

NON-EXCLUSIVE RIGHT-OF-WAY LICENSE AGREEMENT

BETWEEN

THE CITY OF LOS ANGELES

AND

EXXONMOBIL OIL CORPORATION

COVERING

PIPELINE FACILITIES

AT

LOS ANGELES INTERNATIONAL AIRPORT

TABLE OF CONTENTS

ARTICLE 1. SPECIFIC TERMS AND PROVISIONS

| | <u>Page</u> |
|---------------------------------------|-------------|
| Section 1 License Rights Granted | 1 |
| Section 2 Term of License | 2 |
| Section 3 Payments by Licensee | 2 |
| Section 4 Notice | 6 |
| Section 5 Removal and Decommissioning | 7 |

ARTICLE 2. STANDARD TERMS AND PROVISIONS

| | |
|---|----|
| Section 1 Limitations on Use of Licensed Area | 7 |
| Section 2 Rental Payments | 8 |
| Section 3 Liquidated Damages for Delinquent Payment | 9 |
| Section 4 Reports | 9 |
| Section 5 Audits | 9 |
| Section 6 Performance Guarantee | 9 |
| Section 7 Improvements and Alterations | 10 |
| Section 8 Liens | 12 |
| Section 9 Modification to Size of Licensed Area | 13 |
| Section 10 Ownership of Improvements | 14 |
| Section 11 Signs | 15 |
| Section 12 Maintenance and Repair of Licensed Area | 15 |
| Section 13 City's Right of Access and Inspection | 16 |
| Section 14 Insurance | 16 |
| Section 15 City Held Harmless | 18 |
| Section 16 Non-Discrimination and Equal Employment Practices/Affirmative Action Program | 18 |
| Section 17 Taxes, Permits and Licenses | 20 |
| Section 18 Assignments and Sublicenses | 21 |
| Section 19 Space Utilization | 22 |
| Section 20 Default | 23 |
| Section 21 Waiver | 26 |
| Section 22 Attorney's Fees | 26 |
| Section 23 Hazardous and Other Regulated Substances | 27 |
| Section 24 Airfield Security | 29 |
| Section 25 Business Tax Registration | 30 |
| Section 26 Laws, Rules and Regulations | 30 |
| Section 27 Disabled Access | 30 |
| Section 28 Living Wage Ordinance and Service | |

| | | |
|-------------------|--|-----------|
| | Contractor Worker Retention Ordinances | 31 |
| Section 29 | Child Support Orders | 33 |
| Section 30 | Visual Artists' Rights Act | 33 |
| Section 31 | Equal Benefits Ordinance | 34 |
| Section 32 | Condemnation | 35 |
| Section 33 | Miscellaneous Provisions | 37 |
| Section 34 | First Source Hiring Program For Airport Employers | 39 |
| Section 35 | Other Agreements Not Affected | 39 |
| Section 36 | Noise Abatement Procedures | 40 |
| Section 37 | Contractor Responsibility Program | 40 |
| Section 38 | Alternative Vehicle Requirement Program | 40 |
| Section 39 | Campaign Contributions | 40 |
| Signatures | | 42 |

EXHIBITS

| | |
|------------------|--|
| Exhibit A | Engineers Drawing |
| Exhibit B | Payments |
| Exhibit C | Minimum Standards |
| Exhibit D | Maintenance |
| Exhibit E | Insurance |
| Exhibit F | Equal Employment Practices |
| Exhibit G | Affirmative Action |
| Exhibit H | Living Wage Ordinance/Compliance |
| Exhibit I | Service Contract Worker Retention Ordinance |
| Exhibit J | Child Support Orders |
| Exhibit K | First Source Hiring Program for Airport Employees |

NON-EXCLUSIVE RIGHT-OF-WAY LICENSE AGREEMENT
BETWEEN THE CITY OF LOS ANGELES AND
EXXONMOBIL OIL CORPORATION FOR
PIPELINE FACILITIES AT LOS ANGELES INTERNATIONAL AIRPORT

THIS LICENSE AGREEMENT (hereinafter referred to as "**License**") is made and entered on _____, day of _____, 2014 (hereinafter referred to as "Effective Date") by and between the **CITY OF LOS ANGELES**, acting by order of and through its Board of Airport Commissioners ("**Board**"), also known as Los Angeles World Airports or LAWA ("**City**") and **EXXONMOBIL OIL CORPORATION** ("**Licensee**") (sometimes herein referred to individually as a "party," or together as "parties").

BACKGROUND

WHEREAS, City and Licensee are parties to that certain Non-Exclusive Right-of-Way License Agreement No. NBL-3672 dated April 22, 2008 (the "**Existing Agreement**") with respect to a certain underground pipeline and facilities and appurtenances related thereto (the "**Pipeline**") located at the Los Angeles International Airport ("**Airport**") in the location described therein (the "**Pipeline Area**"); and

WHEREAS, the Existing Agreement has expired, and Licensee has requested, and City has agreed to grant a new license for the Pipeline; and

The parties hereto, for and in consideration of the covenants and conditions hereinafter contained to be kept and performed, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, DO HEREBY AGREE AS FOLLOWS:

ARTICLE 1. SPECIFIC TERMS AND PROVISIONS

Section 1. License Rights Granted.

1.1. **Description.** City hereby grants to Licensee a license for a five (5) foot wide right-of-way totaling 31,434 square feet (0.7216 acres), for one eight inch (8") diameter pipeline and facilities and appurtenances thereto (and as the same may be altered, modified, changed or improved during the Term pursuant to the terms and provisions of this License, collectively, the "**Improvements**"), located not less than five feet (5') below the surface of the grade of Airport, as determined by City, from that certain real property at the Airport known as the bulk fuel storage area on World Way West southerly to the entrance of the Pipeline at the Airport boundary along Imperial Highway and as delineated on Exhibits A-1 and A-2, attached hereto and made a part hereof (the "**Licensed Area**"). The License rights are non-exclusive and subject to all previously existing license hold and right-of-way interests and the uses now or hereafter made by City for the use of said Airport and in the promotion and accommodation of air commerce, air transportation, aviation or matters incidental thereto.

1.2. **Use.** Licensee shall use the License Area solely to construct, use, maintain, operate, install, alter, repair, replace, clean-up, reconstruct, inspect and remove one eight inch (8")

diameter underground Pipeline and facilities and appurtenances thereto for the transmission of petroleum products, subject to the terms and conditions contained in this License.

1.3. **Access.** Access to the License Area shall be over such roads and ways on the Airport, as shall be prescribed by the Executive Director of City's Department of Airports or designated representative (hereinafter referred to as "Executive Director"), and in accordance with the rules and regulations of Airport.

Section 2.0 Term of License.

This License shall commence on the Effective Date (hereinafter referred to as "Commencement Date") and shall terminate five (5) years thereafter (the "Term"), unless earlier terminated pursuant to the terms provided in this License. Either party may terminate this License without cause, upon giving the other party a thirty (30) day advanced written notice. The parties acknowledge and agree that the Existing Agreement has expired and is no longer in force and effect except that Article 2, Section 15, (City Held Harmless) thereof shall survive, as well as any obligations of Licensee that expressly survive the expiration or termination of the Existing Agreement.

Section 3. Payments by Licensee.

3.1. **Rent.** The Monthly Rent shall be as set forth in Exhibit B, "Payments," and adjusted pursuant to Article 1, Section 3.2, Rental Adjustments, of this License. Licensee acknowledges that the Executive Director is authorized to replace Exhibit B to reflect rental adjustments, fees and/or other charges established periodically by the Board that shall be generally applicable to similarly-situated licensees at Airport and that Licensee accepts responsibility for payments based upon such modifications. If the Board adopts its Annual Adjustment under 3.2.1 below and adopts a change to rental, fees and/or other charges after July 1, the adjustments shall be applied retroactively to July 1 and Licensee must pay all increased amounts at the next scheduled payment date.

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

3.2.1. **Annual Adjustment.** Except when adjusted as provided in Article 1, Subsection 3.2.2. Five Year Adjustment to Fair Market Rental, below, the Monthly Rent shall be subject to automatic, annual rental adjustments on January 1 (the "Annual Adjustment Date") pursuant to Resolution Number 24389. The Monthly Rent shall be revised and adjusted on the Annual Adjustment Date according to the percentage increase over the prior year, if any, in the Consumer Price Index, All Urban Consumers for the Los Angeles-Riverside-Orange County, CA area, 1982-84=100 (the "CPI-U"), as published by the U.S. Department of Labor, Bureau of Labor Statistics ("B.L.S."), or its successor, as follows:

Monthly Rent shall be multiplied by the CPI-U for the month of September immediately preceding the Annual Adjustment Date (called the "Adjustment Index"), divided by the said CPI-U as it stood on September of the prior year (called the "Base Index") and the result shall be the "Adjusted Monthly Rent" to be applied effective January 1 through December 31 annually, except during the applicable rental period, or fraction thereof, when rent is brought to fair market value each five years by the procedure set forth in Article 1, Subsection 3.2.2, Five-Year Adjustment to Fair Market Rental, below. Under no circumstances during any year of application of the Annual Adjustment shall the multiplying factor, consisting of the Adjustment Index divided by the Base Index, be less than two percent (2%).

The formula for calculation of Adjusted Monthly Rent commencing each January 1 during the term of this License shall be as follows:

$$\text{Adjusted Monthly Rent} = \text{Monthly Rent} \times \frac{\text{Adjustment Index}}{\text{Base Index}}$$

If the B.L.S. should discontinue the preparation or publication of the CPI-U, and if no transposition table is available, then City shall adopt a basis for adjusting and revising the Monthly Rent on January 1 annually to vary said Monthly Rent according to any increase in commodity consumer prices over the prior year.

3.2.2. **Periodic Adjustment to Fair Market Rental.** It is agreed that the rent payable for the Licensed Area covered under this License shall be adjusted effective January 1, 2016, and every five (5) years thereafter ("Periodic Adjustment Date") to a fair market rental rate.

3.2.2.1. **Parties May Negotiate in Good Faith.** In accordance with the "Periodic Adjustment to Fair Market Rental" provision above, the parties may, in good faith, negotiate the rental rate(s) applicable to the subject adjustment period(s) as referenced above. Such good faith negotiations may include the involvement of a third party reviewer to review and make nonbinding recommendations regarding each party's rate adjustment proposal. The parties shall have continuing opportunities to negotiate in good faith in an attempt to reach agreement on rental adjustment(s) notwithstanding each party's obligation to perform its duties as described under Subsection 3.2.2.2 below. If the parties are able to reach an agreement on the adjustment to the rental rate(s), then said rate(s) shall be presented as a recommendation to the Board.

3.2.2.2. **Appraisal Process.** If the parties cannot reach agreement on the rental rate(s), or the Board does not approve the agreed upon rental rate(s) as described in Subsection 3.2.2.1, then, at least twelve (12) months prior to the Periodic Adjustment Date parties shall determine the Monthly Rent by the following procedure. The City may elect to have such procedures apply only to the rent applicable to Improvements and may adjust the land rental rates on the

basis of airport wide land rental rates then in effect, provided that such rates were adopted in compliance with applicable laws.

- **Step 1:** The Executive Director shall provide the Licensee with a copy of the City's list of qualified appraisers for the Airport. Each appraiser on the City's list shall be a member of the Appraisal Institute, or its successor organization, and shall meet such other minimum qualifications as may be established by the Executive Director ("a Qualified Appraiser"). No later than fifteen (15) calendar days thereafter, the Licensee shall select one Qualified Appraiser and notify the Executive Director of such selection. If for any reason the selected Qualified Appraiser is unable to complete the appraisal, the Licensee shall select another Qualified Appraiser within fifteen (15) calendar days. The Executive Director shall set the time and place for a conference, at which time the Qualified Appraiser shall be instructed to conduct the appraisal in substantially the same manner as established by the Executive Director, with reasonable input from the Licensee, and applicable to the Licensed Area and similar premises at the Airport ("Appraisal Instructions"). The City shall pay the fees and expenses of the selected Qualified Appraiser. The appraisal and the completed appraisal report must meet the Uniform Standards of Professional Appraisal Practice (USPAP) or it will be rejected. A copy of the completed, USPAP compliant appraisal report (the "**Appraisal Report**") shall be made available to the Licensee for review within a time specified by the Executive Director, but in any event no later than sixty (60) calendar days of the conference set by the Executive Director. This time for delivery of the Appraisal Report may be extended if mutually agreed to, in writing, by the parties. Within fifteen (15) calendar days of delivery of the appraisal report, the Executive Director shall fix the time and place for a conference between the parties hereto. At such conference, the parties shall attempt to reach an agreement on rentals. If Licensee and City reach agreement, the Executive Director shall present the results as a recommendation to the Board.
- **Step 2:** If Licensee and City are still unable to reach agreement on the adjusted rental(s), then the Executive Director's recommended rentals, the Appraisal Reports, and any other relevant material shall be furnished to Board. In the event the parties are still unable to reach agreement, and Licensee obtains and pays for a USPAP compliant appraisal report from an appraiser who meets the qualification standards for a Qualified Appraiser and follows the Appraisal Instructions, all as described above, then that appraisal report shall also be presented to the Board. Board shall review all facts and evidence, including the appraisal report(s), submitted to it and shall then

prescribe the adjusted rental that, in the Board's opinion, is the most appropriate to apply throughout the respective adjustment period.

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

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

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

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

3.3. Assessments, Fees, and Charges. In addition to the rental obligation, Licensee hereby agrees to pay such assessments, fees, and charges as shall be set by the Board and that shall be generally applicable to similarly-situated licensees at Airport. Licensee shall also pay the City's direct costs related to the Licensee's construction and operation of the Improvements within thirty (30) days after Licensee's receipt of an invoice for the same from the City.

3.4. **Holdover Fees.** If Licensee fails to vacate the License Area upon revocation or termination of this License, at City's election, Licensee shall pay to City a holdover license fee equal to twice the Annual Rental payable at the expiration of the Term as set forth in this Section 3 (on a per diem basis) for any month or partial month during which such holdover continues.

3.5. **Utilities.** Licensee shall pay for all water, gas, heat, electricity, fuel, power, telephone service and other utilities which may be furnished to Licensee. In the event City, at Licensee's request, or pursuant to legal requirements, elects to provide or pay for any utility services, Licensee shall pay City for such services or reimburse to City such payment. Any and all other utility services required by Licensee shall be provided by Licensee at Licensee's sole expense.

Section 4. Notice.

4.1. **Notice to City.** Written notices to City hereunder, shall be sent to the Executive Director of LAWA with a copy to the City Attorney of the City of Los Angeles, and addressed to:

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

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

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

4.2. **Notice to Licensee.** Written notices to Licensee hereunder shall be addressed to:

**Exxon Mobil Oil Corporation
Attn: Teri A. Shinde
West Coast Regional Right of Way Coordinator
12851 East 166th Street
Cerritos, CA 90703-2130**

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

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

4.4 All such notices, except as otherwise provided herein, may either be delivered personally, 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 required the recipient's signature for delivery, and shall be effective one (1) business day after delivery by such courier.

Section 5. Removal and Decommissioning.

5.1. Upon expiration or earlier termination of this License, City reserves the right to require that Licensee remove or decommission in place all Improvements and restore Airport property to condition as specified by City. Within six (6) months prior to the expiration or earlier termination of this License, Licensee shall provide City with an inventory of all existing Improvements and a plan for the removal of all Improvements and restoration of the License Area ("**Removal Plan**"). The Removal Plan may provide that portions of the Improvements be left in place provided it: (a) demonstrates that removal is not feasible; (b) describes the procedures that Licensee will follow to decommission the Improvements in place; and how these procedures comply with all relevant laws and then current industry standards for pipeline decommissioning.

5.2. City may require modifications to the Removal Plan as necessary to protect current or future Airport activities and although the Removal Plan may propose leaving some or all of the Improvements in place, City shall be under no obligation to accept such Removal Plan, and its approval (or disapproval) thereof is within City's sole and absolute discretion. Upon approval by City, Licensee shall promptly complete the Removal Plan and shall provide periodic reports to City on the progress of the removal and restoration until it is completed.

ARTICLE 2. STANDARD TERMS AND PROVISIONS

(Revised 3-11-10)

Section 1. Limitations on Use of Licensed Area.

1.1. Licensee shall not use the Licensed Area, nor any portion thereof, for any purpose other than that hereinabove set forth in Article 1, without first having had and obtained the written consent of the Executive Director, which consent may be withheld in the Executive Director's sole discretion, and which written consent is approved as to form by the City Attorney.

1.2. 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 Licensed Area herein licensed. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operating on Airport. Licensee agrees not to make any claim or institute legal action against City under any theory of recovery for any interference with Licensee's use and enjoyment of the Licensed Area which may result from noise emanating from the operation of aircraft to, from, or upon Airport except for claims or actions brought by third parties against Licensee arising from City's operation of Airport. [LEASE GUIDE, paragraph 5]¹

¹ The paragraph references are to mandatory requirements contained in a document entitled, "LEASE AND USE AGREEMENT GUIDE," dated June 6, 1984, revised January 2004, published by the Federal Aviation Administration.

1.3. Licensee, by accepting this License, agrees for itself and its successors and assigns that it will not make use of the Licensed Area 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 enter upon the Licensed Area hereby licensed and cause the abatement of such interference at the expense of Licensee. [LEASE GUIDE, paragraph 8]

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

1.5. Licensee 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.

1.6. Licensee has no rights under this License to install or use any antennae or telecommunications equipment on the roof or exterior of any building or structure on the Licensed Area, unless such installation or use is directly related to the conduct of Licensee'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 discretion of the Executive Director. Licensee may not license or sublicense to others the right to install or use antennae or other telecommunications equipment on the Licensed Area.

Section 2. Rental Payments.

2.1. **Delivery of Rental.** Rental shall be paid by Licensee to City on or before the first day of each calendar month of the term hereof. In the event the commencement or termination date of this License falls on any date other than the first day of the calendar month, the applicable rental for that month shall be calculated pro rata according to the number of days during which the Licensed Area, or any part of same, were occupied by Licensee during said month. All payments shall include the contract number, which is stamped on the first page of this License, on each payment check and the remittance advice attached to the invoice, if any, delivered to Licensee by City.

2.2. All payments shall be mailed to the following address:

**City of Los Angeles
Los Angeles World Airports
File 54989
P.O. Box 54078
Los Angeles, CA 90054-0078**

2.3. City may designate an alternate address at any time upon giving Licensee a thirty (30) day advance, written notice. Invoices may be sent by City to Licensee as a customer courtesy, and receipt of such invoice shall not be a condition prior to payment of rent.

Section 3. Liquidated Damages for Delinquent Payment.

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

3.2. The liquidated damages for delinquent payments shall be twenty percent (20%) per annum on the balance of the unpaid monthly amount calculated from the date of the delinquency until the close of the business day upon which the delinquency payment is received by City. City may also draw such delinquent payments from the Performance Guarantee required pursuant to Article 2, Section 6 Performance Guarantee and continue assessing liquidated damages until the Performance Guarantee is replenished to the level required in Article 2, Section 6 Performance Guarantee.

Section 4. Reports.

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

Section 5. Audits.

5.1. City may, at its sole discretion and with reasonable notice to Licensee, require Licensee to provide access to all records and other information necessary to perform an audit of rental, fees, and other charges paid and payable to City. City's right to access such records and information shall survive three (3) years beyond the expiration or early termination of this License. Licensee shall retain all records and other information necessary to perform an audit as described above for a minimum of seven (7) years.

Section 6. Performance Guarantee.

6.1. Licensee shall furnish to City and maintain throughout the term of this License a Faithful Performance Guarantee to secure the faithful performance by Licensee of all the terms, provisions, and covenants contained herein including, but not limited to, the payment of rent and

any other specified compensation. Such Guarantee shall be separate from any other Guarantee(s) required by City. The initial amount of said Guarantee shall be three (3) times the highest monthly rental prescribed herein.

6.2. If Licensee has previously provided such Guarantee to City and if, for any reason, Licensee's monthly monetary obligation to City is thereafter increased in excess of ten percent (10%), then the amount of Licensee's Guarantee shall, within thirty (30) days after receiving written notice from City, correspondingly be increased to a sum three (3) times the new amount.

6.3. If Licensee has previously provided such Guarantee to City and if, for any reason, Licensee's monthly monetary obligation to City is thereafter decreased in excess of ten percent (10%), then the amount of Licensee's Guarantee may be correspondingly decreased to a sum three (3) times the new amount thirty (30) days following written notice to City by Licensee.

6.4. Performance Guarantees of Five Thousand Dollars (\$5,000) or less shall be in the form of a Cashier's Check, Company Check, Money Order, Certificate of Deposit or Irrevocable Letter of Credit. Performance Guarantees in excess of Five Thousand Dollars (\$5,000) shall be in the form of an Irrevocable Letter of Credit. Letters of Credit shall be self-renewing from year-to-year and subject to termination upon sixty (60) days written notice. All Performance Guarantees must be approved as to form by the City Attorney.

6.5. Licensee shall furnish such Guarantee in duplicate prior to license commencement or within thirty (30) days following notice of adjustment of rental. If, for any reason, said Guarantee is not provided by Licensee and/or is not thereafter maintained in sufficient amount throughout the term hereof, City, subject to the notice requirements of Article 2, Subsection 20.1.2, may terminate this License at any time upon giving Licensee a thirty (30) day advance, written notice. Upon the expiration or earlier termination of this License, and if Licensee has satisfied all of its obligations to City hereunder, City shall relinquish to Licensee said Guarantee following such expiration or earlier termination and satisfaction of all obligations to City. The Guarantee shall be submitted to:

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

Section 7. Improvements and Alterations.

7.1. By Licensee.

7.1.1. Prior to the construction of any improvements, Licensee shall submit to the Chief Airports Engineer for concept approval the preliminary plans and estimated construction cost for such improvements. Said approval, subject to the conditions set forth herein, shall be given in a reasonably timely manner. Upon approval by the Executive Director of Licensee's preliminary plans, Licensee shall prepare working drawings and specifications which shall be true and correct developments of the

preliminary plans so approved. Licensee shall then submit a written request for construction approval and a minimum of five (5) complete sets of said approved working drawings and copies of the specifications to the Chief Airports Engineer's office for written approval by the Executive Director. The Executive Director's written approval and any conditions related to the construction of the improvements or alterations shall become a part of the License as though fully set forth herein once the document is fully executed by both parties. Upon receipt of the Executive Director's approval, Licensee shall cause the construction called for by the approved working drawings and specifications to be commenced and completed promptly. No substantial changes, additions, or alterations shall be made in said working drawings or specifications, or in the construction called for thereby, without first obtaining the Executive Director's approval in writing. Upon completion of the improvements, Licensee shall furnish to City, at no charge, three complete sets of "record" drawings, and one complete set in Computer Aided Design (CAD) format which complies with the then current LAWA CAD standards. These drawings must include any applicable permit numbers, the structural and other improvements installed by Licensee in the Licensed Area, and the location and details of installation of all equipment, utility lines, heating, ventilating, and air-conditioning ducts and related matters. Licensee shall keep said drawings current by updating them in order to reflect any changes or modifications which may be made in or to the Licensed Area.

7.1.2. Licensee shall make no structural improvements, additions, or alterations in, to or upon the Licensed Area, nor erect, construct, or place any sign upon said Licensed Area, without first obtaining the written consent of the Executive Director. Any conditions, restrictions, or limitations placed upon the approval by the Executive Director shall be conditions of this License as though fully set forth herein once the document is fully executed by both parties. Licensee shall hold City harmless from liability with respect to any claims regarding any improvements, additions, or alterations made thereto.

7.1.3. For each and every construction or alteration project undertaken on the Licensed Area, Licensee shall prepare a construction report. This report shall contain the following elements: (1) type of improvement constructed or altered; (2) floor area or capacity of improvement constructed or altered; (3) total cost of construction or alteration; (4) completion date for construction or alteration; and (5) a copy of the certificate of occupancy. The construction report shall be mailed to the Chief Airports Engineer at the address provided in the Notices Section of the License not later than sixty (60) days following completion of the construction or alteration.

7.1.4. Licensee shall also keep the Licensed Area and any improvements constructed thereon free and clear of liens for labor and material expended by or for Licensee or on its behalf in accordance with Article 2, Section 8 Liens (except when such improvement is constructed by City).

7.1.5. Licensee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Administration Regulations in the event any future structure or building is planned for the Licensed Area, or in the event of any

planned modification or alteration of any present or future building or structure situated on the Licensed Area. [LEASE GUIDE, paragraph 6]

7.1.6. Licensee agrees that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on the land licensed hereunder above the mean sea level elevation obstruction contours shown on the contour drawings on file with the Airport Engineer, if applicable. In the event the aforesaid covenants are breached, City reserves the right to enter upon the land licensed hereunder and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of Licensee. [LEASE GUIDE, paragraph 7]

7.2. By City.

7.2.1. City reserves the right to further develop or improve the landing area of Airport or any other portion of the Airport, as it sees fit, regardless of the desires or view of Licensee, and without interference or hindrance. If any such development or improvement interferes substantially with Licensee's use and occupancy of the Licensed Area, Licensee shall be entitled to an appropriate reduction in rental or termination of this License. [LEASE GUIDE, paragraph 2]

7.2.2. City reserves the right, but shall not be obligated to Licensee, to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of Licensee in this regard. [LEASE GUIDE, paragraph 3]

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

Section 8. Liens.

8.1. During the term of this License, the fee interest in the real property underlying the Licensed Area shall not be used as security for any loans or mortgages or otherwise have any liens placed on it. Additionally, Licensee shall keep any City-owned improvements

on the Licensed Area free and clear of any liens or other encumbrances. By way of specification without limitation, Licensee shall keep the Licensed Area free from any liens arising out of any work performed, materials furnished, or obligations incurred by or for Licensee and shall indemnify, hold harmless and defend City from any liens and encumbrances arising out of any work performed or materials furnished by or at the request of Licensee. In the event that Licensee does not, within thirty (30) calendar days following the imposition of any such lien, cause such lien to be relicensed of record by payment or posting of a proper bond, City shall have in addition to all other remedies provided herein and by law, the right, but not the obligation to cause, upon ten (10) business days prior written notice to Licensee, the same to be relicensed by such means as it shall deem proper, including payment in satisfaction of the claim giving rise to such lien. All such sums paid by City and all expenses incurred by it in connection therewith, including costs and attorney's fees, shall be paid by Licensee to City on demand. Nothing in this Section shall be construed to limit any rights of Licensee to use its licensehold interest as security for any loans to the extent that such use is permitted under this License. Nothing in this Section shall be construed to place any obligations upon Licensee with respect to liens, loans, or mortgages placed upon the Licensed Area by City, its Department of Airports, its Board, City officers, agents, or employees.

Section 9. Modification to Size of Licensed Area.

9.1. **Modification of Premises and Documents.** Addition or deletion of space for which Licensee is charged, not to exceed a cumulative total of twenty percent (20%) of the Licensed Area as described at the commencement of the License, may be made by mutual agreement of City and Licensee, except as otherwise provided pursuant to Article 2, Section 19 Space Utilization, if applicable. Such addition or deletion shall be by written amendment and shall specify appropriate adjustments in rental, charges, or credits, as applicable, and shall not require approval by Board or Council, unless the modification involves an amount in excess of \$150,000 per year, in which case prior Board approval shall be required. The Executive Director shall revise and replace the Premises, Exhibits A-1 and A-2 and the Payments, Exhibit B, as necessary.

9.2. **Relocation of Licensed Area Reimbursement for Improvements.** If City requires Licensee to relocate from Licensed Area to another reasonably comparable area, City shall reimburse Licensee for the unamortized cost of building improvements made by Licensee amortized on a straight-line basis over a period not to exceed the number of months between the date a certificate of occupancy for the improvements is issued by a responsible building inspector of City and the expiration of this License. Costs of said improvements must be identified in the construction report specified in Article 2, Subsection 7.1.3 of this License and be determined in the sole discretion of the Executive Director to constitute reasonable and permanent improvements to the Licensed Area. Said reimbursement shall only be applicable if Licensee has constructed building improvements authorized by City during the term of this License and absent reimbursement conditions to the contrary in the City's construction approval letter.

9.3. Damage to or Destruction of Improvements.

9.3.1. If, during the term of this License, any buildings, structures, or improvements on the Licensed Area are partially or totally destroyed from a risk covered by the insurance described in the Article 2, Section 14 Insurance, herein, thereby rendering said Licensed Area partially or totally inaccessible or unusable, Licensee must restore the Licensed Area to substantially the same condition as they were immediately before destruction.

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

Section 10. Ownership of Improvements.

10.1. During the term of this License, title to all structures, improvements, facilities, or alterations constructed or installed by Licensee shall remain in Licensee. Upon the termination of this License, said structures, improvements, facilities, or alterations, other than machines, equipment, trade fixtures, and similar installations of a type commonly removed without structural damage to the Licensed Area, shall become a part of the land upon which they are constructed, or of the building to which they are affixed, and title thereto shall thereupon vest in City unless, however, City requests Licensee to remove some or all of said structures, improvements, facilities, or alterations, in which case Licensee shall promptly remove said items at Licensee's sole cost and expense. In the event the removal of any fixture damages any part of the Licensed Area, Licensee shall repair such damage and restore the Licensed Area to as good condition as the same was in prior to said damage, reasonable wear and tear excepted.

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

10.3. Upon title to said structures, improvements, facilities, or alterations vesting in City, City shall be entitled to reasonable rent, fees and/or other charges, as determined by the

Board, and Licensee shall be obligated to pay same for as long as Licensee occupies said structures, improvements, facilities and alterations.

Section 11. Signs.

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

11.2. Other than approved identification signs, Licensee shall not, at any time, under any circumstances, install, place, or maintain any type of advertising, on the Licensed Area.

11.3. In addition, Licensee's ticket counter, ticket lifts, and podiums, if any, shall be free of all advertising, signs, credit card application dispensing units, posters, and banners, including, but not necessarily limited to, those showing Licensee's name, destinations, rates, rent-a-car arrangements, or other services. Noncompliance by Licensee with this provision shall result in City's right to immediately remove said unauthorized signs, advertising, or other written materials and to store same at Licensee's expense. City may dispose of said signs, advertising, or other written materials if Licensee has not paid City's expenses for removal and storage and claimed said signs, advertising, or other written materials within fifteen (15) calendar days after City has provided written removal notice.

Section 12. Maintenance and Repair of Licensed Area.

12.1. Except as otherwise expressly stated in this License, Licensee, solely at its own cost and expense, shall:

12.1.1. Maintain and repair the Licensed Area in good and safe condition, in compliance with all requirements of law and in accordance with the Maintenance, Exhibit D, attached hereto and incorporated by reference herein; and

12.1.2. Keep the Licensed Area, at all times, free and clear of weeds, wastepaper, discarded plastic, graffiti, discarded pallets, and all other trash and debris of any kind.

12.2. If Licensee fails to so maintain or repair the Licensed Area, City may serve a "Notice to Cure" upon Licensee. Said Notice shall prescribe the work to be accomplished by Licensee in order to correct the maintenance deficiencies and shall state the number of calendar days Licensee shall have to complete the work as prescribed in the Notice. The period of "calendar days" in said Notice shall commence ten (10) days following City's deposit of said Notice in the mail. In addition, a copy of the "Notice to Cure" shall be posted on the Licensed Area in a conspicuous place.

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

12.4. If the work prescribed in the "Notice to Cure" is not completed by Licensee in a manner reasonably satisfactory to the Executive Director, and Licensee fails to correct such work within the time specified by City in the mailed Notice, or as set forth in Article 2, Subsection 12.3, City may, at City's sole option, and at Licensee's sole cost and expense, enter upon the Licensed Area and perform whatever work may, in the opinion of the Executive Director, be required to correct the maintenance deficiencies. If City exercises this option, Licensee shall pay to City a sum equal to the direct cost of labor and materials expended for said work, plus a surcharge equal to fifty percent (50%) of said direct cost. Payment shall be made within thirty (30) days of invoice date.

Section 13. City's Right of Access and Inspection.

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

Section 14. Insurance.

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

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

"Such insurance as is afforded by this policy shall also apply to liability assumed by the insured under this License with the City of Los Angeles."

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

14.4. City shall have no liability for any premiums charged for such coverage(s). The inclusion of City, its Department of Airports, Board and all of City's officers, employees, and agents, their successors and assigns, as insureds is not intended to, and shall not, make them, or any of them, a partner or joint venturer with Licensee in Licensee's operations at Airport. In the event Licensee 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 Licensee, and Licensee 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.

14.5. At least ten (10) days prior to the expiration date of the above policies, documentation showing that the insurance coverage has been renewed or extended shall be filed with City. If such coverage is canceled or reduced, Licensee 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.

14.6. Licensee 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 City's Administrative Code prior to Licensee occupying the Licensed Area. 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.

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

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

14.9 Notwithstanding the above, and subject to approval by City, Licensee may provide a program of self-insurance. Any self-insurance program maintained by Licensee shall comply with the provisions and the specified limits contained herein. Licensee may effect for its own account any insurance not required under this Franchise Agreement. Licensee shall provide each year for the duration of the franchise, written notification to the City of its intent to self-insure.

Section 15. City Held Harmless.

15.1. In addition to the requirements of Article 2, Section 14 Insurance herein, Licensee shall indemnify, defend, keep, and hold City, including Board, and City's officers, agents, servants, and employees, harmless from any and all costs, liability, damage, or expense (including costs of suit and fees and reasonable expenses of legal services) claimed by anyone by reason of injury to or death of persons, including Licensee, or damage to or destruction of property, including property of Licensee, sustained in, on, or about the Licensed Area, or arising out of Licensee's use or occupancy thereof, Licensee's use or occupancy of any other area of Airport, or arising out of the acts or omissions of Licensee, its agents, servants, or employees acting within the scope of their agency or employment.

Section 16. Non-Discrimination and Equal Employment Practices/Affirmative Action Program.

16.1. Federal Non-Discrimination Provisions.

16.1.1. The Licensee for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this License, for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Licensee 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. (LEASE GUIDE, Paragraph 1).

16.1.2. The Licensee for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (1) no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be

otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Licensee shall use the premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended. (LEASE GUIDE, Paragraph 1).

16.1.3. The Licensee 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 Licensee 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. [LEASE GUIDE, paragraph 1]

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

16.1.5. Licensee agrees that it shall insert the provisions found in Subsections 16.1.3 and 16.1.4 above in any sublicense, assignment, license, or permit by which said Licensee grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the Licensed Area herein licensed.

16.2. Municipal Non-Discrimination Provisions.

16.2.1. Non-Discrimination in Use of Premises. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition in the license, sublicense, transfer, use, occupancy, tenure, or enjoyment of the Licensed Area or any part of the Licensed Area or any operations or activities conducted on the Licensed Area or any part of the Licensed Area. Nor shall Licensee or any person claiming under or through Licensee 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 Licensed Area. Any sublicense or assignment

which may be permitted under this License shall also be subject to all non-discrimination clauses contained in Article 2, Section 16.2.

16.2.2. **Non-Discrimination in Employment.** During the term of this License, Licensee agrees and obligates itself in the performance of this License not to discriminate against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition. Licensee shall take affirmative action to insure that applicants for employment are treated, during the term of this License, 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.

16.2.3. **Equal Employment Practices.** If the total payments made to City under this license are \$1,000 (one thousand dollars) or more, this provision shall apply. During the performance of this License, Licensee 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 License for the convenience of the parties as Exhibit F. By way of specification but not limitation, pursuant to Sections 10.8.3.E and 10.8.3.F of the Los Angeles Administrative Code, the failure of Licensee to comply with the Equal Employment Practices provisions of this License may be deemed to be a material breach of this License. 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 Licensee. Upon a finding duly made that Licensee has failed to comply with the Equal Employment Practices provisions of this License, this License may be forthwith terminated, cancelled, or suspended.

16.2.4. **Affirmative Action Program.** If the total payments to City under this License are \$100,000 (one hundred thousand dollars) or more, this provision shall apply. During the performance of this License, Licensee 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 License for the convenience of the parties as Exhibit G. By way of specification but not limitation, pursuant to Sections 10.8.4.E and 10.8.4.F of the Los Angeles Administrative Code, the failure of Licensee to comply with the Affirmative Action Program provisions of this License may be deemed to be a material breach of this License. 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 Licensee. Upon a finding duly made that Licensee has failed to comply with the Affirmative Action Program provisions of this License, this License may be forthwith terminated, cancelled, or suspended.

Section 17. Taxes, Permits and Licenses.

17.1. Licensee shall pay any and all taxes of whatever character that may be levied or charged upon the Licensed Area, or upon Licensee's improvements, fixtures, equipment, or other property thereon or upon Licensee's use thereof. Licensee shall also

pay all license or permit fees necessary or required by law or regulation for the conduct of Licensee's business or use of the Licensed Area.

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

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

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

Section 18. Assignments and Sublicenses.

18.1. Licensee shall not, in any manner, assign, transfer, or encumber this License, or any portion thereof or any interest therein, without the prior written consent of the Executive Director, nor sublet or sublicense the whole or any part of the Licensed Area, nor license or permit the use of the same, in whole or in part, without the prior written consent of the Executive Director. Any attempts to transfer, assign, or sublicense without the consent required by this Section shall be void and shall transfer no rights to the Licensed Area. Consent to one assignment, subletting, or use, or occupation shall not be deemed to be a consent to any subsequent assignment, subletting, occupation, or use. This License shall not, nor shall any interest therein, be assignable as to the interest of Licensee by operation of law without the prior written consent of Board.

18.2. City shall not unreasonably withhold its consent to the assignment of this License or the subletting of the Licensed Area or any portion thereof; provided, however, that the use of said premises by any such assignee or sublicensee must be consistent with the use authorized herein and the prospective subtenant and/or assignee must agree to execute City's Consent to Sublicense and/or Assignment Agreement. A request by Licensee for assignment or subletting shall be submitted to City in writing along with a fully executed copy of the proposed assignment or sublicense, as well as a copy of all contracts or writings which set forth payments from subtenant(s)/assignee(s) to Licensee and/or which describe the acts or services to be performed by or for the subtenant(s)/assignee(s) in connection with the use of the space covered by this License. Licensee shall promptly advise City of early termination of assignments or sublicenses.

18.3. In the case of an assignment, Licensee shall pay to City fifty percent (50%) of any monetary or other economic consideration received by Licensee as a result of the assignment over and above the amount of Licensee's rental and other payments due City pursuant to this License (excluding any consideration attributed to assets other than this License) after first deducting the unamortized cost of licensehold improvements which costs had been approved by City and paid for by Licensee.

18.4. In the case of a sublicense requiring consent by the Executive Director to a change of use of the Licensed Area, it shall not be deemed to be an unreasonable restraint by the City, as a condition to the Consent to Sublicense, for City to require that Licensee pay to City a percentage, to be negotiated, of any monetary or other economic consideration received by Licensee as a result of the sublicense over and above the amount of Licensee's rental and other payments due City pursuant to this License (excluding any consideration attributed to assets other than this License) after first deducting the unamortized cost of licensehold improvements which costs had been approved by City and paid for by Licensee.

18.5. (This Subsection applies to LAX, PMD and ONT air carriers only.) Charges to airline sublicensees for passenger terminal and cargo premises shall be no greater than the sum of (1) Licensee's tenant's proportionate allocation to sublicensee of rents and charges payable to City; (2) capital, operating and maintenance costs directly or proportionately allocable to the sublicensee; and (3) an administrative fee of up to fifteen percent of such costs. Sublicensee's option to select a ground handler shall not be unreasonably limited by Licensee, provided the ground handler is authorized by City to conduct business at the Airport.

Section 19. Space Utilization. (This Section applies to licensees who are federally certificated air carriers only)

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

19.2. **Recapture.** City may remove a portion of the Licensed Area from this License in accordance with provisions of this Subsection if City finds that Licensee's utilization of the space is deficient as defined by utilization standards issued by the Executive Director. Such utilization standards shall be issued following consultation with the Airport/Airline Affairs Committee and shall be applicable to the Licensed Area and similarly situated premises at Airport. Upon such finding, City may deliver to Licensee a written "Preliminary Notice of Intent to Recapture" a portion of the Licensed Area. Such Preliminary Notice will provide Licensee an opportunity to demonstrate increased utilization over a period of no less than ninety (90) days. If Licensee fails to adequately demonstrate to the satisfaction of the Executive Director increased

utilization within such designated period, the Executive Director may issue a "Notice of Intent to Recapture" to become effective 30 days from the date of the Notice. Said Notice shall include revised license exhibits to reflect reductions in rental and Licensed Area and shall not require approval of the Board. The License shall be considered terminated with regard to the portion of the Licensed Area recaptured by City. City shall not be required to compensate Licensee for Licensee's improvements to the recaptured premises. In no case, shall the City's recapture of the Licensed Area result in Licensee's exceeding the utilization standards of the remaining premises as of the date of recapture.

19.3. **Cancellation.** City retains the right to cancel this License on thirty (30) days' notice upon Licensee's cessation of scheduled or actual service at the airport (passenger service, cargo service or maintenance activities, as applicable). City shall not be required to compensate Licensee for Licensee's improvements.

Section 20. Default.

20.1. **Default Events.** The following events shall be deemed to be events of default by Licensee under the License:

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

20.1.2. Licensee fails to comply with any term, provision or covenant of this License, other than paying its Monthly Rent, and does not cure such failure within ten (10) days after Licensor has sent written notice to Licensee specifying such failure or such longer period of time as may be granted by Executive Director to cure such default as long as Licensee commences to cure such default within such ten (10) day period and diligently proceeds to cure such default;

20.1.3. Licensee makes an assignment of this License, or any rights granted to Licensee hereunder, to, and for the benefit of, Licensee's creditors;

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

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

20.1.6. The interests of Licensee under this License shall not, except at City's option and with its written consent, be assignable by operation of law. In case of the bankruptcy of Licensee, or the appointment of a receiver for Licensee and such receiver is not removed within one hundred twenty (120) days from the date of appointment, or if

a receiver is appointed to take possession of the Licensed Area as a result of any act or omission of Licensee and such receiver is not removed within one hundred twenty (120) days from the date of appointment, or if Licensee makes an assignment of this License for the benefit of creditors, or if possession of the Licensed Area is taken by virtue of any attachment, execution, or the levy of any judicial process, City, at its election, may, after written notice to Licensee, terminate this License.

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

20.2.1. Terminate this License and all rights of Licensee under this License, by giving Licensee thirty (30) days written notice that this License is terminated, in which case, City may recover from Licensee the aggregate sum of:

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

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

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

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

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

20.2.1.6. As used in Subsections 20.2.1.1. and 20.2.1.2. of this Section, the "worth at the time of award" is computed by allowing interest at the rate of ten percent (10%) per annum. As used in Subsection 20.2.1.3 of this Section, the "worth at the time of award" is computed by discounting that amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%). As used in this Section, the term "rent" shall include the Monthly Rent and any and all other payments required by Licensee under this License.

20.2.2. Continue this License, and from time to time, without terminating this License, either

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

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

20.2.3. Upon the occurrence of a Default Event, City shall also have the right, with or without terminating this License, to re-enter the Licensed Area and remove all property from the Licensed Area. City may store the property removed from the Licensed Area at the expense and for the account of Licensee.

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

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

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

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

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

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

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

Section 21. Waiver.

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

Section 22. Attorney's Fees.

22.1. If City shall, without any fault, be made a party to any litigation commenced by or against Licensee arising out of Licensee's use or occupancy of the Licensed Area, then Licensee shall pay all costs, expenses, and reasonable attorney's fees incurred by or imposed upon City in

connection with such litigation. Each party shall give prompt notice to the other of any claim or suit instituted against it that may affect the other party.

Section 23. Hazardous and Other Regulated Substances.

23.1. **Definition of "hazardous substance(s)."** For the purposes of this License, "hazardous substances" means:

23.1.1. 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

23.1.2. 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

23.1.3. 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

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

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

23.1.6. 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.

23.2. **Environmental Indemnity.** Except for conditions existing prior to the original occupancy of the Licensed Area by Licensee or by Licensee's predecessors in interest, Licensee 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

Licensed Area, on the user of the land, or on the user of the improvements. Licensee agrees that any claims, damages, penalties, or fines asserted against or levied on City and/or the Licensee as a result of noncompliance with any of the provisions in this Section shall be the sole responsibility of the Licensee and that Licensee 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 Licensee's non-compliance with any of the terms of this Section, and Licensee shall indemnify and reimburse City for any such payments.

23.3. Except for conditions existing prior to the original occupancy of the Licensed Area by Licensee or Licensee's predecessors in interest, in the case of any hazardous substance spill, leak, discharge, relicense or improper storage on the Licensed Area or contamination of the Licensed Area by any person, Licensee agrees to make or cause to be made any necessary repairs or corrective actions as well as to clean up and remove any spill, leakage, discharge, relicense or contamination. In the case of any hazardous substance spill, leak, discharge, relicense or contamination by Licensee or its employees, servants, agents, contractors, or subcontractors on the Licensed Area or as may be discharged or relicensed in, on or under adjacent property which affects other property of City or its tenants, Licensee agrees to make or cause to be made any necessary corrective actions to clean up and remove any such spill, leakage, discharge, relicense or contamination. If Licensee 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, relicense or contamination. Any such repair, cleanup, or corrective actions taken by City shall be at Licensee's sole cost and expense and Licensee shall indemnify and pay for and/or reimburse City for any and all reasonable costs (including any administrative costs) City incurs as a result of any repair, cleanup, or corrective action it takes. Any known hazardous substance spill, leak or discharge must be reported to City Environmental personnel within 24 hours.

23.4. If Licensee installs or uses already installed underground storage tanks, above-ground storage tanks, pipelines, or other improvements on the Licensed Area for the storage, distribution, use, treatment, or disposal of any hazardous substances, Licensee agrees, upon the expiration and/or termination of this License, 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 Licensee'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.

23.5. **Licensee's Provision to City of Environmental Documents.** Licensee shall promptly supply City with complete and legible copies of all notices, reports, correspondence, and other documents sent by Licensee to or received by Licensee 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.

23.6. **Survival of Obligations.** This Section and the obligations herein shall survive the expiration or earlier termination of this License.

Section 24. Airfield Security.

24.1. Licensee 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. Licensee shall be responsible for the maintenance and repair of that portion of the Airport perimeter fence, including gates and doors, that are located on the Licensed Area or controlled by Licensee. Licensee shall comply fully with applicable provisions of the Transportation Security Administration Regulations, 49 Code of Federal Regulations ("CFR") Sections 1500 through 1550 and 14 CFR Part 129, including the establishment and implementation of procedures acceptable to the Executive Director to control access from the Licensed Area to air operation areas in accordance with the Airport Security Program required by CFR Sections 1500 through 1550. Further, Licensee shall exercise exclusive security responsibility for the Licensed Area and, if Licensee is an aircraft operator, do so pursuant to Licensee's Transportation Security Administration approved Aircraft Operator Standard Security Program used in accordance with 49 CFR, Parts 1510, 1540 and 1546.

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

24.3. Licensee 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. Licensee shall provide necessary assistance to, and cooperate with, City in case of any emergency. Licensee 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.

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

Section 25. Business Tax Registration.

25.1. Licensee 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). Licensee shall maintain, or obtain as necessary, all such Certificates required of it under said Ordinance and shall not allow any such Certificate to be revoked or suspended during the term hereof.

Section 26. Laws, Rules, and Regulations.

26.1. Licensee 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.

26.2. Licensee 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 of Airport Commissioners and/or the Executive Director with respect to the operation of Airport.

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

Section 27. Disabled Access.

27.1. Licensee shall be solely responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws and/or orders of any federal, state, and/or local governmental entity and/or court regarding disabled access to improvements on the Licensed Area including any services, programs, or activities provided by Licensee. Licensee shall be solely responsible for any and all damages caused by, and/or penalties levied as the result of, Licensee's noncompliance. Further, Licensee agrees to cooperate fully with City in its efforts to comply with the Americans With Disability Act of 1990, and any amendments thereto or successor statutes.

27.2. Should Licensee fail to comply with Subsection 27.1, then City shall have the right, but not the obligation, to perform, or have performed, whatever work is necessary to achieve equal access compliance. Licensee will then be required to reimburse City for the actual cost of achieving compliance, plus a fifteen percent (15%) administrative charge.

Section 28. Living Wage Ordinance and Service Contractor Worker Retention Ordinances.

28.1. Living Wage Ordinance

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

28.1.2. Living Wage Coverage Determination. An initial determination has been made that this is a public license under the LWO, and, that it is not exempt from coverage by the LWO. Determinations as to whether this License is a public license or license covered by the LWO, or whether an employer or employee are exempt from coverage under the LWO are not final, but are subject to review and revision as additional facts are examined and/or other interpretations of the law are considered. In some circumstances, applications for exemption must be reviewed periodically. City shall notify Licensee in writing about any redetermination by City of coverage or exemption status. To the extent Licensee claims non-coverage or exemption from the provisions of the LWO, the burden shall be on Licensee to prove such non-coverage or exemption.

28.1.3. Compliance: Termination Provisions And Other Remedies: Living Wage Policy. If Licensee is not initially exempt from the LWO, Licensee shall comply with all of the provisions of the LWO, including payment to employees at the minimum wage

rates, effective on the Execution Date of this License, and shall execute the Declaration of Compliance Form attached to this License as Exhibit H contemporaneously with the execution of this License. If Licensee is initially exempt from the LWO, but later no longer qualifies for any exemption, Licensee shall, at such time as Licensee 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 License and City shall be entitled to terminate this License and otherwise pursue legal remedies that may be available, including those set forth in the LWO, if City determines that Licensee 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 License. Nothing in this License shall be construed to extend the time periods or limit the remedies provided in the LWO.

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

28.2. Service Contract Worker Retention Ordinance. This License may be subject to the Service Contract Worker Retention Ordinance ("SCWRO") (Section 10.36, et seq, of the Los Angeles Administrative Code), which is incorporated herein by this reference. A copy of Section 10.36 has been attached hereto for the convenience of the parties as Exhibit I. If applicable, Licensee 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 License and otherwise pursue legal remedies that may be available if City determines that the subject contractor violated the provisions of the SCWRO.

Section 29. Child Support Orders.

29.1. This License 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 and the Declaration Compliance Form have been attached hereto for the convenience of the parties on Exhibit J. Pursuant to this Section, Licensee (and any subcontractor of Licensee providing services to City under this License) shall (1) fully comply with all State and Federal employment reporting requirements for Licensee's or Licensee's subcontractor's employees applicable to Child Support Assignments Orders; (2) certify that the principal owner(s) of Licensee 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 License. Pursuant to Section 10.10(b) of the Los Angeles Administrative Code, failure of Licensee 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 Licensee 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 License subjecting this License to termination where such failure shall continue for more than ninety (90) days after notice of such failure to Licensee by City (in lieu of any time for cure provided elsewhere in this License).

Section 30. Visual Artists' Rights Act.

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

30.2. Licensee is prohibited from installing, or causing to be installed, any piece of artwork covered under VARA on the Licensed Area without the prior, written approval and waiver of the Executive Director. Any work of art installed on the Licensed Area without such prior approval and waiver shall be deemed a trespass, removable by City, by and through its Executive Director, upon three (3) days written notice, all costs, expenses, and liability therefor to be borne exclusively by Licensee.

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

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

Section 31. Equal Benefits Ordinance. (Licensee herein is exempt from this provision.)

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

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

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

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

Section 32. Condemnation. The parties hereby agree that:

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

32.2. **Effect of Partial Condemnation.** In the event a portion of the Licensed Area are appropriated or taken and Licensee, at its sole discretion, determines that the remainder thereof is not suitable for the continued use of the Licensed Area by Licensee for conducting Licensee's operations thereon in the same manner and extent as carried on prior to such taking, Licensee shall have the right to terminate this License upon giving City written notice of its intent to exercise said right. Said notice shall be given not more than one hundred twenty (120) days following the date of service of a complaint in eminent domain upon Licensee, or one hundred twenty (120) days following City's demand that Licensee acknowledge its intent to terminate this License, unless City and Licensee agree, in writing, to an earlier termination or to extend said period. If Licensee exercises its right to terminate this License pursuant to this Subsection 32.2, Licensee shall give City thirty (30) days prior written notice of the effective date of said termination.

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

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

32.2.3. Except as provided for in Article 2, Section 10, Ownership of Improvements hereof, should Licensee terminate this License pursuant to this Section 32, title to all improvements, additions or alterations constructed or installed by Licensee upon the Licensed Area and which have not already vested in City shall thereupon vest in City.

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

32.3.1. If this License is terminated pursuant to Subsection 32.2 herein, or, if all or a portion of the Licensed Area are taken, then the entire award or compensation paid for land, improvements, and buildings owned by City, the amortized portion of the value of buildings and improvements built by Licensee and which will become the property of City upon termination of this License, and/or loss or taking of business goodwill of City or its Department, shall be the property of City.

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

32.4. **Severance Damages.** The entire award of compensation paid for any severance damages, whether paid for impairment of access, for land, buildings, and/or improvements shall be the property of City, regardless of whether any buildings or improvements so damaged are owned or were constructed by City or Licensee. However, should City determine that improvements are to be restored, that portion of the severance damages necessary to pay the cost of restoration, as set forth in Subsection 32.5 hereof, shall be paid to Licensee upon the written request of Licensee accompanied by evidence that the sum requested has been paid for said restoration and is a proper item of such cost and used for such purpose.

32.5. **Partial Taking: Restoration.** In case of a taking of the Licensed Area other than a total taking and/or should Licensee elect not to terminate this License pursuant to this Section, City and Licensee may mutually agree that Licensee shall restore any improvements on the Licensed Area, and Licensee shall, at Licensee's expense, whether or not the awards or payments, if any, on account of such taking are sufficient for the purpose, promptly commence and proceed with reasonable diligence to effect (subject to Force Majeure) restoration of the improvements on the remaining portion of the Licensed Area as nearly as possible to their condition and character immediately prior to such taking, except for any reduction in area caused thereby, or with such changes or alterations as may be made at the election of Licensee in accordance with Article 2, Section 7, **Improvements and Alterations**, of this License.

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

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

Section 33. Miscellaneous Provisions.

33.1. **Fair Meaning.** The language of this License shall be construed according to its fair meaning, and not strictly for or against either City or Licensee.

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

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

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

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

33.6. **City's Consent.** In each instance herein where City's, Board's or the Executive Director's approval or consent is required before Licensee may act, such approval or consent shall not be unreasonably withheld, unless otherwise provided.

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

33.8. **Exclusivity.** It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act [49 U.S.C. 40103(e) and 47107(a)(4) (Public Law 103-272; 108 STAT. 1102)]. [LEASE GUIDE, paragraph 9]

33.9. **Rights of United States Government.** This License shall be subordinate to the provisions and requirements of any existing or future agreement between City and the United

States relative to the development, operation, or maintenance of Airport. [LEASE GUIDE, paragraph 4]

33.10. **War or National Emergency.** This License and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire affecting the control, operation, regulation, and taking over of Airport or the exclusive or nonexclusive use of Airport by the United States during the time of war or national emergency. [LEASE GUIDE, paragraph 10]

33.11. **Time.** Time shall be of the essence in complying with the terms, conditions, and provisions of this License.

33.12. **Integration Clause.** It is understood that no alteration or variation of the terms of this License 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.

33.13. **Force Majeure.** Except as otherwise provided in this License, whenever a day is established in this License on which, or a period of time, including a reasonable period of time, is designated within which, either party hereto is required to do or complete any act, matter or thing, the time for the doing or completion thereof shall be extended by a period of time equal to the number of days on or during which such party is prevented from, or is unreasonably interfered with, the doing or completion of such act, matter or thing because of strikes, lockouts, embargoes, unavailability of services, labor or materials, 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) ("Force Majeure"); provided, however, that nothing contained in this Subsection shall excuse Licensee from the prompt payment of any rental or other monetary charge required of Licensee hereunder.

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

33.15. **Conflicts in this License.** If there are any direct conflicts between the provisions of Article 1 and Article 2 of the License, the provisions of Article 1 shall be controlling.

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

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

33.18. **Days.** Unless otherwise specified, "days" shall mean calendar days.

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

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

Section 34. First Source Hiring Program For Airport Employers (LAX only)

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

Section 35. Other Agreements Not Affected.

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

Section 36. Noise Abatement Procedures (applicable to LAX air carrier only)

36.1 Pursuant to the requirements of the 1993 LAX Noise Variance and in order to limit the use of auxiliary power units (APU's), Licensee hereby agrees to provide a sufficient number of ground power units at each gate and maintenance area used by Licensee's aircraft on the Licensed Area. Said ground power units shall be made available for use by Licensee's

aircraft within ninety (90) days from the effective date of this License. Further, Licensee hereby agrees to comply with the Department of Airports' Noise Abatement Rules and Regulations.

Section 37. Contractor Responsibility Program. (Licensee herein is exempt from this provision.)

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

Section 38. Alternative Fuel Vehicle Requirement Program (LAX only). (Licensee herein is exempt from this provision.)

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

Section 39. Campaign Contributions

39.1 Licensee, its sub-licensees, and subcontractors and their respective principals (hereinafter, "Principals") are obligated to fully comply with City of Los Angeles Charter Section 470(c)(12) and related ordinances, regarding limitations on campaign contributions and fundraising for certain elected City officials or candidates for elected City office if the contract or license is valued at \$100,000 or more and requires approval of a City elected official. Additionally, Licensee is required to provide and update of certain information to the City as specified by law. Licensee and any sub-licensee subject to Charter Section 470(c)(12) shall include the following notice in any contract or lease/license with a sub-contractor 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 a sublicensee on City of Los Angeles contract # _____. Pursuant to City Charter Section 470(c)(12), sublicensee 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. Sublicensee is required to provide to Contractor names and addresses of the sublicensee's principals and contact information and shall update that information if it changes during the 12 month time period. Sublicensee's information included must be provided to Licensee within 5 business days. Failure to comply may result in termination of contract or any other available legal remedies including fines. Information

about the restrictions may be found at the City Ethics Commission's website at <http://ethics.lacity.org/> or by calling 213/978-1960.'

Licensee, its sub-licensees, and their 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.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, City has caused this License to be executed by Executive Director as of the date first set forth above.

CITY OF LOS ANGELES

By _____
Executive Director
Department of Airports

The foregoing License has been read, is thoroughly understood by the undersigned, and the same is hereby accepted.

ATTEST:

EXXONMOBIL OIL CORPORATION

By *Micki Sage*
Signature
A. Micki Sage
Print Name
Assistant Secretary
Print Title

By *[Signature]* *840*
Signature
Karen S. Tyone
Print Name

ExxonMobil Pipeline Company, VP
Print Title
attorney-in-fact for EMOC

APPROVED AS TO FORM
Mike Peue, City Attorney
Dated: January 13 2015
By: *[Signature]*
Assistant/Deputy City Attorney

LOS ANGELES WORLD AIRPORTS

**Non-Exclusive Right-of Way License
ExxonMobil Oil Coporation**

PAYMENTS

| <u>Description</u> | <u>Area (Square Feet)</u> | <u>Rate/PSFPY</u> | <u>Monthly Amount</u> |
|-----------------------|---------------------------|-------------------|-----------------------|
| Pipeline Right of Way | 31,434 | \$1.72 | \$4,505.54 |

Rental Adjustments:

| <u>Schedule</u> | <u>January 1, 2015</u> |
|-----------------------|------------------------|
| Pipeline Right of Way | CPI Adjusted |

Performance Guarantee: \$13,516.62

Note:

1. Rental, fees and other charges, as set forth in this Exhibit B are subject to adjustment pursuant to the terms of this license.
2. Rental, fees and other charges effective upon the commencement of License.
3. Current Rate as of June 2014, subject to adjustment January 1, 2015.

MINIMUM STANDARDS FOR USE OF REAL PROPERTY AT LOS ANGELES WORLD AIRPORTS

1.0 INTRODUCTION

1.1 *Governing Policy*

Los Angeles World Airports (LAWA), a department of the City of Los Angeles (City), has through its Board of Airport Commissioners (Board), adopted a Leasing Policy (Policy) to provide a framework for making leasing and property management decisions for Los Angeles International Airport, Ontario International Airport, Van Nuys Airport, and Palmdale land holdings (collectively and individually referred to herein as Airport). Under the Policy, the Executive Director of LAWA is authorized to promulgate Executive Directives to implement the Policy.

1.2 *Purpose and Scope*

- 1.2.1 These Minimum Standards for Use of Real Property at Los Angeles World Airports (Minimum Standards) have been established by the Executive Director to (1) encourage the provision of high quality products, services, and facilities to Airport users; (2) promote safety; and (3) promote the economic health of Airport businesses. To this end, all entities desiring to use Airport property will be accorded reasonable opportunities, without unlawful discrimination, to engage in such activities, subject to these Minimum Standards.
- 1.2.2 These Minimum Standards specify the standards and requirements that must be met by any entity using Airport property. These Minimum Standards are not intended to be all-inclusive. Any entity using LAWA property will also be required to comply with all applicable regulatory measures pertaining to such activities.
- 1.2.3 Throughout these Minimum Standards, the words "standards" or "requirements" will be understood to be modified by the word "minimum" except where explicitly stated otherwise. Any required determinations, interpretations, or judgments regarding what constitutes an acceptable minimum standard, or regarding compliance with such standard, will be made by LAWA. All entities are encouraged to exceed the applicable minimum standards. No entity will be allowed to use Airport property under conditions that do not, in LAWA's discretion, meet these Minimum Standards.
- 1.2.4 Appropriate minimum standards may be developed on a case-by-case basis for certain activities, and promulgated by Executive

Directive or incorporated into agreements/permits relating to the occupancy or use of particular Airport land or improvements.

- 1.2.5 These Minimum Standards may be supplemented, amended, or modified by Executive Directive from time to time and in such manner and to such extent as is deemed appropriate by LAWA.

1.3 Applicability

- 1.3.1 These Minimum Standards will apply to all agreements relating to the occupancy or use of Airport property or improvements.

- 1.3.2 These Minimum Standards will not be deemed to modify any existing agreement under which an entity is required to exceed these Minimum Standards, nor will they prohibit LAWA from entering into or enforcing an agreement that requires an entity to exceed the Minimum Standards.

1.4 Non-Compliance/Violations

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

1.5 Severability

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

2.0 GENERAL REQUIREMENTS

All Users (hereinafter includes: lessees, licensees, permittees, facility users, operators, occupants, etc.) using Airport property must comply with the requirements of this Section.

2.1 Experience/Capability

- 2.1.1 User must have the capability of providing products, services, and facilities and engaging in activities in a good quality manner.

- 2.1.2 User must have the financial capability to, as appropriate, develop and maintain improvements; procure and maintain required vehicles, equipment, and/or aircraft; employ personnel, and engage in the activity, as may be required by the agreement.

2.2 Agreement/Approval

- 2.2.1 No entity may engage in an activity unless the entity has an agreement with LAWA authorizing such activity or the entity has received written approval from LAWA to sublease land or improvements from an authorized lessee to conduct the activity at the Airport.
- 2.2.2 An agreement will not reduce or limit User's obligations with respect to these Minimum Standards.
- 2.2.3 User must comply with all the provisions of the agreement between User and LAWA.

2.3 Payment of Rents, Fees, and Charges

- 2.3.1 User must pay the rents, fees, or other charges specified by LAWA for leasing or using land or improvements or engaging in activities.
- 2.3.2 No User will be permitted to engage in activities unless said User is current in the payment of all rents, fees, charges, or other sums due to LAWA under any and all agreements User has with LAWA.
- 2.3.3 User's failure to remain current in the payment of any and all rents, fees, charges, and other sums due to LAWA will be grounds for revocation of the agreement or approval authorizing the occupancy or use of land or improvements or the conduct of activities at the Airport.

2.4 Facility Maintenance

- 2.4.1 User must maintain the Premises (including all related and associated appurtenances, landscaping, paved areas, installed equipment and utility services, and security lighting) in a clean, neat, and orderly condition, as may be required by the agreement.
- 2.4.2 User must comply with the Airport's signage requirements.

2.5 Products, Services, and Facilities

- 2.5.1 Products, services, and facilities must be provided on a reasonable and non-discriminatory basis to all users of the Airport.
- 2.5.2 User must charge reasonable and non-discriminatory prices for each product or service, provided that User may be allowed to make reasonable and non-discriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
- 2.5.3 User must conduct its activities on and from the Premises in a safe, efficient, and professional manner consistent with the degree of care and skill exercised by experienced users providing comparable products, services, and facilities and engaging in similar activities from similar leaseholds in like markets.

2.6 Non-Discrimination

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

2.7 Licenses, Permits, Certifications, and Ratings

User (and/or User's personnel) must obtain and comply with, at User's sole expense, all necessary licenses, permits, certifications, or ratings required for the conduct of User's activities at the Airport as required by LAWA or any other duly authorized agency prior to engaging in any activity at the Airport. Upon request, User must provide copies of such licenses, permits, certifications, or ratings to LAWA in a timely manner.

2.8 Personnel (Intentionally omitted.)

2.9 Equipment

All required equipment must be fully operational and functional at all times. Equipment not being used and not scheduled for repair must be removed from the Premises within a timely basis.

2.10 Regulatory Measures

User must engage in activities in accordance with all applicable regulatory measures.

2.11 Insurance

2.11.1 User must procure and maintain, during the term of an agreement, insurance policies required by law and the types and minimum limits set forth by LAWA. The insurance company or companies underwriting the required policies must be licensed or authorized to write such insurance in the state of California or be approved in writing by LAWA.

2.11.2 Notwithstanding the above, and subject to approval by City, Licensee may provide a program of self-insurance. Any self-insurance program maintained by Licensee shall comply with the provisions and the specified limits contained herein. Licensee may effect for its own account any insurance not required under this Franchise Agreement. Licensee shall provide each year for the duration of the franchise, written notification to the City of its intent to self-insure.

2.12 Suspension, Revocation of Privileges

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

2.13 City of Los Angeles, Los Angeles World Airports, Board of Airport Commissioners, and Executive Director

The Airport is owned by the City of Los Angeles, operated by LAWA, and governed by and through the Board. Only the Executive Director can amend or modify these Minimum Standards.

MAINTENANCE

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

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

City retains the right, but not the obligation, to make emergency repairs when, in the sole determination of the Executive Director, failure to take immediate action will damage the facilities or disrupt operations, at Licensee's sole cost and expense, plus an administrative fee in the amount of 15% of cost.

City Maintenance Responsibilities:

NONE

INSURANCE REQUIREMENTS FOR LOS ANGELES WORLD AIRPORTS

NAME: EXXONMOBIL OIL CORPORATION
AGREEMENT / ACTIVITY: Non-Exclusive Right-of-Way License Agreement for pipeline facilities at LAX.
TERM: Five years
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

- Workers' Compensation (Statutory)/Employer's Liability Statutory
 Voluntary Compensation Endorsement
 Waiver of Subrogation, specifically naming LAWA
 (Please see attached supplement)
- Automobile Liability - covering owned, non-owned & hired auto \$10,000,000 CSL
- Aviation/Airport or Commercial General Liability, including the following coverage: \$10,000,000
 Premises and Operations
 Contractual (Blanket/Schedule)
 Independent Contractors
 Personal Injury
 Products /Completed Operations
 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)
- 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 AN AMBEST 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 E
Insurance Requirements (LAX)

**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

Div. 10, Ch. 1, Art. 1

EQUAL EMPLOYMENT

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. 164,516, 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.

LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 1

AFFIRMATIVE ACTION

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

EXHIBIT G
AFFIRMATIVE
ACTION

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 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. 164,516, 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

EXHIBIT H LIVING WAGE ORDINANCE

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

EXHIBIT H LIVING WAGE ORDINANCE

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: "(i) (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:

EXHIBIT H LIVING WAGE ORDINANCE

(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 (i) 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

EXHIBIT H LIVING WAGE ORDINANCE

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. 173,285, 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.

EXHIBIT H LIVING WAGE ORDINANCE

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

EXHIBIT H LIVING WAGE ORDINANCE

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.

EXHIBIT H LIVING WAGE ORDINANCE

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

EXHIBIT H LIVING WAGE ORDINANCE

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*

EXHIBIT H LIVING WAGE ORDINANCE

CITY OF LOS ANGELES
Los Angeles World Airports
Procurement Services Division
7301 World Way West, 4th Floor
Los Angeles, CA 90045
Phone: (310) 417-8495 - Fax: (310) 646-9620

EQUAL BENEFITS ORDINANCE AWARDING AUTHORITY REQUEST FOR WAIVER

Company Name: ExxonMobil Oil Corporation Phone: 310-212-1768
Company Address: 12851 East 166th
Street
City: Cerritos State: CA Zip: 90703 EIN/TIN _____
Contract Number: To be determined after Board & CAO review
Contract Term – Start Date: 5 years - January 2014 End Date: January 2019
Contract Amount: Approx. \$265,000 over the 5-year term
Type of Service: Jet A oil supply to LAX airport

SECTION 1. BASIS FOR REQUEST FOR WAIVER FROM EQUAL BENEFITS ORDINANCE
List all code section(s) on which this request for waiver is based. Cite all sections that may apply.
#8 Essential Services – ExxonMobil supplies jet fuel to LAX for airlines to operate aircraft. It is essential that LAX airport supply fuel to airlines so that they can fly aircraft in the U.S. and Internationally.

SECTION 2. REASON FOR WAIVER
Attach a memorandum detailing:
(1) Why the waiver is being requested.
(2) The facts and circumstances that support your determination that the contract meets all the criteria required in the code section(s) listed above.
(3) The steps taken to find an entity that complies with the Equal Benefits Ordinance (EBO).

SECTION 3. SUBMIT REQUEST FOR WAIVER
Submit this request for waiver and all documentation to Contract Services to be forwarded to the Department of Public Works, Bureau of Contract Administration, Office of Contract Compliance (OCC) at the address referenced above. The OCC will make a determination within seven (7) working days of receipt of a request for waiver and all supporting documentation.

Name of contact person: Melanie Torres Title: Sr. Management Analyst II
Department: LAWA Phone: 424-646-5384
Signature: Melanie Torres Date: 12/03/13

An approved waiver is valid only for the contract for which it was requested. It is not valid for any other contracts the contractor may have with the City.

| | |
|---|--------------|
| FOR OCC USE ONLY | |
| <u>Not Approved. (See attached memorandum for explanation.)</u> | |
| <u>Approved based on code section(s):</u> | |
| <u>Analyst:</u> | <u>Date:</u> |

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 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 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.

(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.

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.

LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 1

CHILD SUPPORT

Sec. 10.10. Child Support Assignment Orders.

a. Definitions.

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

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

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

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

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

b. Mandatory Contract Provisions.

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

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

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

c. Notice to Bidders.

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

d. Current Contractor Compliance.

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

e. City's Compliance with California Family Code.

The City shall maintain its compliance with the provisions of California Family Code §§ 5230 *et seq.* and all other applicable law regarding its obligations as an employer to implement lawfully served Wage and Earnings Assignments and Notices of Assignment.

f. Report of Employees' Names to District Attorney.

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

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

SECTION HISTORY

Added by Ord. No. 172,401, Eff. 2-13-99.

FIRST SOURCE HIRING PROGRAM FOR AIRPORT EMPLOYEES

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

"Airport" shall mean Los Angeles International Airport.

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

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

"City" shall mean the City of Los Angeles.

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

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

"Cooperation Agreement" shall mean the Cooperation Agreement between LAWA and the LAX Coalition for Economic, Environmental and Educational Justice.

"LAWA" shall mean Los Angeles World Airports.

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

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

"Program" shall mean this First Source Hiring Program.

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

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

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

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

III. Coverage. This Program shall apply to hiring by Airport Employers for all Airport Jobs, except for jobs for which the hiring procedures are governed by a collective bargaining contract that conflicts with this Program.

IV. Targeted Applicants. Referrals under the Program shall, to the extent permissible by law, be made in the order of priority set forth below.

· First Priority: Low-Income Individuals living in the Project Impact Area for at least one year and Special Needs Individuals; and

· Second Priority: Low-Income Individuals residing in City.

V. Initial Airport Employer Roles.

A. Liaison. Each Airport Employer shall designate a liaison for issues related to the Program. The liaison shall work with LAWA, the Coalition Representative, the Referral System provider, and relevant public officials to facilitate effective implementation of this Program.

- B. Long-Range Planning. Any entity that becomes an Airport Employer at least two (2) months prior to commencing operations related to Airport shall, at least two months prior to commencing operations related to Airport, provide to the Referral System the approximate number and type of Airport Jobs that it will fill and the basic qualifications necessary.

VI. Airport Employer Hiring Process.

- A. Notification of Job Opportunities. Prior to hiring for any Airport Job, an Airport Employer shall notify the Referral System, by e-mail or fax, of available job openings and provide a description of job responsibilities and qualifications, including expectations, salary, work schedule, duration of employment, required standard of appearance, and any special requirements (e.g., language skills, driver's license, etc.). Job qualifications shall be limited to skills directly related to performance of job duties.
- B. Referrals. After receiving a notification under Section VI.A above, the Referral System shall within five days, or longer time frame agreed to by the Referral System and Airport Employer, refer to the Airport Employer one or more Targeted Applicants who meet the Airport Employer's qualifications.
- C. Hiring.
1. New Employer Targeted Hiring Period. When making initial hires for the commencement of an Airport Employer's operations related to Airport, the Airport Employer shall consider and hire only Targeted Applicants for a two week period following provision of the notification described in Section VI.A. After this period, the Airport Employer shall make good-faith efforts to hire Targeted Applicants, but may consider and hire applicants referred or recruited through any source.
 2. Established Employer Targeted Hiring Period. When making hires after the commencement of operations related to Airport, an Airport Employer shall consider and hire only Targeted Applicants for a five-day period following provision of the notification described in Section VI.A. After this period, the Airport Employer shall make good-faith efforts to hire Targeted Applicants, but may consider and hire applicants referred or recruited through any source.
 3. Hiring Procedure During Targeted Hiring Periods. During the periods described in Sections VI.C.1 and VI.C.2 above, Airport Employers may hire Targeted Applicants recruited or referred through any source. During such periods Airport Employers shall use normal hiring practices, including interviews, to consider all applicants referred by the Referral System.

4. No Referral Fees. No Airport Employer or referred job candidate shall be required to pay any fee, cost or expense of the Referral System or this Program in connection with referrals.

VIII. Reporting and Recordkeeping.

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

IX. Miscellaneous.

- A. Compliance with State and Federal Law. This Program shall be implemented only to the extent that it is consistent with the laws of the State of California and the United States. If any provision of this Program is held by a court of law to be in conflict with state or federal law, the applicable law shall prevail over the terms of

12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
395
396
397
398
399
400
401
402
403
404
405
406
407
408
409
410
411
412
413
414
415
416
417
418
419
420
421
422
423
424
425
426
427
428
429
430
431
432
433
434
435
436
437
438
439
440
441
442
443
444
445
446
447
448
449
450
451
452
453
454
455
456
457
458
459
460
461
462
463
464
465
466
467
468
469
470
471
472
473
474
475
476
477
478
479
480
481
482
483
484
485
486
487
488
489
490
491
492
493
494
495
496
497
498
499
500
501
502
503
504
505
506
507
508
509
510
511
512
513
514
515
516
517
518
519
520
521
522
523
524
525
526
527
528
529
530
531
532
533
534
535
536
537
538
539
540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598
599
600
601
602
603
604
605
606
607
608
609
610
611
612
613
614
615
616
617
618
619
620
621
622
623
624
625
626
627
628
629
630
631
632
633
634
635
636
637
638
639
640
641
642
643
644
645
646
647
648
649
650
651
652
653
654
655
656
657
658
659
660
661
662
663
664
665
666
667
668
669
670
671
672
673
674
675
676
677
678
679
680
681
682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
769
770
771
772
773
774
775
776
777
778
779
780
781
782
783
784
785
786
787
788
789
790
791
792
793
794
795
796
797
798
799
800
801
802
803
804
805
806
807
808
809
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
830
831
832
833
834
835
836
837
838
839
840
841
842
843
844
845
846
847
848
849
850
851
852
853
854
855
856
857
858
859
860
861
862
863
864
865
866
867
868
869
870
871
872
873
874
875
876
877
878
879
880
881
882
883
884
885
886
887
888
889
890
891
892
893
894
895
896
897
898
899
900
901
902
903
904
905
906
907
908
909
910
911
912
913
914
915
916
917
918
919
920
921
922
923
924
925
926
927
928
929
930
931
932
933
934
935
936
937
938
939
940
941
942
943
944
945
946
947
948
949
950
951
952
953
954
955
956
957
958
959
960
961
962
963
964
965
966
967
968
969
970
971
972
973
974
975
976
977
978
979
980
981
982
983
984
985
986
987
988
989
990
991
992
993
994
995
996
997
998
999
1000

this Program, and the conflicting provisions of this Program shall not be enforceable.

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

the rule of construction that any ambiguities be resolved against the drafting party shall not apply to this Program.

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