rent or other charges or arrears thereof that may remain due thereon to LAWA, and also all damages that may arise directly from the non-performance of the financial covenants, or any of them. Guarantor shall pay to LAWA, within fifteen (15) business days after written notice, all expenses (including, without limitation, reasonable attorneys’ fees and disbursements) incurred by LAWA in connection with the enforcement or protection of LAWA’s rights hereunder or under the Lease. This Guaranty is a guaranty including but not limited to payment, not collection.

2. The liability of Guarantor hereunder shall not be impaired, abated, deferred, diminished, modified, released, terminated or discharged, in whole or in part, or otherwise affected, by any event, condition, occurrence, circumstance, proceeding, action or failure to act, with or without notice to, or the knowledge or consent of, Guarantor, including, without limitation:

- (a) any amendment, modification or extension of the Lease;
- (b) any extension of time for performance, whether in whole or in part, of any

covenant given prior to or after default under the Lease;

(c) any exchange, surrender or release, in whole or in part, of any security which may be held by LAWA at any time for or under the Lease;

(d) any waiver of or assertion or enforcement or failure or refusal to assert or enforce, in whole or in part, any covenant, claim, cause of action, right or remedy which LAWA may, at any time, have under the Lease or with respect to any guaranty or any security which may be held by LAWA at any time for or under the Lease or with respect to Microgrid;

(e) the release of any other guarantor from liability for the performance or observance of any covenant, whether by operation of law or otherwise;

(f) LAWA's consent to any assignment or subletting or the assignment or successive assignments of the Lease by PCS Energy or Microgrid, or any subletting of the premises demised under the Lease by PCS Energy or Microgrid;

(g) the failure to give Guarantor any notice whatsoever, other than any notice that LAWA is required to give pursuant to this Guaranty and pursuant to the Lease;

(h) any right to require LAWA to proceed against Microgrid or any other person or any security now or hereafter held by LAWA or to pursue any other remedy whatsoever;

(i) any assignment, conveyance, mortgage, merger or other transfer, voluntary or involuntary (whether by operation of law or otherwise), of all or any part of Microgrid's interest in the Lease;

(j) any assignment, conveyance, mortgage, merger or other transfer, voluntary or involuntary (whether by operation of law or otherwise) of all or part of the interest or rights of LAWA under the Lease; or

(k) the bankruptcy or insolvency of Microgrid.

3. To charge Guarantor under this Guaranty no demand shall be required (other than the fifteen (15) business days' notice required under Section 1), Guarantor hereby expressly waiving any such demand. LAWA shall have the right to enforce this Guaranty without pursuing any right or remedy of LAWA against Microgrid or any other party, or any security LAWA may hold. LAWA may commence any action or proceeding based upon this Guaranty directly against Guarantor without making Microgrid or anyone else a party defendant in such action or proceeding. Any one or more successive and/or concurrent actions may be brought hereon against Guarantor either in the same action, if any, brought against Microgrid and/or any other party or in separate actions, as often as LAWA, in its sole discretion, may deem advisable.

4. This Guaranty shall be binding upon Guarantor and its heirs, successors and assigns, and shall inure to the benefit of, be binding upon and may be enforced by the successors and assigns of LAWA or by any party to whom LAWA's interest in the Lease or any part thereof, including the rents, may be assigned whether by way of mortgage or otherwise. Wherever in this Guaranty reference is made to either LAWA or Microgrid, the same shall be deemed to refer also to the then successor or assign of LAWA or Microgrid.

5. Guarantor hereby expressly waives and releases (a) notice of the acceptance of this Guaranty and notice of any change in Microgrid's financial condition; (b) the right to interpose any substantive or procedural defense of the law of guaranty, indemnification or suretyship, except the defenses of prior payment or prior performance (whether before, during or after any applicable notice and grace periods) by Microgrid (of the obligations which Guarantor is called upon to pay or perform under this Guaranty); (c) any other rights and defenses that are or may become available to Guarantor by reason of Sections 2787 through 2855 of the California Civil Code, except that Guarantor does not waive any rights or defenses available under California Civil Code Section 2809; (d) the right to trial by jury, in any action or proceeding of any kind arising on, under, out of, or by reason of or relating, in any way, to this Guaranty or the interpretation, breach or enforcement thereof; (e) the right to interpose any defense (except as allowed under (b) above), set off or counterclaim of any nature or description in any action or proceeding; and (f) any right or claim of right to cause a marshalling of Microgrid's assets or to cause LAWA to proceed against Microgrid and/or any collateral held by LAWA at any time or in any particular order. Guarantor hereby agrees that this Guaranty constitutes a written consent to waiver of trial by jury pursuant to the provisions of California Code of Civil Procedure Section 631, and Guarantor does hereby authorize and empower LAWA, in the name, place and stead of Guarantor, to file this Guaranty with the clerk or judge of any court of competent jurisdiction as a statutory written consent to waiver of trial by jury at LAWA's sole discretion.

6. Without limiting Guarantor's obligations elsewhere under this Guaranty, if Microgrid, or Microgrid's trustee, receiver or other officer with similar powers with respect to Microgrid, rejects, disaffirms or otherwise terminates the Lease pursuant to any bankruptcy, insolvency, reorganization, moratorium or any other law affecting creditors' rights generally, Guarantor shall automatically be deemed to have assumed, from and after the date such rejection, disaffirmance or other termination of the Lease is deemed effective, all obligations and liabilities of Microgrid under the Lease to the same extent as if Guarantor had been originally named instead of Microgrid as a party to the Lease and the Lease had never been so rejected, disaffirmed or otherwise terminated and shall be entitled to all benefits of Microgrid under the Lease. Guarantor, upon such assumption, shall be obligated to perform and observe all of the covenants whether theretofore accrued or thereafter accruing, and Guarantor shall be subject to any rights or remedies of LAWA which may have theretofore accrued or which may thereafter accrue against Microgrid on account of any default under the Lease, notwithstanding that such defaults existed prior to the date Guarantor was deemed to have automatically assumed the Lease or that such rights or remedies are unenforceable against Microgrid by reason of such rejection, disaffirmance or other termination, provided that Guarantor shall have a reasonable time after such assumption to cure non-monetary defaults existing as of the date of such assumption. Guarantor shall confirm such assumption at the request of LAWA upon or after such rejection, disaffirmance or other termination, but the failure to do so shall not affect such assumption. Guarantor, upon the assumption of the Lease, shall have all of the rights of Microgrid under the Lease (to the extent permitted by law). Neither Guarantor's obligation including but not limited to payment in accordance with this Guaranty nor any remedy for the enforcement thereof shall be impaired, modified, changed, stayed, released or limited in any manner by any impairment, modification, change, release, limitation or stay of the liability of Microgrid or its estate in bankruptcy or any remedy for the enforcement thereof, resulting from the operation of any present or future provision of the Bankruptcy Code of the United States or other statute or from the decision of any court interpreting any of the same, and Guarantor shall be obligated under this Guaranty as if no such impairment, stay, modification, change, release or limitation had occurred.

(7. This Guaranty and all rights, obligations and liabilities arising hereunder shall be construed according to the substantive laws of California without reference to choice of law principles. Venue shall lie in the appropriate court located in Los Angeles County, California.

8. Until such time as all of Guarantor's obligations have been paid or performed, Guarantor hereby waives any and all rights of subrogation (if any) which it may have against PCS Energy (as Lessee under the Lease) or Microgrid as a result of actions taken or amounts paid in connection with or relating to this Guaranty or to the Lease.

9. Guarantor represents and warrants to LAWA that as of the date hereof:

(a) This Guaranty constitutes the legal, valid and binding obligation of Guarantor, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, and other laws affecting creditors' rights generally, to moratorium laws from time to time in effect and to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

(b) No action, suit or proceeding is pending or, to Guarantor's actual knowledge, threatened against Guarantor that would materially affect Guarantor's ability to fully perform its obligations under this Guaranty.

(10. If LAWA shall be obligated by reason of any bankruptcy, insolvency or other legal proceeding to pay or repay to PCS Energy (as Lessee under the Lease), Microgrid, or to Guarantor or to any trustee, receiver or other representative of them, any amounts previously paid by PCS Energy (as Lessee under the Lease), Microgrid, or Guarantor pursuant to the Lease or this Guaranty, Guarantor shall reimburse LAWA for any such payment or repayment and this Guaranty shall extend to the extent of such payment or repayment made by LAWA, except to the extent, if any, that such payment or repayment is prohibited by law or that such payment or repayment constitutes merely a reimbursement of any overpayment. LAWA shall not be required to litigate or otherwise dispute its obligation or make such payment or repayment if in good faith and on written advice of counsel reasonably acceptable to Guarantor LAWA believes that such obligation exists.

11. LAWA and Guarantor shall each, not more than once per calendar year and within ten (10) business days following request by the other, execute, acknowledge and deliver to the other a statement certifying that this Guaranty is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating such modifications) and that to the certifying party's actual knowledge, Guarantor is not in default hereunder (or if there is such a default, describing such default in reasonable detail).

12. All remedies afforded to LAWA by reason of this Guaranty or the Lease, or otherwise available at law or in equity, are separate and cumulative remedies, and it is stipulated that no one remedy, whether or not exercised by LAWA, shall be deemed to be in exclusion of any other remedy available to LAWA and shall not limit or prejudice any other legal or equitable remedy which LAWA may have.

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(13. If any term, covenant, condition or provision of this Guaranty or the application thereof to any circumstance or to Guarantor shall be invalid or unenforceable to any extent, the remaining terms, covenants, conditions and provisions of this Guaranty or the application thereof to any circumstances, or to Guarantor other than those as to which any term, covenant, condition or provision is held invalid or unenforceable, shall not be affected thereby and each remaining term, covenant, condition and provision of this Guaranty shall be valid and shall be enforceable to the fullest extent permitted by law.

14. Written notices to LAWA hereunder shall be sent to the Chief Executive Officer with a copy sent to the LAWA Attorney of the LAWA 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 Guarantor.

Written notices to Guarantor hereunder shall be sent and addressed to:

(PCS Energy, LLC
3947 Landmark Street
Culver City, CA 90232
Attention: Mr. Joseph Pekarovic

With a copy to:

Russ August & Kabat
21900 Burbank
Boulevard
Suite 280
Woodland Hills, CA
91367
Attention: Steven M. Siemens

or to such other address as Guarantor may designate by written notice to LAWA.

(15. All notices, demands, and other communications which are required or may be permitted to be given to LAWA or Guarantor by the other hereunder shall be in writing and shall be sent by United States mail, postage prepaid, certified, or by personal delivery or nationally recognized overnight courier, addressed to the addresses set forth in this Guaranty, or to such other place as either party may from time to time designate in a notice to the other party given as provided herein. Notice shall be deemed given upon actual receipt (or attempted delivery if delivery is refused), if personally delivered, or one (1) business day following deposit with a reputable overnight courier that provides a receipt, or on the fifth (5th) day following deposit in the United States mail in the manner described above.

(16. This Guaranty shall be entered into in consideration of the execution of the Lease. The Lease is further subject to Board and Los Angeles City Council approval. Execution of this Guaranty by LAWA shall not ensure such approval.

17. This Guaranty shall continue in full force and effect until all of PCS Energy's and Microgrid's remaining financial obligations set forth in the Lease are met, notwithstanding the termination or earlier expiration of the Lease.

[signature page follows]

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IN WITNESS WHEREOF, LAWA has caused this Guaranty to be executed on its behalf by Chief Executive Officer and Guarantor has caused the same to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, all as of the day and year first above written.

APPROVED AS TO FORM:
Hydee Feldstein Soto, City Attorney

Date: _____

By: _____

Print Name

Print Title

LAWA:

CITY OF LOS ANGELES

By: _____

Print Name

Print title

ATTEST:

By: _____

Elizabeth A. Goldman

Print Name

C O O

Print Title

Guarantor:

PCS ENERGY, LLC

By: _____

Joseph Pekarovic

Print Name

Principal

Print Title