

**AGREEMENT BETWEEN THE CITY OF LOS ANGELES AND AMERICAN AIRLINES, INC. FOR REIMBURSEMENT OF COSTS ASSOCIATED WITH THE DESIGN AND CONSTRUCTION OF SOUTH TERMINALS POWER UPGRADE AND REDUNDANCY AND TERMINAL 4 FIRE WATER LOOP AT LOS ANGELES INTERNATIONAL AIRPORT**

THIS REIMBURSEMENT AGREEMENT is made and entered into this \_\_\_\_day of \_\_\_\_\_, 2021, by and between the CITY OF LOS ANGELES, a municipal corporation, (“City”) acting by order of and through its Board of Airport Commissioners (“Board”), and American Airlines, Inc., a Delaware corporation (“AIRLINE”).

**RECITALS**

WHEREAS, the City is the owner of Los Angeles International Airport (“Airport” or “LAX”), and operates the same through its Department of Airports (“LAWA”) for the promotion, accommodation and development of air commerce and air transportation; and

WHEREAS, (AIRLINE) is currently the tenant under that certain Terminal Facilities Lease and License Agreement, with an effective date of August 15, 2018, and a commencement date of September 1, 2018 (as the same has been or may be modified, supplemented, amended or replaced, the “Lease”) with the City concerning certain real property and improvements thereon, commonly known as Terminal 4 (“T4”) and Terminal 5 (“T5”) (collectively, “T4/5”) at the Airport; and

WHEREAS, the City is undertaking a program to build a new power station to serve the Airport and related projects to connect the new power station into the various Airport terminals to create upgrades to primary electrical infrastructure in support of the various terminals, including but not limited to Terminal 4 and Terminal 5; and

WHEREAS, (AIRLINE) is currently undertaking certain improvements and facility upgrades to T4/5 and other facilities at the south side of the Airport (collectively the “T4/5 Modernization Program”); and

WHEREAS, given its existing construction operations in the area, (AIRLINE) has requested permission to implement the scope of work for the power upgrades that occurs within the T4/5 areas (hereinafter, the “Work”); and

WHEREAS, there are cost and operational benefits to executing that portion of the power upgrades and fire water loop that will connect into T4/5 concurrently with the T4/5 Modernization Program phases where the T4 ramp is replaced and/or the T4 concourse will be closed; and

WHEREAS, based upon these cost and operational benefits, the Board has found that, pursuant to City Charter Section 371(e)(10), the use of competitive bidding for the Work would be undesirable, impractical or impossible; and

WHEREAS, the objective of the Work is to provide critical primary electrical infrastructure; and

WHEREAS, (AIRLINE) has agreed to oversee the design and construction of the Work; and

WHEREAS, (AIRLINE) has the expertise, ability, and resources to implement the design and construction of the Work under the terms and conditions set forth herein; and

WHEREAS, the City intends to reimburse (AIRLINE) for its expenses for the Work as set forth herein.

NOW THEREFORE, in consideration of the terms, covenants, and conditions hereinafter contained to be kept and performed by the respective parties hereto, IT IS MUTUALLY AGREED AS FOLLOWS:

**Section 1.0 Section Headings**

1.1 The section headings appearing herein shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions of this Reimbursement Agreement (“Agreement”).

1.2 It is expressly understood and agreed that this Agreement, the attached Scope of Work, Budget and Schedule (Exhibit A) and the Lease (to the extent applicable to the Work contemplated herein) (hereinafter referred to as the “Contract Documents”) and any document referenced in said documents, are hereby incorporated by this reference as though specifically set forth herein and shall constitute, and are hereby made, a part of this Agreement, and each of the parties does hereby expressly covenant and agree to carry out and fully perform each and all of the provisions of said documents upon its part to be performed.

**Section 2.0 Scope of Work.**

2.1 The Work will consist of new electrical connections from manholes MH 6900-6R, MH 6900-7R and MH 64-A to Terminal 4 Electrical Vault IS-698 and a new high pressure fire water loop around Terminal 4 from TBIT with future Terminal 5 connection as indicated by design documents attached to this Agreement as EXHIBIT “A” . The project scope of work, budget and schedule are referenced in EXHIBIT “A”.

2.2 All Work performed or procured by (AIRLINE) pursuant to this Agreement shall be constructed in conformance with design(s) approved by the City in accordance with the City of Los Angeles Department of Building and Safety requirements, LAWA’s Design & Construction Handbook dated July 2019, and the terms of the Lease. For purposes of clarity, and notwithstanding anything to the contrary contained herein or in the Lease, (AIRLINE) will not be responsible for any costs incurred by City or Board in connection with (i) reviewing and/or approving designs for the Work or (ii) inspecting construction of the Work. In the event any provisions set forth herein are inconsistent with the provisions of the Lease, the provisions of this Agreement shall control.

2.3 (AIRLINE) will (i) procure the services of a design consultant and contractor or design-builder to undertake the Work, (ii) obtain all necessary licenses, insurance, permits and approvals, and (iii) agree to all “Project Manager” responsibilities, deliverables and related obligations associated with the Work, including but not limited to the following:

(a) Responsibilities

1. (AIRLINE), acting through such contractors/consultants as it may use, will procure the design and construction services to undertake the Work. (AIRLINE) will engage a professional construction manager to provide oversight of such contractors to ensure the Work is completed pursuant to the requirements of the City and within the prescribed costs and in accordance with the phased schedule approved by the City.
2. Submit monthly progress status reports and other required documentation to the City. The monthly report should provide an executive summary of work performed to date, schedule and expenditure updates, and identify the events to occur within the next 90 days, identify (AIRLINE) and its key contractor points of contact and identify the cost and schedule variance incurred against work performance completed to date.

(b) Deliverables

The following deliverables are required to be submitted by (AIRLINE) as applicable to the Work:

Item	Submitted To:	Frequency or Due Date
Design: 90%, 100%	City	Per the approved schedule
Master Schedule and Cost Estimate to include Substantial Completion Date of the Work (Design and Construction)	City	Within 30 days of the Agreement signing. Updated on a monthly basis and/or with monthly report.
Schedule of Values (including Design, Construction Trades and Management), for contract base price and future Change Orders, if any.	City	(AIRLINE) to provide upon execution of Contracts and issuing Notice to Proceed to the Consultant and/or Contractor
Concurrence requests to LAWA for use of Contingency, potential or proposed changes to base scope or price.	City	Prior to (AIRLINE) directing changes to the work
Contracts > \$250,000	City	Upon Award by (AIRLINE). Change Orders are to also be provided when issued.
Periodic Work Report: (Current and forecasted for the next periods tasks to be submitted with each invoice for payment.) <ul style="list-style-type: none"> <li>• Tasks completed</li> <li>• Schedule</li> </ul>	City	With Each Invoice. Electronic submission as well as hard copies.

<ul style="list-style-type: none"> <li>• Budget and actual costs spent to date (including any cost variances)</li> <li>• Identify Tasks for next 90 days</li> <li>• (AIRLINE) will report MBE/WBE/SBE twenty percent (20%) goal attainment for the Work as part of its quarterly report to City required under the Lease</li> </ul>		
Close Out Process		
Close Out Process – Correction of deficiencies	City	Closeout per LAWA standard process.
As Built Drawings in electronic format, .dwg (AutoCAD) or comparable format	City	No later than 30 days after Substantial Completion
Final Invoice	City	Upon correction of deficiencies and closeout of (AIRLINE) related contracts

2.4 (AIRLINE) will establish and provide Work Milestones to the City that allow objective measurement of progress toward completion. Work Milestones will be provided to the City within 30 days after execution of this Agreement. The City maintains the right to identify additional milestones to be tracked.

**Section 3.0 Term.** This Agreement shall commence upon the City's issuance of Notice to Proceed with the Work and shall be Substantially Complete by January 31, 2028; however, in no event shall the term of this Agreement extend past seven (7) years unless amended, subject to earlier termination as provided in Section 16.0 of this Agreement.

**Section 4.0 Reimbursement.**

4.1. The City shall reimburse (AIRLINE) for all Costs of the Work incurred by (AIRLINE)'s designers, contractors and consultants in good faith and in the proper performance of the Work, to the extent verified and approved by City, associated with the design and construction of the Work.

4.2 The City will reimburse (AIRLINE) based upon the submitted cost and expenditures of (AIRLINE)'s designers, contractors and consultants. (AIRLINE) shall submit actual expenses on behalf of its designers, contractors and consultants, supported by invoices and other documentation to the City in accordance with Section 5 - Payment. The parties agree that some of the Work to be reimbursed has been performed prior to the effective date of this Agreement.

4.3 The guaranteed maximum reimbursement amount for the Work shall not exceed \$38,559,605 (the "GMP").

#### 4.4 Contingency

- A. (AIRLINE) contingency amount may be included as a specified amount in the GMP. It is further understood and agreed that such contingency funds are to be used for costs to complete work considered to be within the original scope of work, including issued change orders, but which exceed the established estimated costs or future costs such as missed scope, design errors, and material price increases. Use of contingency funds is for work which could have been reasonably anticipated based upon the information available at the time the cost estimate was established. Use of contingency funds is for the following:
- a. Those items that were included in the GMP Proposal that (AIRLINE) missed in pricing the GMP.
  - b. Those items that were included in the GMP Proposal that (AIRLINE) underpriced in the GMP.
  - c. Schedule acceleration or schedule mitigation as required to meet contract milestones, or as deemed necessary by (AIRLINE) to improve the project schedule when required.
  - d. Increased general conditions or general requirements costs. This may include items such as additional temporary fence moves, increased costs for temporary protection of installed work, increased costs for weather protection, increased staffing for general conditions, etc.
  - e. To cover higher costs for materials, equipment or labor including but not limited to replacing a subcontractor which are not covered by subcontractor default insurance or surety.
  - f. Other items not outlined above, if approved in advance in writing by LAWA.
- B. (AIRLINE) will consult with LAWA and obtain LAWA's concurrence, which shall not be unreasonably withheld, before transferring contingency funds over \$25,000 to a line item in the Schedule of Values. All remaining funds in (AIRLINE)'s Contingency upon project completion shall remain with LAWA, including any associated fees and/or markups for bonds, insurance, profit, overhead, etc. (AIRLINE) shall not be entitled to any form of compensation whatsoever for unauthorized and/or unused contingency.
- C. Savings and losses resulting from the purchase or buyout of the Work will be tracked separately from the Contingency through the use of a Subcontracts Buyout Fund (SBF). To the extent (AIRLINE) experiences an aggregate loss from this fund in buyout of the Work, (AIRLINE) may fund the loss from the Contingency with concurrence from LAWA, which shall not be unreasonably withheld. To the extent (AIRLINE) experiences an aggregate savings to this fund in buyout of the Work, (AIRLINE), at a mutually agreeable time, will transfer the savings to Contingency.

#### 4.5 Retention

Five percent (5%) of each progress payment will be retained until the Work has been completed and accepted by LAWA per the Contract Documents. LAWA may, at its complete discretion and in a manner which protects the interests of LAWA, reduce

retention after the project is accepted as substantially complete.

## **Section 5.0 Payment.**

5.1 (AIRLINE) intends to submit expenditures for design and construction costs, invoices, proof of payment and other documentation to the City for the Work on a monthly basis for reimbursement. City will pay such monthly reimbursement requests within thirty (30) days after receipt of an acceptable request for reimbursement from (AIRLINE).

At a minimum (AIRLINE) shall include with each submittal to the City for each request for reimbursement:

- (1) Agreement Number;
- (2) Reimbursement Number and Date;
- (3) Complete Business Name and Remittance Address;
- (4) Point of Contact with address, telephone and e-mail address contact information;
- (5) Tax Identification Number;
- (6) Dollar Amount of Reimbursement being requested, including Total Amount of Reimbursement to Date;
- (7) Signature of (AIRLINE)'s authorized representative and the following certification language: *"This is to certify that the services set forth herein were performed during the period stated and that the invoice accurately represents the Work performed.;* and
- (8) Support Documentation.

The Support Documentation shall contain at minimum the following items:

- An executive summary project overview and a summary of work completed during current reimbursement period;
- Spreadsheet listing the invoices being submitted, with totals;
- Spreadsheet listing previous totals, current request and new total to date for reimbursement;
- Individual, signed and approved contractor/consultant invoices, with scope of values or statement of work (copies of contracts and change orders provide support for the work being actual, allowable, allocable and reasonable);
- Copies of subcontractors' invoices if listed on a prime contractor's invoice as a single amount;
- Conditional Lien Waivers and Unconditional/Final Lien Waivers for each invoice; and
- The final closeout request for reimbursement should include proof that all required deliverables in accordance with Section 2.3(b) hereof have been provided.

5.2. Upon termination of this Agreement by City in accordance with Section 16.0 hereof, (AIRLINE) shall in reasonable time submit to the City all costs incurred and supporting documentation associated with the Work up to the date of the termination. The City shall diligently and in good faith reimburse (AIRLINE)'s expenditures associated with the Work.

**Section 6.0 Title.** Title to any completed Work shall vest in the City upon the reimbursement to (AIRLINE) by the City. Notwithstanding the foregoing, (AIRLINE) and City agree that title to any Work shall vest in the City upon the termination of this Agreement for any reason, provided that the City has met its payment obligations pursuant to Section 16.2 of this Agreement.

**Section 7.0 Funding and Limitations.**

7.1 City will provide payment to (AIRLINE) for (AIRLINE)'s Work and expenditures associated with this Agreement. The City agrees funds have been obligated and made available for payment for performance of this Agreement.

7.2 Under no circumstances will City be responsible to pay, or (AIRLINE) entitled to receive, profit, overhead or general or administrative expenses for the work performed by (AIRLINE) personnel under this Agreement, except, however (AIRLINE) may recover the direct costs of (AIRLINE)'s personnel performing work and the costs of the contractors hired by (AIRLINE) to perform the necessary work under this Agreement. City will not be responsible for costs incurred by (AIRLINE), its contractors or agents to perform work not in compliance with this Agreement. The City has the right to recoup any payments made to (AIRLINE) if the City determines that the reimbursement invoices and associated payment exceed the actual costs incurred.

**Section 8.0 Warranty.**

8.1 (AIRLINE) warrants that the Work provided pursuant to this Agreement shall conform to the professional standards governing the respective industry. (AIRLINE) warrants that all materials and equipment furnished pursuant to this Agreement will be new and of good quality unless otherwise specified, and that all Work will be of good quality, free from faults and defects and in conformance with the design documents approved by the City Department of Building and Safety and LADWP.

8.2 (AIRLINE) shall require any general contractor that performs any Work hereunder to provide a warranty against defective workmanship and materials for one (1) year after the date of the final acceptance of the Work by City. (AIRLINE) shall require each such general contractor to replace or repair any such defective work identified by City or (AIRLINE) in a manner satisfactory to City and (AIRLINE), after notice to do so from (AIRLINE), and within the time specified in the notice.

**Section 9.0 (AIRLINE)'s Responsibilities.**

9.1 (AIRLINE) shall pay all appropriate costs associated with the Work, including, but not limited to, the City's required insurance types and amounts, security, permits, taxes (as applicable) and fees. All such costs will be reimbursed by City to (AIRLINE).

9.2 (AIRLINE) and its contractors shall be responsible for all civil penalties assessed as a result of the failure of (AIRLINE) or its contractors to comply with any and all present and future rules, regulations, restrictions, ordinances, statutes, laws and/or orders of any federal, state, and/or local government regarding the Work. (AIRLINE) and its contractors shall hold the City harmless and indemnify the City for all such civil penalties resulting from such failure. Unless expressly provided for in this Agreement, all costs not related to the Work as described in Section 2.0, Scope of Work, herein, and not submitted and approved in writing by the City prior to the start of the associated work, shall be at the sole cost and sole responsibility of (AIRLINE) and its contractors and at no cost to Airport.

9.3 (AIRLINE), its agents, and employees shall be bound by and comply with applicable provisions of the California Labor Code and Federal, State, and local laws related to labor. (AIRLINE) shall strictly adhere to the provisions of the California Labor Code. (AIRLINE) shall forfeit to the City the penalties prescribed in the California Labor Code for (AIRLINE's) violations of same.

9.4 Each worker shall be paid subsistence and travel as required by the collective bargaining agreements on file with the State of California Department of Industrial Relations. (AIRLINE)'s attention is directed to Section 1776 of the California Labor Code which imposes responsibility upon (AIRLINE) for the maintenance, certification, and availability for inspection of such records for all persons employed by (AIRLINE) or subcontractor in connection with the project. (AIRLINE) agrees to comply with this Section 1776 and the remaining provisions of the California Labor Code.

#### **Section 10.0 Audits.**

10.1 The City has the right to examine or audit financial records relevant to the Work for a period not to exceed three (3) years after expiration of the term of this Agreement. (AIRLINE) and its contractors must maintain an established accounting system that complies with generally accepted accounting principles. Records related to disputes arising out of this Agreement shall be maintained and made available until such disputes have been resolved.

10.2 As used in this provision, "records" includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form.

10.3 (AIRLINE) shall maintain all records and other evidence sufficient to reflect costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of this Agreement. The City shall have the right to examine and audit those records at any time, or from time to time. The right of examination shall include inspection at all reasonable times at the project management office of (AIRLINE) or at the project management office of (AIRLINE)'s contractor(s) responsible for the Work.

10.4 (AIRLINE) will be required to submit cost or pricing data and supporting information in connection with any invoice relating to this Agreement if requested by the City.

10.5 This Article shall not be construed to require (AIRLINE), its contractors or its subcontractors to create or maintain any record that they do not maintain in the ordinary course of business pursuant to a provision of law, provided that those entities maintain records which conform to generally accepted accounting practices.

10.6 (AIRLINE) shall insert a clause containing the terms of this Audit Section in all its contracts and subcontracts under this Agreement that exceed \$100,000.00 (One Hundred Thousand Dollars).

### **Section 11.0 Rules and Regulations.**

11.1 (AIRLINE) shall have sole responsibility for fully complying with any and all present and future rules, regulations, restrictions, ordinances, statutes, laws and/or orders of any federal, state, and/or local government applicable to the Work. (AIRLINE) 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 LAWA CEO which are now in force or which may be hereafter adopted by the Board of Airport Commissioners and/or the LAWA CEO with respect to the operation of Airport to the extent applicable to the Work. In addition, (AIRLINE) agrees to specifically comply with any and all Federal, State, and/or local security regulations, including, but not limited to, 49 CFR Part 1542, regarding unescorted access privileges. (AIRLINE) shall be solely responsible for any and all civil and/or criminal penalties assessed as a result of (AIRLINE)'s, and/or (AIRLINE)'s subcontractors', failure to comply with these stated provisions. Any material changes to the project scope or costs resulting from said compliance with future rules, regulations, restrictions, ordinances, statutes, laws and/or orders of any federal, state, and/or local government will be addressed in accordance with Section 4.4 (Contingency).

### **Section 12.0 City Held Harmless.**

12.1 Except for the sole negligence, or willful misconduct or active negligence of City, (AIRLINE) shall indemnify, defend, keep, and hold the City, including Board, Department and the City's officers, agents, servants, and employees, harmless from any and all costs, liability, damage, or expense (including costs of suit and fees and reasonable expenses of legal services) claimed by anyone by reason of injury to or death of persons, or damage to or destruction of property, including property of (AIRLINE) , sustained in, on, or about the area or arising out of (AIRLINE)'s use or occupancy thereof, or Airport to the extent caused by the acts or omissions of (AIRLINE), its agents, servants, employees, invitees, or their successors or assigns in connection with the Work.

12.2 (AIRLINE) expressly agrees to hold harmless, and to indemnify, the City, its Board of Airport Commissioners, its departments, officers and employees (collectively "indemnities") from, and for, any and all civil penalties sustained, or incurred, by indemnities as a result of (AIRLINE)'s, and/or of (AIRLINE)'s subcontractors, failure to comply with any of these rules, regulations, restrictions, ordinances, statutes, laws, orders, of any federal, state, and/or local government regarding the Work.

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

12.4 In (AIRLINE)'s defense of the City under this Section, negotiation, compromise, and settlement of any action, the City shall retain discretion in and control of the litigation, negotiation, compromise, settlement, and appeals there from, as required by the Los Angeles City Charter, particularly Article II, Sections 271, 272 and 273 thereof.

**Section 13.0 Independent Contractor.** In furnishing the services provided for herein, (AIRLINE) is acting as an independent contractor. (AIRLINE) is to furnish such services in its own manner and method and is in no respect to be considered an officer, employee, servant or agent of the City.

**Section 14.0 Notices.** Written notices to the City hereunder shall be sent to the Executive Director with a copy sent to the City Attorney of the City of Los Angeles and addressed to said parties at:

**Executive Director  
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 the City may designate by written notice to (AIRLINE).

Written notices to (AIRLINE) hereunder shall be addressed to

U. S. Mail Deliveries:  
(AIRLINE)

Overnight Deliveries:  
(AIRLINE)

If notice is to (AIRLINE), a copy shall also be sent to:

(AIRLINE)

or to such other address as (AIRLINE) may designate by written notice to the City.

The execution of any such notice by the Executive Director shall be as effective as to (AIRLINE) as if it were executed by Board or by Resolution or Order of said Board, and (AIRLINE) shall not question the authority of the Executive Director to execute any such notice.

All such notices, except as otherwise provided herein, may either be delivered personally to the Executive Director or to the Office of the City Attorney, Airport Division, in the one case, or to (AIRLINE) 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 15.0 Changes and/or Modifications.**

15.1 Changes and/or modifications to this Agreement shall be in writing and signed by (AIRLINE) and the City. Any modification shall cite this Agreement and shall state the exact nature of the change and/or modification. No oral statement by any person shall be interpreted as modifying or otherwise affecting the terms of this Agreement. The properly signed modification shall be attached to this Agreement and thereby become a part of this Agreement.

15.2 Future work under this Agreement will be issued as a "Change Order". A Change Order is a written document issued by LAWA to (AIRLINE) any time after the execution of the Contract documenting a mutually agreed change in the Contract. The Contract Pricing and Work Completion Time may only be changed by mutually executed, bilateral Change Orders signed by (AIRLINE) and by LAWA.

15.3 No extra work or change in the Contract Documents shall be made unless by a written Change Order approved by LAWA. A Change Order signed by (AIRLINE) conclusively establishes the (AIRLINE)'s agreement therewith, including the adjustment in the Contract Pricing and the Work Completion Time.

15.4 Any Change Order over \$150,000 will be submitted to the Board of Airport Commissioners for its approval.

### **Section 16.0 Termination.**

16.1 City or the (AIRLINE) may terminate this Agreement with or without cause with sixty (60) days' advance written notice, or as otherwise provided in this Agreement.

16.2 In the event of termination of this Agreement, (AIRLINE) shall within a reasonable time submit to the City reimbursement requests relative to any as-yet unreimbursed costs incurred by (AIRLINE) associated with any Work up to the date of the termination as mutually agreed between the City and (AIRLINE). Such costs shall be reimbursed by City in accordance with the terms of this Agreement. Specifically, City shall pay (AIRLINE) for its costs incurred for labor, materials, and equipment incorporated in the Work or suitably stored at the site through the effective date of the termination, minus the aggregate of previous payments made by City to (AIRLINE) under this Agreement. City shall also pay to (AIRLINE) fair

compensation, either by purchase or rental at the election of City, for any equipment retained by City. (AIRLINE) shall also be entitled to payment for demobilization, unused equipment and materials which cannot be returned, restocking fees for equipment and materials returned to the Contractor (provided that (AIRLINE) shall credit City for the cost of the equipment and materials so returned), and any other reasonable costs incurred by (AIRLINE) in terminating the design and construction contracts (including terminating subcontracts, subconsultants or purchase orders). However, (AIRLINE) shall use its best efforts to minimize such termination expenses.

### **Section 17.0 Protection of Information.**

17.1 The parties agree that they shall take appropriate measures to protect all proprietary, privileged, confidential, or otherwise Sensitive Security Information (SSI) that may come into their possession as a result of this Agreement.

17.2 No Sensitive Security Information (SSI), as defined in 49 CFR Parts 15 and 1520, concerning the scope of this Agreement, shall be published or released to the public without prior written approval of the City.

17.3 All Sensitive Security Information (SSI), as defined in 49 CFR Part 1520, shall be handled in accordance with City and TSA policies and regulations. All members assigned to work under this Agreement are subject to the provisions of 49 CFR Part 1520, Protection of Sensitive Security Information, because they act for, or carry out duties for, or on behalf of the TSA. SSI may not be disclosed except in accordance with the provisions of that rule or where TSA otherwise approves.

17.4 (AIRLINE) shall not make publicity or public affairs activities related to the subject matter of this Agreement unless written approval has been received from the City and TSA Office of Security Technology or the TSA Office of Strategic Communication and Public Affairs.

**Section 18.0 Survival of Provisions.** The following provision of this Agreement shall survive the termination of this Agreement: Section 10 – Audits; Section 12 – City Held Harmless; Section 17 – Protection of Information; and Section 18 – Survival of Provisions.

**Section 19.0 Entire Agreement.** The provisions of this Agreement contain the entire agreement between the parties hereto, and said Agreement may not be changed or modified in any manner except by written amendment, fully executed by the City and (AIRLINE).

### **Section 20.0 Assignments and Transfers Prohibited.**

20.1 (AIRLINE) shall not, in any manner, directly or indirectly, by operation of law or otherwise, hypothecate, assign, transfer, or encumber this Agreement, or any portion thereof or any interest therein, in whole or in part, without the prior, written consent of Executive Director.

20.2 For purposes of this Agreement, the terms “transfer” and “assign” shall include, but not be limited to, the following: (i) if (AIRLINE) is a joint venture, a limited liability company, or

a partnership, the transfer of fifty percent (50%) or more of the interest or membership in the joint venture, the limited liability company, or the partnership; (ii) if (AIRLINE) is a corporation that is not traded on a public stock exchange, any cumulative or aggregate sale, transfer, assignment, or hypothecation of fifty percent (50%) or more of the voting shares of (AIRLINE); (iii) the dissolution by any means of (AIRLINE); and, (iv) a change in business or corporate structure except as otherwise permitted in Section 20.1. Except as otherwise permitted in Section 20.1, any such transfer, assignment, mortgaging, pledging, or encumbering of (AIRLINE) without the written consent of the Executive Director is a violation of this Agreement and shall be voidable at LAWA's option and shall confer no right, title, or interest in or to this Agreement upon the assignee, mortgagee, pledgee, encumbrancer, or other lien holder, successor, or purchaser.

### **Section 21.0 Miscellaneous Provisions.**

21.1. **Fair Meaning.** The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either City or (AIRLINE).

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

21.3. **Two Constructions.** It is the intention of the parties hereto that if any provision of this Agreement 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.

21.4. **Laws of California.** This Agreement shall be construed and enforced in accordance with the laws of the State of California and venue shall lie at the Southwest District of the Los Angeles Superior Court.

21.5. **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.

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

Attachments Exhibit A: Scope of Work, Budget and Schedule

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers on the day and year stated above.

**APPROVED AS TO FORM:**  
Michael N. Feuer, City Attorney

**CITY OF LOS ANGELES**  
**LOS ANGELES WORLD AIRPORTS**

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

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

Chief Executive Officer  
Los Angeles World Airports

By: \_\_\_\_\_  
Deputy City Attorney

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

Chief Financial Officer  
Los Angeles World Airports

ATTEST:

AIRLINE:  
AMERICAN AIRLINES

By: \_\_\_\_\_  
Secretary (Signature)

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



\_\_\_\_\_  
Print Name

Kirk Hotelling  
\_\_\_\_\_  
Print Name

VP Corporate Real Estate, Airport Affairs,  
and Facilities

[SEAL]

\_\_\_\_\_  
Print Title

## Exhibit A

### **Scope of Work**

#### LADWP TBIT to T4 Power Routing:

The scope of this package comprises the installation of LADWP duct banks from existing Tom Bradley International Terminal (TBIT) power systems to the existing Terminal 4 electrical vault. This includes connections to existing manholes MH 6900-6R, MH 6900-7R and MH 64-A by TBIT Gate 151, installation of (3) new above ground vista switches to control power and power routing from these systems to Terminal 4's Industrial Station IS-698. The work includes the installation of at least (6) manholes including a stub out for a future connection point to Terminal 5.

Existing pavement demolition and reinstatement is limited to the extent necessary for the enabling portion of the scope up to the limit of the first phase of the Terminal 4 Modernization Program scope. This enabling portion is anticipated to be installed in (6) phases to minimize operational impacts. It is assumed the remaining portion of the power routing trenching and duct bank install will take place during the Terminal 4 Modernization Program construction relying on the planned apron demolition and replacement within the program's scope.

#### Terminal 4 Fire Water Loop

The scope of this package comprises installation of new 24"/20"/16" High Pressure Fire Water loop around Terminal 4, connecting to existing high pressure fire water Line by TBIT Gate 151, and providing a future connection point for Terminal 5. This includes the installation of (6) fire hydrants around Terminal 4.

The enabling portion of the scope includes installation of the high pressure fire water line up to the limit of the first phase of the Terminal 4 Modernization Program scope. This section will follow similar routing to the TBIT to T4 Power Routing scope to share gate impacts, paving demolition, trenching, shoring, and re-paving requirements. This enabling portion is anticipated to be installed in (4) phases to minimize operational impacts. It is assumed that the remaining portions of the fire water loop will take place in conjunction with the Terminal 4 Modernization Program construction relying on the planned apron demolition and replacement within the program's scope.

#### General

As per DCH Sections 01 13 13.5 and 3.02, the LAWA DCH requires American Airlines to design the scope accounting for all known existing utilities and structures. This includes identifying existing structures in the design and routing both the duct bank and fire water lines to avoid them. Any work required to shore or protect existing utilities is included in the current budget of the work. Potholing for utility location and careful excavation of the work is included. Damage to existing utilities due to negligence is the responsibility of American Airlines and their contractors. Should unforeseen conditions be discovered, American has the option to modify the routing of the duct bank/fire line or mediate the unforeseen condition accordingly.

**EXHIBIT A  
BUDGET  
LADWP TBIT to T4 Power Routing**

<b>Hard Costs</b>	<b>Cost</b>	<b>% Markup</b>	<b>% of Total</b>	<b>Notes</b>
HP Building and Site Costs	17,253,050		60%	Site A (TBIT to T4)
HP GRs / Hoisting / Security & Escorts	890,257	5%	3%	General Requirements
HP CM Costs, Precon and Fees	4,338,756	25%	15%	GCs, PreCon, Gross Receipts Tax, Contractors Fee, Permits
HP Bonds & Insurance	942,919	5%	3%	Contractor Bonds, Subcontractor Bonds, Builders Risk, Prof Insurance, CCIP
HP Escalation	604,112	4%	2%	
HP Contingency	1,380,244	8%	5%	
<b>Total Cost of Work</b>	<b>25,409,338</b>		<b>89%</b>	
<b>Soft Costs</b>	<b>Cost</b>		<b>% of Total</b>	
Architectural/Engineering Fee	1,524,560	6%	5%	
Program Management	1,270,467	5%	4%	
Insurance	-	0%	0%	Builders Risk and CCIP Included above
Third-Party Testing/Reporting	381,140	2%	1%	
Audit & Legal	-	0%	0%	
<b>Total Indirect Costs</b>	<b>3,176,167</b>		<b>11%</b>	
<b>Subtotal excluding DWP</b>	<b>28,585,505</b>		<b>81%</b>	
DWP Costs	1,300,000	%	4%	DWP ROM
Contingency (15%)	4,482,826	15%	13%	
Contaminated Soil Allowance	545,000	%	2%	5,450 cuyd @ \$100/cuyd (\$ per cuyd based on DL Estimate)
Cultural Affairs Monitoring Allowance	188,928		1%	8 months (164 working days @ 8 hours/day) for 2 monitors @ \$60/hour + 20% for admin c
<b>Total Work Cost</b>	<b>35,102,259</b>		<b>100%</b>	

**Notes:**

Funding is independent of the Terminal 4/5 Modernization Program, only costs associated with this work are to be charged to this agreement  
The cost accounting methodology of this project is to be separate from the Terminal 4/5 Modernization Program, a schedule of values is to be reviewed and approved by LAWA prior to the first billing.  
100% of costs savings in this program go back to the owner and not be allocated to the Terminal 4/5 Modernization Program.  
This contract is administered in the form of a Guaranteed Maximum Price agreement  
LAWA has the right to review all proposals and costs associated with this project  
Mark ups and rates shall be in alignment with American Airline's Terminal 4/5 Modernization Program CMAR agreement

**EXHIBIT A  
BUDGET  
T4 Fire Water Loop**

<b>Hard Costs</b>	<b>Cost</b>	<b>% Markup</b>	<b>% of Total</b>	<b>Notes</b>
HP Building and Site Costs	1,784,575		59%	Fire Water Loop
HP GRs / Hoisting / Security & Escorts	92,084	5%	3%	General Requirements
HP CM Costs, Precon and Fees	448,781	25%	15%	GCs, PreCon, Gross Receipts Tax, Contractor
HP Bonds & Insurance	97,531	5%	3%	Contractor Bonds, Subcontractor Bonds, Buil
HP Escalation	106,608	6%	4%	
HP Contingency	142,766	8%	5%	
<b>Total Cost of Work</b>	<b>2,672,345</b>		<b>89%</b>	
<b>Soft Costs</b>	<b>Cost</b>		<b>% of Total</b>	
Architectural/Engineering Fee	160,341	6%	5%	
Program Management	133,617	5%	4%	
Insurance	-	0%	0%	Builders Risk and CCIP Included above
Third-Party Testing/Reporting	40,085	2%	1%	
Audit & Legal	-	0%	0%	
<b>Total Indirect Costs</b>	<b>334,043</b>		<b>11%</b>	
<b>Subtotal excluding DWP</b>	<b>3,006,388</b>		<b>87%</b>	
DWP Costs	-	%	0%	
Contingency (15%)	450,958	15%	13%	
Contaminated Soil Allowance	-	%	0%	Included in the TBIT to T4 Power Feeds Estir
Cultural Affairs Monitoring Allowance	-		0%	Included in the TBIT to T4 Power Feeds Estir
<b>Total Work Cost</b>	<b>3,457,346</b>		<b>100%</b>	

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