

FINANCIAL CAPACITY

Areas USA LAX, LLC is an entity operating at the Los Angeles International Airport since 2012. The enclosed are the most current year audited financial statements along with a signed statement from a duly authorized representative of the Proposer indicating any material changes in the financial condition since the issuance of the last audited financial statement.

Additionally, enclosed is a letter from Banco Sabadell confirming Areas USA LAX, LLC's ample borrowing capacity to construct and operate the concessions described in this RFP.

In addition to its borrowing capacity, Areas USA LAX, LLC's parent company, Areas USA, Inc. will fund all of Areas USA LAX, LLC's capital improvements, working capital and all other funding requirements to successfully design, build, finance, operate and maintain the proposed operations.

With over 45 years of experience in the concession industry, Areas has demonstrated vast success. Areas is a leading travel concessionaire, currently operating more than 1,200 food and beverage, retail and convenience locations in over 70 airports and 160 service plazas.

In sum, Areas USA LAX, LLC has the financial capacity and expertise to perform all obligations included in the RFP through the pledged support of its parent company and borrowing capacity. *(Additional information on Areas USA, Inc. and its financial statements is available upon request)*



FINANCIAL CAPACITY

AREAS USA LAX, LLC
(A Limited Liability Company)
Consolidated Financial Statements
September 30, 2013

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

Consolidated Financial Statements

September 30, 2013

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Crowe Horwath

Crowe Horwath LLP
Independent Member Crowe Horwath network

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors
Areas USA LAX, LLC
Miami, Florida

We have reviewed the accompanying consolidated balance sheet of Areas USA LAX, LLC as of September 30, 2013, and the related consolidated statements of income and member's equity and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Crowe Horwath LLP
Crowe Horwath LLP

Ft. Lauderdale, Florida
December 19, 2013

AREAS USA LAX, LLC
(A Limited Liability Company)
Consolidated Balance Sheet
(amounts in thousands)
September 30, 2013

Current assets:	
Cash and cash equivalents	\$ 188
Accounts receivable, net	495
Inventory (note 4)	136
Prepaid expenses and other current assets	<u>541</u>
Total current assets	1,360
Noncurrent assets:	
Property and equipment, net (note 5)	16,198
Contract acquisition costs, net (note 6)	188
Intangible assets, net (note 7)	<u>247</u>
Total assets	<u>\$ 17,993</u>
Liabilities and Member's Equity	
Current liabilities:	
Accounts payable	\$ 3,385
Accrued liabilities	1,016
Other current liabilities	<u>855</u>
Total current liabilities	5,256
Noncurrent liabilities:	
Due to related parties (note 9)	<u>10,636</u>
Total liabilities	15,892
Member's equity	<u>2,101</u>
Total liabilities and member's equity	<u>\$ 17,993</u>

See accompanying notes to consolidated financial statements and review report of independent accountants.

FINANCIAL CAPACITY

AREAS USA LAX, LLC
(A Limited Liability Company)
Consolidated Statement of Income and Member's Equity
(amounts in thousands)
Year Ended September 30, 2013

Sales	\$ 25,528
Cost of sales	<u>6,137</u>
Gross profit	19,389
Operating expenses	13,919
General and administrative	1,440
Depreciation and amortization	<u>1,214</u>
Total general operating expenses	16,573
Net income	2,816
Member's deficit, beginning of period	<u>(716)</u>
Member's equity, end of period	<u>\$ 2,101</u>

See accompanying notes to consolidated financial statements and review report of independent accountants.

3.

AREAS USA LAX, LLC
 (A Limited Liability Company)
Consolidated Statement of Cash Flows
 (amounts in thousands)
 Year Ended September 30, 2013

Cash flows from operating activities:	
Net income	\$ 2,816
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	1,214
Bad debt expense	11
Changes in assets and liabilities:	
Accounts receivable	(404)
Inventory	13
Prepaid expenses and other current assets	(398)
Bank overdraft	(174)
Accrued liabilities	432
Accounts payable	(1,207)
Other liabilities	<u>566</u>
Net cash provided by operating activities	<u>2,871</u>
Cash flows from investing activities:	
Acquisition of property and equipment	(4,664)
Payment of contract acquisition costs	(201)
Payment of franchise and liquor licenses	<u>(204)</u>
Net cash used in investing activities	<u>(5,069)</u>
Cash flows from financing activities:	
Advances from related parties	<u>2,318</u>
Net cash provided by financing activities	<u>2,318</u>
Net change in cash	121
Cash and cash equivalents - beginning of year	<u>87</u>
Cash and cash equivalents - end of year	<u>\$ 188</u>
Supplemental disclosure of non-cash activities:	
Change in accounts payable related to acquisition of property and equipment	<u>\$ 2,000</u>

See accompanying notes to consolidated financial statements and review report of independent accountants.

AREAS USA LAX, LLC
(A Limited Liability Company)

Notes to Consolidated Financial Statements

September 30, 2013

(1) Organization

Areas USA LAX, LLC (The Company) is a limited liability company formed on February 24, 2009. The Company provides food, beverage and retail services to travelers at Los Angeles International Airport (LAX). The Company's sole member is Areas USA, Inc. ("Areas USA" or the "Parent Company"), a leading provider of food, beverage, and retail services in the U.S. travel hospitality industry serving multiple international airports throughout the U.S.

The Company was the successful bidder for the operations of food and beverage locations through a Request for Proposal (RFP) process issued by the City of Los Angeles Department of Airports (the City). The Company has three separate agreements with the City (the Agreements) to operate food and beverage locations at LAX, which serves the Greater Los Angeles Area, the second most populated metropolitan area in the United States. In 2012, LAX was the fourth busiest airport in the world.

The Agreements expire on June 30, 2021 and are customarily available for an additional RFP opportunity from the City upon expiration. The continued operation of the Company is dependent upon receiving a renewal of the Agreements or other RFP opportunities at LAX with the City (note 6). Management intends to pursue renewal of the Agreements and other RFP's as they become available at LAX. As these factors may only occur at a minimum of more than 10 years from contract inception, it is management's opinion that these factors do not place doubt about the Company's ability to continue as a going concern for the foreseeable future.

During the current fiscal year, the Company entered into a new agreement with Westfield Concession Management, LLC (WCM) to operate an additional food and beverage location at LAX.

On December 21, 2012 the Company signed a Joint Venture agreement with OHM Concession Group, LLC, forming Areas OHM LAX JV, LLC (Areas LAX JV) a limited liability company. The Joint Venture entered into an agreement with Westfield Concession Management, LLC to operate food and beverage locations at LAX.

The parties' interests in the joint venture are 70% Areas USA LAX, LLC and 30% OHM Concession Group, LLC. The joint venture is consolidated in the financial statements of the Company.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

(b) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its majority owned joint venture, Areas LAX JV. All intercompany accounts have been eliminated in consolidation. There is no minority interest presentation in the accompanying consolidated financial statements as it is not considered material to the consolidated financial statements.

(Continued)

5.

AREAS USA LAX, LLC
 (A Limited Liability Company)
 Notes to Consolidated Financial Statements
 September 30, 2013

(2) Summary of Significant Accounting Policies (Continued)

(c) Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Areas USA uses a centralized approach to cash management and financing of its operations. During the period covered by these consolidated financial statements, cash deposits were remitted to Areas USA. Similarly, cash disbursements were funded through Areas USA's cash accounts. These transactions are reflected within due to related party on the balance sheet. As a result, none of Areas USA's cash and cash equivalents has been allocated to the Company in the consolidated financial statements. At September 30, 2013, cash and cash equivalents represents the cash on hand.

(d) Revenue Recognition

The Company records sales revenues as they are earned specifically, at the point of sale for direct sales. Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from revenues in the statement of income and member's equity.

(e) Accounts Receivable, Net

Accounts receivable, net include receivables due from credit card companies for store sales as well as trade receivables due from the multiple airlines operating commercial air services within LAX, receivables due from subtenants and other miscellaneous receivables. At September 30, 2013, \$128 was due from credit card companies, \$97 was due from airlines and \$282 was due from subtenants and other miscellaneous. The Company reviews its allowance for doubtful accounts quarterly. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of September 30, 2013, the allowance for doubtful accounts totaled \$12. Write-offs for the period totaled \$0.

(f) Inventory

Inventory consists of raw materials for food and beverage operations as well as packaging and cleaning materials for operation of the establishments. Inventories are stated at the lower of cost or market. Cost is determined using the first in, first out method (FIFO).

(Continued)

AREAS USA LAX, LLC
(A Limited Liability Company)

Notes to Consolidated Financial Statements

September 30, 2013

Summary of Significant Accounting Policies (Continued)

(g) Property and Equipment, Net

Property and equipment are stated at cost. Major renewals and improvements are capitalized, while maintenance and repairs are expensed when incurred. The cost and accumulated depreciation for equipment sold, retired, or otherwise disposed of are relieved from the accounts, and resulting gains or losses are reflected in income. Depreciation is calculated using the straight line depreciation method over the estimated useful lives of the property and equipment and over the lesser of 16 years or the life of the lease for leasehold improvements. Property and equipment have the following useful lives:

Furniture and fixtures	5 years
Computer equipment	4 - 5 years
Automobiles	5 years
Leasehold improvements	10 years
Machinery and equipment	7 years
Software	2 - 10 years

(h) Impairment of Long-Lived Assets

In accordance with Impairment or Disposal of Long-Lived Assets Subsections of Financial Accounting Standards Board Accounting Standards Codification ASC Subtopic 360-10, Property, Plant, and Equipment - Overall (FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*), long-lived assets, such as property, plant, and equipment, and purchased intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairments were recognized for the year ended September 30, 2013.

(i) Fair Value Measurements

The fair value of financial instruments as of September 30, 2013 represents the best estimate of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity of the asset or liability at the measurement date, the fair value measurement reflects their own judgments about the assumptions that market participant would use in pricing the asset or liability. Those judgments are developed based on the best information available in the circumstances. The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value due to the short maturity of these instruments.

(Continued)

AREAS USA LAX, LLC
 (A Limited Liability Company)
 Notes to Consolidated Financial Statements
 September 30, 2013

(2) Summary of Significant Accounting Policies (Continued)

(j) Contract Acquisition Costs, Net

Contract acquisition costs are capitalized at the time a contract is awarded and are amortized using the straight-line method over the contract term of 10 years.

(k) Intangible Assets, Net

Intangible assets consist of franchise and liquor licenses. These costs are booked as incurred and amortized using the straight line method over the contract term of 10 years.

(l) Advertising Costs

Advertising costs are expensed as incurred and included in operating expenses in the accompanying statement of income and member's equity. Advertising expenses for the year ended September 30, 2013 was \$22.

(m) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimated. Significant items subject to such estimates and assumptions include the useful lives of property and equipment and intangible assets, allowances for doubtful accounts and valuation of inventory.

(n) Income Taxes

Under the provisions of the Internal Revenue Code and applicable state laws, partnerships and limited liability companies that have not otherwise elected to be treated as corporations are generally not subject to income taxes. The Company is a disregarded single member Limited Liability Company (LLC). The Company's operating results are included in the consolidated federal income tax return of the Parent Company. As a result, the Parent is taxed on its 100% ownership of the Company's income or loss and no provision or liability for income taxes has been provided in these consolidated financial statements.

The Company applies guidance issued by the FASB with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Company is no longer subject to examination by taxing authorities for years before September 30, 2009. As of September 30, 2013, the Parent Company's tax years that remain subject to examination by major tax jurisdictions, as it relates to the Company, are 2009 to 2012. The Company does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

The Company recognizes interest and/or penalties related to income tax matters in income tax expense. The Company did not record any expense associated with interest and penalties for the year ending September 30, 2013.

(Continued)

AREAS USA LAX, LLC
(A Limited Liability Company)
Notes to Consolidated Financial Statements
September 30, 2013

(2) Summary of Significant Accounting Policies (Continued)

(a) General and Administrative Expenses

The Company relies on the Parent for a substantial part of its operational and administrative support for which it is allocated costs primarily consisting of selling, general, and administrative expenses. Such costs include centralized research, legal, human resources, payroll, accounting, employee benefits, real estate, insurance, information technology, telecommunications, treasury and other corporate and infrastructure costs. Selling, general, and administrative expenses were allocated based on the ratio of the Company's revenue compared to Areas USA comparable revenue. The selling, general, and administrative expenses charged to the Company do not necessarily reflect the utilization of services provided or the benefit received by the Company during the periods presented. As a whole, the Company believes the allocated charges were reasonable under the specific circumstances.

(3) Liquidity

The Company reported net income of \$2,816 for the year ended September 30, 2013 and had retained earnings of \$2,101 at September 30, 2013. Cash and cash equivalents were \$188 as of September 30, 2013 and the Company had negative working capital of \$3,898. Cash provided by operations for the year ended September 30, 2013 was \$2,671 and cash used in investment activities was \$5,069 which was funded partially by advances from its parent of \$2,319. If available liquidity is not sufficient to meet the Company's operating obligations as they come due, the Parent has committed to provide financial support to the Company in order for the Company to meet its obligations.

(4) Inventory

At September 30, 2013, inventory consisted of the following (in thousands):

Food and beverage raw materials inventory	\$ 117
Packaging materials inventory	14
Cleaning materials inventory	<u>5</u>
Total inventory	<u>\$ 136</u>

(Continued)

AREAS USA LAX, LLC
 (A Limited Liability Company)
 Notes to Consolidated Financial Statements
 September 30, 2013

Property and Equipment, Net

At September 30, 2013, property and equipment consisted of the following (in thousands):

Furniture and fixtures	\$ 288
Computer equipment	294
Automobiles	21
Leasehold improvements	10,197
Machinery and equipment	1,545
Smallware	162
Construction in progress	<u>5,030</u>
Total property and equipment	17,537
Less accumulated depreciation	<u>(1,339)</u>
Total	<u>\$ 16,198</u>

Depreciation expense for the year ended September 30, 2013 was \$1,189.

Contract Acquisition Costs, Net

At September 30, 2013, contract acquisition costs consisted of the following (in thousands):

Contract acquisition costs	\$ 201
Less accumulated amortization	<u>(13)</u>
Total	<u>\$ 188</u>

Amortization expense for the year ended September 30, 2013 was \$13. Amortization expense is expected to be \$19 per year in each of the five succeeding years.

Intangible Assets, Net

At September 30, 2013, franchise licenses consisted of the following (in thousands):

Franchise licenses	\$ 206
Less accumulated amortization	<u>(9)</u>
Total	<u>\$ 196</u>

Amortization expense for the year ended September 30, 2013 was \$9. Amortization expense is expected to be \$20 per year in each of the five succeeding years.

(Continued)

10.

AREAS USA LAX, LLC
(A Limited Liability Company)
Notes to Consolidated Financial Statements
September 30, 2013

(7) Intangible Assets, Net (Continued)

At September 30, 2013, liquor licenses consisted of the following (in thousands):

Liquor licenses	\$ 55
Less accumulated amortization	<u>(4)</u>
Total	<u>\$ 51</u>

Amortization expense for the year ended September 30, 2013 was \$3. Amortization expense is expected to be \$5 per year in each of the five succeeding years.

(8) Commitments

The Company is obligated under the Agreements to pay rent to the City and WCM based on sales of food and beverages. As more fully described below, the Company is also required under the Agreements to refurbish the units. During the construction period, the Company operates kiosks from which customer sales are generated. Concession fees for these kiosks are based solely on a percentage of gross receipts as described below. After construction is complete and the unit is open for business, concession fees are based on the greater of a percentage of gross receipts by product category (percentages vary but range from 11% to 21.5%) or the minimum monthly concession fee. During the year ended September 30, 2013, two units were opened during the year and five more units were still under construction. The units under construction are estimated to open in varying dates between October 2013 and January 2015.

Since future sales are unknown, future minimum rent payments are an estimate based on the minimum monthly concession fee under the agreements, which is based on current sales volume. In addition, the Company sublets three of the food and beverage locations to third parties. The terms of the subleases call for the same rent calculations as the Company's concession agreement with the City as well as the same lease term.

Future minimum rental payments, including annual sublease income, are estimated as follows (in thousands):

Fiscal Year Ending September 30:	Future minimum rental payments:	Future minimum sublease amounts:
2014	\$ 3,235	\$ 841
2015	3,650	841
2016	3,655	841
2017	3,655	841
2018	3,655	841
Thereafter	<u>10,126</u>	<u>2,688</u>
Total	<u>\$ 27,876</u>	<u>\$ 7,293</u>

During the year ended September 30, 2013, the Company incurred fixed rent expense of \$1,881 and percentage rent expense of \$2,026 related to the above Agreements, including rent incurred during the construction period.

(Continued)

AREAS USA LAX, LLC
 (A Limited Liability Company)
 Notes to Consolidated Financial Statements
 September 30, 2013

(8) Commitments (Continued)

As part of the concession agreement between the Company and the City, the Company is required to provide all improvements necessary to operate each unit in accordance with the Agreements. In addition, the Agreements with the City call for a minimum required investment of \$16,040 within the first 6 years of the lease agreements. In conjunction with this requirement, the Company has entered into general construction agreements with Clune Construction Inc. with a total contract price of \$4,402. At September 30, 2013, stated work performed to date was approximately \$2,134, of which the unpaid portion of \$759 is included in accounts payable on the balance sheet.

The Company leases office space and equipment from various leasing companies. The lease expense is included in operating expense. Future minimum operating lease payments are (in thousands):

Fiscal Year Ending September 30:	
2014	\$ 26
2015	27
2016	27
2017	28
2018	3
Total	\$ 111

Rent expense related to the above operating leases was \$25 for the year ended September 30, 2013.

(9) Related Party Transactions

During the period from October 1, 2012 to September 30, 2013, the company received advances from Areas USA, Inc. to fund operations of the Company. As of September 30, 2013 the outstanding balance due to Areas USA, Inc. is \$10,836. Repayment of these advanced funds will not be required until subsequent to October 1, 2014.

The Company maintains intercompany transactions with the Parent. On a monthly basis, Areas USA charges the company its portion of the general and administrative expenses including charges from Areas S.A., the parent company of Areas USA. During the year ended September 30, 2013, such amounts represented \$1,440 related to central services covering finance, legal, human resources, purchasing, loss prevention, treasury, accounting, payroll, and information technology and are shown as general and administrative expenses in the accompanying statement of income and member's equity.

(Continued)

12.

AREAS USA LAX, LLC
(A Limited Liability Company)
Notes to Consolidated Financial Statements
September 30, 2013

(10) Concentrations

As of September 30, 2013, the Company has three contracts with the City of Los Angeles and a contract with WCM. Areas LAX JV has one contract with WCM. INCM has concession agreements with the City of Los Angeles. All revenues were generated from these contracts to operate food and beverage outlets at LAX. A loss of these contracts would have a material adverse effect on the Company's capability to continue as a going concern.

Approximately 88% of the Company's labor force is covered by a collective bargaining agreement that expires in May 2017.

(11) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through December 19, 2013, the date at which the consolidated financial statements were available to be issued, and determined there are no other items to disclose.

STATEMENT OF ANY MATERIAL CHANGES IN THE
FINANCIAL CONDITION OF THE COMPANY



September 12, 2014

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

Areas USA LAX, LLC • 5301 Blue Lagoon Dr., Suite 690 • Miami, FL 33126 • Tel: 305.267.8310 • Fax: 305.675.8488

RE: RFP FOR BRANDED COFFEE FOOD AND BEVERAGE CONCESSION

Dear Mrs. Sample,

Enclosed are the Audited Financial Statements of Areas USA LAX, LLC for the Fiscal Year ended September 30, 2013.

As the CEO of Areas USA LAX, LLC, I certify that there have been no material changes in the financial condition of the company subsequent to the issuance of the last audited financial statements.

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,


Xavier Rabell
Chief Executive Officer
Areas USA LAX, LLC

BANK LETTER ON PROPOSER'S BORROWING CAPACITY

Banco Sabadell
Miami Branch

Sabadell Financial Center
1111 Brickell Ave, Suite 3010
Miami, FL 33131

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bsmi.com

Corporate Banking

BancoSabadell

Miami

September 12, 2014

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

**RE: AREAS USA LAX, LLC - REQUEST FOR PROPOSAL BRANDED COFFEE FOOD
AND BEVERAGE CONCESSION ("RFP")**

Dear Mrs. Sample,

This letter shall serve as confirmation of Areas USA LAX, LLC borrowing capacity with our banking institution. Please be advised of the following banking information:

Areas USA LAX, LLC and its related entities (collectively "Areas") have maintained an excellent and satisfactory relationship with the bank since inception back in 2006. We hold the relationship in high regards. We hereby confirm that Areas has ample borrowing capacity with our bank to finance all the capital obligations under the concession project(s) for the above referenced RFP with the Los Angeles World Airports.

In view of the aforementioned, we thank you in advance for all or any courtesies you may extend to Areas in their business endeavors at your airport.

Sincerely,



Jose Miguel Arigita

Vice-President Supply Chain Finance





PROPOSAL
BRANDED COFFEE
FOOD & BEVERAGE CONCESSION

9. Business Ethics Disclosure



BUSINESS ETHICS DISCLOSURE

PART 9: BUSINESS ETHICS DISCLOSURE

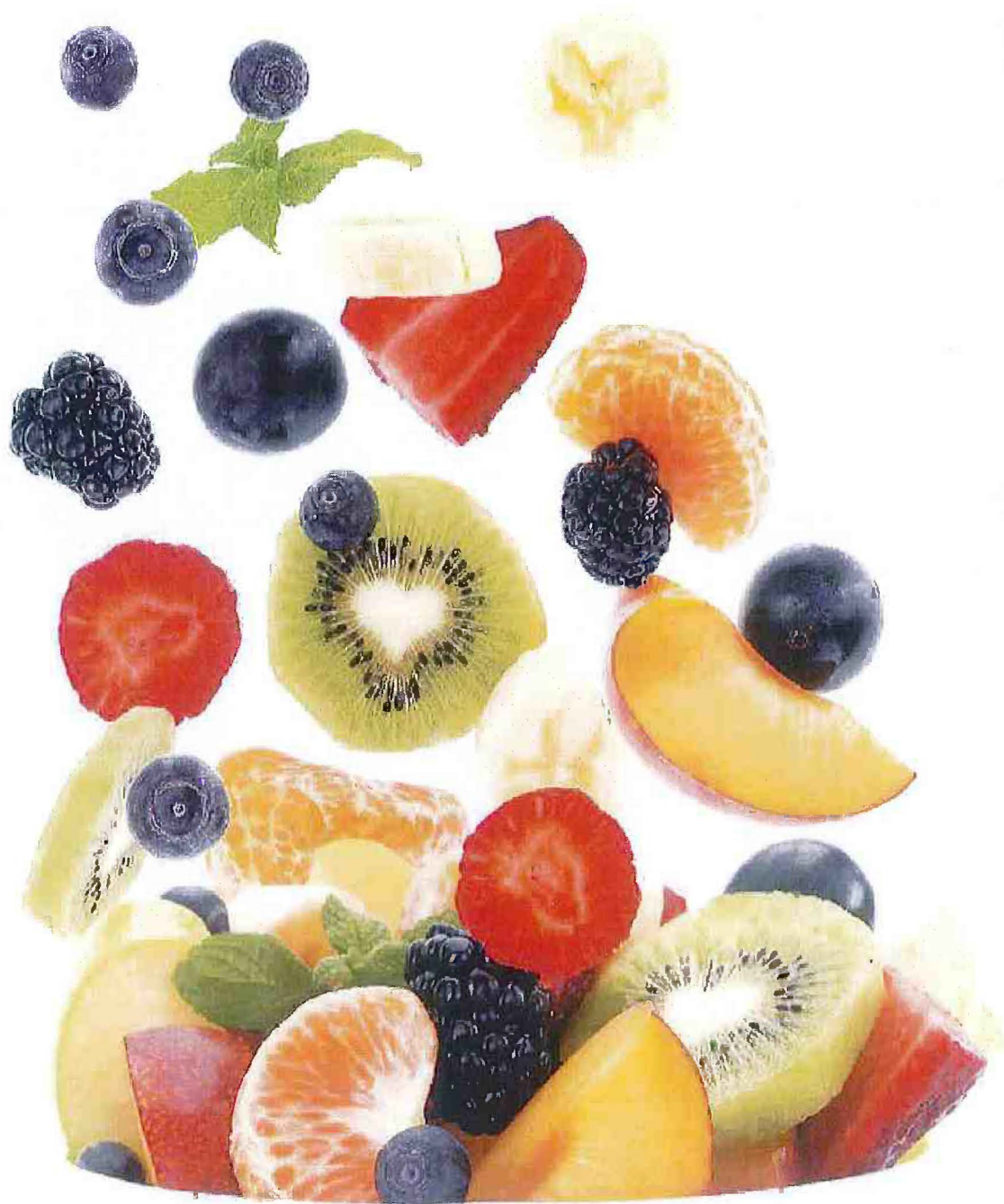
Neither Areas USA LAX, LLC nor any officer, partner, major (greater than five percent (5%) interest) shareholder, proposed guarantor, or other related party is currently being investigated by any governmental, administrative, or law enforcement agency or entity.

No adverse decision against the Proposer or such related parties (including, but not limited to judgments entered by any court, whether state or federal), or settlement with any such legal or administrative body have taken place in the past five (5) years.

Neither the Proposer nor any of its principals, officers, directors or members or any proposed guarantor have been involved in any bankruptcy proceedings in the past seven (7) years.

Neither Areas USA LAX, LLC, the Proposer, nor any related parties have other business interests or relations that could cause a conflict of interest in its business with LAWA.







PROPOSAL
BRANDED COFFEE
FOOD & BEVERAGE CONCESSION

10. Addendum Acknowledgement



ADDENDUM ACKNOWLEDGMENTS

ADDENDUM NUMBER 1 REQUEST FOR PROPOSALS BRANDED COFFEE FOOD AND BEVERAGE CONCESSION AT LOS ANGELES INTERNATIONAL AIRPORT

TO ALL PROSPECTIVE PROPOSERS:

This addendum revises the Request for Proposal for a Branded Coffee Food and Beverage Concession at the Los Angeles International Airport dated June 18, 2014.

7/7/14
Date

Danise
Danise Sample
Commercial Development Group
Los Angeles World Airports

CERTIFICATE BY PROPOSER

I acknowledge receipt of this Addendum Number 1 for Request for Proposals for a Branded Coffee Food and Beverage Concession at Los Angeles International Airport dated June 18, 2014, and that the proposal is in accordance with the information, instructions and stipulations set forth herein.

By [Signature]

Company ARCAS USA LAX, LLC

Phone (408) 267-8910

- Note: This signed addendum notice, along with the attached two pages, must accompany your proposal.

ADDENDUM ACKNOWLEDGMENTS

ADDENDUM NUMBER 1 REQUEST FOR PROPOSALS BRANDED COFFEE FOOD AND BEVERAGE CONCESSION LOS ANGELES INTERNATIONAL AIRPORT

1. Revise Section 1.C Current Concession Opportunity at LAX

From:

LAWA makes no guarantee as to the accuracy or reliability of any information in the data room.

To:

LAWA makes no guarantee as to the accuracy or reliability of any information *provided* in the data room.

2. Revise Section 2.C Premises

From:

The location of the Concession in Terminal 4 as shown in Attachment A1 is approximately 1,000 square feet. Upon execution of the Agreement, this Concession location will be made available to the Operator to begin construction.

To:

The location of the Concession in Terminal 4 as shown in Attachment A1 is approximately 1,000 square feet. Upon *full* execution of the Agreement *as indicated by the date upon which the Agreement was entered into between both parties*, this Concession location will be made available to the Operator to begin construction.

3. Revise Section 2.E Storage

From:

If storage space becomes available in Terminal 4, the rent will be the Terminal Building Charge which currently \$137.80 per square foot and subject to annual adjustment by Board.

To:

If storage space becomes available in Terminal 4, the rent will be the Terminal Building Charge which currently *is* \$137.80 per square foot and subject to annual adjustment by Board.

4. Revise Section 2. G Airport Concessions Disadvantaged Enterprise Program (ACDBE)

ADDENDUM ACKNOWLEDGMENTS

From:

LAWA has determined an ACDBE goal for this RFP is X%

To:

LAWA has determined an ACDBE goal for this RFP is 0%

ADDENDUM ACKNOWLEDGMENT

**ADDENDUM NUMBER 2
REQUEST FOR PROPOSALS
BRANDED COFFEE FOOD AND BEVERAGE CONCESSION
AT LOS ANGELES INTERNATIONAL AIRPORT**

TO ALL PROSPECTIVE PROPOSERS:

This addendum revises the Request for Proposal for a Branded Coffee Food and Beverage Concession at the Los Angeles International Airport dated June 18, 2014.

7/8/14
Date

Denise Sample
Denise Sample
Commercial Development Group
Los Angeles World Airports

CERTIFICATE BY PROPOSER

I acknowledge receipt of this Addendum Number 2 for Request for Proposals for a Branded Coffee Food and Beverage Concession at Los Angeles International Airport dated June 18, 2014, and that the proposal is in accordance with the information, instructions and stipulations set forth herein.

By [Signature]
Company ARCS USA LAX, LLC
Phone (305) 267-8510

➤ Note: This signed addendum notice must accompany your proposal.

ATTACHMENT B

Individual Tour Request Form

Please fill out this form completely. Incomplete forms will not be accepted.

All persons that tour Terminal 4 at Los Angeles International Airport (LAX) will be required to provide a valid form of government identification prior to the tour. Identification must match the information provided on this form. Information will be checked prior to the tour.

Tour date: Tuesday, July 22, 2014

Company Name: _____

Person Requesting Tour:

Full Name: _____
Please Print Last name First name

Date of Birth: ____/____/____
Month Day Year

Contact number: (____) _____

Email address: _____

X _____
Applicant signature -- I verify that all the information provided is correct and true

***PLEASE EMAIL COMPLETED FORM TO LAXCONCESSIONS@LAWA.ORG NO LATER THAN 4:00 P.M PACIFIC TIME ON JULY 16, 2014.**

ADDENDUM ACKNOWLEDGMENT

ADDENDUM NUMBER 3 REQUEST FOR PROPOSALS BRANDED COFFEE FOOD AND BEVERAGE CONCESSION AT LOS ANGELES INTERNATIONAL AIRPORT

TO ALL PROSPECTIVE PROPOSERS:

This addendum revises the Request for Proposal for a Branded Coffee Food and Beverage Concession at the Los Angeles International Airport dated June 18, 2014.

7/22/14
Date

Denise Sample
Denise Sample
Commercial Development Group
Los Angeles World Airports

CERTIFICATE BY PROPOSER

I acknowledge receipt of this Addendum Number 3 for Request for Proposals for a Branded Coffee Food and Beverage Concession at Los Angeles International Airport dated June 18, 2014, and that the proposal is in accordance with the information, instructions and stipulations set forth herein.

By [Signature]

Company Arcas USA LAX, LLC

Phone (805) 267-8510

- Note: This signed addendum notice, along with the attached one page, must accompany your proposal.

**ADDENDUM NUMBER 3
REQUEST FOR PROPOSALS
BRANDED COFFEE FOOD AND BEVERAGE CONCESSIONS
LOS ANGELES INTERNATIONAL AIRPORT**

1. Revise Deadline for Submission of Comments on Agreement.

From: July 23, 2014 no later than 5:00 pm Pacific Time

To: August 15, 2014 no later than 5:00 pm Pacific Time

2. Revise Proposal Due Date.

From: August 20, 2014 no later than 3:00 pm Pacific Time

To: September 30, 2014 no later than 3:00 pm Pacific Time

ADDENDUM ACKNOWLEDGMENTS

**ADDENDUM NUMBER 4
REQUEST FOR PROPOSALS
BRANDED COFFEE FOOD AND BEVERAGE CONCESSION
AT LOS ANGELES INTERNATIONAL AIRPORT**

TO ALL PROSPECTIVE PROPOSERS:

This addendum revises the Request for Proposal for a Branded Coffee Food and Beverage Concession at the Los Angeles International Airport dated June 18, 2014.

8/15/14
Date

Denise Sample
Denise Sample
Commercial Development Group
Los Angeles World Airports

CERTIFICATE BY PROPOSER

I acknowledge receipt of this Addendum Number 4 for Request for Proposals for a Branded Coffee Food and Beverage Concession at Los Angeles International Airport dated June 18, 2014, and that the proposal is in accordance with the information, instructions and stipulations set forth herein.

By [Signature]
Company Arcas USA LAX, LLC
Phone (305) 267-8510

- Note: This signed addendum notice, along with the attached Draft Agreement, must accompany your proposal.

**LOS ANGELES INTERNATIONAL AIRPORT
BRANDED COFFEE FOOD & BEVERAGE
CONCESSION AGREEMENT**

By and between

**THE CITY OF LOS ANGELES,
DEPARTMENT OF AIRPORTS**

and

Dated _____, 2014

[BRANDED COFFEE FOOD & BEVERAGE]

APPENDUM ACKNOWLEDGMENTS

LOS ANGELES INTERNATIONAL AIRPORT BRANDED COFFEE FOOD & BEVERAGE FOOD & BEVERAGE CONCESSION AGREEMENT

THIS FIRST AMENDED & REINSTATED LOS ANGELES INTERNATIONAL AIRPORT BRANDED COFFEE FOOD & BEVERAGE CONCESSION AGREEMENT (this "Agreement"), is made and entered into as of _____, 2014, 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 _____ ("Concessionaire"), with reference to the following Basic Information and the following Recitals.

BASIC INFORMATION

Agreement Date:	[DATE]
City:	THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS, a municipal corporation ("City"), acting by order of and through its Board of Airport Commissioners ("Board")
City's Address:	Department of Airports 1 World Way Post Office Box 92216 Los Angeles, California 90009-2216 or such other address as may be designated in a written notice from Executive Director in accordance with Section 16.5.1.
	All notices sent to City under this Agreement shall be sent to the above address, with copies to: Office of City Attorney 1 World Way Post Office Box 92216 Los Angeles, California 90009-2216 or to such other address as may be designated in a written notice from Executive Director in accordance with Section 16.5.1.
	All rent amounts and fees payable to City or LAWA hereunder shall be made payable to: City of Los Angeles, Department of Airports and shall be mailed to: City of Los Angeles, Department of Airports Post Office Box 92216 Los Angeles, California 90009-2216 Re: LAX Concession Agreement No. _____ or to such other address as may be designated in a written notice from Executive Director in accordance with Section 16.5.1.

The initially-capitalized defined terms used in this Agreement which are defined in the foregoing Basic Information ("Basic Information") shall have the meaning and definition given them in the Basic Information. The Basic Information, the exhibits, the addendum or addenda described in the Basic Information, and this Agreement are and shall be construed as a single instrument and are referred to herein as the "Agreement."

RECITALS:

A. City is the owner of Los Angeles International Airport (the "Airport"), located in the City of Los Angeles, County of Los Angeles, State of California, and operates said Airport for the promotion and accommodation of air commerce and air transportation between the City of Los Angeles and other local, national and international cities; and

B. City desires to provide a wide range of food & beverage products and merchandise for the benefit of the air traveling public and other persons using the Airport and issued the RFP referenced in the Basic Information (the "RFP") to solicit proposals for the operation and management of a Branded Coffee Food and Beverage Concession in Terminal 4 at the Airport; and

C. City received proposals in response to the RFP, including the Concessionaire proposal identified in the Basic Information (the "Concessionaire Proposal") and an award has been made to Concessionaire; and

D. Concessionaire desires to provide facilities and services at the Airport of the type and character required by City, all in accordance with this Agreement.

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

I TERM.

1.1 Term. The term of this Agreement (the "Term") shall commence on the Commencement Date (as defined in Section 1.2 below) and expire on June 30, 2023 ("Expiration Date"), unless extended or sooner terminated as herein provided.

1.2 Commencement Date. The "Commencement Date" shall be the earlier of (a) one hundred and twenty (120) days after the Delivery Date (hereinafter defined) of the Premises, or (b) the date Concessionaire commences business operations to the public at the Premises ("Commencement Date"). The "Delivery Date" for the Premises shall be the date specified by Executive Director or the person or group designated by Executive Director to take a specified action on behalf of Executive Director ("Executive Director") in a written notice delivered to Concessionaire (a "Delivery Notice") as the date that Concessionaire may take possession of such Premises pursuant to the terms of this Agreement.

APPENDIX A ACKNOWLEDGMENTS

1.3 **Commencement of Preparatory Actions.** Immediately following the date that this Agreement is approved by City, Concessionaire shall make all necessary arrangements in order to prepare for the commencement of business operations at the Premises including, without limitation, preparation, submission for approvals, and finalization of all materials required in connection with the construction of improvements for the Premises as required under this Agreement, obtaining all permits, authorizations, licenses and clearances required for Concessionaire's agents, representatives, employees, contractors, and vendors in order to comply with the security requirements imposed under this Agreement, making all necessary arrangements for obtaining all merchandise, supplies, inventory, and equipment necessary for the operation of Concessionaire's business at the Premises in accordance with this Agreement.

1.4 **Surrender.** Concessionaire agrees that at 12:00 noon on the Expiration Date, or on the sooner termination of this Agreement, Concessionaire shall surrender the Premises to City (a) in good condition and repair (damage by acts of God, fire, and normal wear and tear excepted), but with all interior walls repaired, any carpets cleaned, and all floors cleaned and waxed, and (b) free of any Hazardous Materials in accordance with Section 15. Normal wear and tear shall not include any damage or deterioration that would have been prevented by proper maintenance by Concessionaire or Concessionaire otherwise performing all of its obligations under this Agreement. On or before the expiration or sooner termination of this Agreement, (i) Concessionaire shall remove all of Concessionaire's personal property, all Telecommunications Facilities (hereinafter defined) installed in the Premises or elsewhere in the Airport by or on behalf of the Concessionaire (provided City may require such removal shall be performed by a contractor or telecom provider designated by City), and Concessionaire's signage from the Premises, and Concessionaire shall repair any damage caused by such removal, and (ii) City may, by notice to Concessionaire given not later than ninety (90) days prior to the Expiration Date (except in the event of a termination of this Agreement prior to the scheduled Expiration Date, in which event no advance notice shall be required), require Concessionaire at Concessionaire's expense to remove any or all Alterations and to repair any damage caused by such removal. Any of Concessionaire's personal property not so removed by Concessionaire as required herein shall be deemed abandoned and may be stored, removed, and disposed of by City at Concessionaire's expense, and Concessionaire waives all Claims against City for any damages resulting from City's retention and disposition of such property; *provided, however*, that Concessionaire shall remain liable to City for all costs incurred in storing and disposing of such abandoned property of Concessionaire. All improvements and Alterations except those which City requires Concessionaire to remove shall remain in the Premises as the property of City.

II PREMISES.

2.1 **Premises.** The premises which are the subject of this Agreement (the "Premises") are described in Exhibit A attached hereto, are located at the Airport described in the Basic Information at the Terminal.

2.2 **Storage Space.** Concessionaire must plan for the storage of its merchandise and will be responsible for securing storage/support on or off the Airport. Concessionaire shall not use more square footage of the Premises for the storage of equipment, inventory or supplies than the square footage of the Premises approved by the City as a part of the design and construction approval process. City may (but shall have no obligation to) make additional storage space

available to Concessionaire at the Airport from time to time. In the event City makes such storage space available to Concessionaire and Concessionaire desires to lease such storage space, Executive Director and Concessionaire shall enter a Storage Space Addendum in the form of Exhibit C attached hereto, as such form may be modified from time to time by Executive Director, and Concessionaire shall pay to City with respect to such storage space an annual amount equal to the then current Terminals Buildings Rate adopted by the Board. The rent for the Storage Space shall be calculated for each calendar month in an amount equal to the Terminals Buildings Rate for the month multiplied by the square footage of the Storage Space. The rent for the Storage Space is subject to annual adjustment by the Board, and the Concessionaire shall pay such rent based on the then Board-approved rates.

2.3 Common Areas. Subject to compliance with City's Rules and Regulations and security requirements, Concessionaire shall have the non-exclusive right, in common with others authorized by City, of ingress and egress through all Common Areas (as defined in this Section); provided, however, the Executive Director may, in its sole discretion, and without liability to Concessionaire, change the size or location of the Common Areas, including, without limitation, by converting Common Areas to leaseable or other areas, or leaseable areas to Common Areas. City shall use reasonable efforts so as to not prevent access and/or substantially impair access to the Premises in connection with any such changes to the Common Areas. Executive Director may, in Executive Director's sole discretion, establish and enforce non-discriminatory Rules and Regulations (as defined in Section 3.10 below) concerning the Common Areas, temporarily close portions of the Common Areas for security, maintenance or other purposes, and make changes to the Common Areas including, without limitation, changes in the location of security points, driveways, entrances, exits, parking spaces and the direction and flow of pedestrian and vehicular traffic. Notwithstanding the foregoing, in the event that access to the Premises is so restricted or materially impaired to the extent that it is required to be closed for two (2) or more complete and consecutive days, then the MMG allocated for any such Premises shall be equitably abated for the period commencing on the 3rd day following the date that the Premises is forced to close and shall continue until the date access to the Premises is reopened so that concession operations may be recommenced. For purposes of this Agreement, the term "Common Areas" means all areas and facilities located within the Airport and outside of the Premises, that are designated by the Executive Director from time to time as common use areas for the general use and convenience of concessionaires, tenants and other occupants at the Airport, airline passengers and other visitors to the Airport, such as lobbies, corridors, sidewalks, elevators, escalators, moving sidewalks, parking areas, and facilities, restrooms, pedestrian entrances, driveways, loading zones and roadways. Except for damage caused by Concessionaire, Concessionaire shall not be responsible for the maintenance or repair of any Common Areas located outside of the Premises.

2.4 Public Address System. City shall have the right, in its sole discretion, to install one (1) or more public address system speakers in the Premises for announcing flight arrivals and departures and other Airport information. Concessionaire shall not install any public address, paging, or other similar audio system in the Premises at any time. Any installation of a music system or television system in the Premises shall require the prior written approval of the Executive Director, in his or her sole discretion; provided that no such system shall interfere with the City's public address system. Concessionaire shall not have any wireless internet system within the premises that can be accessed by any means by non-employees of Concessionaire.

2.5 Without the prior written consent of the Executive Director (in his or her sole discretion), Concessionaire shall not have any wireless internet system(s) within the Premises. Without the prior written consent of the Executive Director, in his or her sole discretion, Concessionaire shall not install or use any wireless workstations, access control equipment, wireless internet servers, transceivers, modems or other hardware that transmit or otherwise access radio frequencies. Notwithstanding the prior consent of the Executive Director for the installation of any such system or equipment, the Executive Director shall have the absolute right, upon thirty (30) days' prior written notice, to require the removal of any such system or equipment (at Concessionaire's sole expense) in the event that such system or equipment interferes with any present or future systems or equipment installed by City at the Airport.

III CONCESSION RIGHTS AND OBLIGATIONS.

3.1 Permitted Uses; Rights Granted. The permitted uses of the Premises under this Agreement (the "Permitted Uses") include only the following: the right to sell to the public such food, beverage and branded merchandise in the Premises, as more particularly set forth in the Basic Information, and such other non-edible promotional items used to promote the sale of such food and beverage items. The Concessionaire is only authorized to conduct at the Airport, and only from the Premises, the Permitted Uses with respect to the Premises and no other business or uses. Except as expressly set forth in Section 5.10 or as directed by Executive Director in writing, the Permitted Uses do not permit Concessionaire to have access to the airside operations of the Airport. Concessionaire shall not engage in any activity on the Airport outside of the Premises for the recruitment or solicitation of business without the prior written consent of Executive Director (granted, denied or conditioned in Executive Director's sole discretion). Without limiting the generality of this Section, Concessionaire shall not operate the Premises under any name or brand, other than a name or brand specifically permitted or required herein, or as otherwise approved in advance in writing by Executive Director.

3.2 Right to Operate. City hereby grants to Concessionaire the right and obligation to occupy, equip, furnish, operate and maintain concessions in the Premises described in further detail in Exhibit A. The rights granted shall be carried on solely and exclusively within the limits and confines of said Premises; *subject, however*, to the expansion, reduction or relocation of the Premises, as specified in Article IX hereof and its sections.

3.3 General Obligation to Operate. Except for periods of closure specified in writing as a part of City's construction approval process in connection with construction of the Initial Improvements, any approved Alterations (including the Mid-Term Refurbishment (hereinafter defined) as approved in writing by Executive Director in connection with the construction approval process, at the Premises indicated herein, Concessionaire shall provide food and beverage service to the air traveling public and other persons using the Airport, every day of the Term hereof, without exception. Concessionaire shall not divert, cause or permit to be diverted any business from the Premises and shall take all reasonable measures, in every proper manner, to develop, maintain and increase the business conducted by Concessionaire under this Agreement. Concessionaire shall actively operate the Premises so as to best serve public needs.

3.4 Right to Promote Products: Restriction on Advertising.

Concessionaire shall have the right, without the prior consent of the Executive Director, to promote Concessionaire's brand-name products on its packaging and available for sale within the Premises in accordance with Section 5.15 of this Agreement. Receipts for any revenue generated in connection with such promotion shall be subject to the "Percentage Fee" as described in Section 4.1.3 hereof. Concessionaire acknowledges that City has entered in an exclusive agreement with a third party with respect to commercial advertising within the Airport and the Terminals. Accordingly, except as permitted under this Section with respect to promotion of brand-name product packaging and signs within the Premises otherwise in compliance with this Agreement, Concessionaire acknowledges and agrees that Concessionaire has no rights (a) to advertise or promote its products outside of the Premises, (b) to advertise or promote the products of any third party, or (c) participate in any non-City sponsored marketing income program at the Airport. Concessionaire hereby agrees to indemnify, defend and hold City and City Agents (hereinafter defined) harmless from and against any actions, causes of action, charges, claims, costs, damages, demands, expenses (including attorneys' fees, costs of court and expenses incurred), fines, judgments, liabilities, liens, losses, or penalties of every kind and nature whatsoever (collectively, "Claims") City may suffer or incur as a result of Concessionaire's violation of this Section. Concessionaire hereby assigns to City and agrees to pay to City as Additional Rent hereunder any fees, compensation or other revenue received by Concessionaire, directly or indirectly, from any such advertising or product promotion in violation of this Section. For purposes of this Agreement, "advertising" shall mean fixed and dynamic advertising display signage, as well as marketing income programs (including, but not limited to, sponsorships, events, product rights, licensing, naming rights and branding) at locations outside the Premises and, except to the extent approved in advance in writing by Executive Director.

3.5 Quiet-Enjoyment. Subject to the rights reserved in favor of City under this Agreement, Concessionaire, upon payment of Rent hereunder and upon observing and keeping the conditions and covenants of this Agreement on its part to be observed and kept, shall lawfully and quietly hold, use and enjoy the Premises during the term of this Agreement.

3.6 As-Is Condition. Concessionaire acknowledges and agrees that the Premises is being delivered to and accepted by Concessionaire on the Delivery Date in an "As-Is," "Where Is" and "With all Faults" condition and without any representation, warranty or implied warranty of any kind or nature as to the condition, use or occupancy which may be made thereof and without any improvements or alterations by City. Except as expressly set forth in this Agreement, Concessionaire waives, and City disclaims, all warranties of any type or kind whatsoever with respect to the Premises, whether express or implied, including, by way of description but not limitation, those of fitness for a particular purpose and use.

3.7 Rights are Not Exclusive. Subject to the rights reserved to City under this Agreement, Concessionaire acknowledges and agrees that (a) subject to Concessionaire's compliance with the terms and conditions of this Agreement, the rights herein granted to Concessionaire shall be exclusive within the Premises covered by this Agreement, but non-exclusive at the Airport; (b) Concessionaire has no exclusive rights to conduct the business of the Permitted Uses in areas other than the Premises; (c) other than with respect to Storage Space pursuant to a Storage Space Addendum, if applicable, the rights granted to Concessionaire under

APPENDIX ACKNOWLEDGMENTS

this Agreement do not include any right to use, occupy or possess any area other than the Premises (including, without limitation, any new leaseable areas in the existing Terminals or any new terminals developed by City in the future); and (d) City intends to enter into concession agreements with other food and beverage concessionaires and other retail and services concessionaires at the Airport, some of which will be located in the Terminal(s) covered by this Agreement. In addition, City expressly reserves the right to grant others the right to sell retail products and merchandise, personal services, and foods and beverages in the Terminal(s) covered by this Agreement, and such right has been, or may in the future be granted to others in separate agreements.

3.8 General Disputes. In the event of a dispute between Concessionaire and any other Airport tenant or concessionaire as to the services to be offered or products to be sold at the Premises, Concessionaire shall meet and confer with Executive Director and, Executive Director shall determine the services to be offered or products to be sold by each, and any decision by Executive Director shall be final and binding upon Concessionaire and such other Airport tenant or concessionaire.

3.9 No Other Uses. Concessionaire shall not use nor permit the Premises to be used for any purpose other than the Permitted Uses.

3.10 Rules and Regulations. Concessionaire shall comply with the rules and regulations of the City and the Department of Airports, along with any modifications, amendments and supplements thereto, as are in effect from time to time, for the orderly and proper operation of the Airport, the Terminals, the Common Areas and the Premises (collectively, the "Rules and Regulations"). City shall not be responsible to Concessionaire or any other third party for the failure of any other person to observe and abide by any of said Rules and Regulations.

3.11 Pricing.

3.11.1 Concessionaire shall price its products in accordance with the Airport Pricing Policy. For the purposes of this Agreement, the "Airport Pricing Policy" shall mean establishing prices that are no more than eighteen percent (18%) higher than prices charged by Comparable businesses located off-Airport within a twenty-five (25) mile radius of the Airport (the "Comparison Area"), excluding sale or promotional prices. "Comparable" shall mean (a) if Concessionaire is a licensee or franchisee of a restaurant concept, then the pricing comparison shall be to the other licensees or franchisees with the same concept operated by the Concessionaire or other licensees or franchisees in the Comparison Area, or (b) if Concessionaire operates food and beverage concessions that are not operated under license or franchise agreements, the pricing on the Premises will be compared to restaurants with a similar style of service and menu located in shopping centers or commercial districts in the Comparison Area; provided, however, special gated venues (e.g., Dodger Stadium, theme parks, Staples Center) and special events shall not be deemed to be Comparable businesses or locations.

3.11.2 Concessionaire's initial proposed pricing and menus for the Premises (broken down by item and price range, in such detail as is reasonably

satisfactory to the Executive Director), which have been approved by Executive Director, will be submitted to LAWA prior to the Commencement Date. No changes to these menus and prices may be made without the prior written consent of Executive Director. Any proposed changes to these menus and prices must be submitted to City in writing, along with supporting documentation to evidence prices from Comparable businesses or locations within the Comparison Area. Executive Director shall consider such request and supporting data, and may conduct City-initiated price comparisons of such Comparable businesses within the Comparison Areas as Executive Director considers necessary. For the purposes of this Section 3.11.2, the decision of Executive Director with respect to changes to Concessionaire's prices shall be final and binding on Concessionaire. If any City-initiated price comparisons discloses a violation of the requirements of this Agreement, the cost of such City-initiated price comparisons shall be borne by Concessionaire, and upon the delivery of an invoice from City, Concessionaire shall pay the same to City as Additional Rent, plus a fifteen percent (15%) for administrative overhead (but in no event less than \$100 per occurrence; as such amount may be adjusted by the Board from time to time, the "Administrative Fee"), within fifteen (15) days of receipt of City's invoice.

3.11.3 Preprinted Prices. When an item is pre-priced, Concessionaire shall not charge a price higher than the preprinted price.

3.11.4 Survey Procedure.

1. Price Checks. Concessionaire shall conduct a price check annually. To accomplish this, Concessionaire shall conduct a price check each calendar quarter-year, at a minimum, and all reports must be presented to City quarterly. Surveys of product items determined by Executive Director will be performed by Concessionaire on the Premises to ensure pricing is in accordance with this Agreement and the Airport Pricing Policy. Executive Director, at Executive Director's option, may develop, and Concessionaire will be given, the list of categories of product to be checked. Concessionaire may be requested at any time to produce a list of product sizes, brands and prices presently being sold on the Premises. Executive Director may review the list and select the items to be checked on a particular price check. Executive Director may choose to select all items for any particular price check. Executive Director, at Executive Director's option, may conduct such price checks as Executive Director considers necessary and to the extent any such price check discloses a violation of the requirements of this Agreement, the cost of such price check shall be borne by Concessionaire, and upon the delivery of an invoice from City, Concessionaire shall pay the same to City as Additional Rent, plus the Administrative Fee, within fifteen (15) days of receipt of City's invoice.

2. Spot Surveys. Additionally, Executive Director may request Concessionaire to conduct "spot" price checks or random surveys of the approved Comparable businesses or locations within the Comparison Area and the prices charged at the Airport periodically to ensure compliance with the Airport Pricing Policy. Executive Director, at Executive Director's option, may conduct such "spot" price checks or random surveys as Executive Director considers necessary and to the extent any such "spot" price checks or random surveys disclose a violation of the requirements of this Agreement, the cost of such "spot" price

checks or random surveys shall be borne by Concessionaire, and upon the delivery of an invoice from City, Concessionaire shall pay the same to City as Additional Rent, plus the Administrative Fee, within fifteen (15) days of receipt of City's invoice.

3.12 Failure to Adhere to the Airport Pricing Policy. Concessionaire shall be given one (1) week to correct any price overage discrepancies raised by City with Concessionaire, or to submit written justification for retaining current prices for these items. In response to Concessionaire's written justifications, Executive Director will determine whether overages must be eliminated, and if so, Concessionaire must reduce prices within three (3) business days of the date of Executive Director's decision. City reserves the right to have concessionaires conduct and complete a price compliance survey on selected products or other inventories at Executive Director's sole discretion. This price compliance survey must be completed and submitted to City within two (2) weeks of receipt of City's written request. Executive Director will not unreasonably withhold Executive Director's consent to a request for a price increase and will respond to such requests within twenty-one (21) days of the date such request is submitted in writing by Concessionaire to Executive Director. If Executive Director does not respond within said twenty-one (21) day period, Concessionaire may implement the requested price increase, subject to City's right to require rolling-back the price to the previous price at any time.

IV PAYMENTS BY CONCESSIONAIRE.

4.1 Base Rent. Commencing on the Commencement Date, and thereafter each month throughout the Term of this Agreement, Concessionaire shall pay to City an annual base rent (the "Base Rent") in an amount equal to the greater of (a) the percentage fee (the "Percentage Fee") for the applicable Agreement Year calculated as provided in Section 4.1.3 below with respect to the Premises, or (b) the minimum annual guaranteed rent (the "MAG") for the applicable Agreement Year calculated as provided in Section 4.1.1 below. The Base Rent and all Additional Rent payable by Concessionaire hereunder are sometimes collectively referred to as "Rent". The term "Additional Rent" shall mean all sums, fees, charges, payments and other amounts due hereunder from Concessionaire other than the Base Rent. The term "Agreement Year" shall mean each consecutive period of twelve (12) full calendar months following the Commencement Date; provided, however, if the Commencement Date is a date other than the first day of a calendar month, the first Agreement Year shall include that fractional portion of the calendar month in which the Commencement Date occurs (the "Fractional First Month") and the first full twelve (12) calendar months thereafter; and provided, further, that the final Agreement Year may be less than a consecutive twelve calendar month period as the result of the expiration or earlier termination of the Term.

4.1.1 MAG. The MAG shall be an annual amount equal to the greater of (a) the Floor Element Amount (as defined below) for the applicable Agreement Year or (b) the Prior Year Element Amount (as defined below) for the applicable Agreement Year. The "Floor Element Amount" shall be the sum of _____ Dollars and ____ Cents (\$____) [the amount that the Concessionaire proposes is to be inserted] per square foot per year (the "Per Square Foot MAG"), multiplied times the total number of square feet of space contained in the Premises (as such square footage is determined by the Executive Director); provided, however, that, in connection with the calculation of the Floor Element Amount, the Per Square Foot MAG shall be adjusted annually as set

forth below. For the second (2nd) Agreement Year of the Term and for each Agreement Year of the Term thereafter (including any extension thereof) [said second (2nd) Agreement Year and each subsequent Agreement Year being referred to in this paragraph as an "Adjustment Year"], the Per Square Foot MAG shall be an amount equal to the Per Square Foot MAG in effect for the immediately prior Agreement Year increased by the percentage increase, if any, in the CPI (as defined below) for the Comparison Month (as defined below) for such Adjustment Year over the CPI for the Base Month (as defined below) for such Adjustment Year; provided, however, that in no event shall the Per Square Foot MAG for a given Adjustment Year be decreased as the result of such computation; and provided, further, that in no event shall the Per Square Foot MAG for a given Adjustment Year be increased by more than two percent (2%) of the Per Square Foot MAG in effect for the immediately prior Adjustment Year. The term "CPI" shall mean the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor of CPI-U (all urban consumers) for Los Angeles - Riverside - Orange County, CA (all items 1982 - 1984 equals one hundred). In the event that the compilation and/or publication of the CPI shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation (as reasonably determined by the Executive Director). The term "Comparison Month" shall mean the month that is two (2) months prior to the first (1st) month of the applicable Adjustment Year. The term "Base Month" shall mean the month that is fourteen (14) months prior to the first (1st) month of the applicable Adjustment Year. The "Prior Year Element Amount" shall be an amount equal to eighty-five percent (85%) of the Base Rent for the immediately prior Agreement Year.

4.1.2 Minimum Monthly Guaranteed Rent. Concessionaire shall pay to City the MAG in monthly installments (herein, the "Minimum Monthly Guaranteed Rent" or "MMG") as provided in Section 4.7.2.2 below.

4.1.3 Percentage Fee. The Percentage Fee shall be an annual amount equal to the aggregate total sum of the Gross Revenues (as defined in Section 4.1.4 below) for the applicable Agreement Year for each product category or other source (herein, "Product Category") listed in the table below multiplied times the corresponding fixed percentage (each, a "Percentage Multiplier") listed in the table below:

Product Category	Percentage Multiplier
Branded Coffee/Bakery/ Sundries/Food/Non-Alcoholic Drinks	16.5%
Alcoholic Beverages	21.5%
All Other Gross Revenues Not Included Above	21.5%

The Percentage Fee shall be payable in monthly installments (subject to year-end reconciliation) as provided in Section 4.7.2.3 below.

4.1.4 **Gross Revenues Defined.** "Gross Revenues" shall include all revenues, whether by coin or currency, on account, by check, credit or debit card, collected or uncollected, whether conducted on or off Airport, derived by or on behalf of Concessionaire as a result of its operation of the concession rights herein granted, without any exclusion whatever, except those exclusions expressly permitted under Sections 4.1.4(1) through 4.1.4(9) below. "Gross Revenues" shall include (a) the sales prices received or billed by or on behalf of Concessionaire from the sale, dispensing and serving of food, food products and beverages (including alcoholic beverages), other retail non-food and beverage products, and other related services and products ("Products and Services"); (b) the full amount of any deposits, prepayments or credits forfeited by customers in connection with any business by Concessionaire in, on, about or from the Premises; (c) the full amount of all orders for Products and Services accepted by or on behalf of Concessionaire in, on, about or from the Premises, whether or not to be filled or performed at any other place, and the full amount of all orders accepted by or on behalf of Concessionaire elsewhere, but to be filled or performed in, on, about or from the Premises; (d) the retail price of all orders for Products and Services placed from the Premises from Concessionaire's catalog, internet or otherwise; (e) the full amount of any charge Concessionaire customarily makes for Products and Services even though Concessionaire fails to actually collect such a charge (except to the extent expressly excluded pursuant to Sections 4.1.4(1) through 4.1.4(9) below); and (f) any amounts paid or payable to Concessionaire in exchange for coupons or vouchers which are redeemed at the Premises. "Gross Revenues" shall also include any payments made to Concessionaire for advertising or promoting products and services from the Premises. Goods, work or services furnished by any person or firm in lieu of payment in exchange for value received shall be deemed to be "Gross Revenues." "Gross Revenues" shall exclude revenues from the following:

1. Taxes. Retail sales taxes, excise taxes or related direct taxes on the consumer which are collected by or on behalf of Concessionaire on such sales, provided all such taxes are properly accounted for and recorded;
2. Sale of Scrap, Equipment or Uniforms. Revenues from the sale of waste or scrap materials resulting from the operation of Concessionaire's business at the Airport; revenues from the sale of or the trade-in value of furniture, fixtures or equipment used on the Premises, and owned by Concessionaire; receipts from the sale at cost of uniforms/clothing to Concessionaire's employees where such uniforms/clothing are required to be worn by said employees;
3. Exchanges and Refunds from Suppliers. The value of any merchandise, supplies or equipment exchanged or transferred from or to other business locations of Concessionaire, where such exchanges or transfers are not made for the purpose of avoiding a sale by Concessionaire which would otherwise be made from or at the Premises; revenues in the form of refunds from or the value of merchandise, supplies or equipment returned to shippers, suppliers or manufacturers;

4. Refunded Revenues. Revenues with respect to any sale where the subject of such sale, or some part thereof, is thereafter returned by the purchaser to and accepted by Concessionaire, to the extent of any refund actually granted or adjustment actually made, either in the form of cash or credit;

5. Employee Discounts. The cost or value of Products and Services given to employees of Concessionaire pursuant to such employees' employment contracts; provided, however, the amount of such excluded employee discounts shall not exceed eighty percent (80%) of the retail price of such items;

6. Supplier Discounts. The amount of any cash or quantity discounts received from sellers, suppliers or manufacturers;

7. Tips. The amount of any gratuity paid or given by patrons or customers to employees of Concessionaire; provided, however, Concessionaire shall take commercially reasonable efforts to assure that its compensation system does not incentivize its employees to serve, dispense, provide or distribute Products and Services which would otherwise generate Gross Revenues to generate gratuities;

8. Reimbursements. Receipts in the form of any reimbursements from Concessionaire's subtenants or subcontractor(s) for any taxes, loan payments or license fees paid by Concessionaire for or on behalf of such subtenants or subcontractor; and

9. Insurance Proceeds. All sums and credits received in settlement of claims for loss, theft or damage to inventory, supplies, and merchandise, and the proceeds received by Concessionaire from any casualty or liability proceeds (other than business interruption proceeds attributable to amounts which would have otherwise been Gross Revenues).

No deduction shall be made from "Gross Revenues" by reason of any credit loss sustained or financing discount that may be applicable by reason of the acceptance or use of credit cards, debit cards or by reason of any other credit arrangements. Except as otherwise expressly provided in the exclusions set forth in Sections 4.1.4(1) through 4.1.4(9) above, if any charge customarily made by Concessionaire for Products and Services is not assessed, charged or collected, irrespective of the reason therefore, then the full amount of Concessionaire's customary charge therefore shall nevertheless be included in determining Gross Revenues. Concessionaire shall not show the percentage of Gross Revenues payable to City as a separate charge to Concessionaire's customers. For purposes of calculating Gross Revenues, the Gross Revenues of any Approved Transferee shall be attributed to Concessionaire. All computations in the determination of Gross Revenues shall be made in accordance with the terms of this Agreement, using the accrual basis of accounting.

4.1.5 No Abatement. City and the federal government shall each retain the right to restrict access to areas "airside" of security checkpoints to ticketed passengers and Airport/airline personnel. City shall retain the right to restrict access to any areas in the Airport, including the Terminals for purposes of construction of City-approved

improvements. During such actions, Concessionaire shall not be entitled to any abatement or adjustment of Rent, fees or any other compensation.

4.2 Design/Construction Review Fee. In addition to all other fees and costs to be paid by Concessionaire in connection with the Improvements, Concessionaire shall pay to LAWA, as compensation for LAWA's design review and construction coordination, a "Design/Construction Review Fee" of \$18.35 per square foot. Fifteen percent (15%) of the total amount of such Design/Construction Fee shall be paid at the time of submittal of the Initial Improvements Plan, pursuant to Section 7.1. The remaining eighty five percent (85%) of such Design/Construction Fee shall be payable in twelve (12) equal monthly installments, commencing on the Commencement Date hereunder.

4.3 Common Area Maintenance.

4.3.1 Common Area Maintenance Charges. In addition to the Monthly Base Rent payable to City hereunder, LAWA reserves the right, in its sole discretion, to impose "Common Area Maintenance Expenses" (as defined in Section 4.3.2) charges on concessionaires operating in Terminal 4. If so imposed, Executive Director shall amend the Basic Information. If so imposed, on and after the Commencement Date, Concessionaire shall pay to City with respect to the Premises as Additional Rent the applicable Share for Premises set forth in the Basic Information (as so amended) of all Common Area Maintenance Expenses based upon City's most recent estimate of the projected Common Area Maintenance Expenses, as adjusted in accordance with Section 4.3.3 below.

4.3.2 Common Area Maintenance Expenses. "Common Area Maintenance Expenses" shall mean all costs and expenses paid or incurred by City in connection with the ownership, operation, maintenance, management, repair and replacement of the Common Areas including, without limitation, all costs and expenses to operate, maintain, repair, replace, supervise, insure and administer such Common Areas, including but not limited to:

1. Cleaning of Common Area seating areas;
2. Pest control for the Common Areas;
3. Trash removal for the Common Areas; and
4. Supplies, materials, labor and equipment used in or related to the operation and maintenance of the Common Areas including the cost of maintenance, depreciation and replacement of machinery, tools and equipment (if owned by City) and for rental paid for such machinery, tools and equipment (if rented) used in connection with the operation or maintenance of the Common Areas;
5. Costs for management and administration of the Common Areas, including, without limitation, any management fee, accounting, auditing, billing, postage, salaries and benefits for all employees and contractors engaged in the management, operation, maintenance, repair and replacement of the Common Areas;

6. Supplies, materials, labor and equipment used in or related to the operation and maintenance of the HVAC system serving the Common Areas pursuant to Section 8.6 (including, City's administration and overhead).

7. To the extent City maintains the utilities in accordance with Section 8.7, supplies, materials, labor and equipment used in or related to the operation and maintenance of such utilities serving the Common Areas (including, City's administration and overhead).

8. Any other necessary and reasonable Common Area maintenance or repair item.

4.3.3 Estimates and Reconciliation of Common Area Maintenance Expenses. Within ninety (90) days of the end of each calendar year during the Term of this Agreement or as soon thereafter as practicable, City shall give to Concessionaire notice of City's estimate of the total amounts that will be payable by Concessionaire under Section 4.3.1 for the following calendar year, and Concessionaire shall pay such estimated Additional Rent on a monthly basis, in advance, on the first day of each month. Concessionaire shall continue to make said monthly payments until notified by City of a change therein. If at any time or times City determines that the amounts payable under Section 4.3.1 for the current calendar year will vary from City's estimate given to Concessionaire, City, by notice to Concessionaire, may revise the estimate for such calendar year, and subsequent payments by Concessionaire for such calendar year shall be based upon such revised estimate. By April 1 of each calendar year following the Commencement Date, City shall endeavor to provide to Concessionaire a statement showing the actual Additional Rent due to City for the prior calendar year. If the total of the monthly payments of Additional Rent that Concessionaire has made for the prior calendar year is less than the actual Additional Rent chargeable to Concessionaire for such prior calendar year, then Concessionaire shall pay the difference in a lump sum within ten (10) days after receipt of such statement from City. Any overpayment by Concessionaire of Additional Rent for the prior calendar year shall, at City's option, be either credited towards the Additional Rent next due or returned to Concessionaire in a lump sum payment within ten (10) days after delivery of such statement. Even though the Term has expired and Concessionaire has vacated the Premises, with respect to the year in which this Agreement expires or terminates, Concessionaire shall remain liable for payment of any amount due to City in excess of the estimated Additional Rent previously paid by Concessionaire, and, conversely, City shall promptly return to Concessionaire any overpayment. Failure of City to submit statements as called for herein shall not be deemed a waiver of Concessionaire's obligation to pay Additional Rent as herein provided.

4.3.4 Share; Allocation to Concessionaire. With respect to Common Area Maintenance Expenses, which City allocates to the Common Areas, the "Share" allocated to the Premises shall be the percentage set forth in the Basic Information, as adjusted by City from time to time based upon changes in the operation of all Concessions. Notwithstanding the foregoing, City may adjust the Premises' Share for all or part of any item of expense or cost reimbursable by Concessionaire that relates to a

repair, replacement, or service that benefits only the Premises or only a portion of the Terminal or that varies with the occupancy of the Terminal. Without limiting the generality of the foregoing, Concessionaire understands and agrees that City shall also have the right to adjust a the Premises' Share of any Common Area Maintenance Expenses based upon Concessionaire's burden or impact on such Common Areas as reasonably estimated and determined by City based upon factors such as size and Gross Revenues of the Premises and intensity of use of such Common Areas by Concessionaire's customers. Any adjustments by City under this Section 4.3.4 shall be undertaken in a reasonable and not unjustly discriminatory manner.

4.3.5 Gross Up. In the event the average occupancy level of Concessions for the Terminal in which the Premises is located for any calendar year is not ninety-five percent (95%) or more of full occupancy, then the Common Area Maintenance Expenses for such year shall be apportioned among the concessionaires by City to reflect those costs which would have occurred had the Concessions been ninety-five percent (95%) occupied during such year.

4.4 Utilities. Utilities with respect to the Premises, including electricity, gas and water, shall be separately metered at Concessionaire's expense, and shall be invoiced directly to Concessionaire. If Executive Director agrees that it is impossible to separately meter a given utility at the Premises, then Concessionaire shall pay to City as Additional Rent a reasonable and not unjustly discriminatory pro-rata amount of said utility invoice which includes said Premises, based upon Executive Director's good faith estimate of Concessionaire's share thereof. Executive Director's estimate may be based on the square footage of Concessionaire's Premises compared with the square footage of the area serviced, or upon some other reasonable and not unjustly discriminatory criteria designated by Executive Director in Executive Director's good faith business judgment. City shall invoice Concessionaire for amounts due and Concessionaire shall pay the same within fifteen (15) days of receipt of City's invoice.

4.5 Refuse Removal. Concessionaire shall comply with the provisions of Section 5.10 with regard to the disposition of trash and garbage, waste reduction and recycling. City may designate garbage or refuse disposal areas at each Terminal for use by concessionaires. City reserves the right to charge, and in such event Concessionaire shall pay to City as Additional Rent a reasonable and not unjustly discriminatory pro-rata amount of the cost for removal of garbage and refuse from designated garbage or refuse disposal areas based upon Executive Director's good faith estimate of Concessionaire's share thereof. Executive Director's estimate may be based on Concessionaire's square footage compared with the square footage of the area serviced, or upon some other reasonable and not unjustly discriminatory criteria designated by Executive Director in Executive Director's good faith business judgment. City reserves the right to invoice Concessionaire for amounts due and Concessionaire shall pay the same to City as Additional Rent within fifteen (15) days of receipt of City's invoice.

4.6 Other Fees and Charges. If City has paid any sum or sums or has incurred any obligations or expense which Concessionaire had agreed to pay or reimburse City for, or if City is required or elects to pay sum(s) or ensure obligation(s) or expense(s) by reason of the failure, neglect or refusal of Concessionaire to perform or fulfill any of the conditions, covenants or agreements contained in the Agreement, or as a result of an act or omission of Concessionaire

contrary to said conditions, covenants, and agreements, Concessionaire shall pay the sum(s) paid or the expense(s) so incurred (including all interest, costs, damages and penalties, and same may be added to any installment of the fees and charges thereafter due hereunder), plus Administrative Fee, as Additional Rent recoverable by City in the same manner and with the remedies applicable to any other component of Rent hereunder.

4.7 Method of Payment. The procedure for the payment of the Rent shall be as follows:

4.7.1 Payment Location. All Rent payable hereunder shall be paid to City of Los Angeles, Department of Airports, Post Office Box 92216, Los Angeles, California 90009-2216 unless and until City designates some other party to receive place for the payment of Rent. All such payments shall be made in lawful money of United States, without demand, set-off or deduction of any kind.

4.7.2 General Payment Terms; Timing of Base Rent Payments. All Rent shall be paid in lawful money of the United States of America and through a domestic branch of a United States financial institution. Checks are to be made payable and mailed as set forth in the Basic Information, or to such other person or place as Executive Director may, from time to time, designate to Concessionaire in writing. Base Rent shall be payable to City as follows:

4.7.2.1 Payment of Base Rent. Concessionaire shall pay the Base Rent in monthly installments (the "Monthly Base Rent") consisting of a monthly payment of MAG (i.e., the "Minimum Monthly Guaranteed Rent" or "MMGR") and a monthly payment of the Percentage Fee ("Monthly Percentage Fee Payment") calculated and payable as provided herein, subject to year-end reconciliation as provided herein.

4.7.2.2 Minimum Monthly Guaranteed Rent Payment. The Minimum Monthly Guaranteed Rent shall be an amount equal to one-twelfth (1/12) of the MAG for the given Agreement Year and shall be due and payable on the first (1st) day of each month during the Agreement Year. In the event that the Minimum Monthly Guaranteed Rent cannot be calculated as of the first (1st) day of the applicable Agreement Year as the result of the delayed publication of the CPI or the unavailability of the prior Agreement Year's reconciled Base Rent information, the Minimum Monthly Guaranteed Rent shall be calculated based on the Minimum Monthly Guaranteed Rent for the immediately prior Agreement Year and shall be adjusted as soon as such information is available, and any increase in the Minimum Monthly Guaranteed Rent for the prior months shall be paid with the next installment of the Minimum Monthly Guaranteed Rent immediately following the calculation of such adjustment.

4.7.2.3 Monthly Percentage Fee Payment. The Monthly Percentage Fee Payment shall be an amount equal to the amount (if any) that the Percentage Fee calculated for the given month exceeds the Minimum Monthly Guaranteed Rent for the given month. The Monthly Percentage Fee Payment shall be paid with the next installment of the Minimum Monthly Guaranteed Rent.

shall be due and payable (to the extent that it exceeds the Minimum Monthly Guaranteed Rent for the given month) in arrears not later than the twentieth (20th) day following the end of the month for which the Monthly Percentage Fee Payment relates. On or before the date that each Monthly Percentage Fee Payment is due, Concessionaire shall deliver the Gross Revenue and other information for such month as provided in Section 4.7.3 hereof.

4.7.2.4 Year-End Reconciliation. Within sixty (60) days after the last day of the applicable Agreement Year, Concessionaire shall calculate and report to City: (i) the Percentage Fee for such Agreement Year; (ii) the MAG for such Agreement Year; (iii) the Base Rent payable for such Agreement Year (i.e., the greater of the Percentage Fee or the MAG for such Agreement Year); (iv) the aggregate Monthly Base Rent paid for such Agreement Year (including the monthly detail regarding the Minimum Monthly Guaranteed Rent and the Monthly Percentage Fee Payments paid); and (v) the difference between the Base Rent payable for such Agreement Year and the aggregate Monthly Base Rent paid for such Agreement Year. In the event that the Base Rent payable for such Agreement Year is greater than the aggregate Monthly Base Rent paid for such Agreement Year, Concessionaire shall pay to City the difference within sixty (60) days after the last day of such Agreement Year. In the event that the Base Rent payable for such Agreement Year is less than the aggregate Monthly Base Rent paid for such Agreement Year, then Concessionaire shall be entitled to credit such overpayment toward the Minimum Monthly Guaranteed Rent payment(s) next due following final determination that such overpayment has occurred.

4.7.3 Monthly Gross Revenue Report. On the twentieth (20) day of each calendar month throughout the Term of this Agreement, Concessionaire shall submit a monthly accounting of the Gross Revenues received at the Premises operated by Concessionaire under this Agreement. Each monthly accounting shall be in such manner and detail and upon such forms as are prescribed from time to time by Executive Director. Forms to be used for reporting monthly Gross Revenues are attached as Exhibit E. Executive Director may, at Executive Director's sole discretion, amend the forms to be used during the Term of this Agreement. Each monthly report shall be due on the same date and at the same address as the payment of the Percentage Fee for that month is due. All reports under this section are to be submitted to concessionsreporting@lawa.org

4.7.4 Annual Gross Revenue Report. On August Fifteenth of each year after the Commencement Date, Concessionaire shall submit an annual accounting of the Gross Revenues received at the Premises operated by Concessionaire under this Agreement. Each annual accounting shall be in such manner and detail and upon such forms as are prescribed by Executive Director. Forms to be used for reporting annual Gross Revenues are attached as Exhibit F. Executive Director may, at Executive Director's sole discretion, amend the forms to be used during the Term. Each annual report shall be due at the same address as the payments are made under this Agreement.

4.7.5 Other Annual Reports. Within ninety (90) days of the close of Concessionaire's taxable year, Concessionaire shall furnish to City detailed financial

statements, including a balance sheet, an income statement and notes to the financial statements, prepared as of the close of Concessionaire's taxable year, covering all business transacted by Concessionaire at the Airport (the "Financial Statements"), and such other reasonable financial and statistical reports as Executive Director may, from time to time, require (including, without limitation, the maintenance reports required under Section 8.1). Said financial statements shall be reviewed by an independent Certified Public Accountant. In addition, on or before [TBD] of each Agreement Year, Concessionaire shall deliver a pro forma projection of estimated Gross Revenues for the next Agreement Year.

4.7.6 Pro Rata Payment. If the termination of this Agreement falls upon any date other than the first or last day of any calendar month, the applicable fees and charges for said month shall be in the same proportion that the number of days the Agreement is in effect for that month bears to the total number of days in that month.

4.7.7 Late Charge. Notwithstanding any other provision of this Agreement to the contrary, Concessionaire hereby acknowledges that late payment to City of Rent, or other amounts due hereunder will cause City to incur costs not contemplated by this Agreement, the exact amount of which will be extremely difficult to ascertain. If any Rent or other sums due from Concessionaire are not received by Concessionaire within five (5) days after their due date, then Concessionaire shall pay to City a late charge equal to ten percent (10%) of such overdue amount, plus any costs and attorneys' fees incurred by City by reason of Concessionaire's failure to pay Rent or any other charges when due hereunder. City and Concessionaire hereby agree that such late charges represent a fair and reasonable estimate of the cost that City will incur by reason of Concessionaire's late payment and shall not be construed as a penalty. City's acceptance of such late charges shall not constitute a waiver of Concessionaire's default with respect to such overdue amount or stop City from exercising any of the other rights and remedies granted under this Agreement.

4.7.8 Interest. Any installment of Rent and any other sum due from Concessionaire under this Agreement which is not received by City within three (3) days from when the same is due shall bear interest from the date such payment was originally due under this Agreement until paid at the greater of (a) an annual rate equal to the maximum rate of interest permitted by law, or (b) fifteen percent (15%) per annum. Payment of such interest shall not excuse or cure any Default by Concessionaire. In addition, Concessionaire shall pay all costs and attorneys' fees incurred by City in collection of such amounts.

4.7.9 Prepayment. Notwithstanding anything to the contrary contained in this Agreement, in the event that Concessionaire is chronically delinquent in the payment of Rent when due hereunder, as defined under Section 11.1.13, City shall have the right to require Concessionaire to pay Monthly Base Rent, and all other amounts payable by Concessionaire to City in a calendar month under this Agreement one (1) month in advance of when such payment would otherwise be due. Such prepayment will be based on the highest monthly Rent previously due from Concessionaire under this Agreement. Such right shall be exercised by a written notice from City to Concessionaire, which

APPENDIX ACKNOWLEDGMENTS

notice may be given any time after such default by Concessionaire, regardless of whether the same is cured by Concessionaire. Nothing in this Section shall limit City's other rights and remedies under this Agreement.

4.8 Books and Records. Concessionaire shall establish a business office in the County of Los Angeles. Concessionaire shall maintain in said office or in Concessionaire's national corporate office in the United States, during the term of the Agreement, its permanent books, including but not limited to balance sheets, income statements, general ledgers, subsidiary ledgers, trial balances, sales journals, invoices, chart of accounts and all other supporting documents wherein are kept all entries reflecting both Gross Revenues received or billed by Concessionaire from the business transacted at Airport plus all other transactions of Concessionaire at the Airport. Such books, ledgers, journals, accounts and records shall be available for inspection and examination by Executive Director, or a duly authorized representative, during ordinary business hours.

4.8.1 Examination of Records. City's accountants or representatives may examine the books, ledgers, journals, accounts, and records of Concessionaire for the purpose of conducting an audit. Concessionaire shall produce these records for inspection and copying at the Premises or, at Executive Director's option, City's offices within twenty (20) days of Executive Director's request. In the event Concessionaire does not make available to City the pertinent books and records within the aforesaid twenty (20) days as set forth in this Section, Concessionaire agrees to pay for all travel costs, housing, and other related expenses associated with the audit of said books, reports, accounts, and records by City at Concessionaire's place of records if said place of records is outside of Los Angeles County.

4.8.2 Deficiencies. In connection with any audit conducted by City, deficiencies ascertained by applying percentages of error obtained from such testing and sampling to the entire period of reporting under examination will be binding upon Concessionaire. If Concessionaire believes that any audit performed on behalf of City has disclosed an isolated error and wishes to increase the sample size of the audit or perform a detail audit, Concessionaire shall pay City for any additional audit procedures. In the event any deficiencies in the amount of two percent (2%) or greater of any item being audited with respect to Rent payable to City hereunder is ascertained (the "Deficiency"), Concessionaire agrees to pay City for the cost of the audit and the Deficiency.

4.8.3 Confidentiality. To the maximum extent permitted under applicable Laws, all information gained by City from such examinations shall be confidential and shall not be disclosed other than as may be required by court order, other legal process or pursuant to the provisions of the California Public Records Act; *provided, however*, the foregoing shall not prevent the use of such information in connection with any litigation between the City and Concessionaire; *provided, further*, to the extent commercially reasonable under the then-existing circumstances, City shall use commercially reasonable efforts to give written notice to Concessionaire in advance of such disclosure to afford

Concessionaire the opportunity to attempt to secure available protective measures to safeguard such information.

V OPERATING STANDARDS.

5.1 Operating Standards. This Article and its Sections cover Concessionaire's operational obligations.

5.2 Concession Personnel.

5.2.1 Generally. Concessionaire shall, at its sole cost and expense, furnish prompt, courteous and efficient service and shall ensure polite and inoffensive conduct and demeanor on the part of their respective representatives, agents and employees, collectively referred to herein as "Personnel." Concessionaire shall employ a Sufficient Number of properly trained Personnel to manage and operate the Premises at its maximum capacity and efficiency at all times that it is required to be opened for business in accordance with the Agreement. "Sufficient number" is a number, which consistently provides customers with no unreasonable delay or inconvenience in moving through point of sale or selecting Products and Services and assures a high standard of service to the public. Executive Director shall have the right to determine whether such unreasonable delay or inconvenience exists and Concessionaire shall immediately remedy the situation upon the request of the Executive Director. All such Personnel, while on or about the Premises, shall be clean, neat in appearance and courteous at all times and shall be appropriately attired, with badges or other suitable means of identification clearly visible. Concessionaire shall ensure that all Personnel conform to personal hygiene and food handling requirements established by the Rules and Regulations and the applicable Laws (hereinafter defined), whichever is most stringent. No Personnel, while on or about the Premises, shall use improper language, act in loud, boisterous or otherwise improper way or be permitted to solicit business in an inappropriate manner. Concessionaire shall ensure that all Personnel that interact with the public can adequately communicate with customers and are professional and courteous in interactions with the public.

5.2.2 English Language. Concessionaire understands and agrees that its operation at the Airport necessitates contact with the public, both in the course of normal business operations and in rendering public services such as making reasonable change, giving directions, and providing general assistance to the public. Personnel in positions that involve contact with the public must be capable of speaking and understanding the English language at a level consistent with the effective and efficient performance of the duties of the position.

5.2.3 Objections. City shall have the right to object to the demeanor, conduct, and appearance of any Personnel at the Premises, subject to applicable Laws. Concessionaire shall take all steps reasonably necessary to remedy the cause of any objection by City. After written notice from City, Concessionaire shall ensure the immediate removal from the Premises or discipline in accordance with Concessionaire's employee discipline policy for any Personnel who participates in improper or illegal acts on the Airport, who violates any of the Rules and Regulations or any provision of this

Agreement, or whose continued presence at the Airport is, in the good faith business judgment of Executive Director, deemed not to be in the best interests of City.

5.2.4 City Not Liable for Employment Issues. This Agreement does not establish any employer-employee, joint venture or agency relationship between City and Concessionaire and Concessionaire is and shall be engaged independently in the business of managing the Premises on its own behalf. All employment arrangements and labor agreements with Personnel are, therefore, solely and exclusively Concessionaire's rights, obligations and liabilities, and City shall have no obligations or liability with respect thereto. Concessionaire hereby agrees to indemnify, defend, and hold City, the Board, Executive Director and their respective Board members, officers, directors, employees, agents, advisors, attorneys, and representative (collectively, "City Agents") harmless from and against any Claims of whatever nature that arise in connection with any such employment arrangements or labor agreements.

5.3 Managing Director. Concessionaire shall select and appoint, subject to approval by Executive Director, a partner, general partner, corporate officer or other officer who shall serve as the "Managing Director" of Concessionaire's operations at Airport. Such person must be an active, highly qualified, competent and experienced manager or supervisor of comparable food & beverage operations, vested with full power and authority to represent, act on behalf of, and bind Concessionaire, and accept service on behalf of Concessionaire of all notices provided for herein and regarding operation of the concession business herein authorized, including the quality and prices of food and beverages and the appearance, conduct and demeanor of Concessionaire's Personnel. Said Managing Director shall be assigned to a duty station or office at or within two (2) miles of the Airport, where he or she shall ordinarily be available during regular business hours and where, at all times during his or her other absences, such Managing Director shall assign a qualified, responsible subordinate who shall be in charge and available. Managing Director shall inform Executive Director in writing of the telephone and facsimile numbers and e-mail address and changes thereto of the local office. Managing Director shall provide to Executive Director and update as necessary, contact information for Managing Director and their appointed subordinates to allow City to contact them in emergencies or during non-business hours.

5.4 (INTENTIONALLY LEFT BLANK)

5.5 Hours of Operation.

5.5.1 Minimum Hours of Operation. Concessionaire shall be obligated to operate as follows: (i) if the Premises is located on the departure level of a Terminal, Minimum Hours of Operation shall be at least one hour before the first scheduled departure from such Terminal until the last departure of the day from such Terminal, without exception and (ii) if the Premises is located on the arrival level of a Terminal, Minimum Hours of Operation shall be from the first scheduled arrival at such Terminal to at least an hour after the last scheduled arrival at such Terminal, without exception. Except in connection with the expiration or earlier termination of this Agreement, Concessionaire may not vacate or abandon the Premises at any time.

5.5.2 Executive Director May Alter Hours. Executive Director may, on 24 hour written notice to Concessionaire, temporarily or permanently modify the Minimum Hours of Operation for the Premises. Concessionaire shall comply with modifications. Upon the written request of Concessionaire, Executive Director may, from time to time, authorize a later opening or earlier closing time for the Premises, provided Executive Director first finds that Concessionaire has submitted adequate justification therefore; provided, however, decreases in passenger traffic shall not be considered adequate justification.

5.6 Menu and Price Schedules. Concessionaire's initial menu shall be as Concessionaire has proposed for the Premises and as Executive Director has approved. Except as contemplated in accordance with the Airport Pricing Policy, during the Term, Concessionaire shall make no changes to the quantity, quality, or price of any item on the approved menu without first obtaining the prior written approval of Executive Director. Executive Director shall require the same information, and apply the same criteria to each proposed change as is described in this Section 5.6 and the following Sections.

5.6.1. Menu. Concessionaire shall employ attractive merchandising enticing customers to purchase food, beverages and ancillary retail products. Concessionaire shall develop and implement creative and effective merchandising means within the Premises, including without limitation, food and beverage displays; ancillary retail merchandise displays; display cases; promotional displays; attractive packaging; menu boards or tabletop menus; and pictures of food, beverage and ancillary retail merchandise. Concessionaire's menus shall contain all information required by and shall otherwise comply with all applicable Laws.

5.6.2 Children's Menu. Where patrons may be seated to eat, the menu shall include at least one child's plate and price.

5.6.3 Publicly Displayed Menu. Prices for each item sold in the Premises shall be conspicuously displayed to the reasonable satisfaction of Executive Director as to information given, design, type, size, style, color, and all other specifics. Said prices for all Products and Services shall comply with the Airport Pricing Policy, unless otherwise approved in advance in writing by Executive Director. If, in addition to any publicly displayed menu, Concessionaire provides individual menus for customers, or places price markers on item displays, said prices on such individual menus shall not vary from such publicly displayed menus or publicly displayed prices.

5.6.4 Amendments. Executive Director may require any menu to be multilingual. Executive Director may re-evaluate the selection of items during the Term. Executive Director's good faith determination that the selection offered is inadequate, or that the quality or quantity of any item is deficient, shall be conclusive. Concessionaire may meet and confer with Executive Director regarding such matters.

5.7 Quality of Foods and Beverages. Concessionaire acknowledges and agrees that it is the intent of the parties to provide the air traveler and the public with facilities, service, and food & beverage concessions of first class quality, commensurate with the standards of other

ADDENDUM ACKNOWLEDGMENTS

first class airports. All products offered for sale by Concessionaire shall (a) be of high quality, (b) be wholesome and pure (c) be comparable to food and beverages served by first class food and beverage facilities of a similar type in Los Angeles County, and (d) conform in all respects to applicable Laws; Concessionaire must adhere to the most stringent requirements in the foregoing.

5.8 Adequate Products and Service. Concessionaire shall ensure that the air traveler and public are furnished adequate supply of products and service, and that Concessionaire shall keep in stock and have ready for sale at the Premises at all times of operation a full stock of food & beverage products and other articles and goods for sale consistent with the Permitted Use for such Premises of first class character and quality and in sufficient supply to meet the demand of customers at the Airport. Concessionaire shall at all times maintain in stock at the Premises the merchandise it is required to stock and sell in accordance with its Permitted Use.

5.9 Cash and Record Handling Requirements; Change Making; Credit Cards.

5.9.1 POS Equipment and Systems. If the Executive Director and Concessionaire mutually agree, Concessionaire shall procure and install, at Concessionaire's sole cost and expense, real-time point-of-sale (POS) hardware and software with a secure internet/extranet (web-type) application interface meeting standards designated by Executive Director to provide accurate real-time daily sales revenue data via electronic means (collectively, "POS Equipment and Systems"). Within thirty (30) days of the Commencement Date, Concessionaire shall prepare a description of its proposed POS Equipment and Systems at the Premises and shall submit the same to Executive Director for approval. Such POS Equipment and Systems shall be non-resettable and shall have a counter or screen visible to the public. Such POS Equipment and Systems shall populate data according to existing product category definitions as mutually agreed to by the Executive Director and Concessionaire. Once approved by Executive Director, such POS Equipment and Systems shall be utilized by Concessionaire in its operations at the Airport, and no revisions or modifications that materially change the operation of the equipment or the data stored shall be made to such POS Equipment and Systems without the prior written approval of Executive Director. Approval is not required for routine upgrade and patching of software or firmware; or replacement of failed equipment with newer models that retain all of the previously approved functionality. .

5.9.2 Change-Making; General Assistance. Concessionaire shall provide, without charge, change-making service to customers and to members of the public generally at each cashier's location in the Premises. Cashiers may wait until the next financial transaction before opening a cash drawer to make change. Upon requests for information, directions and general assistance from customers and members of the public generally, Concessionaire and its Personnel shall respond with reasonable diligence and courtesy.

5.9.3 Credit Cards, Foreign Currency. Concessionaire shall not be required to accept foreign currency. If Concessionaire elects to accept foreign currency, such may only be accepted for payment of goods and shall not be exchanged. In addition, all

Concessionaires shall be required to accept, at a minimum, the credit and debit cards listed on Executive Director's then current list of Approved Form of Payment in payment for goods and services sold, and there shall be no minimum purchase requirement for transactions using such credit and debit cards. Executive Director's initial Approved Form of Payment List is attached hereto as Exhibit R and the same may be modified from time to time by written notice from the Executive Director.

3.10 Deliveries; Access and Coordination. To the extent airside access rights are granted to Concessionaire, Concessionaire shall comply with all applicable Rules and Regulations and Laws in order to obtain clearance for airside access. Except and to the extent expressly directed by Executive Director in writing, all deliveries of products, goods, merchandise, supplies, and other materials to and from the Premises and trash removal from the Premises necessary to the operation of the Premises shall be conducted through designated Airside locations. Airside locations may be changed by Executive Director from time to time upon written notice to Concessionaire. Concessionaire acknowledges and agrees that all such deliveries shall be in conformance with the Rules and Regulations and security requirements in effect with respect to Airside operations at the Airport. Concessionaire shall make deliveries only within the times authorized by Executive Director. Concessionaire shall require that all Airside deliveries be made by vehicles and drivers qualified and permitted by City to drive over Airside access roadways. Delivery hours and locations may be specified and changed from time to time at the sole discretion of Executive Director.

5.11 Removal of Garbage and Refuse. Concessionaire shall strictly comply with the Rules and Regulations and applicable Laws regarding the disposition of trash, rubbish, refuse, garbage and recycled materials, shall regularly remove all trash, rubbish, refuse, garbage and recycled materials from the Premises to the appropriate garbage or refuse disposal area or recycled materials area designated by Executive Director from time to time and shall remove the accumulation of all such material in such area or areas at frequent intervals. Prior to removal to such garbage or refuse disposal area, Concessionaire shall store all trash and other waste in covered, odor, leak and vermin proof containers (including recycling containers), such containers to be kept in areas not visible to members of the public. Accumulation of trash, boxes, cartons, barrels or other similar items shall not be permitted in any public area at Airport.

5.11.1 LAWA Waste Reduction and Removal. Concessionaire shall comply with current and future Rules and Regulations and other regulations promulgated by the City of Los Angeles regarding the reduction and recycling of trash and debris. Without limiting the generality of the foregoing, Concessionaire shall participate in meeting the Airport's mandated goal of seventy percent (70%) waste diversion by 2015, by developing and implementing a program to remove as much recyclable material from the waste stream as possible (a "Recycling Program"). Any Recycling Program shall consist of at a minimum mixed office paper and cardboard recycling, beverage container recycling in employee break areas and public areas if applicable, diversion through 2-sided copying, reuse of pallets, utilization of minimum thirty percent (30%) recycled content copy paper and other recycled content paper goods. Concessionaire shall prepare and submit to City a written description of such Recycling Program with respect to the Premises on before the date which is the three (3) month anniversary of the Commencement Date for the Premises. Concessionaire shall incorporate reasonable

revisions to such Recycling Program required by City. If Concessionaire's corporate management has a written policy on waste reduction and sustainability, Concessionaire shall provide a copy of such policy to City at the notice address set forth in the Basic Information, Attention: LAWA Recycling Coordinator. Concessionaire shall provide a quarterly report to the LAWA Recycling Coordinator (in the form and format prescribed by City) detailing the volume and type of materials diverted from the waste stream in accordance with such Recycling Program. Such quarterly report shall also describe other waste minimization practices, such as use of compostable utensils and dishware, reuse of materials and equipment, salvaging of materials and recycling of construction and demolition waste. Without limiting the generality of City's other access and inspection rights under this Agreement, City shall have the right to access the Premises during regular business hours to review and verify Concessionaire's compliance with its Recycling Program and other waste minimization practices. LAWA discourages the use of one time use packaging. Concessionaires are required to use sustainable eco-friendly or recycled content packaging unless an affordable alternative is not available.

5.11.2 Coordinated Delivery and Trash/Recycling Removal System.

Concessionaire acknowledges that City intends to implement coordinated systems for Airside access deliveries and Trash/Recycling Removal and that such coordinated systems may (a) be operated by one or more third party contractors, (b) require the use of a designated transfer locations, (c) require the payment or reimbursement by Concessionaire and other participants of costs and expenses, and any such amounts payable or reimbursable if paid to City shall be Additional Rent hereunder, or may be payable to such third party contractors pursuant to a separate agreements with such contractors; and (d) Concessionaire understands and acknowledges that, if implemented, participation with the coordinated systems may be mandatory. Concessionaire acknowledges that such coordinated systems may not become effective until the commencement of the Term of this Agreement. Concessionaire shall be responsible for all deliveries until such time as Executive Director delivers written notice to Concessionaire that such systems are being implemented.

5.12 Franchise Agreement Standards. Where applicable, all franchise standards shall be met or exceeded. In the event of an express conflict between the terms of such franchise standards and the terms of this Agreement, the terms of the Agreement shall prevail. Concessionaire shall provide City with copies of its Franchise Agreement and the Premises' franchise standards and related performance audit forms prior to such the Commencement Date. Copies of inspections conducted by the franchisee, franchisor, or any mystery shopper service hired by the franchisee or franchisor shall be sent to City within ten (10) days of receipt by Concessionaire.

5.13 Quality Assurance Audits. Concessionaire shall perform quality assurance audits with respect to the operations at the Premises and compliance with the terms of this Agreement on at least a quarterly basis. Executive Director reserves the right to prescribe and revise audit criteria at any time and from time to time and to publish guidelines to be used in connection with such audits. The purpose of such audits shall be to ensure consistent high standards of customer service and quality among concessionaires at the Airport. In addition, Concessionaire hereby agrees to participate in and to comply with the requirements and recommendations of City-

implemented 'mystery shopper' and other quality assurance programs. At Executive Director's request, but no more often than once per quarter, Concessionaire shall (a) meet with City, (b) make available for inspection all customer survey results, mystery shopper reports, health department reports, product pricing, and such quality assurance audits, (c) review the results of any City-implemented 'mystery shopper' and other quality assurance programs, and (d) review and develop a plan to implement recommendations for corrective action if such information shows corrective action is needed. If such information discloses any issue, in the sole discretion of Executive Director, then, upon Executive Director's written request, Concessionaire shall submit for Executive Director's approval an outline of planned corrective action and the implementation of any additional reports or procedures to document compliance and implementation of such planned corrective action. Once approved, Concessionaire shall implement such planned corrective action and deliver reasonably satisfactory evidence of such compliance to City in accordance with such corrective action plan.

5.14 Prohibited Acts. Concessionaire shall not do or permit to be done anything specified in Sections 5.14.1 through 5.14.9. Specifically, Concessionaire shall not:

5.14.1 Interfere with Access. Do anything which may interfere with free access and passage in the Premises, the Common Areas adjacent thereto (including, without limitation, the elevators, escalators, streets or sidewalks of the Airport), or any restricted non-Common Areas of the Airport, or hinder security, police, fire fighting or other emergency personnel in the discharge of their duties, or hinder access to utility, heating, ventilating or air-conditioning systems, or portions thereof, on or adjoining the Premises or the Common Areas adjacent thereto. Without limiting the generality of the foregoing, Concessionaire shall not install any racks, stands or other display of merchandise or trade fixtures at the Airport outside of the Premises without the prior written consent of Executive Director.

5.14.2 Interfere with Systems. Do anything which may interfere with the effectiveness of utility, heating, ventilating or air-conditioning systems or portions thereof in or adjoining the Premises (including lines, pipes, wires, conduits and equipment connected with or appurtenant thereto) or interfere with the effectiveness of elevators or escalators in or adjoining the Premises, or overload any floor in the Premises.

5.14.3 Permit Smoking Where Prohibited. Do anything contrary to the Board of Airport Commissioners' policy, City ordinances, or Section 41.50 of the Los Angeles Municipal Code, which prohibits smoking.

5.14.4 Install Unauthorized Locks. Place any additional lock of any kind upon any window or interior or exterior door in the Premises, or make any change in any existing door or window lock or the mechanism thereof, unless a key therefore is maintained in the Premises, nor refuse, upon the expiration or sooner termination of this Agreement, to surrender to Executive Director any and all keys to the interior or exterior doors in, and on the Premises, whether said keys were furnished to or otherwise procured by Concessionaire, and in the event of the loss of any keys furnished by Executive Director, Concessionaire shall pay City, on demand, the cost for replacement thereof, and the cost of re-keying City's locks. Concessionaire shall install lock boxes in the Premises

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with copies of keys, as required by City and/or comply with LAWA emergency access requests.

5.14.5 Noise, Lights and Odors. No loudspeakers, televisions, video monitors, sound systems, audio players, radios, flashing lights or other devices shall be installed in the Premises or used in a manner so as to be heard or seen outside of such Premises without the prior written consent of Executive Director (including obtaining, and complying with, all applicable City construction approval conditions). No odors shall be emitted from the Premises so as to cause an unpleasant environment for passengers or employees. Executive Director may request that Concessionaire cease any action which, in Executive Director's sole opinion, is in violation of this section.

5.14.6 Increase Liability. Do any act or thing upon the Premises which will invalidate, suspend or increase the rate of any fire insurance policy required under this Agreement, or carried by City, covering the Premises, or the Terminals in which the same are located or which, in the opinion of Executive Director, may constitute a hazardous condition that will increase the risks normally attendant upon the operations contemplated under this Agreement. If, by reason of any failure on the part of Concessionaire after receipt of notice in writing from City to comply with the provisions of this section, any fire insurance rate on the Premises, or any part thereof, or on the Terminals in which the same are located, shall at any time be higher than it normally would be, then Concessionaire shall pay City, on demand as Additional Rent, that part of all fire insurance premiums paid by City which have been charged because of such violation of failure of Concessionaire; *provided, however*, that nothing contained herein shall preclude Concessionaire from bringing, keeping or using on or about the Premises such materials, supplies, equipment and machinery as are appropriate or customary in carrying on its business, or from carrying on said business in all respects as is customary.

5.14.7 Permit an Auction. Allow any sale by auction in or upon the Premises.

5.14.8 Permit Lodging. Permit or use the Premises, or any part thereof, for lodging or sleeping purposes.

5.14.9 Permit Unlawful Use. Use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purposes, or commit any waste upon the Premises.

5.15 Signs, Promotions & Displays.

5.15.1 Subject to the restrictions contained in Section 3.4, Concessionaire shall not erect, construct or place any sign, promotion or display in, on or upon any portion of the Premises or the Airport unless Concessionaire has submitted to Executive Director drawings, sketches, design dimensions, and type and character of such sign, promotion or display proposed to be placed thereon or therein and has received written approval from Executive Director and without first (a) complying with all applicable design guidelines of the City and the Department of Airports as revised from time to time (including, without limitation, the Design and Construction Handbook, collectively, the "Design

Guidelines"), and (b) obtaining the prior written approval of Executive Director (including obtaining, and complying with, all applicable construction approvals and conditions). Notwithstanding the foregoing, Concessionaire may, without the prior consent of the Executive Director, place signs or displays within such Concessionaire's Premises that promote the products and/or services sold by Concessionaire on the Premises, provided that such sign or display is not readily visible from outside of such Premises; unless otherwise disapproved in writing by the Executive Director, which disapproval by the Executive Director may require the removal of such sign or display at any time as determined in the Executive Director's sole discretion. If such written disapproval is made by the Executive Director, Concessionaire shall remove the sign or display within one (1) day of the receipt of the written disapproval. Concessionaire shall not erect, construct or place any sign, promotion, advertisement or display outside the Premises. Executive Director's written approval and any conditions related to the subject signs shall become a part of the Agreement as though fully set forth herein once the document is fully executed by both parties.

5.15.2 Other than signs, promotions and displays approved pursuant to Section 5.15.1, Concessionaire shall not, at any time, under any circumstances, install, place, or maintain any type of advertising, in, on or upon the Premises or the Airport.

5.15.3 Unless as otherwise set forth in Section 5.15.1, Concessionaire's Premises shall be free of all advertising, signs, credit card application dispensing units, posters, and banners, including, but not necessarily limited to, those showing Concessionaire's name, services, rates, rent-a-car arrangements, or other services. Noncompliance by Concessionaire with this provision shall result in City's right to immediately remove said unauthorized signs, advertising, or other written materials and to store same at Concessionaire's expense. City may dispose of said signs, advertising, or other written materials if Concessionaire has not paid City's expenses for removal and storage, plus the Administrative Fee, and claimed said signs, advertising, or other written materials within fifteen (15) calendar days after City has provided written removal notice.

5.15.4 Removal of Signs. Upon the expiration or earlier termination of this Agreement, Concessionaire shall remove, obliterate or paint out, any and all of its signs, promotions and displays as Executive Director may direct. In addition, upon demand by Executive Director, Concessionaire shall remove, obliterate or paint out, any signs, promotions, advertising or displays placed or installed in violation of this Agreement, as Executive Director may direct. If Concessionaire fails to do so, Executive Director may cause said work to be done at the sole cost and expense of Concessionaire, and Concessionaire shall pay the same to City, plus the Administrative Fee, as Additional Rent within fifteen (15) days of receipt of City's invoice.

5.16 Taxes. Concessionaire shall pay all taxes of whatever character that may be levied or charged upon the rights of Concessionaire to use the Premises, or upon Concessionaire's improvements, fixtures, equipment or other property thereon or upon Concessionaire's operations hereunder. In addition, by executing this Agreement and accepting the benefits thereof, a property interest may be created known as a "possessory interest" and such

property interest will be subject to property taxation. Concessionaire, as the party in whom the possessory interest is vested, may be subject to the payment of the property taxes levied upon such interest.

5.17 Licenses and Permits. Concessionaire shall obtain and pay for all licenses and permits necessary or required by law for the conduct of Concessionaire's operations at the Premises.

5.18 Compliance with Laws.

5.18.1 Concessionaire shall, at Concessionaire's sole cost and expense, (and shall cause Concessionaire's employees, contractors, representatives, agents, and Approved Transferees (as defined in Section 14.3) (collectively, "Concessionaire Parties") to) fully and faithfully observe and comply with (a) all municipal, state and federal laws, statutes, codes, rules, regulations, ordinances, requirements, and orders (collectively, "Laws"), now in force or which may hereafter be in force pertaining to the Premises or Concessionaire's use of the Premises, the Terminal(s) or the Airport (including without limitation, (i) all safety, security and operations directives of City, including by Executive Director, which now exist or may hereafter be promulgated from time to time governing conduct on and operations at the Airport or the use of facilities at the Airport; and (ii) any and all valid and applicable requirements of all duly-constituted public authorities (including, without limitation, the Department of Transportation, the Department of Homeland Security, the Federal Aviation Administration, and the Transportation Security Administration)); (b) all recorded covenants, conditions and restrictions affecting the Airport ("Private Restrictions") now in force or which may hereafter be in force; and (c) the Rules and Regulations. The judgment of any court of competent jurisdiction, or the admission of Concessionaire in any action or proceeding against Concessionaire, whether City be a party thereto or not, that Concessionaire has violated any Laws or Private Restrictions, shall be conclusive of that fact as between Concessionaire and City. As used in this Agreement, "Laws" shall include all present and future federal, state and local statutes, ordinances and regulations and City ordinances applicable to Concessionaire, the Premises, the Permitted Uses of the Airport, including but not limited to requirements under the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq., including, without limitation, to Title III thereof, and all regulations and guidelines related thereto, together with any and all laws, rules, regulations, ordinances, codes and statutes now or hereafter enacted by local or state agencies having jurisdiction thereof (including, without limitation, all of the requirements of Title 24 of the California Code of Regulations), as the same may be in effect on the date of this Agreement and may be hereafter modified, amended or supplemented (collectively, the "ADA"), all acts and regulations relating in any way to food and drugs, worker's compensation, sales and use tax, credit card processing, social security, unemployment insurance, hours of labor, wages, working conditions, the Immigration Reform and Control Act of 1986, the City of Los Angeles Administrative Code, and all Hazardous Materials Laws (as defined in Section 15 below).

5.18.2 Concessionaire agrees to pay or reimburse City as Additional Rent for any civil penalties or fines which may be assessed against City as a result of the

violation by any Concessionaire Party of any Laws or Private Restrictions, which payment shall be made by Concessionaire within fifteen (15) days from receipt of City's invoice for such amount and documentation showing that payment of such penalty or fine is Concessionaire's responsibility hereunder.

5.19 Airport Operations. Concessionaire acknowledges that the operational requirements of the Airport as an airport facility, including without limitation security requirements, are of paramount importance. Concessionaire acknowledges and agrees that Concessionaire must conduct its business in a manner that does not conflict with the operational requirements of the Airport as an airport facility and that fully accommodates those requirements. Without limiting other waivers herein, Concessionaire waives all Claims against City and City Agents arising out of or connected to the operation of the Airport as an airport facility.

5.20 Non-Compliance. Concessionaire acknowledges that failure to comply with any of the preceding operating standards may result in default under Section 11.1.12, subject to applicable Notice to Cure periods.

VI AIRPORT CONCESSION DISADVANTAGED BUSINESS ENTERPRISE PROGRAM.

6.1 Compliance with Department of Transportation (DOT). City strictly prohibits all unlawful discrimination and preferential treatment in contracting, subcontracting and purchasing, leasing or any subleasing under this Agreement (the "Non-Discrimination Policy"). Additionally, City has established an Airport Concession Disadvantaged Business Enterprise program in accordance with regulations of the U.S. Department of Transportation, 49 Code of Federal Regulations Part 23 (the "ACDBE Rules"). Concessionaire shall comply with the Non-Discrimination Policy and the ACDBE Rules and shall not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with its performance under this Agreement, the management of the concession, subleasing, or purchasing. Concessionaire shall cooperate with City in City's program of recruiting, training, providing technical assistance and holding workshops to ensure that contracting, subcontracting and purchasing opportunities available under this Agreement are accessible and available to all qualified businesses owners, including "Airport Concession Disadvantaged Business Enterprises" ("ACDBEs"), as defined in the ACDBE Rules. In order to provide a fair opportunity for ACDBE participation, Concessionaire shall make good faith efforts, within the meaning of the ACDBE Rules, to provide for a level of ACDBE participation in the concession operations by Concessionaires contemplated by this Agreement equal to or greater than ____ (0%).

6.2 Substitutions. Should a substitution or an addition of an ACDBE become necessary, Concessionaire shall comply with all requirements of the ACDBE Rules. Failure to comply with the ACDBE Rules shall constitute a Default of this Agreement.

6.3 Monthly Report. In order to assure compliance with the Non-Discrimination Policy and the ACDBE Rules, Concessionaire shall submit, in the format required by Executive Director, a monthly report to City, describing the gross receipts of each initial ACDBE (and each

substitute ACDBE), in each case calculated in accordance with the requirements of this Agreement. Concessionaire shall submit in the format required by the Executive Director and such other information as may be requested by the Executive Director to ensure compliance with the ACDBE Rules.

VII IMPROVEMENTS.

7.1 Improvement Proposal. Concessionaire will follow applicable portions of the Design Guidelines. Such Design Guidelines cover lighting, finishes, fixtures, storefronts, mechanical, electrical, plumbing and fire protection design.

7.2 Condition of Premises. City shall deliver the Premises to Concessionaire, except for furniture, furnishings, removable fixtures and supplies owned by the incumbent concessionaire. The improvements owned by City include interior walls, ceilings, floor covering, carpeting, draperies, finished flooring, electrical wiring, air-conditioning ducts and equipment, concession furniture, equipment and furnishings which cannot be removed without structural damage to the Premises, interior decoration and finishing erected or installed upon said Premises, and connections for electrical power and telephones. Upon the Delivery Date of the Premises, Concessionaire shall accept such Premises in its "AS IS, WHERE IS" condition, and "WITH ALL FAULTS" and without any improvements or alterations to be made or constructed by City. Concessionaire acknowledges and agrees that Concessionaire has performed its own due diligence on all matters relating to the Premises, including all technical and construction matters. Any "as-built" drawings, utility matrixes, or other technical information (including, but not limited to, architectural drawings or AutoCAD or other computer files) provided by City may not be accurate or complete. Concessionaire's use of or reliance on any such information shall be at its sole risk, and City shall have no liability arising therefrom. Notwithstanding anything to the contrary contained in this Agreement, the suitability or lack of suitability of the Premises for the Permitted Use, or the availability or lack of availability of permits or approvals of governmental or regulatory authorities with respect to any such Permitted Use of such Premises shall not affect the rights or obligations of the parties hereunder.

7.3 Initial Improvements Required of Concessionaire. Subject to compliance with the City's construction approval process, Concessionaire shall provide all improvements which are necessary to operate the Premises in accordance with the Initial Improvements Plan to the satisfaction of Executive Director, including all items specified in Section 7.1 above (collectively, the "Initial Improvements"), whether or not such improvements are provided by City at the commencement of this Agreement. Any closure during the construction of the Initial Improvements, as well as the timing of applicable design and construction periods shall be determined by Executive Director and specified in writing as part of City's construction approval process.

7.4 Improvement Financial Obligation. Concessionaire guarantees that Concessionaire will make capital investments for the Initial Improvements to the Premises (exclusive of architectural, engineering and in-house fees in excess of fifteen percent (15%) of hard costs and any capital improvements made by City), in an amount of not less than the amount set forth in the Basic Information as the "Initial Minimum Investment Amount," as set

forth in the Basic Information; *provided, however*, in no event shall the Initial Minimum Investment Amount include any costs of procuring, constructing or installing any of Concessionaire's "Personal Property" which includes movable displays, racks and refrigeration units/equipment, ALL point-of-sale equipment, cash drawers, sorting equipment, IT/data/computer equipment (not infrastructure), and any other items designated as such by the Executive Director. Such Initial Minimum Investment Amount shall be expended by Concessionaire on the Initial Improvements constructed in accordance with this Agreement, as set forth in the Basic Information, on or before the Commencement Date for the Premises in accordance with the Initial Improvements Plan. Concessionaire shall pay to City an amount equal to the positive shortfall, if any, between the Initial Minimum Investment Amount and the actual amount expended by Concessionaire on the Initial Improvements (exclusive of architectural, engineering and in-house fees in excess of fifteen percent (15%) of hard costs) (the "Actual Initial Investment") as of the first day of the third (3rd) month after the Commencement Date. Said payment shall be made on or before the sixtieth (60th) day after the first day of the third (3rd) month after the Commencement Date. These amounts shall exclude any sum expended by Concessionaire for the separate metering or invoicing of utilities.

7.5 Mid-Term Refurbishment. Concessionaire acknowledges and agrees that it is the intent of this Agreement that all the Premises shall be refurbished, redecorated and updated (the "Mid-Term Refurbishment"), and that such Mid-Term Refurbishment be completed by June 30, 2019; *provided, however*, except to the extent preapproved by Executive Director in writing its sole discretion, "Mid-Term Refurbishment" shall not mean maintenance, repair and replacements items that should have been performed pursuant to Section 8 of this Agreement; *provided, further*, Executive Director shall have discretion to defer the timing of the Mid-Term Refurbishment. Concessionaire further acknowledges and agrees that it is the intent of this Agreement that such Mid-Term Refurbishment shall be conducted while the Premises is opened and operating for business.

7.5.1 Mid-Term Refurbishment Plan. No later than June 30, 2018, Concessionaire shall prepare and deliver to City for Executive Director's review and approval a Mid-Term Refurbishment plan (the "Mid-Term Refurbishment Plan"), which shall meet the then-current requirements imposed by City as part of City's construction approval process, and shall otherwise include information similar to that contained in the Initial Improvements Plan for the Initial Improvements. Upon receipt and review of such Mid-Term Refurbishment Plan by Executive Director and as a part of City's construction approval process, Concessionaire shall incorporate any comments from Executive Director and shall re-submit such Mid-Term Refurbishment Plan until it has been approved by Executive Director.

7.5.2 Construction and Completion of Mid-Term Refurbishment. Subject to compliance with the City's construction approval process, Concessionaire shall construct and complete, the Mid-Term Refurbishment lien free, in accordance with the Mid-Term Refurbishment Plan approved by Executive Director, the other requirements contained in this Agreement and in accordance with applicable Laws (*provided, however*, no Mid-Term Refurbishment for the Premises shall extend for longer than the period specified in writing for completion of construction as part of City's construction approval process for such Mid-Term Refurbishment for the Premises). Concessionaire shall

expend (exclusive of architectural, engineering and in-house fees in excess of fifteen percent (15%) of hard costs) not less than the amount set forth in the Basic Information as the "Minimum Mid-Term Refurbishment Amount" for the required Mid-Term Refurbishment.; provided, however, in no event shall the Minimum Mid-Term Refurbishment Amount include any costs of procuring, constructing or installing any of Concessionaire's personal property in the Premises. Any refurbishment done consistent with this Section by Concessionaire prior to the Mid-Term Refurbishment shall be credited towards Concessionaire's Minimum Mid-Term Refurbishment Amount. Concessionaire shall pay to City an amount equal to the positive shortfall, if any, between the Minimum Mid-Term Refurbishment Amount and its actual investment in connection with the Mid-Term Refurbishment as of June 30, 2019. Said payment shall be made to City on or before August 1, 2019. The amount spent for Mid-Term Refurbishment shall be exclusive of any amount spent for normal repair and maintenance as determined in the sole discretion of Executive Director. The Mid-Term Refurbishment shall be depreciated over the remaining term of this Agreement.

7.6 City Approval of Improvements. Prior to the construction of any improvements (including, without limitation, the Initial Improvements and any Mid-Term Refurbishment hereunder), Concessionaire shall submit to the Chief Airports Engineer for concept approval the preliminary plans and estimated construction cost for such improvements. Said approval, subject to the conditions set forth herein, shall be given in a reasonably timely manner. Upon approval by Executive Director of Concessionaire's preliminary plans, Concessionaire shall prepare working drawings and specifications, which shall be true and correct developments of the preliminary plans so approved. Concessionaire shall then submit a written request for construction approval and a minimum of five (5) complete sets of said approved working drawings and copies of the specifications to the Chief Airports Engineer's office for written approval by Executive Director. Executive Director's written approval and any conditions related to the construction of the improvements or alterations shall become a part of this Agreement as though fully set forth herein once the document is fully executed by both parties. Upon receipt of Executive Director's approval, Concessionaire shall cause the construction called for by the approved working drawings and specifications to be commenced and completed promptly. No substantial changes, additions, or alterations shall be made in said working drawings or specifications, or in the construction called for thereby, without first obtaining Executive Director's approval in writing. Upon completion of such improvements, Concessionaire shall furnish to City, at no charge, five (5) complete sets of "record" drawings, and one complete set in Computer Aided Design (CAD) format which complies with the then current LAWA CAD standards. These drawings must include any applicable permit numbers, the structural and other improvements installed by Concessionaire in the Premises, and the location and details of installation of all equipment, utility lines, heating, ventilating, and air-conditioning ducts and related matters. Concessionaire shall keep said drawings current by updating them in order to reflect any changes or modifications which may be made in or to the Premises.

7.6.1 Concessionaire shall make no structural improvements, additions, or alterations in, to or upon the Premises, nor erect, construct, or place any sign upon said Premises, without first obtaining the written consent of Executive Director. Any conditions, restrictions, or limitations placed upon the approval by Executive Director

shall be conditions of this Agreement as though fully set forth herein once the document is fully executed by both parties. Concessionaire shall indemnify, defend, protect and hold City and City Agents harmless from any and all Claims regarding any improvements, additions, or alterations made thereto.

7.6.2 For each and every construction or alteration project undertaken in the Premises, Concessionaire shall prepare a construction report. This report shall contain the following elements: (1) type of improvement constructed or altered; (2) floor area or capacity of improvement constructed or altered; (3) total cost of construction or alteration; (4) completion date for construction or alteration; and (5) a copy of the certificate of occupancy. The construction report shall be mailed to the Chief Airports Engineer at the address provided in Section 16.5 of this Agreement not later than sixty (60) days following completion of the construction or alteration.

7.6.3 Concessionaire shall also keep the Premises and any improvements constructed thereon free and clear of liens for labor and material expended by or for Concessionaire or on its behalf in accordance with Section 7.15 of this Agreement (except when such improvement is constructed by City).

7.6.4 Concessionaire agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Administration Regulations in the event any future structure or building is planned for the Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

7.6.5 Prior to the commencement of any work, Concessionaire shall, at its own cost and expense, obtain all other Permits and approvals required by applicable Laws including, but not limited to, Los Angeles Department of Building and Safety, Los Angeles County Department of Health, if applicable, and OSHA. Concessionaire's plans shall employ optimum essentials of aesthetics, quality of materials and equipment, convenience, function and design and shall be compatible in such respects with those of Airport or Airport's Design Guidelines. Executive Director's approval of the plans, specifications and working drawings for the Initial Improvements or any other improvements or alterations of the Premises shall create no responsibility or liability on the part of City for their completeness, design sufficiency, or compliance with all Laws and other requirements of governmental agencies or authorities. Neither City nor any City Agents shall be liable for any damage, loss, or prejudice suffered or claimed by Concessionaire, any Concessionaire Party or any other person or entity on account of: (a) the approval or disapproval of any plans, contracts, bonds, contractors, sureties or matters; (b) the construction or performance of any work whether or not pursuant to approved plans; (c) the improvement of any portion of the Premises or alteration or modification to any portion of the Premises; or (d) the enforcement or failure to enforce any of the covenants, conditions and restrictions contained in this Agreement.

7.7 Initial Improvements.

APPENDIX ACKNOWLEDGMENTS

7.7.1 Utilities - Installation. Concessionaire shall provide distribution of utilities within the Premises. Heat and air conditioning will be made available at connection points adjacent to the Premises.

7.7.2 Plans and Specifications. Concessionaire shall, at its own cost and expense, employ competent architects, engineers and interior designers (approved by Executive Director) who will prepare architectural, interior and engineering designs for the Initial Improvements, including detailed plans, specifications, and cost estimates of all concession improvements, decor and equipment to be installed in the Premises.

7.7.3 Adherence to Plans and Specifications. Once approval for the Initial Improvements has been obtained from Executive Director as part of City's construction approval process, Concessionaire shall forthwith cause the construction of the Initial Improvements to be commenced and completed with reasonable dispatch. No substantial change, addition or alteration from the construction approved by Executive Director in the construction of the Initial Improvements without first obtaining Executive Director's consent in writing. No structural or other improvements, decor or equipment, other than as contemplated herein shall be made in or upon the Premises without the written consent of Executive Director being first had and obtained, and any conditions relating thereto then stated by said Executive Director shall become conditions hereof as if they had been originally stated herein.

7.8 Alterations. After completion of the Initial Improvements as above provided, except for routine maintenance and minor repairs of the Initial Improvements consistent with the Approved Construction Documents, Concessionaire shall not make any improvements or alterations to the Premises ("Alterations") without first complying with City's construction approval process. Any unauthorized Alterations made by Concessionaire to the Premises shall be removed at Concessionaire's sole cost and expense and any damage to such Premises shall be promptly repaired, and if not removed and repaired within fifteen (15) days of demand from City, and should Concessionaire fail to so remove such Alterations and restore the Premises, City may remove such Alterations and restore such Premises, at Concessionaire's sole cost and expense, and such cost, plus the Administrative Fee, shall be payable to City as Additional Rent within fifteen (15) days of delivery of an invoice therefore.

7.9 Building Codes. The Initial Improvements and all Alterations constructed or installed by Concessionaire in the Premises, including the plans and specifications therefore, shall in all respects conform to and comply with the applicable Laws (including, without limitation, ordinances, building codes, rules and regulations of the City of Los Angeles and such other authorities as may have jurisdiction over the Premises or Concessionaire's operations therein), and City Policies (as defined in Section 16.23). If and to the extent that Concessionaire's activities or proposed Alterations trigger an obligation or requirement on the part of City to make changes to the Airport (including under the ADA), Concessionaire shall indemnify, defend, and hold harmless City and City Agents from and against any Claims arising out of such activities or Alterations. The approval by Executive Director provided above shall not constitute a representation or warranty as to such conformity or compliance, but responsibility therefore shall at all times remain in Concessionaire.

7.10 Other Permits. Concessionaire, at its sole cost and expense, shall also procure all building, fire, safety and other permits necessary for the construction of the structural and other improvements, installation of the equipment and the interior design and decor.

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

7.12 Improvement Payment and Performance Bonds. In connection with the construction of any improvements to the Premises, Concessionaire shall furnish, at its sole cost and expense, payment and performance bonds for private works, each in the principal sum (i.e., 100%) of the amount of the work of improvement proposed by Concessionaire, and subject to the approval of the City Attorney. To the extent this percentage is higher than, and conflicts with, the percentage for such bonds in the applicable construction approval process, the percentage in this Agreement will supersede. Concessionaire is to be the obligee under the bonds, not the City. Concessionaire shall comply with the provisions of California Civil Code Sections 8600 to 8614 or Sections 9550 to 9566, as applicable to any such bonds, by filing the original contract and any modifications thereto in the office of the Los Angeles County Recorder, together with the bonds specified therein, and a conformed copy of such bonds, filed for record as aforesaid, shall be furnished by Concessionaire to City. Such payment and/or performance bonds shall be furnished no later than thirty (30) days prior to the commencement of such work. The payment and/or performance bonds shall be issued by a surety company satisfactory to Executive Director, and authorized and licensed to transact business in the State of California and be for the full amount stated above, and shall guarantee the full, faithful and satisfactory payment and performance by Concessionaire of its obligations to construct and install the aforementioned works of improvement, and shall guarantee the payment for all materials, provisions, supplies, and equipment used in, on, for, or about the performance of Concessionaire's works of improvement or labor done thereon of any kind. The Performance and Payment Bonds shall be in substantially the same forms as that of Exhibits G and H, respectively. Alternatively, Concessionaire shall provide a security deposit for said amount of the bonds acceptable to Executive Director.

7.13 Telecommunications Facilities.

7.13.1 Concessionaire and its Telecommunications Service Providers (as defined herein) shall not install Telecommunication Facilities (as defined herein) in Common Areas, shared space, or other respective non-leasehold areas of the Airport, or in currently designated or future primary or secondary minimum-points-of-entry, without prior written approval of Executive Director [LAWA Information Technology Division] and any approval required as part of City's construction approval process. For purposes

of this Agreement, "Telecommunication Facilities" shall mean and include the installation, operation, and provisioning of telecommunications circuits, conduit, cabling, antennas, equipment, infrastructure and service connections thereto; and "Telecommunication Service Providers" shall mean and include cable and equipment installation contractors, system operators, and any entity which provides telecommunication services, such as Sprint, Verizon, AT&T, government entities, or other tenants. Prior to any installation or servicing of any Telecommunication Facilities, Concessionaire shall submit to City [with copies to LAWA Project Management Division and Manager of LAWA Information Technology Division at 1 World Way, Room B14, Los Angeles, CA 90045] for approval documentation of each Telecommunication Facility and the infrastructure proposed to be used (collectively, "Telecom Documentation"), which Telecom Documentation shall include, but not be limited to, plans and drawings with specific routing detail, conduit types and sizes, access junction boxes, cable descriptions (type, quantity, size) per route segment, telecommunication rooms and closets used, termination block labeling, and cable pair assignments for each cable segment, and a schedule with the times and locations that require access in connection with such installation or servicing.

7.13.2 Concessionaire agrees that all installation, construction and maintenance of such Telecommunications Facilities shall be performed in a neat, responsible, and workmanlike manner, using generally acceptable construction standards, consistent with such requirements imposed by City as part of City's construction approval process (including, without limitation, labeling requirements); and that City may require its contractors or personnel to observe such installation or servicing to assure compliance with this Agreement. In such event, Concessionaire shall pay to City as Additional Rent hereunder, the cost or imputed cost of such observation and compliance monitoring. All such Telecommunications Facilities and services shall comply with FCC licensing regulations, with City of Los Angeles building codes, and with all other applicable Laws. Concessionaire is required to comply with City's policies and procedures regarding Telecommunications Facilities and services, as announced from time to time. Within one week of any installation or servicing of any Telecommunications Facilities, Concessionaire shall submit to City [with a copy to LAWA Information Technology Division] five (5) copies of "as-built" Telecom Documentation.

7.13.3 Concessionaire shall not allow the use of, and shall not sell, lease, sublet, or trade, Telecommunication Facilities or services to other Airport entities without prior written approval of Executive Director. Concessionaire shall not use, and shall not purchase, lease, sublet or trade for, Telecommunication Facilities or services from other Airport entities without prior written approval of Executive Director.

7.13.4 Concessionaire agrees that the Telecommunications Facilities, and the installation, maintenance and operation thereof shall in no way interfere with Airport operations, or the operation of Telecommunications Facilities of City or any other tenants or occupants of the Airport. If such interference shall occur, City shall give Concessionaire written notice thereof and Concessionaire shall correct the same within twenty-four (24) hours of receipt of such notice. City reserves the right to disconnect

Concessionaire's Telecommunications Facilities if Concessionaire fails to correct such interference within twenty-four (24) hours after such notice.

7.13.5 City makes no warranty or representation that the Airport or any portions thereof are suitable for the use of Telecommunications Facilities, it being assumed that Concessionaire has satisfied itself thereof.

7.13.6 Concessionaire shall protect, defend, indemnify and hold harmless City and City Agents from and against Claims incurred by or asserted against City or any City Agent arising out of Concessionaire's installation, maintenance, replacement, use or removal of Concessionaire's Telecommunications Facilities.

7.13.7 Concessionaire shall remove any Telecommunications Facilities installed by Concessionaire at Concessionaire's sole cost and expense upon the expiration or early termination of this Agreement.

7.13.8 In the event Concessionaire shall fail to comply with any of the requirements contained in this Section 7.13, City may take such actions as may be necessary to remedy such failure and all costs and expenses incurred by City shall be due and payable within fifteen (15) days of City's request therefore. If Concessionaire does not remove the Telecommunications Facilities and repair any damage resulting therefrom on or before the end of such fifteen (15) day period, City shall have the right to remove such Telecommunications Facilities and repair any damage to the Terminal at Concessionaire's sole cost and expense, plus the Administrative Fee; provided, however, that if Concessionaire does not deliver to City the total cost and expense of removal and repair within fifteen (15) days of City's request thereof, Concessionaire shall be deemed to be in Default under Section 11 of this Agreement and City shall be entitled to exercise all of its rights and remedies set forth in this Agreement. All cost and expense incurred by City to remove the Telecommunications Facilities and to repair any damage to the Premises or the Terminal, plus the Administrative Fee, shall be deemed Additional Rent under this Agreement.

7.14 Deliveries upon Completion. Within ninety (90) days of completion of the Initial Improvements, any Mid-Term Refurbishment and any Alterations contemplated by Section 7.8 above, Concessionaire shall furnish to City, at no charge: (a) a certificate from the architect(s) certifying that such improvements have been constructed in accordance with the approved plans and specifications and in strict compliance with all Laws; (b) five (5) complete sets of "record" drawings, and one complete set in Computer Aided Design (CAD) format which complies with the then current LAWA CAD standards (these drawings must include any applicable permit numbers, the structural and other improvements installed by Concessionaire in the Premises, and the location and details of installation of all equipment, utility lines, heating, ventilating, and air-conditioning ducts and related matters); (c) duplicated receipted invoices on all materials and labor costs incurred; and (d) executed unconditional mechanics' lien releases from those parties performing labor, materials or supplies in connection with such Initial Improvements, any Mid-Term Refurbishment or any Alterations, which releases shall comply with the appropriate provisions, as reasonably determined by City, of the California Civil Code. Concessionaire shall keep such as-built drawings current by updating the same in order to reflect thereon any

changes or modifications which may be made in or to the Premises. Within ten (10) days after completion of the Initial Improvements in the Premises, any Mid-Term Refurbishment and any Alterations contemplated by Section 7.8 above, Concessionaire shall cause a Notice of Completion to be recorded in the office of the Los Angeles County Recorder in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to City upon such recordation. If Concessionaire fails to do so, City may execute and file the same on behalf of Concessionaire as Concessionaire's agent for such purpose, at Concessionaire's sole cost and expense.

7.14.1 Book Value Defined

Subject to the limitation and conditions set forth in Section 7.14 above, the term "Book Value" shall mean the following amounts described below in this Section 7.14.1:

(a) Initial Improvements. An amount equal to the actual costs incurred by Concessionaire for the design and construction of the Initial Improvements, as verified and approved by the Executive Director.

(b) Concessionaire's Mid-Term Refurbishment. An amount equal to the actual costs incurred by Concessionaire for the design and construction of Concessionaire's Mid-Term Refurbishment, as verified and approved by the Executive Director.

(c) Other Alterations. For any other Alterations by Concessionaire approved by the Executive Director in his/her reasonable discretion, an amount equal to the actual costs incurred by Concessionaire for the design and construction thereof, as verified and approved by the Executive Director.

7.15 No Liens. Concessionaire shall pay when due all claims for labor or materials furnished or alleged to have been furnished to or for Concessionaire at, on, or for use in the Premises or any portion thereof. Concessionaire shall keep the Premises, the Terminal(s) and the Airport, and any interest therein, free and clear of all mechanics' liens and all other liens from any work undertaken by or on behalf of Concessionaire or any Concessionaire Party. Concessionaire shall give City immediate written notice of any lien filed against the Premises, the Airport or any interest therein related to or arising from work performed by or for Concessionaire or any Concessionaire Party. Additionally, Concessionaire shall keep any City-owned improvements on the Premises free and clear of any liens or other encumbrances. By way of specification without limitation, Concessionaire shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by or for Concessionaire and Concessionaire shall indemnify, defend, protect, and hold the Premises, the Airport, City and City Agents harmless against any liens and encumbrances and all Claims arising from any work performed by or on behalf of Concessionaire or any Concessionaire Party and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against Concessionaire, City, the Airport, or the Premises. In the event that Concessionaire does not, within thirty (30) calendar days following the imposition of any such lien, cause such lien to be released of record by payment or posting of a bond in form and amount satisfactory to Executive Director in its good faith business judgment, City shall have in addition to all other remedies provided herein and by law, the right, but not the obligation to

cause, upon ten (10) business days prior written notice to Concessionaire, the same to be released by such means as it shall deem proper, including payment in satisfaction of any Claim giving rise to such lien. All such sums paid by City and all expenses incurred by it in connection therewith (including, without limitation, attorneys' fees (including, without limitation, the imputed fees of City Attorneys)), plus the Administrative Fee, shall be payable to City by Concessionaire as Additional Rent within fifteen (15) days after written demand therefore. Concessionaire shall give City not less than ten (10) days' prior written notice of the commencement of the Initial Improvements or any subsequent improvements in the Premises, and City shall have the right to post notices of non-responsibility in or upon the Premises as provided by law. In addition, City shall have the right to require that Concessionaire pay City's attorneys' fees and disbursements (including, without limitation, the imputed fees of City Attorneys), court costs and other costs in defending any such action if City is named as a party to any such action, the lien encumbers any portion or interest in the Airport or if City elects to defend any such action or lie. Nothing in this Section shall be construed to place any obligations upon Lessee with respect to liens, loans, or mortgages placed upon the Demised Premises by City, its Department of Airports, its Board, City officers, agents, or employees.

7.16 Ownership of Improvements. Concessionaire shall have the rights to the ownership of the improvements, installed as part of this Agreement, subject to the conditions provided in this Section 7.16.

7.16.1 Installation Costs. All of the foregoing improvements, decor and equipment shall be furnished, supplied, installed and constructed by Concessionaire at Concessionaire's sole cost and expense.

7.16.2 Ownership During Term. Any Federal investment tax credit applicable to the Initial Improvements, or improvements installed as part of the Mid-Term Refurbishment shall belong to Concessionaire. Title to all furniture, furnishings, removable fixtures and supplies shall remain in Concessionaire. Prior to the commencement of operations, and annually thereafter, Concessionaire shall furnish to City an inventory of all furniture, furnishings and removable fixtures it has placed in the Premises.

7.16.3 Ownership Upon Termination. If Concessionaire's occupancy of the Premises is terminated, City shall have rights to the ownership of the improvements and, if and only if the termination is pursuant to Section 9.1.1 herein, City shall reimburse Concessionaire for the undepreciated Net Book Value of the Initial Improvements and the improvements constructed as part of the Mid-Term Refurbishment (which improvements cannot be removed without doing structural damage) based upon a 10-year straight-line depreciation, with no residual value, provided (a) Concessionaire has obtained all necessary approvals for their construction, (b) Concessionaire has reported each improvement, its costs, and the date upon which its depreciation began, (c) that architectural and design costs do not exceed fifteen percent (15%) of the cost of the improvements, (d) all said costs are properly supported and made available for audit, and (e) the deliveries required under Section 7.14 have been timely provided to City. All said costs must be direct costs paid by Concessionaire to independent contractors and suppliers for work actually performed on the Premises, materials furnished or

professional services rendered. Costs associated with Concessionaire's employees shall not be included in the calculation of these costs. To become reimbursable Concessionaire shall at Concessionaire's expense provide City the deliveries required under Section 7.14 above. The straight line depreciation shall begin on the first day of the month in which the improvement was placed in service. Executive Director may require Concessionaire to remove any or all of its removable improvements. Title to all improvements for which Concessionaire is reimbursed or which have been depreciated shall thereupon vest in City.

7.16.4 Credit for Improvements. In lieu of any obligation to reimburse Concessionaire with respect to the undepreciated Net Book Value as set forth in Section 7.16.3 above, City, at the sole option of Executive Director, may elect to grant Concessionaire a credit against amounts payable to City hereunder equal to the then undepreciated portion of Concessionaire's fully-paid cost of any given improvement. City shall not have any right to purchase any equipment, personal property, trademark, proprietary item or identifying characteristic of Concessionaire without the written consent of Concessionaire. Concessionaire agrees to repair any damage to the Premises caused by the removal of any of the above said items by Concessionaire. Concessionaire shall not be entitled to depreciate the cost of said improvement, and title thereto shall vest in City upon Concessionaire's use of said credit.

VIII MAINTENANCE AND REPAIR.

8.1 Maintenance and Repair. Concessionaire acknowledges and agrees that, except to the extent expressly set forth to the contrary in this Section 8, City shall have no duty to maintain, repair or replace the Premises, or the improvements located therein and thereon. Concessionaire shall, at all times and at its expense, keep and maintain the Premises, including the exterior façade separating such Premises from the Common Areas of the Terminal (including the external face thereof, all windows, doors and display areas, and all finishes thereon), all mechanical room equipment such as, but not limited to, heat exchangers, fans, controls and electric panels, and all of the structural and other improvements installed at the Premises together with all of its fixtures, equipment and personal property therein, in good repair and in a clean and orderly condition and appearance and shall keep the areas immediately adjacent to the exits and entrances of the Premises clean and orderly and free of obstructions. Concessionaire shall keep a record of all maintenance and repair actions undertaken with respect to the Premises during the Term of this Agreement, including the nature of such matter requiring maintenance and repair, the date such matter was first observed, the maintenance and repair action undertaken in response, the date such maintenance and repair action was undertaken, the cost of such maintenance and repair action, any receipts and invoices or contracts for costs and expenses incurred in connection with such maintenance and repair action, evidence of payments made in connection therewith, and any warranties or guarantees obtained in connection with the performance of such maintenance and repair action, and pictures of the matter requiring maintenance and repair and the completed maintenance of repair, and any other information relating thereto that Executive Director may request from time to time (collectively, "Concessionaire's Maintenance Records"). Upon any request of Executive Director and annually, in connection with the delivery of annual reports under Section 4.7.5, Concessionaire

shall deliver to City an annual maintenance report with a copy of Concessionaire's Maintenance Records for the year just ended.

8.2 Maintenance Program. Concessionaire shall maintain and repair all interior areas and surfaces of the Premises, including sweeping, washing, servicing, repairing, replacing, cleaning and interior painting that may be required to properly maintain the Premises in a safe, clean, wholesome, sanitary, orderly and attractive condition. Concessionaire shall establish an adequate preventive maintenance program and the provisions of same shall be subject to periodic review by Executive Director. Said program shall include, without limitation, the cleaning of inside windows and exterior display windows, doors inside and outside and the cleaning and repair of all floors, interior walls, ceilings, lighting, signs, decor and equipment. Regardless of Concessionaire's compliance with its preventive maintenance program, Concessionaire shall clean such surfaces and equipment immediately upon being instructed to do so by City or by other governmental agencies having such authority. In addition, Concessionaire shall participate in and cooperate with City in connection with any maintenance performance monitoring and quality assurance program implemented by City, and shall promptly correct any deficiencies noted in connection therewith. Concessionaire shall cooperate with any on-site inspections of applicable governmental agencies charges with inspection of the Premises and shall promptly deliver any inspection reports, notices or citations received from such agencies to City.

Section 8.2.1 Kitchen Exhaust Systems. To the extent specified in Concessionaire's plan for the Initial Improvements or in connection with any Alterations (or any approval by City in connection therewith), Concessionaire shall provide and maintain kitchen exhaust systems, including roofing hoods, ducts and fans used in connection with any kitchen operations, whether located in or outside of the Premises. Concessionaire shall prepare and deliver to City, and shall implement and maintain, a preventative maintenance and cleaning program so that such kitchen exhaust systems are maintained using best management practices in good condition so as to meet the highest standard of cleanliness and health. To the extent cleaning is performed by a third party contractor, Concessionaire shall provide City with a copy of its cleaning contract for the exhaust system prior to opening for business and thereafter as requested by City. Concessionaire shall do whatever is necessary in order to properly maintain such kitchen exhaust system. The entire exhaust system should be inspected by a properly trained, qualified, and certified company or person quarterly. After inspection, if components are found to be contaminated with deposits from grease laden vapors, the entire exhaust system (hoods, grease removal devices, fans, ducts, and other included appurtenances) should be cleaned by a properly trained, qualified and certified company or person. The cleaning should be to bare metal using mechanical means (scrapping, washing, steam cleaning, etc.) and not coated with chemicals or powder. A certificate of service should be provided by any contracted service.

8.3 Maintenance of Plumbing. Concessionaire shall be responsible for the maintenance, repair and replacement of all plumbing, piping and drains within the Premises. Concessionaire is responsible for all material that is deposited in the plumbing system from the

Premises and, if applicable, for cleaning the grease traps within the Premises. Concessionaire is responsible for the maintenance, repair and replacement of all sewer lines from the Premises to the point that the line connects to a Department of Airports main sewer line. Concessionaire is responsible for the repair and maintenance of all domestic water lines, hot and cold, from the point of connection of the Department of Airports water meter throughout the Premises. If Concessionaire fails to maintain the plumbing, piping and drain system or places liquid, grease, debris, and other materials that contribute to stoppage or damage to the Airport's plumbing, Concessionaire will be billed for the cost thereof, plus the Administrative Fee, to be paid by Concessionaire to City within fifteen (15) days of written demand.

Section 8.3.1 Garbage Disposal; Grease Traps. To the extent specified in Concessionaire's plan for the Initial Improvements or in connection with any Alterations (or any approval by City in connection therewith) or as otherwise required by Applicable Laws, Concessionaire shall provide and maintain an industrial garbage disposal at the Premises. To the extent specified in Concessionaire's plan for the Initial Improvements or in connection with any Alterations (or any approval by City in connection therewith), Concessionaire shall install and maintain a grease trap at each the Premises, the type and manner of installation of such grease traps being in compliance with best management practices and meeting the requirements set forth in such approval. Concessionaire shall prepare and deliver to City a cleaning and preventative maintenance program, and shall retain and make available for City inspection receipts showing all oil/grease products purchased and all grease removed. To the extent that grease traps are present in the Premises, Concessionaire shall install and maintain, and regularly clean and empty, all grease traps in the Premises and dispose of the contents thereof in compliance with all applicable Laws, and, if required, Concessionaire will use its own EPA identification number and list itself as the owner on the Uniform Hazardous Waste Manifest or other Profile sheets if any need to be filled out in order for Concessionaire to comply with its obligations under this sentence. Upon the expiration or earlier termination of this Agreement, Executive Director shall have the right, at Executive Director's sole option, to require Concessionaire to remove any or all grease traps at Concessionaire's sole cost and expense, and in compliance with all Laws. Without limitation of any of the foregoing, Concessionaire shall do whatever is necessary in order to maintain properly the grease interceptor and prevent, at all times, any overflow or discharge of grease at the surface of the grease interceptor manhole. The grease interceptor and all plumbing pipes shall be rooted and cleaned regularly and as often as necessary to prevent clogging or discharge. In the event of any such overflow or discharge, Concessionaire shall be responsible for all costs of cleanup of the overflow or discharge, including all costs of removing grease, and repair, restoration or replacement of property damaged by such overflow or discharge.

8.4 City May Repair. In the event Concessionaire fails to accomplish any such nonstructural repairs, replacements, rebuilding, redecorating or painting required hereunder (including any preventative maintenance or emergency repairs) within a period of ten (10) days after written notice from Executive Director so to do, or fails to diligently repair, replace, rebuild, redecorate or paint all portions of the Premises required to be repaired, replaced, rebuilt, redecorated or painted by Concessionaire pursuant to its approved maintenance schedule, City

shall have the right (but not the obligation), at its option, and in addition to all other remedies which may be available to it, to repair, replace, rebuild, redecorate or paint any such portion of the Premises included in said notice, and the cost thereof, plus the Administrative Fee, shall be paid by Concessionaire to City as Additional Rent within fifteen (15) days of written demand. Notwithstanding anything to the contrary contained in this Agreement, the performance of such maintenance, repair or replacement by City on Concessionaire's behalf shall in no event be construed as a waiver of Concessionaire's maintain, repair and replacement obligations under this Agreement.

8.5 Right to Enter Premises. City shall have the right to enter upon the Premises at all reasonable times to make such repairs, alterations and replacements as may, in the opinion of Executive Director, be deemed necessary or advisable and, from time to time, to construct or install over, in, under or through the Premises new lines, pipes, mains, wires, conduits and equipment; *provided, however*, that City shall use commercially reasonable efforts to minimize the unreasonable interference caused by such repair, alteration, replacement or construction with the use of the Premises by Concessionaire; and *provided, further*, that nothing herein shall be construed as relieving Concessionaire of any obligation imposed upon it herein to maintain the Premises and the improvements and utility facilities therein. City shall have the right to enter the Premises at any time to maintain or repair emergency systems when loss of life or damage to property may potentially result.

8.6 City Maintains Central Air Conditioning. City shall maintain that portion of the HVAC system that serves the Premises but that is located outside of the Premises if said system operates as part of a central terminal or building system maintained by City. Concessionaire shall reimburse City for its costs thereof, including overhead and administration in accordance with Section 4.3 above.

8.7 City May Maintain Utilities. City shall have the right, but not the obligation or responsibility, for the benefit of Concessionaire or for the benefit of others at Airport, to maintain existing and future utility systems or portions thereof on the Premises, including therein, without limitation thereto, systems for the supply of heat and electricity and for the furnishing of fire alarm, fire protection, sprinkler, air conditioning, telephone, telegraph, teletypewriter and intercommunication services, including lines, pipes, mains, wires, conduits and equipment connected without appurtenant to all such systems. Concessionaire shall reimburse City for its pro-rata share of costs of such maintenance, including overhead and administration in accordance with Section 4.3 above. Within each Terminal, Concessionaire's pro-rata share shall be based on the ratio of the square footage of the Premises in the Terminal to the square footage of all Premises in the Terminal using said utilities, or on some other reasonable and appropriate methodology or basis.

8.8 Pest Control. Concessionaire shall be solely responsible for a pest-free environment within the Premises by maintaining its own pest control services, in accordance with the most modern and effective control procedures. All materials used in pest control shall conform to applicable Laws. All control substances utilized shall be used with all precautions to obviate the possibility of accidents to humans, domestic animals and pets. Pests referenced above include, but are not limited to, cockroaches, ants, rodents, silverfish, earwigs, spiders, weevils and crickets. Whenever City deems that pest control services must be provided to a

building or area that includes Concessionaire's Premises under this Agreement, Concessionaire shall pay for the costs of services provided for the Premises under this Agreement.

8.9 Evidence of Payment. In any suit, action or proceeding of any kind between the parties hereto, any receipt showing the payment of any sum(s) by City for any work done or material furnished shall be prima facie evidence against Concessionaire that the amount of such payment was necessary and reasonable. Should Executive Director elect to use City operating and maintenance staff in making any repairs, replacements or alterations and to charge Concessionaire with the cost of same, any timesheet of any employee of City showing hours of labor or work allocated to any such repair, replacement or alteration, or any stock requisition of City showing the issuance of materials for use in the performance thereof, shall be prima facie evidence against Concessionaire that the amount of such charge was necessary and reasonable.

IX. REDUCTION, RELOCATION OR EXPANSION.

9.1 Reduction or Relocation of Premises. Executive Director may require Concessionaire to surrender or reconfigure any portion of the Premises or to relocate the Premises any time. Executive Director will attempt to provide substitute space of equal size, with equal frontage in an area accessible to the public. Concessionaire may decline substitute space if it is not of equal size, configuration and exposure to enplaning passenger. In the event Concessionaire declines substitute space, minor modification(s) of the Premises, not to exceed a cumulative rental adjustment of \$150,000, may be made by the Executive Director by an amendment to Exhibits A and A-1, subject to City Attorney approval as to form, with an appropriate adjustment in the MAG without the prior approval or later ratification by the Board or the City Council, and (ii) minor modification(s) of the Premises, not to exceed a cumulative total of ten percent (10%) of the Premises as delineated in Exhibits A and A-1, may be made by the Board by an amendment to these Exhibits, subject to City Attorney approval as to form, with an appropriate adjustment in the MAG without the prior approval or later ratification by the City Council. If modification(s) of the Premises exceed a cumulative total of ten percent (10%) of the Premises as delineated in Exhibits A and A-1, such modification shall be subject to approval by the Board and City Council. Improvements made by Concessionaire to the Premises as a result of a reduction or relocation shall be subject to the buy-out provisions of this Agreement, the same as if they were made within the original Premises heretofore. Any costs incurred by Concessionaire in connection with a relocation under this Section shall be borne by Concessionaire.

9.1.1 Buy-out. In the event that (a) Concessionaire is required to surrender in whole or relocate the Premises (other than as required under Section XI, or as a result of a Default by Concessionaire), or (b) City, for any reason, decides to terminate or suspend the scope of work, or any part thereof, or Concessionaire's services, or any part thereof (in which event City may: (1) require Concessionaire to terminate or suspend the performance of all, or a portion, of its services or (2) terminate this Agreement, or any part thereof, upon giving Concessionaire a ten (10) day written notice prior to the effective date of such termination which date shall be specified in such notice), then City will reimburse Concessionaire for the then-undepreciated Net Book Value of the Initial Improvements or improvements installed as part of the Mid-Term Refurbishment (which improvements which cannot be removed without doing structural

damage) with respect to such surrendered Premises based upon a 10-year straight-line depreciation, with no residual value, provided (i) Concessionaire has obtained all necessary approvals for their construction, (ii) Concessionaire has reported each improvement, its costs, and the date upon which its depreciation began, (iii) that architectural and design costs do not exceed ten percent (10%) of the cost of the improvements, (iv) all said costs are properly supported and made available for audit, and (v) the deliveries required under Section 7.14 have been timely provided to City. All said costs must be direct costs paid by Concessionaire to independent contractors, and suppliers for work actually performed on said Premises, materials furnished or professional services rendered. Costs associated with Concessionaire's employees shall not be included in the calculation of these costs. To become reimbursable Concessionaire shall have, at its expense, timely provided City with the deliveries required under Section 7.14. The straight line depreciation shall begin on the first day of the month in which the improvement was placed in service. The report shall be delivered to Executive Director. Executive Director may require Concessionaire to remove any or all of its removable improvements.

9.2 Expansion of Premises. If, during the Term of this Agreement, the City finds that arrangements that warrant additional food & beverage facilities are required for the good of the traveling public, the City, upon approval of the Board (and City Council, if such addition also requires such approval), may negotiate for the operation of said facilities. Only concessionaires with existing food & beverage operations in the terminal where the planned facility will be located will be invited to participate in the competitive solicitation process. Following the competitive solicitation process, LAWA will select a concessionaire deemed most qualified to operate the planned concept. If Concessionaire is selected and City and Concessionaire have not entered into an agreement within one month of City's notice that such potential unit location is available, City may offer said concession rights to other concessionaires. Improvements made by Concessionaire as a result of said expansion shall be subject to the buy-out provisions of section 9.1.1, the same as if they were made within an original premises hereof. Net Book Value protection will extend to the undepreciated value of any additional new facilities required. Requirements for approval and reporting will be the same as for initial facilities and the depreciation schedule shall be the same provided that such facilities are not temporary.

X AIRPORT CONSTRUCTION; AIRPORT OPERATIONS.

10.1 Airport Construction; Airport Operations. City reserves the right to further develop or improve the landing area of Airport or any other portion of the Airport, as it sees fit, regardless of the desires or view of Concessionaire, and without interference or hindrance. Concessionaire recognizes and agrees that City, from time to time during the term of this Agreement, may construct, cause to be constructed, or permit construction, of City-approved improvements of various sizes and complexity. Concessionaire further recognizes that such construction and other security related restrictions may restrict access to and may interfere with the quiet enjoyment of the Premises and the amount of revenue generated from the Premises. Concessionaire agrees that City shall not be liable for losses or damages arising from disruptions caused by City-approved construction or other restrictions affecting access to the Premises, and hereby waives any Claims against City and City Agents arising therefrom. City shall endeavor

to use commercially reasonable efforts keep Concessionaire informed of construction plans that may materially and adversely impact the operations at the Premises.

10.2 No Right to a Temporary Premises. Temporary disruptions to Concessionaire's operations, including restricted access to Terminals during any construction or security alert, shall not entitle Concessionaire to a temporary location elsewhere or to any Rent abatement or credit, or any other compensation.

XI TERMINATION/CANCELLATION.

11.1 Defaults. The occurrence of any one of the following events shall constitute a default on the part of Concessionaire ("Default"):

11.1.1 Abandonment; Vacation. The vacation or abandonment of the Premises by Concessionaire for a period of five (5) consecutive days or any vacation or abandonment of the Premises by Concessionaire which would cause any insurance policy to be invalidated or otherwise lapse in each of the foregoing cases irrespective of whether or not Concessionaire is then in monetary default under this Agreement. Concessionaire agrees to notice and service of notice as provided for in this Agreement and waives any right to any other or further notice or service of notice which Concessionaire may have under any statute or law now or hereafter in effect;

11.1.2 Failure to Pay Rent. Failure to pay any installment of Rent or any other monies due and payable hereunder, said failure continuing for a period of three (3) days after the same is due;

11.1.3 Assignment for Creditors. A general assignment by Concessionaire or any guarantor or surety of Concessionaire's obligations hereunder (collectively, "Guarantor") for the benefit of creditors;

11.1.4 Filing of Bankruptcy Petition. The filing of a voluntary petition in bankruptcy by Concessionaire or any Guarantor, the filing by Concessionaire or any Guarantor of a voluntary petition for an arrangement, the filing by or against Concessionaire or any Guarantor of a petition, voluntary or involuntary, for reorganization, or the filing of an involuntary petition by the creditors of Concessionaire or any Guarantor, said involuntary petition remaining undischarged for a period of thirty (30) days;

11.1.5 Attachment. Receivership, attachment, or other judicial seizure of substantially all of Concessionaire's assets at the Premises, such attachment or other seizure remaining undismissed or undischarged for a period of thirty (30) days after the levy thereof;

11.1.6 Death; Dissolution. Death or disability of Concessionaire or any Guarantor, if Concessionaire or such Guarantor is a natural person, or the failure by Concessionaire or any Guarantor to maintain its legal existence, if Concessionaire or such Guarantor is a corporation, partnership, limited liability company, trust or other legal entity;

11.1.7 Failure to Deliver Ancillary Documents. Failure of Concessionaire to execute and deliver to City any estoppel certificate, subordination agreement, report (including, without limitation, reports required under Section 4.7), financial statement or other document required under this Agreement within the time periods and in the manner provided hereunder (or if no time period is provided, within three (3) days after receipt of written notice from City of delinquency);

11.1.8 Incomplete Records. Concessionaire fails to maintain adequate books and records and accounts reflecting its business as required hereunder (including without limitation, books and records and information regarding Gross Revenues, and the costs of construction for the Initial Improvements or the Mid-Term Refurbishment);

11.1.9 Transfers. An assignment or sublease, or attempted assignment or sublease, of this Agreement or the Premises by Concessionaire contrary to the provision of Section 14 without the prior written consent of City as required hereunder;

11.1.10 Faithful Performance Guarantee. Failure of Concessionaire to provide and maintain the Faithful Performance Guarantee as required under this Agreement for a period of five (5) days after written notice;

11.1.11 Other Defaults. A default under any other agreement with City beyond any applicable notice and cure period under such agreement;

11.1.12 General Non-Monetary Breaches. Failure in the performance of any of Concessionaire's covenants, agreements or obligations hereunder (except those failures specified as events of Default in Sections 11.1.1, 11.1.2, 11.1.4, 11.1.5, 11.1.7, 11.1.10, 11.1.13, 11.1.15 or 11.1.16 herein or any other subsections of this Section 11, which shall be governed by the notice and cure periods set forth in such other subsections), which failure continues for thirty (30) days after written notice thereof from City to Concessionaire, provided that, if Concessionaire has commenced such cure within ten (10) days after written notice, and has exercised reasonable diligence to cure such failure and such failure cannot be cured within such thirty (30) day period despite reasonable diligence, Concessionaire shall not be in default under this Section 11.1.12 so long as Concessionaire thereafter diligently and continuously prosecutes the cure without interruption to completion and actually completes such cure within sixty (60) days after the giving of the aforesaid written notice;

11.1.13 Chronic Delinquency. Chronic delinquency by Concessionaire in the payment of Rent, or any other periodic payments required to be paid by Concessionaire under this Agreement. "Chronic delinquency" shall mean failure by Concessionaire to pay Rent, or any other payments required to be paid by Concessionaire under this Agreement within five (5) days after the date due for any consecutive or nonconsecutive three (3) months during any period of twelve (12) months, or failure by Concessionaire to perform its obligations under this Agreement for any three (3) consecutive or nonconsecutive incidents during any period of twelve (12) months as determined in the sole discretion of the Executive Director;

11.1.14 Termination of Insurance. Any insurance required to be maintained by Concessionaire pursuant to this Agreement shall be canceled or terminated or shall expire or be reduced or materially changed, except as permitted in this Agreement;

11.1.15 Liens. Any failure by Concessionaire to discharge any lien or encumbrance placed on the Premises, the Airport or any part thereof in violation of this Agreement within thirty (30) days after the date such lien or encumbrance is filed or recorded against the Premises, the Airport or any part thereof;

11.1.16 Revocation of Licenses. An act occurs which results in the suspension or revocation of the rights, powers, licenses, permits and authorities necessary for the conduct and operation of the business authorized herein for a period of more than thirty (30) days;

11.1.17 Adverse Operation. Service ceases or deteriorates for any period which, in the opinion of Executive Director, materially and adversely affects the operation of service required to be performed by Concessionaire under this Agreement;

11.1.18 Hazardous Materials. Any failure by Concessionaire to immediately remove, abate or remedy any Hazardous Materials located in, on or about the Premises or the Airport in connection with any failure by Concessionaire to comply with Concessionaire's obligations under Section 15; and

11.1.19 False Representations. Any representation of Concessionaire herein, in the Concessionaire Proposal or in any financial statement or other materials provided by Concessionaire or any guarantor of Concessionaire's obligations under this Agreement shall prove to be untrue or inaccurate in any material respect, or any such financial statements or other materials shall have omitted any material fact.

Concessionaire agrees that any notice given by City pursuant to this Section 11 shall satisfy the requirements for notice under California Code of Civil Procedure Section 1161, and City shall not be required to give any additional notice in order to be entitled to commence an unlawful detainer proceeding.

11.2 City's Remedies.

11.2.1 Termination. In the event of any Default by Concessionaire, then in addition to any other remedies available to City at law or in equity and under this Agreement, City may terminate this Agreement immediately and all rights of Concessionaire hereunder by giving written notice to Concessionaire of such intention to terminate. If City shall elect to so terminate this Agreement, then City may recover from Concessionaire:

1. the worth at the time of award of any unpaid Rent and any other sums due and payable which have been earned at the time of such termination; plus

2. the worth at the time of award of the amount by which the unpaid Rent and any other sums due and payable which would have been earned after termination until the time of award exceeds the amount of such rental loss Concessionaire proves could have been reasonably avoided; plus

3. the worth at the time of award of the amount by which the unpaid Rent and any other sums due and payable for the balance of the term of this Agreement after the time of award exceeds the amount of such rental loss that Concessionaire proves could be reasonably avoided; plus

4. any other amount necessary to compensate City for all the detriment proximately caused by Concessionaire's failure to perform its obligations under this Agreement or which in the ordinary course would be likely to result therefrom, including, without limitation, (A) any costs or expenses incurred by City (i) in retaking possession of the Premises; (ii) in maintaining, repairing, preserving, restoring, replacing, cleaning, altering, remodeling or rehabilitating the Premises or any affected portions of the Terminal or the Airport, including, without limitation, such actions undertaken in connection with the reletting or attempted reletting of the Premises to a new concessionaire or tenants; (iii) for brokerage commissions, advertising costs and other expenses of reletting the Premises; or (iv) in carrying the Premises, including, without limitation, taxes, insurance premiums, utilities and security precautions; (B) any unearned brokerage commissions paid in connection with this Agreement; (C) reimbursement of any previously waived or abated Base Rent or Additional Rent or any free rent or reduced rental rate granted hereunder; and (D) any concession made or paid by City for the benefit of Concessionaire including, without limitation, any moving allowances or contributions; plus

5. such reasonable attorneys' fees incurred by City as a result of a Default, and costs in the event suit is filed by City to enforce such remedy; and plus

6. at City's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable Laws.

As used in subsections (1) and (2) above, the "worth at the time of award" is computed by allowing interest at an annual rate equal to twelve percent (12%) per annum or the maximum rate permitted by law, whichever is less. As used in subsection (3) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%).

Concessionaire hereby waives for Concessionaire and for all those claiming under Concessionaire all right now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Concessionaire's right of occupancy of the Premises after any termination of this Agreement, specifically, Concessionaire waives redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179, or under any other pertinent present or future Laws, in the event Concessionaire is evicted or City takes possession of the Premises by reason of any Default of Concessionaire hereunder.

11.2.2 Continuation of Agreement. In the event of any Default by Concessionaire, then in addition to any other remedies available to City at law or in equity and under this Agreement, City shall have the remedy described in California Civil Code Section 1951.4, and the following provision from such Civil Code Section is hereby repeated: "The Lessor has the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if Lessee has right to sublet or assign, subject only to reasonable limitations)." In addition, City shall not be liable in any way whatsoever for its failure or refusal to relet the Premises. For purposes of this Section 11.2.2, the following acts by City will not constitute the termination of Concessionaire's right to possession of the Premises:

1. Acts of maintenance or preservation or efforts to relet the Premises, including, without limitation, alterations, remodeling, redecorating, repairs, replacements or painting as City shall consider advisable for the purpose of reletting the Premises or any part thereof, or
2. The appointment of a receiver upon the initiative of City to protect City's interest under this Agreement or in the Premises.

Even if Concessionaire has abandoned the Premises, this Agreement shall continue in effect for so long as City does not terminate Concessionaire's right to possession, and City may enforce all its rights and remedies under this Agreement, including, without limitation, the right to recover rent as it becomes due. Any such payments due City shall be made upon demand therefore from time to time and Concessionaire agrees that City may file suit to recover any sums falling due from time to time. Notwithstanding the exercise by City of its right under this Section to continue the Agreement without termination, City may do so without prejudice to its right at any time thereafter to terminate this Agreement in accordance with the other provisions contained in this Section.

11.2.3 Re-entry. In the event of any Default by Concessionaire, City shall also have the right, with or without terminating this Agreement, in compliance with applicable law, to re-enter the Premises, by force if necessary, and remove all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Concessionaire.

11.2.4 Relletting. In the event of the abandonment of the Premises by Concessionaire or in the event that City shall elect to re-enter as provided in Section 11.2.3 or shall take possession of the Premises pursuant to legal proceeding or pursuant to any notice provided by law, then if City does not elect to terminate this Agreement as provided in Section 11.2.1, City may from time to time, without terminating this Agreement, relet the Premises or any part thereof for such term or terms and at such rental or rentals and upon such other terms and conditions as City in its sole discretion may deem advisable with the right to make alterations and repairs to the Premises in City's sole discretion. In the event that City shall elect to so relet, then rentals received by City from such relletting shall be applied in the following order: (a) to reasonable

attorneys' fees incurred by City as a result of a Default and costs in the event suit is filed by City to enforce such remedies; (b) to the payment of any indebtedness other than Rent due hereunder from Concessionaire to City; (c) to the payment of any costs of such reletting; (d) to the payment of the costs of any alterations and repairs to the Premises; (e) to the payment of Rent due and unpaid hereunder; and (f) the residue, if any, shall be held by City and applied in payment of future Rent and other sums payable by Concessionaire hereunder as the same may become due and payable hereunder. Should that portion of such rentals received from such reletting during any month, which is applied to the payment of Rent hereunder, be less than the Rent payable during the month by Concessionaire hereunder, then Concessionaire shall pay such deficiency to City. Such deficiency shall be calculated and paid monthly. Concessionaire shall also pay to City, as soon as ascertained, any costs and expenses incurred by City in such reletting or in making such alterations and repairs not covered by the rentals received from such reletting.

11.2.5 Termination. No re-entry or taking of possession of the Premises by City pursuant to this Section 11.2 shall be construed as an election to terminate this Agreement unless a written notice of such intention is given to Concessionaire or unless the termination thereof is decreed by a court of competent jurisdiction. Notwithstanding any reletting without termination by City because of any Default by Concessionaire, City may at any time after such reletting elect to terminate this Agreement for any such Default.

11.2.6 Cumulative Remedies. The remedies herein provided are not exclusive and City shall have any and all other remedies provided herein or by law or in equity including, without limitation, any and all rights and remedies of City under California Civil Code Section 1951.8, California Code of Civil Procedure Section 1161 et seq., or any similar, successor or related provision of applicable Laws.

11.2.7 No Surrender. No act or conduct of City, whether consisting of the acceptance of the keys to the Premises, or otherwise, shall be deemed to be or constitute an acceptance of the surrender of the Premises by Concessionaire prior to the expiration of the Term, and such acceptance by City of surrender by Concessionaire shall only flow from and must be evidenced by a written acknowledgment of acceptance of surrender signed by City. The surrender of this Agreement by Concessionaire, voluntarily or otherwise, shall not work a merger unless City elects in writing that such merger take place, but shall operate as an assignment to City of any and all existing subleases, or City may, at its option, elect in writing to treat such surrender as a merger terminating Concessionaire's estate under this Agreement, and thereupon City may terminate any or all such subleases by notifying the sublessee of its election so to do within five (5) days after such surrender.

11.2.8 City's Lien. In addition to any statutory lien City has, Concessionaire hereby grants to City a continuing security interest for all sums of money becoming due hereunder upon personal property of Concessionaire situated on or about the Premises and such property will not be removed therefrom without the consent of City until all sums of money then due City have been first paid and discharged. If a

default occurs under this Agreement, City will have, in addition to all other remedies provided herein or by law, all rights and remedies under the Uniform Commercial Code, including, without limitation, the right to sell the property described in this Section 11.2.8 at public or private sale upon five (5) days' notice to Concessionaire. This contractual lien will be in addition to any statutory lien for rent.

11.2.9 Concessionaire's Waiver of Redemption. Concessionaire waives redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179, or under any other pertinent present or future Laws, in the event Concessionaire is evicted or City takes possession of the Premises by reason of any Default of Concessionaire hereunder.

11.3 Right to Remove Equipment. Subject to the provisions of Article VII and its subsections herein and Section 11.2.8, Concessionaire shall have the right to remove its equipment, supplies, furnishings, inventories, removable fixtures and other trade fixtures and personal property from the Premises. If Concessionaire fails to remove said property, said property shall be considered abandoned and City may dispose of same as it sees fit.

11.4 Surrender to be in Writing. No agreement of surrender or to accept a surrender shall be valid unless and until the same has been reduced to writing and signed by Executive Director and the duly authorized representatives of Concessionaire. Neither the doing nor omission of any act or thing by any of the officers, agents or employees of City shall be deemed an acceptance of a surrender of the Premises utilized by Concessionaire under this Agreement.

11.5 Additional Rights of City. City, upon termination or cancellation of this Agreement, or upon reentry, regaining or resumption of possession of the Premises, may occupy the Premises and shall have the right to permit any person, firm or corporation to enter upon the Premises and use the same. Such occupation by others may be of only a part of the Premises, or the whole thereof or a part thereof together with other space, and for a period of time the same as or different from the balance of the term remaining hereunder, and on terms and conditions the same as or different from those set forth in this Agreement. City shall also have the right to repair or to make such structural or other changes in the Premises as are necessary in its judgment to maintain the suitability thereof for uses and purposes similar to those granted under this Agreement without affecting, altering or diminishing the obligations of Concessionaire hereunder.

11.6 Acceptance Is Not a Waiver. No acceptance by City of the fees and charges for other payments specified herein, in whole or in part, and for any period or periods, after a default of any of the terms, covenants and conditions to be performed, kept or observed by Concessionaire, other than the default in the payment thereof, shall be deemed a waiver of any right on the part of City to cancel or terminate this Agreement on account of such default.

11.7 Waiver Is Not Continuous. No waiver by City at any time of any default on the part of Concessionaire in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by Concessionaire shall be or be construed to be a waiver at any time thereafter by City of any other or subsequent default in performance of any of said terms,

covenants or conditions, and no notice by City shall be required to restore or revive time as of the essence hereof after waiver by City of default in one or more instances.

11.8 Waiver of Redemption and Damages. Concessionaire hereby waives any and all rights of redemption granted by or under any present or future law or statute in the event it is dispossessed for any cause, or in the event City obtains or retains possession of the Premises in any lawful manner. Concessionaire further agrees that in the event the manner of method employed by City in reentering or regaining possession of the Premises gives rise to a cause of action in Concessionaire in forcible entry and detainer under the Laws of the State of California, the total amount of damages to which Concessionaire shall be entitled in any such action shall be the sum of One (\$1) Dollar, and Concessionaire agrees that this provision may be filed in any such action as its stipulation fixing the amount of damages to which it is entitled.

11.9 Survival of Concessionaire's Obligations. In the event this Agreement is terminated or canceled by City, or in the event City reenters, regains or resumes possession of the Premises, all of the obligations of Concessionaire hereunder shall survive and shall remain in full force and effect for the full term of this Agreement, other than those obligations of Concessionaire which expressly survive the expiration or earlier termination of this Agreement, which obligations shall survive the expiration or earlier termination of this Agreement indefinitely.

11.10 Cancellation or Termination by Concessionaire. This Agreement may be cancelled or terminated by Concessionaire by giving a thirty (30) day written notice to City upon the happening of one or more of the occurrences specified in Sections 11.10.1 through 11.10.3.

11.10.1 Permanent Abandonment. The permanent abandonment of Airport's passenger terminals for use by airlines or the permanent removal of all certificated passenger airline service from Airport;

11.10.2 Material Restriction of Operation. The lawful assumption by the United States government, or any authorized agency thereof, of the operation, control or use of Airport, or any substantial part thereof, in such manner as to materially restrict Concessionaire from operating thereon for a period of at least ninety (90) consecutive days; or

11.10.3 Federally-Required Amendments. Any exercise of authority as provided in Section 16.8 hereof which shall so interfere with Concessionaire's use and enjoyment of the Premises as to constitute a termination, in whole or in part, of this Agreement by operation of law in accordance with the Laws of the United States.

11.11 Damaged Improvements. In the event that the structural or other improvements or furnishings and supplies constructed or installed by Concessionaire in any or all of the Premises are damaged or destroyed, in whole or in part, from any cause whatsoever, Concessionaire shall forthwith proceed with the removal of the debris and damaged or destroyed structural or other improvements, equipment, furnishings and supplies and thereafter shall proceed with all dispatch with the reconstruction work necessary to restore the damaged or destroyed Premises to the condition they were in prior to the occurrence of such damage or

destruction and all costs and expense incurred in connection therewith shall be paid by Concessionaire.

11.12 Service During Removal. Upon the termination, cancellation or expiration of this Agreement, and under circumstances permitting Concessionaire to remove from the Premises removable property belonging to Concessionaire. Subject to any remedies which City may have to secure any unpaid fees or charges due under this Agreement, Concessionaire shall have the right to remove from the Premises only those items of movable equipment and furnishings installed by it and listed on the aforesaid inventory; *provided, however*, Concessionaire shall repair all damage done to said areas and other City-owned property resulting from the removal of such machinery, equipment and fixtures.

11.13 City May Renovate. If, during the last month of this Agreement, Concessionaire has removed all or substantially all of its property from the Premises, City may enter said Premises and alter, renovate or redecorate the same.

11.14 Viewing By Prospective Competitors. At any time, and from time to time, during ordinary business hours, within twelve (12) months preceding the expiration of the term of this Agreement, City, by its agents and employees, shall have the right to accompany prospective concessionaires, occupiers or users of the Premises, for the purpose of exhibiting and viewing all parts of the same.

11.15 Tenancy at Sufferance. Any holding over after the expiration of the Term shall constitute a Default and, without limiting City's remedies provided in this Agreement, such holding over shall be construed to be a tenancy at sufferance, at a rental rate equal to the greater of one hundred fifty percent (150%) of the fair market rental value for the Premises as determined by Executive Director or two hundred percent (200%) of the Base Rent last due in this Agreement (including, without limitation, any Storage Rent, if any, payable pursuant to Exhibit C for any Storage Space), plus Additional Rent, and shall otherwise be on the terms and conditions herein specified, so far as applicable. During any such period, Concessionaire's "Faithful Performance Guarantee" (as defined in Section 13.3) shall continue in effect. If the Premises are not surrendered at the end of the Term or sooner termination of this Agreement, and in accordance with the provisions of Sections 1.5 and 15, Concessionaire shall indemnify, defend and hold City and City Agents harmless from and against any and all Claims resulting from delay by Concessionaire in so surrendering the Premises including, without limitation, any Claims resulting from any claim against City or any City Agent made by any succeeding concessionaire or tenant or prospective concessionaire or tenant founded on or resulting from such delay and losses to City due to lost opportunities to lease any portion of the Premises to any such succeeding concessionaire or tenant or prospective concessionaire or tenant, together with, in each case, actual attorneys' fees and costs.

11.16 Administrative Assessments. The parties agree that Concessionaire's performance of its obligations under this Agreement are extremely important to City and that Concessionaire's failure to perform those activities will result in administrative and monitoring expenses to City and its staff. Therefore, the parties agree that the administrative assessments described on attached Exhibit S ("Administrative Assessments") are reasonable estimates of such expenses and shall be imposed on Concessionaire at the sole discretion of Executive Director for any of

the violations described on Exhibit S. Executive Director may elect to waive an Administrative Assessment for a particular violation, but no such waiver shall apply to prior or subsequent violations of the same or any other provision of this Agreement, and such waiver shall not be deemed to set a precedent for further waivers. City's right to impose the foregoing Administrative Assessments shall be in addition to and not in lieu of any and all of City's rights under this Agreement, in the Rules and Regulations, or at law or in equity. Executive Director's decision to impose an Administrative Assessment on Concessionaire for one of the violations described on Exhibit S shall not preclude City, in the event Concessionaire subsequently commits the same or a different violation, from exercising any of such other rights of City, including, without limitation, its right to terminate this Agreement pursuant to Section 11. City shall have no obligation to Concessionaire to impose Administrative Assessments or fines on or otherwise take any action against any other concessionaire or tenant at the Airport. During the Term of this Agreement, Executive Director may reasonably adjust upward the amount of the Administrative Assessments set forth in Exhibit S by providing Concessionaire six (6) months advance written notice. Exhibit S may be modified by written approval of the Executive Director.

XII DAMAGE OR DESTRUCTION TO PREMISES.

12.1 Damage or Destruction to Premises.

12.1.1 Insured Damage. If, during the term of this Agreement, any improvements in or on the Premises are partially or totally destroyed from a risk covered by the insurance described in Section 13.4 herein, thereby rendering said Premises partially or totally inaccessible or unusable, Concessionaire must restore the Premises to substantially the same condition as they were immediately before destruction.

12.1.2 Uninsured Damage. If, during the term of this Agreement, improvements in or on the Premises are partially or totally destroyed from a risk not covered by the fire and extended coverage insurance described in Section 13.4 herein, thereby rendering said Premises partially or totally inaccessible or unusable, such destruction shall not automatically terminate this Agreement. If, however, the cost of restoration exceeds ten percent (10%) of the full replacement value of improvements, as said value existed immediately before said destruction, Concessionaire may, at Concessionaire's option, terminate this Agreement by giving written notice to City within sixty (60) days from the date of discovery of such destruction. If Concessionaire elects to terminate as above provided, Concessionaire shall be obligated, unless otherwise directed by City, to demolish all damaged improvements and remove all debris from the Premises at Concessionaire's sole cost. If Concessionaire fails to exercise its right to terminate this Agreement, this Agreement shall continue in full force and effect for the remainder of the term specified herein and Concessionaire shall restore the Premises to substantially the same condition as they were in immediately before destruction.

12.1.3 Destruction Due to Negligence. Notwithstanding the foregoing, if the said Premises, or a substantial portion thereof, are completely destroyed as a result of the negligence or omission to act of Concessionaire or any of the Concessionaire Parties, said Rent shall not abate and City may, in its discretion, require Concessionaire to repair

and reconstruct said Premises within twelve (12) months of the date of discovery of such damage and pay the cost therefore, or City may repair and reconstruct the same within twelve (12) months of the discovery of such damage and Concessionaire shall be responsible for reimbursing City for the cost and expenses incurred in such repair.

12.2 Limits of City's Obligations. In the application of the foregoing provisions, City's obligations shall be limited to repair or reconstruction of the Premises to the same extent and of equal quality as obtained by Concessionaire at the commencement of its operations hereunder. Redecoration and replacement of all of Concessionaire's personal property, furniture, equipment, trade fixtures, inventory, goods and supplies shall be the responsibility of Concessionaire and any such redecoration and refurbishing/reequipping shall be equivalent in quality to that originally installed.

XIII LIABILITY

13.1 Liability. Concessionaire shall comply with the "Hold Harmless", "Faithful Performance Guarantee Bond" and insurance provisions which follow.

13.2 City Held Harmless. In addition to the requirements of Section 13.4 herein, Concessionaire shall indemnify, defend, keep and hold City and City Agents harmless from and against any and all Claims claimed by anyone by reason of injury to or death of persons, including Concessionaire or any of the Concessionaire Parties, or damage to or destruction of property, including property of Concessionaire or any of the Concessionaire Parties, sustained in, or about the Premises or Airport, arising out of the use and occupancy of the Premises or the Airport by Concessionaire or any of the Concessionaire Parties, or arising out of the acts or omissions of Concessionaire or any of the Concessionaire Parties.

13.3 Faithful Performance Guarantee. Concessionaire shall furnish to City, at Concessionaire's sole cost and expense, and shall keep in full force and effect and available during the complete term of this Agreement (including any unauthorized hold over period) and for thirty (30) days after the surrender of possession in accordance with the requirements of this Agreement, a Faithful Performance Guarantee ("FPG") to secure the faithful performance by Concessionaire of all terms, provisions, and covenants contained herein, including, but not limited to, the payment of its Monthly Base Rent, Additional Rent, and any other specified compensation. The initial amount of the FPG shall be twelve (12) times an amount equal to twenty five percent (25%) of the Rent as specified in this Agreement. Such FPG shall be separate from any other guarantee(s) required by City.

13.3.1 If Concessionaire has previously provided such FPG to City and if, for any reason, Concessionaire's monthly monetary obligation to City is thereafter increased in excess of ten percent (10%), then the amount of Concessionaire's FPG shall, within thirty (30) days after receiving written notice from City, correspondingly be increased.

13.3.2 If Concessionaire has previously provided such FPG to City and if, for any reason, Concessionaire's monthly monetary obligation to City is thereafter decreased in excess of ten percent (10%), then the amount of Concessionaire's FPG may

be correspondingly decreased thirty (30) days following written notice to City by Concessionaire.

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

13.3.4 FPGs of Five Thousand Dollars (\$5,000) or less shall be in the form of a Cashier's Check, Company Check, Money Order, Certificate of Deposit or Irrevocable Letter of Credit. FPGs in excess of Five Thousand Dollars (\$5,000) shall be in the form of be in the form of an irrevocable standby letter of credit ("LOC"), which shall be self-renewing with an "evergreen clause" that renews the credit from year to year without amendment, subject to termination upon sixty (60) days written notice to City, and issued by issuer acceptable to City, with offices in Los Angeles, California. The LOC shall allow for partial and multiple drawings by City, and must have an expiry date consistent with the ability to make such drawings for the full period required hereunder. All FPGs must be approved as to form by the City Attorney.

13.3.5 Concessionaire shall furnish such FPG in duplicate prior to the commencement of this Agreement or within thirty (30) days following notice of adjustment of rental. If, for any reason, said FPG is not provided by Concessionaire or is not thereafter maintained in sufficient amount throughout the Term hereof, City, subject to the notice requirements of this Agreement may terminate this Agreement at any time upon giving Concessionaire five (5) days prior written notice. Upon the expiration or earlier termination of this Agreement, and if Concessionaire has satisfied all of its obligations to City hereunder, City shall relinquish to Concessionaire said FPG following such expiration or earlier termination and satisfaction of all obligations to City. The FPG shall be submitted to:

Revenue Accounting
Department of Airports
P.O. Box 92214
Los Angeles, CA 90009

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

13.4 Insurance. Concessionaire shall procure at its expense, and keep in effect at all times during the term of this Agreement, the types and amounts of insurance specified on Insurance, Exhibit I attached hereto and incorporated by reference herein. The specified insurance shall also, either by provisions in the policies, by City's own endorsement form or by other endorsement attached to such policies, include and insure City and all of City Agents, their

APPENDUM ACKNOWLEDGMENTS

successors and assigns, as additional insureds, against the areas of risk described on Exhibit 1 with respect to acts or omissions of Concessionaire or any of the Concessionaire Parties in their respective operations, use, and occupancy of the Airport or other related functions performed by or on behalf of Concessionaire or any of the Concessionaire Parties in, on or about Airport.

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

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

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

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

13.4.5 Concessionaire shall provide proof of all specified insurance and related requirements to City either by production of the actual insurance policy(ies), by use of City's own endorsement form(s), by broker's letter acceptable to Executive Director in both form and content in the case of foreign insurance syndicates, or by other written evidence of insurance acceptable to Executive Director. The documents evidencing all specified coverages shall be filed with City in duplicate and shall be procured and approved in strict accordance with the provisions in Sections 11.47 through 11.56 of the City of Los Angeles' Administrative Code prior to Concessionaire occupying

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

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

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

XIV TRANSFER.

14.1 Transfer Prohibited. Concessionaire shall not, in any manner, directly or indirectly, by operation of law or otherwise, hypothecate, assign, transfer, or encumber this Agreement, the Premises or any portion thereof or any interest therein, in whole or in part or any right or privilege appurtenant thereto, or allow any other person (the employees and invitees of Concessionaire excepted) to occupy or use the Premises, or any portion thereof ("Transfer"), without the prior written consent of Board, which may be granted, denied or conditioned in Board's sole discretion. Any written request for consent to a Transfer shall include proposed documentation evidencing such Transfer, name and address of the proposed transferee and the nature and character of the business of the proposed transferee and shall provide current and 3 years prior financial statements for the proposed transferee, which financial statements shall be audited to the extent available and shall in any event be prepared in accordance with generally accepted accounting principles (collectively, a "Transfer Request"). This Agreement shall not, nor shall any interest therein, be assignable as to the interest of Concessionaire by operation of law without the prior written consent of Board.

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

mortgaging, pledging, or encumbering of Concessionaire without the written consent of Board is a violation of this Agreement and shall be voidable at City's option and shall confer no right, title, or interest in or to this Agreement upon the assignee, mortgagee, pledgee, encumbrancer, or other lien holder, successor, or purchaser.

14.3 No Further Consent Implied. A consent to one Transfer shall not be deemed to be a consent to any other or subsequent Transfer, and consent to any Transfer shall in no way relieve Concessionaire of any liability under this Agreement. Any Transfer without City's consent shall be void, and shall, at the option of City, constitute a Default under this Agreement.

14.4 No Release. Notwithstanding any Transfer, Concessionaire and any Guarantor of Concessionaire's obligations under this Agreement shall at all times remain fully and primarily responsible and liable for the payment of the Rent and for compliance with all of Concessionaire's other obligations under this Agreement (regardless of whether City's approval has been obtained for any such Transfer).

14.5 Payment of City's Costs. In connection with any Transfer, Concessionaire shall pay to City as Additional Rent hereunder an administrative processing fee in the amount of \$2,500.00, plus all attorneys' fees and costs (including, without limitation, the fees and costs attributable to City's in-house City Attorneys) incurred by City in connection with City's review and processing of documents regarding any proposed Transfer.

14.6 Incorporation of Terms. Each Transfer pursuant to this Section shall be subject to all of the covenants, agreements, terms, provisions and conditions contained in this Agreement and each of the covenants, agreements, terms, provisions and conditions of this Agreement shall be automatically incorporated therein. If City shall consent to, or withhold its consent to, any proposed Transfer, Concessionaire shall indemnify, defend and hold harmless City and City Agents from and against and from any and all Claims that may be made against City or any City Agent by the proposed transferee or by any brokers or other persons claiming a commission or similar fee in connection with the proposed Transfer.

14.7 Right to Collect Rent Directly. If this Agreement is transferred or assigned, whether or not in violation of the provisions of this Agreement, City may collect Rent from such transferee or assignee. If the Premises or any part thereof is sublet or used or occupied by anyone other than Concessionaire, whether or not in violation of this Agreement, City may, after a Default by Concessionaire, collect Rent from the subtenant or occupant. In either event, City may apply the net amount collected to Rent, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of any of the provisions of this Section 14, or the acceptance of the assignee, subtenant or occupant as Concessionaire, or a release of Concessionaire from the further performance by Concessionaire of Concessionaire's obligations under this Agreement. The consent by City to any Transfer pursuant to any provision of this Agreement shall not, except as otherwise provided herein, in any way be considered to relieve Concessionaire from obtaining the express consent of City to any other or further Transfer. References in this Agreement to use or occupancy of the Premises or any portion thereof by anyone other than Concessionaire shall not be construed as limited to sub-concessionaires or subtenants and those claiming under or through sub-concessionaires or subtenants but as including also licensees or others claiming under or through Concessionaire, immediately or remotely.

14.8 Reasonableness of Restrictions. Concessionaire acknowledges and agrees that the restrictions, conditions and limitations imposed by this Section 14 on Concessionaire's ability to Transfer this Agreement or any interest herein, the Premises or any part thereof, to Transfer any right or privilege appurtenant to the Premises, or to allow any other person to occupy or use the Premises or any portion thereof, are, for the purposes of California Civil Code Section 1951.4, as amended from time to time, and for all other purposes, reasonable at the time that this Agreement was entered into, and shall be deemed to be reasonable at the time that Concessionaire seeks to Transfer this Agreement or any interest herein, the Premises or any part thereof, to Transfer any right or privilege appurtenant to the Premises, or to allow any other person to occupy or use the Premises or any portion thereof. Concessionaire's sole remedy if City withholds its consent to any Transfer in violation of Concessionaire's rights under this Agreement shall be injunctive relief, and Concessionaire hereby expressly waives California Civil Code Section 1995.310, which permits all remedies provided by law for breach of contract, including, without limitation, the right to contract damages and the right to terminate this Agreement if City withholds consent to a Transfer in violation of Concessionaire's rights under this Agreement, and any similar or successor statute or law in effect or any amendment thereof during the Term.

14.9 Transfer Premium. If City approves any Transfer as herein provided, Concessionaire shall pay to City, as Additional Rent, one hundred percent (100%) of any monetary or other economic consideration received by Concessionaire as a result of the Transfer over and above the amount of Concessionaire's rental and other payments due City pursuant to this Agreement (or applicable share, if a sublease) (excluding any consideration attributed to assets other than this Agreement) after first deducting the undepreciated cost of improvements which costs had been approved by City and paid for by Concessionaire. The agreement evidencing such Transfer, as the case may be, after approval by City, shall not be amended without City's prior written consent, and, at City's option, shall contain a provision directing such transferee to pay the rent and other sums due thereunder directly to City upon receiving written notice from City that Concessionaire is in default under this Agreement with respect to the payment of Rent. In the event that, notwithstanding the giving of such notice, Concessionaire collects any rent or other sums from such transferee, then Concessionaire shall hold such sums in trust for the benefit of City and shall immediately forward the same to City. City's collection of such rent and other sums shall not constitute an acceptance by City of attornment by such transferee.

XV HAZARDOUS MATERIALS.

15.1 Hazardous Materials. For the purposes of this Agreement, "Hazardous Materials" means:

15.1.1 Any substance the presence of which now or hereafter requires the investigation or remediation under any federal, state or local statute, regulation, rule, ordinance, order, action, policy or common law; or

15.1.2 Any substance which is or becomes defined as a hazardous waste, extremely hazardous waste, hazardous material, hazardous substance, hazardous chemical, toxic chemical, toxic substance, cancer causing substance, substance that causes reproductive harm, pollutant or contaminant under any federal, state or local

statute, regulation, rule or ordinance or amendments thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); or

15.1.3 Any substance which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, council, board, or instrumentality of the United States, the State of California, the City of Los Angeles, or any political subdivision of any of them; or

15.1.4 Any substance the presence of which on the Premises causes or threatens to cause a nuisance upon the Premises or to adjacent premises or Common Areas or poses or threatens to pose a hazard to the health or safety of persons on or about the Premises; or

15.1.5 Any substance the presence of which on adjacent premises or Common Areas could constitute a trespass by Concessionaire; or

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

15.2 Prohibition; Concessionaire Responsibility. Except as may be specifically approved in writing in advance by Executive Director ("Permitted Hazardous Materials"), Concessionaire shall not use, store, handle, generate, treat, dispose, discharge or release any Hazardous Materials at the Premises, in any Common Areas or at the Airport in connection with its use, occupancy, and operation of its business at the Premises; *provided, however*, Executive Director shall not unreasonably withhold its approval to Concessionaire use, storage and handling of common cleaning materials routinely present in businesses conducting the Permitted Use to the extent such materials are used strictly in accordance with applicable Laws, manufacturer's instructions and best management practices. Concessionaire agrees to accept sole responsibility for full compliance with any and all applicable present and future rules, regulations, restrictions, ordinances, statutes, laws or other orders of any governmental entity regarding the use, storage, handling, distribution, processing or disposal of Hazardous Materials ("Hazardous Materials Laws"), regardless of whether the obligation for such compliance or responsibility is placed on the owner of the land, on the owner of any improvements on the Premises, on the user of the land, or on the user of the improvements. Concessionaire agrees that any damages, penalties or fines levied on City or Concessionaire as a result of noncompliance with any of the above shall be the sole responsibility of Concessionaire. Further, Concessionaire shall indemnify, defend, protect and pay and reimburse and hold City any City Agents harmless from any Claims that City or any City Agent suffers or incurs as a result of noncompliance with the above. Concessionaire agrees that any actions (including, without limitation, remedial or enforcement actions of any kind, administrative or judicial proceedings, and orders or judgments arising out of or resulting therefrom), costs, claims, damages (including, without limitation, punitive damages), demands, expenses (including, without limitation, attorneys' fees, consultants' and experts' fees, court costs and amounts paid in settlement of any claims or actions), fines,

forfeitures or other civil, administrative or criminal penalties, injunctive or other relief (whether or not based upon personal injury, property damage, or contamination of, or adverse effects upon, the environment, water tables or natural resources), liabilities, liens or losses (collectively, "Environmental Claims") asserted against or levied on the Premises, City or Concessionaire as a result of noncompliance with any of the provisions in this Section shall be the sole responsibility of Concessionaire and that Concessionaire shall indemnify, defend and hold City and City Agents harmless from all such Environmental Claims. Further, City may, at its option, pay such Environmental Claims resulting from Concessionaire's non-compliance with any of the terms of this Section, and Concessionaire shall reimburse City for any such payments within fifteen (15) days after written demand therefore.

15.3 Spill - Clean-Up. In the case of any Hazardous Materials spill, leak, discharge, or improper storage on the Premises or contamination of the Premises by any person, Concessionaire shall make or cause to be made any necessary repairs or corrective actions and shall clean up and remove any leakage, contamination or contaminated materials. In the case of any Hazardous Materials spill, leak, discharge or contamination by Concessionaire or any of the Concessionaire Parties at the Premises or in, on or under adjacent property which affects other property of City or its tenants' property, Concessionaire shall make or cause to be made any necessary corrective actions to clean up and remove any spill, leakage or contamination and contaminated materials. If Concessionaire fails to repair, clean up, properly dispose of or take any other corrective actions as required herein, City shall have the right (but not the obligation) to take all steps it deems necessary to properly repair, clean up or otherwise correct the conditions resulting from the spill, leak or contamination. In connection therewith, Concessionaire shall be listed as the owner or "generator" of any Hazardous Materials listed on any Hazardous Waste Manifest and in connection with any reporting made to any governmental entity. Any such repair, cleanup or corrective actions taken by City shall be at Concessionaire's sole cost and expense and Concessionaire shall indemnify, defend, pay for and reimburse and hold City and City Agents harmless from and against any and all costs (including without limitation, the Administrative Fee) City incurs as a result of any repair, cleanup or corrective action City takes to correct any act or failure to act by Concessionaire.

15.4 Provision to City of Environmental Documents. Concessionaire shall promptly supply City with complete and legible copies of all notices, reports, correspondence, and other documents sent by Concessionaire to or received by Concessionaire from any governmental entity or third party regarding any Hazardous Materials and relating to the Premises. Such written materials include, without limitation, all documents relating to any threatened or actual Hazardous Materials spill, leak, or discharge, or to any investigations into or clean up of any actual or threatened Hazardous Materials spill, leak, or discharge including all test results, or any Environmental Claims related to the Premises, or Concessionaire's use, occupancy or operations at the Premises.

15.5 Hazardous Materials Continuing Obligation. This Section and the obligations herein shall survive the expiration or earlier termination of this Agreement.

XVI OTHER PROVISIONS.

16.1 Other Provisions. The appearance of any provision in this Section shall not diminish its importance.

16.2 Cross Default. A material breach of the terms of any other lease, license, permit, or agreement held by Concessionaire 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 this Agreement.

16.3 City's Right of Access and Inspection. City, by its officers, employees, agents, representatives and contractors, shall have the right at all reasonable times to enter upon the Premises for the purpose of inspecting the same, for observing the performance by Concessionaire of its obligations under this Agreement or for doing any act or thing which City may be obligated or have the right to do under this Agreement, or otherwise, and no abatement of fees and charges shall be claimed by or allowed to Concessionaire by reason of the exercise of such right. City shall not be obliged to inform Concessionaire that an inspection or observation is planned, or in progress. Concessionaire shall be responsible for compliance with any and all Laws relating to the use, storage, and handling of hazardous waste materials in connection with Concessionaire's operations only. Upon City's written request, responsible representatives of Concessionaire will confer with representatives of City for the purpose of making a complete inspection of Concessionaire's operations, including a review of the quality of service, merchandise and prices, maintenance of the Premises, furnishings and equipment and such other items as City may wish to review.

16.4 Automobiles and Other Equipment. Subject to compliance with City's permitting and security clearance requirements, Concessionaire shall have the right to use, hire or contract for such automotive vehicles or other mechanized equipment and the services thereof as it determines to be necessary for the operation of the concession business herein authorized; *provided, however,* that the nature, size, type, character and condition of such automotive vehicles and mechanized equipment (including any requirements that such vehicles or other equipment comply with any LEED, "green" or energy efficiency requirements and policies of the City (then in effect) shall be subject to prior written approval of Executive Director before the same is placed in operation. Upon placing such equipment in operation, Concessionaire shall strictly comply with such rules and regulations as Executive Director may issue, from time to time, covering operation of such equipment and the time periods therefore, the routes over any of the aprons necessary to the operation of the concession, the location of the parking and storage areas for such equipment, the maintenance of the mechanical condition, appearance, neatness, cleanliness and sanitary condition of such equipment and the cleanliness, neat appearance and conduct and demeanor of Concessionaire's or other personnel operating the same (including, without limitation, any requirements imposed by any Private Restrictions (including, without limitation, that certain Community Benefits Agreement). All of said personnel shall have all licenses required by law and shall also be licensed by City, and City may require periodic inspections of such equipment by City representatives. Approval of inspected equipment may be evidenced by a decal or sticker to be placed on same as required by City. A nominal fee to cover such licensing and inspection services may be charged by City.

16.5 Notices.

16.5.1 Notice to City. Written notices to City hereunder, with a copy to the City Attorney of the City of Los Angeles, shall be given by United States mail, postage prepaid, certified, or by personal delivery or nationally recognized overnight courier, and addressed to City at the addresses set forth in the Basic Information or to such other address as City may designate by written notice to Concessionaire.

16.5.2 Notice to Concessionaire. Written notices to Concessionaire hereunder shall be given by United States mail, postage prepaid, certified, or by personal delivery or nationally recognized overnight courier, and addressed to Concessionaire at the address set forth in the Basic Information or to such other address as Concessionaire may designate by written notice to City. Concessionaire agrees to accept email notices to the email address provided in the Basic Information Sheet, in addition to receiving written notice as provided in this Section 16.5.2, should the City send such email notice.

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

16.5.4 All such notices to City, except as otherwise provided herein, may be delivered personally to Executive Director with a copy to the Office of the City Attorney, Airport Division. Notices shall be deemed given upon actual receipt (or attempted delivery if delivery is refused), if personally delivered, or one (1) business day following deposit with a reputable overnight courier that provides a confirmation receipt (or refusal), or on the fifth (5th) day following deposit in the United States mail in the manner described above. In no event shall either party use a post office box or other address which does not accept overnight delivery.

16.6 Agent for Service of Process. If Concessionaire is not a resident of the State of California, or is a partnership of joint venture without a partner or member resident in said State, or is a foreign corporation, then in any such event Concessionaire does designate the Secretary of State, State of California, its agent for the purpose of service of process in any court action between it and City arising out of or based upon this Agreement, and the service, shall be made as provided by the Laws of the State of California for service upon a non-resident. Notwithstanding the above, Concessionaire represents to City that its agent for service of process in California is as set forth in the Basic Information ("Registered Agent") and City agrees that service of process shall be made on Concessionaire's Registered Agent or such change of Registered Agent as Concessionaire may notify City from time to time. If, for any reason, service of such process is not possible, as an alternative method of service of process, Concessionaire may be personally served with such process out of this State by mailing, by registered or certified mail, the complaint and process to Concessionaire at the address set out hereafter in the Agreement, and that such service shall constitute valid service upon Concessionaire as of the date of mailing, and Concessionaire shall have thirty (30) days from the date of mailing to respond thereto. Concessionaire agrees to the process so served, submits to

the jurisdiction and waives any and all objection and protest thereto, and Laws to the contrary notwithstanding.

16.7 Restrictions and Regulations.

16.7.1 The operations conducted by Concessionaire pursuant to this Agreement shall be subject to: (a) any and all applicable rules, regulations, orders and restrictions which are now in force or which may be hereafter adopted by City, Board or Executive Director with respect to the operation of Airport; (b) any and all orders, directions or conditions issued, given or imposed by City, Board or Executive Director with respect to the use of the roadways, driveways, curbs, sidewalks, parking areas or public areas adjacent to the Premises; and (c) any and all applicable Laws, ordinances, statutes, rules, regulations or orders, including environmental, or any governmental authority, federal, state or municipal, lawfully exercising authority over Airport or Concessionaire's operations. Concessionaire shall be solely responsible for any and all civil or criminal penalties assessed as a result of its failure to comply with any of these rules, regulations, restrictions, ordinances, statutes, Laws, orders, directives and or conditions.

16.7.2 Regulations Do Not Permit Termination. City shall not be liable to Concessionaire for any diminution or deprivation of Concessionaire's rights hereunder on account of the exercise of any such authority, nor shall Concessionaire be entitled to terminate the whole or any portion of this Agreement by reason thereof unless the exercise of such authority shall so interfere with Concessionaire's use and enjoyment of the Premises as to constitute a termination, in whole or in part, of this Agreement by operation of law in accordance with the Laws of the State of California.

16.8 Right to Amend. In the event that the Federal Aviation Administration or its successors requires modifications or changes in this Agreement as a condition precedent to the granting of funds for the improvement of Airport, Concessionaire agrees to consent to such amendments, modifications, revisions, supplements or deletions or any of the terms conditions or requirements of this Agreement as may be reasonably required to obtain such funds; *provided, however,* that in no event will Concessionaire be required, pursuant to this Section, to agree to an increase in the fees and charges provided for herein or to a change in the use of the Premises, provided it is the Permitted Use, to which Concessionaire has put the Premises.

16.9 Independent Contractor. It is the express intention of the parties that Concessionaire is an independent contractor and not an employee, agent, joint venturer or partner of City. Nothing in this Concessionaire shall be interpreted or construed as creating or establishing the relationship of employer and employee between Concessionaire and City or between Concessionaire and any official, agent, or employee of City. Both parties acknowledge that Concessionaire is not an employee of City. Concessionaire shall retain the right to perform services for others during the term of this Agreement, unless specified to the contrary herein or prohibited by conflict of interest or ethics Laws, regulations, or professional rules of conduct.

16.10 Disabled Access.

16.10.1 Concessionaire shall be solely responsible for fully complying with any and all applicable present or future rules, regulations, restrictions, ordinances, statutes, Laws, or orders of any federal, state, or local governmental entity or court regarding disabled access including any services, programs, improvements or activities provided by Concessionaire. Concessionaire shall be solely responsible for any and all Claims and damages caused by, or penalties levied as the result of, Concessionaire's noncompliance. Further, Concessionaire agrees to cooperate fully with City in its efforts to comply with the ADA.

16.10.2 Should Concessionaire fail to comply with Section 16.10.1, then City shall have the right, but not the obligation, to perform, or have performed, whatever work is necessary to achieve equal access compliance. Concessionaire shall then be required to reimburse City for the actual cost of achieving compliance, plus the Administrative Fee, within fifteen (15) days of written demand therefore.

16.11 Child Support Orders. This Agreement is subject to Section 10.10, Article 1, Chapter 1, Division 10 of the Los Angeles Administrative Code related to Child Support Assignment Orders, which is incorporated herein by this reference. A copy of section 10.10 has been attached hereto for the convenience of the parties as Exhibit J. Pursuant to this Section, Concessionaire (and any sub-concessionaire of Concessionaire providing services to City under this Agreement) shall (1) fully comply with all State and Federal employment reporting requirements for Concessionaire's or Concessionaire's sub-concessionaire's employees applicable to Child Support Assignment Orders; (2) certify that the principal owner(s) of Concessionaire and applicable sub-concessionaires are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230, et seq.; and (4) maintain such compliance throughout the term of this Agreement. Pursuant to Section 10.10(b) of the Los Angeles Administrative Code, failure of Concessionaire or an applicable sub-concessionaire 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 Concessionaire or applicable sub-concessionaires to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default of this Contract subjecting this Agreement to termination where such failure shall continue for more than ninety (90) days after notice of such failure to Concessionaire by City (in lieu of any time for cure provided elsewhere in this Agreement).

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

16.13 Ordinance and Los Angeles Administrative Code ("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 or code language, or amendments thereto, the language of the ordinance or code shall govern.

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

16.15 Non-Discrimination and Affirmative Action Provisions.

16.15.1 Federal Non-Discrimination Provisions. Concessionaire 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 Concessionaire 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.

16.15.2 Municipal Non-Discrimination Provisions In Use of Airport. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, religion, national origin, ancestry, sex, sexual orientation, gender identity, gender expression, age, physical handicap, marital status, domestic partner status, or medical condition in connection with this Agreement, the transfer, use, occupancy, tenure, or enjoyment of the Airport or any operations or activities conducted on the Airport. Nor shall Concessionaire or any person claiming under or through Concessionaire establish or contract any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of contractors, subcontractors, or vendees of the Airport. Any assignment or transfer, which may be permitted under this Agreement, shall also be subject to all non-discrimination clauses contained in this Section 16.15.

16.15.3 Municipal Non-Discrimination Provisions in Employment. During the term of this Agreement, Concessionaire agrees and obligates itself in the performance of this Agreement not to discriminate against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, sexual orientation, gender identity, gender expression, age, physical handicap, marital status, domestic partner status, or medical condition. Concessionaire shall take affirmative action to insure that applicants for employment are treated, during the term of this Agreement, without regard to the aforementioned factors and shall comply with the

affirmative action requirements of the Los Angeles Administrative Code, Sections 10.8, et seq., or any successor ordinances or law concerned with discrimination.

16.15.4 Municipal Equal Employment Practices. If the total payments made under this Agreement are One Thousand Dollars (\$1,000) or more, this provision shall apply. During the performance of this Agreement, Concessionaire agrees to comply with Section 10.8.3 of the Los Angeles Administrative Code ("Equal Employment Practices"), which is incorporated herein by this reference. A copy of Section 10.8.3 has been attached to this Agreement for the convenience of the parties as Exhibit K. 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 Concessionaire to comply with the Equal Employment Practices provisions of this Agreement may be deemed to be a material breach of this Agreement. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to Concessionaire. Upon a finding duly made that Concessionaire has failed to comply with the Equal Employment Practices provisions of this Agreement, this Agreement may be forthwith terminated, cancelled, or suspended.**

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

16.16 Security - General. Concessionaire shall be responsible for fully complying with any and all applicable present or future rules, regulations, restrictions, ordinances, statutes, Laws or orders of any federal, state or local governmental entity regarding airfield security.

16.16.1 Security - FAA. Concessionaire shall be responsible for the maintenance and repair of gates and doors that are located at the Premises or controlled by Concessionaire. Concessionaire shall comply fully with applicable provisions of the Federal Aviation Administration Regulations, 14 CFR, Part 107 [and Part 108 if Concessionaire is an air carrier], including the establishment and implementation of procedures acceptable to Executive Director to control access from the Premises to air operation areas in accordance with the Airport Security Program required by Part 107. Further, Concessionaire shall exercise exclusive security responsibility for the Premises and, if Concessionaire is an air carrier, do so pursuant to Concessionaire's Federal

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Aviation Administration approved Air Carrier Standard Security Program used in accordance with 14 CFR, Part 129.

16.16.2 Security - Doors and Gates. Gates and doors located at the Premises which permit entry into restricted areas at Airport shall be kept locked by Concessionaire at all times when not in use or under Concessionaire'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 Concessionaire until repairs are affected by Concessionaire or City or the gate or door is properly secured.

16.16.3 Security - Penalties. All civil penalties levied by the Federal Aviation Administration for violation of Federal Aviation Regulations pertaining to security gates or doors located at the Premises or otherwise controlled by Concessionaire shall be the sole responsibility of Concessionaire. Concessionaire agrees to indemnify, defend and hold City and City Agents harmless from and against any Claims or any federal civil penalties amounts City or any City Agent must pay due to any security violation arising from the use of Concessionaire's leasehold or the breach of any obligation imposed by this Section. Concessionaire will be billed for the cost of any such penalties paid by City as Additional Rent hereunder, plus the Administrative Fee, to be paid by Concessionaire to City within fifteen (15) days of written demand.

16.16.4 Security Arrangements. City shall provide, or cause to be provided, during the term hereof, all proper and appropriate public fire, police and security protection similar to that afforded to others at Airport, and it will issue and enforce rules and regulations with respect thereto for all portions of Airport. Concessionaire shall have the right, but shall not be obligated, to provide such additional or supplemental private protection as it may desire, but such right, whether or not exercised by Concessionaire, shall not in any way be construed to limit or reduce the obligations of City hereunder.

16.17 Visual Artists' Rights Act. Concessionaire shall not install, or cause to be installed, any work of art subject to the Visual Artists' Rights Act of 1990 (as amended), 17 U.S.C. 106A, et seq., or California Code Section 980, et seq., ("VARA") on or about the Premises without first obtaining a waiver, in writing, of all rights under VARA, satisfactory to Executive Director and approved as to form and legality by the City Attorney's Office, from the artist. Said waiver shall be in full compliance with VARA and shall name City as a party for which the waiver applies. Concessionaire is prohibited from installing, or causing to be installed, any piece of artwork covered under VARA on the Premises without the prior, written approval and waiver of Executive Director. Any work of art installed on the Premises without such prior approval and waiver shall be deemed a trespass, removable by City, by and through its Executive Director, upon three (3) days written notice, all costs, expenses, and liability therefore to be borne exclusively by Concessionaire. Concessionaire, in addition to other obligations to indemnify, defend and hold City and City Agents harmless, as more specifically set forth in this Agreement, shall indemnify, defend and hold City and City Agents harmless from all Claims resulting from Concessionaire's failure to obtain City's waiver of VARA and failure to comply with any portion of this provision. The rights afforded City under this provision shall not replace

any other rights afforded City in this Agreement or otherwise, but shall be considered in addition to all its other rights.

16.18 Living Wage Ordinance General Provisions. This Agreement is subject to the Living Wage Ordinance (hereinafter referred to as "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 N. The LWO requires that, unless specific exemptions apply, any employees of service contractor's who render services that involve an expenditure in excess of Twenty Five Thousand Dollars (\$25,000) and a contract term of at least three months are covered by the LWO if any of the following applies: (1) at least some of the services are rendered by employees whose work site is on property owned by City, (2) the services could feasibly be performed by City of Los Angeles employees if the awarding authority had the requisite financial and staffing resources, or (3) the designated administrative agency of the City of Los Angeles has determined in writing that coverage would further the proprietary interests of the City of Los Angeles. Employees covered by the LWO are required to be paid not less than a minimum initial wage rate, as adjusted each year. The LWO also requires that employees be provided with at least twelve (12) compensated days off per year for sick leave, vacation, or personal necessity at the employee's request, and at least ten (10) additional days per year of uncompensated time pursuant to Section 10.37.2(b). The LWO requires employers to inform employees making less than Twelve Dollars (\$12) per hour of their possible right to the federal Earned Income Tax Credit ("EITC") and to make available the forms required to secure advance EITC payments from the employer pursuant to Section 10.37.4. Concessionaire 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 City. Whether or not subject to the LWO, Concessionaire 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), Concessionaire agrees to comply with federal law prohibiting retaliation for union organizing.

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

16.18.2 Compliance; Termination Provisions and Other Remedies; Living Wage Policy. If Concessionaire is not initially exempt from the LWO, Concessionaire 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 Agreement. If Concessionaire is initially exempt from the LWO, but later no longer qualifies for any exemption, Concessionaire shall, at such time as Concessionaire is no longer exempt,

comply with the provisions of the LWO and execute the then currently used Declaration of Compliance Form, or such form as the LWO requires. Under the provisions of Section 10.37.6(c) of the Los Angeles Administrative Code, violation of the LWO shall constitute a material breach of this Agreement and City shall be entitled to terminate this Agreement and otherwise pursue legal remedies that may be available, including those set forth in the LWO, if City determines that Concessionaire violated the provisions of the LWO. The procedures and time periods provided in the LWO are in lieu of the procedures and time periods provided elsewhere in this Agreement. Nothing in this Agreement shall be construed to extend the time periods or limit the remedies provided in the LWO.

16.19 Service Contract Worker Retention Ordinance. This Agreement may be subject to the Service Contract Worker Retention Ordinance (hereinafter referred to as "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 for the convenience of the parties as Exhibit O. If applicable, Concessionaire 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 Twenty Five Thousand Dollars (\$25,000) and a contract term of at least three (3) months, shall provide retention by a successor Concessionaire 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 Concessionaire or sub-concessionaire, if any, as provided for in the SCWRO. Under the provisions of Section 10.36.3(c) of the Los Angeles Administrative Code, City has the authority, under appropriate circumstances, to terminate this Agreement and otherwise pursue legal remedies that may be available if City determines that the subject Concessionaire violated the provisions of the SCWRO.

16.20 Equal Benefits Ordinance. Unless otherwise exempt in accordance with the provisions of the Equal Benefits Ordinance ("EBO"), Concessionaire certifies and represents that Concessionaire will comply with the applicable provisions of EBO Section 10.8.2.1 of the Los Angeles Administrative Code, as amended from time to time. Concessionaire shall not, in any of its operations within the City of Los Angeles or in other locations owned by the City of Los Angeles, including the Airport, discriminate in the provision of Non-ERISA Benefits (as defined below) between employees with domestic partners and employees with spouses, or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration. As used above, the term "Non-ERISA Benefits" shall mean any and all benefits payable through benefit arrangements generally available to Concessionaire's employees which are neither "employee welfare benefit plans" nor "employee pension plans", as those terms are defined in Sections 3(1) and 3(2) of ERISA. Non-ERISA Benefits shall include, but not be limited to, all benefits offered currently or in the future, by Concessionaire to its employees, the spouses of its employees or the domestic partners of its employees, that are not defined as "employee welfare benefit plans" or "employee pension benefit plans", and, which include any bereavement leave, family and medical leave, and travel discounts provided by Concessionaire to its employees, their spouses and the domestic partners of employees.

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

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

16.20.2 The failure of Concessionaire to comply with the EBO will be deemed to be a material breach of this Agreement by City. If Concessionaire fails to comply with the EBO, City may cancel or terminate this Agreement, in whole or in part, and all monies due or to become due under this Agreement may be retained by City. City may also pursue any and all other remedies at law or in equity for any breach. Failure to comply with the EBO may be used as evidence against Concessionaire in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, et seq., Concessionaire Responsibility Ordinance. If City determines that Concessionaire has set up or used its contracting entity for the purpose of evading the intent of the EBO, City may terminate this Agreement.

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

16.22 First Source Hiring Program for Airport Employers. For all work performed at Airport, Concessionaire shall comply with all terms and conditions of the First Source Hiring Program ("FSHP"). A copy of the FSHP is attached hereto and incorporated by reference herein as Exhibit Q.

16.23 Environmentally Favorable Options. Concessionaire acknowledges for itself and any sub-concessionaires that its operation of its activities under this Agreement will be subject to all of City of Los Angeles' policies, guidelines and requirements regarding environmentally favorable construction, use or operations practices (hereinafter collectively referred to as "City Policies") as such City Policies may be promulgated, revised and amended from time-to-time.

16.24 Municipal Lobbying Ordinance. Concessionaire shall comply with the provisions of the City of Los Angeles Municipal Lobbying Ordinance.

16.25 Labor Peace Agreement. As a condition precedent to the execution of this Agreement: (i) Concessionaire shall have a signed Labor Peace Agreement ("LPA") with the labor organizations representing or seeking to represent concession workers at the Premises covered by this Agreement; (ii) Concessionaire shall have submitted to City a copy of such LPA, executed by all of the parties; and (iii) such LPA shall prohibit such labor organizations and their members from engaging in picketing, work stoppages, boycotts or other economic interference

with the business of Concessionaire at any of the airports operated by City for the duration of this Agreement.

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

16.27 Ownership of Work Product. Concessionaire agrees that any and all intellectual properties, including, but not limited to, all ideas, concepts, themes, computer programs or parts thereof, documentation or other literature, or illustrations, or any components thereof, conceived, developed, written or contributed by Concessionaire, either individually or in collaboration with others, for the benefit of City, shall belong to and be the sole property of City.

16.28 Estoppel Certificate. Upon written request of City, Concessionaire shall execute, acknowledge and deliver to City or its designee, an Estoppel Certificate in the form then required by City under its standard leases and with any other statements reasonably requested by City or its designee. Any such Estoppel Certificate may be relied upon by such designee. If Concessionaire fails to provide such certificate within ten (10) days of receipt by Concessionaire of a written request by City as herein provided, such failure shall, at City's election, constitute a Default under this Agreement, and Concessionaire shall be deemed to have given such certificate as above provided without modification and shall be deemed to have admitted the accuracy of any information supplied by City to such designee.

16.29 Subordination of Agreement. This Agreement shall be subordinate to the provisions of any existing or future agreement between City and the United States of America, its boards, agencies or commissions, or between City and the State of California, relative to the operations or maintenance of Airport the execution of which has been or may be required as a condition precedent to the expenditure of federal or state funds for the development of said Airport.

16.30 Laws of California and United States. This Agreement, and every question arising hereunder, shall be construed or determined according to the Laws of the State of California, and of the United States. Concessionaire shall be solely responsible for fully complying with any and all applicable present or future rules, regulations, restrictions, ordinances, statutes, Laws or orders of any federal, state, or local government authority. Concessionaire shall be solely responsible for fully complying with any and all applicable present or future orders, directives, or conditions issued, given or imposed by Executive Director which are now in force or which may be hereafter adopted by the Board or Executive Director with respect to the operation of the Airport. Concessionaire shall be solely responsible for any and all civil or criminal penalties assessed as a result of its failure to comply with any of these Laws, rules, regulations, restrictions, ordinances, statutes, orders, directives and or conditions.

16.31 Agreement Binding Upon Successors. Subject to the provisions of Section 14, this Agreement shall be binding upon and shall inure to the benefit of the successors, heirs and

assigns of the parties hereto. The term "Transferee" shall include any transferee of Concessionaire on any Transfer permitted and approved by Board.

16.32 Attorneys' Fees. If either party hereto fails to perform any of its obligations under this Agreement or if any dispute arises between the parties hereto concerning the meaning or interpretation of any provision of this Agreement, then the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party on account of such default or in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements. Any such attorneys' fees and other expenses incurred by either party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be severable from the other provisions of this Agreement and to survive and not be merged into any such judgment.

16.33 Anti-trust Claims. Concessionaire understands that it may be subject to California Government Code Sections 4550-4554. If applicable, Concessionaire offers and agrees that it will assign to the City all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act or under the Cartwright Act, arising from purchases of goods, services, or materials by Concessionaire.

16.34 Entire Agreement. The provisions of this Agreement, the RFP and Concessionaire's proposal constitute the entire agreement between the parties hereto and said Agreement may not be changed or modified in any manner except by written amendment fully executed by City and Concessionaire. If there appears to be a contradiction in the terms of the proposal documents prepared by City, the specific provision(s) shall rule over the general provision(s). There are no representations, agreements or understandings, oral or written, between and among the parties relating to the subject matter contained in this Agreement which are not fully set forth herein. This is an integrated agreement. Concessionaire acknowledges that it has conducted its own due diligence investigation of its prospects for successfully operating the Permitted Uses at the Premises, and has made its own determination of the accuracy of any information provided by City with respect to the financial results of any prior operator of any similar business at the Airport, that City has made no representations or warranties to Concessionaire with respect to any of such matters, and that all prior discussions between City and Concessionaire with respect to such matters are superseded by this Agreement.

16.35 Conditions and Covenants. Each covenant herein is a condition, and each condition herein is as well a covenant by the parties bound thereby, unless waived in writing by the parties hereto. The invitation for proposals, instructions to proposers, including Concessionaire's certification form and affirmative action plan, the basic specification, including any addenda thereto, the affidavit of non-collusion and the bonds or other security deposits required under said instructions are a part of this Agreement, and each of the parties hereto does hereby expressly covenant and agree to carry out and fully perform each and all of the provisions of said documents upon its part to be performed.

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

16.37 Venue. Venue shall lie in the appropriate U.S. Federal Court or California Superior Court located in Los Angeles County.

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

16.39 Construction and Interpretation. It is the intention of the parties hereto that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid. The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either City or Concessionaire. In the event of any express conflict between the terms of this Agreement and the terms of the RFP and or Concessionaire's Proposal, the terms of the Agreement shall prevail.

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

16.41 Waiver of Claims. Concessionaire hereby waives any Claim against City and City Agents for loss of anticipated profits caused by any suit or proceeding directly or indirectly attacking the validity of this Agreement or any part hereof, or by any judgment or award in any suit or proceeding declaring this Agreement null, void or voidable, or delaying the same, or any part hereof, from being carried out.

16.42 Waiver. Every provision herein imposing an obligation upon City of Concessionaire is material inducement and consideration for the execution of this Agreement. No waiver by City or Concessionaire of any breach of any provision of this Agreement shall be deemed for any purpose to be a waiver of any breach of any other provision hereof nor of any continuing or subsequent breach of the same provision.

16.43 Representations of Concessionaire. Concessionaire (and, if Concessionaire is a corporation, partnership, limited liability company or other legal entity, such corporation, partnership, limited liability company or entity) hereby makes the following representations and warranties, each of which is material and being relied upon by City, is true in all respects as of the date of this Agreement, and shall survive the expiration or termination of the Agreement. Concessionaire shall re-certify such representations to City periodically, upon City's written request.

16.43.1 If Concessionaire is an entity, Concessionaire is duly organized, validly existing and in good standing under the laws of the state of its organization, and is qualified to do business in the state in which the Premises is located, and the persons executing this Agreement on behalf of Concessionaire have the full right and authority to execute this Agreement on behalf of Concessionaire and to bind Concessionaire without

the consent or approval of any other person or entity. Concessionaire has full power, capacity, authority and legal right to execute and deliver this Agreement and to perform all of its obligations hereunder. This Agreement is a legal, valid and binding obligation of Concessionaire, enforceable in accordance with its terms.

16.43.2 Concessionaire has not (i) made a general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by any creditors, (iii) suffered the appointment of a receiver to take possession of all or substantially all of its assets, (iv) suffered the attachment or other judicial seizure of all or substantially all of its assets, (v) admitted in writing its inability to pay its debts as they come due, or (vi) made an offer of settlement, extension or composition to its creditors generally within the last 5 years prior to the date of this Agreement or any re-certification.

16.43.3 Concessionaire hereby represents and warrants to City that Concessionaire is not:

1. in violation of any Anti-Terrorism Law (as hereinafter defined);
2. nor is any holder of any direct or indirect equitable, legal or beneficial interest in Concessionaire, as of the date hereof: (A) conducting any business or engaging in any transaction or dealing with any Prohibited Person (as hereinafter defined), or any company with business operations in Sudan that are prohibited under Cal. Gov. Code §7513.6, including the governments of Cuba, Iran, North Korea, Myanmar and Syria and, including the making or receiving of any contribution of funds, goods or services to or for the benefit of any Prohibited Person or forbidden entity; (B) dealing in, or otherwise engaging in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224; or (C) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in, any Anti-Terrorism Law; and
3. a Prohibited Person, nor are any of Concessionaire's affiliates, officers, directors, shareholders, members or lease guarantor, as applicable, a Prohibited Person.

If at any time any of these representations becomes false, then it shall be considered a material Default under this Agreement. As used herein, "Anti-Terrorism Law" is defined as any law relating to terrorism, anti-terrorism, money-laundering or anti-money laundering activities, including without limitation the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986, Executive Order No. 13224, Title 3 of the USA Patriot Act, Cal. Gov. Code §7513.6, and any regulations promulgated under any of them. As used herein "Executive Order No. 13224" is defined as Executive Order No. 13224 on Terrorist Financing effective September 24, 2001, and relating to "Blocking Property and Prohibiting Transactions

With Persons Who Commit, Threaten to Commit, or Support Terrorism", as may be amended from time to time. "Prohibited Person" is defined as (i) a person or entity that is listed in the Annex to Executive Order No. 13224, or a person or entity owned or controlled by an entity that is listed in the Annex to Executive Order No. 13224; (ii) a person or entity with whom Landlord is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; or (iii) a person or entity that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, <http://www.treas.gov/ofac/tl1sdn.pdf> or at any replacement website or other official publication of such list. "USA Patriot Act" is defined as the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Public Law 107-56), as may be amended from time to time.

16.44 Additional Representations of Concessionaire. Concessionaire represents as of the date of this Agreement that the representations and warranties of Concessionaire contained in Concessionaire's Proposal and in any financial statement or other materials provided by Concessionaire are true, correct and complete, and shall be deemed restated in full in this Agreement. In addition, Concessionaire acknowledges and agrees Concessionaire makes the additional representations and warranties to City set forth in Exhibit T.

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

16.47 Board Order AO-5077 Exemption. With respect to the provision of products and services pursuant to this Concession Agreement, Concessionaire and its respective vendors are expressly exempt from the Board-imposed license fee described in Board Order AO-5077 ("Board Order") and related Staff Report, and any subsequent Board action substituting, replacing or modifying the Board Order, which license fee may, in the absence of such exemption, be assessed on the gross revenues derived from the provision of products and services pursuant to this Agreement.

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

16.48.1 Concessionaire, subcontractors and their principals are obligated to fully comply with City of Los Angeles Charter Section 470(c)(12) and related ordinances, regarding limitations on campaign contributions and fundraising for certain elected City of Los Angeles officials or candidates for elected City of Los Angeles office if the contract is valued at \$100,000 or more and requires approval of a City of Los Angeles elected official. Additionally, Concessionaire is required to provide and update certain information to the City as specified by law. Any contractor subject to Charter Section 470(c)(12) shall include the following notice in any contract with a subcontractor expected to receive at least \$100,000 for performance under this Agreement:

*Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions.

As provided in Charter Section 470(c)(12) and related ordinances, you are subcontractor on City of Los Angeles contract # _____. Pursuant to City Charter Section 470(c)(12), subcontractor and its principals are prohibited from making campaign contributions and fundraising for certain elected City officials or candidates for elected City office for 12 months after the City contract is signed. Subcontractor is required to provide to contractor names and addresses of the subcontractor's principals and contact information and shall update that information if it changes during the twelve (12) month time period. Subcontractor's information included must be provided to contractor within five (5) business days. Failure to comply may result in termination of contract or any other available legal remedies including fines. Information about the restrictions may be found at the City Ethics Commission's website at <http://ethics.lacity.org/> or by calling 213-978-1960.*

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

[Signatures on next page]

ADDENDUM ACKNOWLEDGMENTS

IN WITNESS WHEREOF, City has caused this Agreement 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:
CARMEN A. TRUTANICH,
City Attorney

CITY OF LOS ANGELES

Date: _____

Date: _____

By: _____
Deputy/Assistant City Attorney

By: _____
Executive Director
Department of Airports

By: _____
Wei Chi
Deputy Executive Director
Comptroller

ATTEST:

**FOOD & BEVERAGE CONCESSIONAIRE
NAME**

By: _____
Signature (Secretary)

By: _____
Signature (President)

Print Name

Print Name

Print Title

[FOOD & BEVERAGE]

ADDENDUM ACKNOWLEDGMENTS

EXHIBIT A

DESCRIPTION OF PREMISES

Unit	Terminal	Square Feet
	4	

EXHIBIT A

EXHIBIT B

COMMENCEMENT AND EXPIRATION DATE MEMORANDUM

**LOS ANGELES INTERNATIONAL AIRPORT BRANDED COFFEE
FOOD & BEVERAGE CONCESSION AGREEMENT**

AGREEMENT DATE: _____, 2014

CONCESSIONAIRE: _____,
a _____

PREMISES: _____

This Commencement and Expiration Date Memorandum (this "Memorandum") is dated as of _____, 2014, in connection with the above-referenced Los Angeles International Airport Branded Coffee Food & Beverage Concession Agreement (the "Agreement") with the above-referenced Concessionaire and THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS, a municipal corporation ("City"), acting by order of and through its Board of Airport Commissioners ("Board"), with respect to the above-referenced Premises.

The Commencement Date of this Agreement is hereby established as _____, 2014, the Unit Commencement Date with respect to each Unit is set forth below:

Unit No.	Terminal	Square Feet	Unit Commencement Date

The Commencement Date is _____, 2014, and the Expiration Date is _____.

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

EXHIBIT B

APPENDUM ACKNOWLEDGMENTS

**BRANDED COFFEE FOOD & BEVERAGE
CONCESSIONAIRE NAME**

ATTEST:

By: _____
Secretary (Signature)

By: _____
President (Signature)

Print Name

Print Name

EXHIBIT B

ADDENDUM ACKNOWLEDGMENTS

EXHIBIT C

FORM OF STORAGE SPACE ADDENDUM

(Please see next page)

EXHIBIT C

STORAGE SPACE ADDENDUM

THIS STORAGE SPACE ADDENDUM (this "Addendum") is made as of _____, 2014, 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 dated as of _____, 2014, 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 approximately _____ square feet of storage space (the "Storage Space"), as shown on the chart and drawing attached to this Addendum as Schedule I.
3. Term of Storage Space Addendum. Concessionaire's right to use the Storage Space will commence at 12:00 noon on _____, 2014, and terminate on the earlier of (a) thirty (30) days' prior written notice from either of City or Concessionaire to the other, and (b) the concurrent expiration or earlier termination of the Concession Agreement. 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. The Concessionaire shall pay as a monthly base rent ("Rent") for the Storage Space the Terminal Buildings Rate adopted by the Board. The 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. Currently, the Terminal Buildings Rate is One Hundred Thirty Seven and 80/100 Dollars (\$137.80) per square foot per year. The Rent is subject to annual adjustment by the Board, and the Concessionaire shall pay such Rent based on the then Board-approved rates. If adjustments to the Terminal Buildings Rate are adopted 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. Concessionaire acknowledges the Rent does not include Concessionaire's payment of City's Occupancy Tax which may be adjusted from time to time by the City Council. All Rent will be payable in advance, without notice, on or before the first day of each month during the term of the Concession Agreement.

EXHIBIT C

5. 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. 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. 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. City 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.

EXHIBIT C

9. Applicability of the Concession Agreement. Except to the extent specifically provided otherwise in this Addendum, the provisions of the Concession Agreement (other than Sections _____) shall be applicable to the Storage Space and this Addendum as if they were specifically set forth in this Addendum. During the term of this 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]

EXHIBIT C

ADDENDUM ACKNOWLEDGMENTS

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

FOOD & BEVERAGE CONCESSION NAME

ATTEST:

By: _____
Secretary (Signature)

By: _____
President (Signature)

Print Name

Print Name

EXHIBIT C

APPENDUM ACKNOWLEDGMENTS

SCHEDULE 1 STORAGE SPACE DRAWING

EXHIBIT C

ADDENDUM ACKNOWLEDGMENTS

EXHIBIT D

DESCRIPTION OF ALL PREMISES IN AIRPORT

EXHIBIT E

FORM OF MONTHLY GROSS REVENUE REPORT

Exhibit E

EXHIBIT F
FORM OF ANNUAL GROSS REVENUE REPORT

Exhibit F

EXHIBIT G (Form of Performance Bond)

Performance Bond

Know all Men by these presents:

THAT _____ as PRINCIPAL,
and _____, a corporation organized under the laws of
the State of _____ and duly authorized to transact business under the laws of the
State of California, as surety(ies), are held and firmly bound unto
_____ [COMPANY NAME], as obligee, in the just and full sum
of _____ Dollars (\$ _____),

for the payment whereof well and truly to be made said principal and surety bind themselves, their heirs, executors,
administrators, successors, and assigns, jointly and severally firmly by these presents.

THE CONDITION of the foregoing obligation such, that whereas, the above bounden principal is about to
enter into a contract, attached hereto, and incorporated by reference herein, with said obligee to do and perform the
following, to-wit:

as will more fully appear from said contract, reference to which is hereby made, and which said contract and all
documents incorporated therein by reference are expressly made a part hereof.

The said surety, for value received, hereby stipulates and agrees that no change, extension of time,
alteration or addition to the terms of the contract or to the work to be performed thereunder shall in anywise affect
its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration or addition to
the terms of the contract or the work, including any Task Order or Change Order.

NOW, THEREFORE, if the above bounden principal shall well and truly perform the work contracted to
be done under said contract, and shall fully and faithfully carry out and perform all of the terms, covenants and
conditions of said contract upon its part to be performed, then this obligation to be null and void, otherwise to
remain in full force and effect.

No right of action shall accrue under this bond to or for the use of any person other than the obligee named herein.

Signed and sealed this _____ day of _____ A.D. 20 _____.

PRESIDENT

SECRETARY

By _____
ATTORNEY-IN-FACT

*Corporation, Partnership or Individual Principal must have signatures acknowledged in
the appropriate blank on the reverse hereof.
If a Corporation - Corporate Seal must be impressed hereon.*

Exhibit G

CORPORATE ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this ____ day of _____, 20____ before me, the undersigned, a Notary Public in and for said County, personally appeared _____ known to me to be the _____ President, and _____ known to me to be the _____ Secretary of _____ the Corporation that executed the within and foregoing instrument, and known to me to be the persons who executed the within instrument on behalf of the Corporation therein named, and acknowledged to me that such corporation executed the same.

WITNESS MY HAND AND OFFICIAL SEAL.

Notary Public in and for the County of _____, State of California

INDIVIDUAL

or

PARTNERSHIP ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this ____ day of _____, 20____ before me, _____ a Notary Public in and for THE said County and State, personally appeared _____ known to me to be _____
*the person whose name is subscribed to
*one of the partners of the partnership that executed
the within instrument and acknowledged to me _____
*that such partnership executed the same
*that... he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public in and for the County of _____, State of California

*Strike out words not applicable.

STATE OF

ss.

County of _____

On this ____ day of _____ in the year two thousand and ____ before, me _____ a Notary Public in and for the County of _____, State of _____ residing therein, duly commissioned and sworn, personally appeared _____ known to me to be the _____ of _____ the corporation that executed the within instrument, and also known to me to be the person _____ who executed it on behalf of said corporation therein named, and _____ he acknowledged to me that such individual/partnership executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal at my office in the _____ County of _____ the day and year in this certificate first above written.

Notary Public in and for the County of _____

Exhibit G

APPENDUM ACKNOWLEDGMENTS

State of _____

Exhibit G

EXHIBIT H (Form of Payment Bond)

Payment Bond

Know all Men by these presents:

THAT WE _____, as principal, and _____, as surety(ies),
are held and firmly bound unto _____ [COMPANY NAME], in the sum of _____ Dollars (\$ _____) lawful money of the United States, for which, payment well and truly to be made, we bind ourselves, jointly and severally, firmly by these presents.
Signed, sealed and dated _____, 20____.
The condition of the above obligation is such that, whereas said principal has been awarded and is about to enter into a written contract with the [COMPANY NAME] for _____

_____ which contract is hereto attached and incorporated by reference herein, and to which reference is made for all particulars, and is required by said city to give this bond in connection with the execution of said contract;

Now, therefore, if said principal as contractor in said contract, or principal's subcontractor(s), fails to pay for any materials, provisions, provender or other supplies or teams used in, upon or for or about the performance of the work contracted to be done, or for any work or labor done thereon of any kind or for amounts due under the Unemployment Insurance Act with respect to such work or labor, or for any amounts required to be deducted, withheld, and paid over to the Franchise Tax Board from the wages of employees of the principal and its subcontractors pursuant to Sec. 18806 of the Revenue and Taxation Code of the State of California with respect to such work and labor, said surety(ies) will pay the same in an amount not exceeding the sum set forth above, and also in case suit is brought upon this bond, a reasonable attorney's fee to be fixed by the court. This bond shall inure to the benefit of any and all persons, companies and corporations, or their assigns, entitled to file claims under and by virtue of the applicable provisions of Division III, Part 4, Title 15 (commencing with Section No. 8000) of the Civil Code of the State of California.

WITNESS our hands this _____ day of _____, 20____

PRESIDENT

SECRETARY

Surety,

Surety,

*Corporation, Partnership or Individual Principal must have signatures acknowledged in the appropriate blank on the reverse hereof.
If a Corporation - Corporate Seal must be impressed hereon.*

Exhibit I

ADDENDUM ACKNOWLEDGMENTS

CORPORATE ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this ____ day of _____, 20____ before me, the undersigned, a Notary Public in and for said County, personally appeared _____ known to me to be the _____ President, and _____ known to me to be the _____ Secretary of _____ the Corporation that executed the within and foregoing instrument, and known to me to be the persons who executed the within instrument on behalf of the Corporation therein named, and acknowledged to me that such corporation executed the same.

WITNESS MY HAND AND OFFICIAL SEAL.

Notary Public in and for the County of _____, State of California

INDIVIDUAL

or

PARTNERSHIP ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this ____ day of _____, 20____ before me, _____ a Notary Public in and for THE said County and State, personally appeared _____ known to me to be _____ *the person whose name is subscribed to _____ *one of the partners of the partnership that executed the within instrument and acknowledged to me _____ *that such partnership executed the same _____ *that...he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public in and for the County of _____, State of California

*Strike out words not applicable.

STATE OF _____

ss.

County of _____

On this _____ day of _____ in the year two thousand and _____ before, me _____ a Notary Public in and for the County of _____, State of _____ residing therein, duly commissioned and sworn, personally appeared _____ known to me to be the _____ of _____ the corporation that executed the within instrument, and also known to me to be the person _____ who executed it on behalf of said corporation therein named, and _____ he acknowledged to me that such individual/partnership executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal at my office in the _____ County of _____ the day and year in this certificate first above written.

Notary Public in and for the County of _____

Exhibit I

APPENDUM ACKNOWLEDGMENTS

State of _____

EXHIBIT 1

INSURANCE

Exhibit 1

ADDENDUM ACKNOWLEDGMENTS

EXHIBIT J
CHILD SUPPORT OBLIGATIONS

Exhibit J

EXHIBIT K
EQUAL EMPLOYMENT PRACTICES

Exhibit K

APPENDUM ACKNOWLEDGMENTS

EXHIBIT L
AFFIRMATIVE ACTION PROGRAM

Exhibit L.

EXHIBIT M

ALTERNATIVE FUEL VEHICLE PROGRAM REGULATIONS

Exhibit M

ADDENDUM ACKNOWLEDGMENTS

EXHIBIT N
LIVING WAGE ORDINANCES

Exhibit N

EXHIBIT O
SERVICE CONTRACT WORKER RETENTION ORDINANCE

Exhibit O

EXHIBIT P

CONTRACTOR RESPONSIBILITY PROGRAM PLEDGE OF COMPLIANCE RULES

Exhibit P

APPENDUM ACKNOWLEDGMENTS

EXHIBIT Q **FIRST SOURCE HIRING PROGRAM**

Exhibit Q

APPENDUM ACKNOWLEDGMENTS

EXHIBIT R

APPROVED FORM OF PAYMENT LIST

VISA
MasterCard
American Express
Discovery Card
All other bank cards.

EXHIBIT R

EXHIBIT S

SCHEDULE OF ADMINISTRATIVE ASSESSMENTS

Item	Administrative Assessment
Failure to provide initial detail product list and pricing structure	\$100 per day (if not received 2 weeks prior to commencement date)
Failure to provide, submit and gain approval of product and price changes	\$100 per day (if not corrected within 24 hours of written communication from LAWA). \$200 per day after third occurrence within a 12 month period.
Failure to adhere to Airport Pricing Policy	\$100 per day (if not corrected within 24 hours of written communication from LAWA.) \$200 per day after third occurrence within a 12 month period
Failure to adhere to mandated hours of operation	\$100 per hour for the first occurrence \$200 per hour for the second occurrence \$300 per hour for the third and subsequent occurrences
Failure to Adhere to Section 5.11 Removal of Garbage and Refuse	\$100 per hour for the first occurrence \$200 per hour for the second occurrence \$300 per hour for the third and subsequent occurrences
Failure to Adhere to Section 5.14 Prohibited Acts	\$100 per hour for the first occurrence \$200 per hour for the second occurrence \$300 per hour for the third and subsequent occurrences

EXHIBIT S

ADDENDUM ACKNOWLEDGMENTS

EXHIBIT T

Concessionaire Specific Representations and Warranties

The following sections of the Concessionaire's Proposal are incorporated herein by reference. Concessionaire hereby covenants to City to fulfill the commitments, promises, and plans of Concessionaire set forth therein.

To the extent there is any conflict between this agreement and the PConcessionaire's Proposal, the agreement governs.

1. [TBD]

EXHIBIT T

ADDENDUM ACKNOWLEDGMENTS

EXHIBIT U

APPENDUM ACKNOWLEDGMENTS

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ADDENDUM ACKNOWLEDGMENTS

**ADDENDUM NUMBER 5
REQUEST FOR PROPOSALS
BRANDED COFFEE FOOD AND BEVERAGE CONCESSION
AT LOS ANGELES INTERNATIONAL AIRPORT**

TO ALL PROSPECTIVE PROPOSERS:

This addendum revises the Request for Proposal for a Branded Coffee Food and Beverage Concession at the Los Angeles International Airport dated June 18, 2014.

8/5/14
Date

Denise Sample
Denise Sample
Commercial Development Group
Los Angeles World Airports

CERTIFICATE BY PROPOSER

I acknowledge receipt of this Addendum Number 5 for Request for Proposals for a Branded Coffee Food and Beverage Concession at Los Angeles International Airport dated June 18, 2014, and that the proposal is in accordance with the information, instructions and stipulations set forth herein.

By [Signature]

Company AREAS USA LAX, LLC

Phone (310) 267-8510

- Note: This signed addendum notice, along with the attached three pages, must accompany your proposal.

**ADDENDUM NUMBER 6
REQUEST FOR PROPOSALS
BRANDED COFFEE FOOD AND BEVERAGE CONCESSIONS
LOS ANGELES INTERNATIONAL AIRPORT**

1. Revise Section 2.B Scope of Agreement, Payments to LAWA as shown below:

From:

The Operator will pay LAWA the greater of the following:

- A percentage fee calculated as the sum of the gross revenues for each category multiplied by the applicable percent fee as shown in the table below.

Percent Fee Category	Percent Fee
Branded Coffee/Bakery/Sundries/Food/Non-alcohol Drinks	18.5 %
Alcoholic Beverages	21.5 %

- A Minimum Annual Guarantee (MAG) calculated as the sum of the amount the Operator proposed per square foot per year (See Attachment G) multiplied by the total square feet managed by the Operator.

To:

The Operator will pay LAWA the greater of the following:

- A percentage fee calculated as the sum of the gross revenues for each category multiplied by the applicable percent fee as shown in the table below.

Percent Fee Category	Percent Fee
Branded Coffee/Bakery/Sundries/Food/Non-alcohol Drinks	18.5 %
Alcoholic Beverages	21.5 %
All Other Gross Revenues not Included Above	21.5 %

- A Minimum Annual Guarantee (MAG) in each year of the Term as the greater of the following:
 1. Floor Element Amount: The proposed dollar per square foot (See Attachment G) multiplied by the total number of square feet of space contained in the Premises. The 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.

APPENDUM ACKNOWLEDGMENTS

2. Prior Year Element Amount: The amount equal to eighty-five percent (85%) of the Base Rent for the immediately prior Agreement Year.

2. Replace Exhibit G with attached Exhibit G dated August 13, 2014

ATTACHMENT G
FINANCIAL PROPOSAL FORM
 (Submit with Proposal)

LAWA Terminal 4 Food and Beverage RFP

Proposer Name: _____

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>\$ _____ per square foot per year</p> <p>(Propose a dollar amount per square foot (SF) with Minimum bid set at \$240 per SF per year.</p>

ADDENDUM ACKNOWLEDGMENT

**ADDENDUM NUMBER 6
REQUEST FOR PROPOSALS
BRANDED COFFEE FOOD AND BEVERAGE CONCESSION
AT LOS ANGELES INTERNATIONAL AIRPORT**

TO ALL PROSPECTIVE PROPOSERS:

This addendum revises the Request for Proposal for a Branded Coffee Food and Beverage Concession at the Los Angeles International Airport dated June 18, 2014.

9/9/14
Date

Denise Sample
Denise Sample
Commercial Development Group
Los Angeles World Airports

CERTIFICATE BY PROPOSER

I acknowledge receipt of this Addendum Number 6 for Request for Proposals for a Branded Coffee Food and Beverage Concession at Los Angeles International Airport dated June 18, 2014, and that the proposal is in accordance with the information, instructions and stipulations set forth herein.

By [Signature]

Company AREAS USA LAX, LLC

Phone (305) 267-8510

- Note: This signed addendum notice, along with the attached page, must accompany your proposal.

**ADDENDUM NUMBER 6
REQUEST FOR PROPOSALS
BRANDED COFFEE FOOD AND BEVERAGE CONCESSIONS
LOS ANGELES INTERNATIONAL AIRPORT**

1. Revise Deadline for Submission of Comments on Agreement.

From:

**August 15, 2014 no later
than 5:00 pm Pacific Time**

To:

**September 15, 2014 no later
than 5:00 pm Pacific Time**

ADDENDUM ACKNOWLEDGMENT

**ADDENDUM NUMBER 7
REQUEST FOR PROPOSALS
BRANDED COFFEE FOOD AND BEVERAGE CONCESSION
AT LOS ANGELES INTERNATIONAL AIRPORT**

TO ALL PROSPECTIVE PROPOSERS:

This addendum revises the Request for Proposal for a Branded Coffee Food and Beverage Concession at the Los Angeles International Airport dated June 18, 2014.

9/9/14
Date

Denise Sample
Denise Sample
Commercial Development Group
Los Angeles World Airports

CERTIFICATE BY PROPOSER

I acknowledge receipt of this Addendum Number 7 for Request for Proposals for a Branded Coffee Food and Beverage Concession at Los Angeles International Airport dated June 18, 2014, and that the proposal is in accordance with the information, instructions and stipulations set forth herein.

By [Signature]

Company Areas USA LAX, LLC

Phone (305) 267-8510

- Note: This signed addendum notice, along with the attached three pages, must accompany your proposal.

**ADDENDUM NUMBER 7
REQUEST FOR PROPOSALS
BRANDED COFFEE FOOD AND BEVERAGE CONCESSIONS
LOS ANGELES INTERNATIONAL AIRPORT**

- 1. Questions and answers on the LAX Branded Coffee Food and Beverage RFP**

APPENDIX ACKNOWLEDGMENT

Item	Questions	Proposed Response
1	Is it permissible for a Proposer to submit multiple proposals each representing a different branded coffee brand	Yes
2	Do we copy and paste Attachment D into the document? Or include as an Appendix in the Table on Contents?	See RFP Section 4H #4
3	I there a document that states the Delivery Condition of the proposed location in Terminal 4? a. Electrical b. Water/Drain c. Broadband d. Floor e. Ceiling	No
4	Can the definition of Branded Coffee be extended to an International Brand concept?	Yes
5	Are we permitted to sell retail branded merchandise such as mugs, cups, t-shirts, hats, and related branded food products such as chocolate bars, chocolate covered beans, jams, etc.	See RFP Section 4H #6
6	Do we include Financial Proposal Form as a part of the 5 page max or include as an Appendix in the Table of Contents?	See RFP Section 4H #7
7	Do we include the 5 year pro forma as an Appendix in the Table on Contents?	See RFP Section 4H #7
8	Can a bar component be added in the Coffee location	See RFP Section 4H #6
9	What are the target MAG levels for this location	See Draft Agreement
10	Will HVAC be provided in the space?	Yes
11	Will there be construction chargebacks for this location?	See Draft Agreement
12	Can hot sandwiches and other made to order food items be sold from this location	See RFP Section 4H #6
13	Can pre-packaged sandwiches and salads be sold from this location?	See RFP Section 4H #6
14	How many years is the term of this contract?	See RFP Section 2A
15	What is the construction timeline for this space?	See RFP Section 4H #6

APPENDUM ACKNOWLEDGMENTS

16	Will proposers be obligated to spend the submitted projected investment amounts or can the successful concessionaire spend less than that amount?	See Draft Agreement
17	Is seating required to be built in the space?	No

ADDENDUM ACKNOWLEDGMENTS

**ADDENDUM NUMBER 8
REQUEST FOR PROPOSALS
BRANDED COFFEE FOOD AND BEVERAGE CONCESSION
AT LOS ANGELES INTERNATIONAL AIRPORT**

TO ALL PROSPECTIVE PROPOSERS:

This addendum revises the Request for Proposal for a Branded Coffee Food and Beverage Concession at the Los Angeles International Airport dated June 18, 2014.

9/11/14
Date

Denise Sample
Denise Sample
Commercial Development Group
Los Angeles World Airports

CERTIFICATE BY PROPOSER

I acknowledge receipt of this Addendum Number 8 for Request for Proposals for a Branded Coffee Food and Beverage Concession at Los Angeles International Airport dated June 18, 2014, and that the proposal is in accordance with the information, instructions and stipulations set forth herein.

By [Signature]

Company Areas USA LAX, LLC

Phone (305) 267-8510

- **Note:** This signed addendum notice, along with the attached two pages, must accompany your proposal.

ADDENDUM ACKNOWLEDGMENT

**ADDENDUM NUMBER 8
REQUEST FOR PROPOSALS
BRANDED COFFEE FOOD AND BEVERAGE CONCESSIONS
LOS ANGELES INTERNATIONAL AIRPORT**

1. Questions and answers on the LAX Branded Coffee Food and Beverage RFP

ADDENDUM ACKNOWLEDGMENTS

Item	Questions	Proposed Response
1	Tab 3 has a maximum page limit of three (3), however, the section requires a submittal of a copy of Limited Liability Company Operating Agreement, which is close to 20 pages. Please confirm that the Operating Agreement is excluded from the page limitation.	The Limited Liability Operating Agreement is excluded from the page limitation.
2	Please confirm that the concept drawings (floor plan and rendering illustrations) can be submitted on an 11 x 17 page size and folded into the 8 1/2 x 11 three ring binder.	Confirmed
3	Attachment E form only has five (5) fields for the inclusion of Proposers Branded Food and Beverage Concessions Experience. Is the Proposer limited to five (5) examples or can be expanded.	Please complete form as provided.
4	Section 8 – Financial Capacity: As in most RFP's (including LAWA's previous RFP for Terminals 4, 5, 7 and 8), the Proposer can use a parent company's financial capacity to guaranty the obligations of the Proposer. This includes letters from recognized lending institution(s) to the Proposer's parent company to confirm the parent company's borrowing capacity. Please confirm that this will also be acceptable for this RFP.	Please refer to Section 4H #8

EQUAL EMPLOYMENT PRACTICES PROVISIONS
Construction Contracts in excess of \$1,000 or more but less than \$5,000 and
Nonconstruction Contracts of \$1,000 or more but less than \$100,000

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, domestic partner 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, domestic partner 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, domestic partner 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 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.

EXHIBIT D
(CONCESSIONAIRE'S RESPONSE TO REQUEST FOR PROPOSAL)

EQUAL EMPLOYMENT PRACTICES PROVISIONS
Construction Contracts in excess of \$1,000 or more but less than \$5,000 and
Nonconstruction Contracts of \$1,000 or more but less than \$100,000

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, domestic partner 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, domestic partner 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, domestic partner 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 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 conducted 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.

EXHIBIT E
FORM OF MONTHLY GROSS REVENUE REPORT

Areas

As of 12/22/2014

Period Ended December 2014

Contract Number:

[illegible]

EXHIBIT F
FORM OF ANNUAL GROSS REVENUE REPORT

EXHIBIT G (Form of Performance Bond)

Performance Bond

Know all Men by these presents:

THAT _____ as PRINCIPAL,
and _____, a corporation organized under the laws of
the State of _____ and duly authorized to transact business under the laws of the
State of California, as surety(ies), are held and firmly bound unto
_____ [COMPANY NAME], as obligee, in the just and full sum
of _____ Dollars (\$ _____),

for the payment whereof well and truly to be made said principal and surety bind themselves, their heirs, executors,
administrators, successors, and assigns, jointly and severally firmly by these presents.

THE CONDITION of the foregoing obligation such, that whereas, the above bounden principal is about to
enter into a contract, attached hereto, and incorporated by reference herein, with said obligee to do and perform the
following, to-wit:

as will more fully appear from said contract, reference to which is hereby made, and which said contract and all
documents incorporated therein by reference are expressly made a part hereof.

The said surety, for value received, hereby stipulates and agrees that no change, extension of time,
alteration or addition to the terms of the contract or to the work to be performed thereunder shall in anywise affect
its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration or addition to
the terms of the contract or the work, including any Task Order or Change Order.

NOW, THEREFORE, if the above bounden principal shall well and truly perform the work contracted to
be done under said contract, and shall fully and faithfully carry out and perform all of the terms, covenants and
conditions of said contract upon its part to be performed, then this obligation to be null and void, otherwise to
remain in full force and effect.

No right of action shall accrue under this bond to or for the use of any person other than the obligee named herein.

Signed and sealed this _____ day of _____ A.D. 20 _____.

PRESIDENT

SECRETARY

By _____
ATTORNEY-IN-FACT

*Corporation, Partnership or Individual Principal must have signatures acknowledged in
the appropriate blank on the reverse hereof.
If a Corporation – Corporate Seal must be impressed hereon.*

CORPORATE ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this ____ day of _____, 20____ before me, the undersigned, a Notary Public in and for said County, personally appeared _____ known to me to be the _____ President, and _____ known to me to be the _____ Secretary of _____ the Corporation that executed the within and foregoing instrument, and known to me to be the persons who executed the within instrument on behalf of the Corporation therein named, and acknowledged to me that such corporation executed the same.

WITNESS MY HAND AND OFFICIAL SEAL.

Notary Public in and for the County of _____, State of California

INDIVIDUAL

or

PARTNERSHIP ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this ____ day of _____, 20____ before me, _____ a Notary Public in and for THE said County and State, personally appeared _____ known to me to be _____
*the person whose name is subscribed to
*one of the partners of the partnership that executed
the within instrument and acknowledged to me _____
*that such partnership executed the same
*that... he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public in and for the County of _____, State of California

*Strike out words not applicable.

STATE OF

ss.

County of _____

On this _____ day of _____ in the year two thousand and _____ before, me _____, a Notary Public in and for the County of _____, State of _____ residing therein, duly commissioned and sworn, personally appeared _____ known to me to be the _____ of _____, the corporation that executed the within instrument, and also known to me to be the person _____ who executed it on behalf of said corporation therein named, and _____ he _____ acknowledged to me that such individual/partnership executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal at my office in the _____ County of _____, the day and year in this certificate first above written.

Notary Public in and for the County of _____
State of _____

EXHIBIT H (Form of Payment Bond)

Payment Bond

Know all Men by these presents:

THAT WE _____, as principal, and
_____, as surety(ies),
are held and firmly bound unto _____ [COMPANY NAME], in the sum of
_____ Dollars (\$ _____)
lawful money of the United States, for which, payment well and truly to be made, we bind ourselves, jointly and
severally, firmly by these presents.

Signed, sealed and dated _____, 20 _____.

The condition of the above obligation is such that, whereas said principal has been awarded and is about to
enter into a written contract with the [COMPANY NAME] for

which contract is hereto attached and incorporated by reference herein, and to which reference is made for all
particulars, and is required by said city to give this bond in connection with the execution of said contract;

Now, therefore, if said principal as contractor in said contract, or principal's subcontractor(s), fails to pay
for any materials, provisions, provender or other supplies or teams used in, upon or for or about the performance of
the work contracted to be done, or for any work or labor done thereon of any kind or for amounts due under the
Unemployment Insurance Act with respect to such work or labor, or for any amounts required to be deducted,
withheld, and paid over to the Franchise Tax Board from the wages of employees of the principal and its
subcontractors pursuant to Sec. 18806 of the Revenue and Taxation Code of the State of California with respect to
such work and labor, said surety(ies) will pay the same in an amount not exceeding the sum set forth above, and also
in case suit is brought upon this bond, a reasonable attorney's fee to be fixed by the court. This bond shall inure to
the benefit of any and all persons, companies and corporations, or their assigns, entitled to file claims under and by
virtue of the applicable provisions of Division III, Part 4, Title 15 (commencing with Section No. 8000) of the Civil
Code of the State of California.

WITNESS our hands this _____ day of _____, 20 _____.

PRESIDENT

SECRETARY

Surety,

Surety,

*Corporation, Partnership or Individual Principal must have signatures acknowledged in
the appropriate blank on the reverse hereof.*

If a Corporation - Corporate Seal must be impressed hereon.

CORPORATE ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this _____ day of _____, 20____ before me, the undersigned, a Notary Public in and for said County, personally appeared _____ known to me to be the _____ President, and _____ known to me to be the _____ Secretary of _____ the Corporation that executed the within and foregoing instrument, and known to me to be the persons who executed the within instrument on behalf of the Corporation therein named, and acknowledged to me that such corporation executed the same.

WITNESS MY HAND AND OFFICIAL SEAL.

Notary Public in and for the County of _____, State of California

INDIVIDUAL

or

PARTNERSHIP ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this _____ day of _____, 20____ before me, _____ a Notary Public in and for THE said County and State, personally appeared _____ known to me to be _____
*the person whose name is subscribed to
*one of the partners of the partnership that executed
the within instrument and acknowledged to me _____
*that such partnership executed the same
*that...he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Notary Public in and for the County of _____, State of California

*Strike out words not applicable.

STATE OF

ss.

County of _____

On this _____ day of _____ in the year two thousand and _____ before, me _____, a Notary Public in and for the County of _____, State of _____ residing therein, duly commissioned and sworn, personally appeared _____ known to me to be the _____ of _____ the corporation that executed the within instrument, and also known to me to be the person _____ who executed it on behalf of said corporation therein named, and _____ he _____ acknowledged to me that such individual/partnership executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal at my office in the _____ County of _____ the day and year in this certificate first above written.

Notary Public in and for the County of _____
State of _____

INSURANCE REQUIREMENTS FOR LOS ANGELES WORLD AIRPORTS

NAME: AREAS USA LAX, LLC
 AGREEMENT / ACTIVITY: Branded Coffee Food & Beverage Concession Agreement
 TERM: Expires 06/30/23
 LAWA DIVISION: Commercial Development Group

The insured must maintain insurance coverage at limits normally required of its type operation; however, the following coverage noted with an "X" is the minimum required and must be at least the level of the limits indicated. All limits are per occurrence unless otherwise specified.

	<u>LIMITS</u>
(X) Workers' Compensation (Statutory)/Employer's Liability	<u>Statutory</u>
(X) Voluntary Compensation Endorsement	
(X) Waiver of Subrogation, specifically naming LAWA	
(Please see attached supplement)	
(X) Automobile Liability - covering owned, non-owned & hired auto	<u>\$10,000,000 CSL</u>
(X) Aviation/Airport or Commercial General Liability, including the following coverage:	<u>\$10,000,000</u>
(X) Premises and Operations	
(X) Contractual (Blanket/Schedule)	
(X) Independent Contractors	
(X) Personal Injury	
(X) Products /Completed Operations	
(X) Fire Legal Liability (minimum \$1 million each occurrence)	
(X) Liquor Liability	
() Explosion, Collapse & Underground	
(required when work involves digging, excavation, grading or use of explosive materials.)	
() Hangarkeepers Legal Liab. (At least at a limit of liability of \$ 1 million)	
(X) Additional Insured Endorsement, specifically naming LAWA	
(Please see attached supplement).	
(X) Property Insurance	
() Building, including contents	<u>100% Replacement Cost</u>
All Risk/Special Form Coverage, including flood and earthquake	
LAWA named additional insured and loss payee	
(X) Tenant Improvements	<u>100% Replacement Cost</u>
All Risk/Special Form Coverage, including flood and earthquake	
LAWA named loss payee	
(X) Waiver of subrogation naming LAWA	
(Please see attached supplement)	
() Builder's Risk Insurance	<u>Total project value -</u>
All Risk/Special Form Coverage, including flood and earthquake	<u>100% Replacement Cost</u>
LAWA named loss payee	
Required if property or building ultimately revert to City	
Pollution Legal Liability	<u>\$ ***</u>
*** Must meet contractual requirements	

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

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

INSURANCE REQUIREMENTS FOR LOS ANGELES WORLD AIRPORTS (SUPPLEMENT)

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

- **Endorsements:**

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

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

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

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

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

EXHIBIT J
CHILD SUPPORT OBLIGATIONS

LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 1

CHILD SUPPORT

Sec. 10.10. Child Support Assignment Orders.

a. Definitions.

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

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

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

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

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

b. Mandatory Contract Provisions.

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

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

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

c. Notice to Bidders.

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

d. Current Contractor Compliance.

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

e. City's Compliance with California Family Code.

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

f. Report of Employees' Names to District Attorney.

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

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

SECTION HISTORY

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

EXHIBIT K
EQUAL EMPLOYMENT PRACTICES

EXHIBIT L
AFFIRMATIVE ACTION PROGRAM

LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 1

EQUAL EMPLOYMENT

Sec. 10.8.3. Equal Employment Practices Provisions.

Every non-construction contract with or on behalf of the City of Los Angeles for which the consideration is \$1,000 or more, and every construction contract for which the consideration is \$1,000 or more, shall contain the following provisions, which shall be designated as the **EQUAL EMPLOYMENT PRACTICES** provision of such contract:

A. During the performance of this contract, the contractor agrees and represents that it will provide equal employment practices and the contractor and each subcontractor hereunder will ensure that in his or her employment practices persons are employed and employees are treated equally and without regard to or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

1. This provision applies to work or service performed or materials manufactured or assembled in the United States.
2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.
3. The contractor agrees to post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.

B. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to their race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

C. As part of the City's supplier registration process, and/or at the request of the awarding authority, or the Board of Public Works, Office of Contract Compliance, the contractor shall certify in the specified format that he or she has

not discriminated in the performance of City contracts against any employee or applicant for employment on the basis or because of race, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

D. The contractor shall permit access to and may be required to provide certified copies of all of his or her records pertaining to employment and to employment practices by the awarding authority or the Office of Contract Compliance for the purpose of investigation to ascertain compliance with the Equal Employment Practices provisions of City contracts. On their or either of their request the contractor shall provide evidence that he or she has or will comply therewith.

E. The failure of any contractor to comply with the Equal Employment Practices provisions of this contract may be deemed to be a material breach of City contracts. Such failure shall only be established upon a finding to that effect by the awarding authority, on the basis of its own investigation or that of the Board of Public Works, Office of Contract Compliance. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to the contractor.

F. Upon a finding duly made that the contractor has failed to comply with the Equal Employment Practices provisions of a City contract, the contract may be forthwith canceled, terminated or suspended, in whole or in part, by the awarding authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, such failure to comply may be the basis for a determination by the awarding authority or the Board of Public Works that the said contractor is an irresponsible bidder or proposer pursuant to the provisions of Section 371 of the Charter of the City of Los Angeles. In the event of such a determination, such contractor shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two

years, or until the contractor shall establish and carry out a program in conformance with the provisions hereof.

G. Notwithstanding any other provision of this contract, the City of Los Angeles shall have any and all other remedies at law or in equity for any breach hereof.

H. The Board of Public Works shall promulgate rules and regulations through the Office of Contract Compliance, and provide necessary forms and required language to the awarding authorities to be included in City Request for Bids or Request for Proposal packages or in supplier registration requirements for the implementation of the Equal Employment Practices provisions of this contract, and such rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive orders. No other rules, regulations or forms may be used by an awarding authority of the City to accomplish the contract compliance program.

I. Nothing contained in this contract shall be construed in any manner so as to require or permit any act which is prohibited by law.

J. At the time a supplier registers to do business with the City, or when an individual bid or proposal is submitted, the contractor shall agree to adhere to the Equal Employment Practices specified herein during the performance or conduct of City Contracts.

K. Equal Employment Practices shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:

1. Hiring practices;
2. Apprenticeships where such approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
3. Training and promotional opportunities; and
4. Reasonable accommodations for persons with disabilities.

L. All contractors subject to the provisions of this section shall include a like provision in all subcontracts awarded for work to be performed under the contract with the City and shall impose the same obligations, including but not limited to filing and reporting obligations, on the subcontractors as are applicable to the contractor. Failure of the contractor to comply with this requirement or to obtain the compliance of its subcontractors with all such obligations shall subject the contractor to the imposition of any and all sanctions allowed by law, including but not limited to termination of the contractor's contract with the City.

SECTION HISTORY

Amended by: Ord. No. 147,030, Eff. 4-28-75; Paragraphs A., B., C., Ord. No. 164,516, Eff. 4-13-89; Paragraphs C., Ord. No. 168,244, Eff. 10-18-92; Ord. No. 173,186, Eff. 5-22-00; Subsec. F., Ord. No. 173,283, Eff. 6-26-00, Oper. 7-1-00.

LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 1

AFFIRMATIVE ACTION

Sec. 10.8.4. Affirmative Action Program Provisions.

Every non-construction contract with or on behalf of the City of Los Angeles for which the consideration is \$100,000 or more and every construction contract with or on behalf of the City of Los Angeles for which the consideration is \$5,000 or more shall contain the following provisions which shall be designated as the **AFFIRMATIVE ACTION PROGRAM** provisions of such contract:

A. During the performance of a City contract, the contractor certifies and represents that the contractor and each subcontractor hereunder will adhere to an affirmative action program to ensure that in its employment practices, persons are employed and employees are treated equally and without regard to or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

1. This provision applies to work or services performed or materials manufactured or assembled in the United States.

2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.

3. The contractor shall post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.

B. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to their race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

C. As part of the City's supplier registration process, and/or at the request of the awarding authority or the Office of Contract Compliance, the contractor shall certify on an electronic or hard copy form to be supplied, that the contractor has not discriminated in the performance of City contracts against any employee or applicant for employment on the basis or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

D. The contractor shall permit access to and may be required to provide certified copies of all of its records pertaining to employment and to its employment practices by the awarding authority or the Office of Contract Compliance, for the purpose of investigation to ascertain compliance with the Affirmative Action Program provisions of City contracts, and on their or either of their request to provide evidence that it has or will comply therewith.

E. The failure of any contractor to comply with the Affirmative Action Program provisions of City contracts may be deemed to be a material breach of contract. Such failure shall only be established upon a finding to that effect by the awarding authority, on the basis of its own investigation or that of the Board of Public Works, Office of Contract Compliance. No such finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to the contractor.

F. Upon a finding duly made that the contractor has breached the Affirmative Action Program provisions of a City contract, the contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the awarding authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, such breach may be the basis for a determination by the awarding authority or the Board of Public Works that the said contractor is an irresponsible bidder or

proposer pursuant to the provisions of Section 371 of the Los Angeles City Charter. In the event of such determination, such contractor shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two years, or until he or she shall establish and carry out a program in conformance with the provisions hereof.

G. In the event of a finding by the Fair Employment and Housing Commission of the State of California, or the Board of Public Works of the City of Los Angeles, or any court of competent jurisdiction, that the contractor has been guilty of a willful violation of the California Fair Employment and Housing Act, or the Affirmative Action Program provisions of a City contract, there may be deducted from the amount payable to the contractor by the City of Los Angeles under the contract, a penalty of TEN DOLLARS (\$10.00) for each person for each calendar day on which such person was discriminated against in violation of the provisions of a City contract.

H. Notwithstanding any other provisions of a City contract the City of Los Angeles shall have any and all other remedies at law or in equity for any breach hereof.

I. The Public Works Board of Commissioners shall promulgate rules and regulations through the Office of Contract Compliance and provide to the awarding authorities electronic and hard copy forms for the implementation of the Affirmative Action Program provisions of City contracts, and rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive Orders. No other rules, regulations or forms may be used by an awarding authority of the City to accomplish this contract compliance program.

J. Nothing contained in City contracts shall be construed in any manner so as to require or permit any act which is prohibited by law.

K. The contractor shall submit an Affirmative Action Plan which shall meet the requirements of this chapter at the time it submits its bid or proposal or at the time it registers to do business with the City. The plan shall be subject to approval by the Office of Contract Compliance prior to award of the contract. The awarding

authority may also require contractors and suppliers to take part in a pre-registration, pre-bid, pre-proposal, or pre-award conference in order to develop, improve or implement a qualifying Affirmative Action Plan. Affirmative Action Programs developed pursuant to this section shall be effective for a period of twelve months from the date of approval by the Office of Contract Compliance. In case of prior submission of a plan, the contractor may submit documentation that it has an Affirmative Action Plan approved by the Office of Contract Compliance within the previous twelve months. If the approval is 30 days or less from expiration, the contractor must submit a new Plan to the Office of Contract Compliance and that Plan must be approved before the contract is awarded.

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

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

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

M. The Affirmative Action Plan required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by the Board of Public Works, Office of Contract Compliance or the awarding authority shall, without limitation as to

EXHIBIT L
AFFIRMATIVE
ACTION

the subject or nature of employment activity, be concerned with such employment practices as:

1. Apprenticeship where approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
2. Classroom preparation for the job when not apprenticeable;
3. Pre-apprenticeship education and preparation;
4. Upgrading training and opportunities;
5. Encouraging the use of contractors, subcontractors and suppliers of all racial and ethnic groups, provided, however, that any contract subject to this ordinance shall require the contractor, subcontractor or supplier to provide not less than the prevailing wage, working conditions and practices generally observed in private industries in the contractor's, subcontractor's or supplier's geographical area for such work;
6. The entry of qualified women, minority and all other journeymen into the industry; and
7. The provision of needed supplies or job conditions to permit persons with disabilities to be employed, and minimize the impact of any disability.

N. Any adjustments which may be made in the contractor's or supplier's work force to achieve the requirements of the City's Affirmative Action Contract Compliance Program in purchasing and construction shall be accomplished by either an increase in the size of the work force or replacement of those employees who leave the work force by reason of resignation, retirement or death and not by termination, layoff, demotion or change in grade.

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

P. This ordinance shall not confer upon the City of Los Angeles or any Agency, Board or Commission thereof any power not otherwise provided by law to determine the legality of any existing collective bargaining agreement and shall have application only to discriminatory employment practices by contractors or suppliers engaged in the performance of City contracts.

Q. All contractors subject to the provisions of this section shall include a like provision in all subcontracts awarded for work to be performed under the contract with the City and shall impose the same obligations, including but not limited to filing and reporting obligations, on the subcontractors as are applicable to the contractor. Failure of the contractor to comply with this requirement or to obtain the compliance of its subcontractors with all such obligations shall subject the contractor to the imposition of any and all sanctions allowed by law, including but not limited to termination of the contractor's contract with the City.

SECTION HISTORY

Amended by Ord. No. 147,030, Eff. 4-28-75; Paragraphs A., B., C., Ord. No. 164,516, Eff. 4-13-89; Paragraphs B. and C., Ord. No. 168,244, Eff. 10-18-92; Title and Section, Ord. No. 173,186, Eff. 5-22-00; Subsec. F, Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00.

EQUAL EMPLOYMENT PRACTICES PROVISIONS
Construction Contracts in excess of \$1,000 or more but less than \$5,000 and
Nonconstruction Contracts of \$1,000 or more but less than \$100,000

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, domestic partner 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, domestic partner 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, domestic partner 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 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.

AFFIRMATIVE ACTION PROGRAM PROVISIONS
Construction Contracts of \$5,000 or More and
Nonconstruction Contracts of \$100,000 or More

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, domestic partner 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, domestic partner 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, domestic partner status, or medical condition.
- D. The contractor shall permit access to and may be required to provide certified copies of all of its records pertaining to employment and to its employment practices by the awarding authority or the 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 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 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 maybe 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.

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- 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.

LOS ANGELES CITY AFFIRMATIVE ACTION MANDATORY PROVISIONS

Notwithstanding any other provision of this Division to the contrary, every construction contract involving an expenditure of \$5,000 or more of City funds, except in cases of urgent necessity, as provided in Section 371 of the Charter of the City of Los Angeles and except as provided in Section 10.9 of this Code, shall contain as part of the contract an Affirmative Action Plan substantially as set forth in this section and which by the contractor's signature affixed thereto, shall constitute and be established as the contractor's Affirmative Action Plan. The Plan, which may be a plan proposed by the contractor or the City's proposed Plan prepared by the Office of Contract Compliance, shall be subject to the approval of the Office of Contract Compliance prior to award of the contract. The Plan may consist of a Plan approved by the Office of Contract Compliance within the previous twelve months. If the previously approved Plan is 30 days or less from expiration, the contractor must submit a new Plan to the Office of Contract Compliance which shall be subject to approval before the contract may be awarded.

Sec. 10.13. Mandatory Provisions Pertaining to Nondiscrimination in Employment and Affirmative Action in Hiring Employees in the Performance of Work on Certain City Construction Contracts.

1. Construction Contracts Included.

The contractor shall not be eligible for an award of a City Construction Contract in excess of \$5,000, unless the contractor has submitted as part of the bid a written Affirmative Action Plan embodying both (1) anticipated levels of minority*, women and all other staffing utilization, and (2) specific affirmative action steps directed at applying good faith efforts in a nondiscriminatory manner to recruit and employ minority, women and all other potential staff or is deemed to have submitted such a program pursuant to Subsection 3 of this section. Both the anticipated levels and the affirmative action steps must be taken and applied in good faith and in a nondiscriminatory manner to attempt to meet the requirements of this section for all trades which are to be utilized on the project, whether subcontracted or not.

*"Minority" is defined as the term "minority person" is defined in subsection (f) of section 2000 of the California Public Contract Code.

2. Anticipated Utilization.

The plan must set forth anticipated minority, women, and all other staffing utilization by the contractor and all subcontractors on each project constructed by the City using those trades within the area of jurisdiction of the Los Angeles Building and Construction Trades Council within the City of Los Angeles in each work class and at all levels in terms of staff hours. The anticipated levels of minority, women and other staffing utilization shall be the levels at which each of those groups are represented in the relevant workforce in the Greater Los Angeles Area as determined by the U. S. Bureau of the Census and made available by the Office of Contract Compliance. Attainment of the anticipated levels of utilization may only be used as an indicia of whether the contractor has complied with the requirements of this section and has applied its Affirmative Action Plan in good faith and in a nondiscriminatory manner. Failure to attain the anticipated levels of utilization shall not, by itself, disqualify the contractor for award of a contract or subject the contractor to any sanctions or penalties.

In no event may a contractor utilize the requirements of this section in such a manner as to cause or result in discrimination against any person on account of race, color, religion, ancestry, age, disability, medical condition, marital status, domestic partner status, sex, sexual orientation, or national origin.

3. An Affirmative Action Plan.

The contractor certifies and agrees to immediately implement good faith efforts measures to recruit and employ minority, women, and other potential staff in a nondiscriminatory manner including, but not limited to, the following actions. The contractor shall:

- a. Recruit and make efforts to obtain such employees through:
 - (1) Advertising employment opportunities in minority and other community news media. Notifying minority, women and other community organizations of employment opportunities.
 - (2) Maintaining contact with schools with diverse populations of students to notify them of employment opportunities.
 - (3) Encouraging present minority, women and other employees to refer their friends and relatives.
 - (4) Promoting after school and vacation employment opportunities for minority, women and other youth.
 - (5) Validating all job specifications, selection requirements, tests, etc.
 - (6) Maintaining a file of names and addresses of each worker referred to the contractor and what action was taken concerning such worker.
 - (7) Notifying the appropriate awarding authority of the City and the Office of Contract Compliance in writing when a union with whom the contractor has a collective bargaining agreement has failed to refer a minority, woman or other worker.
- b. Continually evaluate personnel practices to assure that hiring, upgrading, promotions, transfers, demotions and layoffs are made in nondiscriminatory manner so as to achieve and maintain a diverse work force.
- c. Utilize training programs and assist minority, women and other employees in locating, qualifying for and engaging in such training programs to enhance their skills and advancement.
- d. Secure cooperation or compliance from the labor referral agency to the contractor's contractual affirmative action obligations.
- e. Establish a person at the management level of the contracting entity to be the Equal Employment Opportunity Office; such individual to have the authority to disseminate and enforce the company's Equal Employment and Affirmative Action Policies.

- f. Maintain such records as are necessary to determine compliance with equal employment and affirmative action obligations, and making such records available to City, State and Federal authorities upon request.
4. The contractor shall make a good faith effort with respect to apprenticeship and training program to:
 - a. Recruit and refer minority, women and other employees to such programs;
 - b. Establish training programs within the company and/or its association that will prepare minority, women and other employees for advancement opportunities,
 - c. Abide by the requirements of the Labor Code of the State of California with respect to the provision of apprenticeship job opportunities.
5. The contractor shall establish written company policies, rules, and procedures which shall be encompassed in a company-wide Affirmative Action Plan for all its operations and contracts. Said policies shall be provided to all employees, subcontractors, vendors, unions and all others with whom the contractor may become involved in fulfilling any of its contracts. The company's Affirmative Action Plan shall encompass the requirements contained herein as a minimum and shall be submitted with its bid to the appropriate awarding authority of the City and to the Office of Contract Compliance of the City.
6. Where problems are experienced by the contractor in complying with its obligations pursuant to this section, the contractor shall document its good faith effort to comply with the requirements by the following procedure. The contractor shall state:
 - a. What steps were taken, how and on what date.
 - b. To whom those efforts were directed.
 - c. The responses received, from whom and when.
 - d. What other steps were taken or will be taken to comply and when.
 - e. Why the contractor has been or will be unable to comply.
7. The contractor shall complete and file, and require each of its known subcontractors to complete and file with the contractor's bid for the subject project an acceptable Affirmative Action Plan.
8. The contractor shall submit and require each of its subcontractors to submit an Ethnic Composition of the Company's Total Work Force (by employees) prior to the date of award of the contract.
9. No contract shall be executed until the appropriate awarding authority of the City of Los Angeles, and the Federal funding agency (if Federal funds are involved), has determined in writing that such contractor has executed and filed with the awarding authority and the City Office of Contract Compliance the required Affirmative Action Plan.
10. It shall be no excuse that the union with which the contractor has a collective bargaining agreement providing for referral, exclusive or otherwise, failed to refer minority, women or other employees.
11. Subject to this subsection the contractor shall execute such further forms and documentation at such times and as may be required by the appropriate awarding authority of the City of Los Angeles.
12. Where the contractor has failed to comply with the requirements contained in this section, any and all sanctions allowed by law may be imposed upon the contractor.
13. The Office of Contract Compliance within the Department of Public Works shall be responsible for administering the City's Contract Compliance Program in the manner described in Sections 22.359 through 22.359.5 of this Code.
14. 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.

By its execution hereof, the contractor accepts and submits the foregoing as its Affirmative Action Plan.

DATE

OFFICER'S SIGNATURES

EXHIBIT M
ALTERNATIVE FUEL VEHICLE PROGRAM REGULATIONS

ALTERNATIVE FUEL VEHICLE REQUIREMENT PROGRAM (LAX ONLY)

I. Definitions.

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

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

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

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

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

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

"CARB" shall mean the California Air Resources Board.

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

"Covered Vehicles" is defined in Section II below.

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

EXHIBIT M

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

"LAWA" shall mean Los Angeles World Airports.

"LAX" shall mean Los Angeles International Airport.

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

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

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

III. Conversion Schedule.

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

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

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

EXHIBIT M

LAX Alternative Fuel Vehicle Requirement Reporting Form
Applies to on-road (licensed) vehicles 8,500 lbs or greater

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

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

Company : _____					Date: _____						
Completed by: _____					Title: _____						
Phone: _____					Email: _____						

Manufacturer (Make)	Model	Size (ft.)	Use (Shuttle, Limo, deliveries, etc.)	VIN #	Engine Manu- facturer	Engine Model #	Engine Year	Engine Horse power (HP)	Diesel or Gas? (D/G)	Is the vehicle retrofitted with a CARB certified particulate (PM) trap? (Yes/No)	Describe your plan and year to retrofit the vehicle with a PM trap or replace the vehicle-Attach a new sheet if necessary.

(Please turn over for alternative fuel vehicle reporting form)



EXHIBIT M

LAX Alternative Fuel Vehicle Requirement Reporting Form
Applies to on-road (licensed) vehicles 8,500 lbs or greater

Alternative Fuel Vehicle Fleet
(List diesel & gas vehicles on reverse side)

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

Company : _____					Date: _____				
Completed by: _____					Title: _____				
Phone: _____					Email: _____				

Manufacturer (Make)	Model	Size (ft.)	Use (Shuttle, limo, deliveries, etc.)	VIN #	Engine Manufacturer	Engine Model #	Engine Year	Engine Horsepower (HP)	Type of Fuel (CNG, LNG, Electric, Propane, or Hydrogen)

(Please turn over for diesel & gas vehicle reporting form)

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EXHIBIT M

EXHIBIT N
LIVING WAGE ORDINANCES

LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 11

LIVING WAGE ORDINANCE

Sec. 10.37 Legislative Findings.

The City awards many contracts to private firms to provide services to the public and to City government. Many lessees or licensees of City property perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City also provides financial assistance and funding to others for the purpose of economic development or job growth. The City expends grant funds under programs created by the federal and state governments. Such expenditures serve to promote the goals established for those programs by such governments and similar goals of the City. The City intends that the policies underlying this article serve to guide the expenditure of such funds to the extent allowed by the laws under which such grant programs are established.

Experience indicates that procurement by contract of services has all too often resulted in the payment by service contractors to their employees of wages at or slightly above the minimum required by federal and state minimum wage laws. Such minimal compensation tends to inhibit the quantity and quality of services rendered by such employees to the City and to the public. Underpaying employees in this way fosters high turnover, absenteeism, and lackluster performance. Conversely, adequate compensation promotes amelioration of these undesirable conditions. Through this article the City intends to require service contractors to provide a minimum level of compensation that will improve the level of services rendered to and for the City.

The inadequate compensation typically paid today also fails to provide service employees with resources sufficient to afford life in Los Angeles. It is unacceptable that contracting decisions involving the expenditure of City funds should foster conditions placing a burden on limited social services. The City, as a principal provider of social support services, has an interest in promoting an employment environment that protects such limited resources. In requiring the payment of a higher minimum level of compensation, this article benefits that interest.

Nothing less than the living wage should be paid by the recipients of City financial assistance themselves. Whether they be engaged in manufacturing or some other line of business, the City does not wish to foster an economic climate where a lesser wage is all that is offered to the working poor. The same adverse social consequences from such inadequate compensation emanate just as readily from manufacturing, for example, as service industries. This article is meant to protect these employees as well.

The City holds a proprietary interest in the work performed by many employees employed by lessees and licensees of City property and by their service contractors and subcontractors. In a very real sense, the success or failure of City operations may turn on the success or failure of these enterprises, for the City has a genuine stake in how the public perceives the services rendered for them by such businesses. Inadequate compensation of these employees adversely impacts the performance by the City's lessee or licensee and thereby does the same for the success of City operations. By the 1998 amendment to this article, recognition is given to the prominence of this interest at those facilities visited by the public on a frequent basis, including but not limited to, terminals at Los Angeles International Airport, Ports O'Call Village in San Pedro, and golf courses and recreation centers operated by the Department of Recreation and Parks. This article is meant to cover all such employees not expressly exempted.

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

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

SECTION HISTORY

*Article and Section Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.*

Sec. 10.37.1 Definitions.

The following definitions shall apply throughout this article:

- (a) "Airport" means the Department of Airports and each of the airports which it operates.
- (b) "Airport Employer" means an Employer, as the term is defined in this section, at the Airport.
- (c) "Airport Employee" means an Employee, as the term is defined in this section, of an Airport Employer.
- (d) "Awarding authority" means that subordinate or component entity or person of the City (such as a department) or of the financial assistance recipient that awards or is otherwise responsible for the administration of a service contract or public lease or license, or, where there is no such subordinate or component entity or person, then the City or the City financial assistance recipient.
- (e) "City" means the City of Los Angeles and all awarding authorities thereof, including those City departments which exercise independent control over their expenditure of funds, but excludes the Community Redevelopment Agency of the City of Los Angeles ("CRA"). The CRA is urged, however, to adopt a policy similar to that set forth in this article.
- (f) "City financial assistance recipient" means any person who receives from the City discrete financial assistance for economic development or job growth expressly articulated and identified by the City, as contrasted with generalized financial

assistance such as through tax legislation, in accordance with the following monetary limitations. Assistance given in the amount of one million dollars (\$1,000,000) or more in any twelve-month period shall require compliance with this article for five years from the date such assistance reaches the one million dollar (\$1,000,000) threshold. For assistance in any twelve-month period totaling less than one million dollars (\$1,000,000) but at least one hundred thousand dollars (\$100,000), there shall be compliance for one year if at least one hundred thousand dollars (\$100,000) of such assistance is given in what is reasonably contemplated at the time to be on a continuing basis, with the period of compliance beginning when the accrual during such twelve-month period of such continuing assistance reaches the one-hundred thousand dollar (\$100,000) threshold.

Categories of such assistance include, but are not limited to, bond financing, planning assistance, tax increment financing exclusively by the City, and tax credits, and shall not include assistance provided by the Community Development Bank. City staff assistance shall not be regarded as financial assistance for purposes of this article. A loan shall not be regarded as financial assistance. The forgiveness of a loan shall be regarded as financial assistance. A loan shall be regarded as financial assistance to the extent of any differential between the amount of the loan and the present value of the payments thereunder, discounted over the life of the loan by the applicable federal rate as used in 26 U.S.C. Sections 1274(d), 7872(f). A recipient shall not be deemed to include lessees and sublessees.

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

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City Council. Waivers shall be affected by Council resolution.

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

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

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

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

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

licensee, or public sublicensee and who is required to have a business tax registration certificate by Los Angeles Municipal Code §§ 21.00 - 21.198 or successor ordinance or, if expressly exempted by the Code from such tax, would otherwise be subject to the tax but for such exemption; provided, however, that corporations organized under §501(c)(3) of the United States Internal Revenue Code of 1954, 26 U.S.C. §501(c)(3), whose chief executive officer earns a salary which, when calculated on an hourly basis, is less than eight (8) times the lowest wage paid by the corporation, shall be exempted as to all employees other than child care workers.

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

(l) "Public lease or license".

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(o) "Willful violation" means that the employer knew of his, her, or its obligations under this article and deliberately failed or refused to comply with its provisions.

SECTION HISTORY

*Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (e), Ord. No. 176,155, Eff. 9-22-04; Subsec. (e), Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; Subsecs. (a) through (i) re-lettered (d) through (o), respectively and new Subsecs. (a), (b), and (c) added, Ord. No. 180,877, Eff. 10-19-09.*

Sec. 10.37.2 Payment of Minimum Compensation to Employees.

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

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

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

SECTION HISTORY

*Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (a), Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; Subsec. (a), Ord. No. 180,877, Eff. 10-19-09.*

Sec. 10.37.3 Health Benefits.

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

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

(b) Periodic Review. At least once every three years, the Office of Administrative and Research Services shall review the health benefit payment by Airport Employers set forth in 10.37.3(a) to determine whether the payment accurately reflects the cost of health care and to assess the impacts of the health benefit payment on Airport Employers and Airport Employees and shall transmit a report with its findings to the Council.

SECTION HISTORY

*Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 180,877, Eff. 10-19-09.*

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

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

SECTION HISTORY

*Article and Section Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.*

Sec. 10.37.5 Retaliation Prohibited.

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Neither an employer, as defined in this article, nor any other person employing individuals shall discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the City with regard to the employer's compliance or anticipated compliance with this article, for opposing any practice proscribed by this article, for participating in proceedings related to this article, for seeking to enforce his or her rights under this article by any lawful means, or for otherwise asserting rights under this article.

SECTION HISTORY

*Article and Section Added by Ord. No. 171,547, Eff. 3-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.*

Sec. 10.37.6 Enforcement.

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

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

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

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

(4) For willful violations, the amount of monies to be paid under (1) - (3) shall be trebled.

(b) The court shall award reasonable attorney's fees and costs to an employee who prevails in any such enforcement action and to an employer who so prevails if the employee's suit was frivolous.

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

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

(d) An employee claiming violation of this article may report such claimed violation to the DAA which shall investigate such complaint. Whether based upon such a complaint or otherwise, where the DAA has determined that an employer has violated this article, the DAA shall issue a written notice to the employer that the violation is to be corrected within ten (10) days. In the event that the employer has not demonstrated to the DAA within such period that it has cured such violation, the DAA may then:

(1) Request the awarding authority to declare a material breach of the service contract, public lease or license, or financial assistance agreement and exercise its contractual remedies thereunder, which are to include, but not be limited to, termination of the service contract, public lease or license, or financial assistance agreement and the return of monies paid by the City for services not yet rendered.

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

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

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

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

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

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

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

SECTION HISTORY

*Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (d), Para. (1), Ord. No. 173,747, Eff. 2-24-01.*

Sec. 10.37.7 Administration.

The City Council shall by resolution designate a department or office, which shall promulgate rules for implementation of this article and otherwise coordinate administration of the requirements of this article ("designated administrative agency" - DAA). The DAA shall monitor compliance, including the investigation of claimed violations, and shall promulgate implementing regulations consistent with this article. The DAA shall also issue determinations that persons are City financial assistance recipients, that particular contracts shall be regarded as "service contracts" for purposes of Section 10.37.1(j), and that particular leases and licenses shall be regarded as "public leases" or "public licenses" for purposes of Section 10.37.1(i), when it receives an application for a determination of non-coverage or exemption as provided for in Section 10.37.13. The DAA shall also establish employer reporting requirements on employee compensation and on notification about and usage of the federal Earned Income Credit referred to in Section 10.37.4. The DAA shall report

on compliance to the City Council no less frequently than annually.

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

SECTION HISTORY

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

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

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

SECTION HISTORY

*Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00.*

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

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

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*Article and Section Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.*

Sec. 10.37.10 Expenditures Covered.

This article shall apply to the expenditure -- whether through aid to City financial recipients, service contracts let by the City, or service contracts let by its financial assistance recipients -- of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds.

SECTION HISTORY

*Article and Section Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.*

Sec. 10.37.11 Timing of Application.

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

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

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

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

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

SECTION HISTORY

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

Sec. 10.37.12 Supersession by Collective Bargaining Agreement.

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

SECTION HISTORY

*Article and Section Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.*

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

The definitions of "City financial assistance recipient" in Section 10.37.1(c), of "public lease or license" in Section 10.37.1(i), and of "service contract" in Section 10.37.1(j) shall be liberally interpreted so as to further the policy objectives of this article. All recipients of City financial assistance meeting the monetary thresholds of Section 10.37.1(c), all City leases and licenses (including subleases and sublicenses) where the City is the lessor or licensor, and all City contracts providing for services that are more than incidental, shall be presumed to meet the corresponding definition just mentioned, subject, however, to a determination by the DAA of non-coverage or exemption on any basis allowed by this article, including, but not limited to, non-coverage for failure to satisfy such definition. The DAA shall by regulation establish procedures for informing persons engaging in such transactions with

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the City of their opportunity to apply for a determination of non-coverage or exemption and procedures for making determinations on such applications.

SECTION HISTORY

*Added by Ord. No. 172,336, Eff. 1-14-99.
Amended by: Ord. No. 173,747, Eff. 2-24-01.*

Sec. 10.37.14 Severability

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

SECTION HISTORY

*Article and Section Added by Ord. No. 171,547, Eff. 3-5-97.
Amended by: In Entirety; Ord. No. 172,336, Eff. 1-14-99*

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SERVICE CONTRACT WORKER RETENTION ORDINANCE

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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. (e), 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. 3-18-96; Subsec. (g) Added. Ord. No. 172,349, Eff. 1-29-99.

Sec. 10.36.3. Enforcement.

(a) An employee who has been discharged in violation of this article by a successor contractor or its subcontractor may bring an action in the Municipal Court or Superior Court of the State of California, as appropriate, against the successor contractor and, where applicable, its subcontractor, and may be awarded:

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

(A) The average regular rate of pay received by the employee during the last 3 years of the employee's employment in the same occupation classification; or

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

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

(b) If the employee is the prevailing party in any such legal action, the court shall award reasonable attorney's fees and costs as part of the costs recoverable.

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

shall entitle the City to terminate the contract and otherwise pursue legal remedies that may be available.

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

SECTION HISTORY

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

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

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

SECTION HISTORY

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

Sec. 10.36.5. Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.

This article shall not be construed to limit an employee's right to bring legal action for wrongful termination.

SECTION HISTORY

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

Sec. 10.36.6. Expenditures Covered by this Article.

This article shall apply to the expenditure, whether through service contracts let by the City or by its financial assistance recipients, of funds entirely

within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds. City financial assistance recipients shall apply this article to the expenditure of non-City funds for service contracts to be performed in the City by complying themselves with § 10.36.2(g) and by contractually requiring their service contractors to comply with this article. Such requirement shall be imposed by the recipient until the City financial assistance has been fully expended.

SECTION HISTORY

*Added by Ord. No. 171,004, Eff. 5-18-96.
Amended by: Ord. No. 172,337, Eff. 1-14-99; Ord. No. 172,843, Eff. 11-4-99*

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

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

SECTION HISTORY

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

Sec. 10.36.8. Promulgation of Implementing Rules.

The City Council shall by resolution designate a department or office, which shall promulgate rules for implementation of this article and otherwise coordinate administration of the requirements of this article,

SECTION HISTORY

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

Sec. 10.36.9. Severability.

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

SECTION HISTORY

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

EXHIBIT P

CONTRACTOR RESPONSIBILITY PROGRAM PLEDGE OF COMPLIANCE RULES

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

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

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

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

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

Company Name, Address and Phone Number

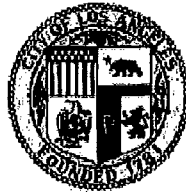
Signature of Officer or Authorized Representative

Date

Print Name and Title of Officer or Authorized Representative

Project Title

LOS ANGELES WORLD AIRPORTS



CONTRACTOR RESPONSIBILITY PROGRAM

RULES AND REGULATIONS

Effective date: August 23, 2011

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

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

A. DEFINITIONS

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

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

2. **New Definitions:**

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

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

B. SUBMISSION OF CRP QUESTIONNAIRES

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

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

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

2. Submission of CRP Questionnaires with Bids:

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

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

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

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C. LAWA REVIEW OF SUBMITTED CRP QUESTIONNAIRES

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

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

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

D. AWARD AND EXECUTION OF CONTRACTS

1. Departmental Determination of Responsibility and Award of Contract:

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

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

2. Submission of Pledge of Compliance:

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

3. Subcontractor Responsibility:

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

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4. Execution of Contracts:

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

E. CONTRACT AMENDMENTS

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

F. CONTRACTOR NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION

1. Notification of Investigations: Contractors shall:

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

2. Update of CRP Questionnaire Information:

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

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G. LAWA INVESTIGATION

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

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

H. VIOLATIONS OF THE CRP OR THESE RULES AND REGULATIONS

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

I. NON-RESPONSIBILITY HEARING

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

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

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

J. NON-RESPONSIBILITY SANCTIONS

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

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

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

K. EXEMPTIONS

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

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

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

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L. EFFECTIVE DATE OF RULES AND REGULATIONS

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

M. CONSISTENCY WITH FEDERAL AND STATE LAW

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

N. SEVERABILITY

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

EXHIBIT Q
FIRST SOURCE HIRING PROGRAM

FIRST SOURCE HIRING PROGRAM FOR AIRPORT EMPLOYEES

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

"Airport" shall mean Los Angeles International Airport.

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

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

"City" shall mean the City of Los Angeles.

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

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

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

"LAWA" shall mean Los Angeles World Airports.

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

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

"Program" shall mean this First Source Hiring Program.

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

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

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

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

- III. Coverage. This Program shall apply to hiring by Airport Employers for all Airport Jobs, except for jobs for which the hiring procedures are governed by a collective bargaining contract that conflicts with this Program.
- IV. Targeted Applicants. Referrals under the Program shall, to the extent permissible by law, be made in the order of priority set forth below.

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

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

V. Initial Airport Employer Roles.

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

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

VI. Airport Employer Hiring Process.

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

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

VIII. Reporting and Recordkeeping.

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

IX. Miscellaneous.

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

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

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

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

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

EXHIBIT R

APPROVED FORM OF PAYMENT LIST

VISA
MasterCard
American Express
Discovery Card
All other bank cards.

EXHIBIT S**SCHEDULE OF ADMINISTRATIVE ASSESSMENTS**

Item	Administrative Assessment
Failure to provide initial detail product list and pricing structure	\$100 per day (if not received 2 weeks prior to commencement date)
Failure to provide, submit and gain approval of product and price changes	\$100 per day (if not corrected within 24 hours of written communication from LAWA). \$200 per day after third occurrence within a 12 month period.
Failure to adhere to Airport Pricing Policy	\$100 per day (if not corrected within 24 hours of written communication from LAWA.) \$200 per day after third occurrence within a 12 month period
Failure to adhere to mandated hours of operation	\$100 per hour for the first occurrence \$200 per hour for the second occurrence \$300 per hour for the third and subsequent occurrences
Failure to Adhere to Section 5.11 Removal of Garbage and Refuse	\$100 per hour for the first occurrence \$200 per hour for the second occurrence \$300 per hour for the third and subsequent occurrences
Failure to Adhere to Section 5.14 Prohibited Acts	\$100 per hour for the first occurrence \$200 per hour for the second occurrence \$300 per hour for the third and subsequent occurrences

EXHIBIT T

(INTENTIONALLY OMITTED)

EXHIBIT U
GUARANTY AGREEMENT

**GUARANTY AGREEMENT BETWEEN THE CITY OF LOS ANGELES AND AREAS
USA, INC. COVERING THE BRANDED COFFEE FOOD AND BEVERAGE
CONCESSION AGREEMENT AT LOS ANGELES INTERNATIONAL AIRPORT**

This **GUARANTY AGREEMENT** ("**Guaranty**") is made and entered into as of _____, 2015, in Los Angeles, California, by and between **THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS**, a municipal corporation ("**City**" or "**LAWA**"), acting by order of and through its Board of Airport Commissioners ("**Board**"), and **AREAS, USA, Inc.**, incorporated in Florida ("**Guarantor**").

The parties hereto, for and in consideration of the covenants and conditions hereinafter contained to be kept and performed, DO HEREBY AGREE AS FOLLOWS:

1. Guarantor unconditionally guaranties to LAWA performance including but not limited to the prompt payment when due of the rent, additional rent and all other charges payable by Areas USA LAX, LLC, a Florida limited liability company ("**Concessionaire**"), under the Los Angeles International Airport Branded Coffee Food & Beverage Concession Agreement, dated as of _____, 2015, by and between City of Los Angeles Department of Airports and Concessionaire ("**Concession Agreement**") and full and faithful performance of the other covenants (including, without limitation, the indemnities contained in the Concession Agreement); and Guarantor unconditionally covenants to LAWA that if (a) default or breach shall at any time be made by Concessionaire in the covenants to pay rent and additional rent or any other charges payable under the Concession Agreement or in the performance of any of the other covenants and (b) notice of any such default or breach shall have been given by LAWA to Concessionaire and Concessionaire shall not have cured such default or breach after the expiration of applicable notice and grace periods, if any, provided for in the Concession Agreement (except that the foregoing clause (b) shall be inapplicable if Concessionaire shall be bankrupt or insolvent), then Guarantor shall well and truly perform (or cause to be performed) the covenants, and pay (or cause to be paid) said rent, additional rent or other charges or arrears thereof that may remain due thereon to LAWA, and also all damages that may arise in consequence of the non-performance of the covenants, or any of them. Guarantor shall pay to LAWA, within ten (10) business days after written notice, all expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by LAWA in connection with the enforcement or protection of LAWA's rights hereunder or under the Concession Agreement. This Guaranty is a guaranty including but not limited to payment, not collection.

2. The liability of Guarantor hereunder shall not be impaired, abated, deferred, diminished, modified, released, terminated or discharged, in whole or in part, or otherwise affected, by any event, condition, occurrence, circumstance, proceeding, action or failure to act, with or without notice to, or the knowledge or consent of, Guarantor, including, without limitation:

(a) any amendment, modification or extension of the Concession Agreement or any covenant;

(b) any extension of time for performance, whether in whole or in part, of any covenant given prior to or after default under the Concession Agreement;

(c) any exchange, surrender or release, in whole or in part, of any security which may be held by LAWA at any time for or under the Concession Agreement;

(d) any waiver of or assertion or enforcement or failure or refusal to assert or enforce, in whole or in part, any covenant, claim, cause of action, right or remedy which LAWA may, at any time, have under the Concession Agreement or with respect to any guaranty or any security which may be held by LAWA at any time for or under the Concession Agreement or with respect to Concessionaire;

(e) any act or thing or omission or delay to do any act or thing which (i) may in any manner or to any extent vary the risk of Guarantor or (ii) would otherwise operate as a discharge of Guarantor as a matter of law;

(f) the release of any other guarantor from liability for the performance or observance of any covenant, whether by operation of law or otherwise;

(g) LAWA's consent to any assignment or subletting or the assignment or successive assignments of the Concession Agreement by Concessionaire, or any subletting of the premises demised under the Concession Agreement by Concessionaire

(h) the failure to give Guarantor any notice whatsoever, other than any notice that LAWA is required to give pursuant to this Guaranty and pursuant to the Concession Agreement;

(i) any right, power or privilege that LAWA may now or hereafter have against Concessionaire or any collateral;

(j) any assignment, conveyance, mortgage, merger or other transfer, voluntary or involuntary (whether by operation of law or otherwise), of all or any part of Concessionaire's interest in the Concession Agreement;

(k) any assignment, conveyance, mortgage, merger or other transfer, voluntary or involuntary (whether by operation of law or otherwise) of all or part of the interest or rights of LAWA under the Concession Agreement; or

(l) the bankruptcy or insolvency of Concessionaire.

3. To charge Guarantor under this Guaranty no demand shall be required, Guarantor hereby expressly waiving any such demand. LAWA shall have the right to enforce this Guaranty without pursuing any right or remedy of LAWA against Concessionaire or any other party, or any security LAWA may hold. LAWA may commence any action or proceeding based upon this Guaranty directly against Guarantor without making Concessionaire or anyone else a party defendant in such action or proceeding. Any one or more successive and/or concurrent actions

may be brought hereon against Guarantor either in the same action, if any, brought against Concessionaire and/or any other party or in separate actions, as often as LAWA, in its sole discretion, may deem advisable.

4. This Guaranty shall be binding upon Guarantor and its heirs, successors and assigns, and shall inure to the benefit of and may be enforced by the successors and assigns of LAWA or by any party to whom LAWA's interest in the Concession Agreement or any part thereof, including the rents, may be assigned whether by way of mortgage or otherwise. Wherever in this Guaranty reference is made to either LAWA or Concessionaire, the same shall be deemed to refer also to the then successor or assign of LAWA or Concessionaire.

5. Except to the extent this Section is inconsistent with Section 13 herein, Guarantor hereby expressly waives and releases (a) notice of the acceptance of this Guaranty and notice of any change in Concessionaire's financial condition; (b) the right to interpose any substantive or procedural defense of the law of guaranty, indemnification or suretyship, except the defenses of prior payment or prior performance (whether before, during or after any applicable notice and grace periods) by Concessionaire (of the obligations which Guarantor is called upon to pay or perform under this Guaranty); (c) all rights and remedies accorded by applicable law to guarantors or sureties, including, without limitation, any extension of time conferred by any law now or hereafter in effect; (d) the right to trial by jury, in any action or proceeding of any kind arising on, under, out of, or by reason of or relating, in any way, to this Guaranty or the interpretation, breach or enforcement thereof; (e) the right to interpose any defense (except as allowed under (b) above), set off or counterclaim of any nature or description in any action or proceeding; and (f) any right or claim of right to cause a marshalling of Concessionaire's assets or to cause LAWA to proceed against Concessionaire and/or any collateral held by LAWA at any time or in any particular order. Guarantor hereby agrees that this Guaranty constitutes a written consent to waiver of trial by jury pursuant to the provisions of California Code of Civil Procedure Section 631, and Guarantor does hereby constitute and appoint LAWA its true and lawful attorney-in-fact, which appointment is coupled with an interest, and Guarantor does hereby authorize and empower LAWA, in the name, place and stead of Guarantor, to file this Guaranty with the clerk or judge of any court of competent jurisdiction as a statutory written consent to waiver of trial by jury at LAWA's sole discretion. Guarantor does not waive or release any defenses set forth in Section 13.

6. Without limiting Guarantor's obligations elsewhere under this Guaranty, if Concessionaire, or Concessionaire's trustee, receiver or other officer with similar powers with respect to Concessionaire, rejects, disaffirms or otherwise terminates the Concession Agreement pursuant to any bankruptcy, insolvency, reorganization, moratorium or any other law affecting creditors' rights generally, Guarantor shall automatically be deemed to have assumed, from and after the date such rejection, disaffirmance or other termination of the Concession Agreement is deemed effective, all obligations and liabilities of Concessionaire under the Concession Agreement to the same extent as if Guarantor had been originally named instead of Concessionaire as a party to the Concession Agreement and the Concession Agreement had never been so rejected, disaffirmed or otherwise terminated and shall be entitled to all benefits of Concessionaire under the Concession Agreement. Guarantor, upon such assumption, shall be obligated to perform and observe all of the covenants whether theretofore accrued or thereafter

accruing, and Guarantor shall be subject to any rights or remedies of LAW A which may have theretofore accrued or which may thereafter accrue against Concessionaire on account of any default under the Concession Agreement, notwithstanding that such defaults existed prior to the date Guarantor was deemed to have automatically assumed the Concession Agreement or that such rights or remedies are unenforceable against Concessionaire by reason of such rejection, disaffirmance or other termination, provided that Guarantor shall have a reasonable time after such assumption to cure non-monetary defaults existing as of the date of such assumption. Guarantor shall confirm such assumption at the request of LAW A upon or after such rejection, disaffirmance or other termination, but the failure to do so shall not affect such assumption. Guarantor, upon the assumption of the Concession Agreement, shall have all of the rights of Concessionaire under the Concession Agreement (to the extent permitted by law). Neither Guarantor's obligation including but not limited to payment in accordance with this Guaranty nor any remedy for the enforcement thereof shall be impaired, modified, changed, stayed, released or limited in any manner by any impairment, modification, change, release, limitation or stay of the liability of Concessionaire or its estate in bankruptcy or any remedy for the enforcement thereof, resulting from the operation of any present or future provision of the Bankruptcy Code of the United States or other statute or from the decision of any court interpreting any of the same, and Guarantor shall be obligated under this Guaranty as if no such impairment, stay, modification, change, release or limitation had occurred.

7. This Guaranty and all rights, obligations and liabilities arising hereunder shall be construed according to the substantive laws of California without reference to choice of law principles. Any legal action, suit or proceeding against Guarantor with respect to this Guaranty shall be brought in Los Angeles, California.

8. Guarantor hereby waives any and all rights of subrogation (if any) which it may have against Concessionaire as a result of actions taken or amounts paid in connection with or relating to this Guaranty or to the Concession Agreement.

9. Guarantor represents and warrants to LAW A that as of the date hereof:

(a) This Guaranty constitutes the legal, valid and binding obligation of Guarantor, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, and other laws affecting creditors' rights generally, to moratorium laws from time to time in effect and to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

(b) No action, suit or proceeding is pending or, to the best of Guarantor's knowledge, threatened against Guarantor that would materially affect Guarantor's ability to fully perform its obligations under this Guaranty.

10. If LAW A shall be obligated by reason of any bankruptcy, insolvency or other legal proceeding to pay or repay to Concessionaire or to Guarantor or to any trustee, receiver or other representative of either of them, any amounts previously paid by Concessionaire or Guarantor pursuant to the Concession Agreement or this Guaranty, Guarantor shall reimburse LAW A for any such payment or repayment and this Guaranty shall extend to the extent of such

payment or repayment made by LAWA, except to the extent, if any, that such payment or repayment is prohibited by law or that such payment or repayment constitutes merely a reimbursement of any overpayment. LAWA shall not be required to litigate or otherwise dispute its obligation or make such payment or repayment if in good faith and on written advice of counsel reasonably acceptable to Guarantor LAWA believes that such obligation exists.

11. LAWA and Guarantor shall each, not more than once per calendar year and within ten (10) business days following request by the other, execute, acknowledge and deliver to the other a statement certifying that this Guaranty is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating such modifications) and that to the best of the certifying party's knowledge, Guarantor is not in default hereunder (or if there is such a default, describing such default in reasonable detail).

12. All remedies afforded to LAWA by reason of this Guaranty or the Concession Agreement, or otherwise available at law or in equity, are separate and cumulative remedies, and it is stipulated that no one remedy, whether or not exercised by LAWA, shall be deemed to be in exclusion of any other remedy available to LAWA and shall not limit or prejudice any other legal or equitable remedy which LAWA may have.

13. All defenses afforded to Concessionaire or Guarantor by reason of this Guaranty or the Concession Agreement, or otherwise available to Concessionaire or Guarantor at law or in equity shall also be available to Guarantor to the fullest extent.

14. If any term, covenant, condition or provision of this Guaranty or the application thereof to any circumstance or to Guarantor shall be invalid or unenforceable to any extent, the remaining terms, covenants, conditions and provisions of this Guaranty or the application thereof to any circumstances, or to Guarantor other than those as to which any term, covenant, condition or provision is held invalid or unenforceable, shall not be affected thereby and each remaining term, covenant, condition and provision of this Guaranty shall be valid and shall be enforceable to the fullest extent permitted by law.

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

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

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

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

Written notices to Guarantor hereunder shall be sent and addressed to:

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IN WITNESS WHEREOF, City has caused this Guaranty to be executed on its behalf by Executive Director and Guarantor 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 above written.

APPROVED AS TO FORM:

MICHAEL N. FEUER,
City Attorney

CITY OF LOS ANGELES

Date: _____

Date: _____

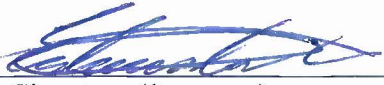
By: _____
Deputy/Assistant City Attorney

By: _____
Executive Director
Department of Airports

By: _____
Wei Chi
Deputy Executive Director
Comptroller

ATTEST:

AREAS USA, INC.

By: 
Signature (Secretary)
Eduardo Uribe

Print Name

By: 
Signature (President)
Xavier Rabell

Print Name

President

Print Title