

FIS Facilities for its arriving international passengers. The Executive Director shall have the right to periodically audit Lessee's books and records, upon reasonable notice, with respect to the computation of Lessee's charges to other airlines for the use of the Terminal 4 gates, and/or FIS Facilities. Lessee shall have the right to collect a security deposit in advance from other airlines using the Terminal 4 gates, and/or FIS Facilities. Said security deposit shall not exceed the reasonably estimated charges for three months. The Executive Director shall have the right to approve the form and content of Lessee's agreements relating to the use by other airlines of such the gates, and/or FIS Facilities, which approval shall not be unreasonably withheld or denied.

(3) Luggage Carts. Lessee agrees to comply with all present and/or future Board policies that are implemented with regard to the provision of luggage carts to arriving international passengers at Airport and to reimburse City for all reasonable costs and fees as required by such policies.

(b) 2001 American Lounge Facilities. Lessee can use the 2001 American lounge facilities, as designated in Section 3 of the Lease, for passenger club and lounge rooms (including the service of alcoholic and non-alcoholic beverages) and the service of food.

Section 10. City's Right to Purchase Demised Premises.

(a) Section 11 of the Lease is hereby deleted and the following substituted therefor:

"A. The parties agree and acknowledge that, subject to the following, the City may purchase all of the Lessee's interest in and possession of the demised premises by paying or

making provision for the payment of the Buyback Amount (as herein defined). The City's right to purchase said interests is hereinafter referred to as the "City's Buyback Right."

The Buyback Amount (the "Buyback Amount") is an amount equal to the then outstanding principal amount of the 2001 Bonds (actual or hypothetical) based on a methodology intended to achieve substantially level debt service over a period of 30 years beginning on the date of the 2001 Bonds, plus interest accrued thereon to the purchase date, plus redemption premium, if any, thereon, or an amount sufficient, with any investment income thereon, to provide for such amount.

The outstanding principal balance on the 2001 Bonds may differ from the amortization schedule developed for the purposes of establishing the Buyback Amount. The Lessee covenants that the 2001 Bonds will include an extraordinary mandatory redemption provision to be triggered in the event that the City exercises its City's Buyback Right. Such redemption provision will allow the 2001 Bonds to be redeemed on a date which is within ninety (90) days of the date the City places into escrow funds in an amount equal to the Buyback Amount, if funded from tax-exempt bond proceeds. The City will provide at least sixty (60) days advance written notice to the Lessee of the date by which the 2001 Bonds need to be redeemed. Lessee will be responsible for the difference, if any, between the Buyback Amount and the amount required to redeem the 2001 Bonds.

As of the date of this First Amendment, the parties agree that the Buyback Amount for each year shall be established at the time the 2001 Bonds are issued. For purposes of establishing the methodology to be used to establish the final Buyback Amount, the parties

hereby agree that the methodology to be used in establishing the preliminary Buyback Amount is set forth in Exhibit "C" attached hereto and incorporated herein by this reference. The final Buyback Amount will reflect the final interest rates, principal, sinking fund, and maturity of the 2001 Bonds. In the event that the 2001 Bonds are issued in a variable interest rate mode, amortization for the purposes of the 2001 Bonds and Buyback Amount will be established using a fixed rate to be agreed upon by the City and Lessee. The rate shall represent the estimated rate applicable for a fixed rate, tax-exempt bond issued by the RAIC, assuming a similar bond structure, rating, and issue date. The parties agree that once the final Buyback Amount is calculated using the methodology established in Exhibit "C," an Exhibit "C-1" shall be incorporated and acknowledged by the Executive Director and attached to this First Amendment to reflect the final Buyback Amount, and such an action will not necessitate further Board or City Council approvals. Should there be any conflicts or discrepancies between the amounts set forth in Exhibit "C" and Exhibit "C-1" the Buyback Amount set forth in Exhibit "C-1" shall control and prevail. The parties agree that the Buyback Amount set forth in Exhibit "C-1" may allow the City to purchase the interests of Lessee and the 2001 Trustee in the demised premises for less than the outstanding principal balance on the 2001 Bonds.

The City shall exercise the City's Buyback Right hereunder by: (i) giving written notice of such proposed action to the Lessee and the 2001 Trustee; and (ii) irrevocably placing into escrow with the 2001 Trustee an amount equal to the Buyback Amount to be held by the 2001 Trustee for the benefit of the owners of the 2001 Bonds to be applied to the redemption of all or a part of the 2001 Bonds on the earliest date the 2001 Bonds may be redeemed or at maturity, as the case may be. The City shall exercise the City's Buyback Right, if at all, by delivering written

notice to Lessee not less than eighteen (18) months prior to the date designated in such notice as the purchase date, and Lessee shall vacate the demised premises on or before the purchase date. On such purchase date, Lessee's interest in and possession of the demised premises shall terminate, the Lease shall terminate, and the City may thereafter utilize the demised premises for any purpose.

B. As an alternative to the City's Buyback Right described in paragraph A. above, the City may at any time purchase all of Lessee's interest in, obtain possession of the Lessee's Improvements and terminate the Lease, by (1) placing into escrow an amount sufficient to defease or redeem the then-outstanding 2001 Bonds and (2) paying reasonable costs incident to such defeasance or redemption. Upon the deposit of funds as described in the preceding sentence, the Lease will terminate and within a reasonable time thereafter (not to exceed 90 days), Lessee agrees to vacate the Lessee's Improvements. The City shall not at any time prior to the defeasance or redemption of the 2001 Bonds in accordance with this paragraph B., agree to or otherwise be obligated to convey any interest in the Lessee Improvements for any period extending beyond or beginning after the defeasance redemption of the 2001 Bonds or (2) agree or otherwise be obligated to convey a fee interest in the Lessee Improvements to Lessee, or a related person under the Code, within 90 days after the defeasance of the 2001 Bonds."

(b) Section 39 of the Lease is hereby deleted.

Section 11. Relet Obligation.

The second paragraph of Section 20D of the Lease is hereby deleted and the following substituted therefor:

"If Lessee has financed any or all of Lessee's 2001 Improvements through the RAIC, following any termination or cancellation of the Lease (except a termination on account of a casualty, condemnation or exercise of the City's Buyback Right) prior to full repayment of the 2001 Bonds (a "Reletting Event"), in addition to its obligations under the immediately preceding paragraph, during the twelve-month period immediately following the Reletting Event, City agrees not to enter into a lease with a replacement tenant having a term greater than one year, unless the terms of such replacement lease provide for a rental rate at least equal to the sum of the rental rate that would have been paid by Lessee hereunder had there been no termination and the rental rate that would have been paid by Lessee under a facilities sublease providing for payment of amounts to be paid by the RAIC under the 2001 Indenture (the "RAIC Facilities Sublease") during the same period if there was no termination thereunder, after deducting therefrom any costs and expenses associated with reletting the demised premises ("Reletting Costs"). After such twelve-month period, if the City is unsuccessful in its efforts to relet the demised premises at a rental rate at least equal to the rental rate set forth in the immediately preceding sentence, the City may enter into replacement leases at lower rental rates. After any such reletting, each month during the term of such reletting, the City shall (a) retain from payments received under any such replacement leases (i) all Reletting Costs and (ii) all amounts due to City under the Lease for such month as if there was no termination, and (b) from any amounts remaining thereafter ("Net Reletting Proceeds"), (x) pay to the 2001 Trustee for such month an amount determined by multiplying the Net Reletting Proceeds by a fraction the numerator of which is all rents due under the RAIC Facilities Sublease for such month (assuming no termination) and the denominator of which is the sum of all rents that would be payable for

such month (assuming no termination) under the Lease and the RAIC Facilities Sublease (or if the RAIC Facilities Sublease is not payable on a monthly basis, a pro rata portion of such payment), and (y) apply the balance first to any amounts then owing by Lessee to the City for such month and thereafter retain any remaining amounts.

In consideration for the City's relet obligation as described above, Lessee shall pay the City an amount, in addition to the rentals payable under the Lease. The parties agree that the amount to be paid shall be calculated in accordance with the methodology as set forth in Exhibit "C-2" attached hereto.

Section 12. Mortgages, Financing and other Encumbrances.

(a) Notwithstanding Section 21A of the Lease, Lessee shall only have the right to assign its interests in the Lease for the purpose of financing or refinancing the Lessee's Improvements.

(b) Any references in Section 21 of the Lease to "encumbrance", "mortgage", "pledge", "deed of trust" are hereby deleted.

(c) Notwithstanding Section 21B of the Lease, the financing for the Lessee's 2001 Improvements shall be in accordance with the Nonprofit Financing Program.

Section 13. Indemnification

(a) In addition and supplemental to the indemnity provided in Section 18 of the Lease, to the fullest extent permitted by applicable law, Lessee, as the indemnifying party, agrees to indemnify, hold harmless and defend the City, and each of its respective officers, governing members, directors, officials, agents, attorneys and employees (collectively, the "Indemnified

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Parties") from and against any and all losses, claims, damages, actions, liabilities, costs and expenses of any conceivable kind, character and nature (including without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws, federal tax laws, including any regulation promulgated thereunder, or any other statutory law or at common law or otherwise, arising out of, resulting from, or in any way connected or otherwise based upon or in any way relating to: (1) the Lease, as amended and supplemented, the Facilities Sublease, the Indenture, the Tax Certificate by and between the RAIC and the Lessee (the "Tax Certificate") related to the 2001 Bonds, or any other document related to the issuance and sale of the 2001 Bonds and the carrying out of any of the transactions contemplated by the 2001 Bonds, the Lease, as amended and supplemented, the Facilities Sublease, the Indenture, the Tax Certificate or any related document; (2) the approval of the Lessee's 2001 Improvements and the issuance of the 2001 Bonds therefore, by the City, the Mayor of the City, or any other action of the City (including the Mayor's TEFRA approval) relating to such approval or to the issuance of the Bonds or the transactions contemplated thereby; (3) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of any material fact contained in the preliminary official statement or the official statement for the Bonds, or any omission or alleged omission from the preliminary official statement or official statement for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; (4) any lien or charge upon payments by Lessee to the RAIC and/or the Trustee, or any taxes (including, without limitation, all ad valorem taxes and sales

taxes), assessments, impositions and other charges imposed on the RAIC or the Trustee in respect of any portion of the Lessee's Improvements; (5) the defeasance and/or redemption, in whole or in part, of the Bonds; (6) the Trustee's acceptance or administration of the Trust and duties contemplated by the Indenture, or the exercise or performance of any of its powers or duties thereunder or the Registrar's or Paying Agent's acceptance of their respective duties under the Indenture or the exercise or performance of any of their respective powers or duties under the Indenture or the exercise or performance of any of their respective powers or duties thereunder; and (7) the failure by Lessee to perform any of the covenants set forth in Section 10 of this First Amendment, except in any such case to the extent such damages are caused by the willful misconduct or gross negligence of such Indemnified Party or as a result of an act or omission requested by such Indemnified Party.

(b) In the event that any action is brought against or proceeding or investigation is commenced involving any Indemnified Party with respect to which indemnity may be sought hereunder, such Indemnified Party agrees to provide prompt notification in writing to Lessee and, upon receipt of such notice, Lessee shall assume the investigation and defense thereof, including the employment of counsel selected by the Lessee, but subject to City's approval and shall assume the payment of all expenses related thereto, with the full power to litigate, compromise or settle the same in its sole discretion. The counsel retained by Lessee to represent and defend the Indemnified Parties may be the same counsel that represents and defends Lessee, except in the case where counsel for an Indemnified Party determines that the interest of the parties commonly represented are adverse to each other or not aligned with each other, thereby giving rise to a conflict of interest on the part of the counsel commonly representing the various

parties, or where such counsel advises an Indemnified Party that there are one or more legal defenses available to such Indemnified Party which are different from or additional to all parties commonly represented, and that by virtue of such different or additional defenses, the representation of such Indemnified Party and the other parties by a single firm of attorneys would be inappropriate under applicable standards of professional conduct. In the circumstances described in the immediately preceding sentence, and only in such event or circumstances, the Indemnified Party may employ separate counsel at the expense of Lessee in any such action or proceeding and participate in the investigation and defense thereof, and Lessee shall pay the reasonable fees and expenses of such separate counsel.

(c) The rights of any persons to indemnification hereunder shall survive the final payment or defeasance of the Bonds and shall survive the termination of the Indenture and termination of the Lease.

Section 14. Hazardous and Other Regulated Substances.

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

(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

(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

(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, or any political subdivision of any of them; or

(4) Any substance the presence of which on the demised premises causes or threatens to cause a nuisance upon the demised premises or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the demised premises; or

(5) Any substance the presence of which on adjacent properties could constitute a trespass by Lessee; or

(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.

(b) Environmental Indemnity.

Except for conditions existing prior to the original occupancy of the demised premises by Lessee or by Lessee's predecessors in interest, Lessee agrees to accept sole responsibility for full compliance with any and all applicable present and future rules, regulations, restrictions, ordinances, statutes, laws, and/or other orders of any governmental entity regarding the use, storage, handling, distribution, processing, and/or disposal of hazardous

substances, regardless of whether the obligation for such compliance or responsibility is placed on the owner of the land, on the owner of any improvements on the demised premises, on the user of the land, or on the user of the improvements. Lessee agrees that any claims, damages, penalties, or fines asserted against or levied on City and/or the Lessee as a result of noncompliance with any of the provisions in this Section shall be the sole responsibility of the Lessee and that Lessee shall indemnify and hold City harmless from all such claims, damages, penalties, or fines. Further, City may, at its option, pay such claims, damages, penalties, or fines resulting from Lessee's non-compliance with any of the terms of this Section, and Lessee shall indemnify and reimburse City for any such payments.

(c) Except for conditions existing prior to the original occupancy of the demised premises by Lessee or Lessee's predecessors in interest, in the case of any hazardous substance spill, leak, discharge, release or improper storage on the demised premises or contamination of the demised premises by any person, Lessee agrees to make or cause to be made any necessary repairs or corrective actions as well as to clean up and remove any spill, leakage, discharge, release or contamination. In the case of any hazardous substance spill, leak, discharge, release or contamination by Lessee or its employees, servants, agents, contractors, or subcontractors on Lessee's Premises or as may be discharged or released in, on or under adjacent property which affects other property of City or its tenants, Lessee agrees to make or cause to be made any necessary corrective actions to clean up and remove any such spill, leakage, discharge, release or contamination. If Lessee fails to repair, clean up, properly dispose of, or take any other corrective actions as required herein, City may (but shall not be required to) take all steps it deems necessary to properly repair, clean up, or otherwise correct the conditions resulting from

the spill, leak, discharge, release or contamination. Any such repair, cleanup, or corrective actions taken by City shall be at Lessee's sole cost and expense and Lessee shall indemnify and pay for and/or reimburse City for any and all costs (including any administrative costs) City incurs as a result of any repair, cleanup, or corrective action it takes.

(d) If Lessee installs or uses already installed underground or above-ground storage tanks, pipelines, or other improvements on the demised premises for the storage, distribution, use, treatment, or disposal of any hazardous substances, Lessee agrees, upon the expiration and/or termination of the Lease, to remove 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 Lessee's sole cost and expense and shall be undertaken and completed in full compliance with all federal, state, and local laws and regulations, as well as with the reasonable directions of the Executive Director.

(e) Lessee's Provision to City of Environmental Documents.

With respect to the demised premises, Lessee shall promptly supply City with complete and legible copies of all notices, reports, correspondence, and other documents sent by Lessee to or received by Lessee from any governmental entity regarding any hazardous substance. 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.

(f) Survival of Obligations.

This Section and the obligations herein shall survive the expiration or earlier termination of the Lease as amended and supplemented.

Section 15. Living Wage and Service Worker Retention Requirement.

(a) Living Wage Ordinance.

(1) General Provisions: Living Wage Policy. The Lease is subject to the Living Wage Ordinance ("LWO") (Section 10.37, et seq., of the Los Angeles Administrative Code) which is incorporated herein by this reference. A copy of section 10.37 has been attached hereto for the convenience of the parties as Exhibit "E-1." The LWO requires that, unless specific exemptions apply, any employees of tenants or licensees of City property who render services on the leased premises or licensed premises are covered by the LWO if any of the following applies: (1) the services are rendered on premises at least a portion which are visited by substantial numbers of the public on a frequent basis, (2) any of the services could feasibly be performed by City of Los Angeles employees if the awarding authority had the requisite financial and staffing resources, or (3) the designated administrative agency of the City of Los Angeles has determined in writing that coverage would further the proprietary interests of the City of Los Angeles. Employees covered by the LWO are required to be paid not less than a minimum initial wage rate, as adjusted each year. The LWO also requires that employees be provided with at least twelve (12) compensated days off per year for sick leave, vacation, or personal necessity at the employee's request, and at least ten (10) additional days per year of uncompensated time pursuant to Section 10.37.2(b). The LWO requires employers

to inform employees making less than twelve dollars (\$12) per hour of their possible right to the federal Earned Income Tax Credit ("EITC") and to make available the forms required to secure advance EITC payments from the employer pursuant to Section 10.37.4. Lessee shall permit access to work sites for authorized City representatives to review the operation, payroll, and related documents, and to provide certified copies of the relevant records upon request by the City. Whether or not subject to the LWO, Lessee shall not retaliate against any employee claiming non-compliance with the provisions of the LWO, and, in addition, pursuant to Section 10.37.6(c), Lessee agrees to comply with federal law prohibiting retaliation for union organizing.

(2) Living Wage Coverage Determination An initial determination has been made that this is a public lease under the LWO, and, that it is not exempt from coverage by the LWO. The Living Wage Coverage Determination Form reflecting that initial determination is attached to the Lease as Exhibit "E-2." Determinations as to whether the Lease is a public lease or license covered by the LWO, or whether an employer or employee are exempt from coverage under the LWO are not final, but are subject to review and revision as additional facts are examined and/or other interpretations of the law are considered. In some circumstances, applications for exemption must be reviewed periodically. City shall notify Lessee in writing about any redetermination by City of coverage or exemption status. To the extent Lessee claims non-coverage or exemption from the provisions of the LWO, the burden shall be on Lessee to prove such non-coverage or exemption.

(3) Compliance; Termination Provisions And Other Remedies; Living Wage

Policy. If Lessee is not initially exempt from the LWO, Lessee shall comply with all of the provisions of the LWO, including payment to employees at the minimum wage rates, effective on the execution date of this First Amendment to the Lease, and shall execute the Declaration of Compliance Form attached to the Lease as Exhibit "E-3" contemporaneously with the execution of this First Amendment of the Lease. If Lessee is initially exempt from the LWO, but later no longer qualifies for any exemption, Lessee shall, at such time as Lessee is no longer exempt, comply with the provisions of the LWO and execute the then currently used Declaration of Compliance Form, or such form as the LWO requires. Under the provisions of Section 10.37.6(c) of the Los Angeles Administrative Code, violation of the LWO shall constitute a material breach of the Lease and City shall be entitled to terminate the Lease and otherwise pursue legal remedies that may be available, including those set forth in the LWO, if City determines that Lessee violated the provisions of the LWO. The procedures and time periods provided in the LWO are in lieu of the procedures and time periods provided elsewhere in the Lease. Nothing in the Lease shall be construed to extend the time periods or limit the remedies provided in the LWO.

(b) Service Contract Worker Retention Ordinance.

The Lease 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 "F." If applicable, Lessee must also comply with the SCWRO which requires that, unless specific exemptions apply, all employers under contracts

that are primarily for the furnishing of services to or for the City of Los Angeles and that involve an expenditure or receipt in excess of \$25,000 and a contract term of at least three (3) months shall provide retention by a successor contractor for a ninety-day (90-day) transition period of the employees who have been employed for the preceding twelve (12) months or more by the terminated contractor or subcontractor, if any, as provided for in the SCWRO. Under the provisions of Section 10.36.3(e) of the Los Angeles Administrative Code, City has the authority, under appropriate circumstances, to terminate the Lease and otherwise pursue legal remedies that may be available if City determines that the subject contractor violated the provisions of the SCWRO.

Section 16. Nondiscrimination and Affirmative Action Program.

Section 34 of the Lease, as originally executed and delivered, is hereby deleted and the following substituted therefor:

"A. Federal Non-Discrimination Provisions.

1. The Lessee 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 Lease, for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as

said Regulations may be amended. [See, paragraph 1 of the "LEASE AND USE AGREEMENT GUIDE," dated June 6, 1984, revised May 2001, published by the Federal Aviation Administration, hereinafter referred to as "LEASE GUIDE"].

2. The Lessee 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 Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended. [LEASE GUIDE, Paragraph 1].

3. The Lessee assures that it will comply with pertinent statutes, Executive Orders, and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance. This Provision obligates the Lessee or its transferee for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the Provision obligates the party or any transferee for the longer of the following periods: (a) the period during

which the property is used by the sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property. [LEASE GUIDE, paragraph 1]

4. Lessee shall furnish its services on a reasonable and not unjustly discriminatory basis to all users, and charge reasonable and not unjustly discriminatory prices for each unit or service, provided that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers. [LEASE GUIDE, paragraph 11]

5. Lessee agrees that it shall insert the provisions found in Subsections A.3 and A.4 above in any sublease, assignment, license, or permit by which said Lessee grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the demised premises under the Lease.

B. Municipal Non-Discrimination Provisions.

1. Non-Discrimination In Use Of Premises. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition in the lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the demised premises or any part of the demised premises or any operations or activities conducted on the demised premises or any part of the demised premises. Nor shall Lessee or any person claiming under or through Lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location,

number, use or occupancy of tenants, subtenants, or vendees of the demised premises. Any sublease or assignment which may be permitted under this Lease shall also be subject to all non-discrimination clauses contained in this Subsection B.

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

3. Equal Employment Practices. If the total payments made to City under this lease are \$1,000 (one thousand dollars) or more, this provision shall apply. During the performance of this Lease, Lessee agrees to comply with Section 10.8.3 of the Los Angeles Administrative Code ("Equal Employment Practices"), which is incorporated herein by this reference. A copy of Section 10.8.3 has been attached to this Lease for the convenience of the parties as Exhibit "G." By way of specification but not limitation, pursuant to Sections 10.8.3.E and 10.8.3.F of the Los Angeles Administrative Code, the failure of Lessee to comply with the Equal Employment Practices provisions of this Lease may be deemed to be a material breach of this Lease. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to Lessee. Upon a finding

duly made that Lessee has failed to comply with the Equal Employment Practices provisions of this Lease, this Lease may be forthwith terminated, cancelled or suspended.

4. Affirmative Action Program If the total payments to City under this Lease are \$100,000 (one hundred thousand dollars) or more, this provision shall apply. During the performance of this Lease, Lessee agrees to comply with Section 10.8.4 of the Los Angeles Administrative Code ("Affirmative Action Program"), which is incorporated herein by this reference. A copy of section 10.8.4 has been attached to this Lease for the convenience of the parties as Exhibit "H." By way of specification but not limitation, pursuant to Sections 10.8.4.B and 10.8.4.F of the Los Angeles Administrative Code, the failure of Lessee to comply with the Affirmative Action Program provisions of this Lease may be deemed to be a material breach of this Lease. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to Lessee. Upon a finding duly made that Lessee has failed to comply with the Affirmative Action Program provisions of this Lease, this Lease may be forthwith terminated, cancelled or suspended."

Section 17. Child Support Orders.

(a) The Lease is subject to Section 10.10, Article I, Chapter 1, Division 10 of the Los Angeles Administrative Code related to Child Support Assignment Orders, which is incorporated herein by this reference. A copy of section 10.10 has been attached hereto for the convenience of the parties on Exhibit "I-1." Pursuant to this Section, Lessee (and any subcontractor of Lessee providing services to City under the Lease) shall (1) fully comply with all State and Federal employment reporting requirements for Lessee's or Lessee's subcontractor's employees

applicable to Child Support Assignments Orders; (2) certify that the principal owner(s) of Lessee and applicable subcontractors are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230, et seq.; and (4) maintain such compliance throughout the term of the Lease. Pursuant to Section 10.10(b) of the Los Angeles Administrative Code, failure of Lessee or an applicable subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of Lessee or applicable subcontractors to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default of the Lease subjecting the Lease to termination where such failure shall continue for more than ninety (90) days after notice of such failure to Lessee by City (in lieu of any time for cure provided elsewhere in the Lease).

(b) Lessee shall execute the Certification of Compliance with Child Support Obligation attached to the Lease as Exhibit "I-2" and incorporated herein by reference, contemporaneously with the execution of this First Amendment to the Lease.

Section 18. 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.

Section 19. Amendments to Ordinance and Codes.

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

Section 20. Use of Ground Power

Lessee agrees to provide sufficient fixed 400 Hz power units and preconditioned air units for each of the gates at Terminal 4. Said 400 Hz power and preconditioned air shall be powered by electricity drawn from a commercial power source, shall be made available for use by Lessee's aircraft within ninety (90) days from the execution date of this First Amendment, shall be made available for the use of other air carriers using said gates at a reasonable charge, and shall be of sufficient capacity to handle the largest aircraft expected to be used at that gate. Lessee further agrees to abide by and comply with City's Noise Abatement Rules and Regulations.

Section 21. Airfield Security.

(a) Lessee shall be 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 regarding airfield security. Lessee 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 demised premises or controlled by Lessee. Lessee shall comply fully with applicable provisions of the Federal Aviation Administration Regulations, 14 CFR, Part 107 and Part 108, including the establishment and implementation of procedures acceptable to Executive Director to control access from the demised premises to air operation areas in accordance with the Airport Security Program required by Part 107. Further, Lessee shall exercise exclusive security responsibility for the demised premises and, if Lessee is an air carrier, do so pursuant to Lessee's Federal Aviation Administration approved Air Carrier Standard Security Program used in accordance with 14 CFR, Part 129.

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

(c) All civil penalties levied by the Federal Aviation Administration for violation of Federal Aviation Regulations pertaining to security gates or doors located on the demised premises or otherwise controlled by Lessee shall be the sole responsibility of Lessee. Lessee agrees to indemnify City for any federal civil penalties amounts City must pay due to any security violation arising from the use of Lessee's leasehold or the breach of any obligation imposed by this Section.

Section 22. Noise Abatement Procedures.

Pursuant to the requirements of the 1993 LAX Noise Variance and in order to limit the use of auxiliary power units (APU's), Lessee hereby agrees to provide a sufficient number of ground power units at each gate and maintenance area used by Lessee's aircraft on the demised premises. Said ground power units shall be made available for use by Lessee's aircraft within ninety (90) days from the effective date of the Lease. Further, Lessee hereby agrees to comply with the Department of Airports' Noise Abatement Rules and Regulations.

Section 23. Deprivation of Lessee's Rights.

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

Section 24. City's Right to Develop Airport.

Notwithstanding any provision of the Lease, the City reserves the right, but shall not be obligated to Lessee, to further develop or improve the landing areas, terminals, roadways and other improvements of Airport in its discretion.

Section 25. Department Charges to Other Airlines.

Nothing within this Lease shall be construed as limiting or prohibiting City from imposing and collecting fees and charges from other airlines and users of the demised premises and/or Terminal No. 4 facilities, so long as such fees and charges are not duplicative of charges by Lessee authorized under the Lease or inconsistent with this Lease and First Amendment and such fees and charges relate generally to the use of the Airport as opposed to the specific use of the demised premises.

Section 26. City's Right to Maintain Airport.

Notwithstanding any provision of the Lease, the City reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard.

Section 27. Duty Free Business.

With regard to duty free merchandise ("DFM") and/or international travel merchandise ("ITM"), Lessee agrees that it will not sell, take orders for, deliver or transport DFM and/or ITM on any flight from the Airport to a location outside the United States (hereinafter "outbound flight") under a program in which Lessee or its agents, officers, employees, servants and assigns, solicits or accepts, at any time prior to the departure of Lessee's aircraft on any outbound flight from the Airport, orders of DFM and/or ITM for passengers departing from Airport on such outbound flight from Airport. Provided, however, in the event City grants any other airline the permission to

conduct such activity, then City shall offer Lessee similar rights to do so with respect to DFM and/or ITM on terms not less favorable to Lessee.

Section 28. Reimbursement of Costs.

Lessee agrees that it will pay or reimburse the City for all reasonable fees, costs, and expenses including but not limited to, costs, fees and expenses of outside legal counsel, financial consultants, and others, paid or incurred relating to the review and approval of this First Amendment and the documents and materials related directly or indirectly to any financing, including, without limitation, any Non Profit Financing Program connected with the demised premises and/or improvements thereon. Said fees and/or reimbursements paid by Lessee to the City shall not exceed one hundred fifty thousand dollars (\$150,000) with respect to the First Amendment and the initial issuance of the 2001 Bonds, and/or one hundred thousand dollars (\$100,000) with respect to each subsequent financing.

Section 29. Confirmation of Terms of Lease.

It is understood and agreed, by and between the parties hereto that, except as specifically provided herein, this First Amendment shall not, in any manner, alter, change, modify or affect any of the rights, privileges, duties or obligations of either of the parties hereto under or by reason of said Lease, and except as amended and supplemented by this First Amendment or otherwise expressly provided herein, all of the terms, covenants, and conditions of the Lease shall remain in full force and effect.

Section 30. Disabled Access.

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

(b) Should Lessee fail to comply with Section 30 (a) above, then City shall have the right, but not the obligation, to perform, or have performed, whatever work is necessary to achieve equal access compliance. Lessee will then be required to reimburse City for the actual cost of achieving compliance, plus a fifteen percent (15%) administrative charge.

Section 31. Cross Default.

A material breach of the terms of any other agreement, lease, license, permit, or contract held by American with City shall constitute a material breach of the terms of this Agreement and shall give City the right to terminate this Agreement for cause in accordance with the procedures set forth in Section 10 of this Agreement.

IN WITNESS WHEREOF, City has caused this First Amendment to be executed by Executive Director and Lessee has caused the same to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, all as of the day and year first hereinabove written.

CITY OF LOS ANGELES

By [Signature]
Executive Director
Department of Airports

APPROVED AS TO FORM:
Rockard J. Delgadillo, City Attorney

Date: 11/07/01

By: [Signature]

ATTEST:

AMERICAN AIRLINES, INC.

By [Signature]
Secretary (Signature)
Charles J. Fournier
Corporate Secretary
Print Name

[SEAL]

By [Signature]
Signature
Gary F. Kennedy
Print Name

Vice President - Corporate Real Estate
Print Title

The foregoing First Amendment to Lease Agreement No. LAA-4687 between the City of Los Angeles and American Airlines, Inc., is hereby acknowledged, accepted, and approved by the undersigned authorized representatives of the Regional Airports Improvement Corporation.

REGIONAL AIRPORTS
IMPROVEMENT CORPORATION

ATTEST:

By


Signature

By Edward M. Carson
Secretary (Signature)

Edward M. Carson
Print Name

Edward M. Carson
Print Name

Secretary
Print Title

LOS ANGELES WORLD AIRPORTS
First Amendment to Lease No. LAA-4687
American Airlines

Exhibit B

M&O Rent \$ 9,121.7
Custodial Surcharge \$ 14,119.3

Sheet No.	Space No.	Description	Square Feet	Space Rent per Sq Ft	Space Rent	M&O Rent	Total Annual Rent
A. Category I Space and Facilities.							
1. Ticketing Building. (Pre-1984)							
10	01	American Office	472	0.52	245.44	4,305.44	4,550.88
10	04	American Breakroom	352	0.52	183.04	3,210.84	3,393.88
10	24	American Restroom	205	0.52	108.16	1,897.31	2,005.47
10	26	American Women's Restroom	297	0.52	154.44	2,709.14	2,863.58
10	30	American medical	2,206	0.52	1,147.12	20,122.47	21,269.59
10	31	American Storage	96	0.52	49.92	875.68	925.60
10	36	American Locker/Break	3,998	0.52	2,078.96	36,468.56	38,547.52
10	37	American Corridor	3,124	0.52	1,624.48	28,496.19	30,120.67
10	38	American Credit Union	1,171	0.52	608.92	10,681.51	11,290.43
10	39	American Office	374	0.52	194.48	3,411.52	3,606.00
10	42	American Storage	138	0.52	71.76	1,256.79	1,328.55
10	43	American Janitor	75	0.52	39.00	684.13	723.13
10	47	American Medical	1,457	0.52	757.64	13,290.32	14,047.96
10	50	Public Corridor	3,348	0.52	1,740.96	30,539.45	32,280.41
10	51	American Storage	374	0.52	194.48	3,411.52	3,606.00
10	52	American Office	950	0.52	494.00	8,665.62	9,159.62
11	01	American Offices	1,698	0.52	882.96	15,488.65	16,371.61
11	06	American Electrical Room	100	0.52	52.00	912.17	964.17
11	09	American Offices	4,855	0.52	2,524.60	44,285.85	46,810.45
11	12	American Corridor	1,287	0.52	669.24	11,739.63	12,408.87
11	28	American Storage	106	0.52	55.12	968.90	1,022.02
11	29	American Offices	398	0.52	206.96	3,630.44	3,837.40
11	30	American Closet	141	0.52	73.32	1,286.16	1,359.48
11	31	American Closet	162	0.52	84.24	1,477.72	1,561.96
11	32	American Storage	80	0.52	41.20	547.30	578.50
14	01	American Office	704	0.52	366.08	6,421.60	6,787.68
14	07	American Conf. Room	711	0.52	369.72	6,485.53	6,855.25
14	08	American Office	5,819	0.52	3,025.88	53,079.17	56,105.05
14	15	American T.I. Room	190	0.52	98.80	1,733.12	1,831.92
14	18	American Janitor	77	0.52	40.04	702.37	742.41
14	21	American Office	442	0.52	229.84	4,031.79	4,261.63
14	24	American Men's Restroom	227	0.52	118.04	2,070.63	2,188.67
14	25	American Paging Room	151	0.52	78.52	1,377.38	1,455.90
14	27	American Women's Restroom	257	0.52	133.84	2,435.49	2,574.33
14	29	American Security Office	437	0.52	227.24	3,986.18	4,213.42
14	30	American Corridor	2,579	0.52	1,341.08	23,524.88	24,865.96
14	33	American Code Share/Alliance	1,802	0.52	937.04	16,437.30	17,374.34
15	02	American Office	6,709	0.52	3,488.68	61,197.49	64,686.17
15	05	American Janitor	83	0.52	43.16	757.10	800.26
15	06	American Restroom	691	0.52	359.32	6,303.09	6,662.41
Subtotals			48,336		25,134.72	440,905.49	466,041.21

2. Satellite Buildings. (Pre-1984)

09	01	American Storage	165	11.00	1,815.00	1,505.98	3,320.98
09	03	American Operations	515	13.00	6,695.00	4,697.68	11,392.68
09	04	American Operations	817	13.00	10,621.00	7,452.43	18,073.43
09	05	American Storage	969	11.00	10,659.00	8,838.93	19,497.93
09	06	American Breakroom	1,800	13.00	23,400.00	16,419.06	39,819.06
09	08	American Locker Room	2,500	13.00	32,700.00	26,452.83	64,152.83
09	09	American Mechanical	420	11.00	4,620.00	3,831.11	8,451.11
09	10	American Operations	238	13.00	3,094.00	2,170.96	5,264.96
09	11	American Corridor	45	11.00	495.00	410.48	905.48
09	12	American Operations	568	13.00	7,384.00	5,181.13	12,565.13
09	13	American Locker Room	236	13.00	3,068.00	2,152.72	5,220.72
09	14	American Corridor	246	11.00	2,706.00	2,243.94	4,949.94

LOS ANGELES WORLD AIRPORTS
First Amendment to Lease No. LAA-4687
American Airlines

Exhibit B

M&O Rent \$ 9,1217
Custodial Surcharge \$ 14,1193

Sheet No.	Space No.	Description	Square Feet	Space Rent per Sq Ft	Space Rent	M&O Rent	Total Annual Rent
09	20	American Office	1,019	13.00	13,247.00	9,296.01	22,542.01
09	24	American Cafeteria	550	11.00	6,050.00	5,016.94	11,066.94
09	28	American Corridor	1,120	11.00	12,320.00	10,218.30	22,538.30
09	29	American T.I.	1,520	11.00	16,720.00	13,864.98	30,584.98
09	36	American Operations	1,986	13.00	25,818.00	18,115.70	43,933.70
09	37	American Storage	138	11.00	1,518.00	1,258.79	2,776.79
09	44	American Electrical Room	80	11.00	990.00	820.95	1,810.95
09	46	American Corridor	1,875	11.00	20,625.00	17,103.19	37,728.19
09	49	American Paging	356	11.00	4,026.00	3,338.54	7,364.54
09	50B	American Office	3,553	13.00	46,189.00	32,409.40	78,598.40
09	51	American Office	4,334	13.00	56,342.00	39,533.45	95,875.45
09	52	American Office	1,939	13.00	25,207.00	17,686.98	42,893.98
09	53	American Mail	197	13.00	2,581.00	1,796.97	4,357.97
09	54	American Operations	3,168	13.00	41,194.00	28,897.55	70,091.55
09	55	American Office	232	13.00	3,016.00	2,116.23	5,132.23
09	57	American Mechanical	970	11.00	10,670.00	8,846.05	19,516.05
09	58	American Operations	2,453	13.00	32,019.00	22,466.75	54,485.75
09	60	American Operations	290	13.00	3,770.00	2,645.29	6,415.29
09	62	American Communications	48	11.00	528.00	437.84	965.84
09	64	American Storage	1,198	11.00	13,178.00	10,927.80	24,105.80
09	65	American Office	579	13.00	7,527.00	5,281.46	12,808.46
09	66	American Equipment	452	11.00	4,972.00	4,123.01	9,095.01
09	72	American Office	302	13.00	3,926.00	2,754.75	6,680.75
09	74	American Office	489	13.00	6,357.00	4,460.51	10,817.51
09	76	American Eagle Holdroom	1,396	15.00	20,940.00	12,733.89	33,673.89
09	77	American Storage	124	11.00	1,364.00	1,131.09	2,495.09
09	80	American Electrical Room	142	11.00	1,562.00	1,295.26	2,857.26
09	81	American Storage	94	11.00	1,034.00	857.44	1,891.44
13	01	American Holdroom	4,752	15.00	71,280.00	43,343.32	114,623.32
13	03	American Holdroom	4,374	15.00	65,610.00	39,893.32	105,503.32
13	04	American Conveyor Chnl.	56	11.00	616.00	510.82	1,126.82
13	06	American Conveyor Chnl.	73	11.00	803.00	665.88	1,468.88
13	32	American Holdroom	23,900	15.00	358,500.00	218,008.83	576,508.83
13	34	American Conveyor Chnl.	73	11.00	803.00	665.88	1,468.88
13	35	American Conveyor Chnl.	92	11.00	1,012.00	839.20	1,851.20
13	36	American Late Meal	705	13.00	9,165.00	6,430.80	15,595.80
13	38	American Conveyor Chnl.	83	11.00	913.00	757.10	1,670.10
13	39	American Conveyor Chnl.	83	11.00	913.00	757.10	1,670.10
13	43	American Conveyor Chnl.	90	11.00	990.00	820.95	1,810.95
13	81	American Operations	171	13.00	2,223.00	1,559.81	3,782.81
13	82	Unaccompanied Minors	290	13.00	3,770.00	2,645.29	6,415.29
13	83	American Passage	136	11.00	1,496.00	1,240.65	2,736.65
13	85	American Conveyor Chnl.	83	11.00	913.00	757.10	1,670.10
13	86	American Lobby	609	11.00	6,699.00	5,555.12	12,254.12
13	87	American Dumbwaiter	16	11.00	176.00	146.95	321.95
13	90	American Vestibule	163	11.00	1,793.00	1,486.84	3,279.84
13	91	American Storage	64	11.00	704.00	583.79	1,287.79
13	92	American Dumbwaiter	19	11.00	209.00	173.31	382.31
13	93	American Vestibule	196	11.00	2,156.00	1,787.85	3,943.85
13	94	American Check-In	264	13.00	3,432.00	2,408.13	5,840.13
17	06	American Storage	27	11.00	297.00	246.29	543.29
Subtotals			75,872		1,030,390.00	692,001.62	1,722,471.62

3. Baggage Channels and Baggage Ramps. (Pre-1984)

01	02	Abandoned Conveyor Chnl. (M&O @ \$2.00psqft)	1,283	5.00	6,415.00	2,586.00	8,981.00
Subtotals			1,283		6,415.00	2,586.00	8,981.00

LOS ANGELES WORLD AIRPORTS
First Amendment to Lease No. LAA-4687
American Airlines

Exhibit B

M&O Rent	\$	9.1217
Custodial Surcharge	\$	14.1193

Sheet No.	Space No.	Description	Square Feet	Space Rent per Sq Ft	Space Rent	M&O Rent	Total Annual Rent
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LOS ANGELES WORLD AIRPORTS
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Exhibit B

M&O Rent \$ 9.1217
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Sheet No.	Space No.	Description	Square Feet	Space Rent per Sq Ft	Space Rent	M&O Rent	Total Annual Rent
4. Ground Level (East Ticketing - Pre-1984)							
02	01	American Office	708	13.00	9,204.00	6,459.16	16,662.16
02	02A	Baggage Claim	12,775	11.00	140,525.00	116,529.72	257,054.72
02	02	Custodial Surcharge				180,374.06	180,374.06
02	09	American Computer	166	11.00	1,826.00	1,514.20	3,340.20
02	45	American Storage/Office	952	13.00	12,376.00	8,683.86	21,059.86
02	67	American Office	375	13.00	4,875.00	3,420.64	8,295.64
02	71	American Office	419	13.00	5,447.00	3,621.98	9,268.98
02	78	American Recheck	516	13.00	6,708.00	4,706.80	11,414.80
Subtotals			15,911		180,981.00	325,509.43	506,470.43
Category I Space Monthly Rental							\$ 228,330.35

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Sheet No.	Space No.	Description	Square Feet	Space Rent per Sq' Ft	Space Rent	M&O Rent	Total Annual Rent
B. Category II Space and Facilities. (Operations and Public Levels Connector - Post 1984)							
08	01	American Baggage	618	-	-	5,646.33	5,646.33
08	08	CTX Baggage Check	2,134	-	-	-	-
08	13	American Restroom	65	-	-	592.91	592.91
08	20	American Restroom	78	-	-	711.49	711.49
08	21	American Baggage	33,687	-	-	307,282.71	307,282.71
08	22	American Mice. Shop	980	-	-	9,030.48	9,030.48
08	23	American Mice. Shop	393	-	-	3,584.83	3,584.83
08	26	American Dumbwaiter	20	-	-	182.43	182.43
08	29	American Electrical Room	618	-	-	5,646.33	5,646.33
08	31	American Expeditors	416	-	-	3,794.83	3,794.83
08	32	American T.I. Room	111	-	-	1,012.51	1,012.51
08	33	American Inbound Breakroom	346	-	-	3,156.11	3,156.11
08	34	American Crew Chief	79	-	-	720.61	720.61
12	18	American Lobby	910	-	-	8,300.75	8,300.75
12	19	American Holdroom	3,699	-	-	33,741.17	33,741.17
12	20	American Dumbwaiter	19	-	-	173.31	173.31
12	21	American Mech. Room	113	-	-	1,030.75	1,030.75
12	22	American Elevators	94	-	-	857.44	857.44
12	23	American Holdroom	3,729	-	-	34,014.82	34,014.82
12	24	American Stairs	133	-	-	1,213.19	1,213.19
12	25	American Holdroom	2,754	15.00	41,310.00	25,121.16	66,431.16
12	31	American Office	244	-	-	2,225.69	2,225.69
12	36	American Holdroom	207	15.00	3,105.00	1,888.19	4,993.19
12	38	American Holdroom	944	-	-	8,610.88	8,610.88
12	41	American Electric	100	-	-	912.17	912.17
12	62	American Dumbwaiter	20	-	-	182.43	182.43
12	69	American Conveyor	81	-	-	738.86	738.86
12	66	American Conveyor	81	-	-	738.86	738.86
12	71	American Holdroom	5,239	-	-	47,779.46	47,779.46
12	75	American Encoding	1,482	-	-	13,518.36	13,518.36
Subtotals			59,405		44,415.00	522,408.88	586,823.88

Category II Space Monthly Rental

\$ 47,235.32

LOS ANGELES WORLD AIRPORTS
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M&O Rent \$ 9.1217
Custodial Surcharge \$ 14.1193

Sheet No.	Space No.	Description	Square Feet	Space Rent per Sq Ft	Space Rent	M&O Rent	Total Annual Rent
C. Category III. Satellite Building No. 4 Connector Ground Area (Post 1984)							
05	08	American Office	597	13.00	7,761.00	5,445.66	13,206.66
05	25	American Storage	487	11.00	5,357.00	4,442.27	9,799.27
05	26	American Training	1,666	13.00	20,368.00	14,284.50	34,642.50
05	30	American Storage	1,422	11.00	15,642.00	12,971.06	28,613.06
Subtotals			4,072		48,118.00	37,143.56	85,261.56

Category III Space Monthly Rental

\$ 7,188.46

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Custodial Surcharge \$ 14.1193

Sheet No.	Space No.	Description	Square Feet	Space Rent per Sq Ft	Space Rent	M&O Rent	Total Annual Rent
D. Category IV. (Spaces and Facilities - Post 1984)							
06	01	American Baggage	11,659	-	-	108,174.24	108,174.24
06	04	American Ticket Counter	2,719	0.52	1,413.88	24,801.90	26,215.78
06	43	Skycap Office	339	0.52	178.28	3,092.26	3,288.54
06	44	American Storage	322	0.52	167.44	2,937.19	3,104.63
06	46	American Storage	46	0.52	23.92	418.60	443.52
06	47	American Storage	43	0.52	22.36	392.23	414.59
06	49	American Conveyor Chnl.	172	0.52	89.44	1,558.93	1,658.37
06	50	American Ticket Counter	227	0.52	118.04	2,070.63	2,188.67
06	62	American Baggage	4,306	-	-	39,278.04	39,278.04
06	63	American CTK	757	-	-	-	-
06	64	American Storage	122	0.52	63.44	1,112.86	1,176.29
06	65	American Storage	473	0.52	245.96	4,314.56	4,600.52
06	69	American Bag. Conveyor	2,851	0.52	1,482.52	28,005.97	27,483.49
06	75	American FIDS	63	0.52	32.78	574.67	607.43
06	76	American Storage	117	0.52	60.84	1,067.24	1,128.08
07	01	American Baggage	7,969	0.52	4,143.36	72,681.71	78,825.07
07	02	American Ticket Counter	2,192	0.52	1,139.84	19,984.77	21,134.61
07	13	American Storage	144	0.52	74.88	1,313.62	1,388.40
07	15	American Electrical	87	0.52	45.24	793.59	838.83
07	27	Commuters	254	0.52	132.08	2,316.91	2,448.99
07	29	American Vestibule	79	0.52	41.08	720.61	761.69
07	31	American Electrical	80	0.52	41.60	729.74	771.34
07	32	Bus Port	2,450	0.52	1,274.00	22,348.17	23,622.17
Subtotals			37,670		10,788.96	336,709.31	347,498.27

Category IV Space Monthly Rental

\$ 28,958.19

LOS ANGELES WORLD AIRPORTS
First Amendment to Lease No. LAA-4687
American Airlines

Exhibit B

M&O Rent \$ 9,1217
 Custodial Surcharge \$ 14,1193

Sheet No.	Space No.	Description	Square Feet	Space Rent		M&O Rent	Total Annual Rent
				per Sq Ft	Space Rent		

E. Category V Airspace. (Airspace -- Public Pedestrian Overcrossing -- Post 1984)

11	24	Bridge	3,142	-	-	-	1.00
		Subtotals	3,142	-	-	-	1.00

Category V Space Annual Rental

\$ 1.00

LOS ANGELES WORLD AIRPORTS
First Amendment to Lease No. LAA-4687
American Airlines

Exhibit B

M&O Rent \$ 9.1217
 Custodial Surcharge \$ 14.1193

Sheet No.	Space No.	Description	Square Feet	Space Rent per Sq Ft	Space Rent	M&O Rent	Total Annual Rent
F. Category VI (2001 Facilities), FIS and Government Spaces							
1. FIS and Government Spaces							
02	74	Customs Offices	2,394	13.00	31,122.00	21,837.35	52,959.35
02	76	USDA Offices	973	2.296	2,234.01	8,875.41	11,109.42
03	21	International Baggage Claim	15,406	2.296	35,372.18	140,528.91	175,901.09
03	22	Public Corridor	2,659	2.296	6,106.06	24,254.60	30,360.66
03	23	USDA Offices	2,083	2.296	4,736.65	18,818.07	23,554.72
03	24	Public Lobby	8,380	2.296	19,258.85	76,512.82	95,771.67
03	33	FIS Elevator	63	2.296	144.85	574.67	719.52
03	37	INS Offices	4,906	13.00	63,778.00	44,751.06	108,529.06
03	40	Public Restrooms	1,108	11.00	12,188.00	10,106.84	22,294.84
03	41	USPHS Offices	910	13.00	11,834.00	8,373.72	20,207.72
03	45	Shared Facilities	1,208	13.00	15,704.00	11,019.01	26,723.01
03	46	Public Corridor	4,154	11.00	45,694.00	37,881.54	83,575.54
03	47	FIS Inspection Area	6,812	2.296	15,640.35	62,137.02	77,777.37
03	48	RCC	384	2.296	885.74	3,320.30	4,156.04
03	49	Moving Sidewalk	1,420	2.296	3,260.32	12,952.81	16,213.13
03	50	INS Primary Booths	2,680	2.296	6,153.28	24,446.16	30,599.44
04	01	Public Corridor	3,162	2.296	7,236.99	28,751.60	35,988.59
04	02	LAWA Moving Sidewalk	598	2.296	1,373.01	5,454.78	6,827.78
04	03	Corridor to TBIT	4,040	2.296	9,275.84	36,881.67	46,157.51
05	22	In-Transit Lounge Offices	205	2.296	470.68	1,869.95	2,340.63
05	23	In-Transit Lounge	3,085	2.296	7,083.16	28,140.44	35,223.60
05	34	USFWS Storage	292	11.00	3,212.00	2,663.54	5,875.54
05	37	In-Transit Corridor	595	2.296	1,366.12	5,427.41	6,793.53
08	10	FIS Stairs and Escalators	1,237	2.296	2,840.16	11,283.54	14,123.69
12	73	Sterile Corridor	2,973	2.296	6,826.01	27,118.81	33,944.82
Subtotals			71,693		313,845.05	663,962.04	987,807.09

2. Lounge and Miscellaneous Spaces

02	028	Baggage Claim	14,973	2.296	34,376.01	136,579.21	170,955.22
02	47	American Office	297	2.296	681.91	2,709.14	3,391.05
02	48	American Office	593	2.296	1,361.53	5,409.17	6,770.70
02	49	American Office	516	2.296	1,184.74	4,706.80	5,891.53
02	50	American Office	149	2.296	342.10	1,359.13	1,701.24
02	51	American Office	198	2.296	454.61	1,806.10	2,260.70
06	43	American Office	161	2.296	369.66	1,468.59	1,838.25
16	04	American Conn Closet	96	-	-	875.68	875.68
16	05	American Electrical Room	115	-	-	1,049.00	1,049.00
16	08	American Lounge	23,974	-	-	218,683.64	218,683.64
16	11	American Electrical Room	230	-	-	2,097.99	2,097.99
16	16	American Offices	1,127	-	-	10,280.16	10,280.16
17	24	Flight	8,577	13.00	111,501.00	78,236.82	189,737.82
17	25	Platinum Services	3,094	13.00	40,222.00	28,222.54	68,444.54
18	01	American Gate Control	2,221	0.52	1,154.92	20,258.30	21,413.22
Subtotals			58,321		191,650.47	513,743.27	705,393.74

Category VI Space Monthly Rental

\$ 139,433.40

LOS ANGELES WORLD AIRPORTS
 First Amendment to Lease No. LAA-4687
 American Airlines

Exhibit B

M&O Rent \$ 9.1217
 Custodial Surcharge \$ 14.1193

Sheet No.	Space No.	Description	Square Feet	Space Rent per Sq Ft	Space Rent	M&O Rent	Total Annual Rent
		Footprint - 94,500 sq ft		2.286	216,972.00	-	216,972.00
		Footprint Monthly Rental					\$ 18,081.00

LOS ANGELES WORLD AIRPORTS
 First Amendment to Lease No. LAA-4687
 American Airlines

Exhibit B

M&O Rent	\$	9.1217
Custodial Surcharge	\$	14.1193

Sheet No.	Space No.	Description	Square Feet	Space Rent per Sq Ft	Space Rent	M&O Rent	Total Annual Rent
GRAND TOTALS			973,705		\$ 2,069,690.20	\$ 3,525,030.60	\$ 5,594,721.80
Monthly Rentals							\$ 466,226.82

Exhibit C**Buyback Principal Amount Calculation
(Preliminary) (1)**

Period	Buyback(2)
October 1, 2001 - September 30, 2002	\$240,000,000
October 1, 2002 - September 30, 2003	237,221,414
October 1, 2003 - September 30, 2004	234,262,220
October 1, 2004 - September 30, 2005	231,110,678
October 1, 2005 - September 30, 2006	227,754,286
October 1, 2006 - September 30, 2007	224,179,728
October 1, 2007 - September 30, 2008	220,372,824
October 1, 2008 - September 30, 2009	216,318,472
October 1, 2009 - September 30, 2010	212,000,686
October 1, 2010 - September 30, 2011	207,402,038
October 1, 2011 - September 30, 2012	202,504,686
October 1, 2012 - September 30, 2013	197,288,796
October 1, 2013 - September 30, 2014	191,733,982
October 1, 2014 - September 30, 2015	185,818,106
October 1, 2015 - September 30, 2016	179,517,695
October 1, 2016 - September 30, 2017	172,807,759
October 1, 2017 - September 30, 2018	165,681,678
October 1, 2018 - September 30, 2019	158,051,101
October 1, 2019 - September 30, 2020	149,945,836
October 1, 2020 - September 30, 2021	141,313,729
October 1, 2021 - September 30, 2022	132,120,535
October 1, 2022 - September 30, 2023	122,329,784
October 1, 2023 - September 30, 2024	111,902,634
October 1, 2024 - December 4, 2024	100,797,719

(1) The schedule is preliminary. Final schedule(s) will be provided after the issuance of the Bonds. After the bonds have been issued, a new Exhibit C-1 shall be prepared and substituted for Exhibit C. In accordance with Section 10 of the First Amendment, other than as described herein, Exhibit C-1 shall reflect the actual principal and interest rates on the Bonds with the amortization of principal to be based on a methodology to achieve substantially level debt service.

(2) Does not include accrued interest or redemption premium, if any.

Exhibit "C-2"

Relet Obligation Payments

Lessee shall pay the City an amount, in addition to the rentals payable under the Lease, in consideration for the City's Relet Obligation as described in Section 9. The parties hereby agree that the amount to be paid shall be calculated as set forth below:

Initial Fee \$50,000.00

To compensate the City for establishment of, and stipulating to a Relet Obligation during the term of the Lease.

Annual Fee \$5,000.00

To reimburse City for costs related to on-going monitoring, compliance, and reporting requirements for the City's Relet Obligation.

CA:\WORDDOCS\RELET\EXHIBIT

EXHIBIT D
MAINTENANCE AND REPAIR
Terminal 4 - LAA-4687

	All Areas	Lessee Premises	Public Space	Building Exterior
EQUIPMENT				
Gate jetways, 400 Hz aircraft power, pre-conditioned air, potable water	Na	na	na	Lessee
Bag belt systems	Lessee	na	na	na
Baggage carousels	Lessee	na	na	na
Interline bag belt systems and carousels	Lessee	na	na	na
Flight information displays	Lessee	na	na	na
Ticket counters, FIS' counters	Lessee	na	na	na
Signage	na	Lessee	Lessee	City

SYSTEMS				
Fire sprinkler and fire-life-safety systems	City	na	na	na
Master electrical panel and main electrical equipment	City	na	na	na
Electrical equipment, sub-panels, and distribution	na	Lessee	City	Lessee
Light bulbs, fixtures, and components—general illumination	na	City	City	City
Light bulbs, fixtures, and components—accent and specialized illumination	na	Lessee	City	City
Telephone and data lines	na	City	na	na
Telecommunications conduits serving two or more prime tenants/prime users	City	na	na	na
Shared water and sewer systems	City	na	na	na
Single user water and sewer system from main, meter, or shared system to and including premises	na	City	City	City
HVAC systems connected to LAWA provided chilled/hot water	City	na	na	na
HVAC stand alone systems	Lessee	na	na	na

PAVEMENT				
Scheduled ramp sweeping, scrubbing	na	na	na	Lessee
Spill removal	na	na	na	Lessee

EXHIBIT D
MAINTENANCE AND REPAIR
Terminal 4 - LAA-4687

Surface markings, including lead-in lines, nose wheel, aircraft safety envelope, and equipment staging	na	na	na	Lessee
Ramp paved surfaces	na	na	na	City
Guardrails protecting City property	na	na	na	City
Rampside dumpster and trash removal	Lessee	na	na	na

STRUCTURAL				
Building exterior and roof, incl glass	City	na	na	na
Entrance doors to Premises, incl. Locks	na	Lessee	Lessee	City
Interior partitions, doors, windows, finishes, furnishings, treatments	na	Lessee	City	na

JANITORIAL	na	Lessee	City	City (window cleaning only)
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ART and LANDSCAPING installed by Lessee	Lessee	na	na	na
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City responsibilities are limited to activities designated on this exhibit.
 Lessee responsibilities are not limited to activities designated on this exhibit.

EXHIBIT E-1

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 such grant programs are established.

Experience indicates that procurement by contract of services has all too often resulted in 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 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 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 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

EXHIBIT E -1

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) "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.

(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 ("CRA"). The CRA is urged, however, to adopt a policy similar to that set forth in this article.

(c) "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. §§ 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 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 shall forward such application and its recommended action on it to the City Council. Waivers shall be effected by Council resolution.

(d) "Contractor" means any person that enters into (1) a service contract with the City, (2) a service contract with a public lessee or sublessee or licensee 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 (f).

(e) "Designated administrative agency (DAA)" means that City department or office designated by Council resolution to bear administrative responsibilities under section 10.37.7. The City Clerk shall maintain a record of such designations.

(f) "Employee" means any person -- who is not a managerial, supervisory, or confidential employee and who is not required to possess an occupational

EXHIBIT E-1

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; (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.

(g) "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.

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

(i) "Public lease or license."

(a) Except as provided in (i)(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:

(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:

(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 (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;

EXHIBIT E-1

(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.

(j) "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.

(k) "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 public 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 (f).

(l) "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

*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.
Amended by: Subsec. (a), (d), (f), (g), (l), (k), Ord. No. 173747, Eff. 1-03-01.*

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 hour. With the annual adjustment effective July 1, 1998, such rates were adjusted to seven dollars and thirty-nine cents (\$7.39) per hour with health benefits and eight dollars and sixty-four cents (\$8.64) without. Such rates shall continue to 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

*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.
Amended by: Subsec. (a), Ord. No. 173747, Eff. 1-03-01.*

Sec. 10.37.3 Health Benefits.

Health benefits required by this article shall consist of the payment of at least one dollar and twenty-five cents (\$1.25) per hour 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 10.37.2(a) for employees with health benefits.

EXHIBIT E -1

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. 10.37.4 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.

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.

EXHIBIT E -1

(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 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

*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.
Amended by: Subsec. (d)(1), Ord. No. 173747, Eff. 1-03-01.*

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 § 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 Chief Administrative Officer 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

*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.
Amended by: Ord. No. 173747, Eff. 1-03-01.*

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 § 387 shall not be applicable to service contracts.

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 E -1

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

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

SECTION HISTORY

*Article and Section Added by Ord. No. 111,547, 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, proprietary 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, proprietary 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.

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.
Added Subsec. (c), Ord. No. 173747, Eff. 1-03-01.*

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 E -1

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

*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.
Amended by: Ord. No. 173747, Eff. 1-03-01.*

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 E-2
DEPARTMENTAL DETERMINATION OF COVERAGE
UNDER THE LIVING WAGE ORDINANCE

This form must be completed by the department and attached to the proposed contract, lease, license, or Authority for Expenditure that includes a Letter of Agreement, in the review process (e.g. CAO Budget Analyst, City Attorney, etc.). If the contract/agreement is "subject" to the LWO, a signed Declaration of Compliance must also be attached; or, if the contract/agreement is "not covered" or "exempt," an Exemption form approved by the CAO. Upon contract execution, these documents must be provided to the CAO, Living Wage Section and the City Controller (see exceptions below). Payment to the contractor will not be processed unless the required documents are on file.

Department LAXIA Dept. Rep. GEORGETA BOSTEAN
 Date 9-25-01 Phone 310-646-3284 X2580
 Contractor AMERICAN AIRLINES Contract # LAA-4687

This is a: New Contract ☐ Renewal Contract ☐ Amended Contract ☒ Successor Contract ☐ Other(explain) ☐

If this is a Successor Contract, with employees paid less than \$15 per hour, did the department comply with the Service Contract Worker Retention Ordinance? Yes ☐ No ☐

Contracts, Leases and Licenses Subject to the Living Wage Ordinance

	<u>LAAC</u>	<u>Covered</u>	<u>Not Covered</u>
Service contract (at least 3 months and over \$25,000)	10.37.1(j)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Proprietary leases or licenses	10.37.1(i)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other leases or licenses	10.37.1(i)	<input type="checkbox"/>	<input type="checkbox"/>
City financial assistance recipient (see below)	10.37.1(c)	<input type="checkbox"/>	<input type="checkbox"/>
Child care workers with non-profit organization	10.37.1(g)	<input type="checkbox"/>	<input type="checkbox"/>
Non-profit organization under IRS 501(c)(3) w/ chief executive officer salary greater than 8 times lowest paid worker	10.37.1(g)	<input type="checkbox"/>	<input type="checkbox"/>
Business Improvement Districts (BIDs), City or grant funds	Reg. 11	<input type="checkbox"/>	<input type="checkbox"/>

Contracts, Leases and Licenses Exempt from the Living Wage Ordinance

An Awarding Authority or Bidder Request for Non-Coverage or Exemption must be attached to all of the following contracts, leases, licenses or AFE's that the Awarding Department has determined to be exempt from coverage:

		<u>Exempt</u>	<u>Term</u>	<u>Amount</u>
Service contract (less than 3 months or \$25,000 or less)	10.37.1(j)	<input checked="" type="checkbox"/>		
Other governmental entity	10.37.1(g)	<input checked="" type="checkbox"/>		
Purchase or rental of goods, equipment, property	10.37.1(j)	<input checked="" type="checkbox"/>		
Construction contract	10.37.1(j)	<input checked="" type="checkbox"/>		
Occupational license required	10.37.1(f)	<input type="checkbox"/>		
Collective bargaining agreement w/ LWO supersession language	10.37.12	<input type="checkbox"/>		
Financial assistance recipient	10.37.1(c)	<input type="checkbox"/>		
Below \$1,000,000 in 12 months		<input type="checkbox"/>		
At least \$100,000 assistance/year (non-continuing)		<input type="checkbox"/>		
First year of operation		<input type="checkbox"/>		
Other than economic development or job growth		<input type="checkbox"/>		
Economic hardship		<input type="checkbox"/>		
(only applicable to employers of long-term unemployed, or provide training for preparation for permanent employment; requires Council approval)		<input type="checkbox"/>		
Non-profit organization under IRS 501(c)(3) w/ chief executive officer salary less than 8 times lowest paid worker	10.37.1(g)	<input type="checkbox"/>		
Proprietary lessee or licensee w/ less than \$200,000 gross revenue and no more than 7 employees	10.37.1(i)	<input type="checkbox"/>		
One person contractors, lessee, licensee, financial assistance recipient with no workers	10.37.1(f)	<input type="checkbox"/>		
Business Improvement Districts (BIDs), assessment monies	Reg. 11	<input type="checkbox"/>		

* Complete Exemption Form.

✧ No Exemption Form is required.

✧ This Form Does NOT need to be completed for these contracts.

EXHIBIT B-2

EXHIBIT E-3**CITY OF LOS ANGELES**

Office of Administrative and Research Services
Contractor Enforcement Section
200 North Main Street, Room 606
Los Angeles, CA 90012
Phone: (213) 485-3514 -- Fax: (213) 485-0672

DECLARATION OF COMPLIANCE**Service Contract Worker Retention Ordinance and the Living Wage Ordinance**

Los Angeles Administrative Code (LAAC) Sections 10.36 et seq. and 10.37 et seq. provide that all employers (except where specifically exempted) under contracts primarily for the furnishing of services to or for the City and that involve an expenditure in excess of \$25,000 and a contract term of at least three months; leases; licenses; or, certain recipients of City financial assistance, shall comply with all applicable provisions of the Ordinances.

During the performance of this agreement, the contractor, lessee, licensee, or City financial assistance recipient certifies that it shall comply and require each subcontractor hereunder to comply with the provisions of the above referenced Ordinances. The contractor shall provide to the City a list of all subcontractors and a list of all employees under the agreement (including employees of subcontractors) within 10 days after execution. The list of employees shall include the name, position classifications and rate of pay for each employee. An updated list shall be submitted upon demand and upon termination of the contract. A completed Declaration of Compliance from each subcontractor subject to the Living Wage Ordinance must be provided to the Office of Administrative and Research Services within 90 days of execution of the subcontract. In case of a successor service contract, a successor contractor shall retain for a 90-day transition employment period, employees who have been employed by the terminated contractor or its subcontractor, if any, for the preceding 12 months or longer, pursuant to Section 10.36.2.

The contractor, lessee, licensee, or City financial assistance recipient further agrees:

- (a) To pay covered employees a wage no less than the minimum initial compensation of \$7.99 per hour (adjusted July 1, 2001) with health benefits, as referred to in (c) below, or otherwise \$9.24 per hour (adjusted July 1, 2001), pursuant to Section 10.37.2(a). Such rates shall be adjusted annually and shall become effective July 1.
- (b) To provide at least 12 compensated days off per year for sick leave, vacation or personal necessity at the employee's request, and at least 10 additional days per year of uncompensated time off pursuant to Section 10.37.2(b) and Regulation 4(e)(3);
- (c) Where so elected under (a) above, to pay at least \$1.25 per hour per employee toward the provision of health benefits for the employees and their dependents pursuant to Section 10.37.3;
- (d) To inform employees making less than \$12 per hour of their possible right to the federal Earned Income Tax Credit (EITC) and make available the forms required to secure advance EITC payments from the employer pursuant to Section 10.37.4;
- (e) To 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; and,
- (f) Not to retaliate against any employee claiming non-compliance with the provisions of these Ordinances and to comply with federal law prohibiting retaliation for union organizing.

Failure to complete and submit this form to the Awarding Authority and to the Office of Administrative and Research Services may result in withholding of payments by the City Controller, or contract termination.

Check box only if applicable: ☐ I certify under penalty of perjury that I do not have any employees earning less than \$15 per hour working on this City agreement.

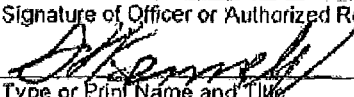
Company Name American Airlines, Inc.		Signature of Officer or Authorized Representative 	
Company Address and Phone Number P.O. Box 619616, M.D. 5317, DFW Airport, TX 75261-9616 817 967-1322		Type or Print Name and Title J. Kenneth	
Date 10/29/01	Contract Number LAA-4687	Awarding City Department EXHIBIT B-2	Type of Service

EXHIBIT F

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, EIT 5-18-96.

EXHIBIT G

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. 166,516, 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.

EXHIBIT H

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 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. 4-26-75; 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. 3-22-00; Subsec. F, Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00.

EXHIBIT I -1

LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 1

CHILD SUPPORT

Sec. 10.10. Child Support Assignment Orders.

a. Definitions.

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

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

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

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

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

b. Mandatory Contract Provisions.

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

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

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

c. Notice to Bidders.

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

d. Current Contractor Compliance.

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

e. City's Compliance with California Family Code.

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

f. Report of Employees' Names to District Attorney.

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

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

SECTION HISTORY

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

EXHIBIT I-2

City of Los Angeles

CERTIFICATION OF COMPLIANCE WITH CHILD SUPPORT OBLIGATIONS

This Document must be returned with the Contract/Lease/Agreement

The undersigned hereby agrees that American Airlines, Inc. will:
(Name of Business)

1. Fully comply with all applicable State and Federal reporting requirements for its employees.
2. Fully comply with and implement all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment.
3. Certify that the principal owner(s) of the business are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally.
4. Certify that the business will maintain such compliance throughout the term of the contract.
5. This certification is a material representation of fact upon which reliance was placed when the parties entered into this transaction.
6. The undersigned shall require that the language of this Certification be included in all subcontracts and that all subcontractors shall certify and disclose accordingly.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 29th
day of October, 2001 at Fort Worth Texas
City/County State

American Airlines, Inc. P.O. Box 619616, MD 5317, DFW Airport, TX
Name of Business Address 75261-9616

Gary F. Kennedy Gary F. Kennedy
Signature of Authorized Representative Print Name
Vice President - Corporate Real Estate 817-967-1322
Title Telephone Number

DEPARTMENT OF AIRPORTS
Terminal 4
American Airlines - LAA 4687
Effective 1-1-97

M&O Service Charge sq. ft. \$6.6169
Custodial Surcharge per sq. ft. \$12.2762

TICKETING 4

Basement Level (Sheet 1)

	Sq. Ft.	Space Rent Per Sq. Ft.	Space Rent	M&O Rent	Amount
Conveyor Channel (01)	8,817	\$11.0000	\$74,987.00	\$45,107.41	\$120,094.41

First Level East (Sheet 2)

Office (01, 09, 10, 11, 12)	1,298	13.0000	16,874.00	8,588.74	25,462.74
Baggage Claim - 50% (02, 37)	8,931	11.0000	98,241.00	59,095.53	157,336.53
Custodial Surcharge				109,656.60	109,656.60
Storage (20, 21)	476	11.0000	5,236.00	3,149.64	8,385.64

First Level West (Sheet 3)

Baggage Claim - 50% (01)	1,977	11.0000	21,747.00	13,081.61	34,828.61
Custodial Surcharge				24,274.00	24,274.00
Lost & Found (02)	120	11.0000	1,320.00	794.03	2,114.03
Parcel (05)	846	11.0000	9,306.00	5,597.90	14,903.90

Second Level East (Sheet 4)

Baggage (01)	13,935	0.0000	0.00	92,206.50	92,206.50
Office (03, 13, 31, 32, 35)	6,798	0.5200	3,534.96	44,981.69	48,516.65
Ticket Counter (04)	2,506	0.5200	1,303.12	16,581.95	17,885.07
Corridor (07, 30, 34)	2,229	0.5200	1,159.08	14,749.07	15,908.16
Storage (16, 42)	369	0.5200	191.88	2,441.64	2,633.52
Conveyor Channel (26)	1,425	0.5200	741.00	9,429.08	10,170.08
Elevator Mech (27)	94	0.5200	48.88	621.99	670.87
Elevator (29)	68	0.5200	35.36	449.95	485.31
Stairs (28, 33, 39, 41)	416	0.5200	216.32	2,752.63	2,968.95
Rest Rooms (36, 37)	307	0.5200	159.64	2,031.39	2,191.03

Second Level West (Sheet 5)

Baggage (01)	4,980	0.0000	0.00	32,952.16	32,952.16
Elevator (02, 15, 21)	200	0.5200	104.00	1,323.36	1,427.36
Mechanical (07)	638	0.5200	331.76	4,221.58	4,553.34
Office (03, 04, 11, 12)	11,871	0.5200	6,172.92	78,549.22	84,722.14
Corridor (05, 06, 14, 17, 20, 23)	2,145	0.5200	1,115.40	14,183.25	15,308.65
Rest Rooms (08, 09)	698	0.5200	362.96	4,618.60	4,981.56
Communications (10)	39	0.5200	20.28	258.06	278.34
Tram Stop (13)	315	0.0000	0.00	2,084.32	2,084.32
Stairs (18, 25)	49	0.5200	25.48	324.23	349.71
Ramp Control (19)	1,015	0.0000	0.00	6,716.15	6,716.15
Storage (22)	35	0.5200	18.20	231.59	249.79

Mezzanine Level (Sheet 6)

Conveyor Channel (18, 21, 23)	1,149	0.0000	0.00	7,602.82	7,602.82
Baggage Check (25)	118	0.0000	0.00	780.79	780.79

CONNECTOR 4

Operations Level (Sheet 8)



DEPARTMENT OF AIRPORTS
Terminal 4
American Airlines - LAA 4687
Effective 1-1-97

M&O Service Charge per sq. ft. \$6.6169
Custodial Surcharge per sq. ft. \$12.2782

	<i>Sq. Ft.</i>	<i>Space Rent Per Sq. Ft.</i>	<i>Space Rent</i>	<i>M&O Rent</i>	<i>Amount</i>
Baggage (01, 04, 21)	27,980	0.0000	0.00	185,140.86	185,140.86
Office (03, 19)	1,315	0.0000	0.00	8,701.22	8,701.22
Stair (05)	348	0.0000	0.00	2,302.68	2,302.68
Storage (08, 10, 20, 22, 25)	655	0.0000	0.00	4,334.07	4,334.07

Public Level (Sheet 9)

Holdroom (08, 19, 23)	10,864	0.0000	0.00	72,018.34	72,018.34
Holdroom (25, 26)	2,462	15.0000	36,930.00	16,290.81	53,220.81
Lounge (20)	710	0.0000	0.00	4,698.00	4,698.00
Office (09, 10, 21, 22)	1,878	0.0000	0.00	12,426.54	12,426.54
Boarding Gate (24)	556	0.0000	0.00	3,679.00	3,679.00
Corridor (28)	59	0.0000	0.00	390.40	390.40
Canopy (29)	804	0.0000	0.00	5,319.99	5,319.99

SATELLITE 4

Channel Level (Sheet 10)

Stair (20)	120	11.0000	1,320.00	794.03	2,114.03
Conveyor Channel (21)	542	11.0000	5,962.00	3,586.36	9,548.36
Lookers (22, 23)	4,818	11.0000	52,998.00	31,880.22	84,878.22
Corridor (24)	821	11.0000	9,031.00	5,432.47	14,463.47
Baggage Conveyors (25, 27, 28, 29)	2,149	11.0000	23,639.00	14,219.72	37,858.72

Operations Level (Sheet 11)

Storage (01, 05, 22, 30, 37, 55, 64)	3,872	11.0000	42,592.00	25,620.64	68,212.64
Lookers (02, 13, 14)	634	11.0000	6,974.00	4,195.11	11,169.11
Operations (03, 04, 06, 10, 12, 36, 54, 58, 59, 60)	9,459	13.0000	122,967.00	62,589.26	185,556.26
Stair (07)	177	11.0000	1,947.00	1,171.19	3,118.19
Corridor (11)	46	11.0000	506.00	304.38	810.38
Office (20, 21, 27, 28, 29, 50, 51, 52)	13,353	13.0000	173,589.00	88,355.47	261,944.47
Cafeteria (24)	528	13.0000	6,864.00	3,493.72	10,357.72
Telephone (49)	366	13.0000	4,758.00	2,421.79	7,179.79
Mechanical (09)	296	11.0000	3,256.00	1,958.60	5,214.60
Mall (53)	197	13.0000	2,561.00	1,303.53	3,864.53
Communications (61, 62, 63)	127	11.0000	1,397.00	840.35	2,237.35
Baggage Area (08)	3,554	11.0000	39,094.00	23,516.46	62,610.46

Public Level (Sheet 12)

Holdroom (01, 03, 08, 32, 41)	33,407	15.0000	501,105.00	221,050.78	722,155.78
Conveyor Channel (04, 06, 34, 35, 38, 39, 43)	566	11.0000	6,226.00	3,745.17	9,971.17
Boarding Gate (05, 07, 33, 46, 50, 52)	4,007	11.0000	44,077.00	26,513.92	70,590.92
Storage (13, 48, 49)	429	11.0000	4,719.00	2,838.65	7,557.65
Office (36)	35	13.0000	455.00	231.59	686.59

Mezzanine Level (Sheet 13)

Storage (06)	20	11.0000	220.00	132.34	352.34
Lounge (11)	12,019	13.0000	156,247.00	79,528.52	235,775.52

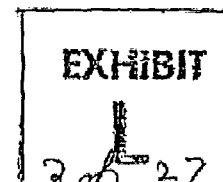
Subtotal - Annual Space and M&O Rental	<u>211,057</u>	<u>1,492,686.24</u>	<u>1,530,473.67</u>	<u>3,023,159.91</u>
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DEPARTMENT OF AIRPORTS
Terminal 4
American Airlines - LAA 4687
Effective 1-1-97

M&O Service Charge . . sq. ft. \$6.6169
Custodial Surcharge per sq. ft. \$12.2782

	<i>Sq. Ft.</i>	<i>Space Rent Per Sq. Ft.</i>	<i>Space Rent</i>	<i>M&O Rent</i>	<i>Amount</i>
Footprint (1/2)	94,500	2.2860	216,972.00		216,972.00
TOTAL ANNUAL RENTAL			\$1,709,658.24	\$1,530,473.67	\$3,240,131.91
MONTHLY RENTAL			\$142,471.52	\$127,539.47	\$270,010.99



AMERICAN AIRLINES, INC.
LAA - 4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>TICKETING 4</u>				
<u>Basement Level (Sheet 1)</u>				
Conveyor Channel (01)	Space	<u>11.0000</u>	<u>6817</u> ✓	<u>74,987.00</u>
	M & O	<u>2.5158</u>	<u>6817</u>	<u>17,150.21</u>
<u>First Level East (Sheet 2)</u>				
Office (01, 09, 10, 11, 12)	Space	<u>13.0000</u>	<u>1298</u> ✓	<u>16,874.00</u>
	M & O	<u>6.8563</u>	<u>1298</u>	<u>8,899.48</u>
Baggage Claim (50%)(02, 37)	Space	<u>11.0000</u>	<u>8931</u> ✓	<u>98,241.00</u>
	M & O	<u>17.8501</u>	<u>8931</u>	<u>159,419.24</u>
Storage (20, 21)	Space	<u>11.0000</u>	<u>476</u> ✓	<u>5,236.00</u>
	M & O	<u>1.5645</u>	<u>476</u>	<u>744.70</u>
<u>First Level West (Sheet 3)</u>				
Baggage Claim (01)	Space	<u>11.0000</u>	<u>1977</u> ✓	<u>21,747.00</u>
	M & O	<u>17.8501</u>	<u>1977</u>	<u>35,289.65</u>
Lost & Found (02)	Space	<u>11.0000</u>	<u>120</u> ✓	<u>1,320.00</u>
	M & O	<u>6.8563</u>	<u>120</u>	<u>822.76</u>
Parcel (05)	Space	<u>11.0000</u>	<u>846</u> ✓	<u>9,306.00</u>
	M & O	<u>6.8563</u>	<u>846</u>	<u>5,800.43</u>
<u>Second Level East (Sheet 4)</u>				
Baggage (01)	Space			
	M & O	<u>1.9996</u>	<u>13935</u> ✓	<u>27,864.43</u>
Office (03, 13, 31, 32, 35)	Space	<u>0.5200</u>	<u>6798</u> ✓	<u>3,534.96</u>
	M & O	<u>6.8563</u>	<u>6798</u>	<u>46,609.13</u>
Ticket Counter (04)	Space	<u>0.5200</u>	<u>2506</u> ✓	<u>1,303.12</u>
	M & O	<u>6.8563</u>	<u>2506</u>	<u>17,181.89</u>
Corridor (07, 30, 34)	Space	<u>0.5200</u>	<u>2229</u> ✓	<u>1,159.08</u>
	M & O	<u>6.8563</u>	<u>2229</u>	<u>15,282.69</u>
Storage (16, 42)	Space	<u>0.5200</u>	<u>369</u> ✓	<u>191.88</u>
	M & O	<u>1.5645</u>	<u>369</u>	<u>577.30</u>
Conveyor Channel (26)	Space	<u>0.5200</u>	<u>1425</u> ✓	<u>741.00</u>
	M & O	<u>2.5158</u>	<u>1425</u>	<u>3,585.02</u>
Elevator Mech (27)	Space	<u>0.5200</u>	<u>94</u> ✓	<u>48.88</u>
	M & O	<u>1.6389</u>	<u>94</u>	<u>154.06</u>
Elevator (29)	Space	<u>0.5200</u>	<u>68</u> ✓	<u>35.36</u>
	M & O	<u>1.6389</u>	<u>68</u>	<u>1118.45</u>

EXHIBIT B-2

EXHIBIT

AMERICAN AIRLINES, INC.
LAA - 4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>TICKETING 4 (Continued)</u>				
Stair (28, 33, 39, 41)	Space	0.5200	416 ✓	216.32
	M & O	3.0268	416	1,259.15
Rest Rooms (36, 37)	Space	0.5200	307 ✓	159.64
	M & O	6.8563	307	2,104.88

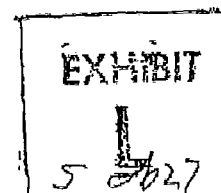
Second Level West (Sheet 5)

Baggage (01)	Space	✓		
	M & O	1.9996	4980 ✓	9,958.01
Elevator (02, 15, 21)	Space	0.5200	200 ✓	104.00
	M & O	1.6389	200	327.78
Mechanical (07)	Space	0.5200	638 ✓	331.76
	M & O	1.6389	638	1,045.62
Office (03, 04, 11, 12)	Space	0.5200	11871 ✓	6,172.92
	M & O	6.8563	11871	81,391.14
Corridor (05, 06, 14, 17, 20, 23)	Space	0.5200	2145 ✓	1,115.40
	M & O	6.8563	2145	14,706.76
Rest Rooms (08, 09)	Space	0.5200	698 ✓	362.96
	M & O	6.8563	698	4,785.70
Communications (10)	Space	0.5200	39 ✓	20.28
	M & O	2.9900	39	116.61
Tram Stop (13)	Space	✓		
	M & O	1.5645	315 ✓	492.82
Stair (18, 25)	Space	0.5200	49 ✓	25.48
	M & O	3.0268	49	148.31
Ramp Control (19)	Space	✓		
	M & O	3.2048	1015 ✓	3,252.87
Storage (22)	Space	0.5200	35 ✓	18.20
	M & O	1.5645	35	54.76

Mezzanine Level (Sheet 6)

Conveyor Channel (18, 21, 23)	Space	✓		
	M & O	2.5158	1149 ✓	2,890.65
Baggage Check (25)	Space	✓		
	M & O	2.1143	118 ✓	249.49

EXHIBIT B-2



AMERICAN AIRLINES, INC.
LAA - 4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>CONNECTOR 4</u>				
<u>Operations Level (Sheet 8)</u>				
Baggage (01, 04, 21)	Space			
	M & O	<u>1.9996</u>	<u>27980</u> ✓	<u>55,948.81</u>
Office (03, 19)	Space			
	M & O	<u>6.8563</u>	<u>1315</u> ✓	<u>9,016.03</u>
Stair (05)	Space			
	M & O	<u>3.0268</u>	<u>348</u> ✓	<u>1,053.33</u>
Storage (08, 10, 20, 22, 25)	Space			
	M & O	<u>1.5645</u>	<u>655</u> ✓	<u>1,024.75</u>

<u>Public Level (Sheet 9)</u>				
Holdroom (08, 19, 23)	Space			
	M & O	<u>7.1519</u>	<u>10884</u> ✓	<u>77,841.28</u>
Holdroom (25, 26)	Space	<u>15.0000</u> ✓	<u>2462</u> ✓	<u>36,930.00</u>
	M & O	<u>7.1519</u>	<u>2462</u>	<u>17,607.98</u>
Lounge (20)	Space			
	M & O	<u>6.8563</u>	<u>710</u> ✓	<u>4,867.97</u>
Office (09, 10, 21, 22)	Space			
	M & O	<u>6.8563</u>	<u>1878</u> ✓	<u>12,876.13</u>
Boarding Gate (24)	Space			
	M & O	<u>3.2048</u>	<u>556</u> ✓	<u>1,781.87</u>
Corridor (28)	Space			
	M & O	<u>6.8563</u>	<u>59</u> ✓	<u>404.52</u>
Canopy (29)	Space			
	M & O	<u>1.5645</u>	<u>804</u> ✓	<u>1,257.86</u>

SATELLITE 4

<u>Channel Level (Sheet 10)</u>				
Stair (20)	Space	<u>11.0000</u> ✓	<u>120</u> ✓	<u>1,320.00</u>
	M & O	<u>3.0268</u>	<u>120</u>	<u>363.22</u>
Conveyor Channel (21)	Space	<u>11.0000</u> ✓	<u>542</u> ✓	<u>5,962.00</u>
	M & O	<u>2.5158</u>	<u>542</u>	<u>1,363.56</u>
Lockers (22, 23)	Space	<u>11.0000</u>	<u>4818</u> ✓	<u>52,998.00</u>
	M & O	<u>3.2052</u>	<u>4818</u>	<u>15,442.65</u>
Corridor (24)	Space	<u>11.0000</u>	<u>821</u> ✓	<u>9,031.00</u>
	M & O	<u>6.8563</u>	<u>821</u> ✓	<u>5,629.02</u>

EXHIBIT B-2

EXHIBIT

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AMERICAN AIRLINES, INC.
LAA - 4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>SATELLITE 4 (Continued)</u>				
Baggage Conveyors (25, 27, 28, 29)	Space	11.0000	2149 ✓	23,639.00
	M & O	1.7848	2149	3,835.54
<u>Operations Level (Sheet 11)</u>				
Storage (01, 05, 22, 30, 37, 55, 64)	Space	11.0000	3872 ✓	42,592.00
	M & O	1.5645	3872	6,057.74
Lockers (02, 13, 14)	Space	11.0000	634 ✓	6,974.00
	M & O	3.2052	634	2,032.10
Operations (03, 04, 06, 10, 12, 36, 54, 58, 59, 60)	Space	13.0000	9459 ✓	122,967.00
	M & O	6.8563	9459	64,853.74
Stair (07)	Space	11.0000	177 ✓	1,947.00
	M & O	3.0268	177	535.74
Corridor (11)	Space	11.0000	46 ✓	506.00
	M & O	6.8563	46	315.39
Office (20, 21, 27, 28, 50, 51, 52)	Space	13.0000	12325 ✓	160,225.00
	M & O	6.8563	12325	84,503.90
Cafeteria (24)	Space	13.0000	528 ✓	6,864.00
	M & O	6.8563	528	3,620.13
Telephone (49)	Space	13.0000	366 ✓	4,758.00
	M & O	1.6389	366	599.84
Mechanical (09)	Space	11.0000	296 ✓	3,256.00
	M & O	1.6389	296	485.11
Mail (53)	Space	13.0000	197 ✓	2,561.00
	M & O	3.2052	197	631.42
Communications (61, 62, 63)	Space	11.0000	127 ✓	1,397.00
	M & O	1.6389	127	208.14
Baggage Area (08, 29)	Space	11.0000	4582 ✓	50,402.00
	M & O	1.9996	4582	9,162.17
<u>Public Level (Sheet 12)</u>				
Holdroom (01, 03, 08, 32, 41)	Space	15.0000	33407 ✓	501,105.00
	M & O	7.1519	33407	238,923.52
Conveyor Channel (04, 06, 34, 35, 38, 39, 43)	Space	11.0000	566 ✓	6,226.00
	M & O	2.5158	566	1,423.94
Boarding Gate (05, 07, 33, 46, 50, 52)	Space	11.0000	4007 ✓	44,077.00
	M & O	3.2048	4007	12,841.63

EXHIBIT B-2

EXHIBIT

AMERICAN AIRLINES, INC.
LAA - 4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>SATELLITE 4 (Continued)</u>				
Storage (13, 48, 49)	Space	<u>11.0000</u>	<u>429</u> ✓	<u>4,719.00</u>
	M & O	<u>1.5645</u>	<u>429</u>	<u>671.17</u>
Office (36)	Space	<u>13.0000</u>	<u>35</u> ✓	<u>455.00</u>
	M & O	<u>6.8563</u>	<u>35</u>	<u>239.97</u>
<u>Mezzanine Level (Sheet 13)</u>				
Storage (06)	Space	<u>11.0000</u>	<u>20</u> ✓	<u>220.00</u>
	M & O	<u>1.5645</u>	<u>20</u>	<u>31.29</u>
Lounge (11)	Space	<u>13.0000</u>	<u>12019</u> ✓	<u>156,247.00</u>
	M & O	<u>6.8563</u>	<u>12019</u>	<u>82,405.87</u>
<u>Footprint (1/2)</u>	Space	<u>2.2960</u>	<u>94,500</u>	<u>216,972.00</u>
<u>Total Space</u>	Year		<u>238,856</u>	<u>1,707,602.24</u>
	Month			<u>142,300.19</u>
<u>Total M & O</u>	Year		<u>211,057</u>	<u>1,182,134.32</u>
	Month			<u>98,511.19</u>
<u>Total Space/M & O</u>	Year			<u>2,889,736.56</u>
	Month			<u>240,811.38</u>

M & O RATE SCHEDULE
Effective 1-1-96

EXHIBIT B-2



11/22/94

Page 1 of 5

AMERICAN AIRLINES, INC.
LAA - 4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>TICKETING 4</u>				
<u>Basement Level (Sheet 1)</u>				
Conveyor Channel (01)	Space	11.0000	6817	74,987.00
	M & O	2.5110	6817	17,117.49
<u>First Level East (Sheet 2)</u>				
Office (01, 09, 10, 11, 12)	Space	13.0000	1298	16,874.00
	M & O	6.0668	1298	7,874.71
Baggage Claim (50%)(02, 37)	Space	11.0000	8931	98,241.00
	M & O	17.9313	8931	160,144.44
Storage (20, 21)	Space	11.0000	476	5,236.00
	M & O	1.8348	476	873.36
<u>First Level West (Sheet 3)</u>				
Baggage Claim (01)	Space	11.0000	1977	21,747.00
	M & O	17.9313	1977	35,450.18
Lost & Found (02)	Space	11.0000	120	1,320.00
	M & O	6.0668	120	728.02
Parcel (05)	Space	11.0000	846	9,306.00
	M & O	6.0668	846	5,132.51
<u>Second Level East (Sheet 4)</u>				
Baggage (01)	Space			
	M & O	1.7045	13935	23,752.21
Office (03, 13, 31, 32, 35)	Space	0.5200	6798	3,534.96
	M & O	6.0668	6798	41,242.11
Ticket Counter (04)	Space	0.5200	2506	1,303.12
	M & O	6.0668	2506	15,203.40
Corridor (07, 30, 34)	Space	0.5200	2229	1,159.08
	M & O	6.0668	2229	13,522.90
Storage (16, 42)	Space	0.5200	369	191.88
	M & O	1.8348	369	677.04
Conveyor Channel (26)	Space	0.5200	1425	741.00
	M & O	2.5110	1425	3,578.18
Elevator Mech (27)	Space	0.5200	94	48.88
	M & O	1.9943	94	187.46
Elevator (29)	Space	0.5200	68	35.36
	M & O	1.9943		135.61

EXHIBIT B-2

EXHIBIT

AMERICAN AIRLINES, INC.
LAA - 4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>TICKETING 4 (Continued)</u>				
Stair (28, 33, 39, 41)	Space	0.5200	416	216.32
	M & O	3.1337	416	1,303.62
Rest Rooms (36, 37)	Space	0.5200	307	159.64
	M & O	6.0668	307	1,862.51

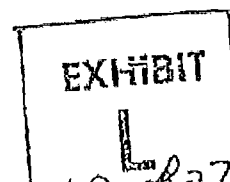
Second Level West (Sheet 5)

Baggage (01)	Space			
	M & O	1.7045	4980	8,488.41
Elevator (02, 15, 21)	Space	0.5200	200	104.00
	M & O	1.9943	200	398.86
Mechanical (07)	Space	0.5200	638	331.76
	M & O	1.9943	638	1,272.36
Office (03, 04, 11, 12)	Space	0.5200	11871	6,172.92
	M & O	6.0668	11871	72,018.98
Corridor (05, 06, 14, 17, 20, 23)	Space	0.5200	2145	1,115.40
	M & O	6.0668	2145	13,013.29
Rest Rooms (08, 09)	Space	0.5200	698	362.96
	M & O	6.0668	698	4,234.63
Communications (10)	Space	0.5200	39	20.28
	M & O	2.9781	39	116.15
Tram Stop (13)	Space			
	M & O	1.8348	315	577.96
Stair (18, 25)	Space	0.5200	49	25.48
	M & O	3.1337	49	153.55
Ramp Control (19)	Space			
	M & O	3.1932	1015	3,241.10
Storage (22)	Space	0.5200	35	18.20
	M & O	1.8348	35	64.22

Mezzanine Level (Sheet 6)

Conveyor Channel (18, 21, 23)	Space			
	M & O	2.5110	1149	2,885.14
Baggage Check (25)	Space			
	M & O	1.8255	118	215.41

EXHIBIT B-2



AMERICAN AIRLINES, INC.
LAA - 4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>CONNECTOR 4</u>				
<u>Operations Level (Sheet 8)</u>				
Baggage (01, 04, 21)	Space			
	M & O	<u>1.7045</u>	<u>27980</u>	<u>47,691.91</u>
Office (03, 19)	Space			
	M & O	<u>6.0668</u>	<u>1315</u>	<u>7,977.84</u>
Stair (05)	Space			
	M & O	<u>3.1337</u>	<u>348</u>	<u>1,090.53</u>
Storage (08, 10, 20, 22, 25)	Space			
	M & O	<u>1.8348</u>	<u>655</u>	<u>1,201.79</u>

<u>Public Level (Sheet 9)</u>				
Holdroom (08, 19, 23)	Space			
	M & O	<u>6.4676</u>	<u>10884</u>	<u>70,393.36</u>
Holdroom (25, 26)	Space	<u>15.0000</u>	<u>2462</u>	<u>36,930.00</u>
	M & O	<u>6.4676</u>	<u>2462</u>	<u>15,923.23</u>
Lounge (20)	Space			
	M & O	<u>6.0668</u>	<u>710</u>	<u>4,307.43</u>
Office (09, 10, 21, 22)	Space			
	M & O	<u>6.0668</u>	<u>1878</u>	<u>11,393.45</u>
Boarding Gate (24)	Space			
	M & O	<u>3.1932</u>	<u>556</u>	<u>1,775.42</u>
Corridor (28)	Space			
	M & O	<u>6.0668</u>	<u>59</u>	<u>357.94</u>
Canopy (29)	Space			
	M & O	<u>1.8348</u>	<u>804</u>	<u>1,475.18</u>

SATELLITE 4

<u>Channel Level (Sheet 10)</u>				
Stair (20)	Space	<u>11.0000</u>	<u>120</u>	<u>1,320.00</u>
	M & O	<u>3.1337</u>	<u>120</u>	<u>376.04</u>
Conveyor Channel (21)	Space	<u>11.0000</u>	<u>542</u>	<u>5,962.00</u>
	M & O	<u>2.5110</u>	<u>542</u>	<u>1,360.96</u>
Lockers (22, 23)	Space	<u>11.0000</u>	<u>4818</u>	<u>52,998.00</u>
	M & O	<u>3.2001</u>	<u>4818</u>	<u>15,418.08</u>
Corridor (24)	Space	<u>11.0000</u>	<u>821</u>	<u>9,031.00</u>
	M & O	<u>6.0668</u>	<u>821</u>	<u>4,980.84</u>

EXHIBIT B-2

EXHIBIT

AMERICAN AIRLINES, INC.
LAA - 4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>SATELLITE 4 (Continued)</u>				
Baggage Conveyors (25, 27, 28, 29)	Space	11.0000	2149	23,639.00
	M & O	1.4894	2149	3,200.72
<u>Operations Level (Sheet 11)</u>				
Storage (01, 05, 22, 30, 37, 55, 64)	Space	11.0000	3872	42,592.00
	M & O	1.8348	3872	7,104.35
Lockers (02, 13, 14)	Space	11.0000	634	6,974.00
	M & O	3.2001	634	2,028.86
Operations (03, 04, 06, 10, 12, 36, 54, 58, 59, 60)	Space	13.0000	9459	122,967.00
	M & O	6.0668	9459	57,385.86
Stair (07)	Space	11.0000	177	1,947.00
	M & O	3.1337	177	554.66
Corridor (11)	Space	11.0000	46	506.00
	M & O	6.0668	46	279.07
Office (20, 21, 27, 28, 50, 51, 52)	Space	13.0000	12325	160,225.00
	M & O	6.0668	12325	74,773.31
Cafeteria (24)	Space	13.0000	528	6,864.00
	M & O	6.0668	528	3,203.27
Telephone (49)	Space	13.0000	366	4,758.00
	M & O	1.9943	366	729.91
Mechanical (09)	Space	11.0000	296	3,256.00
	M & O	1.9943	296	590.31
Mail (53)	Space	13.0000	197	2,561.00
	M & O	3.2001	197	630.42
Communications (61, 62, 63)	Space	11.0000	127	1,397.00
	M & O	1.9943	127	253.28
Baggage Area (08, 29)	Space	11.0000	4582	50,402.00
	M & O	1.7045	4582	7,810.02
<u>Public Level (Sheet 12)</u>				
Holdroom (01, 03, 08, 32, 41)	Space	15.0000	33407	501,105.00
	M & O	6.4676	33407	216,063.11
Conveyor Channel (04, 06, 34, 35, 38, 39, 43)	Space	11.0000	566	6,226.00
	M & O	2.5110	566	1,421.23
Boarding Gate (05, 07, 33, 46, 50, 52)	Space	11.0000	4007	44,077.00
	M & O	3.1932	4007	12,795.15

EXHIBIT B-2

EXHIBIT

11/22/94

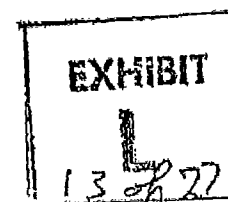
Page 5 of 5

AMERICAN AIRLINES, INC.
LAA - 4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>SATELLITE 4 (Continued)</u>				
Storage (13, 48, 49)	Space	11.0000	429	4,719.00
	M & O	1.8348	429	787.13
Office (36)	Space	13.0000	35	455.00
	M & O	6.0668	35	212.34
 <u>Mezzanine Level (Sheet 13)</u>				
Storage (06)	Space	11.0000	20	220.00
	M & O	1.8348	20	36.70
Lounge (11)	Space	13.0000	12019	156,247.00
	M & O	6.0668	12019	72,916.87
 <u>Footprint (1/2)</u>				
	Space	2.2960	94,500	216,972.00
<u>Total Space</u>	Year		238,856	1,707,602.24
	Month			142,300.19
<u>Total M & O</u>	Year		211,057	1,083,966.38
	Month			90,330.53
<u>Total Space/M & O</u>	Year			2,791,568.62
	Month			232,630.72

M & O RATE SCHEDULE
 Effective 1-1-95

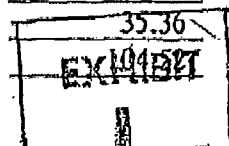
EXHIBIT B-2



AMERICAN AIRLINES, INC.
LAA - 4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>TICKETING 4</u>				
<u>Basement Level (Sheet 1)</u>				
Conveyor Channel (01)	Space	11.0000	6817	74,987.00
	M & O	1.5370	6817	10,477.73
<u>First Level East (Sheet 2)</u>				
Office (01, 09, 10, 11, 12)	Space	13.0000	1298	16,874.00
	M & O	6.0628	1298	7,869.51
Baggage Claim (50%)(02, 37)	Space	11.0000	8931	98,241.00
	M & O	11.8082	8931	105,459.03
Storage (20, 21)	Space	11.0000	476	5,236.00
	M & O	0.7590	476	361.28
<u>First Level West (Sheet 3)</u>				
Baggage Claim (01)	Space	11.0000	1977	21,747.00
	M & O	11.8082	1977	23,344.81
Lost & Found (02)	Space	11.0000	120	1,320.00
	M & O	6.0628	120	727.54
Parcel (05)	Space	11.0000	846	9,306.00
	M & O	6.0628	846	5,129.13
<u>Second Level East (Sheet 4)</u>				
Baggage (01)	Space			
	M & O	1.5443	13935	21,519.82
Office (03, 13, 31, 32, 35)	Space	0.5200	6798	3,534.96
	M & O	5.8804	6798	39,974.96
Ticket Counter (04)	Space	0.5200	2506	1,303.12
	M & O	6.0628	2506	15,193.38
Corridor (07, 30, 34)	Space	0.5200	2229	1,159.08
	M & O	5.8804	2229	13,107.41
Storage (16, 42)	Space	0.5200	369	191.88
	M & O	0.7590	369	280.07
Conveyor Channel (26)	Space	0.5200	1425	741.00
	M & O	1.5370	1425	2,190.23
Elevator Mech (27)	Space	0.5200	94	48.88
	M & O	1.5370	94	144.48
Elevator (29)	Space	0.5200	68	35.36
	M & O	1.5370	68	104.13

EXHIBIT B-2



AMERICAN AIRLINES, INC.
LAA - 4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>TICKETING 4 (Continued)</u>				
Stair (28, 33, 39, 41)	Space	0.5200	416	216.32
	M & O	6.0628	416	2,522.12
Rest Rooms (36, 37)	Space	0.5200	307	159.64
	M & O	6.0628	307	1,861.28
 <u>Second Level West (Sheet 5)</u>				
Baggage (01)	Space			
	M & O	1.5370	4980	7,654.26
Elevator (02, 15, 21)	Space	0.5200	200	104.00
	M & O	1.5370	200	307.40
Mechanical (07)	Space	0.5200	638	331.76
	M & O	1.5370	638	980.61
Office (03, 04, 11, 12)	Space	0.5200	11871	6,172.92
	M & O	5.8804	11871	69,806.23
Corridor (05, 06, 14, 17, 20, 23)	Space	0.5200	2145	1,115.40
	M & O	5.8804	2145	12,613.46
Rest Rooms (08, 09)	Space	0.5200	698	362.96
	M & O	6.0628	698	4,231.83
Communications (10)	Space	0.5200	39	20.28
	M & O	3.4310	39	133.81
Tram Stop (13)	Space			
	M & O	3.4310	315	1,080.77
Stair (18, 25)	Space	0.5200	49	25.48
	M & O	6.0628	49	297.08
Ramp Control (19)	Space			
	M & O	5.8804	1015	5,968.61
Storage (22)	Space	0.5200	35	18.20
	M & O	0.7590	35	26.57
 <u>Mezzanine Level (Sheet 6)</u>				
Conveyor Channel (18, 21, 23)	Space			
	M & O	1.5370	1149	1,766.01
Baggage Check (25)	Space			
	M & O	1.5370	118	181.37

EXHIBIT B-2



AMERICAN AIRLINES, INC.
LAA - 4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>CONNECTOR 4</u>				
<u>Operations Level (Sheet 8)</u>				
Baggage (01, 04, 21)	Space			
	M & O	1.5443	27980	43,209.51
Office (03, 19)	Space			
	M & O	6.0628	1315	7,972.58
Stair (05)	Space			
	M & O	6.0628	348	2,109.85
Storage (08, 10, 20, 22, 25)	Space			
	M & O	0.7590	655	497.15
<u>Public Level (Sheet 9)</u>				
Holdroom (08, 19, 23)	Space			
	M & O	6.0628	10884	65,987.52
Holdroom (25, 26)	Space	15.0000	2462	36,930.00
	M & O	6.0628	2462	14,926.61
Lounge (20)	Space			
	M & O	6.0628	710	4,304.59
Office (09, 10, 21, 22)	Space			
	M & O	6.0628	1878	11,385.94
Boarding Gate (24)	Space			
	M & O	3.4310	556	1,907.64
Corridor (28)	Space			
	M & O	6.0628	59	357.71
Canopy (29)	Space			
	M & O	0.7590	804	610.24
<u>SATELLITE 4</u>				
<u>Channel Level (Sheet 10)</u>				
Stair (20)	Space	11.0000	120	1,320.00
	M & O	6.0628	120	727.54
Conveyor Channel (21)	Space	11.0000	542	5,962.00
	M & O	1.5370	542	833.05
Lockers (22, 23)	Space	11.0000	4818	52,998.00
	M & O	6.0628	4818	29,210.57
Corridor (24)	Space	11.0000	821	9,031.00
	M & O	6.0628	821	4,977.56

EXHIBIT B-2

EXHIBIT

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27

AMERICAN AIRLINES, INC.
LAA - 4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>SATELLITE 4 (Continued)</u>				
Baggage Conveyors (25, 27, 28, 29)	Space	11.0000	2149	23,639.00
	M & O	1.5370	2149	3,303.01
<u>Operations Level (Sheet 11)</u>				
Storage (01, 05, 22, 30, 37, 55, 64)	Space	11.0000	3872	42,592.00
	M & O	0.7590	3872	2,938.85
Lockers (02, 13, 14)	Space	11.0000	634	6,974.00
	M & O	6.0628	634	3,843.82
Operations (03, 04, 06, 10, 12, 36, 54, 58, 59, 60)	Space	13.0000	9459	122,967.00
	M & O 6.1	6.0628	9459	57,348.03
Stair (07)	Space	11.0000	177	1,947.00
	M & O	6.0628	177	1,073.12
Corridor (11)	Space	11.0000	46	506.00
	M & O	6.0628	46	278.89
Office (20, 21, 27, 28, 50, 51, 52)	Space	13.0000	12325	160,225.00
	M & O	6.0628	12325	74,724.01
Cafeteria (24)	Space	13.0000	528	6,864.00
	M & O	6.0628	528	3,201.16
Telephone (49)	Space	13.0000	366	4,758.00
	M & O	6.0628	366	2,218.98
Mechanical (09)	Space	11.0000	296	3,256.00
	M & O	1.5370	296	454.95
Mail (53)	Space	13.0000	197	2,561.00
	M & O	6.0628	197	1,194.37
Communications (61, 62, 63)	Space	11.0000	127	1,397.00
	M & O	3.4310	127	435.74
Baggage Area (08, 29)	Space	11.0000	4582	50,402.00
	M & O	1.5443	4582	7,075.98
<u>Public Level (Sheet 12)</u>				
Holdroom (01, 03, 08, 32, 41)	Space	15.0000	33407	501,105.00
	M & O	6.0628	33407	202,539.96
Conveyor Channel (04, 06, 34, 35, 38, 39, 43)	Space	11.0000	566	6,226.00
	M & O	1.5370	566	869.94
Boarding Gate (05, 07, 33, 46, 50, 52)	Space	11.0000	4007	44,077.00
	M & O	3.4310	4007	13,748.02

EXHIBIT B-2

EXHIBIT

AMERICAN AIRLINES, INC.
LAA - 4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>SATELLITE 4 (Continued)</u>				
Storage (13, 48, 49)	Space	<u>11.0000</u>	<u>429</u>	<u>4,719.00</u>
	M & O	<u>0.7590</u>	<u>429</u>	<u>325.61</u>
Office (36)	Space	<u>13.0000</u>	<u>35</u>	<u>455.00</u>
	M & O	<u>6.0628</u>	<u>35</u>	<u>212.20</u>
<u>Mezzanine Level (Sheet 13)</u>				
Storage (06)	Space	<u>11.0000</u>	<u>20</u>	<u>220.00</u>
	M & O	<u>0.7590</u>	<u>20</u>	<u>15.18</u>
Lounge (11)	Space	<u>13.0000</u>	<u>12019</u>	<u>156,247.00</u>
	M & O	<u>6.0628</u>	<u>12019</u>	<u>72,868.79</u>
<u>Footprint (1/2)</u>	Space	<u>2.2960</u>	<u>94,500</u>	<u>216,972.00</u>
<u>Total Space</u>	Year	<u> </u>	<u>238,856</u>	<u>1,707,602.24</u>
	Month	<u> </u>	<u> </u>	<u>142,300.19</u>
<u>Total M & O</u>	Year	<u> </u>	<u>211,057</u>	<u>993,003.98</u>
	Month	<u> </u>	<u> </u>	<u>82,750.33</u>
<u>Total Space/M & O</u>	Year	<u> </u>	<u> </u>	<u>2,700,606.22</u>
	Month	<u> </u>	<u> </u>	<u>225,050.52</u>

M & O RATE SCHEDULE
 Effective 11-11-94

EXHIBIT B-2



AMERICAN AIRLINES, INC.
LAA-4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>TICKETING 4</u>				
<u>Basement Level (Sheet 1)</u>				
Conveyor Channel (01)	Space	8.0000	6817	54,536.00
	M & O	1.5370	6817	10,477.73
<u>First Level East (Sheet 2)</u>				
Office (01, 09, 10, 11, 12)	Space	10.0000	1298	12,980.00
	M & O	6.0628	1298	7,869.51
Baggage Claim (50%) (02, 37)	Space	8.0000	8931	71,448.00
	M & O	11.8082	8931	105,459.03
Storage (20, 21)	Space	8.0000	476	3,808.00
	M & O	0.7590	476	361.28
<u>First Level West (Sheet 3)</u>				
Baggage Claim (01)	Space	8.0000	1977	15,816.00
	M & O	11.8082	1977	23,344.81
Lost & Found (02)	Space	8.0000	120	960.00
	M & O	6.0628	120	727.54
Parcel (05)	Space	8.0000	846	6,768.00
	M & O	6.0628	846	5,129.13
<u>Second Level East (Sheet 4)</u>				
Baggage (01)	Space			
	M & O	1.5443	13935	21,519.82
Office (03, 13, 31, 32, 35)	Space	0.5200	6798	3,534.96
	M & O	5.8804	6798	39,974.96
Ticket Counter (04)	Space	0.5200	2506	1,303.12
	M & O	6.0628	2506	15,193.38
Corridor (07, 30, 34)	Space	0.5200	2229	1,159.08
	M & O	5.8804	2229	13,107.41
Storage (16, 42)	Space	0.5200	369	191.88
	M & O	0.7590	369	280.07
Conveyor Channel (26)	Space	0.5200	1425	741.00
	M & O	1.5370	1425	2,190.23
Elevator Mech (27)	Space	0.5200	94	48.88
	M & O	1.5370	94	144.48
Elevator (29)	Space	0.5200	68	35.36
	M & O	1.5370	68	104.52

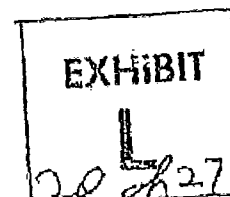
EXHIBIT B-2

EXHIBIT

AMERICAN AIRLINES, INC.
LAA-4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>TICKETING 4 (Continued)</u>				
Stair (28, 33, 39, 41)	Space	0.5200	416	216.32
	M & O	6.0628	416	2,522.12
Rest Rooms (36, 37)	Space	0.5200	307	159.64
	M & O	6.0628	307	1,861.28
<u>Second Level West (Sheet 5)</u>				
Baggage (01)	Space			
	M & O	1.5370	4980	7,654.26
Elevator (02, 15, 21)	Space	0.5200	200	104.00
	M & O	1.5370	200	307.40
Mechanical (07)	Space	0.5200	638	331.76
	M & O	1.5370	638	980.61
Office (03, 04, 11, 12)	Space	0.5200	11871	6,172.92
	M & O	5.8804	11871	69,806.23
Corridor (05, 06, 14, 17, 20, 23)	Space	0.5200	2145	1,115.40
	M & O	5.8804	2145	12,613.46
Rest Rooms (08, 09)	Space	0.5200	698	362.96
	M & O	6.0628	698	4,231.83
Communications (10)	Space	0.5200	39	20.28
	M & O	3.4310	39	133.81
Tram Stop (13)	Space			
	M & O	3.4310	315	1,080.77
Stair (18, 25)	Space	0.5200	49	25.48
	M & O	6.0628	49	297.08
Ramp Control (19)	Space			
	M & O	5.8804	1015	5,968.61
Storage (22)	Space	0.5200	35	18.20
	M & O	0.7590	35	- 26.57
<u>Mezzanine Level (Sheet 6)</u>				
Conveyor Channel (18, 21, 23)	Space			
	M & O	1.5370	1149	1,766.01
Baggage Check (25)	Space			
	M & O	1.5370	118	181.37

EXHIBIT B-2



AMERICAN AIRLINES, INC.
LAA-4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>CONNECTOR 4</u>				
<u>Operations Level (Sheet 8)</u>				
Baggage (01, 04, 21)	Space			
	M & O	<u>1.5443</u>	<u>27980</u>	<u>43,209.51</u>
Office (03, 19)	Space			
	M & O	<u>6.0628</u>	<u>1315</u>	<u>7,972.58</u>
Stair (05)	Space			
	M & O	<u>6.0628</u>	<u>348</u>	<u>2,109.85</u>
Storage (08, 10, 20, 22, 25)	Space			
	M & O	<u>0.7590</u>	<u>655</u>	<u>497.15</u>
<u>Public Level (Sheet 9)</u>				
Holdroom (08, 19, 23)	Space			
	M & O	<u>6.0628</u>	<u>10884</u>	<u>65,987.52</u>
Holdroom (25, 26)	Space	<u>12.0000</u>	<u>2462</u>	<u>29,544.00</u>
	M & O	<u>6.0628</u>	<u>2462</u>	<u>14,926.61</u>
Lounge (20)	Space			
	M & O	<u>6.0628</u>	<u>710</u>	<u>4,304.59</u>
Office (09, 10, 21, 22)	Space			
	M & O	<u>6.0628</u>	<u>1878</u>	<u>11,385.94</u>
Boarding Gate (24)	Space			
	M & O	<u>3.4310</u>	<u>556</u>	<u>1,907.64</u>
Corridor (28)	Space			
	M & O	<u>6.0628</u>	<u>59</u>	<u>357.71</u>
Canopy (29)	Space			
	M & O	<u>0.7590</u>	<u>804</u>	<u>610.24</u>
<u>SATELLITE 4</u>				
<u>Channel Level (Sheet 10)</u>				
Stair (20)	Space	<u>8.0000</u>	<u>120</u>	<u>960.00</u>
	M & O	<u>6.0628</u>	<u>120</u>	<u>727.54</u>
Conveyor Channel (21)	Space	<u>8.0000</u>	<u>542</u>	<u>4,336.00</u>
	M & O	<u>1.5370</u>	<u>542</u>	<u>833.05</u>
Lockers (22, 23)	Space	<u>8.0000</u>	<u>4818</u>	<u>38,544.00</u>
	M & O	<u>6.0628</u>	<u>4818</u>	<u>29,210.57</u>
Corridor (24)	Space	<u>8.0000</u>	<u>821</u>	<u>6,568.00</u>
	M & O	<u>6.0628</u>	<u>821</u>	<u>4,977.56</u>

EXHIBIT B-2

EXHIBIT

AMERICAN AIRLINES, INC.
LAA-4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>SATELLITE 4 (Continued)</u>				
Baggage Conveyors (25, 27, 28, 29)	Space	8.0000	2149	17,192.00
	M & O	1.5370	2149	3,303.01
<u>Operations Level (Sheet 11)</u>				
Storage (01, 05, 22, 30, 37, 55, 64)	Space	8.0000	3872	30,976.00
	M & O	0.7590	3872	2,938.85
Lockers (02, 13, 14)	Space	8.0000	634	5,072.00
	M & O	6.0628	634	3,843.82
Operations (03, 04, 06, 10, 12, 36, 54, 58, 59, 60)	Space	10.0000	9459	94,590.00
	M & O	6.0628	9459	57,348.03
Stair (07)	Space	8.0000	177	1,416.00
	M & O	6.0628	177	1,073.12
Corridor (11)	Space	8.0000	46	368.00
	M & O	6.6028	46	278.89
Office (20, 21, 27, 28, 50, 51, 52)	Space	10.0000	12325	123,250.00
	M & O	6.0628	12325	74,724.01
Cafeteria (24)	Space	10.0000	528	5,280.00
	M & O	6.0628	528	3,201.16
Telephone (49)	Space	10.0000	366	3,660.00
	M & O	6.0628	366	2,218.98
Mechanical (09)	Space	8.0000	296	2,368.00
	M & O	1.5370	296	454.95
Mail (53)	Space	10.0000	197	1,970.00
	M & O	6.0628	197	1,194.37
Communications (61, 62, 63)	Space	8.0000	127	1,016.00
	M & O	3.4310	127	435.75
Baggage Area (08, 29)	Space	8.0000	4582	36,656.00
	M & O	1.5443	4582	7,075.98
<u>Public Level (Sheet 12)</u>				
Holdroom (01, 03, 08, 32, 41)	Space	12.0000	33407	400,884.00
	M & O	6.0628	33407	202,539.96
Conveyor Channel (04, 06, 34, 35, 38, 39, 43)	Space	8.0000	566	4,528.00
	M & O	1.5370	566	869.94
Boarding Gate (05, 07, 33, 46, 50, 52)	Space	8.0000	4007	32,056.00
	M & O	3.4310	4007	13,748.02

EXHIBIT B-2

EXHIBIT

11

AMERICAN AIRLINES, INC.
LAA-4687

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>SATELLITE 4 (Continued)</u>				
Storage (13, 48, 49)	Space	<u>8.0000</u>	<u>429</u>	<u>3,432.00</u>
	M & O	<u>0.7590</u>	<u>429</u>	<u>325.61</u>
Office (36)	Space	<u>10.0000</u>	<u>35</u>	<u>350.00</u>
	M & O	<u>6.0628</u>	<u>35</u>	<u>212.20</u>
<u>Mezzanine Level (Sheet 13)</u>				
Storage (06)	Space	<u>8.0000</u>	<u>20</u>	<u>160.00</u>
	M & O	<u>0.7590</u>	<u>20</u>	<u>15.18</u>
Lounge (11)	Space	<u>10.0000</u>	<u>12019</u>	<u>120,190.00</u>
	M & O	<u>6.0628</u>	<u>12019</u>	<u>72,868.79</u>
<u>Footprint (1/2)</u>	Space	<u>1.6530</u>	<u>94,500</u>	<u>156,208.50</u>
Total Space	Year		<u>238,856</u>	<u>1,303,431.74</u>
	Month			<u>108,619.31</u>
Total M & O	Year		<u>211,057</u>	<u>993,003.98</u>
	Month			<u>82,750.33</u>
Total Space/M & O	Year			<u>2,296,435.72</u>
	Month			<u>191,369.64</u>

M & O RATE SCHEDULE
Effective 11-11-89

EXHIBIT B-2



April 26, 1989

TICKETING 4

			<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>Basement</u>	Baggage Area	Space	3.48045	6,165	21,456.97
		M & O	1.5370	6,165	9,475.61
<u>First Floor</u>	Office Area	Space	3.77645	2,859	10,796.87
		M & O	6.0628	2,859	17,333.54
	Baggage Claim Area	Space	3.96553	4,413	17,499.88
		M & O	11.8082	4,413	52,109.59
	Baggage Claim Area Easterly Add'n.	Space	5.14126	6,091	31,315.41
		M & O	11.8082	6,091	71,923.75
<u>Second Floor</u>	Ticket Counter	Space	.52	2,832	1,472.64
		M & O	6.0628	2,832	17,169.85
	Offices	Space	.52	4,628	2,406.56
		M & O	5.8804	4,628	27,214.49
	Storage	Space	.52	284	147.68
		M & O	.7590	284	215.56
	Conveyor Room	Space	.52	1,444	750.88
		M & O	5.9925	1,444	8,653.17

SATELLITE 4

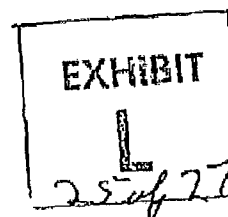
<u>Operations Level</u>	Offices	Space	3.76651	19,085	71,883.84
		M & O	6.0628	19,085	115,708.54
	Baggage Level	Space	3.51779	14,377	50,575.27
		M & O	1.5443	14,377	22,202.40
<u>Public Level</u>	Hold Rooms	Space	4.14477	13,423	55,635.25
		M & O	6.0628	13,423	81,380.96
	B-747 Hold Rooms	Space	.424	14,410	6,109.84
		M & O	6.0628	14,410	87,364.95
<u>Mezzanine Level</u>	Offices	Space	5.11715	5,280	27,018.55
		M & O	6.0628	5,280	32,011.58
	Offices & Club Areas	Space	3.81380	3,488	13,302.53
		M & O	6.6028	3,488	21,147.05
<u>Baggage</u>	Channel	Space	1.63310	6,932	11,320.65
		M & O	1.2201	6,932	8,457.73
<u>Appendages</u>		Space	.424	10,230	4,337.52
		M & O	3.4310	10,230	35,099.13

AMERICAN AIRLINES, INC.
ALAA-4687

April 26, 1989

SATELLITE 4 (cont'd)

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>Ground Area</u>	Space	.424	26,062	11,050.29
	M & O	-	26,062	-
<u>CONNECTOR 4</u>				
<u>Ground Area (Connector)</u>	Space	.424	27,387	11,612.08
	M & O	-	27,387	-
Hold Rooms	Space		8,056	
	M & O	6.6028	8,056	53,192.16
Offices	Space		1,618	
	M & O	6.6028	1,618	10,683.33
<u>Airspace</u>	Overcrossing	1.00		1.00
Total Space	Year		169,390	348,693.71
	Month			29,057.81
Total M & O	Year		125,615	671,343.39
	Month			55,945.28
Total Space/M & O	Year			1,020,037.10
	Month			85,003.00



015-22810 Acct.
M & O Rate Schedule
Revised 7-1-88

EXHIBIT B-2

February 19, 1986

TICKETING 4

			<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>Basement</u>	Baggage Area	Space	3.48045	6,165	21,456.97
		M & O	2.2727	6,165	14,011.20
<u>First Floor</u>	Office Area	Space	3.77645	2,859	10,796.87
		M & O	7.3547	2,859	21,027.09
	Baggage Claim Area	Space	3.96553	4,413	17,499.88
		M & O	14.8257	4,413	65,425.81
	Baggage Claim Area Easterly Add'n.	Space	5.14126	6,091	31,315.41
		M & O	14.8257	6,091	90,303.34
<u>Second Floor</u>	Ticket Counter	Space	.52	2,832	1,472.64
		M & O	9.6527	2,832	27,336.45
	Offices	Space	.52	4,628	2,406.56
		M & O	9.4779	4,628	43,863.72
	Storage	Space	.52	284	147.68
		M & O	1.2792	284	363.29
	Conveyor Room	Space	.52	1,444	750.88
		M & O	9.3270	1,444	13,468.19

SATELLITE 4

<u>Operations Level</u>	Offices	Space	3.76651	19,085	71,883.84
		M & O	7.3547	19,085	140,364.45
	Baggage Level	Space	3.51779	14,377	50,575.27
		M & O	2.2990	14,377	33,052.72
<u>Public Level</u>	Hold Rooms	Space	4.14477	13,423	55,635.25
		M & O	9.6527	13,423	129,568.19
	B-747 Hold Rooms	Space	.424	14,410	6,109.84
		M & O	6.0065	14,410	86,553.67
<u>Mezzanine Level</u>	Offices	Space	5.11715	5,280	27,018.55
		M & O	7.3547	5,280	38,832.82
	Offices & Club Areas	Space	3.81380	3,488	13,302.53
		M & O	7.3547	3,488	25,653.19
<u>Baggage</u>	Channel	Space	1.63310	6,932	11,320.65
		M & O	2.2727	6,932	15,754.36
<u>Appendages</u>		Space	.424	10,230	4,337.52
		M & O	6.0065	10,230	61,446.50

EXHIBIT

26 of 27

February 19, 1986

SATELLITE 4 (cont'd)

		<u>Rate</u>	<u>Sq. Feet</u>	<u>Amount</u>
<u>Ground Area</u>	Space	.424	26,062	11,050.29
	M & O	-	26,062	-
<u>Ground Area (Connector)</u>	Space	.424	27,387	11,612.08
	M & O	-	27,387	-
<u>Airspace</u>	Overcrossing	1.00		1.00
	Total Space		169,390	348,693.71
	Year			29,057.81
	Month			
	Total M & O		115,941	807,024.99
	Year			67,252.08
	Month			
	Total Space/M & O			1,155,718.70
	Year			96,310.00
	Month			

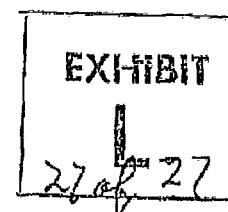


EXHIBIT B-3

**SUBLEASE AGREEMENT BETWEEN AMERICAN AIRLINES, INC. AND THE CITY
OF LOS ANGELES, DATED _____, 2015 (LAA-____)**

SUBLEASE AGREEMENT
(On-Airport Properties)

THIS SUBLEASE AGREEMENT (this "**Sublease**"), dated as of the _____ day of _____, 2014, is entered into by and between American Airlines, Inc. ("**American**"), and the City of Los Angeles, a municipal corporation acting by order of and through its Board of Airport Commissioners ("**Sublessee**" or the "**City**").

WITNESSETH:

WHEREAS, American and the City entered into a Terminal Facilities Lease (LAA-4687) dated November 26, 1984 (the "**Original Lease**"), pursuant to which American leased certain areas of Terminal 4 at Los Angeles International Airport (the "**Airport**") and the ground adjacent thereto (the "**Base Lease Premises**");

WHEREAS, in connection with the issuance in 2002 of the Regional Airports Improvement Corporation Facilities Sublease Revenue Bonds, American Airlines, Inc. Terminal 4 Project (Los Angeles International Airport), the City and American entered into the First Amendment to Lease No. LAA-4687 dated January 18, 2002 (LAA-4687A)(the "**First Amendment**", and together with the Original Lease, the "**Amended Lease**") which amended the Original Lease;

WHEREAS, the City previously approved and authorized the financing of the improvements to the Demised Premises through the issuance of bonds by Regional Airports Improvement Corporation ("**RAIC**," and together with the City, the "**Landlords**");

WHEREAS, pursuant to the Partial Assignment of Terminal Facilities Lease dated as of December 1, 1984, and amended on January 1, 2002, American assigned to RAIC certain rights under the Amended Lease for the purpose of financing the acquisition, construction and installation of certain improvements to the Base Lease Premises;

WHEREAS, American and RAIC entered into a Facilities Sublease and Agreement, dated as of December 1, 1984, and amended on January 1, 2002 (as amended or supplemented, the "**Facilities Sublease**", and together with the Amended Lease, the "**Base Lease**") pursuant to which American subleased the Base Lease Premises and agreed to pay rent sufficient in time and amount to pay the principal of and interest on certain bonds;

WHEREAS, American and the Sublessee entered into a Settlement Agreement dated January 24, 2014 in which the parties agreed on the maintenance and operation cost calculation methodology under the Amended Lease;

WHEREAS, Sublessee wishes to sub-sublease approximately 7,396 square feet of space in the Base Lease Premises as part of its concession program in Terminal 4 and for the Terminal 4

connector building (the "T4 Connector"), and American is willing to sublease such space to Sublessee, under the terms and conditions hereinafter set forth;

NOW, THEREFORE, American and Sublessee agree as follows:

1. TERM. Except as provided for in Section 2.B. below, the term of this Sublease shall commence on _____ (the "Commencement Date"), and shall expire upon the expiration or earlier termination of the Amended Lease.

2. PREMISES.

A. American hereby subleases to Sublessee and Sublessee hereby subleases and takes from American a portion of the Base Lease Premises, as more particularly described and delineated on Exhibit A attached hereto and made a part hereof (the "**Premises**"). The parties acknowledge that the Premises will be modified by the concession program in Terminal 4 and construction of the Terminal 4 Connector. American agrees that if the parties agree to a different Premises, Exhibit A shall be amended by the Executive Director of Los Angeles World Airports (the "**Executive Director**") and American, subject to City Attorney approval as to form, with an appropriate adjustment in rental charges without the prior approval or later ratification by the Board of Airport Commissioners (the "**Board**") or the Los Angeles City Council (the "**City Council**"); provided, however, that such modification shall not exceed a cumulative rental adjustment of \$150,000 over the term of this Sublease.

B. 1,245 square feet of the Premises is concession space (the "**Concession Space**"). American acknowledges that during the term of this Sublease Sublessee may return the Concession Space indicated in Exhibit A upon 180 days advance written notice to American. Upon the exercise of City's right to return such space pursuant to this Section 2.B., Exhibit A shall be amended by the Executive Director, subject to City Attorney approval as to form, with an appropriate adjustment in rental charges, without the prior approval or later ratification by the Board or the City Council.

3. SUBJECT TO BASE LEASE.

A. This Sublease is made subject and subordinate to all the terms and conditions of the Base Lease, and shall not be construed as granting any rights to Sublessee beyond those granted to American under the Base Lease or any such other agreements. Unless this Sublease expressly provides to the contrary, Sublessee covenants to observe and to comply with all of the terms and conditions of the Base Lease and to perform all the obligations of American as tenant under the Base Lease (excepting only the rental obligations) insofar as the same are applicable to the Premises. Sublessee shall not commit or permit to be committed any act or omission that violates any term or condition of the Base Lease or that would cause American to be in default under the Base Lease. Upon termination of the Amended Lease for any reason, this Sublease also shall immediately terminate and American shall not be liable to Sublessee by reason thereof.

B. Sublessee acknowledges that at least a portion of the Premises was financed with proceeds of the special facility bonds issued by RAIC (the "**Terminal 4 Bonds**") and that the use of said portion of the Premises is also governed and restricted by the agreements related thereto (the "**Bond Documents**"). Sublessee agrees that it shall take no action nor permit any action to be taken in connection with its use of the Premises that would violate any provision, of, or cause a default under, the Bond Documents. In addition, Sublessee agrees not to use the Premises, conduct its operations therein, or otherwise do anything which adversely affects the exclusion from gross income of the interest on the Terminal 4 Bonds for federal income tax purposes. Sublessee agrees, as a condition to the effectiveness of this Sublease, for the joint benefit of American and RAIC, that Sublessee shall not claim depreciation or an investment tax credit with respect to the Premises for purposes of federal income taxation.

4. USE. Sublessee shall use and occupy the Premises for the following purposes and for no other purpose: airport concession space and construction and occupancy by governmental agencies and airline service providers of the Terminal 4 Connector, subject to any limitation or other restriction on use of the Premises or any portion thereof provided in the Base Lease and the documents, instruments and agreements executed and delivered in connection therewith.

5. RENT.

A. Rent. Sublessee shall pay as monthly rent (the "**Rent**"), without setoff or deduction, the monthly rental per square foot (including maintenance and operations costs (the "**M&O Costs**")) that American is required to pay to the City under the Amended Lease for the Premises hereunder ("**American's Rent**"). American's Rent is calculated as the area subleased multiplied by the monthly rental per square foot then in effect. American's Rent in effect on the Commencement Date is set forth in Exhibit B attached hereto. The Rent shall be adjusted effective with adjustments to the corresponding components of American's Rent under the Amended Lease, and for premises changes allowed in accordance with Section 2. The rental amount will be applied monthly as a credit against Terminal 4 rentals and M&O Costs due from American to City. Rental for any partial month shall be prorated. Sublessee and American agree that the Rent shall offset and be paid towards a portion of the monthly rent for the same month owed by American to the City, in its role as landlord under the Amended Lease, pursuant to Section 6 of the Amended Lease.

B. Additional Rent. Sublessee shall pay American, as additional rent, without setoff or deduction, a proportionate share of American's rental payments, expressed as a monthly rate per square foot, in respect of the debt service payments, for the Terminal 4 Bonds for the use of the Premises (the "**Additional Rent**"), calculated as the area subleased multiplied by the monthly rate per square foot as shown in Exhibit B, which amount will adjust in accordance with changes to the debt service schedule or premises changes allowed in accordance with Section 2. Sublessee and American agree that the Additional Rent shall offset and be credited towards a portion of the monthly rent for the same month owed by American to the City, in its role as landlord under the Amended Lease, pursuant to Section 6 of the Amended Lease.

C. Credit. For purposes of clarification, American and Sublessee agree the effect of Section 5.A. and Section 5.B. shall be that, during the term of this Sublease, Sublessee shall not remit a check to American for the Rent and Additional Rent due, and the monthly rent for which the City, in its role as landlord under the Amended Lease, bills American (via an invoice) pursuant to the Amended Lease shall be equal to the rental amounts due to the City, in its role as landlord under the Amended Lease, pursuant to Section 6 of the Amended Lease less the Rent and the Additional Rent for the same month due to American from Sublessee under this Sublease (with the invoice from the City, in its role as landlord under the Amended Lease, showing a line item credit for the Rent and Additional Rent as provided above).

D. Leasehold Taxes. In addition to the charges stated above, Sublessee shall pay and agrees to indemnify, defend and hold American harmless from and against any and all taxes of whatsoever kind or nature, including but not limited to attorneys' fees, costs and expenses incurred in connection therewith (but excluding American's income taxes) which are or may be assessed against, chargeable to or collectible from Sublessee or American by any taxing authority, federal, state or local, and which are based upon or levied or assessed with respect to the performance of this Sublease or the use of the Premises by Sublessee, or any payments made by Sublessee to any party pursuant to this Sublease.

E. RAIC Fees: This Sublease is subject to the approval of the Regional Airport Improvement Corporation ("RAIC") who may assess American a fee for costs incurred through their review and approval process. American and Sublessee hereby agree to share the cost of such fee on an equal basis. Sublessee may pay its share of such fees to American in the form of a direct payment or as a one-time credit against the rent due the City in its role as landlord under the Amended Lease. Before making payment to American, American shall provide Sublessee an invoice detailing the fees assessed by RAIC, and the allocation between American and Sublessee.

6. UTILITIES AND SERVICES; OTHER CHARGES. Utilities that are not provided by the City in its role as landlord under the Amended Lease shall be provided to the Premises by Sublessee and paid for by Sublessee. Sublessee shall also be responsible for its telephone and other communications charges.

American shall have no liability or responsibility, and Sublessee hereby waives any claims against American, for any interruption or cessation of any services covered by this Section 6. Sublessee shall be responsible for payment of all other charges for its use of the Airport.

7. ACCEPTANCE OF PREMISES. Sublessee has inspected the Premises and accepts the Premises "as is" and acknowledges that, except as otherwise expressly contained herein, American has made no representations, warranties, or guarantees of any kind, including as to the condition thereof or as to the fitness thereof for Sublessee's purposes. In no event shall American's liability of any kind under this Sublease include any special, incidental or consequential damages, including, without limitation, loss of profits, even if American shall have been advised of the possibility of such potential loss or damage.

- 4 -

Sublease Agreement between
American and LAWA
Kdrive/opentext/leases/sublease v.8

EXHIBIT B-3

8. REPAIRS AND MAINTENANCE. Sublessee, at its sole cost and expense, shall keep the Premises in a clean, neat and orderly condition at all times, including without limitation, the provision of janitorial services to the Premises. Further, Sublessee shall, at its own expense, make all necessary repairs to the Premises so as to maintain the Premises in good order and condition, reasonable wear and tear and damage by fire or other casualty excepted.

9. TAXES. Sublessee agrees to pay, before they become delinquent, all taxes (both general and special), assessments or governmental charges of any kind whatsoever (the "Taxes") levied or assessed against the Premises, or any property of Sublessee located thereon or any business conducted by Sublessee thereon. Sublessee agrees to use its best efforts to cause the Premises, its personal property and business operations to be assessed and taxed separately from the Base Lease Premises. In the event that American shall be assessed for Taxes on the Premises or any or all of Sublessee's leasehold improvements, equipment, furniture, fixtures, personal property or business operations, Sublessee shall pay to American the amount of the Taxes within 45 days after delivery to Sublessee by American of a written statement setting forth the amount of the Taxes payable by Sublessee. Sublessee shall furnish American with satisfactory evidence of the payments required to be made by Sublessee hereunder within forty-five (45) days after such payments are made. Sublessee shall notify American prior to protesting any assessment of Taxes and upon commencement of audit by any taxing authority with respect to any of the Taxes.

10. ALTERATIONS.

A. American acknowledges that Sublessee is entering into this Sublease for the purpose of expanding its concession program in Terminal 4 and constructing the Terminal 4 Connector. Accordingly, American agrees and consents to the alterations and improvements to be made by (i) Sublessee, or (ii) the City's sublessees with the written consent of the City, and which are necessary or desirable for such purpose, provided that all such alterations and improvements do not materially interfere with the use and operation of the Base Lease Premises and are made in compliance with the requirements of the Base Lease and the Bond Documents, including, if required, the receipt of the consent of RAIC, and that American will assist and support Sublessee's efforts to obtain such consent, provided that American will not incur any cost, expense, or liability or assume any obligation in connection therewith.

B. During the term of this Sublease, title to all improvements and alterations installed by (i) Sublessee, or (ii) the City's sublessees with the written consent of the City, shall remain in the Sublessee or the City's sublessee, as applicable. Upon the termination or this Sublease, said additions, improvements or alterations 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. In the event Sublessee returns Concession Space during the term of this Sublease to American pursuant to Section 2, alterations, additions or improvements to the Concession Space shall be removed by Sublessee at its own cost and expense, prior to expiration of the term of this Sublease, and Sublessee shall repair any damage to the Base Lease Premises and/or Concession Space caused by such removal. Further, if American so elects, Sublessee shall re-install or

replace any fixtures and/or equipment removed or relocated by Sublessee in the Concession Space during the term of this Sublease.

C. Notwithstanding anything to the contrary contained herein, Sublessee hereby specifically acknowledges and agrees that it has the sole responsibility to make, at its sole cost and expense, all alterations, additions, repairs and improvements to the Premises as are necessary to comply with applicable law if the necessity for any such repair, alteration, addition and improvement is attributable to Sublessee's or any City sublessee's use or occupancy of the Premises.

11. SIGNAGE. Sublessee, and the City's sublessees with the written consent of the City, shall each have the right to install, erect, maintain or display signage or advertising in or about the Premises.

12. RIGHT OF ENTRY. American shall have the right to enter the Premises upon reasonable notice to Sublessee (or without notice in the case of an emergency) for any reasonable purpose, including without limitation to gain access to and egress from those portions of the Base Lease Premises not leased to Sublessee hereunder, to perform such functions as may be necessary or convenient for the maintenance and operation thereof, and to determine whether Sublessee is in compliance with the terms of this Sublease.

13. COMPLIANCE WITH LAWS, RULES AND REGULATIONS. Sublessee shall, and shall cause any City sublessee to, faithfully observe and comply with all laws, ordinances, statutes, rules, orders and regulations of all governmental authorities, at any time issued or enforced, which are applicable to the Premises or the conduct of Sublessee's or any City sublessee's business in, on or about the Premises, and shall comply with all rules and regulations of American for the operation, safety, care or appearance of the Premises or the preservation of good order thereon and all rules and regulations promulgated by the City, in its role as landlord, pursuant to the Amended Lease. Sublessee agrees that it will not use the Premises or permit the use of the Premises in any manner that will violate the terms and conditions of the Base Lease, the Bond Documents or any fire or other insurance policy from time to time carried by American on the Premises. Sublessee shall comply with any reasonable regulations or requests that may be made by insurance underwriters.

14. CASUALTY. In the event that the Premises or any portion thereof should be damaged or destroyed by fire, or other casualty, American, at its option, may either terminate this Sublease and American shall not be liable to Sublessee by reason thereof, or diligently proceed to cause the repair of the damage to the Premises. If American elects to repair or rebuild, and if the Premises are so damaged that Sublessee is unable to occupy the Premises or a portion thereof during such repair or reconstruction, then the rental hereunder shall be abated, if and on the same basis that American's rental under the Amended Lease is abated, until the Premises can be occupied by Sublessee. American shall in no event be required to rebuild, repair or replace any improvements, fixtures or personal property of Sublessee. Notwithstanding the foregoing, in the event the Premises or the Base Lease Premises are damaged or destroyed through the negligence

or willful misconduct of Sublessee, City's sublessee or the customers, vendors, contractors or invitees of either Sublessee or City's sublessee, then Sublessee shall pay to American upon demand, the cost of repairing any such damage. Nothing in this Section 14 is intended to modify or limit the provisions of Sections 15 and 16 of this Sublease.

15. INDEMNITY. To the fullest extent permitted by law, Sublessee hereby releases and agrees to indemnify, defend and hold harmless American, the Landlords, and their respective directors, officers, agents, and employees (collectively, the "**Indemnified Parties**" and individually, an "**Indemnified Party**") from and against any and all claims, liabilities, losses, damages, fines, civil penalties, and expenses of any kind or nature whatsoever (including without limitation costs of suit and reasonable expenses of legal services) which may be suffered by, accrued against, charged to or recoverable from any of the Indemnified Parties to the extent caused by any occupancy, use, or misuse of the Premises by Sublessee, its officers, directors, employees, agents, contractors, or subtenants, City's sublessee or the customers, vendors, contractors or invitees of either Sublessee or City's sublessee. Nothing contained in this Section shall be construed as an indemnity by Sublessee of an Indemnified Party against any loss, liability or claim to the extent arising from the gross negligence or willful misconduct of that Indemnified Party. The indemnification obligations of this Section shall survive termination or expiration of this Sublease.

16. INSURANCE. Sublessee is a permissively self-insured governmental agency with adequate insurance or reserves to fund any reasonably anticipated loss arising from general liability, property casualty, or the workers compensation of its employees for the use and occupancy of the Premises.

17. LIENS. Sublessee hereby agrees to keep the Premises, and the improvements thereon, free and clear of mechanics' liens and other liens for labor, services, equipment or materials. In the event such a lien is filed or recorded, Sublessee shall take all action required to remove the same within fifteen (15) days of the filing or recordation. In the event that Sublessee fails to take such action to remove the lien, then American, at its option, may do so and all costs associated therewith plus an administrative fee equal to 15% of such costs shall be due to American from Sublessee upon demand.

18. CONDEMNATION.

A. Total Taking. If during the term of this Sublease or any extension or renewal thereof, all or a substantial part of the Premises should be taken for any public or quasi-public use under any governmental law, ordinance or regulation or by right of eminent domain, or should be sold to the condemning authority under threat of condemnation, this Sublease shall terminate on the date of taking of the Premises by the condemning authority and American shall not be liable to Sublessee by reason thereof.

B. Partial Taking. If less than a substantial part of the Premises is taken for public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent

domain, or is sold to the condemning authority under threat of condemnation, American, at its option, may by written notice terminate this Sublease and American shall not be liable to Sublessee by reason thereof or shall forthwith at its sole expense restore the remaining Premises (other than leasehold improvements made by Sublessee situated on the Premises) in order to make the same reasonably tenantable and suitable for the uses for which the Premises are subleased. The rent payable hereunder during the unexpired portion of this Sublease shall be adjusted equitably if and on the same basis that rent is established under the Base Lease.

19. DEFAULTS. The occurrence of any of the following shall constitute a default by Sublessee under this Sublease:

(a) Sublessee fails to credit to American when due any sum as required hereunder or to pay when due any sums required to be paid hereunder and such failure shall continue for more than thirty (30) days after Sublessee receives notice from American of the failure;

(b) Sublessee fails to cure any other breach of this Sublease within thirty (30) days after written notice thereof or within such shorter period of time allowed American under the Base Lease for curing such breach;

(c) Sublessee (i) takes any steps leading to its cessation as a going concern or ceases or suspends operations for reasons other than a strike; (ii) becomes insolvent or makes transfers in fraud of creditors or makes an assignment for the benefit of creditors; (iii) has an involuntary bankruptcy petition filed against it which is not dismissed within sixty (60) days; or (iv) files a petition for protection under any state or federal bankruptcy act or a trustee or receiver is appointed for all or substantially all of Sublessee's assets.

20. REMEDIES UPON DEFAULT. Upon the occurrence of an event of default hereunder, American may take any one or more of the following actions:

(a) maintain this Sublease in full force and effect and recover any and all rent and other monetary charges as they become due, without terminating Sublessee's right to possession, regardless of whether Sublessee shall have abandoned the Premises. M

(b) Terminate this Sublease by written notice to Sublessee, in which event this Sublease shall be ended as to Sublessee and all persons holding under Sublessee, and all of Sublessee's rights shall be forfeited and lapsed, as fully as if this Sublease had expired by lapse of time. In such event, Sublessee shall be required to vacate the Premises immediately and surrender same to American. In the event of termination in accordance with this provision, the rental or any other sums payable by Sublessee pursuant to this Sublease that have accrued hereunder but are unpaid shall be immediately due and payable by Sublessee to American. In addition, Sublessee agrees to pay to American upon demand the amount of all loss and damages which American may suffer by reason of such termination, including, without limitation, (i) all expenses incurred by American, including court costs and attorney's fees, in recovering

- 8 -

possession of the Premises or enforcing American's rights under this Sublease; (ii) all costs and charges for care of the Premises while vacant or unused; and (iii) all costs of restoring the Premises to a good condition.

(c) Cure the default on the behalf of the Sublessee, in which event the Sublessee shall, upon demand by American, pay or, in the alternative, if American so elects, credit American all sums expended by American in accomplishing such cure plus an administrative charge of 15% of said sums.

(d) Exercise any right available to American in law or in equity.

21. CUMULATIVE RIGHTS. Each right and remedy of American provided for in this Sublease, or now or hereafter existing at law, in equity or by statute or otherwise, shall be cumulative and concurrent, and the exercise or beginning of the exercise of any one or more of such rights or remedies shall not preclude the exercise of that right or remedy in the future or the exercise of any other right or remedy at any time.

22. SURRENDER OF PREMISES. At the expiration or earlier termination of this Sublease, or upon American's termination of Sublessee's right of possession in accordance with the provisions of this Sublease, Sublessee shall surrender the Premises to American in good condition, reasonable wear and tear, and damage by fire or other casualty covered by insurance excepted.

23. ASSIGNMENT AND SUBLETTING.

A. This Sublease is personal to Sublessee and Sublessee shall not assign this Sublease, sublet the Premises or any portion thereof, or permit use by others without the prior written consent of American and, to the extent required by the Base Lease, Landlords. American's acceptance of rent from any person other than Sublessee shall not be deemed to be a waiver of this provision. Consent to one assignment, subletting or use shall not be deemed to be consent to any subsequent assignment, or subletting or use. Notwithstanding the foregoing, Sublessee shall have the right to sublease the Premises, without the prior written consent of American, to (i) a branded coffee concessionaire that is a part of Sublessee's airport concessions program for Terminal 4 and (ii) governmental agencies and tenant service providers that wish to occupy the Terminal 4 Connector, provided such subtenant's use of the Premises conforms to the requirements of the Base Lease and Bond Documents. If The Bank of New York Mellon Trust Company, N.A.'s (as trustee (the "Trustee") and assignee of certain of RAIC's rights under the Base Lease, pursuant to the Indenture (as defined in the Facilities Sublease)) acknowledgment of or consent to such assignment, subletting or use is required by the parties hereto, it is understood that the Trustee shall acknowledge such only with the written direction or consent of the holders of a majority in aggregate principal amount of the Terminal 4 Bonds and RAIC.

B. Upon the completion of the Terminal 4 Connector, American, subject to receiving certain internal approvals, intends to sub-sublease a portion of the Premises where the Terminal 4

Connector is located from the City and in such case shall enter into a sub-sublease with the same terms and conditions, including, but not limited to, terminal rates, as the Los Angeles International Airport Passenger Terminal Tariff that is then in effect.

24. **FORCE MAJEURE.** Neither party shall be deemed to be in breach of this Sublease by reason of a failure to perform any of its obligations hereunder to the extent that such failure is caused by strike or labor troubles, unavailability of materials or utilities, riots, rebellion, terrorist attack, insurrection, invasion, war, action or interference of governmental authorities, acts of God, or any other cause whether similar or dissimilar to the foregoing which is reasonably beyond the control of the parties; provided, however, this clause shall not apply to Sublessee's obligation to pay rent or other sums due hereunder, such obligation being absolute and unconditional.

25. **ATTORNEY'S FEES.** In any action or litigation by American or Sublessee for recovery of any sum due under this Sublease, or to enforce any of the terms, covenants or conditions contained herein, the prevailing party shall be entitled to reasonable attorney's fees in addition to costs and necessary disbursements incurred in such action. Each party shall give prompt notice to the other of any claim or suit instituted against it that may affect the other party.

26. **GOVERNING LAW.** This Sublease shall be governed by and construed under the laws of the state in which the Premises are located.

27. **ENTIRE AGREEMENT.** This Sublease constitutes the complete agreement of the parties with respect to the subject matter hereof and supersedes all previous agreements, representations and understandings concerning the same, whether written or oral. The provisions of the Sublease may be modified, amended or waived only by a written instrument, executed by American and Sublessee.

28. **WAIVER AND CONSENT.** A waiver by either party to this Sublease of any breach of the covenants, conditions or agreements contained herein shall not be construed as a waiver of any succeeding breach of the same or other covenants, conditions or agreements. American's acceptance of any rent or other payments due hereunder shall not be deemed a waiver of any default. Whenever American's consent or approval is required under this Sublease, such consent or approval may be granted or withheld in American's sole discretion for any or no reason. American's consent to any act by Sublessee requiring American's consent or approval shall not be deemed to waive or render unnecessary American's consent or approval to any subsequent or similar acts by Sublessee.

29. **SEVERABILITY.** If any provision or term of this Sublease shall be determined to be illegal, invalid or unenforceable, the remainder of this Sublease shall not be affected and shall remain valid and enforceable to the fullest extent permitted by law.

30. LANDLORDS CONSENT. The Landlords consent to this Sublease may be necessary. In the event such consent is required and is denied, (this Sublease shall terminate and Sublessee shall immediately vacate and surrender the Premises.

31. NOTICES. Any notices, requests or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand, by overnight courier, or by facsimile transmission ("fax"), or mailed by United States registered or certified mail, return receipt requested, postage prepaid, and addressed to the appropriate party at its address or to its fax number, as appropriate, as set forth below:

Sublessee: Department of Airports
1 World Way
Post Office Box 92216
Los Angeles, CA 90009-2216
Attention: Executive Director
Fax No.: (424) 646-9220

With a copy to:

Department of Airports
1 World Way
Post Office Box 92216
Los Angeles, CA 90009-2216
Attention: City Attorney
Fax No.: (424) 646-9212

American: American Airlines, Inc.
4333 Amon Carter Blvd.
Fort Worth, TX 76155
Attention: Vice President, Facilities & Airport Affairs, MD5317
Fax No.: (817) 931-0024

Any such notice, request, or other communication shall be considered given on the date of hand or courier delivery if delivered by hand or overnight courier, on the date of receipt if delivered by fax, or on the day of deposit in the United States mail as provided above. Rejection or other refusal to accept or inability to deliver because of changed address or fax number of which no notice was given shall not affect the validity or the effectiveness of the notice, request, or other communication. By giving at least ten (10) days' prior written notice thereof, either party may from time to time and at any time change its mailing address or fax number hereunder.

32. QUIET ENJOYMENT. Upon Sublessee's payment of all sums due hereunder and provided that Sublessee is not otherwise in default hereunder, Sublessee shall peaceably and quietly hold, occupy and enjoy the Premises for the term of this Sublease without hindrance, ejection or interruption by American, or persons lawfully claiming through American.

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Sublease Agreement between
American and LAWA
Kdrive/opentext/leases/sublease v.8

EXHIBIT B-3

33. **BINDING EFFECT.** Subject to prohibitions against assignment, this Sublease shall be binding upon the parties, their personal representatives, successors and assigns.

34. **NONDISCRIMINATION.** Without limiting the generality of any of the provisions of this Sublease, the Sublessee in its operations on the Premises, and the exercise of any privileges under this Sublease, shall not on the grounds of race, creed, sex, color or national origin discriminate or permit discrimination against any person or group of persons in any manner whatsoever and shall comply with Part 21 of the Regulations of the Office of the Secretary of the Department of Transportation, as it may be amended, and any other present or future laws, rules, regulations, orders, or directions of the United States of America with respect thereto which from time to time may be applicable to the Sublessee's operations on the Premises, whether by reason of agreement between City and the United States Government or otherwise.

35. **SECURITY.** Without limiting the generality of Section 13 of this Sublease, Sublessee shall adopt and enforce appropriate procedures as required by applicable law or regulation or the operator of the Airport to prevent or deter unauthorized access on the part of its customers, passengers, employees, vendors, licensees, and invitees to the Airport operations areas and aircraft. Such procedures shall include, without limitation, a requirement that all of Sublessee's employees visibly display a photographic identification badge on their person at all times while within an area covered by this Sublease which is not open to the general public, and a requirement that all passengers and other persons who are present in such an area at the invitation of Sublessee shall at all times while within such area be in the company of, and escorted by, a properly identified employee of Sublessee. Sublessee further agrees to indemnify, defend and hold harmless American with respect to any fine, levy or penalty which may be imposed upon American by the Federal Aviation Administration or any other governmental authority for violation of any law or regulation pertaining to aircraft or airport security as a result of any act or omission on the part of Sublessee, such indemnity to include all attorneys' fees and other costs of defense incurred in connection therewith. The indemnity obligations of this Section 35 shall survive the expiration or termination of this Sublease.

36. **ENVIRONMENTAL MATTERS.**

A. **Indemnity.** Sublessee shall be responsible for and shall indemnify, defend and hold the Indemnified Parties harmless from and against all liability, claims, penalties, fines, causes of action, suits, liens, losses, damages, costs and expenses of any kind (including, without limitation, all reasonable attorneys' fees and costs) arising from (i) any Release or threat of a Release on, at or from the Premises of a Hazardous Substance during the term of this Sublease (or any holdover by Sublessee after expiration of the term), or (ii) any violation of any Environmental Law in connection with the use of the Premises during the term of this Sublease (or any holdover by Sublessee after the expiration of the term); provided, however, nothing contained in this Section shall be construed as an indemnity by Sublessee of an Indemnified Party against any loss, liability or claim arising from the gross negligence or willful misconduct of such Indemnified Party. Nothing herein shall be construed to waive any of American's obligations

under the Base Lease or this Sublease. The indemnity obligations of this Section 36 shall survive the expiration or termination of this Sublease.

B. Definitions. For purposes of this Sublease, the following terms shall have the meanings noted:

(i) **"Environmental Law"** shall mean all applicable federal, state and local laws, rules, codes, regulations, ordinances, and orders with respect to environmental protection or worker health and safety, including, but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended; the Superfund Amendments and Reauthorization Act of 1986, as amended; the Hazardous Materials Transportation Act, as amended; the Resource Conservation and Recovery Act, as amended; the Toxic Substance Control Act of 1976, as amended; the Federal Clean Air Act, as amended; the Federal Water Pollution Control Act, as amended; the National Environmental Policy Act, as amended; any so-called "Superfund" or "Superlien" law; the Occupational Safety and Health Act, as amended; all regulations promulgated by the United States Environmental Protection Agency; all regulations promulgated by the Occupational Safety and Health Administration; and all rules adopted pursuant thereto.

(ii) **"Hazardous Substance"** shall mean all substances defined or listed as "hazardous substances," "toxic substances," "hazardous waste," "toxic pollutants" in, or otherwise regulated under, any Environmental Law, including without limitation petroleum products and wastes and asbestos-containing materials.

(iii) **"Release"** shall mean any actual escape, seepage, leakage, spillage, discharge, emission, pumping, emptying or release.

C. Notice. Releases or threatened Releases any Hazardous Substance into the environment resulting from or related to the Premises or relating to Sublessee's presence thereon or Sublessee's activities under this Sublease shall be reported immediately by Sublessee to American and all necessary or appropriate governmental authorities with jurisdiction under applicable Environmental Laws.

D. Hazardous Substance Release. Upon discovery of a Release or threatened Release of a Hazardous Substance into the environment at or from the Premises or related to or arising from Sublessee's performance or activities under this Sublease including, without limitation, use of the Premises, Sublessee shall immediately initiate all necessary or appropriate procedures to report, investigate, mitigate, and remediate the same, to a condition existing as of the Commencement Date of the Sublease, and immediately report the same to American. All such actions shall comply with all applicable Environmental Laws. Sublessee shall be solely responsible for undertaking and completing the investigation and/or prevention of any such Releases or threatened Releases, as well as the complete removal, remediation, and proper disposal of any Release, to the satisfaction of American and all government authorities with jurisdiction over such Releases or threatened Releases. To the extent American or governmental

authorities may determine that remediation is required, Sublessee shall coordinate such remediation with American's operations and ensure that such remediation does not unduly interfere with American's operations. Sublessee also shall ensure that upon the conclusion of such remediation, the affected property has been returned to its condition prior to such Releases or threatened Releases. Sublessee shall sign all waste manifests related to the remediation and/or disposal of any Hazardous Substance that has been released in relation to, or as a result of, Sublessee's performance hereunder, as the generator thereof. Sublessee shall promptly submit to American copies of all remediation and/or disposal work plans, reports, sampling data, and analytical results, manifests and correspondence with governmental authorities in connection with Sublessee's activities as described in this paragraph.

E. Environmental Condition on Termination. The Premises shall be returned to American in the same environmental condition that existed upon the Commencement Date of the Sublease and free of any Hazardous Substance introduced after possession of the Premises was transferred to Sublessee.

37. THE TRUSTEE. By its execution hereof, American, as sole holder of the Terminal 4 Bonds, hereby authorizes and directs the Trustee to acknowledge this Sublease.

38. BROKERS.

(a) Sublessee represents and warrants that it has had no dealings or negotiations with any broker or agent in connection with the consummation of this Sublease and Sublessee does hereby agree to indemnify and hold American harmless from and against any and all liabilities, losses, obligations, damages, penalties, claims, costs and expenses (including, without limitation, attorneys' fees and other charges) arising out of any claim, demand or proceeding for a real estate brokerage commission, finder's fee or other compensation made by any person or entity in connection with this Sublease claiming to have dealt with Sublessee. The provisions of this Section 38(a) shall survive the expiration or earlier termination of this Sublease and/or the Prime Lease.

(b) American represents and warrants that it has had no dealings or negotiations with any broker or agent in connection with the consummation of this Sublease and American does hereby agree to indemnify and hold Sublessee harmless from and against any and all liabilities, losses, obligations, damages, penalties, claims, costs and expenses (including, without limitation, attorneys' fees and other charges) arising out of any claim, demand or proceeding for a real estate brokerage commission, finder's fee or other compensation made by any person or entity in connection with this Sublease claiming to have dealt with American. The provisions of this Paragraph 38(b) shall survive the expiration or earlier termination of this Sublease and/or the Prime Lease

39. MISCELLANEOUS.

(a) This Sublease may not be modified, amended, extended, renewed, terminated or otherwise modified except by a written instrument signed by both of the parties hereto.

(b) It is acknowledged and agreed that all understandings and agreements heretofore had between the parties hereto are merged in this Sublease, which alone fully and completely expresses their agreement with respect to the subject matter hereof. This Sublease has been executed and delivered after full investigation by each of the parties hereto, and neither party hereto has relied upon any statement, representation or warranty which is not specifically set forth in this Sublease.

(c) This Sublease does not constitute an offer to sublease the Premises to Sublessee and Sublessee shall have no rights with respect to the leasing of the Premises unless and until American, in its sole and absolute discretion, elects to be bound hereby by executing and unconditionally delivering to Sublessee an original counterpart hereof.

(d) The section and paragraph headings in this Sublease are inserted only as a matter of convenience for reference and are not to be given any effect in construing this Sublease.

(e) All of the terms and provisions of this Sublease shall be binding upon and inure to the benefit of the parties hereto and, subject to the provisions of Paragraph 23 hereof, their respective successors and assigns.

(f) This Sublease may be executed in multiple counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same agreement.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers or representatives to execute this Sublease as of the day and year first written above.

SUBLESSEE:

City of Los Angeles

By: _____

Name: _____

Title: _____

Date: _____

AMERICAN:

American Airlines, Inc.

By:  _____

Name: Timothy Skowron

Title: President, Airport Affairs & Facilities

Date: December 19, 2011

APPROVED AS TO FORM:

Michael N. Feuer, City Attorney

By: _____

Name: _____

Title: Deputy/Assistant City Attorney

Date: _____

CONSENT
OF
REGIONAL AIRPORTS IMPROVEMENT CORPORATION

The Regional Airports Improvement Corporation hereby consents to this Sublease for all purposes of the Facilities Sublease (as defined herein) and hereby directs the Trustee to acknowledge this Sublease.

By: _____

Name: _____

Title: _____

Date: _____

Acknowledged by:

The Bank of New York Mellon Trust Company, N.A.,
as Trustee

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A

Premises

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Sublease Agreement between
American and LAWA
Kdrive/opentext/leases/sublease v.8

EXHIBIT B-3

EXHIBIT A
Los Angeles World Airports
Sublease Agreement with American Airlines

Old Sheet #	Old Space #	New Sheet #	New Space #	Location Description	Space Description	LAWA Sublease From AA (SF)
1	32	7	22	Second Level West Ticketing	LAWA Bus Port	2,450
12	Part. of 71	12	Part. of 3	Public Level Connector	Secure Connector	2,095
15	2	15	10	Mezzanine Level West Ticketing	Secure Connector	1,808
13	3	13	3	Public Level Satellite	Concession (Gate 45)	1,000
11	1	11	Part. of 1	Public Level Ticketing	Concession (Secure Connector)	129
13	3	13	4	Public Level Satellite	Concession (Gate 45)	116
						<u>7,398</u>

三、四、五、六、七、八、九、十、十一、十二、十三、十四、十五、十六、十七、十八、十九、二十、二十一、二十二、二十三、二十四、二十五、二十六、二十七、二十八、二十九、三十、三十一、三十二、三十三、三十四、三十五、三十六、三十七、三十八、三十九、四十、四十一、四十二、四十三、四十四、四十五、四十六、四十七、四十八、四十九、五十、五十一、五十二、五十三、五十四、五十五、五十六、五十七、五十八、五十九、六十、六十一、六十二、六十三、六十四、六十五、六十六、六十七、六十八、六十九、七十、七十一、七十二、七十三、七十四、七十五、七十六、七十七、七十八、七十九、八十、八十一、八十二、八十三、八十四、八十五、八十六、八十七、八十八、八十九、九十、九十一、九十二、九十三、九十四、九十五、九十六、九十七、九十八、九十九、一百。



EXHIBIT A
TOTAL OF 7,396 SF

NOTES: 1. The errors noted above are to be considered planning data and were redrawn using the Limestone Management Application from existing 2010/2004 survey data. The 2010/2004 data file, available in the Limestone Management Application, contains the current Limestone Management data, including corrections and updates from Property and Concessions Divisions through 2012. All 2012 data have been incorporated.

2. Dimensions, geometry and surface have been field verified but may not reflect the current conditions. This data should be field verified prior to use.



INDEPENDENT DATE: 20120004

Los Angeles World Airport
 MASTER LEASE EXHIBIT

TERMINAL 4

LOS ANGELES INTERNATIONAL AIRPORT

APPROVED BY: [Signature]

APPROVED BY: [Signature]

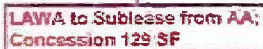
DEPT. OPERATING UNIT OR CODE: [Blank]

DATE: 07 OF 18

TIME: 12:00 PM

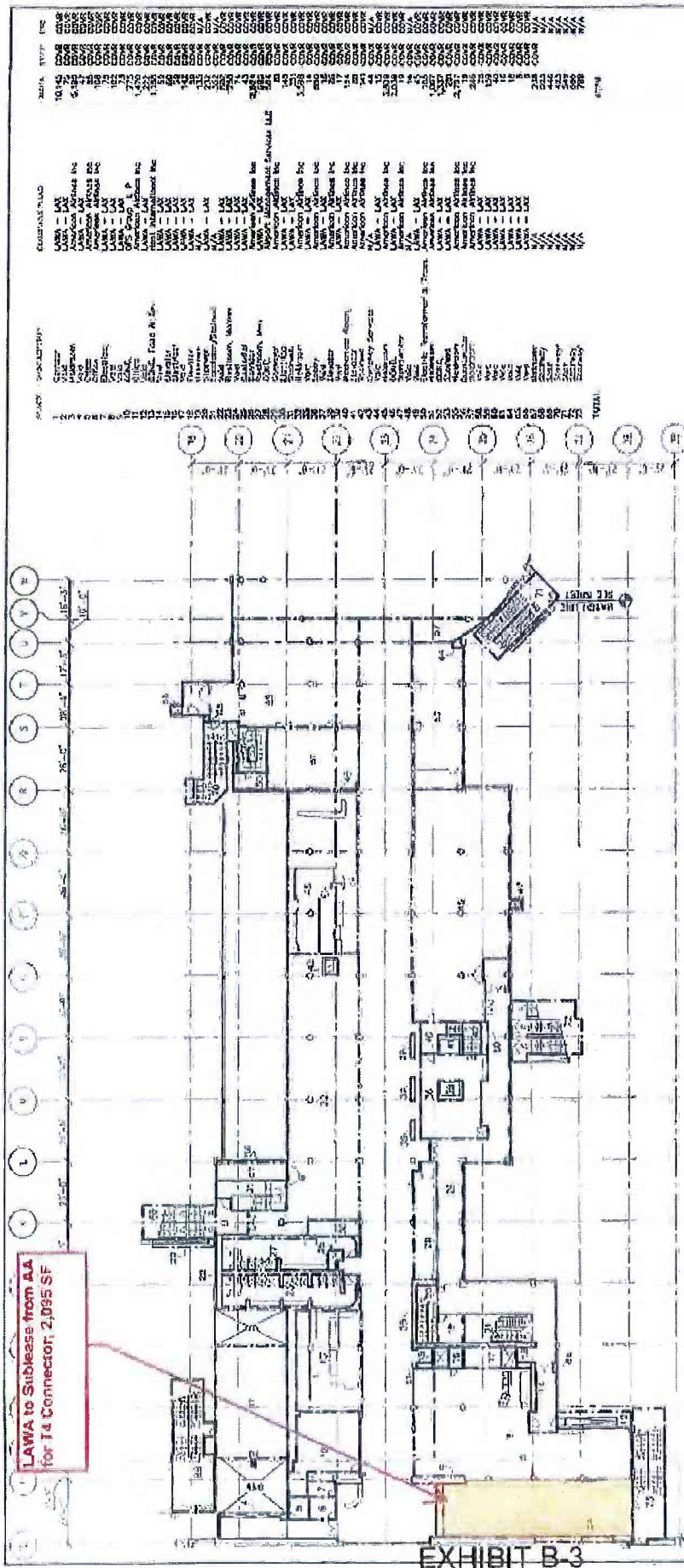
20120004

0-12307, 06

31173[illegible]

2. The cross listed above are to be considered planning data and will not be shown using the Leasehold Management Application from fiscal year 2011/2000000 drawing files. Consultant's CAD file, available information are reclassified using the new LUMS drawing 30041. The following information, fieldnotes and approvals from Property and Community Divisions through 2002.01.2012 have been incorporated.

3. Dimensions, geometry and usage have been field verified but may not reflect the current conditions. This data should be field verified prior to use.



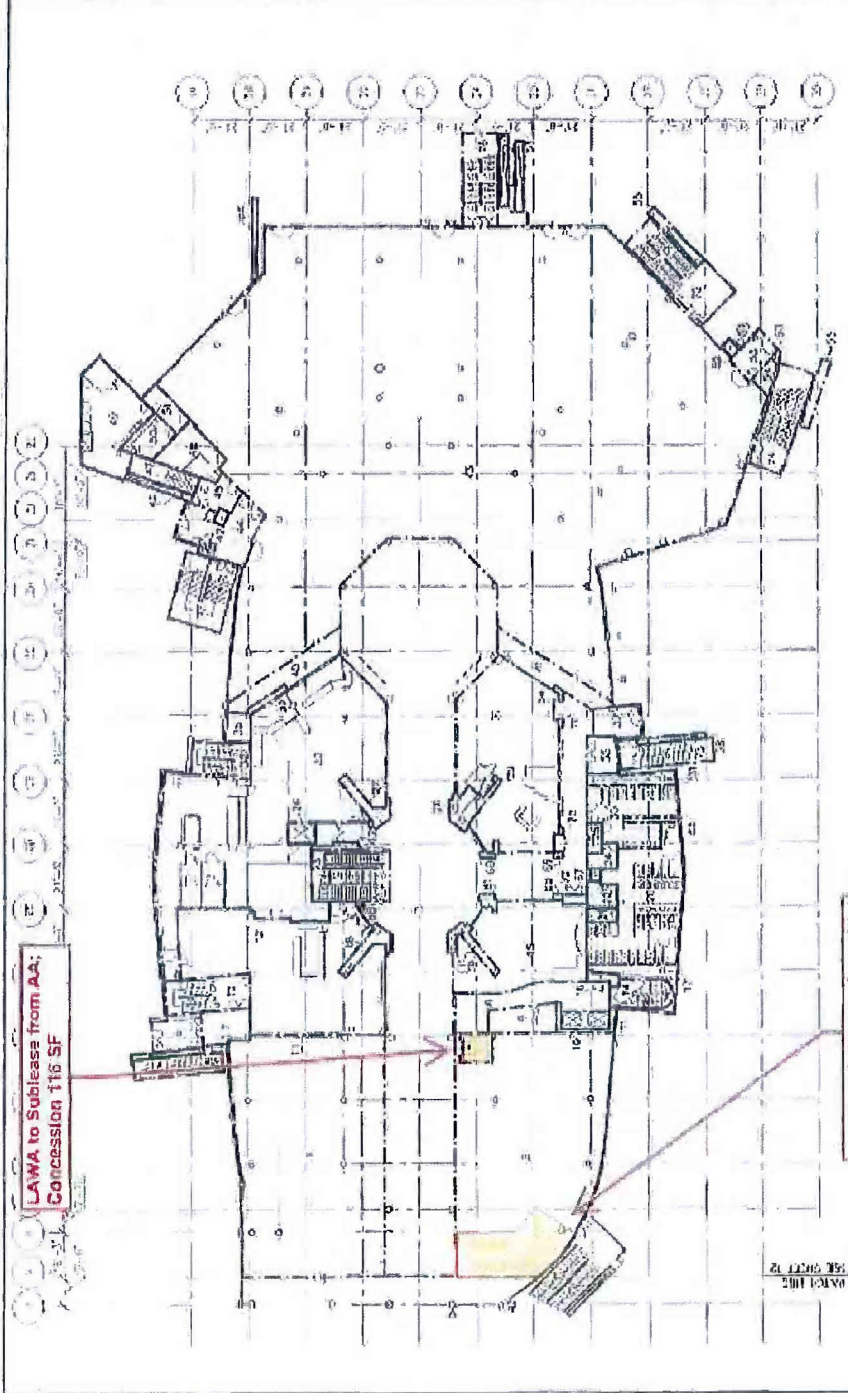
PUBLIC LEVEL FLOOR PLAN CONNECTOR BUILDING-SECTOR 5 TERMINAL 4

NOTED: 1. The areas where shown are to be considered pending until and only when using the Lineage Management Application from existing 2011/2004 drawing files. Consultant's CAD files, available information and reproduction shall be the LANA's responsibility. Consultant's CAD files, available information and reproduction shall be the LANA's responsibility. Dimensional accuracy and scope have been fully verified but may not reflect the current conditions. This set is issued as field verified only to date.

LAX AIRPORT	
TERMINAL 4	
DATE: 12/12/2011	TIME: 12:00 PM
BY: LANA	FOR: LANA
PROJECT: 20120004	REVISION: 1

LAWA to Subless from AA
for T4 Connector, 2,095 SF

NO.	CONTRACT	EMPLOYER NAME	AREA	SIZE
1	1000000000	Continental	1000	1000
2	1000000000	Continental	1000	1000
3	1000000000	Continental	1000	1000
4	1000000000	Continental	1000	1000
5	1000000000	Continental	1000	1000
6	1000000000	Continental	1000	1000
7	1000000000	Continental	1000	1000
8	1000000000	Continental	1000	1000
9	1000000000	Continental	1000	1000
10	1000000000	Continental	1000	1000
11	1000000000	Continental	1000	1000
12	1000000000	Continental	1000	1000
13	1000000000	Continental	1000	1000
14	1000000000	Continental	1000	1000
15	1000000000	Continental	1000	1000
16	1000000000	Continental	1000	1000
17	1000000000	Continental	1000	1000
18	1000000000	Continental	1000	1000
19	1000000000	Continental	1000	1000
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21	1000000000	Continental	1000	1000
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34	1000000000	Continental	1000	1000
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36	1000000000	Continental	1000	1000
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45	1000000000	Continental	1000	1000
46	1000000000	Continental	1000	1000
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51	1000000000	Continental	1000	1000
52	1000000000	Continental	1000	1000
53	1000000000	Continental	1000	1000
54	1000000000	Continental	1000	1000
55	1000000000	Continental	1000	1000
56	1000000000	Continental	1000	1000
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99	1000000000	Continental	1000	1000
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PUBLIC LEVEL FLOOR PLAN SATELLITE BUILDING-SECTOR 7 TERMINAL 4

LAWA to Sublease from AA:
Concession 1,000 SF

LAWA to Sublease from AA:
Concession 116 SF

TERMINAL 4 LOS ANGELES INTERNATIONAL AIRPORT 1300 W. 107th St.	
DATE: 10/1/80 BY: [Signature] TITLE: [Title]	SCALE: 1" = 40' FILE NO.: 20120004

Notes: 1. The areas noted above are to be considered pending and are not to be used for any other purpose without the written consent of the LAX Authority. 2. The areas noted above are to be considered pending and are not to be used for any other purpose without the written consent of the LAX Authority. 3. The areas noted above are to be considered pending and are not to be used for any other purpose without the written consent of the LAX Authority.



EXHIBIT B

Rent and Additional Rent

Effective January 1, 2014:

1. Fair Rent: \$0.00 per square foot per annum; \$0.00 per square foot per month
2. M&O Rent: \$52.51 per square foot per annum; \$4.3758 per square foot per month
3. Additional Rent, effective has shown in the table below:

Effective Date	Per Square Foot Per Annum	Per Square Foot Per Month
October 1, 2014	\$47.0947	\$3.9246
January 1, 2015	\$47.6047	\$3.9671
January 1, 2016	\$48.1440	\$4.012
January 1, 2017	\$48.7355	\$4.0613
January 1, 2018	\$49.3734	\$4.1145
January 1, 2019	\$50.0518	\$4.1710
January 1, 2020	\$50.7922	\$4.2327
January 1, 2021	\$51.5737	\$4.2978
January 1, 2022	\$52.4310	\$4.3692
January 1, 2023	\$53.3418	\$4.4551
January 1, 2024	\$53.5587	\$4.4632

Rent and Additional Rent are subject to adjustment as set forth in Section 5. above.

EXHIBIT C
FORM OF STORAGE SPACE ADDENDUM

(Please see next page)

STORAGE SPACE ADDENDUM

THIS STORAGE SPACE ADDENDUM (this "Addendum") is made as of _____, 2015, by and between THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS, a municipal corporation ("City"), acting by order of and through its Board of Airport Commissioners ("Board"), and _____, a _____ ("Concessionaire"), and upon execution and delivery of this Addendum by Executive Director shall become a part of that certain Los Angeles International Airport Branded Coffee Food & Beverage Concession Agreement, LAA-_____, dated as of _____, 2015, by and between City and Concessionaire with respect to the Premises (as defined therein) (the "Concession Agreement").

1. Defined Terms. All initially capitalized terms not otherwise defined in this Addendum shall have the meanings set forth in the Concession Agreement, unless the context clearly indicates otherwise.
2. Lease of Storage Space. In consideration of the payment of Storage Rent (hereinafter defined) and keeping and performance of the covenants and agreements by Concessionaire as set forth in this Addendum and in the Concession Agreement, City leases to Concessionaire a total of approximately _____ square feet of storage space (the "Storage Space"), as shown on the chart and drawing, both of which are attached to this Addendum as Exhibit A.
3. Term of Storage Space Addendum. Concessionaire's right to use the Storage Space will commence on _____, 20____, and terminate the earlier of (a) upon thirty (30) days' prior written notice from either of City or Concessionaire to the other, or (b) the concurrent expiration or earlier termination of the Concession Agreement, or (c) the termination, for any reason, of either the Terminal Facilities Lease (LAA-4687) dated November 26, 1984, or the First Amendment to Lease No. LAA-4687 dated January 18, 2002, or the Sublease between American Airlines, Inc. and the City of Los Angeles in Terminal 4, LAA-____ ("Term of Addendum"). In connection with the expiration or earlier termination of this Addendum, Concessionaire shall remove all of its goods, furniture, equipment, files, supplies and other personal property from the Storage Space and shall surrender the Storage Space in substantially the same condition as received by Concessionaire.
4. Storage Rent. Concessionaire shall pay, as a monthly base rent for the Storage Space, the Terminal Buildings Charge under the Los Angeles International Airport Passenger Terminal Tariff, as Amended ("Base Storage Rent"). The Base Storage Rent described in this Section 4 is subject to annual adjustment by the Board, and the Concessionaire shall pay the Base Storage Rent based on the then Board-approved rates.

4.1. Terminal Buildings Charge. From September 1, 2013 to the end of the Term of Addendum, the Base Storage Rent shall be calculated for each calendar month in an amount equal to the Terminal Buildings Rate for the month multiplied by the square footage of the Storage Space. Effective January 1, 2014 and to date, the Terminal Buildings Charge is One Hundred and Thirty Seven Dollars and Eighty Cents (\$137.80) per square foot per year. If adjustments to the Terminal Buildings Rate are adopted by the Board retroactive to an effective date established by the Board, the adjustments shall be applied retroactively to said effective date and Concessionaire shall be responsible for retroactive payment of any increased amounts due.

4.2. The Storage Rent is all inclusive and includes utilities, taxes, maintenance, and repair. For purposes of this Addendum, "Storage Rent" shall mean Base Storage Rent and all additional charges (if any) payable to City hereunder. All Storage Rent will be payable in advance, without notice, on or before the first day of each month during the Term of Addendum, at the place designated in the Basic Information of the Concession Agreement for the payment of Rent, or at such place as City may from time to time designate in writing. Concessionaire acknowledges that the Storage Rent does not include Concessionaire's payment of City's Occupancy Tax, which may be adjusted from time to time by the City Council.

5. Use of Storage Space. Concessionaire will use the Storage Space in a careful, safe and proper manner, in accordance with all applicable Laws and any Rules and Regulations. Concessionaire agrees to be fully liable for any damages or losses sustained by City as a result of any overloading by Concessionaire will pay City as Additional Storage Rent on demand for any damage to the Storage Space caused by misuse or abuse by Concessionaire, its agent or employees, or any other person entering the Storage Space. Concessionaire will not commit waste nor permit waste to be committed nor permit any nuisance in the Storage Space.

6. Lighting; Electricity. City agrees, during the Term of this Addendum, to furnish and provide such electric lighting service to and such ingress and egress from the Storage Space during ordinary business hours as may, at the judgment of City, be reasonably required for the use and occupancy of the Storage Space pursuant to the terms of this Addendum. Concessionaire agrees that City will not be liable for failure to provide such lighting service or ingress and egress during any period when City uses reasonable diligence to supply them. City reserves the right temporarily to discontinue electric service, or ingress or egress, at such times as may be necessary when City is unable to provide them by reason of accident, unavailability of employees, repairs, alterations or improvements, or whenever by reason of strikes, walkouts, riots, acts of God, or any other happening beyond the control of City. City will be under no obligation to furnish heating or air conditioning service to the Storage Space. City will have the right to enter the Storage Space to examine and inspect it as provided in the Concession Agreement and to require the removal of any object or material City deems hazardous to the safety or operation of the Terminal or building in which the Storage Space is located.

7. Concessionaire Contacts. Concessionaire will provide City a list of Concessionaire's appointed representatives and their telephone numbers for the Storage Space. Concessionaire

may, from time to time, change the individuals who are designated as Concessionaire's representatives by written notice to City of any such change. City will contact Concessionaire's representative only to obtain access to the Storage Space. Concessionaire will place signs identifying the location and telephone number for Concessionaire representative on each Storage Space.

8. Storage at Concessionaire's Risk; Condition of Storage Space. Concessionaire agrees that all property of Concessionaire kept or stored in the Storage Space will be at the sole risk of Concessionaire and that City will not be liable for any injury or damage to such property. Concessionaire will carry and maintain, at Concessionaire's expense, insurance covering all property stored in the Storage Space. Taking possession of the Storage Space by Concessionaire will be conclusive evidence that the Storage Space was in the condition agreed upon between City and Concessionaire and acknowledgment by Concessionaire that it accepts the Storage Space in its then "as-is, where is" condition, "with all faults," and without any further improvement by City.

9. Applicability of the Concession Agreement. Except to the extent specifically provided otherwise in this Addendum, the provisions of the Concession Agreement shall be applicable to the Storage Space and this Addendum as if they were specifically set forth in this Addendum. During the Term of Addendum, references in the Concession Agreement to the "Premises" will be deemed to refer to the "Storage Space," unless the context clearly indicates otherwise. In the event of any express conflict between the provisions of the Concession Agreement and the provisions of this Addendum, the provisions of this Addendum shall control.

10. Cross-Default. Any default by Concessionaire in the performance of Concessionaire's obligations under this Addendum will also be a default under the Concession Agreement.

11. Improvements to Storage Space; Relocation and Partial Termination. Concessionaire shall not make any alterations or improvements to the Storage Space without the prior written consent of City and compliance with the applicable provisions of the Concession Agreement. City expressly reserves the rights (a) to relocate the Storage Space to such other storage area as may be designated by City, or (b) to partially terminate this Addendum with respect to any portion of the Storage Space upon not less than thirty (30) days prior written notice to Concessionaire. Notwithstanding anything to the contrary provided in the Concession Agreement or otherwise, Concessionaire shall not be entitled to any compensation or reimbursement in connection with such relocation or partial termination (including, without limitation, any compensation or reimbursements for moving expenses, or for alterations or improvements made to the Storage Space); provided, however, the Storage Rent shall be equitably adjusted in connection with any reduction in the Storage Space.

12. Counterparts. This Addendum may be executed in counterparts, but shall become effective only after each party has executed a counterpart hereof; all said counterparts when taken together, shall constitute the entire single agreement between the parties.

[Signatures on next page]

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

APPROVED AS TO FORM:

Michael N. Feuer,
City Attorney

CITY OF LOS ANGELES

Date: _____

By: _____
Executive Director
Department of Airports

By: _____
Deputy/Assistant City Attorney

AREAS USA LAX, LLC

ATTEST:

By: _____
Secretary (Signature)

By: _____
President (Signature)

Print Name

Print Name

SCHEDULE 1
STORAGE SPACE DRAWING

EXHIBIT C



PROPOSAL
BRANDED COFFEE
FOOD & BEVERAGE CONCESSION

1. Table of Contents



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PROPOSAL
BRANDED COFFEE
FOOD & BEVERAGE CONCESSION

2. Cover/Transmittal Letter





September 16, 2014

Denise Sample
Commercial Development Group
Los Angeles World Airports
1 World Way, Suite 204
Los Angeles, CA 90045

RE: COVER / TRANSMITTAL LETTER

Dear Mrs. Sample,

Areas USA LAX, LLC, the Proposer, is proud to be part of the Los Angeles International Airport community. Since 2012 we have been providing outstanding customer service and high quality food to Terminals 4, 5, 7 and 8 travelers. Our local team is eager to expand our operations with the great concept presented in this proposal.

We are proud to reveal the exciting brand and state of the art designs. Our Proposal delivers innovation, diversity, and industry expertise.

High service standards are key to Areas, and are evident in our philosophy of providing fresh and exciting experiences that exceed customers' expectations. Areas effectively provides an extraordinary level of service, the highest quality of offering, and a superior feeling of satisfaction to all its clients.

Our design team has created innovative, inviting, sustainable, and personal to Los Angeles state-of-the-art designs. We are certain our vision will exceed the Los Angeles World Airport's expectations as our concept has been customized to provide an unmatched customer experience.

We have been dedicated to delivering exceptional service and high quality products since 1968, when Areas began operating its first concession. We continually embrace innovation, and combine it with lessons learned in operating over 1,200 venues around the globe. Success means combining years of knowhow and the latest advances that allow us to serve our guests, offering them new options for their culinary and travel related needs.

Areas has been part of the Los Angeles International Airport since 2010 and has gained immense knowledge and experience in built-outs and operations within the airport. Areas has

Areas USA LAX, LLC • 5301 Blue Lagoon Dr., Suite 690 • Miami, FL 33126 • Tel: 305.267.8510 • Fax: 305.675.8488

accomplished incredible success at LAX by significantly outperforming the competition and drastically increasing the sales;



We are eager to bring our legacy of success and commitment to progress to the Branded Coffee Concession at Terminal 4 of the Los Angeles International Airport.

On behalf of myself and the 12,000 plus team-members that Areas employs worldwide, I would like to thank you for this opportunity. We look forward to further solidify our place in Los Angeles' history now and well into the future.

Sincerely,

Xavier Rabell
Chief Executive Officer

PROPOSER INFORMATION:

Areas USA LAX, LLC
 Address: 5301 Blue Lagoon Dr., Ste 690, Miami FL 33126
 Telephone: (305) 267-8510
 Facsimile: (305) 675-8488
 Email: eduardo.uribe@areasmail.com
 Primary Contact: Eduardo Uribe

Type of company: Limited Liability Company

Members: Areas USA, Inc. - 100% of shares

Principals:

- 1. Xavier Rabel, CEO
- 1. Eduardo Uribe, Vice President
- 1. Alberto Lazcano, Vice President.

Copy of the limited liability company's operating agreement: attached

Areas USA LAX, LLC is wholly owned by Areas USA, Inc. and the following is the upstream ownership information:

1) Areas USA, Inc.	100%
1) Areas, S.A.	100%
1) EMESA, S.L.	38.45%
1) Elmor Concessions, S.A.	61.55%
o Charterhouse Funds	36.69%
o Public Float	39.03%
o Bagatelle Investissement et Management, S.A.A.	19.67%
o Chequers Funds	4.61%

OPERATING STATEMENT

OPERATING AGREEMENT

OF

AREAS USA LAX, LLC
(A Florida Limited Liability Company)

THIS OPERATING AGREEMENT (this "Agreement") is made and entered into as of the 7th day of August, 2009 by Areas USA LAX, LLC, a Florida limited liability company (the "Company"), and Areas USA, Inc.

RECITALS

- A. Areas USA, Inc. is the initial member of the Company.
- B. The Company and Areas USA, Inc. desire to adopt this Agreement for the purpose of setting forth the rights and duties of the members of the Company and certain related matters.

AGREEMENT

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Capitalized Terms. The following capitalized terms used in this Agreement have the meanings set forth below:

"Act" means the Florida Limited Liability Company Act, as the same may be amended from time to time.

"Affiliate" means any Person who directly or indirectly controls, is controlled by, or is under common control with, another Person.

"Agreement" means this Agreement, as it may be amended from time to time.

"Articles of Organization" means the Articles of Organization of the Company filed with the Florida Secretary of State in accordance with the Act, as the same may be amended from time to time.

"Bankruptcy" or "bankrupt" means, with respect to any Member, a member making an assignment for the benefit of credit, a Member becoming a party in any manner to any liquidation or dissolution action or proceeding with respect to such member of any bankruptcy, reorganization, insolvency or other proceeding for the relief of financially distressed debtors with

respect to such Member, or a receiver, liquidator, custodian or trustee being appointed for such member or a substantial part of such member's assets, and, if any of the same occur involuntarily, the same not being dismissed, stayed or discharged within ninety (90) business days, or the entry of an order for relief against such member under Title 11 of the United States Code or any state bankruptcy or insolvency proceeding. A Member shall be deemed Bankrupt of the Bankruptcy of such member shall have occurred.

"Board of Directors", "Board" or "Directors" means those individuals elected to serve as Directors by the member(s) pursuant to Section 6.2 of this Agreement. A Director need not be a Member.

"Capital Account" means, as to any member, the capital account maintained for each Member in accordance with Section 5.1 of this Agreement.

"Capital Contribution" means, as to each member, the amount of capital contributed by such member in accordance with Article 4 of this Agreement. Any reference in this Agreement to the Capital Contribution of a Member shall include the Capital Contributions made by any predecessor in interest of such member in respect of such interest of such Member.

"Code" means the Internal Revenue Code of 1986, as amended.

"Entity" means a Person other than a natural person and includes, without limitation, corporations (both non-profit and other corporations), partnerships (both limited, limited liability, general), trusts, joint ventures, limited liability companies, and unincorporated associations.

"Fiscal Year" has the meaning set forth in Section 7.4 of this Agreement.

"Interest" means the limited liability company interest of a member in the Company at any particular time, including the right of such member to any and all benefits to which a member may be entitled under this Agreement, together with the obligations of such member to comply with all terms and provisions of this Agreement. Where required by the context of this Agreement (including without limitation for purposes of voting and granting consents), the interest of a member shall be equal to such member's Percentage Interest.

"Majority of the Members" means the Members holding more than fifty percent (50%) of the Interests.

"Members" means Areas USA, Inc., and all other Persons admitted as additional or substituted members pursuant to this Agreement, so long as they remain Members.

"Member nonrecourse Debt" as used herein shall have the same meaning as the term "partner nonrecourse debt" in Treasury Regulations Section 1.704-2(b)(4).

"Net Cash Flow" means, for any period, all cash receipts of the Company during such period from all sources, less cash expenditures during such period, less all principal and interest payments on the Company's indebtedness during such period, and less the amount of the reasonable working capital reserve to meet the anticipated working capital requirements of the Company, as established by the Board of Directors.

"Percentage Interest" means a Member's share of the profits and losses of the Company and the member's percentage right to receive distributions from the Company. The Percentage Interest of each member is the percentage set forth opposite such member's name on Schedule I hereto. The combined Percentage Interest of all Members shall at all times equal one hundred (100%) percent.

"Person" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns to such Person as the context may require.

"Treasury Regulations" means the regulations of the U.S. Department of the Treasury promulgated under the Code, as such Treasury Regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Transfer" has the meaning given to such term in Section 9.1 of this Agreement.

ARTICLE 2 ORGANIZATIONAL MATTERS

2.1 **Formation.** The Company has been formed as limited liability company pursuant to the provisions of the Act. The rights and duties of the Members, and the affairs of the Company, shall be governed by the provisions of this Agreement, the Articles of Organization and the Act.

2.2 **Articles of Organization and Related Documents.** From time to time, the Members shall execute such certificates, qualifications to do business, fictitious name certificates, or similar filings in such jurisdictions as the Board of Directors may determine from time to time to be necessary or appropriate in connection with the conduct of the business of the Company or to provide notification of the limitation of liability of Members under applicable law.

2.3 **Name.** The name of the Company shall be "Areas USA LAX, LLC". The name of the Company may be changed from time to time at the direction of the Board of Directors.

2.4 **Principal Office.** The principal office of the Company shall be located at 5301 Blue Lagoon Drive, Suite 880, Miami, FL 33126 or such other location as the Board of Directors may from time to time determine. The Company shall promptly notify the Member of any change in the Company's principal office.

2.5 **Other Offices.** The Company may have such other offices as the Board of Directors may from time to time determine.

2.6 Term. The existence of the Company shall continue until the Company is dissolved in accordance with the terms of this Agreement or the Act.

2.7 Registered Agent and Registered Office. The registered agent of the Company is Corporate Creations International Inc.

2.8 Change of Registered Agent or Registered Office. The registered agent and the registered office may be changed from time to time at the direction of the Company's Officers.

ARTICLE 3 PURPOSE AND POWERS

3.1 Purpose of the Company. The Company is organized for the purpose of engaging in any lawful business, trade, profession, purpose or activity permitted under the Act.

3.2 Powers. The Company shall have all powers of a limited liability company under the Act and the power to do all things necessary or convenient to accomplish its purposes as set forth in Section 3.1.

ARTICLE 4 OWNERSHIP INTEREST

4.1 Percentage Interests. The Percentage Interests of the Members are set forth on Schedule 1 to this Agreement.

4.2 Changes in Percentages. The Board of Directors shall amend the identification of Members and Percentage Interests specified on Schedule 1 from time to time as necessary to reflect any Transfer of Interests and the admission of additional or substituted Members, in each case as permitted by this Agreement.

4.3 Additional Capital Contributions. The Members shall not be required to make any additional Capital Contributions without the prior approval of all Members.

ARTICLE 5 CAPITAL ACCOUNTS; ALLOCATIONS AND DISTRIBUTIONS

5.1 Capital Accounts. The Company shall establish, maintain and adjust each Member's Capital Account in accordance with the Code and the Treasury Regulations.

5.2 Allocations of Profits and Losses. The Company's taxable profits and losses shall be allocated among the Members in accordance with their respective Percentage Interests.

5.3 Distributions. Cash distributions may be made at the sole discretion of the Board of Directors and, if made, shall be distributed among the Members in accordance with Section 5.2 above.

5.4 Return of Capital. Except as herein provided with respect to distributions during the term of the Company of following dissolution, no Member has the right to demand a return of such Member's Capital Contribution (or the balance of such Member's Capital Account). Further, no member has the right (i) to demand and receive any distribution from the Company in any form other than cash, or (ii) to bring an action of partition against the Company or its property. Neither the Board of Directors nor the officers of the Company shall have any personal liability for the repayment of capital contributed by the Members.

5.5 Limitations on Distributions. Notwithstanding any other provisions of this Article 5, the Company shall not make any distributions of money or property unless: (i) after such distribution is made, the fair market value of the Company's assets exceeds its total liabilities; and (ii) such distribution does not otherwise contravene any provision of law applicable to the Company.

ARTICLE 6 MANAGEMENT OF THE COMPANY

6.1 Control of Business. Subject to Section 6.4 below and the provisions of the Act, (i) the business and affairs of the Company shall be managed or under the direction of the Board of Directors, and (ii) the power to act for and bind the Company shall be vested exclusively in the Board of Directors, subject to the authority of the Board of Directors to delegate powers and duties as set forth in this Agreement.

6.2 Directors. The Company shall have one Director initially and shall at no time have in excess of three Directors. Each Director shall serve at the discretion of the Members and may be removed at any time by the Members. Upon the death, resignation or removal of a Director, the members shall promptly appoint his or her successor. The Directors shall constitute managers for purposes of the Act. The following individual(s) shall serve as Director(s) until their successors are appointed pursuant to the provisions of this Section 6.2:

Xavier Rabeil

6.3 Officers. The Board of Directors shall be authorized to appoint such officers and attorneys-in-fact as may be deemed appropriate by the Board. Each such officer and attorney-in-fact shall have the powers, duties and authority as may be determined by the Board of Directors. The following individuals are hereby appointed to serve in the office set forth opposite their name, until their successors are appointed or until their earlier resignation, removal from office, or death:

CEO: Xavier Rabell
 Vice President Business Development: Eduardo Uribe
 Vice President Finance: Francesco Balli
 Vice President Operations: Mark Taitt
 Vice President: David Flaherty

6.4 Limitation of Authority of the Board of Directors and Officers. Notwithstanding the general authority of the Board of Directors under Section 6.1, the Company shall not take any of the following actions without the prior consent of all of the Members:

- (a) the issuance of any additional interests or, except as otherwise provided in Article 9 in connection with the Transfer of an Interest, the admission of additional or substituted Members;
- (b) any additional Capital Contribution by the Members;
- (c) the dissolution of the Company; and
- (d) any amendment to this Agreement.

6.5 Performance of Duties by Directors and Officers

(a) The Directors and officers of the Company shall perform their duties in good faith, in a manner reasonably believed by them to be in the best interests of the Company, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing their duties, the Directors and officers of the Company shall be entitled to rely upon information, opinions, reports, or statements including financial statements and other financial data, in each case prepared or presented by:

(i) the agents of the Company whom they reasonably believe to be reliable and competent in the matters presented; or

(ii) counsel, public accountants or other persons as to matters which they reasonably believe to be within such person's professional or expert competence.

(b) The Directors and officers of the Company shall not be considered to be acting in good faith if they have knowledge concerning the matter in question that would cause such reliance described in the preceding paragraph to be unwarranted.

6.6 Limitations on Liability of Members, Directors and Officers. No Member, Director or officer of the Company shall have any liability to the Company or the Members for any losses sustained or liabilities incurred as a result of any act or omission of such person if (i) the person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the interests of the Company, and (ii) the conduct of the person did not constitute actual fraud, gross negligence, or willful misconduct.

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6.6 Liability to Third Parties. The debts, obligations, and liabilities of the Company, whether arising in contract, tort, or otherwise, shall be solely the debts, obligations, and liabilities of the Company, and the Members, Directors and officers of the Company shall not be obligated personally for any such debt, obligation, or liability by reason of acting as a Member, a Director or an officer of the Company.

6.7 Indemnification.

(a) To the maximum extent permitted by law, the Company shall defend, indemnify and hold harmless the Directors, the officers of the Company, and all other employees and agents of the Company (each, an "Indemnitee") from and against any and all losses, claims, demands, costs, damages, liabilities, expenses of any nature (including attorney's fees and disbursements), judgments, fines, settlements, penalties and other expenses actually and reasonably incurred by the Indemnitee, by reason of the fact that the Indemnitee is or was a Director or an officer of the Company or is or was an employee or agent of the Company, arising out of or incidental to the business of the Company provided that (i) the Indemnitee's conduct did not constitute willful misconduct; (ii) the action is not based on a breach of this Agreement; (iii) the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in, or not opposed to, the best interest of the Company; and (iv) such Indemnitee's conduct was not unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere, or its equivalent, shall not, in and of itself, create a presumption that the Indemnitee acted in a manner contrary to that specified above.

(b) Expenses incurred by an Indemnitee in defending any claim, demand, action, suit or proceeding subject to this Section 6.8 shall be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company upon an undertaking by or on behalf of the Indemnitee to repay such amount(s) if it shall ultimately be determined that such Person is not entitled to be indemnified as authorized in this Section 6.8.

(c) The indemnification provided by this Section 6.8 shall be in addition to any other rights to which the Indemnitee may be entitled under any agreement, as a matter of law or equity, or otherwise, and shall inure to the benefit of the successors, assigns, heirs, personal representatives, and administrators of the Indemnitee.

ARTICLE 7
BOOKS, RECORDS, ACCOUNTING AND REPORTS

7.1 Company Funds. The funds of the Company shall be deposited in such bank accounts, or invested in such interest-bearing or noninterest-bearing investments, including, without limitation, federally insured checking and savings accounts, certificates of deposit, government issued or backed securities, or mutual funds investing primarily in such types of securities, as shall be designated by the Board of Directors. Such funds shall not be commingled with the funds of any other Person.

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7.2 Checks, Drafts, Orders for Payment. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Company shall be signed by President of the Company or such other officers or agents of the Company, and in such manner, as the Board of Directors shall from time to time determine.

7.3 Financial Reports. The Company shall prepare and distribute to the Members as soon as practicable after the end of each Fiscal Year of the Company, an unaudited balance sheet as at the end of such period, and an unaudited profit-and-loss statement for the Fiscal Year, each prepared, in accordance with generally accepted accounting principles, consistently applied.

7.4 Fiscal Year. The Fiscal Year of the Company shall end on September 30.

7.5 Tax Matters Member. In the event there is more than one Member, a "tax matters" member within the meaning of Section 6231 of the code shall be named.

7.6 Tax Returns. The Directors shall cause all tax returns for the Company to be prepared and timely filed with the appropriate authorities and shall provide to the Members such information as shall be necessary for the preparation by the Members of their federal income tax returns.

7.7 Books and Records. The Company shall maintain appropriate books and records with respect to the Company's business. Each Member shall have the right, during ordinary business hours, to inspect and copy any of such records at the requesting Member's expense.

7.8 Accounting. The books of the Company for financial reporting purposes shall be maintained in accordance with generally accepted accounting principles, consistently applied. The Company's books for purposes of maintaining and determining Capital Accounts shall be maintained in accordance with the provisions of this Agreement, Section 704 of the Code and, to the extent not inconsistent therewith, the principles described above for financial reporting purposes.

ARTICLE 8 RIGHTS AND OBLIGATIONS OF MEMBERS

8.1 Limited Liability. No Member shall be personally liable for any debts, liabilities, or obligations of the Company; provided that each Member shall be responsible (i) for the making of any Capital Contribution required to be made to the Company by such member pursuant to the terms of this Agreement; and (ii) for the amount of any distributions made to such Member that must be returned to the Company pursuant to the Act.

8.2 Participation in Management. No Member, as such, shall take any part in the management and control of the business of the Company nor shall any Member, by reason of its status as such, have any right to transact any business for the Company or any authority or power to sign for or bind the Company. Notwithstanding the foregoing, Members shall have the right to approve or disapprove or otherwise consent or withhold consent with respect to such matters as are specified in this Agreement or the Act; and provided that Members may take such actions on behalf of the Company and execute documents or otherwise bind the Company

to the extent, if any, that such powers are expressly delegated to any such Member by the Directors from time to time.

ARTICLE 9 TRANSFER OF INTERESTS

9.1 Restrictions on Transfer. No Member shall sell, assign, transfer, pledge, hypothecate, mortgage, encumber or dispose of (a "Transfer") all or any portion of its interest except in compliance with the terms of this Agreement. Any attempted Transfer in violation of this Article 9 shall be null and void.

9.2 Permitted Transfers. The interests of the Members may only be transferred with the prior consent of a majority of the Directors and Majority of the Members (other than the Member requesting the Transfer or his Affiliates).

9.3 Death, Bankruptcy, Dissolution of a Member. The death, Bankruptcy, dissolution of a Member will not terminate the Company. In the event of the death, Bankruptcy or dissolution of a Member, his successors-in-interest will succeed to this interest and shall be responsible for all of the liabilities and obligations of such Member under this Agreement, provided, however, that such successor-in-interest shall have no right to participate in the management of the Company, including any right to vote in any matters to be voted on by the Members, unless such successor-in-interest shall (i) receive the consent of a majority of the Directors and the consent of the Members (other than the Member whose interest is being transferred), and (ii) execute a counterpart of this Agreement, agreeing thereby to be bound by all of its terms and conditions hereof.

9.4 Member Ceasing to be a Member. A Member shall cease to be a Member only upon the occurrence of one or more of the following events:

- (a) A Transfer of the Member's interest in accordance with the provisions of this Article 9; or
- (b) Withdrawal of a Member from the Company, but only with the consent of the Company.

9.5 Withdrawal. No Member may withdraw or retire except with the prior written consent of all remaining Members, which consent the Members may withhold for any or no reason whatsoever. In the event that consent is granted, such consent shall be considered granted only within its limited scope and may contain any and all conditions which the Members, in their sole discretion, deem appropriate under the circumstances.

9.6 Substituted Members. Any transferee acquiring the interest of a Member as permitted under this Article 9 shall be deemed admitted as a substituted Member with respect to the interest transferred concurrently with the effectiveness of the Transfer (provided that such transferee, unless already a Member, shall, as a condition to such admission, execute a counterpart of this Agreement).

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agreeing thereby to be bound by all of the terms and conditions hereof), and such substituted Member shall be entitled to all of the rights and benefits under this Agreement of the transferor of such Interest. Each transferee shall reimburse the Company for all reasonable expenses incurred by the Company in connection with such Transfer. No purported Transfer of any Interest, or any portion thereof or interest therein, in violation of the terms of this Agreement (including any Transfer occurring by operation of law) shall vest the purported transferee with any rights, powers, or privileges hereunder; and no such purported transferee shall be deemed for any purposes as a Member hereunder or have any right to inspect Company records to maintain derivative proceedings, to maintain any action for an accounting or to exercise any other rights of a Member hereunder or under the Act. Any Transfer in contravention of any of the provisions of this Article 9 shall be void *ab initio* and of no effect and shall not bind or be recognized by the Company.

ARTICLE 10 DISSOLUTION

10.1 Events of Dissolution. Each of the following shall be an "Event of Dissolution" causing the company to dissolve:

- (a) The unanimous vote of the Members to dissolve the Company; or
- (b) The sale of all or substantially all the assets of the Company and distribution of the proceeds to the Members.

10.2 Effect of Death, Withdrawal, Bankruptcy or Dissolution of Member. Notwithstanding anything to the contrary contained in the Act, the Company shall not dissolve upon the death, withdrawal, Bankruptcy or dissolution of a Member.

10.3 Liquidation.

(a) Upon dissolution of the company, the Board of Directors shall designate a person (such person being herein referred to as the "Liquidator") to wind up the business and affairs of the Company in accordance with the terms hereof and the requirements of the Act. A reasonable amount of time shall be allowed for the period of winding up in light of prevailing market conditions and so as to avoid under loss in connection with any sale of the assets of the Company. The Liquidator shall have all of the rights in connection with the liquidation and termination of the Company that the Board of Directors and the officers of the Company, would have had with respect to assets and liabilities of the Company during the term of the Company. The Liquidator shall have the right from time to time, by revocable powers of attorney, to delegate to one or more persons any or all of such rights and powers and the authority and power to execute documents in connection therewith, and to fix the reasonable compensation of each such person, which compensation shall be charged as an expense of liquidation. The Liquidator is also expressly authorized to distribute the

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Company's property to the Members, subject to satisfaction of any liens. This Agreement shall remain in full force and effect during the period of winding up, except that the Members shall not have the right to make withdrawals of capital or additional Capital Contributions or to retire from the Company.

(b) In connection with the winding up of the Company, before the later to occur at the end of the Fiscal Year of the Company or the ninetieth day after the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1 (b)(2)(ii)(g), the assets of the Company shall be distributed as follows:

(i) to creditors, including Members who were creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the Company (whether by payment or the making of reasonable provision for payment thereof);

(ii) to Members in satisfaction of liabilities for distribution under the Act; and

(iii) thereafter, to Members in proportion to their respective positive Capital Account balances, after giving effect to all required adjustments to Capital Account balances through the date of distribution.

(c) If distributions are insufficient to return any Member the full amount of such Member's Capital Contributions, such Members shall have no recourse against any other Member or any Director. No Member shall have any obligation to restore, or otherwise pay to the Company, any other Member, or any third party, the amount of any deficit balance in such Member's Capital Account upon dissolution and liquidation. Following the completion of the winding up of the affairs of the Company and the distribution of its assets, the Company shall be deemed terminated and the Liquidator shall file Articles of Dissolution with the Secretary of State of the State of Florida as required by the Act.

(d) Each Member shall be furnished with a statement prepared by the Liquidator which shall set forth the assets and liabilities of the Company as at the date of complete liquidation, and each Member's share thereof. Upon completion of the liquidation, each Member shall cease to be a Member of the Company.

**ARTICLE 11
MEETINGS OF DIRECTORS AND MEMBERS**

11.1 Meetings of Directors. Meetings of Directors may be held whenever called by any Director.

11.2 Meetings of Members. Meetings of the Members may be held whenever called by

the Board of Directors or by the written demand of Members holding at least 10% of the Percentage Interests. Any written demand by the Members shall state the purpose or purposes of the proposed meeting, and business to be transacted at any such meeting shall be confined to the purposes stated in the notice thereof, and to such additional matters as the Board of Directors may determine to be germane to such purposes.

11.3 Place of Meetings. Meetings of the Directors or the Members shall be held at the principal office of the Company, or such other place as the Board of Directors shall determine.

11.4 Notice of Meetings. Written notice stating the place, day and hour of any meeting of the Directors or the Members and the purpose or purposes for which the meeting is called shall be delivered not less than five (5) nor more than fifty (50) days before the date of the meeting, either personally, by facsimile, or by mail, by or at the direction of the person calling the meeting, to each Director and each Member. Any party may waive notice of any meeting. The attendance of a party at any meeting shall constitute a waiver of notice of such meeting except where a party attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened.

11.5 Quorum. At any meeting of the Directors or the Members, the presence in person or by proxy of the holders of a majority of the Directors or the Members respectively, shall constitute a quorum.

11.6 Voting. If a quorum is present at a meeting of Directors, the affirmative vote of a majority of the Directors shall constitute the approval of the Directors. If a quorum is present at a meeting of Members, the affirmative vote of Members holding a majority of the Percentage Interests shall be the act of the Members, unless a greater percentage is required by this Agreement or the Act. All matters submitted to a vote of the Members shall be based upon the respective Percentage Interests of the Members.

11.7 Proxies. At meetings of the Members and any adjournments thereof, a Member may vote in person or by proxy executed in writing by the Member or by its duly authorized attorney-in-fact. Such proxy shall be filed with the Board before or at the time of the meeting. No proxy shall be valid after sixty (60) days from the date of its execution, unless otherwise provided in the proxy. The burden of proving the validity of any undated, irrevocable, or otherwise contested proxy will rest with the person seeking to exercise the same.

11.8 Meetings by Telephone. Any Director or Member may participate in any meeting of the Board or Members, as the case may be, by means of a conference telephone or similar communication equipment whereby all Directors or Members participating in such meeting can hear one another. Such participation shall constitute attendance in person.

11.9 Record of Meetings. The Company shall prepare minutes of each meeting of Directors or Members.

11.10 Action Without a Meeting.

(a) Any action by the Directors which may be taken at any meeting of the Directors, may be taken without a meeting, without prior notice, and without a vote, if a consent in writing, setting forth the action to be taken, shall be signed by all the Directors.

(b) Any action required to be taken at any meeting of members or any action which may be taken at any meeting of members, may be taken without a meeting, without prior notice, and without a vote if a consent in writing, setting forth the action so taken, shall be signed by the Members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all interests entitled to vote thereon were present and voted.

(c) Any consents under this Section 11.10 may: (i) be signed in counterparts; and (ii) may have faxed signatures, copies of which shall be effective when received by the Company. Within (10) days after first obtaining such authorization by written consent, notice must be given to all Directors and Members.

**ARTICLE 12
GENERAL PROVISIONS**

12.1 Notices. Any notice, demand, request or report required or permitted to be given or made under this Agreement shall be in writing and shall be deemed given or made when delivered in person or five (5) days after the date when sent by certified or registered mail to: (i) a Member, when addressed to such Member at the address set forth on the signature pages hereto or such other address as the Member may hereafter provide to Company in writing; and (ii) the Company, when addressed to the Company at its principal office.

12.2 Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Florida, without regard to any conflict-of-law, rule or principle thereof that would result in the application of the law of any other jurisdiction.

12.3 Headings. The Article and Section headings of this Agreement are for convenience only, do not form a part of this Agreement, and shall not in any way affect the interpretation hereof.

12.4 Parties in Interests. Nothing herein shall be construed to be to the benefit of or enforceable by any Person not a party to this Agreement, including, but not limited to, any creditor of the Company, other than the Persons entitled to indemnification under Section 6.8.

12.5 Further Assurances. The Members will execute and deliver such further instruments and do such further acts and things as may reasonably be required to carry out the intent and purposes of this Agreement.

12.8 Successors and Assigns. Subject to the restrictions on Transfer set forth in Article 9, this Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

12.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement.

12.8 Entire Agreement. The terms and conditions of this Agreement constitutes the entire agreement the Members concerning the subject matter hereof, and shall supersede all previous communications, either oral or written, between the parties hereto, and no agreement or understanding modifying this Agreement shall be binding upon any Member unless such modification is in writing and signed by such Member.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first-above written.

ADDRESS

5301 Blue Lagoon Drive, Suite 690
Miami, FL 33126

MEMBER:

Areas USA, Inc.

By: _____

Xavier Rabell, CEO

COMPANY:

AREAS USA LAX, LLC

By: _____

Xavier Rabell/Director and CEO

OPERATING STATEMENT

Schedule I

Members and Percentage Interests

<u>Member</u>	<u>Percentage Interest</u>
Arco USA, Inc.	100%

**FIRST AMENDMENT TO OPERATING AGREEMENT
OF
AREAS USA LAX, LLC**

This First Amendment to the Operating Agreement effective as of August 7, 2009 (hereinafter "Agreement") for AREAS USA LAX, LLC ("Company") is effective as of December 7, 2009.

- I. Officer Removal. Per Section 6.3 of the Agreement, the Director of the Company, Xavier Rabell, hereby removes Francesco Balli, Vice President of Finance, as an Officer of the Company.
- II. Officer Appointment. Per Section 6.3 of the Agreement, the Director of the Company, Xavier Rabell, hereby appoints Fernando Martinez, as Vice President of Finance, and an Officer of the Company.

AREAS USA LAX, LLC

By: 

Name: Eduardo Uribe

Title: Director

OPERATING STATEMENT

SECOND AMENDMENT TO OPERATING AGREEMENT OF AREAS USA LAX, LLC.

This Second Amendment to the Operating Agreement dated August 7, 2009 (hereinafter "Agreement") for Areas USA LAX, LLC. ("Company") is effective as of October 21, 2009 ("Effective Date").

- I. **Officer Removal.** Per Section 6.3 of the Agreement, the Director of the Company, Xavier Rabell, hereby removes Mark Taitt, Vice President of Operations and as Officer of the Company.

Areas USA LAX, LLC.

By:


Xavier Rabell

Its:

Director

**FOURTH AMENDMENT TO OPERATING AGREEMENT
OF
AREAS USA LAX, LLC.**

This Fourth Amendment to the Operating Agreement dated August 7, 2009 (hereinafter "Agreement") for Areas USA LAX, LLC, ("Company") is effective as of July 26, 2014 ("Effective Date").

- I. **Officer Removal.** Per Section 6.3 of the Agreement, the Director of the Company, Xavier Rabell, hereby removes Robert Negron, Vice President of Finance, as an Officer of the Company.
- II. **Officer Appointment.** Per Section 6.3 of the Agreement, the Director of the Company, Xavier Rabell, hereby appoints Jose Alberto Serratos, as Vice President of Finance and an Officer of the Company.

MEMBER:
Areas USA Inc.

By: 

Xavier Rabell

Its: CEO

**THIRD AMENDMENT TO OPERATING AGREEMENT
OF
AREAS USA LAX, LLC.**

This Third Amendment to the Operating Agreement dated August 7, 2009 (hereinafter "Agreement") for Areas USA LAX, LLC. ("Company") is effective as of January 11, 2013 ("Effective Date").

- I. **Officer Removal.** Per Section 6.3 of the Agreement, the Director of the Company, Xavier Rabell, hereby removes Fernando Martinez, Vice President of Finance, as an Officer of the Company.
- II. **Officer Appointment.** Per Section 6.3 of the Agreement, the Director of the Company, Xavier Rabell, hereby appoints Robert Negron, as Vice President of Finance and an Officer of the Company.

MEMBER:
Areas USA Inc.

By: _____

Xavier Rabell

Its: CEO



PROPOSAL
BRANDED COFFEE
FOOD & BEVERAGE CONCESSION

3. Executive Summary



EXECUTIVE SUMMARY

Strengths of the Proposer

There are many ingredients that go into a truly memorable level of service. Brands, designs, quality food, and customer service offered at an airport can go a long way in creating a great experience for guests.

However, there is something else that will make guest's visit that much more elevated, it is the ability of an operator to bring all these elements together, to make them each exemplary and to do so consistently. And it takes experience and a commitment to excellence.

Since 1968 Areas has successfully operated airport concessions and travel plazas around the world and our experience, with over 1,200 locations today, has made us an industry leader.

Through its operations at the Los Angeles International Airport, Areas was able to build on decades of experience gained internationally and translate it into an unmatched offering at LAX, in order to create an exceptional experience.



EXECUTIVE SUMMARY



THE TRUTH ABOUT DUNKIN'

America Runs on Dunkin' is the absolute truth. Dunkin' Donuts has been ranked #1 in Coffee Chain Customer Loyalty by Brand Keys for five consecutive years, and The NPD Group / CREST® reports that Dunkin' Donuts serves the most traditional hot and iced coffee in America. On a global level, Dunkin' Donuts serves more than 1.7 billion cups of their coffees every year.



The Dunkin' Donuts brand is highly responsive to the busy lives of their guests, offering a wide range of coffee drinks, snacks and sandwiches designed for portability and satisfaction – perfectly addressing the needs of Terminal 4 travelers and airport guests.

Design Appeal

The quality of architectural design that Areas offers to Terminal 4 of LAX is exceptional. Contemporary in its look, the concession is inviting and comfortable, as well as functional, serving the unique needs of the American Airlines customer. In addition, the design concepts will promote a sense of place, giving emphasis to functionality and customer service.



Build-out Expertise

Over the past forty five years, Areas has designed and developed concession projects all over the world, including airports, service plazas and many others. Our quality construction and attention to design details have made us one of the world's leaders in food, beverage and retail services.

Areas has the experience and capability to design, permit and construct the Concession serviced through the experience gained in the recent buildouts of the nine F&B concessions at Terminals 4, 5, 7, 8 and TBIT.

architects

BRUCE A. MILLER
& ASSOCIATES

Additionally, Areas has partnered with LA's finest architectural and expeditor firms, Corsini Stark Architects and Bruce A. Miller and Associates in order to make Terminal 4 project a success.

Financial Projection and Proposal

Areas' experience at the Los Angeles International Airport combined with thorough knowledge of operating the proposed concept, has given us an ability to generate accurate projections of revenues, capital expenditures and costs of ongoing operations. Furthermore building on the existing logistics at Terminal 4 and efficiency of our operations, Areas is able to offer LAWA an excellent financial proposal.

Engine Co. No 28, Homeboy and B Grill at the Los Angeles International Airport.







PROPOSAL
BRANDED COFFEE
FOOD & BEVERAGE CONCESSION

4. Official Proposal Statement



ATTACHMENT D

Official Proposal Statement

Date: 9/05/2014

To: Executive Director

Los Angeles World Airports

Los Angeles, California

Subject: REQUEST FOR PROPOSAL: BRANDED COFFEE FOOD AND BEVERAGE
CONCESSION CONCESSIONS RFP

The Proposer warrants that the Proposer has carefully examined the Branded Coffee Food and beverage Concession Request for Proposals (RFP), including the draft Concession Agreement.

The Proposer further warrants that if the Proposal is accepted, the Proposer will contract with Los Angeles World Airports (LAWA) in the form of a Concession Agreement and comply with the requirements of the RFP and Concession Agreement.

Except as expressly stated in the proposal or in any addenda thereto, the Proposal incorporates by reference, as if fully set forth in the proposal, the full content of the RFP.

The Proposer understands that it may withdraw the Proposal up to the deadline set for submittal, provided that a withdrawal request is made in writing and is received by LAWA prior to the date and time of the submittal deadline. This proposal may not be withdrawn by the Proposer for a period of 180 days after the proposal submittal due date and may remain valid beyond that time with the consent of the Proposer. Corrections to errors made by the Proposer in the Proposal will not be accepted after the proposal deadline.

The Proposer agrees that all material submitted by it to LAWA becomes the property of LAWA.

Proposer undertakes and agrees to defend, indemnify and hold harmless LAWA from and against all suits, claims, and causes of action brought against LAWA for LAWA's refusal to disclose Proprietary Information to any person making a request pursuant to the CPRA. Proposer's obligations herein include, but are not limited to, all attorney's fees (both in house and outside counsel), costs of litigation incurred by LAWA or its attorneys (including all actual, costs incurred by LAWA, not merely those costs recoverable by a prevailing party, and specifically including costs of experts and consultants) as well as all damages or liability of any nature whatsoever arising out of any such suits, claims, and causes of action brought against LAWA, through and including any appellate proceedings. Proposer's obligations to LAWA under this indemnification provision shall be due and payable on a monthly, on-going basis within thirty (30) days after each submission to Proposer of LAWA's invoices for all fees and costs incurred by LAWA, as well as all damages or liability of any nature. I, the undersigned affirm that I have read and understand all the provisions set forth in this invitation. I guarantee that this proposal meets or exceeds the specifications contained in the

OFFICIAL PROPOSAL STATEMENTS

RFP document, This firm will comply with all provisions and conditions as specified. All requested information has been submitted as requested.

I also affirm that I am duly authorized to execute this potential Agreement; that this company, corporation, firm, partnership, or individual has not prepared this proposal in collusion with any other Proposer; and that the contents of this proposal as to rent, terms, or conditions of said proposal have not been communicated by the undersigned nor by an employee or agent to any other Proposer or to another person(s) engaged in this type of business prior to the official opening of the proposal.

By submitting a proposal, the Proposer authorizes LAWA to conduct whatever investigations into the Proposer's Qualifications that LAWA deems necessary.

Date: 9/05/2014

Proposer: Areas USA LAX, LLC

Signature of Authorized Person: 

Printed Name: Eduardo Uribe

Title: Vice President of Business Development

Business Address of Proposer: 5301 Blue Lagoon Dr., Ste 690, Miami FL 33126

Telephone: (305) 267-8510

Fax: (305) 675-8488

Email: eduardo.uribe@areasmall.com



September 10, 2014

Los Angeles World Airports
6053 West Century Boulevard, Suite 400
Los Angeles, CA 90045

RE: AUTHORITY TO BID AREAS USA LAX, LLC IN THE REQUEST FOR
PROPOSALS CONCESSION OPPORTUNITIES FOR THE LOS ANGELES
WORLD AIRPORTS

Dear Sir/Madam,

Areas USA LAX, LLC, ("Areas") has authorized Eduardo Uribe as provided in the enclosed Written Consent of Areas' Board of Directors, to bind Areas USA LAX, LLC to the Request for Proposal for Branded Coffee Food and Beverage Concession at the Los Angeles International Airport. In addition, I have been duly authorized to execute contracts on behalf of the Areas if successful in the aforementioned request for proposal. Enclosed herewith is the original Written Consent from Areas Board of Directors.

Sincerely,

A handwritten signature in blue ink, appearing to read "Eduardo Uribe".

Eduardo Uribe
Vice President
Areas USA LAX, LLC

Areas USA LAX, LLC • 5301 Blue Lagoon Dr., Suite 690 • Miami, FL 33126 • Tel: 305.267.8510 • Fax: 305.675.8488

OFFICIAL PROPOSAL STATEMENTS

ORIGINAL

WRITTEN CONSENT of the BOARD OF DIRECTORS of AREAS USA LAX, LLC

Dated as of September 15, 2014

The undersigned being all of the members of the Board of Directors (the "Board") of AREAS USA LAX, LLC, a Florida limited liability company (the "Company"), hereby consent to authorize and approve the adoption of the following:

I. Authority to Propose.

WHEREAS, the Board desires that the Company participate in certain request for proposals and other bid processes for concessions at various airports and other related travel locations (the "Bids") and

WHEREAS, the Board believes that entering into the Bids by the Company will be in the best interest of the Company; and

WHEREAS, the Bids may contain documents that are to be executed by certain named individuals and the Board wishes to grant authority to those individuals to execute the Bids;

NOW, THEREFORE, BE IT RESOLVED, that the following individuals are duly authorized representatives of the Company with the authority to execute, seal and deliver the Bids and any and all other documents related to the Bids:

Xavier Rabell	Chief Executive Officer
Eduardo Uribe	Vice President
Alberio Serratos	Vice President

RESOLVED, that any authorized officer (the "Authorized Officer") be, and each hereby is, authorized to take any all action which is, in his judgment, necessary and appropriate to effect the purposes and intent of the foregoing Resolutions and that the Authorized Officer is hereby directed and empowered to execute and deliver all agreements, undertakings, instruments, certificates and other documents in the name and on behalf of the Company necessary to effectuate the same.

RESOLVED, that the Authorized Officer be, and hereby is, authorized to take any and all actions which is, in his judgment, necessary and appropriate in effect the purposes and intent of the foregoing Resolutions and that the Authorized Officer is hereby directed and empowered to execute and deliver all agreements, undertakings, instruments, certificates and other documents in the name and on behalf of the Company necessary to effectuate the same and; further

II. General.

RESOLVED, that the Authorized Officer be, and hereby is, authorized, empowered and directed for and in the name and on behalf of the Company to perform all acts and do all things that are required to

WILLIAM H. HARRIS, JR.

RESOLVED FURTHER, that any and all actions and transactions by the Authorized Officer or any other representative of the Company for and in the name and on behalf of the Company with respect to any of the transaction contemplated by the foregoing resolutions before the adoption of the foregoing, resolutions be, and hereby are, approved, adopted, ratified and confirmed in all respects and for all purposes as the actions of the Company.

4-5

OFFICIAL PROPOSAL STATEMENTS

WRITTEN CONSENT FOR JUVENILE

IN WITNESS WHEREOF, the undersigned has executed this Written Consent as of the date first above written.

DIRECTOR:

Xavier Rabell

A handwritten signature in blue ink, appearing to read 'Xavier Rabell', is written over a horizontal line. The signature is stylized with a large 'X' and a long horizontal stroke.



PROPOSAL
BRANDED COFFEE
FOOD & BEVERAGE CONCESSION

5. Qualifications & Experience



QUALIFICATIONS AND EXPERIENCE

THE PROPOSER'S HISTORY AND EXPERIENCE

Areas USA LAX, LLC is an entity that was formed for operations at the Los Angeles International Airport, however, in addition to the LAX experience of Areas USA LAX, LLC, the Proposer will also be relying on the experience and support of its parent company, Areas, S.A. The following is the information on Areas, S.A. history and experience in the development and management of facilities at high traffic/volume environments.

45 YEARS OF WORLDWIDE EXPERIENCE. After four decades of airport and turnpike operations, the result has been a company with over 1,200 sales venues spread over seven countries: United States, Chile, Dominican Republic, Mexico City, Portugal, Spain and St. Martin, generating nearly a billion in sales annually through the direct management of all types of F&B and retail businesses.

AREAS GLOBAL SNAPSHOT

\$880 million
EARNINGS 2012-2013

TURNOVER BY BUSINESS LINE

FOOD & BEVERAGE

65%

RETAIL

26%

OTHERS

9%

AREAS OPERATES CONCESSIONS IN:

AIRPORTS

HIGHWAYS

TRAIN STATIONS

TURNOVER BY MARKET



54.4%
AIRPORTS



30.2%
HIGHWAYS



15.4%
TRAIN STATIONS
AND OTHERS

NUMBER OF OUTLETS BY COUNTRY

SPAIN

569

USA

157

PORTUGAL

59

ST. MARTIN

16

MEXICO

270

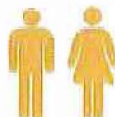
DOMINICAN REPUBLIC

18

CHILE

118

1,207



12,409



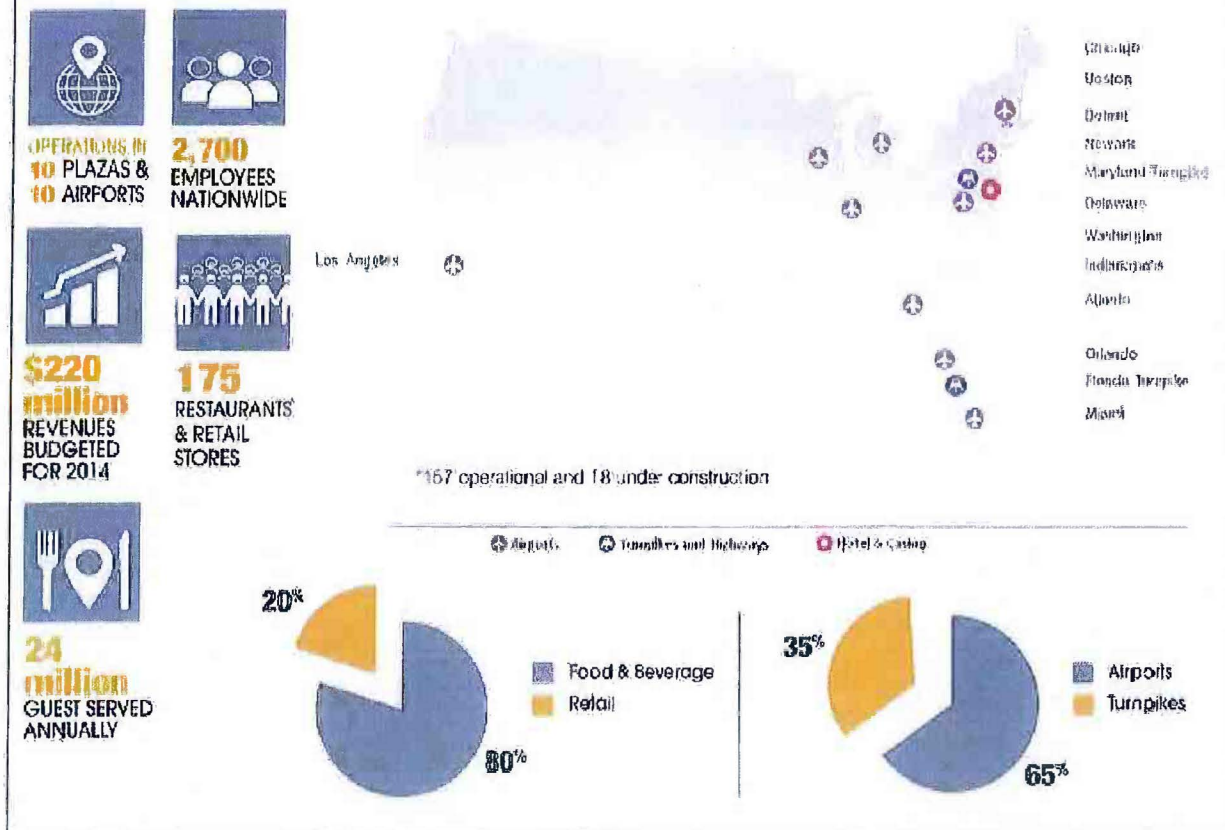
45
YEARS OF
EXPERIENCE

150
MILLION
CUSTOMERS



QUALIFICATIONS AND EXPERIENCE

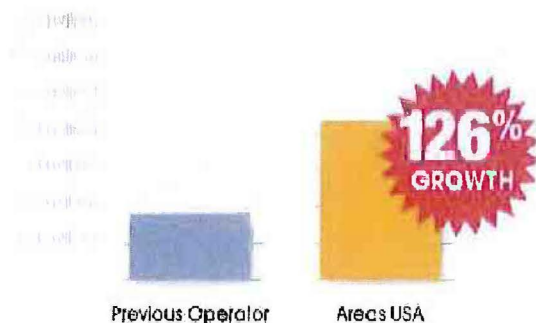
AREAS U.S. EXPERIENCE



LOS ANGELES INTERNATIONAL AIRPORT EXPERIENCE

In 2010 Areas USA was awarded contract for 11 F&B and 1 retail locations at LAX's terminals 4, 5, 7 and 8. Through its exciting local brands, inviting and modern designs, unique marketing campaign, service and operational procedures, Areas USA accomplished incredible growth.

LAX ANNUAL SALES



LAX SALES/SF



QUALIFICATIONS AND EXPERIENCE

BRANDED COFFEE FOOD & BEVERAGE EXPERIENCE

Areas operates numerous branded coffee locations and concepts throughout the United States and worldwide. Our experience has helped Areas become one of the leaders in the industry and results speak for themselves, either comparing to the previous operator or similar locations within the airport. The following is an example of Areas' Homeboy Café performance in comparison to previous and current coffee operators at Terminals 4, 5, 7 and 8:

Homeboy Café vs. Previous Concept

ANNUAL SALES



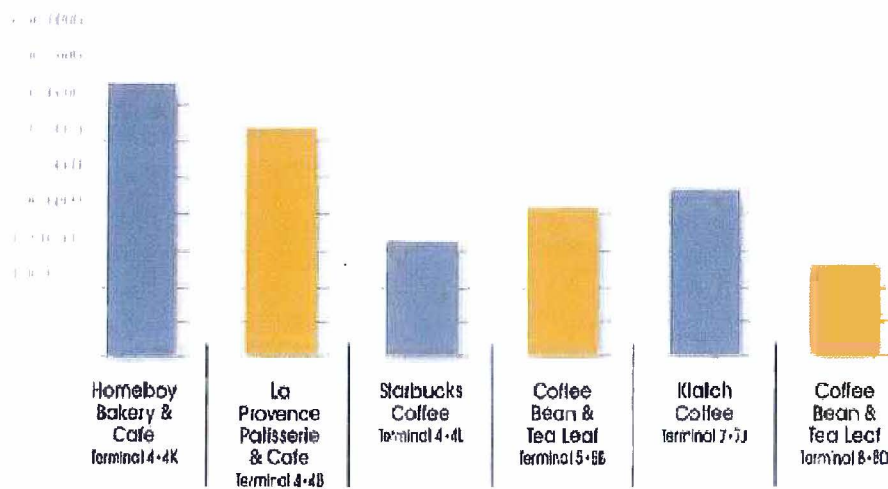
Homeboy Café vs. Previous Concept

SALES/SF



Summary July 2014

HOMEBOY VS. SIMILAR OPERATIONS



Please see Attachment E, Summary of Proposer's Branded Coffee Food and Beverage Concession Experience, and Attachment F, Proposer References, in the end of this section.

QUALIFICATIONS AND EXPERIENCE



EXPERIENCE AND CAPABILITY TO COMPLY WITH ALL REQUIREMENTS AND A TIMELY DELIVERY.

Throughout its 45 years of industry experience, Areas has handled concession projects all over the world, including airports, service plazas and other high traffic environments. Areas has earned a solid reputation for exceptional execution, performed with the utmost professionalism and timeliness. Our successes have made us one of the world's leaders in food, beverage and retail services.

Areas is aware of the tight deadline of this project and of the importance of opening the concessions in a timely manner and is committed to meeting this deadline.

architects

In fact, we have already identified a renowned and experienced architectural firm for this project, Corsini Stark Architects, LLP. Areas has previously worked with Corsini Stark on its existing

LAX airport operations and we are confident that this firm will make the T4 Branded Coffee project a success.

Additionally, Areas will utilize services of an expeditor, Bruce A. Miller & Associates Inc. The firm possesses thorough knowledge of applicable California codes relating to development of commercial projects, among others, and for over 20 years provided services which include code consulting, permit processing, inspection coordination and final certificate of occupancy.

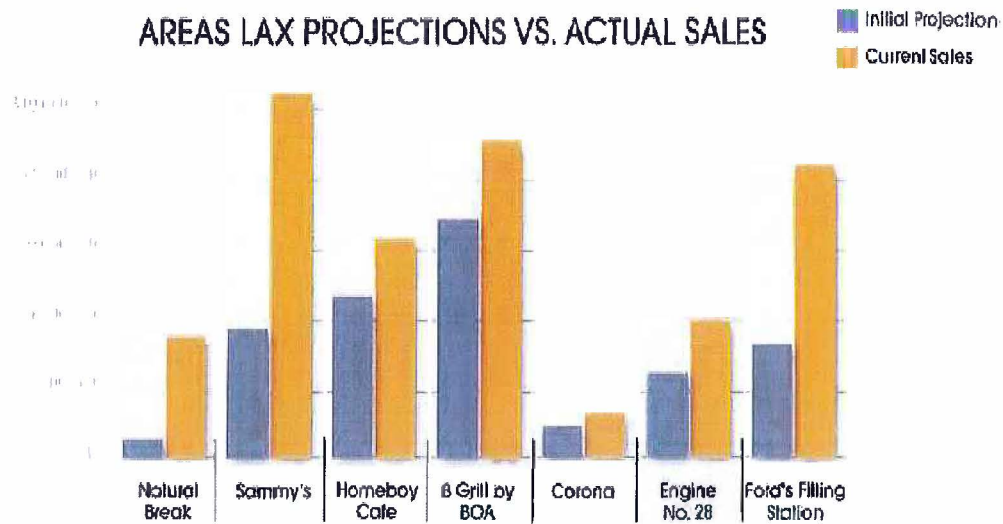
Areas' track record of accomplishments and specific capabilities with respect to terminal concessions at airports have been demonstrated throughout this section through charts and specific examples.

Please find the statement regarding any pending, active or previous legal action of the Proposer in the end of this section.

QUALIFICATIONS AND EXPERIENCE

RECORD OF PERFORMANCE IN MEETING SALES & REVENUE TARGETS
Areas has an exceptional track record of meeting and exceeding its sales targets. The following is an example of our sales projections at the time of the LAX RFP for terminals 4,5,7 and 8 versus actual performance:

AREAS LAX PROJECTIONS VS. ACTUAL SALES



**Initial projections were estimated using historical sales*

ADDITIONAL INFORMATION ON THE MARKETING PROGRAMS USED FOR INCREASING SALES AND PERFORMANCE IS AVAILABLE UPON REQUEST.

Areas, on an on-going basis, evaluates its performance and develops programs designed to increase sales and revenues for all our operations. For example, through our Marketing and Customer Service programs, Areas accomplished incredible results at our Los Angeles Airport operations:

LAX MARKETING PROGRAM RESULTS



Additional information on the marketing programs used for increasing sales and performance is available upon request.

ATTACHMENT - E**Branded Coffee - Summary of Proposer's Branded Coffee Concessions Experience**

	Location of Concession	Branded Coffee (name)	Term (in yrs)	Min Annual Guarantee	Incentive Rent	Annual Gross Sales	Services Provided
1	Chesapeake House Travel Plaza at JFK Highway, MD	Peet's Coffee & Tea	35 years	N/A*	10.0%	\$ 2,700,000	Nationally-Branded Coffee and Tea: gourmet coffee, tea and blended cold drinks with expanded assortment of sandwiches, salads and pastries
2	Maryland House Travel Plaza at JFK Highway, MD	Dunkin' Donuts	35 years	N/A*	10.0%	\$ 3,500,000	Nationally-Branded Coffee: variety of coffee products and teas with a wide variety of branded doughnut products, breakfast and lunch sandwiches, flatbreads and more
3	Chicago O'Hare International Airport Terminal 5	KOFE by Intelligentia	20 years	\$ 95,000	14.0%	\$ 1,800,000	Locally-Branded Specialty Coffee: KOFE is an express version of a full-service Intelligentia Coffee Brand - one of the top in the U.S., offering wide variety of gourmet coffee products. KOFE also offers pastries, hot and cold sandwiches, salads, variety of juices, desserts, pastries and snacks.
4	Fort Drum Service Plaza at Florida Turnpike	Dunkin' Donuts	30 years	N/A*	12.5%	\$ 2,700,000	Nationally-Branded Coffee: variety of coffee products and teas with a wide variety of branded doughnut products, breakfast and lunch sandwiches, flatbreads and more
5	Ft. Pierce Service Plaza at Florida Turnpike	Dunkin' Donuts	30 years	N/A*	13.7%	\$ 2,100,000	Nationally-Branded Coffee: variety of coffee products and teas with a wide variety of branded doughnut products, breakfast and lunch sandwiches, flatbreads and more

QUALIFICATIONS AND EXPERIENCE

ATTACHMENT F - BUSINESS REFERENCE FORM



ATTACHMENT F

Business Reference Form

Reference Name: Adrian Songer
Title: Commercial Operations Property Manager, Miami International Airport
Address: Terminal H, 4th Floor, Suite H-40374
Miami, Florida 33120-5504
Telephone: (305) 876-7175 Fax: (305) 876-7746
Email Address: ASONGER@miami-airport.com
Business Relationship: Landlord for the concession agreement

The foregoing information is being submitted to LAWA as part of the Request for Proposals for Branded Coffee Food and Beverage Concession at Los Angeles International Airport. The undersigned hereby attests to the truth and accuracy of all statements, answers and representations made in this questionnaire, including all supplementary information attached hereto. The undersigned hereby authorizes LAWA, or its agents, to contact any appropriate third parties to verify the accuracy of the information provided herein. The undersigned affirms that he/she is a duly authorized representative of the proposing entity.

Date: 9/10/2014

Areas USA LAX, LLC

(Name of Proposer)

By: [Signature]

(Principal/Owner)

QUALIFICATIONS AND EXPERIENCE

ATTACHMENT F - BUSINESS REFERENCE FORM



Los Angeles World Airports

ATTACHMENT F

Business Reference Form

Reference Name: Greg Hatcher

Title: Director of Concessions & Quality Assurance, Detroit Metropolitan Wayne County Airport

Address: L.C. Smith Terminal, Mezzanine

Detroit, MI 48242

Telephone: (734) 942-3663

Fax: (734) 942-3793

Email Address: Greg.Hatcher@wcaa.us

Business Relationship: Landlord for the concession agreement

The foregoing information is being submitted to LAWA as part of the Request for Proposals for Branded Coffee Food and Beverage Concession at Los Angeles International Airport. The undersigned hereby attests to the truth and accuracy of all statements, answers and representations made in this questionnaire, including all supplementary information attached hereto. The undersigned hereby authorizes LAWA, or its agents, to contact any appropriate third parties to verify the accuracy of the information provided herein. The undersigned affirms that he/she is a duly authorized representative of the proposing entity.

Date: 9/10/2014

Areas USA LAX, LLC

(Name of Proposer)

By: 

(Principal/Owner)

APPENDUM ACKNOWLEDGMENT

APPENDUM A - BUSINESS REFERENCE FORM



Los Angeles World Airports

ATTACHMENT F

Business Reference Form

Reference Name: Michael J. Caro
Title: Vice President, Airmall Boston, Inc.
Address: 300 Terminal C, Boston Logan International Airport
Boston, MA 02128
Telephone: 617-567-8881 Fax: (617) 567-0885
Email Address: m_caro@airmallusa.com
Business Relationship: Landlord for the concession agreement

The foregoing information is being submitted to LAWA as part of the Request for Proposals for Branded Coffee Food and Beverage Concession at Los Angeles International Airport. The undersigned hereby attests to the truth and accuracy of all statements, answers and representations made in this questionnaire, including all supplementary information attached hereto. The undersigned hereby authorizes LAWA, or its agents, to contact any appropriate third parties to verify the accuracy of the information provided herein. The undersigned affirms that he/she is a duly authorized representative of the proposing entity.

Date: 9/10/2014

Areas USA LAX, LLC

(Name of Proposer)

By: 

(Principal/Owner)

ADDENDUM ACKNOWLEDGMENT

1. PURPOSE, SCOPE, DATES, AND LOCATION OF THE PROPOSER



September 14, 2014

Denise Sample
Commercial Development Group
Los Angeles World Airports
1 World Way, Suite 204
Los Angeles, CA 90045

RE: RFP FOR BRANDED COFFEE FOOD AND BEVERAGE CONCESSION

Dear Mrs. Sample,

As a duly authorized representative of the Proposer, Areas USA LAX, LLC, I certify that there are no pending, active or previous legal actions that could reasonably prevent Areas USA LAX, LLC from fulfilling its obligations under the Agreement.

On behalf of Areas USA LAX, LLC, I thank you for the opportunity to submit this proposal and look forward to finalizing a mutually beneficial agreement.

Sincerely,

Eduardo Uribe
Vice President
Areas USA LAX, LLC

Areas USA LAX, LLC • 5307 Blue Lagoon Dr., Suite 690 • Miami, FL 33126 • Tel: 305.267.8510 • Fax: 305.675.8488



PROPOSAL
BRANDED COFFEE
FOOD & BEVERAGE CONCESSION

6. Concept Design & Implementation Plan





CONCEPT, DESIGN & IMPLEMENTATION PLAN

Rationale for selecting the concept and how it is the best for Terminal 4

Los Angeles is one of our greatest American cities, reflecting every aspect of American history, creativity, innovation, and diversity. Terminal 4 of LAX is one of the busiest terminals of the airport and one of the largest hubs of American Airlines, bringing a hugely diverse population through the airport and providing an opportunity for Los Angeles to make a great impression.

Through Areas' experience of operating at this terminal, we know that the concept has to respond to the needs of a highly diverse population of travelers, from families with children to sophisticated business travelers. The concept also has to accommodate the needs of the airport and airline staff, be attractive to guests, work well in a fast-paced environment, and drive sales.

The following are the reasons why we believe that Dunkin' Donuts is the best concept for Terminal 4:



**Dunkin'
Donuts sells
more coffee,
donuts and
bagels than
any other
quick service
restaurant in
America**

THEIR BUSINESS

- ✓ The largest coffee and baked goods chain in the world
- ✓ More than a billion cups of coffee sold per year
- ✓ Over 14,000 locations worldwide
- ✓ Numerous industry awards:
 - #1 Coffee Chain Customer Loyalty for 5 consecutive years
 - #1 in Hot Reg./Decaf/Flavored Coffee
 - #1 in Iced-Coffee
 - #1 in Donuts
 - #1 in Bagels
 - #2 in Breakfast Sandwiches
 - It's Everywhere!
- ✓ Dunkin' Donuts enjoys 95% brand recognition among consumers, even in markets where they don't have a presence.



"This is the best donuts, coffee, everything, that you can get. And it's been a long time, two-and-a-half years I've been waiting for it to come out here," Chris, who ordered a coffee, bagel, donuts and munchkins, said.

Dunkin' Donuts in California

Dunkin' Donuts' expansion to California will further cement the company's position as America's favorite all-day, everyday stop for coffee, sandwiches and baked goods. The new locations offer its famous hot, iced and frozen beverages, delicious breakfast and bakery sandwiches, donuts, bagels and muffins, as well as better-for-you options from its DDSMART® menu, to guests in the Golden State.

- 200 new restaurants in CA in the next several years
- Over 1,000 planned long-term





Analysis of F&B needs in Terminal 4 at LAX, and how the proposed concept considers airport trends and customer preference

Terminal 4 has recently undergone a new concessions redevelopment program that brought exciting local concepts to the traveler. However, outside of the Starbucks Coffee in the pre-security area, the terminal is lacking a nationally branded specialty coffee concept.

Additionally, after analyzing Terminal 4 demographics, it is clear that over 70% of all flights depart to the East Coast (BOS, JFK, LGA, MIA, MCO, etc) and Midwest (ORD, DFW, STL, etc), which creates a need for a concept to appeal to this customer and demographic. Currently, the terminal only offers local Los Angeles brands.

Areas' proposed concept is a clear choice for Terminal 4 customer through its significant market presence in both East Coast and Midwestland without repeating the existing concepts (Starbucks and La Provence Patisserie).

Dunkin Donuts considers the following airport F&B trends and customer preferences as part of its offering:

- Healthy, vegetarian and fresh options
- Fast service
- Reliable and consistent product
- Seasonal specials, promotions and loyalty programs
- Value-oriented offering
- Menu displaying caloric values of the drinks and meals

CONCEPT, DESIGN & IMPLEMENTATION PLAN

Plan to supplement concessions in Terminal 4 at LAX, including incorporating adequate service that appeals to both morning and evening passengers. If applicable, submit a Letter of Intent from the Branded Concept to include Brand authorization for submission of concept.

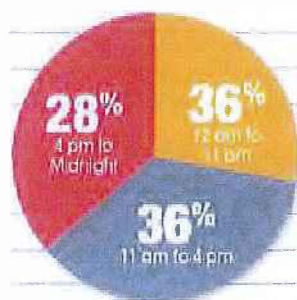
Currently, Terminal 4 has two coffee concepts, Starbucks and La Provence Patisserie and Café. We believe that supplementing these brands with a specialty coffee with a national recognition and appeal to the East-coast customer with attractive price-points will be a huge success for Terminal 4.

Dunkin Donuts will supplement concessions in Terminal 4 by offering:

- East coast brand and appeal to the AA customer
- Lighter roast supplementing darker roasts of Starbucks and La Provence Patisserie and Café
- Providing the only offering of donuts at the airport
- Value proposition to the customer – supplementing higher priced offerings of the Food Court and rest of the terminal with Dunkin's lower price-points
- In-house, freshly baked pastries and donuts

Dunkin Donuts offers such a wide variety of products that appeal to not only morning, but also afternoon and evening passengers. The pie chart below is an example of Dunkin's typical day-part sales at Maryland and Florida service plazas:

DUNKIN DONUTS DAYPART SALES



The following is the Letter of Intent from Dunkin Donuts authorizing Areas USA LAX, LLC to submit the concept.

CONCEPT, DESIGN & IMPLEMENTATION PLAN

DUNKIN' DONUTS CONCEPT, DESIGN & IMPLEMENTATION



September 15, 2014

Areas USA LAX, LLC
5301 Blue Lagoon Drive, Suite 360
Miami, Florida 33128

Re: Letter of Authorization ("LOA")

Dear Mr. Uribe,

Dunkin' Brands, Inc. ("Dunkin'") hereby warrants and represents that it owns the marks related to Dunkin' Donuts ("DD Concept"). Dunkin' has granted Areas USA LAX, LLC ("Areas") authorization to include and represent the DD Concept, its trademark, design and menu (the "Brand") in Areas' bid response to the Request for Proposal for Branded Coffee and Food and Beverage Concession (Terminal 4) for the Los Angeles World Airport.

Sincerely,

A handwritten signature in black ink, appearing to read "Christian Burr, Jr.", written over a horizontal line.

Christian Burr, Jr.
Director, Nontraditional Development



Floor plan and rendered illustrations of the Proposer's planned improvements

Over the past forty five years, Areas has designed and developed concession projects all over the world, including airports, service plazas and other high volume environments. Areas has earned a solid reputation for exceptional execution within the concession industry. Our quality construction and attention to design details have made us one of the world's leaders in food, beverage and retail services.

Areas is proud to present our innovative and one-of-a-kind designs for the LAX Terminal 4 Branded Coffee concession at the end of this section.

CONCEPT, DESIGN & IMPLEMENTATION PLAN

Identify the amount of capital investment required to improve the Concession location

Areas plans to invest \$1,600,000 in the capital improvements of the Concession location. Additional information on the breakdown and capital expenditure requirements can be found in Tab 7 – Financial Return to LAWA.

Task	Duration	Start	End	October	November	December	January	February	March	April
55% Design Submitted to LAWA	6 days	10/20/19	10/26/19							
LAWA Review and Approval	10 days	10/20/19	10/30/19							
30% Schematic Design Submitted to LAWA / Areas USA	8 days	11/07/19	11/15/19							
LAWA / Areas Review and Approval	10 days	11/07/19	11/17/19							
60% Construction Documents Submitted to LAWA / Areas USA	11 days	11/07/19	11/18/19							
LAWA / Areas Review and Approval	10 days	11/07/19	11/17/19							
LADBS and LA County Health Plan Check Submitted	10 days	11/07/19	11/17/19							
LADBS Back Check	5 days	11/07/19	11/12/19							
100% CDC Submitted to LAWA / Areas / Resubmitted to LADBS	2 days	11/07/19	11/09/19							
Permits PO	1 day	11/07/19	11/07/19							
PPP Prework	10 days	11/07/19	11/17/19							
Preconstruction Meeting	1 day	11/07/19	11/07/19							
Construction Start	10 days	11/07/19	11/17/19							
Substantial Completion/ Punch List	5 days	11/07/19	11/12/19							
Staffing and Training	5 days	11/07/19	11/12/19							
Final Inspections and LAWA misc. approvals	5 days	11/07/19	11/12/19							
Soft Opening Date	1 day	11/07/19	11/07/19							

Provide a phasing plan and narrative that specifically describes the proposed construction improvements

Areas has the expertise necessary to properly phase this project without sacrificing service or offering to the travelers. Above is a streamlined phasing and construction schedule for the T4 Branded Coffee location. During the phases, Areas will install a construction barrier wall and display decorative graphics informing customers of the upcoming concept. These walls will also include signage to direct customers to other open venues and marketing materials for our future brand.

For its first location at LAX, Dunkin' Donuts iconic brand color scheme is merged with warm contemporary Earth tones rendered in wood, quartz, and tile finishes to bring a refined, upscale presence to Terminal 4. The colors pop and compliment the oxidized orange colors of the corten steel allowing for an identifiable presence of a beloved National brand from any advantage point within the Terminal. The material details are modern and sleek allowing for unique displays of donuts and coffee, showcasing them as the stars of the brand. A communal table and standing bar rail accommodate travelers as they enjoy renowned coffee and other delectable treats.

CONCEPT, DESIGN & IMPLEMENTATION PLAN

Menu and convenience to meet passenger expectations and elevate the passenger's overall experience

Areas is constantly adapting to innovations in technology enhance the operation, elevate overall passenger experience and provide new offerings to our customers in a quickly and efficient manner. Areas will utilize the following technologies in order to provide additional convenience to our guests:

- Mobile POS Tablet – we will be able to take and process orders from customers from a hand-help tablet. This will facilitate the throughput and maximize sales, all while minimizing the wait times and queue of our guests
- Order Ahead – Areas' will utilize the APP that provides customers the opportunity to place an order from their mobile device. It has been proven that a guest spends 25% more, on average, by using the Order and Pay Ahead feature

The following is a comprehensive description of the types and brands of food & beverages offered at the Dunkin' Donuts location proposed.



Beverages

Hot Beverages	
Hot Coffee	Hot Teas
Hot Chocolates	Hot Lattes
Cappuccino	Espresso
Iced Beverages	
Iced Coffee	Iced Lattes
Iced Teas	
Frozen Beverages	
Coolatta	Frozen Coffee
	Coolatta

Bakery

Donuts	Bagels
Muffins	Danish
Cookies	
HoneyKiss® Donut Hole® (Hot)	
Other Bakery	

DD

Our menu offers great tasting products that will get you going and keep you running throughout your busy day.

DunkinDonuts.com

(menu continued on next page)

g u e s t

Serving customers in a timely, professional and courteous manner and customer service plan, including how customer complaints will be addressed

At Areas, we understand that effective Customer Service ("Guest Service") is the key factor that differentiates a top concessionaire from the others.

Our goal of continuous improvement in the area of customer service led us to create the G.U.E.S.T. Approach: Greet, Understand, Explain, Suggest, Thank. We turned our vast experience in guest service and hospitality into a rigorous 360° program that establishes patterns of excellence among our associates. Through G.U.E.S.T., our associates gain the foundations needed to offer the best service in a timely, professional and courteous manner:

G.U.E.S.T. APPROACH

Steps of Service	It Sounds Like	Impact on Business
G / Greet	Good Morning	Transactions, Transactions per Passenger/Enplanement
U / Understand	Where are you traveling to today?	Customized Engagement, Order Accuracy
E / Explain	All of our donuts are baked fresh daily	Mystery Shop Scores, Guest Web Feedback, Guest Loyalty
S / Suggest	How many bottles of water would you like for your trip?	Avg. \$ per Transaction, \$ per Enplanement, Sales of high profit items
T / Thank	Thank you for stopping in and have a safe trip to Orlando.	Thank you for stopping in and have a safe trip to Orlando.

CONCEPT, DESIGN & IMPLEMENTATION PLAN

Areas' Guest Service Plan involves a thorough development of our work force so they are continually engaged and motivated. Our guest service philosophy focuses on four major components important not only for our company's business success but to empower our associates to provide the best guest experience:

Training: Our associates participate in both classroom and on-the-job training that totals over 100 hours per person per year.

Evaluation: Our success in delivering a great guest experience is measured directly by a highly trained, third party Mystery Shopper program, as well as through our online survey open to our guests. We also offer every guest the opportunity to submit feedback to us directly on every receipt. All team members participate in an internal audit.

Support: Our leadership team, in partnership with certified trainers, offers continuous coaching to our associates, recognizing great performance, helping them identify solutions to challenges and new opportunities to offer service that goes beyond client expectations.

Recognition: The link between recognition of superior performance and positive employee motivation has been clearly established by research. Our associates are rewarded for exceeding guest expectations and for their contributions to the business.

AREAS GUEST SERVICE RESULTS AT LAX

**82% are
positive
comments**

**Scores of
Over 80%**



**100%
perfect
score**

**On over 50% of
All comments**

The full Guest Service Plan program is available upon request

CONCEPT, DESIGN & IMPLEMENTATION PLAN

ADDRESSING COMPLAINTS

The following is a customer complain procedure delivery method chart:



Describe the mechanisms the Proposer will use to ensure a successful concept for future food and beverage locations at LAX

Food & beverage and retail are dynamic systems, with product trends and customer needs constantly changing. We reflect this dynamism in our processes. Our Product Committee meets every month with our Operations Department to review data from each of our locations. Together they review and respond to:

- Shifts in customer preferences and needs
- Menu item additions and removals, and promotional activity
- Food trends

Our menus change at least once a year, with consideration given to new trends, high performing products (based on sales), product enhancement, requests from brands, and the feedback gathered by our customer quality assurance system.

Areas' strong relationships with our brand partners and our experience working with multiple brands allow us to respond rapidly to new trends. We are able to test and launch successful new menu items quickly.



Proposer's strategy for meeting changing airport needs including response to changes to airline activity and passenger enplanements

In addition to new and updated products, we respond rapidly and positively to changes in the airline activity, passenger enplanements, and any other changes we identify in order to create the best customer experience.

Areas constantly cross-references flight schedules and communicates with the airport and airline representatives in order to anticipate any changes and plan accordingly.

Our mission is to be the undisputed choice in the airports we serve. We provide service that over-delivers, distinctive offerings, differentiated marketing campaigns, and we work hard to capture the full growth potential.

Demonstrate the Proposer's commitment to maintaining the appearance of its facilities in excellent condition

Areas strongly believes that the success of each operation depends on our team ensuring high and consistent quality standards at each facility. In order to maintain excellent condition and appearance of our facilities, Areas' Quality Management System follows a clearly defined set of established practices, collects data on an ongoing basis from various sources, analyzes it monthly to ensure we understand the conditions at every location we manage, and identifies useful improvements and translates them back into operations. *(In-depth documentation is available upon request for every aspect of our quality program.)*

Elements of Areas' Quality Management System:

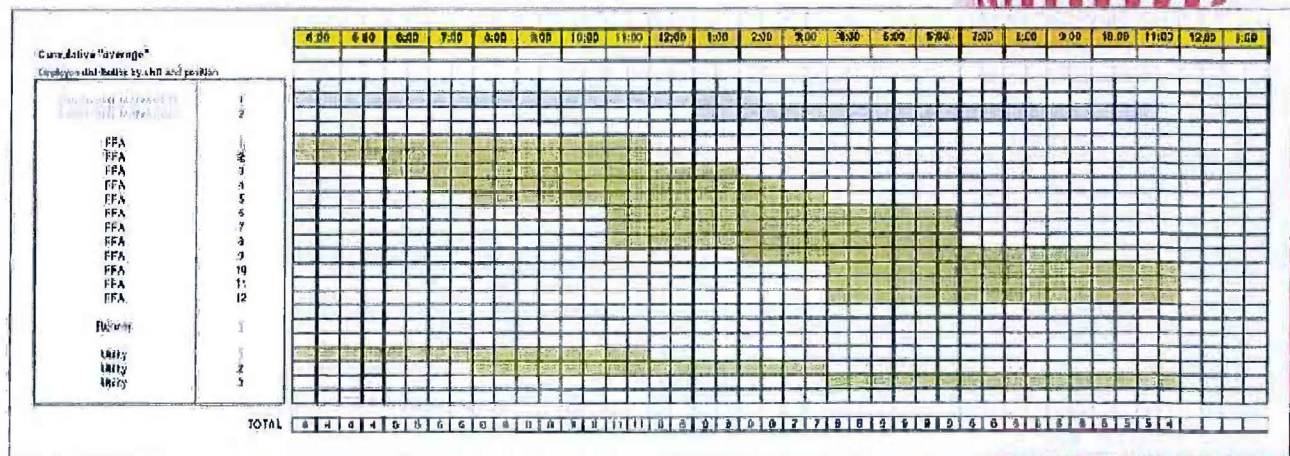
- Maintenance of premises and equipment (preventative & corrective)
- Cleanliness programs - food safety, pest control and EcoSure program
- Environmental management (recycling, food waste management, water control, etc)
- Customer satisfaction (mystery shopper, web surveys, etc)
- Standardization of suppliers and inventory control
- Data monitoring & analysis (internal logs, surveys, franchisor site surveys, etc.)

Hours of operation and plan to adequately staff facilities

Areas' staffing plan focuses on meeting our customer's service needs. Given our extensive experience in operating at airport facilities and Terminal 4 of LAX, we understand the different staffing needs during high volume traffic, flight delays, holidays, and distinct seasons.

In addition to the set schedules each week, Areas has developed an on-call schedule to remedy any delays or call outs. By cross training personnel and always maintaining an on-call schedule, the Areas team is always prepared to handle any circumstances.

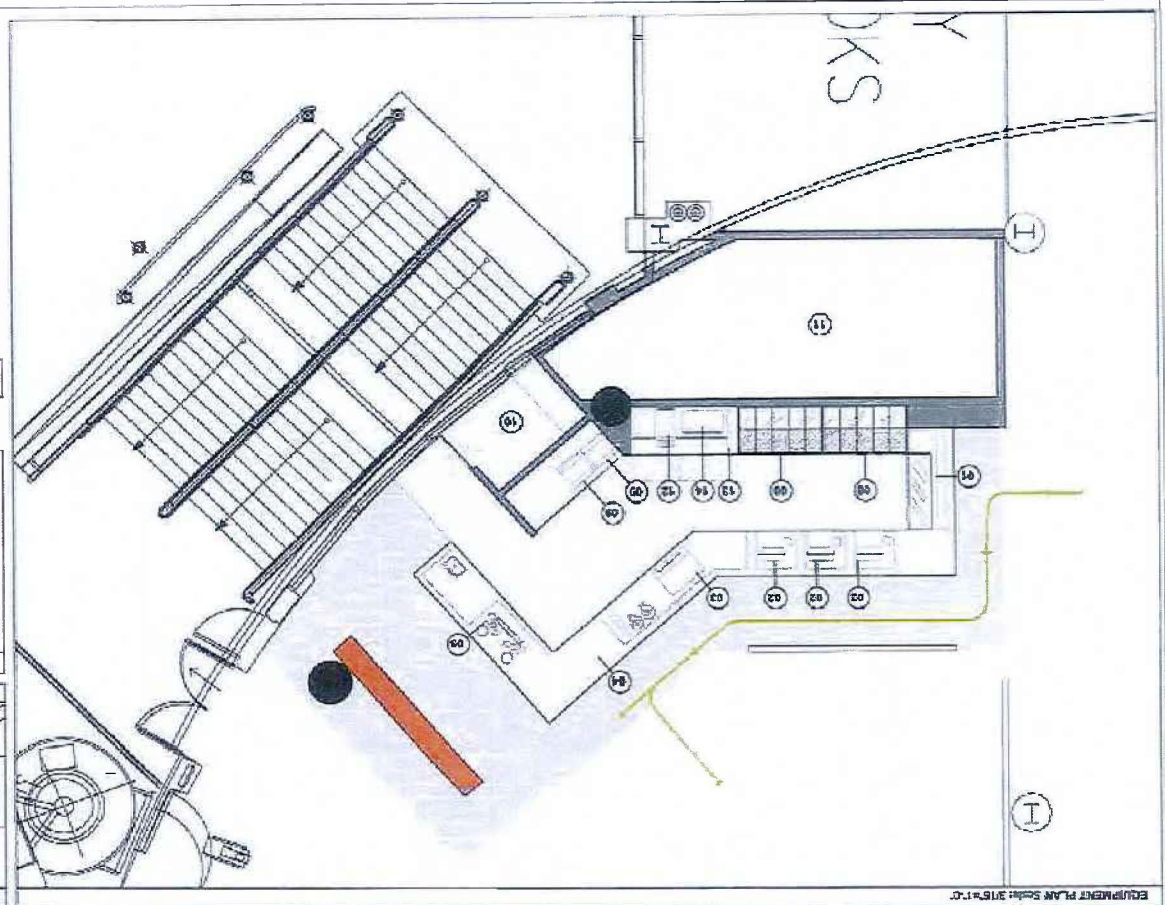
The following is an outline of the hours of operation and anticipated staffing levels, including projected daily manpower hours and on-site management staff. These graphs demonstrate Areas' commitment to maintaining adequate staffing, especially during peak hours.







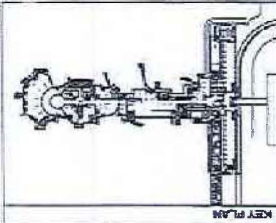
EQUIPMENT PLAN Scale: 3/16" = 1'-0"



EQUIPMENT SCHEDULE

- 01 Glass display cabinet
- 02 P.O.S.
- 03 Automatic espresso dispenser
- 04 Pick Up
- 05 Counter-top storage
- 06 Drop In Sink w/ Sinks
- 07 Bakery Display Case, Dry
- 08 Tupperware
- 09 Storage Room
- 10 Storage Room
- 11 Bakery Display Case, Dry
- 12 Sliced Top Refrigerator
- 13 Sliced Top Refrigerator
- 14 Tupperware Unit

TRAFFIC FLOW



KEY PLAN

CONCEPT DESIGN & IMPLEMENTATION PLAN

DATE: 10/10/10 BY: [Name]



DUNKIN' DONUTS / GATE NUMBER 14-DEPARTURES G4S

CONCEPT DESIGN & IMPLEMENTATION PLAN

CONCEPT DESIGN & IMPLEMENTATION PLAN

DUNKIN' DONUTS / GATE NUMBERS 7-DEPARTURES G36





PROPOSAL
BRANDED COFFEE
FOOD & BEVERAGE CONCESSION

7. Financial Return to LAWA

7. FINANCIAL RETURN TO LAWA



ATTACHMENT G
FINANCIAL PROPOSAL FORM
 (Submit with Proposal)

LAWA Terminal 4 Food and Beverage RFP

Proposer Name: Areas USA LAX, LLC.

Description	Proposed Amount
<p>Minimum Annual Guarantee (MAG)</p> <p>The Minimum Annual Guarantee is determined each year of the term as the greater of the following:</p> <p>1. Floor Element Amount: The proposed dollar per square foot multiplied by the total number of square feet of space contained in the Premises.</p> <p>(Note: Floor Element will be adjusted annually by CPI (with increase no more than 2% and MAG not less than previous year) commencing in the 2nd year of the Agreement.)</p> <p>2. Prior Year Element Amount: The amount equal to eighty-five percent (85%) of the Base Rent for the immediately prior Agreement Year.</p>	<p align="center">\$ <u>1,000</u> per square foot per year</p> <p align="center">(Propose a dollar amount per square foot (SF) with Minimum bid set at \$240 per SF per year.</p>

BRANDED COFFEE CONCESSION - TERMINAL 4 LAX					
DESCRIPTION	1st YEAR	2nd YEAR	3rd YEAR	4th YEAR	5th YEAR
SALES	\$ 4,500,000	\$ 4,702,500	\$ 4,914,113	\$ 5,135,248	\$ 5,366,334
COGS	1,057,500	1,105,088	1,154,816	1,206,783	1,261,088
GROSS MARGIN	3,442,500	3,597,413	3,759,296	3,928,464	4,105,245
PAYROLL	1,170,000	1,222,650	1,277,669	1,335,164	1,395,247
UTILITIES	67,500	69,188	70,917	72,690	74,507
REPAIRS & MAINT.	27,000	27,675	28,367	29,076	29,803
PERSONNEL SERVICES	33,750	34,594	35,459	36,345	37,254
MKTG & AD	22,500	23,513	24,571	25,676	26,832
PKG./SM.WARE/RET.SUP.	135,000	138,375	141,834	145,380	149,015
BANK SERVICES	56,250	57,656	59,098	60,575	62,089
TAXES & LICENSES	33,750	34,594	35,459	36,345	37,254
PROFESSIONAL FEES	22,500	23,063	23,639	24,230	24,836
CLEANING SVCS.	22,500	23,063	23,639	24,230	24,836
OTHER SVCS. & EXP.	117,000	18,810	19,280	19,762	20,256
TOTAL GEN. EXP.	537,750	450,529	462,262	474,310	486,681
RENT	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
ROYALTIES	198,000	253,935	314,503	380,008	450,772
EBITDA	536,750	670,299	704,861	738,982	772,545
DEP./AMORT.	209,650	209,650	209,650	209,650	282,450
NET INCOME BEFORE TAXES	327,100	460,649	495,211	529,332	490,095

Assumptions:

Areas based its pro-forma on the following assumptions:

1. *Initial Sales* (please also see the benchmark data used for the projected sales later in this section):
 - Historical sales
 - Current and projected enplanements
 - Sales per enplanement at similar locations within the Los Angeles International Airport and other airports with similar demographics
2. *Annual sales growth for years 2 through 7:*
 - Annual growth in passengers of 2% (per RFP)
 - Annual inflation of 2.5% (per RFP)
3. *Costs of Goods* are based on Areas' extensive experience in operating the proposed concept
4. *Payroll and Benefits* are based on Areas' experience of operating concessions at the Los Angeles International Airport and operations of this concept at other airports and high-volume environments across the country. Employee Benefits are 30% include medical insurance, workers compensation, payroll taxes, and employee incentive plans.
5. *Total General Expenses* are based on Areas' the experience in operations at the Los Angeles International Airport
6. *Marketing and advertising* are based on airport's requirement of 0.5%
7. *Franchise and Royalty Fees* are based on our agreement with the Franchisor of the concept



FINANCIAL RETURN TO LAWA

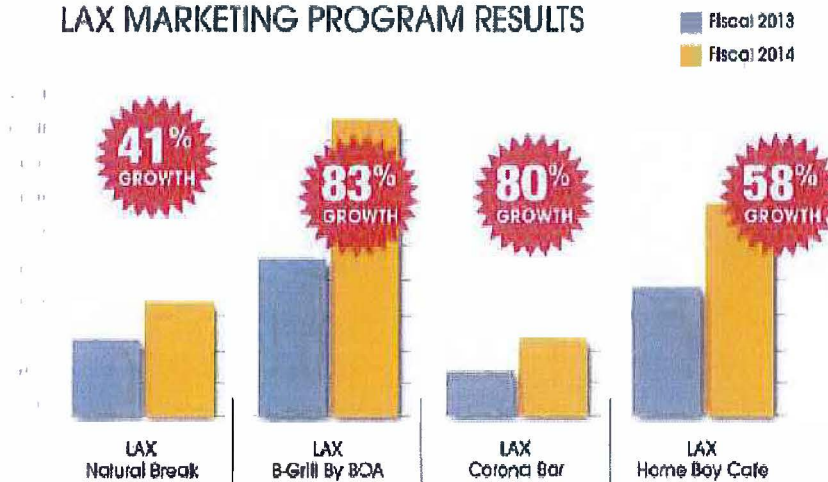
How the Proposer will maximize sales and revenue to LAWA

Areas has a comprehensive and strategic marketing program, which incorporates the following 4 goals:



Two of the four goals are specifically designed to increase number of tickets (*Attract the Customer*) and increase the average ticket (*Upsell*). Through the incorporation of these programs, the results are staggering. The following is an example of these programs when incorporated at the Los Angeles International Airport:

LAX MARKETING PROGRAM RESULTS



Information that will support the forecasted capital expenditure requirement and cost of ongoing operations.

Areas' projected capital expenditure requirement and cost of ongoing operations are based on our experience at the Los Angeles International Airport, including two operations at Terminal 4 and numerous other coffee locations nationwide of similar type and complexity. Areas recognizes the importance of maximizing the financial return to the Airport and the significance of accurate projections and we are committed to this goal. Therefore, we have already partnered with area's renowned architectural firm Corsini Stark Architects in order to generate precise capital expenditure projections. The following is a breakdown of the forecasted capital expenditures:

1	Misc. Const	\$ 25,000
2	Milwork & Furniture	\$ 100,000
3	Kitchen Equipment	\$ 165,000
4	Smallwares	\$ 20,000
5	Signage/Menuboard/Digital Imaging	\$ 30,000
6	Design/Permits (including Arch, MEP & Kitchen Consultant)	\$ 75,000
7	Construction & Build-out	\$ 900,000
8	Business Dev	\$ 35,000
9	Loss Prevention (Security Cameras)	\$ 25,000
10	IT Costs (POS, MICROS, Internet, Phones)	\$ 20,000
11	LAWA Design Evaluation Fee (per Concession Agreement)	\$18,350
	Total:	\$1,414,350
13	Contingency	\$ 185,650
	Total Cost w/ Contingency:	\$1,600,000

Basis for projected and Forecasted Results: In its sales and revenue projections, Areas first analyzed the concepts and its compatibility to the existing brands at the airport. We believe that Dunkin Donuts is best comparable with Starbucks. The following is an example of Starbucks monthly average sales versus Dunkin Donuts at the Florida Turnpike Service Plazas (Areas took over the service plazas in 2009 and converted all Starbucks locations to DD):

Starbucks vs. Dunkin Donuts

AVERAGE MONTHLY SALES COMPARISON



FINANCIAL RETURN TO LAWA

Through this analysis, it is clear that Dunkin sales will closely resemble those of Starbucks at LAX, therefore, we used the historical Starbucks Sales and Sales per Enplanement as a benchmark for projections:

2010 SALES			
LEASEHOLD NAME	TOTAL	EPS	\$/EP
T3 Starbucks	\$3,736,298	\$2,836,136	\$1.32
T2 Starbucks	\$2,467,209	\$2,451,568	\$1.01
T8 Starbucks-North	\$1,803,913	\$1,889,539	\$.95
T7 Starbucks	\$2,743,686	\$3,308,389	\$.83
T6 Starbucks	\$2,439,650	\$3,089,482	\$.79
T4 Starbucks-FC	\$3,070,661	\$4,893,555	\$.63
T1 Starbucks-North	\$2,608,487	\$4,382,614	\$.60
T4 Starbucks	\$2,595,586	\$4,893,555	\$.53
T1 Starbucks	\$2,252,729	\$4,382,614	\$.51
* 2010 sales data provided by LAWA		AVERAGE	\$.80

Next step is to project enplanements and sales per enplanement for the first year of operations:

- Enplanements for years 2011, 2012 and 2013 are real and years 2014 & 2015 were calculated with the 2013 enplanements with 2% annual growth in passengers (per RFP requirement)
- Sales per Enplanement were calculated by using the average of 2010 (\$0.80) and projected through 2015 using 2.5% annual inflation (per RFP requirement)

YEAR	EP'S	AVG SALES
2011	\$5,312,973	\$.82
2012	\$6,551,237	\$.84
2013	\$4,783,794	\$.86
2014	\$4,879,470	\$.88
2015	\$4,977,059	\$.90

By multiplying the enplanements and sales/EP, we have the projected sales for the Branded Coffee location at T4 = **\$4,500,000**



PROPOSAL
BRANDED COFFEE
FOOD & BEVERAGE CONCESSION

8. Financial Capacity

