

LOS ANGELES INTERNATIONAL AIRPORT
REMOTE EMPLOYEE PARKING OPERATION AND MANAGEMENT AGREEMENT

By and Between

THE CITY OF LOS ANGELES,
DEPARTMENT OF AIRPORTS

and

ABM PARKING SERVICES, INC.

Dated _____, 2014

LOS ANGELES INTERNATIONAL AIRPORT REMOTE EMPLOYEE
PARKING OPERATION AND MANAGEMENT AGREEMENT

This LOS ANGELES INTERNATIONAL AIRPORT REMOTE EMPLOYEE PARKING OPERATION AND MANAGEMENT AGREEMENT (this "Agreement") is made and entered into as of _____, 2014 (the "Effective Date") by and between THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS, a municipal corporation ("City"), acting by order of and through its Board of Airport Commissioners ("Board"), and ABM PARKING SERVICES, INC., a California corporation ("Operator"), with reference to the following:

RECITALS:

A. City is the owner and operator of the Los Angeles International Airport located in the City of Los Angeles, California (the "Airport");

B. City has issued that certain Request For Proposals For Operation of Remote Employee Parking Lots and Transportation Services For Remote Employee Parking Lots and Metro Greenline Station, Release Date May 8, 2013 as supplemented by addenda (the "RFP"); and

C. Pursuant to the RFP, Operator has been selected by City to manage and operate certain remote employee parking facilities and transportation services at the Airport, all on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, for and in consideration of the foregoing Recitals (which are incorporated herein by this reference), the payment of the consideration hereinafter provided, the covenants and conditions hereinafter contained to be kept and performed, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. TERM OF THE AGREEMENT.

1.1 Term; Commencement Date. The term of this Agreement (the "Term") shall be for a period commencing on the Commencement Date (as defined below) and ending on the date which is the last day of the fifth (5th) Year (as defined below) following the Commencement Date (herein, the "Expiration Date"), unless the term of this Agreement is sooner terminated or extended in accordance with the provisions of this Agreement. For purposes of this Agreement, the term "Commencement Date" shall mean the date specified by the Executive Director (as defined below) as the Commencement Date as set forth in a written notice given by the Executive Director to Operator, provided that the date so specified by the Executive Director as the Commencement Date in such written notice shall not occur sooner than sixty (60) days following the date that such written notice is given by the Executive Director. For purposes of this Agreement, the term "Year" shall mean each consecutive period of twelve (12) full calendar months following the Commencement Date; provided, however, if the Commencement Date is a date other than the first day of a calendar month, the first Year shall include that fractional portion of the calendar month in which the Commencement Date occurs (the "Fractional First

Month”) and the first full twelve (12) calendar months thereafter. Within ten (10) days following the Executive Director’s request, Operator shall execute a Commencement Date Memorandum in the form attached to this Agreement as Exhibit “A” acknowledging the calendar date of the Commencement Date of the Term and the Expiration Date, together with such other information contained in the Commencement Date Memorandum as the Executive Director may request. Operator’s failure to execute a Commencement Date Memorandum shall not affect the Commencement Date of the Term nor the performance of Operator’s obligations with respect thereto. For purposes of this Agreement, the term “Executive Director” shall mean the Executive Director of the Department of Airports of the City of Los Angeles (or the person or persons designated by the Executive Director to take a specified action on behalf of the Executive Director).

1.2 Extension of the Term. The Executive Director shall have the right (acting in the Executive Director’s sole and absolute discretion) to extend the Term for up to two (2) consecutive one (1) year periods. In order to exercise such right to extend the Term, the Executive Director shall give written notice of such election to extend, as to each such 1-year extension period, not less than ninety (90) days prior to the date that such extension period would commence. Each such extension shall be on the same terms and conditions as set forth in this Agreement; provided, however, that no such extension shall operate to extend the amortization period described in Section 7.2.1 below. Notwithstanding the foregoing extension right granted to the Executive Director, the Executive Director shall have no right to extend the Term as provided above in this Section 1.2 in the event that Operator delivers, prior to the first day of the fourth (4th) Year of the Term, written notice to City that Operator elects to opt out of the provisions of this Section 1.2 (the “Opt Out Notice”). In the event that Operator fails to deliver the Opt Out Notice to City within the time provided above, Operator shall have no further right to opt out of the provisions of this Section 1.2.

2. APPOINTMENT OF OPERATOR; SERVICES TO BE PROVIDED. City hereby engages Operator, and Operator hereby agrees, to provide as an independent contractor the parking facility and shuttle transportation management and operation services as set forth in this Agreement. Commencing on the Effective Date, Operator shall, at Operator’s expense, take all necessary and appropriate actions (including, without limitation, making all necessary or appropriate arrangements with the incumbent parking and transportation operator) for the effective and efficient transition of parking and transportation management and operational responsibilities to Operator on the Commencement Date, and Operator shall ensure that there shall be no interruption in normal parking and shuttle transportation operations in connection with such transition. During the Term of this Agreement, Operator shall provide the services and perform the other obligations set forth below in this Section 2 and elsewhere in this Agreement. Operator shall manage and operate those remote employee parking facilities associated with the Airport as described in this Agreement or otherwise designated by the Executive Director in accordance with the terms of this Agreement. Except as otherwise expressly provided in this Agreement, Operator shall provide, at Operator’s expense, all personnel, custodial service, transportation service, equipment and supplies necessary for the performance of Operator’s obligations under this Agreement.

2.1 Description of Parking Facilities. The parking facilities for which Operator is responsible for providing management and operational services under this Agreement are depicted on Exhibit "B" attached to this Agreement and are comprised of "Employee Lot East", "Employee Lot West", "Employee Lot South", "Lot A", "Imperial Cargo" lot, "Imperial Terminal" lot and "Lot E" as depicted in Exhibit "B" (collectively, the "Parking Facilities"). Employee Lot East, Employee Lot West and Employee Lot South are sometimes collectively referred to herein as the "Employee Lots". Lot A, Imperial Cargo lot and Imperial Terminal lot are sometimes collectively referred to herein as the "Cargo Lots".

2.1.1 Additions, Deletions or Changes to Parking Facilities. At all times during the Term of this Agreement, the Executive Director shall have the right on behalf of City (but not the obligation) to make additions, deletions, modifications or changes (including, without limitation, closures, reconstructions, re-configurations or changes in use designations (such as from employee parking areas to public parking areas)) to the Parking Facilities, whether temporary or permanent, as may be deemed necessary or appropriate (in the Executive Director's sole and absolute discretion) in connection with the operation of the Airport. Such right may be exercised by the Executive Director at any time (and from time to time) during the term of this Agreement by giving to Operator sixty (60) days' prior written notice of such addition, deletion, modification or change to the Parking Facilities; provided, however, in the event of emergency circumstances, no such prior notice by the Executive Director shall be required. In the event that the Executive Director so makes any such addition, deletion, modification or change to the Parking Facilities, then the term Parking Facilities as used in this Agreement shall be deemed to be so modified. Operator agrees to manage and operate the Parking Facilities as so modified in accordance with the terms and provisions of this Agreement.

2.1.1.1 Significant Additions to Routes or Parking Facilities. In the event that the Executive Director makes a significant addition to the shuttle routes or the Parking Facilities contemplated by this Agreement that has or may have a material adverse economic impact on Operator under the financial terms of this Agreement, then the Executive Director will consider (in the Executive Director's sole and absolute discretion) whether to recommend to the Board an amendment to this Agreement providing for an equitable adjustment to the financial terms of this Agreement (it being understood, however, that such amendment to the financial terms of this Agreement shall require the approval of the Board acting in the Board's sole and absolute discretion). The addition of the Airline Connections Route or the Public Lot C Route (as such terms are defined in Section 2.6 below) are examples of a significant addition to the shuttle routes, which would involve the consideration of an equitable adjustment to the financial terms of this Agreement. The requirement that Operator assume the management of the multi-level parking garage located at Lot F as shown on Exhibit "B" is an example of a significant addition to the Parking Facilities, which would involve the consideration of an equitable adjustment to the financial terms of this Agreement. As a condition to the Executive Director's consideration of such an amendment, Operator shall have demonstrated to the satisfaction of the Executive Director that such addition to the shuttle routes or Parking Facilities has or would result in a material adverse economic impact on Operator under the financial terms of this Agreement and that the proposed adjustment to the financial terms of this Agreement is equitable.

2.1.2 Use of Ancillary Facilities. In order to facilitate the provision of the services by Operator pursuant to this Agreement, City may make available for Operator's use certain other areas as set forth below within the Airport on the terms and conditions set forth in this Agreement and such other terms as the Executive Director may impose from time to time (such facilities are collectively referred to herein as the "Ancillary Facilities"). The Executive Director shall have the right to make additions, deletions, modifications, changes or relocations to the Ancillary Facilities at any time, upon prior written notice to Operator. The Parking Facilities and the Ancillary Facilities are collectively referred to in this Agreement as the "Facilities".

2.1.2.1 Use of Office Space. Operator may use at no charge, on a non-exclusive basis, approximately 400 square feet of unfurnished office space within Lot C at the Bus Depot depicted on Exhibit "B". City will provide routine maintenance with respect to such space. Operator shall not make any alterations to such space.

2.1.2.2 Bus Staging and Turnover Inspection Area. The bus staging and turnover area is depicted on Exhibit "B" and may be used on a non-exclusive basis. A bus layover area is also available in the Commercial Vehicle Holding Lot at 9201 Jenny Avenue as depicted on Exhibit "B".

2.1.2.3 Parking at Employee Lots. Parking for Operator's employees and contractors will be available at the Employee Lots at the then prevailing monthly parking rate, as established by the Board from time to time.

2.1.3 Rights Regarding Parking and Ancillary Facilities. Notwithstanding any other provision of this Agreement, Operator acknowledges and agrees that the rights granted to Operator with respect to the Parking Facilities and the Ancillary Facilities are limited to that of a revocable nonexclusive right of entry for the purpose of performing Operator's obligations under this Agreement, which right of entry may be terminated by the Executive Director in accordance with the terms of this Agreement. Operator shall not use the Facilities for any use other than as expressly authorized in this Agreement or otherwise expressly authorized by the Executive Director in writing. Nothing in this Agreement shall be construed as granting to Operator a possessory interest in the Facilities. Operator acknowledges that City may enter the Facilities at any time and for any purpose.

2.2 Business and Operations Plan. Operator shall operate and manage the Parking Facilities strictly in accordance with the Business and Operations Plan (the "Business and Operations Plan"), which Business and Operations Plan shall be subject to the approval of the Executive Director in all respects. As a condition precedent to the effectiveness of this Agreement for the benefit of City, Operator shall have submitted and the Executive Director shall have approved the initial version of the Business and Operations Plan prior to the Effective Date. If the Executive Director has not approved the initial version of the Business and Operations Plan prior to the Effective Date, then this Agreement shall not become effective. Once approved by the Executive Director, the Business and Operations Plan as so approved shall be deemed a part of this Agreement and incorporated herein by reference. Thereafter, Operator may submit proposed revisions to the Business and Operations Plan to the Executive Director, on

an annual basis, no later than ninety (90) days prior to the end of each Year continuing through the end of the Term. In the event that Operator believes exigent circumstances warrant that the Business and Operations Plan should be revised sooner than the end of a given Year, then Operator may submit proposed revisions during such Year for the Executive Director's consideration. Any and all proposed revisions to the Business and Operations Plan shall be subject to the approval of the Executive Director and shall not become effective unless and until approved by the Executive Director. The Executive Director shall have the right to require reasonable changes to the Business and Operations Plan, from time to time and at any time, upon not less than thirty (30) days prior written notice (or such earlier period as may be specified herein). In the event of a conflict between the terms of this Agreement and the Business and Operations Plan (including any revisions to the Business and Operations Plan), the terms of this Agreement shall control. The contents of the Business and Operations Plan shall include, but not be limited to, the following:

2.2.1 A Management and Operations Plan containing the detail described in Section 5.H.8 of the RFP covering both parking lot and shuttle transportation operations. Service hours for Operator's personnel shall be as set forth in the Business and Operations Plan.

2.2.2 An Access Control System Deployment and Implementation Plan for the New ACS (as defined in Section 2.3.1 below) containing the detail described in Section 5.H.9 of the RFP.

2.2.3 A Customer Service Plan containing the detail described in Section 5.H.10 of the RFP covering both parking lot and shuttle transportation operations.

2.2.4 Such other managerial and operational plans, procedures and requirements as may be referred to elsewhere in this Agreement as being set forth in the Business and Operations Plan.

2.3 Installation of New Parking Access Control System; Modular Office; Portable Restrooms.

2.3.1 New Parking Access Control System for Employee Lots. Operator shall design, install and maintain the new turn-key parking access control system (the "New ACS") for the Employee Lots. All costs and expenses associated with the design, installation and maintenance of the New ACS shall be paid for by, and shall be the responsibility of, Operator, except as may be expressly otherwise provided in this Agreement. The New ACS shall provide a multifaceted billing and permit distribution system, which allows multiple forms of payment, both in person and on-line. The New ACS shall provide a minimum of two exit and entry points at each of Employee Lot East and Employee Lot West and a minimum of one entry and exit point at Employee Lot South. No exit or entry points shall be provided off of Airport Boulevard from Employee Lot East. The New ACS shall include a back-up power system satisfactory to the Executive Director. The description of and specifications for the New ACS are more particularly set forth in the Business and Operations Plan. From the Commencement Date and continuing until such date as the New ACS becomes operational, Operator shall operate the Employee Lots using the existing non-automated hang tag system (the "Existing ACS").

Operator shall operate the Cargo Lots and Lot E using the existing non-automated hang tag system.

2.3.1.1 Completion of New ACS. Operator shall cause the New ACS to be completed and fully operational to the satisfaction of the Executive Director on or before the date that is ninety (90) days following the Commencement Date (the "ACS Completion Date"). If Operator fails to cause the New ACS to be completed and operational to the satisfaction of the Executive Director by the ACS Completion Date (subject to events of Force Majeure (as defined in Section 14.30 below)), then the Executive Director shall have the right to reduce the Monthly Management Fee (as defined in Section 3.1 below) by an amount equal to Ten Thousand Dollars (\$10,000) per month, until such time as the New ACS is completed and becomes operational to the satisfaction of the Executive Director. Further, if Operator fails to cause the New ACS to be completed and operational to the satisfaction of the Executive Director within sixty (60) days following the ACS Completion Date (subject to events of Force Majeure), then such failure shall be deemed a material breach of this Agreement and City shall have the right to terminate this Agreement for such breach (in addition to any and all other rights and remedies of City hereunder). Following the completion of the New ACS, Operator shall operate the Employee Lots using the New ACS. As part of the Executive Director's acceptance of the New ACS as complete and operational, New ACS must pass a three phased acceptance process to substantiate that the New ACS is working after installation of each lane and parking lot in accordance with the minimum functionality requirements set forth in the RFP (which requirements are incorporated herein by reference), the Business and Operations Plan and the manufacturer's specifications. Each phase must be successful before moving on to the next phase. City reserves the right to restart anyone of the three phases in the event that any of the New ACS components fail during the testing phase. Such three phases and test processes are explained further below and are in addition to the test processes contained in the Business and Operations Plan:

(1) Lane Acceptance Test. A Lane Acceptance Test will be conducted to demonstrate to City that the New ACS is functioning properly and in accordance with the requirements referenced in this Agreement. This test will verify each entry/exit lane and other system components are working properly and as specified. Documentation of process and test results for each lane and system component must be submitted to City. Each lane will be considered successfully completed when all components have passed their respective test procedures.

(2) Site Acceptance Test. Site Acceptance Test ("SAT") will be conducted to test the parking lots New ACS installation as a complete system. This will include, but not be limited to, all entry and exit lanes, proximity access, database/application servers, work stations, report processing and other system components of the New ACS. The SAT will be performed for five (5) consecutive twenty-four (24)-hour periods for each parking lot only after the Lane Acceptance Test has been successfully passed. Documentation showing system failures and downtime, if any and test process must be provided to City.

(3) Operational Demonstration Test. The Operational Demonstration Test will be comprised of all New ACS equipment, systems, servers, redundancy measures, and reporting requirements and will be performed under live conditions where airport

employees will use the New ACS. The test must be demonstrated for twenty-five (25) consecutive days without any system failures. If a system failure occurs, Operator shall repair and/or remedy the failure, and the Executive Director may require that the 25-day testing period be started over again. Any significant system failure will require the testing phase to restart. Documentation must be provided daily to City detailing system component checks, system failures, system repairs and/or remedies, down time for lane or component and other necessary information in such detail as may be required by the Executive Director.

2.3.1.2 Maintenance of New ACS. Operator, at Operator's cost and expense, shall maintain the New ACS in first-class working order condition and state of repair (including, without limitation, the repair or replacement of any damaged or destroyed elements and the maintenance of licensed software including updates thereto) as more particularly described in the Business and Operations Plan.

2.3.1.3 Ownership of New ACS. During the Term of this Agreement, Operator shall be considered the owner of the New ACS, provided, however, that upon the expiration or earlier termination of this Agreement for any reason, City shall automatically become the owner of all rights and interests in and to the New ACS; it being understood that title to and ownership of the New ACS (including, without limitation, all equipment, computer hardware and software, communications cabling, electronic displays, and supplies) shall automatically vest in City as of the date of such expiration or earlier termination of this Agreement, free and clear of all liens, encumbrances, security interests and other adverse claims and interests. Such transfer of ownership of the New ACS from Operator to City shall be at no additional compensation to Operator, except in the event of a Termination for Convenience (as defined in Section 7.1 below) occurring prior to the Expiration Date described in Section 1.1 above. Upon the expiration or earlier termination of this Agreement, Operator shall execute such bills of sale, documents of title, assignments of software licenses and other instruments or agreements as may be requested by City to evidence the transfer of ownership of the New ACS as contemplated in this Section. In order to ensure that City's ownership of the New ACS will vest free and clear of all adverse claims and interests, Operator covenants and agrees that Operator will not at any time transfer, hypothecate or encumber any interest in the New ACS or permit to be placed or asserted against the New ACS any lien, encumbrance, security interest or other adverse claim or interest.

2.3.1.4 Infrastructure Improvements. City and Operator acknowledge that the installation of the New ACS and the Modular Office (as defined in Section 2.3.2 below) may require infrastructure improvements (the "Infrastructure Improvements") to the Parking Facilities and that the Executive Director may require Operator to construct such Infrastructure Improvements. In connection with the design of the New ACS and the Modular Office, Operator shall identify to the Executive Director all proposed Infrastructure Improvements. Operator shall not make any Infrastructure Improvements, without the prior written approval of the Executive Director expressly acknowledging that such work is classified as an Infrastructure Improvement within the meaning of this Agreement. The Infrastructure Improvements to be constructed by Operator shall be designed and constructed in compliance with the provisions of Section 6 of this Agreement. Upon the completion of the Infrastructure Improvements by Operator and acceptance thereof by the Executive Director, City shall acquire the Infrastructure

Improvements. City shall pay the Infrastructure Improvement Acquisition Cost for such Infrastructure Improvements as provided in Section 3.3 below, and such Infrastructure Improvements shall upon such payment become the exclusive property of City. The Executive Director shall have the right to elect to have City construct any or all of the Infrastructure Improvements, in lieu of requiring Operator to construct the Infrastructure Improvements.

2.3.1.4.1 Examples of Infrastructure Improvements. Examples of infrastructure improvements that may, with the approval of the Executive Director, qualify as Infrastructure Improvements, include, without limitation, the following: substructure survey work, wi-fi equipment, communication cabling (e.g., fiber optic, T-1 or other cabling), underground conduit system and associated trenching, functional upgrades (such as lane extensions and modifications), electrical conduits and receptacles for bringing electrical power from its source to the point of connection with the New ACS equipment, electrical panel upgrades (if required), electrical generators for uninterrupted power supply (if required), switches, routers, transceivers, water piping (but not sewer) to the point of connection to the Modular Office, and remediation of pre-existing hazardous materials discovered in connection with the performance of Infrastructure Improvements.

2.3.2 Installation of Modular Office Facility. On or before the Commencement Date, Operator shall design and install a modular parking management office complex (the "Modular Office"), which shall contain adequate office space, a data server room for the New ACS, restrooms, break facilities, space for hang tag/permit sales, customer service and other functions related to the performance of Operator's obligations under this Agreement. Operator shall be responsible for the maintenance and repair of the Modular Office (including, without limitation, the repair or replacement of any damage as the result of theft, vandalism or other casualty). Except as may be expressly otherwise provided in this Agreement, all costs and expenses associated with the design, installation and maintenance of the Modular Office shall be paid for by, and shall be the responsibility of, Operator. Operator shall be responsible to remove the Modular Office upon the expiration or earlier termination of this Agreement, unless otherwise directed in writing by the Executive Director. The Modular Office shall be staged in the southwest portion of Employee Lot East at the location depicted in Exhibit "B", unless otherwise directed in writing by the Executive Director. In connection with the design and installation of the Modular Office, Operator shall comply with the provisions of Section 6 below.

2.3.3 Installation of Portable Restroom Facilities. On or before the Commencement Date, Operator shall install portable restrooms facilities in the Employee Lots (the "Portable Restrooms"). The type, number and location of such Portable Restrooms shall be as set forth in the Business and Operations Plan. The Portable Restrooms shall be accessible to disabled persons in compliance with the Americans With Disability Act and its regulations and other applicable Laws. Operator shall be responsible for the maintenance and repair of the Portable Restrooms (including, without limitation, the repair or replacement of any damage as the result of theft, vandalism or other casualty). All costs and expenses associated with the design, installation and maintenance of the Portable Restrooms shall be paid for by, and shall be the responsibility of, Operator. Operator shall be responsible to remove the Portable Restrooms upon the expiration or earlier termination of this Agreement, unless otherwise directed in writing by the Executive Director.

2.4 Maintenance of Parking Facilities. City shall have the right at any time during the Term, upon not less than one hundred eighty (180) days' prior written notice from the Executive Director to Operator, to require Operator to assume the responsibility for providing all custodial and cleaning services to all or any portion of the Employee Lots and/or Lot E. In the event that City so elects, Operator shall, in consideration for the compensation set forth in Section 3.2.3 below, provide all custodial and cleaning services for such Employee Lots and/or Lot E and shall keep such Employee Lots and/or Lot E in a first class clean, attractive and safe condition (including, without limitation, the provision of all trash and waste receptacles and all trash and waste removal services) as more particularly provided in the Business and Operations Plan. In the event of such election by City, City shall not provide any trash or waste receptacles or trash or waste removal services.

2.5 Revenue Control; Collection of Gross Revenue. Operator shall be fully and solely responsible for the collection, safekeeping and deposit of all Gross Revenue (as defined below) collected from patrons and users of the Parking Facilities. Operator shall charge and collect from all persons utilizing the Parking Facilities the applicable fees and charges established by City (from time to time) for such use. All Gross Revenue received by Operator from the operation of the Parking Facilities at the Airport is and shall become, immediately upon the collection and receipt thereof, the property of City. The term "Gross Revenue" means all charges, fees and other revenues collected or received by Operator (or its subcontractors) of every kind and character (including, without limitation, payment by cash, check, credit or debit card) involving payment in exchange for the use of parking space or for any other service provided at or in connection with the Parking Facilities. Operator shall timely provide to City the reports regarding Gross Revenue as described in the Business and Operations Plan or elsewhere in this Agreement. All such reports relating to the collection of Gross Revenue shall be accurate and complete in all respects. The Executive Director shall have the right to change or modify such reporting requirements from time to time in the Executive Director's sole and absolute discretion.

2.5.1 Deposit of Gross Revenues. Operator shall deposit the Gross Revenues daily in a bank selected by the Executive Director. The arrangements for said daily deposit, including the use of armored transport (all at Operator's expense) shall be subject to the satisfaction of the Executive Director. Said deposits shall be to the credit of the Treasurer of the City of Los Angeles. In the event that the approved deposit arrangements includes service charges by the bank to Operator, City shall reimburse Operator for such expenses on a monthly basis; provided, however, that City shall not be obligated to reimburse Operator for any service charges that are imposed by the bank as a result of Operator's failure to follow approved deposit or bank service arrangements. Operator covenants and promises to be responsible for ensuring that all Gross Revenues are properly and fully deposited at City's bank and properly credited to City's account. Operator shall maintain at all times a verification procedure which will reflect that City's accounts have been credited daily with the proper amounts of Gross Revenues. Such system shall include a daily comparison of initial deposit slips with verified deposit slips returned from the bank.

2.5.2 Employee Permit Pass Reconciliation. In addition to the reconciliation processes described in the Business and Operations Plan, sales of employee parking passes made in-person or through other means, if applicable (internet web-site, electronically, etc.), must be reconciled daily and revenue must be deposited daily into City's designated bank account. All pass sales must be accounted for in numerical order by sequence number. Passes sold for that day must include starting sequence number, ending sequence number, revenue collected, type of payment, and type of pass sold (internet, hangtag, etc.) by lot and must be provided in a daily report to be submitted to City. Monthly reports submission to City must show active/valid number of passes for the previous month, number of sales by lot, type of sales, any adjustments, and revenue collected. Back-up documents or source reports may be required to ensure accountability.

2.5.3 Operator is Responsible for Undercharges. Operator shall assume all responsibility for losses of revenue to City as a result of charging parking patrons less than the amount due under the prevailing rate structure. City shall have the right to prepare and submit to Operator on a monthly basis a listing of such undercharge transactions. The entire amount of any such undercharge shall be deducted from the compensation otherwise payable to Operator.

2.5.4 Checks. Operator shall not be responsible for losses of revenue as a result of check acceptance by adhering to the following:

- (1) No personal checks shall be accepted under any circumstances.
- (2) Company checks shall be accepted only for the payment of parking fees or for the payment of parking permits (hang tags, proxy card or comparable media).
- (3) All checks must be made out to the Los Angeles World Airports.

Operator's failure to adhere to the foregoing requirements may result in Operator being held responsible for the loss of Gross Revenue as the result of uncollectable payments by check.

2.5.5 Credit and Debit Cards. Operator is authorized to accept the use of Visa, Master Card, Discover and American Express credit cards and Explore, Interlink and Star debit cards for payment of public parking fees and employee parking permits. Additional credit and/or debit cards may be authorized by the Executive Director. The Executive Director may restrict or prohibit any or all credit and/or debit cards as a method of payment upon prior written notice to Operator. City shall pay directly the fees charged by City's credit card merchant processor, which is currently Elavon Merchant Services; provided, however, that any other costs associated with any other credit card processors (including, without limitation, third party credit card processing fees charged through the City's credit card merchant processor) shall be borne by Operator, and City shall have the right to charge Operator for such other costs if paid by City. City has the right to change its designated credit card merchant processor from time to time during the Term.

2.5.6 Changes to Procedures; Failure to Follow Procedures. Operator shall be responsible for the implementation of any additional procedures pertaining to the collection of parking fees. Operator shall be responsible for any losses as a result of its failure to follow established procedures as determined by the Executive Director. The Executive Director may impose reasonable penalties (in addition to those penalties set forth in this Agreement) for Operator's infractions that result in loss of revenue, or result in additional City staff hours for research and verification to respond to a customer's complaint or result in undermining the integrity of the New ACS or parking operations.

2.5.7 Other Activities Prohibited. Operator shall not engage in, nor permit any of its subcontractors, employees or agents to be engaged in, the business of selling supplies or products of any kind at the Parking Facilities or at the Airport or the business of performing any service at the Parking Facilities or the Airport that is not expressly authorized by this Agreement, without the prior consent of the Executive Director in writing. Operator shall not install, maintain, operate nor permit the installation, maintenance or operation on the Parking Facilities of any vending machine or device designed to dispense or sell food, beverages, tobacco products or merchandise of any kind whether or not included in the foregoing categories, without the prior consent of Executive Director in writing.

2.5.8 Employee Automobile Parking Rates. Operator shall ensure that the current rates for employee automobile parking shall, at all times, be posted at each customer service area where permits are purchased and the web portal for permit purchases. Automobile parking rates currently in effect are those fixed by Board Resolution 25045 dated February 19, 2013 for employee parking at the Parking Facilities, but may be amended by the Board in its discretion at any time. Operator shall not set rates. Operator's function is to manage the operation of the Parking Facilities and as part of its duties to collect parking rates on behalf of City for such portions of the Parking Facilities as are designated in this Agreement. If rates are changed by City, Operator shall change all posted rates at each customer service area where permits are purchased and the web portal for permit purchases at Operator's expense.

2.6 Shuttle Transportation Services. Operator shall provide the highest level of professional, safe and efficient shuttle transportation services to the users of the Employee Lots and the general public (including, without limitation, disabled persons) using the Greenline Shuttle Route as more particularly described in this Agreement and the Business and Operations Plan. The hours of operation, service levels, service hours, and routes are set forth in the Business and Operations Plan and shall be subject to adjustment by the Executive Director (in the Executive Director's sole and absolute discretion) from time to time and at any time, upon thirty (30) days' prior written notice to Operator, except in the case of extraordinary circumstances in which case such adjustment, if requested by the Executive Director, shall be made as soon as reasonably practicable following such notice (but no later than such 30-day period). Operator specifically acknowledges that the Executive Director has the right (in the Executive Director's sole and absolute discretion) to require Operator to undertake additional transportation services, including, without limitation, (i) an airline connections route for passengers requiring transportation within the Central Terminal Area (as defined below) for airline connections (the "Airline Connections Route"), and (ii) a Lot C route which provides transportation to public passengers between Lot C as shown on Exhibit "B" and the Central

Terminal Area (the "Public Lot C Route"). Operator acknowledges that the shuttle transportation services shall be operated free of charge to all employee users and members of the public, except as may be otherwise directed in writing by the Executive Director. The term "Central Terminal Area" means the central terminal area complex at the Airport generally consisting of passenger terminals connected by a U-shaped two-level roadway.

2.6.1 Provision of Transportation Vehicles. City shall provide through City's designated maintenance provider (the "Maintenance Provider") the transportation vehicles (i.e., the bus fleet) used by Operator to perform the shuttle transportation services contemplated by this Agreement in accordance with the terms of this Agreement and the Business and Operations Plan. City is responsible for registering the transportation vehicles with the DMV, and City's Maintenance Provider is responsible for complying with applicable requirements relating to CHP vehicle and terminal inspections. Operator shall be solely responsible for providing any support vehicles (i.e., vehicles that are not used for carrying transit passengers) needed by Operator to perform Operator's duties under this Agreement.

2.6.2 Turnover of Transportation Vehicles. The Maintenance Provider shall turn over the bus fleet for use by Operator on a daily basis in the condition and in the manner described in the Business and Operations Plan. Maintenance and fueling of the transportation vehicles shall be performed by the Maintenance Provider. Fueling, cycling, logging-in and logging-out of the transportation vehicles shall be performed as provided in the Business and Operations Plan. Operator shall comply with the provisions of the Business and Operations Plan regarding the inspection, logging-in, logging-out, reporting, debris removal and turnover of the transportation vehicles.

2.6.3 Verification of Passenger Eligibility. From time to time, the Executive Director may require Operator to verify that passengers using the transportation services meet City's eligibility requirements for using such services. For example, proof of Greenline Train use prior to boarding Greenline bus. In the event that the Executive Director requires such verification, the Executive Director will establish the eligibility requirements (e.g. employees assigned to parking in employee lots may use employee route buses, passengers showing proof of Greenline train ridership would be eligible to ride the Greenline bus), and the Executive Director will also set verification protocol. The costs for additional personnel and equipment necessary for such periodic verification shall be approved in advance in writing by the Executive Director and paid for by City.

2.7 Compliance With Laws. Operator shall, at Operator's sole cost and expense, (and shall cause Operator's employees, contractors, sub-contractors, representatives, and agents (individually, an "Operator Party" and collectively, the "Operator Parties") to fully and faithfully observe and comply with: (a) all municipal, state and federal laws, statutes, codes, rules, regulations, ordinances, requirements, and orders (collectively, "Laws"), now in force or which may hereafter be in force pertaining to the management and operation of the Parking Facilities or Operator's use of the Ancillary Facilities (including without limitation, (i) all safety, security and operations directives of City, including by the Executive Director, which now exist or may hereafter be promulgated from time to time governing conduct on and operations at the Airport, (ii) the Americans With Disabilities Act and its regulations, and (iii) any and all valid and

applicable requirements of all duly-constituted public authorities (including, without limitation, the Department of Transportation, the Department of Homeland Security, the Federal Aviation Administration, and the Transportation Security Administration)); (b) all recorded covenants, conditions and restrictions affecting the Airport ("Private Restrictions") now in force or which may hereafter be in force; and (c) the rules and regulations described in Section 14.14 below. As used in this Agreement, "Laws" shall include all present and future federal, state and local statutes, ordinances and regulations and City ordinances applicable to Operator or the management, operation or use of the Facilities by Operator.

2.8 Utilities. City will pay for the electrical and water utilities serving the Parking Facilities and/or the Ancillary Facilities; provided, however, in the event that the Executive Director reasonably determines that Operator's usage of such utilities is unreasonable, excessive or wasteful, City shall have the right to backcharge Operator for such unreasonable, excessive or wasteful use. Operator, at Operator's expense, is responsible for all other utilities and/or telecommunications services necessary in connection with the performance of Operator duties under this Agreement. Notwithstanding any other provision of this Agreement, City shall not be liable or responsible for any unavailability, failure, stoppage, interruption or shortage of any utilities or other services, regardless of the reason or cause of such unavailability or interruption or by whom caused.

2.9 Independent Contractor; Operator's Employees. Operator represents and warrants that it is fully experienced and properly qualified to perform its obligations under this Agreement and also that it is properly licensed, equipped, organized and financed to perform its obligations under this Agreement. In performing its obligations under this Agreement, Operator is acting as an independent contractor. This Agreement does not establish any employer-employee, joint venture or agency relationship between City and Operator or any of Operator's subcontractors. All employment arrangements and labor agreements with Operator's employees, agents and subcontractors are, therefore, solely and exclusively Operator's rights, obligations and liabilities (or its subcontractor's), and City shall have no obligations or liability with respect thereto. Operator shall pay its employees and shall ensure that every subcontractor pays its employees all wages, salaries and other amounts due to such employees. Operator shall be responsible for, and shall ensure that each subcontractor shall be responsible for, all reports, payment and other obligations respecting their respective employees, including without limitation those related to social security, income tax withholding, unemployment compensation, worker's compensation and employee benefit plans. Operator hereby agrees to indemnify, defend, and hold City, the Board, Executive Director and their respective members, officers, directors, employees, agents, advisors, attorneys, and representatives (collectively, "City Agents") harmless from and against any Claims of whatever nature that arise in connection with any such employees, employment arrangements or labor agreements relating to Operator or its subcontractors.

2.10 Gratuities. Gratuities may not be solicited by Operator, its subcontractors or their respective employees. Operator is responsible for ensuring that all of Operator's personnel refrain from such prohibited solicitation.

2.11 Quality of Operator's Services. In addition to the provisions regarding the quality of Operator's services set forth in the Business and Operations Plan, Operator shall comply with

the following provisions regarding quality of services.

2.11.1 Except for the maintenance of City's transportation vehicles by City's Maintenance Provider, all vehicles, machinery, appliances, underground installations and other equipment used by Operator in its operations under this Agreement shall, at no cost to City, be maintained in good mechanical condition and appearance and shall be modern up-to-date equipment which shall, at all times, meet all requirements necessary or lawfully required for fire protection and for the enhancement of the safety of operations considering the nature of the business in which Operator is engaged.

2.11.2 All employees of Operator engaged in rendering the services authorized in this Agreement shall, at all times while on duty, be neatly and cleanly dressed in accordance with the duty being performed by them, and they shall wear such identification and/or device as shall meet with the approval of City.

2.11.3 Operator shall furnish professional, prompt and efficient service so as not to reflect any discredit on City or Airport.

2.12 Customer Complaints. Operator shall timely process and resolve customer complaints in accordance with the procedures set forth in the Business and Operations Plan.

2.13 Penalties. The Executive Director shall have the right to assess the following performance penalties set forth below in the event of Operator's nonperformance. City shall have the right to deduct from the Monthly Management Fee any such performance penalties assessed by City. The assessment of such performance penalties shall be in addition to (and not in lieu of) any and all rights and remedies of City in the event of such nonperformance by Operator. City's assessment or acceptance of such performance penalty shall not constitute a waiver nor prevent the exercise of any other rights or remedies by City for such nonperformance by Operator. Operator acknowledges that such performance penalties are a reasonable estimate of additional administrative and other costs that will be incurred by City as a result of such nonperformance by Operator and are fair and reasonable under the circumstances.

2.13.1 Failure to Stop. For each documented and verified instance that a bus in service fails to stop for a passenger waiting at a designated shuttle loading area unless the bus is full to capacity, a performance penalty of \$150 will be assessed.

2.13.2 Unresolved Complaints. Failure to resolve complaints in accordance with Section 2.12, will result in a performance penalty of \$50 per day the complaints goes unresolved.

2.13.3 Falsification or Non-Submission of Reports. If City determines that Operator has submitted a falsified report, inaccurate information and/or failed to submit a required report, a performance penalty of \$200 will be assessed in each instance. For parking reports, this includes accounting, transaction, and other financial documents detailing number of sales, amount of revenue deposited into City's bank account, hang tag/access card sales and returns, and similar items. For shuttle transportation services, this includes statistical weekly/monthly computerized reports that are summarized and include all the following data for

each bus route: (a) number of passengers boarding /unloading at each terminal; (b) passenger peak hours; (c) vehicle occupancy; (d) number of transportation vehicles on route every hour; (e) number of trips to the Central Terminal Area and back; (f) headways; (g) accident reports; and (h) such other reports as may be set forth in the Business and Operations Plan.

2.13.4 Driver Unsafe Operations. If based on a complaint a driver is determined to have engaged in the unsafe operation of the bus or other vehicle (as reasonably determined by the Executive Director), a performance penalty of \$200 per incident will be imposed on Operator.

2.13.5 Employee Courtesy. If any employee of Operator is reported, in a written complaint, for discourteous or rude behavior, a performance penalty of \$200 per incident will be imposed on Operator. Enforcement of such penalty will take effect ninety (90) days after the Commencement Date of this Agreement.

2.13.6 Employee Absences. A \$100 penalty will be assessed for each instance that an employee of Operator is absent from an assigned work area. Such penalty will not preclude the Operator from initiating the employee disciplinary process.

2.13.7 Failure to Reconcile. A \$500 penalty will be assessed for each instance that the Operator fails to reconcile the daily revenue deposits with the daily revenue summary report. Once the new parking access control system is installed source documents will be required to verify daily sales and transactions.

2.13.8 Web-based Sales Unavailability. A \$500 penalty will be assessed for every day the web-based permit sales internet site is unavailable (if applicable) or a credit card transaction cannot be processed in-person. Such unavailability shall not include, however, planned maintenance of the web site that is preapproved by the Executive Director in advance.

2.13.9 ACS Lane Failure. A \$750 penalty will be assessed for each instance that the access control system lanes are not functioning for over 2 consecutive hours.

2.13.10 ACS System Failure. A \$1,000 penalty will be assessed for each instance that the access control system completely fails and employees are unable to access a parking lot using the access controls. Allowing employees to by-pass the access control system does not preclude Operator from this penalty assessment.

2.13.11 Failure to Clean. A \$200 penalty will be assessed for each instance that the parking lots are not cleaned.

2.13.12 Continued Poor Performance. If four (4) or more written complaints of a similar nature, are received by City concerning Operator's personnel's poor conduct, demeanor, or appearance, a performance penalty of \$200 will be imposed on Operator. Such penalty will take effect ninety (90) days after commencement of this Agreement.

2.13.13 Additional Performance Requirements. Following ten (10) complaints, of a similar nature, City may develop additional reasonable performance requirements, with attendant performance penalties.

Circumstances beyond the reasonable control of Operator, causing Operator to fail to comply with a stated performance requirement, may be considered by the Executive Director as a reason not to assess a performance penalty against Operator. Operator may dispute penalties imposed under this Section; provided however, such dispute must be substantiated in form acceptable to the Executive Director and submitted to the Executive Director within ten (10) business days of City's notification of a performance penalty assessment. The Executive Director shall review the materials submitted by Operator in connection with the dispute and shall make a determination whether the penalty is warranted, in his or her sole and absolute discretion. Such determination of the Executive Director shall be final and binding on Operator. The Executive Director may delay assessment of a penalty until completion of review of such dispute.

2.14 Reports. In addition to the reports referred to in this Agreement, Operator shall timely provide the reports referred to in the Business and Operations Plan.

3. COMPENSATION. As the entire compensation for the provision of the services and the performance of Operator's obligations under this Agreement, City shall pay to Operator the following: (1) the Monthly Management Fee as provided in Section 3.1 below; (2) the Monthly Operational Expenses as provided in Section 3.2 below; (3) the Pass-thru Expenses for Facility Repairs as provided in Section 3.3 below; and (4) the Infrastructure Improvement Acquisition Cost as provided in Section 3.4 below. Operator represents and acknowledges to City that (i) the compensation payable to Operator for the performance of Operator's obligations under this Agreement is a fixed sum as provided in this Section 3 and (ii) Operator shall perform Operator's obligations under this Agreement for the stated compensation payable to Operator regardless of any anticipated or unanticipated increases in Operator's costs of doing so, except as may be expressly otherwise set forth in this Agreement. Operator shall submit to City, on or before the tenth (10th) day of each calendar month during the Term, monthly invoices requesting payment of the compensation payable to Operator pursuant to this Agreement for the immediately prior month. Each such invoice requesting payment shall be specifically itemized and shall be in a form and content satisfactory to the Executive Director. Without limiting the generality of the foregoing sentence, each such invoice shall include a summary of the service hours performed with respect to each element of expense comprising the Monthly Operational Expenses. Each such invoice shall be signed by Operator and shall include the following certification: "The undersigned hereby certifies under penalty of perjury that the above bill is correct according to the terms of Agreement No. _____ and that payment has not been received." All calculations regarding the compensation payable to Operator are subject to the review and approval of the Executive Director, and City reserves the right to require additional substantiation of or certifications for any such payment request submitted as determined by the Executive Director. City shall, following approval of each payment request and deduction of any amounts authorized by this Agreement, remit to Operator the appropriate amount, at the address specified in Section 14.1 below. The payment by City of any invoice shall not bind City as to the correctness of such invoice should City later determine that such invoice was incorrect.

3.1 Monthly Management Fee. During the Term of this Agreement, City shall pay to Operator a fixed monthly management fee in the amount of One Hundred Thirty-nine Thousand Nine Hundred Thirteen Dollars (\$139,913) per month (the "Monthly Management Fee"); provided, however, that on the first day of the second Year and the first day of each Year thereafter during the Term, the Monthly Management Fee shall be subject to increase by an amount equal to two percent (2%) of the Monthly Management Fee in effect for the prior Year. Operator acknowledges that the amount payable as the Monthly Management Fee is, among other things, inclusive of and constitutes the full and sole compensation that Operator is entitled to receive under this Agreement for the following:

- (a) the cost of the design and installation of the New ACS (other than costs of approved Infrastructure Improvements that are eligible for reimbursement under Section 3.4.1 below) and the transfer of ownership of the New ACS to City upon the expiration or termination of this Agreement (except that in the event of a Termination for Convenience occurring prior to the Expiration Date described in Section 1.1 above, Operator is entitled to receive the Termination Payment as provided in Section 7.2 below);
- (b) the cost of maintenance of the New ACS throughout the term of this Agreement (including but not limited to, repair and replacement of hardware, software, labor, gate arms, and any other system related parts and support licenses);
- (c) the cost of the Modular Office (other than costs of approved Infrastructure Improvements that are eligible for reimbursement under Section 3.4.1 below);
- (d) the cost of Operator's personnel (except for amounts payable to Operator for Monthly Operational Expenses under Section 3.2 below), including, without limitation, employee, hiring, training and incentive programs;
- (e) the cost of insurance required to be maintained by Operator;
- (f) the cost of licenses, permits, and payment and performance bonds (except for those that may be eligible for reimbursement under Section 3.4.1 below as a part of the cost of approved Infrastructure Improvements);
- (g) the cost of materials and supplies (including, but not limited to, hang tags and credentials (e.g., proxy cards and transponders)), portable restroom facilities and third party credit card processing;
- (h) the cost of administration and overhead (including but not limited to, corporate management, local management (e.g., general manager, assistant manager, operations manager), audit and clerical support); and
- (i) profit (if any).

Operator acknowledges that the Monthly Management Fee is subject to reduction as provided in Section 2.3.1.1 above.

3.2 Monthly Operational Expenses. During the Term of this Agreement, City shall pay to Operator on a monthly basis an amount equal to the "Monthly Operational Expenses" (as hereinafter defined). For purposes of this Agreement, the term Monthly Operational Expenses shall mean the sum of the Parking Staff Expense (as defined in Section 3.2.1 below) for such

month, and the Transportation Expense (as defined in Section 3.2.2 below) for such month, the Cleaning Service Expense (as defined in Section 3.2.3 below) for such month.

3.2.1 Parking Staff Expense. The term "Parking Staff Expense" shall mean an amount equal to the Parking Staff Hourly Rate (as defined below) multiplied times the number of Parking Service Hours (as defined below) actually performed during such month, provided, however, that the number of Parking Service Hours for such month shall not exceed the number of Parking Service Hours authorized in the budget contained in the Business and Operations Plan or otherwise authorized in writing by the Executive Director (it being understood that no compensation shall be paid to Operator for the performance of Parking Service Hours in excess of such authorized number of Parking Service Hours). The term "Parking Staff Hourly Rate" shall mean Twenty-four Dollars and Fifty-three Cents (\$24.53); provided, however, that on the first day of the second Year and the first day of each Year thereafter during the Term, the Parking Staff Hourly Rate shall be subject to increase by an amount equal to four percent (4%) of the Parking Staff Hourly Rate in effect for the prior Year. The term "Parking Service Hours" shall mean the number of hours that the Parking Field Staff (as defined below) are actually on duty and performing services in accordance with this Agreement, excluding breaks, lunches, rest periods and any other periods in which the Parking Field Staff are not actually performing their duties. The term "Parking Field Staff" shall mean parking field supervisors, customer service and parking permit sales clerks, security guards and Break Relief Staff (as defined below) who perform services with regard to Operator's operation of the Parking Facilities pursuant to this Agreement. The term "Break Relief Staff" shall mean only those staff personnel who provide break relief for Parking Field Staff positions that require continuous staffing (such as stationed security guards). The Executive Director shall have the right to adjust the number of authorized Parking Service Hours set forth in the Business and Operations Plan (at any time and from time to time), upon thirty (30) days' prior written notice to Operator, except in the case of extraordinary circumstances in which case such adjustment, if requested by the Executive Director, shall be made as soon as reasonably practicable following such notice (but no later than such 30-day period).

3.2.2 Transportation Expense. The term "Transportation Expense" shall mean an amount equal to the Transportation Hourly Rate (as defined below) multiplied times the number of Transportation Service Hours (as defined below) actually performed during such month, provided, however, that the number of Transportation Service Hours for such month shall not exceed the number of Transportation Service Hours authorized in the budget contained in the Business and Operations Plan or otherwise authorized in writing by the Executive Director (it being understood that no compensation shall be paid to Operator for the performance of Transportation Service Hours in excess of such authorized number of Transportation Service Hours). The term "Transportation Hourly Rate" shall mean Twenty-eight Dollars and Seventy Cents (\$28.70); provided, however, that on the first day of the second Year and the first day of each Year thereafter during the Term, the Transportation Hourly Rate shall be subject to increase by an amount equal to four percent (4%) of the Transportation Hourly Rate in effect for the prior Year. The term "Transportation Service Hours" shall mean the number of hours that the shuttle transportation vehicles are actually on their assigned route, available to the Airport employees or the general public (as applicable) for the purpose of transporting passengers and there is an expectation of carrying passengers, excluding all time that such vehicles are removed from active

service for any reason (including, without limitation, dead heads to and from the staging areas, fueling, maintenance, inspections, cleaning, mechanical breakdowns, employee training, driver rest breaks and driver lunch periods). The Executive Director shall have the right to adjust the number of authorized Transportation Service Hours set forth in the Business and Operations Plan (at any time and from time to time), upon thirty (30) days' prior written notice to Operator, except in the case of extraordinary circumstances in which case such adjustment, if requested by the Executive Director, shall be made as soon as reasonably practicable following such notice (but no later than such 30-day period).

3.2.3 Cleaning Service Expense. The term "Cleaning Service Expense" shall mean an amount equal to the Cleaning Service Hourly Rate (as defined below) multiplied times the number of Cleaning Service Hours (as defined below) actually performed during such month, provided, however, that the number of Cleaning Service Hours for such month shall not exceed the number of Cleaning Service Hours authorized in the budget contained in the Business and Operations Plan or otherwise authorized by the Executive Director (it being understood that no compensation shall be paid to Operator for the performance of Cleaning Service Hours in excess of such authorized number of Cleaning Service Hours). The term "Cleaning Service Hourly Rate" shall mean Twenty-four Dollars and Forty-eight Cents (\$24.48); provided, however, that on the first day of the second Year and the first day of each Year thereafter during the Term, the Cleaning Service Hourly Rate shall be subject to increase by an amount equal to four percent (4%) of the Cleaning Service Hourly Rate in effect for the prior Year. The term "Cleaning Service Hours" shall mean the number of hours that the Cleaning Field Staff (as defined below) are actually on duty and performing services in accordance with this Agreement, excluding breaks, lunches, rest periods and any other periods in which the Cleaning Field Staff are not actually performing their duties. The term "Cleaning Field Staff" shall mean cleaning field staff and cleaning field supervisors who perform services with regard to Operator's operation of the Parking Facilities pursuant to this Agreement. The Executive Director shall have the right to adjust the number of authorized Cleaning Service Hours set forth in the Business and Operations Plan (at any time and from time to time), upon thirty (30) days' prior written notice to Operator, except in the case of extraordinary circumstances in which case such adjustment, if requested by the Executive Director, shall be made as soon as reasonably practicable following such notice (but no later than such 30-day period).

3.2.4 Fluctuation of Service Hours. Operator acknowledges that the number of Parking Service Hours, Transportation Service Hours and/or Cleaning Services Hours to be performed by Operator's personnel may be increased or decreased by the Executive Director from time to time during the Term of this Agreement. Operator acknowledges that such fluctuations shall not form the basis for a claim by Operator that the Monthly Management Fee should be adjusted as a result thereof, except as may be expressly otherwise provided in this Agreement. Further, Operator shall have no right to claim additional compensation on the basis that Operator has suffered a loss of revenue or profit as the result of any decrease in the number of service hours to be performed under this Agreement, and any increase in the number of service hours shall be compensated for solely by the payment of the applicable hourly rate, except as may be expressly otherwise provided in this Agreement.

3.3 Pass-thru Expenses for Facility Repairs. Operator agrees that City may from time to

time require Operator to make incidental repairs to City's improvements located on the Parking Facilities (e.g. bus shelter repair or replacement) (any such repairs as authorized and approved by the Executive Director are referred to herein as "Facility Repairs"). In the event that the Executive Director authorizes Operator to make approved Facility Repairs, City shall pay to Operator an amount equal to the Pass-thru Expense (as defined below) for such Facility Repairs. The term "Pass-Thru Expense" shall mean an amount equal to the actual out-of-pocket cost of such Facility Repairs as approved by the Executive Director, plus an amount equal to the Repair Pass-thru Expense Markup (as defined below). The term "Repair Pass-thru Expense Markup" shall mean an amount equal to three percent (3%) of the actual out-of-pocket cost of such Facility Repairs as approved by the Executive Director. Operator acknowledges that repairs that are the result of Operator's or any Operator Party's negligence or Operator's failure to perform Operator's obligations under this Agreement are not eligible Facility Repairs.

3.4 Compensation for Infrastructure Improvements. As full consideration for the acquisition of the Infrastructure Improvements (including any and all expenses incurred by Operator in connection with design and construction of the Infrastructure Improvements), City shall pay to Operator an amount equal to the Infrastructure Improvements Acquisition Cost (as defined in Section 3.4.1 below), which amount shall be payable by City within one hundred twenty (120) days following the Payment Request Completion Date (as defined in Section 3.4.2 below).

3.4.1 Infrastructure Improvements Acquisition Cost. The term "Infrastructure Improvements Acquisition Cost" shall mean an amount equal to the actual costs incurred by Operator for the design and construction of the Infrastructure Improvements as verified by the Executive Director, provided, however, that in no event shall the Infrastructure Improvements Acquisition Cost exceed any not-to-exceed dollar amount set forth in the applicable approval by the Executive Director for such Infrastructure Improvements. The costs of applicable permits and payment and/or performance bonds relating to approved Infrastructure Improvements are eligible for inclusion in the Infrastructure Improvements Acquisition Cost. Notwithstanding the foregoing, any amounts paid to any "Affiliate" of Operator (as defined in Section 7.4.3 below) that Operator claims to have incurred in connection with the design or construction of the Infrastructure Improvements may be included as a part of the Infrastructure Improvements Acquisition Cost only (i) to the extent that the amounts paid are fair and are otherwise no less favorable to Operator than would be obtained in a comparable arm's-length transaction with an unrelated third party or (ii) to the extent specifically approved in writing by the Executive Director, upon the separate written request of Operator made prior to incurring such costs.

3.4.2 Payment Request Completion Date. The term "Payment Request Completion Date" shall mean the date that the following has occurred: (a) Operator has completed the construction of the Infrastructure Improvements in compliance with the terms of this Agreement and the applicable approval of the Executive Director, and (b) Operator has requested payment and provided to City appropriate evidence and documentation of all costs incurred (including, but not limited to, copies of invoices) and proof of payment (including, but not limited to, lien releases) of such actual costs incurred by Operator for the design and construction of the Infrastructure Improvements.

3.4.3 Disputed Amounts. The Executive Director shall have the right to review, approve (which approval shall not be unreasonably withheld), and/or dispute the amount of the Infrastructure Improvements Acquisition Cost. To the extent that the Executive Director disputes a portion of the Infrastructure Improvements Acquisition Cost, or there is insufficient documentation with respect thereto, City shall so notify Operator within fifteen (15) business days following the Payment Request Completion Date and shall have the right to withhold any disputed amounts until such amounts have been verified and documented to the reasonable satisfaction of the Executive Director. The Executive Director shall also submit to Operator an explanation of the disputed amount or the required documentation (a "Dispute Notice"). Operator shall respond to the Executive Director within thirty (30) days following the Dispute Notice, and the Executive Director and Operator shall meet to resolve any disputes or documentation issues within thirty (30) days of Operator's response. City is under no obligation to dispute the Infrastructure Improvements Acquisition Cost prior to payment, and the payment of the Infrastructure Improvements Acquisition Cost shall not bind City to the correctness of the Infrastructure Improvements Acquisition Cost. City shall have the right to audit the Books and Records of Operator in accordance with the provisions of Section 4 below.

3.5 Equitable Adjustment for Unforeseeable Change in Circumstances. In the event that due to an unforeseeable change in circumstances relating to the operation of the Parking Facilities that are not within the control of Operator, Operator is required to incur materially adverse economic consequences as the result of the performance of Operator's obligations under this Agreement, then the Executive Director will consider (in the Executive Director's sole and absolute discretion) whether to recommend to the Board an amendment to this Agreement providing for an equitable adjustment to the financial terms of this Agreement as the result of such unforeseeable change in circumstances. Operator acknowledges that the Executive Director is not required to recommend any such amendment to the Board (or to take any other action), and that any such amendment shall require the approval of the Board acting in the Board's sole and absolute discretion. As a condition to the Executive Director's consideration of such an amendment, Operator shall have demonstrated to the sole satisfaction of the Executive Director that (i) such change in circumstances was unforeseeable and not within the control of Operator, (ii) such change in circumstances has or will result in unavoidable and material adverse economic consequences to Operator, and (iii) an adjustment to the financial terms of this Agreement is equitable under the circumstances.

3.6 Executive Director's Authority Regarding Additional Services. The Executive Director shall have the right (within the Executive Director's scope of authority, or if not within the Executive Director's scope of authority, with the approval of the Board) to request that Operator provide additional managerial or operational services relating to the Parking Facilities or transportation beyond those services that Operator is required to perform under the terms of this Agreement. Any such request by the Executive Director shall be in writing setting forth the terms and conditions relating to such request.

4. RECORDKEEPING AND AUDIT. Operator and its subcontractors of any tier shall keep accurate and complete books of accounts, records, journals, accounts, documents and other evidence related to Operator's activities relating to this Agreement (collectively, the "Books and

Records”), including, without limitation, those relating to Gross Revenue collected by Operator and those relating to charges for Operator’s performance of any services or work in connection with this Agreement. Operator shall also be required to attend meetings with City staff relating to Operator’s activities under this Agreement on an as-needed basis and to provide (in addition to the specific reports described elsewhere in this Agreement) such reports as the Executive Director may reasonably request from time to time. City’s accountants or representatives may examine such Books and Records of Operator for the purpose of conducting an audit. Such Books and Records shall be maintained by Operator at its offices at the Airport or at such other locations as may be approved by the Executive Director. Such Books and Records shall be made available by Operator at such offices of Operator during normal business hours within two (2) business days after the Executive Director’s request. City’s right to access and audit such Books and Records shall survive five (5) years beyond the expiration or earlier termination of this Agreement. Unless otherwise authorized by the Executive Director in writing, Operator shall retain all Books and Records and any other information necessary to perform any audit as described in this Agreement during the entire term of this Agreement and for a minimum of five (5) years thereafter. City shall initially bear its own expenses in performing such inspection or audit, and Operator shall bear its own expenses in performing such inspection or audit; provided, however, that in the event that any inspection or audit produces evidence that Operator has failed to accurately account for Operator’s activities under this Agreement, then Operator shall be in default of this Agreement and shall be liable to City for damages, including all costs incurred by City in connection with such inspection or audit (in addition to any and all other remedies City may have in connection with such default). Further, if it is determined by City as a result of an audit that there has been (i) a deficiency in the payment of any amount due to City under this Agreement (a “Deficiency”) or (ii) an overcharge in the payment of amount charged to City under this Agreement (an “Overcharge”), then such Deficiency or Overcharge shall immediately become due and payable by Operator to City upon demand by City. Operator shall cause any and all subcontractors to permit the representatives of City to similarly inspect and audit the Books and Records of such subcontractor relating to such subcontractor’s activities in connection with this Agreement for the same period of time.

5. PAYMENT OF TAXES AND LICENSES. Except for any possessory interest tax assessed with regard to the Parking Facilities (as provided below), Operator shall pay all taxes and fees of whatever character that may be levied, assessed or charged with respect to (i) the rights of the Operator to perform the service of operating and managing the Parking Facilities and (ii) Operator’s equipment, trade fixtures, or other property located on the Parking Facilities (including, without limitation, the Modular Office and the New ACS). While Operator is only managing the Parking Facilities and has no possessory interest in the parking lots, roads, buildings, or other structures relating to the Parking Facilities and has no interest in the gross revenue generated by the operation of the Parking Facilities, the potential nevertheless exists that the property tax assessor of Los Angeles County may assert that a possessory interest tax is assessable against Operator in connection with this Agreement. Operator shall immediately, upon receipt of any tax bill asserting a possessory interest tax from the tax assessor of Los Angeles County, provide a copy of such bill to City. Operator shall, at Operator’s expense, cooperate with City to contest the applicability of such possessory interest tax. Provided that Operator fully cooperates with City to contest the applicability of the possessory interest tax, City shall be responsible for the payment of such possessory interest tax in the event that such

contest is not successful. Operator shall also pay for, and cause to be maintained in full force and effect during the term of this Agreement, all licenses or permits necessary or required by law or regulation for the conduct and operation of Operator's activities contemplated by this Agreement or for the use of the Airport. Such licenses and permits shall cover not only Operator, but also all of Operator's employees and agents required to be licensed to transact Operator's business and activities at the Airport.

6. OPERATOR'S CONSTRUCTION AND INSTALLATION ACTIVITIES.

6.1 Operator's Design, Construction and Installation Obligations – In General. Operator shall, at Operator's cost and expense (except as otherwise expressly provided in this Agreement), design and complete in a timely manner the installation of the Modular Office, the New ACS, any Infrastructure Improvements, and any other construction or installation work required to be constructed or installed by Operator pursuant to the terms of this Agreement. Operator shall coordinate such activities in a manner consistent with any other relevant design and construction activities occurring within the Facilities. Operator shall manage and coordinate all such activities in such a manner as to minimize, to the greatest extent practicable, disruption of or interference with the operations of the Parking Facilities.

6.2 Prevailing Wage. Work performed will require payment of prevailing wages, if applicable. Operator is obligated to make the determination of whether the payment of prevailing wages is applicable to work performed by Operator in connection with this Agreement, and Operator shall be bound by and comply with applicable provisions of the California Labor Code and federal, state, and local laws related to labor, including, but not limited to, assuming all obligations and responsibilities under the California Labor Code related to prevailing wages, apprenticeship and recordkeeping that requires compliance by the contracting or awarding agency or body (i.e., City) when work requires payment of prevailing wages under the applicable federal or California law. Operator shall obtain the applicable wage determination for each craft, classification or worker, which are on file at the Office of Contract Compliance, Bureau of Contract Administration, in the City of Los Angeles, or may be obtain from the California Department of Industrial Relations. Operator shall indemnify, defend and pay or reimburse City for any damages, penalties or fines (including, but not limited to, attorney's fees and costs of litigation) that City incurs, or pays, as a result of noncompliance with applicable prevailing wage and apprenticeship laws in connection with the work performed in connection with this Agreement.

6.3 Condition of Facilities. Operator acknowledges and agrees that the Facilities are being provided for Operator's management, operation and/or use (as applicable) in their "AS IS, WHERE IS" condition, and "WITH ALL FAULTS" and without any improvements or alterations to be made or constructed by City. Except as specifically set forth in this Agreement, neither City, nor any of City's agents and representatives, has made any oral or written representations or warranties of any kind whatsoever, express or implied, as to any matters concerning the Facilities. Operator acknowledges and agrees that Operator has performed its own due diligence on all matters relating to the Facilities, including, without limitation, all technical, operational and construction matters. Any "as-built" drawings, utility matrixes, or other technical information (including, but not limited to, architectural drawings or AutoCAD or

other computer files) provided by City may not be accurate or complete. Operator's use of or reliance on any such information shall be at its sole risk, and City shall have no liability arising therefrom.

6.4 City Approval of Installations and Improvements. Prior to the installation of the Modular Office, the New ACS or any infrastructure or other improvements, Operator shall comply with the "LAWA Tenant Improvement Approval Process" (said LAWA Tenant Improvement Approval Process as may be modified from time to time is referred to herein as the "Construction Approval Process"), including without limitation, the submission to City's Commercial Development Group (unless the Executive Director designates a different group or department of City) for approval all required plans and other information. Upon receipt of the Executive Director's approval and any other applicable approvals, Operator shall cause the installation and/or construction called for by the approved working drawings and specifications to be commenced and completed promptly. No substantial changes, additions, or alterations shall be made in said working drawings or specifications, or in the installation or construction called for thereby, without first obtaining Executive Director's approval in writing.

6.5 Building Permits. Prior to the commencement of any work, Operator shall, at its own cost and expense (except as otherwise expressly provided in this Agreement), obtain all other permits and approvals required by applicable Laws including, but not limited to Los Angeles Department of Building and Safety, Los Angeles County Department of Health and OSHA. The Executive Director's approval of the plans, specifications and working drawings relating to the work shall create no responsibility or liability on the part of City for their completeness, design sufficiency, or compliance with all Laws and other requirements of governmental agencies or authorities. Neither City nor any City Agents shall be liable for any damage, loss, or prejudice suffered or claimed by Operator, any Operator Party or any other person or entity on account of: (a) the approval or disapproval of any plans, contracts, bonds, contractors, sureties or matters; (b) the construction or performance of any work whether or not pursuant to approved plans; (c) the improvement of any portion of the Facilities or alteration or modification to any portion of the Facilities; or (d) the enforcement or failure to enforce any of the covenants, conditions and restrictions contained in this Agreement.

6.6 Building Codes. All improvements, fixtures and equipment constructed or installed by Operator in or about the Facilities, including the plans and specifications therefor, shall in all respects conform to and comply with the applicable Laws (including, without limitation, federal and state laws, ordinances, building codes, rules and regulations of the City of Los Angeles and such other authorities as may have jurisdiction over the Facilities or Operator's activities therein).

6.7 Design and Engineering Standards. Operator shall employ competent architects, engineers and designers. Operator warrants that all design, installation and construction work and services shall conform to the highest professional standards pertinent to the respective trade or industry. Except as otherwise approved by the Executive Director, Operator shall comply with applicable portions of the Design and Construction Handbook located at www.lawa.org/laxdev/handbook.aspx (such handbook as may be revised from time to time by City) (herein, the "Design and Construction Handbook").

6.8 Licensed Contractors. All installation and construction work shall be performed in a good and workmanlike manner in accordance with good industry practice for the type of work in question by duly licensed contractors under the supervision of a competent licensed architect or engineer. Operator warrants that all materials and equipment furnished will be new and of good quality unless otherwise specified, and that all workmanship will be of good quality, free from faults and defects and in conformance with the approved design documents.

6.9 No Alterations Without Approval. Operator shall not make any improvements or alterations to any of the Facilities ("Alterations") without the prior written approval of the Executive Director and without first complying with City's Construction Approval Process. Any unauthorized Alterations made by Operator shall be removed at Operator's sole cost and expense and any damage to such Facilities shall be promptly repaired, and if not removed and repaired within fifteen (15) days of demand from City, City may remove such Alterations and restore such Facilities, at Operator's sole cost and expense.

6.10 Workers' Compensation. Prior to commencement of any construction or installation work, Operator shall first submit to City a certificate of insurance evidencing the fact that Operator (and any relevant Operator Party) maintains workers' compensation and employers liability coverage in the amounts and form required by the Workers' Compensation Act and insurance Laws of the State of California. Such certificate shall include a Waiver of Subrogation naming and for the benefit of the City of Los Angeles and City Agents. Such certificate shall contain the applicable policy number and the inclusive date for same, shall bear an original signature of an authorized representative of the insurance carrier and shall also provide thereon that the insurance shall not be subject to cancellation except after notice by registered mail to the City Attorney (addressed as set forth in Section 14.1.1 below) of the City of Los Angeles at least thirty (30) days prior to the date of cancellation.

6.11 Payment and Performance Bonds.

6.11.1 Performance Bond. In connection with any works of improvement constructed or installed by Operator, Operator shall furnish, at its sole cost and expense (except as otherwise expressly provided in this Agreement), a performance bond as prescribed by the City Attorney in the principal sum (i.e., 100%) of the amount of the construction proposed by Operator, or alternative security deposit for said amount acceptable to Executive Director.

6.11.2 Payment Bond. In connection with any works of improvement constructed or installed by Operator, Operator shall furnish, at its sole cost and expense (except as otherwise expressly provided in this Agreement), a payment bond as prescribed by the City Attorney in the principal sum (i.e., 100%) of the amount of the construction, alteration, repair or improvement work in excess of \$25,000 proposed by Operator.

6.11.3 Operator shall comply with the provisions of California Civil Code Sections 8600 to 8614 or Sections 9550 to 9566, as applicable to any such bonds, by filing the original contract and any modifications thereto in the office of the Los Angeles County Recorder, together with the bonds specified therein, and a conformed copy of such bonds, filed

for record as aforesaid, shall be furnished by Operator to City. Such payment and/or performance bonds shall be furnished no later than thirty (30) days prior to the commencement of such work. The payment and/or performance bonds shall be in substantially the same form as may be prescribed from time to time by the City Attorney, be issued by a surety company satisfactory to Executive Director, and authorized and licensed to transact business in the State of California and be for the full amount stated above with the City of Los Angeles, Department of Airports, as obligee, and shall guarantee the full, faithful and satisfactory payment and performance by Operator of its obligations to construct and install the aforementioned works of improvement, and shall guarantee the payment for all materials, provisions, supplies, and equipment used in, on, for, or about the performance of Operator's works of improvement or labor done thereon of any kind, and shall protect City from any liability, losses, or damages arising therefrom.

6.12 No Liens. Operator shall pay when due all claims for labor or materials furnished or alleged to have been furnished to or for Operator at, on, about, or for use in the Facilities or any portion thereof or in connection with the New ACS. Operator shall keep the Facilities and the New ACS, free and clear of all mechanics' liens and all other liens from any work undertaken by or on behalf of Operator or any Operator Party. Operator shall give City immediate written notice of any lien filed against the Facilities or the New ACS related to or arising from the activities of Operator or any Operator Party.

6.13 Competitive Bidding/Proposals for Infrastructure Improvements. The provisions of this Section 6.13 shall apply to the construction of the Infrastructure Improvements or other Alterations made to the Parking Facilities. The provisions of this Section 6.13 are intended to promote pricing and responsive and responsible proposals in a fair and reasonable manner. As such, the selection of contractors for the construction of the Infrastructure Improvements or other Alterations shall be based upon competitive bids or proposals as follows:

6.13.1 Operator shall use reasonable efforts to secure the commitment to bid or propose on the Infrastructure Improvements or other Alterations from a minimum of three (3) unrelated bidders or proposers.

6.13.2 In the event that Operator obtains fewer than three (3) bids or proposals, it shall provide City with a written description of its efforts to obtain competition and, if Operator believes that Operator should proceed to award the bid or proposal with fewer than three (3) bidders or proposers, the justification therefor, including why Operator believes the cost of such bid or proposal is reasonable.

6.13.3 In the event that the Operator elects not to proceed to award the bid or proposal solely on the basis of price, it shall provide City with a written justification of the reasons therefor.

7. TERMINATION FOR CONVENIENCE.

7.1 Termination for Convenience. In the event that the Executive Director, in his or her sole and absolute discretion, at any time determines that efficient or convenient operations at the

Airport require the termination of this Agreement, City shall have the absolute right to terminate this Agreement (a "Termination for Convenience"), upon not less than ninety (90) days' prior written notice to Operator (a "Convenience Termination Notice"). The Convenience Termination Notice shall set forth the effective date of such termination ("Convenience Termination Date"). On or before the Convenience Termination Date, Operator shall comply with its obligations to be performed by Operator in connection with the termination of this Agreement as set forth in this Agreement (including, without limitation, Operator's obligations set forth in Section 9 below). In the event of a Termination for Convenience under this Section 7.1, City shall pay to Operator an amount equal to the Convenience Termination Payment (as defined in Section 7.2.1 below) within forty-five (45) days following the Convenience Termination Compliance Date (as defined in Section 7.2.2 below). Operator specifically acknowledges that this Termination for Convenience provision is a material inducement to City to allow Operator to enter into this Agreement.

7.2 Termination Payment. In the event of a Termination for Convenience under Section 7.1 above, Operator shall receive from City a payment in respect of such termination as set forth in Section 7.2.1 below. Operator's right to any such termination payment shall be conditioned upon Operator's execution and delivery to City of a general release of claims by Operator, which release shall be in a form satisfactory to City (the "Termination Release").

7.2.1 Termination Payment – Termination for Convenience under Section 7.1. The term "Convenience Termination Payment" shall mean an amount equal to that portion of Operator's Qualified Investments with respect to the New ACS and Other Alterations (as defined below) that have not been amortized as of the Convenience Termination Date, with the amortization of each such Qualified Investment being calculated on a fully amortized basis over an amortization period beginning on the respective dates that such New ACS or Other Alterations were placed in service and ending on the Expiration Date, using an interest rate of five and three-quarters percent (5.75%) per annum. No extension of the term of this Agreement shall operate to extend any such amortization period.

7.2.2 Convenience Termination Compliance Date. The term "Convenience Termination Compliance Date" shall mean the date that all of the following have occurred: (i) Operator has vacated the Facilities in accordance with the termination provisions under this Agreement; (ii) City has received the Termination Release signed by Operator; (iii) the Convenience Termination Date has occurred; and (iv) Operator has performed all of Operator's obligations under this Agreement to be performed on or before the Convenience Termination Date.

7.3 Qualified Investments Defined. Subject to the limitations and conditions set forth in Section 7.4 below, the term "Qualified Investments" shall mean the following amounts described below in this Section 7.3 (each, individually, a "Qualified Investment"):

7.3.1 New ACS. An amount equal to the actual costs incurred by Operator for the design, procurement and installation of the New ACS as verified by the Executive Director, provided, however, that in no event shall the cost of Infrastructure Improvements or any other cost that has already been paid for by City be considered a Qualified Investment, and provided,

further, that in no event shall the aggregate Qualified Investment for the New ACS exceed the total amount of Two Hundred and Forty-six Thousand One Hundred Thirty-two Dollars (\$246,132), unless specifically approved in writing by the Executive Director.

7.3.2 Other Alterations. Any other Alterations or additions to the Parking Facilities by Operator that the Executive Director (in the Executive Director's sole and absolute discretion) approves in writing as eligible to be a Qualified Investment in such amount as is approved by the Executive Director ("Other Alterations").

7.4 Additional Conditions Applicable to Qualified Investments. With respect to any expenditure described in Section 7.3 above, such expenditure must satisfy the following additional requirements and conditions in order to be classified as a Qualified Investment:

7.4.1 Submittal to the Executive Director. Any expenditure for any item during the term of this Agreement which Operator desires to be classified as a Qualified Investment must be submitted to the Executive Director for verification within one hundred twenty (120) days following the date that the project has been closed-out pursuant to the Construction Approval Process.

7.4.2 Required Information; Approval. For purposes of the Executive Director's verification of such expenditures, Operator must provide to City within said 120-day period a schedule of all Qualified Investments which schedule shall show line item detail information as to each cost, including, but not limited to, description, payee and date of payment. Operator must also provide within said 120-day period amortization schedules showing the investment amounts being amortized over the applicable amortization periods described in Section 7.2 (and its subsections). Operator shall also be responsible for providing within said 120-day period reasonable documentation to City indicating that the amounts were expended (including, but not limited to, copies of returned checks and lien waivers, if requested), that they are true and correct, and why they are eligible to be included in the Qualified Investment amount. The Executive Director, in its sole and absolute discretion which shall not be unreasonable, will decide if such amount may then be included as part of the Qualified Investment amount. With respect to the depreciation or amortization of Qualified Investments, such Qualified Investments shall be fully amortized over the applicable amortization period, with no residual value. All amortization calculations shall be subject to the review and approval of the Executive Director. City shall have the right to audit the Books and Records of Operator in accordance with the provisions of Section 4 above.

7.4.3 Affiliated Transactions. Any amounts paid to any Affiliate of Operator may be included as a part of the Qualified Investment only (i) to the extent that the amounts paid are fair and are otherwise no less favorable to Operator than would be obtained in a comparable arm's-length transaction with an unrelated third party or (ii) to the extent specifically approved in writing by the Executive Director, upon the separate written request of Operator made prior to incurring such costs. The term "Affiliate" of Operator shall mean (i) any person or entity that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with Operator or (ii) any entity in which Operator or any owner of Operator has an ownership interest (provided, however, if Operator is a corporation whose voting securities

are registered with the Securities and Exchange Commission and publicly traded on a regular basis, then only such shareholder of Operator having an ownership interest greater than five percent (5%) shall be deemed an "Affiliate"). The term "control" (including the terms controlling, controlled by and under common control with) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person or entity, whether through ownership of voting securities, by contract or otherwise.

7.4.4 Other Limitations on Qualified Investments. Amounts eligible as Qualified Investments shall not include any interest or financing costs, and design costs shall not exceed fifteen percent (15%) of the cost of the related work. Amounts eligible as Qualified Investments with respect to the New ACS shall not include maintenance costs for the New ACS.

7.5 No Other Compensation. Operator acknowledges and agrees that, except for the Convenience Termination Payment in connection with a Termination for Convenience, Operator has absolutely no right to any payment, claim, damage, offset or other compensation in connection with the termination of this Agreement. Without limiting the generality of the foregoing, (i) no payment or other compensation shall be payable to Operator in connection with the expiration of the Term of this Agreement and (ii) no payment or other compensation shall be payable to Operator in connection with the termination of this Agreement as a result of Operator's default in the performance of its duties and obligations hereunder.

8. TERMINATION FOR CAUSE. In the event that Operator fails to perform any of Operator's duties or obligations under this Agreement, and Operator fails to cure within ten (10) days after written notice from City to Operator of such default, then City may immediately terminate this Agreement and all rights of Operator hereunder by giving written notice to Operator of such election by City to terminate this Agreement by reason of such default; provided, however, that, if such default does not relate to the failure of Operator to pay money to City and if such default cannot be cured within such ten (10) day period following written notice despite reasonable diligence, then City will not terminate this Agreement by reason of such default so long as Operator following such written notice diligently and continuously prosecutes the cure to completion and actually completes such cure within thirty (30) days following such written notice of default. Such right of City to terminate this Agreement for cause shall be in addition to (and not in limitation of) any and all other rights and remedies available to City at law or in equity in connection with such default. Operator acknowledges that events of default giving rise to City's right to terminate this Agreement, include, but are not limited to the following:

8.1 The failure of Operator to duly and punctually deposit the Gross Revenue as provided in Section 5 hereof, or to make any other payments or remittances to City required under this Agreement when due.

8.2 The failure of Operator to maintain the quality of services to the satisfaction of Executive Director as required by this Agreement.

8.3 The happening of any act which results in the suspension or revocation of the rights, powers, licenses, permits and authorities necessary for Operator to conduct and operation of the Parking Facilities as provided herein.

8.4 The transfer of the interest of Operator under this Agreement by voluntary or involuntary assignment, operation of law, or otherwise, to any other person, firm or corporation, in violation of the terms of this Agreement.

8.5 Any change in the ownership or control of Operator in violation of the terms of this Agreement or which, in the opinion of the Executive Director, is not in the best interest of City or the public.

8.6 The failure of Operator to keep, perform or observe any promise, covenant, condition or agreement set forth in this Agreement on its part to be kept, performed or observed.

8.7 The levy of any attachment or execution, or the appointment of any receiver, or the execution of any other process of any court of competent jurisdiction which does or as a direct consequence of such process will interfere with Operator's management and operation of the Parking Facilities or the performance of any of Operator's other obligations under this Agreement, and which attachment, execution, receivership, or other process of such court is not vacated, dismissed, or set aside within a period of thirty (30) days.

8.8 Operator shall become insolvent, or shall take the benefit of any present or future insolvency statute, or shall make a general assignment for the benefit of creditors, or file a voluntary petition in bankruptcy, or a petition or answer seeking an arrangement for its reorganization, or the readjustment of its indebtedness under the federal bankruptcy laws or under any other laws or statute of the United States, or of any state law, or consent to the appointment of a receiver, trustee, or liquidator of all or substantially all of its property.

8.9 The filing of a voluntary petition in bankruptcy by Operator, the filing by Operator of a voluntary petition for an arrangement or assignment for the benefit of creditors, the filing by or against Operator of a petition, voluntary or involuntary, for reorganization, or the filing of an involuntary petition by the creditors of Operator, which involuntary petition remains undischarged for a period of thirty (30) days.

8.10 Cessation or deterioration of any of Operator's services hereunder for a period which, in the opinion of the Executive Director, adversely affects the operation of the public services required to be performed by Operator under this Agreement.

8.11 Any lien is filed against the Parking Facilities or the New ACS because of any act or omission of Operator.

9. OPERATOR'S OBLIGATIONS UPON TERMINATION. Upon the expiration or earlier termination of this Agreement, Operator shall vacate the Facilities and deliver the Facilities to City in an orderly manner and in good condition and state of repair. Operator shall remove Operator's property from the Facilities, except for such property that is to remain at the Facilities and become the property of City pursuant to the terms of this Agreement (e.g., the New ACS). Operator shall fully cooperate with City and any succeeding operator with respect to the Parking Facilities to ensure an effective and efficient transition of parking operations; it being agreed that

fully functional parking operations will be maintained at all times. Without limiting the generality of the foregoing, Operator shall comply with any and all reasonable transition plans and directives that the Executive Director may issue in connection with such expiration or termination.

10. FAITHFUL PERFORMANCE GUARANTEE. Operator shall furnish to City, at Operator's sole cost and expense, and shall keep in full force and effect and available during the Term of this Agreement and for thirty (30) days after the vacation of the Facilities in accordance with the requirements of this Agreement, a Faithful Performance Guarantee ("FPG") to secure the faithful and timely performance by Operator of all terms, provisions, and covenants contained in this Agreement. The initial amount of the FPG shall be an amount equal to three (3) times the Monthly Management Fee in effect as of the commencement of the Term (herein, the "FPG Amount"). Such FPG shall be separate from any other guarantee(s) required by City.

10.1 Commencing on first day of the second Year and the first day of each Year thereafter during the Term (including any extension thereof), the FPG Amount shall be adjusted to equal three (3) times the Monthly Management Fee then in effect; provided, however, that in no event shall the FPG Amount as so adjusted be less than the initial FPG Amount in effect on the commencement of the Term. Such adjustment shall be made within thirty (30) days following Operator's submittal of the annual report for the prior Year.

10.2 To the extent City may require as part of City's construction approval process that Alterations installed by Operator are to be removed upon the expiration or earlier termination of this Agreement, then the FPG may be increased by the amount reasonably estimated as the cost to remove such Alterations and to restore any damage to the Facilities caused thereby.

10.3 The FPG shall be in the form of an irrevocable standby letter of credit ("LOC"), which shall be self-renewing with an "evergreen clause" that renews the credit from year to year without amendment, subject to termination upon sixty (60) days written notice to City, and issued by issuer acceptable to City, with offices in Los Angeles, California. The LOC shall allow for partial and multiple drawings by City, and must have an expiry date consistent with the ability to make such drawings for the full period required hereunder. The FPG and all amendments increasing the FPG Amount must be approved as to form by the City Attorney.

10.4 Operator shall furnish the FPG in duplicate no later than ten (10) days after the Effective Date of this Agreement, and any amendments to the FPG relating to the adjustment of the FPG Amount shall be delivered to City within thirty (30) days following the effective date of such adjustment. If, for any reason, said FPG is not provided by Operator or is not thereafter maintained in sufficient amount throughout the Term hereof, City may terminate this Agreement for cause at any time upon giving Operator five (5) days prior written notice. Following the expiration or earlier termination of this Agreement, and if Operator has satisfied all of its obligations to City hereunder, City shall relinquish to Operator said FPG following such expiration or earlier termination and satisfaction of all obligations to City. The FPG shall be submitted to:

Los Angeles World Airports
Attn: Accounting/Revenue-FPG Administrator
P.O. Box 92216
Los Angeles, CA 90009-2216

10.5 If, at any time during the term of this Agreement, the issuer with respect to the FPG shall, in the opinion of Executive Director, become unacceptable, the Executive Director shall have the right to require a replacement LOC which Operator shall furnish to the satisfaction of Executive Director within thirty (30) days after written notice to do so.

11. INSURANCE AND INDEMNIFICATION.

11.1 Insurance. Operator shall procure at its expense, and keep in effect at all times during the term of this Agreement, the types and amounts of insurance specified on Insurance, Exhibit "C" attached hereto and incorporated herein by 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, City Agents, and their successors and assigns, as additional insureds, against the areas of risk described on Exhibit "C" with respect to acts or omissions of Operator or any of the Operator Parties in their respective operations, use, and/or occupancy of the Parking Facilities or other related functions performed by or on behalf of Operator or any of the Operator Parties in, on or about the Airport.

11.1.1 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." With respect to Workers' Compensation, Operator shall by specific endorsement, waive its right of subrogation against City, City Agents and their successors and assigns.

11.1.2 All such insurance shall be primary and noncontributing with any other insurance held by City where liability arises out of or results from the acts or omissions of Operator or any of the Operator Parties. Such policies may provide for such reasonable deductibles and retentions as are acceptable to the Executive Director based upon the nature of Operator's operations and the type of insurance involved.

11.1.3 City shall have no liability for any premiums charged for such coverage(s). The inclusion of City and City 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 Operator in Operator's operations at the Airport. In the event Operator 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 Operator, and Operator 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.

11.1.4 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, Operator 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.

11.1.5 Operator 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 broker's letter acceptable to the Executive Director in both form and content in the case of foreign insurance syndicates, or by other written evidence of insurance acceptable to the 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 the City of Los Angeles' Administrative Code prior to Operator entering upon the Facilities. 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.

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

11.1.7 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 or directives from the State Department of Insurance or other regulatory board or agency. Operator agrees, except where exempted, to provide City proof of said insurance by and through a surplus line broker licensed by the State of California.

11.1.8 To the fullest extent permitted by law, Operator, on behalf of Operator and its insurers, hereby waives, releases and discharges City and all City Agents from all Claims arising out of damage to or destruction of Operator's property located on or about the Facilities, and any loss of use or business interruption, caused by any casualty, regardless whether any such Claim results from the negligence or fault of City or any City Agent, and Operator will look only to Operator's insurance coverage (regardless whether Operator maintains any such coverage) in the event of any such Claim. Any property insurance which Operator maintains must permit or include a waiver of subrogation in favor of City and all City Agents.

11.1.9 City's establishment of minimum insurance requirements for Operator in this Agreement is not a representation by City that such limits are sufficient and does not limit Operator's liability under this Agreement in any manner.

11.2 City Held Harmless. In addition to the requirements of Section 11.1 (Insurance) above, to the fullest extent permitted by law, Operator shall indemnify, defend, keep and hold City, City Agents and their successors and assigns harmless from and against any and all actions, causes of action, charges, claims, costs, damages, demands, expenses (including attorneys' fees, costs of court and expenses incurred), fines, judgments, liabilities, liens, losses, or penalties of every kind and nature whatsoever (collectively, "Claims") arising out of or in connection with (i) the entry upon, use or occupancy of the Facilities or the Airport or the performance of this Agreement by Operator or any of the Operator Parties, (ii) any acts or omissions of Operator or any of the Operator Parties, and (iii) any default in the performance of Operator's obligations under this Agreement. The foregoing defense and indemnification obligations of Operator shall include, without limitation, all Claims claimed by anyone (including Operator and the Operator Parties) by reason of injury to, or death of, any person(s) (including Operator and the Operator Parties), all Claims for damage to, or destruction of, any property (including property of Operator and the Operator Parties) and all Claims for any and all other losses founded upon or alleged to arise out of, pertain to, or relate to Operator's and/or the Operator Parties' performance of this Agreement). The foregoing defense and indemnification obligations of Operator shall apply to all Claims, whether or not contributed to by any act or omission of City or any City Agents; provided, however, that where such Claim arises from or relates to Operator's performance of a "Construction Contract" as defined by California Civil Code section 2783, this paragraph shall not be construed to require Operator to indemnify or hold City harmless to the extent such Claim is caused by City's sole negligence, willful misconduct or active negligence; and provided, further, that where such Claim arises from Operator's design professional services as defined by California Civil Code section 2782.8, Operator's indemnity obligations shall be limited to claims arising out of, pertaining to, or relating to Operator's negligence, recklessness or willful misconduct in the performance of such services.

In addition, Operator agrees to protect, defend, indemnify, keep and hold harmless City and City Agents from and against any and all Claims arising out of any threatened, alleged or actual claim that the end product provided to City by Operator violates any patent, copyright, trade secret, proprietary right, moral right, privacy or similar right, or any other rights of any third party anywhere in the world. Operator agrees to, and shall pay, all damages, settlements, expenses and costs (including, without limitation, costs of investigation, court costs and attorneys' fees), and all other costs and damages sustained or incurred by City arising out of, or relating to, any Claim referred to in this paragraph.

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

The provisions of this Section 11.2 shall survive the expiration or termination of this Agreement.

12. ASSIGNMENT; SUBCONTRACTORS.

12.1 Assignment. Operator shall not, in any manner, directly or indirectly, by operation of law or otherwise, assign, transfer, hypothecate or encumber this Agreement or any portion thereof or any interest therein, in whole or in part or any rights or obligations appurtenant thereto (herein, a "Transfer"), without the prior written consent of the Board, which may be granted, denied or conditioned in the Board's sole and absolute discretion. Any such Transfer by Operator without the written consent of the Board is a violation of this Agreement and shall be voidable at City's option and shall confer no right, title, or interest in or to this Agreement upon any such transferee. Consent to one Transfer shall not be deemed to constitute consent to any subsequent Transfer.

12.2 Operator Change of Ownership. For purposes of this Agreement, the term "Transfer" shall include, but not be limited to, the following: (i) if Operator is a joint venture, a limited liability company, or a partnership, the transfer of fifty percent (50%) or more of the interest or membership in the joint venture, the limited liability company, or the partnership; (ii) if Operator is a corporation, any cumulative or aggregate sale, transfer, assignment, or hypothecation of fifty percent (50%) or more of the voting shares of Operator; (iii) the dissolution by any means of Operator; and, (iv) a change in business or corporate structure, either in one (1) transaction or a series of transactions resulting in the transfer of fifty percent (50%) or more of the ownership or controlling interests of Operator on a cumulative basis.

12.3 Subcontractors. Notwithstanding the definition of "Transfer" set forth in Sections 12.1 and 12.2 above, Operator may, with the prior written approval of the Executive Director (which approval may be given or withheld in the Executive Director's sole and absolute discretion), enter into sub-contracts for certain aspects of the services to be provided by Operator; and in such event, the entering into of any such sub-contract with such subcontractor as so approved by the Executive Director shall not be considered a "Transfer" requiring the consent of the Board under this Section 12.

12.4 Operator Name Change. In the event that Operator desires to change its entity name or business name (i.e., a mere change of name not involving a Transfer within the meaning of this Section 12), then such name change by Operator may be made with the approval of the Executive Director, and in the event that the Executive Director approves such name change, then no approval of the Board shall be required.

13. AIRPORT CONCESSION DISADVANTAGED BUSINESS ENTERPRISE PROGRAM.

13.1 Compliance Non-Discrimination Policy and ACDBE Program. This Agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 Code of Federal Regulations (CFR) Part 23. Operator agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any operating agreement, management contract, or subcontract,

purchase or lease agreement, or other agreement covered by 49 CFR Part 23. Operator agrees to include the above statements in any subsequent operating agreement or contract covered by 49 CFR Part 23, that it enters and cause those businesses to similarly include the statements in further agreements. City has established an Airport Concession Disadvantaged Business Enterprise program in accordance with regulations of the U.S. Department of Transportation, 49 Code of Federal Regulations Part 23 (the "ACDBE Rules"). Additionally, City strictly prohibits all unlawful discrimination and preferential treatment in contracting, subcontracting and purchasing under this Agreement (the "Non-Discrimination Policy"). Operator shall comply with the ACDBE Rules and the Non-Discrimination Policy and shall not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with its performance under this Agreement or in contracting, sub-contracting or purchasing in connection with this Agreement. Operator shall cooperate with City in City's program of recruiting, training, providing technical assistance and holding workshops to ensure that contracting, subcontracting and purchasing opportunities available under this Agreement are accessible and available to all qualified businesses owners, including "Airport Concession Disadvantaged Business Enterprises" ("ACDBEs") as defined in the ACDBE Rules. In order to provide a fair opportunity for ACDBE participation, Operator shall make good faith efforts, and keep documentation of all such efforts, in accordance with the ACDBE Rules, to provide for a level of ACDBE participation in the operations contemplated by this Agreement equal to or greater than eleven and thirty-eight one hundredths percent (11.38%). Failure to comply with the ACDBE Rules shall constitute a default of this Agreement.

13.2 Substitutions. Should a substitution or an addition of an ACDBE become necessary, Operator shall comply with all requirements of the ACDBE Rules.

13.3 Monthly Report. In order to assure compliance with the Non-Discrimination Policy and the ACDBE Rules, Operator shall submit, in the format required by Executive Director, a monthly report to City, describing the gross receipts of each initial ACDBE (and each substitute ACDBE), in each case calculated in accordance with the requirements of the Business and Operations Plan. Operator shall submit in the format required by the Executive Director such other information as may be requested by the Executive Director to ensure compliance with the ACDBE Rules.

14. OTHER PROVISIONS.

14.1 Notices.

14.1.1 Notice to City. Written notices to City hereunder shall be sent to the Executive Director, with a copy to the City Attorney of the City of Los Angeles, shall be given by personal delivery, registered or certified mail, postage prepaid, or by nationally recognized overnight courier, and shall be addressed as follows:

Executive Director
Los Angeles World Airports
c/o Landside Business Management
1 World Way

City Attorney
Los Angeles World Airports
1 World Way
Post Office Box 92216

Post Office Box 92216
Los Angeles, 90009-2216

Los Angeles, CA 90009-2216

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

14.1.2 Notice to Operator. Written notices to Operator hereunder shall be given by personal delivery, by registered or certified mail, postage prepaid, or by nationally recognized overnight courier, and shall be addressed as follows:

ABM Parking Services, Inc.
1150 South Olive Street, Suite 1900
Los Angeles, California 90015
Attn: D. Scott Hutchison, Vice President, Airports

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

14.1.3 Effect of Notice by Executive Director. The execution of any such notice by the Executive Director shall be as effective as to Operator as if it were executed by the Board, or by resolution or order of said Board, and Operator shall not question the authority of the Executive Director to execute any such notice.

14.1.4 Manner of Giving Notice. All such notices, except as otherwise provided herein, may either be delivered personally to Executive Director with a copy to the Office of the City Attorney, Airport Division, in the one case, or to Operator in the other case, or may be deposited in the United States mail, properly addressed as aforesaid with postage fully prepaid by certified or registered mail, return receipt requested, and shall be effective five (5) days after deposit in the mail. Such notice may also 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.

14.2 Limitations on Use of Airport.

14.2.1 Operator shall not use the Airport, nor any portion thereof, for any purpose other than as specifically set forth in this Agreement, without first having had and obtained the written consent of the Executive Director, which consent may be withheld in the Executive Director's sole and absolute discretion, and which written consent is approved as to form by the City Attorney.

14.2.2 There is hereby reserved to City, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Airport. 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 said airspace or landing at, taking off from, or operating on the Airport. Operator agrees not to make any claim or institute legal action against City under any theory of recovery for any interference with Operator's use and enjoyment of the Airport which may result from noise emanating from the operation of aircraft to, from, or upon the Airport except for claims or actions brought by

third parties against Operator arising from City's operation of Airport [USE GUIDE, paragraph 5]¹.

14.2.3 Operator, by accepting this Agreement, agrees for itself and its successors and assigns that it will not make use of the Airport 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 the aforesaid covenant is breached, City reserves the right to take all action it deems necessary to cause the abatement of such interference at the expense of Operator [USE GUIDE, paragraph 8].

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

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

14.2.6 Operator has no rights under this Agreement to install or use any antennae or telecommunications equipment on the roof or exterior of any building or structure on the Airport, unless such installation or use is directly related to the conduct of Operator's business and in full compliance with City's permit process and telecommunications policies as they may be modified from time to time at the sole and absolute discretion of the Executive Director. Operator may not license or sublicense to others the right to install or use antennae or other telecommunications equipment on the Airport.

14.2.7 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) [USE GUIDE, paragraph 9].

14.2.8 This Agreement 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 the Airport [USE GUIDE, paragraph 4].

14.2.9 This Agreement 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 the Airport or the exclusive or nonexclusive use of the Airport by the United States during the time of war or national emergency [USE GUIDE, paragraph 10].

¹ The paragraph references are to mandatory requirements contained in a document entitled, "LEASE AND USE AGREEMENT GUIDE", dated June 6, 1984, revised May 2001, published by the Federal Aviation Administration.

14.3 Late Charge and Interest for Delinquent Payment.

14.3.1 Operator hereby acknowledges that late payment by Operator of payments, fees and charges due to City herein will cause City to incur costs not contemplated by this Agreement, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. Accordingly, if any amount due City is not received by City within ten (10) days after such amount shall be due, then, without any requirement for notice to Operator, Operator shall immediately pay to City a one-time late charge equal to ten percent (10%) of such overdue amount or \$250, whichever is greater. The parties agree that such late charge represents a fair and reasonable estimate of the costs the City will incur by reason of such late payment. Acceptance of such late charge by City shall in no event constitute a waiver of Operator's default or breach with respect to such overdue amount, nor prevent the exercise of any other rights and remedies granted herein.

14.3.2 Any monetary payment due City hereunder shall bear interest from the date when due. The interest rate shall be ten percent (10%) per annum, compounded monthly, but shall not exceed the maximum rate allowed by law. The interest that applies shall be in addition to the late charge.

14.4 Cross Default. A material default or breach of the terms of any other license, permit, contract or other agreement held or entered into by Operator with City shall constitute a material breach of the terms of this Agreement and shall give City the right to terminate this Agreement for cause in accordance with the procedures set forth herein.

14.5 Attorney's Fees. If City shall, without any fault, be made a party to any litigation commenced by or against Operator arising out of Operator's entry upon use of the Airport, then Operator 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.

14.6 Hazardous and Other Regulated Substances.

14.6.1 Definition of "hazardous substances(s)". For the purposes of this Agreement, the term "hazardous substances" means:

14.6.1.1 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

14.6.1.2 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

14.6.1.3 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

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

14.6.1.5 Any substance the presence of which on adjacent properties could constitute a trespass by Operator; or

14.6.1.6 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.

14.6.2 Environmental Indemnity. Except for conditions existing prior to the use of the Airport by Operator, Operator agrees to accept sole responsibility for full compliance with any and all applicable present and future rules, regulations, restrictions, ordinances, statutes, laws, and/or other orders of any governmental entity regarding the use, storage, handling, distribution, processing, and/or disposal of hazardous substances, regardless of whether the obligation for such compliance or responsibility is placed on the owner of the land, on the owner of any improvements on the Airport, on the user of the land, or on the user of the improvements. Operator agrees that any claims, damages, penalties, or fines asserted against or levied on City and/or the Operator as a result of noncompliance with any of the provisions in this Section shall be the sole responsibility of the Operator and that Operator 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 Operator's non-compliance with any of the terms of this Section, and Operator shall indemnify and reimburse City for any such payments.

14.6.3 Corrective Action. In the case of any hazardous substance spill, leak, discharge, release or contamination by Operator or its employees, servants, agents, contractors, or subcontractors on the Airport or as may be discharged or released in, on or under adjacent property which affects other property of City or its tenants, Operator 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 Operator 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 Operator's sole cost and expense and Operator 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.

14.6.4 Storage Tanks. If Operator installs or uses already installed underground storage tanks, above-ground storage tanks, pipelines, or other improvements on the Airport for the storage, distribution, use, treatment, or disposal of any hazardous substances, Operator agrees, upon the expiration and/or termination of this Agreement, to remove and/or clean up, at the sole option of the Executive Director, the above-referred-to improvements. Said removal and/or cleanup shall be at the Operator'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.

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

14.6.6 Survival of Obligations. This Section and the obligations herein shall survive the expiration or earlier termination of this Agreement.

14.7 Airfield Security.

14.7.1 Operator shall be responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws, airport security agreements, and/or orders of any federal, state, and/or local governmental entity regarding airfield security. Operator shall be responsible for the Airport gates and doors that are controlled or used by Operator. Operator shall comply fully with applicable provisions of the Transportation Security Administration Regulations, 49 Code of Federal Regulations ("CFR"), Sections 1500 through 1550 and 14 CFR Part 129, if applicable, including the establishment and implementation of procedures acceptable to the Executive Director to control access to air operation areas in accordance with the Airport Security Program required by CFR Sections 1500 through 1550.

14.7.2 In addition to the foregoing, gates and doors controlled or used by Operator which permit entry into restricted areas at the Airport shall be kept locked by Operator at all times when not in use or under Operator's constant security surveillance. Gate or door malfunctions which permit unauthorized entry into restricted areas shall be reported to City's Operations Bureau without delay and shall be maintained under constant surveillance by Operator until repairs are affected by Operator or City and/or the gate or door is properly secured.

14.7.3 Operator 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. Operator shall provide necessary assistance to, and cooperate with, City in

case of any emergency. Operator 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.

14.7.4 All civil penalties levied by the TSA for violation of TSA regulations pertaining to security gates or doors controlled or used by Operator shall be the sole responsibility of Operator. Operator agrees to indemnify City for any federal civil penalty amounts City must pay due to any security violation arising from the breach of any obligation imposed by this Section. Operator is also responsible for City's attorney's fees and costs.

14.8 Nondiscrimination and Equal Employment Practices/Affirmative Action Program.

14.8.1 Federal Non-Discrimination Provisions.

14.8.1.1 Operator for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that in the event facilities are constructed, maintained, or otherwise operated on said property described in this Agreement, 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, Operator 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. [USE GUIDE , Paragraph 1].

14.8.1.2 Operator for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant 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 Operator shall use the Airport 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. [USE GUIDE, Paragraph 1].

14.8.1.3 Operator assures that it will comply with pertinent statutes, Executive Orders, and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision obligates the Operator 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. [USE GUIDE, paragraph 1]

14.8.1.4 Operator 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 Operator may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers. [USE GUIDE, paragraph 11]

14.8.1.5 Operator agrees that it shall insert the provisions found in Subsections 14.8.1.3 and 14.8.1.4 above in any assignment, transfer, contract or sub-contract by which said Operator grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the Airport.

14.8.2 Municipal Non-Discrimination Provisions.

14.8.2.1 Non-Discrimination In Use Of Airport. 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, gender identity, gender expression, physical handicap, marital status, domestic partner status, or medical condition in the Agreement, transfer, use, occupancy, tenure, or enjoyment of the Airport or any operations or activities conducted on the Airport. Nor shall Operator or any person claiming under or through Operator establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, subtenants, or vendees of the Airport. Any assignment or transfer which may be permitted under this Agreement shall also be subject to all non-discrimination clauses contained in Section 14.8.

14.8.2.2 Non-Discrimination In Employment. During the term of this Agreement, Operator agrees and obligates itself in the performance of this Agreement 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, gender identity, gender expression, age, physical handicap, marital status, domestic partner status, or medical condition. Operator shall take affirmative action to insure that applicants for employment are treated, during the term of this Agreement, without regard to the aforementioned factors and shall comply with the affirmative action requirements of the Los Angeles Administrative Code, Sections 10.8, et seq., or any successor ordinances or law concerned with discrimination.

14.8.2.3 Equal Employment Practices. If the total payments made to City under this Agreement are One Thousand Dollars (\$1,000) or more, this provision shall apply. During the performance of this Agreement, Operator agrees to comply with Section 10.8.3 of the Los Angeles Administrative Code ("Equal Employment Practices"), which is incorporated herein by this reference. A copy of Section 10.8.3 has been attached to this Agreement for the convenience of the parties as Exhibit "D". By way of specification but not limitation, pursuant to Sections 10.8.3.E and 10.8.3.F of the Los Angeles Administrative Code, the failure of Operator to comply with the Equal Employment Practices provisions of this Agreement may be deemed to be a material breach of this Agreement. 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 Operator. Upon a finding duly made that Operator has failed to comply with the Equal Employment Practices provisions of this Agreement, this Agreement may be forthwith terminated, cancelled or suspended.

14.8.2.4 Affirmative Action Program. If the total payments to City under this Agreement are One Hundred Thousand Dollars (\$100,000) or more, this provision shall apply. During the performance of this Agreement, Operator agrees to comply with Section 10.8.4 of the Los Angeles Administrative Code ("Affirmative Action Program"), which is incorporated herein by this reference. A copy of Section 10.8.4 has been attached to this Agreement for the convenience of the parties as Exhibit "E". By way of specification but not limitation, pursuant to Sections 10.8.4.E and 10.8.4.F of the Los Angeles Administrative Code, the failure of Operator to comply with the Affirmative Action Program provisions of this Agreement may be deemed to be a material breach of this Agreement. 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 Operator. Upon a finding duly made that Operator has failed to comply with the Affirmative Action Program provisions of this Agreement, this Agreement may be forthwith terminated, cancelled or suspended.

14.9 Waiver of Claims. Operator hereby waives any Claim against City and City Agents for damages or losses (including loss of anticipated profits) caused by any suit or proceeding directly or indirectly attacking the validity of this Agreement or the validity of Operator's proposal, or by any judgment or award in any suit or proceeding declaring this Agreement null, void or voidable, or delaying the same, or any part hereof, from being carried out.

14.10 Living Wage and Service Contract Worker Retention Requirements.

14.10.1 Living Wage Ordinance.

14.10.1.1 General Provisions: Living Wage Policy. This Agreement is subject to the Living Wage Ordinance ("LWO") (Section 10.37, et seq., of the Los Angeles Administrative Code, a copy which is attached as Exhibit "F" and is incorporated herein by this reference. The LWO requires that, unless specific exemptions apply, any employees of service contractors who render services that involve an expenditure in excess of twenty-five thousand dollars (\$25,000) and a contract term of at least three months are covered by the LWO if any of the following applies: (1) at least some of the services are rendered by employees whose work site is on property owned by City, (2) 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. Operator 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, Operator 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), Operator agrees to comply with federal law prohibiting retaliation for union organizing.

14.10.1.2 Living Wage Coverage Determination. An initial determination has been made that this is a service contract under the LWO, and that it is not exempt from coverage by the LWO. Determinations as to whether this Agreement is a service contract 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 Operator in writing about any redetermination by City of coverage or exemption status. To the extent Operator claims non-coverage or exemption from the provisions of the LWO, the burden shall be on Operator to prove such non-coverage or exemption.

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

14.10.1.4 Subcontractor Compliance. Operator agrees to include in every subcontract involving this Agreement entered into between Operator and any subcontractor, a provision pursuant to which such subcontractor (A) agrees to comply with the LWO and the Service Contractor Worker Retention Ordinance with respect to this Agreement; (B) agrees not to retaliate against any employee lawfully asserting noncompliance on the part of the subcontractor with the provisions of either the LWO 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 LWO and Service Contractor Worker Retention Ordinance directly against the subcontractor with respect to this Agreement, and (ii) invoke, directly against the subcontractor with respect to this Agreement, all the rights and remedies available to City under Section 10.37.5 of the LWO and Section 10.36.3 of the Service Contractor Worker Retention Ordinance, as same may be amended from time to time.

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

14.11 Equal Benefits Ordinance.

14.11.1 Unless otherwise exempt in accordance with the provisions of the Equal Benefits Ordinance ("EBO"), Operator certifies and represents that Operator 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. Operator 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 Operator'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 Operator 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 Operator to its employees, their spouses and the domestic partners of employees.

14.11.2 Operator 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 an operating agreement with the City of Los Angeles, the Operator 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."

14.11.3 The failure of Operator to comply with the EBO will be deemed to be a material breach of the Agreement by City. If Operator fails to comply with the EBO, the City may cancel or terminate the Agreement, in whole or in part, and all monies due or to become due under the Agreement 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 Operator in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, et seq., Contractor Responsibility Ordinance. If City determines that Operator has set up or used its contracting entity for the purpose of evading the intent of the EBO, the City may terminate the Agreement.

14.12 First Source Hiring Program For Airport Employers. Operator shall comply with the provisions of the First Source Hiring Program adopted by the Board. The rules, regulations, requirements, and penalties of the First Source Hiring Program are attached as Exhibit "H" and made a material term of this Agreement. Operator shall be an "Airport Employer" under the First Source Hiring Program.

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

14.14 Laws, Rules and Regulations.

14.14.1 Operator 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.

14.14.2 Operator shall be solely responsible for fully complying with any and all applicable present and/or future orders, directives, or conditions issued, given or imposed by the Executive Director which are now in force or which may be hereafter adopted by the Board and/or the Executive Director with respect to the operation of the Airport, including, but not limited to, the Los Angeles International Airport Rules and Regulations.

14.14.3 Notwithstanding requirements of this Agreement, Operator shall be responsible for ensuring that all operators of motor vehicles operated on Operator's behalf possess current, valid, and appropriate driver's licenses.

14.14.4 If applicable, Operator shall be responsible for requesting in writing City-issued identification ("ID") badges for all employees who will have access to the Security Identification Display Areas on the Airport, as designated in the Airport's security program. Each employee must complete the Transportation Security Administration ("TSA") mandated training program before an ID badge is issued. As part of the badging process, City will conduct background investigations, including fingerprinting of Operator's employee badge applicants. Operator shall assist City as necessary to facilitate the badging process. Operator shall be

responsible for the immediate reporting of all lost or stolen ID badges and the immediate return of the ID badges of all personnel transferred from Airport assignments or terminated from the employ of the Operator or upon termination of this Agreement. In addition, Operator shall pay, or cause to be paid, to City such charges, as may be established from time to time, for the acquisition of ID badges, for lost or stolen ID badges, and for those badges not returned to City in accordance with this Section. City shall also have the right to audit Operator's compliance with security and ID badge rules and regulations.

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

14.15 Business Tax Registration. Operator 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). Operator 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.

14.16 Alternative Fuel Vehicle Requirement Program. Operator shall comply with the provisions of the Alternative Fuel Vehicle Requirement Program. The rules, regulations and requirements of the Alternative Fuel Vehicle Program are attached as Exhibit "J" and made a material term of this Agreement.

14.17 Disabled Access.

14.17.1 Operator shall be solely responsible for fully complying with any and all applicable present and/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, including any services, programs, improvements or activities provided by Operator. Operator shall be solely responsible for any and all damages caused by, and/or penalties levied as the result of, Operator's noncompliance. Further, Operator 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.

14.17.2 Should Operator fail to comply with Section 14.17.1, then City shall have the right, but not the obligation, to perform, or have performed, whatever work is necessary to achieve equal access compliance. Operator will then be required to reimburse City for the actual cost of achieving compliance, plus a fifteen percent (15%) administrative charge.

14.18 Child Support Orders. This 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 as Exhibit "K". Pursuant to this Section, Operator (and any subcontractor of Operator providing services to City under this Agreement)

shall (1) fully comply with all State and Federal employment reporting requirements for Operator's or Operator's subcontractor's employees applicable to Child Support Assignment Orders; (2) certify that the principal owner(s) of Operator 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 this Agreement. Pursuant to Section 10.10(b) of the Los Angeles Administrative Code, failure of Operator 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 Operator 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 Agreement subjecting this Agreement to termination where such failure shall continue for more than ninety (90) days after notice of such failure to Operator by City (in lieu of any time for cure provided elsewhere in this Agreement).

14.19 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 any payment hereunder by City shall not be deemed to be a waiver of any preceding breach by Operator of any term, covenant, or condition of this Agreement, regardless of City's knowledge of such preceding breach at the time of acceptance of such payment.

14.20 City's Right to Contract With Others Regarding Agreement Rights. The rights granted hereunder by this Agreement are not exclusive in nature, and City specifically reserves the right to enter into similar additional agreements at the Airport, at any time.

14.21 Compliance with Los Angeles City Charter Section 470(c)(12).

14.21.1 Operator, its subcontractors and their respective 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 is valued at \$100,000 or more and requires approval of a City elected official. Additionally, Operator is required to provide and update certain information to the City as specified by law. Any contractor subject to Charter Section 470(c)(12) shall include the following notice in any contract with a subcontractor 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 subcontractor on City of Los Angeles contract # _____. Pursuant to City Charter Section 470(c)(12), subcontractor 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. Subcontractor is required to provide to contractor names and addresses of the subcontractor's principals and contact information and shall update that information if it changes during the twelve (12) month time period.

Subcontractor's information included must be provided to contractor within five (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."

14.21.2 Operator, its subcontractors and their respective principals shall comply with these requirements and limitations. Violation of this provision shall entitle the City to terminate this Agreement and pursue any and all legal remedies that may be available.

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

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

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

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

14.26 Laws of California. This Agreement shall be construed and enforced in accordance with the laws of the State of California and venue shall lie in the appropriate court located in Los Angeles County, California.

14.27 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.

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

14.29 Integration Clause. It is understood that no alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto, and that no oral understanding or agreement, not incorporated herein in writing, shall be binding on any of the parties hereto. This Agreement supersedes the RFP and Operator's proposal in response to the RFP; except to the extent (if any) that this Agreement expressly makes reference to any provisions of the RFP or Operator's proposal as being incorporated herein by such reference. In the event that any provisions of the RFP or Operator's proposal are expressly referenced in this

Agreement as being incorporated herein by such reference, then in the event of a conflict between such incorporated provisions and the other terms of this Agreement, the other terms of this Agreement shall control.

14.30 Force Majeure. Except as otherwise provided in this Agreement, whenever a day is established in this Agreement 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 may be extended by a period of time equal to the number of days on or during which such party is prevented from the doing or completion of such act, matter or thing because of strikes, lockouts, embargoes, disruption of service or brownouts from utilities not due to action or inaction of City, wars, insurrections, rebellions, civil disorder, declaration of national emergencies, acts of God, or other causes beyond such party's reasonable control (financial inability excepted) (herein, an event of "Force Majeure"); provided, however, that nothing contained in this Section shall excuse Operator from the prompt payment or remittance of any Gross Revenue, compensation, fees or other monetary charge required to be paid or remitted by Operator hereunder. If Operator shall claim a delay due to Force Majeure, Operator must notify City in writing within three (3) business days of the first occurrence of any claimed event of Force Majeure. Such notice must specify in reasonable detail the cause or basis for claiming Force Majeure and the anticipated delay in Operator's performance to the extent such anticipated delay is known to Operator at the time such notice to City is required. If Operator fails to provide such notice within said three (3) 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.

14.31 City Approvals. Following the execution and delivery of this Agreement, whenever this Agreement calls for a matter to be approved or disapproved by or on behalf of City, then the written approval, disapproval, or consent of the Executive Director within the legal authority of the Executive Director, subject to the approval of the Office of the City Attorney as to form, shall constitute the approval, disapproval, or consent of City; provided, however, if the approval or consent by City is in excess of the Executive Director's legal authority, then such matter shall be approved by the Board. Except as otherwise expressly set forth in this Agreement, with respect to any matter that is subject to the approval or consent of the Executive Director or the Board, such approval or consent may be given or withheld in the Executive Director's or the Board's sole and absolute discretion. Any approvals or consents required from or given by City under this Agreement shall be approvals of the City of Los Angeles Department of Airports acting as the owner and operator of the Airport, and shall not relate to, constitute a waiver of, supersede or otherwise limit or affect the rights or prerogatives of the City of Los Angeles as a government, including the right to grant or deny any permits required for construction or maintenance of the Facilities and the right to enact, amend or repeal laws and ordinances, including, without limitation, those relating to zoning, land use, and building and safety. No approval or consent on behalf of City will be deemed binding upon City unless approved in writing as to form by the City Attorney.

14.32 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.

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

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

14.35 Deprivation of Operator's Rights. City shall not be liable to Operator for any diminution or deprivation of Operator's rights under this Agreement which may result from Operator'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 Operator be entitled to terminate the whole or any portion of the Agreement by reason thereof.

14.36 Representations of Operator. Operator hereby makes the following representations and warranties, each of which is material and being relied upon by City, is true in all respects as of the date of this Agreement, and shall survive the expiration or termination of the Agreement. Operator shall re-certify such representations to City periodically, upon City's written request.

14.36.1 Operator is duly organized, validly existing and in good standing under the laws of the state of its organization, and is qualified to do business in the state of California, and the persons executing this Agreement on behalf of Operator have the full right and authority to execute this Agreement on behalf of Operator and to bind Operator without the consent or approval of any other person or entity. Operator has full power, capacity, authority and legal right to execute and deliver this Agreement and to perform all of its obligations hereunder. This Agreement is a legal, valid and binding obligation of Operator, enforceable in accordance with its terms.

14.36.2 Operator represents as of the date of this Agreement that the representations and warranties of Operator contained in Operator's proposal and in any financial statement or other materials provided by Operator are true, correct and complete, and shall be deemed restated in full in this Agreement.

14.37 Parties In Interest. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than City and Operator, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement.

14.38 Municipal Lobbying Ordinance. Operator shall comply with the provisions of the City of Los Angeles Municipal Lobbying Ordinance, Municipal Code Section 48.01 et seq., as amended.

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

14.40 Guaranty. Concurrently with the execution of this Agreement, ABM Industries Incorporated, a Delaware corporation, shall execute and deliver to City an unconditional guaranty of the obligations of Operator under this Agreement in the form of the Guaranty attached to this Agreement as Exhibit “L”.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, City has caused this Agreement to be executed on its behalf by Executive Director and Operator has caused the same to be executed by its duly authorized officers, all as of the day and year first hereinabove written.

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

CITY OF LOS ANGELES

Date: April 8, 2014

By: [Signature]
Deputy/Assistant City Attorney

By: _____
Executive Director
Department of Airports

ATTEST:

ABM PARKING SERVICES, INC.,
a California corporation

By: [Signature]
(Signature)

JAMES K. ALEXANDER
Print Name and Title
SVP & Asst. Secretary

By: [Signature]
(Signature)

MARK E. MUGLICH, President
Print Name and Title

By: [Signature]
(Signature)
Arnold Klauber
Senior Vice President

Print Name and Title

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COMMENCEMENT DATE MEMORANDUM

LOS ANGELES INTERNATIONAL AIRPORT
REMOTE EMPLOYEE PARKING OPERATION AND MANAGEMENT AGREEMENT

This Commencement Date Memorandum (this "Memorandum") is dated as of _____, 201_, in connection with the Los Angeles International Airport Remote Employee Parking Operation and Management Agreement (the "Agreement") dated _____, 2014 between **ABM PARKING SERVICES, INC.** ("Operator") and **THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS**, a municipal corporation ("City"), acting by order of and through its Board of Airport Commissioners.

City and Operator hereby confirm that the Commencement Date of the Agreement is _____, 201_, and the Expiration Date of the Agreement is _____, 201_.

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

CITY OF LOS ANGELES

Date: _____

By: _____
Executive Director
Department of Airports

By: _____
Deputy/Assistant City Attorney

ATTEST:

ABM PARKING SERVICES, INC.,
A California corporation

By: _____
(Signature)

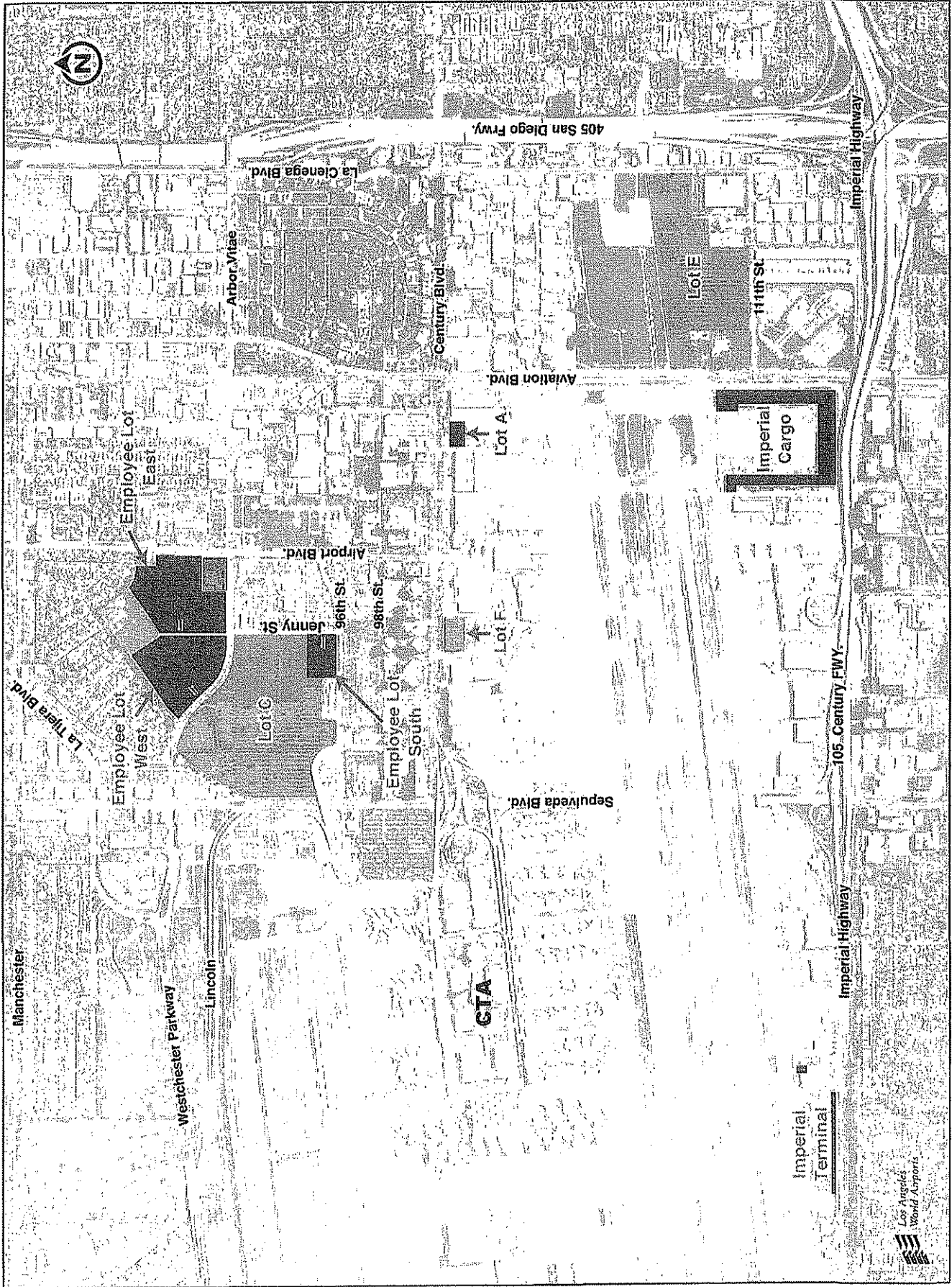
By: _____
(Signature)

Print Name and Title

Print Name and Title

EXHIBIT A

Parking Facilities



Ancillary Facilities

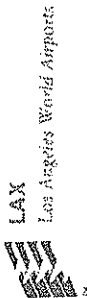
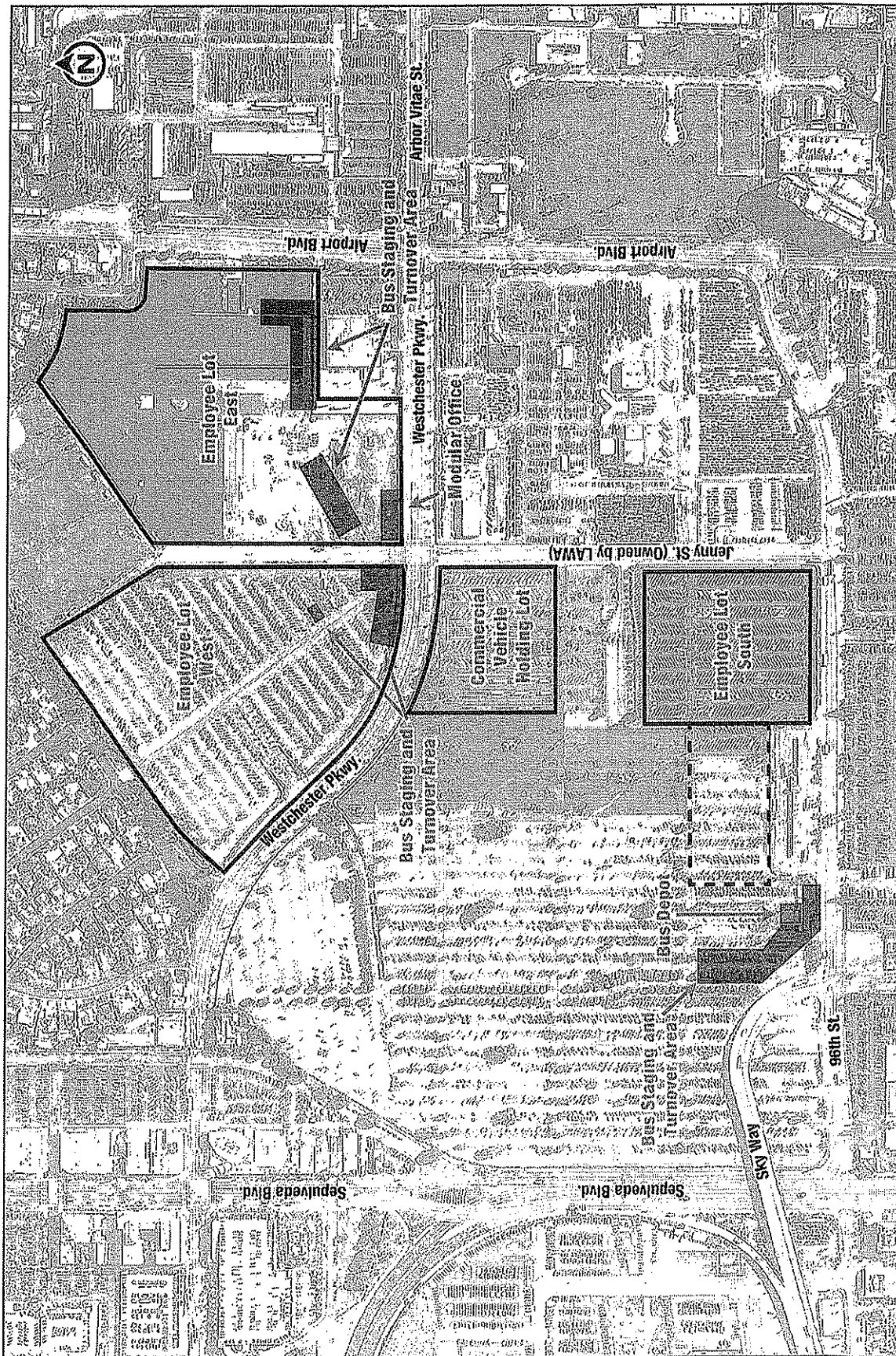


Exhibit B



INSURANCE REQUIREMENTS FOR LOS ANGELES WORLD AIRPORTS

NAME: ABM PARKING SERVICES, INC.
AGREEMENT / ACTIVITY: Remote Employee Parking Operation and Management Agreement at LAX.
TERM: 5 years, two one-year extension options
LAWA DIVISION: Commercial Development 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 limits are per occurrence unless otherwise specified.

LIMITS

- (X) Workers' Compensation (Statutory)/Employer's Liability Statutory
(X) Voluntary Compensation Endorsement
(X) Waiver of Subrogation, specifically naming LAWA
(Please see attached supplement)
- (X) Automobile Liability - covering owned, non-owned & hired auto \$1,000,000 CSL
(X) 1st party property comprehensive auto coverage \$500,000 CSL
- (X) Aviation/Airport or Commercial General Liability, including the following coverage: \$1,000,000
(X) Premises and Operations
(X) Contractual (Blanket/Schedule)
(X) Independent Contractors
(X) Products /Completed Operations
(X) Personal Injury
(X) Additional Insured Endorsement, specifically naming LAWA
(Please see attached supplement).
() Explosion, Collapse & Underground
(required when work involves digging, excavation, grading or use of explosive materials.)
() Hangarkeepers Legal Liab. (At least at a limit of liability of \$ 1 million)
- (X) Property Insurance, to cover company's modular structures, access control equipment and related personal property.
90% Co-Ins. () Actual Cash Value (X) Replacement Value () Agreed Amt.
(X) Covering company's improvements, w/waiver of subrogation Value of Improvements
(Including building structure, if applicable)
(Department does not insure company's improvements)
(X) All Risk Coverages
(X) Fire & Basic Causes of Loss Form, including sprinkler leakage
(X) Vandalism and Malicious Mischief
(X) Debris Removal
(X) Builder's Risk Insurance - (All Risk Coverage, if applicable for new construction)
If applicable for tenant improvements
Required if property or building ultimately revert to City
- Coverage for Hazardous Substances \$ ***
*** Must meet contractual requirements

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

INSURANCE COMPANIES WHICH DO NOT HAVE A BEST RATING OF A- OR BETTER, AND HAVE A MINIMUM FINANCIAL SIZE OF AT LEAST 4, MUST BE REVIEWED FOR ACCEPTABILITY BY RISK MANAGEMENT.

PLEASE RETURN THIS FORM WITH EVIDENCE OF INSURANCE

EXHIBIT C

INSURANCE REQUIREMENTS FOR LOS ANGELES WORLD AIRPORTS (SUPPLEMENT)

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

- **Endorsements:**

1. Workers Compensation Waiver of Subrogation Endorsement
(WC 04 03 06 or similar)
2. General Liability Additional Insured Endorsement
(ISO Standard Endorsement)

****All endorsements must specifically name in the schedule:

The City of Los Angeles, Los Angeles World Airports, its Board, and all of its officers, employees and agents.

A BLANKET/AUTOMATIC ENDORSEMENT AND/OR LANGUAGE ON A CERTIFICATE OF INSURANCE IS NOT ACCEPTABLE.

- 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.

Los Angeles Administrative Code, Division 10, Chapter 1, Article 1, Sections 10.8-10.13

Sec. 10.8. Mandatory Provisions Pertaining to Non-discrimination in Employment in the Performance of City Contracts.

The City of Los Angeles, in letting and awarding contracts for the provision to it or on its behalf of goods or services of any kind or nature, intends to deal only with those contractors that comply with the non-discrimination and Affirmative Action provisions of the laws of the United States of America, the State of California and the City of Los Angeles. The City and each of its awarding authorities, shall therefore require that any person, firm, corporation, partnership or combination thereof, that contracts with the City for services, materials or supplies, shall not discriminate in any of its hiring or employment practices, shall comply with all provisions pertaining to nondiscrimination in hiring and employment, and shall require Affirmative Action Programs in contracts in accordance with the provisions of this Code. The awarding authority and/or Office of Contract Compliance of the Department of Public Works shall monitor and inspect the activities of each such contractor to determine that they are in compliance with the provisions of this chapter.

Although in accordance with Section 22.359 of this Code, the Board of Public Works, Office of Contract Compliance, is responsible for the administration of the City's Contract Compliance Program, accomplishing the intent of the City in contract compliance and achieving nondiscrimination in contractor employment shall be the continuing responsibility of each awarding authority. Each awarding authority shall use only the rules, regulations and forms provided by the Office of Contract Compliance to monitor, inspect or investigate contractor compliance with the provisions of this chapter.

Each awarding authority shall provide immediate notification upon award of each contract by that awarding authority to the Office of Contract Compliance. Each awarding authority shall call upon the Office of Contract Compliance to review, evaluate and recommend on any contractual dispute or issue of noncompliance under the provisions of this chapter. The Office of Contract Compliance shall be notified by each awarding authority of any imminent announcement to bid, to allow the Office of Contract Compliance the opportunity to participate with the awarding authority in the monitoring, review, evaluation, investigation, audit and enforcement of the provisions of this chapter in accordance with the rules, regulations and forms promulgated to implement the City's Contract Compliance, Equal Employment Opportunity Program.

Section History: Based on Ord. No. 132,533, Eff. 7-25-66; Amended by: Ord. No. 147,030, Eff. 4-28-75; Ord. No. 173,186, Eff. 5-22-00.

Sec. 10.8.1. Definitions.

The following definitions shall apply to the following terms used in this article:

"Awarding Authority" means any Board or Commission of the City of Los Angeles, or any authorized employee or officer of the City of Los Angeles, including the Purchasing Agent of the City of Los Angeles, who makes or enters into any contract or agreement for the provision of any goods or services of any kind or nature whatsoever for or on behalf of the City of Los Angeles.

"Contract" means any agreement, franchise, lease, or concession, including agreements for any occasional professional or technical personal services, for the performance of any work or service, the provision of any materials or supplies, or the rendition 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.

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

"Domestic partners" means, for purposes of this Article, any two adults, of the same or different sex, who have registered with a governmental entity pursuant to state or local law authorizing this registration or with a internal registry maintained by an employer of at least one of the domestic partners.

"Employment Practices" means any solicitation of, or advertisement for, employees, employment, change in grade or work assignment, assignment or change in place or location of work, layoff, suspension, or termination of employees, rate of pay or other form of compensation including vacation, sick and compensatory time, selection for training, including apprenticeship programs, any and all employee benefits and activities, promotion and upgrading, and any and all actions taken to discipline employees for infractions of work rules or employer requirements.

"Office of Contract Compliance" is that office of the Department of Public Works of the City of Los Angeles created by Article X of Chapter 13 of Division 22 of the Los Angeles Administrative Code.

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

Section History: Amended by: Ord. No. 147,030, Eff. 4-28-75; "Affirmative Action," Ord. No. 164,516, Eff. 4-13-89; "Affirmative Action," Ord. No. 168,244, Eff. 10-18-92; "Domestic partners" added, Ord. No. 172,909, Eff. 1-9-00; first two definitions deleted, Ord. No. 173,186, Eff. 5-22-00; "Domestic partners," Ord. No. 175,115, Eff. 4-12-03.

Sec. 10.8.1.1. Summary of Thresholds.

The following thresholds will be used to determine the non-discrimination and affirmative action requirements set forth in this chapter for each type of contract.

Non-discrimination Practices as outlined in Section 10.8.2 of this Code, apply to all contracts.

Equal Employment Practices as outlined in Section 10.8.3 of this Code, apply to all construction contracts of \$1,000 or more and all non-construction contracts of \$1,000 or more.

Affirmative Action Program as outlined in Sections 10.8.4 and 10.13 of this Code, applies to all Construction Contracts of \$5,000 or more and all non-Construction Contracts of \$100,000 or more.

Section History: Added by Ord. No. 173,186, Eff. 5-22-00.

Sec. 10.8.2. All Contracts: Non-discrimination Clause.

Notwithstanding any other provision of any ordinance of the City of Los Angeles to the contrary, every contract which is let, awarded or entered into with or on behalf of the City of Los

Angeles, shall contain by insertion therein a provision obligating the contractor in the performance of such contract not to discriminate in his or her employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status, or medical condition. All contractors who enter into such contracts with the City shall include a like provision in all subcontracts awarded for work to be performed under the contract with the City. Failure of the contractor to comply with this requirement or to obtain the compliance of its subcontractors with 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: Added by Ord. No. 172,908, Eff. 1-9-00; Amended by: Ord. No. 173,054, Eff. 2-27-00; Ord. No. 173,058, Eff. 3-4-00; Ord. No. 173,142, Eff. 3-30-00; Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 175,115, Eff. 4-12-03; Subsec. (b)(7), Ord. No. 176,155, Eff. 9-22-04.

Sec. 10.8.3. Equal Employment Practices Provisions.

Every non-construction contract with or on behalf of the City of Los Angeles for which the consideration is \$1,000 or more, and every construction contract 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, religion, ancestry, national origin, 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, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

C. As part of the City's supplier registration process, and/or at the request of the awarding authority, or the Board of Public Works, Office of Contract Compliance, 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, 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 Office of Contract Compliance for the purpose of investigation to ascertain compliance with the Equal Employment Practices provisions of City contracts. On their or either of their 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. Such 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 Board of Public Works, Office of Contract Compliance. 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 canceled, 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, such failure to comply may be the basis for a determination by the awarding authority or the Board of Public Works that the said contractor is an irresponsible bidder or proposer pursuant to the provisions of Section 371 of the Charter of the City of Los Angeles. In the event of such a determination, such 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 Office of Contract Compliance, 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. At the time a supplier registers to do business with the City, or when an individual bid or proposal is submitted, 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 such employment practices as:

1. Hiring practices;

2. Apprenticeships where such 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 like 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; Paragraphs A., B., C., Ord. No. 164,518, Eff. 4-13-89; Paragraphs 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.

Sec. 10.8.4. Affirmative Action Program Provisions.

Every non-construction contract with or on behalf of the City of Los Angeles for which the consideration is \$100,000 or more and every construction contract with or on behalf of the City of Los Angeles for which the consideration is \$5,000 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, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

1. This provision 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 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, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

C. As part of the City's supplier registration process, and/or at the request of the awarding authority or the Office of Contract Compliance, 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, religion, ancestry, national origin, 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 its records pertaining to employment and to its employment practices by

the awarding authority or the Office of Contract Compliance, for the purpose of investigation to ascertain compliance with the Affirmative Action Program provisions of City contracts, and on their or either of their 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 contract. Such 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 Board of Public Works, Office of Contract Compliance. No such 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, such breach may be the basis for a determination by the awarding authority or the Board of Public Works that the said contractor is an irresponsible bidder or proposer pursuant to the provisions of Section 371 of the Los Angeles City Charter. In the event of such determination, such 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 (\$10.00) for each person for each calendar day on which such 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 Office of Contract Compliance 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. The contractor shall submit an Affirmative Action Plan which shall meet the requirements of this chapter at the time it submits its bid or proposal or at the time it registers to do business with the City. The plan shall be subject to approval by the Office of Contract Compliance prior to award 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 Plan. Affirmative Action Programs developed pursuant to this section shall be effective for a period of twelve months from the date of approval by the Office of Contract Compliance. In case of prior submission of a plan, the contractor may submit documentation that it has an Affirmative Action Plan approved by the Office of Contract Compliance within the previous twelve months. If the approval is 30 days or less from expiration, the contractor must submit a new Plan to the Office of Contract Compliance and that Plan must be approved before the contract is awarded.

(1) Every contract of \$5,000 or more which may provide construction, demolition, renovation, conservation or major maintenance of any kind shall in addition comply with the requirements of Section 10.13 of the Los Angeles Administrative Code.

(2) A contractor may establish and adopt as its own Affirmative Action Plan, by affixing his or her signature thereto, an Affirmative Action Plan prepared and furnished by the Office of Contract Compliance, or it may prepare and submit its own Plan for approval.

L. The Office of Contract Compliance shall annually supply the awarding authorities of the City with a list of contractors and suppliers who have developed Affirmative Action Programs. For each contractor and supplier the Office of Contract Compliance shall state the date the approval expires. The Office of Contract Compliance shall not withdraw its approval for any Affirmative Action Plan or change the Affirmative Action Plan after the date of contract award for the entire contract term without the mutual agreement of the awarding authority and the contractor.

M. The Affirmative Action Plan required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by the Board of Public Works, Office of Contract Compliance or 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.

N. Any adjustments which may be made in the contractor's or supplier's work force to achieve the requirements of the City's Affirmative Action Contract

Compliance 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.

O. Affirmative Action Agreements resulting from the proposed Affirmative Action Plan or the pre-registration, pre-bid, pre-proposal or pre-award conferences shall not be confidential and may be publicized by the contractor at his or her discretion. Approved Affirmative Action Agreements become the property of the City and may be used at the discretion of the City in its Contract Compliance Affirmative Action Program.

P. 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 or suppliers engaged in the performance of City contracts.

Q. All contractors subject to the provisions of this section shall include a like 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 filling 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; Paragraphs A., B., C., Ord. No. 164,516, Eff. 4-13-89; Paragraphs 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.

LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 11

LIVING WAGE ORDINANCE

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 others for the purpose of economic development or job growth. The City expends grant funds under programs created by the federal and state governments. Such expenditures serve to promote the goals established for those programs by such governments and 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 has all too often 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. Such minimal compensation tends to inhibit the quantity and quality of services rendered by such 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 that will improve the level of services rendered to and for the City.

The inadequate compensation typically paid today also fails to provide service employees with resources sufficient to afford life in Los Angeles. It is unacceptable that contracting decisions involving the expenditure of City funds should foster conditions placing 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.

Nothing less than the living wage should be paid by the recipients of City financial assistance themselves. Whether they be 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 same adverse social consequences from such inadequate compensation emanate just as readily from manufacturing, for example, as service industries. This article is meant to protect these employees as well.

The City holds a proprietary interest in the work performed by many employees employed by lessees and licensees of City property and by their service contractors and subcontractors. In a very real sense, 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 does the same for the success of City operations. By the 1998 amendment to this article, recognition is given to the prominence of this interest at those facilities visited by the public on a frequent basis, including but not limited to, terminals at Los Angeles International Airport, Ports O'Call Village in San Pedro, and golf courses and recreation centers operated by the Department of Recreation and Parks. This article is meant to cover all such employees not expressly exempted.

Requiring payment of the living wage serves both proprietary and humanitarian concerns of the City. Primarily because of the latter concern and experience to date regarding the failure of some employers to honor their obligation to pay the living wage, the 1998 amendments introduce additional enforcement mechanisms to ensure compliance with this important obligation. Non-complying employers must now face the prospect of paying civil penalties, but only if they fail to cure non-compliance after having been given formal notice thereof. Where non-payment is the issue, employers who dispute determinations of non-compliance may avoid civil penalties as well by paying into a City holding

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account the monies in dispute. Employees should not fear retaliation, such as by losing their jobs, simply because they claim their right to the living wage, irrespective of the accuracy of the claim. The 1998 amendments strengthen the prohibition against retaliation to serve as a critical shield against such employer misconduct.

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.*

Sec. 10.37.1 Definitions.

The following definitions shall apply throughout this article:

- (a) "Airport" means the Department of Airports and each of the airports which it operates.
- (b) "Airport Employer" means an Employer, as the term is defined in this section, at the Airport.
- (c) "Airport Employee" means an Employee, as the term is defined in this section, of an Airport Employer.
- (d) "Awarding authority" means that subordinate or component entity or person of the City (such as a department) or of the financial assistance recipient that awards or is otherwise responsible for the administration of a service contract or public lease or license, or, where there is no such subordinate or component entity or person, then the City or the City financial assistance recipient.
- (e) "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, but excludes the Community Redevelopment Agency of the City of Los Angeles ("CRA"). The CRA is urged, however, to adopt a policy similar to that set forth in this article.
- (f) "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 one million dollars (\$1,000,000) or more in any twelve-month period shall require compliance with this article for five years from the date such assistance reaches the one million dollar (\$1,000,000) threshold. For assistance in any twelve-month period totaling less than one million dollars (\$1,000,000) but at least one hundred thousand dollars (\$100,000), there shall be compliance for one year if at least one hundred thousand dollars (\$100,000) of such assistance is given in what is reasonably contemplated at the time to be on a continuing basis, with the period of compliance beginning when the accrual during such twelve-month period of such continuing assistance reaches the one-hundred thousand dollar (\$100,000) threshold.

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 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. Sections 1274(d), 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 (1) year, (2) it employs fewer than five (5) employees for each working day in each of twenty (20) or more calendar weeks in the current or preceding calendar year, or (3) it obtains a waiver as provided herein. A recipient - who employs the long-term unemployed or provides trainee positions intended to prepare employees for permanent positions, and who claims that compliance with this article would cause an economic hardship - may apply in writing to the City department or office administering such assistance, which department or office which shall forward such application and its recommended action on it to the

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City Council. Waivers shall be affected by Council resolution.

(g) "Contractor" means any person that enters into: (1) a service contract with the City, (2) a service contract with a proprietary lessee or licensee or sublessee or sublicensee, or (3) a contract with a City financial assistance recipient to assist the recipient in performing the work for which the assistance is being given. Vendors, such as service contractors, of City financial assistance recipients shall not be regarded as contractors except to the extent provided in Subsection (i).*

*Technical correction due to re-lettering of subsections: "Subsection (f)" corrected to "Subsection (i)".

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

(i) "Employee" means any person - who is not a managerial, supervisory, or confidential employee and who is not required to possess an occupational license - who is employed (1) as a service employee of a contractor or subcontractor on or under the authority of one or more service contracts and who expends any of his or her time thereon, including but not limited to: 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; (2) as a service employee - of a public lessee or licensee, of a sublessee or sublicensee, or of a service contractor or subcontractor of a public lessee or licensee, or sublessee or sublicensee - who works on the leased or licensed premises; (3) by a City financial assistance recipient who expends at least half of his or her time on the funded project; or (4) by a service contractor or subcontractor of a City financial assistance recipient and who expends at least half of his or her time on the premises of the City financial assistance recipient directly involved with the activities funded by the City.

(j) "Employer" means any person who is a City financial assistance recipient, contractor, subcontractor, public lessee, public sublessee, public

licensee, or public sublicensee and who is required to have a business tax registration certificate by Los Angeles Municipal Code §§ 21.00 - 21.198 or successor ordinance or, if expressly exempted by the Code from such tax, would otherwise be subject to the tax but for such exemption; provided, however, that corporations organized under §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 (8) times the lowest wage paid by the corporation, shall be exempted as to all employees other than child care workers.

(k) "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.

(l) "Public lease or license".

(a) Except as provided in (l)(b)*, "Public lease or license" means a lease or license of City property on which services are rendered by employees of the public lessee or licensee or sublessee or sublicensee, or of a contractor or subcontractor, but only where any of the following applies:

*Technical correction due to re-lettering of subsections: "(l) (b)" corrected to "(l) (b)".

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

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

(3) The DAA has determined in writing that coverage would further the proprietary interests of the City.

(b) A public lessee or licensee will be exempt from the requirements of this article subject to the following limitations:

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(1) The lessee or licensee has annual gross revenues of less than the annual gross revenue threshold, three hundred fifty thousand dollars (\$350,000), from business conducted on City property;

(2) The lessee or licensee employs no more than seven (7) people total in the company on and off City property;

(3) To qualify for this exemption, the lessee or licensee must provide proof of its gross revenues and number of people it employs in the company's entire workforce to the awarding authority as required by regulation;

(4) Whether annual gross revenues are less than three hundred fifty thousand dollars (\$350,000) shall be determined based on the gross revenues for the last tax year prior to application or such other period as may be established by regulation;

(5) The annual gross revenue threshold shall be adjusted annually at the same rate and at the same time as the living wage is adjusted under section 10.37.2 (a);

(6) A lessee or licensee shall be deemed to employ no more than seven (7) people if the company's entire workforce worked an average of no more than one thousand two-hundred fourteen (1,214) hours per month for at least three-fourths (3/4) of the time period that the revenue limitation is measured;

(7) Public leases and licenses shall be deemed to include public subleases and sublicenses;

(8) If a public lease or license has a term of more than two (2) years, the exemption granted pursuant to this section shall expire after two (2) years but shall be renewable in two-year increments upon meeting the requirements therefor at the time of the renewal application or such period established by regulation.

(m) "Service contract" means a contract let to a contractor by the City primarily for the furnishing of services to or for the City (as opposed to the purchase of goods or other property or the leasing or renting of property) and that involves an expenditure in excess

of twenty-five thousand dollars (\$25,000) and a contract term of at least three (3) months; but only where any of the following applies: (1) at least some of the services rendered are rendered by employees whose work site is on property owned by the City, (2) the services could feasibly be performed by City employees if the awarding authority had the requisite financial and staffing resources, or (3) the DAA has determined in writing that coverage would further the proprietary interests of the City.

(n) "Subcontractor" means any person not an employee that enters into a contract (and that employs employees for such purpose) with (1) a contractor or subcontractor to assist the contractor in performing a service contract or (2) a contractor or subcontractor of a proprietary lessee or licensee or sublessee or sublicensee to perform or assist in performing services on the leased or licensed premises. Vendors, such as service contractors or subcontractors, of City financial assistance recipients shall not be regarded as subcontractors except to the extent provided in Subsection (i).*

*Technical correction due to re-lettering of subsections: "Subsection (f)" corrected to "Subsection (i)".

(o) "Willful violation" means that the employer knew of his, her, or 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 (f) re-lettered (d) through (o), respectively and new Subsecs. (a), (b), and (c) added, Ord. No. 180,877, Eff. 10-19-09.*

Sec. 10.37.2 Payment of Minimum Compensation to Employees.

(a) Wages. Employers shall pay Employees a wage of no less than the hourly rates set under the authority of this article. The initial rates were seven dollars and twenty-five cents (\$7.25) per hour with health benefits, as described in this article, or otherwise eight dollars and fifty cents (\$8.50) per

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hour without health benefits. With the annual adjustment effective July 1, 2009, together with all previous annual adjustments as provided by this subsection, such rates are ten dollars and thirty cents (\$10.30) per hour with health benefits or, if health benefits are not provided, then fourteen dollars and eighty cents (\$14.80) per hour for Airport Employees and eleven dollars and fifty-five cents (\$11.55) per hour for all other Employees. The hourly rate with health benefits to be paid to all Employees and the hourly rate without health benefits to be paid to Airport Employees shall be adjusted annually to correspond with adjustments, if any, to retirement benefits paid to members of the Los Angeles City Employees Retirement System (LACERS), made by the CERS Board of Administration under § 4.1040. The Office of Administrative and Research Services shall so advise the DAA of any such change by June 1 of each year and of the required new hourly rates, if any. On the basis of such report, the DAA shall publish a bulletin announcing the adjusted rates, which shall take effect upon such publication.

(b) Compensated Days Off. Employers shall provide at least twelve (12) compensated days off per year for sick leave, vacation, or personal necessity at the employee's request. Employers shall also permit employees to take at least an additional ten (10) days a year of uncompensated time to be used for sick leave for the illness of the employee or a member of his or her immediate family where the employee has exhausted his or her compensated days off for that year.

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. 173,283, Eff. 6-26-00, Oper. 7-1-00; Subsec. (a), Ord. No. 180,877, Eff. 10-19-09.*

Sec. 10.37.3 Health Benefits.

(a) Health Benefits. The health benefits required by this article shall consist of the payment of at least four dollars and fifty cents (\$4.50) per hour by Airport Employers and at least one dollar and twenty-five cents (\$1.25) per hour by all other Employers towards the provision of health care benefits for Employees and their dependents. Proof of the provision of such benefits must be submitted to the awarding authority to qualify for the wage rate in Section 10.37(a) for Employees with health benefits.

Airport Employees cannot waive the health benefits offered by an Airport Employer when the Airport Employer does not require an out-of-pocket contribution by the Airport Employee. Consistent with and as shall be reflected in the hourly rates payable to Airport Employees as provided in 10.37.2(a) above, the amount of payment for health benefits by Airport Employers shall be adjusted annually to correspond with adjustments, if any, to retirement benefits paid to members of the Los Angeles City Employees Retirement System (LACERS), made by the CERS Board of Administration under § 4.1040. The Office of Administrative and Research Services shall so advise the DAA of any such change by June 1 of each year and of the required new hourly payments, if any. On the basis of such report, the DAA shall publish a bulletin announcing the adjusted payment, which shall take effect upon such publication.

(b) Periodic Review. At least once every three years, the Office of Administrative and Research Services shall review the health benefit payment by Airport Employers set forth in 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.*

Sec. 10.37.4 Notifying Employees of their Potential Right to the Federal Earned Income Credit.

Employers shall inform employees making less than twelve dollars (\$12) per hour of their possible right to the federal Earned Income Credit ("EIC") under § 32 of the Internal Revenue Code of 1954, 26 U.S.C. § 32, and shall make available to employees forms informing them about the EIC and forms required to secure advance EIC payments from the employer.

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.*

Sec. 10.37.5 Retaliation Prohibited.

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Neither an employer, as defined in this article, nor any other person employing individuals shall 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

*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.*

Sec. 10.37.6 Enforcement.

(a) An employee claiming violation of this article may bring an action in the Municipal Court or Superior Court of the State of California, as appropriate, against an employer and may be awarded:

(1) For failure to pay wages required by this article - back pay for each day during which the violation continued.

(2) For failure to pay medical benefits - the differential between the wage required by this article without benefits and such wage with benefits, less amounts paid, if any, toward medical benefits.

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

(4) For willful violations, the amount of monies to be paid under (1) - (3) 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 so prevails if the employee's suit was frivolous.

(c) Compliance with this article shall be required in all City contracts to which it applies, and such contracts shall provide that violation of this article shall constitute a material breach thereof and entitle

the City to terminate the contract and otherwise pursue legal remedies that may be available. Such contracts shall also include a pledge that there shall be compliance with federal law proscribing retaliation for union organizing.

(d) An employee claiming violation of this article may report such claimed violation to the DAA which shall investigate such complaint. Whether based upon such a complaint or otherwise, 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 (10) days. In the event that the employer has not demonstrated to the DAA within such period that it has cured such 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 are to include, but not be limited to, termination of the service contract, public lease or license, or financial assistance agreement and the return of monies paid by the City for services not yet rendered.

(2) Request the City Council to debar the employer from future City contracts, leases, and licenses for three (3) years or until all penalties and restitution have been fully paid, whichever occurs last. Such debarment shall be to the extent permitted by, and under whatever procedures may be required by, law.

(3) Request the City Attorney to bring a civil action against the employer seeking:

(i) Where applicable, payment of all unpaid wages or health premiums prescribed by this article; and/or

(ii) A fine payable to the City in the amount of up to one hundred dollars (\$100) for each violation for each day the violation remains uncured.

Where the alleged violation concerns non-payment of wages or health premiums, the employer will not be subject to debarment or civil penalties if it pays the monies in dispute into a holding account maintained

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by the City for such purpose. Such disputed monies shall be presented to a neutral arbitrator for binding arbitration. The arbitrator shall determine whether such monies shall be disbursed, in whole or in part, to the employer or to the employees in question. Regulations promulgated by the DAA shall establish the framework and procedures of such arbitration process. The cost of arbitration shall be borne by the City, unless the arbitrator determines that the employer's position in the matter is frivolous, in which event the arbitrator shall assess the employer for the full cost of the arbitration. Interest earned by the City on monies held in the holding account shall be added to the principal sum deposited, and the monies shall be disbursed in accordance with the arbitration award. A service charge for the cost of account maintenance and service may be deducted therefrom.

(e) Notwithstanding any provision of this Code or any other ordinance 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.*

Sec. 10.37.7 Administration.

The City Council shall by resolution designate a department or office, which shall promulgate rules for implementation of this article and otherwise coordinate administration of the requirements of this article ("designated administrative agency" - DAA). The DAA shall monitor compliance, including the investigation of claimed violations, and shall promulgate implementing regulations consistent with 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(j), and that particular leases and licenses shall be regarded as "public leases" or "public licenses" for purposes of Section 10.37.1(i), when it receives an application for a determination of non-coverage or exemption as provided for in Section 10.37.13. 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.

During the first, third, and seventh years of this article's operation since May 5, 1997, and every third year thereafter, the Office of Administrative and Research Services and the Chief Legislative Analyst shall conduct or commission an evaluation of this article's operation and effects. The evaluation shall specifically address at least the following matters: (a) how extensively affected employers are complying with the article; (b) how the article is affecting the workforce composition of affected employers; (c) how the article is affecting productivity and service quality of affected employers; (d) how the additional costs of the article have been distributed among workers, their employers, and the City. Within ninety days of the adoption of this article, these offices shall develop detailed plans for evaluation, including a determination of what current and future data will be needed for effective evaluation.

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.*

Sec. 10.37.8 Exclusion of Service Contracts from Competitive Bidding Requirement.

Service contracts otherwise subject to competitive bid shall be let by competitive bid if they involve the expenditure of at least two-million dollars (\$2,000,000). Charter Section 372 shall not be applicable to service contracts.

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.*

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.

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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.*

Sec. 10.37.10 Expenditures Covered.

This article shall apply to the expenditure -- whether through aid to City financial 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

*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.*

Sec. 10.37.11 Timing of Application.

(a) Original 1997 Ordinance. The provisions of this article as enacted by City Ordinance No. 171,547, effective May 5, 1997, shall apply to (1) contracts consummated and financial assistance provided after such date, (2) contract amendments consummated after such date and before the effective date of the 1998 ordinance which themselves met the requirements of former Section 10.37.1(h) (definition of "service contract") or which extended contract duration, and (3) supplemental financial assistance provided after May 5, 1997 and before the effective date of the 1998 ordinance which itself met the requirements of Section 10.37.1(c).

(b) 1998 Amendment. The provisions of this article as amended by the 1998 ordinance shall apply to (1) service contracts, public leases or licenses, and financial assistance agreements consummated after the effective date of such ordinance and (2) amendments, consummated after the effective date of such ordinance, to service contracts, public leases or licenses, and financial assistance agreements that provide additional monies or which extend term.

(c) 2000 amendment. The provisions of this article as amended by the 2000 ordinance shall apply to (1) service contracts, public leases or public licenses and City financial assistance recipient agreements

consummated after the effective date of such ordinance and (2) amendments to service contracts, public leases or licenses and City financial assistance recipient agreements which are consummated after the effective date of such ordinance and which provide additional monies or which extend the term.

(d) 2009 Amendment. The provisions of this article as amended by the 2009 ordinance shall become operative ninety (90) days following the effective date of the 2009 ordinance.

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.*

Sec. 10.37.12 Supersession by Collective Bargaining Agreement.

Parties subject to this article may by collective bargaining agreement provide that such agreement shall supersede the requirements of this article.

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.*

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

The definitions of "City financial assistance recipient" in Section 10.37.1(c), of "public lease or license" in Section 10.37.1(i), and of "service contract" in Section 10.37.1(j) shall be liberally interpreted so as to further the policy objectives of this article. All recipients of City financial assistance meeting the monetary thresholds of Section 10.37.1(c), all City leases and licenses (including subleases and sublicenses) where the City is the lessor or licensor, and all City contracts providing for services that are more than incidental, shall be presumed to meet the corresponding definition just mentioned, 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

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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.*

Sec. 10.37.14 Severability

If any provision of this article is declared legally invalid by any court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

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*

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LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 10

SERVICE CONTRACTOR WORKER RETENTION ORDINANCE

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 awards many contracts to private firms to provide services to the public and to City government. The City also provides financial assistance and funding to others for the purpose of economic development or job growth. At the conclusion of the terms of a service contract with the City or with those receiving financial assistance from the City, competition results in the awarding of a service contract to what may be a different contractor. These new contracts often involve anticipated changes in different managerial skills, new technology or techniques, new themes or presentations, or lower costs.

The City expends grant funds under programs created by the federal and state governments. Such expenditures serve to promote the goals established for those programs by such governments and 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.

Despite desired changes through the 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.

Incumbent workers have already invaluable knowledge and experience with the work schedules, practices, and clients. The benefits of replacing these workers without such experiences decreases efficiency and results in a disservice to City and City financed or assisted projects.

Retaining existing service workers when a change in contractors 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 citizens who

receive services provided by the City or by City financed or assisted projects.

It is unacceptable that contracting decisions involving the expenditure of City funds should have any 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 with the City or 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.*

Sec. 10.36.1. Definitions.

The following definitions shall apply throughout this article:

(a) "Awarding authority" means that subordinate or component entity or person of the City (such as a department) or of the financial assistance recipient that awards or is otherwise responsible for the administration of a service contract or, if none, then the City or the City financial assistance recipient.

(b) "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, but excludes the Community Redevelopment Agency of the City of Los Angeles.

(c) "City financial assistance recipient" means any person that receives from the City in any twelve-month period discrete financial assistance for economic development or job growth expressly articulated and identified by the City totaling at least one hundred thousand dollars (\$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 five million dollars (\$5,000,000) or that regularly employ homeless persons, persons

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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 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. Sections 1274(d), 7872(f). A recipient shall not be deemed to include lessees and sublessees. Service contracts for economic development or job growth shall be deemed such assistance once the \$100,000 threshold is reached.

(d) "Contractor" means any person that enters into a service contract with the City or a City financial assistance recipient.

(e) "Employee" means any person employed as a service employee of a contractor or subcontractor earning less than fifteen dollars (\$15.00) per hour in salary or wage whose primary place of employment is in the City on or under the authority of a service contract and including but not limited to: 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; and does not include a person who is (1) a managerial, supervisory, or confidential employees, or (2) required to possess an occupational license.

(f) "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.

(g) "Service contract" means 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 financial assistance recipient (as opposed to the purchase of goods or other property) and that involves an expenditure or receipt in excess

of twenty-five thousand dollars (\$25,000) and a contract term of at least three months.

(h) "Subcontractor" means any person not an employee that enters into a contract with a contractor to assist the contractor in performing a service contract and that employs employees for such purpose.

(i) "Successor service contract" means a service contract where the services to be performed are substantially similar to a service contract that has been recently terminated.

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.

Sec. 10.36.2. Transition Employment Period.

(a) Where an awarding authority has given notice that a service contract has been terminated, or where a service contractor has given notice of such termination, upon receiving or giving such notice, as the case may be, the terminated contractor shall within ten (10) days thereafter provide to the successor contractor the name, address, date of hire, and employment occupation classification of each employee in employment, of itself or subcontractors, at the time of contract termination. If the terminated contractor has not learned the identity of the successor contractor, if any, by the time that notice was given of contract termination, the terminated contractor shall obtain such information from the awarding authority. If a successor service contract has not been awarded by the end of the ten (10)-day period, the employment information referred to earlier in this subsection shall be provided to the awarding authority at such time. Where a subcontract of a service contract has been terminated prior to the termination of the service contract, the terminated subcontractor shall for purposes of this article be deemed a terminated contractor.

(1) Where a service contract or contracts are being let where the same or similar services were rendered by under multiple service contracts, the City or City financial aid recipient shall pool the employees, ordered by seniority within job classification, under such prior contracts.

(2) Where the use of subcontractors has occurred under the terminated contract or where the use of

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subcontractors is to be permitted under the successor contract, or where both circumstances arise, the City or City financial assistance recipient 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 authorized by this article.

(b) A successor contractor shall retain, for a ninety (90)-day transition employment period, employees who have been employed by the terminated contractor or its subcontractors, if any, for the preceding twelve (12) months or longer. Where pooling of employees has occurred, the successor contractor shall draw from such pools in accordance with rules established under this article. During such ninety (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.

(c) If at anytime the successor contractor determines that fewer employees are required to perform the new service contract than were required by the terminated contractor (and subcontractors, if any), the successor contractor shall retain employees by seniority within job classification.

(d) During such ninety (90)-day 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.

(e) Except as provided in subsection (c) of this section, during such ninety (90)-day 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 include, but not be limited to, the employee's conduct while in the employ of the terminated contractor or subcontractor that contributed to any decision to terminate the contract or subcontract for fraud or poor performance.

(f) At the end of such ninety (90)-day 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 such ninety (90)-day period is satisfactory, the

successor contractor (or subcontractor) shall offer the employee continued employment under the terms and conditions established by the successor contractor (or subcontractor) or as required by law. During such ninety (90)-day period, the successor contractor shall maintain a preferential hiring list of eligible covered employees not retained by the successor contractor from which the successor contractor shall hire additional employees.

(g) If the City or a City financial assistance recipient enters into a service contract for the performance of work that prior to the service contract was performed by the City's or the recipient's own service employees, the City or the recipient, as the case may be, shall be deemed to be a "terminated contractor" within the meaning of this section and the contractor under the service contract shall be deemed to be a "successor contractor" within the meaning of this section and section 10.36.3.

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.*

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 Municipal Court or Superior Court of the State of California, as appropriate, 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 during the last 3 years of the employee's employment in the same occupation classification; or

(B) The final regular rate received by the employee.

(2) Costs of benefits the successor contractor would have incurred for the employee under the successor contractor's (or subcontractor's, where applicable) benefit plan.

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(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 City contracts to which it applies, and such contracts shall provide that violation of this article shall entitle the City to terminate the contract and otherwise pursue legal remedies that may be available.

(d) Notwithstanding any provision of this Code or any other ordinance 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.*

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

An awarding authority shall upon application by a contractor or subcontractor exempt from the requirements of this article a person employed by the contractor or subcontractor continuously for at least twelve (12) months prior to the commencement of the successor service contract or subcontract who is proposed to work on such contract or subcontract as an employee in a capacity similar to such prior employment, where the application demonstrates that (a) the person would otherwise be laid off work and (b) his or her retention would appear to be helpful to the contractor or subcontractor in performing the successor contract or subcontract. Once a person so exempted commences work under a service contract or subcontract, he or she shall be deemed an employee as defined in Section 10.36.1(e) of this Code.

SECTION HISTORY

*Added by Ord. No. 170,784, Eff. 1-13-96.
Amended By: Ord. No. 171,004, Eff. 5-18-96.*

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.*

Sec. 10.36.6. Expenditures Covered by this Article.

This article shall apply to the expenditure, whether through service contracts let by the City or 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. City financial assistance recipients shall apply this article to the expenditure of non-City funds for service contracts to be performed in the City by complying themselves with § 10.36.2(g) and by contractually requiring their service contractors 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*

Sec. 10.36.7. Timing of Application of Ordinances Adding and then Amending this Article.

The provisions of this article as set forth in City Ordinance No. 171,004 shall apply to contracts consummated and financial assistance provided after May 18, 1996 (the effective date of City Ordinance No. 171,004). As for contracts consummated and financial assistance provided after the original version of this article took effect on January 13, 1996 (by City Ordinance No. 170,784) and through May 18, 1996, the City directs its appointing authorities and urges others affected to use their best efforts to work cooperatively so as to allow application City Ordinance No. 171,004 rather than City Ordinance No. 170,784 to service contracts let during such period. No abrogation of contract or other rights created by City Ordinance No. 170,784, absent consent to do so, shall be effected by the retroactive application of City Ordinance No. 171,004.

SECTION HISTORY

*Added by Ord. No. 171,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; Ord. No. 172,337, Eff. 1-14-99.*

Sec. 10.36.8. Promulgation of Implementing Rules.

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The City Council shall by resolution designate a department or office, which 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.

Sec. 10.36.9. Severability.

If any severable provision or provisions of this article or any application thereof is held invalid, such invalidity shall not affect other provisions or applications of the article that can be given effect notwithstanding such invalidity.

SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.

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FIRST SOURCE HIRING PROGRAM FOR AIRPORT EMPLOYEES

- I. Purpose. The purpose of this First Source Hiring Program is to facilitate the employment of Targeted Applicants by Airport Employers. It is a goal of this First Source Hiring Program that this Program benefit Airport Employers by providing a pool of qualified job applicants through a non-exclusive referral system.
- II. Definitions. As used in this Program, the following capitalized terms shall have the following meanings. All definitions include both the singular and plural form.

"Airport" shall mean Los Angeles International Airport.

"Airport Employer" shall mean a party that, through a contract, lease, licensing arrangement, or other arrangement, agrees to comply with this First Source Hiring Program with regard to Airport Jobs. Operators of transportation charter party limousines, non-tenant shuttles, and taxis shall not be considered Airport Employers.

"Airport Job" shall mean a job that either (i) is performed On-Site, or (ii) is directly related to a contract, lease, licensing arrangement, or other arrangement under which the employer is an Airport Employer. Positions for which City's Worker Retention Policy requires hiring of particular individuals shall not constitute Airport Jobs for purposes of this Program.

"City" shall mean the City of Los Angeles.

"Coalition" shall mean the LAX Coalition for Economic, Environmental, and Educational Justice, an unincorporated association comprised exclusively of the following organizations: AGENDA; AME Minister's Alliance; Clergy and Laity United for Economic Justice; Coalition for Clean Air; Communities for a Better Environment; Community Coalition; Community Coalition for Change; Environmental Defense; Inglewood Coalition for Drug and Violence Prevention; Inglewood Democratic Club; Lennox Coordinating Council; Los Angeles Alliance for a New Economy; Los Angeles Council of Churches; Nation of Islam; Natural Resources Defense Council; Physicians for Social Responsibility Los Angeles; Service Employees International Union Local 347; and Teamsters Local 911.

"Coalition Representative" shall mean the following: The Coalition shall designate one individual as the "Coalition Representative" authorized to speak or act on behalf of the Coalition for all purposes under the Cooperation Agreement. The Coalition Representative may designate one or more assistants to assist the Coalition Representative in speaking or acting on behalf of the Coalition with respect to any specific program or activity or any other matter. The Coalition shall provide LAWA with contact information for the Coalition Representative upon request.

"Cooperation Agreement" shall mean the Cooperation Agreement between LAWA and

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the LAX Coalition for Economic, Environmental and Educational Justice.

"LAWA" shall mean Los Angeles World Airports.

"Low-Income Individual" shall mean an individual whose household income is no greater than 80% of the median income, adjusted for household size, for the Primary Metropolitan Statistical Area.

"On-Site" shall mean physically located on property owned or leased by LAWA and pertaining to Airport.

"Program" shall mean this First Source Hiring Program.

"Project Impact Area" shall have the meaning set forth in the "Final Environmental Impact Report" for the LAX Master Plan Program, dated April 2004, as supplemented by one or more EIR Addenda prior to certification of the EIR by the City Council.

"Referral System" shall mean the referral system established to provide applicant referrals for the Program.

"Special Needs Individuals" shall mean: (i) individuals who receive or have received public assistance through the Temporary Assistance for Needy Families Program, within the past 24 months; (ii) individuals who are homeless; (iii) ex-offenders, (iv) chronically unemployed, and (v) dislocated airport workers.

"Targeted Applicants" shall have the meaning set forth in Section IV below.

- III. Coverage. This Program shall apply to hiring by Airport Employers for all Airport Jobs, except for jobs for which the hiring procedures are governed by a collective bargaining contract that conflicts with this Program.
- IV. Targeted Applicants. Referrals under the Program shall, to the extent permissible by law, be made in the order of priority set forth below.
 - First Priority: Low-Income Individuals living in the Project Impact Area for at least one year and Special Needs Individuals; and
 - Second Priority: Low-Income Individuals residing in City.
- V. Initial Airport Employer Roles.
 - A. Liaison. Each Airport Employer shall designate a liaison for issues related to the Program. The liaison shall work with LAWA, the Coalition Representative, the Referral System provider, and relevant public officials to facilitate effective implementation of this Program.
 - B. Long-Range Planning. Any entity that becomes an Airport Employer at least two

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(2) months prior to commencing operations related to Airport shall, at least two months prior to commencing operations related to Airport, provide to the Referral System the approximate number and type of Airport Jobs that it will fill and the basic qualifications necessary.

VI. Airport Employer Hiring Process.

- A. Notification of Job Opportunities. Prior to hiring for any Airport Job, an Airport Employer shall notify the Referral System, by e-mail or fax, of available job openings and provide a description of job responsibilities and qualifications, including expectations, salary, work schedule, duration of employment, required standard of appearance, and any special requirements (e.g., language skills, driver's license, etc.). Job qualifications shall be limited to skills directly related to performance of job duties.
- B. Referrals. After receiving a notification under Section VI.A above, the Referral System shall within five days, or longer time frame agreed to by the Referral System and Airport Employer, refer to the Airport Employer one or more Targeted Applicants who meet the Airport Employer's qualifications.
- C. Hiring.
 - 1. New Employer Targeted Hiring Period. When making initial hires for the commencement of an Airport Employer's operations related to Airport, the Airport Employer shall consider and hire only Targeted Applicants for a two week period following provision of the notification described in Section VI.A. After this period, the Airport Employer shall make good-faith efforts to hire Targeted Applicants, but may consider and hire applicants referred or recruited through any source.
 - 2. Established Employer Targeted Hiring Period. When making hires after the commencement of operations related to Airport, an Airport Employer shall consider and hire only Targeted Applicants for a five-day period following provision of the notification described in Section VI.A. After this period, the Airport Employer shall make good-faith efforts to hire Targeted Applicants, but may consider and hire applicants referred or recruited through any source.
 - 3. Hiring Procedure During Targeted Hiring Periods. During the periods described in Sections VI.C.1 and VI.C.2 above, Airport Employers may hire Targeted Applicants recruited or referred through any source. During such periods Airport Employers shall use normal hiring practices, including interviews, to consider all applicants referred by the Referral System.
 - 4. No Referral Fees. No Airport Employer or referred job candidate shall be

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required to pay any fee, cost or expense of the Referral System or this Program in connection with referrals.

VII. Reporting and Recordkeeping.

- A. Reports. During the time that this Program is applicable to any Airport Employer, that Airport Employer shall, on a quarterly basis, notify the Referral System of the number, by job classification, of Targeted Applicants hired by the Airport Employer during that quarter, and the total number of employees hired by the Airport Employer for Airport Jobs during that quarter. Any Airport Employer who has not had hiring activity for the quarter, shall also notify the Referral System of such inactivity.
- B. Recordkeeping. During the time that this Program is applicable to any Airport Employer, that Airport Employer shall retain records sufficient for monitoring of compliance with this Program with regard to each Airport Job, including records of notifications sent to the Referral System, referrals from the Referral System, job applications received from any source, number of Targeted Applicants hired, and total number of employees hired for Airport Jobs. To the extent allowed by law, and upon reasonable notice, these records shall be made available to LAWA and to the Referral System for inspection upon request. The Coalition Representative may request that LAWA provide such records at anytime. Records may be redacted so that individuals are not identified by name and so that information required by law to remain confidential is excluded.
- C. Complaints. If LAWA, the Coalition, or the Referral System believes that an Airport Employer is not complying with this Program, then the designated LAWA office shall be notified to ensure compliance with this program.
- D. Liquidated Damages. Each Airport Employer agrees to pay to LAWA liquidated damages in the amount of One Thousand Dollars (\$1,000) where LAWA finds that the Airport Employer has violated this Program with regard to hiring for a particular Airport Job. LAWA shall establish procedures providing to Airport Employers notice and an opportunity to present all relevant evidence prior to LAWA's final determination regarding an alleged violation. This liquidated damages provision does not preclude LAWA from obtaining any other form of available relief to ensure compliance with this Program, including injunctive relief.

VIII. Miscellaneous.

- A. Compliance with State and Federal Law. This Program shall be implemented only to the extent that it is consistent with the laws of the State of California and the United States. If any provision of this Program is held by a court of law to be in conflict with state or federal law, the applicable law shall prevail over the terms of this Program, and the conflicting provisions of this Program shall not be

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enforceable.

- B. Severability Clause. If any term, provision, covenant or condition of this Program is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall continue in full force and effect.
- C. Binding on Successors. This Program shall be binding upon and inure to the benefit of the successors in interest, transferees, assigns, present and future partners, subsidiary corporations, affiliates, agents, representatives, heirs, and administrators of any party that has committed to comply with it. Any reference in this Program to a party shall be deemed to apply to any successor in interest, transferee, assign, present or future partner, subsidiary corporation, affiliate, agent, representative, heir or administrator of such party; provided, however, that any assignment, transfer or encumbrance of a lease agreement, permit or contract in which this Program is incorporated shall only be made in strict compliance with the terms of such lease agreement, permit or contract and the foregoing shall not constitute consent to any such assignment, transfer or encumbrance.
- D. Lease Agreements and Contracts. Airport Employers shall not execute any sublease agreement or other contract under which Airport Jobs may occur directly or indirectly, unless the entirety of this Program is included as a material term thereof, binding on all parties.
- E. Assurance Regarding Preexisting Contracts. Each Airport Employer warrants and represents that as of the date of execution of this Program, it has executed no sublease agreement or other contract that would violate any provision of this Program had it been executed after the date of incorporation of this Program into a binding contract.
- F. Intended Beneficiaries. LAWA, the Coalition, and the Referral System are intended third-party beneficiaries of contracts and other agreements that incorporate this Program with regard to the terms and provisions of this Program. However, the parties recognize that only LAWA has the sole responsibility to enforce the provisions of this Program.
- G. Material Terms. All provisions of this Program shall be material terms of any lease agreement or contract in which it is incorporated.
- H. Effective Date. Section VI of this Program shall become effective on the effective date of the contract or agreement into which it is incorporated.
- I. Construction. Any party incorporating this Program into a binding contract has had the opportunity to be advised by counsel with regard to this Program. Accordingly, this Program shall not be strictly construed against any party, and the rule of construction that any ambiguities be resolved against the drafting party shall not apply to this Program.

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- J. Entire Contract. This Program contains the entire agreement between the parties on the subjects described herein, and supersedes any prior agreements, whether written or oral. This Program may not be altered, amended or modified except by an instrument in writing signed in writing by all parties to the contract in which it is incorporated.

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Contractor Responsibility Program
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LOS ANGELES WORLD AIRPORTS



CONTRACTOR RESPONSIBILITY PROGRAM

RULES AND REGULATIONS

Effective date: August 23, 2011

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

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

A. DEFINITIONS

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

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

2. **New Definitions:**

- a. **"Awarding Authority"** means either the Executive Director or the Board of Airport Commissioners ("Board") or the Board's designee.
- b. **"CRP Questionnaire"** means the set of questions developed by Procurement Services Division (PSD) that will assist LAWA in determining a bidder or contractor's responsibility. Information solicited from the CRP Questionnaire may include but is not limited to: ownership and name changes, financial resources and responsibility, satisfactory performance of other contracts, satisfactory record of compliance with relevant laws and regulations, and satisfactory record of business integrity. PSD may amend the CRP Questionnaire from time to time.

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

B. SUBMISSION OF CRP QUESTIONNAIRES

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

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

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

2. Submission of CRP Questionnaires with Bids:

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

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

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

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C. LAWA REVIEW OF SUBMITTED CRP QUESTIONNAIRES

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

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

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

D. AWARD AND EXECUTION OF CONTRACTS

1. Departmental Determination of Responsibility and Award of Contract:

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

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

2. Submission of Pledge of Compliance:

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

3. Subcontractor Responsibility:

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

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4. Execution of Contracts:

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

E. CONTRACT AMENDMENTS

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

F. CONTRACTOR NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION

1. Notification of Investigations: Contractors shall:

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

2. Update of CRP Questionnaire Information:

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

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G. LAWA INVESTIGATION

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

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

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

H. VIOLATIONS OF THE CRP OR THESE RULES AND REGULATIONS

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

I. NON-RESPONSIBILITY HEARING

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

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

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proposer or contractor, the Requesting Division and to PSD. If the bidder, proposer or contractor is declared to be non-responsible, a copy of the final decision shall also be provided to the CAO.

J. NON-RESPONSIBILITY SANCTIONS

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

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

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

K. EXEMPTIONS

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

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

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

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L. EFFECTIVE DATE OF RULES AND REGULATIONS

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

M. CONSISTENCY WITH FEDERAL AND STATE LAW

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

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

The Los Angeles World Airports (LAWA) Contractor Responsibility Program (Board Resolution #21601) provides that, unless specifically exempted, LAWA contractors working under contracts for services, for purchases, for construction, and for leases, that require the Board of Airport Commissioners' approval shall comply with all applicable provisions of the LAWA Contractor Responsibility Program. Bidders and proposers are required to complete and submit this Pledge of Compliance with the bid or proposal or with an amendment of a contract subject to the CRP. In addition, within 10 days of execution of any subcontract, the contractor shall submit to LAWA this Pledge of Compliance from each subcontractor who has been listed as performing work on the contract.

The contractor agrees to comply with the Contractor Responsibility Program and the following provisions:

- (a) To comply with all applicable Federal, state, and local laws in the performance of the contract, including but not limited to, laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees.
- (b) To notify LAWA within thirty (30) calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the contractor is not in compliance with paragraph (a).
- (c) To notify LAWA within thirty (30) calendar days of all findings by a government agency or court of competent jurisdiction that the contractor has violated paragraph (a).
- (d) To provide LAWA within thirty (30) calendar days updated responses to the CRP Questionnaire if any change occurs which would change any response contained within the completed CRP Questionnaire. Note: This provision does not apply to amendments of contracts not subject to the CRP and to subcontractors not required to submit a CRP Questionnaire.
- (e) To ensure that subcontractors working on the LAWA contract shall complete and sign a Pledge of Compliance attesting under penalty of perjury to compliance with paragraphs (a) through (c) herein. To submit to LAWA the completed Pledges.
- (f) To notify LAWA within thirty (30) days of becoming aware of an investigation, violation or finding of any applicable federal, state, or local law involving the subcontractors in the performance of a LAWA contract.
- (g) To cooperate fully with LAWA during an investigation and to respond to request(s) for information within ten (10) working days from the date of the Notice to Respond.

Failure to sign and submit this form to LAWA with the bid/proposal may make the bid/proposal non-responsive.

Company Name, Address and Phone Number

Signature of Officer or Authorized Representative

Date

Print Name and Title of Officer or Authorized Representative

Project Title

**ALTERNATIVE FUEL VEHICLE REQUIREMENT PROGRAM
(LAX ONLY)**

I. Definitions.

The following capitalized terms shall have the following meanings. All definitions include both the singular and plural form.

"Airport Contract" shall mean a contract awarded by LAWA and pertaining to LAX, and subcontracts of any level under such a contract.

"Airport Contractor" shall mean (i) any entity awarded an Airport Contract, and subcontractors of any level working under an Airport Contract; (ii) any contractors that have entered into a contract with an Airport Lessee to perform work on property owned by LAWA and pertaining to LAX, and any subcontractors working in furtherance of such a contract; and (iii) any contractor that have entered into a contract with an Airport Licensee to perform work pertaining to LAX, and any subcontractors working under such a contract.

"Airport Lessee" shall mean any entity that leases or subleases any property owned by LAWA and pertaining to LAX.

"Airport Licensee" shall mean any entity issued a license or permit by LAWA for operations that pertain to LAX.

"Alternative-Fuel Vehicle" shall mean a vehicle that is not powered by petroleum-derived gasoline or diesel fuel. Alternative-Fuel Vehicles include, but are not limited to, vehicles powered by compressed or liquefied natural gas, liquefied petroleum gas, methanol, ethanol, electricity, fuel cells, or other advanced technologies. Vehicles that are powered with a fuel that includes petroleum-derived gasoline or diesel are Alternative-Fuel Vehicles only if the petroleum-derived energy content of the fuel is no more than twenty percent (20%) of the total energy content of the fuel. Vehicles powered by dual fuel technologies are Alternative-Fuel Vehicles only if no more than twenty-percent (20%) of the fuel used by the engine comes from a petroleum-derived fuel. Vehicles powered by fuels that are derived from sources other than petroleum, but that can be used in conventional spark or combustion-ignition engines, are Alternative-Fuel Vehicles.

"CARB" shall mean the California Air Resources Board.

"Comparable Emissions Vehicle" shall mean a vehicle powered by an engine certified by CARB operating on petroleum-derived gasoline or diesel fuel that has criteria pollutant emissions less than or equal to a comparable alternative fuel engine.

"Covered Vehicles" is defined in Section II below.

EXHIBIT J

"EPA" shall mean the United States Environmental Protection Agency.

"Independent Third Party Monitor" shall mean a person or entity empowered by LAWA to monitor compliance with and/or implementation of particular requirements in this policy.

"LAWA" shall mean Los Angeles World Airports.

"LAX" shall mean Los Angeles International Airport.

"Least-Polluting Available Vehicle" shall mean a vehicle that (i) is determined by an Independent Third Party Monitor to be (x) commercially available, (y) suitable for performance of a particular task, and (z) certified by CARB or EPA to meet the applicable engines emission standard in effect at the time of purchase; and (ii) is equipped with a retrofit device that reduces NOx emissions by at least twenty-five percent (25%) and reduces particulate matter by at least eighty-five percent (85%). Where more than one vehicle meets these requirements for a particular task, LAWA, working with the Independent Third Party Monitor, will designate as the Least-Polluting Available Vehicle the vehicle that emits the least amount of criteria air pollutants.

"Operator" shall mean any Airport Contractor, Airport Lessee, or Airport Licensee.

II. Covered Vehicles. The requirements under this Attachment shall apply to all on-road vehicles, including trucks, shuttles, passenger vans, and buses that are 8,500 lbs gross vehicle weight rating or more and are used in operations related to LAX ("**Covered Vehicles**").

III. Conversion Schedule.

- A. By January 31, 2010, fifty percent (50%) of the Covered Vehicles operated by an Operator shall be Alternative-Fuel Vehicles or Comparable Emissions Vehicles.
- B. By January 31, 2015, one hundred percent (100%) of the Covered Vehicles operated by an Operator shall be Alternative-Fuel Vehicles or Comparable Emissions Vehicles.

IV. Least-Polluting Available Vehicles. In cases where an Operator cannot comply with the requirements established pursuant to Section III above because neither Alternative-Fuel Vehicles nor Comparable Emissions Vehicles are commercially available for performance of particular tasks, LAWA will instead require Operators to use Least-Polluting Available Vehicles for such tasks. An Independent Third Party Monitor will determine on an annual basis whether Alternative-Fuel Vehicles or Comparable Emissions Vehicles are commercially available to perform particular tasks, and, in cases where Alternative-Fuel Vehicles are not commercially available for performance of a particular task, will identify the Least-Polluting Available Vehicle for performance of that task.

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V. **Written Reports.** Operator shall provide a semi-annual report to LAWA in the form attached as Attachment 1, which may be amended from time to time by LAWA.

EXHIBIT J

Diesel & Gasoline Vehicle Fleet
(List Alt-fuel vehicles on reverse side)

☐ Check box, if you do not have any on-road vehicles 8,500 lbs or greater[illegible]

2 of 2

(Please turn over for alternative fuel vehicle reporting form)

Attachment 1
Revised 12/13/11

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.