

LEASE

BETWEEN

THE CITY OF LOS ANGELES

AND

LULU'S PLACE, INC.,
a California nonprofit public benefit corporation

**FOR THE CONSTRUCTION, MANAGEMENT, OPERATION
AND MAINTENANCE OF LULU'S PLACE**

AT LOS ANGELES INTERNATIONAL AIRPORT

CONTENTS

| Clause | Page |
|---|------|
| Section 1. Premises | 2 |
| Section 2. Term of Lease; Early Termination..... | 3 |
| Section 3. Use of the Premises..... | 3 |
| Section 4. Surrender of Premises on Lease Termination | 5 |
| Section 5. Payments to City | 6 |
| Section 6. Recreational Improvements; Improvements and Alterations | 12 |
| Section 7. Compliance with Applicable Laws and Standards | 15 |
| Section 8. Compliance Approval Process..... | 16 |
| Section 9. Noise | 17 |
| Section 10. Annual Replacement Reserve | 17 |
| Section 11. Mortgages, Financing, and Other Encumbrances on Leasehold Estate..... | 19 |
| Section 12. Operating Responsibilities | 21 |
| Section 13. Prohibited Acts..... | 25 |
| Section 14. Representations and Warranties..... | 25 |
| Section 15. Notices | 25 |
| Section 16. Limitations on Use of Premises | 26 |
| Section 17. Rent Payments | 27 |
| Section 18. Liquidated Damages for Delinquent Payment..... | 28 |
| Section 19. Lease Audits..... | 28 |
| Section 20. Damage to or Destruction of Improvements..... | 28 |
| Section 21. Ownership of Improvements..... | 29 |
| Section 22. City's Right of Access and Inspection..... | 29 |
| Section 23. Insurance | 29 |

| | | |
|-------------|---|----|
| Section 24. | City Held Harmless..... | 31 |
| Section 25. | Nondiscrimination and Equal Employment Practices/Affirmative Action Program..... | 31 |
| Section 26. | Taxes, Permits and Licenses | 34 |
| Section 27. | Assignments and Subleases | 34 |
| Section 28. | Default..... | 35 |
| Section 29. | Waiver..... | 38 |
| Section 30. | Attorney's Fees | 38 |
| Section 31. | Hazardous and Other Regulated Substances..... | 38 |
| Section 32. | Airfield Security..... | 40 |
| Section 33. | Business Tax Registration..... | 40 |
| Section 34. | Intentionally Omitted | 40 |
| Section 35. | Disabled Access | 40 |
| Section 36. | Living Wage Ordinance and Service Contractor Worker Retention Ordinances | 41 |
| Section 37. | Child Support Orders | 43 |
| Section 38. | Visual Artists' Rights Act..... | 43 |
| Section 39. | Equal Benefits Ordinance | 44 |
| Section 40. | Condemnation | 44 |
| Section 41. | Miscellaneous Provisions..... | 46 |
| Section 42. | Contractor Responsibility Program..... | 49 |
| Section 43. | Campaign Contributions | 49 |

EXHIBITS

| | |
|----------|--|
| A | Premises |
| B | Rent |
| C | Right of Access |
| D | Intentionally Omitted |
| E | Insurance |
| F | Equal Employment Practices |
| G | Affirmative Action Program |
| H | Living Wage Ordinance |
| I | Service Contractor Worker Retention Ordinance |
| J | Child Support Assignment Orders |
| K | Consent to Sublease |
| L | Contractor Responsibility Program; Pledge of Compliance |

LEASE
(LAX Northside Campus Areas 1 and 2A Recreational Improvements)

THIS LEASE (“Lease”) is made and entered into as of December ___, 2022 (the “Effective Date”) by and between the **CITY OF LOS ANGELES**, a municipal corporation (“City”), acting by and through the Board of Airport Commissioners (“BOAC”) of its Department of Airports (referred to herein as Los Angeles World Airports, “LAWA” or the “Department”), as landlord, and **LULU’S PLACE, INC.**, a California nonprofit public benefit corporation (“Lessee”), as tenant and, together with LAWA, collectively, the “Parties”, and each, individually, a “Party”.

RECITALS

A. WHEREAS, City owns certain properties located on the north side of the Los Angeles International Airport (“Airport”) as depicted and described on Exhibit A attached hereto and in areas commonly known as LAX Northside Area 1 and Area 2A, respectively (collectively, the “Premises”);

B. WHEREAS, the City of Los Angeles Department of Sanitation (“LA SAN”) has leased a portion of the property in the LAX Northside Area pursuant to Lease number LAA-8979 between LAWA and LA SAN (as amended from time to time, the “LA SAN Lease”) and has constructed the Argo Drain Sub-Basin Facility (the “Argo Facility”) on that property pursuant to the LA SAN Lease. The LA SAN Lease contemplates that portions of the surface area overlying the Argo Facility may be used for future development of recreational facilities;

C. WHEREAS on March 3, 2018, LAWA submitted the LA SAN Lease to the Federal Aviation Administration (“FAA”) for review prior to entering into the LA SAN Lease, and FAA responded by letter dated May 21, 2018 allowing LAWA to enter into the LA SAN Lease;

D. WHEREAS, Lessee desires to lease the Premises, including the surface overlying the Argo Facility, for the purpose of constructing and operating improvements for open space and recreation and community and civic uses (e.g., a dog park, community garden, open space, restrooms, soccer fields, and tennis and other athletic courts).

E. WHEREAS, Lessee has submitted a proposal to construct the Recreational Improvements (defined in Section 3.1 below) on the Premises, to provide not less than \$65 million in philanthropic funds to develop the Recreational Improvements, and to provide long term funding to operate the Recreational Improvements;

F. WHEREAS, on March 12, 2015, the BOAC certified an Environmental Impact Report (“EIR”) for the LAX Northside Plan Update (Resolution No. 25654 State Clearinghouse Number 2012041003), and on March 17, 2016, BOAC considered an addendum to the previously-certified EIR (collectively, the “LAX Northside EIR”);

G. WHEREAS, the LAX Specific Plan (Ordinance No. 185,164) approved by the Los Angeles City Council on September 8, 2017, which became effective October 28, 2017 (the “LAX Specific Plan”) includes an LAX Northside Subarea and requires all projects (as defined in the LAX Specific Plan) within the LAX Northside Subarea to be consistent with the applicable LAX Northside Design Guidelines and Standards (“LAX Northside Design Guidelines”);

H. WHEREAS, the Parties intend the development and use of the Premises for the proposed Recreational Improvements consistent with the LAX Northside Design Guidelines and all applicable requirements and mitigation measures BOAC adopted in connection with the LAX Northside EIR.

LEASE TERMS AND CONDITIONS

In consideration of the covenants and agreement to be observed and performed by Lessee, and subject to the terms and condition hereof including but not limited to Section 3.3 below, City hereby leases to Lessee, and Lessee hereby leases from City the Premises, subject to (i) all liens, encumbrances, easements, rights-of-way, covenants, conditions, restrictions, obligations and liabilities as may appear of record as of the Effective Date, (ii) all matters which would be revealed or disclosed in an accurate survey of the Premises, (iii) the effect of all current building restrictions and regulations, and current and future applicable Laws (as defined below); (iv) the current condition and state of repair of the Premises on the Effective Date; and (v) all taxes, duties, assessments, special assessments, water charges and sewer charges, and any other governmental impositions, accrued or unaccrued, fixed or not fixed, as provided for in this Lease.

Section 1. Premises.

1.1 Leased Premises. Subject to FAA concurrence, City hereby leases the Premises to Lessee, subject to Section 1.1(a) below. City represents that City has authority to enter into this Lease.

(a) Adjustment to Premises. After the design for the Recreational Improvements has been finalized, the Chief Executive Officer may add to the Premises or remove from the Premises any portion of the land depicted within the “Designated Area” in Exhibit A, as agreed to by the Parties. The Rent (as defined in Section 5.1 below) shall thereafter be adjusted to reflect the change in square footage as a result of the adjustment under this Subsection 1.1(a). The Adjustment to Premises under this Subsection 1.1(a) shall not require further approval by the Board or City Council. In conjunction with revisions to the Premises under this Section 1.1(a), Chief Executive Officer may require a survey and/or updated appraisal. The updated appraisal may be subject to FAA review and concurrence. If no updated appraisal is required, the rental rate per square foot for the land removed or added to the Premises shall be the same as the applicable rental rate per square foot for the premises. Nothing in this Section 1.1(a) shall be construed to authorize a change in the uses or operations of the premises under Section 3 below.

1.2 As-Is. Promptly following completion of the Compliance Approval Process (as defined in Section 8 below), City shall deliver to Lessee, and Lessee shall accept, the Premises in its “as-is” condition (the date of such delivery, the “Delivery Date”); provided that if the condition of the Premises on the Delivery Date is not substantially the same as the condition that existed as of the Effective Date then Lessee shall have a right to terminate this Lease upon 15 days’ prior written notice to City. From the Effective Date until the Delivery Date, Lessee may enter and inspect the Premises for the purposes and pursuant to the terms set forth in Exhibit C (Right of Access).

Section 2. Term of Lease; Early Termination.

2.1 Term. The term (“Term”) of this Lease shall commence on the Effective Date and shall expire on the date that is fifty (50) years after the Effective Date, unless terminated earlier or extended under the provisions of this Lease; provided that until the occurrence of the Delivery Date, Lessee shall have no obligation to perform and no liability for any obligations under this Lease with respect to the possession, care, maintenance, securing or insuring of the Premises. All other provisions of this Lease shall remain applicable, including but not limited to payment of Rent after the Rent Commencement Date, and complying with its obligations in Exhibit C and under Section 8.

2.2 Early Termination by Lessee. Notwithstanding any other provision of this Lease, Lessee shall have the right to terminate this Lease, with or without cause, upon not less than one (1) year’s prior written notice to City, subject to Sections 4.1 and 21 below.

2.3 Early Termination by City. Notwithstanding any other provision of this Lease, City shall have the right to terminate this Lease if Lessee has not begun construction within three (3) years from the Effective Date.

Section 3. Use of the Premises.

3.1 Use of Premises. Subject to the requirements of this Lease and the approval by BOAC and, provided there is no objection from the FAA, the Premises shall be used by Lessee for the construction, operation, security, maintenance and management of improvements for open space and recreation and community and civic uses as permitted by the LAX Specific Plan (“Recreational Improvements”) on the Premises (collectively, the “Permitted Uses”); provided, however, that there shall be no construction, erection, addition to, or structural alteration of any building or structure, or change of use of building or land on the Premises prior to completion of Compliance Approval Processes. Except as specifically provided herein, the Premises and Recreational Improvements shall not be used for any purpose other than the Permitted Uses without the prior written consent of LAWA and all uses shall be in accordance with applicable statutes, ordinances, rules, codes, requirements, licenses, permits, approvals, regulations, or the like, of any governmental authority, whether federal, state, local or court (“Laws”). City understands and acknowledges Lessee will provide access to the Premises and Recreational Improvements to guests, invitees, community members and others in implementing the programs to be undertaken by Lessee and by Participants (as provided for by Section 27.3 of this Lease). Lessee shall have the right to establish rules and regulations relating to access to the Premises and the Recreational Improvements and for the programs to be established by Lessee and Participants, and such access shall include reasonable access for the community.

3.2 Operation Requirements. Lessee agrees to construct Recreational Improvements on the Premises (including grading) and to operate and maintain the Premises and Recreational Improvements during the Term according to the terms and conditions stated in this Lease and such additional operating terms and conditions which will be submitted to LAWA Chief Executive Officer (“Chief Executive Officer”) for approval before construction commences (“Operation Requirements”). Lessee shall use the Premises in strict compliance with said Operation Requirements, and all other provisions of this Lease. Any material changes in Operation

Requirements, shall be subject to Chief Executive Officer's prior review and written approval. Without limiting the foregoing, the Operation Requirements shall include the following:

- (a) The Premises shall not be operated on a 24-hour basis.
- (b) Lessee will provide adequate off-street parking for the Premises, and all operations on the Premises, per Los Angeles Municipal Code Section 12.21.A.4 (as may be amended).
- (c) The Premises will be fenced; and the Premises will be secured during all non-operational hours.
- (d) In addition to Lessee's organized programs, Lessee shall provide the community with access to the open space and recreational facilities.
- (e) The Premises and facilities will be maintained and kept in clean and good working order.

3.3 No Impact to Adjacent Facilities.

(a) Argo Facility. The Argo Facility is located within the Premises (subterranean except for access ports) pursuant to the LA SAN Lease. Lessee shall ensure that the design, construction and operation of the Recreational Improvements do not adversely impact the Argo Facility, including, without limitation, any structures, instruments, equipment, piping, or other appurtenances of the Argo Facility, and that access shall at all times be maintained to the Argo Facility, including the gates, parking areas and driveways, for LA SAN and its contractors. Access to maintenance hatches, valve boxes, monitoring locations and other access points to the underground infiltration facilities of the Argo Facility shall be provided through the Recreational Improvements as further specified in the construction plans for the Recreational Improvements. It is understood and acknowledged that the existing landscaping above the subterranean facilities on the Argo Facility west of Falmouth Avenue will need to be removed in connection with the construction of the Recreational Improvements to be located above the subterranean facilities and replacement landscaping in areas surrounding such Recreational Improvements will be provided. The landscaping and related irrigation system in the area surrounding the Argo Facility pump house building east of Falmouth Avenue and the landscaping and related irrigation system surrounding the Argo Facility clarifier/blower building and parking area west of Falmouth Avenue shall not be removed or modified in connection with the construction of the Recreational Improvements. Lessee shall coordinate with LA SAN in the construction of the Recreational Improvements and operation thereof so as to minimize any disruption in the operations of the Argo Facility.

- (b) Lessee shall maintain access to the Jet Pets facility location in Area 1.

3.4 Objectives. The Parties acknowledge that City's objective in entering into this Lease is the development of the Recreational Improvements and the continuous use of the Premises and Recreational Improvements (as permitted by the LAX Specific Plan and consistent with the LAX Northside Design Guidelines and all applicable requirements and mitigation measures BOAC adopted in connection with the LAX Northside EIR) by and for the benefit of the public,

without discrimination as to race, gender or religion or any other illegal discrimination. Accordingly, Lessee agrees and covenants that it will work to expeditiously construct the Recreational Improvements and, after the completion of the Recreational Improvements, it will operate the Premises and Recreational Improvements located thereon fully and continuously in light of these objectives except to the extent that Lessee is prevented from doing so due to Force Majeure, temporary interruption as necessary for maintenance and repair, temporary interruption as necessary to accommodate renovation, alteration or other improvement work required or permitted to be performed by Lessee under this Lease, temporary interruption as necessary to comply with the provisions of Section 3.3 of this Lease, or applicable Law. In the event of any dispute or controversy involving the implementation of the Lease, this Lease shall be construed with due regard to the aforementioned objectives.

Section 4. Surrender of Premises on Lease Termination.

4.1 Delivery of Premises. Upon the expiration of the Term or earlier termination of this Lease, Lessee shall quit and surrender the Premises to City with the Recreational Improvements constructed by Lessee on the Premises as permitted by this Lease in broom clean condition, and with the Premises and Recreational Improvements in good order and condition, ordinary wear and tear excepted, free and clear of all mortgages, security interests, liens, charges and encumbrances other than the liens of current taxes and assessments not in default, and such other title matters to which the Premises may be subject on the Effective Date or that were subsequently consented to by the Chief Executive Officer on behalf of City. On or before the expiration or termination of this Lease, Lessee shall, without expense to City, remove or cause to be removed from the Premises:

- (a) All debris and rubbish; and
- (b) Any items of furniture, equipment, fixtures, and other articles of personal property owned by Lessee (or a permitted sublessee, licensee or other occupant or user of the Premises as provided for by Section 27), in accordance with Section 12.6; and
- (c) At City's election, delivered by written notice to Lessee not less than three (3) years prior to the expiration or earlier termination of this Lease, some or all of the Recreational Improvements from the Premises (as specified in the written notice from City), provided that if Lessee terminates early pursuant to Section 2.2, then (i) City may provide such written notice within 90 days after receipt of Lessee's notice to exercise its early termination option, and (ii) in the event that Lessee has commenced but not completed any portion of the Recreational Improvements, then prior to the effective date of such early termination Lessee shall, at City's election (delivered within 90 days of receipt of Lessee's notice to exercise its early termination option), either complete such portion of the Recreational Improvements so that such Recreational Improvements are functional, or remove such portion that Lessee commenced but had not completed.

Lessee shall, at Lessee's sole expense, repair all damage that may occur to the Premises and Recreational Improvements caused by Lessee's removal of those items described in clause (b) of this Section 4.1 and shall restore the Premises and Recreational Improvements to their condition prior to such damage. If Lessee has not completed the foregoing obligations prior to the expiration

or termination of this Lease, Lessee shall be deemed a tenant at sufferance subject to the provisions of Section 4.2 below.

4.2 Holdover Tenancy. If Lessee remains in possession of all or any part of the Premises after the termination of this Lease (whether at the expiration of the Term or otherwise), with or without the express or implied consent of City, 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, the monthly Rent (as defined below) due hereunder shall be payable in the amount of one hundred fifty percent (150%) of the monthly Rent payable for the last month of the Term of this Lease, plus the actual amount of the other charges payable hereunder at the time specified in the Lease, and such month-to-month tenancy shall be subject to every other provision, covenant and agreement contained herein. Acceptance by City of Rent after such expiration or earlier termination shall not be deemed to create or evidence a renewal of this Lease. The foregoing provisions are cumulative of all other remedies available to City and do not affect the right of re-entry or any right of City hereunder or as otherwise provided by law, and in no way shall such provisions affect any right which City may otherwise have to recover damages from Lessee for loss or liability incurred by City resulting from such failure by Lessee to surrender the Premises. Lessee shall indemnify, defend and hold City harmless for all damages that City incurs as a result of Lessee's delay in vacating the Premises. Nothing contained herein shall be construed as consent by City to any holdover by Lessee, and City expressly reserves the right to require Lessee to surrender possession of the premises to City as provided in this Lease upon the expiration or other termination of this Lease.

Section 5. Payments to City.

5.1 Amount of Rent. As consideration for City granting the rights in this Lease, commencing on the Delivery Date or 6 months after the Effective Date ("Rent Commencement Date"), whichever is earlier, Lessee shall pay City during the Term hereof, an amount ("Rent") as described in Exhibit B, subject to the payment terms and as provided below, and subject to the adjustment of the Premises as provided for pursuant to Section 1.1(a).

5.2 Rental Adjustments. Rent shall be adjusted each year in accordance with the procedures provided hereinafter.

5.2.1. Annual Adjustments. Except when adjusted as provided in Section 5.2.2. (Periodic Adjustment to Fair Market Rent) below, the Rent for the Premises shall be subject to automatic, annual rental adjustments effective July 1 of each year beginning with July 1, 2024 (the "Annual Adjustment Date"). However, City may change the Annual Adjustment Date through a resolution adopted by the Board provided that there shall be no more than one annual adjustment pursuant to this Section 5.2.1 in any twelve-month period. The Rent shall be adjusted on the Annual Adjustment Date to be increased according to the percentage increases over the prior year, if any, in the Consumer Price Index, All Urban Consumers for the Los Angeles-Riverside-Orange County, California area, 1982-84=100 ("CPI-U"), as published by the U.S. Department of Labor, Bureau of Labor Statistics ("B.L.S."), or its successor (The "Annual CPI Adjustment"), as follows:

The Rent shall be multiplied by quotient of (x) the CPI-U for the month immediately preceding the Annual Adjustment Date (hereinafter referred to as the “Adjustment Index”), divided by (y) the said CPI-U as it stood for the same month of the prior year (hereinafter referred to as the “Base Index”) provided that the Annual CPI Adjustment shall not be less than two percent (2%) per year nor more than seven percent (7%) per year, in accordance with the calculation below (the “CPI Increase”). In the event that the Annual CPI Adjustment indicates a rate increase in excess of seven percent (7%), the Annual CPI Adjustment in excess of seven percent (7%) shall be carried over and implemented in the succeeding year, as necessary, provided that the CPI Increase for any year shall not exceed seven percent (7%) per year.

The formula for calculation of Rent commencing each July 1 during the term of this Lease beginning with July 1, 2024 shall be as follows:

$$\text{Adjusted Annual Rent} = \text{Annual Rent for the prior year} \times (1 + \text{CPI Increase})$$

If the B.L.S. should discontinue the preparation or publication of the CPI-U, and if no transposition table is available, then LAWA shall adopt a comparable publicly-available local consumer price index for adjusting and revising the Rent on July 1 annually.

5.2.2. Periodic Adjustment to Fair Market Rent. As of the fifteenth anniversary of the first Annual Adjustment Date and every ten (10) years thereafter throughout the Term (each such date, a “Periodic Adjustment Date”), the Rent for the Premises shall be adjusted to a fair market rental (“FMV Rent”) as hereinafter provided for unimproved open space.

5.2.2.1. Parties May Negotiate in Good Faith. At least one (1) year prior to each scheduled Periodic Adjustment Date and in accordance with Section 5.2.2 above, the Parties may (but are not required to), in good faith, negotiate the FMV Rent for the year following such Period Adjustment Date. Such good faith negotiations, initiated by either Party, may include the involvement of a third party reviewer to review and make nonbinding recommendations regarding each Party’s proposed FMV Rent, discussions regarding factors that may be unique to the land so that the reviewer(s) can take them into consideration when making the FMV Rent recommendations, in substantially the same manner as corroborated by the Parties and applicable to the Premises. The Parties shall have continuing opportunities to negotiate in good faith in an attempt to reach agreement on the FMV Rent notwithstanding each Party’s obligation to perform its duties as described under Section 5.2.2.2 below. If the Parties are able to reach an agreement on the FMV Rent, then said FMV Rent as agreed to by the Parties shall be presented as a recommendation to the Board. However, if the Parties are unable to reach final agreement on the FMV Rent during said negotiation period, the Parties may continue to negotiate in good faith to attempt to reach agreement on the FMV Rent until arbitration commences pursuant to Section 5.2.2.6 below.

5.2.2.2. Appraisal Process. If the Parties cannot reach agreement on the FMV Rent or the Board does not approve the agreed upon FMV Rent as described in Section 5.2.2.1 at least nine (9) months prior to the scheduled Periodic Adjustment Date, then the Parties shall determine FMV Rent by the procedures described in Sections 5.2.2.3 through 5.2.2.5 below.

5.2.2.3. Step 1: Independent Appraisals. City and Lessee shall each select an appraiser, who is a member of the Appraisal Institute or its successor organization and meets the Minimum Qualifications as defined in Section 5.2.3.1 below (a “Qualified Appraiser”). Either Lessee or City shall, when notified in writing by the other to do so, deliver to the other party the name and address of such appraiser (each, selected Qualified Appraiser, a “Main Appraiser”). The Chief Executive Officer shall fix the time and place for a conference between the two Parties and the Main Appraisers no later than fifteen (15) days from the date of the exchange of names and addresses of the Main Appraisers. At such meeting, both Lessee and City may have discussions with the Main Appraisers as to any factors that may affect the FMV Rent determinations. The appraisal instructions to be given to the Main Appraisers shall be consistent with the requirements of this Section 5.2.2. City and Lessee shall each pay the fees and expenses of their respective Main Appraisers. The appraisals must be completed according to the Uniform Standards of Professional Appraisal Practice (USPAP) for the year in which the appraisal is completed. No later than one hundred (100) calendar days after the date of the appraiser meeting, a copy of the completed, final USPAP-compliant appraisal report procured by each of City and Lessee will be made available for review by the other party on the same day. If either City or Lessee fails to deliver its appraisal report by the appraisal report delivery deadline, the late party will inform the other party in writing of the reason for the delay and the expected date on which appraisal reports will be exchanged. If either party’s appraisal report cannot be delivered within four (4) months of the appraiser meeting, the complying party shall have its appraisal report presented to the Board for approval. Upon exchange of the two appraisal reports, in the event that the determination of the FMV Rent in the two appraisal reports differs by fifteen percent (15%) or less, the FMV Rent that is the average of the determinations in the two appraisal reports shall be presented as a recommendation to the Board. If the rate determinations of FMV Rent in the two appraisal reports differ by more than fifteen percent (15%), the Parties shall proceed to Section 5.2.2.5 below.

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

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

5.2.2.6. Step 3: Appraiser Arbitration. City and Lessee shall each pay one-half of the fees and expenses of the Arbitration Appraiser. The Arbitration Appraiser selected by the two Main Appraisers, shall receive copies of both Lessee and City's final appraisal reports that were procured in Step 1. The Arbitration Appraiser shall be allowed three (3) weeks to review both appraisal reports. After review of the two appraisal reports, the Arbitration Appraiser will determine which of the FMV Rent determinations from the two appraisal reports is the most reasonable, considering comparable data selection, market information and applicable valuation methodology. The Arbitration Appraiser will communicate its decision in writing to both Lessee and City three (3) weeks after engagement. The Chief Executive Officer shall present the Arbitration Appraiser's determination of FMV Rent as a recommendation to the Board. City shall make every effort to present the FMV Rent for approval to the Board prior to the Periodic Adjustment Date.

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

5.2.3.1. Appraiser Minimum Qualifications. Each of the Main Appraisers and the Arbitration Appraiser (each, an "Appraiser" and, collectively, the "Appraisers") must possess, at a minimum, an MAI or SRPA designation and must be licensed in the State of California. Each of the Appraisers must have geographic market knowledge of the Los Angeles County area. Each Appraiser must have a minimum seven (7) years of experience of appraising property in Southern California. Each of the Appraisers must be in good standing with the California Bureau of Real Estate Appraisers (CBREA) or its successor organization and have no more than one complaint filed against him or her for any reason and no complaints that have resulted in any disciplinary actions. Each Appraiser must certify that such Appraiser has never received any disciplinary actions from the CBREA.

5.2.3.2. Each Main Appraiser must perform all of the calculations and technical portions of the appraisal report as well as derive the FMV Rent conclusions within the appraisal report. Each Main Appraiser must be able to provide documentation of the sources of comparable rental rate and sales data to the reasonable satisfaction of City and Lessee.

5.2.3.3. Each Main Appraiser shall consider the following in completing the appraisal report (the “Appraisal Instructions”):

5.2.3.3.1. The applicable planning and zoning requirements for open space that are in force upon Lessee within its Lease at the date of value.

5.2.3.3.2. FAA regulations that may affect value such as the Building Restriction Line, Object Free Area, Runway Protection Zone, building height limitations as related to the “Transitional Zone”, in each case to the extent applicable, and any other applicable regulations that may affect value.

5.2.3.3.3. Intentionally omitted.

5.2.3.3.4. Any public or private easements affecting the Premises, such as utilities or rights-of-way, including aviation rights.

5.2.3.3.5. The appraisal of land shall be determined as if vacant open space, taking into consideration the government imposed restrictions on the use of the Premises (both by law and restrictions as imposed under the Lease).

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

5.2.4. Intentionally omitted.

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

5.2.6. Subject to Section 5.2.7 below, if either Party alleges that the other Party has failed to comply with the procedure specified in Section 5.2.2.2 above, the Party alleging noncompliance must notify the other Party in writing within 30 days, describing such noncompliance in detail and providing the other Party a reasonable time for cure (in any case, not less than 10 days), otherwise such noncompliance shall be deemed waived;

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

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

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

5.3 Payment of Operating Expenses. In addition to Rent, as of the Delivery Date, Lessee shall pay all Operating Expenses (as defined herein) for the Premises. "Operating Expenses" means all expenses, costs, Utility Services (as defined herein), and all amounts of every kind incurred because of or in connection with the planning, design, construction and development, possession, operation, management, security, maintenance, repair, replacement, or restoration of the Premises, Recreational Improvements thereon, and equipment therefor. Lessee shall pay all charges for water, gas, power, communications, and any and all other utility services used by Lessee in connection with its occupancy of the Premises and Recreational Improvements, 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 Premises to such utility service facilities (collectively, "Utility Services"). Lessee shall pay all Operating Expenses directly to the respective suppliers, and shall reimburse City to the extent any such Operating Expenses are incurred by City, provided that nothing herein shall be construed to require City to advance such expenses on Lessee's behalf. For the avoidance of doubt, the Rent shall be absolutely net to City, and Lessee shall have sole responsibility for (i) operating and maintaining the Premises and Recreational Improvements in accordance with the terms of this Lease, including Section 12.7; and (ii) paying for Operating Expenses. City shall have no obligation to advance any of the Operating Expenses on Lessee's behalf but may do so in City's sole discretion.

Section 6. Recreational Improvements; Improvements and Alterations.

6.1 Minimum Capital Investment. For and in consideration of the execution of this Lease by City, and subject to this Lease, Lessee, at its sole cost and expense, and at no cost to City, undertakes and agrees to construct at the Premises the Recreational Improvements. The Recreational Improvements shall be completed consistent with Section 6.2 below. The Recreational Improvements shall be completed at a cost (including both hard and soft costs) of not less than \$65 million (the “Minimum Capital Investment”) in accordance with the Chief Executive Officer’s prior written approval for the Recreational Improvements. For the purposes of this provision Minimum Capital Investment shall include any and all funds, services, material, labor or equipment contributed to Lessee for the design and construction of the Recreational Improvements. The Minimum Capital Investment shall not include the costs of maintenance, operation, management, security personnel, or repair of the Recreational Improvements, nor shall Minimum Capital Investment include Lessee’s costs with respect to the Compliance Approval Process pursuant to Section 8 below. If the cost to complete the Recreational Improvements in accordance with working drawings and specifications approved by the Chief Executive Office pursuant to Section 6.3 is greater than the Minimum Capital Investment, Lessee shall remain responsible for the costs of the Recreational Improvements at no expense to City. Notwithstanding anything to the contrary contained in this Lease, if Lessee constructs the Recreational Improvements substantially in accordance with working drawings and specifications approved by the Chief Executive Officer pursuant to Section 6.3 and the cost of the Recreational Improvements (including any contributed costs) is less than the Minimum Capital Investment, Lessee shall be deemed to have complied with the requirements of this section, provided that Lessee shall reserve any difference between the Minimum Capital Investment and actual cost of the Recreational Improvements to fund the Capital Improvement Reserve Fund (defined in Section 10.1 below) or for implementation of the Programs.

6.2 Construction Completion. Subject to compliance with Section 6.3 and Section 8 and following receipt of all required approvals and permits for the construction of the Recreational Improvements, Lessee shall substantially complete construction of the Recreational Improvements within thirty-six (36) months following issuance of applicable building permits (subject to extension for delays resulting from Force Majeure as defined in Section 41.13 or as otherwise provided for in this Section 6.2), or unless otherwise extended by the Chief Executive Officer at his or her sole discretion in writing. For purpose of this Section 6.2, “substantially complete” means that 90% of the Recreational Improvements (measured as a percentage of the Minimum Capital Investment excluding construction holdbacks) are usable and open to the public. Failure to comply with the Operation Requirements and/or the time requirements under this Section 6.2 shall constitute a material breach of this Lease and grounds for termination of this Lease by the City under Section 28.2.1 of this Lease. The foregoing notwithstanding, Lessee shall use commercially reasonable efforts to commence construction of the Recreational Improvements within one hundred and eighty (180) days following the Delivery Date subject to reasonable extensions for (i) compliance with Section 6.3 and Section 8, (ii) receipt of all required approvals and permits for the construction of the Recreational Improvements and (iii) delays caused by Force Majeure as defined in Section 41.13. If Lessee has not commenced construction of the Recreational Improvements within such one hundred and eighty (180) day period (as it may be extended as provided above), then Lessee shall provide the Chief Executive Officer with a detailed revised written schedule for commencement of construction within thirty (30) days following end

of the one hundred and eighty (180) day period (as it may be extended). Such schedule shall demonstrate that Lessee will commence construction of the Recreational Improvements no later than two (2) years following the Delivery Date. In the event that Lessee has not commenced construction within two (2) years following the Delivery Date (subject to reasonable extensions for (i) receipt of all required approvals and permits for the construction of the Recreational Improvements and (ii) delays caused by Force Majeure as defined in Section 41.13), the Chief Executive Officer may terminate this Lease in his or her sole discretion within thirty (30) days following the expiration of the two (2) year period (as it may be extended as provided above). For the avoidance of doubt, commencement of construction shall include site grading of the Premises.

6.3 Construction Approvals.

(a) Lessee shall construct the Recreational Improvements or any material alterations or additions on the Premises in a manner consistent with the approved plans with prior written approval from the Chief Executive Officer or his or her designee (“LAWA Designee”). All Recreational Improvements shall be constructed in accordance with all generally applicable LAWA construction policies and applicable regulations of the Los Angeles City Building and Safety and Fire Departments and other agencies with jurisdiction over the Premises, in each case as in effect as of the date on which such construction is to commence. To the extent construction permits are required under applicable laws and ordinances, Lessee shall process such permits through the City, and such permits shall be subject to City’s approval. Any Recreational Improvements constructed in breach of this Lease, including this section, shall be subject to removal at Lessee’s sole expense.

(b) Prior to the construction of any material Recreational Improvement on the Premises, Lessee shall submit to the LAWA Designee an electronic set of preliminary plans for confirmation of compliance with the applicable LAX Northside Design Guidelines. The LAWA Designee shall use commercially reasonable efforts to provide its comments to the preliminary plans within 45 days of receipt of the same or to confirm that the preliminary plans comply with the applicable LAX Northside Design Guidelines, which confirmation shall not be unreasonably withheld or conditioned. Upon LAWA Designee’s confirmation that Lessee’s preliminary plans comply with the applicable LAX Northside Design Guidelines, Lessee shall prepare working drawings and specifications which shall be true and correct developments of the preliminary plans so confirmed. LAWA Designee shall also review the preliminary plans with LA SAN to confirm that the preliminary plans are consistent with LA SAN requirements for construction within the Argo Facility.

(c) No substantial changes, additions, or alterations shall be made in said working drawings or specifications without first obtaining the LAWA Designee’s confirmation that the revised working drawings or specifications comply with the applicable LAX Northside Design Guidelines (which confirmation shall not be unreasonably withheld, delayed or conditioned).

(d) Upon completion of the Recreational Improvement(s), Lessee shall furnish to City, at no charge, five 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 shall include any applicable permit numbers and the Recreational Improvements

constructed by Lessee. 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 Recreational Improvements.

6.4 Hold Harmless. Any Recreational Improvements made to the Premises and all planning, design, refurbishment and construction work done, equipment supplied and installed and interior design and decor furnished by Lessee shall be at its sole cost and expense, free and clear of liens for labor, material, equipment and supplies, and Lessee shall hold City harmless from any liability with respect to such liens or the cost of such Recreational Improvements.

6.5 Construction Report. For each and every Recreational Improvement (and material alteration or addition thereto) undertaken by Lessee on the Premises, Lessee shall prepare and deliver a construction report. This report shall contain the following elements: (1) type of Recreational Improvement constructed or altered; (2) floor area or capacity of Recreational Improvement constructed or altered; (3) total cost of construction or alteration; (4) completion date for construction or alteration; and (5) a copy of the certificate of occupancy (as applicable). The construction report shall be delivered to the LAWA Designee at the address provided in Section 15.1 of this Lease not later than sixty (60) days following completion of the Recreational Improvement.

6.6 Height Restrictions. Lessee agrees that it shall not erect nor permit the erection of any structure or object nor permit the growth of any tree on the Premises above the FAA height restrictions applicable to the Premises. In the event the aforesaid covenants are breached, City reserves the right to enter upon the Premises and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of Lessee.

6.7 Final Completion Report. Upon completion of all Recreational Improvements required under Section 6.1, Lessee shall, within a reasonable time thereafter, furnish City, at no charge, a certificate certifying that the Recreational Improvements have been constructed in accordance with the approved plans and specifications and in compliance with all applicable laws, and that all costs and expenses for the Recreational Improvements on the Premises have been paid or provision has been made for payment (or otherwise subject to dispute resolution process regarding such payment).

6.8 Contractors & Professionals.

(a) Lessee shall construct, perform, complete and maintain all construction and installations on the Premises in a good and workmanlike manner and with quality materials, and shall furnish all tools, equipment, labor and material necessary to perform and complete the same. Upon termination of this Lease, whether by expiration of the Term or early termination, to the extent of the Recreational Improvements that will remain on the Premises following termination of this Lease pursuant to Section 4.1, Lessee shall assign to City all valid express warranties furnished by other persons in connection with the provision of labor or material to the works of improvement covered by this Lease.

(b) In any agreement that Lessee awards in connection with the Recreational Improvements, Lessee shall require that the contractor doing, performing or furnishing the same

shall comply with all applicable Laws and submit to City evidence of required insurance coverage acceptable to LAWA and comparable to similar projects.

(c) All contractors, and architects, landscape architects, and other design professionals involved in the design of the Recreational Improvements shall have experience in their respective field or craft on similar improvements for similar improvements.

(d) It is the intent of the Lessee to provide local, disadvantaged and small businesses (“SBEs”) an equal opportunity to participate in this project. The Lessee should provide inclusive opportunities to SBEs on the contracts it awards. Whether those are partnership opportunities for Small Business, Local Business, Local Small Business and/or Disabled Veteran Business Enterprises, or other assistance programs for businesses and/or disadvantaged local personnel, Lessee will incorporate these goals and objectives into the various phases of its project. Lessee shall provide LAWA with a subcontracting plan that identifies Lessee’s commitments and approach to SBE participation.

Section 7. Compliance with Applicable Laws and Standards.

7.1 Laws. All operations and business conducted by Lessee on the Premises, all Recreational Improvements, and all equipment used by Lessee on or about the Premises, shall in all material respects conform to and comply with all applicable Laws, including but not limited to the Americans with Disabilities Act, applicable ordinances, building codes, environmental requirements, directives, conditions, rules, orders, resolutions, restrictions and regulations of the City, the Board of Airport Commissioners (“Board”), the Chief Executive Officer, FAA, and such other authorities as may have jurisdiction over the Airport, the Premises, or Lessee’s operations. Lessee shall be solely responsible for any and all penalties assessed as a result of its failure to comply with any of these rules, regulations, restrictions, ordinances, codes, requirements, statutes, laws, orders, directives and or conditions. Lessee, at its sole cost and expense, shall also procure all building, fire, safety and other permits necessary for the construction and completion of Recreational Improvements at the Premises. Lessee shall be fully responsible for all expenses incurred in complying with any and all applicable laws and requirements. Lessee is required to maintain all portions of the Premises, including all structures thereon, in compliance with all laws regardless of whether they are Recreational Improvements. For example, Lessee is required to apply all FAA mandated regulations regarding the height and size of trees, structures and fences on the Premises. The approval by Chief Executive Officer shall not constitute a representation or warranty as to such conformity or compliance with all laws.

7.2 Licenses. Lessee shall obtain and maintain all licenses and certificates required by any federal, state or local agency (including but not limited to City) for the operation of the Premises and Lessee’s performance of its obligations hereunder.

7.3 Part 77. Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Administration Regulations, to the extent applicable, and as may be amended from time to time. Lessee shall comply with building restriction lines on the airport layout plan pursuant to Part 77, to the extent applicable.

7.4 Zoning/Conditional Use Permits. Lessee shall identify and comply with any and all zoning requirements necessary for performance of its obligations under this Lease, including obtaining a conditional use permit for the sale of alcoholic beverages at any facility on the Premises prior to any such sale. If and when obtained, Lessee may utilize City's environmental approvals, if any, provided that City makes no representation or warranty as to the existence, adequacy or sufficiency thereof.

7.5 Noise Abatement and Environmental Issues. Lessee shall comply with any noise abatement and mitigation programs applicable to the Premises.

7.6 Storm Water Pollution Prevention Program ("SWPPP"). Lessee shall comply with the requirements for permittees under the industrial National Pollutant Discharge Elimination System ("NPDES") program to the extent applicable.

7.7 LAX Specific Plan. Lessee shall comply with the LAX Specific Plan, including substantial conformance with the LAX Northside Design Guidelines.

7.8 Wildlife Mitigation Program. Lessee shall adhere to directives from LAWA staff and its consultants (such as the United States Department of Agriculture – Wildlife Services) that emphasize eliminating conditions conducive to the habitation of wildlife populations on the Airport property. Lessee shall grant reasonable access to the Premises by LAWA staff and/or its representatives to conduct wildlife mitigation efforts and inspections. All costs incurred for wildlife mitigation measures on the Premises are the responsibility of Lessee.

7.9 No Airport Parking. Lessee shall not allow or suffer the Premises, the Recreational Improvements, or any part of either to be used for parking for the Airport.

Section 8. Compliance Approval Process

8.1 Compliance Period. BOAC previously certified the LAX Northside EIR, which evaluated recreation, open space and community uses on the Premises. Within one (1) year of the Effective Date, Lessee shall complete under LAWA's direction the LAX Specific Plan Compliance determination pursuant to Section 7 of the LAX Specific Plan for the construction and operation of the Recreational Improvements and any related environmental review that may be required for compliance with the California Environmental Quality Act ("CEQA") and the National Environmental Policy Act ("NEPA") (collectively, "Environmental Documents"), and shall obtain any other necessary approvals from BOAC and FAA to develop the Premises (collectively, the "Compliance Approval Process"). LAWA shall direct and coordinate such Compliance Approval Process and Lessee shall cooperate with LAWA in the preparation of any required Environmental Documents. Any final Environmental Documents shall be subject to LAWA's review, revision (if any), and approval. Lessee shall be solely responsible for all costs associated with the Compliance Approval Process, including but not limited to any litigation costs. Lessee shall comply with and implement, at Lessee's sole cost, applicable environmental mitigation measures. Any development of the Premises is contingent on compliance with all applicable FAA requirements.

8.2 CEQA/NEPA Indemnity. Lessee shall defend, indemnify and hold harmless the City, its agents, officers, and employees from any claim, action, or proceeding against the City or

its agents, officers, or employees to attack, set aside, void or annul any permit approval for the development on the Premises, including but not limited to, actions brought pursuant to CEQA or NEPA. In the event that any claim, action, or proceeding as described above is filed against the City, Lessee shall within ten (10) days of the filing pay the City an initial deposit of \$50,000, from which actual costs shall be billed and deducted for the purpose of defraying the expenses involved in the City's cooperation in the defense. Lessee shall also pay the following supplemental deposits, from which actual costs shall be billed and deducted:

(a) If during the litigation process, actual costs incurred reach 80% of the amount on deposit, Lessee shall deposit additional funds sufficient to bring the balance up to the amount of the initial deposit. There is no limit to the number of supplemental deposits that may be required prior to completion of the litigation.

(b) At the sole discretion of Lessee, the amount of an initial or supplemental deposit may exceed the minimum amounts defined herein. Lessee will pay the costs of collection and duplication of records and other related documents.

8.3 Street Vacation. Lessee and City agree to reasonably cooperate in the vacation of Cum Laude and 92nd Street, provided that all costs thereof shall be borne by Lessee.

Section 9. Noise.

9.1 Noise Monitoring System and Navigation Aides. Lessee agrees to allow LAWA to enter the Premises on reasonable advance notice to install and maintain LAWA's aircraft noise monitoring system(s) on the Premises. LAWA shall, to the extent reasonably feasible, provide Lessee with proposed plans for such aircraft noise monitoring system equipment. Lessee acknowledges that numerous navigation aids, such as radar, radio, and related electronic devices, are now and shall be in the future operated near the Premises to facilitate the safe and efficient operation of aircraft at the Airport. The installation of such equipment shall be completed with the minimal impact on the use of the Premises, the Recreational Improvements thereon and the programs being implemented by Lessee. LAWA agrees to accept sole responsibility to operate and maintain the aircraft noise monitoring system(s) existing as of the time this Lease is entered into or hereafter installed. Lessee agrees that Recreational Improvements shall be designed and installed and constructed so as to not destroy, diminish, distort or adversely affect existing navigation aids and noise monitoring equipment.

9.2 No City Liability. Lessee specifically agrees that City 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 existing noise abatement requirements or any future aircraft access, aircraft phase-out, noise abatement or noise curfew ordinances adopted by City at Airport. Lessee agrees not to institute any legal action or make any claims with regard to any such City noise reduction or abatement ordinances when they are related to airport operations.

Section 10. Annual Replacement Reserve.

10.1 Capital Improvement Reserve Fund. Commencing one hundred and eighty (180) days after Lessee receives the final certificate of occupancy for substantially all of the Recreational Improvements as determined by the Chief Executive Officer (the "Fund Date"), Lessee shall

establish and maintain a reasonable capital improvement reserve fund (the “Capital Improvement Reserve Fund”) for the cost of capital expenditures for the Premises and Recreational Improvements. Commencing on the first January 1 following the Fund Date, and continuing during the remaining Term, Lessee shall make quarterly contributions to the Capital Improvement Reserve Fund. The quarterly contributions to the Capital Improvement Reserve Fund shall be in the amounts as established by Lessee based on an itemized budget prepared by Lessee and provided to the Chief Executive Officer, and subject to the approval of the Chief Executive Officer (which approval shall not be unreasonably withheld, delayed or conditioned). Every five years after the Fund Date, the amount of the Capital Improvement Reserve Fund and the quarterly contributions thereto shall be re-determined by Lessee based on an itemized budget that includes a reasonable projection of cost increases over the five year period, and shall be approved by the Chief Executive Officer, which approval shall not be unreasonably withheld, delayed or conditioned. Lessee shall keep the Capital Improvement Reserve Fund fully funded at all times, subject to use of the funds therein in accordance with this Section 10. All interest and earnings on the funds in the Capital Improvement Reserve Fund shall be maintained in the Capital Improvement Reserve Fund and shall be treated as a credit against the Capital Improvement Reserve Fund contribution otherwise required to be made by Lessee pursuant to this Section 10. Lessee may commence spending funds in the Capital Improvement Reserve Fund immediately after the initial funding date, subject to the terms and conditions set forth in this Section 10.

10.2 Use of Capital Improvement Reserve Fund. Lessee and City agree and acknowledge that the purpose of the Capital Improvements Reserve Fund shall be to provide funds for the costs of replacements, renovations, repairs or upgrades of or to the Recreational Improvements, including without limitation building exteriors and major building systems (such as HVAC, mechanical, electrical, plumbing, vertical transportation, structural or roof) that protect the useful life of the Recreational Improvements or their major systems, after the completion of the Recreational Improvements. The Capital Improvement Fund shall not be used to fund any of the following, all of which shall be separately funded by Lessee: (a) the cost of periodic, recurring or ordinary non-capital expenditures, repairs or replacements that keep the Recreational Improvements or their major systems in a good, operating condition but do not constitute capital expenditures under generally accepted accounting principles consistently applied; (b) the costs for any necessary repairs to remedy any broken or damaged Recreational Improvements; (c) the cost of any repair or replacement of an individual or a selected group of individual items, or fixtures, furniture or appliances, or (d) the costs of operating expenses including but not limited to security, utilities, insurance and taxes. The Capital Improvement Reserve Fund may be used for capital repairs, replacements or upgrades to Recreational Improvements, equipment or systems, or other capital upgrades that: (i) constitute capital expenditures under generally accepted accounting principles consistently applied; and (ii) enhance the quality of the Recreational Improvements.

10.3 Release of Capital Improvement Reserve Fund. As long as Lessee complies with its obligations under this Lease with regard to the maintenance, repair and replacement of the Recreational Improvements during the Term, as determined by the Chief Executive Officer, any surplus funds in the Reserve Fund at the end of the Term shall first be applied to any amount due from Lessee to the City, and then the remaining funds, if any, shall be released to Lessee. If the Lease is terminated by City for cause, or by Lessee without cause, prior to the end of the Term, then, to the extent that City does not elect to have Lessee remove the Recreational Improvements, City will have the right to use the Reserve Funds to pay for the costs of replacements, renovations,

repairs or upgrades of or to the Recreational Improvements as provided for in Section 10.2 until such time as the City enters into a new lease with another tenant.

10.4 Separate Account. The Capital Improvements Reserve Fund shall be held in a separate account established with an institutional lender. City shall be provided with a quarterly statement of the amounts deposited into the Capital Improvements Reserve Fund, interest earned thereon, and withdrawals from the Capital Improvements Reserve Fund. Lessee shall make deposits into the Capital Improvement Reserve Fund as required hereunder and make disbursements from the Capital Improvement Reserve Fund account as required or permitted hereunder, but only for the permitted purposes and amounts set forth herein (with such adjustments as may be approved by Chief Executive Officer, which approval shall not be unreasonably withheld, delayed or conditioned). Lessee shall have the right to maintain the Capital Improvement Reserve Fund with an institutional lender that is an encumbrance holder with respect to the Premises and to grant such lender a security interest in Lessee's interest in the Capital Improvement Reserve Fund account, provided that such lender acknowledges and agrees in writing with City that such amounts are subject to, and to be administered in accordance with, the requirements of this Section 10. Subject to the foregoing, the Capital Improvement Reserve Fund account may concurrently satisfy a separate reserve fund requirement of Lessee's lender. Lessee's maintenance and repair obligations under this Lease are not limited by the Capital Improvement Reserve Fund.

Section 11. Mortgages, Financing, and Other Encumbrances on Leasehold Estate.

11.1 Right to Mortgage. Notwithstanding the restrictions in Section 27, during the Term, Lessee shall have the right to assign Lessee's interest in this Lease (including the Recreational Improvements) for security and/or encumber Lessee's interest in the leasehold estate hereby created by mortgage, pledge, deed of trust or other instrument (a "Leasehold Financing"), with the prior written consent of the Chief Executive Officer approved as to form by the City Attorney, to a lender or lending institution reasonably acceptable to the Chief Executive Officer for the purpose of financing or refinancing the construction of the Recreational Improvements authorized herein to be constructed on the Premises, including any betterments or additions thereto.

11.2 Chief Executive Officer Consent. Any assignment for security or encumbrance of Lessee's interest in the leasehold estate for any other purpose, including for any other financing or refinancing, in addition to those described in Sections 11.1 above shall be subject to the prior written consent of the Chief Executive Officer and approved as to form by the City Attorney. If Lessee desires the Chief Executive Officer's consent under this Section 11.2, then Lessee shall give at least 10 business days' prior written notice to the Chief Executive Officer in writing, with a copy to the City Attorney.

11.3 Leasehold Financing Requirements. Lessee may execute any and all instruments in connection therewith necessary and proper to complete such loan and perfect the security thereof provided Lessee has submitted for review and approval all such instruments and financial documents ("Leasehold Financing Documents") to the Board or Chief Executive Officer, as applicable, and Lessee has obtained the written approval of the Board or Chief Executive Officer, as applicable. In the event this Lease is so assigned, the leasehold estate hereby created is so encumbered, or title to the new improvements is transferred, City shall not be bound, nor shall the

terms, conditions, and covenants of this Lease nor the rights and remedies of City hereunder be in any manner limited, restricted, modified, or affected by reason of the terms or provisions of the instruments or notes in connection therewith.

The only rights of the lender and Lessee in connection with any such encumbrances shall be as follows:

(a) The lender shall not be entitled to any notice required to be given by City to Lessee under the provisions hereof unless Lessee designates by written notice to City that notices of defaults or notices to cure defaults are to be sent to such lender's address, as well as to Lessee.

(b) Upon the giving of any notice of default or notice to cure default to either Lessee or its lender, such lender may do and perform all things necessary or required to cure such default and maintain this Lease in good standing including the right, if so provided by the instruments or notes by which this Lease is assigned, or the leasehold estate herein created is pledged or hypothecated or title to the improvements is transferred, to succeed to and take over possession of the leasehold estate; provided, however, that upon such succession to or taking over of the leasehold estate, such lender shall be bound by all of the terms, covenants, and conditions of this Lease and may continue operations on the Premises and maintain the improvements thereon, directly or through a sublease approved in writing by Chief Executive Officer, only for the purposes provided in this Lease or for such purpose as Chief Executive Officer may, at that time, authorize in writing.

(c) So long as any monetary defaults under this Lease have been cured by the lender on behalf of Lessee, the lender shall have the right to succeed to Lessee's interest in the leasehold estate herein created under the exercise of the power of foreclosure as provided by law or as may be done by voluntary act on the part of Lessee in lieu of sale on foreclosure and the lender may assign said leasehold estate to a third party acceptable to the Board; provided, however, that said lender shall be bound by all of the terms, conditions, and covenants of this Lease and shall continue the operation on the Premises for the purposes herein authorized, or for such other purpose as Chief Executive Officer may approve in writing; and provided further that if the successor to the leasehold estate is someone other than the lender, then such successor will likewise be so bound. In no event shall any transfer or assignment fee be due hereunder in connection with such any Foreclosure Transfer.

(d) Once an assignment or encumbrance is approved by the Chief Executive Officer, two (2) copies of any and all executed security devices or instruments shall be filed with City at least two (2) weeks prior to the effective date thereof, and Lessee shall obtain Chief Executive Officer's prior written consent of any changes or amendments thereto. Upon and immediately after the recording of any 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 and of any notice of sale, as provided in Section 2924b of the Civil Code of the State of California, duly executed and acknowledged by City and specifying that said notice be mailed to City at the address set forth in Section 10 of the Lease.

(e) Any Leasehold Financing shall be specifically subject and subordinate to the City's rights under the Lease. Despite any provision which is or may appear to be contrary in

the Lease, under no circumstances whatsoever shall the fee simple title interest of the City in the Premises be subordinated.

(f) Any Leasehold Financing Documents shall include the following provisions, mutatis mutandis:

(1) No provision of this [assignment] shall be construed to provide [assignee] any lien or security interest on any monies that are payable by [Lessee as assignor] to [City as ground lessor] including, without limitation, ground rent payments, [City as ground lessor]'s portion of any condemnation award, the proceeds of any casualty insurance payable to the [City as ground lessor] pursuant to [the ground lease, i.e., this Lease], and all other monies that may be payable to [City as ground lessor] pursuant to [the ground lease, i.e., this Lease] (collectively, the "Lessor's Amounts"). The Lessor's Amounts shall be paid directly to [City as ground lessor] as and when payable and such monies shall never be paid by [Lessee as assignor] to the [assignee], or to any other party, except [City as ground lessor].

(2) Nothing herein shall under any circumstances be construed to imply that [City as ground lessor] has subordinated its fee simple title interest in the real property described in [the ground lease, i.e., this Lease] or its ownership interest in any improvements located on the real property as described in [the ground lease, i.e., this Lease]. Notwithstanding anything to the contrary herein, the [assignee] is not the holder of any lien on (i) the fee simple title interest of [City as ground lessor] in the real property described in [the ground lease, i.e., this Lease]; (ii) the ownership interest of [City as ground lessor] in any improvements located on the real property as described in [the ground lease, i.e., this Lease]; or (iii) [City as ground lessor]'s interest as lessor under [the ground lease, i.e., this Lease].

Section 12. Operating Responsibilities.

12.1 Fees. Prior to the commencement of delivery of community recreational programs by Lessee, Lessee shall provide to the Chief Executive Officer proposed schedule of fees for community recreational programs. Fees for community recreational programs implemented by Lessee shall be reasonable and reflect recovery of costs related to such programs. The schedule of community program fees is subject to the prior written approval of the LAWA Designee, not to be unreasonably withheld, delayed or conditioned. Annually no later than September 1 of each year, or such other annual date as mutually agreed upon by the Parties, Lessee shall provide the Chief Executive Officer with any proposed changes to the schedule of community program fees. The LAWA Designee shall use good faith efforts to respond to the request for approval within 30 days.

12.2 Cleanliness. From and after the Delivery Date, Lessee shall keep the Premises clean, uncluttered, and sanitary at all times. Lessee, at its own cost, shall provide all necessary janitorial services to maintain the Premises, restrooms on Premises, and public areas at levels consistent with well-maintained recreational facilities in the City of Los Angeles. Lessee shall prevent any refuse, or any substance constituting a fire hazard, or material detrimental to the public health, from remaining or accumulating on the Premises (other than in appropriate trash receptacles). Lessee shall furnish all equipment and materials necessary therefore, including trash

receptacles for use by the public. Lessee shall empty trash receptacles into the trash storage area as often as necessary. Lessee shall pay for trash collection from storage areas.

12.3 Conduct. Lessee and its representatives, agents, and employees shall at all times conduct its business in a professional and orderly manner.

12.4 Management. Prior to the commencement of delivery community recreational programs by Lessee, Lessee shall select and appoint an executive (the "Lessee Executive") with whom the Chief Executive Officer may communicate regarding the operation of the Premises. The Lessee Executive shall devote, as necessary to fully comply with the terms and conditions of this Lease, his or her time and attention to the operation of the business on the Premises and shall promote, increase and develop the business and render every possible service and convenience to the public. The Lessee Executive shall be fully acquainted with Lessee's operations and Lease obligations and authorized by Lessee to act in its behalf and fulfill its obligations in the day-to-day operation of the Premises.

12.5 Hours and Days of Operation. The hours and days of operation of the Premises shall be consistent with Operation Requirements.

12.6 Equipment and Furnishings. All equipment and furnishings required for the Recreational Improvements or Premises shall be purchased, installed and maintained and all expendables shall be purchased by Lessee at its expense and shall remain its personal property. Lessee shall have ninety (90) days from expiration or earlier termination of the Lease to remove its equipment and furnishings (excluding fixtures and Recreational Improvements) from the Premises; and if not removed within that period, equipment, furnishings and expendables shall become the property of LAWA except to the extent they constitute Hazardous Substances.

12.7 Maintenance of Improvements and Premises. From and after the Delivery Date:

(a) Lessee is responsible for all maintenance and repair of the Recreational Improvements and Premises, both interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen. Lessee shall, at its sole cost and expense, keep and maintain the Recreational Improvements and Premises in good repair and working order, reasonable wear and tear excepted, at levels consistent with well-maintained recreational facilities in the City of Los Angeles and in compliance with the Operation Requirements. Lessee shall provide all maintenance, repair, replacement, and service required on all equipment and furnishings used by Lessee on the Premises and keep such equipment in good repair and in a clean and orderly condition and appearance.

(b) Lessee shall remove all graffiti, repair all damage to the Recreational Improvements, and perform all maintenance associated with all Lessee's activities and events that take place on the Premises.

(c) Lessee is responsible for maintenance of the Premises in the manner prescribed in the Operation Requirements.

(d) If Lessee fails to so maintain or repair the Premises as provided in this Lease, City may deliver a "Notice to Cure" to Lessee. In addition, a copy of the "Notice to Cure"

may be posted on the Premises in a conspicuous place. Said Notice to Cure shall prescribe the work to be accomplished by Lessee in order to correct the maintenance deficiencies.

(1) If the deficiency relates to health, safety or Hazardous Substances, then Lessee must commence and complete the work within the time specified in the Notice to Cure, unless the work physically cannot be completed within such time period, in which case Lessee shall diligently pursue the work until completion and in any event shall complete within 180 days of receipt of the Notice to Cure, unless a longer time period is agreed to by the Chief Executive Officer.

(2) If the deficiency does not relate to health, safety or Hazardous Substances, then Lessee shall have thirty (30) days to complete the work as prescribed in the Notice to Cure. The cure work shall commence within ten (10) days following Lessee's receipt of said Notice to Cure. If any default is of such nature that it physically cannot be corrected within such thirty (30)-day period, and if Lessee has responded with a course of action and has commenced to remedy such default promptly after the receipt of such Notice to Cure, and shall continuously and diligently proceed in good faith to eliminate such default, then the period for correction shall be extended for such length of time as is reasonably necessary to complete the same not to exceed 180 days, unless a longer time period is agreed to by the Chief Executive Officer.

(3) If the work prescribed in the Notice to Cure is not completed by Lessee, and Lessee fails to correct such deficiency, within the time specified (or within the time reasonably necessary to complete same as set forth above), City may, in addition to all other remedies, at City's sole option, and at Lessee's sole cost and expense, enter upon the Premises and perform whatever work is required to correct the maintenance deficiencies. If City exercises this option, Lessee shall pay to City a sum equal to the direct cost of labor and materials expended for said work, plus an administrative overhead surcharge equal to ten percent (10%) of said direct cost (the "Reimbursement Amount"). Payment shall be made within thirty (30) days of delivery of the invoice. City's failure to deliver a Notice to Cure to Lessee shall not be construed as a waiver of Lessee's obligations under this Lease, including but not limited to Sections 7.1 (compliance with laws) and 31 (hazardous substance laws).

12.8 Signs. Any and all exterior identifications, monuments, signs and permanent banners (other than wayfinding, regulatory and informational signage) shall be submitted to and approved by the Chief Executive Officer, in writing, prior to the erection or installation of said identification, monument, sign or permanent banner. Such submission may be an overall signage program for the Premises or individual signs. The Chief Executive Officer shall not unreasonably withhold, condition or delay its approval of the matters described in this Section 12.8. All signs on the Premises shall be of high quality, and shall be made and installed professionally and safely. Lessee shall not use the LAWA name, LAWA logos, or LAWA's intellectual property without the Board's express written permission. Lessee shall not use offensive language or symbols in any sign. Lessee shall remove or refurbish any sign that has been damaged or substantially worn. Lessee shall not install billboards or any sign advertising any product outside of any building.

12.9 Naming Rights. City hereby grants to Lessee the right to name certain portions of the Premises and Recreational Improvements for major donors to Lessee, subject to the reasonable approval of the Chief Executive Officer in each instance. If disapproved, the Chief Executive Officer shall disclose in writing to Lessee the grounds for the Chief Executive Officer's objections to the proposed naming right. City shall use good faith efforts to respond to a request for approval of naming rights within thirty (30) days of request. Lessee acknowledges and agrees that no part of the Recreational Improvements or Premises shall be named for, and the Chief Executive Officer shall not approve the naming of any part of the Premises or Recreational Improvements for a company, corporation, or organization that conducts or has business or operational activities substantially derived from or involved with the sale, production, or distribution of alcohol, tobacco, firearms, pornography, or any other business or activities customarily regarded as "adult-oriented". All revenue generated by Lessee in connection with naming rights relating to Premises or Recreational Improvements shall be applied to: (i) construction and operations of the Premises or Recreational Improvements, (ii) pay indebtedness of the Premises or Recreational Improvements, (iii) maintenance of, repairs to and other operating costs of the Premises and Recreational Improvements, (iv) capital improvements to the Premises and Recreational Improvements, and/or (v) offsite improvements and/or mitigations required for the Premises or Recreational Improvements. All naming rights granted hereunder are temporary in nature and shall not survive the Lease. Lessee shall cause all contracts with Lessee's donors to include an express acknowledgement by the donor that any portion of the Premises or Recreational Improvements named for a donor will not survive the expiration or earlier termination of the Lease.

12.10 Safety. From and after the Delivery Date, Lessee shall maintain and operate the Premises in a safe condition, consistent with the health and safety standards of similar recreational facilities. Lessee shall correct violations of safety practices immediately and shall cooperate fully with the City in the investigation of accidents occurring on the Premises. Lessee shall keep internal documentation of any incident associated with its programs and provide the Chief Executive Officer with such information upon request. If after reasonable notice, Lessee fails to correct any hazardous conditions which have led or, in the reasonable opinion of the Chief Executive Officer, could lead to injury, the Chief Executive Officer may at its option, and in addition to all other remedies, take the necessary action to remedy that condition and recover the cost thereof, including ten percent (10%) administrative overhead, to be paid by Lessee to LAWA.

12.11 Security. From and after the Delivery Date, Lessee is responsible for the security of the Premises, including prohibiting trespassers from remaining on the Premises. Without limiting the foregoing, Lessee shall provide Premises perimeter fencing. Lessee shall provide security guards as needed to secure the Premises. Lessee may install equipment that assist in protecting the Premises from theft, burglary, or vandalism. Any such equipment shall be purchased, installed, and maintained by Lessee at its sole cost and expense. Lessee shall maintain any fence surrounding the Premises and shall allow reasonable access by City personnel through fenced or gated areas of Premises. Lessee shall maintain the Premises safe and secure at all times and shall restrict access to the Premises when the Recreational Improvements are closed. Lessee shall not allow loitering (as defined under California Penal Code 647(h)), overnight sleeping, camping, solicitation, or illegal drugs on the Premises.

Section 13. Prohibited Acts.

13.1 Lessee shall not:

- (a) Permit loitering (as defined under California Penal Code 647(h));
- (b) Allow the sale, service, or consumption of alcoholic beverages of any kind without the required licenses issued by the California Department of Alcoholic Beverage Control and conditional use permits from the City;
- (c) Allow the sale, service, or consumption of illegal drugs;
- (d) Use the Premises, or any part thereof, for lodging or sleeping purposes;
- (e) Use the Premises in any manner that shall constitute waste; or
- (f) Use or allow the Premises to be used for any unlawful purposes.

13.2 No Gambling. Lessee shall not permit gambling on the Premises or install or operate or permit to be installed or operated thereon, any device which is illegal; or use the Premises or permit it to be used for any illegal business or purpose. There shall not be conducted on or permitted upon the Premises any activity which would constitute an illegal nuisance.

Section 14. Representations and Warranties. Lessee represents and warrants to City as follows:

14.1 Lessee is a nonprofit public benefit corporation duly formed, validly existing and in good standing under the laws of the State of California. Lessee shall take all actions necessary to remain in good standing in California throughout the Term. Lessee has the full right, power and authority to enter into this Lease and to carry out its obligations hereunder. The person signing this Lease on Lessee's behalf is authorized to do so, and this Lease and all documents required hereunder shall constitute valid and binding obligations of Lessee, enforceable in accordance with their terms.

14.2 There is no agreement to which Lessee is a party or, to Lessee's knowledge, binding on Lessee that is in conflict with this Lease. There is not now pending or threatened, any action, suit or proceeding before any court or government agency or body against Lessee that would prevent Lessee from performing its obligations under this Lease.

Section 15. Notices.

15.1 City Notices. Written notices to City hereunder shall be sent to the Chief Executive Officer (or to the LAWA Designee in care of the Chief Executive Officer) with a copy sent to the City Attorney of the City of Los Angeles and addressed to said parties at:

**Chief Executive Officer
Department of Airports
1 World Way**

**City Attorney
Department of Airports
1 World Way**

**Post Office Box 92216
Los Angeles, CA 90009-2216**

**Post Office Box 92216
Los Angeles, CA 90009-2216**

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

15.2 Lessee Notices. Written notices to Lessee hereunder shall be addressed to:

**Lulu's Place, Inc.
c/o Roseanne Migliorino
12680 High Bluff Drive, Suite 400
San Diego, CA 92130**

With a copy to:

**Latham & Watkins LLP
355 S. Grand Avenue, Suite 100
Los Angeles, CA 90071
Attn: George Muhlsten and Kim Boras**

or to such other address as Lessee may designate by written notice to City, including to a lender providing financing secured by this Lease.

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

15.4 Delivery of Notices. All such notices, except as otherwise provided herein, may either be delivered personally to the Chief Executive Officer and 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 upon delivery at the required address, or may be delivered by a nationally recognized overnight commercial courier service that requires the recipient's signature for delivery, and shall be effective upon delivery.

Section 16. Limitations on Use of Premises.

16.1 Consent Required. Lessee shall not use the Premises, nor any portion thereof, for any purpose other than that set forth Section 3, without first having had and obtained the written consent of the Chief Executive Officer, which consent may be withheld in the Chief Executive Officer's sole discretion, and which written consent is approved as to form by the City Attorney.

16.2 Reserved Aviation Rights. There is hereby reserved to City, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises herein leased. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operating on Airport. Lessee agrees not to make any claim or institute legal action against City under any theory of

recovery for any interference with Lessee's use and enjoyment of the Premises which may result from noise emanating from the operation of aircraft to, from, or upon Airport.

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

16.4 No Airport Interference. Lessee shall conduct its, and cause its sublessees to conduct their operations on the Premises in such manner as to reduce as much as is practicable, any and all activities which interfere unreasonably with the use of other premises adjoining the Premises at Airport, including, but not limited to, the emanation from the Premises of noise, vibration, movements of air, fumes, and odors.

16.5 Wireless Equipment. City may prohibit Lessee 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, to the extent such systems interfere with airport operations.

16.6 Antennae. Lessee has no rights under this Lease to install or use any antennae or telecommunications equipment on the roof or exterior of any building or structure on the Premises, unless such installation or use is directly related to the conduct of Lessee's operations and in full compliance with City's permit process and telecommunications policies, as may be modified from time to time in 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 Premises.

Section 17. Rent Payments.

17.1 Delivery of Rent Payments. Commencing on the Rent Commencement Date, Rent shall be paid by Lessee to City on or before the first day of each calendar month of the term, pursuant to Article 1, Section 2, Term of Lease, herein. In the event the commencement or termination date of this Lease falls on any date other than the first day of the calendar month, the applicable rental for that month shall be calculated pro rata according to the number of days during which the Premises, or any part of same, were occupied by Lessee during said month. All payments shall include the contract number, which is stamped on the first page of this Lease, on each payment check and the remittance advice attached to the invoice, if any, delivered to Lessee by City. Upon written approval by the Chief Executive Officer (which consent shall not be unreasonably withheld, delayed or conditioned), Lessee may be approved to make electronic rental payments to the City.

17.2 Payments. All payments shall be mailed to the following address:

**Los Angeles World Airports
P.O. Box 102662
Pasadena, CA 91189-2662**

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

Section 18. Liquidated Damages for Delinquent Payment.

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

18.2 Liquidated Damages for Late Rent. The liquidated damages for delinquent payments shall be assessed each month at a rate of 1 percent interest (i.e., equivalent to 12% per annum compounded monthly) on the delinquent amount.

Section 19. Lease Audits.

City may, at its sole discretion and with reasonable notice to Lessee, require Lessee to provide reasonable access to Lessee's records and other information to confirm and audit Lessee's compliance with the provisions of this Lease. City shall have the right to access such records and information for five (5) years past the end of the fiscal year in which they were generated and up to five (5) years past the expiration or early termination of this Lease. Lessee shall retain all records and other information necessary to perform an audit as described above for a minimum of five (5) years.

Section 20. Damage to or Destruction of Improvements.

20.1 Damage to or Destruction of Insured Risk. If, during the term of this Lease, any Recreational Improvements on the Premises are partially or totally destroyed from a risk covered by the insurance described in the Section 23, thereby rendering the such improvements partially or totally unusable, Lessee shall restore such improvements to substantially the same condition as they were immediately before destruction.

20.2 Damage to or Destruction of Uninsured Risk. If, during the term of this Lease, any Recreational Improvements on the Premises are partially or totally destroyed from a risk not covered by the fire and extended coverage insurance described in Section 23, thereby rendering such improvements partially or totally unusable, such destruction shall not automatically terminate this Lease. If, however, the cost of restoration exceeds ten percent (10%) of the full replacement value of such improvements, as said value existed immediately before said destruction, Lessee may, at Lessee's option, terminate this Lease by giving written notice to City within sixty (60) days from the date of destruction. If Lessee elects to terminate as above provided, Lessee shall be obligated, unless otherwise directed by City, to demolish all such improvements and remove all debris from the Premises at Lessee's sole cost. If Lessee fails to exercise its right to terminate this Lease, this Lease shall continue in full force and effect for the remainder of the term specified

herein and Lessee shall with diligence restore such improvements to substantially the same condition as they were in immediately before destruction as quickly as reasonably possible.

Section 21. Ownership of Improvements.

21.1 During the term of this Lease, title to all Recreational Improvements constructed or installed by Lessee shall remain in Lessee. Upon the termination of this Lease, said Recreational Improvements (other than machines, equipment, trade fixtures, and similar installations that Tenant is authorized to remove pursuant to Section 4.1(b) above) shall become a part of the land upon which they are constructed, or of the Recreational Improvements to which they are affixed, and title thereto shall thereupon vest in City.

Section 22. City's Right of Access and Inspection.

22.1 City, by and through its officers, employees, agents, representatives, and contractors, shall have the right at all reasonable times and in a reasonable manner, upon not less than two (2) business days' notice to Lessee, to enter upon the Premises for the purpose of inspecting the same or for doing any act or thing which City may be obligated or have the right to do under this Lease, or otherwise, and no abatement of rent shall be claimed by or allowed to Lessee by reason of the exercise of such rights. In the exercise of its rights under this Section, City, its officers, employees, agents, and contractors shall not unreasonably interfere with the conduct of Lessee's business on the Premises as herein authorized.

Section 23. Insurance.

23.1 Lessee shall procure at its expense, and keep in effect at all times during the term of this Lease, the types and amounts of insurance specified on Insurance, Exhibit E, attached hereto and incorporated by reference herein. The specified insurance shall also, either by provisions in the policies, by City's own endorsement form or by other endorsement attached to such policies, include and insure City, the Department, its Board and all of City's officers, employees, and agents, their successors and assigns, as additional insureds, against the areas of risk described on Insurance, Exhibit E, hereof with respect to Lessee's acts or omissions in its operations, use, and occupancy of the Premises or other related functions performed by or on behalf of Lessee in, on or about Airport.

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

23.3 All such insurance shall be primary and noncontributing with any other insurance held by City and the Department 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.

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

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

23.6 Lessee shall provide proof of all specified insurance and related requirements to City either by production of a broker's letter acceptable to the Chief Executive Officer, in both form and content in the case of foreign insurance syndicates, or by other written evidence of insurance acceptable to the Chief Executive Officer. The documents evidencing all specified coverages shall be filed with City in duplicate and shall be procured and approved in strict accordance with the provisions in Sections 11.47 through 11.56 of City's Administrative Code (the "Code") prior to Lessee occupying the Premises. The documents shall contain the applicable policy number, the inclusive dates of policy coverages, and the insurance carrier's name, shall bear an original signature of an authorized representative of said carrier, and shall provide that such insurance shall not be subject to cancellation, reduction in coverage, or nonrenewal except after written notice by certified mail, return receipt requested, to the City Attorney of the City of Los Angeles at least thirty (30) days prior to the effective date thereof. City reserves the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing such insurance.

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

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

Section 24. City Held Harmless.

24.1 Lessee Indemnity. In addition to the requirements of Section 23 Lessee shall, to the fullest extent permitted by law, defend (with counsel reasonably satisfactory to City), indemnify and hold harmless City and any and all of its departments, bureaus, boards, commissioners, officers, directors, agents, employees, assigns and successors in interest (collectively “City Defendants”) from and against any and all allegations, suits, claims, causes of action, liability, losses, damages, demands or expenses (including, but not limited to, reasonable attorney’s fees and costs of litigation) (collectively “Claims”), prosecuted by anyone (including Lessee and/or Lessee’s agents, former and current employees, or competitors) by any reason of, arising out of, related to, connected with or pertaining to: (1) the acts or omissions of Lessee, its agents, servants, employees or invitees including but not limited to all users of the Premises with Lessee’s permission or concurrence, or trespassers that remain on the Premises because of Lessee’s failure to provide security or whom Lessee does not to attempt to remove; (2) Lessee’s breach of the Lease; or (3) the Premises, except in each case to the extent Lessee proves that such Claim was caused by City’s willful misconduct.

24.2 Retention of City Rights. In Lessee’s defense of the City under Section 24.1, including but not limited to the negotiation, compromise, and settlement of any action, the City shall retain discretion in and control of the litigation, negotiation, compromise, settlement, and appeals there from, as required by the Los Angeles City Charter, particularly Article II, Sections 271, 272 and 273 thereof.

24.3 City/LAWA Indemnity. City and LAWA shall, to the fullest extent permitted by law, defend (with counsel reasonably satisfactory to Lessee), indemnify and hold harmless Lessee and its officers, directors, agents, employees, assigns and successors in interest (collectively “Lessee Defendants”) from and against any and all Claims prosecuted by anyone by any reason of, arising out of, related to, connected with or pertaining to (1) the acts or omissions of City or LAWA, or any of their respective agents, servants, employees, lessees (other than Lessee) or invitees, or (2) City’s or LAWA’s breach of the Lease, except in each case to the extent City or LAWA proves to Lessee that such Claim was caused by Lessee’s willful misconduct.

24.4 Survival of Indemnities. The provisions under this Section 24 shall survive the termination of this Lease. Rights and remedies available shall survive the termination of this Lease. Further, the rights and remedies are cumulative of those provided for elsewhere in this Lease and those allowed under the laws of the United States, the State of California, and the City of Los Angeles.

Section 25. Nondiscrimination and Equal Employment Practices/Affirmative Action Program.

25.1 Federal Non-Discrimination Provisions.

25.1.1. 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 this Lease, for a purpose for which a Department

of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, 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.

25.1.2. 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.

25.1.3. 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.

25.1.4. 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.

25.1.5. Lessee agrees that it shall insert the provisions found in Subsections 25.1.3 and 25.1.4 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 Premises herein leased.

25.2 Municipal Non-Discrimination Provisions.

25.2.1. 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 Premises or any part of the Premises or any operations or activities conducted on the Premises or any part of the 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 Premises. Any sublease or assignment which may be permitted under this Lease shall also be subject to all non-discrimination clauses contained in Article 2, Section 67.2.

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

25.2.3. Equal Employment Practices. During the performance of this Lease, Lessee agrees to comply with Section 10.8.3 of the Code ("Equal Employment Practices"), which is incorporated herein by this reference. A copy of Section 10.8.3 has been attached to this Lease for the convenience of the Parties as Exhibit F. By way of specification but not limitation, pursuant to Sections 10.8.3.E and 10.8.3.F of the Code, the failure of Lessee to comply with the Equal Employment Practices provisions of this Lease may be deemed to be a material breach of this Lease. No such finding shall be made, or penalties assessed, except upon a full and fair hearing after notice and an opportunity to be heard has been given to Lessee. Upon a finding duly made that Lessee has failed to comply with the Equal Employment Practices provisions of this Lease, this Lease may be forthwith terminated, cancelled, or suspended.

25.2.4. Affirmative Action Program. During the performance of this Lease, Lessee agrees to comply with Section 10.8.4 of the Code ("Affirmative Action Program"), which is incorporated herein by this reference. A copy of Section 10.8.4 has been attached to this Lease for the convenience of the Parties as Exhibit G. By way of specification but not limitation, pursuant to Sections 10.8.4.E and 10.8.4.F of the Code, the failure of Lessee to comply with the Affirmative Action Program provisions of this Lease may be deemed to be a material breach of this Lease. No such finding shall be made or penalties assessed, except upon a full and fair hearing, after notice and an opportunity to be heard has been given to Lessee. Upon a finding duly made that Lessee has failed to comply with the Affirmative Action Program provisions of this Lease, this Lease may be forthwith terminated, cancelled, or suspended.

Section 26. Taxes, Permits and Licenses.

26.1 Lessee Obligation to Pay Taxes. Subject to Section 26.4, Lessee shall pay any and all lawful taxes of whatever character that may be levied or charged upon the 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 Premises.

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

26.3 Possessory Interest Taxes. In addition, by executing this Lease and accepting the benefits thereof, a property interest may be created known as a "possessory interest." If such possessory interest is created, Lessee, as the party in whom the possessory interest is vested, shall be subject to the payment of the property taxes levied upon such interest. Nothing herein shall prohibit Lessee from seeking exemption from the payment of possessory interest tax (or property tax) as otherwise permitted by law.

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

Section 27. Assignments and Subleases.

27.1 No Assignment without Consent. Lessee shall not, in any manner, assign, transfer, or encumber this Lease, or any portion thereof or any interest therein, without the prior written consent of the Chief Executive Officer, nor sublet or sublease the whole or any part of the 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. A transfer of more than 50% of the direct or indirect beneficial interest in Lessee shall be deemed a transfer of the Lease. Any attempts to transfer, assign, or sublease without the consent required by this Section shall be void and shall transfer no rights to the Premises. Consent to one assignment, subletting, or use, or occupation shall not be deemed to be a consent to any subsequent assignment, subletting, occupation, or use. This Lease shall not, nor shall any interest therein, be assignable as to the interest of Lessee by operation of law without the prior written consent of the Chief Executive Officer.

27.2 Consent Not Unreasonably Withheld. City shall not unreasonably withhold, delay or condition its consent to the assignment of this Lease or the subletting of the Premises or any portion thereof; provided, however, that the use of said Premises by any such assignee or sublessee must be consistent with the use authorized herein, any prospective assignee must have a financial capability equal to or greater than Lessee, and the prospective sublessee and/or assignee must agree

to execute City's Consent to Sublease and/or Assignment Agreement in the form attached to this Lease as Exhibit K. A request by Lessee for assignment or subletting shall be submitted to City in writing along with a fully executed copy of the proposed assignment or sublease, as well as a copy of all contracts or writings which set forth payments from sublessee(s)/assignee(s) to Lessee and/or which describe the acts or services to be performed by or for the sublessee(s)/assignee(s) in connection with the use of the space covered by Lease. Lessee shall promptly advise City of early termination of assignments or subleases.

27.3 Permitted Subleases and Licenses. Within thirty (30) days following the Effective Date, Lessee will submit, for approval by the Chief Executive Officer in its reasonable discretion, a list of participants pursuant to the Program ("List of Participants"), which are anticipated to include without limitation the United States Tennis Association Foundation, TGR Foundation, Los Angeles Unified School District, Winward Academy, Cedars Sinai Medical Center, Providence, Southern California Tennis Association, the Archdiocese of Los Angeles, and others (collectively, "Participants"). The List of Participants shall include a description of the users' proposed programs and uses. Leases, subleases, operating agreements, licenses and other arrangements with the List of Participants to effectuate the implementation of the Programs as contemplated by this Lease and such third party arrangements shall be permitted hereunder without the agreements with the List of Participants being subject to approval by the Chief Executive Officer. Lessee may amend such List of Participants from time to time, subject to the approval of the Chief Executive Officer as provided for above.

27.4 Change in Form of Lessee. A merger of Lessee or a conversion to another form of entity shall not be a transfer of the Lease, so long as the resulting entity is a non-profit entity pursuant to Section 501(c) of the Internal Revenue Code whose mission supports the Programs, and there is no change in the actual beneficial ownership in Lessee. Lessee shall provide City a minimum of 30 days' prior written notice of any change in the form of Lessee or transfer of 25% or more of the beneficial interest in Lessee.

Section 28. Default.

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

28.1.1. Lessee fails to pay any Rent due under this Lease, which failure continues for a period of ten (10) business days after it is due;

28.1.2. Lessee fails to comply with any term, provision or covenant of this Lease, other than paying its Rent, and does not cure such failure within thirty (30) days after LAWA has sent written notice to Lessee specifying such failure; provided, however, that where Lessee's performance of such covenant, condition or agreement is not reasonably susceptible of completion within such thirty (30) day period and Lessee has in good faith commenced and is continuing to perform the acts necessary to perform such covenant, condition or agreement within such thirty (30) day period, LAWA will not exercise any remedy available to it hereunder for so long as Lessee uses reasonable due diligence in continuing to pursue to completion the performance such covenant, condition or agreement

and so completes performance within 180 days of receipt of the initial notice from LAWA, unless a longer time period is agreed to by the Chief Executive Officer;

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

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

28.1.5. Lessee, within sixty (60) 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.

28.1.6. The interests of Lessee under this Lease shall not, except at City's option and with its written consent, be assignable by operation of law. In case of the bankruptcy of Lessee, or the appointment of a receiver for Lessee and such receiver is not removed within one hundred twenty (120) days from the date of appointment, or if a receiver is appointed to take possession of the Premises as a result of any act or omission of Lessee and such receiver is not removed within one hundred twenty (120) days from the date of appointment, or if Lessee makes an assignment of this Lease for the benefit of creditors, or if possession of the Premises is taken by virtue of any attachment, execution, or the levy of any judicial process, City, at its election, may, after written notice to Lessee, terminate this Lease.

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

28.2.1. Terminate this Lease and all rights of Lessee under this Lease, by giving Lessee thirty (30) days written notice that this Lease is terminated, in which case, the provisions of Section 21, herein, shall apply and City may recover from Lessee the aggregate sum of:

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

28.2.1.2. 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;

28.2.1.3. 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;

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

28.2.1.5. 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.

28.2.1.6. As used in Subsections 28.2.1.1. and 28.2.1.2. 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 28.2.1.3 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 this Lease.

28.2.2. Continue this Lease, and from time to time, without terminating this Lease, recover all rent and other amounts payable as they become due.

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

28.2.4. After the occurrence of a Default Event, City, in addition to or in lieu of exercising other remedies, may, but without any obligation to do so, cure the breach underlying the Default Event for the account and at the expense of Lessee. However, City must by prior written notice first allow Lessee a reasonable opportunity to cure, except in cases of emergency, where City may proceed without prior notice to Lessee. Lessee shall, upon demand, immediately reimburse City for all costs, including costs of settlements, defense, court costs, and attorney fees, that City may incur in the course of any cure.

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

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

any violation or nonperformance by the other Party be deemed a waiver by that Party of the rights or remedies with respect to that violation or nonperformance.

28.3 Default by City/LAWA. City/LAWA shall be in default in the performance of any obligation required to be performed by City/LAWA under this Lease if City/LAWA has failed to perform such obligation within thirty (30) days after the receipt of notice from Lessee specifying in detail City/LAWA's failure to perform; provided, however, that if the nature of City/LAWA's obligation is such that more than thirty (30) days are required for its performance, City/LAWA shall not be deemed in default if it shall commence such performance within thirty (30) days and thereafter diligently pursues the same to completion. Following a default by City/LAWA under this Lease, Lessee shall have all rights and remedies provided at law or in equity.

Section 29. 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 City shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, or condition of this Lease other than the failure of Lessee to pay the particular Rent so accepted, regardless of City's knowledge of such preceding breach at the time of acceptance of such rent.

Section 30. Attorney's Fees.

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

Section 31. Hazardous and Other Regulated Substances.

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

31.1.1. Any substance the presence of which poses a hazard to the health or safety of persons on or about the Premises and requires the investigation or remediation under any federal, state or local statute, regulation, rule, ordinance, order, action, policy or common law; or

31.1.2. 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

31.1.3. Any substance which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated as such 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

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

31.1.5. Any substance that poses a hazard to the health or safety of persons the presence of which on adjacent properties could constitute a trespass by Lessee; or

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

31.2 Environmental Indemnity. Except as provided below, Lessee agrees to comply with any and all applicable present and future rules, regulations, restrictions, ordinances, statutes, laws, and/or other orders of any governmental entity regarding the Lessee's 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 Premises, on the user of the land, or on the user of the improvements. Lessee agrees that any claims, damages, penalties, or fines asserted against or levied on City and/or Lessee as a result of Lessee's noncompliance with any of the provisions in this Section shall be the sole responsibility of Lessee and that Lessee shall indemnify and hold City harmless from all such claims, damages, penalties, or fines. Further, City may, at its option, pay such claims, damages, penalties, or fines resulting from Lessee's non-compliance with any of the terms of this Section, and Lessee shall indemnify and reimburse City for any such payments. This subsection 31.2 shall not apply to (i) conditions existing prior to the Delivery Date except to the extent caused or exacerbated by Lessee, or its agents, employees, contractors, subcontractors, or invitees ("Lessee Entities"), (ii) matters caused by activities of LA SAN, or its agents, employees, contractors, subcontractors, or invitees, with respect to the ARGO Facility and its operations under the LA SAN Lease, or (iii) activities of third parties (other than Lessee Entities) not related to Lessee or arising from Lessee's implementation of this Lease.

31.3 Except for (i) conditions existing prior to the Deliver Date, (ii) matters relating to activities of the LA SAN with respect to the ARGO Facility and its operations under the LA SAN Lease, or (iii) activities of third parties not related to Lessee or Lessee's implementation of this Lease, in the case of any hazardous substance spill, leak, discharge, release or improper storage on the Premises or contamination of the Premises by Lessee or its employees, servants, agents, contractors, or subcontractors, 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 Premises or as may be discharged or released by Lessee or its employees, servants, agents, contractors, or subcontractors in, on or under adjacent property which affects

other property of City or its lessees, Lessee agrees to make or cause to be made any necessary 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, City 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 City shall be at Lessee's sole cost and expense and Lessee shall indemnify and pay for and/or reimburse City for any and all costs (including any administrative costs) City incurs as a result of any repair, cleanup, or corrective action it takes.

31.4 Lessee's Provision to City of Environmental Documents. Lessee shall promptly supply City with complete and legible copies of all notices, reports, correspondence, and other documents sent by Lessee to or received by Lessee from any governmental entity regarding any hazardous substance at, to or from the Premises. 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.

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

Section 32. Airfield Security.

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

Section 33. Business Tax Registration.

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

Section 34. Intentionally Omitted.

Section 35. Disabled Access.

35.1 Lessee shall fully comply 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 Lessee's Recreational Improvements on the Premises including any services, programs, or activities provided by Lessee. Lessee shall be solely responsible for, and shall indemnify, defend and hold harmless City

Defendants against, any and all damages caused by, and/or penalties levied as the result of, Lessee's noncompliance with such disabled access Laws. Further, Lessee agrees to cooperate fully with City in its efforts to comply with the Americans With Disability Act of 1990, and any amendments thereto or successor statutes.

35.2 Should Lessee fail to comply with Subsection 35.1, then, without limiting City's other rights and remedies under this Lease, 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 ten percent (10%) administrative charge.

Section 36. Living Wage Ordinance and Service Contractor Worker Retention Ordinances.

36.1 Living Wage Ordinance.

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

36.1.2. Living Wage Coverage Determination. An initial determination has been made that this is a public lease under the LWO, and, that it is not exempt from coverage by the LWO. Determinations as to whether this Lease is a public lease or license covered by the LWO, or whether an employer or employee are exempt from coverage under the

LWO are not final, but are subject to review and revision as additional facts are examined and/or other interpretations of the law are considered. In some circumstances, applications for exemption must be reviewed periodically. City shall notify Lessee in writing about any redetermination by City of coverage or exemption status. To the extent Lessee claims non-coverage or exemption from the provisions of the LWO, the burden shall be on Lessee to prove such non-coverage or exemption.

36.1.3. Compliance; Termination Provisions And Other Remedies: Living Wage Policy. If Lessee is not initially exempt from the LWO, Lessee shall comply with all of the provisions of the LWO, including payment to employees at the minimum wage rates, effective on the Execution Date of this Lease. 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. Under the provisions of Section 10.37.6(c) of the Code, violation of the LWO shall constitute a material breach of this Lease and City shall be entitled to terminate this Lease and otherwise pursue legal remedies that may be available, including those set forth in the LWO, if City determines that Lessee violated the provisions of the LWO. The procedures and time periods provided in the LWO are in lieu of the procedures and time periods provided elsewhere in this Lease. Nothing in this Lease shall be construed to extend the time periods or limit the remedies provided in the LWO.

36.1.4. 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.

36.2 Service Contract Worker Retention Ordinance. This Lease may be subject to the Service Contract Worker Retention Ordinance ("SCWRO") (Section 10.36, et seq., of the Code), which is incorporated herein by this reference. A copy of Section 10.36 has been attached hereto for the convenience of the Parties as Exhibit I. If applicable, Lessee must also comply with the SCWRO which requires that, unless specific exemptions apply, all employers under contracts that are primarily for the furnishing of services to or for the City of Los Angeles and that involve an expenditure or receipt in excess of \$25,000 and a contract term of at least three (3) months shall provide retention by a successor contractor for a ninety-day (90-day) transition period of the employees who have been employed for the preceding twelve (12) months or more by the terminated contractor or subcontractor, if any, as provided for in the SCWRO. Under the provisions of Section 10.36.3(c) of the Code, City has the authority, under appropriate

circumstances, to terminate this Lease and otherwise pursue legal remedies that may be available if City determines that the subject contractor violated the provisions of the SCWRO.

Section 37. Child Support Orders.

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

Section 38. Visual Artists' Rights Act.

38.1 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 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.

38.2 Lessee is prohibited from installing, or causing to be installed, any piece of artwork covered under VARA on the Premises without the prior, written approval and waiver of the Chief Executive Officer. Any work of art installed on the 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.

38.3 Lessee, in addition to other obligations to indemnify, defend and hold City harmless, as more specifically set forth in this Lease, shall indemnify, defend 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.

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

Section 39. Equal Benefits Ordinance.

39.1 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 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.

39.2 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.”

39.3 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 the 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 40. Condemnation. The Parties hereby agree that:

40.1 If the Premises, or any portion thereof, or any interest therein, are taken by eminent domain, or otherwise, by any governmental authority, or by a “quasi-public entity” for public use, or sold to a governmental authority threatening to exercise the power of eminent domain, this Lease, and Lessee’s obligation to pay rent hereunder, shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs, and the rent, fees and/or other charges hereunder shall be apportioned and paid to the date of such taking. A

taking of the 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. A total taking of the Premises shall terminate this Lease.

40.2 Effect of Partial Condemnation. In the event a portion of the 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 Premises by Lessee for conducting Lessee's operations thereon in the same manner and extent as carried on prior to such taking, Lessee shall have the right to terminate this Lease upon giving City written notice of its intent to exercise said right. If Lessee exercises its right to terminate this Lease pursuant to this Subsection 40.2, Lessee shall give City thirty (30) days prior written notice of the effective date of said termination.

40.2.1. If, in the event of such taking of a portion of the Premises, Lessee does not terminate this Lease, this Lease shall continue in full force and effect as to the part not taken, and the Rent to be paid by Lessee during the remainder of the term shall be reduced in the same proportion as the land taken by eminent domain bears to the area of the Premises before the taking.

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

40.2.3. Should Lessee terminate this Lease pursuant to this Section 40, title to all Recreational Improvements constructed or installed by Lessee upon the Premises and which have not already vested in City shall thereupon vest in City.

40.3 Application of Award Upon a Total or Partial Taking.

40.3.1. The entire award or compensation paid for land, Recreational Improvements, and buildings owned by City, plus the amortized portion of the value of buildings and improvements built by Lessee and which will become the property of City upon termination of this Lease, plus the loss or taking of business goodwill of City or the Department, shall be the property of City.

40.3.2. Lessee shall have the right to receive compensation for the unamortized value of the Recreational Improvements owned by Lessee immediately prior to the taking and which were placed on the 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, and for costs of relocation.

40.3.3. The "amortized value" which City shall be entitled to receive is a portion of the award for said Lessee-owned Recreational Improvements equal to an amount determined by a ratio equal to the number of years the Recreational 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 City, if said construction is

incomplete within the time period set forth in the approval granted by City. The value, to be determined by City, of such partially constructed improvements shall be paid to Lessee.

40.4 Severance Damages. The entire award of compensation paid for any severance damages shall be paid to the Party(ies) holding title to the affected land or Recreational Improvements to which the severance damages pertain following the condemnation.

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

Section 41. Miscellaneous Provisions.

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

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

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

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

41.5 Laws of California. This Lease shall be construed and enforced in accordance with the laws of the State of California and venue shall lie in the County of Los Angeles.

41.6 Intentionally Omitted.

41.7 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.

41.8 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).

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

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

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

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

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

For purposes of this Lease, and not for any other purpose or for any benefit of any third party: the term "Force Majeure" shall mean any condition or event beyond the control of an obligee Party that actually causes such Party to be temporarily, partially or wholly prevented from performing its obligations to the other Party under this Agreement, including, but not limited to, pandemics and epidemics, embargoes, shortages of material, acts of God, acts of public enemy (such as war, (declared or undeclared), invasion, insurrection, terrorism, riots, rebellion or sabotage), acts or orders of any governmental authority (including without limitation 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, but excluding, with respect to City/LAWA, acts of the City and/or LAWA), fires, floods, earthquakes, hurricanes, tornadoes and other extreme weather conditions; and strikes, boycotts, lockouts, labor disputes, labor disruptions, work stoppages or slowdowns. The term Force Majeure includes unforeseeable material delays caused by governmental agencies in the processing of applicable building and safety permits but only to the extent that such processing time actually and materially exceeds the normal and reasonable processing time period for such governmental agency permit; provided, however, that any delays caused by Lessee in the

processing of such permits (such as Lessee's failure to submit complete applications for such permits) shall not be considered a basis for a claim of Force Majeure by Lessee. Any lack of funds shall not be deemed to be a cause beyond the control of a Party. If Lessee shall claim a delay due to Force Majeure, Lessee must notify City in writing within ten (10) business days of the first occurrence of any claimed event of Force Majeure (other than such Force Majeure events for which the beginning of such event may not be well known or may prevent ordinary working circumstances). Such notice must specify in reasonable detail the cause or basis for claiming Force Majeure and the anticipated delay in Lessee's performance to the extent such anticipated delay is known to Lessee at the time such notice to City is required. If Lessee fails to provide such notice within said ten (10) business-day period, then no Force Majeure delay shall be deemed to have occurred. Delays due to events of Force Majeure shall only be recognized to the extent that such event actually delays the performance by such Party and cannot otherwise be mitigated using commercially reasonable efforts.

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

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

41.16 Ordinance and Los Angeles Administrative Code Language Governs. Ordinance and Code Exhibits are provided as a convenience to the Parties only. In the event of a discrepancy between the Exhibits and the applicable ordinance and/or code language, or amendments thereto, the language of the ordinance and/or code shall govern.

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

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

41.19 Deprivation of Lessee's Rights. City shall not be liable to Lessee for any diminution or deprivation of Lessee's rights under this Lease 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.

41.20 Counterparts and Electronic Signatures. This Lease and any other document necessary for the consummation of the transaction contemplated by this Lease may be executed in counterparts, including counterparts that are manually executed and counterparts that are in the form of electronic records and are electronically executed. An electronic signature means a

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

Section 42. Contractor Responsibility Program.

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

Section 43. Campaign Contributions.

43.1 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.

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

////

////

////

SIGNATURE BLOCKS ON FOLLOWING PAGE

SIGNATURE BLOCKS

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

APPROVED AS TO FORM:
MICHAEL N. FEUER
City Attorney

CITY OF LOS ANGELES

Date: 12/2/2022

Date: _____

By: 
Deputy/ Assistant City Attorney

By: _____
Chief Executive Officer
Department of Airports

ATTEST:

LULU'S PLACE, INC., a California
nonprofit public benefit corporation

Date: _____

Date: 11/22/2022

By: _____
Its: _____

By: Douglas Kimmelman 
Its: Chairman

EXHIBIT A

Premises

(attached)



| No. | Date | Revisions |
|-----|------|-----------|
| | | |
| | | |
| | | |
| | | |

DRAFT

Notes

Drawn: JHM Approved: --- Date: 10/31/2022

Highlighted LAWA Lease Areas

EXHIBIT B

Rent

Annual Rent at Rent Commencement Date:

| | | |
|---------|---------------|-------------------------------------|
| Area 1 | 375,021 sq ft | Rent is \$.075 / square foot / year |
| Area 2A | 557,568 sq ft | Rent is \$.082 / square foot / year |

EXHIBIT C

Right of Access

(attached)

RIGHT OF ACCESS TERMS

ARTICLE 1. SPECIFIC TERMS AND PROVISIONS

Sec. 1.0 Purpose. A temporary non-exclusive right of access and entry to the Premises for the following purposes and no other: for Lessee, Lessee's agents, servants, employees, contractors, and subcontractors (collectively, "**Lessee Parties**") to use the Premises for due diligence activities, including but not limited to inspections, geotechnical work, surveying, environmental analysis and condition of the Premises, and for ingress and egress as needed to conduct such activities (the "**Diligence Activities**"). For the avoidance of doubt, Lessee may not begin any construction on or improvements on the Premises.

Sec. 2.0 Other Provisions.

2.1 **Costs.** Lessee shall be solely responsible for, and will pay, all costs of any work associated with the Diligence Activities, and as a result of any other activities of Lessee or any person or entity acting on behalf of Lessee, or under Lessee's control, including, without limitation, Lessee Parties, on or about the Premises. All work performed by Lessee will be performed diligently and in a manner consistent with the standards of care, diligence and skill exercised by entities engaged in similar activities, and in accordance with professional standards and the requirements of any governmental agency or entity and all applicable laws and shall not unreasonably disturb, or otherwise violate the rights of owners of adjacent properties and/or tenants.

2.2 **Lessee's General Responsibilities.** Lessee shall not allow any Lessee Parties to cause any damage, nuisance or waste upon the Premises and shall conduct all of its operations thereon at its sole expense and in a manner reasonably satisfactory to the City. Prior to entry onto the Premises, Lessee shall submit to City a copy of a detailed scope of work for the activities for which the right of access and entry is being requested. City will use reasonable efforts to timely review the scope of work, and if City requires a change or limitation on the scope of work, Lessee shall meet and confer with City to agree upon a reasonable scope of work. Upon approval of the scope of work, Lessee shall provide at least 72 hours' notice (which may be by email to the contract person provided by the City) that it wants access to the Premises to perform the work in the agreed upon scope of work. City reserves the right, but not the obligation, to accompany and observe any activities associated with the right of access. Upon completion of any activities, and if requested by the City, Lessee shall promptly provide City, at no cost to City, with a copy of the finalized reports, surveys, studies and analyses prepared and produced as a result of such investigation, testing or inspection, excluding any internal documents or information and documents or information from and to legal counsel and covered by the attorney-client or attorney work product privileges.

2.3 **Liens Prohibited.** Lessee shall not allow any Lessee Parties to cause the Premises to be encumbered by liens arising out of the Diligence Activities or otherwise. Lessee shall immediately remove, by payment, bonding or otherwise, any mechanic's liens or encumbrances on the Premises arising out of activities conducted on Lessee's behalf. In the event that Lessee

does not, within thirty (30) calendar days following delivery of written notice of the imposition of any such lien, cause such lien to be released of record by payment or posting of a proper bond, City shall have in addition to all other remedies provided herein and by law, the right, but not the obligation to cause, upon ten (10) business days prior written notice to Lessee, the same to be released by such means as City shall deem proper, including payment in satisfaction of the claim giving rise to such lien. All such sums paid by City and all expenses incurred by it in connection therewith, including costs and attorney's fees, shall be paid by Lessee to City on demand.

2.4 **No Reliance.** City shall have no liability to Lessee with respect to the right of access and entry provided pursuant to this Exhibit C for any reason (other than for failing to afford Lessee the rights of access and entry as provided in Section 1.0 of this Article 1), nor shall City have any obligation to compensate Lessee for any amounts that Lessee may expend for the Diligence Activities or exercising its rights hereunder.

ARTICLE 2. STANDARD TERMS AND PROVISIONS

Sec. 1.0 Limitations on Use of Airport. Lessee shall conduct its, and cause the Lessee Parties to conduct their, operations on the 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 properties adjoining the Premises, including, but not limited to, the emanation from the Premises of noise, vibration, movements of air, fumes, and odors.

Sec. 2.0 Signs. No signs pertaining to Lessee's operations shall be installed or placed in or on the Premises.

Sec. 3.0 Insurance.

3.1. Lessee shall procure at its expense, and keep in effect at all times during the term of this Exhibit C, the types and amounts of insurance specified on Insurance, **Schedule C1**, attached hereto and incorporated by reference herein. The specified insurance shall also, either by provisions in the policies, by the City's own endorsement from or by other endorsement attached to such policies, include and insure the City, its Department of Airports, its Board and all of the City's officers, employees, and agents, their successors and assigns, as additional insureds, against the areas of risk described on Insurance, **Schedule C1** hereto with respect to Lessee's acts or omissions in its use of the Premises for the Diligence Activities or other related functions performed by or on behalf of Lessee in, on or about Premises.

3.2. 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 Exhibit C of its Lease with the City of Los Angeles."

3.3. All such insurance shall be primary and noncontributing with any other insurance held by the City where liability arises out of or results from the acts or omissions of Lessee Entities. Such policies may provide for reasonable deductibles and/or retentions acceptable to the CEO based upon the nature of Lessee's operations and the type of insurance involved.

3.4. The City shall have no liability for any premiums charged for such coverage(s). The inclusion of the City, its Department of Airports, Board and all of the 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 Diligence Activities at the Premises. In the event Lessee fails to furnish the City evidence of insurance and maintain the insurance as required, the City, upon ten (10) days prior written notice to comply, may (but shall not be required to) procure such insurance at the cost and expense of Lessee, and Lessee agrees to promptly reimburse the City for the cost thereof plus fifteen percent (15%) for administrative overhead. Payment shall be made within thirty (30) days of the date of the City's delivery of its invoice to Lessee therefor.

3.5. Lessee shall provide proof of all specified insurance and related requirements to City either by production of the actual insurance policy(ies), by use of City's own endorsement form(s), by appropriate certificate(s) of insurance issued by Lessee's insurer(s) or insurance broker, by broker's letter acceptable to the CEO in both form and content in the case of foreign insurance syndicates, or by other written evidence of insurance acceptable to the CEO. The documents evidencing all specified coverages shall be filed with City in duplicate and shall be procured and approved in strict accordance with the provisions in Sections 11.47 through 11.56 of City's Administrative Code. The documents shall contain the applicable policy number, the inclusive dates of policy coverages, and the insurance carrier's name, shall bear the signature of an authorized representative of said carrier, and shall provide that such insurance shall not be subject to cancellation, reduction in coverage, or nonrenewal except after written notice by certified mail, return receipt requested, to the City Attorney of the City of Los Angeles at least thirty (30) days prior to the effective date thereof. City reserves the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing such insurance.

3.6. 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 the City proof of said insurance by and through a surplus lines broker licensed by the State of California.

Sec. 4.0 City Held Harmless.

4.1 Lessee, on its behalf and on behalf of all Lessee Parties, assumes all risks of harm from entering the Premises and for the purposes set forth in Article 1, Section 1.0 above, and hereby releases City, its agents, employees and contractors from any liability to Lessee and all Lessee Parties for any claim arising from exercise of Lessee's rights under this Exhibit C. In addition to the provisions of Article 2, Section 3.0 [Insurance], Lessee shall indemnify, defend, keep, and hold the City, including Board, and the City's officers, agents, servants, contractors, employees, and tenants harmless from any and all actions, causes of action, claims, costs, damages,

demands, expenses (including costs of suit and fees and reasonable expenses of legal services), fines, liabilities, liens, losses, obligations, penalties, suits or proceedings claimed by anyone by reason of injury to or death of persons, or damage to or destruction of property, including property of Lessee, sustained in, on, or about the Premises and arising out of Lessee's or any Lessee Parties' activities on or about the Premises or as a proximate result of the acts or omissions of Lessee or any Lessee Party, except to the extent resulting from (i) the intentional misconduct of the City, including Board, or any of the City's officers, servants, contractors, tenants, employees, agents or representatives, or any other person or entity authorized or permitted by the City to be on or about the Premises, or (ii) the mere discovery of any pre-existing condition on the Premises. This Section and the obligations herein shall survive the expiration or earlier termination of the Lease.

Sec. 5.0 Laws, Rules and Regulations

5.1 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 government authority and all orders, directives, or conditions issued, given or imposed by the CEO, which are now in force or which may be hereafter adopted by the Board and/or the CEO, and are generally applicable to Airport property.

5.2 Lessee shall be responsible for ensuring that all operators of motor vehicles operated on Lessee's behalf on the Premises possess current, valid, and appropriate driver's licenses.

5.3 Lessee shall be solely responsible for any and all civil and/or criminal penalties assessed as a result of its failure to comply with this Section 5.0.

Sec. 6.0 Taxes, Permits and Licenses.

6.1 Lessee shall pay all taxes of whatever character that may be levied or charged upon Lessee's activities pursuant to this Exhibit C.

6.2 Lessee shall also pay for, and cause to be maintained in full force and effect during the period beginning on the Effective Date and ending on the Delivery Date (or the earlier termination of the Lease), all licenses or permits necessary or required by law or regulation for the conduct and operation of Lessee's uses authorized herein, or for Lessee's use of the Premises for the Diligence Activities. Such licenses and permits shall cover not only Lessee, but also all Lessee Parties required to be licensed for any act by Lessee or Lessee Parties under this Exhibit C.

6.3 If a claim is made against the City for any of the charges in this Section 6, the City shall notify Lessee in writing and Lessee shall promptly pay said charges; *provided, however*, that failure by the City to give such notice shall not constitute a waiver of Lessee's obligation to pay such taxes, license and/or permit fees.

Sec. 7.0 Hazardous Substances.

7.1 Lessee agrees to accept sole responsibility for full compliance with any and all applicable 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 wastes, extremely hazardous wastes, hazardous substances, hazardous materials, hazardous chemicals, toxic chemicals, toxic substances, pollutants, contaminants or other similarly regulated substances (collectively, "hazardous substances"), arising from any construction or maintenance, or related to Lessee's, including any Lessee Entities', entry onto, activities on or use of the Property under this Exhibit C. Lessee shall not be liable under this Section for the mere discovery of any pre-existing condition on the Premises, provided that Lessee shall immediately notify City of the discovery of any pre-existing hazardous substance. This Section and the obligations herein shall survive the expiration or earlier termination of the Lease.

7.2 Except for conditions existing prior to the Effective Date that are not disturbed, released, or exacerbated by Lessee, in the case of any hazardous substance spill, leak, discharge, release or improper storage on the Premises or contamination of the Premises by Lessee or any Lessee Entity, 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 the case of any hazardous substance spill, leak, discharge, release or contamination by Lessee or any Lessee Entity on the Premises or as may be discharged or released in, on or under adjacent property which affects other property of City or its tenants, 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, City 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 City shall be at Lessee's sole cost and expense and Lessee shall indemnify and pay for and/or reimburse City for any and all costs (including any administrative costs) City incurs as a result of any repair, cleanup, or corrective action it takes.

7.3 Lessee shall promptly supply City with complete and legible copies of all notices, reports, correspondence, and other documents sent by Lessee to or received by Lessee from any governmental entity regarding any hazardous substance on or about the Property. 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 cleanup of any actual or threatened hazardous substance spill, leak, or discharge including all test results.

Schedule C1 to Exhibit C

Insurance

(attached)



RISK MANAGEMENT DIVISION
INSURANCE REQUIREMENTS

NAME: CAROL KIMMELMAN ATHLETIC AND ACADEMIC CAMPUS, INC.
AGREEMENT: Right of Entry Agreement / Permission to access City-Owned Property for Geotechnical and Environmental Analysis, Tests and Inspections, as Part of Planning Activities for Proposed Development
LAWA DIVISION: Sustainability & Revenue Management Group

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.

| | <u>LIMITS</u> |
|---|--------------------|
| (X) Workers' Compensation(Statutory)/Employer's Liability | <u>Statutory</u> |
| () Voluntary Compensation Endorsement | |
| (X) Waiver of Subrogation | |
| (X) Automobile Liability - covering owned, non-owned & hired auto | <u>\$1,000,000</u> |
| (X) General Liability - including the following coverage: | <u>\$1,000,000</u> |
| (X) Contractual (Blanket/Schedule) | |
| (X) Independent Contractors | |
| (X) Personal Injury | |
| (X) Premises & Operations (minimum \$1 million each occurrence) | |
| (X) Products /Completed Operations | |
| (X) Additional Insured Endorsement, specifically naming LAWA (Please see attached supplement). | |
| () Hangar keepers Legal Liability (At least at a limit of liability of \$ 1 million) | |

CONTRACTOR SHALL BE HELD RESPONSIBLE FOR OWN OR HIRED EQUIPMENT AND SHALL HOLD
AIRPORT HARMLESS FROM LOSS, DAMAGE OR DESTRUCTION TO SUCH EQUIPMENT

*******RETURN THIS PAGE WITH EVIDENCE OF YOUR INSURANCE*******

SUBMIT ALL DOCUMENTS TO RISKINSURANCE@LAWA.ORG

6/2022



RISK MANAGEMENT DIVISION
INSURANCE REQUIREMENTS

INSURANCE REQUIREMENTS FOR LOS ANGELES WORLD AIRPORTS (SUPPLEMENT)

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

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

Endorsements:

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

Certificate Holder:

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

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

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

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

EXHIBIT D

Intentionally Omitted

EXHIBIT E

Insurance

(attached)



LOS ANGELES WORLD AIRPORTS

RISK MANAGEMENT DIVISION
INSURANCE REQUIREMENTS

NAME: LULU'S PLACE INC
AGREEMENT/ACTIVITY: LEASE - Constructing and Operating Improvements for open space and recreation and community and civic use to include a dog park, community garden, open space, restrooms, basketball court, soccer fields, tennis and pickleball courts on a portion of LAX Northside Area- NO AOA ACCESS
LAWA DIVISION: Sustainability and Revenue Management Group

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 evidence of insurance required and must be at least the level of the limits indicated. All policies must be occurrence based with the minimum required per occurrence limits indicated below.

LIMITS

(X) Workers' Compensation

Statutory

(X) Waiver of Subrogation, specifically naming LAWA **(Please see attached supplement)**

() Voluntary Compensation Endorsement

(X) Commercial Automobile Liability - covering owned, non-owned & hired auto \$1,000,000 (CSL)

(X) Commercial General Liability - including the following coverage:

\$1,000,000

(X) Premises and Operations

(X) Contractual (Blanket/Schedule)

(X) Independent Contractors

(X) Personal Injury

() Products /Completed Operations

(X) Additional Insured Endorsement, specifically naming LAWA

(Please see attached supplement).

(X) Explosion, Collapse & Underground - required when work involves digging, excavation, grading or use of explosive materials.

(X) Property Insurance

(X) Tenant Improvements

100% Replacement Cost

-All Risk/Special Form Coverage, including flood and earthquake

-LAWA named loss payee

(X) Waiver of subrogation **(Please see attached supplement)**

(X) Builder's Risk Insurance

-All Risk/Special Form Coverage, including flood and earthquake

-LAWA named loss payee required if property or building ultimately reverts to the City

**Total Project Value -
100% Replacement Cost**

****Coverage for Hazardous Substances must meet contractual requirements

RETURN THIS PAGE WITH EVIDENCE OF YOUR INSURANCE****

PLEASE SUBMIT ALL DOCUMENTS TO RISKINSURANCE@LAWA.ORG



RISK MANAGEMENT DIVISION
INSURANCE REQUIREMENTS

10/2022

INSURANCE REQUIREMENTS FOR LOS ANGELES WORLD AIRPORTS (SUPPLEMENT)

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

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

Endorsements:

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

Waiver:

- Commercial Auto and Commercial General Liability
 - Add to COI: The City of Los Angeles, Department of Airports, also known as Los Angeles World Airports, its Board, and all of its officers, employees, directors, and agents are included as additional insured under the General Liability and Auto Liability policies, which coverage is primary, and any insurance carried by LAWA be non-contributory.

Certificate Holder:

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

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

**A BLANKET/AUTOMATIC ENDORSEMENT IS NOT ACCEPTABLE UNLESS:
YOU HAVE A DIRECT CONTRACT WITH LAWA.**

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

**GUIDANCE FOR SUBMITTING EVIDENCE OF INSURANCE TO THE CITY OF LOS ANGELES,
LOS ANGELES WORLD AIRPORTS**

Coverage & Limits: All insurance requirements established are based on the detailed scope of work and or/nature of your business with the Los Angeles World Airports (LAWA). The coverage and limits for each type of insurance are specified on the Insurance Requirements Sheet (IR Sheet).

Please give your insurance agent/broker a copy of the Insurance Requirements Sheet along with these instructions. All evidence of insurance must be authorized by a licensed insurance agent with authority to bind coverage.

1. **When to submit:** Normally, no work may begin until acceptable insurance is analyzed and approved by the Insurance Compliance Section. Upon approval the Contract Administrator will authorize a Notice to Proceed (NTP). So insurance documents should be submitted as early as practicable.
2. **Acceptable Evidence and Approval:** Electronic submission is the best method of submitting your documents, and designed to make the experience of submitting insurance information quick and easy. LAWA accepts the standard insurance industry form known as the **ACORD 25 Certificate of Liability Insurance**, with applicable endorsements and waiver of subrogation. Other insurance industry certificates that have been approved by the State of California, Broker's Letters, and True and Certified copy of insurance policies may be accepted. The following items (**#4 and #5**) **must accompany the form of evidence provided.**
3. **Additional Insured Endorsements:** (CG20101185 / CG2010 / CG2037 or similar) are required acceptable for the general liability policy. All endorsements must name the **City of Los Angeles, Los Angeles World Airports (LAWA), its Board, and all of its officers, employees and agents as additional insured's.**
4. **Waivers of Subrogation:** Required For Workers Compensation.
5. **Blanket Endorsement or Waiver of Subrogation:** Acceptable only for contracts directly with LAWA. If the policy includes an automatic or blanket additional insured endorsement, the Certificate must state **LAWA** is an automatic or blanket additional insured.
6. **Certificate Language:** Language written on the Certificate of Insurance in the "**Description of Operations Section**" is not acceptable as an endorsement.
7. **Cancellation Notice:** All Certificates must provide a thirty **(30) days' cancellation notice provision**, ten (10) days for non-payment of premium).
8. **Self-Insure:** If your agreement requires Workers' Compensation coverage and you have been authorized by the State of California to self-insure, a copy of the certificate from the State consenting to self- insurance must be provided from the State of California as proof of insurance.
9. **Acceptable Insurers:** **LAWA** uses the A.M. Best Key Rating Guide as our reference. All acceptable insurers must have an A.M. Best **A-VI or better rating** to be acceptable to LAWA.

10. **Transportation Companies:** Passenger Carriers are regulated by the Public Utilities Commission (PUC). Any questions concerning passenger carrier requirements may be directed to the PUC.
- 0-7 passengers.....\$750,000
 - 8-15 passengers.....\$1,500,000
 - 16 or more passengers \$5,000.000
11. **Vehicle Schedules:** Unless "ANY" auto is covered under the automobile policy, a vehicle schedule is required. The schedule issued on behalf of transportation companies must provide the make, model, VIN number and passenger count for every vehicle operating on Airport property.
12. **Multiple Policies:** More than one insurance policy may be required to comply with the insurance requirements.
13. **Underwriter:** In the case of syndicates or subscription policies, indicate lead underwriters or managing agent and attach a schedule of subscribers, including their percentage of participation.
14. **Project Reference:** Include reference of either the specific City agreement (bid, contract, lease, etc.) or indicate "ALL PROJECTS AT LAWA" covered. When coverage is on a scheduled basis, a separate sheet may be attached to the certificate listing such scheduled locations, vehicles, etc.
15. **Excess Insurance:** An Excess Umbrella policy can be provided to assist with meeting the insurance requirement limit(s) when the primary insurance coverage is less than the amount of coverage required for the project.
16. **Expiration and Renewal:** LAWA insurance file expiration coincides with your coverage expiration. Renewal is not automatic. You must provide the Insurance Compliance Section with renewal information. When renewing your insurance file information, the agent/broker/underwriter must provide current endorsements and waivers. The effective date on the Certificate of Insurance must coincide with the endorsements and waivers. Insurance documents cannot be altered and provided as proof of insurance.
17. **Contract Administrator:** Questions regarding your **contract** should be directed to your Contract Administrator or office responsible for your contract, lease, permit or other agreement.

Certificate Holder Information: City of Los Angeles, Department of Airports, also known as, Los Angeles World Airports
Attn: Risk Management Department P.O. Box 92216
Los Angeles, CA 90009

All questions relating to insurance should be directed to Risk Management, Insurance Compliance Section at (424) 646-5480.

Delays or failure in submitting acceptable insurance documentation and attachments may result in the withholding of payments, or the interruption and/or discontinuance of operations LAWA.

Email all insurance documentation and Correspondence to: **RISKINSURANCE@LAWA.ORG**

EXHIBIT F

Equal Employment Practices

(attached)

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 G

Affirmative Action Program

(attached)

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 G

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 H

Living Wage Ordinance

(attached)

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

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.

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:

(1) Request the Awarding Authority to declare a material breach of the Service Contract, Public Lease or License, or financial assistance agreement and exercise its contractual remedies thereunder, which may include, but not be limited to: (i) termination of the Service Contract, Public Lease or License, or financial assistance agreement; (ii) the return of monies paid by the City for services not yet rendered; and (iii) the return to the City of money held in retention (or other money payable on account of work performed by the Employer) when the DAA has documented the Employer's liability for unpaid wages, health benefits or compensated time off.

(2) Request the Awarding Authority to declare the Employer non-responsible from future City contracts, leases and licenses in accordance with the Contractor Responsibility Ordinance (LAAC Section 10.40, et seq.) and institute proceedings in a manner that is consistent with law.

(3) Impose a fine payable to the City in the amount of up to \$100 for each violation for each day the violation remains uncured.

(4) Exercise any other remedies available at law or in equity.

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

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (d), Para. (1), Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.7. Administration.

The DAA shall administer the requirement of this article and monitor compliance, including the investigation of claimed violations. The DAA shall promulgate rules and regulations consistent with this article for the implementation of the provision of this article. The DAA shall also issue determinations that persons are City Financial Assistance Recipients, that particular contracts shall be regarded as "Service Contracts" for purposes of Section 10.37.1(l), and that particular leases and licenses shall be regarded as "Public Leases" or "Public Licenses" for purposes of Section 10.37.1(k), when it receives an

application for a determination of non-coverage or exemption as provided for in Section 10.37.14 and 10.37.15.

The DAA may require an Awarding Authority to inform the DAA about all contracts in the manner described by regulation. The DAA shall also establish Employer reporting requirements on Employee compensation and on notification about and usage of the federal Earned Income Credit referred to in Section 10.37.4. The DAA shall report on compliance to the City Council no less frequently than annually.

Every three years after July 1, 2018, the Chief Legislative Analyst (CLA) with the assistance of the City Administrative Officer (CAO) shall commission a study to review the state of the Airport's regional economy; minimum wage impacts for Employees servicing the Airport; Airport service industry impacts; temporary workers, guards and janitors impacts; restaurants, hotels and bars impacts; transitional jobs programs impacts; service charges, commissions and guaranteed gratuities impacts; and wage theft enforcement. On an annual basis, the CLA and CAO shall collect economic data, including jobs, earnings and sales tax. The Study shall also address how extensively affected Employers are complying with this article, how the article is affecting the workforce composition of affected Employers, and how the additional costs of the article have been distributed among Employees, Employers and the City.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.8. City is a Third Party Beneficiary of Contracts Between an Employer and Subcontractor for Purposes of Enforcement.

Any contract an Employer executes with a Contractor or Subcontractor, as defined in Section 10.37.1(f) and (m), shall contain a provision wherein the Contractor or Subcontractor agree to comply with this article and designate the City as an intended third party beneficiary for purposes of enforcement directly against the Contractor or Subcontractor, as provided for in Section 10.37.6 of this article.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99, Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.9. Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.

This article shall not be construed to limit an Employee's right to bring legal action for violation of other minimum compensation laws.

SECTION HISTORY

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

Sec. 10.37.10. Expenditures Covered.

This article shall apply to the expenditure – whether through aid to City Financial Assistance Recipients, Service Contracts let by the City or Service Contracts let by its Financial Assistance Recipients – of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds.

SECTION HISTORY

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

Sec. 10.37.11. Timing of Application.

The provisions of this article shall become operative 60 days following the effective date of the ordinance and are not retroactive.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (b), Subsec. (c) Added, Ord. No. 173,747, Eff. 2-24-01; Subsec. (d) Added, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.12. Express Supersession by Collective Bargaining Agreement.

The requirements of this article may be superseded by a collective bargaining agreement if expressly stated in the agreement. This provision applies to any collective bargaining agreement that expires or is open for negotiation of compensation terms after the effective date of this ordinance. Any collective bargaining agreement that purports to supersede any requirement of this article shall be submitted by the Employer to the DAA.

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

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

SECTION HISTORY

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

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

The definitions of "City Financial Assistance Recipient" in Section 10.37.1(e), of "Public Lease or License" in Section 10.37.1(k), and of "Service Contract" in Section 10.37.1(l) shall be liberally interpreted so as to further the policy objectives of this article. All City Financial Assistance Recipients meeting the monetary thresholds of Section 10.37.1(e), all Public Leases and Licenses (including subleases and sublicenses) where the City is the lessor or licensor, and all City contracts providing for services shall be presumed to meet the corresponding definition mentioned above, subject, however, to a determination by the DAA of non-coverage or exemption on any basis allowed by this article, including, but not limited to, non-coverage for failure to satisfy such definition. The DAA shall by regulation establish procedures for informing persons engaging in such transactions with the City of their opportunity to apply for

a determination of non-coverage or exemption and procedures for making determinations on such applications.

SECTION HISTORY

Added by Ord. No. 172,336, Eff. 1-14-99.

Amended by: Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18; In Entirety, Ord. No. 185,745, Eff. 10-15-18.

Sec. 10.37.14. Contracts, Employers and Employees Not Subject to this Article.

The following contracts are not subject to the Living Wage Ordinance. An Awarding Authority, after consulting with the DAA, may determine whether contracts and/or Employers are not subject to the Living Wage Ordinance due to the following:

(a) a contract where an employee is covered under the prevailing wage requirements of Division 2, Part 7, of the California Labor Code unless the total of the basic hourly rate and hourly health and welfare payments specified in the Director of Industrial Relations' General Prevailing Wage Determinations are less than the minimum hourly rate as required by Section 10.37.2(a) of this article.

(b) a contract with a governmental entity, including a public educational institution or a public hospital.

(c) a contract for work done directly by a utility company pursuant to an order of the Public Utilities Commission.

SECTION HISTORY

Added by Ord. No. 184,318, Eff. 7-7-16.

Amended by: In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.15. Exemptions.

Upon the request of an Employer, the DAA may exempt compliance with this article. An Employer seeking an exemption must submit the required documentation to the DAA for approval before the exemption takes effect.

(a) A Public Lessee or Licensee, that employs no more than seven people total on and off City property shall be exempted. A lessee or licensee shall be deemed to employ no more than seven people if the

company's entire workforce worked an average of no more than 1,214 hours per month for at least three-fourths of the previous calendar year. If a Public Lease or License has a term of more than two years, the exemption granted pursuant to this section shall expire after two years, but shall be renewable in two-year increments.

(b) Non-Profit Organizations. Corporations organized under Section 501(c)(3) of the United States Internal Revenue Code of 1954, 26 U.S.C. § 501(c)(3), whose chief executive officer earns a salary which, when calculated on an hourly basis, is less than eight times the lowest wage paid by the corporation, shall be exempted as to all Employees other than child care workers.

(c) Students. High school and college students employed in a work study or employment program lasting less than three months shall be exempt. Other students participating in a work-study program shall be exempt if the Employer can verify to the DAA that:

(1) The program involves work/training for class or college credit and student participation in the work-study program is for a limited duration, with definite start and end dates; or

(2) The student mutually agrees with the Employer to accept a wage below this article's requirements based on a training component desired by the student.

(d) Nothing in this article shall limit the right of the Council to waive the provisions herein.

(e) Nothing in this article shall limit the right of the DAA to waive the provisions herein with respect to and at the request of an individual Employee who is eligible for benefits under Medicare, a health plan through the U.S. Department of Veteran Affairs or a health plan in which the Employee's spouse, domestic partner or parent is a participant or subscriber to another health plan. An Employee who receives this waiver shall only be entitled to the hourly wage pursuant to Section 10.37.2(a)(2)(i).

SECTION HISTORY

Added by Ord. No. 184,318, Eff. 7-7-16.

Amended by: In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.16. Severability.

If any subsection, sentence, clause or phrase of this article is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this section, and each and every subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION HISTORY

Added by Ord. No. 172,336, Eff. 1-14-99.

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

EXHIBIT I

Service Contractor Worker Retention Ordinance

(attached)

CHAPTER 1, ARTICLE 10

WORKER RETENTION

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

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

Sec. 10.36. Findings and Statement of Policy.

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

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

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

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

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

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

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

SECTION HISTORY

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

Sec. 10.36.1. Definitions.

The following definitions shall apply throughout this article:

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

EXHIBIT I

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

(b) "City" means the City of Los Angeles and all Awarding Authorities thereof.

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

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

(d) "Contract" means:

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

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

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

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

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

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

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

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

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

EXHIBIT I

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

SECTION HISTORY

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

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

Sec. 10.36.2. Transition Employment Period.

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

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

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT I

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

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

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

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

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

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

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

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

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

SECTION HISTORY

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

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

Sec. 10.36.3. Enforcement.

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

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

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

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

EXHIBIT I

(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.

EXHIBIT I

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 J

Child Support Assignment Orders

(attached)

LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 1

CHILD SUPPORT

Sec. 10.10. Child Support Assignment Orders.

a. Definitions.

1. **Awarding Authority** means a subordinate or component entity or person of the City (such as a City department or Board of Commissioners) that has the authority to enter into a contract or agreement for the provision of goods or services on behalf of the City of Los Angeles.

2. **Contract** means any agreement, franchise, lease or concession including an agreement for any occasional professional or technical personal services, the performance of any work or service, the provision of any materials or supplies, or the rendering of any service to the City of Los Angeles or to the public which is let, awarded or entered into with, or on behalf of, the City of Los Angeles or any awarding authority thereof.

3. **Contractor** means any person, firm, corporation, partnership or any combination thereof which submits a bid or proposal or enters into a contract with any awarding authority of the City of Los Angeles.

4. **Subcontractor** means any person, firm, corporation, partnership or any combination thereof who enters into a contract with a contractor to perform or provide a portion of any contract with the City.

5. **Principal Owner** means any person who owns an interest of 10 percent or more in a contractor or subcontractor as defined herein.

b. Mandatory Contract Provisions.

Every contract that is let, awarded or entered into with or on behalf of the City of Los Angeles shall contain a provision obligating the contractor or subcontractor to fully comply with all applicable State and Federal employment reporting requirements for the contractor or subcontractor's employees. The contractor or subcontractor will also be required to certify that the principal owner(s) thereof are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally, that the contractor or subcontractor will

fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with California Family Code §§ 5230 *et seq* and that the contractor or subcontractor will maintain such compliance throughout the term of the contract.

Failure of a contractor or subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignments or Notices of Assignment or failure of the principal owner(s) to comply with any Wage and Earnings Assignments or Notices of Assignment applicable to them personally shall constitute a default under the contract. Failure of the contractor or subcontractor or principal owner thereof to cure the default within 90 days of notice of such default by the City shall subject the contract to termination.

c. Notice to Bidders.

Each awarding authority shall be responsible for giving notice of the provisions of this ordinance to those who bid on, or submit proposals for, prospective contracts with the City.

d. Current Contractor Compliance.

Within 30 days of the operative date of this ordinance, the City, through its operating departments, shall serve upon existing contractors a written request that they and their subcontractors (if any) comply with all applicable State and Federal employment reporting requirements for the contractor and subcontractor's employees, that they certify that the principal owner(s) of the contractor and any subcontractor are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally, that the contractor and subcontractor will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with California Family Code § 5230 *et seq*. and that the contractor and subcontractor will maintain such compliance throughout the term of the contract.

e. City's Compliance with California Family Code.

The City shall maintain its compliance with the provisions of California Family Code §§ 5230 *et*

seq. and all other applicable law regarding its obligations as an employer to implement lawfully served Wage and Earnings Assignments and Notices of Assignment.

f. Report of Employees' Names to District Attorney.

1. The City shall maintain its current practice of assisting the District Attorney's support enforcement activities by annually reporting to the Los Angeles County District Attorney the names of all of its employees and retirees so that the District Attorney may identify those employees and retirees subject to Wage and Earnings Assignment Orders and Notices of Assignment and may establish court orders for support, where appropriate. Should the District Attorney so request it, the City will provide such information on a more frequent basis.

2. All applicants for employment with the City of Los Angeles will be asked to acknowledge their responsibility to comply with any court ordered support obligations and will be advised of the City's practice of assisting the District Attorney as described in the provisions of Subsection f.1., above.

SECTION HISTORY

Added by Ord. No. 172.401, Eff. 2-13-99.

EXHIBIT K

Consent to Sublease

(attached)

CONSENT TO SUBLEASE AGREEMENT BETWEEN
LULU'S PLACE, INC.

AND

XXXXXXX

PURSUANT TO LEASE AGREEMENT NO. _____

AT LOS ANGELES INTERNATIONAL AIRPORT (LAX)

The sublease in the form attached hereto as Exhibit A and hereinafter referred to as "Sublease Agreement" between LULU'S PLACE, INC., as Sublessor (hereinafter referred to as "SUBLESSOR" or "LESSEE") and XXXXXXX as Sublessee (hereinafter referred to as "SUBLESSEE"), with regard to a portion of the premises at LOS ANGELES INTERNATIONAL AIRPORT (hereinafter "AIRPORT") leased by SUBLESSOR from the City of Los Angeles Department of Airports (hereinafter referred to as "CITY") pursuant to Lease Agreement No. _____ (hereinafter the "Lease" and/or "Master Lease") is hereby approved and consented to subject to the following conditions:

Section 1.0 SUBLESSEE'S use of space shall be restricted to the areas described in Exhibit "A" and shall be used solely for the purposes set forth therein. For purposes of this Consent to Sublease Agreement ("Consent to Sublease"), the term "Demised Premises" shall mean the premises subleased by SUBLESSOR to SUBLESSEE under the Sublease Agreement, to the extent such premises are part of the premises leased by SUBLESSOR from CITY under the Master Lease.

Section 2.0 SUBLESSOR and SUBLESSEE shall comply with all obligations of the Lessee under the Master Lease with respect to the Demised Premises. Neither SUBLESSOR nor SUBLESSEE, shall, by the Sublease Agreement, amendment thereto, any agreement or otherwise, alter the rights and obligations contained in the Master Lease and Sublease Agreement, approved by this Consent to Sublease without the prior written consent of CITY, and a consent to one such change shall not be deemed to be a consent to any subsequent change. SUBLESSEE and SUBLESSOR shall be jointly and severally liable for all obligations of Lessee under the Master Lease. Nothing herein or in the Sublease Agreement shall be construed as releasing SUBLESSOR or SUBLESSEE from liability to CITY under the Master Lease.

Section 3.0 The Sublease Agreement and all rights, obligations and provisions thereunder shall be subordinate to, and the Sublease Agreement shall strictly comply with, and not conflict with, the applicable terms, covenants and conditions of this Consent to Sublease and the Master Lease, as amended or hereafter amended. CITY expressly disavows and rejects all provisions of the Sublease Agreement to the extent inconsistent with or contrary to the Master Lease, and such provisions shall be null and void.

Section 4.0 SUBLESSEE agrees to observe, obey and abide fully 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 government entity and/or court and other regulations of CITY applicable to the Demised Premises as described in the Master Lease and the common and joint use of AIRPORT facilities and in the maintenance and conduct of all operations thereon pursuant to the Master Lease, as well as all applicable rules, regulations, orders and restrictions which are now in force or which may hereafter be adopted by CITY with respect to the operation of AIRPORT, and all orders, directives, conditions, rules or regulations issued, given or imposed by the Chief Executive Officer of the Department of Airports (hereinafter "Executive Director") or the Board of Airport Commissioners (hereinafter referred to as "Board").

Section 5.0 SUBLESSEE shall not assign, sell, sublease or otherwise transfer its interest in the Demised Premises, or any portion thereof, without the prior written consent of CITY, and any such consent shall not be deemed to be a consent to any other subsequent transfer of any nature to any other entity. Any transfer without such consent shall be voidable at CITY's option. The Master Lease shall not, nor shall any interest therein, be assignable as to the interest of SUBLESSEE by operation of law without the prior written consent of CITY. Without limitation to the foregoing, neither SUBLESSOR nor SUBLESSEE shall have any right to allow any third party to have any possessory interest in any or all of the Demised Premises.

Section 6.0 Any improvements placed upon the Demised Premises by SUBLESSEE shall strictly comply with the terms of the Master Lease. Upon termination of the earlier of this Consent to Sublease or SUBLESSEE's occupation of the premises, structures, improvements, facilities or alterations constructed or installed by SUBLESSEE, other than machines, equipment, trade fixtures, and similar installations of a type commonly removed without structural damage to the Demised Premises, shall become a part of the land upon which they are constructed, or of the building to which they are affixed, and title thereto shall thereupon vest in CITY, unless however CITY requests SUBLESSEE or SUBLESSOR to remove some or all of said structures, improvements, facilities or alterations in which case SUBLESSOR or SUBLESSEE shall promptly remove such items. In the event the removal of any fixture damages any part of the Demised Premises, SUBLESSOR and/or SUBLESSEE shall repair such damage and restore the Demised Premises to as good condition as the same was in prior to said damage, reasonable wear and tear excepted.

Section 7.0 SUBLESSEE shall permit inspection of the specified Demised Premises subject to the terms of the Master Lease.

Section 8.0 The waiver by SUBLESSOR, SUBLESSEE or CITY of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver by CITY of any subsequent breach of the same, or any other, such term, covenant or condition herein contained. The subsequent acceptance of monies hereunder by SUBLESSOR or CITY shall not be deemed to be a waiver of any preceding breach by SUBLESSEE or SUBLESSOR of any term, covenant or condition of this Consent to Sublease or of the Master Lease other than the failure of SUBLESSOR or SUBLESSEE to pay the particular monies so accepted, regardless of any preceding breach at the time of acceptance of such monies.

Section 9.0 Hazardous and Other Regulated Substances.

9.1. Definition of "hazardous substances(s)." For the purposes of this Consent to Sublease, "hazardous substances" means:

9.1.1. 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

9.1.2. 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

9.1.3. 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

9.1.4. 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

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

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

9.2. Environmental Indemnity. Except for conditions existing prior to the original occupancy of the Demised Premises by SUBLESSEE or by SUBLESSEE's predecessors in interest, SUBLESSEE 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 at, on, under or across the Demised Premises, 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. SUBLESSEE agrees that any claims, damages, penalties, or fines asserted against or levied on CITY and/or SUBLESSEE as a result of noncompliance with any of the provisions of this Section shall be the sole responsibility of SUBLESSEE and that SUBLESSEE shall indemnify and hold CITY harmless from all such claims, damages, penalties, or fines. Further, CITY may, at its option, pay such claims, damages, penalties, or fines resulting

from SUBLESSEE's non-compliance with any of the terms of this Section, and SUBLESSEE shall indemnify and reimburse CITY for any such payments.

9.3. Except for conditions existing prior to the original occupancy of the Demised Premises by SUBLESSEE or SUBLESSEE's predecessors in interest, in the case of any hazardous substance spill, leak, discharge, or improper storage on the Demised Premises or contamination of the Demised Premises by any person, SUBLESSEE 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, or contamination. In the case of any hazardous substance spill, leak, discharge, or contamination by SUBLESSEE or its employees, servants, agents, contractors, or subcontractors on the Demised Premises or as may be discharged or released in, on or under adjacent property which affects other property of CITY or its tenants, SUBLESSEE agrees to make or cause to be made any necessary corrective actions to clean up and remove any such spill, leakage, or contamination. If SUBLESSEE fails to repair, clean up, properly dispose of, or take any other corrective actions as required herein, CITY 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, or contamination. Any such repair, cleanup, or corrective actions taken by CITY shall be at SUBLESSEE's sole cost and expense and SUBLESSEE shall indemnify and pay for and/or reimburse CITY for any and all costs (including any administrative costs) CITY incurs as a result of any repair, cleanup, or corrective action it takes.

9.4. If SUBLESSEE installs 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, SUBLESSEE agrees, upon the expiration and/or termination of this Consent to Sublease, to remove and/or clean up, at the sole option of the Chief Executive Officer, the above-referred-to improvements. Said removal and/or cleanup shall be at SUBLESSEE'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 Executive Director.

9.5. SUBLESSEE's Provision to CITY of Environmental Documents. SUBLESSEE shall promptly supply CITY with complete and legible copies of all notices, reports, correspondence, and other documents sent by SUBLESSEE to or received by SUBLESSEE 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 or any actual or threatened hazardous substance spill, leak, or discharge including all test results.

9.6. Survival of Obligations. This Section and the obligations herein shall survive the expiration or earlier termination of this Consent to Sublease, the Sublease Agreement and/or the Master Lease.

Section 10.0 Insurance.

10.1. SUBLESSEE shall procure at its own expense, and keep in full force and effect at all times during the term of the Sublease Agreement, the types and amounts of insurance specified

on Exhibit "B", attached hereto and incorporated by this reference. The specified insurance shall also, either by provisions in the policies, by CITY's own endorsement form or by other endorsement attached to such policies, include and insure CITY, its Department of Airports, its Board, and all of CITY's officers, employees and agents, their successors and assigns, as insureds, against the areas of risk described on Exhibit "B" hereof as respects SUBLESSEE's acts or omissions in its operations, use and occupancy of the Demised Premises hereunder or other related functions performed by or on behalf of SUBLESSEE in, on or about AIRPORT.

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

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

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

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

10.6. SUBLESSEE shall provide proof of all specified insurance and related requirements to CITY either by reproduction of stamped true and certified copies of the actual insurance policy(ies), by use of CITY's own endorsement form(s), by broker's letter acceptable to Executive Director in both form and content in the case of foreign insurance syndicates, or by other written evidence of insurance acceptable to Executive Director. The documents evidencing all specified coverages shall be filed with CITY in duplicate and shall be procured and approved in strict accordance with the provisions in Sections 11.47 through 11.56 of CITY's Administrative

Code prior to SUBLESSEE occupying the Demised Premises. The documents shall contain the applicable policy number, the inclusive dates of policy coverages and the insurance carrier's name, shall bear an original signature of an authorized representative of said carrier, and shall provide that such insurance shall not be subject to cancellation, reduction in coverage or nonrenewal except after written notice by certified mail, return receipt requested, to the City Attorney of the City of Los Angeles at least thirty (30) days prior to the effective date thereof. CITY reserves the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing such insurance.

10.7. CITY and SUBLESSEE agree that the insurance policy limits specified in this Section 10.0 shall be reviewed for adequacy annually throughout the term of this Consent to Sublease by the Chief Executive Officer, who may thereafter require SUBLESSEE, on thirty (30) days prior written notice, to adjust the amounts of insurance coverage to whatever amount Executive Director deems to be adequate.

10.8. 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. SUBLESSEE agrees, except where exempted, to provide CITY proof of said insurance by and through a surplus line broker licensed by the State of California.

Section 11.0 CITY Held Harmless. In addition to the insurance requirement provisions of Section 10.0 herein, SUBLESSEE shall indemnify, defend, keep and hold CITY, including its Board and CITY's officers, agents, servants and employees, harmless from any and all costs, liability, damage or expenses (including costs of suit and fees and reasonable expenses of legal services) claimed by anyone by reason of injury to or death of persons, including SUBLESSEE, or damage to or destruction of property, including property of SUBLESSEE, sustained in, on, or about the Demised Premises, or arising out of, resulting from or in connection with SUBLESSEE's use or occupancy thereof, or arising out of the acts or omissions of SUBLESSEE, its agents, servants, employees, contractors, customers, concessionaires, vendors or invitees.

Section 12.0 Attorney's Fees. If CITY shall, without any fault, be made a party to any litigation commenced by or against SUBLESSEE arising out of SUBLESSEE's use and occupancy of the Demised Premises, then SUBLESSEE shall pay all costs, expenses and reasonable attorney's fees incurred by or imposed upon CITY in connection with such litigation. Each party shall give prompt notice to the other of any claim or suit instituted against it that may affect the other party.

Section 13.0 The Sublease Agreement, to the extent it attempts to provide SUBLESSOR and/or SUBLESSEE greater rights vis-à-vis CITY than provided under the terms of the Master Lease, is disapproved and not consented to by the CITY, and SUBLESSOR and SUBLESSEE agree that all such provisions in the Sublease Agreement or any other agreement shall be void and of no effect as to CITY. SUBLESSOR and SUBLESSEE further agree that in the event of a conflict between the terms of this Consent to Sublease and the terms of the Sublease Agreement or any other agreement, the terms of this Consent to Sublease shall prevail. SUBLESSOR and SUBLESSEE agree that each shall strictly comply with the applicable terms, covenants and

conditions of the Master Lease as amended or hereafter amended, as well as any and all applicable rules, regulations, orders and restrictions which are now in force or which may hereafter be adopted by CITY with respect to the operation of AIRPORT, and all orders, directives, conditions, rules or regulations issued, given or imposed by the Chief Executive Officer or Board. Without limiting the foregoing, Section 4 of the Sublease Agreement shall not limit the CITY's right to require SUBLESSOR or SUBLESSEE to provide the insurance coverage required under the Master Lease.

Section 14.0 Alternative Fuel Vehicle Requirement.

14.1. Intentionally omitted.

Section 15.0 Cross-Default. A material default or breach of the terms of (i) any other lease, permit or contract held by SUBLESSEE with the City and/or (ii) the Master Lease held by SUBLESSOR with City shall constitute a material breach of the terms of this Consent to Sublease and shall be grounds for the termination for cause of this Agreement and shall give the City the unilateral right to terminate this Consent to Sublease for cause, provided that nothing herein shall be construed to limit City's remedies against SUBLESSOR under the Master Lease.

Section 16.0 The City may also withdraw its Consent to the Sublease in accordance with the default and termination provisions of the Master Lease. No such withdrawal of consent shall impair any of SUBLESSEE'S rights against SUBLESSOR arising out of the Sublease Agreement.

Section 17.0 Disabled Access.

17.1. SUBLESSEE and SUBLESSOR shall be jointly and severally 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 government entity and/or court regarding disabled access to improvements on the Demised Premises including any services, programs, or activities provided by SUBLESSEE. SUBLESSEE and/or SUBLESSOR will be solely responsible for any damages caused and/or penalties levied as the result of its noncompliance. However, with respect to the joint-use areas, SUBLESSEE's and/or SUBLESSOR's responsibility is reduced to the extent another sublessee or permittee sharing such joint-use space is legally determined to be responsible therefor. Further, SUBLESSEE agrees to cooperate fully with CITY in its efforts to comply with the Americans With Disabilities Act of 1990, and any amendments thereto or successor statutes.

17.2. Should SUBLESSEE's and/or SUBLESSOR's compliance responsibility for facilities covered by this Consent to Sublease shift to CITY due to SUBLESSEE's and/or SUBLESSOR's failure to comply, then the actual cost of achieving compliance, plus a fifteen percent (15%) administrative charge, shall be recovered by CITY from SUBLESSEE and/or SUBLESSOR. Failure to make such payment as set forth in this Section shall constitute a material breach and default to this Consent to Sublease for which City shall have the right to declare SUBLESSEE and/or SUBLESSOR in default and terminate this Consent to Sublease.

Section 18.0 Child Support Orders. The Sublease Agreement 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 "D". Pursuant to this Section, SUBLESSEE (and any subcontractor of SUBLESSEE providing any services to City under the Sublease Agreement) shall (1) fully comply with all State and Federal employment reporting requirements for SUBLESSEE's or SUBLESSEE's subcontractor's employees applicable to Child Support Assignments Orders; (2) certify that the principal owner(s) of SUBLESSEE and applicable subcontractors are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230, et seq.; and (4) maintain such compliance throughout the term of the Sublease Agreement. Pursuant to Section 10.10(b) of the Los Angeles Administrative Code, failure of SUBLESSEE 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 SUBLESSEE or applicable subcontractors to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default of this Consent to Sublease subjecting this Consent to Sublease to termination where such failure shall continue for more than ninety (90) days after notice of such failure to SUBLESSEE by City (in lieu of any time for cure provided elsewhere in the Sublease Agreement).

Section 19.0 Living Wage Ordinance and Worker Retention Ordinances.

19.1. Living Wage Ordinance.

19.1.1. General Provisions: Living Wage Policy. The Sublease Agreement 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 "E". The LWO requires that, unless specific exemptions apply, any employees of tenants or licensees 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 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. SUBLESSEE 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, SUBLESSEE 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), SUBLESSEE agrees to comply with federal law prohibiting retaliation for union organizing.

19.1.2. 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 Sublease Agreement 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 SUBLESSEE in writing about any re-determination by City of coverage or exemption status. To the extent SUBLESSEE claims non-coverage or exemption from the provisions of the LWO, the burden shall be on SUBLESSEE to prove such non-coverage or exemption.

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

19.1.4. Subcontractor Compliance. SUBLESSEE agrees to include, in every subcontract or sublease covering City property entered into between SUBLESSEE and any subcontractor, a provision pursuant to which such subcontractor (A) agrees to comply with the Living Wage Ordinance and the 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 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 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 Worker Retention Ordinance, as same may be amended from time to time.

19.2. Worker Retention Ordinance. The Sublease Agreement 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 to the extent applicable. A copy of Section 10.36 has been attached hereto for the convenience of the parties as Exhibit "F". If applicable, SUBLESSEE must also comply with the WRO which requires that, unless specific exemptions

apply, all employers under contracts that are primarily for the furnishing of services to or for the City of Los Angeles and that involve an expenditure or receipt in excess of \$25,000 and a contract term of at least three (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 this Consent to Sublease and otherwise pursue legal remedies that may be available if City determines that the SUBLESSEE violated the provisions of the WRO.

Section 20. Equal Benefits Ordinance.

20.1. Unless otherwise exempt in accordance with the provisions of the Equal Benefits Ordinance ("EBO"), Sublessee certifies and represents that Sublessee 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. Sublessee 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 Sublessee's employees which are neither "employee welfare benefit plans" nor "employee pension benefit plans", as those terms are defined in Sections 3(1) and 3(2) of ERISA. Non-ERISA Benefits shall include, but not be limited to, all benefits offered currently or in the future, by Sublessee 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 Sublessee to its employees, their spouses and the domestic partners of employees.

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

"During the term of a Lease with the City of Los Angeles, the Lessee will provide equal benefits to employees with spouses and its employees with domestic partners. Additional information about the City of Los Angeles' Equal Benefits Ordinance may be obtained from the Department of Public Works, Bureau of Contract Administration, Office of Contract Compliance at (213) 847-6480."

20.3. The failure of Sublessee to comply with the EBO will be deemed by City to be a material breach of this Consent to Sublease. If Sublessee fails to comply with the EBO, the City may cancel or terminate this Consent to Sublease, in whole or in part, and all monies due or to become due under the Consent to Sublease 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 Sublessee 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 Sublessee has set up or used its contracting entity for the purpose of evading the intent of the EBO, the City may terminate the Consent to Sublease.

Section 21.0 Contractor Responsibility Program.

21.1 SUBLESSEE 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, which must be signed by SUBLESSEE and returned to City, is attached hereto as Exhibit "G" and incorporated herein by reference.

Section 22.0. Notices.

22.1. Written notices to City hereunder shall be given in the manner specified in Section 22.4 to the CEO with a copy 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**

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

and via electronic mail to CDG-Tenant-Notices@lawa.org or to such other address as these parties may designate by written notice to Sublessor.

22.2. Written notices to Sublessor hereunder shall be given in the manner specified in Section 22.5 to:

With a copy to:

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

22.3. Written notices to Sublessee hereunder shall be given in the manner specified in Section 22.5 to:

XXXXXXX

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

22.4. The execution of any such notice by the CEO shall be as effective to Sublessor and Sublessee as if it were executed by Board or by Resolution or Order of said Board, and neither Sublessor nor Sublessee shall question the authority of the CEO to execute any such notice.

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

Section 23.0. Disclosure of Hazardous Substances.

23.1. City hereby notifies Sublessee that petroleum products, Asbestos Containing Material ("ACM") (including, but not limited to, building materials such as floor tile, mastic, roofing, and joint compound), Lead Based Paint ("LBP"), Possible Mercury-Containing Switches and Fluorescent Tubes, and Possible PCB-Containing Materials (including but not limited to fluorescent light ballast and electrical transformers ("Possible PCB")) may be present in structures and materials on the Demised Premises and/or its vicinity. The disclosure in this Section 23 shall only be for purposes of providing Sublessee with notice of some substances that may be present on the premises. The disclosure herein shall not be construed as evidence of preexisting substances for purposes of Section 9 above, nor as an admission by either Party regarding the possible existence of hazardous substances on the Demised Premises.

NOTICE IS HEREBY GIVEN TO SUBLESSEE THAT ASBESTOS CONTAINING MATERIALS MAY BE PRESENT IN NUMEROUS STRUCTURES AND MATERIALS IN THE DEMISED PREMISES. ACM MAY BE PRESENT IN SOME BUILDING MATERIALS INCLUDING FLOOR TILE, MASTIC, ROOFING, JOINT COMPOUND AND OTHER VARIOUS MATERIALS. ACM IS REQUIRED BY THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT RULE 1403. TO BE REMOVED PRIOR TO DEMOLITION, IF ANY;

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

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

STANDARD (8 CCR 1532.1).

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

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

NOTICE IS FURTHER GIVEN THAT FUELS, OIL, LUBRICANTS, LEAD ACID BATTERIES, GASOLINE, DIESEL, OTHER VEHICLE FLUIDS, VEHICLE EXHAUST, OFFICE MAINTENANCE FLUIDS, TOBACCO SMOKE, ELECTRONIC CIGARETTE VAPORS, METHANE, AND BUILDING MATERIALS CONTAINING CHEMICALS, SUCH AS FORMALDEHYDE, AND OTHER UNKNOWN HAZARDOUS SUBSTANCES MAY BE PRESENT IN THE DEMISED PREMISES. FURTHERMORE, OTHER PROPERTY IN THE VICINITY OF THE DEMISED PREMISES MAY CONTAIN HAZARDOUS MATERIALS USED IN THE NORMAL COURSE OF BUSINESS BY CITY OR ITS LESSEES OR SUBLESSEES.

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

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM, MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

Sublessee further acknowledges that the notices and warnings set forth above satisfy the requirements of California Health and Safety Code Section 25359.7 and related statutes and, to the

extent permitted by applicable law, Sublessee waives any and all rights it may have to assert that City has not complied with the requirements of Section 25359.7. The provisions of this section 23 shall survive the expiration or earlier termination of the Sublease or the Consent.

23.3. Sublessor shall notify sublessee of any hazardous substances pursuant to California Health and Safety Code 25359.7, and nothing in this Consent shall be construed to relieve Sublessor of its obligation to comply with Section 25359.7 and other applicable laws.

IN WITNESS WHEREOF, CITY has caused this Consent to Sublease to be executed by the Chief Executive Officer.

DATED: _____, 20 _____

CITY OF LOS ANGELES

By _____
Chief Executive Officer
Department of Airports

By _____
Chief Financial Officer
Department of Airports

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

Date: _____

By: _____
Assistant/Deputy City Attorney

The foregoing Consent to Sublease is hereby accepted and the undersigned hereby agree to be bound by the conditions herein stated.

DATED: __ __, 20__

ATTEST:

LULU'S PLACE, INC.

By _____
Signature

By _____
Signature

Print Name

Print Name

Its: Manager

Its: Manager / Authorized Signatory

DATED: __ __, 20__

ATTEST:

XXXXXXX

By _____
Signature

By _____
Signature

Print Name

Print Name

Its: Manager / Authorized Signatory

Its: Manager [SEAL]

EXHIBITS:

| | |
|-----------|-----------------------------------|
| Exhibit A | Sublease Agreement |
| Exhibit B | Insurance |
| Exhibit C | Intentionally Omitted |
| Exhibit D | Child Support Orders |
| Exhibit E | Living Wage Ordinance |
| Exhibit F | Worker Retention Ordinance |
| Exhibit G | Contractor Responsibility Program |

EXHIBIT L

Contractor Responsibility Program; Pledge of Compliance

(attached)

LOS ANGELES WORLD AIRPORTS



CONTRACTOR RESPONSIBILITY PROGRAM

RULES AND REGULATIONS FOR LEASES

Effective date: July 1, 2012

Procurement Services Division
7301 World Way West, 4th Floor
Los Angeles, CA 900145
(424) 646-5380
(424) 646-9262 (Fax)

CONTENTS

| | | |
|----|---|----|
| A. | DEFINITIONS | 2 |
| B. | SUBMISSION OF CRP QUESTIONNAIRES | 4 |
| C. | LAWA REVIEW OF SUBMITTED CRP QUESTIONNAIRES | 4 |
| D. | AWARD AND EXECUTION OF LEASES | 6 |
| E. | LEASE AMENDMENTS | 8 |
| F. | NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION..... | 8 |
| G. | LAWA INVESTIGATION | 9 |
| H. | VIOLATIONS OF THE CRP OR ITS RULES AND REGULATIONS..... | 11 |
| I. | NON-RESPONSIBILITY HEARING..... | 11 |
| J. | NON-RESPONSIBILITY SANCTIONS | 13 |
| K. | EXEMPTIONS..... | 13 |
| L. | EFFECTIVE DATE OF CRP RULES AND REGULATIONS..... | 14 |
| M. | CONSISTENCY WITH FEDERAL AND STATE LAW..... | 14 |
| N. | SEVERABILITY..... | 14 |

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

A. DEFINITIONS

- (a) **"Awarding Authority"** means either the Executive Director or the Board or the Board's designee.
- (b) **"Bid"** means an application submitted by a bidder in response to an Invitation for Bid, Request for Proposal or Request for Qualifications or other procurement process.
- (c) **"Bidder"** means any person or entity that applies for any contract whether or not the application process is through an Invitation for Bid, Request for Proposal, Request for Qualifications or other procurement process.
- (d) **"Board"** means the City of Los Angeles Board of Airport Commissioners.
- (e) **"Contract"** means any agreement for the performance of any work or service, the provisions of any goods, equipment, materials or supplies, or the rendition of any service to LAWA or to the public or the grant of a Public Lease, which is awarded or entered into by or on behalf of LAWA. The provisions of these Rules and Regulations shall apply to all leases that require Board approval.
- (f) **"Contractor"** means any person, firm, corporation, partnership, association or any combination thereof, which enters into a Contract with LAWA and includes a Public Lessee.
- (g) **"CRP Pledge of Compliance"** means the CRP Pledge of Compliance developed by PSD. The CRP Pledge of Compliance shall require Public Lessees and Public Sublessees to sign under penalty of perjury that the Public Lessees and Public Sublessees will:
 - (1) Comply with all applicable Federal, State, and local laws and regulations during the performance of the lease, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.
 - (2) Notify LAWA within 30 calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that

the tenant or did not comply with subparagraph (g)(1) above in the performance of the contract.

- (3) Notify LAWA within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the Public Lessee or Public Sublessee has violated subparagraph (g)(1) above in the performance of the Public Lease.
- (4) Provide LAWA within 30 calendar days updated responses to the CRP Questionnaire if any change occurs which would change any response contained within the completed CRP Questionnaire. Note: This provision does not apply to amendments of Public Leases not subject to the CRP and to Public Sublessees not required to submit a CRP Questionnaire.
- (5) Ensure that Public Lessees and Public Sublessees with LAWA leases shall complete, sign and submit a CRP Pledge of Compliance attesting under penalty of perjury to compliance with subparagraphs (u)(1) through (4).
- (6) Notify LAWA within 30 days of becoming aware of an investigation, violation or finding of any applicable Federal, State, or local law involving Public Sublessees in the performance of a LAWA contract.
- (7) Cooperate fully with LAWA during an investigation and to respond to request(s) for information within ten (10) working days from the date of the Notice to Respond.
- (h) **"CRP Questionnaire"** means the set of questions developed by PSD that will assist LAWA in determining a bidder, proposer's or contractor's responsibility. Information solicited from the CRP Questionnaire may include but is not limited to: ownership and name changes, financial resources and responsibility, satisfactory performance of other contracts, satisfactory record of compliance with relevant laws and regulations, and satisfactory record of business integrity. PSD may amend the CRP Questionnaire from time to time.
- (i) **"Executive Director"** means the Executive Director of the City of Los Angeles Department of Airports.
- (j) **"Invitation for Bid" ("IFB")** means the process through which the City solicits Bids including Request for Proposals (**"RFP"**) and Requests for Qualifications (**"RFQ"**).
- (k) **"Los Angeles World Airports"** means the City of Los Angeles Department of Airports.
- (l) **"PSD"** means LAWA's Procurement Services Division.
- (m) **"Public Lease"** means a lease of LAWA property.
- (n) **"Public Lessee"** means a Contractor that leases LAWA property under a Public Lease.

- (o) **"Public Sublessee"** means a Subcontractor that subleases LAWA property from a Public Lessee.
- (p) **"PSD"** means LAWA's Procurement Services Division.
- (q) **"Subcontractor"** means any person not an employee who enters into a contract with a Contractor to assist the Contractor in performing a Contract, including a Contractor or subcontractor of a Public Lessee or Public Sublessee, to perform or assist in performing services on the leased premises.
- (r) **"Prospective Lessee"** means any person, firm, corporation, partnership, association or any combination thereof that currently does not have a Public Lease.
- (s) **"Prospective Sublessee"** means any person, firm, corporation, partnership, association or any combination thereof that currently does not sublease LAWA property from a Public Lessee.
- (t) **"Requesting LAWA Division"** means the LAWA division(s) which issued the RFB, RFP or RFQ.
- (u) **"Responsibility"** means possessing the necessary "trustworthiness" and "quality, fitness and capacity" to perform the work set forth in the contract.

B. SUBMISSION OF CRP QUESTIONNAIRES

1. **Prospective Lessees** are required to submit a completed and signed CRP Questionnaire for determination of responsibility prior to award of a Public Lease.
2. **Public Lessees, Prospective Sublessees and Public Sublessees** are not required to submit a completed and signed CRP Questionnaire.

C. LAWA REVIEW OF SUBMITTED CRP QUESTIONNAIRES (APPLICABLE TO PROSPECTIVE LESSEES ONLY)

1. Posting of CRP Questionnaires and Sublessee Lists:

The Requesting LAWA Division will forward to PSD the completed CRP Questionnaires and sublessee list(s), if any, submitted by the Prospective Lessees to make available for public review and comment for a minimum of fourteen (14) calendar days prior to the award of the Public Lease.

2. Departmental Review of CRP Questionnaires

- a. PSD will determine Contractor Responsibility from the completeness and accuracy of the information in the submitted CRP Questionnaire; information from various

compliance and regulatory agencies; accuracy and completeness of the information received from the public; and through PSD's own reviews and investigations.

- b. PSD may submit written requests to the Prospective Lessee for clarification or additional documentation. Failure to respond to these requests within the specified time may render the Prospective Lessee non-responsible and disqualified.
- c. PSD will report its findings and determination to the Requesting LAWA Division.
- d. No award of a Public Lease will be made by LAWA until after the CRP Questionnaire review and Contractor Responsibility determination has been made.
- e. The CRP Questionnaire of the Prospective Lessee that is awarded a Public Lease will be retained by PSD. The CRP Questionnaires of the Prospective Lessees that are not awarded a Public Lease will also be retained by PSD.

3. Claims Resulting from Public Review and Comments

Prospective Lessees:

- a. Claims regarding a Prospective Lessee's responsibility must be submitted to PSD in writing. However, PSD may investigate a claim regarding a Prospective Lessee's responsibility, whether or not it is submitted in writing.
- b. If PSD receives information which calls into question a Prospective Lessee's responsibility, and the information was received **before** LAWA awards a Public Lease to the Prospective Lessee, PSD shall:
 - (1) Notify the Requesting LAWA Division in writing that LAWA will not award a Public Lease, until PSD has completed investigation into the matter.
 - (2) Investigate the complaint, collect necessary documentation, and determine the complaint's validity.
 - (3) Upon completion of the investigation, notify the Requesting LAWA Division in writing of the results of the investigation.
 - (4) Findings from the PSD investigation received by the Requesting LAWA Division will be considered by the Awarding Authority as part of the determination of the Prospective Lessee's responsibility.

Public Lessee:

- a. Claims regarding a Public Lessee's responsibility must be submitted to PSD in writing. However, PSD may investigate a claim regarding a Public Lessee's responsibility, whether or not it is submitted in writing.

- b. If PSD receives written information that calls into question a Public Lessee's responsibility, PSD shall investigate the matter as required in Section G, LAWA Investigation.

D. AWARD AND EXECUTION OF PUBLIC LEASES

1. Determination of Responsibility and Award of Public Lease

- a. PSD shall determine whether a Prospective Lessee is a responsible lessee with the necessary trustworthiness, quality, fitness and capacity to comply with the terms of the Public Lease by considering the following:
 - (1) Completeness and accuracy of the information contained in the CRP Questionnaire;
 - (2) Completeness and accuracy of the information received from the public;
 - (3) Information and documentation from PSD's own investigation; and
 - (4) Information that may be available from any compliance or regulatory governmental agency.
- b. The Awarding Authority may award and execute a Public Lease to a Prospective Lessee only if:
 - (1) The Prospective Lessee's CRP Questionnaire, and sublessee's list(s), if any, has been made available for public review for at least fourteen (14) calendar days unless otherwise exempted from the posting requirement by the CRP;
 - (2) The Prospective Lessee is not being investigated pursuant to the CRP;
 - (3) The Prospective Lessee has not been found to be a non-responsible lessee pursuant to the CRP;
 - (4) The Prospective Lessee does not appear on any City list of debarred bidders or contractors; and
 - (5) The Prospective Lessee has met all other applicable City requirements.

2. Submission of Pledge of Compliance

Prospective Lessees/Prospective Sublessees:

- a. Unless otherwise exempt from the CRP, all Prospective Lessees and Prospective Sublessees are required to submit a CRP Pledge of Compliance signed under penalty of perjury. Failure to submit a CRP Pledge of Compliance as required may render the Prospective Lessees or Prospective Sublessees, as applicable, non-compliant with the terms of the Public Lease or a consent to sublease, as applicable, and subject to sanctions.

Public Sublessees:

- b. Prior to LAWA's execution of a consent to sublease with a Prospective Sublessee, the Public Lessee shall submit to LAWA a signed CRP Pledge of Compliance from each Public Sublessee listed as occupying space on the leasehold premises.

3. Public Sublessee Responsibility

- a. Public Lessees shall ensure that their sublessees meet the criteria for responsibility set forth in the CRP and these Rules and Regulations.
- b. Public Lessees shall ensure that sublessees occupying space on the LAWA leasehold premises shall complete and submit a signed CRP Pledge of Compliance.
- c. Public Lessees shall not sublease to any sublessee that has been determined or found to be a non-responsible contractor by LAWA or the City.
- d. Subject to approval by the Awarding Authority, Public Lessees may substitute a non-responsible sublessee with another sublessee.

4. Execution of Public Leases/Consent to Subleases

Prospective Lessees:

- a. Unless exempt from the CRP, all Public Leases subject to the CRP shall contain language obligating the Public Lessee to comply with the CRP.
- b. No Public Lease may be awarded unless:
 - (1) The Prospective Lessee's CRP Questionnaire, unless otherwise exempt, has been made available for public review for at least fourteen (14) calendar days
 - (2) The Prospective Lessee has submitted a signed CRP Pledge of Compliance.
 - (3) The Prospective Lessee's sublessee list, if any, has been made available for public review for at least fourteen (14) calendar days.
 - (4) The Prospective Lessee is determined by LAWA to be a Responsible Contractor.

Prospective Sublessee:

- a. Unless exempt from the CRP, all subleases subject to the CRP shall contain language obligating the Public Sublessee to comply with the CRP.
- b. No consent to sublease will be executed by LAWA unless the Public Lessee has submitted a signed CRP Pledge of Compliance by the Prospective Sublessee.

E. LEASE AMENDMENTS

Compliance with the CRP is required in any amendment to a Public Lease if the initial lease was not subject to the CRP, but the total term and amount of the lease, inclusive of all amendments, would make the lease subject to the CRP.

- a. A Public Lessee subject to the CRP because of an amendment to the Public Lease shall submit a CRP Pledge of Compliance to LAWA before the amendment can be executed by LAWA.
- b. Unless exempt from the CRP, all Public Lease amendments shall contain contract language obligating the Public Lessee to comply with the CRP.

F. NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION

1. Notification of Investigations

Public Lessees shall:

- a. Notify LAWA within 30 calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the Public Lessees is not in compliance with any applicable Federal, State, or local law that apply to the Public Lease or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.
- b. Notify LAWA within 30 calendar days of receiving notice of any findings by a government agency or court of competent jurisdiction that the Public Lessee violated any applicable Federal, State, or local law that apply to the Public Lease or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

2. Public Sublessee Notification of Investigations

Public Lessees shall ensure that Public Sublessees occupying the LAWA leasehold premises abide by these same updating requirements, including the requirement to:

- a. Notify LAWA within 30 calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the Public Sublessee did not comply with any applicable Federal, State, or local law that apply to the Public Lease or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

- b. Notify LAWA within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the Public Sublessee violated any applicable Federal, State, or local law that apply to the Public Lease or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

3. Update of CRP Questionnaire Information – applies to Public Lessees only.

- a. Updates of information contained in the Public Lessee's responses to the CRP Questionnaire shall be submitted to LAWA within thirty (30) days of any changes to the responses if the change would affect the Public Lessee's fitness and ability to comply with the terms of the Public Lease.
- b. PSD, or the Requesting LAWA Division, shall determine whether a Public Lessee in a specific situation should have provided updated information.
 - (1) If PSD, or the Requesting LAWA Division, becomes aware of new information concerning a Public Lessee and determines that the Public Lessee should have provided information or updated LAWA of such information, but the Public Lessee has not done so, PSD shall issue a written notice to the Public Lessee requiring the Public Lessee to submit the required information within (ten) 10 calendar days.
 - (2) If PSD or the Requesting LAWA Division becomes aware of new information concerning a Public Sublessee and determines that the Public Sublessee should have provided information or updated LAWA of such information, but the Public Sublessee has not done so, PSD shall issue a written notice to the Public Lessee requiring the Public Sublessee to submit the required information within (ten) 10 calendar days of receipt of the written notice.
- c. The Public Lessee's failure to provide information or updated information when required by LAWA, the CRP or these Rules and Regulations, may be considered a material breach of the Public Lease, and LAWA may initiate a "Non-Responsibility Hearing" pursuant to the procedures set forth in Section I of these Rules and Regulations.

- 4. Submission of CRP Questionnaire and Updates of CRP Questionnaire Responses Not Applicable to Sublessees:** The requirement that Public Lessees submit to LAWA CRP Questionnaires and updates to the CRP Questionnaire responses does not apply to Public Sublessees.

G. LAWA INVESTIGATION

- 1. Reporting of Alleged Violations:** Allegations of violations of the CRP or these Rules and Regulations shall be reported to PSD. Complaints regarding a Prospective

Lessee's or Public Lessee's responsibility should be submitted to PSD in writing. However, PSD may investigate any claim or complaint regarding a Prospective Lessee's or Public Lessee's responsibility, whether or not it is submitted in writing. Whether based on a written complaint or otherwise, PSD shall be responsible for investigating such alleged violations.

2. Process:

- a. Upon receipt of a complaint or upon initiation of an investigation, PSD shall notify the Requesting LAWA Division, the Awarding Authority, and the Prospective Lessee or Public Lessee, as applicable, in writing that an investigation has been initiated.
- b. The Prospective Lessee or Public Lessee, as applicable, shall cooperate fully with PSD in providing information. If the Prospective Lessee or Public Lessee, as applicable, fails to cooperate with PSD's investigation or fails to timely respond to PSD's requests for information, LAWA may initiate a non-responsibility hearing as set forth in Section I of these Rules and Regulations. A failure to cooperate by a Public Lessee may be deemed a material breach of the Public Lease, and the City may pursue all available remedies.
- c. To the extent permissible, PSD shall maintain the identity of the complainant, if any, confidential.
- d. Upon completion of the investigation, PSD shall prepare a written report of the findings and notify the Requesting LAWA Division, the Awarding Authority, and the Prospective Lessee or Public Lessee, as applicable, of the results.

3. Results of Investigation

Prospective Lessee

- a. When an investigation is completed before a Public Lease is awarded, PSD shall notify the Requesting LAWA Division and the Awarding Authority of the results, and the Requesting LAWA Division and the Awarding Authority will consider the information as part of the determination of a Prospective Lessee's responsibility during the bid/proposal review process.

Public Lessees

- b. When an investigation is completed after the execution of a Public Lease:
 - (1) If violations of the CRP are found, PSD shall notify the Requesting LAWA Division and the Public Lessee of the violation and require the Public Lessee to make corrections or take reasonable measures within 10 calendar days.
 - (2) If the Public Lessee fails to make corrections as required, PSD shall notify the

Requesting LAWA Division and the Awarding Authority and may recommend that the Awarding Authority:

- (i) Terminate the Public Lease.
- (ii) Initiate a hearing to declare the Public Lessee a non-responsible lessee.

H. VIOLATIONS OF THE CRP OR ITS RULES AND REGULATIONS

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

I. NON-RESPONSIBILITY HEARING

1. The process of declaring a Prospective Lessee or a Public Lessee a non-responsible lessee shall be initiated by the Awarding Authority after consultation with the City Attorney's Office.
2. Before a Prospective Lessee or a Public Lessee may be declared non-responsible, the Prospective Lessee or a Public Lessee shall be notified of the proposed determination of non-responsibility and provided with an opportunity for a hearing.
3. The Awarding Authority or the Executive Director's designee shall preside over the non-responsibility hearing and shall provide the Prospective Lessee or Public Lessee with the following:

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

J. NON-RESPONSIBILITY SANCTIONS

Sanctions for Airline Tenants:

Airline lessees that do not comply with the CRP requirements or are determined non-responsible by LAWA will be declared to have a material breach of the Public Lease. LAWA may exercise its legal remedies thereunder, which are to include, but are not limited to:

1. Non-issuance of a successor air carrier operating permit, resulting in the payment of higher landing fees as a non-permitted carrier.
2. Termination of the Public Lease, which may result in the loss of exclusive or preferential gate assignments.

Sanctions for Non-Airline Tenants:

1. **Prospective Lessees** that do not comply with CRP requirements and/or are determined non-responsible by LAWA will be disqualified and will not be awarded a Public Lease.
2. **Public Lessees** that do not comply with CRP requirements and/or are determined non-responsible will be declared to have a material breach of the Public Lease. LAWA may exercise its legal remedies thereunder, which are to include, but not limited to the termination of the Public Lease.

Such lessee shall not occupy any leasehold premises in the proposed Public Lease, whether as a master lessee, a sublessee, a partner in a partnership, a participant in a joint venture, a member of a consortium, or in any other capacity.

3. Upon final determination of a Prospective Lessee or Public Lessee as a non-responsible lessee, PSD shall provide the LAWA Requesting Division and the Prospective Lessee or Public Lessee, as applicable, with a written notice summarizing the findings and applicable sanctions.
4. PSD shall maintain a listing of Prospective Lessees/Public Lessees who have been found non-responsible by LAWA pursuant to the CRP.

K. EXEMPTIONS

1. **Categorical Exemption:** The following types of Public Leases are categorically exempt from the CRP and these Rules and Regulations:

Public Leases with a governmental entity such as the United States of America, the State of California, a county, city or public agency of such entities, or a public or quasi-public corporation located therein and declared by law to have such public status.

2. **Board approval required for CRP Exemptions:** The following types of Public Leases are exempt from the requirement to submit a Questionnaire but remain subject to the

requirement that the Public Lessee submit a Pledge of Compliance and notify the Awarding Authority within 30 days of any information regarding investigations of the results of investigations by any governmental agency into the Public Lessee's compliance with applicable laws.

- a. Public Leases awarded on the basis of exigent circumstances when the Board finds that LAWA would suffer a financial loss or that LAWA operations would be adversely impacted.
 - (1) The Awarding Authority shall submit a request to PSD for waiver along with written certification that the required conditions exist.
 - (2) No contract may be exempted under this provision unless PSD has granted written approval of the waiver.
- b. Public Leases entered into based on Charter Section 371(e)(6). The Awarding Authority must certify in writing that the Public Lease is entered into in accordance with Charter Section 371(e)(6).

L. EFFECTIVE DATE OF RULES AND REGULATIONS

1. These Rules and Regulations apply to RFBs and RFPs issued after the Executive Director has approved these Rules and Regulations.
2. These Rules and Regulations apply to Public Leases entered into by LAWA after the Executive Director has approved these Rules and Regulations.
3. Public Leases amended after these Rules and Regulations are approved by the Executive Director will become subject to CRP and these Rules and Regulations if they meet definitions contained in the CRP and these Rules and Regulations.

M. CONSISTENCY WITH FEDERAL AND STATE LAW

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

N. SEVERABILITY

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