

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 14, 2018

CAO File No. 0150-11038-0001

Council File No. 15-0361-S1

Council District: 11

To: The Council

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer

Reference: City Administrative Officer Report dated February 23, 2018; Report to the Board of Airport Commissioners dated June 11, 2018;

Subject: **ADDENDUM TO THE LEASE AGREEMENT BETWEEN THE CITY OF LOS ANGELES, ACTING BY AND THROUGH THE BOARD OF PUBLIC WORKS, AND THE LOS ANGELES WORLD AIRPORTS FOR THE DEVELOPMENT OF THE ARGO DRAIN SUB-BASIN STORMWATER PROJECT**

RECOMMENDATIONS

That the Council:

1. Find that a proposed lease term of 50 years would be in the best interest of the City;
2. Authorize the Board of Public Works, on behalf of the Bureau of Sanitation (LASAN), and the Board of Airport Commissioners to execute the updated proposed 50-year lease agreement between LASAN and Los Angeles World Airports for the construction and operation and maintenance of the Argo Drain Sub-basin Storm Water Facility on five acres of land owned by the Los Angeles World Airports, subject to the review and approval of the City Attorney as to form and legality; and,
3. Direct the Bureau of Sanitation, Los Angeles World Airports, and the City Administrative Officer to pursue alternative uses for the surface area of the property to generate revenues to offset the cost of the Lease Agreement.

SUMMARY

On March 20, 2018, the Energy, Climate Change, and Environmental Justice (ECCEJ) Committee considered two related items, a Proposition O project budget increase and a Lease Agreement between the Los Angeles World Airports (LAWA) and the Bureau of Sanitation (LASAN), relative to the Argo Drain Sub-Basin Facility (Argo Drain) project. The ECCEJ recommended withholding any further budget adjustments in the Argo Drain project and continuing the Lease Agreement for a future meeting, contingent on a report back from the LASAN and LAWA on an equitable funding allocation that takes into account commensurate water quality compliance responsibilities and an appropriate funding allocation, and minimizes

any fiscal impact to the Stormwater Pollution Abatement Fund (SPAF) and General Fund.

Subsequently, at the ECCEJ's meeting on June 5, 2018, both LAWA and LASAN reported on an equitable funding allocation whereby LAWA will fund 50 percent of the \$15.5 million project budget increase. The budget increase is the difference between the City Engineer's Estimate (\$23.4 million) and the highest bidder's estimate (\$37.6 million), including 10 percent contingency. As shown in the table below, this proposal will increase LAWA's contribution by \$5.28 million, from \$6.8 million to \$12.0 million, representing 27.8 percent of the Prop O project budget. LAWA has updated the Lease Agreement to reflect this contribution increase. On June 14, 2018, the Board of Airport Commissioners approved the updated Lease Agreement.

LAWA's Contribution	Original Contribution	Original Lease Agreement	Updated Lease Agreement
Design	\$ 2,739,530	\$ 2,739,530	\$ 2,739,530
Construction	\$ 4,260,470	\$ 6,760,470	\$ 12,038,332
Total LAWA Funding:	\$ 7,000,000	\$ 9,500,000	\$ 14,777,862
% of Prop O Budget :	9.8%	15.6%	27.8%

Under Section 68 - Assignments and Subleases, LASAN will be able to sublease the surface area of the property for recreational or commercial surfaces uses, subject to the approval of LAWA's Chief Executive Officer. However, 50 percent of any monetary or other economic consideration resulting from a sublease shall be paid to LAWA. The surface area is sufficient to accommodate significant recreational uses. By subleasing the surface area, the City will be able to generate revenues that can offset the associated costs with the Lease Agreement; thereby, minimizing the fiscal impact to the SPA Fund or General Fund. Thus, it is recommended that LASAN, LAWA, and the City Administrative Officer evaluate potential uses of the surface area that will generate revenues to offset the cost of the lease.

FISCAL IMPACT STATEMENT

The Bureau of Sanitation and Los Angeles World Airports anticipate that the cost of the lease will be fully offset by LAWA's costs, comprised of half of the operation and maintenance (O&M) costs and the costs associated with the Imperial Drainage Basin project, which diverts stormwater runoff to LASAN's Hyperion Treatment Plant. These associated costs include the annual Sewer Service Charges (SSC), Significant Industrial User (SIU) Fee, and Inspection and Control (IC) Fee.

LASAN will inherently bear an estimated total cost of \$794,000 per year within the Stormwater Pollution Abatement (SPA) Fund. This cost consists of the annual O&M costs for the Argo Drain Facility (\$511,291) and the SSC, SIU Fee, and IC Fee that the SPA Fund has to reimburse to the Sewer Construction and Maintenance Fund for the rent offsets. The SPA Fund, which carries a structural deficit, is currently being subsidized by the City General Fund. Therefore, if LASAN's costs are not offset by corresponding reductions in the SPA Fund in future years, the City General Fund will be impacted. Should LASAN elect to sublease the surface area, it may generate revenue to either fully or partially offset the costs associated with the lease. The total

cost of the Argo Drain Facility project is fully funded by Proposition O General Obligation Bond funds and Los Angeles World Airport. The proposed Lease agreement complies with the adopted Financial Policies.

RHL:SMC:06180156

LEASE
BETWEEN THE CITY OF LOS ANGELES,
DEPARTMENT OF AIRPORTS
AND
THE CITY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS, BUREAU OF SANITATION
AT LOS ANGELES INTERNATIONAL AIRPORT
[Argo Drain Sub-Basin Storm Water Facility]

This LEASE (the "Lease") is made and entered into as of this _____ day of _____, 2018 ("Effective Date"), at Los Angeles, California, by and between the CITY OF LOS ANGELES, a municipal corporation, acting by order of and through its Board of Airport Commissioners (the "Board") of the DEPARTMENT OF AIRPORTS also known as Los Angeles World Airports (hereinafter referred to as "LAWA" or "Lessor"), and the CITY OF LOS ANGELES, a municipal corporation, acting by order of and through its City Council on behalf of its DEPARTMENT OF PUBLIC WORKS, BUREAU OF SANITATION also known as Los Angeles Sanitation (hereinafter referred to as "BOS" or "Lessee") (sometimes herein referred to individually as a "party," or together as "parties").

RECITALS

A. WHEREAS the parties previously entered into a Memorandum of Understanding (hereinafter the "MOU") dated 5/11/2015, a copy of which is attached hereto as Attachment 1¹; and,

B. WHEREAS, pursuant to the MOU and this Lease, Lessee will construct, operate and maintain the Argo Drain Sub-Basin Storm Water Facility (further described below and referred to herein as the "Argo Facility") and Lessee will be responsible for the ongoing operation and standard maintenance of the Argo Facility; and,

The parties hereto, for and in consideration of the foregoing recitals, and the covenants and conditions hereinafter contained to be kept and performed, DO HEREBY AGREE AS FOLLOWS:

ARTICLE 1. SPECIFIC TERMS AND PROVISIONS

Section 1. Demised Premises.

1.1. **Description.** The Premises consists of approximately 5.0 acres of land in the Northside area of the Los Angeles International Airport ("LAX"), as shown on Exhibit A, attached hereto and made a part hereof.

¹ The MOU is provided for informational purposes. To the extent there is a conflict between the terms set forth in the MOU and the terms of this Lease, the provisions of this Lease will prevail.

1.2. **Acceptance and Surrender.** Lessee accepts the Demised Premises in an "AS-IS, WHERE-IS, WITH ALL FAULTS" condition. Lessee agrees to surrender the Demised Premises upon the expiration or earlier termination of this Lease in the condition as of the date the Lease commences, except as modified in accordance with Section 4, Section 57, Section 59, Section 61, Section 62 and Section 73.2 or any other modifications made pursuant to and as permitted by this Lease, herein, ordinary wear and tear excepted.

Section 2. Term of Lease.

2.1. **Commencement Date.** The date which LAWA permits Lessee to take possession of the Demised Premises, at the reasonable discretion of the Chief Executive Officer of the Department of Airports (hereinafter referred to as "LAWA's CEO" or "CEO") and memorialized in writing in a notice executed by both parties.

2.1.2. **Sewer Facilities Charge.** Pursuant to Los Angeles Municipal Code ("LAMC") Section 64.1.3, pursuant to the MOU, Attachment 1 and at the time LAWA applies for its Hyperion Connection (also known as NCOS) permit, LAWA shall pay to BOS a one-time Sewer Facilities Charge, which shall be approximately Six Hundred Thousand Dollars (\$600,000), subject to the calculation requirements of LAMC Sec. 64.1.3.

2.2. **Expiration Date.** The date which is fifty (50) years from the Commencement Date, unless earlier terminated pursuant to the terms provided in this Lease.

2.2.1. **LAWA's Termination Option.** Subject to Section 2.2.2 below, LAWA reserves the right to terminate the whole or any portion of the Lease in the event that the CEO determines, in his or her sole discretion, that a safety or security concern, or Airport operational requirement, necessitates said termination. LAWA shall have the right to terminate the Lease, as provided in this Section 2.2.1, upon not less than twenty-four (24) months' prior written notice, unless a safety or security concern requires earlier or immediate termination. Upon such termination, LAWA shall pay to the Lessee the Termination Fee (as defined in Section 2.2.2 below). Upon LAWA's payment of such Termination Fee, all improvements for which Lessee has been compensated shall be owned by LAWA (except as to any improvements disclaimed by LAWA which Lessee shall remove), and, as appropriate, the Lease shall terminate provided that nothing herein shall affect Lessee's liability for any acts or omissions prior to such termination. For the avoidance of doubt, if LAWA terminates this Lease through any provision other than Section 2.2.1 or Section 57.2.1, then Section 2.2.2 shall not apply.

2.2.2. **Termination Fee.** If LAWA exercises its Termination Option under Section 2.2.1, then LAWA shall pay Lessee a Termination Fee, as follows: the Termination Fee shall be the undepreciated value of the Qualified Investments (as defined in Section 4.3) on a monthly straight-line basis from the date that Lessee receives a Certificate of Occupancy, a Temporary Certificate of Occupancy, or Certificate of Substantial Completion AIA Document G704 for such Qualified Investments, to the expiration of the Term, less any reimbursement received by Lessee for Qualified Investments through any form of consideration, including cash or rent credit.

2.3. If Lessee remains in possession of all or any part of the Demised Premises after the expiration of the term hereof, with or without the express or implied consent of LAWA, such tenancy shall be from month to month only, and not a renewal hereof or an extension for any further term. In such case, if the fee payment agreement for the Hyperion Sewage Service Charge (SSC), Significant Industrial User Fee (SIU) and Inspection and Control Fee (IC) has not been renewed or allowed to exist on a month to month basis, then the rent and other monetary sums due hereunder shall be payable in the amount of one hundred fifty percent (150%) of the rent paid for the last month of the lease period plus any other charges payable by Lessee hereunder at the time specified in this Lease and such month to month tenancy shall be subject to every other provision, covenant and agreement contained herein, including any applicable rental adjustments as set forth in this Lease provided that: a) LAWA or Lessee may terminate such month-to-month tenancy upon thirty (30) days' notice, and b) the Periodic Adjustment to Fair Market Rental will be determined by LAWA in its sole discretion. Acceptance by LAWA of rent after such expiration or earlier termination shall not constitute a holdover hereunder or result in a renewal. The foregoing provisions of this Subsection are in addition to and do not affect the right of re-entry or any right of LAWA hereunder or as otherwise provided by law, and in no way shall such provisions affect any right which LAWA may otherwise have to recover damages from Lessee for loss or liability incurred by LAWA resulting from such failure by Lessee to surrender the Demised Premises. Nothing contained in this Subsection shall be construed as consent by LAWA to any holding over by Lessee, and LAWA expressly reserves the right to require Lessee to surrender possession of the Demised Premises to LAWA as provided in this Lease upon the expiration or other termination of this Lease.

Section 3. Use of Demised Premises.

3.1. **Authorized Uses.** The use of the Demised Premises is limited to and as set forth in LAWA's Notice to Proceed Project No. T-LAX-12531 (the "NTP"), which is incorporated herein by reference:

- Construction, operation, repair and maintenance of the Argo Facility only to the extent approved in writing by the CEO or his or her designee.
- Recreational or commercial surface uses only as permitted by the applicable LAX general and Specific Plans and to the extent specifically authorized in writing, in advance, by LAWA's CEO in his or her sole discretion.

3.2. **Unauthorized Uses.** Lessee expressly acknowledges that the Demised Premises shall not be used for any use other than that specified in Subsection 3.1, without the prior written consent of LAWA's CEO. Without limitation to the foregoing, Lessee shall not use the Demised Premises for any purpose that is contrary to the Minimum Standards, or that constitutes waste or nuisance, or that would unreasonably annoy other occupants or invitees of Airport.

3.3. **Minimum Standards.** Use of the Demised Premises will be subject to and Lessee agrees to comply fully with minimum standards ("Minimum Standards") which are attached hereto and incorporated by reference herein as Exhibit C, provided that Lessee does not waive its right to

seek relief from a court of competent jurisdiction to the extent that such Minimum Standards are contrary to applicable law or this Lease.

3.4. Access to Demised Premises. Throughout the term of this Lease, Lessee, its affiliates, subsidiaries, agents, servants, employees, contractors, licensees and business invitees (collectively “Lessee Entities”), shall have ingress and egress to and from the Demised Premises, provided Lessee Entities have complied with all City and LAWA rules and regulations. Such access to the Demised Premises shall be subject to airfield access control and permitting requirements as may be established by LAWA and/or Federal Agencies and temporary blockage or redirection due to Airport security, Airport construction, and Airport operational necessity.

3.5. Non-Exclusive Use of Common Access Roads. Throughout the term of this Lease, Lessee Entities shall have non-exclusive right to use the access roads adjacent to the property lines of the Demised Premises (“Common Access Roads”) for:

- construction,
- ingress and egress to and from the airfield, and
- landside access to the Demised Premises,

provided Lessee Entities have complied with all City and LAWA rules and regulations. Such access to the Common Access Roads shall be subject to permitting requirements as may be established by LAWA and/or Federal Agencies and temporary blockage or redirection due to Airport security, Airport construction, and Airport operational necessity.

Section 4. Lessee Required Improvements.

4.1. Required Improvements by Lessee. For and in consideration of the execution of this Lease by LAWA, and subject to the provisions contained in Section 57 and additional provisions in this Lease, Lessee, undertakes and agrees to construct at the Demised Premises certain Lessee improvements agreed upon by LAWA and Lessee as described in Exhibit A (referred to herein interchangeably as “Required Lessee Improvements,” “Required Improvements” or “Lessee Improvements”), in accordance with any project approvals under LAWA’s Tenant Improvement Project No. T-LAX-12531, by reference.

Lessee shall comply with Section 4.3 and Section 4.5 for all of Lessee’s Required Improvements.

Lessee shall maintain the Demised Premises and improvements in compliance with all applicable laws for the duration of the Lease. The obligations under this Section 4.1 shall not be construed to limit the Lessee’s obligations under the terms of this Lease including but not limited to Section 62.

4.2. Construction Payment. Within ten (10) business days of the Effective Date, LAWA will pay into the BOS Capital Improvement Expenditure Program, the not to exceed sum of Twelve Million, Thirty-Eight Thousand, Three Hundred Thirty-Two Dollars (\$12,038,332.00) to fund a portion of the construction of the Argo Facility

4.3 Except for the Construction Payment described in Section 4.2 above, Lessee expressly agrees to pay all costs and expenses, direct and indirect, associated with Lessee's Required Improvements, including but not limited to all costs associated with inspection, design and engineering and other professional or consultant services, permitting and inspection fees, project financing, utility relocation and upgrading, environmental impact reports, landscaping, and other costs related to Lessee's Required Improvements. Without limiting the foregoing, if any of Lessee improvements to the Demised Premises (including but not limited to Lessee's Required Improvements) cause any authority having jurisdiction to require upgrades or repairs to areas or facilities inside or outside of Lessee's Demised Premises, then Lessee shall be solely responsible for the cost of such upgrades or repairs. If such upgrades or repairs are performed by LAWA, then Lessee shall pay for the cost of such upgrades or repairs, plus an administrative fee of 15%.

4.4. **Qualified Investments.** With exception to LAWA's not to exceed maximum of \$14,777,862.00 monetary contribution, as outlined in Attachment 1 and amount approved on June 14, 2018 by Board of Airport Commissioners Resolution No. _____, net amounts expended by Lessee for improvements on the Demised Premises shall be deemed Qualified Investments if: i) such amount has been actually incurred by Lessee; ii) such amount has been approved in writing by the CEO in advance of any construction; iii) such improvements have been constructed in accordance with Section 57; iv) such amount is for Permissible Costs (as defined below); and v) such amount has been verified in accordance with Section 4.5.2 below.

4.4.1. "Permissible Costs" shall mean the actual cost of demolition, design, and construction of any new improvements from time to time located on the Demised Premises, plus the cost of required bonds, which shall also include the full undepreciated value on a straight line basis of the full share of Proposition O Storm Water Bond Funds ("**Storm Water Bond Fund**") used to design and construct the Argo Facility, construction insurance, building, and other similar fees related to the construction of such improvements incurred by Lessee, but shall not include financing costs; payments made by Lessee to independent contractors for engineering and architectural design work shall be included as Qualified Investments, provided that such costs shall not exceed twenty percent (20%) of the aggregate amount of Qualified Investments for each Qualified Investment submittal. Amounts paid to any Lessee Entity shall be a Permissible Cost only to the extent that the amounts paid are (i) fair and are otherwise no less favorable to Lessee than would be obtained in a comparable arm's-length transaction with an unrelated third party or (ii) specifically approved in writing by the CEO, upon the separate written request of the Lessee, made prior to incurring such costs.

4.4.2. Only payments made by Lessee, and Lessee's contractors and subcontractors (without duplication) may be included as Permissible Costs. Any costs incurred by any sublessee, licensee or other occupant of any portion of the Demised Premises, other than Lessee, shall not constitute Permissible Costs. Costs associated with acquisition or installation of items that are not permanently affixed to the Demised Premises shall not be Permissible Costs.

4.5. **Verification.** To be deemed a Qualified Investment, amounts spent by Lessee must be verified by LAWA, and must meet the following conditions:

4.5.1. The expenditure must be submitted to LAWA for verification within one hundred twenty (120) calendar days following the earlier to occur of the following, to the extent applicable: (a) Lessee's receipt of a Certificate of Substantial Completion AIA Document G704 Form, certificate of occupancy, or temporary certificate of occupancy; (b) the completion of the improvements.

4.5.2. Lessee must provide to LAWA a schedule of all expenditures, which shall show line item detailed information as to each cost, including but not limited to, description, payee and date of payment. Lessee shall be responsible for providing reasonable documentation to LAWA indicating that the amounts were expended (including, but not limited to, copies of returned checks and lien waivers, if requested), and that they are true and correct. LAWA, at its option, may conduct an audit of such expenditures, or may engage a CPA firm to conduct such audit.

4.5.3. Within five (5) years following the completion of the Required Improvements, LAWA may, at its sole discretion, and with 30 days' prior written notice to Lessee, require Lessee to provide access to all records and other information necessary to perform an audit of fees and charges paid toward any or all of the improvements. LAWA, at its option, may conduct an audit of such expenditures, or may engage, at Lessee's expense, a CPA firm to conduct such audit.

4.6. Lessee expressly agrees to pay all costs and expenses, direct and indirect, associated with Required Improvements, including but not limited to all costs associated with inspection, design and engineering and other professional or consultant services, permitting and inspection fees, project financing, utility relocation and upgrading, environmental impact reports, landscaping, and other costs related to Lessee's Required Improvements. Without limiting the foregoing, if any of Lessee improvements to the Demised Premises (including but not limited to Required Improvements) cause any authority having jurisdiction to require upgrades or repairs to areas or facilities inside or outside of Lessee's Demised Premises, then Lessee shall be solely responsible for the cost of such upgrades or repairs. If such upgrades or repairs are performed by LAWA, then Lessee shall pay for the cost of such upgrades or repairs, plus an administrative fee of 15%.

4.7. Compliance. In Lessee's construction of the Required Improvements and other improvements (collectively, "Lessee Improvements"), Lessee will comply with all applicable federal, state and local laws.

4.7.1. Construction work performed on Lessee Improvements may require payment of prevailing wages, and Lessee is obligated to make that determination. Lessee shall be bound by and comply with applicable provisions of the California Labor Code and Federal, State, and local laws related to labor. Lessee shall indemnify and pay or reimburse LAWA for any damages, penalties or fines and interest (including, but not limited to, external attorney's fees and costs of litigation) that LAWA incurs, or pays, as a result of

noncompliance with applicable prevailing wage laws in connection with the Lessee Improvements.

4.7.2. Before any work is performed for the Lessee Improvements, Lessee's contractors may be required to file a performance bond (the "Performance Bond") with LAWA to be approved by LAWA. If required by applicable law, Lessee's contractor shall provide the Performance Bond on a form provided by LAWA. The Performance Bond shall be for one hundred percent (100%) of the price of completing all Lessee Improvements to guarantee faithful performance of all such work. The Performance Bond must be issued by a surety who is authorized to issue bonds in California.

4.7.3. Before any work is performed for the Lessee Improvements, Lessee's contractor may be required to file a payment bond (the "Payment Bond") with LAWA to be approved by LAWA. If required by applicable law, Lessee shall provide the Payment Bond on a form provided by LAWA. The Payment Bond shall be for one hundred percent (100%) of the price of completing all Lessee Improvements to satisfy claims of material suppliers, mechanics, laborers, and subcontractors employed by Lessee on all such repairs. The Payment Bond must be issued by a surety who is authorized to issue bonds in California.

4.7.4. LAWA must release the Performance Bond and Payment Bond in accordance with applicable law.

4.7.5. Compliance with Applicable LAX Commitment, Mitigation and Control Measures. All construction, improvements, maintenance and operations shall be conducted in a manner which will comply with any and all LAX Environmental Commitments, Mitigation and Control Measures, including but not limited to, those set forth in the Community Benefits Agreement, the Stipulated Settlement Agreement the LAX Master Plan EIR, The Specific Plan Amendment Study EIR, the Northside Plan Update EIR and any other project level environmental impact reports related to the premises.

4.8. **Project Labor Agreement.** Lessee agrees to require its general contractor(s) to be subject to the terms of the Department of Public Works' project labor agreement (the "PLA") (as may or may not be applicable in accordance with the PLA's terms).

Section 5. Rent, Rent Credits and Rent Offsets.

5.1. **Rent.** Commencing on either twenty-four (24) months from the Commencement Date or upon completion of construction of the Argo Facility, whichever is earlier, (the "**Rent Commencement Date**"), annual Rent for the Demised Premise shall be due to be paid to LAWA at the rates shown in Exhibit B subject to the requirements of Sections 5.2 and 5.3 below.

The Yearly Rent shall be as set forth in Exhibit B, as adjusted pursuant to the terms of this Lease. Lessee acknowledges that the CEO is authorized to replace the Exhibit B, to reflect rental adjustments, fees and/or other charges established periodically by the Board that shall be generally applicable to similarly situated lessees at Airport and that Lessee accepts responsibility for

payments based on such modifications effective as of the date specified by the Board pursuant to Section 5.2 and 5.3 below. Rent received from any subtenants shall be used for maintenance and operation costs related to the surface use only.

5.2. Rental Adjustments. Provided that nothing herein shall be construed to grant Lessee any rights to extend this Lease, it is agreed that rent shall be adjusted each year in accordance with the procedures provided hereinafter.

5.2.1. Annual Adjustments. Except when adjusted as provided in Section 5.2.2. Periodic Adjustment to Fair Market Rental below, the annual Rent for the Demised Premises, the O&M Credit Not to Exceed Amount, and the SSC, SIU and IC Offset Not to Exceed Amount shall be subject to automatic, annual rental adjustments effective July 1 of each year (the "Annual Adjustment Date"). However, LAWA may change the Annual Adjustment Date through a resolution adopted by the Board provided that there shall be no more than one annual adjustment pursuant to this Section 5.2.1 in any twelve-month period. The annual Rent, the O&M Credit Not to Exceed Amount and the SSC, SIU and IC Offset Not to Exceed Amount shall be adjusted on the Annual Adjustment Date according to the percentage increases over the prior year, if any, in the Consumer Price Index, All Urban Consumers for the Los Angeles-Riverside-Orange County, California area, 1982-84=100 (CPI-U), as published by the U.S. Department of Labor, Bureau of Labor Statistics ("B.L.S."), or its successor, as follows:

Annual Rent, the O&M Credit Not to Exceed Amount and the SSC, SIU and IC Offset Not to Exceed Amount shall be multiplied by the CPI-U for the month of March immediately preceding the Annual Adjustment Date (hereinafter referred to as the "Adjustment Index"), divided by the said CPI-U as it stood on March of the prior year (hereinafter referred to as the "Base Index") provided that the Annual CPI Adjustment shall not be less than two percent (2%) per year nor more than seven percent (7%) per year, in accordance with the calculation below. In the event that the Adjusted Annual Rent indicates a rate increase in excess of seven percent (7%), the rental rate increase shall be carried over and implemented in the succeeding year, as necessary, at a rate not to exceed seven (7%) per year.

The formula for calculation of Adjusted Annual Rent commencing each July 1 during the term of this Lease shall be as follows:

$$\text{Adjusted Annual Rent} = \text{Annual Rent} \times (\text{Adjustment Index} / \text{Base Index})$$

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

5.2.2. Periodic Adjustment to Fair Market Rental. Provided nothing herein shall be construed to grant Lessee any extension rights unless expressly stated in this Lease, it is agreed that: (i) the Rent payable hereunder shall be adjusted effective as of a date not later than July 1, 2024, and every five years thereafter to a fair market rental rate payable

hereunder; and (ii) the Improvement rate payable hereunder shall be adjusted effective as of the date on which ownership is transferred to LAWA pursuant to Section 60, and every five years thereafter to a fair market rental rate payable hereunder (each a "Periodic Adjustment"), provided that LAWA may change any of the periodic adjustment dates through a resolution adopted by the Board, and further provided that the Periodic Adjustment for each rental rate shall occur every five years. For purposes of adjusting the Improvement rate to a fair market rental value on fifth anniversary of the Reversion Date, such rental value will be based on the condition of the Demised Premises as of the Reversion Date.

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

5.2.2.2. Appraisal Process. If the parties cannot reach agreement on the rental rate(s) or the Board does not approve the agreed upon rental rate(s) as described in Section 5.2.2.1 at least nine (9) months prior to the scheduled Periodic Adjustment Date, then the parties shall determine the Monthly Rent by the procedures described in Sections 5.2.2.3 through 5.2.2.5 below. LAWA may elect to have such procedures apply separately to the rent applicable to improvements and may adjust the land rental rates on the basis of airport-wide land rental rates then in effect, provided that such rates were adopted in compliance with applicable laws. Should LAWA choose to adopt this adjustment option, LAWA will provide written notice to Lessee no later than ten (10) months prior to the Periodic Adjustment Date of the intention to adjust land and improvements separately. Separate appraisals will be procured for the land and the improvements (if any). Under this option, both the land and improvement adjustments will be completed separately under Sections 5.2.2.2 through 5.2.2.6. LAWA or Lessee may elect to use the same appraiser for both appraisal reports. Every effort will be made by LAWA and Lessee to consolidate any required meetings as required in the appraisal process described below.

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

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

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

5.2.2.6. Step 3: Appraiser Arbitration. LAWA and Lessee shall each pay one-half of the fees and expenses of the Arbitration Appraiser. The Arbitration Appraiser selected by the two Main Appraisers or the CEO, as the case may be, in Step 2, shall receive copies of both Lessee and LAWA's final appraisal reports that were procured in Step 1 and a list of the rental rate adjustments that have not been agreed to by the parties. The Arbitration Appraiser shall be allowed three (3) weeks to review both appraisal reports. After review of the two appraisal reports, the Arbitration Appraiser will determine which of the rental rate(s) from the two appraisal reports are the most reasonable, considering comparable data selection, market information and applicable valuation methodology. The Arbitration Appraiser will communicate its decision in writing to both Lessee and LAWA three (3) weeks after engagement. The CEO shall present the agreed-upon rental rate(s) and the Arbitration Appraiser's determinations as a recommendation to the Board. LAWA shall make every effort to present the rate(s) for approval to the Board prior to the Periodic Adjustment Date.

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

5.2.3.1. Appraiser Minimum Qualifications. The Main Appraiser must possess, at a minimum, an MAI or SRPA designation and must be licensed in the State of California. The Main Appraiser must perform all of the calculations and technical portions of the appraisal report as well as derive the final value conclusions within the appraisal report. The Main Appraiser must have geographic market knowledge of the Los Angeles County area. Knowledge of the entire Southern California real estate market is preferred. The Main Appraiser must have a minimum seven (7) years of experience of appraising Property in Southern California. If the Main Appraiser is valuing property within the perimeter fence of an airport ("on-airport"), he or she must have performed a minimum of five (5) appraisals of on-airport property within the past five (5) years.

5.2.3.2. Main Appraisers must be in good standing with the California Bureau of Real Estate Appraisers (CBREA) or its successor organization and have no more than one complaint filed against him or her for any reason and no complaints that have resulted in any disciplinary actions. The Main Appraisers must certify in the appraisal report that he or she has never received any disciplinary actions from the CBREA. The Main Appraisers must be able to provide documentation of the sources of comparable rental rate and sales data to the reasonable satisfaction of LAW A and Lessee.

5.2.3.3. Appraisal Instructions. The Main Appraiser shall consider the following in completing the appraisal report:

5.2.3.3.1. Los Angeles Administrative requirements that are in force upon Lessee within its Lease at the date of value.

5.2.3.3.2. FAA regulations that may affect value such as the Building Restriction Line, Object Free Area, Runway Protection Zone, building height limitations as related to the "Transitional Zone" and any other regulations that may affect value.

5.2.3.3.3. City zoning that applies to the property. If the LAW A-approved use does not conform to the current zoning at the date of value, and the current use is also determined to be the highest and best use, then the Main Appraiser will value the property as if it had the zoning that would allow its current use (variance granted).

5.2.3.3.4. Any public or private easements, such as utilities or rights-of-way, including avigation rights and restrictions of use to leasehold in relation to installation of the Argo Drain Sub-Basin Storm Water Facility authorized by City and made by Lessee.

5.2.3.3.5. The appraisal of land shall be determined as if vacant under its highest and best use at the date of value, taking into consideration the government imposed restrictions listed above (both by law and restrictions as imposed under the Lease). The leasehold estate or "lessee's interest" (as defined within the most recent edition of "The Appraisal of Real Estate" as published by the Appraisal Institute) shall not to be considered.

5.2.3.3.6. LAW A and Lessee shall have the right to modify any conditions of the appraisal process upon mutual written agreement of the parties.

5.2.4. With respect to additions, improvements, or alterations to leasehold structures authorized by LAW A and made by Lessee during the term of this Lease, Lessee shall not be charged rent for the rental value thereof unless and until title to said additions,

improvements, or alterations revert to LAWA pursuant to the terms of this Lease or by operation of law.

5.2.5. Notwithstanding Section 70 below and subject to Section 5.2.6 below, if either Party alleges that the other Party has failed to comply with the procedure specified in Section 5.2.2.2 above, the Party alleging noncompliance must notify the other Party in writing within 30 days, describing such noncompliance in detail and providing the other Party a reasonable time for cure (in any case, not less than 10 days), otherwise such noncompliance shall be deemed waived; provided that failure by the parties to timely comply with the rental readjustment procedures herein shall not be construed to constitute a waiver of the right of LAWA to a rental readjustment. In the event adjustment of rental is not completed prior to the adjustment date, Lessee shall continue to pay the rent set for the preceding period, at the intervals and in the manner fixed for such preceding period, and if such rent is thereafter fixed in a different amount, such new rental shall take effect retroactively back to the beginning date of the readjustment period. Subject to Lessee's right of contest and right to escrow funds, unless the Board otherwise agrees to a payment plan with interest, Lessee shall promptly pay to LAWA that sum, if any, which has accrued as a result of such retroactive application. If a rental reduction occurs, LAWA shall provide a rent credit to Lessee's account equal to the sum which has accrued as a result of such retroactive application.

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

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

5.3. Rent Credits and Offsets.

5.3.1. **Rent Credits.** Subject to a requirement that Lessee is, at all times, conducting all maintenance and operational requirements to provide the benefits of the Argo Facility to LAWA and at no direct cost to LAWA, Lessee shall, after the Argo Facility DBO, be entitled to Rent credits equal to the lesser of (a) the applicable O&M Credit Not to Exceed Amount shown in Exhibit O or (b) fifty percent (50%) of the actual annual operations and maintenance costs of the Argo Facility.

5.3.1.1. During the time period between the Commencement Date and the Rent Commencement Date, LAWA shall pay to BOS the SSC, SIU and IC, which shall apply as future Rent offsets during the Term of the Lease.

5.3.1.2. On July 1, 2024, and on each Periodic Adjustment Date thereafter, the O&M Credit Not to Exceed Amount shall be adjusted at a percentage rate equal to the Rent percentage adjustment on each Periodic Adjustment Date.

5.3.1.3. Additionally, beginning on July 1, 2025 and annually between each Periodic Adjustment Date thereafter, the O&M Credit Not to Exceed Amount shall be adjusted at a percentage rate equal to the Rent percentage adjustment pursuant to Section 5.2.1.

Lessee shall report to LAWA on an annual basis the operations and maintenance costs and offset matrix with supporting documentation for LAWA's review and concurrence. Should LAWA find a discrepancy in the costs allocated, Lessee shall in good faith work to resolve such discrepancies. If Lessee and LAWA are unable to agree on the cost allocated, LAWA's Board shall make a determination of the discrepancies based on the supporting facts.

5.3.2. **Rent Offsets.** Following the operational date of a storm water connection allowing up to 60 million annual gallons of LAX storm water runoff from the LAX Imperial/Pershing sub-basin in the Hyperion Treatment Plant, only if LAWA is not being invoiced for and only if no SSC, SIU and/or IC are levied on LAWA for storm water flows discharged from the LAX Imperial/Pershing sub-basin into the Hyperion Treatment Plant, Lessee may offset Rent by the lesser of (a) the applicable SSC, SIU and IC Offset Not to Exceed Amount shown in Exhibit P or (b) the actual SSC, SIU and IC that would be due to be paid by LAWA for actual storm water flows into the Hyperion Treatment Plant from the LAX connection. Additionally, if charges/fees for storm water runoff from the LAX Imperial/Pershing sub-basin into the Hyperion Treatment Plant exceed the SSC, SIU and IC Offset Not to Exceed Amount, Lessee and not LAWA shall pay or owe the exceedance and in no case shall LAWA be charged a rate in excess of similarly situated entities providing storm water to the Hyperion Treatment Plant.

5.3.2.1. On July 1, 2024, and on each Periodic Adjustment Date thereafter, the SSC, SIU and IC Offset Not to Exceed Amount shall be adjusted at a percentage rate equal to the Rent percentage adjustment on each Periodic Adjustment Date.

5.3.2.2. Additionally, beginning on July 1, 2025 and annually between each Periodic Adjustment Date thereafter, the SSC, SIU, and IC Offset Not to Exceed Amount shall be adjusted at a percentage rate equal to the Rent percentage adjustment pursuant to Section 5.2.1.

5.4. **Reconciliation and Payments.**

Commencing on the earlier of (a) the first completed lease year after the Argo Facility DBO or (b) the first completed lease year after the operational date of a storm water connection allowing up to 60 million annual gallons of LAX storm water runoff from the LAX Imperial/Pershing sub-basin into the Hyperion Treatment Plant, within 60 days of receipt of the Lessee reports required in Section 9, LAWA shall provide Lessee with a summary of the accrued unpaid Rent, authorized Rent Credits and authorized Rent Offsets from the most recently completed lease year.

5.4.1. Prior to each Periodic Adjustment to Fair Market Rental process, LAWA will inform Lessee to the extent of any accrued unpaid Rent net of Rent Credits and Rent Offsets, if any, for the years since the most recent Periodic Adjustment Date, including an accrued unpaid Rent net of Rent Credits and Rent Offsets, with interest charges, from periods prior to the most recent Periodic Adjustment Date.

5.4.2. Upon the completion of each Periodic Adjustment to 'Fair Market Rental process, Lessee shall determine whether it elects to either (a) pay LAWA accrued unpaid Rent net of Rent Credits and Rent Offsets, if any, or (b) continue to accrue unpaid Rent net of Rent Credits and Rent Offsets, if any, which accrued unpaid balance would then be subject to an annual interest charge based on the then current five-year U.S. Treasury interest rate.

5.4.3. If LAWA exercises its Termination Option pursuant to Section 2.2.1, accrued unpaid Rent net of Rent Credits and Rent Offsets, if any, will be due to be paid to LAWA immediately.

5.4.4. If, at any time during the Term, the amount of accrued unpaid Rent net of Rent Credits and Rent Offsets is greater than the sum of forecast Rent net of Rent Credits and Rent Offsets, as determined by the CEO in his or her sole discretion, LAWA may deem Lessee in default pursuant to Section 70 and have available to LAWA all remedies under this Lease including, but not limited to Termination, pursuant to Section 70.

Section 6. Utility Services.

6.1. Subject to Section 4.6, Lessee shall pay all charges for water, gas, power, communications, and any and all other utility services used by Lessee in connection with its occupancy of the Demised Premises, including deposits, connection fees, or charges and meter installation rentals required by the supplier of any such utility service, and the costs of all equipment and improvements necessary for connecting the Demised Premises to such utility service facilities (collectively, "Utility Services"). Costs for all such Utility Services shall be included in the O&M Credit Not to Exceed Amount.

6.2. Lessee shall meter all utilities separately and shall install all meters at Lessee's expense unless LAWA and Lessee agree that separately metering any or all of the utilities is not feasible. To the extent Lessee is not paying for any Utility Service directly to the utility company providing said Utility Service, and such Utility Service is being metered, sub-metered, or otherwise paid for by LAWA or a third party ("Utility Third Party") then Lessee shall pay the costs for Utility Services allocable to the Demised Premises as reasonably determined by LAWA or Utility Third Party as the case may be, plus fifteen percent (15%) administrative costs, unless Lessee and LAWA or Utility Third Party agree otherwise in writing.

6.3. LAWA may, at LAWA's own expense, install, maintain and repair utilities under, over, through or in any part of the Demised Premises and Lessee shall not be entitled to payment or abatement of rent or any other compensation in connection with any such installation, maintenance and/or repair. If LAWA installs, maintains or repairs utilities under, over, through or in any part of the Demised Premises and LAWA damages the Demised Premises during such utility work,

then LAWA shall repair the damage to a reasonable condition. Furthermore, LAWA will make all reasonable efforts during the installation, maintenance and/or repair not to create a materially adverse effect on Lessee's on-going business concern. Lessee waives any and all claims against LAWA for compensation for any and all loss or damage sustained by reason of any defect, deficiency, or impairment of any water supply system, drainage or sewer system, gas supply system (if provided), telephone system, electrical supply system, or electrical apparatus or wires serving the Demised Premises, with the exception for claims against LAWA for compensation for loss or damage directly resulting from installation, maintenance and/or repair performed by LAWA.

Section 7. Notices.

7.1. Written notices to LAWA hereunder shall be sent to the CEO with a copy sent to the City Attorney of the City of Los Angeles and addressed to said parties at:

Deputy Executive Director	City Attorney
Commercial Development Group	Department of Airports
Department of Airports	1 World Way
1 World Way	Post Office Box 92216
Post Office Box 92216	Los Angeles, CA 90009-2216
Los Angeles, CA 90009-2216	

and via electronic mail to CDG-Lessee-Notices@lawa.org or to such other address as LAWA may designate by written notice to Lessee.

7.2. Written notices to Lessee hereunder shall be given by registered or certified mail, postage prepaid, and addressed to:

City of Los Angeles	Edward Jordan
Department of Public Works,	Assistant City Attorney
Bureau of Sanitation	200 North Main Street, 7th Floor
Enrique C. Zaldivar, P.E. Director	Los Angeles CA 90012
1149 S. Broadway, 9th Floor	
Los Angeles CA 90015-2213	

or to such other address as Lessee may designate by written notice to LAWA. Lessee consents to personal jurisdiction in any California federal or state court.

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

7.4. All such notices, except as otherwise provided herein, may either be delivered personally to the CEO or to the Office of the City Attorney, Airport Division, in the one case, or to Lessee in the other case, or may be deposited in the United States mail, properly addressed as aforesaid with postage fully prepaid by certified or registered mail, return receipt requested, and shall be effective five (5) days after deposit in the mail, or may be delivered by a nationally

recognized overnight commercial courier service that requires the recipient's signature for delivery, and shall be effective one (1) business day after delivery to such courier.

Section 8. Disclosure of Hazardous Substances.

8.1. LAWA hereby notifies Lessee that petroleum products, Asbestos Containing Material ("ACM") (including, but not limited to, building materials such as floor tile, mastic, roofing, and joint compound), Lead Based Paint ("LBP"), Possible Mercury-Containing Switches and Fluorescent Tubes, and Possible PCB-Containing Materials (including but not limited to fluorescent light ballast and electrical transformers ("Possible PCB")) may be present in structures and materials on the Demised Premises.

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

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

The provisions of this section shall survive the expiration or earlier termination of this Lease.

Section 9. Annual Reporting.

9.1. Lessee shall within 60 days of the close of each Lease year provide LAWA with an annual report for each Lease year, at a level of detail reasonably acceptable to the CEO, setting forth (1) the annual operation and maintenance expenses incurred by Lessee (with invoices substantiating all costs and expenses), (2) the Argo Facility performance and operations and (3) the actual number of storm water gallons of LAX storm water runoff from the LAX Imperial/Pershing sub-basin into the Hyperion Treatment Plant as reported by LAWA.

9.2. Compliance with Northside Design Features, and Applicable Environmental Commitments and Mitigation Measures. Without limiting Lessee's obligations under Section 76, Lessee's Annual Report shall reflect Lessee's compliance with all applicable LAX Specific Plan Northside Design Guidelines, Environmental Commitments, and Mitigation Monitoring and Reporting Program requirements, as well as LAX Reduced Emission Construction Equipment (Third Party Monitor), Alternative Fuel and First Source Hiring Programs.

ARTICLE 2. STANDARD TERMS AND PROVISIONS

Section 51. Limitations on Use of Demised Premises.

51.1. Lessee shall not use the Demised Premises, nor any portion thereof, for any purpose other than that set forth in Article 1, without first having had and obtained the written consent of the CEO, which consent may be withheld in the CEO's sole discretion, and which written consent is approved as to form by the City Attorney.

51.2. There is hereby reserved to LAWA, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Demised Premises herein leased. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operating on Airport. Lessee agrees not to make any claim or institute legal action against LAWA under any theory of recovery for any interference with Lessee's use and enjoyment of the Demised Premises which may result from noise emanating from the operation of aircraft to, from, or upon Airport.

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

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

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

51.6. Lessee has no rights under this Lease to install or use any antennae or telecommunications equipment on the roof or exterior of any building or structure on the Demised Premises, unless such installation or use is directly related to the conduct of Lessee's business and in full compliance with LAWA's permit process and telecommunications policies, as may be modified from time to time at the sole discretion of the CEO. Lessee may not license or sublease to others the right to install or use antennae or other telecommunications equipment on the Demised Premises.

Section 52. Rental Payments.

52.1. **Delivery of Rental Payments.** Subject to Section 5, Rent (net of Rent Offsets and Rent Credits), if any, shall be periodically paid by Lessee. In the event the commencement or termination date of this Lease falls on any date other than the first day of the calendar year, the applicable rental for that year shall be calculated pro rata according to the number of days during which the Demised Premises, or any part of same, were occupied by Lessee during said year. All payments shall include the contract number, which is stamped on the first page of this Lease, on each payment check and the remittance advice attached to the invoice, if any, delivered to Lessee by LAWA. Upon written approval by the CEO, the Lessee may be approved to make electronic rental payments to LAWA.

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

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

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

Section 53. Liquidated Damages for Delinquent Payment.

[This section intentionally left blank]

Section 54. Reports.

54.1 LAWA may, at its discretion and with reasonable notice to Lessee, require Lessee within ten (10) days after the end of each calendar month, to report to the LAWA certain operating statistical and financial data applicable to LAWA airports covering the previous calendar month in such form and content as shall reasonably be specified by the CEO. Those reports shall include, but not be limited to:

54.1.1. Data related to water collected in the diversion structure (volume, flow, rate of infiltration, etc.)

54.1.2. Data related to debris removal (frequency, amount, composition)

54.1.3. Copies of any reports generated for the Storm Water Program for the City of Los Angeles, and any reports required by and/or provided to outside agencies, regulatory agencies, or City departments.

Section 55. Audits.

55.1. LAWA may, at its sole discretion and with reasonable notice to Lessee, require Lessee to provide access to all records and other information necessary to perform an audit of rental, fees, Rent Credits, Rent Offsets, and other charges paid and payable to LAWA, and any required information for payments by LAWA to lessee, including but not limited to invoices and proof of payments related to reimbursement for Lessee improvements and other Lessee-required investments. LAWA shall have the right to access such records and information for five (5) years past the end of the fiscal year in which they were generated and up to five (5) years past the expiration or early termination of this Lease. Lessee shall retain all records and other information necessary to perform an audit as described above for a minimum of five (5) years.

Section 56. Faithful Performance Guarantee.

[This Section Is Intentionally Omitted]

Section 57. Improvements and Alterations.

57.1. By Lessee.

57.1.1. Prior to the construction of any improvements, including but not limited to Required Improvements, structural improvements, additions, alterations, or signs, Lessee shall obtain approval from LAWA through its Tenant Improvement Approval Process (TIAP). Lessee shall submit to LAWA for concept approval the preliminary plans and estimated construction cost for such improvements. Upon approval by the CEO of Lessee's preliminary plans, Lessee shall prepare working drawings and specifications which shall be true and correct developments of the preliminary plans so approved. Lessee 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 LAWA for written approval by the CEO. The CEO's written approval and any conditions related to the construction of the improvements or alterations shall become a part of the Lease as though fully set forth herein once the document is fully executed by both parties. Upon receipt of the CEO's approval, Lessee shall cause the construction called for by the approved working drawings and specifications to be commenced and completed promptly. No substantial changes, additions, or alterations shall be made in said working drawings or specifications, or in the construction called for thereby, without first obtaining the CEO's approval in writing. As required by TIAP and upon completion of the improvements approved by LAWA, Lessee shall furnish to LAWA, at no charge, three complete sets of "record" drawings, and one complete set in Computer Aided Design (CAD) format which complies with the then current LAWA CAD standards. These drawings must include any applicable permit numbers, the structural and other improvements installed by Lessee in the Demised Premises, and the location and details of installation of all equipment, utility lines, heating, ventilating, and air-conditioning ducts and related matters. Lessee shall keep said drawings current by updating them in order to reflect any changes or modifications which may be made in or to the Demised Premises.

57.1.2. Any conditions, restrictions, or limitations placed upon the approval of Lessee improvements by the CEO pursuant to Section 57.1.1 shall be conditions of this Lease as though fully set forth herein once the document is fully executed by both parties. Lessee shall hold LAWA harmless from liability with respect to any claims regarding any improvements, additions, or alterations made thereto.

57.1.3. As required by TIAP, for each and every construction or alteration project undertaken on the Demised Premises, Lessee shall prepare a final 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 including a detailed cost breakdown; (4) completion date for construction or alteration; and (5) a copy of the certificate of occupancy. The construction report shall be delivered to LAWA at the address provided in the Notices Section of the Lease no later than sixty (60) days following completion, and applicable permitting approvals of the construction or alteration.

57.1.4. Lessee shall also keep the Demised Premises and any improvements constructed thereon free and clear of liens for labor and material expended by or for Lessee or on its behalf in accordance with Section 58 Liens, herein.

57.1.5. Lessee 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 Demised Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Demised Premises

57.1.6. Lessee agrees that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on the land leased hereunder above the mean sea level elevation obstruction contours shown on the contour drawings on file with LAWA, if applicable. In the event the aforesaid covenants are breached, LAWA reserves the right to enter upon the land leased hereunder and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of Lessee.

57.1.7. Before any work is performed on or within the Demised Premises, as described in the aforementioned Subsection 57.1.1, Lessee may be required to file Payment and Performance Bonds with LAWA. Furthermore, Lessee agrees to require its contractors to file with LAWA any Payment Bonds as required by TIAP. All required Payment and Performance Bonds must be approved by LAWA before any work commences.

57.2. By LAWA.

57.2.1. LAWA 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 Lessee, and without interference or hindrance. If any such development or improvement interferes substantially with Lessee's use and occupancy of the Demised Premises, Lessee

shall be entitled to an appropriate reduction in rental or termination of this Lease in which case the payment requirement of Section 2.2.2, Termination Fee shall apply.

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

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

Section 58. Liens.

58.1. During the term of this Lease, the fee interest in the real property underlying the Demised Premises shall not be used as security for any loans or mortgages nor otherwise have any liens placed on it. Additionally, Lessee shall keep any LAWA-owned improvements on the Demised Premises free and clear of any liens or other encumbrances. By way of specification without limitation, Lessee shall keep the Demised Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by or for Lessee and shall indemnify, hold harmless and defend LAWA from any liens and encumbrances arising out of any work performed or materials furnished by or at the request of Lessee. In the event that Lessee 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 proper bond, LAWA shall have in addition to all other remedies provided herein and by law, the right, but not the obligation to cause, upon ten (10) business days prior written notice to Lessee, the same to be released by such means as it shall deem proper, including payment in satisfaction of the claim giving rise to such lien. All such sums paid by LAWA and all expenses incurred by it in connection therewith, including all documented costs and a 15% administrative fee, shall be paid by Lessee to LAWA on demand. Nothing in this Section shall be construed to limit any rights of Lessee to use its leasehold interest as security for any loans to the extent that such use is permitted under this Lease. 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 LAWA, its Board, City officers, agents, or employees.

Section 59. Modification to Size of Demised Premises.

59.1. Modification of Premises and Documents. Addition or deletion of space for which Lessee is charged, not to exceed a cumulative total of twenty percent (20%) of the Demised Premises as described at the commencement of the Lease, may be made by mutual agreement of LAWA and Lessee, except as otherwise provided pursuant to Section 69 herein, if applicable. Such addition or deletion shall be by written amendment and shall specify appropriate adjustments in rental, charges, or credits, as applicable, and shall not require approval by Board or Council, unless the modification involves an amount in excess of \$150,000 per year, in which case prior Board approval shall be required. The CEO shall revise and replace the Premises, Exhibit A and the Payments, Exhibit B, as necessary.

59.2. Damage to or Destruction of Improvements. If, during the term of this Lease, any buildings, structures, or improvements on the Demised Premises are partially or totally destroyed from a risk covered by the insurance described in Section 64, Insurance, herein, thereby rendering said Demised Premises partially or totally inaccessible or unusable, Lessee must restore the Demised Premises to substantially the same condition as they were immediately before destruction.

59.2.1. If, during the term of this Lease, improvements on the Demised Premises are partially or totally destroyed from a risk not covered by the fire and extended coverage insurance described in the insurance, Exhibit E, herein, thereby rendering said Demised Premises partially or totally inaccessible or unusable, such destruction shall not automatically terminate this Lease. If, however, the cost of restoration exceeds ten percent (10%) of the full replacement value of improvements, as said value existed immediately before said destruction, the Parties may, as agreed by both parties in writing, terminate this Lease or continue the Lease. If the Parties elect to terminate as above provided, Lessee and LAWA shall be obligated, to demolish all damaged improvements and remove all debris from the Demised Premises, the cost for which shall be shared by the Parties proportionately, based on each Party's contribution to design and construction costs. If the Parties agree to continue this Lease, this Lease shall continue in full force and effect for the remainder of the term specified herein and the Lessee and LAWA shall restore the Demised Premises to substantially the same condition as they were in immediately before destruction and shall share the cost therefore proportionately, based on each Party's contribution to design and construction costs.

Section 60. Ownership of Improvements.

60.1. During the original Term of this Lease, title to all structures, improvements, facilities, or alterations constructed or installed by Lessee shall remain in Lessee. Upon the expiration of the original Term of this Lease, or earlier termination of this Lease, said structures, improvements, facilities, or alterations, other than machines, equipment, trade fixtures, and similar installations of a type commonly removed without structural damage to the Demised Premises, shall become a part of the land upon which they are constructed, or of the building to which they are affixed, and title thereto shall thereupon vest in LAWA, unless LAWA requests Lessee to remove some or all of said structures, improvements, facilities, or alterations. LAWA is not required to request

removal, however, if so requested, Lessee shall promptly remove said items at Lessee's sole cost and expense, including full remediation and restoration of the Demised Premises pursuant to Section 73, herein. If LAWA requests Lessee to remove some or all of the structures, improvements, facilities or alterations, Lessee may sell the removed items as salvage and retain the proceeds of that sale or sales. In the event the removal of any fixture damages any part of the Demised Premises, Lessee shall repair such damage and restore the Demised Premises to as good condition as the same was in prior to said damage, reasonable wear and tear excepted, as may be required and approved by the LAWA.

60.2. During the term of this Lease, title to all structures, improvements, facilities, or alterations constructed or installed by Lessee for which Lessee has been reimbursed by LAWA shall thereupon vest in LAWA.

60.3. Upon title to said structures, improvements, facilities, or alterations vesting in LAWA, LAWA shall be entitled to reasonable rent, fees and/or other charges, as determined by the Board, and Lessee shall be obligated to pay same for as long as Lessee occupies or uses said structures, improvements, facilities and alterations.

Section 61. Signs.

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

61.2. Other than approved identification signs, Lessee shall not, at any time, under any circumstances, install, place, or maintain any type of advertising, on the Demised Premises.

Section 62. Maintenance and Repair of Demised Premises.

62.1. Except as otherwise expressly stated in this Lease and in accordance with Exhibit D, Lessee, solely at its own cost and expense, shall keep and maintain the Demised Premises and all improvements in good repair and working order, reasonable wear and tear excepted, and in a clean, properly maintained, and safe condition. All maintenance, repairs, and replacements shall be in accordance with applicable prevailing industry maintenance standards; maintenance requirements, which LAWA may develop; in compliance with all manufacturers' recommendations, warranties and guarantees; and all federal, state, and local government rules and regulations. Lessee shall keep the Demised Premises, at all times, free and clear of weeds, wastepaper, discarded plastic, graffiti, discarded pallets, and all other trash and debris of any kind.

62.2. If Lessee fails to so maintain or repair the Demised Premises, LAWA may serve a "Notice to Cure" upon Lessee. Said Notice shall prescribe the work to be accomplished by Lessee in order to correct the maintenance deficiencies and shall state the due date by which Lessee shall have to complete the work as prescribed in the Notice. In addition, a copy of the "Notice to Cure"

may be posted on the Demised Premises in a conspicuous place. Furthermore, LAWA retains the right, but not the obligation, to make emergency repairs when, in the sole determination of the CEO, failure to take immediate action will damage the facilities or disrupt operations, at Lessee's sole cost and expense, plus an administrative fee in the amount of 15% of cost.

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

62.4. If the work prescribed in the "Notice to Cure" is not completed by Lessee in a manner reasonably satisfactory to the CEO, and Lessee fails to correct such work within the time specified by LAWA in the mailed Notice, or as set forth in Subsection 62.3, LAWA may, at LAWA's sole option, and at Lessee's sole cost and expense, enter upon the Demised Premises and perform whatever work may, in the opinion of the CEO, be required to correct the maintenance deficiencies. If LAWA exercises this option, Lessee shall pay to LAWA a sum equal to the direct cost of labor and materials expended for said work, plus a surcharge equal to fifty percent (50%) of said direct cost. Payment shall be made within thirty (30) days of invoice date.

Section 63. LAWA's Right of Access and Inspection.

63.1. LAWA, by and through its officers, employees, agents, representatives, and contractors, shall have the right at all times to enter upon the Demised Premises for the purpose of inspecting the same or for doing any act or thing which LAWA may be obligated or have the right to do under this Lease, or otherwise, and no abatement of rental shall be claimed by or allowed to Lessee by reason of the exercise of such rights.

Section 64. Insurance.

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

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

afforded by this policy shall also apply to liability assumed by the insured under this Lease with the City of Los Angeles and its Department of Airports."

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

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

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

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

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

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

Section 65. Hold Harmless.

65.1. In addition to the requirements of Section 64, Insurance herein, Lessee shall, to the fullest extent permitted by law, defend (with counsel satisfactory to LAWA), indemnify and hold harmless LAWA and any and all of its boards, commissioners, officers, directors, agents, employees, assigns and successors in interest (collectively "LAWA Defendants") from and against any and all allegations, suits, claims, causes of action, liability, losses, damages, demands or expenses (including, but not limited to, external attorney's fees and costs of litigation) (collectively "Claims"), prosecuted by anyone (including Lessee and/or Lessee's agents, former and current employees, or competitors) by any reason of, arising out of, related to, connected with or pertaining to: (1) the acts or omissions of Lessee, its agents, servants, employees or invitees; (2) the Lease; or (3) the Demised Premises, except to the extent Lessee proves to LAWA that such Claim was caused by LAWA's willful misconduct.

65.2. In Lessee's defense of LAWA under Section 65.1, including but not limited to the negotiation, compromise, and settlement of any action, LAWA shall retain discretion in and control of the litigation, negotiation, compromise, settlement, and appeals there from, as required by the Los Angeles City Charter, particularly Article II, Sections 271, 272 and 273 thereof.

65.3 LAWA shall, to the fullest extent permitted by law, defend (with counsel satisfactory to Lessee), indemnify and hold harmless Lessee and any and all of its boards, commissioners, officers, directors, agents, employees, assigns and successors in interest (collectively "Lessee Defendants") from and against any and all allegations, suits, claims, causes of action, liability, losses, damages, demands or expenses (including, but not limited to, external attorney's fees and costs of litigation) (collectively "Claims"), prosecuted by anyone (including LAWA and/or LAWA's agents, former and current employees, or competitors) by any reason of, arising out of, related to, connected with or pertaining to: (1) the acts or omissions of LAWA, its agents, servants, employees or invitees.

65.4 In LAWA's defense of Lessee under Section 65.3, including but not limited to the negotiation, compromise, and settlement of any action, Lessee shall retain discretion in and control of the litigation, negotiation, compromise, settlement, and appeals there from, as required by the Los Angeles City Charter, particularly Article II, Sections 271, 272 and 273 thereof.

65.5. Survival of Indemnities. The provisions under this Section 65 shall survive the termination of this Lease. Rights and remedies available to LAWA hereinabove shall survive the termination of this Lease. Further, the rights and remedies are cumulative of those provided for elsewhere in this Lease and those allowed under the laws of the United States, the State of California, and the City of Los Angeles.

Section 66. Nondiscrimination and Equal Employment Practices/Affirmative Action Program.

66.1. Federal Non-Discrimination Provisions.

66.1.1. The Lessee for itself, its heirs, representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this Lease, for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

66.1.2. The Lessee for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (1) no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

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

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

66.1.5. Lessee agrees that it shall insert the provisions found in Subsections 66.1.3 and 66.1.4 above in any sublease, assignment, license, or permit by which said Lessee grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the Demised Premises herein leased.

66.2. Municipal Non-Discrimination Provisions .

66.2.1. **Non-Discrimination in Use of Premises**. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition in the lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Demised Premises or any part of the Demised Premises or any operations or activities conducted on the Demised Premises or any part of the Demised Premises. Nor shall Lessee or any person claiming under or through Lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Lessees, sublessees, or vendees of the Demised Premises. Any sublease or assignment which may be permitted under this Lease shall also be subject to all non-discrimination clauses contained in Section 66.2.

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

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

66.2.4. **Affirmative Action Program**. If the total payments to LAWA under this Lease are \$100,000 (one hundred thousand dollars) or more, this provision shall apply.

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

Section 67. Taxes, Permits and Licenses.

67.1. Lessee shall pay any and all taxes of whatever character that may be levied or charged upon the Demised Premises, or upon Lessee's improvements, fixtures, equipment, or other property thereon or upon Lessee's use thereof. Lessee shall also pay all license or permit fees necessary or required by law or regulation for the conduct of Lessee's business or use of the Demised Premises.

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

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

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

Section 68. Assignments and Subleases.

68.1. Subject to Section 10 above, Lessee shall not, in any manner, assign, transfer, or encumber this Lease, or any portion thereof or any interest therein, without the prior written consent of the CEO, nor sublet or sublease the whole or any part of the Demised Premises, nor license or permit the use of the same, in whole or in part, without the prior written consent of the CEO. Any attempts to transfer, assign, or sublease without the consent required by this Section shall be void and shall transfer no rights to the Demised Premises. Consent to one assignment,

subletting, or use or occupation shall not be deemed to be a consent to any subsequent assignment, subletting, occupation, or use. This Lease shall not, nor shall any interest therein, be assignable as to the interest of Lessee by operation of law without the prior written consent of Board.

68.2. LAWA shall not unreasonably withhold its consent to the assignment of this Lease or the subletting of the Demised Premises or any portion thereof; provided, however, that the use of said premises by any such assignee or sublessee must be consistent with the use authorized herein, any prospective assignee must have a credit rating equal to or greater than the Lessee, and the prospective sublessee and/or assignee must agree to execute LAWA's Consent to Sublease and/or Assignment Agreement. A request by Lessee for assignment or subletting shall be submitted to LAWA in writing along with a fully executed copy of the proposed assignment or sublease, as well as a copy of all contracts or writings which set forth payments from sublessee(s)/assignee(s) to Lessee and/or which describe the acts or services to be performed by or for the sublessee(s)/assignee(s) in connection with the use of the space covered by Lease. Lessee shall promptly advise LAWA of early termination of assignments or subleases.

68.3. Subject to Section 60 above, in the case of an assignment, unless otherwise noted, Lessee shall pay to LAWA fifty percent (50%) of any monetary or other economic consideration received by Lessee as a result of the assignment of this Lease. Any license or sublicense of the Demised Premises or any portion thereof shall be deemed a subletting for all purposes of this Section 68. For the purposes of this Section 68, any merger or consolidation of the Lessee (in which the Lessee is not the surviving party), any sale of substantially all of the assets of the Lessee, any other circumstance that results in an assignment of this Lease by operation of law, and the transfer (as part of a single plan of transfer) of 50% or more of the voting securities of the Lessee shall be deemed an assignment of this Lease subject to the provisions of this Section 68.

68.4. In the case of a sublease requiring the CEO's consent to a change of use of the Demised Premises, as a condition to the Consent to Sublease, it shall not be deemed unreasonable for LAWA to require that Lessee shall pay to City 50 percent (50%), of any monetary or other economic consideration received by Lessee as a result of the sublease.

Section 69. Space Utilization. (This Section applies to lessees who are federally certificated air carriers only).

[This Section Is Intentionally Omitted]

Section 70. Default.

70.1 **Default Events**. The following events shall be deemed to be events of default by Lessee under the Lease:

70.1.1. Lessee's amount of accrued unpaid Rent net of Rent Credits and Rent Offsets is greater than the sum of forecast Rent net of Rent Credits and Rent Offsets during the remaining Term, as determined by the CEO in his or her sole discretion;

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

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

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

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

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

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

70.2.1. Terminate this Lease and all rights of Lessee under this Lease, by giving Lessee thirty (30) days written notice that this Lease is terminated, in which case, the provisions of Section 60, Ownership of Improvements, herein, shall apply and LAWA may recover from Lessee the aggregate sum of:

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

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

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

70.2.1.4. Any other amount necessary to compensate LAWA for all the detriment caused by Lessee's failure to perform Lessee's obligations, including any such amounts ascertained or determined at any time after the Default Event; and

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

70.2.1.6. As used in Subsections 70.2.1.1. and 70.2.1.2. of this Section, the "worth at the time of award" is computed by adding interest at the rate of ten percent (10%) per annum. As used in Subsection 70.2.1.3 of this Section, the "worth at the time of award" is computed by discounting that amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%). As used in this Section, the term "rent" shall include the Monthly Rent and any and all other payments required by Lessee under this Lease.

70.2.2. Continue this Lease, and from time to time, without terminating this Lease, either

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

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

70.2.3. Upon the occurrence of a Default Event, LAWA shall also have the right, with or without terminating this Lease, to re-enter the Demised Premises and remove all property from the Demised Premises. LAWA may store the property removed from the Demised Premises at the expense and for the account of Lessee.

70.2.4. None of the following remedial actions, alone or in combination, shall be construed as an election by LAWA to terminate this Lease unless LAWA has in fact given Lessee written notice that this Lease is terminated or unless a court of competent jurisdiction decrees termination of this Lease: any act by LAWA to maintain or preserve the Demised Premises; any efforts by LAWA to relet the Demised Premises; any re-entry, repossession, or reletting of the Demised Premises by LAWA pursuant to this Section. If

LAWA takes any of the previous remedial actions without terminating this Lease, LAWA may nevertheless at any later time terminate this Lease by written notice to Lessee.

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

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

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

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

70.3 **Cross Default**: A material breach of the terms of any other lease, license, permit, or contract held by Lessee with LAWA shall constitute a material breach of the terms of this Lease and shall give LAWA the right to terminate this Lease for cause in accordance with the procedures set forth in this Section.

70.4. Failure to Pay Landing Fees:

[This Section Is Intentionally Omitted]

Section 71. Waiver.

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

Section 72. Attorney's Fees.

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

Section 73. Hazardous and Other Regulated Substances.

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

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

73.1.2. Any substance which is or becomes defined as a hazardous waste, extremely hazardous waste, hazardous material, hazardous substance, hazardous chemical, toxic chemical, toxic substance, cancer causing substance, substance that causes reproductive harm, pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) and/or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); or

73.1.3. 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

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

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

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

73.2. **Environmental Indemnity.** Except for conditions existing prior to the original occupancy of the Demised Premises by Lessee or by Lessee's predecessors in interest, Lessee agrees to accept sole responsibility for full compliance with any and all applicable present and future rules, regulations, restrictions, ordinances, statutes, laws, and/or other orders of any governmental entity regarding the use, storage, handling, distribution, processing, and/or disposal of hazardous substances, regardless of whether the obligation for such compliance or responsibility is placed on the owner of the land, on the owner of any improvements on the Demised Premises, on the user of the land, or on the user of the improvements. Lessee agrees that any claims, damages, penalties, or fines asserted against or levied on LAWA and/or the Lessee as a result of noncompliance with any of the provisions in this Section shall be the sole responsibility of the Lessee and that Lessee shall indemnify and hold LAWA harmless from all such claims, damages, penalties, or fines. Further, LAWA may, at its option, pay such claims, damages, penalties, or fines resulting from Lessee's non-compliance with any of the terms of this Section, and Lessee shall indemnify and reimburse LAWA for any such payments.

73.3. Except for conditions existing prior to the original occupancy of the Demised Premises by Lessee or Lessee's predecessors in interest, in the case of any hazardous substance spill, leak, discharge, release or improper storage on the Demised Premises or contamination of the Demised Premises by any person, Lessee agrees to make or cause to be made any necessary repairs or corrective actions as well as to clean up and remove any spill, leakage, discharge, release or contamination, in accordance with applicable laws. In the case of any hazardous substance spill, leak, discharge, release or contamination by Lessee or its employees, servants, agents, contractors, or subcontractors on the Demised Premises or as may be discharged or released by Lessee or its employees, servants, agents, contractors, or subcontractors in, on or under adjacent property which affects other property of LAWA or its Lessees, Lessee agrees to make or cause to be made any necessary corrective actions to clean up and remove any such spill, leakage, discharge, release or contamination. If Lessee fails to repair, clean up, properly dispose of, or take any other corrective actions as required herein, LAWA may (but shall not be required to) take all steps it deems necessary to properly repair, clean up, or otherwise correct the conditions resulting from the spill, leak, discharge, release or contamination. Any such repair, cleanup, or corrective actions taken by LAWA shall be at Lessee's sole cost and expense and Lessee shall indemnify and pay for and/or reimburse LAWA for any and all costs (including any administrative costs) LAWA incurs as a result of any repair, cleanup, or corrective action it takes.

73.4. If Lessee installs or uses already installed underground storage tanks, above-ground storage tanks, pipelines, or other improvements on the Demised Premises for the storage, distribution, use, treatment, or disposal of any hazardous substances, Lessee agrees, upon the expiration and/or termination of this Lease, to remove the above referenced improvements, clean up releases of hazardous substances, or both, at the sole option of the Chief Executive Officer, the above-referred-to improvements. Said removal and/or cleanup shall be at the Lessee's sole cost and expense and shall be undertaken and completed in full compliance with all federal, state, and local laws and regulations, as well as with the reasonable directions of the Chief Executive Officer.

73.5. **Lessee's Provision to LAWA of Environmental Documents.** Unless otherwise agreed to by LAWA, Lessee shall promptly supply LAWA with complete and legible copies of all notices, reports, correspondence, and other documents sent by Lessee to or received by Lessee (including but not limited to communication from any governmental entity and/or Lessee contractor or third parties) regarding any hazardous substance or environmental compliance issue. Such written materials include, without limitation, all documents relating to any underground storage tank, and/or threatened or actual hazardous substance spill, leak, or discharge, or to any investigations into or clean-up of any actual or threatened hazardous substance spill, leak, or discharge including all test results.

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

Section 74. Airfield Security.

74.1. Lessee shall be responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws, airport security agreements, and/or orders of any federal, state, and/or local governmental entity regarding airfield security. Lessee shall be responsible for the maintenance and repair of that portion of the Airport perimeter fence, including gates and doors, located on the Demised Premises or controlled by Lessee. Lessee shall comply fully with applicable provisions of the Transportation Security Administration Regulations, 49 Code of Federal Regulations ("CFR") Sections 1500 through 1550 and 14 CFR Part 129, including the establishment and implementation of procedures acceptable to the CEO to control access from the Demised Premises to air operation areas in accordance with the Airport Security Program required by CFR Sections 1500 through 1550. Further, Lessee shall exercise exclusive security responsibility for the Demised Premises and, if Lessee is an aircraft operator, do so pursuant to Lessee's Transportation Security Administration approved Aircraft Operator Standard Security Program used in accordance with 49 CFR, Parts 1510, 1540 and 1546.

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

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

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

Section 75. Business Tax Registration.

[This Section Is Intentionally Omitted]

Section 76. Laws, Rules, and Regulations.

76.1. In relation to its use and occupation of the Premises, Lessee shall be solely responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws, policies and/or orders of any federal, state, and/or local government authority ("Applicable Laws"). This Lease shall be subject to and subordinate to all Applicable Laws and any LAWA agreement or obligation pursuant to Applicable Laws, including but not limited to LAWA's grant assurances to the Federal Aviation Administration.

76.2. Lessee shall be solely responsible for fully complying with any and all applicable present and/or future orders, directives, or conditions issued, given or imposed by the CEO which are now in force or which may be hereafter adopted by the Board of Airport Commissioners and/or the CEO with respect to the operation of Airport.

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

Section 77. Disabled Access.

77.1. Lessee shall be solely responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws and/or orders of any federal, state, and/or local governmental entity and/or court regarding disabled access to improvements on the Demised Premises including any services, programs, or activities provided by Lessee. Lessee shall be solely responsible for any and all damages caused by, and/or penalties levied as the result of, Lessee's noncompliance. Further, Lessee agrees to cooperate fully with

LAWA in its efforts to comply with the Americans With Disability Act of 1990, and any amendments thereto or successor statutes.

77.2. Should Lessee fail to comply with Subsection 77.1, then LAWA shall have the right, but not the obligation, to perform, or have performed, whatever work is necessary to achieve equal access compliance. Lessee will then be required to reimburse LAWA for the actual cost of achieving compliance, plus a fifteen percent (15%) administrative charge.

Section 78. Living Wage Ordinance and Service Contractor Worker Retention Ordinances.

78.1. Living Wage Ordinance.

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

78.1.2. Living Wage Coverage Determination. An initial determination has been made that this is a public lease under the LWO, and, that it is not exempt from coverage by the LWO. Determinations as to whether this Lease is a public lease or license covered by the LWO, or whether an employer or employee are exempt from coverage under the LWO are not final, but are subject to review and revision as additional facts are examined and/or other interpretations of the law are considered. In some circumstances, applications

for exemption must be reviewed periodically. LAWA shall notify Lessee in writing about any redetermination by City of coverage or exemption status. To the extent Lessee claims non-coverage or exemption from the provisions of the LWO, the burden shall be on Lessee to prove such non-coverage or exemption.

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

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

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

remedies that may be available if LAWA determines that the subject contractor violated the provisions of the SCWRO.

Section 79. Child Support Orders.

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

Section 80. Visual Artists' Rights Act.

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

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

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

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

Section 81. Equal Benefits Ordinance.

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

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

"During the term of a Lease with the City of Los Angeles, the Lessee will provide equal benefits to employees with spouses and its employees with domestic partners. Additional information about the City of Los Angeles' Equal Benefits Ordinance may be obtained from the Department of Public Works, Bureau of Contract Administration, Office of Contract Compliance at (213) 847-2625."

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

Section 82. Condemnation. The Parties hereby agree that:

82.1. If the Demised Premises, or any portion thereof, or any interest therein, are taken by eminent domain, or otherwise, by any governmental authority, or by a "quasi-public entity" for public use, or sold to a governmental authority threatening to exercise the power of eminent domain, this Lease, and Lessee's obligation to pay rent hereunder, shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs, and

the rent, fees and/or other charges hereunder shall be apportioned and paid to the date of such taking. A taking of the Demised Premises includes the taking of easements for air, light and any other easements in the land, including, but not limited to an impairment or taking of access to adjoining streets.

82.2. **Effect of Partial Condemnation.** In the event a portion of the Demised Premises are appropriated or taken and Lessee, at its sole discretion, determines that the remainder thereof is not suitable for the continued use of the Demised Premises by Lessee for conducting Lessee's operations thereon in the same manner and extent as carried on prior to such taking, Lessee shall have the right to terminate this Lease upon giving LAWA written notice of its intent to exercise said right. Said notice shall be given not more than one hundred twenty (120) days following the date of service of a complaint in eminent domain upon Lessee, or one hundred twenty (120) days following LAWA's demand that Lessee acknowledge its intent to terminate this Permit, unless LAWA and Lessee agree, in writing, to an earlier termination or to extend said period. If Lessee exercises its right to terminate this Permit pursuant to this Subsection 82.2, Lessee shall give LAWA thirty (30) days prior written notice of the effective date of said termination.

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

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

82.2.3. Except as provided for in Section 60, Ownership of Improvements hereof, should Lessee terminate this Lease pursuant to this Section 82, title to all improvements, additions or alterations constructed or installed by Lessee upon the Demised Premises and which have not already vested in LAWA shall thereupon vest in LAWA.

82.3. **Application of Award Upon a Total or Partial Taking.**

82.3.1. If this Lease is terminated pursuant to Subsection 82.2 herein, or, if all or a portion of the Demised Premises are taken, then the entire award or compensation paid for land, improvements, and buildings owned by LAWA, the amortized portion of the value of buildings and improvements built by Lessee and which will become the property of LAWA upon termination of this Lease, and/or loss or taking of business goodwill of LAWA or its Department, shall be the property of LAWA.

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

82.4. **Severance Damages.** The entire award of compensation paid for any severance damages, whether paid for impairment of access, for land, buildings, and/or improvements shall be the property of LAWA, regardless of whether any buildings or improvements so damaged are owned or were constructed by LAWA or Lessee. However, should LAWA determine that improvements are to be restored, that portion of the severance damages necessary to pay the cost of restoration, as set forth in Subsection 82.5 hereof, shall be paid to Lessee upon the written request of Lessee accompanied by evidence that the sum requested has been paid for said restoration and is a proper item of such cost and used for such purpose.

82.5. **Partial Taking: Restoration.** In case of a taking of the Demised Premises other than a total taking and/or should Lessee elect not to terminate this Lease pursuant to this Section, LAWA and Lessee may mutually agree that the Parties shall restore the Argo Drain Sub-Basin Storm Water Facility improvements on the Demised Premises proportionately, based on each Party's contribution of design and construction costs, and the Parties shall, whether or not the awards or payments, if any, on account of such taking are sufficient for the purpose, promptly commence and proceed with reasonable diligence to effect (subject to Force Majeure) restoration of the improvements on the remaining portion of the Demised Premises as nearly as possible to their condition and character immediately prior to such taking, except for any reduction in area caused thereby, or with such changes or alterations as may be made at the election of Lessee in accordance with Section 57, **Improvements and Alterations**, of this Lease.

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

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

proportionately, based on each Party's contribution of design and construction costs, any such areas temporarily taken to the condition existing before the taking.

Section 83. Miscellaneous Provisions.

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

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

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

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

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

83.6. **LAWA's Consent.** In each instance herein where LAWA's, Board's or the CEO's approval or consent is required before Lessee may act, such approval or consent shall not be unreasonably withheld, unless otherwise provided.

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

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

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

83.10. **War or National Emergency.** This Lease and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or

acquire affecting the control, operation, regulation, and taking over of Airport or the exclusive or nonexclusive use of Airport by the United States during the time of war or national emergency.

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

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

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

For purposes of this Lease, the term "Force Majeure" shall mean, in relation to the conditions that may cause a party to be temporarily, partially or wholly prevented from performing its obligations to the other party under this Agreement and not for any other purpose or for any benefit of any third party: any event beyond the reasonable control of the party claiming it, including, but not limited to, embargoes, shortages of material, acts of God, acts of public enemy (such as war, (declared or undeclared), invasion, insurrection, terrorism, riots, rebellion or sabotage), acts of a governmental authority (such as the United States' Department of Transportation, the United States Federal Aviation Administration, the United States Transportation Security Administration, the United States Environmental Protection Agency and defense authorities), fires, floods, earthquakes, hurricanes, tornadoes and other extreme weather conditions; provided, however, that strikes, boycotts, lockouts, labor disputes, labor disruptions, work stoppages or slowdowns shall not be considered an event of Force Majeure. The term Force Majeure includes delays caused by governmental agencies in the processing of applicable building and safety permits but only to the extent that such processing time actually exceeds the normal and reasonable processing time period for such governmental agency permit; provided, however, that any delays caused by Lessee or its Contractors in the processing of such permits (such as Lessee or its Contractors' failure to submit complete applications for such permits) shall not be considered a basis for a claim of Force Majeure by Lessee. Any lack of funds shall not be deemed to be a cause beyond the control of a party. If Lessee shall claim a delay due to Force Majeure, lessee must notify LAWA in writing within five (5) business days of the first occurrence of any claimed event of Force Majeure. Such notice must specify in reasonable detail the cause or basis for claiming Force Majeure and the anticipated delay in Lessee's performance to the extent such anticipated delay is known to Lessee at the time such notice to LAWA is required. If Lessee fails to provide such notice within said five (5) business-day period, then no Force Majeure delay shall be deemed to have occurred. Delays

due to events of Force Majeure shall only be recognized to the extent that such event actually delays the performance by such party and cannot otherwise be mitigated using commercially reasonable efforts.

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

83.15. **Conflicts in this Lease.** If there are any direct conflicts between the provisions of Article 1 and Article 2 of the Lease, the provisions of Article 1 shall be controlling. If there are any direct conflicts between the provisions of Article 1 and Article 2 of the Lease and Exhibits A and B, the specific information contained in Exhibits A and B shall be controlling, provided nothing herein shall be construed to contradict applicable law.

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

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

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

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

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

Section 84. First Source Hiring Program For Airport Employers. (LAX only).

84.1. Lessee shall comply with the provisions of the First Source Hiring Program adopted by the Board. The rules, regulations, requirements, and penalties of the First Source Hiring Program are attached as Exhibit K and made a material term of this Lease.

Section 85. Other Agreements Not Affected.

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

Section 86. Noise Abatement Procedures. (Applicable to LAX air carrier only).

[This Section Is Intentionally Omitted]

Section 87. Contractor Responsibility Program.

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

Section 88. Alternative Fuel Vehicle Requirement Program.

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

Section 89. Campaign Contributions.

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

“Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions”

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

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

[REMAINDER OF THIS PAGE INTENTIONALL LEFT BLANK]

SIGNATURE BLOCKS

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

APPROVED AS TO FORM:

MICHAEL N. FEUER

City Attorney

Date: _____

By: _____

Assistant City Attorney

CITY OF LOS ANGELES

Date: _____

By: _____

Deborah Flint
Chief Executive Officer
Department of Airports

APPROVED AS TO FORM:

MICHAEL N. FEUER

City Attorney

Date: _____

By: _____

Deputy City Attorney

CITY OF LOS ANGELES

Date: _____

By: _____

Enrique C. Zaldivar, Director
Los Angeles Sanitation

ATTEST:

HOLLY L. WOLCOTT

City Clerk

Date: _____

By: _____

Deputy/Assistant City Clerk

Date: _____

By: _____

Kevin James, President
Board of Public Works

Council File No. _____