LOS ANGELES INTERNATIONAL AIRPORT

FOOD & BEVERAGE CONCESSION AGREEMENT LAA-_____

By and between

THE CITY OF LOS ANGELES,
DEPARTMENT OF AIRPORTS

and

GT HOSPITALITY LAX LLC

Dated _____, 2026

LOS ANGELES INTERNATIONAL AIRPORT
FOOD & BEVERAGE CONCESSION AGREEMENT

THIS LOS ANGELES INTERNATIONAL AIRPORT FOOD & BEVERAGE CONCESSION AGREEMENT (this "**Agreement**"), is made and entered into as of _____, 2026, by and between **THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS,** a municipal corporation ("**City**" or "**LAWA**"), acting by order of and through its Board of Airport Commissioners ("**Board**"), and **GT HOSPITALITY LAX LLC**, a California limited liability company ("**Concessionaire**"), with reference to the following Basic Information and the following Recitals.

BASIC INFORMATION

Agreement Date:	_____, 2026
City:	THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS, a municipal corporation ("**City**" or "**LAWA**"), acting by order of and through its Board of Airport Commissioners ("**Board**")
City's Address:	Department of Airports 6053 W. Century Blvd. Los Angeles, California 90045 or such other address as may be designated in a written notice from the Chief Executive Officer (CEO) in accordance with Section 16.5.1.
	All notices sent to City under this Agreement shall be sent to the above address, with copies to: Office of City Attorney6053 W. Century Blvd., 4th Floor Los Angeles, California 90045 or to such other address as may be designated in a written notice from the CEO in accordance with Section 16.5.1.
	All rent amounts and fees payable to City or LAWA hereunder shall be made payable to: City of Los Angeles, Department of Airports and shall be mailed to: City of Los Angeles – LAWA P.O. Box 54078 Los Angeles, CA 90054-0078 Re: LAX Concession Agreement No. LAA or to such other address as may be designated in a written notice from the CEO in accordance with Section 16.5.1.
Concessionaire:	GT Hospitality LAX LLC (Limited Liability Company)
Contact Person:	Javier F. Malespin
Address:	7928 W 79th Street

	Playa Del Rey, CA 90292
Phone:	
Facsimile:	
E-mail:	jmalespin@greaterthandd.com
Registered Agent:	Jeremy Fletcher
Address:	2143 S. Victoria Avenue Los Angeles, CA 90016
Phone:	
Facsimile:	
E-mail:	jfletcher@greaterthandd.com
Airport:	Los Angeles International Airport
Terminal(s):	4
RFP:	Request for Proposals No. 0243-2025-06-RFP-223867, issued by City.
Concession Proposal:	Response to Request for Proposal dated as of November 21, 2025, submitted by Concessionaire.
Package:	A
Premises:	The spaces comprised of the following Unit(s):

Unit No.	Concept	Square Feet
G301	4	1,270
G302	4	938
G303	4	602
G304	4	1,004
G101	4	1,370

All as shown on Exhibit A-1, which may be amended from time to time pursuant hereto.

Length of Term:	Approximately Twelve (12) years
Expiration Date:	June 30, 2040

Rent:

Unit No.	Category	1st Year Minimum Annual Guarantee	1st Year Minimum Monthly Guaranteed Rent
G301	Retail market (local/regional)	$204,000	$17,000.00
G302	Coffee (national/branded)	$244,800	$20,400.00
G303	Specialty bar	$374,000	$31,166.67
G304	QSR (local/regional – made-to-order)	$306,000	$25,500.00
G101	Coffee (national/branded) – pre-security	$214,200	$17,850.00

Rent Category	Percentage Rent		
	Yr 1-3	Yr 4-5	Yr 6-end
Coffee, Bar, Quick-Service Restaurant, F&B Marketplace	6%	8%	10%
Restaurant & Casual Dining	6%	8%	10%
Alcoholic Beverages	6%	8%	10%
Travel Essentials & Specialty Retail	6%	8%	10%

Per Enplaned Passenger MAG for first Agreement Year	$0.316

Permitted Uses:	Unit No.	Category
	G301	Retail market (local/regional)
	G302	Coffee (national/branded)
	G303	Specialty bar
	G304	QSR (local/regional – made-to-order)
	G101	Coffee (national/branded) – pre-security

Minimum Initial Qualified Investment Amount:	**Unit**	**Unit Allocation**
	G301	$1,985,526.00
	G302	$2,496,249.90
	G303	$1,420,271.10
	G304	$2,548,527.45
	G101	$2,752,446.00
	Total	$11,230,020.45

Minimum Reinvestment Percentage:	20%
Faithful Performance Guarantee:	Initially, $335,750 [25% of MMG x 12] as such amount may be adjusted in accordance with Section 13.3.1.
Guarantor:	LTS Group Inc. 7160 Dallas Parkway Suite 175 Plano, TX 75024 Attn.: Cary Platt, President
Storage Space Addendum:	Yes No Note: To be determined after award and based on availability.
Concepts:	**Unit** — **Approved concepts in accordance with Exhibit X (Permitted Uses). Concessionaire's branding concepts shall remain as described in the basic information and shall only be modified with the prior approval of the CEO.**

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

RECITALS:

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

B. City desired to provide a wide range of food & beverage products and merchandise for the benefit of the air traveling public and other persons using the Airport and issued the RFP referenced in the Basic Information (the "**RFP**") to solicit proposals for the operation and management of certain food & beverage concessions at the Airport; and

C. City received proposals in response to the RFP, including the proposal from Concessionaire and chose Concessionaire's proposal.

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

I TERM.

1.1 Term. The term of this Agreement (the "**Term**") shall commence on the Agreement date specified in the Basic Information and expire on June 30, 2040 ("**Expiration Date**"), unless extended or sooner terminated as herein provided.

1.1.1 City's Extension Option. On or before December 31, 2038, the Chief Executive Officer or his or her designee ("CEO") has one (1) option to extend the Term by three (3) years by written notice to Concessionaire, in the CEO's sole discretion, based on Concessionaire's performance, including criteria and/or metrics established each Agreement Year (as defined in Section 4.1.2), and agreed upon by the City and Concessionaire in the Concessionaire's annual Business and Operations Plan (as defined in Section 3.11).

1.2 Unit Commencement Date. The unit commencement date **"Unit Commencement Date"** shall be the earlier of (a) one hundred and twenty (120) days after the Delivery Date (hereinafter defined) with respect to such Unit, or (b) the date Concessionaire commences business operations to the public at such Unit (hereinafter defined). The "**Delivery Date**" for a Unit shall be the date specified by the CEO in a written notice delivered to Concessionaire (a "**Delivery Notice**") as the date that Concessionaire may take possession of such Unit pursuant to the terms of this Agreement.

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

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

II PREMISES.

2.1 Premises; Units. The premises which are the subject of this Agreement (the "**Premises**") are described in Exhibit A attached hereto, are located at the Airport described in the Basic Information (the "**Airport**") at the Terminal(s) listed in the Basic Information, and are comprised of those spaces (the "**Units**") set forth in the Basic Information, are described on Exhibit A attached hereto, and shown on the plan attached hereto as Exhibit A-1.

2.2 Unit Nos.; Square Footage. The Units have the unit numbers and square footage set forth in the Basic Information and in Exhibit A; *provided, however,* that any statement of square footage set forth in this Agreement, or that may have been used in calculating any of the economic terms hereof, is an approximation which City and Concessionaire agree is reasonable and no economic terms based thereon shall be subject to revision whether or not the actual square footage

is more or less. The location and dimensions of the Units are depicted on Exhibit A-1, which is attached hereto and incorporated herein by this reference.

2.3 Storage Space. Concessionaire shall not use more square footage of the Unit for the storage of equipment, inventory or supplies than the square footage in each Unit approved by the City as a part of the design and construction approval process. City may (but shall have no obligation to) make additional storage space available to Concessionaire at the Airport from time to time. In the event City makes such storage space available to Concessionaire and Concessionaire desires to lease such storage space, CEO and Concessionaire shall enter a storage space addendum in the form of Exhibit C attached hereto, as such form may be modified from time to time by CEO.

2.4 Common Areas. Subject to compliance with City's Rules and Regulations and security requirements, Concessionaire shall have the non-exclusive right, in common with others authorized by City, of ingress and egress through all Common Areas (as defined in this Section); provided, however, the CEO may, in its sole discretion, and without liability to Concessionaire, change the size or location of the Common Areas, including, without limitation, by converting Common Areas to leaseable or other areas, or leaseable areas to Common Areas. City shall use reasonable efforts so as to not prevent access and/or substantially impair access to the Premises in connection with any such changes to the Common Areas. CEO may, in CEO's sole discretion, establish and enforce non-discriminatory Rules and Regulations (as defined in Section 3.10) concerning the Common Areas, temporarily close portions of the Common Areas for security, maintenance or other purposes, and make changes to the Common Areas including, without limitation, changes in the location of security points, driveways, entrances, exits, parking spaces and the direction and flow of pedestrian and vehicular traffic. For purposes of this Agreement, the term **"Common Areas"** means all areas and facilities located within the Airport and outside of the Premises, that are designated by the CEO from time to time as common use areas for the general use and convenience of concessionaires, tenants and other occupants at the Airport, airline passengers and other visitors to the Airport, such as lobbies, corridors, sidewalks, elevators, escalators, moving sidewalks, parking areas, and facilities, restrooms, pedestrian entrances, driveways, loading zones and roadways. Except for damage caused by Concessionaire, Concessionaire shall not be responsible for the maintenance or repair of any Common Areas located outside of the Premises. For avoidance of doubt, the parties acknowledge that the Concessionaire Common Areas are not a part of the Common Areas as described in this Section 2.4, and Concessionaire 's obligations with respect to the Concessionaire Common Areas are described elsewhere in this Agreement.

2.5 Public Address System. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): City shall have the right, in its sole discretion, to install one (1) or more public address system speakers in each Unit for announcing flight arrivals and departures and other Airport information. Concessionaire shall not install any public address, paging, or other similar audio system in any Unit at any time. Any installation of a music system or television system in any Unit shall require the prior written approval of the CEO, in his or her sole discretion; provided that no such system shall interfere with the City's public address system. Concessionaire shall not have any wireless internet system within the premises that can be accessed by any means by non-employees of Concessionaire.

2.6 Wireless Communications. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): without the prior written consent of the CEO, in his or

her sole discretion, Concessionaire shall not install or use any wireless workstations, access control equipment, wireless internet servers, transceivers, modems or other hardware that transmit or otherwise access radio frequencies. Wireless tablets used by concessions staff to take orders and payments from customers are permitted, provided that such comply with City's and the Airport's technical requirements.

III CONCESSION RIGHTS AND OBLIGATIONS.

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

3.2 Right to Operate. City hereby grants to Concessionaire the right and obligation to occupy, equip, furnish, operate and maintain concessions in those Units of existing buildings at Airport described in further detail in Exhibit A, and shown on Exhibit A-1. The rights granted shall be carried on solely and exclusively within the limits and confines of said Units; *subject, however,* to the expansion, reduction or relocation of any such Unit, as specified in Article IX hereof and its sections.

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

3.4 Right to Promote Products; Restriction on Advertising. Concessionaire shall have the right, without the prior consent of the CEO, to promote Concessionaire's brand-name products on its packaging and/or those products available for sale within the Premises in accordance with

Section 5.15 of this Agreement. Receipts for any revenue received by Concessionaire from brands or brand promoters of such brand-name products shall be subject to the "Percentage Fee" as described in Section 4.1.3 hereof. Additionally, Concessionaire shall have the right to include Concessionaire's brand/logo on pre-printed bags. Concessionaire acknowledges that City has entered in an exclusive agreement with a third party with respect to commercial advertising within the Airport and the Terminals. Accordingly, except as permitted under this Section with respect to promotion of brand-name product packaging and signs within the Premises otherwise in compliance with this Agreement, Concessionaire acknowledges and agrees that Concessionaire has no rights (a) to advertise or promote its products outside of the Premises, (b) to advertise or promote the products of any third party, or (c) participate in any non-City sponsored marketing income program at the Airport; provided, however, that the foregoing restrictions shall not apply within its Units to: (i) signage or logos associated with accepted payment methods, mobile payment platforms, or point-of-sale transaction processors, (ii) loyalty or rewards program signage or materials, or (iii) incidental branding of operational partners necessary for Concessionaire's operations. Concessionaire may cross-promote products across Units (*e.g.*, products sold in one Unit operated by Concessionaire may be promoted in other Units operated by Concessionaire), subject to CEO's consent. Concessionaire hereby agrees to indemnify, defend and hold City and City Agents (hereinafter defined) harmless from and against any actions, causes of action, charges, claims, costs, damages, demands, expenses (including attorneys' fees, costs of court and expenses incurred), fines, judgments, liabilities, liens, losses, or penalties of every kind and nature whatsoever (collectively, "**Claims**") City may suffer or incur as a result of Concessionaire's violation of this Section. Concessionaire hereby assigns to City and agrees to pay to City as Additional Rent hereunder any fees, compensation or other revenue received by Concessionaire, directly or indirectly, from any such advertising or product promotion in violation of this Section. For purposes of this Agreement, "**advertising**" shall mean fixed and dynamic advertising display signage, as well as marketing income programs (including, but not limited to, sponsorships, events, product rights, licensing, naming rights and branding) at locations outside the Premises and, except to the extent approved in advance in writing by CEO, at locations within each Unit with respect to products not sold by Concessionaire within such Unit provided, however, that "advertising" shall not include any directional or wayfinding signage placed by City referencing Concessionaire or its Units.

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

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

3.7 Rights are Not Exclusive. Subject to the rights reserved to City under this Agreement, Concessionaire acknowledges and agrees that (a) subject to Concessionaire's

compliance with the terms and conditions of this Agreement, the rights herein granted to Concessionaire shall be exclusive within the Premises covered by this Agreement, but non-exclusive at the Airport; (b) Concessionaire has no exclusive rights to conduct the business of the Permitted Uses in areas other than the Units; (c) other than with respect to Storage Space pursuant to a Storage Space Addendum, if applicable, the rights granted to Concessionaire under this Agreement do not include any right to use, occupy or possess any area other than the Units (including, without limitation, any new leaseable areas in the existing Terminals or any new terminals developed by City in the future); and (d) City intends to enter into concession agreements with other food and beverage concessionaires and other retail and services concessionaires at the Airport, some of which will be located in Terminal 4 In addition, City expressly reserves the right to grant others the right to sell retail products and merchandise, personal services, and foods and beverages in Terminal 4 and such right has been, or may in the future be granted to others in separate agreements.

3.8 General Disputes. In the event of a dispute between Concessionaire and any other Airport tenant or concessionaire as to the services to be offered or products to be sold at any Unit, Concessionaire shall meet and confer with CEO and, CEO shall determine the services to be offered or products to be sold by each, and any decision by CEO shall be final and binding upon Concessionaire and such other Airport tenant or concessionaire; provided, however, that products previously approved by City to be sold in the Units shall not be required to be removed from sale in the Units unless there are issues with the safety or other particular concerns that may arise, in which instance Concessionaire and Airport will work to resolve any concerns.

3.9 No Other Uses. Concessionaire shall not use nor permit any Unit to be used for any purpose other than the Permitted Uses with respect to such Unit except with the prior written consent of CEO, nor for any use in violation of any applicable present or future law, ordinance, rule or regulation of any governmental authority, agency, department or officer thereof. In the event that Concessionaire desires to use a Unit for any purpose other than the Permitted Use for that Unit, Concessionaire may submit a request to CEO, and CEO may, in CEO's sole and absolute discretion, approve, deny or condition its approval of such request in writing (and any such written approval shall be approved as to form by the City Attorney); *provided, however*, under no circumstances shall any use that is not a food & beverage use be permitted, and no retail use shall be converted to a food and beverage use, nor shall a food and beverage use be converted to a retail use, provided, however, that City acknowledges that there may be product crossover between Concessionaire's food and beverage concession(s) and Concessionaire's retail concession with certain food and beverage items sold in Concessionaire's retail Unit and certain retail products sold in Concessionaire's food and beverage concession, with the cross-sold products subject to CEO approval. Any such decision by CEO shall be final and binding upon Concessionaire.

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

3.10.1 Without limiting the foregoing, Concessionaire shall comply with the Los Angeles International Airport and Van Nuys Airport Concessions Standard Operating

Procedures approved by the Board of Airport Commissioners (as such rules may be amended from time), which rules are hereby incorporated herein by reference ("**Concessions SOP**") and attached to this Agreement as Schedule 1. Concessionaire's breach of such Concessions SOP shall be deemed a material breach of this Agreement. If there is any conflict between the Concessions SOP and this Agreement, then the terms of the Concessions SOP shall prevail.

The Concessions SOP includes, but is not limited to:

1. Pricing Policy
2. Required Hours of Operation
3. Deliveries, Access & Coordination
4. Removal of Garbage & Refuse
5. Refuse Removal Costs
6. City Events
7. Distressed Concession Relief Program
8. Value For Money Program
9. Children's Menu
10. Digital Marketing
11. Business Operations Plan
12. LAWA-Defined Metrics for Performance

3.11. Business and Operations Plan. Concessionaire shall prepare a detailed plan for the management of the concession operations within the Premises (the **"Business and Operations Plan"**), which Business and Operations Plan shall at all times be subject to the approval of CEO as set forth in this Section 3.11, such approval not to be unreasonably withheld, conditioned or delayed. The initial version of the Business and Operations Plan shall be in a form prepared by Concessionaire and approved by CEO, prior to the first Unit Commencement Date of this Agreement. Thereafter, the Business and Operations Plan shall be updated by Concessionaire and submitted to CEO, on an annual basis for the subsequent fiscal year, no later than March 31st of each year continuing through the end of the Term. The updated Business and Operations Plan shall be subject to the approval of LAWA each year (which CEO shall provide within thirty (30) days following submission), and any changes to the Business and Operations Plan as so approved by CEO that occur during the year shall be subject to the further approval of CEO in a similar manner. Until such approval is obtained, Concessionaire shall continue to operate under the most recent approved Business and Operations Plan. Concessionaire shall manage the concession operations within the Premises substantially in accordance with the Business and Operations Plan as approved by CEO. Notwithstanding anything contained in the Business and Operations Plan, in the event of a conflict between the provisions of this Agreement and the provisions of the Business and Operations Plan, the provisions of this Agreement shall control.

IV PAYMENTS BY CONCESSIONAIRE.

4.1 Monthly Base Rent Payments.

4.1.1 Base Rent. Commencing on the first Unit Commencement Date, and continuing thereafter throughout the Term of this Agreement, Concessionaire shall pay to City with respect to the Premises (as such Premises are defined herein) annual base rent ("Base Rent"), which Base Rent shall be an amount equal to the greater of (a) the Minimum Annual Guaranteed Rent (as defined in Section 4.1.2), or (b) the Percentage Rent (as defined in Section 4.1.3) with

respect to such Premises. The Base Rent and all Additional Rent payable by Concessionaire hereunder are sometimes collectively referred to as "Rent." The term "Additional Rent" shall mean all sums, fees, charges, payments and other amounts due hereunder from Concessionaire other than Base Rent. For the Premises with a Unit Commencement Date earlier than July 1, 2028, Base Rent shall be defined as Percentage Rent until the commencement of the first Agreement Year.

4.1.2 Minimum Annual Guaranteed Rent and Minimum Monthly Guaranteed Rent. The Minimum Annual Guaranteed Rent (herein, the "Minimum Annual Guaranteed Rent" or "MAG Rent") shall be an annual amount for all such Units comprising the Premises other than Unit G101 for the applicable Agreement Year, subject to adjustment as provided below. The MAG Rent with respect to each applicable Unit for the first Agreement Year is set forth in the Basic Information. The MAG Rent shall be payable monthly in advance in equal installments on the first (1st) of every month (herein, "Minimum Monthly Guaranteed Rent" or "MMG Rent"). Beginning July 1, 2029, and continuing each successive Agreement Year, the MAG Rent with respect to the Premises shall be the greater of (i) the product of (a) the Per Enplaned Passenger MAG (as defined in Section 4.1.5), and (b) the total enplaned passenger activity for flights departing from Terminal 4 during the prior Agreement Year, or (ii) eighty-five percent (85%) of the actual Base Rent payments for such Premises for the immediately prior Agreement Year, except that with respect to Unit G101, the MAG Rent for each such Agreement Year beginning July 1, 2029 shall be eighty-five percent (85%) of the greater of Percentage Rent paid during the immediately prior Agreement Year or the actual Base Rent, adjusted for CPI, paid during the immediately prior Agreement Year. The term "Agreement Year" shall mean the twelve (12) month period commencing on July 1st and ending June 30th of each year through the expiration or earlier termination of the Term (including any portion of a year in which the expiration or earlier termination of Term occurs).

4.1.3 Percentage Rent. At all times while "Gross Revenues" (as defined in Section 4.1.4) are being generated from the Premises, Concessionaire shall calculate Percentage Rent for each Unit in accordance with the Percentage Rent Rates established for the respective sales categories, as set forth in the Basic Information. Percentage Rent for each Unit shall be the product of (a) the respective Percentage Rent Rate(s) by sales category/type, and (b) the Gross Revenues from the preceding month's sales in accordance with the applicable Percentage Rent Rate(s). If the monthly Percentage Rent for all Units comprising the Premises is greater than the Concessionaire's MMG Rent, Concessionaire shall pay to City the amount by which the monthly Percentage Rent exceeds the MMG Rent. Concessionaire shall pay Percentage Rent to City without prior notice or demand within ten (10) days after the expiration of each month. All Percentage Rent payments shall be computed based on all Gross Revenues during the previous month as all such Gross Revenues are indicated on Concessionaire's Monthly Certified Statement.

4.1.4 Gross Revenues Defined. "**Gross Revenues**" shall include all revenues, whether by coin or currency, on account, by check, credit or debit card, collected or uncollected, whether conducted on Airport or off Airport for fulfillment on Airport, derived by or on behalf of Concessionaire as a result of its operation of the concession rights herein granted, without any exclusion whatsoever, except those exclusions expressly permitted under Sections 4.1.4(1) through 4.1.4(9) below. "**Gross Revenues**" shall include (a) the sales prices received or billed by or on behalf of Concessionaire from the sale, dispensing and serving of food, food products and beverages (including alcoholic beverages), other retail non-food and beverage products, and other related services and products ("**Products and Services**"); (b) the full amount

of any deposits, prepayments or credits forfeited by customers in connection with any business by Concessionaire in, on, about or from the Premises; (c) the full amount of all orders for Products and Services accepted by or on behalf of Concessionaire in, on, about or from the Premises, whether or not to be filled or performed at any other place, and the full amount of all orders accepted by or on behalf of Concessionaire elsewhere, but to be filled or performed in, on, about or from the Premises; (d) the retail price of all orders for Products and Services placed from the Premises from Concessionaire's catalog, internet or otherwise; (e) the full amount of any charge Concessionaire customarily makes for Products and Services even though Concessionaire fails to actually collect such a charge (except to the extent expressly excluded pursuant to Sections 4.1.4(1) through 4.1.4(9) below); and (f) any amounts paid or payable to Concessionaire in exchange for coupons or vouchers which are redeemed at the Premises. "**Gross Revenues**" shall also include any payments made to Concessionaire for advertising or promoting products and services from the Premises. Goods, work or services furnished by any person or firm in lieu of payment in exchange for value received shall be deemed to be "**Gross Revenues**." "**Gross Revenues**" shall exclude revenues from the following:

1. Taxes. Retail sales taxes, excise taxes or related direct taxes on the consumer which are collected by or on behalf of Concessionaire on such sales, provided all such taxes are properly accounted for and recorded;

2. Sale of Scrap, Equipment or Uniforms. Revenues from the sale of waste or scrap materials resulting from the operation of Concessionaire's business at the Airport; revenues from the sale of or the trade-in value of furniture, fixtures or equipment used on the Premises, and owned by Concessionaire; receipts from the sale at cost of uniforms/clothing to Concessionaire's employees where such uniforms/clothing are required to by worn by said employees;

3. Exchanges and Refunds from Suppliers. The value of any merchandise, supplies or equipment exchanged or transferred from or to other business locations of Concessionaire, where such exchanges or transfers are not made for the purpose of avoiding a sale by Concessionaire which would otherwise be made from or at the Premises; revenues in the form of refunds from or the value of merchandise, supplies or equipment returned to shippers, suppliers or manufacturers;

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

5. Employee Discounts. The cost or value of Products and Services given to employees of Concessionaire pursuant to such employees' employment contracts; *provided, however,* City may require Concessionaire to prove that such discounts were strictly mandated by the employees' employment contracts or collective bargaining agreements and such employee-discounted Products and Services are limited to a reasonable quantity for the employees' personal consumption and not for sale or transfer to third parties;

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

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

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

9. Insurance Proceeds. All sums and credits received in settlement of claims for loss, theft or damage to inventory, supplies, and merchandise, and the proceeds received by Concessionaire from any casualty or liability proceeds. Notwithstanding anything to the contrary, all business interruption proceeds intended to replace or compensate for lost Gross Revenue shall be included in the definition of Gross Revenue.

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

4.1.5 Per Enplaned Passenger MAG. The Per Enplaned Passenger MAG for each Unit in the first Agreement Year is set forth in the Basic Information. Beginning the second Agreement Year, and each successive Agreement Year on July 1st during the Term, the Per Enplaned Passenger MAG shall be the prior Agreement Year's Per Enplaned Passenger MAG adjusted by the percentage change (increase or decrease) from the prior Agreement Year's CPI (as defined below), computed to the nearest one-thousandths of a dollar. The Per Enplaned Passenger MAG for each Unit shall be computed to the nearest one-thousandths of a dollar. The term "CPI" shall mean the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor of CPI-U (all urban consumers, not seasonally adjusted) for Los Angeles-Long Beach-Anaheim, CA (all items 1982-1984 equals 100). In the event that the compilation and/or publication of the CPI is discontinued, then the index most nearly the same as the CPI shall be used to make such calculation (as reasonably determined by the CEO). The foregoing shall not be applicable with respect to Unit G101.

4.1.6 True-Up Adjustment of Percentage Fee. With respect to each Unit, on August 15 of each Agreement Year, Concessionaire shall prepare and submit to City a statement showing the total Percentage Fee paid by Concessionaire for the previous agreement year with respect to each applicable Unit. If the Base Rent paid by Concessionaire with respect to a Unit during any Agreement Year exceeds the greater of (i) the MMG Rent for such Unit multiplied by twelve, or (ii) the total Percentage Fee for such year for such Unit (the "**Actual Rent**"), such

overpayment shall be credited to the fees and charges thereafter due from Concessionaire. If Concessionaire's aggregate payments with respect to a Unit are less than the Actual Rent for such Unit, Concessionaire shall, within ten (10) calendar days, pay City the difference.

4.1.7 Intentionally omitted.

4.1.8 MAG Adjustment for Enplanement Decline Event. For purposes of this Section 4.1.8, an "Enplanement Decline Event" means a decrease in passengers during any full calendar quarter during the Term (excluding any partial quarter or period prior to the first Agreement Year) in which the total enplaned passenger activity for flights departing from Terminal 4 is less than eighty percent (80%) of the total enplaned passenger activity departing from Terminal 4 in the same quarter in the prior Agreement Year (e.g., Year 2: Jan-Mar 2030 as compared to Year 3: Jan-Mar 2031).

In case of an Enplanement Decline Event, the CEO may immediately adjust the MMG Rent for the current calendar quarter to be equal to 1/3 of the product of: (A) the then current, CPI adjusted Per Enplaned Passenger MAG, multiplied by (B) the total enplaned passenger activity for flights departing from Terminal 4 during the preceding full calendar quarter, illustrated as follows:

$$\textbf{Monthly MAG Payment} = \frac{\textbf{CPI Adjusted Per EPAX MAG x Preceding Calender Quarter EPAX}}{\textbf{3}}$$

Such quarterly adjusted MMG Rent will continue until the next full calendar quarter of total enplaned passenger activity for flights departing from Terminal 4 equals or exceeds ninety percent (90%) of the prior Year's same, full calendar quarter of total enplaned passenger activity for flights departing from Terminal 4 at which point the MMG Rent will revert to the computation defined in Section 4.1.2.

4.2 Quality-Variable Annual Rent (QVAR).

4.2.1 In addition to the foregoing rent, Concessionaire shall pay a variable annual rent based on LAWA-defined metrics for performance as defined in the SOP for an Agreement Year as follows: the Quality-Variable Annual Rent ("QVAR") shall be $15,000 per year payable at the end of each Agreement Year, provided that if the defined metrics for a given Agreement Year are met or exceeded, Concessionaire shall receive a QVAR rent credit of $15,000 applied toward the QVAR (i.e., the QVAR for such Agreement Year is reduced to zero).

4.2.2 City shall use the QVAR collectively received from Terminal 4 Concessionaires ("QVAR Fund") toward costs or expenses that can improve the Terminal 4 ASQ Score.

4.2.3 Concessionaire shall implement the following to improve ASQ Scores. Concessionaire shall implement ASQ best practices outlined in the Concessions SOP in pursuit of higher ASQ scores, and should also evaluate their own initiatives to consistently elevate these scores.

a. Pricing and value for money review on all pricing submissions including review of entire marketplace offer, quality, service and value price of items;

b. Mystery Shop scores audits, anything below 75% triggers immediate retraining on problem areas;
c. Recognition/gifts/ awards for high-performing employees;
d. Store inspections with clear action plans to address deficiencies, communicated to LAWA upon request;
e. Monitoring online reviews and providing responses to guest feedback;
f. Full retraining on policies and procedures, including open/close policy and full enforcement of this;

4.3 Common Area Maintenance.

4.3.1 Common Area Maintenance Charges. In addition to the monthly Base Rent payable to City hereunder, LAWA through its CEO reserves the right, in its sole discretion, to impose and amend from time to time, "**Common Area Maintenance Expenses**" (as defined in Section 4.3.2). If so imposed, on and after the Unit Commencement Date, Concessionaire shall pay to City with respect to each Unit as Additional Rent the applicable Share for such Unit set forth in the Basic Information (as so amended) of all Common Area Maintenance Expenses based upon City's most recent estimate of the projected Common Area Maintenance Expenses, as adjusted in accordance with Section 4.3.3.

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

1. Cleaning of Common Area seating areas;

2. Pest control for the Common Areas;

3. Trash removal for the Common Areas; and

4. Supplies, materials, labor and equipment used in or related to the operation and maintenance of the Common Areas including the cost of maintenance, depreciation and replacement of machinery, tools and equipment (if owned by City) and for rental paid for such machinery, tools and equipment (if rented) used in connection with the operation or maintenance of the Common Areas;

5. Costs for management and administration of the Common Areas, including, without limitation, any management fee, accounting, auditing, billing, postage, salaries and benefits for all employees and contractors engaged in the management, operation, maintenance, repair and replacement of the Common Areas;

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

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

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

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

4.3.4 Share; Allocation to Concessionaire. With respect to Common Area Maintenance Expenses, which City allocates to the Common Areas, the "**Share**" allocated to each Unit shall be the percentage set forth in the Basic Information, as adjusted by City from time to time based upon changes in the operation of all Concessions allocated in good faith based on the impact of each Unit on Common Area Maintenance Expenses, with the specific caveat that Concessionaire is not charged for Common Area Maintenance Expenses with respect to the baggage claim Common Area adjacent to Unit G101. Notwithstanding the foregoing, City may adjust a Unit's Share for all or part of any item of expense or cost reimbursable by Concessionaire that relates to a repair, replacement, or service that benefits only the Premises or only a portion of the Terminal or that varies with the occupancy of the Terminal. Without limiting the generality of the foregoing, Concessionaire understands and agrees that City shall also have the right to adjust a Unit's Share of any Common Area Maintenance Expenses based upon Concessionaire's burden or impact on such Common Areas as reasonably estimated and determined by City based upon factors such as size and Gross Revenues of each Unit and intensity of use of such Common Areas

by Concessionaire's customers. Any adjustments by City under this Section 4.3.4 shall be undertaken in a reasonable and not unjustly discriminatory manner.

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

4.4 Utilities. Concessionaire shall adhere to the procedures as defined in the Concessions SOP (as defined in Section 3.10.1).

4.5 Marketing Fund.

(a) City may establish a marketing fund to promote the concessions and enhance the overall guest experience at the Terminal ("Marketing Fund"). Without limiting the foregoing, City may use the Marketing Fund in its discretion, to fund (i) intra-Terminal promotional and advertising programs such as permanent and interactive directories, events, graphics, pamphlets, other electronic media or digital activations, establishing customer service and training programs, (ii) other service and hospitality initiatives with respect to the operations of the concession program and all concessionaires in the Terminal, such as customer surveys, "secret shopper" programs and sales technique seminars, or (iii) any other programs to enhance the overall guest experience at the Terminal. Any promotional services and personnel provided pursuant to this Section shall be under the exclusive control and supervision of City, who shall have the sole authority to employ and discharge personnel and to establish a budget. City shall not be obligated to expend more for promotions and advertising than is actually collected from concessionaires.

(b) If City establishes a Marketing Fund, then, upon City's one hundred eighty (180) days' prior written notice to Concessionaire: (i) Concessionaire shall pay a monthly fee in an amount not to exceed one-half percent (0.50%) of its monthly Gross Revenues as Concessionaire's share of the Marketing Fund, payable to City without prior notice or demand together with Monthly Rent; and (ii) Concessionaire shall thereafter include in its Annual Gross Revenue Report under Section 4.8.4, a report reconciling actual amounts paid to the Marketing Fund, including any over or underpayments to the Marketing Fund. If there is any underpayment, then any underpayments shall be due and payable at the same as the reconciliation. If there is any overpayment, then City shall credit such overpayment to Concessionaire's next payment(s) due for the Marketing Fund, provided that if this Agreement has expired or terminated, then City may apply any overpayments to any of Concessionaire's outstanding obligations, after which any remaining balance shall be refunded, without interest, to Concessionaire within ninety (90) days of this Agreement expiration or termination date.

(c) Upon City's written request, Concessionaire shall participate in quarterly meetings to discuss the Marketing Fund's promotional and advertising programs and customer service and training programs.

(d) City reserves the right at any time to terminate the Marketing Fund, in which case City shall use remaining balances to offset respective outstanding obligations of concessionaires and others who made contributions, based on actual contributions made by each concessionaire, and thereafter refund, without interest, any remaining balance to each respective Concessionaire.

(e) Concessionaire's participation in the Marketing Fund shall not be construed to relieve it of any other obligation under this Agreement, including but not limited to Monthly Rent and requirement to prepare a marketing plan under Section 3.11(b).

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

4.7 Other Fees and Charges. Concessionaire shall adhere to the procedures as defined in the Concessions SOP (as defined in Section 3.10.1).

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

4.8.1 Payment Location. All Rent payable hereunder shall be paid to the City of Los Angeles – LAWA, P.O. Box 54078, Los Angeles, CA 90054-0078 unless and until City designates some other party to receive or place for the payment of Rent. All such payments shall be made in lawful money of the United States, without demand, set-off or deduction of any kind.

4.8.2 General Payment Terms; Timing of Monthly Base Rent Payments. All Rent shall be paid in lawful money of the United States of America and through a domestic branch of a United States financial institution. Checks are to be made payable and mailed as set forth in the Basic Information, or to such other person or place as CEO may, from time to time, designate to Concessionaire in writing. The Rent for any fractional part of a calendar month at the commencement or termination of the Term shall be a prorated amount of the Rent for a full calendar month based upon a thirty (30) day month. Monthly Base Rent for each Unit shall be payable to City as follows:

1. On July 1, 2028, with respect to each Unit, and thereafter on the first day of each calendar month throughout the Term of this Agreement, Concessionaire shall pay to City the MMG Rent for such Unit.

2. Commencing on the Unit Commencement Date for each Unit and continuing thereafter for such Unit, on the twentieth (20) day of each calendar month throughout the Term of this Agreement, Concessionaire shall pay to City the Percentage Rent with respect to such Unit (based upon the Percentage Rent for the prior month); *provided, however,* on and after July 1, 2028, Concessionaire shall pay to City that portion of the Percentage Rent for such Unit which is in excess of the MMG Rent for such Unit payable for such calendar month.

4.8.3 Monthly Gross Revenue Report. On the twentieth (20) day of each calendar month throughout the Term of this Agreement, Concessionaire shall submit a monthly

accounting of the Gross Revenues received at each Unit operated by Concessionaire under this Agreement. Each Unit shall be reported as a separate location. Each monthly accounting shall be in such manner and detail and upon such forms as are prescribed from time to time by CEO. Forms to be used for reporting monthly Gross Revenues are attached as Exhibit E. CEO may, at CEO's sole discretion, amend the forms to be used during the Term of this Agreement. Each monthly report shall be due on the same date and at the same address as the payment of the Percentage Rent for that month is due.

4.8.4 Annual Gross Revenue Report. On August 15 of each year after the first Unit Commencement Date, Concessionaire shall submit an annual accounting of the Gross Revenues received at each Unit operated by Concessionaire under this Agreement. Each Unit shall be reported as a separate location. Each annual accounting shall be in such manner and detail and upon such forms as are prescribed by CEO. Forms to be used for reporting annual Gross Revenues are attached as Exhibit F. CEO may, at CEO's sole discretion, amend the forms to be used during the Term. Each annual report shall be due at the same address as the payments are made under this Agreement. If, based upon annual Gross Revenue Report adjustments in the Percentage Rent are appropriate, such adjustments shall be made in accordance with Section 4.1.6.

4.8.5 Other Annual Reports. Within ninety (90) days of the close of Concessionaire's taxable year, Concessionaire shall furnish to City detailed financial statements, including a balance sheet, an income statement and notes to the financial statements, prepared as of the close of Concessionaire's taxable year, covering all business transacted by Concessionaire at the Airport (the "**Financial Statements**"), and such other reasonable financial and statistical reports as CEO may, from time to time, require (including, without limitation, the maintenance reports required under Section 8.1). Said financial statements shall be reviewed by an independent Certified Public Accountant. In addition, on or before September 1 of each Agreement Year, Concessionaire shall deliver a pro forma projection of estimated Gross Revenues for the next Agreement Year.

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

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

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

4.8.9 Prepayment. Notwithstanding anything to the contrary contained in this Agreement, in the event that Concessionaire is chronically delinquent in the payment of Rent when due hereunder, as defined under Section 11.1.13, City shall have the right to require Concessionaire to pay Base Rent, and all other amounts payable by Concessionaire to City in a calendar month under this Agreement one (1) month in advance of when such payment would otherwise be due. Such prepayment will be based on the highest monthly Rent previously due from Concessionaire under this Agreement. Such right shall be exercised by a written notice from City to Concessionaire, which notice may be given any time after such default by Concessionaire, regardless of whether the same is cured by Concessionaire. Nothing in this Section shall limit City's other rights and remedies under this Agreement.

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

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

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

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

V OPERATING STANDARDS.

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

5.2 Concession Personnel.

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

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

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

and Regulations or any provision of this Agreement, or whose continued presence at the Airport is, in the good faith business judgment of CEO, deemed not to be in the best interests of City.

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

5.3 Managing Director. Concessionaire shall select and appoint, subject to approval by CEO, a partner, general partner, corporate officer or other officer who shall serve as the "**Managing Director**" of Concessionaire's operations at Airport. Such person must be an active, highly qualified, competent and experienced manager or supervisor of comparable food & beverage operations, vested with full power and authority to represent, act on behalf of, and bind Concessionaire, and accept service on behalf of Concessionaire of all notices provided for herein and regarding operation of the concession business herein authorized, including the quality and prices of food and beverages and the appearance, conduct and demeanor of Concessionaire's Personnel. Said Managing Director shall be assigned to a duty station or office at or within two (2) miles of the Airport, where he or she shall ordinarily be available during regular business hours and where, at all times during his or her other absences, such Managing Director shall assign a qualified, responsible subordinate who shall be in charge and available. Managing Director shall inform CEO in writing of the telephone and facsimile numbers and e-mail address and changes thereto of the local office. Managing Director shall provide to CEO and update as necessary, contact information for Managing Director and their appointed subordinates (including Unit Managers) to allow City to contact them in emergencies or during non-business hours. Concessionaire shall provide LAWA with a 24/7 contact number that will be answered by a person authorized to make decisions on behalf of Concessionaire regarding this Agreement.

5.4 Unit Managers. In addition to the Managing Director specified above, if Concessionaire has been awarded the right to operate at more than one Unit, Concessionaire shall also designate a responsible employee to be the "**Unit Manager**" in charge of each such Unit, and the names of such employees shall be given to CEO. Each Unit Manager shall be responsible for the proper operation of the business of Concessionaire and their failure to provide for the proper conduct, demeanor and appearance of all employees, guests and patrons at the Unit which they supervise shall constitute a default of Concessionaire. Upon objection from CEO concerning said matters, Concessionaire shall immediately take all steps necessary to remove the cause of the objection.

5.5 Hours of Operation.

5.5.1 Minimum Hours of Operation. Concessionaire shall adhere to the procedures as defined in the Concessions SOP (as defined in Section 3.10.1).

5.5.2 CEO May Alter Hours. CEO may, on 24 hour notice to Concessionaire temporarily or permanently modify the Minimum Hours of Operation for any Unit. Concessionaire shall comply with modifications. Upon the written request of Concessionaire, CEO may, from time to time, authorize a later opening or earlier closing time for any Unit, provided CEO first finds that Concessionaire has submitted adequate justification.

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

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

5.6.2. Value for Money. At all Units, the menu shall include at least one item or combination of items that are offered at a discounted rate to support LAWA's Value for Money (VFM) program. VFM items, combos, and deals are a selection of items made available at lower price points than regular menu items and designed to provide customers with more affordable options. LAWA will promote these offerings through the VFM program.

5.6.3 Children's Menu. At all Units, the menu shall include at least one child's plate and price.

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

5.6.5. Pricing. Concessionaire shall price its products in accordance with the Airport Pricing Policy as stated in the Concession SOP (as may be amended from time to time).

5.6.6. Amendments. CEO may require any menu to be multilingual. CEO may re-evaluate the selection of items during the Term. CEO's good faith determination that the selection offered is inadequate (in general or at any particular Unit), or that the quality or quantity of any item is deficient, shall be conclusive. Concessionaire may meet and confer with CEO regarding such matters.

5.7 Quality of Foods and Beverages. Concessionaire acknowledges and agrees that it is the intent of the parties to provide the air traveler and the public with facilities, service, and food

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

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

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

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

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

5.9.3 Credit Cards, Foreign Currency. Concessionaire shall not be required to accept foreign currency. If Concessionaire elects to accept foreign currency, such may only be accepted for payment of goods and shall not be exchanged. In addition, all Concessionaires shall be required to accept, at a minimum, the credit and debit cards listed on CEO's then current list of Approved Form of Payment in payment for goods and services sold, and there shall be no minimum purchase requirement for transactions using such credit and debit cards. CEO's initial Approved Form of Payment List is attached hereto as Exhibit T and the same may be modified from time to time by written notice from the CEO.

5.10 Deliveries; Access and Coordination. Concessionaire shall adhere to the procedures as defined in the Concessions SOP (as defined in Section 3.10.1).

5.11 Removal of Garbage and Refuse. Concessionaire shall adhere to the procedures regarding removal of garbage in the Concessions SOP (as defined in Section 3.10.1).

5.12 Franchise Agreement Standards. Where applicable to any Unit, all franchise standards shall be met or exceeded. In the event of an express conflict between the terms of such franchise standards and the terms of this Agreement, the terms of the Agreement shall prevail. Concessionaire shall provide City with copies of its Franchise Agreement (provided Concessionaire may redact proprietary operational methods, trade secrets, and any other information designated as confidential by the franchisor or is otherwise protected under California law) and any Unit's franchise standards and related performance audit forms prior to such Unit's Unit Commencement Date. Copies of inspections conducted by the franchisee, franchisor, or any mystery shopper service hired by the franchisee or franchisor shall be sent to City within ten (10) business days of receipt by Concessionaire unless such disclosures are explicitly prohibited by the applicable franchise agreement's confidentiality provisions (in which case Concessionaire must notify City of the disclosure prohibition).

5.13 Quality Assurance Audits. Concessionaire shall perform quality assurance audits with respect to the operations at each Unit and the Premises and compliance with the terms of this Agreement on at least a quarterly basis. CEO reserves the right to prescribe and revise audit criteria at any time and from time to time and to publish guidelines to be used in connection with such audits. The purpose of such audits shall be to ensure consistent high standards of customer service and quality among concessionaires at the Airport. In addition, Concessionaire hereby agrees to participate in and to comply with the requirements and recommendations of City-implemented 'mystery shopper' and other quality assurance programs. At CEO's request, but no more often than once per quarter, Concessionaire shall (a) meet with City, (b) make available for inspection all customer survey results, mystery shopper reports, health department reports, product pricing, and such quality assurance audits, (c) review the results of any City-implemented 'mystery shopper' and other quality assurance programs, and (d) review and develop a plan to implement recommendations for corrective action if such information shows corrective action is needed. If such information discloses any issue, in the sole discretion of CEO, then, upon CEO's written request, Concessionaire shall submit for CEO's approval an outline of planned corrective action and the implementation of any additional reports or procedures to document compliance and implementation of such planned corrective action. Once approved, Concessionaire shall implement such planned corrective action and deliver reasonably satisfactory evidence of such compliance to City in accordance with such corrective action plan.

5.14 Prohibited Acts. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): Concessionaire shall not do or permit to be done anything specified in Sections 5.14.1 through 5.14.9. Specifically, Concessionaire shall not:

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

any racks, stands or other display of merchandise or trade fixtures at the Airport outside of the Premises without the prior written consent of CEO.

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

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

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

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

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

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

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

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

5.15 Signs, Promotions & Displays.

5.15.1 The Concessionaire must not install any sign, promotion, or display on the Premises or Airport without submitting detailed plans to LAWA and obtaining written approval, in line with all City and Department of Airports Design Guidelines, including construction and related conditions. The exception being that the Concessionaire may place signs within its Unit to promote its products or services without LAWA approval, as long as these are not visible from outside the Unit, unless otherwise disapproved in writing by LAWA. If disapproval occurs, removal must take place within one (1) day of notice. No signs, promotions, advertisements, or displays are permitted outside the Premises, except for any directional or wayfinding signage placed by City referencing Concessionaire or its Units, and except for Concessionaire's trade name signage on or above the storefront of each Unit as approved by LAWA.

5.15.2 Other than signs, promotions and displays approved pursuant to Section 5.15.1, and signage or logos for accepted payment methods or transaction processors displayed at point-of-sale locations within the Premises, Concessionaire shall not, at any time, under any circumstances, install, place, or maintain any type of advertising, in, on or upon the Premises or the Airport.

5.15.3 Unless as otherwise set forth in Section 5.15.1, Concessionaire's Units shall be free of all advertising, signs, credit card application dispensing units, posters, and banners, including, but not necessarily limited to, those showing Concessionaire's name, services, rates, rent-a-car arrangements, or other services. Noncompliance by Concessionaire with this provision shall result in City's right to immediately remove said unauthorized signs, advertising, or other written materials and to store same at Concessionaire's expense. City may dispose of said signs, advertising, or other written materials if Concessionaire has not paid City's expenses for removal and storage, plus the Administrative Fee, and claimed said signs, advertising, or other written materials within fifteen (15) calendar days after City has provided written removal notice. Subject to LAWA approval, Concessionaire may include within the Premises: (i) signage or logos associated with accepted payment methods, mobile payment platforms, or point-of-sale transaction processors, (ii) loyalty or rewards program signage or materials, or (iii) incidental branding of operational partners necessary for Concessionaire's operations within its Units.

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

5.16 Taxes. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): Concessionaire shall pay all taxes of whatever character that may be levied or charged upon the rights of Concessionaire to use the Premises, or upon Concessionaire's improvements, fixtures, equipment or other property thereon or upon Concessionaire's operations hereunder. In addition, by executing this Agreement and accenting the benefits thereof, a property interest may be created known as a "possessory interest" and such property interest will be subject to property taxation. Concessionaire, as the party in whom the possessory interest is vested, may be subject to the payment of the property taxes levied upon such interest.

5.17 Licenses and Permits. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): Concessionaire shall obtain and pay for all licenses and permits necessary or required by law for the conduct of Concessionaire's operations at the Premises.

5.18 Compliance with Laws. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1):

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

5.18.2 Concessionaire agrees to pay or reimburse City as Additional Rent for any civil penalties or fines which may be assessed against City as a result of the violation by any Concessionaire Party of any Laws or Private Restrictions, which payment shall be made by Concessionaire within fifteen (15) days from receipt of City's invoice for such amount and documentation showing that payment of such penalty or fine is Concessionaire's responsibility hereunder.

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

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

VI AIRPORT CONCESSION DISADVANTAGED BUSINESS ENTERPRISE ("ACDBE") PROGRAM.

6.1 Compliance with Department of Transportation (DOT). This Agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 Code of Federal Regulations (CFR) Part 23. Concessionaire agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by 49 CFR Part 23, and to include the above statements in any subsequent concession agreement or contract covered by 49 CFR Part 23 that it enters and cause those businesses to similarly include the statements in further agreements. City strictly prohibits all unlawful discrimination and preferential treatment in contracting, subcontracting and purchasing, leasing or any subleasing under this Agreement (the "**Non-Discrimination Policy**"). City has established an ACDBE program in accordance with 49 CFR Part 23 (the "**ACDBE Rules**"). Concessionaire shall comply with the Non-Discrimination Policy and the ACDBE Rules. Concessionaire shall cooperate with City in City's program of recruiting, training, providing technical assistance and holding workshops to ensure that contracting, subcontracting and purchasing opportunities available under this Agreement are accessible and available to all qualified businesses owners, including "Airport Concession Disadvantaged Business Enterprises" ("**ACDBEs**"), as defined in the ACDBE Rules. Concessionaire shall make good faith efforts, within the meaning of the ACDBE Rules, to provide for a level of ACDBE participation in the concession operations by Concessionaires contemplated by this Agreement equal to or greater than zero percent (0%).

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

6.3 Monthly Report. In order to assure compliance with the Non-Discrimination Policy and the ACDBE Rules, Concessionaire shall submit, in the format required by CEO, a monthly

report to City, describing the gross receipts of each initial ACDBE (and each substitute ACDBE), in each case calculated in accordance with the requirements of this Agreement. Concessionaire shall submit in the format required by the CEO and such other information as may be requested by the CEO to ensure compliance with the ACDBE Rules.

VII IMPROVEMENTS.

7.1 Improvement Proposal. Concessionaire shall design each Unit of the Premises as described in the conceptual improvement plan attached hereto as Exhibit W (the "**Initial Improvements Plan**"), as further refined and approved by City. Concessionaire will follow applicable portions of the Terminal 4 Concessions Design Criteria and LAWA's Design and Construction Handbook, including any references to lighting, finishes, fixtures, storefronts, mechanical, electrical, plumbing and fire protection design.

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

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

7.4 Improvement Financial Obligation. Concessionaire guarantees that Concessionaire will make capital investments for the Initial Improvements to the Premises (exclusive of architectural, engineering and project management or in-house fees in excess of twenty percent (20%) of the costs of related improvements), in an amount of not less than the amount set forth in the Basic Information as the "**Minimum Initial Qualified Investment Amount**," allocated amongst the Units as set forth in the Basic Information; *provided, however,* in no event shall the

Minimum Initial Qualified Investment Amount include any costs of procuring, constructing or installing in any Unit any of Concessionaire's **"Personal Property"** which includes movable displays, racks and refrigeration units/equipment, ALL point-of-sale equipment, cash drawers, sorting equipment, IT/data/computer equipment (not infrastructure), and any other items designated as such by the CEO. Such Minimum Initial Qualified Investment Amount shall be expended by Concessionaire on the Initial Improvements constructed in accordance with this Agreement, allocated amongst the Units as set forth in the Basic Information, on or before the date Unit Commencement Date for each Unit in accordance with the Initial Improvements Plan. Concessionaire shall pay to City an amount equal to the positive shortfall, if any, between the Minimum Initial Qualified Investment Amount and the actual amount expended by Concessionaire on the Initial Improvements (exclusive of architectural, engineering and project management or in-house fees in excess of twenty percent (20%) of the costs of related improvements) (the "**Actual Initial Qualified Investment Amount**") on a Unit-by-Unit basis as of the first day of the third (3rd) month after the Unit Commencement Date for each Unit constructed. Said payment shall be made on a Unit-by-Unit basis on or before the sixtieth (60th) day after the first day of the third (3rd) month after the Unit Commencement Date for each Unit constructed. These amounts shall exclude any sum expended by Concessionaire for the separate metering or invoicing of utilities.

7.5 Minimum Refurbishment. Concessionaire acknowledges and agrees that it is the intent of this Agreement that all Units shall be refurbished, redecorated, updated or re-branded/re-concepted if underperforming (the "**Minimum Refurbishment**"), and that such Minimum Refurbishment be completed by June 30, 2035; *provided, however,* except to the extent preapproved by CEO in writing and in its sole discretion, the "**Minimum Refurbishment**" shall not mean maintenance, repair and replacements items that should have been performed pursuant to Section 8 of this Agreement; *provided, further,* CEO shall have discretion to defer the timing of the Minimum Refurbishment. Concessionaire further acknowledges and agrees that it is the intent of this Agreement that such Midterm Refurbishment shall be conducted while the Units are opened and operating for business, unless CEO determines as part of City's construction approval process, in the exercise of CEO's sole discretion, that Concessionaire's proposed scope of work in any Unit is so extensive that such Unit may be closed during its Minimum Refurbishment, in which event Concessionaire shall have the right to close such Unit for the period approved by City in writing as part of City's construction approval process during its Minimum Refurbishment, but such closure shall not result in any abatement of any Rent for such Unit.

7.5.1 Minimum Refurbishment Plan. Concessionaire shall prepare and deliver to City for CEO's review and approval a Minimum Refurbishment Plan (the "**Minimum Refurbishment Plan**"), which shall meet the then-current requirements imposed by City as part of City's construction approval process, and shall otherwise include information similar to that contained in the Initial Improvements Plan for the Initial Improvements. Upon receipt and review of such Minimum Refurbishment Plan by CEO and as a part of City's construction approval process, Concessionaire shall incorporate any comments from CEO and shall re-submit such Minimum Refurbishment Plan until it has been approved by CEO.

7.5.2 Construction and Completion of Minimum Refurbishment. Subject to compliance with the City's construction approval process, Concessionaire shall construct and complete, the Minimum Refurbishment lien free, in accordance with the Minimum Refurbishment Plan approved by CEO, the other requirements contained in this Agreement and in accordance with applicable Laws (*provided, however,* no Minimum Refurbishment for any Unit shall extend

for longer than the period specified in writing for completion of construction as part of City's construction approval process for such Minimum Refurbishment for such Unit). Concessionaire shall expend (exclusive of architectural, engineering and project management or in-house fees in excess of twenty percent (20%) of the costs of the related improvements) not less than the product of the amount set forth in the Basic Information as the "**Minimum Reinvestment Percentage**" and the Actual Initial Qualified Investment Amount for all Units in this Agreement, the required Minimum Refurbishment Plan; *provided, however,* in no event shall the Minimum Refurbishment Amount include any costs of procuring, constructing or installing in any Unit any of Concessionaire's personal property. Any refurbishment done consistent with this Section by Concessionaire prior to the Minimum Refurbishment shall be credited towards Concessionaire's Minimum Refurbishment Amount. Concessionaire shall pay to City an amount equal to the positive shortfall, if any, between the Minimum Refurbishment Amount and its actual investment in connection with the Minimum Refurbishment. Said payment shall be made to City on or before 90 days following the Minimum Refurbishment Deadline. The amount spent for Minimum Refurbishment shall be exclusive of any amount spent for normal repair and maintenance as determined in the sole discretion of CEO. The Minimum Refurbishment shall be depreciated over the remaining term of this Agreement.

7.6 City Approval of Improvements. Prior to the construction of any improvements (including, without limitation, the Initial Improvements and any Minimum Refurbishment hereunder), Concessionaire shall submit to LAWA for concept approval the preliminary plans and estimated construction cost for such improvements. Said approval, subject to the conditions set forth herein, shall be given in a reasonably timely manner. Upon approval by CEO of Concessionaire's preliminary plans, Concessionaire shall prepare working drawings and specifications, which shall be true and correct developments of the preliminary plans so approved. Concessionaire shall then submit a written request for construction approval and a minimum of three (3) complete sets of said approved working drawings and copies of the specifications to the Chief Airports Engineer's office for written approval by CEO. CEO's written approval and any conditions related to the construction of the improvements or alterations shall become a part of this Agreement as though fully set forth herein once the document is fully executed by both parties. Upon receipt of CEO's approval, Concessionaire shall cause the construction called for by the approved working drawings and specifications to be commenced and completed promptly. No substantial changes, additions, or alterations shall be made in said working drawings or specifications, or in the construction called for thereby, without first obtaining CEO's approval in writing. Upon completion of such improvements, Concessionaire shall furnish to City, at no charge, three (3) complete sets of "record" drawings, and one complete set in Computer Aided Design (CAD) format which complies with the then current LAWA CAD standards. These drawings must include any applicable permit numbers, the structural and other improvements installed by Concessionaire in the Premises, and the location and details of installation of all equipment, utility lines, heating, ventilating, and air-conditioning ducts and related matters. Concessionaire shall keep said drawings current by updating them in order to reflect any changes or modifications which may be made in or to the Premises.

7.6.1 Concessionaire shall make no structural improvements, additions, or alterations in, to or upon any Unit, nor erect, construct, or place any sign upon said Unit, without first obtaining the written consent of CEO. Any conditions, restrictions, or limitations placed upon the approval by CEO shall be conditions of this Agreement as though fully set forth herein once the document is fully executed by both parties. Concessionaire shall indemnify, defend, protect

and hold City and City Agents harmless from any and all Claims regarding any improvements, additions, or alterations made thereto.

7.6.2 For each and every construction or alteration project undertaken in each Unit, Concessionaire shall prepare a construction report. This report shall contain the following elements: (1) type of improvement constructed or altered; (2) floor area or capacity of improvement constructed or altered; (3) total cost of construction or alteration; (4) completion date for construction or alteration; and (5) a copy of the certificate of occupancy. The construction report shall be submitted to CEO not later than sixty (60) days following completion of the construction or alteration.

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

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

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

7.7 Initial Improvements.

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

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

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

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

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

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

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

7.12 Improvement Payment and Performance Bond. Within thirty (30) days after award of this Agreement and in connection with any Alterations contemplated by Section 7.8 above, Concessionaire shall furnish, at its sole cost and expense, an Improvement Payment and Performance Bond in the principal sum of the amount of the work of improvement proposed by Concessionaire, or alternative security deposit for said amount acceptable to CEO, to guarantee compliance with this Section and comply with the provisions of Sections 3235 to 3241 of the Civil Code of the State of California by filing the original contract and any modifications thereto in the office of the Los Angeles County Recorder, together with the bond specified therein, and a conformed copy of such bond, filed for record as aforesaid, shall be furnished by Concessionaire to City. This Improvement Payment and Performance Bond shall be in substantially the same form as that of Exhibit H attached hereto, be issued by a surety company approved by CEO, and authorized and licensed to transact business in the State of California and be for the full amount stated above with the City of Los Angeles, Department of Airports, as obligee conditioned upon full, faithful and satisfactory payment and performance by Concessionaire of its obligations to construct and install the aforementioned improvements.

7.13 Telecommunications Facilities.

7.13.1 Concessionaire and its Telecommunications Service Providers (as defined herein) shall not install Telecommunication Facilities (as defined herein) in Common Areas, shared space, or other respective non-leasehold areas of the Airport, or in currently designated or future primary or secondary minimum-points-of-entry, without prior written approval of CEO [LAWA Information Technology Division] and any approval required as part of City's construction approval process. For purposes of this Agreement, "**Telecommunication Facilities**" shall mean and include the installation, operation, and provisioning of telecommunications circuits, conduit, cabling, antennas, equipment, infrastructure and service connections thereto; and "**Telecommunication Service Providers**" shall mean and include cable and equipment installation contractors, system operators, and any entity which provides telecommunication services, such as Sprint, Verizon, AT&T, government entities, or other tenants. Prior to any installation or servicing of any Telecommunication Facilities, Concessionaire shall submit to CEO for approval documentation of each Telecommunication Facility and the infrastructure proposed to be used (collectively, "**Telecom Documentation**"), which Telecom Documentation shall include, but not be limited to, plans and drawings with specific routing detail, conduit types and sizes, access junction boxes, cable descriptions (type, quantity, size) per route segment, telecommunication rooms and closets used, termination block labeling, and cable pair assignments for each cable segment, and a schedule with the times and locations that require access in connection with such installation or servicing.

7.13.2 Concessionaire agrees that all installation, construction and maintenance of such Telecommunications Facilities shall be performed in a neat, responsible, and workmanlike manner, using generally acceptable construction standards, consistent with such requirements imposed by City as part of City's construction approval process (including, without limitation, labeling requirements); and that City may require its contractors or personnel to observe such installation or servicing to assure compliance with this Agreement. In such event, Concessionaire shall pay to City as Additional Rent hereunder, the cost or imputed cost of such observation and compliance monitoring. All such Telecommunications Facilities and services shall comply with FCC licensing regulations, with City of Los Angeles building codes, and with all other applicable Laws. Concessionaire is required to comply with City's policies and

procedures regarding Telecommunications Facilities and services, as announced from time to time. Within one week of any installation or servicing of any Telecommunications Facilities, Concessionaire shall submit to City [with a copy to LAWA Information Technology Division] three (3) copies of "as-built" Telecom Documentation.

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

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

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

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

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

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

7.14 Deliveries upon Completion. Within ninety (90) days of completion of the Initial Improvements, any Minimum Refurbishment and any Alterations contemplated by Section 7.8 above, Concessionaire shall furnish to City, at no charge: (a) a certificate from the architect(s) certifying that such improvements have been constructed in accordance with the approved plans and specifications and in strict compliance with all Laws; (b) three (3) complete sets of "record" drawings, and one complete set in Computer Aided Design (CAD) format which complies with the then current LAWA CAD standards (these drawings must include any applicable permit numbers, the structural and other improvements installed by Concessionaire in the Premises, and the location and details of installation of all equipment, utility lines, heating, ventilating, and air-conditioning ducts and related matters); (c) duplicated receipted invoices on all materials and labor costs incurred; and (d) executed unconditional mechanics' lien releases from those parties performing labor, materials or supplies in connection with such Initial Improvements, any Minimum Refurbishment or any Alterations, which releases shall comply with the appropriate provisions, as reasonably determined by City, of the California Civil Code. Concessionaire shall keep such as-built drawings current by updating the same in order to reflect thereon any changes or modifications which may be made in or to any Unit. Within ten (10) days after completion of the Initial Improvements in any Unit, any Minimum Refurbishment and any Alterations contemplated by Section 7.8 above, Concessionaire shall cause a Notice of Completion to be recorded in the office of the Los Angeles County Recorder in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to City upon such recordation. If Concessionaire fails to do so, City may execute and file the same on behalf of Concessionaire as Concessionaire's agent for such purpose, at Concessionaire's sole cost and expense.

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

(a) Initial Qualified Investment Amount. An amount equal to the actual costs incurred by Concessionaire for the design and construction of the Initial Qualified Investment Amount, as verified and approved by the CEO.

(b) Concessionaire's Minimum Refurbishment. An amount equal to the actual costs incurred by Concessionaire for the design and construction of Concessionaire's Minimum Refurbishment, as verified and approved by the CEO.

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

7.15 No Liens. Concessionaire shall pay when due all claims for labor or materials furnished or alleged to have been furnished to or for Concessionaire at, on, or for use in the Premises or any portion thereof. Concessionaire shall keep the Premises, the Terminal(s) and the Airport, and any interest therein, free and clear of all mechanics' liens and all other liens from any work undertaken by or on behalf of Concessionaire or any Concessionaire Party. Concessionaire shall give City immediate written notice of any lien filed against the Premises, the Airport or any interest therein related to or arising from work performed by or for Concessionaire or any Concessionaire Party. Additionally, Concessionaire shall keep any City-owned improvements on

the Premises free and clear of any liens or other encumbrances. By way of specification without limitation, Concessionaire shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by or for Concessionaire and Concessionaire shall indemnify, defend, protect, and hold the Premises, the Airport, City and City Agents harmless against any liens and encumbrances and all Claims arising from any work performed by or on behalf of Concessionaire or any Concessionaire Party and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against Concessionaire, City, the Airport, or the Premises. In the event that Concessionaire does not, within thirty (30) calendar days following the imposition of any such lien, cause such lien to be released of record by payment or posting of a bond in form and amount satisfactory to CEO in its good faith business judgment, City shall have in addition to all other remedies provided herein and by law, the right, but not the obligation to cause, upon ten (10) business days prior written notice to Concessionaire, the same to be released by such means as it shall deem proper, including payment in satisfaction of any Claim giving rise to such lien. All such sums paid by City and all expenses incurred by it in connection therewith (including, without limitation, attorneys' fees (including, without limitation, the imputed fees of City Attorneys)), plus the Administrative Fee, shall be payable to City by Concessionaire as Additional Rent within fifteen (15) days after written demand therefore. Concessionaire shall give City not less than ten (10) days' prior written notice of the commencement of the Initial Improvements or any subsequent improvements in the Premises, and City shall have the right to post notices of non-responsibility in or upon the Premises as provided by law. In addition, City shall have the right to require that Concessionaire pay City's attorneys' fees and disbursements (including, without limitation, the imputed fees of City Attorneys), court costs and other costs in defending any such action if City is named as a party to any such action, the lien encumbers any portion or interest in the Airport or if City elects to defend any such action or lie. Nothing in this Section shall be construed to place any obligations upon Lessee with respect to liens, loans, or mortgages placed upon the Demised Premises by City, its Department of Airports, its Board, City officers, agents, or employees.

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

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

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

7.16.3 Ownership Upon Termination. If Concessionaire's occupancy of any Unit is terminated, City shall have rights to the ownership of the improvements and, if and only if the termination is pursuant to Section 9.1.1 herein, City shall reimburse Concessionaire for the undepreciated Net Book Value of the Initial Improvements and the improvements constructed as part of the Minimum Refurbishment (which improvements cannot be removed without doing structural damage) based upon a 10-year straight-line depreciation, with no residual value,

provided (a) Concessionaire has obtained all necessary approvals for their construction, (b) Concessionaire has reported each improvement, its costs, and the date upon which its depreciation began, (c) that architectural and design costs do not exceed fifteen percent (15%) of the cost of the improvements, (d) all said costs are properly supported and made available for audit, and (e) the deliveries required under Section 7.14 have been timely provided to City. All said costs must be direct costs paid by Concessionaire to independent contractors and suppliers for work actually performed on the Premises, materials furnished or professional services rendered. Costs associated with Concessionaire's employees shall not be included in the calculation of these costs. To become reimbursable Concessionaire shall at Concessionaire's expense provide City the deliveries required under Section 7.14 above. The straight line depreciation shall begin on the first day of the month in which the improvement was placed in service. CEO may require Concessionaire to remove any or all of its removable improvements. Title to all improvements for which Concessionaire is reimbursed or which have been depreciated shall thereupon vest in City.

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

VIII MAINTENANCE AND REPAIR.

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

annually, in connection with the delivery of annual reports under Section 4.7.5, Concessionaire shall deliver to City an annual maintenance report with a copy of Concessionaire's Maintenance Records for the year just ended.

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

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

8.3 Maintenance of Plumbing. Concessionaire shall be responsible for the maintenance, repair and replacement of all plumbing, piping and drains within each Unit. Concessionaire is responsible for all material that is deposited in the plumbing system from each Unit and, if applicable, for cleaning the grease traps within any Unit. Concessionaire is responsible for the maintenance, repair and replacement of all sewer lines from each Unit to the point that the line connects to a Department of Airports main sewer line. Concessionaire is responsible for the repair and maintenance of all domestic water lines, hot and cold, from the point of connection of the Department of Airports water meter throughout each Unit. If Concessionaire fails to maintain

the plumbing, piping and drain system or places liquid, grease, debris, and other materials that contribute to stoppage or damage to the Airport's plumbing, Concessionaire will be billed for the cost thereof, plus the Administrative Fee, to be paid by Concessionaire to City within fifteen (15) days of written demand.

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

8.4 City May Repair. In the event Concessionaire fails to accomplish any such nonstructural repairs, replacements, rebuilding, redecorating or painting required hereunder (including any preventative maintenance or emergency repairs) within a period of ten (10) days after written notice from CEO so to do, or fails to diligently repair, replace, rebuild, redecorate or paint all portions of each Unit required to be repaired, replaced, rebuilt, redecorated or painted by Concessionaire pursuant to its approved maintenance schedule, City shall have the right (but not the obligation), at its option, and in addition to all other remedies which may be available to it, to repair, replace, rebuild, redecorate or paint any such portion of any Unit included in said notice, and the cost thereof, plus the Administrative Fee, shall be paid by Concessionaire to City as Additional Rent within fifteen (15) days of written demand. Notwithstanding anything to the contrary contained in this Agreement, the performance of such maintenance, repair or replacement by City on Concessionaire's behalf shall in no event be construed as a waiver of Concessionaire's maintain, repair and replacement obligations under this Agreement.

8.5 Right to Enter Premises. City shall have the right to enter upon the Premises at all reasonable times to make such repairs, alterations and replacements as may, in the opinion of CEO,

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

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

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

8.8 Pest Control. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): Concessionaire shall be solely responsible for a pest-free environment within the Premises by maintaining its own pest control services, in accordance with the most modern and effective control procedures. All materials used in pest control shall conform to applicable Laws. All control substances utilized shall be used with all precautions to obviate the possibility of accidents to humans, domestic animals and pets. Pests referenced above include, but are not limited to, cockroaches, ants, rodents, silverfish, earwigs, spiders, weevils and crickets. Whenever City deems that pest control services must be provided to a building or area that includes Concessionaire's Premises under this Agreement, Concessionaire shall pay for the costs of services provided for the Premises under this Agreement.

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

IX REDUCTION, RELOCATION OR EXPANSION.

9.1 Reduction or Relocation of Premises. CEO may require Concessionaire to surrender or reconfigure any portion of the Premises or to relocate any Unit to a new Unit at any time. CEO, at his/her sole discretion, will attempt to provide substitute space of equal size, with equal frontage in an area accessible to the public. Concessionaire may decline substitute space if it is not of equal size, configuration and exposure to enplaning passenger. In the event Concessionaire declines substitute space, CEO shall approve, within his or her authority, a reduction of the MMG for said unit equal to the amount stated in the Basic Information section of this Agreement, or a proportionate reduction based upon square footage, if only a portion of the Unit square footage is removed. Improvements made by Concessionaire to any Unit or any new Unit as a result of a reduction or relocation shall be subject to the buy-out provisions of this Agreement, the same as if they were made within an original Unit hereof. Any costs incurred by Concessionaire in connection with a relocation under this Section shall be borne by Concessionaire.

9.1.1 Buy-out. In the event that (a) Concessionaire is required to surrender in whole or relocate any Unit within the Premises (other than as required under Section XI, or as a result of a Default by Concessionaire), or (b) City, for any reason, decides to terminate or suspend the scope of work, or any part thereof, or Concessionaire's services, or any part thereof (in which event City may: (1) require Concessionaire to terminate or suspend the performance of all, or a portion, of its services or (2) terminate this Agreement, or any part thereof, upon giving Concessionaire a ten (10) day written notice prior to the effective date of such termination which date shall be specified in such notice), then City will reimburse Concessionaire for the then-undepreciated Net Book Value of the Actual Initial Qualified Investment Amount or improvements installed as part of the Minimum Refurbishment (which improvements which cannot be removed without doing structural damage) with respect to such surrendered Unit based upon a 12-year straight-line depreciation, with no residual value, provided (i) Concessionaire has obtained all necessary approvals for their construction, (ii) Concessionaire has reported each improvement, its costs, and the date upon which its depreciation began, (iii) that architectural and design costs do not exceed twenty percent (20%) of the cost of the improvements, (iv) all said costs are properly supported and made available for audit, and (v) the deliveries required under Section 7.14 have been timely provided to City. All said costs must be direct costs paid by Concessionaire to independent contractors, and suppliers for work actually performed on said Unit, materials furnished or professional services rendered. Costs associated with Concessionaire's employees shall not be included in the calculation of these costs. To become reimbursable Concessionaire shall have, at its expense, timely provided City with the deliveries required under Section 7.14. The straight line depreciation shall begin on the first day of the month in which the improvement was placed in service. The report shall be delivered to CEO. CEO may require Concessionaire to remove any or all of its removable improvements.

9.2 Expansion of Premises. If, during the Term of this Agreement, the City finds that arrangements that warrant additional food & beverage facilities are required for the good of the traveling public, the City, upon approval of the Board, may negotiate for the operation of said facilities. Only concessionaires with existing food & beverage operations in the terminal where the planned facility will be located will be invited to participate in the competitive solicitation process. Following the competitive solicitation process, LAWA will select a concessionaire deemed most qualified to operate the planned concept. If Concessionaire is selected and City and Concessionaire have not entered into an agreement within one month of City's notice that such

potential unit location is available, City may offer said concession rights to other concessionaires. Improvements made by Concessionaire as a result of said expansion shall be subject to the buy-out provisions of section 9.1.1, the same as if they were made within an original premises hereof. Net Book Value protection will extend to the undepreciated value of any additional new facilities required. Requirements for approval and reporting will be the same as for initial facilities and the depreciation schedule shall be the same provided that such facilities are not temporary.

X AIRPORT CONSTRUCTION; AIRPORT OPERATIONS.

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

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

XI TERMINATION/CANCELLATION.

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

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

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

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

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

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

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

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

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

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

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

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

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

interruption to completion and actually completes such cure within sixty (60) days after the giving of the aforesaid written notice;

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

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

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

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

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

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

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

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

11.2 City's Remedies.

11.2.1 Termination. In the event of any Default by Concessionaire which remains uncured after the applicable time period(s) set forth herein, then in addition to any other remedies

available to City at law or in equity and under this Agreement, City may terminate this Agreement immediately and all rights of Concessionaire hereunder by giving written notice to Concessionaire of such intention to terminate. If City shall elect to so terminate this Agreement, then City may recover from Concessionaire:

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

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

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

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

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

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

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

Concessionaire hereby waives for Concessionaire and for all those claiming under Concessionaire all right now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Concessionaire's right of occupancy of the Premises after any termination of this Agreement, specifically, Concessionaire waives redemption or relief from forfeiture under

California Code of Civil Procedure Sections 1174 and 1179, or under any other pertinent present or future Laws, in the event Concessionaire is evicted or City takes possession of the Premises by reason of any Default of Concessionaire hereunder.

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

1. Acts of maintenance or preservation or efforts to relet the Premises, including, without limitation, alterations, remodeling, redecorating, repairs, replacements or painting as City shall consider advisable for the purpose of reletting the Premises or any part thereof, or

2. The appointment of a receiver upon the initiative of City to protect City's interest under this Agreement or in the Premises.

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

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

11.2.4 Reletting. In the event of the abandonment of the Premises by Concessionaire or in the event that City shall elect to re-enter as provided in Section 11.2.3 or shall take possession of the Premises pursuant to legal proceeding or pursuant to any notice provided by law, then if City does not elect to terminate this Agreement as provided in Section 11.2.1, City may from time to time, without terminating this Agreement, relet the Premises or any part thereof for such term or terms and at such rental or rentals and upon such other terms and conditions as City in its sole discretion may deem advisable with the right to make alterations and repairs to the Premises in City's sole discretion. In the event that City shall elect to so relet, then rentals received by City from such reletting shall be applied in the following order: (a) to reasonable attorneys' fees incurred by City as a result of a Default and costs in the event suit is filed by City to enforce such remedies; (b) to the payment of any indebtedness other than Rent due hereunder from

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

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

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

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

11.2.8 City's Lien. In addition to any statutory lien City has, Concessionaire hereby grants to City a continuing security interest for all sums of money becoming due hereunder upon personal property of Concessionaire situated on or about the Premises and such property will not be removed therefrom without the consent of City until all sums of money then due City have been first paid and discharged. If a default occurs under this Agreement, City will have, in addition to all other remedies provided herein or by law, all rights and remedies under the Uniform Commercial Code, including, without limitation, the right to sell the property described in this Section 11.2.8 at public or private sale upon five (5) days' notice to Concessionaire. This contractual lien will be in addition to any statutory lien for rent.

11.2.9 Concessionaire's Waiver of Redemption. Concessionaire waives redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and

1179, or under any other pertinent present or future Laws, in the event Concessionaire is evicted or City takes possession of the Premises by reason of any Default of Concessionaire hereunder.

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

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

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

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

11.7 Waiver Is Not Continuous. No waiver by City at any time of any default on the part of Concessionaire in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by Concessionaire shall be or be construed to be a waiver at any time thereafter by City of any other or subsequent default in performance of any of said terms, covenants or conditions, and no notice by City shall be required to restore or revive time as of the essence hereof after waiver by City of default in one or more instances.

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

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

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

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

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

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

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

11.12 Service During Removal. Upon the termination, cancellation or expiration of this Agreement, and under circumstances permitting Concessionaire to remove from the Premises removable property belonging to Concessionaire, Concessionaire will only be allowed to remove such property from one Unit at a time in any one Terminal. During such removal operations, which shall be completed thirty (30) days after commencement, Concessionaire shall continue its operations at other Units within said Terminal, it being intended that adequate food & beverage service will be maintained at all times. Subject to any remedies which City may have to secure any unpaid fees or charges due under this Agreement, Concessionaire shall have the right to remove from the Premises only those items of movable equipment and furnishings installed by it and listed on the aforesaid inventory; *provided, however,* Concessionaire shall repair all damage done to said areas and other City-owned property resulting from the removal of such machinery, equipment and fixtures.

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

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

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

11.16 Administrative Assessments. The parties agree that Concessionaire's performance of its obligations under this Agreement are extremely important to City and that Concessionaire's failure to perform those activities will result in administrative and monitoring expenses to City and its staff. Therefore, the parties agree that the administrative assessments described on attached Exhibit U ("**Administrative Assessments**") are reasonable estimates of such expenses and shall be imposed on Concessionaire at the sole discretion of CEO for any of the violations described on Exhibit U. CEO may elect to waive an Administrative Assessment for a particular violation, but no such waiver shall apply to prior or subsequent violations of the same or any other provision of this Agreement, and such waiver shall not be deemed to set a precedent for further waivers. City's right to impose the foregoing Administrative Assessments shall be in addition to and not in lieu of any and all of City's rights under this Agreement, in the Rules and Regulations, or at law or in equity. CEO's decision to impose an Administrative Assessment on Concessionaire for one of the violations described on Exhibit U shall not preclude City, in the event Concessionaire subsequently commits the same or a different violation, from exercising any of such other rights of City, including, without limitation, its right to terminate this Agreement pursuant to Section 11. City shall have no obligation to Concessionaire to impose Administrative Assessments or fines on or otherwise take any action against any other concessionaire or tenant at the Airport. During the Term of this Agreement, CEO may reasonably adjust upward the amount of the Administrative

Assessments set forth in Exhibit U by providing Concessionaire six (6) months advance written notice. Exhibit U may be modified by written approval of the CEO.

XII DAMAGE OR DESTRUCTION TO PREMISES.

12.1 Damage or Destruction to Premises.

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

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

12.1.3 Destruction Due to Negligence. Notwithstanding the foregoing, if the said Premises, or a substantial portion thereof, are completely destroyed as a result of the negligence or omission to act of Concessionaire or any of the Concessionaire Parties, said Rent shall not abate and City may, in its discretion, require Concessionaire to repair and reconstruct said Premises within twelve (12) months of the date of discovery of such damage and pay the cost therefore, or City may repair and reconstruct the same within twelve (12) months of the discovery of such damage and Concessionaire shall be responsible for reimbursing City for the cost and expenses incurred in such repair.

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

XIII LIABILITY.

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

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

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

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

13.3.2 If Concessionaire has previously provided such FPG to City and if, for any reason, Concessionaire's monthly monetary obligation to City is thereafter decreased in excess of ten percent (10%), then the amount of Concessionaire's FPG may be correspondingly decreased thirty (30) days following written notice to City by Concessionaire.

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

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

13.3.5 Concessionaire shall furnish such FPG in duplicate prior to the commencement of this Agreement or within thirty (30) days following notice of adjustment of rental. If, for any reason, said FPG is not provided by Concessionaire or is not thereafter

maintained in sufficient amount throughout the Term hereof, City, subject to the notice requirements of this Agreement may terminate this Agreement at any time upon giving Concessionaire five (5) days prior written notice. Upon the expiration or earlier termination of this Agreement, and if Concessionaire has satisfied all of its obligations to City hereunder, City shall relinquish to Concessionaire said FPG following such expiration or earlier termination and satisfaction of all obligations to City. Any FPG submitted at the time, or after, this Agreement is entered into shall be submitted to:

Los Angeles World Airports
6033 West Century Blvd., Suite 300
Los Angeles, CA 90045
Attn: Accounting/Revenue FPG Administrator

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

13.4 Insurance. Concessionaire shall procure at its expense, and keep in effect at all times during the term of this Agreement, the types and amounts of insurance specified on Insurance, Exhibit I attached hereto and incorporated by reference herein. The specified insurance shall also, either by provisions in the policies, by City's own endorsement form or by other endorsement attached to such policies, include and insure City and all of City Agents, their successors and assigns, as additional insureds, against the areas of risk described on Exhibit I with respect to acts or omissions of Concessionaire or any of the Concessionaire Parties in their respective operations, use, and occupancy of the Airport or other related functions performed by or on behalf of Concessionaire or any of the Concessionaire Parties in, on or about Airport.

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

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

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

cost thereof plus the Administrative Fee for administrative overhead. Payment shall be made within fifteen (15) days of invoice date.

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

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

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

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

XIV TRANSFER.

14.1 Transfer Prohibited. Concessionaire shall not, in any manner, directly or indirectly, by operation of law or otherwise, hypothecate, assign, transfer, or encumber this Agreement, the Premises, any Unit or any portion thereof or any interest therein, in whole or in part or any right or privilege appurtenant thereto, or allow any other person (the employees and invitees of Concessionaire excepted) to occupy or use the Premises, or any portion thereof ("**Transfer**"), without the prior written consent of Board , which may be granted, denied or conditioned in Board's sole discretion. Any written request for consent to a Transfer shall include proposed documentation evidencing such Transfer, name and address of the proposed transferee and the nature and character of the business of the proposed transferee and shall provide current and 3 years prior financial statements for the proposed transferee, which financial statements shall be audited to the extent available and shall in any event be prepared in accordance with generally

accepted accounting principles (collectively, a "**Transfer Request**"). This Agreement shall not, nor shall any interest therein, be assignable as to the interest of Concessionaire by operation of law without the prior written consent of Board.

14.2 Transfer. For purposes of this Agreement, the terms "**Transfer**" shall include, but not be limited to, the following: (i) if Concessionaire is a joint venture, a limited liability company, or a partnership, the transfer of fifty percent (50%) or more of the interest or membership in the joint venture, the limited liability company, or the partnership; (ii) if Concessionaire is a corporation, any cumulative or aggregate sale, transfer, assignment, or hypothecation of fifty percent (50%) or more of the voting shares of Concessionaire; (iii) the dissolution by any means of Concessionaire; and, (iv) a change in business or corporate structure, either in one (1) transaction or a series of transactions which cumulatively results in a transfer that exceeds the aforesaid fifty percent (50%) threshold. Any such transfer, assignment, mortgaging, pledging, or encumbering of Concessionaire without the written consent of Board is a violation of this Agreement and shall be voidable at City's option and shall confer no right, title, or interest in or to this Agreement upon the assignee, mortgagee, pledgee, encumbrancer, or other lien holder, successor, or purchaser.

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

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

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

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

14.7 Right to Collect Rent Directly. If this Agreement is transferred or assigned, whether or not in violation of the provisions of this Agreement, City may collect Rent from such transferee or assignee. If the Premises or any part thereof is sublet or used or occupied by anyone other than Concessionaire, whether or not in violation of this Agreement, City may, after a Default by Concessionaire, collect Rent from the subtenant or occupant. In either event, City may apply

the net amount collected to Rent, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of any of the provisions of this Section 14, or the acceptance of the assignee, subtenant or occupant as Concessionaire, or a release of Concessionaire from the further performance by Concessionaire of Concessionaire's obligations under this Agreement. The consent by City to any Transfer pursuant to any provision of this Agreement shall not, except as otherwise provided herein, in any way be considered to relieve Concessionaire from obtaining the express consent of City to any other or further Transfer. References in this Agreement to use or occupancy of the Premises or any portion thereof by anyone other than Concessionaire shall not be construed as limited to sub-concessionaires or subtenants and those claiming under or through sub-concessionaires or subtenants but as including also licensees or others claiming under or through Concessionaire, immediately or remotely.

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

14.9 Transfer Premium. If City approves any Transfer as herein provided, and such Transfer is limited to a sublease or a Transfer of an interest in this Agreement only, Concessionaire shall pay to City, as Additional Rent, one hundred percent (100%) of any monetary or other economic consideration received by Concessionaire as a result of the Transfer over and above the amount of Concessionaire's rental and other payments due City pursuant to this Agreement (or applicable share, if a sublease) after first deducting the undepreciated cost of improvements which costs had been approved by City and paid for by Concessionaire. In the case of any other Transfer, Concessionaire shall pay to City and amount equal to five percent (5%) of the Base Rent generated from the Units during the twelve (12) full calendar months preceding the month in which the Transfer is consummated. The agreement evidencing such Transfer, as the case may be, after approval by City, shall not be amended without City's prior written consent, and, at City's option, shall contain a provision directing such transferee to pay the rent and other sums due thereunder directly to City upon receiving written notice from City that Concessionaire is in default under this Agreement with respect to the payment of Rent. In the event that, notwithstanding the giving of such notice, Concessionaire collects any rent or other sums from such transferee, then Concessionaire shall hold such sums in trust for the benefit of City and shall immediately forward the same to City. City's collection of such rent and other sums shall not constitute an acceptance by City of attornment by such transferee

XV HAZARDOUS MATERIALS.

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

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

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

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

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

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

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

15.2 Prohibition; Concessionaire Responsibility. Except as may be specifically approved in writing in advance by CEO ("**Permitted Hazardous Materials**"), Concessionaire shall not use, store, handle, generate, treat, dispose, discharge or release any Hazardous Materials at the Premises, in any Common Areas or at the Airport in connection with its use, occupancy, and operation of its business at the Premises; *provided, however,* CEO shall not unreasonably withhold its approval to Concessionaire use, storage and handling of common cleaning materials routinely present in businesses conducting the Permitted Use to the extent such materials are used strictly in accordance with applicable Laws, manufacturer's instructions and best management practices. Concessionaire agrees to accept sole responsibility for full compliance with any and all applicable present and future rules, regulations, restrictions, ordinances, statutes, laws or other orders of any governmental entity regarding the use, storage, handling, distribution, processing or disposal of Hazardous Materials ("**Hazardous Materials Laws**"), regardless of whether the obligation for such compliance or responsibility is placed on the owner of the land, on the owner of any improvements on the Premises, on the user of the land, or on the user of the improvements. Concessionaire agrees that any damages, penalties or fines levied on City or Concessionaire as a

result of noncompliance with any of the above shall be the sole responsibility of Concessionaire. Further, Concessionaire shall indemnify, defend, protect and pay and reimburse and hold City any City Agents harmless from any Claims that City or any City Agent suffers or incurs as a result of noncompliance with the above. Concessionaire agrees that any actions (including, without limitation, remedial or enforcement actions of any kind, administrative or judicial proceedings, and orders or judgments arising out of or resulting therefrom), costs, claims, damages (including, without limitation, punitive damages), demands, expenses (including, without limitation, attorneys', consultants' and experts' fees, court costs and amounts paid in settlement of any claims or actions), fines, forfeitures or other civil, administrative or criminal penalties, injunctive or other relief (whether or not based upon personal injury, property damage, or contamination of, or adverse effects upon, the environment, water tables or natural resources), liabilities, liens or losses (collectively, "**Environmental Claims**") asserted against or levied on the Premises, City or Concessionaire as a result of noncompliance with any of the provisions in this Section shall be the sole responsibility of Concessionaire and that Concessionaire shall indemnify, defend and hold City and City Agents harmless from all such Environmental Claims. Further, City may, at its option, pay such Environmental Claims resulting from Concessionaire's non-compliance with any of the terms of this Section, and Concessionaire shall reimburse City for any such payments within fifteen (15) days after written demand therefore.

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

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

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

XVI OTHER PROVISIONS.

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

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

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

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

16.5 Notices.

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

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

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

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

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

16.7 Restrictions and Regulations.

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

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

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

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

16.10 Disabled Access. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1):

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

to cooperate fully with City in its efforts to comply with the ADA.

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

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

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

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

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

16.15 Non-Discrimination and Affirmative Action Provisions.

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

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

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

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

the Equal Employment Practices provisions of this Agreement, this Agreement may be forthwith terminated, cancelled, or suspended.

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

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

16.16.1 Security - FAA. Concessionaire shall be responsible for the maintenance and repair of gates and doors that are located at the Premises or controlled by Concessionaire. Concessionaire shall comply fully with applicable provisions of the Federal Aviation Administration Regulations, 14 CFR, Part 107 [and Part 108 if Concessionaire is an air carrier], including the establishment and implementation of procedures acceptable to CEO to control access from the Premises to air operation areas in accordance with the Airport Security Program required by Part 107. Further, Concessionaire shall exercise exclusive security responsibility for the Premises and, if Concessionaire is an air carrier, do so pursuant to Concessionaire's Federal Aviation Administration approved Air Carrier Standard Security Program used in accordance with 14 CFR, Part 129.

16.16.2 Security - Doors and Gates. Gates and doors located at the Premises which permit entry into restricted areas at Airport shall be kept locked by Concessionaire at all times when not in use or under Concessionaire's constant security surveillance. Gate or door malfunctions which permit unauthorized entry into restricted areas shall be reported to Department of Airports' Operations Bureau without delay and shall be maintained under constant surveillance by Concessionaire until repairs are affected by Concessionaire or City or the gate or door is properly secured.

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

Administrative Fee, to be paid by Concessionaire to City within fifteen (15) days of written demand.

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

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

16.18 Living Wage Ordinance General Provisions. This Agreement is subject to the Living Wage Ordinance (hereinafter referred to as "**LWO**") (Section 10.37, et seq., of the Los Angeles Administrative Code, which is incorporated herein by this reference). A copy of Section 10.37 has been attached hereto for the convenience of the parties as Exhibit N. The LWO requires that, unless specific exemptions apply, any employees of service contractor's who render services that involve an expenditure in excess of Twenty Five Thousand Dollars ($25,000) and a contract term of at least three months are covered by the LWO if any of the following applies: (1) at least some of the services are rendered by employees whose work site is on property owned by City, (2) the services could feasibly be performed by City of Los Angeles employees if the awarding authority had the requisite financial and staffing resources, or (3) the designated administrative agency of the City of Los Angeles has determined in writing that coverage would further the proprietary interests of the City of Los Angeles. Employees covered by the LWO are required to be paid not less than a minimum initial wage rate, as adjusted each year. The LWO also requires that employees be provided with at least twelve (12) compensated days off per year for sick leave, vacation, or personal necessity at the employee's request, and at least ten (10) additional days per year of uncompensated time pursuant to Section 10.37.2(b). The LWO requires employers to inform employees making less than Twelve Dollars ($12) per hour of their possible right to the federal Earned Income Tax Credit ("**EITC**") and to make available the forms required to secure advance EITC payments from the employer pursuant to Section 10.37.4. Concessionaire shall

permit access to work sites for authorized City representatives to review the operation, payroll, and related documents, and to provide certified copies of the relevant records upon request by City. Whether or not subject to the LWO, Concessionaire shall not retaliate against any employee claiming non-compliance with the provisions of the LWO, and, in addition, pursuant to Section 10.37.6(c), Concessionaire agrees to comply with federal law prohibiting retaliation for union organizing.

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

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

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

16.20 Equal Benefits Ordinance. Unless otherwise exempt in accordance with the provisions of the Equal Benefits Ordinance ("**EBO**"), Concessionaire certifies and represents that

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

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

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

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

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

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

16.23 Environmentally Favorable Options. Concessionaire acknowledges for itself and any sub-concessionaires that its operation of its activities under this Agreement will be subject to

all of City of Los Angeles' policies, guidelines and requirements regarding environmentally favorable construction, use or operations practices (hereinafter collectively referred to as "**City Policies**") as such City Policies may be promulgated, revised and amended from time-to-time.

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

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

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

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

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

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

16.30 Laws of California and United States. This Agreement, and every question arising hereunder, shall be construed or determined according to the Laws of the State of California, and of the United States. Concessionaire shall be solely responsible for fully complying with any and all applicable present or future rules, regulations, restrictions, ordinances, statutes, Laws or orders of any federal, state, or local government authority. Concessionaire shall be solely responsible for fully complying with any and all applicable present or future orders, directives, or conditions

issued, given or imposed by CEO which are now in force or which may be hereafter adopted by the Board or CEO with respect to the operation of the Airport. Concessionaire shall be solely responsible for any and all civil or criminal penalties assessed as a result of its failure to comply with any of these Laws, rules, regulations, restrictions, restrictions, ordinances, statutes, orders, directives and or conditions.

16.31 Agreement Binding Upon Successors. Subject to the provisions of Section 14, this Agreement shall be binding upon and shall inure to the benefit of the successors, heirs and assigns of the parties hereto. The term "**Transferee**" shall include any transferee of Concessionaire on any Transfer permitted and approved by Board.

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

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

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

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

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

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

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

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

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

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

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

16.42.1 If Concessionaire is an entity, Concessionaire is duly organized, validly existing and in good standing under the laws of the state of its organization, and is qualified to do business in the state in which the Premises is located, and the persons executing this Agreement on behalf of Concessionaire have the full right and authority to execute this Agreement on behalf of Concessionaire and to bind Concessionaire without the consent or approval of any other person or entity. Concessionaire has full power, capacity, authority and legal right to execute

and deliver this Agreement and to perform all of its obligations hereunder. This Agreement is a legal, valid and binding obligation of Concessionaire, enforceable in accordance with its terms.

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

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

1. in violation of any Anti-Terrorism Law (as hereinafter defined);

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

3. a Prohibited Person, nor are any of Concessionaire's affiliates, officers, directors, shareholders, members or lease guarantor, as applicable, a Prohibited Person.

If at any time any of these representations becomes false, then it shall be considered a material Default under this Agreement. As used herein, "**Anti-Terrorism Law**" is defined as any law relating to terrorism, anti-terrorism, money-laundering or anti-money laundering activities, including without limitation the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986, Executive Order No. 13224, Title 3 of the USA Patriot Act, Cal. Gov. Code §7513.6, and any regulations promulgated under any of them. As used herein "**Executive Order No. 13224**" is defined as Executive Order No. 13224 on Terrorist Financing effective September 24, 2001, and relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism", as may be amended from time to time. "**Prohibited Person**" is defined as (i) a person or entity that is listed in the Annex to Executive Order No. 13224, or a person or entity owned or controlled by an entity that is listed in the Annex to Executive Order No. 13224; (ii) a person or entity with whom Landlord is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; or (iii) a person or entity that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, http://www.treas.gov/ofac/t11sdn.pdf or at any replacement website or other official

publication of such list. "**USA Patriot Act**" is defined as the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Public Law 107-56), as may be amended from time to time.

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

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

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

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

'Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions.

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

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

16.46 Guaranty. Concurrently with the execution of this Agreement, _____ shall execute and deliver to City an unconditional guaranty of the obligations of Concessionaire under this Agreement in the form of the Guaranty attached to this Agreement as Exhibit Y.

[Signatures on next page]

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

APPROVED AS TO FORM:
Hydee Feldstein Soto,
City Attorney

Date:_____

By: _____

Assistant/Deputy City Attorney

CITY OF LOS ANGELES
By signing below, the signatory attests that they have no personal, financial, beneficial, or familial interest in this Contract.

By: _____
John Ackerman
Chief Executive Officer

GT HOSPITALITY LAX LLC

By: _____
Name: Javier Malespin
Its: Manager and Authorized Signatory

GUARANTOR:

LTS GROUP INC.

By: _____
Name: Cary Platt
Its: President and Authorized Signatory

TABLE OF CONTENTS

I TERM. 5

1.1. Term 5

1.2. Unit Commencement Date 6

1.3. Commencement of Prepatory Actions 6

1.4. Surrender 6

II PREMISES. 7

2.1. Premises; Units 7

2.2. Unit Nos.; Square Footage 7

2.3. Storage Space 7

2.4. Common Areas 7

2.5. Public Address System 8

2.6. Wireless Communications 8

III CONCESSION RIGHTS AND OBLIGATIONS. 8

3.1. Permitted Uses; Rights Granted 8

3.2. Right to Operate 9

3.3. General Obligation to Operate 9

3.4. Right to Promote Products; Restriction on Advertising 9

3.5. Quiet-Enjoyment 9

3.6. As-Is Condition 10

3.7. Rights are Not Exclusive 10

3.8. General Disputes 10

3.9. No Other Uses 10

3.10. Rules and Regulations 11

3.11. Pricing 11

TABLE OF CONTENTS (cont.)

3.12. Failure to Adhere to the Airport Pricing Policy 12

IV PAYMENTS BY CONCESSIONAIRE 13

4.1. Monthly Base Rent Payments. 13

4.2. Design/Construction Review Fee 16

4.3. Common Area Maintenance. 16

4.4. Utilities 18

4.5. Marketing Fund 18

4.6. Refuse Removal 18

4.7. Other Fees and Charges 19

4.8. Method of Payment 19

4.9. Books and Records 21

V OPERATING STANDARDS. 22

5.1. Operating Standards 22

5.2. Concession Personnel 22

5.3. Managing Director 23

5.4. Unit Managers 24

5.5. Hours of Operation 24

5.6. Merchandising 24

5.7. Quality of Merchandise 25

5.8. Adequate Products and Service 25

5.9. Cash and Record Handling Requirements; Change Making; Credit Cards 25

5.10. Deliveries; Access and Coordination 26

5.11. Removal of Garbage and Refuse 26

5.12. Franchise Standards 28

5.13. Quality Assurance Audits 28

TABLE OF CONTENTS (cont.)

5.14. Prohibited Acts 28

5.15. Signs, Promotions & Displays 30

5.16. Taxes 31

5.17. Licenses and Permits 31

5.18. Compliance with Laws. 31

5.19. Airport Operations 32

5.20. Non-Compliance 32

VI DISADVANTAGED BUSINESS ENTERPRISE PROGRAM. 32

6.1. Compliance with Department of Transportation (DOT) 32

6.2. Substitutions 33

6.3. Monthly Report 33

VII IMPROVEMENTS 31

7.1. Improvement Proposal 31

7.2. Condition of Premises 31

7.3. Initial Improvements Required of Concessionaire 31

7.4. Improvement Financial Obligation 31

7.5. Minimum Refurbishment 32

7.6. City Approval of Improvements 33

7.7. Initial Improvements. 34

7.8. Alterations 35

7.9. Building Codes 35

7.10. Other Permits 35

7.11. Workers' Compensation 35

7.12. Improvement Payment and Performance Bond 36

TABLE OF CONTENTS (cont.)

7.13. Telecommunications Facilities 36

7.14. Deliveries upon Completion 38

7.15. No Liens 38

7.16. Ownership of Improvements 39

VIII MAINTENANCE AND REPAIR. 40

8.1. Maintenance and Repair 40

8.2. Maintenance Program 41

8.3. Maintenance of Plumbing 41

8.4. City May Repair 42

8.5. Right to Enter Premises 42

8.6. City Maintains Central Air Conditioning 43

8.7. City May Maintain Utilities 43

8.8. Pest Control 43

8.9. Evidence of Payment 43

IX REDUCTION, RELOCATION OR EXPANSION. 44

9.1. Reduction or Relocation of Premises 44

9.2. Expansion of Premises 8

X AIRPORT CONSTRUCTION; AIRPORT OPERATIONS. 45

10.1. Terminal Construction; Airport Operations 45

10.2. No Right to a Temporary Premises 45

XI TERMINATION/CANCELLATION. 45

11.1. Defaults 45

11.2. City's Remedies 47

11.3. Right to Remove Equipment 51

11.4. Surrender to be in Writing 51

TABLE OF CONTENTS (cont.)

11.5. Additional Rights of City 51

11.6. Acceptance Is Not a Waiver 51

11.7. Waiver Is Not Continuous 51

11.8. Waiver of Redemption and Damages 51

11.9. Survival of Concessionaire's Obligations 52

11.10. Cancellation or Termination By Concessionaire 52

11.11. Damaged Improvements 52

11.12. Service During Removal 52

11.13. City May Renovate 53

11.14. Viewing By Prospective Competitors 53

11.15. Unauthorized Hold-Over 53

11.16. Administrative Assessments 53

XII DAMAGE OR DESTRUCTION TO PREMISES. 54

12.1. Damage or Destruction to Premises 54

12.2. Limits of City's Obligations 54

XIII LIABILITY. 58

13.1. Liability 58

13.2. City Held Harmless 59

13.3. Faithful Performance Guarantee 59

13.4. Insurance 56

XIV TRANSFER. 57

14.1. Transfer Prohibited 57

14.2. Transfer 58

14.3. No Further Consent Implied 62

14.4. No Release 58

TABLE OF CONTENTS (cont.)

14.5. Payment of City's Costs 62

14.6. Incorporation of Terms 62

14.7. Right to Collect Rent Directly 63

14.8. Reasonableness of Restrictions 63

14.9. Transfer Premium 63

XV HAZARDOUS MATERIALS 64

15.1. Hazardous Materials 64

15.2. Prohibition; Concessionaire Responsibility 60

15.3. Spill - Clean-Up 61

15.4. Provision to City of Environmental Documents 61

15.5. Hazardous Materials Continuing Obligation 62

XVI OTHER PROVISIONS. 62

16.1. Other Provisions 62

16.2. Cross Default 62

16.3. City's Right of Access and Inspection 62

16.4. Automobiles and Other Equipment 62

16.5. Notices 63

16.6. Agent for Service of Process 63

16.7. Restrictions and Regulations 64

16.8. Right to Amend 68

16.9. Independent Contractor 69

16.10. Disabled Access 69

16.11. Child Support Orders 65

16.12. Business Tax Registration 65

16.13. Ordinance and Los Angeles Administrative Code ("Code") Language Governs 65

TABLE OF CONTENTS (cont.)

16.14. Amendments to Ordinances and Codes 65

16.15. Non-Discrimination and Affirmative Action Provisions. 66

16.16. Security - General 67

16.17. Visual Artists' Rights Act 68

16.18. Living Wage Ordinance General Provisions 68

16.19. Service Contract Worker Retention Ordinance 69

16.20. Equal Benefits Ordinance 69

16.21. Contractor Responsibility Program 70

16.22. First Source Hiring Program for Airport Employers 70

16.23. Environmentally Favorable Options 70

16.24. Municipal Lobbying Ordinance 71

16.25. Labor Peace Agreement 71

16.26. Alternative Fuel Vehicle Requirement Program 71

16.27. Ownership of Work Product 71

16.28. Estoppel Certificate 76

16.29. Subordination of Agreement 76

16.30. Laws of California and United States 76

16.31. Agreement Binding Upon Successors 77

16.32. Attorneys' Fees 77

16.33. Entire Agreement 77

16.34. Conditions and Covenants 79

16.35. Gender and Plural Usage 77

16.36. Venue 77

16.37. Void Provision 79

16.38. Construction and Interpretation 79

16.39. Section Headings 79

16.40. Waiver of Claims 79

16.41. Waiver 79

16.42. Representations of Concessionaire 79

16.43. Additional Representations of Concessionaire 80

16.44. Board Order AO-5077 80

16.45. Compliance with LA City Charter Section 470(c)(12) 80

16.46. Guaranty 81

LIST OF SCHEDULES AND EXHIBITS

Schedule 1: Concessions Standard Operating Procedures

Exhibit A: Description of Premises

Exhibit A-1: Site Plan Showing Premises

Exhibit B: Commencement and Expiration Date Memorandum (Intentionally Omitted)

Exhibit C: Form of Storage Space Addendum

Exhibit D: Description of All Premises in Airport (Intentionally Omitted)

Exhibit E: Form of Monthly Gross Revenue Report

Exhibit F: Form of Annual Gross Revenue Report

Exhibit G: Intentionally Omitted

Exhibit H: Form of Improvement Performance Bond

Exhibit I: Insurance

Exhibit J: Child Support Ordinance

Exhibit K: Equal Employment Practices

Exhibit L: Affirmative Action Program

Exhibit M: Alternative Fuel Vehicle Program Regulations

TABLE OF CONTENTS (cont.)

Exhibit N: Living Wage Ordinances

Exhibit O: Intentionally Omitted

Exhibit P: Service Contract Worker Retention Ordinance

Exhibit Q: Contractor Responsibility Program Pledge of Compliance Rules

Exhibit R: First Source Hiring Program

Exhibit S: (Intentionally Omitted)

Exhibit T: Approved Form of Payment List

Exhibit U: Schedule of Administrative Fees

Exhibit V: Intentionally Omitted

Exhibit W: Initial Improvements Plan

Exhibit X: Permitted Uses [and Brands / Concepts]

Exhibit Y: Concession Guaranty re: XXXPROPOSERPARTNERXXX

DEFINITION OF DEFINED TERMS

Term	Page	Section
ACDBE Rules	32	6.1
ACDBEs	32	6.1
Actual Initial Investment	34	7.4
Actual Rent	16	4.1.6
ADA	31	5.18.1
Additional Rent	13	4.1.1
Administrative Assessments	57	11.16
Advertising	9	3.4
Affirmative Action Program	71	16.15.5
Agreement	1	Intro; Basic Information
Agreement Date	1	Basic Information
Agreement Year	16	4.1.6
Airport	5, 7	Recital A; 2.1
Airport Pricing Policy	11	3.11.1
Alterations	37	7.8
Anti-Terrorism Law	79	16.42.3
Base Rent	13	4.1.1
Basic Information	1	Intro; Basic Information
Board	1	Intro; Basic Information
BTRC	70	16.12
Chronic delinquency	50	11.1.13
City	1	Intro; Basic Information
City Agents	23	5.2.4
City Policies	75	16.23
Claims	9	3.4
Common Areas	7	2.4
Comparable	11	3.11.1
Comparison Area	11	3.11.1
Concessionaire	1	Intro; Basic Information
Concessionaire Parties	31	5.18.1
(Original) Concessionaire Proposal	5	Recital C
Concessionaire's Maintenance Records	43	8.1
Default	48	11.1
Deficiency	21	4.8.2
Delivery Date	6	1.2
Delivery Notice	6	1.2
Design Guidelines	30	5.15.1
EBO	74	16.20
EITC	73	16.18
Environmental Claims	65	15.2
Equal Employment Practices	71	16.15.4
CEO	6	1.2
Executive Order No. 13224	80	16.43.3
Expiration Date	6	1.1; Basic Information

DEFINITION OF DEFINED TERMS (cont.)

Term	Page	Section
Faithful Performance Guarantee	57	11.15; Basic Information
Financial Statements	20	4.7.5
FPG	59	13.3
FSHP	75	16.22
Gross Revenues	13	4.1.2
Guarantor	49	11.1.3; Basic Information
Hazardous Materials	64	15.1
Hazardous Materials Laws	65	15.2
Initial Improvements	33	7.3
Initial Improvements Plan	33	7.1
Initial Minimum Investment Amount	34	7.4; Basic Information
Laws	31	5.18.1
LOC	59	13.3.4
LPA	75	16.25
LWO	73	16.18
Managing Director	23	5.3
Minimum Refurbishment	34	7.5
Minimum Refurbishment Plan	35	7.5.1
Minimum Refurbishment Amount	35	7.5.2; Basic Information
Minimum Monthly Guaranteed Rent	13	4.1.3; Basic Information 6.1
Non-Discrimination Policy	32	16.20
Non-ERISA Benefits	74	4.1.2
Per Enplaned Passenger MAG	11	4.1.5; Basic Information
Percentage Fee	13	15.2
Permitted Hazardous Materials	65	3.1; Basic Information
Permitted Uses	8	5.2.1; Basic Information
Personnel	22	5.9.1
POS Equipment and Systems	25	2.1
Premises	7	5.18.1
Private Restrictions	31	4.1.4
Products and Services	14	16.42.3
Prohibited Person	79	5.11.1
Recycling Program	27	16.6; Basic Information
Registered Agent	68	4.1.1
Rent	13	Recital B
RFP	5	3.10
Rules and Regulations	11	16.19
SCWRO	74	4.3.4
Share	18	5.2.1
Sufficient number	22	7.13.1
Telecom Documentation	39	7.13.1
Telecommunication Facilities	39	7.13.1
Telecommunication Service Providers	39	

DEFINITION OF DEFINED TERMS (cont.)

Term	Page	Section
Term	6	1.1
Terminal	1	Basic Information
Transfer	62	14.1
Transfer Request	62	14.1
Transferee	77	16.31
Unit Commencement Date	6	1.2
Unit Manager	24	5.4
Units	7	2.1
USA Patriot Act	79	16.42.3
VARA	72	16.17
Worth at the time of award	51	11.2.1

SCHEDULE 1

Concessions Standard Operating Procedures

Los Angeles International Airport & Van Nuys Airport

Concessions Standard Operating Procedures (SOP)

May 2026

Table of Contents

1. Applicability 3
2. Definitions 3
3. Pricing Policy 3
    - Introduction 3
    - Pricing Flexibility 4
    - Excluded Items 4
    - Price Display 5
    - Pricing Reporting 5
    - Pricing Compliance 5
4. Utilities 5
5. Other Fees & Charges 6
6. Required Hours of Operation 6
7. Deliveries, Access & Coordination 6
8. Removal of Garbage & Refuse 7
9. Refuse Removal Costs 8
10. Environmentally Favorable Options 9
11. City Events 9
12. Distressed Concession Relief Program 9
13. Value For Money (VFM) Program 9
14. Children's Menu 9
15. Digital Marketing 9
16. Airport Service Quality (ASQ) Scores 10
17. Business and Operations Plan 10
18. Additional Conditions 10

Exhibits

1. Pricing Policy: Product/Menu/Service Report
2. Pricing Policy: Excluded Item Report

1. Applicability

Concessionaires (as defined below) at Los Angeles International Airport (LAX) or Van Nuys Airport (VNY) shall comply with these procedures.

2. Definitions

For purposes of these procedures, the following definitions shall apply:

"Concession" means any operation which provides, sells, rents or distributes goods, services, food, beverages, merchandise, or other products to the public at LAX or VNY, including but not limited to: retail stores, food and beverage establishments, personal service providers, passenger service businesses, advertising displays, vending machines, entertainment facilities, or other similar revenue-generating operations intended to serve the public; or airport employees.

“Concessionaire” shall include: (i) any entity with an Agreement with Los Angeles World Airports (LAWA) to provide concessions at LAX or VNY, including a Terminal Commercial Manager (TCM) (ii) concessionaires or sub-concessionaires at LAX or VNY (whether through direct concession agreements with LAWA or with TCM or otherwise); or (iii) any other individual or entity that is in possession of space that is intended to be used as a Concession at LAX or VNY provided, however, that Concessions shall not include: airlines or other air carriers, ground transportation providers, rental car services, parking operations, governmental or security operations.

“Concessionaire’s Agreement” shall mean: Concessionaires approved by LAWA provided that in case of conflicts, the terms of these procedures and LAWA’s consent shall prevail, in that order. For the avoidance of doubt, for TCM’s concessionaires, Concessionaire’s Agreement shall mean Unit Concession Agreement.

“Chief Executive Officer (CEO)” shall mean the General Manager or Executive Director of LAWA.

“LAWA” or “Los Angeles World Airports” shall mean the City of Los Angeles Department of Airports.

“Premises” or “Unit” shall mean the respective space(s) of each Concessionaire, as defined in their respective agreement(s).

Unless the context requires otherwise, capitalized terms shall have their meanings as set forth in each Concessionaire’s Agreement provided, however, if any definition in Concessionaire’s Agreement conflicts with a definition in these procedures, the definition in these procedures shall control for purposes of these procedures.

3. Pricing Policy

Introduction

LAWA is committed to providing a diverse and competitive range of retail, food and beverage and service options for the public. LAWA has adopted a flexible pricing policy that allows Concessionaires to set their own prices for the products, menu items and services they offer at their concessions, except for Excluded

Items, and subject to certain requirements and limitations. This document outlines the procedures of the Pricing Policy, which will take effect upon execution of the Amendments to the Concession Agreements.

Pricing Flexibility

Under the Pricing Policy, Concessionaires are allowed to determine the prices of their retail products, food and beverage menu items and services. Concessionaires are encouraged to offer competitive and reasonable prices that reflect the value and quality of their products and services, and that meet the expectations and satisfaction of the customers.

Excluded Items

This section outlines the pricing procedures for specific categories of items, ensuring that prices are competitive and fair for consumers while allowing for a reasonable profit margin. These categories are:

- Bottled Water
- Over-the-counter medication
- Feminine hygiene products
- Baby products

The Concessionaire will price these items no more than 18% above street pricing. Street pricing is a price charged for an identical/comparable good and at a comparable business, which is a similar non-airport business located in a shopping center or commercial district within a 25-mile radius from the airport, with a similar style of service, product offering and menu. Locations such as hotels, train stations, special events and special gated venues (e.g. Dodger Stadium, theme parks, Crypto.com Center) are not acceptable comparable businesses.

For the designated items in each of the above categories, every Concessionaire must submit a comprehensive Excluded Items pricing report for review by LAWA **on a QUARTERLY basis**. All prices will be reviewed. The Excluded Item pricing report must be completed using the template and format provided by LAWA (Exhibit 2), which includes:

- At least three (3) comparable businesses (with full name and address) with corresponding prices for each Excluded Item for purchase.
- The calculation to demonstrate the proposed pricing adheres to the Policy.

The Excluded Item pricing report must be submitted electronically to LAWA's Commercial Development's email account, concessionsreporting@lawa.org.

Quarterly submission due dates for the Excluded Item pricing report, for each year, are:

- January 1
- April 1
- July 1
- October 1

If the date falls on a weekend (Saturday or Sunday) or a city-observed holiday, the due date will be the following business date. LAWA will approve each Concessionaire's Excluded Item pricing report via email.

Price Display

Prices must be conspicuously displayed on all items for purchase, to the satisfaction of LAWA. Displays will include the name/description of the item for purchase and its sale price. Other specifics may be required on a case-by-case basis.

Pricing Reporting

To ensure transparency and accountability, Concessionaires are required to submit a pricing report to LAWA once a year, by January 1st, except for Excluded Items, (see Excluded Items Section C above) and every time a Concessionaire changes their menu, product list, service or the price of an item or service. The pricing report should include the following information for each product, menu item or service offered at the concession:

- The name and description of the product, menu item or service;
- The unit size or portion size of the product or menu item;
- The previous price of the product, menu item or service, if applicable; and,
- The date of the last price change, if applicable.

The pricing report must be submitted electronically to LAWA's Commercial Development email account, concessionsreporting@lawa.org, using the template and format provided by LAWA (Exhibit 1). LAWA will review the pricing report and acknowledge receipt of the report via email. LAWA reserves the right to request additional information or clarification from the Concessionaire. LAWA also reserves the right to reject any price in the Excluded Item report that is deemed inconsistent with the Policy.

Pricing Compliance

LAWA will monitor and enforce the compliance of the Concessionaire with the Pricing Policy, using various methods, such as price surveys, audits, inspections, and customer feedback. LAWA will notify the Concessionaire, in writing, of violations of this Policy. Concessionaire must correct prices to conform to the pricing criteria within seven calendar days of receipt of the Notice of Pricing Violation. If any LAWA-initiated price comparisons disclose a violation of the requirements of this Agreement, the cost of such LAWA-initiated price comparisons will be borne by the Concessionaire, and upon the delivery of an invoice from LAWA, the Concessionaire must pay the same to LAWA, plus fifteen percent (15%) of such cost incurred as an administrative fee (but in no event less than $100 per occurrence or such greater amount as may be reasonably adjusted by the CEO from time to time) (herein, the "Administrative Fee"), within thirty days of receipt of LAWA's invoice. LAWA will take appropriate actions against any Concessionaire that fails to comply with the Pricing Policy, such as issuing warnings, imposing fines, or terminating the concession agreement, depending on the severity and frequency of the violation.

4. Utilities

Utilities with respect to the Premises (including each Unit therein), including electricity, gas and water, shall be separately metered as to the Premises (and as to each Unit therein), at Concessionaire's expense. If the CEO agrees that it is impossible to separately meter a given utility, with respect to all or a portion of a given Unit/Premises, then Concessionaire shall pay to LAWA as Additional Rent a reasonable and non-discriminatory pro-rata amount of said utility invoice which includes said Unit/Premises, based upon CEO's good faith estimate of Concessionaire's share thereof. CEO's estimate may be based on the square footage of Concessionaire's Premises compared with the square footage of the area serviced, or upon some other

reasonable and non-discriminatory criteria designated by CEO in CEO's good faith business judgment. LAWA shall invoice Concessionaire for amounts due and Concessionaire shall pay the same on demand of receipt of LAWA's invoice. TCM shall have the right to pass through all of such charges for utilities to its Concessionaires but without any administrative mark-up or profit.

5. Other Fees & Charges

If LAWA has paid any sum or sums or has incurred any obligations or expense which Concessionaire had agreed to pay or reimburse LAWA for, or if LAWA is required or elects to pay sum(s) or ensure obligation(s) or expense(s) by reason of the failure, neglect or refusal of Concessionaire to perform or fulfill any of the conditions, covenants or agreements contained in the Agreement, or as a result of an act or omission of Concessionaire contrary to said conditions, covenants, and agreements, Concessionaire shall pay the sum(s) so paid or the expense(s) so incurred (including all interest, costs, damages and penalties, and the same may be added to any installment of the fees and charges thereafter due hereunder), plus the Administrative Fee, as Additional Rent recoverable by LAWA in the same manner and with like remedies applicable to any other component of Rent hereunder.

6. Required Hours of Operation

The Unit/Premises (including all Units within the Premises) shall be open for business every day, three hundred sixty-five days per year. The Concessionaire shall operate the Unit/Premises in accordance with the following minimum hours of operation ("Minimum Hours of Operation"): (i) if such Unit is located on the arrivals level, Minimum Hours of Operation shall be from the first scheduled arrival until at least one hour after the last scheduled arrival, without exception. ; (ii) if such Unit is located on the departure level, Minimum Hours of Operation shall be at least one hour before the first scheduled departure until the last departure of the day without exception and (iii) notwithstanding the information in (i) and (ii) no Unit shall be opened fewer hours than 6:00 a.m. to 10:00 p.m.Except in connection with the expiration or earlier termination of Concessionaire's Agreement, Concessionaire shall not vacate or abandon the Premises (including any Unit therein) at any time.

CEO may alter hours on 24-hour notice to Concessionaire to temporarily or permanently modify the Minimum Hours of Operation for any Unit/Premises. Concessionaire shall comply with modifications. Upon the written request of Concessionaire, CEO may, from time to time, authorize a later opening or earlier closing time for any Unit/Premises, provided CEO first finds that Concessionaire has submitted adequate justification ; provided, however, decreases in passenger traffic (with the exception of a national emergency or event) shall not be considered adequate justification.

7. Deliveries, Access & Coordination

To the extent airside access rights are granted to Concessionaire, Concessionaire shall comply with all Airport Rules and Regulations and applicable Laws to obtain clearance for airside access. Except and to the extent expressly directed by CEO in writing, all deliveries of products, goods, merchandise, supplies, and other materials to and from the Premises (including any Unit therein) and trash removal from the Premises (including any Unit therein) necessary to the operation of the Premises (or any Unit therein) shall be conducted through the airside locations (for TCM and its concessionaires it will be designated in the DIP Approval), as such airside locations may be changed by CEO from time to time upon written notice to Concessionaire. Concessionaire acknowledges and agrees that all such deliveries by Concessionaire shall

be in conformance with the Rules and Regulations and security requirements in effect with respect to airside operations at the Airport, and Concessionaire shall bear all costs incurred by them in connection with their respective compliance. Concessionaire shall make deliveries only within the times and at locations authorized by CEO. Concessionaires shall require that all airside deliveries be made by vehicles and drivers qualified and permitted by LAWA to drive over airside access roadways. Delivery hours and locations may be specified and changed from time to time at the sole discretion of CEO.

8. Removal of Garbage & Refuse

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

LAWA Waste Reduction and Removal. Concessionaire shall comply with current and future Airport Rules and Regulations and other regulations promulgated by the City of Los Angeles regarding the reduction and recycling of trash and debris. Without limiting the generality of the foregoing, Concessionaire shall participate in meeting the Airport's mandated goal of fifty percent (50%) waste diversion by 2035, by developing and implementing a program to remove as much recyclable material from the waste stream as possible (a "Recycling Program"). Any Recycling Program shall consist of at a minimum mixed office paper and cardboard recycling, beverage container recycling in employee break areas and public areas if applicable, diversion through 2-sided copying, reuse of pallets, utilization of minimum thirty percent (30%) recycled content copy paper and other recycled content paper goods. TCM shall prepare and submit to LAWA a written description of such Recycling Program with respect to the Premises (and each Unit therein) as part of the TCM's Business and Operations Plan. TCM shall incorporate reasonable revisions to such Recycling Program required by LAWA. If Concessionaire's corporate management has a written policy on waste reduction and sustainability, Concessionaire shall provide a copy of such policy to LAWA at the notice address set forth in the Basic Information, Attention: LAWA Recycling Coordinator. Concessionaire shall provide a quarterly report to the LAWA Recycling Coordinator (in the form and format prescribed by LAWA) detailing the volume and type of materials diverted from the waste stream in accordance with such Recycling Program. Such quarterly report shall also describe other waste minimization practices, such as use of compostable utensils and dishware, reuse of materials and equipment, salvaging of materials and recycling of construction and demolition waste. Without limiting the generality of LAWA's other access and inspection rights under Concessionaire's Agreement, LAWA shall have the right to access the Premises during regular business hours to review and verify Concessionaire's compliance with its Recycling Program and other waste minimization practices. LAWA discourages the use of polystyrene foam including one-time use clamshell food containers, bowls, plates, trays, cartons, and cups in which food or beverages are placed or packaged. In addition, restaurants and food vendors are required to use biodegradable or compostable food service ware unless an affordable alternative is not available. TCM shall provide periodic reports as outlined in the Business and Operations Plan to the LAWA Recycling Coordinator (in the form and format prescribed by LAWA) detailing the volume and type of materials diverted from the waste stream in accordance with such Recycling Program. Such reports shall also describe other waste

minimization practices, such as use of compostable utensils and dishware, reuse of materials and equipment, salvaging of materials and recycling of construction and demolition waste. Without limiting the generality of LAWA's other access and inspection rights under Concessionaire's Agreement, LAWA shall have the right to access the Premises during regular business hours to review and verify Concessionaire's compliance with its Recycling Program and other waste minimization practices. LAWA discourages the use of polystyrene foam including one-time use clamshell food containers, bowls, plates, trays, cartons, and cups in which food or beverages are placed or packaged. In addition, restaurants and food vendors are required to use biodegradable or compostable food service ware unless an affordable alternative is not available.

Coordinated Delivery and Trash/Re-Cycling Removal System. Concessionaire acknowledges that the CEO may implement coordinated systems for airside access deliveries and Trash/Recycling Removal and that such coordinated systems may (a) be operated by one or more third-party contractors, (b) require the use of a designated transfer locations, (c) require the payment or reimbursement by Concessionaire, its Concessionaires and other participants of costs and expenses, and any such amounts payable or reimbursable if paid to LAWA shall be Additional Rent hereunder, or may be payable to such third party contractors pursuant to separate agreements with such contractors; and (d) Concessionaire understands and acknowledges that, if implemented, participation with the coordinated systems may be mandatory. Concessionaire acknowledges that such coordinated systems may not become effective until after the commencement of the Primary Term of Concessionaire's Agreement. Concessionaire shall be responsible for all deliveries until such time as CEO delivers written notice to Concessionaire that such systems are being implemented. TCM shall be permitted to pass through all such costs and expenses to its Concessionaires but without any administrative markup or profit.

Additionally, LAWA requires adherence to the following waste programs/guidelines:

a. Adherence to the LAX Waste Guidelines Combined LAX Waste Guidelines
b. Mandatory back of house compost collection for all restaurants and mandatory passenger-generated compost collection for all food courts (two or more restaurants with shared seating)
c. Adherence to the LAX Food Donation Policy LAX Food Donation Policy.pdf
d. Adherence to the LAWA Single-use Plastic Water Bottle Ban Policy Single-use Plastic Water Bottle Phase-out Policy_LAWA.pdf
e. Adherence to all future waste-related LAWA sustainability policies adopted by BOAC

9. Refuse Removal Costs

LAWA may designate garbage or refuse disposal areas at each Facility for use by concessionaires. LAWA reserves the right to charge, and in such event, Concessionaire shall pay to LAWA as Additional Rent a reasonable and non-discriminatory pro-rata amount of the cost for segregation and/or removal of garbage and refuse from designated garbage or refuse disposal areas based upon CEO's good faith estimate of Concessionaire's share thereof. CEO's estimate may be based on Concessionaire's Premises square footage compared with the square footage of the area serviced, or upon some other reasonable and not unjustly discriminatory criteria designated by CEO in CEO's good faith business judgment. LAWA shall invoice Concessionaire monthly for amounts due and Concessionaire shall pay the same to LAWA as Additional Rent, on demand, upon receipt of LAWA's invoice. TCM shall have the right to pass through all such charges for refuse removal to its Concessionaires but without any administrative markup or profit.

10. Environmentally Favorable Options

Concessionaire acknowledges that its operation of its activities under Concessionaire's Agreement will be subject to all of City of Los Angeles' policies, guidelines and requirements regarding environmentally favorable construction, use or operations practices (hereinafter collectively referred to as "City Policies") as such City Policies may be promulgated, revised and amended from time to time.

11. City Events

From time to time, LAWA will host global or nationwide events, including but not limited to the World Cup in 2026, the Superbowl in 2027, and the 2028 Summer Olympic and Paralympic Games ("**City Event**"), and LAWA has or may enter into agreements in connection therewith that affect concessions at the Airport ("**City Event Agreements**"). Concessionaire shall (i) cooperate with LAWA, (ii) act consistently with any such City Event Agreements and (iii) cause its sub-concessionaires and subcontractors to act consistently with any such City Event Agreements. If any City Event has a material adverse impact on Concessionaire's rights under the Concessionaire's Agreement, then upon Concessionaire's written notice to LAWA, Concessionaire and LAWA shall engage in good faith negotiations to address those impacts.

12. Distressed Concession Relief Program

LANGUAGE FOR THIS SECTION TO BE PROVIDED.

13. Value For Money (VFM) Program

At all Units, the menu shall include at least one item or combination of items that are offered at a discounted rate to support LAWA's Value for Money (VFM) program. VFM items, combos, and deals are a selection of items made available at lower price points than regular menu items and designed to provide customers with more affordable options. LAWA will promote these offerings through the VFM program.

14. Children's Menu

At all Units, the menu shall include at least one child's plate and price.

15. Digital Marketing

Concessionaire acknowledges that: (i) City intends to implement an airport-wide digital online shop and dine program and delivery system ("Digital Program"); (ii) such Digital Program may be operated by one or more third party contractors; (iii) if the Digital Program is implemented, Concessionaire shall participate in the Digital Program; (iv) Concessionaire shall participate in quarterly discussions regarding digital experience; and (v) such Digital Program may not become effective until after the Effective Date of this Amendment. Nothing in this Section shall be construed to preclude Concessionaire's participation in TCM's pilot program authorized by Board Resolution no. 27007 (approving the Chief Executive Officer Consent to Permitted Uses).

16. Airport Service Quality (ASQ) Scores

Concessionaire shall implement the following to drive ASQ scores:

- Pricing and value for money review on all pricing submissions including review of entire marketplace offer, quality, service and value price of items.
- Mystery Shop scores audits; anything below 75% triggers immediate retraining on problem areas.
- Recognition/gifts/ awards for high performing employees.
- Store inspections with clear action plans to address deficiencies, communicated to LAWA upon request.
- Monitoring online reviews and providing responses to guest feedback.
- Full retraining on policies and procedures, including open/close policy and full enforcement of this.

17. Business and Operations Plan

The contents of the Business and Operations Plan shall include, but not be limited to, the following:

a. The plan for reasonably maximizing payments and value to City.
b. Establishment of operational goals and objectives for the forthcoming year of the plan, including identification of sales opportunities and marketing plans for the promotion of sales.
c. Review of prior year's performance, including achievement of sales projections and sales trends with explanations of any anomalies by Unit
d. The plan for the promotion of Concessionaires and their products or services
e. Review of Concessionaire's operating standards, policies, and procedures to address, correct or replace underperforming Units, including direct, actionable metrics initiated by Concessionaire to improve the airport's third-party, industry-wide customer service evaluation scores within the Premises.
f. Customer service and quality assurance plan, and remedial action plan for any prior deficiencies.
g. The maintenance plan for the Premises.
h. Such other goals, objectives, requirements or information as the CEO may reasonably request.

18. Additional Conditions

Concessionaire must adhere to the following additional conditions:

1. Concessionaire must purchase, install, and integrate with LAWA systems sensors to measure open/close accuracy and consistency to specified operating hours.
2. Concessionaire must provide accessibility to all data as requested, such as POS data, queue times, daily sales details, including POS data and ensure LAWA retains ability to access and control customer data as requested.
3. Concessionaire must partner in employee events to be held with soft openings & employee discounts for opening new concessions and track employee engagement scores and them with share with LAWA.
4. Concessionaire must provide pop up opportunities and/or kiosks during construction with enhanced barricade graphics for improved pax experience/improved ASQ scores, to be timed for the entire length of construction.

5. Concessionaire must provide opportunities for joint LAWA/branding opportunities.
6. Concessionaire must implement initiatives to explicitly measure and address long line wait times at concessions that still feel high-touch and hospitable.
7. LAWA reserves the right to require the Concessionaire to implement a comprehensive re-concepting of any location within ninety (90) to one hundred eighty (180) days following formal written notice. This right may be exercised if a location fails to satisfy performance metrics—including gross sales, required operating hours, and mystery shopper scores—for the duration of any full fiscal quarter. Upon such failure, the Concessionaire shall be granted a thirty (30) day cure period to reconcile the identified performance deficiencies prior to the issuance of a formal re-concepting directive.
8. Concessionaire shall develop and submit to LAWA a comprehensive strategy for the introduction of new brands. Such submission must include, at a minimum, multiple choices for brand selection, a detailed analysis detailing the utilization and capitalization of upcoming and emerging brands, and robust supporting documentation evidencing the projected viability and success of said brands within an airport environment, including relevant consumer insights and empirical response data. Final approval of all brand concepts, designs, and selections shall be retained exclusively by LAWA.

Exhibit 1
Product/Menu/Service Report

Menu Pricing Worksheet

LAX

Concessionaire:

Concession Name:

Terminal:

Submittal Quarter:

Menu Item Description	New Item	Current Price	Previous Price	Date of Last Price Change	Notes
	☐				
	☐				
	☐				

Exhibit 2
Market Basket Report

Group Review		
Comp #1	Comp #6	Comp #11
Comp #2	Comp #7	Comp #12
Comp #3	Comp #8	Comp #13
Comp #4	Comp #9	Comp #14
Comp #5	Comp #10	Comp #15
Comp #6	Comp #11	Comp #16
Comp #7	Comp #12	Comp #17
Comp #8	Comp #13	Comp #18
Comp #9	Comp #14	Comp #19
Comp #10	Comp #15	Comp #20

Item Description	Item	Unit/Case	Comp #1	Comp #2	Comp #3	Comp #4	Comp #5	Comp #6	Comp #7	Comp #8	Comp #9	Comp #10	Comp #11	Comp #12	Comp #13	Comp #14	Comp #15	Comp #16	Comp #17	Comp #18	Comp #19	Comp #20	Comp #21	Comp #22	Comp #23	Comp #24	Comp #25	Comp #26	Comp #27	Comp #28	Comp #29	Comp #30	Comp #31	Comp #32	Comp #33	Comp #34	Comp #35	Average of Comps	Last Price Paid	Negotiated Price	MAXIMUM PPT Average	% Difference Between Negotiated and MAXIMUM	% Difference Between Negotiated and Average	Notes

EXHIBIT A

Description of Premises

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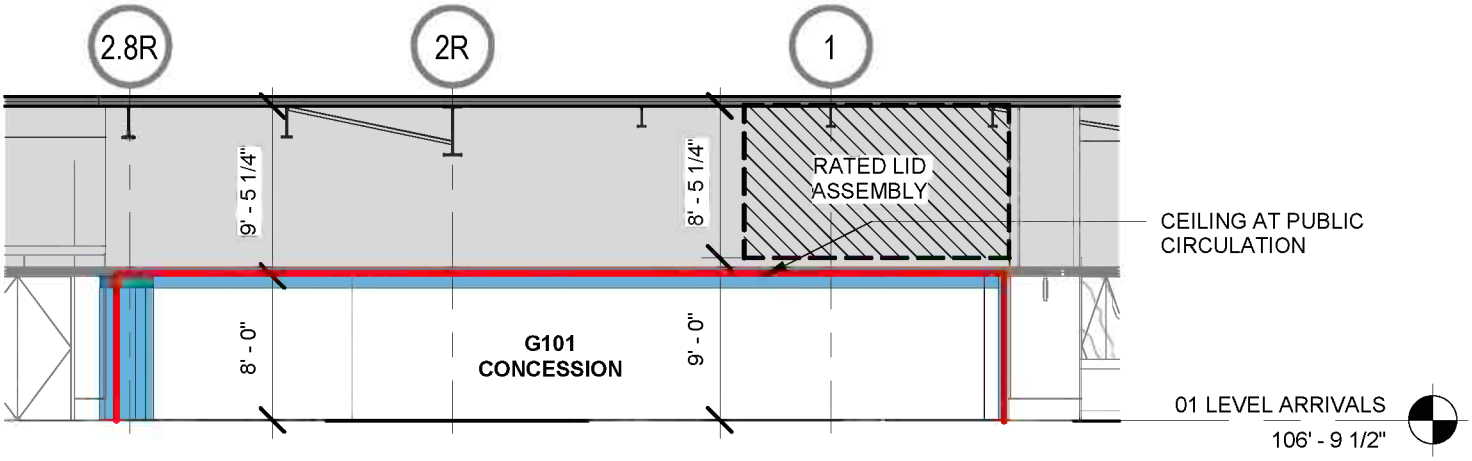
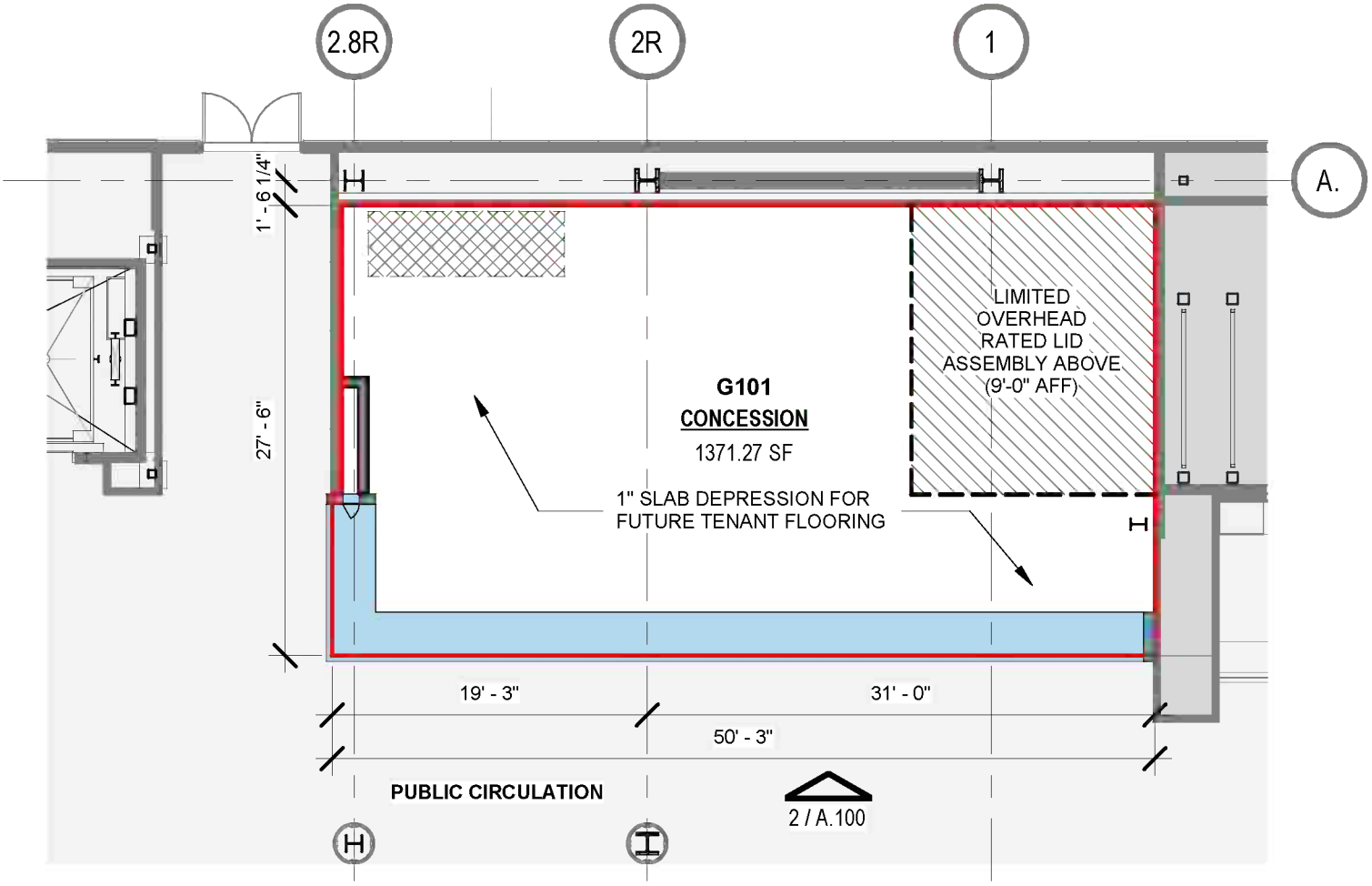


ELEVATION - G101 CONCESSION - 2/A.100

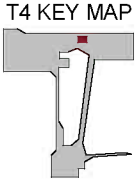


FLOOR PLAN - ARRIVALS LEVEL 01 - G101 CONCESSION

LEGEND

- **CONCESSION PORTAL**
  - TERRAZZO ENTRY DELINEATOR
  - CONTINUOUS SOFFIT AND ENTRY FRAME
  - RECESSED SECURITY GRILLE
- **TENANT SPACE**
- **UTILITY ZONE**

T4 KEY MAP



Terminal 4 Concessions Program

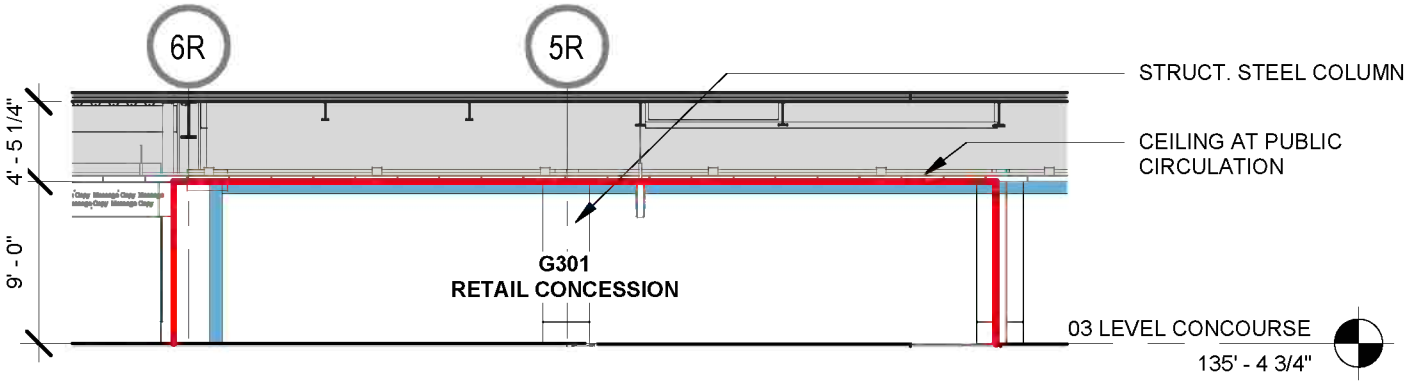
Lease Outline Drawing : G101 Concession

A.100

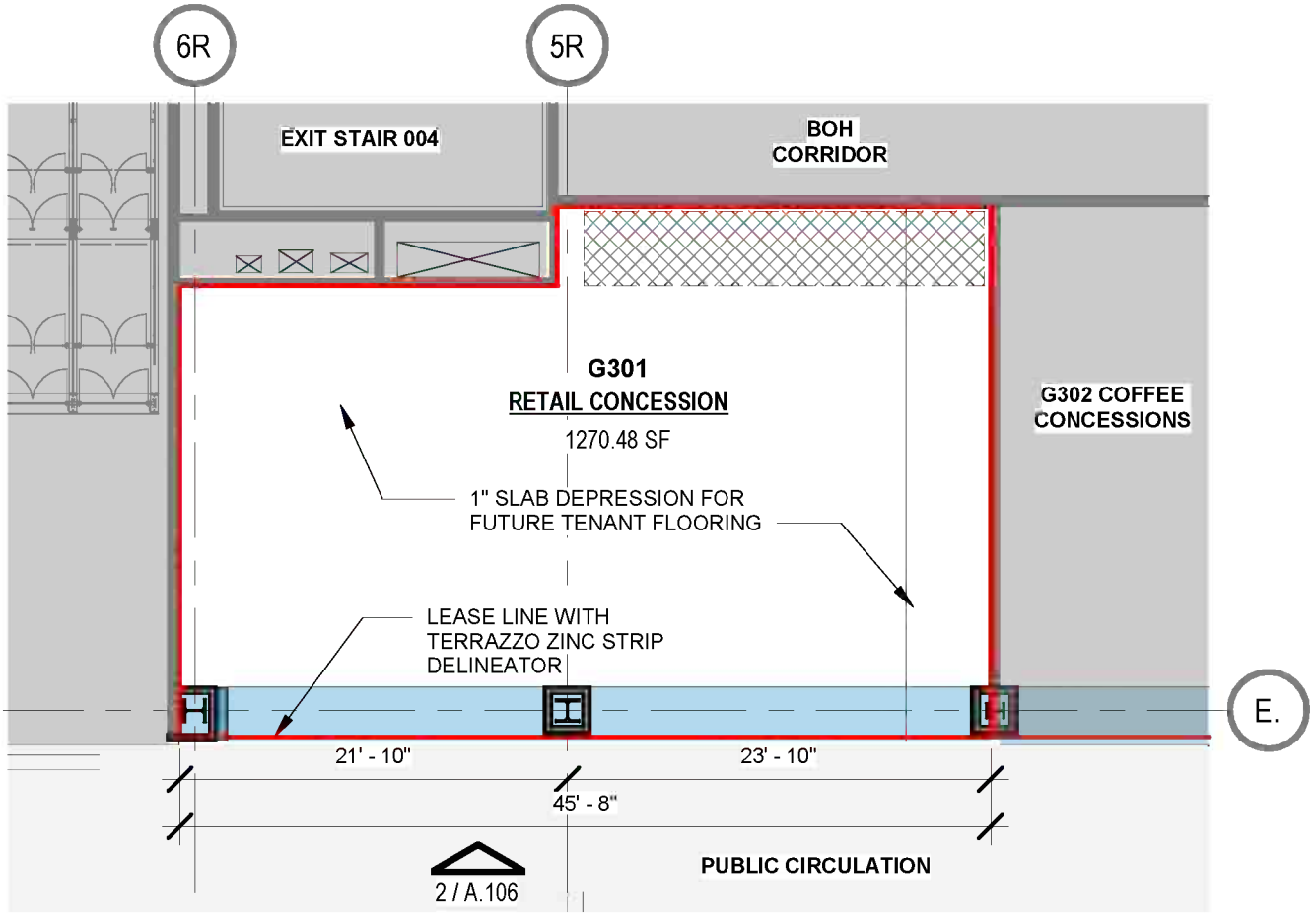
LAWA
LOS ANGELES WORLD AIRPORTS

Exhibit A

5/2/2025 3:26:33 PM



ELEVATION - G301 RETAIL CONCESSION - 2/A.106



FLOOR PLAN - HEADHOUSE LEVEL 03 - G301 RETAIL CONCESSIONS

LEGEND

- **CONCESSION PORTAL**
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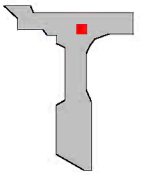
  - RECESSED SECURITY GRILLE
- **TENANT SPACE**
- **UTILITY ZONE**

T4 KEY MAP



Terminal 4 Concessions Program

Lease Outline Drawing : G301 Retail Concession

A.106

LAWA
LOS ANGELES WORLD AIRPORTS

Exhibit A

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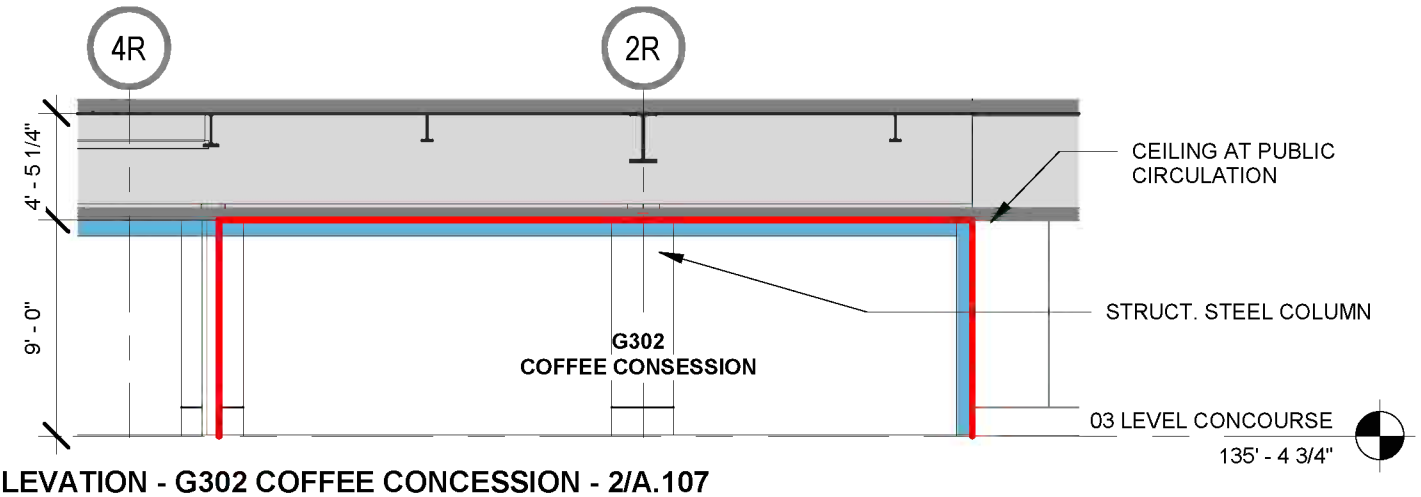
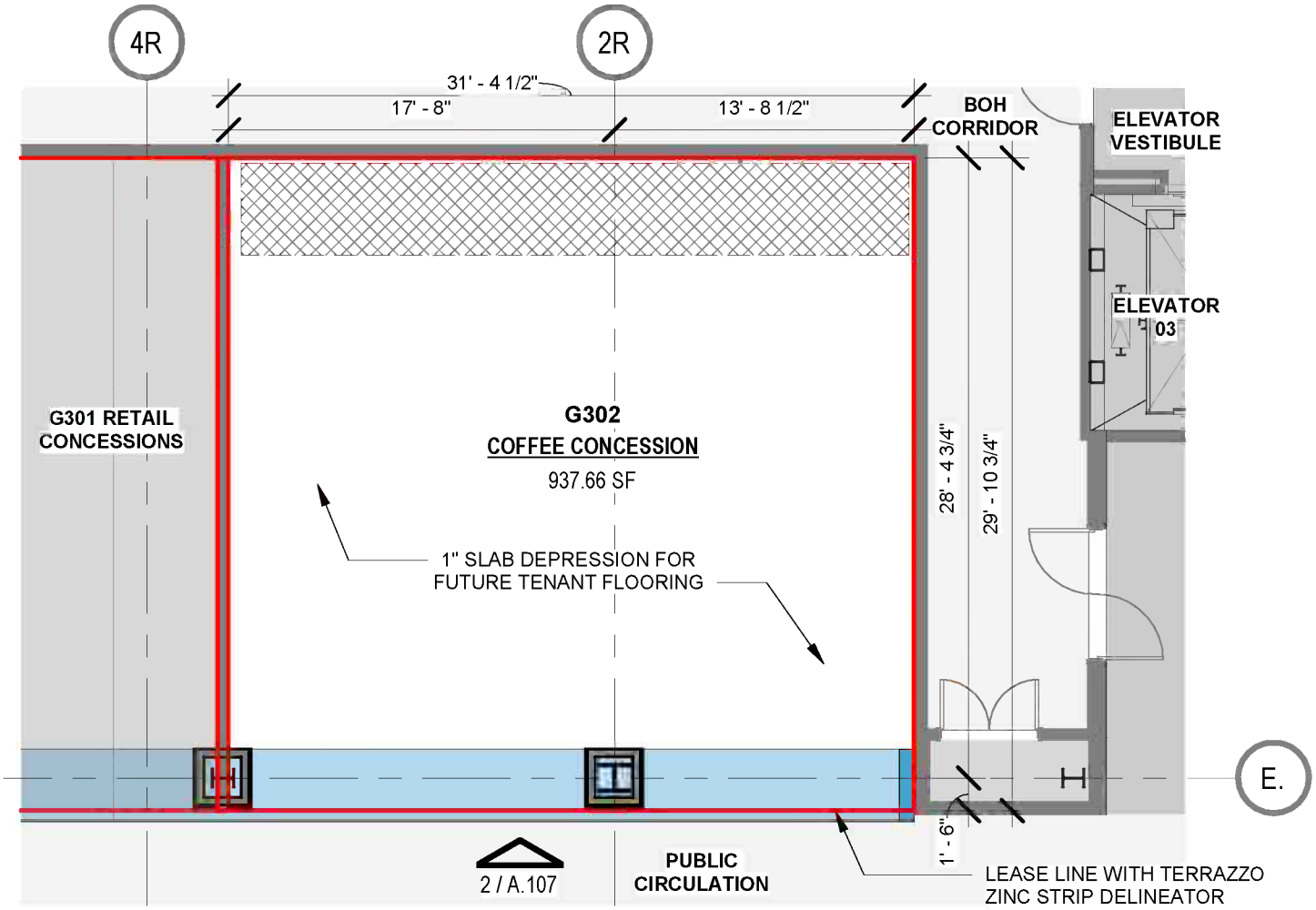


ELEVATION - G302 COFFEE CONCESSION - 2/A.107



FLOOR PLAN - HEADHOUSE LEVEL 03 - G302 COFFEE CONCESSION

LEGEND

CONCESSION PORTAL
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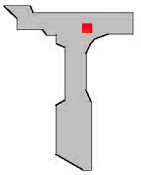
- CONTINUOUS SOFFIT AND ENTRY FRAME
- RECESSED SECURITY GRILLE

TENANT SPACE

UTILITY ZONE

T4 KEY MAP



Terminal 4 Concessions Program

Lease Outline Drawing : G302 Coffee Concession

A.107

LOS ANGELES WORLD AIRPORTS

Exhibit A

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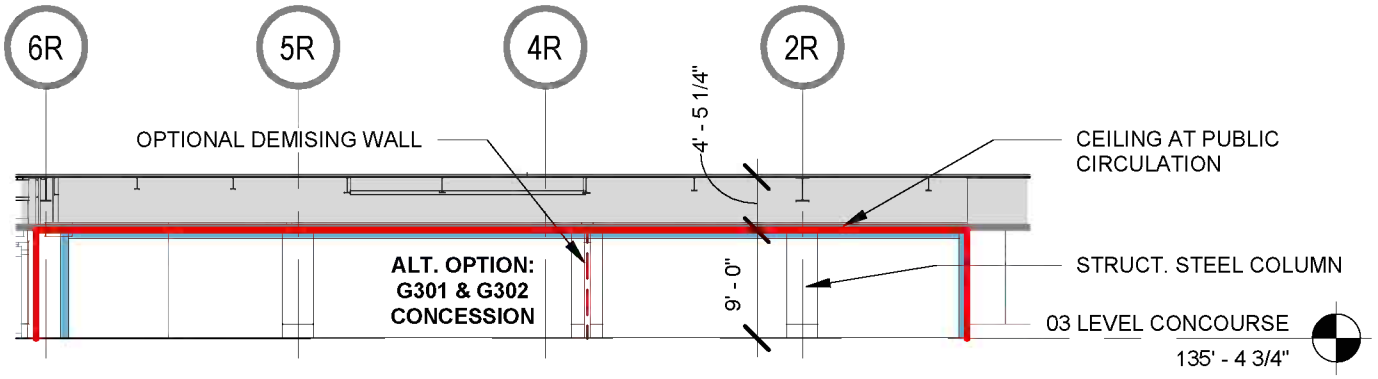
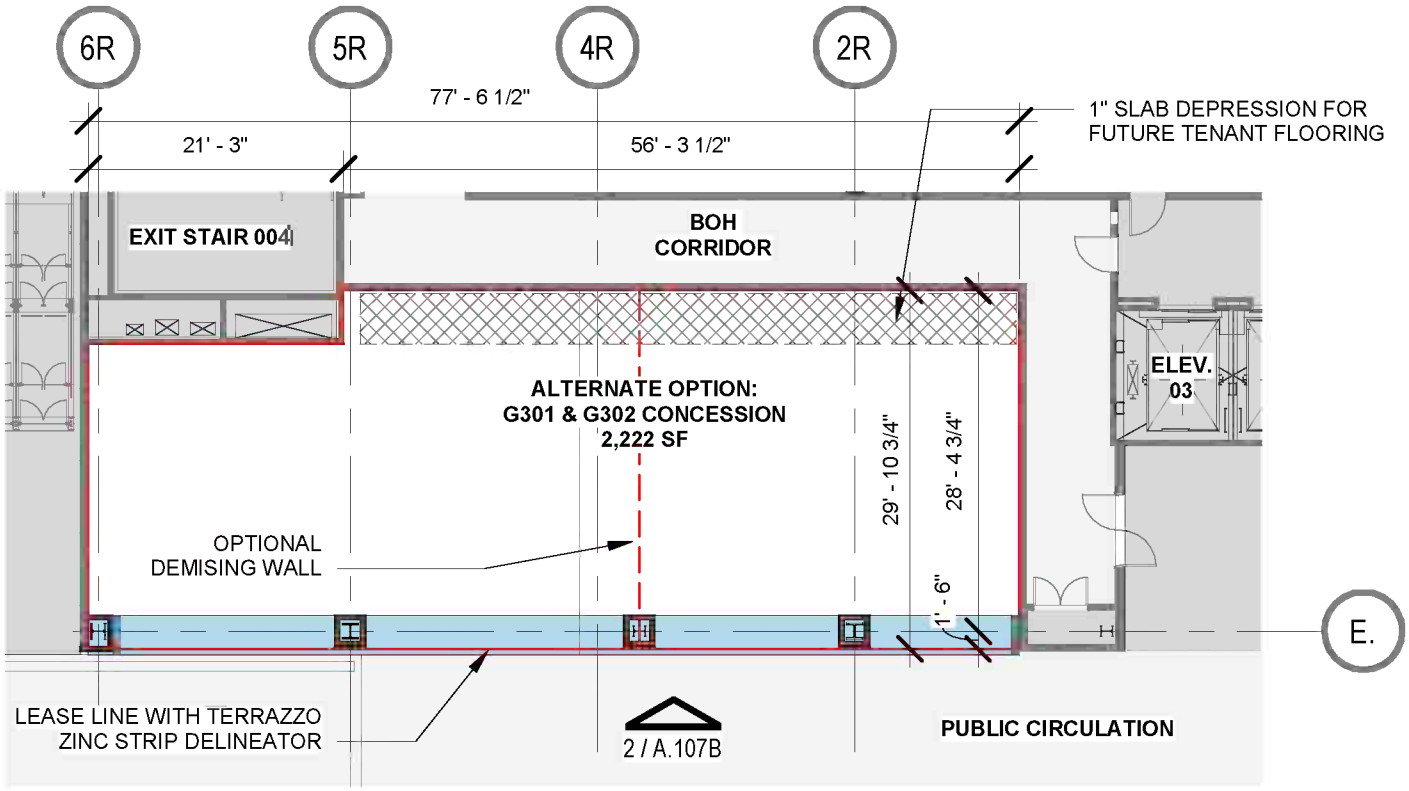


ELEVATION - ALT. OPTION G301 & G302 CONCESSION - 2/A.107B

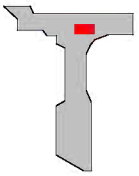


FLOOR PLAN - HEADHOUSE LEVEL 03 - ALT. OPTION G301 & G302 CONCESSION

LEGEND

- **CONCESSION PORTAL**
  - TERRAZZO ENTRY DELINEATOR
  - CONTINUOUS SOFFIT AND ENTRY FRAME
  - RECESSED SECURITY GRILLE
- **TENANT SPACE**
- **UTILITY ZONE**

T4 KEY MAP



Terminal 4 Concessions Program

Lease Outline Drawing : ALT. OPTION G301 & G302 CONCESSION

A.107B

LAWA LOS ANGELES WORLD AIRPORTS

Exhibit A

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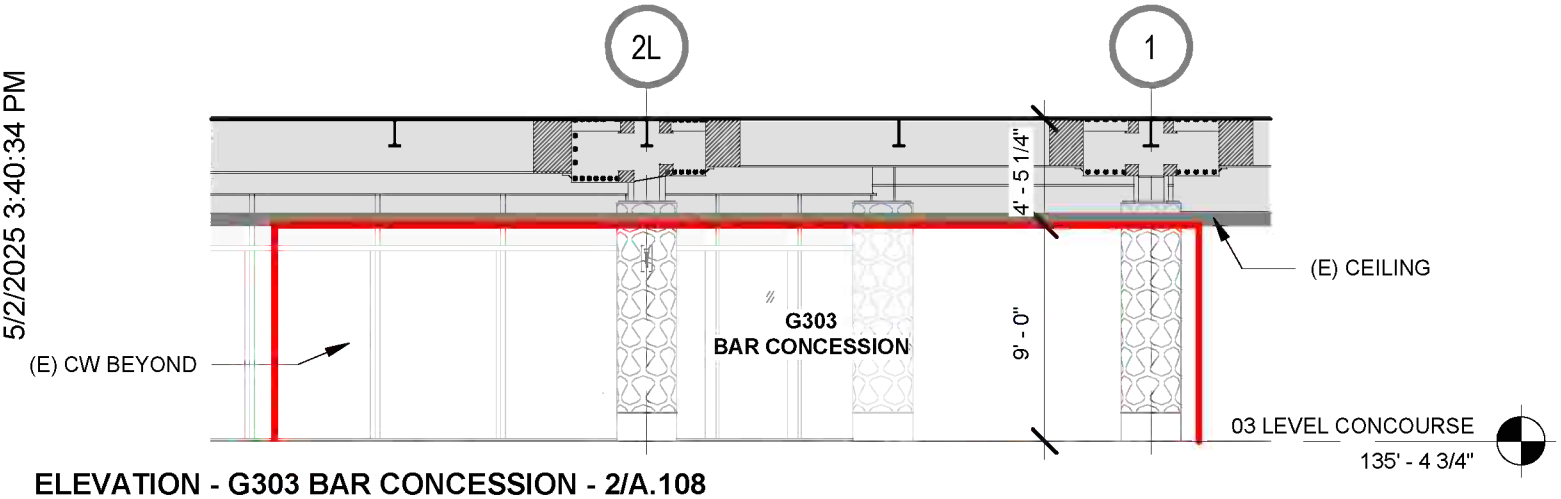
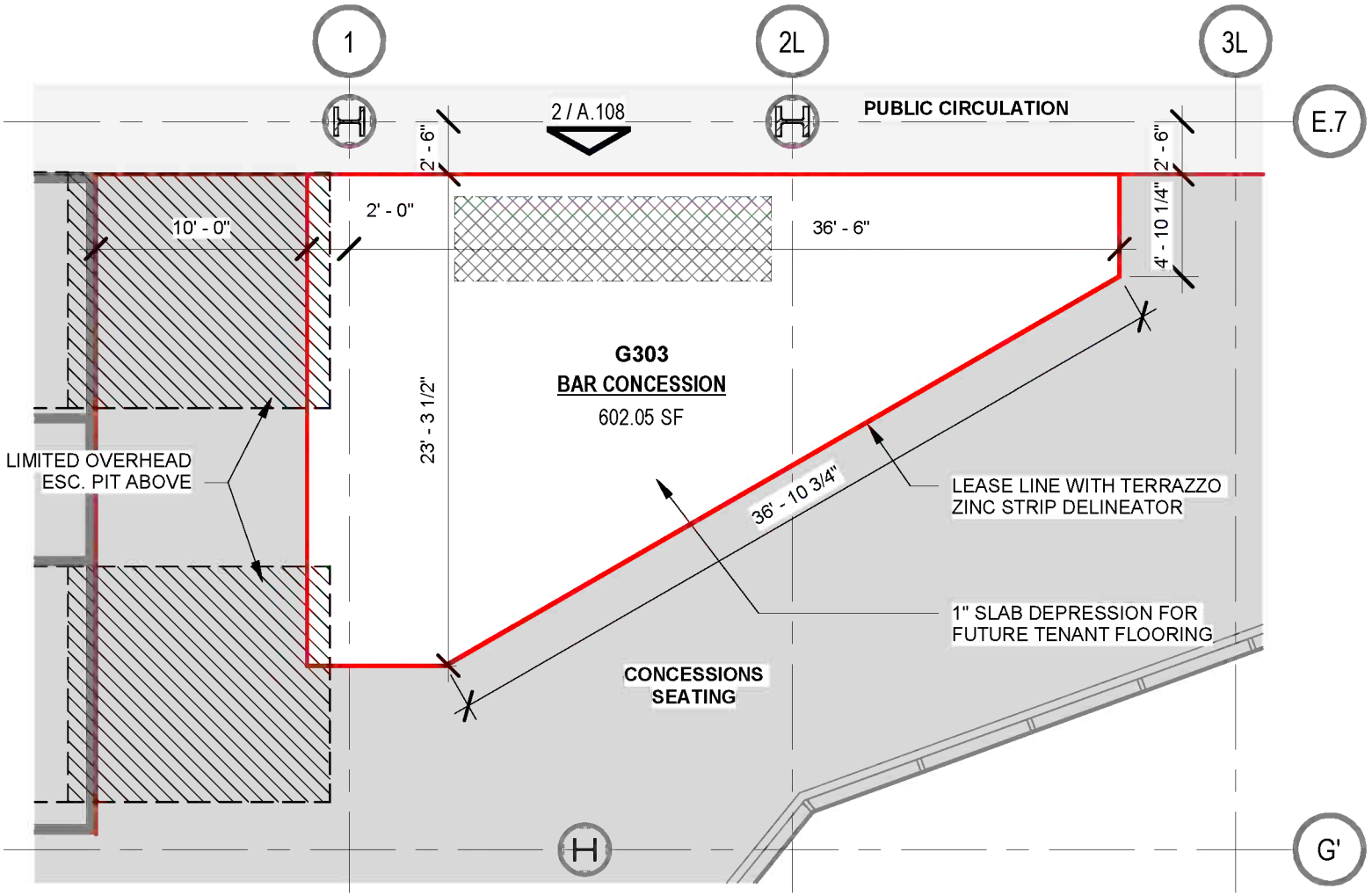


ELEVATION - G303 BAR CONCESSION - 2/A.108

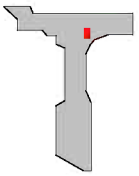


FLOOR PLAN - HEAD HOUSE LEVEL 03 - G303 BAR CONCESSION

LEGEND

- **CONCESSION PORTAL**
  - TERRAZZO ENTRY DELINEATOR
  - CONTINUOUS SOFFIT AND ENTRY FRAME
  - RECESSED SECURITY GRILLE
- **TENANT SPACE**
- **UTILITY ZONE**

T4 KEY MAP



Terminal 4 Concessions Program

Lease Outline Drawing : G303 Bar Concession

A.108

LOS ANGELES WORLD AIRPORTS

Exhibit A

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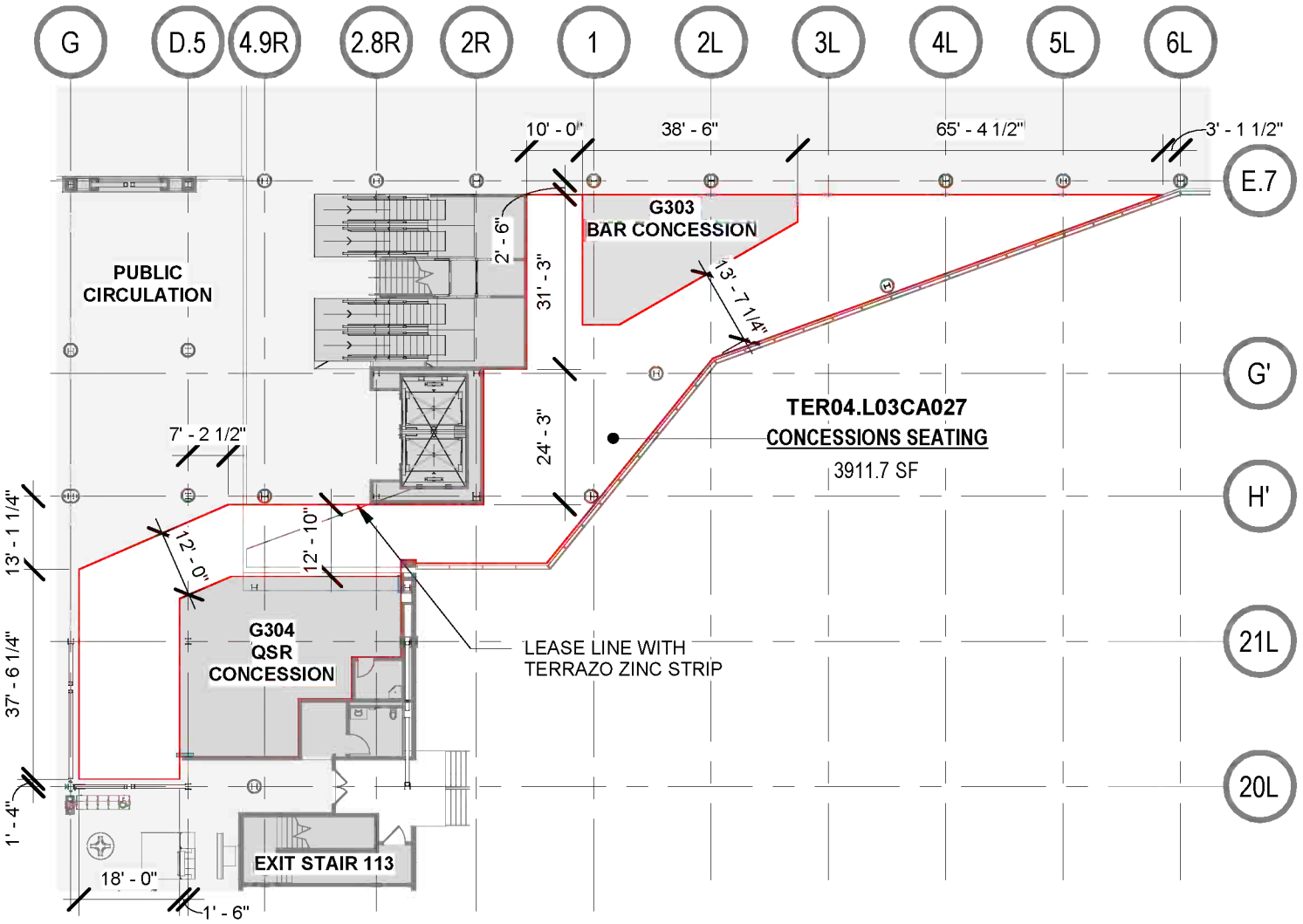


FLOOR PLAN - CONCOURSE LEVEL 03 - CONCESSION SEATING TER04.L03CA027

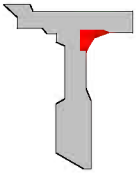
LEGEND

CONCESSION PORTAL
- TERRAZZO ENTRY DELINEATOR
- CONTINUOUS SOFFIT AND ENTRY FRAME
- RECESSED SECURITY GRILLE

TENANT SPACE

UTILITY ZONE

T4 KEY MAP



Terminal 4 Concessions Program

Lease Outline Drawing : Concession Seating TER04.L03CA027

A.109

LAWA
LOS ANGELES WORLD AIRPORTS

Exhibit A

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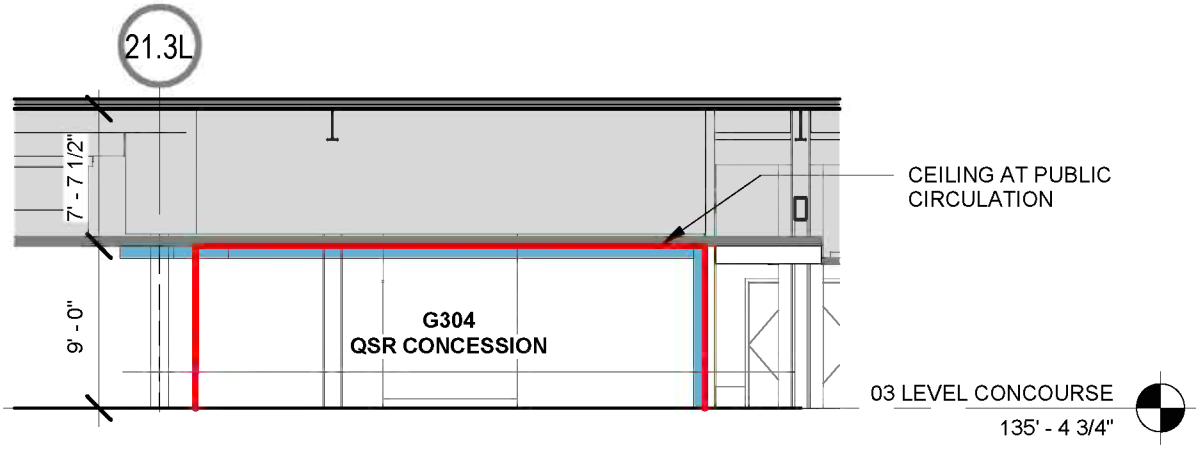

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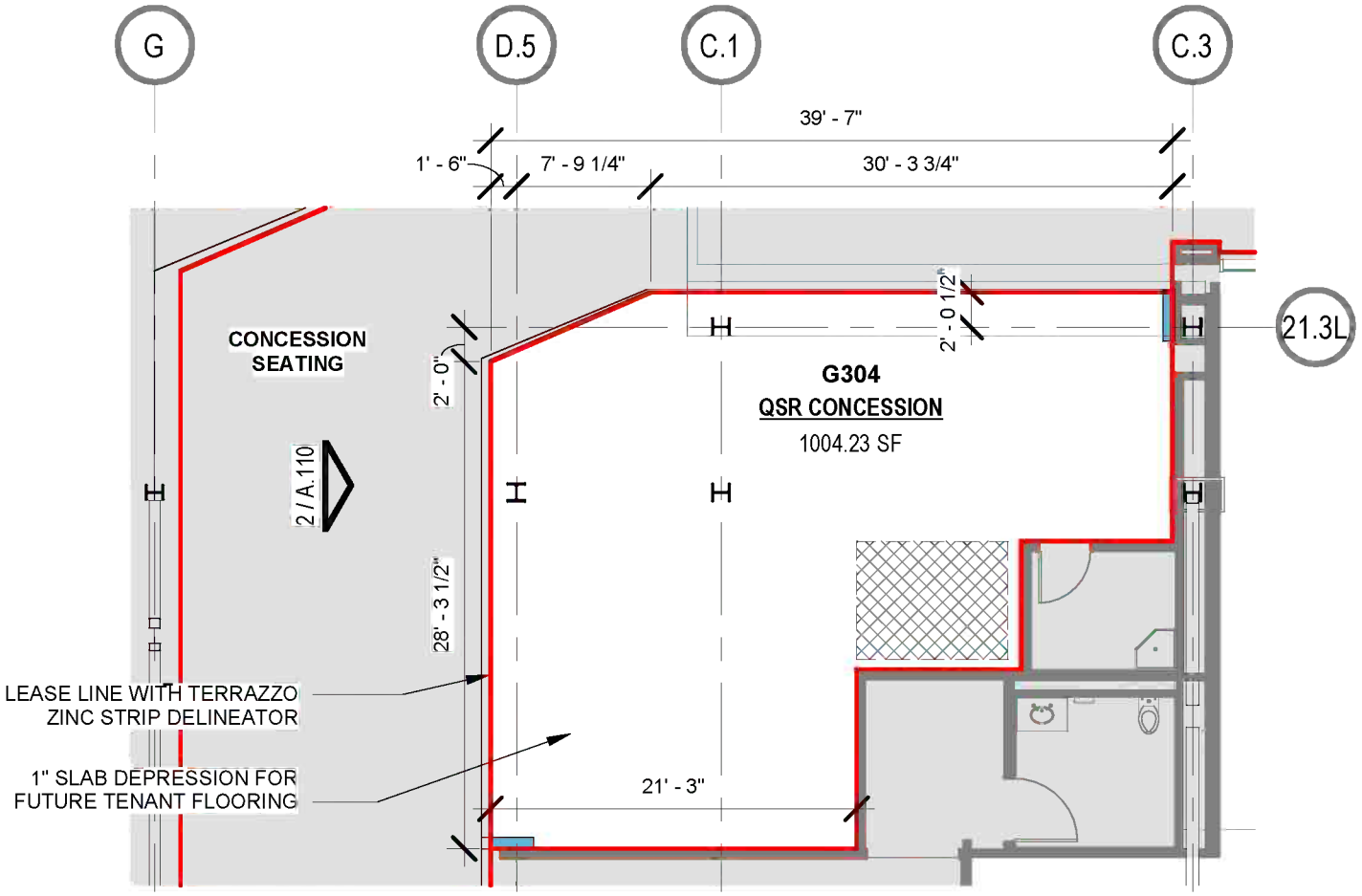
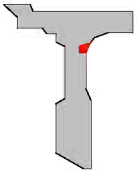


FLOOR PLAN - CONCOURSE LEVE 03 - G304 QSR CONCESSION

LEGEND

- **CONCESSION PORTAL**
  - TERRAZZO ENTRY DELINEATOR
  - CONTINUOUS SOFFIT AND ENTRY FRAME
  - RECESSED SECURITY GRILLE
- **TENANT SPACE**
- **UTILITY ZONE**

T4 KEY MAP



Terminal 4 Concessions Program

Lease Outline Drawing : G304 QSR Concession

A.110

LOS ANGELES WORLD AIRPORTS

Exhibit A

EXHIBIT A-1

Site Plan Showing Premises

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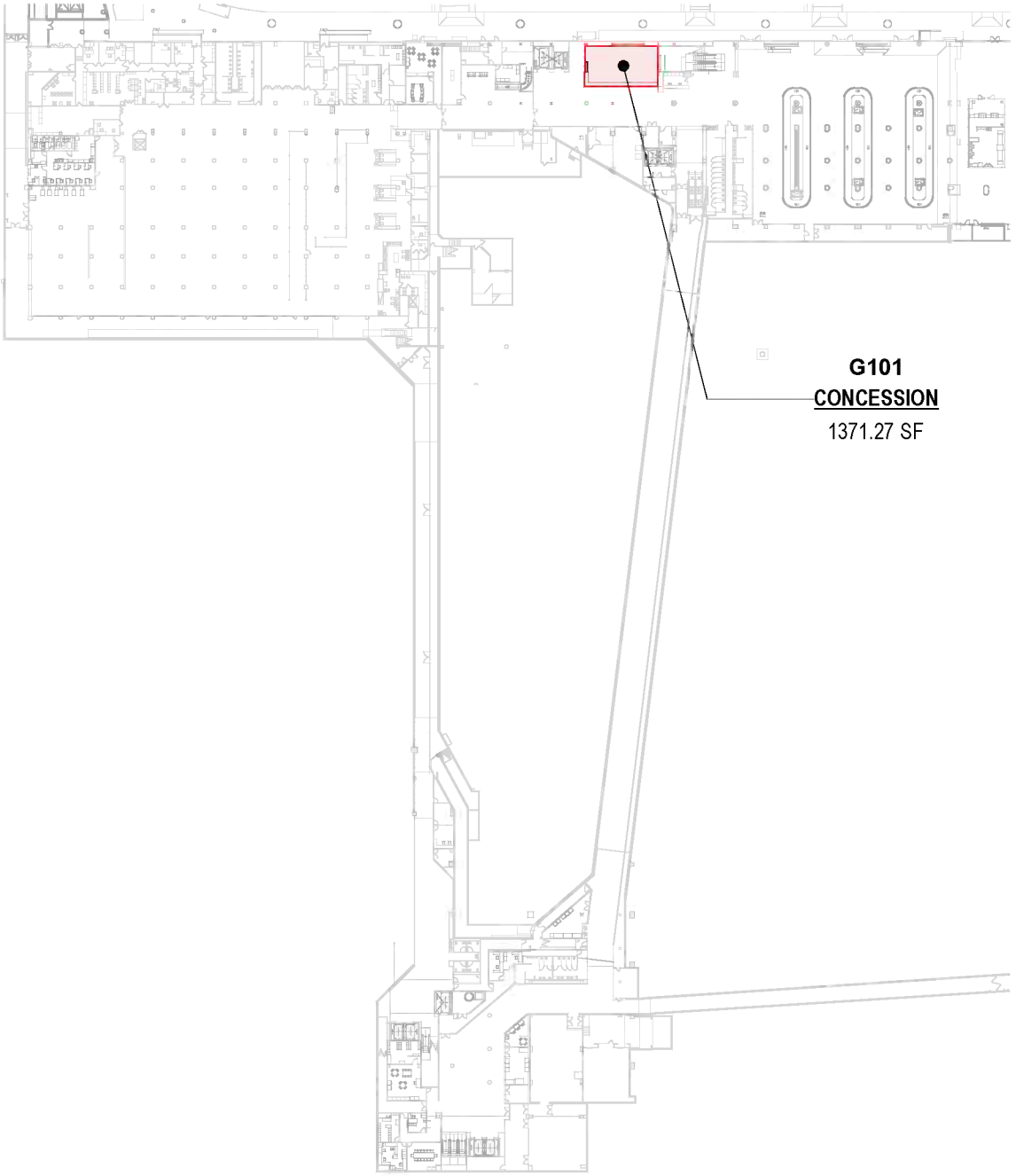

Terminal 4 Concessions Program

Lease Outline Drawing : Arrivals Level 01 Overall Plan

A.001

LOS ANGELES WORLD AIRPORTS

Exhibit A-1

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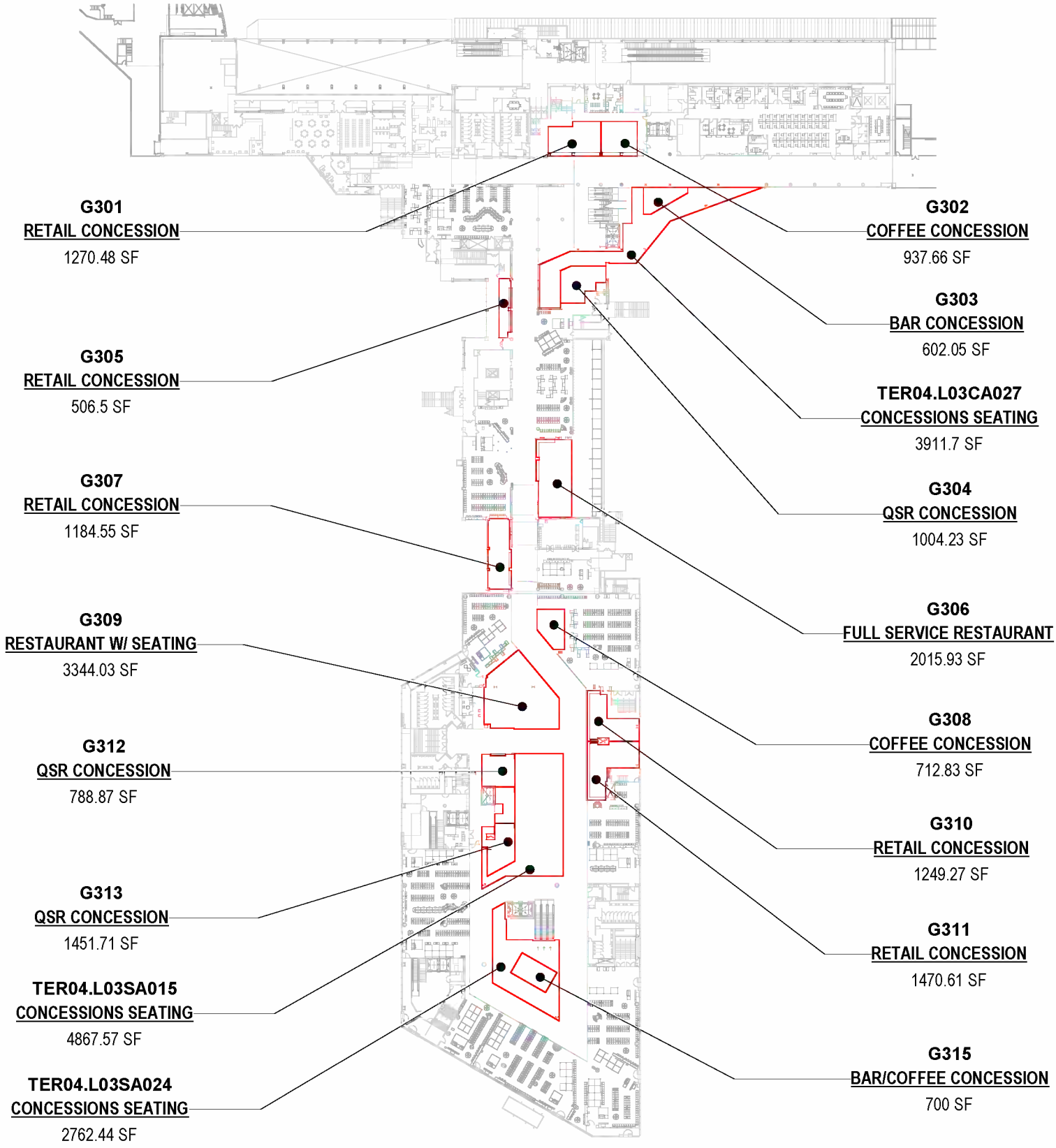

Terminal 4 Concessions Program

Lease Outline Drawing : Concourse Level 03 Overall Plan

A.003

LOS ANGELES WORLD AIRPORTS

Exhibit A-1

EXHIBIT B

Commencement and Expiration Date Memorandum

EXHIBIT B

Commencement and Expiration Date Memorandum

(Intentionally Omitted)

EXHIBIT C

Form of Storage Space Addendum

EXHIBIT C

STORAGE SPACE ADDENDUM

THIS **STORAGE SPACE ADDENDUM** (this "**Addendum**") is made as of _____, 201__, by and between **THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS,** a municipal corporation ("**City**"), acting by order of and through its Board of Airport Commissioners ("**Board**"), and _____, a _____ ("**[Concessionaire or Operator]**"), and upon execution and delivery of this Addendum by the Chief Executive Officer shall become a part of that certain Los Angeles International Airport _____ Concession Agreement, LAA-_____, dated as of _____, 201__, by and between City and [Concessionaire or Operator] with respect to the Premises (as defined therein) (the "**Concession Agreement**").

1. Defined Terms. All initially capitalized terms not otherwise defined in this Addendum shall have the meanings set forth in the Concession Agreement, unless the context clearly indicates otherwise.

2. Lease of Storage Space. In consideration of the payment of Storage Rent (hereinafter defined) and keeping and performance of the covenants and agreements by [Concessionaire or Operator] as set forth in this Addendum and in the Concession Agreement, City leases to [Concessionaire or Operator] a total of approximately _____ square feet of storage space (the "**Storage Space**"), as shown on the chart and drawing, both of which are attached to this Addendum as Exhibit 1.

3. Term of Storage Space Addendum. [Concessionaire or Operator]'s right to use the Storage Space will commence on _____, 201__, and terminate the earlier of (a) upon thirty (30) days' prior written notice from either of City or [Concessionaire or Operator] to the other, or (b) the concurrent expiration or earlier termination of the Concession Agreement ("Term of Addendum"). In connection with the expiration or earlier termination of this Addendum, [Concessionaire or Operator] shall remove all of its goods, furniture, equipment, files, supplies and other personal property from the Storage Space and shall surrender the Storage Space in substantially the same condition as received by [Concessionaire or Operator].

4. Storage Rent. [Concessionaire or Operator] as a monthly base rent for the Storage Space, the City's current and then effective Concessions Storage Rate approved by the Board ("Base Storage Rent"). The Base Storage Rent described in this Section 4 is subject to subsequent Board-approved annual adjustments to the City's Concessions Storage Rate, which will then become the effective Concessions Storage Rate, even if payment for such Storage Base Rent began less than one year before such effective rate.

4.1. Concessions Storage Rate. The Base Storage Rent shall be calculated for each calendar month in an amount equal to the Concessions Storage Rate in effect for the month

multiplied by the square footage of the Storage Space. If adjustments to the Concessions Storage Rent are adopted by the Board retroactive to an effective date established by the Board, the adjustments shall be applied retroactively to said effective date and [Concessionaire or Operator] shall be responsible for retroactive payment of any increased amounts due.

4.2. The Storage Rent is all inclusive and includes utilities, taxes, maintenance, and repair. For purposes of this Addendum, "Storage Rent" shall mean Base Storage Rent and all additional charges (if any) payable to City hereunder. All Storage Rent will be payable in advance, without notice, on or before the first day of each month during the Term of Addendum, at the place designated in the Basic Information of the Concession Agreement for the payment of Rent, or at such place as City may from time to time designate in writing. [Concessionaire or Operator] will not use the Storage Space for any other purpose, but acknowledges that it may additionally be subject to the City's Occupancy Tax if the Storage Space is not used for storage purposes, as permitted under this Addendum.

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

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

7. [Concessionaire or Operator] Contacts. [Concessionaire or Operator] will provide City a list of [Concessionaire or Operator]'s appointed representatives and their telephone numbers for the Storage Space. [Concessionaire or Operator] may, from time to time, change the individuals who are designated as [Concessionaire or Operator]'s representatives by written notice to City of

any such change. City will contact [Concessionaire or Operator]'s representative only to obtain access to the Storage Space. [Concessionaire or Operator] will place signs identifying the location and telephone number for [Concessionaire or Operator] representative on each Storage Space.

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

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

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

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

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

13. The individuals executing this Addendum personally warrant that they have full authority to execute such consent on behalf of the entity for which they are acting herein. Further, if _____ is an entity, _____ warrants that the entity is duly organized, validly existing and in good standing under the laws of the state of the entity's organization, and is qualified to do business in the state in which the subject matter of the Addendum is located or is being performed, and the persons executing this Addendum on behalf of the entity have the full right and authority to execute such addendum on behalf of such entity and to bind such entity without the consent or approval of any other person or entity. The entity has full power, capacity, authority and legal right to execute and deliver this Addendum and to perform all of its obligations hereunder. This Addendum is a legal, valid and binding obligation of the entity, enforceable in accordance with its terms, power, capacity, authority and legal right to execute and deliver this Addendum and to perform all of its obligations hereunder. This Addendum is a legal, valid and binding obligation of the entity, enforceable in accordance with its terms.

(signature pages follow)

EXHIBIT C
STORAGE SPACE ADDENDUM

IN WITNESS WHEREOF, City has caused this Addendum to be executed on its behalf by Chief Executive Officer and [Concessionaire or Operator] has caused the same to be executed by its duly authorized officers, all as of the day and year first hereinabove written.

CITY OF LOS ANGELES

Approved as to form:

HYDEE FELDSTEIN SOTO,
City Attorney

By: _____
Deputy/Assistant City Attorney

Date: _____

By: _____
Chief Executive Officer, City of Los Angeles, Department of Airports

By signing above, the signatory attests that they have no personal, financial, beneficial, or familial interest in this Addendum.

(signature page continues)

EXHIBIT C
STORAGE SPACE ADDENDUM

NAME OF COMPANY
a _____ corporation

By: _____
Signature (Chairman of the Board, President, or Vice President)

_____
Print Name

_____
Title

By: _____
Signature (Secretary, Assistant Secretary, Chief Financial Officer or Assistant Treasurer)

_____
Print Name

_____
Title

EXHIBIT C
STORAGE SPACE ADDENDUM

EXHIBIT D

Description of All Premises in Airport

EXHIBIT D

Description of All Premises in Airport

(Intentionally Omitted)

EXHIBIT E

Form of Monthly Gross Revenue Report

EXHIBIT E

Los Angeles World Airports (LAWA)

Monthly Gross Revenue Report

Company Name:		RAMS Agreement #:	
Lease Year Beginning:		Lease Year Ending:	
Submitted by:		Telephone #:	
Email Address:		LAWA #:	
Signature:		Date Report Submitted:	

1) Please submit this report to "concessionreporting@lawa.org" on or before the 20th day of the month following the month for which this Report is made.

2) Please submit your payment with a signed copy of this report to the following address:
City of Los Angeles - LAWA
P.O. Box 54078
Los Angeles, CA 90054-0078

3) A late payment fee of 10% APR will be added for late reports.

4) For questions related to this report, please contact LAWA Billing Unit at 424-646-7623.

		GROSS REVENUES							
Facility Name	**Space #**	**Coffee, Bar, Quick-Serve Restaurant, F&B Marketplace**	**Restaurant & Casual Dining**	**Alcoholic Beverages**	**Travel Essentials & Specialty Retail**	**Facility Total**	**Percentage Rent**	**MMG**	**Base Rent Due**
		___%	___%	___%	___%				
SUBTOTAL									

The foregoing is certified to be true and correct to the best of our knowledge and belief. The signing officer has reviewed the report and certifies that it fairly presents the sales results of the Concessionaire for the periods presented in the report.

By: _____
Name

_____
Title

To calculate the City Occupancy Tax, take your $ amount, determine your # of units and multiply the # of units by 1.48 (which is the City Occupancy Tax figure). For example: If you have $30,010 that = 31 units (because you always round up); 31 x 1.48 = $45.88. You would input $45.88 in the COT box to the right.

Base Rent Due:	
Less: MMG Paid:	
Net Rent Due:	
City Occupancy Tax:	
Less: City Occupancy Tax Paid:	
Net City Occupancy Tax Due:	
Total Balance Due:	

EXHIBIT F

Form of Annual Gross Revenue Report

EXHIBIT F

Los Angeles World Airports (LAWA)
Annual Gross Sales Activity Report

Company Name:		RAMS Agreement #:	
Unit Name:		LAWA Contract #:	
Lease Year Beginning:		Lease Year Ending:	
Email Address:		Telephone #:	
Submitted By:		Date Report Submitted:	
Signature:			

1) Within 45 days after the end of each Lease year, Concessionairs shall sumbit an annual accounting of the Gross Revenues received at each Unit operated by Concessionaire.

2) Please submit this report to "activityreports@lawa.org" on or before the 45th day following the close of each Lease Year.

3) Please submit with a signed copy of this report to the following address:

City of Los Angeles - LAWA
P.O. Box 54078
Los Angelese, CA 90054-0078

4) For questions related to this report, please contact LAWA Billing Unit at 424-646-7623.

	Gross Sales							
Month	Coffee, Bar, Quick Serve Restaurant, F&B Marketplace	Restaurant & Casual Dining	Alcoholic Beverages	Travel Essentials & Specialty Retail	Total	Percentage Rent	MMG	Base Rent Due
	___%	___%	___%	___%				
July								
August								
September								
October								
November								
December								
January								
February								
March								
April								
May								
June								
TOTAL			-	-				

The foregoing is certified to be true and correct to the best of our knowledge and belief. The signing officer has reviewed the report and certifies that it fairly presents the sales results of the Concessionaire for the periods presented in the report.

By: _____
Name

_____
Title

EXHIBIT G

(Intentionally Omitted)

EXHIBIT G

(Intentionally Omitted)

EXHIBIT H

Form of Improvement Performance Bond

Performance Bond

Know all Men by these presents:

THAT _____
_____ as PRINCIPAL,
and _____, a corporation organized under the laws of the State of _____ and duly authorized to transact business under the laws of the State of California, as surety(ies), are held and firmly bound unto the CITY OF LOS ANGELES, a Municipal Corporation, as obligee, in the just and full sum of

_____
_____ Dollars ($ _____),

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

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

_____
_____
_____

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

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

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

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

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

_____

_____
PRESIDENT

_____
SECRETARY

_____
By _____
ATTORNEY-IN-FACT

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

EXHIBIT H

CORPORATE ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

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

WITNESS MY HAND AND OFFICIAL SEAL.

_____

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

INDIVIDUAL
or
PARTNERSHIP ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this ____ day of _____, 20____ before me, _____ a Notary Public in and for THE said County and State, personally appeared

known to me to be *the person whose name is subscribed to
*one of the partners of the partnership that executed
the within instrument and acknowledged to me *that such partnership executed the same
*that…he executed the same.

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

_____

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

*Strike out words not applicable.

STATE OF

_____

ss.

County of _____

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

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

_____

Notary Public in and for the County of _____

State of _____

EXHIBIT H

Private Works Payment Bond

Know all Men by these presents:

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

Signed, sealed and dated _____, 20_____.

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

_____
_____
_____
_____

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

Now, therefore, if said principal as contractor in said contract, or principal's subcontractor(s), fails to pay for any materials, provisions, provender or other supplies or teams used in, upon or for or about the performance of the work contracted to be done, or for any work or labor done thereon of any kind or for amounts due under the Unemployment Insurance Act with respect to such work or labor, or for any amounts required to be deducted, withheld, and paid over to the Franchise Tax Board from the wages of employees of the principal and its subcontractors pursuant to Sec. 18806 of the Revenue and Taxation Code of the State of California with respect to such work and labor, said surety(ies) will pay the same in an amount not exceeding the sum set forth above, and also in case suit is brought upon this bond, a reasonable attorney's fee to be fixed by the court. This bond shall inure to the benefit of any and all persons, companies and corporations, or their assigns, entitled to file claims under and by virtue of the applicable provisions of Division IV, Part 6, Titles 1 and 2 (commencing with Section No. 8000) of the Civil Code of the State of California.

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

_____

_____
PRESIDENT

_____
SECRETARY

_____
Surety,

_____
Surety,

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

CORPORATE ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

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

WITNESS MY HAND AND OFFICIAL SEAL.

_____

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

INDIVIDUAL
or
PARTNERSHIP ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this ____ day of _____, 20____ before me, _____ a Notary Public in and for THE said County and State, personally appeared

known to me to be *the person whose name is subscribed to
*one of the partners of the partnership that executed
the within instrument and acknowledged to me *that such partnership executed the same
*that…he executed the same.

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

_____

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

*Strike out words not applicable.

STATE OF

_____

ss.

County of _____

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

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

_____

Notary Public in and for the County of _____

State of _____

Rev'd 2016-07-25

EXHIBIT H

EXHIBIT I

Insurance

EXHIBIT I

Insurance

Name:	**GREATER THAN DD LLC**
Agreement/Activity:	RFP - Development, management, and operations of food & beverage, convenience retail, specialty retail, certain other concessions, and non-airline revenue opportunities and passenger services in Terminal 4 at LAX
LAWA Division:	Commercial Development Group
Contract No.:	tbd
RFP No.:	Bonfire 0243-2025-06-RFP
Term:	12 years with one 3-year renewal option

The following Primary and Ancillary Insurance is required for this contract with minimum limits outlined and is subject to the terms and conditions set forth in Section 10 of the General Insurance Provisions in the Contract.

	Primary Insurance
(X) Required	**Workers Compensation,** Statutory Limits **Employer Liability** $1,000,000 each accident $1,000,000 each employee by disease $1,000,000 policy limit by disease
(X) Required	**Commercial General Liability** $10,000,000 per occurrence $10,000,000 general aggregate $10,000,000 personal and advertising injury $10,000,000 products/completed operations
(X) Required	**Commercial Auto Liability** $10,000,000 combined single limit
	Ancillary Insurance, as Required Below
() Required	**Professional Liability** $_____per occurrence and $_____ per aggregate
	Ancillary Insurance, as Required Below

(X) Required (refer to specific coverage required)	**Property Insurance, All Risk/Special Form Coverage** (X) Tenant Contents/Coverage for Personal Property (X) Replacement Value (X) Tenant improvements () Builder's Risk Insurance () Earthquake coverage limit: - Replacement Value () Flood coverage limit: - Replacement Value () Terrorism coverage
() Required	**Installation Floater**
() Required	**Pollution Legal Liability – Must meet policy limits.** $____ per occurrence and $____ per aggregate
() Required	**Network Security and Privacy Liability (Cyber Liability)** $ per incident and $ annual aggregate
() Required	**Aircraft and Passenger Liability** $_____ per occurrence/per passenger fixed wing $_____ per occurrence/per passenger rotorcraft
( ) Required	**Garage Keeper's Liability** $__ per occurrence and $__ annual aggregate
() Required	**Hangar Keeper's Liability** $_____ per occurrence and $____ annual aggregate
( ) Required	**Liquor Liability** $__ per occurrence and $__ annual aggregate
( ) Required	**Crime Insurance or Fidelity Bond** $____ Theft, dishonesty, disappearance, forgery, alteration, and destruction

Once the contract is awarded, evidence of Contractor's insurance, including all required endorsements, must be uploaded into Contractor's insurance profile at PinsAdvantage.com, before a Notice to Proceed (NTP) can be issued. Please upload these Special Insurance Requirement with your evidence of insurance. Contact LAWA Risk Management at riskinsurance@lawa.org or your Contract Administrator responsible for your contract if you have questions.

10. General Insurance Provisions

(version 11/2023)

10.1. **Primary Insurance Requirements.** Contractor shall maintain at its sole expense and keep in effect during the term of this Contract, the following types of insurance in amounts specified in the Special Insurance Provisions attached hereto and incorporated herein by reference.

10.1.1. **Workers' Compensation and Employer's Liability Insurance.** Contractor shall maintain Workers' Compensation Insurance as required by the State of California including coverage for Employer's Liability with limits per accident, employee, and disease.

10.1.2. **Commercial General Liability Insurance.** Contractor shall maintain Commercial General Liability Insurance (CGL) providing coverage for bodily injury, property damage, and personal and advertising injury through any combination of primary and excess or umbrella liability insurance policies with annual reinstatement of the general aggregate limit at each policy period renewal. The CGL shall include broad contractual liability.

The CGL insurance must be written on an ISO occurrence form CG 00 01 or substitute forms providing equivalent coverage. All excess or umbrella policies shall be follow-form and afford no less coverage than the primary policy. Coverage shall apply for both ongoing and completed operations on a form acceptable to LAWA. Coverage shall be provided to LAWA for liability and any damage to property and injury or death of persons, unless caused by LAWA'S sole or active negligence or willful misconduct.

For construction contracts, completed operations coverage must be in place for the entire California State Statute of Repose which is currently ten (10) years. The liability insurance requirements as noted in the Special Insurance Provisions can be met through a Contractor Controlled Insurance Program (CCIP), however, LAWA reserves the right to review and approve the program prior to starting work.

10.1.3. **Commercial Automobile Insurance.** Contractor shall maintain Commercial Auto Insurance written on ISO form CA 00 01 (or substitute form providing equivalent liability coverage). Such insurance shall cover liability arising out of any auto (including owned, hired, and non-owned autos) and may be satisfied by a combination of primary and excess and/or umbrella policies. Insurance limits will vary depending on Contractor's access to Air Operations Area "AOA". All excess or umbrella policies shall contain a drop-down clause in the event of exhaustion of primary limits and provide coverage for primary auto liability. Coverage shall include an MCS 90 endorsement for Contractor's hauling or transporting hazardous materials.

10.2. **Ancillary Insurance Requirements.** Contractor shall maintain at its sole expense and keep in effect during the term of this Contract, ancillary insurance coverages, if required by LAWA and identified in the Special Insurance Provisions, with terms and conditions outlined below:

10.2.1. **Professional Liability Insurance.** Contractor shall maintain Professional Liability Insurance providing coverage for the professional services provided under this Contract.

The policy must have a retroactive date prior to the effective date of the Contract. Contractor agrees to maintain coverage continuously for a period of no less than three (3) years following project acceptance by LAWA.

10.2.2. **Contractor's Pollution Liability Insurance.** Contractor shall maintain Contractor's Pollution Liability Insurance providing coverage for bodily injury, property damage, personal injury and environmental site restoration including fines and penalties in accordance with applicable EPA or state regulations. Coverage shall extend to losses from the release or escape of pollutants including discharge of pollutants brought to the site, release of pre-existing pollutants at the site whether sudden or gradual over time and mold resulting from Contractor's work. Coverage must also extend to first-party clean-up costs, business interruption, loss of rents, and extra expense and include coverage for completed operations up to ten (10) years following project acceptance by LAWA.

10.2.3. **Property Insurance.** Contractor shall maintain Property Insurance providing coverage for the building, including contents, tenant improvements, and/or builders' risk on an All Risk/Special Form for all risks of physical loss or damage for all real property or improvements Contractor may be required to insure, including flood and earthquake coverage, for not less than the full replacement cost. Property insurance deductibles are the sole responsibility of the Contractor and must be approved by LAWA.

10.2.4. **Installation Floater.** Contractor shall maintain an Installation Floater providing coverage for the value of equipment to be installed and shall include LAWA as an insured and loss payee. Coverage for testing, water damage, mechanical breakdown, and electrical injury shall be included.

10.2.5. **Pollution Legal Liability Insurance.** Contractor shall maintain Pollution Legal Liability Insurance providing coverage for bodily injury, property damage, including loss of use of damaged property or of property that has not been physically injured or destroyed, cleanup costs, and defense, including costs and expenses incurred in the investigation, defense, or settlement of claims. Coverage shall apply to sudden and non-sudden pollution conditions resulting from the escape or release of smoke, vapors, fumes, acids, alkalis, toxic chemicals, liquids, or gases, waste materials, or other irritants, contaminants, or pollutants. The insurance shall cover cleanup, including cleanup of pollutants on and migrating away from the insured location, restoration, business interruption, and extra expense as a result of release of pollutants. Coverage shall apply to non-owned disposal sites and shall meet any requirements of proof of financial responsibility laws for underground storage tanks, if appropriate. Contractor agrees to maintain coverage continuously for a period of no less than three (3) years following project acceptance by LAWA.

10.2.6. **Network Security and Privacy Liability Insurance (Cyber liability).** Contractor shall maintain Network Security and Privacy Liability Insurance (Cyber liability) providing overage sufficiently broad to respond to the duties and obligations undertaken by Contractor in this agreement and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of

electronic information, extortion, introduction, implantation or spread of malicious software code and network security including unauthorized access to or use of computer systems or business data. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties, and credit monitoring expenses with limits sufficient to respond to these obligations.

10.2.7. **Aircraft and Passenger Liability Insurance.** Contractor shall maintain Aircraft and Passenger Liability Insurance providing coverage for third party bodily injury and property damage. All excess or umbrella policies shall be follow-form and afford no less coverage than the primary policy. Limits will vary based on federal requirements, passenger and/or cargo capacity.

10.2.8. **Garage Keeper's Liability Insurance.** Contractor shall maintain Garage Keeper's Liability Insurance providing coverage that includes liability for loss or damage to vehicles which are the property of others and in the care, custody, or control of Contractor for storage, repair, or safekeeping.

10.2.9. **Hangar Keeper's Liability Insurance.** Contractor shall maintain Hangar Keeper's Liability Insurance proving coverage that includes liability for loss or damage to aircraft which are the property of others and in the care custody and control of Contractor for storage, repair, or safekeeping.

10.2.10. **Liquor Liability Insurance.** Contractor shall maintain Liquor Liability Insurance providing coverage that includes liability for claims arising from the sale or serving of alcohol on LAWA's premises. Coverage may be endorsed on the commercial general liability policy or through a stand-along policy.

10.2.11. **Crime Insurance or Fidelity Bond Insurance.** Contractor shall maintain Crime Insurance or Fidelity Bond Insurance providing coverage for commercial crime insurance or a fidelity bond naming LAWA as a loss payee. The policy or bond shall cover theft, dishonesty, disappearance, forgery, alteration, and destruction caused by employee of Contractor.

10.3. **General Provisions**:

10.3.1. **Additional Insureds.** Contractor's insurance, with exception of workers compensation and professional liability, if required, shall name City of Los Angeles, Department of Airports, also known as Los Angeles World Airports (referred to as "LAWA"), and its Board of Airport Commissioners, directors, officers, employees, their successors, and assigns as additional insureds.

10.3.2. **Primary Insurance.** Contractor's insurance shall be primary and non-contributory with any insurance maintained by LAWA and shall include cross liability or severability of interest, if applicable.

10.3.3. **Notice of Cancellation.** Contractor's insurance shall be endorsed to provide LAWA with notice thirty (30) days prior to cancellation of any required coverage except for non-payment which may be with ten (10) days notice of cancellation.

10.3.4. **Acceptability of Insurers.** All required insurance shall be written by companies having an AM Best's rating of A- VII or equivalent, as determined by LAWA.

10.3.5. **Deductibles and Self-Insured Retentions**. Any deductible or self-insured retention maintained by Contractor for any required coverage must be declared and approved by LAWA. LAWA reserves the right to request financial statements and Contractor agrees to be fully responsible for payment of any such deductibles or self-insured retentions.

10.3.6. **Insurance Compliance.** Contractor shall deliver to LAWA certificates of insurance on an Acord or equivalent form signed by an authorized representative of the insurers prior to the execution of this Contract, prior to commencing any work or service, and at least ten (10) days prior to the renewal or replacement of any of the required insurance, or upon reasonable request by LAWA. Certificates of insurance must include all required endorsements, including but not limited to additional insured, primary and non-contributory, notice of cancellation, and waiver of subrogation, as applicable. Contractor will not receive a notice to proceed until LAWA has approved insurance. LAWA reserves the right to request copies of required insurance policies, as needed.

Certificate holder shall read:

City of Los Angeles, Department of Airports,
also known as Los Angeles World Airports
P. O. Box 92216
Los Angeles, CA 90009
ATTN: Risk Management Department

Should Contractor fail to obtain and maintain the required insurance, LAWA reserves the right, upon ten (10) days prior written notice to Contractor of its intention to do so, to obtain and maintain such insurance on behalf of Contractor. Contractor shall be responsible for all costs incurred with respect to such insurance obtained by LAWA, plus administrative overhead.

10.3.7. **Maintenance of Insurance.** Contractor shall maintain all required insurance throughout the entire duration of this Contract without any lapse in coverage or reduction in required limits. LAWA reserves the right to reevaluate and adjust the insurance types and coverage limits required herein annually.

10.3.8. **Waiver.** Contractor agrees to waive all rights of recovery against LAWA, and cause its Workers' Compensation, Commercial General Liability, Automobile Liability, and Umbrella/Excess insurance policies to be endorsed to waive subrogation against LAWA. Contractor is solely responsible for insuring, repairing, or replacing any of its personal property and tools and equipment, whether owned, non-owned, or hired. Contractor waives all right of recovery or subrogation against LAWA regardless of cause of damage.

10.3.9. **Self-Insurance.** LAWA recognizes that some insurance requirements contained in this Contract may be fulfilled by self-insurance on the part of the Contractor. Self-insurance shall not in any way limit liabilities assumed by Contractor under this Contract including

but not limited to naming LAWA as an additional insured and waiving rights of recovery. Any self-insurance shall be approved in writing by LAWA upon satisfactory evidence of financial capacity. Contractor obligation hereunder may be satisfied in whole or in part by adequately funded self-insurance programs or self-insured retentions.

10.3.10. **Subcontractors Insurance.** Contractor shall require insurance of its subcontractors for the types and coverage limits appropriate for the exposure in consultation with LAWA. In no event shall the insurance required of the Contractor be reduced or altered by the coverage maintained by subcontractors.

EXHIBIT J

Child Support Orders

LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 1

CHILD SUPPORT

Sec. 10.10. Child Support Assignment Orders.

a. Definitions.

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

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

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

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

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

b. Mandatory Contract Provisions.

Every contract that is let, awarded or entered into with or on behalf of the City of Los Angeles shall contain a provision obligating the contractor or subcontractor to fully comply with all applicable State and Federal employment reporting requirements for the contractor or subcontractor's employees. The contractor or subcontractor will also be required to certify that the principal owner(s) thereof are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally, that the contractor or subcontractor will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with California Family Code §§ 5230 *et seq.* and that the contractor or subcontractor will maintain such compliance throughout the term of the contract.

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

c. Notice to Bidders.

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

d. Current Contractor Compliance.

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

e. City's Compliance with California Family Code.

The City shall maintain its compliance with the provisions of California Family Code §§ 5230 *et*

seq. and all other applicable law regarding its obligations as an employer to implement lawfully served Wage and Earnings Assignments and Notices of Assignment.

f. Report of Employees' Names to District Attorney.

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

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

SECTION HISTORY

Added by Ord. No. 172,401, Eff. 2-l3-99.

EXHIBIT K

Equal Employment Practices

Sec. 10.8.3. Equal Employment Practices Provisions.

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

A. During the performance of this Contract, the Contractor agrees and represents that it will provide Equal Employment Practices and the Contractor and each Subcontractor hereunder will ensure that in his or her Employment Practices persons are employed and employees are treated equally and without regard to, or because of, race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

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

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

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

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

C. At the request of the Awarding Authority or the DAA, the Contractor shall certify in the specified format that he or she has not discriminated in the performance of City Contracts against any employee or applicant for employment on the basis or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

D. The Contractor shall permit access to, and may be required to provide certified copies of, all of his or her records pertaining to employment and to employment practices by the awarding authority or the DAA for the purpose of investigation to ascertain compliance ith the Equal Employment Practices provisions of City Contracts. Upon request, the Contractor shall provide evidence that he or she has or will comply therewith.

E. The failure of any Contractor to comply with the Equal Employment Practices provisions of this contract may be deemed to be a material breach of City Contracts. The failure shall only be established upon a finding to that effect by the Awarding Authority, on the basis of its own investigation or that of the DAA. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to the Contractor.

F. Upon a finding duly made that the Contractor has failed to comply with the Equal Employment Practices provisions of a City Contract, the Contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the Awarding Authority, and all monies due or to become due hereunder may be forwarded to, and retained by, the City of Los Angeles. In addition thereto, the failure to comply may be the basis for a determination by the Awarding Authority or the DAA that the said Contractor is a non-responsible bidder or proposer pursuant to the provisions of Section 10.40 of this Code. In the event of such a determination, the Contractor shall be disqualified from being awarded a Contract with the City of Los Angeles for a period of two years, or until the Contractor shall establish and carry out a program in conformance with the provisions hereof.

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

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

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

J. By affixing its signature on a Contract that is subject to this article, the Contractor shall agree to adhere to the Equal Employment Practices specified herein during the performance or conduct of City Contracts.

K. Equal Employment Practices shall, without limitation as to the subject or nature of employment activity, be concerned with employment practices, including, but not limited to:

1. hiring practices;

2. apprenticeships where approved programs are functioning and other on-the-job training for non-apprenticeable occupations;

3. training and promotional opportunities; and

4. reasonable accommodations for persons with disabilities.

L. All Contractors subject to the provisions of this section shall include a similar provision in all subcontracts awarded for work to be performed under the Contract with the City, and shall impose the same obligations including, but not limited to, filing and reporting obligations, on the Subcontractors as are applicable to the Contractor. Subcontracts shall follow the same thresholds specified in Section 10.8.1.1. Failure of the Contractor to comply with this requirement or to obtain the compliance of its Subcontractors with all such obligations shall subject the Contractor to the imposition of any and all sanctions allowed by law, including, but not limited to, termination of the Contractor's Contract with the City.

SECTION HISTORY

Amended by: Ord. No. 147,030, Eff. 4-28-75; Subsecs. A., B., C., Ord. No. 164,516, Eff. 4-13-89; Subsec. C., Ord. No. 168,244, Eff. 10-18-92; Ord. No. 173,186, Eff. 5-22-00; Subsec. F., Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 184,292, Eff. 6-27-16.

EXHIBIT L

Affirmative Action Program

Sec. 10.8.4. Affirmative Action Program Provisions.

Every non-construction and construction Contract with, or on behalf of, the City of Los Angeles for which the consideration is $25,000 or more shall contain the following provisions which shall be designated as the **AFFIRMATIVE ACTION PROGRAM** provisions of such Contract:

A. During the performance of a City Contract, the Contractor certifies and represents that the Contractor and each Subcontractor hereunder will adhere to an Affirmative Action Program to ensure that in its employment practices, persons are employed and employees are treated equally and without regard to or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

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

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

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

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

C. At the request of the Awarding Authority or the DAA, the Contractor shall certify on an electronic or hard copy form to be supplied, that the Contractor has not discriminated in the performance of City Contracts against any employee or applicant for employment on the basis or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

D. The Contractor shall permit access to, and may be required to provide certified copies of, all of its records pertaining to employment and to its employment practices by the Awarding Authority or the DAA for the purpose of investigation to ascertain compliance with the Affirmative Action Program provisions of City Contracts and, upon request, to provide evidence that it has or will comply therewith.

E. The failure of any Contractor to comply with the Affirmative Action Program provisions of City Contracts may be deemed to be a material breach of a City Contract. The failure shall only be established upon a finding to that effect by the Awarding Authority, on the basis of its own investigation or that of the DAA. No finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to the Contractor.

F. Upon a finding duly made that the Contractor has breached the Affirmative Action Program provisions of a City Contract, the Contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the Awarding Authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, the breach may be the basis for a determination by the Awarding Authority or the Board of Public Works that the Contractor is a non-responsible bidder or proposer pursuant to the provisions of Section 10.40 of this Code. In the event of such determination, the Contractor shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two years, or until he or she shall establish and carry out a program in conformance with the provisions hereof.

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

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

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

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

K. By affixing its signature to a Contract that is subject to this article, the Contractor shall agree to adhere to the provisions in this article for the duration of the Contract. The Awarding Authority may also require Contractors and suppliers to take part in a pre-registration, pre-bid, pre-proposal, or pre-award conference in order to develop, improve or implement a qualifying

Affirmative Action Program.

1. The Contractor certifies and agrees to immediately implement good faith effort measures to recruit and employ minority, women and other potential employees in a non-discriminatory manner including, but not limited to, the following actions as appropriate and available to the Contractor's field of work. The Contractor shall:

(a) Recruit and make efforts to obtain employees through:

(i) Advertising employment opportunities in minority and other community news media or other publications.

(ii) Notifying minority, women and other community organizations of employment opportunities.

(iii) Maintaining contact with schools with diverse populations of students to notify them of employment opportunities.

(iv) Encouraging existing employees, including minorities and women, to refer their friends and relatives.

(v) Promoting after school and vacation employment opportunities for minority, women and other youth.

(vi) Validating all job specifications, selection requirements, tests, etc.

(vii) Maintaining a file of the names and addresses of each worker referred to the Contractor and what action was taken concerning the worker.

(viii) Notifying the appropriate Awarding Authority and the DAA in writing when a union, with whom the Contractor has a collective bargaining agreement, has failed to refer a minority, woman or other worker.

(b) Continually evaluate personnel practices to assure that hiring, upgrading, promotions, transfers, demotions and layoffs are made in a non-discriminatory manner so as to achieve and maintain a diverse work force.

(c) Utilize training programs and assist minority, women and other employees in locating, qualifying for and engaging in the training programs to enhance their skills and advancement.

(d) Secure cooperation or compliance from the labor referral agency to the Contractor's contractual Affirmative Action Program obligations.

(e) Establish a person at the management level of the Contractor to be the Equal Employment Practices officer. Such individual shall have the authority to disseminate and enforce the Contractor's Equal Employment and Affirmative Action Program policies.

(f) Maintain records as are necessary to determine compliance with Equal Employment Practices and Affirmative Action Program obligations and make the records available to City, State and Federal authorities upon request.

(g) Establish written company policies, rules and procedures which shall be encompassed in a company-wide Affirmative Action Program for all its operations and Contracts. The policies shall be provided to all employees, Subcontractors, vendors, unions and all others with whom the Contractor may become involved in fulfilling any of its Contracts.

(h) Document its good faith efforts to correct any deficiencies when problems are experienced by the Contractor in complying with its obligations pursuant to this article. The Contractor shall state:

(i) What steps were taken, how and on what date.

(ii) To whom those efforts were directed.

(iii) The responses received, from whom and when.

(iv) What other steps were taken or will be taken to comply and when.

(v) Why the Contractor has been or will be unable to comply.

2. Every contract of $25,000 or more which may provide construction, demolition, renovation, conservation or major maintenance of any kind shall also comply with the requirements of Section 10.13 of the Los Angeles Administrative Code.

L. The Affirmative Action Program required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by the Awarding Authority shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:

1. Apprenticeship where approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;

2. Classroom preparation for the job when not apprenticeable;

3. Pre-apprenticeship education and preparation;

4. Upgrading training and opportunities;

5. Encouraging the use of Contractors, Subcontractors and suppliers of all racial and ethnic groups; provided, however, that any contract subject to this ordinance shall require the Contractor, Subcontractor or supplier to provide not less than the prevailing wage, working conditions and practices generally observed in private industries in the Contractor's, Subcontractor's or supplier's geographical area for such work;

6. The entry of qualified women, minority and all other journeymen into the industry; and

7. The provision of needed supplies or job conditions to permit persons with disabilities to be employed, and minimize the impact of any disability.

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

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

O. All Contractors subject to the provisions of this article shall include a similar provision in all subcontracts awarded for work to be performed under the Contract with the City and shall impose the same obligations including, but not limited to, filing and reporting obligations, on the Subcontractors as are applicable to the Contractor. Failure of the Contractor to comply with this requirement or to obtain the compliance of its Subcontractors with all such obligations shall subject the Contractor to the imposition of any and all sanctions allowed by law, including, but not limited to, termination of the Contractor's Contract with the City.

SECTION HISTORY

Amended by Ord. No. 147,030, Eff. 4-28-75; Subsecs. A., B., C., Ord. No. 164,516, Eff. 4-13-89; Subsecs. B. and C., Ord. No. 168,244, Eff. 10-18-92; Title and Section, Ord. No. 173,186, Eff. 5-22-00; Subsec. F., Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 184,292, Eff. 6-27-16.

EXHIBIT M

Alternative Fuel Vehicle Program Regulations

ALTERNATIVE FUEL VEHICLE REQUIREMENT PROGRAM
(LAX ONLY)

I. Definitions.

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

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

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

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

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

"Alternative-Fuel Vehicle" shall mean a vehicle that is not powered by petroleum-derived gasoline or diesel fuel. Alternative-Fuel Vehicles include, but are not limited to, vehicles powered by compressed or liquefied natural gas, liquefied petroleum gas, methanol, ethanol, electricity, fuel cells, or other advanced technologies.

"CARB" shall mean the California Air Resources Board.

"Covered Vehicle" is defined in Section II below.

"Compliance Plan" is defined in subsection VII.C. below.

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

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

"LAWA" shall mean Los Angeles World Airports.

"LAX" shall mean Los Angeles International Airport.

"Least-Polluting Available Vehicle" shall mean a vehicle that (a) is determined by an Independent Third Party Monitor to be (i) commercially available, (ii) suitable for performance of a particular task, and (iii) certified by CARB to meet the applicable engines emission standard in effect at the time of purchase. Where more than one vehicle meets these requirements for a particular task, LAWA, working with the Independent Third Party Monitor, will designate as the

Least-Polluting Available Vehicle the vehicle that emits the least amount of criteria air pollutants.

"LEV" shall mean a vehicle that meets CARB's Low-Emission Vehicle standards for criteria pollutant exhaust and evaporative emissions for medium-duty vehicles at the time of vehicle manufacture.

"LEV II" shall mean a vehicle certified by CARB to the "LEV II" Regulation Amendments that were fully implemented as of 2010. A qualifying "LEV II" vehicle shall meet the least polluting standard in the LEV II category that is available at the time of purchase.

"LEV III" shall mean a vehicle certified by CARB to the increasingly stringent "LEV III" Regulatory Amendments to the California greenhouse gas and criteria pollutant exhaust and evaporative emission standards, test procedures, and on-board diagnostic system requirements for medium-duty vehicles.

"Low-Use Vehicle" shall mean a Covered Vehicle that makes less than five (5) trips per month to LAX.

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

"Optional Low NOx" shall mean any vehicle powered by an engine that meets CARB's optional low oxides of nitrogen (NOx) emission standards for on-road heavy-duty engines applicable at the time of purchase.

II. Covered Vehicles.

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

B. **Exemptions**. The following vehicles are exempt from this Requirement:

i) Public safety vehicles.

ii) Previously approved vehicles. Vehicles previously approved under the 2007 LAX Alternative Fuel Vehicle Requirement Program are exempt from the Maximum Allowable Vehicle Age Requirement, Section III, but are subject to the Annual Reporting Requirement, Section VI.

iii) Low-Use Vehicles. Low-use vehicles are exempt from the Compliance Schedule, Section IV, the Maximum Allowable Vehicle Age Requirement, Section III, but are subject to the Annual Reporting Requirement, Section VI.

III. Maximum Allowable Vehicle Age Requirement. In accordance with the Compliance Schedule dates outlined in Section IV, no Covered Vehicle equipped with an engine older than thirteen (13) model years or that has 500,000 or more miles, whichever comes first, shall operate at LAX.

IV. Compliance Schedule.

A. By April 30, 2019, one hundred percent (100%) of the Covered Vehicles operated by a Covered Vehicle Operator shall be (a) Alternative-Fuel Vehicles, (b) Optional Low NOx vehicles or (c) LEV II standard vehicles through 2019 or LEV III standard vehicles thereafter.

B. A new Covered Vehicle Operator who plans to begin operations at LAX prior to April 30, 2019, must comply with the requirement set forth in Section III and subsection IV.A. prior to commencing operations at LAX.

V. Least-Polluting Available Vehicles. In cases where an Operator cannot comply with the requirements established pursuant to Sections III and IV above because neither Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, or LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter, are commercially available for performance of particular tasks, LAWA will instead require Operators to use the Least-Polluting Available Vehicles for such tasks. An Independent Third Party Monitor will determine whether Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, or LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter are commercially available to perform particular tasks, and, in cases where neither Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, nor LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter are commercially available for performance of a particular task, will identify the Least-Polluting Available Vehicle for performance of that task.

VI. Annual Reporting Requirement.

A. By January 31st of each calendar year, Covered Vehicle Operators must submit to LAWA the vehicle information required on the reporting form accessible online at https://online.lawa.org/altfuel/ for the prior calendar year.

B. Low-Use Vehicles shall be included in the annual reporting. Where monthly trip data is used to establish low-use, the operator must provide proof such as transponder data records or an attestation acceptable to LAWA.

C. A Covered Vehicle Operator who plans to begin operations at LAX must comply with this reporting requirement prior to commencing operations, and thereafter comply with the annual reporting deadline of January 31st of each calendar year.

VII. Enforcement.

A. **Non-Compliance**. The following circumstances shall constitute non-compliance for purposes of this Section VII:

i) Failure to submit an annual report pursuant to Section VI above.

ii) Failure to use an Alternative Fuel Vehicle, an Optional Low NOx vehicle, a vehicle meeting LEV II standards prior to December 31, 2019, or LEV III standards thereafter, an approved Least-Polluting Available Vehicle, or a vehicle approved under LAWA's former Alternative Fuel Vehicle Requirement, including approved comparable emissions vehicles.

iii) Failure to submit a Compliance Plan as defined in subsection VII.C. below within 30 days of notice of non-compliance from LAWA.

iv) Failure to adhere to an approved Compliance Plan as defined in subsection VII.C. below.

B. **Notice of Non-Compliance.** Covered Vehicle Operators found not to be in compliance with the Alternative Fuel Vehicle Requirement as set forth in subsection VII.A. above will be given a notice of non-compliance. Covered Vehicle Operators will have 30 days to correct the deficiencies documented in the notice of non-compliance by completing the annual report as defined in Section VI or submitting a Compliance Plan as defined in subsection VII.C. below, as applicable to the reason cited for non-compliance.

C. **Compliance Plan.**

i) Operators shall transition to compliant vehicles as soon as practicable.

ii) Non-compliant Covered Vehicle Operators will be required to submit a Compliance Plan indicating the disposition (salvage, replace, remove from service, etc.) date for each non-compliant vehicle ("Compliance Plan") within 30 days of receiving a notice of non-compliance for a vehicle in the Operator's fleet. The Compliance Plan shall provide dates by which the non-compliant vehicle or vehicles in the Operator's fleet will meet the requirements of the LAX Alternative Fuel Vehicle Requirement and a justification for the new date. The Compliance Plan shall be signed under attestation.

iii) LAWA's Chief Executive Officer or his/her designee shall review the Operator's Compliance Plan and justification to determine its acceptability and authorize approval or disapproval.

iv) Covered Vehicle Operators shall have 30 days to seek review of LAWA's rejection of a Compliance Plan or any parts thereof by LAWA's Chief Executive Officer or his/her designee.

D. **Default.** Three or more instances of non-compliance with the LAX Alternative Fuel Vehicle Requirement as defined in subsection VII.A above within two years shall be considered a default of the applicable LAX permit, license, contract, lease, Non-Exclusive License Agreement (NELA), concessionaire agreement, and/or Certified Service Provider (CSP) Program. LAWA's Chief Executive Officer or his/her designee may, pursuant to the applicable terms provided therein, suspend or cancel a permit, license, contract, lease, NELA, concessionaire agreement or certified provider certification of non-compliant Covered Vehicle Operators who are not in compliance with this Alternative Fuel Vehicle Requirement. In addition, LAWA's Chief Executive Officer or his/her designee may seek to recoup LAWA's administrative costs from non-compliant operators.

IX. Periodic Review. This Requirement will be reviewed and updated periodically as deemed necessary by LAWA.

EXHIBIT N

Living Wage Ordinances

CHAPTER 1, ARTICLE 11

LIVING WAGE

Section

10.37 Legislative Findings.
10.37.1 Definitions.
10.37.2 Payment of Minimum Compensation to Employees.
10.37.3 Health Benefits.
10.37.4 Employer Reporting and Notification Requirements.
10.37.5 Retaliation Prohibited.
10.37.6 Enforcement.
10.37.7 Administration.
10.37.8 City is a Third Party Beneficiary of Contracts Between an Employer and Subcontractor for Purposes of Enforcement.
10.37.9 Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.
10.37.10 Expenditures Covered.
10.37.11 Timing of Application.
10.37.12 Express Supersession by Collective Bargaining Agreement.
10.37.13 Liberal Interpretation of Coverage; Rebuttable Presumption of Coverage.
10.37.14 Contracts, Employers and Employees Not Subject to this Article.
10.37.15 Exemptions.
10.37.16 Severability.

Sec. 10.37. Legislative Findings.

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

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

The inadequate compensation leaves service employees with insufficient resources to afford life in Los Angeles. Contracting decisions involving the expenditure of City funds should not foster conditions that place a burden on limited social services. The City, as a principal provider of social support services, has an interest in promoting an employment environment that protects such limited resources. In requiring the payment of a higher minimum level of compensation, this article benefits that interest.

In comparison with the wages paid at San Francisco International Airport, the wage for Los Angeles airport workers is often lower even though the airports are similar in the number of passengers they serve and have similar goals of providing a living wage to the airport workforce. Studies show that higher wages at the airport leads to increases in worker productivity and improves customer service. Higher wages for airport workers also results in a decline in worker turnover, yielding savings to the employers and alleviating potential security concerns. Therefore, the City finds that a higher wage for airport employees is needed to reduce turnover and retain a qualified and stable workforce.

Many airport workers who provide catering services to the airlines are paid below the living wage. Federal law allows employment contract agreements between airline caterers and its workers to remain in effect without an expiration date, effectively freezing wages for workers. Long-term employment contract agreements provide little incentive for employers to renegotiate the employment contract agreements with their workers. Airline catering

EXHIBIT N

workers often struggle to pay their bills, sometimes having to choose between paying medical bills and buying food for their families. The City finds that airline caterers should pay their workers, at a minimum, the living wage with benefits.

Airport workers are also the first to respond when an emergency occurs at the airport. In order to properly assist first responders during a crisis at the airport, the City finds that airport employees of Certified Service Provider License Agreement holders should be formally trained for an emergency response at the airport.

Nothing less than the living wage should be paid by employers that are the recipients of City financial assistance. Whether workers are engaged in manufacturing or some other line of business, the City does not wish to foster an economic climate where a lesser wage is all that is offered to the working poor.

The City holds a proprietary interest in the work performed by many employees of City lessees and licensees and by their service contractors, subcontractors, sublessees and sublicensees. The success or failure of City operations may turn on the success or failure of these enterprises, for the City has a genuine stake in how the public perceives the services rendered for them by such businesses. Inadequate compensation of these employees adversely impacts the performance by the City's lessee or licensee and thereby hinders the opportunity for success of City operations. A proprietary interest in providing a living wage is important for various reasons, including, but not limited to: 1) the public perception of the services or products rendered to them by a business; 2) security concerns related to the location of the business or any product or service the business produces; or 3) an employer's industry-specific job classification which is in the City's interest to cover by the living wage. This article is meant to cover all such employees not expressly exempted.

Requiring payment of the living wage further serves a proprietary concern of the City. If an employer does not comply with this article, the City may: 1) declare a material breach of the contract; 2) declare the employer non-responsible and limit its ability to bid on future City contracts, leases or licenses; and 3) exercise any other remedies available.

SECTION HISTORY

Article and Section Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.1. Definitions.

The following definitions shall apply throughout this article:

(a) **"Airline Food Caterer"** means any Employer that, with respect to the Airport:

(1) prepares food or beverage to or for aircraft crew or passengers;

(2) delivers prepared food or beverage to or for aircraft crew or passengers;

(3) conducts security or inspection of aircraft food or beverage; or

(4) provides any other service related to or in connection with the preparation of food or beverage to or for aircraft crew or passengers.

(b) **"Airport"** means the Department of Airports and each of the airports which it operates.

(c) **"Awarding Authority"** means the governing body, board, officer or employee of the City or City Financial Assistance Recipient authorized to award a Contract and shall include a department which has control of its own funds.

(d) **"City"** means the City of Los Angeles and all awarding authorities thereof, including those City departments which exercise independent control over their expenditure of funds.

(e) **"City Financial Assistance Recipient"** means any person who receives from the City discrete financial assistance for economic development or job growth expressly articulated and identified by the City, as contrasted with generalized financial assistance such as through tax legislation, in accordance with the following monetary limitations. Assistance given in the amount of $1,000,000 or more in any 12-month period shall require compliance with this article for five years from the date such assistance reaches the $1,000,000 threshold. For assistance in any 12-month period totaling less than $1,000,000 but at least $100.000, there shall be compliance for one year, with the period of compliance beginning when the accrual of continuing assistance reaches the $100,000 threshold.

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

A recipient shall be exempted from application of this article if:

(1) it is in its first year of existence, in which case the exemption shall last for one year;

(2) it employs fewer than five Employees for each working day in each of 20 or more calendar weeks in the current or preceding calendar year; or

(3) it obtains a waiver as a recipient who employs the long-term unemployed or provides trainee positions intended to prepare Employees for permanent positions. The recipient shall attest that compliance with this article would cause an economic hardship and shall apply in writing to the City department or office administering the assistance. The department or office shall forward the waiver application and the department or office's recommended action to the City Council. Waivers shall be effected by Council resolution.

(f) **"Contractor"** means any person that enters into:

(1) a Service Contract with the City;

(2) a contract with a Public Lessee or Licensee; or

(3) a contract with a City Financial Assistance Recipient to help the recipient in performing the work for which the assistance is being given.

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

(h) **"Employee"** means any person who is not a managerial, supervisory or confidential employee who expends any of his or her time working for an Employer in the United States.

(i) **"Employer"** means any person who is:

(1) a City Financial Assistance Recipient;

(2) Contractor;

(3) Subcontractor;

(4) Public Lessee or Licensee; and

(5) Contractor, Subcontractor, sublessee or sublicensee of a Public Lessee or Licensee.

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

(k) **"Public Lease or License"** means, except as provided in Section 10.37.15, a lease, license, sublease or sublicense of City property, including, but not limited to, Non-Exclusive License Agreements, Air Carrier Operating Permits and Certified Service Provider License Agreements (CSPLA), for which services are furnished by Employees where any of the following apply:

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

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

(3) The DAA has determined in writing as approved by the Board of Public Works that coverage would further the proprietary interests of the City. Proprietary interest includes, but is not limited to:

(i) the public perception of the services or products rendered to them by a business;

(ii) security concerns related to the location of the business or any product or service the business produces; or

(iii) an Employer's industry-specific job classifications as defined in the regulations.

(l) "**Service Contract**" means a contract involving an expenditure in excess of $25,000 and a contract term of at least three months awarded to a Contractor by the City to furnish services for the City where any of the following apply:

(1) at least some of the services are rendered by Employees whose work site is on property owned or controlled by the City;

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

(3) the DAA has determined in writing as approved by the Board of Public Works that coverage would further the proprietary interests of the City. Proprietary interest includes, but is not limited to:

(i) the public perception of the services or products rendered to them by a business;

(ii) security concerns related to the location of the business or any product or service the business produces; or

(iii) an Employer's industry-specific job classifications as defined in the regulations.

(m) "**Subcontractor**" means any person not an Employee who enters into a contract:

(1) to assist in performance of a Service Contract;

(2) with a Public Lessee or Licensee, sublessee, sublicensee or Contractor to perform or assist in performing services for the leased or licensed premises.

(n) "**Willful Violation**" means that the Employer knew of its obligations under this article and deliberately failed or refused to comply with its provisions.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (e), Ord. No. 176,155, Eff. 9-22-04; Subsec. (e), Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; Subsecs. (a) through (l) re-lettered (d) through (o), respectively and new Subsecs. (a), (b), and (c) added, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.2. Payment of Minimum Compensation to Employees.

(a) **Wages.** An Employer shall pay an Employee for all hours worked on a Service Contract or if a Public Lease or License or for a Contractor of a Public Lessee or Licensee, for all hours worked furnishing a service relating to the City, a wage of no less than the hourly rates set under the authority of this article.

(1) **Non-Airport Employee Wages.**

(i) If an Employer provides an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the following:

a. On July 1, 2018, the wage rate for an Employee shall be no less than $13.25 per hour.

b. On July 1, 2019, the wage rate for an Employee shall be no less than $14.25 per hour.

c. On July 1, 2020, the wage rate for an Employee shall be no less than $15.00 per hour.

d. On July 1, 2022, and annually thereafter, the hourly wage rate paid to an Employee shall be adjusted consistent with any adjustment pursuant to Section 187.02 D. of the Los Angeles Municipal Code.

(ii) If an Employer does not provide an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the applicable wage rate in Section

10.37.2(a)(1)(i) and an additional wage rate of $1.25 per hour.

(iii) Section 10.37.11 is not applicable to this subdivision.

(2) **Airport Employee Wages.**

(i) If an Employer servicing the Airport provides an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the following:

a. On July 1, 2017, the wage rate for an Employee shall be no less than $12.08 per hour.

b. On July 1, 2018, the wage rate for an Employee shall be no less than $13.75 per hour.

c. On July 1, 2019, the wage rate for an Employee shall be no less than $15.25 per hour.

d. On July 1, 2020, the wage rate for an Employee shall be no less than $16.50 per hour.

e. On July 1, 2021, the wage rate for an Employee shall be no less than $17.00 per hour.

f. Beginning on July 1, 2022, the wage rate for an Employee shall increase annually, on July 1, to an amount $2.00 above the minimum rate under the City's Minimum Wage Ordinance for that same period of time.

(ii) If an Employer servicing the Airport does not provide an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the applicable wage rate in Section 10.37.2(a)(2)(i) and an additional wage rate as follows:

a. On July 1, 2017, an Employer servicing the Airport shall pay an Employee an additional wage rate of $5.18 per hour.

b. Beginning on July 1, 2018, an Employer servicing the Airport shall pay an Employee an additional wage rate per hour equal to the health benefit payment in effect for an Employee pursuant to Section 10.37.3(a)(5).

(3) An Employer may not use tips or gratuities earned by an Employee to offset the wages required under this article.

(b) **Compensated Time Off.** An Employer shall provide an Employee compensated time off as follows:

(1) An Employee who works at least 40 hours per week or is classified as a full-time Employee by the Employer shall accrue no less than 96 hours of compensated time off per year.

(2) An Employee who works less than 40 hours per week and is not classified as a full-time Employee by the Employer shall accrue hours of compensated time off in increments proportional to that accrued by an Employee who works 40 hours per week.

(3) **General Rules for Compensated Time Off.**

(i) An Employee must be eligible to use accrued paid compensated time off after the first 90 days of employment or consistent with company policies, whichever is sooner. Compensated time off shall be paid at an Employee's regular wage rate at the time the compensated time off is used.

(ii) An Employee may use accrued compensated time off hours for sick leave, vacation or personal necessity.

(iii) An Employer may not unreasonably deny an Employee's request to use the accrued compensated time off. The DAA, through regulations, may provide guidance on what is considered unreasonable.

(iv) The DAA may allow an Employer's established compensated time off policy to remain in place even though it does not meet these requirements, if the DAA determines that the Employer's established policy is overall more generous.

(v) Unused accrued compensated time off shall carry over until time off reaches a maximum of 192 hours, unless the Employer's established policy is overall more generous.

EXHIBIT N

(vi) After an Employee reaches the maximum accrued compensated time off, an Employer shall provide a cash payment once every 30 days for accrued compensated time off over the maximum. An Employer may provide an Employee with the option of cashing out any portion of, or all of, the Employee's accrued compensated time off, but, an Employer shall not require an Employee to cash out any accrued compensated time off. Compensated time off cashed out shall be paid to the Employee at the wage rate that the Employee is earning at the time of cash out.

(vii) An Employer may not implement any unreasonable employment policy to count accrued compensated time off taken under this article as an absence that may result in discipline, discharge, suspension or any other adverse action.

(4) **Compensated Release Time.** An Employer servicing the Airport who holds a Certified Service Provider License Agreement and is subject to this article shall comply with the following additional requirements:

(i) A CSPLA Employer shall provide an Employee at the Airport, 16 hours of additional compensated release time annually to attend and complete emergency response training courses approved by the Airport.

(ii) By December 31, 2018, and continuing thereafter on an annual basis, an Employee of a CSPLA Employer shall successfully complete the 16 hours of emergency response training.

(iii) An Employee of a CSPLA Employer hired after December 31, 2018, shall complete the 16 hours of emergency response training within 120 days of the first date of hire.

(iv) The 16 hours of compensated release time shall only be used to attend Airport approved annual emergency response training courses. The 16 hours of compensated release time does not accumulate or carry over to the following year. The 16 hours of compensated release time shall not be included as part of the 96 hours of compensated time off required under this article.

(c) **Uncompensated Time Off.** An Employer shall provide an Employee uncompensated time off as follows:

(1) An Employee who works at least 40 hours a week or is classified as a full-time Employee by an Employer shall accrue no less than 80 hours of uncompensated time off per year.

(2) An Employee who works less than 40 hours per week and is not classified as a full-time Employee by the Employer shall accrue hours of uncompensated time off in increments proportional to that accrued by an Employee who works 40 hours per week.

(3) **General Rules for Uncompensated Time Off.**

(i) An Employee must be eligible to use accrued uncompensated time off after the first 90 days of employment or consistent with company policies, whichever is sooner.

(ii) Uncompensated time off may only be used for sick leave for the illness of an Employee or a member of his or her immediate family and where an Employee has exhausted his or her compensated time off for that year.

(iii) An Employer may not unreasonably deny an Employee's request to use the accrued uncompensated time off. The DAA, through regulations, may provide guidance on what is considered unreasonable.

(iv) Unused accrued uncompensated time off shall carry over until the time off reaches a maximum of 80 hours, unless the Employer's established policy is overall more generous.

(v) An Employer may not implement any unreasonable employment policy to count accrued uncompensated time off taken under this article as an absence that may result in discipline, discharge, suspension or any other adverse action.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (a), Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; Subsec. (a), Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18; Subsec. (a)(1), Ord. No. 185,745, Eff. 10-15-18.

Sec. 10.37.3. Health Benefits.

(a) **Health Benefits.** The health benefits required by this article shall consist of the payment by an Employer of at least $1.25 per hour to Employees towards the provision of health care benefits for an Employee and his or her dependents. On July 1, 2017, the health benefit rate for an Employee working for an Employer servicing the Airport shall be at least $5.18 per hour. On July 1, 2018, the annual increase for Employees working for an Employer servicing the Airport shall continue as provided in Section 10.37.3(a)(5).

(1) Proof of the provision of such benefits must be submitted to the Awarding Authority to qualify for the wage rate in Section 10.37.2(a) for Employees with health benefits.

(2) Health benefits include health coverage, dental, vision, mental health and disability income. For purposes of this article, retirement benefits, accidental death and dismemberment insurance, life insurance and other benefits that do not provide medical or health related coverage will not be credited toward the cost of providing Employees with health benefits.

(3) If the Employer's hourly health benefit payment is less than that required under this article, the difference shall be paid to the Employee's hourly wage.

(4) Health benefits are not required to be paid on overtime hours.

(5) On July 1, 2018, and annually thereafter each July 1, the amount of payment for health benefits provided to an Employee working for an Employer servicing the Airport shall be adjusted by a percentage equal to the percentage increase, if any, in the United States Bureau of Labor Statistics Consumer Price Index for All Urban Consumers: Medical Care Services, as measured from January to December of the preceding year. The DAA shall announce the adjusted rates on February 1st and publish a bulletin announcing the adjusted rates, which shall take effect on July 1st of each year.

(b) **Periodic Review.** At least once every three years, the City Administrative Officer shall review the health benefit payment by Employers servicing the Airport set forth in Section 10.37.3(a) to determine whether the payment accurately reflects the cost of health care and to assess the impacts of the health benefit payment on Airport Employers and Airport Employees and shall transmit a report with its findings to the Council.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.4. Employer Reporting and Notification Requirements.

(a) An Employer shall post in a prominent place in an area frequented by Employees a copy of the Living Wage Poster and the Notice Regarding Retaliation, both available from the DAA.

(b) An Employer shall inform an Employee of his or her possible right to the federal Earned Income Credit (EIC) under Section 32 of the Internal Revenue Code of 1954, 26 U.S.C. § 32, and shall make available to an Employee forms informing them about the EIC and forms required to secure advance EIC payments from the Employer.

(c) An Employer is required to retain payroll records pertaining to its Employees for a period of at least four years, unless more than four years of retention is specified elsewhere in the contract or required by law.

(d) A Contractor, Public Lessee, Licensee, and City Financial Assistant Recipient is responsible for notifying all Contractors, Subcontractors, sublessees, and sublicensees of their obligation under this article and requiring compliance with this article. Failure to comply shall be a material breach of the contract.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.5. Retaliation Prohibited.

An Employer shall not discharge, reduce in compensation, or otherwise discriminate against any Employee for complaining to the City with regard to the Employer's compliance or anticipated compliance with this article, for opposing any practice proscribed by this article,

EXHIBIT N

for participating in proceedings related to this article, for seeking to enforce his or her rights under this article by any lawful means, or for otherwise asserting rights under this article.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.6. Enforcement.

(a) An Employee claiming violation of this article may bring an action in the Superior Court of the State of California against an Employer and may be awarded:

(1) For failure to pay wages required by this article, back pay shall be paid for each day during which the violation occurred.

(2) For failure to comply with health benefits requirements pursuant to this article, the Employee shall be paid the differential between the wage required by this article without health benefits and such wage with health benefits, less amounts paid, if any, toward health benefits.

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

(4) For Willful Violations, the amount of monies to be paid under Subdivisions (1) - (3), above, shall be trebled.

(b) The court shall award reasonable attorney's fees and costs to an Employee who prevails in any such enforcement action and to an Employer who prevails and obtains a court determination that the Employee's lawsuit was frivolous.

(c) Compliance with this article shall be required in all City contracts to which it applies. Contracts shall provide that violation of this article shall constitute a material breach thereof and entitle the Awarding Authority to terminate the contract and otherwise pursue legal remedies that may be available. Contracts shall also include an agreement that the Employer shall comply with federal law proscribing retaliation for union organizing.

(d) The DAA may audit an Employer at any time to verify compliance. Failure by the Employer to cooperate with the DAA's administrative and enforcement actions, including, but not limited to, requests for information or documentation to verify compliance with this article, may result in a determination by the DAA that the Employer has violated this article.

(e) An Employee claiming violation of this article may report the claimed violation to the DAA, which shall determine whether this article applies to the claimed violation.

(1) If any of the Employee's allegations merit further review, the DAA shall perform an audit; the scope of which will not exceed four years from the date the complaint was received.

(2) If the claimed violation is filed after a contract has expired, and information needed for the review is no longer readily available, the DAA may determine this article no longer applies.

(3) In the event of a claimed violation of the requirements relating to compensated time off, uncompensated time off or wages, the DAA may require the Employer to calculate the amount the Employee should have earned and compensate the Employee. Nothing shall limit the DAA's authority to evaluate the calculation.

(i) If the DAA determines that an Employer is in violation of Section 10.37.2(b), the time owed must be made available immediately. At the Employer's option, retroactive compensated time off in excess of 192 hours may be paid to the Employee at the current hourly wage rate.

(ii) If the DAA determines that an Employer is in violation of Section 10.37.2(c), the Employer shall calculate the amount of uncompensated time off that the Employee should have accrued. This time will be added to the uncompensated time off currently available to the Employee and must be available immediately.

(f) Where the DAA has determined that an Employer has violated this article, the DAA shall issue a written notice to the Employer that the violation is to be corrected within ten days or other time period determined appropriate by the DAA.

(g) In the event the Employer has not demonstrated to the DAA within such period that it has cured the violation, the DAA may then:

EXHIBIT N

(1) Request the Awarding Authority to declare a material breach of the Service Contract, Public Lease or License, or financial assistance agreement and exercise its contractual remedies thereunder, which may include, but not be limited to: (i) termination of the Service Contract, Public Lease or License, or financial assistance agreement; (ii) the return of monies paid by the City for services not yet rendered; and (iii) the return to the City of money held in retention (or other money payable on account of work performed by the Employer) when the DAA has documented the Employer's liability for unpaid wages, health benefits or compensated time off.

(2) Request the Awarding Authority to declare the Employer non-responsible from future City contracts, leases and licenses in accordance with the Contractor Responsibility Ordinance (LAAC Section 10.40, et seq.) and institute proceedings in a manner that is consistent with law.

(3) Impose a fine payable to the City in the amount of up to $100 for each violation for each day the violation remains uncured.

(4) Exercise any other remedies available at law or in equity.

(h) Notwithstanding any provision of this Code or any other law to the contrary, no criminal penalties shall attach for violation of this article.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (d), Para. (1), Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.7. Administration.

The DAA shall administer the requirement of this article and monitor compliance, including the investigation of claimed violations. The DAA shall promulgate rules and regulations consistent with this article for the implementation of the provision of this article. The DAA shall also issue determinations that persons are City Financial Assistance Recipients, that particular contracts shall be regarded as "Service Contracts" for purposes of Section 10.37.1(l), and that particular leases and licenses shall be regarded as "Public Leases" or "Public Licenses" for purposes of Section 10.37.1(k), when it receives an application for a determination of non-coverage or exemption as provided for in Section 10.37.14 and 10.37.15.

The DAA may require an Awarding Authority to inform the DAA about all contracts in the manner described by regulation. The DAA shall also establish Employer reporting requirements on Employee compensation and on notification about and usage of the federal Earned Income Credit referred to in Section 10.37.4. The DAA shall report on compliance to the City Council no less frequently than annually.

Every three years after July 1, 2018, the Chief Legislative Analyst (CLA) with the assistance of the City Administrative Officer (CAO) shall commission a study to review the state of the Airport's regional economy; minimum wage impacts for Employees servicing the Airport; Airport service industry impacts; temporary workers, guards and janitors impacts; restaurants, hotels and bars impacts; transitional jobs programs impacts; service charges, commissions and guaranteed gratuities impacts; and wage theft enforcement. On an annual basis, the CLA and CAO shall collect economic data, including jobs, earnings and sales tax. The Study shall also address how extensively affected Employers are complying with this article, how the article is affecting the workforce composition of affected Employers, and how the additional costs of the article have been distributed among Employees, Employers and the City.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.8. City is a Third Party Beneficiary of Contracts Between an Employer and Subcontractor for Purposes of Enforcement.

Any contract an Employer executes with a Contractor or Subcontractor, as defined in Section 10.37.1(f) and (m), shall contain a provision wherein the Contractor or Subcontractor agree to comply with this article and designate the City as an intended third party beneficiary for purposes of enforcement directly against the Contractor or Subcontractor, as provided for in Section 10.37.6 of this article.

EXHIBIT N

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Ord. No. 173,285, Eff. 6-26-00. Oper. 7-1-00; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

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

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

SECTION HISTORY

Added by Ord. No. 171,547. Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321. Eff. 1-20-18.

Sec. 10.37.10. Expenditures Covered.

This article shall apply to the expenditure - whether through aid to City Financial Assistance Recipients, Service Contracts let by the City or Service Contracts let by its Financial Assistance Recipients - of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds.

SECTION HISTORY

Added by Ord. No. 171,547. Eff. 5-5-97.
Amended by: In Entirety. Ord. No. 172,336. Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.11. Timing of Application.

The provisions of this article shall become operative 60 days following the effective date of the ordinance and are not retroactive.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172.336, Eff. 1-14-99; Subsec. (b), Subsec. (c) Added, Ord. No. 173,747, Eff. 2-24-01; Subsec. (d) Added, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318. Eff. 7-7-16; In Entirety. Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.12. Express Supersession by Collective Bargaining Agreement.

The requirements of this article may be superseded by a collective bargaining agreement if expressly stated in the agreement. This provision applies to any collective bargaining agreement that expires or is open for negotiation of compensation terms after the effective date of this ordinance. Any collective bargaining agreement that purports to supersede any requirement of this article shall be submitted by the Employer to the DAA.

(a) A collective bargaining agreement may expressly supersede the requirements of this article with respect to Employees of Employers servicing the Airport only when an Employee is paid a wage not less than the applicable wage rate in Section 10.37.2(a)(2)(i).

(b) A collective bargaining agreement may expressly supersede the requirements of this article with respect to Employees of Airline Food Caterers only when an Employee of the Airline Food Caterer is paid a total economic package no less than the applicable wage rate in Section 10.37.2(a)(2)(ii).

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; Title and Section In Entirety, Ord. No. 185,321, Eff. 1-20-18.

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

The definitions of "City Financial Assistance Recipient" in Section 10.37.1(e), of "Public Lease or License" in Section 10.37.1(k), and of "Service Contract" in Section 10.37.1(l) shall be liberally interpreted so as to further the policy objectives of this article. All City Financial Assistance Recipients meeting the monetary thresholds of Section 10.37.1(e), all Public Leases and Licenses (including subleases and sublicenses) where the City is the lessor or licensor, and all City contracts providing for services shall be presumed to meet the corresponding definition mentioned above, subject, however, to a determination by the DAA of non-coverage or exemption on any basis allowed by this article, including, but not limited to, non-coverage for failure to satisfy such definition. The DAA shall by regulation establish procedures for informing persons engaging in such transactions with the City of their opportunity to apply for

a determination of non-coverage or exemption and procedures for making determinations on such applications.

SECTION HISTORY

Added by Ord. No. 172,336, Eff. 1-14-99.
Amended by: Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety. Ord. No. 185,321, Eff. 1-20-18; In Entirety, Ord. No. 185,745. Eff. 10-15-18.

Sec. 10.37.14. Contracts, Employers and Employees Not Subject to this Article.

The following contracts are not subject to the Living Wage Ordinance. An Awarding Authority, after consulting with the DAA, may determine whether contracts and/or Employers are not subject to the Living Wage Ordinance due to the following:

(a) a contract where an employee is covered under the prevailing wage requirements of Division 2, Part 7, of the California Labor Code unless the total of the basic hourly rate and hourly health and welfare payments specified in the Director of Industrial Relations' General Prevailing Wage Determinations are less than the minimum hourly rate as required by Section 10.37.2(a) of this article.

(b) a contract with a governmental entity, including a public educational institution or a public hospital.

(c) a contract for work done directly by a utility company pursuant to an order of the Public Utilities Commission.

SECTION HISTORY

Added by Ord. No. 184,318, Eff. 7-7-16.
Amended by: In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.15. Exemptions.

Upon the request of an Employer, the DAA may exempt compliance with this article. An Employer seeking an exemption must submit the required documentation to the DAA for approval before the exemption takes effect.

(a) A Public Lessee or Licensee, that employs no more than seven people total on and off City property shall be exempted. A lessee or licensee shall be deemed to employ no more than seven people if the company's entire workforce worked an average of no more than 1,214 hours per month for at least three-fourths of the previous calendar year. If a Public Lease or License has a term of more than two years, the exemption granted pursuant to this section shall expire after two years, but shall be renewable in two-year increments.

(b) Non-Profit Organizations. Corporations organized under Section 501(c)(3) of the United States Internal Revenue Code of 1954, 26 U.S.C. § 501(c)(3), whose chief executive officer earns a salary which, when calculated on an hourly basis, is less than eight times the lowest wage paid by the corporation, shall be exempted as to all Employees other than child care workers.

(c) Students. High school and college students employed in a work study or employment program lasting less than three months shall be exempt. Other students participating in a work-study program shall be exempt if the Employer can verify to the DAA that:

(1) The program involves work/training for class or college credit and student participation in the work-study program is for a limited duration, with definite start and end dates; or

(2) The student mutually agrees with the Employer to accept a wage below this article's requirements based on a training component desired by the student.

(d) Nothing in this article shall limit the right of the Council to waive the provisions herein.

(e) Nothing in this article shall limit the right of the DAA to waive the provisions herein with respect to and at the request of an individual Employee who is eligible for benefits under Medicare, a health plan through the U.S. Department of Veteran Affairs or a health plan in which the Employee's spouse, domestic partner or parent is a participant or subscriber to another health plan. An Employee who receives this waiver shall only be entitled to the hourly wage pursuant to Section 10.37.2(a)(2)(i).

SECTION HISTORY

Added by Ord. No. 184,318, Eff. 7-7-16.
Amended by: In Entirety, Ord. No. 185,321, Eff. 1-20-18.

EXHIBIT N

Sec. 10.37.16. Severability.

If any subsection, sentence, clause or phrase of this article is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this section, and each and every subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION HISTORY

Added by Ord. No. 172,336, Eff. 1-14-99.
Amended by: In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

EXHIBIT O

(Intentionally Omitted)

EXHIBIT O

(Intentionally Omitted)

EXHIBIT P

Worker Retention Ordinance

CHAPTER 1, ARTICLE 10

WORKER RETENTION

(Title amended, Ord. No. 185,356, Eff. 1-26-18.)

Section

10.36 Findings and Statement of Policy.
10.36.1 Definitions.
10.36.2 Transition Employment Period.
10.36.3 Enforcement.
10.36.4 Exemption for Contractor or Contractor's Prior Employees.
10.36.5 Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.
10.36.6 Expenditures Covered by this Article.
10.36.7 Promulgation of Implementing Rules.
10.36.8 Severability.

Sec. 10.36. Findings and Statement of Policy.

The City awards many contracts to private firms to provide services to the public and to City government. The City also leases its property or grants licenses to enter onto its property and these lessees and licensees often perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City also provides financial assistance and funding to other firms for the purpose of economic development or job growth. At the conclusion of the term of a service contract, lease or license with the City or with those receiving financial assistance from the City, a different firm often receives the successor contract to perform the same City services or to lease or license the same City property.

The City obtains benefits achieved through the competitive process of entering into new contracts. It is the experience of the City that reasons for change do not necessarily include a need to replace workers presently performing services who already have useful knowledge about the workplace where the services are performed.

The City has a proprietary interest in the work performed by employees of City contractors, lessees and licensees and by the employees of firms receiving City financial assistance. The success or failure of City operations may turn on the success or failure of these firms, and the City has a genuine stake in how the public perceives the services rendered by these firms. Replacement of existing employees can adversely impact the performance by these firms and thereby hinders the opportunity for success of City operations.

Incumbent workers have invaluable existing knowledge and experience with the work schedules, practices and clients. Replacing these workers with workers without these experiences decreases efficiency and results in a disservice to the City and City financed or assisted projects.

Retaining existing workers when a change in firm occurs reduces the likelihood of labor disputes and disruptions. The reduction of the likelihood of labor disputes and disruptions results in the assured continuity of services to City constituents and visitors who receive services provided by the City, the City's lessees or licensees, or by City financed or assisted projects.

Contracting decisions involving the expenditure of City funds should avoid a potential effect of creating unemployment and the consequential need for social services. The City, as a principal provider of social support services, has an interest in the stability of employment under contracts, leases and licenses with the City and by those receiving financial assistance from the City. The retention of existing workers benefits that interest.

SECTION HISTORY

Article and Section Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Article and Section, Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.1. Definitions.

The following definitions shall apply throughout this article:

(a) "**Awarding Authority**" means the governing body, board, officer or employee of the City or City Financial Assistance Recipient authorized to award a Contract and shall include a department which

EXHIBIT P

has control of its own funds if the department adopts policies consonant with the provisions of this article.

(b) **"City"** means the City of Los Angeles and all Awarding Authorities thereof.

(c) **"City Financial Assistance Recipient"** means any person who receives from the City in any 12-month period discrete financial assistance for economic development or job growth expressly articulated and identified by the City totaling at least $100,000; provided, however, that corporations organized under Section 501(c)(3) of the United States Internal Revenue Code of 1954, 26 U.S.C. § 501(c)(3), with annual operating budgets of less than $5,000,000, or that regularly employ homeless persons, persons who are chronically unemployed, or persons receiving public assistance, shall be exempt.

Categories of such assistance include, but are not limited to, bond financing, planning assistance, tax increment financing exclusively by the City, and tax credits, and shall not include assistance provided by the Community Development Bank. City staff assistance shall not be regarded as financial assistance for purposes of this article. A loan at market rate shall not be regarded as financial assistance. The forgiveness of a loan shall be regarded as financial assistance. A loan shall be regarded as financial assistance to the extent of any differential between the amount of the loan and the present value of the payments thereunder, discounted over the life of the loan by the applicable federal rate as used in 26 U.S.C. §§ 1274(d) and 7872(f). A recipient shall not be deemed to include lessees and sublessees. Contracts for economic development or job growth shall be deemed providing such assistance once the $100,000 threshold is reached.

(d) **"Contract"** means:

(1) a contract let to a Contractor by the City or a City Financial Assistance Recipient primarily for the furnishing of services to or for the City or City Financial Assistance Recipient (as opposed to the purchase of goods or other property) and that involves an expenditure or receipt in excess of $25,000 and a contract term of at least three months; or

(2) a Public Lease or License as those terms are defined in Los Angeles Administrative Code Section 10.37.1(k) but only if the lessee or licensee is subject to the Living Wage Ordinance and not otherwise exempt from its provisions.

(e) **"Contractor"** means any person that enters into a Contract with the City or a City Financial Assistance Recipient. Governmental entities, including public educational institutions and public hospitals, are not Contractors and are not subject to this article.

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

(g) **"Employee"** means any person employed as an employee of a Contractor or Subcontractor earning no more than twice the hourly wage without health benefits available under the Living Wage Ordinance, Los Angeles Administrative Code Section 10.37 et seq., whose primary place of employment is in the City on or under the authority of a Contract. Examples of Employee includes: hotel Employees; restaurant, food service or banquet Employees; janitorial Employees; security guards; parking attendants; nonprofessional health care Employees; gardeners; waste management Employees; and clerical Employees. Employee does not include a person who is a managerial, supervisory or confidential Employee. An Employee must have been employed by a terminated Contractor for the preceding 12 months or longer.

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

(i) **"Subcontractor"** means any person not an Employee who enters into a contract with a Contractor to assist the Contractor in performing a Contract and who employs Employees for such purpose. A Subcontractor includes a sublessee or sublicensee.

(j) **"Successor Contract"** means a Contract where the service to be performed is substantially similar to the Contract recently terminated. The meaning also includes a Contract that is a Public Lease or License substantially similar to a Public Lease or License recently terminated. Termination includes, but is not limited to: (1) the completion of the Contract; (2) early termination of the Contract in whole or in part; or (3) an amendment that reduces

EXHIBIT P

services provided under the Contract, in whole or in part.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; Subsec. (c), Ord. No. 172,843, Eff. 11-4-99; Subsec. (j) added, Ord. No. 176,155, Eff. 9-22-04; Subsec. (j), Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.2. Transition Employment Period.

(a) Within ten days of learning that a Contract is to be terminated, the Contractor shall provide to the Successor Contractor, the Awarding Authority and the DAA, the name, address, date of hire, and employment occupation classification of each Employee of the terminated Contractor and Subcontractor working pursuant to the Contract. If the terminated Contractor has not learned the identity of the Successor Contractor, the Contractor shall request the identity from the Awarding Authority. If a Successor Contract has not been awarded by the end of the ten-day period, the Contractor shall provide the employment information referred to earlier in this subsection to the Awarding Authority and the DAA. Where only a subcontract of a Contract has been terminated, the terminated Subcontractor shall for purposes of this Article be deemed a terminated Contractor.

(1) If multiple Contracts providing similar services are terminated, the Awarding Authority shall consult with the DAA to determine whether to pool the Employees, ordered by seniority within job classification and provide a pool list to the Successor Contractor. The Successor Contractor shall provide written notice to the Awarding Authority and the DAA that the Awarding Authority's pool list will be used. The notice must include the following:

(A) the total number of Employees required under the Successor Contract;

(B) a breakdown of the number of Employees required within each job classification and seniority within each class; and

(C) an indication as to which Employees within each job classification shall be offered employment under this article.

The written notice must be provided no later than ten days after the Successor Contractor receives the listing of the terminated Contractor's Employees.

(2) Where the use of Subcontractors has occurred under the terminated Contract or where the use of Subcontractors is to be permitted under the Successor Contract, or where both circumstances arise, the Awarding Authority shall pool, when applicable, the Employees, ordered by seniority within job classification, under such prior Contracts or subcontracts where required by, and in accordance with, rules promulgated by the DAA. The Successor Contractor or Subcontractor shall provide written notice to the Awarding Authority and the DAA that the Awarding Authority's pool list will be used.

(b) If work-related requirements for a particular job classification under the Successor Contract differ from the terminated Contract, the Successor Contractor (or Subcontractor, where applicable) shall give notice to the Awarding Authority and the DAA and provide an explanation including:

(1) the different work-related requirements needed; and

(2) the reason why the different work-related requirements are necessary for the Successor Contract.

(c) Within ten days of receipt of the list of Employees from the terminated Contractor, the Successor Contractor shall make written offers for a 90-day transition employment period to the eligible Employees by letters sent certified mail. The letters shall ask an Employee to return the offers to the Successor Contractor with the Employee's signature indicating acceptance or rejection of the offer of employment. The letters shall state that if an Employee fails to return a written acceptance of the offer within ten days of the date of mailing of the Successor Contractor's certified letter, then the Employee will be presumed to have declined the offer.

The Successor Contractor shall provide copies of the letters offering employment to the Awarding Authority and proof of mailing.

(d) A Successor Contractor shall retain Employees for a 90-day transition employment period. Where pooling of Employees has occurred, the Successor Contractor shall draw from the pools in accordance with rules promulgated by the DAA. During such 90-day period, Employees so hired shall be employed under the terms and conditions established by the Successor Contractor (or Subcontractor) or as required by law.

EXHIBIT P

(e) If at any time the Successor Contractor determines that fewer Employees are required to perform the new Contract than were required by the terminated Contractor (and Subcontractors, if any), the Successor Contractor shall retain Employees by seniority within job classification. The Successor Contractor shall give notice to the Awarding Authority and the DAA and provide an explanation including:

(1) the reason that fewer Employees will be needed;

(2) the total number of Employees required under the Successor Contract;

(3) a breakdown of the number of Employees required within each job classification;

(4) a listing of the terminated Contractor's Employees by job classification and seniority within each class; and

(5) an indication as to which Employees within each job classification will be offered employment under this article.

The notice must be provided no later than ten days after the Successor Contractor receives the list of the terminated Contractor's Employees pursuant to Section 10.36.2(a).

Letters offering employment shall be made by seniority within each job classification. If an Employee in a job classification declines an offer of employment or fails to respond within ten days pursuant to Section 10.36.2(a), the Successor Contractor shall issue a letter offering employment to the next Employee in that job classification. The Successor Contractor shall continue to offer employment in this manner until all required positions are filled for the Successor Contract or until all Employees have been offered employment.

(f) During the 90-day transition employment period, the Successor Contractor (or Subcontractor, where applicable) shall maintain a preferential hiring list of eligible covered Employees not retained by the Successor Contractor (or Subcontractor) from which the successor Contractor (or Subcontractor) shall hire additional Employees, if needed.

(g) During the 90-day transition employment period, the Successor Contractor (or Subcontractor, where applicable) shall not discharge without cause an Employee retained pursuant to this article. "Cause" for this purpose shall mean fair and honest reasons, regulated by good faith on the part of the Contractor or Subcontractor, that are not trivial, arbitrary or capricious, unrelated to business needs or goals, or pretextual.

(h) At the end of the 90-day transition employment period, the Successor Contractor (or Subcontractor, where applicable) shall perform a written performance evaluation for each Employee retained pursuant to this article. If the Employee's performance during the 90-day period is satisfactory, the Successor Contractor (or Subcontractor) shall offer the Employee continued employment under terms and conditions established by the Successor Contractor (or Subcontractor) or as required by law.

(i) If the City or a City Financial Assistance Recipient enters into a Contract for the performance of work that prior to the Contract was performed by the City's or the City Financial Assistance Recipient's own Employees, the City or the City Financial Assistance Recipient shall be deemed to be a terminated Contractor within the meaning of this article and the Contractor shall be deemed to be a Contractor with a Successor Contract within the meaning of this article.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; Subsec. (g) added, Ord. No. 172,349, Eff. 1-29-99; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.3. Enforcement.

(a) An Employee who has been discharged in violation of this article by a Successor Contractor or its Subcontractor may bring an action in the Superior Court of the State of California against the Successor Contractor and, where applicable, its Subcontractor, and may be awarded:

(1) Back pay for each day during which the violation continues, which shall be calculated at a rate of compensation not less than the higher of:

(A) The average regular rate of pay received by the Employee from the terminated Contractor during the last three years of the Employee's employment in the same occupation classification; or

(B) The final regular rate paid by the terminated Contractor to the Employee.

EXHIBIT P

(2) Costs of benefits the Successor Contractor would have incurred for the Employee under the successor Contractor's (or Subcontractor's, where applicable) benefit plan.

(b) If the Employee is the prevailing party in any such legal action, the court shall award reasonable attorney's fees and costs as part of the costs recoverable.

(c) Compliance with this article shall be required in all Contracts and shall provide that violation of this article shall entitle the City to terminate the Contract and pursue all legal remedies.

(d) If the DAA determines that a Contractor or Subcontractor violated this article, the DAA may recommend that the Awarding Authority take any or all of the following actions:

(1) Document the determination in the Awarding Authority's Contractor Evaluation required under Los Angeles Administrative Code Section 10.39, et seq.;

(2) Require that the Contractor or Subcontractor document the determination in each of the Contractor's or Subcontractor's subsequent Contractor Responsibility Questionnaires submitted under Los Angeles Administrative Section 10.40, et seq.;

(3) Terminate the Contract;

(4) Recommend to the Awarding Authority to withhold payments due to the Contractor or Subcontractor.

(e) Notwithstanding any provision of this Code or any other law to the contrary, no criminal penalties shall attach for any violation of this article.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

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

(a) An Awarding Authority may allow a Successor Contractor or Subcontractor to fill a position under a Contractor with a person who has been employed by the Contractor or Subcontractor continuously for at least 12 months prior to the commencement of the Successor Contract working in a position similar to the position to be filled in the Successor Contract. The Successor Contractor or Subcontractor shall first obtain written approval of the Awarding Authority by demonstrating that: (a) the person would otherwise be laid off work; and (b) his or her retention would be helpful to the Contractor or Subcontractor in performing the Successor Contract.

(b) Nothing in this article shall limit the right of the DAA to waive the provisions herein with respect to a Contractor if it finds it is not in the best interest of the City.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.5. Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.

This article shall not be construed to limit an Employee's right to bring legal action for wrongful termination.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.6. Expenditures Covered by this Article.

This article shall apply to the expenditure, whether through Contracts let by the City or by City Financial Assistance Recipients, of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds. City Financial Assistance Recipients shall apply this article to the expenditure of non-City funds for Contracts to be performed in the City by complying with Section 10.36.2(i) and by contractually requiring their Contractors with Contracts to comply with this article. Such requirement shall be imposed by the recipient until the City financial assistance has been fully expended.

SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.
Amended by: Ord. No. 172,337, Eff. 1-14-99; Ord. No. 172,843, Eff. 11-4-99; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

EXHIBIT P

Sec. 10.36.7. Promulgation of Implementing Rules.

The DAA shall promulgate rules for implementation of this article and otherwise coordinate administration of the requirements of this article.

SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.
Amended by: Ord. No. 176,155, Eff. 9-22-04; Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.8. Severability.

If any subsection, sentence, clause or phrase of this article is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this section, and each and every subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.
Amended by: In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

EXHIBIT P

EXHIBIT P

EXHIBIT Q

Contractor Responsibility Program/Pledge of Compliance

LOS ANGELES WORLD AIRPORTS

CONTRACTOR RESPONSIBILITY PROGRAM

RULES AND REGULATIONS

Effective date: August 23, 2011

Procurement Services Division
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Los Angeles, CA 90045
(424) 646-5380
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EXHIBIT Q
Contractor Responsibility Program (CRP)
Pledge of Compliance

CONTENTS

A. DEFINITIONS 3

B. SUBMISSION OF CRP QUESTIONNAIRES 5

C. LAWA REVIEW OF SUBMITTED CRP QUESTIONNAIRES 6

D. AWARD AND EXECUTION OF CONTRACTS 7

E. CONTRACT AMENDMENTS 9

F. CONTRACTOR NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION 9

G. LAWA INVESTIGATION 11

H. VIOLATIONS OF THE CRP OR THESE RULES AND REGULATIONS 12

I. NON-RESPONSIBILITY HEARING 12

J. NON-RESPONSIBILITY SANCTIONS 14

K. EXEMPTIONS 14

L. EFFECTIVE DATE OF CRP RULES AND REGULATIONS 16

M. CONSISTENCY WITH FEDERAL AND STATE LAW 16

N. SEVERABILITY 16

EXHIBIT Q
Contractor Responsibility Program (CRP)
Pledge of Compliance

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

A. DEFINITIONS

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

   a. **Board**
   b. **Executive Director**
   c. **Los Angeles World Airports (LAWA)**
   d. **"Contract"** means any agreement for the performance of any work or service, the provision of any goods, equipment, materials or supplies, or the rendition of any service to LAWA or to the public or the grant of a public lease, which is awarded or entered into by or on behalf of LAWA. These Rules and Regulations shall apply to the following contracts:

      (1) Contracts for services that require Board approval.
      (2) Contracts for purchasing goods and products that require Board approval.
      (3) Construction contracts that require Board approval.

   e. **Contractor**
   f. **Subcontractor**
   g. **Bidder**
   h. **Bid**
   i. **Invitation for Bid ("IFB")**
   j. **Public Lease**

2. **New Definitions:**

   a. **"Awarding Authority"** means either the Executive Director or the Board of Airport Commissioners ("Board") or the Board's designee.

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

c. "**CRP Pledge of Compliance**" means the CRP Pledge developed by PSD. The CRP Rules and Regulations may be updated from time to time by PSD. The CRP Pledge shall require contractors to sign under penalty of perjury that the contractor will:

(1) Comply with all applicable Federal, State, and local laws and regulations during the performance of the contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

(2) Notify LAWA within 30 calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the contractor did not comply with subparagraph 2(c)(1) above in the performance of the contract.

(3) Notify LAWA within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the contractor has violated subparagraph 2(c) (1) above in the performance of the contract.

(4) Provide LAWA within thirty (30) calendar days updated responses to the CRP Questionnaire if any change occurs which would change any response contained within the completed CRP Questionnaire. Note: This provision does not apply to amendments of contracts not subject to the CRP and to subcontractors not required to submit a Questionnaire.

(5) Ensure that subcontractors working on the LAWA contract shall complete, sign and submit a CRP Pledge of Compliance attesting under penalty of perjury to compliance with paragraphs 2(c)(1) through (4).

(6) Notify LAWA within thirty (30) days of becoming aware of an investigation, violation or finding of any applicable Federal, State, or local law involving the subcontractors in the performance of a LAWA contract.

(7) Cooperate fully with LAWA during an investigation and to respond to request(s) for information within ten (10) working days from the date of the Notice to Respond.

d. **"Requesting Division"** means the LAWA division(s) which issued the Request For Bids ("RFB"), Request For Proposal ("RFP") or Request for Qualifications ("RFQ").

e. **"Responsibility"** means possessing the necessary "trustworthiness" and "quality, fitness and capacity" to perform the work set forth in the contract.

B. SUBMISSION OF CRP QUESTIONNAIRES

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

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

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

2. **Submission of CRP Questionnaires with Bids**:

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

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

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

C. LAWA REVIEW OF SUBMITTED CRP QUESTIONNAIRES

1. **Departmental Review of submitted bids**: As part of the determination of a bidder's responsiveness, PSD will review the bid submissions to determine whether a completed CRP Questionnaire, signed under penalty of perjury, has been included with the bid. If a completed Questionnaire has not been included with the bid as required by the IFB procedures, the bidder may be deemed to be non-responsive and may be disqualified from the bidding process.

2. **Posting of CRP Questionnaires and Subcontractor List**: Requesting Divisions will forward to PSD the completed CRP Questionnaires and subcontractor list(s), if any, submitted by the responsive bidders to make available for public review as follows:

   a. If a contract is to be awarded pursuant to a competitive bid process, the CRP Questionnaires for the three lowest responsive bidders and their list of proposed subcontractors, if any, will be forwarded to PSD to make them available for public review for a minimum period of 14 calendar days.

   b. If a contract is to be awarded pursuant to a proposal (RFP) or qualifications (RFQ) and award is not based on the lowest submitted bid price, the CRP Questionnaires for the short-listed proposers and their list of proposed subcontractors, if any, will be forwarded to PSD to make them available for public review for a minimum period of 14 calendar days. If no short-listing procedure is used, the CRP Questionnaire for the prospective contractor shall be made available for public review for a minimum period of 14 calendar days.

   c. If a contract is to be awarded to a Sole Source, the CRP Questionnaire for the proposed contractor and their list of proposed subcontractors, if any, will be forwarded to PSD to make it available for public review for a period of 14 calendar days.

   d. No contract shall be awarded to any bidder until at least 14 calendar days after the CRP Questionnaire has been made available for public review. If administrative or technical errors prevent or delay the posting of the CRP Questionnaire, the posting period will be extended by the amount of time that the CRP Questionnaire was not available for public review.

   e. The CRP Questionnaire of the bidder/proposer awarded the contract will be retained by the Requesting Division as part of the contract file. The CRP Questionnaires for the bidders/proposers not awarded the contract will be retained in the customary manner by the Requesting Division.

3. **Claims Resulting from Public Review:**

   a. Claims regarding a bidder or contractor's responsibility should be submitted to PSD in writing. However, PSD may investigate a claim regarding a bidder's or a contractor's responsibility, whether or not it is submitted in writing, if PSD in its discretion

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

b. If PSD receives information which calls into question a bidder's responsibility, and the information was received **before** the contract has been executed, PSD shall:

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

c. If PSD receives written information that calls into question a contractor's responsibility, and the information was received **after** the contract has been executed, PSD shall investigate the matter as required in Section G, LAWA INVESTIGATION.

D. AWARD AND EXECUTION OF CONTRACTS

1. Departmental Determination of Responsibility and Award of Contract:

a. Requesting Division and the Awarding Authority shall determine whether a bidder/contractor is a responsible bidder, proposer or contractor with the necessary trustworthiness, quality, fitness and capacity to perform the work set forth in the proposed contract by considering the following:

(1) Information contained in the CRP Questionnaire;
(2) Information and documentation from PSD's investigation;
(3) Information regarding the bidder's, proposer's or contractor's past performance that may be contained in the City of Los Angeles' Contractor Evaluation Database.
(4) Information that may be available from any compliance or regulatory governmental agency, and
(5) Any other reliable information that may be available, including but not limited to information from any individual or any other governmental agency.

b. The Board may award and the Executive Director may execute a contract with a bidder or proposer only if:

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

2. Submission of Pledge of Compliance:

a. Unless otherwise exempt from the CRP, all bid/proposal submissions (RFBs, RFPs and RFQs) are required to contain a Pledge of Compliance with the CRP signed under penalty of perjury. Failure to submit a CRP Pledge of Compliance with the bid/proposal may make the bidder non-responsive and disqualified from the bidding process.

b. Within 10 calendar days of execution of a contract with LAWA, the contractor shall submit to LAWA a signed CRP Pledge of Compliance from each subcontractor listed as performing work on the contract.

3. Subcontractor Responsibility:

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

4. **Execution of Contracts:**

   a. Unless exempt from the CRP, all contracts shall contain language obligating the contractor to comply with the CRP.
   b. No contract may be executed unless:

      (1) The proposed contractor has submitted a signed Pledge of Compliance with the CRP.
      (2) The proposed contractor's CRP Questionnaire, unless otherwise exempt, has been made available for public review for at least 14 calendar days in accordance with these Rules and Regulations.

E. CONTRACT AMENDMENTS

1. Compliance with the CRP, except for the requirement to submit a CRP Questionnaire, is required in contract amendments if the initial contract was not subject to the CRP, but the total term and amount of the contract, inclusive of all amendments, would make the contract subject to the CRP.

   a. A contractor subject to the CRP because of an amendment shall submit a CRP Pledge of Compliance to the Requesting Division before the contract amendment can be executed.

   b. Unless exempt from the CRP, all contract amendments shall contain contract language obligating the contractor to comply with the CRP.

F. CONTRACTOR NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION

1. **Notification of Investigations**: Contractors shall:

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

   b. Notify the Requesting Division and PSD within 30 calendar days of becoming aware of a violation or finding of violation of any applicable federal, state, or local law involving its subcontractors or sub-sub-contractors at any level in the performance of a LAWA contract.

2. **Update of CRP Questionnaire Information**:

a. Updates of information contained in the contractor's responses to the CRP Questionnaire shall be submitted to the Requesting Division and PSD within 30 days of any changes to the responses if the change would affect the contractor's responsibility or ability to continue performing the contract.

b. PSD or the Requesting Division shall determine whether a contractor in a specific situation should have provided information or updated information.

(1) If PSD or the Requesting Division becomes aware of new information concerning a contractor and determines that the contractor should have provided information or updated LAWA with such information, but the contractor has not done so, PSD shall issue a written notice to the contractor requiring the contractor to submit the required information within 10 calendar days.

(2) If PSD or the Requesting Division becomes aware of new information concerning a subcontractor and determines that the subcontractor should have provided information or updated LAWA of such information, but the subcontractor has not done so, PSD shall issue a written notice to the contractor requiring the subcontractor to submit the required information within 10 calendar days.

c. Contractor's failure to provide information or updated information when required by LAWA, the CRP or these Rules and Regulations may be considered a material breach of the contract, and, additionally, may result in the initiation of a non-responsibility hearing pursuant to Section I of these Rules and Regulations.

3. **Contractors shall ensure that subcontractors provide information and updates.** Contractors shall ensure that subcontractors performing work on their LAWA contract abide by these same updating requirements, including the requirement to:

a. Notify the Requesting Division and PSD within 30 calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the subcontractor did not comply with any applicable Federal, State, or local law in the performance of the LAWA or City contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees

b. Notify the Requesting Division and PSD within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the subcontractor violated any applicable Federal, State, or local law in the performance of a LAWA or City of Los Angeles contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

4. **Submission of CRP Questionnaires and Updates of CRP Questionnaire Is Not Applicable to Subcontractors:** The requirement that contractors submit to LAWA CRP Questionnaires and updates to the CRP Questionnaire responses does not apply to subcontractors.

G. LAWA INVESTIGATION

1. **Reporting of Alleged Violations:** Allegations of violations of the CRP or these Rules and Regulations shall be reported to PSD. Complaints regarding a bidder's, proposer's or contractor's responsibility should be submitted to PSD in writing. However, PSD may investigate any claim or complaint regarding a bidder's, proposer's or a contractor's responsibility, whether or not it is submitted in writing. Whether based on a written complaint or otherwise, PSD shall be responsible for investigating such alleged violations.

2. **Process**:

   a. Upon receipt of a complaint or upon initiation of an investigation, PSD shall notify the Requesting Division, the Awarding Authority and the bidder, proposer or contractor in writing that an investigation has been initiated.

   b. The bidder, proposer or contractor shall cooperate fully with PSD in providing information. If the bidder/proposer or contractor fails to cooperate with PSD's investigation or fails to timely respond to PSD's requests for information, LAWA may initiate a non-responsibility hearing as set forth in Section I of these Rules and Regulations. A contractor's failure to cooperate may be deemed a material breach of the contract, and the City may pursue all available remedies.

   c. To the extent permissible, PSD shall maintain the identity of the complainant, if any, confidential.

   d. Upon completion of the investigation, PSD shall prepare a written report of the findings and notify the Requesting Division, the Awarding Authority and the bidder, proposer or contractor of the results.

3. **Results of Investigation:**

   a. When an investigation is completed before the contract is awarded, PSD shall notify the Requesting Division and the Awarding Authority of the results, and Requesting Division and the Awarding Authority will consider the information as part of the determination of a bidder's responsibility during the bid/proposal review process.

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

(1) If violations of the CRP are found, PSD shall notify the Requesting Division and contractor of the violation and require the contractor to make corrections or take reasonable measures within 10 calendar days.

(2) If the contractor fails to make corrections as required, PSD shall notify the Requesting Division and the Awarding Authority and may recommend that the Awarding Authority:

(i) Terminate the contract.

(ii) Initiate a hearing to declare the contractor a non-responsible contractor.

H. VIOLATIONS OF THE CRP OR THESE RULES AND REGULATIONS

1. Violations of the CRP or of these Rules and Regulations may be considered a material breach of the contract and may entitle LAWA or the City to terminate the contract.

2. Alleged violations of the CRP or of these Rules and Regulations shall be reported to the PSD which will investigate all such complaints.

3. When a violation of the CRP or of these Rules and Regulations is found, PSD shall notify the contractor and the Awarding Authority of the violation. PSD shall require the contractor to correct the violation within 10 calendar days. Failure to correct violations or take reasonable measures to correct violations within 10 calendar days may result in PSD:

   a. Recommending that the Awarding Authority declare a material breach of the contract and that the Awarding Authority exercise all contractual and legal remedies available, including but not limited to termination of the contract, and/or

   b. Recommending that the Awarding Authority declare the contractor a non-responsible contractor by initiating, within 30 calendar days or as soon as practicable, a non-responsibility hearing in accordance with Section I of these Rules and Regulations.

I. NON-RESPONSIBILITY HEARING

1. The process of declaring a bidder or contractor a non-responsible bidder or contractor shall be initiated by the Awarding Authority after consultation with the City Attorney's Office.

2. Before a bidder, proposer or contractor may be declared non-responsible, the bidder, proposer or contractor shall be notified of the proposed determination of non-responsibility and provided with an opportunity for a hearing.

3. The Awarding Authority or the Executive Director's designee shall preside over the non-responsibility hearing and shall provide the bidder, proposer or contractor with the following:

a. The bidder, proposer or contractor shall be provided with written Notice of intent to declare the bidder, proposer or contractor non-responsible ("Notice") which shall state that the Awarding Authority intends to declare the bidder, proposer or contractor a non-responsible bidder or contractor.

b. The Notice shall provide the bidder, proposer or contractor with the following information:

(1) That the Awarding Authority intends to declare the bidder or contractor a non-responsible bidder, proposer or contractor.
(2) A summary of the information upon which the Awarding Authority is relying.
(3) That the bidder, proposer or contractor has a right to respond to the information by requesting a hearing to rebut adverse information and to present evidence of its necessary trustworthiness, quality, fitness and capacity to perform the work required under the contract.
(4) That the bidder, proposer or contractor must exercise the right to a hearing by submitting to the Awarding Authority a **written request** for a hearing **within 10 working days** of the date of the Notice.
(5) That failure to submit a written request for hearing within 10 working days of the date of the Notice shall be considered a waiver of the right to a hearing that allows the Awarding Authority to proceed with the determination of non-responsibility.

c. If the bidder or contractor submits a written request for a hearing, the hearing may be held by the Awarding Authority for recommendation to the Board, which shall make the final decision.

d. The hearing must allow the bidder, proposer or contractor an opportunity to address the issues contained in the Notice of Intent to declare the bidder, proposer or contractor non-responsible.

e. The Awarding Authority may determine that the bidder, proposer or contractor:
(1) Does not possess the necessary trustworthiness, quality, fitness, or capacity to perform the work set forth in the proposed contract, should be declared a non-responsible bidder, proposer or contractor, and recommend to the Board invocation of the remedies set forth in Section J of these Rules and Regulations.
(2) Should not be declared a non-responsible bidder or contractor.

f. The Board's determination shall be final and constitute exhaustion of administrative remedies.

g. The Board's final decision shall be in writing and shall be provided to the bidder,

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

J. NON-RESPONSIBILITY SANCTIONS

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

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

2. An existing **contractor** found non-responsible by LAWA may be declared to have a material breach of contract, and LAWA may exercise its contractual and legal remedies thereunder, which are to include, but are not limited to termination of the contract.

3. Upon final determination of a bidder, proposer or contractor as non-responsible, PSD shall provide the Requesting Division and the bidder, proposer or contractor with a written notice summarizing the Awarding Authority's findings and sanctions.

4. PSD shall maintain a listing of bidders/proposers and contractors who have been found non-responsible by LAWA pursuant to the CRP.

K. EXEMPTIONS

1. **Categorical Exemption**: The following types of contracts are categorically exempt from the CRP and these Rules and Regulations:

   a. Contracts with a governmental entity such as the United States of America, the State of California, a county, city or public agency of such entities, or a public or quasi-public corporation located therein and declared by law to have such status.

   b. Contracts for the investment of trust moneys or agreements relating to the management of trust assets.

   c. Banking contracts entered into by the Treasurer pursuant to California Government Code Section 53630 et seq.

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

EXHIBIT Q
Contractor Responsibility Program (CRP)
Pledge of Compliance

a. Contracts awarded on the basis of exigent circumstances when the Awarding Authority finds the City would suffer a financial loss or that City operations would be adversely impacted.
   (1) This exemption is subject to approval by PSD.
   (2) The Awarding Authority shall submit a request to PSD for waiver along with written certification that the required conditions exist.
   (3) No contract may be exempted under this provision unless PSD has granted written approval of the waiver.

b. Contracts where the goods or services are proprietary or available from only one source.
   (1) This exemption is subject to approval by PSD.
   (2) The Awarding Authority shall submit a request to PSD for waiver along with written certification that the required conditions exist.
   (3) No contract may be exempted under this provision unless PSD has granted written approval of the waiver.

c. Contracts awarded in accordance with Charter Section 371(e)(5). The Awarding Authority must certify in writing that award is based on urgent necessity in accordance with Charter Section 371(e)(5).

d. Contracts entered into based on, Charter Section 371(e)(6), (7) or (8). The Awarding Authority must certify in writing that the contract is entered into in accordance with Charter Section 371(e)(6), (7) or (8).

EXHIBIT Q
Contractor Responsibility Program (CRP)
Pledge of Compliance

L. EFFECTIVE DATE OF RULES AND REGULATIONS

1. These Rules and Regulations apply to IFB's issued after the Executive Director has approved these Rules and Regulations.

2. These Rules and Regulations apply to contracts entered into by LAWA after the Executive Director has approved these Rules and Regulations.

3. Contracts amended after these Rules and Regulations are approved by the Executive Director will become subject to CRP and these Rules and Regulations if they meet definitions contained in the CRP and these Rules and Regulations.

M. CONSISTENCY WITH FEDERAL AND STATE LAW

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

N. SEVERABILITY

If any provision of the CRP or these Rules and Regulations are declared legally invalid by any court of competent jurisdiction, the remaining provisions remain in full force and effect.

LOS ANGELES WORLD AIRPORTS
CONTRACTOR RESPONSIBILITY PROGRAM
PLEDGE OF COMPLIANCE

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

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

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

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

_____
Company Name, Address and Phone Number

_____
Signature of Officer or Authorized Representative Date

_____
Print Name and Title of Officer or Authorized Representative

_____
Project Title

EXHIBIT R

First Source Hiring Program

FIRST SOURCE HIRING PROGRAM FOR AIRPORT EMPLOYEES

I. Purpose. The purpose of this First Source Hiring Program is to facilitate the employment of Targeted Applicants by Airport Employers. It is a goal of this First Source Hiring Program that this Program benefit Airport Employers by providing a pool of qualified job applicants through a non-exclusive referral system.

II. Definitions. As used in this Program, the following capitalized terms shall have the following meanings. All definitions include both the singular and plural form.

"Airport" shall mean Los Angeles International Airport.

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

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

"City" shall mean the City of Los Angeles.

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

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

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

"LAWA" shall mean Los Angeles World Airports.

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

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

"Program" shall mean this First Source Hiring Program.

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

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

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

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

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

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

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

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

V. Initial Airport Employer Roles.

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

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

VI. Airport Employer Hiring Process.

A. Notification of Job Opportunities. Prior to hiring for any Airport Job, an Airport Employer shall notify the Referral System, by e-mail or fax, of available job openings and provide a description of job responsibilities and qualifications, including expectations, salary, work schedule, duration of employment, required standard of appearance, and any special requirements (e.g., language skills, driver's license, etc.). Job qualifications shall be limited to skills directly related to performance of job duties.

B. Referrals. After receiving a notification under Section VI.A above, the Referral System shall within five days, or longer time frame agreed to by the Referral System and Airport Employer, refer to the Airport Employer one or more Targeted Applicants who meet the Airport Employer's qualifications.

C. Hiring.

1. New Employer Targeted Hiring Period. When making initial hires for the commencement of an Airport Employer's operations related to Airport, the Airport Employer shall consider and hire only Targeted Applicants for a two week period following provision of the notification described in Section VI.A. After this period, the Airport Employer shall make good-faith efforts to hire Targeted Applicants, but may consider and hire applicants referred or recruited through any source.

2. Established Employer Targeted Hiring Period. When making hires after the commencement of operations related to Airport, an Airport Employer shall consider and hire only Targeted Applicants for a five-day period following provision of the notification described in Section VI.A. After this period, the Airport Employer shall make good-faith efforts to hire Targeted Applicants, but may consider and hire applicants referred or recruited through any source.

3. Hiring Procedure During Targeted Hiring Periods. During the periods described in Sections VI.C.1 and VI.C.2 above, Airport Employers may hire Targeted Applicants recruited or referred through any source. During such periods Airport Employers shall use normal hiring practices, including interviews, to consider all applicants referred by the Referral System.

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

VIII. Reporting and Recordkeeping.

A. Reports. During the time that this Program is applicable to any Airport Employer, that Airport Employer shall, on a quarterly basis, notify the Referral System of the number, by job classification, of Targeted Applicants hired by the Airport Employer during that quarter, and the total number of employees hired by the Airport Employer for Airport Jobs during that quarter. Any Airport Employer who has not had hiring activity for the quarter, shall also notify the Referral System of such inactivity.

B. Recordkeeping. During the time that this Program is applicable to any Airport Employer, that Airport Employer shall retain records sufficient for monitoring of compliance with this Program with regard to each Airport Job, including records of notifications sent to the Referral System, referrals from the Referral System, job applications received from any source, number of Targeted Applicants hired, and total number of employees hired for Airport Jobs. To the extent allowed by law, and upon reasonable notice, these records shall be made available to LAWA and to the Referral System for inspection upon request. The Coalition Representative may request that LAWA provide such records at anytime. Records may be redacted so that individuals are not identified by name and so that information required by law to remain confidential is excluded.

C. Complaints. If LAWA, the Coalition, or the Referral System believes that an Airport Employer is not complying with this Program, then the designated LAWA office shall be notified to ensure compliance with this program.

D. Liquidated Damages. Each Airport Employer agrees to pay to LAWA liquidated damages in the amount of One Thousand Dollars ($1,000) where LAWA finds that the Airport Employer has violated this Program with regard to hiring for a particular Airport Job. LAWA shall establish procedures providing to Airport Employers notice and an opportunity to present all relevant evidence prior to LAWA's final determination regarding an alleged violation. This liquidated damages provision does not preclude LAWA from obtaining any other form of available relief to ensure compliance with this Program, including injunctive relief.

IX. Miscellaneous.

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

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

B. Severability Clause. If any term, provision, covenant or condition of this Program is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall continue in full force and effect.

C. Binding on Successors. This Program shall be binding upon and inure to the benefit of the successors in interest, transferees, assigns, present and future partners, subsidiary corporations, affiliates, agents, representatives, heirs, and administrators of any party that has committed to comply with it. Any reference in this Program to a party shall be deemed to apply to any successor in interest, transferee, assign, present or future partner, subsidiary corporation, affiliate, agent, representative, heir or administrator of such party; provided, however, that any assignment, transfer or encumbrance of a lease agreement, permit or contract in which this Program is incorporated shall only be made in strict compliance with the terms of such lease agreement, permit or contract and the foregoing shall not constitute consent to any such assignment, transfer or encumbrance.

D. Lease Agreements and Contracts. Airport Employers shall not execute any sublease agreement or other contract under which Airport Jobs may occur directly or indirectly, unless the entirety of this Program is included as a material term thereof, binding on all parties.

E. Assurance Regarding Preexisting Contracts. Each Airport Employer warrants and represents that as of the date of execution of this Program, it has executed no sublease agreement or other contract that would violate any provision of this Program had it been executed after the date of incorporation of this Program into a binding contract.

F. Intended Beneficiaries. LAWA, the Coalition, and the Referral System are intended third-party beneficiaries of contracts and other agreements that incorporate this Program with regard to the terms and provisions of this Program. However, the parties recognize that only LAWA has the sole responsibility to enforce the provisions of this Program.

G. Material Terms. All provisions of this Program shall be material terms of any lease agreement or contract in which it is incorporated.

H. Effective Date. Section VI of this Program shall become effective on the effective date of the contract or agreement into which it is incorporated.

I. Construction. Any party incorporating this Program into a binding contract has had the opportunity to be advised by counsel with regard to this Program. Accordingly, this Program shall not be strictly construed against any party, and

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

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

EXHIBIT S

(Intentionally Omitted)

EXHIBIT S

(Intentionally Omitted)

EXHIBIT T

Approved Form of Payment List

EXHIBIT T

APPROVED FORM OF PAYMENT LIST

U.S. Currency
VISA
Master Card
American Express
Discovery
All other bank cards

EXHIBIT U

Schedule of Administrative Fees

EXHIBIT U

SCHEDULE OF ADMINISTRATIVE FEES

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

EXHIBIT V

(Intentionally Omitted)

EXHIBIT V

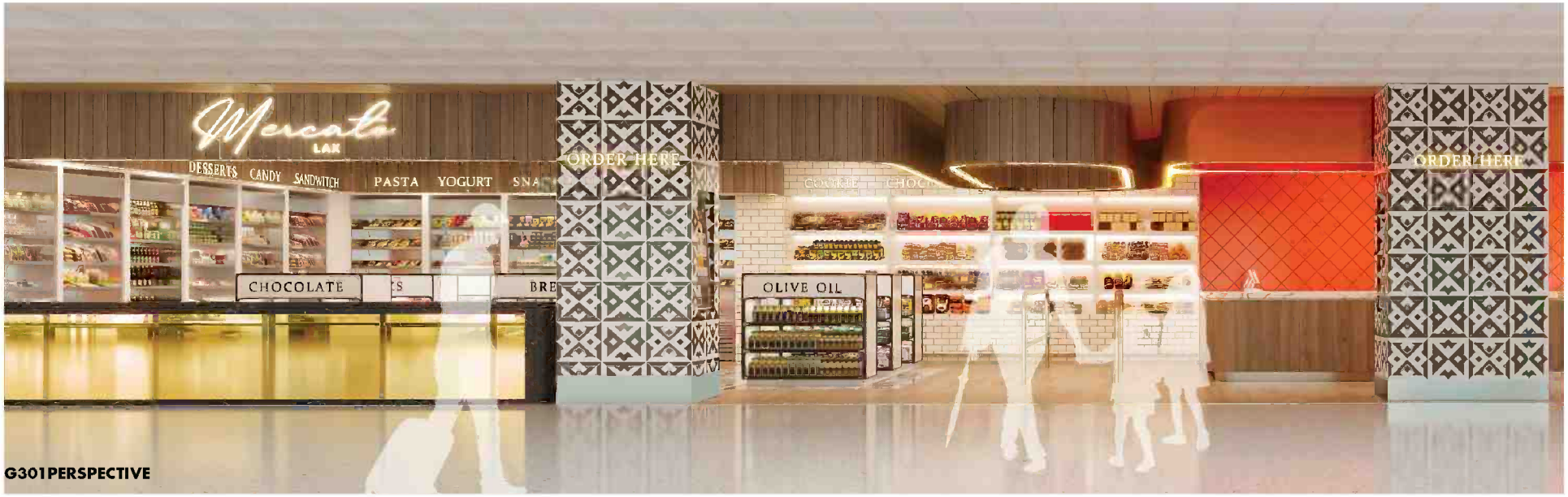
(Intentionally Omitted)

EXHIBIT W

Initial Improvement Plan

Mercato

G301/G302 PERSPECTIVE



G301 PERSPECTIVE

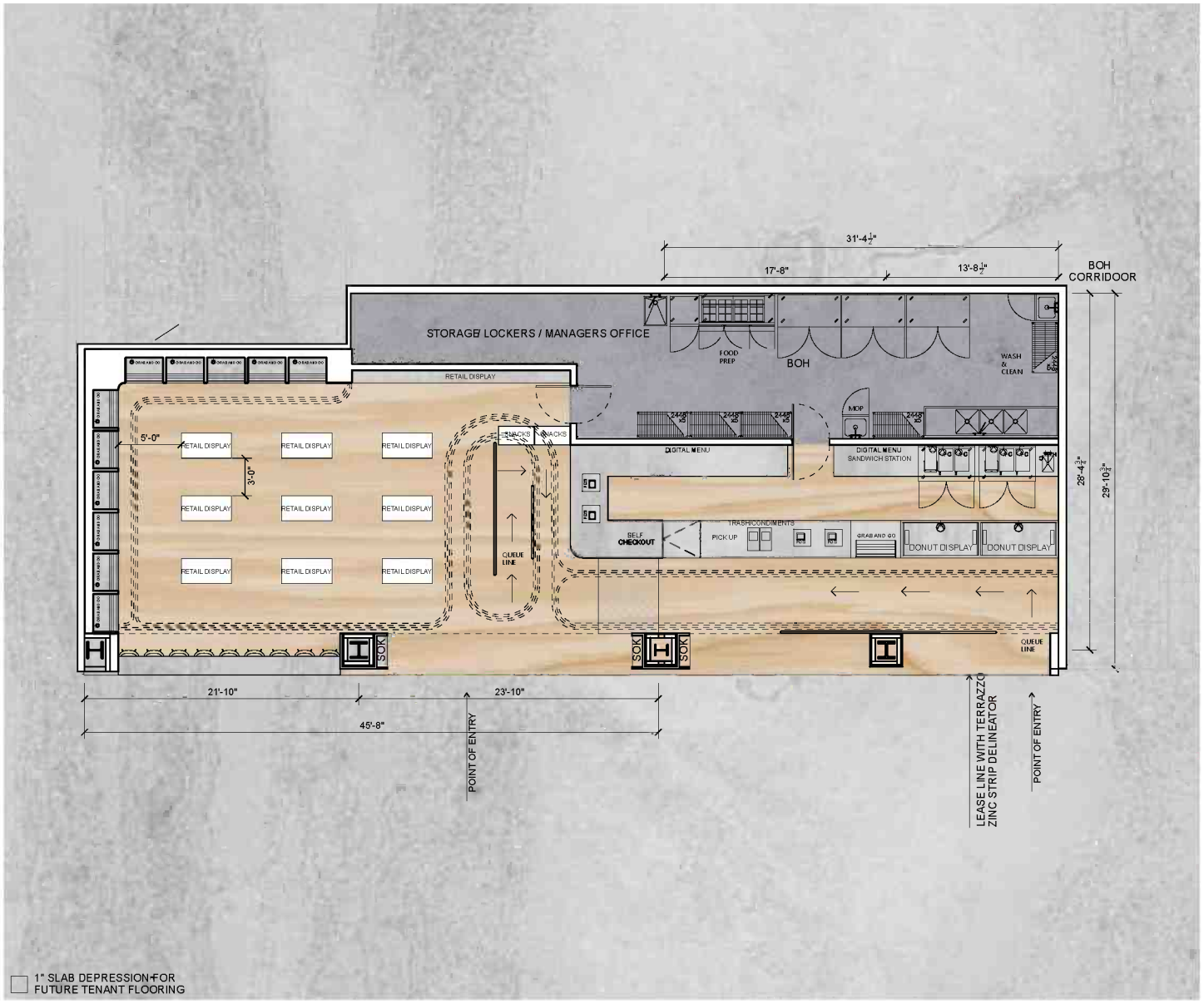
Mercato

G301 / G302 PERSPECTIVE

Mercato

We designed this space to convey the delight and wonder that guests experience wandering through Downtown L.A.'s iconic Grand Central Market. The material combination of locally-sourced wood, exotic tile and warm LED lighting creates an inviting atmosphere that beckons travelers to come in and explore. Once they're inside, guests will love the wide circulation areas with exciting local gourmet items housed in modern LED-lit industrial display cases. It's an immersive and entertaining experience that evokes the lazy weekend glamour of a visit to Grand Central Market, or the original Farmers Market, or any number of pop-up fresh gourmet markets that are regularly hosted throughout the Southland.

Other key details include a warm golden-colored fluted glass seating counter with excellent views out to the corridor for people-watching and monitoring terminal activity. Wall shelving is lit with warm LED lighting and stocked with Grab & Go items, and the exotic tile-covered column has an embedded self-ordering kiosk for guests who want to quickly grab something and be on their way. The Mercato experience offers an authentic taste of L.A.'s gourmet international marketplace culture, rooted in the spirit of an open-air Mediterranean bazaar in an attractive minimal space that is easy to navigate and lets the beautiful gourmet products do the talking.



G301/G302 PLAN

DUNKIN'

G301/G302 PERSPECTIVE

G302 PERSPECTIVE

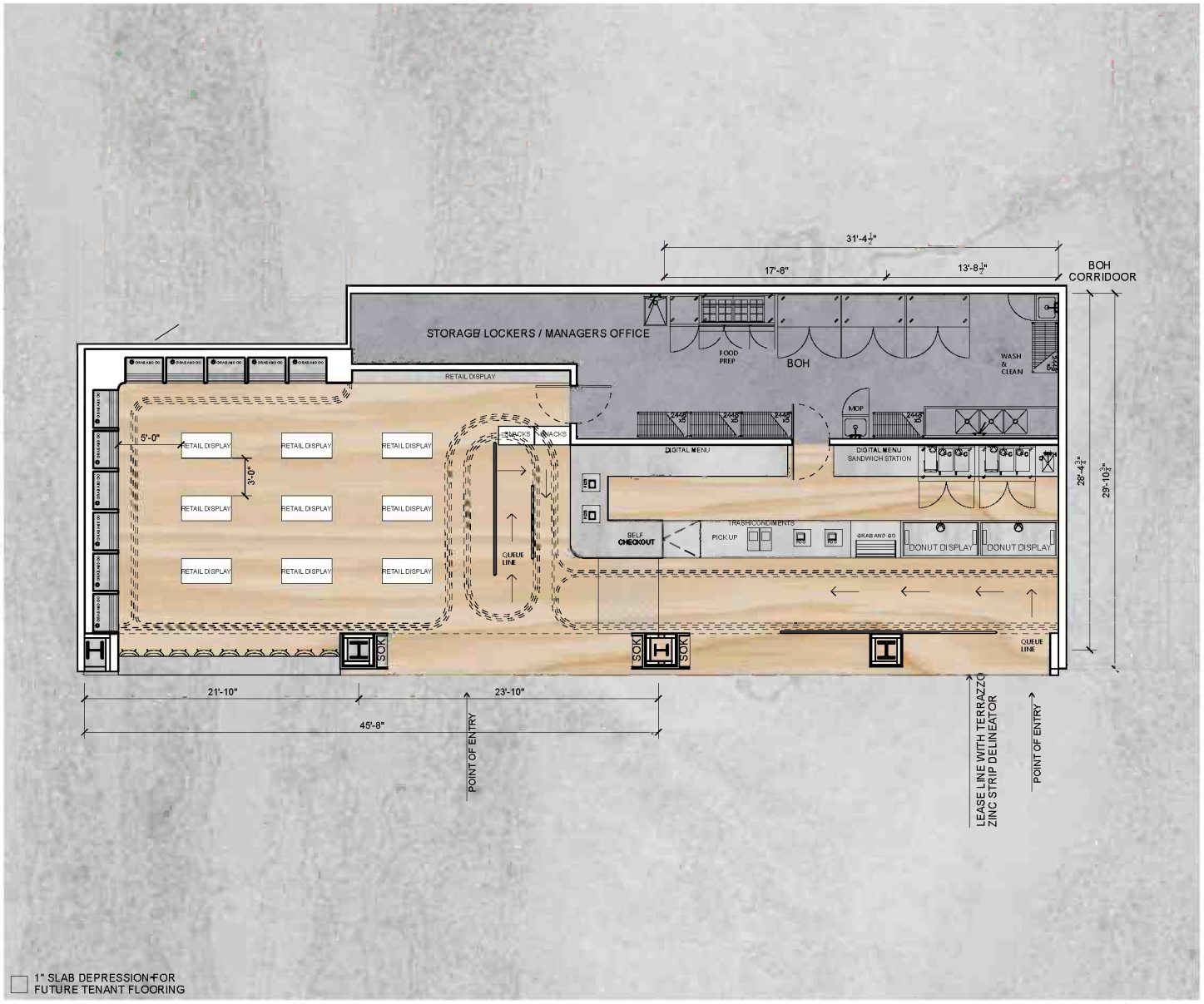
DUNKIN'

G101 PERSPECTIVE

DUNKIN'

Dunkin' is a tried and true favorite with airport travelers for fast, reliable service and consistent menu offerings. We wanted to honor them with an upscale version featuring a bit of Hollywood flash, amplifying their iconic brand colors with an exciting facade that will draw more than a few double takes from Terminal 4 travelers. Our pre-security Dunkin' location is sure to benefit from this glam appeal - it catches your eye like an Angeleyne billboard, and next thing you know you're in line to grab a quick coffee.

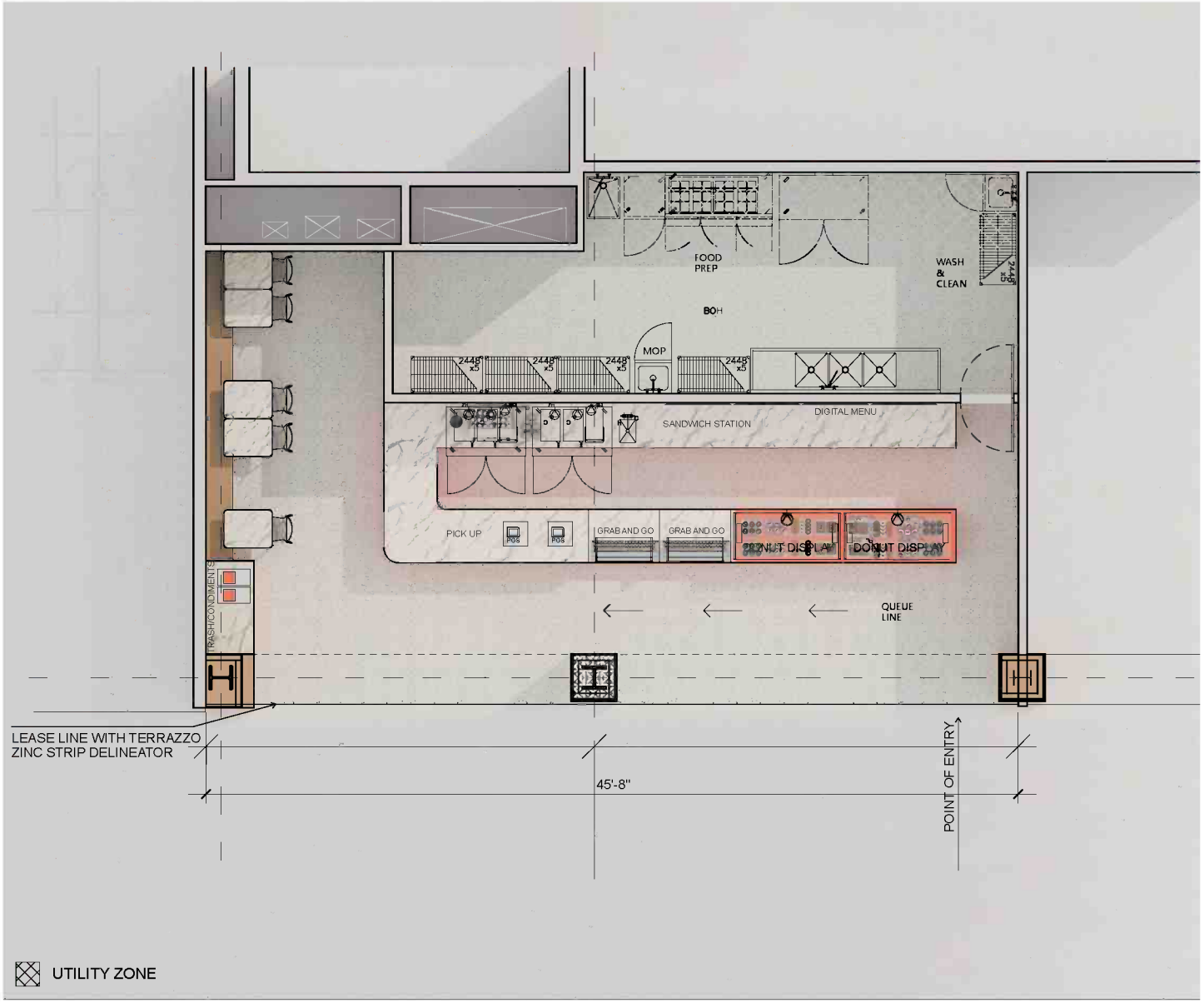
The same goes for the post-security Dunkin' unit adjacent to our Mercato Gourmet Market. Here we created a unique soffit segue that transitions from warm marketplace wood into Dunkin's electric high pressure laminate. Exciting brand-colored ceramic tile brings the backsplash alive, and the whole experience is grounded in locally-sourced warm wood counter facades. The space is designed for optimal flow with one entry point on the right and an exit point on the left, with two convenient tech-enabled self-ordering kiosks on the pillars for customers on the move who need to grab something and go catch their flight.



G301/G302 PLAN

1" SLAB DEPRESSION FOR FUTURE TENANT FLOORING

DUNKIN'

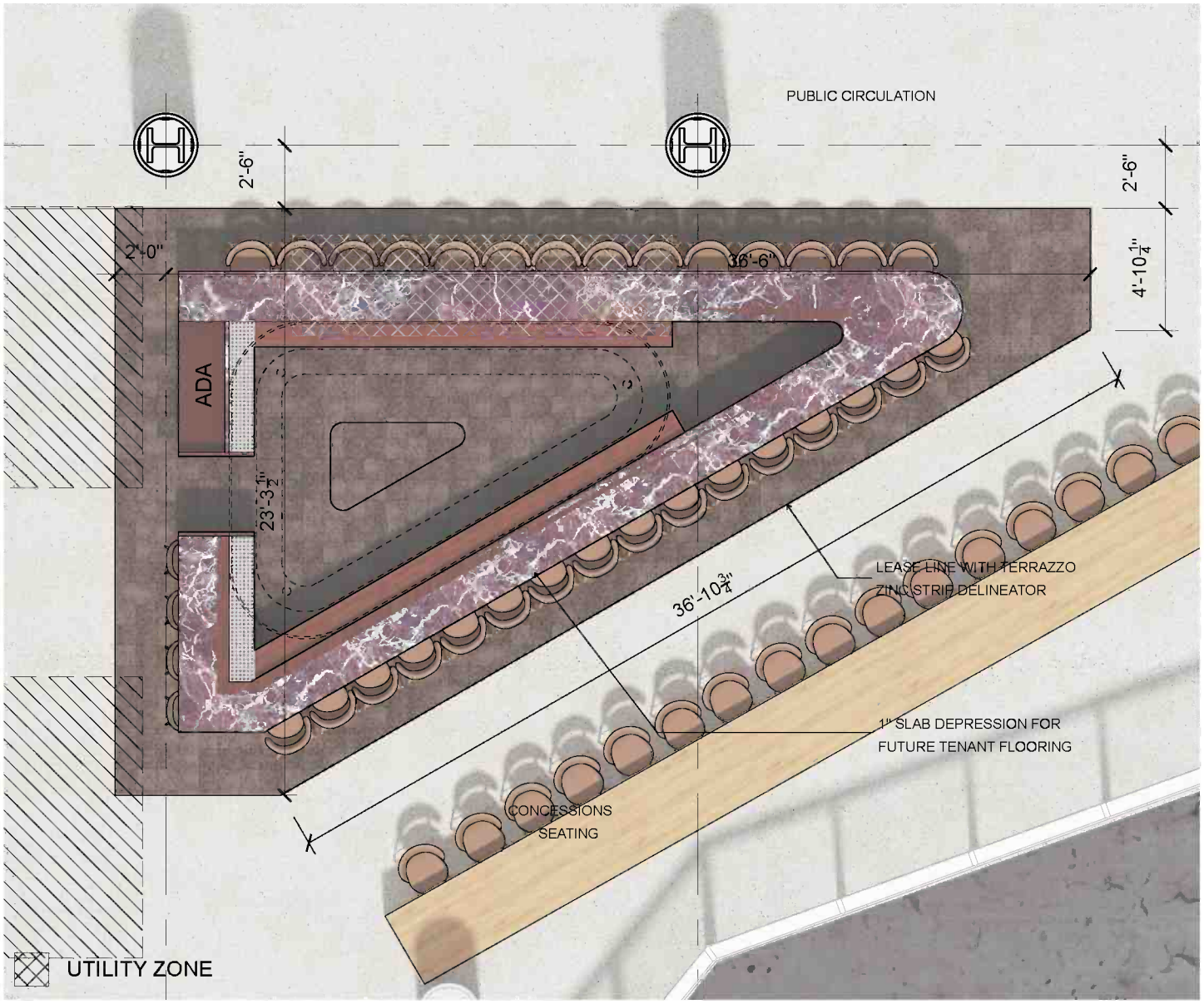


G101 PLAN

G303 PERSPECTIVE

Our 7 Grand unit pays homage to the minimally swank Downtown whiskey bar on 7th & Grand, bringing a touch of nature into the space to capitalize on its excellent terminal location. We grounded the bar in locally-sourced warm woods that evoke the spirit of smoked earth single malts and sweet caramel bourbons. Golden L.A. sunshine glides in from the ample windows, complementing the green wall element to produce a warm and hospitable environment that celebrates the glamour of nature. Low-slung pendant lights accentuate the space without obstructing views to the main corridor.

Rail seating provides excellent entertainment for guests who enjoy a bit of people-watching, but it also means you can keep an eye on gate activity and not miss your flight. It's a simple yet naturalistic space where highly trained bartenders can go to work on both traditional and innovative cocktails for Terminal 4 guests. 7 Grand takes pride in offering an engaging and interactive experience for its customers, ensuring its bartenders promote an inviting social environment rooted in a love for sharing deep whiskey knowledge. Our Terminal 4 space is a clean and nature-filled environment where guests take center stage and perform the act of joy.



G303 PLAN

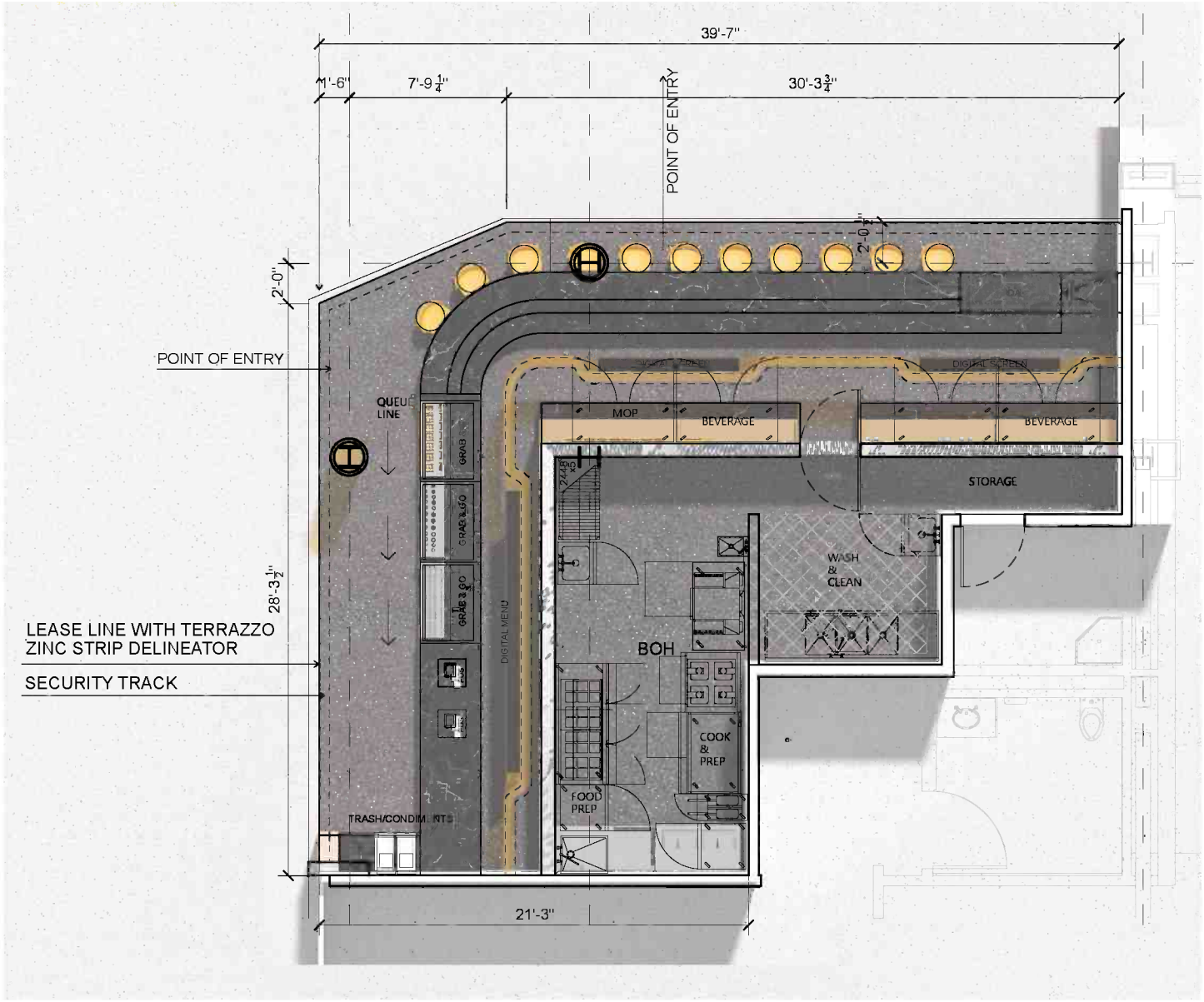
california PIZZA KITCHEN

G304 PERSPECTIVE

california PIZZA KITCHEN

California Pizza Kitchen is a true innovator in the world of California cuisine, introducing multiple unique items to the market including gluten-free dough, cauliflower crust and healthy "Power Bowls". They deliver this innovation with a casual and inviting embrace, and we are excited to provide this experience for Terminal 4 guests. We looked for creative ways to bring nature into the space without being either too literal or too abstract, leading to inclusion of warm woods and a golden brass column that together evoke the feeling of eternal L.A. sunshine.

This spirit of nature is enhanced with a black and white tile design that resembles a flock of animals in motion... think of shorebirds taking flight from Playa Del Rey's wetlands, or schools of fish roaming through the Pacific. Other natural touches include an engineered stone counter and warm LED lighting. The space is conveniently divided into bar and Grab & Go sections, meaning guests get to choose their own experience based on time and taste. It's casual comfort that lets the customer star in their own show.



G304 PLAN

EXHIBIT X

Permitted Uses [and Brands / Concepts]

Exhibit X

Description of Permitted Uses

Permitted Uses, Package 'A'

"**Coffee (national/branded)**" concession for the operation of a coffee/tea café providing for the sale, at retail, of : **(a) Dunkin'**: offering hot and cold freshly brewed Dunkin-branded regular and gourmet beverages (such as coffees, teas, cocoa, steamed milk, cappuccino, espresso drinks, frozen drinks, and hot and cold coffee and tea-based beverages), including: (i) breakfast sandwiches and wraps; (ii) donuts, pastries and baked goods (such as bagels, muffins); (iii) packaged coffee/tea and other branded merchandise, and for no other use or purpose.

"Retail Market (local/regional)" concession providing for the sale, at retail, of: **(a) Mercato:** the following food and beverage products or retail offerings: (i) freshly-prepared 'grab & go' offerings to adequately support all dayparts (breakfast, lunch/dinner) including, pastries and baked-goods, sandwiches, wraps, and salads; (ii) assorted bottled beverages, including soft drinks, juices, water, beer and wine (for on Premises consumption only); (iii) local and regionally made/sourced gift items, confectionary items, collectables (non-souvenir), branded merchandise, and packaged food and beverage items for on-site and off-site consumption, and for no other use or purpose.

"Specialty Bar" concession for the operation of an upscale bar serving a variety of food and beverage to adequately support all dayparts (breakfast, lunch/dinner), including: **(a) 7 Grand:** (i) a selection of assorted beer and wine, and spirited alcoholic beverages, and (ii) a variety of food items inclusive of breakfast items, sandwiches, flatbreads, small plates, snacks, charcuterie, salads and desserts, and incidental thereto, the sale of (iii) espresso, coffee, tea-based beverages and other non-alcoholic beverages, and (iv) branded merchandise and promotional items bearing Concessionaire's or the venue's name, logo, or trademarks (including, without limitation, apparel, drinkware, and accessories), provided such sales are incidental and subordinate to the primary food and beverage operation, and for no other use or purpose. Concessionaire hereby acknowledges and agrees that Concessionaire's sale of alcohol is contingent upon Concessionaire obtaining all applicable permits and licenses for the sale and consumption of alcohol, and Concessionaire's inability to obtain the same shall not affect the Unit Commencement Date.

"Quick Service Restaurant (QSR – local/regional)" concession for the operation of a quick service restaurant with a walk up 'to-go' section, serving a variety of food and beverage products, including: **(a) California Pizza Kitchen ("CPK"):** (i) freshly-prepared breakfast specialties, sandwiches, salads, pastas, and made to order pizzas and sandwiches, desserts, and incidental thereto, the sale of (ii) assorted beer and wine (for on Premises consumption only),

espresso, coffee, tea-based beverages, and other non-alcoholic beverages, and for no other use or purpose.

EXHIBIT Y

Concession Guaranty re: XXXPROPSERPARTNERXXX

EXHIBIT Y

GUARANTY AGREEMENT BETWEEN THE CITY OF LOS ANGELES AND ***DFA FULL LEGAL NAME* COVERING THE LOS ANGELES INTERNATIONAL AIRPORT _____CONCESSION AGREEMENT LAA-_____ AT LOS ANGELES INTERNATIONAL AIRPORT**

This **GUARANTY AGREEMENT** ("**Guaranty**") is made and entered into as of _____ , 20____, in Los Angeles, California, by and between **THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS**, a municipal corporation ("**City**" or "**LAWA**"), acting by order of and through its Board of Airport Commissioners ("Board"), and ***FULL LEGAL NAME*** ("**Guarantor**").

BACKGROUND

LAWA and _____ entered into the LOS ANGELES INTERNATIONAL AIRPORT _____ CONCESSION AGREEMENT, dated as of _____, for a _____ ("**Concession Agreement**") at Los Angeles International Airport ("**Airport**");

As a condition to LAWA's execution of the Concession Agreement, Guarantor is providing this Guaranty.

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

1. In connection with and subject to the Assignment, Guarantor unconditionally guaranties to LAWA performance including but not limited to the prompt payment when due of the rent, additional rent and all other charges payable by CONCESSIONAIRE under the Concession Agreement, and full and faithful performance of the other covenants (including, without limitation, the indemnities contained in the Concession Agreement); and Guarantor unconditionally covenants to LAWA that if (a) default or breach shall at any time be made by CONCESSIONAIRE in the covenants to pay rent and additional rent or any other charges payable under the Concession Agreement or in the performance of any of the other covenants and (b) written notice of any such default or breach shall have been given by LAWA to CONCESSIONAIRE and CONCESSIONAIRE shall not have cured such default or breach after the expiration of applicable notice and grace periods, if any, provided for in the Concession Agreement (except that the foregoing clause (b) shall be inapplicable if CONCESSIONAIRE shall be bankrupt or insolvent), then Guarantor shall well and truly perform (or cause to be performed) the covenants, and pay (or cause to be paid) said rent, additional rent or other charges or arrears thereof that may remain due thereon to LAWA, and also all damages that may arise in consequence of the non-performance of the covenants, or any of them. Guarantor shall pay to LAWA, within ten (10) business days after written notice, all expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by LAWA in connection with the enforcement or protection of LAWA's rights hereunder or under the Concession Agreement. This Guaranty is a guaranty including but not limited to payment, not collection.

2. The liability of Guarantor hereunder shall not be impaired, abated, deferred, diminished, modified, released, terminated or discharged, in whole or in part, or otherwise affected, by any event, condition, occurrence, circumstance, proceeding, action or failure to act, with or without notice to, or the knowledge or consent of, Guarantor, including, without limitation:

(a) any amendment, modification or extension of the Concession Agreement or any covenant;

(b) any extension of time for performance, whether in whole or in part, of any covenant given prior to or after default under the Concession Agreement;

(c) any exchange, surrender or release, in whole or in part, of any security which may be held by LAWA at any time for or under the Concession Agreement;

(d) any waiver of or assertion or enforcement or failure or refusal to assert or enforce, in whole or in part, any covenant, claim, cause of action, right or remedy which LAWA may, at any time, have under the Concession Agreement or with respect to any guaranty or any security which may be held by LAWA at any time for or under the Concession Agreement or with respect to CONCESSIONAIRE;

(e) any act or thing or omission or delay to do any act or thing which (i) may in any manner or to any extent vary the risk of Guarantor or (ii) would otherwise operate as a discharge of Guarantor as a matter of law;

(f) the release of any other guarantor from liability for the performance or observance of any covenant, whether by operation of law or otherwise;

(g) LAWA's consent to any assignment or subletting or the assignment or successive assignments of the Concession Agreement by CONCESSIONAIRE, or any subletting of the premises demised under the Concession Agreement by CONCESSIONAIRE;

(h) the failure to give Guarantor any notice whatsoever, other than any notice that LAWA is required to give pursuant to this Guaranty and pursuant to the Concession Agreement;

(i) any right, power or privilege that LAWA may now or hereafter have against CONCESSIONAIRE or any collateral;

(j) any assignment, conveyance, mortgage, merger or other transfer, voluntary or involuntary (whether by operation of law or otherwise), of all or any part of CONCESSIONAIRE's interest in the Concession Agreement;

(k) any assignment, conveyance, mortgage, merger or other transfer, voluntary or involuntary (whether by operation of law or otherwise) of all or part of the interest or rights of LAWA under the Concession Agreement; or

(l) the bankruptcy or insolvency of CONCESSIONAIRE.

3. To charge Guarantor under this Guaranty no demand shall be required, Guarantor hereby expressly waiving any such demand. LAWA shall have the right to enforce this Guaranty without pursuing any right or remedy of LAWA against CONCESSIONAIRE or any other party, or any security LAWA may hold. LAWA may commence any action or proceeding based upon this Guaranty directly against Guarantor without making CONCESSIONAIRE or anyone else a party defendant in such action or proceeding. Any one or more successive and/or concurrent actions may be brought hereon against Guarantor either in the same action, if any, brought against CONCESSIONAIRE and/or any other party or in separate actions, as often as LAWA, in its sole discretion, may deem advisable.

4. This Guaranty shall be binding upon Guarantor and its heirs, successors and assigns, and shall inure to the benefit of and may be enforced by the successors and assigns of LAWA or by any party to whom LAWA's interest in the Concession Agreement or any part thereof, including the rents, may be assigned whether by way of mortgage or otherwise. Wherever in this Guaranty reference is made to either LAWA or CONCESSIONAIRE, the same shall be deemed to refer also to the then successor or assign of LAWA or CONCESSIONAIRE.

5. Except to the extent this Section is inconsistent with Section 13 herein, Guarantor hereby expressly waives and releases (a) notice of the acceptance of this Guaranty and notice of any change in CONCESSIONAIRE's financial condition; (b) the right to interpose any substantive or procedural defense of the law of guaranty, indemnification or suretyship, except the defenses of prior payment or prior performance (whether before, during or after any applicable notice and grace periods) by CONCESSIONAIRE (of the obligations which Guarantor is called upon to pay or perform under this Guaranty); (c) all rights and remedies accorded by applicable law to guarantors or sureties, including, without limitation, any extension of time conferred by any law now or hereafter in effect; (d) the right to trial by jury, in any action or proceeding of any kind arising on, under, out of, or by reason of or relating, in any way, to this Guaranty or the interpretation, breach or enforcement thereof; (e) the right to interpose any defense (except as allowed under (b) above), set off or counterclaim of any nature or description in any action or proceeding; and (f) any right or claim of right to cause a marshalling of CONCESSIONAIRE's assets or to cause LAWA to proceed against CONCESSIONAIRE and/or any collateral held by LAWA at any time or in any particular order. Guarantor hereby agrees that this Guaranty constitutes a written consent to waiver of trial by jury pursuant to the provisions of California Code of Civil Procedure Section 631, and Guarantor does hereby constitute and appoint LAWA its true and lawful attorney-in-fact, which appointment is coupled with an interest, and Guarantor does hereby authorize and empower LAWA, in the name, place and stead of Guarantor, to file this Guaranty with the clerk or judge of any court of competent jurisdiction as a statutory written consent to waiver of trial by jury at LAWA's sole discretion. Guarantor does not waive or release any defenses set forth in Section 13.

6. Without limiting Guarantor's obligations elsewhere under this Guaranty, if CONCESSIONAIRE, or CONCESSIONAIRE's trustee, receiver or other officer with similar powers with respect to CONCESSIONAIRE, rejects, disaffirms or otherwise terminates the Concession Agreement pursuant to any bankruptcy, insolvency, reorganization, moratorium or any other law affecting creditors' rights generally, Guarantor shall automatically be deemed to have assumed, from and after the date such rejection, disaffirmance or other termination of the Concession Agreement is deemed effective, all obligations and liabilities of CONCESSIONAIRE under the Concession Agreement to the same extent as if Guarantor had been originally named instead of CONCESSIONAIRE as a party to the Concession Agreement and the Concession Agreement had never been so rejected, disaffirmed or otherwise terminated and shall be entitled to all benefits of CONCESSIONAIRE under the Concession Agreement. Guarantor, upon such assumption, shall be obligated to perform and observe all of the covenants whether theretofore accrued or thereafter accruing, and Guarantor shall be subject to any rights or remedies of LAWA which may have theretofore accrued or which may thereafter accrue against CONCESSIONAIRE on account of any default under the Concession Agreement, notwithstanding that such defaults existed prior to the date Guarantor was deemed to have automatically assumed the Concession Agreement or that such rights or remedies are unenforceable against CONCESSIONAIRE by reason of such rejection, disaffirmance or other termination, provided that Guarantor shall have a reasonable time after such assumption to cure non-monetary defaults existing as of the date of such assumption. Guarantor shall confirm such assumption at the request of LAWA upon or after such rejection, disaffirmance or other termination, but the failure to do so shall not affect such assumption. Guarantor, upon the assumption of the Concession Agreement, shall have all of the rights of CONCESSIONAIRE under the Concession Agreement (to the extent permitted by law). Neither Guarantor's obligation including but not limited to payment in accordance with this Guaranty nor any remedy for the enforcement thereof shall be impaired, modified, changed, stayed, released or limited in any manner by any impairment, modification, change, release, limitation or stay of the liability of CONCESSIONAIRE or its estate in bankruptcy or any remedy for the enforcement thereof, resulting from the operation of any present or future provision of the Bankruptcy Code of the United States or other statute or from the decision of any court interpreting any of the same, and Guarantor shall be obligated under this Guaranty as if no such impairment, stay, modification, change, release or limitation had occurred.

7. This Guaranty and all rights, obligations and liabilities arising hereunder shall be construed according to the substantive laws of California without reference to choice of law principles. Any legal action, suit or proceeding against Guarantor with respect to this Guaranty shall be brought in Los Angeles, California.

8. Guarantor hereby waives any and all rights of subrogation (if any) which it may have against CONCESSIONAIRE as a result of actions taken or amounts paid in connection with or relating to this Guaranty or to the Concession Agreement.

9. Guarantor represents and warrants to LAWA that as of the date hereof:

(a) This Guaranty constitutes the legal, valid and binding obligation of Guarantor, enforceable in accordance with its terms, subject to applicable bankruptcy,

insolvency, reorganization, and other laws affecting creditors' rights generally, to moratorium laws from time to time in effect and to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

(b) No action, suit or proceeding is pending or, to the best of Guarantor's knowledge, threatened against Guarantor that would materially affect Guarantor's ability to fully perform its obligations under this Guaranty.

10. If LAWA shall be obligated by reason of any bankruptcy, insolvency or other legal proceeding to pay or repay to CONCESSIONAIRE or to Guarantor or to any trustee, receiver or other representative of either of them, any amounts previously paid by CONCESSIONAIRE or Guarantor pursuant to the Concession Agreement or this Guaranty, Guarantor shall reimburse LAWA for any such payment or repayment and this Guaranty shall extend to the extent of such payment or repayment made by LAWA, except to the extent, if any, that such payment or repayment is prohibited by law or that such payment or repayment constitutes merely a reimbursement of any overpayment. LAWA shall not be required to litigate or otherwise dispute its obligation or make such payment or repayment if in good faith and on written advice of counsel reasonably acceptable to Guarantor LAWA believes that such obligation exists.

11. LAWA and Guarantor shall each, not more than once per calendar year and within ten (10) business days following request by the other, execute, acknowledge and deliver to the other a statement certifying that this Guaranty is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating such modifications) and that to the best of the certifying party's knowledge, Guarantor is not in default hereunder (or if there is such a default, describing such default in reasonable detail).

12. All remedies afforded to LAWA by reason of this Guaranty or the Concession Agreement, or otherwise available at law or in equity, are separate and cumulative remedies, and it is stipulated that no one remedy, whether or not exercised by LAWA, shall be deemed to be in exclusion of any other remedy available to LAWA and shall not limit or prejudice any other legal or equitable remedy which LAWA may have.

13. All defenses afforded to CONCESSIONAIRE or Guarantor by reason of this Guaranty or the Concession Agreement, or otherwise available to CONCESSIONAIRE or Guarantor at law or in equity shall also be available to Guarantor to the fullest extent.

14. If any term, covenant, condition or provision of this Guaranty or the application thereof to any circumstance or to Guarantor shall be invalid or unenforceable to any extent, the remaining terms, covenants, conditions and provisions of this Guaranty or the application thereof to any circumstances, or to Guarantor other than those as to which any term, covenant, condition or provision is held invalid or unenforceable, shall not be affected thereby and each remaining term, covenant, condition and provision of this Guaranty shall be valid and shall be enforceable to the fullest extent permitted by law.

15. Written notices to City hereunder shall be sent to the Chief Executive Officer with a copy sent to the City Attorney of the City of Los Angeles and addressed to said parties at:

Chief Executive Officer	City Attorney
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

or to such other address as these parties may designate by written notice to Guarantor.

Written notices to Guarantor hereunder shall be sent and addressed to:

_____
_____
_____
_____

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

16. All notices, demands, and other communications which are required or may be permitted to be given to LAWA or Guarantor by the other hereunder shall be in writing and shall be sent by United States mail, postage prepaid, certified, or by personal delivery or nationally recognized overnight courier, addressed to the addresses set forth in this Guaranty, or to such other place as either party may from time to time designate in a notice to the other party given as provided herein. Notice shall be deemed given upon actual receipt (or attempted delivery if delivery is refused), if personally delivered, or one (1) business day following deposit with a reputable overnight courier that provides a receipt, or on the fifth (5^{th}) day following deposit in the United States mail in the manner described above.

17. This Guaranty shall be entered into in consideration of the execution of the Assignment. The Assignment is further subject to Board and Los Angeles City Council approval. Execution of this Guaranty by LAWA shall not ensure such approval.

18. This Guaranty shall continue in full force and effect and Guarantor's liability hereunder shall continue not withstanding the termination or earlier expiration of the Concession Agreement until the date that the covenants have been fully performed.

[signature page follows]

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EXHIBIT Y

IN WITNESS WHEREOF, City has caused this Guaranty to be executed on its behalf by Chief Executive Officer and Guarantor has caused the same to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, all as of the day and year first above written.

APPROVED AS TO FORM:
Hydee Feldstein Soto,
City Attorney

Date:_____
By: _____

Assistant/Deputy City Attorney

CITY OF LOS ANGELES
By signing below, the signatory attests that they have no personal, financial, beneficial, or familial interest in this Contract.

By: _____
John Ackerman
Chief Executive Officer

ATTEST:

By_____
Signature

_____
Print Name

_____
Print Title

*****DFA FULL LEGAL NAME*****

By_____
Signature

_____
Print Name

_____
Print Title

EXHIBIT Z

(Intentionally Omitted)

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LOS ANGELES INTERNATIONAL AIRPORT
FOOD & BEVERAGE
CONCESSION AGREEMENT
LAA-_____

By and between

THE CITY OF LOS ANGELES,
DEPARTMENT OF AIRPORTS

and

AREAS LAX T4 JV, LLC

Dated _____, 2026

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LOS ANGELES INTERNATIONAL AIRPORT
FOOD & BEVERAGE CONCESSION AGREEMENT

THIS LOS ANGELES INTERNATIONAL AIRPORT FOOD & BEVERAGE CONCESSION AGREEMENT (this "**Agreement**"), is made and entered into as of _____, 2026, by and between **THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS,** a municipal corporation ("**City**" or "**LAWA**"), acting by order of and through its Board of Airport Commissioners ("**Board**"), and **AREAS LAX T4 JV, LLC**, a Florida limited liability company ("**Concessionaire**"), with reference to the following Basic Information and the following Recitals.

BASIC INFORMATION

Agreement Date:	_____, 2026
City:	THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS, a municipal corporation ("**City**" or "**LAWA**"), acting by order of and through its Board of Airport Commissioners ("**Board**")
City's Address:	Department of Airports 1 World Way Post Office Box 92216 Los Angeles, California 90009-2216 or such other address as may be designated in a written notice from the Chief Executive Officer (CEO) in accordance with Section 16.5.1.
	All notices sent to City under this Agreement shall be sent to the above address, with copies to: Office of City Attorney 1 World Way Post Office Box 92216 Los Angeles, California 90009-2216 or to such other address as may be designated in a written notice from the CEO in accordance with Section 16.5.1.
	All rent amounts and fees payable to City or LAWA hereunder shall be made payable to: City of Los Angeles, Department of Airports and shall be mailed to: City of Los Angeles – LAWA P.O. Box 54078 Los Angeles, CA 90054-0078 Re: LAX Concession Agreement No. LAA-_____ or to such other address as may be designated in a written notice from the CEO in accordance with Section 16.5.1.
Concessionaire:	Areas LAX T4 JV, LLC
Contact Person: Address: Phone: Facsimile:	Libby Hurley 5301 Blue Lagoon Dr. Suite 690 Miami, FL 33126 585-576-7600

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E-mail:	libby.hurley@areas.com
Registered Agent: Address: Phone: Facsimile: E-mail:	Corporation Service Company 1201 Hays Street, Tallahassee, Florida 32301 1-800-927-9801 ext. 66155 n/a sop@cscglobal.com
Airport:	Los Angeles International Airport
Terminal(s):	4
RFP:	Request for Proposals No. 0243-2025-06-RFP-223867, issued by City.
Concession Proposal:	Response to Request for Proposal dated as of November 21, 2025, submitted by Concessionaire.
Package:	B
Premises:	The spaces comprised of the following Unit(s):

Unit No.	Concept	Square Feet		
G306	4	2,016		
G308	4	713		
G309	4	3,344		

All as shown on Exhibit A-1, which may be amended from time to time pursuant hereto.

Length of Term:	Approximately Twelve (12) years
Expiration Date:	June 30, 2040

Rent:

Unit No.	Category	Minimum Annual Guarantee	Minimum Monthly Guaranteed Rent
G306	Fast casual dining/brew-pub	$861,867.86	$71,822.32
G308	Coffee (local/regional)	$293,241.52	$24,436.79
G309	Full-service restaurant (local/regional)	$1,061,380.18	$88,448.35

Rent Category	Percentage Rent
Coffee, Bar, Quick-Service Restaurant, F&B Marketplace	10%
Restaurant & Casual Dining	10%
Alcoholic Beverages	12%

Per Enplaned Passenger MAG for first Agreement Year	$0.522

Permitted Uses:	Unit No.	Category
	G306	Fast casual dining/brew-pub
	G308	Coffee (local/regional)
	G309	Full-service restaurant (local/regional)

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Minimum Initial Qualified Investment Amount:	**Unit**	**Unit Allocation**	
	G306	$3,802,250.00	
	G308	$2,039,500.00	
	G309	$5,483,900.00	
	Total	$11,325,650.00	
Minimum Reinvestment Percentage:	20%		
Faithful Performance Guarantee:	Initially, $554,122.39 [25% of MMG x 12] as such amount may be adjusted in accordance with Section 13.3.1.		
Guarantor:	Areas USA Inc.		
Storage Space Addendum:	☐ Yes ☐ No	Note: To be determined after award and based on availability.	
Concepts:	**Unit**	**Approved concepts in accordance with Exhibit X (Permitted Uses). Concessionaire's branding concepts shall remain as described in the basic information and shall only be modified with the prior approval of the CEO.**	

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

RECITALS:

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

B. City desired to provide a wide range of food & beverage products and merchandise for the benefit of the air traveling public and other persons using the Airport and issued the RFP referenced in the Basic Information (the "**RFP**") to solicit proposals for the operation and management of certain food & beverage concessions at the Airport; and

C. City received proposals in response to the RFP, including the proposal from Concessionaire and chose Concessionaire's proposal.

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

I TERM.

1.1 Term. The term of this Agreement (the "**Term**") shall commence on the Agreement date specified in the Basic Information and expire on June 30, 2040 ("**Expiration Date**"), unless extended or sooner terminated as herein provided.

1.1.1 City's Extension Option. On or before December 31, 2038, the Chief Executive Officer or his or her designee ("CEO") has one (1) option to extend the Term by three (3) years by written notice to Concessionaire, in the CEO's sole discretion, based on Concessionaire's performance, including criteria and/or metrics established each Agreement Year (as defined in Section 4.1.2), and agreed upon by the City and Concessionaire in the Concessionaire's annual Business and Operations Plan (as defined in Section 3.11).

1.2 Unit Commencement Date. The unit commencement date **"Unit Commencement Date"** shall be the earlier of (a) one hundred and twenty (120) days after the Delivery Date (hereinafter defined) with respect to such Unit, or (b) the date Concessionaire commences business operations to the public at such Unit (hereinafter defined). The "**Delivery Date**" for a Unit shall be the date specified by the CEO in a written notice delivered to Concessionaire (a "**Delivery Notice**") as the date that Concessionaire may take possession of such Unit pursuant to the terms of this Agreement.

1.3 Commencement of Preparatory Actions. Immediately following the Commencement Date, Concessionaire shall make all necessary arrangements in order to prepare

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for the commencement of business operations at the Premises including, without limitation, preparation, submission for approvals, and finalization of all materials required in connection with the construction of improvements for the Premises as required under this Agreement, obtaining all permits, authorizations, licenses and clearances required for Concessionaire's agents, representatives, employees, contractors, and vendors in order to comply with the security requirements imposed under this Agreement, making all necessary arrangements for obtaining all merchandise, supplies, inventory, and equipment necessary for the operation of Concessionaire's business at the Premises in accordance with this Agreement.

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

II PREMISES.

2.1 Premises; Units. The premises which are the subject of this Agreement (the "**Premises**") are described in Exhibit A attached hereto, are located at the Airport described in the Basic Information (the "**Airport**") at the Terminal(s) listed in the Basic Information, and are comprised of those spaces (the "**Units**") set forth in the Basic Information, are described on Exhibit A attached hereto, and shown on the plan attached hereto as Exhibit A-1.

2.2 Unit Nos.; Square Footage. The Units have the unit numbers and square footage set forth in the Basic Information and in Exhibit A; *provided, however,* that any statement of square footage set forth in this Agreement, or that may have been used in calculating any of the economic terms hereof, is an approximation which City and Concessionaire agree is reasonable and no economic terms based thereon shall be subject to revision whether or not the actual square footage is more or less. The location and dimensions of the Units are depicted on Exhibit A-1, which is attached hereto and incorporated herein by this reference.

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2.3 Storage Space. Concessionaire shall not use more square footage of the Unit for the storage of equipment, inventory or supplies than the square footage in each Unit approved by the City as a part of the design and construction approval process. City may (but shall have no obligation to) make additional storage space available to Concessionaire at the Airport from time to time. In the event City makes such storage space available to Concessionaire and Concessionaire desires to lease such storage space, CEO and Concessionaire shall enter a storage space addendum in the form of Exhibit C attached hereto, as such form may be modified from time to time by CEO.

2.4 Common Areas. Subject to compliance with City's Rules and Regulations and security requirements, Concessionaire shall have the non-exclusive right, in common with others authorized by City, of ingress and egress through all Common Areas (as defined in this Section); provided, however, the CEO may, in its sole discretion, and without liability to Concessionaire, change the size or location of the Common Areas, including, without limitation, by converting Common Areas to leaseable or other areas, or leaseable areas to Common Areas. City shall use reasonable efforts so as to not prevent access and/or substantially impair access to the Premises in connection with any such changes to the Common Areas. CEO may, in CEO's sole discretion, establish and enforce non-discriminatory Rules and Regulations (as defined in Section 3.10) concerning the Common Areas, temporarily close portions of the Common Areas for security, maintenance or other purposes, and make changes to the Common Areas including, without limitation, changes in the location of security points, driveways, entrances, exits, parking spaces and the direction and flow of pedestrian and vehicular traffic. For purposes of this Agreement, the term **"Common Areas"** means all areas and facilities located within the Airport and outside of the Premises, that are designated by the CEO from time to time as common use areas for the general use and convenience of concessionaires, tenants and other occupants at the Airport, airline passengers and other visitors to the Airport, such as lobbies, corridors, sidewalks, elevators, escalators, moving sidewalks, parking areas, and facilities, restrooms, pedestrian entrances, driveways, loading zones and roadways. Except for damage caused by Concessionaire, Concessionaire shall not be responsible for the maintenance or repair of any Common Areas located outside of the Premises. For avoidance of doubt, the parties acknowledge that the Concessionaire Common Areas are not a part of the Common Areas as described in this Section 2.4, and Concessionaire 's obligations with respect to the Concessionaire Common Areas are described elsewhere in this Agreement.

2.5 Public Address System. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): City shall have the right, in its sole discretion, to install one (1) or more public address system speakers in each Unit for announcing flight arrivals and departures and other Airport information. Concessionaire shall not install any public address, paging, or other similar audio system in any Unit at any time. Any installation of a music system or television system in any Unit shall require the prior written approval of the CEO, in his or her sole discretion; provided that no such system shall interfere with the City's public address system. Concessionaire shall not have any wireless internet system within the premises that can be accessed by any means by non-employees of Concessionaire.

2.6 Wireless Communications. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): without the prior written consent of the CEO, in his or her sole discretion, Concessionaire shall not install or use any wireless workstations, access control

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equipment, wireless internet servers, transceivers, modems or other hardware that transmit or otherwise access radio frequencies.

III CONCESSION RIGHTS AND OBLIGATIONS.

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

3.2 Right to Operate. City hereby grants to Concessionaire the right and obligation to occupy, equip, furnish, operate and maintain concessions in those Units of existing buildings at Airport described in further detail in Exhibit A, and shown on Exhibit A-1. The rights granted shall be carried on solely and exclusively within the limits and confines of said Units; *subject, however,* to the expansion, reduction or relocation of any such Unit, as specified in Article IX hereof and its sections.

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

3.4 Right to Promote Products; Restriction on Advertising. Concessionaire shall have the right, without the prior consent of the CEO, to promote Concessionaire's brand-name products on its packaging and/or those products available for sale within the Premises in accordance with Section 5.15 of this Agreement. Receipts for any revenue generated by Concessionaire and paid by or on behalf of the promotor in connection with such promotion shall be subject to the "Percentage Fee" as described in Section 4.1.3 hereof. Concessionaire acknowledges that City has entered in an exclusive agreement with a third party with respect to commercial advertising within the Airport and the Terminals. Accordingly, except as permitted under this Section with respect to

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promotion of brand-name product packaging and signs within the Premises otherwise in compliance with this Agreement, Concessionaire acknowledges and agrees that Concessionaire has no rights (a) to advertise or promote its products outside of the Premises, (b) to advertise or promote the products of any third party, or (c) participate in any non-City sponsored marketing income program at the Airport; provided, however, that the foregoing restrictions shall not apply within its Units to: (i) signage or logos associated with accepted payment methods, mobile payment platforms, or point-of-sale transaction processors, (ii) loyalty or rewards program signage or materials, or (iii) incidental branding of operational partners necessary for Concessionaire's operations.. Concessionaire hereby agrees to indemnify, defend and hold City and City Agents (hereinafter defined) harmless from and against any actions, causes of action, charges, claims, costs, damages, demands, expenses (including attorneys' fees, costs of court and expenses incurred), fines, judgments, liabilities, liens, losses, or penalties of every kind and nature whatsoever (collectively, "**Claims**") City may suffer or incur as a result of Concessionaire's violation of this Section. Concessionaire hereby assigns to City and agrees to pay to City as Additional Rent hereunder any fees, compensation or other revenue received by Concessionaire, directly or indirectly, from any such advertising or product promotion in violation of this Section. For purposes of this Agreement, "**advertising**" shall mean fixed and dynamic advertising display signage, as well as marketing income programs (including, but not limited to, sponsorships, events, product rights, licensing, naming rights and branding) at locations outside the Premises and, except to the extent approved in advance in writing by CEO, at locations within each Unit with respect to products not sold by Concessionaire within such Unit provided, however, that "advertising" shall not include any directional or wayfinding signage placed by City referencing Concessionaire or its Units.

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

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

3.7 Rights are Not Exclusive. Subject to the rights reserved to City under this Agreement, Concessionaire acknowledges and agrees that (a) subject to Concessionaire's compliance with the terms and conditions of this Agreement, the rights herein granted to Concessionaire shall be exclusive within the Premises covered by this Agreement, but non-exclusive at the Airport; (b) Concessionaire has no exclusive rights to conduct the business of the Permitted Uses in areas other than the Units; (c) other than with respect to Storage Space pursuant to a Storage Space Addendum, if applicable, the rights granted to Concessionaire under this Agreement do not include any right to use, occupy or possess any area other than the Units (including, without limitation, any new leaseable areas in the existing Terminals or any new terminals developed by City in the future); and (d) City intends to enter into concession agreements with other food and beverage concessionaires and other retail and services concessionaires at the

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Airport, some of which will be located in Terminal 4 In addition, City expressly reserves the right to grant others the right to sell retail products and merchandise, personal services, and foods and beverages in Terminal 4 and such right has been, or may in the future be granted to others in separate agreements.

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

3.9 No Other Uses. Concessionaire shall not use nor permit any Unit to be used for any purpose other than the Permitted Uses with respect to such Unit except with the prior written consent of CEO, nor for any use in violation of any applicable present or future law, ordinance, rule or regulation of any governmental authority, agency, department or officer thereof. In the event that Concessionaire desires to use a Unit for any purpose other than the Permitted Use for that Unit, Concessionaire may submit a request to CEO, and CEO may, in CEO's sole and absolute discretion, approve, deny or condition its approval of such request in writing (and any such written approval shall be approved as to form by the City Attorney); *provided, however,* under no circumstances shall any use that is not a food & beverage use be permitted, and no retail use shall be converted to a food and beverage use, nor shall a food and beverage use be converted to a retail use. Any such decision by CEO shall be final and binding upon Concessionaire.

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

3.10.1 Without limiting the foregoing, Concessionaire shall comply with the Los Angeles International Airport and Van Nuys Airport Concessions Standard Operating Procedures approved by the Board of Airport Commissioners (as such rules may be amended from time), which rules are hereby incorporated herein by reference ("**Concessions SOP**") and attached to this Agreement as Schedule 1. Concessionaire's breach of such Concessions SOP shall be deemed a material breach of this Agreement. If there is any conflict between the Concessions SOP and this Agreement, then the terms of the Concessions SOP shall prevail.

The Concessions SOP includes, but is not limited to:

1. Pricing Policy
2. Required Hours of Operation
3. Deliveries, Access & Coordination
4. Removal of Garbage & Refuse
5. Refuse Removal Costs
6. City Events
7. Distressed Concession Relief Program
8. Value For Money Program
9. Children's Menu
10. Digital Marketing

11. Business Operations Plan
12. LAWA-Defined Metrics for Performance

3.11. Business and Operations Plan. Concessionaire shall prepare a detailed plan for the management of the concession operations within the Premises (the **"Business and Operations Plan"**), which Business and Operations Plan shall at all times be subject to the approval of CEO as set forth in this Section 3.11, such approval not to be unreasonably withheld, conditioned or delayed. The initial version of the Business and Operations Plan shall be in a form prepared by Concessionaire and approved by CEO, prior to the first Unit Commencement Date of this Agreement. Thereafter, the Business and Operations Plan shall be updated by Concessionaire and submitted to CEO, on an annual basis for the subsequent fiscal year, no later than March 31st of each year continuing through the end of the Term. The updated Business and Operations Plan shall be subject to the approval of LAWA each year (which CEO shall provide within thirty (30) days following submission), and any changes to the Business and Operations Plan as so approved by CEO that occur during the year shall be subject to the further approval of CEO in a similar manner. Until such approval is obtained, Concessionaire shall continue to operate under the most recent approved Business and Operations Plan. Concessionaire shall manage the concession operations within the Premises substantially in accordance with the Business and Operations Plan as approved by CEO. Notwithstanding anything contained in the Business and Operations Plan, in the event of a conflict between the provisions of this Agreement and the provisions of the Business and Operations Plan, the provisions of this Agreement shall control.

IV PAYMENTS BY CONCESSIONAIRE.

4.1 Monthly Base Rent Payments.

4.1.1 Base Rent. Commencing on the first Unit Commencement Date, and continuing thereafter throughout the Term of this Agreement, Concessionaire shall pay to City with respect to the Premises (as such Premises are defined herein) annual base rent ("Base Rent"), which Base Rent shall be an amount equal to the greater of (a) the Minimum Annual Guaranteed Rent (as defined in Section 4.1.2), or (b) the Percentage Rent (as defined in Section 4.1.3) with respect to such Premises. The Base Rent and all Additional Rent payable by Concessionaire hereunder are sometimes collectively referred to as "Rent." The term "Additional Rent" shall mean all sums, fees, charges, payments and other amounts due hereunder from Concessionaire other than Base Rent. For the Premises with a Unit Commencement Date earlier than July 1, 2028, Base Rent shall be defined as Percentage Rent until the commencement of the first Agreement Year.

4.1.2 Minimum Annual Guaranteed Rent and Minimum Monthly Guaranteed Rent. The Minimum Annual Guaranteed Rent (herein, the "Minimum Annual Guaranteed Rent" or "MAG Rent") shall be an annual amount for all such Units comprising the Premises for the applicable Agreement Year, subject to adjustment as provided below. The MAG Rent with respect to each Unit for the first Agreement Year is set forth in the Basic Information. The MAG Rent shall be payable monthly in advance in equal installments on the first (1st) of every month (herein, "Minimum Monthly Guaranteed Rent" or "MMG Rent"). Beginning July 1, 2029, and continuing each successive Agreement Year, the MAG Rent with respect to the Premises shall be the greater of (i) the product of (a) the Per Enplaned Passenger MAG (as defined in Section

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4.1.5), and (b) the total enplaned passenger activity for flights departing from Terminal 4 during the prior Agreement Year, or (ii) eighty-five percent (85%) of the actual Base Rent payments for such Premises for the immediately prior Agreement Year. The term "Agreement Year" shall mean the twelve (12) month period commencing on July 1st and ending June 30th of each year through the expiration or earlier termination of the Term (including any portion of a year in which the expiration or earlier termination of Term occurs).

4.1.3 Percentage Rent. At all times while "Gross Revenues" (as defined in Section 4.1.4) are being generated from the Premises, Concessionaire shall calculate Percentage Rent for each Unit in accordance with the Percentage Rent Rates established for the respective sales categories, as set forth in the Basic Information. Percentage Rent for each Unit shall be the product of (a) the respective Percentage Rent Rate(s) by sales category/type, and (b) the Gross Revenues from the preceding month's sales in accordance with the applicable Percentage Rent Rate(s). If the monthly Percentage Rent for all Units comprising the Premises is greater than the Concessionaire's MMG Rent, Concessionaire shall pay to City the amount by which the monthly Percentage Rent exceeds the MMG Rent. Concessionaire shall pay Percentage Rent to City without prior notice or demand within ten (10) days after the expiration of each month. All Percentage Rent payments shall be computed based on all Gross Revenues during the previous month as all such Gross Revenues are indicated on Concessionaire's Monthly Certified Statement.

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

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

1. Taxes. Retail sales taxes, excise taxes or related direct taxes on the consumer which are collected by or on behalf of Concessionaire on such sales, provided all such taxes are properly accounted for and recorded;

2. Sale of Scrap, Equipment or Uniforms. Revenues from the sale of waste or scrap materials resulting from the operation of Concessionaire's business at the Airport; revenues from the sale of or the trade-in value of furniture, fixtures or equipment used on the Premises, and owned by Concessionaire; receipts from the sale at cost of uniforms/clothing to Concessionaire's employees where such uniforms/clothing are required to by worn by said employees;

3. Exchanges and Refunds from Suppliers. The value of any merchandise, supplies or equipment exchanged or transferred from or to other business locations of Concessionaire, where such exchanges or transfers are not made for the purpose of avoiding a sale by Concessionaire which would otherwise be made from or at the Premises; revenues in the form of refunds from or the value of merchandise, supplies or equipment returned to shippers, suppliers or manufacturers;

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

5. Employee Discounts. The cost or value of Products and Services given to employees of Concessionaire pursuant to such employees' employment contracts; *provided, however,* City may require Concessionaire to prove that such discounts were strictly mandated by the employees' employment contracts or collective bargaining agreements and such employee-discounted Products and Services are limited to a reasonable quantity for the employees' personal consumption and not for sale or transfer to third parties;

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

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

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

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

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

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

4.1.5 Per Enplaned Passenger MAG. The Per Enplaned Passenger MAG for each Unit in the first Agreement Year is set forth in the Basic Information. Beginning the second Agreement Year, and each successive Agreement Year on July 1st during the Term, the Per Enplaned Passenger MAG shall be the prior Agreement Year's Per Enplaned Passenger MAG adjusted by the percentage change (increase or decrease) from the prior Agreement Year's CPI (as defined below), computed to the nearest one-thousandths of a dollar. The Per Enplaned Passenger MAG for each Unit shall be computed to the nearest one-thousandths of a dollar. The term "CPI" shall mean the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor of CPI-U (all urban consumers, not seasonally adjusted) for Los Angeles-Long Beach-Anaheim, CA (all items 1982-1984 equals 100). In the event that the compilation and/or publication of the CPI is discontinued, then the index most nearly the same as the CPI shall be used to make such calculation (as reasonably determined by the CEO).

4.1.6 True-Up Adjustment of Percentage Fee. With respect to each Unit, on August 15 of each Agreement Year, Concessionaire shall prepare and submit to City a statement showing the total Percentage Fee paid by Concessionaire for the previous agreement year with respect to each Unit. If the Base Rent paid by Concessionaire with respect to a Unit during any Agreement Year exceeds the greater of (i) the MMG Rent for such Unit multiplied by twelve, or (ii) the total Percentage Fee for such year for such Unit (the "**Actual Rent**"), such overpayment shall be credited to the fees and charges thereafter due from Concessionaire. If Concessionaire's aggregate payments with respect to a Unit are less than the Actual Rent for such Unit, Concessionaire shall, within ten (10) calendar days, pay City the difference.

4.1.7 Intentionally omitted.

4.1.8 MAG Adjustment for Enplanement Decline Event. For purposes of this Section 4.1.8, an "Enplanement Decline Event" means a decrease in passengers during any full calendar quarter during the Term (excluding any partial quarter or period prior to the first Agreement Year) in which the total enplaned passenger activity for flights departing from Terminal 4 is less than eighty percent (80%) of the total enplaned passenger activity departing from Terminal 4 in the same quarter in the prior Agreement Year (e.g., Year 2: Jan-Mar 2030 as compared to Year 3: Jan-Mar 2031).

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

In case of an Enplanement Decline Event, the CEO may immediately adjust the MMG Rent for the current calendar quarter to be equal to 1/3 of the product of: (A) the then current, CPI adjusted Per Enplaned Passenger MAG, multiplied by (B) the total enplaned passenger activity for flights departing from Terminal 4 during the preceding full calendar quarter, illustrated as follows:

$$\textbf{Monthly MAG Payment} = \frac{\textbf{CPI Adjusted Per EPAX MAG x Preceding Calender Quarter EPAX}}{3}$$

Such quarterly adjusted MMG Rent will continue until the next full calendar quarter of total enplaned passenger activity for flights departing from Terminal 4 equals or exceeds ninety percent (90%) of the prior Year's same, full calendar quarter of total enplaned passenger activity for flights departing from Terminal 4 at which point the MMG Rent will revert to the computation defined in Section 4.1.2.

4.2 Quality-Variable Annual Rent (QVAR).

4.2.1 In addition to the foregoing rent, Concessionaire shall pay a variable annual rent based on LAWA-defined metrics for performance as defined in the SOP for an Agreement Year as follows: the Quality-Variable Annual Rent ("QVAR") shall be $15,000 per year payable at the end of each Agreement Year, provided that if the defined metrics for a given Agreement Year are met or exceeded, Concessionaire shall receive a QVAR rent credit of $15,000 applied toward the QVAR (i.e., the QVAR for such Agreement Year is reduced to zero).

4.2.2 City shall use the QVAR collectively received from Terminal 4 Concessionaires ("QVAR Fund") toward costs or expenses that can improve the Terminal 4 ASQ Score.

4.2.4 Concessionaire shall implement the following to improve ASQ Scores. Concessionaire shall implement ASQ best practices outlined in the Concessions SOP in pursuit of higher ASQ scores, and should also evaluate their own initiatives to consistently elevate these scores.

a. Pricing and value for money review on all pricing submissions including review of entire marketplace offer, quality, service and value price of items;
b. Mystery Shop scores audits, anything below 75% triggers immediate retraining on problem areas;
c. Recognition/gifts/ awards for high-performing employees;
d. Store inspections with clear action plans to address deficiencies, communicated to LAWA upon request;
e. Monitoring online reviews and providing responses to guest feedback;
f. Full retraining on policies and procedures, including open/close policy and full enforcement of this;

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

4.3 Common Area Maintenance.

4.3.1 Common Area Maintenance Charges. In addition to the monthly Base Rent payable to City hereunder, LAWA through its CEO reserves the right, in its sole discretion, to impose and amend from time to time, "**Common Area Maintenance Expenses**" (as defined in Section 4.3.2). If so imposed, on and after the Unit Commencement Date, Concessionaire shall pay to City with respect to each Unit as Additional Rent the applicable Share for such Unit set forth in the Basic Information (as so amended) of all Common Area Maintenance Expenses based upon City's most recent estimate of the projected Common Area Maintenance Expenses, as adjusted in accordance with Section 4.3.3.

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

1. Cleaning of Common Area seating areas;

2. Pest control for the Common Areas;

3. Trash removal for the Common Areas; and

4. Supplies, materials, labor and equipment used in or related to the operation and maintenance of the Common Areas including the cost of maintenance, depreciation and replacement of machinery, tools and equipment (if owned by City) and for rental paid for such machinery, tools and equipment (if rented) used in connection with the operation or maintenance of the Common Areas;

5. Costs for management and administration of the Common Areas, including, without limitation, any management fee, accounting, auditing, billing, postage, salaries and benefits for all employees and contractors engaged in the management, operation, maintenance, repair and replacement of the Common Areas;

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

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

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

4.3.3 Estimates and Reconciliation of Common Area Maintenance Expenses. Within ninety (90) days of the end of each calendar year during the Term of

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

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

4.3.4 Share; Allocation to Concessionaire. With respect to Common Area Maintenance Expenses, which City allocates to the Common Areas, the "**Share**" allocated to each Unit shall be the percentage set forth in the Basic Information, as adjusted by City from time to time based upon changes in the operation of all Concessions. Notwithstanding the foregoing, City may adjust a Unit's Share for all or part of any item of expense or cost reimbursable by Concessionaire that relates to a repair, replacement, or service that benefits only the Premises or only a portion of the Terminal or that varies with the occupancy of the Terminal. Without limiting the generality of the foregoing, Concessionaire understands and agrees that City shall also have the right to adjust a Unit's Share of any Common Area Maintenance Expenses based upon Concessionaire's burden or impact on such Common Areas as reasonably estimated and determined by City based upon factors such as size and Gross Revenues of each Unit and intensity of use of such Common Areas by Concessionaire's customers. Any adjustments by City under this Section 4.3.4 shall be undertaken in a reasonable and not unjustly discriminatory manner.

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

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

4.4 Utilities. Concessionaire shall adhere to the procedures as defined in the Concessions SOP (as defined in Section 3.10.1).

4.5 Marketing Fund. (a) City may establish a marketing fund to promote the concessions and enhance the overall guest experience at the Terminal ("Marketing Fund"). Without limiting the foregoing, City may use the Marketing Fund in its discretion, to fund (i) intra-Terminal promotional and advertising programs such as permanent and interactive directories, events, graphics, pamphlets, other electronic media or digital activations, establishing customer service and training programs, (ii) other service and hospitality initiatives with respect to the operations of the concession program and all concessionaires in the Terminal, such as customer surveys, "secret shopper" programs and sales technique seminars, or (iii) any other programs to enhance the overall guest experience at the Terminal. Any promotional services and personnel provided pursuant to this Section shall be under the exclusive control and supervision of City, who shall have the sole authority to employ and discharge personnel and to establish a budget. City shall not be obligated to expend more for promotions and advertising than is actually collected from concessionaires.

(b) If City establishes a Marketing Fund, then, upon City's one hundred eighty (180) days' prior written notice to Concessionaire: (i) Concessionaire shall pay a monthly fee in an amount not to exceed one-half percent (0.50%) of its monthly Gross Revenues as Concessionaire's share of the Marketing Fund, payable to City without prior notice or demand together with Monthly Rent; and (ii) Concessionaire shall thereafter include in its Annual Gross Revenue Report under Section 4.8.4, a report reconciling actual amounts paid to the Marketing Fund, including any over or underpayments to the Marketing Fund. If there is any underpayment, then any underpayments shall be due and payable at the same as the reconciliation. If there is any overpayment, then City shall credit such overpayment to Concessionaire's next payment(s) due for the Marketing Fund, provided that if this Agreement has expired or terminated, then City may apply any overpayments to any of Concessionaire's outstanding obligations, after which any remaining balance shall be refunded, without interest, to Concessionaire within ninety (90) days of this Agreement expiration or termination date.

(c) Upon City's written request, Concessionaire shall participate in quarterly meetings to discuss the Marketing Fund's promotional and advertising programs and customer service and training programs.

(d) City reserves the right at any time to terminate the Marketing Fund, in which case City shall use remaining balances to offset respective outstanding obligations of concessionaires and others who made contributions, based on actual contributions made by each concessionaire, and thereafter refund, without interest, any remaining balance to each respective Concessionaire.

(e) Concessionaire's participation in the Marketing Fund shall not be construed to relieve it of any other obligation under this Agreement, including but not limited to Monthly Rent and requirement to prepare a marketing plan under Section 3.11(b).

4.6 Refuse Removal. Concessionaire shall comply with the provisions of Section 5.10 with regard to the disposition of trash and garbage, waste reduction and recycling. City

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

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

4.7 Other Fees and Charges. Concessionaire shall adhere to the procedures as defined in the Concessions SOP (as defined in Section 3.10.1).

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

4.8.1 Payment Location. All Rent payable hereunder shall be paid to the City of Los Angeles – LAWA, P.O. Box 54078, Los Angeles, CA 90054-0078 unless and until City designates some other party to receive or place for the payment of Rent. All such payments shall be made in lawful money of the United States, without demand, set-off or deduction of any kind.

4.8.2 General Payment Terms; Timing of Monthly Base Rent Payments. All Rent shall be paid in lawful money of the United States of America and through a domestic branch of a United States financial institution. Checks are to be made payable and mailed as set forth in the Basic Information, or to such other person or place as CEO may, from time to time, designate to Concessionaire in writing. The Rent for any fractional part of a calendar month at the commencement or termination of the Term shall be a prorated amount of the Rent for a full calendar month based upon a thirty (30) day month. Monthly Base Rent for each Unit shall be payable to City as follows:

1. On July 1, 2028, with respect to each Unit, and thereafter on the first day of each calendar month throughout the Term of this Agreement, Concessionaire shall pay to City the MMG Rent for such Unit.

2. Commencing on the Unit Commencement Date for each Unit and continuing thereafter for such Unit, on the twentieth (20) day of each calendar month throughout the Term of this Agreement, Concessionaire shall pay to City the Percentage Rent with respect to such Unit (based upon the Percentage Rent for the prior month); *provided, however,* on and after July 1, 2028, Concessionaire shall pay to City that portion of the Percentage Rent for such Unit which is in excess of the MMG Rent for such Unit payable for such calendar month.

4.8.3 Monthly Gross Revenue Report. On the twentieth (20) day of each calendar month throughout the Term of this Agreement, Concessionaire shall submit a monthly accounting of the Gross Revenues received at each Unit operated by Concessionaire under this Agreement. Each Unit shall be reported as a separate location. Each monthly accounting shall be in such manner and detail and upon such forms as are prescribed from time to time by CEO. Forms to be used for reporting monthly Gross Revenues are attached as Exhibit E. CEO may, at CEO's sole discretion, amend the forms to be used during the

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Term of this Agreement. Each monthly report shall be due on the same date and at the same address as the payment of the Percentage Rent for that month is due.

4.8.4 Annual Gross Revenue Report. On August 15 of each year after the first Unit Commencement Date, Concessionaire shall submit an annual accounting of the Gross Revenues received at each Unit operated by Concessionaire under this Agreement. Each Unit shall be reported as a separate location. Each annual accounting shall be in such manner and detail and upon such forms as are prescribed by CEO. Forms to be used for reporting annual Gross Revenues are attached as Exhibit F. CEO may, at CEO's sole discretion, amend the forms to be used during the Term. Each annual report shall be due at the same address as the payments are made under this Agreement. If, based upon annual Gross Revenue Report adjustments in the Percentage Rent are appropriate, such adjustments shall be made in accordance with Section 4.1.6.

4.8.5 Other Annual Reports. Within ninety (90) days of the close of Concessionaire's taxable year, Concessionaire shall furnish to City detailed financial statements, including a balance sheet, an income statement and notes to the financial statements, prepared as of the close of Concessionaire's taxable year, covering all business transacted by Concessionaire at the Airport (the "**Financial Statements**"), and such other reasonable financial and statistical reports as CEO may, from time to time, require (including, without limitation, the maintenance reports required under Section 8.1). Said financial statements shall be reviewed by an independent Certified Public Accountant. In addition, on or before September 1 of each Agreement Year, Concessionaire shall deliver a pro forma projection of estimated Gross Revenues for the next Agreement Year.

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

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

4.8.8 Interest. Any installment of Rent and any other sum due from Concessionaire under this Agreement which is not received by City within three (3) days from when the same is due shall bear interest from the date such payment was originally due under this Agreement until paid at the greater of (a) an annual rate equal to the

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

maximum rate of interest permitted by law, or (b) fifteen percent (15%) per annum. Payment of such interest shall not excuse or cure any Default by Concessionaire. In addition, Concessionaire shall pay all costs and attorneys' fees incurred by City in collection of such amounts.

4.8.9 Prepayment. Notwithstanding anything to the contrary contained in this Agreement, in the event that Concessionaire is chronically delinquent in the payment of Rent when due hereunder, as defined under Section 11.1.13, City shall have the right to require Concessionaire to pay Base Rent, and all other amounts payable by Concessionaire to City in a calendar month under this Agreement one (1) month in advance of when such payment would otherwise be due. Such prepayment will be based on the highest monthly Rent previously due from Concessionaire under this Agreement. Such right shall be exercised by a written notice from City to Concessionaire, which notice may be given any time after such default by Concessionaire, regardless of whether the same is cured by Concessionaire. Nothing in this Section shall limit City's other rights and remedies under this Agreement.

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

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

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

4.9.3 Confidentiality. To the maximum extent permitted under applicable Laws, all information gained by City from such examinations shall be confidential and shall not

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

be disclosed other than as may be required by court order, other legal process or pursuant to the provisions of the California Public Records Act; *provided, however,* the foregoing shall not prevent the use of such information in connection with any litigation between the City and Concessionaire; *provided, further,* to the extent commercially reasonable under the then-existing circumstances, City shall use commercially reasonable efforts to give written notice to Concessionaire in advance of such disclosure to afford Concessionaire the opportunity to attempt to secure available protective measures to safeguard such information.

V OPERATING STANDARDS.

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

5.2 Concession Personnel.

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

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

5.2.3 Objections. City shall have the right to object to the demeanor, conduct, and appearance of any Personnel at the Premises, subject to applicable Laws. Concessionaire shall take all steps reasonably necessary to remedy the cause of any objection by City. After written notice from City, Concessionaire shall ensure the immediate removal from the Premises or discipline in accordance with Concessionaire's

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employee discipline policy for any Personnel who participates in improper or illegal acts on the Airport, who violates any of the Rules and Regulations or any provision of this Agreement, or whose continued presence at the Airport is, in the good faith business judgment of CEO, deemed not to be in the best interests of City.

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

5.3 Managing Director. Concessionaire shall select and appoint, subject to approval by CEO, a partner, general partner, corporate officer or other officer who shall serve as the "**Managing Director**" of Concessionaire's operations at Airport. Such person must be an active, highly qualified, competent and experienced manager or supervisor of comparable food & beverage operations, vested with full power and authority to represent, act on behalf of, and bind Concessionaire, and accept service on behalf of Concessionaire of all notices provided for herein and regarding operation of the concession business herein authorized, including the quality and prices of food and beverages and the appearance, conduct and demeanor of Concessionaire's Personnel. Said Managing Director shall be assigned to a duty station or office at or within two (2) miles of the Airport, where he or she shall ordinarily be available during regular business hours and where, at all times during his or her other absences, such Managing Director shall assign a qualified, responsible subordinate who shall be in charge and available. Managing Director shall inform CEO in writing of the telephone and facsimile numbers and e-mail address and changes thereto of the local office. Managing Director shall provide to CEO and update as necessary, contact information for Managing Director and their appointed subordinates (including Unit Managers) to allow City to contact them in emergencies or during non-business hours. Concessionaire shall provide LAWA with a 24/7 contact number that will be answered by a person authorized to make decisions on behalf of Concessionaire regarding this Agreement.

5.4 Unit Managers. In addition to the Managing Director specified above, if Concessionaire has been awarded the right to operate at more than one Unit, Concessionaire shall also designate a responsible employee to be the "**Unit Manager**" in charge of each such Unit, and the names of such employees shall be given to CEO. Each Unit Manager shall be responsible for the proper operation of the business of Concessionaire and their failure to provide for the proper conduct, demeanor and appearance of all employees, guests and patrons at the Unit which they supervise shall constitute a default of Concessionaire. Upon objection from CEO concerning said matters, Concessionaire shall immediately take all steps necessary to remove the cause of the objection.

5.5 Hours of Operation.

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

5.5.1 Minimum Hours of Operation. Concessionaire shall adhere to the procedures as defined in the Concessions SOP (as defined in Section 3.10.1).

5.5.2 CEO May Alter Hours. CEO may, on 24 hour notice to Concessionaire temporarily or permanently modify the Minimum Hours of Operation for any Unit. Concessionaire shall comply with modifications. Upon the written request of Concessionaire, CEO may, from time to time, authorize a later opening or earlier closing time for any Unit, provided CEO first finds that Concessionaire has submitted adequate justification.

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

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

5.6.2. Value for Money. At all Units, the menu shall include at least one item or combination of items that are offered at a discounted rate to support LAWA's Value for Money (VFM) program. VFM items, combos, and deals are a selection of items made available at lower price points than regular menu items and designed to provide customers with more affordable options. LAWA will promote these offerings through the VFM program.

5.6.3. Children's Menu. At all Units, the menu shall include at least one child's plate and price.

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

5.6.5. Pricing. Concessionaire shall price its products in accordance with the Airport Pricing Policy as stated in the Concession SOP (as may be amended from time to time).

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

5.6.6. Amendments. CEO may require any menu to be multilingual. CEO may re-evaluate the selection of items during the Term. CEO's good faith determination that the selection offered is inadequate (in general or at any particular Unit), or that the quality or quantity of any item is deficient, shall be conclusive. Concessionaire may meet and confer with CEO regarding such matters.

5.7 Quality of Foods and Beverages. Concessionaire acknowledges and agrees that it is the intent of the parties to provide the air traveler and the public with facilities, service, and food & beverage concessions of first class quality, commensurate with the standards of other first class airports. All products offered for sale by Concessionaire shall (a) be of high quality, (b) be wholesome and pure, (c) be comparable to food and beverages served by first class food and beverage facilities of a similar type in Los Angeles County, and (d) conform in all respects to applicable Laws. Concessionaire must adhere to the most stringent requirements in the foregoing.

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

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

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

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

5.9.3 Credit Cards, Foreign Currency. Concessionaire shall not be required to accept foreign currency. If Concessionaire elects to accept foreign currency, such may

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

only be accepted for payment of goods and shall not be exchanged. In addition, all Concessionaires shall be required to accept, at a minimum, the credit and debit cards listed on CEO's then current list of Approved Form of Payment in payment for goods and services sold, and there shall be no minimum purchase requirement for transactions using such credit and debit cards. CEO's initial Approved Form of Payment List is attached hereto as Exhibit T and the same may be modified from time to time by written notice from the CEO.

5.10 Deliveries; Access and Coordination. Concessionaire shall adhere to the procedures as defined in the Concessions SOP (as defined in Section 3.10.1).

5.11 Removal of Garbage and Refuse. Concessionaire shall adhere to the procedures regarding removal of garbage in the Concessions SOP (as defined in Section 3.10.1).

5.12 Franchise Agreement Standards. Where applicable to any Unit, all franchise standards shall be met or exceeded. In the event of an express conflict between the terms of such franchise standards and the terms of this Agreement, the terms of the Agreement shall prevail. Concessionaire shall provide City with copies of its Franchise Agreement (provided Concessionaire may redact proprietary operational methods, trade secrets, and any other information designated as confidential by the franchisor or is otherwise protected under California law) and any Unit's franchise standards and related performance audit forms prior to such Unit's Unit Commencement Date. Copies of inspections conducted by the franchisee, franchisor, or any mystery shopper service hired by the franchisee or franchisor shall be sent to City within ten (10) business days of receipt by Concessionaire unless such disclosures are explictly prohibited by the applicable franchise agreement's confidentiality provisions (in which case Concessionaire must notify City of the disclosure prohibition).

5.13 Quality Assurance Audits. Concessionaire shall perform quality assurance audits with respect to the operations at each Unit and the Premises and compliance with the terms of this Agreement on at least a quarterly basis. CEO reserves the right to prescribe and revise audit criteria at any time and from time to time and to publish guidelines to be used in connection with such audits. The purpose of such audits shall be to ensure consistent high standards of customer service and quality among concessionaires at the Airport. In addition, Concessionaire hereby agrees to participate in and to comply with the requirements and recommendations of City-implemented 'mystery shopper' and other quality assurance programs. At CEO's request, but no more often than once per quarter, Concessionaire shall (a) meet with City, (b) make available for inspection all customer survey results, mystery shopper reports, health department reports, product pricing, and such quality assurance audits, (c) review the results of any City-implemented 'mystery shopper' and other quality assurance programs, and (d) review and develop a plan to implement recommendations for corrective action if such information shows corrective action is needed. If such information discloses any issue, in the sole discretion of CEO, then, upon CEO's written request, Concessionaire shall submit for CEO's approval an outline of planned corrective action and the implementation of any additional reports or procedures to document compliance and implementation of such planned corrective action. Once approved, Concessionaire shall implement such planned corrective action and deliver reasonably satisfactory evidence of such compliance to City in accordance with such corrective action plan.

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

5.14 Prohibited Acts. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): Concessionaire shall not do or permit to be done anything specified in Sections 5.14.1 through 5.14.9. Specifically, Concessionaire shall not:

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

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

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

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

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

5.14.6 Increase Liability. Do any act or thing upon any Unit which will invalidate, suspend or increase the rate of any fire insurance policy required under this Agreement, or carried by City, covering the Premises, or the Terminals in which the same are located or which, in the opinion of CEO, may constitute a hazardous condition that will increase the risks normally attendant upon the operations contemplated under this Agreement. If, by

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

reason of any failure on the part of Concessionaire after receipt of notice in writing from City to comply with the provisions of this section, any fire insurance rate on the Premises, or any part thereof, or on the Terminals in which the same are located, shall at any time be higher than it normally would be, then Concessionaire shall pay City, on demand as Additional Rent, that part of all fire insurance premiums paid by City which have been charged because of such violation of failure of Concessionaire; *provided, however,* that nothing contained herein shall preclude Concessionaire from bringing, keeping or using on or about any Unit such materials, supplies, equipment and machinery as are appropriate or customary in carrying on its business, or from carrying on said business in all respects as is customary.

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

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

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

5.15 Signs, Promotions & Displays.

5.15.1 The Concessionaire must not install any sign, promotion, or display on the Premises or Airport without submitting detailed plans to LAWA and obtaining written approval, in line with all City and Department of Airports Design Guidelines, including construction and related conditions. The exception being that the Concessionaire may place signs within its Unit to promote its products or services without LAWA approval, as long as these are not visible from outside the Unit, unless otherwise disapproved in writing by LAWA. If disapproval occurs, removal must take place within one (1) day of notice. No signs, promotions, advertisements, or displays are permitted outside the Premises, except for any directional or wayfinding signage placed by City referencing Concessionaire or its Units, and except for Concessionaire's trade name signage on or above the storefront of each Unit as approved by LAWA.

5.15.2 Other than signs, promotions and displays approved pursuant to Section 5.15.1, and signage or logos for accepted payment methods or transaction processors displayed at point-of-sale locations within the Premises, Concessionaire shall not, at any time, under any circumstances, install, place, or maintain any type of advertising, in, on or upon the Premises or the Airport.

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

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

fifteen (15) calendar days after City has provided written removal notice. Subject to LAWA approval, Concessionaire may include within the Premises: (i) signage or logos associated with accepted payment methods, mobile payment platforms, or point-of-sale transaction processors, (ii) loyalty or rewards program signage or materials, or (iii) incidental branding of operational partners necessary for Concessionaire's operations within its Units.

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

5.16 Taxes. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): Concessionaire shall pay all taxes of whatever character that may be levied or charged upon the rights of Concessionaire to use the Premises, or upon Concessionaire's improvements, fixtures, equipment or other property thereon or upon Concessionaire's operations hereunder. In addition, by executing this Agreement and accenting the benefits thereof, a property interest may be created known as a "possessory interest" and such property interest will be subject to property taxation. Concessionaire, as the party in whom the possessory interest is vested, may be subject to the payment of the property taxes levied upon such interest.

5.17 Licenses and Permits. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): Concessionaire shall obtain and pay for all licenses and permits necessary or required by law for the conduct of Concessionaire's operations at the Premises.

5.18 Compliance with Laws. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1):

5.18.1 Concessionaire shall, at Concessionaire's sole cost and expense, (and shall cause Concessionaire's employees, contractors, representatives, agents, and Approved Transferees (collectively, "**Concessionaire Parties**") to) fully and faithfully observe and comply with (a) all municipal, state and federal laws, statutes, codes, rules, regulations, ordinances, requirements, and orders (collectively, "**Laws**"), now in force or which may hereafter be in force pertaining to the Premises or Concessionaire's use of the Premises, the Terminal(s) or the Airport (including without limitation, (i) all safety, security and operations directives of City, including by CEO, which now exist or may hereafter be promulgated from time to time governing conduct on and operations at the Airport or the use of facilities at the Airport; and (ii) any and all valid and applicable requirements of all duly-constituted public authorities (including, without limitation, the Department of Transportation, the Department of Homeland Security, the Federal Aviation Administration, and the Transportation Security Administration)); (b) all recorded covenants, conditions and restrictions affecting the Airport ("**Private Restrictions**") now in force or which may hereafter be in force; and (c) the Rules and Regulations. The

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

judgment of any court of competent jurisdiction, or the admission of Concessionaire in any action or proceeding against Concessionaire, whether City be a party thereto or not, that Concessionaire has violated any Laws or Private Restrictions, shall be conclusive of that fact as between Concessionaire and City. As used in this Agreement, "**Laws**" shall include all present and future federal, state and local statutes, ordinances and regulations and City ordinances applicable to Concessionaire, the Units, the Permitted Uses or the Airport, including but not limited to requirements under the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq., including, without limitation, to Title III thereof, and all regulations and guidelines related thereto, together with any and all laws, rules, regulations, ordinances, codes and statutes now or hereafter enacted by local or state agencies having jurisdiction thereof (including, without limitation, all of the requirements of Title 24 of the California Code of Regulations), as the same may be in effect on the date of this Agreement and may be hereafter modified, amended or supplemented (collectively, the "**ADA**"), all acts and regulations relating in any way to food and drugs, worker's compensation, sales and use tax, credit card processing, social security, unemployment insurance, hours of labor, wages, working conditions, the Immigration Reform and Control Act of 1986, the City of Los Angeles Administrative Code, and all Hazardous Materials Laws (as defined in Section 15 below).

5.18.2 Concessionaire agrees to pay or reimburse City as Additional Rent for any civil penalties or fines which may be assessed against City as a result of the violation by any Concessionaire Party of any Laws or Private Restrictions, which payment shall be made by Concessionaire within fifteen (15) days from receipt of City's invoice for such amount and documentation showing that payment of such penalty or fine is Concessionaire's responsibility hereunder.

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

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

VI AIRPORT CONCESSION DISADVANTAGED BUSINESS ENTERPRISE ("ACDBE") PROGRAM.

6.1 Compliance with Department of Transportation (DOT). This Agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 Code of Federal Regulations (CFR) Part 23. Concessionaire agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by 49 CFR Part 23, and to include the above statements in any subsequent concession agreement or contract covered by 49 CFR Part 23 that it enters and cause those businesses to similarly include the statements in further agreements. City strictly

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

prohibits all unlawful discrimination and preferential treatment in contracting, subcontracting and purchasing, leasing or any subleasing under this Agreement (the "**Non-Discrimination Policy**"). City has established an ACDBE program in accordance with 49 CFR Part 23 (the "**ACDBE Rules**"). Concessionaire shall comply with the Non-Discrimination Policy and the ACDBE Rules. Concessionaire shall cooperate with City in City's program of recruiting, training, providing technical assistance and holding workshops to ensure that contracting, subcontracting and purchasing opportunities available under this Agreement are accessible and available to all qualified businesses owners, including "Airport Concession Disadvantaged Business Enterprises" ("**ACDBEs**"), as defined in the ACDBE Rules. Concessionaire shall make good faith efforts, within the meaning of the ACDBE Rules, to provide for a level of ACDBE participation in the concession operations by Concessionaires contemplated by this Agreement equal to or greater than zero percent (0%).

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

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

VII IMPROVEMENTS.

7.1 Improvement Proposal. Concessionaire shall design each Unit of the Premises as described in the conceptual improvement plan attached hereto as Exhibit W (the "**Initial Improvements Plan**"), as further refined and approved by City. Concessionaire will follow applicable portions of the Terminal 4 Concessions Design Criteria and LAWA's Design and Construction Handbook, including any references to lighting, finishes, fixtures, storefronts, mechanical, electrical, plumbing and fire protection design.

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

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

or the availability or lack of availability of permits or approvals of governmental or regulatory authorities with respect to any such Permitted Use of such Unit shall not affect the rights or obligations of the parties hereunder.

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

7.4 Improvement Financial Obligation. Concessionaire guarantees that Concessionaire will make capital investments for the Initial Improvements to the Premises (exclusive of architectural, engineering and project management or in-house fees in excess of twenty percent (20%) of the costs of related improvements), in an amount of not less than the amount set forth in the Basic Information as the "**Minimum Initial Qualified Investment Amount**," allocated amongst the Units as set forth in the Basic Information; *provided, however,* in no event shall the Minimum Initial Qualified Investment Amount include any costs of procuring, constructing or installing in any Unit any of Concessionaire's **"Personal Property"** which includes movable displays, racks and refrigeration units/equipment, ALL point-of-sale equipment, cash drawers, sorting equipment, IT/data/computer equipment (not infrastructure), and any other items designated as such by the CEO. Such Minimum Initial Qualified Investment Amount shall be expended by Concessionaire on the Initial Improvements constructed in accordance with this Agreement, allocated amongst the Units as set forth in the Basic Information, on or before the date Unit Commencement Date for each Unit in accordance with the Initial Improvements Plan. Concessionaire shall pay to City an amount equal to the positive shortfall, if any, between the Minimum Initial Qualified Investment Amount and the actual amount expended by Concessionaire on the Initial Improvements (exclusive of architectural, engineering and project management or in-house fees in excess of twenty percent (20%) of the costs of related improvements) (the "**Actual Initial Qualified Investment Amount**") on a Unit-by-Unit basis as of the first day of the third (3rd) month after the Unit Commencement Date for each Unit constructed. Said payment shall be made on a Unit-by-Unit basis on or before the sixtieth (60th) day after the first day of the third (3rd) month after the Unit Commencement Date for each Unit constructed. These amounts shall exclude any sum expended by Concessionaire for the separate metering or invoicing of utilities.

7.5 Minimum Refurbishment. Concessionaire acknowledges and agrees that it is the intent of this Agreement that all Units shall be refurbished, redecorated, updated or re-branded/re-concepted if underperforming (the "**Minimum Refurbishment**"), and that such Minimum Refurbishment be completed by June 30, 2035; *provided, however,* except to the extent preapproved by CEO in writing and in its sole discretion, the "**Minimum Refurbishment**" shall not mean maintenance, repair and replacements items that should have been performed pursuant to Section 8 of this Agreement; *provided, further,* CEO shall have discretion to defer the timing of the Minimum Refurbishment. Concessionaire further acknowledges and agrees that it is the intent of this Agreement that such Midterm Refurbishment shall be conducted while the Units are opened and operating for business, unless CEO determines as part of City's construction approval process, in the exercise of CEO's sole discretion, that Concessionaire's proposed scope of work in any Unit

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

is so extensive that such Unit may be closed during its Minimum Refurbishment, in which event Concessionaire shall have the right to close such Unit for the period approved by City in writing as part of City's construction approval process during its Minimum Refurbishment, but such closure shall not result in any abatement of any Rent for such Unit.

7.5.1 Minimum Refurbishment Plan. Concessionaire shall prepare and deliver to City for CEO's review and approval a Minimum Refurbishment Plan (the "**Minimum Refurbishment Plan**"), which shall meet the then-current requirements imposed by City as part of City's construction approval process, and shall otherwise include information similar to that contained in the Initial Improvements Plan for the Initial Improvements. Upon receipt and review of such Minimum Refurbishment Plan by CEO and as a part of City's construction approval process, Concessionaire shall incorporate any comments from CEO and shall re-submit such Minimum Refurbishment Plan until it has been approved by CEO.

7.5.2 Construction and Completion of Minimum Refurbishment. Subject to compliance with the City's construction approval process, Concessionaire shall construct and complete, the Minimum Refurbishment lien free, in accordance with the Minimum Refurbishment Plan approved by CEO, the other requirements contained in this Agreement and in accordance with applicable Laws (*provided, however,* no Minimum Refurbishment for any Unit shall extend for longer than the period specified in writing for completion of construction as part of City's construction approval process for such Minimum Refurbishment for such Unit). Concessionaire shall expend (exclusive of architectural, engineering and project management or in-house fees in excess of twenty percent (20%) of the costs of the related improvements) not less than the product of the amount set forth in the Basic Information as the "**Minimum Reinvestment Percentage**" and the Actual Initial Qualified Investment Amount for all Units in this Agreement, the required Minimum Refurbishment Plan; *provided, however,* in no event shall the Minimum Minimum Refurbishment Amount include any costs of procuring, constructing or installing in any Unit any of Concessionaire's personal property. Any refurbishment done consistent with this Section by Concessionaire prior to the Minimum Refurbishment shall be credited towards Concessionaire's Minimum Refurbishment Amount. Concessionaire shall pay to City an amount equal to the positive shortfall, if any, between the Minimum Refurbishment Amount and its actual investment in connection with the Minimum Refurbishment. Said payment shall be made to City on or before 90 days following the Minimum Refurbishment Deadline. The amount spent for Minimum Refurbishment shall be exclusive of any amount spent for normal repair and maintenance as determined in the sole discretion of CEO. The Minimum Refurbishment shall be depreciated over the remaining term of this Agreement.

7.6 City Approval of Improvements. Prior to the construction of any improvements (including, without limitation, the Initial Improvements and any Minimum Refurbishment hereunder), Concessionaire shall submit to LAWA for concept approval the preliminary plans and estimated construction cost for such improvements. Said approval, subject to the conditions set forth herein, shall be given in a reasonably timely manner. Upon approval by CEO of Concessionaire's preliminary plans, Concessionaire shall prepare working drawings and specifications, which shall be true and correct developments of the preliminary plans so approved. Concessionaire shall then submit a written request for construction approval and a minimum of three (3) complete sets of said approved working drawings and copies of the specifications to the

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

Chief Airports Engineer's office for written approval by CEO. CEO's written approval and any conditions related to the construction of the improvements or alterations shall become a part of this Agreement as though fully set forth herein once the document is fully executed by both parties. Upon receipt of CEO's approval, Concessionaire shall cause the construction called for by the approved working drawings and specifications to be commenced and completed promptly. No substantial changes, additions, or alterations shall be made in said working drawings or specifications, or in the construction called for thereby, without first obtaining CEO's approval in writing. Upon completion of such improvements, Concessionaire shall furnish to City, at no charge, three (3) complete sets of "record" drawings, and one complete set in Computer Aided Design (CAD) format which complies with the then current LAWA CAD standards. These drawings must include any applicable permit numbers, the structural and other improvements installed by Concessionaire in the Premises, and the location and details of installation of all equipment, utility lines, heating, ventilating, and air-conditioning ducts and related matters. Concessionaire shall keep said drawings current by updating them in order to reflect any changes or modifications which may be made in or to the Premises.

7.6.1 Concessionaire shall make no structural improvements, additions, or alterations in, to or upon any Unit, nor erect, construct, or place any sign upon said Unit, without first obtaining the written consent of CEO. Any conditions, restrictions, or limitations placed upon the approval by CEO shall be conditions of this Agreement as though fully set forth herein once the document is fully executed by both parties. Concessionaire shall indemnify, defend, protect and hold City and City Agents harmless from any and all Claims regarding any improvements, additions, or alterations made thereto.

7.6.2 For each and every construction or alteration project undertaken in each Unit, Concessionaire shall prepare a construction report. This report shall contain the following elements: (1) type of improvement constructed or altered; (2) floor area or capacity of improvement constructed or altered; (3) total cost of construction or alteration; (4) completion date for construction or alteration; and (5) a copy of the certificate of occupancy. The construction report shall be submitted to CEO not later than sixty (60) days following completion of the construction or alteration.

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

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

7.6.5 Prior to the commencement of any work, Concessionaire shall, at its own cost and expense, obtain all other Permits and approvals required by applicable Laws including, but not limited to, Los Angeles Department of Building and Safety, Los Angeles County Department of Health, if applicable, and OSHA. Concessionaire's plans shall employ optimum essentials of aesthetics, quality of materials and equipment, convenience,

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

function and design and shall be compatible in such respects with those of Airport or Airport's Design Guidelines. CEO's approval of the plans, specifications and working drawings for the Initial Improvements or any other improvements or alterations of the Premises shall create no responsibility or liability on the part of City for their completeness, design sufficiency, or compliance with all Laws and other requirements of governmental agencies or authorities. Neither City nor any City Agents shall be liable for any damage, loss, or prejudice suffered or claimed by Concessionaire, any Concessionaire Party or any other person or entity on account of: (a) the approval or disapproval of any plans, contracts, bonds, contractors, sureties or matters; (b) the construction or performance of any work whether or not pursuant to approved plans; (c) the improvement of any portion of the Premises or alteration or modification to any portion of the Premises; or (d) the enforcement or failure to enforce any of the covenants, conditions and restrictions contained in this Agreement.

7.7 Initial Improvements.

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

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

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

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

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

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

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

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

7.12 Improvement Payment and Performance Bond. Within thirty (30) days after award of this Agreement and in connection with any Alterations contemplated by Section 7.8 above, Concessionaire shall furnish, at its sole cost and expense, an Improvement Payment and Performance Bond in the principal sum of the amount of the work of improvement proposed by Concessionaire, or alternative security deposit for said amount acceptable to CEO, to guarantee compliance with this Section and comply with the provisions of Sections 3235 to 3241 of the Civil Code of the State of California by filing the original contract and any modifications thereto in the office of the Los Angeles County Recorder, together with the bond specified therein, and a conformed copy of such bond, filed for record as aforesaid, shall be furnished by Concessionaire to City. This Improvement Payment and Performance Bond shall be in substantially the same form as that of Exhibit H attached hereto, be issued by a surety company approved by CEO, and authorized and licensed to transact business in the State of California and be for the full amount stated above with the City of Los Angeles, Department of Airports, as obligee conditioned upon full, faithful and satisfactory payment and performance by Concessionaire of its obligations to construct and install the aforementioned improvements.

7.13 Telecommunications Facilities.

7.13.1 Concessionaire and its Telecommunications Service Providers (as defined herein) shall not install Telecommunication Facilities (as defined herein) in Common Areas, shared space, or other respective non-leasehold areas of the Airport, or in currently designated or future primary or secondary minimum-points-of-entry, without

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

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

7.13.2 Concessionaire agrees that all installation, construction and maintenance of such Telecommunications Facilities shall be performed in a neat, responsible, and workmanlike manner, using generally acceptable construction standards, consistent with such requirements imposed by City as part of City's construction approval process (including, without limitation, labeling requirements); and that City may require its contractors or personnel to observe such installation or servicing to assure compliance with this Agreement. In such event, Concessionaire shall pay to City as Additional Rent hereunder, the cost or imputed cost of such observation and compliance monitoring. All such Telecommunications Facilities and services shall comply with FCC licensing regulations, with City of Los Angeles building codes, and with all other applicable Laws. Concessionaire is required to comply with City's policies and procedures regarding Telecommunications Facilities and services, as announced from time to time. Within one week of any installation or servicing of any Telecommunications Facilities, Concessionaire shall submit to City [with a copy to LAWA Information Technology Division] three (3) copies of "as-built" Telecom Documentation.

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

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

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

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

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

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

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

7.14 Deliveries upon Completion. Within ninety (90) days of completion of the Initial Improvements, any Minimum Refurbishment and any Alterations contemplated by Section 7.8 above, Concessionaire shall furnish to City, at no charge: (a) a certificate from the architect(s) certifying that such improvements have been constructed in accordance with the approved plans and specifications and in strict compliance with all Laws; (b) three (3) complete sets of "record" drawings, and one complete set in Computer Aided Design (CAD) format which complies with the then current LAWA CAD standards (these drawings must include any applicable permit numbers, the structural and other improvements installed by Concessionaire in the Premises, and the location and details of installation of all equipment, utility lines, heating, ventilating, and air-conditioning ducts and related matters); (c) duplicated receipted invoices on all materials and labor costs incurred; and (d) executed unconditional mechanics' lien releases from those parties performing labor, materials or supplies in connection with such Initial Improvements, any Minimum Refurbishment or any Alterations, which releases shall comply with the appropriate provisions, as reasonably determined by City, of the California Civil Code. Concessionaire shall keep such as-built drawings current by updating the same in order to reflect thereon any changes or modifications which may be made in or to any Unit. Within ten (10) days after completion of the Initial Improvements in any Unit, any Minimum Refurbishment and any Alterations contemplated by Section 7.8 above, Concessionaire shall cause a Notice of Completion to be recorded in the office of the Los Angeles County Recorder in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

City upon such recordation. If Concessionaire fails to do so, City may execute and file the same on behalf of Concessionaire as Concessionaire's agent for such purpose, at Concessionaire's sole cost and expense.

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

(a) Initial Qualified Investment Amount. An amount equal to the actual costs incurred by Concessionaire for the design and construction of the Initial Qualified Investment Amount, as verified and approved by the CEO.

(b) Concessionaire's Minimum Refurbishment. An amount equal to the actual costs incurred by Concessionaire for the design and construction of Concessionaire's Minimum Refurbishment, as verified and approved by the CEO.

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

7.15 No Liens. Concessionaire shall pay when due all claims for labor or materials furnished or alleged to have been furnished to or for Concessionaire at, on, or for use in the Premises or any portion thereof. Concessionaire shall keep the Premises, the Terminal(s) and the Airport, and any interest therein, free and clear of all mechanics' liens and all other liens from any work undertaken by or on behalf of Concessionaire or any Concessionaire Party. Concessionaire shall give City immediate written notice of any lien filed against the Premises, the Airport or any interest therein related to or arising from work performed by or for Concessionaire or any Concessionaire Party. Additionally, Concessionaire shall keep any City-owned improvements on the Premises free and clear of any liens or other encumbrances. By way of specification without limitation, Concessionaire shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by or for Concessionaire and Concessionaire shall indemnify, defend, protect, and hold the Premises, the Airport, City and City Agents harmless against any liens and encumbrances and all Claims arising from any work performed by or on behalf of Concessionaire or any Concessionaire Party and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against Concessionaire, City, the Airport, or the Premises. In the event that Concessionaire does not, within thirty (30) calendar days following the imposition of any such lien, cause such lien to be released of record by payment or posting of a bond in form and amount satisfactory to CEO in its good faith business judgment, City shall have in addition to all other remedies provided herein and by law, the right, but not the obligation to cause, upon ten (10) business days prior written notice to Concessionaire, the same to be released by such means as it shall deem proper, including payment in satisfaction of any Claim giving rise to such lien. All such sums paid by City and all expenses incurred by it in connection therewith (including, without limitation, attorneys' fees (including, without limitation, the imputed fees of City Attorneys)), plus the Administrative Fee, shall be payable to City by Concessionaire as Additional Rent within fifteen (15) days after written demand therefore. Concessionaire shall give City not less than ten (10) days' prior written notice of the commencement of the Initial Improvements or any subsequent improvements in the Premises, and City shall have the right to post notices of non-responsibility in or upon the Premises

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

as provided by law. In addition, City shall have the right to require that Concessionaire pay City's attorneys' fees and disbursements (including, without limitation, the imputed fees of City Attorneys), court costs and other costs in defending any such action if City is named as a party to any such action, the lien encumbers any portion or interest in the Airport or if City elects to defend any such action or lie. Nothing in this Section shall be construed to place any obligations upon Lessee with respect to liens, loans, or mortgages placed upon the Demised Premises by City, its Department of Airports, its Board, City officers, agents, or employees.

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

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

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

7.16.3 Ownership Upon Termination. If Concessionaire's occupancy of any Unit is terminated, City shall have rights to the ownership of the improvements and, if and only if the termination is pursuant to Section 9.1.1 herein, City shall reimburse Concessionaire for the undepreciated Net Book Value of the Initial Improvements and the improvements constructed as part of the Minimum Refurbishment (which improvements cannot be removed without doing structural damage) based upon a 10-year straight-line depreciation, with no residual value, provided (a) Concessionaire has obtained all necessary approvals for their construction, (b) Concessionaire has reported each improvement, its costs, and the date upon which its depreciation began, (c) that architectural and design costs do not exceed fifteen percent (15%) of the cost of the improvements, (d) all said costs are properly supported and made available for audit, and (e) the deliveries required under Section 7.14 have been timely provided to City. All said costs must be direct costs paid by Concessionaire to independent contractors and suppliers for work actually performed on the Premises, materials furnished or professional services rendered. Costs associated with Concessionaire's employees shall not be included in the calculation of these costs. To become reimbursable Concessionaire shall at Concessionaire's expense provide City the deliveries required under Section 7.14 above. The straight line depreciation shall begin on the first day of the month in which the improvement was placed in service. CEO may require Concessionaire to remove any or all of its removable improvements. Title to all improvements for which Concessionaire is reimbursed or which have been depreciated shall thereupon vest in City.

7.16.4 Credit for Improvements. In lieu of any obligation to reimburse Concessionaire with respect to the undepreciated Net Book Value as set forth in Section 7.16.3 above, City, at the sole option of CEO, may elect to grant Concessionaire a credit

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

against amounts payable to City hereunder equal to the then undepreciated portion of Concessionaire's fully-paid cost of any given improvement. City shall not have any right to purchase any equipment, personal property, trademark, proprietary item or identifying characteristic of Concessionaire without the written consent of Concessionaire. Concessionaire agrees to repair any damage to the Premises caused by the removal of any of the above said items by Concessionaire. Concessionaire shall not be entitled to depreciate the cost of said improvement, and title thereto shall vest in City upon Concessionaire's use of said credit.

VIII MAINTENANCE AND REPAIR.

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

8.2 Maintenance Program. Concessionaire shall maintain day-one appearance every day and maintain and repair all interior areas and surfaces of the Units, including sweeping, washing, servicing, repairing, replacing, cleaning and interior painting that may be required to properly maintain each Unit in a safe, clean, wholesome, sanitary, orderly and attractive condition. Concessionaire shall establish an adequate preventive maintenance program and the provisions of same shall be subject to periodic review by CEO. Said program shall include, without limitation, the cleaning of inside windows and exterior display windows, doors inside and outside and the cleaning and repair of all floors, interior walls, ceilings, lighting, signs, decor and equipment. Regardless of Concessionaire's compliance with its preventive maintenance program, Concessionaire shall clean such surfaces and equipment immediately upon being instructed to do so by City or by other governmental agencies having such authority. In addition, Concessionaire shall participate in and cooperate with City in connection with any maintenance performance

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

monitoring and quality assurance program implemented by City, and shall promptly correct any deficiencies noted in connection therewith. Concessionaire shall cooperate with any on-site inspections of applicable governmental agencies charges with inspection of the Premises and shall promptly deliver any inspection reports, notices or citations received from such agencies to City.

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

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

Section 8.3.1 Garbage Disposal; Grease Traps. To the extent specified in Concessionaire's plan for the Initial Improvements or in connection with any Alterations (or any approval by City in connection therewith) or as otherwise required by Applicable Laws, Concessionaire shall provide and maintain an industrial garbage disposal at each Unit. To the extent specified in Concessionaire's plan for the Initial Improvements or in connection with any Alterations (or any approval by City in connection therewith), Concessionaire shall install and maintain a grease trap at each Unit, the type and manner of installation of such grease traps being in compliance with best management practices and meeting the requirements set forth in such approval. Concessionaire shall prepare and

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

deliver to City a cleaning and preventative maintenance program, and shall retain and make available for City inspection receipts showing all oil/grease products purchased and all grease removed. To the extent that grease traps are present in the Premises, Concessionaire shall install and maintain, and regularly clean and empty, all grease traps in the Premises and dispose of the contents thereof in compliance with all applicable Laws, and, if required, Concessionaire will use its own EPA identification number and list itself as the owner on the Uniform Hazardous Waste Manifest or other Profile sheets if any need to be filled out in order for Concessionaire to comply with its obligations under this sentence. Upon the expiration or earlier termination of this Agreement, CEO shall have the right, at CEO's sole option, to require Concessionaire to remove any or all grease traps at Concessionaire's sole cost and expense, and in compliance with all Laws. Without limitation of any of the foregoing, Concessionaire shall do whatever is necessary in order to maintain properly the grease interceptor and prevent, at all times, any overflow or discharge of grease at the surface of the grease interceptor manhole. The grease interceptor and all plumbing pipes shall be rooted and cleaned regularly and as often as necessary to prevent clogging or discharge. In the event of any such overflow or discharge, Concessionaire shall be responsible for all costs of cleanup of the overflow or discharge, including all costs of removing grease, and repair, restoration or replacement of property damaged by such overflow or discharge.

8.4 City May Repair. In the event Concessionaire fails to accomplish any such nonstructural repairs, replacements, rebuilding, redecorating or painting required hereunder (including any preventative maintenance or emergency repairs) within a period of ten (10) days after written notice from CEO so to do, or fails to diligently repair, replace, rebuild, redecorate or paint all portions of each Unit required to be repaired, replaced, rebuilt, redecorated or painted by Concessionaire pursuant to its approved maintenance schedule, City shall have the right (but not the obligation), at its option, and in addition to all other remedies which may be available to it, to repair, replace, rebuild, redecorate or paint any such portion of any Unit included in said notice, and the cost thereof, plus the Administrative Fee, shall be paid by Concessionaire to City as Additional Rent within fifteen (15) days of written demand. Notwithstanding anything to the contrary contained in this Agreement, the performance of such maintenance, repair or replacement by City on Concessionaire's behalf shall in no event be construed as a waiver of Concessionaire's maintain, repair and replacement obligations under this Agreement.

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

8.6 City Maintains Central Air Conditioning. City shall maintain that portion of the HVAC system that serves the Premises but that is located outside of the Premises if said system

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

operates as part of a central terminal or building system maintained by City. Concessionaire shall reimburse City for its costs thereof, including overhead and administration in accordance with Section 4.3 above.

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

8.8 Pest Control. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): Concessionaire shall be solely responsible for a pest-free environment within the Premises by maintaining its own pest control services, in accordance with the most modern and effective control procedures. All materials used in pest control shall conform to applicable Laws. All control substances utilized shall be used with all precautions to obviate the possibility of accidents to humans, domestic animals and pets. Pests referenced above include, but are not limited to, cockroaches, ants, rodents, silverfish, earwigs, spiders, weevils and crickets. Whenever City deems that pest control services must be provided to a building or area that includes Concessionaire's Premises under this Agreement, Concessionaire shall pay for the costs of services provided for the Premises under this Agreement.

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

IX REDUCTION, RELOCATION OR EXPANSION.

9.1 Reduction or Relocation of Premises. CEO may require Concessionaire to surrender or reconfigure any portion of the Premises or to relocate any Unit to a new Unit at any time. CEO, at his/her sole discretion, will attempt to provide substitute space of equal size, with equal frontage in an area accessible to the public. Concessionaire may decline substitute space if it is not of equal size, configuration and exposure to enplaning passenger. In the event Concessionaire declines substitute space, CEO shall approve, within his or her authority, a reduction of the MMG for said unit equal to the amount stated in the Basic Information section of this Agreement, or a proportionate reduction based upon square footage, if only a portion of the Unit square footage is removed. Improvements made by Concessionaire to any Unit or any new

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

Unit as a result of a reduction or relocation shall be subject to the buy-out provisions of this Agreement, the same as if they were made within an original Unit hereof. Any costs incurred by Concessionaire in connection with a relocation under this Section shall be borne by Concessionaire.

9.1.1 Buy-out. In the event that (a) Concessionaire is required to surrender in whole or relocate any Unit within the Premises (other than as required under Section XI, or as a result of a Default by Concessionaire), or (b) City, for any reason, decides to terminate or suspend the scope of work, or any part thereof, or Concessionaire's services, or any part thereof (in which event City may: (1) require Concessionaire to terminate or suspend the performance of all, or a portion, of its services or (2) terminate this Agreement, or any part thereof, upon giving Concessionaire a ten (10) day written notice prior to the effective date of such termination which date shall be specified in such notice), then City will reimburse Concessionaire for the then-undepreciated Net Book Value of the Actual Initial Qualified Investment Amount or improvements installed as part of the Minimum Refurbishment (which improvements which cannot be removed without doing structural damage) with respect to such surrendered Unit based upon a 12-year straight-line depreciation, with no residual value, provided (i) Concessionaire has obtained all necessary approvals for their construction, (ii) Concessionaire has reported each improvement, its costs, and the date upon which its depreciation began, (iii) that architectural and design costs do not exceed twenty percent (20%) of the cost of the improvements, (iv) all said costs are properly supported and made available for audit, and (v) the deliveries required under Section 7.14 have been timely provided to City. All said costs must be direct costs paid by Concessionaire to independent contractors, and suppliers for work actually performed on said Unit, materials furnished or professional services rendered. Costs associated with Concessionaire's employees shall not be included in the calculation of these costs. To become reimbursable Concessionaire shall have, at its expense, timely provided City with the deliveries required under Section 7.14. The straight line depreciation shall begin on the first day of the month in which the improvement was placed in service. The report shall be delivered to CEO. CEO may require Concessionaire to remove any or all of its removable improvements.

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

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

X AIRPORT CONSTRUCTION; AIRPORT OPERATIONS.

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

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

XI TERMINATION/CANCELLATION.

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

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

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

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

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

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

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

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

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

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

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

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

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

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

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

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

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

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

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

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

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

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

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

11.2 City's Remedies.

11.2.1 Termination. In the event of any Default by Concessionaire, then in addition to any other remedies available to City at law or in equity and under this Agreement, City may terminate this Agreement immediately and all rights of

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

Concessionaire hereunder by giving written notice to Concessionaire of such intention to terminate. If City shall elect to so terminate this Agreement, then City may recover from Concessionaire:

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

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

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

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

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

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

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

Concessionaire hereby waives for Concessionaire and for all those claiming under Concessionaire all right now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Concessionaire's right of occupancy of the Premises after any termination of this Agreement, specifically, Concessionaire waives redemption or relief from forfeiture under

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California Code of Civil Procedure Sections 1174 and 1179, or under any other pertinent present or future Laws, in the event Concessionaire is evicted or City takes possession of the Premises by reason of any Default of Concessionaire hereunder.

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

1. Acts of maintenance or preservation or efforts to relet the Premises, including, without limitation, alterations, remodeling, redecorating, repairs, replacements or painting as City shall consider advisable for the purpose of reletting the Premises or any part thereof, or

2. The appointment of a receiver upon the initiative of City to protect City's interest under this Agreement or in the Premises.

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

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

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

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

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

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

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

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

11.2.8 City's Lien. In addition to any statutory lien City has, Concessionaire hereby grants to City a continuing security interest for all sums of money becoming due hereunder upon personal property of Concessionaire situated on or about the Premises and such property will not be removed therefrom without the consent of City until all sums of money then due City have been first paid and discharged. If a default occurs under this Agreement, City will have, in addition to all other remedies provided herein or by law, all rights and remedies under the Uniform Commercial Code, including, without limitation, the right to sell the property described in this Section 11.2.8 at public or private

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

sale upon five (5) days' notice to Concessionaire. This contractual lien will be in addition to any statutory lien for rent.

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

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

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

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

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

11.7 Waiver Is Not Continuous. No waiver by City at any time of any default on the part of Concessionaire in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by Concessionaire shall be or be construed to be a waiver at any time thereafter by City of any other or subsequent default in performance of any of said terms, covenants or conditions, and no notice by City shall be required to restore or revive time as of the essence hereof after waiver by City of default in one or more instances.

11.8 Waiver of Redemption and Damages. Concessionaire hereby waives any and all rights of redemption granted by or under any present or future law or statute in the event it is dispossessed for any cause, or in the event City obtains or retains possession of the Premises in any lawful manner. Concessionaire further agrees that in the event the manner of method

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

employed by City in reentering or regaining possession of the Premises gives rise to a cause of action in Concessionaire in forcible entry and detainer under the Laws of the State of California, the total amount of damages to which Concessionaire shall be entitled in any such action shall be the sum of One ($1) Dollar, and Concessionaire agrees that this provision may be filed in any such action as its stipulation fixing the amount of damages to which it is entitled.

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

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

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

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

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

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

11.12 Service During Removal. Upon the termination, cancellation or expiration of this Agreement, and under circumstances permitting Concessionaire to remove from the Premises removable property belonging to Concessionaire, Concessionaire will only be allowed to remove such property from one Unit at a time in any one Terminal. During such removal operations, which shall be completed thirty (30) days after commencement, Concessionaire shall continue its operations at other Units within said Terminal, it being intended that adequate food & beverage service will be maintained at all times. Subject to any remedies which City may have to secure any unpaid fees or charges due under this Agreement, Concessionaire shall have the right to

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

remove from the Premises only those items of movable equipment and furnishings installed by it and listed on the aforesaid inventory; *provided, however,* Concessionaire shall repair all damage done to said areas and other City-owned property resulting from the removal of such machinery, equipment and fixtures.

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

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

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

11.16 Administrative Assessments. The parties agree that Concessionaire's performance of its obligations under this Agreement are extremely important to City and that Concessionaire's failure to perform those activities will result in administrative and monitoring expenses to City and its staff. Therefore, the parties agree that the administrative assessments described on attached Exhibit U ("**Administrative Assessments**") are reasonable estimates of such expenses and shall be imposed on Concessionaire at the sole discretion of CEO for any of the violations described on Exhibit U. CEO may elect to waive an Administrative Assessment for a particular violation, but no such waiver shall apply to prior or subsequent violations of the same or any other provision of this Agreement, and such waiver shall not be deemed to set a precedent for further waivers. City's right to impose the foregoing Administrative Assessments shall be in addition to and not in lieu of any and all of City's rights under this Agreement, in the Rules and Regulations, or at law or in equity. CEO's decision to impose an Administrative Assessment on Concessionaire for one of the violations described on Exhibit U shall not preclude City, in the event Concessionaire subsequently commits the same or a different violation, from exercising any of such other rights of City, including, without limitation, its right to terminate this Agreement pursuant to Section 11. City shall have no obligation to Concessionaire to impose Administrative Assessments or fines on or

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

otherwise take any action against any other concessionaire or tenant at the Airport. During the Term of this Agreement, CEO may reasonably adjust upward the amount of the Administrative Assessments set forth in Exhibit U by providing Concessionaire six (6) months advance written notice. Exhibit U may be modified by written approval of the CEO.

XII DAMAGE OR DESTRUCTION TO PREMISES.

12.1 Damage or Destruction to Premises.

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

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

12.1.3 Destruction Due to Negligence. Notwithstanding the foregoing, if the said Premises, or a substantial portion thereof, are completely destroyed as a result of the negligence or omission to act of Concessionaire or any of the Concessionaire Parties, said Rent shall not abate and City may, in its discretion, require Concessionaire to repair and reconstruct said Premises within twelve (12) months of the date of discovery of such damage and pay the cost therefore, or City may repair and reconstruct the same within twelve (12) months of the discovery of such damage and Concessionaire shall be responsible for reimbursing City for the cost and expenses incurred in such repair.

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

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

XIII LIABILITY.

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

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

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

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

13.3.2 If Concessionaire has previously provided such FPG to City and if, for any reason, Concessionaire's monthly monetary obligation to City is thereafter decreased in excess of ten percent (10%), then the amount of Concessionaire's FPG may be correspondingly decreased thirty (30) days following written notice to City by Concessionaire.

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

13.3.4 FPGs of Five Thousand Dollars ($5,000) or less shall be in the form of a Cashier's Check, Company Check, Money Order, Certificate of Deposit or Irrevocable Letter of Credit. FPGs in excess of Five Thousand Dollars ($5,000) shall be in the form of be in the form of an irrevocable standby letter of credit ("**LOC**"), which shall be self-renewing with an "evergreen clause" that renews the credit from year to year without amendment, subject to termination upon sixty (60) days written notice to City, and issued

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

by issuer acceptable to City, with offices in Los Angeles, California. The LOC shall allow for partial and multiple drawings by City, and must have an expiry date consistent with the ability to make such drawings for the full period required hereunder. All FPGs must be approved as to form by the City Attorney.

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

Los Angeles World Airports
6033 West Century Blvd., Suite 300
Los Angeles, CA 90045
Attn: Accounting/Revenue FPG Administrator

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

13.4 Insurance. Concessionaire shall procure at its expense, and keep in effect at all times during the term of this Agreement, the types and amounts of insurance specified on Insurance, Exhibit I attached hereto and incorporated by reference herein. The specified insurance shall also, either by provisions in the policies, by City's own endorsement form or by other endorsement attached to such policies, include and insure City and all of City Agents, their successors and assigns, as additional insureds, against the areas of risk described on Exhibit I with respect to acts or omissions of Concessionaire or any of the Concessionaire Parties in their respective operations, use, and occupancy of the Airport or other related functions performed by or on behalf of Concessionaire or any of the Concessionaire Parties in, on or about Airport.

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

13.4.2 All such insurance shall be primary and noncontributing with any other insurance held by City where liability arises out of or results from the acts or omissions of Concessionaire or any of the Concessionaire Parties. Such policies may

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

provide for such reasonable deductibles and retentions as are acceptable to CEO based upon the nature of Concessionaire's operations and the type of insurance involved.

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

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

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

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

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

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

XIV TRANSFER.

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

14.2 Transfer. For purposes of this Agreement, the terms "**Transfer**" shall include, but not be limited to, the following: (i) if Concessionaire is a joint venture, a limited liability company, or a partnership, the transfer of fifty percent (50%) or more of the interest or membership in the joint venture, the limited liability company, or the partnership; (ii) if Concessionaire is a corporation, any cumulative or aggregate sale, transfer, assignment, or hypothecation of fifty percent (50%) or more of the voting shares of Concessionaire; (iii) the dissolution by any means of Concessionaire; and, (iv) a change in business or corporate structure, either in one (1) transaction or a series of transactions. Any such transfer, assignment, mortgaging, pledging, or encumbering of Concessionaire without the written consent of Board is a violation of this Agreement and shall be voidable at City's option and shall confer no right, title, or interest in or to this Agreement upon the assignee, mortgagee, pledgee, encumbrancer, or other lien holder, successor, or purchaser.

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

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

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

14.6 Incorporation of Terms. Each Transfer pursuant to this Section shall be subject to all of the covenants, agreements, terms, provisions and conditions contained in this Agreement

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

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

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

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

14.9 Transfer Premium. If City approves any Transfer as herein provided, and such Transfer is limited to a sublease or a Transfer of an interest in this Agreement only, Concessionaire shall pay to City, as Additional Rent, one hundred percent (100%) of any monetary or other economic consideration received by Concessionaire as a result of the Transfer over and above the amount of Concessionaire's rental and other payments due City pursuant to this Agreement (or applicable share, if a sublease) after first deducting the undepreciated cost of improvements which costs had been approved by City and paid for by Concessionaire. In the case of any other Transfer,

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

Concessionaire shall pay to City and amount equal to five percent (5%) of the Base Rent generated from the Units during the twelve (12) full calendar months preceding the month in which the Transfer is consummated. The agreement evidencing such Transfer, as the case may be, after approval by City, shall not be amended without City's prior written consent, and, at City's option, shall contain a provision directing such transferee to pay the rent and other sums due thereunder directly to City upon receiving written notice from City that Concessionaire is in default under this Agreement with respect to the payment of Rent. In the event that, notwithstanding the giving of such notice, Concessionaire collects any rent or other sums from such transferee, then Concessionaire shall hold such sums in trust for the benefit of City and shall immediately forward the same to City. City's collection of such rent and other sums shall not constitute an acceptance by City of attornment by such transferee

XV HAZARDOUS MATERIALS.

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

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

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

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

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

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

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

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

15.2 Prohibition; Concessionaire Responsibility. Except as may be specifically approved in writing in advance by CEO ("**Permitted Hazardous Materials**"), Concessionaire shall not use, store, handle, generate, treat, dispose, discharge or release any Hazardous Materials at the Premises, in any Common Areas or at the Airport in connection with its use, occupancy, and operation of its business at the Premises; *provided, however,* CEO shall not unreasonably withhold its approval to Concessionaire use, storage and handling of common cleaning materials routinely present in businesses conducting the Permitted Use to the extent such materials are used strictly in accordance with applicable Laws, manufacturer's instructions and best management practices. Concessionaire agrees to accept sole responsibility for full compliance with any and all applicable present and future rules, regulations, restrictions, ordinances, statutes, laws or other orders of any governmental entity regarding the use, storage, handling, distribution, processing or disposal of Hazardous Materials ("**Hazardous Materials Laws**"), regardless of whether the obligation for such compliance or responsibility is placed on the owner of the land, on the owner of any improvements on the Premises, on the user of the land, or on the user of the improvements. Concessionaire agrees that any damages, penalties or fines levied on City or Concessionaire as a result of noncompliance with any of the above shall be the sole responsibility of Concessionaire. Further, Concessionaire shall indemnify, defend, protect and pay and reimburse and hold City any City Agents harmless from any Claims that City or any City Agent suffers or incurs as a result of noncompliance with the above. Concessionaire agrees that any actions (including, without limitation, remedial or enforcement actions of any kind, administrative or judicial proceedings, and orders or judgments arising out of or resulting therefrom), costs, claims, damages (including, without limitation, punitive damages), demands, expenses (including, without limitation, attorneys', consultants' and experts' fees, court costs and amounts paid in settlement of any claims or actions), fines, forfeitures or other civil, administrative or criminal penalties, injunctive or other relief (whether or not based upon personal injury, property damage, or contamination of, or adverse effects upon, the environment, water tables or natural resources), liabilities, liens or losses (collectively, "**Environmental Claims**") asserted against or levied on the Premises, City or Concessionaire as a result of noncompliance with any of the provisions in this Section shall be the sole responsibility of Concessionaire and that Concessionaire shall indemnify, defend and hold City and City Agents harmless from all such Environmental Claims. Further, City may, at its option, pay such Environmental Claims resulting from Concessionaire's non-compliance with any of the terms of this Section, and Concessionaire shall reimburse City for any such payments within fifteen (15) days after written demand therefore.

15.3 Spill - Clean-Up. In the case of any Hazardous Materials spill, leak, discharge, or improper storage on the Premises or contamination of the Premises by any person, Concessionaire shall make or cause to be made any necessary repairs or corrective actions and shall clean up and remove any leakage, contamination or contaminated materials. In the case of any Hazardous Materials spill, leak, discharge or contamination by Concessionaire or any of the Concessionaire Parties at the Premises or in, on or under adjacent property which affects other property of City or its tenants' property, Concessionaire shall make or cause to be made any necessary corrective actions to clean up and remove any spill, leakage or contamination and contaminated materials. If Concessionaire fails to repair, clean up, properly dispose of or take any other corrective actions as required herein, City shall have the right (but not the obligation) to take all steps it deems necessary to properly repair, clean up or otherwise correct the conditions resulting from the spill, leak or contamination. In connection therewith, Concessionaire shall be listed as the owner or "generator" of any Hazardous Materials listed on any Hazardous Waste Manifest and in connection with any reporting made to any governmental entity. Any such repair, cleanup or corrective actions taken

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

by City shall be at Concessionaire's sole cost and expense and Concessionaire shall indemnify, defend, pay for and reimburse and hold City and City Agents harmless from and against any and all costs (including without limitation, the Administrative Fee) City incurs as a result of any repair, cleanup or corrective action City takes to correct any act or failure to act by Concessionaire.

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

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

XVI OTHER PROVISIONS.

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

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

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

16.4 Automobiles and Other Equipment. Subject to compliance with City's permitting and security clearance requirements, Concessionaire shall have the right to use, hire or contract for such automotive vehicles or other mechanized equipment and the services thereof as it determines to be necessary for the operation of the concession business herein authorized; *provided, however,* that the nature, size, type, character and condition of such automotive vehicles and mechanized equipment (including any requirements that such vehicles or other equipment comply with any

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

LEED, 'green" or energy efficiency requirements and policies of the City then in effect) shall be subject to prior written approval of CEO before the same is placed in operation. Upon placing such equipment in operation, Concessionaire shall strictly comply with such rules and regulations as CEO may issue, from time to time, covering operation of such equipment and the time periods therefore, the routes over any of the aprons necessary to the operation of the concession, the location of the parking and storage areas for such equipment, the maintenance of the mechanical condition, appearance, neatness, cleanliness and sanitary condition of such equipment and the cleanliness, neat appearance and conduct and demeanor of Concessionaire's or other personnel operating the same (including, without limitation, any requirements imposed by any Private Restrictions (including, without limitation, that certain Community Benefits Agreement). All of said personnel shall have all licenses required by law and shall also he licensed by City, and City may require periodic inspections of such equipment by City representatives. Approval of inspected equipment may be evidenced by a decal or sticker to be placed on same as required by City. A nominal fee to cover such licensing and inspection services may be charged by City.

16.5 Notices.

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

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

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

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

16.6 Agent for Service of Process. If Concessionaire is not a resident of the State of California, or is a partnership of joint venture without a partner or member resident in said State, or is a foreign corporation, then in any such event Concessionaire does designate the Secretary of State, State of California, its agent for the purpose of service of process in any court action between

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

it and City arising out of or based upon this Agreement, and the service, shall be made as provided by the Laws of the State of California for service upon a non-resident. Notwithstanding the above, Concessionaire represents to City that its agent for service of process in California is as set forth in the Basic Information ("**Registered Agent**") and City agrees that service of process shall be made on Concessionaire's Registered Agent or such change of Registered Agent as Concessionaire may notify City from time to time. If, for any reason, service of such process is not possible, as an alternative method of service of process, Concessionaire may be personally served with such process out of this State by mailing, by registered or certified mail, the complaint and process to Concessionaire at the address set out hereafter in the Agreement, and that such service shall constitute valid service upon Concessionaire as of the date of mailing, and Concessionaire shall have thirty (30) days from the date of mailing to respond thereto. Concessionaire agrees to the process so served, submits to the jurisdiction and waives any and all objection and protest thereto, and Laws to the contrary notwithstanding.

16.7 Restrictions and Regulations.

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

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

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

16.9 Independent Contractor. It is the express intention of the parties that Concessionaire is an independent contractor and not an employee, agent, joint venturer or partner of City. Nothing in this Concessionaire shall be interpreted or construed as creating or establishing

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

the relationship of employer and employee between Concessionaire and City or between Concessionaire and any official, agent, or employee of City. Both parties acknowledge that Concessionaire is not an employee of City. Concessionaire shall retain the right to perform services for others during the term of this Agreement, unless specified to the contrary herein or prohibited by conflict of interest or ethics Laws, regulations, or professional rules of conduct.

16.10 Disabled Access. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1):

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

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

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

16.12 Business Tax Registration. Concessionaire represents that it has registered its business with the Office of Finance of the City of Los Angeles and has obtained and presently holds from that Office a Business Tax Registration Certificate ("**BTRC**"), or a Business Tax

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

Exemption Number, required by the City of Los Angeles' Business Tax Ordinance (Article 1, Chapter 2, Sections 21.00 and following, of the City of Los Angeles' Municipal Code). Concessionaire shall maintain, or obtain as necessary, all such certificates required of it under said Ordinance and shall not allow any such certificate to be revoked or suspended during the term hereof.

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

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

16.15 Non-Discrimination and Affirmative Action Provisions.

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

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

16.15.3 Municipal Non-Discrimination Provisions in Employment. During the term of this Agreement, Concessionaire agrees and obligates itself in the performance of this Agreement not to discriminate against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, sexual orientation, gender identity, gender expression, age, physical handicap, marital status,

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

domestic partner status, or medical condition. Concessionaire shall take affirmative action to insure that applicants for employment are treated, during the term of this Agreement, without regard to the aforementioned factors and shall comply with the affirmative action requirements of the Los Angeles Administrative Code, Sections 10.8, et seq., or any successor ordinances or law concerned with discrimination.

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

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

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

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

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

Concessionaire is an air carrier, do so pursuant to Concessionaire's Federal Aviation Administration approved Air Carrier Standard Security Program used in accordance with 14 CFR, Part 129.

16.16.2 Security - Doors and Gates. Gates and doors located at the Premises which permit entry into restricted areas at Airport shall be kept locked by Concessionaire at all times when not in use or under Concessionaire's constant security surveillance. Gate or door malfunctions which permit unauthorized entry into restricted areas shall be reported to Department of Airports' Operations Bureau without delay and shall be maintained under constant surveillance by Concessionaire until repairs are affected by Concessionaire or City or the gate or door is properly secured.

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

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

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

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

16.18 Living Wage Ordinance General Provisions. This Agreement is subject to the Living Wage Ordinance (hereinafter referred to as "**LWO**") (Section 10.37, et seq., of the Los Angeles Administrative Code, which is incorporated herein by this reference). A copy of Section 10.37 has been attached hereto for the convenience of the parties as Exhibit N. The LWO requires that, unless specific exemptions apply, any employees of service contractor's who render services that involve an expenditure in excess of Twenty Five Thousand Dollars ($25,000) and a contract term of at least three months are covered by the LWO if any of the following applies: (1) at least some of the services are rendered by employees whose work site is on property owned by City, (2) the services could feasibly be performed by City of Los Angeles employees if the awarding authority had the requisite financial and staffing resources, or (3) the designated administrative agency of the City of Los Angeles has determined in writing that coverage would further the proprietary interests of the City of Los Angeles. Employees covered by the LWO are required to be paid not less than a minimum initial wage rate, as adjusted each year. The LWO also requires that employees be provided with at least twelve (12) compensated days off per year for sick leave, vacation, or personal necessity at the employee's request, and at least ten (10) additional days per year of uncompensated time pursuant to Section 10.37.2(b). The LWO requires employers to inform employees making less than Twelve Dollars ($12) per hour of their possible right to the federal Earned Income Tax Credit ("**EITC**") and to make available the forms required to secure advance EITC payments from the employer pursuant to Section 10.37.4. Concessionaire shall permit access to work sites for authorized City representatives to review the operation, payroll, and related documents, and to provide certified copies of the relevant records upon request by City. Whether or not subject to the LWO, Concessionaire shall not retaliate against any employee claiming non-compliance with the provisions of the LWO, and, in addition, pursuant to Section 10.37.6(c), Concessionaire agrees to comply with federal law prohibiting retaliation for union organizing.

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

16.18.2 Compliance; Termination Provisions and Other Remedies: Living Wage Policy. If Concessionaire is not initially exempt from the LWO, Concessionaire shall comply with all of the provisions of the LWO. If Concessionaire is initially exempt from the LWO, but later no longer qualifies for any exemption, Concessionaire shall, at such time as Concessionaire is no longer exempt, comply with the provisions of the LWO. Under the provisions of Section 10.37.6(c) of the Los Angeles Administrative Code, violation of the LWO shall constitute a material breach of this Agreement and City shall be entitled to terminate this Agreement and otherwise pursue legal remedies that may be available, including those set forth in the LWO, if City determines that Concessionaire violated the provisions of the LWO. The procedures and time periods provided in the LWO are in lieu of the procedures and time periods provided elsewhere in this Agreement.

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

Nothing in this Agreement shall be construed to extend the time periods or limit the remedies provided in the LWO.

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

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

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

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

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

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

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

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

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

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

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

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

16.27 Ownership of Work Product. Concessionaire agrees that any and all intellectual properties, including, but not limited to, all ideas, concepts, themes, computer programs or parts thereof, documentation or other literature, or illustrations, or any components thereof, conceived,

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

developed, written or contributed by Concessionaire, either individually or in collaboration with others, for the benefit of City, shall belong to and be the sole property of City.

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

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

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

16.31 Agreement Binding Upon Successors. Subject to the provisions of Section 14, this Agreement shall be binding upon and shall inure to the benefit of the successors, heirs and assigns of the parties hereto. The term "**Transferee**" shall include any transferee of Concessionaire on any Transfer permitted and approved by Board.

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

16.33 Entire Agreement. The provisions of this Agreement, the RFP and Concessionaire's proposal constitute the entire agreement between the parties hereto and said

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

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

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

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

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

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

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

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

16.40 Waiver of Claims. Concessionaire hereby waives any Claim against City and City Agents for loss of anticipated profits caused by any suit or proceeding directly or indirectly attacking the validity of this Agreement or any part hereof, or by any judgment or award in any

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

suit or proceeding declaring this Agreement null, void or voidable, or delaying the same, or any part hereof, from being carried out.

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

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

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

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

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

1. in violation of any Anti-Terrorism Law (as hereinafter defined);

2. nor is any holder of any direct or indirect equitable, legal or beneficial interest in Concessionaire, as of the date hereof: (A) conducting any business or engaging in any transaction or dealing with any Prohibited Person (as hereinafter defined), or any company with business operations in Sudan that are prohibited under Cal. Gov. Code §7513.6, including the governments of Cuba, Iran, North Korea, Myanmar and Syria and, including the making or receiving of any contribution of funds, goods or services to or for the benefit

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

of any Prohibited Person or forbidden entity; (B) dealing in, or otherwise engaging in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224; or (C) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in, any Anti-Terrorism Law; and

3. a Prohibited Person, nor are any of Concessionaire's affiliates, officers, directors, shareholders, members or lease guarantor, as applicable, a Prohibited Person.

If at any time any of these representations becomes false, then it shall be considered a material Default under this Agreement. As used herein, "**Anti-Terrorism Law**" is defined as any law relating to terrorism, anti-terrorism, money-laundering or anti-money laundering activities, including without limitation the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986, Executive Order No. 13224, Title 3 of the USA Patriot Act, Cal. Gov. Code §7513.6, and any regulations promulgated under any of them. As used herein "**Executive Order No. 13224**" is defined as Executive Order No. 13224 on Terrorist Financing effective September 24, 2001, and relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism", as may be amended from time to time. "**Prohibited Person**" is defined as (i) a person or entity that is listed in the Annex to Executive Order No. 13224, or a person or entity owned or controlled by an entity that is listed in the Annex to Executive Order No. 13224; (ii) a person or entity with whom Landlord is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; or (iii) a person or entity that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, http://www.treas.gov/ofac/t11sdn.pdf or at any replacement website or other official publication of such list. "**USA Patriot Act**" is defined as the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Public Law 107-56), as may be amended from time to time.

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

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

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

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

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

'Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions.

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

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

16.46 Guaranty. Concurrently with the execution of this Agreement, _____ shall execute and deliver to City an unconditional guaranty of the obligations of Concessionaire under this Agreement in the form of the Guaranty attached to this Agreement as Exhibit Y.

[Signatures on next page]

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

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

APPROVED AS TO FORM:
Hydee Feldstein Soto,
City Attorney

Date: _____

By: _____
Deputy/Assistant City Attorney

CITY OF LOS ANGELES

By: _____
CEO
Department of Airports

AREAS LAX T4 JV, LLC

By: DocuSigned by: Richard Schneider
BBB4F1CDD8E54EB...
Chief Operating Officer & Development Officer

Richard Schneider
Print Name

GUARANTOR:

Areas USA Inc.
a Florida Corporation

By: DocuSigned by: Carlos P. Bernal
54484BEE035246...
Areas USA Inc.

Carlos P. Bernal CEO
Print Name and Title

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

TABLE OF CONTENTS

I TERM. 5

1.1. Term 5

1.2. Unit Commencement Date 6

1.3. Commencement of Prepatory Actions 6

1.4. Surrender 6

II PREMISES. 7

2.1. Premises; Units 7

2.2. Unit Nos.; Square Footage 7

2.3. Storage Space 7

2.4. Common Areas 7

2.5. Public Address System 8

2.6. Wireless Communications 8

III CONCESSION RIGHTS AND OBLIGATIONS. 8

3.1. Permitted Uses; Rights Granted 8

3.2. Right to Operate 9

3.3. General Obligation to Operate 9

3.4. Right to Promote Products; Restriction on Advertising 9

3.5. Quiet-Enjoyment 9

3.6. As-Is Condition 10

3.7. Rights are Not Exclusive 10

3.8. General Disputes 10

3.9. No Other Uses 10

3.10. Rules and Regulations 11

3.11. Pricing. 11

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

TABLE OF CONTENTS (cont.)

3.12. Failure to Adhere to the Airport Pricing Policy 12

IV PAYMENTS BY CONCESSIONAIRE. 13

4.1. Monthly Base Rent Payments. 13

4.2. Design/Construction Review Fee 16

4.3. Common Area Maintenance. 16

4.4. Utilities 18

4.5. Marketing Fund 18

4.6. Refuse Removal 18

4.7. Other Fees and Charges 19

4.8. Method of Payment 19

4.9. Books and Records 21

V OPERATING STANDARDS. 22

5.1. Operating Standards 22

5.2. Concession Personnel 22

5.3. Managing Director 23

5.4. Unit Managers 24

5.5. Hours of Operation 24

5.6. Merchandising 24

5.7. Quality of Merchandise 25

5.8. Adequate Products and Service 25

5.9. Cash and Record Handling Requirements; Change Making; Credit Cards 25

5.10. Deliveries; Access and Coordination 26

5.11. Removal of Garbage and Refuse 26

5.12. Franchise Standards 28

5.13. Quality Assurance Audits 28

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

TABLE OF CONTENTS (cont.)

5.14. Prohibited Acts....28

5.15. Signs, Promotions & Displays....30

5.16. Taxes....31

5.17. Licenses and Permits....31

5.18. Compliance with Laws....31

5.19. Airport Operations....32

5.20. Non-Compliance....32

VI DISADVANTAGED BUSINESS ENTERPRISE PROGRAM....32

6.1. Compliance with Department of Transportation (DOT)....32

6.2. Substitutions....33

6.3. Monthly Report....33

VII IMPROVEMENTS....31

7.1. Improvement Proposal....31

7.2. Condition of Premises....31

7.3. Initial Improvements Required of Concessionaire....32

7.4. Improvement Financial Obligation....32

7.5. Minimum Refurbishment....32

7.6. City Approval of Improvements....33

7.7. Initial Improvements....35

7.8. Alterations....35

7.9. Building Codes....36

7.10. Other Permits....36

7.11. Workers' Compensation....36

7.12. Improvement Payment and Performance Bond....36

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

TABLE OF CONTENTS (cont.)

7.13. Telecommunications Facilities 36

7.14. Deliveries upon Completion 38

7.15. No Liens 39

7.16. Ownership of Improvements 40

VIII MAINTENANCE AND REPAIR. 41

8.1. Maintenance and Repair 41

8.2. Maintenance Program 41

8.3. Maintenance of Plumbing 42

8.4. City May Repair 43

8.5. Right to Enter Premises 43

8.6. City Maintains Central Air Conditioning 43

8.7. City May Maintain Utilities 44

8.8. Pest Control 44

8.9. Evidence of Payment 44

IX REDUCTION, RELOCATION OR EXPANSION 44

9.1. Reduction or Relocation of Premises 44

9.2. Expansion of Premises 8

X AIRPORT CONSTRUCTION; AIRPORT OPERATIONS. 46

10.1. Terminal Construction; Airport Operations 46

10.2. No Right to a Temporary Premises 46

XI TERMINATION/CANCELLATION 46

11.1. Defaults 46

11.2. City's Remedies 48

11.3. Right to Remove Equipment 52

11.4. Surrender to be in Writing 52

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

TABLE OF CONTENTS (cont.)

11.5. Additional Rights of City 52

11.6. Acceptance Is Not a Waiver 52

11.7. Waiver Is Not Continuous 52

11.8. Waiver of Redemption and Damages 52

11.9. Survival of Concessionaire's Obligations 53

11.10. Cancellation or Termination By Concessionaire 53

11.11. Damaged Improvements 53

11.12. Service During Removal 53

11.13. City May Renovate 54

11.14. Viewing By Prospective Competitors 54

11.15. Unauthorized Hold-Over 54

11.16. Administrative Assessments 54

XII DAMAGE OR DESTRUCTION TO PREMISES. 55

12.1. Damage or Destruction to Premises 55

12.2. Limits of City's Obligations 55

XIII LIABILITY 58

13.1. Liability 58

13.2. City Held Harmless 59

13.3. Faithful Performance Guarantee 59

13.4. Insurance 57

XIV TRANSFER. 59

14.1. Transfer Prohibited 59

14.2. Transfer 59

14.3. No Further Consent Implied 62

14.4. No Release 59

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

TABLE OF CONTENTS (cont.)

14.5. Payment of City's Costs 62
14.6. Incorporation of Terms 62
14.7. Right to Collect Rent Directly 63
14.8. Reasonableness of Restrictions 63
14.9. Transfer Premium 63
XV HAZARDOUS MATERIALS. 64
15.1. Hazardous Materials 64
15.2. Prohibition; Concessionaire Responsibility 62
15.3. Spill - Clean-Up 62
15.4. Provision to City of Environmental Documents 63
15.5. Hazardous Materials Continuing Obligation 63
XVI OTHER PROVISIONS 63
16.1. Other Provisions 63
16.2. Cross Default 63
16.3. City's Right of Access and Inspection 63
16.4. Automobiles and Other Equipment 63
16.5. Notices 64
16.6. Agent for Service of Process 64
16.7. Restrictions and Regulations 65
16.8. Right to Amend 68
16.9. Independent Contractor 69
16.10. Disabled Access. 69
16.11. Child Support Orders ..... **Error! Bookmark not defined.**
16.12. Business Tax Registration ..... **Error! Bookmark not defined.**
16.13. Ordinance and Los Angeles Administrative Code ("Code") Language Governs 67

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

TABLE OF CONTENTS (cont.)

16.14. Amendments to Ordinances and Codes 67
16.15. Non-Discrimination and Affirmative Action Provisions. 67
16.16. Security - General 68
16.17. Visual Artists' Rights Act 69
16.18. Living Wage Ordinance General Provisions 70
16.19. Service Contract Worker Retention Ordinance 71
16.20. Equal Benefits Ordinance 71
16.21. Contractor Responsibility Program 72
16.22. First Source Hiring Program for Airport Employers 72
16.23. Environmentally Favorable Options 72
16.24. Municipal Lobbying Ordinance 72
16.25. Labor Peace Agreement 72
16.26. Alternative Fuel Vehicle Requirement Program 72
16.27. Ownership of Work Product 72
16.28. Estoppel Certificate 76
16.29. Subordination of Agreement 76
16.30. Laws of California and United States 76
16.31. Agreement Binding Upon Successors 77
16.32. Attorneys' Fees 77
16.33. Entire Agreement 77
16.34. Conditions and Covenants 79
16.35. Gender and Plural Usage 77
16.36. Venue 77
16.37. Void Provision 79
16.38. Construction and Interpretation 79

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

TABLE OF CONTENTS (cont.)

16.39. Section Headings 79

16.40. Waiver of Claims 79

16.41. Waiver 79

16.42. Representations of Concessionaire 79

16.43. Additional Representations of Concessionaire 80

16.44. Board Order AO-5077 80

16.45. Compliance with LA City Charter Section 470(c)(12) 80

16.46. Guaranty 81

LIST OF SCHEDULES AND EXHIBITS

Schedule 1: Concessions Standard Operating Procedures

Exhibit A: Description of Premises

Exhibit A-1: Site Plan Showing Premises

Exhibit B: Commencement and Expiration Date Memorandum (Intentionally Omitted)

Exhibit C: Form of Storage Space Addendum

Exhibit D: Description of All Premises in Airport (Intentionally Omitted)

Exhibit E: Form of Monthly Gross Revenue Report

Exhibit F: Form of Annual Gross Revenue Report

Exhibit G: Intentionally Omitted

Exhibit H: Form of Improvement Performance Bond

Exhibit I: Insurance

Exhibit J: Child Support Ordinance

Exhibit K: Equal Employment Practices

Exhibit L: Affirmative Action Program

Exhibit M: Alternative Fuel Vehicle Program Regulations

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

TABLE OF CONTENTS (cont.)

Exhibit N: Living Wage Ordinances

Exhibit O: Intentionally Omitted

Exhibit P: Service Contract Worker Retention Ordinance

Exhibit Q: Contractor Responsibility Program Pledge of Compliance Rules

Exhibit R: First Source Hiring Program

Exhibit S: (Intentionally Omitted)

Exhibit T: Approved Form of Payment List

Exhibit U: Schedule of Administrative Fees

Exhibit V: Intentionally Omitted

Exhibit W: Initial Improvements Plan

Exhibit X: Permitted Uses [and Brands / Concepts]

Exhibit Y: Concession Guaranty re: XXXPROPOSERPARTNERXXX

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

DEFINITION OF DEFINED TERMS

Term	Page	Section
ACDBE Rules	32	6.1
ACDBEs	32	6.1
Actual Initial Investment	34	7.4
Actual Rent	16	4.1.6
ADA	31	5.18.1
Additional Rent	13	4.1.1
Administrative Assessments	57	11.16
Advertising	9	3.4
Affirmative Action Program	71	16.15.5
Agreement	1	Intro; Basic Information
Agreement Date	1	Basic Information
Agreement Year	16	4.1.6
Airport	5, 7	Recital A; 2.1
Airport Pricing Policy	11	3.11.1
Alterations	37	7.8
Anti-Terrorism Law	79	16.42.3
Base Rent	13	4.1.1
Basic Information	1	Intro; Basic Information
Board	1	Intro; Basic Information
BTRC	70	16.12
Chronic delinquency	50	11.1.13
City	1	Intro; Basic Information
City Agents	23	5.2.4
City Policies	75	16.23
Claims	9	3.4
Common Areas	7	2.4
Comparable	11	3.11.1
Comparison Area	11	3.11.1
Concessionaire	1	Intro; Basic Information
Concessionaire Parties	31	5.18.1
(Original) Concessionaire Proposal	5	Recital C
Concessionaire's Maintenance Records	43	8.1
Default	48	11.1
Deficiency	21	4.8.2
Delivery Date	6	1.2
Delivery Notice	6	1.2
Design Guidelines	30	5.15.1
EBO	74	16.20
EITC	73	16.18
Environmental Claims	65	15.2
Equal Employment Practices	71	16.15.4
CEO	6	1.2
Executive Order No. 13224	80	16.43.3
Expiration Date	6	1.1; Basic Information

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

DEFINITION OF DEFINED TERMS (cont.)

Term	Page	Section
Faithful Performance Guarantee	57	11.15; Basic Information
Financial Statements	20	4.7.5
FPG	59	13.3
FSHP	75	16.22
Gross Revenues	13	4.1.2
Guarantor	49	11.1.3; Basic Information
Hazardous Materials	64	15.1
Hazardous Materials Laws	65	15.2
Initial Improvements	33	7.3
Initial Improvements Plan	33	7.1
Initial Minimum Investment Amount	34	7.4; Basic Information
Laws	31	5.18.1
LOC	59	13.3.4
LPA	75	16.25
LWO	73	16.18
Managing Director	23	5.3
Minimum Refurbishment	34	7.5
Minimum Refurbishment Plan	35	7.5.1
Minimum Refurbishment Amount	35	7.5.2; Basic Information
Minimum Monthly Guaranteed Rent	13	4.1.3; Basic Information 6.1
Non-Discrimination Policy	32	16.20
Non-ERISA Benefits	74	4.1.2
Per Enplaned Passenger MAG	11	4.1.5; Basic Information
Percentage Fee	13	15.2
Permitted Hazardous Materials	65	3.1; Basic Information
Permitted Uses	8	5.2.1; Basic Information
Personnel	22	5.9.1
POS Equipment and Systems	25	2.1
Premises	7	5.18.1
Private Restrictions	31	4.1.4
Products and Services	14	16.42.3
Prohibited Person	79	5.11.1
Recycling Program	27	16.6; Basic Information
Registered Agent	68	4.1.1
Rent	13	Recital B
RFP	5	3.10
Rules and Regulations	11	16.19
SCWRO	74	4.3.4
Share	18	5.2.1
Sufficient number	22	7.13.1
Telecom Documentation	39	7.13.1
Telecommunication Facilities	39	7.13.1
Telecommunication Service Providers	39	

Docusign Envelope ID: 944CBD63-425D-8C12-8013-40B6408591B6

DEFINITION OF DEFINED TERMS (cont.)

Term	Page	Section
Term	6	1.1
Terminal	1	Basic Information
Transfer	62	14.1
Transfer Request	62	14.1
Transferee	77	16.31
Unit Commencement Date	6	1.2
Unit Manager	24	5.4
Units	7	2.1
USA Patriot Act	79	16.42.3
VARA	72	16.17
Worth at the time of award	51	11.2.1

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SCHEDULE 1

Concessions Standard Operating Procedures

Los Angeles International Airport & Van Nuys Airport

Concessions Standard Operating Procedures (SOP)

May 2026

Table of Contents

1. Applicability 3
2. Definitions 3
3. Pricing Policy 3
    - Introduction 3
    - Pricing Flexibility 4
    - Excluded Items 4
    - Price Display 5
    - Pricing Reporting 5
    - Pricing Compliance 5
4. Utilities 5
5. Other Fees & Charges 6
6. Required Hours of Operation 6
7. Deliveries, Access & Coordination 6
8. Removal of Garbage & Refuse 7
9. Refuse Removal Costs 8
10. Environmentally Favorable Options 9
11. City Events 9
12. Distressed Concession Relief Program 9
13. Value For Money (VFM) Program 9
14. Children's Menu 9
15. Digital Marketing 9
16. Airport Service Quality (ASQ) Scores 10
17. Business and Operations Plan 10
18. Additional Conditions 10

Exhibits

1. Pricing Policy: Product/Menu/Service Report
2. Pricing Policy: Excluded Item Report

1. Applicability

Concessionaires (as defined below) at Los Angeles International Airport (LAX) or Van Nuys Airport (VNY) shall comply with these procedures.

2. Definitions

For purposes of these procedures, the following definitions shall apply:

"Concession" means any operation which provides, sells, rents or distributes goods, services, food, beverages, merchandise, or other products to the public at LAX or VNY, including but not limited to: retail stores, food and beverage establishments, personal service providers, passenger service businesses, advertising displays, vending machines, entertainment facilities, or other similar revenue-generating operations intended to serve the public; or airport employees.

“Concessionaire” shall include: (i) any entity with an Agreement with Los Angeles World Airports (LAWA) to provide concessions at LAX or VNY, including a Terminal Commercial Manager (TCM) (ii) concessionaires or sub-concessionaires at LAX or VNY (whether through direct concession agreements with LAWA or with TCM or otherwise); or (iii) any other individual or entity that is in possession of space that is intended to be used as a Concession at LAX or VNY provided, however, that Concessions shall not include: airlines or other air carriers, ground transportation providers, rental car services, parking operations, governmental or security operations.

“Concessionaire’s Agreement” shall mean: Concessionaires approved by LAWA provided that in case of conflicts, the terms of these procedures and LAWA’s consent shall prevail, in that order. For the avoidance of doubt, for TCM’s concessionaires, Concessionaire’s Agreement shall mean Unit Concession Agreement.

“Chief Executive Officer (CEO)” shall mean the General Manager or Executive Director of LAWA.

“LAWA” or “Los Angeles World Airports” shall mean the City of Los Angeles Department of Airports.

“Premises” or “Unit” shall mean the respective space(s) of each Concessionaire, as defined in their respective agreement(s).

Unless the context requires otherwise, capitalized terms shall have their meanings as set forth in each Concessionaire’s Agreement provided, however, if any definition in Concessionaire’s Agreement conflicts with a definition in these procedures, the definition in these procedures shall control for purposes of these procedures.

3. Pricing Policy

Introduction

LAWA is committed to providing a diverse and competitive range of retail, food and beverage and service options for the public. LAWA has adopted a flexible pricing policy that allows Concessionaires to set their own prices for the products, menu items and services they offer at their concessions, except for Excluded

Items, and subject to certain requirements and limitations. This document outlines the procedures of the Pricing Policy, which will take effect upon execution of the Amendments to the Concession Agreements.

Pricing Flexibility

Under the Pricing Policy, Concessionaires are allowed to determine the prices of their retail products, food and beverage menu items and services. Concessionaires are encouraged to offer competitive and reasonable prices that reflect the value and quality of their products and services, and that meet the expectations and satisfaction of the customers.

Excluded Items

This section outlines the pricing procedures for specific categories of items, ensuring that prices are competitive and fair for consumers while allowing for a reasonable profit margin. These categories are:

- Bottled Water
- Over-the-counter medication
- Feminine hygiene products
- Baby products

The Concessionaire will price these items no more than 18% above street pricing. Street pricing is a price charged for an identical/comparable good and at a comparable business, which is a similar non-airport business located in a shopping center or commercial district within a 25-mile radius from the airport, with a similar style of service, product offering and menu. Locations such as hotels, train stations, special events and special gated venues (e.g. Dodger Stadium, theme parks, Crypto.com Center) are not acceptable comparable businesses.

For the designated items in each of the above categories, every Concessionaire must submit a comprehensive Excluded Items pricing report for review by LAWA **on a QUARTERLY basis**. All prices will be reviewed. The Excluded Item pricing report must be completed using the template and format provided by LAWA (Exhibit 2), which includes:

- At least three (3) comparable businesses (with full name and address) with corresponding prices for each Excluded Item for purchase.
- The calculation to demonstrate the proposed pricing adheres to the Policy.

The Excluded Item pricing report must be submitted electronically to LAWA's Commercial Development's email account, concessionsreporting@lawa.org.

Quarterly submission due dates for the Excluded Item pricing report, for each year, are:

- January 1
- April 1
- July 1
- October 1

If the date falls on a weekend (Saturday or Sunday) or a city-observed holiday, the due date will be the following business date. LAWA will approve each Concessionaire's Excluded Item pricing report via email.

Price Display

Prices must be conspicuously displayed on all items for purchase, to the satisfaction of LAWA. Displays will include the name/description of the item for purchase and its sale price. Other specifics may be required on a case-by-case basis.

Pricing Reporting

To ensure transparency and accountability, Concessionaires are required to submit a pricing report to LAWA once a year, by January 1st, except for Excluded Items, (see Excluded Items Section C above) and every time a Concessionaire changes their menu, product list, service or the price of an item or service. The pricing report should include the following information for each product, menu item or service offered at the concession:

- The name and description of the product, menu item or service;
- The unit size or portion size of the product or menu item;
- The previous price of the product, menu item or service, if applicable; and,
- The date of the last price change, if applicable.

The pricing report must be submitted electronically to LAWA's Commercial Development email account, concessionsreporting@lawa.org, using the template and format provided by LAWA (Exhibit 1). LAWA will review the pricing report and acknowledge receipt of the report via email. LAWA reserves the right to request additional information or clarification from the Concessionaire. LAWA also reserves the right to reject any price in the Excluded Item report that is deemed inconsistent with the Policy.

Pricing Compliance

LAWA will monitor and enforce the compliance of the Concessionaire with the Pricing Policy, using various methods, such as price surveys, audits, inspections, and customer feedback. LAWA will notify the Concessionaire, in writing, of violations of this Policy. Concessionaire must correct prices to conform to the pricing criteria within seven calendar days of receipt of the Notice of Pricing Violation. If any LAWA-initiated price comparisons disclose a violation of the requirements of this Agreement, the cost of such LAWA-initiated price comparisons will be borne by the Concessionaire, and upon the delivery of an invoice from LAWA, the Concessionaire must pay the same to LAWA, plus fifteen percent (15%) of such cost incurred as an administrative fee (but in no event less than $100 per occurrence or such greater amount as may be reasonably adjusted by the CEO from time to time) (herein, the "Administrative Fee"), within thirty days of receipt of LAWA's invoice. LAWA will take appropriate actions against any Concessionaire that fails to comply with the Pricing Policy, such as issuing warnings, imposing fines, or terminating the concession agreement, depending on the severity and frequency of the violation.

4. Utilities

Utilities with respect to the Premises (including each Unit therein), including electricity, gas and water, shall be separately metered as to the Premises (and as to each Unit therein), at Concessionaire's expense. If the CEO agrees that it is impossible to separately meter a given utility, with respect to all or a portion of a given Unit/Premises, then Concessionaire shall pay to LAWA as Additional Rent a reasonable and non-discriminatory pro-rata amount of said utility invoice which includes said Unit/Premises, based upon CEO's good faith estimate of Concessionaire's share thereof. CEO's estimate may be based on the square footage of Concessionaire's Premises compared with the square footage of the area serviced, or upon some other

reasonable and non-discriminatory criteria designated by CEO in CEO's good faith business judgment. LAWA shall invoice Concessionaire for amounts due and Concessionaire shall pay the same on demand of receipt of LAWA's invoice. TCM shall have the right to pass through all of such charges for utilities to its Concessionaires but without any administrative mark-up or profit.

5. Other Fees & Charges

If LAWA has paid any sum or sums or has incurred any obligations or expense which Concessionaire had agreed to pay or reimburse LAWA for, or if LAWA is required or elects to pay sum(s) or ensure obligation(s) or expense(s) by reason of the failure, neglect or refusal of Concessionaire to perform or fulfill any of the conditions, covenants or agreements contained in the Agreement, or as a result of an act or omission of Concessionaire contrary to said conditions, covenants, and agreements, Concessionaire shall pay the sum(s) so paid or the expense(s) so incurred (including all interest, costs, damages and penalties, and the same may be added to any installment of the fees and charges thereafter due hereunder), plus the Administrative Fee, as Additional Rent recoverable by LAWA in the same manner and with like remedies applicable to any other component of Rent hereunder.

6. Required Hours of Operation

The Unit/Premises (including all Units within the Premises) shall be open for business every day, three hundred sixty-five days per year. The Concessionaire shall operate the Unit/Premises in accordance with the following minimum hours of operation ("Minimum Hours of Operation"): (i) if such Unit is located on the arrivals level, Minimum Hours of Operation shall be from the first scheduled arrival until at least one hour after the last scheduled arrival, without exception. ; (ii) if such Unit is located on the departure level, Minimum Hours of Operation shall be at least one hour before the first scheduled departure until the last departure of the day without exception and (iii) notwithstanding the information in (i) and (ii) no Unit shall be opened fewer hours than 6:00 a.m. to 10:00 p.m.Except in connection with the expiration or earlier termination of Concessionaire's Agreement, Concessionaire shall not vacate or abandon the Premises (including any Unit therein) at any time.

CEO may alter hours on 24-hour notice to Concessionaire to temporarily or permanently modify the Minimum Hours of Operation for any Unit/Premises. Concessionaire shall comply with modifications. Upon the written request of Concessionaire, CEO may, from time to time, authorize a later opening or earlier closing time for any Unit/Premises, provided CEO first finds that Concessionaire has submitted adequate justification ; provided, however, decreases in passenger traffic (with the exception of a national emergency or event) shall not be considered adequate justification.

7. Deliveries, Access & Coordination

To the extent airside access rights are granted to Concessionaire, Concessionaire shall comply with all Airport Rules and Regulations and applicable Laws to obtain clearance for airside access. Except and to the extent expressly directed by CEO in writing, all deliveries of products, goods, merchandise, supplies, and other materials to and from the Premises (including any Unit therein) and trash removal from the Premises (including any Unit therein) necessary to the operation of the Premises (or any Unit therein) shall be conducted through the airside locations (for TCM and its concessionaires it will be designated in the DIP Approval), as such airside locations may be changed by CEO from time to time upon written notice to Concessionaire. Concessionaire acknowledges and agrees that all such deliveries by Concessionaire shall

be in conformance with the Rules and Regulations and security requirements in effect with respect to airside operations at the Airport, and Concessionaire shall bear all costs incurred by them in connection with their respective compliance. Concessionaire shall make deliveries only within the times and at locations authorized by CEO. Concessionaires shall require that all airside deliveries be made by vehicles and drivers qualified and permitted by LAWA to drive over airside access roadways. Delivery hours and locations may be specified and changed from time to time at the sole discretion of CEO.

8. Removal of Garbage & Refuse

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

LAWA Waste Reduction and Removal. Concessionaire shall comply with current and future Airport Rules and Regulations and other regulations promulgated by the City of Los Angeles regarding the reduction and recycling of trash and debris. Without limiting the generality of the foregoing, Concessionaire shall participate in meeting the Airport's mandated goal of fifty percent (50%) waste diversion by 2035, by developing and implementing a program to remove as much recyclable material from the waste stream as possible (a "Recycling Program"). Any Recycling Program shall consist of at a minimum mixed office paper and cardboard recycling, beverage container recycling in employee break areas and public areas if applicable, diversion through 2-sided copying, reuse of pallets, utilization of minimum thirty percent (30%) recycled content copy paper and other recycled content paper goods. TCM shall prepare and submit to LAWA a written description of such Recycling Program with respect to the Premises (and each Unit therein) as part of the TCM's Business and Operations Plan. TCM shall incorporate reasonable revisions to such Recycling Program required by LAWA. If Concessionaire's corporate management has a written policy on waste reduction and sustainability, Concessionaire shall provide a copy of such policy to LAWA at the notice address set forth in the Basic Information, Attention: LAWA Recycling Coordinator. Concessionaire shall provide a quarterly report to the LAWA Recycling Coordinator (in the form and format prescribed by LAWA) detailing the volume and type of materials diverted from the waste stream in accordance with such Recycling Program. Such quarterly report shall also describe other waste minimization practices, such as use of compostable utensils and dishware, reuse of materials and equipment, salvaging of materials and recycling of construction and demolition waste. Without limiting the generality of LAWA's other access and inspection rights under Concessionaire's Agreement, LAWA shall have the right to access the Premises during regular business hours to review and verify Concessionaire's compliance with its Recycling Program and other waste minimization practices. LAWA discourages the use of polystyrene foam including one-time use clamshell food containers, bowls, plates, trays, cartons, and cups in which food or beverages are placed or packaged. In addition, restaurants and food vendors are required to use biodegradable or compostable food service ware unless an affordable alternative is not available. TCM shall provide periodic reports as outlined in the Business and Operations Plan to the LAWA Recycling Coordinator (in the form and format prescribed by LAWA) detailing the volume and type of materials diverted from the waste stream in accordance with such Recycling Program. Such reports shall also describe other waste

minimization practices, such as use of compostable utensils and dishware, reuse of materials and equipment, salvaging of materials and recycling of construction and demolition waste. Without limiting the generality of LAWA's other access and inspection rights under Concessionaire's Agreement, LAWA shall have the right to access the Premises during regular business hours to review and verify Concessionaire's compliance with its Recycling Program and other waste minimization practices. LAWA discourages the use of polystyrene foam including one-time use clamshell food containers, bowls, plates, trays, cartons, and cups in which food or beverages are placed or packaged. In addition, restaurants and food vendors are required to use biodegradable or compostable food service ware unless an affordable alternative is not available.

Coordinated Delivery and Trash/Re-Cycling Removal System. Concessionaire acknowledges that the CEO may implement coordinated systems for airside access deliveries and Trash/Recycling Removal and that such coordinated systems may (a) be operated by one or more third-party contractors, (b) require the use of a designated transfer locations, (c) require the payment or reimbursement by Concessionaire, its Concessionaires and other participants of costs and expenses, and any such amounts payable or reimbursable if paid to LAWA shall be Additional Rent hereunder, or may be payable to such third party contractors pursuant to separate agreements with such contractors; and (d) Concessionaire understands and acknowledges that, if implemented, participation with the coordinated systems may be mandatory. Concessionaire acknowledges that such coordinated systems may not become effective until after the commencement of the Primary Term of Concessionaire's Agreement. Concessionaire shall be responsible for all deliveries until such time as CEO delivers written notice to Concessionaire that such systems are being implemented. TCM shall be permitted to pass through all such costs and expenses to its Concessionaires but without any administrative markup or profit.

Additionally, LAWA requires adherence to the following waste programs/guidelines:

a. Adherence to the LAX Waste Guidelines Combined LAX Waste Guidelines
b. Mandatory back of house compost collection for all restaurants and mandatory passenger-generated compost collection for all food courts (two or more restaurants with shared seating)
c. Adherence to the LAX Food Donation Policy LAX Food Donation Policy.pdf
d. Adherence to the LAWA Single-use Plastic Water Bottle Ban Policy Single-use Plastic Water Bottle Phase-out Policy_LAWA.pdf
e. Adherence to all future waste-related LAWA sustainability policies adopted by BOAC

9. Refuse Removal Costs

LAWA may designate garbage or refuse disposal areas at each Facility for use by concessionaires. LAWA reserves the right to charge, and in such event, Concessionaire shall pay to LAWA as Additional Rent a reasonable and non-discriminatory pro-rata amount of the cost for segregation and/or removal of garbage and refuse from designated garbage or refuse disposal areas based upon CEO's good faith estimate of Concessionaire's share thereof. CEO's estimate may be based on Concessionaire's Premises square footage compared with the square footage of the area serviced, or upon some other reasonable and not unjustly discriminatory criteria designated by CEO in CEO's good faith business judgment. LAWA shall invoice Concessionaire monthly for amounts due and Concessionaire shall pay the same to LAWA as Additional Rent, on demand, upon receipt of LAWA's invoice. TCM shall have the right to pass through all such charges for refuse removal to its Concessionaires but without any administrative markup or profit.

10. Environmentally Favorable Options

Concessionaire acknowledges that its operation of its activities under Concessionaire's Agreement will be subject to all of City of Los Angeles' policies, guidelines and requirements regarding environmentally favorable construction, use or operations practices (hereinafter collectively referred to as "City Policies") as such City Policies may be promulgated, revised and amended from time to time.

11. City Events

From time to time, LAWA will host global or nationwide events, including but not limited to the World Cup in 2026, the Superbowl in 2027, and the 2028 Summer Olympic and Paralympic Games ("**City Event**"), and LAWA has or may enter into agreements in connection therewith that affect concessions at the Airport ("**City Event Agreements**"). Concessionaire shall (i) cooperate with LAWA, (ii) act consistently with any such City Event Agreements and (iii) cause its sub-concessionaires and subcontractors to act consistently with any such City Event Agreements. If any City Event has a material adverse impact on Concessionaire's rights under the Concessionaire's Agreement, then upon Concessionaire's written notice to LAWA, Concessionaire and LAWA shall engage in good faith negotiations to address those impacts.

12. Distressed Concession Relief Program

LANGUAGE FOR THIS SECTION TO BE PROVIDED.

13. Value For Money (VFM) Program

At all Units, the menu shall include at least one item or combination of items that are offered at a discounted rate to support LAWA's Value for Money (VFM) program. VFM items, combos, and deals are a selection of items made available at lower price points than regular menu items and designed to provide customers with more affordable options. LAWA will promote these offerings through the VFM program.

14. Children's Menu

At all Units, the menu shall include at least one child's plate and price.

15. Digital Marketing

Concessionaire acknowledges that: (i) City intends to implement an airport-wide digital online shop and dine program and delivery system ("Digital Program"); (ii) such Digital Program may be operated by one or more third party contractors; (iii) if the Digital Program is implemented, Concessionaire shall participate in the Digital Program; (iv) Concessionaire shall participate in quarterly discussions regarding digital experience; and (v) such Digital Program may not become effective until after the Effective Date of this Amendment. Nothing in this Section shall be construed to preclude Concessionaire's participation in TCM's pilot program authorized by Board Resolution no. 27007 (approving the Chief Executive Officer Consent to Permitted Uses).

16. Airport Service Quality (ASQ) Scores

Concessionaire shall implement the following to drive ASQ scores:

- Pricing and value for money review on all pricing submissions including review of entire marketplace offer, quality, service and value price of items.
- Mystery Shop scores audits; anything below 75% triggers immediate retraining on problem areas.
- Recognition/gifts/ awards for high performing employees.
- Store inspections with clear action plans to address deficiencies, communicated to LAWA upon request.
- Monitoring online reviews and providing responses to guest feedback.
- Full retraining on policies and procedures, including open/close policy and full enforcement of this.

17. Business and Operations Plan

The contents of the Business and Operations Plan shall include, but not be limited to, the following:

a. The plan for reasonably maximizing payments and value to City.
b. Establishment of operational goals and objectives for the forthcoming year of the plan, including identification of sales opportunities and marketing plans for the promotion of sales.
c. Review of prior year's performance, including achievement of sales projections and sales trends with explanations of any anomalies by Unit
d. The plan for the promotion of Concessionaires and their products or services
e. Review of Concessionaire's operating standards, policies, and procedures to address, correct or replace underperforming Units, including direct, actionable metrics initiated by Concessionaire to improve the airport's third-party, industry-wide customer service evaluation scores within the Premises.
f. Customer service and quality assurance plan, and remedial action plan for any prior deficiencies.
g. The maintenance plan for the Premises.
h. Such other goals, objectives, requirements or information as the CEO may reasonably request.

18. Additional Conditions

Concessionaire must adhere to the following additional conditions:

1. Concessionaire must purchase, install, and integrate with LAWA systems sensors to measure open/close accuracy and consistency to specified operating hours.
2. Concessionaire must provide accessibility to all data as requested, such as POS data, queue times, daily sales details, including POS data and ensure LAWA retains ability to access and control customer data as requested.
3. Concessionaire must partner in employee events to be held with soft openings & employee discounts for opening new concessions and track employee engagement scores and them with share with LAWA.
4. Concessionaire must provide pop up opportunities and/or kiosks during construction with enhanced barricade graphics for improved pax experience/improved ASQ scores, to be timed for the entire length of construction.

5. Concessionaire must provide opportunities for joint LAWA/branding opportunities.
6. Concessionaire must implement initiatives to explicitly measure and address long line wait times at concessions that still feel high-touch and hospitable.
7. LAWA reserves the right to require the Concessionaire to implement a comprehensive re-concepting of any location within ninety (90) to one hundred eighty (180) days following formal written notice. This right may be exercised if a location fails to satisfy performance metrics—including gross sales, required operating hours, and mystery shopper scores—for the duration of any full fiscal quarter. Upon such failure, the Concessionaire shall be granted a thirty (30) day cure period to reconcile the identified performance deficiencies prior to the issuance of a formal re-concepting directive.
8. Concessionaire shall develop and submit to LAWA a comprehensive strategy for the introduction of new brands. Such submission must include, at a minimum, multiple choices for brand selection, a detailed analysis detailing the utilization and capitalization of upcoming and emerging brands, and robust supporting documentation evidencing the projected viability and success of said brands within an airport environment, including relevant consumer insights and empirical response data. Final approval of all brand concepts, designs, and selections shall be retained exclusively by LAWA.

Exhibit 1
Product/Menu/Service Report

Menu Pricing Worksheet

LAX

Concessionaire:

Concession Name:

Terminal:

Submittal Quarter:

Menu Item Description	New Item	Current Price	Previous Price	Date of Last Price Change	Notes
	☐				
	☐				
	☐				

Exhibit 2
Market Basket Report

Group Review		
Comp #1	Comp #6	Comp #11
Comp #2	Comp #7	Comp #12
Comp #3	Comp #8	Comp #13
Comp #4	Comp #9	Comp #14
Comp #5	Comp #10	Comp #15
Comp #6	Comp #11	Comp #16
Comp #7	Comp #12	Comp #17
Comp #8	Comp #13	Comp #18
Comp #9	Comp #14	Comp #19
Comp #10	Comp #15	Comp #20

Item Description	Item	Unit/Case	Comp #1	Comp #2	Comp #3	Comp #4	Comp #5	Comp #6	Comp #7	Comp #8	Comp #9	Comp #10	Comp #11	Comp #12	Comp #13	Comp #14	Comp #15	Comp #16	Comp #17	Comp #18	Comp #19	Comp #20	Comp #21	Comp #22	Comp #23	Comp #24	Comp #25	Comp #26	Comp #27	Comp #28	Comp #29	Comp #30	Comp #31	Comp #32	Comp #33	Comp #34	Comp #35	Average of Comps	Last Price Paid	Negotiated Price	MAXIMUM PPT Average	% Difference Between Negotiated and MAXIMUM	% Difference Between Negotiated and Average	Notes

EXHIBIT A

Description of Premises

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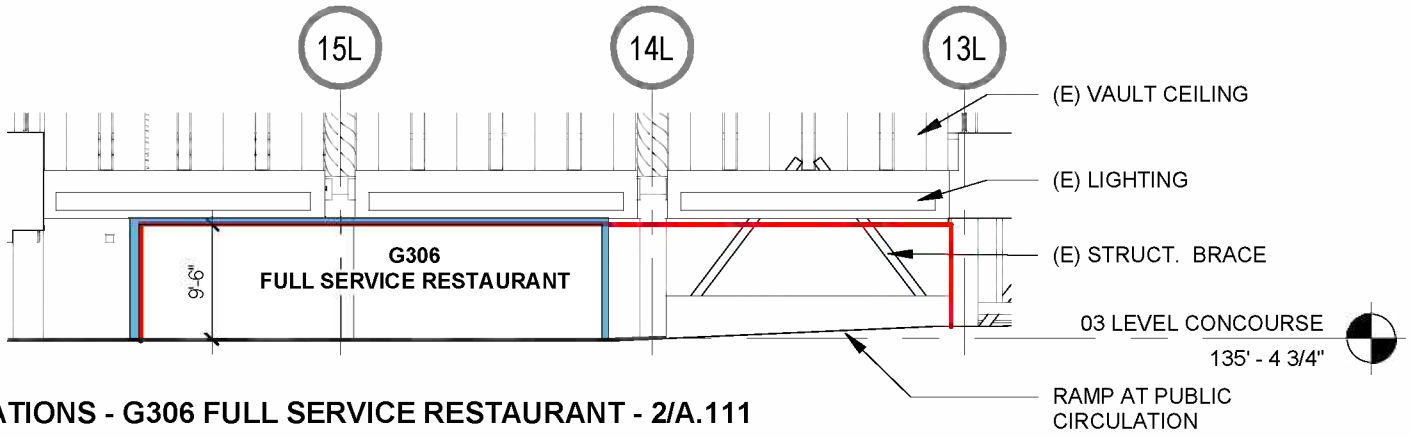
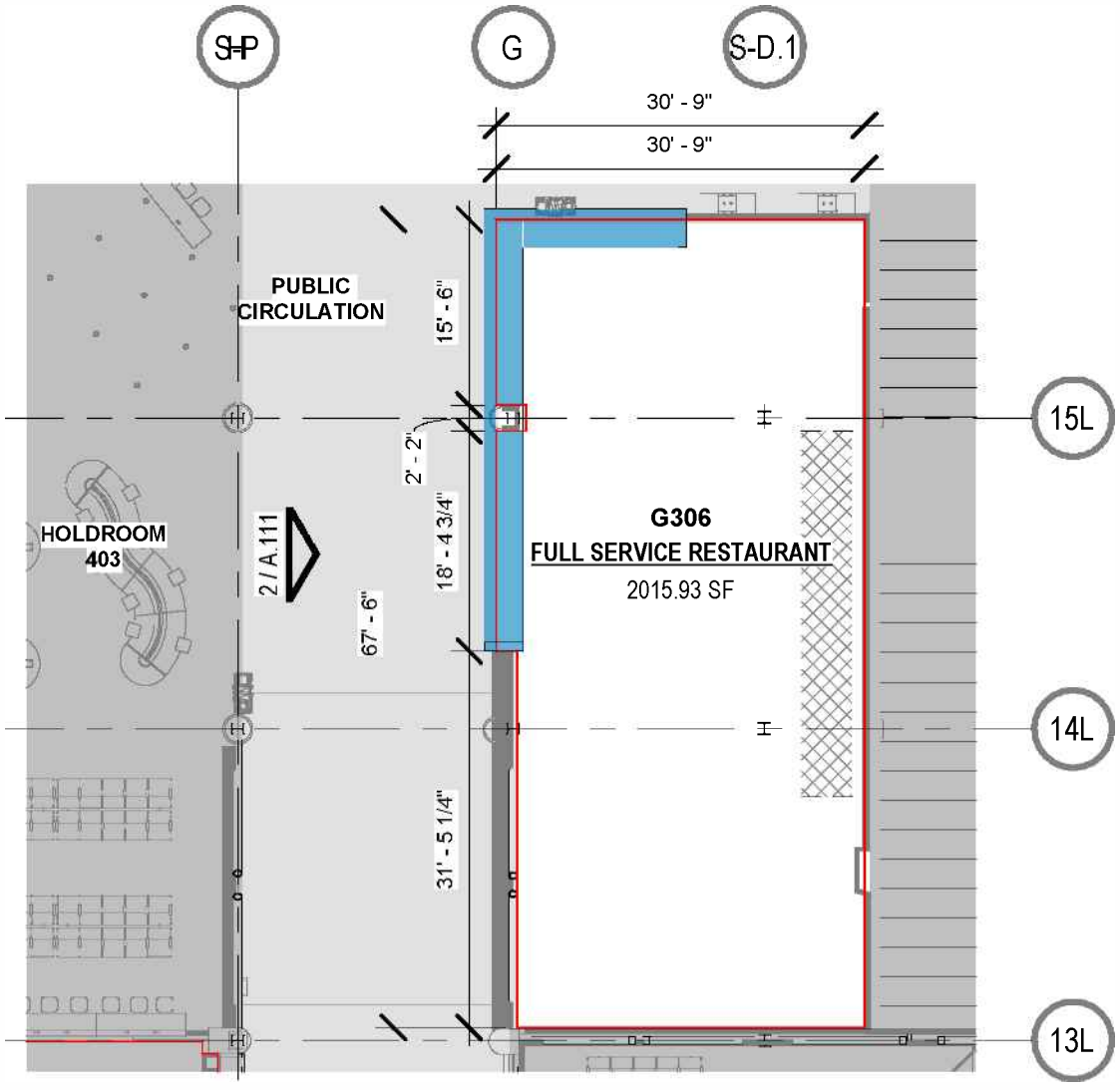


ELEVATIONS - G306 FULL SERVICE RESTAURANT - 2/A.111



FLOOR PLAN - CONCOURSE LEVEL 03 - G308 RETAIL CONCESSION

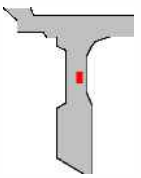
LEGEND

CONCESSION PORTAL
- TERRAZZO ENTRY DELINEATOR
- CONTINUOUS SOFFIT AND ENTRY FRAME
- RECESSED SECURITY GRILLE

TENANT SPACE

UTILITY ZONE

T4 KEY MAP



Terminal 4 Concessions Program

Lease Outline Drawing : G308 Full Service Restaurant

A.111

LAWA
LOS ANGELES WORLD AIRPORTS

Exhibit A

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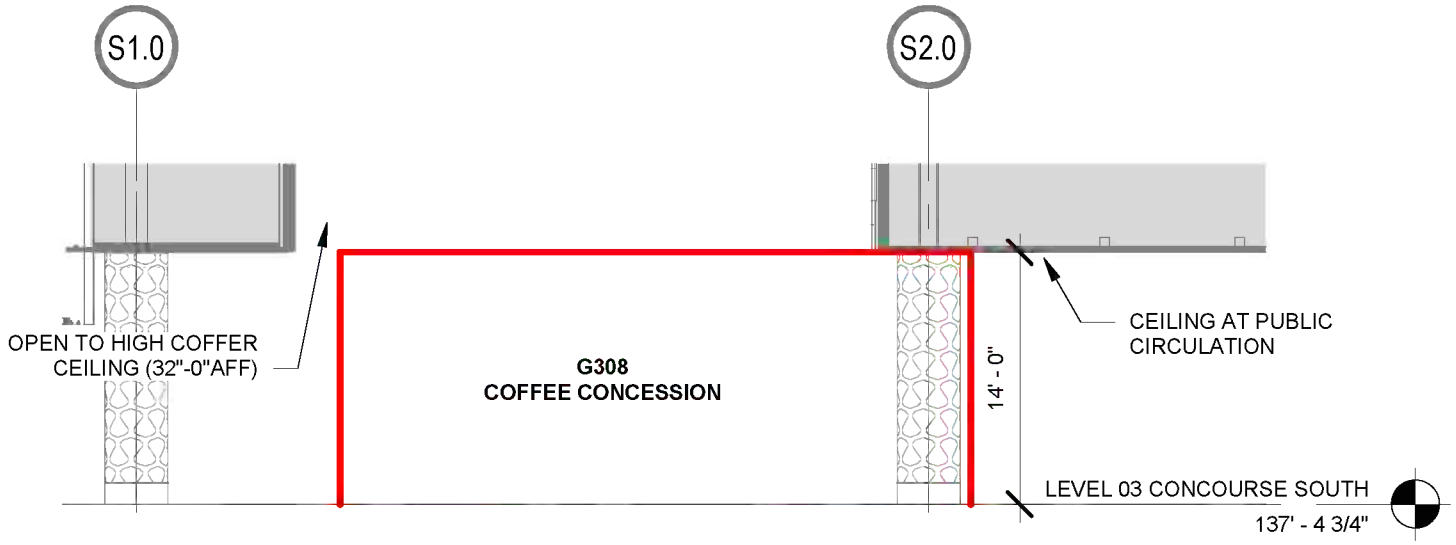
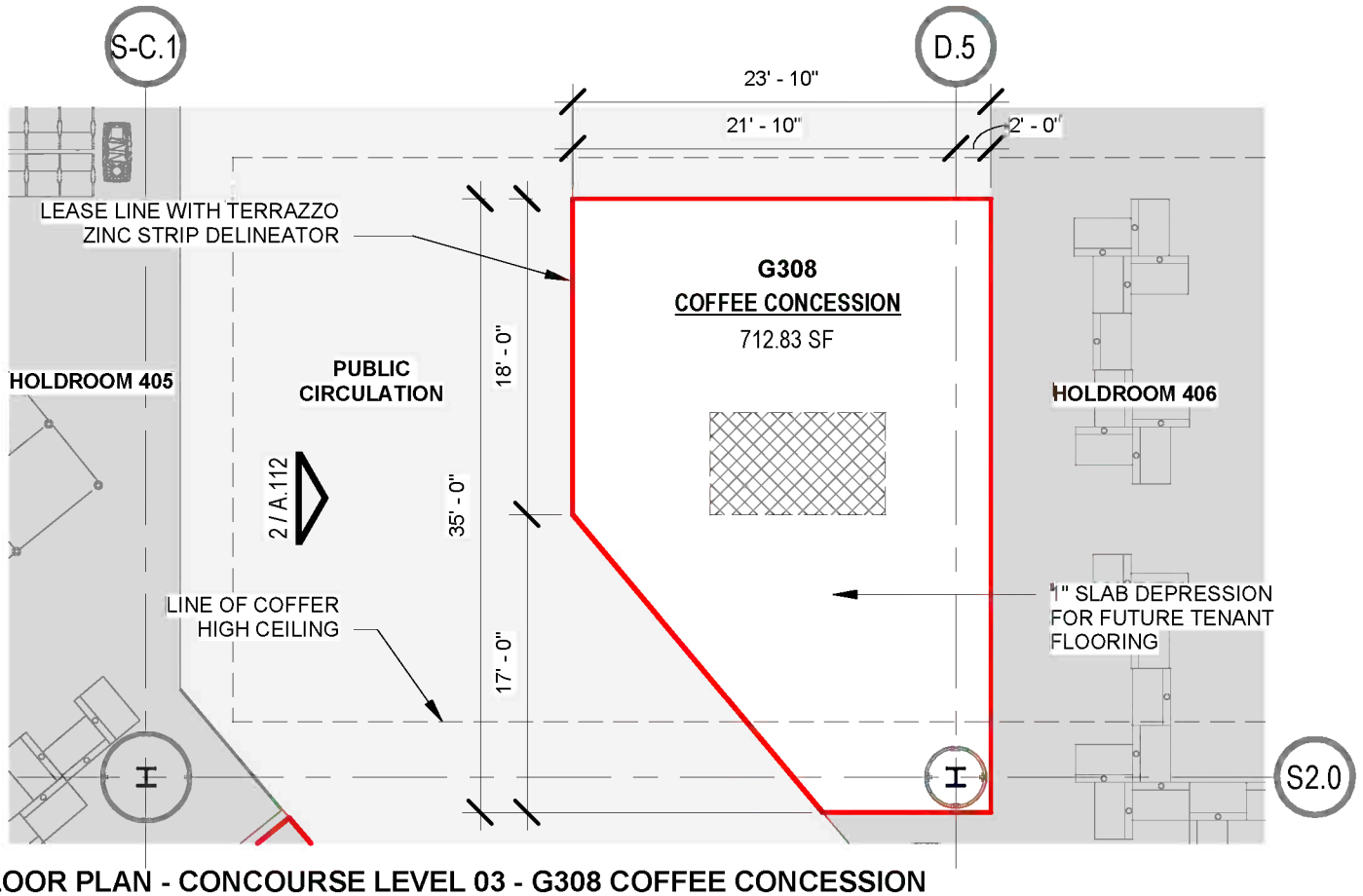


ELEVATION - G308 COFFEE CONCESSION - 2/A.112

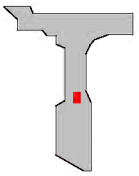


FLOOR PLAN - CONCOURSE LEVEL 03 - G308 COFFEE CONCESSION

LEGEND

- **CONCESSION PORTAL**
  - TERRAZZO ENTRY DELINEATOR
  - CONTINUOUS SOFFIT AND ENTRY FRAME
  - RECESSED SECURITY GRILLE
- **TENANT SPACE**
- **UTILITY ZONE**

T4 KEY MAP



Terminal 4 Concessions Program

Lease Outline Drawing : G308 Coffee Concession

A.112

LAWA
LOS ANGELES WORLD AIRPORTS

Exhibit A

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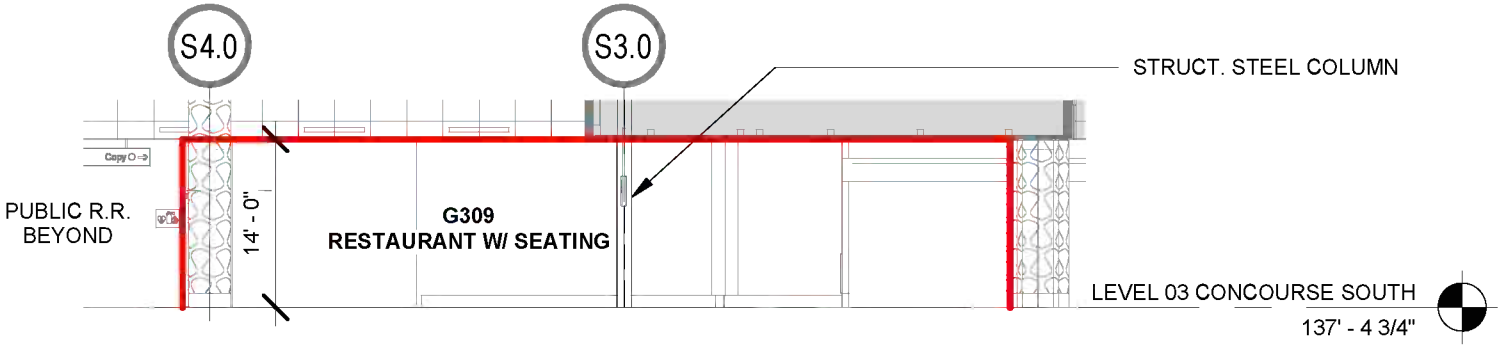
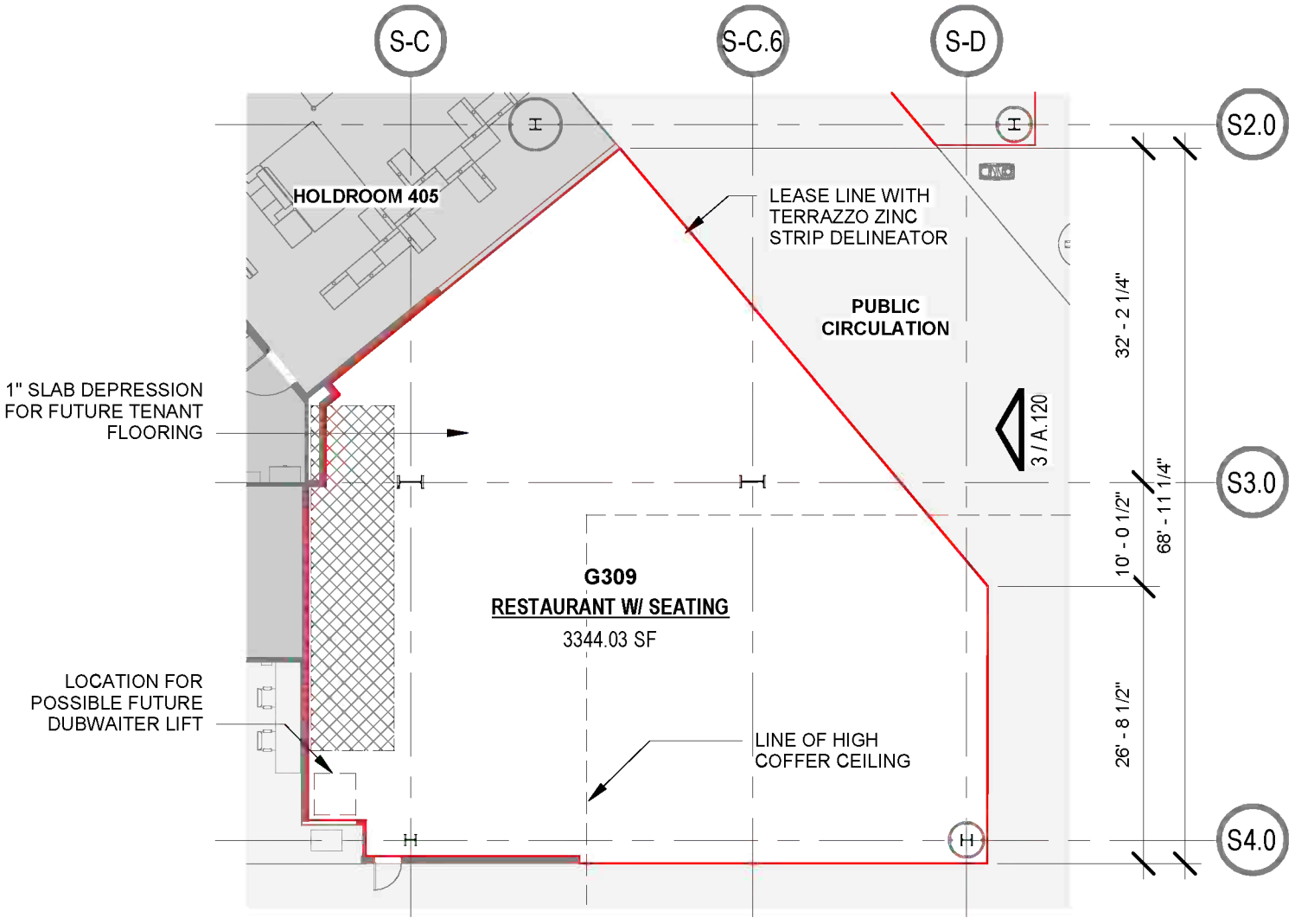


ELEVATION - G309 RESTURANT W/ SEATING - 3/A.120

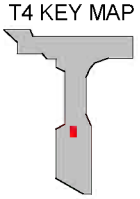


FLOOR PLAN - CONCOURSE LEVEL 03 - G309 RESTAURANT W/ SEATING

LEGEND

- **CONCESSION PORTAL**
  - TERRAZZO ENTRY DELINEATOR
  - CONTINUOUS SOFFIT AND ENTRY FRAME
  - RECESSED SECURITY GRILLE
- **TENANT SPACE**
- **UTILITY ZONE**

T4 KEY MAP



Terminal 4 Concessions Program

Lease Outline Drawing : G309 Restaurant with Seating

A.120

LOS ANGELES WORLD AIRPORTS

Exhibit A

EXHIBIT A-1

Site Plan Showing Premises

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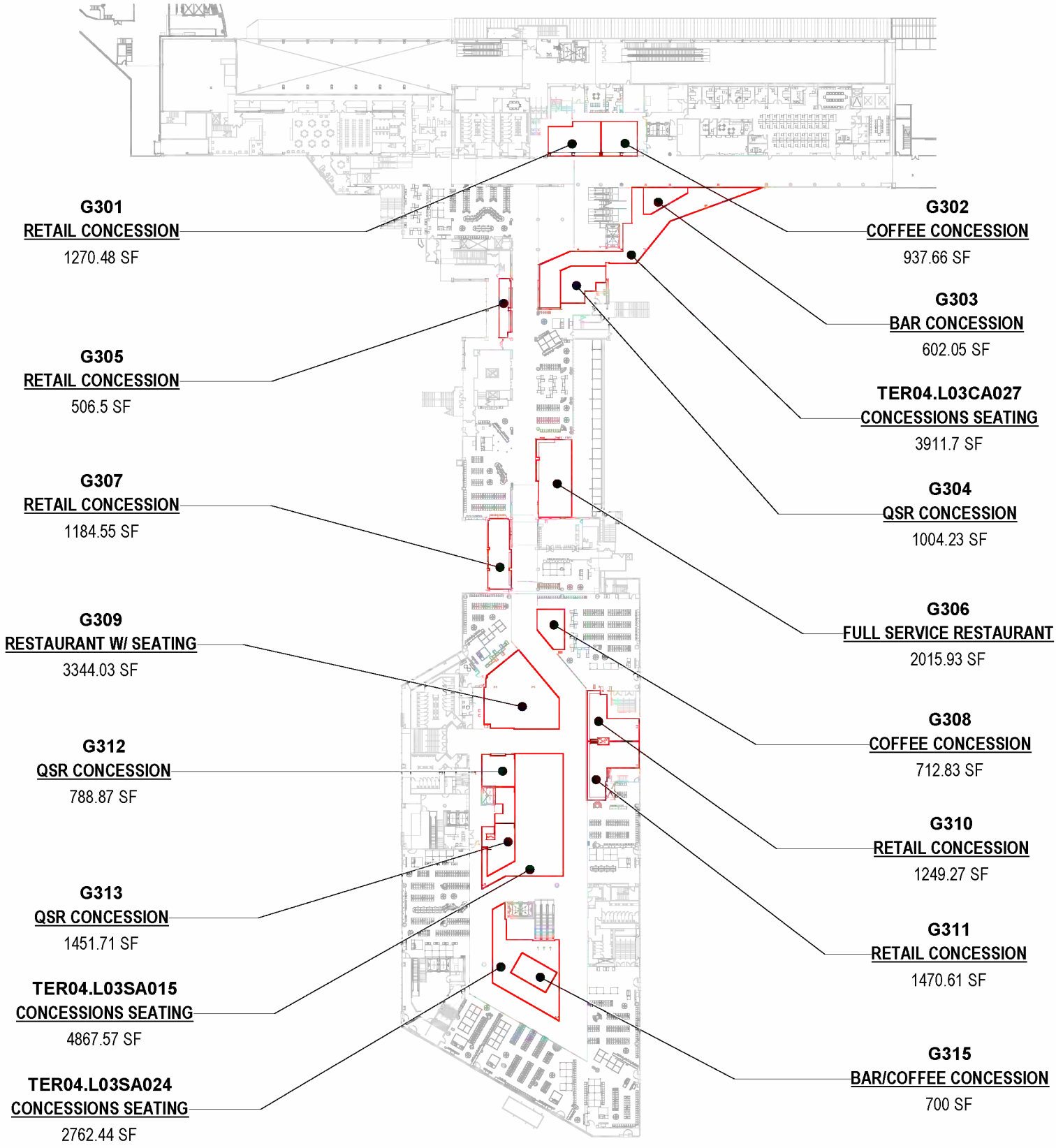


Terminal 4 Concessions Program

Lease Outline Drawing : Concourse Level 03 Overall Plan

A.003

LOS ANGELES WORLD AIRPORTS

Exhibit A-1

EXHIBIT B

Commencement and Expiration Date Memorandum

EXHIBIT B

Commencement and Expiration Date Memorandum

(Intentionally Omitted)

EXHIBIT C

Form of Storage Space Addendum

EXHIBIT C

STORAGE SPACE ADDENDUM

THIS **STORAGE SPACE ADDENDUM** (this "**Addendum**") is made as of _____, 201__, by and between **THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS,** a municipal corporation ("**City**"), acting by order of and through its Board of Airport Commissioners ("**Board**"), and _____, a _____ ("**[Concessionaire or Operator]**"), and upon execution and delivery of this Addendum by the Chief Executive Officer shall become a part of that certain Los Angeles International Airport _____ Concession Agreement, LAA-_____, dated as of _____, 201__, by and between City and [Concessionaire or Operator] with respect to the Premises (as defined therein) (the "**Concession Agreement**").

1. Defined Terms. All initially capitalized terms not otherwise defined in this Addendum shall have the meanings set forth in the Concession Agreement, unless the context clearly indicates otherwise.

2. Lease of Storage Space. In consideration of the payment of Storage Rent (hereinafter defined) and keeping and performance of the covenants and agreements by [Concessionaire or Operator] as set forth in this Addendum and in the Concession Agreement, City leases to [Concessionaire or Operator] a total of approximately _____ square feet of storage space (the "**Storage Space**"), as shown on the chart and drawing, both of which are attached to this Addendum as Exhibit 1.

3. Term of Storage Space Addendum. [Concessionaire or Operator]'s right to use the Storage Space will commence on _____, 201__, and terminate the earlier of (a) upon thirty (30) days' prior written notice from either of City or [Concessionaire or Operator] to the other, or (b) the concurrent expiration or earlier termination of the Concession Agreement ("Term of Addendum"). In connection with the expiration or earlier termination of this Addendum, [Concessionaire or Operator] shall remove all of its goods, furniture, equipment, files, supplies and other personal property from the Storage Space and shall surrender the Storage Space in substantially the same condition as received by [Concessionaire or Operator].

4. Storage Rent. [Concessionaire or Operator] as a monthly base rent for the Storage Space, the City's current and then effective Concessions Storage Rate approved by the Board ("Base Storage Rent"). The Base Storage Rent described in this Section 4 is subject to subsequent Board-approved annual adjustments to the City's Concessions Storage Rate, which will then become the effective Concessions Storage Rate, even if payment for such Storage Base Rent began less than one year before such effective rate.

4.1. Concessions Storage Rate. The Base Storage Rent shall be calculated for each calendar month in an amount equal to the Concessions Storage Rate in effect for the month

multiplied by the square footage of the Storage Space. If adjustments to the Concessions Storage Rent are adopted by the Board retroactive to an effective date established by the Board, the adjustments shall be applied retroactively to said effective date and [Concessionaire or Operator] shall be responsible for retroactive payment of any increased amounts due.

4.2. The Storage Rent is all inclusive and includes utilities, taxes, maintenance, and repair. For purposes of this Addendum, "Storage Rent" shall mean Base Storage Rent and all additional charges (if any) payable to City hereunder. All Storage Rent will be payable in advance, without notice, on or before the first day of each month during the Term of Addendum, at the place designated in the Basic Information of the Concession Agreement for the payment of Rent, or at such place as City may from time to time designate in writing. [Concessionaire or Operator] will not use the Storage Space for any other purpose, but acknowledges that it may additionally be subject to the City's Occupancy Tax if the Storage Space is not used for storage purposes, as permitted under this Addendum.

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

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

7. [Concessionaire or Operator] Contacts. [Concessionaire or Operator] will provide City a list of [Concessionaire or Operator]'s appointed representatives and their telephone numbers for the Storage Space. [Concessionaire or Operator] may, from time to time, change the individuals who are designated as [Concessionaire or Operator]'s representatives by written notice to City of

any such change. City will contact [Concessionaire or Operator]'s representative only to obtain access to the Storage Space. [Concessionaire or Operator] will place signs identifying the location and telephone number for [Concessionaire or Operator] representative on each Storage Space.

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

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

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

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

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

13. The individuals executing this Addendum personally warrant that they have full authority to execute such consent on behalf of the entity for which they are acting herein. Further, if _____ is an entity, _____ warrants that the entity is duly organized, validly existing and in good standing under the laws of the state of the entity's organization, and is qualified to do business in the state in which the subject matter of the Addendum is located or is being performed, and the persons executing this Addendum on behalf of the entity have the full right and authority to execute such addendum on behalf of such entity and to bind such entity without the consent or approval of any other person or entity. The entity has full power, capacity, authority and legal right to execute and deliver this Addendum and to perform all of its obligations hereunder. This Addendum is a legal, valid and binding obligation of the entity, enforceable in accordance with its terms, power, capacity, authority and legal right to execute and deliver this Addendum and to perform all of its obligations hereunder. This Addendum is a legal, valid and binding obligation of the entity, enforceable in accordance with its terms.

(signature pages follow)

EXHIBIT C
STORAGE SPACE ADDENDUM

IN WITNESS WHEREOF, City has caused this Addendum to be executed on its behalf by Chief Executive Officer and [Concessionaire or Operator] has caused the same to be executed by its duly authorized officers, all as of the day and year first hereinabove written.

CITY OF LOS ANGELES

Approved as to form:

HYDEE FELDSTEIN SOTO,
City Attorney

By: _____
Deputy/Assistant City Attorney

Date: _____

By: _____
Chief Executive Officer, City of Los Angeles, Department of Airports

By signing above, the signatory attests that they have no personal, financial, beneficial, or familial interest in this Addendum.

(signature page continues)

EXHIBIT C
STORAGE SPACE ADDENDUM

NAME OF COMPANY
a _____ corporation

By: _____
Signature (Chairman of the Board, President, or Vice President)

_____
Print Name

_____
Title

By: _____
Signature (Secretary, Assistant Secretary, Chief Financial Officer or Assistant Treasurer)

_____
Print Name

_____
Title

EXHIBIT C
STORAGE SPACE ADDENDUM

EXHIBIT D

Description of All Premises in Airport

EXHIBIT D

Description of All Premises in Airport

(Intentionally Omitted)

EXHIBIT E

Form of Monthly Gross Revenue Report

EXHIBIT E

Los Angeles World Airports (LAWA)

Monthly Gross Revenue Report

Company Name:		RAMS Agreement #:	
Lease Year Beginning:		Lease Year Ending:	
Submitted by:		Telephone #:	
Email Address:		LAWA #:	
Signature:		Date Report Submitted:	

1) Please submit this report to "concessionreporting@lawa.org" on or before the 20th day of the month following the month for which this Report is made.

2) Please submit your payment with a signed copy of this report to the following address:
City of Los Angeles - LAWA
P.O. Box 54078
Los Angeles, CA 90054-0078

3) A late payment fee of 10% APR will be added for late reports.

4) For questions related to this report, please contact LAWA Billing Unit at 424-646-7623.

		GROSS REVENUES							
Facility Name	**Space #**	**Coffee, Bar, Quick-Serve Restaurant, F&B Marketplace**	**Restaurant & Casual Dining**	**Alcoholic Beverages**	**Travel Essentials & Specialty Retail**	**Facility Total**	**Percentage Rent**	**MMG**	**Base Rent Due**
		___%	___%	___%	___%				
SUBTOTAL									

The foregoing is certified to be true and correct to the best of our knowledge and belief. The signing officer has reviewed the report and certifies that it fairly presents the sales results of the Concessionaire for the periods presented in the report.

By: _____
Name

_____
Title

To calculate the City Occupancy Tax, take your $ amount, determine your # of units and multiply the # of units by 1.48 (which is the City Occupancy Tax figure). For example: If you have $30,010 that = 31 units (because you always round up); 31 x 1.48 = $45.88. You would input $45.88 in the COT box to the right.

Base Rent Due:	
Less: MMG Paid:	
Net Rent Due:	
City Occupancy Tax:	
Less: City Occupancy Tax Paid:	
Net City Occupancy Tax Due:	
Total Balance Due:	

EXHIBIT F

Form of Annual Gross Revenue Report

EXHIBIT F

Los Angeles World Airports (LAWA)
Annual Gross Sales Activity Report

Company Name:		RAMS Agreement #:	
Unit Name:		LAWA Contract #:	
Lease Year Beginning:		Lease Year Ending:	
Email Address:		Telephone #:	
Submitted By:		Date Report Submitted:	
Signature:			

1) Within 45 days after the end of each Lease year, Concessionairs shall sumbit an annual accounting of the Gross Revenues received at each Unit operated by Concessionaire.

2) Please submit this report to "activityreports@lawa.org" on or before the 45th day following the close of each Lease Year.

3) Please submit with a signed copy of this report to the following address:

City of Los Angeles - LAWA
P.O. Box 54078
Los Angelese, CA 90054-0078

4) For questions related to this report, please contact LAWA Billing Unit at 424-646-7623.

	Gross Sales							
Month	Coffee, Bar, Quick Serve Restaurant, F&B Marketplace	Restaurant & Casual Dining	Alcoholic Beverages	Travel Essentials & Specialty Retail	Total	Percentage Rent	MMG	Base Rent Due
	___%	___%	___%	___%				
July								
August								
September								
October								
November								
December								
January								
February								
March								
April								
May								
June								
TOTAL			-	-				

The foregoing is certified to be true and correct to the best of our knowledge and belief. The signing officer has reviewed the report and certifies that it fairly presents the sales results of the Concessionaire for the periods presented in the report.

By: _____
Name

_____
Title

EXHIBIT G

(Intentionally Omitted)

EXHIBIT G

(Intentionally Omitted)

EXHIBIT H

Form of Improvement Performance Bond

Performance Bond

Know all Men by these presents:

THAT _____
_____ as PRINCIPAL,
and _____, a corporation organized under the laws of the State of _____ and duly authorized to transact business under the laws of the State of California, as surety(ies), are held and firmly bound unto the CITY OF LOS ANGELES, a Municipal Corporation, as obligee, in the just and full sum of

_____
_____ Dollars ($ _____),

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

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

_____
_____
_____

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

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

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

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

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

_____

_____
PRESIDENT

_____
SECRETARY

_____
By _____
ATTORNEY-IN-FACT

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

EXHIBIT H

CORPORATE ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

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

WITNESS MY HAND AND OFFICIAL SEAL.

_____

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

INDIVIDUAL
or
PARTNERSHIP ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this ____ day of _____, 20____ before me, _____ a Notary Public in and for THE said County and State, personally appeared

known to me to be *the person whose name is subscribed to
*one of the partners of the partnership that executed
the within instrument and acknowledged to me *that such partnership executed the same
*that…he executed the same.

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

_____

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

*Strike out words not applicable.

STATE OF

_____

ss.

County of _____

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

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

_____

Notary Public in and for the County of _____

State of _____

EXHIBIT H

Private Works Payment Bond

Know all Men by these presents:

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

Signed, sealed and dated _____, 20_____.

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

_____
_____
_____
_____

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

Now, therefore, if said principal as contractor in said contract, or principal's subcontractor(s), fails to pay for any materials, provisions, provender or other supplies or teams used in, upon or for or about the performance of the work contracted to be done, or for any work or labor done thereon of any kind or for amounts due under the Unemployment Insurance Act with respect to such work or labor, or for any amounts required to be deducted, withheld, and paid over to the Franchise Tax Board from the wages of employees of the principal and its subcontractors pursuant to Sec. 18806 of the Revenue and Taxation Code of the State of California with respect to such work and labor, said surety(ies) will pay the same in an amount not exceeding the sum set forth above, and also in case suit is brought upon this bond, a reasonable attorney's fee to be fixed by the court. This bond shall inure to the benefit of any and all persons, companies and corporations, or their assigns, entitled to file claims under and by virtue of the applicable provisions of Division IV, Part 6, Titles 1 and 2 (commencing with Section No. 8000) of the Civil Code of the State of California.

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

_____

_____
PRESIDENT

_____
SECRETARY

_____
Surety,

_____
Surety,

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

CORPORATE ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

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

WITNESS MY HAND AND OFFICIAL SEAL.

_____

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

INDIVIDUAL
or
PARTNERSHIP ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this ____ day of _____, 20____ before me, _____ a Notary Public in and for THE said County and State, personally appeared

known to me to be *the person whose name is subscribed to
*one of the partners of the partnership that executed
the within instrument and acknowledged to me *that such partnership executed the same
*that…he executed the same.

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

_____

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

*Strike out words not applicable.

STATE OF

_____

ss.

County of _____

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

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

_____

Notary Public in and for the County of _____

State of _____

Rev'd 2016-07-25

EXHIBIT H

EXHIBIT I

Insurance

EXHIBIT I

Insurance

EXHIBIT I

Name:	**AREAS LAX T4 JV, LLC**
Agreement/Activity:	RFP - Development, management, and operations of food & beverage, convenience retail, specialty retail, certain other concessions, and non-airline revenue opportunities and passenger services in Terminal 4 at LAX
LAWA Division:	Commercial Development Group
Contract No.:	tbd
RFP No.:	Bonfire 0243-2025-06-RFP
Term:	12 years with one 3-year renewal option

The following Primary and Ancillary Insurance is required for this contract with minimum limits outlined and is subject to the terms and conditions set forth in Section 10 of the General Insurance Provisions in the Contract.

	Primary Insurance
(X) Required	**Workers Compensation,** Statutory Limits **Employer Liability** $1,000,000 each accident $1,000,000 each employee by disease $1,000,000 policy limit by disease
(X) Required	**Commercial General Liability** $10,000,000 per occurrence $10,000,000 general aggregate $10,000,000 personal and advertising injury $10,000,000 products/completed operations
(X) Required	**Commercial Auto Liability** $10,000,000 combined single limit
	Ancillary Insurance, as Required Below
() Required	**Professional Liability** $_____per occurrence and $_____ per aggregate
	Ancillary Insurance, as Required Below

(X) Required (refer to specific coverage required)	**Property Insurance, All Risk/Special Form Coverage** (X) Tenant Contents/Coverage for Personal Property (X) Replacement Value (X) Tenant improvements () Builder's Risk Insurance () Earthquake coverage limit: - Replacement Value () Flood coverage limit: - Replacement Value () Terrorism coverage
() Required	**Installation Floater**
() Required	**Pollution Legal Liability – Must meet policy limits.** $____ per occurrence and $____ per aggregate
() Required	**Network Security and Privacy Liability (Cyber Liability)** $ per incident and $ annual aggregate
() Required	**Aircraft and Passenger Liability** $_____ per occurrence/per passenger fixed wing $_____ per occurrence/per passenger rotorcraft
( ) Required	**Garage Keeper's Liability** $__ per occurrence and $__ annual aggregate
() Required	**Hangar Keeper's Liability** $_____ per occurrence and $____ annual aggregate
( ) Required	**Liquor Liability** $__ per occurrence and $__ annual aggregate
( ) Required	**Crime Insurance or Fidelity Bond** $____ Theft, dishonesty, disappearance, forgery, alteration, and destruction

Once the contract is awarded, evidence of Contractor's insurance, including all required endorsements, must be uploaded into Contractor's insurance profile at PinsAdvantage.com, before a Notice to Proceed (NTP) can be issued. Please upload these Special Insurance Requirement with your evidence of insurance. Contact LAWA Risk Management at riskinsurance@lawa.org or your Contract Administrator responsible for your contract if you have questions.

10. General Insurance Provisions

(version 11/2023)

10.1. **Primary Insurance Requirements.** Contractor shall maintain at its sole expense and keep in effect during the term of this Contract, the following types of insurance in amounts specified in the Special Insurance Provisions attached hereto and incorporated herein by reference.

10.1.1. **Workers' Compensation and Employer's Liability Insurance.** Contractor shall maintain Workers' Compensation Insurance as required by the State of California including coverage for Employer's Liability with limits per accident, employee, and disease.

10.1.2. **Commercial General Liability Insurance.** Contractor shall maintain Commercial General Liability Insurance (CGL) providing coverage for bodily injury, property damage, and personal and advertising injury through any combination of primary and excess or umbrella liability insurance policies with annual reinstatement of the general aggregate limit at each policy period renewal. The CGL shall include broad contractual liability.

The CGL insurance must be written on an ISO occurrence form CG 00 01 or substitute forms providing equivalent coverage. All excess or umbrella policies shall be follow-form and afford no less coverage than the primary policy. Coverage shall apply for both ongoing and completed operations on a form acceptable to LAWA. Coverage shall be provided to LAWA for liability and any damage to property and injury or death of persons, unless caused by LAWA'S sole or active negligence or willful misconduct.

For construction contracts, completed operations coverage must be in place for the entire California State Statute of Repose which is currently ten (10) years. The liability insurance requirements as noted in the Special Insurance Provisions can be met through a Contractor Controlled Insurance Program (CCIP), however, LAWA reserves the right to review and approve the program prior to starting work.

10.1.3. **Commercial Automobile Insurance.** Contractor shall maintain Commercial Auto Insurance written on ISO form CA 00 01 (or substitute form providing equivalent liability coverage). Such insurance shall cover liability arising out of any auto (including owned, hired, and non-owned autos) and may be satisfied by a combination of primary and excess and/or umbrella policies. Insurance limits will vary depending on Contractor's access to Air Operations Area "AOA". All excess or umbrella policies shall contain a drop-down clause in the event of exhaustion of primary limits and provide coverage for primary auto liability. Coverage shall include an MCS 90 endorsement for Contractor's hauling or transporting hazardous materials.

10.2. **Ancillary Insurance Requirements.** Contractor shall maintain at its sole expense and keep in effect during the term of this Contract, ancillary insurance coverages, if required by LAWA and identified in the Special Insurance Provisions, with terms and conditions outlined below:

10.2.1. **Professional Liability Insurance.** Contractor shall maintain Professional Liability Insurance providing coverage for the professional services provided under this Contract.

The policy must have a retroactive date prior to the effective date of the Contract. Contractor agrees to maintain coverage continuously for a period of no less than three (3) years following project acceptance by LAWA.

10.2.2. **Contractor's Pollution Liability Insurance.** Contractor shall maintain Contractor's Pollution Liability Insurance providing coverage for bodily injury, property damage, personal injury and environmental site restoration including fines and penalties in accordance with applicable EPA or state regulations. Coverage shall extend to losses from the release or escape of pollutants including discharge of pollutants brought to the site, release of pre-existing pollutants at the site whether sudden or gradual over time and mold resulting from Contractor's work. Coverage must also extend to first-party clean-up costs, business interruption, loss of rents, and extra expense and include coverage for completed operations up to ten (10) years following project acceptance by LAWA.

10.2.3. **Property Insurance.** Contractor shall maintain Property Insurance providing coverage for the building, including contents, tenant improvements, and/or builders' risk on an All Risk/Special Form for all risks of physical loss or damage for all real property or improvements Contractor may be required to insure, including flood and earthquake coverage, for not less than the full replacement cost. Property insurance deductibles are the sole responsibility of the Contractor and must be approved by LAWA.

10.2.4. **Installation Floater.** Contractor shall maintain an Installation Floater providing coverage for the value of equipment to be installed and shall include LAWA as an insured and loss payee. Coverage for testing, water damage, mechanical breakdown, and electrical injury shall be included.

10.2.5. **Pollution Legal Liability Insurance.** Contractor shall maintain Pollution Legal Liability Insurance providing coverage for bodily injury, property damage, including loss of use of damaged property or of property that has not been physically injured or destroyed, cleanup costs, and defense, including costs and expenses incurred in the investigation, defense, or settlement of claims. Coverage shall apply to sudden and non-sudden pollution conditions resulting from the escape or release of smoke, vapors, fumes, acids, alkalis, toxic chemicals, liquids, or gases, waste materials, or other irritants, contaminants, or pollutants. The insurance shall cover cleanup, including cleanup of pollutants on and migrating away from the insured location, restoration, business interruption, and extra expense as a result of release of pollutants. Coverage shall apply to non-owned disposal sites and shall meet any requirements of proof of financial responsibility laws for underground storage tanks, if appropriate. Contractor agrees to maintain coverage continuously for a period of no less than three (3) years following project acceptance by LAWA.

10.2.6. **Network Security and Privacy Liability Insurance (Cyber liability).** Contractor shall maintain Network Security and Privacy Liability Insurance (Cyber liability) providing overage sufficiently broad to respond to the duties and obligations undertaken by Contractor in this agreement and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of

electronic information, extortion, introduction, implantation or spread of malicious software code and network security including unauthorized access to or use of computer systems or business data. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties, and credit monitoring expenses with limits sufficient to respond to these obligations.

10.2.7. **Aircraft and Passenger Liability Insurance.** Contractor shall maintain Aircraft and Passenger Liability Insurance providing coverage for third party bodily injury and property damage. All excess or umbrella policies shall be follow-form and afford no less coverage than the primary policy. Limits will vary based on federal requirements, passenger and/or cargo capacity.

10.2.8. **Garage Keeper's Liability Insurance.** Contractor shall maintain Garage Keeper's Liability Insurance providing coverage that includes liability for loss or damage to vehicles which are the property of others and in the care, custody, or control of Contractor for storage, repair, or safekeeping.

10.2.9. **Hangar Keeper's Liability Insurance.** Contractor shall maintain Hangar Keeper's Liability Insurance proving coverage that includes liability for loss or damage to aircraft which are the property of others and in the care custody and control of Contractor for storage, repair, or safekeeping.

10.2.10. **Liquor Liability Insurance.** Contractor shall maintain Liquor Liability Insurance providing coverage that includes liability for claims arising from the sale or serving of alcohol on LAWA's premises. Coverage may be endorsed on the commercial general liability policy or through a stand-along policy.

10.2.11. **Crime Insurance or Fidelity Bond Insurance.** Contractor shall maintain Crime Insurance or Fidelity Bond Insurance providing coverage for commercial crime insurance or a fidelity bond naming LAWA as a loss payee. The policy or bond shall cover theft, dishonesty, disappearance, forgery, alteration, and destruction caused by employee of Contractor.

10.3. **General Provisions**:

10.3.1. **Additional Insureds.** Contractor's insurance, with exception of workers compensation and professional liability, if required, shall name City of Los Angeles, Department of Airports, also known as Los Angeles World Airports (referred to as "LAWA"), and its Board of Airport Commissioners, directors, officers, employees, their successors, and assigns as additional insureds.

10.3.2. **Primary Insurance.** Contractor's insurance shall be primary and non-contributory with any insurance maintained by LAWA and shall include cross liability or severability of interest, if applicable.

10.3.3. **Notice of Cancellation.** Contractor's insurance shall be endorsed to provide LAWA with notice thirty (30) days prior to cancellation of any required coverage except for non-payment which may be with ten (10) days notice of cancellation.

10.3.4. **Acceptability of Insurers.** All required insurance shall be written by companies having an AM Best's rating of A- VII or equivalent, as determined by LAWA.

10.3.5. **Deductibles and Self-Insured Retentions**. Any deductible or self-insured retention maintained by Contractor for any required coverage must be declared and approved by LAWA. LAWA reserves the right to request financial statements and Contractor agrees to be fully responsible for payment of any such deductibles or self-insured retentions.

10.3.6. **Insurance Compliance.** Contractor shall deliver to LAWA certificates of insurance on an Acord or equivalent form signed by an authorized representative of the insurers prior to the execution of this Contract, prior to commencing any work or service, and at least ten (10) days prior to the renewal or replacement of any of the required insurance, or upon reasonable request by LAWA. Certificates of insurance must include all required endorsements, including but not limited to additional insured, primary and non-contributory, notice of cancellation, and waiver of subrogation, as applicable. Contractor will not receive a notice to proceed until LAWA has approved insurance. LAWA reserves the right to request copies of required insurance policies, as needed.

Certificate holder shall read:

City of Los Angeles, Department of Airports,
also known as Los Angeles World Airports
P. O. Box 92216
Los Angeles, CA 90009
ATTN: Risk Management Department

Should Contractor fail to obtain and maintain the required insurance, LAWA reserves the right, upon ten (10) days prior written notice to Contractor of its intention to do so, to obtain and maintain such insurance on behalf of Contractor. Contractor shall be responsible for all costs incurred with respect to such insurance obtained by LAWA, plus administrative overhead.

10.3.7. **Maintenance of Insurance.** Contractor shall maintain all required insurance throughout the entire duration of this Contract without any lapse in coverage or reduction in required limits. LAWA reserves the right to reevaluate and adjust the insurance types and coverage limits required herein annually.

10.3.8. **Waiver.** Contractor agrees to waive all rights of recovery against LAWA, and cause its Workers' Compensation, Commercial General Liability, Automobile Liability, and Umbrella/Excess insurance policies to be endorsed to waive subrogation against LAWA. Contractor is solely responsible for insuring, repairing, or replacing any of its personal property and tools and equipment, whether owned, non-owned, or hired. Contractor waives all right of recovery or subrogation against LAWA regardless of cause of damage.

10.3.9. **Self-Insurance.** LAWA recognizes that some insurance requirements contained in this Contract may be fulfilled by self-insurance on the part of the Contractor. Self-insurance shall not in any way limit liabilities assumed by Contractor under this Contract including

but not limited to naming LAWA as an additional insured and waiving rights of recovery. Any self-insurance shall be approved in writing by LAWA upon satisfactory evidence of financial capacity. Contractor obligation hereunder may be satisfied in whole or in part by adequately funded self-insurance programs or self-insured retentions.

10.3.10. **Subcontractors Insurance.** Contractor shall require insurance of its subcontractors for the types and coverage limits appropriate for the exposure in consultation with LAWA. In no event shall the insurance required of the Contractor be reduced or altered by the coverage maintained by subcontractors.

EXHIBIT J

Child Support Orders

LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 1

CHILD SUPPORT

Sec. 10.10. Child Support Assignment Orders.

a. Definitions.

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

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

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

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

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

b. Mandatory Contract Provisions.

Every contract that is let, awarded or entered into with or on behalf of the City of Los Angeles shall contain a provision obligating the contractor or subcontractor to fully comply with all applicable State and Federal employment reporting requirements for the contractor or subcontractor's employees. The contractor or subcontractor will also be required to certify that the principal owner(s) thereof are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally, that the contractor or subcontractor will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with California Family Code §§ 5230 *et seq.* and that the contractor or subcontractor will maintain such compliance throughout the term of the contract.

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

c. Notice to Bidders.

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

d. Current Contractor Compliance.

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

e. City's Compliance with California Family Code.

The City shall maintain its compliance with the provisions of California Family Code §§ 5230 *et*

seq. and all other applicable law regarding its obligations as an employer to implement lawfully served Wage and Earnings Assignments and Notices of Assignment.

f. Report of Employees' Names to District Attorney.

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

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

SECTION HISTORY

Added by Ord. No. 172,401, Eff. 2-l3-99.

EXHIBIT K

Equal Employment Practices

Sec. 10.8.3. Equal Employment Practices Provisions.

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

A. During the performance of this Contract, the Contractor agrees and represents that it will provide Equal Employment Practices and the Contractor and each Subcontractor hereunder will ensure that in his or her Employment Practices persons are employed and employees are treated equally and without regard to, or because of, race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

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

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

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

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

C. At the request of the Awarding Authority or the DAA, the Contractor shall certify in the specified format that he or she has not discriminated in the performance of City Contracts against any employee or applicant for employment on the basis or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

D. The Contractor shall permit access to, and may be required to provide certified copies of, all of his or her records pertaining to employment and to employment practices by the awarding authority or the DAA for the purpose of investigation to ascertain compliance ith the Equal Employment Practices provisions of City Contracts. Upon request, the Contractor shall provide evidence that he or she has or will comply therewith.

E. The failure of any Contractor to comply with the Equal Employment Practices provisions of this contract may be deemed to be a material breach of City Contracts. The failure shall only be established upon a finding to that effect by the Awarding Authority, on the basis of its own investigation or that of the DAA. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to the Contractor.

F. Upon a finding duly made that the Contractor has failed to comply with the Equal Employment Practices provisions of a City Contract, the Contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the Awarding Authority, and all monies due or to become due hereunder may be forwarded to, and retained by, the City of Los Angeles. In addition thereto, the failure to comply may be the basis for a determination by the Awarding Authority or the DAA that the said Contractor is a non-responsible bidder or proposer pursuant to the provisions of Section 10.40 of this Code. In the event of such a determination, the Contractor shall be disqualified from being awarded a Contract with the City of Los Angeles for a period of two years, or until the Contractor shall establish and carry out a program in conformance with the provisions hereof.

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

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

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

J. By affixing its signature on a Contract that is subject to this article, the Contractor shall agree to adhere to the Equal Employment Practices specified herein during the performance or conduct of City Contracts.

K. Equal Employment Practices shall, without limitation as to the subject or nature of employment activity, be concerned with employment practices, including, but not limited to:

1. hiring practices;

2. apprenticeships where approved programs are functioning and other on-the-job training for non-apprenticeable occupations;

3. training and promotional opportunities; and

4. reasonable accommodations for persons with disabilities.

L. All Contractors subject to the provisions of this section shall include a similar provision in all subcontracts awarded for work to be performed under the Contract with the City, and shall impose the same obligations including, but not limited to, filing and reporting obligations, on the Subcontractors as are applicable to the Contractor. Subcontracts shall follow the same thresholds specified in Section 10.8.1.1. Failure of the Contractor to comply with this requirement or to obtain the compliance of its Subcontractors with all such obligations shall subject the Contractor to the imposition of any and all sanctions allowed by law, including, but not limited to, termination of the Contractor's Contract with the City.

SECTION HISTORY

Amended by: Ord. No. 147,030, Eff. 4-28-75; Subsecs. A., B., C., Ord. No. 164,516, Eff. 4-13-89; Subsec. C., Ord. No. 168,244, Eff. 10-18-92; Ord. No. 173,186, Eff. 5-22-00; Subsec. F., Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 184,292, Eff. 6-27-16.

EXHIBIT L

Affirmative Action Program

Sec. 10.8.4. Affirmative Action Program Provisions.

Every non-construction and construction Contract with, or on behalf of, the City of Los Angeles for which the consideration is $25,000 or more shall contain the following provisions which shall be designated as the **AFFIRMATIVE ACTION PROGRAM** provisions of such Contract:

A. During the performance of a City Contract, the Contractor certifies and represents that the Contractor and each Subcontractor hereunder will adhere to an Affirmative Action Program to ensure that in its employment practices, persons are employed and employees are treated equally and without regard to or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

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

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

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

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

C. At the request of the Awarding Authority or the DAA, the Contractor shall certify on an electronic or hard copy form to be supplied, that the Contractor has not discriminated in the performance of City Contracts against any employee or applicant for employment on the basis or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

D. The Contractor shall permit access to, and may be required to provide certified copies of, all of its records pertaining to employment and to its employment practices by the Awarding Authority or the DAA for the purpose of investigation to ascertain compliance with the Affirmative Action Program provisions of City Contracts and, upon request, to provide evidence that it has or will comply therewith.

E. The failure of any Contractor to comply with the Affirmative Action Program provisions of City Contracts may be deemed to be a material breach of a City Contract. The failure shall only be established upon a finding to that effect by the Awarding Authority, on the basis of its own investigation or that of the DAA. No finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to the Contractor.

F. Upon a finding duly made that the Contractor has breached the Affirmative Action Program provisions of a City Contract, the Contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the Awarding Authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, the breach may be the basis for a determination by the Awarding Authority or the Board of Public Works that the Contractor is a non-responsible bidder or proposer pursuant to the provisions of Section 10.40 of this Code. In the event of such determination, the Contractor shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two years, or until he or she shall establish and carry out a program in conformance with the provisions hereof.

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

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

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

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

K. By affixing its signature to a Contract that is subject to this article, the Contractor shall agree to adhere to the provisions in this article for the duration of the Contract. The Awarding Authority may also require Contractors and suppliers to take part in a pre-registration, pre-bid, pre-proposal, or pre-award conference in order to develop, improve or implement a qualifying

Affirmative Action Program.

1. The Contractor certifies and agrees to immediately implement good faith effort measures to recruit and employ minority, women and other potential employees in a non-discriminatory manner including, but not limited to, the following actions as appropriate and available to the Contractor's field of work. The Contractor shall:

(a) Recruit and make efforts to obtain employees through:

(i) Advertising employment opportunities in minority and other community news media or other publications.

(ii) Notifying minority, women and other community organizations of employment opportunities.

(iii) Maintaining contact with schools with diverse populations of students to notify them of employment opportunities.

(iv) Encouraging existing employees, including minorities and women, to refer their friends and relatives.

(v) Promoting after school and vacation employment opportunities for minority, women and other youth.

(vi) Validating all job specifications, selection requirements, tests, etc.

(vii) Maintaining a file of the names and addresses of each worker referred to the Contractor and what action was taken concerning the worker.

(viii) Notifying the appropriate Awarding Authority and the DAA in writing when a union, with whom the Contractor has a collective bargaining agreement, has failed to refer a minority, woman or other worker.

(b) Continually evaluate personnel practices to assure that hiring, upgrading, promotions, transfers, demotions and layoffs are made in a non-discriminatory manner so as to achieve and maintain a diverse work force.

(c) Utilize training programs and assist minority, women and other employees in locating, qualifying for and engaging in the training programs to enhance their skills and advancement.

(d) Secure cooperation or compliance from the labor referral agency to the Contractor's contractual Affirmative Action Program obligations.

(e) Establish a person at the management level of the Contractor to be the Equal Employment Practices officer. Such individual shall have the authority to disseminate and enforce the Contractor's Equal Employment and Affirmative Action Program policies.

(f) Maintain records as are necessary to determine compliance with Equal Employment Practices and Affirmative Action Program obligations and make the records available to City, State and Federal authorities upon request.

(g) Establish written company policies, rules and procedures which shall be encompassed in a company-wide Affirmative Action Program for all its operations and Contracts. The policies shall be provided to all employees, Subcontractors, vendors, unions and all others with whom the Contractor may become involved in fulfilling any of its Contracts.

(h) Document its good faith efforts to correct any deficiencies when problems are experienced by the Contractor in complying with its obligations pursuant to this article. The Contractor shall state:

(i) What steps were taken, how and on what date.

(ii) To whom those efforts were directed.

(iii) The responses received, from whom and when.

(iv) What other steps were taken or will be taken to comply and when.

(v) Why the Contractor has been or will be unable to comply.

2. Every contract of $25,000 or more which may provide construction, demolition, renovation, conservation or major maintenance of any kind shall also comply with the requirements of Section 10.13 of the Los Angeles Administrative Code.

L. The Affirmative Action Program required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by the Awarding Authority shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:

1. Apprenticeship where approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;

2. Classroom preparation for the job when not apprenticeable;

3. Pre-apprenticeship education and preparation;

4. Upgrading training and opportunities;

5. Encouraging the use of Contractors, Subcontractors and suppliers of all racial and ethnic groups; provided, however, that any contract subject to this ordinance shall require the Contractor, Subcontractor or supplier to provide not less than the prevailing wage, working conditions and practices generally observed in private industries in the Contractor's, Subcontractor's or supplier's geographical area for such work;

6. The entry of qualified women, minority and all other journeymen into the industry; and

7. The provision of needed supplies or job conditions to permit persons with disabilities to be employed, and minimize the impact of any disability.

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

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

O. All Contractors subject to the provisions of this article shall include a similar provision in all subcontracts awarded for work to be performed under the Contract with the City and shall impose the same obligations including, but not limited to, filing and reporting obligations, on the Subcontractors as are applicable to the Contractor. Failure of the Contractor to comply with this requirement or to obtain the compliance of its Subcontractors with all such obligations shall subject the Contractor to the imposition of any and all sanctions allowed by law, including, but not limited to, termination of the Contractor's Contract with the City.

SECTION HISTORY

Amended by Ord. No. 147,030, Eff. 4-28-75; Subsecs. A., B., C., Ord. No. 164,516, Eff. 4-13-89; Subsecs. B. and C., Ord. No. 168,244, Eff. 10-18-92; Title and Section, Ord. No. 173,186, Eff. 5-22-00; Subsec. F., Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 184,292, Eff. 6-27-16.

EXHIBIT M

Alternative Fuel Vehicle Program Regulations

ALTERNATIVE FUEL VEHICLE REQUIREMENT PROGRAM
(LAX ONLY)

I. Definitions.

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

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

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

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

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

"Alternative-Fuel Vehicle" shall mean a vehicle that is not powered by petroleum-derived gasoline or diesel fuel. Alternative-Fuel Vehicles include, but are not limited to, vehicles powered by compressed or liquefied natural gas, liquefied petroleum gas, methanol, ethanol, electricity, fuel cells, or other advanced technologies.

"CARB" shall mean the California Air Resources Board.

"Covered Vehicle" is defined in Section II below.

"Compliance Plan" is defined in subsection VII.C. below.

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

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

"LAWA" shall mean Los Angeles World Airports.

"LAX" shall mean Los Angeles International Airport.

"Least-Polluting Available Vehicle" shall mean a vehicle that (a) is determined by an Independent Third Party Monitor to be (i) commercially available, (ii) suitable for performance of a particular task, and (iii) certified by CARB to meet the applicable engines emission standard in effect at the time of purchase. Where more than one vehicle meets these requirements for a particular task, LAWA, working with the Independent Third Party Monitor, will designate as the

Least-Polluting Available Vehicle the vehicle that emits the least amount of criteria air pollutants.

"LEV" shall mean a vehicle that meets CARB's Low-Emission Vehicle standards for criteria pollutant exhaust and evaporative emissions for medium-duty vehicles at the time of vehicle manufacture.

"LEV II" shall mean a vehicle certified by CARB to the "LEV II" Regulation Amendments that were fully implemented as of 2010. A qualifying "LEV II" vehicle shall meet the least polluting standard in the LEV II category that is available at the time of purchase.

"LEV III" shall mean a vehicle certified by CARB to the increasingly stringent "LEV III" Regulatory Amendments to the California greenhouse gas and criteria pollutant exhaust and evaporative emission standards, test procedures, and on-board diagnostic system requirements for medium-duty vehicles.

"Low-Use Vehicle" shall mean a Covered Vehicle that makes less than five (5) trips per month to LAX.

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

"Optional Low NOx" shall mean any vehicle powered by an engine that meets CARB's optional low oxides of nitrogen (NOx) emission standards for on-road heavy-duty engines applicable at the time of purchase.

II. Covered Vehicles.

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

B. **Exemptions**. The following vehicles are exempt from this Requirement:

i) Public safety vehicles.

ii) Previously approved vehicles. Vehicles previously approved under the 2007 LAX Alternative Fuel Vehicle Requirement Program are exempt from the Maximum Allowable Vehicle Age Requirement, Section III, but are subject to the Annual Reporting Requirement, Section VI.

iii) Low-Use Vehicles. Low-use vehicles are exempt from the Compliance Schedule, Section IV, the Maximum Allowable Vehicle Age Requirement, Section III, but are subject to the Annual Reporting Requirement, Section VI.

III. Maximum Allowable Vehicle Age Requirement. In accordance with the Compliance Schedule dates outlined in Section IV, no Covered Vehicle equipped with an engine older than thirteen (13) model years or that has 500,000 or more miles, whichever comes first, shall operate at LAX.

IV. Compliance Schedule.

A. By April 30, 2019, one hundred percent (100%) of the Covered Vehicles operated by a Covered Vehicle Operator shall be (a) Alternative-Fuel Vehicles, (b) Optional Low NOx vehicles or (c) LEV II standard vehicles through 2019 or LEV III standard vehicles thereafter.

B. A new Covered Vehicle Operator who plans to begin operations at LAX prior to April 30, 2019, must comply with the requirement set forth in Section III and subsection IV.A. prior to commencing operations at LAX.

V. Least-Polluting Available Vehicles. In cases where an Operator cannot comply with the requirements established pursuant to Sections III and IV above because neither Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, or LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter, are commercially available for performance of particular tasks, LAWA will instead require Operators to use the Least-Polluting Available Vehicles for such tasks. An Independent Third Party Monitor will determine whether Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, or LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter are commercially available to perform particular tasks, and, in cases where neither Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, nor LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter are commercially available for performance of a particular task, will identify the Least-Polluting Available Vehicle for performance of that task.

VI. Annual Reporting Requirement.

A. By January 31st of each calendar year, Covered Vehicle Operators must submit to LAWA the vehicle information required on the reporting form accessible online at https://online.lawa.org/altfuel/ for the prior calendar year.

B. Low-Use Vehicles shall be included in the annual reporting. Where monthly trip data is used to establish low-use, the operator must provide proof such as transponder data records or an attestation acceptable to LAWA.

C. A Covered Vehicle Operator who plans to begin operations at LAX must comply with this reporting requirement prior to commencing operations, and thereafter comply with the annual reporting deadline of January 31st of each calendar year.

VII. Enforcement.

A. **Non-Compliance**. The following circumstances shall constitute non-compliance for purposes of this Section VII:

i) Failure to submit an annual report pursuant to Section VI above.

ii) Failure to use an Alternative Fuel Vehicle, an Optional Low NOx vehicle, a vehicle meeting LEV II standards prior to December 31, 2019, or LEV III standards thereafter, an approved Least-Polluting Available Vehicle, or a vehicle approved under LAWA's former Alternative Fuel Vehicle Requirement, including approved comparable emissions vehicles.

iii) Failure to submit a Compliance Plan as defined in subsection VII.C. below within 30 days of notice of non-compliance from LAWA.

iv) Failure to adhere to an approved Compliance Plan as defined in subsection VII.C. below.

B. **Notice of Non-Compliance.** Covered Vehicle Operators found not to be in compliance with the Alternative Fuel Vehicle Requirement as set forth in subsection VII.A. above will be given a notice of non-compliance. Covered Vehicle Operators will have 30 days to correct the deficiencies documented in the notice of non-compliance by completing the annual report as defined in Section VI or submitting a Compliance Plan as defined in subsection VII.C. below, as applicable to the reason cited for non-compliance.

C. **Compliance Plan.**

i) Operators shall transition to compliant vehicles as soon as practicable.

ii) Non-compliant Covered Vehicle Operators will be required to submit a Compliance Plan indicating the disposition (salvage, replace, remove from service, etc.) date for each non-compliant vehicle ("Compliance Plan") within 30 days of receiving a notice of non-compliance for a vehicle in the Operator's fleet. The Compliance Plan shall provide dates by which the non-compliant vehicle or vehicles in the Operator's fleet will meet the requirements of the LAX Alternative Fuel Vehicle Requirement and a justification for the new date. The Compliance Plan shall be signed under attestation.

iii) LAWA's Chief Executive Officer or his/her designee shall review the Operator's Compliance Plan and justification to determine its acceptability and authorize approval or disapproval.

iv) Covered Vehicle Operators shall have 30 days to seek review of LAWA's rejection of a Compliance Plan or any parts thereof by LAWA's Chief Executive Officer or his/her designee.

D. **Default.** Three or more instances of non-compliance with the LAX Alternative Fuel Vehicle Requirement as defined in subsection VII.A above within two years shall be considered a default of the applicable LAX permit, license, contract, lease, Non-Exclusive License Agreement (NELA), concessionaire agreement, and/or Certified Service Provider (CSP) Program. LAWA's Chief Executive Officer or his/her designee may, pursuant to the applicable terms provided therein, suspend or cancel a permit, license, contract, lease, NELA, concessionaire agreement or certified provider certification of non-compliant Covered Vehicle Operators who are not in compliance with this Alternative Fuel Vehicle Requirement. In addition, LAWA's Chief Executive Officer or his/her designee may seek to recoup LAWA's administrative costs from non-compliant operators.

IX. Periodic Review. This Requirement will be reviewed and updated periodically as deemed necessary by LAWA.

EXHIBIT N

Living Wage Ordinances

CHAPTER 1, ARTICLE 11

LIVING WAGE

Section

10.37 Legislative Findings.
10.37.1 Definitions.
10.37.2 Payment of Minimum Compensation to Employees.
10.37.3 Health Benefits.
10.37.4 Employer Reporting and Notification Requirements.
10.37.5 Retaliation Prohibited.
10.37.6 Enforcement.
10.37.7 Administration.
10.37.8 City is a Third Party Beneficiary of Contracts Between an Employer and Subcontractor for Purposes of Enforcement.
10.37.9 Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.
10.37.10 Expenditures Covered.
10.37.11 Timing of Application.
10.37.12 Express Supersession by Collective Bargaining Agreement.
10.37.13 Liberal Interpretation of Coverage; Rebuttable Presumption of Coverage.
10.37.14 Contracts, Employers and Employees Not Subject to this Article.
10.37.15 Exemptions.
10.37.16 Severability.

Sec. 10.37. Legislative Findings.

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

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

The inadequate compensation leaves service employees with insufficient resources to afford life in Los Angeles. Contracting decisions involving the expenditure of City funds should not foster conditions that place a burden on limited social services. The City, as a principal provider of social support services, has an interest in promoting an employment environment that protects such limited resources. In requiring the payment of a higher minimum level of compensation, this article benefits that interest.

In comparison with the wages paid at San Francisco International Airport, the wage for Los Angeles airport workers is often lower even though the airports are similar in the number of passengers they serve and have similar goals of providing a living wage to the airport workforce. Studies show that higher wages at the airport leads to increases in worker productivity and improves customer service. Higher wages for airport workers also results in a decline in worker turnover, yielding savings to the employers and alleviating potential security concerns. Therefore, the City finds that a higher wage for airport employees is needed to reduce turnover and retain a qualified and stable workforce.

Many airport workers who provide catering services to the airlines are paid below the living wage. Federal law allows employment contract agreements between airline caterers and its workers to remain in effect without an expiration date, effectively freezing wages for workers. Long-term employment contract agreements provide little incentive for employers to renegotiate the employment contract agreements with their workers. Airline catering

EXHIBIT N

workers often struggle to pay their bills, sometimes having to choose between paying medical bills and buying food for their families. The City finds that airline caterers should pay their workers, at a minimum, the living wage with benefits.

Airport workers are also the first to respond when an emergency occurs at the airport. In order to properly assist first responders during a crisis at the airport, the City finds that airport employees of Certified Service Provider License Agreement holders should be formally trained for an emergency response at the airport.

Nothing less than the living wage should be paid by employers that are the recipients of City financial assistance. Whether workers are engaged in manufacturing or some other line of business, the City does not wish to foster an economic climate where a lesser wage is all that is offered to the working poor.

The City holds a proprietary interest in the work performed by many employees of City lessees and licensees and by their service contractors, subcontractors, sublessees and sublicensees. The success or failure of City operations may turn on the success or failure of these enterprises, for the City has a genuine stake in how the public perceives the services rendered for them by such businesses. Inadequate compensation of these employees adversely impacts the performance by the City's lessee or licensee and thereby hinders the opportunity for success of City operations. A proprietary interest in providing a living wage is important for various reasons, including, but not limited to: 1) the public perception of the services or products rendered to them by a business; 2) security concerns related to the location of the business or any product or service the business produces; or 3) an employer's industry-specific job classification which is in the City's interest to cover by the living wage. This article is meant to cover all such employees not expressly exempted.

Requiring payment of the living wage further serves a proprietary concern of the City. If an employer does not comply with this article, the City may: 1) declare a material breach of the contract; 2) declare the employer non-responsible and limit its ability to bid on future City contracts, leases or licenses; and 3) exercise any other remedies available.

SECTION HISTORY

Article and Section Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.1. Definitions.

The following definitions shall apply throughout this article:

(a) **"Airline Food Caterer"** means any Employer that, with respect to the Airport:

(1) prepares food or beverage to or for aircraft crew or passengers;

(2) delivers prepared food or beverage to or for aircraft crew or passengers;

(3) conducts security or inspection of aircraft food or beverage; or

(4) provides any other service related to or in connection with the preparation of food or beverage to or for aircraft crew or passengers.

(b) **"Airport"** means the Department of Airports and each of the airports which it operates.

(c) **"Awarding Authority"** means the governing body, board, officer or employee of the City or City Financial Assistance Recipient authorized to award a Contract and shall include a department which has control of its own funds.

(d) **"City"** means the City of Los Angeles and all awarding authorities thereof, including those City departments which exercise independent control over their expenditure of funds.

(e) **"City Financial Assistance Recipient"** means any person who receives from the City discrete financial assistance for economic development or job growth expressly articulated and identified by the City, as contrasted with generalized financial assistance such as through tax legislation, in accordance with the following monetary limitations. Assistance given in the amount of $1,000,000 or more in any 12-month period shall require compliance with this article for five years from the date such assistance reaches the $1,000,000 threshold. For assistance in any 12-month period totaling less than $1,000,000 but at least $100.000, there shall be compliance for one year, with the period of compliance beginning when the accrual of continuing assistance reaches the $100,000 threshold.

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

A recipient shall be exempted from application of this article if:

(1) it is in its first year of existence, in which case the exemption shall last for one year;

(2) it employs fewer than five Employees for each working day in each of 20 or more calendar weeks in the current or preceding calendar year; or

(3) it obtains a waiver as a recipient who employs the long-term unemployed or provides trainee positions intended to prepare Employees for permanent positions. The recipient shall attest that compliance with this article would cause an economic hardship and shall apply in writing to the City department or office administering the assistance. The department or office shall forward the waiver application and the department or office's recommended action to the City Council. Waivers shall be effected by Council resolution.

(f) **"Contractor"** means any person that enters into:

(1) a Service Contract with the City;

(2) a contract with a Public Lessee or Licensee; or

(3) a contract with a City Financial Assistance Recipient to help the recipient in performing the work for which the assistance is being given.

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

(h) **"Employee"** means any person who is not a managerial, supervisory or confidential employee who expends any of his or her time working for an Employer in the United States.

(i) **"Employer"** means any person who is:

(1) a City Financial Assistance Recipient;

(2) Contractor;

(3) Subcontractor;

(4) Public Lessee or Licensee; and

(5) Contractor, Subcontractor, sublessee or sublicensee of a Public Lessee or Licensee.

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

(k) **"Public Lease or License"** means, except as provided in Section 10.37.15, a lease, license, sublease or sublicense of City property, including, but not limited to, Non-Exclusive License Agreements, Air Carrier Operating Permits and Certified Service Provider License Agreements (CSPLA), for which services are furnished by Employees where any of the following apply:

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

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

(3) The DAA has determined in writing as approved by the Board of Public Works that coverage would further the proprietary interests of the City. Proprietary interest includes, but is not limited to:

(i) the public perception of the services or products rendered to them by a business;

(ii) security concerns related to the location of the business or any product or service the business produces; or

(iii) an Employer's industry-specific job classifications as defined in the regulations.

(l) "**Service Contract**" means a contract involving an expenditure in excess of $25,000 and a contract term of at least three months awarded to a Contractor by the City to furnish services for the City where any of the following apply:

(1) at least some of the services are rendered by Employees whose work site is on property owned or controlled by the City;

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

(3) the DAA has determined in writing as approved by the Board of Public Works that coverage would further the proprietary interests of the City. Proprietary interest includes, but is not limited to:

(i) the public perception of the services or products rendered to them by a business;

(ii) security concerns related to the location of the business or any product or service the business produces; or

(iii) an Employer's industry-specific job classifications as defined in the regulations.

(m) "**Subcontractor**" means any person not an Employee who enters into a contract:

(1) to assist in performance of a Service Contract;

(2) with a Public Lessee or Licensee, sublessee, sublicensee or Contractor to perform or assist in performing services for the leased or licensed premises.

(n) "**Willful Violation**" means that the Employer knew of its obligations under this article and deliberately failed or refused to comply with its provisions.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (e), Ord. No. 176,155, Eff. 9-22-04; Subsec. (e), Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; Subsecs. (a) through (l) re-lettered (d) through (o), respectively and new Subsecs. (a), (b), and (c) added, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.2. Payment of Minimum Compensation to Employees.

(a) **Wages.** An Employer shall pay an Employee for all hours worked on a Service Contract or if a Public Lease or License or for a Contractor of a Public Lessee or Licensee, for all hours worked furnishing a service relating to the City, a wage of no less than the hourly rates set under the authority of this article.

(1) **Non-Airport Employee Wages.**

(i) If an Employer provides an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the following:

a. On July 1, 2018, the wage rate for an Employee shall be no less than $13.25 per hour.

b. On July 1, 2019, the wage rate for an Employee shall be no less than $14.25 per hour.

c. On July 1, 2020, the wage rate for an Employee shall be no less than $15.00 per hour.

d. On July 1, 2022, and annually thereafter, the hourly wage rate paid to an Employee shall be adjusted consistent with any adjustment pursuant to Section 187.02 D. of the Los Angeles Municipal Code.

(ii) If an Employer does not provide an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the applicable wage rate in Section

10.37.2(a)(1)(i) and an additional wage rate of $1.25 per hour.

(iii) Section 10.37.11 is not applicable to this subdivision.

(2) **Airport Employee Wages.**

(i) If an Employer servicing the Airport provides an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the following:

a. On July 1, 2017, the wage rate for an Employee shall be no less than $12.08 per hour.

b. On July 1, 2018, the wage rate for an Employee shall be no less than $13.75 per hour.

c. On July 1, 2019, the wage rate for an Employee shall be no less than $15.25 per hour.

d. On July 1, 2020, the wage rate for an Employee shall be no less than $16.50 per hour.

e. On July 1, 2021, the wage rate for an Employee shall be no less than $17.00 per hour.

f. Beginning on July 1, 2022, the wage rate for an Employee shall increase annually, on July 1, to an amount $2.00 above the minimum rate under the City's Minimum Wage Ordinance for that same period of time.

(ii) If an Employer servicing the Airport does not provide an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the applicable wage rate in Section 10.37.2(a)(2)(i) and an additional wage rate as follows:

a. On July 1, 2017, an Employer servicing the Airport shall pay an Employee an additional wage rate of $5.18 per hour.

b. Beginning on July 1, 2018, an Employer servicing the Airport shall pay an Employee an additional wage rate per hour equal to the health benefit payment in effect for an Employee pursuant to Section 10.37.3(a)(5).

(3) An Employer may not use tips or gratuities earned by an Employee to offset the wages required under this article.

(b) **Compensated Time Off.** An Employer shall provide an Employee compensated time off as follows:

(1) An Employee who works at least 40 hours per week or is classified as a full-time Employee by the Employer shall accrue no less than 96 hours of compensated time off per year.

(2) An Employee who works less than 40 hours per week and is not classified as a full-time Employee by the Employer shall accrue hours of compensated time off in increments proportional to that accrued by an Employee who works 40 hours per week.

(3) **General Rules for Compensated Time Off.**

(i) An Employee must be eligible to use accrued paid compensated time off after the first 90 days of employment or consistent with company policies, whichever is sooner. Compensated time off shall be paid at an Employee's regular wage rate at the time the compensated time off is used.

(ii) An Employee may use accrued compensated time off hours for sick leave, vacation or personal necessity.

(iii) An Employer may not unreasonably deny an Employee's request to use the accrued compensated time off. The DAA, through regulations, may provide guidance on what is considered unreasonable.

(iv) The DAA may allow an Employer's established compensated time off policy to remain in place even though it does not meet these requirements, if the DAA determines that the Employer's established policy is overall more generous.

(v) Unused accrued compensated time off shall carry over until time off reaches a maximum of 192 hours, unless the Employer's established policy is overall more generous.

EXHIBIT N

(vi) After an Employee reaches the maximum accrued compensated time off, an Employer shall provide a cash payment once every 30 days for accrued compensated time off over the maximum. An Employer may provide an Employee with the option of cashing out any portion of, or all of, the Employee's accrued compensated time off, but, an Employer shall not require an Employee to cash out any accrued compensated time off. Compensated time off cashed out shall be paid to the Employee at the wage rate that the Employee is earning at the time of cash out.

(vii) An Employer may not implement any unreasonable employment policy to count accrued compensated time off taken under this article as an absence that may result in discipline, discharge, suspension or any other adverse action.

(4) **Compensated Release Time.** An Employer servicing the Airport who holds a Certified Service Provider License Agreement and is subject to this article shall comply with the following additional requirements:

(i) A CSPLA Employer shall provide an Employee at the Airport, 16 hours of additional compensated release time annually to attend and complete emergency response training courses approved by the Airport.

(ii) By December 31, 2018, and continuing thereafter on an annual basis, an Employee of a CSPLA Employer shall successfully complete the 16 hours of emergency response training.

(iii) An Employee of a CSPLA Employer hired after December 31, 2018, shall complete the 16 hours of emergency response training within 120 days of the first date of hire.

(iv) The 16 hours of compensated release time shall only be used to attend Airport approved annual emergency response training courses. The 16 hours of compensated release time does not accumulate or carry over to the following year. The 16 hours of compensated release time shall not be included as part of the 96 hours of compensated time off required under this article.

(c) **Uncompensated Time Off.** An Employer shall provide an Employee uncompensated time off as follows:

(1) An Employee who works at least 40 hours a week or is classified as a full-time Employee by an Employer shall accrue no less than 80 hours of uncompensated time off per year.

(2) An Employee who works less than 40 hours per week and is not classified as a full-time Employee by the Employer shall accrue hours of uncompensated time off in increments proportional to that accrued by an Employee who works 40 hours per week.

(3) **General Rules for Uncompensated Time Off.**

(i) An Employee must be eligible to use accrued uncompensated time off after the first 90 days of employment or consistent with company policies, whichever is sooner.

(ii) Uncompensated time off may only be used for sick leave for the illness of an Employee or a member of his or her immediate family and where an Employee has exhausted his or her compensated time off for that year.

(iii) An Employer may not unreasonably deny an Employee's request to use the accrued uncompensated time off. The DAA, through regulations, may provide guidance on what is considered unreasonable.

(iv) Unused accrued uncompensated time off shall carry over until the time off reaches a maximum of 80 hours, unless the Employer's established policy is overall more generous.

(v) An Employer may not implement any unreasonable employment policy to count accrued uncompensated time off taken under this article as an absence that may result in discipline, discharge, suspension or any other adverse action.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (a), Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; Subsec. (a), Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18; Subsec. (a)(1), Ord. No. 185,745, Eff. 10-15-18.

Sec. 10.37.3. Health Benefits.

(a) **Health Benefits.** The health benefits required by this article shall consist of the payment by an Employer of at least $1.25 per hour to Employees towards the provision of health care benefits for an Employee and his or her dependents. On July 1, 2017, the health benefit rate for an Employee working for an Employer servicing the Airport shall be at least $5.18 per hour. On July 1, 2018, the annual increase for Employees working for an Employer servicing the Airport shall continue as provided in Section 10.37.3(a)(5).

(1) Proof of the provision of such benefits must be submitted to the Awarding Authority to qualify for the wage rate in Section 10.37.2(a) for Employees with health benefits.

(2) Health benefits include health coverage, dental, vision, mental health and disability income. For purposes of this article, retirement benefits, accidental death and dismemberment insurance, life insurance and other benefits that do not provide medical or health related coverage will not be credited toward the cost of providing Employees with health benefits.

(3) If the Employer's hourly health benefit payment is less than that required under this article, the difference shall be paid to the Employee's hourly wage.

(4) Health benefits are not required to be paid on overtime hours.

(5) On July 1, 2018, and annually thereafter each July 1, the amount of payment for health benefits provided to an Employee working for an Employer servicing the Airport shall be adjusted by a percentage equal to the percentage increase, if any, in the United States Bureau of Labor Statistics Consumer Price Index for All Urban Consumers: Medical Care Services, as measured from January to December of the preceding year. The DAA shall announce the adjusted rates on February 1st and publish a bulletin announcing the adjusted rates, which shall take effect on July 1st of each year.

(b) **Periodic Review.** At least once every three years, the City Administrative Officer shall review the health benefit payment by Employers servicing the Airport set forth in Section 10.37.3(a) to determine whether the payment accurately reflects the cost of health care and to assess the impacts of the health benefit payment on Airport Employers and Airport Employees and shall transmit a report with its findings to the Council.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.4. Employer Reporting and Notification Requirements.

(a) An Employer shall post in a prominent place in an area frequented by Employees a copy of the Living Wage Poster and the Notice Regarding Retaliation, both available from the DAA.

(b) An Employer shall inform an Employee of his or her possible right to the federal Earned Income Credit (EIC) under Section 32 of the Internal Revenue Code of 1954, 26 U.S.C. § 32, and shall make available to an Employee forms informing them about the EIC and forms required to secure advance EIC payments from the Employer.

(c) An Employer is required to retain payroll records pertaining to its Employees for a period of at least four years, unless more than four years of retention is specified elsewhere in the contract or required by law.

(d) A Contractor, Public Lessee, Licensee, and City Financial Assistant Recipient is responsible for notifying all Contractors, Subcontractors, sublessees, and sublicensees of their obligation under this article and requiring compliance with this article. Failure to comply shall be a material breach of the contract.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.5. Retaliation Prohibited.

An Employer shall not discharge, reduce in compensation, or otherwise discriminate against any Employee for complaining to the City with regard to the Employer's compliance or anticipated compliance with this article, for opposing any practice proscribed by this article,

EXHIBIT N

for participating in proceedings related to this article, for seeking to enforce his or her rights under this article by any lawful means, or for otherwise asserting rights under this article.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.6. Enforcement.

(a) An Employee claiming violation of this article may bring an action in the Superior Court of the State of California against an Employer and may be awarded:

(1) For failure to pay wages required by this article, back pay shall be paid for each day during which the violation occurred.

(2) For failure to comply with health benefits requirements pursuant to this article, the Employee shall be paid the differential between the wage required by this article without health benefits and such wage with health benefits, less amounts paid, if any, toward health benefits.

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

(4) For Willful Violations, the amount of monies to be paid under Subdivisions (1) - (3), above, shall be trebled.

(b) The court shall award reasonable attorney's fees and costs to an Employee who prevails in any such enforcement action and to an Employer who prevails and obtains a court determination that the Employee's lawsuit was frivolous.

(c) Compliance with this article shall be required in all City contracts to which it applies. Contracts shall provide that violation of this article shall constitute a material breach thereof and entitle the Awarding Authority to terminate the contract and otherwise pursue legal remedies that may be available. Contracts shall also include an agreement that the Employer shall comply with federal law proscribing retaliation for union organizing.

(d) The DAA may audit an Employer at any time to verify compliance. Failure by the Employer to cooperate with the DAA's administrative and enforcement actions, including, but not limited to, requests for information or documentation to verify compliance with this article, may result in a determination by the DAA that the Employer has violated this article.

(e) An Employee claiming violation of this article may report the claimed violation to the DAA, which shall determine whether this article applies to the claimed violation.

(1) If any of the Employee's allegations merit further review, the DAA shall perform an audit; the scope of which will not exceed four years from the date the complaint was received.

(2) If the claimed violation is filed after a contract has expired, and information needed for the review is no longer readily available, the DAA may determine this article no longer applies.

(3) In the event of a claimed violation of the requirements relating to compensated time off, uncompensated time off or wages, the DAA may require the Employer to calculate the amount the Employee should have earned and compensate the Employee. Nothing shall limit the DAA's authority to evaluate the calculation.

(i) If the DAA determines that an Employer is in violation of Section 10.37.2(b), the time owed must be made available immediately. At the Employer's option, retroactive compensated time off in excess of 192 hours may be paid to the Employee at the current hourly wage rate.

(ii) If the DAA determines that an Employer is in violation of Section 10.37.2(c), the Employer shall calculate the amount of uncompensated time off that the Employee should have accrued. This time will be added to the uncompensated time off currently available to the Employee and must be available immediately.

(f) Where the DAA has determined that an Employer has violated this article, the DAA shall issue a written notice to the Employer that the violation is to be corrected within ten days or other time period determined appropriate by the DAA.

(g) In the event the Employer has not demonstrated to the DAA within such period that it has cured the violation, the DAA may then:

EXHIBIT N

(1) Request the Awarding Authority to declare a material breach of the Service Contract, Public Lease or License, or financial assistance agreement and exercise its contractual remedies thereunder, which may include, but not be limited to: (i) termination of the Service Contract, Public Lease or License, or financial assistance agreement; (ii) the return of monies paid by the City for services not yet rendered; and (iii) the return to the City of money held in retention (or other money payable on account of work performed by the Employer) when the DAA has documented the Employer's liability for unpaid wages, health benefits or compensated time off.

(2) Request the Awarding Authority to declare the Employer non-responsible from future City contracts, leases and licenses in accordance with the Contractor Responsibility Ordinance (LAAC Section 10.40, et seq.) and institute proceedings in a manner that is consistent with law.

(3) Impose a fine payable to the City in the amount of up to $100 for each violation for each day the violation remains uncured.

(4) Exercise any other remedies available at law or in equity.

(h) Notwithstanding any provision of this Code or any other law to the contrary, no criminal penalties shall attach for violation of this article.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (d), Para. (1), Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.7. Administration.

The DAA shall administer the requirement of this article and monitor compliance, including the investigation of claimed violations. The DAA shall promulgate rules and regulations consistent with this article for the implementation of the provision of this article. The DAA shall also issue determinations that persons are City Financial Assistance Recipients, that particular contracts shall be regarded as "Service Contracts" for purposes of Section 10.37.1(l), and that particular leases and licenses shall be regarded as "Public Leases" or "Public Licenses" for purposes of Section 10.37.1(k), when it receives an application for a determination of non-coverage or exemption as provided for in Section 10.37.14 and 10.37.15.

The DAA may require an Awarding Authority to inform the DAA about all contracts in the manner described by regulation. The DAA shall also establish Employer reporting requirements on Employee compensation and on notification about and usage of the federal Earned Income Credit referred to in Section 10.37.4. The DAA shall report on compliance to the City Council no less frequently than annually.

Every three years after July 1, 2018, the Chief Legislative Analyst (CLA) with the assistance of the City Administrative Officer (CAO) shall commission a study to review the state of the Airport's regional economy; minimum wage impacts for Employees servicing the Airport; Airport service industry impacts; temporary workers, guards and janitors impacts; restaurants, hotels and bars impacts; transitional jobs programs impacts; service charges, commissions and guaranteed gratuities impacts; and wage theft enforcement. On an annual basis, the CLA and CAO shall collect economic data, including jobs, earnings and sales tax. The Study shall also address how extensively affected Employers are complying with this article, how the article is affecting the workforce composition of affected Employers, and how the additional costs of the article have been distributed among Employees, Employers and the City.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.8. City is a Third Party Beneficiary of Contracts Between an Employer and Subcontractor for Purposes of Enforcement.

Any contract an Employer executes with a Contractor or Subcontractor, as defined in Section 10.37.1(f) and (m), shall contain a provision wherein the Contractor or Subcontractor agree to comply with this article and designate the City as an intended third party beneficiary for purposes of enforcement directly against the Contractor or Subcontractor, as provided for in Section 10.37.6 of this article.

EXHIBIT N

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Ord. No. 173,285, Eff. 6-26-00. Oper. 7-1-00; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

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

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

SECTION HISTORY

Added by Ord. No. 171,547. Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321. Eff. 1-20-18.

Sec. 10.37.10. Expenditures Covered.

This article shall apply to the expenditure - whether through aid to City Financial Assistance Recipients, Service Contracts let by the City or Service Contracts let by its Financial Assistance Recipients - of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds.

SECTION HISTORY

Added by Ord. No. 171,547. Eff. 5-5-97.
Amended by: In Entirety. Ord. No. 172,336. Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.11. Timing of Application.

The provisions of this article shall become operative 60 days following the effective date of the ordinance and are not retroactive.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172.336, Eff. 1-14-99; Subsec. (b), Subsec. (c) Added, Ord. No. 173,747, Eff. 2-24-01; Subsec. (d) Added, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318. Eff. 7-7-16; In Entirety. Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.12. Express Supersession by Collective Bargaining Agreement.

The requirements of this article may be superseded by a collective bargaining agreement if expressly stated in the agreement. This provision applies to any collective bargaining agreement that expires or is open for negotiation of compensation terms after the effective date of this ordinance. Any collective bargaining agreement that purports to supersede any requirement of this article shall be submitted by the Employer to the DAA.

(a) A collective bargaining agreement may expressly supersede the requirements of this article with respect to Employees of Employers servicing the Airport only when an Employee is paid a wage not less than the applicable wage rate in Section 10.37.2(a)(2)(i).

(b) A collective bargaining agreement may expressly supersede the requirements of this article with respect to Employees of Airline Food Caterers only when an Employee of the Airline Food Caterer is paid a total economic package no less than the applicable wage rate in Section 10.37.2(a)(2)(ii).

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; Title and Section In Entirety, Ord. No. 185,321, Eff. 1-20-18.

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

The definitions of "City Financial Assistance Recipient" in Section 10.37.1(e), of "Public Lease or License" in Section 10.37.1(k), and of "Service Contract" in Section 10.37.1(l) shall be liberally interpreted so as to further the policy objectives of this article. All City Financial Assistance Recipients meeting the monetary thresholds of Section 10.37.1(e), all Public Leases and Licenses (including subleases and sublicenses) where the City is the lessor or licensor, and all City contracts providing for services shall be presumed to meet the corresponding definition mentioned above, subject, however, to a determination by the DAA of non-coverage or exemption on any basis allowed by this article, including, but not limited to, non-coverage for failure to satisfy such definition. The DAA shall by regulation establish procedures for informing persons engaging in such transactions with the City of their opportunity to apply for

a determination of non-coverage or exemption and procedures for making determinations on such applications.

SECTION HISTORY

Added by Ord. No. 172,336, Eff. 1-14-99.
Amended by: Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety. Ord. No. 185,321, Eff. 1-20-18; In Entirety, Ord. No. 185,745. Eff. 10-15-18.

Sec. 10.37.14. Contracts, Employers and Employees Not Subject to this Article.

The following contracts are not subject to the Living Wage Ordinance. An Awarding Authority, after consulting with the DAA, may determine whether contracts and/or Employers are not subject to the Living Wage Ordinance due to the following:

(a) a contract where an employee is covered under the prevailing wage requirements of Division 2, Part 7, of the California Labor Code unless the total of the basic hourly rate and hourly health and welfare payments specified in the Director of Industrial Relations' General Prevailing Wage Determinations are less than the minimum hourly rate as required by Section 10.37.2(a) of this article.

(b) a contract with a governmental entity, including a public educational institution or a public hospital.

(c) a contract for work done directly by a utility company pursuant to an order of the Public Utilities Commission.

SECTION HISTORY

Added by Ord. No. 184,318, Eff. 7-7-16.
Amended by: In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.15. Exemptions.

Upon the request of an Employer, the DAA may exempt compliance with this article. An Employer seeking an exemption must submit the required documentation to the DAA for approval before the exemption takes effect.

(a) A Public Lessee or Licensee, that employs no more than seven people total on and off City property shall be exempted. A lessee or licensee shall be deemed to employ no more than seven people if the company's entire workforce worked an average of no more than 1,214 hours per month for at least three-fourths of the previous calendar year. If a Public Lease or License has a term of more than two years, the exemption granted pursuant to this section shall expire after two years, but shall be renewable in two-year increments.

(b) Non-Profit Organizations. Corporations organized under Section 501(c)(3) of the United States Internal Revenue Code of 1954, 26 U.S.C. § 501(c)(3), whose chief executive officer earns a salary which, when calculated on an hourly basis, is less than eight times the lowest wage paid by the corporation, shall be exempted as to all Employees other than child care workers.

(c) Students. High school and college students employed in a work study or employment program lasting less than three months shall be exempt. Other students participating in a work-study program shall be exempt if the Employer can verify to the DAA that:

(1) The program involves work/training for class or college credit and student participation in the work-study program is for a limited duration, with definite start and end dates; or

(2) The student mutually agrees with the Employer to accept a wage below this article's requirements based on a training component desired by the student.

(d) Nothing in this article shall limit the right of the Council to waive the provisions herein.

(e) Nothing in this article shall limit the right of the DAA to waive the provisions herein with respect to and at the request of an individual Employee who is eligible for benefits under Medicare, a health plan through the U.S. Department of Veteran Affairs or a health plan in which the Employee's spouse, domestic partner or parent is a participant or subscriber to another health plan. An Employee who receives this waiver shall only be entitled to the hourly wage pursuant to Section 10.37.2(a)(2)(i).

SECTION HISTORY

Added by Ord. No. 184,318, Eff. 7-7-16.
Amended by: In Entirety, Ord. No. 185,321, Eff. 1-20-18.

EXHIBIT N

Sec. 10.37.16. Severability.

If any subsection, sentence, clause or phrase of this article is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this section, and each and every subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION HISTORY

Added by Ord. No. 172,336, Eff. 1-14-99.
Amended by: In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

EXHIBIT O

(Intentionally Omitted)

EXHIBIT O

(Intentionally Omitted)

EXHIBIT P

Worker Retention Ordinance

CHAPTER 1, ARTICLE 10

WORKER RETENTION

(Title amended, Ord. No. 185,356, Eff. 1-26-18.)

Section

10.36 Findings and Statement of Policy.
10.36.1 Definitions.
10.36.2 Transition Employment Period.
10.36.3 Enforcement.
10.36.4 Exemption for Contractor or Contractor's Prior Employees.
10.36.5 Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.
10.36.6 Expenditures Covered by this Article.
10.36.7 Promulgation of Implementing Rules.
10.36.8 Severability.

Sec. 10.36. Findings and Statement of Policy.

The City awards many contracts to private firms to provide services to the public and to City government. The City also leases its property or grants licenses to enter onto its property and these lessees and licensees often perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City also provides financial assistance and funding to other firms for the purpose of economic development or job growth. At the conclusion of the term of a service contract, lease or license with the City or with those receiving financial assistance from the City, a different firm often receives the successor contract to perform the same City services or to lease or license the same City property.

The City obtains benefits achieved through the competitive process of entering into new contracts. It is the experience of the City that reasons for change do not necessarily include a need to replace workers presently performing services who already have useful knowledge about the workplace where the services are performed.

The City has a proprietary interest in the work performed by employees of City contractors, lessees and licensees and by the employees of firms receiving City financial assistance. The success or failure of City operations may turn on the success or failure of these firms, and the City has a genuine stake in how the public perceives the services rendered by these firms. Replacement of existing employees can adversely impact the performance by these firms and thereby hinders the opportunity for success of City operations.

Incumbent workers have invaluable existing knowledge and experience with the work schedules, practices and clients. Replacing these workers with workers without these experiences decreases efficiency and results in a disservice to the City and City financed or assisted projects.

Retaining existing workers when a change in firm occurs reduces the likelihood of labor disputes and disruptions. The reduction of the likelihood of labor disputes and disruptions results in the assured continuity of services to City constituents and visitors who receive services provided by the City, the City's lessees or licensees, or by City financed or assisted projects.

Contracting decisions involving the expenditure of City funds should avoid a potential effect of creating unemployment and the consequential need for social services. The City, as a principal provider of social support services, has an interest in the stability of employment under contracts, leases and licenses with the City and by those receiving financial assistance from the City. The retention of existing workers benefits that interest.

SECTION HISTORY

Article and Section Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Article and Section, Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.1. Definitions.

The following definitions shall apply throughout this article:

(a) "**Awarding Authority**" means the governing body, board, officer or employee of the City or City Financial Assistance Recipient authorized to award a Contract and shall include a department which

EXHIBIT P

has control of its own funds if the department adopts policies consonant with the provisions of this article.

(b) **"City"** means the City of Los Angeles and all Awarding Authorities thereof.

(c) **"City Financial Assistance Recipient"** means any person who receives from the City in any 12-month period discrete financial assistance for economic development or job growth expressly articulated and identified by the City totaling at least $100,000; provided, however, that corporations organized under Section 501(c)(3) of the United States Internal Revenue Code of 1954, 26 U.S.C. § 501(c)(3), with annual operating budgets of less than $5,000,000, or that regularly employ homeless persons, persons who are chronically unemployed, or persons receiving public assistance, shall be exempt.

Categories of such assistance include, but are not limited to, bond financing, planning assistance, tax increment financing exclusively by the City, and tax credits, and shall not include assistance provided by the Community Development Bank. City staff assistance shall not be regarded as financial assistance for purposes of this article. A loan at market rate shall not be regarded as financial assistance. The forgiveness of a loan shall be regarded as financial assistance. A loan shall be regarded as financial assistance to the extent of any differential between the amount of the loan and the present value of the payments thereunder, discounted over the life of the loan by the applicable federal rate as used in 26 U.S.C. §§ 1274(d) and 7872(f). A recipient shall not be deemed to include lessees and sublessees. Contracts for economic development or job growth shall be deemed providing such assistance once the $100,000 threshold is reached.

(d) **"Contract"** means:

(1) a contract let to a Contractor by the City or a City Financial Assistance Recipient primarily for the furnishing of services to or for the City or City Financial Assistance Recipient (as opposed to the purchase of goods or other property) and that involves an expenditure or receipt in excess of $25,000 and a contract term of at least three months; or

(2) a Public Lease or License as those terms are defined in Los Angeles Administrative Code Section 10.37.1(k) but only if the lessee or licensee is subject to the Living Wage Ordinance and not otherwise exempt from its provisions.

(e) **"Contractor"** means any person that enters into a Contract with the City or a City Financial Assistance Recipient. Governmental entities, including public educational institutions and public hospitals, are not Contractors and are not subject to this article.

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

(g) **"Employee"** means any person employed as an employee of a Contractor or Subcontractor earning no more than twice the hourly wage without health benefits available under the Living Wage Ordinance, Los Angeles Administrative Code Section 10.37 et seq., whose primary place of employment is in the City on or under the authority of a Contract. Examples of Employee includes: hotel Employees; restaurant, food service or banquet Employees; janitorial Employees; security guards; parking attendants; nonprofessional health care Employees; gardeners; waste management Employees; and clerical Employees. Employee does not include a person who is a managerial, supervisory or confidential Employee. An Employee must have been employed by a terminated Contractor for the preceding 12 months or longer.

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

(i) **"Subcontractor"** means any person not an Employee who enters into a contract with a Contractor to assist the Contractor in performing a Contract and who employs Employees for such purpose. A Subcontractor includes a sublessee or sublicensee.

(j) **"Successor Contract"** means a Contract where the service to be performed is substantially similar to the Contract recently terminated. The meaning also includes a Contract that is a Public Lease or License substantially similar to a Public Lease or License recently terminated. Termination includes, but is not limited to: (1) the completion of the Contract; (2) early termination of the Contract in whole or in part; or (3) an amendment that reduces

EXHIBIT P

services provided under the Contract, in whole or in part.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; Subsec. (c), Ord. No. 172,843, Eff. 11-4-99; Subsec. (j) added, Ord. No. 176,155, Eff. 9-22-04; Subsec. (j), Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.2. Transition Employment Period.

(a) Within ten days of learning that a Contract is to be terminated, the Contractor shall provide to the Successor Contractor, the Awarding Authority and the DAA, the name, address, date of hire, and employment occupation classification of each Employee of the terminated Contractor and Subcontractor working pursuant to the Contract. If the terminated Contractor has not learned the identity of the Successor Contractor, the Contractor shall request the identity from the Awarding Authority. If a Successor Contract has not been awarded by the end of the ten-day period, the Contractor shall provide the employment information referred to earlier in this subsection to the Awarding Authority and the DAA. Where only a subcontract of a Contract has been terminated, the terminated Subcontractor shall for purposes of this Article be deemed a terminated Contractor.

(1) If multiple Contracts providing similar services are terminated, the Awarding Authority shall consult with the DAA to determine whether to pool the Employees, ordered by seniority within job classification and provide a pool list to the Successor Contractor. The Successor Contractor shall provide written notice to the Awarding Authority and the DAA that the Awarding Authority's pool list will be used. The notice must include the following:

(A) the total number of Employees required under the Successor Contract;

(B) a breakdown of the number of Employees required within each job classification and seniority within each class; and

(C) an indication as to which Employees within each job classification shall be offered employment under this article.

The written notice must be provided no later than ten days after the Successor Contractor receives the listing of the terminated Contractor's Employees.

(2) Where the use of Subcontractors has occurred under the terminated Contract or where the use of Subcontractors is to be permitted under the Successor Contract, or where both circumstances arise, the Awarding Authority shall pool, when applicable, the Employees, ordered by seniority within job classification, under such prior Contracts or subcontracts where required by, and in accordance with, rules promulgated by the DAA. The Successor Contractor or Subcontractor shall provide written notice to the Awarding Authority and the DAA that the Awarding Authority's pool list will be used.

(b) If work-related requirements for a particular job classification under the Successor Contract differ from the terminated Contract, the Successor Contractor (or Subcontractor, where applicable) shall give notice to the Awarding Authority and the DAA and provide an explanation including:

(1) the different work-related requirements needed; and

(2) the reason why the different work-related requirements are necessary for the Successor Contract.

(c) Within ten days of receipt of the list of Employees from the terminated Contractor, the Successor Contractor shall make written offers for a 90-day transition employment period to the eligible Employees by letters sent certified mail. The letters shall ask an Employee to return the offers to the Successor Contractor with the Employee's signature indicating acceptance or rejection of the offer of employment. The letters shall state that if an Employee fails to return a written acceptance of the offer within ten days of the date of mailing of the Successor Contractor's certified letter, then the Employee will be presumed to have declined the offer.

The Successor Contractor shall provide copies of the letters offering employment to the Awarding Authority and proof of mailing.

(d) A Successor Contractor shall retain Employees for a 90-day transition employment period. Where pooling of Employees has occurred, the Successor Contractor shall draw from the pools in accordance with rules promulgated by the DAA. During such 90-day period, Employees so hired shall be employed under the terms and conditions established by the Successor Contractor (or Subcontractor) or as required by law.

EXHIBIT P

(e) If at any time the Successor Contractor determines that fewer Employees are required to perform the new Contract than were required by the terminated Contractor (and Subcontractors, if any), the Successor Contractor shall retain Employees by seniority within job classification. The Successor Contractor shall give notice to the Awarding Authority and the DAA and provide an explanation including:

(1) the reason that fewer Employees will be needed;

(2) the total number of Employees required under the Successor Contract;

(3) a breakdown of the number of Employees required within each job classification;

(4) a listing of the terminated Contractor's Employees by job classification and seniority within each class; and

(5) an indication as to which Employees within each job classification will be offered employment under this article.

The notice must be provided no later than ten days after the Successor Contractor receives the list of the terminated Contractor's Employees pursuant to Section 10.36.2(a).

Letters offering employment shall be made by seniority within each job classification. If an Employee in a job classification declines an offer of employment or fails to respond within ten days pursuant to Section 10.36.2(a), the Successor Contractor shall issue a letter offering employment to the next Employee in that job classification. The Successor Contractor shall continue to offer employment in this manner until all required positions are filled for the Successor Contract or until all Employees have been offered employment.

(f) During the 90-day transition employment period, the Successor Contractor (or Subcontractor, where applicable) shall maintain a preferential hiring list of eligible covered Employees not retained by the Successor Contractor (or Subcontractor) from which the successor Contractor (or Subcontractor) shall hire additional Employees, if needed.

(g) During the 90-day transition employment period, the Successor Contractor (or Subcontractor, where applicable) shall not discharge without cause an Employee retained pursuant to this article. "Cause" for this purpose shall mean fair and honest reasons, regulated by good faith on the part of the Contractor or Subcontractor, that are not trivial, arbitrary or capricious, unrelated to business needs or goals, or pretextual.

(h) At the end of the 90-day transition employment period, the Successor Contractor (or Subcontractor, where applicable) shall perform a written performance evaluation for each Employee retained pursuant to this article. If the Employee's performance during the 90-day period is satisfactory, the Successor Contractor (or Subcontractor) shall offer the Employee continued employment under terms and conditions established by the Successor Contractor (or Subcontractor) or as required by law.

(i) If the City or a City Financial Assistance Recipient enters into a Contract for the performance of work that prior to the Contract was performed by the City's or the City Financial Assistance Recipient's own Employees, the City or the City Financial Assistance Recipient shall be deemed to be a terminated Contractor within the meaning of this article and the Contractor shall be deemed to be a Contractor with a Successor Contract within the meaning of this article.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; Subsec. (g) added, Ord. No. 172,349, Eff. 1-29-99; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.3. Enforcement.

(a) An Employee who has been discharged in violation of this article by a Successor Contractor or its Subcontractor may bring an action in the Superior Court of the State of California against the Successor Contractor and, where applicable, its Subcontractor, and may be awarded:

(1) Back pay for each day during which the violation continues, which shall be calculated at a rate of compensation not less than the higher of:

(A) The average regular rate of pay received by the Employee from the terminated Contractor during the last three years of the Employee's employment in the same occupation classification; or

(B) The final regular rate paid by the terminated Contractor to the Employee.

EXHIBIT P

(2) Costs of benefits the Successor Contractor would have incurred for the Employee under the successor Contractor's (or Subcontractor's, where applicable) benefit plan.

(b) If the Employee is the prevailing party in any such legal action, the court shall award reasonable attorney's fees and costs as part of the costs recoverable.

(c) Compliance with this article shall be required in all Contracts and shall provide that violation of this article shall entitle the City to terminate the Contract and pursue all legal remedies.

(d) If the DAA determines that a Contractor or Subcontractor violated this article, the DAA may recommend that the Awarding Authority take any or all of the following actions:

(1) Document the determination in the Awarding Authority's Contractor Evaluation required under Los Angeles Administrative Code Section 10.39, et seq.;

(2) Require that the Contractor or Subcontractor document the determination in each of the Contractor's or Subcontractor's subsequent Contractor Responsibility Questionnaires submitted under Los Angeles Administrative Section 10.40, et seq.;

(3) Terminate the Contract;

(4) Recommend to the Awarding Authority to withhold payments due to the Contractor or Subcontractor.

(e) Notwithstanding any provision of this Code or any other law to the contrary, no criminal penalties shall attach for any violation of this article.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

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

(a) An Awarding Authority may allow a Successor Contractor or Subcontractor to fill a position under a Contractor with a person who has been employed by the Contractor or Subcontractor continuously for at least 12 months prior to the commencement of the Successor Contract working in a position similar to the position to be filled in the Successor Contract. The Successor Contractor or Subcontractor shall first obtain written approval of the Awarding Authority by demonstrating that: (a) the person would otherwise be laid off work; and (b) his or her retention would be helpful to the Contractor or Subcontractor in performing the Successor Contract.

(b) Nothing in this article shall limit the right of the DAA to waive the provisions herein with respect to a Contractor if it finds it is not in the best interest of the City.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.5. Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.

This article shall not be construed to limit an Employee's right to bring legal action for wrongful termination.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.6. Expenditures Covered by this Article.

This article shall apply to the expenditure, whether through Contracts let by the City or by City Financial Assistance Recipients, of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds. City Financial Assistance Recipients shall apply this article to the expenditure of non-City funds for Contracts to be performed in the City by complying with Section 10.36.2(i) and by contractually requiring their Contractors with Contracts to comply with this article. Such requirement shall be imposed by the recipient until the City financial assistance has been fully expended.

SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.
Amended by: Ord. No. 172,337, Eff. 1-14-99; Ord. No. 172,843, Eff. 11-4-99; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

EXHIBIT P

Sec. 10.36.7. Promulgation of Implementing Rules.

The DAA shall promulgate rules for implementation of this article and otherwise coordinate administration of the requirements of this article.

SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.
Amended by: Ord. No. 176,155, Eff. 9-22-04; Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.8. Severability.

If any subsection, sentence, clause or phrase of this article is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this section, and each and every subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.
Amended by: In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

EXHIBIT P

EXHIBIT P

EXHIBIT Q

Contractor Responsibility Program/Pledge of Compliance

LOS ANGELES WORLD AIRPORTS

CONTRACTOR RESPONSIBILITY PROGRAM

RULES AND REGULATIONS

Effective date: August 23, 2011

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

EXHIBIT Q
Contractor Responsibility Program (CRP)
Pledge of Compliance

CONTENTS

A. DEFINITIONS 3

B. SUBMISSION OF CRP QUESTIONNAIRES 5

C. LAWA REVIEW OF SUBMITTED CRP QUESTIONNAIRES 6

D. AWARD AND EXECUTION OF CONTRACTS 7

E. CONTRACT AMENDMENTS 9

F. CONTRACTOR NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION 9

G. LAWA INVESTIGATION 11

H. VIOLATIONS OF THE CRP OR THESE RULES AND REGULATIONS 12

I. NON-RESPONSIBILITY HEARING 12

J. NON-RESPONSIBILITY SANCTIONS 14

K. EXEMPTIONS 14

L. EFFECTIVE DATE OF CRP RULES AND REGULATIONS 16

M. CONSISTENCY WITH FEDERAL AND STATE LAW 16

N. SEVERABILITY 16

EXHIBIT Q
Contractor Responsibility Program (CRP)
Pledge of Compliance

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

A. DEFINITIONS

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

   a. **Board**
   b. **Executive Director**
   c. **Los Angeles World Airports (LAWA)**
   d. **"Contract"** means any agreement for the performance of any work or service, the provision of any goods, equipment, materials or supplies, or the rendition of any service to LAWA or to the public or the grant of a public lease, which is awarded or entered into by or on behalf of LAWA. These Rules and Regulations shall apply to the following contracts:

      (1) Contracts for services that require Board approval.
      (2) Contracts for purchasing goods and products that require Board approval.
      (3) Construction contracts that require Board approval.

   e. **Contractor**
   f. **Subcontractor**
   g. **Bidder**
   h. **Bid**
   i. **Invitation for Bid ("IFB")**
   j. **Public Lease**

2. **New Definitions:**

   a. **"Awarding Authority"** means either the Executive Director or the Board of Airport Commissioners ("Board") or the Board's designee.

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

c. "**CRP Pledge of Compliance**" means the CRP Pledge developed by PSD. The CRP Rules and Regulations may be updated from time to time by PSD. The CRP Pledge shall require contractors to sign under penalty of perjury that the contractor will:

(1) Comply with all applicable Federal, State, and local laws and regulations during the performance of the contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

(2) Notify LAWA within 30 calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the contractor did not comply with subparagraph 2(c)(1) above in the performance of the contract.

(3) Notify LAWA within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the contractor has violated subparagraph 2(c) (1) above in the performance of the contract.

(4) Provide LAWA within thirty (30) calendar days updated responses to the CRP Questionnaire if any change occurs which would change any response contained within the completed CRP Questionnaire. Note: This provision does not apply to amendments of contracts not subject to the CRP and to subcontractors not required to submit a Questionnaire.

(5) Ensure that subcontractors working on the LAWA contract shall complete, sign and submit a CRP Pledge of Compliance attesting under penalty of perjury to compliance with paragraphs 2(c)(1) through (4).

(6) Notify LAWA within thirty (30) days of becoming aware of an investigation, violation or finding of any applicable Federal, State, or local law involving the subcontractors in the performance of a LAWA contract.

(7) Cooperate fully with LAWA during an investigation and to respond to request(s) for information within ten (10) working days from the date of the Notice to Respond.

d. **"Requesting Division"** means the LAWA division(s) which issued the Request For Bids ("RFB"), Request For Proposal ("RFP") or Request for Qualifications ("RFQ").

e. **"Responsibility"** means possessing the necessary "trustworthiness" and "quality, fitness and capacity" to perform the work set forth in the contract.

B. SUBMISSION OF CRP QUESTIONNAIRES

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

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

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

2. **Submission of CRP Questionnaires with Bids**:

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

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

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

C. LAWA REVIEW OF SUBMITTED CRP QUESTIONNAIRES

1. **Departmental Review of submitted bids**: As part of the determination of a bidder's responsiveness, PSD will review the bid submissions to determine whether a completed CRP Questionnaire, signed under penalty of perjury, has been included with the bid. If a completed Questionnaire has not been included with the bid as required by the IFB procedures, the bidder may be deemed to be non-responsive and may be disqualified from the bidding process.

2. **Posting of CRP Questionnaires and Subcontractor List**: Requesting Divisions will forward to PSD the completed CRP Questionnaires and subcontractor list(s), if any, submitted by the responsive bidders to make available for public review as follows:

   a. If a contract is to be awarded pursuant to a competitive bid process, the CRP Questionnaires for the three lowest responsive bidders and their list of proposed subcontractors, if any, will be forwarded to PSD to make them available for public review for a minimum period of 14 calendar days.

   b. If a contract is to be awarded pursuant to a proposal (RFP) or qualifications (RFQ) and award is not based on the lowest submitted bid price, the CRP Questionnaires for the short-listed proposers and their list of proposed subcontractors, if any, will be forwarded to PSD to make them available for public review for a minimum period of 14 calendar days. If no short-listing procedure is used, the CRP Questionnaire for the prospective contractor shall be made available for public review for a minimum period of 14 calendar days.

   c. If a contract is to be awarded to a Sole Source, the CRP Questionnaire for the proposed contractor and their list of proposed subcontractors, if any, will be forwarded to PSD to make it available for public review for a period of 14 calendar days.

   d. No contract shall be awarded to any bidder until at least 14 calendar days after the CRP Questionnaire has been made available for public review. If administrative or technical errors prevent or delay the posting of the CRP Questionnaire, the posting period will be extended by the amount of time that the CRP Questionnaire was not available for public review.

   e. The CRP Questionnaire of the bidder/proposer awarded the contract will be retained by the Requesting Division as part of the contract file. The CRP Questionnaires for the bidders/proposers not awarded the contract will be retained in the customary manner by the Requesting Division.

3. **Claims Resulting from Public Review:**

   a. Claims regarding a bidder or contractor's responsibility should be submitted to PSD in writing. However, PSD may investigate a claim regarding a bidder's or a contractor's responsibility, whether or not it is submitted in writing, if PSD in its discretion

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

b. If PSD receives information which calls into question a bidder's responsibility, and the information was received **before** the contract has been executed, PSD shall:

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

c. If PSD receives written information that calls into question a contractor's responsibility, and the information was received **after** the contract has been executed, PSD shall investigate the matter as required in Section G, LAWA INVESTIGATION.

D. AWARD AND EXECUTION OF CONTRACTS

1. Departmental Determination of Responsibility and Award of Contract:

a. Requesting Division and the Awarding Authority shall determine whether a bidder/contractor is a responsible bidder, proposer or contractor with the necessary trustworthiness, quality, fitness and capacity to perform the work set forth in the proposed contract by considering the following:

(1) Information contained in the CRP Questionnaire;
(2) Information and documentation from PSD's investigation;
(3) Information regarding the bidder's, proposer's or contractor's past performance that may be contained in the City of Los Angeles' Contractor Evaluation Database.
(4) Information that may be available from any compliance or regulatory governmental agency, and
(5) Any other reliable information that may be available, including but not limited to information from any individual or any other governmental agency.

b. The Board may award and the Executive Director may execute a contract with a bidder or proposer only if:

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

2. Submission of Pledge of Compliance:

a. Unless otherwise exempt from the CRP, all bid/proposal submissions (RFBs, RFPs and RFQs) are required to contain a Pledge of Compliance with the CRP signed under penalty of perjury. Failure to submit a CRP Pledge of Compliance with the bid/proposal may make the bidder non-responsive and disqualified from the bidding process.

b. Within 10 calendar days of execution of a contract with LAWA, the contractor shall submit to LAWA a signed CRP Pledge of Compliance from each subcontractor listed as performing work on the contract.

3. Subcontractor Responsibility:

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

4. **Execution of Contracts:**

   a. Unless exempt from the CRP, all contracts shall contain language obligating the contractor to comply with the CRP.
   b. No contract may be executed unless:

      (1) The proposed contractor has submitted a signed Pledge of Compliance with the CRP.
      (2) The proposed contractor's CRP Questionnaire, unless otherwise exempt, has been made available for public review for at least 14 calendar days in accordance with these Rules and Regulations.

E. CONTRACT AMENDMENTS

1. Compliance with the CRP, except for the requirement to submit a CRP Questionnaire, is required in contract amendments if the initial contract was not subject to the CRP, but the total term and amount of the contract, inclusive of all amendments, would make the contract subject to the CRP.

   a. A contractor subject to the CRP because of an amendment shall submit a CRP Pledge of Compliance to the Requesting Division before the contract amendment can be executed.

   b. Unless exempt from the CRP, all contract amendments shall contain contract language obligating the contractor to comply with the CRP.

F. CONTRACTOR NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION

1. **Notification of Investigations**: Contractors shall:

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

   b. Notify the Requesting Division and PSD within 30 calendar days of becoming aware of a violation or finding of violation of any applicable federal, state, or local law involving its subcontractors or sub-sub-contractors at any level in the performance of a LAWA contract.

2. **Update of CRP Questionnaire Information**:

a. Updates of information contained in the contractor's responses to the CRP Questionnaire shall be submitted to the Requesting Division and PSD within 30 days of any changes to the responses if the change would affect the contractor's responsibility or ability to continue performing the contract.

b. PSD or the Requesting Division shall determine whether a contractor in a specific situation should have provided information or updated information.

(1) If PSD or the Requesting Division becomes aware of new information concerning a contractor and determines that the contractor should have provided information or updated LAWA with such information, but the contractor has not done so, PSD shall issue a written notice to the contractor requiring the contractor to submit the required information within 10 calendar days.

(2) If PSD or the Requesting Division becomes aware of new information concerning a subcontractor and determines that the subcontractor should have provided information or updated LAWA of such information, but the subcontractor has not done so, PSD shall issue a written notice to the contractor requiring the subcontractor to submit the required information within 10 calendar days.

c. Contractor's failure to provide information or updated information when required by LAWA, the CRP or these Rules and Regulations may be considered a material breach of the contract, and, additionally, may result in the initiation of a non-responsibility hearing pursuant to Section I of these Rules and Regulations.

3. **Contractors shall ensure that subcontractors provide information and updates.** Contractors shall ensure that subcontractors performing work on their LAWA contract abide by these same updating requirements, including the requirement to:

a. Notify the Requesting Division and PSD within 30 calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the subcontractor did not comply with any applicable Federal, State, or local law in the performance of the LAWA or City contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees

b. Notify the Requesting Division and PSD within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the subcontractor violated any applicable Federal, State, or local law in the performance of a LAWA or City of Los Angeles contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

4. **Submission of CRP Questionnaires and Updates of CRP Questionnaire Is Not Applicable to Subcontractors:** The requirement that contractors submit to LAWA CRP Questionnaires and updates to the CRP Questionnaire responses does not apply to subcontractors.

G. LAWA INVESTIGATION

1. **Reporting of Alleged Violations:** Allegations of violations of the CRP or these Rules and Regulations shall be reported to PSD. Complaints regarding a bidder's, proposer's or contractor's responsibility should be submitted to PSD in writing. However, PSD may investigate any claim or complaint regarding a bidder's, proposer's or a contractor's responsibility, whether or not it is submitted in writing. Whether based on a written complaint or otherwise, PSD shall be responsible for investigating such alleged violations.

2. **Process**:

   a. Upon receipt of a complaint or upon initiation of an investigation, PSD shall notify the Requesting Division, the Awarding Authority and the bidder, proposer or contractor in writing that an investigation has been initiated.

   b. The bidder, proposer or contractor shall cooperate fully with PSD in providing information. If the bidder/proposer or contractor fails to cooperate with PSD's investigation or fails to timely respond to PSD's requests for information, LAWA may initiate a non-responsibility hearing as set forth in Section I of these Rules and Regulations. A contractor's failure to cooperate may be deemed a material breach of the contract, and the City may pursue all available remedies.

   c. To the extent permissible, PSD shall maintain the identity of the complainant, if any, confidential.

   d. Upon completion of the investigation, PSD shall prepare a written report of the findings and notify the Requesting Division, the Awarding Authority and the bidder, proposer or contractor of the results.

3. **Results of Investigation:**

   a. When an investigation is completed before the contract is awarded, PSD shall notify the Requesting Division and the Awarding Authority of the results, and Requesting Division and the Awarding Authority will consider the information as part of the determination of a bidder's responsibility during the bid/proposal review process.

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

(1) If violations of the CRP are found, PSD shall notify the Requesting Division and contractor of the violation and require the contractor to make corrections or take reasonable measures within 10 calendar days.

(2) If the contractor fails to make corrections as required, PSD shall notify the Requesting Division and the Awarding Authority and may recommend that the Awarding Authority:

(i) Terminate the contract.

(ii) Initiate a hearing to declare the contractor a non-responsible contractor.

H. VIOLATIONS OF THE CRP OR THESE RULES AND REGULATIONS

1. Violations of the CRP or of these Rules and Regulations may be considered a material breach of the contract and may entitle LAWA or the City to terminate the contract.

2. Alleged violations of the CRP or of these Rules and Regulations shall be reported to the PSD which will investigate all such complaints.

3. When a violation of the CRP or of these Rules and Regulations is found, PSD shall notify the contractor and the Awarding Authority of the violation. PSD shall require the contractor to correct the violation within 10 calendar days. Failure to correct violations or take reasonable measures to correct violations within 10 calendar days may result in PSD:

   a. Recommending that the Awarding Authority declare a material breach of the contract and that the Awarding Authority exercise all contractual and legal remedies available, including but not limited to termination of the contract, and/or

   b. Recommending that the Awarding Authority declare the contractor a non-responsible contractor by initiating, within 30 calendar days or as soon as practicable, a non-responsibility hearing in accordance with Section I of these Rules and Regulations.

I. NON-RESPONSIBILITY HEARING

1. The process of declaring a bidder or contractor a non-responsible bidder or contractor shall be initiated by the Awarding Authority after consultation with the City Attorney's Office.

2. Before a bidder, proposer or contractor may be declared non-responsible, the bidder, proposer or contractor shall be notified of the proposed determination of non-responsibility and provided with an opportunity for a hearing.

3. The Awarding Authority or the Executive Director's designee shall preside over the non-responsibility hearing and shall provide the bidder, proposer or contractor with the following:

a. The bidder, proposer or contractor shall be provided with written Notice of intent to declare the bidder, proposer or contractor non-responsible ("Notice") which shall state that the Awarding Authority intends to declare the bidder, proposer or contractor a non-responsible bidder or contractor.

b. The Notice shall provide the bidder, proposer or contractor with the following information:

(1) That the Awarding Authority intends to declare the bidder or contractor a non-responsible bidder, proposer or contractor.
(2) A summary of the information upon which the Awarding Authority is relying.
(3) That the bidder, proposer or contractor has a right to respond to the information by requesting a hearing to rebut adverse information and to present evidence of its necessary trustworthiness, quality, fitness and capacity to perform the work required under the contract.
(4) That the bidder, proposer or contractor must exercise the right to a hearing by submitting to the Awarding Authority a **written request** for a hearing **within 10 working days** of the date of the Notice.
(5) That failure to submit a written request for hearing within 10 working days of the date of the Notice shall be considered a waiver of the right to a hearing that allows the Awarding Authority to proceed with the determination of non-responsibility.

c. If the bidder or contractor submits a written request for a hearing, the hearing may be held by the Awarding Authority for recommendation to the Board, which shall make the final decision.

d. The hearing must allow the bidder, proposer or contractor an opportunity to address the issues contained in the Notice of Intent to declare the bidder, proposer or contractor non-responsible.

e. The Awarding Authority may determine that the bidder, proposer or contractor:
(1) Does not possess the necessary trustworthiness, quality, fitness, or capacity to perform the work set forth in the proposed contract, should be declared a non-responsible bidder, proposer or contractor, and recommend to the Board invocation of the remedies set forth in Section J of these Rules and Regulations.
(2) Should not be declared a non-responsible bidder or contractor.

f. The Board's determination shall be final and constitute exhaustion of administrative remedies.

g. The Board's final decision shall be in writing and shall be provided to the bidder,

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

J. NON-RESPONSIBILITY SANCTIONS

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

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

2. An existing **contractor** found non-responsible by LAWA may be declared to have a material breach of contract, and LAWA may exercise its contractual and legal remedies thereunder, which are to include, but are not limited to termination of the contract.

3. Upon final determination of a bidder, proposer or contractor as non-responsible, PSD shall provide the Requesting Division and the bidder, proposer or contractor with a written notice summarizing the Awarding Authority's findings and sanctions.

4. PSD shall maintain a listing of bidders/proposers and contractors who have been found non-responsible by LAWA pursuant to the CRP.

K. EXEMPTIONS

1. **Categorical Exemption**: The following types of contracts are categorically exempt from the CRP and these Rules and Regulations:

   a. Contracts with a governmental entity such as the United States of America, the State of California, a county, city or public agency of such entities, or a public or quasi-public corporation located therein and declared by law to have such status.

   b. Contracts for the investment of trust moneys or agreements relating to the management of trust assets.

   c. Banking contracts entered into by the Treasurer pursuant to California Government Code Section 53630 et seq.

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

EXHIBIT Q
Contractor Responsibility Program (CRP)
Pledge of Compliance

a. Contracts awarded on the basis of exigent circumstances when the Awarding Authority finds the City would suffer a financial loss or that City operations would be adversely impacted.
   (1) This exemption is subject to approval by PSD.
   (2) The Awarding Authority shall submit a request to PSD for waiver along with written certification that the required conditions exist.
   (3) No contract may be exempted under this provision unless PSD has granted written approval of the waiver.

b. Contracts where the goods or services are proprietary or available from only one source.
   (1) This exemption is subject to approval by PSD.
   (2) The Awarding Authority shall submit a request to PSD for waiver along with written certification that the required conditions exist.
   (3) No contract may be exempted under this provision unless PSD has granted written approval of the waiver.

c. Contracts awarded in accordance with Charter Section 371(e)(5). The Awarding Authority must certify in writing that award is based on urgent necessity in accordance with Charter Section 371(e)(5).

d. Contracts entered into based on, Charter Section 371(e)(6), (7) or (8). The Awarding Authority must certify in writing that the contract is entered into in accordance with Charter Section 371(e)(6), (7) or (8).

L. EFFECTIVE DATE OF RULES AND REGULATIONS

1. These Rules and Regulations apply to IFB's issued after the Executive Director has approved these Rules and Regulations.

2. These Rules and Regulations apply to contracts entered into by LAWA after the Executive Director has approved these Rules and Regulations.

3. Contracts amended after these Rules and Regulations are approved by the Executive Director will become subject to CRP and these Rules and Regulations if they meet definitions contained in the CRP and these Rules and Regulations.

M. CONSISTENCY WITH FEDERAL AND STATE LAW

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

N. SEVERABILITY

If any provision of the CRP or these Rules and Regulations are declared legally invalid by any court of competent jurisdiction, the remaining provisions remain in full force and effect.

LOS ANGELES WORLD AIRPORTS
CONTRACTOR RESPONSIBILITY PROGRAM
PLEDGE OF COMPLIANCE

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

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

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

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

_____
Company Name, Address and Phone Number

_____
Signature of Officer or Authorized Representative Date

_____
Print Name and Title of Officer or Authorized Representative

_____
Project Title

EXHIBIT R

First Source Hiring Program

FIRST SOURCE HIRING PROGRAM FOR AIRPORT EMPLOYEES

I. Purpose. The purpose of this First Source Hiring Program is to facilitate the employment of Targeted Applicants by Airport Employers. It is a goal of this First Source Hiring Program that this Program benefit Airport Employers by providing a pool of qualified job applicants through a non-exclusive referral system.

II. Definitions. As used in this Program, the following capitalized terms shall have the following meanings. All definitions include both the singular and plural form.

"Airport" shall mean Los Angeles International Airport.

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

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

"City" shall mean the City of Los Angeles.

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

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

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

"LAWA" shall mean Los Angeles World Airports.

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

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

"Program" shall mean this First Source Hiring Program.

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

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

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

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

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

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

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

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

V. Initial Airport Employer Roles.

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

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

VI. Airport Employer Hiring Process.

A. Notification of Job Opportunities. Prior to hiring for any Airport Job, an Airport Employer shall notify the Referral System, by e-mail or fax, of available job openings and provide a description of job responsibilities and qualifications, including expectations, salary, work schedule, duration of employment, required standard of appearance, and any special requirements (e.g., language skills, driver's license, etc.). Job qualifications shall be limited to skills directly related to performance of job duties.

B. Referrals. After receiving a notification under Section VI.A above, the Referral System shall within five days, or longer time frame agreed to by the Referral System and Airport Employer, refer to the Airport Employer one or more Targeted Applicants who meet the Airport Employer's qualifications.

C. Hiring.

1. New Employer Targeted Hiring Period. When making initial hires for the commencement of an Airport Employer's operations related to Airport, the Airport Employer shall consider and hire only Targeted Applicants for a two week period following provision of the notification described in Section VI.A. After this period, the Airport Employer shall make good-faith efforts to hire Targeted Applicants, but may consider and hire applicants referred or recruited through any source.

2. Established Employer Targeted Hiring Period. When making hires after the commencement of operations related to Airport, an Airport Employer shall consider and hire only Targeted Applicants for a five-day period following provision of the notification described in Section VI.A. After this period, the Airport Employer shall make good-faith efforts to hire Targeted Applicants, but may consider and hire applicants referred or recruited through any source.

3. Hiring Procedure During Targeted Hiring Periods. During the periods described in Sections VI.C.1 and VI.C.2 above, Airport Employers may hire Targeted Applicants recruited or referred through any source. During such periods Airport Employers shall use normal hiring practices, including interviews, to consider all applicants referred by the Referral System.

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

VIII. Reporting and Recordkeeping.

A. Reports. During the time that this Program is applicable to any Airport Employer, that Airport Employer shall, on a quarterly basis, notify the Referral System of the number, by job classification, of Targeted Applicants hired by the Airport Employer during that quarter, and the total number of employees hired by the Airport Employer for Airport Jobs during that quarter. Any Airport Employer who has not had hiring activity for the quarter, shall also notify the Referral System of such inactivity.

B. Recordkeeping. During the time that this Program is applicable to any Airport Employer, that Airport Employer shall retain records sufficient for monitoring of compliance with this Program with regard to each Airport Job, including records of notifications sent to the Referral System, referrals from the Referral System, job applications received from any source, number of Targeted Applicants hired, and total number of employees hired for Airport Jobs. To the extent allowed by law, and upon reasonable notice, these records shall be made available to LAWA and to the Referral System for inspection upon request. The Coalition Representative may request that LAWA provide such records at anytime. Records may be redacted so that individuals are not identified by name and so that information required by law to remain confidential is excluded.

C. Complaints. If LAWA, the Coalition, or the Referral System believes that an Airport Employer is not complying with this Program, then the designated LAWA office shall be notified to ensure compliance with this program.

D. Liquidated Damages. Each Airport Employer agrees to pay to LAWA liquidated damages in the amount of One Thousand Dollars ($1,000) where LAWA finds that the Airport Employer has violated this Program with regard to hiring for a particular Airport Job. LAWA shall establish procedures providing to Airport Employers notice and an opportunity to present all relevant evidence prior to LAWA's final determination regarding an alleged violation. This liquidated damages provision does not preclude LAWA from obtaining any other form of available relief to ensure compliance with this Program, including injunctive relief.

IX. Miscellaneous.

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

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

B. Severability Clause. If any term, provision, covenant or condition of this Program is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall continue in full force and effect.

C. Binding on Successors. This Program shall be binding upon and inure to the benefit of the successors in interest, transferees, assigns, present and future partners, subsidiary corporations, affiliates, agents, representatives, heirs, and administrators of any party that has committed to comply with it. Any reference in this Program to a party shall be deemed to apply to any successor in interest, transferee, assign, present or future partner, subsidiary corporation, affiliate, agent, representative, heir or administrator of such party; provided, however, that any assignment, transfer or encumbrance of a lease agreement, permit or contract in which this Program is incorporated shall only be made in strict compliance with the terms of such lease agreement, permit or contract and the foregoing shall not constitute consent to any such assignment, transfer or encumbrance.

D. Lease Agreements and Contracts. Airport Employers shall not execute any sublease agreement or other contract under which Airport Jobs may occur directly or indirectly, unless the entirety of this Program is included as a material term thereof, binding on all parties.

E. Assurance Regarding Preexisting Contracts. Each Airport Employer warrants and represents that as of the date of execution of this Program, it has executed no sublease agreement or other contract that would violate any provision of this Program had it been executed after the date of incorporation of this Program into a binding contract.

F. Intended Beneficiaries. LAWA, the Coalition, and the Referral System are intended third-party beneficiaries of contracts and other agreements that incorporate this Program with regard to the terms and provisions of this Program. However, the parties recognize that only LAWA has the sole responsibility to enforce the provisions of this Program.

G. Material Terms. All provisions of this Program shall be material terms of any lease agreement or contract in which it is incorporated.

H. Effective Date. Section VI of this Program shall become effective on the effective date of the contract or agreement into which it is incorporated.

I. Construction. Any party incorporating this Program into a binding contract has had the opportunity to be advised by counsel with regard to this Program. Accordingly, this Program shall not be strictly construed against any party, and

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

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

EXHIBIT S

(Intentionally Omitted)

EXHIBIT S

(Intentionally Omitted)

EXHIBIT T

Approved Form of Payment List

EXHIBIT T

APPROVED FORM OF PAYMENT LIST

U.S. Currency
VISA
Master Card
American Express
Discovery
All other bank cards

EXHIBIT U

Schedule of Administrative Fees

EXHIBIT U

SCHEDULE OF ADMINISTRATIVE FEES

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

EXHIBIT V

(Intentionally Omitted)

EXHIBIT V

(Intentionally Omitted)

EXHIBIT W

Initial Improvement Plan

GASTROHUB

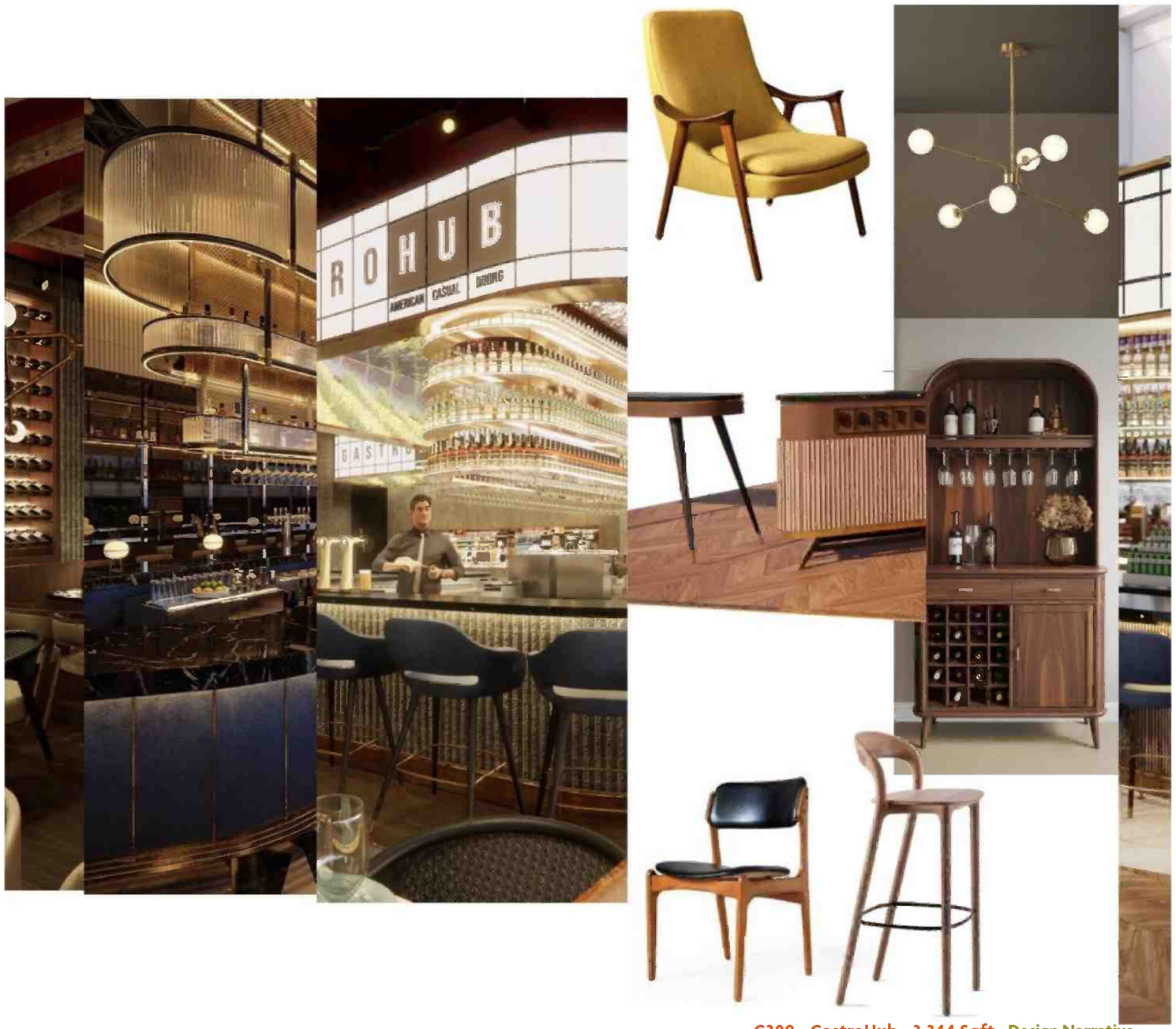
GASTROHUB KITCHEN + BAR *by* CHEF KEITH CORBIN

GastroHub's design draws from the refined, timeless character of **mid-century Californian aesthetics**, reinterpreted through a contemporary lens to meet the sophistication of today's LAX traveler. Clean lines, warm materials, and functional elegance form the foundation of a space that feels both elevated and effortlessly welcoming.

Inspired by iconic mid-century furniture, the design incorporates **light structures, slender profiles, warm woods, soft curves, and organic forms**—creating a visually airy environment that remains durable and comfortable for high-volume airport use. Thoughtful detailing, rounded edges, and balanced proportions reinforce a sense of calm and order within the dynamic energy of Terminal 4.

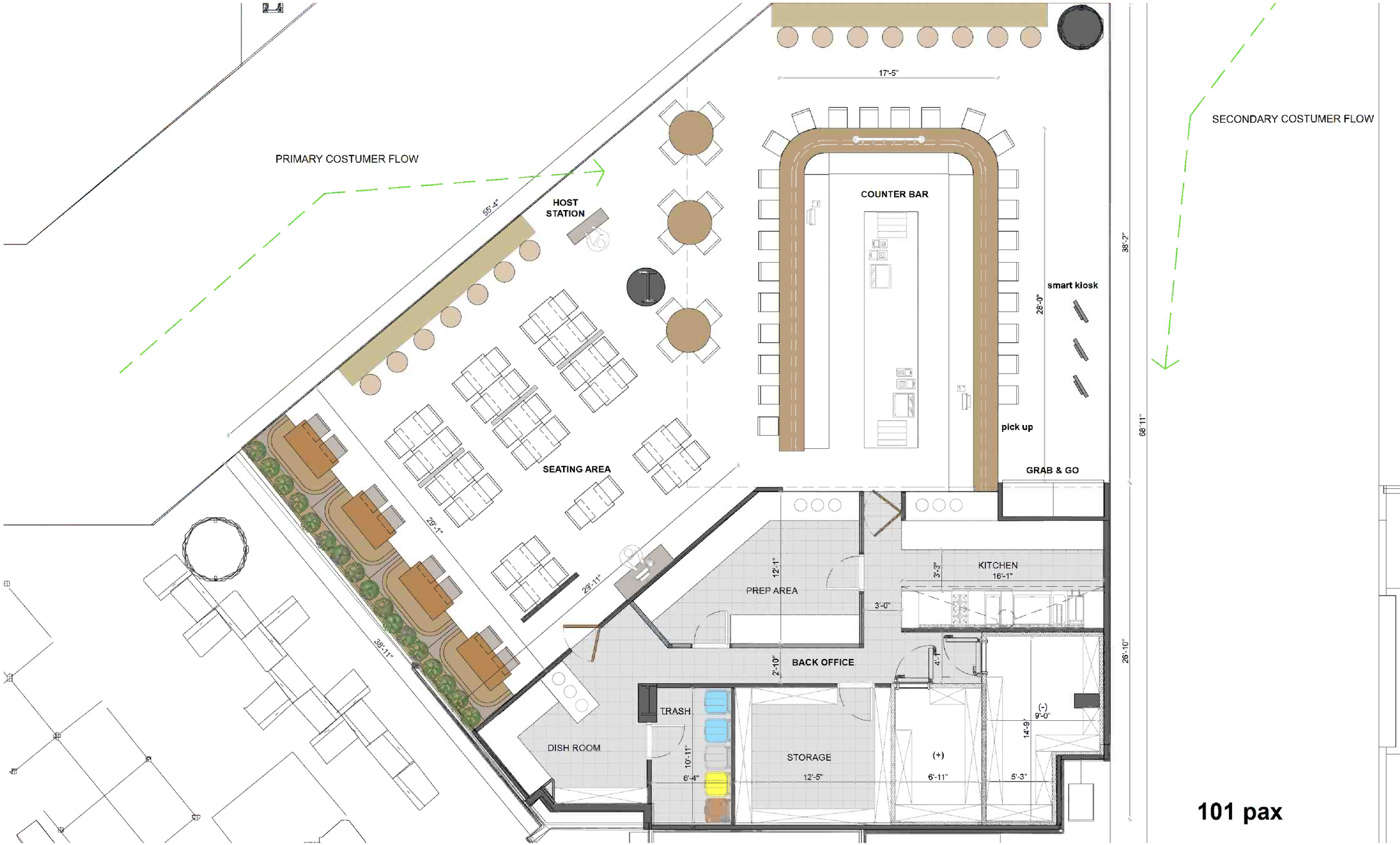
To reflect GastroHub's bar-driven identity, **bottle displays become integrated design features**, adding rhythm, glow, and texture while enhancing the brand's visual language. High-quality, noble materials—wood, metal accents, and rich tactile finishes—anchor the space with authenticity and durability.

The color palette embraces classic mid-century tones: **warm browns, gold accents, and soft neutrals** like gray and cream, resulting in a cohesive, elevated environment that feels distinctly Californian. The outcome is a warm, harmonious, modern space that celebrates LAX's signature retro-glam heritage while delivering a polished dining experience for travelers.



G309 - GastroHub - 3,344 Sqft - Design Narrative

B2



101 pax

G309 - GastroHub - 3,344 Sqft - Floor Plan

47

MATERIAL

01 - LIGHT WOOD SLATS
02 - DARK WOOD SLATS
03 - CONCRETE
04 - HERRINGBONE WOOD FLOOR
05 - BLACK MARBLE
06 - GOLD METAL

FURNITURE

07 - WOODEN TABLE
08 - WOODEN CHAIR WITH TERRACOTTA UPHOLSTER
09 - WOODEN CHAIR WITH MUSTARD UPHOLSTER
10 - WOODEN CHAIR WITH BEIGE UPHOLSTER
11- WOODEN CHAIR WITH BLUE UPHOLSTER
12 - METAL STOOL

LIGHTING

13 - INDUSTRIAL HANGING LIGHTS (BLACK & WHITE)
14 - GLASS HANGING LAMP

GRAPHIC ARTS

15 - CORPORATE LOGO

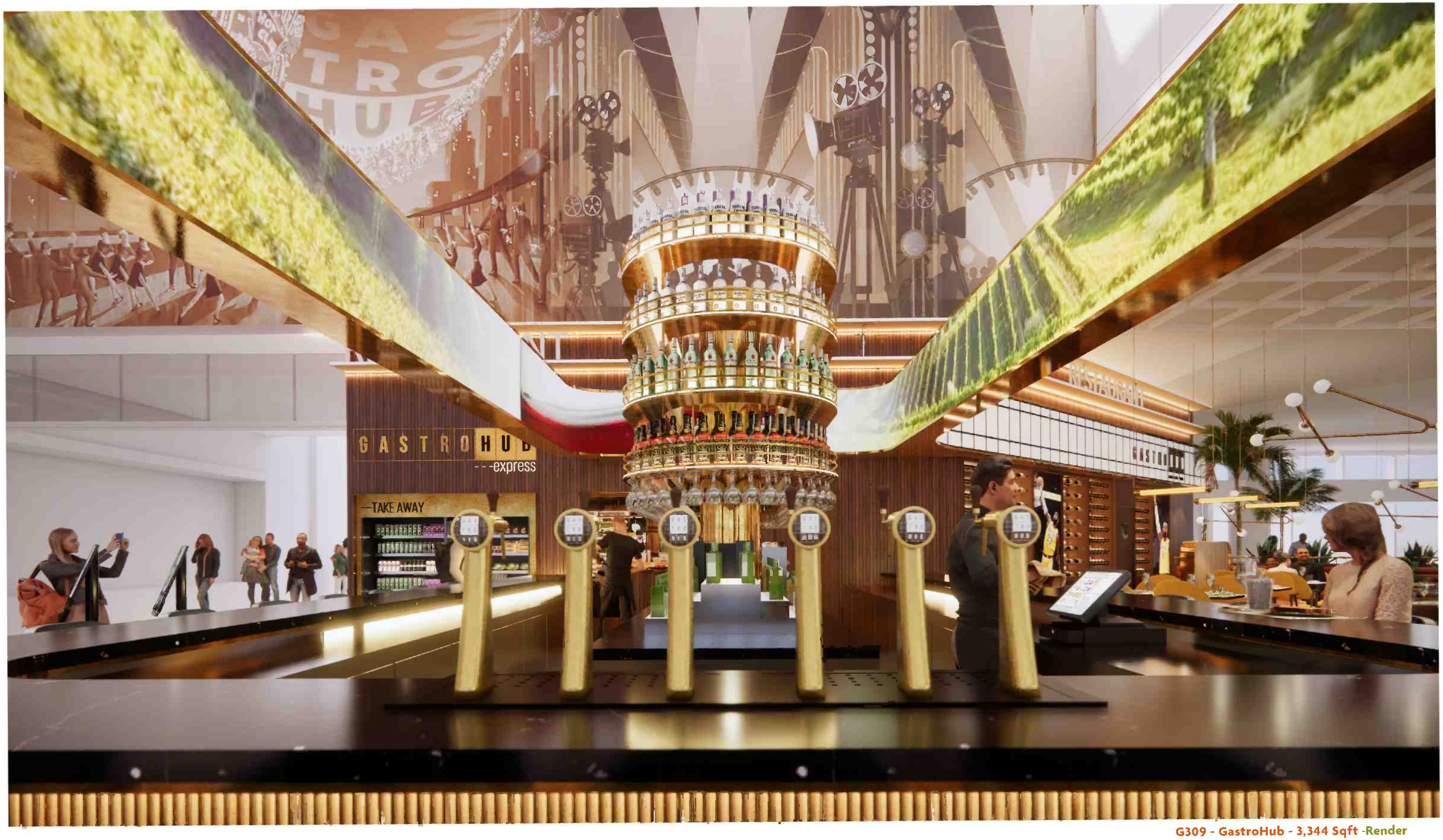
G309 - GastroHub - 3,344 Sqft - Materials

G309 - GastroHub - 3,344 Sqft - Render

G309 - GastroHub - 3,344 Sqft -Render

G309 - GastroHub - 3,344 Sqft - Render

B2



G309 - GastroHub - 3,344 Sqft -Render

G309 - GastroHub - 3,344 Sqft - Render

G309 - GastroHub - 3,344 Sqft -Axonometric View

G309 - GastroHub - 3,344 Sqft - **Store Front Render**

G309 - GastroHub - 3,344 Sqft -Storefront Render

GROUNDWORK®
ORGANIC COFFEE ROASTERS

GROUNDWORK COFFEE

At Groundwork Coffee, travelers will have the opportunity to savor LA's beloved Groundwork organic coffee experience the moment they step into the concourse.

The design centers around an iconic visual anchor, a tall, bold tower wrapped with the brand's emblematic logo, creating an unmistakable landmark along the guest journey.

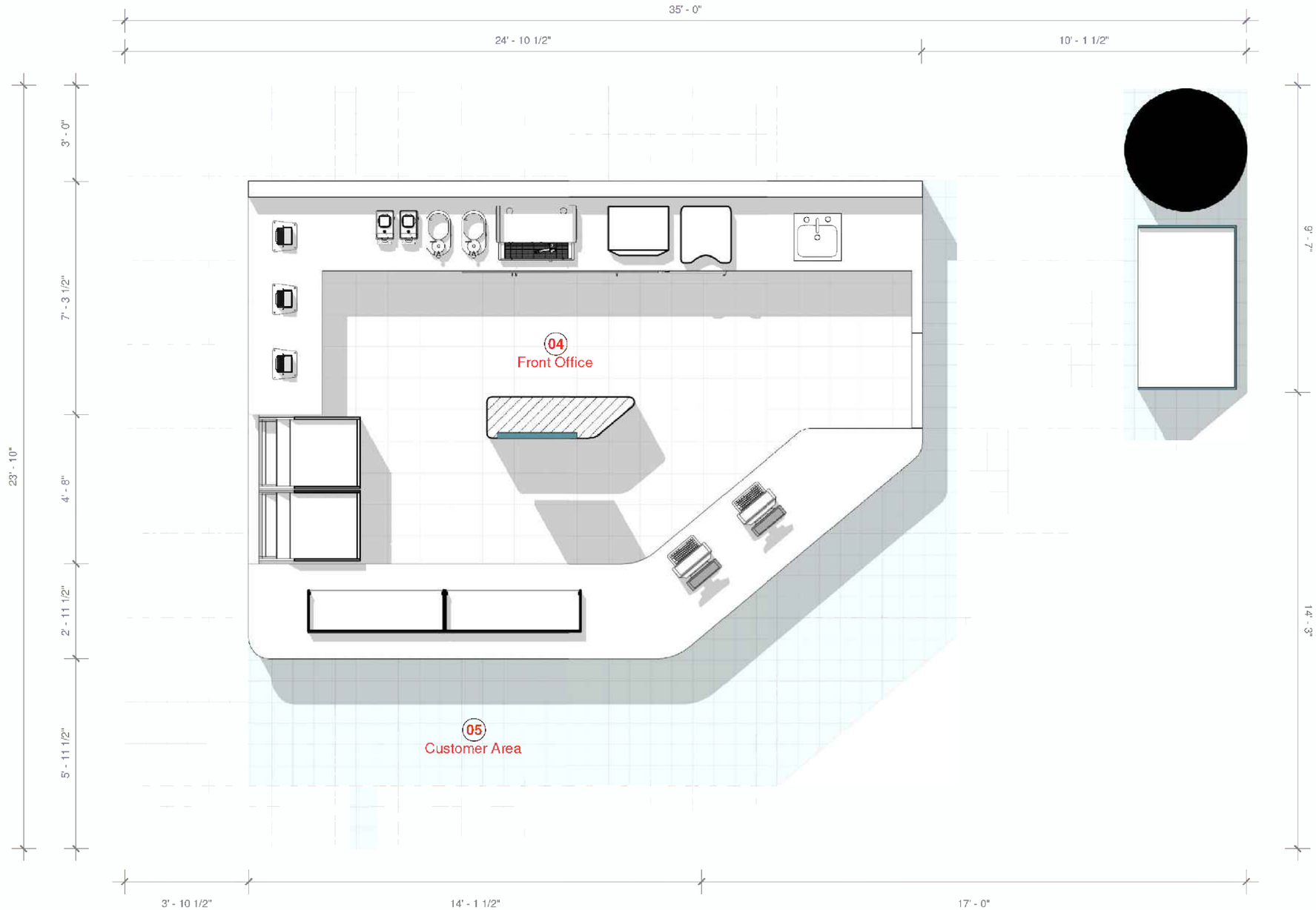
To elevate the speed of service and meet the demands of time-sensitive travelers, the coffee bar integrates **three order-and-pay kiosks** in addition to traditional counter service. Circulation and queuing have been intentionally choreographed, with a distinct shift in floor materials that clearly defines the concourse from the operational zone.

Guests can observe the **craft behind every beverage** preparation through an open back-counter experience that highlights Groundwork's commitment to transparency and quality.

Materials and finishes are curated to align with both the brand's identity and the **modern aesthetic of the new terminal.**

Groundwork's signature mustard yellow and deep blue energize the space, while the ceiling's light, airy form maintains open sightlines throughout the concourse. The counter's earthy, industrial materials reinforce Groundwork's authentic, local roots.

From its beginnings on Venice Beach to its presence within one of the world's busiest airports, Groundwork brings a **true local sense of place to LAX** — offering travelers a warm, familiar, and distinctly Angeleno coffee experience.



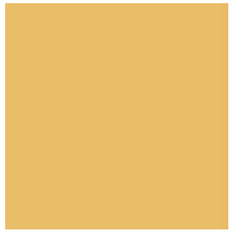
G308 - Groundwork - 712 Sqft - Floor Plan

COATINGS

HPL OBERFLEX FRESNO WHITE

NATURAL MARBLE

LACQUERED IRON COLOR RAL 5009



LACQUERED WOOD COLOR RAL 2007

LACQUERED IRON COLOR HEX #02B6C5

WHITE AND BLUE CERAMIC PAVEMENT

CLEAR GLASS

COMUNICATION

ADVERTISING VINYL "GROUNDWORK" AND BACKLIT LOGO

REPRESENTATIVE TOTEM "GROUNDWORK"

ILUMINATION

LINEAR LED WARM LIGHT

FURNITURE

COUNTER

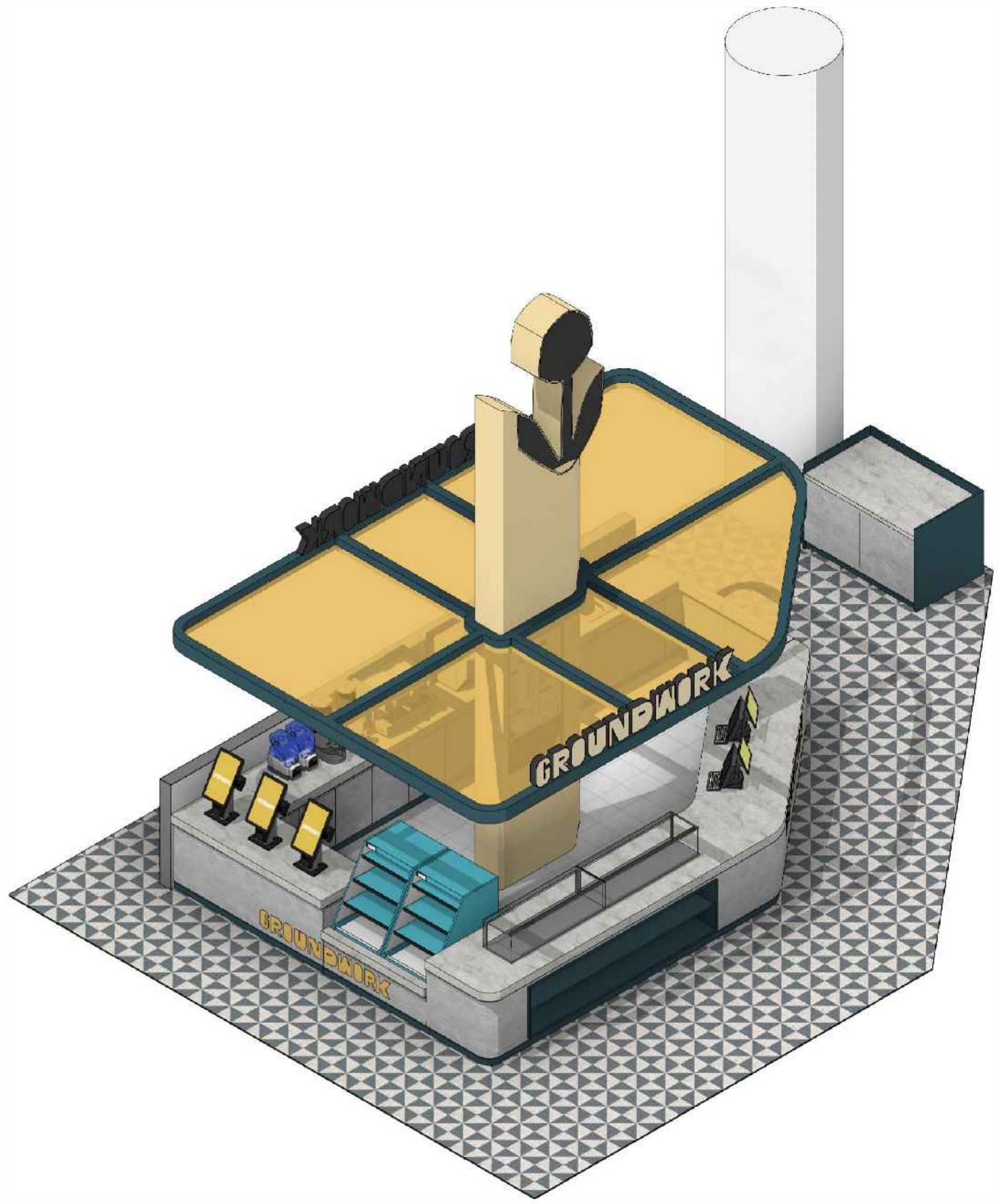
SMART KIOSK

G308 - Groundwork - 712 Sqft - Render

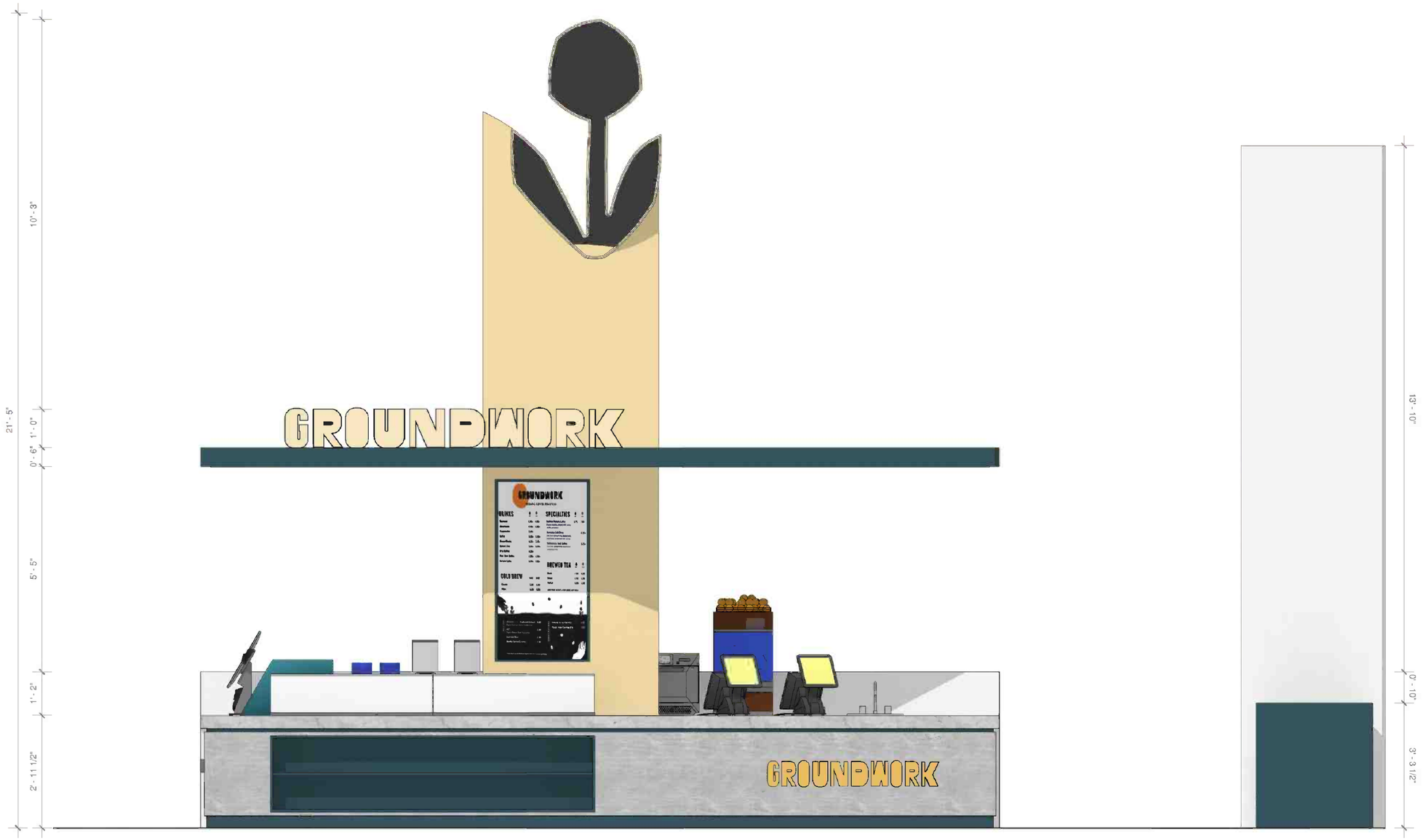
G308 - Groundwork - 712 Sqft - Render

B2

G308 - Groundwork - 712 Sqft - Render



G308 - Groundwork - 712 Sqft - Axonometric View



G308 - Groundwork - 712 Sqft - Elevation

PLAYA PROVISIONS

Chef Brooke Williamson and Chef Nick Roberts' **Playa Provisions** brings the soul of **coastal California directly into LAX.**

Designed as a **hybrid fast-casual and bar experience**, the concept welcomes travelers with illuminated signage and a dynamic yet refined backdrop that reflects the **relaxed sophistication** of LA's beach communities.

Clear sightlines to the adjacent hold room and an open storefront create a seamless flow between airport and restaurant, with visibility to the front counter, bar, and dining area.

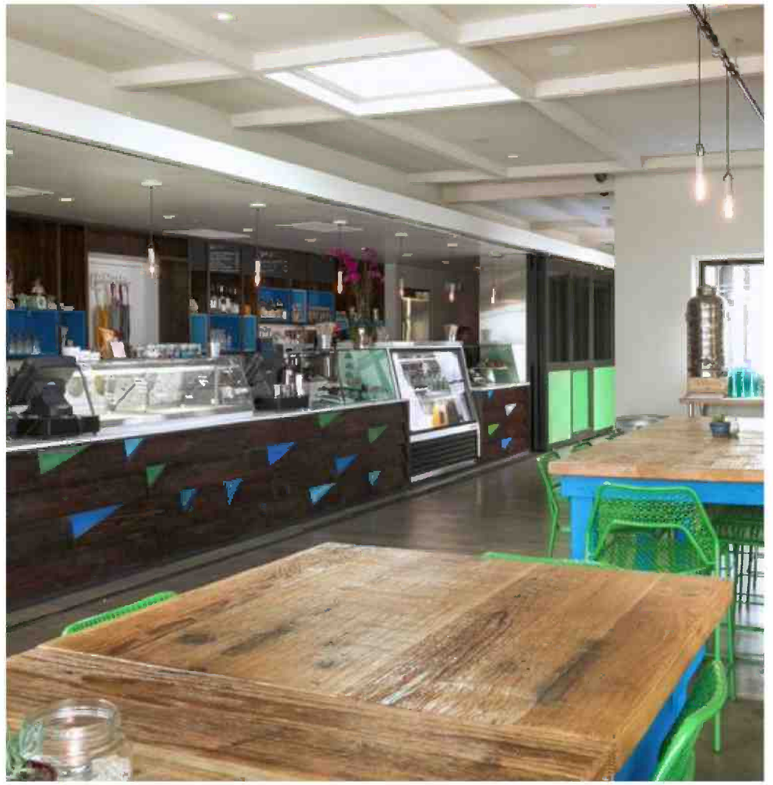
A **digital storytelling screen** at the entry connects guests to Chef Brooke's narrative and the iconic dishes that define Playa Provisions. Order-and-pay kiosks located at the left entrance enhance convenience, while counter ordering remains available for traditional service preferences.

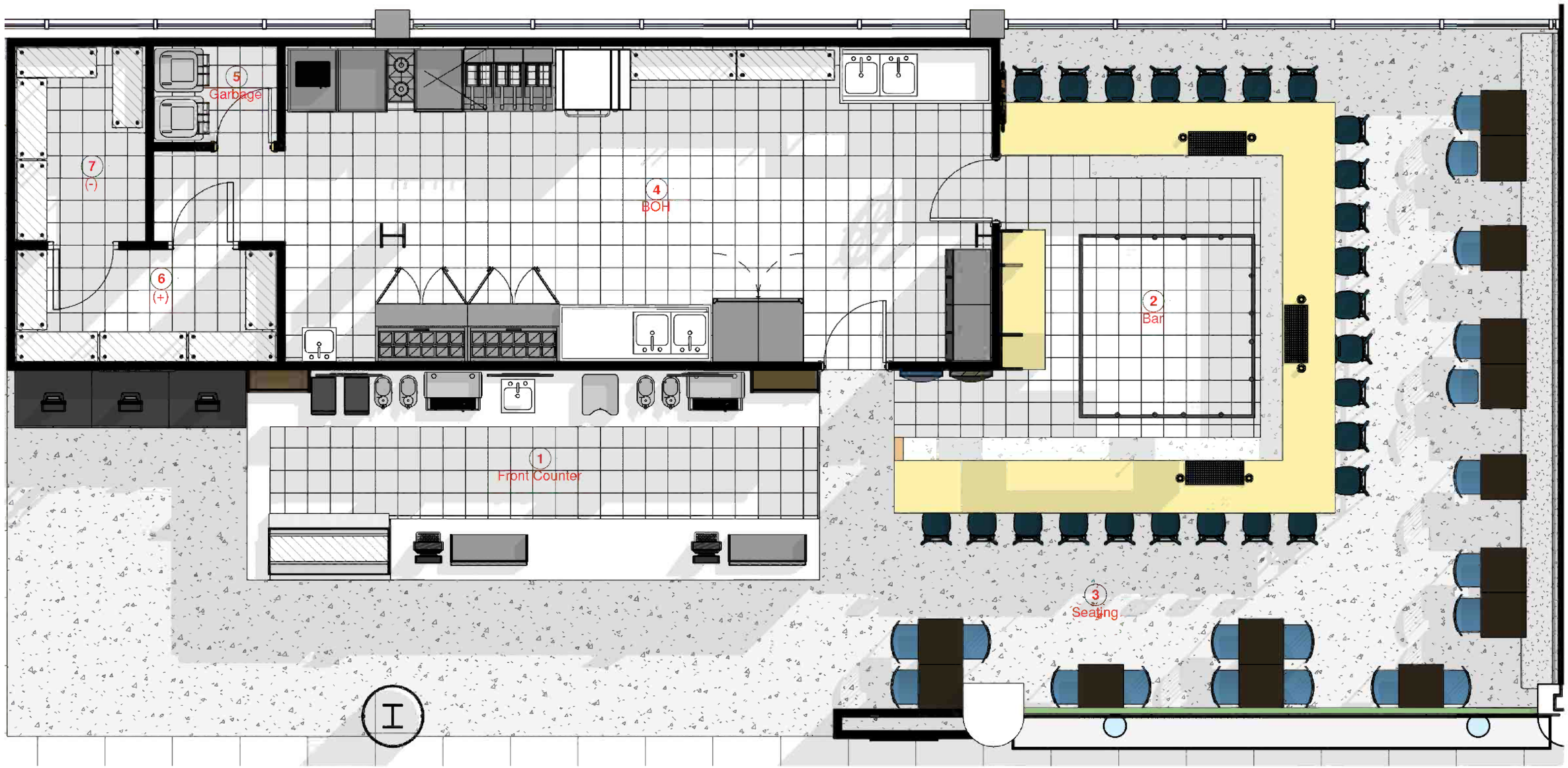
The finish palette, weathered woods, breezy concrete floors, and playful blues and greens, evokes the textures and tones of the California coastline, **subtly recalling the streetside Playa del Rey location.**

To the right, the peninsula-shaped bar becomes a focal point, surrounded by warm wood textures, thoughtfully layered lighting, and large sports screens. Its placement maximizes visibility to the airfield, offering travelers an authentic and uplifting dining experience.

Furniture selections are warm, comfortable, and grounded in coastal hues. Every material and lighting choice incorporates sustainability considerations, reinforcing the brand's commitment to thoughtful, **responsible design.**

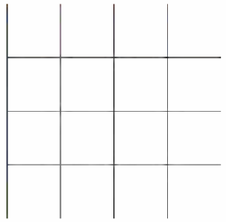
Playa Provisions at LAX celebrates the vibrant community of Los Angeles, delivering a relaxed, coastal-inspired retreat where travelers can **unwind and enjoy the flavors of California** before takeoff.



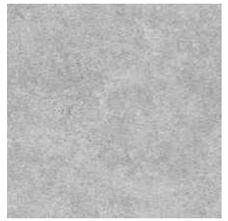


G306 - Playa Provisions - 2,015 Sqft - Floor Plan

COATINGS



WHITE CERAMIC TILE FLOORING

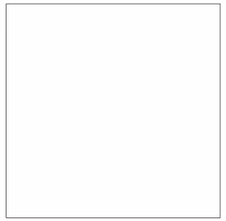


CONCRETE FLOORING

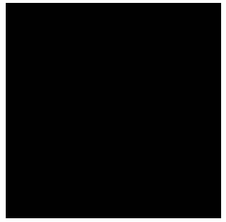
DARK BROWN RUSTIC WOOD

RUSTIC WOOD PLANKS

GOLD-FINISH COUNTERTOP



WHITE PAINT FINISH



BLACK PAINT FINISH

COMUNICATION

ADVERTISING VINYL "PLAYA PROVISIONS"

ILUMINATION

LINEAR LED WARM LIGHT

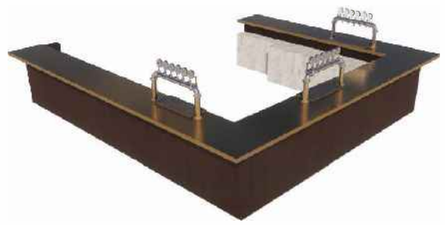
CYLINDRICAL PENDANT LIGHT

DECORATIVE PENDANT LIGHT

DECORATIVE PENDANT LIGHTS

FURNITURE

COUNTER



BAR COUNTER

BLUE CHAIR

TABLE

BLUE BAR STOOL

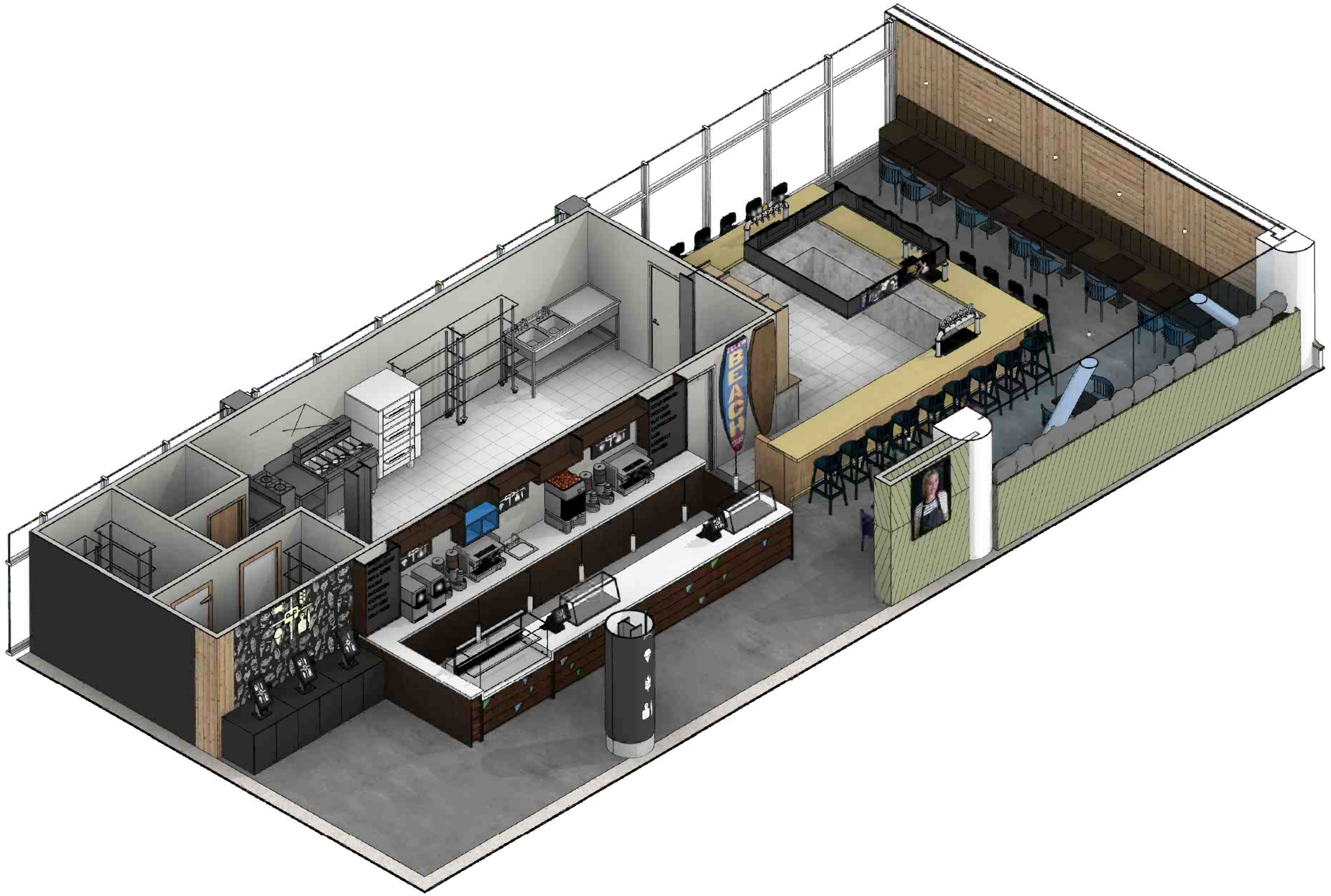
B2

G306 - Playa Provisions - 2,015 Sqft - Render

G306 - Playa Provisions - 2,015 Sqft - **Render**

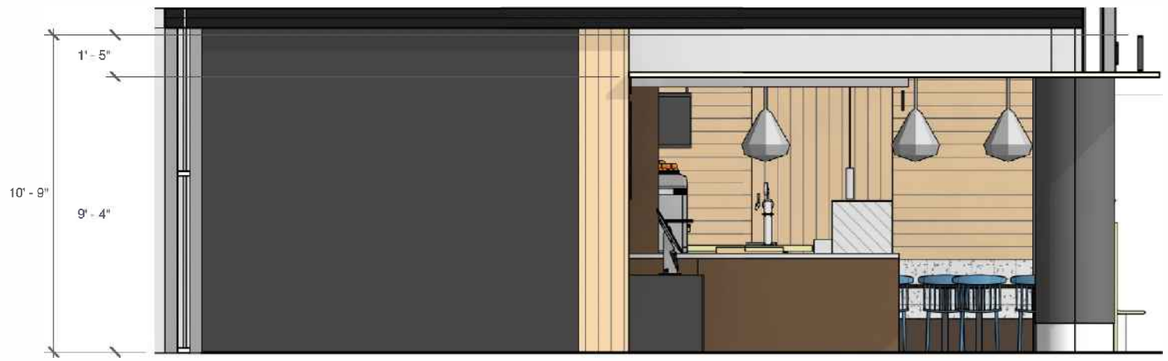
B2

G306 - Playa Provisions - 2,015 Sqft - Render



G306 - Playa Provisions - 2,015 Sqft - Axonometric

1 Front Elevation
3/16" = 1'-0"



2 Side Elevation
3/16" = 1'-0"

EXHIBIT X

Permitted Uses [and Brands / Concepts]

Exhibit X

Description of Permitted Uses

Permitted Uses, Package 'B'

For the operation of a food and beverage concession denoted as a "**Full-Service Restaurant**" or "**Fast-Casual Restaurant**", the establishment(s) shall incorporate waitstaff, bartenders, and/or table service for all dayparts (breakfast, lunch and dinner) offering the following branded dining experience: **(a) Gastrohub Kitchen + Bar** – full-service restaurant by Chef Keith Corbin serving soulful, contemporary cuisine utilizing local, natural ingredients, and serving a variety of non-alcoholic beverages and a full assortment of spirited alcohol, beers, and wine, and for no other use or purpose; **(b) Playa Provisions** – fast-casual restaurant by Chefs Brooke Williamson and Nick Roberts delivering a chef-driven, seasonality-embracing Los Angeles coastal cuisine with best-in-class hospitality and operational sustainability, and serving a variety of non-alcoholic beverages and full assortment of spirited alcohol, beers and wine, and for no other use or purpose. Concessionaire hereby acknowledges and agrees that Concessionaire's sale of alcohol is contingent upon Concessionaire obtaining all applicable permits and licenses for the sale and consumption of alcohol, and Concessionaire's inability to obtain the same shall not affect the Unit Commencement Date.

"**Coffee (local/regional)**" concession for the operation of a landmark, high-style, modern coffeehouse providing food and beverage products to adequately support all dayparts (breakfast, lunch/dinner): **(a) Groundwork Coffee** – offering a full array of signature coffee drinks and specialty teas, bottled water, bottled juice, a selection of baked goods, breads and pastries made fresh daily, breakfast sandwiches, tacos, burritos and made-to-order menu items, including gluten-free and vegan offerings, salads, bowls and fruit or vegetable options to address all dayparts, and for no other use or purpose.

EXHIBIT Y

Concession Guaranty re: XXXPROPSERPARTNERXXX

EXHIBIT Y

GUARANTY AGREEMENT BETWEEN THE CITY OF LOS ANGELES AND ***DFA FULL LEGAL NAME* COVERING THE LOS ANGELES INTERNATIONAL AIRPORT _____CONCESSION AGREEMENT LAA-_____ AT LOS ANGELES INTERNATIONAL AIRPORT**

This **GUARANTY AGREEMENT** ("**Guaranty**") is made and entered into as of _____ , 20____, in Los Angeles, California, by and between **THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS**, a municipal corporation ("**City**" or "**LAWA**"), acting by order of and through its Board of Airport Commissioners ("Board"), and ***FULL LEGAL NAME*** ("**Guarantor**").

BACKGROUND

LAWA and _____ entered into the LOS ANGELES INTERNATIONAL AIRPORT _____ CONCESSION AGREEMENT, dated as of _____, for a _____ ("**Concession Agreement**") at Los Angeles International Airport ("**Airport**");

As a condition to LAWA's execution of the Concession Agreement, Guarantor is providing this Guaranty.

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

1. In connection with and subject to the Assignment, Guarantor unconditionally guaranties to LAWA performance including but not limited to the prompt payment when due of the rent, additional rent and all other charges payable by CONCESSIONAIRE under the Concession Agreement, and full and faithful performance of the other covenants (including, without limitation, the indemnities contained in the Concession Agreement); and Guarantor unconditionally covenants to LAWA that if (a) default or breach shall at any time be made by CONCESSIONAIRE in the covenants to pay rent and additional rent or any other charges payable under the Concession Agreement or in the performance of any of the other covenants and (b) written notice of any such default or breach shall have been given by LAWA to CONCESSIONAIRE and CONCESSIONAIRE shall not have cured such default or breach after the expiration of applicable notice and grace periods, if any, provided for in the Concession Agreement (except that the foregoing clause (b) shall be inapplicable if CONCESSIONAIRE shall be bankrupt or insolvent), then Guarantor shall well and truly perform (or cause to be performed) the covenants, and pay (or cause to be paid) said rent, additional rent or other charges or arrears thereof that may remain due thereon to LAWA, and also all damages that may arise in consequence of the non-performance of the covenants, or any of them. Guarantor shall pay to LAWA, within ten (10) business days after written notice, all expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by LAWA in connection with the enforcement or protection of LAWA's rights hereunder or under the Concession Agreement. This Guaranty is a guaranty including but not limited to payment, not collection.

2. The liability of Guarantor hereunder shall not be impaired, abated, deferred, diminished, modified, released, terminated or discharged, in whole or in part, or otherwise affected, by any event, condition, occurrence, circumstance, proceeding, action or failure to act, with or without notice to, or the knowledge or consent of, Guarantor, including, without limitation:

(a) any amendment, modification or extension of the Concession Agreement or any covenant;

(b) any extension of time for performance, whether in whole or in part, of any covenant given prior to or after default under the Concession Agreement;

(c) any exchange, surrender or release, in whole or in part, of any security which may be held by LAWA at any time for or under the Concession Agreement;

(d) any waiver of or assertion or enforcement or failure or refusal to assert or enforce, in whole or in part, any covenant, claim, cause of action, right or remedy which LAWA may, at any time, have under the Concession Agreement or with respect to any guaranty or any security which may be held by LAWA at any time for or under the Concession Agreement or with respect to CONCESSIONAIRE;

(e) any act or thing or omission or delay to do any act or thing which (i) may in any manner or to any extent vary the risk of Guarantor or (ii) would otherwise operate as a discharge of Guarantor as a matter of law;

(f) the release of any other guarantor from liability for the performance or observance of any covenant, whether by operation of law or otherwise;

(g) LAWA's consent to any assignment or subletting or the assignment or successive assignments of the Concession Agreement by CONCESSIONAIRE, or any subletting of the premises demised under the Concession Agreement by CONCESSIONAIRE;

(h) the failure to give Guarantor any notice whatsoever, other than any notice that LAWA is required to give pursuant to this Guaranty and pursuant to the Concession Agreement;

(i) any right, power or privilege that LAWA may now or hereafter have against CONCESSIONAIRE or any collateral;

(j) any assignment, conveyance, mortgage, merger or other transfer, voluntary or involuntary (whether by operation of law or otherwise), of all or any part of CONCESSIONAIRE's interest in the Concession Agreement;

(k) any assignment, conveyance, mortgage, merger or other transfer, voluntary or involuntary (whether by operation of law or otherwise) of all or part of the interest or rights of LAWA under the Concession Agreement; or

(l) the bankruptcy or insolvency of CONCESSIONAIRE.

3. To charge Guarantor under this Guaranty no demand shall be required, Guarantor hereby expressly waiving any such demand. LAWA shall have the right to enforce this Guaranty without pursuing any right or remedy of LAWA against CONCESSIONAIRE or any other party, or any security LAWA may hold. LAWA may commence any action or proceeding based upon this Guaranty directly against Guarantor without making CONCESSIONAIRE or anyone else a party defendant in such action or proceeding. Any one or more successive and/or concurrent actions may be brought hereon against Guarantor either in the same action, if any, brought against CONCESSIONAIRE and/or any other party or in separate actions, as often as LAWA, in its sole discretion, may deem advisable.

4. This Guaranty shall be binding upon Guarantor and its heirs, successors and assigns, and shall inure to the benefit of and may be enforced by the successors and assigns of LAWA or by any party to whom LAWA's interest in the Concession Agreement or any part thereof, including the rents, may be assigned whether by way of mortgage or otherwise. Wherever in this Guaranty reference is made to either LAWA or CONCESSIONAIRE, the same shall be deemed to refer also to the then successor or assign of LAWA or CONCESSIONAIRE.

5. Except to the extent this Section is inconsistent with Section 13 herein, Guarantor hereby expressly waives and releases (a) notice of the acceptance of this Guaranty and notice of any change in CONCESSIONAIRE's financial condition; (b) the right to interpose any substantive or procedural defense of the law of guaranty, indemnification or suretyship, except the defenses of prior payment or prior performance (whether before, during or after any applicable notice and grace periods) by CONCESSIONAIRE (of the obligations which Guarantor is called upon to pay or perform under this Guaranty); (c) all rights and remedies accorded by applicable law to guarantors or sureties, including, without limitation, any extension of time conferred by any law now or hereafter in effect; (d) the right to trial by jury, in any action or proceeding of any kind arising on, under, out of, or by reason of or relating, in any way, to this Guaranty or the interpretation, breach or enforcement thereof; (e) the right to interpose any defense (except as allowed under (b) above), set off or counterclaim of any nature or description in any action or proceeding; and (f) any right or claim of right to cause a marshalling of CONCESSIONAIRE's assets or to cause LAWA to proceed against CONCESSIONAIRE and/or any collateral held by LAWA at any time or in any particular order. Guarantor hereby agrees that this Guaranty constitutes a written consent to waiver of trial by jury pursuant to the provisions of California Code of Civil Procedure Section 631, and Guarantor does hereby constitute and appoint LAWA its true and lawful attorney-in-fact, which appointment is coupled with an interest, and Guarantor does hereby authorize and empower LAWA, in the name, place and stead of Guarantor, to file this Guaranty with the clerk or judge of any court of competent jurisdiction as a statutory written consent to waiver of trial by jury at LAWA's sole discretion. Guarantor does not waive or release any defenses set forth in Section 13.

6. Without limiting Guarantor's obligations elsewhere under this Guaranty, if CONCESSIONAIRE, or CONCESSIONAIRE's trustee, receiver or other officer with similar powers with respect to CONCESSIONAIRE, rejects, disaffirms or otherwise terminates the Concession Agreement pursuant to any bankruptcy, insolvency, reorganization, moratorium or any other law affecting creditors' rights generally, Guarantor shall automatically be deemed to have assumed, from and after the date such rejection, disaffirmance or other termination of the Concession Agreement is deemed effective, all obligations and liabilities of CONCESSIONAIRE under the Concession Agreement to the same extent as if Guarantor had been originally named instead of CONCESSIONAIRE as a party to the Concession Agreement and the Concession Agreement had never been so rejected, disaffirmed or otherwise terminated and shall be entitled to all benefits of CONCESSIONAIRE under the Concession Agreement. Guarantor, upon such assumption, shall be obligated to perform and observe all of the covenants whether theretofore accrued or thereafter accruing, and Guarantor shall be subject to any rights or remedies of LAWA which may have theretofore accrued or which may thereafter accrue against CONCESSIONAIRE on account of any default under the Concession Agreement, notwithstanding that such defaults existed prior to the date Guarantor was deemed to have automatically assumed the Concession Agreement or that such rights or remedies are unenforceable against CONCESSIONAIRE by reason of such rejection, disaffirmance or other termination, provided that Guarantor shall have a reasonable time after such assumption to cure non-monetary defaults existing as of the date of such assumption. Guarantor shall confirm such assumption at the request of LAWA upon or after such rejection, disaffirmance or other termination, but the failure to do so shall not affect such assumption. Guarantor, upon the assumption of the Concession Agreement, shall have all of the rights of CONCESSIONAIRE under the Concession Agreement (to the extent permitted by law). Neither Guarantor's obligation including but not limited to payment in accordance with this Guaranty nor any remedy for the enforcement thereof shall be impaired, modified, changed, stayed, released or limited in any manner by any impairment, modification, change, release, limitation or stay of the liability of CONCESSIONAIRE or its estate in bankruptcy or any remedy for the enforcement thereof, resulting from the operation of any present or future provision of the Bankruptcy Code of the United States or other statute or from the decision of any court interpreting any of the same, and Guarantor shall be obligated under this Guaranty as if no such impairment, stay, modification, change, release or limitation had occurred.

7. This Guaranty and all rights, obligations and liabilities arising hereunder shall be construed according to the substantive laws of California without reference to choice of law principles. Any legal action, suit or proceeding against Guarantor with respect to this Guaranty shall be brought in Los Angeles, California.

8. Guarantor hereby waives any and all rights of subrogation (if any) which it may have against CONCESSIONAIRE as a result of actions taken or amounts paid in connection with or relating to this Guaranty or to the Concession Agreement.

9. Guarantor represents and warrants to LAWA that as of the date hereof:

(a) This Guaranty constitutes the legal, valid and binding obligation of Guarantor, enforceable in accordance with its terms, subject to applicable bankruptcy,

insolvency, reorganization, and other laws affecting creditors' rights generally, to moratorium laws from time to time in effect and to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

(b) No action, suit or proceeding is pending or, to the best of Guarantor's knowledge, threatened against Guarantor that would materially affect Guarantor's ability to fully perform its obligations under this Guaranty.

10. If LAWA shall be obligated by reason of any bankruptcy, insolvency or other legal proceeding to pay or repay to CONCESSIONAIRE or to Guarantor or to any trustee, receiver or other representative of either of them, any amounts previously paid by CONCESSIONAIRE or Guarantor pursuant to the Concession Agreement or this Guaranty, Guarantor shall reimburse LAWA for any such payment or repayment and this Guaranty shall extend to the extent of such payment or repayment made by LAWA, except to the extent, if any, that such payment or repayment is prohibited by law or that such payment or repayment constitutes merely a reimbursement of any overpayment. LAWA shall not be required to litigate or otherwise dispute its obligation or make such payment or repayment if in good faith and on written advice of counsel reasonably acceptable to Guarantor LAWA believes that such obligation exists.

11. LAWA and Guarantor shall each, not more than once per calendar year and within ten (10) business days following request by the other, execute, acknowledge and deliver to the other a statement certifying that this Guaranty is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating such modifications) and that to the best of the certifying party's knowledge, Guarantor is not in default hereunder (or if there is such a default, describing such default in reasonable detail).

12. All remedies afforded to LAWA by reason of this Guaranty or the Concession Agreement, or otherwise available at law or in equity, are separate and cumulative remedies, and it is stipulated that no one remedy, whether or not exercised by LAWA, shall be deemed to be in exclusion of any other remedy available to LAWA and shall not limit or prejudice any other legal or equitable remedy which LAWA may have.

13. All defenses afforded to CONCESSIONAIRE or Guarantor by reason of this Guaranty or the Concession Agreement, or otherwise available to CONCESSIONAIRE or Guarantor at law or in equity shall also be available to Guarantor to the fullest extent.

14. If any term, covenant, condition or provision of this Guaranty or the application thereof to any circumstance or to Guarantor shall be invalid or unenforceable to any extent, the remaining terms, covenants, conditions and provisions of this Guaranty or the application thereof to any circumstances, or to Guarantor other than those as to which any term, covenant, condition or provision is held invalid or unenforceable, shall not be affected thereby and each remaining term, covenant, condition and provision of this Guaranty shall be valid and shall be enforceable to the fullest extent permitted by law.

15. Written notices to City hereunder shall be sent to the Chief Executive Officer with a copy sent to the City Attorney of the City of Los Angeles and addressed to said parties at:

Chief Executive Officer	City Attorney
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

or to such other address as these parties may designate by written notice to Guarantor.

Written notices to Guarantor hereunder shall be sent and addressed to:

_____
_____
_____
_____

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

16. All notices, demands, and other communications which are required or may be permitted to be given to LAWA or Guarantor by the other hereunder shall be in writing and shall be sent by United States mail, postage prepaid, certified, or by personal delivery or nationally recognized overnight courier, addressed to the addresses set forth in this Guaranty, or to such other place as either party may from time to time designate in a notice to the other party given as provided herein. Notice shall be deemed given upon actual receipt (or attempted delivery if delivery is refused), if personally delivered, or one (1) business day following deposit with a reputable overnight courier that provides a receipt, or on the fifth (5^{th}) day following deposit in the United States mail in the manner described above.

17. This Guaranty shall be entered into in consideration of the execution of the Assignment. The Assignment is further subject to Board and Los Angeles City Council approval. Execution of this Guaranty by LAWA shall not ensure such approval.

18. This Guaranty shall continue in full force and effect and Guarantor's liability hereunder shall continue not withstanding the termination or earlier expiration of the Concession Agreement until the date that the covenants have been fully performed.

[signature page follows]

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EXHIBIT Y

IN WITNESS WHEREOF, City has caused this Guaranty to be executed on its behalf by Chief Executive Officer and Guarantor has caused the same to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, all as of the day and year first above written.

APPROVED AS TO FORM:
Hydee Feldstein Soto,
City Attorney

Date:_____
By: _____

Assistant/Deputy City Attorney

CITY OF LOS ANGELES
By signing below, the signatory attests that they have no personal, financial, beneficial, or familial interest in this Contract.

By: _____
John Ackerman
Chief Executive Officer

ATTEST:

By_____
Signature

_____
Print Name

_____
Print Title

*****DFA FULL LEGAL NAME*****

By_____
Signature

_____
Print Name

_____
Print Title

EXHIBIT Z

(Intentionally Omitted)

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LOS ANGELES INTERNATIONAL AIRPORT
FOOD & BEVERAGE
CONCESSION AGREEMENT
LAA-_____

By and between

THE CITY OF LOS ANGELES,
DEPARTMENT OF AIRPORTS

and

HOST INTERNATIONAL, INC.

Dated _____, 2026

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LOS ANGELES INTERNATIONAL AIRPORT
FOOD & BEVERAGE CONCESSION AGREEMENT

THIS LOS ANGELES INTERNATIONAL AIRPORT FOOD & BEVERAGE CONCESSION AGREEMENT (this "**Agreement**"), is made and entered into as of _____, 2026, by and between **THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS,** a municipal corporation ("**City**" or "**LAWA**"), acting by order of and through its Board of Airport Commissioners ("**Board**"), and **HOST INTERNATIONAL, INC.** ("**Concessionaire**"), with reference to the following Basic Information and the following Recitals.

BASIC INFORMATION

Agreement Date:	_____, 2026
City:	THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS, a municipal corporation ("**City**" or "**LAWA**"), acting by order of and through its Board of Airport Commissioners ("**Board**")
City's Address:	Department of Airports 1 World Way Post Office Box 92216 Los Angeles, California 90009-2216 or such other address as may be designated in a written notice from the Chief Executive Officer (CEO) in accordance with Section 16.5.1.
	All notices sent to City under this Agreement shall be sent to the above address, with copies to: Office of City Attorney 1 World Way Post Office Box 92216 Los Angeles, California 90009-2216 or to such other address as may be designated in a written notice from the CEO in accordance with Section 16.5.1.
	All rent amounts and fees payable to City or LAWA hereunder shall be made payable to: City of Los Angeles, Department of Airports and shall be mailed to: City of Los Angeles – LAWA P.O. Box 54078 Los Angeles, CA 90054-0078 Re: LAX Concession Agreement No. LAA-_____ or to such other address as may be designated in a written notice from the CEO in accordance with Section 16.5.1.
Concessionaire:	Host International, Inc.
Contact Person: Address: Phone: Facsimile:	Brett Kelly 6905 Rockledge Drive Bethesda, MD 20817 240-344-3716

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E-mail:	Brett.Kelly@hmshost.com
Registered Agent: Address: Phone: Facsimile: E-mail:	Corporation Service Company Which Will Do Business in California as CSC-Lawyers Incorporating Service 2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833-3505 1 (800) 927-9801 302-636-5454 sop@cscglobal.com
Airport:	Los Angeles International Airport
Terminal(s):	4
RFP:	Request for Proposals No. 0243-2025-06-RFP-223867, issued by City.
Concession Proposal:	Response to Request for Proposal dated as of November 21, 2025, submitted by Concessionaire.
Package:	C
Premises:	The spaces comprised of the following Unit(s):

Unit No.	Concept	Square Feet		
G312	4	790		
G313	4	755		
G314	4	755		
G315	4	700		

All as shown on Exhibit A-1, which may be amended from time to time pursuant hereto.

Length of Term:	Approximately Twelve (12) years
Expiration Date:	June 30, 2040

Rent:

Unit No.	Category	Minimum Annual Guarantee	Minimum Monthly Guaranteed Rent
G312	QSR – Burger (local/regional/national)	$787,629.84	$65,635.82
G313	QSR – Healthy (local/regional/national)	$267,174.34	$22,264.53
G314	QSR – International (local/regional/national)	$548,597.90	$45,716.49
G315	Themed bar w/coffee (local/regional)	$599,639.28	$49,969.94

Rent Category	Percentage Rent
Coffee, Bar, Quick-Service Restaurant, F&B Marketplace	12%
Alcoholic Beverages	18%

Per Enplaned Passenger MAG for first Agreement Year	$0.518

Permitted Uses:	Unit No.	Category
	G312	QSR – Burger (local/regional/national)
	G313	QSR – Healthy (local/regional/national)
	G314	QSR – International (local/regional/national)
	G315	Themed bar w/coffee (local/regional)

Minimum Initial Qualified Investment Amount:	$_____ (based upon an aggregate not less than $_____ per sq. ft. for units of less than ____ sq. ft. and $____ per sq. ft. for units of ___ sq. ft. or more)	
	Unit	**Unit Allocation**

	G312	$2,286,000.00	
	G313	$972,900.00	
	G314	$1,582,200.00	
	G315	$1,689,300.00	
	Total	$6,530,400.00	
Minimum Reinvestment Percentage:	20%		
Faithful Performance Guarantee:	Initially, $550,760.34 [25% of MMG x 12] as such amount may be adjusted in accordance with Section 13.3.1.		
Guarantor:	N/A		
Storage Space Addendum:	☐ Yes ☐ No	Note: To be determined after award and based on availability.	
Concepts:	**Unit**	**Approved concepts in accordance with Exhibit X (Permitted Uses). Concessionaire's branding concepts shall remain as described in the basic information and shall only be modified with the prior approval of the CEO.**	

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

RECITALS:

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

B. City desired to provide a wide range of food & beverage products and merchandise for the benefit of the air traveling public and other persons using the Airport and issued the RFP referenced in the Basic Information (the "**RFP**") to solicit proposals for the operation and management of certain food & beverage concessions at the Airport; and

C. City received proposals in response to the RFP, including the proposal from Concessionaire and chose Concessionaire's proposal.

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

I TERM.

1.1 Term. The term of this Agreement (the "**Term**") shall commence on the Agreement date specified in the Basic Information and expire on June 30, 2040 ("**Expiration Date**"), unless extended or sooner terminated as herein provided.

1.1.1 City's Extension Option. On or before December 31, 2038, the Chief Executive Officer or his or her designee ("CEO") has one (1) option to extend the Term by three (3) years by written notice to Concessionaire, in the CEO's sole discretion, based on Concessionaire's performance, including criteria and/or metrics established each Agreement Year (as defined in Section 4.1.2), and agreed upon by the City and Concessionaire in the Concessionaire's annual Business and Operations Plan (as defined in Section 3.11).

1.2 Unit Commencement Date. The unit commencement date **"Unit Commencement Date"** shall be the earlier of (a) one hundred and twenty (120) days after the Delivery Date (hereinafter defined) with respect to such Unit, or (b) the date Concessionaire commences business operations to the public at such Unit (hereinafter defined). The "**Delivery Date**" for a Unit shall be the date specified by the CEO in a written notice delivered to Concessionaire (a "**Delivery Notice**") as the date that Concessionaire may take possession of such Unit pursuant to the terms of this Agreement.

1.3 Commencement of Preparatory Actions. Immediately following the Commencement Date, Concessionaire shall make all necessary arrangements in order to prepare

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for the commencement of business operations at the Premises including, without limitation, preparation, submission for approvals, and finalization of all materials required in connection with the construction of improvements for the Premises as required under this Agreement, obtaining all permits, authorizations, licenses and clearances required for Concessionaire's agents, representatives, employees, contractors, and vendors in order to comply with the security requirements imposed under this Agreement, making all necessary arrangements for obtaining all merchandise, supplies, inventory, and equipment necessary for the operation of Concessionaire's business at the Premises in accordance with this Agreement.

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

II PREMISES.

2.1 Premises; Units. The premises which are the subject of this Agreement (the "**Premises**") are described in Exhibit A attached hereto, are located at the Airport described in the Basic Information (the "**Airport**") at the Terminal(s) listed in the Basic Information, and are comprised of those spaces (the "**Units**") set forth in the Basic Information, are described on Exhibit A attached hereto, and shown on the plan attached hereto as Exhibit A-1.

2.2 Unit Nos.; Square Footage. The Units have the unit numbers and square footage set forth in the Basic Information and in Exhibit A; *provided, however,* that any statement of square footage set forth in this Agreement, or that may have been used in calculating any of the economic terms hereof, is an approximation which City and Concessionaire agree is reasonable and no economic terms based thereon shall be subject to revision whether or not the actual square footage is more or less. The location and dimensions of the Units are depicted on Exhibit A-1, which is attached hereto and incorporated herein by this reference.

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2.3 Storage Space. Concessionaire shall not use more square footage of the Unit for the storage of equipment, inventory or supplies than the square footage in each Unit approved by the City as a part of the design and construction approval process. City may (but shall have no obligation to) make additional storage space available to Concessionaire at the Airport from time to time. In the event City makes such storage space available to Concessionaire and Concessionaire desires to lease such storage space, CEO and Concessionaire shall enter a storage space addendum in the form of Exhibit C attached hereto, as such form may be modified from time to time by CEO.

2.4 Common Areas. Subject to compliance with City's Rules and Regulations and security requirements, Concessionaire shall have the non-exclusive right, in common with others authorized by City, of ingress and egress through all Common Areas (as defined in this Section); provided, however, the CEO may, in its sole discretion, and without liability to Concessionaire, change the size or location of the Common Areas, including, without limitation, by converting Common Areas to leaseable or other areas, or leaseable areas to Common Areas. City shall use reasonable efforts so as to not prevent access and/or substantially impair access to the Premises in connection with any such changes to the Common Areas. CEO may, in CEO's sole discretion, establish and enforce non-discriminatory Rules and Regulations (as defined in Section 3.10) concerning the Common Areas, temporarily close portions of the Common Areas for security, maintenance or other purposes, and make changes to the Common Areas including, without limitation, changes in the location of security points, driveways, entrances, exits, parking spaces and the direction and flow of pedestrian and vehicular traffic. For purposes of this Agreement, the term **"Common Areas"** means all areas and facilities located within the Airport and outside of the Premises, that are designated by the CEO from time to time as common use areas for the general use and convenience of concessionaires, tenants and other occupants at the Airport, airline passengers and other visitors to the Airport, such as lobbies, corridors, sidewalks, elevators, escalators, moving sidewalks, parking areas, and facilities, restrooms, pedestrian entrances, driveways, loading zones and roadways. Except for damage caused by Concessionaire, Concessionaire shall not be responsible for the maintenance or repair of any Common Areas located outside of the Premises. For avoidance of doubt, the parties acknowledge that the Concessionaire Common Areas are not a part of the Common Areas as described in this Section 2.4, and Concessionaire 's obligations with respect to the Concessionaire Common Areas are described elsewhere in this Agreement.

2.5 Public Address System. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): City shall have the right, in its sole discretion, to install one (1) or more public address system speakers in each Unit for announcing flight arrivals and departures and other Airport information. Concessionaire shall not install any public address, paging, or other similar audio system in any Unit at any time. Any installation of a music system or television system in any Unit shall require the prior written approval of the CEO, in his or her sole discretion; provided that no such system shall interfere with the City's public address system. Concessionaire shall not have any wireless internet system within the premises that can be accessed by any means by non-employees of Concessionaire.

2.6 Wireless Communications. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): without the prior written consent of the CEO, in his or her sole discretion, Concessionaire shall not install or use any wireless workstations, access control

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equipment, wireless internet servers, transceivers, modems or other hardware that transmit or otherwise access radio frequencies.

III CONCESSION RIGHTS AND OBLIGATIONS.

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

3.2 Right to Operate. City hereby grants to Concessionaire the right and obligation to occupy, equip, furnish, operate and maintain concessions in those Units of existing buildings at Airport described in further detail in Exhibit A, and shown on Exhibit A-1. The rights granted shall be carried on solely and exclusively within the limits and confines of said Units; *subject, however,* to the expansion, reduction or relocation of any such Unit, as specified in Article IX hereof and its sections.

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

3.4 Right to Promote Products; Restriction on Advertising. Concessionaire shall have the right, without the prior consent of the CEO, to promote Concessionaire's brand-name products on its packaging and/or those products available for sale within the Premises in accordance with Section 5.15 of this Agreement. Receipts for any revenue generated by Concessionaire and paid by or on behalf of the promotor in connection with such promotion shall be subject to the "Percentage Fee" as described in Section 4.1.3 hereof. Concessionaire acknowledges that City has entered in an exclusive agreement with a third party with respect to commercial advertising within the Airport and the Terminals. Accordingly, except as permitted under this Section with respect to

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promotion of brand-name product packaging and signs within the Premises otherwise in compliance with this Agreement, Concessionaire acknowledges and agrees that Concessionaire has no rights (a) to advertise or promote its products outside of the Premises, (b) to advertise or promote the products of any third party, or (c) participate in any non-City sponsored marketing income program at the Airport; provided, however, that the foregoing restrictions shall not apply within its Units to: (i) signage or logos associated with accepted payment methods, mobile payment platforms, or point-of-sale transaction processors, (ii) loyalty or rewards program signage or materials, or (iii) incidental branding of operational partners necessary for Concessionaire's operations.. Concessionaire hereby agrees to indemnify, defend and hold City and City Agents (hereinafter defined) harmless from and against any actions, causes of action, charges, claims, costs, damages, demands, expenses (including attorneys' fees, costs of court and expenses incurred), fines, judgments, liabilities, liens, losses, or penalties of every kind and nature whatsoever (collectively, "**Claims**") City may suffer or incur as a result of Concessionaire's violation of this Section. Concessionaire hereby assigns to City and agrees to pay to City as Additional Rent hereunder any fees, compensation or other revenue received by Concessionaire, directly or indirectly, from any such advertising or product promotion in violation of this Section. For purposes of this Agreement, "**advertising**" shall mean fixed and dynamic advertising display signage, as well as marketing income programs (including, but not limited to, sponsorships, events, product rights, licensing, naming rights and branding) at locations outside the Premises and, except to the extent approved in advance in writing by CEO, at locations within each Unit with respect to products not sold by Concessionaire within such Unit provided, however, that "advertising" shall not include any directional or wayfinding signage placed by City referencing Concessionaire or its Units.

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

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

3.7 Rights are Not Exclusive. Subject to the rights reserved to City under this Agreement, Concessionaire acknowledges and agrees that (a) subject to Concessionaire's compliance with the terms and conditions of this Agreement, the rights herein granted to Concessionaire shall be exclusive within the Premises covered by this Agreement, but non-exclusive at the Airport; (b) Concessionaire has no exclusive rights to conduct the business of the Permitted Uses in areas other than the Units; (c) other than with respect to Storage Space pursuant to a Storage Space Addendum, if applicable, the rights granted to Concessionaire under this Agreement do not include any right to use, occupy or possess any area other than the Units (including, without limitation, any new leaseable areas in the existing Terminals or any new terminals developed by City in the future); and (d) City intends to enter into concession agreements with other food and beverage concessionaires and other retail and services concessionaires at the

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Airport, some of which will be located in Terminal 4 In addition, City expressly reserves the right to grant others the right to sell retail products and merchandise, personal services, and foods and beverages in Terminal 4 and such right has been, or may in the future be granted to others in separate agreements.

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

3.9 No Other Uses. Concessionaire shall not use nor permit any Unit to be used for any purpose other than the Permitted Uses with respect to such Unit except with the prior written consent of CEO, nor for any use in violation of any applicable present or future law, ordinance, rule or regulation of any governmental authority, agency, department or officer thereof. In the event that Concessionaire desires to use a Unit for any purpose other than the Permitted Use for that Unit, Concessionaire may submit a request to CEO, and CEO may, in CEO's sole and absolute discretion, approve, deny or condition its approval of such request in writing (and any such written approval shall be approved as to form by the City Attorney); *provided, however,* under no circumstances shall any use that is not a food & beverage use be permitted, and no retail use shall be converted to a food and beverage use, nor shall a food and beverage use be converted to a retail use. Any such decision by CEO shall be final and binding upon Concessionaire.

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

3.10.1 Without limiting the foregoing, Concessionaire shall comply with the Los Angeles International Airport and Van Nuys Airport Concessions Standard Operating Procedures approved by the Board of Airport Commissioners (as such rules may be amended from time), which rules are hereby incorporated herein by reference ("**Concessions SOP**") and attached to this Agreement as Schedule 1. Concessionaire's breach of such Concessions SOP shall be deemed a material breach of this Agreement. If there is any conflict between the Concessions SOP and this Agreement, then the terms of the Concessions SOP shall prevail.

The Concessions SOP includes, but is not limited to:

1. Pricing Policy
2. Required Hours of Operation
3. Deliveries, Access & Coordination
4. Removal of Garbage & Refuse
5. Refuse Removal Costs
6. City Events
7. Distressed Concession Relief Program
8. Value For Money Program
9. Children's Menu
10. Digital Marketing

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11. Business Operations Plan
12. LAWA-Defined Metrics for Performance

3.11. Business and Operations Plan. Concessionaire shall prepare a detailed plan for the management of the concession operations within the Premises (the **"Business and Operations Plan"**), which Business and Operations Plan shall at all times be subject to the approval of CEO as set forth in this Section 3.11, such approval not to be unreasonably withheld, conditioned or delayed. The initial version of the Business and Operations Plan shall be in a form prepared by Concessionaire and approved by CEO, prior to the first Unit Commencement Date of this Agreement. Thereafter, the Business and Operations Plan shall be updated by Concessionaire and submitted to CEO, on an annual basis for the subsequent fiscal year, no later than March 31st of each year continuing through the end of the Term. The updated Business and Operations Plan shall be subject to the approval of LAWA each year (which CEO shall provide within thirty (30) days following submission), and any changes to the Business and Operations Plan as so approved by CEO that occur during the year shall be subject to the further approval of CEO in a similar manner. Until such approval is obtained, Concessionaire shall continue to operate under the most recent approved Business and Operations Plan. Concessionaire shall manage the concession operations within the Premises substantially in accordance with the Business and Operations Plan as approved by CEO. Notwithstanding anything contained in the Business and Operations Plan, in the event of a conflict between the provisions of this Agreement and the provisions of the Business and Operations Plan, the provisions of this Agreement shall control.

IV PAYMENTS BY CONCESSIONAIRE.

4.1 Monthly Base Rent Payments.

4.1.1 Base Rent. Commencing on the first Unit Commencement Date, and continuing thereafter throughout the Term of this Agreement, Concessionaire shall pay to City with respect to the Premises (as such Premises are defined herein) annual base rent ("Base Rent"), which Base Rent shall be an amount equal to the greater of (a) the Minimum Annual Guaranteed Rent (as defined in Section 4.1.2), or (b) the Percentage Rent (as defined in Section 4.1.3) with respect to such Premises. The Base Rent and all Additional Rent payable by Concessionaire hereunder are sometimes collectively referred to as "Rent." The term "Additional Rent" shall mean all sums, fees, charges, payments and other amounts due hereunder from Concessionaire other than Base Rent. For the Premises with a Unit Commencement Date earlier than July 1, 2028, Base Rent shall be defined as Percentage Rent until the commencement of the first Agreement Year.

4.1.2 Minimum Annual Guaranteed Rent and Minimum Monthly Guaranteed Rent. The Minimum Annual Guaranteed Rent (herein, the "Minimum Annual Guaranteed Rent" or "MAG Rent") shall be an annual amount for all such Units comprising the Premises for the applicable Agreement Year, subject to adjustment as provided below. The MAG Rent with respect to each Unit for the first Agreement Year is set forth in the Basic Information. The MAG Rent shall be payable monthly in advance in equal installments on the first (1st) of every month (herein, "Minimum Monthly Guaranteed Rent" or "MMG Rent"). Beginning July 1, 2029, and continuing each successive Agreement Year, the MAG Rent with respect to the Premises shall be the greater of (i) the product of (a) the Per Enplaned Passenger MAG (as defined in Section

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4.1.5), and (b) the total enplaned passenger activity for flights departing from Terminal 4 during the prior Agreement Year, or (ii) eighty-five percent (85%) of the actual Base Rent payments for such Premises for the immediately prior Agreement Year. The term "Agreement Year" shall mean the twelve (12) month period commencing on July 1st and ending June 30th of each year through the expiration or earlier termination of the Term (including any portion of a year in which the expiration or earlier termination of Term occurs).

4.1.3 Percentage Rent. At all times while "Gross Revenues" (as defined in Section 4.1.4) are being generated from the Premises, Concessionaire shall calculate Percentage Rent for each Unit in accordance with the Percentage Rent Rates established for the respective sales categories, as set forth in the Basic Information. Percentage Rent for each Unit shall be the product of (a) the respective Percentage Rent Rate(s) by sales category/type, and (b) the Gross Revenues from the preceding month's sales in accordance with the applicable Percentage Rent Rate(s). If the monthly Percentage Rent for all Units comprising the Premises is greater than the Concessionaire's MMG Rent, Concessionaire shall pay to City the amount by which the monthly Percentage Rent exceeds the MMG Rent. Concessionaire shall pay Percentage Rent to City without prior notice or demand within ten (10) days after the expiration of each month. All Percentage Rent payments shall be computed based on all Gross Revenues during the previous month as all such Gross Revenues are indicated on Concessionaire's Monthly Certified Statement.

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

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

1. Taxes. Retail sales taxes, excise taxes or related direct taxes on the consumer which are collected by or on behalf of Concessionaire on such sales, provided all such taxes are properly accounted for and recorded;

2. Sale of Scrap, Equipment or Uniforms. Revenues from the sale of waste or scrap materials resulting from the operation of Concessionaire's business at the Airport; revenues from the sale of or the trade-in value of furniture, fixtures or equipment used on the Premises, and owned by Concessionaire; receipts from the sale at cost of uniforms/clothing to Concessionaire's employees where such uniforms/clothing are required to by worn by said employees;

3. Exchanges and Refunds from Suppliers. The value of any merchandise, supplies or equipment exchanged or transferred from or to other business locations of Concessionaire, where such exchanges or transfers are not made for the purpose of avoiding a sale by Concessionaire which would otherwise be made from or at the Premises; revenues in the form of refunds from or the value of merchandise, supplies or equipment returned to shippers, suppliers or manufacturers;

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

5. Employee Discounts. The cost or value of Products and Services given to employees of Concessionaire pursuant to such employees' employment contracts; *provided, however,* City may require Concessionaire to prove that such discounts were strictly mandated by the employees' employment contracts or collective bargaining agreements and such employee-discounted Products and Services are limited to a reasonable quantity for the employees' personal consumption and not for sale or transfer to third parties;

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

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

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

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

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

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

4.1.5 Per Enplaned Passenger MAG. The Per Enplaned Passenger MAG for each Unit in the first Agreement Year is set forth in the Basic Information. Beginning the second Agreement Year, and each successive Agreement Year on July 1st during the Term, the Per Enplaned Passenger MAG shall be the prior Agreement Year's Per Enplaned Passenger MAG adjusted by the percentage change (increase or decrease) from the prior Agreement Year's CPI (as defined below), computed to the nearest one-thousandths of a dollar. The Per Enplaned Passenger MAG for each Unit shall be computed to the nearest one-thousandths of a dollar. The term "CPI" shall mean the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor of CPI-U (all urban consumers, not seasonally adjusted) for Los Angeles-Long Beach-Anaheim, CA (all items 1982-1984 equals 100). In the event that the compilation and/or publication of the CPI is discontinued, then the index most nearly the same as the CPI shall be used to make such calculation (as reasonably determined by the CEO).

4.1.6 True-Up Adjustment of Percentage Fee. With respect to each Unit, on August 15 of each Agreement Year, Concessionaire shall prepare and submit to City a statement showing the total Percentage Fee paid by Concessionaire for the previous agreement year with respect to each Unit. If the Base Rent paid by Concessionaire with respect to a Unit during any Agreement Year exceeds the greater of (i) the MMG Rent for such Unit multiplied by twelve, or (ii) the total Percentage Fee for such year for such Unit (the "**Actual Rent**"), such overpayment shall be credited to the fees and charges thereafter due from Concessionaire. If Concessionaire's aggregate payments with respect to a Unit are less than the Actual Rent for such Unit, Concessionaire shall, within ten (10) calendar days, pay City the difference.

4.1.7 Intentionally omitted.

4.1.8 MAG Adjustment for Enplanement Decline Event. For purposes of this Section 4.1.8, an "Enplanement Decline Event" means a decrease in passengers during any full calendar quarter during the Term (excluding any partial quarter or period prior to the first Agreement Year) in which the total enplaned passenger activity for flights departing from Terminal 4 is less than eighty percent (80%) of the total enplaned passenger activity departing from Terminal 4 in the same quarter in the prior Agreement Year (e.g., Year 2: Jan-Mar 2030 as compared to Year 3: Jan-Mar 2031).

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

In case of an Enplanement Decline Event, the CEO may immediately adjust the MMG Rent for the current calendar quarter to be equal to 1/3 of the product of: (A) the then current, CPI adjusted Per Enplaned Passenger MAG, multiplied by (B) the total enplaned passenger activity for flights departing from Terminal 4 during the preceding full calendar quarter, illustrated as follows:

$$Monthly\ MAG\ Payment = \frac{CPI\ Adjusted\ Per\ EPAX\ MAG\ x\ Preceding\ Calender\ Quarter\ EPAX}{3}$$

Such quarterly adjusted MMG Rent will continue until the next full calendar quarter of total enplaned passenger activity for flights departing from Terminal 4 equals or exceeds ninety percent (90%) of the prior Year's same, full calendar quarter of total enplaned passenger activity for flights departing from Terminal 4 at which point the MMG Rent will revert to the computation defined in Section 4.1.2.

4.2 Quality-Variable Annual Rent (QVAR).

4.2.1 In addition to the foregoing rent, Concessionaire shall pay a variable annual rent based on LAWA-defined metrics for performance as defined in the SOP for an Agreement Year as follows: the Quality-Variable Annual Rent ("QVAR") shall be $15,000 per year payable at the end of each Agreement Year, provided that if the defined metrics for a given Agreement Year are met or exceeded, Concessionaire shall receive a QVAR rent credit of $15,000 applied toward the QVAR (i.e., the QVAR for such Agreement Year is reduced to zero).

4.2.2 City shall use the QVAR collectively received from Terminal 4 Concessionaires ("QVAR Fund") toward costs or expenses that can improve the Terminal 4 ASQ Score.

4.2.4 Concessionaire shall implement the following to improve ASQ Scores. Concessionaire shall implement ASQ best practices outlined in the Concessions SOP in pursuit of higher ASQ scores, and should also evaluate their own initiatives to consistently elevate these scores.

a. Pricing and value for money review on all pricing submissions including review of entire marketplace offer, quality, service and value price of items;
b. Mystery Shop scores audits, anything below 75% triggers immediate retraining on problem areas;
c. Recognition/gifts/ awards for high-performing employees;
d. Store inspections with clear action plans to address deficiencies, communicated to LAWA upon request;
e. Monitoring online reviews and providing responses to guest feedback;
f. Full retraining on policies and procedures, including open/close policy and full enforcement of this;

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

4.3 Common Area Maintenance.

4.3.1 Common Area Maintenance Charges. In addition to the monthly Base Rent payable to City hereunder, LAWA through its CEO reserves the right, in its sole discretion, to impose and amend from time to time, "**Common Area Maintenance Expenses**" (as defined in Section 4.3.2). If so imposed, on and after the Unit Commencement Date, Concessionaire shall pay to City with respect to each Unit as Additional Rent the applicable Share for such Unit set forth in the Basic Information (as so amended) of all Common Area Maintenance Expenses based upon City's most recent estimate of the projected Common Area Maintenance Expenses, as adjusted in accordance with Section 4.3.3.

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

1. Cleaning of Common Area seating areas;

2. Pest control for the Common Areas;

3. Trash removal for the Common Areas; and

4. Supplies, materials, labor and equipment used in or related to the operation and maintenance of the Common Areas including the cost of maintenance, depreciation and replacement of machinery, tools and equipment (if owned by City) and for rental paid for such machinery, tools and equipment (if rented) used in connection with the operation or maintenance of the Common Areas;

5. Costs for management and administration of the Common Areas, including, without limitation, any management fee, accounting, auditing, billing, postage, salaries and benefits for all employees and contractors engaged in the management, operation, maintenance, repair and replacement of the Common Areas;

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

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

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

4.3.3 Estimates and Reconciliation of Common Area Maintenance Expenses. Within ninety (90) days of the end of each calendar year during the Term of

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

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

4.3.4 Share; Allocation to Concessionaire. With respect to Common Area Maintenance Expenses, which City allocates to the Common Areas, the "**Share**" allocated to each Unit shall be the percentage set forth in the Basic Information, as adjusted by City from time to time based upon changes in the operation of all Concessions. Notwithstanding the foregoing, City may adjust a Unit's Share for all or part of any item of expense or cost reimbursable by Concessionaire that relates to a repair, replacement, or service that benefits only the Premises or only a portion of the Terminal or that varies with the occupancy of the Terminal. Without limiting the generality of the foregoing, Concessionaire understands and agrees that City shall also have the right to adjust a Unit's Share of any Common Area Maintenance Expenses based upon Concessionaire's burden or impact on such Common Areas as reasonably estimated and determined by City based upon factors such as size and Gross Revenues of each Unit and intensity of use of such Common Areas by Concessionaire's customers. Any adjustments by City under this Section 4.3.4 shall be undertaken in a reasonable and not unjustly discriminatory manner.

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

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

4.4 Utilities. Concessionaire shall adhere to the procedures as defined in the Concessions SOP (as defined in Section 3.10.1).

4.5 Marketing Fund. (a) City may establish a marketing fund to promote the concessions and enhance the overall guest experience at the Terminal ("Marketing Fund"). Without limiting the foregoing, City may use the Marketing Fund in its discretion, to fund (i) intra-Terminal promotional and advertising programs such as permanent and interactive directories, events, graphics, pamphlets, other electronic media or digital activations, establishing customer service and training programs, (ii) other service and hospitality initiatives with respect to the operations of the concession program and all concessionaires in the Terminal, such as customer surveys, "secret shopper" programs and sales technique seminars, or (iii) any other programs to enhance the overall guest experience at the Terminal. Any promotional services and personnel provided pursuant to this Section shall be under the exclusive control and supervision of City, who shall have the sole authority to employ and discharge personnel and to establish a budget. City shall not be obligated to expend more for promotions and advertising than is actually collected from concessionaires.

(b) If City establishes a Marketing Fund, then, upon City's one hundred eighty (180) days' prior written notice to Concessionaire: (i) Concessionaire shall pay a monthly fee in an amount not to exceed one-half percent (0.50%) of its monthly Gross Revenues as Concessionaire's share of the Marketing Fund, payable to City without prior notice or demand together with Monthly Rent; and (ii) Concessionaire shall thereafter include in its Annual Gross Revenue Report under Section 4.8.4, a report reconciling actual amounts paid to the Marketing Fund, including any over or underpayments to the Marketing Fund. If there is any underpayment, then any underpayments shall be due and payable at the same as the reconciliation. If there is any overpayment, then City shall credit such overpayment to Concessionaire's next payment(s) due for the Marketing Fund, provided that if this Agreement has expired or terminated, then City may apply any overpayments to any of Concessionaire's outstanding obligations, after which any remaining balance shall be refunded, without interest, to Concessionaire within ninety (90) days of this Agreement expiration or termination date.

(c) Upon City's written request, Concessionaire shall participate in quarterly meetings to discuss the Marketing Fund's promotional and advertising programs and customer service and training programs.

(d) City reserves the right at any time to terminate the Marketing Fund, in which case City shall use remaining balances to offset respective outstanding obligations of concessionaires and others who made contributions, based on actual contributions made by each concessionaire, and thereafter refund, without interest, any remaining balance to each respective Concessionaire.

(e) Concessionaire's participation in the Marketing Fund shall not be construed to relieve it of any other obligation under this Agreement, including but not limited to Monthly Rent and requirement to prepare a marketing plan under Section 3.11(b).

4.6 Refuse Removal. Concessionaire shall comply with the provisions of Section 5.10 with regard to the disposition of trash and garbage, waste reduction and recycling. City

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

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

4.7 Other Fees and Charges. Concessionaire shall adhere to the procedures as defined in the Concessions SOP (as defined in Section 3.10.1).

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

4.8.1 Payment Location. All Rent payable hereunder shall be paid to the City of Los Angeles – LAWA, P.O. Box 54078, Los Angeles, CA 90054-0078 unless and until City designates some other party to receive or place for the payment of Rent. All such payments shall be made in lawful money of the United States, without demand, set-off or deduction of any kind.

4.8.2 General Payment Terms; Timing of Monthly Base Rent Payments. All Rent shall be paid in lawful money of the United States of America and through a domestic branch of a United States financial institution. Checks are to be made payable and mailed as set forth in the Basic Information, or to such other person or place as CEO may, from time to time, designate to Concessionaire in writing. The Rent for any fractional part of a calendar month at the commencement or termination of the Term shall be a prorated amount of the Rent for a full calendar month based upon a thirty (30) day month. Monthly Base Rent for each Unit shall be payable to City as follows:

1. On July 1, 2028, with respect to each Unit, and thereafter on the first day of each calendar month throughout the Term of this Agreement, Concessionaire shall pay to City the MMG Rent for such Unit.

2. Commencing on the Unit Commencement Date for each Unit and continuing thereafter for such Unit, on the twentieth (20) day of each calendar month throughout the Term of this Agreement, Concessionaire shall pay to City the Percentage Rent with respect to such Unit (based upon the Percentage Rent for the prior month); *provided, however,* on and after July 1, 2028, Concessionaire shall pay to City that portion of the Percentage Rent for such Unit which is in excess of the MMG Rent for such Unit payable for such calendar month.

4.8.3 Monthly Gross Revenue Report. On the twentieth (20) day of each calendar month throughout the Term of this Agreement, Concessionaire shall submit a monthly accounting of the Gross Revenues received at each Unit operated by Concessionaire under this Agreement. Each Unit shall be reported as a separate location. Each monthly accounting shall be in such manner and detail and upon such forms as are prescribed from time to time by CEO. Forms to be used for reporting monthly Gross Revenues are attached as Exhibit E. CEO may, at CEO's sole discretion, amend the forms to be used during the

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

Term of this Agreement. Each monthly report shall be due on the same date and at the same address as the payment of the Percentage Rent for that month is due.

4.8.4 Annual Gross Revenue Report. On August 15 of each year after the first Unit Commencement Date, Concessionaire shall submit an annual accounting of the Gross Revenues received at each Unit operated by Concessionaire under this Agreement. Each Unit shall be reported as a separate location. Each annual accounting shall be in such manner and detail and upon such forms as are prescribed by CEO. Forms to be used for reporting annual Gross Revenues are attached as Exhibit F. CEO may, at CEO's sole discretion, amend the forms to be used during the Term. Each annual report shall be due at the same address as the payments are made under this Agreement. If, based upon annual Gross Revenue Report adjustments in the Percentage Rent are appropriate, such adjustments shall be made in accordance with Section 4.1.6.

4.8.5 Other Annual Reports. Within ninety (90) days of the close of Concessionaire's taxable year, Concessionaire shall furnish to City detailed financial statements, including a balance sheet, an income statement and notes to the financial statements, prepared as of the close of Concessionaire's taxable year, covering all business transacted by Concessionaire at the Airport (the "**Financial Statements**"), and such other reasonable financial and statistical reports as CEO may, from time to time, require (including, without limitation, the maintenance reports required under Section 8.1). Said financial statements shall be reviewed by an independent Certified Public Accountant. In addition, on or before September 1 of each Agreement Year, Concessionaire shall deliver a pro forma projection of estimated Gross Revenues for the next Agreement Year.

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

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

4.8.8 Interest. Any installment of Rent and any other sum due from Concessionaire under this Agreement which is not received by City within three (3) days from when the same is due shall bear interest from the date such payment was originally due under this Agreement until paid at the greater of (a) an annual rate equal to the

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

maximum rate of interest permitted by law, or (b) fifteen percent (15%) per annum. Payment of such interest shall not excuse or cure any Default by Concessionaire. In addition, Concessionaire shall pay all costs and attorneys' fees incurred by City in collection of such amounts.

4.8.9 Prepayment. Notwithstanding anything to the contrary contained in this Agreement, in the event that Concessionaire is chronically delinquent in the payment of Rent when due hereunder, as defined under Section 11.1.13, City shall have the right to require Concessionaire to pay Base Rent, and all other amounts payable by Concessionaire to City in a calendar month under this Agreement one (1) month in advance of when such payment would otherwise be due. Such prepayment will be based on the highest monthly Rent previously due from Concessionaire under this Agreement. Such right shall be exercised by a written notice from City to Concessionaire, which notice may be given any time after such default by Concessionaire, regardless of whether the same is cured by Concessionaire. Nothing in this Section shall limit City's other rights and remedies under this Agreement.

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

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

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

4.9.3 Confidentiality. To the maximum extent permitted under applicable Laws, all information gained by City from such examinations shall be confidential and shall not

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be disclosed other than as may be required by court order, other legal process or pursuant to the provisions of the California Public Records Act; *provided, however,* the foregoing shall not prevent the use of such information in connection with any litigation between the City and Concessionaire; *provided, further,* to the extent commercially reasonable under the then-existing circumstances, City shall use commercially reasonable efforts to give written notice to Concessionaire in advance of such disclosure to afford Concessionaire the opportunity to attempt to secure available protective measures to safeguard such information.

V OPERATING STANDARDS.

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

5.2 Concession Personnel.

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

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

5.2.3 Objections. City shall have the right to object to the demeanor, conduct, and appearance of any Personnel at the Premises, subject to applicable Laws. Concessionaire shall take all steps reasonably necessary to remedy the cause of any objection by City. After written notice from City, Concessionaire shall ensure the immediate removal from the Premises or discipline in accordance with Concessionaire's

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employee discipline policy for any Personnel who participates in improper or illegal acts on the Airport, who violates any of the Rules and Regulations or any provision of this Agreement, or whose continued presence at the Airport is, in the good faith business judgment of CEO, deemed not to be in the best interests of City.

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

5.3 Managing Director. Concessionaire shall select and appoint, subject to approval by CEO, a partner, general partner, corporate officer or other officer who shall serve as the "**Managing Director**" of Concessionaire's operations at Airport. Such person must be an active, highly qualified, competent and experienced manager or supervisor of comparable food & beverage operations, vested with full power and authority to represent, act on behalf of, and bind Concessionaire, and accept service on behalf of Concessionaire of all notices provided for herein and regarding operation of the concession business herein authorized, including the quality and prices of food and beverages and the appearance, conduct and demeanor of Concessionaire's Personnel. Said Managing Director shall be assigned to a duty station or office at or within two (2) miles of the Airport, where he or she shall ordinarily be available during regular business hours and where, at all times during his or her other absences, such Managing Director shall assign a qualified, responsible subordinate who shall be in charge and available. Managing Director shall inform CEO in writing of the telephone and facsimile numbers and e-mail address and changes thereto of the local office. Managing Director shall provide to CEO and update as necessary, contact information for Managing Director and their appointed subordinates (including Unit Managers) to allow City to contact them in emergencies or during non-business hours. Concessionaire shall provide LAWA with a 24/7 contact number that will be answered by a person authorized to make decisions on behalf of Concessionaire regarding this Agreement.

5.4 Unit Managers. In addition to the Managing Director specified above, if Concessionaire has been awarded the right to operate at more than one Unit, Concessionaire shall also designate a responsible employee to be the "**Unit Manager**" in charge of each such Unit, and the names of such employees shall be given to CEO. Each Unit Manager shall be responsible for the proper operation of the business of Concessionaire and their failure to provide for the proper conduct, demeanor and appearance of all employees, guests and patrons at the Unit which they supervise shall constitute a default of Concessionaire. Upon objection from CEO concerning said matters, Concessionaire shall immediately take all steps necessary to remove the cause of the objection.

5.5 Hours of Operation.

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

5.5.1 Minimum Hours of Operation. Concessionaire shall adhere to the procedures as defined in the Concessions SOP (as defined in Section 3.10.1).

5.5.2 CEO May Alter Hours. CEO may, on 24 hour notice to Concessionaire temporarily or permanently modify the Minimum Hours of Operation for any Unit. Concessionaire shall comply with modifications. Upon the written request of Concessionaire, CEO may, from time to time, authorize a later opening or earlier closing time for any Unit, provided CEO first finds that Concessionaire has submitted adequate justification.

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

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

5.6.2. Value for Money. At all Units, the menu shall include at least one item or combination of items that are offered at a discounted rate to support LAWA's Value for Money (VFM) program. VFM items, combos, and deals are a selection of items made available at lower price points than regular menu items and designed to provide customers with more affordable options. LAWA will promote these offerings through the VFM program.

5.6.3. Children's Menu. At all Units, the menu shall include at least one child's plate and price.

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

5.6.5. Pricing. Concessionaire shall price its products in accordance with the Airport Pricing Policy as stated in the Concession SOP (as may be amended from time to time).

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

5.6.6. Amendments. CEO may require any menu to be multilingual. CEO may re-evaluate the selection of items during the Term. CEO's good faith determination that the selection offered is inadequate (in general or at any particular Unit), or that the quality or quantity of any item is deficient, shall be conclusive. Concessionaire may meet and confer with CEO regarding such matters.

5.7 Quality of Foods and Beverages. Concessionaire acknowledges and agrees that it is the intent of the parties to provide the air traveler and the public with facilities, service, and food & beverage concessions of first class quality, commensurate with the standards of other first class airports. All products offered for sale by Concessionaire shall (a) be of high quality, (b) be wholesome and pure, (c) be comparable to food and beverages served by first class food and beverage facilities of a similar type in Los Angeles County, and (d) conform in all respects to applicable Laws. Concessionaire must adhere to the most stringent requirements in the foregoing.

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

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

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

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

5.9.3 Credit Cards, Foreign Currency. Concessionaire shall not be required to accept foreign currency. If Concessionaire elects to accept foreign currency, such may

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only be accepted for payment of goods and shall not be exchanged. In addition, all Concessionaires shall be required to accept, at a minimum, the credit and debit cards listed on CEO's then current list of Approved Form of Payment in payment for goods and services sold, and there shall be no minimum purchase requirement for transactions using such credit and debit cards. CEO's initial Approved Form of Payment List is attached hereto as Exhibit T and the same may be modified from time to time by written notice from the CEO.

5.10 Deliveries; Access and Coordination. Concessionaire shall adhere to the procedures as defined in the Concessions SOP (as defined in Section 3.10.1).

5.11 Removal of Garbage and Refuse. Concessionaire shall adhere to the procedures regarding removal of garbage in the Concessions SOP (as defined in Section 3.10.1).

5.12 Franchise Agreement Standards. Where applicable to any Unit, all franchise standards shall be met or exceeded. In the event of an express conflict between the terms of such franchise standards and the terms of this Agreement, the terms of the Agreement shall prevail. Concessionaire shall provide City with copies of its Franchise Agreement (provided Concessionaire may redact proprietary operational methods, trade secrets, and any other information designated as confidential by the franchisor or is otherwise protected under California law) and any Unit's franchise standards and related performance audit forms prior to such Unit's Unit Commencement Date. Copies of inspections conducted by the franchisee, franchisor, or any mystery shopper service hired by the franchisee or franchisor shall be sent to City within ten (10) business days of receipt by Concessionaire unless such disclosures are explictly prohibited by the applicable franchise agreement's confidentiality provisions (in which case Concessionaire must notify City of the disclosure prohibition).

5.13 Quality Assurance Audits. Concessionaire shall perform quality assurance audits with respect to the operations at each Unit and the Premises and compliance with the terms of this Agreement on at least a quarterly basis. CEO reserves the right to prescribe and revise audit criteria at any time and from time to time and to publish guidelines to be used in connection with such audits. The purpose of such audits shall be to ensure consistent high standards of customer service and quality among concessionaires at the Airport. In addition, Concessionaire hereby agrees to participate in and to comply with the requirements and recommendations of City-implemented 'mystery shopper' and other quality assurance programs. At CEO's request, but no more often than once per quarter, Concessionaire shall (a) meet with City, (b) make available for inspection all customer survey results, mystery shopper reports, health department reports, product pricing, and such quality assurance audits, (c) review the results of any City-implemented 'mystery shopper' and other quality assurance programs, and (d) review and develop a plan to implement recommendations for corrective action if such information shows corrective action is needed. If such information discloses any issue, in the sole discretion of CEO, then, upon CEO's written request, Concessionaire shall submit for CEO's approval an outline of planned corrective action and the implementation of any additional reports or procedures to document compliance and implementation of such planned corrective action. Once approved, Concessionaire shall implement such planned corrective action and deliver reasonably satisfactory evidence of such compliance to City in accordance with such corrective action plan.

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

5.14 Prohibited Acts. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): Concessionaire shall not do or permit to be done anything specified in Sections 5.14.1 through 5.14.9. Specifically, Concessionaire shall not:

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

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

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

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

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

5.14.6 Increase Liability. Do any act or thing upon any Unit which will invalidate, suspend or increase the rate of any fire insurance policy required under this Agreement, or carried by City, covering the Premises, or the Terminals in which the same are located or which, in the opinion of CEO, may constitute a hazardous condition that will increase the risks normally attendant upon the operations contemplated under this Agreement. If, by

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reason of any failure on the part of Concessionaire after receipt of notice in writing from City to comply with the provisions of this section, any fire insurance rate on the Premises, or any part thereof, or on the Terminals in which the same are located, shall at any time be higher than it normally would be, then Concessionaire shall pay City, on demand as Additional Rent, that part of all fire insurance premiums paid by City which have been charged because of such violation of failure of Concessionaire; *provided, however,* that nothing contained herein shall preclude Concessionaire from bringing, keeping or using on or about any Unit such materials, supplies, equipment and machinery as are appropriate or customary in carrying on its business, or from carrying on said business in all respects as is customary.

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

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

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

5.15 Signs, Promotions & Displays.

5.15.1 The Concessionaire must not install any sign, promotion, or display on the Premises or Airport without submitting detailed plans to LAWA and obtaining written approval, in line with all City and Department of Airports Design Guidelines, including construction and related conditions. The exception being that the Concessionaire may place signs within its Unit to promote its products or services without LAWA approval, as long as these are not visible from outside the Unit, unless otherwise disapproved in writing by LAWA. If disapproval occurs, removal must take place within one (1) day of notice. No signs, promotions, advertisements, or displays are permitted outside the Premises, except for any directional or wayfinding signage placed by City referencing Concessionaire or its Units, and except for Concessionaire's trade name signage on or above the storefront of each Unit as approved by LAWA.

5.15.2 Other than signs, promotions and displays approved pursuant to Section 5.15.1, and signage or logos for accepted payment methods or transaction processors displayed at point-of-sale locations within the Premises, Concessionaire shall not, at any time, under any circumstances, install, place, or maintain any type of advertising, in, on or upon the Premises or the Airport.

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

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

fifteen (15) calendar days after City has provided written removal notice. Subject to LAWA approval, Concessionaire may include within the Premises: (i) signage or logos associated with accepted payment methods, mobile payment platforms, or point-of-sale transaction processors, (ii) loyalty or rewards program signage or materials, or (iii) incidental branding of operational partners necessary for Concessionaire's operations within its Units.

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

5.16 Taxes. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): Concessionaire shall pay all taxes of whatever character that may be levied or charged upon the rights of Concessionaire to use the Premises, or upon Concessionaire's improvements, fixtures, equipment or other property thereon or upon Concessionaire's operations hereunder. In addition, by executing this Agreement and accenting the benefits thereof, a property interest may be created known as a "possessory interest" and such property interest will be subject to property taxation. Concessionaire, as the party in whom the possessory interest is vested, may be subject to the payment of the property taxes levied upon such interest.

5.17 Licenses and Permits. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): Concessionaire shall obtain and pay for all licenses and permits necessary or required by law for the conduct of Concessionaire's operations at the Premises.

5.18 Compliance with Laws. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1):

5.18.1 Concessionaire shall, at Concessionaire's sole cost and expense, (and shall cause Concessionaire's employees, contractors, representatives, agents, and Approved Transferees (collectively, "**Concessionaire Parties**") to) fully and faithfully observe and comply with (a) all municipal, state and federal laws, statutes, codes, rules, regulations, ordinances, requirements, and orders (collectively, "**Laws**"), now in force or which may hereafter be in force pertaining to the Premises or Concessionaire's use of the Premises, the Terminal(s) or the Airport (including without limitation, (i) all safety, security and operations directives of City, including by CEO, which now exist or may hereafter be promulgated from time to time governing conduct on and operations at the Airport or the use of facilities at the Airport; and (ii) any and all valid and applicable requirements of all duly-constituted public authorities (including, without limitation, the Department of Transportation, the Department of Homeland Security, the Federal Aviation Administration, and the Transportation Security Administration)); (b) all recorded covenants, conditions and restrictions affecting the Airport ("**Private Restrictions**") now in force or which may hereafter be in force; and (c) the Rules and Regulations. The

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

judgment of any court of competent jurisdiction, or the admission of Concessionaire in any action or proceeding against Concessionaire, whether City be a party thereto or not, that Concessionaire has violated any Laws or Private Restrictions, shall be conclusive of that fact as between Concessionaire and City. As used in this Agreement, "**Laws**" shall include all present and future federal, state and local statutes, ordinances and regulations and City ordinances applicable to Concessionaire, the Units, the Permitted Uses or the Airport, including but not limited to requirements under the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq., including, without limitation, to Title III thereof, and all regulations and guidelines related thereto, together with any and all laws, rules, regulations, ordinances, codes and statutes now or hereafter enacted by local or state agencies having jurisdiction thereof (including, without limitation, all of the requirements of Title 24 of the California Code of Regulations), as the same may be in effect on the date of this Agreement and may be hereafter modified, amended or supplemented (collectively, the "**ADA**"), all acts and regulations relating in any way to food and drugs, worker's compensation, sales and use tax, credit card processing, social security, unemployment insurance, hours of labor, wages, working conditions, the Immigration Reform and Control Act of 1986, the City of Los Angeles Administrative Code, and all Hazardous Materials Laws (as defined in Section 15 below).

5.18.2 Concessionaire agrees to pay or reimburse City as Additional Rent for any civil penalties or fines which may be assessed against City as a result of the violation by any Concessionaire Party of any Laws or Private Restrictions, which payment shall be made by Concessionaire within fifteen (15) days from receipt of City's invoice for such amount and documentation showing that payment of such penalty or fine is Concessionaire's responsibility hereunder.

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

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

VI AIRPORT CONCESSION DISADVANTAGED BUSINESS ENTERPRISE ("ACDBE") PROGRAM.

6.1 Compliance with Department of Transportation (DOT). This Agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 Code of Federal Regulations (CFR) Part 23. Concessionaire agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by 49 CFR Part 23, and to include the above statements in any subsequent concession agreement or contract covered by 49 CFR Part 23 that it enters and cause those businesses to similarly include the statements in further agreements. City strictly

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

prohibits all unlawful discrimination and preferential treatment in contracting, subcontracting and purchasing, leasing or any subleasing under this Agreement (the "**Non-Discrimination Policy**"). City has established an ACDBE program in accordance with 49 CFR Part 23 (the "**ACDBE Rules**"). Concessionaire shall comply with the Non-Discrimination Policy and the ACDBE Rules. Concessionaire shall cooperate with City in City's program of recruiting, training, providing technical assistance and holding workshops to ensure that contracting, subcontracting and purchasing opportunities available under this Agreement are accessible and available to all qualified businesses owners, including "Airport Concession Disadvantaged Business Enterprises" ("**ACDBEs**"), as defined in the ACDBE Rules. Concessionaire shall make good faith efforts, within the meaning of the ACDBE Rules, to provide for a level of ACDBE participation in the concession operations by Concessionaires contemplated by this Agreement equal to or greater than zero percent (0%).

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

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

VII IMPROVEMENTS.

7.1 Improvement Proposal. Concessionaire shall design each Unit of the Premises as described in the conceptual improvement plan attached hereto as Exhibit W (the "**Initial Improvements Plan**"), as further refined and approved by City. Concessionaire will follow applicable portions of the Terminal 4 Concessions Design Criteria and LAWA's Design and Construction Handbook, including any references to lighting, finishes, fixtures, storefronts, mechanical, electrical, plumbing and fire protection design.

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

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

or the availability or lack of availability of permits or approvals of governmental or regulatory authorities with respect to any such Permitted Use of such Unit shall not affect the rights or obligations of the parties hereunder.

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

7.4 Improvement Financial Obligation. Concessionaire guarantees that Concessionaire will make capital investments for the Initial Improvements to the Premises (exclusive of architectural, engineering and project management or in-house fees in excess of twenty percent (20%) of the costs of related improvements), in an amount of not less than the amount set forth in the Basic Information as the "**Minimum Initial Qualified Investment Amount**," allocated amongst the Units as set forth in the Basic Information; *provided, however,* in no event shall the Minimum Initial Qualified Investment Amount include any costs of procuring, constructing or installing in any Unit any of Concessionaire's **"Personal Property"** which includes movable displays, racks and refrigeration units/equipment, ALL point-of-sale equipment, cash drawers, sorting equipment, IT/data/computer equipment (not infrastructure), and any other items designated as such by the CEO. Such Minimum Initial Qualified Investment Amount shall be expended by Concessionaire on the Initial Improvements constructed in accordance with this Agreement, allocated amongst the Units as set forth in the Basic Information, on or before the date Unit Commencement Date for each Unit in accordance with the Initial Improvements Plan. Concessionaire shall pay to City an amount equal to the positive shortfall, if any, between the Minimum Initial Qualified Investment Amount and the actual amount expended by Concessionaire on the Initial Improvements (exclusive of architectural, engineering and project management or in-house fees in excess of twenty percent (20%) of the costs of related improvements) (the "**Actual Initial Qualified Investment Amount**") on a Unit-by-Unit basis as of the first day of the third (3rd) month after the Unit Commencement Date for each Unit constructed. Said payment shall be made on a Unit-by-Unit basis on or before the sixtieth (60th) day after the first day of the third (3rd) month after the Unit Commencement Date for each Unit constructed. These amounts shall exclude any sum expended by Concessionaire for the separate metering or invoicing of utilities.

7.5 Minimum Refurbishment. Concessionaire acknowledges and agrees that it is the intent of this Agreement that all Units shall be refurbished, redecorated, updated or re-branded/re-concepted if underperforming (the "**Minimum Refurbishment**"), and that such Minimum Refurbishment be completed by June 30, 2035; *provided, however,* except to the extent preapproved by CEO in writing and in its sole discretion, the "**Minimum Refurbishment**" shall not mean maintenance, repair and replacements items that should have been performed pursuant to Section 8 of this Agreement; *provided, further,* CEO shall have discretion to defer the timing of the Minimum Refurbishment. Concessionaire further acknowledges and agrees that it is the intent of this Agreement that such Midterm Refurbishment shall be conducted while the Units are opened and operating for business, unless CEO determines as part of City's construction approval process, in the exercise of CEO's sole discretion, that Concessionaire's proposed scope of work in any Unit

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

is so extensive that such Unit may be closed during its Minimum Refurbishment, in which event Concessionaire shall have the right to close such Unit for the period approved by City in writing as part of City's construction approval process during its Minimum Refurbishment, but such closure shall not result in any abatement of any Rent for such Unit.

7.5.1 Minimum Refurbishment Plan. Concessionaire shall prepare and deliver to City for CEO's review and approval a Minimum Refurbishment Plan (the "**Minimum Refurbishment Plan**"), which shall meet the then-current requirements imposed by City as part of City's construction approval process, and shall otherwise include information similar to that contained in the Initial Improvements Plan for the Initial Improvements. Upon receipt and review of such Minimum Refurbishment Plan by CEO and as a part of City's construction approval process, Concessionaire shall incorporate any comments from CEO and shall re-submit such Minimum Refurbishment Plan until it has been approved by CEO.

7.5.2 Construction and Completion of Minimum Refurbishment. Subject to compliance with the City's construction approval process, Concessionaire shall construct and complete, the Minimum Refurbishment lien free, in accordance with the Minimum Refurbishment Plan approved by CEO, the other requirements contained in this Agreement and in accordance with applicable Laws (*provided, however,* no Minimum Refurbishment for any Unit shall extend for longer than the period specified in writing for completion of construction as part of City's construction approval process for such Minimum Refurbishment for such Unit). Concessionaire shall expend (exclusive of architectural, engineering and project management or in-house fees in excess of twenty percent (20%) of the costs of the related improvements) not less than the product of the amount set forth in the Basic Information as the "**Minimum Reinvestment Percentage**" and the Actual Initial Qualified Investment Amount for all Units in this Agreement, the required Minimum Refurbishment Plan; *provided, however,* in no event shall the Minimum Minimum Refurbishment Amount include any costs of procuring, constructing or installing in any Unit any of Concessionaire's personal property. Any refurbishment done consistent with this Section by Concessionaire prior to the Minimum Refurbishment shall be credited towards Concessionaire's Minimum Refurbishment Amount. Concessionaire shall pay to City an amount equal to the positive shortfall, if any, between the Minimum Refurbishment Amount and its actual investment in connection with the Minimum Refurbishment. Said payment shall be made to City on or before 90 days following the Minimum Refurbishment Deadline. The amount spent for Minimum Refurbishment shall be exclusive of any amount spent for normal repair and maintenance as determined in the sole discretion of CEO. The Minimum Refurbishment shall be depreciated over the remaining term of this Agreement.

7.6 City Approval of Improvements. Prior to the construction of any improvements (including, without limitation, the Initial Improvements and any Minimum Refurbishment hereunder), Concessionaire shall submit to LAWA for concept approval the preliminary plans and estimated construction cost for such improvements. Said approval, subject to the conditions set forth herein, shall be given in a reasonably timely manner. Upon approval by CEO of Concessionaire's preliminary plans, Concessionaire shall prepare working drawings and specifications, which shall be true and correct developments of the preliminary plans so approved. Concessionaire shall then submit a written request for construction approval and a minimum of three (3) complete sets of said approved working drawings and copies of the specifications to the

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

Chief Airports Engineer's office for written approval by CEO. CEO's written approval and any conditions related to the construction of the improvements or alterations shall become a part of this Agreement as though fully set forth herein once the document is fully executed by both parties. Upon receipt of CEO's approval, Concessionaire shall cause the construction called for by the approved working drawings and specifications to be commenced and completed promptly. No substantial changes, additions, or alterations shall be made in said working drawings or specifications, or in the construction called for thereby, without first obtaining CEO's approval in writing. Upon completion of such improvements, Concessionaire shall furnish to City, at no charge, three (3) complete sets of "record" drawings, and one complete set in Computer Aided Design (CAD) format which complies with the then current LAWA CAD standards. These drawings must include any applicable permit numbers, the structural and other improvements installed by Concessionaire in the Premises, and the location and details of installation of all equipment, utility lines, heating, ventilating, and air-conditioning ducts and related matters. Concessionaire shall keep said drawings current by updating them in order to reflect any changes or modifications which may be made in or to the Premises.

7.6.1 Concessionaire shall make no structural improvements, additions, or alterations in, to or upon any Unit, nor erect, construct, or place any sign upon said Unit, without first obtaining the written consent of CEO. Any conditions, restrictions, or limitations placed upon the approval by CEO shall be conditions of this Agreement as though fully set forth herein once the document is fully executed by both parties. Concessionaire shall indemnify, defend, protect and hold City and City Agents harmless from any and all Claims regarding any improvements, additions, or alterations made thereto.

7.6.2 For each and every construction or alteration project undertaken in each Unit, Concessionaire shall prepare a construction report. This report shall contain the following elements: (1) type of improvement constructed or altered; (2) floor area or capacity of improvement constructed or altered; (3) total cost of construction or alteration; (4) completion date for construction or alteration; and (5) a copy of the certificate of occupancy. The construction report shall be submitted to CEO not later than sixty (60) days following completion of the construction or alteration.

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

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

7.6.5 Prior to the commencement of any work, Concessionaire shall, at its own cost and expense, obtain all other Permits and approvals required by applicable Laws including, but not limited to, Los Angeles Department of Building and Safety, Los Angeles County Department of Health, if applicable, and OSHA. Concessionaire's plans shall employ optimum essentials of aesthetics, quality of materials and equipment, convenience,

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

function and design and shall be compatible in such respects with those of Airport or Airport's Design Guidelines. CEO's approval of the plans, specifications and working drawings for the Initial Improvements or any other improvements or alterations of the Premises shall create no responsibility or liability on the part of City for their completeness, design sufficiency, or compliance with all Laws and other requirements of governmental agencies or authorities. Neither City nor any City Agents shall be liable for any damage, loss, or prejudice suffered or claimed by Concessionaire, any Concessionaire Party or any other person or entity on account of: (a) the approval or disapproval of any plans, contracts, bonds, contractors, sureties or matters; (b) the construction or performance of any work whether or not pursuant to approved plans; (c) the improvement of any portion of the Premises or alteration or modification to any portion of the Premises; or (d) the enforcement or failure to enforce any of the covenants, conditions and restrictions contained in this Agreement.

7.7 Initial Improvements.

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

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

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

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

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

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

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

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

7.12 Improvement Payment and Performance Bond. Within thirty (30) days after award of this Agreement and in connection with any Alterations contemplated by Section 7.8 above, Concessionaire shall furnish, at its sole cost and expense, an Improvement Payment and Performance Bond in the principal sum of the amount of the work of improvement proposed by Concessionaire, or alternative security deposit for said amount acceptable to CEO, to guarantee compliance with this Section and comply with the provisions of Sections 3235 to 3241 of the Civil Code of the State of California by filing the original contract and any modifications thereto in the office of the Los Angeles County Recorder, together with the bond specified therein, and a conformed copy of such bond, filed for record as aforesaid, shall be furnished by Concessionaire to City. This Improvement Payment and Performance Bond shall be in substantially the same form as that of Exhibit H attached hereto, be issued by a surety company approved by CEO, and authorized and licensed to transact business in the State of California and be for the full amount stated above with the City of Los Angeles, Department of Airports, as obligee conditioned upon full, faithful and satisfactory payment and performance by Concessionaire of its obligations to construct and install the aforementioned improvements.

7.13 Telecommunications Facilities.

7.13.1 Concessionaire and its Telecommunications Service Providers (as defined herein) shall not install Telecommunication Facilities (as defined herein) in Common Areas, shared space, or other respective non-leasehold areas of the Airport, or in currently designated or future primary or secondary minimum-points-of-entry, without

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

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

7.13.2 Concessionaire agrees that all installation, construction and maintenance of such Telecommunications Facilities shall be performed in a neat, responsible, and workmanlike manner, using generally acceptable construction standards, consistent with such requirements imposed by City as part of City's construction approval process (including, without limitation, labeling requirements); and that City may require its contractors or personnel to observe such installation or servicing to assure compliance with this Agreement. In such event, Concessionaire shall pay to City as Additional Rent hereunder, the cost or imputed cost of such observation and compliance monitoring. All such Telecommunications Facilities and services shall comply with FCC licensing regulations, with City of Los Angeles building codes, and with all other applicable Laws. Concessionaire is required to comply with City's policies and procedures regarding Telecommunications Facilities and services, as announced from time to time. Within one week of any installation or servicing of any Telecommunications Facilities, Concessionaire shall submit to City [with a copy to LAWA Information Technology Division] three (3) copies of "as-built" Telecom Documentation.

7.13.3 Concessionaire shall not allow the use of, and shall not sell, lease, sublet, or trade, Telecommunication Facilities or services to other Airport entities without prior written approval of CEO. Concessionaire shall not use, and shall not purchase, lease, sublet or trade for, Telecommunication Facilities or services from other Airport entities without prior written approval of CEO.

7.13.4 Concessionaire agrees that the Telecommunications Facilities, and the installation, maintenance and operation thereof shall in no way interfere with Airport operations, or the operation of Telecommunications Facilities of City or any other tenants or occupants of the Airport. If such interference shall occur, City shall give Concessionaire written notice thereof and Concessionaire shall correct the same within twenty-four (24) hours of receipt of such notice. City reserves the right to disconnect Concessionaire's Telecommunications Facilities if Concessionaire fails to correct such interference within twenty-four (24) hours after such notice.

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

7.13.5 City makes no warranty or representation that the Airport or any portions thereof are suitable for the use of Telecommunications Facilities, it being assumed that Concessionaire has satisfied itself thereof.

7.13.6 Concessionaire shall protect, defend, indemnify and hold harmless City and City Agents from and against Claims incurred by or asserted against City or any City Agent arising out of Concessionaire's installation, maintenance, replacement, use or removal of Concessionaire's Telecommunications Facilities.

7.13.7 Concessionaire shall remove any Telecommunications Facilities installed by Concessionaire at Concessionaire's sole cost and expense upon the expiration or early termination of this Agreement.

7.13.8 In the event Concessionaire shall fail to comply with any of the requirements contained in this Section 7.13, City may take such actions as may be necessary to remedy such failure and all costs and expenses incurred by City shall be due and payable within fifteen (15) days of City's request therefore. If Concessionaire does not remove the Telecommunications Facilities and repair any damage resulting therefrom on or before the end of such fifteen (15) day period, City shall have the right to remove such Telecommunications Facilities and repair any damage to the Terminal at Concessionaire's sole cost and expense, plus the Administrative Fee; *provided, however,* that if Concessionaire does not deliver to City the total cost and expense of removal and repair within fifteen (15) days of City's request thereof, Concessionaire shall be deemed to be in Default under Section 11 of this Agreement and City shall be entitled to exercise all of its rights and remedies set forth in this Agreement. All cost and expense incurred by City to remove the Telecommunications Facilities and to repair any damage to the Premises or the Terminal, plus the Administrative Fee, shall be deemed Additional Rent under this Agreement.

7.14 Deliveries upon Completion. Within ninety (90) days of completion of the Initial Improvements, any Minimum Refurbishment and any Alterations contemplated by Section 7.8 above, Concessionaire shall furnish to City, at no charge: (a) a certificate from the architect(s) certifying that such improvements have been constructed in accordance with the approved plans and specifications and in strict compliance with all Laws; (b) three (3) complete sets of "record" drawings, and one complete set in Computer Aided Design (CAD) format which complies with the then current LAWA CAD standards (these drawings must include any applicable permit numbers, the structural and other improvements installed by Concessionaire in the Premises, and the location and details of installation of all equipment, utility lines, heating, ventilating, and air-conditioning ducts and related matters); (c) duplicated receipted invoices on all materials and labor costs incurred; and (d) executed unconditional mechanics' lien releases from those parties performing labor, materials or supplies in connection with such Initial Improvements, any Minimum Refurbishment or any Alterations, which releases shall comply with the appropriate provisions, as reasonably determined by City, of the California Civil Code. Concessionaire shall keep such as-built drawings current by updating the same in order to reflect thereon any changes or modifications which may be made in or to any Unit. Within ten (10) days after completion of the Initial Improvements in any Unit, any Minimum Refurbishment and any Alterations contemplated by Section 7.8 above, Concessionaire shall cause a Notice of Completion to be recorded in the office of the Los Angeles County Recorder in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

City upon such recordation. If Concessionaire fails to do so, City may execute and file the same on behalf of Concessionaire as Concessionaire's agent for such purpose, at Concessionaire's sole cost and expense.

7.14.1 Book Value Defined. Subject to the limitation and conditions set forth in Section 7.14 above, the term "Book Value" shall mean the following amounts described below in this Section 7.14.1:

(a) Initial Qualified Investment Amount. An amount equal to the actual costs incurred by Concessionaire for the design and construction of the Initial Qualified Investment Amount, as verified and approved by the CEO.

(b) Concessionaire's Minimum Refurbishment. An amount equal to the actual costs incurred by Concessionaire for the design and construction of Concessionaire's Minimum Refurbishment, as verified and approved by the CEO.

(c) Other Alterations. For any other Alterations by Concessionaire approved by the CEO in his/her sole discretion, an amount equal to the actual costs incurred by Concessionaire for the design and construction thereof, as verified and approved by the CEO.

7.15 No Liens. Concessionaire shall pay when due all claims for labor or materials furnished or alleged to have been furnished to or for Concessionaire at, on, or for use in the Premises or any portion thereof. Concessionaire shall keep the Premises, the Terminal(s) and the Airport, and any interest therein, free and clear of all mechanics' liens and all other liens from any work undertaken by or on behalf of Concessionaire or any Concessionaire Party. Concessionaire shall give City immediate written notice of any lien filed against the Premises, the Airport or any interest therein related to or arising from work performed by or for Concessionaire or any Concessionaire Party. Additionally, Concessionaire shall keep any City-owned improvements on the Premises free and clear of any liens or other encumbrances. By way of specification without limitation, Concessionaire shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by or for Concessionaire and Concessionaire shall indemnify, defend, protect, and hold the Premises, the Airport, City and City Agents harmless against any liens and encumbrances and all Claims arising from any work performed by or on behalf of Concessionaire or any Concessionaire Party and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against Concessionaire, City, the Airport, or the Premises. In the event that Concessionaire does not, within thirty (30) calendar days following the imposition of any such lien, cause such lien to be released of record by payment or posting of a bond in form and amount satisfactory to CEO in its good faith business judgment, City shall have in addition to all other remedies provided herein and by law, the right, but not the obligation to cause, upon ten (10) business days prior written notice to Concessionaire, the same to be released by such means as it shall deem proper, including payment in satisfaction of any Claim giving rise to such lien. All such sums paid by City and all expenses incurred by it in connection therewith (including, without limitation, attorneys' fees (including, without limitation, the imputed fees of City Attorneys)), plus the Administrative Fee, shall be payable to City by Concessionaire as Additional Rent within fifteen (15) days after written demand therefore. Concessionaire shall give City not less than ten (10) days' prior written notice of the commencement of the Initial Improvements or any subsequent improvements in the Premises, and City shall have the right to post notices of non-responsibility in or upon the Premises

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

as provided by law. In addition, City shall have the right to require that Concessionaire pay City's attorneys' fees and disbursements (including, without limitation, the imputed fees of City Attorneys), court costs and other costs in defending any such action if City is named as a party to any such action, the lien encumbers any portion or interest in the Airport or if City elects to defend any such action or lie. Nothing in this Section shall be construed to place any obligations upon Lessee with respect to liens, loans, or mortgages placed upon the Demised Premises by City, its Department of Airports, its Board, City officers, agents, or employees.

7.16 Ownership of Improvements. Concessionaire shall have the rights to the ownership of the improvements, installed as part of this Agreement, subject to the conditions provided in this Section 7.16.

7.16.1 Installation Costs. All of the foregoing improvements, decor and equipment shall be furnished, supplied, installed and constructed by Concessionaire at Concessionaire's sole cost and expense.

7.16.2 Ownership During Term. Any Federal investment tax credit applicable to the Initial Improvements, or improvements installed as part of the Minimum Refurbishment shall belong to Concessionaire. Title to all furniture, furnishings, removable fixtures and supplies shall remain in Concessionaire. Prior to the commencement of operations, and annually thereafter, Concessionaire shall furnish to City an inventory of all furniture, furnishings and removable fixtures it has placed in the Premises.

7.16.3 Ownership Upon Termination. If Concessionaire's occupancy of any Unit is terminated, City shall have rights to the ownership of the improvements and, if and only if the termination is pursuant to Section 9.1.1 herein, City shall reimburse Concessionaire for the undepreciated Net Book Value of the Initial Improvements and the improvements constructed as part of the Minimum Refurbishment (which improvements cannot be removed without doing structural damage) based upon a 10-year straight-line depreciation, with no residual value, provided (a) Concessionaire has obtained all necessary approvals for their construction, (b) Concessionaire has reported each improvement, its costs, and the date upon which its depreciation began, (c) that architectural and design costs do not exceed fifteen percent (15%) of the cost of the improvements, (d) all said costs are properly supported and made available for audit, and (e) the deliveries required under Section 7.14 have been timely provided to City. All said costs must be direct costs paid by Concessionaire to independent contractors and suppliers for work actually performed on the Premises, materials furnished or professional services rendered. Costs associated with Concessionaire's employees shall not be included in the calculation of these costs. To become reimbursable Concessionaire shall at Concessionaire's expense provide City the deliveries required under Section 7.14 above. The straight line depreciation shall begin on the first day of the month in which the improvement was placed in service. CEO may require Concessionaire to remove any or all of its removable improvements. Title to all improvements for which Concessionaire is reimbursed or which have been depreciated shall thereupon vest in City.

7.16.4 Credit for Improvements. In lieu of any obligation to reimburse Concessionaire with respect to the undepreciated Net Book Value as set forth in Section 7.16.3 above, City, at the sole option of CEO, may elect to grant Concessionaire a credit

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

against amounts payable to City hereunder equal to the then undepreciated portion of Concessionaire's fully-paid cost of any given improvement. City shall not have any right to purchase any equipment, personal property, trademark, proprietary item or identifying characteristic of Concessionaire without the written consent of Concessionaire. Concessionaire agrees to repair any damage to the Premises caused by the removal of any of the above said items by Concessionaire. Concessionaire shall not be entitled to depreciate the cost of said improvement, and title thereto shall vest in City upon Concessionaire's use of said credit.

VIII MAINTENANCE AND REPAIR.

8.1 Maintenance and Repair. Concessionaire acknowledges and agrees that, except to the extent expressly set forth to the contrary in this Section 8, City shall have no duty to maintain, repair or replace any Unit, or the improvements located therein and thereon. Concessionaire shall, at all times and at its expense, keep and maintain each Unit, including the exterior façade of each Unit separating such Unit from the Common Areas of the Terminal (including the external face thereof, all windows, doors and display areas, and all finishes thereon), all mechanical room equipment such as, but not limited to, heat exchangers, fans, controls and electric panels, and all of the structural and other improvements installed at each Unit together with all of its fixtures, equipment and personal property therein, in good repair and in a clean and orderly condition and appearance and shall keep the areas immediately adjacent to the exits and entrances of each Unit clean and orderly and free of obstructions. Concessionaire shall keep a record of all maintenance and repair actions undertaken with respect to each Unit during the Term of this Agreement, including the nature of such matter requiring maintenance and repair, the date such matter was first observed, the maintenance and repair action undertaken in response, the date such maintenance and repair action was undertaken, the cost of such maintenance and repair action, any receipts and invoices or contracts for costs and expenses incurred in connection with such maintenance and repair action, evidence of payments made in connection therewith, and any warranties or guarantees obtained in connection with the performance of such maintenance and repair action, and pictures of the matter requiring maintenance and repair and the completed maintenance of repair, and any other information relating thereto that CEO may request from time to time (collectively, "**Concessionaire's Maintenance Records**"). Upon any request of CEO and annually, in connection with the delivery of annual reports under Section 4.7.5, Concessionaire shall deliver to City an annual maintenance report with a copy of Concessionaire's Maintenance Records for the year just ended.

8.2 Maintenance Program. Concessionaire shall maintain day-one appearance every day and maintain and repair all interior areas and surfaces of the Units, including sweeping, washing, servicing, repairing, replacing, cleaning and interior painting that may be required to properly maintain each Unit in a safe, clean, wholesome, sanitary, orderly and attractive condition. Concessionaire shall establish an adequate preventive maintenance program and the provisions of same shall be subject to periodic review by CEO. Said program shall include, without limitation, the cleaning of inside windows and exterior display windows, doors inside and outside and the cleaning and repair of all floors, interior walls, ceilings, lighting, signs, decor and equipment. Regardless of Concessionaire's compliance with its preventive maintenance program, Concessionaire shall clean such surfaces and equipment immediately upon being instructed to do so by City or by other governmental agencies having such authority. In addition, Concessionaire shall participate in and cooperate with City in connection with any maintenance performance

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monitoring and quality assurance program implemented by City, and shall promptly correct any deficiencies noted in connection therewith. Concessionaire shall cooperate with any on-site inspections of applicable governmental agencies charges with inspection of the Premises and shall promptly deliver any inspection reports, notices or citations received from such agencies to City.

Section 8.2.1 Kitchen Exhaust Systems. To the extent specified in Concessionaire's plan for the Initial Improvements or in connection with any Alterations (or any approval by City in connection therewith), Concessionaire shall provide and maintain kitchen exhaust systems, including roofing hoods, ducts and fans used in connection with any kitchen operations, whether located in or outside of the Premises. Concessionaire shall prepare and deliver to City, and shall implement and maintain, a preventative maintenance and cleaning program so that such kitchen exhaust systems are maintained using best management practices in good condition so as to meet the highest standard of cleanliness and health. To the extent cleaning is performed by a third party contractor, Concessionaire shall provide City with a copy of its cleaning contract for the exhaust system prior to opening for business and thereafter as requested by City. Concessionaire shall do whatever is necessary in order to properly maintain such kitchen exhaust system. The entire exhaust system should be inspected by a properly trained, qualified, and certified company or person quarterly. After inspection, if components are found to be contaminated with deposits from grease laden vapors, the entire exhaust system (hoods, grease removal devices, fans, ducts, and other included appurtenances) should be cleaned by a properly trained, qualified and certified company or person. The cleaning should be to bare metal using mechanical means (scraping, washing, steam cleaning, etc.) and not coated with chemicals or powder. A certificate of service should be provided by any contracted service.

8.3 Maintenance of Plumbing. Concessionaire shall be responsible for the maintenance, repair and replacement of all plumbing, piping and drains within each Unit. Concessionaire is responsible for all material that is deposited in the plumbing system from each Unit and, if applicable, for cleaning the grease traps within any Unit. Concessionaire is responsible for the maintenance, repair and replacement of all sewer lines from each Unit to the point that the line connects to a Department of Airports main sewer line. Concessionaire is responsible for the repair and maintenance of all domestic water lines, hot and cold, from the point of connection of the Department of Airports water meter throughout each Unit. If Concessionaire fails to maintain the plumbing, piping and drain system or places liquid, grease, debris, and other materials that contribute to stoppage or damage to the Airport's plumbing, Concessionaire will be billed for the cost thereof, plus the Administrative Fee, to be paid by Concessionaire to City within fifteen (15) days of written demand.

Section 8.3.1 Garbage Disposal; Grease Traps. To the extent specified in Concessionaire's plan for the Initial Improvements or in connection with any Alterations (or any approval by City in connection therewith) or as otherwise required by Applicable Laws, Concessionaire shall provide and maintain an industrial garbage disposal at each Unit. To the extent specified in Concessionaire's plan for the Initial Improvements or in connection with any Alterations (or any approval by City in connection therewith), Concessionaire shall install and maintain a grease trap at each Unit, the type and manner of installation of such grease traps being in compliance with best management practices and meeting the requirements set forth in such approval. Concessionaire shall prepare and

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

deliver to City a cleaning and preventative maintenance program, and shall retain and make available for City inspection receipts showing all oil/grease products purchased and all grease removed. To the extent that grease traps are present in the Premises, Concessionaire shall install and maintain, and regularly clean and empty, all grease traps in the Premises and dispose of the contents thereof in compliance with all applicable Laws, and, if required, Concessionaire will use its own EPA identification number and list itself as the owner on the Uniform Hazardous Waste Manifest or other Profile sheets if any need to be filled out in order for Concessionaire to comply with its obligations under this sentence. Upon the expiration or earlier termination of this Agreement, CEO shall have the right, at CEO's sole option, to require Concessionaire to remove any or all grease traps at Concessionaire's sole cost and expense, and in compliance with all Laws. Without limitation of any of the foregoing, Concessionaire shall do whatever is necessary in order to maintain properly the grease interceptor and prevent, at all times, any overflow or discharge of grease at the surface of the grease interceptor manhole. The grease interceptor and all plumbing pipes shall be rooted and cleaned regularly and as often as necessary to prevent clogging or discharge. In the event of any such overflow or discharge, Concessionaire shall be responsible for all costs of cleanup of the overflow or discharge, including all costs of removing grease, and repair, restoration or replacement of property damaged by such overflow or discharge.

8.4 City May Repair. In the event Concessionaire fails to accomplish any such nonstructural repairs, replacements, rebuilding, redecorating or painting required hereunder (including any preventative maintenance or emergency repairs) within a period of ten (10) days after written notice from CEO so to do, or fails to diligently repair, replace, rebuild, redecorate or paint all portions of each Unit required to be repaired, replaced, rebuilt, redecorated or painted by Concessionaire pursuant to its approved maintenance schedule, City shall have the right (but not the obligation), at its option, and in addition to all other remedies which may be available to it, to repair, replace, rebuild, redecorate or paint any such portion of any Unit included in said notice, and the cost thereof, plus the Administrative Fee, shall be paid by Concessionaire to City as Additional Rent within fifteen (15) days of written demand. Notwithstanding anything to the contrary contained in this Agreement, the performance of such maintenance, repair or replacement by City on Concessionaire's behalf shall in no event be construed as a waiver of Concessionaire's maintain, repair and replacement obligations under this Agreement.

8.5 Right to Enter Premises. City shall have the right to enter upon the Premises at all reasonable times to make such repairs, alterations and replacements as may, in the opinion of CEO, be deemed necessary or advisable and, from time to time, to construct or install over, in, under or through the Premises new lines, pipes, mains, wires, conduits and equipment; *provided, however,* that City shall use commercially reasonable efforts to minimize the unreasonable interference caused by such repair, alteration, replacement or construction with the use of the Premises by Concessionaire; and *provided, further,* that nothing herein shall be construed as relieving Concessionaire of any obligation imposed upon it herein to maintain the Premises and the improvements and utility facilities therein. City shall have the right to enter the Premises at any time to maintain or repair emergency systems when loss of life or damage to property may potentially result.

8.6 City Maintains Central Air Conditioning. City shall maintain that portion of the HVAC system that serves the Premises but that is located outside of the Premises if said system

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

operates as part of a central terminal or building system maintained by City. Concessionaire shall reimburse City for its costs thereof, including overhead and administration in accordance with Section 4.3 above.

8.7 City May Maintain Utilities. City shall have the right, but not the obligation or responsibility, for the benefit of Concessionaire or for the benefit of others at Airport, to maintain existing and future utility systems or portions thereof on the Premises, including therein, without limitation thereto, systems for the supply of heat and electricity and for the furnishing of fire alarm, fire protection, sprinkler, air conditioning, telephone, telegraph, teleregister and intercommunication services, including lines, pipes, mains, wires, conduits and equipment connected without appurtenant to all such systems. Concessionaire shall reimburse City for its pro-rata share of costs of such maintenance, including overhead and administration in accordance with Section 4.3 above. Within each Terminal, Concessionaire's pro-rata share shall be based on the ratio of the square footage of the Premises in the Terminal to the square footage of all Premises in the Terminal using said utilities, or on some other reasonable and appropriate methodology or basis.

8.8 Pest Control. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): Concessionaire shall be solely responsible for a pest-free environment within the Premises by maintaining its own pest control services, in accordance with the most modern and effective control procedures. All materials used in pest control shall conform to applicable Laws. All control substances utilized shall be used with all precautions to obviate the possibility of accidents to humans, domestic animals and pets. Pests referenced above include, but are not limited to, cockroaches, ants, rodents, silverfish, earwigs, spiders, weevils and crickets. Whenever City deems that pest control services must be provided to a building or area that includes Concessionaire's Premises under this Agreement, Concessionaire shall pay for the costs of services provided for the Premises under this Agreement.

8.9 Evidence of Payment. In any suit, action or proceeding of any kind between the parties hereto, any receipt showing the payment of any sum(s) by City for any work done or material furnished shall be prima facie evidence against Concessionaire that the amount of such payment was necessary and reasonable. Should CEO elect to use City operating and maintenance staff in making any repairs, replacements or alterations and to charge Concessionaire with the cost of same, any timesheet of any employee of City showing hours of labor or work allocated to any such repair, replacement or alteration, or any stock requisition of City showing the issuance of materials for use in the performance thereof, shall be prima facie evidence against Concessionaire that the amount of such charge was necessary and reasonable.

IX REDUCTION, RELOCATION OR EXPANSION.

9.1 Reduction or Relocation of Premises. CEO may require Concessionaire to surrender or reconfigure any portion of the Premises or to relocate any Unit to a new Unit at any time. CEO, at his/her sole discretion, will attempt to provide substitute space of equal size, with equal frontage in an area accessible to the public. Concessionaire may decline substitute space if it is not of equal size, configuration and exposure to enplaning passenger. In the event Concessionaire declines substitute space, CEO shall approve, within his or her authority, a reduction of the MMG for said unit equal to the amount stated in the Basic Information section of this Agreement, or a proportionate reduction based upon square footage, if only a portion of the Unit square footage is removed. Improvements made by Concessionaire to any Unit or any new

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

Unit as a result of a reduction or relocation shall be subject to the buy-out provisions of this Agreement, the same as if they were made within an original Unit hereof. Any costs incurred by Concessionaire in connection with a relocation under this Section shall be borne by Concessionaire.

9.1.1 Buy-out. In the event that (a) Concessionaire is required to surrender in whole or relocate any Unit within the Premises (other than as required under Section XI, or as a result of a Default by Concessionaire), or (b) City, for any reason, decides to terminate or suspend the scope of work, or any part thereof, or Concessionaire's services, or any part thereof (in which event City may: (1) require Concessionaire to terminate or suspend the performance of all, or a portion, of its services or (2) terminate this Agreement, or any part thereof, upon giving Concessionaire a ten (10) day written notice prior to the effective date of such termination which date shall be specified in such notice), then City will reimburse Concessionaire for the then-undepreciated Net Book Value of the Actual Initial Qualified Investment Amount or improvements installed as part of the Minimum Refurbishment (which improvements which cannot be removed without doing structural damage) with respect to such surrendered Unit based upon a 12-year straight-line depreciation, with no residual value, provided (i) Concessionaire has obtained all necessary approvals for their construction, (ii) Concessionaire has reported each improvement, its costs, and the date upon which its depreciation began, (iii) that architectural and design costs do not exceed twenty percent (20%) of the cost of the improvements, (iv) all said costs are properly supported and made available for audit, and (v) the deliveries required under Section 7.14 have been timely provided to City. All said costs must be direct costs paid by Concessionaire to independent contractors, and suppliers for work actually performed on said Unit, materials furnished or professional services rendered. Costs associated with Concessionaire's employees shall not be included in the calculation of these costs. To become reimbursable Concessionaire shall have, at its expense, timely provided City with the deliveries required under Section 7.14. The straight line depreciation shall begin on the first day of the month in which the improvement was placed in service. The report shall be delivered to CEO. CEO may require Concessionaire to remove any or all of its removable improvements.

9.2 Expansion of Premises. If, during the Term of this Agreement, the City finds that arrangements that warrant additional food & beverage facilities are required for the good of the traveling public, the City, upon approval of the Board, may negotiate for the operation of said facilities. Only concessionaires with existing food & beverage operations in the terminal where the planned facility will be located will be invited to participate in the competitive solicitation process. Following the competitive solicitation process, LAWA will select a concessionaire deemed most qualified to operate the planned concept. If Concessionaire is selected and City and Concessionaire have not entered into an agreement within one month of City's notice that such potential unit location is available, City may offer said concession rights to other concessionaires. Improvements made by Concessionaire as a result of said expansion shall be subject to the buy-out provisions of section 9.1.1, the same as if they were made within an original premises hereof. Net Book Value protection will extend to the undepreciated value of any additional new facilities required. Requirements for approval and reporting will be the same as for initial facilities and the depreciation schedule shall be the same provided that such facilities are not temporary.

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

X AIRPORT CONSTRUCTION; AIRPORT OPERATIONS.

10.1 Airport Construction; Airport Operations. City reserves the right to further develop or improve the landing area of Airport or any other portion of the Airport, as it sees fit, regardless of the desires or view of Concessionaire, and without interference or hindrance. Concessionaire recognizes and agrees that City, from time to time during the term of this Agreement, may construct, cause to be constructed, or permit construction, of City-approved improvements of various sizes and complexity. Concessionaire further recognizes that such construction and other security related restrictions may restrict access to and may interfere with the quiet enjoyment of the Premises and the amount of revenue generated from the Premises. Concessionaire agrees that City shall not be liable for losses or damages arising from disruptions caused by City-approved construction or other restrictions affecting access to the Premises, and hereby waives any Claims against City and City Agents arising therefrom. City shall endeavor to use commercially reasonable efforts keep Concessionaire informed of construction plans that may materially and adversely impact the operations at the Premises.

10.2 No Right to a Temporary Premises. Temporary disruptions to Concessionaire's operations, including restricted access to Terminals during any construction or security alert, shall not entitle Concessionaire to a temporary location elsewhere or to any Rent abatement or credit, or any other compensation.

XI TERMINATION/CANCELLATION.

11.1 Defaults. The occurrence of any one of the following events shall constitute a default on the part of Concessionaire ("**Default**"):

11.1.1 Abandonment; Vacation. The vacation or abandonment of any Unit by Concessionaire for a period of five (5) consecutive days or any vacation or abandonment of any Unit by Concessionaire which would cause any insurance policy to be invalidated or otherwise lapse in each of the foregoing cases irrespective of whether or not Concessionaire is then in monetary default under this Agreement. Concessionaire agrees to notice and service of notice as provided for in this Agreement and waives any right to any other or further notice or service of notice which Concessionaire may have under any statute or law now or hereafter in effect;

11.1.2 Failure to Pay Rent. Failure to pay any installment of Rent or any other monies due and payable hereunder, said failure continuing for a period of three (3) days after the same is due;

11.1.3 Assignment for Creditors. A general assignment by Concessionaire or any guarantor or surety of Concessionaire's obligations hereunder (collectively, "**Guarantor**") for the benefit of creditors;

11.1.4 Filing of Bankruptcy Petition. The filing of a voluntary petition in bankruptcy by Concessionaire or any Guarantor, the filing by Concessionaire or any Guarantor of a voluntary petition for an arrangement, the filing by or against Concessionaire or any Guarantor of a petition, voluntary or involuntary, for reorganization, or the filing of an involuntary petition by the creditors of Concessionaire or any Guarantor, said involuntary petition remaining undischarged for a period of thirty (30) days;

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

11.1.5 Attachment. Receivership, attachment, or other judicial seizure of substantially all of Concessionaire's assets at any Unit, such attachment or other seizure remaining undismissed or undischarged for a period of thirty (30) days after the levy thereof;

11.1.6 Death; Dissolution. Death or disability of Concessionaire or any Guarantor, if Concessionaire or such Guarantor is a natural person, or the failure by Concessionaire or any Guarantor to maintain its legal existence, if Concessionaire or such Guarantor is a corporation, partnership, limited liability company, trust or other legal entity;

11.1.7 Failure to Deliver Ancillary Documents. Failure of Concessionaire to execute and deliver to City any estoppel certificate, subordination agreement, report (including, without limitation, reports required under Section 4.7), financial statement or other document required under this Agreement within the time periods and in the manner provided hereunder (or if no time period is provided, within three (3) days after receipt of written notice from City of delinquency);

11.1.8 Incomplete Records. Concessionaire fails to maintain adequate books and records and accounts reflecting its business as required hereunder (including without limitation, books and records and information regarding Gross Revenues, and the costs of construction for the Initial Improvements or the Minimum Refurbishment);

11.1.9 Transfers. An assignment or sublease, or attempted assignment or sublease, of this Agreement or any Unit by Concessionaire contrary to the provision of Section 14 without the prior written consent of City as required hereunder;

11.1.10 Faithful Performance Guarantee. Failure of Concessionaire to provide and maintain the Faithful Performance Guarantee as required under this Agreement for a period of five (5) days after written notice;

11.1.11 Other Defaults. A default under any other agreement with City beyond any applicable notice and cure period under such agreement;

11.1.12 General Non-Monetary Breaches. Failure in the performance of any of Concessionaire's covenants, agreements or obligations hereunder (except those failures specified as events of Default in Sections 11.1.1, 11.1.2, 11.1.4, 11.1.5, 11.1.7, 11.1.10, 11.1.13, 11.1.15 or 11.1.16 herein or any other subsections of this Section 11, which shall be governed by the notice and cure periods set forth in such other subsections), which failure continues for thirty (30) days after written notice thereof from City to Concessionaire, provided that, if Concessionaire has commenced such cure within ten (10) days after written notice, and has exercised reasonable diligence to cure such failure and such failure cannot be cured within such thirty (30) day period despite reasonable diligence, Concessionaire shall not be in default under this Section 11.1.12 so long as Concessionaire thereafter diligently and continuously prosecutes the cure without interruption to completion and actually completes such cure within sixty (60) days after the giving of the aforesaid written notice;

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

11.1.13 Chronic Delinquency. Chronic delinquency by Concessionaire in the payment of Rent, or any other periodic payments required to be paid by Concessionaire under this Agreement. "**Chronic delinquency**" shall mean failure by Concessionaire to pay Rent, or any other payments required to be paid by Concessionaire under this Agreement within five (5) days after the date due for any consecutive or nonconsecutive three (3) months during any period of twelve (12) months, failure by Concessionaire to perform its obligations under this Agreement for any three (3) consecutive or nonconsecutive incidents during any period of twelve (12) months as determined in the sole discretion of the CEO;

11.1.14 Termination of Insurance. Any insurance required to be maintained by Concessionaire pursuant to this Agreement shall be canceled or terminated or shall expire or be reduced or materially changed, except as permitted in this Agreement;

11.1.15 Liens. Any failure by Concessionaire to discharge any lien or encumbrance placed on the Premises, the Airport or any part thereof in violation of this Agreement within thirty (30) days after the date such lien or encumbrance is filed or recorded against the Premises, the Airport or any part thereof;

11.1.16 Revocation of Licenses. An act occurs which results in the suspension or revocation of the rights, powers, licenses, permits and authorities necessary for the conduct and operation of the business authorized herein for a period of more than thirty (30) days;

11.1.17 Adverse Operation. Service ceases or deteriorates for any period which, in the opinion of CEO, materially and adversely affects the operation of service required to be performed by Concessionaire under this Agreement;

11.1.18 Hazardous Materials. Any failure by Concessionaire to immediately remove, abate or remedy any Hazardous Materials located in, on or about the Premises or the Airport in connection with any failure by Concessionaire to comply with Concessionaire's obligations under Section 15; and

11.1.19 False Representations. Any representation of Concessionaire herein, in the Concessionaire Proposal or in any financial statement or other materials provided by Concessionaire or any guarantor of Concessionaire's obligations under this Agreement shall prove to be untrue or inaccurate in any material respect, or any such financial statements or other materials shall have omitted any material fact.

Concessionaire agrees that any notice given by City pursuant to this Section 11 shall satisfy the requirements for notice under California Code of Civil Procedure Section 1161, and City shall not be required to give any additional notice in order to be entitled to commence an unlawful detainer proceeding.

11.2 City's Remedies.

11.2.1 Termination. In the event of any Default by Concessionaire, then in addition to any other remedies available to City at law or in equity and under this Agreement, City may terminate this Agreement immediately and all rights of

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

Concessionaire hereunder by giving written notice to Concessionaire of such intention to terminate. If City shall elect to so terminate this Agreement, then City may recover from Concessionaire:

1. the worth at the time of award of any unpaid Rent and any other sums due and payable which have been earned at the time of such termination; plus

2. the worth at the time of award of the amount by which the unpaid Rent and any other sums due and payable which would have been earned after termination until the time of award exceeds the amount of such rental loss Concessionaire proves could have been reasonably avoided; plus

3. the worth at the time of award of the amount by which the unpaid Rent and any other sums due and payable for the balance of the term of this Agreement after the time of award exceeds the amount of such rental loss that Concessionaire proves could be reasonably avoided; plus

4. any other amount necessary to compensate City for all the detriment proximately caused by Concessionaire's failure to perform its obligations under this Agreement or which in the ordinary course would be likely to result therefrom, including, without limitation, (A) any costs or expenses incurred by City (i) in retaking possession of the Premises; (ii) in maintaining, repairing, preserving, restoring, replacing, cleaning, altering, remodeling or rehabilitating the Premises or any affected portions of the Terminal or the Airport, including, without limitation, such actions undertaken in connection with the reletting or attempted reletting of the Premises to a new concessionaire or tenants; (iii) for brokerage commissions, advertising costs and other expenses of reletting the Premises; or (iv) in carrying the Premises, including, without limitation, taxes, insurance premiums, utilities and security precautions; (B) any unearned brokerage commissions paid in connection with this Agreement; (C) reimbursement of any previously waived or abated Base Rent or Additional Rent or any free rent or reduced rental rate granted hereunder; and (D) any concession made or paid by City for the benefit of Concessionaire including, without limitation, any moving allowances or contributions; plus

5. such reasonable attorneys' fees incurred by City as a result of a Default, and costs in the event suit is filed by City to enforce such remedy; and plus

6. at City's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable Laws.

As used in subsections (1) and (2) above, the "**worth at the time of award**" is computed by allowing interest at an annual rate equal to twelve percent (12%) per annum or the maximum rate permitted by law, whichever is less. As used in subsection (3) above, the "**worth at the time of award**" is computed by discounting such amount at the discount rate of Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%).

Concessionaire hereby waives for Concessionaire and for all those claiming under Concessionaire all right now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Concessionaire's right of occupancy of the Premises after any termination of this Agreement, specifically, Concessionaire waives redemption or relief from forfeiture under

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

California Code of Civil Procedure Sections 1174 and 1179, or under any other pertinent present or future Laws, in the event Concessionaire is evicted or City takes possession of the Premises by reason of any Default of Concessionaire hereunder.

11.2.2 Continuation of Agreement. In the event of any Default by Concessionaire, then in addition to any other remedies available to City at law or in equity and under this Agreement, City shall have the remedy described in California Civil Code Section 1951.4, and the following provision from such Civil Code Section is hereby repeated: "The Lessor has the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if Lessee has right to sublet or assign, subject only to reasonable limitations)." In addition, City shall not be liable in any way whatsoever for its failure or refusal to relet the Premises. For purposes of this Section 11.2.2, the following acts by City will not constitute the termination of Concessionaire's right to possession of the Premises:

1. Acts of maintenance or preservation or efforts to relet the Premises, including, without limitation, alterations, remodeling, redecorating, repairs, replacements or painting as City shall consider advisable for the purpose of reletting the Premises or any part thereof, or

2. The appointment of a receiver upon the initiative of City to protect City's interest under this Agreement or in the Premises.

Even if Concessionaire has abandoned the Premises, this Agreement shall continue in effect for so long as City does not terminate Concessionaire's right to possession, and City may enforce all its rights and remedies under this Agreement, including, without limitation, the right to recover rent as it becomes due. Any such payments due City shall be made upon demand therefore from time to time and Concessionaire agrees that City may file suit to recover any sums falling due from time to time. Notwithstanding the exercise by City of its right under this Section to continue the Agreement without termination, City may do so without prejudice to its right at any time thereafter to terminate this Agreement in accordance with the other provisions contained in this Section.

11.2.3 Re-entry. In the event of any Default by Concessionaire, City shall also have the right, with or without terminating this Agreement, in compliance with applicable law, to re-enter the Premises, by force if necessary, and remove all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Concessionaire.

11.2.4 Reletting. In the event of the abandonment of the Premises by Concessionaire or in the event that City shall elect to re-enter as provided in Section 11.2.3 or shall take possession of the Premises pursuant to legal proceeding or pursuant to any notice provided by law, then if City does not elect to terminate this Agreement as provided in Section 11.2.1, City may from time to time, without terminating this Agreement, relet the Premises or any part thereof for such term or terms and at such rental or rentals and upon such other terms and conditions as City in its sole discretion may deem advisable with the right to make alterations and repairs to the Premises in City's sole discretion. In the event that City shall elect to so relet, then rentals received by City from such reletting

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

shall be applied in the following order: (a) to reasonable attorneys' fees incurred by City as a result of a Default and costs in the event suit is filed by City to enforce such remedies; (b) to the payment of any indebtedness other than Rent due hereunder from Concessionaire to City; (c) to the payment of any costs of such reletting; (d) to the payment of the costs of any alterations and repairs to the Premises; (e) to the payment of Rent due and unpaid hereunder; and (f) the residue, if any, shall be held by City and applied in payment of future Rent and other sums payable by Concessionaire hereunder as the same may become due and payable hereunder. Should that portion of such rentals received from such reletting during any month, which is applied to the payment of Rent hereunder, be less than the Rent payable during the month by Concessionaire hereunder, then Concessionaire shall pay such deficiency to City. Such deficiency shall be calculated and paid monthly. Concessionaire shall also pay to City, as soon as ascertained, any costs and expenses incurred by City in such reletting or in making such alterations and repairs not covered by the rentals received from such reletting.

11.2.5 Termination. No re-entry or taking of possession of the Premises by City pursuant to this Section 11.2 shall be construed as an election to terminate this Agreement unless a written notice of such intention is given to Concessionaire or unless the termination thereof is decreed by a court of competent jurisdiction. Notwithstanding any reletting without termination by City because of any Default by Concessionaire, City may at any time after such reletting elect to terminate this Agreement for any such Default.

11.2.6 Cumulative Remedies. The remedies herein provided are not exclusive and City shall have any and all other remedies provided herein or by law or in equity including, without limitation, any and all rights and remedies of City under California Civil Code Section 1951.8, California Code of Civil Procedure Section 1161 et seq., or any similar, successor or related provision of applicable Laws.

11.2.7 No Surrender. No act or conduct of City, whether consisting of the acceptance of the keys to the Premises, or otherwise, shall be deemed to be or constitute an acceptance of the surrender of the Premises by Concessionaire prior to the expiration of the Term, and such acceptance by City of surrender by Concessionaire shall only flow from and must be evidenced by a written acknowledgment of acceptance of surrender signed by City. The surrender of this Agreement by Concessionaire, voluntarily or otherwise, shall not work a merger unless City elects in writing that such merger take place, but shall operate as an assignment to City of any and all existing subleases, or City may, at its option, elect in writing to treat such surrender as a merger terminating Concessionaire's estate under this Agreement, and thereupon City may terminate any or all such subleases by notifying the sublessee of its election so to do within five (5) days after such surrender.

11.2.8 City's Lien. In addition to any statutory lien City has, Concessionaire hereby grants to City a continuing security interest for all sums of money becoming due hereunder upon personal property of Concessionaire situated on or about the Premises and such property will not be removed therefrom without the consent of City until all sums of money then due City have been first paid and discharged. If a default occurs under this Agreement, City will have, in addition to all other remedies provided herein or by law, all rights and remedies under the Uniform Commercial Code, including, without limitation, the right to sell the property described in this Section 11.2.8 at public or private

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sale upon five (5) days' notice to Concessionaire. This contractual lien will be in addition to any statutory lien for rent.

11.2.9 Concessionaire's Waiver of Redemption. Concessionaire waives redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179, or under any other pertinent present or future Laws, in the event Concessionaire is evicted or City takes possession of the Premises by reason of any Default of Concessionaire hereunder.

11.3 Right to Remove Equipment. Subject to the provisions of Article VII and its subsections herein and Section 11.2.8, Concessionaire shall have the right to remove its equipment, supplies, furnishings, inventories, removable fixtures and other trade fixtures and personal property from the Premises. If Concessionaire fails to remove said property, said property shall be considered abandoned and City may dispose of same as it sees fit.

11.4 Surrender to be in Writing. No agreement of surrender or to accept a surrender shall be valid unless and until the same has been reduced to writing and signed by CEO and the duly authorized representatives of Concessionaire. Neither the doing nor omission of any act or thing by any of the officers, agents or employees of City shall be deemed an acceptance of a surrender of the Premises utilized by Concessionaire under this Agreement.

11.5 Additional Rights of City. City, upon termination or cancellation of this Agreement, or upon reentry, regaining or resumption of possession of the Premises, may occupy the Premises and shall have the right to permit any person, firm or corporation to enter upon the Premises and use the same. Such occupation by others may be of only a part of the Premises, or the whole thereof or a part thereof together with other space, and for a period of time the same as or different from the balance of the term remaining hereunder, and on terms and conditions the same as or different from those set forth in this Agreement. City shall also have the right to repair or to make such structural or other changes in the Premises as are necessary in its judgment to maintain the suitability thereof for uses and purposes similar to those granted under this Agreement without affecting, altering or diminishing the obligations of Concessionaire hereunder.

11.6 Acceptance Is Not a Waiver. No acceptance by City of the fees and charges for other payments specified herein, in whole or in part, and for any period or periods, after a default of any of the terms, covenants and conditions to be performed, kept or observed by Concessionaire, other than the default in the payment thereof, shall be deemed a waiver of any right on the part of City to cancel or terminate this Agreement on account of such default.

11.7 Waiver Is Not Continuous. No waiver by City at any time of any default on the part of Concessionaire in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by Concessionaire shall be or be construed to be a waiver at any time thereafter by City of any other or subsequent default in performance of any of said terms, covenants or conditions, and no notice by City shall be required to restore or revive time as of the essence hereof after waiver by City of default in one or more instances.

11.8 Waiver of Redemption and Damages. Concessionaire hereby waives any and all rights of redemption granted by or under any present or future law or statute in the event it is dispossessed for any cause, or in the event City obtains or retains possession of the Premises in any lawful manner. Concessionaire further agrees that in the event the manner of method

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employed by City in reentering or regaining possession of the Premises gives rise to a cause of action in Concessionaire in forcible entry and detainer under the Laws of the State of California, the total amount of damages to which Concessionaire shall be entitled in any such action shall be the sum of One ($1) Dollar, and Concessionaire agrees that this provision may be filed in any such action as its stipulation fixing the amount of damages to which it is entitled.

11.9 Survival of Concessionaire's Obligations. In the event this Agreement is terminated or canceled by City, or in the event City reenters, regains or resumes possession of the Premises, all of the obligations of Concessionaire hereunder shall survive and shall remain in full force and effect for the full term of this Agreement, other than those obligations of Concessionaire which expressly survive the expiration or earlier termination of this Agreement, which obligations shall survive the expiration or earlier termination of this Agreement indefinitely.

11.10 Cancellation or Termination by Concessionaire. This Agreement may be cancelled or terminated by Concessionaire by giving a thirty (30) day written notice to City upon the happening of one or more of the occurrences specified in Sections 11.10.1 through 11.10.3.

11.10.1 Permanent Abandonment. The permanent abandonment of Airport's passenger terminals for use by airlines or the permanent removal of all certificated passenger airline service from Airport;

11.10.2 Material Restriction of Operation. The lawful assumption by the United States government, or any authorized agency thereof, of the operation, control or use of Airport, or any substantial part thereof, in such manner as to materially restrict Concessionaire from operating thereon for a period of at least ninety (90) consecutive days; or

11.10.3 Federally-Required Amendments. Any exercise of authority as provided in Section 16.8 hereof which shall so interfere with Concessionaire's use and enjoyment of the Premises as to constitute a termination, in whole or in part, of this Agreement by operation of law in accordance with the Laws of the United States.

11.11 Damaged Improvements. In the event that the structural or other improvements or furnishings and supplies constructed or installed by Concessionaire in any or all of the Premises are damaged or destroyed, in whole or in part, from any cause whatsoever, Concessionaire shall forthwith proceed with the removal of the debris and damaged or destroyed structural or other improvements, equipment, furnishings and supplies and thereafter shall proceed with all dispatch with the reconstruction work necessary to restore the damaged or destroyed Premises to the condition they were in prior to the occurrence of such damage or destruction and all costs and expense incurred in connection therewith shall be paid by Concessionaire.

11.12 Service During Removal. Upon the termination, cancellation or expiration of this Agreement, and under circumstances permitting Concessionaire to remove from the Premises removable property belonging to Concessionaire, Concessionaire will only be allowed to remove such property from one Unit at a time in any one Terminal. During such removal operations, which shall be completed thirty (30) days after commencement, Concessionaire shall continue its operations at other Units within said Terminal, it being intended that adequate food & beverage service will be maintained at all times. Subject to any remedies which City may have to secure any unpaid fees or charges due under this Agreement, Concessionaire shall have the right to

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remove from the Premises only those items of movable equipment and furnishings installed by it and listed on the aforesaid inventory; *provided, however,* Concessionaire shall repair all damage done to said areas and other City-owned property resulting from the removal of such machinery, equipment and fixtures.

11.13 City May Renovate. If, during the last month of this Agreement, Concessionaire has removed all or substantially all of its property from the Premises, City may enter said Premises and alter, renovate or redecorate the same.

11.14 Viewing By Prospective Competitors. At any time, and from time to time, during ordinary business hours, within twelve (12) months preceding the expiration of the term of this Agreement, City, by its agents and employees, shall have the right to accompany prospective concessionaires, occupiers or users of the Premises, for the purpose of exhibiting and viewing all parts of the same.

11.15 Tenancy at Sufferance. Any holding over after the expiration of the Term shall constitute a Default and, without limiting City's remedies provided in this Agreement, such holding over shall be construed to be a tenancy at sufferance, at a rental rate equal to the greater of one hundred fifty percent (150%) of the fair market rental value for the Premises as determined by CEO or two hundred percent (200%) of the Base Rent last due in this Agreement (including, without limitation, any Storage Rent, if any, payable pursuant to Exhibit C for any Storage Space), plus Additional Rent, and shall otherwise be on the terms and conditions herein specified, so far as applicable. During any such period, Concessionaire's "**Faithful Performance Guarantee**" (as defined in Section 13.3) shall continue in effect. If the Premises are not surrendered at the end of the Term or sooner termination of this Agreement, and in accordance with the provisions of Sections 1.5 and 15, Concessionaire shall indemnify, defend and hold City and City Agents harmless from and against any and all Claims resulting from delay by Concessionaire in so surrendering the Premises including, without limitation, any Claims resulting from any claim against City or any City Agent made by any succeeding concessionaire or tenant or prospective concessionaire or tenant founded on or resulting from such delay and losses to City due to lost opportunities to lease any portion of the Premises to any such succeeding concessionaire or tenant or prospective concessionaire or tenant, together with, in each case, actual attorneys' fees and costs.

11.16 Administrative Assessments. The parties agree that Concessionaire's performance of its obligations under this Agreement are extremely important to City and that Concessionaire's failure to perform those activities will result in administrative and monitoring expenses to City and its staff. Therefore, the parties agree that the administrative assessments described on attached Exhibit U ("**Administrative Assessments**") are reasonable estimates of such expenses and shall be imposed on Concessionaire at the sole discretion of CEO for any of the violations described on Exhibit U. CEO may elect to waive an Administrative Assessment for a particular violation, but no such waiver shall apply to prior or subsequent violations of the same or any other provision of this Agreement, and such waiver shall not be deemed to set a precedent for further waivers. City's right to impose the foregoing Administrative Assessments shall be in addition to and not in lieu of any and all of City's rights under this Agreement, in the Rules and Regulations, or at law or in equity. CEO's decision to impose an Administrative Assessment on Concessionaire for one of the violations described on Exhibit U shall not preclude City, in the event Concessionaire subsequently commits the same or a different violation, from exercising any of such other rights of City, including, without limitation, its right to terminate this Agreement pursuant to Section 11. City shall have no obligation to Concessionaire to impose Administrative Assessments or fines on or

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

otherwise take any action against any other concessionaire or tenant at the Airport. During the Term of this Agreement, CEO may reasonably adjust upward the amount of the Administrative Assessments set forth in Exhibit U by providing Concessionaire six (6) months advance written notice. Exhibit U may be modified by written approval of the CEO.

XII DAMAGE OR DESTRUCTION TO PREMISES.

12.1 Damage or Destruction to Premises.

12.1.1 Insured Damage. If, during the term of this Agreement, any improvements in or on the Premises are partially or totally destroyed from a risk covered by the insurance described in Section 13.4 herein, thereby rendering said Premises partially or totally inaccessible or unusable, Concessionaire must restore the Premises to substantially the same condition as they were immediately before destruction.

12.1.2 Uninsured Damage. If, during the term of this Agreement, improvements in or on the Premises are partially or totally destroyed from a risk not covered by the fire and extended coverage insurance described in Section 13.4 herein, thereby rendering said Premises partially or totally inaccessible or unusable, such destruction shall not automatically terminate this Agreement. If, however, the cost of restoration exceeds ten percent (10%) of the full replacement value of improvements, as said value existed immediately before said destruction, Concessionaire may, at Concessionaire's option, terminate this Agreement by giving written notice to City within sixty (60) days from the date of discovery of such destruction. If Concessionaire elects to terminate as above provided, Concessionaire shall be obligated, unless otherwise directed by City, to demolish all damaged improvements and remove all debris from the Premises at Concessionaire's sole cost. If Concessionaire fails to exercise its right to terminate this Agreement, this Agreement shall continue in full force and effect for the remainder of the term specified herein and Concessionaire shall restore the Premises to substantially the same condition as they were in immediately before destruction.

12.1.3 Destruction Due to Negligence. Notwithstanding the foregoing, if the said Premises, or a substantial portion thereof, are completely destroyed as a result of the negligence or omission to act of Concessionaire or any of the Concessionaire Parties, said Rent shall not abate and City may, in its discretion, require Concessionaire to repair and reconstruct said Premises within twelve (12) months of the date of discovery of such damage and pay the cost therefore, or City may repair and reconstruct the same within twelve (12) months of the discovery of such damage and Concessionaire shall be responsible for reimbursing City for the cost and expenses incurred in such repair.

12.2 Limits of City's Obligations. In the application of the foregoing provisions, City's obligations shall be limited to repair or reconstruction of the Premises to the same extent and of equal quality as obtained by Concessionaire at the commencement of its operations hereunder. Redecoration and replacement of all of Concessionaire's personal property, furniture, equipment, trade fixtures, inventory, goods and supplies shall be the responsibility of Concessionaire and any such redecoration and refurnishing/reequipping shall be equivalent in quality to that originally installed.

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

XIII LIABILITY.

13.1 Liability. Concessionaire shall comply with the "Hold Harmless", "Faithful Performance Guarantee Bond" and insurance provisions which follow.

13.2 City Held Harmless. In addition to the requirements of Section 13.4 herein, Concessionaire shall indemnify, defend, keep and hold City and City Agents harmless from and against any and all Claims claimed by anyone by reason of injury to or death of persons, including Concessionaire or any of the Concessionaire Parties, or damage to or destruction of property, including property of Concessionaire or any of the Concessionaire Parties, sustained in, or about the Premises or Airport, arising out of the use and occupancy of the Premises or the Airport by Concessionaire or any of the Concessionaire Parties, or arising out of the acts or omissions of Concessionaire or any of the Concessionaire Parties.

13.3 Faithful Performance Guarantee. Concessionaire shall furnish to City, at Concessionaire's sole cost and expense, and shall keep in full force and effect and available during the complete term of this Agreement (including any unauthorized hold over period) and for thirty (30) days after the surrender of possession in accordance with the requirements of this Agreement, a Faithful Performance Guarantee ("**FPG**") to secure the faithful performance by Concessionaire of all terms, provisions, and covenants contained herein, including, but not limited to, the payment of its monthly Base Rent (including any Percentage Rent), Additional Rent, and any other specified compensation. The initial amount of the FPG shall be twelve (12) times an amount equal to twenty five percent (25%) of the MMG Rent as specified in this Agreement. Such FPG shall be separate from any other guarantee(s) required by City.

13.3.1 If Concessionaire has previously provided such FPG to City and if, for any reason, Concessionaire's monthly monetary obligation to City is thereafter increased in excess of ten percent (10%), then the amount of Concessionaire's FPG shall, within thirty (30) days after receiving written notice from City, correspondingly be increased.

13.3.2 If Concessionaire has previously provided such FPG to City and if, for any reason, Concessionaire's monthly monetary obligation to City is thereafter decreased in excess of ten percent (10%), then the amount of Concessionaire's FPG may be correspondingly decreased thirty (30) days following written notice to City by Concessionaire.

13.3.3 To the extent City may require as part of City's construction approval process that Alterations installed by Concessionaire are to be removed upon the expiration or earlier termination of this Agreement, then the FPG may be increased by the amount reasonably estimated as the cost to remove such Alterations and to restore any damage to the Premises caused thereby.

13.3.4 FPGs of Five Thousand Dollars ($5,000) or less shall be in the form of a Cashier's Check, Company Check, Money Order, Certificate of Deposit or Irrevocable Letter of Credit. FPGs in excess of Five Thousand Dollars ($5,000) shall be in the form of be in the form of an irrevocable standby letter of credit ("**LOC**"), which shall be self-renewing with an "evergreen clause" that renews the credit from year to year without amendment, subject to termination upon sixty (60) days written notice to City, and issued

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

by issuer acceptable to City, with offices in Los Angeles, California. The LOC shall allow for partial and multiple drawings by City, and must have an expiry date consistent with the ability to make such drawings for the full period required hereunder. All FPGs must be approved as to form by the City Attorney.

13.3.5 Concessionaire shall furnish such FPG in duplicate prior to the commencement of this Agreement or within thirty (30) days following notice of adjustment of rental. If, for any reason, said FPG is not provided by Concessionaire or is not thereafter maintained in sufficient amount throughout the Term hereof, City, subject to the notice requirements of this Agreement may terminate this Agreement at any time upon giving Concessionaire five (5) days prior written notice. Upon the expiration or earlier termination of this Agreement, and if Concessionaire has satisfied all of its obligations to City hereunder, City shall relinquish to Concessionaire said FPG following such expiration or earlier termination and satisfaction of all obligations to City. Any FPG submitted at the time, or after, this Agreement is entered into shall be submitted to:

Los Angeles World Airports
6033 West Century Blvd., Suite 300
Los Angeles, CA 90045
Attn: Accounting/Revenue FPG Administrator

13.3.6 If, at any time during the term of this Agreement, the issuer with respect to the FPG shall, in the opinion of CEO, become unacceptable, said CEO shall have the right to require a replacement LOC which Concessionaire shall furnish to the satisfaction of CEO within thirty (30) days after written notice to do so.

13.4 Insurance. Concessionaire shall procure at its expense, and keep in effect at all times during the term of this Agreement, the types and amounts of insurance specified on Insurance, Exhibit I attached hereto and incorporated by reference herein. The specified insurance shall also, either by provisions in the policies, by City's own endorsement form or by other endorsement attached to such policies, include and insure City and all of City Agents, their successors and assigns, as additional insureds, against the areas of risk described on Exhibit I with respect to acts or omissions of Concessionaire or any of the Concessionaire Parties in their respective operations, use, and occupancy of the Airport or other related functions performed by or on behalf of Concessionaire or any of the Concessionaire Parties in, on or about Airport.

13.4.1 Each specified insurance policy (other than Workers' Compensation and Employers' Liability and fire and extended coverages) shall contain a Severability of Interest (Cross Liability) clause which states, "It is agreed that the insurance afforded by this policy shall apply separately to each insured against whom claim is made or suit is brought except with respect to the limits of the company's liability," and a Contractual Endorsement which shall state, "Such insurance as is afforded by this policy shall also apply to liability assumed by the insured under this Agreement with the City of Los Angeles."

13.4.2 All such insurance shall be primary and noncontributing with any other insurance held by City where liability arises out of or results from the acts or omissions of Concessionaire or any of the Concessionaire Parties. Such policies may

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

provide for such reasonable deductibles and retentions as are acceptable to CEO based upon the nature of Concessionaire's operations and the type of insurance involved.

13.4.3 City shall have no liability for any premiums charged for such coverage(s). The inclusion of City and City Agents, their successors and assigns, as insureds is not intended to, and shall not, make them, or any of them, a partner or joint venturer with Concessionaire in Concessionaire's operations at Airport. In the event Concessionaire fails to furnish City evidence of insurance and maintain the insurance as required, City, upon ten (10) days prior written notice to comply, may (but shall not be required to) procure such insurance at the cost and expense of Concessionaire, and Concessionaire agrees to promptly reimburse City for the cost thereof plus the Administrative Fee for administrative overhead. Payment shall be made within fifteen (15) days of invoice date.

13.4.4 At least ten (10) days prior to the expiration date of the above policies, documentation showing that the insurance coverage has been renewed or extended shall be filed with City. If such coverage is canceled or reduced, Concessionaire shall, within fifteen (15) days of such cancellation of coverage, file with City evidence that the required insurance has been reinstated or provided through another insurance company or companies.

13.4.5 Concessionaire shall provide proof of all specified insurance and related requirements to City either by production of the actual insurance policy(ies), by use of City's own endorsement form(s), by broker's letter acceptable to CEO in both form and content in the case of foreign insurance syndicates, or by other written evidence of insurance acceptable to CEO. The documents evidencing all specified coverages shall be filed with City in duplicate and shall be procured and approved in strict accordance with the provisions in Sections 11.47 through 11.56 of the City of Los Angeles' Administrative Code prior to Concessionaire occupying the Premises. The documents shall contain the applicable policy number, the inclusive dates of policy coverages, and the insurance carrier's name, shall bear an original signature of an authorized representative of said carrier, and shall provide that such insurance shall not be subject to cancellation, reduction in coverage, or nonrenewal except after written notice by certified mail, return receipt requested, to the City Attorney of the City of Los Angeles at least thirty (30) days prior to the effective date thereof. City reserves the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing such insurance.

13.4.6 City and Concessionaire agree that the insurance policy limits specified herein shall be reviewed for adequacy annually throughout the term of this Agreement by CEO who may, thereafter, require Concessionaire, on thirty (30) days prior, written notice, to adjust the amounts of insurance coverage to whatever reasonable amount said CEO deems to be adequate.

13.4.7 Submission of insurance from a non-California admitted carrier is subject to the provisions of California Insurance Code Sections 1760 through 1780, and any other regulations or directives from the State Department of Insurance or other regulatory board or agency. Concessionaire agrees, except where exempted, to provide City proof of said insurance by and through a surplus line broker licensed by the State of California.

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

XIV TRANSFER.

14.1 Transfer Prohibited. Concessionaire shall not, in any manner, directly or indirectly, by operation of law or otherwise, hypothecate, assign, transfer, or encumber this Agreement, the Premises, any Unit or any portion thereof or any interest therein, in whole or in part or any right or privilege appurtenant thereto, or allow any other person (the employees and invitees of Concessionaire excepted) to occupy or use the Premises, or any portion thereof ("**Transfer**"), without the prior written consent of Board , which may be granted, denied or conditioned in Board's sole discretion. Any written request for consent to a Transfer shall include proposed documentation evidencing such Transfer, name and address of the proposed transferee and the nature and character of the business of the proposed transferee and shall provide current and 3 years prior financial statements for the proposed transferee, which financial statements shall be audited to the extent available and shall in any event be prepared in accordance with generally accepted accounting principles (collectively, a "**Transfer Request**"). This Agreement shall not, nor shall any interest therein, be assignable as to the interest of Concessionaire by operation of law without the prior written consent of Board.

14.2 Transfer. For purposes of this Agreement, the terms "**Transfer**" shall include, but not be limited to, the following: (i) if Concessionaire is a joint venture, a limited liability company, or a partnership, the transfer of fifty percent (50%) or more of the interest or membership in the joint venture, the limited liability company, or the partnership; (ii) if Concessionaire is a corporation, any cumulative or aggregate sale, transfer, assignment, or hypothecation of fifty percent (50%) or more of the voting shares of Concessionaire; (iii) the dissolution by any means of Concessionaire; and, (iv) a change in business or corporate structure, either in one (1) transaction or a series of transactions. Any such transfer, assignment, mortgaging, pledging, or encumbering of Concessionaire without the written consent of Board is a violation of this Agreement and shall be voidable at City's option and shall confer no right, title, or interest in or to this Agreement upon the assignee, mortgagee, pledgee, encumbrancer, or other lien holder, successor, or purchaser.

14.3 No Further Consent Implied. A consent to one Transfer shall not be deemed to be a consent to any other or subsequent Transfer, and consent to any Transfer shall in no way relieve Concessionaire of any liability under this Agreement. Any Transfer without City's consent shall be void, and shall, at the option of City, constitute a Default under this Agreement.

14.4 No Release. Notwithstanding any Transfer, Concessionaire and any Guarantor of Concessionaire's obligations under this Agreement shall at all times remain fully and primarily responsible and liable for the payment of the Rent and for compliance with all of Concessionaire's other obligations under this Agreement (regardless of whether City's approval has been obtained for any such Transfer).

14.5 Payment of City's Costs. In connection with any Transfer, Concessionaire shall pay to City as Additional Rent hereunder an administrative processing fee in the amount of $2,500.00, plus all attorneys' fees and costs (including, without limitation, the fees and costs attributable to City's in-house City Attorneys) incurred by City in connection with City's review and processing of documents regarding any proposed Transfer.

14.6 Incorporation of Terms. Each Transfer pursuant to this Section shall be subject to all of the covenants, agreements, terms, provisions and conditions contained in this Agreement

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

and each of the covenants, agreements, terms, provisions and conditions of this Agreement shall be automatically incorporated therein. If City shall consent to, or withhold its consent to, any proposed Transfer, Concessionaire shall indemnify, defend and hold harmless City and City Agents from and against and from any and all Claims that may be made against City or any City Agent by the proposed transferee or by any brokers or other persons claiming a commission or similar fee in connection with the proposed Transfer.

14.7 Right to Collect Rent Directly. If this Agreement is transferred or assigned, whether or not in violation of the provisions of this Agreement, City may collect Rent from such transferee or assignee. If the Premises or any part thereof is sublet or used or occupied by anyone other than Concessionaire, whether or not in violation of this Agreement, City may, after a Default by Concessionaire, collect Rent from the subtenant or occupant. In either event, City may apply the net amount collected to Rent, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of any of the provisions of this Section 14, or the acceptance of the assignee, subtenant or occupant as Concessionaire, or a release of Concessionaire from the further performance by Concessionaire of Concessionaire's obligations under this Agreement. The consent by City to any Transfer pursuant to any provision of this Agreement shall not, except as otherwise provided herein, in any way be considered to relieve Concessionaire from obtaining the express consent of City to any other or further Transfer. References in this Agreement to use or occupancy of the Premises or any portion thereof by anyone other than Concessionaire shall not be construed as limited to sub-concessionaires or subtenants and those claiming under or through sub-concessionaires or subtenants but as including also licensees or others claiming under or through Concessionaire, immediately or remotely.

14.8 Reasonableness of Restrictions. Concessionaire acknowledges and agrees that the restrictions, conditions and limitations imposed by this Section 14 on Concessionaire's ability to Transfer this Agreement or any interest herein, the Premises or any part thereof, to Transfer any right or privilege appurtenant to the Premises, or to allow any other person to occupy or use the Premises or any portion thereof, are, for the purposes of California Civil Code Section 1951.4, as amended from time to time, and for all other purposes, reasonable at the time that this Agreement was entered into, and shall be deemed to be reasonable at the time that Concessionaire seeks to Transfer this Agreement or any interest herein, the Premises or any part thereof, to Transfer any right or privilege appurtenant to the Premises, or to allow any other person to occupy or use the Premises or any portion thereof. Concessionaire's sole remedy if City withholds its consent to any Transfer in violation of Concessionaire's rights under this Agreement shall be injunctive relief, and Concessionaire hereby expressly waives California Civil Code Section 1995.310, which permits all remedies provided by law for breach of contract, including, without limitation, the right to contract damages and the right to terminate this Agreement if City withholds consent to a Transfer in violation of Concessionaire's rights under this Agreement, and any similar or successor statute or law in effect or any amendment thereof during the Term.

14.9 Transfer Premium. If City approves any Transfer as herein provided, and such Transfer is limited to a sublease or a Transfer of an interest in this Agreement only, Concessionaire shall pay to City, as Additional Rent, one hundred percent (100%) of any monetary or other economic consideration received by Concessionaire as a result of the Transfer over and above the amount of Concessionaire's rental and other payments due City pursuant to this Agreement (or applicable share, if a sublease) after first deducting the undepreciated cost of improvements which costs had been approved by City and paid for by Concessionaire. In the case of any other Transfer,

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

Concessionaire shall pay to City and amount equal to five percent (5%) of the Base Rent generated from the Units during the twelve (12) full calendar months preceding the month in which the Transfer is consummated. The agreement evidencing such Transfer, as the case may be, after approval by City, shall not be amended without City's prior written consent, and, at City's option, shall contain a provision directing such transferee to pay the rent and other sums due thereunder directly to City upon receiving written notice from City that Concessionaire is in default under this Agreement with respect to the payment of Rent. In the event that, notwithstanding the giving of such notice, Concessionaire collects any rent or other sums from such transferee, then Concessionaire shall hold such sums in trust for the benefit of City and shall immediately forward the same to City. City's collection of such rent and other sums shall not constitute an acceptance by City of attornment by such transferee

XV HAZARDOUS MATERIALS.

15.1 Hazardous Materials. For the purposes of this Agreement, "**Hazardous Materials**" means:

15.1.1 Any substance the presence of which now or hereafter requires the investigation or remediation under any federal, state or local statute, regulation, rule, ordinance, order, action, policy or common law; or

15.1.2 Any substance which is or becomes defined as a hazardous waste, extremely hazardous waste, hazardous material, hazardous substance, hazardous chemical, toxic chemical, toxic substance, cancer causing substance, substance that causes reproductive harm, pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); or

15.1.3 Any substance which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, council, board, or instrumentality of the United States, the State of California, the City of Los Angeles, or any political subdivision of any of them; or

15.1.4 Any substance the presence of which on the Premises causes or threatens to cause a nuisance upon the Premises or to adjacent premises or Common Areas or poses or threatens to pose a hazard to the health or safety of persons on or about the Premises; or

15.1.5 Any substance the presence of which on adjacent premises or Common Areas could constitute a trespass by Concessionaire; or

15.1.6 Any substance, without limitation, which contains gasoline, aviation fuel, jet fuel, diesel fuel or other petroleum hydrocarbons, lubricating oils, solvents, polychlorinated bipheynols (PCBs) asbestos, urea formaldehyde or radon gases.

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

15.2 Prohibition; Concessionaire Responsibility. Except as may be specifically approved in writing in advance by CEO ("**Permitted Hazardous Materials**"), Concessionaire shall not use, store, handle, generate, treat, dispose, discharge or release any Hazardous Materials at the Premises, in any Common Areas or at the Airport in connection with its use, occupancy, and operation of its business at the Premises; *provided, however,* CEO shall not unreasonably withhold its approval to Concessionaire use, storage and handling of common cleaning materials routinely present in businesses conducting the Permitted Use to the extent such materials are used strictly in accordance with applicable Laws, manufacturer's instructions and best management practices. Concessionaire agrees to accept sole responsibility for full compliance with any and all applicable present and future rules, regulations, restrictions, ordinances, statutes, laws or other orders of any governmental entity regarding the use, storage, handling, distribution, processing or disposal of Hazardous Materials ("**Hazardous Materials Laws**"), regardless of whether the obligation for such compliance or responsibility is placed on the owner of the land, on the owner of any improvements on the Premises, on the user of the land, or on the user of the improvements. Concessionaire agrees that any damages, penalties or fines levied on City or Concessionaire as a result of noncompliance with any of the above shall be the sole responsibility of Concessionaire. Further, Concessionaire shall indemnify, defend, protect and pay and reimburse and hold City any City Agents harmless from any Claims that City or any City Agent suffers or incurs as a result of noncompliance with the above. Concessionaire agrees that any actions (including, without limitation, remedial or enforcement actions of any kind, administrative or judicial proceedings, and orders or judgments arising out of or resulting therefrom), costs, claims, damages (including, without limitation, punitive damages), demands, expenses (including, without limitation, attorneys', consultants' and experts' fees, court costs and amounts paid in settlement of any claims or actions), fines, forfeitures or other civil, administrative or criminal penalties, injunctive or other relief (whether or not based upon personal injury, property damage, or contamination of, or adverse effects upon, the environment, water tables or natural resources), liabilities, liens or losses (collectively, "**Environmental Claims**") asserted against or levied on the Premises, City or Concessionaire as a result of noncompliance with any of the provisions in this Section shall be the sole responsibility of Concessionaire and that Concessionaire shall indemnify, defend and hold City and City Agents harmless from all such Environmental Claims. Further, City may, at its option, pay such Environmental Claims resulting from Concessionaire's non-compliance with any of the terms of this Section, and Concessionaire shall reimburse City for any such payments within fifteen (15) days after written demand therefore.

15.3 Spill - Clean-Up. In the case of any Hazardous Materials spill, leak, discharge, or improper storage on the Premises or contamination of the Premises by any person, Concessionaire shall make or cause to be made any necessary repairs or corrective actions and shall clean up and remove any leakage, contamination or contaminated materials. In the case of any Hazardous Materials spill, leak, discharge or contamination by Concessionaire or any of the Concessionaire Parties at the Premises or in, on or under adjacent property which affects other property of City or its tenants' property, Concessionaire shall make or cause to be made any necessary corrective actions to clean up and remove any spill, leakage or contamination and contaminated materials. If Concessionaire fails to repair, clean up, properly dispose of or take any other corrective actions as required herein, City shall have the right (but not the obligation) to take all steps it deems necessary to properly repair, clean up or otherwise correct the conditions resulting from the spill, leak or contamination. In connection therewith, Concessionaire shall be listed as the owner or "generator" of any Hazardous Materials listed on any Hazardous Waste Manifest and in connection with any reporting made to any governmental entity. Any such repair, cleanup or corrective actions taken

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

by City shall be at Concessionaire's sole cost and expense and Concessionaire shall indemnify, defend, pay for and reimburse and hold City and City Agents harmless from and against any and all costs (including without limitation, the Administrative Fee) City incurs as a result of any repair, cleanup or corrective action City takes to correct any act or failure to act by Concessionaire.

15.4 Provision to City of Environmental Documents. Concessionaire shall promptly supply City with complete and legible copies of all notices, reports, correspondence, and other documents sent by Concessionaire to or received by Concessionaire from any governmental entity or third party regarding any Hazardous Materials and relating to the Premises. Such written materials include, without limitation, all documents relating to any threatened or actual Hazardous Materials spill, leak, or discharge, or to any investigations into or clean up of any actual or threatened Hazardous Materials spill, leak, or discharge including all test results, or any Environmental Claims related to the Premises, or Concessionaire's use, occupancy or operations at the Premises.

15.5 Hazardous Materials Continuing Obligation. This Section and the obligations herein shall survive the expiration or earlier termination of this Agreement.

XVI OTHER PROVISIONS.

16.1 Other Provisions. The appearance of any provision in this Section shall not diminish its importance.

16.2 Cross Default. A material breach of the terms of any other lease, license, permit, or agreement held by Concessionaire with City shall constitute a material breach of the terms of this Agreement and shall give City the right to terminate this Agreement for cause in accordance with the procedures set forth in this Agreement.

16.3 City's Right of Access and Inspection. City, by its officers, employees, agents, representatives and contractors, shall have the right at all reasonable times to enter upon the Premises for the purpose of inspecting the same, for observing the performance by Concessionaire of its obligations under this Agreement or for doing any act or thing which City may be obligated or have the right to do under this Agreement, or otherwise, and no abatement of fees and charges shall be claimed by or allowed to Concessionaire by reason of the exercise of such right. City shall not be obliged to inform Concessionaire that an inspection or observation is planned, or in progress. Concessionaire shall be responsible for compliance with any and all Laws relating to the use, storage, and handling of hazardous waste materials in connection with Concessionaire's operations only. Upon City's written request, responsible representatives of Concessionaire will confer with representatives of City for the purpose of making a complete inspection of Concessionaire's operations, including a review of the quality of service, merchandise and prices, maintenance of the Premises, furnishings and equipment and such other items as City may wish to review.

16.4 Automobiles and Other Equipment. Subject to compliance with City's permitting and security clearance requirements, Concessionaire shall have the right to use, hire or contract for such automotive vehicles or other mechanized equipment and the services thereof as it determines to be necessary for the operation of the concession business herein authorized; *provided, however,* that the nature, size, type, character and condition of such automotive vehicles and mechanized equipment (including any requirements that such vehicles or other equipment comply with any

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LEED, 'green" or energy efficiency requirements and policies of the City then in effect) shall be subject to prior written approval of CEO before the same is placed in operation. Upon placing such equipment in operation, Concessionaire shall strictly comply with such rules and regulations as CEO may issue, from time to time, covering operation of such equipment and the time periods therefore, the routes over any of the aprons necessary to the operation of the concession, the location of the parking and storage areas for such equipment, the maintenance of the mechanical condition, appearance, neatness, cleanliness and sanitary condition of such equipment and the cleanliness, neat appearance and conduct and demeanor of Concessionaire's or other personnel operating the same (including, without limitation, any requirements imposed by any Private Restrictions (including, without limitation, that certain Community Benefits Agreement). All of said personnel shall have all licenses required by law and shall also he licensed by City, and City may require periodic inspections of such equipment by City representatives. Approval of inspected equipment may be evidenced by a decal or sticker to be placed on same as required by City. A nominal fee to cover such licensing and inspection services may be charged by City.

16.5 Notices.

16.5.1 Notice to City. Written notices to City hereunder, with a copy to the City Attorney of the City of Los Angeles, shall be given by United States mail, postage prepaid, certified, or by personal delivery or nationally recognized overnight courier, and addressed to City at the addresses set forth in the Basic Information or to such other address as City may designate by written notice to Concessionaire.

16.5.2 Notice to Concessionaire. Written notices to Concessionaire hereunder shall be given by United States mail, postage prepaid, certified, or by personal delivery or nationally recognized overnight courier, and addressed to Concessionaire at the address set forth in the Basic Information or to such other address as Concessionaire may designate by written notice to City. Concessionaire agrees to accept email notices to the email address of the Concessionaire identified in the Basic Information. Such email notice is in addition to receiving written notice as provided in this Section 16.5.2, should the City send such email notice.

16.5.3 The execution of any such notice by CEO shall be as effective as to Concessionaire as if it were executed by the Board, or by resolution or order of said Board, and Concessionaire shall not question the authority of CEO to execute any such notice.

16.5.4 All such notices to City, except as otherwise provided herein, may be delivered personally to CEO with a copy to the Office of the City Attorney, Airport Division. Notices shall be deemed given upon actual receipt (or attempted delivery if delivery is refused), if personally delivered, or one (1) business day following deposit with a reputable overnight courier that provides a confirmation receipt (or refusal), or on the fifth (5th) day following deposit in the United States mail in the manner described above. In no event shall either party use a post office box or other address which does not accept overnight delivery.

16.6 Agent for Service of Process. If Concessionaire is not a resident of the State of California, or is a partnership of joint venture without a partner or member resident in said State, or is a foreign corporation, then in any such event Concessionaire does designate the Secretary of State, State of California, its agent for the purpose of service of process in any court action between

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

it and City arising out of or based upon this Agreement, and the service, shall be made as provided by the Laws of the State of California for service upon a non-resident. Notwithstanding the above, Concessionaire represents to City that its agent for service of process in California is as set forth in the Basic Information ("**Registered Agent**") and City agrees that service of process shall be made on Concessionaire's Registered Agent or such change of Registered Agent as Concessionaire may notify City from time to time. If, for any reason, service of such process is not possible, as an alternative method of service of process, Concessionaire may be personally served with such process out of this State by mailing, by registered or certified mail, the complaint and process to Concessionaire at the address set out hereafter in the Agreement, and that such service shall constitute valid service upon Concessionaire as of the date of mailing, and Concessionaire shall have thirty (30) days from the date of mailing to respond thereto. Concessionaire agrees to the process so served, submits to the jurisdiction and waives any and all objection and protest thereto, and Laws to the contrary notwithstanding.

16.7 Restrictions and Regulations.

16.7.1 The operations conducted by Concessionaire pursuant to this Agreement shall be subject to: (a) any and all applicable rules, regulations, orders and restrictions which are now in force or which may be hereafter adopted by City, Board or CEO with respect to the operation of Airport; (b) any and all orders, directions or conditions issued, given or imposed by City, Board or CEO with respect to the use of the roadways, driveways, curbs, sidewalks, parking areas or public areas adjacent to the Premises; and (c) any and all applicable Laws, ordinances, statutes, rules, regulations or orders, including environmental, or any governmental authority, federal, state or municipal, lawfully exercising authority over Airport or Concessionaire's operations. Concessionaire shall be solely responsible for any and all civil or criminal penalties assessed as a result of its failure to comply with any of these rules, regulations, restrictions, restrictions, ordinances, statutes, Laws, orders, directives and or conditions.

16.7.2 Regulations Do Not Permit Termination. City shall not be liable to Concessionaire for any diminution or deprivation of Concessionaire's rights hereunder on account of the exercise of any such authority, nor shall Concessionaire be entitled to terminate the whole or any portion of this Agreement by reason thereof unless the exercise of such authority shall so interfere with Concessionaire's use and enjoyment of the Premises as to constitute a termination, in whole or in part, of this Agreement by operation of law in accordance with the Laws of the State of California.

16.8 Right to Amend. In the event that the Federal Aviation Administration or its successors requires modifications or changes in this Agreement as a condition precedent to the granting of funds for the improvement of Airport, Concessionaire agrees to consent to such amendments, modifications, revisions, supplements or deletions or any of the terms conditions or requirements of this Agreement as may be reasonably required to obtain such funds; *provided, however,* that in no event will Concessionaire be required, pursuant to this Section, to agree to an increase in the fees and charges provided for herein or to a change in the use of any Unit, provided it is the Permitted Use, to which Concessionaire has put the Unit.

16.9 Independent Contractor. It is the express intention of the parties that Concessionaire is an independent contractor and not an employee, agent, joint venturer or partner of City. Nothing in this Concessionaire shall be interpreted or construed as creating or establishing

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

the relationship of employer and employee between Concessionaire and City or between Concessionaire and any official, agent, or employee of City. Both parties acknowledge that Concessionaire is not an employee of City. Concessionaire shall retain the right to perform services for others during the term of this Agreement, unless specified to the contrary herein or prohibited by conflict of interest or ethics Laws, regulations, or professional rules of conduct.

16.10 Disabled Access. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1):

16.10.1 Concessionaire shall be solely responsible for fully complying with any and all applicable present or future rules, regulations, restrictions, ordinances, statutes, Laws, or orders of any federal, state, or local governmental entity or court regarding disabled access including any services, programs, improvements or activities provided by Concessionaire. Concessionaire shall be solely responsible for any and all Claims and damages caused by, or penalties levied as the result of, Concessionaire's noncompliance. Further, Concessionaire agrees to cooperate fully with City in its efforts to comply with the ADA.

16.10.2 Should Concessionaire fail to comply with Section 16.10.1, then City shall have the right, but not the obligation, to perform, or have performed, whatever work is necessary to achieve equal access compliance. Concessionaire shall then be required to reimburse City for the actual cost of achieving compliance, plus the Administrative Fee, within fifteen (15) days of written demand therefore.

16.11 Child Support Orders. This Agreement is subject to Section 10.10, Article I, Chapter 1, Division 10 of the Los Angeles Administrative Code related to Child Support Assignment Orders, which is incorporated herein by this reference. A copy of section 10.10 and the Declaration of Compliance form have been attached hereto for the convenience of the parties as Exhibit J. Pursuant to this Section, Concessionaire (and any sub-concessionaire of Concessionaire providing services to City under this Agreement) shall (1) fully comply with all State and Federal employment reporting requirements for Concessionaire's or Concessionaire's sub-concessionaire's employees applicable to Child Support Assignment Orders; (2) certify that the principal owner(s) of Concessionaire and applicable sub-concessionaires are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230, et seq.; and (4) maintain such compliance throughout the term of this Agreement. Pursuant to Section 10.10(b) of the Los Angeles Administrative Code, failure of Concessionaire or an applicable sub-concessionaire to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of Concessionaire or applicable sub-concessionaires to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default of this Contract subjecting this Agreement to termination where such failure shall continue for more than ninety (90) days after notice of such failure to Concessionaire by City (in lieu of any time for cure provided elsewhere in this Agreement).

16.12 Business Tax Registration. Concessionaire represents that it has registered its business with the Office of Finance of the City of Los Angeles and has obtained and presently holds from that Office a Business Tax Registration Certificate ("**BTRC**"), or a Business Tax

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

Exemption Number, required by the City of Los Angeles' Business Tax Ordinance (Article 1, Chapter 2, Sections 21.00 and following, of the City of Los Angeles' Municipal Code). Concessionaire shall maintain, or obtain as necessary, all such certificates required of it under said Ordinance and shall not allow any such certificate to be revoked or suspended during the term hereof.

16.13 Ordinance and Los Angeles Administrative Code ("**Code**") Language Governs. Ordinance and Code exhibits are provided as a convenience are provided as a convenience to the parties only. In the event of a discrepancy between the exhibits and the applicable ordinance or code language, or amendments thereto, the language of the ordinance or code shall govern.

16.14 Amendments to Ordinances and Codes. The obligation to comply any Ordinances and Codes which have been incorporated into this Agreement by reference, shall extend to any amendments which may be made to those Ordinances and Codes during the term of this Agreement.

16.15 Non-Discrimination and Affirmative Action Provisions.

16.15.1 Federal Non-Discrimination Provisions. Concessionaire assures that it will comply with pertinent statutes, Executive Orders, and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision obligates Concessionaire or its transferee for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property.

16.15.2 Municipal Non-Discrimination Provisions In Use of Airport. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, religion, national origin, ancestry, sex, sexual orientation, gender identity, gender expression, age, physical handicap, marital status, domestic partner status, or medical condition in connection with this Agreement, the transfer, use, occupancy, tenure, or enjoyment of the Airport or any operations or activities conducted on the Airport. Nor shall Concessionaire or any person claiming under or through Concessionaire establish or contract any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of contractors, subcontractors, or vendees of the Airport. Any assignment or transfer, which may be permitted under this Agreement, shall also be subject to all non-discrimination clauses contained in this Section 16.15.

16.15.3 Municipal Non-Discrimination Provisions in Employment. During the term of this Agreement, Concessionaire agrees and obligates itself in the performance of this Agreement not to discriminate against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, sexual orientation, gender identity, gender expression, age, physical handicap, marital status,

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

domestic partner status, or medical condition. Concessionaire shall take affirmative action to insure that applicants for employment are treated, during the term of this Agreement, without regard to the aforementioned factors and shall comply with the affirmative action requirements of the Los Angeles Administrative Code, Sections 10.8, et seq., or any successor ordinances or law concerned with discrimination.

16.15.4 Municipal Equal Employment Practices. If the total payments made under this Agreement are One Thousand Dollars ($1,000) or more, this provision shall apply. During the performance of this Agreement, Concessionaire agrees to comply with Section 10.8.3 of the Los Angeles Administrative Code ("**Equal Employment Practices**"), which is incorporated herein by this reference. A copy of Section 10.8.3 has been attached to this Agreement for the convenience of the parties as Exhibit K. By way of specification but not limitation, pursuant to Sections 10.8.3.E and 10.8.3.F of the Los Angeles Administrative Code, the failure of Concessionaire to comply with the Equal Employment Practices provisions of this Agreement may be deemed to be a material breach of this Agreement. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to Concessionaire. Upon a finding duly made that Concessionaire has failed to comply with the Equal Employment Practices provisions of this Agreement, this Agreement may be forthwith terminated, cancelled, or suspended.

16.15.5 Municipal Affirmative Action Program. If the total payments made under this Agreement are One Hundred Thousand Dollars ($100,000) or more, this provision shall apply. During the performance of this Agreement, Concessionaire agrees to comply with Section 10.8.4 of the Los Angeles Administrative Code ("**Affirmative Action Program**"), which is incorporated herein by this reference. A copy of Section 10.8.4 has been attached to this Agreement for the convenience of the parties as Exhibit L. By way of specification but not limitation, pursuant to Sections 10.8.4.E and 10.8.4.F of the Los Angeles Administrative Code, the failure of Concessionaire to comply with the Affirmative Action Program provisions of this Agreement may be deemed to be a material breach of this Agreement. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to Concessionaire. Upon a finding duly made that Concessionaire has failed to comply with the Affirmative Action Program provisions of this Agreement, this Agreement may be forthwith terminated, cancelled, or suspended.

16.16 Security - General. Concessionaire shall be responsible for fully complying with any and all applicable present or future rules, regulations, restrictions, ordinances, statutes, Laws or orders of any federal, state or local governmental entity regarding airfield security.

16.16.1 Security - FAA. Concessionaire shall be responsible for the maintenance and repair of gates and doors that are located at the Premises or controlled by Concessionaire. Concessionaire shall comply fully with applicable provisions of the Federal Aviation Administration Regulations, 14 CFR, Part 107 [and Part 108 if Concessionaire is an air carrier], including the establishment and implementation of procedures acceptable to CEO to control access from the Premises to air operation areas in accordance with the Airport Security Program required by Part 107. Further, Concessionaire shall exercise exclusive security responsibility for the Premises and, if

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

Concessionaire is an air carrier, do so pursuant to Concessionaire's Federal Aviation Administration approved Air Carrier Standard Security Program used in accordance with 14 CFR, Part 129.

16.16.2 Security - Doors and Gates. Gates and doors located at the Premises which permit entry into restricted areas at Airport shall be kept locked by Concessionaire at all times when not in use or under Concessionaire's constant security surveillance. Gate or door malfunctions which permit unauthorized entry into restricted areas shall be reported to Department of Airports' Operations Bureau without delay and shall be maintained under constant surveillance by Concessionaire until repairs are affected by Concessionaire or City or the gate or door is properly secured.

16.16.3 Security - Penalties. All civil penalties levied by the Federal Aviation Administration for violation of Federal Aviation Regulations pertaining to security gates or doors located at the Premises or otherwise controlled by Concessionaire shall be the sole responsibility of Concessionaire. Concessionaire agrees to indemnify, defend and hold City and City Agents harmless from and against any Claims or any federal civil penalties amounts City or any City Agent must pay due to any security violation arising from the use of Concessionaire's leasehold or the breach of any obligation imposed by this Section. Concessionaire will be billed for the cost of any such penalties paid by City as Additional Rent hereunder, plus the Administrative Fee, to be paid by Concessionaire to City within fifteen (15) days of written demand.

16.16.4 Security Arrangements. City shall provide, or cause to be provided, during the term hereof, all proper and appropriate public fire, police and security protection similar to that afforded to others at Airport, and it will issue and enforce rules and regulations with respect thereto for all portions of Airport. Concessionaire shall have the right, but shall not be obligated, to provide such additional or supplemental private protection as it may desire, but such right, whether or not exercised by Concessionaire, shall not in any way be construed to limit or reduce the obligations of City hereunder.

16.17 Visual Artists' Rights Act. Concessionaire shall not install, or cause to be installed, any work of art subject to the Visual Artists' Rights Act of 1990 (as amended), 17 U.S.C. 106A, et seq., or California Code Section 980, et seq., ("**VARA**") on or about the Premises without first obtaining a waiver, in writing, of all rights under VARA, satisfactory to CEO and approved as to form and legality by the City Attorney's Office, from the artist. Said waiver shall be in full compliance with VARA and shall name City as a party for which the waiver applies. Concessionaire is prohibited from installing, or causing to be installed, any piece of artwork covered under VARA on the Premises without the prior, written approval and waiver of CEO. Any work of art installed on the Premises without such prior approval and waiver shall be deemed a trespass, removable by City, by and through its CEO, upon three (3) days written notice, all costs, expenses, and liability therefore to be borne exclusively by Concessionaire. Concessionaire, in addition to other obligations to indemnify, defend and hold City and City Agents harmless, as more specifically set forth in this Agreement, shall indemnify, defend and hold City and City Agents harmless from all Claims resulting from Concessionaire's failure to obtain City's waiver of VARA and failure to comply with any portion of this provision. The rights afforded City under this provision shall not replace any other rights afforded City in this Agreement or otherwise, but shall be considered in addition to all its other rights.

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

16.18 Living Wage Ordinance General Provisions. This Agreement is subject to the Living Wage Ordinance (hereinafter referred to as "**LWO**") (Section 10.37, et seq., of the Los Angeles Administrative Code, which is incorporated herein by this reference). A copy of Section 10.37 has been attached hereto for the convenience of the parties as Exhibit N. The LWO requires that, unless specific exemptions apply, any employees of service contractor's who render services that involve an expenditure in excess of Twenty Five Thousand Dollars ($25,000) and a contract term of at least three months are covered by the LWO if any of the following applies: (1) at least some of the services are rendered by employees whose work site is on property owned by City, (2) the services could feasibly be performed by City of Los Angeles employees if the awarding authority had the requisite financial and staffing resources, or (3) the designated administrative agency of the City of Los Angeles has determined in writing that coverage would further the proprietary interests of the City of Los Angeles. Employees covered by the LWO are required to be paid not less than a minimum initial wage rate, as adjusted each year. The LWO also requires that employees be provided with at least twelve (12) compensated days off per year for sick leave, vacation, or personal necessity at the employee's request, and at least ten (10) additional days per year of uncompensated time pursuant to Section 10.37.2(b). The LWO requires employers to inform employees making less than Twelve Dollars ($12) per hour of their possible right to the federal Earned Income Tax Credit ("**EITC**") and to make available the forms required to secure advance EITC payments from the employer pursuant to Section 10.37.4. Concessionaire shall permit access to work sites for authorized City representatives to review the operation, payroll, and related documents, and to provide certified copies of the relevant records upon request by City. Whether or not subject to the LWO, Concessionaire shall not retaliate against any employee claiming non-compliance with the provisions of the LWO, and, in addition, pursuant to Section 10.37.6(c), Concessionaire agrees to comply with federal law prohibiting retaliation for union organizing.

16.18.1 Living Wage Coverage Determination. An initial determination has been made that this is a service contract under the LWO, and that it is not exempt from coverage by the LWO. Determinations as to whether this Agreement is a service contract covered by the LWO, or whether an employer or employee are exempt from coverage under the LWO are not final, but are subject to review and revision as additional facts are examined or other interpretations of the law are considered. In some circumstances, applications for exemption must be reviewed periodically. City shall notify Concessionaire in writing about any redetermination by City of coverage or exemption status. To the extent Concessionaire claims non-coverage or exemption from the provisions of the LWO, the burden shall be on Concessionaire to prove such non-coverage or exemption.

16.18.2 Compliance; Termination Provisions and Other Remedies: Living Wage Policy. If Concessionaire is not initially exempt from the LWO, Concessionaire shall comply with all of the provisions of the LWO. If Concessionaire is initially exempt from the LWO, but later no longer qualifies for any exemption, Concessionaire shall, at such time as Concessionaire is no longer exempt, comply with the provisions of the LWO. Under the provisions of Section 10.37.6(c) of the Los Angeles Administrative Code, violation of the LWO shall constitute a material breach of this Agreement and City shall be entitled to terminate this Agreement and otherwise pursue legal remedies that may be available, including those set forth in the LWO, if City determines that Concessionaire violated the provisions of the LWO. The procedures and time periods provided in the LWO are in lieu of the procedures and time periods provided elsewhere in this Agreement.

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

Nothing in this Agreement shall be construed to extend the time periods or limit the remedies provided in the LWO.

16.19 Service Contract Worker Retention Ordinance. This Agreement may be subject to the Service Contract Worker Retention Ordinance (hereinafter referred to as "**SCWRO**") (Section 10.36, et seq., of the Los Angeles Administrative Code), which is incorporated herein by this reference. A copy of Section 10.36 has been attached for the convenience of the parties as Exhibit P. If applicable, Concessionaire must also comply with the SCWRO which requires that, unless specific exemptions apply, all employers under contracts that are primarily for the furnishing of services to or for the City of Los Angeles and that involve an expenditure or receipt in excess of Twenty Five Thousand Dollars ($25,000) and a contract term of at least three (3) months, shall provide retention by a successor Concessionaire for a ninety-day (90-day) transition period of the employees who have been employed for the preceding twelve (12) months or more by the terminated Concessionaire or sub-concessionaire, if any, as provided for in the SCWRO. Under the provisions of Section 10.36.3(c) of the Los Angeles Administrative Code, City has the authority, under appropriate circumstances, to terminate this Agreement and otherwise pursue legal remedies that may be available if City determines that the subject Concessionaire violated the provisions of the SCWRO.

16.20 Equal Benefits Ordinance. Unless otherwise exempt in accordance with the provisions of the Equal Benefits Ordinance ("**EBO**"), Concessionaire certifies and represents that Concessionaire will comply with the applicable provisions of EBO Section 10.8.2.1 of the Los Angeles Administrative Code, as amended from time to time. Concessionaire shall not, in any of its operations within the City of Los Angeles or in other locations owned by the City of Los Angeles, including the Airport, discriminate in the provision of Non-ERISA Benefits (as defined below) between employees with domestic partners and employees with spouses, or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration. As used above, the term "**Non-ERISA Benefits**" shall mean any and all benefits payable through benefit arrangements generally available to Concessionaire's employees which are neither "employee welfare benefit plans" nor "employee pension plans", as those terms are defined in Sections 3(1) and 3(2) of ERISA. Non-ERISA Benefits shall include, but not be limited to, all benefits offered currently or in the future, by Concessionaire to its employees, the spouses of its employees or the domestic partners of its employees, that are not defined as "employee welfare benefit plans" or "employee pension benefit plans", and, which include any bereavement leave, family and medical leave, and travel discounts provided by Concessionaire to its employees, their spouses and the domestic partners of employees.

16.20.1 Concessionaire agrees to post the following statement in conspicuous places at its place of business available to employees and applicants for employment:

"During the term of a Contract with the City of Los Angeles, Concessionaire will provide equal benefits to employees with spouses and its employees with domestic partners. Additional information about the City of Los Angeles' Equal Benefits Ordinance may be obtained from the Department of Public Works, Bureau of Contract Administration, Office of Contract Compliance at (213) 847-2625."

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

16.20.2 The failure of Concessionaire to comply with the EBO will be deemed to be a material breach of this Agreement by City. If Concessionaire fails to comply with the EBO, City may cancel or terminate this Agreement, in whole or in part, and all monies due or to become due under this Agreement may be retained by City. City may also pursue any and all other remedies at law or in equity for any breach. Failure to comply with the EBO may be used as evidence against Concessionaire in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, et seq., Concessionaire Responsibility Ordinance. If City determines that Concessionaire has set up or used its contracting entity for the purpose of evading the intent of the EBO, City may terminate this Agreement.

16.21 Contractor Responsibility Program. Concessionaire shall comply with the provisions of the Contractor Responsibility Program adopted by the Board. Executive Directives setting forth the rules, regulations, requirements and penalties of the Contractor Responsibility Program and the Pledge of Compliance Form is attached hereto as Exhibit Q and incorporated herein by reference.

16.22 First Source Hiring Program for Airport Employers. For all work performed at LAX, Concessionaire shall comply with all terms and conditions of the First Source Hiring Program ("**FSHP**"). A copy of the FSHP is attached hereto and incorporated by reference herein as Exhibit R.

16.23 Environmentally Favorable Options. Concessionaire acknowledges for itself and any sub-concessionaires that its operation of its activities under this Agreement will be subject to all of City of Los Angeles' policies, guidelines and requirements regarding environmentally favorable construction, use or operations practices (hereinafter collectively referred to as "**City Policies**") as such City Policies may be promulgated, revised and amended from time-to-time.

16.24 Municipal Lobbying Ordinance. Concessionaire shall comply with the provisions of the City of Los Angeles Municipal Lobbying Ordinance.

16.25 Labor Peace Agreement. As a condition precedent to the execution of this Agreement: (i) Concessionaire shall have a signed Labor Peace Agreement ("**LPA**") with the labor organizations representing or seeking to represent concession workers at the Premises covered by this Agreement; (ii) Concessionaire shall have submitted to City a copy of such LPA, executed by all of the parties; and (iii) such LPA shall prohibit such labor organizations and their members from engaging in picketing, work stoppages, boycotts or other economic interference with the business of Concessionaire at any of the airports operated by City for the duration of this Agreement.

16.26 Alternative Fuel Vehicle Requirement Program. Concessionaire shall comply with the provisions of the Alternative Fuel Vehicle Requirement Program. The rules, regulations, and requirements of the Alternative Fuel Vehicle Program are attached as Exhibit M and made a material term of this Agreement.

16.27 Ownership of Work Product. Concessionaire agrees that any and all intellectual properties, including, but not limited to, all ideas, concepts, themes, computer programs or parts thereof, documentation or other literature, or illustrations, or any components thereof, conceived,

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

developed, written or contributed by Concessionaire, either individually or in collaboration with others, for the benefit of City, shall belong to and be the sole property of City.

16.28 Estoppel Certificate. Upon written request of City, Concessionaire shall execute, acknowledge and deliver to City or its designee, an Estoppel Certificate in the form then required by City under its standard leases and with any other statements reasonably requested by City or its designee. Any such Estoppel Certificate may be relied upon by such designee. If Concessionaire fails to provide such certificate within ten (10) days of receipt by Concessionaire of a written request by City as herein provided, such failure shall, at City's election, constitute a Default under this Agreement, and Concessionaire shall be deemed to have given such certificate as above provided without modification and shall be deemed to have admitted the accuracy of any information supplied by City to such designee.

16.29 Subordination of Agreement. This Agreement shall be subordinate to the provisions of any existing or future agreement between City and the United States of America, its boards, agencies or commissions, or between City and the State of California, relative to the operations or maintenance of Airport the execution of which has been or may be required as a condition precedent to the expenditure of federal or state funds for the development of said Airport.

16.30 Laws of California and United States. This Agreement, and every question arising hereunder, shall be construed or determined according to the Laws of the State of California, and of the United States. Concessionaire shall be solely responsible for fully complying with any and all applicable present or future rules, regulations, restrictions, ordinances, statutes, Laws or orders of any federal, state, or local government authority. Concessionaire shall be solely responsible for fully complying with any and all applicable present or future orders, directives, or conditions issued, given or imposed by CEO which are now in force or which may be hereafter adopted by the Board or CEO with respect to the operation of the Airport. Concessionaire shall be solely responsible for any and all civil or criminal penalties assessed as a result of its failure to comply with any of these Laws, rules, regulations, restrictions, restrictions, ordinances, statutes, orders, directives and or conditions.

16.31 Agreement Binding Upon Successors. Subject to the provisions of Section 14, this Agreement shall be binding upon and shall inure to the benefit of the successors, heirs and assigns of the parties hereto. The term "**Transferee**" shall include any transferee of Concessionaire on any Transfer permitted and approved by Board.

16.32 Attorneys' Fees. If either party hereto fails to perform any of its obligations under this Agreement or if any dispute arises between the parties hereto concerning the meaning or interpretation of any provision of this Agreement, then the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party on account of such default or in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements. Any such attorneys' fees and other expenses incurred by either party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be severable from the other provisions of this Agreement and to survive and not be merged into any such judgment.

16.33 Entire Agreement. The provisions of this Agreement, the RFP and Concessionaire's proposal constitute the entire agreement between the parties hereto and said

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

Agreement may not be changed or modified in any manner except by written amendment fully executed by City and Concessionaire. If there appears to be a contradiction in the terms of the proposal documents prepared by City, the specific provision(s) shall rule over the general provision(s). There are no representations, agreements or understandings, oral or written, between and among the parties relating to the subject matter contained in this Agreement which are not fully set forth herein. This is an integrated agreement. Concessionaire acknowledges that it has conducted its own due diligence investigation of its prospects for successfully operating the Permitted Uses at the Premises, and has made its own determination of the accuracy of any information provided by City with respect to the financial results of any prior operator of any similar business at the Airport, that City has made no representations or warranties to Concessionaire with respect to any of such matters, and that all prior discussions between City and Concessionaire with respect to such matters are superseded by this Agreement.

16.34 Conditions and Covenants. Each covenant herein is a condition, and each condition herein is as well a covenant by the parties bound thereby, unless waived in writing by the parties hereto. The invitation for proposals, instructions to proposers, including Concessionaire's certification form and affirmative action plan, the basic specification, including any addenda thereto, the affidavit of non-collusion and the bonds or other security deposits required under said instructions are a part of this Agreement, and each of the parties hereto does hereby expressly covenant and agree to carry out and fully perform each and all of the provisions of said documents upon its part to be performed.

16.35 Gender and Plural Usage. The use of any gender herein shall include all genders and the use of any number shall be construed as the singular or the plural, all as the context may require.

16.36 Venue. Venue shall lie in the appropriate U.S. Federal Court or California Superior Court located in Los Angeles County.

16.37 Void Provision. If any provision of this Agreement is determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Agreement, and all such other provisions shall remain in full force and effect.

16.38 Construction and Interpretation. It is the intention of the parties hereto that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid. The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either City or Concessionaire. In the event of any express conflict between the terms of this Agreement and the terms of the RFP and or Concessionaire's Proposal, the terms of this Agreement shall prevail.

16.39 Section Headings. The section headings appearing herein are for the convenience of City and Concessionaire, and shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions of this Agreement.

16.40 Waiver of Claims. Concessionaire hereby waives any Claim against City and City Agents for loss of anticipated profits caused by any suit or proceeding directly or indirectly attacking the validity of this Agreement or any part hereof, or by any judgment or award in any

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

suit or proceeding declaring this Agreement null, void or voidable, or delaying the same, or any part hereof, from being carried out.

16.41 Waiver. Every provision herein imposing an obligation upon City of Concessionaire is material inducement and consideration for the execution of this Agreement. No waiver by City or Concessionaire of any breach of any provision of this Agreement shall be deemed for any purpose to be a waiver of any breach of any other provision hereof nor of any continuing or subsequent breach of the same provision.

16.42 Representations of Concessionaire. Concessionaire (and, if Concessionaire is a corporation, partnership, limited liability company or other legal entity, such corporation, partnership, limited liability company or entity) hereby makes the following representations and warranties, each of which is material and being relied upon by City, is true in all respects as of the date of this Agreement, and shall survive the expiration or termination of the Agreement. Concessionaire shall re-certify such representations to City periodically, upon City's written request.

16.42.1 If Concessionaire is an entity, Concessionaire is duly organized, validly existing and in good standing under the laws of the state of its organization, and is qualified to do business in the state in which the Premises is located, and the persons executing this Agreement on behalf of Concessionaire have the full right and authority to execute this Agreement on behalf of Concessionaire and to bind Concessionaire without the consent or approval of any other person or entity. Concessionaire has full power, capacity, authority and legal right to execute and deliver this Agreement and to perform all of its obligations hereunder. This Agreement is a legal, valid and binding obligation of Concessionaire, enforceable in accordance with its terms.

16.42.2 Concessionaire has not (i) made a general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by any creditors, (iii) suffered the appointment of a receiver to take possession of all or substantially all of its assets, (iv) suffered the attachment or other judicial seizure of all or substantially all of its assets, (v) admitted in writing its inability to pay its debts as they come due, or (vi) made an offer of settlement, extension or composition to its creditors generally within the last 5 years prior to the date of this Agreement or any re-certification.

16.42.3 Concessionaire hereby represents and warrants to City that Concessionaire is not:

1. in violation of any Anti-Terrorism Law (as hereinafter defined);

2. nor is any holder of any direct or indirect equitable, legal or beneficial interest in Concessionaire, as of the date hereof: (A) conducting any business or engaging in any transaction or dealing with any Prohibited Person (as hereinafter defined), or any company with business operations in Sudan that are prohibited under Cal. Gov. Code §7513.6, including the governments of Cuba, Iran, North Korea, Myanmar and Syria and, including the making or receiving of any contribution of funds, goods or services to or for the benefit

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

of any Prohibited Person or forbidden entity; (B) dealing in, or otherwise engaging in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224; or (C) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in, any Anti-Terrorism Law; and

3. a Prohibited Person, nor are any of Concessionaire's affiliates, officers, directors, shareholders, members or lease guarantor, as applicable, a Prohibited Person.

If at any time any of these representations becomes false, then it shall be considered a material Default under this Agreement. As used herein, "**Anti-Terrorism Law**" is defined as any law relating to terrorism, anti-terrorism, money-laundering or anti-money laundering activities, including without limitation the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986, Executive Order No. 13224, Title 3 of the USA Patriot Act, Cal. Gov. Code §7513.6, and any regulations promulgated under any of them. As used herein "**Executive Order No. 13224**" is defined as Executive Order No. 13224 on Terrorist Financing effective September 24, 2001, and relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism", as may be amended from time to time. "**Prohibited Person**" is defined as (i) a person or entity that is listed in the Annex to Executive Order No. 13224, or a person or entity owned or controlled by an entity that is listed in the Annex to Executive Order No. 13224; (ii) a person or entity with whom Landlord is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; or (iii) a person or entity that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, http://www.treas.gov/ofac/t11sdn.pdf or at any replacement website or other official publication of such list. "**USA Patriot Act**" is defined as the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Public Law 107-56), as may be amended from time to time.

16.43 Additional Representations of Concessionaire. Concessionaire represents as of the date of this Agreement that the representations and warranties of Concessionaire contained in Concessionaire's Proposal and in any financial statement or other materials provided by Concessionaire are true, correct and complete, and shall be deemed restated in full in this Agreement.

16.44 Board Order AO-5077 Exemption. With respect to the provision of products and services pursuant to this Concession Agreement, Concessionaire and its respective vendors are expressly exempt from the Board-imposed license fee described in Board Order AO-5077 ("Board Order") and related Staff Report, and any subsequent Board action substituting, replacing or modifying the Board Order, which license fee may, in the absence of such exemption, be assessed on the gross revenues derived from the provision of products and services pursuant to this Agreement.

16.45 Compliance with Los Angeles City Charter Section 470(c)(12).

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

16.45.1 Concessionaire, subcontractors and their principals are obligated to fully comply with City of Los Angeles Charter Section 470(c)(12) and related ordinances, regarding limitations on campaign contributions and fundraising for certain elected City of Los Angeles officials or candidates for elected City of Los Angeles office if the contract is valued at $100,000 or more and requires approval of a City of Los Angeles elected official. Additionally, Concessionaire is required to provide and update certain information to the City as specified by law. Any contractor subject to Charter Section 470(c)(12) shall include the following notice in any contract with a subcontractor expected to receive at least $100,000 for performance under this Agreement:

'Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions.

As provided in Charter Section 470(c)(12) and related ordinances, you are subcontractor on City of Los Angeles contract #LAA-_____. Pursuant to City Charter Section 470(c)(12), subcontractor and its principals are prohibited from making campaign contributions and fundraising for certain elected City officials or candidates for elected City office for 12 months after the City contract is signed. Subcontractor is required to provide to contractor names and addresses of the subcontractor's principals and contact information and shall update that information if it changes during the twelve (12) month time period. Subcontractor's information included must be provided to contractor within five (5) business days. Failure to comply may result in termination of contract or any other available legal remedies including fines. Information about the restrictions may be found at the City Ethics Commission's website at http://ethics.lacity.org/ or by calling 213-978-1960.'

16.45.2 Concessionaire, subcontractors and their principals shall comply with these requirements and limitations. Violation of this provision shall entitle the City to terminate this Agreement and pursue any and all legal remedies that may be available.

16.46 Guaranty. Concurrently with the execution of this Agreement, _____ shall execute and deliver to City an unconditional guaranty of the obligations of Concessionaire under this Agreement in the form of the Guaranty attached to this Agreement as Exhibit Y.

[Signatures on next page]

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

IN WITNESS WHEREOF, City has caused this Agreement to be executed on its behalf by CEO and Concessionaire has caused the same to be executed by its duly authorized officers, all as of the day and year first hereinabove written.

APPROVED AS TO FORM:
Hydee Feldstein Soto,
City Attorney

Date: _____

By: _____
Deputy/Assistant City Attorney

CITY OF LOS ANGELES

By: _____
CEO
Department of Airports

HOST INTERNATIONAL, INC.

ATTEST:

By: Signed by: Michael Price 8205B053B8334F3... (Signature)

Michael Price
Print Name

By: Signed by: Jason Crandlemire 9A20E1115C73455... Treasurer (Signature)

Jason Crandlemire
Print Name

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

TABLE OF CONTENTS

I TERM. 5

1.1. Term 5

1.2. Unit Commencement Date 6

1.3. Commencement of Prepatory Actions 6

1.4. Surrender 6

II PREMISES 7

2.1. Premises; Units 7

2.2. Unit Nos.; Square Footage 7

2.3. Storage Space 7

2.4. Common Areas 7

2.5. Public Address System 8

2.6. Wireless Communications 8

III CONCESSION RIGHTS AND OBLIGATIONS 8

3.1. Permitted Uses; Rights Granted 8

3.2. Right to Operate 9

3.3. General Obligation to Operate 9

3.4. Right to Promote Products; Restriction on Advertising 9

3.5. Quiet-Enjoyment 9

3.6. As-Is Condition 10

3.7. Rights are Not Exclusive 10

3.8. General Disputes 10

3.9. No Other Uses 10

3.10. Rules and Regulations 11

3.11. Pricing. 11

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

TABLE OF CONTENTS (cont.)

3.12. Failure to Adhere to the Airport Pricing Policy 12

IV PAYMENTS BY CONCESSIONAIRE. 13

4.1. Monthly Base Rent Payments. 13

4.2. Design/Construction Review Fee 16

4.3. Common Area Maintenance. 16

4.4. Utilities 18

4.5. Marketing Fund 18

4.6. Refuse Removal 18

4.7. Other Fees and Charges 19

4.8. Method of Payment 19

4.9. Books and Records 21

V OPERATING STANDARDS. 22

5.1. Operating Standards 22

5.2. Concession Personnel 22

5.3. Managing Director 23

5.4. Unit Managers 24

5.5. Hours of Operation 24

5.6. Merchandising 24

5.7. Quality of Merchandise 25

5.8. Adequate Products and Service 25

5.9. Cash and Record Handling Requirements; Change Making; Credit Cards 25

5.10. Deliveries; Access and Coordination 26

5.11. Removal of Garbage and Refuse 26

5.12. Franchise Standards 28

5.13. Quality Assurance Audits 28

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

TABLE OF CONTENTS (cont.)

5.14. Prohibited Acts 28

5.15. Signs, Promotions & Displays 30

5.16. Taxes 31

5.17. Licenses and Permits 31

5.18. Compliance with Laws. 31

5.19. Airport Operations 32

5.20. Non-Compliance 32

VI DISADVANTAGED BUSINESS ENTERPRISE PROGRAM. 32

6.1. Compliance with Department of Transportation (DOT) 32

6.2. Substitutions 33

6.3. Monthly Report 33

VII IMPROVEMENTS 31

7.1. Improvement Proposal 31

7.2. Condition of Premises 31

7.3. Initial Improvements Required of Concessionaire 32

7.4. Improvement Financial Obligation 32

7.5. Minimum Refurbishment 32

7.6. City Approval of Improvements 33

7.7. Initial Improvements. 35

7.8. Alterations 35

7.9. Building Codes 36

7.10. Other Permits 36

7.11. Workers' Compensation 36

7.12. Improvement Payment and Performance Bond 36

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

TABLE OF CONTENTS (cont.)

7.13. Telecommunications Facilities 36

7.14. Deliveries upon Completion 38

7.15. No Liens 39

7.16. Ownership of Improvements 40

VIII MAINTENANCE AND REPAIR. 41

8.1. Maintenance and Repair 41

8.2. Maintenance Program 41

8.3. Maintenance of Plumbing 42

8.4. City May Repair 43

8.5. Right to Enter Premises 43

8.6. City Maintains Central Air Conditioning 43

8.7. City May Maintain Utilities 44

8.8. Pest Control 44

8.9. Evidence of Payment 44

IX REDUCTION, RELOCATION OR EXPANSION. 44

9.1. Reduction or Relocation of Premises 44

9.2. Expansion of Premises 8

X AIRPORT CONSTRUCTION; AIRPORT OPERATIONS. 46

10.1. Terminal Construction; Airport Operations 46

10.2. No Right to a Temporary Premises 46

XI TERMINATION/CANCELLATION. 46

11.1. Defaults 46

11.2. City's Remedies. 48

11.3. Right to Remove Equipment 52

11.4. Surrender to be in Writing 52

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

TABLE OF CONTENTS (cont.)

11.5. Additional Rights of City 52

11.6. Acceptance Is Not a Waiver 52

11.7. Waiver Is Not Continuous 52

11.8. Waiver of Redemption and Damages 52

11.9. Survival of Concessionaire's Obligations 53

11.10. Cancellation or Termination By Concessionaire 53

11.11. Damaged Improvements 53

11.12. Service During Removal 53

11.13. City May Renovate 54

11.14. Viewing By Prospective Competitors 54

11.15. Unauthorized Hold-Over 54

11.16. Administrative Assessments 54

XII DAMAGE OR DESTRUCTION TO PREMISES. 55

12.1. Damage or Destruction to Premises 55

12.2. Limits of City's Obligations 55

XIII LIABILITY. 58

13.1. Liability 58

13.2. City Held Harmless 59

13.3. Faithful Performance Guarantee 59

13.4. Insurance 57

XIV TRANSFER. 59

14.1. Transfer Prohibited 59

14.2. Transfer 59

14.3. No Further Consent Implied 62

14.4. No Release 59

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

TABLE OF CONTENTS (cont.)

14.5. Payment of City's Costs 62
14.6. Incorporation of Terms 62
14.7. Right to Collect Rent Directly 63
14.8. Reasonableness of Restrictions 63
14.9. Transfer Premium 63
XV HAZARDOUS MATERIALS. 64
15.1. Hazardous Materials 64
15.2. Prohibition; Concessionaire Responsibility 62
15.3. Spill - Clean-Up 62
15.4. Provision to City of Environmental Documents 63
15.5. Hazardous Materials Continuing Obligation 63
XVI OTHER PROVISIONS 63
16.1. Other Provisions 63
16.2. Cross Default 63
16.3. City's Right of Access and Inspection 63
16.4. Automobiles and Other Equipment 63
16.5. Notices 64
16.6. Agent for Service of Process 64
16.7. Restrictions and Regulations 65
16.8. Right to Amend 68
16.9. Independent Contractor 69
16.10. Disabled Access. 69
16.11. Child Support Orders ..... **Error! Bookmark not defined.**
16.12. Business Tax Registration ..... **Error! Bookmark not defined.**
16.13. Ordinance and Los Angeles Administrative Code ("Code") Language Governs 67

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

TABLE OF CONTENTS (cont.)

16.14. Amendments to Ordinances and Codes 67

16.15. Non-Discrimination and Affirmative Action Provisions. 67

16.16. Security - General 68

16.17. Visual Artists' Rights Act 69

16.18. Living Wage Ordinance General Provisions 70

16.19. Service Contract Worker Retention Ordinance 71

16.20. Equal Benefits Ordinance 71

16.21. Contractor Responsibility Program 72

16.22. First Source Hiring Program for Airport Employers 72

16.23. Environmentally Favorable Options 72

16.24. Municipal Lobbying Ordinance 72

16.25. Labor Peace Agreement 72

16.26. Alternative Fuel Vehicle Requirement Program 72

16.27. Ownership of Work Product 72

16.28. Estoppel Certificate 76

16.29. Subordination of Agreement 76

16.30. Laws of California and United States 76

16.31. Agreement Binding Upon Successors 77

16.32. Attorneys' Fees 77

16.33. Entire Agreement 77

16.34. Conditions and Covenants 79

16.35. Gender and Plural Usage 77

16.36. Venue 77

16.37. Void Provision 79

16.38. Construction and Interpretation 79

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

TABLE OF CONTENTS (cont.)

16.39. Section Headings 79

16.40. Waiver of Claims 79

16.41. Waiver 79

16.42. Representations of Concessionaire 79

16.43. Additional Representations of Concessionaire 80

16.44. Board Order AO-5077 80

16.45. Compliance with LA City Charter Section 470(c)(12) 80

16.46. Guaranty 81

LIST OF SCHEDULES AND EXHIBITS

Schedule 1: Concessions Standard Operating Procedures

Exhibit A: Description of Premises

Exhibit A-1: Site Plan Showing Premises

Exhibit B: Commencement and Expiration Date Memorandum (Intentionally Omitted)

Exhibit C: Form of Storage Space Addendum

Exhibit D: Description of All Premises in Airport (Intentionally Omitted)

Exhibit E: Form of Monthly Gross Revenue Report

Exhibit F: Form of Annual Gross Revenue Report

Exhibit G: Intentionally Omitted

Exhibit H: Form of Improvement Performance Bond

Exhibit I: Insurance

Exhibit J: Child Support Ordinance

Exhibit K: Equal Employment Practices

Exhibit L: Affirmative Action Program

Exhibit M: Alternative Fuel Vehicle Program Regulations

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

TABLE OF CONTENTS (cont.)

Exhibit N: Living Wage Ordinances

Exhibit O: Intentionally Omitted

Exhibit P: Service Contract Worker Retention Ordinance

Exhibit Q: Contractor Responsibility Program Pledge of Compliance Rules

Exhibit R: First Source Hiring Program

Exhibit S: (Intentionally Omitted)

Exhibit T: Approved Form of Payment List

Exhibit U: Schedule of Administrative Fees

Exhibit V: Intentionally Omitted

Exhibit W: Initial Improvements Plan

Exhibit X: Permitted Uses [and Brands / Concepts]

Exhibit Y: Concession Guaranty re: XXXPROPOSERPARTNERXXX

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DEFINITION OF DEFINED TERMS

Term	Page	Section
ACDBE Rules	32	6.1
ACDBEs	32	6.1
Actual Initial Investment	34	7.4
Actual Rent	16	4.1.6
ADA	31	5.18.1
Additional Rent	13	4.1.1
Administrative Assessments	57	11.16
Advertising	9	3.4
Affirmative Action Program	71	16.15.5
Agreement	1	Intro; Basic Information
Agreement Date	1	Basic Information
Agreement Year	16	4.1.6
Airport	5, 7	Recital A; 2.1
Airport Pricing Policy	11	3.11.1
Alterations	37	7.8
Anti-Terrorism Law	79	16.42.3
Base Rent	13	4.1.1
Basic Information	1	Intro; Basic Information
Board	1	Intro; Basic Information
BTRC	70	16.12
Chronic delinquency	50	11.1.13
City	1	Intro; Basic Information
City Agents	23	5.2.4
City Policies	75	16.23
Claims	9	3.4
Common Areas	7	2.4
Comparable	11	3.11.1
Comparison Area	11	3.11.1
Concessionaire	1	Intro; Basic Information
Concessionaire Parties	31	5.18.1
(Original) Concessionaire Proposal	5	Recital C
Concessionaire's Maintenance Records	43	8.1
Default	48	11.1
Deficiency	21	4.8.2
Delivery Date	6	1.2
Delivery Notice	6	1.2
Design Guidelines	30	5.15.1
EBO	74	16.20
EITC	73	16.18
Environmental Claims	65	15.2
Equal Employment Practices	71	16.15.4
CEO	6	1.2
Executive Order No. 13224	80	16.43.3
Expiration Date	6	1.1; Basic Information

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DEFINITION OF DEFINED TERMS (cont.)

Term	Page	Section
Faithful Performance Guarantee	57	11.15; Basic Information
Financial Statements	20	4.7.5
FPG	59	13.3
FSHP	75	16.22
Gross Revenues	13	4.1.2
Guarantor	49	11.1.3; Basic Information
Hazardous Materials	64	15.1
Hazardous Materials Laws	65	15.2
Initial Improvements	33	7.3
Initial Improvements Plan	33	7.1
Initial Minimum Investment Amount	34	7.4; Basic Information
Laws	31	5.18.1
LOC	59	13.3.4
LPA	75	16.25
LWO	73	16.18
Managing Director	23	5.3
Minimum Refurbishment	34	7.5
Minimum Refurbishment Plan	35	7.5.1
Minimum Refurbishment Amount	35	7.5.2; Basic Information
Minimum Monthly Guaranteed Rent	13	4.1.3; Basic Information 6.1
Non-Discrimination Policy	32	16.20
Non-ERISA Benefits	74	4.1.2
Per Enplaned Passenger MAG	11	4.1.5; Basic Information
Percentage Fee	13	15.2
Permitted Hazardous Materials	65	3.1; Basic Information
Permitted Uses	8	5.2.1; Basic Information
Personnel	22	5.9.1
POS Equipment and Systems	25	2.1
Premises	7	5.18.1
Private Restrictions	31	4.1.4
Products and Services	14	16.42.3
Prohibited Person	79	5.11.1
Recycling Program	27	16.6; Basic Information
Registered Agent	68	4.1.1
Rent	13	Recital B
RFP	5	3.10
Rules and Regulations	11	16.19
SCWRO	74	4.3.4
Share	18	5.2.1
Sufficient number	22	7.13.1
Telecom Documentation	39	7.13.1
Telecommunication Facilities	39	7.13.1
Telecommunication Service Providers	39	

Docusign Envelope ID: 6A3F437A-DF02-8E7C-80C5-0B8CAF3B11B0

DEFINITION OF DEFINED TERMS (cont.)

Term	Page	Section
Term	6	1.1
Terminal	1	Basic Information
Transfer	62	14.1
Transfer Request	62	14.1
Transferee	77	16.31
Unit Commencement Date	6	1.2
Unit Manager	24	5.4
Units	7	2.1
USA Patriot Act	79	16.42.3
VARA	72	16.17
Worth at the time of award	51	11.2.1

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Signer Events	Signature	Timestamp
Jason Crandlemire Jake.Crandlemire@avolta.net Treasurer Security Level: Email, Account Authentication (None)	Signed by: Jason Crandlemire 9A20E1115C73455... Signature Adoption: Pre-selected Style Using IP Address: 163.116.145.57	Sent: 5/13/2026 4:13:03 PM Viewed: 5/13/2026 4:24:31 PM Signed: 5/13/2026 4:25:11 PM
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Michael Price Michael.Price@avolta.net Senior Vice President Security Level: Email, Account Authentication (None)	Signed by: Michael Price 82056053B8334F3... Signature Adoption: Pre-selected Style Using IP Address: 163.116.145.44	Sent: 5/13/2026 4:13:03 PM Viewed: 5/13/2026 5:10:17 PM Signed: 5/13/2026 5:11:46 PM
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In Person Signer Events	Signature	Timestamp

Editor Delivery Events	Status	Timestamp

Agent Delivery Events	Status	Timestamp

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Amy Dunne Amy.Dunne@avolta.net Security Level: Email, Account Authentication (None)	COPIED	Sent: 5/13/2026 4:15:41 PM
Electronic Record and Signature Disclosure: Accepted: 5/13/2026 4:19:06 PM ID: 2db1a030-333f-463a-9ba5-7eb4a445e314		

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Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
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Envelope Updated	Security Checked	5/13/2026 4:15:41 PM
Certified Delivered	Security Checked	5/13/2026 5:10:17 PM
Signing Complete	Security Checked	5/13/2026 5:11:46 PM
Completed	Security Checked	5/13/2026 5:11:46 PM

Payment Events	Status	Timestamps

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ii. send us an e-mail to abigail.kortz@hmshost.com and in the body of such request you must state your e-mail, full name, US Postal Address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows® 2000, Windows® XP, Windows Vista®; Mac OS® X
Browsers:	Final release versions of Internet Explorer® 6.0 or above (Windows only); Mozilla Firefox 2.0 or above (Windows and Mac); Safari™ 3.0 or above (Mac only)
PDF Reader:	Acrobat® or similar software may be required to view and print PDF files
Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	Allow per session cookies

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To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.
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SCHEDULE 1

Concessions Standard Operating Procedures

Los Angeles International Airport & Van Nuys Airport

Concessions Standard Operating Procedures (SOP)

May 2026

Table of Contents

1. Applicability 3
2. Definitions 3
3. Pricing Policy 3
    - Introduction 3
    - Pricing Flexibility 4
    - Excluded Items 4
    - Price Display 5
    - Pricing Reporting 5
    - Pricing Compliance 5
4. Utilities 5
5. Other Fees & Charges 6
6. Required Hours of Operation 6
7. Deliveries, Access & Coordination 6
8. Removal of Garbage & Refuse 7
9. Refuse Removal Costs 8
10. Environmentally Favorable Options 9
11. City Events 9
12. Distressed Concession Relief Program 9
13. Value For Money (VFM) Program 9
14. Children's Menu 9
15. Digital Marketing 9
16. Airport Service Quality (ASQ) Scores 10
17. Business and Operations Plan 10
18. Additional Conditions 10

Exhibits

1. Pricing Policy: Product/Menu/Service Report
2. Pricing Policy: Excluded Item Report

1. Applicability

Concessionaires (as defined below) at Los Angeles International Airport (LAX) or Van Nuys Airport (VNY) shall comply with these procedures.

2. Definitions

For purposes of these procedures, the following definitions shall apply:

"Concession" means any operation which provides, sells, rents or distributes goods, services, food, beverages, merchandise, or other products to the public at LAX or VNY, including but not limited to: retail stores, food and beverage establishments, personal service providers, passenger service businesses, advertising displays, vending machines, entertainment facilities, or other similar revenue-generating operations intended to serve the public; or airport employees.

“Concessionaire” shall include: (i) any entity with an Agreement with Los Angeles World Airports (LAWA) to provide concessions at LAX or VNY, including a Terminal Commercial Manager (TCM) (ii) concessionaires or sub-concessionaires at LAX or VNY (whether through direct concession agreements with LAWA or with TCM or otherwise); or (iii) any other individual or entity that is in possession of space that is intended to be used as a Concession at LAX or VNY provided, however, that Concessions shall not include: airlines or other air carriers, ground transportation providers, rental car services, parking operations, governmental or security operations.

“Concessionaire’s Agreement” shall mean: Concessionaires approved by LAWA provided that in case of conflicts, the terms of these procedures and LAWA’s consent shall prevail, in that order. For the avoidance of doubt, for TCM’s concessionaires, Concessionaire’s Agreement shall mean Unit Concession Agreement.

“Chief Executive Officer (CEO)” shall mean the General Manager or Executive Director of LAWA.

“LAWA” or “Los Angeles World Airports” shall mean the City of Los Angeles Department of Airports.

“Premises” or “Unit” shall mean the respective space(s) of each Concessionaire, as defined in their respective agreement(s).

Unless the context requires otherwise, capitalized terms shall have their meanings as set forth in each Concessionaire’s Agreement provided, however, if any definition in Concessionaire’s Agreement conflicts with a definition in these procedures, the definition in these procedures shall control for purposes of these procedures.

3. Pricing Policy

Introduction

LAWA is committed to providing a diverse and competitive range of retail, food and beverage and service options for the public. LAWA has adopted a flexible pricing policy that allows Concessionaires to set their own prices for the products, menu items and services they offer at their concessions, except for Excluded

Items, and subject to certain requirements and limitations. This document outlines the procedures of the Pricing Policy, which will take effect upon execution of the Amendments to the Concession Agreements.

Pricing Flexibility

Under the Pricing Policy, Concessionaires are allowed to determine the prices of their retail products, food and beverage menu items and services. Concessionaires are encouraged to offer competitive and reasonable prices that reflect the value and quality of their products and services, and that meet the expectations and satisfaction of the customers.

Excluded Items

This section outlines the pricing procedures for specific categories of items, ensuring that prices are competitive and fair for consumers while allowing for a reasonable profit margin. These categories are:

- Bottled Water
- Over-the-counter medication
- Feminine hygiene products
- Baby products

The Concessionaire will price these items no more than 18% above street pricing. Street pricing is a price charged for an identical/comparable good and at a comparable business, which is a similar non-airport business located in a shopping center or commercial district within a 25-mile radius from the airport, with a similar style of service, product offering and menu. Locations such as hotels, train stations, special events and special gated venues (e.g. Dodger Stadium, theme parks, Crypto.com Center) are not acceptable comparable businesses.

For the designated items in each of the above categories, every Concessionaire must submit a comprehensive Excluded Items pricing report for review by LAWA **on a QUARTERLY basis**. All prices will be reviewed. The Excluded Item pricing report must be completed using the template and format provided by LAWA (Exhibit 2), which includes:

- At least three (3) comparable businesses (with full name and address) with corresponding prices for each Excluded Item for purchase.
- The calculation to demonstrate the proposed pricing adheres to the Policy.

The Excluded Item pricing report must be submitted electronically to LAWA's Commercial Development's email account, concessionsreporting@lawa.org.

Quarterly submission due dates for the Excluded Item pricing report, for each year, are:

- January 1
- April 1
- July 1
- October 1

If the date falls on a weekend (Saturday or Sunday) or a city-observed holiday, the due date will be the following business date. LAWA will approve each Concessionaire's Excluded Item pricing report via email.

Price Display

Prices must be conspicuously displayed on all items for purchase, to the satisfaction of LAWA. Displays will include the name/description of the item for purchase and its sale price. Other specifics may be required on a case-by-case basis.

Pricing Reporting

To ensure transparency and accountability, Concessionaires are required to submit a pricing report to LAWA once a year, by January 1st, except for Excluded Items, (see Excluded Items Section C above) and every time a Concessionaire changes their menu, product list, service or the price of an item or service. The pricing report should include the following information for each product, menu item or service offered at the concession:

- The name and description of the product, menu item or service;
- The unit size or portion size of the product or menu item;
- The previous price of the product, menu item or service, if applicable; and,
- The date of the last price change, if applicable.

The pricing report must be submitted electronically to LAWA's Commercial Development email account, concessionsreporting@lawa.org, using the template and format provided by LAWA (Exhibit 1). LAWA will review the pricing report and acknowledge receipt of the report via email. LAWA reserves the right to request additional information or clarification from the Concessionaire. LAWA also reserves the right to reject any price in the Excluded Item report that is deemed inconsistent with the Policy.

Pricing Compliance

LAWA will monitor and enforce the compliance of the Concessionaire with the Pricing Policy, using various methods, such as price surveys, audits, inspections, and customer feedback. LAWA will notify the Concessionaire, in writing, of violations of this Policy. Concessionaire must correct prices to conform to the pricing criteria within seven calendar days of receipt of the Notice of Pricing Violation. If any LAWA-initiated price comparisons disclose a violation of the requirements of this Agreement, the cost of such LAWA-initiated price comparisons will be borne by the Concessionaire, and upon the delivery of an invoice from LAWA, the Concessionaire must pay the same to LAWA, plus fifteen percent (15%) of such cost incurred as an administrative fee (but in no event less than $100 per occurrence or such greater amount as may be reasonably adjusted by the CEO from time to time) (herein, the "Administrative Fee"), within thirty days of receipt of LAWA's invoice. LAWA will take appropriate actions against any Concessionaire that fails to comply with the Pricing Policy, such as issuing warnings, imposing fines, or terminating the concession agreement, depending on the severity and frequency of the violation.

4. Utilities

Utilities with respect to the Premises (including each Unit therein), including electricity, gas and water, shall be separately metered as to the Premises (and as to each Unit therein), at Concessionaire's expense. If the CEO agrees that it is impossible to separately meter a given utility, with respect to all or a portion of a given Unit/Premises, then Concessionaire shall pay to LAWA as Additional Rent a reasonable and non-discriminatory pro-rata amount of said utility invoice which includes said Unit/Premises, based upon CEO's good faith estimate of Concessionaire's share thereof. CEO's estimate may be based on the square footage of Concessionaire's Premises compared with the square footage of the area serviced, or upon some other

reasonable and non-discriminatory criteria designated by CEO in CEO's good faith business judgment. LAWA shall invoice Concessionaire for amounts due and Concessionaire shall pay the same on demand of receipt of LAWA's invoice. TCM shall have the right to pass through all of such charges for utilities to its Concessionaires but without any administrative mark-up or profit.

5. Other Fees & Charges

If LAWA has paid any sum or sums or has incurred any obligations or expense which Concessionaire had agreed to pay or reimburse LAWA for, or if LAWA is required or elects to pay sum(s) or ensure obligation(s) or expense(s) by reason of the failure, neglect or refusal of Concessionaire to perform or fulfill any of the conditions, covenants or agreements contained in the Agreement, or as a result of an act or omission of Concessionaire contrary to said conditions, covenants, and agreements, Concessionaire shall pay the sum(s) so paid or the expense(s) so incurred (including all interest, costs, damages and penalties, and the same may be added to any installment of the fees and charges thereafter due hereunder), plus the Administrative Fee, as Additional Rent recoverable by LAWA in the same manner and with like remedies applicable to any other component of Rent hereunder.

6. Required Hours of Operation

The Unit/Premises (including all Units within the Premises) shall be open for business every day, three hundred sixty-five days per year. The Concessionaire shall operate the Unit/Premises in accordance with the following minimum hours of operation ("Minimum Hours of Operation"): (i) if such Unit is located on the arrivals level, Minimum Hours of Operation shall be from the first scheduled arrival until at least one hour after the last scheduled arrival, without exception. ; (ii) if such Unit is located on the departure level, Minimum Hours of Operation shall be at least one hour before the first scheduled departure until the last departure of the day without exception and (iii) notwithstanding the information in (i) and (ii) no Unit shall be opened fewer hours than 6:00 a.m. to 10:00 p.m.Except in connection with the expiration or earlier termination of Concessionaire's Agreement, Concessionaire shall not vacate or abandon the Premises (including any Unit therein) at any time.

CEO may alter hours on 24-hour notice to Concessionaire to temporarily or permanently modify the Minimum Hours of Operation for any Unit/Premises. Concessionaire shall comply with modifications. Upon the written request of Concessionaire, CEO may, from time to time, authorize a later opening or earlier closing time for any Unit/Premises, provided CEO first finds that Concessionaire has submitted adequate justification ; provided, however, decreases in passenger traffic (with the exception of a national emergency or event) shall not be considered adequate justification.

7. Deliveries, Access & Coordination

To the extent airside access rights are granted to Concessionaire, Concessionaire shall comply with all Airport Rules and Regulations and applicable Laws to obtain clearance for airside access. Except and to the extent expressly directed by CEO in writing, all deliveries of products, goods, merchandise, supplies, and other materials to and from the Premises (including any Unit therein) and trash removal from the Premises (including any Unit therein) necessary to the operation of the Premises (or any Unit therein) shall be conducted through the airside locations (for TCM and its concessionaires it will be designated in the DIP Approval), as such airside locations may be changed by CEO from time to time upon written notice to Concessionaire. Concessionaire acknowledges and agrees that all such deliveries by Concessionaire shall

be in conformance with the Rules and Regulations and security requirements in effect with respect to airside operations at the Airport, and Concessionaire shall bear all costs incurred by them in connection with their respective compliance. Concessionaire shall make deliveries only within the times and at locations authorized by CEO. Concessionaires shall require that all airside deliveries be made by vehicles and drivers qualified and permitted by LAWA to drive over airside access roadways. Delivery hours and locations may be specified and changed from time to time at the sole discretion of CEO.

8. Removal of Garbage & Refuse

Concessionaire shall strictly comply with the Airport Rules and Regulations and applicable Laws regarding the disposition of trash, rubbish, refuse, garbage and recycled materials, shall regularly remove all trash, rubbish, refuse, garbage and recycled materials from the Premises (including any Unit therein) to the appropriate garbage or refuse disposal area or recycled materials area designated by CEO from time to time and shall remove the accumulation of all such material in such area or areas at frequent intervals. Prior to removal to such garbage or refuse disposal area, Concessionaire shall store all trash and other waste in covered, odor, leak and vermin proof containers (including recycling containers), such containers to be kept in areas not visible to members of the public. Accumulation of trash, boxes, cartons, barrels or other similar items shall not be permitted in any public area at Airport.

LAWA Waste Reduction and Removal. Concessionaire shall comply with current and future Airport Rules and Regulations and other regulations promulgated by the City of Los Angeles regarding the reduction and recycling of trash and debris. Without limiting the generality of the foregoing, Concessionaire shall participate in meeting the Airport's mandated goal of fifty percent (50%) waste diversion by 2035, by developing and implementing a program to remove as much recyclable material from the waste stream as possible (a "Recycling Program"). Any Recycling Program shall consist of at a minimum mixed office paper and cardboard recycling, beverage container recycling in employee break areas and public areas if applicable, diversion through 2-sided copying, reuse of pallets, utilization of minimum thirty percent (30%) recycled content copy paper and other recycled content paper goods. TCM shall prepare and submit to LAWA a written description of such Recycling Program with respect to the Premises (and each Unit therein) as part of the TCM's Business and Operations Plan. TCM shall incorporate reasonable revisions to such Recycling Program required by LAWA. If Concessionaire's corporate management has a written policy on waste reduction and sustainability, Concessionaire shall provide a copy of such policy to LAWA at the notice address set forth in the Basic Information, Attention: LAWA Recycling Coordinator. Concessionaire shall provide a quarterly report to the LAWA Recycling Coordinator (in the form and format prescribed by LAWA) detailing the volume and type of materials diverted from the waste stream in accordance with such Recycling Program. Such quarterly report shall also describe other waste minimization practices, such as use of compostable utensils and dishware, reuse of materials and equipment, salvaging of materials and recycling of construction and demolition waste. Without limiting the generality of LAWA's other access and inspection rights under Concessionaire's Agreement, LAWA shall have the right to access the Premises during regular business hours to review and verify Concessionaire's compliance with its Recycling Program and other waste minimization practices. LAWA discourages the use of polystyrene foam including one-time use clamshell food containers, bowls, plates, trays, cartons, and cups in which food or beverages are placed or packaged. In addition, restaurants and food vendors are required to use biodegradable or compostable food service ware unless an affordable alternative is not available. TCM shall provide periodic reports as outlined in the Business and Operations Plan to the LAWA Recycling Coordinator (in the form and format prescribed by LAWA) detailing the volume and type of materials diverted from the waste stream in accordance with such Recycling Program. Such reports shall also describe other waste

minimization practices, such as use of compostable utensils and dishware, reuse of materials and equipment, salvaging of materials and recycling of construction and demolition waste. Without limiting the generality of LAWA's other access and inspection rights under Concessionaire's Agreement, LAWA shall have the right to access the Premises during regular business hours to review and verify Concessionaire's compliance with its Recycling Program and other waste minimization practices. LAWA discourages the use of polystyrene foam including one-time use clamshell food containers, bowls, plates, trays, cartons, and cups in which food or beverages are placed or packaged. In addition, restaurants and food vendors are required to use biodegradable or compostable food service ware unless an affordable alternative is not available.

Coordinated Delivery and Trash/Re-Cycling Removal System. Concessionaire acknowledges that the CEO may implement coordinated systems for airside access deliveries and Trash/Recycling Removal and that such coordinated systems may (a) be operated by one or more third-party contractors, (b) require the use of a designated transfer locations, (c) require the payment or reimbursement by Concessionaire, its Concessionaires and other participants of costs and expenses, and any such amounts payable or reimbursable if paid to LAWA shall be Additional Rent hereunder, or may be payable to such third party contractors pursuant to separate agreements with such contractors; and (d) Concessionaire understands and acknowledges that, if implemented, participation with the coordinated systems may be mandatory. Concessionaire acknowledges that such coordinated systems may not become effective until after the commencement of the Primary Term of Concessionaire's Agreement. Concessionaire shall be responsible for all deliveries until such time as CEO delivers written notice to Concessionaire that such systems are being implemented. TCM shall be permitted to pass through all such costs and expenses to its Concessionaires but without any administrative markup or profit.

Additionally, LAWA requires adherence to the following waste programs/guidelines:

a. Adherence to the LAX Waste Guidelines Combined LAX Waste Guidelines
b. Mandatory back of house compost collection for all restaurants and mandatory passenger-generated compost collection for all food courts (two or more restaurants with shared seating)
c. Adherence to the LAX Food Donation Policy LAX Food Donation Policy.pdf
d. Adherence to the LAWA Single-use Plastic Water Bottle Ban Policy Single-use Plastic Water Bottle Phase-out Policy_LAWA.pdf
e. Adherence to all future waste-related LAWA sustainability policies adopted by BOAC

9. Refuse Removal Costs

LAWA may designate garbage or refuse disposal areas at each Facility for use by concessionaires. LAWA reserves the right to charge, and in such event, Concessionaire shall pay to LAWA as Additional Rent a reasonable and non-discriminatory pro-rata amount of the cost for segregation and/or removal of garbage and refuse from designated garbage or refuse disposal areas based upon CEO's good faith estimate of Concessionaire's share thereof. CEO's estimate may be based on Concessionaire's Premises square footage compared with the square footage of the area serviced, or upon some other reasonable and not unjustly discriminatory criteria designated by CEO in CEO's good faith business judgment. LAWA shall invoice Concessionaire monthly for amounts due and Concessionaire shall pay the same to LAWA as Additional Rent, on demand, upon receipt of LAWA's invoice. TCM shall have the right to pass through all such charges for refuse removal to its Concessionaires but without any administrative markup or profit.

10. Environmentally Favorable Options

Concessionaire acknowledges that its operation of its activities under Concessionaire's Agreement will be subject to all of City of Los Angeles' policies, guidelines and requirements regarding environmentally favorable construction, use or operations practices (hereinafter collectively referred to as "City Policies") as such City Policies may be promulgated, revised and amended from time to time.

11. City Events

From time to time, LAWA will host global or nationwide events, including but not limited to the World Cup in 2026, the Superbowl in 2027, and the 2028 Summer Olympic and Paralympic Games ("**City Event**"), and LAWA has or may enter into agreements in connection therewith that affect concessions at the Airport ("**City Event Agreements**"). Concessionaire shall (i) cooperate with LAWA, (ii) act consistently with any such City Event Agreements and (iii) cause its sub-concessionaires and subcontractors to act consistently with any such City Event Agreements. If any City Event has a material adverse impact on Concessionaire's rights under the Concessionaire's Agreement, then upon Concessionaire's written notice to LAWA, Concessionaire and LAWA shall engage in good faith negotiations to address those impacts.

12. Distressed Concession Relief Program

LANGUAGE FOR THIS SECTION TO BE PROVIDED.

13. Value For Money (VFM) Program

At all Units, the menu shall include at least one item or combination of items that are offered at a discounted rate to support LAWA's Value for Money (VFM) program. VFM items, combos, and deals are a selection of items made available at lower price points than regular menu items and designed to provide customers with more affordable options. LAWA will promote these offerings through the VFM program.

14. Children's Menu

At all Units, the menu shall include at least one child's plate and price.

15. Digital Marketing

Concessionaire acknowledges that: (i) City intends to implement an airport-wide digital online shop and dine program and delivery system ("Digital Program"); (ii) such Digital Program may be operated by one or more third party contractors; (iii) if the Digital Program is implemented, Concessionaire shall participate in the Digital Program; (iv) Concessionaire shall participate in quarterly discussions regarding digital experience; and (v) such Digital Program may not become effective until after the Effective Date of this Amendment. Nothing in this Section shall be construed to preclude Concessionaire's participation in TCM's pilot program authorized by Board Resolution no. 27007 (approving the Chief Executive Officer Consent to Permitted Uses).

16. Airport Service Quality (ASQ) Scores

Concessionaire shall implement the following to drive ASQ scores:

- Pricing and value for money review on all pricing submissions including review of entire marketplace offer, quality, service and value price of items.
- Mystery Shop scores audits; anything below 75% triggers immediate retraining on problem areas.
- Recognition/gifts/ awards for high performing employees.
- Store inspections with clear action plans to address deficiencies, communicated to LAWA upon request.
- Monitoring online reviews and providing responses to guest feedback.
- Full retraining on policies and procedures, including open/close policy and full enforcement of this.

17. Business and Operations Plan

The contents of the Business and Operations Plan shall include, but not be limited to, the following:

a. The plan for reasonably maximizing payments and value to City.
b. Establishment of operational goals and objectives for the forthcoming year of the plan, including identification of sales opportunities and marketing plans for the promotion of sales.
c. Review of prior year's performance, including achievement of sales projections and sales trends with explanations of any anomalies by Unit
d. The plan for the promotion of Concessionaires and their products or services
e. Review of Concessionaire's operating standards, policies, and procedures to address, correct or replace underperforming Units, including direct, actionable metrics initiated by Concessionaire to improve the airport's third-party, industry-wide customer service evaluation scores within the Premises.
f. Customer service and quality assurance plan, and remedial action plan for any prior deficiencies.
g. The maintenance plan for the Premises.
h. Such other goals, objectives, requirements or information as the CEO may reasonably request.

18. Additional Conditions

Concessionaire must adhere to the following additional conditions:

1. Concessionaire must purchase, install, and integrate with LAWA systems sensors to measure open/close accuracy and consistency to specified operating hours.
2. Concessionaire must provide accessibility to all data as requested, such as POS data, queue times, daily sales details, including POS data and ensure LAWA retains ability to access and control customer data as requested.
3. Concessionaire must partner in employee events to be held with soft openings & employee discounts for opening new concessions and track employee engagement scores and them with share with LAWA.
4. Concessionaire must provide pop up opportunities and/or kiosks during construction with enhanced barricade graphics for improved pax experience/improved ASQ scores, to be timed for the entire length of construction.

5. Concessionaire must provide opportunities for joint LAWA/branding opportunities.
6. Concessionaire must implement initiatives to explicitly measure and address long line wait times at concessions that still feel high-touch and hospitable.
7. LAWA reserves the right to require the Concessionaire to implement a comprehensive re-concepting of any location within ninety (90) to one hundred eighty (180) days following formal written notice. This right may be exercised if a location fails to satisfy performance metrics—including gross sales, required operating hours, and mystery shopper scores—for the duration of any full fiscal quarter. Upon such failure, the Concessionaire shall be granted a thirty (30) day cure period to reconcile the identified performance deficiencies prior to the issuance of a formal re-concepting directive.
8. Concessionaire shall develop and submit to LAWA a comprehensive strategy for the introduction of new brands. Such submission must include, at a minimum, multiple choices for brand selection, a detailed analysis detailing the utilization and capitalization of upcoming and emerging brands, and robust supporting documentation evidencing the projected viability and success of said brands within an airport environment, including relevant consumer insights and empirical response data. Final approval of all brand concepts, designs, and selections shall be retained exclusively by LAWA.

Exhibit 1
Product/Menu/Service Report

Menu Pricing Worksheet

LAX

Concessionaire:

Concession Name:

Terminal:

Submittal Quarter:

Menu Item Description	New Item	Current Price	Previous Price	Date of Last Price Change	Notes
	☐				
	☐				
	☐				

Exhibit 2
Market Basket Report

Group Review		
Comp #1	Comp #6	Comp #11
Comp #2	Comp #7	Comp #12
Comp #3	Comp #8	Comp #13
Comp #4	Comp #9	Comp #14
Comp #5	Comp #10	Comp #15
Comp #6	Comp #11	Comp #16
Comp #7	Comp #12	Comp #17
Comp #8	Comp #13	Comp #18
Comp #9	Comp #14	Comp #19
Comp #10	Comp #15	Comp #20

Item Description	Item	Unit/Case	Comp #1	Comp #2	Comp #3	Comp #4	Comp #5	Comp #6	Comp #7	Comp #8	Comp #9	Comp #10	Comp #11	Comp #12	Comp #13	Comp #14	Comp #15	Comp #16	Comp #17	Comp #18	Comp #19	Comp #20	Comp #21	Comp #22	Comp #23	Comp #24	Comp #25	Comp #26	Comp #27	Comp #28	Comp #29	Comp #30	Comp #31	Comp #32	Comp #33	Comp #34	Comp #35	Average of Comps	Last Price Paid	Negotiated Price	MAXIMUM PPT Average	% Difference Between Negotiated and MAXIMUM	% Difference Between Negotiated and Average	Notes

EXHIBIT A

Description of Premises

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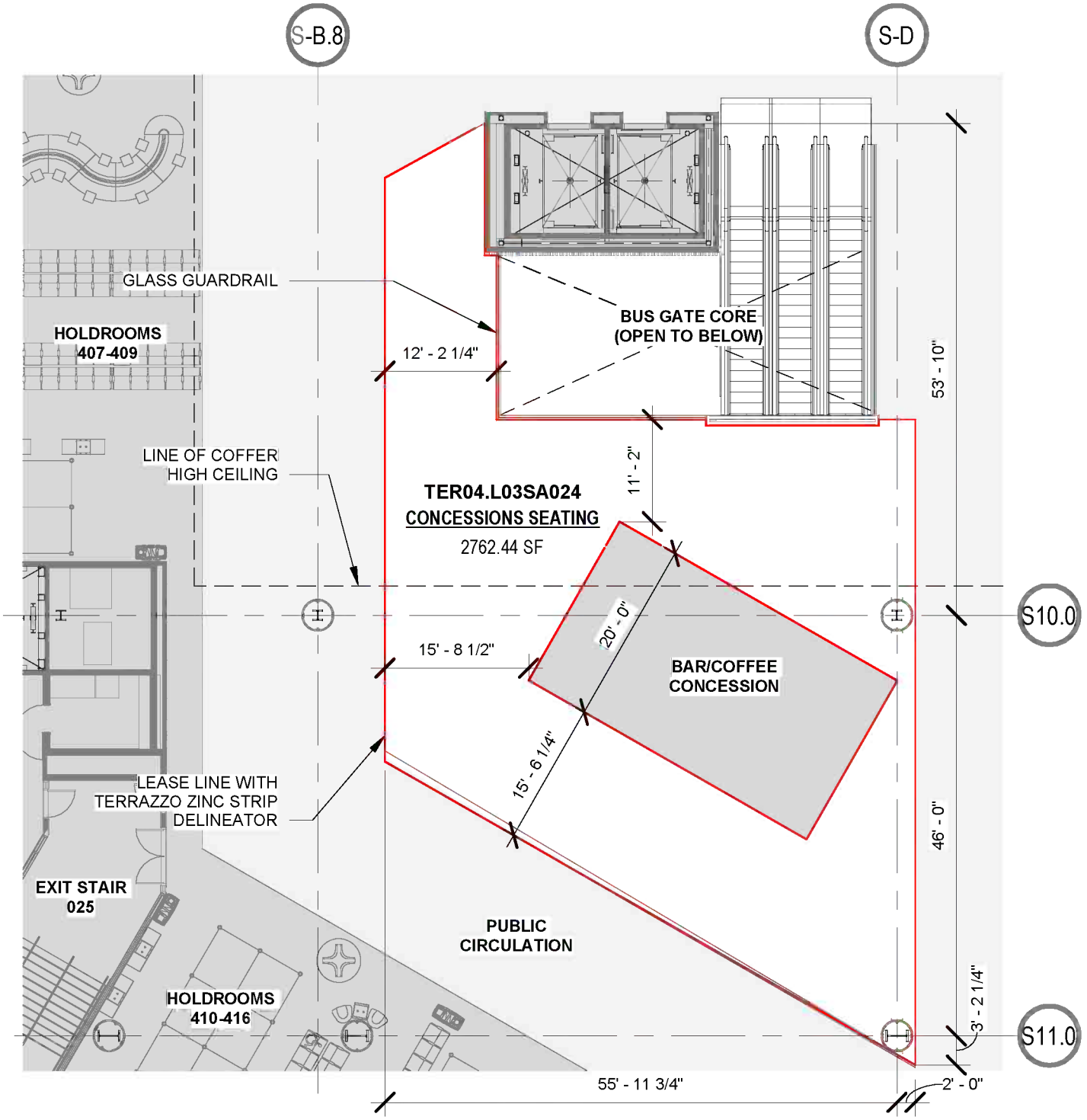
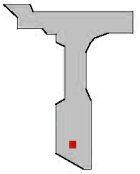


FLOOR PLAN - CONCOURSE LEVEL 03 - CONCESSION SEATING TER04L03SA024

LEGEND

- **CONCESSION PORTAL**
  - TERRAZZO ENTRY DELINEATOR
  - CONTINUOUS SOFFIT AND ENTRY FRAME
  - RECESSED SECURITY GRILLE
- **TENANT SPACE**
- **UTILITY ZONE**

T4 KEY MAP



Terminal 4 Concessions Program

Lease Outline Drawing : Concession Seating TER04.L03SA024

A.115

LAWA
LOS ANGELES WORLD AIRPORTS

Exhibit A

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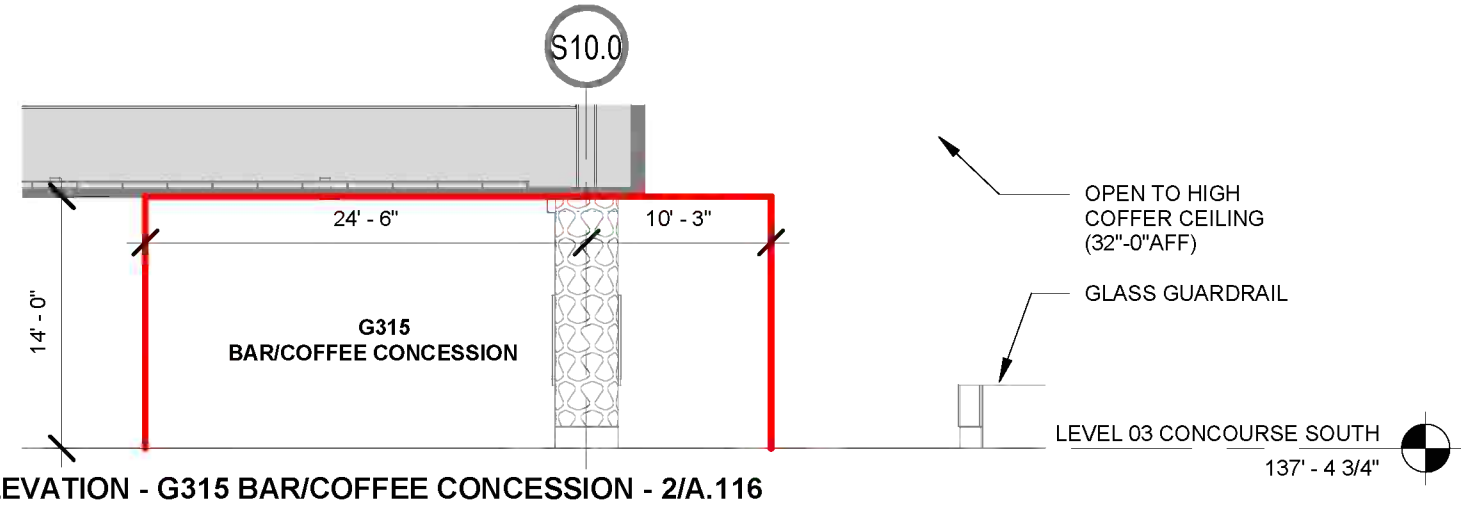
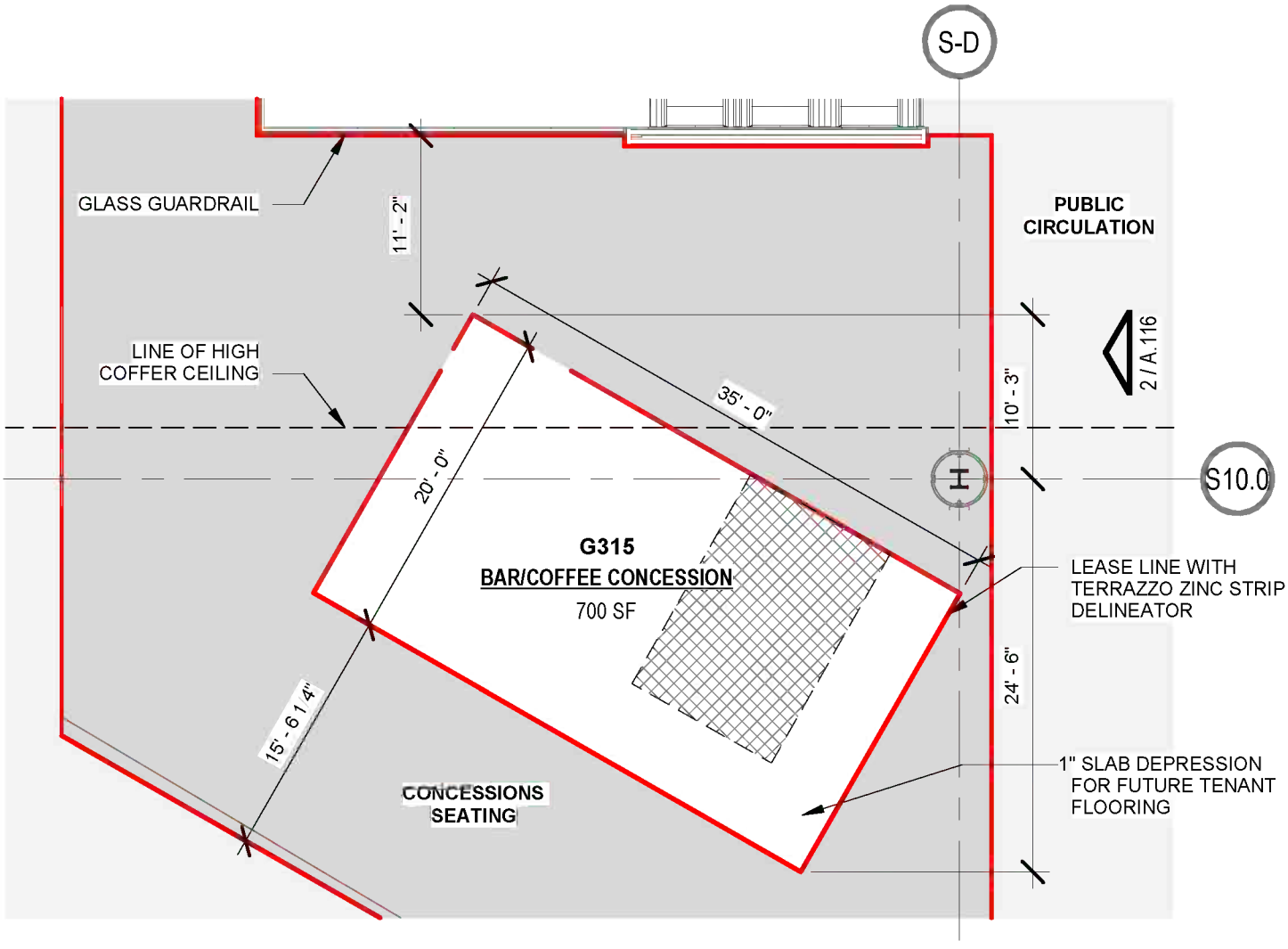


ELEVATION - G315 BAR/COFFEE CONCESSION - 2/A.116



FLOOR PLAN - CONCOURSE LEVEL 03 - G315 BAR/COFFEEE CONCESSION

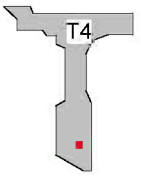
LEGEND

CONCESSION PORTAL
- TERRAZZO ENTRY DELINEATOR
- CONTINUOUS SOFFIT AND ENTRY FRAME
- RECESSED SECURITY GRILLE

TENANT SPACE

UTILITY ZONE

T4 KEY MAP



Terminal 4 Concessions Program

Lease Outline Drawing : G315 Bar/Coffee Concession

A.116

LOS ANGELES WORLD AIRPORTS

Exhibit A

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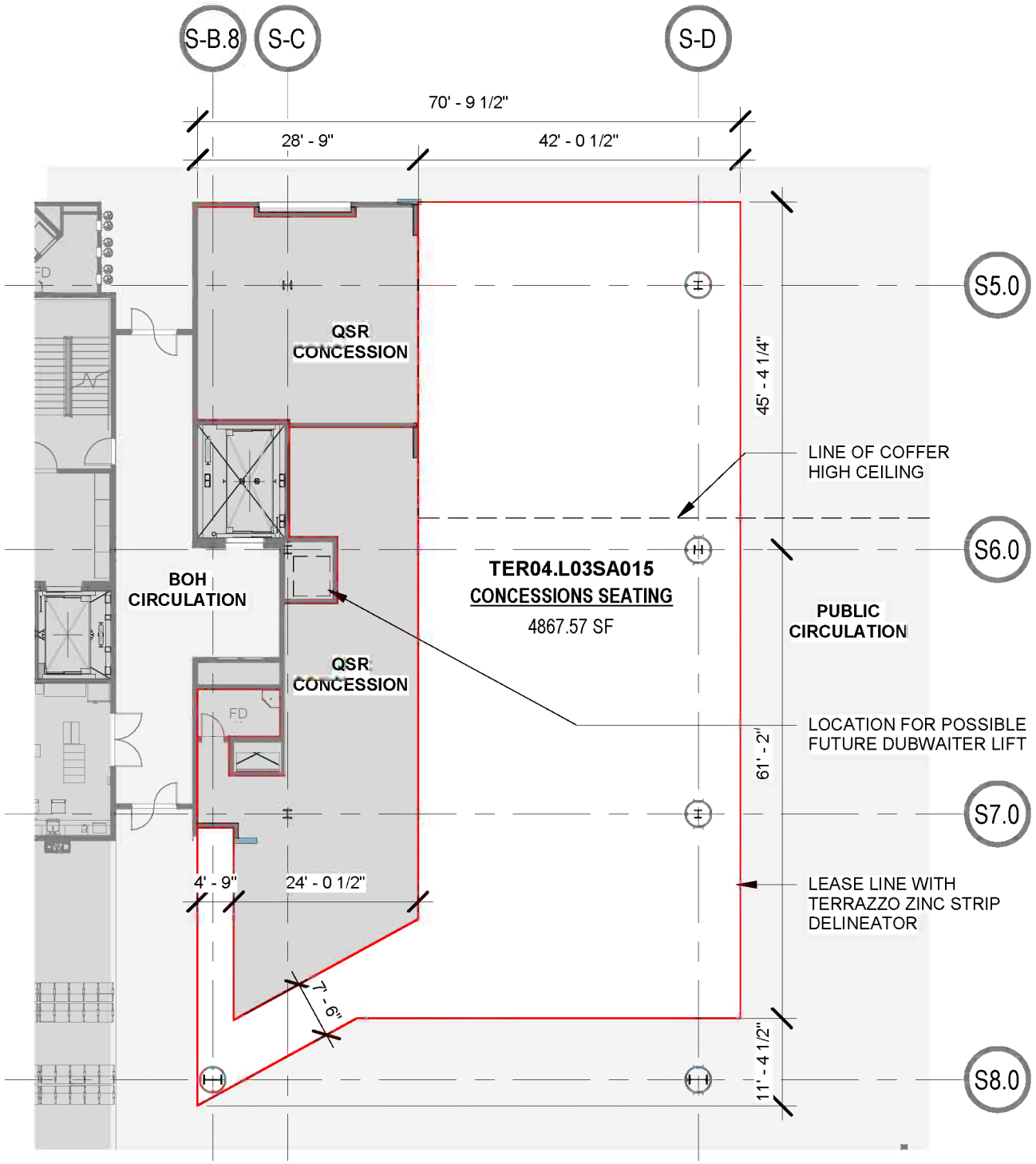


FLOOR PLAN - CONCOURSE LEVEL 03 - CONSESSIONS SEATING TER04L03SA015

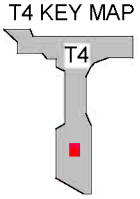
LEGEND

CONCESSION PORTAL
- TERRAZZO ENTRY DELINEATOR
- CONTINUOUS SOFFIT AND ENTRY FRAME
- RECESSED SECURITY GRILLE

TENANT SPACE

UTILITY ZONE

T4 KEY MAP



Terminal 4 Concessions Program

Lease Outline Drawing : Concessions Seating TER04.L03SA015

A.117

LOS ANGELES WORLD AIRPORTS

Exhibit A

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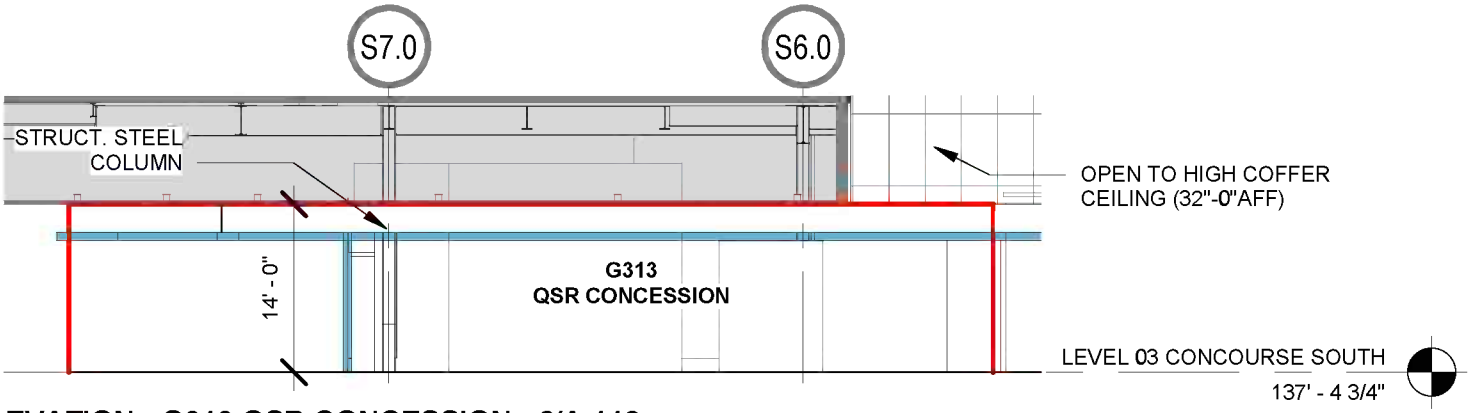
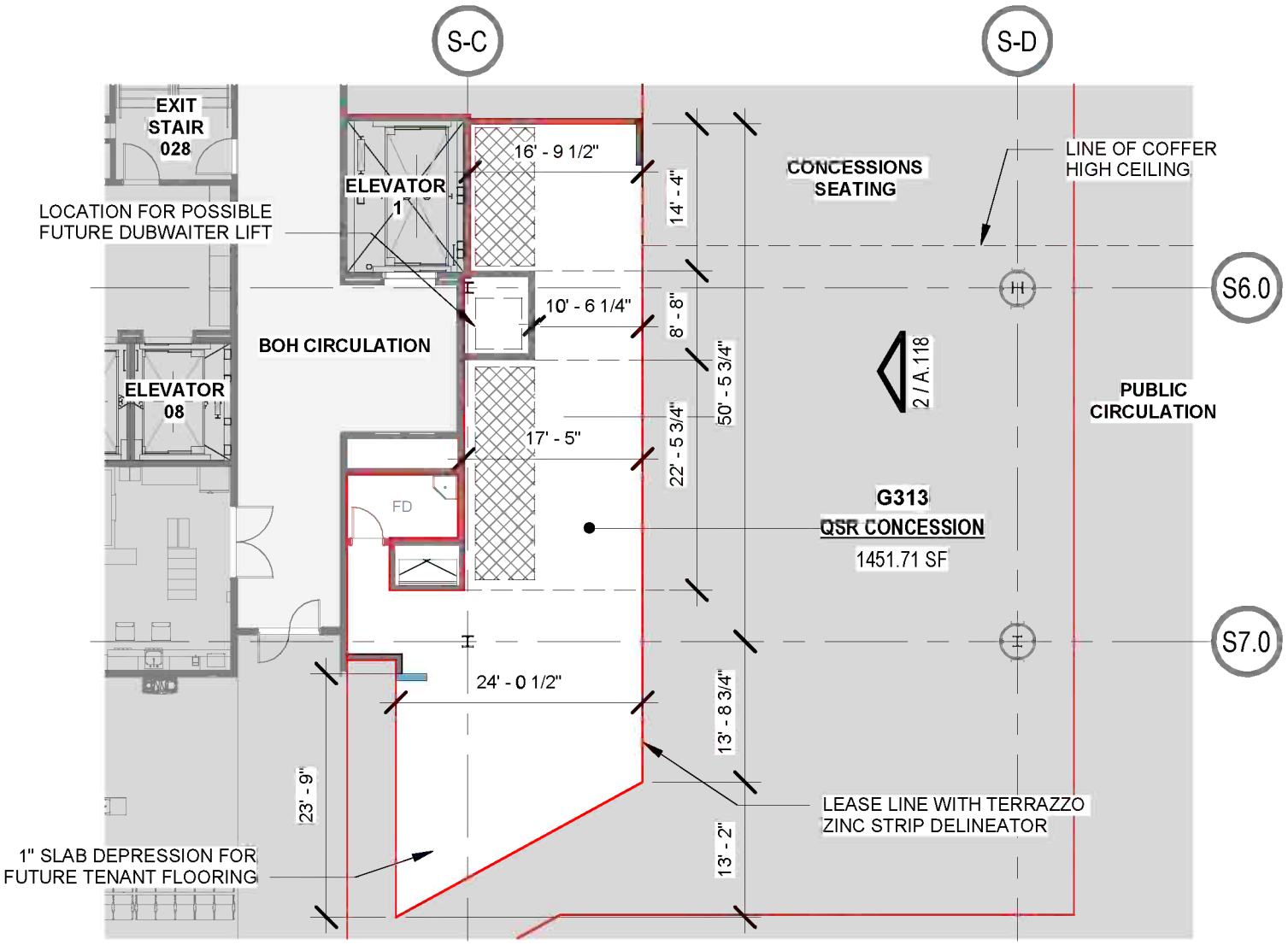


ELEVATION - G313 QSR CONCESSION - 2/A.118

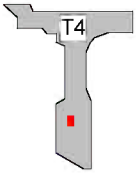


FLOOR PLAN - CONCOURSE LEVEL 03 - G313 QSR CONCESSION

LEGEND

- **CONCESSION PORTAL**
  - TERRAZZO ENTRY DELINEATOR
  - CONTINUOUS SOFFIT AND ENTRY FRAME
  - RECESSED SECURITY GRILLE
- **TENANT SPACE**
- **UTILITY ZONE**

T4 KEY MAP



Terminal 4 Concessions Program

Lease Outline Drawing : G313 QSR Concession

A.118

LOS ANGELES WORLD AIRPORTS

Exhibit A

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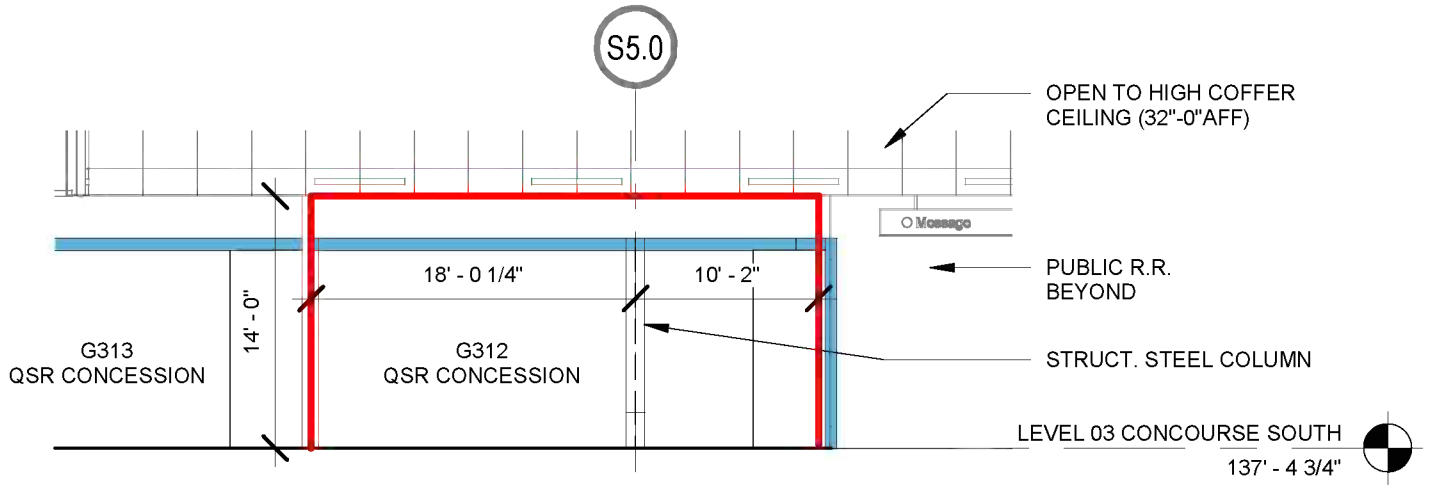
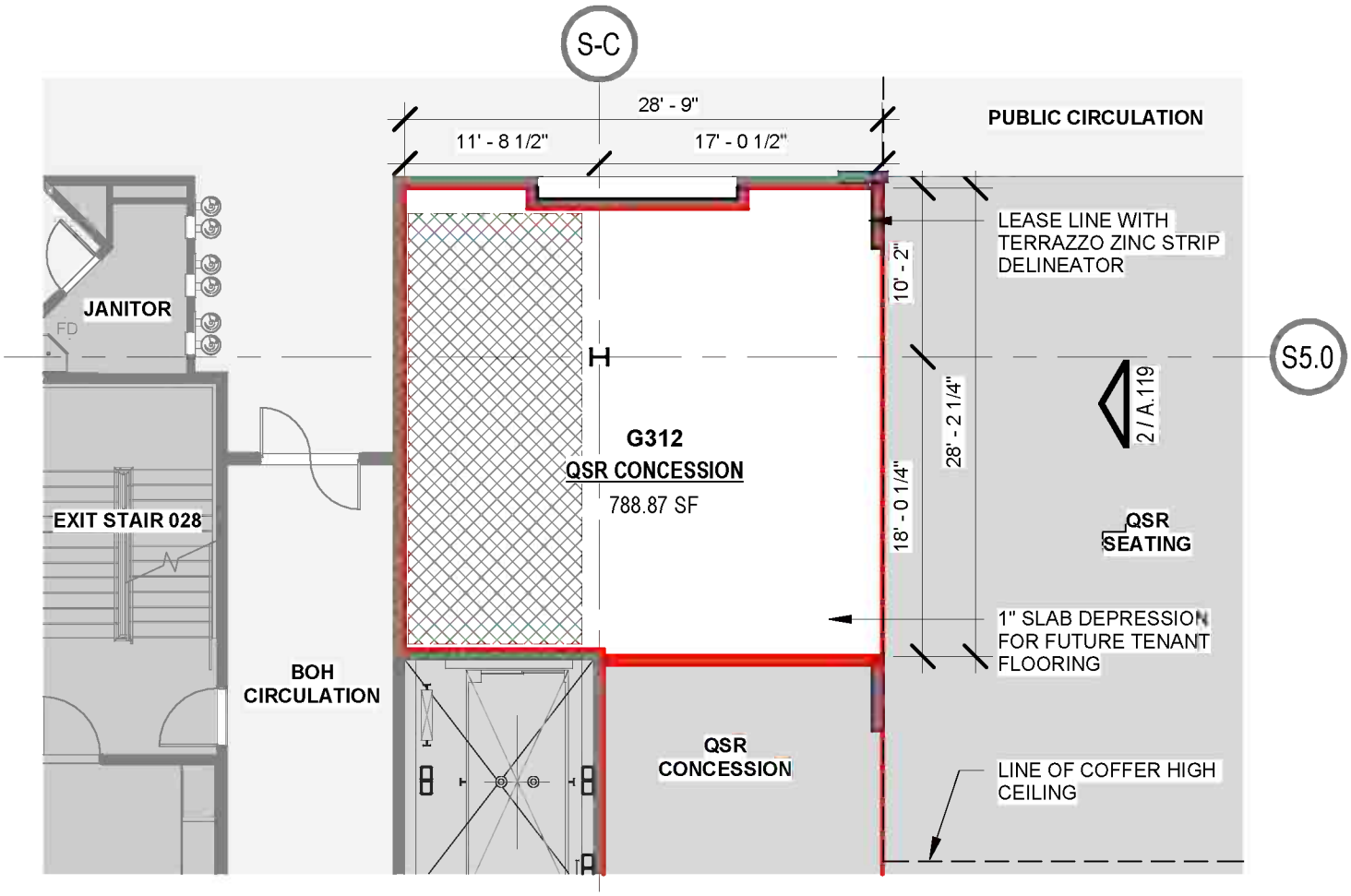


ELEVATION G312 QSR CONCESSION - 2/A.119

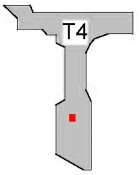


FLOOR PLAN - CONCOURSE LEVEL 03 - G312 QSR CONCESSION

LEGEND

- **CONCESSION PORTAL**
  - TERRAZZO ENTRY DELINEATOR
  - CONTINUOUS SOFFIT AND ENTRY FRAME
  - RECESSED SECURITY GRILLE
- **TENANT SPACE**
- **UTILITY ZONE**

T4 KEY MAP



Terminal 4 Concessions Program

Lease Outline Drawing : G312 QSR Concession

A.119

LOS ANGELES WORLD AIRPORTS

Exhibit A

EXHIBIT A-1

Site Plan Showing Premises

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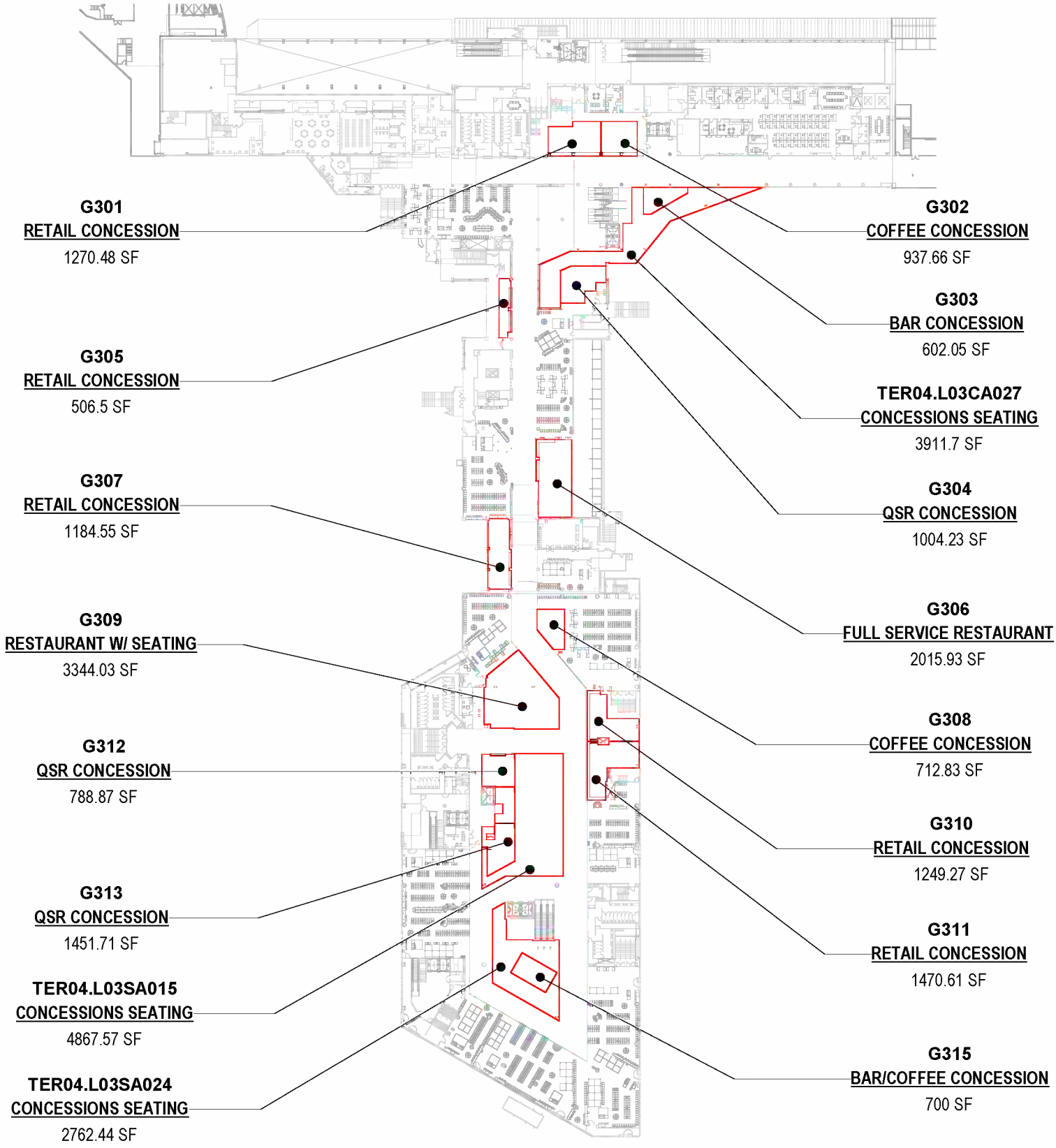


Terminal 4 Concessions Program

Lease Outline Drawing : Concourse Level 03 Overall Plan

A.003

LOS ANGELES WORLD AIRPORTS

Exhibit A-1

EXHIBIT B

Commencement and Expiration Date Memorandum

EXHIBIT B

Commencement and Expiration Date Memorandum

(Intentionally Omitted)

EXHIBIT C

Form of Storage Space Addendum

EXHIBIT C

STORAGE SPACE ADDENDUM

THIS **STORAGE SPACE ADDENDUM** (this "**Addendum**") is made as of _____, 201__, by and between **THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS,** a municipal corporation ("**City**"), acting by order of and through its Board of Airport Commissioners ("**Board**"), and _____, a _____ ("**[Concessionaire or Operator]**"), and upon execution and delivery of this Addendum by the Chief Executive Officer shall become a part of that certain Los Angeles International Airport _____ Concession Agreement, LAA-_____, dated as of _____, 201__, by and between City and [Concessionaire or Operator] with respect to the Premises (as defined therein) (the "**Concession Agreement**").

1. Defined Terms. All initially capitalized terms not otherwise defined in this Addendum shall have the meanings set forth in the Concession Agreement, unless the context clearly indicates otherwise.

2. Lease of Storage Space. In consideration of the payment of Storage Rent (hereinafter defined) and keeping and performance of the covenants and agreements by [Concessionaire or Operator] as set forth in this Addendum and in the Concession Agreement, City leases to [Concessionaire or Operator] a total of approximately _____ square feet of storage space (the "**Storage Space**"), as shown on the chart and drawing, both of which are attached to this Addendum as Exhibit 1.

3. Term of Storage Space Addendum. [Concessionaire or Operator]'s right to use the Storage Space will commence on _____, 201__, and terminate the earlier of (a) upon thirty (30) days' prior written notice from either of City or [Concessionaire or Operator] to the other, or (b) the concurrent expiration or earlier termination of the Concession Agreement ("Term of Addendum"). In connection with the expiration or earlier termination of this Addendum, [Concessionaire or Operator] shall remove all of its goods, furniture, equipment, files, supplies and other personal property from the Storage Space and shall surrender the Storage Space in substantially the same condition as received by [Concessionaire or Operator].

4. Storage Rent. [Concessionaire or Operator] as a monthly base rent for the Storage Space, the City's current and then effective Concessions Storage Rate approved by the Board ("Base Storage Rent"). The Base Storage Rent described in this Section 4 is subject to subsequent Board-approved annual adjustments to the City's Concessions Storage Rate, which will then become the effective Concessions Storage Rate, even if payment for such Storage Base Rent began less than one year before such effective rate.

4.1. Concessions Storage Rate. The Base Storage Rent shall be calculated for each calendar month in an amount equal to the Concessions Storage Rate in effect for the month

multiplied by the square footage of the Storage Space. If adjustments to the Concessions Storage Rent are adopted by the Board retroactive to an effective date established by the Board, the adjustments shall be applied retroactively to said effective date and [Concessionaire or Operator] shall be responsible for retroactive payment of any increased amounts due.

4.2. The Storage Rent is all inclusive and includes utilities, taxes, maintenance, and repair. For purposes of this Addendum, "Storage Rent" shall mean Base Storage Rent and all additional charges (if any) payable to City hereunder. All Storage Rent will be payable in advance, without notice, on or before the first day of each month during the Term of Addendum, at the place designated in the Basic Information of the Concession Agreement for the payment of Rent, or at such place as City may from time to time designate in writing. [Concessionaire or Operator] will not use the Storage Space for any other purpose, but acknowledges that it may additionally be subject to the City's Occupancy Tax if the Storage Space is not used for storage purposes, as permitted under this Addendum.

5. Use of Storage Space. [Concessionaire or Operator] will use the Storage Space in a careful, safe and proper manner, in accordance with all applicable Laws and any Rules and Regulations, as defined in the Concession Agreement. [Concessionaire or Operator] agrees to be fully liable for any damages or losses sustained by City as a result of any overloading by [Concessionaire or Operator] will pay City as additional Storage Rent on demand for any damage to the Storage Space caused by misuse or abuse by [Concessionaire or Operator], its agent or employees, or any other person entering the Storage Space. [Concessionaire or Operator] will not commit waste nor permit waste to be committed nor permit any nuisance in the Storage Space.

6. Lighting; Electricity. City agrees, during the Term of this Addendum, to furnish and provide such electric lighting service to and such ingress and egress from the Storage Space during ordinary business hours as may, at the judgment of City, be reasonably required for the use and occupancy of the Storage Space pursuant to the terms of this Addendum. [Concessionaire or Operator] agrees that City will not be liable for failure to provide such lighting service or ingress and egress during any period when City uses reasonable diligence to supply them. City reserves the right temporarily to discontinue electric service, or ingress or egress, at such times as may be necessary when City is unable to provide them by reason of accident, unavailability of employees, repairs, alterations or improvements, or whenever by reason of strikes, walkouts, riots, acts of God, or any other happening beyond the control of City. City will be under no obligation to furnish heating or air conditioning service to the Storage Space. City will have the right to enter the Storage Space to examine and inspect it as provided in the Concession Agreement and to require the removal of any object or material City deems hazardous to the safety or operation of the Terminal or building in which the Storage Space is located.

7. [Concessionaire or Operator] Contacts. [Concessionaire or Operator] will provide City a list of [Concessionaire or Operator]'s appointed representatives and their telephone numbers for the Storage Space. [Concessionaire or Operator] may, from time to time, change the individuals who are designated as [Concessionaire or Operator]'s representatives by written notice to City of

any such change. City will contact [Concessionaire or Operator]'s representative only to obtain access to the Storage Space. [Concessionaire or Operator] will place signs identifying the location and telephone number for [Concessionaire or Operator] representative on each Storage Space.

8. Storage at [Concessionaire or Operator]'s Risk; Condition of Storage Space. [Concessionaire or Operator] agrees that any and all property of [Concessionaire or Operator] kept or stored in the Storage Space will be at the sole risk of [Concessionaire or Operator] and that City will not be liable for any injury or damage to such property. [Concessionaire or Operator] will carry and maintain, at [Concessionaire or Operator]'s expense, insurance covering all property stored in the Storage Space. Taking possession of the Storage Space by [Concessionaire or Operator] will be conclusive evidence that the Storage Space was in the condition agreed upon between City and [Concessionaire or Operator] and acknowledgment by [Concessionaire or Operator] that it accepts the Storage Space in its then "as-is, where is" condition, "with all faults," and without any further improvement by City.

9. Applicability of the Concession Agreement. Except to the extent specifically provided otherwise in this Addendum, the provisions of the Concession Agreement shall be applicable to the Storage Space and this Addendum as if they were specifically set forth in this Addendum. During the Term of Addendum, references in the Concession Agreement to the "**Premises**" will be deemed to refer to the "**Storage Space**," unless the context clearly indicates otherwise. In the event of any express conflict between the provisions of the Concession Agreement and the provisions of this Addendum, the provisions of this Addendum shall control.

10. Cross-Default. Any default by [Concessionaire or Operator] in the performance of [Concessionaire or Operator]'s obligations under this Addendum will also be a default under the Concession Agreement.

11. Improvements to Storage Space; Relocation and Partial Termination. [Concessionaire or Operator] shall not make any alterations or improvements to the Storage Space without the prior written consent of City and compliance with the applicable provisions of the Concession Agreement. City expressly reserves the rights (a) to relocate the Storage Space to such other storage area as may be designated by City, or (b) to partially terminate this Addendum with respect to any portion of the Storage Space upon not less than thirty (30) days prior written notice to [Concessionaire or Operator]. Notwithstanding anything to the contrary provided in the Concession Agreement or otherwise, [Concessionaire or Operator] shall not be entitled to any compensation or reimbursement in connection with such relocation or partial termination (including, without limitation, any compensation or reimbursements for moving expenses, or for alterations or improvements made to the Storage Space); *provided, however,* the Storage Rent shall be equitably adjusted in connection with any reduction in the Storage Space.

12. Counterparts. This Addendum may be executed in counterparts, but shall become effective only after each party has executed a counterpart hereof; all said counterparts when taken together, shall constitute the entire single agreement between the parties.

13. The individuals executing this Addendum personally warrant that they have full authority to execute such consent on behalf of the entity for which they are acting herein. Further, if _____ is an entity, _____ warrants that the entity is duly organized, validly existing and in good standing under the laws of the state of the entity's organization, and is qualified to do business in the state in which the subject matter of the Addendum is located or is being performed, and the persons executing this Addendum on behalf of the entity have the full right and authority to execute such addendum on behalf of such entity and to bind such entity without the consent or approval of any other person or entity. The entity has full power, capacity, authority and legal right to execute and deliver this Addendum and to perform all of its obligations hereunder. This Addendum is a legal, valid and binding obligation of the entity, enforceable in accordance with its terms, power, capacity, authority and legal right to execute and deliver this Addendum and to perform all of its obligations hereunder. This Addendum is a legal, valid and binding obligation of the entity, enforceable in accordance with its terms.

(signature pages follow)

IN WITNESS WHEREOF, City has caused this Addendum to be executed on its behalf by Chief Executive Officer and [Concessionaire or Operator] has caused the same to be executed by its duly authorized officers, all as of the day and year first hereinabove written.

CITY OF LOS ANGELES

Approved as to form:

HYDEE FELDSTEIN SOTO,
City Attorney

By: _____
Deputy/Assistant City Attorney

Date: _____

By: _____
Chief Executive Officer, City of Los Angeles, Department of Airports

By signing above, the signatory attests that they have no personal, financial, beneficial, or familial interest in this Addendum.

(signature page continues)

EXHIBIT C
STORAGE SPACE ADDENDUM

NAME OF COMPANY
a _____ corporation

By: _____
Signature (Chairman of the Board, President, or Vice President)

_____
Print Name

_____
Title

By: _____
Signature (Secretary, Assistant Secretary, Chief Financial Officer or Assistant Treasurer)

_____
Print Name

_____
Title

EXHIBIT C
STORAGE SPACE ADDENDUM

EXHIBIT D

Description of All Premises in Airport

EXHIBIT D

Description of All Premises in Airport

(Intentionally Omitted)

EXHIBIT E

Form of Monthly Gross Revenue Report

EXHIBIT E

Los Angeles World Airports (LAWA)

Monthly Gross Revenue Report

Company Name:		RAMS Agreement #:	
Lease Year Beginning:		Lease Year Ending:	
Submitted by:		Telephone #:	
Email Address:		LAWA #:	
Signature:		Date Report Submitted:	

1) Please submit this report to "concessionreporting@lawa.org" on or before the 20th day of the month following the month for which this Report is made.

2) Please submit your payment with a signed copy of this report to the following address:
City of Los Angeles - LAWA
P.O. Box 54078
Los Angeles, CA 90054-0078

3) A late payment fee of 10% APR will be added for late reports.

4) For questions related to this report, please contact LAWA Billing Unit at 424-646-7623.

		GROSS REVENUES							
Facility Name	**Space #**	**Coffee, Bar, Quick-Serve Restaurant, F&B Marketplace**	**Restaurant & Casual Dining**	**Alcoholic Beverages**	**Travel Essentials & Specialty Retail**	**Facility Total**	**Percentage Rent**	**MMG**	**Base Rent Due**
		___%	___%	___%	___%				
SUBTOTAL									

The foregoing is certified to be true and correct to the best of our knowledge and belief. The signing officer has reviewed the report and certifies that it fairly presents the sales results of the Concessionaire for the periods presented in the report.

By: _____
Name

_____
Title

To calculate the City Occupancy Tax, take your $ amount, determine your # of units and multiply the # of units by 1.48 (which is the City Occupancy Tax figure). For example: If you have $30,010 that = 31 units (because you always round up); 31 x 1.48 = $45.88. You would input $45.88 in the COT box to the right.

Base Rent Due:	
Less: MMG Paid:	
Net Rent Due:	
City Occupancy Tax:	
Less: City Occupancy Tax Paid:	
Net City Occupancy Tax Due:	
Total Balance Due:	

EXHIBIT F

Form of Annual Gross Revenue Report

EXHIBIT F

Los Angeles World Airports (LAWA)
Annual Gross Sales Activity Report

Company Name:		RAMS Agreement #:	
Unit Name:		LAWA Contract #:	
Lease Year Beginning:		Lease Year Ending:	
Email Address:		Telephone #:	
Submitted By:		Date Report Submitted:	
Signature:			

1) Within 45 days after the end of each Lease year, Concessionairs shall sumbit an annual accounting of the Gross Revenues received at each Unit operated by Concessionaire.

2) Please submit this report to "activityreports@lawa.org" on or before the 45th day following the close of each Lease Year.

3) Please submit with a signed copy of this report to the following address:

City of Los Angeles - LAWA
P.O. Box 54078
Los Angelese, CA 90054-0078

4) For questions related to this report, please contact LAWA Billing Unit at 424-646-7623.

	Gross Sales							
Month	Coffee, Bar, Quick Serve Restaurant, F&B Marketplace	Restaurant & Casual Dining	Alcoholic Beverages	Travel Essentials & Specialty Retail	Total	Percentage Rent	MMG	Base Rent Due
	___%	___%	___%	___%				
July								
August								
September								
October								
November								
December								
January								
February								
March								
April								
May								
June								
TOTAL			-	-				

The foregoing is certified to be true and correct to the best of our knowledge and belief. The signing officer has reviewed the report and certifies that it fairly presents the sales results of the Concessionaire for the periods presented in the report.

By: _____
Name

_____
Title

EXHIBIT G

(Intentionally Omitted)

EXHIBIT G

(Intentionally Omitted)

EXHIBIT H

Form of Improvement Performance Bond

Performance Bond

Know all Men by these presents:

THAT _____
_____ as PRINCIPAL,
and _____, a corporation organized under the laws of the State of _____ and duly authorized to transact business under the laws of the State of California, as surety(ies), are held and firmly bound unto the CITY OF LOS ANGELES, a Municipal Corporation, as obligee, in the just and full sum of

_____
_____ Dollars ($ _____),

for the payment whereof well and truly to be made said principal and surety bind themselves, their heirs, executors, administrators, successors, and assigns, jointly and severally firmly by these presents.

THE CONDITION of the foregoing obligation such, that whereas, the above bounden principal is about to enter into a contract, attached hereto, and incorporated by reference herein, with said obligee to do and perform the following, to-wit:

_____
_____
_____

as will more fully appear from said contract, reference to which is hereby made, and which said contract and all documents incorporated therein by reference are expressly made a part hereof.

The said surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to the work to be performed thereunder shall in anywise affect its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration or addition to the terms of the contract or the work, including any Task Order or Change Order.

NOW, THEREFORE, if the above bounden principal shall well and truly perform the work contracted to be done under said contract, and shall fully and faithfully carry out and perform all of the terms, covenants and conditions of said contract upon its part to be performed, then this obligation to be null and void, otherwise to remain in full force and effect.

No right of action shall accrue under this bond to or for the use of any person other than the obligee named herein.

Signed and sealed this ____ day of _____ A.D. 20____.

_____

_____
PRESIDENT

_____
SECRETARY

_____
By _____
ATTORNEY-IN-FACT

Corporation, Partnership or Individual Principal must have signatures acknowledged in the appropriate blank on the reverse hereof.
If a Corporation – Corporate Seal must be impressed hereon.

EXHIBIT H

CORPORATE ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this ____ day of _____, 20____ before me, the undersigned, a Notary Public in and for said County, personally appeared _____ known to me to be the _____ President, and _____ known to me to be the _____ Secretary of _____ the Corporation that executed the within and foregoing instrument, and known to me to be the persons who executed the within instrument on behalf of the Corporation therein named, and acknowledged to me that such corporation executed the same.

WITNESS MY HAND AND OFFICIAL SEAL.

_____

Notary Public in and for the County of _____, State of California

INDIVIDUAL
or
PARTNERSHIP ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this ____ day of _____, 20____ before me, _____ a Notary Public in and for THE said County and State, personally appeared

known to me to be *the person whose name is subscribed to
*one of the partners of the partnership that executed
the within instrument and acknowledged to me *that such partnership executed the same
*that…he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

_____

Notary Public in and for the County of _____, State of California

*Strike out words not applicable.

STATE OF

_____

ss.

County of _____

On this _____ day of _____ in the year two thousand and _____ before, me _____, a Notary Public in and for the County of _____, State of residing therein, duly commissioned and sworn, personally appeared _____ _____ known to me to be the _____ of_____, the corporation that executed the within instrument, and also known to me to be the person _____ who executed it on behalf of said corporation therein named, and _____ he _____ acknowledged to me that such individual/partnership executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal at my office in the _____ County of _____, the day and year in this certificate first above written.

_____

Notary Public in and for the County of _____

State of _____

EXHIBIT H

Private Works Payment Bond

Know all Men by these presents:

THAT WE _____
_____, as principal, and
_____, as surety(ies),
are held and firmly bound unto _____ [COMPANY NAME], in the sum of
_____ Dollars ($_____)
lawful money of the United States, for which, payment well and truly to be made, we bind ourselves, jointly and severally, firmly by these presents.

Signed, sealed and dated _____, 20_____.

The condition of the above obligation is such that, whereas said principal has been awarded and is about to enter into a written contract with the [COMPANY NAME] for

_____
_____
_____
_____

which contract is hereto attached and incorporated by reference herein, and to which reference is made for all particulars, and is required by said city to give this bond in connection with the execution of said contract;

Now, therefore, if said principal as contractor in said contract, or principal's subcontractor(s), fails to pay for any materials, provisions, provender or other supplies or teams used in, upon or for or about the performance of the work contracted to be done, or for any work or labor done thereon of any kind or for amounts due under the Unemployment Insurance Act with respect to such work or labor, or for any amounts required to be deducted, withheld, and paid over to the Franchise Tax Board from the wages of employees of the principal and its subcontractors pursuant to Sec. 18806 of the Revenue and Taxation Code of the State of California with respect to such work and labor, said surety(ies) will pay the same in an amount not exceeding the sum set forth above, and also in case suit is brought upon this bond, a reasonable attorney's fee to be fixed by the court. This bond shall inure to the benefit of any and all persons, companies and corporations, or their assigns, entitled to file claims under and by virtue of the applicable provisions of Division IV, Part 6, Titles 1 and 2 (commencing with Section No. 8000) of the Civil Code of the State of California.

WITNESS our hands this _____ day of _____, 20_____.

_____

_____
PRESIDENT

_____
SECRETARY

_____
Surety,

_____
Surety,

Corporation, Partnership or Individual Principal must have signatures acknowledged in the appropriate blank on the reverse hereof.
If a Corporation – Corporate Seal must be impressed hereon.

CORPORATE ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this ____ day of _____, 20____ before me, the undersigned, a Notary Public in and for said County, personally appeared _____ known to me to be the _____ President, and _____ known to me to be the _____ Secretary of _____ the Corporation that executed the within and foregoing instrument, and known to me to be the persons who executed the within instrument on behalf of the Corporation therein named, and acknowledged to me that such corporation executed the same.

WITNESS MY HAND AND OFFICIAL SEAL.

_____

Notary Public in and for the County of _____, State of California

INDIVIDUAL
or
PARTNERSHIP ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this ____ day of _____, 20____ before me, _____ a Notary Public in and for THE said County and State, personally appeared

known to me to be *the person whose name is subscribed to
*one of the partners of the partnership that executed
the within instrument and acknowledged to me *that such partnership executed the same
*that…he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

_____

Notary Public in and for the County of _____, State of California

*Strike out words not applicable.

STATE OF

_____

ss.

County of _____

On this _____ day of _____ in the year two thousand and _____ before, me _____, a Notary Public in and for the County of _____, State of residing therein, duly commissioned and sworn, personally appeared _____ _____ known to me to be the _____ of_____, the corporation that executed the within instrument, and also known to me to be the person _____ who executed it on behalf of said corporation therein named, and _____ he _____ acknowledged to me that such individual/partnership executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal at my office in the _____ County of _____, the day and year in this certificate first above written.

_____

Notary Public in and for the County of _____

State of _____

Rev'd 2016-07-25

EXHIBIT H

EXHIBIT I

Insurance

EXHIBIT I

Insurance

EXHIBIT I

Name:	**HOST INTERNATIONAL INC**
Agreement/Activity:	RFP - Development, management, and operations of food & beverage, convenience retail, specialty retail, certain other concessions, and non-airline revenue opportunities and passenger services in Terminal 4 at LAX
LAWA Division:	Commercial Development Group
Contract No.:	tbd
RFP No.:	Bonfire 0243-2025-06-RFP
Term:	12 years with one 3-year renewal option

The following Primary and Ancillary Insurance is required for this contract with minimum limits outlined and is subject to the terms and conditions set forth in Section 10 of the General Insurance Provisions in the Contract.

	Primary Insurance
(X) Required	**Workers Compensation,** Statutory Limits **Employer Liability** $1,000,000 each accident $1,000,000 each employee by disease $1,000,000 policy limit by disease
(X) Required	**Commercial General Liability** $10,000,000 per occurrence $10,000,000 general aggregate $10,000,000 personal and advertising injury $10,000,000 products/completed operations
(X) Required	**Commercial Auto Liability** $10,000,000 combined single limit
	Ancillary Insurance, as Required Below
() Required	**Professional Liability** $_____per occurrence and $_____ per aggregate
	Ancillary Insurance, as Required Below

(X) Required (refer to specific coverage required)	**Property Insurance, All Risk/Special Form Coverage** (X) Tenant Contents/Coverage for Personal Property (X) Replacement Value (X) Tenant improvements () Builder's Risk Insurance () Earthquake coverage limit: - Replacement Value () Flood coverage limit: - Replacement Value () Terrorism coverage
() Required	**Installation Floater**
() Required	**Pollution Legal Liability – Must meet policy limits.** $____ per occurrence and $____ per aggregate
() Required	**Network Security and Privacy Liability (Cyber Liability)** $ per incident and $ annual aggregate
() Required	**Aircraft and Passenger Liability** $_____ per occurrence/per passenger fixed wing $_____ per occurrence/per passenger rotorcraft
( ) Required	**Garage Keeper's Liability** $__ per occurrence and $__ annual aggregate
() Required	**Hangar Keeper's Liability** $_____ per occurrence and $____ annual aggregate
( ) Required	**Liquor Liability** $__ per occurrence and $__ annual aggregate
( ) Required	**Crime Insurance or Fidelity Bond** $____ Theft, dishonesty, disappearance, forgery, alteration, and destruction

Once the contract is awarded, evidence of Contractor's insurance, including all required endorsements, must be uploaded into Contractor's insurance profile at PinsAdvantage.com, before a Notice to Proceed (NTP) can be issued. Please upload these Special Insurance Requirement with your evidence of insurance. Contact LAWA Risk Management at riskinsurance@lawa.org or your Contract Administrator responsible for your contract if you have questions.

10. General Insurance Provisions

(version 11/2023)

10.1. **Primary Insurance Requirements.** Contractor shall maintain at its sole expense and keep in effect during the term of this Contract, the following types of insurance in amounts specified in the Special Insurance Provisions attached hereto and incorporated herein by reference.

10.1.1. **Workers' Compensation and Employer's Liability Insurance.** Contractor shall maintain Workers' Compensation Insurance as required by the State of California including coverage for Employer's Liability with limits per accident, employee, and disease.

10.1.2. **Commercial General Liability Insurance.** Contractor shall maintain Commercial General Liability Insurance (CGL) providing coverage for bodily injury, property damage, and personal and advertising injury through any combination of primary and excess or umbrella liability insurance policies with annual reinstatement of the general aggregate limit at each policy period renewal. The CGL shall include broad contractual liability.

The CGL insurance must be written on an ISO occurrence form CG 00 01 or substitute forms providing equivalent coverage. All excess or umbrella policies shall be follow-form and afford no less coverage than the primary policy. Coverage shall apply for both ongoing and completed operations on a form acceptable to LAWA. Coverage shall be provided to LAWA for liability and any damage to property and injury or death of persons, unless caused by LAWA'S sole or active negligence or willful misconduct.

For construction contracts, completed operations coverage must be in place for the entire California State Statute of Repose which is currently ten (10) years. The liability insurance requirements as noted in the Special Insurance Provisions can be met through a Contractor Controlled Insurance Program (CCIP), however, LAWA reserves the right to review and approve the program prior to starting work.

10.1.3. **Commercial Automobile Insurance.** Contractor shall maintain Commercial Auto Insurance written on ISO form CA 00 01 (or substitute form providing equivalent liability coverage). Such insurance shall cover liability arising out of any auto (including owned, hired, and non-owned autos) and may be satisfied by a combination of primary and excess and/or umbrella policies. Insurance limits will vary depending on Contractor's access to Air Operations Area "AOA". All excess or umbrella policies shall contain a drop-down clause in the event of exhaustion of primary limits and provide coverage for primary auto liability. Coverage shall include an MCS 90 endorsement for Contractor's hauling or transporting hazardous materials.

10.2. **Ancillary Insurance Requirements.** Contractor shall maintain at its sole expense and keep in effect during the term of this Contract, ancillary insurance coverages, if required by LAWA and identified in the Special Insurance Provisions, with terms and conditions outlined below:

10.2.1. **Professional Liability Insurance.** Contractor shall maintain Professional Liability Insurance providing coverage for the professional services provided under this Contract.

The policy must have a retroactive date prior to the effective date of the Contract. Contractor agrees to maintain coverage continuously for a period of no less than three (3) years following project acceptance by LAWA.

10.2.2. **Contractor's Pollution Liability Insurance.** Contractor shall maintain Contractor's Pollution Liability Insurance providing coverage for bodily injury, property damage, personal injury and environmental site restoration including fines and penalties in accordance with applicable EPA or state regulations. Coverage shall extend to losses from the release or escape of pollutants including discharge of pollutants brought to the site, release of pre-existing pollutants at the site whether sudden or gradual over time and mold resulting from Contractor's work. Coverage must also extend to first-party clean-up costs, business interruption, loss of rents, and extra expense and include coverage for completed operations up to ten (10) years following project acceptance by LAWA.

10.2.3. **Property Insurance.** Contractor shall maintain Property Insurance providing coverage for the building, including contents, tenant improvements, and/or builders' risk on an All Risk/Special Form for all risks of physical loss or damage for all real property or improvements Contractor may be required to insure, including flood and earthquake coverage, for not less than the full replacement cost. Property insurance deductibles are the sole responsibility of the Contractor and must be approved by LAWA.

10.2.4. **Installation Floater.** Contractor shall maintain an Installation Floater providing coverage for the value of equipment to be installed and shall include LAWA as an insured and loss payee. Coverage for testing, water damage, mechanical breakdown, and electrical injury shall be included.

10.2.5. **Pollution Legal Liability Insurance.** Contractor shall maintain Pollution Legal Liability Insurance providing coverage for bodily injury, property damage, including loss of use of damaged property or of property that has not been physically injured or destroyed, cleanup costs, and defense, including costs and expenses incurred in the investigation, defense, or settlement of claims. Coverage shall apply to sudden and non-sudden pollution conditions resulting from the escape or release of smoke, vapors, fumes, acids, alkalis, toxic chemicals, liquids, or gases, waste materials, or other irritants, contaminants, or pollutants. The insurance shall cover cleanup, including cleanup of pollutants on and migrating away from the insured location, restoration, business interruption, and extra expense as a result of release of pollutants. Coverage shall apply to non-owned disposal sites and shall meet any requirements of proof of financial responsibility laws for underground storage tanks, if appropriate. Contractor agrees to maintain coverage continuously for a period of no less than three (3) years following project acceptance by LAWA.

10.2.6. **Network Security and Privacy Liability Insurance (Cyber liability).** Contractor shall maintain Network Security and Privacy Liability Insurance (Cyber liability) providing overage sufficiently broad to respond to the duties and obligations undertaken by Contractor in this agreement and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of

electronic information, extortion, introduction, implantation or spread of malicious software code and network security including unauthorized access to or use of computer systems or business data. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties, and credit monitoring expenses with limits sufficient to respond to these obligations.

10.2.7. **Aircraft and Passenger Liability Insurance.** Contractor shall maintain Aircraft and Passenger Liability Insurance providing coverage for third party bodily injury and property damage. All excess or umbrella policies shall be follow-form and afford no less coverage than the primary policy. Limits will vary based on federal requirements, passenger and/or cargo capacity.

10.2.8. **Garage Keeper's Liability Insurance.** Contractor shall maintain Garage Keeper's Liability Insurance providing coverage that includes liability for loss or damage to vehicles which are the property of others and in the care, custody, or control of Contractor for storage, repair, or safekeeping.

10.2.9. **Hangar Keeper's Liability Insurance.** Contractor shall maintain Hangar Keeper's Liability Insurance proving coverage that includes liability for loss or damage to aircraft which are the property of others and in the care custody and control of Contractor for storage, repair, or safekeeping.

10.2.10. **Liquor Liability Insurance.** Contractor shall maintain Liquor Liability Insurance providing coverage that includes liability for claims arising from the sale or serving of alcohol on LAWA's premises. Coverage may be endorsed on the commercial general liability policy or through a stand-along policy.

10.2.11. **Crime Insurance or Fidelity Bond Insurance.** Contractor shall maintain Crime Insurance or Fidelity Bond Insurance providing coverage for commercial crime insurance or a fidelity bond naming LAWA as a loss payee. The policy or bond shall cover theft, dishonesty, disappearance, forgery, alteration, and destruction caused by employee of Contractor.

10.3. **General Provisions**:

10.3.1. **Additional Insureds.** Contractor's insurance, with exception of workers compensation and professional liability, if required, shall name City of Los Angeles, Department of Airports, also known as Los Angeles World Airports (referred to as "LAWA"), and its Board of Airport Commissioners, directors, officers, employees, their successors, and assigns as additional insureds.

10.3.2. **Primary Insurance.** Contractor's insurance shall be primary and non-contributory with any insurance maintained by LAWA and shall include cross liability or severability of interest, if applicable.

10.3.3. **Notice of Cancellation.** Contractor's insurance shall be endorsed to provide LAWA with notice thirty (30) days prior to cancellation of any required coverage except for non-payment which may be with ten (10) days notice of cancellation.

10.3.4. **Acceptability of Insurers.** All required insurance shall be written by companies having an AM Best's rating of A- VII or equivalent, as determined by LAWA.

10.3.5. **Deductibles and Self-Insured Retentions**. Any deductible or self-insured retention maintained by Contractor for any required coverage must be declared and approved by LAWA. LAWA reserves the right to request financial statements and Contractor agrees to be fully responsible for payment of any such deductibles or self-insured retentions.

10.3.6. **Insurance Compliance.** Contractor shall deliver to LAWA certificates of insurance on an Acord or equivalent form signed by an authorized representative of the insurers prior to the execution of this Contract, prior to commencing any work or service, and at least ten (10) days prior to the renewal or replacement of any of the required insurance, or upon reasonable request by LAWA. Certificates of insurance must include all required endorsements, including but not limited to additional insured, primary and non-contributory, notice of cancellation, and waiver of subrogation, as applicable. Contractor will not receive a notice to proceed until LAWA has approved insurance. LAWA reserves the right to request copies of required insurance policies, as needed.

Certificate holder shall read:

City of Los Angeles, Department of Airports,
also known as Los Angeles World Airports
P. O. Box 92216
Los Angeles, CA 90009
ATTN: Risk Management Department

Should Contractor fail to obtain and maintain the required insurance, LAWA reserves the right, upon ten (10) days prior written notice to Contractor of its intention to do so, to obtain and maintain such insurance on behalf of Contractor. Contractor shall be responsible for all costs incurred with respect to such insurance obtained by LAWA, plus administrative overhead.

10.3.7. **Maintenance of Insurance.** Contractor shall maintain all required insurance throughout the entire duration of this Contract without any lapse in coverage or reduction in required limits. LAWA reserves the right to reevaluate and adjust the insurance types and coverage limits required herein annually.

10.3.8. **Waiver.** Contractor agrees to waive all rights of recovery against LAWA, and cause its Workers' Compensation, Commercial General Liability, Automobile Liability, and Umbrella/Excess insurance policies to be endorsed to waive subrogation against LAWA. Contractor is solely responsible for insuring, repairing, or replacing any of its personal property and tools and equipment, whether owned, non-owned, or hired. Contractor waives all right of recovery or subrogation against LAWA regardless of cause of damage.

10.3.9. **Self-Insurance.** LAWA recognizes that some insurance requirements contained in this Contract may be fulfilled by self-insurance on the part of the Contractor. Self-insurance shall not in any way limit liabilities assumed by Contractor under this Contract including

but not limited to naming LAWA as an additional insured and waiving rights of recovery. Any self-insurance shall be approved in writing by LAWA upon satisfactory evidence of financial capacity. Contractor obligation hereunder may be satisfied in whole or in part by adequately funded self-insurance programs or self-insured retentions.

10.3.10. **Subcontractors Insurance.** Contractor shall require insurance of its subcontractors for the types and coverage limits appropriate for the exposure in consultation with LAWA. In no event shall the insurance required of the Contractor be reduced or altered by the coverage maintained by subcontractors.

EXHIBIT J

Child Support Orders

LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 1

CHILD SUPPORT

Sec. 10.10. Child Support Assignment Orders.

a. Definitions.

1. **Awarding Authority** means a subordinate or component entity or person of the City (such as a City department or Board of Commissioners) that has the authority to enter into a contract or agreement for the provision of goods or services on behalf of the City of Los Angeles.

2. **Contract** means any agreement, franchise, lease or concession including an agreement for any occasional professional or technical personal services, the performance of any work or service, the provision of any materials or supplies, or the rendering of any service to the City of Los Angeles or to the public which is let, awarded or entered into with, or on behalf of, the City of Los Angeles or any awarding authority thereof.

3. **Contractor** means any person, firm, corporation, partnership or any combination thereof which submits a bid or proposal or enters into a contract with any awarding authority of the City of Los Angeles.

4. **Subcontractor** means any person, firm, corporation, partnership or any combination thereof who enters into a contract with a contractor to perform or provide a portion of any contract with the City.

5. **Principal Owner** means any person who owns an interest of 10 percent or more in a contractor or subcontractor as defined herein.

b. Mandatory Contract Provisions.

Every contract that is let, awarded or entered into with or on behalf of the City of Los Angeles shall contain a provision obligating the contractor or subcontractor to fully comply with all applicable State and Federal employment reporting requirements for the contractor or subcontractor's employees. The contractor or subcontractor will also be required to certify that the principal owner(s) thereof are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally, that the contractor or subcontractor will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with California Family Code §§ 5230 *et seq.* and that the contractor or subcontractor will maintain such compliance throughout the term of the contract.

Failure of a contractor or subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignments or Notices of Assignment or failure of the principal owner(s) to comply with any Wage and Earnings Assignments or Notices of Assignment applicable to them personally shall constitute a default under the contract. Failure of the contractor or subcontractor or-principal owner thereof to cure the default within 90 days of notice of such default by the City shall subject the contract to termination.

c. Notice to Bidders.

Each awarding authority shall be responsible for giving notice of the provisions of this ordinance to those who bid on, or submit proposals for, prospective contracts with the City.

d. Current Contractor Compliance.

Within 30 days of the operative date of this ordinance, the City, through its operating departments, shall serve upon existing contractors a written request that they and their subcontractors (if any) comply with all applicable State and Federal employment reporting requirements for the contractor and subcontractor's employees, that they certify that the principal owner(s) of the contractor and any subcontractor are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally, that the contractor and subcontractor will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with California Family Code § §5230 *et seq.* and that the contractor and subcontractor will maintain such compliance throughout the term of the contract.

e. City's Compliance with California Family Code.

The City shall maintain its compliance with the provisions of California Family Code §§ 5230 *et*

seq. and all other applicable law regarding its obligations as an employer to implement lawfully served Wage and Earnings Assignments and Notices of Assignment.

f. Report of Employees' Names to District Attorney.

1. The City shall maintain its current practice of assisting the District Attorney's support enforcement activities by annually reporting to the Los Angeles County District Attorney the names of all of its employees and retirees so that the District Attorney may identify those employees and retirees subject to Wage and Earnings Assignment Orders and Notices of Assignment and may establish court orders for support, where appropriate. Should the District Attorney so request it, the City will provide such information on a more frequent basis.

2. All applicants for employment with the City of Los Angeles will be asked to acknowledge their responsibility to comply with any court ordered support obligations and will be advised of the City's practice of assisting the District Attorney as described in the provisions of Subsection f.1., above.

SECTION HISTORY

Added by Ord. No. 172,401, Eff. 2-l3-99.

EXHIBIT K

Equal Employment Practices

Sec. 10.8.3. Equal Employment Practices Provisions.

Every non-construction and construction Contract with, or on behalf of, the City of Los Angeles for which the consideration is $1,000 or more shall contain the following provisions, which shall be designated as the **EQUAL EMPLOYMENT PRACTICES** provision of such contract:

A. During the performance of this Contract, the Contractor agrees and represents that it will provide Equal Employment Practices and the Contractor and each Subcontractor hereunder will ensure that in his or her Employment Practices persons are employed and employees are treated equally and without regard to, or because of, race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

1. This provision applies to work or service performed or materials manufactured or assembled in the United States.

2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.

3. The Contractor agrees to post a copy of Paragraph A., hereof, in conspicuous places at its place of business available to employees and applicants for employment.

B. The Contractor will, in all solicitations or advertisements for employees placed by, or on behalf of, the Contractor, state that all qualified applicants will receive consideration for employment without regard to their race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

C. At the request of the Awarding Authority or the DAA, the Contractor shall certify in the specified format that he or she has not discriminated in the performance of City Contracts against any employee or applicant for employment on the basis or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

D. The Contractor shall permit access to, and may be required to provide certified copies of, all of his or her records pertaining to employment and to employment practices by the awarding authority or the DAA for the purpose of investigation to ascertain compliance ith the Equal Employment Practices provisions of City Contracts. Upon request, the Contractor shall provide evidence that he or she has or will comply therewith.

E. The failure of any Contractor to comply with the Equal Employment Practices provisions of this contract may be deemed to be a material breach of City Contracts. The failure shall only be established upon a finding to that effect by the Awarding Authority, on the basis of its own investigation or that of the DAA. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to the Contractor.

F. Upon a finding duly made that the Contractor has failed to comply with the Equal Employment Practices provisions of a City Contract, the Contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the Awarding Authority, and all monies due or to become due hereunder may be forwarded to, and retained by, the City of Los Angeles. In addition thereto, the failure to comply may be the basis for a determination by the Awarding Authority or the DAA that the said Contractor is a non-responsible bidder or proposer pursuant to the provisions of Section 10.40 of this Code. In the event of such a determination, the Contractor shall be disqualified from being awarded a Contract with the City of Los Angeles for a period of two years, or until the Contractor shall establish and carry out a program in conformance with the provisions hereof.

G. Notwithstanding any other provision of this contract, the City of Los Angeles shall have any and all other remedies at law or in equity for any breach hereof.

H. The Board of Public Works shall promulgate rules and regulations through the DAA, and provide necessary forms and required language to the Awarding Authorities to be included in City Request for Bids or Request for Proposal packages or in supplier registration requirements for the implementation of the Equal Employment Practices provisions of this Contract, and such rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive orders. No other rules, regulations or forms may be used by an Awarding Authority of the City to accomplish the contract compliance program.

I. Nothing contained in this Contract shall be construed in any manner so as to require or permit any act which is prohibited by law.

J. By affixing its signature on a Contract that is subject to this article, the Contractor shall agree to adhere to the Equal Employment Practices specified herein during the performance or conduct of City Contracts.

K. Equal Employment Practices shall, without limitation as to the subject or nature of employment activity, be concerned with employment practices, including, but not limited to:

1. hiring practices;

2. apprenticeships where approved programs are functioning and other on-the-job training for non-apprenticeable occupations;

3. training and promotional opportunities; and

4. reasonable accommodations for persons with disabilities.

L. All Contractors subject to the provisions of this section shall include a similar provision in all subcontracts awarded for work to be performed under the Contract with the City, and shall impose the same obligations including, but not limited to, filing and reporting obligations, on the Subcontractors as are applicable to the Contractor. Subcontracts shall follow the same thresholds specified in Section 10.8.1.1. Failure of the Contractor to comply with this requirement or to obtain the compliance of its Subcontractors with all such obligations shall subject the Contractor to the imposition of any and all sanctions allowed by law, including, but not limited to, termination of the Contractor's Contract with the City.

SECTION HISTORY

Amended by: Ord. No. 147,030, Eff. 4-28-75; Subsecs. A., B., C., Ord. No. 164,516, Eff. 4-13-89; Subsec. C., Ord. No. 168,244, Eff. 10-18-92; Ord. No. 173,186, Eff. 5-22-00; Subsec. F., Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 184,292, Eff. 6-27-16.

EXHIBIT L

Affirmative Action Program

Sec. 10.8.4. Affirmative Action Program Provisions.

Every non-construction and construction Contract with, or on behalf of, the City of Los Angeles for which the consideration is $25,000 or more shall contain the following provisions which shall be designated as the **AFFIRMATIVE ACTION PROGRAM** provisions of such Contract:

A. During the performance of a City Contract, the Contractor certifies and represents that the Contractor and each Subcontractor hereunder will adhere to an Affirmative Action Program to ensure that in its employment practices, persons are employed and employees are treated equally and without regard to or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

1. This section applies to work or services performed or materials manufactured or assembled in the United States.

2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.

3. The Contractor shall post a copy of Paragraph A., hereof, in conspicuous places at its place of business available to employees and applicants for employment.

B. The Contractor shall, in all solicitations or advertisements for employees placed, by or on behalf of, the Contractor, state that all qualified applicants will receive consideration for employment without regard to their race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

C. At the request of the Awarding Authority or the DAA, the Contractor shall certify on an electronic or hard copy form to be supplied, that the Contractor has not discriminated in the performance of City Contracts against any employee or applicant for employment on the basis or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

D. The Contractor shall permit access to, and may be required to provide certified copies of, all of its records pertaining to employment and to its employment practices by the Awarding Authority or the DAA for the purpose of investigation to ascertain compliance with the Affirmative Action Program provisions of City Contracts and, upon request, to provide evidence that it has or will comply therewith.

E. The failure of any Contractor to comply with the Affirmative Action Program provisions of City Contracts may be deemed to be a material breach of a City Contract. The failure shall only be established upon a finding to that effect by the Awarding Authority, on the basis of its own investigation or that of the DAA. No finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to the Contractor.

F. Upon a finding duly made that the Contractor has breached the Affirmative Action Program provisions of a City Contract, the Contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the Awarding Authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, the breach may be the basis for a determination by the Awarding Authority or the Board of Public Works that the Contractor is a non-responsible bidder or proposer pursuant to the provisions of Section 10.40 of this Code. In the event of such determination, the Contractor shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two years, or until he or she shall establish and carry out a program in conformance with the provisions hereof.

G. In the event of a finding by the Fair Employment and Housing Commission of the State of California, or the Board of Public Works of the City of Los Angeles, or any court of competent jurisdiction, that the Contractor has been guilty of a willful violation of the California Fair Employment and Housing Act, or the Affirmative Action Program provisions of a City Contract, there may be deducted from the amount payable to the Contractor by the City of Los Angeles under the contract, a penalty of ten dollars for each person for each calendar day on which the person was discriminated against in violation of the provisions of a City Contract.

H. Notwithstanding any other provisions of a City Contract, the City of Los Angeles shall have any and all other remedies at law or in equity for any breach hereof.

I. The Public Works Board of Commissioners shall promulgate rules and regulations through the DAA and provide to the Awarding Authorities electronic and hard copy forms for the implementation of the Affirmative Action Program provisions of City contracts, and rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive Orders. No other rules, regulations or forms may be used by an Awarding Authority of the City to accomplish this contract compliance program.

J. Nothing contained in City Contracts shall be construed in any manner so as to require or permit any act which is prohibited by law.

K. By affixing its signature to a Contract that is subject to this article, the Contractor shall agree to adhere to the provisions in this article for the duration of the Contract. The Awarding Authority may also require Contractors and suppliers to take part in a pre-registration, pre-bid, pre-proposal, or pre-award conference in order to develop, improve or implement a qualifying

Affirmative Action Program.

1. The Contractor certifies and agrees to immediately implement good faith effort measures to recruit and employ minority, women and other potential employees in a non-discriminatory manner including, but not limited to, the following actions as appropriate and available to the Contractor's field of work. The Contractor shall:

(a) Recruit and make efforts to obtain employees through:

(i) Advertising employment opportunities in minority and other community news media or other publications.

(ii) Notifying minority, women and other community organizations of employment opportunities.

(iii) Maintaining contact with schools with diverse populations of students to notify them of employment opportunities.

(iv) Encouraging existing employees, including minorities and women, to refer their friends and relatives.

(v) Promoting after school and vacation employment opportunities for minority, women and other youth.

(vi) Validating all job specifications, selection requirements, tests, etc.

(vii) Maintaining a file of the names and addresses of each worker referred to the Contractor and what action was taken concerning the worker.

(viii) Notifying the appropriate Awarding Authority and the DAA in writing when a union, with whom the Contractor has a collective bargaining agreement, has failed to refer a minority, woman or other worker.

(b) Continually evaluate personnel practices to assure that hiring, upgrading, promotions, transfers, demotions and layoffs are made in a non-discriminatory manner so as to achieve and maintain a diverse work force.

(c) Utilize training programs and assist minority, women and other employees in locating, qualifying for and engaging in the training programs to enhance their skills and advancement.

(d) Secure cooperation or compliance from the labor referral agency to the Contractor's contractual Affirmative Action Program obligations.

(e) Establish a person at the management level of the Contractor to be the Equal Employment Practices officer. Such individual shall have the authority to disseminate and enforce the Contractor's Equal Employment and Affirmative Action Program policies.

(f) Maintain records as are necessary to determine compliance with Equal Employment Practices and Affirmative Action Program obligations and make the records available to City, State and Federal authorities upon request.

(g) Establish written company policies, rules and procedures which shall be encompassed in a company-wide Affirmative Action Program for all its operations and Contracts. The policies shall be provided to all employees, Subcontractors, vendors, unions and all others with whom the Contractor may become involved in fulfilling any of its Contracts.

(h) Document its good faith efforts to correct any deficiencies when problems are experienced by the Contractor in complying with its obligations pursuant to this article. The Contractor shall state:

(i) What steps were taken, how and on what date.

(ii) To whom those efforts were directed.

(iii) The responses received, from whom and when.

(iv) What other steps were taken or will be taken to comply and when.

(v) Why the Contractor has been or will be unable to comply.

2. Every contract of $25,000 or more which may provide construction, demolition, renovation, conservation or major maintenance of any kind shall also comply with the requirements of Section 10.13 of the Los Angeles Administrative Code.

L. The Affirmative Action Program required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by the Awarding Authority shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:

1. Apprenticeship where approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;

2. Classroom preparation for the job when not apprenticeable;

3. Pre-apprenticeship education and preparation;

4. Upgrading training and opportunities;

5. Encouraging the use of Contractors, Subcontractors and suppliers of all racial and ethnic groups; provided, however, that any contract subject to this ordinance shall require the Contractor, Subcontractor or supplier to provide not less than the prevailing wage, working conditions and practices generally observed in private industries in the Contractor's, Subcontractor's or supplier's geographical area for such work;

6. The entry of qualified women, minority and all other journeymen into the industry; and

7. The provision of needed supplies or job conditions to permit persons with disabilities to be employed, and minimize the impact of any disability.

M. Any adjustments which may be made in the Contractor's work force to achieve the requirements of the City's Affirmative Action Program in purchasing and construction shall be accomplished by either an increase in the size of the work force or replacement of those employees who leave the work force by reason of resignation, retirement or death and not by termination, layoff, demotion or change in grade.

N. This ordinance shall not confer upon the City of Los Angeles or any Agency, Board or Commission thereof any power not otherwise provided by law to determine the legality of any existing collective bargaining agreement and shall have application only to discriminatory employment practices by Contractors engaged in the performance of City Contracts.

O. All Contractors subject to the provisions of this article shall include a similar provision in all subcontracts awarded for work to be performed under the Contract with the City and shall impose the same obligations including, but not limited to, filing and reporting obligations, on the Subcontractors as are applicable to the Contractor. Failure of the Contractor to comply with this requirement or to obtain the compliance of its Subcontractors with all such obligations shall subject the Contractor to the imposition of any and all sanctions allowed by law, including, but not limited to, termination of the Contractor's Contract with the City.

SECTION HISTORY

Amended by Ord. No. 147,030, Eff. 4-28-75; Subsecs. A., B., C., Ord. No. 164,516, Eff. 4-13-89; Subsecs. B. and C., Ord. No. 168,244, Eff. 10-18-92; Title and Section, Ord. No. 173,186, Eff. 5-22-00; Subsec. F., Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 184,292, Eff. 6-27-16.

EXHIBIT M

Alternative Fuel Vehicle Program Regulations

ALTERNATIVE FUEL VEHICLE REQUIREMENT PROGRAM
(LAX ONLY)

I. Definitions.

The following capitalized terms shall have the following meanings. All definitions include both the singular and plural form.

"Airport Contract" shall mean a contract awarded by LAWA and pertaining to LAX, and subcontracts of any level under such a contract.

"Airport Contractor" shall mean (i) any entity awarded an Airport Contract, and subcontractors of any level working under an Airport Contract; (ii) any contractors that have entered into a contract with an Airport Lessee to perform work on property owned by LAWA and pertaining to LAX, and any subcontractors working in furtherance of such a contract; and (iii) any contractor that have entered into a contract with an Airport Licensee to perform work pertaining to LAX, and any subcontractors working under such a contract.

"Airport Lessee" shall mean any entity that leases or subleases any property owned by LAWA and pertaining to LAX.

"Airport Licensee" shall mean any entity issued a license or permit by LAWA for operations that pertain to LAX.

"Alternative-Fuel Vehicle" shall mean a vehicle that is not powered by petroleum-derived gasoline or diesel fuel. Alternative-Fuel Vehicles include, but are not limited to, vehicles powered by compressed or liquefied natural gas, liquefied petroleum gas, methanol, ethanol, electricity, fuel cells, or other advanced technologies.

"CARB" shall mean the California Air Resources Board.

"Covered Vehicle" is defined in Section II below.

"Compliance Plan" is defined in subsection VII.C. below.

"EPA" shall mean the United States Environmental Protection Agency.

"Independent Third Party Monitor" shall mean a person or entity empowered by LAWA to monitor compliance with and/or implementation of particular requirements in this Requirement.

"LAWA" shall mean Los Angeles World Airports.

"LAX" shall mean Los Angeles International Airport.

"Least-Polluting Available Vehicle" shall mean a vehicle that (a) is determined by an Independent Third Party Monitor to be (i) commercially available, (ii) suitable for performance of a particular task, and (iii) certified by CARB to meet the applicable engines emission standard in effect at the time of purchase. Where more than one vehicle meets these requirements for a particular task, LAWA, working with the Independent Third Party Monitor, will designate as the

Least-Polluting Available Vehicle the vehicle that emits the least amount of criteria air pollutants.

"LEV" shall mean a vehicle that meets CARB's Low-Emission Vehicle standards for criteria pollutant exhaust and evaporative emissions for medium-duty vehicles at the time of vehicle manufacture.

"LEV II" shall mean a vehicle certified by CARB to the "LEV II" Regulation Amendments that were fully implemented as of 2010. A qualifying "LEV II" vehicle shall meet the least polluting standard in the LEV II category that is available at the time of purchase.

"LEV III" shall mean a vehicle certified by CARB to the increasingly stringent "LEV III" Regulatory Amendments to the California greenhouse gas and criteria pollutant exhaust and evaporative emission standards, test procedures, and on-board diagnostic system requirements for medium-duty vehicles.

"Low-Use Vehicle" shall mean a Covered Vehicle that makes less than five (5) trips per month to LAX.

"Operator" shall mean any Airport Contractor, Airport Lessee, or Airport Licensee.

"Optional Low NOx" shall mean any vehicle powered by an engine that meets CARB's optional low oxides of nitrogen (NOx) emission standards for on-road heavy-duty engines applicable at the time of purchase.

II. Covered Vehicles.

A. **Covered Vehicles**. These Requirements shall apply to all on-road vehicles, including trucks, shuttles, passenger vans, and buses that are 8,500 lbs gross vehicle weight rating or more and are used in operations related to LAX ("Covered Vehicles").

B. **Exemptions**. The following vehicles are exempt from this Requirement:

i) Public safety vehicles.

ii) Previously approved vehicles. Vehicles previously approved under the 2007 LAX Alternative Fuel Vehicle Requirement Program are exempt from the Maximum Allowable Vehicle Age Requirement, Section III, but are subject to the Annual Reporting Requirement, Section VI.

iii) Low-Use Vehicles. Low-use vehicles are exempt from the Compliance Schedule, Section IV, the Maximum Allowable Vehicle Age Requirement, Section III, but are subject to the Annual Reporting Requirement, Section VI.

III. Maximum Allowable Vehicle Age Requirement. In accordance with the Compliance Schedule dates outlined in Section IV, no Covered Vehicle equipped with an engine older than thirteen (13) model years or that has 500,000 or more miles, whichever comes first, shall operate at LAX.

IV. Compliance Schedule.

A. By April 30, 2019, one hundred percent (100%) of the Covered Vehicles operated by a Covered Vehicle Operator shall be (a) Alternative-Fuel Vehicles, (b) Optional Low NOx vehicles or (c) LEV II standard vehicles through 2019 or LEV III standard vehicles thereafter.

B. A new Covered Vehicle Operator who plans to begin operations at LAX prior to April 30, 2019, must comply with the requirement set forth in Section III and subsection IV.A. prior to commencing operations at LAX.

V. Least-Polluting Available Vehicles. In cases where an Operator cannot comply with the requirements established pursuant to Sections III and IV above because neither Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, or LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter, are commercially available for performance of particular tasks, LAWA will instead require Operators to use the Least-Polluting Available Vehicles for such tasks. An Independent Third Party Monitor will determine whether Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, or LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter are commercially available to perform particular tasks, and, in cases where neither Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, nor LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter are commercially available for performance of a particular task, will identify the Least-Polluting Available Vehicle for performance of that task.

VI. Annual Reporting Requirement.

A. By January 31st of each calendar year, Covered Vehicle Operators must submit to LAWA the vehicle information required on the reporting form accessible online at https://online.lawa.org/altfuel/ for the prior calendar year.

B. Low-Use Vehicles shall be included in the annual reporting. Where monthly trip data is used to establish low-use, the operator must provide proof such as transponder data records or an attestation acceptable to LAWA.

C. A Covered Vehicle Operator who plans to begin operations at LAX must comply with this reporting requirement prior to commencing operations, and thereafter comply with the annual reporting deadline of January 31st of each calendar year.

VII. Enforcement.

A. **Non-Compliance**. The following circumstances shall constitute non-compliance for purposes of this Section VII:

i) Failure to submit an annual report pursuant to Section VI above.

ii) Failure to use an Alternative Fuel Vehicle, an Optional Low NOx vehicle, a vehicle meeting LEV II standards prior to December 31, 2019, or LEV III standards thereafter, an approved Least-Polluting Available Vehicle, or a vehicle approved under LAWA's former Alternative Fuel Vehicle Requirement, including approved comparable emissions vehicles.

iii) Failure to submit a Compliance Plan as defined in subsection VII.C. below within 30 days of notice of non-compliance from LAWA.

iv) Failure to adhere to an approved Compliance Plan as defined in subsection VII.C. below.

B. **Notice of Non-Compliance**. Covered Vehicle Operators found not to be in compliance with the Alternative Fuel Vehicle Requirement as set forth in subsection VII.A. above will be given a notice of non-compliance. Covered Vehicle Operators will have 30 days to correct the deficiencies documented in the notice of non-compliance by completing the annual report as defined in Section VI or submitting a Compliance Plan as defined in subsection VII.C. below, as applicable to the reason cited for non-compliance.

C. **Compliance Plan.**

i) Operators shall transition to compliant vehicles as soon as practicable.

ii) Non-compliant Covered Vehicle Operators will be required to submit a Compliance Plan indicating the disposition (salvage, replace, remove from service, etc.) date for each non-compliant vehicle ("Compliance Plan") within 30 days of receiving a notice of non-compliance for a vehicle in the Operator's fleet. The Compliance Plan shall provide dates by which the non-compliant vehicle or vehicles in the Operator's fleet will meet the requirements of the LAX Alternative Fuel Vehicle Requirement and a justification for the new date. The Compliance Plan shall be signed under attestation.

iii) LAWA's Chief Executive Officer or his/her designee shall review the Operator's Compliance Plan and justification to determine its acceptability and authorize approval or disapproval.

iv) Covered Vehicle Operators shall have 30 days to seek review of LAWA's rejection of a Compliance Plan or any parts thereof by LAWA's Chief Executive Officer or his/her designee.

D. **Default.** Three or more instances of non-compliance with the LAX Alternative Fuel Vehicle Requirement as defined in subsection VII.A above within two years shall be considered a default of the applicable LAX permit, license, contract, lease, Non-Exclusive License Agreement (NELA), concessionaire agreement, and/or Certified Service Provider (CSP) Program. LAWA's Chief Executive Officer or his/her designee may, pursuant to the applicable terms provided therein, suspend or cancel a permit, license, contract, lease, NELA, concessionaire agreement or certified provider certification of non-compliant Covered Vehicle Operators who are not in compliance with this Alternative Fuel Vehicle Requirement. In addition, LAWA's Chief Executive Officer or his/her designee may seek to recoup LAWA's administrative costs from non-compliant operators.

IX. Periodic Review. This Requirement will be reviewed and updated periodically as deemed necessary by LAWA.

EXHIBIT N

Living Wage Ordinances

CHAPTER 1, ARTICLE 11

LIVING WAGE

Section

10.37 Legislative Findings.
10.37.1 Definitions.
10.37.2 Payment of Minimum Compensation to Employees.
10.37.3 Health Benefits.
10.37.4 Employer Reporting and Notification Requirements.
10.37.5 Retaliation Prohibited.
10.37.6 Enforcement.
10.37.7 Administration.
10.37.8 City is a Third Party Beneficiary of Contracts Between an Employer and Subcontractor for Purposes of Enforcement.
10.37.9 Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.
10.37.10 Expenditures Covered.
10.37.11 Timing of Application.
10.37.12 Express Supersession by Collective Bargaining Agreement.
10.37.13 Liberal Interpretation of Coverage; Rebuttable Presumption of Coverage.
10.37.14 Contracts, Employers and Employees Not Subject to this Article.
10.37.15 Exemptions.
10.37.16 Severability.

Sec. 10.37. Legislative Findings.

The City awards many contracts to private firms to provide services to the public and to City government. Many lessees or licensees of City property perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City also provides financial assistance and funding to other firms for the purpose of economic development or job growth. The City expends grant funds under programs created by the federal and state governments. These expenditures serve to promote the goals established for the grant programs and for similar goals of the City. The City intends that the policies underlying this article serve to guide the expenditure of such funds to the extent allowed by the laws under which such grant programs are established.

Experience indicates that procurement by contract of services all too often has resulted in the payment by service contractors to their employees of wages at or slightly above the minimum required by federal and state minimum wage laws. The minimal compensation tends to inhibit the quantity and quality of services rendered by those employees to the City and to the public. Underpaying employees in this way fosters high turnover, absenteeism and lackluster performance. Conversely, adequate compensation promotes amelioration of these undesirable conditions. Through this article, the City intends to require service contractors to provide a minimum level of compensation which will improve the level of services rendered to and for the City.

The inadequate compensation leaves service employees with insufficient resources to afford life in Los Angeles. Contracting decisions involving the expenditure of City funds should not foster conditions that place a burden on limited social services. The City, as a principal provider of social support services, has an interest in promoting an employment environment that protects such limited resources. In requiring the payment of a higher minimum level of compensation, this article benefits that interest.

In comparison with the wages paid at San Francisco International Airport, the wage for Los Angeles airport workers is often lower even though the airports are similar in the number of passengers they serve and have similar goals of providing a living wage to the airport workforce. Studies show that higher wages at the airport leads to increases in worker productivity and improves customer service. Higher wages for airport workers also results in a decline in worker turnover, yielding savings to the employers and alleviating potential security concerns. Therefore, the City finds that a higher wage for airport employees is needed to reduce turnover and retain a qualified and stable workforce.

Many airport workers who provide catering services to the airlines are paid below the living wage. Federal law allows employment contract agreements between airline caterers and its workers to remain in effect without an expiration date, effectively freezing wages for workers. Long-term employment contract agreements provide little incentive for employers to renegotiate the employment contract agreements with their workers. Airline catering

EXHIBIT N

workers often struggle to pay their bills, sometimes having to choose between paying medical bills and buying food for their families. The City finds that airline caterers should pay their workers, at a minimum, the living wage with benefits.

Airport workers are also the first to respond when an emergency occurs at the airport. In order to properly assist first responders during a crisis at the airport, the City finds that airport employees of Certified Service Provider License Agreement holders should be formally trained for an emergency response at the airport.

Nothing less than the living wage should be paid by employers that are the recipients of City financial assistance. Whether workers are engaged in manufacturing or some other line of business, the City does not wish to foster an economic climate where a lesser wage is all that is offered to the working poor.

The City holds a proprietary interest in the work performed by many employees of City lessees and licensees and by their service contractors, subcontractors, sublessees and sublicensees. The success or failure of City operations may turn on the success or failure of these enterprises, for the City has a genuine stake in how the public perceives the services rendered for them by such businesses. Inadequate compensation of these employees adversely impacts the performance by the City's lessee or licensee and thereby hinders the opportunity for success of City operations. A proprietary interest in providing a living wage is important for various reasons, including, but not limited to: 1) the public perception of the services or products rendered to them by a business; 2) security concerns related to the location of the business or any product or service the business produces; or 3) an employer's industry-specific job classification which is in the City's interest to cover by the living wage. This article is meant to cover all such employees not expressly exempted.

Requiring payment of the living wage further serves a proprietary concern of the City. If an employer does not comply with this article, the City may: 1) declare a material breach of the contract; 2) declare the employer non-responsible and limit its ability to bid on future City contracts, leases or licenses; and 3) exercise any other remedies available.

SECTION HISTORY

Article and Section Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.1. Definitions.

The following definitions shall apply throughout this article:

(a) **"Airline Food Caterer"** means any Employer that, with respect to the Airport:

(1) prepares food or beverage to or for aircraft crew or passengers;

(2) delivers prepared food or beverage to or for aircraft crew or passengers;

(3) conducts security or inspection of aircraft food or beverage; or

(4) provides any other service related to or in connection with the preparation of food or beverage to or for aircraft crew or passengers.

(b) **"Airport"** means the Department of Airports and each of the airports which it operates.

(c) **"Awarding Authority"** means the governing body, board, officer or employee of the City or City Financial Assistance Recipient authorized to award a Contract and shall include a department which has control of its own funds.

(d) **"City"** means the City of Los Angeles and all awarding authorities thereof, including those City departments which exercise independent control over their expenditure of funds.

(e) **"City Financial Assistance Recipient"** means any person who receives from the City discrete financial assistance for economic development or job growth expressly articulated and identified by the City, as contrasted with generalized financial assistance such as through tax legislation, in accordance with the following monetary limitations. Assistance given in the amount of $1,000,000 or more in any 12-month period shall require compliance with this article for five years from the date such assistance reaches the $1,000,000 threshold. For assistance in any 12-month period totaling less than $1,000,000 but at least $100.000, there shall be compliance for one year, with the period of compliance beginning when the accrual of continuing assistance reaches the $100,000 threshold.

Categories of assistance include, but are not limited to, bond financing, planning assistance, tax increment financing exclusively by the City and tax credits, and shall not include assistance provided by the Community Development Bank. City staff assistance shall not be regarded as financial assistance for purposes of this article. A loan at market rate shall not be regarded as financial assistance. The forgiveness of a loan shall be regarded as financial assistance. A loan shall be regarded as financial assistance to the extent of any differential between the amount of the loan and the present value of the payments thereunder, discounted over the life of the loan by the applicable federal rate as used in 26 U.S.C. §§ 1274(d) and 7872(f). A recipient shall not be deemed to include lessees and sublessees.

A recipient shall be exempted from application of this article if:

(1) it is in its first year of existence, in which case the exemption shall last for one year;

(2) it employs fewer than five Employees for each working day in each of 20 or more calendar weeks in the current or preceding calendar year; or

(3) it obtains a waiver as a recipient who employs the long-term unemployed or provides trainee positions intended to prepare Employees for permanent positions. The recipient shall attest that compliance with this article would cause an economic hardship and shall apply in writing to the City department or office administering the assistance. The department or office shall forward the waiver application and the department or office's recommended action to the City Council. Waivers shall be effected by Council resolution.

(f) **"Contractor"** means any person that enters into:

(1) a Service Contract with the City;

(2) a contract with a Public Lessee or Licensee; or

(3) a contract with a City Financial Assistance Recipient to help the recipient in performing the work for which the assistance is being given.

(g) **"Designated Administrative Agency (DAA)"** means the Department of Public Works, Bureau of Contract Administration, which shall bear administrative responsibilities under this article.

(h) **"Employee"** means any person who is not a managerial, supervisory or confidential employee who expends any of his or her time working for an Employer in the United States.

(i) **"Employer"** means any person who is:

(1) a City Financial Assistance Recipient;

(2) Contractor;

(3) Subcontractor;

(4) Public Lessee or Licensee; and

(5) Contractor, Subcontractor, sublessee or sublicensee of a Public Lessee or Licensee.

(j) **"Person"** means any individual, proprietorship, partnership, joint venture, corporation, limited liability company, trust, association or other entity that may employ individuals or enter into contracts.

(k) **"Public Lease or License"** means, except as provided in Section 10.37.15, a lease, license, sublease or sublicense of City property, including, but not limited to, Non-Exclusive License Agreements, Air Carrier Operating Permits and Certified Service Provider License Agreements (CSPLA), for which services are furnished by Employees where any of the following apply:

(1) The services are rendered on premises at least a portion of which is visited by members of the public (including, but not limited to, airport passenger terminals, parking lots, golf courses, recreational facilities);

(2) Any of the services feasibly could be performed by City employees if the City had the requisite financial and staffing resources; or

(3) The DAA has determined in writing as approved by the Board of Public Works that coverage would further the proprietary interests of the City. Proprietary interest includes, but is not limited to:

(i) the public perception of the services or products rendered to them by a business;

(ii) security concerns related to the location of the business or any product or service the business produces; or

(iii) an Employer's industry-specific job classifications as defined in the regulations.

(l) "**Service Contract**" means a contract involving an expenditure in excess of $25,000 and a contract term of at least three months awarded to a Contractor by the City to furnish services for the City where any of the following apply:

(1) at least some of the services are rendered by Employees whose work site is on property owned or controlled by the City;

(2) the services feasibly could be performed by City employees if the City had the requisite financial and staffing resources; or

(3) the DAA has determined in writing as approved by the Board of Public Works that coverage would further the proprietary interests of the City. Proprietary interest includes, but is not limited to:

(i) the public perception of the services or products rendered to them by a business;

(ii) security concerns related to the location of the business or any product or service the business produces; or

(iii) an Employer's industry-specific job classifications as defined in the regulations.

(m) "**Subcontractor**" means any person not an Employee who enters into a contract:

(1) to assist in performance of a Service Contract;

(2) with a Public Lessee or Licensee, sublessee, sublicensee or Contractor to perform or assist in performing services for the leased or licensed premises.

(n) "**Willful Violation**" means that the Employer knew of its obligations under this article and deliberately failed or refused to comply with its provisions.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (e), Ord. No. 176,155, Eff. 9-22-04; Subsec. (e), Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; Subsecs. (a) through (l) re-lettered (d) through (o), respectively and new Subsecs. (a), (b), and (c) added, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.2. Payment of Minimum Compensation to Employees.

(a) **Wages.** An Employer shall pay an Employee for all hours worked on a Service Contract or if a Public Lease or License or for a Contractor of a Public Lessee or Licensee, for all hours worked furnishing a service relating to the City, a wage of no less than the hourly rates set under the authority of this article.

(1) **Non-Airport Employee Wages.**

(i) If an Employer provides an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the following:

a. On July 1, 2018, the wage rate for an Employee shall be no less than $13.25 per hour.

b. On July 1, 2019, the wage rate for an Employee shall be no less than $14.25 per hour.

c. On July 1, 2020, the wage rate for an Employee shall be no less than $15.00 per hour.

d. On July 1, 2022, and annually thereafter, the hourly wage rate paid to an Employee shall be adjusted consistent with any adjustment pursuant to Section 187.02 D. of the Los Angeles Municipal Code.

(ii) If an Employer does not provide an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the applicable wage rate in Section

10.37.2(a)(1)(i) and an additional wage rate of $1.25 per hour.

(iii) Section 10.37.11 is not applicable to this subdivision.

(2) **Airport Employee Wages.**

(i) If an Employer servicing the Airport provides an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the following:

a. On July 1, 2017, the wage rate for an Employee shall be no less than $12.08 per hour.

b. On July 1, 2018, the wage rate for an Employee shall be no less than $13.75 per hour.

c. On July 1, 2019, the wage rate for an Employee shall be no less than $15.25 per hour.

d. On July 1, 2020, the wage rate for an Employee shall be no less than $16.50 per hour.

e. On July 1, 2021, the wage rate for an Employee shall be no less than $17.00 per hour.

f. Beginning on July 1, 2022, the wage rate for an Employee shall increase annually, on July 1, to an amount $2.00 above the minimum rate under the City's Minimum Wage Ordinance for that same period of time.

(ii) If an Employer servicing the Airport does not provide an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the applicable wage rate in Section 10.37.2(a)(2)(i) and an additional wage rate as follows:

a. On July 1, 2017, an Employer servicing the Airport shall pay an Employee an additional wage rate of $5.18 per hour.

b. Beginning on July 1, 2018, an Employer servicing the Airport shall pay an Employee an additional wage rate per hour equal to the health benefit payment in effect for an Employee pursuant to Section 10.37.3(a)(5).

(3) An Employer may not use tips or gratuities earned by an Employee to offset the wages required under this article.

(b) **Compensated Time Off.** An Employer shall provide an Employee compensated time off as follows:

(1) An Employee who works at least 40 hours per week or is classified as a full-time Employee by the Employer shall accrue no less than 96 hours of compensated time off per year.

(2) An Employee who works less than 40 hours per week and is not classified as a full-time Employee by the Employer shall accrue hours of compensated time off in increments proportional to that accrued by an Employee who works 40 hours per week.

(3) **General Rules for Compensated Time Off.**

(i) An Employee must be eligible to use accrued paid compensated time off after the first 90 days of employment or consistent with company policies, whichever is sooner. Compensated time off shall be paid at an Employee's regular wage rate at the time the compensated time off is used.

(ii) An Employee may use accrued compensated time off hours for sick leave, vacation or personal necessity.

(iii) An Employer may not unreasonably deny an Employee's request to use the accrued compensated time off. The DAA, through regulations, may provide guidance on what is considered unreasonable.

(iv) The DAA may allow an Employer's established compensated time off policy to remain in place even though it does not meet these requirements, if the DAA determines that the Employer's established policy is overall more generous.

(v) Unused accrued compensated time off shall carry over until time off reaches a maximum of 192 hours, unless the Employer's established policy is overall more generous.

EXHIBIT N

(vi) After an Employee reaches the maximum accrued compensated time off, an Employer shall provide a cash payment once every 30 days for accrued compensated time off over the maximum. An Employer may provide an Employee with the option of cashing out any portion of, or all of, the Employee's accrued compensated time off, but, an Employer shall not require an Employee to cash out any accrued compensated time off. Compensated time off cashed out shall be paid to the Employee at the wage rate that the Employee is earning at the time of cash out.

(vii) An Employer may not implement any unreasonable employment policy to count accrued compensated time off taken under this article as an absence that may result in discipline, discharge, suspension or any other adverse action.

(4) **Compensated Release Time.** An Employer servicing the Airport who holds a Certified Service Provider License Agreement and is subject to this article shall comply with the following additional requirements:

(i) A CSPLA Employer shall provide an Employee at the Airport, 16 hours of additional compensated release time annually to attend and complete emergency response training courses approved by the Airport.

(ii) By December 31, 2018, and continuing thereafter on an annual basis, an Employee of a CSPLA Employer shall successfully complete the 16 hours of emergency response training.

(iii) An Employee of a CSPLA Employer hired after December 31, 2018, shall complete the 16 hours of emergency response training within 120 days of the first date of hire.

(iv) The 16 hours of compensated release time shall only be used to attend Airport approved annual emergency response training courses. The 16 hours of compensated release time does not accumulate or carry over to the following year. The 16 hours of compensated release time shall not be included as part of the 96 hours of compensated time off required under this article.

(c) **Uncompensated Time Off.** An Employer shall provide an Employee uncompensated time off as follows:

(1) An Employee who works at least 40 hours a week or is classified as a full-time Employee by an Employer shall accrue no less than 80 hours of uncompensated time off per year.

(2) An Employee who works less than 40 hours per week and is not classified as a full-time Employee by the Employer shall accrue hours of uncompensated time off in increments proportional to that accrued by an Employee who works 40 hours per week.

(3) **General Rules for Uncompensated Time Off.**

(i) An Employee must be eligible to use accrued uncompensated time off after the first 90 days of employment or consistent with company policies, whichever is sooner.

(ii) Uncompensated time off may only be used for sick leave for the illness of an Employee or a member of his or her immediate family and where an Employee has exhausted his or her compensated time off for that year.

(iii) An Employer may not unreasonably deny an Employee's request to use the accrued uncompensated time off. The DAA, through regulations, may provide guidance on what is considered unreasonable.

(iv) Unused accrued uncompensated time off shall carry over until the time off reaches a maximum of 80 hours, unless the Employer's established policy is overall more generous.

(v) An Employer may not implement any unreasonable employment policy to count accrued uncompensated time off taken under this article as an absence that may result in discipline, discharge, suspension or any other adverse action.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (a), Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; Subsec. (a), Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18; Subsec. (a)(1), Ord. No. 185,745, Eff. 10-15-18.

Sec. 10.37.3. Health Benefits.

(a) **Health Benefits.** The health benefits required by this article shall consist of the payment by an Employer of at least $1.25 per hour to Employees towards the provision of health care benefits for an Employee and his or her dependents. On July 1, 2017, the health benefit rate for an Employee working for an Employer servicing the Airport shall be at least $5.18 per hour. On July 1, 2018, the annual increase for Employees working for an Employer servicing the Airport shall continue as provided in Section 10.37.3(a)(5).

(1) Proof of the provision of such benefits must be submitted to the Awarding Authority to qualify for the wage rate in Section 10.37.2(a) for Employees with health benefits.

(2) Health benefits include health coverage, dental, vision, mental health and disability income. For purposes of this article, retirement benefits, accidental death and dismemberment insurance, life insurance and other benefits that do not provide medical or health related coverage will not be credited toward the cost of providing Employees with health benefits.

(3) If the Employer's hourly health benefit payment is less than that required under this article, the difference shall be paid to the Employee's hourly wage.

(4) Health benefits are not required to be paid on overtime hours.

(5) On July 1, 2018, and annually thereafter each July 1, the amount of payment for health benefits provided to an Employee working for an Employer servicing the Airport shall be adjusted by a percentage equal to the percentage increase, if any, in the United States Bureau of Labor Statistics Consumer Price Index for All Urban Consumers: Medical Care Services, as measured from January to December of the preceding year. The DAA shall announce the adjusted rates on February 1st and publish a bulletin announcing the adjusted rates, which shall take effect on July 1st of each year.

(b) **Periodic Review.** At least once every three years, the City Administrative Officer shall review the health benefit payment by Employers servicing the Airport set forth in Section 10.37.3(a) to determine whether the payment accurately reflects the cost of health care and to assess the impacts of the health benefit payment on Airport Employers and Airport Employees and shall transmit a report with its findings to the Council.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.4. Employer Reporting and Notification Requirements.

(a) An Employer shall post in a prominent place in an area frequented by Employees a copy of the Living Wage Poster and the Notice Regarding Retaliation, both available from the DAA.

(b) An Employer shall inform an Employee of his or her possible right to the federal Earned Income Credit (EIC) under Section 32 of the Internal Revenue Code of 1954, 26 U.S.C. § 32, and shall make available to an Employee forms informing them about the EIC and forms required to secure advance EIC payments from the Employer.

(c) An Employer is required to retain payroll records pertaining to its Employees for a period of at least four years, unless more than four years of retention is specified elsewhere in the contract or required by law.

(d) A Contractor, Public Lessee, Licensee, and City Financial Assistant Recipient is responsible for notifying all Contractors, Subcontractors, sublessees, and sublicensees of their obligation under this article and requiring compliance with this article. Failure to comply shall be a material breach of the contract.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.5. Retaliation Prohibited.

An Employer shall not discharge, reduce in compensation, or otherwise discriminate against any Employee for complaining to the City with regard to the Employer's compliance or anticipated compliance with this article, for opposing any practice proscribed by this article,

EXHIBIT N

for participating in proceedings related to this article, for seeking to enforce his or her rights under this article by any lawful means, or for otherwise asserting rights under this article.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.6. Enforcement.

(a) An Employee claiming violation of this article may bring an action in the Superior Court of the State of California against an Employer and may be awarded:

(1) For failure to pay wages required by this article, back pay shall be paid for each day during which the violation occurred.

(2) For failure to comply with health benefits requirements pursuant to this article, the Employee shall be paid the differential between the wage required by this article without health benefits and such wage with health benefits, less amounts paid, if any, toward health benefits.

(3) For retaliation the Employee shall receive reinstatement, back pay or other equitable relief the court may deem appropriate.

(4) For Willful Violations, the amount of monies to be paid under Subdivisions (1) - (3), above, shall be trebled.

(b) The court shall award reasonable attorney's fees and costs to an Employee who prevails in any such enforcement action and to an Employer who prevails and obtains a court determination that the Employee's lawsuit was frivolous.

(c) Compliance with this article shall be required in all City contracts to which it applies. Contracts shall provide that violation of this article shall constitute a material breach thereof and entitle the Awarding Authority to terminate the contract and otherwise pursue legal remedies that may be available. Contracts shall also include an agreement that the Employer shall comply with federal law proscribing retaliation for union organizing.

(d) The DAA may audit an Employer at any time to verify compliance. Failure by the Employer to cooperate with the DAA's administrative and enforcement actions, including, but not limited to, requests for information or documentation to verify compliance with this article, may result in a determination by the DAA that the Employer has violated this article.

(e) An Employee claiming violation of this article may report the claimed violation to the DAA, which shall determine whether this article applies to the claimed violation.

(1) If any of the Employee's allegations merit further review, the DAA shall perform an audit; the scope of which will not exceed four years from the date the complaint was received.

(2) If the claimed violation is filed after a contract has expired, and information needed for the review is no longer readily available, the DAA may determine this article no longer applies.

(3) In the event of a claimed violation of the requirements relating to compensated time off, uncompensated time off or wages, the DAA may require the Employer to calculate the amount the Employee should have earned and compensate the Employee. Nothing shall limit the DAA's authority to evaluate the calculation.

(i) If the DAA determines that an Employer is in violation of Section 10.37.2(b), the time owed must be made available immediately. At the Employer's option, retroactive compensated time off in excess of 192 hours may be paid to the Employee at the current hourly wage rate.

(ii) If the DAA determines that an Employer is in violation of Section 10.37.2(c), the Employer shall calculate the amount of uncompensated time off that the Employee should have accrued. This time will be added to the uncompensated time off currently available to the Employee and must be available immediately.

(f) Where the DAA has determined that an Employer has violated this article, the DAA shall issue a written notice to the Employer that the violation is to be corrected within ten days or other time period determined appropriate by the DAA.

(g) In the event the Employer has not demonstrated to the DAA within such period that it has cured the violation, the DAA may then:

EXHIBIT N

(1) Request the Awarding Authority to declare a material breach of the Service Contract, Public Lease or License, or financial assistance agreement and exercise its contractual remedies thereunder, which may include, but not be limited to: (i) termination of the Service Contract, Public Lease or License, or financial assistance agreement; (ii) the return of monies paid by the City for services not yet rendered; and (iii) the return to the City of money held in retention (or other money payable on account of work performed by the Employer) when the DAA has documented the Employer's liability for unpaid wages, health benefits or compensated time off.

(2) Request the Awarding Authority to declare the Employer non-responsible from future City contracts, leases and licenses in accordance with the Contractor Responsibility Ordinance (LAAC Section 10.40, et seq.) and institute proceedings in a manner that is consistent with law.

(3) Impose a fine payable to the City in the amount of up to $100 for each violation for each day the violation remains uncured.

(4) Exercise any other remedies available at law or in equity.

(h) Notwithstanding any provision of this Code or any other law to the contrary, no criminal penalties shall attach for violation of this article.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (d), Para. (1), Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.7. Administration.

The DAA shall administer the requirement of this article and monitor compliance, including the investigation of claimed violations. The DAA shall promulgate rules and regulations consistent with this article for the implementation of the provision of this article. The DAA shall also issue determinations that persons are City Financial Assistance Recipients, that particular contracts shall be regarded as "Service Contracts" for purposes of Section 10.37.1(l), and that particular leases and licenses shall be regarded as "Public Leases" or "Public Licenses" for purposes of Section 10.37.1(k), when it receives an application for a determination of non-coverage or exemption as provided for in Section 10.37.14 and 10.37.15.

The DAA may require an Awarding Authority to inform the DAA about all contracts in the manner described by regulation. The DAA shall also establish Employer reporting requirements on Employee compensation and on notification about and usage of the federal Earned Income Credit referred to in Section 10.37.4. The DAA shall report on compliance to the City Council no less frequently than annually.

Every three years after July 1, 2018, the Chief Legislative Analyst (CLA) with the assistance of the City Administrative Officer (CAO) shall commission a study to review the state of the Airport's regional economy; minimum wage impacts for Employees servicing the Airport; Airport service industry impacts; temporary workers, guards and janitors impacts; restaurants, hotels and bars impacts; transitional jobs programs impacts; service charges, commissions and guaranteed gratuities impacts; and wage theft enforcement. On an annual basis, the CLA and CAO shall collect economic data, including jobs, earnings and sales tax. The Study shall also address how extensively affected Employers are complying with this article, how the article is affecting the workforce composition of affected Employers, and how the additional costs of the article have been distributed among Employees, Employers and the City.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.8. City is a Third Party Beneficiary of Contracts Between an Employer and Subcontractor for Purposes of Enforcement.

Any contract an Employer executes with a Contractor or Subcontractor, as defined in Section 10.37.1(f) and (m), shall contain a provision wherein the Contractor or Subcontractor agree to comply with this article and designate the City as an intended third party beneficiary for purposes of enforcement directly against the Contractor or Subcontractor, as provided for in Section 10.37.6 of this article.

EXHIBIT N

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Ord. No. 173,285, Eff. 6-26-00. Oper. 7-1-00; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.9. Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.

This article shall not be construed to limit an Employee's right to bring legal action for violation of other minimum compensation laws.

SECTION HISTORY

Added by Ord. No. 171,547. Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321. Eff. 1-20-18.

Sec. 10.37.10. Expenditures Covered.

This article shall apply to the expenditure - whether through aid to City Financial Assistance Recipients, Service Contracts let by the City or Service Contracts let by its Financial Assistance Recipients - of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds.

SECTION HISTORY

Added by Ord. No. 171,547. Eff. 5-5-97.
Amended by: In Entirety. Ord. No. 172,336. Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.11. Timing of Application.

The provisions of this article shall become operative 60 days following the effective date of the ordinance and are not retroactive.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172.336, Eff. 1-14-99; Subsec. (b), Subsec. (c) Added, Ord. No. 173,747, Eff. 2-24-01; Subsec. (d) Added, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318. Eff. 7-7-16; In Entirety. Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.12. Express Supersession by Collective Bargaining Agreement.

The requirements of this article may be superseded by a collective bargaining agreement if expressly stated in the agreement. This provision applies to any collective bargaining agreement that expires or is open for negotiation of compensation terms after the effective date of this ordinance. Any collective bargaining agreement that purports to supersede any requirement of this article shall be submitted by the Employer to the DAA.

(a) A collective bargaining agreement may expressly supersede the requirements of this article with respect to Employees of Employers servicing the Airport only when an Employee is paid a wage not less than the applicable wage rate in Section 10.37.2(a)(2)(i).

(b) A collective bargaining agreement may expressly supersede the requirements of this article with respect to Employees of Airline Food Caterers only when an Employee of the Airline Food Caterer is paid a total economic package no less than the applicable wage rate in Section 10.37.2(a)(2)(ii).

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; Title and Section In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.13. Liberal Interpretation of Coverage; Rebuttable Presumption of Coverage.

The definitions of "City Financial Assistance Recipient" in Section 10.37.1(e), of "Public Lease or License" in Section 10.37.1(k), and of "Service Contract" in Section 10.37.1(l) shall be liberally interpreted so as to further the policy objectives of this article. All City Financial Assistance Recipients meeting the monetary thresholds of Section 10.37.1(e), all Public Leases and Licenses (including subleases and sublicenses) where the City is the lessor or licensor, and all City contracts providing for services shall be presumed to meet the corresponding definition mentioned above, subject, however, to a determination by the DAA of non-coverage or exemption on any basis allowed by this article, including, but not limited to, non-coverage for failure to satisfy such definition. The DAA shall by regulation establish procedures for informing persons engaging in such transactions with the City of their opportunity to apply for

a determination of non-coverage or exemption and procedures for making determinations on such applications.

SECTION HISTORY

Added by Ord. No. 172,336, Eff. 1-14-99.
Amended by: Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety. Ord. No. 185,321, Eff. 1-20-18; In Entirety, Ord. No. 185,745. Eff. 10-15-18.

Sec. 10.37.14. Contracts, Employers and Employees Not Subject to this Article.

The following contracts are not subject to the Living Wage Ordinance. An Awarding Authority, after consulting with the DAA, may determine whether contracts and/or Employers are not subject to the Living Wage Ordinance due to the following:

(a) a contract where an employee is covered under the prevailing wage requirements of Division 2, Part 7, of the California Labor Code unless the total of the basic hourly rate and hourly health and welfare payments specified in the Director of Industrial Relations' General Prevailing Wage Determinations are less than the minimum hourly rate as required by Section 10.37.2(a) of this article.

(b) a contract with a governmental entity, including a public educational institution or a public hospital.

(c) a contract for work done directly by a utility company pursuant to an order of the Public Utilities Commission.

SECTION HISTORY

Added by Ord. No. 184,318, Eff. 7-7-16.
Amended by: In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.15. Exemptions.

Upon the request of an Employer, the DAA may exempt compliance with this article. An Employer seeking an exemption must submit the required documentation to the DAA for approval before the exemption takes effect.

(a) A Public Lessee or Licensee, that employs no more than seven people total on and off City property shall be exempted. A lessee or licensee shall be deemed to employ no more than seven people if the company's entire workforce worked an average of no more than 1,214 hours per month for at least three-fourths of the previous calendar year. If a Public Lease or License has a term of more than two years, the exemption granted pursuant to this section shall expire after two years, but shall be renewable in two-year increments.

(b) Non-Profit Organizations. Corporations organized under Section 501(c)(3) of the United States Internal Revenue Code of 1954, 26 U.S.C. § 501(c)(3), whose chief executive officer earns a salary which, when calculated on an hourly basis, is less than eight times the lowest wage paid by the corporation, shall be exempted as to all Employees other than child care workers.

(c) Students. High school and college students employed in a work study or employment program lasting less than three months shall be exempt. Other students participating in a work-study program shall be exempt if the Employer can verify to the DAA that:

(1) The program involves work/training for class or college credit and student participation in the work-study program is for a limited duration, with definite start and end dates; or

(2) The student mutually agrees with the Employer to accept a wage below this article's requirements based on a training component desired by the student.

(d) Nothing in this article shall limit the right of the Council to waive the provisions herein.

(e) Nothing in this article shall limit the right of the DAA to waive the provisions herein with respect to and at the request of an individual Employee who is eligible for benefits under Medicare, a health plan through the U.S. Department of Veteran Affairs or a health plan in which the Employee's spouse, domestic partner or parent is a participant or subscriber to another health plan. An Employee who receives this waiver shall only be entitled to the hourly wage pursuant to Section 10.37.2(a)(2)(i).

SECTION HISTORY

Added by Ord. No. 184,318, Eff. 7-7-16.
Amended by: In Entirety, Ord. No. 185,321, Eff. 1-20-18.

EXHIBIT N

Sec. 10.37.16. Severability.

If any subsection, sentence, clause or phrase of this article is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this section, and each and every subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION HISTORY

Added by Ord. No. 172,336, Eff. 1-14-99.
Amended by: In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

EXHIBIT O

(Intentionally Omitted)

EXHIBIT O

(Intentionally Omitted)

EXHIBIT P

Worker Retention Ordinance

CHAPTER 1, ARTICLE 10

WORKER RETENTION

(Title amended, Ord. No. 185,356, Eff. 1-26-18.)

Section

10.36 Findings and Statement of Policy.
10.36.1 Definitions.
10.36.2 Transition Employment Period.
10.36.3 Enforcement.
10.36.4 Exemption for Contractor or Contractor's Prior Employees.
10.36.5 Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.
10.36.6 Expenditures Covered by this Article.
10.36.7 Promulgation of Implementing Rules.
10.36.8 Severability.

Sec. 10.36. Findings and Statement of Policy.

The City awards many contracts to private firms to provide services to the public and to City government. The City also leases its property or grants licenses to enter onto its property and these lessees and licensees often perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City also provides financial assistance and funding to other firms for the purpose of economic development or job growth. At the conclusion of the term of a service contract, lease or license with the City or with those receiving financial assistance from the City, a different firm often receives the successor contract to perform the same City services or to lease or license the same City property.

The City obtains benefits achieved through the competitive process of entering into new contracts. It is the experience of the City that reasons for change do not necessarily include a need to replace workers presently performing services who already have useful knowledge about the workplace where the services are performed.

The City has a proprietary interest in the work performed by employees of City contractors, lessees and licensees and by the employees of firms receiving City financial assistance. The success or failure of City operations may turn on the success or failure of these firms, and the City has a genuine stake in how the public perceives the services rendered by these firms. Replacement of existing employees can adversely impact the performance by these firms and thereby hinders the opportunity for success of City operations.

Incumbent workers have invaluable existing knowledge and experience with the work schedules, practices and clients. Replacing these workers with workers without these experiences decreases efficiency and results in a disservice to the City and City financed or assisted projects.

Retaining existing workers when a change in firm occurs reduces the likelihood of labor disputes and disruptions. The reduction of the likelihood of labor disputes and disruptions results in the assured continuity of services to City constituents and visitors who receive services provided by the City, the City's lessees or licensees, or by City financed or assisted projects.

Contracting decisions involving the expenditure of City funds should avoid a potential effect of creating unemployment and the consequential need for social services. The City, as a principal provider of social support services, has an interest in the stability of employment under contracts, leases and licenses with the City and by those receiving financial assistance from the City. The retention of existing workers benefits that interest.

SECTION HISTORY

Article and Section Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Article and Section, Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.1. Definitions.

The following definitions shall apply throughout this article:

(a) "**Awarding Authority**" means the governing body, board, officer or employee of the City or City Financial Assistance Recipient authorized to award a Contract and shall include a department which

EXHIBIT P

has control of its own funds if the department adopts policies consonant with the provisions of this article.

(b) **"City"** means the City of Los Angeles and all Awarding Authorities thereof.

(c) **"City Financial Assistance Recipient"** means any person who receives from the City in any 12-month period discrete financial assistance for economic development or job growth expressly articulated and identified by the City totaling at least $100,000; provided, however, that corporations organized under Section 501(c)(3) of the United States Internal Revenue Code of 1954, 26 U.S.C. § 501(c)(3), with annual operating budgets of less than $5,000,000, or that regularly employ homeless persons, persons who are chronically unemployed, or persons receiving public assistance, shall be exempt.

Categories of such assistance include, but are not limited to, bond financing, planning assistance, tax increment financing exclusively by the City, and tax credits, and shall not include assistance provided by the Community Development Bank. City staff assistance shall not be regarded as financial assistance for purposes of this article. A loan at market rate shall not be regarded as financial assistance. The forgiveness of a loan shall be regarded as financial assistance. A loan shall be regarded as financial assistance to the extent of any differential between the amount of the loan and the present value of the payments thereunder, discounted over the life of the loan by the applicable federal rate as used in 26 U.S.C. §§ 1274(d) and 7872(f). A recipient shall not be deemed to include lessees and sublessees. Contracts for economic development or job growth shall be deemed providing such assistance once the $100,000 threshold is reached.

(d) **"Contract"** means:

(1) a contract let to a Contractor by the City or a City Financial Assistance Recipient primarily for the furnishing of services to or for the City or City Financial Assistance Recipient (as opposed to the purchase of goods or other property) and that involves an expenditure or receipt in excess of $25,000 and a contract term of at least three months; or

(2) a Public Lease or License as those terms are defined in Los Angeles Administrative Code Section 10.37.1(k) but only if the lessee or licensee is subject to the Living Wage Ordinance and not otherwise exempt from its provisions.

(e) **"Contractor"** means any person that enters into a Contract with the City or a City Financial Assistance Recipient. Governmental entities, including public educational institutions and public hospitals, are not Contractors and are not subject to this article.

(f) **"Designated Administrative Agency (DAA)"** means the Department of Public Works, Bureau of Contract Administration, which shall bear administrative responsibilities under this article.

(g) **"Employee"** means any person employed as an employee of a Contractor or Subcontractor earning no more than twice the hourly wage without health benefits available under the Living Wage Ordinance, Los Angeles Administrative Code Section 10.37 et seq., whose primary place of employment is in the City on or under the authority of a Contract. Examples of Employee includes: hotel Employees; restaurant, food service or banquet Employees; janitorial Employees; security guards; parking attendants; nonprofessional health care Employees; gardeners; waste management Employees; and clerical Employees. Employee does not include a person who is a managerial, supervisory or confidential Employee. An Employee must have been employed by a terminated Contractor for the preceding 12 months or longer.

(h) **"Person"** means any individual, proprietorship, partnership, joint venture, corporation, limited liability company, trust, association or other entity that may employ individuals or enter into contracts.

(i) **"Subcontractor"** means any person not an Employee who enters into a contract with a Contractor to assist the Contractor in performing a Contract and who employs Employees for such purpose. A Subcontractor includes a sublessee or sublicensee.

(j) **"Successor Contract"** means a Contract where the service to be performed is substantially similar to the Contract recently terminated. The meaning also includes a Contract that is a Public Lease or License substantially similar to a Public Lease or License recently terminated. Termination includes, but is not limited to: (1) the completion of the Contract; (2) early termination of the Contract in whole or in part; or (3) an amendment that reduces

EXHIBIT P

services provided under the Contract, in whole or in part.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; Subsec. (c), Ord. No. 172,843, Eff. 11-4-99; Subsec. (j) added, Ord. No. 176,155, Eff. 9-22-04; Subsec. (j), Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.2. Transition Employment Period.

(a) Within ten days of learning that a Contract is to be terminated, the Contractor shall provide to the Successor Contractor, the Awarding Authority and the DAA, the name, address, date of hire, and employment occupation classification of each Employee of the terminated Contractor and Subcontractor working pursuant to the Contract. If the terminated Contractor has not learned the identity of the Successor Contractor, the Contractor shall request the identity from the Awarding Authority. If a Successor Contract has not been awarded by the end of the ten-day period, the Contractor shall provide the employment information referred to earlier in this subsection to the Awarding Authority and the DAA. Where only a subcontract of a Contract has been terminated, the terminated Subcontractor shall for purposes of this Article be deemed a terminated Contractor.

(1) If multiple Contracts providing similar services are terminated, the Awarding Authority shall consult with the DAA to determine whether to pool the Employees, ordered by seniority within job classification and provide a pool list to the Successor Contractor. The Successor Contractor shall provide written notice to the Awarding Authority and the DAA that the Awarding Authority's pool list will be used. The notice must include the following:

(A) the total number of Employees required under the Successor Contract;

(B) a breakdown of the number of Employees required within each job classification and seniority within each class; and

(C) an indication as to which Employees within each job classification shall be offered employment under this article.

The written notice must be provided no later than ten days after the Successor Contractor receives the listing of the terminated Contractor's Employees.

(2) Where the use of Subcontractors has occurred under the terminated Contract or where the use of Subcontractors is to be permitted under the Successor Contract, or where both circumstances arise, the Awarding Authority shall pool, when applicable, the Employees, ordered by seniority within job classification, under such prior Contracts or subcontracts where required by, and in accordance with, rules promulgated by the DAA. The Successor Contractor or Subcontractor shall provide written notice to the Awarding Authority and the DAA that the Awarding Authority's pool list will be used.

(b) If work-related requirements for a particular job classification under the Successor Contract differ from the terminated Contract, the Successor Contractor (or Subcontractor, where applicable) shall give notice to the Awarding Authority and the DAA and provide an explanation including:

(1) the different work-related requirements needed; and

(2) the reason why the different work-related requirements are necessary for the Successor Contract.

(c) Within ten days of receipt of the list of Employees from the terminated Contractor, the Successor Contractor shall make written offers for a 90-day transition employment period to the eligible Employees by letters sent certified mail. The letters shall ask an Employee to return the offers to the Successor Contractor with the Employee's signature indicating acceptance or rejection of the offer of employment. The letters shall state that if an Employee fails to return a written acceptance of the offer within ten days of the date of mailing of the Successor Contractor's certified letter, then the Employee will be presumed to have declined the offer.

The Successor Contractor shall provide copies of the letters offering employment to the Awarding Authority and proof of mailing.

(d) A Successor Contractor shall retain Employees for a 90-day transition employment period. Where pooling of Employees has occurred, the Successor Contractor shall draw from the pools in accordance with rules promulgated by the DAA. During such 90-day period, Employees so hired shall be employed under the terms and conditions established by the Successor Contractor (or Subcontractor) or as required by law.

EXHIBIT P

(e) If at any time the Successor Contractor determines that fewer Employees are required to perform the new Contract than were required by the terminated Contractor (and Subcontractors, if any), the Successor Contractor shall retain Employees by seniority within job classification. The Successor Contractor shall give notice to the Awarding Authority and the DAA and provide an explanation including:

(1) the reason that fewer Employees will be needed;

(2) the total number of Employees required under the Successor Contract;

(3) a breakdown of the number of Employees required within each job classification;

(4) a listing of the terminated Contractor's Employees by job classification and seniority within each class; and

(5) an indication as to which Employees within each job classification will be offered employment under this article.

The notice must be provided no later than ten days after the Successor Contractor receives the list of the terminated Contractor's Employees pursuant to Section 10.36.2(a).

Letters offering employment shall be made by seniority within each job classification. If an Employee in a job classification declines an offer of employment or fails to respond within ten days pursuant to Section 10.36.2(a), the Successor Contractor shall issue a letter offering employment to the next Employee in that job classification. The Successor Contractor shall continue to offer employment in this manner until all required positions are filled for the Successor Contract or until all Employees have been offered employment.

(f) During the 90-day transition employment period, the Successor Contractor (or Subcontractor, where applicable) shall maintain a preferential hiring list of eligible covered Employees not retained by the Successor Contractor (or Subcontractor) from which the successor Contractor (or Subcontractor) shall hire additional Employees, if needed.

(g) During the 90-day transition employment period, the Successor Contractor (or Subcontractor, where applicable) shall not discharge without cause an Employee retained pursuant to this article. "Cause" for this purpose shall mean fair and honest reasons, regulated by good faith on the part of the Contractor or Subcontractor, that are not trivial, arbitrary or capricious, unrelated to business needs or goals, or pretextual.

(h) At the end of the 90-day transition employment period, the Successor Contractor (or Subcontractor, where applicable) shall perform a written performance evaluation for each Employee retained pursuant to this article. If the Employee's performance during the 90-day period is satisfactory, the Successor Contractor (or Subcontractor) shall offer the Employee continued employment under terms and conditions established by the Successor Contractor (or Subcontractor) or as required by law.

(i) If the City or a City Financial Assistance Recipient enters into a Contract for the performance of work that prior to the Contract was performed by the City's or the City Financial Assistance Recipient's own Employees, the City or the City Financial Assistance Recipient shall be deemed to be a terminated Contractor within the meaning of this article and the Contractor shall be deemed to be a Contractor with a Successor Contract within the meaning of this article.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; Subsec. (g) added, Ord. No. 172,349, Eff. 1-29-99; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.3. Enforcement.

(a) An Employee who has been discharged in violation of this article by a Successor Contractor or its Subcontractor may bring an action in the Superior Court of the State of California against the Successor Contractor and, where applicable, its Subcontractor, and may be awarded:

(1) Back pay for each day during which the violation continues, which shall be calculated at a rate of compensation not less than the higher of:

(A) The average regular rate of pay received by the Employee from the terminated Contractor during the last three years of the Employee's employment in the same occupation classification; or

(B) The final regular rate paid by the terminated Contractor to the Employee.

EXHIBIT P

(2) Costs of benefits the Successor Contractor would have incurred for the Employee under the successor Contractor's (or Subcontractor's, where applicable) benefit plan.

(b) If the Employee is the prevailing party in any such legal action, the court shall award reasonable attorney's fees and costs as part of the costs recoverable.

(c) Compliance with this article shall be required in all Contracts and shall provide that violation of this article shall entitle the City to terminate the Contract and pursue all legal remedies.

(d) If the DAA determines that a Contractor or Subcontractor violated this article, the DAA may recommend that the Awarding Authority take any or all of the following actions:

(1) Document the determination in the Awarding Authority's Contractor Evaluation required under Los Angeles Administrative Code Section 10.39, et seq.;

(2) Require that the Contractor or Subcontractor document the determination in each of the Contractor's or Subcontractor's subsequent Contractor Responsibility Questionnaires submitted under Los Angeles Administrative Section 10.40, et seq.;

(3) Terminate the Contract;

(4) Recommend to the Awarding Authority to withhold payments due to the Contractor or Subcontractor.

(e) Notwithstanding any provision of this Code or any other law to the contrary, no criminal penalties shall attach for any violation of this article.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.4. Exemption for Contractor or Contractor's Prior Employees.

(a) An Awarding Authority may allow a Successor Contractor or Subcontractor to fill a position under a Contractor with a person who has been employed by the Contractor or Subcontractor continuously for at least 12 months prior to the commencement of the Successor Contract working in a position similar to the position to be filled in the Successor Contract. The Successor Contractor or Subcontractor shall first obtain written approval of the Awarding Authority by demonstrating that: (a) the person would otherwise be laid off work; and (b) his or her retention would be helpful to the Contractor or Subcontractor in performing the Successor Contract.

(b) Nothing in this article shall limit the right of the DAA to waive the provisions herein with respect to a Contractor if it finds it is not in the best interest of the City.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.5. Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.

This article shall not be construed to limit an Employee's right to bring legal action for wrongful termination.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.6. Expenditures Covered by this Article.

This article shall apply to the expenditure, whether through Contracts let by the City or by City Financial Assistance Recipients, of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds. City Financial Assistance Recipients shall apply this article to the expenditure of non-City funds for Contracts to be performed in the City by complying with Section 10.36.2(i) and by contractually requiring their Contractors with Contracts to comply with this article. Such requirement shall be imposed by the recipient until the City financial assistance has been fully expended.

SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.
Amended by: Ord. No. 172,337, Eff. 1-14-99; Ord. No. 172,843, Eff. 11-4-99; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

EXHIBIT P

Sec. 10.36.7. Promulgation of Implementing Rules.

The DAA shall promulgate rules for implementation of this article and otherwise coordinate administration of the requirements of this article.

SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.
Amended by: Ord. No. 176,155, Eff. 9-22-04; Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.8. Severability.

If any subsection, sentence, clause or phrase of this article is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this section, and each and every subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.
Amended by: In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

EXHIBIT P

EXHIBIT P

EXHIBIT Q

Contractor Responsibility Program/Pledge of Compliance

LOS ANGELES WORLD AIRPORTS

CONTRACTOR RESPONSIBILITY PROGRAM

RULES AND REGULATIONS

Effective date: August 23, 2011

Procurement Services Division
7301 World Way West, 4th Floor
Los Angeles, CA 90045
(424) 646-5380
(424) 646-9262 (Fax)

EXHIBIT Q
Contractor Responsibility Program (CRP)
Pledge of Compliance

CONTENTS

A. DEFINITIONS 3

B. SUBMISSION OF CRP QUESTIONNAIRES 5

C. LAWA REVIEW OF SUBMITTED CRP QUESTIONNAIRES 6

D. AWARD AND EXECUTION OF CONTRACTS 7

E. CONTRACT AMENDMENTS 9

F. CONTRACTOR NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION 9

G. LAWA INVESTIGATION 11

H. VIOLATIONS OF THE CRP OR THESE RULES AND REGULATIONS 12

I. NON-RESPONSIBILITY HEARING 12

J. NON-RESPONSIBILITY SANCTIONS 14

K. EXEMPTIONS 14

L. EFFECTIVE DATE OF CRP RULES AND REGULATIONS 16

M. CONSISTENCY WITH FEDERAL AND STATE LAW 16

N. SEVERABILITY 16

EXHIBIT Q
Contractor Responsibility Program (CRP)
Pledge of Compliance

These Rules and Regulations are promulgated pursuant to Board Resolution #21601, the Los Angeles World Airports Contractor Responsibility Program (CRP). Each Requesting LAWA Division shall cooperate to the fullest extent with the Executive Director in the administration of the CRP. The Executive Director may amend these Rules and Regulations from time to time as required for the implementation of the CRP.

A. DEFINITIONS

1. **Adoption of CRP definitions:** For purposes of these Rules and Regulations, the definitions set forth in the Board Resolution are incorporated herein by reference, and include the following:

   a. **Board**
   b. **Executive Director**
   c. **Los Angeles World Airports (LAWA)**
   d. **"Contract"** means any agreement for the performance of any work or service, the provision of any goods, equipment, materials or supplies, or the rendition of any service to LAWA or to the public or the grant of a public lease, which is awarded or entered into by or on behalf of LAWA. These Rules and Regulations shall apply to the following contracts:

      (1) Contracts for services that require Board approval.
      (2) Contracts for purchasing goods and products that require Board approval.
      (3) Construction contracts that require Board approval.

   e. **Contractor**
   f. **Subcontractor**
   g. **Bidder**
   h. **Bid**
   i. **Invitation for Bid ("IFB")**
   j. **Public Lease**

2. **New Definitions:**

   a. **"Awarding Authority"** means either the Executive Director or the Board of Airport Commissioners ("Board") or the Board's designee.

   b. **"CRP Questionnaire"** means the set of questions developed by Procurement Services Division (PSD) that will assist LAWA in determining a bidder or contractor's responsibility. Information solicited from the CRP Questionnaire may include but is not limited to: ownership and name changes, financial resources and responsibility, satisfactory performance of other contracts, satisfactory record of compliance with relevant laws and regulations, and satisfactory record of business integrity. PSD may amend the CRP Questionnaire from time to time.

c. "**CRP Pledge of Compliance**" means the CRP Pledge developed by PSD. The CRP Rules and Regulations may be updated from time to time by PSD. The CRP Pledge shall require contractors to sign under penalty of perjury that the contractor will:

(1) Comply with all applicable Federal, State, and local laws and regulations during the performance of the contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

(2) Notify LAWA within 30 calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the contractor did not comply with subparagraph 2(c)(1) above in the performance of the contract.

(3) Notify LAWA within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the contractor has violated subparagraph 2(c) (1) above in the performance of the contract.

(4) Provide LAWA within thirty (30) calendar days updated responses to the CRP Questionnaire if any change occurs which would change any response contained within the completed CRP Questionnaire. Note: This provision does not apply to amendments of contracts not subject to the CRP and to subcontractors not required to submit a Questionnaire.

(5) Ensure that subcontractors working on the LAWA contract shall complete, sign and submit a CRP Pledge of Compliance attesting under penalty of perjury to compliance with paragraphs 2(c)(1) through (4).

(6) Notify LAWA within thirty (30) days of becoming aware of an investigation, violation or finding of any applicable Federal, State, or local law involving the subcontractors in the performance of a LAWA contract.

(7) Cooperate fully with LAWA during an investigation and to respond to request(s) for information within ten (10) working days from the date of the Notice to Respond.

d. **"Requesting Division"** means the LAWA division(s) which issued the Request For Bids ("RFB"), Request For Proposal ("RFP") or Request for Qualifications ("RFQ").

e. **"Responsibility"** means possessing the necessary "trustworthiness" and "quality, fitness and capacity" to perform the work set forth in the contract.

B. SUBMISSION OF CRP QUESTIONNAIRES

1. **Issuance of Invitation for Bids (IFB)**: These include Request for Bids (RFB), Request for Proposals (RFP), and Request for Qualifications (RFQ). Unless otherwise exempt from the CRP, if a proposed contract meets the definition of a contract subject to the CRP as

defined in the Resolution and these Rules and Regulations, LAWA shall include in the IFB:

a. Language informing potential bidders of the CRP;
b. The CRP Questionnaire that bidders submit with their bid; and
c. The CRP Pledge of Compliance that bidders submit with their bid.

2. **Submission of CRP Questionnaires with Bids**:

   a. All bid and proposal submissions are required to contain a completed and signed CRP Questionnaire and a signed CRP Pledge of Compliance.
   b. Failure to submit a CRP Questionnaire and a CRP Pledge of Compliance in accordance with the IFB procedures may make the bidder non-responsive and disqualified from the bidding process.
   c. Submitted CRP Questionnaires and CRP Pledge of Compliance become public records, and information contained therein will be available for public review, except to the extent that such information is exempt from disclosure pursuant to applicable law.

3. **Use of a non-competitive process to procure the proposed contract**: If a non-competitive process is used by LAWA Divisions to procure the proposed contract, the proposed contractor is required to submit the completed CRP Questionnaire and a signed CRP Pledge of Compliance to LAWA for determination of contractor responsibility prior to execution of the contract.

4. **Subcontractors**: The list of subcontractors shall be submitted with the bid and will be made available for public review along with the bidder's Questionnaire. For construction contracts, bidders must list a subcontractor proposed to be used on the City contract if the subcontractor will be performing work on the construction contract in an amount in excess of $10,000 or in excess of one-half of one percent of the total bid amount, whichever is greater. For service contracts, bidders must list subcontractors as required by the IFB.

C. LAWA REVIEW OF SUBMITTED CRP QUESTIONNAIRES

1. **Departmental Review of submitted bids**: As part of the determination of a bidder's responsiveness, PSD will review the bid submissions to determine whether a completed CRP Questionnaire, signed under penalty of perjury, has been included with the bid. If a completed Questionnaire has not been included with the bid as required by the IFB procedures, the bidder may be deemed to be non-responsive and may be disqualified from the bidding process.

2. **Posting of CRP Questionnaires and Subcontractor List**: Requesting Divisions will forward to PSD the completed CRP Questionnaires and subcontractor list(s), if any, submitted by the responsive bidders to make available for public review as follows:

   a. If a contract is to be awarded pursuant to a competitive bid process, the CRP Questionnaires for the three lowest responsive bidders and their list of proposed subcontractors, if any, will be forwarded to PSD to make them available for public review for a minimum period of 14 calendar days.

   b. If a contract is to be awarded pursuant to a proposal (RFP) or qualifications (RFQ) and award is not based on the lowest submitted bid price, the CRP Questionnaires for the short-listed proposers and their list of proposed subcontractors, if any, will be forwarded to PSD to make them available for public review for a minimum period of 14 calendar days. If no short-listing procedure is used, the CRP Questionnaire for the prospective contractor shall be made available for public review for a minimum period of 14 calendar days.

   c. If a contract is to be awarded to a Sole Source, the CRP Questionnaire for the proposed contractor and their list of proposed subcontractors, if any, will be forwarded to PSD to make it available for public review for a period of 14 calendar days.

   d. No contract shall be awarded to any bidder until at least 14 calendar days after the CRP Questionnaire has been made available for public review. If administrative or technical errors prevent or delay the posting of the CRP Questionnaire, the posting period will be extended by the amount of time that the CRP Questionnaire was not available for public review.

   e. The CRP Questionnaire of the bidder/proposer awarded the contract will be retained by the Requesting Division as part of the contract file. The CRP Questionnaires for the bidders/proposers not awarded the contract will be retained in the customary manner by the Requesting Division.

3. **Claims Resulting from Public Review:**

   a. Claims regarding a bidder or contractor's responsibility should be submitted to PSD in writing. However, PSD may investigate a claim regarding a bidder's or a contractor's responsibility, whether or not it is submitted in writing, if PSD in its discretion

determines that the claim calls into question the bidder's, the proposer's or the contractor's responsibility.

b. If PSD receives information which calls into question a bidder's responsibility, and the information was received **before** the contract has been executed, PSD shall:

(1) Notify the Requesting Division in writing that no contract shall be awarded until PSD has completed investigation into the matter.
(2) Investigate the matter as required in Section G, "LAWA INVESTIGATION" to determine its validity.
(3) Upon completion of the investigation, PSD shall notify the Requesting Division and the Awarding Authority in writing of the result of the investigation.
(4) No contract may be awarded to any bidder until after the investigation has been completed and the Requesting Division and the Awarding Authority have received written notification that the investigation has been completed.
(5) Findings from the PSD investigation received by the Awarding Authority will be considered by the Awarding Authority as part of the determination of the bidder's responsibility.

c. If PSD receives written information that calls into question a contractor's responsibility, and the information was received **after** the contract has been executed, PSD shall investigate the matter as required in Section G, LAWA INVESTIGATION.

D. AWARD AND EXECUTION OF CONTRACTS

1. Departmental Determination of Responsibility and Award of Contract:

a. Requesting Division and the Awarding Authority shall determine whether a bidder/contractor is a responsible bidder, proposer or contractor with the necessary trustworthiness, quality, fitness and capacity to perform the work set forth in the proposed contract by considering the following:

(1) Information contained in the CRP Questionnaire;
(2) Information and documentation from PSD's investigation;
(3) Information regarding the bidder's, proposer's or contractor's past performance that may be contained in the City of Los Angeles' Contractor Evaluation Database.
(4) Information that may be available from any compliance or regulatory governmental agency, and
(5) Any other reliable information that may be available, including but not limited to information from any individual or any other governmental agency.

b. The Board may award and the Executive Director may execute a contract with a bidder or proposer only if:

(1) The bidder's or proposer's CRP Questionnaire has been made available for public review for at least 14 calendar days unless otherwise exempted from the posting requirement by the CRP;
(2) The bidder or proposer is not being investigated by PSD pursuant to the CRP;
(3) The bidder or proposer has not been found to be a non-responsible bidder/proposer pursuant to the CRP;
(4) The bidder or proposer does not appear on any City list of debarred bidders or contractors; and
(5) The bidder or proposer has met all other applicable City requirements.

2. Submission of Pledge of Compliance:

a. Unless otherwise exempt from the CRP, all bid/proposal submissions (RFBs, RFPs and RFQs) are required to contain a Pledge of Compliance with the CRP signed under penalty of perjury. Failure to submit a CRP Pledge of Compliance with the bid/proposal may make the bidder non-responsive and disqualified from the bidding process.

b. Within 10 calendar days of execution of a contract with LAWA, the contractor shall submit to LAWA a signed CRP Pledge of Compliance from each subcontractor listed as performing work on the contract.

3. Subcontractor Responsibility:

a. Contractors shall ensure that their subcontractors meet the criteria for responsibility set forth in the CRP and these Rules and Regulations unless the subcontract is not subject to the CRP.
b. Contractors shall ensure that subcontractors working on the LAWA agreement shall complete and submit a signed CRP Pledge of Compliance.
c. Contractors shall not use in any capacity any subcontractor that has been determined or found to be a non-responsible contractor by LAWA or the City.
d. Subject to approval by the Requesting Division, contractors may substitute a non-responsible subcontractor with another, responsible subcontractor with no changes in bid amounts.

4. **Execution of Contracts:**

   a. Unless exempt from the CRP, all contracts shall contain language obligating the contractor to comply with the CRP.
   b. No contract may be executed unless:

      (1) The proposed contractor has submitted a signed Pledge of Compliance with the CRP.
      (2) The proposed contractor's CRP Questionnaire, unless otherwise exempt, has been made available for public review for at least 14 calendar days in accordance with these Rules and Regulations.

E. CONTRACT AMENDMENTS

1. Compliance with the CRP, except for the requirement to submit a CRP Questionnaire, is required in contract amendments if the initial contract was not subject to the CRP, but the total term and amount of the contract, inclusive of all amendments, would make the contract subject to the CRP.

   a. A contractor subject to the CRP because of an amendment shall submit a CRP Pledge of Compliance to the Requesting Division before the contract amendment can be executed.

   b. Unless exempt from the CRP, all contract amendments shall contain contract language obligating the contractor to comply with the CRP.

F. CONTRACTOR NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION

1. **Notification of Investigations**: Contractors shall:

   a. Notify the Requesting Division and PSD within 30 calendar days of receiving notice of any findings by a government agency or court of competent jurisdiction that the contractor violated any applicable Federal, State, or local law in the performance of a LAWA, City of Los Angeles, County of Los Angeles, State of California, Federal Government or other government contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

   b. Notify the Requesting Division and PSD within 30 calendar days of becoming aware of a violation or finding of violation of any applicable federal, state, or local law involving its subcontractors or sub-sub-contractors at any level in the performance of a LAWA contract.

2. **Update of CRP Questionnaire Information**:

a. Updates of information contained in the contractor's responses to the CRP Questionnaire shall be submitted to the Requesting Division and PSD within 30 days of any changes to the responses if the change would affect the contractor's responsibility or ability to continue performing the contract.

b. PSD or the Requesting Division shall determine whether a contractor in a specific situation should have provided information or updated information.

(1) If PSD or the Requesting Division becomes aware of new information concerning a contractor and determines that the contractor should have provided information or updated LAWA with such information, but the contractor has not done so, PSD shall issue a written notice to the contractor requiring the contractor to submit the required information within 10 calendar days.

(2) If PSD or the Requesting Division becomes aware of new information concerning a subcontractor and determines that the subcontractor should have provided information or updated LAWA of such information, but the subcontractor has not done so, PSD shall issue a written notice to the contractor requiring the subcontractor to submit the required information within 10 calendar days.

c. Contractor's failure to provide information or updated information when required by LAWA, the CRP or these Rules and Regulations may be considered a material breach of the contract, and, additionally, may result in the initiation of a non-responsibility hearing pursuant to Section I of these Rules and Regulations.

3. **Contractors shall ensure that subcontractors provide information and updates.** Contractors shall ensure that subcontractors performing work on their LAWA contract abide by these same updating requirements, including the requirement to:

a. Notify the Requesting Division and PSD within 30 calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the subcontractor did not comply with any applicable Federal, State, or local law in the performance of the LAWA or City contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees

b. Notify the Requesting Division and PSD within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the subcontractor violated any applicable Federal, State, or local law in the performance of a LAWA or City of Los Angeles contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

4. **Submission of CRP Questionnaires and Updates of CRP Questionnaire Is Not Applicable to Subcontractors:** The requirement that contractors submit to LAWA CRP Questionnaires and updates to the CRP Questionnaire responses does not apply to subcontractors.

G. LAWA INVESTIGATION

1. **Reporting of Alleged Violations:** Allegations of violations of the CRP or these Rules and Regulations shall be reported to PSD. Complaints regarding a bidder's, proposer's or contractor's responsibility should be submitted to PSD in writing. However, PSD may investigate any claim or complaint regarding a bidder's, proposer's or a contractor's responsibility, whether or not it is submitted in writing. Whether based on a written complaint or otherwise, PSD shall be responsible for investigating such alleged violations.

2. **Process**:

   a. Upon receipt of a complaint or upon initiation of an investigation, PSD shall notify the Requesting Division, the Awarding Authority and the bidder, proposer or contractor in writing that an investigation has been initiated.

   b. The bidder, proposer or contractor shall cooperate fully with PSD in providing information. If the bidder/proposer or contractor fails to cooperate with PSD's investigation or fails to timely respond to PSD's requests for information, LAWA may initiate a non-responsibility hearing as set forth in Section I of these Rules and Regulations. A contractor's failure to cooperate may be deemed a material breach of the contract, and the City may pursue all available remedies.

   c. To the extent permissible, PSD shall maintain the identity of the complainant, if any, confidential.

   d. Upon completion of the investigation, PSD shall prepare a written report of the findings and notify the Requesting Division, the Awarding Authority and the bidder, proposer or contractor of the results.

3. **Results of Investigation:**

   a. When an investigation is completed before the contract is awarded, PSD shall notify the Requesting Division and the Awarding Authority of the results, and Requesting Division and the Awarding Authority will consider the information as part of the determination of a bidder's responsibility during the bid/proposal review process.

b. When an investigation is completed after the execution of a contract:

(1) If violations of the CRP are found, PSD shall notify the Requesting Division and contractor of the violation and require the contractor to make corrections or take reasonable measures within 10 calendar days.
(2) If the contractor fails to make corrections as required, PSD shall notify the Requesting Division and the Awarding Authority and may recommend that the Awarding Authority:
(i) Terminate the contract.
(ii) Initiate a hearing to declare the contractor a non-responsible contractor.

H. VIOLATIONS OF THE CRP OR THESE RULES AND REGULATIONS

1. Violations of the CRP or of these Rules and Regulations may be considered a material breach of the contract and may entitle LAWA or the City to terminate the contract.

2. Alleged violations of the CRP or of these Rules and Regulations shall be reported to the PSD which will investigate all such complaints.

3. When a violation of the CRP or of these Rules and Regulations is found, PSD shall notify the contractor and the Awarding Authority of the violation. PSD shall require the contractor to correct the violation within 10 calendar days. Failure to correct violations or take reasonable measures to correct violations within 10 calendar days may result in PSD:

a. Recommending that the Awarding Authority declare a material breach of the contract and that the Awarding Authority exercise all contractual and legal remedies available, including but not limited to termination of the contract, and/or

b. Recommending that the Awarding Authority declare the contractor a non-responsible contractor by initiating, within 30 calendar days or as soon as practicable, a non-responsibility hearing in accordance with Section I of these Rules and Regulations.

I. NON-RESPONSIBILITY HEARING

1. The process of declaring a bidder or contractor a non-responsible bidder or contractor shall be initiated by the Awarding Authority after consultation with the City Attorney's Office.

2. Before a bidder, proposer or contractor may be declared non-responsible, the bidder, proposer or contractor shall be notified of the proposed determination of non-responsibility and provided with an opportunity for a hearing.

3. The Awarding Authority or the Executive Director's designee shall preside over the non-responsibility hearing and shall provide the bidder, proposer or contractor with the following:

   a. The bidder, proposer or contractor shall be provided with written Notice of intent to declare the bidder, proposer or contractor non-responsible ("Notice") which shall state that the Awarding Authority intends to declare the bidder, proposer or contractor a non-responsible bidder or contractor.

   b. The Notice shall provide the bidder, proposer or contractor with the following information:

      (1) That the Awarding Authority intends to declare the bidder or contractor a non-responsible bidder, proposer or contractor.
      (2) A summary of the information upon which the Awarding Authority is relying.
      (3) That the bidder, proposer or contractor has a right to respond to the information by requesting a hearing to rebut adverse information and to present evidence of its necessary trustworthiness, quality, fitness and capacity to perform the work required under the contract.
      (4) That the bidder, proposer or contractor must exercise the right to a hearing by submitting to the Awarding Authority a **written request** for a hearing **within 10 working days** of the date of the Notice.
      (5) That failure to submit a written request for hearing within 10 working days of the date of the Notice shall be considered a waiver of the right to a hearing that allows the Awarding Authority to proceed with the determination of non-responsibility.

   c. If the bidder or contractor submits a written request for a hearing, the hearing may be held by the Awarding Authority for recommendation to the Board, which shall make the final decision.

   d. The hearing must allow the bidder, proposer or contractor an opportunity to address the issues contained in the Notice of Intent to declare the bidder, proposer or contractor non-responsible.

   e. The Awarding Authority may determine that the bidder, proposer or contractor:
      (1) Does not possess the necessary trustworthiness, quality, fitness, or capacity to perform the work set forth in the proposed contract, should be declared a non-responsible bidder, proposer or contractor, and recommend to the Board invocation of the remedies set forth in Section J of these Rules and Regulations.
      (2) Should not be declared a non-responsible bidder or contractor.

   f. The Board's determination shall be final and constitute exhaustion of administrative remedies.

   g. The Board's final decision shall be in writing and shall be provided to the bidder,

proposer or contractor, the Requesting Division and to PSD. If the bidder, proposer or contractor is declared to be non-responsible, a copy of the final decision shall also be provided to the CAO.

J. NON-RESPONSIBILITY SANCTIONS

1. A **bidder/proposer** found non-responsible by LAWA shall be disqualified from:
   a. award of the proposed contract or,
   b. participating, in any way, in the proposed contract.

   Such non-responsible bidder or proposer shall not perform any work in the proposed contract, whether as a prime contractor, a subcontractor, a partner in a partnership, a participant in a joint venture, a member of a consortium or in any other capacity.

2. An existing **contractor** found non-responsible by LAWA may be declared to have a material breach of contract, and LAWA may exercise its contractual and legal remedies thereunder, which are to include, but are not limited to termination of the contract.

3. Upon final determination of a bidder, proposer or contractor as non-responsible, PSD shall provide the Requesting Division and the bidder, proposer or contractor with a written notice summarizing the Awarding Authority's findings and sanctions.

4. PSD shall maintain a listing of bidders/proposers and contractors who have been found non-responsible by LAWA pursuant to the CRP.

K. EXEMPTIONS

1. **Categorical Exemption**: The following types of contracts are categorically exempt from the CRP and these Rules and Regulations:

   a. Contracts with a governmental entity such as the United States of America, the State of California, a county, city or public agency of such entities, or a public or quasi-public corporation located therein and declared by law to have such status.

   b. Contracts for the investment of trust moneys or agreements relating to the management of trust assets.

   c. Banking contracts entered into by the Treasurer pursuant to California Government Code Section 53630 et seq.

   Board approval required for CRP Exemptions: The following types of contracts are exempt from the requirement to submit a Questionnaire but remain subject to the requirement that the contractor submit a Pledge of Compliance and notify the Awarding Authority within 30 days of any information regarding investigations or the results of investigations by any governmental agency into the contractor's compliance with applicable laws.

EXHIBIT Q
Contractor Responsibility Program (CRP)
Pledge of Compliance

a. Contracts awarded on the basis of exigent circumstances when the Awarding Authority finds the City would suffer a financial loss or that City operations would be adversely impacted.
   (1) This exemption is subject to approval by PSD.
   (2) The Awarding Authority shall submit a request to PSD for waiver along with written certification that the required conditions exist.
   (3) No contract may be exempted under this provision unless PSD has granted written approval of the waiver.

b. Contracts where the goods or services are proprietary or available from only one source.
   (1) This exemption is subject to approval by PSD.
   (2) The Awarding Authority shall submit a request to PSD for waiver along with written certification that the required conditions exist.
   (3) No contract may be exempted under this provision unless PSD has granted written approval of the waiver.

c. Contracts awarded in accordance with Charter Section 371(e)(5). The Awarding Authority must certify in writing that award is based on urgent necessity in accordance with Charter Section 371(e)(5).

d. Contracts entered into based on, Charter Section 371(e)(6), (7) or (8). The Awarding Authority must certify in writing that the contract is entered into in accordance with Charter Section 371(e)(6), (7) or (8).

EXHIBIT Q
Contractor Responsibility Program (CRP)
Pledge of Compliance

L. EFFECTIVE DATE OF RULES AND REGULATIONS

1. These Rules and Regulations apply to IFB's issued after the Executive Director has approved these Rules and Regulations.

2. These Rules and Regulations apply to contracts entered into by LAWA after the Executive Director has approved these Rules and Regulations.

3. Contracts amended after these Rules and Regulations are approved by the Executive Director will become subject to CRP and these Rules and Regulations if they meet definitions contained in the CRP and these Rules and Regulations.

M. CONSISTENCY WITH FEDERAL AND STATE LAW

The CRP and these Rules and Regulations do not apply in instances where application would be prohibited by Federal and State law or where the application would violate or be inconsistent with the terms and conditions or a grant or contract with the Federal or State agency.

N. SEVERABILITY

If any provision of the CRP or these Rules and Regulations are declared legally invalid by any court of competent jurisdiction, the remaining provisions remain in full force and effect.

LOS ANGELES WORLD AIRPORTS
CONTRACTOR RESPONSIBILITY PROGRAM
PLEDGE OF COMPLIANCE

The Los Angeles World Airports (LAWA) Contractor Responsibility Program (Board Resolution #21601) provides that, unless specifically exempted, LAWA contractors working under contracts for services, for purchases, for construction, and for leases, that require the Board of Airport Commissioners' approval shall comply with all applicable provisions of the LAWA Contractor Responsibility Program. Bidders and proposers are required to complete and submit this Pledge of Compliance with the bid or proposal or with an amendment of a contract subject to the CRP. In addition, within 10 days of execution of any subcontract, the contractor shall submit to LAWA this Pledge of Compliance from each subcontractor who has been listed as performing work on the contract.

The contractor agrees to comply with the Contractor Responsibility Program and the following provisions:

(a) To comply with all applicable Federal, state, and local laws in the performance of the contract, including but not limited to, laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees.
(b) To notify LAWA within thirty (30) calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the contractor is not in compliance with paragraph (a).
(c) To notify LAWA within thirty (30) calendar days of all findings by a government agency or court of competent jurisdiction that the contractor has violated paragraph (a).
(d) To provide LAWA within thirty (30) calendar days updated responses to the CRP Questionnaire if any change occurs which would change any response contained within the completed CRP Questionnaire. Note: This provision does not apply to amendments of contracts not subject to the CRP and to subcontractors not required to submit a CRP Questionnaire.
(e) To ensure that subcontractors working on the LAWA contract shall complete and sign a Pledge of Compliance attesting under penalty of perjury to compliance with paragraphs (a) through (c) herein. To submit to LAWA the completed Pledges.
(f) To notify LAWA within thirty (30) days of becoming aware of an investigation, violation or finding of any applicable federal, state, or local law involving the subcontractors in the performance of a LAWA contract.
(g) To cooperate fully with LAWA during an investigation and to respond to request(s) for information within ten (10) working days from the date of the Notice to Respond.

Failure to sign and submit this form to LAWA with the bid/proposal may make the bid/proposal non-responsive.

_____
Company Name, Address and Phone Number

_____
Signature of Officer or Authorized Representative Date

_____
Print Name and Title of Officer or Authorized Representative

_____
Project Title

EXHIBIT R

First Source Hiring Program

FIRST SOURCE HIRING PROGRAM FOR AIRPORT EMPLOYEES

I. Purpose. The purpose of this First Source Hiring Program is to facilitate the employment of Targeted Applicants by Airport Employers. It is a goal of this First Source Hiring Program that this Program benefit Airport Employers by providing a pool of qualified job applicants through a non-exclusive referral system.

II. Definitions. As used in this Program, the following capitalized terms shall have the following meanings. All definitions include both the singular and plural form.

"Airport" shall mean Los Angeles International Airport.

"Airport Employer" shall mean a party that, through a contract, lease, licensing arrangement, or other arrangement, agrees to comply with this First Source Hiring Program with regard to Airport Jobs. Operators of transportation charter party limousines, non-tenant shuttles, and taxis shall not be considered Airport Employers.

"Airport Job" shall mean a job that either (i) is performed On-Site, or (ii) is directly related to a contract, lease, licensing arrangement, or other arrangement under which the employer is an Airport Employer. Positions for which City's Worker Retention Policy requires hiring of particular individuals shall not constitute Airport Jobs for purposes of this Program.

"City" shall mean the City of Los Angeles.

"Coalition" shall mean the LAX Coalition for Economic, Environmental, and Educational Justice, an unincorporated association comprised exclusively of the following organizations: AGENDA; AME Minister's Alliance; Clergy and Laity United for Economic Justice; Coalition for Clean Air; Communities for a Better Environment; Community Coalition; Community Coalition for Change; Environmental Defense; Inglewood Coalition for Drug and Violence Prevention; Inglewood Democratic Club; Lennox Coordinating Council; Los Angeles Alliance for a New Economy; Los Angeles Council of Churches; Nation of Islam; Natural Resources Defense Council; Physicians for Social Responsibility Los Angeles; Service Employees International Union Local 347; and Teamsters Local 911.

"Coalition Representative" shall mean the following: The Coalition shall designate one individual as the "Coalition Representative" authorized to speak or act on behalf of the Coalition for all purposes under the Cooperation Agreement. The Coalition Representative may designate one or more assistants to assist the Coalition Representative in speaking or acting on behalf of the Coalition with respect to any specific program or activity or any other matter. The Coalition shall provide LAWA with contact information for the Coalition Representative upon request.

"Cooperation Agreement" shall mean the Cooperation Agreement between LAWA and the LAX Coalition for Economic, Environmental and Educational Justice.

"LAWA" shall mean Los Angeles World Airports.

"Low-Income Individual" shall mean an individual whose household income is no greater than 80% of the median income, adjusted for household size, for the Primary Metropolitan Statistical Area.

"On-Site" shall mean physically located on property owned or leased by LAWA and pertaining to Airport.

"Program" shall mean this First Source Hiring Program.

"Project Impact Area" shall have the meaning set forth in the "Final Environmental Impact Report" for the LAX Master Plan Program, dated April 2004, as supplemented by one or more EIR Addenda prior to certification of the EIR by the City Council.

"Referral System" shall mean the referral system established to provide applicant referrals for the Program.

"Special Needs Individuals" shall mean: (i) individuals who receive or have received public assistance through the [Temporary Assistance for Needy Families Program], within the past 24 months; (ii) individuals who are homeless; (iii) ex-offenders, (iv) chronically unemployed, and (v) dislocated airport workers.

"Targeted Applicants" shall have the meaning set forth in Section IV below.

III. Coverage. This Program shall apply to hiring by Airport Employers for all Airport Jobs, except for jobs for which the hiring procedures are governed by a collective bargaining contract that conflicts with this Program.

IV. Targeted Applicants. Referrals under the Program shall, to the extent permissible by law, be made in the order of priority set forth below.

- First Priority: Low-Income Individuals living in the Project Impact Area for at least one year and Special Needs Individuals; and

- Second Priority: Low-Income Individuals residing in City.

V. Initial Airport Employer Roles.

A. Liaison. Each Airport Employer shall designate a liaison for issues related to the Program. The liaison shall work with LAWA, the Coalition Representative, the Referral System provider, and relevant public officials to facilitate effective implementation of this Program.

B. Long-Range Planning. Any entity that becomes an Airport Employer at least two (2) months prior to commencing operations related to Airport shall, at least two months prior to commencing operations related to Airport, provide to the Referral System the approximate number and type of Airport Jobs that it will fill and the basic qualifications necessary.

VI. Airport Employer Hiring Process.

A. Notification of Job Opportunities. Prior to hiring for any Airport Job, an Airport Employer shall notify the Referral System, by e-mail or fax, of available job openings and provide a description of job responsibilities and qualifications, including expectations, salary, work schedule, duration of employment, required standard of appearance, and any special requirements (e.g., language skills, driver's license, etc.). Job qualifications shall be limited to skills directly related to performance of job duties.

B. Referrals. After receiving a notification under Section VI.A above, the Referral System shall within five days, or longer time frame agreed to by the Referral System and Airport Employer, refer to the Airport Employer one or more Targeted Applicants who meet the Airport Employer's qualifications.

C. Hiring.

1. New Employer Targeted Hiring Period. When making initial hires for the commencement of an Airport Employer's operations related to Airport, the Airport Employer shall consider and hire only Targeted Applicants for a two week period following provision of the notification described in Section VI.A. After this period, the Airport Employer shall make good-faith efforts to hire Targeted Applicants, but may consider and hire applicants referred or recruited through any source.

2. Established Employer Targeted Hiring Period. When making hires after the commencement of operations related to Airport, an Airport Employer shall consider and hire only Targeted Applicants for a five-day period following provision of the notification described in Section VI.A. After this period, the Airport Employer shall make good-faith efforts to hire Targeted Applicants, but may consider and hire applicants referred or recruited through any source.

3. Hiring Procedure During Targeted Hiring Periods. During the periods described in Sections VI.C.1 and VI.C.2 above, Airport Employers may hire Targeted Applicants recruited or referred through any source. During such periods Airport Employers shall use normal hiring practices, including interviews, to consider all applicants referred by the Referral System.

4. No Referral Fees. No Airport Employer or referred job candidate shall be required to pay any fee, cost or expense of the Referral System or this Program in connection with referrals.

VIII. Reporting and Recordkeeping.

A. Reports. During the time that this Program is applicable to any Airport Employer, that Airport Employer shall, on a quarterly basis, notify the Referral System of the number, by job classification, of Targeted Applicants hired by the Airport Employer during that quarter, and the total number of employees hired by the Airport Employer for Airport Jobs during that quarter. Any Airport Employer who has not had hiring activity for the quarter, shall also notify the Referral System of such inactivity.

B. Recordkeeping. During the time that this Program is applicable to any Airport Employer, that Airport Employer shall retain records sufficient for monitoring of compliance with this Program with regard to each Airport Job, including records of notifications sent to the Referral System, referrals from the Referral System, job applications received from any source, number of Targeted Applicants hired, and total number of employees hired for Airport Jobs. To the extent allowed by law, and upon reasonable notice, these records shall be made available to LAWA and to the Referral System for inspection upon request. The Coalition Representative may request that LAWA provide such records at anytime. Records may be redacted so that individuals are not identified by name and so that information required by law to remain confidential is excluded.

C. Complaints. If LAWA, the Coalition, or the Referral System believes that an Airport Employer is not complying with this Program, then the designated LAWA office shall be notified to ensure compliance with this program.

D. Liquidated Damages. Each Airport Employer agrees to pay to LAWA liquidated damages in the amount of One Thousand Dollars ($1,000) where LAWA finds that the Airport Employer has violated this Program with regard to hiring for a particular Airport Job. LAWA shall establish procedures providing to Airport Employers notice and an opportunity to present all relevant evidence prior to LAWA's final determination regarding an alleged violation. This liquidated damages provision does not preclude LAWA from obtaining any other form of available relief to ensure compliance with this Program, including injunctive relief.

IX. Miscellaneous.

A. Compliance with State and Federal Law. This Program shall be implemented only to the extent that it is consistent with the laws of the State of California and the United States. If any provision of this Program is held by a court of law to be in conflict with state or federal law, the applicable law shall prevail over the terms of

this Program, and the conflicting provisions of this Program shall not be enforceable.

B. Severability Clause. If any term, provision, covenant or condition of this Program is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall continue in full force and effect.

C. Binding on Successors. This Program shall be binding upon and inure to the benefit of the successors in interest, transferees, assigns, present and future partners, subsidiary corporations, affiliates, agents, representatives, heirs, and administrators of any party that has committed to comply with it. Any reference in this Program to a party shall be deemed to apply to any successor in interest, transferee, assign, present or future partner, subsidiary corporation, affiliate, agent, representative, heir or administrator of such party; provided, however, that any assignment, transfer or encumbrance of a lease agreement, permit or contract in which this Program is incorporated shall only be made in strict compliance with the terms of such lease agreement, permit or contract and the foregoing shall not constitute consent to any such assignment, transfer or encumbrance.

D. Lease Agreements and Contracts. Airport Employers shall not execute any sublease agreement or other contract under which Airport Jobs may occur directly or indirectly, unless the entirety of this Program is included as a material term thereof, binding on all parties.

E. Assurance Regarding Preexisting Contracts. Each Airport Employer warrants and represents that as of the date of execution of this Program, it has executed no sublease agreement or other contract that would violate any provision of this Program had it been executed after the date of incorporation of this Program into a binding contract.

F. Intended Beneficiaries. LAWA, the Coalition, and the Referral System are intended third-party beneficiaries of contracts and other agreements that incorporate this Program with regard to the terms and provisions of this Program. However, the parties recognize that only LAWA has the sole responsibility to enforce the provisions of this Program.

G. Material Terms. All provisions of this Program shall be material terms of any lease agreement or contract in which it is incorporated.

H. Effective Date. Section VI of this Program shall become effective on the effective date of the contract or agreement into which it is incorporated.

I. Construction. Any party incorporating this Program into a binding contract has had the opportunity to be advised by counsel with regard to this Program. Accordingly, this Program shall not be strictly construed against any party, and

the rule of construction that any ambiguities be resolved against the drafting party shall not apply to this Program.

J. Entire Contract. This Program contains the entire agreement between the parties on the subjects described herein, and supersedes any prior agreements, whether written or oral. This Program may not be altered, amended or modified except by an instrument in writing signed in writing by all parties to the contract in which it is incorporated.

EXHIBIT S

(Intentionally Omitted)

EXHIBIT S

(Intentionally Omitted)

EXHIBIT T

Approved Form of Payment List

EXHIBIT T

APPROVED FORM OF PAYMENT LIST

U.S. Currency
VISA
Master Card
American Express
Discovery
All other bank cards

EXHIBIT U

Schedule of Administrative Fees

EXHIBIT U

SCHEDULE OF ADMINISTRATIVE FEES

Item	Administrative Fees
Failure to provide initial detail product list and pricing structure	$100 per day (if not received 2 weeks prior to commencement date)
Failure to provide, submit and gain approval of product and price changes	$100 per day (if not corrected within 24 hours of written communication from LAWA). $200 per day after third occurrence within a 12-month period.
Failure to adhere to Airport Pricing Policy	$100 per day (if not corrected within 24 hours of written communication from LAWA.) $200 per day after third occurrence within a 12-month period
Failure to adhere to mandated hours of operation	$100 per hour for the first occurrence $200 per hour for the second occurrence $300 per hour for the third and subsequent occurrences
Failure to Adhere to Section 5.11 Removal of Garbage and Refuse	$100 per hour for the first occurrence $200 per hour for the second occurrence $300 per hour for the third and subsequent occurrences
Failure to Adhere to Section 5.14 Prohibited Acts	$100 per hour for the first occurrence $200 per hour for the second occurrence $300 per hour for the third and subsequent occurrences

EXHIBIT V

(Intentionally Omitted)

EXHIBIT V

(Intentionally Omitted)

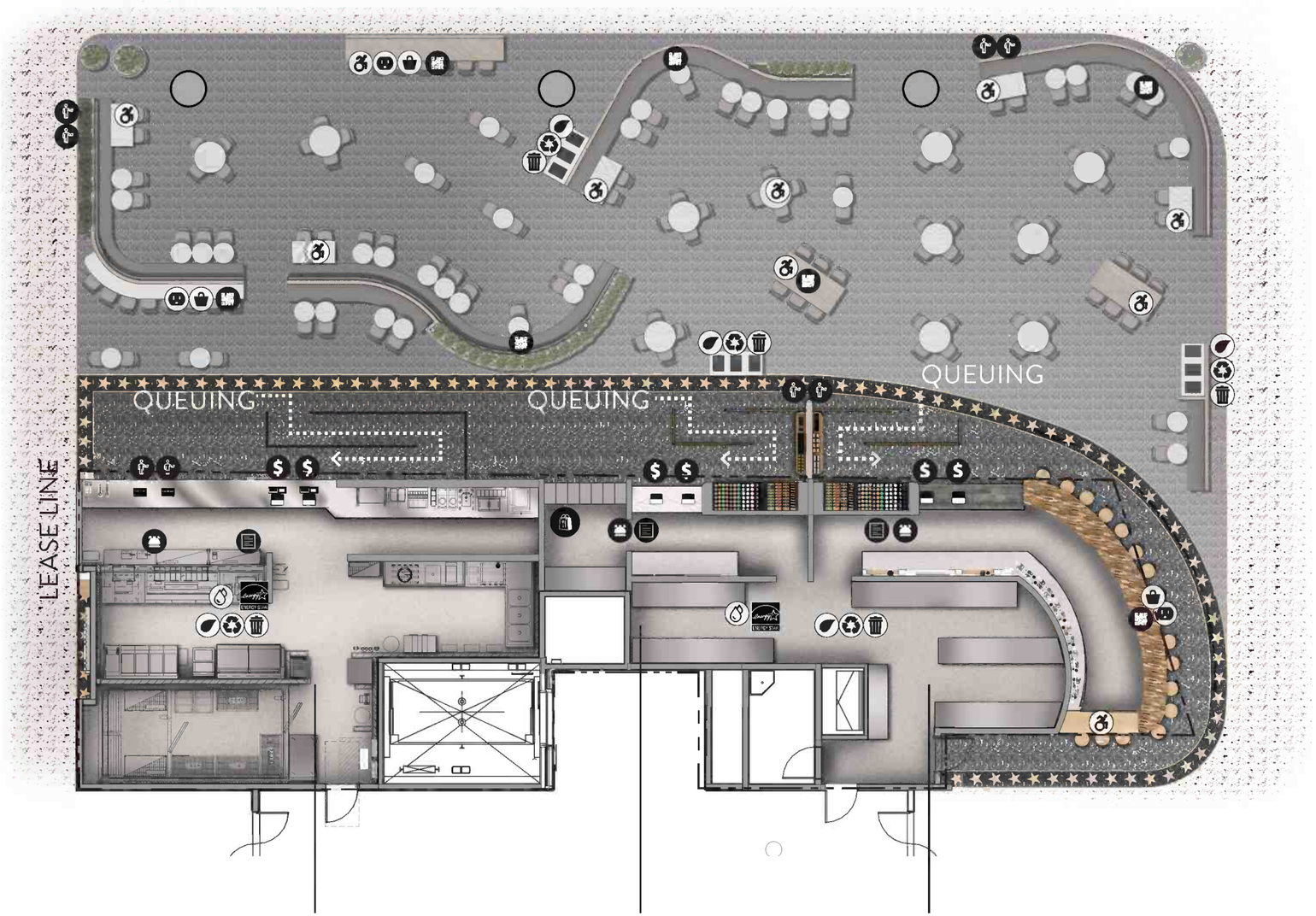
EXHIBIT W

Initial Improvement Plan

G312, G313, G314 | FLOOR PLAN

MULHOLLAND SOCIAL

PASSENGER TRAFFIC

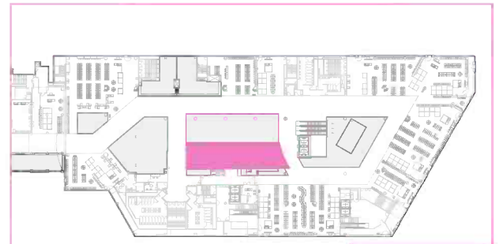


SHAKE SHACK®

nektar JUICE BAR

HomeState

TERMINAL PLAN



	SEAT COUNT	SIZE
G312 Shake Shack	n/a	1,076 SF
G313 Nekter & Food Lockers	n/a	457 SF
G314 HomeState	18	767 SF
Total		2,300 SF
Food Hall Seating	*157*	*4,867 SF*
Total	*175*	*7,167 SF*
Accessible Seating	*9*	

KEY

Accessible Seating | Power / Purse Hook

SUSTAINABILITY

Organic Disposal / Recycling / Trash

Water Efficiency | Energy Performance

TECHNOLOGY

Digital Menu Board | QR Codes

Order Ready Display | Point of Sale (POS)

Self Order / Checkout | Food Lockers

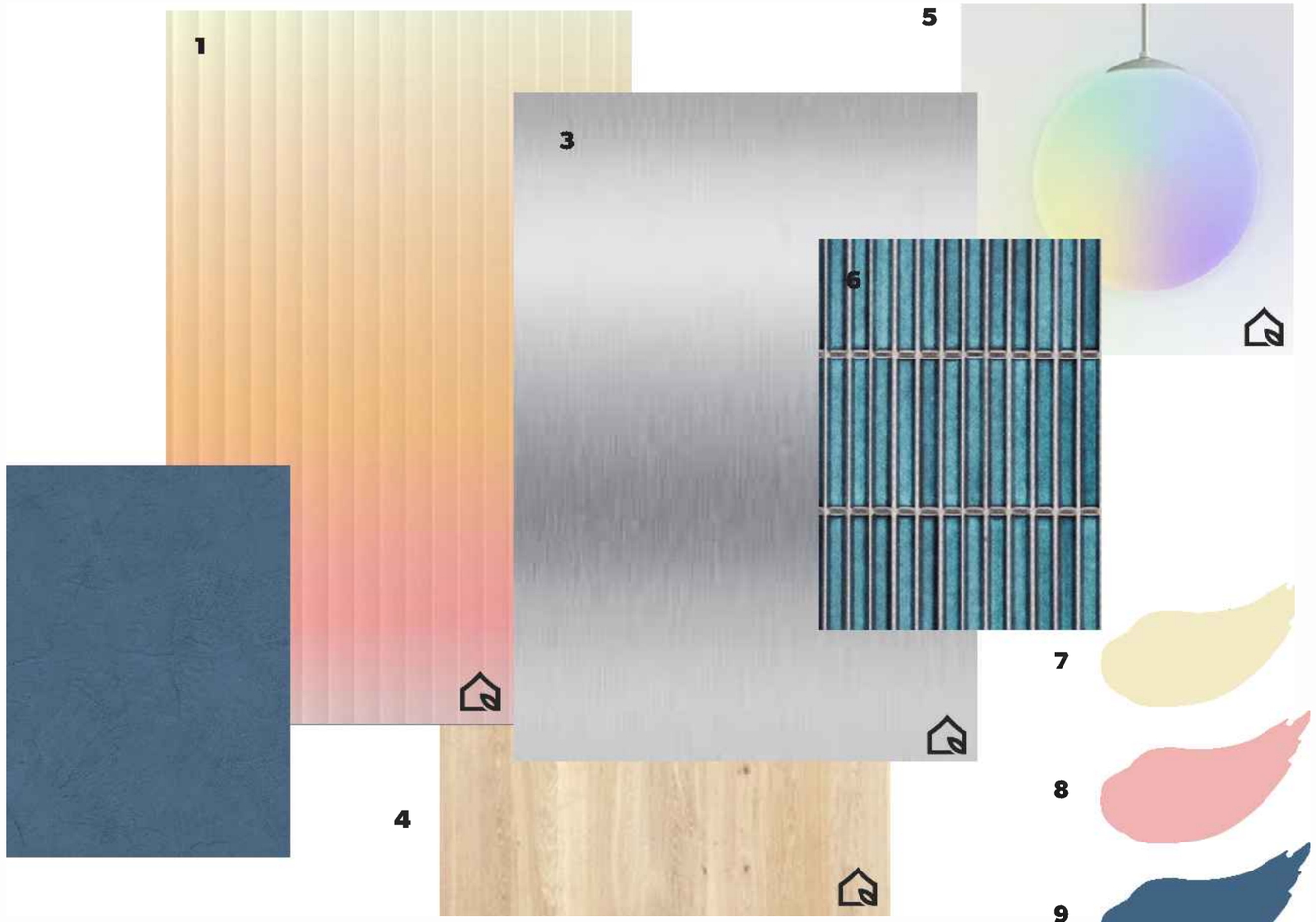
G312 | EXTERIOR RENDERING

SHAKE SHACK®

G312 | MOOD BOARD

SHAKE SHACK®

G312 | MATERIAL BOARD



1 Local fluted acrylic with gradient film
2 Blue laminate
3 Recycled stainless metal
4 Locally sourced timber slats
5 LED color changing pendant
6 Blue linear tile
7 Yellow
8 Pink
9 Blue

SHAKE SHACK®

THE RIGHT STUFF

DESIGN ELEMENTS

Shake Shack's palette captures the warmth of Los Angeles at golden hour, blending light yellows, soft pinks, and bold blues into a radiant, dreamlike glow. Fluted acrylic with sunset-gradient tones, metal accents reminiscent of vintage cars, retro globe pendants, and oak wood surfaces create a layered, tactile environment. Thoughtful detailing, with blue laminate and tile accents, reflects the city's dynamic coastal character.

The result is a space rooted in LA's creativity and innovation, offering travelers a memorable taste of the city.

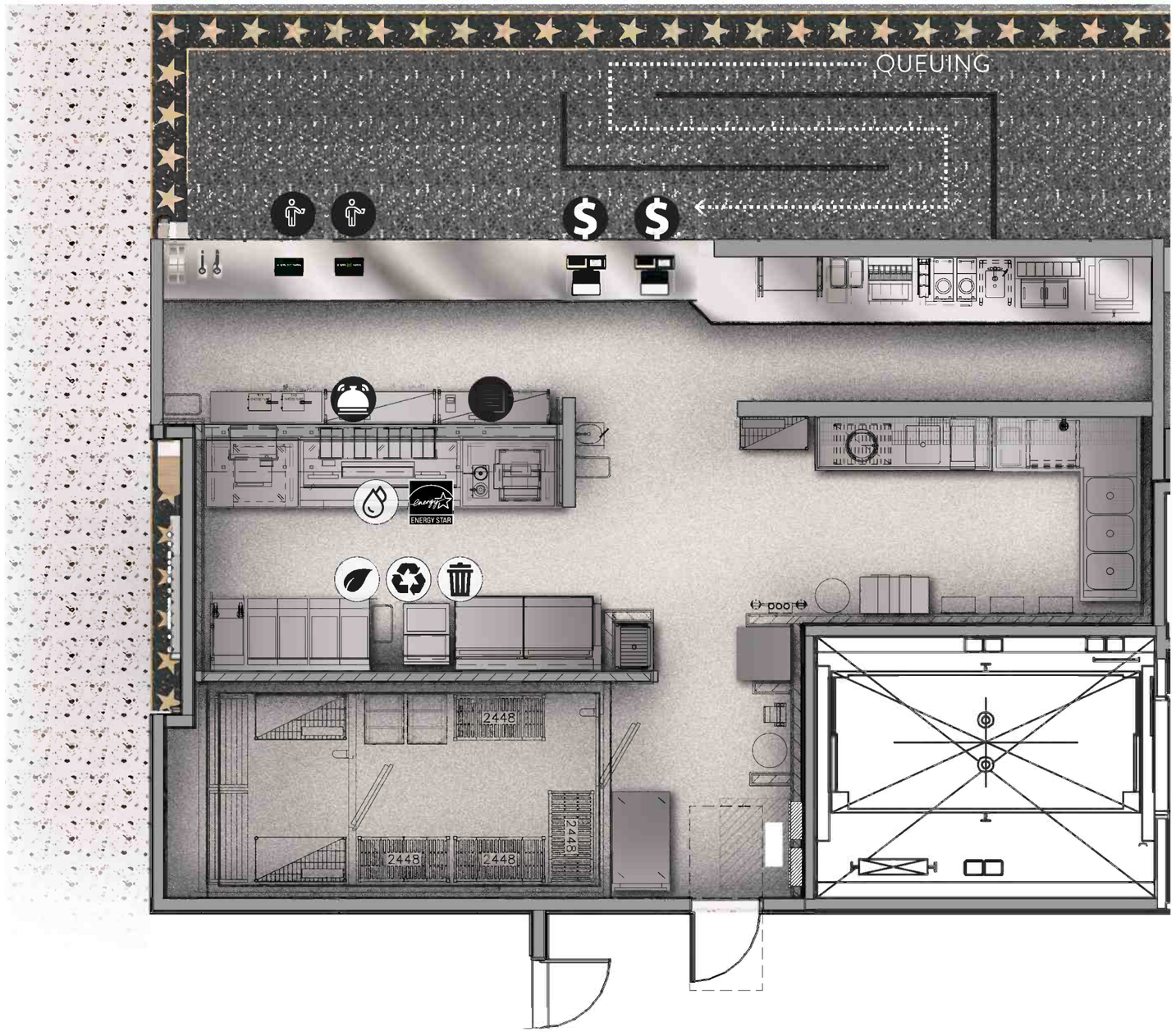
CREATING SUSTAINABLE TRAVEL EXPERIENCES

We focus on quality materials, sustainable resource use, and the indoor environment:

- Recycled Content
- Local/Regional Material
- Rapidly Renewable Materials
- Certified Wood
- Low-Emitting Materials
- LED lighting

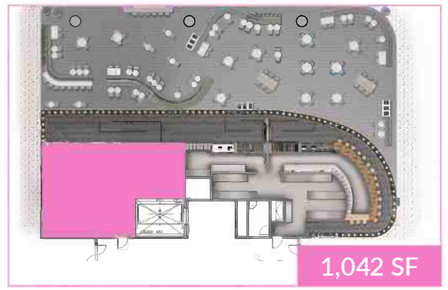
G312 | FLOOR PLAN

PASSENGER TRAFFIC



SHAKE SHACK®

FOOD HALL PLAN



SIZE

Shake Shack	1,042 SF

SUSTAINABILITY

Organic Disposal / Recycling / Trash

Water Efficiency

Energy Performance

TECHNOLOGY

Digital Menu Board

Self Order / Checkout

Order Ready Display

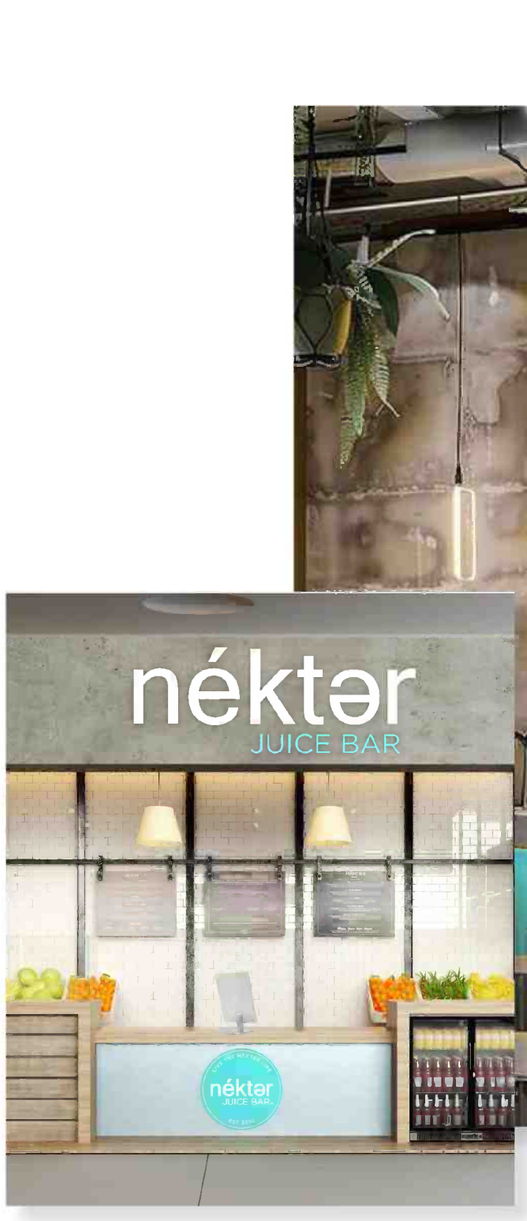
Point of Sale (POS)

G313 | INTERIOR RENDERING

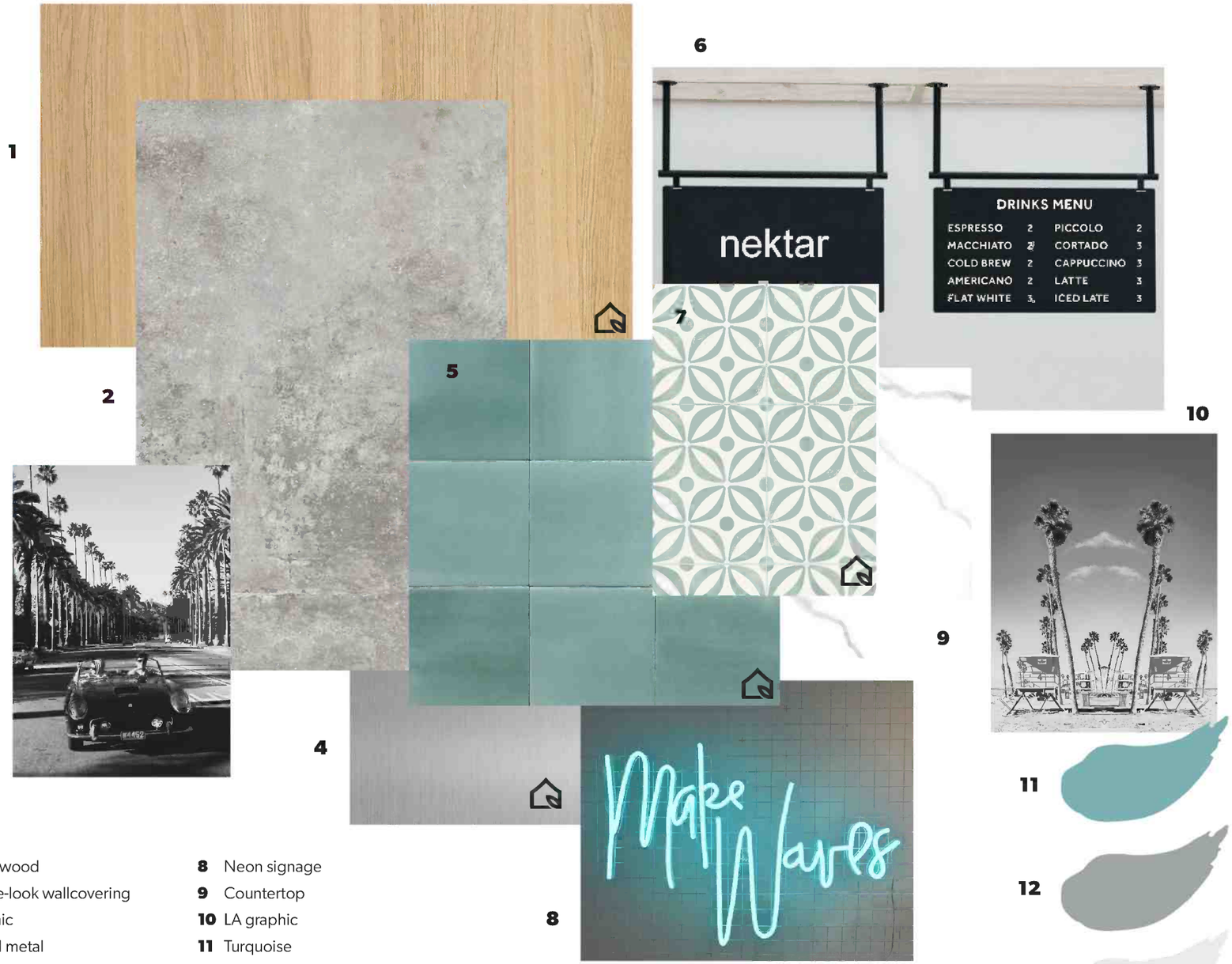
nektar
JUICE BAR

G313 | MOOD BOARD

nektar
JUICE BAR



G313 | MATERIAL BOARD



1 FSC oak wood
2 Concrete-look wallcovering
3 LA graphic
4 Recycled metal
5 Low-VOC ceramic blue tile
6 Black menu boards
7 Low-VOC ceramic patterned tile
8 Neon signage
9 Countertop
10 LA graphic
11 Turquoise
12 Gray
13 White

nektar
JUICE BAR

THE RIGHT STUFF

DESIGN ELEMENTS

Nékter's design draws inspiration from Los Angeles' wellness culture and the scenic views along Mulholland Drive, blending natural textures and greenery with a palette that hints at high desert warmth. Polished oak and metal accents echo both the craftsmanship of vintage cars and the precision of aerospace innovation, while blue tile details add subtle glamour reminiscent of California poolside style. Botanical elements and fresh fruit displays celebrate health and vitality, creating a space that feels elevated yet approachable—reflecting LA's wellness-focused lifestyle and offering visitors a memorable moment of nourishment and refreshment in during their travels.

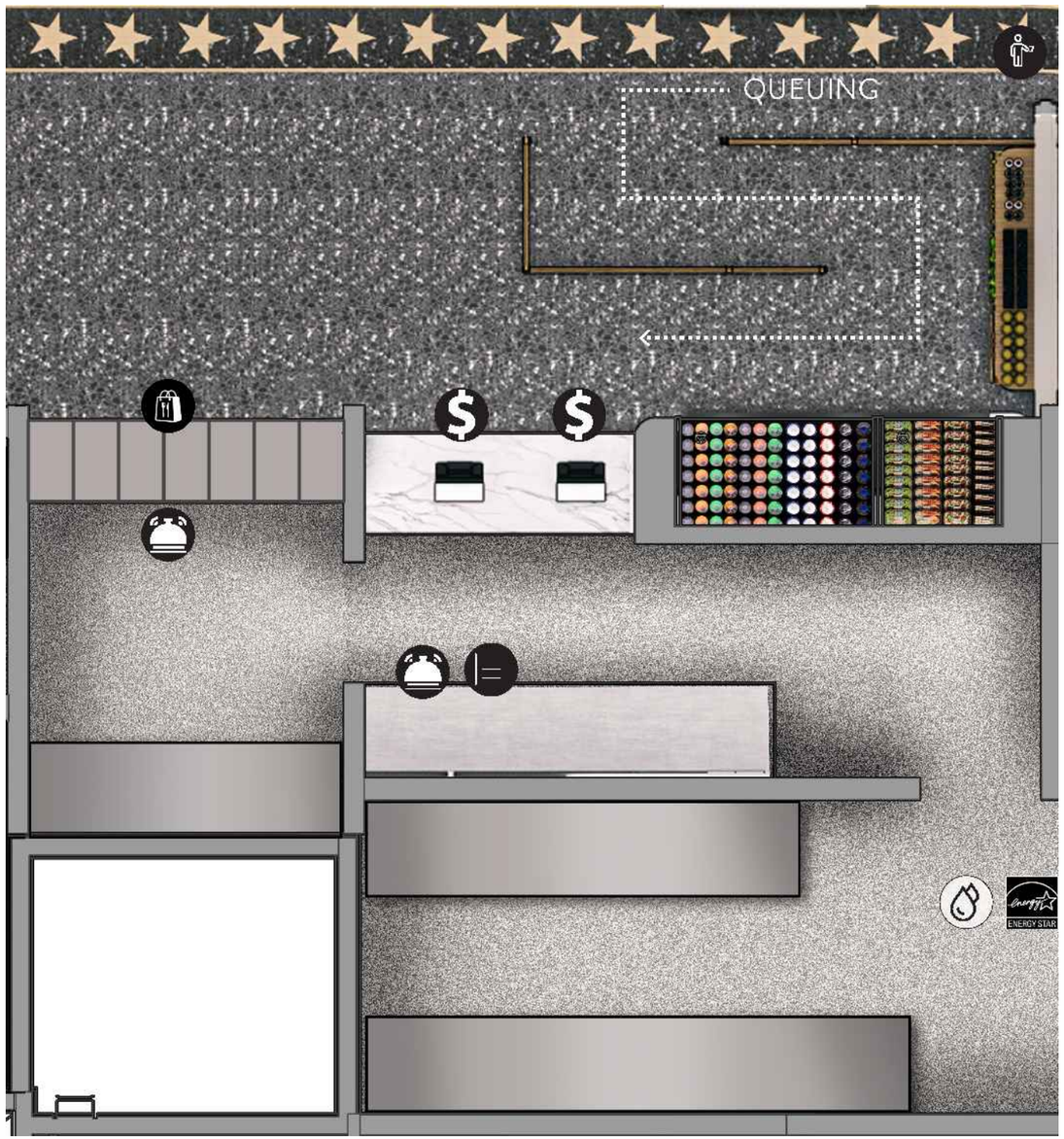
CREATING SUSTAINABLE TRAVEL EXPERIENCES

We focus on quality materials, sustainable resource use, and the indoor environment:

- Recycled Content
- Local/Regional Material
- Rapidly Renewable Materials
- Certified Wood
- Low-Emitting Materials

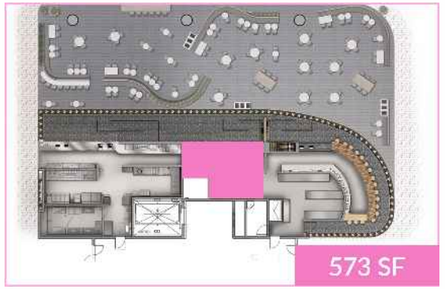
G313 | FLOOR PLAN

PASSENGER TRAFFIC



nektar
JUICE BAR

FOOD HALL PLAN



SIZE

Nekter	481 SF
Food Lockers	92 SF
Total	573 SF

SUSTAINABILITY

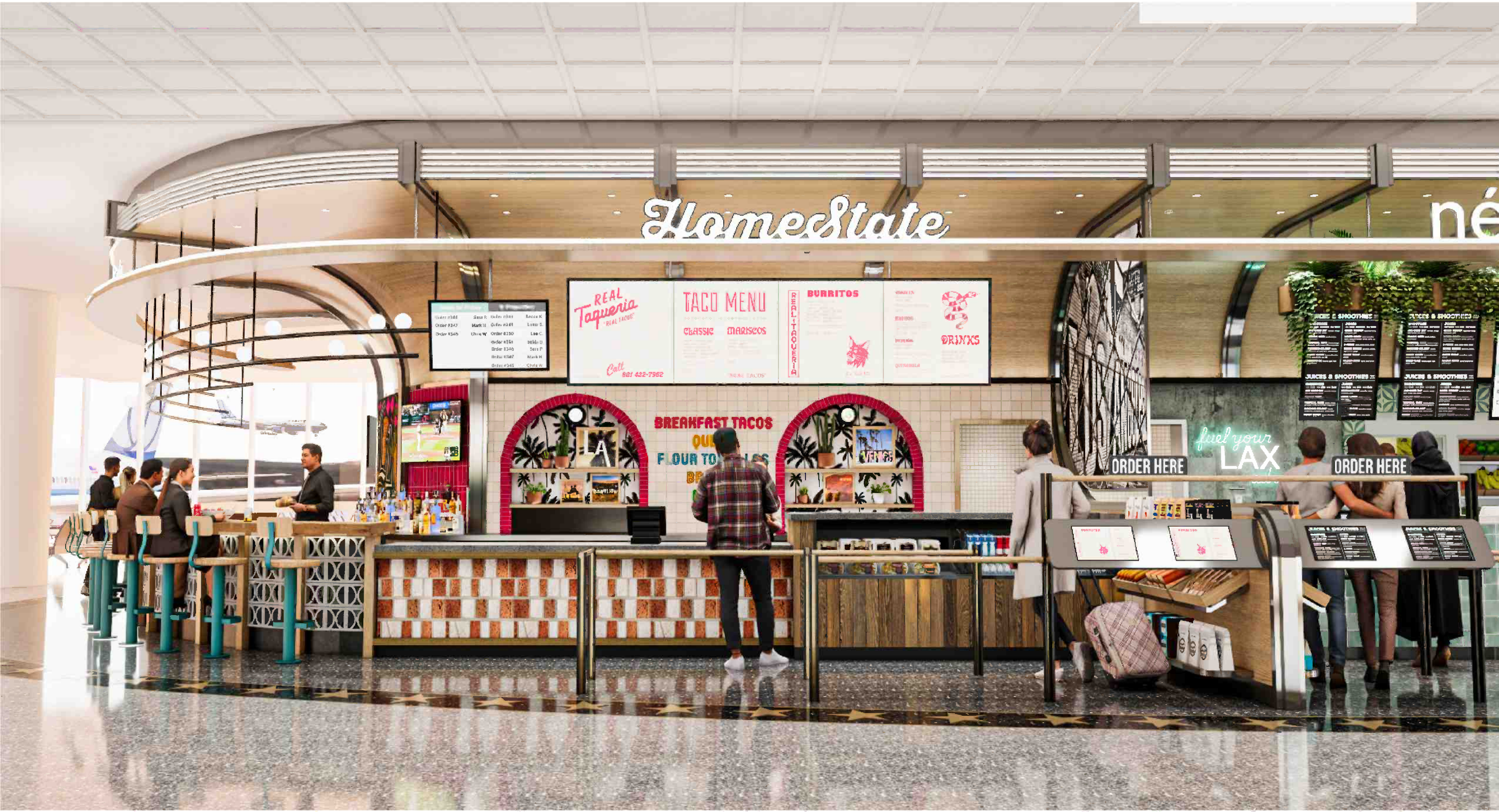
- Organic Disposal / Recycling / Trash
- Water Efficiency
- Energy Performance

TECHNOLOGY

- Digital Menu Board
- Order Ready Display
- Self Order / Checkout
- Self Checkout
- Point of Sale (POS)
- Food Lockers

G314 | INTERIOR RENDERING

HomeState



G314 | INTERIOR RENDERING

HomeState

G314 | MOOD BOARD

HomeState

G314 | MATERIAL BOARD

1 Menu board design
2 Local square white wall tile
3 Porcelain pink accent tile
4 Breeze block counter face
5 Terracotta and white tile
6 LA graphic
7 Recycled gray counter
8 FSC wood grab and go surround
9 Black metal mesh
10 HomeState graphic
11 Mid-century LED pendants
12 Turquoise
13 Golden yellow
14 Pink

HomeState

THE RIGHT STUFF

DESIGN ELEMENTS

HomeState celebrates the diversity and energy of Los Angeles, blending vibrant design details with authentic materials. Terracotta and white brick, patterned breeze block, and wood surfaces create a grounded, tactile environment, while pink tiles and retro-inspired lighting nod to poolside glamour and vintage car style. Design elements carried over from HomeState's existing locations—wood shelving and rich blue accents—maintain a cohesive brand identity. LA-themed graphics provide a clear sense of place, and pops of teal and pink further reinforce the brand's character.

The result is a lively, welcoming space that reflects the city's inventive spirit and offers travelers a memorable Los Angeles experience.

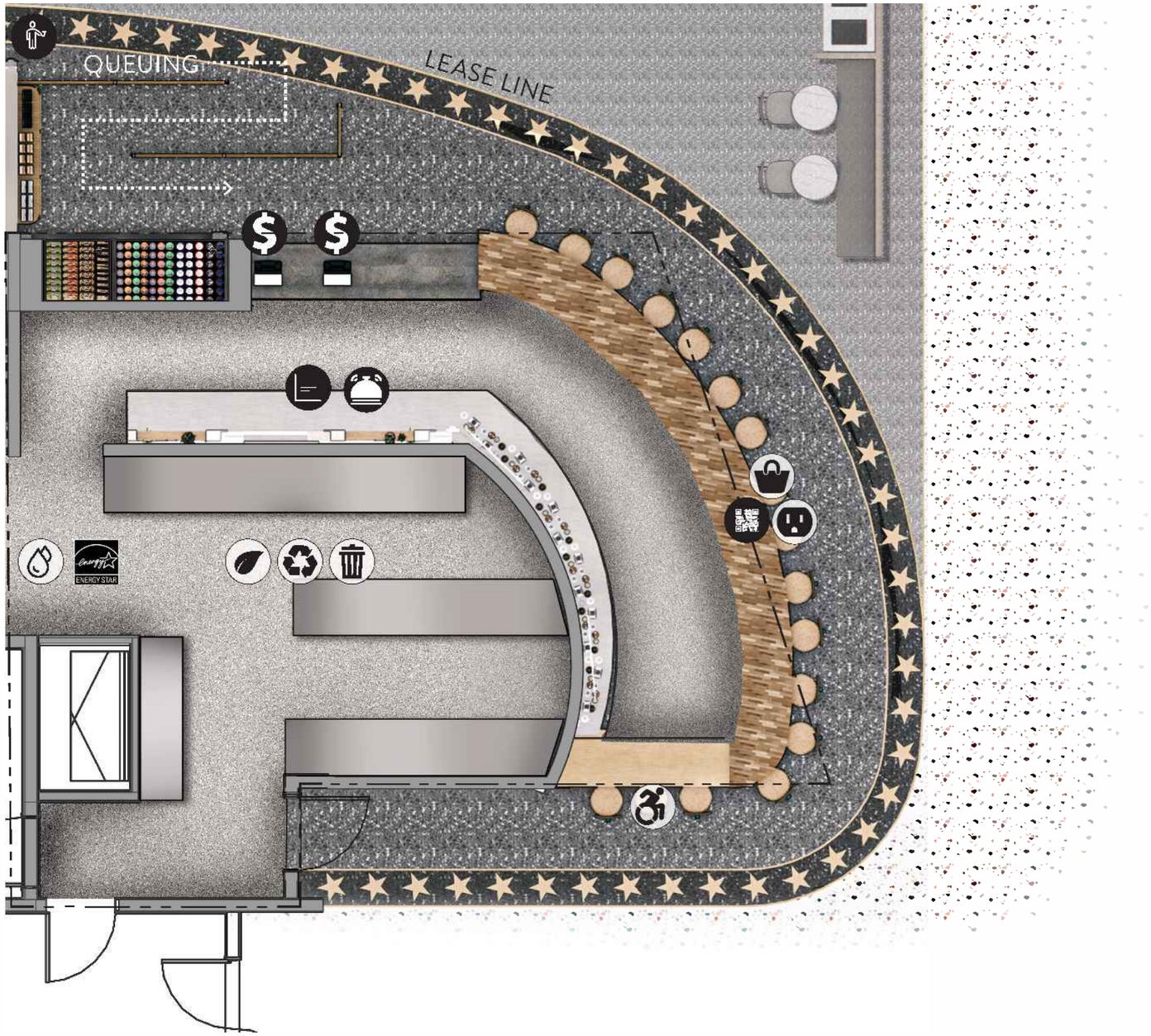
CREATING SUSTAINABLE TRAVEL EXPERIENCES

We focus on quality materials, sustainable resource use, and the indoor environment:

- Recycled Content
- Local/Regional Material
- Rapidly Renewable Materials
- Certified Wood
- Low-Emitting Materials
- LED lighting

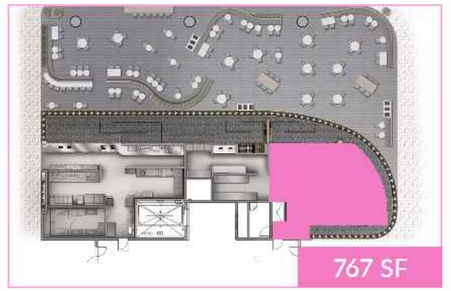
G314 | FLOOR PLAN

PASSENGER TRAFFIC



HomeState

FOOD HALL PLAN



	SEAT COUNT	SIZE
HomeState	18	767 SF
Total	18	
Accessible Seating	2	

KEY

Accessible Seating | Power / Purse Hook

SUSTAINABILITY

Organic Disposal / Recycling / Trash

Water Efficiency | Energy Performance

TECHNOLOGY

- Digital Menu Board
- Order Ready Display
- Self Order / Checkout
- QR Codes
- Point of Sale (POS)

G315 | EVENING RENDERING

GOLDEN HOUR

G315 | MORNING RENDERING

GOLDEN HOUR

GOLDEN HOUR

G315 | INTERIOR RENDERING

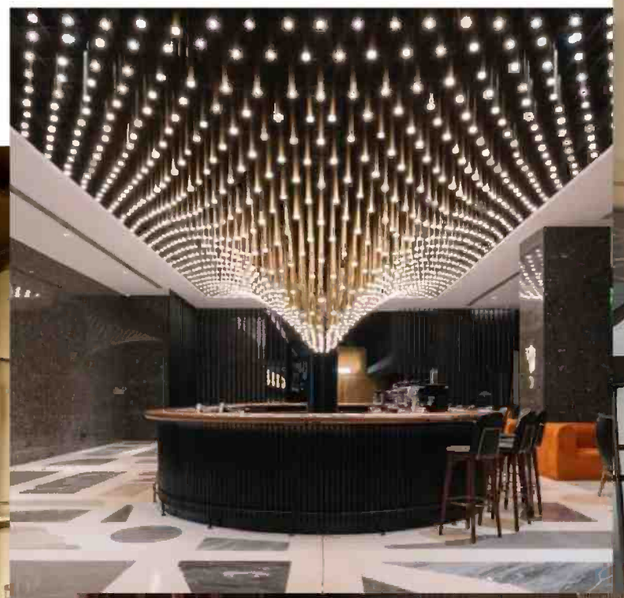
GOLDEN HOUR

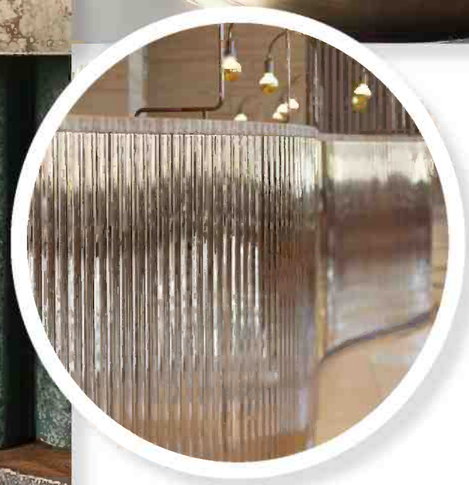
G315 | INTERIOR RENDERING

GOLDEN HOUR

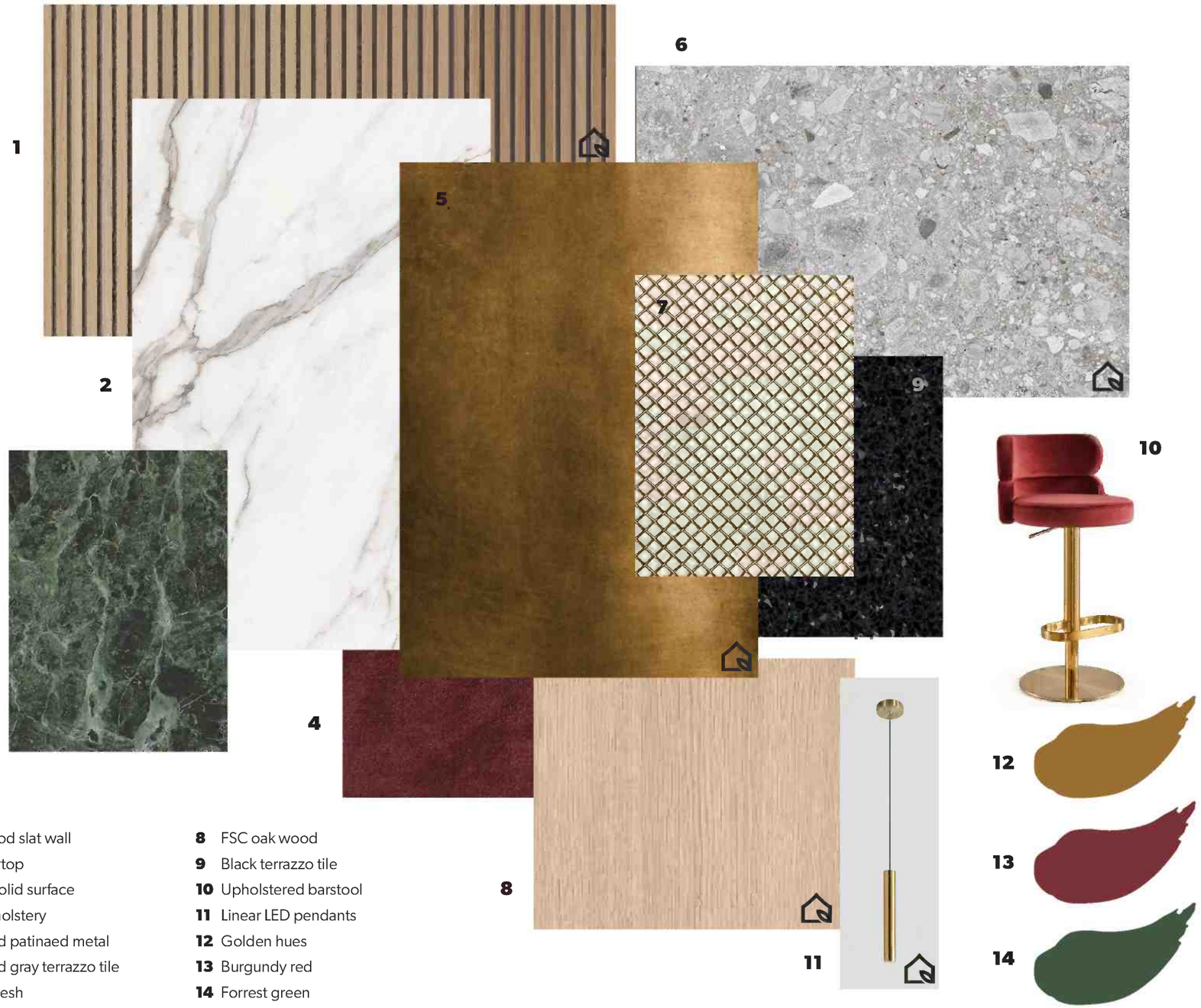
G315 | MOOD BOARD

GOLDEN HOUR





G315 | MATERIAL BOARD



1 FSC wood slat wall
2 Countertop
3 Green solid surface
4 Red upholstery
5 Recycled patinaed metal
6 Recycled gray terrazzo tile
7 Metal mesh
8 FSC oak wood
9 Black terrazzo tile
10 Upholstered barstool
11 Linear LED pendants
12 Golden hues
13 Burgundy red
14 Forrest green

GOLDEN HOUR

THE RIGHT STUFF
DESIGN ELEMENTS

Bathed in a golden-hour glow, the design celebrates Los Angeles with a palette that layers glamour and innovation. Patinaed metal, velvets, and luminous lighting echo the elegance of vintage cars and poolside allure, while warm wood tones and black and gray terrazzo draw from the textures of the high desert landscape.

Sculptural forms and refined details reference Los Angeles' legacy of aerospace and tech pioneers, creating a space that feels both timeless and forward-looking—a distinct expression of its spirit that offers travelers a memorable experience.

CREATING SUSTAINABLE TRAVEL EXPERIENCES

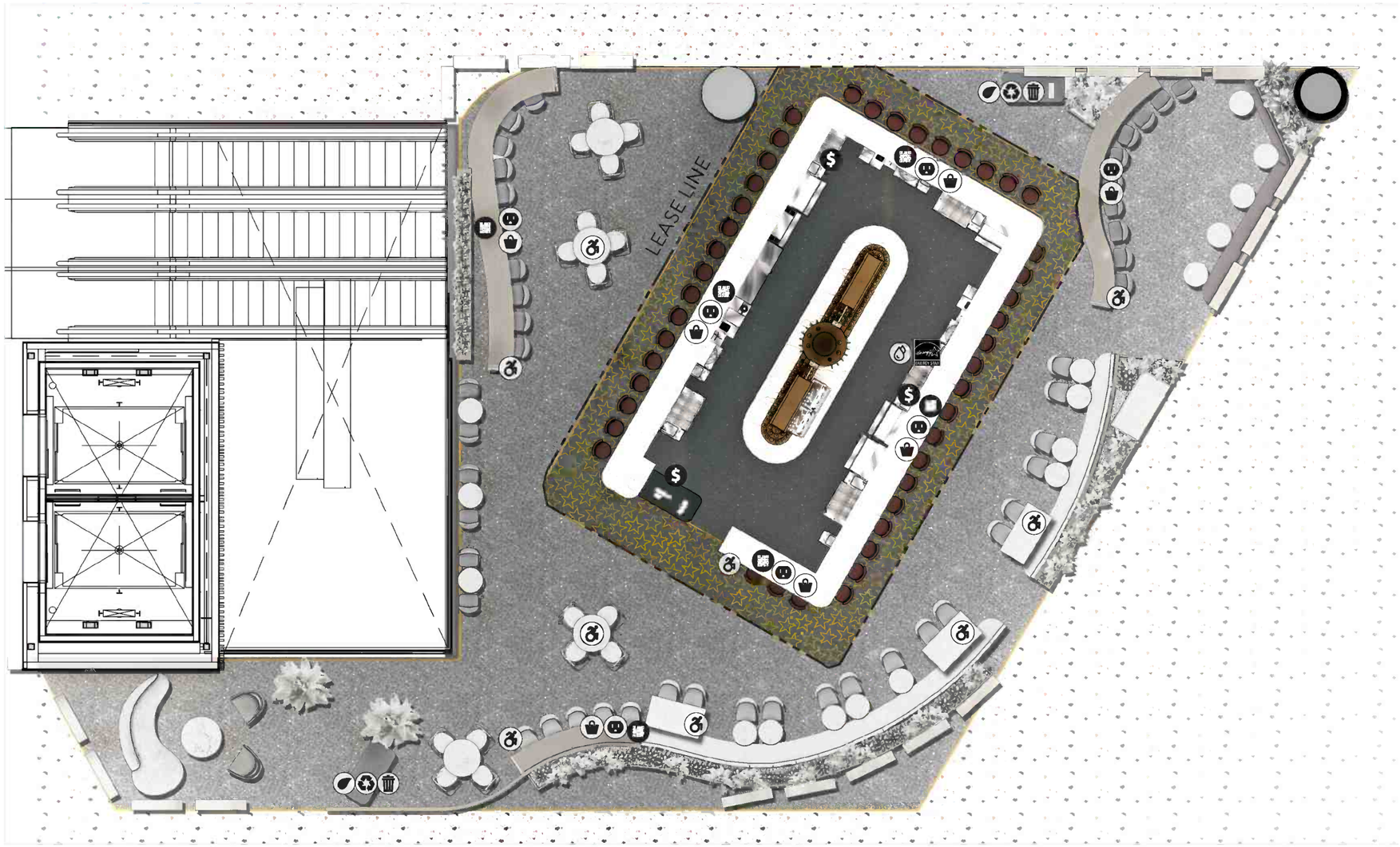
We focus on quality materials, sustainable resource use, and the indoor environment:

- Recycled Content
- Local/Regional Material
- Rapidly Renewable Materials
- Certified Wood
- Low-Emitting Materials
- LED lighting

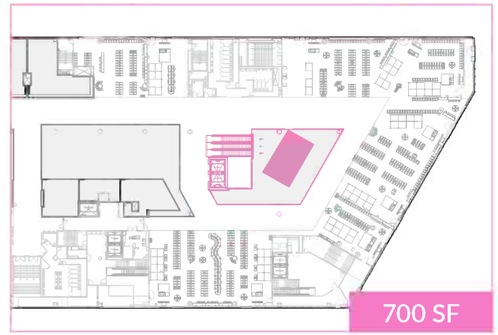
G315 | FLOOR PLAN

GOLDEN HOUR

PASSENGER TRAFFIC



TERMINAL PLAN



	SEAT COUNT	SIZE
Bar Seating	43	700 SF
Food Hall Seating	*87*	*2,762 SF*
Total	*130*	***3,462 SF***
Accessible Seating	*7*	

KEY

Accessible Seating

Power / Purse Hook

SUSTAINABILITY

Organic Disposal / Recycling / Trash

Water Efficiency

Energy Performance

TECHNOLOGY

QR Codes

Point of Sale (POS)

EXHIBIT X

Permitted Uses [and Brands / Concepts]

Exhibit X

Description of Permitted Uses

Permitted Uses, Package 'C'

For the operation of no fewer than three (3) separate food and beverage concessions or quick service restaurants, as applicable, as follows: **(a) Shake Shack** – the operation of a quick service restaurant – **"QSR – Burger (local/regional/national)"** – food and beverage concession serving: (i) hamburgers, hot dogs, veggie burgers, and chicken sandwiches; (ii) French fries, salads, and breakfast specialties; (iii) custard ice cream, shacks, and desserts; (iv) non-alcoholic soft drinks, coffee, tea, juice, and (v) draft beer and wine, and for no other use or purpose; **(b) HomeState** – the operation of a quick service restaurant – **"QSR – International (local/regional)"** – food and beverage concession serving: (i) a variety of tacos to adequately support all dayparts, including breakfast specialties; (ii) quesadillas, chips and dips, salads, bowls; (iii) non-alcoholic soft drinks, coffee, tea, and (iv) specialty cocktails, beer and wine, and for no other use or purpose; **(c) Nékter** – the operation of a quick service restaurant – **"QSR – Healthy (local/regional/national)"** – food and beverage concession serving: (i) fresh juices, blended smoothies; (ii) assorted fresh fruit and acaí bowls; (iii) breakfast sandwiches and specialty items, salads and wraps, to address all dayparts; (iv) non-alcoholic beverages, waters, and for no other use or purpose.

(d) Golden Hour - "Themed Bar with Coffee (local/regional)" concession for the operation of a themed bar with coffee serving a variety of food and beverage to adequately support all dayparts (breakfast, lunch/dinner), including: (i) a selection of assorted beer and wine, and spirited alcoholic beverages, and (ii) a variety of food items inclusive of breakfast items, sandwiches, flatbreads, small plates, snacks, charcuterie, and incidental thereto, the sale of (iii) local or regional coffee beverages (such as coffees, steamed milk, cappuccino, espresso drinks, and hot and cold coffee beverages), and for no other use or purpose.

EXHIBIT Y

Concession Guaranty re: XXXPROPSERPARTNERXXX

EXHIBIT Y

GUARANTY AGREEMENT BETWEEN THE CITY OF LOS ANGELES AND ***DFA FULL LEGAL NAME* COVERING THE LOS ANGELES INTERNATIONAL AIRPORT _____CONCESSION AGREEMENT LAA-_____ AT LOS ANGELES INTERNATIONAL AIRPORT**

This **GUARANTY AGREEMENT** ("**Guaranty**") is made and entered into as of _____ , 20____, in Los Angeles, California, by and between **THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS**, a municipal corporation ("**City**" or "**LAWA**"), acting by order of and through its Board of Airport Commissioners ("Board"), and ***FULL LEGAL NAME*** ("**Guarantor**").

BACKGROUND

LAWA and _____ entered into the LOS ANGELES INTERNATIONAL AIRPORT _____ CONCESSION AGREEMENT, dated as of _____, for a _____ ("**Concession Agreement**") at Los Angeles International Airport ("**Airport**");

As a condition to LAWA's execution of the Concession Agreement, Guarantor is providing this Guaranty.

The parties hereto, for and in consideration of the covenants and conditions hereinafter contained to be kept and performed, DO HEREBY AGREE AS FOLLOWS:

1. In connection with and subject to the Assignment, Guarantor unconditionally guaranties to LAWA performance including but not limited to the prompt payment when due of the rent, additional rent and all other charges payable by CONCESSIONAIRE under the Concession Agreement, and full and faithful performance of the other covenants (including, without limitation, the indemnities contained in the Concession Agreement); and Guarantor unconditionally covenants to LAWA that if (a) default or breach shall at any time be made by CONCESSIONAIRE in the covenants to pay rent and additional rent or any other charges payable under the Concession Agreement or in the performance of any of the other covenants and (b) written notice of any such default or breach shall have been given by LAWA to CONCESSIONAIRE and CONCESSIONAIRE shall not have cured such default or breach after the expiration of applicable notice and grace periods, if any, provided for in the Concession Agreement (except that the foregoing clause (b) shall be inapplicable if CONCESSIONAIRE shall be bankrupt or insolvent), then Guarantor shall well and truly perform (or cause to be performed) the covenants, and pay (or cause to be paid) said rent, additional rent or other charges or arrears thereof that may remain due thereon to LAWA, and also all damages that may arise in consequence of the non-performance of the covenants, or any of them. Guarantor shall pay to LAWA, within ten (10) business days after written notice, all expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by LAWA in connection with the enforcement or protection of LAWA's rights hereunder or under the Concession Agreement. This Guaranty is a guaranty including but not limited to payment, not collection.

2. The liability of Guarantor hereunder shall not be impaired, abated, deferred, diminished, modified, released, terminated or discharged, in whole or in part, or otherwise affected, by any event, condition, occurrence, circumstance, proceeding, action or failure to act, with or without notice to, or the knowledge or consent of, Guarantor, including, without limitation:

(a) any amendment, modification or extension of the Concession Agreement or any covenant;

(b) any extension of time for performance, whether in whole or in part, of any covenant given prior to or after default under the Concession Agreement;

(c) any exchange, surrender or release, in whole or in part, of any security which may be held by LAWA at any time for or under the Concession Agreement;

(d) any waiver of or assertion or enforcement or failure or refusal to assert or enforce, in whole or in part, any covenant, claim, cause of action, right or remedy which LAWA may, at any time, have under the Concession Agreement or with respect to any guaranty or any security which may be held by LAWA at any time for or under the Concession Agreement or with respect to CONCESSIONAIRE;

(e) any act or thing or omission or delay to do any act or thing which (i) may in any manner or to any extent vary the risk of Guarantor or (ii) would otherwise operate as a discharge of Guarantor as a matter of law;

(f) the release of any other guarantor from liability for the performance or observance of any covenant, whether by operation of law or otherwise;

(g) LAWA's consent to any assignment or subletting or the assignment or successive assignments of the Concession Agreement by CONCESSIONAIRE, or any subletting of the premises demised under the Concession Agreement by CONCESSIONAIRE;

(h) the failure to give Guarantor any notice whatsoever, other than any notice that LAWA is required to give pursuant to this Guaranty and pursuant to the Concession Agreement;

(i) any right, power or privilege that LAWA may now or hereafter have against CONCESSIONAIRE or any collateral;

(j) any assignment, conveyance, mortgage, merger or other transfer, voluntary or involuntary (whether by operation of law or otherwise), of all or any part of CONCESSIONAIRE's interest in the Concession Agreement;

(k) any assignment, conveyance, mortgage, merger or other transfer, voluntary or involuntary (whether by operation of law or otherwise) of all or part of the interest or rights of LAWA under the Concession Agreement; or

(l) the bankruptcy or insolvency of CONCESSIONAIRE.

3. To charge Guarantor under this Guaranty no demand shall be required, Guarantor hereby expressly waiving any such demand. LAWA shall have the right to enforce this Guaranty without pursuing any right or remedy of LAWA against CONCESSIONAIRE or any other party, or any security LAWA may hold. LAWA may commence any action or proceeding based upon this Guaranty directly against Guarantor without making CONCESSIONAIRE or anyone else a party defendant in such action or proceeding. Any one or more successive and/or concurrent actions may be brought hereon against Guarantor either in the same action, if any, brought against CONCESSIONAIRE and/or any other party or in separate actions, as often as LAWA, in its sole discretion, may deem advisable.

4. This Guaranty shall be binding upon Guarantor and its heirs, successors and assigns, and shall inure to the benefit of and may be enforced by the successors and assigns of LAWA or by any party to whom LAWA's interest in the Concession Agreement or any part thereof, including the rents, may be assigned whether by way of mortgage or otherwise. Wherever in this Guaranty reference is made to either LAWA or CONCESSIONAIRE, the same shall be deemed to refer also to the then successor or assign of LAWA or CONCESSIONAIRE.

5. Except to the extent this Section is inconsistent with Section 13 herein, Guarantor hereby expressly waives and releases (a) notice of the acceptance of this Guaranty and notice of any change in CONCESSIONAIRE's financial condition; (b) the right to interpose any substantive or procedural defense of the law of guaranty, indemnification or suretyship, except the defenses of prior payment or prior performance (whether before, during or after any applicable notice and grace periods) by CONCESSIONAIRE (of the obligations which Guarantor is called upon to pay or perform under this Guaranty); (c) all rights and remedies accorded by applicable law to guarantors or sureties, including, without limitation, any extension of time conferred by any law now or hereafter in effect; (d) the right to trial by jury, in any action or proceeding of any kind arising on, under, out of, or by reason of or relating, in any way, to this Guaranty or the interpretation, breach or enforcement thereof; (e) the right to interpose any defense (except as allowed under (b) above), set off or counterclaim of any nature or description in any action or proceeding; and (f) any right or claim of right to cause a marshalling of CONCESSIONAIRE's assets or to cause LAWA to proceed against CONCESSIONAIRE and/or any collateral held by LAWA at any time or in any particular order. Guarantor hereby agrees that this Guaranty constitutes a written consent to waiver of trial by jury pursuant to the provisions of California Code of Civil Procedure Section 631, and Guarantor does hereby constitute and appoint LAWA its true and lawful attorney-in-fact, which appointment is coupled with an interest, and Guarantor does hereby authorize and empower LAWA, in the name, place and stead of Guarantor, to file this Guaranty with the clerk or judge of any court of competent jurisdiction as a statutory written consent to waiver of trial by jury at LAWA's sole discretion. Guarantor does not waive or release any defenses set forth in Section 13.

6. Without limiting Guarantor's obligations elsewhere under this Guaranty, if CONCESSIONAIRE, or CONCESSIONAIRE's trustee, receiver or other officer with similar powers with respect to CONCESSIONAIRE, rejects, disaffirms or otherwise terminates the Concession Agreement pursuant to any bankruptcy, insolvency, reorganization, moratorium or any other law affecting creditors' rights generally, Guarantor shall automatically be deemed to have assumed, from and after the date such rejection, disaffirmance or other termination of the Concession Agreement is deemed effective, all obligations and liabilities of CONCESSIONAIRE under the Concession Agreement to the same extent as if Guarantor had been originally named instead of CONCESSIONAIRE as a party to the Concession Agreement and the Concession Agreement had never been so rejected, disaffirmed or otherwise terminated and shall be entitled to all benefits of CONCESSIONAIRE under the Concession Agreement. Guarantor, upon such assumption, shall be obligated to perform and observe all of the covenants whether theretofore accrued or thereafter accruing, and Guarantor shall be subject to any rights or remedies of LAWA which may have theretofore accrued or which may thereafter accrue against CONCESSIONAIRE on account of any default under the Concession Agreement, notwithstanding that such defaults existed prior to the date Guarantor was deemed to have automatically assumed the Concession Agreement or that such rights or remedies are unenforceable against CONCESSIONAIRE by reason of such rejection, disaffirmance or other termination, provided that Guarantor shall have a reasonable time after such assumption to cure non-monetary defaults existing as of the date of such assumption. Guarantor shall confirm such assumption at the request of LAWA upon or after such rejection, disaffirmance or other termination, but the failure to do so shall not affect such assumption. Guarantor, upon the assumption of the Concession Agreement, shall have all of the rights of CONCESSIONAIRE under the Concession Agreement (to the extent permitted by law). Neither Guarantor's obligation including but not limited to payment in accordance with this Guaranty nor any remedy for the enforcement thereof shall be impaired, modified, changed, stayed, released or limited in any manner by any impairment, modification, change, release, limitation or stay of the liability of CONCESSIONAIRE or its estate in bankruptcy or any remedy for the enforcement thereof, resulting from the operation of any present or future provision of the Bankruptcy Code of the United States or other statute or from the decision of any court interpreting any of the same, and Guarantor shall be obligated under this Guaranty as if no such impairment, stay, modification, change, release or limitation had occurred.

7. This Guaranty and all rights, obligations and liabilities arising hereunder shall be construed according to the substantive laws of California without reference to choice of law principles. Any legal action, suit or proceeding against Guarantor with respect to this Guaranty shall be brought in Los Angeles, California.

8. Guarantor hereby waives any and all rights of subrogation (if any) which it may have against CONCESSIONAIRE as a result of actions taken or amounts paid in connection with or relating to this Guaranty or to the Concession Agreement.

9. Guarantor represents and warrants to LAWA that as of the date hereof:

(a) This Guaranty constitutes the legal, valid and binding obligation of Guarantor, enforceable in accordance with its terms, subject to applicable bankruptcy,

insolvency, reorganization, and other laws affecting creditors' rights generally, to moratorium laws from time to time in effect and to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

(b) No action, suit or proceeding is pending or, to the best of Guarantor's knowledge, threatened against Guarantor that would materially affect Guarantor's ability to fully perform its obligations under this Guaranty.

10. If LAWA shall be obligated by reason of any bankruptcy, insolvency or other legal proceeding to pay or repay to CONCESSIONAIRE or to Guarantor or to any trustee, receiver or other representative of either of them, any amounts previously paid by CONCESSIONAIRE or Guarantor pursuant to the Concession Agreement or this Guaranty, Guarantor shall reimburse LAWA for any such payment or repayment and this Guaranty shall extend to the extent of such payment or repayment made by LAWA, except to the extent, if any, that such payment or repayment is prohibited by law or that such payment or repayment constitutes merely a reimbursement of any overpayment. LAWA shall not be required to litigate or otherwise dispute its obligation or make such payment or repayment if in good faith and on written advice of counsel reasonably acceptable to Guarantor LAWA believes that such obligation exists.

11. LAWA and Guarantor shall each, not more than once per calendar year and within ten (10) business days following request by the other, execute, acknowledge and deliver to the other a statement certifying that this Guaranty is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating such modifications) and that to the best of the certifying party's knowledge, Guarantor is not in default hereunder (or if there is such a default, describing such default in reasonable detail).

12. All remedies afforded to LAWA by reason of this Guaranty or the Concession Agreement, or otherwise available at law or in equity, are separate and cumulative remedies, and it is stipulated that no one remedy, whether or not exercised by LAWA, shall be deemed to be in exclusion of any other remedy available to LAWA and shall not limit or prejudice any other legal or equitable remedy which LAWA may have.

13. All defenses afforded to CONCESSIONAIRE or Guarantor by reason of this Guaranty or the Concession Agreement, or otherwise available to CONCESSIONAIRE or Guarantor at law or in equity shall also be available to Guarantor to the fullest extent.

14. If any term, covenant, condition or provision of this Guaranty or the application thereof to any circumstance or to Guarantor shall be invalid or unenforceable to any extent, the remaining terms, covenants, conditions and provisions of this Guaranty or the application thereof to any circumstances, or to Guarantor other than those as to which any term, covenant, condition or provision is held invalid or unenforceable, shall not be affected thereby and each remaining term, covenant, condition and provision of this Guaranty shall be valid and shall be enforceable to the fullest extent permitted by law.

15. Written notices to City hereunder shall be sent to the Chief Executive Officer with a copy sent to the City Attorney of the City of Los Angeles and addressed to said parties at:

Chief Executive Officer	City Attorney
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

or to such other address as these parties may designate by written notice to Guarantor.

Written notices to Guarantor hereunder shall be sent and addressed to:

_____
_____
_____
_____

or to such other address as Guarantor may designate by written notice to City.

16. All notices, demands, and other communications which are required or may be permitted to be given to LAWA or Guarantor by the other hereunder shall be in writing and shall be sent by United States mail, postage prepaid, certified, or by personal delivery or nationally recognized overnight courier, addressed to the addresses set forth in this Guaranty, or to such other place as either party may from time to time designate in a notice to the other party given as provided herein. Notice shall be deemed given upon actual receipt (or attempted delivery if delivery is refused), if personally delivered, or one (1) business day following deposit with a reputable overnight courier that provides a receipt, or on the fifth (5^{th}) day following deposit in the United States mail in the manner described above.

17. This Guaranty shall be entered into in consideration of the execution of the Assignment. The Assignment is further subject to Board and Los Angeles City Council approval. Execution of this Guaranty by LAWA shall not ensure such approval.

18. This Guaranty shall continue in full force and effect and Guarantor's liability hereunder shall continue not withstanding the termination or earlier expiration of the Concession Agreement until the date that the covenants have been fully performed.

[signature page follows]

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EXHIBIT Y

IN WITNESS WHEREOF, City has caused this Guaranty to be executed on its behalf by Chief Executive Officer and Guarantor has caused the same to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, all as of the day and year first above written.

APPROVED AS TO FORM:
Hydee Feldstein Soto,
City Attorney

Date:_____
By: _____

Assistant/Deputy City Attorney

CITY OF LOS ANGELES
By signing below, the signatory attests that they have no personal, financial, beneficial, or familial interest in this Contract.

By: _____
John Ackerman
Chief Executive Officer

ATTEST:

By_____
Signature

_____
Print Name

_____
Print Title

*****DFA FULL LEGAL NAME*****

By_____
Signature

_____
Print Name

_____
Print Title

EXHIBIT Z

(Intentionally Omitted)

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LOS ANGELES INTERNATIONAL AIRPORT
FOOD & BEVERAGE
CONCESSION AGREEMENT
LAA-_____

By and between

THE CITY OF LOS ANGELES,
DEPARTMENT OF AIRPORTS

and

HUDSON GROUP (HG) RETAIL, LLC

Dated _____, 2026

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

LOS ANGELES INTERNATIONAL AIRPORT
FOOD & BEVERAGE CONCESSION AGREEMENT

THIS LOS ANGELES INTERNATIONAL AIRPORT FOOD & BEVERAGE CONCESSION AGREEMENT (this "**Agreement**"), is made and entered into as of _____, 2026, by and between **THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS,** a municipal corporation ("**City**" or "**LAWA**"), acting by order of and through its Board of Airport Commissioners ("**Board**"), and **HUDSON GROUP (HG) RETAIL, LLC**, a Delaware limited liability company ("**Concessionaire**"), with reference to the following Basic Information and the following Recitals.

BASIC INFORMATION

Agreement Date:	_____, 2026
City:	THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS, a municipal corporation ("**City**" or "**LAWA**"), acting by order of and through its Board of Airport Commissioners ("**Board**")
City's Address:	Department of Airports 1 World Way Post Office Box 92216 Los Angeles, California 90009-2216 or such other address as may be designated in a written notice from the Chief Executive Officer (CEO) in accordance with Section 16.5.1.
	All notices sent to City under this Agreement shall be sent to the above address, with copies to: Office of City Attorney 1 World Way Post Office Box 92216 Los Angeles, California 90009-2216 or to such other address as may be designated in a written notice from the CEO in accordance with Section 16.5.1.
	All rent amounts and fees payable to City or LAWA hereunder shall be made payable to: City of Los Angeles, Department of Airports and shall be mailed to: City of Los Angeles – LAWA P.O. Box 54078 Los Angeles, CA 90054-0078 Re: LAX Concession Agreement No. LAA-_____ or to such other address as may be designated in a written notice from the CEO in accordance with Section 16.5.1.
Concessionaire:	Hudson Group (HG) Retail, LLC
Contact Person: Address: Phone:	Amy DUnne 1 Meadowlands Plaza East Rutherford, NJ 07073

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Facsimile:	201-957-3937
E-mail:	Amy.Dunne@Avolta.net
Registered Agent:	
Address:	Corporation Service Company Which Will Do Business in California as CSC-Lawyers Incorporating Service 2710 Gateway Oaks Drive, Suite 150N, Sacramento, CA 95833-3505
Phone:	1 (800) 927-9801
Facsimile:	302-636-5454
E-mail:	sop@cscglobal.com
Airport:	Los Angeles International Airport
Terminal(s):	4
RFP:	Request for Proposals No. 0243-2025-06-RFP-223867, issued by City.
Concession Proposal:	Response to Request for Proposal dated as of November 21, 2025, submitted by Concessionaire.
Package:	D
Premises:	The spaces comprised of the following Unit(s):

Unit No.	Concept	Square Feet		
G310	4	1,249		
G311	4	1,471		
G307	4	1,185		
G305	4	506		

All as shown on Exhibit A-1, which may be amended from time to time pursuant hereto.

Length of Term:	Approximately Twelve (12) years
Expiration Date:	June 30, 2040

Rent:

Unit No.	Category	Minimum Annual Guarantee	Minimum Monthly Guaranteed Rent
G310 & G311	Travel essentials/blended retail	$2,653,258.37	$221,104.86
G307	Blended retail	$901,715.520	$75,142.96
G305	Blended retail/incubator (local/SBE)	$1,322,144.26	$110,178.69

Rent Category	Percentage Rent
Travel Essentials & Specialty Retail	24%

Per Enplaned Passenger MAG for first Agreement Year	$1.148

Permitted Uses:

Unit No.	Category
G310	Travel essentials/blended retail
G311	Travel essentials/blended retail
G307	Blended retail
G305	Blended retail/incubator (local/SBE)

Minimum Initial Qualified Investment	$_____ (based upon an aggregate not less than $_____ per sq. ft. for units of less than ____ sq. ft. and

<table>
<tr><td>Amount:</td><td colspan="2">$____ per sq. ft. for units of ___ sq. ft. or more)</td></tr>
<tr><td></td><td colspan="2"><table>
<tr><th>Unit</th><th>Unit Allocation</th></tr>
<tr><td>G310</td><td>$1,304.700.00</td></tr>
<tr><td>G311</td><td>$1,536,600.00</td></tr>
<tr><td>G307</td><td>$1,688,400.00</td></tr>
<tr><td>G305</td><td>$1,046,700.00</td></tr>
<tr><td>Total</td><td>$5,576,400.00</td></tr>
</table></td></tr>
<tr><td>Minimum Reinvestment Percentage:</td><td colspan="2">20%</td></tr>
<tr><td>Faithful Performance Guarantee:</td><td colspan="2">Initially, $1,219,279.54 [25% of MMG x 12] as such amount may be adjusted in accordance with Section 13.3.1.</td></tr>
<tr><td>Guarantor:</td><td colspan="2">N/A</td></tr>
<tr><td>Storage Space Addendum:</td><td colspan="2">☐ Yes ☐ No Note: To be determined after award and based on availability.</td></tr>
<tr><td>Concepts:</td><td>Unit</td><td>Approved concepts in accordance with Exhibit X (Permitted Uses). Concessionaire's branding concepts shall remain as described in the basic information and shall only be modified with the prior approval of the CEO.</td></tr>
</table>

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The initially-capitalized defined terms used in this Agreement which are defined in the foregoing Basic Information ("**Basic Information**") shall have the meaning and definition given them in the Basic Information. The Basic Information, the exhibits, the addendum or addenda described in the Basic Information, and this Agreement are and shall be construed as a single instrument and are referred to herein as the "**Agreement**."

RECITALS:

A. City is the owner of Los Angeles International Airport (the "**Airport**"), located in the City of Los Angeles, County of Los Angeles, State of California, and operates said Airport for the promotion and accommodation of air commerce and air transportation between the City of Los Angeles and other local, national and international cities; and

B. City desired to provide a wide range of food & beverage products and merchandise for the benefit of the air traveling public and other persons using the Airport and issued the RFP referenced in the Basic Information (the "**RFP**") to solicit proposals for the operation and management of certain food & beverage concessions at the Airport; and

C. City received proposals in response to the RFP, including the proposal from Concessionaire and chose Concessionaire's proposal.

NOW, THEREFORE, for and in consideration of the foregoing Recitals (which are incorporated herein by this reference), the payment of the fees and charges hereinafter provided, the covenants and conditions hereinafter contained to be kept and performed, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

I TERM.

1.1 Term. The term of this Agreement (the "**Term**") shall commence on the Agreement date specified in the Basic Information and expire on June 30, 2040 ("**Expiration Date**"), unless extended or sooner terminated as herein provided.

1.1.1 City's Extension Option. On or before December 31, 2038, the Chief Executive Officer or his or her designee ("CEO") has one (1) option to extend the Term by three (3) years by written notice to Concessionaire, in the CEO's sole discretion, based on Concessionaire's performance, including criteria and/or metrics established each Agreement Year (as defined in Section 4.1.2), and agreed upon by the City and Concessionaire in the Concessionaire's annual Business and Operations Plan (as defined in Section 3.11).

1.2 Unit Commencement Date. The unit commencement date **"Unit Commencement Date"** shall be the earlier of (a) one hundred and twenty (120) days after the Delivery Date (hereinafter defined) with respect to such Unit, or (b) the date Concessionaire commences business operations to the public at such Unit (hereinafter defined). The "**Delivery Date**" for a Unit shall be the date specified by the CEO in a written notice delivered to Concessionaire (a "**Delivery Notice**") as the date that Concessionaire may take possession of such Unit pursuant to the terms of this Agreement.

1.3 Commencement of Preparatory Actions. Immediately following the Commencement Date, Concessionaire shall make all necessary arrangements in order to prepare

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for the commencement of business operations at the Premises including, without limitation, preparation, submission for approvals, and finalization of all materials required in connection with the construction of improvements for the Premises as required under this Agreement, obtaining all permits, authorizations, licenses and clearances required for Concessionaire's agents, representatives, employees, contractors, and vendors in order to comply with the security requirements imposed under this Agreement, making all necessary arrangements for obtaining all merchandise, supplies, inventory, and equipment necessary for the operation of Concessionaire's business at the Premises in accordance with this Agreement.

1.4 Surrender. Concessionaire agrees that at 12:00 noon on the Expiration Date, or on the sooner termination of this Agreement, Concessionaire shall surrender the Premises to City (a) in good condition and repair (damage by acts of God, fire, and normal wear and tear excepted), but with all interior walls repaired, any carpets cleaned, and all floors cleaned and waxed, and (b) free of any Hazardous Materials in accordance with Section 15. Normal wear and tear shall not include any damage or deterioration that would have been prevented by proper maintenance by Concessionaire or Concessionaire otherwise performing all of its obligations under this Agreement. On or before the expiration or sooner termination of this Agreement, (i) Concessionaire shall remove all of Concessionaire's personal property, all Telecommunications Facilities (hereinafter defined) installed in the Premises or elsewhere in the Airport by or on behalf of the Concessionaire (provided City may require such removal shall be performed by a contractor or telecom provider designated by City), and Concessionaire's signage from the Premises, and Concessionaire shall repair any damage caused by such removal, and (ii) City may, by notice to Concessionaire given not later than ninety (90) days prior to the Expiration Date (except in the event of a termination of this Agreement prior to the scheduled Expiration Date, in which event no advance notice shall be required), require Concessionaire at Concessionaire's expense to remove any or all Alterations and to repair any damage caused by such removal. Any of Concessionaire's personal property not so removed by Concessionaire as required herein shall be deemed abandoned and may be stored, removed, and disposed of by City at Concessionaire's expense, and Concessionaire waives all Claims against City for any damages resulting from City's retention and disposition of such property; *provided, however,* that Concessionaire shall remain liable to City for all costs incurred in storing and disposing of such abandoned property of Concessionaire. All improvements and Alterations except those which City requires Concessionaire to remove shall remain in the Premises as the property of City.

II PREMISES.

2.1 Premises; Units. The premises which are the subject of this Agreement (the "**Premises**") are described in Exhibit A attached hereto, are located at the Airport described in the Basic Information (the "**Airport**") at the Terminal(s) listed in the Basic Information, and are comprised of those spaces (the "**Units**") set forth in the Basic Information, are described on Exhibit A attached hereto, and shown on the plan attached hereto as Exhibit A-1.

2.2 Unit Nos.; Square Footage. The Units have the unit numbers and square footage set forth in the Basic Information and in Exhibit A; *provided, however,* that any statement of square footage set forth in this Agreement, or that may have been used in calculating any of the economic terms hereof, is an approximation which City and Concessionaire agree is reasonable and no economic terms based thereon shall be subject to revision whether or not the actual square footage is more or less. The location and dimensions of the Units are depicted on Exhibit A-1, which is attached hereto and incorporated herein by this reference.

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2.3 Storage Space. Concessionaire shall not use more square footage of the Unit for the storage of equipment, inventory or supplies than the square footage in each Unit approved by the City as a part of the design and construction approval process. City may (but shall have no obligation to) make additional storage space available to Concessionaire at the Airport from time to time. In the event City makes such storage space available to Concessionaire and Concessionaire desires to lease such storage space, CEO and Concessionaire shall enter a storage space addendum in the form of Exhibit C attached hereto, as such form may be modified from time to time by CEO.

2.4 Common Areas. Subject to compliance with City's Rules and Regulations and security requirements, Concessionaire shall have the non-exclusive right, in common with others authorized by City, of ingress and egress through all Common Areas (as defined in this Section); provided, however, the CEO may, in its sole discretion, and without liability to Concessionaire, change the size or location of the Common Areas, including, without limitation, by converting Common Areas to leaseable or other areas, or leaseable areas to Common Areas. City shall use reasonable efforts so as to not prevent access and/or substantially impair access to the Premises in connection with any such changes to the Common Areas. CEO may, in CEO's sole discretion, establish and enforce non-discriminatory Rules and Regulations (as defined in Section 3.10) concerning the Common Areas, temporarily close portions of the Common Areas for security, maintenance or other purposes, and make changes to the Common Areas including, without limitation, changes in the location of security points, driveways, entrances, exits, parking spaces and the direction and flow of pedestrian and vehicular traffic. For purposes of this Agreement, the term **"Common Areas"** means all areas and facilities located within the Airport and outside of the Premises, that are designated by the CEO from time to time as common use areas for the general use and convenience of concessionaires, tenants and other occupants at the Airport, airline passengers and other visitors to the Airport, such as lobbies, corridors, sidewalks, elevators, escalators, moving sidewalks, parking areas, and facilities, restrooms, pedestrian entrances, driveways, loading zones and roadways. Except for damage caused by Concessionaire, Concessionaire shall not be responsible for the maintenance or repair of any Common Areas located outside of the Premises. For avoidance of doubt, the parties acknowledge that the Concessionaire Common Areas are not a part of the Common Areas as described in this Section 2.4, and Concessionaire 's obligations with respect to the Concessionaire Common Areas are described elsewhere in this Agreement.

2.5 Public Address System. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): City shall have the right, in its sole discretion, to install one (1) or more public address system speakers in each Unit for announcing flight arrivals and departures and other Airport information. Concessionaire shall not install any public address, paging, or other similar audio system in any Unit at any time. Any installation of a music system or television system in any Unit shall require the prior written approval of the CEO, in his or her sole discretion; provided that no such system shall interfere with the City's public address system. Concessionaire shall not have any wireless internet system within the premises that can be accessed by any means by non-employees of Concessionaire.

2.6 Wireless Communications. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): without the prior written consent of the CEO, in his or her sole discretion, Concessionaire shall not install or use any wireless workstations, access control

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equipment, wireless internet servers, transceivers, modems or other hardware that transmit or otherwise access radio frequencies.

III CONCESSION RIGHTS AND OBLIGATIONS.

3.1 Permitted Uses; Rights Granted. The permitted uses of the Units under this Agreement (the "**Permitted Uses**") include only the following: the right to sell to the public such food, beverage and branded merchandise in each Unit, as more particularly set forth with respect to such Unit in the Basic Information and as further detailed in Exhibit Z, and such other non-edible promotional items used to promote the sale of such food and beverage items. The Permitted Uses for each Unit shall be specific to that Unit, and Concessionaire shall not, without the prior written consent of CEO (granted, denied or conditioned in CEO's sole discretion) use that Unit for the Permitted Uses authorized for any other Unit. Concessionaire is only authorized to conduct at the Airport, and only from the Premises, the Permitted Uses with respect to each Unit and no other business or uses. Except as expressly set forth in Section 5.10 or as directed by CEO in writing, the Permitted Uses do not permit Concessionaire to have access to the airside operations of the Airport. Concessionaire shall not engage in any activity on the Airport outside of the Premises for the recruitment or solicitation of business without the prior written consent of CEO (granted, denied or conditioned in CEO's sole discretion). Without limiting the generality of this Section, Concessionaire shall not operate any Unit under any name or brand, other than a name or brand specifically permitted or required herein, or as otherwise approved in advance in writing by CEO.

3.2 Right to Operate. City hereby grants to Concessionaire the right and obligation to occupy, equip, furnish, operate and maintain concessions in those Units of existing buildings at Airport described in further detail in Exhibit A, and shown on Exhibit A-1. The rights granted shall be carried on solely and exclusively within the limits and confines of said Units; *subject, however,* to the expansion, reduction or relocation of any such Unit, as specified in Article IX hereof and its sections.

3.3 General Obligation to Operate. Except for periods of closure specified in writing as a part of City's construction approval process in connection with construction of the Initial Improvements, any approved Alterations (including the Minimum Refurbishment (hereinafter defined) as approved in writing by CEO in connection with the construction approval process, at each of the Units indicated herein, Concessionaire shall provide food and beverage service to the air traveling public and other persons using the Airport, every day of the Term hereof, without exception. Concessionaire shall not divert, cause or permit to be diverted any business from the Premises and shall take all reasonable measures, in every proper manner, to develop, maintain and increase the business conducted by Concessionaire under this Agreement. Concessionaire shall actively operate each Unit so as to best serve public needs.

3.4 Right to Promote Products; Restriction on Advertising. Concessionaire shall have the right, without the prior consent of the CEO, to promote Concessionaire's brand-name products on its packaging and/or those products available for sale within the Premises in accordance with Section 5.15 of this Agreement. Receipts for any revenue generated by Concessionaire and paid by or on behalf of the promotor in connection with such promotion shall be subject to the "Percentage Fee" as described in Section 4.1.3 hereof. Concessionaire acknowledges that City has entered in an exclusive agreement with a third party with respect to commercial advertising within the Airport and the Terminals. Accordingly, except as permitted under this Section with respect to

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promotion of brand-name product packaging and signs within the Premises otherwise in compliance with this Agreement, Concessionaire acknowledges and agrees that Concessionaire has no rights (a) to advertise or promote its products outside of the Premises, (b) to advertise or promote the products of any third party, or (c) participate in any non-City sponsored marketing income program at the Airport; provided, however, that the foregoing restrictions shall not apply within its Units to: (i) signage or logos associated with accepted payment methods, mobile payment platforms, or point-of-sale transaction processors, (ii) loyalty or rewards program signage or materials, or (iii) incidental branding of operational partners necessary for Concessionaire's operations.. Concessionaire hereby agrees to indemnify, defend and hold City and City Agents (hereinafter defined) harmless from and against any actions, causes of action, charges, claims, costs, damages, demands, expenses (including attorneys' fees, costs of court and expenses incurred), fines, judgments, liabilities, liens, losses, or penalties of every kind and nature whatsoever (collectively, "**Claims**") City may suffer or incur as a result of Concessionaire's violation of this Section. Concessionaire hereby assigns to City and agrees to pay to City as Additional Rent hereunder any fees, compensation or other revenue received by Concessionaire, directly or indirectly, from any such advertising or product promotion in violation of this Section. For purposes of this Agreement, "**advertising**" shall mean fixed and dynamic advertising display signage, as well as marketing income programs (including, but not limited to, sponsorships, events, product rights, licensing, naming rights and branding) at locations outside the Premises and, except to the extent approved in advance in writing by CEO, at locations within each Unit with respect to products not sold by Concessionaire within such Unit provided, however, that "advertising" shall not include any directional or wayfinding signage placed by City referencing Concessionaire or its Units.

3.5 Quiet-Enjoyment. Subject to the rights reserved in favor of City under this Agreement, Concessionaire, upon payment of Rent hereunder and upon observing and keeping the conditions and covenants of this Agreement on its part to be observed and kept, shall lawfully and quietly hold, use and enjoy the Premises during the term of this Agreement.

3.6 As-Is Condition. Concessionaire acknowledges and agrees that each Unit is being delivered to and accepted by Concessionaire on the Delivery Date in an "As-Is," "Where Is" and "With all Faults" condition and without any representation, warranty or implied warranty of any kind or nature as to the condition, use or occupancy which may be made thereof and without any improvements or alterations by City. Except as expressly set forth in this Agreement, Concessionaire waives, and City disclaims, all warranties of any type or kind whatsoever with respect to the Premises, whether express or implied, including, by way of description but not limitation, those of fitness for a particular purpose and use.

3.7 Rights are Not Exclusive. Subject to the rights reserved to City under this Agreement, Concessionaire acknowledges and agrees that (a) subject to Concessionaire's compliance with the terms and conditions of this Agreement, the rights herein granted to Concessionaire shall be exclusive within the Premises covered by this Agreement, but non-exclusive at the Airport; (b) Concessionaire has no exclusive rights to conduct the business of the Permitted Uses in areas other than the Units; (c) other than with respect to Storage Space pursuant to a Storage Space Addendum, if applicable, the rights granted to Concessionaire under this Agreement do not include any right to use, occupy or possess any area other than the Units (including, without limitation, any new leaseable areas in the existing Terminals or any new terminals developed by City in the future); and (d) City intends to enter into concession agreements with other food and beverage concessionaires and other retail and services concessionaires at the

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Airport, some of which will be located in Terminal 4 In addition, City expressly reserves the right to grant others the right to sell retail products and merchandise, personal services, and foods and beverages in Terminal 4 and such right has been, or may in the future be granted to others in separate agreements.

3.8 General Disputes. In the event of a dispute between Concessionaire and any other Airport tenant or concessionaire as to the services to be offered or products to be sold at any Unit, Concessionaire shall meet and confer with CEO and, CEO shall determine the services to be offered or products to be sold by each, and any decision by CEO shall be final and binding upon Concessionaire and such other Airport tenant or concessionaire.

3.9 No Other Uses. Concessionaire shall not use nor permit any Unit to be used for any purpose other than the Permitted Uses with respect to such Unit except with the prior written consent of CEO, nor for any use in violation of any applicable present or future law, ordinance, rule or regulation of any governmental authority, agency, department or officer thereof. In the event that Concessionaire desires to use a Unit for any purpose other than the Permitted Use for that Unit, Concessionaire may submit a request to CEO, and CEO may, in CEO's sole and absolute discretion, approve, deny or condition its approval of such request in writing (and any such written approval shall be approved as to form by the City Attorney); *provided, however,* under no circumstances shall any use that is not a food & beverage use be permitted, and no retail use shall be converted to a food and beverage use, nor shall a food and beverage use be converted to a retail use. Any such decision by CEO shall be final and binding upon Concessionaire.

3.10 Rules and Regulations. Concessionaire shall comply with the rules and regulations of the City and the Department of Airports, along with any modifications, amendments and supplements thereto, as are in effect from time to time, for the orderly and proper operation of the Airport, the Terminals, the Common Areas and the Premises (collectively, the "**Rules and Regulations**"). City shall not be responsible to Concessionaire or any other third party for the failure of any other person to observe and abide by any of said Rules and Regulations.

3.10.1 Without limiting the foregoing, Concessionaire shall comply with the Los Angeles International Airport and Van Nuys Airport Concessions Standard Operating Procedures approved by the Board of Airport Commissioners (as such rules may be amended from time), which rules are hereby incorporated herein by reference ("**Concessions SOP**") and attached to this Agreement as Schedule 1. Concessionaire's breach of such Concessions SOP shall be deemed a material breach of this Agreement. If there is any conflict between the Concessions SOP and this Agreement, then the terms of the Concessions SOP shall prevail.

The Concessions SOP includes, but is not limited to:

1. Pricing Policy
2. Required Hours of Operation
3. Deliveries, Access & Coordination
4. Removal of Garbage & Refuse
5. Refuse Removal Costs
6. City Events
7. Distressed Concession Relief Program
8. Value For Money Program
9. Children's Menu
10. Digital Marketing

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

11. Business Operations Plan
12. LAWA-Defined Metrics for Performance

3.11. Business and Operations Plan. Concessionaire shall prepare a detailed plan for the management of the concession operations within the Premises (the **"Business and Operations Plan"**), which Business and Operations Plan shall at all times be subject to the approval of CEO as set forth in this Section 3.11, such approval not to be unreasonably withheld, conditioned or delayed. The initial version of the Business and Operations Plan shall be in a form prepared by Concessionaire and approved by CEO, prior to the first Unit Commencement Date of this Agreement. Thereafter, the Business and Operations Plan shall be updated by Concessionaire and submitted to CEO, on an annual basis for the subsequent fiscal year, no later than March 31st of each year continuing through the end of the Term. The updated Business and Operations Plan shall be subject to the approval of LAWA each year (which CEO shall provide within thirty (30) days following submission), and any changes to the Business and Operations Plan as so approved by CEO that occur during the year shall be subject to the further approval of CEO in a similar manner. Until such approval is obtained, Concessionaire shall continue to operate under the most recent approved Business and Operations Plan. Concessionaire shall manage the concession operations within the Premises substantially in accordance with the Business and Operations Plan as approved by CEO. Notwithstanding anything contained in the Business and Operations Plan, in the event of a conflict between the provisions of this Agreement and the provisions of the Business and Operations Plan, the provisions of this Agreement shall control.

IV PAYMENTS BY CONCESSIONAIRE.

4.1 Monthly Base Rent Payments.

4.1.1 Base Rent. Commencing on the first Unit Commencement Date, and continuing thereafter throughout the Term of this Agreement, Concessionaire shall pay to City with respect to the Premises (as such Premises are defined herein) annual base rent ("Base Rent"), which Base Rent shall be an amount equal to the greater of (a) the Minimum Annual Guaranteed Rent (as defined in Section 4.1.2), or (b) the Percentage Rent (as defined in Section 4.1.3) with respect to such Premises. The Base Rent and all Additional Rent payable by Concessionaire hereunder are sometimes collectively referred to as "Rent." The term "Additional Rent" shall mean all sums, fees, charges, payments and other amounts due hereunder from Concessionaire other than Base Rent. For the Premises with a Unit Commencement Date earlier than July 1, 2028, Base Rent shall be defined as Percentage Rent until the commencement of the first Agreement Year.

4.1.2 Minimum Annual Guaranteed Rent and Minimum Monthly Guaranteed Rent. The Minimum Annual Guaranteed Rent (herein, the "Minimum Annual Guaranteed Rent" or "MAG Rent") shall be an annual amount for all such Units comprising the Premises for the applicable Agreement Year, subject to adjustment as provided below. The MAG Rent with respect to each Unit for the first Agreement Year is set forth in the Basic Information. The MAG Rent shall be payable monthly in advance in equal installments on the first (1st) of every month (herein, "Minimum Monthly Guaranteed Rent" or "MMG Rent"). Beginning July 1, 2029, and continuing each successive Agreement Year, the MAG Rent with respect to the Premises shall be the greater of (i) the product of (a) the Per Enplaned Passenger MAG (as defined in Section

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

4.1.5), and (b) the total enplaned passenger activity for flights departing from Terminal 4 during the prior Agreement Year, or (ii) eighty-five percent (85%) of the actual Base Rent payments for such Premises for the immediately prior Agreement Year. The term "Agreement Year" shall mean the twelve (12) month period commencing on July 1st and ending June 30th of each year through the expiration or earlier termination of the Term (including any portion of a year in which the expiration or earlier termination of Term occurs).

4.1.3 Percentage Rent. At all times while "Gross Revenues" (as defined in Section 4.1.4) are being generated from the Premises, Concessionaire shall calculate Percentage Rent for each Unit in accordance with the Percentage Rent Rates established for the respective sales categories, as set forth in the Basic Information. Percentage Rent for each Unit shall be the product of (a) the respective Percentage Rent Rate(s) by sales category/type, and (b) the Gross Revenues from the preceding month's sales in accordance with the applicable Percentage Rent Rate(s). If the monthly Percentage Rent for all Units comprising the Premises is greater than the Concessionaire's MMG Rent, Concessionaire shall pay to City the amount by which the monthly Percentage Rent exceeds the MMG Rent. Concessionaire shall pay Percentage Rent to City without prior notice or demand within ten (10) days after the expiration of each month. All Percentage Rent payments shall be computed based on all Gross Revenues during the previous month as all such Gross Revenues are indicated on Concessionaire's Monthly Certified Statement.

4.1.4 Gross Revenues Defined. "**Gross Revenues**" shall include all revenues, whether by coin or currency, on account, by check, credit or debit card, collected or uncollected, whether conducted on or off Airport, derived by or on behalf of Concessionaire as a result of its operation of the concession rights herein granted, without any exclusion whatsoever, except those exclusions expressly permitted under Sections 4.1.4(1) through 4.1.4(9) below. "**Gross Revenues**" shall include (a) the sales prices received or billed by or on behalf of Concessionaire from the sale, dispensing and serving of food, food products and beverages (including alcoholic beverages), other retail non-food and beverage products, and other related services and products ("**Products and Services**"); (b) the full amount of any deposits, prepayments or credits forfeited by customers in connection with any business by Concessionaire in, on, about or from the Premises; (c) the full amount of all orders for Products and Services accepted by or on behalf of Concessionaire in, on, about or from the Premises, whether or not to be filled or performed at any other place, and the full amount of all orders accepted by or on behalf of Concessionaire elsewhere, but to be filled or performed in, on, about or from the Premises; (d) the retail price of all orders for Products and Services placed from the Premises from Concessionaire's catalog, internet or otherwise; (e) the full amount of any charge Concessionaire customarily makes for Products and Services even though Concessionaire fails to actually collect such a charge (except to the extent expressly excluded pursuant to Sections 4.1.4(1) through 4.1.4(9) below); and (f) any amounts paid or payable to Concessionaire in exchange for coupons or vouchers which are redeemed at the Premises. "**Gross Revenues**" shall also include any payments made to Concessionaire for advertising or promoting products and services from the Premises. Goods, work or services furnished by any person or firm in lieu of payment in exchange for value received shall be deemed to be "**Gross Revenues**." "**Gross Revenues**" shall exclude revenues from the following:

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

1. Taxes. Retail sales taxes, excise taxes or related direct taxes on the consumer which are collected by or on behalf of Concessionaire on such sales, provided all such taxes are properly accounted for and recorded;

2. Sale of Scrap, Equipment or Uniforms. Revenues from the sale of waste or scrap materials resulting from the operation of Concessionaire's business at the Airport; revenues from the sale of or the trade-in value of furniture, fixtures or equipment used on the Premises, and owned by Concessionaire; receipts from the sale at cost of uniforms/clothing to Concessionaire's employees where such uniforms/clothing are required to by worn by said employees;

3. Exchanges and Refunds from Suppliers. The value of any merchandise, supplies or equipment exchanged or transferred from or to other business locations of Concessionaire, where such exchanges or transfers are not made for the purpose of avoiding a sale by Concessionaire which would otherwise be made from or at the Premises; revenues in the form of refunds from or the value of merchandise, supplies or equipment returned to shippers, suppliers or manufacturers;

4. Refunded Revenues. Revenues with respect to any sale where the subject of such sale, or some part thereof, is thereafter returned by the purchaser to and accepted by Concessionaire, to the extent of any refund actually granted or adjustment actually made, either in the form of cash or credit;

5. Employee Discounts. The cost or value of Products and Services given to employees of Concessionaire pursuant to such employees' employment contracts; *provided, however,* City may require Concessionaire to prove that such discounts were strictly mandated by the employees' employment contracts or collective bargaining agreements and such employee-discounted Products and Services are limited to a reasonable quantity for the employees' personal consumption and not for sale or transfer to third parties;

6. Supplier Discounts. The amount of any cash or quantity discounts received from sellers, suppliers or manufacturers;

7. Tips. The amount of any gratuity paid or given by patrons or customers to employees of Concessionaire; *provided, however,* Concessionaire shall take commercially reasonable efforts to assure that its compensation system does not incentivize its employees to serve, dispense, provide or distribute Products and Services which would otherwise generate Gross Revenues to generate gratuities;

8. Reimbursements. Receipts in the form of any reimbursements from Concessionaire's subtenants or subcontractor(s) for any taxes, loan payments or license fees paid by Concessionaire for or on behalf of such subtenants or subcontractor; and

9. Insurance Proceeds. All sums and credits received in settlement of claims for loss, theft or damage to inventory, supplies, and merchandise, and the proceeds received by Concessionaire from any casualty or liability proceeds (other than business interruption proceeds attributable to amounts which would have otherwise been Gross Revenues).

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

No deduction shall be made from "**Gross Revenues**" by reason of any credit loss sustained or financing discount that may be applicable by reason of the acceptance or use of credit cards, debit cards or by reason of any other credit arrangements. Except as otherwise expressly provided in the exclusions set forth in Sections 4.1.4(1) through 4.1.4(9) above, if any charge customarily made by Concessionaire for Products and Services is not assessed, charged or collected, irrespective of the reason therefore, then the full amount of Concessionaire's customary charge therefore shall nevertheless be included in determining Gross Revenues. Concessionaire shall not show the percentage of Gross Revenues payable to City, or any adjustments or surcharge(s) permitted by Law, as a separate charge to Concessionaire's customers. For purposes of calculating Gross Revenues, the Gross Revenues of any Approved Transferee shall be attributed to Concessionaire. All computations in the determination of Gross Revenues shall be made in accordance with the terms of this Agreement, using the accrual basis of accounting.

4.1.5 Per Enplaned Passenger MAG. The Per Enplaned Passenger MAG for each Unit in the first Agreement Year is set forth in the Basic Information. Beginning the second Agreement Year, and each successive Agreement Year on July 1st during the Term, the Per Enplaned Passenger MAG shall be the prior Agreement Year's Per Enplaned Passenger MAG adjusted by the percentage change (increase or decrease) from the prior Agreement Year's CPI (as defined below), computed to the nearest one-thousandths of a dollar. The Per Enplaned Passenger MAG for each Unit shall be computed to the nearest one-thousandths of a dollar. The term "CPI" shall mean the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor of CPI-U (all urban consumers, not seasonally adjusted) for Los Angeles-Long Beach-Anaheim, CA (all items 1982-1984 equals 100). In the event that the compilation and/or publication of the CPI is discontinued, then the index most nearly the same as the CPI shall be used to make such calculation (as reasonably determined by the CEO).

4.1.6 True-Up Adjustment of Percentage Fee. With respect to each Unit, on August 15 of each Agreement Year, Concessionaire shall prepare and submit to City a statement showing the total Percentage Fee paid by Concessionaire for the previous agreement year with respect to each Unit. If the Base Rent paid by Concessionaire with respect to a Unit during any Agreement Year exceeds the greater of (i) the MMG Rent for such Unit multiplied by twelve, or (ii) the total Percentage Fee for such year for such Unit (the "**Actual Rent**"), such overpayment shall be credited to the fees and charges thereafter due from Concessionaire. If Concessionaire's aggregate payments with respect to a Unit are less than the Actual Rent for such Unit, Concessionaire shall, within ten (10) calendar days, pay City the difference.

4.1.7 Intentionally omitted.

4.1.8 MAG Adjustment for Enplanement Decline Event. For purposes of this Section 4.1.8, an "Enplanement Decline Event" means a decrease in passengers during any full calendar quarter during the Term (excluding any partial quarter or period prior to the first Agreement Year) in which the total enplaned passenger activity for flights departing from Terminal 4 is less than eighty percent (80%) of the total enplaned passenger activity departing from Terminal 4 in the same quarter in the prior Agreement Year (e.g., Year 2: Jan-Mar 2030 as compared to Year 3: Jan-Mar 2031).

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

In case of an Enplanement Decline Event, the CEO may immediately adjust the MMG Rent for the current calendar quarter to be equal to 1/3 of the product of: (A) the then current, CPI adjusted Per Enplaned Passenger MAG, multiplied by (B) the total enplaned passenger activity for flights departing from Terminal 4 during the preceding full calendar quarter, illustrated as follows:

$$Monthly\ MAG\ Payment = \frac{CPI\ Adjusted\ Per\ EPAX\ MAG\ x\ Preceding\ Calender\ Quarter\ EPAX}{3}$$

Such quarterly adjusted MMG Rent will continue until the next full calendar quarter of total enplaned passenger activity for flights departing from Terminal 4 equals or exceeds ninety percent (90%) of the prior Year's same, full calendar quarter of total enplaned passenger activity for flights departing from Terminal 4 at which point the MMG Rent will revert to the computation defined in Section 4.1.2.

4.2 Quality-Variable Annual Rent (QVAR).

4.2.1 In addition to the foregoing rent, Concessionaire shall pay a variable annual rent based on LAWA-defined metrics for performance as defined in the SOP for an Agreement Year as follows: the Quality-Variable Annual Rent ("QVAR") shall be $15,000 per year payable at the end of each Agreement Year, provided that if the defined metrics for a given Agreement Year are met or exceeded, Concessionaire shall receive a QVAR rent credit of $15,000 applied toward the QVAR (i.e., the QVAR for such Agreement Year is reduced to zero).

4.2.2 City shall use the QVAR collectively received from Terminal 4 Concessionaires ("QVAR Fund") toward costs or expenses that can improve the Terminal 4 ASQ Score.

4.2.4 Concessionaire shall implement the following to improve ASQ Scores. Concessionaire shall implement ASQ best practices outlined in the Concessions SOP in pursuit of higher ASQ scores, and should also evaluate their own initiatives to consistently elevate these scores.

a. Pricing and value for money review on all pricing submissions including review of entire marketplace offer, quality, service and value price of items;
b. Mystery Shop scores audits, anything below 75% triggers immediate retraining on problem areas;
c. Recognition/gifts/ awards for high-performing employees;
d. Store inspections with clear action plans to address deficiencies, communicated to LAWA upon request;
e. Monitoring online reviews and providing responses to guest feedback;
f. Full retraining on policies and procedures, including open/close policy and full enforcement of this;

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

4.3 Common Area Maintenance.

4.3.1 Common Area Maintenance Charges. In addition to the monthly Base Rent payable to City hereunder, LAWA through its CEO reserves the right, in its sole discretion, to impose and amend from time to time, "**Common Area Maintenance Expenses**" (as defined in Section 4.3.2). If so imposed, on and after the Unit Commencement Date, Concessionaire shall pay to City with respect to each Unit as Additional Rent the applicable Share for such Unit set forth in the Basic Information (as so amended) of all Common Area Maintenance Expenses based upon City's most recent estimate of the projected Common Area Maintenance Expenses, as adjusted in accordance with Section 4.3.3.

4.3.2 Common Area Maintenance Expenses. "**Common Area Maintenance Expenses**" shall mean all costs and expenses paid or incurred by City in connection with the ownership, operation, maintenance, management, repair and replacement of the Common Areas including, without limitation, all costs and expenses to operate, maintain, repair, replace, supervise, insure and administer such Common Areas, including but not limited to:

1. Cleaning of Common Area seating areas;

2. Pest control for the Common Areas;

3. Trash removal for the Common Areas; and

4. Supplies, materials, labor and equipment used in or related to the operation and maintenance of the Common Areas including the cost of maintenance, depreciation and replacement of machinery, tools and equipment (if owned by City) and for rental paid for such machinery, tools and equipment (if rented) used in connection with the operation or maintenance of the Common Areas;

5. Costs for management and administration of the Common Areas, including, without limitation, any management fee, accounting, auditing, billing, postage, salaries and benefits for all employees and contractors engaged in the management, operation, maintenance, repair and replacement of the Common Areas;

6. Supplies, materials, labor and equipment used in or related to the operation and maintenance of the HVAC system serving the Common Areas pursuant to Section 8.6 (including, City's administration and overhead).

7. To the extent City maintains the utilities in accordance with Section 8.7, supplies, materials, labor and equipment used in or related to the operation and maintenance of such utilities serving the Common Areas (including, City's administration and overhead).

8. Any other necessary and reasonable Common Area maintenance or repair item.

4.3.3 Estimates and Reconciliation of Common Area Maintenance Expenses. Within ninety (90) days of the end of each calendar year during the Term of

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

this Agreement or as soon thereafter as practicable, City shall give to Concessionaire notice of City's estimate of the total amounts that will be payable by Concessionaire under Section 4.3.1 for the following calendar year, and Concessionaire shall pay such estimated Additional Rent on a monthly basis, in advance, on the first day of each month. Concessionaire shall continue to make said monthly payments until notified by City of a change therein. If at any time or times City determines that the amounts payable under Section 4.3.1 for the current calendar year will vary from City's estimate given to Concessionaire, City, by notice to Concessionaire, may revise the estimate for such calendar year, and subsequent payments by Concessionaire for such calendar year shall be based upon such revised estimate. By April 1 of each calendar year following the first Unit Commencement Date, City shall endeavor to provide to Concessionaire a statement showing the actual Additional Rent due to City for the prior calendar year. If the total of the monthly payments of Additional Rent that Concessionaire has made for the prior calendar year is less than the actual Additional Rent chargeable to Concessionaire for such prior calendar year, then Concessionaire shall pay the difference in a lump sum within ten (10) days after receipt of such statement from City. Any overpayment by Concessionaire of Additional Rent for the prior calendar year shall, at City's option, be either credited towards the Additional Rent next due or returned to Concessionaire in a lump sum payment within ten (10) days after delivery of such statement. Even though the Term has expired and Concessionaire has vacated the Premises, with respect to the year in which this Agreement expires or terminates, Concessionaire shall remain liable for payment of any amount due to City in excess of the estimated Additional Rent previously paid by Concessionaire, and, conversely, City shall promptly return to Concessionaire any overpayment. Failure of City to submit statements as called for herein shall not be deemed a waiver of Concessionaire's obligation to pay Additional Rent as herein provided.

4.3.4 Share; Allocation to Concessionaire. With respect to Common Area Maintenance Expenses, which City allocates to the Common Areas, the "**Share**" allocated to each Unit shall be the percentage set forth in the Basic Information, as adjusted by City from time to time based upon changes in the operation of all Concessions. Notwithstanding the foregoing, City may adjust a Unit's Share for all or part of any item of expense or cost reimbursable by Concessionaire that relates to a repair, replacement, or service that benefits only the Premises or only a portion of the Terminal or that varies with the occupancy of the Terminal. Without limiting the generality of the foregoing, Concessionaire understands and agrees that City shall also have the right to adjust a Unit's Share of any Common Area Maintenance Expenses based upon Concessionaire's burden or impact on such Common Areas as reasonably estimated and determined by City based upon factors such as size and Gross Revenues of each Unit and intensity of use of such Common Areas by Concessionaire's customers. Any adjustments by City under this Section 4.3.4 shall be undertaken in a reasonable and not unjustly discriminatory manner.

4.3.5 Gross Up. In the event the average occupancy level of Concessions for the Terminal in which the Unit is located for any calendar year is not ninety-five percent (95%) or more of full occupancy, then the Common Area Maintenance Expenses for such year shall be apportioned among the concessionaires by City to reflect those costs which would have occurred had the Concessions been ninety-five percent (95%) occupied during such year.

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

4.4 Utilities. Concessionaire shall adhere to the procedures as defined in the Concessions SOP (as defined in Section 3.10.1).

4.5 Marketing Fund. (a) City may establish a marketing fund to promote the concessions and enhance the overall guest experience at the Terminal ("Marketing Fund"). Without limiting the foregoing, City may use the Marketing Fund in its discretion, to fund (i) intra-Terminal promotional and advertising programs such as permanent and interactive directories, events, graphics, pamphlets, other electronic media or digital activations, establishing customer service and training programs, (ii) other service and hospitality initiatives with respect to the operations of the concession program and all concessionaires in the Terminal, such as customer surveys, "secret shopper" programs and sales technique seminars, or (iii) any other programs to enhance the overall guest experience at the Terminal. Any promotional services and personnel provided pursuant to this Section shall be under the exclusive control and supervision of City, who shall have the sole authority to employ and discharge personnel and to establish a budget. City shall not be obligated to expend more for promotions and advertising than is actually collected from concessionaires.

(b) If City establishes a Marketing Fund, then, upon City's one hundred eighty (180) days' prior written notice to Concessionaire: (i) Concessionaire shall pay a monthly fee in an amount not to exceed one-half percent (0.50%) of its monthly Gross Revenues as Concessionaire's share of the Marketing Fund, payable to City without prior notice or demand together with Monthly Rent; and (ii) Concessionaire shall thereafter include in its Annual Gross Revenue Report under Section 4.8.4, a report reconciling actual amounts paid to the Marketing Fund, including any over or underpayments to the Marketing Fund. If there is any underpayment, then any underpayments shall be due and payable at the same as the reconciliation. If there is any overpayment, then City shall credit such overpayment to Concessionaire's next payment(s) due for the Marketing Fund, provided that if this Agreement has expired or terminated, then City may apply any overpayments to any of Concessionaire's outstanding obligations, after which any remaining balance shall be refunded, without interest, to Concessionaire within ninety (90) days of this Agreement expiration or termination date.

(c) Upon City's written request, Concessionaire shall participate in quarterly meetings to discuss the Marketing Fund's promotional and advertising programs and customer service and training programs.

(d) City reserves the right at any time to terminate the Marketing Fund, in which case City shall use remaining balances to offset respective outstanding obligations of concessionaires and others who made contributions, based on actual contributions made by each concessionaire, and thereafter refund, without interest, any remaining balance to each respective Concessionaire.

(e) Concessionaire's participation in the Marketing Fund shall not be construed to relieve it of any other obligation under this Agreement, including but not limited to Monthly Rent and requirement to prepare a marketing plan under Section 3.11(b).

4.6 Refuse Removal. Concessionaire shall comply with the provisions of Section 5.10 with regard to the disposition of trash and garbage, waste reduction and recycling. City

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

may designate garbage or refuse disposal areas at each Terminal for use by concessionaires. City reserves the right to charge, and in such event Concessionaire shall pay to City as Additional Rent a reasonable and not unjustly discriminatory pro-rata amount of the cost for removal of garbage and refuse from designated garbage or refuse disposal areas based upon CEO's good faith estimate of Concessionaire's share thereof. CEO's estimate may be based on Concessionaire's square footage compared with the square footage of the area serviced, or upon some other reasonable and not unjustly discriminatory criteria designated by CEO in CEO's good faith business judgment. City reserves the right to invoice Concessionaire for amounts due and Concessionaire shall pay the same to City as Additional Rent within fifteen (15) days of receipt of City's invoice.

4.7 Other Fees and Charges. Concessionaire shall adhere to the procedures as defined in the Concessions SOP (as defined in Section 3.10.1).

4.8 Method of Payment. The procedure for the payment of the Rent shall be as follows:

4.8.1 Payment Location. All Rent payable hereunder shall be paid to the City of Los Angeles – LAWA, P.O. Box 54078, Los Angeles, CA 90054-0078 unless and until City designates some other party to receive or place for the payment of Rent. All such payments shall be made in lawful money of the United States, without demand, set-off or deduction of any kind.

4.8.2 General Payment Terms; Timing of Monthly Base Rent Payments. All Rent shall be paid in lawful money of the United States of America and through a domestic branch of a United States financial institution. Checks are to be made payable and mailed as set forth in the Basic Information, or to such other person or place as CEO may, from time to time, designate to Concessionaire in writing. The Rent for any fractional part of a calendar month at the commencement or termination of the Term shall be a prorated amount of the Rent for a full calendar month based upon a thirty (30) day month. Monthly Base Rent for each Unit shall be payable to City as follows:

1. On July 1, 2028, with respect to each Unit, and thereafter on the first day of each calendar month throughout the Term of this Agreement, Concessionaire shall pay to City the MMG Rent for such Unit.

2. Commencing on the Unit Commencement Date for each Unit and continuing thereafter for such Unit, on the twentieth (20) day of each calendar month throughout the Term of this Agreement, Concessionaire shall pay to City the Percentage Rent with respect to such Unit (based upon the Percentage Rent for the prior month); *provided, however,* on and after July 1, 2028, Concessionaire shall pay to City that portion of the Percentage Rent for such Unit which is in excess of the MMG Rent for such Unit payable for such calendar month.

4.8.3 Monthly Gross Revenue Report. On the twentieth (20) day of each calendar month throughout the Term of this Agreement, Concessionaire shall submit a monthly accounting of the Gross Revenues received at each Unit operated by Concessionaire under this Agreement. Each Unit shall be reported as a separate location. Each monthly accounting shall be in such manner and detail and upon such forms as are prescribed from time to time by CEO. Forms to be used for reporting monthly Gross Revenues are attached as Exhibit E. CEO may, at CEO's sole discretion, amend the forms to be used during the

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Term of this Agreement. Each monthly report shall be due on the same date and at the same address as the payment of the Percentage Rent for that month is due.

4.8.4 Annual Gross Revenue Report. On August 15 of each year after the first Unit Commencement Date, Concessionaire shall submit an annual accounting of the Gross Revenues received at each Unit operated by Concessionaire under this Agreement. Each Unit shall be reported as a separate location. Each annual accounting shall be in such manner and detail and upon such forms as are prescribed by CEO. Forms to be used for reporting annual Gross Revenues are attached as Exhibit F. CEO may, at CEO's sole discretion, amend the forms to be used during the Term. Each annual report shall be due at the same address as the payments are made under this Agreement. If, based upon annual Gross Revenue Report adjustments in the Percentage Rent are appropriate, such adjustments shall be made in accordance with Section 4.1.6.

4.8.5 Other Annual Reports. Within ninety (90) days of the close of Concessionaire's taxable year, Concessionaire shall furnish to City detailed financial statements, including a balance sheet, an income statement and notes to the financial statements, prepared as of the close of Concessionaire's taxable year, covering all business transacted by Concessionaire at the Airport (the "**Financial Statements**"), and such other reasonable financial and statistical reports as CEO may, from time to time, require (including, without limitation, the maintenance reports required under Section 8.1). Said financial statements shall be reviewed by an independent Certified Public Accountant. In addition, on or before September 1 of each Agreement Year, Concessionaire shall deliver a pro forma projection of estimated Gross Revenues for the next Agreement Year.

4.8.6 Pro Rata Payment. If the commencement or termination of this Agreement (or any Unit Commencement Date) falls upon any date other than the first or last day of any calendar month, the applicable fees and charges for said month shall be in the same proportion that the number of days the Agreement is in effect for that month bears to the total number of days in that month.

4.8.7 Late Charge. Notwithstanding any other provision of this Agreement to the contrary, Concessionaire hereby acknowledges that late payment to City of Rent, or other amounts due hereunder will cause City to incur costs not contemplated by this Agreement, the exact amount of which will be extremely difficult to ascertain. If any Rent or other sums due from Concessionaire are not received by Concessionaire within five (5) days after their due date, then Concessionaire shall pay to City a late charge equal to ten percent (10%) of such overdue amount, plus any costs and attorneys' fees incurred by City by reason of Concessionaire's failure to pay Rent or any other charges when due hereunder. City and Concessionaire hereby agree that such late charges represent a fair and reasonable estimate of the cost that City will incur by reason of Concessionaire's late payment and shall not be construed as a penalty. City's acceptance of such late charges shall not constitute a waiver of Concessionaire's default with respect to such overdue amount or stop City from exercising any of the other rights and remedies granted under this Agreement.

4.8.8 Interest. Any installment of Rent and any other sum due from Concessionaire under this Agreement which is not received by City within three (3) days from when the same is due shall bear interest from the date such payment was originally due under this Agreement until paid at the greater of (a) an annual rate equal to the

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maximum rate of interest permitted by law, or (b) fifteen percent (15%) per annum. Payment of such interest shall not excuse or cure any Default by Concessionaire. In addition, Concessionaire shall pay all costs and attorneys' fees incurred by City in collection of such amounts.

4.8.9 Prepayment. Notwithstanding anything to the contrary contained in this Agreement, in the event that Concessionaire is chronically delinquent in the payment of Rent when due hereunder, as defined under Section 11.1.13, City shall have the right to require Concessionaire to pay Base Rent, and all other amounts payable by Concessionaire to City in a calendar month under this Agreement one (1) month in advance of when such payment would otherwise be due. Such prepayment will be based on the highest monthly Rent previously due from Concessionaire under this Agreement. Such right shall be exercised by a written notice from City to Concessionaire, which notice may be given any time after such default by Concessionaire, regardless of whether the same is cured by Concessionaire. Nothing in this Section shall limit City's other rights and remedies under this Agreement.

4.9 Books and Records. Concessionaire shall establish a business office in the County of Los Angeles. Concessionaire shall maintain in said office or in Concessionaire's national corporate office in the United States, during the term of the Agreement, its permanent books, including but not limited to balance sheets, income statements, general ledgers, subsidiary ledgers, trial balances, sales journals, invoices, chart of accounts and all other supporting documents wherein are kept all entries reflecting both Gross Revenues received or billed by Concessionaire from the business transacted at Airport plus all other transactions of Concessionaire at the Airport. Such books, ledgers, journals, accounts and records shall be available for inspection and examination by CEO, or a duly authorized representative, during ordinary business hours.

4.9.1 Examination of Records. City's accountants or representatives may examine the books, ledgers, journals, accounts, and records of Concessionaire for the purpose of conducting an audit. Concessionaire shall produce these records for inspection and copying at the Premises or, at CEO's option, City's offices within twenty (20) days of CEO's request. In the event Concessionaire does not make available to City the pertinent books and records within the aforesaid twenty (20) days as set forth in this Section, Concessionaire agrees to pay for all travel costs, housing, and other related expenses associated with the audit of said books, reports, accounts, and records by City at Concessionaire's place of records if said place of records is outside of Los Angeles County.

4.9.2 Deficiencies. In connection with any audit conducted by City, deficiencies ascertained by applying percentages of error obtained from such testing and sampling to the entire period of reporting under examination will be binding upon Concessionaire. If Concessionaire believes that any audit performed on behalf of City has disclosed an isolated error and wishes to increase the sample size of the audit or perform a detail audit, Concessionaire shall pay City for any additional audit procedures. In the event any deficiencies in the amount of two percent (2%) or greater of any item being audited with respect to Rent payable to City hereunder is ascertained (the "**Deficiency**"), Concessionaire agrees to pay City for the cost of the audit and the Deficiency.

4.9.3 Confidentiality. To the maximum extent permitted under applicable Laws, all information gained by City from such examinations shall be confidential and shall not

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

be disclosed other than as may be required by court order, other legal process or pursuant to the provisions of the California Public Records Act; *provided, however,* the foregoing shall not prevent the use of such information in connection with any litigation between the City and Concessionaire; *provided, further,* to the extent commercially reasonable under the then-existing circumstances, City shall use commercially reasonable efforts to give written notice to Concessionaire in advance of such disclosure to afford Concessionaire the opportunity to attempt to secure available protective measures to safeguard such information.

V OPERATING STANDARDS.

5.1 Operating Standards. This Article and its Sections cover Concessionaire's operational obligations.

5.2 Concession Personnel.

5.2.1 Generally. Concessionaire shall, at its sole cost and expense, furnish prompt, courteous and efficient service and shall ensure polite and inoffensive conduct and demeanor on the part of their respective representatives, agents and employees, collectively referred to herein as "**Personnel**." Concessionaire shall employ a sufficient number of properly trained Personnel to manage and operate each Unit at its maximum capacity and efficiency at all times that such Unit is required to be opened for business in accordance with the Agreement. "**Sufficient number**" is a number, which consistently provides customers with no unreasonable delay or inconvenience, as determined by CEO, in moving through point of sale or selecting Products and Services and assure a high standard of service to the public. All such Personnel, while on or about any Unit, shall be clean, neat in appearance and courteous at all times and shall be appropriately attired, with badges or other suitable means of identification clearly visible. Concessionaire shall ensure that all Personnel conform to personal hygiene and food handling requirements established by the Rules and Regulations and the applicable Laws (hereinafter defined), whichever is most stringent. No Personnel, while on or about any Unit, shall use improper language, act in loud, boisterous or otherwise improper way or be permitted to solicit business in an inappropriate manner. Concessionaire shall ensure that all Personnel that interact with the public can adequately communicate with customers and are professional and courteous in interactions with the public.

5.2.2 English Language. Concessionaire understands and agrees that its operation at the Airport necessitates contact with the public, both in the course of normal business operations and in rendering public services such as making reasonable change, giving directions, and providing general assistance to the public. Personnel in positions that involve contact with the public must be capable of speaking and understanding the English language at a level consistent with the effective and efficient performance of the duties of the position.

5.2.3 Objections. City shall have the right to object to the demeanor, conduct, and appearance of any Personnel at the Premises, subject to applicable Laws. Concessionaire shall take all steps reasonably necessary to remedy the cause of any objection by City. After written notice from City, Concessionaire shall ensure the immediate removal from the Premises or discipline in accordance with Concessionaire's

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employee discipline policy for any Personnel who participates in improper or illegal acts on the Airport, who violates any of the Rules and Regulations or any provision of this Agreement, or whose continued presence at the Airport is, in the good faith business judgment of CEO, deemed not to be in the best interests of City.

5.2.4 City Not Liable for Employment Issues. This Agreement does not establish any employer-employee, joint venture or agency relationship between City and Concessionaire and Concessionaire is and shall be engaged independently in the business of managing each Unit on its own behalf. All employment arrangements and labor agreements with Personnel are, therefore, solely and exclusively Concessionaire's rights, obligations and liabilities, and City shall have no obligations or liability with respect thereto. Concessionaire hereby agrees to indemnify, defend, and hold City, the Board, CEO and their respective Board members, officers, directors, employees, agents, advisors, attorneys, and representative (collectively, "**City Agents**") harmless from and against any Claims of whatever nature that arise in connection with any such employment arrangements or labor agreements.

5.3 Managing Director. Concessionaire shall select and appoint, subject to approval by CEO, a partner, general partner, corporate officer or other officer who shall serve as the "**Managing Director**" of Concessionaire's operations at Airport. Such person must be an active, highly qualified, competent and experienced manager or supervisor of comparable food & beverage operations, vested with full power and authority to represent, act on behalf of, and bind Concessionaire, and accept service on behalf of Concessionaire of all notices provided for herein and regarding operation of the concession business herein authorized, including the quality and prices of food and beverages and the appearance, conduct and demeanor of Concessionaire's Personnel. Said Managing Director shall be assigned to a duty station or office at or within two (2) miles of the Airport, where he or she shall ordinarily be available during regular business hours and where, at all times during his or her other absences, such Managing Director shall assign a qualified, responsible subordinate who shall be in charge and available. Managing Director shall inform CEO in writing of the telephone and facsimile numbers and e-mail address and changes thereto of the local office. Managing Director shall provide to CEO and update as necessary, contact information for Managing Director and their appointed subordinates (including Unit Managers) to allow City to contact them in emergencies or during non-business hours. Concessionaire shall provide LAWA with a 24/7 contact number that will be answered by a person authorized to make decisions on behalf of Concessionaire regarding this Agreement.

5.4 Unit Managers. In addition to the Managing Director specified above, if Concessionaire has been awarded the right to operate at more than one Unit, Concessionaire shall also designate a responsible employee to be the "**Unit Manager**" in charge of each such Unit, and the names of such employees shall be given to CEO. Each Unit Manager shall be responsible for the proper operation of the business of Concessionaire and their failure to provide for the proper conduct, demeanor and appearance of all employees, guests and patrons at the Unit which they supervise shall constitute a default of Concessionaire. Upon objection from CEO concerning said matters, Concessionaire shall immediately take all steps necessary to remove the cause of the objection.

5.5 Hours of Operation.

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

5.5.1 Minimum Hours of Operation. Concessionaire shall adhere to the procedures as defined in the Concessions SOP (as defined in Section 3.10.1).

5.5.2 CEO May Alter Hours. CEO may, on 24 hour notice to Concessionaire temporarily or permanently modify the Minimum Hours of Operation for any Unit. Concessionaire shall comply with modifications. Upon the written request of Concessionaire, CEO may, from time to time, authorize a later opening or earlier closing time for any Unit, provided CEO first finds that Concessionaire has submitted adequate justification.

5.6 Menu and Price Schedules. Concessionaire's initial menu shall be as Concessionaire has proposed for each Unit and LAWA has approved. Except as contemplated in accordance with the Concessions SOP, during the Term, Concessionaire shall make no changes to the quantity, quality, or price of any item on the approved menu without first obtaining the prior written approval of LAWA. LAWA shall require the same information, and apply the same criteria to each proposed change as is described in this Section 5.6 and the following Sections.

5.6.1. Menu. Concessionaire shall employ attractive merchandising enticing customers to purchase food, beverages and ancillary retail products. Concessionaire shall develop and implement creative and effective merchandising means within each Unit, including without limitation, food and beverage displays; ancillary retail merchandise displays; display cases; promotional displays; attractive packaging; menu boards or table-top menus; and pictures of food, beverage and ancillary retail merchandise. Concessionaire's menus contain all information required by and shall otherwise comply with all applicable Laws.

5.6.2. Value for Money. At all Units, the menu shall include at least one item or combination of items that are offered at a discounted rate to support LAWA's Value for Money (VFM) program. VFM items, combos, and deals are a selection of items made available at lower price points than regular menu items and designed to provide customers with more affordable options. LAWA will promote these offerings through the VFM program.

5.6.3. Children's Menu. At all Units, the menu shall include at least one child's plate and price.

5.6.4. Publicly Displayed Menu. Prices for each item sold in each Unit shall be conspicuously displayed to the reasonable satisfaction of CEO as to information given, design, type, size, style, color, and all other specifics. Said prices for all Products and Services shall comply with the Concessions SOP, unless otherwise approved in advance in writing by CEO. If, in addition to any publicly displayed menu, Concessionaire provides individual menus for customers, or places price markers on item displays, said prices on such individual menus shall not vary from such publicly displayed menus or publicly displayed prices.

5.6.5. Pricing. Concessionaire shall price its products in accordance with the Airport Pricing Policy as stated in the Concession SOP (as may be amended from time to time).

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

5.6.6. Amendments. CEO may require any menu to be multilingual. CEO may re-evaluate the selection of items during the Term. CEO's good faith determination that the selection offered is inadequate (in general or at any particular Unit), or that the quality or quantity of any item is deficient, shall be conclusive. Concessionaire may meet and confer with CEO regarding such matters.

5.7 Quality of Foods and Beverages. Concessionaire acknowledges and agrees that it is the intent of the parties to provide the air traveler and the public with facilities, service, and food & beverage concessions of first class quality, commensurate with the standards of other first class airports. All products offered for sale by Concessionaire shall (a) be of high quality, (b) be wholesome and pure, (c) be comparable to food and beverages served by first class food and beverage facilities of a similar type in Los Angeles County, and (d) conform in all respects to applicable Laws. Concessionaire must adhere to the most stringent requirements in the foregoing.

5.8 Adequate Products and Service. Concessionaire shall ensure that the air traveler and public are furnished adequate supply of products and service, and that Concessionaire shall keep in stock and have ready for sale at each Unit at all times of operation a full stock of food & beverage products and other articles and goods for sale consistent with the Permitted Use for such Unit of first class character and quality and in sufficient supply to meet the demand of customers at the Airport. Concessionaire shall at all times maintain in stock at each Unit the merchandise it is required to stock and sell in accordance with its Permitted Use.

5.9 Cash and Record Handling Requirements; Change Making; Credit Cards.

5.9.1 POS Equipment and Systems. Concessionaire shall procure and install, at Concessionaire's sole cost and expense, real-time point-of-sale (POS) hardware and software with a secure internet/extranet (web-type) application interface meeting standards designated by CEO to provide accurate real-time daily sales revenue data via electronic means (collectively, "POS Equipment and Systems"). CEO shall provide Concessionaire with prior written notice of any material changes to such standards. Such POS Equipment and Systems shall be non-resettable and shall have a counter or screen visible to the public. Such POS Equipment and Systems shall populate data according to existing product category definitions. POS Equipment and Systems shall be utilized by Concessionaire in its operations at the Airport, and no revisions or modifications that materially change the operation of the equipment or the data stored shall be made to such POS Equipment and Systems without the prior written approval of CEO. Approval is not required for routine upgrade and patching of software or firmware; or replacement of failed equipment with newer models that retain all of the previously approved functionality.

5.9.2 Cash and Change-Making; General Assistance. Concessionaire shall be required to accept cash payments. Concessionaire shall provide, without charge, change-making service to customers and to members of the public generally at each cashier's location in each Unit. Cashiers may wait until the next financial transaction before opening a cash drawer to make change. Upon requests for information, directions and general assistance from customers and members of the public generally, Concessionaire and its Personnel shall respond with reasonable diligence and courtesy.

5.9.3 Credit Cards, Foreign Currency. Concessionaire shall not be required to accept foreign currency. If Concessionaire elects to accept foreign currency, such may

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only be accepted for payment of goods and shall not be exchanged. In addition, all Concessionaires shall be required to accept, at a minimum, the credit and debit cards listed on CEO's then current list of Approved Form of Payment in payment for goods and services sold, and there shall be no minimum purchase requirement for transactions using such credit and debit cards. CEO's initial Approved Form of Payment List is attached hereto as Exhibit T and the same may be modified from time to time by written notice from the CEO.

5.10 Deliveries; Access and Coordination. Concessionaire shall adhere to the procedures as defined in the Concessions SOP (as defined in Section 3.10.1).

5.11 Removal of Garbage and Refuse. Concessionaire shall adhere to the procedures regarding removal of garbage in the Concessions SOP (as defined in Section 3.10.1).

5.12 Franchise Agreement Standards. Where applicable to any Unit, all franchise standards shall be met or exceeded. In the event of an express conflict between the terms of such franchise standards and the terms of this Agreement, the terms of the Agreement shall prevail. Concessionaire shall provide City with copies of its Franchise Agreement (provided Concessionaire may redact proprietary operational methods, trade secrets, and any other information designated as confidential by the franchisor or is otherwise protected under California law) and any Unit's franchise standards and related performance audit forms prior to such Unit's Unit Commencement Date. Copies of inspections conducted by the franchisee, franchisor, or any mystery shopper service hired by the franchisee or franchisor shall be sent to City within ten (10) business days of receipt by Concessionaire unless such disclosures are explictly prohibited by the applicable franchise agreement's confidentiality provisions (in which case Concessionaire must notify City of the disclosure prohibition).

5.13 Quality Assurance Audits. Concessionaire shall perform quality assurance audits with respect to the operations at each Unit and the Premises and compliance with the terms of this Agreement on at least a quarterly basis. CEO reserves the right to prescribe and revise audit criteria at any time and from time to time and to publish guidelines to be used in connection with such audits. The purpose of such audits shall be to ensure consistent high standards of customer service and quality among concessionaires at the Airport. In addition, Concessionaire hereby agrees to participate in and to comply with the requirements and recommendations of City-implemented 'mystery shopper' and other quality assurance programs. At CEO's request, but no more often than once per quarter, Concessionaire shall (a) meet with City, (b) make available for inspection all customer survey results, mystery shopper reports, health department reports, product pricing, and such quality assurance audits, (c) review the results of any City-implemented 'mystery shopper' and other quality assurance programs, and (d) review and develop a plan to implement recommendations for corrective action if such information shows corrective action is needed. If such information discloses any issue, in the sole discretion of CEO, then, upon CEO's written request, Concessionaire shall submit for CEO's approval an outline of planned corrective action and the implementation of any additional reports or procedures to document compliance and implementation of such planned corrective action. Once approved, Concessionaire shall implement such planned corrective action and deliver reasonably satisfactory evidence of such compliance to City in accordance with such corrective action plan.

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

5.14 Prohibited Acts. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): Concessionaire shall not do or permit to be done anything specified in Sections 5.14.1 through 5.14.9. Specifically, Concessionaire shall not:

5.14.1 Interfere with Access. Do anything which may interfere with free access and passage in the Premises, the Common Areas adjacent thereto (including, without limitation, the elevators, escalators, streets or sidewalks of the Airport), or any restricted non-Common Areas of the Airport, or hinder security, police, fire fighting or other emergency personnel in the discharge of their duties, or hinder access to utility, heating, ventilating or air-conditioning systems, or portions thereof, on or adjoining the Premises or the Common Areas adjacent thereto. Without limiting the generality of the foregoing, Concessionaire shall not install any racks, stands or other display of merchandise or trade fixtures at the Airport outside of the Premises without the prior written consent of CEO.

5.14.2 Interfere with Systems. Do anything which may interfere with the effectiveness of utility, heating, ventilating or air-conditioning systems or portions thereof in or adjoining the Premises (including lines, pipes, wires, conduits and equipment connected with or appurtenant thereto) or interfere with the effectiveness of elevators or escalators in or adjoining the Premises, or overload any floor in the Premises.

5.14.3 Permit Smoking Where Prohibited. Do anything contrary to the Board of Airport Commissioners' policy, City ordinances, or Section 41.50 of the Los Angeles Municipal Code, which prohibits smoking.

5.14.4 Install Unauthorized Locks. Place any additional lock of any kind upon any window or interior or exterior door in any Unit, or make any change in any existing door or window lock or the mechanism thereof, unless a key therefore is maintained in such Unit, nor refuse, upon the expiration or sooner termination of this Agreement, to surrender to CEO any and all keys to the interior or exterior doors in, and on each Unit of the Premises, whether said keys were furnished to or otherwise procured by Concessionaire, and in the event of the loss of any keys furnished by CEO, Concessionaire shall pay City, on demand, the cost for replacement thereof, and the cost of re-keying City's locks. Concessionaire shall install lock boxes in all Units with copies of keys, as required by City and/or comply with LAWA emergency access requests.

5.14.5 Noise, Lights and Odors. No loudspeakers, televisions, video monitors, sound systems, audio players, radios, flashing lights or other devices shall be installed in any Unit or used in a manner so as to be heard or seen outside of such Unit without the prior written consent of CEO (including obtaining, and complying with, all applicable City construction approval conditions). No odors shall be emitted from any Unit so as to cause an unpleasant environment for passengers or employees. CEO may request that Concessionaire cease any action which, in CEO's sole opinion, is in violation of this section.

5.14.6 Increase Liability. Do any act or thing upon any Unit which will invalidate, suspend or increase the rate of any fire insurance policy required under this Agreement, or carried by City, covering the Premises, or the Terminals in which the same are located or which, in the opinion of CEO, may constitute a hazardous condition that will increase the risks normally attendant upon the operations contemplated under this Agreement. If, by

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

reason of any failure on the part of Concessionaire after receipt of notice in writing from City to comply with the provisions of this section, any fire insurance rate on the Premises, or any part thereof, or on the Terminals in which the same are located, shall at any time be higher than it normally would be, then Concessionaire shall pay City, on demand as Additional Rent, that part of all fire insurance premiums paid by City which have been charged because of such violation of failure of Concessionaire; *provided, however,* that nothing contained herein shall preclude Concessionaire from bringing, keeping or using on or about any Unit such materials, supplies, equipment and machinery as are appropriate or customary in carrying on its business, or from carrying on said business in all respects as is customary.

5.14.7 Permit an Auction. Allow any sale by auction in or upon any Unit.

5.14.8 Permit Lodging. Permit or use any Unit, or any part thereof, for lodging or sleeping purposes.

5.14.9 Permit Unlawful Use. Use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purposes, or commit any waste upon the Premises.

5.15 Signs, Promotions & Displays.

5.15.1 The Concessionaire must not install any sign, promotion, or display on the Premises or Airport without submitting detailed plans to LAWA and obtaining written approval, in line with all City and Department of Airports Design Guidelines, including construction and related conditions. The exception being that the Concessionaire may place signs within its Unit to promote its products or services without LAWA approval, as long as these are not visible from outside the Unit, unless otherwise disapproved in writing by LAWA. If disapproval occurs, removal must take place within one (1) day of notice. No signs, promotions, advertisements, or displays are permitted outside the Premises, except for any directional or wayfinding signage placed by City referencing Concessionaire or its Units, and except for Concessionaire's trade name signage on or above the storefront of each Unit as approved by LAWA.

5.15.2 Other than signs, promotions and displays approved pursuant to Section 5.15.1, and signage or logos for accepted payment methods or transaction processors displayed at point-of-sale locations within the Premises, Concessionaire shall not, at any time, under any circumstances, install, place, or maintain any type of advertising, in, on or upon the Premises or the Airport.

5.15.3 Unless as otherwise set forth in Section 5.15.1, Concessionaire's Units shall be free of all advertising, signs, credit card application dispensing units, posters, and banners, including, but not necessarily limited to, those showing Concessionaire's name, services, rates, rent-a-car arrangements, or other services. Noncompliance by Concessionaire with this provision shall result in City's right to immediately remove said unauthorized signs, advertising, or other written materials and to store same at Concessionaire's expense. City may dispose of said signs, advertising, or other written materials if Concessionaire has not paid City's expenses for removal and storage, plus the Administrative Fee, and claimed said signs, advertising, or other written materials within

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

fifteen (15) calendar days after City has provided written removal notice. Subject to LAWA approval, Concessionaire may include within the Premises: (i) signage or logos associated with accepted payment methods, mobile payment platforms, or point-of-sale transaction processors, (ii) loyalty or rewards program signage or materials, or (iii) incidental branding of operational partners necessary for Concessionaire's operations within its Units.

5.15.4 Removal of Signs. Upon the expiration or earlier termination of this Agreement (or any partial termination with respect to any Unit), Concessionaire shall remove, obliterate or paint out, any and all of its signs, promotions and displays as CEO may direct. In addition, upon demand by CEO, Concessionaire shall remove, obliterate or paint out, any signs, promotions, advertising or displays placed or installed in violation of this Agreement, as CEO may direct. If Concessionaire fails to do so, CEO may cause said work to be done at the sole cost and expense of Concessionaire, and Concessionaire shall pay the same to City, plus the Administrative Fee, as Additional Rent within fifteen (15) days of receipt of City's invoice.

5.16 Taxes. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): Concessionaire shall pay all taxes of whatever character that may be levied or charged upon the rights of Concessionaire to use the Premises, or upon Concessionaire's improvements, fixtures, equipment or other property thereon or upon Concessionaire's operations hereunder. In addition, by executing this Agreement and accenting the benefits thereof, a property interest may be created known as a "possessory interest" and such property interest will be subject to property taxation. Concessionaire, as the party in whom the possessory interest is vested, may be subject to the payment of the property taxes levied upon such interest.

5.17 Licenses and Permits. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): Concessionaire shall obtain and pay for all licenses and permits necessary or required by law for the conduct of Concessionaire's operations at the Premises.

5.18 Compliance with Laws. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1):

5.18.1 Concessionaire shall, at Concessionaire's sole cost and expense, (and shall cause Concessionaire's employees, contractors, representatives, agents, and Approved Transferees (collectively, "**Concessionaire Parties**") to) fully and faithfully observe and comply with (a) all municipal, state and federal laws, statutes, codes, rules, regulations, ordinances, requirements, and orders (collectively, "**Laws**"), now in force or which may hereafter be in force pertaining to the Premises or Concessionaire's use of the Premises, the Terminal(s) or the Airport (including without limitation, (i) all safety, security and operations directives of City, including by CEO, which now exist or may hereafter be promulgated from time to time governing conduct on and operations at the Airport or the use of facilities at the Airport; and (ii) any and all valid and applicable requirements of all duly-constituted public authorities (including, without limitation, the Department of Transportation, the Department of Homeland Security, the Federal Aviation Administration, and the Transportation Security Administration)); (b) all recorded covenants, conditions and restrictions affecting the Airport ("**Private Restrictions**") now in force or which may hereafter be in force; and (c) the Rules and Regulations. The

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

judgment of any court of competent jurisdiction, or the admission of Concessionaire in any action or proceeding against Concessionaire, whether City be a party thereto or not, that Concessionaire has violated any Laws or Private Restrictions, shall be conclusive of that fact as between Concessionaire and City. As used in this Agreement, "**Laws**" shall include all present and future federal, state and local statutes, ordinances and regulations and City ordinances applicable to Concessionaire, the Units, the Permitted Uses or the Airport, including but not limited to requirements under the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq., including, without limitation, to Title III thereof, and all regulations and guidelines related thereto, together with any and all laws, rules, regulations, ordinances, codes and statutes now or hereafter enacted by local or state agencies having jurisdiction thereof (including, without limitation, all of the requirements of Title 24 of the California Code of Regulations), as the same may be in effect on the date of this Agreement and may be hereafter modified, amended or supplemented (collectively, the "**ADA**"), all acts and regulations relating in any way to food and drugs, worker's compensation, sales and use tax, credit card processing, social security, unemployment insurance, hours of labor, wages, working conditions, the Immigration Reform and Control Act of 1986, the City of Los Angeles Administrative Code, and all Hazardous Materials Laws (as defined in Section 15 below).

5.18.2 Concessionaire agrees to pay or reimburse City as Additional Rent for any civil penalties or fines which may be assessed against City as a result of the violation by any Concessionaire Party of any Laws or Private Restrictions, which payment shall be made by Concessionaire within fifteen (15) days from receipt of City's invoice for such amount and documentation showing that payment of such penalty or fine is Concessionaire's responsibility hereunder.

5.19 Airport Operations. Concessionaire acknowledges that the operational requirements of the Airport as an airport facility, including without limitation security requirements, are of paramount importance. Concessionaire acknowledges and agrees that Concessionaire must conduct its business in a manner that does not conflict with the operational requirements of the Airport as an airport facility and that fully accommodates those requirements. Without limiting other waivers herein, Concessionaire waives all Claims against City and City Agents arising out of or connected to the operation of the Airport as an airport facility.

5.20 Non-Compliance. Concessionaire acknowledges that failure to comply with any of the preceding operating standards may result in default under Section 11.1.12, subject to applicable Notice to Cure periods.

VI AIRPORT CONCESSION DISADVANTAGED BUSINESS ENTERPRISE ("ACDBE") PROGRAM.

6.1 Compliance with Department of Transportation (DOT). This Agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 Code of Federal Regulations (CFR) Part 23. Concessionaire agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by 49 CFR Part 23, and to include the above statements in any subsequent concession agreement or contract covered by 49 CFR Part 23 that it enters and cause those businesses to similarly include the statements in further agreements. City strictly

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

prohibits all unlawful discrimination and preferential treatment in contracting, subcontracting and purchasing, leasing or any subleasing under this Agreement (the "**Non-Discrimination Policy**"). City has established an ACDBE program in accordance with 49 CFR Part 23 (the "**ACDBE Rules**"). Concessionaire shall comply with the Non-Discrimination Policy and the ACDBE Rules. Concessionaire shall cooperate with City in City's program of recruiting, training, providing technical assistance and holding workshops to ensure that contracting, subcontracting and purchasing opportunities available under this Agreement are accessible and available to all qualified businesses owners, including "Airport Concession Disadvantaged Business Enterprises" ("**ACDBEs**"), as defined in the ACDBE Rules. Concessionaire shall make good faith efforts, within the meaning of the ACDBE Rules, to provide for a level of ACDBE participation in the concession operations by Concessionaires contemplated by this Agreement equal to or greater than zero percent (0%).

6.2 Substitutions. Should a substitution or an addition of an ACDBE become necessary, Concessionaire shall comply with all requirements of the ACDBE Rules. Failure to comply with the ACDBE Rules shall constitute a Default of this Agreement.

6.3 Monthly Report. In order to assure compliance with the Non-Discrimination Policy and the ACDBE Rules, Concessionaire shall submit, in the format required by CEO, a monthly report to City, describing the gross receipts of each initial ACDBE (and each substitute ACDBE), in each case calculated in accordance with the requirements of this Agreement. Concessionaire shall submit in the format required by the CEO and such other information as may be requested by the CEO to ensure compliance with the ACDBE Rules.

VII IMPROVEMENTS.

7.1 Improvement Proposal. Concessionaire shall design each Unit of the Premises as described in the conceptual improvement plan attached hereto as Exhibit W (the "**Initial Improvements Plan**"), as further refined and approved by City. Concessionaire will follow applicable portions of the Terminal 4 Concessions Design Criteria and LAWA's Design and Construction Handbook, including any references to lighting, finishes, fixtures, storefronts, mechanical, electrical, plumbing and fire protection design.

7.2 Condition of Premises. City shall deliver each Unit to Concessionaire as such Unit is currently improved, except for furniture, furnishings, removable fixtures and supplies owned by the incumbent concessionaire, if any. The improvements owned by City include interior walls, ceilings, floor covering, carpeting, draperies, finished flooring, electrical wiring, air-conditioning ducts and equipment, concession furniture, equipment and furnishings which cannot be removed without structural damage to the Premises, interior decoration and finishing erected or installed upon said Premises, and connections for electrical power and telephones. Upon the Delivery Date for each Unit, Concessionaire shall accept such Unit in its "AS IS, WHERE IS" condition, and "WITH ALL FAULTS" and without any improvements or alterations to be made or constructed by City. Concessionaire acknowledges and agrees that Concessionaire has performed its own due diligence on all matters relating to the Units, including all technical and construction matters. Any "as-built" drawings, utility matrixes, or other technical information (including, but not limited to, architectural drawings or AutoCAD or other computer files) provided by City may not be accurate or complete. Concessionaire's use of or reliance on any such information shall be at its sole risk, and City shall have no liability arising therefrom. Notwithstanding anything to the contrary contained in this Agreement, the suitability or lack of suitability of any Unit for the Permitted Use,

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

or the availability or lack of availability of permits or approvals of governmental or regulatory authorities with respect to any such Permitted Use of such Unit shall not affect the rights or obligations of the parties hereunder.

7.3 Initial Improvements Required of Concessionaire. Subject to compliance with the City's construction approval process, Concessionaire shall provide all improvements which are necessary to operate each Unit in accordance with the Initial Improvements Plan to the satisfaction of CEO, including all items specified in Section 7.1 above (collectively, the "**Initial Improvements**"), whether or not such improvements are provided by City at the commencement of this Agreement. Any closure during the construction of the Initial Improvements, as well as the timing of applicable design and construction periods shall be determined by CEO on a Unit-by-Unit basis and specified in writing as part of City's construction approval process.

7.4 Improvement Financial Obligation. Concessionaire guarantees that Concessionaire will make capital investments for the Initial Improvements to the Premises (exclusive of architectural, engineering and project management or in-house fees in excess of twenty percent (20%) of the costs of related improvements), in an amount of not less than the amount set forth in the Basic Information as the "**Minimum Initial Qualified Investment Amount**," allocated amongst the Units as set forth in the Basic Information; *provided, however,* in no event shall the Minimum Initial Qualified Investment Amount include any costs of procuring, constructing or installing in any Unit any of Concessionaire's **"Personal Property"** which includes movable displays, racks and refrigeration units/equipment, ALL point-of-sale equipment, cash drawers, sorting equipment, IT/data/computer equipment (not infrastructure), and any other items designated as such by the CEO. Such Minimum Initial Qualified Investment Amount shall be expended by Concessionaire on the Initial Improvements constructed in accordance with this Agreement, allocated amongst the Units as set forth in the Basic Information, on or before the date Unit Commencement Date for each Unit in accordance with the Initial Improvements Plan. Concessionaire shall pay to City an amount equal to the positive shortfall, if any, between the Minimum Initial Qualified Investment Amount and the actual amount expended by Concessionaire on the Initial Improvements (exclusive of architectural, engineering and project management or in-house fees in excess of twenty percent (20%) of the costs of related improvements) (the "**Actual Initial Qualified Investment Amount**") on a Unit-by-Unit basis as of the first day of the third (3rd) month after the Unit Commencement Date for each Unit constructed. Said payment shall be made on a Unit-by-Unit basis on or before the sixtieth (60th) day after the first day of the third (3rd) month after the Unit Commencement Date for each Unit constructed. These amounts shall exclude any sum expended by Concessionaire for the separate metering or invoicing of utilities.

7.5 Minimum Refurbishment. Concessionaire acknowledges and agrees that it is the intent of this Agreement that all Units shall be refurbished, redecorated, updated or re-branded/re-concepted if underperforming (the "**Minimum Refurbishment**"), and that such Minimum Refurbishment be completed by June 30, 2035; *provided, however,* except to the extent preapproved by CEO in writing and in its sole discretion, the "**Minimum Refurbishment**" shall not mean maintenance, repair and replacements items that should have been performed pursuant to Section 8 of this Agreement; *provided, further,* CEO shall have discretion to defer the timing of the Minimum Refurbishment. Concessionaire further acknowledges and agrees that it is the intent of this Agreement that such Midterm Refurbishment shall be conducted while the Units are opened and operating for business, unless CEO determines as part of City's construction approval process, in the exercise of CEO's sole discretion, that Concessionaire's proposed scope of work in any Unit

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

is so extensive that such Unit may be closed during its Minimum Refurbishment, in which event Concessionaire shall have the right to close such Unit for the period approved by City in writing as part of City's construction approval process during its Minimum Refurbishment, but such closure shall not result in any abatement of any Rent for such Unit.

7.5.1 Minimum Refurbishment Plan. Concessionaire shall prepare and deliver to City for CEO's review and approval a Minimum Refurbishment Plan (the "**Minimum Refurbishment Plan**"), which shall meet the then-current requirements imposed by City as part of City's construction approval process, and shall otherwise include information similar to that contained in the Initial Improvements Plan for the Initial Improvements. Upon receipt and review of such Minimum Refurbishment Plan by CEO and as a part of City's construction approval process, Concessionaire shall incorporate any comments from CEO and shall re-submit such Minimum Refurbishment Plan until it has been approved by CEO.

7.5.2 Construction and Completion of Minimum Refurbishment. Subject to compliance with the City's construction approval process, Concessionaire shall construct and complete, the Minimum Refurbishment lien free, in accordance with the Minimum Refurbishment Plan approved by CEO, the other requirements contained in this Agreement and in accordance with applicable Laws (*provided, however,* no Minimum Refurbishment for any Unit shall extend for longer than the period specified in writing for completion of construction as part of City's construction approval process for such Minimum Refurbishment for such Unit). Concessionaire shall expend (exclusive of architectural, engineering and project management or in-house fees in excess of twenty percent (20%) of the costs of the related improvements) not less than the product of the amount set forth in the Basic Information as the "**Minimum Reinvestment Percentage**" and the Actual Initial Qualified Investment Amount for all Units in this Agreement, the required Minimum Refurbishment Plan; *provided, however,* in no event shall the Minimum Minimum Refurbishment Amount include any costs of procuring, constructing or installing in any Unit any of Concessionaire's personal property. Any refurbishment done consistent with this Section by Concessionaire prior to the Minimum Refurbishment shall be credited towards Concessionaire's Minimum Refurbishment Amount. Concessionaire shall pay to City an amount equal to the positive shortfall, if any, between the Minimum Refurbishment Amount and its actual investment in connection with the Minimum Refurbishment. Said payment shall be made to City on or before 90 days following the Minimum Refurbishment Deadline. The amount spent for Minimum Refurbishment shall be exclusive of any amount spent for normal repair and maintenance as determined in the sole discretion of CEO. The Minimum Refurbishment shall be depreciated over the remaining term of this Agreement.

7.6 City Approval of Improvements. Prior to the construction of any improvements (including, without limitation, the Initial Improvements and any Minimum Refurbishment hereunder), Concessionaire shall submit to LAWA for concept approval the preliminary plans and estimated construction cost for such improvements. Said approval, subject to the conditions set forth herein, shall be given in a reasonably timely manner. Upon approval by CEO of Concessionaire's preliminary plans, Concessionaire shall prepare working drawings and specifications, which shall be true and correct developments of the preliminary plans so approved. Concessionaire shall then submit a written request for construction approval and a minimum of three (3) complete sets of said approved working drawings and copies of the specifications to the

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

Chief Airports Engineer's office for written approval by CEO. CEO's written approval and any conditions related to the construction of the improvements or alterations shall become a part of this Agreement as though fully set forth herein once the document is fully executed by both parties. Upon receipt of CEO's approval, Concessionaire shall cause the construction called for by the approved working drawings and specifications to be commenced and completed promptly. No substantial changes, additions, or alterations shall be made in said working drawings or specifications, or in the construction called for thereby, without first obtaining CEO's approval in writing. Upon completion of such improvements, Concessionaire shall furnish to City, at no charge, three (3) complete sets of "record" drawings, and one complete set in Computer Aided Design (CAD) format which complies with the then current LAWA CAD standards. These drawings must include any applicable permit numbers, the structural and other improvements installed by Concessionaire in the Premises, and the location and details of installation of all equipment, utility lines, heating, ventilating, and air-conditioning ducts and related matters. Concessionaire shall keep said drawings current by updating them in order to reflect any changes or modifications which may be made in or to the Premises.

7.6.1 Concessionaire shall make no structural improvements, additions, or alterations in, to or upon any Unit, nor erect, construct, or place any sign upon said Unit, without first obtaining the written consent of CEO. Any conditions, restrictions, or limitations placed upon the approval by CEO shall be conditions of this Agreement as though fully set forth herein once the document is fully executed by both parties. Concessionaire shall indemnify, defend, protect and hold City and City Agents harmless from any and all Claims regarding any improvements, additions, or alterations made thereto.

7.6.2 For each and every construction or alteration project undertaken in each Unit, Concessionaire shall prepare a construction report. This report shall contain the following elements: (1) type of improvement constructed or altered; (2) floor area or capacity of improvement constructed or altered; (3) total cost of construction or alteration; (4) completion date for construction or alteration; and (5) a copy of the certificate of occupancy. The construction report shall be submitted to CEO not later than sixty (60) days following completion of the construction or alteration.

7.6.3 Concessionaire shall also keep the Premises and any improvements constructed thereon free and clear of liens for labor and material expended by or for Concessionaire or on its behalf in accordance with Section 7.15 of this Agreement (except when such improvement is constructed by City).

7.6.4 Concessionaire agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Administration Regulations in the event any future structure or building is planned for the Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

7.6.5 Prior to the commencement of any work, Concessionaire shall, at its own cost and expense, obtain all other Permits and approvals required by applicable Laws including, but not limited to, Los Angeles Department of Building and Safety, Los Angeles County Department of Health, if applicable, and OSHA. Concessionaire's plans shall employ optimum essentials of aesthetics, quality of materials and equipment, convenience,

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

function and design and shall be compatible in such respects with those of Airport or Airport's Design Guidelines. CEO's approval of the plans, specifications and working drawings for the Initial Improvements or any other improvements or alterations of the Premises shall create no responsibility or liability on the part of City for their completeness, design sufficiency, or compliance with all Laws and other requirements of governmental agencies or authorities. Neither City nor any City Agents shall be liable for any damage, loss, or prejudice suffered or claimed by Concessionaire, any Concessionaire Party or any other person or entity on account of: (a) the approval or disapproval of any plans, contracts, bonds, contractors, sureties or matters; (b) the construction or performance of any work whether or not pursuant to approved plans; (c) the improvement of any portion of the Premises or alteration or modification to any portion of the Premises; or (d) the enforcement or failure to enforce any of the covenants, conditions and restrictions contained in this Agreement.

7.7 Initial Improvements.

7.7.1 Utilities - Installation. Concessionaire shall provide distribution of utilities within each Unit. Heat and air conditioning will be made available at connection points adjacent to each Unit.

7.7.2 Plans and Specifications. Concessionaire shall, at its own cost and expense, employ competent architects, engineers and interior designers (approved by CEO) who will prepare architectural, interior and engineering designs for the Initial Improvements, including detailed plans, specifications, and cost estimates of all concession improvements, decor and equipment to be installed in the Premises.

7.7.3 Adherence to Plans and Specifications. Once approval for the Initial Improvements has been obtained from CEO as part of City's construction approval process, Concessionaire shall forthwith cause the construction of the Initial Improvements to be commenced and completed with reasonable dispatch. No substantial change, addition or alteration from the construction approved by CEO in the construction of the Initial Improvements without first obtaining CEO's consent in writing. No structural or other improvements, decor or equipment, other than as contemplated herein shall be made in or upon the Premises without the written consent of CEO being first had and obtained, and any conditions relating thereto then stated by said CEO shall become conditions hereof as if they had been originally stated herein.

7.8 Alterations. After completion of the Initial Improvements as above provided, except for routine maintenance and minor repairs of the Initial Improvements consistent with the Approved Construction Documents, Concessionaire shall not make any improvements or alterations to any Unit ("**Alterations**") without first complying with City's construction approval process. Any unauthorized Alterations made by Concessionaire to any Unit shall be removed at Concessionaire's sole cost and expense and any damage to such Unit shall be promptly repaired, and if not removed and repaired within fifteen (15) days of demand from City, and should Concessionaire fail to so remove such Alterations and restore such Unit, City may remove such Alterations and restore such Unit, at Concessionaire's sole cost and expense, and such cost, plus the Administrative Fee, shall be payable to City as Additional Rent within fifteen (15) days of delivery of an invoice therefore.

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

7.9 Building Codes. The Initial Improvements and all Alterations constructed or installed by Concessionaire in the Premises, including the plans and specifications therefore, shall in all respects conform to and comply with the applicable Laws (including, without limitation, ordinances, building codes, rules and regulations of the City of Los Angeles and such other authorities as may have jurisdiction over the Premises or Concessionaire's operations therein), and City Policies (as defined in Section 16.23). If and to the extent that Concessionaire's activities or proposed Alterations trigger an obligation or requirement on the part of City to make changes to the Airport (including under the ADA), Concessionaire shall indemnify, defend, and hold harmless City and City Agents from and against any Claims arising out of such activities or Alterations. The approval by CEO provided above shall not constitute a representation or warranty as to such conformity or compliance, but responsibility therefore shall at all times remain in Concessionaire.

7.10 Other Permits. Concessionaire, at its sole cost and expense, shall also procure all building, fire, safety and other permits necessary for the construction of the structural and other improvements, installation of the equipment and the interior design and decor.

7.11 Workers' Compensation. Prior to commencement of any such construction, Concessionaire shall first submit to City a certificate of insurance evidencing the fact that Concessionaire maintains workers' compensation and employers liability coverage in the amounts and form required by the Workers' Compensation Act and insurance Laws of the State of California. Such certificate shall include a Waiver of Subrogation naming and for the benefit of the City of Los Angeles and City Agents. Such certificate shall contain the applicable policy number and the inclusive date for same, shall bear an original signature of an authorized representative of the insurance carrier and shall also provide thereon that the insurance shall not be subject to cancellation except after notice by registered mail to the City Attorney of the City of Los Angeles at least thirty (30) days prior to the date of cancellation.

7.12 Improvement Payment and Performance Bond. Within thirty (30) days after award of this Agreement and in connection with any Alterations contemplated by Section 7.8 above, Concessionaire shall furnish, at its sole cost and expense, an Improvement Payment and Performance Bond in the principal sum of the amount of the work of improvement proposed by Concessionaire, or alternative security deposit for said amount acceptable to CEO, to guarantee compliance with this Section and comply with the provisions of Sections 3235 to 3241 of the Civil Code of the State of California by filing the original contract and any modifications thereto in the office of the Los Angeles County Recorder, together with the bond specified therein, and a conformed copy of such bond, filed for record as aforesaid, shall be furnished by Concessionaire to City. This Improvement Payment and Performance Bond shall be in substantially the same form as that of Exhibit H attached hereto, be issued by a surety company approved by CEO, and authorized and licensed to transact business in the State of California and be for the full amount stated above with the City of Los Angeles, Department of Airports, as obligee conditioned upon full, faithful and satisfactory payment and performance by Concessionaire of its obligations to construct and install the aforementioned improvements.

7.13 Telecommunications Facilities.

7.13.1 Concessionaire and its Telecommunications Service Providers (as defined herein) shall not install Telecommunication Facilities (as defined herein) in Common Areas, shared space, or other respective non-leasehold areas of the Airport, or in currently designated or future primary or secondary minimum-points-of-entry, without

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

prior written approval of CEO [LAWA Information Technology Division] and any approval required as part of City's construction approval process. For purposes of this Agreement, "**Telecommunication Facilities**" shall mean and include the installation, operation, and provisioning of telecommunications circuits, conduit, cabling, antennas, equipment, infrastructure and service connections thereto; and "**Telecommunication Service Providers**" shall mean and include cable and equipment installation contractors, system operators, and any entity which provides telecommunication services, such as Sprint, Verizon, AT&T, government entities, or other tenants. Prior to any installation or servicing of any Telecommunication Facilities, Concessionaire shall submit to CEO for approval documentation of each Telecommunication Facility and the infrastructure proposed to be used (collectively, "**Telecom Documentation**"), which Telecom Documentation shall include, but not be limited to, plans and drawings with specific routing detail, conduit types and sizes, access junction boxes, cable descriptions (type, quantity, size) per route segment, telecommunication rooms and closets used, termination block labeling, and cable pair assignments for each cable segment, and a schedule with the times and locations that require access in connection with such installation or servicing.

7.13.2 Concessionaire agrees that all installation, construction and maintenance of such Telecommunications Facilities shall be performed in a neat, responsible, and workmanlike manner, using generally acceptable construction standards, consistent with such requirements imposed by City as part of City's construction approval process (including, without limitation, labeling requirements); and that City may require its contractors or personnel to observe such installation or servicing to assure compliance with this Agreement. In such event, Concessionaire shall pay to City as Additional Rent hereunder, the cost or imputed cost of such observation and compliance monitoring. All such Telecommunications Facilities and services shall comply with FCC licensing regulations, with City of Los Angeles building codes, and with all other applicable Laws. Concessionaire is required to comply with City's policies and procedures regarding Telecommunications Facilities and services, as announced from time to time. Within one week of any installation or servicing of any Telecommunications Facilities, Concessionaire shall submit to City [with a copy to LAWA Information Technology Division] three (3) copies of "as-built" Telecom Documentation.

7.13.3 Concessionaire shall not allow the use of, and shall not sell, lease, sublet, or trade, Telecommunication Facilities or services to other Airport entities without prior written approval of CEO. Concessionaire shall not use, and shall not purchase, lease, sublet or trade for, Telecommunication Facilities or services from other Airport entities without prior written approval of CEO.

7.13.4 Concessionaire agrees that the Telecommunications Facilities, and the installation, maintenance and operation thereof shall in no way interfere with Airport operations, or the operation of Telecommunications Facilities of City or any other tenants or occupants of the Airport. If such interference shall occur, City shall give Concessionaire written notice thereof and Concessionaire shall correct the same within twenty-four (24) hours of receipt of such notice. City reserves the right to disconnect Concessionaire's Telecommunications Facilities if Concessionaire fails to correct such interference within twenty-four (24) hours after such notice.

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

7.13.5 City makes no warranty or representation that the Airport or any portions thereof are suitable for the use of Telecommunications Facilities, it being assumed that Concessionaire has satisfied itself thereof.

7.13.6 Concessionaire shall protect, defend, indemnify and hold harmless City and City Agents from and against Claims incurred by or asserted against City or any City Agent arising out of Concessionaire's installation, maintenance, replacement, use or removal of Concessionaire's Telecommunications Facilities.

7.13.7 Concessionaire shall remove any Telecommunications Facilities installed by Concessionaire at Concessionaire's sole cost and expense upon the expiration or early termination of this Agreement.

7.13.8 In the event Concessionaire shall fail to comply with any of the requirements contained in this Section 7.13, City may take such actions as may be necessary to remedy such failure and all costs and expenses incurred by City shall be due and payable within fifteen (15) days of City's request therefore. If Concessionaire does not remove the Telecommunications Facilities and repair any damage resulting therefrom on or before the end of such fifteen (15) day period, City shall have the right to remove such Telecommunications Facilities and repair any damage to the Terminal at Concessionaire's sole cost and expense, plus the Administrative Fee; *provided, however,* that if Concessionaire does not deliver to City the total cost and expense of removal and repair within fifteen (15) days of City's request thereof, Concessionaire shall be deemed to be in Default under Section 11 of this Agreement and City shall be entitled to exercise all of its rights and remedies set forth in this Agreement. All cost and expense incurred by City to remove the Telecommunications Facilities and to repair any damage to the Premises or the Terminal, plus the Administrative Fee, shall be deemed Additional Rent under this Agreement.

7.14 Deliveries upon Completion. Within ninety (90) days of completion of the Initial Improvements, any Minimum Refurbishment and any Alterations contemplated by Section 7.8 above, Concessionaire shall furnish to City, at no charge: (a) a certificate from the architect(s) certifying that such improvements have been constructed in accordance with the approved plans and specifications and in strict compliance with all Laws; (b) three (3) complete sets of "record" drawings, and one complete set in Computer Aided Design (CAD) format which complies with the then current LAWA CAD standards (these drawings must include any applicable permit numbers, the structural and other improvements installed by Concessionaire in the Premises, and the location and details of installation of all equipment, utility lines, heating, ventilating, and air-conditioning ducts and related matters); (c) duplicated receipted invoices on all materials and labor costs incurred; and (d) executed unconditional mechanics' lien releases from those parties performing labor, materials or supplies in connection with such Initial Improvements, any Minimum Refurbishment or any Alterations, which releases shall comply with the appropriate provisions, as reasonably determined by City, of the California Civil Code. Concessionaire shall keep such as-built drawings current by updating the same in order to reflect thereon any changes or modifications which may be made in or to any Unit. Within ten (10) days after completion of the Initial Improvements in any Unit, any Minimum Refurbishment and any Alterations contemplated by Section 7.8 above, Concessionaire shall cause a Notice of Completion to be recorded in the office of the Los Angeles County Recorder in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

City upon such recordation. If Concessionaire fails to do so, City may execute and file the same on behalf of Concessionaire as Concessionaire's agent for such purpose, at Concessionaire's sole cost and expense.

7.14.1 Book Value Defined. Subject to the limitation and conditions set forth in Section 7.14 above, the term "Book Value" shall mean the following amounts described below in this Section 7.14.1:

(a) Initial Qualified Investment Amount. An amount equal to the actual costs incurred by Concessionaire for the design and construction of the Initial Qualified Investment Amount, as verified and approved by the CEO.

(b) Concessionaire's Minimum Refurbishment. An amount equal to the actual costs incurred by Concessionaire for the design and construction of Concessionaire's Minimum Refurbishment, as verified and approved by the CEO.

(c) Other Alterations. For any other Alterations by Concessionaire approved by the CEO in his/her sole discretion, an amount equal to the actual costs incurred by Concessionaire for the design and construction thereof, as verified and approved by the CEO.

7.15 No Liens. Concessionaire shall pay when due all claims for labor or materials furnished or alleged to have been furnished to or for Concessionaire at, on, or for use in the Premises or any portion thereof. Concessionaire shall keep the Premises, the Terminal(s) and the Airport, and any interest therein, free and clear of all mechanics' liens and all other liens from any work undertaken by or on behalf of Concessionaire or any Concessionaire Party. Concessionaire shall give City immediate written notice of any lien filed against the Premises, the Airport or any interest therein related to or arising from work performed by or for Concessionaire or any Concessionaire Party. Additionally, Concessionaire shall keep any City-owned improvements on the Premises free and clear of any liens or other encumbrances. By way of specification without limitation, Concessionaire shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by or for Concessionaire and Concessionaire shall indemnify, defend, protect, and hold the Premises, the Airport, City and City Agents harmless against any liens and encumbrances and all Claims arising from any work performed by or on behalf of Concessionaire or any Concessionaire Party and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against Concessionaire, City, the Airport, or the Premises. In the event that Concessionaire does not, within thirty (30) calendar days following the imposition of any such lien, cause such lien to be released of record by payment or posting of a bond in form and amount satisfactory to CEO in its good faith business judgment, City shall have in addition to all other remedies provided herein and by law, the right, but not the obligation to cause, upon ten (10) business days prior written notice to Concessionaire, the same to be released by such means as it shall deem proper, including payment in satisfaction of any Claim giving rise to such lien. All such sums paid by City and all expenses incurred by it in connection therewith (including, without limitation, attorneys' fees (including, without limitation, the imputed fees of City Attorneys)), plus the Administrative Fee, shall be payable to City by Concessionaire as Additional Rent within fifteen (15) days after written demand therefore. Concessionaire shall give City not less than ten (10) days' prior written notice of the commencement of the Initial Improvements or any subsequent improvements in the Premises, and City shall have the right to post notices of non-responsibility in or upon the Premises

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

as provided by law. In addition, City shall have the right to require that Concessionaire pay City's attorneys' fees and disbursements (including, without limitation, the imputed fees of City Attorneys), court costs and other costs in defending any such action if City is named as a party to any such action, the lien encumbers any portion or interest in the Airport or if City elects to defend any such action or lie. Nothing in this Section shall be construed to place any obligations upon Lessee with respect to liens, loans, or mortgages placed upon the Demised Premises by City, its Department of Airports, its Board, City officers, agents, or employees.

7.16 Ownership of Improvements. Concessionaire shall have the rights to the ownership of the improvements, installed as part of this Agreement, subject to the conditions provided in this Section 7.16.

7.16.1 Installation Costs. All of the foregoing improvements, decor and equipment shall be furnished, supplied, installed and constructed by Concessionaire at Concessionaire's sole cost and expense.

7.16.2 Ownership During Term. Any Federal investment tax credit applicable to the Initial Improvements, or improvements installed as part of the Minimum Refurbishment shall belong to Concessionaire. Title to all furniture, furnishings, removable fixtures and supplies shall remain in Concessionaire. Prior to the commencement of operations, and annually thereafter, Concessionaire shall furnish to City an inventory of all furniture, furnishings and removable fixtures it has placed in the Premises.

7.16.3 Ownership Upon Termination. If Concessionaire's occupancy of any Unit is terminated, City shall have rights to the ownership of the improvements and, if and only if the termination is pursuant to Section 9.1.1 herein, City shall reimburse Concessionaire for the undepreciated Net Book Value of the Initial Improvements and the improvements constructed as part of the Minimum Refurbishment (which improvements cannot be removed without doing structural damage) based upon a 10-year straight-line depreciation, with no residual value, provided (a) Concessionaire has obtained all necessary approvals for their construction, (b) Concessionaire has reported each improvement, its costs, and the date upon which its depreciation began, (c) that architectural and design costs do not exceed fifteen percent (15%) of the cost of the improvements, (d) all said costs are properly supported and made available for audit, and (e) the deliveries required under Section 7.14 have been timely provided to City. All said costs must be direct costs paid by Concessionaire to independent contractors and suppliers for work actually performed on the Premises, materials furnished or professional services rendered. Costs associated with Concessionaire's employees shall not be included in the calculation of these costs. To become reimbursable Concessionaire shall at Concessionaire's expense provide City the deliveries required under Section 7.14 above. The straight line depreciation shall begin on the first day of the month in which the improvement was placed in service. CEO may require Concessionaire to remove any or all of its removable improvements. Title to all improvements for which Concessionaire is reimbursed or which have been depreciated shall thereupon vest in City.

7.16.4 Credit for Improvements. In lieu of any obligation to reimburse Concessionaire with respect to the undepreciated Net Book Value as set forth in Section 7.16.3 above, City, at the sole option of CEO, may elect to grant Concessionaire a credit

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

against amounts payable to City hereunder equal to the then undepreciated portion of Concessionaire's fully-paid cost of any given improvement. City shall not have any right to purchase any equipment, personal property, trademark, proprietary item or identifying characteristic of Concessionaire without the written consent of Concessionaire. Concessionaire agrees to repair any damage to the Premises caused by the removal of any of the above said items by Concessionaire. Concessionaire shall not be entitled to depreciate the cost of said improvement, and title thereto shall vest in City upon Concessionaire's use of said credit.

VIII MAINTENANCE AND REPAIR.

8.1 Maintenance and Repair. Concessionaire acknowledges and agrees that, except to the extent expressly set forth to the contrary in this Section 8, City shall have no duty to maintain, repair or replace any Unit, or the improvements located therein and thereon. Concessionaire shall, at all times and at its expense, keep and maintain each Unit, including the exterior façade of each Unit separating such Unit from the Common Areas of the Terminal (including the external face thereof, all windows, doors and display areas, and all finishes thereon), all mechanical room equipment such as, but not limited to, heat exchangers, fans, controls and electric panels, and all of the structural and other improvements installed at each Unit together with all of its fixtures, equipment and personal property therein, in good repair and in a clean and orderly condition and appearance and shall keep the areas immediately adjacent to the exits and entrances of each Unit clean and orderly and free of obstructions. Concessionaire shall keep a record of all maintenance and repair actions undertaken with respect to each Unit during the Term of this Agreement, including the nature of such matter requiring maintenance and repair, the date such matter was first observed, the maintenance and repair action undertaken in response, the date such maintenance and repair action was undertaken, the cost of such maintenance and repair action, any receipts and invoices or contracts for costs and expenses incurred in connection with such maintenance and repair action, evidence of payments made in connection therewith, and any warranties or guarantees obtained in connection with the performance of such maintenance and repair action, and pictures of the matter requiring maintenance and repair and the completed maintenance of repair, and any other information relating thereto that CEO may request from time to time (collectively, "**Concessionaire's Maintenance Records**"). Upon any request of CEO and annually, in connection with the delivery of annual reports under Section 4.7.5, Concessionaire shall deliver to City an annual maintenance report with a copy of Concessionaire's Maintenance Records for the year just ended.

8.2 Maintenance Program. Concessionaire shall maintain day-one appearance every day and maintain and repair all interior areas and surfaces of the Units, including sweeping, washing, servicing, repairing, replacing, cleaning and interior painting that may be required to properly maintain each Unit in a safe, clean, wholesome, sanitary, orderly and attractive condition. Concessionaire shall establish an adequate preventive maintenance program and the provisions of same shall be subject to periodic review by CEO. Said program shall include, without limitation, the cleaning of inside windows and exterior display windows, doors inside and outside and the cleaning and repair of all floors, interior walls, ceilings, lighting, signs, decor and equipment. Regardless of Concessionaire's compliance with its preventive maintenance program, Concessionaire shall clean such surfaces and equipment immediately upon being instructed to do so by City or by other governmental agencies having such authority. In addition, Concessionaire shall participate in and cooperate with City in connection with any maintenance performance

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

monitoring and quality assurance program implemented by City, and shall promptly correct any deficiencies noted in connection therewith. Concessionaire shall cooperate with any on-site inspections of applicable governmental agencies charges with inspection of the Premises and shall promptly deliver any inspection reports, notices or citations received from such agencies to City.

Section 8.2.1 Kitchen Exhaust Systems. To the extent specified in Concessionaire's plan for the Initial Improvements or in connection with any Alterations (or any approval by City in connection therewith), Concessionaire shall provide and maintain kitchen exhaust systems, including roofing hoods, ducts and fans used in connection with any kitchen operations, whether located in or outside of the Premises. Concessionaire shall prepare and deliver to City, and shall implement and maintain, a preventative maintenance and cleaning program so that such kitchen exhaust systems are maintained using best management practices in good condition so as to meet the highest standard of cleanliness and health. To the extent cleaning is performed by a third party contractor, Concessionaire shall provide City with a copy of its cleaning contract for the exhaust system prior to opening for business and thereafter as requested by City. Concessionaire shall do whatever is necessary in order to properly maintain such kitchen exhaust system. The entire exhaust system should be inspected by a properly trained, qualified, and certified company or person quarterly. After inspection, if components are found to be contaminated with deposits from grease laden vapors, the entire exhaust system (hoods, grease removal devices, fans, ducts, and other included appurtenances) should be cleaned by a properly trained, qualified and certified company or person. The cleaning should be to bare metal using mechanical means (scraping, washing, steam cleaning, etc.) and not coated with chemicals or powder. A certificate of service should be provided by any contracted service.

8.3 Maintenance of Plumbing. Concessionaire shall be responsible for the maintenance, repair and replacement of all plumbing, piping and drains within each Unit. Concessionaire is responsible for all material that is deposited in the plumbing system from each Unit and, if applicable, for cleaning the grease traps within any Unit. Concessionaire is responsible for the maintenance, repair and replacement of all sewer lines from each Unit to the point that the line connects to a Department of Airports main sewer line. Concessionaire is responsible for the repair and maintenance of all domestic water lines, hot and cold, from the point of connection of the Department of Airports water meter throughout each Unit. If Concessionaire fails to maintain the plumbing, piping and drain system or places liquid, grease, debris, and other materials that contribute to stoppage or damage to the Airport's plumbing, Concessionaire will be billed for the cost thereof, plus the Administrative Fee, to be paid by Concessionaire to City within fifteen (15) days of written demand.

Section 8.3.1 Garbage Disposal; Grease Traps. To the extent specified in Concessionaire's plan for the Initial Improvements or in connection with any Alterations (or any approval by City in connection therewith) or as otherwise required by Applicable Laws, Concessionaire shall provide and maintain an industrial garbage disposal at each Unit. To the extent specified in Concessionaire's plan for the Initial Improvements or in connection with any Alterations (or any approval by City in connection therewith), Concessionaire shall install and maintain a grease trap at each Unit, the type and manner of installation of such grease traps being in compliance with best management practices and meeting the requirements set forth in such approval. Concessionaire shall prepare and

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

deliver to City a cleaning and preventative maintenance program, and shall retain and make available for City inspection receipts showing all oil/grease products purchased and all grease removed. To the extent that grease traps are present in the Premises, Concessionaire shall install and maintain, and regularly clean and empty, all grease traps in the Premises and dispose of the contents thereof in compliance with all applicable Laws, and, if required, Concessionaire will use its own EPA identification number and list itself as the owner on the Uniform Hazardous Waste Manifest or other Profile sheets if any need to be filled out in order for Concessionaire to comply with its obligations under this sentence. Upon the expiration or earlier termination of this Agreement, CEO shall have the right, at CEO's sole option, to require Concessionaire to remove any or all grease traps at Concessionaire's sole cost and expense, and in compliance with all Laws. Without limitation of any of the foregoing, Concessionaire shall do whatever is necessary in order to maintain properly the grease interceptor and prevent, at all times, any overflow or discharge of grease at the surface of the grease interceptor manhole. The grease interceptor and all plumbing pipes shall be rooted and cleaned regularly and as often as necessary to prevent clogging or discharge. In the event of any such overflow or discharge, Concessionaire shall be responsible for all costs of cleanup of the overflow or discharge, including all costs of removing grease, and repair, restoration or replacement of property damaged by such overflow or discharge.

8.4 City May Repair. In the event Concessionaire fails to accomplish any such nonstructural repairs, replacements, rebuilding, redecorating or painting required hereunder (including any preventative maintenance or emergency repairs) within a period of ten (10) days after written notice from CEO so to do, or fails to diligently repair, replace, rebuild, redecorate or paint all portions of each Unit required to be repaired, replaced, rebuilt, redecorated or painted by Concessionaire pursuant to its approved maintenance schedule, City shall have the right (but not the obligation), at its option, and in addition to all other remedies which may be available to it, to repair, replace, rebuild, redecorate or paint any such portion of any Unit included in said notice, and the cost thereof, plus the Administrative Fee, shall be paid by Concessionaire to City as Additional Rent within fifteen (15) days of written demand. Notwithstanding anything to the contrary contained in this Agreement, the performance of such maintenance, repair or replacement by City on Concessionaire's behalf shall in no event be construed as a waiver of Concessionaire's maintain, repair and replacement obligations under this Agreement.

8.5 Right to Enter Premises. City shall have the right to enter upon the Premises at all reasonable times to make such repairs, alterations and replacements as may, in the opinion of CEO, be deemed necessary or advisable and, from time to time, to construct or install over, in, under or through the Premises new lines, pipes, mains, wires, conduits and equipment; *provided, however,* that City shall use commercially reasonable efforts to minimize the unreasonable interference caused by such repair, alteration, replacement or construction with the use of the Premises by Concessionaire; and *provided, further,* that nothing herein shall be construed as relieving Concessionaire of any obligation imposed upon it herein to maintain the Premises and the improvements and utility facilities therein. City shall have the right to enter the Premises at any time to maintain or repair emergency systems when loss of life or damage to property may potentially result.

8.6 City Maintains Central Air Conditioning. City shall maintain that portion of the HVAC system that serves the Premises but that is located outside of the Premises if said system

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

operates as part of a central terminal or building system maintained by City. Concessionaire shall reimburse City for its costs thereof, including overhead and administration in accordance with Section 4.3 above.

8.7 City May Maintain Utilities. City shall have the right, but not the obligation or responsibility, for the benefit of Concessionaire or for the benefit of others at Airport, to maintain existing and future utility systems or portions thereof on the Premises, including therein, without limitation thereto, systems for the supply of heat and electricity and for the furnishing of fire alarm, fire protection, sprinkler, air conditioning, telephone, telegraph, teleregister and intercommunication services, including lines, pipes, mains, wires, conduits and equipment connected without appurtenant to all such systems. Concessionaire shall reimburse City for its pro-rata share of costs of such maintenance, including overhead and administration in accordance with Section 4.3 above. Within each Terminal, Concessionaire's pro-rata share shall be based on the ratio of the square footage of the Premises in the Terminal to the square footage of all Premises in the Terminal using said utilities, or on some other reasonable and appropriate methodology or basis.

8.8 Pest Control. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1): Concessionaire shall be solely responsible for a pest-free environment within the Premises by maintaining its own pest control services, in accordance with the most modern and effective control procedures. All materials used in pest control shall conform to applicable Laws. All control substances utilized shall be used with all precautions to obviate the possibility of accidents to humans, domestic animals and pets. Pests referenced above include, but are not limited to, cockroaches, ants, rodents, silverfish, earwigs, spiders, weevils and crickets. Whenever City deems that pest control services must be provided to a building or area that includes Concessionaire's Premises under this Agreement, Concessionaire shall pay for the costs of services provided for the Premises under this Agreement.

8.9 Evidence of Payment. In any suit, action or proceeding of any kind between the parties hereto, any receipt showing the payment of any sum(s) by City for any work done or material furnished shall be prima facie evidence against Concessionaire that the amount of such payment was necessary and reasonable. Should CEO elect to use City operating and maintenance staff in making any repairs, replacements or alterations and to charge Concessionaire with the cost of same, any timesheet of any employee of City showing hours of labor or work allocated to any such repair, replacement or alteration, or any stock requisition of City showing the issuance of materials for use in the performance thereof, shall be prima facie evidence against Concessionaire that the amount of such charge was necessary and reasonable.

IX REDUCTION, RELOCATION OR EXPANSION.

9.1 Reduction or Relocation of Premises. CEO may require Concessionaire to surrender or reconfigure any portion of the Premises or to relocate any Unit to a new Unit at any time. CEO, at his/her sole discretion, will attempt to provide substitute space of equal size, with equal frontage in an area accessible to the public. Concessionaire may decline substitute space if it is not of equal size, configuration and exposure to enplaning passenger. In the event Concessionaire declines substitute space, CEO shall approve, within his or her authority, a reduction of the MMG for said unit equal to the amount stated in the Basic Information section of this Agreement, or a proportionate reduction based upon square footage, if only a portion of the Unit square footage is removed. Improvements made by Concessionaire to any Unit or any new

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

Unit as a result of a reduction or relocation shall be subject to the buy-out provisions of this Agreement, the same as if they were made within an original Unit hereof. Any costs incurred by Concessionaire in connection with a relocation under this Section shall be borne by Concessionaire.

9.1.1 Buy-out. In the event that (a) Concessionaire is required to surrender in whole or relocate any Unit within the Premises (other than as required under Section XI, or as a result of a Default by Concessionaire), or (b) City, for any reason, decides to terminate or suspend the scope of work, or any part thereof, or Concessionaire's services, or any part thereof (in which event City may: (1) require Concessionaire to terminate or suspend the performance of all, or a portion, of its services or (2) terminate this Agreement, or any part thereof, upon giving Concessionaire a ten (10) day written notice prior to the effective date of such termination which date shall be specified in such notice), then City will reimburse Concessionaire for the then-undepreciated Net Book Value of the Actual Initial Qualified Investment Amount or improvements installed as part of the Minimum Refurbishment (which improvements which cannot be removed without doing structural damage) with respect to such surrendered Unit based upon a 12-year straight-line depreciation, with no residual value, provided (i) Concessionaire has obtained all necessary approvals for their construction, (ii) Concessionaire has reported each improvement, its costs, and the date upon which its depreciation began, (iii) that architectural and design costs do not exceed twenty percent (20%) of the cost of the improvements, (iv) all said costs are properly supported and made available for audit, and (v) the deliveries required under Section 7.14 have been timely provided to City. All said costs must be direct costs paid by Concessionaire to independent contractors, and suppliers for work actually performed on said Unit, materials furnished or professional services rendered. Costs associated with Concessionaire's employees shall not be included in the calculation of these costs. To become reimbursable Concessionaire shall have, at its expense, timely provided City with the deliveries required under Section 7.14. The straight line depreciation shall begin on the first day of the month in which the improvement was placed in service. The report shall be delivered to CEO. CEO may require Concessionaire to remove any or all of its removable improvements.

9.2 Expansion of Premises. If, during the Term of this Agreement, the City finds that arrangements that warrant additional food & beverage facilities are required for the good of the traveling public, the City, upon approval of the Board, may negotiate for the operation of said facilities. Only concessionaires with existing food & beverage operations in the terminal where the planned facility will be located will be invited to participate in the competitive solicitation process. Following the competitive solicitation process, LAWA will select a concessionaire deemed most qualified to operate the planned concept. If Concessionaire is selected and City and Concessionaire have not entered into an agreement within one month of City's notice that such potential unit location is available, City may offer said concession rights to other concessionaires. Improvements made by Concessionaire as a result of said expansion shall be subject to the buy-out provisions of section 9.1.1, the same as if they were made within an original premises hereof. Net Book Value protection will extend to the undepreciated value of any additional new facilities required. Requirements for approval and reporting will be the same as for initial facilities and the depreciation schedule shall be the same provided that such facilities are not temporary.

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

X AIRPORT CONSTRUCTION; AIRPORT OPERATIONS.

10.1 Airport Construction; Airport Operations. City reserves the right to further develop or improve the landing area of Airport or any other portion of the Airport, as it sees fit, regardless of the desires or view of Concessionaire, and without interference or hindrance. Concessionaire recognizes and agrees that City, from time to time during the term of this Agreement, may construct, cause to be constructed, or permit construction, of City-approved improvements of various sizes and complexity. Concessionaire further recognizes that such construction and other security related restrictions may restrict access to and may interfere with the quiet enjoyment of the Premises and the amount of revenue generated from the Premises. Concessionaire agrees that City shall not be liable for losses or damages arising from disruptions caused by City-approved construction or other restrictions affecting access to the Premises, and hereby waives any Claims against City and City Agents arising therefrom. City shall endeavor to use commercially reasonable efforts keep Concessionaire informed of construction plans that may materially and adversely impact the operations at the Premises.

10.2 No Right to a Temporary Premises. Temporary disruptions to Concessionaire's operations, including restricted access to Terminals during any construction or security alert, shall not entitle Concessionaire to a temporary location elsewhere or to any Rent abatement or credit, or any other compensation.

XI TERMINATION/CANCELLATION.

11.1 Defaults. The occurrence of any one of the following events shall constitute a default on the part of Concessionaire ("**Default**"):

11.1.1 Abandonment; Vacation. The vacation or abandonment of any Unit by Concessionaire for a period of five (5) consecutive days or any vacation or abandonment of any Unit by Concessionaire which would cause any insurance policy to be invalidated or otherwise lapse in each of the foregoing cases irrespective of whether or not Concessionaire is then in monetary default under this Agreement. Concessionaire agrees to notice and service of notice as provided for in this Agreement and waives any right to any other or further notice or service of notice which Concessionaire may have under any statute or law now or hereafter in effect;

11.1.2 Failure to Pay Rent. Failure to pay any installment of Rent or any other monies due and payable hereunder, said failure continuing for a period of three (3) days after the same is due;

11.1.3 Assignment for Creditors. A general assignment by Concessionaire or any guarantor or surety of Concessionaire's obligations hereunder (collectively, "**Guarantor**") for the benefit of creditors;

11.1.4 Filing of Bankruptcy Petition. The filing of a voluntary petition in bankruptcy by Concessionaire or any Guarantor, the filing by Concessionaire or any Guarantor of a voluntary petition for an arrangement, the filing by or against Concessionaire or any Guarantor of a petition, voluntary or involuntary, for reorganization, or the filing of an involuntary petition by the creditors of Concessionaire or any Guarantor, said involuntary petition remaining undischarged for a period of thirty (30) days;

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

11.1.5 Attachment. Receivership, attachment, or other judicial seizure of substantially all of Concessionaire's assets at any Unit, such attachment or other seizure remaining undismissed or undischarged for a period of thirty (30) days after the levy thereof;

11.1.6 Death; Dissolution. Death or disability of Concessionaire or any Guarantor, if Concessionaire or such Guarantor is a natural person, or the failure by Concessionaire or any Guarantor to maintain its legal existence, if Concessionaire or such Guarantor is a corporation, partnership, limited liability company, trust or other legal entity;

11.1.7 Failure to Deliver Ancillary Documents. Failure of Concessionaire to execute and deliver to City any estoppel certificate, subordination agreement, report (including, without limitation, reports required under Section 4.7), financial statement or other document required under this Agreement within the time periods and in the manner provided hereunder (or if no time period is provided, within three (3) days after receipt of written notice from City of delinquency);

11.1.8 Incomplete Records. Concessionaire fails to maintain adequate books and records and accounts reflecting its business as required hereunder (including without limitation, books and records and information regarding Gross Revenues, and the costs of construction for the Initial Improvements or the Minimum Refurbishment);

11.1.9 Transfers. An assignment or sublease, or attempted assignment or sublease, of this Agreement or any Unit by Concessionaire contrary to the provision of Section 14 without the prior written consent of City as required hereunder;

11.1.10 Faithful Performance Guarantee. Failure of Concessionaire to provide and maintain the Faithful Performance Guarantee as required under this Agreement for a period of five (5) days after written notice;

11.1.11 Other Defaults. A default under any other agreement with City beyond any applicable notice and cure period under such agreement;

11.1.12 General Non-Monetary Breaches. Failure in the performance of any of Concessionaire's covenants, agreements or obligations hereunder (except those failures specified as events of Default in Sections 11.1.1, 11.1.2, 11.1.4, 11.1.5, 11.1.7, 11.1.10, 11.1.13, 11.1.15 or 11.1.16 herein or any other subsections of this Section 11, which shall be governed by the notice and cure periods set forth in such other subsections), which failure continues for thirty (30) days after written notice thereof from City to Concessionaire, provided that, if Concessionaire has commenced such cure within ten (10) days after written notice, and has exercised reasonable diligence to cure such failure and such failure cannot be cured within such thirty (30) day period despite reasonable diligence, Concessionaire shall not be in default under this Section 11.1.12 so long as Concessionaire thereafter diligently and continuously prosecutes the cure without interruption to completion and actually completes such cure within sixty (60) days after the giving of the aforesaid written notice;

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

11.1.13 Chronic Delinquency. Chronic delinquency by Concessionaire in the payment of Rent, or any other periodic payments required to be paid by Concessionaire under this Agreement. "**Chronic delinquency**" shall mean failure by Concessionaire to pay Rent, or any other payments required to be paid by Concessionaire under this Agreement within five (5) days after the date due for any consecutive or nonconsecutive three (3) months during any period of twelve (12) months, failure by Concessionaire to perform its obligations under this Agreement for any three (3) consecutive or nonconsecutive incidents during any period of twelve (12) months as determined in the sole discretion of the CEO;

11.1.14 Termination of Insurance. Any insurance required to be maintained by Concessionaire pursuant to this Agreement shall be canceled or terminated or shall expire or be reduced or materially changed, except as permitted in this Agreement;

11.1.15 Liens. Any failure by Concessionaire to discharge any lien or encumbrance placed on the Premises, the Airport or any part thereof in violation of this Agreement within thirty (30) days after the date such lien or encumbrance is filed or recorded against the Premises, the Airport or any part thereof;

11.1.16 Revocation of Licenses. An act occurs which results in the suspension or revocation of the rights, powers, licenses, permits and authorities necessary for the conduct and operation of the business authorized herein for a period of more than thirty (30) days;

11.1.17 Adverse Operation. Service ceases or deteriorates for any period which, in the opinion of CEO, materially and adversely affects the operation of service required to be performed by Concessionaire under this Agreement;

11.1.18 Hazardous Materials. Any failure by Concessionaire to immediately remove, abate or remedy any Hazardous Materials located in, on or about the Premises or the Airport in connection with any failure by Concessionaire to comply with Concessionaire's obligations under Section 15; and

11.1.19 False Representations. Any representation of Concessionaire herein, in the Concessionaire Proposal or in any financial statement or other materials provided by Concessionaire or any guarantor of Concessionaire's obligations under this Agreement shall prove to be untrue or inaccurate in any material respect, or any such financial statements or other materials shall have omitted any material fact.

Concessionaire agrees that any notice given by City pursuant to this Section 11 shall satisfy the requirements for notice under California Code of Civil Procedure Section 1161, and City shall not be required to give any additional notice in order to be entitled to commence an unlawful detainer proceeding.

11.2 City's Remedies.

11.2.1 Termination. In the event of any Default by Concessionaire, then in addition to any other remedies available to City at law or in equity and under this Agreement, City may terminate this Agreement immediately and all rights of

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

Concessionaire hereunder by giving written notice to Concessionaire of such intention to terminate. If City shall elect to so terminate this Agreement, then City may recover from Concessionaire:

1. the worth at the time of award of any unpaid Rent and any other sums due and payable which have been earned at the time of such termination; plus

2. the worth at the time of award of the amount by which the unpaid Rent and any other sums due and payable which would have been earned after termination until the time of award exceeds the amount of such rental loss Concessionaire proves could have been reasonably avoided; plus

3. the worth at the time of award of the amount by which the unpaid Rent and any other sums due and payable for the balance of the term of this Agreement after the time of award exceeds the amount of such rental loss that Concessionaire proves could be reasonably avoided; plus

4. any other amount necessary to compensate City for all the detriment proximately caused by Concessionaire's failure to perform its obligations under this Agreement or which in the ordinary course would be likely to result therefrom, including, without limitation, (A) any costs or expenses incurred by City (i) in retaking possession of the Premises; (ii) in maintaining, repairing, preserving, restoring, replacing, cleaning, altering, remodeling or rehabilitating the Premises or any affected portions of the Terminal or the Airport, including, without limitation, such actions undertaken in connection with the reletting or attempted reletting of the Premises to a new concessionaire or tenants; (iii) for brokerage commissions, advertising costs and other expenses of reletting the Premises; or (iv) in carrying the Premises, including, without limitation, taxes, insurance premiums, utilities and security precautions; (B) any unearned brokerage commissions paid in connection with this Agreement; (C) reimbursement of any previously waived or abated Base Rent or Additional Rent or any free rent or reduced rental rate granted hereunder; and (D) any concession made or paid by City for the benefit of Concessionaire including, without limitation, any moving allowances or contributions; plus

5. such reasonable attorneys' fees incurred by City as a result of a Default, and costs in the event suit is filed by City to enforce such remedy; and plus

6. at City's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable Laws.

As used in subsections (1) and (2) above, the "**worth at the time of award**" is computed by allowing interest at an annual rate equal to twelve percent (12%) per annum or the maximum rate permitted by law, whichever is less. As used in subsection (3) above, the "**worth at the time of award**" is computed by discounting such amount at the discount rate of Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%).

Concessionaire hereby waives for Concessionaire and for all those claiming under Concessionaire all right now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Concessionaire's right of occupancy of the Premises after any termination of this Agreement, specifically, Concessionaire waives redemption or relief from forfeiture under

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California Code of Civil Procedure Sections 1174 and 1179, or under any other pertinent present or future Laws, in the event Concessionaire is evicted or City takes possession of the Premises by reason of any Default of Concessionaire hereunder.

11.2.2 Continuation of Agreement. In the event of any Default by Concessionaire, then in addition to any other remedies available to City at law or in equity and under this Agreement, City shall have the remedy described in California Civil Code Section 1951.4, and the following provision from such Civil Code Section is hereby repeated: "The Lessor has the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if Lessee has right to sublet or assign, subject only to reasonable limitations)." In addition, City shall not be liable in any way whatsoever for its failure or refusal to relet the Premises. For purposes of this Section 11.2.2, the following acts by City will not constitute the termination of Concessionaire's right to possession of the Premises:

1. Acts of maintenance or preservation or efforts to relet the Premises, including, without limitation, alterations, remodeling, redecorating, repairs, replacements or painting as City shall consider advisable for the purpose of reletting the Premises or any part thereof, or

2. The appointment of a receiver upon the initiative of City to protect City's interest under this Agreement or in the Premises.

Even if Concessionaire has abandoned the Premises, this Agreement shall continue in effect for so long as City does not terminate Concessionaire's right to possession, and City may enforce all its rights and remedies under this Agreement, including, without limitation, the right to recover rent as it becomes due. Any such payments due City shall be made upon demand therefore from time to time and Concessionaire agrees that City may file suit to recover any sums falling due from time to time. Notwithstanding the exercise by City of its right under this Section to continue the Agreement without termination, City may do so without prejudice to its right at any time thereafter to terminate this Agreement in accordance with the other provisions contained in this Section.

11.2.3 Re-entry. In the event of any Default by Concessionaire, City shall also have the right, with or without terminating this Agreement, in compliance with applicable law, to re-enter the Premises, by force if necessary, and remove all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Concessionaire.

11.2.4 Reletting. In the event of the abandonment of the Premises by Concessionaire or in the event that City shall elect to re-enter as provided in Section 11.2.3 or shall take possession of the Premises pursuant to legal proceeding or pursuant to any notice provided by law, then if City does not elect to terminate this Agreement as provided in Section 11.2.1, City may from time to time, without terminating this Agreement, relet the Premises or any part thereof for such term or terms and at such rental or rentals and upon such other terms and conditions as City in its sole discretion may deem advisable with the right to make alterations and repairs to the Premises in City's sole discretion. In the event that City shall elect to so relet, then rentals received by City from such reletting

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

shall be applied in the following order: (a) to reasonable attorneys' fees incurred by City as a result of a Default and costs in the event suit is filed by City to enforce such remedies; (b) to the payment of any indebtedness other than Rent due hereunder from Concessionaire to City; (c) to the payment of any costs of such reletting; (d) to the payment of the costs of any alterations and repairs to the Premises; (e) to the payment of Rent due and unpaid hereunder; and (f) the residue, if any, shall be held by City and applied in payment of future Rent and other sums payable by Concessionaire hereunder as the same may become due and payable hereunder. Should that portion of such rentals received from such reletting during any month, which is applied to the payment of Rent hereunder, be less than the Rent payable during the month by Concessionaire hereunder, then Concessionaire shall pay such deficiency to City. Such deficiency shall be calculated and paid monthly. Concessionaire shall also pay to City, as soon as ascertained, any costs and expenses incurred by City in such reletting or in making such alterations and repairs not covered by the rentals received from such reletting.

11.2.5 Termination. No re-entry or taking of possession of the Premises by City pursuant to this Section 11.2 shall be construed as an election to terminate this Agreement unless a written notice of such intention is given to Concessionaire or unless the termination thereof is decreed by a court of competent jurisdiction. Notwithstanding any reletting without termination by City because of any Default by Concessionaire, City may at any time after such reletting elect to terminate this Agreement for any such Default.

11.2.6 Cumulative Remedies. The remedies herein provided are not exclusive and City shall have any and all other remedies provided herein or by law or in equity including, without limitation, any and all rights and remedies of City under California Civil Code Section 1951.8, California Code of Civil Procedure Section 1161 et seq., or any similar, successor or related provision of applicable Laws.

11.2.7 No Surrender. No act or conduct of City, whether consisting of the acceptance of the keys to the Premises, or otherwise, shall be deemed to be or constitute an acceptance of the surrender of the Premises by Concessionaire prior to the expiration of the Term, and such acceptance by City of surrender by Concessionaire shall only flow from and must be evidenced by a written acknowledgment of acceptance of surrender signed by City. The surrender of this Agreement by Concessionaire, voluntarily or otherwise, shall not work a merger unless City elects in writing that such merger take place, but shall operate as an assignment to City of any and all existing subleases, or City may, at its option, elect in writing to treat such surrender as a merger terminating Concessionaire's estate under this Agreement, and thereupon City may terminate any or all such subleases by notifying the sublessee of its election so to do within five (5) days after such surrender.

11.2.8 City's Lien. In addition to any statutory lien City has, Concessionaire hereby grants to City a continuing security interest for all sums of money becoming due hereunder upon personal property of Concessionaire situated on or about the Premises and such property will not be removed therefrom without the consent of City until all sums of money then due City have been first paid and discharged. If a default occurs under this Agreement, City will have, in addition to all other remedies provided herein or by law, all rights and remedies under the Uniform Commercial Code, including, without limitation, the right to sell the property described in this Section 11.2.8 at public or private

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

sale upon five (5) days' notice to Concessionaire. This contractual lien will be in addition to any statutory lien for rent.

11.2.9 Concessionaire's Waiver of Redemption. Concessionaire waives redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179, or under any other pertinent present or future Laws, in the event Concessionaire is evicted or City takes possession of the Premises by reason of any Default of Concessionaire hereunder.

11.3 Right to Remove Equipment. Subject to the provisions of Article VII and its subsections herein and Section 11.2.8, Concessionaire shall have the right to remove its equipment, supplies, furnishings, inventories, removable fixtures and other trade fixtures and personal property from the Premises. If Concessionaire fails to remove said property, said property shall be considered abandoned and City may dispose of same as it sees fit.

11.4 Surrender to be in Writing. No agreement of surrender or to accept a surrender shall be valid unless and until the same has been reduced to writing and signed by CEO and the duly authorized representatives of Concessionaire. Neither the doing nor omission of any act or thing by any of the officers, agents or employees of City shall be deemed an acceptance of a surrender of the Premises utilized by Concessionaire under this Agreement.

11.5 Additional Rights of City. City, upon termination or cancellation of this Agreement, or upon reentry, regaining or resumption of possession of the Premises, may occupy the Premises and shall have the right to permit any person, firm or corporation to enter upon the Premises and use the same. Such occupation by others may be of only a part of the Premises, or the whole thereof or a part thereof together with other space, and for a period of time the same as or different from the balance of the term remaining hereunder, and on terms and conditions the same as or different from those set forth in this Agreement. City shall also have the right to repair or to make such structural or other changes in the Premises as are necessary in its judgment to maintain the suitability thereof for uses and purposes similar to those granted under this Agreement without affecting, altering or diminishing the obligations of Concessionaire hereunder.

11.6 Acceptance Is Not a Waiver. No acceptance by City of the fees and charges for other payments specified herein, in whole or in part, and for any period or periods, after a default of any of the terms, covenants and conditions to be performed, kept or observed by Concessionaire, other than the default in the payment thereof, shall be deemed a waiver of any right on the part of City to cancel or terminate this Agreement on account of such default.

11.7 Waiver Is Not Continuous. No waiver by City at any time of any default on the part of Concessionaire in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by Concessionaire shall be or be construed to be a waiver at any time thereafter by City of any other or subsequent default in performance of any of said terms, covenants or conditions, and no notice by City shall be required to restore or revive time as of the essence hereof after waiver by City of default in one or more instances.

11.8 Waiver of Redemption and Damages. Concessionaire hereby waives any and all rights of redemption granted by or under any present or future law or statute in the event it is dispossessed for any cause, or in the event City obtains or retains possession of the Premises in any lawful manner. Concessionaire further agrees that in the event the manner of method

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

employed by City in reentering or regaining possession of the Premises gives rise to a cause of action in Concessionaire in forcible entry and detainer under the Laws of the State of California, the total amount of damages to which Concessionaire shall be entitled in any such action shall be the sum of One ($1) Dollar, and Concessionaire agrees that this provision may be filed in any such action as its stipulation fixing the amount of damages to which it is entitled.

11.9 Survival of Concessionaire's Obligations. In the event this Agreement is terminated or canceled by City, or in the event City reenters, regains or resumes possession of the Premises, all of the obligations of Concessionaire hereunder shall survive and shall remain in full force and effect for the full term of this Agreement, other than those obligations of Concessionaire which expressly survive the expiration or earlier termination of this Agreement, which obligations shall survive the expiration or earlier termination of this Agreement indefinitely.

11.10 Cancellation or Termination by Concessionaire. This Agreement may be cancelled or terminated by Concessionaire by giving a thirty (30) day written notice to City upon the happening of one or more of the occurrences specified in Sections 11.10.1 through 11.10.3.

11.10.1 Permanent Abandonment. The permanent abandonment of Airport's passenger terminals for use by airlines or the permanent removal of all certificated passenger airline service from Airport;

11.10.2 Material Restriction of Operation. The lawful assumption by the United States government, or any authorized agency thereof, of the operation, control or use of Airport, or any substantial part thereof, in such manner as to materially restrict Concessionaire from operating thereon for a period of at least ninety (90) consecutive days; or

11.10.3 Federally-Required Amendments. Any exercise of authority as provided in Section 16.8 hereof which shall so interfere with Concessionaire's use and enjoyment of the Premises as to constitute a termination, in whole or in part, of this Agreement by operation of law in accordance with the Laws of the United States.

11.11 Damaged Improvements. In the event that the structural or other improvements or furnishings and supplies constructed or installed by Concessionaire in any or all of the Premises are damaged or destroyed, in whole or in part, from any cause whatsoever, Concessionaire shall forthwith proceed with the removal of the debris and damaged or destroyed structural or other improvements, equipment, furnishings and supplies and thereafter shall proceed with all dispatch with the reconstruction work necessary to restore the damaged or destroyed Premises to the condition they were in prior to the occurrence of such damage or destruction and all costs and expense incurred in connection therewith shall be paid by Concessionaire.

11.12 Service During Removal. Upon the termination, cancellation or expiration of this Agreement, and under circumstances permitting Concessionaire to remove from the Premises removable property belonging to Concessionaire, Concessionaire will only be allowed to remove such property from one Unit at a time in any one Terminal. During such removal operations, which shall be completed thirty (30) days after commencement, Concessionaire shall continue its operations at other Units within said Terminal, it being intended that adequate food & beverage service will be maintained at all times. Subject to any remedies which City may have to secure any unpaid fees or charges due under this Agreement, Concessionaire shall have the right to

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

remove from the Premises only those items of movable equipment and furnishings installed by it and listed on the aforesaid inventory; *provided, however,* Concessionaire shall repair all damage done to said areas and other City-owned property resulting from the removal of such machinery, equipment and fixtures.

11.13 City May Renovate. If, during the last month of this Agreement, Concessionaire has removed all or substantially all of its property from the Premises, City may enter said Premises and alter, renovate or redecorate the same.

11.14 Viewing By Prospective Competitors. At any time, and from time to time, during ordinary business hours, within twelve (12) months preceding the expiration of the term of this Agreement, City, by its agents and employees, shall have the right to accompany prospective concessionaires, occupiers or users of the Premises, for the purpose of exhibiting and viewing all parts of the same.

11.15 Tenancy at Sufferance. Any holding over after the expiration of the Term shall constitute a Default and, without limiting City's remedies provided in this Agreement, such holding over shall be construed to be a tenancy at sufferance, at a rental rate equal to the greater of one hundred fifty percent (150%) of the fair market rental value for the Premises as determined by CEO or two hundred percent (200%) of the Base Rent last due in this Agreement (including, without limitation, any Storage Rent, if any, payable pursuant to Exhibit C for any Storage Space), plus Additional Rent, and shall otherwise be on the terms and conditions herein specified, so far as applicable. During any such period, Concessionaire's "**Faithful Performance Guarantee**" (as defined in Section 13.3) shall continue in effect. If the Premises are not surrendered at the end of the Term or sooner termination of this Agreement, and in accordance with the provisions of Sections 1.5 and 15, Concessionaire shall indemnify, defend and hold City and City Agents harmless from and against any and all Claims resulting from delay by Concessionaire in so surrendering the Premises including, without limitation, any Claims resulting from any claim against City or any City Agent made by any succeeding concessionaire or tenant or prospective concessionaire or tenant founded on or resulting from such delay and losses to City due to lost opportunities to lease any portion of the Premises to any such succeeding concessionaire or tenant or prospective concessionaire or tenant, together with, in each case, actual attorneys' fees and costs.

11.16 Administrative Assessments. The parties agree that Concessionaire's performance of its obligations under this Agreement are extremely important to City and that Concessionaire's failure to perform those activities will result in administrative and monitoring expenses to City and its staff. Therefore, the parties agree that the administrative assessments described on attached Exhibit U ("**Administrative Assessments**") are reasonable estimates of such expenses and shall be imposed on Concessionaire at the sole discretion of CEO for any of the violations described on Exhibit U. CEO may elect to waive an Administrative Assessment for a particular violation, but no such waiver shall apply to prior or subsequent violations of the same or any other provision of this Agreement, and such waiver shall not be deemed to set a precedent for further waivers. City's right to impose the foregoing Administrative Assessments shall be in addition to and not in lieu of any and all of City's rights under this Agreement, in the Rules and Regulations, or at law or in equity. CEO's decision to impose an Administrative Assessment on Concessionaire for one of the violations described on Exhibit U shall not preclude City, in the event Concessionaire subsequently commits the same or a different violation, from exercising any of such other rights of City, including, without limitation, its right to terminate this Agreement pursuant to Section 11. City shall have no obligation to Concessionaire to impose Administrative Assessments or fines on or

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

otherwise take any action against any other concessionaire or tenant at the Airport. During the Term of this Agreement, CEO may reasonably adjust upward the amount of the Administrative Assessments set forth in Exhibit U by providing Concessionaire six (6) months advance written notice. Exhibit U may be modified by written approval of the CEO.

XII DAMAGE OR DESTRUCTION TO PREMISES.

12.1 Damage or Destruction to Premises.

12.1.1 Insured Damage. If, during the term of this Agreement, any improvements in or on the Premises are partially or totally destroyed from a risk covered by the insurance described in Section 13.4 herein, thereby rendering said Premises partially or totally inaccessible or unusable, Concessionaire must restore the Premises to substantially the same condition as they were immediately before destruction.

12.1.2 Uninsured Damage. If, during the term of this Agreement, improvements in or on the Premises are partially or totally destroyed from a risk not covered by the fire and extended coverage insurance described in Section 13.4 herein, thereby rendering said Premises partially or totally inaccessible or unusable, such destruction shall not automatically terminate this Agreement. If, however, the cost of restoration exceeds ten percent (10%) of the full replacement value of improvements, as said value existed immediately before said destruction, Concessionaire may, at Concessionaire's option, terminate this Agreement by giving written notice to City within sixty (60) days from the date of discovery of such destruction. If Concessionaire elects to terminate as above provided, Concessionaire shall be obligated, unless otherwise directed by City, to demolish all damaged improvements and remove all debris from the Premises at Concessionaire's sole cost. If Concessionaire fails to exercise its right to terminate this Agreement, this Agreement shall continue in full force and effect for the remainder of the term specified herein and Concessionaire shall restore the Premises to substantially the same condition as they were in immediately before destruction.

12.1.3 Destruction Due to Negligence. Notwithstanding the foregoing, if the said Premises, or a substantial portion thereof, are completely destroyed as a result of the negligence or omission to act of Concessionaire or any of the Concessionaire Parties, said Rent shall not abate and City may, in its discretion, require Concessionaire to repair and reconstruct said Premises within twelve (12) months of the date of discovery of such damage and pay the cost therefore, or City may repair and reconstruct the same within twelve (12) months of the discovery of such damage and Concessionaire shall be responsible for reimbursing City for the cost and expenses incurred in such repair.

12.2 Limits of City's Obligations. In the application of the foregoing provisions, City's obligations shall be limited to repair or reconstruction of the Premises to the same extent and of equal quality as obtained by Concessionaire at the commencement of its operations hereunder. Redecoration and replacement of all of Concessionaire's personal property, furniture, equipment, trade fixtures, inventory, goods and supplies shall be the responsibility of Concessionaire and any such redecoration and refurnishing/reequipping shall be equivalent in quality to that originally installed.

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

XIII LIABILITY.

13.1 Liability. Concessionaire shall comply with the "Hold Harmless", "Faithful Performance Guarantee Bond" and insurance provisions which follow.

13.2 City Held Harmless. In addition to the requirements of Section 13.4 herein, Concessionaire shall indemnify, defend, keep and hold City and City Agents harmless from and against any and all Claims claimed by anyone by reason of injury to or death of persons, including Concessionaire or any of the Concessionaire Parties, or damage to or destruction of property, including property of Concessionaire or any of the Concessionaire Parties, sustained in, or about the Premises or Airport, arising out of the use and occupancy of the Premises or the Airport by Concessionaire or any of the Concessionaire Parties, or arising out of the acts or omissions of Concessionaire or any of the Concessionaire Parties.

13.3 Faithful Performance Guarantee. Concessionaire shall furnish to City, at Concessionaire's sole cost and expense, and shall keep in full force and effect and available during the complete term of this Agreement (including any unauthorized hold over period) and for thirty (30) days after the surrender of possession in accordance with the requirements of this Agreement, a Faithful Performance Guarantee ("**FPG**") to secure the faithful performance by Concessionaire of all terms, provisions, and covenants contained herein, including, but not limited to, the payment of its monthly Base Rent (including any Percentage Rent), Additional Rent, and any other specified compensation. The initial amount of the FPG shall be twelve (12) times an amount equal to twenty five percent (25%) of the MMG Rent as specified in this Agreement. Such FPG shall be separate from any other guarantee(s) required by City.

13.3.1 If Concessionaire has previously provided such FPG to City and if, for any reason, Concessionaire's monthly monetary obligation to City is thereafter increased in excess of ten percent (10%), then the amount of Concessionaire's FPG shall, within thirty (30) days after receiving written notice from City, correspondingly be increased.

13.3.2 If Concessionaire has previously provided such FPG to City and if, for any reason, Concessionaire's monthly monetary obligation to City is thereafter decreased in excess of ten percent (10%), then the amount of Concessionaire's FPG may be correspondingly decreased thirty (30) days following written notice to City by Concessionaire.

13.3.3 To the extent City may require as part of City's construction approval process that Alterations installed by Concessionaire are to be removed upon the expiration or earlier termination of this Agreement, then the FPG may be increased by the amount reasonably estimated as the cost to remove such Alterations and to restore any damage to the Premises caused thereby.

13.3.4 FPGs of Five Thousand Dollars ($5,000) or less shall be in the form of a Cashier's Check, Company Check, Money Order, Certificate of Deposit or Irrevocable Letter of Credit. FPGs in excess of Five Thousand Dollars ($5,000) shall be in the form of be in the form of an irrevocable standby letter of credit ("**LOC**"), which shall be self-renewing with an "evergreen clause" that renews the credit from year to year without amendment, subject to termination upon sixty (60) days written notice to City, and issued

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

by issuer acceptable to City, with offices in Los Angeles, California. The LOC shall allow for partial and multiple drawings by City, and must have an expiry date consistent with the ability to make such drawings for the full period required hereunder. All FPGs must be approved as to form by the City Attorney.

13.3.5 Concessionaire shall furnish such FPG in duplicate prior to the commencement of this Agreement or within thirty (30) days following notice of adjustment of rental. If, for any reason, said FPG is not provided by Concessionaire or is not thereafter maintained in sufficient amount throughout the Term hereof, City, subject to the notice requirements of this Agreement may terminate this Agreement at any time upon giving Concessionaire five (5) days prior written notice. Upon the expiration or earlier termination of this Agreement, and if Concessionaire has satisfied all of its obligations to City hereunder, City shall relinquish to Concessionaire said FPG following such expiration or earlier termination and satisfaction of all obligations to City. Any FPG submitted at the time, or after, this Agreement is entered into shall be submitted to:

Los Angeles World Airports
6033 West Century Blvd., Suite 300
Los Angeles, CA 90045
Attn: Accounting/Revenue FPG Administrator

13.3.6 If, at any time during the term of this Agreement, the issuer with respect to the FPG shall, in the opinion of CEO, become unacceptable, said CEO shall have the right to require a replacement LOC which Concessionaire shall furnish to the satisfaction of CEO within thirty (30) days after written notice to do so.

13.4 Insurance. Concessionaire shall procure at its expense, and keep in effect at all times during the term of this Agreement, the types and amounts of insurance specified on Insurance, Exhibit I attached hereto and incorporated by reference herein. The specified insurance shall also, either by provisions in the policies, by City's own endorsement form or by other endorsement attached to such policies, include and insure City and all of City Agents, their successors and assigns, as additional insureds, against the areas of risk described on Exhibit I with respect to acts or omissions of Concessionaire or any of the Concessionaire Parties in their respective operations, use, and occupancy of the Airport or other related functions performed by or on behalf of Concessionaire or any of the Concessionaire Parties in, on or about Airport.

13.4.1 Each specified insurance policy (other than Workers' Compensation and Employers' Liability and fire and extended coverages) shall contain a Severability of Interest (Cross Liability) clause which states, "It is agreed that the insurance afforded by this policy shall apply separately to each insured against whom claim is made or suit is brought except with respect to the limits of the company's liability," and a Contractual Endorsement which shall state, "Such insurance as is afforded by this policy shall also apply to liability assumed by the insured under this Agreement with the City of Los Angeles."

13.4.2 All such insurance shall be primary and noncontributing with any other insurance held by City where liability arises out of or results from the acts or omissions of Concessionaire or any of the Concessionaire Parties. Such policies may

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

provide for such reasonable deductibles and retentions as are acceptable to CEO based upon the nature of Concessionaire's operations and the type of insurance involved.

13.4.3 City shall have no liability for any premiums charged for such coverage(s). The inclusion of City and City Agents, their successors and assigns, as insureds is not intended to, and shall not, make them, or any of them, a partner or joint venturer with Concessionaire in Concessionaire's operations at Airport. In the event Concessionaire fails to furnish City evidence of insurance and maintain the insurance as required, City, upon ten (10) days prior written notice to comply, may (but shall not be required to) procure such insurance at the cost and expense of Concessionaire, and Concessionaire agrees to promptly reimburse City for the cost thereof plus the Administrative Fee for administrative overhead. Payment shall be made within fifteen (15) days of invoice date.

13.4.4 At least ten (10) days prior to the expiration date of the above policies, documentation showing that the insurance coverage has been renewed or extended shall be filed with City. If such coverage is canceled or reduced, Concessionaire shall, within fifteen (15) days of such cancellation of coverage, file with City evidence that the required insurance has been reinstated or provided through another insurance company or companies.

13.4.5 Concessionaire shall provide proof of all specified insurance and related requirements to City either by production of the actual insurance policy(ies), by use of City's own endorsement form(s), by broker's letter acceptable to CEO in both form and content in the case of foreign insurance syndicates, or by other written evidence of insurance acceptable to CEO. The documents evidencing all specified coverages shall be filed with City in duplicate and shall be procured and approved in strict accordance with the provisions in Sections 11.47 through 11.56 of the City of Los Angeles' Administrative Code prior to Concessionaire occupying the Premises. The documents shall contain the applicable policy number, the inclusive dates of policy coverages, and the insurance carrier's name, shall bear an original signature of an authorized representative of said carrier, and shall provide that such insurance shall not be subject to cancellation, reduction in coverage, or nonrenewal except after written notice by certified mail, return receipt requested, to the City Attorney of the City of Los Angeles at least thirty (30) days prior to the effective date thereof. City reserves the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing such insurance.

13.4.6 City and Concessionaire agree that the insurance policy limits specified herein shall be reviewed for adequacy annually throughout the term of this Agreement by CEO who may, thereafter, require Concessionaire, on thirty (30) days prior, written notice, to adjust the amounts of insurance coverage to whatever reasonable amount said CEO deems to be adequate.

13.4.7 Submission of insurance from a non-California admitted carrier is subject to the provisions of California Insurance Code Sections 1760 through 1780, and any other regulations or directives from the State Department of Insurance or other regulatory board or agency. Concessionaire agrees, except where exempted, to provide City proof of said insurance by and through a surplus line broker licensed by the State of California.

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

XIV TRANSFER.

14.1 Transfer Prohibited. Concessionaire shall not, in any manner, directly or indirectly, by operation of law or otherwise, hypothecate, assign, transfer, or encumber this Agreement, the Premises, any Unit or any portion thereof or any interest therein, in whole or in part or any right or privilege appurtenant thereto, or allow any other person (the employees and invitees of Concessionaire excepted) to occupy or use the Premises, or any portion thereof ("**Transfer**"), without the prior written consent of Board , which may be granted, denied or conditioned in Board's sole discretion. Any written request for consent to a Transfer shall include proposed documentation evidencing such Transfer, name and address of the proposed transferee and the nature and character of the business of the proposed transferee and shall provide current and 3 years prior financial statements for the proposed transferee, which financial statements shall be audited to the extent available and shall in any event be prepared in accordance with generally accepted accounting principles (collectively, a "**Transfer Request**"). This Agreement shall not, nor shall any interest therein, be assignable as to the interest of Concessionaire by operation of law without the prior written consent of Board.

14.2 Transfer. For purposes of this Agreement, the terms "**Transfer**" shall include, but not be limited to, the following: (i) if Concessionaire is a joint venture, a limited liability company, or a partnership, the transfer of fifty percent (50%) or more of the interest or membership in the joint venture, the limited liability company, or the partnership; (ii) if Concessionaire is a corporation, any cumulative or aggregate sale, transfer, assignment, or hypothecation of fifty percent (50%) or more of the voting shares of Concessionaire; (iii) the dissolution by any means of Concessionaire; and, (iv) a change in business or corporate structure, either in one (1) transaction or a series of transactions. Any such transfer, assignment, mortgaging, pledging, or encumbering of Concessionaire without the written consent of Board is a violation of this Agreement and shall be voidable at City's option and shall confer no right, title, or interest in or to this Agreement upon the assignee, mortgagee, pledgee, encumbrancer, or other lien holder, successor, or purchaser.

14.3 No Further Consent Implied. A consent to one Transfer shall not be deemed to be a consent to any other or subsequent Transfer, and consent to any Transfer shall in no way relieve Concessionaire of any liability under this Agreement. Any Transfer without City's consent shall be void, and shall, at the option of City, constitute a Default under this Agreement.

14.4 No Release. Notwithstanding any Transfer, Concessionaire and any Guarantor of Concessionaire's obligations under this Agreement shall at all times remain fully and primarily responsible and liable for the payment of the Rent and for compliance with all of Concessionaire's other obligations under this Agreement (regardless of whether City's approval has been obtained for any such Transfer).

14.5 Payment of City's Costs. In connection with any Transfer, Concessionaire shall pay to City as Additional Rent hereunder an administrative processing fee in the amount of $2,500.00, plus all attorneys' fees and costs (including, without limitation, the fees and costs attributable to City's in-house City Attorneys) incurred by City in connection with City's review and processing of documents regarding any proposed Transfer.

14.6 Incorporation of Terms. Each Transfer pursuant to this Section shall be subject to all of the covenants, agreements, terms, provisions and conditions contained in this Agreement

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

and each of the covenants, agreements, terms, provisions and conditions of this Agreement shall be automatically incorporated therein. If City shall consent to, or withhold its consent to, any proposed Transfer, Concessionaire shall indemnify, defend and hold harmless City and City Agents from and against and from any and all Claims that may be made against City or any City Agent by the proposed transferee or by any brokers or other persons claiming a commission or similar fee in connection with the proposed Transfer.

14.7 Right to Collect Rent Directly. If this Agreement is transferred or assigned, whether or not in violation of the provisions of this Agreement, City may collect Rent from such transferee or assignee. If the Premises or any part thereof is sublet or used or occupied by anyone other than Concessionaire, whether or not in violation of this Agreement, City may, after a Default by Concessionaire, collect Rent from the subtenant or occupant. In either event, City may apply the net amount collected to Rent, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of any of the provisions of this Section 14, or the acceptance of the assignee, subtenant or occupant as Concessionaire, or a release of Concessionaire from the further performance by Concessionaire of Concessionaire's obligations under this Agreement. The consent by City to any Transfer pursuant to any provision of this Agreement shall not, except as otherwise provided herein, in any way be considered to relieve Concessionaire from obtaining the express consent of City to any other or further Transfer. References in this Agreement to use or occupancy of the Premises or any portion thereof by anyone other than Concessionaire shall not be construed as limited to sub-concessionaires or subtenants and those claiming under or through sub-concessionaires or subtenants but as including also licensees or others claiming under or through Concessionaire, immediately or remotely.

14.8 Reasonableness of Restrictions. Concessionaire acknowledges and agrees that the restrictions, conditions and limitations imposed by this Section 14 on Concessionaire's ability to Transfer this Agreement or any interest herein, the Premises or any part thereof, to Transfer any right or privilege appurtenant to the Premises, or to allow any other person to occupy or use the Premises or any portion thereof, are, for the purposes of California Civil Code Section 1951.4, as amended from time to time, and for all other purposes, reasonable at the time that this Agreement was entered into, and shall be deemed to be reasonable at the time that Concessionaire seeks to Transfer this Agreement or any interest herein, the Premises or any part thereof, to Transfer any right or privilege appurtenant to the Premises, or to allow any other person to occupy or use the Premises or any portion thereof. Concessionaire's sole remedy if City withholds its consent to any Transfer in violation of Concessionaire's rights under this Agreement shall be injunctive relief, and Concessionaire hereby expressly waives California Civil Code Section 1995.310, which permits all remedies provided by law for breach of contract, including, without limitation, the right to contract damages and the right to terminate this Agreement if City withholds consent to a Transfer in violation of Concessionaire's rights under this Agreement, and any similar or successor statute or law in effect or any amendment thereof during the Term.

14.9 Transfer Premium. If City approves any Transfer as herein provided, and such Transfer is limited to a sublease or a Transfer of an interest in this Agreement only, Concessionaire shall pay to City, as Additional Rent, one hundred percent (100%) of any monetary or other economic consideration received by Concessionaire as a result of the Transfer over and above the amount of Concessionaire's rental and other payments due City pursuant to this Agreement (or applicable share, if a sublease) after first deducting the undepreciated cost of improvements which costs had been approved by City and paid for by Concessionaire. In the case of any other Transfer,

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

Concessionaire shall pay to City and amount equal to five percent (5%) of the Base Rent generated from the Units during the twelve (12) full calendar months preceding the month in which the Transfer is consummated. The agreement evidencing such Transfer, as the case may be, after approval by City, shall not be amended without City's prior written consent, and, at City's option, shall contain a provision directing such transferee to pay the rent and other sums due thereunder directly to City upon receiving written notice from City that Concessionaire is in default under this Agreement with respect to the payment of Rent. In the event that, notwithstanding the giving of such notice, Concessionaire collects any rent or other sums from such transferee, then Concessionaire shall hold such sums in trust for the benefit of City and shall immediately forward the same to City. City's collection of such rent and other sums shall not constitute an acceptance by City of attornment by such transferee

XV HAZARDOUS MATERIALS.

15.1 Hazardous Materials. For the purposes of this Agreement, "**Hazardous Materials**" means:

15.1.1 Any substance the presence of which now or hereafter requires the investigation or remediation under any federal, state or local statute, regulation, rule, ordinance, order, action, policy or common law; or

15.1.2 Any substance which is or becomes defined as a hazardous waste, extremely hazardous waste, hazardous material, hazardous substance, hazardous chemical, toxic chemical, toxic substance, cancer causing substance, substance that causes reproductive harm, pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); or

15.1.3 Any substance which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, council, board, or instrumentality of the United States, the State of California, the City of Los Angeles, or any political subdivision of any of them; or

15.1.4 Any substance the presence of which on the Premises causes or threatens to cause a nuisance upon the Premises or to adjacent premises or Common Areas or poses or threatens to pose a hazard to the health or safety of persons on or about the Premises; or

15.1.5 Any substance the presence of which on adjacent premises or Common Areas could constitute a trespass by Concessionaire; or

15.1.6 Any substance, without limitation, which contains gasoline, aviation fuel, jet fuel, diesel fuel or other petroleum hydrocarbons, lubricating oils, solvents, polychlorinated bipheynols (PCBs) asbestos, urea formaldehyde or radon gases.

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

15.2 Prohibition; Concessionaire Responsibility. Except as may be specifically approved in writing in advance by CEO ("**Permitted Hazardous Materials**"), Concessionaire shall not use, store, handle, generate, treat, dispose, discharge or release any Hazardous Materials at the Premises, in any Common Areas or at the Airport in connection with its use, occupancy, and operation of its business at the Premises; *provided, however,* CEO shall not unreasonably withhold its approval to Concessionaire use, storage and handling of common cleaning materials routinely present in businesses conducting the Permitted Use to the extent such materials are used strictly in accordance with applicable Laws, manufacturer's instructions and best management practices. Concessionaire agrees to accept sole responsibility for full compliance with any and all applicable present and future rules, regulations, restrictions, ordinances, statutes, laws or other orders of any governmental entity regarding the use, storage, handling, distribution, processing or disposal of Hazardous Materials ("**Hazardous Materials Laws**"), regardless of whether the obligation for such compliance or responsibility is placed on the owner of the land, on the owner of any improvements on the Premises, on the user of the land, or on the user of the improvements. Concessionaire agrees that any damages, penalties or fines levied on City or Concessionaire as a result of noncompliance with any of the above shall be the sole responsibility of Concessionaire. Further, Concessionaire shall indemnify, defend, protect and pay and reimburse and hold City any City Agents harmless from any Claims that City or any City Agent suffers or incurs as a result of noncompliance with the above. Concessionaire agrees that any actions (including, without limitation, remedial or enforcement actions of any kind, administrative or judicial proceedings, and orders or judgments arising out of or resulting therefrom), costs, claims, damages (including, without limitation, punitive damages), demands, expenses (including, without limitation, attorneys', consultants' and experts' fees, court costs and amounts paid in settlement of any claims or actions), fines, forfeitures or other civil, administrative or criminal penalties, injunctive or other relief (whether or not based upon personal injury, property damage, or contamination of, or adverse effects upon, the environment, water tables or natural resources), liabilities, liens or losses (collectively, "**Environmental Claims**") asserted against or levied on the Premises, City or Concessionaire as a result of noncompliance with any of the provisions in this Section shall be the sole responsibility of Concessionaire and that Concessionaire shall indemnify, defend and hold City and City Agents harmless from all such Environmental Claims. Further, City may, at its option, pay such Environmental Claims resulting from Concessionaire's non-compliance with any of the terms of this Section, and Concessionaire shall reimburse City for any such payments within fifteen (15) days after written demand therefore.

15.3 Spill - Clean-Up. In the case of any Hazardous Materials spill, leak, discharge, or improper storage on the Premises or contamination of the Premises by any person, Concessionaire shall make or cause to be made any necessary repairs or corrective actions and shall clean up and remove any leakage, contamination or contaminated materials. In the case of any Hazardous Materials spill, leak, discharge or contamination by Concessionaire or any of the Concessionaire Parties at the Premises or in, on or under adjacent property which affects other property of City or its tenants' property, Concessionaire shall make or cause to be made any necessary corrective actions to clean up and remove any spill, leakage or contamination and contaminated materials. If Concessionaire fails to repair, clean up, properly dispose of or take any other corrective actions as required herein, City shall have the right (but not the obligation) to take all steps it deems necessary to properly repair, clean up or otherwise correct the conditions resulting from the spill, leak or contamination. In connection therewith, Concessionaire shall be listed as the owner or "generator" of any Hazardous Materials listed on any Hazardous Waste Manifest and in connection with any reporting made to any governmental entity. Any such repair, cleanup or corrective actions taken

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

by City shall be at Concessionaire's sole cost and expense and Concessionaire shall indemnify, defend, pay for and reimburse and hold City and City Agents harmless from and against any and all costs (including without limitation, the Administrative Fee) City incurs as a result of any repair, cleanup or corrective action City takes to correct any act or failure to act by Concessionaire.

15.4 Provision to City of Environmental Documents. Concessionaire shall promptly supply City with complete and legible copies of all notices, reports, correspondence, and other documents sent by Concessionaire to or received by Concessionaire from any governmental entity or third party regarding any Hazardous Materials and relating to the Premises. Such written materials include, without limitation, all documents relating to any threatened or actual Hazardous Materials spill, leak, or discharge, or to any investigations into or clean up of any actual or threatened Hazardous Materials spill, leak, or discharge including all test results, or any Environmental Claims related to the Premises, or Concessionaire's use, occupancy or operations at the Premises.

15.5 Hazardous Materials Continuing Obligation. This Section and the obligations herein shall survive the expiration or earlier termination of this Agreement.

XVI OTHER PROVISIONS.

16.1 Other Provisions. The appearance of any provision in this Section shall not diminish its importance.

16.2 Cross Default. A material breach of the terms of any other lease, license, permit, or agreement held by Concessionaire with City shall constitute a material breach of the terms of this Agreement and shall give City the right to terminate this Agreement for cause in accordance with the procedures set forth in this Agreement.

16.3 City's Right of Access and Inspection. City, by its officers, employees, agents, representatives and contractors, shall have the right at all reasonable times to enter upon the Premises for the purpose of inspecting the same, for observing the performance by Concessionaire of its obligations under this Agreement or for doing any act or thing which City may be obligated or have the right to do under this Agreement, or otherwise, and no abatement of fees and charges shall be claimed by or allowed to Concessionaire by reason of the exercise of such right. City shall not be obliged to inform Concessionaire that an inspection or observation is planned, or in progress. Concessionaire shall be responsible for compliance with any and all Laws relating to the use, storage, and handling of hazardous waste materials in connection with Concessionaire's operations only. Upon City's written request, responsible representatives of Concessionaire will confer with representatives of City for the purpose of making a complete inspection of Concessionaire's operations, including a review of the quality of service, merchandise and prices, maintenance of the Premises, furnishings and equipment and such other items as City may wish to review.

16.4 Automobiles and Other Equipment. Subject to compliance with City's permitting and security clearance requirements, Concessionaire shall have the right to use, hire or contract for such automotive vehicles or other mechanized equipment and the services thereof as it determines to be necessary for the operation of the concession business herein authorized; *provided, however,* that the nature, size, type, character and condition of such automotive vehicles and mechanized equipment (including any requirements that such vehicles or other equipment comply with any

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

LEED, 'green" or energy efficiency requirements and policies of the City then in effect) shall be subject to prior written approval of CEO before the same is placed in operation. Upon placing such equipment in operation, Concessionaire shall strictly comply with such rules and regulations as CEO may issue, from time to time, covering operation of such equipment and the time periods therefore, the routes over any of the aprons necessary to the operation of the concession, the location of the parking and storage areas for such equipment, the maintenance of the mechanical condition, appearance, neatness, cleanliness and sanitary condition of such equipment and the cleanliness, neat appearance and conduct and demeanor of Concessionaire's or other personnel operating the same (including, without limitation, any requirements imposed by any Private Restrictions (including, without limitation, that certain Community Benefits Agreement). All of said personnel shall have all licenses required by law and shall also he licensed by City, and City may require periodic inspections of such equipment by City representatives. Approval of inspected equipment may be evidenced by a decal or sticker to be placed on same as required by City. A nominal fee to cover such licensing and inspection services may be charged by City.

16.5 Notices.

16.5.1 Notice to City. Written notices to City hereunder, with a copy to the City Attorney of the City of Los Angeles, shall be given by United States mail, postage prepaid, certified, or by personal delivery or nationally recognized overnight courier, and addressed to City at the addresses set forth in the Basic Information or to such other address as City may designate by written notice to Concessionaire.

16.5.2 Notice to Concessionaire. Written notices to Concessionaire hereunder shall be given by United States mail, postage prepaid, certified, or by personal delivery or nationally recognized overnight courier, and addressed to Concessionaire at the address set forth in the Basic Information or to such other address as Concessionaire may designate by written notice to City. Concessionaire agrees to accept email notices to the email address of the Concessionaire identified in the Basic Information. Such email notice is in addition to receiving written notice as provided in this Section 16.5.2, should the City send such email notice.

16.5.3 The execution of any such notice by CEO shall be as effective as to Concessionaire as if it were executed by the Board, or by resolution or order of said Board, and Concessionaire shall not question the authority of CEO to execute any such notice.

16.5.4 All such notices to City, except as otherwise provided herein, may be delivered personally to CEO with a copy to the Office of the City Attorney, Airport Division. Notices shall be deemed given upon actual receipt (or attempted delivery if delivery is refused), if personally delivered, or one (1) business day following deposit with a reputable overnight courier that provides a confirmation receipt (or refusal), or on the fifth (5th) day following deposit in the United States mail in the manner described above. In no event shall either party use a post office box or other address which does not accept overnight delivery.

16.6 Agent for Service of Process. If Concessionaire is not a resident of the State of California, or is a partnership of joint venture without a partner or member resident in said State, or is a foreign corporation, then in any such event Concessionaire does designate the Secretary of State, State of California, its agent for the purpose of service of process in any court action between

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

it and City arising out of or based upon this Agreement, and the service, shall be made as provided by the Laws of the State of California for service upon a non-resident. Notwithstanding the above, Concessionaire represents to City that its agent for service of process in California is as set forth in the Basic Information ("**Registered Agent**") and City agrees that service of process shall be made on Concessionaire's Registered Agent or such change of Registered Agent as Concessionaire may notify City from time to time. If, for any reason, service of such process is not possible, as an alternative method of service of process, Concessionaire may be personally served with such process out of this State by mailing, by registered or certified mail, the complaint and process to Concessionaire at the address set out hereafter in the Agreement, and that such service shall constitute valid service upon Concessionaire as of the date of mailing, and Concessionaire shall have thirty (30) days from the date of mailing to respond thereto. Concessionaire agrees to the process so served, submits to the jurisdiction and waives any and all objection and protest thereto, and Laws to the contrary notwithstanding.

16.7 Restrictions and Regulations.

16.7.1 The operations conducted by Concessionaire pursuant to this Agreement shall be subject to: (a) any and all applicable rules, regulations, orders and restrictions which are now in force or which may be hereafter adopted by City, Board or CEO with respect to the operation of Airport; (b) any and all orders, directions or conditions issued, given or imposed by City, Board or CEO with respect to the use of the roadways, driveways, curbs, sidewalks, parking areas or public areas adjacent to the Premises; and (c) any and all applicable Laws, ordinances, statutes, rules, regulations or orders, including environmental, or any governmental authority, federal, state or municipal, lawfully exercising authority over Airport or Concessionaire's operations. Concessionaire shall be solely responsible for any and all civil or criminal penalties assessed as a result of its failure to comply with any of these rules, regulations, restrictions, restrictions, ordinances, statutes, Laws, orders, directives and or conditions.

16.7.2 Regulations Do Not Permit Termination. City shall not be liable to Concessionaire for any diminution or deprivation of Concessionaire's rights hereunder on account of the exercise of any such authority, nor shall Concessionaire be entitled to terminate the whole or any portion of this Agreement by reason thereof unless the exercise of such authority shall so interfere with Concessionaire's use and enjoyment of the Premises as to constitute a termination, in whole or in part, of this Agreement by operation of law in accordance with the Laws of the State of California.

16.8 Right to Amend. In the event that the Federal Aviation Administration or its successors requires modifications or changes in this Agreement as a condition precedent to the granting of funds for the improvement of Airport, Concessionaire agrees to consent to such amendments, modifications, revisions, supplements or deletions or any of the terms conditions or requirements of this Agreement as may be reasonably required to obtain such funds; *provided, however,* that in no event will Concessionaire be required, pursuant to this Section, to agree to an increase in the fees and charges provided for herein or to a change in the use of any Unit, provided it is the Permitted Use, to which Concessionaire has put the Unit.

16.9 Independent Contractor. It is the express intention of the parties that Concessionaire is an independent contractor and not an employee, agent, joint venturer or partner of City. Nothing in this Concessionaire shall be interpreted or construed as creating or establishing

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

the relationship of employer and employee between Concessionaire and City or between Concessionaire and any official, agent, or employee of City. Both parties acknowledge that Concessionaire is not an employee of City. Concessionaire shall retain the right to perform services for others during the term of this Agreement, unless specified to the contrary herein or prohibited by conflict of interest or ethics Laws, regulations, or professional rules of conduct.

16.10 Disabled Access. Unless superseded by Concessions Standard Operating Procedures (as defined in Section 3.10.1):

16.10.1 Concessionaire shall be solely responsible for fully complying with any and all applicable present or future rules, regulations, restrictions, ordinances, statutes, Laws, or orders of any federal, state, or local governmental entity or court regarding disabled access including any services, programs, improvements or activities provided by Concessionaire. Concessionaire shall be solely responsible for any and all Claims and damages caused by, or penalties levied as the result of, Concessionaire's noncompliance. Further, Concessionaire agrees to cooperate fully with City in its efforts to comply with the ADA.

16.10.2 Should Concessionaire fail to comply with Section 16.10.1, then City shall have the right, but not the obligation, to perform, or have performed, whatever work is necessary to achieve equal access compliance. Concessionaire shall then be required to reimburse City for the actual cost of achieving compliance, plus the Administrative Fee, within fifteen (15) days of written demand therefore.

16.11 Child Support Orders. This Agreement is subject to Section 10.10, Article I, Chapter 1, Division 10 of the Los Angeles Administrative Code related to Child Support Assignment Orders, which is incorporated herein by this reference. A copy of section 10.10 and the Declaration of Compliance form have been attached hereto for the convenience of the parties as Exhibit J. Pursuant to this Section, Concessionaire (and any sub-concessionaire of Concessionaire providing services to City under this Agreement) shall (1) fully comply with all State and Federal employment reporting requirements for Concessionaire's or Concessionaire's sub-concessionaire's employees applicable to Child Support Assignment Orders; (2) certify that the principal owner(s) of Concessionaire and applicable sub-concessionaires are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230, et seq.; and (4) maintain such compliance throughout the term of this Agreement. Pursuant to Section 10.10(b) of the Los Angeles Administrative Code, failure of Concessionaire or an applicable sub-concessionaire to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of Concessionaire or applicable sub-concessionaires to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default of this Contract subjecting this Agreement to termination where such failure shall continue for more than ninety (90) days after notice of such failure to Concessionaire by City (in lieu of any time for cure provided elsewhere in this Agreement).

16.12 Business Tax Registration. Concessionaire represents that it has registered its business with the Office of Finance of the City of Los Angeles and has obtained and presently holds from that Office a Business Tax Registration Certificate ("**BTRC**"), or a Business Tax

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

Exemption Number, required by the City of Los Angeles' Business Tax Ordinance (Article 1, Chapter 2, Sections 21.00 and following, of the City of Los Angeles' Municipal Code). Concessionaire shall maintain, or obtain as necessary, all such certificates required of it under said Ordinance and shall not allow any such certificate to be revoked or suspended during the term hereof.

16.13 Ordinance and Los Angeles Administrative Code ("**Code**") Language Governs. Ordinance and Code exhibits are provided as a convenience are provided as a convenience to the parties only. In the event of a discrepancy between the exhibits and the applicable ordinance or code language, or amendments thereto, the language of the ordinance or code shall govern.

16.14 Amendments to Ordinances and Codes. The obligation to comply any Ordinances and Codes which have been incorporated into this Agreement by reference, shall extend to any amendments which may be made to those Ordinances and Codes during the term of this Agreement.

16.15 Non-Discrimination and Affirmative Action Provisions.

16.15.1 Federal Non-Discrimination Provisions. Concessionaire assures that it will comply with pertinent statutes, Executive Orders, and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision obligates Concessionaire or its transferee for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property.

16.15.2 Municipal Non-Discrimination Provisions In Use of Airport. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, religion, national origin, ancestry, sex, sexual orientation, gender identity, gender expression, age, physical handicap, marital status, domestic partner status, or medical condition in connection with this Agreement, the transfer, use, occupancy, tenure, or enjoyment of the Airport or any operations or activities conducted on the Airport. Nor shall Concessionaire or any person claiming under or through Concessionaire establish or contract any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of contractors, subcontractors, or vendees of the Airport. Any assignment or transfer, which may be permitted under this Agreement, shall also be subject to all non-discrimination clauses contained in this Section 16.15.

16.15.3 Municipal Non-Discrimination Provisions in Employment. During the term of this Agreement, Concessionaire agrees and obligates itself in the performance of this Agreement not to discriminate against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, sexual orientation, gender identity, gender expression, age, physical handicap, marital status,

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

domestic partner status, or medical condition. Concessionaire shall take affirmative action to insure that applicants for employment are treated, during the term of this Agreement, without regard to the aforementioned factors and shall comply with the affirmative action requirements of the Los Angeles Administrative Code, Sections 10.8, et seq., or any successor ordinances or law concerned with discrimination.

16.15.4 Municipal Equal Employment Practices. If the total payments made under this Agreement are One Thousand Dollars ($1,000) or more, this provision shall apply. During the performance of this Agreement, Concessionaire agrees to comply with Section 10.8.3 of the Los Angeles Administrative Code ("**Equal Employment Practices**"), which is incorporated herein by this reference. A copy of Section 10.8.3 has been attached to this Agreement for the convenience of the parties as Exhibit K. By way of specification but not limitation, pursuant to Sections 10.8.3.E and 10.8.3.F of the Los Angeles Administrative Code, the failure of Concessionaire to comply with the Equal Employment Practices provisions of this Agreement may be deemed to be a material breach of this Agreement. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to Concessionaire. Upon a finding duly made that Concessionaire has failed to comply with the Equal Employment Practices provisions of this Agreement, this Agreement may be forthwith terminated, cancelled, or suspended.

16.15.5 Municipal Affirmative Action Program. If the total payments made under this Agreement are One Hundred Thousand Dollars ($100,000) or more, this provision shall apply. During the performance of this Agreement, Concessionaire agrees to comply with Section 10.8.4 of the Los Angeles Administrative Code ("**Affirmative Action Program**"), which is incorporated herein by this reference. A copy of Section 10.8.4 has been attached to this Agreement for the convenience of the parties as Exhibit L. By way of specification but not limitation, pursuant to Sections 10.8.4.E and 10.8.4.F of the Los Angeles Administrative Code, the failure of Concessionaire to comply with the Affirmative Action Program provisions of this Agreement may be deemed to be a material breach of this Agreement. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to Concessionaire. Upon a finding duly made that Concessionaire has failed to comply with the Affirmative Action Program provisions of this Agreement, this Agreement may be forthwith terminated, cancelled, or suspended.

16.16 Security - General. Concessionaire shall be responsible for fully complying with any and all applicable present or future rules, regulations, restrictions, ordinances, statutes, Laws or orders of any federal, state or local governmental entity regarding airfield security.

16.16.1 Security - FAA. Concessionaire shall be responsible for the maintenance and repair of gates and doors that are located at the Premises or controlled by Concessionaire. Concessionaire shall comply fully with applicable provisions of the Federal Aviation Administration Regulations, 14 CFR, Part 107 [and Part 108 if Concessionaire is an air carrier], including the establishment and implementation of procedures acceptable to CEO to control access from the Premises to air operation areas in accordance with the Airport Security Program required by Part 107. Further, Concessionaire shall exercise exclusive security responsibility for the Premises and, if

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

Concessionaire is an air carrier, do so pursuant to Concessionaire's Federal Aviation Administration approved Air Carrier Standard Security Program used in accordance with 14 CFR, Part 129.

16.16.2 Security - Doors and Gates. Gates and doors located at the Premises which permit entry into restricted areas at Airport shall be kept locked by Concessionaire at all times when not in use or under Concessionaire's constant security surveillance. Gate or door malfunctions which permit unauthorized entry into restricted areas shall be reported to Department of Airports' Operations Bureau without delay and shall be maintained under constant surveillance by Concessionaire until repairs are affected by Concessionaire or City or the gate or door is properly secured.

16.16.3 Security - Penalties. All civil penalties levied by the Federal Aviation Administration for violation of Federal Aviation Regulations pertaining to security gates or doors located at the Premises or otherwise controlled by Concessionaire shall be the sole responsibility of Concessionaire. Concessionaire agrees to indemnify, defend and hold City and City Agents harmless from and against any Claims or any federal civil penalties amounts City or any City Agent must pay due to any security violation arising from the use of Concessionaire's leasehold or the breach of any obligation imposed by this Section. Concessionaire will be billed for the cost of any such penalties paid by City as Additional Rent hereunder, plus the Administrative Fee, to be paid by Concessionaire to City within fifteen (15) days of written demand.

16.16.4 Security Arrangements. City shall provide, or cause to be provided, during the term hereof, all proper and appropriate public fire, police and security protection similar to that afforded to others at Airport, and it will issue and enforce rules and regulations with respect thereto for all portions of Airport. Concessionaire shall have the right, but shall not be obligated, to provide such additional or supplemental private protection as it may desire, but such right, whether or not exercised by Concessionaire, shall not in any way be construed to limit or reduce the obligations of City hereunder.

16.17 Visual Artists' Rights Act. Concessionaire shall not install, or cause to be installed, any work of art subject to the Visual Artists' Rights Act of 1990 (as amended), 17 U.S.C. 106A, et seq., or California Code Section 980, et seq., ("**VARA**") on or about the Premises without first obtaining a waiver, in writing, of all rights under VARA, satisfactory to CEO and approved as to form and legality by the City Attorney's Office, from the artist. Said waiver shall be in full compliance with VARA and shall name City as a party for which the waiver applies. Concessionaire is prohibited from installing, or causing to be installed, any piece of artwork covered under VARA on the Premises without the prior, written approval and waiver of CEO. Any work of art installed on the Premises without such prior approval and waiver shall be deemed a trespass, removable by City, by and through its CEO, upon three (3) days written notice, all costs, expenses, and liability therefore to be borne exclusively by Concessionaire. Concessionaire, in addition to other obligations to indemnify, defend and hold City and City Agents harmless, as more specifically set forth in this Agreement, shall indemnify, defend and hold City and City Agents harmless from all Claims resulting from Concessionaire's failure to obtain City's waiver of VARA and failure to comply with any portion of this provision. The rights afforded City under this provision shall not replace any other rights afforded City in this Agreement or otherwise, but shall be considered in addition to all its other rights.

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

16.18 Living Wage Ordinance General Provisions. This Agreement is subject to the Living Wage Ordinance (hereinafter referred to as "**LWO**") (Section 10.37, et seq., of the Los Angeles Administrative Code, which is incorporated herein by this reference). A copy of Section 10.37 has been attached hereto for the convenience of the parties as Exhibit N. The LWO requires that, unless specific exemptions apply, any employees of service contractor's who render services that involve an expenditure in excess of Twenty Five Thousand Dollars ($25,000) and a contract term of at least three months are covered by the LWO if any of the following applies: (1) at least some of the services are rendered by employees whose work site is on property owned by City, (2) the services could feasibly be performed by City of Los Angeles employees if the awarding authority had the requisite financial and staffing resources, or (3) the designated administrative agency of the City of Los Angeles has determined in writing that coverage would further the proprietary interests of the City of Los Angeles. Employees covered by the LWO are required to be paid not less than a minimum initial wage rate, as adjusted each year. The LWO also requires that employees be provided with at least twelve (12) compensated days off per year for sick leave, vacation, or personal necessity at the employee's request, and at least ten (10) additional days per year of uncompensated time pursuant to Section 10.37.2(b). The LWO requires employers to inform employees making less than Twelve Dollars ($12) per hour of their possible right to the federal Earned Income Tax Credit ("**EITC**") and to make available the forms required to secure advance EITC payments from the employer pursuant to Section 10.37.4. Concessionaire shall permit access to work sites for authorized City representatives to review the operation, payroll, and related documents, and to provide certified copies of the relevant records upon request by City. Whether or not subject to the LWO, Concessionaire shall not retaliate against any employee claiming non-compliance with the provisions of the LWO, and, in addition, pursuant to Section 10.37.6(c), Concessionaire agrees to comply with federal law prohibiting retaliation for union organizing.

16.18.1 Living Wage Coverage Determination. An initial determination has been made that this is a service contract under the LWO, and that it is not exempt from coverage by the LWO. Determinations as to whether this Agreement is a service contract covered by the LWO, or whether an employer or employee are exempt from coverage under the LWO are not final, but are subject to review and revision as additional facts are examined or other interpretations of the law are considered. In some circumstances, applications for exemption must be reviewed periodically. City shall notify Concessionaire in writing about any redetermination by City of coverage or exemption status. To the extent Concessionaire claims non-coverage or exemption from the provisions of the LWO, the burden shall be on Concessionaire to prove such non-coverage or exemption.

16.18.2 Compliance; Termination Provisions and Other Remedies: Living Wage Policy. If Concessionaire is not initially exempt from the LWO, Concessionaire shall comply with all of the provisions of the LWO. If Concessionaire is initially exempt from the LWO, but later no longer qualifies for any exemption, Concessionaire shall, at such time as Concessionaire is no longer exempt, comply with the provisions of the LWO. Under the provisions of Section 10.37.6(c) of the Los Angeles Administrative Code, violation of the LWO shall constitute a material breach of this Agreement and City shall be entitled to terminate this Agreement and otherwise pursue legal remedies that may be available, including those set forth in the LWO, if City determines that Concessionaire violated the provisions of the LWO. The procedures and time periods provided in the LWO are in lieu of the procedures and time periods provided elsewhere in this Agreement.

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

Nothing in this Agreement shall be construed to extend the time periods or limit the remedies provided in the LWO.

16.19 Service Contract Worker Retention Ordinance. This Agreement may be subject to the Service Contract Worker Retention Ordinance (hereinafter referred to as "**SCWRO**") (Section 10.36, et seq., of the Los Angeles Administrative Code), which is incorporated herein by this reference. A copy of Section 10.36 has been attached for the convenience of the parties as Exhibit P. If applicable, Concessionaire must also comply with the SCWRO which requires that, unless specific exemptions apply, all employers under contracts that are primarily for the furnishing of services to or for the City of Los Angeles and that involve an expenditure or receipt in excess of Twenty Five Thousand Dollars ($25,000) and a contract term of at least three (3) months, shall provide retention by a successor Concessionaire for a ninety-day (90-day) transition period of the employees who have been employed for the preceding twelve (12) months or more by the terminated Concessionaire or sub-concessionaire, if any, as provided for in the SCWRO. Under the provisions of Section 10.36.3(c) of the Los Angeles Administrative Code, City has the authority, under appropriate circumstances, to terminate this Agreement and otherwise pursue legal remedies that may be available if City determines that the subject Concessionaire violated the provisions of the SCWRO.

16.20 Equal Benefits Ordinance. Unless otherwise exempt in accordance with the provisions of the Equal Benefits Ordinance ("**EBO**"), Concessionaire certifies and represents that Concessionaire will comply with the applicable provisions of EBO Section 10.8.2.1 of the Los Angeles Administrative Code, as amended from time to time. Concessionaire shall not, in any of its operations within the City of Los Angeles or in other locations owned by the City of Los Angeles, including the Airport, discriminate in the provision of Non-ERISA Benefits (as defined below) between employees with domestic partners and employees with spouses, or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration. As used above, the term "**Non-ERISA Benefits**" shall mean any and all benefits payable through benefit arrangements generally available to Concessionaire's employees which are neither "employee welfare benefit plans" nor "employee pension plans", as those terms are defined in Sections 3(1) and 3(2) of ERISA. Non-ERISA Benefits shall include, but not be limited to, all benefits offered currently or in the future, by Concessionaire to its employees, the spouses of its employees or the domestic partners of its employees, that are not defined as "employee welfare benefit plans" or "employee pension benefit plans", and, which include any bereavement leave, family and medical leave, and travel discounts provided by Concessionaire to its employees, their spouses and the domestic partners of employees.

16.20.1 Concessionaire agrees to post the following statement in conspicuous places at its place of business available to employees and applicants for employment:

"During the term of a Contract with the City of Los Angeles, Concessionaire will provide equal benefits to employees with spouses and its employees with domestic partners. Additional information about the City of Los Angeles' Equal Benefits Ordinance may be obtained from the Department of Public Works, Bureau of Contract Administration, Office of Contract Compliance at (213) 847-2625."

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

16.20.2 The failure of Concessionaire to comply with the EBO will be deemed to be a material breach of this Agreement by City. If Concessionaire fails to comply with the EBO, City may cancel or terminate this Agreement, in whole or in part, and all monies due or to become due under this Agreement may be retained by City. City may also pursue any and all other remedies at law or in equity for any breach. Failure to comply with the EBO may be used as evidence against Concessionaire in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, et seq., Concessionaire Responsibility Ordinance. If City determines that Concessionaire has set up or used its contracting entity for the purpose of evading the intent of the EBO, City may terminate this Agreement.

16.21 Contractor Responsibility Program. Concessionaire shall comply with the provisions of the Contractor Responsibility Program adopted by the Board. Executive Directives setting forth the rules, regulations, requirements and penalties of the Contractor Responsibility Program and the Pledge of Compliance Form is attached hereto as Exhibit Q and incorporated herein by reference.

16.22 First Source Hiring Program for Airport Employers. For all work performed at LAX, Concessionaire shall comply with all terms and conditions of the First Source Hiring Program ("**FSHP**"). A copy of the FSHP is attached hereto and incorporated by reference herein as Exhibit R.

16.23 Environmentally Favorable Options. Concessionaire acknowledges for itself and any sub-concessionaires that its operation of its activities under this Agreement will be subject to all of City of Los Angeles' policies, guidelines and requirements regarding environmentally favorable construction, use or operations practices (hereinafter collectively referred to as "**City Policies**") as such City Policies may be promulgated, revised and amended from time-to-time.

16.24 Municipal Lobbying Ordinance. Concessionaire shall comply with the provisions of the City of Los Angeles Municipal Lobbying Ordinance.

16.25 Labor Peace Agreement. As a condition precedent to the execution of this Agreement: (i) Concessionaire shall have a signed Labor Peace Agreement ("**LPA**") with the labor organizations representing or seeking to represent concession workers at the Premises covered by this Agreement; (ii) Concessionaire shall have submitted to City a copy of such LPA, executed by all of the parties; and (iii) such LPA shall prohibit such labor organizations and their members from engaging in picketing, work stoppages, boycotts or other economic interference with the business of Concessionaire at any of the airports operated by City for the duration of this Agreement.

16.26 Alternative Fuel Vehicle Requirement Program. Concessionaire shall comply with the provisions of the Alternative Fuel Vehicle Requirement Program. The rules, regulations, and requirements of the Alternative Fuel Vehicle Program are attached as Exhibit M and made a material term of this Agreement.

16.27 Ownership of Work Product. Concessionaire agrees that any and all intellectual properties, including, but not limited to, all ideas, concepts, themes, computer programs or parts thereof, documentation or other literature, or illustrations, or any components thereof, conceived,

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

developed, written or contributed by Concessionaire, either individually or in collaboration with others, for the benefit of City, shall belong to and be the sole property of City.

16.28 Estoppel Certificate. Upon written request of City, Concessionaire shall execute, acknowledge and deliver to City or its designee, an Estoppel Certificate in the form then required by City under its standard leases and with any other statements reasonably requested by City or its designee. Any such Estoppel Certificate may be relied upon by such designee. If Concessionaire fails to provide such certificate within ten (10) days of receipt by Concessionaire of a written request by City as herein provided, such failure shall, at City's election, constitute a Default under this Agreement, and Concessionaire shall be deemed to have given such certificate as above provided without modification and shall be deemed to have admitted the accuracy of any information supplied by City to such designee.

16.29 Subordination of Agreement. This Agreement shall be subordinate to the provisions of any existing or future agreement between City and the United States of America, its boards, agencies or commissions, or between City and the State of California, relative to the operations or maintenance of Airport the execution of which has been or may be required as a condition precedent to the expenditure of federal or state funds for the development of said Airport.

16.30 Laws of California and United States. This Agreement, and every question arising hereunder, shall be construed or determined according to the Laws of the State of California, and of the United States. Concessionaire shall be solely responsible for fully complying with any and all applicable present or future rules, regulations, restrictions, ordinances, statutes, Laws or orders of any federal, state, or local government authority. Concessionaire shall be solely responsible for fully complying with any and all applicable present or future orders, directives, or conditions issued, given or imposed by CEO which are now in force or which may be hereafter adopted by the Board or CEO with respect to the operation of the Airport. Concessionaire shall be solely responsible for any and all civil or criminal penalties assessed as a result of its failure to comply with any of these Laws, rules, regulations, restrictions, restrictions, ordinances, statutes, orders, directives and or conditions.

16.31 Agreement Binding Upon Successors. Subject to the provisions of Section 14, this Agreement shall be binding upon and shall inure to the benefit of the successors, heirs and assigns of the parties hereto. The term "**Transferee**" shall include any transferee of Concessionaire on any Transfer permitted and approved by Board.

16.32 Attorneys' Fees. If either party hereto fails to perform any of its obligations under this Agreement or if any dispute arises between the parties hereto concerning the meaning or interpretation of any provision of this Agreement, then the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party on account of such default or in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements. Any such attorneys' fees and other expenses incurred by either party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be severable from the other provisions of this Agreement and to survive and not be merged into any such judgment.

16.33 Entire Agreement. The provisions of this Agreement, the RFP and Concessionaire's proposal constitute the entire agreement between the parties hereto and said

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Agreement may not be changed or modified in any manner except by written amendment fully executed by City and Concessionaire. If there appears to be a contradiction in the terms of the proposal documents prepared by City, the specific provision(s) shall rule over the general provision(s). There are no representations, agreements or understandings, oral or written, between and among the parties relating to the subject matter contained in this Agreement which are not fully set forth herein. This is an integrated agreement. Concessionaire acknowledges that it has conducted its own due diligence investigation of its prospects for successfully operating the Permitted Uses at the Premises, and has made its own determination of the accuracy of any information provided by City with respect to the financial results of any prior operator of any similar business at the Airport, that City has made no representations or warranties to Concessionaire with respect to any of such matters, and that all prior discussions between City and Concessionaire with respect to such matters are superseded by this Agreement.

16.34 Conditions and Covenants. Each covenant herein is a condition, and each condition herein is as well a covenant by the parties bound thereby, unless waived in writing by the parties hereto. The invitation for proposals, instructions to proposers, including Concessionaire's certification form and affirmative action plan, the basic specification, including any addenda thereto, the affidavit of non-collusion and the bonds or other security deposits required under said instructions are a part of this Agreement, and each of the parties hereto does hereby expressly covenant and agree to carry out and fully perform each and all of the provisions of said documents upon its part to be performed.

16.35 Gender and Plural Usage. The use of any gender herein shall include all genders and the use of any number shall be construed as the singular or the plural, all as the context may require.

16.36 Venue. Venue shall lie in the appropriate U.S. Federal Court or California Superior Court located in Los Angeles County.

16.37 Void Provision. If any provision of this Agreement is determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Agreement, and all such other provisions shall remain in full force and effect.

16.38 Construction and Interpretation. It is the intention of the parties hereto that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid. The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either City or Concessionaire. In the event of any express conflict between the terms of this Agreement and the terms of the RFP and or Concessionaire's Proposal, the terms of this Agreement shall prevail.

16.39 Section Headings. The section headings appearing herein are for the convenience of City and Concessionaire, and shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions of this Agreement.

16.40 Waiver of Claims. Concessionaire hereby waives any Claim against City and City Agents for loss of anticipated profits caused by any suit or proceeding directly or indirectly attacking the validity of this Agreement or any part hereof, or by any judgment or award in any

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

suit or proceeding declaring this Agreement null, void or voidable, or delaying the same, or any part hereof, from being carried out.

16.41 Waiver. Every provision herein imposing an obligation upon City of Concessionaire is material inducement and consideration for the execution of this Agreement. No waiver by City or Concessionaire of any breach of any provision of this Agreement shall be deemed for any purpose to be a waiver of any breach of any other provision hereof nor of any continuing or subsequent breach of the same provision.

16.42 Representations of Concessionaire. Concessionaire (and, if Concessionaire is a corporation, partnership, limited liability company or other legal entity, such corporation, partnership, limited liability company or entity) hereby makes the following representations and warranties, each of which is material and being relied upon by City, is true in all respects as of the date of this Agreement, and shall survive the expiration or termination of the Agreement. Concessionaire shall re-certify such representations to City periodically, upon City's written request.

16.42.1 If Concessionaire is an entity, Concessionaire is duly organized, validly existing and in good standing under the laws of the state of its organization, and is qualified to do business in the state in which the Premises is located, and the persons executing this Agreement on behalf of Concessionaire have the full right and authority to execute this Agreement on behalf of Concessionaire and to bind Concessionaire without the consent or approval of any other person or entity. Concessionaire has full power, capacity, authority and legal right to execute and deliver this Agreement and to perform all of its obligations hereunder. This Agreement is a legal, valid and binding obligation of Concessionaire, enforceable in accordance with its terms.

16.42.2 Concessionaire has not (i) made a general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by any creditors, (iii) suffered the appointment of a receiver to take possession of all or substantially all of its assets, (iv) suffered the attachment or other judicial seizure of all or substantially all of its assets, (v) admitted in writing its inability to pay its debts as they come due, or (vi) made an offer of settlement, extension or composition to its creditors generally within the last 5 years prior to the date of this Agreement or any re-certification.

16.42.3 Concessionaire hereby represents and warrants to City that Concessionaire is not:

1. in violation of any Anti-Terrorism Law (as hereinafter defined);

2. nor is any holder of any direct or indirect equitable, legal or beneficial interest in Concessionaire, as of the date hereof: (A) conducting any business or engaging in any transaction or dealing with any Prohibited Person (as hereinafter defined), or any company with business operations in Sudan that are prohibited under Cal. Gov. Code §7513.6, including the governments of Cuba, Iran, North Korea, Myanmar and Syria and, including the making or receiving of any contribution of funds, goods or services to or for the benefit

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

of any Prohibited Person or forbidden entity; (B) dealing in, or otherwise engaging in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224; or (C) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in, any Anti-Terrorism Law; and

3. a Prohibited Person, nor are any of Concessionaire's affiliates, officers, directors, shareholders, members or lease guarantor, as applicable, a Prohibited Person.

If at any time any of these representations becomes false, then it shall be considered a material Default under this Agreement. As used herein, "**Anti-Terrorism Law**" is defined as any law relating to terrorism, anti-terrorism, money-laundering or anti-money laundering activities, including without limitation the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986, Executive Order No. 13224, Title 3 of the USA Patriot Act, Cal. Gov. Code §7513.6, and any regulations promulgated under any of them. As used herein "**Executive Order No. 13224**" is defined as Executive Order No. 13224 on Terrorist Financing effective September 24, 2001, and relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism", as may be amended from time to time. "**Prohibited Person**" is defined as (i) a person or entity that is listed in the Annex to Executive Order No. 13224, or a person or entity owned or controlled by an entity that is listed in the Annex to Executive Order No. 13224; (ii) a person or entity with whom Landlord is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; or (iii) a person or entity that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, http://www.treas.gov/ofac/t11sdn.pdf or at any replacement website or other official publication of such list. "**USA Patriot Act**" is defined as the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Public Law 107-56), as may be amended from time to time.

16.43 Additional Representations of Concessionaire. Concessionaire represents as of the date of this Agreement that the representations and warranties of Concessionaire contained in Concessionaire's Proposal and in any financial statement or other materials provided by Concessionaire are true, correct and complete, and shall be deemed restated in full in this Agreement.

16.44 Board Order AO-5077 Exemption. With respect to the provision of products and services pursuant to this Concession Agreement, Concessionaire and its respective vendors are expressly exempt from the Board-imposed license fee described in Board Order AO-5077 ("Board Order") and related Staff Report, and any subsequent Board action substituting, replacing or modifying the Board Order, which license fee may, in the absence of such exemption, be assessed on the gross revenues derived from the provision of products and services pursuant to this Agreement.

16.45 Compliance with Los Angeles City Charter Section 470(c)(12).

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

16.45.1 Concessionaire, subcontractors and their principals are obligated to fully comply with City of Los Angeles Charter Section 470(c)(12) and related ordinances, regarding limitations on campaign contributions and fundraising for certain elected City of Los Angeles officials or candidates for elected City of Los Angeles office if the contract is valued at $100,000 or more and requires approval of a City of Los Angeles elected official. Additionally, Concessionaire is required to provide and update certain information to the City as specified by law. Any contractor subject to Charter Section 470(c)(12) shall include the following notice in any contract with a subcontractor expected to receive at least $100,000 for performance under this Agreement:

'Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions.

As provided in Charter Section 470(c)(12) and related ordinances, you are subcontractor on City of Los Angeles contract #LAA-_____. Pursuant to City Charter Section 470(c)(12), subcontractor and its principals are prohibited from making campaign contributions and fundraising for certain elected City officials or candidates for elected City office for 12 months after the City contract is signed. Subcontractor is required to provide to contractor names and addresses of the subcontractor's principals and contact information and shall update that information if it changes during the twelve (12) month time period. Subcontractor's information included must be provided to contractor within five (5) business days. Failure to comply may result in termination of contract or any other available legal remedies including fines. Information about the restrictions may be found at the City Ethics Commission's website at http://ethics.lacity.org/ or by calling 213-978-1960.'

16.45.2 Concessionaire, subcontractors and their principals shall comply with these requirements and limitations. Violation of this provision shall entitle the City to terminate this Agreement and pursue any and all legal remedies that may be available.

16.46 Guaranty. Concurrently with the execution of this Agreement, _____ shall execute and deliver to City an unconditional guaranty of the obligations of Concessionaire under this Agreement in the form of the Guaranty attached to this Agreement as Exhibit Y.

[Signatures on next page]

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

IN WITNESS WHEREOF, City has caused this Agreement to be executed on its behalf by CEO and Concessionaire has caused the same to be executed by its duly authorized officers, all as of the day and year first hereinabove written.

APPROVED AS TO FORM:
Hydee Feldstein Soto,
City Attorney

Date: _____

By: _____
Deputy/Assistant City Attorney

CITY OF LOS ANGELES

By: _____
CEO
Department of Airports

HUDSON GROUP (HG) RETAIL, LLC

ATTEST:

By: Signed by: _____
D3C4398604F845A...
(Signature)

Amy Dunne
Print Name

By: Signed by: Jason Crandlemire _____
9A20E1115C73455...
Treasurer (Signature)

Jason Crandlemire
Print Name

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

TABLE OF CONTENTS

I TERM. 5

1.1. Term 5

1.2. Unit Commencement Date 6

1.3. Commencement of Prepatory Actions 6

1.4. Surrender 6

II PREMISES 7

2.1. Premises; Units 7

2.2. Unit Nos.; Square Footage 7

2.3. Storage Space 7

2.4. Common Areas 7

2.5. Public Address System 8

2.6. Wireless Communications 8

III CONCESSION RIGHTS AND OBLIGATIONS. 8

3.1. Permitted Uses; Rights Granted 8

3.2. Right to Operate 9

3.3. General Obligation to Operate 9

3.4. Right to Promote Products; Restriction on Advertising 9

3.5. Quiet-Enjoyment 9

3.6. As-Is Condition 10

3.7. Rights are Not Exclusive 10

3.8. General Disputes 10

3.9. No Other Uses 10

3.10. Rules and Regulations 11

3.11. Pricing. 11

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

TABLE OF CONTENTS (cont.)

3.12. Failure to Adhere to the Airport Pricing Policy 12

IV PAYMENTS BY CONCESSIONAIRE. 13

4.1. Monthly Base Rent Payments. 13

4.2. Design/Construction Review Fee 16

4.3. Common Area Maintenance. 16

4.4. Utilities 18

4.5. Marketing Fund 18

4.6. Refuse Removal 18

4.7. Other Fees and Charges 19

4.8. Method of Payment 19

4.9. Books and Records 21

V OPERATING STANDARDS. 22

5.1. Operating Standards 22

5.2. Concession Personnel 22

5.3. Managing Director 23

5.4. Unit Managers 24

5.5. Hours of Operation 24

5.6. Merchandising 24

5.7. Quality of Merchandise 25

5.8. Adequate Products and Service 25

5.9. Cash and Record Handling Requirements; Change Making; Credit Cards 25

5.10. Deliveries; Access and Coordination 26

5.11. Removal of Garbage and Refuse 26

5.12. Franchise Standards 28

5.13. Quality Assurance Audits 28

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

TABLE OF CONTENTS (cont.)

5.14. Prohibited Acts 28

5.15. Signs, Promotions & Displays 30

5.16. Taxes 31

5.17. Licenses and Permits 31

5.18. Compliance with Laws. 31

5.19. Airport Operations 32

5.20. Non-Compliance 32

VI DISADVANTAGED BUSINESS ENTERPRISE PROGRAM. 32

6.1. Compliance with Department of Transportation (DOT) 32

6.2. Substitutions 33

6.3. Monthly Report 33

VII IMPROVEMENTS 31

7.1. Improvement Proposal 31

7.2. Condition of Premises 31

7.3. Initial Improvements Required of Concessionaire 32

7.4. Improvement Financial Obligation 32

7.5. Minimum Refurbishment 32

7.6. City Approval of Improvements 33

7.7. Initial Improvements. 35

7.8. Alterations 35

7.9. Building Codes 36

7.10. Other Permits 36

7.11. Workers' Compensation 36

7.12. Improvement Payment and Performance Bond 36

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

TABLE OF CONTENTS (cont.)

7.13. Telecommunications Facilities 36

7.14. Deliveries upon Completion 38

7.15. No Liens 39

7.16. Ownership of Improvements 40

VIII MAINTENANCE AND REPAIR. 41

8.1. Maintenance and Repair 41

8.2. Maintenance Program 41

8.3. Maintenance of Plumbing 42

8.4. City May Repair 43

8.5. Right to Enter Premises 43

8.6. City Maintains Central Air Conditioning 43

8.7. City May Maintain Utilities 44

8.8. Pest Control 44

8.9. Evidence of Payment 44

IX REDUCTION, RELOCATION OR EXPANSION. 44

9.1. Reduction or Relocation of Premises 44

9.2. Expansion of Premises 8

X AIRPORT CONSTRUCTION; AIRPORT OPERATIONS. 46

10.1. Terminal Construction; Airport Operations 46

10.2. No Right to a Temporary Premises 46

XI TERMINATION/CANCELLATION. 46

11.1. Defaults 46

11.2. City's Remedies. 48

11.3. Right to Remove Equipment 52

11.4. Surrender to be in Writing 52

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

TABLE OF CONTENTS (cont.)

11.5. Additional Rights of City 52

11.6. Acceptance Is Not a Waiver 52

11.7. Waiver Is Not Continuous 52

11.8. Waiver of Redemption and Damages 52

11.9. Survival of Concessionaire's Obligations 53

11.10. Cancellation or Termination By Concessionaire 53

11.11. Damaged Improvements 53

11.12. Service During Removal 53

11.13. City May Renovate 54

11.14. Viewing By Prospective Competitors 54

11.15. Unauthorized Hold-Over 54

11.16. Administrative Assessments 54

XII DAMAGE OR DESTRUCTION TO PREMISES. 55

12.1. Damage or Destruction to Premises 55

12.2. Limits of City's Obligations 55

XIII LIABILITY. 58

13.1. Liability 58

13.2. City Held Harmless 59

13.3. Faithful Performance Guarantee 59

13.4. Insurance 57

XIV TRANSFER. 59

14.1. Transfer Prohibited 59

14.2. Transfer 59

14.3. No Further Consent Implied 62

14.4. No Release 59

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

TABLE OF CONTENTS (cont.)

14.5. Payment of City's Costs 62
14.6. Incorporation of Terms 62
14.7. Right to Collect Rent Directly 63
14.8. Reasonableness of Restrictions 63
14.9. Transfer Premium 63
XV HAZARDOUS MATERIALS. 64
15.1. Hazardous Materials 64
15.2. Prohibition; Concessionaire Responsibility 62
15.3. Spill - Clean-Up 62
15.4. Provision to City of Environmental Documents 63
15.5. Hazardous Materials Continuing Obligation 63
XVI OTHER PROVISIONS 63
16.1. Other Provisions 63
16.2. Cross Default 63
16.3. City's Right of Access and Inspection 63
16.4. Automobiles and Other Equipment 63
16.5. Notices 64
16.6. Agent for Service of Process 64
16.7. Restrictions and Regulations 65
16.8. Right to Amend 68
16.9. Independent Contractor 69
16.10. Disabled Access. 69
16.11. Child Support Orders ..... **Error! Bookmark not defined.**
16.12. Business Tax Registration ..... **Error! Bookmark not defined.**
16.13. Ordinance and Los Angeles Administrative Code ("Code") Language Governs 67

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

TABLE OF CONTENTS (cont.)

16.14. Amendments to Ordinances and Codes 67

16.15. Non-Discrimination and Affirmative Action Provisions. 67

16.16. Security - General 68

16.17. Visual Artists' Rights Act 69

16.18. Living Wage Ordinance General Provisions 70

16.19. Service Contract Worker Retention Ordinance 71

16.20. Equal Benefits Ordinance 71

16.21. Contractor Responsibility Program 72

16.22. First Source Hiring Program for Airport Employers 72

16.23. Environmentally Favorable Options 72

16.24. Municipal Lobbying Ordinance 72

16.25. Labor Peace Agreement 72

16.26. Alternative Fuel Vehicle Requirement Program 72

16.27. Ownership of Work Product 72

16.28. Estoppel Certificate 76

16.29. Subordination of Agreement 76

16.30. Laws of California and United States 76

16.31. Agreement Binding Upon Successors 77

16.32. Attorneys' Fees 77

16.33. Entire Agreement 77

16.34. Conditions and Covenants 79

16.35. Gender and Plural Usage 77

16.36. Venue 77

16.37. Void Provision 79

16.38. Construction and Interpretation 79

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

TABLE OF CONTENTS (cont.)

16.39. Section Headings 79

16.40. Waiver of Claims 79

16.41. Waiver 79

16.42. Representations of Concessionaire 79

16.43. Additional Representations of Concessionaire 80

16.44. Board Order AO-5077 80

16.45. Compliance with LA City Charter Section 470(c)(12) 80

16.46. Guaranty 81

LIST OF SCHEDULES AND EXHIBITS

Schedule 1: Concessions Standard Operating Procedures

Exhibit A: Description of Premises

Exhibit A-1: Site Plan Showing Premises

Exhibit B: Commencement and Expiration Date Memorandum (Intentionally Omitted)

Exhibit C: Form of Storage Space Addendum

Exhibit D: Description of All Premises in Airport (Intentionally Omitted)

Exhibit E: Form of Monthly Gross Revenue Report

Exhibit F: Form of Annual Gross Revenue Report

Exhibit G: Intentionally Omitted

Exhibit H: Form of Improvement Performance Bond

Exhibit I: Insurance

Exhibit J: Child Support Ordinance

Exhibit K: Equal Employment Practices

Exhibit L: Affirmative Action Program

Exhibit M: Alternative Fuel Vehicle Program Regulations

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

TABLE OF CONTENTS (cont.)

Exhibit N: Living Wage Ordinances

Exhibit O: Intentionally Omitted

Exhibit P: Service Contract Worker Retention Ordinance

Exhibit Q: Contractor Responsibility Program Pledge of Compliance Rules

Exhibit R: First Source Hiring Program

Exhibit S: (Intentionally Omitted)

Exhibit T: Approved Form of Payment List

Exhibit U: Schedule of Administrative Fees

Exhibit V: Intentionally Omitted

Exhibit W: Initial Improvements Plan

Exhibit X: Permitted Uses [and Brands / Concepts]

Exhibit Y: Concession Guaranty re: XXXPROPOSERPARTNERXXX

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

DEFINITION OF DEFINED TERMS

Term	Page	Section
ACDBE Rules	32	6.1
ACDBEs	32	6.1
Actual Initial Investment	34	7.4
Actual Rent	16	4.1.6
ADA	31	5.18.1
Additional Rent	13	4.1.1
Administrative Assessments	57	11.16
Advertising	9	3.4
Affirmative Action Program	71	16.15.5
Agreement	1	Intro; Basic Information
Agreement Date	1	Basic Information
Agreement Year	16	4.1.6
Airport	5, 7	Recital A; 2.1
Airport Pricing Policy	11	3.11.1
Alterations	37	7.8
Anti-Terrorism Law	79	16.42.3
Base Rent	13	4.1.1
Basic Information	1	Intro; Basic Information
Board	1	Intro; Basic Information
BTRC	70	16.12
Chronic delinquency	50	11.1.13
City	1	Intro; Basic Information
City Agents	23	5.2.4
City Policies	75	16.23
Claims	9	3.4
Common Areas	7	2.4
Comparable	11	3.11.1
Comparison Area	11	3.11.1
Concessionaire	1	Intro; Basic Information
Concessionaire Parties	31	5.18.1
(Original) Concessionaire Proposal	5	Recital C
Concessionaire's Maintenance Records	43	8.1
Default	48	11.1
Deficiency	21	4.8.2
Delivery Date	6	1.2
Delivery Notice	6	1.2
Design Guidelines	30	5.15.1
EBO	74	16.20
EITC	73	16.18
Environmental Claims	65	15.2
Equal Employment Practices	71	16.15.4
CEO	6	1.2
Executive Order No. 13224	80	16.43.3
Expiration Date	6	1.1; Basic Information

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

DEFINITION OF DEFINED TERMS (cont.)

Term	Page	Section
Faithful Performance Guarantee	57	11.15; Basic Information
Financial Statements	20	4.7.5
FPG	59	13.3
FSHP	75	16.22
Gross Revenues	13	4.1.2
Guarantor	49	11.1.3; Basic Information
Hazardous Materials	64	15.1
Hazardous Materials Laws	65	15.2
Initial Improvements	33	7.3
Initial Improvements Plan	33	7.1
Initial Minimum Investment Amount	34	7.4; Basic Information
Laws	31	5.18.1
LOC	59	13.3.4
LPA	75	16.25
LWO	73	16.18
Managing Director	23	5.3
Minimum Refurbishment	34	7.5
Minimum Refurbishment Plan	35	7.5.1
Minimum Refurbishment Amount	35	7.5.2; Basic Information
Minimum Monthly Guaranteed Rent	13	4.1.3; Basic Information 6.1
Non-Discrimination Policy	32	16.20
Non-ERISA Benefits	74	4.1.2
Per Enplaned Passenger MAG	11	4.1.5; Basic Information
Percentage Fee	13	15.2
Permitted Hazardous Materials	65	3.1; Basic Information
Permitted Uses	8	5.2.1; Basic Information
Personnel	22	5.9.1
POS Equipment and Systems	25	2.1
Premises	7	5.18.1
Private Restrictions	31	4.1.4
Products and Services	14	16.42.3
Prohibited Person	79	5.11.1
Recycling Program	27	16.6; Basic Information
Registered Agent	68	4.1.1
Rent	13	Recital B
RFP	5	3.10
Rules and Regulations	11	16.19
SCWRO	74	4.3.4
Share	18	5.2.1
Sufficient number	22	7.13.1
Telecom Documentation	39	7.13.1
Telecommunication Facilities	39	7.13.1
Telecommunication Service Providers	39	

Docusign Envelope ID: D8079F7E-32EC-805E-802A-838934D4B580

DEFINITION OF DEFINED TERMS (cont.)

Term	Page	Section
Term	6	1.1
Terminal	1	Basic Information
Transfer	62	14.1
Transfer Request	62	14.1
Transferee	77	16.31
Unit Commencement Date	6	1.2
Unit Manager	24	5.4
Units	7	2.1
USA Patriot Act	79	16.42.3
VARA	72	16.17
Worth at the time of award	51	11.2.1

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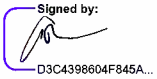
Amy Dunne Amy.Dunne@avolta.net Security Level: Email, Account Authentication (None)	Signed by:  D3C4398604F845A... Signature Adoption: Drawn on Device Using IP Address: 4.35.15.203 Signed using mobile	Sent: 5/13/2026 4:09:23 PM Viewed: 5/13/2026 4:19:06 PM Signed: 5/13/2026 4:19:24 PM
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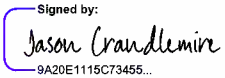
Jason Crandlemire Jake.Crandlemire@avolta.net Treasurer Security Level: Email, Account Authentication (None)	Signed by:  9A20E1115C73455... Signature Adoption: Pre-selected Style Using IP Address: 163.116.145.57	Sent: 5/13/2026 4:09:23 PM Viewed: 5/13/2026 4:26:23 PM Signed: 5/13/2026 4:26:41 PM
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SCHEDULE 1

Concessions Standard Operating Procedures

Los Angeles International Airport & Van Nuys Airport

Concessions Standard Operating Procedures (SOP)

May 2026

Table of Contents

1. Applicability 3
2. Definitions 3
3. Pricing Policy 3
    - Introduction 3
    - Pricing Flexibility 4
    - Excluded Items 4
    - Price Display 5
    - Pricing Reporting 5
    - Pricing Compliance 5
4. Utilities 5
5. Other Fees & Charges 6
6. Required Hours of Operation 6
7. Deliveries, Access & Coordination 6
8. Removal of Garbage & Refuse 7
9. Refuse Removal Costs 8
10. Environmentally Favorable Options 9
11. City Events 9
12. Distressed Concession Relief Program 9
13. Value For Money (VFM) Program 9
14. Children's Menu 9
15. Digital Marketing 9
16. Airport Service Quality (ASQ) Scores 10
17. Business and Operations Plan 10
18. Additional Conditions 10

Exhibits

1. Pricing Policy: Product/Menu/Service Report
2. Pricing Policy: Excluded Item Report

1. Applicability

Concessionaires (as defined below) at Los Angeles International Airport (LAX) or Van Nuys Airport (VNY) shall comply with these procedures.

2. Definitions

For purposes of these procedures, the following definitions shall apply:

"Concession" means any operation which provides, sells, rents or distributes goods, services, food, beverages, merchandise, or other products to the public at LAX or VNY, including but not limited to: retail stores, food and beverage establishments, personal service providers, passenger service businesses, advertising displays, vending machines, entertainment facilities, or other similar revenue-generating operations intended to serve the public; or airport employees.

“Concessionaire” shall include: (i) any entity with an Agreement with Los Angeles World Airports (LAWA) to provide concessions at LAX or VNY, including a Terminal Commercial Manager (TCM) (ii) concessionaires or sub-concessionaires at LAX or VNY (whether through direct concession agreements with LAWA or with TCM or otherwise); or (iii) any other individual or entity that is in possession of space that is intended to be used as a Concession at LAX or VNY provided, however, that Concessions shall not include: airlines or other air carriers, ground transportation providers, rental car services, parking operations, governmental or security operations.

“Concessionaire’s Agreement” shall mean: Concessionaires approved by LAWA provided that in case of conflicts, the terms of these procedures and LAWA’s consent shall prevail, in that order. For the avoidance of doubt, for TCM’s concessionaires, Concessionaire’s Agreement shall mean Unit Concession Agreement.

“Chief Executive Officer (CEO)” shall mean the General Manager or Executive Director of LAWA.

“LAWA” or “Los Angeles World Airports” shall mean the City of Los Angeles Department of Airports.

“Premises” or “Unit” shall mean the respective space(s) of each Concessionaire, as defined in their respective agreement(s).

Unless the context requires otherwise, capitalized terms shall have their meanings as set forth in each Concessionaire’s Agreement provided, however, if any definition in Concessionaire’s Agreement conflicts with a definition in these procedures, the definition in these procedures shall control for purposes of these procedures.

3. Pricing Policy

Introduction

LAWA is committed to providing a diverse and competitive range of retail, food and beverage and service options for the public. LAWA has adopted a flexible pricing policy that allows Concessionaires to set their own prices for the products, menu items and services they offer at their concessions, except for Excluded

Items, and subject to certain requirements and limitations. This document outlines the procedures of the Pricing Policy, which will take effect upon execution of the Amendments to the Concession Agreements.

Pricing Flexibility

Under the Pricing Policy, Concessionaires are allowed to determine the prices of their retail products, food and beverage menu items and services. Concessionaires are encouraged to offer competitive and reasonable prices that reflect the value and quality of their products and services, and that meet the expectations and satisfaction of the customers.

Excluded Items

This section outlines the pricing procedures for specific categories of items, ensuring that prices are competitive and fair for consumers while allowing for a reasonable profit margin. These categories are:

- Bottled Water
- Over-the-counter medication
- Feminine hygiene products
- Baby products

The Concessionaire will price these items no more than 18% above street pricing. Street pricing is a price charged for an identical/comparable good and at a comparable business, which is a similar non-airport business located in a shopping center or commercial district within a 25-mile radius from the airport, with a similar style of service, product offering and menu. Locations such as hotels, train stations, special events and special gated venues (e.g. Dodger Stadium, theme parks, Crypto.com Center) are not acceptable comparable businesses.

For the designated items in each of the above categories, every Concessionaire must submit a comprehensive Excluded Items pricing report for review by LAWA **on a QUARTERLY basis**. All prices will be reviewed. The Excluded Item pricing report must be completed using the template and format provided by LAWA (Exhibit 2), which includes:

- At least three (3) comparable businesses (with full name and address) with corresponding prices for each Excluded Item for purchase.
- The calculation to demonstrate the proposed pricing adheres to the Policy.

The Excluded Item pricing report must be submitted electronically to LAWA's Commercial Development's email account, concessionsreporting@lawa.org.

Quarterly submission due dates for the Excluded Item pricing report, for each year, are:

- January 1
- April 1
- July 1
- October 1

If the date falls on a weekend (Saturday or Sunday) or a city-observed holiday, the due date will be the following business date. LAWA will approve each Concessionaire's Excluded Item pricing report via email.

Price Display

Prices must be conspicuously displayed on all items for purchase, to the satisfaction of LAWA. Displays will include the name/description of the item for purchase and its sale price. Other specifics may be required on a case-by-case basis.

Pricing Reporting

To ensure transparency and accountability, Concessionaires are required to submit a pricing report to LAWA once a year, by January 1st, except for Excluded Items, (see Excluded Items Section C above) and every time a Concessionaire changes their menu, product list, service or the price of an item or service. The pricing report should include the following information for each product, menu item or service offered at the concession:

- The name and description of the product, menu item or service;
- The unit size or portion size of the product or menu item;
- The previous price of the product, menu item or service, if applicable; and,
- The date of the last price change, if applicable.

The pricing report must be submitted electronically to LAWA's Commercial Development email account, concessionsreporting@lawa.org, using the template and format provided by LAWA (Exhibit 1). LAWA will review the pricing report and acknowledge receipt of the report via email. LAWA reserves the right to request additional information or clarification from the Concessionaire. LAWA also reserves the right to reject any price in the Excluded Item report that is deemed inconsistent with the Policy.

Pricing Compliance

LAWA will monitor and enforce the compliance of the Concessionaire with the Pricing Policy, using various methods, such as price surveys, audits, inspections, and customer feedback. LAWA will notify the Concessionaire, in writing, of violations of this Policy. Concessionaire must correct prices to conform to the pricing criteria within seven calendar days of receipt of the Notice of Pricing Violation. If any LAWA-initiated price comparisons disclose a violation of the requirements of this Agreement, the cost of such LAWA-initiated price comparisons will be borne by the Concessionaire, and upon the delivery of an invoice from LAWA, the Concessionaire must pay the same to LAWA, plus fifteen percent (15%) of such cost incurred as an administrative fee (but in no event less than $100 per occurrence or such greater amount as may be reasonably adjusted by the CEO from time to time) (herein, the "Administrative Fee"), within thirty days of receipt of LAWA's invoice. LAWA will take appropriate actions against any Concessionaire that fails to comply with the Pricing Policy, such as issuing warnings, imposing fines, or terminating the concession agreement, depending on the severity and frequency of the violation.

4. Utilities

Utilities with respect to the Premises (including each Unit therein), including electricity, gas and water, shall be separately metered as to the Premises (and as to each Unit therein), at Concessionaire's expense. If the CEO agrees that it is impossible to separately meter a given utility, with respect to all or a portion of a given Unit/Premises, then Concessionaire shall pay to LAWA as Additional Rent a reasonable and non-discriminatory pro-rata amount of said utility invoice which includes said Unit/Premises, based upon CEO's good faith estimate of Concessionaire's share thereof. CEO's estimate may be based on the square footage of Concessionaire's Premises compared with the square footage of the area serviced, or upon some other

reasonable and non-discriminatory criteria designated by CEO in CEO's good faith business judgment. LAWA shall invoice Concessionaire for amounts due and Concessionaire shall pay the same on demand of receipt of LAWA's invoice. TCM shall have the right to pass through all of such charges for utilities to its Concessionaires but without any administrative mark-up or profit.

5. Other Fees & Charges

If LAWA has paid any sum or sums or has incurred any obligations or expense which Concessionaire had agreed to pay or reimburse LAWA for, or if LAWA is required or elects to pay sum(s) or ensure obligation(s) or expense(s) by reason of the failure, neglect or refusal of Concessionaire to perform or fulfill any of the conditions, covenants or agreements contained in the Agreement, or as a result of an act or omission of Concessionaire contrary to said conditions, covenants, and agreements, Concessionaire shall pay the sum(s) so paid or the expense(s) so incurred (including all interest, costs, damages and penalties, and the same may be added to any installment of the fees and charges thereafter due hereunder), plus the Administrative Fee, as Additional Rent recoverable by LAWA in the same manner and with like remedies applicable to any other component of Rent hereunder.

6. Required Hours of Operation

The Unit/Premises (including all Units within the Premises) shall be open for business every day, three hundred sixty-five days per year. The Concessionaire shall operate the Unit/Premises in accordance with the following minimum hours of operation ("Minimum Hours of Operation"): (i) if such Unit is located on the arrivals level, Minimum Hours of Operation shall be from the first scheduled arrival until at least one hour after the last scheduled arrival, without exception. ; (ii) if such Unit is located on the departure level, Minimum Hours of Operation shall be at least one hour before the first scheduled departure until the last departure of the day without exception and (iii) notwithstanding the information in (i) and (ii) no Unit shall be opened fewer hours than 6:00 a.m. to 10:00 p.m.Except in connection with the expiration or earlier termination of Concessionaire's Agreement, Concessionaire shall not vacate or abandon the Premises (including any Unit therein) at any time.

CEO may alter hours on 24-hour notice to Concessionaire to temporarily or permanently modify the Minimum Hours of Operation for any Unit/Premises. Concessionaire shall comply with modifications. Upon the written request of Concessionaire, CEO may, from time to time, authorize a later opening or earlier closing time for any Unit/Premises, provided CEO first finds that Concessionaire has submitted adequate justification ; provided, however, decreases in passenger traffic (with the exception of a national emergency or event) shall not be considered adequate justification.

7. Deliveries, Access & Coordination

To the extent airside access rights are granted to Concessionaire, Concessionaire shall comply with all Airport Rules and Regulations and applicable Laws to obtain clearance for airside access. Except and to the extent expressly directed by CEO in writing, all deliveries of products, goods, merchandise, supplies, and other materials to and from the Premises (including any Unit therein) and trash removal from the Premises (including any Unit therein) necessary to the operation of the Premises (or any Unit therein) shall be conducted through the airside locations (for TCM and its concessionaires it will be designated in the DIP Approval), as such airside locations may be changed by CEO from time to time upon written notice to Concessionaire. Concessionaire acknowledges and agrees that all such deliveries by Concessionaire shall

be in conformance with the Rules and Regulations and security requirements in effect with respect to airside operations at the Airport, and Concessionaire shall bear all costs incurred by them in connection with their respective compliance. Concessionaire shall make deliveries only within the times and at locations authorized by CEO. Concessionaires shall require that all airside deliveries be made by vehicles and drivers qualified and permitted by LAWA to drive over airside access roadways. Delivery hours and locations may be specified and changed from time to time at the sole discretion of CEO.

8. Removal of Garbage & Refuse

Concessionaire shall strictly comply with the Airport Rules and Regulations and applicable Laws regarding the disposition of trash, rubbish, refuse, garbage and recycled materials, shall regularly remove all trash, rubbish, refuse, garbage and recycled materials from the Premises (including any Unit therein) to the appropriate garbage or refuse disposal area or recycled materials area designated by CEO from time to time and shall remove the accumulation of all such material in such area or areas at frequent intervals. Prior to removal to such garbage or refuse disposal area, Concessionaire shall store all trash and other waste in covered, odor, leak and vermin proof containers (including recycling containers), such containers to be kept in areas not visible to members of the public. Accumulation of trash, boxes, cartons, barrels or other similar items shall not be permitted in any public area at Airport.

LAWA Waste Reduction and Removal. Concessionaire shall comply with current and future Airport Rules and Regulations and other regulations promulgated by the City of Los Angeles regarding the reduction and recycling of trash and debris. Without limiting the generality of the foregoing, Concessionaire shall participate in meeting the Airport's mandated goal of fifty percent (50%) waste diversion by 2035, by developing and implementing a program to remove as much recyclable material from the waste stream as possible (a "Recycling Program"). Any Recycling Program shall consist of at a minimum mixed office paper and cardboard recycling, beverage container recycling in employee break areas and public areas if applicable, diversion through 2-sided copying, reuse of pallets, utilization of minimum thirty percent (30%) recycled content copy paper and other recycled content paper goods. TCM shall prepare and submit to LAWA a written description of such Recycling Program with respect to the Premises (and each Unit therein) as part of the TCM's Business and Operations Plan. TCM shall incorporate reasonable revisions to such Recycling Program required by LAWA. If Concessionaire's corporate management has a written policy on waste reduction and sustainability, Concessionaire shall provide a copy of such policy to LAWA at the notice address set forth in the Basic Information, Attention: LAWA Recycling Coordinator. Concessionaire shall provide a quarterly report to the LAWA Recycling Coordinator (in the form and format prescribed by LAWA) detailing the volume and type of materials diverted from the waste stream in accordance with such Recycling Program. Such quarterly report shall also describe other waste minimization practices, such as use of compostable utensils and dishware, reuse of materials and equipment, salvaging of materials and recycling of construction and demolition waste. Without limiting the generality of LAWA's other access and inspection rights under Concessionaire's Agreement, LAWA shall have the right to access the Premises during regular business hours to review and verify Concessionaire's compliance with its Recycling Program and other waste minimization practices. LAWA discourages the use of polystyrene foam including one-time use clamshell food containers, bowls, plates, trays, cartons, and cups in which food or beverages are placed or packaged. In addition, restaurants and food vendors are required to use biodegradable or compostable food service ware unless an affordable alternative is not available. TCM shall provide periodic reports as outlined in the Business and Operations Plan to the LAWA Recycling Coordinator (in the form and format prescribed by LAWA) detailing the volume and type of materials diverted from the waste stream in accordance with such Recycling Program. Such reports shall also describe other waste

minimization practices, such as use of compostable utensils and dishware, reuse of materials and equipment, salvaging of materials and recycling of construction and demolition waste. Without limiting the generality of LAWA's other access and inspection rights under Concessionaire's Agreement, LAWA shall have the right to access the Premises during regular business hours to review and verify Concessionaire's compliance with its Recycling Program and other waste minimization practices. LAWA discourages the use of polystyrene foam including one-time use clamshell food containers, bowls, plates, trays, cartons, and cups in which food or beverages are placed or packaged. In addition, restaurants and food vendors are required to use biodegradable or compostable food service ware unless an affordable alternative is not available.

Coordinated Delivery and Trash/Re-Cycling Removal System. Concessionaire acknowledges that the CEO may implement coordinated systems for airside access deliveries and Trash/Recycling Removal and that such coordinated systems may (a) be operated by one or more third-party contractors, (b) require the use of a designated transfer locations, (c) require the payment or reimbursement by Concessionaire, its Concessionaires and other participants of costs and expenses, and any such amounts payable or reimbursable if paid to LAWA shall be Additional Rent hereunder, or may be payable to such third party contractors pursuant to separate agreements with such contractors; and (d) Concessionaire understands and acknowledges that, if implemented, participation with the coordinated systems may be mandatory. Concessionaire acknowledges that such coordinated systems may not become effective until after the commencement of the Primary Term of Concessionaire's Agreement. Concessionaire shall be responsible for all deliveries until such time as CEO delivers written notice to Concessionaire that such systems are being implemented. TCM shall be permitted to pass through all such costs and expenses to its Concessionaires but without any administrative markup or profit.

Additionally, LAWA requires adherence to the following waste programs/guidelines:

a. Adherence to the LAX Waste Guidelines Combined LAX Waste Guidelines
b. Mandatory back of house compost collection for all restaurants and mandatory passenger-generated compost collection for all food courts (two or more restaurants with shared seating)
c. Adherence to the LAX Food Donation Policy LAX Food Donation Policy.pdf
d. Adherence to the LAWA Single-use Plastic Water Bottle Ban Policy Single-use Plastic Water Bottle Phase-out Policy_LAWA.pdf
e. Adherence to all future waste-related LAWA sustainability policies adopted by BOAC

9. Refuse Removal Costs

LAWA may designate garbage or refuse disposal areas at each Facility for use by concessionaires. LAWA reserves the right to charge, and in such event, Concessionaire shall pay to LAWA as Additional Rent a reasonable and non-discriminatory pro-rata amount of the cost for segregation and/or removal of garbage and refuse from designated garbage or refuse disposal areas based upon CEO's good faith estimate of Concessionaire's share thereof. CEO's estimate may be based on Concessionaire's Premises square footage compared with the square footage of the area serviced, or upon some other reasonable and not unjustly discriminatory criteria designated by CEO in CEO's good faith business judgment. LAWA shall invoice Concessionaire monthly for amounts due and Concessionaire shall pay the same to LAWA as Additional Rent, on demand, upon receipt of LAWA's invoice. TCM shall have the right to pass through all such charges for refuse removal to its Concessionaires but without any administrative markup or profit.

10. Environmentally Favorable Options

Concessionaire acknowledges that its operation of its activities under Concessionaire's Agreement will be subject to all of City of Los Angeles' policies, guidelines and requirements regarding environmentally favorable construction, use or operations practices (hereinafter collectively referred to as "City Policies") as such City Policies may be promulgated, revised and amended from time to time.

11. City Events

From time to time, LAWA will host global or nationwide events, including but not limited to the World Cup in 2026, the Superbowl in 2027, and the 2028 Summer Olympic and Paralympic Games ("**City Event**"), and LAWA has or may enter into agreements in connection therewith that affect concessions at the Airport ("**City Event Agreements**"). Concessionaire shall (i) cooperate with LAWA, (ii) act consistently with any such City Event Agreements and (iii) cause its sub-concessionaires and subcontractors to act consistently with any such City Event Agreements. If any City Event has a material adverse impact on Concessionaire's rights under the Concessionaire's Agreement, then upon Concessionaire's written notice to LAWA, Concessionaire and LAWA shall engage in good faith negotiations to address those impacts.

12. Distressed Concession Relief Program

LANGUAGE FOR THIS SECTION TO BE PROVIDED.

13. Value For Money (VFM) Program

At all Units, the menu shall include at least one item or combination of items that are offered at a discounted rate to support LAWA's Value for Money (VFM) program. VFM items, combos, and deals are a selection of items made available at lower price points than regular menu items and designed to provide customers with more affordable options. LAWA will promote these offerings through the VFM program.

14. Children's Menu

At all Units, the menu shall include at least one child's plate and price.

15. Digital Marketing

Concessionaire acknowledges that: (i) City intends to implement an airport-wide digital online shop and dine program and delivery system ("Digital Program"); (ii) such Digital Program may be operated by one or more third party contractors; (iii) if the Digital Program is implemented, Concessionaire shall participate in the Digital Program; (iv) Concessionaire shall participate in quarterly discussions regarding digital experience; and (v) such Digital Program may not become effective until after the Effective Date of this Amendment. Nothing in this Section shall be construed to preclude Concessionaire's participation in TCM's pilot program authorized by Board Resolution no. 27007 (approving the Chief Executive Officer Consent to Permitted Uses).

16. Airport Service Quality (ASQ) Scores

Concessionaire shall implement the following to drive ASQ scores:

- Pricing and value for money review on all pricing submissions including review of entire marketplace offer, quality, service and value price of items.
- Mystery Shop scores audits; anything below 75% triggers immediate retraining on problem areas.
- Recognition/gifts/ awards for high performing employees.
- Store inspections with clear action plans to address deficiencies, communicated to LAWA upon request.
- Monitoring online reviews and providing responses to guest feedback.
- Full retraining on policies and procedures, including open/close policy and full enforcement of this.

17. Business and Operations Plan

The contents of the Business and Operations Plan shall include, but not be limited to, the following:

a. The plan for reasonably maximizing payments and value to City.
b. Establishment of operational goals and objectives for the forthcoming year of the plan, including identification of sales opportunities and marketing plans for the promotion of sales.
c. Review of prior year's performance, including achievement of sales projections and sales trends with explanations of any anomalies by Unit
d. The plan for the promotion of Concessionaires and their products or services
e. Review of Concessionaire's operating standards, policies, and procedures to address, correct or replace underperforming Units, including direct, actionable metrics initiated by Concessionaire to improve the airport's third-party, industry-wide customer service evaluation scores within the Premises.
f. Customer service and quality assurance plan, and remedial action plan for any prior deficiencies.
g. The maintenance plan for the Premises.
h. Such other goals, objectives, requirements or information as the CEO may reasonably request.

18. Additional Conditions

Concessionaire must adhere to the following additional conditions:

1. Concessionaire must purchase, install, and integrate with LAWA systems sensors to measure open/close accuracy and consistency to specified operating hours.
2. Concessionaire must provide accessibility to all data as requested, such as POS data, queue times, daily sales details, including POS data and ensure LAWA retains ability to access and control customer data as requested.
3. Concessionaire must partner in employee events to be held with soft openings & employee discounts for opening new concessions and track employee engagement scores and them with share with LAWA.
4. Concessionaire must provide pop up opportunities and/or kiosks during construction with enhanced barricade graphics for improved pax experience/improved ASQ scores, to be timed for the entire length of construction.

5. Concessionaire must provide opportunities for joint LAWA/branding opportunities.
6. Concessionaire must implement initiatives to explicitly measure and address long line wait times at concessions that still feel high-touch and hospitable.
7. LAWA reserves the right to require the Concessionaire to implement a comprehensive re-concepting of any location within ninety (90) to one hundred eighty (180) days following formal written notice. This right may be exercised if a location fails to satisfy performance metrics—including gross sales, required operating hours, and mystery shopper scores—for the duration of any full fiscal quarter. Upon such failure, the Concessionaire shall be granted a thirty (30) day cure period to reconcile the identified performance deficiencies prior to the issuance of a formal re-concepting directive.
8. Concessionaire shall develop and submit to LAWA a comprehensive strategy for the introduction of new brands. Such submission must include, at a minimum, multiple choices for brand selection, a detailed analysis detailing the utilization and capitalization of upcoming and emerging brands, and robust supporting documentation evidencing the projected viability and success of said brands within an airport environment, including relevant consumer insights and empirical response data. Final approval of all brand concepts, designs, and selections shall be retained exclusively by LAWA.

Exhibit 1
Product/Menu/Service Report

Menu Pricing Worksheet

LAX

Concessionaire:

Concession Name:

Terminal:

Submittal Quarter:

Menu Item Description	New Item	Current Price	Previous Price	Date of Last Price Change	Notes
	☐				
	☐				
	☐				

Exhibit 2
Market Basket Report

Group Review		
Comp #1	Comp #6	Comp #11
Comp #2	Comp #7	Comp #12
Comp #3	Comp #8	Comp #13
Comp #4	Comp #9	Comp #14
Comp #5	Comp #10	Comp #15
Comp #6	Comp #11	Comp #16
Comp #7	Comp #12	Comp #17
Comp #8	Comp #13	Comp #18
Comp #9	Comp #14	Comp #19
Comp #10	Comp #15	Comp #20

Item Description	Item	Unit/Case	Comp #1	Comp #2	Comp #3	Comp #4	Comp #5	Comp #6	Comp #7	Comp #8	Comp #9	Comp #10	Comp #11	Comp #12	Comp #13	Comp #14	Comp #15	Comp #16	Comp #17	Comp #18	Comp #19	Comp #20	Comp #21	Comp #22	Comp #23	Comp #24	Comp #25	Comp #26	Comp #27	Comp #28	Comp #29	Comp #30	Comp #31	Comp #32	Comp #33	Comp #34	Comp #35	Average of Comps	Last Price Paid	Negotiated Price	MAXIMUM PPT Average	% Difference Between Negotiated and MAXIMUM	% Difference Between Negotiated and Average	Notes

EXHIBIT A

Description of Premises

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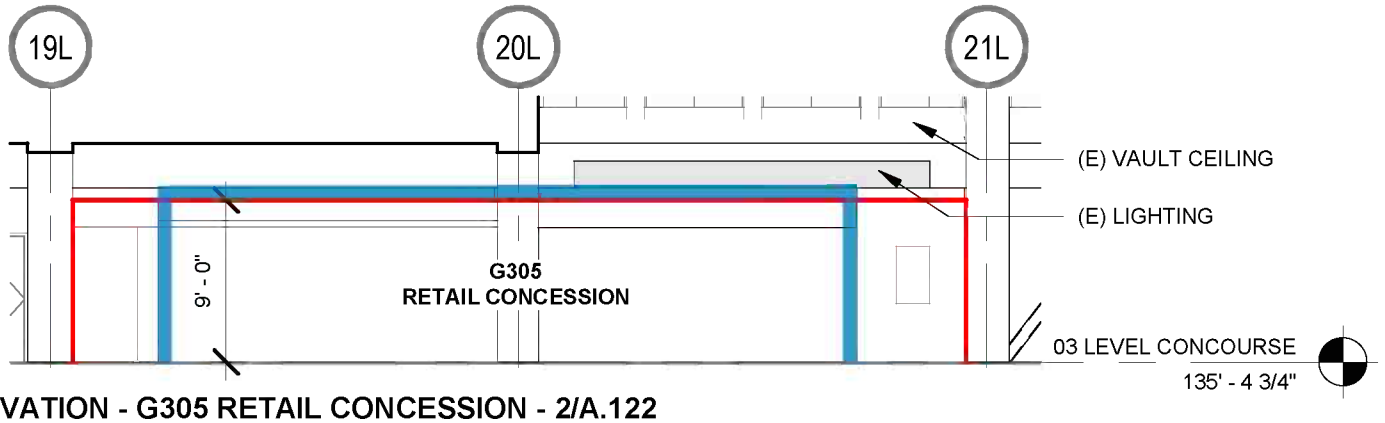
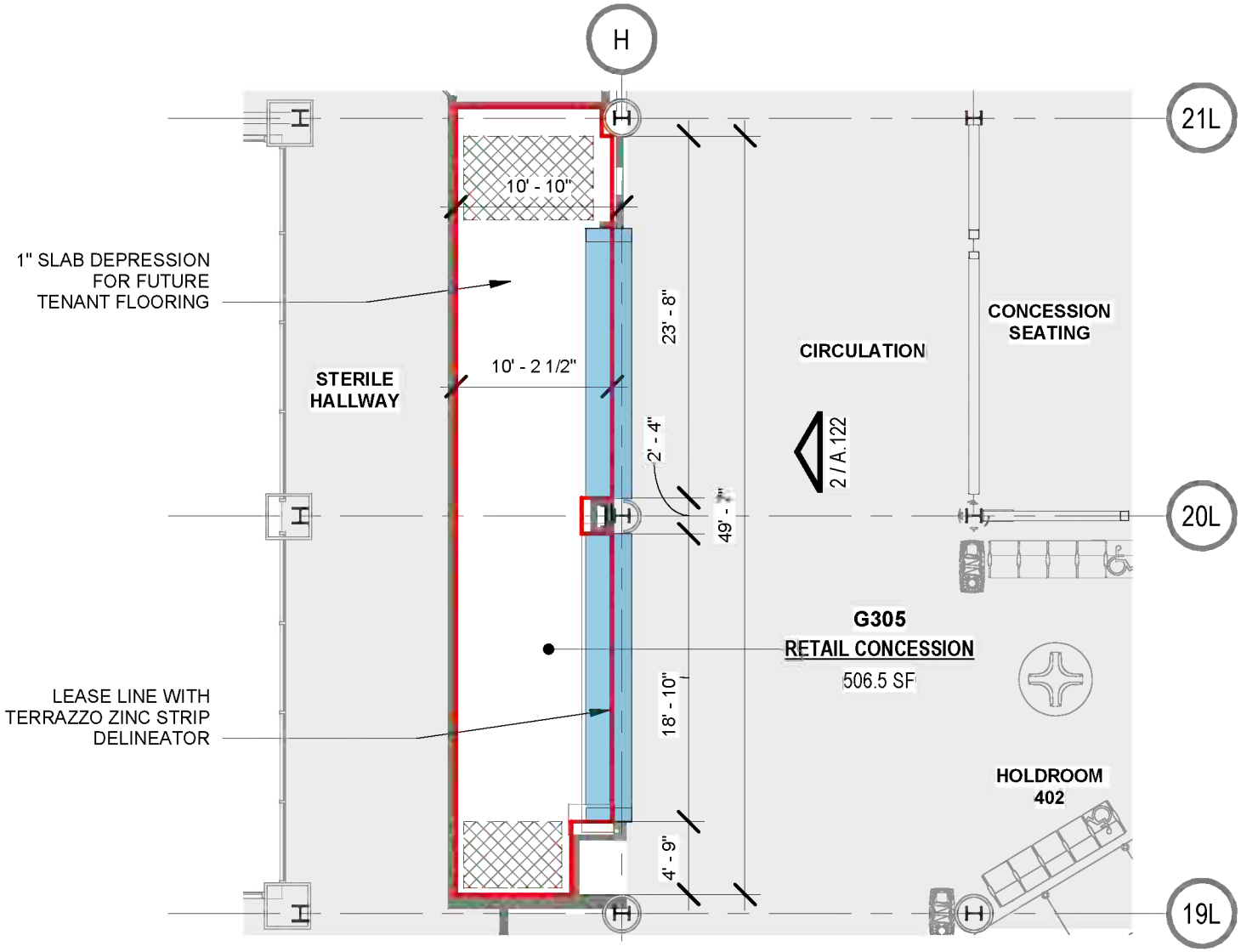


ELEVATION - G305 RETAIL CONCESSION - 2/A.122

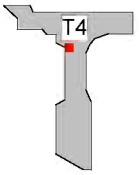


FLOOR PLAN - CONCOURSE LEVEL 03 - G305 RETAIL CONCESSION

LEGEND

- **CONCESSION PORTAL**
  - TERRAZZO ENTRY DELINEATOR
  - CONTINUOUS SOFFIT AND ENTRY FRAME
  - RECESSED SECURITY GRILLE
- **TENANT SPACE**
- **UTILITY ZONE**

T4 KEY MAP



Terminal 4 Concessions Program

Lease Outline Drawing : G305 Retail Concession

A.122

LOS ANGELES WORLD AIRPORTS

Exhibit A

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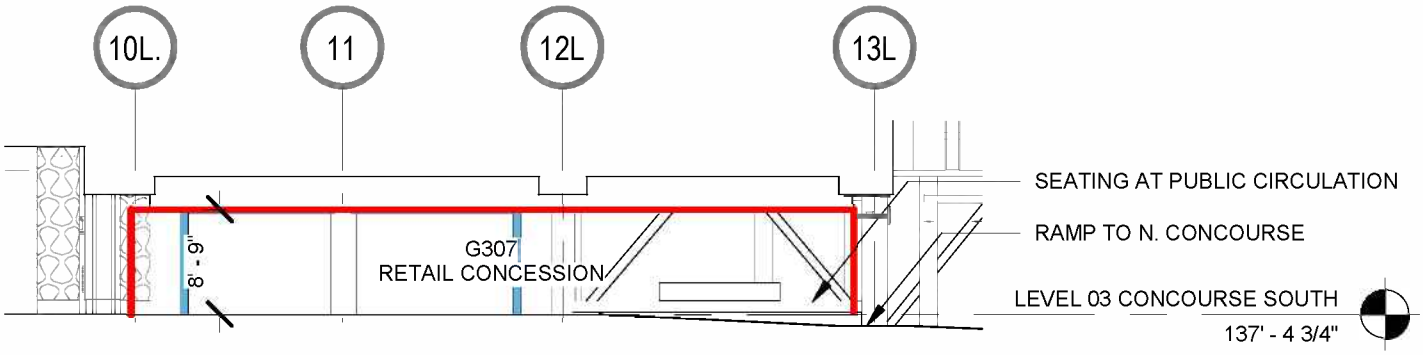
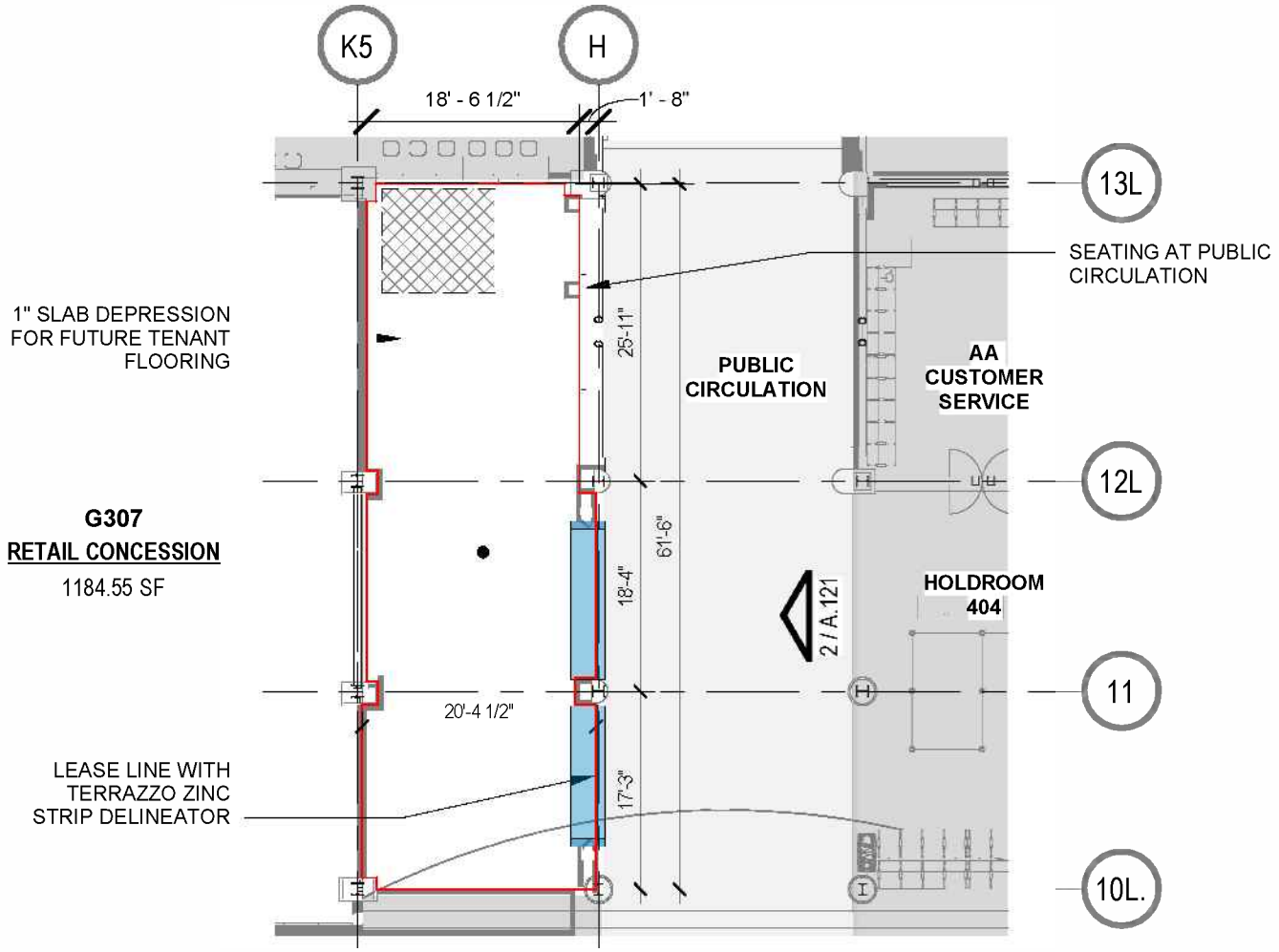


ELEVATION - G307 RETAIL CONCESSION - 2/A.121

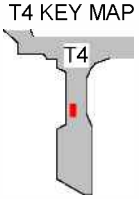


FLOOR PLAN - CONCOURSE LEVEL 03 - G307 RETAIL CONCESSION

LEGEND

- **CONCESSION PORTAL**
  - TERRAZZO ENTRY DELINEATOR
  - CONTINUOUS SOFFIT AND ENTRY FRAME
  - RECESSED SECURITY GRILLE
- **TENANT SPACE**
- **UTILITY ZONE**

T4 KEY MAP



Terminal 4 Concessions Program

Lease Outline Drawing : G307 Retail Concession

A.121

LOS ANGELES WORLD AIRPORTS

Exhibit A

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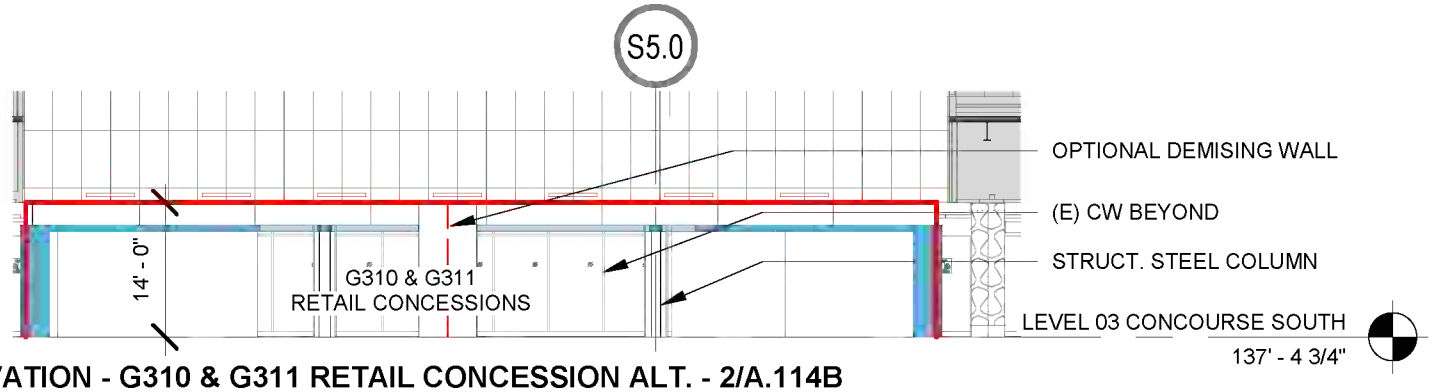
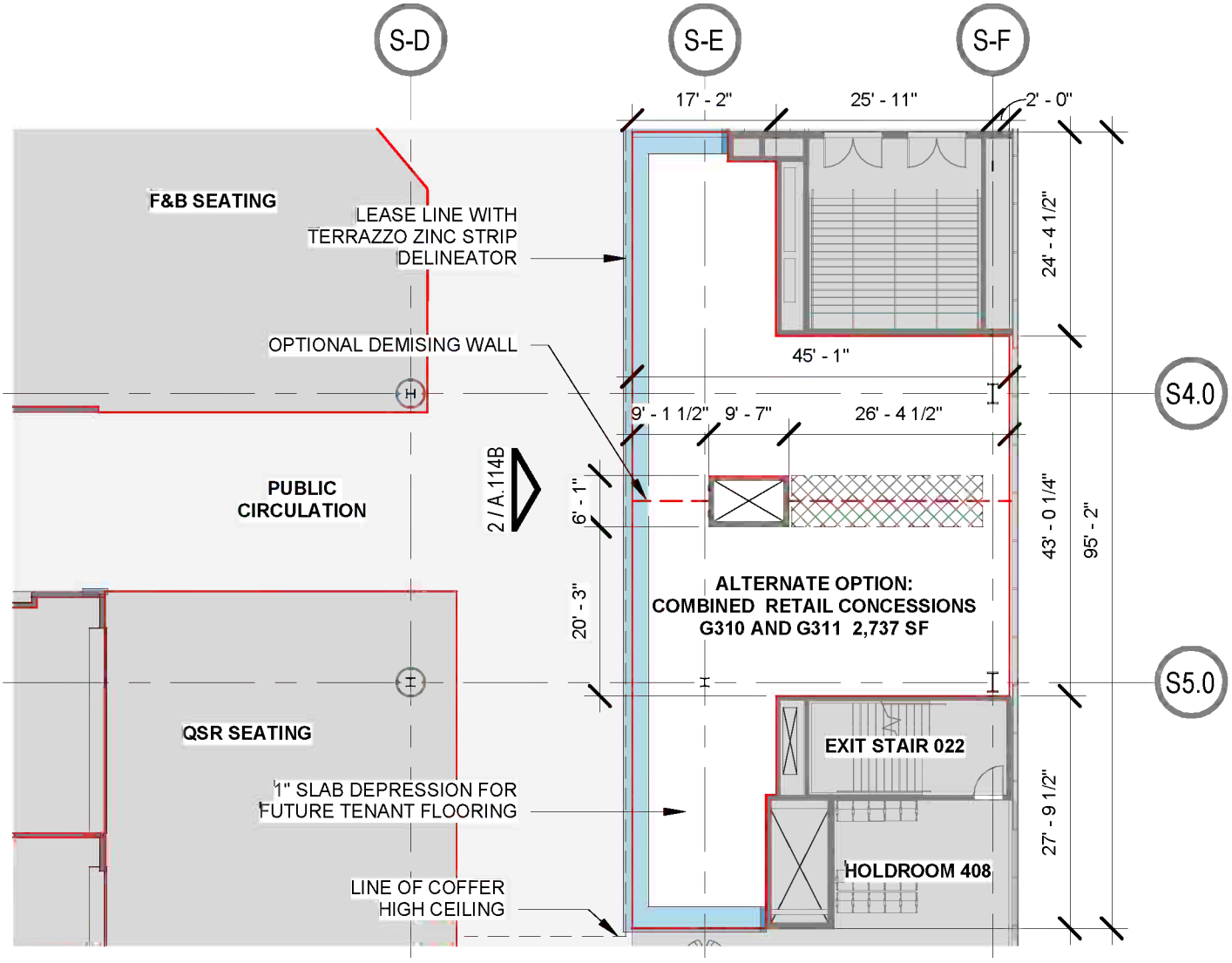


ELEVATION - G310 & G311 RETAIL CONCESSION ALT. - 2/A.114B

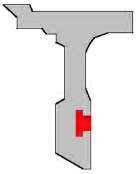


FLOOR PLAN - CONCOURSE LEVEL 03 - G310 & G311 RETAIL CONCESSION ALT.

LEGEND

- **CONCESSION PORTAL**
  - TERRAZZO ENTRY DELINEATOR
  - CONTINUOUS SOFFIT AND ENTRY FRAME
  - RECESSED SECURITY GRILLE
- **TENANT SPACE**
- **UTILITY ZONE**

T4 KEY MAP



Terminal 4 Concessions Program

Lease Outline Drawing : G310 & G311 Retail Concessions Alt.

A.114B

LAWA
LOS ANGELES WORLD AIRPORTS

Exhibit A

EXHIBIT A-1

Site Plan Showing Premises

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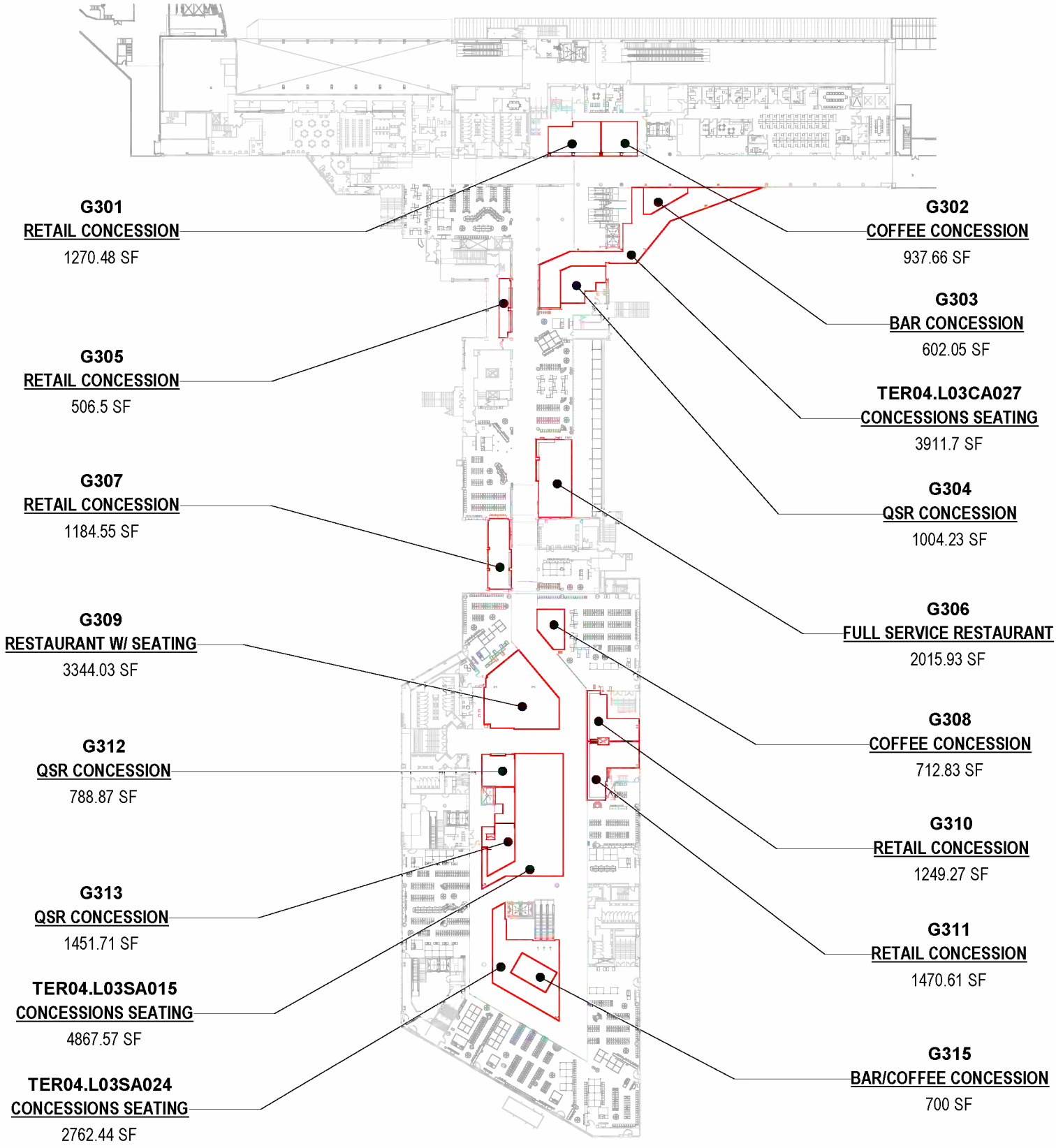


Terminal 4 Concessions Program

Lease Outline Drawing : Concourse Level 03 Overall Plan

A.003

LOS ANGELES WORLD AIRPORTS

Exhibit A-1

EXHIBIT B

Commencement and Expiration Date Memorandum

EXHIBIT B

Commencement and Expiration Date Memorandum

(Intentionally Omitted)

EXHIBIT C

Form of Storage Space Addendum

EXHIBIT C

STORAGE SPACE ADDENDUM

THIS **STORAGE SPACE ADDENDUM** (this "**Addendum**") is made as of _____, 201__, by and between **THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS,** a municipal corporation ("**City**"), acting by order of and through its Board of Airport Commissioners ("**Board**"), and _____, a _____ ("**[Concessionaire or Operator]**"), and upon execution and delivery of this Addendum by the Chief Executive Officer shall become a part of that certain Los Angeles International Airport _____ Concession Agreement, LAA-_____, dated as of _____, 201__, by and between City and [Concessionaire or Operator] with respect to the Premises (as defined therein) (the "**Concession Agreement**").

1. Defined Terms. All initially capitalized terms not otherwise defined in this Addendum shall have the meanings set forth in the Concession Agreement, unless the context clearly indicates otherwise.

2. Lease of Storage Space. In consideration of the payment of Storage Rent (hereinafter defined) and keeping and performance of the covenants and agreements by [Concessionaire or Operator] as set forth in this Addendum and in the Concession Agreement, City leases to [Concessionaire or Operator] a total of approximately _____ square feet of storage space (the "**Storage Space**"), as shown on the chart and drawing, both of which are attached to this Addendum as Exhibit 1.

3. Term of Storage Space Addendum. [Concessionaire or Operator]'s right to use the Storage Space will commence on _____, 201__, and terminate the earlier of (a) upon thirty (30) days' prior written notice from either of City or [Concessionaire or Operator] to the other, or (b) the concurrent expiration or earlier termination of the Concession Agreement ("Term of Addendum"). In connection with the expiration or earlier termination of this Addendum, [Concessionaire or Operator] shall remove all of its goods, furniture, equipment, files, supplies and other personal property from the Storage Space and shall surrender the Storage Space in substantially the same condition as received by [Concessionaire or Operator].

4. Storage Rent. [Concessionaire or Operator] as a monthly base rent for the Storage Space, the City's current and then effective Concessions Storage Rate approved by the Board ("Base Storage Rent"). The Base Storage Rent described in this Section 4 is subject to subsequent Board-approved annual adjustments to the City's Concessions Storage Rate, which will then become the effective Concessions Storage Rate, even if payment for such Storage Base Rent began less than one year before such effective rate.

4.1. Concessions Storage Rate. The Base Storage Rent shall be calculated for each calendar month in an amount equal to the Concessions Storage Rate in effect for the month

multiplied by the square footage of the Storage Space. If adjustments to the Concessions Storage Rent are adopted by the Board retroactive to an effective date established by the Board, the adjustments shall be applied retroactively to said effective date and [Concessionaire or Operator] shall be responsible for retroactive payment of any increased amounts due.

4.2. The Storage Rent is all inclusive and includes utilities, taxes, maintenance, and repair. For purposes of this Addendum, "Storage Rent" shall mean Base Storage Rent and all additional charges (if any) payable to City hereunder. All Storage Rent will be payable in advance, without notice, on or before the first day of each month during the Term of Addendum, at the place designated in the Basic Information of the Concession Agreement for the payment of Rent, or at such place as City may from time to time designate in writing. [Concessionaire or Operator] will not use the Storage Space for any other purpose, but acknowledges that it may additionally be subject to the City's Occupancy Tax if the Storage Space is not used for storage purposes, as permitted under this Addendum.

5. Use of Storage Space. [Concessionaire or Operator] will use the Storage Space in a careful, safe and proper manner, in accordance with all applicable Laws and any Rules and Regulations, as defined in the Concession Agreement. [Concessionaire or Operator] agrees to be fully liable for any damages or losses sustained by City as a result of any overloading by [Concessionaire or Operator] will pay City as additional Storage Rent on demand for any damage to the Storage Space caused by misuse or abuse by [Concessionaire or Operator], its agent or employees, or any other person entering the Storage Space. [Concessionaire or Operator] will not commit waste nor permit waste to be committed nor permit any nuisance in the Storage Space.

6. Lighting; Electricity. City agrees, during the Term of this Addendum, to furnish and provide such electric lighting service to and such ingress and egress from the Storage Space during ordinary business hours as may, at the judgment of City, be reasonably required for the use and occupancy of the Storage Space pursuant to the terms of this Addendum. [Concessionaire or Operator] agrees that City will not be liable for failure to provide such lighting service or ingress and egress during any period when City uses reasonable diligence to supply them. City reserves the right temporarily to discontinue electric service, or ingress or egress, at such times as may be necessary when City is unable to provide them by reason of accident, unavailability of employees, repairs, alterations or improvements, or whenever by reason of strikes, walkouts, riots, acts of God, or any other happening beyond the control of City. City will be under no obligation to furnish heating or air conditioning service to the Storage Space. City will have the right to enter the Storage Space to examine and inspect it as provided in the Concession Agreement and to require the removal of any object or material City deems hazardous to the safety or operation of the Terminal or building in which the Storage Space is located.

7. [Concessionaire or Operator] Contacts. [Concessionaire or Operator] will provide City a list of [Concessionaire or Operator]'s appointed representatives and their telephone numbers for the Storage Space. [Concessionaire or Operator] may, from time to time, change the individuals who are designated as [Concessionaire or Operator]'s representatives by written notice to City of

any such change. City will contact [Concessionaire or Operator]'s representative only to obtain access to the Storage Space. [Concessionaire or Operator] will place signs identifying the location and telephone number for [Concessionaire or Operator] representative on each Storage Space.

8. Storage at [Concessionaire or Operator]'s Risk; Condition of Storage Space. [Concessionaire or Operator] agrees that any and all property of [Concessionaire or Operator] kept or stored in the Storage Space will be at the sole risk of [Concessionaire or Operator] and that City will not be liable for any injury or damage to such property. [Concessionaire or Operator] will carry and maintain, at [Concessionaire or Operator]'s expense, insurance covering all property stored in the Storage Space. Taking possession of the Storage Space by [Concessionaire or Operator] will be conclusive evidence that the Storage Space was in the condition agreed upon between City and [Concessionaire or Operator] and acknowledgment by [Concessionaire or Operator] that it accepts the Storage Space in its then "as-is, where is" condition, "with all faults," and without any further improvement by City.

9. Applicability of the Concession Agreement. Except to the extent specifically provided otherwise in this Addendum, the provisions of the Concession Agreement shall be applicable to the Storage Space and this Addendum as if they were specifically set forth in this Addendum. During the Term of Addendum, references in the Concession Agreement to the "**Premises**" will be deemed to refer to the "**Storage Space**," unless the context clearly indicates otherwise. In the event of any express conflict between the provisions of the Concession Agreement and the provisions of this Addendum, the provisions of this Addendum shall control.

10. Cross-Default. Any default by [Concessionaire or Operator] in the performance of [Concessionaire or Operator]'s obligations under this Addendum will also be a default under the Concession Agreement.

11. Improvements to Storage Space; Relocation and Partial Termination. [Concessionaire or Operator] shall not make any alterations or improvements to the Storage Space without the prior written consent of City and compliance with the applicable provisions of the Concession Agreement. City expressly reserves the rights (a) to relocate the Storage Space to such other storage area as may be designated by City, or (b) to partially terminate this Addendum with respect to any portion of the Storage Space upon not less than thirty (30) days prior written notice to [Concessionaire or Operator]. Notwithstanding anything to the contrary provided in the Concession Agreement or otherwise, [Concessionaire or Operator] shall not be entitled to any compensation or reimbursement in connection with such relocation or partial termination (including, without limitation, any compensation or reimbursements for moving expenses, or for alterations or improvements made to the Storage Space); *provided, however,* the Storage Rent shall be equitably adjusted in connection with any reduction in the Storage Space.

12. Counterparts. This Addendum may be executed in counterparts, but shall become effective only after each party has executed a counterpart hereof; all said counterparts when taken together, shall constitute the entire single agreement between the parties.

13. The individuals executing this Addendum personally warrant that they have full authority to execute such consent on behalf of the entity for which they are acting herein. Further, if _____ is an entity, _____ warrants that the entity is duly organized, validly existing and in good standing under the laws of the state of the entity's organization, and is qualified to do business in the state in which the subject matter of the Addendum is located or is being performed, and the persons executing this Addendum on behalf of the entity have the full right and authority to execute such addendum on behalf of such entity and to bind such entity without the consent or approval of any other person or entity. The entity has full power, capacity, authority and legal right to execute and deliver this Addendum and to perform all of its obligations hereunder. This Addendum is a legal, valid and binding obligation of the entity, enforceable in accordance with its terms, power, capacity, authority and legal right to execute and deliver this Addendum and to perform all of its obligations hereunder. This Addendum is a legal, valid and binding obligation of the entity, enforceable in accordance with its terms.

(signature pages follow)

EXHIBIT C
STORAGE SPACE ADDENDUM

IN WITNESS WHEREOF, City has caused this Addendum to be executed on its behalf by Chief Executive Officer and [Concessionaire or Operator] has caused the same to be executed by its duly authorized officers, all as of the day and year first hereinabove written.

CITY OF LOS ANGELES

Approved as to form:

HYDEE FELDSTEIN SOTO,
City Attorney

By: _____
Deputy/Assistant City Attorney

Date: _____

By: _____
Chief Executive Officer, City of Los Angeles, Department of Airports

By signing above, the signatory attests that they have no personal, financial, beneficial, or familial interest in this Addendum.

(signature page continues)

EXHIBIT C
STORAGE SPACE ADDENDUM

NAME OF COMPANY
a _____ corporation

By: _____
Signature (Chairman of the Board, President, or Vice President)

_____
Print Name

_____
Title

By: _____
Signature (Secretary, Assistant Secretary, Chief Financial Officer or Assistant Treasurer)

_____
Print Name

_____
Title

EXHIBIT C
STORAGE SPACE ADDENDUM

EXHIBIT D

Description of All Premises in Airport

EXHIBIT D

Description of All Premises in Airport

(Intentionally Omitted)

EXHIBIT E

Form of Monthly Gross Revenue Report

EXHIBIT E

Los Angeles World Airports (LAWA)

Monthly Gross Revenue Report

Company Name:		RAMS Agreement #:	
Lease Year Beginning:		Lease Year Ending:	
Submitted by:		Telephone #:	
Email Address:		LAWA #:	
Signature:		Date Report Submitted:	

1) Please submit this report to "concessionreporting@lawa.org" on or before the 20th day of the month following the month for which this Report is made.

2) Please submit your payment with a signed copy of this report to the following address:
City of Los Angeles - LAWA
P.O. Box 54078
Los Angeles, CA 90054-0078

3) A late payment fee of 10% APR will be added for late reports.

4) For questions related to this report, please contact LAWA Billing Unit at 424-646-7623.

		GROSS REVENUES							
Facility Name	**Space #**	**Coffee, Bar, Quick-Serve Restaurant, F&B Marketplace**	**Restaurant & Casual Dining**	**Alcoholic Beverages**	**Travel Essentials & Specialty Retail**	**Facility Total**	**Percentage Rent**	**MMG**	**Base Rent Due**
		___%	___%	___%	___%				
SUBTOTAL									

The foregoing is certified to be true and correct to the best of our knowledge and belief. The signing officer has reviewed the report and certifies that it fairly presents the sales results of the Concessionaire for the periods presented in the report.

By: _____
Name

_____
Title

To calculate the City Occupancy Tax, take your $ amount, determine your # of units and multiply the # of units by 1.48 (which is the City Occupancy Tax figure). For example: If you have $30,010 that = 31 units (because you always round up); 31 x 1.48 = $45.88. You would input $45.88 in the COT box to the right.

Base Rent Due:	
Less: MMG Paid:	
Net Rent Due:	
City Occupancy Tax:	
Less: City Occupancy Tax Paid:	
Net City Occupancy Tax Due:	
Total Balance Due:	

EXHIBIT F

Form of Annual Gross Revenue Report

EXHIBIT F

Los Angeles World Airports (LAWA)
Annual Gross Sales Activity Report

Company Name:		RAMS Agreement #:	
Unit Name:		LAWA Contract #:	
Lease Year Beginning:		Lease Year Ending:	
Email Address:		Telephone #:	
Submitted By:		Date Report Submitted:	
Signature:			

1) Within 45 days after the end of each Lease year, Concessionairs shall sumbit an annual accounting of the Gross Revenues received at each Unit operated by Concessionaire.

2) Please submit this report to "activityreports@lawa.org" on or before the 45th day following the close of each Lease Year.

3) Please submit with a signed copy of this report to the following address:

City of Los Angeles - LAWA
P.O. Box 54078
Los Angelese, CA 90054-0078

4) For questions related to this report, please contact LAWA Billing Unit at 424-646-7623.

	Gross Sales							
Month	Coffee, Bar, Quick Serve Restaurant, F&B Marketplace	Restaurant & Casual Dining	Alcoholic Beverages	Travel Essentials & Specialty Retail	Total	Percentage Rent	MMG	Base Rent Due
	___%	___%	___%	___%				
July								
August								
September								
October								
November								
December								
January								
February								
March								
April								
May								
June								
TOTAL			-	-				

The foregoing is certified to be true and correct to the best of our knowledge and belief. The signing officer has reviewed the report and certifies that it fairly presents the sales results of the Concessionaire for the periods presented in the report.

By: _____
Name

_____
Title

EXHIBIT G

(Intentionally Omitted)

EXHIBIT G

(Intentionally Omitted)

EXHIBIT H

Form of Improvement Performance Bond

Performance Bond

Know all Men by these presents:

THAT _____
_____ as PRINCIPAL,
and _____, a corporation organized under the laws of the State of _____ and duly authorized to transact business under the laws of the State of California, as surety(ies), are held and firmly bound unto the CITY OF LOS ANGELES, a Municipal Corporation, as obligee, in the just and full sum of

_____
_____ Dollars ($ _____),

for the payment whereof well and truly to be made said principal and surety bind themselves, their heirs, executors, administrators, successors, and assigns, jointly and severally firmly by these presents.

THE CONDITION of the foregoing obligation such, that whereas, the above bounden principal is about to enter into a contract, attached hereto, and incorporated by reference herein, with said obligee to do and perform the following, to-wit:

_____
_____
_____

as will more fully appear from said contract, reference to which is hereby made, and which said contract and all documents incorporated therein by reference are expressly made a part hereof.

The said surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to the work to be performed thereunder shall in anywise affect its obligations on this bond, and it does hereby waive notice of any such change, extension, alteration or addition to the terms of the contract or the work, including any Task Order or Change Order.

NOW, THEREFORE, if the above bounden principal shall well and truly perform the work contracted to be done under said contract, and shall fully and faithfully carry out and perform all of the terms, covenants and conditions of said contract upon its part to be performed, then this obligation to be null and void, otherwise to remain in full force and effect.

No right of action shall accrue under this bond to or for the use of any person other than the obligee named herein.

Signed and sealed this ____ day of _____ A.D. 20____.

_____

_____
PRESIDENT

_____
SECRETARY

_____
By _____
ATTORNEY-IN-FACT

Corporation, Partnership or Individual Principal must have signatures acknowledged in the appropriate blank on the reverse hereof.
If a Corporation – Corporate Seal must be impressed hereon.

EXHIBIT H

CORPORATE ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this ____ day of _____, 20____ before me, the undersigned, a Notary Public in and for said County, personally appeared _____ known to me to be the _____ President, and _____ known to me to be the _____ Secretary of _____ the Corporation that executed the within and foregoing instrument, and known to me to be the persons who executed the within instrument on behalf of the Corporation therein named, and acknowledged to me that such corporation executed the same.

WITNESS MY HAND AND OFFICIAL SEAL.

_____

Notary Public in and for the County of _____, State of California

INDIVIDUAL
or
PARTNERSHIP ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this ____ day of _____, 20____ before me, _____ a Notary Public in and for THE said County and State, personally appeared

known to me to be *the person whose name is subscribed to
*one of the partners of the partnership that executed
the within instrument and acknowledged to me *that such partnership executed the same
*that…he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

_____

Notary Public in and for the County of _____, State of California

*Strike out words not applicable.

STATE OF

_____

ss.

County of _____

On this _____ day of _____ in the year two thousand and _____ before, me _____, a Notary Public in and for the County of _____, State of residing therein, duly commissioned and sworn, personally appeared _____ _____ known to me to be the _____ of_____, the corporation that executed the within instrument, and also known to me to be the person _____ who executed it on behalf of said corporation therein named, and _____ he _____ acknowledged to me that such individual/partnership executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal at my office in the _____ County of _____, the day and year in this certificate first above written.

_____

Notary Public in and for the County of _____

State of _____

EXHIBIT H

Private Works Payment Bond

Know all Men by these presents:

THAT WE _____
_____, as principal, and
_____, as surety(ies),
are held and firmly bound unto _____ [COMPANY NAME], in the sum of
_____ Dollars ($_____)
lawful money of the United States, for which, payment well and truly to be made, we bind ourselves, jointly and severally, firmly by these presents.

Signed, sealed and dated _____, 20_____.

The condition of the above obligation is such that, whereas said principal has been awarded and is about to enter into a written contract with the [COMPANY NAME] for

_____
_____
_____
_____

which contract is hereto attached and incorporated by reference herein, and to which reference is made for all particulars, and is required by said city to give this bond in connection with the execution of said contract;

Now, therefore, if said principal as contractor in said contract, or principal's subcontractor(s), fails to pay for any materials, provisions, provender or other supplies or teams used in, upon or for or about the performance of the work contracted to be done, or for any work or labor done thereon of any kind or for amounts due under the Unemployment Insurance Act with respect to such work or labor, or for any amounts required to be deducted, withheld, and paid over to the Franchise Tax Board from the wages of employees of the principal and its subcontractors pursuant to Sec. 18806 of the Revenue and Taxation Code of the State of California with respect to such work and labor, said surety(ies) will pay the same in an amount not exceeding the sum set forth above, and also in case suit is brought upon this bond, a reasonable attorney's fee to be fixed by the court. This bond shall inure to the benefit of any and all persons, companies and corporations, or their assigns, entitled to file claims under and by virtue of the applicable provisions of Division IV, Part 6, Titles 1 and 2 (commencing with Section No. 8000) of the Civil Code of the State of California.

WITNESS our hands this _____ day of _____, 20_____.

_____

_____
PRESIDENT

_____
SECRETARY

_____
Surety,

_____
Surety,

Corporation, Partnership or Individual Principal must have signatures acknowledged in the appropriate blank on the reverse hereof.
If a Corporation – Corporate Seal must be impressed hereon.

CORPORATE ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this ____ day of _____, 20____ before me, the undersigned, a Notary Public in and for said County, personally appeared _____ known to me to be the _____ President, and _____ known to me to be the _____ Secretary of _____ the Corporation that executed the within and foregoing instrument, and known to me to be the persons who executed the within instrument on behalf of the Corporation therein named, and acknowledged to me that such corporation executed the same.

WITNESS MY HAND AND OFFICIAL SEAL.

_____

Notary Public in and for the County of _____, State of California

INDIVIDUAL
or
PARTNERSHIP ACKNOWLEDGMENT

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this ____ day of _____, 20____ before me, _____ a Notary Public in and for THE said County and State, personally appeared

known to me to be *the person whose name is subscribed to
*one of the partners of the partnership that executed
the within instrument and acknowledged to me *that such partnership executed the same
*that…he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

_____

Notary Public in and for the County of _____, State of California

*Strike out words not applicable.

STATE OF

_____

ss.

County of _____

On this _____ day of _____ in the year two thousand and _____ before, me _____, a Notary Public in and for the County of _____, State of residing therein, duly commissioned and sworn, personally appeared _____ _____ known to me to be the _____ of_____, the corporation that executed the within instrument, and also known to me to be the person _____ who executed it on behalf of said corporation therein named, and _____ he _____ acknowledged to me that such individual/partnership executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal at my office in the _____ County of _____, the day and year in this certificate first above written.

_____

Notary Public in and for the County of _____

State of _____

Rev'd 2016-07-25

EXHIBIT H

EXHIBIT I

Insurance

EXHIBIT I

Insurance

EXHIBIT I

Name:	**HUDSON GROUP (HG) RETAIL, LLC**
Agreement/Activity:	RFP - Development, management, and operations of food & beverage, convenience retail, specialty retail, certain other concessions, and non-airline revenue opportunities and passenger services in Terminal 4 at LAX
LAWA Division:	Commercial Development Group
Contract No.:	tbd
RFP No.:	Bonfire 0243-2025-06-RFP
Term:	12 years with one 3-year renewal option

The following Primary and Ancillary Insurance is required for this contract with minimum limits outlined and is subject to the terms and conditions set forth in Section 10 of the General Insurance Provisions in the Contract.

	Primary Insurance
(X) Required	**Workers Compensation,** Statutory Limits **Employer Liability** $1,000,000 each accident $1,000,000 each employee by disease $1,000,000 policy limit by disease
(X) Required	**Commercial General Liability** $10,000,000 per occurrence $10,000,000 general aggregate $10,000,000 personal and advertising injury $10,000,000 products/completed operations
(X) Required	**Commercial Auto Liability** $10,000,000 combined single limit
	Ancillary Insurance, as Required Below
() Required	**Professional Liability** $_____per occurrence and $_____ per aggregate
	Ancillary Insurance, as Required Below

(X) Required (refer to specific coverage required)	**Property Insurance, All Risk/Special Form Coverage** (X) Tenant Contents/Coverage for Personal Property (X) Replacement Value (X) Tenant improvements () Builder's Risk Insurance () Earthquake coverage limit: - Replacement Value () Flood coverage limit: - Replacement Value () Terrorism coverage
() Required	**Installation Floater**
() Required	**Pollution Legal Liability – Must meet policy limits.** $____ per occurrence and $____ per aggregate
() Required	**Network Security and Privacy Liability (Cyber Liability)** $ per incident and $ annual aggregate
() Required	**Aircraft and Passenger Liability** $_____ per occurrence/per passenger fixed wing $_____ per occurrence/per passenger rotorcraft
( ) Required	**Garage Keeper's Liability** $__ per occurrence and $__ annual aggregate
() Required	**Hangar Keeper's Liability** $_____ per occurrence and $____ annual aggregate
( ) Required	**Liquor Liability** $__ per occurrence and $__ annual aggregate
( ) Required	**Crime Insurance or Fidelity Bond** $____ Theft, dishonesty, disappearance, forgery, alteration, and destruction

Once the contract is awarded, evidence of Contractor's insurance, including all required endorsements, must be uploaded into Contractor's insurance profile at PinsAdvantage.com, before a Notice to Proceed (NTP) can be issued. Please upload these Special Insurance Requirement with your evidence of insurance. Contact LAWA Risk Management at riskinsurance@lawa.org or your Contract Administrator responsible for your contract if you have questions.

10. General Insurance Provisions

(version 11/2023)

10.1. **Primary Insurance Requirements.** Contractor shall maintain at its sole expense and keep in effect during the term of this Contract, the following types of insurance in amounts specified in the Special Insurance Provisions attached hereto and incorporated herein by reference.

10.1.1. **Workers' Compensation and Employer's Liability Insurance.** Contractor shall maintain Workers' Compensation Insurance as required by the State of California including coverage for Employer's Liability with limits per accident, employee, and disease.

10.1.2. **Commercial General Liability Insurance.** Contractor shall maintain Commercial General Liability Insurance (CGL) providing coverage for bodily injury, property damage, and personal and advertising injury through any combination of primary and excess or umbrella liability insurance policies with annual reinstatement of the general aggregate limit at each policy period renewal. The CGL shall include broad contractual liability.

The CGL insurance must be written on an ISO occurrence form CG 00 01 or substitute forms providing equivalent coverage. All excess or umbrella policies shall be follow-form and afford no less coverage than the primary policy. Coverage shall apply for both ongoing and completed operations on a form acceptable to LAWA. Coverage shall be provided to LAWA for liability and any damage to property and injury or death of persons, unless caused by LAWA'S sole or active negligence or willful misconduct.

For construction contracts, completed operations coverage must be in place for the entire California State Statute of Repose which is currently ten (10) years. The liability insurance requirements as noted in the Special Insurance Provisions can be met through a Contractor Controlled Insurance Program (CCIP), however, LAWA reserves the right to review and approve the program prior to starting work.

10.1.3. **Commercial Automobile Insurance.** Contractor shall maintain Commercial Auto Insurance written on ISO form CA 00 01 (or substitute form providing equivalent liability coverage). Such insurance shall cover liability arising out of any auto (including owned, hired, and non-owned autos) and may be satisfied by a combination of primary and excess and/or umbrella policies. Insurance limits will vary depending on Contractor's access to Air Operations Area "AOA". All excess or umbrella policies shall contain a drop-down clause in the event of exhaustion of primary limits and provide coverage for primary auto liability. Coverage shall include an MCS 90 endorsement for Contractor's hauling or transporting hazardous materials.

10.2. **Ancillary Insurance Requirements.** Contractor shall maintain at its sole expense and keep in effect during the term of this Contract, ancillary insurance coverages, if required by LAWA and identified in the Special Insurance Provisions, with terms and conditions outlined below:

10.2.1. **Professional Liability Insurance.** Contractor shall maintain Professional Liability Insurance providing coverage for the professional services provided under this Contract.

The policy must have a retroactive date prior to the effective date of the Contract. Contractor agrees to maintain coverage continuously for a period of no less than three (3) years following project acceptance by LAWA.

10.2.2. **Contractor's Pollution Liability Insurance.** Contractor shall maintain Contractor's Pollution Liability Insurance providing coverage for bodily injury, property damage, personal injury and environmental site restoration including fines and penalties in accordance with applicable EPA or state regulations. Coverage shall extend to losses from the release or escape of pollutants including discharge of pollutants brought to the site, release of pre-existing pollutants at the site whether sudden or gradual over time and mold resulting from Contractor's work. Coverage must also extend to first-party clean-up costs, business interruption, loss of rents, and extra expense and include coverage for completed operations up to ten (10) years following project acceptance by LAWA.

10.2.3. **Property Insurance.** Contractor shall maintain Property Insurance providing coverage for the building, including contents, tenant improvements, and/or builders' risk on an All Risk/Special Form for all risks of physical loss or damage for all real property or improvements Contractor may be required to insure, including flood and earthquake coverage, for not less than the full replacement cost. Property insurance deductibles are the sole responsibility of the Contractor and must be approved by LAWA.

10.2.4. **Installation Floater.** Contractor shall maintain an Installation Floater providing coverage for the value of equipment to be installed and shall include LAWA as an insured and loss payee. Coverage for testing, water damage, mechanical breakdown, and electrical injury shall be included.

10.2.5. **Pollution Legal Liability Insurance.** Contractor shall maintain Pollution Legal Liability Insurance providing coverage for bodily injury, property damage, including loss of use of damaged property or of property that has not been physically injured or destroyed, cleanup costs, and defense, including costs and expenses incurred in the investigation, defense, or settlement of claims. Coverage shall apply to sudden and non-sudden pollution conditions resulting from the escape or release of smoke, vapors, fumes, acids, alkalis, toxic chemicals, liquids, or gases, waste materials, or other irritants, contaminants, or pollutants. The insurance shall cover cleanup, including cleanup of pollutants on and migrating away from the insured location, restoration, business interruption, and extra expense as a result of release of pollutants. Coverage shall apply to non-owned disposal sites and shall meet any requirements of proof of financial responsibility laws for underground storage tanks, if appropriate. Contractor agrees to maintain coverage continuously for a period of no less than three (3) years following project acceptance by LAWA.

10.2.6. **Network Security and Privacy Liability Insurance (Cyber liability).** Contractor shall maintain Network Security and Privacy Liability Insurance (Cyber liability) providing overage sufficiently broad to respond to the duties and obligations undertaken by Contractor in this agreement and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of

electronic information, extortion, introduction, implantation or spread of malicious software code and network security including unauthorized access to or use of computer systems or business data. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties, and credit monitoring expenses with limits sufficient to respond to these obligations.

10.2.7. **Aircraft and Passenger Liability Insurance.** Contractor shall maintain Aircraft and Passenger Liability Insurance providing coverage for third party bodily injury and property damage. All excess or umbrella policies shall be follow-form and afford no less coverage than the primary policy. Limits will vary based on federal requirements, passenger and/or cargo capacity.

10.2.8. **Garage Keeper's Liability Insurance.** Contractor shall maintain Garage Keeper's Liability Insurance providing coverage that includes liability for loss or damage to vehicles which are the property of others and in the care, custody, or control of Contractor for storage, repair, or safekeeping.

10.2.9. **Hangar Keeper's Liability Insurance.** Contractor shall maintain Hangar Keeper's Liability Insurance proving coverage that includes liability for loss or damage to aircraft which are the property of others and in the care custody and control of Contractor for storage, repair, or safekeeping.

10.2.10. **Liquor Liability Insurance.** Contractor shall maintain Liquor Liability Insurance providing coverage that includes liability for claims arising from the sale or serving of alcohol on LAWA's premises. Coverage may be endorsed on the commercial general liability policy or through a stand-along policy.

10.2.11. **Crime Insurance or Fidelity Bond Insurance.** Contractor shall maintain Crime Insurance or Fidelity Bond Insurance providing coverage for commercial crime insurance or a fidelity bond naming LAWA as a loss payee. The policy or bond shall cover theft, dishonesty, disappearance, forgery, alteration, and destruction caused by employee of Contractor.

10.3. **General Provisions**:

10.3.1. **Additional Insureds.** Contractor's insurance, with exception of workers compensation and professional liability, if required, shall name City of Los Angeles, Department of Airports, also known as Los Angeles World Airports (referred to as "LAWA"), and its Board of Airport Commissioners, directors, officers, employees, their successors, and assigns as additional insureds.

10.3.2. **Primary Insurance.** Contractor's insurance shall be primary and non-contributory with any insurance maintained by LAWA and shall include cross liability or severability of interest, if applicable.

10.3.3. **Notice of Cancellation.** Contractor's insurance shall be endorsed to provide LAWA with notice thirty (30) days prior to cancellation of any required coverage except for non-payment which may be with ten (10) days notice of cancellation.

10.3.4. **Acceptability of Insurers.** All required insurance shall be written by companies having an AM Best's rating of A- VII or equivalent, as determined by LAWA.

10.3.5. **Deductibles and Self-Insured Retentions**. Any deductible or self-insured retention maintained by Contractor for any required coverage must be declared and approved by LAWA. LAWA reserves the right to request financial statements and Contractor agrees to be fully responsible for payment of any such deductibles or self-insured retentions.

10.3.6. **Insurance Compliance.** Contractor shall deliver to LAWA certificates of insurance on an Acord or equivalent form signed by an authorized representative of the insurers prior to the execution of this Contract, prior to commencing any work or service, and at least ten (10) days prior to the renewal or replacement of any of the required insurance, or upon reasonable request by LAWA. Certificates of insurance must include all required endorsements, including but not limited to additional insured, primary and non-contributory, notice of cancellation, and waiver of subrogation, as applicable. Contractor will not receive a notice to proceed until LAWA has approved insurance. LAWA reserves the right to request copies of required insurance policies, as needed.

Certificate holder shall read:

City of Los Angeles, Department of Airports,
also known as Los Angeles World Airports
P. O. Box 92216
Los Angeles, CA 90009
ATTN: Risk Management Department

Should Contractor fail to obtain and maintain the required insurance, LAWA reserves the right, upon ten (10) days prior written notice to Contractor of its intention to do so, to obtain and maintain such insurance on behalf of Contractor. Contractor shall be responsible for all costs incurred with respect to such insurance obtained by LAWA, plus administrative overhead.

10.3.7. **Maintenance of Insurance.** Contractor shall maintain all required insurance throughout the entire duration of this Contract without any lapse in coverage or reduction in required limits. LAWA reserves the right to reevaluate and adjust the insurance types and coverage limits required herein annually.

10.3.8. **Waiver.** Contractor agrees to waive all rights of recovery against LAWA, and cause its Workers' Compensation, Commercial General Liability, Automobile Liability, and Umbrella/Excess insurance policies to be endorsed to waive subrogation against LAWA. Contractor is solely responsible for insuring, repairing, or replacing any of its personal property and tools and equipment, whether owned, non-owned, or hired. Contractor waives all right of recovery or subrogation against LAWA regardless of cause of damage.

10.3.9. **Self-Insurance.** LAWA recognizes that some insurance requirements contained in this Contract may be fulfilled by self-insurance on the part of the Contractor. Self-insurance shall not in any way limit liabilities assumed by Contractor under this Contract including

but not limited to naming LAWA as an additional insured and waiving rights of recovery. Any self-insurance shall be approved in writing by LAWA upon satisfactory evidence of financial capacity. Contractor obligation hereunder may be satisfied in whole or in part by adequately funded self-insurance programs or self-insured retentions.

10.3.10. **Subcontractors Insurance.** Contractor shall require insurance of its subcontractors for the types and coverage limits appropriate for the exposure in consultation with LAWA. In no event shall the insurance required of the Contractor be reduced or altered by the coverage maintained by subcontractors.

EXHIBIT J

Child Support Orders

LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 1

CHILD SUPPORT

Sec. 10.10. Child Support Assignment Orders.

a. Definitions.

1. **Awarding Authority** means a subordinate or component entity or person of the City (such as a City department or Board of Commissioners) that has the authority to enter into a contract or agreement for the provision of goods or services on behalf of the City of Los Angeles.

2. **Contract** means any agreement, franchise, lease or concession including an agreement for any occasional professional or technical personal services, the performance of any work or service, the provision of any materials or supplies, or the rendering of any service to the City of Los Angeles or to the public which is let, awarded or entered into with, or on behalf of, the City of Los Angeles or any awarding authority thereof.

3. **Contractor** means any person, firm, corporation, partnership or any combination thereof which submits a bid or proposal or enters into a contract with any awarding authority of the City of Los Angeles.

4. **Subcontractor** means any person, firm, corporation, partnership or any combination thereof who enters into a contract with a contractor to perform or provide a portion of any contract with the City.

5. **Principal Owner** means any person who owns an interest of 10 percent or more in a contractor or subcontractor as defined herein.

b. Mandatory Contract Provisions.

Every contract that is let, awarded or entered into with or on behalf of the City of Los Angeles shall contain a provision obligating the contractor or subcontractor to fully comply with all applicable State and Federal employment reporting requirements for the contractor or subcontractor's employees. The contractor or subcontractor will also be required to certify that the principal owner(s) thereof are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally, that the contractor or subcontractor will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with California Family Code §§ 5230 *et seq.* and that the contractor or subcontractor will maintain such compliance throughout the term of the contract.

Failure of a contractor or subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignments or Notices of Assignment or failure of the principal owner(s) to comply with any Wage and Earnings Assignments or Notices of Assignment applicable to them personally shall constitute a default under the contract. Failure of the contractor or subcontractor or-principal owner thereof to cure the default within 90 days of notice of such default by the City shall subject the contract to termination.

c. Notice to Bidders.

Each awarding authority shall be responsible for giving notice of the provisions of this ordinance to those who bid on, or submit proposals for, prospective contracts with the City.

d. Current Contractor Compliance.

Within 30 days of the operative date of this ordinance, the City, through its operating departments, shall serve upon existing contractors a written request that they and their subcontractors (if any) comply with all applicable State and Federal employment reporting requirements for the contractor and subcontractor's employees, that they certify that the principal owner(s) of the contractor and any subcontractor are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally, that the contractor and subcontractor will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with California Family Code § §5230 *et seq.* and that the contractor and subcontractor will maintain such compliance throughout the term of the contract.

e. City's Compliance with California Family Code.

The City shall maintain its compliance with the provisions of California Family Code §§ 5230 *et*

seq. and all other applicable law regarding its obligations as an employer to implement lawfully served Wage and Earnings Assignments and Notices of Assignment.

f. Report of Employees' Names to District Attorney.

1. The City shall maintain its current practice of assisting the District Attorney's support enforcement activities by annually reporting to the Los Angeles County District Attorney the names of all of its employees and retirees so that the District Attorney may identify those employees and retirees subject to Wage and Earnings Assignment Orders and Notices of Assignment and may establish court orders for support, where appropriate. Should the District Attorney so request it, the City will provide such information on a more frequent basis.

2. All applicants for employment with the City of Los Angeles will be asked to acknowledge their responsibility to comply with any court ordered support obligations and will be advised of the City's practice of assisting the District Attorney as described in the provisions of Subsection f.1., above.

SECTION HISTORY

Added by Ord. No. 172,401, Eff. 2-l3-99.

EXHIBIT K

Equal Employment Practices

Sec. 10.8.3. Equal Employment Practices Provisions.

Every non-construction and construction Contract with, or on behalf of, the City of Los Angeles for which the consideration is $1,000 or more shall contain the following provisions, which shall be designated as the **EQUAL EMPLOYMENT PRACTICES** provision of such contract:

A. During the performance of this Contract, the Contractor agrees and represents that it will provide Equal Employment Practices and the Contractor and each Subcontractor hereunder will ensure that in his or her Employment Practices persons are employed and employees are treated equally and without regard to, or because of, race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

1. This provision applies to work or service performed or materials manufactured or assembled in the United States.

2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.

3. The Contractor agrees to post a copy of Paragraph A., hereof, in conspicuous places at its place of business available to employees and applicants for employment.

B. The Contractor will, in all solicitations or advertisements for employees placed by, or on behalf of, the Contractor, state that all qualified applicants will receive consideration for employment without regard to their race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

C. At the request of the Awarding Authority or the DAA, the Contractor shall certify in the specified format that he or she has not discriminated in the performance of City Contracts against any employee or applicant for employment on the basis or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

D. The Contractor shall permit access to, and may be required to provide certified copies of, all of his or her records pertaining to employment and to employment practices by the awarding authority or the DAA for the purpose of investigation to ascertain compliance ith the Equal Employment Practices provisions of City Contracts. Upon request, the Contractor shall provide evidence that he or she has or will comply therewith.

E. The failure of any Contractor to comply with the Equal Employment Practices provisions of this contract may be deemed to be a material breach of City Contracts. The failure shall only be established upon a finding to that effect by the Awarding Authority, on the basis of its own investigation or that of the DAA. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to the Contractor.

F. Upon a finding duly made that the Contractor has failed to comply with the Equal Employment Practices provisions of a City Contract, the Contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the Awarding Authority, and all monies due or to become due hereunder may be forwarded to, and retained by, the City of Los Angeles. In addition thereto, the failure to comply may be the basis for a determination by the Awarding Authority or the DAA that the said Contractor is a non-responsible bidder or proposer pursuant to the provisions of Section 10.40 of this Code. In the event of such a determination, the Contractor shall be disqualified from being awarded a Contract with the City of Los Angeles for a period of two years, or until the Contractor shall establish and carry out a program in conformance with the provisions hereof.

G. Notwithstanding any other provision of this contract, the City of Los Angeles shall have any and all other remedies at law or in equity for any breach hereof.

H. The Board of Public Works shall promulgate rules and regulations through the DAA, and provide necessary forms and required language to the Awarding Authorities to be included in City Request for Bids or Request for Proposal packages or in supplier registration requirements for the implementation of the Equal Employment Practices provisions of this Contract, and such rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive orders. No other rules, regulations or forms may be used by an Awarding Authority of the City to accomplish the contract compliance program.

I. Nothing contained in this Contract shall be construed in any manner so as to require or permit any act which is prohibited by law.

J. By affixing its signature on a Contract that is subject to this article, the Contractor shall agree to adhere to the Equal Employment Practices specified herein during the performance or conduct of City Contracts.

K. Equal Employment Practices shall, without limitation as to the subject or nature of employment activity, be concerned with employment practices, including, but not limited to:

1. hiring practices;

2. apprenticeships where approved programs are functioning and other on-the-job training for non-apprenticeable occupations;

3. training and promotional opportunities; and

4. reasonable accommodations for persons with disabilities.

L. All Contractors subject to the provisions of this section shall include a similar provision in all subcontracts awarded for work to be performed under the Contract with the City, and shall impose the same obligations including, but not limited to, filing and reporting obligations, on the Subcontractors as are applicable to the Contractor. Subcontracts shall follow the same thresholds specified in Section 10.8.1.1. Failure of the Contractor to comply with this requirement or to obtain the compliance of its Subcontractors with all such obligations shall subject the Contractor to the imposition of any and all sanctions allowed by law, including, but not limited to, termination of the Contractor's Contract with the City.

SECTION HISTORY

Amended by: Ord. No. 147,030, Eff. 4-28-75; Subsecs. A., B., C., Ord. No. 164,516, Eff. 4-13-89; Subsec. C., Ord. No. 168,244, Eff. 10-18-92; Ord. No. 173,186, Eff. 5-22-00; Subsec. F., Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 184,292, Eff. 6-27-16.

EXHIBIT L

Affirmative Action Program

Sec. 10.8.4. Affirmative Action Program Provisions.

Every non-construction and construction Contract with, or on behalf of, the City of Los Angeles for which the consideration is $25,000 or more shall contain the following provisions which shall be designated as the **AFFIRMATIVE ACTION PROGRAM** provisions of such Contract:

A. During the performance of a City Contract, the Contractor certifies and represents that the Contractor and each Subcontractor hereunder will adhere to an Affirmative Action Program to ensure that in its employment practices, persons are employed and employees are treated equally and without regard to or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

1. This section applies to work or services performed or materials manufactured or assembled in the United States.

2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.

3. The Contractor shall post a copy of Paragraph A., hereof, in conspicuous places at its place of business available to employees and applicants for employment.

B. The Contractor shall, in all solicitations or advertisements for employees placed, by or on behalf of, the Contractor, state that all qualified applicants will receive consideration for employment without regard to their race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

C. At the request of the Awarding Authority or the DAA, the Contractor shall certify on an electronic or hard copy form to be supplied, that the Contractor has not discriminated in the performance of City Contracts against any employee or applicant for employment on the basis or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

D. The Contractor shall permit access to, and may be required to provide certified copies of, all of its records pertaining to employment and to its employment practices by the Awarding Authority or the DAA for the purpose of investigation to ascertain compliance with the Affirmative Action Program provisions of City Contracts and, upon request, to provide evidence that it has or will comply therewith.

E. The failure of any Contractor to comply with the Affirmative Action Program provisions of City Contracts may be deemed to be a material breach of a City Contract. The failure shall only be established upon a finding to that effect by the Awarding Authority, on the basis of its own investigation or that of the DAA. No finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to the Contractor.

F. Upon a finding duly made that the Contractor has breached the Affirmative Action Program provisions of a City Contract, the Contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the Awarding Authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, the breach may be the basis for a determination by the Awarding Authority or the Board of Public Works that the Contractor is a non-responsible bidder or proposer pursuant to the provisions of Section 10.40 of this Code. In the event of such determination, the Contractor shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two years, or until he or she shall establish and carry out a program in conformance with the provisions hereof.

G. In the event of a finding by the Fair Employment and Housing Commission of the State of California, or the Board of Public Works of the City of Los Angeles, or any court of competent jurisdiction, that the Contractor has been guilty of a willful violation of the California Fair Employment and Housing Act, or the Affirmative Action Program provisions of a City Contract, there may be deducted from the amount payable to the Contractor by the City of Los Angeles under the contract, a penalty of ten dollars for each person for each calendar day on which the person was discriminated against in violation of the provisions of a City Contract.

H. Notwithstanding any other provisions of a City Contract, the City of Los Angeles shall have any and all other remedies at law or in equity for any breach hereof.

I. The Public Works Board of Commissioners shall promulgate rules and regulations through the DAA and provide to the Awarding Authorities electronic and hard copy forms for the implementation of the Affirmative Action Program provisions of City contracts, and rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive Orders. No other rules, regulations or forms may be used by an Awarding Authority of the City to accomplish this contract compliance program.

J. Nothing contained in City Contracts shall be construed in any manner so as to require or permit any act which is prohibited by law.

K. By affixing its signature to a Contract that is subject to this article, the Contractor shall agree to adhere to the provisions in this article for the duration of the Contract. The Awarding Authority may also require Contractors and suppliers to take part in a pre-registration, pre-bid, pre-proposal, or pre-award conference in order to develop, improve or implement a qualifying

Affirmative Action Program.

1. The Contractor certifies and agrees to immediately implement good faith effort measures to recruit and employ minority, women and other potential employees in a non-discriminatory manner including, but not limited to, the following actions as appropriate and available to the Contractor's field of work. The Contractor shall:

(a) Recruit and make efforts to obtain employees through:

(i) Advertising employment opportunities in minority and other community news media or other publications.

(ii) Notifying minority, women and other community organizations of employment opportunities.

(iii) Maintaining contact with schools with diverse populations of students to notify them of employment opportunities.

(iv) Encouraging existing employees, including minorities and women, to refer their friends and relatives.

(v) Promoting after school and vacation employment opportunities for minority, women and other youth.

(vi) Validating all job specifications, selection requirements, tests, etc.

(vii) Maintaining a file of the names and addresses of each worker referred to the Contractor and what action was taken concerning the worker.

(viii) Notifying the appropriate Awarding Authority and the DAA in writing when a union, with whom the Contractor has a collective bargaining agreement, has failed to refer a minority, woman or other worker.

(b) Continually evaluate personnel practices to assure that hiring, upgrading, promotions, transfers, demotions and layoffs are made in a non-discriminatory manner so as to achieve and maintain a diverse work force.

(c) Utilize training programs and assist minority, women and other employees in locating, qualifying for and engaging in the training programs to enhance their skills and advancement.

(d) Secure cooperation or compliance from the labor referral agency to the Contractor's contractual Affirmative Action Program obligations.

(e) Establish a person at the management level of the Contractor to be the Equal Employment Practices officer. Such individual shall have the authority to disseminate and enforce the Contractor's Equal Employment and Affirmative Action Program policies.

(f) Maintain records as are necessary to determine compliance with Equal Employment Practices and Affirmative Action Program obligations and make the records available to City, State and Federal authorities upon request.

(g) Establish written company policies, rules and procedures which shall be encompassed in a company-wide Affirmative Action Program for all its operations and Contracts. The policies shall be provided to all employees, Subcontractors, vendors, unions and all others with whom the Contractor may become involved in fulfilling any of its Contracts.

(h) Document its good faith efforts to correct any deficiencies when problems are experienced by the Contractor in complying with its obligations pursuant to this article. The Contractor shall state:

(i) What steps were taken, how and on what date.

(ii) To whom those efforts were directed.

(iii) The responses received, from whom and when.

(iv) What other steps were taken or will be taken to comply and when.

(v) Why the Contractor has been or will be unable to comply.

2. Every contract of $25,000 or more which may provide construction, demolition, renovation, conservation or major maintenance of any kind shall also comply with the requirements of Section 10.13 of the Los Angeles Administrative Code.

L. The Affirmative Action Program required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by the Awarding Authority shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:

1. Apprenticeship where approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;

2. Classroom preparation for the job when not apprenticeable;

3. Pre-apprenticeship education and preparation;

4. Upgrading training and opportunities;

5. Encouraging the use of Contractors, Subcontractors and suppliers of all racial and ethnic groups; provided, however, that any contract subject to this ordinance shall require the Contractor, Subcontractor or supplier to provide not less than the prevailing wage, working conditions and practices generally observed in private industries in the Contractor's, Subcontractor's or supplier's geographical area for such work;

6. The entry of qualified women, minority and all other journeymen into the industry; and

7. The provision of needed supplies or job conditions to permit persons with disabilities to be employed, and minimize the impact of any disability.

M. Any adjustments which may be made in the Contractor's work force to achieve the requirements of the City's Affirmative Action Program in purchasing and construction shall be accomplished by either an increase in the size of the work force or replacement of those employees who leave the work force by reason of resignation, retirement or death and not by termination, layoff, demotion or change in grade.

N. This ordinance shall not confer upon the City of Los Angeles or any Agency, Board or Commission thereof any power not otherwise provided by law to determine the legality of any existing collective bargaining agreement and shall have application only to discriminatory employment practices by Contractors engaged in the performance of City Contracts.

O. All Contractors subject to the provisions of this article shall include a similar provision in all subcontracts awarded for work to be performed under the Contract with the City and shall impose the same obligations including, but not limited to, filing and reporting obligations, on the Subcontractors as are applicable to the Contractor. Failure of the Contractor to comply with this requirement or to obtain the compliance of its Subcontractors with all such obligations shall subject the Contractor to the imposition of any and all sanctions allowed by law, including, but not limited to, termination of the Contractor's Contract with the City.

SECTION HISTORY

Amended by Ord. No. 147,030, Eff. 4-28-75; Subsecs. A., B., C., Ord. No. 164,516, Eff. 4-13-89; Subsecs. B. and C., Ord. No. 168,244, Eff. 10-18-92; Title and Section, Ord. No. 173,186, Eff. 5-22-00; Subsec. F., Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 184,292, Eff. 6-27-16.

EXHIBIT M

Alternative Fuel Vehicle Program Regulations

ALTERNATIVE FUEL VEHICLE REQUIREMENT PROGRAM
(LAX ONLY)

I. Definitions.

The following capitalized terms shall have the following meanings. All definitions include both the singular and plural form.

"Airport Contract" shall mean a contract awarded by LAWA and pertaining to LAX, and subcontracts of any level under such a contract.

"Airport Contractor" shall mean (i) any entity awarded an Airport Contract, and subcontractors of any level working under an Airport Contract; (ii) any contractors that have entered into a contract with an Airport Lessee to perform work on property owned by LAWA and pertaining to LAX, and any subcontractors working in furtherance of such a contract; and (iii) any contractor that have entered into a contract with an Airport Licensee to perform work pertaining to LAX, and any subcontractors working under such a contract.

"Airport Lessee" shall mean any entity that leases or subleases any property owned by LAWA and pertaining to LAX.

"Airport Licensee" shall mean any entity issued a license or permit by LAWA for operations that pertain to LAX.

"Alternative-Fuel Vehicle" shall mean a vehicle that is not powered by petroleum-derived gasoline or diesel fuel. Alternative-Fuel Vehicles include, but are not limited to, vehicles powered by compressed or liquefied natural gas, liquefied petroleum gas, methanol, ethanol, electricity, fuel cells, or other advanced technologies.

"CARB" shall mean the California Air Resources Board.

"Covered Vehicle" is defined in Section II below.

"Compliance Plan" is defined in subsection VII.C. below.

"EPA" shall mean the United States Environmental Protection Agency.

"Independent Third Party Monitor" shall mean a person or entity empowered by LAWA to monitor compliance with and/or implementation of particular requirements in this Requirement.

"LAWA" shall mean Los Angeles World Airports.

"LAX" shall mean Los Angeles International Airport.

"Least-Polluting Available Vehicle" shall mean a vehicle that (a) is determined by an Independent Third Party Monitor to be (i) commercially available, (ii) suitable for performance of a particular task, and (iii) certified by CARB to meet the applicable engines emission standard in effect at the time of purchase. Where more than one vehicle meets these requirements for a particular task, LAWA, working with the Independent Third Party Monitor, will designate as the

Least-Polluting Available Vehicle the vehicle that emits the least amount of criteria air pollutants.

"LEV" shall mean a vehicle that meets CARB's Low-Emission Vehicle standards for criteria pollutant exhaust and evaporative emissions for medium-duty vehicles at the time of vehicle manufacture.

"LEV II" shall mean a vehicle certified by CARB to the "LEV II" Regulation Amendments that were fully implemented as of 2010. A qualifying "LEV II" vehicle shall meet the least polluting standard in the LEV II category that is available at the time of purchase.

"LEV III" shall mean a vehicle certified by CARB to the increasingly stringent "LEV III" Regulatory Amendments to the California greenhouse gas and criteria pollutant exhaust and evaporative emission standards, test procedures, and on-board diagnostic system requirements for medium-duty vehicles.

"Low-Use Vehicle" shall mean a Covered Vehicle that makes less than five (5) trips per month to LAX.

"Operator" shall mean any Airport Contractor, Airport Lessee, or Airport Licensee.

"Optional Low NOx" shall mean any vehicle powered by an engine that meets CARB's optional low oxides of nitrogen (NOx) emission standards for on-road heavy-duty engines applicable at the time of purchase.

II. Covered Vehicles.

A. **Covered Vehicles**. These Requirements shall apply to all on-road vehicles, including trucks, shuttles, passenger vans, and buses that are 8,500 lbs gross vehicle weight rating or more and are used in operations related to LAX ("Covered Vehicles").

B. **Exemptions**. The following vehicles are exempt from this Requirement:

i) Public safety vehicles.

ii) Previously approved vehicles. Vehicles previously approved under the 2007 LAX Alternative Fuel Vehicle Requirement Program are exempt from the Maximum Allowable Vehicle Age Requirement, Section III, but are subject to the Annual Reporting Requirement, Section VI.

iii) Low-Use Vehicles. Low-use vehicles are exempt from the Compliance Schedule, Section IV, the Maximum Allowable Vehicle Age Requirement, Section III, but are subject to the Annual Reporting Requirement, Section VI.

III. Maximum Allowable Vehicle Age Requirement. In accordance with the Compliance Schedule dates outlined in Section IV, no Covered Vehicle equipped with an engine older than thirteen (13) model years or that has 500,000 or more miles, whichever comes first, shall operate at LAX.

IV. Compliance Schedule.

A. By April 30, 2019, one hundred percent (100%) of the Covered Vehicles operated by a Covered Vehicle Operator shall be (a) Alternative-Fuel Vehicles, (b) Optional Low NOx vehicles or (c) LEV II standard vehicles through 2019 or LEV III standard vehicles thereafter.

B. A new Covered Vehicle Operator who plans to begin operations at LAX prior to April 30, 2019, must comply with the requirement set forth in Section III and subsection IV.A. prior to commencing operations at LAX.

V. Least-Polluting Available Vehicles. In cases where an Operator cannot comply with the requirements established pursuant to Sections III and IV above because neither Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, or LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter, are commercially available for performance of particular tasks, LAWA will instead require Operators to use the Least-Polluting Available Vehicles for such tasks. An Independent Third Party Monitor will determine whether Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, or LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter are commercially available to perform particular tasks, and, in cases where neither Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, nor LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter are commercially available for performance of a particular task, will identify the Least-Polluting Available Vehicle for performance of that task.

VI. Annual Reporting Requirement.

A. By January 31st of each calendar year, Covered Vehicle Operators must submit to LAWA the vehicle information required on the reporting form accessible online at https://online.lawa.org/altfuel/ for the prior calendar year.

B. Low-Use Vehicles shall be included in the annual reporting. Where monthly trip data is used to establish low-use, the operator must provide proof such as transponder data records or an attestation acceptable to LAWA.

C. A Covered Vehicle Operator who plans to begin operations at LAX must comply with this reporting requirement prior to commencing operations, and thereafter comply with the annual reporting deadline of January 31st of each calendar year.

VII. Enforcement.

A. **Non-Compliance**. The following circumstances shall constitute non-compliance for purposes of this Section VII:

i) Failure to submit an annual report pursuant to Section VI above.

ii) Failure to use an Alternative Fuel Vehicle, an Optional Low NOx vehicle, a vehicle meeting LEV II standards prior to December 31, 2019, or LEV III standards thereafter, an approved Least-Polluting Available Vehicle, or a vehicle approved under LAWA's former Alternative Fuel Vehicle Requirement, including approved comparable emissions vehicles.

iii) Failure to submit a Compliance Plan as defined in subsection VII.C. below within 30 days of notice of non-compliance from LAWA.

iv) Failure to adhere to an approved Compliance Plan as defined in subsection VII.C. below.

B. **Notice of Non-Compliance**. Covered Vehicle Operators found not to be in compliance with the Alternative Fuel Vehicle Requirement as set forth in subsection VII.A. above will be given a notice of non-compliance. Covered Vehicle Operators will have 30 days to correct the deficiencies documented in the notice of non-compliance by completing the annual report as defined in Section VI or submitting a Compliance Plan as defined in subsection VII.C. below, as applicable to the reason cited for non-compliance.

C. **Compliance Plan.**

i) Operators shall transition to compliant vehicles as soon as practicable.

ii) Non-compliant Covered Vehicle Operators will be required to submit a Compliance Plan indicating the disposition (salvage, replace, remove from service, etc.) date for each non-compliant vehicle ("Compliance Plan") within 30 days of receiving a notice of non-compliance for a vehicle in the Operator's fleet. The Compliance Plan shall provide dates by which the non-compliant vehicle or vehicles in the Operator's fleet will meet the requirements of the LAX Alternative Fuel Vehicle Requirement and a justification for the new date. The Compliance Plan shall be signed under attestation.

iii) LAWA's Chief Executive Officer or his/her designee shall review the Operator's Compliance Plan and justification to determine its acceptability and authorize approval or disapproval.

iv) Covered Vehicle Operators shall have 30 days to seek review of LAWA's rejection of a Compliance Plan or any parts thereof by LAWA's Chief Executive Officer or his/her designee.

D. **Default.** Three or more instances of non-compliance with the LAX Alternative Fuel Vehicle Requirement as defined in subsection VII.A above within two years shall be considered a default of the applicable LAX permit, license, contract, lease, Non-Exclusive License Agreement (NELA), concessionaire agreement, and/or Certified Service Provider (CSP) Program. LAWA's Chief Executive Officer or his/her designee may, pursuant to the applicable terms provided therein, suspend or cancel a permit, license, contract, lease, NELA, concessionaire agreement or certified provider certification of non-compliant Covered Vehicle Operators who are not in compliance with this Alternative Fuel Vehicle Requirement. In addition, LAWA's Chief Executive Officer or his/her designee may seek to recoup LAWA's administrative costs from non-compliant operators.

IX. Periodic Review. This Requirement will be reviewed and updated periodically as deemed necessary by LAWA.

EXHIBIT N

Living Wage Ordinances

CHAPTER 1, ARTICLE 11

LIVING WAGE

Section

10.37 Legislative Findings.
10.37.1 Definitions.
10.37.2 Payment of Minimum Compensation to Employees.
10.37.3 Health Benefits.
10.37.4 Employer Reporting and Notification Requirements.
10.37.5 Retaliation Prohibited.
10.37.6 Enforcement.
10.37.7 Administration.
10.37.8 City is a Third Party Beneficiary of Contracts Between an Employer and Subcontractor for Purposes of Enforcement.
10.37.9 Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.
10.37.10 Expenditures Covered.
10.37.11 Timing of Application.
10.37.12 Express Supersession by Collective Bargaining Agreement.
10.37.13 Liberal Interpretation of Coverage; Rebuttable Presumption of Coverage.
10.37.14 Contracts, Employers and Employees Not Subject to this Article.
10.37.15 Exemptions.
10.37.16 Severability.

Sec. 10.37. Legislative Findings.

The City awards many contracts to private firms to provide services to the public and to City government. Many lessees or licensees of City property perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City also provides financial assistance and funding to other firms for the purpose of economic development or job growth. The City expends grant funds under programs created by the federal and state governments. These expenditures serve to promote the goals established for the grant programs and for similar goals of the City. The City intends that the policies underlying this article serve to guide the expenditure of such funds to the extent allowed by the laws under which such grant programs are established.

Experience indicates that procurement by contract of services all too often has resulted in the payment by service contractors to their employees of wages at or slightly above the minimum required by federal and state minimum wage laws. The minimal compensation tends to inhibit the quantity and quality of services rendered by those employees to the City and to the public. Underpaying employees in this way fosters high turnover, absenteeism and lackluster performance. Conversely, adequate compensation promotes amelioration of these undesirable conditions. Through this article, the City intends to require service contractors to provide a minimum level of compensation which will improve the level of services rendered to and for the City.

The inadequate compensation leaves service employees with insufficient resources to afford life in Los Angeles. Contracting decisions involving the expenditure of City funds should not foster conditions that place a burden on limited social services. The City, as a principal provider of social support services, has an interest in promoting an employment environment that protects such limited resources. In requiring the payment of a higher minimum level of compensation, this article benefits that interest.

In comparison with the wages paid at San Francisco International Airport, the wage for Los Angeles airport workers is often lower even though the airports are similar in the number of passengers they serve and have similar goals of providing a living wage to the airport workforce. Studies show that higher wages at the airport leads to increases in worker productivity and improves customer service. Higher wages for airport workers also results in a decline in worker turnover, yielding savings to the employers and alleviating potential security concerns. Therefore, the City finds that a higher wage for airport employees is needed to reduce turnover and retain a qualified and stable workforce.

Many airport workers who provide catering services to the airlines are paid below the living wage. Federal law allows employment contract agreements between airline caterers and its workers to remain in effect without an expiration date, effectively freezing wages for workers. Long-term employment contract agreements provide little incentive for employers to renegotiate the employment contract agreements with their workers. Airline catering

EXHIBIT N

workers often struggle to pay their bills, sometimes having to choose between paying medical bills and buying food for their families. The City finds that airline caterers should pay their workers, at a minimum, the living wage with benefits.

Airport workers are also the first to respond when an emergency occurs at the airport. In order to properly assist first responders during a crisis at the airport, the City finds that airport employees of Certified Service Provider License Agreement holders should be formally trained for an emergency response at the airport.

Nothing less than the living wage should be paid by employers that are the recipients of City financial assistance. Whether workers are engaged in manufacturing or some other line of business, the City does not wish to foster an economic climate where a lesser wage is all that is offered to the working poor.

The City holds a proprietary interest in the work performed by many employees of City lessees and licensees and by their service contractors, subcontractors, sublessees and sublicensees. The success or failure of City operations may turn on the success or failure of these enterprises, for the City has a genuine stake in how the public perceives the services rendered for them by such businesses. Inadequate compensation of these employees adversely impacts the performance by the City's lessee or licensee and thereby hinders the opportunity for success of City operations. A proprietary interest in providing a living wage is important for various reasons, including, but not limited to: 1) the public perception of the services or products rendered to them by a business; 2) security concerns related to the location of the business or any product or service the business produces; or 3) an employer's industry-specific job classification which is in the City's interest to cover by the living wage. This article is meant to cover all such employees not expressly exempted.

Requiring payment of the living wage further serves a proprietary concern of the City. If an employer does not comply with this article, the City may: 1) declare a material breach of the contract; 2) declare the employer non-responsible and limit its ability to bid on future City contracts, leases or licenses; and 3) exercise any other remedies available.

SECTION HISTORY

Article and Section Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.1. Definitions.

The following definitions shall apply throughout this article:

(a) **"Airline Food Caterer"** means any Employer that, with respect to the Airport:

(1) prepares food or beverage to or for aircraft crew or passengers;

(2) delivers prepared food or beverage to or for aircraft crew or passengers;

(3) conducts security or inspection of aircraft food or beverage; or

(4) provides any other service related to or in connection with the preparation of food or beverage to or for aircraft crew or passengers.

(b) **"Airport"** means the Department of Airports and each of the airports which it operates.

(c) **"Awarding Authority"** means the governing body, board, officer or employee of the City or City Financial Assistance Recipient authorized to award a Contract and shall include a department which has control of its own funds.

(d) **"City"** means the City of Los Angeles and all awarding authorities thereof, including those City departments which exercise independent control over their expenditure of funds.

(e) **"City Financial Assistance Recipient"** means any person who receives from the City discrete financial assistance for economic development or job growth expressly articulated and identified by the City, as contrasted with generalized financial assistance such as through tax legislation, in accordance with the following monetary limitations. Assistance given in the amount of $1,000,000 or more in any 12-month period shall require compliance with this article for five years from the date such assistance reaches the $1,000,000 threshold. For assistance in any 12-month period totaling less than $1,000,000 but at least $100.000, there shall be compliance for one year, with the period of compliance beginning when the accrual of continuing assistance reaches the $100,000 threshold.

Categories of assistance include, but are not limited to, bond financing, planning assistance, tax increment financing exclusively by the City and tax credits, and shall not include assistance provided by the Community Development Bank. City staff assistance shall not be regarded as financial assistance for purposes of this article. A loan at market rate shall not be regarded as financial assistance. The forgiveness of a loan shall be regarded as financial assistance. A loan shall be regarded as financial assistance to the extent of any differential between the amount of the loan and the present value of the payments thereunder, discounted over the life of the loan by the applicable federal rate as used in 26 U.S.C. §§ 1274(d) and 7872(f). A recipient shall not be deemed to include lessees and sublessees.

A recipient shall be exempted from application of this article if:

(1) it is in its first year of existence, in which case the exemption shall last for one year;

(2) it employs fewer than five Employees for each working day in each of 20 or more calendar weeks in the current or preceding calendar year; or

(3) it obtains a waiver as a recipient who employs the long-term unemployed or provides trainee positions intended to prepare Employees for permanent positions. The recipient shall attest that compliance with this article would cause an economic hardship and shall apply in writing to the City department or office administering the assistance. The department or office shall forward the waiver application and the department or office's recommended action to the City Council. Waivers shall be effected by Council resolution.

(f) **"Contractor"** means any person that enters into:

(1) a Service Contract with the City;

(2) a contract with a Public Lessee or Licensee; or

(3) a contract with a City Financial Assistance Recipient to help the recipient in performing the work for which the assistance is being given.

(g) **"Designated Administrative Agency (DAA)"** means the Department of Public Works, Bureau of Contract Administration, which shall bear administrative responsibilities under this article.

(h) **"Employee"** means any person who is not a managerial, supervisory or confidential employee who expends any of his or her time working for an Employer in the United States.

(i) **"Employer"** means any person who is:

(1) a City Financial Assistance Recipient;

(2) Contractor;

(3) Subcontractor;

(4) Public Lessee or Licensee; and

(5) Contractor, Subcontractor, sublessee or sublicensee of a Public Lessee or Licensee.

(j) **"Person"** means any individual, proprietorship, partnership, joint venture, corporation, limited liability company, trust, association or other entity that may employ individuals or enter into contracts.

(k) **"Public Lease or License"** means, except as provided in Section 10.37.15, a lease, license, sublease or sublicense of City property, including, but not limited to, Non-Exclusive License Agreements, Air Carrier Operating Permits and Certified Service Provider License Agreements (CSPLA), for which services are furnished by Employees where any of the following apply:

(1) The services are rendered on premises at least a portion of which is visited by members of the public (including, but not limited to, airport passenger terminals, parking lots, golf courses, recreational facilities);

(2) Any of the services feasibly could be performed by City employees if the City had the requisite financial and staffing resources; or

(3) The DAA has determined in writing as approved by the Board of Public Works that coverage would further the proprietary interests of the City. Proprietary interest includes, but is not limited to:

(i) the public perception of the services or products rendered to them by a business;

(ii) security concerns related to the location of the business or any product or service the business produces; or

(iii) an Employer's industry-specific job classifications as defined in the regulations.

(l) "**Service Contract**" means a contract involving an expenditure in excess of $25,000 and a contract term of at least three months awarded to a Contractor by the City to furnish services for the City where any of the following apply:

(1) at least some of the services are rendered by Employees whose work site is on property owned or controlled by the City;

(2) the services feasibly could be performed by City employees if the City had the requisite financial and staffing resources; or

(3) the DAA has determined in writing as approved by the Board of Public Works that coverage would further the proprietary interests of the City. Proprietary interest includes, but is not limited to:

(i) the public perception of the services or products rendered to them by a business;

(ii) security concerns related to the location of the business or any product or service the business produces; or

(iii) an Employer's industry-specific job classifications as defined in the regulations.

(m) "**Subcontractor**" means any person not an Employee who enters into a contract:

(1) to assist in performance of a Service Contract;

(2) with a Public Lessee or Licensee, sublessee, sublicensee or Contractor to perform or assist in performing services for the leased or licensed premises.

(n) "**Willful Violation**" means that the Employer knew of its obligations under this article and deliberately failed or refused to comply with its provisions.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (e), Ord. No. 176,155, Eff. 9-22-04; Subsec. (e), Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; Subsecs. (a) through (l) re-lettered (d) through (o), respectively and new Subsecs. (a), (b), and (c) added, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.2. Payment of Minimum Compensation to Employees.

(a) **Wages.** An Employer shall pay an Employee for all hours worked on a Service Contract or if a Public Lease or License or for a Contractor of a Public Lessee or Licensee, for all hours worked furnishing a service relating to the City, a wage of no less than the hourly rates set under the authority of this article.

(1) **Non-Airport Employee Wages.**

(i) If an Employer provides an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the following:

a. On July 1, 2018, the wage rate for an Employee shall be no less than $13.25 per hour.

b. On July 1, 2019, the wage rate for an Employee shall be no less than $14.25 per hour.

c. On July 1, 2020, the wage rate for an Employee shall be no less than $15.00 per hour.

d. On July 1, 2022, and annually thereafter, the hourly wage rate paid to an Employee shall be adjusted consistent with any adjustment pursuant to Section 187.02 D. of the Los Angeles Municipal Code.

(ii) If an Employer does not provide an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the applicable wage rate in Section

10.37.2(a)(1)(i) and an additional wage rate of $1.25 per hour.

(iii) Section 10.37.11 is not applicable to this subdivision.

(2) **Airport Employee Wages.**

(i) If an Employer servicing the Airport provides an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the following:

a. On July 1, 2017, the wage rate for an Employee shall be no less than $12.08 per hour.

b. On July 1, 2018, the wage rate for an Employee shall be no less than $13.75 per hour.

c. On July 1, 2019, the wage rate for an Employee shall be no less than $15.25 per hour.

d. On July 1, 2020, the wage rate for an Employee shall be no less than $16.50 per hour.

e. On July 1, 2021, the wage rate for an Employee shall be no less than $17.00 per hour.

f. Beginning on July 1, 2022, the wage rate for an Employee shall increase annually, on July 1, to an amount $2.00 above the minimum rate under the City's Minimum Wage Ordinance for that same period of time.

(ii) If an Employer servicing the Airport does not provide an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the applicable wage rate in Section 10.37.2(a)(2)(i) and an additional wage rate as follows:

a. On July 1, 2017, an Employer servicing the Airport shall pay an Employee an additional wage rate of $5.18 per hour.

b. Beginning on July 1, 2018, an Employer servicing the Airport shall pay an Employee an additional wage rate per hour equal to the health benefit payment in effect for an Employee pursuant to Section 10.37.3(a)(5).

(3) An Employer may not use tips or gratuities earned by an Employee to offset the wages required under this article.

(b) **Compensated Time Off.** An Employer shall provide an Employee compensated time off as follows:

(1) An Employee who works at least 40 hours per week or is classified as a full-time Employee by the Employer shall accrue no less than 96 hours of compensated time off per year.

(2) An Employee who works less than 40 hours per week and is not classified as a full-time Employee by the Employer shall accrue hours of compensated time off in increments proportional to that accrued by an Employee who works 40 hours per week.

(3) **General Rules for Compensated Time Off.**

(i) An Employee must be eligible to use accrued paid compensated time off after the first 90 days of employment or consistent with company policies, whichever is sooner. Compensated time off shall be paid at an Employee's regular wage rate at the time the compensated time off is used.

(ii) An Employee may use accrued compensated time off hours for sick leave, vacation or personal necessity.

(iii) An Employer may not unreasonably deny an Employee's request to use the accrued compensated time off. The DAA, through regulations, may provide guidance on what is considered unreasonable.

(iv) The DAA may allow an Employer's established compensated time off policy to remain in place even though it does not meet these requirements, if the DAA determines that the Employer's established policy is overall more generous.

(v) Unused accrued compensated time off shall carry over until time off reaches a maximum of 192 hours, unless the Employer's established policy is overall more generous.

EXHIBIT N

(vi) After an Employee reaches the maximum accrued compensated time off, an Employer shall provide a cash payment once every 30 days for accrued compensated time off over the maximum. An Employer may provide an Employee with the option of cashing out any portion of, or all of, the Employee's accrued compensated time off, but, an Employer shall not require an Employee to cash out any accrued compensated time off. Compensated time off cashed out shall be paid to the Employee at the wage rate that the Employee is earning at the time of cash out.

(vii) An Employer may not implement any unreasonable employment policy to count accrued compensated time off taken under this article as an absence that may result in discipline, discharge, suspension or any other adverse action.

(4) **Compensated Release Time.** An Employer servicing the Airport who holds a Certified Service Provider License Agreement and is subject to this article shall comply with the following additional requirements:

(i) A CSPLA Employer shall provide an Employee at the Airport, 16 hours of additional compensated release time annually to attend and complete emergency response training courses approved by the Airport.

(ii) By December 31, 2018, and continuing thereafter on an annual basis, an Employee of a CSPLA Employer shall successfully complete the 16 hours of emergency response training.

(iii) An Employee of a CSPLA Employer hired after December 31, 2018, shall complete the 16 hours of emergency response training within 120 days of the first date of hire.

(iv) The 16 hours of compensated release time shall only be used to attend Airport approved annual emergency response training courses. The 16 hours of compensated release time does not accumulate or carry over to the following year. The 16 hours of compensated release time shall not be included as part of the 96 hours of compensated time off required under this article.

(c) **Uncompensated Time Off.** An Employer shall provide an Employee uncompensated time off as follows:

(1) An Employee who works at least 40 hours a week or is classified as a full-time Employee by an Employer shall accrue no less than 80 hours of uncompensated time off per year.

(2) An Employee who works less than 40 hours per week and is not classified as a full-time Employee by the Employer shall accrue hours of uncompensated time off in increments proportional to that accrued by an Employee who works 40 hours per week.

(3) **General Rules for Uncompensated Time Off.**

(i) An Employee must be eligible to use accrued uncompensated time off after the first 90 days of employment or consistent with company policies, whichever is sooner.

(ii) Uncompensated time off may only be used for sick leave for the illness of an Employee or a member of his or her immediate family and where an Employee has exhausted his or her compensated time off for that year.

(iii) An Employer may not unreasonably deny an Employee's request to use the accrued uncompensated time off. The DAA, through regulations, may provide guidance on what is considered unreasonable.

(iv) Unused accrued uncompensated time off shall carry over until the time off reaches a maximum of 80 hours, unless the Employer's established policy is overall more generous.

(v) An Employer may not implement any unreasonable employment policy to count accrued uncompensated time off taken under this article as an absence that may result in discipline, discharge, suspension or any other adverse action.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (a), Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; Subsec. (a), Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18; Subsec. (a)(1), Ord. No. 185,745, Eff. 10-15-18.

Sec. 10.37.3. Health Benefits.

(a) **Health Benefits.** The health benefits required by this article shall consist of the payment by an Employer of at least $1.25 per hour to Employees towards the provision of health care benefits for an Employee and his or her dependents. On July 1, 2017, the health benefit rate for an Employee working for an Employer servicing the Airport shall be at least $5.18 per hour. On July 1, 2018, the annual increase for Employees working for an Employer servicing the Airport shall continue as provided in Section 10.37.3(a)(5).

(1) Proof of the provision of such benefits must be submitted to the Awarding Authority to qualify for the wage rate in Section 10.37.2(a) for Employees with health benefits.

(2) Health benefits include health coverage, dental, vision, mental health and disability income. For purposes of this article, retirement benefits, accidental death and dismemberment insurance, life insurance and other benefits that do not provide medical or health related coverage will not be credited toward the cost of providing Employees with health benefits.

(3) If the Employer's hourly health benefit payment is less than that required under this article, the difference shall be paid to the Employee's hourly wage.

(4) Health benefits are not required to be paid on overtime hours.

(5) On July 1, 2018, and annually thereafter each July 1, the amount of payment for health benefits provided to an Employee working for an Employer servicing the Airport shall be adjusted by a percentage equal to the percentage increase, if any, in the United States Bureau of Labor Statistics Consumer Price Index for All Urban Consumers: Medical Care Services, as measured from January to December of the preceding year. The DAA shall announce the adjusted rates on February 1st and publish a bulletin announcing the adjusted rates, which shall take effect on July 1st of each year.

(b) **Periodic Review.** At least once every three years, the City Administrative Officer shall review the health benefit payment by Employers servicing the Airport set forth in Section 10.37.3(a) to determine whether the payment accurately reflects the cost of health care and to assess the impacts of the health benefit payment on Airport Employers and Airport Employees and shall transmit a report with its findings to the Council.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.4. Employer Reporting and Notification Requirements.

(a) An Employer shall post in a prominent place in an area frequented by Employees a copy of the Living Wage Poster and the Notice Regarding Retaliation, both available from the DAA.

(b) An Employer shall inform an Employee of his or her possible right to the federal Earned Income Credit (EIC) under Section 32 of the Internal Revenue Code of 1954, 26 U.S.C. § 32, and shall make available to an Employee forms informing them about the EIC and forms required to secure advance EIC payments from the Employer.

(c) An Employer is required to retain payroll records pertaining to its Employees for a period of at least four years, unless more than four years of retention is specified elsewhere in the contract or required by law.

(d) A Contractor, Public Lessee, Licensee, and City Financial Assistant Recipient is responsible for notifying all Contractors, Subcontractors, sublessees, and sublicensees of their obligation under this article and requiring compliance with this article. Failure to comply shall be a material breach of the contract.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.5. Retaliation Prohibited.

An Employer shall not discharge, reduce in compensation, or otherwise discriminate against any Employee for complaining to the City with regard to the Employer's compliance or anticipated compliance with this article, for opposing any practice proscribed by this article,

EXHIBIT N

for participating in proceedings related to this article, for seeking to enforce his or her rights under this article by any lawful means, or for otherwise asserting rights under this article.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.6. Enforcement.

(a) An Employee claiming violation of this article may bring an action in the Superior Court of the State of California against an Employer and may be awarded:

(1) For failure to pay wages required by this article, back pay shall be paid for each day during which the violation occurred.

(2) For failure to comply with health benefits requirements pursuant to this article, the Employee shall be paid the differential between the wage required by this article without health benefits and such wage with health benefits, less amounts paid, if any, toward health benefits.

(3) For retaliation the Employee shall receive reinstatement, back pay or other equitable relief the court may deem appropriate.

(4) For Willful Violations, the amount of monies to be paid under Subdivisions (1) - (3), above, shall be trebled.

(b) The court shall award reasonable attorney's fees and costs to an Employee who prevails in any such enforcement action and to an Employer who prevails and obtains a court determination that the Employee's lawsuit was frivolous.

(c) Compliance with this article shall be required in all City contracts to which it applies. Contracts shall provide that violation of this article shall constitute a material breach thereof and entitle the Awarding Authority to terminate the contract and otherwise pursue legal remedies that may be available. Contracts shall also include an agreement that the Employer shall comply with federal law proscribing retaliation for union organizing.

(d) The DAA may audit an Employer at any time to verify compliance. Failure by the Employer to cooperate with the DAA's administrative and enforcement actions, including, but not limited to, requests for information or documentation to verify compliance with this article, may result in a determination by the DAA that the Employer has violated this article.

(e) An Employee claiming violation of this article may report the claimed violation to the DAA, which shall determine whether this article applies to the claimed violation.

(1) If any of the Employee's allegations merit further review, the DAA shall perform an audit; the scope of which will not exceed four years from the date the complaint was received.

(2) If the claimed violation is filed after a contract has expired, and information needed for the review is no longer readily available, the DAA may determine this article no longer applies.

(3) In the event of a claimed violation of the requirements relating to compensated time off, uncompensated time off or wages, the DAA may require the Employer to calculate the amount the Employee should have earned and compensate the Employee. Nothing shall limit the DAA's authority to evaluate the calculation.

(i) If the DAA determines that an Employer is in violation of Section 10.37.2(b), the time owed must be made available immediately. At the Employer's option, retroactive compensated time off in excess of 192 hours may be paid to the Employee at the current hourly wage rate.

(ii) If the DAA determines that an Employer is in violation of Section 10.37.2(c), the Employer shall calculate the amount of uncompensated time off that the Employee should have accrued. This time will be added to the uncompensated time off currently available to the Employee and must be available immediately.

(f) Where the DAA has determined that an Employer has violated this article, the DAA shall issue a written notice to the Employer that the violation is to be corrected within ten days or other time period determined appropriate by the DAA.

(g) In the event the Employer has not demonstrated to the DAA within such period that it has cured the violation, the DAA may then:

EXHIBIT N

(1) Request the Awarding Authority to declare a material breach of the Service Contract, Public Lease or License, or financial assistance agreement and exercise its contractual remedies thereunder, which may include, but not be limited to: (i) termination of the Service Contract, Public Lease or License, or financial assistance agreement; (ii) the return of monies paid by the City for services not yet rendered; and (iii) the return to the City of money held in retention (or other money payable on account of work performed by the Employer) when the DAA has documented the Employer's liability for unpaid wages, health benefits or compensated time off.

(2) Request the Awarding Authority to declare the Employer non-responsible from future City contracts, leases and licenses in accordance with the Contractor Responsibility Ordinance (LAAC Section 10.40, et seq.) and institute proceedings in a manner that is consistent with law.

(3) Impose a fine payable to the City in the amount of up to $100 for each violation for each day the violation remains uncured.

(4) Exercise any other remedies available at law or in equity.

(h) Notwithstanding any provision of this Code or any other law to the contrary, no criminal penalties shall attach for violation of this article.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (d), Para. (1), Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.7. Administration.

The DAA shall administer the requirement of this article and monitor compliance, including the investigation of claimed violations. The DAA shall promulgate rules and regulations consistent with this article for the implementation of the provision of this article. The DAA shall also issue determinations that persons are City Financial Assistance Recipients, that particular contracts shall be regarded as "Service Contracts" for purposes of Section 10.37.1(l), and that particular leases and licenses shall be regarded as "Public Leases" or "Public Licenses" for purposes of Section 10.37.1(k), when it receives an application for a determination of non-coverage or exemption as provided for in Section 10.37.14 and 10.37.15.

The DAA may require an Awarding Authority to inform the DAA about all contracts in the manner described by regulation. The DAA shall also establish Employer reporting requirements on Employee compensation and on notification about and usage of the federal Earned Income Credit referred to in Section 10.37.4. The DAA shall report on compliance to the City Council no less frequently than annually.

Every three years after July 1, 2018, the Chief Legislative Analyst (CLA) with the assistance of the City Administrative Officer (CAO) shall commission a study to review the state of the Airport's regional economy; minimum wage impacts for Employees servicing the Airport; Airport service industry impacts; temporary workers, guards and janitors impacts; restaurants, hotels and bars impacts; transitional jobs programs impacts; service charges, commissions and guaranteed gratuities impacts; and wage theft enforcement. On an annual basis, the CLA and CAO shall collect economic data, including jobs, earnings and sales tax. The Study shall also address how extensively affected Employers are complying with this article, how the article is affecting the workforce composition of affected Employers, and how the additional costs of the article have been distributed among Employees, Employers and the City.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.8. City is a Third Party Beneficiary of Contracts Between an Employer and Subcontractor for Purposes of Enforcement.

Any contract an Employer executes with a Contractor or Subcontractor, as defined in Section 10.37.1(f) and (m), shall contain a provision wherein the Contractor or Subcontractor agree to comply with this article and designate the City as an intended third party beneficiary for purposes of enforcement directly against the Contractor or Subcontractor, as provided for in Section 10.37.6 of this article.

EXHIBIT N

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Ord. No. 173,285, Eff. 6-26-00. Oper. 7-1-00; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.9. Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.

This article shall not be construed to limit an Employee's right to bring legal action for violation of other minimum compensation laws.

SECTION HISTORY

Added by Ord. No. 171,547. Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321. Eff. 1-20-18.

Sec. 10.37.10. Expenditures Covered.

This article shall apply to the expenditure - whether through aid to City Financial Assistance Recipients, Service Contracts let by the City or Service Contracts let by its Financial Assistance Recipients - of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds.

SECTION HISTORY

Added by Ord. No. 171,547. Eff. 5-5-97.
Amended by: In Entirety. Ord. No. 172,336. Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.11. Timing of Application.

The provisions of this article shall become operative 60 days following the effective date of the ordinance and are not retroactive.

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172.336, Eff. 1-14-99; Subsec. (b), Subsec. (c) Added, Ord. No. 173,747, Eff. 2-24-01; Subsec. (d) Added, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318. Eff. 7-7-16; In Entirety. Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.12. Express Supersession by Collective Bargaining Agreement.

The requirements of this article may be superseded by a collective bargaining agreement if expressly stated in the agreement. This provision applies to any collective bargaining agreement that expires or is open for negotiation of compensation terms after the effective date of this ordinance. Any collective bargaining agreement that purports to supersede any requirement of this article shall be submitted by the Employer to the DAA.

(a) A collective bargaining agreement may expressly supersede the requirements of this article with respect to Employees of Employers servicing the Airport only when an Employee is paid a wage not less than the applicable wage rate in Section 10.37.2(a)(2)(i).

(b) A collective bargaining agreement may expressly supersede the requirements of this article with respect to Employees of Airline Food Caterers only when an Employee of the Airline Food Caterer is paid a total economic package no less than the applicable wage rate in Section 10.37.2(a)(2)(ii).

SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; Title and Section In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.13. Liberal Interpretation of Coverage; Rebuttable Presumption of Coverage.

The definitions of "City Financial Assistance Recipient" in Section 10.37.1(e), of "Public Lease or License" in Section 10.37.1(k), and of "Service Contract" in Section 10.37.1(l) shall be liberally interpreted so as to further the policy objectives of this article. All City Financial Assistance Recipients meeting the monetary thresholds of Section 10.37.1(e), all Public Leases and Licenses (including subleases and sublicenses) where the City is the lessor or licensor, and all City contracts providing for services shall be presumed to meet the corresponding definition mentioned above, subject, however, to a determination by the DAA of non-coverage or exemption on any basis allowed by this article, including, but not limited to, non-coverage for failure to satisfy such definition. The DAA shall by regulation establish procedures for informing persons engaging in such transactions with the City of their opportunity to apply for

a determination of non-coverage or exemption and procedures for making determinations on such applications.

SECTION HISTORY

Added by Ord. No. 172,336, Eff. 1-14-99.
Amended by: Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety. Ord. No. 185,321, Eff. 1-20-18; In Entirety, Ord. No. 185,745. Eff. 10-15-18.

Sec. 10.37.14. Contracts, Employers and Employees Not Subject to this Article.

The following contracts are not subject to the Living Wage Ordinance. An Awarding Authority, after consulting with the DAA, may determine whether contracts and/or Employers are not subject to the Living Wage Ordinance due to the following:

(a) a contract where an employee is covered under the prevailing wage requirements of Division 2, Part 7, of the California Labor Code unless the total of the basic hourly rate and hourly health and welfare payments specified in the Director of Industrial Relations' General Prevailing Wage Determinations are less than the minimum hourly rate as required by Section 10.37.2(a) of this article.

(b) a contract with a governmental entity, including a public educational institution or a public hospital.

(c) a contract for work done directly by a utility company pursuant to an order of the Public Utilities Commission.

SECTION HISTORY

Added by Ord. No. 184,318, Eff. 7-7-16.
Amended by: In Entirety, Ord. No. 185,321, Eff. 1-20-18.

Sec. 10.37.15. Exemptions.

Upon the request of an Employer, the DAA may exempt compliance with this article. An Employer seeking an exemption must submit the required documentation to the DAA for approval before the exemption takes effect.

(a) A Public Lessee or Licensee, that employs no more than seven people total on and off City property shall be exempted. A lessee or licensee shall be deemed to employ no more than seven people if the company's entire workforce worked an average of no more than 1,214 hours per month for at least three-fourths of the previous calendar year. If a Public Lease or License has a term of more than two years, the exemption granted pursuant to this section shall expire after two years, but shall be renewable in two-year increments.

(b) Non-Profit Organizations. Corporations organized under Section 501(c)(3) of the United States Internal Revenue Code of 1954, 26 U.S.C. § 501(c)(3), whose chief executive officer earns a salary which, when calculated on an hourly basis, is less than eight times the lowest wage paid by the corporation, shall be exempted as to all Employees other than child care workers.

(c) Students. High school and college students employed in a work study or employment program lasting less than three months shall be exempt. Other students participating in a work-study program shall be exempt if the Employer can verify to the DAA that:

(1) The program involves work/training for class or college credit and student participation in the work-study program is for a limited duration, with definite start and end dates; or

(2) The student mutually agrees with the Employer to accept a wage below this article's requirements based on a training component desired by the student.

(d) Nothing in this article shall limit the right of the Council to waive the provisions herein.

(e) Nothing in this article shall limit the right of the DAA to waive the provisions herein with respect to and at the request of an individual Employee who is eligible for benefits under Medicare, a health plan through the U.S. Department of Veteran Affairs or a health plan in which the Employee's spouse, domestic partner or parent is a participant or subscriber to another health plan. An Employee who receives this waiver shall only be entitled to the hourly wage pursuant to Section 10.37.2(a)(2)(i).

SECTION HISTORY

Added by Ord. No. 184,318, Eff. 7-7-16.
Amended by: In Entirety, Ord. No. 185,321, Eff. 1-20-18.

EXHIBIT N

Sec. 10.37.16. Severability.

If any subsection, sentence, clause or phrase of this article is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this section, and each and every subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION HISTORY

Added by Ord. No. 172,336, Eff. 1-14-99.
Amended by: In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

EXHIBIT O

(Intentionally Omitted)

EXHIBIT O

(Intentionally Omitted)

EXHIBIT P

Worker Retention Ordinance

CHAPTER 1, ARTICLE 10

WORKER RETENTION

(Title amended, Ord. No. 185,356, Eff. 1-26-18.)

Section

10.36 Findings and Statement of Policy.
10.36.1 Definitions.
10.36.2 Transition Employment Period.
10.36.3 Enforcement.
10.36.4 Exemption for Contractor or Contractor's Prior Employees.
10.36.5 Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.
10.36.6 Expenditures Covered by this Article.
10.36.7 Promulgation of Implementing Rules.
10.36.8 Severability.

Sec. 10.36. Findings and Statement of Policy.

The City awards many contracts to private firms to provide services to the public and to City government. The City also leases its property or grants licenses to enter onto its property and these lessees and licensees often perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City also provides financial assistance and funding to other firms for the purpose of economic development or job growth. At the conclusion of the term of a service contract, lease or license with the City or with those receiving financial assistance from the City, a different firm often receives the successor contract to perform the same City services or to lease or license the same City property.

The City obtains benefits achieved through the competitive process of entering into new contracts. It is the experience of the City that reasons for change do not necessarily include a need to replace workers presently performing services who already have useful knowledge about the workplace where the services are performed.

The City has a proprietary interest in the work performed by employees of City contractors, lessees and licensees and by the employees of firms receiving City financial assistance. The success or failure of City operations may turn on the success or failure of these firms, and the City has a genuine stake in how the public perceives the services rendered by these firms. Replacement of existing employees can adversely impact the performance by these firms and thereby hinders the opportunity for success of City operations.

Incumbent workers have invaluable existing knowledge and experience with the work schedules, practices and clients. Replacing these workers with workers without these experiences decreases efficiency and results in a disservice to the City and City financed or assisted projects.

Retaining existing workers when a change in firm occurs reduces the likelihood of labor disputes and disruptions. The reduction of the likelihood of labor disputes and disruptions results in the assured continuity of services to City constituents and visitors who receive services provided by the City, the City's lessees or licensees, or by City financed or assisted projects.

Contracting decisions involving the expenditure of City funds should avoid a potential effect of creating unemployment and the consequential need for social services. The City, as a principal provider of social support services, has an interest in the stability of employment under contracts, leases and licenses with the City and by those receiving financial assistance from the City. The retention of existing workers benefits that interest.

SECTION HISTORY

Article and Section Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Article and Section, Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.1. Definitions.

The following definitions shall apply throughout this article:

(a) "**Awarding Authority**" means the governing body, board, officer or employee of the City or City Financial Assistance Recipient authorized to award a Contract and shall include a department which

EXHIBIT P

has control of its own funds if the department adopts policies consonant with the provisions of this article.

(b) **"City"** means the City of Los Angeles and all Awarding Authorities thereof.

(c) **"City Financial Assistance Recipient"** means any person who receives from the City in any 12-month period discrete financial assistance for economic development or job growth expressly articulated and identified by the City totaling at least $100,000; provided, however, that corporations organized under Section 501(c)(3) of the United States Internal Revenue Code of 1954, 26 U.S.C. § 501(c)(3), with annual operating budgets of less than $5,000,000, or that regularly employ homeless persons, persons who are chronically unemployed, or persons receiving public assistance, shall be exempt.

Categories of such assistance include, but are not limited to, bond financing, planning assistance, tax increment financing exclusively by the City, and tax credits, and shall not include assistance provided by the Community Development Bank. City staff assistance shall not be regarded as financial assistance for purposes of this article. A loan at market rate shall not be regarded as financial assistance. The forgiveness of a loan shall be regarded as financial assistance. A loan shall be regarded as financial assistance to the extent of any differential between the amount of the loan and the present value of the payments thereunder, discounted over the life of the loan by the applicable federal rate as used in 26 U.S.C. §§ 1274(d) and 7872(f). A recipient shall not be deemed to include lessees and sublessees. Contracts for economic development or job growth shall be deemed providing such assistance once the $100,000 threshold is reached.

(d) **"Contract"** means:

(1) a contract let to a Contractor by the City or a City Financial Assistance Recipient primarily for the furnishing of services to or for the City or City Financial Assistance Recipient (as opposed to the purchase of goods or other property) and that involves an expenditure or receipt in excess of $25,000 and a contract term of at least three months; or

(2) a Public Lease or License as those terms are defined in Los Angeles Administrative Code Section 10.37.1(k) but only if the lessee or licensee is subject to the Living Wage Ordinance and not otherwise exempt from its provisions.

(e) **"Contractor"** means any person that enters into a Contract with the City or a City Financial Assistance Recipient. Governmental entities, including public educational institutions and public hospitals, are not Contractors and are not subject to this article.

(f) **"Designated Administrative Agency (DAA)"** means the Department of Public Works, Bureau of Contract Administration, which shall bear administrative responsibilities under this article.

(g) **"Employee"** means any person employed as an employee of a Contractor or Subcontractor earning no more than twice the hourly wage without health benefits available under the Living Wage Ordinance, Los Angeles Administrative Code Section 10.37 et seq., whose primary place of employment is in the City on or under the authority of a Contract. Examples of Employee includes: hotel Employees; restaurant, food service or banquet Employees; janitorial Employees; security guards; parking attendants; nonprofessional health care Employees; gardeners; waste management Employees; and clerical Employees. Employee does not include a person who is a managerial, supervisory or confidential Employee. An Employee must have been employed by a terminated Contractor for the preceding 12 months or longer.

(h) **"Person"** means any individual, proprietorship, partnership, joint venture, corporation, limited liability company, trust, association or other entity that may employ individuals or enter into contracts.

(i) **"Subcontractor"** means any person not an Employee who enters into a contract with a Contractor to assist the Contractor in performing a Contract and who employs Employees for such purpose. A Subcontractor includes a sublessee or sublicensee.

(j) **"Successor Contract"** means a Contract where the service to be performed is substantially similar to the Contract recently terminated. The meaning also includes a Contract that is a Public Lease or License substantially similar to a Public Lease or License recently terminated. Termination includes, but is not limited to: (1) the completion of the Contract; (2) early termination of the Contract in whole or in part; or (3) an amendment that reduces

EXHIBIT P

services provided under the Contract, in whole or in part.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; Subsec. (c), Ord. No. 172,843, Eff. 11-4-99; Subsec. (j) added, Ord. No. 176,155, Eff. 9-22-04; Subsec. (j), Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.2. Transition Employment Period.

(a) Within ten days of learning that a Contract is to be terminated, the Contractor shall provide to the Successor Contractor, the Awarding Authority and the DAA, the name, address, date of hire, and employment occupation classification of each Employee of the terminated Contractor and Subcontractor working pursuant to the Contract. If the terminated Contractor has not learned the identity of the Successor Contractor, the Contractor shall request the identity from the Awarding Authority. If a Successor Contract has not been awarded by the end of the ten-day period, the Contractor shall provide the employment information referred to earlier in this subsection to the Awarding Authority and the DAA. Where only a subcontract of a Contract has been terminated, the terminated Subcontractor shall for purposes of this Article be deemed a terminated Contractor.

(1) If multiple Contracts providing similar services are terminated, the Awarding Authority shall consult with the DAA to determine whether to pool the Employees, ordered by seniority within job classification and provide a pool list to the Successor Contractor. The Successor Contractor shall provide written notice to the Awarding Authority and the DAA that the Awarding Authority's pool list will be used. The notice must include the following:

(A) the total number of Employees required under the Successor Contract;

(B) a breakdown of the number of Employees required within each job classification and seniority within each class; and

(C) an indication as to which Employees within each job classification shall be offered employment under this article.

The written notice must be provided no later than ten days after the Successor Contractor receives the listing of the terminated Contractor's Employees.

(2) Where the use of Subcontractors has occurred under the terminated Contract or where the use of Subcontractors is to be permitted under the Successor Contract, or where both circumstances arise, the Awarding Authority shall pool, when applicable, the Employees, ordered by seniority within job classification, under such prior Contracts or subcontracts where required by, and in accordance with, rules promulgated by the DAA. The Successor Contractor or Subcontractor shall provide written notice to the Awarding Authority and the DAA that the Awarding Authority's pool list will be used.

(b) If work-related requirements for a particular job classification under the Successor Contract differ from the terminated Contract, the Successor Contractor (or Subcontractor, where applicable) shall give notice to the Awarding Authority and the DAA and provide an explanation including:

(1) the different work-related requirements needed; and

(2) the reason why the different work-related requirements are necessary for the Successor Contract.

(c) Within ten days of receipt of the list of Employees from the terminated Contractor, the Successor Contractor shall make written offers for a 90-day transition employment period to the eligible Employees by letters sent certified mail. The letters shall ask an Employee to return the offers to the Successor Contractor with the Employee's signature indicating acceptance or rejection of the offer of employment. The letters shall state that if an Employee fails to return a written acceptance of the offer within ten days of the date of mailing of the Successor Contractor's certified letter, then the Employee will be presumed to have declined the offer.

The Successor Contractor shall provide copies of the letters offering employment to the Awarding Authority and proof of mailing.

(d) A Successor Contractor shall retain Employees for a 90-day transition employment period. Where pooling of Employees has occurred, the Successor Contractor shall draw from the pools in accordance with rules promulgated by the DAA. During such 90-day period, Employees so hired shall be employed under the terms and conditions established by the Successor Contractor (or Subcontractor) or as required by law.

EXHIBIT P

(e) If at any time the Successor Contractor determines that fewer Employees are required to perform the new Contract than were required by the terminated Contractor (and Subcontractors, if any), the Successor Contractor shall retain Employees by seniority within job classification. The Successor Contractor shall give notice to the Awarding Authority and the DAA and provide an explanation including:

(1) the reason that fewer Employees will be needed;

(2) the total number of Employees required under the Successor Contract;

(3) a breakdown of the number of Employees required within each job classification;

(4) a listing of the terminated Contractor's Employees by job classification and seniority within each class; and

(5) an indication as to which Employees within each job classification will be offered employment under this article.

The notice must be provided no later than ten days after the Successor Contractor receives the list of the terminated Contractor's Employees pursuant to Section 10.36.2(a).

Letters offering employment shall be made by seniority within each job classification. If an Employee in a job classification declines an offer of employment or fails to respond within ten days pursuant to Section 10.36.2(a), the Successor Contractor shall issue a letter offering employment to the next Employee in that job classification. The Successor Contractor shall continue to offer employment in this manner until all required positions are filled for the Successor Contract or until all Employees have been offered employment.

(f) During the 90-day transition employment period, the Successor Contractor (or Subcontractor, where applicable) shall maintain a preferential hiring list of eligible covered Employees not retained by the Successor Contractor (or Subcontractor) from which the successor Contractor (or Subcontractor) shall hire additional Employees, if needed.

(g) During the 90-day transition employment period, the Successor Contractor (or Subcontractor, where applicable) shall not discharge without cause an Employee retained pursuant to this article. "Cause" for this purpose shall mean fair and honest reasons, regulated by good faith on the part of the Contractor or Subcontractor, that are not trivial, arbitrary or capricious, unrelated to business needs or goals, or pretextual.

(h) At the end of the 90-day transition employment period, the Successor Contractor (or Subcontractor, where applicable) shall perform a written performance evaluation for each Employee retained pursuant to this article. If the Employee's performance during the 90-day period is satisfactory, the Successor Contractor (or Subcontractor) shall offer the Employee continued employment under terms and conditions established by the Successor Contractor (or Subcontractor) or as required by law.

(i) If the City or a City Financial Assistance Recipient enters into a Contract for the performance of work that prior to the Contract was performed by the City's or the City Financial Assistance Recipient's own Employees, the City or the City Financial Assistance Recipient shall be deemed to be a terminated Contractor within the meaning of this article and the Contractor shall be deemed to be a Contractor with a Successor Contract within the meaning of this article.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; Subsec. (g) added, Ord. No. 172,349, Eff. 1-29-99; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.3. Enforcement.

(a) An Employee who has been discharged in violation of this article by a Successor Contractor or its Subcontractor may bring an action in the Superior Court of the State of California against the Successor Contractor and, where applicable, its Subcontractor, and may be awarded:

(1) Back pay for each day during which the violation continues, which shall be calculated at a rate of compensation not less than the higher of:

(A) The average regular rate of pay received by the Employee from the terminated Contractor during the last three years of the Employee's employment in the same occupation classification; or

(B) The final regular rate paid by the terminated Contractor to the Employee.

EXHIBIT P

(2) Costs of benefits the Successor Contractor would have incurred for the Employee under the successor Contractor's (or Subcontractor's, where applicable) benefit plan.

(b) If the Employee is the prevailing party in any such legal action, the court shall award reasonable attorney's fees and costs as part of the costs recoverable.

(c) Compliance with this article shall be required in all Contracts and shall provide that violation of this article shall entitle the City to terminate the Contract and pursue all legal remedies.

(d) If the DAA determines that a Contractor or Subcontractor violated this article, the DAA may recommend that the Awarding Authority take any or all of the following actions:

(1) Document the determination in the Awarding Authority's Contractor Evaluation required under Los Angeles Administrative Code Section 10.39, et seq.;

(2) Require that the Contractor or Subcontractor document the determination in each of the Contractor's or Subcontractor's subsequent Contractor Responsibility Questionnaires submitted under Los Angeles Administrative Section 10.40, et seq.;

(3) Terminate the Contract;

(4) Recommend to the Awarding Authority to withhold payments due to the Contractor or Subcontractor.

(e) Notwithstanding any provision of this Code or any other law to the contrary, no criminal penalties shall attach for any violation of this article.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.4. Exemption for Contractor or Contractor's Prior Employees.

(a) An Awarding Authority may allow a Successor Contractor or Subcontractor to fill a position under a Contractor with a person who has been employed by the Contractor or Subcontractor continuously for at least 12 months prior to the commencement of the Successor Contract working in a position similar to the position to be filled in the Successor Contract. The Successor Contractor or Subcontractor shall first obtain written approval of the Awarding Authority by demonstrating that: (a) the person would otherwise be laid off work; and (b) his or her retention would be helpful to the Contractor or Subcontractor in performing the Successor Contract.

(b) Nothing in this article shall limit the right of the DAA to waive the provisions herein with respect to a Contractor if it finds it is not in the best interest of the City.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.5. Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.

This article shall not be construed to limit an Employee's right to bring legal action for wrongful termination.

SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.6. Expenditures Covered by this Article.

This article shall apply to the expenditure, whether through Contracts let by the City or by City Financial Assistance Recipients, of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds. City Financial Assistance Recipients shall apply this article to the expenditure of non-City funds for Contracts to be performed in the City by complying with Section 10.36.2(i) and by contractually requiring their Contractors with Contracts to comply with this article. Such requirement shall be imposed by the recipient until the City financial assistance has been fully expended.

SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.
Amended by: Ord. No. 172,337, Eff. 1-14-99; Ord. No. 172,843, Eff. 11-4-99; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

EXHIBIT P

Sec. 10.36.7. Promulgation of Implementing Rules.

The DAA shall promulgate rules for implementation of this article and otherwise coordinate administration of the requirements of this article.

SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.
Amended by: Ord. No. 176,155, Eff. 9-22-04; Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

Sec. 10.36.8. Severability.

If any subsection, sentence, clause or phrase of this article is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this section, and each and every subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.
Amended by: In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

EXHIBIT P

EXHIBIT P

EXHIBIT Q

Contractor Responsibility Program/Pledge of Compliance

LOS ANGELES WORLD AIRPORTS

CONTRACTOR RESPONSIBILITY PROGRAM

RULES AND REGULATIONS

Effective date: August 23, 2011

Procurement Services Division
7301 World Way West, 4th Floor
Los Angeles, CA 90045
(424) 646-5380
(424) 646-9262 (Fax)

EXHIBIT Q
Contractor Responsibility Program (CRP)
Pledge of Compliance

CONTENTS

A. DEFINITIONS 3

B. SUBMISSION OF CRP QUESTIONNAIRES 5

C. LAWA REVIEW OF SUBMITTED CRP QUESTIONNAIRES 6

D. AWARD AND EXECUTION OF CONTRACTS 7

E. CONTRACT AMENDMENTS 9

F. CONTRACTOR NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION 9

G. LAWA INVESTIGATION 11

H. VIOLATIONS OF THE CRP OR THESE RULES AND REGULATIONS 12

I. NON-RESPONSIBILITY HEARING 12

J. NON-RESPONSIBILITY SANCTIONS 14

K. EXEMPTIONS 14

L. EFFECTIVE DATE OF CRP RULES AND REGULATIONS 16

M. CONSISTENCY WITH FEDERAL AND STATE LAW 16

N. SEVERABILITY 16

EXHIBIT Q
Contractor Responsibility Program (CRP)
Pledge of Compliance

These Rules and Regulations are promulgated pursuant to Board Resolution #21601, the Los Angeles World Airports Contractor Responsibility Program (CRP). Each Requesting LAWA Division shall cooperate to the fullest extent with the Executive Director in the administration of the CRP. The Executive Director may amend these Rules and Regulations from time to time as required for the implementation of the CRP.

A. DEFINITIONS

1. **Adoption of CRP definitions:** For purposes of these Rules and Regulations, the definitions set forth in the Board Resolution are incorporated herein by reference, and include the following:

   a. **Board**
   b. **Executive Director**
   c. **Los Angeles World Airports (LAWA)**
   d. **"Contract"** means any agreement for the performance of any work or service, the provision of any goods, equipment, materials or supplies, or the rendition of any service to LAWA or to the public or the grant of a public lease, which is awarded or entered into by or on behalf of LAWA. These Rules and Regulations shall apply to the following contracts:

      (1) Contracts for services that require Board approval.
      (2) Contracts for purchasing goods and products that require Board approval.
      (3) Construction contracts that require Board approval.

   e. **Contractor**
   f. **Subcontractor**
   g. **Bidder**
   h. **Bid**
   i. **Invitation for Bid ("IFB")**
   j. **Public Lease**

2. **New Definitions:**

   a. **"Awarding Authority"** means either the Executive Director or the Board of Airport Commissioners ("Board") or the Board's designee.

   b. **"CRP Questionnaire"** means the set of questions developed by Procurement Services Division (PSD) that will assist LAWA in determining a bidder or contractor's responsibility. Information solicited from the CRP Questionnaire may include but is not limited to: ownership and name changes, financial resources and responsibility, satisfactory performance of other contracts, satisfactory record of compliance with relevant laws and regulations, and satisfactory record of business integrity. PSD may amend the CRP Questionnaire from time to time.

c. "**CRP Pledge of Compliance**" means the CRP Pledge developed by PSD. The CRP Rules and Regulations may be updated from time to time by PSD. The CRP Pledge shall require contractors to sign under penalty of perjury that the contractor will:

(1) Comply with all applicable Federal, State, and local laws and regulations during the performance of the contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

(2) Notify LAWA within 30 calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the contractor did not comply with subparagraph 2(c)(1) above in the performance of the contract.

(3) Notify LAWA within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the contractor has violated subparagraph 2(c) (1) above in the performance of the contract.

(4) Provide LAWA within thirty (30) calendar days updated responses to the CRP Questionnaire if any change occurs which would change any response contained within the completed CRP Questionnaire. Note: This provision does not apply to amendments of contracts not subject to the CRP and to subcontractors not required to submit a Questionnaire.

(5) Ensure that subcontractors working on the LAWA contract shall complete, sign and submit a CRP Pledge of Compliance attesting under penalty of perjury to compliance with paragraphs 2(c)(1) through (4).

(6) Notify LAWA within thirty (30) days of becoming aware of an investigation, violation or finding of any applicable Federal, State, or local law involving the subcontractors in the performance of a LAWA contract.

(7) Cooperate fully with LAWA during an investigation and to respond to request(s) for information within ten (10) working days from the date of the Notice to Respond.

d. **"Requesting Division"** means the LAWA division(s) which issued the Request For Bids ("RFB"), Request For Proposal ("RFP") or Request for Qualifications ("RFQ").

e. **"Responsibility"** means possessing the necessary "trustworthiness" and "quality, fitness and capacity" to perform the work set forth in the contract.

B. SUBMISSION OF CRP QUESTIONNAIRES

1. **Issuance of Invitation for Bids (IFB)**: These include Request for Bids (RFB), Request for Proposals (RFP), and Request for Qualifications (RFQ). Unless otherwise exempt from the CRP, if a proposed contract meets the definition of a contract subject to the CRP as

defined in the Resolution and these Rules and Regulations, LAWA shall include in the IFB:

a. Language informing potential bidders of the CRP;
b. The CRP Questionnaire that bidders submit with their bid; and
c. The CRP Pledge of Compliance that bidders submit with their bid.

2. **Submission of CRP Questionnaires with Bids**:

   a. All bid and proposal submissions are required to contain a completed and signed CRP Questionnaire and a signed CRP Pledge of Compliance.
   b. Failure to submit a CRP Questionnaire and a CRP Pledge of Compliance in accordance with the IFB procedures may make the bidder non-responsive and disqualified from the bidding process.
   c. Submitted CRP Questionnaires and CRP Pledge of Compliance become public records, and information contained therein will be available for public review, except to the extent that such information is exempt from disclosure pursuant to applicable law.

3. **Use of a non-competitive process to procure the proposed contract**: If a non-competitive process is used by LAWA Divisions to procure the proposed contract, the proposed contractor is required to submit the completed CRP Questionnaire and a signed CRP Pledge of Compliance to LAWA for determination of contractor responsibility prior to execution of the contract.

4. **Subcontractors**: The list of subcontractors shall be submitted with the bid and will be made available for public review along with the bidder's Questionnaire. For construction contracts, bidders must list a subcontractor proposed to be used on the City contract if the subcontractor will be performing work on the construction contract in an amount in excess of $10,000 or in excess of one-half of one percent of the total bid amount, whichever is greater. For service contracts, bidders must list subcontractors as required by the IFB.

C. LAWA REVIEW OF SUBMITTED CRP QUESTIONNAIRES

1. **Departmental Review of submitted bids**: As part of the determination of a bidder's responsiveness, PSD will review the bid submissions to determine whether a completed CRP Questionnaire, signed under penalty of perjury, has been included with the bid. If a completed Questionnaire has not been included with the bid as required by the IFB procedures, the bidder may be deemed to be non-responsive and may be disqualified from the bidding process.

2. **Posting of CRP Questionnaires and Subcontractor List**: Requesting Divisions will forward to PSD the completed CRP Questionnaires and subcontractor list(s), if any, submitted by the responsive bidders to make available for public review as follows:

   a. If a contract is to be awarded pursuant to a competitive bid process, the CRP Questionnaires for the three lowest responsive bidders and their list of proposed subcontractors, if any, will be forwarded to PSD to make them available for public review for a minimum period of 14 calendar days.

   b. If a contract is to be awarded pursuant to a proposal (RFP) or qualifications (RFQ) and award is not based on the lowest submitted bid price, the CRP Questionnaires for the short-listed proposers and their list of proposed subcontractors, if any, will be forwarded to PSD to make them available for public review for a minimum period of 14 calendar days. If no short-listing procedure is used, the CRP Questionnaire for the prospective contractor shall be made available for public review for a minimum period of 14 calendar days.

   c. If a contract is to be awarded to a Sole Source, the CRP Questionnaire for the proposed contractor and their list of proposed subcontractors, if any, will be forwarded to PSD to make it available for public review for a period of 14 calendar days.

   d. No contract shall be awarded to any bidder until at least 14 calendar days after the CRP Questionnaire has been made available for public review. If administrative or technical errors prevent or delay the posting of the CRP Questionnaire, the posting period will be extended by the amount of time that the CRP Questionnaire was not available for public review.

   e. The CRP Questionnaire of the bidder/proposer awarded the contract will be retained by the Requesting Division as part of the contract file. The CRP Questionnaires for the bidders/proposers not awarded the contract will be retained in the customary manner by the Requesting Division.

3. **Claims Resulting from Public Review:**

   a. Claims regarding a bidder or contractor's responsibility should be submitted to PSD in writing. However, PSD may investigate a claim regarding a bidder's or a contractor's responsibility, whether or not it is submitted in writing, if PSD in its discretion

determines that the claim calls into question the bidder's, the proposer's or the contractor's responsibility.

b. If PSD receives information which calls into question a bidder's responsibility, and the information was received **before** the contract has been executed, PSD shall:

(1) Notify the Requesting Division in writing that no contract shall be awarded until PSD has completed investigation into the matter.
(2) Investigate the matter as required in Section G, "LAWA INVESTIGATION" to determine its validity.
(3) Upon completion of the investigation, PSD shall notify the Requesting Division and the Awarding Authority in writing of the result of the investigation.
(4) No contract may be awarded to any bidder until after the investigation has been completed and the Requesting Division and the Awarding Authority have received written notification that the investigation has been completed.
(5) Findings from the PSD investigation received by the Awarding Authority will be considered by the Awarding Authority as part of the determination of the bidder's responsibility.

c. If PSD receives written information that calls into question a contractor's responsibility, and the information was received **after** the contract has been executed, PSD shall investigate the matter as required in Section G, LAWA INVESTIGATION.

D. AWARD AND EXECUTION OF CONTRACTS

1. Departmental Determination of Responsibility and Award of Contract:

a. Requesting Division and the Awarding Authority shall determine whether a bidder/contractor is a responsible bidder, proposer or contractor with the necessary trustworthiness, quality, fitness and capacity to perform the work set forth in the proposed contract by considering the following:

(1) Information contained in the CRP Questionnaire;
(2) Information and documentation from PSD's investigation;
(3) Information regarding the bidder's, proposer's or contractor's past performance that may be contained in the City of Los Angeles' Contractor Evaluation Database.
(4) Information that may be available from any compliance or regulatory governmental agency, and
(5) Any other reliable information that may be available, including but not limited to information from any individual or any other governmental agency.

b. The Board may award and the Executive Director may execute a contract with a bidder or proposer only if:

(1) The bidder's or proposer's CRP Questionnaire has been made available for public review for at least 14 calendar days unless otherwise exempted from the posting requirement by the CRP;
(2) The bidder or proposer is not being investigated by PSD pursuant to the CRP;
(3) The bidder or proposer has not been found to be a non-responsible bidder/proposer pursuant to the CRP;
(4) The bidder or proposer does not appear on any City list of debarred bidders or contractors; and
(5) The bidder or proposer has met all other applicable City requirements.

2. Submission of Pledge of Compliance:

a. Unless otherwise exempt from the CRP, all bid/proposal submissions (RFBs, RFPs and RFQs) are required to contain a Pledge of Compliance with the CRP signed under penalty of perjury. Failure to submit a CRP Pledge of Compliance with the bid/proposal may make the bidder non-responsive and disqualified from the bidding process.

b. Within 10 calendar days of execution of a contract with LAWA, the contractor shall submit to LAWA a signed CRP Pledge of Compliance from each subcontractor listed as performing work on the contract.

3. Subcontractor Responsibility:

a. Contractors shall ensure that their subcontractors meet the criteria for responsibility set forth in the CRP and these Rules and Regulations unless the subcontract is not subject to the CRP.
b. Contractors shall ensure that subcontractors working on the LAWA agreement shall complete and submit a signed CRP Pledge of Compliance.
c. Contractors shall not use in any capacity any subcontractor that has been determined or found to be a non-responsible contractor by LAWA or the City.
d. Subject to approval by the Requesting Division, contractors may substitute a non-responsible subcontractor with another, responsible subcontractor with no changes in bid amounts.

4. **Execution of Contracts:**

   a. Unless exempt from the CRP, all contracts shall contain language obligating the contractor to comply with the CRP.
   b. No contract may be executed unless:

      (1) The proposed contractor has submitted a signed Pledge of Compliance with the CRP.
      (2) The proposed contractor's CRP Questionnaire, unless otherwise exempt, has been made available for public review for at least 14 calendar days in accordance with these Rules and Regulations.

E. CONTRACT AMENDMENTS

1. Compliance with the CRP, except for the requirement to submit a CRP Questionnaire, is required in contract amendments if the initial contract was not subject to the CRP, but the total term and amount of the contract, inclusive of all amendments, would make the contract subject to the CRP.

   a. A contractor subject to the CRP because of an amendment shall submit a CRP Pledge of Compliance to the Requesting Division before the contract amendment can be executed.

   b. Unless exempt from the CRP, all contract amendments shall contain contract language obligating the contractor to comply with the CRP.

F. CONTRACTOR NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION

1. **Notification of Investigations**: Contractors shall:

   a. Notify the Requesting Division and PSD within 30 calendar days of receiving notice of any findings by a government agency or court of competent jurisdiction that the contractor violated any applicable Federal, State, or local law in the performance of a LAWA, City of Los Angeles, County of Los Angeles, State of California, Federal Government or other government contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

   b. Notify the Requesting Division and PSD within 30 calendar days of becoming aware of a violation or finding of violation of any applicable federal, state, or local law involving its subcontractors or sub-sub-contractors at any level in the performance of a LAWA contract.

2. **Update of CRP Questionnaire Information**:

a. Updates of information contained in the contractor's responses to the CRP Questionnaire shall be submitted to the Requesting Division and PSD within 30 days of any changes to the responses if the change would affect the contractor's responsibility or ability to continue performing the contract.

b. PSD or the Requesting Division shall determine whether a contractor in a specific situation should have provided information or updated information.

(1) If PSD or the Requesting Division becomes aware of new information concerning a contractor and determines that the contractor should have provided information or updated LAWA with such information, but the contractor has not done so, PSD shall issue a written notice to the contractor requiring the contractor to submit the required information within 10 calendar days.

(2) If PSD or the Requesting Division becomes aware of new information concerning a subcontractor and determines that the subcontractor should have provided information or updated LAWA of such information, but the subcontractor has not done so, PSD shall issue a written notice to the contractor requiring the subcontractor to submit the required information within 10 calendar days.

c. Contractor's failure to provide information or updated information when required by LAWA, the CRP or these Rules and Regulations may be considered a material breach of the contract, and, additionally, may result in the initiation of a non-responsibility hearing pursuant to Section I of these Rules and Regulations.

3. **Contractors shall ensure that subcontractors provide information and updates.** Contractors shall ensure that subcontractors performing work on their LAWA contract abide by these same updating requirements, including the requirement to:

a. Notify the Requesting Division and PSD within 30 calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the subcontractor did not comply with any applicable Federal, State, or local law in the performance of the LAWA or City contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees

b. Notify the Requesting Division and PSD within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the subcontractor violated any applicable Federal, State, or local law in the performance of a LAWA or City of Los Angeles contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

4. **Submission of CRP Questionnaires and Updates of CRP Questionnaire Is Not Applicable to Subcontractors:** The requirement that contractors submit to LAWA CRP Questionnaires and updates to the CRP Questionnaire responses does not apply to subcontractors.

G. LAWA INVESTIGATION

1. **Reporting of Alleged Violations:** Allegations of violations of the CRP or these Rules and Regulations shall be reported to PSD. Complaints regarding a bidder's, proposer's or contractor's responsibility should be submitted to PSD in writing. However, PSD may investigate any claim or complaint regarding a bidder's, proposer's or a contractor's responsibility, whether or not it is submitted in writing. Whether based on a written complaint or otherwise, PSD shall be responsible for investigating such alleged violations.

2. **Process**:

   a. Upon receipt of a complaint or upon initiation of an investigation, PSD shall notify the Requesting Division, the Awarding Authority and the bidder, proposer or contractor in writing that an investigation has been initiated.

   b. The bidder, proposer or contractor shall cooperate fully with PSD in providing information. If the bidder/proposer or contractor fails to cooperate with PSD's investigation or fails to timely respond to PSD's requests for information, LAWA may initiate a non-responsibility hearing as set forth in Section I of these Rules and Regulations. A contractor's failure to cooperate may be deemed a material breach of the contract, and the City may pursue all available remedies.

   c. To the extent permissible, PSD shall maintain the identity of the complainant, if any, confidential.

   d. Upon completion of the investigation, PSD shall prepare a written report of the findings and notify the Requesting Division, the Awarding Authority and the bidder, proposer or contractor of the results.

3. **Results of Investigation:**

   a. When an investigation is completed before the contract is awarded, PSD shall notify the Requesting Division and the Awarding Authority of the results, and Requesting Division and the Awarding Authority will consider the information as part of the determination of a bidder's responsibility during the bid/proposal review process.

b. When an investigation is completed after the execution of a contract:

(1) If violations of the CRP are found, PSD shall notify the Requesting Division and contractor of the violation and require the contractor to make corrections or take reasonable measures within 10 calendar days.
(2) If the contractor fails to make corrections as required, PSD shall notify the Requesting Division and the Awarding Authority and may recommend that the Awarding Authority:
(i) Terminate the contract.
(ii) Initiate a hearing to declare the contractor a non-responsible contractor.

H. VIOLATIONS OF THE CRP OR THESE RULES AND REGULATIONS

1. Violations of the CRP or of these Rules and Regulations may be considered a material breach of the contract and may entitle LAWA or the City to terminate the contract.

2. Alleged violations of the CRP or of these Rules and Regulations shall be reported to the PSD which will investigate all such complaints.

3. When a violation of the CRP or of these Rules and Regulations is found, PSD shall notify the contractor and the Awarding Authority of the violation. PSD shall require the contractor to correct the violation within 10 calendar days. Failure to correct violations or take reasonable measures to correct violations within 10 calendar days may result in PSD:

a. Recommending that the Awarding Authority declare a material breach of the contract and that the Awarding Authority exercise all contractual and legal remedies available, including but not limited to termination of the contract, and/or

b. Recommending that the Awarding Authority declare the contractor a non-responsible contractor by initiating, within 30 calendar days or as soon as practicable, a non-responsibility hearing in accordance with Section I of these Rules and Regulations.

I. NON-RESPONSIBILITY HEARING

1. The process of declaring a bidder or contractor a non-responsible bidder or contractor shall be initiated by the Awarding Authority after consultation with the City Attorney's Office.

2. Before a bidder, proposer or contractor may be declared non-responsible, the bidder, proposer or contractor shall be notified of the proposed determination of non-responsibility and provided with an opportunity for a hearing.

3. The Awarding Authority or the Executive Director's designee shall preside over the non-responsibility hearing and shall provide the bidder, proposer or contractor with the following:

   a. The bidder, proposer or contractor shall be provided with written Notice of intent to declare the bidder, proposer or contractor non-responsible ("Notice") which shall state that the Awarding Authority intends to declare the bidder, proposer or contractor a non-responsible bidder or contractor.

   b. The Notice shall provide the bidder, proposer or contractor with the following information:

      (1) That the Awarding Authority intends to declare the bidder or contractor a non-responsible bidder, proposer or contractor.
      (2) A summary of the information upon which the Awarding Authority is relying.
      (3) That the bidder, proposer or contractor has a right to respond to the information by requesting a hearing to rebut adverse information and to present evidence of its necessary trustworthiness, quality, fitness and capacity to perform the work required under the contract.
      (4) That the bidder, proposer or contractor must exercise the right to a hearing by submitting to the Awarding Authority a **written request** for a hearing **within 10 working days** of the date of the Notice.
      (5) That failure to submit a written request for hearing within 10 working days of the date of the Notice shall be considered a waiver of the right to a hearing that allows the Awarding Authority to proceed with the determination of non-responsibility.

   c. If the bidder or contractor submits a written request for a hearing, the hearing may be held by the Awarding Authority for recommendation to the Board, which shall make the final decision.

   d. The hearing must allow the bidder, proposer or contractor an opportunity to address the issues contained in the Notice of Intent to declare the bidder, proposer or contractor non-responsible.

   e. The Awarding Authority may determine that the bidder, proposer or contractor:
      (1) Does not possess the necessary trustworthiness, quality, fitness, or capacity to perform the work set forth in the proposed contract, should be declared a non-responsible bidder, proposer or contractor, and recommend to the Board invocation of the remedies set forth in Section J of these Rules and Regulations.
      (2) Should not be declared a non-responsible bidder or contractor.

   f. The Board's determination shall be final and constitute exhaustion of administrative remedies.

   g. The Board's final decision shall be in writing and shall be provided to the bidder,

proposer or contractor, the Requesting Division and to PSD. If the bidder, proposer or contractor is declared to be non-responsible, a copy of the final decision shall also be provided to the CAO.

J. NON-RESPONSIBILITY SANCTIONS

1. A **bidder/proposer** found non-responsible by LAWA shall be disqualified from:
   a. award of the proposed contract or,
   b. participating, in any way, in the proposed contract.

   Such non-responsible bidder or proposer shall not perform any work in the proposed contract, whether as a prime contractor, a subcontractor, a partner in a partnership, a participant in a joint venture, a member of a consortium or in any other capacity.

2. An existing **contractor** found non-responsible by LAWA may be declared to have a material breach of contract, and LAWA may exercise its contractual and legal remedies thereunder, which are to include, but are not limited to termination of the contract.

3. Upon final determination of a bidder, proposer or contractor as non-responsible, PSD shall provide the Requesting Division and the bidder, proposer or contractor with a written notice summarizing the Awarding Authority's findings and sanctions.

4. PSD shall maintain a listing of bidders/proposers and contractors who have been found non-responsible by LAWA pursuant to the CRP.

K. EXEMPTIONS

1. **Categorical Exemption**: The following types of contracts are categorically exempt from the CRP and these Rules and Regulations:

   a. Contracts with a governmental entity such as the United States of America, the State of California, a county, city or public agency of such entities, or a public or quasi-public corporation located therein and declared by law to have such status.

   b. Contracts for the investment of trust moneys or agreements relating to the management of trust assets.

   c. Banking contracts entered into by the Treasurer pursuant to California Government Code Section 53630 et seq.

   Board approval required for CRP Exemptions: The following types of contracts are exempt from the requirement to submit a Questionnaire but remain subject to the requirement that the contractor submit a Pledge of Compliance and notify the Awarding Authority within 30 days of any information regarding investigations or the results of investigations by any governmental agency into the contractor's compliance with applicable laws.

EXHIBIT Q
Contractor Responsibility Program (CRP)
Pledge of Compliance

a. Contracts awarded on the basis of exigent circumstances when the Awarding Authority finds the City would suffer a financial loss or that City operations would be adversely impacted.
   (1) This exemption is subject to approval by PSD.
   (2) The Awarding Authority shall submit a request to PSD for waiver along with written certification that the required conditions exist.
   (3) No contract may be exempted under this provision unless PSD has granted written approval of the waiver.

b. Contracts where the goods or services are proprietary or available from only one source.
   (1) This exemption is subject to approval by PSD.
   (2) The Awarding Authority shall submit a request to PSD for waiver along with written certification that the required conditions exist.
   (3) No contract may be exempted under this provision unless PSD has granted written approval of the waiver.

c. Contracts awarded in accordance with Charter Section 371(e)(5). The Awarding Authority must certify in writing that award is based on urgent necessity in accordance with Charter Section 371(e)(5).

d. Contracts entered into based on, Charter Section 371(e)(6), (7) or (8). The Awarding Authority must certify in writing that the contract is entered into in accordance with Charter Section 371(e)(6), (7) or (8).

EXHIBIT Q
Contractor Responsibility Program (CRP)
Pledge of Compliance

L. EFFECTIVE DATE OF RULES AND REGULATIONS

1. These Rules and Regulations apply to IFB's issued after the Executive Director has approved these Rules and Regulations.

2. These Rules and Regulations apply to contracts entered into by LAWA after the Executive Director has approved these Rules and Regulations.

3. Contracts amended after these Rules and Regulations are approved by the Executive Director will become subject to CRP and these Rules and Regulations if they meet definitions contained in the CRP and these Rules and Regulations.

M. CONSISTENCY WITH FEDERAL AND STATE LAW

The CRP and these Rules and Regulations do not apply in instances where application would be prohibited by Federal and State law or where the application would violate or be inconsistent with the terms and conditions or a grant or contract with the Federal or State agency.

N. SEVERABILITY

If any provision of the CRP or these Rules and Regulations are declared legally invalid by any court of competent jurisdiction, the remaining provisions remain in full force and effect.

LOS ANGELES WORLD AIRPORTS
CONTRACTOR RESPONSIBILITY PROGRAM
PLEDGE OF COMPLIANCE

The Los Angeles World Airports (LAWA) Contractor Responsibility Program (Board Resolution #21601) provides that, unless specifically exempted, LAWA contractors working under contracts for services, for purchases, for construction, and for leases, that require the Board of Airport Commissioners' approval shall comply with all applicable provisions of the LAWA Contractor Responsibility Program. Bidders and proposers are required to complete and submit this Pledge of Compliance with the bid or proposal or with an amendment of a contract subject to the CRP. In addition, within 10 days of execution of any subcontract, the contractor shall submit to LAWA this Pledge of Compliance from each subcontractor who has been listed as performing work on the contract.

The contractor agrees to comply with the Contractor Responsibility Program and the following provisions:

(a) To comply with all applicable Federal, state, and local laws in the performance of the contract, including but not limited to, laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees.
(b) To notify LAWA within thirty (30) calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the contractor is not in compliance with paragraph (a).
(c) To notify LAWA within thirty (30) calendar days of all findings by a government agency or court of competent jurisdiction that the contractor has violated paragraph (a).
(d) To provide LAWA within thirty (30) calendar days updated responses to the CRP Questionnaire if any change occurs which would change any response contained within the completed CRP Questionnaire. Note: This provision does not apply to amendments of contracts not subject to the CRP and to subcontractors not required to submit a CRP Questionnaire.
(e) To ensure that subcontractors working on the LAWA contract shall complete and sign a Pledge of Compliance attesting under penalty of perjury to compliance with paragraphs (a) through (c) herein. To submit to LAWA the completed Pledges.
(f) To notify LAWA within thirty (30) days of becoming aware of an investigation, violation or finding of any applicable federal, state, or local law involving the subcontractors in the performance of a LAWA contract.
(g) To cooperate fully with LAWA during an investigation and to respond to request(s) for information within ten (10) working days from the date of the Notice to Respond.

Failure to sign and submit this form to LAWA with the bid/proposal may make the bid/proposal non-responsive.

_____
Company Name, Address and Phone Number

_____
Signature of Officer or Authorized Representative Date

_____
Print Name and Title of Officer or Authorized Representative

_____
Project Title

EXHIBIT R

First Source Hiring Program

FIRST SOURCE HIRING PROGRAM FOR AIRPORT EMPLOYEES

I. Purpose. The purpose of this First Source Hiring Program is to facilitate the employment of Targeted Applicants by Airport Employers. It is a goal of this First Source Hiring Program that this Program benefit Airport Employers by providing a pool of qualified job applicants through a non-exclusive referral system.

II. Definitions. As used in this Program, the following capitalized terms shall have the following meanings. All definitions include both the singular and plural form.

"Airport" shall mean Los Angeles International Airport.

"Airport Employer" shall mean a party that, through a contract, lease, licensing arrangement, or other arrangement, agrees to comply with this First Source Hiring Program with regard to Airport Jobs. Operators of transportation charter party limousines, non-tenant shuttles, and taxis shall not be considered Airport Employers.

"Airport Job" shall mean a job that either (i) is performed On-Site, or (ii) is directly related to a contract, lease, licensing arrangement, or other arrangement under which the employer is an Airport Employer. Positions for which City's Worker Retention Policy requires hiring of particular individuals shall not constitute Airport Jobs for purposes of this Program.

"City" shall mean the City of Los Angeles.

"Coalition" shall mean the LAX Coalition for Economic, Environmental, and Educational Justice, an unincorporated association comprised exclusively of the following organizations: AGENDA; AME Minister's Alliance; Clergy and Laity United for Economic Justice; Coalition for Clean Air; Communities for a Better Environment; Community Coalition; Community Coalition for Change; Environmental Defense; Inglewood Coalition for Drug and Violence Prevention; Inglewood Democratic Club; Lennox Coordinating Council; Los Angeles Alliance for a New Economy; Los Angeles Council of Churches; Nation of Islam; Natural Resources Defense Council; Physicians for Social Responsibility Los Angeles; Service Employees International Union Local 347; and Teamsters Local 911.

"Coalition Representative" shall mean the following: The Coalition shall designate one individual as the "Coalition Representative" authorized to speak or act on behalf of the Coalition for all purposes under the Cooperation Agreement. The Coalition Representative may designate one or more assistants to assist the Coalition Representative in speaking or acting on behalf of the Coalition with respect to any specific program or activity or any other matter. The Coalition shall provide LAWA with contact information for the Coalition Representative upon request.

"Cooperation Agreement" shall mean the Cooperation Agreement between LAWA and the LAX Coalition for Economic, Environmental and Educational Justice.

"LAWA" shall mean Los Angeles World Airports.

"Low-Income Individual" shall mean an individual whose household income is no greater than 80% of the median income, adjusted for household size, for the Primary Metropolitan Statistical Area.

"On-Site" shall mean physically located on property owned or leased by LAWA and pertaining to Airport.

"Program" shall mean this First Source Hiring Program.

"Project Impact Area" shall have the meaning set forth in the "Final Environmental Impact Report" for the LAX Master Plan Program, dated April 2004, as supplemented by one or more EIR Addenda prior to certification of the EIR by the City Council.

"Referral System" shall mean the referral system established to provide applicant referrals for the Program.

"Special Needs Individuals" shall mean: (i) individuals who receive or have received public assistance through the [Temporary Assistance for Needy Families Program], within the past 24 months; (ii) individuals who are homeless; (iii) ex-offenders, (iv) chronically unemployed, and (v) dislocated airport workers.

"Targeted Applicants" shall have the meaning set forth in Section IV below.

III. Coverage. This Program shall apply to hiring by Airport Employers for all Airport Jobs, except for jobs for which the hiring procedures are governed by a collective bargaining contract that conflicts with this Program.

IV. Targeted Applicants. Referrals under the Program shall, to the extent permissible by law, be made in the order of priority set forth below.

- First Priority: Low-Income Individuals living in the Project Impact Area for at least one year and Special Needs Individuals; and

- Second Priority: Low-Income Individuals residing in City.

V. Initial Airport Employer Roles.

A. Liaison. Each Airport Employer shall designate a liaison for issues related to the Program. The liaison shall work with LAWA, the Coalition Representative, the Referral System provider, and relevant public officials to facilitate effective implementation of this Program.

B. Long-Range Planning. Any entity that becomes an Airport Employer at least two (2) months prior to commencing operations related to Airport shall, at least two months prior to commencing operations related to Airport, provide to the Referral System the approximate number and type of Airport Jobs that it will fill and the basic qualifications necessary.

VI. Airport Employer Hiring Process.

A. Notification of Job Opportunities. Prior to hiring for any Airport Job, an Airport Employer shall notify the Referral System, by e-mail or fax, of available job openings and provide a description of job responsibilities and qualifications, including expectations, salary, work schedule, duration of employment, required standard of appearance, and any special requirements (e.g., language skills, driver's license, etc.). Job qualifications shall be limited to skills directly related to performance of job duties.

B. Referrals. After receiving a notification under Section VI.A above, the Referral System shall within five days, or longer time frame agreed to by the Referral System and Airport Employer, refer to the Airport Employer one or more Targeted Applicants who meet the Airport Employer's qualifications.

C. Hiring.

1. New Employer Targeted Hiring Period. When making initial hires for the commencement of an Airport Employer's operations related to Airport, the Airport Employer shall consider and hire only Targeted Applicants for a two week period following provision of the notification described in Section VI.A. After this period, the Airport Employer shall make good-faith efforts to hire Targeted Applicants, but may consider and hire applicants referred or recruited through any source.

2. Established Employer Targeted Hiring Period. When making hires after the commencement of operations related to Airport, an Airport Employer shall consider and hire only Targeted Applicants for a five-day period following provision of the notification described in Section VI.A. After this period, the Airport Employer shall make good-faith efforts to hire Targeted Applicants, but may consider and hire applicants referred or recruited through any source.

3. Hiring Procedure During Targeted Hiring Periods. During the periods described in Sections VI.C.1 and VI.C.2 above, Airport Employers may hire Targeted Applicants recruited or referred through any source. During such periods Airport Employers shall use normal hiring practices, including interviews, to consider all applicants referred by the Referral System.

4. No Referral Fees. No Airport Employer or referred job candidate shall be required to pay any fee, cost or expense of the Referral System or this Program in connection with referrals.

VIII. Reporting and Recordkeeping.

A. Reports. During the time that this Program is applicable to any Airport Employer, that Airport Employer shall, on a quarterly basis, notify the Referral System of the number, by job classification, of Targeted Applicants hired by the Airport Employer during that quarter, and the total number of employees hired by the Airport Employer for Airport Jobs during that quarter. Any Airport Employer who has not had hiring activity for the quarter, shall also notify the Referral System of such inactivity.

B. Recordkeeping. During the time that this Program is applicable to any Airport Employer, that Airport Employer shall retain records sufficient for monitoring of compliance with this Program with regard to each Airport Job, including records of notifications sent to the Referral System, referrals from the Referral System, job applications received from any source, number of Targeted Applicants hired, and total number of employees hired for Airport Jobs. To the extent allowed by law, and upon reasonable notice, these records shall be made available to LAWA and to the Referral System for inspection upon request. The Coalition Representative may request that LAWA provide such records at anytime. Records may be redacted so that individuals are not identified by name and so that information required by law to remain confidential is excluded.

C. Complaints. If LAWA, the Coalition, or the Referral System believes that an Airport Employer is not complying with this Program, then the designated LAWA office shall be notified to ensure compliance with this program.

D. Liquidated Damages. Each Airport Employer agrees to pay to LAWA liquidated damages in the amount of One Thousand Dollars ($1,000) where LAWA finds that the Airport Employer has violated this Program with regard to hiring for a particular Airport Job. LAWA shall establish procedures providing to Airport Employers notice and an opportunity to present all relevant evidence prior to LAWA's final determination regarding an alleged violation. This liquidated damages provision does not preclude LAWA from obtaining any other form of available relief to ensure compliance with this Program, including injunctive relief.

IX. Miscellaneous.

A. Compliance with State and Federal Law. This Program shall be implemented only to the extent that it is consistent with the laws of the State of California and the United States. If any provision of this Program is held by a court of law to be in conflict with state or federal law, the applicable law shall prevail over the terms of

this Program, and the conflicting provisions of this Program shall not be enforceable.

B. Severability Clause. If any term, provision, covenant or condition of this Program is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall continue in full force and effect.

C. Binding on Successors. This Program shall be binding upon and inure to the benefit of the successors in interest, transferees, assigns, present and future partners, subsidiary corporations, affiliates, agents, representatives, heirs, and administrators of any party that has committed to comply with it. Any reference in this Program to a party shall be deemed to apply to any successor in interest, transferee, assign, present or future partner, subsidiary corporation, affiliate, agent, representative, heir or administrator of such party; provided, however, that any assignment, transfer or encumbrance of a lease agreement, permit or contract in which this Program is incorporated shall only be made in strict compliance with the terms of such lease agreement, permit or contract and the foregoing shall not constitute consent to any such assignment, transfer or encumbrance.

D. Lease Agreements and Contracts. Airport Employers shall not execute any sublease agreement or other contract under which Airport Jobs may occur directly or indirectly, unless the entirety of this Program is included as a material term thereof, binding on all parties.

E. Assurance Regarding Preexisting Contracts. Each Airport Employer warrants and represents that as of the date of execution of this Program, it has executed no sublease agreement or other contract that would violate any provision of this Program had it been executed after the date of incorporation of this Program into a binding contract.

F. Intended Beneficiaries. LAWA, the Coalition, and the Referral System are intended third-party beneficiaries of contracts and other agreements that incorporate this Program with regard to the terms and provisions of this Program. However, the parties recognize that only LAWA has the sole responsibility to enforce the provisions of this Program.

G. Material Terms. All provisions of this Program shall be material terms of any lease agreement or contract in which it is incorporated.

H. Effective Date. Section VI of this Program shall become effective on the effective date of the contract or agreement into which it is incorporated.

I. Construction. Any party incorporating this Program into a binding contract has had the opportunity to be advised by counsel with regard to this Program. Accordingly, this Program shall not be strictly construed against any party, and

the rule of construction that any ambiguities be resolved against the drafting party shall not apply to this Program.

J. Entire Contract. This Program contains the entire agreement between the parties on the subjects described herein, and supersedes any prior agreements, whether written or oral. This Program may not be altered, amended or modified except by an instrument in writing signed in writing by all parties to the contract in which it is incorporated.

EXHIBIT S

(Intentionally Omitted)

EXHIBIT S

(Intentionally Omitted)

EXHIBIT T

Approved Form of Payment List

EXHIBIT T

APPROVED FORM OF PAYMENT LIST

U.S. Currency
VISA
Master Card
American Express
Discovery
All other bank cards

EXHIBIT U

Schedule of Administrative Fees

EXHIBIT U

SCHEDULE OF ADMINISTRATIVE FEES

Item	Administrative Fees
Failure to provide initial detail product list and pricing structure	$100 per day (if not received 2 weeks prior to commencement date)
Failure to provide, submit and gain approval of product and price changes	$100 per day (if not corrected within 24 hours of written communication from LAWA). $200 per day after third occurrence within a 12-month period.
Failure to adhere to Airport Pricing Policy	$100 per day (if not corrected within 24 hours of written communication from LAWA.) $200 per day after third occurrence within a 12-month period
Failure to adhere to mandated hours of operation	$100 per hour for the first occurrence $200 per hour for the second occurrence $300 per hour for the third and subsequent occurrences
Failure to Adhere to Section 5.11 Removal of Garbage and Refuse	$100 per hour for the first occurrence $200 per hour for the second occurrence $300 per hour for the third and subsequent occurrences
Failure to Adhere to Section 5.14 Prohibited Acts	$100 per hour for the first occurrence $200 per hour for the second occurrence $300 per hour for the third and subsequent occurrences

EXHIBIT V

(Intentionally Omitted)

EXHIBIT V

(Intentionally Omitted)

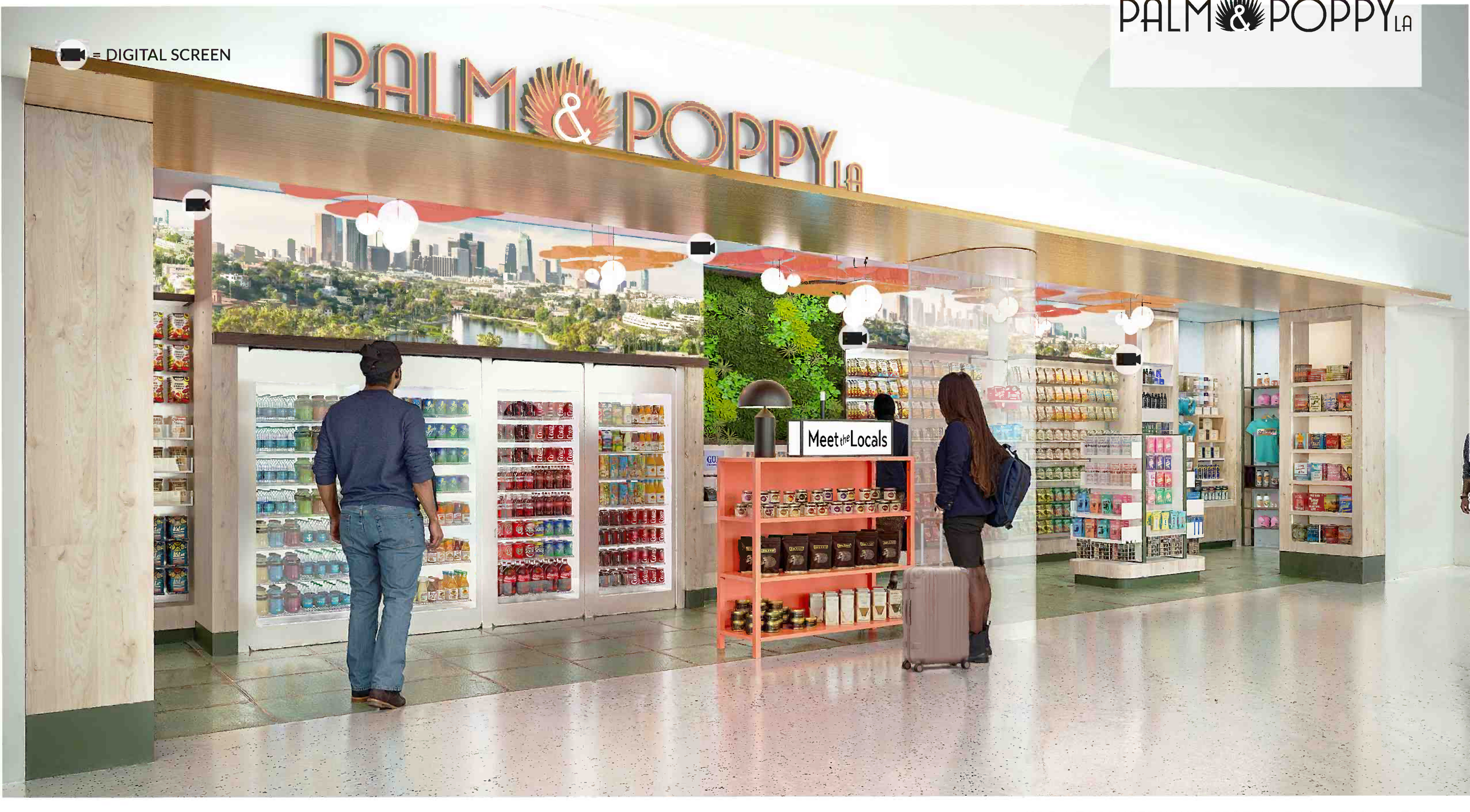
EXHIBIT W

Initial Improvement Plan

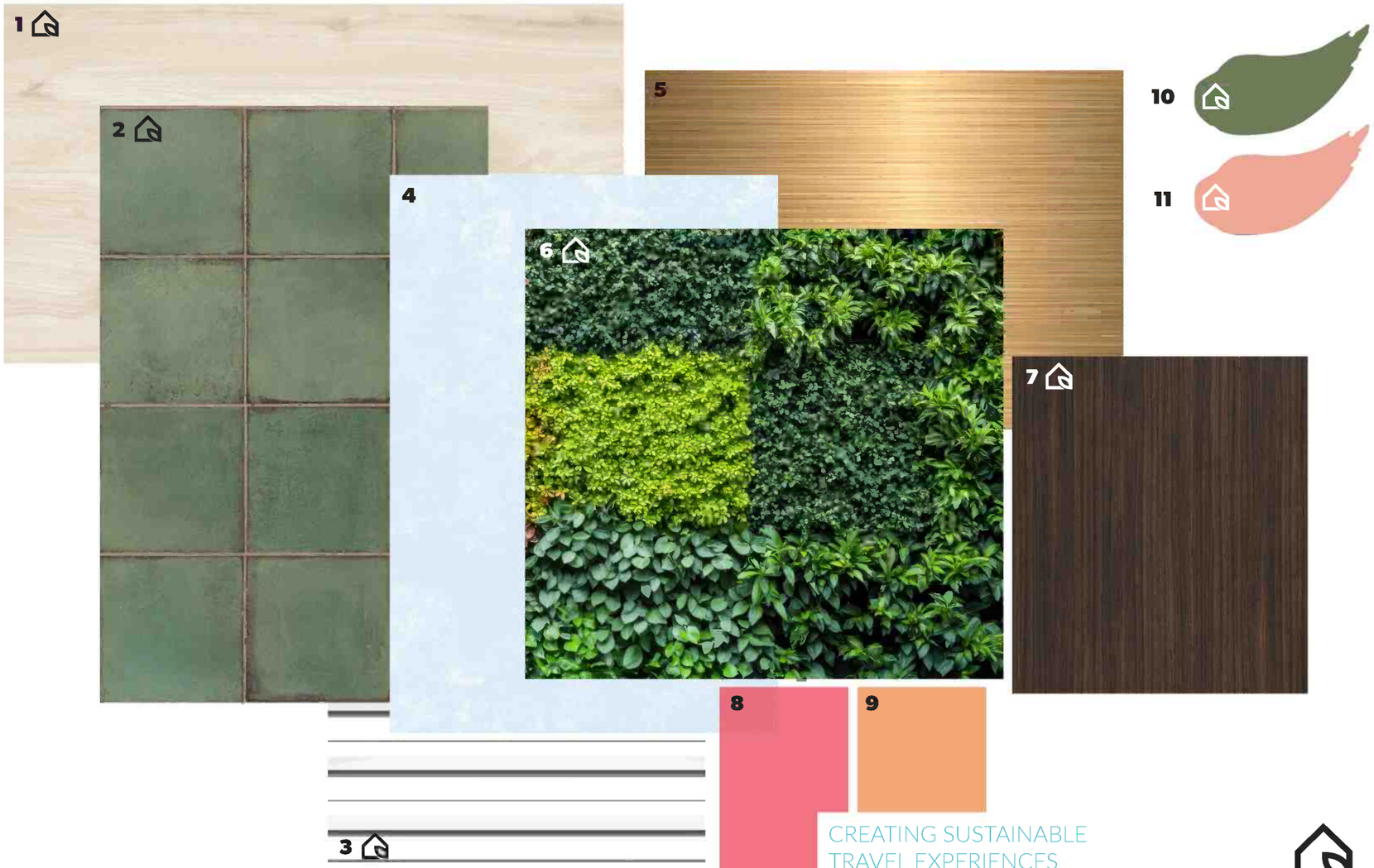
G305 | INTERIOR RENDERING

= DIGITAL SCREEN

PALM & POPPY LA



G305 | MATERIAL BOARD



1 Wood Veneer
2 Floor Tile
3 Megawall
4 Graphic
5 Brushed Brass
6 Greenery
7 Wood Veneer
8 Acrylic
9 Acrylic
10 Powder Coat
11 Powder Coat

CREATING SUSTAINABLE TRAVEL EXPERIENCES

We have consciously considered sustainability through a focus on quality materials, sustainable resource use, and the indoor environment:

- Recycled Content
- FSC Certified Woods
- Low-Emitting Materials
- Local/Regional Materials
- Energy-Efficient Lighting & EnergyStar rated coolers

PALM & POPPY LA

DESIGN APPROACH

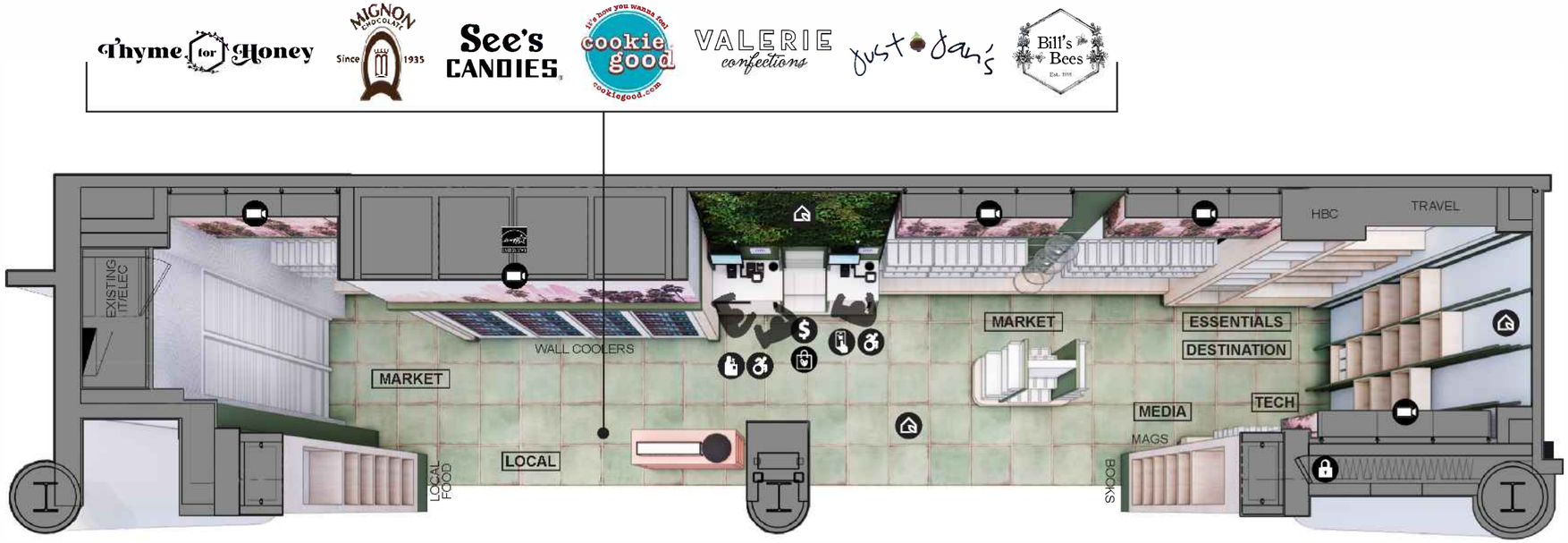
Inspired by LA's diverse palette of natural beauty, Palm & Poppy LA is a hospitable destination for marketplace essentials and unique local merchandise.

Designed to bring the lush biophilia and beautiful flora of Southern California into the terminal, this retail market creates a strong sense of place through deep green hues and vibrant imagery throughout. The wide, open storefront invites travelers in while curated local product displays capture attention at the lease line. Light wood fixturing provides a serene backdrop for product to shine.

Large California Poppy light fixtures span the ceiling, immersing the space in bold pinks and oranges from above while perimeter digital content of iconic LA landscapes creates a truly local feel. A green wall of succulents and local plants anchors the cashwrap at the back, adding a final touch of nature at the end of shoppers' journeys.

G305 | FLOOR PLAN

PALM & POPPY LA



DIRECTION OF TRAVEL

TERMINAL PLAN

KEY

- Cashwrap
- Digital Screen
- Closure Gate
- Staffed Checkout
- Self Checkout
- Accessible Checkout

SUSTAINABILITY

- Sustainable Material
- Biodegradable Bags
- Energy Performance

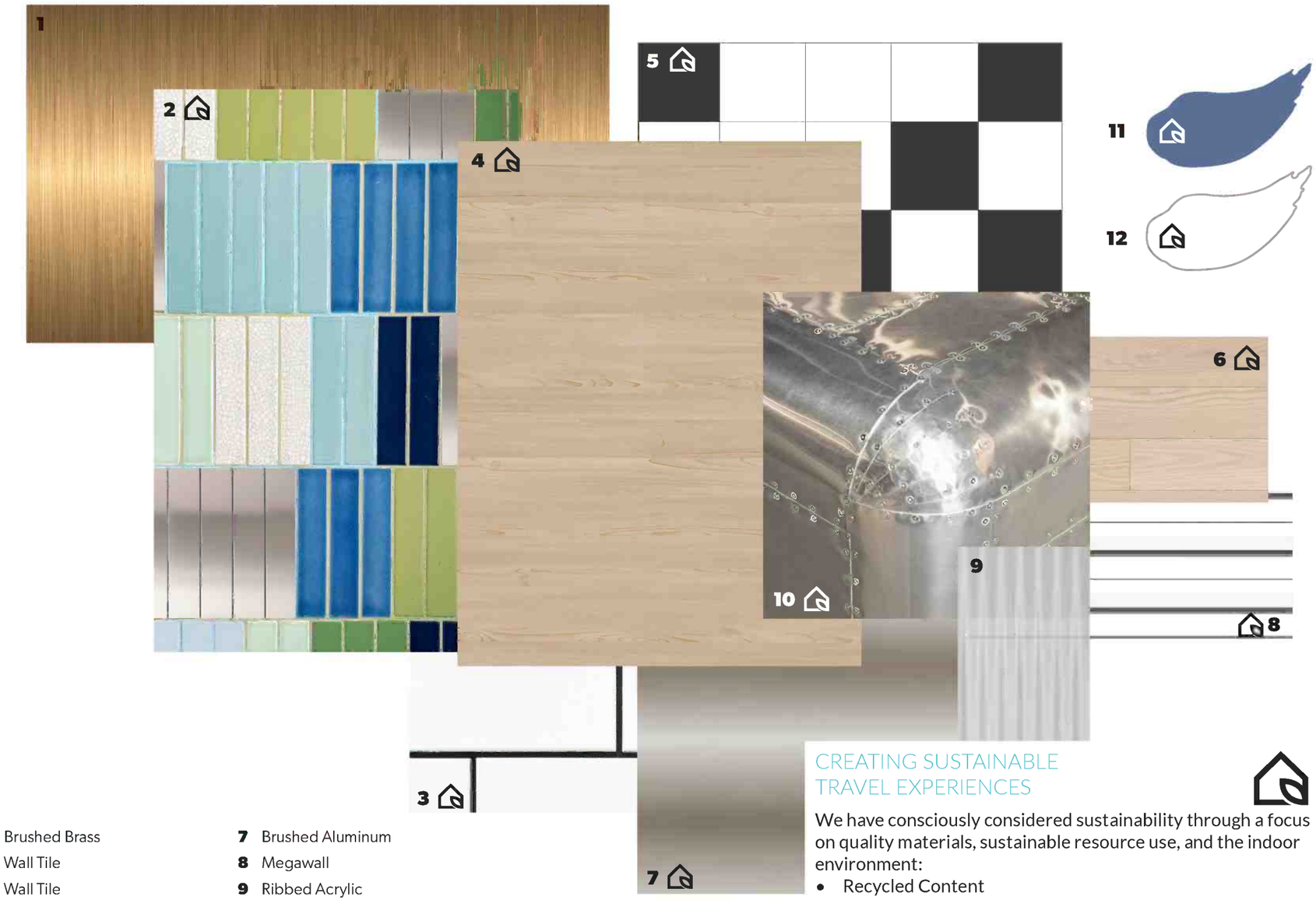
G307 | EXTERIOR RENDERING

= DIGITAL SCREEN

G307 | EXTERIOR RENDERING

= DIGITAL SCREEN

G307 | MATERIAL BOARD



1 Brushed Brass
2 Wall Tile
3 Wall Tile
4 Wood Veneer
5 Floor Tile
6 Floor Tile
7 Brushed Aluminum
8 Megawall
9 Ribbed Acrylic
10 Riveted Aluminum
11 Paint / Powder Coat
12 Powder Coat

CREATING SUSTAINABLE TRAVEL EXPERIENCES

We have consciously considered sustainability through a focus on quality materials, sustainable resource use, and the indoor environment:

- Recycled Content
- FSC Certified Woods
- Low-Emitting Materials
- Local/Regional Materials
- Energy-Efficient Lighting & EnergyStar rated coolers

Hudson

DESIGN APPROACH

A reimagined and energetic Hudson 2.0 store focuses on flexibility and storytelling to redefine convenience for the modern traveler.

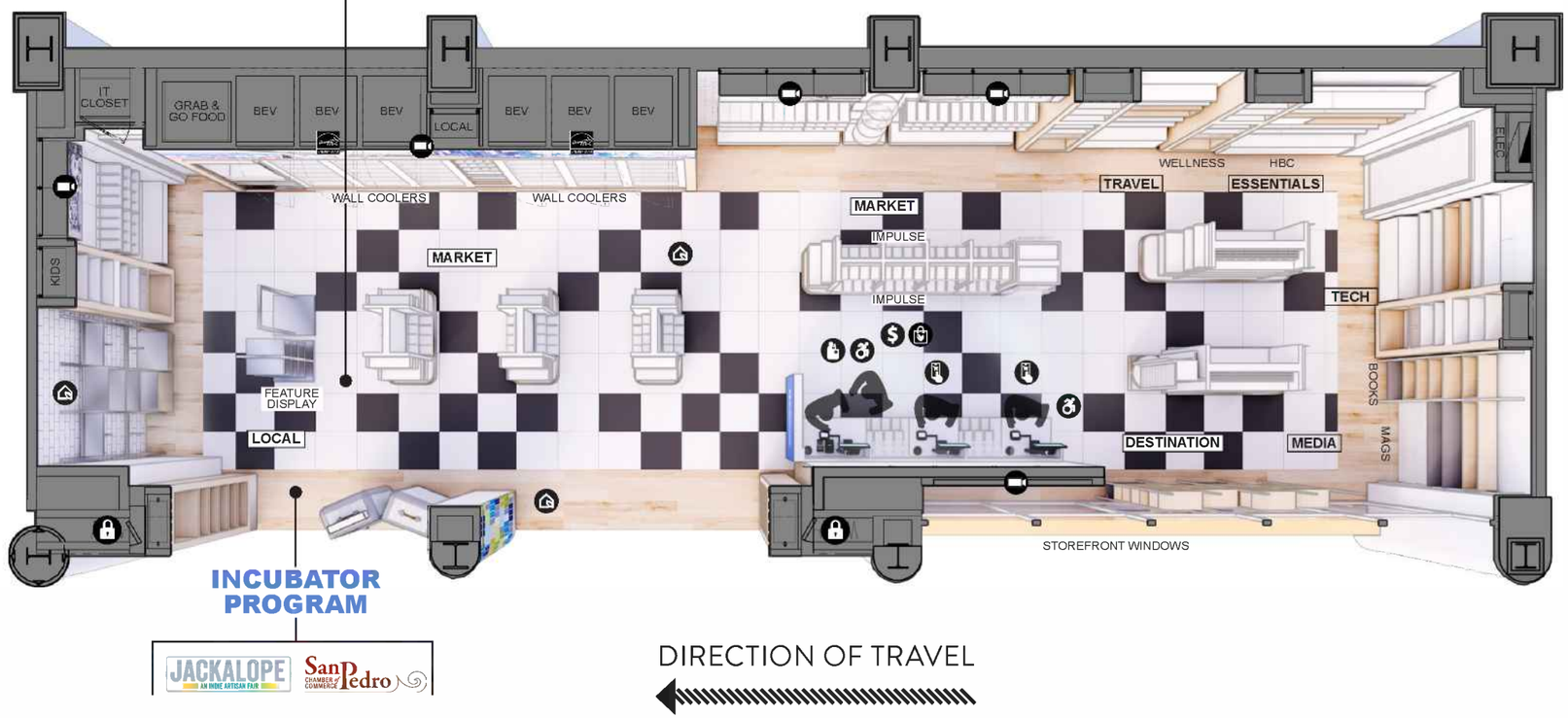
Designed to elevate the travel experience, the façade of this innovative Hudson 2.0 space features warm fluted wood and bold tile work to create a youthful and fresh aesthetic. Pops of a modernized Hudson blue are reserved for key storytelling moments while lustrous metallic finishes, inspired by LA's aerospace history, highlight the curated local product displays in a stand-out way.

Black and white floor tiles complement both the cool metallics and warm, neutral finishes throughout the space, while overhead, large ring lights add an element of brightness. Around the perimeter, wood-framed disruptors break up the merchandise to tell cross-category stories and build travelers' baskets. Strategic use of digital throughout the store allows brand and local stories to come to life in a dynamic way, transforming the space into a true destination while subtly tying back to the retro aerospace inspiration. Launching first at LAX, Hudson 2.0 sets a bold and elevated new standard for travel convenience.

G307 | FLOOR PLAN

Hudson

MADE BY DWC · SAN PEDRO SOAPWORKS · MAJ COLLECTION, INC. · WYLD & ROAM · BLOOMING AMETHYST



TERMINAL PLAN

KEY

- Cashwrap
- Digital Screen
- Closure Gate
- Staffed Checkout
- Self Checkout
- Accessible Checkout

SUSTAINABILITY

- Sustainable Material
- Biodegradable Bags
- Energy Performance

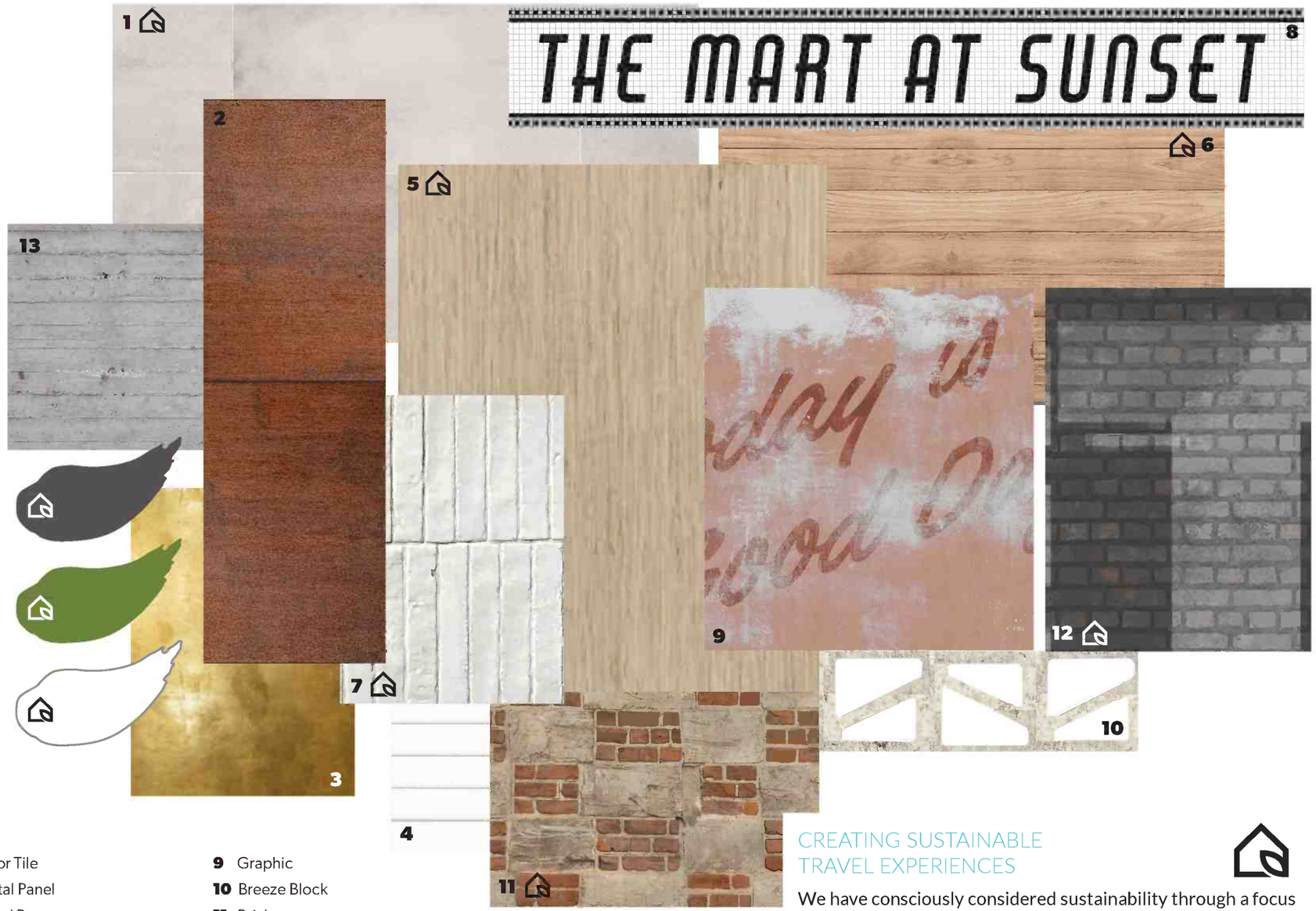
G310 & G311 | EXTERIOR RENDERING

= DIGITAL SCREEN

G310 & G311 | INTERIOR RENDERING

= DIGITAL SCREEN

G310 & G311 | MATERIAL BOARD



1 Floor Tile
2 Metal Panel
3 Aged Brass
4 Wall Panel
5 Wood Veneer
6 Floor Tile
7 Wall Tile
8 Floor Tile
9 Graphic
10 Breeze Block
11 Brick
12 Brick
13 Wall Covering
14 Powder Coat
15 Powder Coat
16 Powder Coat

CREATING SUSTAINABLE TRAVEL EXPERIENCES

We have consciously considered sustainability through a focus on quality materials, sustainable resource use, and the indoor environment:

- Recycled Content
- FSC Certified Woods
- Low-Emitting Materials
- Local/Regional Materials
- Energy-Efficient Lighting & EnergyStar rated coolers

THE MART AT SUNSET

DESIGN APPROACH

A glamorous retail experience embodying the spirit of LA's iconic, open-air shopping destinations.

Taking cues from the cultural & creative capital of the world, this store's aesthetic is inspired by LA's diverse scenes, blending vintage vibes with the industrial feel of Downtown and the fashionable essence of West Hollywood. With a name derived from the areas' iconic country marts and the famous Sunset Boulevard, The Mart @ Sunset stands out as a true destination in the terminal. The façade is defined by a large, open storefront that features sprawling digital displays for immersive local storytelling. Breeze block accents add to the experience and are reminiscent of the city's various outdoor shopping districts add to the sense of place.

Inside, the design incorporates a mix of gritty weathered plaster, brick finishes, ghosted graphics, and brass metalwork to tell a modern yet industrial story. Plant life, green accents, and large windows add touches of LA's natural beauty to the space as travelers wander and explore. The store has three distinct sections, a centralized marketplacein the middle with local merchandise featured up front, and two flanking brand shop spaces on either side. A photo op moment of the iconic LA Fingers in metal cutouts creates a fun use for the center column.

G310 & G311 | FLOOR PLAN

THE MART AT SUNSET

CLEAN BEAUTY
180 SF

COMUNE · BEEKMAN 1802

ROOTS & Wings
250 SF
INCUBATOR

Paper Plant Co. · Serendipity Gift Shop · brooke road

DIRECTION OF TRAVEL

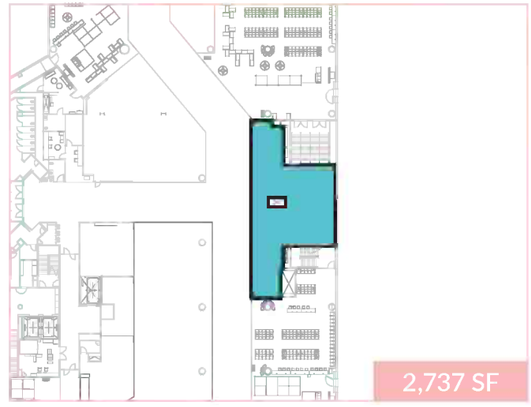
Lauren Moshi · Good Quality Human · Everyday California · Favorite Daughter · Esteban Oriol · BÉIS

SO LA
230 SF

Monsieur Marcel Gourmet Market & Bistro · Thyme for Honey · Mignon Chocolatier Since 1935 · See's Candies · cookie good · Veterans Green Coffee · Laura Ann's Jams · Valerie Confections · Bearclaw Kitchen · Just Jan's

LA EATS
300 SF

TERMINAL PLAN



KEY

- Cashwrap
- Digital Screen
- Closure Gate
- Staffed Checkout
- Self Checkout
- Mobile Checkout
- Accessible Checkout

SUSTAINABILITY

- Sustainable Material
- Biodegradable Bags
- Energy Performance

EXHIBIT X

Permitted Uses [and Brands / Concepts]

Exhibit X

Description of Permitted Uses

Permitted Uses, Package 'D'

"**Travel Essentials**" and/or "**Blended Retail**" concession providing for the sale, at retail, of the following products or retail offerings: (i) print publications (local, regional, and national newspapers, periodicals, magazines and books in any binding type) and electronic/audio publications (book files, magazine files, newspaper files and periodical files via wire or wireless delivery) and related accessories; (ii) sundries, health and beauty aids, fragrances, cosmetics and cosmetic accessories, skin care products, non-prescription drugs and medical supplies, first aid supplies, diapers, movies and music (DVD, digital files), sunglasses, non-prescription reading glasses, wellness products and accessories, facial tissue, oral care, grooming products, vitamins, supplements, beneficial herbs and diet products, cannabidiol ("CBD") products such as drinks, edibles and topicals; (iii) prepackaged snacks, fresh prepackaged refrigerated foods, prepackaged baked goods, confectionary products, nuts, nutrition bars, trail mix, and non-alcoholic beverages; (iv) luggage and travel accessories, electronics and electronic accessories; (v) local and regionally made/sourced gifts, collectables (non-souvenir), clothing, wearables, accessories, local and regional souvenirs and logo/branded sports apparel, accessories and collectables; (vi) games and children's toys, crafts, cards and trading cards; (vii) office and school supplies, paper products, stationary and greeting cards; (viii) "**Incubator Retail**" merchandise may include any of the aforementioned products or retail offerings; however, the items must be local or regionally made/sourced, independently displayed and promoted to showcase the brand, product story or individual artisan(s), as applicable, and all incubator merchandise is intended to be periodically rotated to promote new, unique local/regional brands, products or artisans consistent with the aforementioned permitted uses, and for no other use or purpose.

EXHIBIT Y

Concession Guaranty re: XXXPROPSERPARTNERXXX

EXHIBIT Y

GUARANTY AGREEMENT BETWEEN THE CITY OF LOS ANGELES AND ***DFA FULL LEGAL NAME* COVERING THE LOS ANGELES INTERNATIONAL AIRPORT _____CONCESSION AGREEMENT LAA-_____ AT LOS ANGELES INTERNATIONAL AIRPORT**

This **GUARANTY AGREEMENT** ("**Guaranty**") is made and entered into as of _____ , 20____, in Los Angeles, California, by and between **THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS**, a municipal corporation ("**City**" or "**LAWA**"), acting by order of and through its Board of Airport Commissioners ("Board"), and ***FULL LEGAL NAME*** ("**Guarantor**").

BACKGROUND

LAWA and _____ entered into the LOS ANGELES INTERNATIONAL AIRPORT _____ CONCESSION AGREEMENT, dated as of _____, for a _____ ("**Concession Agreement**") at Los Angeles International Airport ("**Airport**");

As a condition to LAWA's execution of the Concession Agreement, Guarantor is providing this Guaranty.

The parties hereto, for and in consideration of the covenants and conditions hereinafter contained to be kept and performed, DO HEREBY AGREE AS FOLLOWS:

1. In connection with and subject to the Assignment, Guarantor unconditionally guaranties to LAWA performance including but not limited to the prompt payment when due of the rent, additional rent and all other charges payable by CONCESSIONAIRE under the Concession Agreement, and full and faithful performance of the other covenants (including, without limitation, the indemnities contained in the Concession Agreement); and Guarantor unconditionally covenants to LAWA that if (a) default or breach shall at any time be made by CONCESSIONAIRE in the covenants to pay rent and additional rent or any other charges payable under the Concession Agreement or in the performance of any of the other covenants and (b) written notice of any such default or breach shall have been given by LAWA to CONCESSIONAIRE and CONCESSIONAIRE shall not have cured such default or breach after the expiration of applicable notice and grace periods, if any, provided for in the Concession Agreement (except that the foregoing clause (b) shall be inapplicable if CONCESSIONAIRE shall be bankrupt or insolvent), then Guarantor shall well and truly perform (or cause to be performed) the covenants, and pay (or cause to be paid) said rent, additional rent or other charges or arrears thereof that may remain due thereon to LAWA, and also all damages that may arise in consequence of the non-performance of the covenants, or any of them. Guarantor shall pay to LAWA, within ten (10) business days after written notice, all expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by LAWA in connection with the enforcement or protection of LAWA's rights hereunder or under the Concession Agreement. This Guaranty is a guaranty including but not limited to payment, not collection.

2. The liability of Guarantor hereunder shall not be impaired, abated, deferred, diminished, modified, released, terminated or discharged, in whole or in part, or otherwise affected, by any event, condition, occurrence, circumstance, proceeding, action or failure to act, with or without notice to, or the knowledge or consent of, Guarantor, including, without limitation:

(a) any amendment, modification or extension of the Concession Agreement or any covenant;

(b) any extension of time for performance, whether in whole or in part, of any covenant given prior to or after default under the Concession Agreement;

(c) any exchange, surrender or release, in whole or in part, of any security which may be held by LAWA at any time for or under the Concession Agreement;

(d) any waiver of or assertion or enforcement or failure or refusal to assert or enforce, in whole or in part, any covenant, claim, cause of action, right or remedy which LAWA may, at any time, have under the Concession Agreement or with respect to any guaranty or any security which may be held by LAWA at any time for or under the Concession Agreement or with respect to CONCESSIONAIRE;

(e) any act or thing or omission or delay to do any act or thing which (i) may in any manner or to any extent vary the risk of Guarantor or (ii) would otherwise operate as a discharge of Guarantor as a matter of law;

(f) the release of any other guarantor from liability for the performance or observance of any covenant, whether by operation of law or otherwise;

(g) LAWA's consent to any assignment or subletting or the assignment or successive assignments of the Concession Agreement by CONCESSIONAIRE, or any subletting of the premises demised under the Concession Agreement by CONCESSIONAIRE;

(h) the failure to give Guarantor any notice whatsoever, other than any notice that LAWA is required to give pursuant to this Guaranty and pursuant to the Concession Agreement;

(i) any right, power or privilege that LAWA may now or hereafter have against CONCESSIONAIRE or any collateral;

(j) any assignment, conveyance, mortgage, merger or other transfer, voluntary or involuntary (whether by operation of law or otherwise), of all or any part of CONCESSIONAIRE's interest in the Concession Agreement;

(k) any assignment, conveyance, mortgage, merger or other transfer, voluntary or involuntary (whether by operation of law or otherwise) of all or part of the interest or rights of LAWA under the Concession Agreement; or

(l) the bankruptcy or insolvency of CONCESSIONAIRE.

3. To charge Guarantor under this Guaranty no demand shall be required, Guarantor hereby expressly waiving any such demand. LAWA shall have the right to enforce this Guaranty without pursuing any right or remedy of LAWA against CONCESSIONAIRE or any other party, or any security LAWA may hold. LAWA may commence any action or proceeding based upon this Guaranty directly against Guarantor without making CONCESSIONAIRE or anyone else a party defendant in such action or proceeding. Any one or more successive and/or concurrent actions may be brought hereon against Guarantor either in the same action, if any, brought against CONCESSIONAIRE and/or any other party or in separate actions, as often as LAWA, in its sole discretion, may deem advisable.

4. This Guaranty shall be binding upon Guarantor and its heirs, successors and assigns, and shall inure to the benefit of and may be enforced by the successors and assigns of LAWA or by any party to whom LAWA's interest in the Concession Agreement or any part thereof, including the rents, may be assigned whether by way of mortgage or otherwise. Wherever in this Guaranty reference is made to either LAWA or CONCESSIONAIRE, the same shall be deemed to refer also to the then successor or assign of LAWA or CONCESSIONAIRE.

5. Except to the extent this Section is inconsistent with Section 13 herein, Guarantor hereby expressly waives and releases (a) notice of the acceptance of this Guaranty and notice of any change in CONCESSIONAIRE's financial condition; (b) the right to interpose any substantive or procedural defense of the law of guaranty, indemnification or suretyship, except the defenses of prior payment or prior performance (whether before, during or after any applicable notice and grace periods) by CONCESSIONAIRE (of the obligations which Guarantor is called upon to pay or perform under this Guaranty); (c) all rights and remedies accorded by applicable law to guarantors or sureties, including, without limitation, any extension of time conferred by any law now or hereafter in effect; (d) the right to trial by jury, in any action or proceeding of any kind arising on, under, out of, or by reason of or relating, in any way, to this Guaranty or the interpretation, breach or enforcement thereof; (e) the right to interpose any defense (except as allowed under (b) above), set off or counterclaim of any nature or description in any action or proceeding; and (f) any right or claim of right to cause a marshalling of CONCESSIONAIRE's assets or to cause LAWA to proceed against CONCESSIONAIRE and/or any collateral held by LAWA at any time or in any particular order. Guarantor hereby agrees that this Guaranty constitutes a written consent to waiver of trial by jury pursuant to the provisions of California Code of Civil Procedure Section 631, and Guarantor does hereby constitute and appoint LAWA its true and lawful attorney-in-fact, which appointment is coupled with an interest, and Guarantor does hereby authorize and empower LAWA, in the name, place and stead of Guarantor, to file this Guaranty with the clerk or judge of any court of competent jurisdiction as a statutory written consent to waiver of trial by jury at LAWA's sole discretion. Guarantor does not waive or release any defenses set forth in Section 13.

6. Without limiting Guarantor's obligations elsewhere under this Guaranty, if CONCESSIONAIRE, or CONCESSIONAIRE's trustee, receiver or other officer with similar powers with respect to CONCESSIONAIRE, rejects, disaffirms or otherwise terminates the Concession Agreement pursuant to any bankruptcy, insolvency, reorganization, moratorium or any other law affecting creditors' rights generally, Guarantor shall automatically be deemed to have assumed, from and after the date such rejection, disaffirmance or other termination of the Concession Agreement is deemed effective, all obligations and liabilities of CONCESSIONAIRE under the Concession Agreement to the same extent as if Guarantor had been originally named instead of CONCESSIONAIRE as a party to the Concession Agreement and the Concession Agreement had never been so rejected, disaffirmed or otherwise terminated and shall be entitled to all benefits of CONCESSIONAIRE under the Concession Agreement. Guarantor, upon such assumption, shall be obligated to perform and observe all of the covenants whether theretofore accrued or thereafter accruing, and Guarantor shall be subject to any rights or remedies of LAWA which may have theretofore accrued or which may thereafter accrue against CONCESSIONAIRE on account of any default under the Concession Agreement, notwithstanding that such defaults existed prior to the date Guarantor was deemed to have automatically assumed the Concession Agreement or that such rights or remedies are unenforceable against CONCESSIONAIRE by reason of such rejection, disaffirmance or other termination, provided that Guarantor shall have a reasonable time after such assumption to cure non-monetary defaults existing as of the date of such assumption. Guarantor shall confirm such assumption at the request of LAWA upon or after such rejection, disaffirmance or other termination, but the failure to do so shall not affect such assumption. Guarantor, upon the assumption of the Concession Agreement, shall have all of the rights of CONCESSIONAIRE under the Concession Agreement (to the extent permitted by law). Neither Guarantor's obligation including but not limited to payment in accordance with this Guaranty nor any remedy for the enforcement thereof shall be impaired, modified, changed, stayed, released or limited in any manner by any impairment, modification, change, release, limitation or stay of the liability of CONCESSIONAIRE or its estate in bankruptcy or any remedy for the enforcement thereof, resulting from the operation of any present or future provision of the Bankruptcy Code of the United States or other statute or from the decision of any court interpreting any of the same, and Guarantor shall be obligated under this Guaranty as if no such impairment, stay, modification, change, release or limitation had occurred.

7. This Guaranty and all rights, obligations and liabilities arising hereunder shall be construed according to the substantive laws of California without reference to choice of law principles. Any legal action, suit or proceeding against Guarantor with respect to this Guaranty shall be brought in Los Angeles, California.

8. Guarantor hereby waives any and all rights of subrogation (if any) which it may have against CONCESSIONAIRE as a result of actions taken or amounts paid in connection with or relating to this Guaranty or to the Concession Agreement.

9. Guarantor represents and warrants to LAWA that as of the date hereof:

(a) This Guaranty constitutes the legal, valid and binding obligation of Guarantor, enforceable in accordance with its terms, subject to applicable bankruptcy,

insolvency, reorganization, and other laws affecting creditors' rights generally, to moratorium laws from time to time in effect and to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

(b) No action, suit or proceeding is pending or, to the best of Guarantor's knowledge, threatened against Guarantor that would materially affect Guarantor's ability to fully perform its obligations under this Guaranty.

10. If LAWA shall be obligated by reason of any bankruptcy, insolvency or other legal proceeding to pay or repay to CONCESSIONAIRE or to Guarantor or to any trustee, receiver or other representative of either of them, any amounts previously paid by CONCESSIONAIRE or Guarantor pursuant to the Concession Agreement or this Guaranty, Guarantor shall reimburse LAWA for any such payment or repayment and this Guaranty shall extend to the extent of such payment or repayment made by LAWA, except to the extent, if any, that such payment or repayment is prohibited by law or that such payment or repayment constitutes merely a reimbursement of any overpayment. LAWA shall not be required to litigate or otherwise dispute its obligation or make such payment or repayment if in good faith and on written advice of counsel reasonably acceptable to Guarantor LAWA believes that such obligation exists.

11. LAWA and Guarantor shall each, not more than once per calendar year and within ten (10) business days following request by the other, execute, acknowledge and deliver to the other a statement certifying that this Guaranty is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating such modifications) and that to the best of the certifying party's knowledge, Guarantor is not in default hereunder (or if there is such a default, describing such default in reasonable detail).

12. All remedies afforded to LAWA by reason of this Guaranty or the Concession Agreement, or otherwise available at law or in equity, are separate and cumulative remedies, and it is stipulated that no one remedy, whether or not exercised by LAWA, shall be deemed to be in exclusion of any other remedy available to LAWA and shall not limit or prejudice any other legal or equitable remedy which LAWA may have.

13. All defenses afforded to CONCESSIONAIRE or Guarantor by reason of this Guaranty or the Concession Agreement, or otherwise available to CONCESSIONAIRE or Guarantor at law or in equity shall also be available to Guarantor to the fullest extent.

14. If any term, covenant, condition or provision of this Guaranty or the application thereof to any circumstance or to Guarantor shall be invalid or unenforceable to any extent, the remaining terms, covenants, conditions and provisions of this Guaranty or the application thereof to any circumstances, or to Guarantor other than those as to which any term, covenant, condition or provision is held invalid or unenforceable, shall not be affected thereby and each remaining term, covenant, condition and provision of this Guaranty shall be valid and shall be enforceable to the fullest extent permitted by law.

15. Written notices to City hereunder shall be sent to the Chief Executive Officer with a copy sent to the City Attorney of the City of Los Angeles and addressed to said parties at:

Chief Executive Officer	City Attorney
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

or to such other address as these parties may designate by written notice to Guarantor.

Written notices to Guarantor hereunder shall be sent and addressed to:

_____
_____
_____
_____

or to such other address as Guarantor may designate by written notice to City.

16. All notices, demands, and other communications which are required or may be permitted to be given to LAWA or Guarantor by the other hereunder shall be in writing and shall be sent by United States mail, postage prepaid, certified, or by personal delivery or nationally recognized overnight courier, addressed to the addresses set forth in this Guaranty, or to such other place as either party may from time to time designate in a notice to the other party given as provided herein. Notice shall be deemed given upon actual receipt (or attempted delivery if delivery is refused), if personally delivered, or one (1) business day following deposit with a reputable overnight courier that provides a receipt, or on the fifth (5^{th}) day following deposit in the United States mail in the manner described above.

17. This Guaranty shall be entered into in consideration of the execution of the Assignment. The Assignment is further subject to Board and Los Angeles City Council approval. Execution of this Guaranty by LAWA shall not ensure such approval.

18. This Guaranty shall continue in full force and effect and Guarantor's liability hereunder shall continue not withstanding the termination or earlier expiration of the Concession Agreement until the date that the covenants have been fully performed.

[signature page follows]

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EXHIBIT Y

IN WITNESS WHEREOF, City has caused this Guaranty to be executed on its behalf by Chief Executive Officer and Guarantor has caused the same to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, all as of the day and year first above written.

APPROVED AS TO FORM:
Hydee Feldstein Soto,
City Attorney

Date:_____
By: _____

Assistant/Deputy City Attorney

CITY OF LOS ANGELES
By signing below, the signatory attests that they have no personal, financial, beneficial, or familial interest in this Contract.

By: _____
John Ackerman
Chief Executive Officer

ATTEST:

By_____
Signature

_____
Print Name

_____
Print Title

*****DFA FULL LEGAL NAME*****

By_____
Signature

_____
Print Name

_____
Print Title

EXHIBIT Z

(Intentionally Omitted)