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**LOS ANGELES INTERNATIONAL AIRPORT  
PASSENGER TERMINAL TARIFF, AS AMENDED**

**for**

**TERMINALS ONE, TWO, THREE, FOUR, FIVE, SIX, SEVEN, EIGHT,  
TOM BRADLEY INTERNATIONAL TERMINAL  
and REMOTE HOLDROOMS**

Naming Rates, Charges, Rules and Regulations at Los Angeles International Airport for all  
Aeronautical Users Using Passenger Terminal Space at Los Angeles International Airport after  
January 31, 2007, Except Pursuant to a Lease

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24068 (4/5/2010)

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## PREFACE

This Tariff is made by the City of Los Angeles, acting by and through the Board of Airport Commissioners (“Board”) of the Los Angeles World Airports (“LAWA”), under the terms of the Los Angeles City Charter & Administrative Code §§ 630 et seq.

LAWA is the manager of the Los Angeles International Airport (the “Airport”), charged by the City of Los Angeles and the Board of Airport Commissioners with operating, managing, and enforcing this Tariff.

All charges under this Tariff shall be payable in cash as they are incurred unless credit arrangements satisfactory to LAWA have been made in advance, including, but not limited to, the payment of all arrears in accounts with LAWA. Any Aeronautical User or other patron in arrears in its accounts with LAWA may be denied the use of Terminal space at the Airport based thereon.

This Tariff is published for the benefit of Aeronautical Users, patrons of the Airport, and Airport staff. It is not a codification of the resolutions of the Board of Airport Commissioners and it should not be construed as such.

## LOS ANGELES INTERNATIONAL AIRPORT PASSENGER TERMINAL TARIFF, AS AMENDED

### 1. *Consent to Terms of Tariff and Scope of Tariff.*

1.1. Name; Defined Terms. This Tariff may be referred to as the "Los Angeles International Airport Passenger Terminal Tariff," the "Airport Terminal Tariff," or this "Tariff." Certain terms used in this Tariff and not defined elsewhere in the text of this Tariff are used with the meanings specified in Section 26; terms defined elsewhere in the text of this Tariff are listed in the Index of Defined Terms appearing following the Table of Contents. This Tariff includes the Basic Information Schedule.

1.2. Effective Date. This Tariff became effective February 1, 2007.

1.3. Use Constitutes Consent. Use by any Aeronautical User of space in any Terminal at the Airport after January 31, 2007, except pursuant to a Lease constitutes (a) consent by the Aeronautical User to the terms and conditions of this Tariff, and (b) agreement by the Aeronautical User to pay all charges specified, and to be governed by all rules and regulations contained in this Tariff.

1.4. Use Does Not Create Any Property Right. Use by any Aeronautical User of space in any Terminal at the Airport under the terms of this Tariff creates no right to or interest in the property, either of occupancy or possession, legal or otherwise. This Tariff does not in any way modify or replace the Landing Fee or any other fees, charges, rents, or any other cost based on use of the Airport's runways, apron, or any other location at the Airport other than its Terminals by any entity, including the Aeronautical User. Nothing in this Tariff shall be construed as creating, modifying, or furthering any property rights, including, but not limited to, a Lease. Without limiting the generality of the foregoing, the fact that the terms and conditions of this Tariff mirror the terms and conditions in the forms of leases approved by LAWA in December of 2006 does not create any property interest in any Aeronautical User using space in any Terminal at the Airport. Any Aeronautical User using space at any Terminal at the Airport pursuant to this Tariff may be required by LAWA, in the exercise of LAWA's discretion, to terminate its use at any time.

1.5. Modification. LAWA may modify this Tariff at any time. Any modification of this Tariff shall take effect upon the publication by LAWA of the modification on LAWA's website.

1.6. Conflict with Form of Lease. [Applicable to Airline Aeronautical Users only] In December of 2006, LAWA formally transmitted for signature by certain Airlines that may be subject to the terms of this Tariff a proposed form of instrument (the "Proposed Lease Form"), entitled "Airline Terminal Space Lease and License Agreement". It is LAWA's intention that the payments due from any Airline under the terms of this Tariff be identical to the payments that would have been due from the Airline under the terms of the Proposed Lease Form that was transmitted to the Airlines, had the Airline entered into a Lease in the form of the Proposed Lease Form. In any case, therefore, in which the computation of any payment due from any Airline under the terms of this Tariff differs from the corresponding payment that would have

been due under the same circumstances from the Airline under the Proposed Lease Form (and notwithstanding any other provision of this Tariff to the contrary), the provisions of this Tariff shall be deemed amended accordingly to the extent necessary to required only the payment that would have been due under the Proposed Lease Form.

1.7 Aeronautical User Space. For the purposes of the Basic Information Schedule, the space used by an Aeronautical User in any Terminal from time to time under the terms of this Tariff shall be determined by LAWA, and LAWA's determination shall, in the absence of manifest error, be binding on the Aeronautical User.

## **2. Fees and Charges.**

### **2.1. Computation of Fees and Charges.**

2.1.1. Computation of Basic Rate. Any Aeronautical User using any space in any Terminal at the Airport without a Lease shall be subject to this Tariff and shall pay fees and charges as set forth in this Tariff. The amount of those fees and charges shall be calculated for each calendar month in an amount equal to the Basic Rate (calculated as provided in this Section 2.1) for the month multiplied by the Aeronautical User's Space Use Factor for the month. The Basic Rate for the calendar month in which an Aeronautical User first uses any space in a Terminal at the Airport pursuant to this Tariff is the amount reflected on the Basic Information Schedule as the "Initial Basic Rate". The Board has established the Initial Basic Rate for each Terminal on the basis of the Initial Base Charge Method reflected on the Basic Information Schedule and adopted by the Board for the Valuation Cycle in which the date of publication of this Tariff occurs. The Basic Rate is subject to adjustment during each Valuation Cycle as provided in Sections 2.1.2 and 2.1.3, and as of each Valuation Adjustment Date as provided in Section 2.3.

2.1.2. Adjustments to Basic Rate; Market Method. For each Valuation Year (other than the first Valuation Year during a Valuation Cycle) for which the basis of calculating the Basic Rate is the Market Method, the Basic Rate (as the Basic Rate may previously have been adjusted under this Section 2.1.2 and under Sections 2.1.3 and 2.3) shall be increased effective on the first day of the Valuation Year by the CPI Change between the first day of the Valuation Cycle in which the Valuation Year occurs and the last day of the previous Valuation Year (but less so much of the CPI Change as may have previously been applied under this Section 2.1.2 in effecting increases of the Basic Rate for previous Valuation Years in the same Valuation Cycle). In no event will the Basic Rate be decreased by reason of the CPI Change.

2.1.3. Adjustments to Basic Rate; Terminal Capital Charges Method. For each Valuation Year (other than the first Valuation Year during a Valuation Cycle) for which the basis of calculating the Basic Rate is the Terminal Capital Charges Method, the Basic Rate (as the Basic Rate may previously have been adjusted under this Section 2.1.3 and under Sections 2.1.2 and 2.3) shall be adjusted effective on the first day of the Valuation Year by the percentage increase or decrease in the Terminal Capital Charges for the Valuation Year for which the determination is made over the Terminal Capital Charges in the immediately preceding Valuation Year.

## 2.2. Base Charges.

2.2.1. Monthly Installments. Aeronautical Users subject to this Tariff will pay installments of Base Charge in advance on the first day of each calendar month during the Aeronautical User's use of the Occupied Terminal Area, without notice or demand. If the Commencement Date is a day other than the first day of a calendar month, the installment of Base Charge for that month shall be payable on the Commencement Date. The Base Charge for any partial calendar month in which an Aeronautical User uses any Terminal space shall be prorated at LAWA's discretion.

2.2.2. Estimated Payment of Base Charge. LAWA will from time to time estimate in advance the actual Base Charge. Upon LAWA's delivery to the Aeronautical User of a notice of LAWA's estimate and until LAWA's delivery to the Aeronautical User of a revised estimate, the Aeronautical User will pay to LAWA in monthly installments, on the first day of each calendar month, without further notice or demand, such amounts as LAWA may from time to time in good faith estimate to be the equal monthly installments necessary to pay the Base Charge. For any time period for which the Aeronautical User shall have paid estimated installments of Base Charge, LAWA will deliver to the Aeronautical User within 150 days after the end of the calendar year in which the Aeronautical User last paid the estimated Base Charge, or within such longer period as LAWA reasonably requires, a reasonably detailed statement (the "Base Charge Reconciliation Statement") specifying LAWA's calculation of Base Charge. If the Aeronautical User's payments of installments of estimated Base Charge shall exceed the Base Charge actually owing, LAWA will, so long as the Aeronautical User has not failed to pay its costs or comply with any condition of this Tariff, promptly, at LAWA's election, (a) credit the account of the Aeronautical User with the amount of the excess, for application to amounts of Base Charge and additional charge as such amounts become due, or (b) reimburse the Aeronautical User in the amount of the excess, together with interest at the Reimbursement Rate upon the excess payments from the dates of payment to the date of reimbursement, provided that interest on the excess need not be paid if the amount of the excess is reimbursed within 30 days of LAWA's delivery of the Base Charge Reconciliation Statement. If the Aeronautical User's payments of installments of estimated Base Charge shall be less than the Base Charge actually owing, the Aeronautical User will pay LAWA the amount of the deficiency within 15 days of receiving the Base Charge Reconciliation Statement, together with interest at the Reimbursement Rate upon the amount of the deficiency from the dates incurred to the date of payment, provided that interest on the deficiency need not be paid if the amount of the deficiency is reimbursed within 30 days of the delivery of the Base Charge Reconciliation Statement.

## 2.3. Periodic Valuation Adjustment.

2.3.1. Policy. In order to fairly compensate LAWA for the Aeronautical User's use of space at any Terminal at the Airport, and in order to avoid an indirect subsidy of the operations of the Aeronautical Users at the Airport by the City of Los Angeles, it is the policy of LAWA that charges for any Aeronautical User subject to this Tariff be periodically set at the amount that, for each Terminal at the Airport, would be the greater of that derived by reference to the Terminal Capital Charges Method and the Market Method. In order, therefore, to implement this policy, the Basic Rate for each Terminal at the Airport shall be adjusted effective on the fifth anniversary of the Initial Valuation Date for the Terminal, and, effective on every

fifth anniversary of the Initial Valuation Date thereafter (the date of each adjustment being referred to as an “Valuation Adjustment Date”), to an amount that is the greater of the amount that is obtained by application of the Market Method and the amount that is obtained by the Terminal Capital Charges Method, in accordance with the provisions of Sections 2.3.2 and 2.3.3.

2.3.2. Procedures; Tentative Valuation. Not later than the date that is 120 days before the next Valuation Adjustment Date with respect to each Terminal, LAWA will (a) determine (1) the Basic Rate that would be established for each Terminal as of the next Valuation Adjustment Date, if the Basic Rate were established by the Market Method, on the basis of the fair market rental value of the Terminal areas as determined by a third party appraiser, and (2) whether the Basic Rate to be established for each Terminal for the Valuation Cycle beginning on the next Valuation Adjustment Date would be greater if determined by the Market Method or by the Terminal Capital Charges Method, and (b) by notice (a “Tentative Valuation Notice”) tentatively inform the Aeronautical User of whether the Basic Rate for the Valuation Cycle beginning on the next Valuation Adjustment Date will be determined by the Market Method or by the Terminal Capital Charges Method. LAWA will specify in the Tentative Valuation Notice the Basic Rate tentatively determined by LAWA to be applicable to the first year of the Valuation Cycle beginning on the next Valuation Adjustment Date, or (if the Basic Rate is tentatively determined by the Terminal Capital Charges Method) the Basic Rate then estimated by LAWA to be applicable to the first year of the Valuation Cycle.

2.3.3. Final Valuation. Not later than the date that is 60 days before the next Valuation Adjustment Date, the Executive Director shall furnish to the Board all material that the Executive Director deems relevant to the determination of the Basic Rate for each Terminal for the next Valuation Cycle and the Executive Director’s recommendations. Not later than the date that is 30 days before the next Valuation Adjustment Date, LAWA will (a) finally determine whether the Basic Rate to be established for the Valuation Cycle beginning on the next Valuation Adjustment Date would be greater if determined by the Market Method or by the Terminal Capital Charges Method, and (b) by notice (a “Final Valuation Notice”) inform the Aeronautical User of whether the Basic Rate for the Valuation Cycle beginning on the next Valuation Adjustment Date will be determined by the Market Method or by the Terminal Capital Charges Method. The method of determining the Basic Rate reflected in the Final Valuation Notice will be final and binding upon the Aeronautical User for the Valuation Cycle beginning on the next Valuation Adjustment Date. LAWA will specify in the Tentative Valuation Notice the Basic Rate finally determined by LAWA to be applicable to the next year, or (if the Basic Rate is determined by the Terminal Capital Charges Method) the Basic Rate then estimated by LAWA to be applicable to the next year.

## 2.4. Terminal Expenses.

2.4.1. Calculation. Aeronautical Users subject to this Tariff will pay to LAWA as additional costs (a) the Aeronautical User’s Use Share of the Terminal Expenses for each calendar month during its use (the amount payable by the Aeronautical User described in this clause (a) being referred to as “Terminal Regular Expenses”), and (b) if the Aeronautical User is an Airline, the Aeronautical User’s Special Use Share of the Terminal Special Expenses for each calendar month of its use (the amount payable by the Aeronautical User described in this clause (b) being referred to as the “Terminal Special Expenses”; the Terminal Regular Expenses and the

Terminal Special Expenses are referred to collectively as the "Terminal Expenses"). Terminal Expenses may be calculated separately for each calendar month by LAWA in its discretion, and shall be payable by the Aeronautical User within 15 days after a statement of Terminal Expenses for the month it is delivered to the Aeronautical User. Terminal Expenses for any partial calendar month in which the Aeronautical User uses any Terminal space shall be prorated at LAWA's discretion.

2.4.2. Estimated Payments. At the election of LAWA, LAWA may estimate from time to time in advance the actual Terminal Expenses. Upon LAWA's delivery to the Aeronautical User of a notice of LAWA's election and until the election shall be rescinded by LAWA, the Aeronautical User will pay to LAWA in monthly installments, on the same dates as installments of Base Charge are payable, such amounts as LAWA may in its discretion estimate to be the equal monthly installments necessary to pay the Terminal Expenses for the then current Tariff Year. For each Tariff Year for which the Aeronautical User shall have paid estimated installments of Terminal Expenses, LAWA will deliver to the Aeronautical User within 150 days after the end of the Tariff Year, or within such longer period as LAWA reasonably requires, a reasonably detailed statement (the "Terminal Expenses Reconciliation Statement") specifying the Terminal Expenses incurred by LAWA and LAWA's calculation of Terminal Expenses. If the Aeronautical User's payments of installments of estimated Terminal Expenses exceed the Terminal Expenses actually owed, LAWA will, so long as the Aeronautical User is not in arrears in the payment of any charges due under this Tariff, promptly, in LAWA's discretion, either (a) credit the account of the Aeronautical User with the amount of the excess, or (b) reimburse the Aeronautical User in the amount of the excess. If the Aeronautical User's payments of installments of estimated Terminal Expenses are less than the Terminal Expenses actually owing, then the Aeronautical User will pay LAWA the amount of the deficiency within 15 days of receiving the Terminal Expenses Reconciliation Statement, together with interest at the Reimbursement Rate upon the amount of the deficiency from the dates incurred to the date of payment, provided that interest on the deficiency need not be paid if the amount of the deficiency is reimbursed within 30 days of the delivery of the Terminal Expenses Reconciliation Statement.

## 2.5. Airport Infrastructure Charges.

2.5.1. Calculation. Each Aeronautical User subject to this Tariff will pay to LAWA the Aeronautical User's Use Share of the Airport Infrastructure Charges for each calendar month in which it uses space at a Terminal (the amount payable by the Aeronautical User being referred to as "Airport Infrastructure Charges"). Airport Infrastructure Charges shall be calculated separately for each calendar month of the Aeronautical User's use and shall be payable by the Aeronautical User within 15 days after a statement of Airport Infrastructure Charges for the month is delivered to the Aeronautical User. Airport Infrastructure Charges for any partial calendar month shall be prorated according to the portion of the month in which the Aeronautical User uses Terminal space.

2.5.2. Estimated Payments. At the election of LAWA, LAWA may estimate from time to time in advance the actual Airport Infrastructure Charges for the then current or next year. Upon LAWA's delivery to the Aeronautical User of a notice of LAWA's election and until the election shall be rescinded by LAWA, the Aeronautical User will pay to LAWA in monthly installments, on the same dates as installments of Base Charge are payable, such



amounts as LAWA may estimate to be the equal monthly installments necessary to pay the Airport Infrastructure Charges. For any Tariff Year for which the Aeronautical User shall have paid estimated installments of Airport Infrastructure Charges, LAWA will deliver to the Aeronautical User within 150 days after the end of the Tariff Year, or within such longer period as LAWA reasonably requires, a reasonably detailed statement (the "Airport Infrastructure Charges Reconciliation Statement") specifying the Airport Infrastructure Charges incurred by LAWA for the Tariff Year and LAWA's calculation of Airport Infrastructure Charges for the Tariff Year. If the Aeronautical User's payments of installments of estimated Airport Infrastructure Charges exceed the Airport Infrastructure Charges actually owing, LAWA will, so long as the Aeronautical User is not in arrears in the payment of any charges due under this Tariff, promptly, in LAWA's discretion, either (a) credit the account of the Aeronautical User with the amount of the excess, or (b) reimburse the Aeronautical User in the amount of the excess. If the Aeronautical User's payments of installments of estimated Airport Infrastructure Charges are less than the Airport Infrastructure Charges actually owing, then the Aeronautical User will pay LAWA the amount of the deficiency within 15 days of receiving the Airport Infrastructure Charges Reconciliation Statement, together with interest at the Reimbursement Rate upon the amount of the deficiency from the dates incurred to the date of payment, provided that interest on the deficiency need not be paid if the amount of the deficiency is reimbursed within 30 days of the delivery of the Airport Infrastructure Charges Reconciliation Statement.

2.6. Percentage Charge. For each calendar month of use, each Aeronautical User subject to this Tariff will pay to LAWA, as an additional charge, a percentage of the Aeronautical User's gross receipts, if any, from the sale by the Aeronautical User at the Terminal of goods (including food and beverages) and services (other than air transport services) to the Aeronautical User's passengers and invitees (the additional charge payable is referred to as the "Percentage Charge"). The percentage of the gross receipts to be used in calculating the Percentage Charge payable by the Aeronautical User for any calendar month will be the same as the highest percentage rates then being paid to LAWA by concessionaires selling similar goods or services in the terminal buildings at the Airport. The Aeronautical User will pay installments of Percentage Charge on the same dates as installments of Base Charge are payable, with the amount of each installment of Percentage Charge being calculated based on the Aeronautical User's gross receipts from sales for the last month for which the Aeronautical User's records of sales are complete, but in any event not further in arrears than the second complete month prior to the date on which the installment of Base Charge is due. After the end of the Aeronautical User's use of the Occupied Terminal Area under the Tariff, the Aeronautical User will continue to pay installments of Percentage Charge for the calendar months falling within the period of the Aeronautical User's use of the Terminal and for which payments have not been made.

2.7. Aeronautical User's Records. LAWA's accurate calculation and verification of the above charges depend upon timely and accurate information regarding the Aeronautical User's operations, including the number of passengers using the Terminal to enplane onto or deplane from flights operated by the Aeronautical User, if the Aeronautical User is an Airline. Thus, the Aeronautical User will promptly and periodically (but not less frequently than monthly) provide to LAWA sufficient information about the Aeronautical User's operations as LAWA may find necessary or useful in calculating the Aeronautical User's charges, and the Aeronautical User will keep books and records sufficient for the purpose of substantiating the Aeronautical User's operations information for auditing purposes. LAWA may examine (and, in

the course of such examination, may copy) and audit the Aeronautical User's books and records for the purpose of verifying the Aeronautical User's operations information. The expense of any such examination or audit shall be borne by LAWA, provided that if the Aeronautical User's books and records are not made available to LAWA at a location within 50 miles from the Airport, the Aeronautical User will reimburse LAWA the reasonable out-of-pocket costs incurred by LAWA in inspecting the Aeronautical User's books and records, including travel, lodging and subsistence costs. Except to the extent necessary to substantiate charges to other Aeronautical User at the Terminal or as required by applicable law, LAWA will keep all information obtained from the Aeronautical User's books and records confidential, and LAWA will use good faith efforts to cause LAWA's agents and employees to keep all information obtained from the Aeronautical User's books and records confidential.

2.8. Late Charges. If an Aeronautical User subject to this Tariff shall fail to pay any installment of Base Charge or any other cost or charge payable under this Tariff within five days after it becomes due, the Aeronautical User will pay to LAWA, in addition to the installment of Base Charge or amount of any additional charge, as the case may be, as a further additional charge, a sum equal to interest at the Stipulated Rate on the unpaid overdue amount, computed from the date the payment was due to and including the date of payment. If the Aeronautical User shall fail to pay any additional cost within ten days after it becomes due, in addition to interest at the Stipulated Rate, the Aeronautical User will pay to LAWA a late charge in the amount of five percent (the "Additional Late Charge") of the delinquent additional charge. No Additional Late Charge shall be payable for any item of additional charge that constitutes a late charge or interest.

2.9. No Counterclaim, etc. Aeronautical Users subject to this Tariff will pay the Base Charge and all additional costs payable under this Tariff without notice, demand, counterclaim, setoff, deduction, defense, abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of the Aeronautical User under this Tariff shall in no way be discharged or otherwise affected for any reason, whether foreseen or unforeseen. To the extent permitted by applicable law, all payments by the Aeronautical User to LAWA made hereunder shall be final, and the Aeronautical User will not seek to recover any such payment or any part thereof for any reason.

2.10. No Waiver; Retroactive Payments. The failure by LAWA to timely execute the provisions of this Section 2 relating to the adjustment of the Base Charge or any item of additional charge payable under this Tariff shall not be construed as a waiver of LAWA's ability to adjust the Base Charge or to the adjustment of any additional charges otherwise payable under this Tariff. If a determination of the adjusted Base Charge is not completed before the relevant Valuation Adjustment Date or if a determination of the adjustment of any item of additional charge is not completed before any relevant date, the Aeronautical User will continue to pay the amounts applicable to the preceding period, and if the Base Charge as of the relevant Valuation Adjustment Date or any item of additional charge as of any relevant date is thereafter determined to be an amount greater than that paid by the Aeronautical User, the adjusted amount shall take effect, and shall promptly be paid by the Aeronautical User, retroactively to the date when the payment would have been due absent the failure to timely complete the determination of the appropriate adjustment. If LAWA has substantially executed the provisions of this Section 2 relating to the adjustment, LAWA shall be entitled to receive, in addition to all amounts of

additional Base Charge and additional charge becoming retroactively effective, interest on the retroactive amounts from the time retroactively due until the date of payment to LAWA, at an annual rate per annum equal to the Reimbursement Rate.

2.11. Manner of Payment. All payments of Base Charge and other amounts payable under the preceding provisions of this Section 2 shall be paid in U.S. dollars without setoff or deduction by mailing to the following address:

City of Los Angeles  
Department of Airports  
Accounts Receivable  
File 54989  
Los Angeles CA 90074-4959

LAWA may from time to time designate any other address to which the payments shall be made. As a matter of courtesy, invoices may be sent by LAWA to the Aeronautical User, but notwithstanding any custom of LAWA in sending invoices, the receipt of an invoice shall not be a condition to any payment due to LAWA from the Aeronautical User. All payments, including each payment check and remittance advice, shall include reference to this Tariff. No payment by the Aeronautical User or receipt by LAWA of a portion of any sum due under this Tariff shall be deemed to be other than a partial payment on account of the earliest sum next due from the Aeronautical User. No endorsement or statement on any check or any letter accompanying a check or other payment from an Aeronautical User shall be deemed an accord and satisfaction or otherwise binding upon LAWA. LAWA may accept any partial payment from the Aeronautical User without invalidation of any notice required to be given under this Tariff or otherwise under applicable law.

### 3. *Uses.*

3.1. Permitted Uses. Aeronautical Users subject to this Tariff may, subject to any applicable Legal Requirements and to all other applicable provisions of this Tariff, use the Terminal areas only for the uses reflected on the Basic Information Schedule as the "Permitted Uses".

3.2. Prohibited Uses. Notwithstanding anything in Section 3.1 to the contrary, without the prior consent of LAWA no Aeronautical User subject to this Tariff may use any portion of the Terminal areas in any manner not specifically permitted.

3.3. Other Use Limitations. Aeronautical Users subject to this Tariff must conduct their operations at the Terminal areas used pursuant to this Tariff in such a manner as to reduce as much as is reasonably practicable any and all activities that interfere unreasonably (whether by reason of noise, vibration, air movement, fumes, odors or otherwise) with the use of any other space in the Terminal or other facilities at the Airport.

### 4. *Alterations, etc.*

4.1. LAWA's Consent. Aeronautical Users subject to this Tariff have no property interest in any space at any Terminal at the Airport subject to this Tariff and therefore may not

make any alterations, installations, additions and improvements in and to the Terminal (referred to as "Alterations") except as provided in Section 4.2.

4.2. Alterations. Aeronautical Users subject to this Tariff (although though they have no property interest in any space at any Terminal at the Airport subject to this Tariff) may, with LAWA's prior written consent only, make Alterations in the Terminal including cosmetic Alterations such as new furniture, furnishings, painting, carpeting, wall coverings and other decorative changes in its Occupied Terminal Areas. LAWA may condition its consent on any basis, including a condition that the Aeronautical User removes some or all of the Alterations at the Aeronautical User's expense.

4.3. Ownership of Improvements and Alterations. Ownership of all improvements and equipment existing in the Occupied Terminal Areas on the Commencement Date is and shall be in LAWA. Ownership of all Alterations constructed or installed in the Terminal by or at the direction of an Aeronautical User (whether at LAWA or the Aeronautical User's expense) after the Commencement Date, other than Aeronautical User's Property, shall be and remain in LAWA. Upon the end of its use of the Occupied Terminal Area, all Alterations constructed or installed in the Terminal by or at the direction of an Aeronautical User, other than Aeronautical User's Property, shall be left in the Terminal (without compensation to the Aeronautical User), unless LAWA requests that the Aeronautical User remove some or all of the Alterations, in which case the Aeronautical User will promptly remove them (excluding only painting and other wall coverings) at the Aeronautical User's expense. All items of Aeronautical User's Property remaining in the Occupied Terminal Areas or at the Terminal shall, if not removed by the Aeronautical User within three Business Days following the end of its use of the Occupied Terminal Space, be deemed abandoned and shall, at LAWA's election (i) be disposed of in any manner selected by LAWA, at the Aeronautical User's expense, or (ii) become the property of LAWA. The Aeronautical User will promptly repair any damage to the Occupied Terminal Areas or the Terminal resulting from the removal of any items of the Aeronautical User's Property.

4.4. Notices of Non-Responsibility. In connection with any Alteration, LAWA may post notices of non-responsibility for the services and material furnished by mechanics, materialmen and other vendors.

**5. *Maintenance and Repair by Aeronautical Users.*** Unless the Aeronautical User and LAWA agree otherwise pursuant to a separate written agreement approved by the Board, at the Aeronautical User's expense and to the extent identified on the maintenance schedule attached to this Tariff as Schedule 1, each Aeronautical User subject to this Tariff will maintain the Occupied Terminal Area and will make all repairs to the Occupied Terminal Area and to all the fixtures, equipment and appurtenances therein as and when needed to preserve them in good working order and good and safe condition. Notwithstanding the foregoing, all damage to the Occupied Terminal Area and the fixtures, equipment and appurtenances therein, or the Terminal, in each case requiring structural repairs or requiring repairs that affect the Terminal systems, and all damage or injury to any Terminal system, caused by or resulting from the negligence of the Aeronautical User, its servants, employees, agents, customers, invitees or licensees, shall be repaired by LAWA, at the Aeronautical User's expense, payable within 15 days after LAWA's delivery of an invoice therefor. If LAWA determines the Aeronautical User to have failed to

maintain equipment in the Terminal areas, LAWA may elect to maintain the neglected equipment itself (directly or through third-party contractors and at the Aeronautical User's expense payable promptly after LAWA's delivery of invoices therefor from time to time). All damage or injury to the Terminal, the Occupied Terminal Area or its fixtures, equipment and appurtenances therein or thereto caused by the Aeronautical User's removal of furniture, fixtures or other property, shall be repaired to its condition existing before the damage or injury, or restored or replaced promptly by the Aeronautical User at its expense. The Aeronautical User will at all times keep the Occupied Terminal Area free and clear of wastepaper, discarded plastic, graffiti, and all other trash and debris of any kind.

6. ***Liens, etc.*** Aeronautical Users subject to this Tariff will not permit to be created or to remain, and will discharge (by payment, filing of an appropriate bond or otherwise), any lien, deed of trust, mortgage or other encumbrance affecting the Occupied Terminal Area or, to the extent caused or created by the act of the Aeronautical User, the Airport or any part thereof, other than (i) any encumbrance affecting the Occupied Terminal Area or the Airport and arising solely from any act or omission of LAWA or any Person claiming by, through or under LAWA (other than the Aeronautical User or any Person claiming by, through or under the Aeronautical User), and (ii) inchoate liens of mechanics, materialmen, suppliers or vendors, or rights thereto incurred by the Aeronautical User in the ordinary course of business for sums that under the terms of the related contracts are not yet due. Aeronautical Users subject to this Tariff have no property rights in the Occupied Terminal Area and may not, by lien, deed of trust, mortgage or any other encumbrance, hold themselves out as having such rights or seek to impart such rights to itself or any other party. Notice is hereby given that LAWA shall not be liable for any labor or materials furnished or to be furnished to the Aeronautical User upon credit, and that no mechanics' or other lien for any such labor or materials shall attach to or affect the reversion or other estate or interest of LAWA in and to the Airport, the Terminal, or the Occupied Terminal Areas. Without limiting the generality of Section 9.1 or the remedies available to LAWA for any violation of this Tariff under Section 14, if the Aeronautical User does not, within 30 days following the imposition of any lien, deed of trust, mortgage or other encumbrance that the Aeronautical User is required to discharge (any of the foregoing being referred to as an "Impermissible Lien"), cause the Impermissible Lien to be released of record by payment or posting of a proper bond or otherwise, LAWA shall have, in addition to all other remedies provided by law, the right, but not the obligation, upon ten Business Days' prior notice to the Aeronautical User, to cause the Impermissible Lien to be released by such means as LAWA shall deem proper, including payment in satisfaction of the claim giving rise to the Impermissible Lien. All sums paid by LAWA and all expenses incurred by it in connection with the release of the Impermissible Lien, including costs and attorneys fees, shall be paid by the Aeronautical User to LAWA on demand.

7. ***Compliance with Legal Requirements and Insurance Requirements, etc.*** Use of any Terminal space pursuant to this Tariff requires that the Aeronautical User comply with all current and future Legal Requirements and Insurance Requirements that impose any violation or obligation upon LAWA or the Aeronautical User relating to the Occupied Terminal Area or the use thereof, at the Aeronautical User's expense. Without limiting the generality of the foregoing, the Aeronautical User will, at the Aeronautical User's expense, comply with any Legal Requirement that requires repairs or alterations within the Occupied Terminal Areas so as to cause the Occupied Terminal Areas to comply with the Americans with Disabilities Act, and any

other Legal Requirements regarding access of disabled persons to the Occupied Terminal Areas, including any services, equipment, programs or activities provided by the Aeronautical User. The Aeronautical User will cooperate with LAWA in LAWA's efforts to ensure compliance by the Airport with all applicable Legal Requirements, including Legal Requirements regarding access of disabled persons to the Airport. The Aeronautical User will cooperate with LAWA and participate in and comply with activities organized by LAWA and mandated by any governmental agency, including recycling programs. LAWA will not be liable to the Aeronautical User by reason of any obligation by the Aeronautical User to comply with applicable Legal Requirements.

8. *[Intentionally Omitted].*

9. *Indemnity; Insurance.*

9.1. Indemnity. Aeronautical Users subject to this Tariff shall indemnify LAWA against and hold LAWA harmless from all expenses (including reasonable attorneys' fees and disbursements), liabilities, losses, damages or fines incurred or suffered by LAWA by reason of (i) any breach or nonperformance by the Aeronautical User, or its agents, employees, contractors, customers, and invitees, of any provision of this Tariff to be observed or performed by the Aeronautical User, (ii) the carelessness, negligence or improper conduct of the Aeronautical User, or its agents, employees, contractors and invitees, and (iii) all Environmental Losses arising from the Aeronautical User's Application of Hazardous Materials at the Airport. LAWA will promptly notify the Aeronautical User of any claim asserted against LAWA for which the Aeronautical User may be liable under this Section 9.1 and will promptly deliver to the Aeronautical User the original or a true copy of any summons or other process, pleading, or notice issued in any suit or other proceeding to assert or enforce the claim. If the Aeronautical User becomes aware of any claim asserted against LAWA for which the Aeronautical User may be liable under this Section 9.1, and of which the Aeronautical User has not yet been notified by LAWA under the provisions of the immediately preceding sentence, the Aeronautical User will promptly notify LAWA of the claim. If any claim, action or proceeding is made or brought against LAWA for which claim, action or proceeding the Aeronautical User would be liable under this Section 9.1, upon demand by LAWA, the Aeronautical User, at its expense, will defend the claim, action or proceeding, in LAWA's name, if necessary, by such attorneys as LAWA shall approve, which approval shall not be unreasonably withheld. Attorneys for the Aeronautical User's insurance carrier are deemed approved for purposes of this Section 9.1 (and if the Aeronautical User's insurance carrier offers the Aeronautical User more than one choice of counsel, the Aeronautical User will select the counsel provided by the insurance carrier that is reasonably acceptable to LAWA). The Aeronautical User shall, in any event, have the right, at the Aeronautical User's expense, to participate in the defense of any action or other proceeding brought against LAWA and in negotiations for and settlement thereof if, under this Section 9.1, the Aeronautical User may be obligated to reimburse LAWA in connection therewith. LAWA in its discretion may settle any claim against it that is covered by the Aeronautical User's indemnity in this Section 9.1, if LAWA shall first have provided notice to the Aeronautical User of LAWA's intention to settle the claim and the material terms of the proposed settlement and if the Aeronautical User does not object to the proposed settlement within five Business Days of its receipt of the notice (or, if the Aeronautical User receives immediate notice of the offer of settlement and its terms, such lesser time as was given as a condition of the settlement offer). In

the case of any claim for which LAWA's proposed settlement includes the payment of more than \$100,000, LAWA may settle the claim over the Aeronautical User's objection unless the Aeronautical User furnishes LAWA with either (i) a bond in an amount equal to the claim in a form and from a surety reasonably satisfactory to LAWA, or (ii) other security reasonably satisfactory to LAWA. For the purposes of this Section 9.1 and any other indemnity by the Aeronautical User in this Tariff, any indemnity of LAWA shall be deemed to include an indemnity of the Board and all of LAWA's officers, employees and agents. In the Aeronautical User's defense, negotiation, compromise, or settlement under this Section of any action against LAWA, LAWA shall retain discretion in and control of the litigation, negotiation, compromise, settlement, and appeals therefrom, as required by the Los Angeles City Charter, particularly Article II, Sections 271, 272 and 273 thereof.

9.2. Insurance. Aeronautical Users subject to this Tariff will obtain and keep in full force and effect during its use of the Occupied Terminal Area, at its expense, policies of insurance of the types, with the coverages and insuring the risks specified in the insurance schedule attached to this Tariff as Schedule 2. Based on its periodic review of the adequacy of insurance coverages, LAWA may from time to time, but not more than once each year, in the exercise of its reasonable judgment, revise the types of insurance required to be maintained by the Aeronautical User, the risks to be insured and the minimum policy limits, on 30 days' prior notice to the Aeronautical User. All policies of insurance required to be maintained by the Aeronautical User under this Section 9.2 (a) shall be primary and noncontributing with any other insurance benefiting LAWA where liability arises out of or results from the acts or omissions of the Aeronautical User, its agents, employees, officers, assigns or any other Person acting on behalf of the Aeronautical User, and (b) may provide for reasonable deductibles or retention amounts satisfactory to LAWA based upon the nature of the Aeronautical User's operations and the risks insured. Without limiting the generality of Section 9.1, if the Aeronautical User does not furnish LAWA with evidence of insurance and maintain insurance in accordance with this Section 9.2, LAWA may, but shall not be obligated to, procure the insurance at the expense of the Aeronautical User, in which event the Aeronautical User will promptly reimburse LAWA for any amounts advanced by LAWA in procuring the insurance, together with a charge of 15% of the amounts so advanced for LAWA's administrative costs in so doing. The Aeronautical User will provide proof of all insurance required to be maintained by this Section 9.2 by (a) production of certified copies of the actual insurance policies, (b) use of LAWA's own endorsement forms, (c) broker's letter satisfactory to LAWA in substance and form in the case of foreign insurance syndicates, or by other written evidence of insurance satisfactory to LAWA. The documents evidencing all specified coverages shall be filed with LAWA in duplicate and shall be procured and approved in strict accordance with the provisions in Sections 11.47 through 11.56 of Administrative Code of the City of Los Angeles before the Aeronautical User uses the Occupied Terminal Area or any other portions of the Terminal areas. The documents evidencing the coverages shall contain the applicable policy number, the inclusive dates of policy coverages, and the insurance carrier's name, and shall bear an original signature of an authorized representative of the carrier. LAWA has the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing any policy of insurance required by this Section 9.2. Policies of insurance issued by non-California admitted carriers are subject to the provisions of California Insurance Code Sections 1760 through 1780, and any other regulations and directives from the California Department of Insurance or other regulatory

board or agency. Unless exempted, the Aeronautical User will provide LAWA with proof of insurance from the non-California admitted carriers through a surplus lines broker licensed by the State of California. The Aeronautical User will promptly furnish LAWA with (i) notice of cancellation or change in the terms of any policy of insurance required to be maintained by this Section 9.2, and (ii) copies of any renewals, replacement or endorsements of or to the policies (and, in the case of renewals or replacements, at least 15 days before the expiration of the corresponding existing policy).

9.3. Carriers; Policy Provisions. All insurance policies referred to in Section 9.2 that are carried by Aeronautical Users subject to this Tariff shall be maintained with insurance companies of recognized standing and with an A.M. Best rating of A/XII or better. Each insurance policy referred to in Section 9.2 shall also, whether under the express provisions of the policy, by LAWA's own endorsement form or by other endorsement attached to the policy, include LAWA, the Board and all of LAWA's officers, employees, and agents, as additional named insureds for all purposes of the policy. Each insurance policy referred to in Section 9.2 (other than policies for workers' compensation, employers' liability and fire and extended coverages) shall contain (a) a "Severability of Interest (Cross Liability)" clause stating "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 (b) a "Contractual Endorsement" stating "Such insurance as is afforded by this policy shall also apply to liability assumed by the insured under its use of property at Los Angeles International Airport." Each insurance policy referred to in Section 9.2 shall provide that the insurance provided under the policy shall not be subject to cancellation, reduction in coverage, or nonrenewal except after written notice, at least 30 days before the effective date, by certified mail, return receipt requested, to LAWA at its address specified in or under the provisions of Section 18.

## 10. *Damage or Destruction.*

10.1. Aeronautical User to Restore. If any Occupied Terminal Area is damaged or destroyed by fire or other casualty, then, whether or not (i) the damage or destruction shall have resulted from the fault or neglect of the Aeronautical User or any other Person, or (ii) the insurance proceeds shall be adequate therefor, the Aeronautical User will repair the damage, and restore the Occupied Terminal Area at the Aeronautical User's expense, promptly and expeditiously and with reasonable continuity, to the same or better condition as existed before the casualty and in such a manner as is otherwise consistent with this Tariff and the Aeronautical User's uses of the Occupied Terminal Area, in each case subject to all then existing Legal Requirements; provided, however, that any such repair and restoration obligation of the Aeronautical User shall be contingent upon LAWA's repair and restoration of the Terminal as a whole and all structural components of the Occupied Terminal Area if necessary. Any repair or restoration by the Aeronautical User of the Occupied Terminal Area following a casualty shall be considered an Alteration for the purposes of Section 4. If as a result of the repairs or restoration, a new certificate of occupancy shall be necessary for the Occupied Terminal Area, the Aeronautical User will obtain and deliver to LAWA a temporary or final certificate of occupancy before the damaged portions of the Occupied Terminal Area shall be used for any purpose.

10.2. Aeronautical User to Give Notice. Aeronautical Users subject to this Tariff will



give LAWA notice in case of material damage or destruction to the Occupied Terminal Area promptly after the Aeronautical User becomes aware of the event.

## **11. *Eminent Domain.***

11.1. Total Taking. If there shall occur a whole or partial Taking (other than for temporary use) of any Terminal, this Tariff shall be either modified or cease to be in effect with respect to the affected Terminal at the discretion of the eventual owner.

11.2. Awards. Whether there is a whole or partial Taking, Aeronautical Users subject to this Tariff shall not be entitled to receive any portion of LAWA's award in any proceeding relating to any Taking, whether temporary, partial, or whole.

**12. *No Purported Assignment or Subletting.*** No Property Rights, No Assignment. Because Aeronautical Users subject to this Tariff have no property rights in any property at any Terminal at the Airport subject to this Tariff, Aeronautical Users subject to this Tariff may not attempt to assign, mortgage, encumber sublet, license, nor sublicense Terminal areas used pursuant to this Tariff or any part thereof. Any such purported assignment, mortgage, encumbrance, license, subletting, or sublicensing is void. Notwithstanding the provisions of this Section 12, and without granting any property right or interest in the Terminal area used pursuant to this Tariff, in the event the Aeronautical User purports to license, sublet, or sublicense any portion of its Occupied Terminal Area, the licensee, sublessee, or sublicensee shall be subject to the same terms and conditions of this Tariff as though it were an Aeronautical User itself.

## **13. *Pipes, Ducts and Conduits; Access to Terminal areas, etc.***

13.1. Pipes, Ducts and Conduits. LAWA may, at its discretion, erect, use and maintain pipes, ducts and conduits in and through the Terminal areas.

13.2. LAWA's Access to Occupied Terminal Areas. Because Aeronautical Users subject to this Tariff have no property rights in the Occupied Terminal Areas, LAWA, its officers, employees, agents and contractors may enter the Occupied Terminal Areas at any time for the purpose of (i) inspecting the Occupied Terminal Areas and making repairs, restorations or alterations, (ii) inspecting the Occupied Terminal Areas or exhibiting them to prospective tenants or other users, or (iii) doing any other act or thing that LAWA may be obligated or have the right to do.

13.3. Emergency Access to Occupied Terminal Areas. If no authorized representative of the Aeronautical User shall be personally present to when LAWA, its officers, employees, agents and contractors, seek to enter the Occupied Terminal Areas and such an entry shall be urgently necessary by reason of fire or other emergency, LAWA may forcibly enter the Occupied Terminal Area without rendering LAWA liable therefor, if, to the extent possible and during and following the entry, LAWA will accord due care to the Aeronautical User's property under the emergency circumstances. LAWA will notify the Aeronautical User of any emergency entry as soon thereafter as practicable.

13.4. Changes to Common Areas. LAWA may, at its discretion, change the arrangement, design, number and location of entrances, passageways, doors, doorways,

corridors, elevators, stairways, restrooms, roads, sidewalks, landscaping and other parts of the Occupied Terminal Areas, the Terminal Common Areas, the Joint Use Areas, the International Joint Use Areas, Vertical Areas, and other areas of the Terminal and the Airport, although LAWA will attempt to avoid unreasonable interference or impairment of the Aeronautical User's use of the Occupied Terminal Areas, except with reasonable notice to the Aeronautical User of the changes.

**14. *Tariff Violations.*** If any one or more of the following events shall occur (each being referred to as a "Tariff Violation"):

- a. if the Aeronautical User shall fail to pay any installment of Base Charge or any additional charge on the date the same becomes due and payable and the failure shall continue for more than three days after payment is due; or
- b. if the Aeronautical User shall fail to perform or comply with the provisions of Section 5, and the failure shall continue for more than the number of days specified for the cure thereof in any notice from LAWA to the Aeronautical User of the failure; or
- c. if any insurance required to be maintained by the Aeronautical User under the terms of Section 9 shall be cancelled or terminated or shall expire (and if replacement insurance complying with the terms of Section 9 shall not have been effected prior to the cancellation, termination or expiration), or shall be amended or modified, except, in each case, as permitted by the terms of Section 9; or
- d. if the Aeronautical User shall fail to perform or comply with any term of this Tariff (other than those referred to in clauses (a) through (c) of this sentence) and the failure shall continue for more than ten days; or
- e. if the Aeronautical User shall (i) file, or consent by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, (ii) make an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts when due, (iii) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or of any material part of its properties, (iv) be adjudicated insolvent or be liquidated, or (v) take corporate action for the purpose of any of the foregoing; or
- f. if a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the Aeronautical User, a custodian, receiver, trustee or other officer with similar powers with respect to the Aeronautical User or with respect to any material part of its property, or if an order for relief shall be entered in any case or proceeding for liquidation or reorganization or otherwise to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation

of the Aeronautical User, or if any petition for any such relief shall be filed against the Aeronautical User and the petition shall not be dismissed within 30 days; or

- g. if the Aeronautical User shall leave the Occupied Terminal Areas without a demonstrable intention to return, whether or not the Aeronautical User continues to pay the Base Charge and additional charges in a timely manner; or
- h. if the Aeronautical User or any of its Affiliates shall be in material breach of the terms of any other tariff imposed by LAWA or any lease, license, permit or contract to which LAWA shall be a party; or
- i. if the Aeronautical User shall fail to pay when due any amount due under the Landing Fee; or
- j. if the Aeronautical User shall fail to remit when due to LAWA any Passenger Facility Charges;

the Aeronautical User shall be considered in violation of the Tariff and may be removed from any of its Occupied Terminal Areas without further notice, except that LAWA, in its discretion, may permit a good faith effort by the Aeronautical User either to comply immediately with the terms of this Tariff or to bring itself into compliance with the terms of this Tariff within a reasonable period of time. In the event LAWA does not choose to exercise such discretion to permit the continued use of the Occupied Terminal Areas, the Aeronautical User will pay, as an additional charge under this Tariff, all reasonable costs and expenses incurred by or on behalf of LAWA (including, without limitation, reasonable attorneys' fees and expenses) occasioned by any violation by the Aeronautical User of this Tariff. If a Tariff Violation shall occur, LAWA may immediately apply all amounts held by LAWA under any Performance Guaranty toward amounts then payable by the applicable Aeronautical User to LAWA. In the event of a removal of the Aeronautical User from the Occupied Terminal Areas at the expense of the Aeronautical User, LAWA may store any Aeronautical User Property so removed from the Terminal areas. LAWA shall be under no liability for or by reason of the Aeronautical User Property's removal.

## **15. *Performance Guaranty.***

15.1. Initial Performance Guaranty. It shall be a condition to the use of any Terminal area under this Tariff that the Aeronautical User shall have previously delivered a security deposit (the "Performance Guaranty") to LAWA at the following address:

City of Los Angeles  
Department of Airports  
Accounts Receivable  
Attn: FPG Administrator  
P.O Box 92214  
Los Angeles CA 90009-2214

The initial amount of the Performance Guaranty shall be the amount reflected on the Basic

Information Schedule as the "Performance Guaranty Amount", which is three times the sum of the amount of the initial estimated monthly installments of Base Charge, Terminal Expenses Additional charge, Airport Infrastructure Additional charge, and any other additional charges. The Performance Guaranty may only be in the form of a cashier's check or in the form of an irrevocable bank letter of credit (and if the Performance Guaranty is for an amount equal to or greater than \$5,000.00, the Performance Guaranty must be in the form of an irrevocable bank letter of credit), in either case issued by a bank satisfactory to LAWA. Any irrevocable bank letter of credit shall be self-renewing annually (but subject to termination as of any renewal date upon not less than 60 days' prior notice to LAWA, in accordance with Section 18) and shall otherwise be in such form as may be approved by the City Attorney. The Performance Guaranty shall not be in lieu of any other guaranty required by LAWA, nor shall any other guaranty in favor of LAWA relating to any obligation of the Aeronautical User, whether in connection with this Tariff or otherwise, stand wholly or partly in lieu of the Performance Guaranty.

15.2. Increases to Performance Guaranty. Whenever under the terms of this Tariff the monthly amounts payable by the Aeronautical User on account of Base Charge, Terminal Expenses Additional charge, Airport Infrastructure Additional charge, and all other additional charges increase, such that the amount of the aggregate cumulative increase shall exceed ten percent of the amount of the existing Performance Guaranty, the Aeronautical User will, within 30 days of the delivery by LAWA of a notice requiring that the Performance Guaranty be increased, deliver a new Performance Guaranty to LAWA at the address specified in Section 15.1 (or such other address as LAWA may from time to time specify for the purpose of this Section 15.2) in the amount of three times the sum of the amount of the then current monthly installments of Base Charge, Terminal Expenses, Airport Infrastructure Additional Charges, and all other additional charges payable under this Tariff. Upon the application by LAWA of any portion of the Performance Guaranty under the terms of Section 14, the Aeronautical User will immediately deliver a new Performance Guaranty to LAWA in the amount of the Performance Guaranty immediately before the application.

15.3. Purpose; Return. The Performance Guaranty shall be held by LAWA as security for the agreement by the Aeronautical User to obey the rules and regulations of this Tariff, including the payment of Base Charge, Terminal Expenses Additional charge, Airport Infrastructure Additional charge, and all other additional charges. Upon the permanent vacation of the Occupied Terminal Areas by the Aeronautical User, and provided it has satisfied all of its obligations to LAWA under this Tariff, LAWA will return the Performance Guaranty to the Aeronautical User.

15.4 Policy Change. The Board reserves the right, power and duty to revise and readjust the Performance Guaranty policy and amount at any time throughout the Aeronautical User's use of the Occupied Terminal Area. Upon the adoption of a revised Performance Guaranty policy by the Board, such policy shall be applicable to the Aeronautical User.

## 16. *Space Utilization.*

16.1. Policy. Because the Airport is a public facility essential to regional and national transport and economy, as a matter of public policy LAWA requires that space at the facilities of the Airport be fully utilized.

16.2. Accommodation. Without limiting the generality of rights of LAWA under Section 12, Section 16.3, or Section 16.4, if LAWA determines that any portion of the Joint Use Areas or the International Joint Use Areas are not being utilized, and are not likely to become fully utilized within a reasonable period of time, to the extent required by the utilization standards (the “Utilization Standards”) from time to time adopted by LAWA (and applicable generally to the Terminal areas and similarly situated space in the facilities of the Airport), LAWA may designate such Persons as it deems appropriate for the occupancy and use of the underutilized portion of the Joint Use Areas and the International Joint Use Areas.

16.3. Underutilization. If LAWA determines that any portion of the Occupied Terminal Area is not being utilized, and is not likely to become fully utilized within a reasonable period of time to the extent required by the Utilization Standards, LAWA may seek and incorporate other Persons to utilize fully the underutilized yet Occupied Terminal Area (the “Underutilized Space”). If within 90 days following the delivery of the notice the Aeronautical User subject to this Tariff fails to adequately demonstrate to the satisfaction of LAWA that the Underutilized Space is then being, and reasonably anticipated to continue being, utilized to the extent required by the Utilization Standards, LAWA may deliver to the Aeronautical User a notice that it is in violation of this Tariff and may be removed from the underutilized Occupied Terminal Areas on a date specified in the notice and not less than 30 days following the date on which the notice is delivered. If LAWA so elects under this Section 16.3, (i) the Aeronautical User will vacate the Underutilized Space on the date specified in LAWA’s notice of election in the condition required by the provisions of this Tariff, (ii) the Underutilized Space shall be eliminated from the Occupied Terminal Area, (iii) the Aeronautical User’s Use Share and the Aeronautical User’s Special Use Share shall be recalculated after subtracting the Measured Area of the Underutilized Space from the then Measured Area of the Occupied Terminal Area immediately before the full utilization, (iv) the Base Charge shall be recalculated after subtracting the Measured Area of the Underutilized Space from the previously Measured Area of the Occupied Terminal Area immediately before the recapture, (v) any other additional charge payable for any period from and after the date of the full utilization shall be appropriately adjusted, and (vi) any necessary proration of Base Charge, Terminal Expenses Additional charge, Airport Infrastructure Additional charge, and all other additional charges will be made as if, for the Underutilized Space, the date of the full utilization was the last day of the month.

16.4. Cancellation upon Cessation of Service.

16.4.1. [Applicable to Airline Aeronautical Users Only] If the Aeronautical User shall for any reason cease regularly scheduled or actual flight services at the Airport, LAWA may immediately remove the Aeronautical User from any Occupied Terminal Area. In the event of such a cancellation of service, (i) the Aeronautical User will surrender the Occupied Terminal Area as soon as practicable, in the condition required by the provisions of this Tariff, and (ii) the Base Charge and all additional charge will be prorated as of the date of vacancy.

16.4.2. [Applicable to non-Airline Aeronautical Users Only] If the Aeronautical User for any reason does not have a valid agreement or license with LAWA to do business on Airport property, LAWA may immediately remove the Aeronautical User from any Occupied Terminal Area. In such event, (i) the Aeronautical User will

surrender the Occupied Terminal Area as soon as practicable, in the condition required by the provisions of this Tariff, and (ii) the Base Charge and all additional charge will be prorated as of the date of vacancy.

16.5. Scheduling of Ticket Counter Space, Gate Areas, etc. [Applicable to Airline Aeronautical Users Only] The efficient use of the Terminal in the public interest requires that certain critical facilities in the Joint Use Areas and the International Joint Use Areas (consisting of ticket counters, gate areas and other facilities from time to time designated by LAWA, and referred to as the "Allocated Facilities") be available for use by Terminal Users, that from time to time can make the most productive use of the Allocated Facilities. LAWA shall therefore have the right in its discretion to schedule specific portions of the Allocated Facilities for the use of particular Terminal Users, for specific periods, and the Aeronautical User acknowledges that all Terminal Users must accept flexibility in the scheduling by LAWA of the Allocated Facilities. Furthermore, LAWA may from time to time adopt guidelines for the scheduling of the Allocated Facilities. In addition to the right to schedule the use of the Allocated Facilities, LAWA shall have the right to establish preferences in the use of Allocated Facilities under the provisions of Section 16.6.

16.6. Preferential Use Rights. [Applicable to Airline Aeronautical Users Only] LAWA may from time to time, by notice to the Terminal Users, establish preferences in the use of the Allocated Facilities in favor of one or more Terminal Users, to the extent specified in the notice. LAWA may establish in favor of a Terminal User a preferential use right in a gate area and associated Allocated Facilities in the Joint Use Areas when, as determined in the discretion of LAWA, the arrivals and departures of flights operated by the Terminal User from the gate area can be scheduled in a manner that will substantially exceed the Utilization Standards. In the discretion of LAWA, flights arrivals and departures operated by any Affiliate of a Terminal User may be treated as being operated by the Terminal User for the purposes of LAWA's determination under the immediately preceding sentence. If LAWA shall have determined in its discretion that (a) the Aeronautical User can no longer be reasonably expected to operate flights from a gate area as to which the Aeronautical User was previously granted preferential rights under this Section 16.6, or (b) any preferential right granted to the Aeronautical User under this Section 16.6 unreasonably reduces the efficient use of the Terminal, LAWA may, in its discretion, terminate the preferential right as to which the determination is made.

17. ***End of Use.*** Upon its vacancy of the Occupied Terminal Areas, the Aeronautical User will leave the premises broom clean, in good order and in the condition required by the provisions of this Tariff.

18. ***Notices.*** Any notice or other communication required or permitted to be given, rendered or made by either party to the other, by any provision of this Tariff or by any applicable law or requirement of public authority, shall (unless otherwise expressly set forth herein) be in writing and shall be deemed to have been properly given, rendered or made, if delivered by hand or received by certified mail, postage prepaid, return receipt requested, or delivered by nationally recognized overnight courier service, delivery service prepaid, or delivered by telecopier, in any case addressed as follows:

If to LAWA:

Department of Airports  
1 World Way  
Post Office Box 92216  
Los Angeles, California 90009-2216  
Attention: Executive Director

Telecopier No. (310) 646-0523

with a copy to:

Department of Airports  
1 World Way  
Post Office Box 92216  
Los Angeles, California 90009-2216  
Attention: City Attorney

Telecopier No. (310) 646-9617

If to the Aeronautical User:

to the addresses shown on the Basic Information Schedule under the heading  
“Aeronautical User Addresses for Notices”.

LAWA or the Aeronautical User may from time to time, by notice, designate a different or additional address within the United States or attention designation for communications intended for it. Any notice or other communication given by certified mail shall be deemed given as of the date of delivery as indicated on the return receipt, or when the delivery is first refused. Any notice or other communication delivered by a nationally recognized overnight courier service shall be deemed delivered on the Business Day following the day upon which the notice or other communication was delivered to the courier. Any notice or other communication delivered by telecopier shall be deemed delivered when the transmission is actually received, if received during normal business hours, otherwise the notice or other communication, if received, shall be deemed delivered on the following Business Day. Any notice or other communication may be given on behalf of LAWA or the Aeronautical User by their respective attorneys, provided that the attorneys represent their capacity as such in the notice or other communication.

## **19. Utilities.**

19.1. Aeronautical User Responsible. Aeronautical Users subject to this Tariff shall be responsible for the payment of all costs of furnishing utilities to the Occupied Terminal Area (including all charges for water, gas, heat, light, power, telephone, and other utility service used by the Aeronautical User in connection with its use of the Occupied Terminal Area), including deposits, connection fees and meter installation and rentals required by the supplier of any utility service, and the costs of all equipment and improvements necessary for connecting the Occupied Terminal Area to utility service facilities. If LAWA agrees that it is impracticable to separately

meter a given utility for the Occupied Terminal Area, then the Aeronautical User shall pay to LAWA, as an additional charge, on a pro-rata per square foot basis, for all utilities that are supplied by LAWA to the Occupied Terminal Area, at charges which will reflect fully compensatory, non-discriminatory, standard rates established by LAWA from time to time. The Aeronautical User shall also be responsible for the payment of any and all taxes of whatever character that may be levied or charged upon the Occupied Terminal Area for furnishing utilities to the Occupied Terminal Area.

19.2. LAWA Not Liable. LAWA will not be liable to the Aeronautical User for any failure, defect, impairment or deficiency in the supply of any utility service furnished to the Occupied Terminal Area or in any system supplying the service.

19.3. Interruptions of Service. LAWA has the right to interrupt the services provided by the Terminal's heating, ventilation, air conditioning, elevator, plumbing and electrical systems or other Terminal systems when necessary by reason of accident or emergency or for repairs, alterations, replacements or improvements.

**20. *Rights of Flight.*** LAWA has, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above any space used in the Terminal, including the right to cause any noise and vibration inherent in the operation of any aircraft through the airspace or landing at, taking off from, or operating at the Airport. The Aeronautical User will not to make any claim against LAWA under any theory of recovery for any interference with the Aeronautical User's use of the Occupied Terminal Areas that may result from noise or vibration emanating from the operation of aircraft at the Airport.

**21. *Airport and Terminal Management.***

21.1. Authority of LAWA in Terminal Common Areas, Vertical and Joint Use Areas. The Airport is a public facility essential to regional and national transport and economy and LAWA is a political subdivision with a public responsibility for the proper functioning of the Airport and the Terminal. In order to carry out its responsibilities (including its obligations to comply with the requirements of the Federal Aviation Administration, the U.S. Transportation Security Administration, and other Legal Requirements), LAWA must therefore have broad power to regulate activities in the Airport and in the areas of the Terminal not part of the Occupied Terminal Area. Accordingly, LAWA may from time to time adopt rules and regulations, and may make other specific orders, for the conduct of operations in the Joint Use Areas, the International Joint Use Areas, the Terminal Common Areas, and the Vertical Areas. Aeronautical Users subject to this Tariff shall at all times comply with any rules and regulations from time to time so adopted and any specific orders so made by LAWA (and of which the Aeronautical User shall have received a copy in writing), provided only that the rules and regulations are adopted, and the orders made, by LAWA in the good faith discharge of its public responsibilities and do not unreasonably discriminate against the business operations of the Aeronautical User in the Terminal areas.

21.2. Major Changes. LAWA may make any change to the Terminal or the Airport that LAWA determines may be necessary or desirable. Aeronautical Users subject to this Tariff acknowledge that LAWA may undertake various improvements to the Airport and the Terminal



during the Aeronautical User's use of the Occupied Terminal Area, and that the construction of the improvements may interfere with the Aeronautical User's operations at the Terminal. LAWA will reasonably attempt to mitigate the effects on the Aeronautical User's operations.

**22. *No Representations.*** By virtue of use under this Tariff, the Aeronautical User accepts the Occupied Terminal Area and the Terminal "as is", in their condition and state of repair existing on the date that the Aeronautical User begins to use Terminal space at any Terminal at the Airport subject to this Tariff. LAWA makes no representations, express or implied, as to the current condition of the Terminal, the Airport or the Occupied Terminal Area, or the equipment and systems serving the Terminal, the Airport or the Occupied Terminal Area.

**23. *Communications Equipment and Antennae.*** Aeronautical Users subject to this Tariff have no right to install or use any telecommunications equipment or antennae on the roof or exterior of the Terminal, unless (a) the installation and use are directly related to the conduct of the Aeronautical User's business at the Occupied Terminal Area and are in full compliance with LAWA's permit process and telecommunications policies, as established in the discretion of LAWA, and (b) the installation is effected in compliance with the requirements of Section 4. The Aeronautical User will not purport to license or in any other manner attempt to permit any other Person to use any telecommunications equipment or antennae at the Terminal. LAWA maintains the right to install or use telecommunications equipment or antennae on the roof or exterior of the Occupied Terminal Area and to install and attach cables, wires and conduits on, over or under the Occupied Terminal Area in connection with telecommunications equipment or antennae, or to license or otherwise permit others to do so, without compensation or a credit to the Aeronautical User.

**24. *Signs and Advertising Materials.*** Except as set forth in this Section 24, Aeronautical Users subject to this Tariff will not place any signs or advertising materials in any location at the Terminal without the prior consent of LAWA, which consent may be withheld in the discretion of LAWA. Any request for the approval of identification signs for the Aeronautical User's operations shall be accompanied by illustrative drawings and design dimensions together with information about the type of identification signs proposed by the Aeronautical User and the locations in which the signs are proposed to be installed. The Aeronautical User will comply with any conditions to the installation or use of signs to which LAWA may make its consent subject. The Aeronautical User will keep all ticket counter space used by the Aeronautical User and any associated ticket lifts and podiums free of all signs, advertising materials, credit card application dispensing units, posters and banners. LAWA may without notice remove any unauthorized signs or advertising materials, and may store them at the Aeronautical User's expense, and may dispose of them if they are not promptly claimed by the Aeronautical User after notice from LAWA.

**25. *Other Aeronautical User Restrictions.***

25.1. Environmental Matters. The Aeronautical User's activities at or about the Terminal areas and the Application of all Hazardous Materials shall comply at all times with all Environmental Requirements. Except for conditions existing before the original occupancy or use of the Terminal areas by the Aeronautical User, in the case of any the spill, leak, discharge, or improper storage of any Hazardous Materials on the Occupied Terminal Area or

contamination of the Occupied Terminal Area with Hazardous Materials by any Person (or by the Aeronautical User or its employees, agents, contractors, or subcontractors onto any other property at the Airport), the Aeronautical User will make or cause to be made any necessary repairs or corrective actions as well as to clean up and remove any spill, leakage, discharge or contamination, all in accordance with applicable Environmental Requirements. Prior to vacating the Terminal the Aeronautical User will remove from the Terminal areas all Hazardous Materials applied by the Aeronautical User at the Terminal areas. If the Aeronautical User installs or uses underground storage tanks, above-ground storage tanks, pipelines, or other improvements on the Terminal areas for the storage, distribution, use, treatment, or disposal of any Hazardous Materials, the Aeronautical User will, prior to vacating the Occupied Terminal Area, remove or clean up such improvements, at the election of LAWA, at the sole expense of the Aeronautical User and in compliance with all Environmental Requirements and the reasonable directions of LAWA. The Aeronautical User shall be responsible and liable for the compliance with all of the provisions of this Section 25.1 by the Aeronautical User's officers, employees, contractors, agents and invitees. The Aeronautical User will, at its expense, promptly take all actions required by any governmental agency in connection with the Aeronautical User's Application of Hazardous Materials at or about the Terminal areas, including inspection and testing, performing all cleanup, removal and remediation work required for those Hazardous Materials, complying with all closure requirements and post-closure monitoring, and filing all required reports or plans. All of the foregoing work and all Application of Hazardous Materials shall be performed in a good, safe and workmanlike manner by personnel qualified and licensed to undertake the work and in a manner that will not materially interfere with LAWA's use, operation and leasing of the Terminal or the Airport and other Persons' quiet enjoyment of their premises. The Aeronautical User will deliver to LAWA copies of all permits, manifests, closure or remedial action plans, notices, and all other documents relating to the Aeronautical User's Application of Hazardous Materials at or about the Terminal areas, before delivery to any agency, or promptly after receipt from any agency. The Aeronautical User will keep LAWA fully informed of its Application of Hazardous Materials, and, if the Aeronautical User Applies Hazardous Materials, LAWA may engage one or more consultants to review all permits, manifests, remediation plans and other documents related to the Application of the Hazardous Materials. LAWA's reasonable out-of-pocket costs of engaging the consultants will be paid by the Aeronautical User.

25.2. Security. The Aeronautical User will fully comply with all Legal Requirements relating to airfield and airport security. The Aeronautical User will maintain and keep in good repair that portion of the Airport perimeter fence, including gates and doors, that are in the Occupied Terminal Area or controlled by the Aeronautical User. The Aeronautical User will comply fully with applicable provisions of the Transportation Security Administration ("TSA") Regulations, 49 CFR, Part 1500 through 1550, as may be amended from time to time, or any successor statute, including the establishment and implementation of procedures acceptable to LAWA to control access from the Occupied Terminal Area to air operation areas in accordance with the Airport Security Program required by 49 CFR Part 1542, as may be amended from time to time, or any successor statute. The Aeronautical User will exercise exclusive security responsibility for the Occupied Terminal Area and, if the Aeronautical User is an Airline, will also exercise security responsibility pursuant to Aeronautical User's TSA-approved Aircraft Operator Standard Security Program used in accordance with 49 CFR, Part 1544, as may be amended from time to time, or any successor statute. Without limiting the generality of the foregoing, the Aeronautical User will keep gates and doors in the Occupied Terminal Area and

that permit entry to restricted areas at the Airport locked at all times when not in use or under the Aeronautical User's constant security surveillance. The Aeronautical User will report gate or door malfunctions that permit unauthorized entry into restricted areas to LAWA's operations center without delay, and the Aeronautical User will maintain the affected gate or door under constant security surveillance until repairs are affected by the Aeronautical User or LAWA and the gate or door is properly secured. The Aeronautical User will pay all civil penalties levied by the Federal Aviation Administration for violation of Federal Aviation Regulations pertaining to security gates or doors in the Occupied Terminal Area or otherwise controlled by the Aeronautical User.

25.3. Business Tax Registration. If it has not already done so, prior to using the Terminal area, the Aeronautical User will register its business with the office of the City Clerk of the City of Los Angeles and will obtain and presently holds a Business Tax Registration Certificate, or a Business Tax Exemption Number, required by the Business Tax Ordinance (Article I, Chapter 2, Sections 21.00 and following, of the Municipal Code of the City of Los Angeles). The Aeronautical User will maintain, or obtain as necessary, all certificates required of the Aeronautical User under that ordinance, and shall not allow any such certificate to be revoked or suspended while using the Terminal area.

25.4. Noise Abatement Procedures. The Aeronautical User will comply with the Department's Noise Abatement Rules and Regulations. Under the requirements of the 1993 LAX Noise Variance and in order to limit the use of auxiliary power units, the Aeronautical User will provide a sufficient number of ground power units at each gate and maintenance area used by the Aeronautical User's aircraft at the Terminal.

25.5. Nondiscrimination and Equal Employment Practices.

25.5.1. Federal Non-Discrimination Provisions. To the extent required by law, notwithstanding any other provision of this Tariff and without implying any property right in the Terminal, the Aeronautical User agrees to maintain and operate such facilities and services in compliance with all requirements imposed pursuant to 49 CFR, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

25.5.2. City Non-Discrimination Provisions.

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

b. Non-Discrimination In Employment. The Aeronautical User obligates itself not to discriminate against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition. The Aeronautical User will take affirmative action to insure that applicants for employment are treated without regard to the aforementioned factors and will 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.

c. Equal Employment Practices. If the total payments made to LAWA under this Tariff are \$1,000 or more, this provision shall apply. While the Aeronautical User is making payments pursuant to this Tariff, the Aeronautical User will comply with Section 10.8.3 of the Los Angeles Administrative Code ("Equal Employment Practices"), a copy of which is attached hereto for convenience as Exhibit D. By way of specification but not limitation, under Sections 10.8.3.E and 10.8.3.F of the Los Angeles Administrative Code, the failure of the Aeronautical User to comply with the Equal Employment Practices provisions of this Tariff may be deemed to be a violation of this Tariff. 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 Aeronautical User. Upon a finding duly made that the Aeronautical User has failed to comply with the Equal Employment Practices provisions of this Tariff, said failure shall be considered a violation of this Tariff.

d. Affirmative Action Program. If the total payments to LAWA under this Tariff are \$100,000 or more, this provision shall apply. During the performance of this Tariff, the Aeronautical User will comply with Section 10.8.4 of the Los Angeles Administrative Code ("Affirmative Action Program"), a copy of which is attached hereto for convenience as Exhibit E. By way of specification but not limitation, under Sections 10.8.4.E and 10.8.4.F of the Los Angeles Administrative Code, the failure of the Aeronautical User to comply with the Affirmative Action Program provisions of this Tariff constitutes a violation of this Tariff. 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 Aeronautical User. Upon a finding duly made that the Aeronautical User has failed to comply with the Affirmative Action Program provisions of this Tariff, said failure shall be considered a violation of this Tariff.

25.6. Taxes, Permits and Licenses. The Aeronautical User will pay any and all taxes of whatever character that may be levied or charged upon the Occupied Terminal Area, or upon the Aeronautical User's improvements, fixtures, equipment, or other property thereon or upon the Aeronautical User's use thereof. The Aeronautical User will also pay all license or permit fees necessary or required by law or regulation for the conduct of the Aeronautical User's business or use of the Terminal areas.

#### 25.7. Living Wage Ordinance

25.7.1. General Provisions; Living Wage Policy. This Tariff is subject to the Living Wage Ordinance ("LWO"), Section 10.37, et seq., of the Los Angeles Administrative Code, a copy of which is attached hereto for convenience as Exhibit F. The LWO requires that, unless specific exemptions apply, any employees of the Aeronautical User or licensees of

property of the City of Los Angeles who render services on the Occupied Terminal Areas are covered by the LWO if any of the following applies: (1) the services are rendered on the Occupied Terminal Areas at least a portion which are visited by substantial numbers of the public on a frequent basis, (2) any of the services could feasibly be performed by City of Los Angeles employees if the awarding authority had the requisite financial and staffing resources, or (3) the designated administrative agency of the City of Los Angeles has determined in writing that coverage would further the proprietary interests of the City of Los Angeles. Employees covered by the LWO are required to be paid not less than a minimum initial wage rate, as adjusted each year. The LWO also requires that employees be provided with at least 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 under Section 10.37.2(b). The LWO requires employers to inform employees making less than twelve dollars per hour of their possible right to the federal Earned Income Tax Credit and to make available the forms required to secure advance Earned Income Tax Credit payments from the employer under Section 10.37.4. The Aeronautical User will permit access to work sites for authorized representatives of the City of Los Angeles to review the operation, payroll, and related documents, and to provide certified copies of the relevant records upon request by the City of Los Angeles. Whether or not subject to the LWO, the Aeronautical User will not retaliate against any employee claiming non-compliance with the provisions of the LWO, and, in addition, under Section 10.37.6(c), the Aeronautical User will comply with federal law prohibiting retaliation for union organizing.

25.7.2. Living Wage Coverage Determination. An initial determination has been made that this Tariff is not exempt from coverage by the LWO. The Living Wage Coverage Determination Form reflecting that initial determination is attached to this Tariff as Exhibit G. Determinations as to whether this Tariff is covered by the LWO, or whether an employer or employee are exempt from coverage under the LWO are not final, but are subject to review and revision as additional facts are examined and other interpretations of the law are considered. In some circumstances, applications for exemption must be reviewed periodically. The City of Los Angeles will notify the Aeronautical User in writing about any redetermination by the City of Los Angeles of coverage or exemption status. To the extent the Aeronautical User claims non-coverage or exemption from the provisions of the LWO, the burden shall be on the Aeronautical User to prove the non-coverage or exemption.

25.7.3. Compliance. If the Aeronautical User is not initially exempt from the LWO, the Aeronautical User will comply with all of the provisions of the LWO, including payment to employees at the minimum wage rates, effective on the Commencement Date, and will execute the Declaration of Compliance Form attached to this Tariff as Exhibit H, contemporaneously with the execution of this Tariff. If the Aeronautical User is initially exempt from the LWO, but later no longer qualifies for any exemption, the Aeronautical User will, at such time as the Aeronautical User is no longer exempt, comply with the provisions of the LWO and execute the then currently used Declaration of Compliance Form, or such form as the LWO requires. Under the provisions of Section 10.37.6(c) of the Los Angeles Administrative Code, violation of the LWO shall constitute a material breach of this Tariff and LAWA shall be entitled to terminate airline use of space in any Terminal at the Airport and otherwise pursue legal remedies that may be available, including those set forth in the LWO, if the City of Los Angeles determines that the Aeronautical User 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 Tariff. Nothing in this Tariff shall be construed to extend the time periods or limit the remedies provided in the LWO.

25.8. Service Contractor Workers Retention Ordinance. This Tariff may be subject to the Service Contractor Worker Retention Ordinance (“SCWRO”), Section 10.36, *et seq.*, of the Los Angeles Administrative Code, a copy of which is attached for convenience as Exhibit I. If applicable, the Aeronautical User must also comply with the SCWRO which requires that, unless specific exemptions apply, all employers under contracts that are primarily for the furnishing of services to or for the City of Los Angeles and that involve an expenditure or receipt in excess of \$25,000 and a contract term of at least three months shall provide retention by a successor contractor for a 90-day transition period of the employees who have been employed for the preceding twelve 12 months or more by the terminated contractor or subcontractor, if any, as provided for in the SCWRO. Under the provisions of Section 10.36.3(c) of the Los Angeles Administrative Code, the City of Los Angeles has the authority, under appropriate circumstances, to terminate the Aeronautical User’s use of space in any Terminal at the Airport and otherwise pursue legal remedies that may be available if the City of Los Angeles determines that the Aeronautical User violated the provisions of the SCWRO.

25.9. Child Support Orders. This Tariff is subject to Section 10.10, Article I, Chapter 1, Division 10 of the Los Angeles Administrative Code related to Child Support Assignment Orders, a copy of which is attached for convenience as Exhibit J. Under this Section, the Aeronautical User (and any subcontractor of the Aeronautical User providing services to LAWA under this Tariff) will (1) fully comply with all State and Federal employment reporting requirements for the Aeronautical User or the Aeronautical User’s subcontractor’s employees applicable to Child Support Assignments Orders; (2) certify that the principal owners of the Aeronautical User and applicable subcontractors are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230, *et seq.*; and (4) maintain compliance throughout the Aeronautical User’s use of the Occupied Terminal Area. Under Section 10.10(b) of the Los Angeles Administrative Code, failure of the Aeronautical User or an applicable subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owners of the Aeronautical User or applicable subcontractors to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a violation of this Tariff permitting LAWA to terminate Aeronautical User’s use of space in any Terminal at the Airport where the failure shall continue for more than 90 days after notice of the failure to the Aeronautical User by LAWA (in lieu of any time for cure provided elsewhere in this Tariff).

25.10. Visual Artists’ Rights Act. The Aeronautical User will 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.*, (collectively, “VARA”) on or about the Terminal areas without first obtaining a written waiver from the artist of all rights under VARA, satisfactory to LAWA and approved as to form and legality by the City Attorney. The waiver shall be in full compliance with VARA and shall name LAWA as a party for which

the waiver applies. The Aeronautical User will not install, or causing to be installed, any piece of artwork covered under VARA at the Terminal areas without the prior approval and waiver of LAWA. Any work of art installed at the Terminal areas without such prior approval and waiver shall be deemed a trespass, removable by LAWA, upon three days' written notice, with all costs, expenses, and liability therefor to be borne exclusively by the Aeronautical User.

25.11. Contractor Responsibility Program. The Aeronautical User will comply with the provisions of the Contractor Responsibility Program adopted by the Board. The rules, regulations, requirements and penalties of the Contractor Responsibility Program and the Pledge of Compliance Form are attached to this Tariff as Exhibit K.

25.12. First Source Hiring Program. The Aeronautical User will comply with the provisions of the First Source Hiring Program adopted by the Board. The rules, regulations, requirements, and penalties of the First Source Hiring Program are attached to this Tariff as Exhibit L.

**26. Definitions.** The terms defined in this Section 26 shall have, for all purposes of this Tariff, the meanings herein specified unless unambiguously required to the contrary by their context.

"Aeronautical User" means a Person whose business is involved in aeronautical activity, other than a (i) government or political subdivision thereof or a governmental agency, or (ii) Concessionaire.

"Aeronautical User's International Joint Use Share" means, for any Terminal for any calendar month for which the Terminal Activity Threshold is satisfied during a Tariff Year, the percentage equal to zero, if the Aeronautical User has during the calendar month operated no flights arriving at the Terminal and from which passengers required clearance by Federal immigration and customs authorities, and otherwise equal to the sum of (a) the percentage reflected on the Basic Information Schedule as the "Terminal User International Factor" for the Terminal divided by the number of Terminal Users, including the Aeronautical User, operating flights arriving at the Terminal at any time during the month and from which passengers required clearance by Federal immigration and customs authorities, plus (b) the percentage reflected on the Basic Information Schedule as the "Flight International Factor" multiplied by a fraction, the numerator of which is the aggregate number of flights operated by the Aeronautical User, arriving at the Terminal during the month and from which passengers required clearance by Federal immigration and customs authorities, and the denominator of which is the aggregate number of flights operated by all of the Terminal Users (including the Aeronautical User) arriving at the Terminal during the month, and from which passengers required clearance by Federal immigration and customs authorities, plus (c) the percentage reflected on the Basic Information Schedule as the "Passenger International Factor" multiplied by a fraction, the numerator of which is the number of the passengers using the Terminal during the month (and requiring clearance by Federal immigration and customs authorities) to deplane from any flight operated by the Aeronautical User and the denominator of which is the number of the passengers using the Terminal during the month (and requiring clearance by Federal immigration and customs authorities) to deplane from any flight operated by any of the Terminal Users, including the Aeronautical User. For any Terminal for any calendar month during a Tariff Year for which the Terminal Activity Threshold is not satisfied, the Aeronautical User's Joint Use Share shall be

computed in the same manner, but with the following adjustments: (a) the number of Terminal Users operating flights arriving at the Terminal at any time during the month and from which passengers required clearance by Federal immigration and customs authorities will be deemed to be one greater than the actual number, (b) the aggregate number of flights operated by any of the Terminal Users (including the Aeronautical User) arriving at and departing from the Terminal during the month and from which passengers required clearance by Federal immigration and customs authorities will be deemed to be increased by the same percentage as the percentage increase in flights for purposes of computation required by clause (b) of the second sentence of the definition of the Aeronautical User's Joint Use Share, and (c) the number of all of the passengers using the Terminal during the month (and requiring clearance by Federal immigration and customs authorities) to enplane onto or deplane from any passenger flight operated by any of the Terminal Users, including the Aeronautical User, will be deemed to be increased by the same percentage as the percentage increase in passengers for purposes of computation required by clause (c) of the second sentence of the definition of the Aeronautical User's Joint Use Share. An estimated calculation of the Aeronautical User's International Joint Use Share as of the Commencement Date (but, for the purpose of illustration only, assuming that the Commencement Date is the first day of the calendar month) is shown on the Basic Information Schedule under the heading "Aeronautical User's International Joint Use Share". With respect to an Aeronautical User that is not an Airline, such Aeronautical User's International Joint Use Share shall be zero (0).

"Aeronautical User's Joint Use Share" means, for any Terminal for any calendar month for which the Terminal Activity Threshold is satisfied during a Tariff Year, the percentage equal to the sum of (a) the percentage reflected on the Basic Information Schedule as the "Terminal User Factor" divided by the number of Terminal Users, including the Aeronautical User, for all or any portion of the month, plus (b) the percentage reflected on the Basic Information Schedule as the "Flight Factor" multiplied by a fraction, the numerator of which is the aggregate number of flights operated by the Aeronautical User, arriving at and departing from the Terminal during the month and the denominator of which is the aggregate number of flights operated by any of the Terminal Users (including the Aeronautical User) arriving at and departing from the Terminal during the month, plus (c) the percentage reflected on the Basic Information Schedule as the "Passenger Factor" multiplied by a fraction, the numerator of which is the number of the passengers using the Terminal during the month to enplane onto or deplane from any passenger flight operated by the Aeronautical User, and the denominator of which is the number of all of the passengers using the Terminal during the month to enplane onto or deplane from any passenger flight operated by any of the Terminal Users, including the Aeronautical User. For any Terminal for any calendar month during a Tariff Year for which the Terminal Activity Threshold is not satisfied, the Aeronautical User's Joint Use Share shall be computed in the same manner, but with the following adjustments: (a) the number of Terminal Users for all or any portion of the month will be deemed to be one greater than the actual number, (b) the aggregate number of flights operated by any of the Terminal Users (including the Aeronautical User) arriving at and departing from the Terminal during the month will be deemed to be greater than the actual number by the number of flights sufficient to carry the smallest number of additional passengers using the Terminal during the month to enplane onto or deplane from any passenger flight that would have been necessary to satisfy the Terminal Activity Threshold for the month (at an average passenger load equal to the number of all of the passengers using the Terminal during the month to enplane onto or deplane from any passenger flight operated by any of the



Terminal Users, including the Aeronautical User, divided by the actual aggregate number of flights operated by any of the Terminal Users, including the Aeronautical User, arriving at and departing from the Terminal during the month), and (c) the number of all of the passengers using the Terminal during the month to enplane onto or deplane from any passenger flight operated by any of the Terminal Users, including the Aeronautical User, will be deemed to be the smallest number that would have satisfied the Terminal Activity Threshold for the month. An estimated calculation of the Aeronautical User's Joint Use Share as of the Commencement Date (but, for the purpose of illustration only, assuming that the Commencement Date is the first day of the calendar month) is shown on the Basic Information Schedule under the heading "Aeronautical User's Joint Use Share". With respect to an Aeronautical User that is not an Airline, such Aeronautical User's Joint Use Share shall be zero (0).

"Aeronautical User's Property" means all furniture, furnishings, office equipment, books, records, office supplies, computers and related equipment, audio-visual equipment, telephone systems and equipment, art work and rugs installed at or located in the Terminal areas at the expense of the Aeronautical User and removable without damage to the Terminal that cannot be readily repaired.

"Aeronautical User's Special Use Share" means, for any Terminal for any calendar month, the percentage represented by the fraction, the numerator of which is the Space Use Factor for the month and the denominator of which is the positive difference between the Terminal Measured Area for the month and the Measured Area of the Excluded Areas for the month. An estimated calculation of the Aeronautical User's Special Use Share as of the Commencement Date (but, for the purpose of illustration only, assuming that the Commencement Date is the first day of the calendar month) is shown on the Basic Information Schedule under the heading "Aeronautical User's Special Use Share".

"Aeronautical User's Use Share" means, for any Terminal for any calendar month, the percentage represented by the fraction, the numerator of which is the Space Use Factor for the Terminal for the month and the denominator of which is the Measured Area of the Terminal for the month. An estimated calculation of the Aeronautical User's Use Share as of the Commencement Date (but, for the purpose of illustration only, assuming that the Commencement Date is the first day of the calendar month) is shown on the Basic Information Schedule under the heading "Aeronautical User's Use Share".

"Affiliate" means, as to any Person, any Person or group of Persons acting in concert in respect of the Person in question that, directly or indirectly, controls or is controlled by or is under common control with the Person in question. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used referring to any Person or group of Persons shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the Person or group, whether through the ownership of voting securities or by contract or otherwise.

"Airline" means an Air Carrier or Foreign Air Carrier as defined in 49 U.S.C. § 40102(a)(2) & (a)(21), respectively.

“Airline Equipment” means the personal property comprising systems, equipment, and furnishings from time to time installed in the Terminal and dedicated primarily to air passenger operations (including common use terminal equipment and systems, loading bridges, and seating), but excluding (a) fixtures (including ticket counters and baggage claim, make-up and conveyance systems), and (b) Aeronautical User’s Property.

“Airport” means Los Angeles International Airport in Los Angeles, California.

“Airport Debt” means general airport revenue bonds, general obligation bonds, passenger facility charge bonds, commercial paper, notes, bond anticipation notes, and any other forms of instruments creating an indebtedness issued, incurred, or assumed by LAWA in connection with the ownership, development, or operation of the Airport and payable in whole or in part from revenues received by LAWA from the operation of the Airport.

“Airport Debt Instrument” means any agreement, indenture, lease, or resolution that provides for the issuance, incurrence, or assumption of Airport Debt, and includes a trust indenture, installment payment agreement, issuing and paying agent agreement, loan agreement, and lease purchase agreement.

“Airport Engineer” means the Chief Airports Engineer of the Airport from time to time, as successors to that position may be designated (by whatever title).

“Airport Infrastructure Charges” means, for any calendar month, those expenses and other charges that satisfy all of the following conditions: (a) they are incurred or accrued by or on behalf of LAWA in respect of the Airport during the calendar month, (b) they consist of Coverage Expenses, Permitted Amortization, or Reserve Deposits for any Airport Infrastructure Improvement, (c) they are allocable to the Terminal as described in Section 2.8.1, and (d) they do not consist of any of the following: (1) any expense or other charge that would otherwise be included in Airport Infrastructure Charges to the extent LAWA is reimbursed therefor, net of costs of collection, by proceeds of any government grant (other than any grant from the City of Los Angeles), insurance, condemnation award, refund, credit, warranty, or otherwise, (2) any expense or other charge that is included in Terminal Expenses for the month, (3) any expense or other charge that is duplicative of an expense or other charge included in the Landing Fee (but no expense or other charge included in the Landing Fee shall be deemed duplicative of any expense or charge that would otherwise be included in Airport Infrastructure Charges to the extent that the expense or charge relates to the same Capital Improvement and is explicitly allocated in the books and records of LAWA between, among other accounts if applicable, the Landing Fee and Airport Infrastructure Charges), (4) any expense or other charge to the extent paid or required to be paid from the proceeds of remittances of Passenger Facility Charges, or (5) any expense that is included in Terminal Capital Charges for the month. Any Reserve Withdrawals to the extent directly or indirectly allocable to the Terminal as described in Section 2.8.1, and not deducted from Terminal Expenses for the month in which the Reserve Withdrawals are made, shall be deducted from Airport Infrastructure Charges for the calendar month in which the Reserve Withdrawals are made.

“Airport Infrastructure Improvement” means, as of any date for which the determination is made, any Capital Improvement placed in service before or during the calendar month that

includes the date of determination (a) at any location within the Airport other than at the Terminal or other passenger terminals at the Airport, or (b) outside the Airport and intended to be used principally in connection with the operations of the Airport (including Capital Improvements intended as noise and traffic mitigation measures, and including Capital Improvements undertaken in order to satisfy a condition to the construction of other Capital Improvements within the Airport).

“Apply,” “Applied,” or “Application” mean any installation, handling, generation, storing, treatment, application, use, disposal, discharge, manufacture, refinement, presence, migration, emission, abatement, removal, transportation, or any other activity of any type in connection with or involving Hazardous Materials by the Aeronautical User or its officers, employees, contractors, assignees, agents or invitees.

“Base Charge” means the rental payable by the Aeronautical User for the use of the Terminal areas in monthly installments as provided for in Section 2.1 and 2.2.

“Basic Information Schedule” means the schedule containing certain basic information and sample calculations relating to this Tariff, and separately published by LAWA on its website or otherwise promulgated by LAWA.

“Basic Rate” means the monthly amount, expressed in U.S. dollars per square foot of Measured Area, by which the Base Charge is computed under the terms of Section 2.

“Board” means the Board of Airport Commissioners of the Department of Airports of the City of Los Angeles, California.

“Business Day” means any day excluding Saturdays, Sundays, and any other day designated as a holiday under the federal laws of the United States or under the laws of the State of California or the City of Los Angeles.

“Capital Improvement” means any improvement or item or related group of items that, in accordance with generally accepted accounting principles consistently applied, is capitalized by LAWA and costs in excess of the Capital Improvement Floor Amount.

“Capital Improvement Floor Amount” means such amount, if any, as may be adopted by LAWA in its discretion from time to time for the purposes of keeping the accounting records of the Airport, as a threshold below which the cost of items that would otherwise be treated as investment in capital improvements is instead treated as a current expense.

“City Attorney” means the Office of the City Attorney of the City of Los Angeles.

“Commencement Date” means the first date on which an Aeronautical User uses Terminal space at any Terminal at the Airport pursuant to this Tariff.

“Concessionaire” means a user of the Airport engaged in the restaurant, food service, retail and/or other concession business and includes a corporation, an association, a partnership, a limited liability company, an organization, a trust, a natural person, a government or political subdivision thereof or a governmental agency.

“Coverage Expenses” means, for any calendar month, the amounts deposited by LAWA during the calendar month to funds and accounts for debt service reserves and any debt service coverage requirements under the terms of any Airport Debt Instrument under which Airport Debt has been issued.

“CPI” means the Consumer Price Index for All Urban Consumers (CPI-U), as published from time to time by the U.S. Department of Labor, Bureau of Labor Statistics, for the Los Angeles-Riverside Orange County area, All Items (1982-84 = 100), or, if that index shall cease to be regularly published, such replacement index (adjusted for any difference in base year and absolute amount) as shall from time to time be published by the Bureau. If the U.S. Department of Labor ceases to publish such an index, LAWA will adopt in its place a comparable index published at the time of the cessation by a responsible financial periodical, if any. If there is no comparable index published by a responsible financial periodical, LAWA will adopt any other comparable index available, and make any adjustments required thereto to reflect the 1982-84 = 100 base year. In addition, if the method of calculating the consumer price index changes in any way, for the purposes of this Tariff, the CPI shall be determined without giving effect to the new methods, and the CPI shall continue to be calculated in the manner as of the Commencement Date. Any adjustments to the CPI (if it is calculated differently) shall be made by LAWA, subject to the Aeronautical User’s right to reasonably approve the adjustments.

“CPI Change” means the percentage change in the CPI when comparing (a) the CPI most recently published on the date that is four calendar months before the earlier of the dates for which the comparison is being made to (b) the CPI in effect on the date that is four calendar months before the later of the dates for which the comparison is being made.

“Debt Service” means the amounts due for repayment of principal and interest on outstanding Airport Debt, including required contributions to a sinking fund for term bonds.

“discretion” means sole and absolute discretion; any provision of this Tariff referring to the exercise by LAWA or the Aeronautical User of its discretion, whether in those words or words of similar import, shall (unless expressly subject to a different standard) permit the party exercising its discretion to do so in any manner and for any reasons it chooses, and, to the maximum extent permitted by law, the exercise of that discretion is not intended to be reviewable by any judicial or regulatory authority.

“Environmental Losses” means all costs and expenses of any kind (including remediation expenses), damages, fines and penalties incurred in connection with any violation of and compliance with Environmental Requirements and all losses of any kind attributable to the diminution of value, loss of use or adverse effects on marketability or use of any portion of the Occupied Terminal Area, the Terminal or the Airport.

“Environmental Requirements” means all present and future governmental statutes, codes, ordinances, regulations, rules, orders, permits, licenses, approvals, authorizations and other requirements of any kind applicable to Hazardous Materials.

“Excluded Areas” means LAWA Proprietary Areas, the Retail and Concession Areas, and any other space in any Terminal that is exclusively occupied by, or explicitly held available

for exclusive occupancy for users of space other than Terminal Users, as shown in the records of the office of the Airport Engineer.

“Exclusive Use Areas” means the space in any Terminal (including the Occupied Terminal Area) that is exclusively occupied by, or explicitly held for exclusive occupancy for, Terminal Users, as shown in the records on file in the office of the Airport Engineer.

“Executive Director” means the Executive Director of the Department of Airports of the City of Los Angeles, California, or his or her designee.

“Guarantor” means, if the Aeronautical User’s obligations under this Tariff have been guaranteed by any Person, the guarantor under the Guaranty.

“Guaranty” means the guaranty to and in favor of LAWA of the Aeronautical User’s obligations under this Tariff, if the Aeronautical User’s obligations under this Tariff have been guaranteed by any Person.

“Hazardous Materials” means any substance (i) that now or in the future is regulated or governed by, requires investigation or remediation under, or is defined as a hazardous waste, hazardous substance, extremely hazardous waste, hazardous material, hazardous chemical, toxic chemical, toxic substance, cancer causing substance, substance that causes reproductive harm, pollutant or contaminant under any governmental statute, code, ordinance, regulation, action, case law, rule or order, and any amendment thereto, including the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. §9601 *et seq.*, and the Resource Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.*, (ii) that is toxic, explosive, corrosive, flammable, radioactive, carcinogenic, mutagenic, or otherwise hazardous, including aviation fuel, jet fuel, gasoline, diesel, petroleum hydrocarbons, polychlorinated biphenyls (PCBs), asbestos, radon and urea formaldehyde, (iii) the presence of which at the Terminal causes or threatens to cause a nuisance at the Terminal or adjacent property, or poses or threatens to pose a hazard to the health or safety of persons on or about the Terminal or adjacent property, or (iv) the presence of which on adjacent property could constitute a trespass by the Aeronautical User.

“herein”, “hereof”, “hereto”, “hereunder” and similar terms contained in this Tariff refer to this Tariff as a whole and not to any particular Section, paragraph or provision of this Tariff.

“including” and “include” mean including or include without limiting the generality of any description preceding that term; for the purposes of this Tariff the rule of eiusdem generis shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to the matters specifically mentioned.

“Initial Base Charge Method” means the Terminal Capital Charges Method or the Market Method, whichever has been established by the Board as the basis for the computation of Base Charge for the Valuation Cycle that includes the Commencement Date, and which is reflected on the Basic Information Schedule as the “Initial Base Charge Method”.

“Initial Valuation Date” means the date reflected on the Basic Information Schedule as the “Initial Valuation Date”, the date preceding the date of this Tariff as of which the valuation

of space in the Terminal was last established (whether by appraisal or by determination of the Board).

“Insurance Requirements” means all terms of any insurance policy covering the Aeronautical User or covering or applicable to the Terminal or any part thereof, all requirements of the issuer of the policy, and all orders, rules, regulations and other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions) applicable to or affecting the Terminal or any part thereof or any use or condition of the Terminal or any part thereof.

“International Joint Use Areas” means the space, if any, in any Terminal, reserved for the non-exclusive use of the Terminal Users under this Tariff, that is used for federal inspection services (including sterile corridors, customs areas, baggage service areas, customs baggage claim areas, cashier areas, interline baggage areas, immigration inspection areas, storage areas, locker areas, federal inspection service swing areas, conference room areas and registration areas), offices for federal agencies, restrooms included in or adjacent to the foregoing areas, transit lounge space and other in-transit facilities for international passengers (but excluding the Vertical Areas), as shown in the records of the office of the Airport Engineer.

“Joint Use Areas” means the space in any Terminal, held for the non-exclusive use of the Terminal Users under this Tariff and under Leases, that is used for gate areas, departure holdroom areas, ticket counter areas, baggage claim areas, baggage processing space, and similar areas used by or otherwise benefiting one or more Terminal Users for operations (but excluding the Terminal Common Areas and the Vertical Areas), as shown in the records on file in the office of the Airport Engineer.

“Landing Fee” means the landing fees and charges payable by the Aeronautical User under the terms of any operating permit issued by LAWA and held by the Aeronautical User as an Airline or as established by any resolution of the Board.

“LAWA” means the City of Los Angeles, acting by and through the Board of Airport Commissioners of its Department of Airports.

“LAWA Proprietary Areas” means the space, if any, in any Terminal that is unavailable for use by the public, Terminal Users or Concessionaires and is exclusively used for administrative or operational purposes by employees of LAWA, as shown in the records of the office of the Airport Engineer.

“Lease” means a written instrument under which a Terminal User is entitled to exclusive possession of a portion of a Terminal, or a license to use in common with other Terminal Users portions of a Terminal, or both, but does not include the possession, occupancy, or use of space in any Terminal by reason of holding over (without the express written consent of LAWA, explicitly as to duration) after the expiration of the term specified in any instrument that would otherwise be a “Lease” for the purposes of this definition.

“Legal Requirements” means all laws, statutes, codes, acts, ordinances, charters, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all governments, departments, commissions, boards, courts, authorities,

agencies, officials and officers, foreseen or unforeseen, ordinary or extraordinary, that now or at any time hereafter may be applicable to the Aeronautical User or to any Terminal, or to the Airport or any part thereof.

“Market Method” means the method adopted for establishing the Basic Rate by reference to the fair market rental value of the Terminal areas (as determined by a third party appraiser), whether by reason of the Initial Base Charge Method or otherwise in accordance with Sections 2.3.2 and 2.3.3.

“Measured Area” means, when applied to any portion of the Terminal, the rentable floor area of the portion of the Terminal, as calculated from time to time by the Airport Engineer in accordance with Section 27.6.

“Occupied Terminal Area” means the space (if any) used substantially exclusively by an Aeronautical User pursuant to this Tariff, consisting of approximately the number of square feet of Measured Area reflected on the Basic Information Schedule under the heading “Occupied Terminal Area”.

“Passenger Facility Charges” means passenger facility charges required to be collected by the Aeronautical User and remitted to LAWA under 14 C.F.R. Part 158 or any similar or successor Legal Requirement.

“Permitted Amortization” means, for any Qualifying Terminal Capital Improvement and for any Qualifying Airport Capital Improvement and for any calendar month, the portion of LAWA’s cost of the Qualifying Terminal Capital Improvement or Qualifying Airport Capital Improvement attributable to the month, based on the method LAWA shall in its discretion from time to time adopt for purposes of keeping the accounting records of the Airport, comprising (a) the portion of LAWA’s Debt Service that is specific to the Qualifying Terminal Capital Improvement or Qualifying Airport Capital Improvement and accrues or is payable during or is otherwise attributable to the month, or (b) if no such specific Debt Service exists, at such rate of principal amortization and interest as LAWA shall in its discretion determine from time to time to fairly reflect the useful life of the Qualifying Terminal Capital Improvement or Qualifying Airport Capital Improvement and LAWA’s cost of funds (whether or not the funds are in fact borrowed) for acquiring or constructing the Qualifying Terminal Capital Improvement or Qualifying Airport Capital Improvement.

“Person” means a corporation, an association, a partnership, a limited liability company, an organization, a trust, a natural person, a government or political subdivision thereof or a governmental agency.

“Qualifying Airport Capital Improvement” means any Capital Improvement placed in service at the Airport (other than at any of the Terminals) or (b) outside the site of the Airport and intended to be used principally in connection with the operations of the Airport.

“Qualifying Terminal Capital Improvement” means (a) any Capital Improvement (other than Airline Equipment) placed in service at the Terminal after the Initial Valuation Date, but only for the balance of the Valuation Cycle in which the item was placed in service and any future Valuation Year for which the basis of calculating the Basic Rate is the Terminal Capital

Charges Method (unless the Capital Improvement is a replacement of worn out or obsolete components or equipment with components or equipment of functionality not greater than that originally achieved by the components or equipment being replaced, in which case the Capital Improvement will be a Qualifying Terminal Capital Improvement only for any Valuation Year for which the basis of calculating the Basic Rate is the Terminal Capital Charges Method), and (b) all Airline Equipment at the Terminal.

“Reimbursement Rate” means, as of any date of determination, the annual rate of interest equal to two per cent per annum in excess of the fixed rate of interest quoted in The Bond Buyer 25 Revenue Bond Index (or, if that index is no longer published, such successor or replacement index or similar index selected by LAWA) for fixed rate bonds having a term remaining to maturity of one year (with no credit enhancement) and bearing interest that is not excluded from gross income for federal income tax purposes.

“Reserve Deposits” means, for any calendar month, the amounts deposited during the month to funds and accounts for maintenance and operation reserves and similar expense reserves under the terms of any Airport Debt Instrument.

“Reserve Withdrawals” means, for any calendar month, the amounts withdrawn during the month from funds and accounts for maintenance and operation reserves and similar expense reserves under the terms of any Airport Debt Instrument.

“Retail and Concession Areas” means the space, if any, in any Terminal (a) that is not included within LAWA Proprietary Areas or occupied by Terminal Users and that is exclusively occupied by, or explicitly held available for exclusive occupancy for, Concessionaires or (b) that is explicitly held available primarily for the joint use of Concessionaires engaged in restaurant and other food-service in the Terminal in the course of their operations and in accordance with the terms of their leases or occupancy agreements, in each case as shown in the records of the office of the Airport Engineer.

“Space Use Factor” means, for any calendar month during the Aeronautical User’s use of the Occupied Terminal Area, the sum of (a) the Measured Area of the Occupied Terminal Area during the calendar month, (b) the product of the Measured Area of the Joint Use Areas during the calendar month and the Aeronautical User’s Joint Use Share for the calendar month, and (c) the product of the Measured Area of the International Joint Use Areas during the calendar month and the Aeronautical User’s International Joint Use Share for the calendar month. The Space Use Factor shall be determined as of the first day of each calendar month, regardless of any changes in Measured Areas for the Aeronautical User during the middle of any calendar month. For the purposes of computing the Space Use Factor for the first and last months of the Aeronautical User’s use of the Occupied Terminal Area: (1) if the Commencement Date is a day other than the first day of a calendar month, the Measured Area of the Occupied Terminal Area (but not the Measured of the Joint Use Areas or the International Joint Use Areas) for the month including the Commencement Date shall be reduced in proportion to (x) the number of calendar days from and including the Commencement Date to the end of the month and (y) the number of calendar days in the month, and (2) if the Aeronautical User’s use of the Terminal ends on a date other than the last day of a calendar month, the Measured Area of the Occupied Terminal Area (but not the Measured Area of the Joint Use Areas or the International Joint Use Areas) for the



month shall be reduced in proportion to (x) the number of calendar days from the first day of the month to and including the last day of the Aeronautical User's use of the Terminal and (y) the number of calendar days in the month. An estimated calculation of the Space Use Factor for the month including the Commencement Date (but, for the purpose of illustration only, assuming that the Commencement Date is the first day of the calendar month) is shown on the Basic Information Schedule under the heading "Space Use Factor".

"Stipulated Rate" means the rate of interest per annum equal to the lesser of (a) 20% and (b) the maximum rate permitted by applicable law.

"Taking" means a temporary or permanent taking by a government or political subdivision thereof or by a governmental agency (or by any other Person exercising the power of condemnation or eminent domain) for public or quasi-public use of all or any part of any Terminal, or any interest therein or right accruing thereto, including, without limitation, any right of access thereto existing on the date hereof, as the result of or in lieu of or in anticipation of the exercise of the right of condemnation or eminent domain. No recapture by LAWA of any portion of the Occupied Terminal Area, or exercise by LAWA of any similar right under the terms of this Tariff, shall constitute a Taking.

"Taking Date" means, in connection with a Taking, the earlier of the date on which title vests due to the Taking and the date on which possession of the property affected by the Taking is required to be, or is, delivered to or at the direction of the condemning authority.

"Tariff" means this Tariff and the Schedules and Exhibits hereto, together with the Basic Information Schedule, as amended from time to time.

"Tariff Year" means the fiscal year of LAWA, which is currently the year beginning on July 1 and ending on the following June 30, or any other fiscal year as may from time to time be adopted by LAWA.

"Terminal" means any airline passenger terminal at the Airport, including remote holdroom facilities. When the context requires, use of the term "Terminal" may mean any terminal at the Airport.

"Terminal Activity Threshold" means, for any Terminal for any calendar month during a Tariff Year, the condition that is satisfied if the number of all of the passengers using the Terminal during the month to enplane onto or deplane from any passenger flight operated by any of the Terminal Users, including the Aeronautical User, is equal to or exceeds: (a) for the months of June, July, and August, the product of (i) 1,000, (ii) the number of gates in the Terminal during the month, and (iii) the number of days during the month, and (b) for all other months, the product of (i) 750, (ii) the number of gates in the Terminal during the month, and (iii) the number of days during the month.

"Terminal areas" means the Occupied Terminal Area, the Joint Use Areas, and the International Joint Use Areas.

"Terminal Capital Charges" means, for any Terminal, LAWA's cost of acquiring and constructing the assets from time to time comprising the Terminal (including the underlying land

and the foundation, roof, structure, vertical and horizontal transportation systems, building systems, and all fixtures and equipment other than Airline Equipment) including, but not limited to, the cost of repurchasing or terminating existing leasehold interests and defeasing financings in connection with such repurchases or termination, computed in any consistent manner selected in LAWA's discretion, without duplication as of any date of any costs that are included as of that date in the calculation of Airport Infrastructure Charges, Terminal Expenses, or Terminal Special Expenses.

"Terminal Capital Charges Method" means the method adopted for establishing the Base Charge, as well as the charges to other Terminal Users of the Terminal, by reference to Terminal Capital Charges, whether by reason of the Initial Base Charge Method or in accordance with Sections 2.3.2 and 2.3.3.

"Terminal Common Areas" means the space in the Terminal (other than the Exclusive Use Areas, the Joint Use Areas, the International Joint Use Areas, the Retail and Concession Areas, LAWA Proprietary Areas, and the Vertical Areas) that is used for lobbies, corridors, Travelers Aid offices, restrooms, custodial facilities, utility closets, and mechanical rooms, as shown in the records of the office of the Airport Engineer.

"Terminal Expenses" means, for any Terminal, without duplication, the aggregate of those costs and expenses that are incurred or accrued by or on behalf of LAWA (whether directly or through independent contractors or otherwise) in respect of the operation, repair, maintenance, and administration of the Terminal, and of the Airport and directly or indirectly allocable to the Terminal, computed in any consistent manner selected in LAWA's discretion, including the following:

(a) the cost of obtaining or providing gas, oil, steam, water, sewer charges, electricity and other fuel and utilities furnished to the Terminal and utility taxes;

(b) payments under service contracts for operating, maintaining, repairing or cleaning the Airport, the Terminal, or any portion thereof;

(c) payments under service contracts for operating, maintaining or repairing the Airport systems or the Terminal systems;

(d) insurance premiums, including for workers compensation, general liability, property insurance (including rent abatement and rent loss coverages), deductibles under any insurance carried for the Airport, but only to the extent paid or absorbed by LAWA;

(e) labor costs (including salaries, wages, bonuses, medical, surgical and general welfare benefits (including life insurance), pension and union and general welfare payments and other fringe benefits, severance and sick day payments and social security and payroll taxes);

(f) the cost of security services at and in connection with the Airport and its operations;

- (g) the cost of maintaining, repairing and cleaning elevators and escalators, elevator cabs, moving sidewalks, roadways and other transportation systems, lobbies, sidewalks, curbs and other public areas;
- (h) interior and exterior landscaping and decoration and signs;
- (i) the cost of janitorial and cleaning services, window cleaning, and trash collection and removal;
- (j) the cost of providing pest extermination services;
- (k) rental payments made under operating leases for personal property used in the operation and maintenance of the Airport;
- (l) the cost of governmental licenses and permits, or renewal thereof, necessary for the operation of the Airport;
- (m) Permitted Amortization;
- (n) Coverage Expenses;
- (o) Reserve Deposits;
- (p) accounting fees, attorneys' fees and the fees of other professionals, and related expenses and disbursements;
- (q) the cost to comply with Legal Requirements at the Airport that are not Capital Improvements, including any costs or expenses for testing, survey, cleanup, removal, encapsulation or other treatment of Hazardous Materials or otherwise to comply with any environmental Legal Requirements;
- (r) general overhead costs of the administration of the Airport; and
- (s) all other reasonable or necessary expenses in connection with the operation and maintenance of the Airport;

but specifically excluding, without duplication, all of the following:

- (1) principal of and interest on any indebtedness of LAWA, except to the extent of Coverage Expenses and Permitted Amortization for any Qualifying Terminal Capital Improvement;
- (2) depreciation and amortization, except to the extent of Permitted Amortization for any Qualifying Terminal Capital Improvement;
- (3) the cost of any Capital Improvements, except to the extent of Coverage Expenses and Permitted Amortization for any Qualifying Terminal Capital Improvement;

(4) any cost that would otherwise be a Terminal Expense to the extent LAWA is reimbursed therefor, net of costs of collection, by proceeds of any government grant (other than any grant from the City of Los Angeles), insurance, condemnation award, refund, credit, warranty, service contract, or otherwise;

(5) any cost or expense that is duplicative of a cost or expense included in the Landing Fee (but no cost or expense included in the Landing Fee shall be deemed duplicative of any cost or expense that would otherwise be included in Terminal Expenses to the extent that the cost or expense relates to the same aggregate cost or expense and is explicitly allocated in the books and records of LAWA between, among other accounts if applicable, the Landing Fee and Terminal Expenses);

(6) any cost or expense to the extent paid or required to be paid from the proceeds of remittances of Passenger Facility Charges;

(7) any cost or expense reimbursed or required to be reimbursed to LAWA under the provisions of Section 2.7; and

(8) any cost or expense that is incurred or accrued in connection with Airline Equipment.

Any insurance proceeds or other amounts received by LAWA in reimbursement for any item previously included as a Terminal Expense (including in a previous Tariff Year), shall be deducted from Terminal Expenses for the Tariff Year in which the proceeds are received. Any Reserve Withdrawals to the extent directly or indirectly allocable to the Terminal as described in Section 2.8.1 shall be deducted from Terminal Expenses for the calendar month in which the Reserve Withdrawals are made. Any payments received by LAWA for the use of the Terminal from itinerant and charter Airlines that are not Terminal Users shall be deducted from Terminal Expenses for the Tariff Year in which the payments are received.

“Terminal Measured Area” means, for any Terminal, the sum of all of the Measured Area in the Terminal, as calculated from time to time by the Airport Engineer in accordance with Section 27.6.

“Terminal Special Expenses” means all costs and expenses that would otherwise be Terminal Expenses, but that are incurred or accrued for the benefit of Airlines, including but not limited to, Airline Equipment.

“Terminal Users” means, for any Terminal on any date, all passenger Airlines and other non-governmental Persons then leasing space at the Terminal, all passenger Airlines and other non-governmental Persons using space under the Tariff, and all other passenger Airlines and other non-governmental Persons then having other contractual arrangements with LAWA for the use and occupancy of the Terminal, but excluding (a) all Concessionaires, and (b) all itinerant and charter Airlines not leasing space at the Terminal and not signatories to a contractual arrangement with LAWA having substantially the same economic provisions with respect to charges for the use of Joint Use Areas and International Joint Use Areas as those contained in this Tariff.

“Unavoidable Delays” means delays due to strikes, acts of God, interruption of services, enemy action, terrorist acts, civil commotion, shortages of labor or supply or other similar causes beyond the reasonable control of the party whose action is required; but lack of funds shall not be deemed a cause beyond the control of the Aeronautical User.

“Valuation Cycle” means each of the successive five-year periods beginning with the Initial Valuation Date and ending on the day preceding each fifth successive anniversary of the Initial Valuation Date.

“Valuation Year” means each of the five successive one-year periods beginning with the Initial Valuation Date and ending on the day preceding each of the five successive anniversaries of the Initial Valuation Date.

“Vertical Areas” means stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls, serving more than one floor of the Terminal, but does not include stairs, dumb-waiters, lifts, and the like, exclusively serving the Aeronautical User or any other tenant or other occupant of the Terminal occupying space on more than one floor of the Terminal.

## **27. *Miscellaneous.***

27.1. Entire Tariff. This Tariff governs the Aeronautical User’s use of any Terminal area at the Airport except pursuant to a Lease.

27.2. Rights Limited by Law. All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and are intended to be limited to the extent necessary so that they will not render this Tariff invalid, illegal, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law. If any term of this Tariff or any application thereof shall be invalid or unenforceable, the remainder of this Tariff and any other application of the term shall not be affected.

27.3. Certain Statutes. No provision of this Tariff shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act, 49 U.S.C. 40103(e) and 40107(a)(4) (Public Law 103-272). The Aeronautical User waives any right or benefit in any way related to the Airport or its operations to which the Aeronautical User would otherwise be entitled as a result of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 49 U.S.C. 4601, *et seq.* (Public Law 91-646), Title 1, Division 7, Chapter 16 of the California Government Code (Sections 7260, *et seq.*), or any other Legal Requirement conferring similar rights and benefits.

27.4. Approvals. Any approvals or consents required from or given by LAWA under this Tariff shall be approvals of the Department acting as LAWA, and shall not relate to, constitute a waiver of, supersede or otherwise limit or affect the rights or prerogatives of the City of Los Angeles as a government, including the right to grant or deny any permits required for construction in the Terminal areas or maintenance of the Occupied Terminal Area and the right to enact, amend or repeal Legal Requirements, including those relating to zoning, land use, and building and safety. Any requirement in this Tariff that an approval or consent be not

unreasonably withheld shall also be deemed to require that the approval or consent be not unreasonably delayed. Any other requirement in this Tariff that an approval or consent be obtained shall entitle the party whose approval or consent is required to withhold the approval or consent in its discretion. No approval or consent on behalf of LAWA will be deemed binding upon LAWA unless approved in writing as to form by the City Attorney.

27.5. Time Periods. Unless otherwise specified, any reference to “days” in this Tariff shall mean calendar days. Time of performance shall be of the essence of this Tariff, provided that whenever a day is established in this Tariff on or by which either LAWA or the Aeronautical User is required to perform any action (other than the Aeronautical User’s obligation to make any payment of money required by this Tariff), the time for performance shall be extended by the number of days (if any) during which the party whose performance is required is prevented from performing due to Unavoidable Delays.

27.6. Measurements. For the purpose of computing the Aeronautical User’s Use Share, the Aeronautical User’s Special Use Share, the Space Use Factor, and any other similar quantity relevant to any provision of this Tariff, all measurements of (a) the Occupied Terminal Area, (b) the Joint Use Areas, (c) the International Joint Use Areas, and (d) any other relevant portion of the Terminal shall be made (except as required to the contrary by the express terms of this Tariff) under ANSI/BOMA Z65.1-1996 (“Standard for Measuring Floor Area in Office Buildings”) or any other consistent methods from time to time adopted by the Airport Engineer. Any measurements of the Measured Area of any Terminal or the Measured Area of any portion of any Terminal shall be adjusted from time to time by the Airport Engineer to take into account changes in the measurements of relevant portions of the Terminal. The Measured Area of any Terminal shall be computed by deducting from the sum of the gross measured area of each floor of the Terminal the gross measured area of the Vertical Areas of the Terminal. The Measured Area of any other portion of any Terminal shall be computed by multiplying the usable area of the portion of the Terminal for which the computation is made by a fraction, the numerator of which is the Measured Area of the Terminal and the denominator of which is the aggregate usable floor area of the Terminal (including the Exclusive Use Areas, the Joint Use Areas, the International Joint Use Areas, and the Excluded Areas), with each quantity required for the computation expressed in square feet. For the purposes of any computation of area required by this Tariff, (a) if the measurement of any area in the Terminal or of the Measured Area of the Terminal changes during any calendar month, the computation will be made based on the greatest number of square feet included in the area during the month, (b) the measurement of any area in the Terminal or of the Measured Area of the Terminal will not be affected by the temporary unavailability of floor area in the Terminal due to maintenance, repairs, and construction activity in or affecting the Terminal, and (c) additions to any area in the Terminal or of the Measured Area of the Terminal resulting from the construction of new improvements will not be included in the measurement of any area in the Terminal or of the Measured Area of the Terminal until the new improvements are placed in service. The computation by the Airport Engineer of any area required by this Tariff, and the designation by the Airport Engineer of any area of the Terminal as Occupied Terminal Area, Joint Use Areas, International Joint Use Areas, Retail and Concession Areas, LAWA Proprietary Areas, Excluded Areas, Terminal Common Areas, Vertical Areas, or as any other category of space that may be relevant for any other purpose of this Tariff, shall be deemed conclusive absent manifest error. If at any time the Airport Engineer concludes that any computation of floor area measurement or any designation

of area proves to have been incorrect, LAWA will promptly disclose the inaccuracy to each affected Aeronautical User, and LAWA and the affected Aeronautical User will promptly make such payments to the other as may be necessary to correct retroactively for the economic effect of the error.

27.7. Certain Exhibits and Deliveries. Exhibits to this Tariff consisting of provisions of ordinances and the Administrative Code of the City of Los Angeles are attached to this Tariff only as a matter of convenience. In the event of a conflict between the Exhibits to this Tariff and the official text of the ordinance or Administrative Code provision, the official text shall govern. In order to illustrate the computation of the Base Charge and other financial matters relevant to this Tariff, LAWA has delivered or may deliver to the Aeronautical User sample calculations in written or electronic form. In the event of a conflict between the sample calculations and the terms of this Tariff, the terms of this Tariff shall govern.

27.8. Other Agreements not Affected. The provisions of this Tariff shall apply only to the Occupied Terminal Area and shall not modify in any respect any of the rights or obligations of LAWA or the Aeronautical User under any other Tariff or other agreement between them. Except as expressly provided in this Tariff, no third-party is intended to be a beneficiary of the provisions of this Tariff.

27.9. Subordination to Government Agreements. The Aeronautical User's rights under this Tariff shall be subordinate to the provisions of any existing or future agreement between LAWA and the United States relating to the development, operation, or maintenance of the Airport.

27.10. Captions, etc. The captions, table of contents and cover page of this Tariff are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

27.11. Waiver of Trial by Jury. Aeronautical Users subject to this Tariff do hereby waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other relating to any matters arising out of or in any way connected with this Tariff, the relationship of LAWA and the Aeronautical User, the Aeronautical User's use of the Occupied Terminal Area, or any other claims (except claims for personal injury or property damage) or any other statutory remedy.

27.12. Survival of Obligations. Unless expressly provided to the contrary, the obligations of an Aeronautical User hereunder shall survive, to the extent previously accrued, the vacation of Occupied Terminal Area by any Aeronautical User subject to this Tariff.

27.13. Governing Law. Irrespective of the place of execution or performance, this Tariff shall be governed by and construed and enforced in accordance with the laws of the State of California.

27.14. Interpretation. Any references in this Tariff to a specific Legal Requirement shall be deemed to include a reference to any similar or successor provision.

27.15. Attorneys' Fees. In any action brought by LAWA to enforce the terms of this Tariff, if LAWA substantially prevails in the action, LAWA shall be entitled to recover from the

Aeronautical User LAWA's reasonable expenses of the action (including reasonable attorneys' fees).

27.16. Authority. The powers of LAWA under this Tariff, including the power to interpret and implement the provisions of this Tariff, have been delegated to and may be exercised by the Executive Director, and any notice, election, approval or consent that this Tariff by its terms requires or permits LAWA to give may be given by the Executive Director, in each case as if exercised or given by resolution or order of the Board. Without limitation of the authority of the Executive Director under any specific provision of this Tariff (after giving effect to the foregoing provisions of this Section 27.16), the Executive Director shall have the authority to both:

- (A) bind LAWA to any amendment of this Tariff having the effect of increasing or decreasing by not more than \$150,000 in any Tariff Year the amounts payable by the Aeronautical User to LAWA under this Tariff, provided however, that such authority shall not (without the prior approval or later ratification of the Board) extend to any amendment of the terms of this Tariff if the specific text of this Tariff has been presented to and approved by the City Council of the City of Los Angeles; and
- (B) in accordance with Charter Section 633, designate and assign space under this Tariff to any Aeronautical User and any schedule(s) to this Tariff for the applicable Aeronautical User (whether or not previously approved by the Board) shall be adjusted to reflect any change in the space so assigned or designated by the Executive Director for such Aeronautical User.

In taking any action under this Tariff, the Aeronautical User shall be entitled to rely on the authority of the Executive Director as specified in this Section 27.16.



SCHEDULE 1

Maintenance Schedule

	All Areas	Occupied Terminal Area	Joint Use Space	Building Exterior
<b>EQUIPMENT</b>				
Gate jetways, 400 Hz aircraft power, pre-conditioned air, potable water, aircraft guidance systems	LAWA	na	na	na
Bag belt systems and equipment, including operations	LAWA	na	na	na
Baggage carousels	LAWA	na	na	na
Flight information displays	By Owner	na	na	na
Ticket counters	na	Aeronautical User	LAWA	na
Signage	na	Aeronautical User	LAWA	LAWA

**SYSTEMS**

Fire sprinkler and fire-life-safety systems	LAWA, unless modified by Aeronautical User			
Master electrical panels and main electrical equipment	LAWA	na	na	na
Electrical equipment, sub-panels, and distribution	na	Aeronautical User	LAWA	LAWA
Light bulbs, fixtures, and components	na	Aeronautical User	LAWA	LAWA
Telephone and data lines	na	Aeronautical User	LAWA/ User	na
Telecommunications conduits serving two or more prime Aeronautical Users/prime users	LAWA	na	na	na
Plumbing systems from source to LAWA main	na	Aeronautical User	LAWA	LAWA
Main water and sewer lines	LAWA	na	na	na

	All Areas	Occupied Terminal Area	Joint Use Space	Building Exterior

**SYSTEMS (cont'd)**

HVAC systems connected to LAWA provided chilled/hot water	LAWA	na	na	na
HVAC stand alone systems	na	Aeronautical User	LAWA	na

**PAVEMENT**

Spill removal	Aeronautical User	na	na	na
Surface markings, including lead-in lines, nose wheel, aircraft safety envelope, and equipment staging	LAWA	na	na	na
Ramp paved surfaces	LAWA	na	na	na
Guardrails protecting LAWA property	LAWA	na	na	na
Ramp-side dumpster and trash removal	LAWA	na	na	na

**STRUCTURAL**

Building exterior and roof, incl. glass	LAWA	na	na	na
Exit doors from Occupied Terminal Area, incl. Locks	LAWA	na	na	na
Carpeted areas: interior partitions, doors, finishes, furnishings, treatments	na	Aeronautical User	LAWA	na
Hard floor areas, including public restrooms: interior partitions, doors, finishes, furnishings, treatments	na	Aeronautical User	LAWA	na

**JANITORIAL**

Scheduled ramp sweeping, scrubbing	LAWA	na	na	na
Carpeted areas: floors, furnishings, trash receptacles	na	Aeronautical User	LAWA	na
Hard floor areas, including public restrooms: floors,	na	Aeronautical User	LAWA	na

	All Areas	Occupied Terminal Area	Joint Use Space	Building Exterior
furnishings, trash receptacles				
High areas, including ceilings	na	Aeronautical User	LAWA	na

**JANITORIAL (cont'd)**

Gate jetways	LAWA	na	na	na
Apron area	LAWA	na	na	na
Restrooms on apron	na	na	LAWA	na
Gate podiums in Satellite	na	na	LAWA	na
Sidewalk around bldg on apron	LAWA	na	na	na
Breezeway	LAWA	na	na	na
ART and LANDSCAPING installed by Aeronautical User	Aeronautical User	na	na	na

SCHEDULE 4

Basic Information Schedules

Basic Information Schedule for Terminal 1

Furnished to Aeronautical Users

Basic Information Schedule for Terminal 2<sup>1</sup>

Furnished to Aeronautical Users

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<sup>1</sup> For those Aeronautical Users without leases using space in Terminal 2.

Basic Information Schedule for Terminal 3

Furnished to Aeronautical Users

Basic Information Schedule for Terminal 6<sup>1</sup>

Furnished to Aeronautical Users

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<sup>1</sup> For those Aeronautical Users without leases using space in Terminal 6.

Basic Information Schedule for Tom Bradley International Terminal

Furnished to Aeronautical Users



## ANNEX A

### International Joint Use Factors

#### Terminal 1

Terminal User International Factor:	10%
Flight International Factor:	0%
Passenger International Factor:	90%
	100%

#### Terminal 2

Terminal User International Factor:	10%
Flight International Factor:	0%
Passenger International Factor:	90%
	100%

#### Terminal 3

Terminal User International Factor:	10%
Flight International Factor:	0%
Passenger International Factor:	90%
	100%

#### Terminal 4

Terminal User International Factor:	10%
Flight International Factor:	0%
Passenger International Factor:	90%
	100%

#### Terminal 5

Terminal User International Factor:	10%
Flight International Factor:	0%
Passenger International Factor:	90%
	100%

Terminal 6

Terminal User International Factor:	10%
Flight International Factor:	0%
Passenger International Factor:	90%
	100%

Terminal 7

Terminal User International Factor:	10%
Flight International Factor:	0%
Passenger International Factor:	90%
	100%

Terminal 8

Terminal User International Factor:	10%
Flight International Factor:	0%
Passenger International Factor:	90%
	100%

TBIT

Terminal User International Factor:	10%
Flight International Factor:	0%
Passenger International Factor:	90%
	100%

## ANNEX B

### Joint Use Factors

#### Terminal 1

Terminal User Factor	10%
Flight Factor	55%
Passenger Factor	35%
	100%

#### Terminal 2

Terminal User Factor	10%
Flight Factor	55%
Passenger Factor	35%
	100%

#### Terminal 3

Terminal User Factor	10%
Flight Factor	55%
Passenger Factor	35%
	100%

#### Terminal 4

Terminal User Factor	10%
Flight Factor	55%
Passenger Factor	35%
	100%

#### Terminal 5

Terminal User Factor	10%
Flight Factor	55%
Passenger Factor	35%
	100%

Terminal 6

Terminal User Factor	10%
Flight Factor	55%
Passenger Factor	35%
	100%

Terminal 7

Terminal User Factor	10%
Flight Factor	55%
Passenger Factor	35%
	100%

Terminal 8

Terminal User Factor	10%
Flight Factor	55%
Passenger Factor	35%
	100%

TBIT

Terminal User Factor	10%
Flight Factor	55%
Passenger Factor	35%
	100%

## EXHIBIT A

### Summary of Computation and Allocation Method for Terminal Expenses

1. Description of Cost Centers. Cost centers at the Airport are those functions or physically discrete areas that are used to account for costs incurred by LAWA to own (or otherwise provide), maintain, operate, construct, develop, and administer the Airport. There are two types of cost centers used to account for costs at the Airport: (1) direct cost centers, which are each related to a defined physical area of the Airport that serves a particular function, and (2) indirect cost centers, which are related to service functions that support the direct cost centers. The following are the direct and indirect cost centers used to account for costs at the Airport:

#### Direct Cost Centers

Terminals - the Terminals cost center comprises the land and all passenger terminal buildings and other related and appurtenant facilities, whether owned, operated, or maintained by LAWA. Facilities include the passenger terminal buildings located in the central terminal area, passenger terminal buildings located outside the central terminal area, associated concourses, holdrooms, passenger tunnels, and all other facilities that are a part of the passenger terminal buildings.

Airfield - the Airfield cost center comprises those portions of the Airport (excluding the aircraft aprons associated with the terminal, general aviation, cargo, and aircraft maintenance facilities) providing for the landing, taking off, and taxiing of aircraft, including approach and turning zones, clear zones, navigation or other easements, runways, a fully integrated taxiway system, runway and taxiway lights, and other appurtenances related to the aeronautical use of the Airport, including any property acquired for noise mitigation purposes.

Apron - the Apron cost center comprises the land and paved areas primarily adjacent to passenger terminal buildings, but also includes remote parking areas that provide for the parking, loading, and unloading of passenger aircraft. The Apron cost center does not include aprons associated with general aviation, cargo, or aircraft maintenance facilities.

Aviation - the Aviation cost center comprises the land and facilities-related to air cargo, general aviation, fixed-base operations, aircraft fueling, aircraft maintenance, in-flight catering, and other aviation-related services.

Commercial - the Commercial cost center comprises the land and facilities not located in the Terminal cost centers and that are provided for nonaeronautical commercial and industrial activities, including public automobile parking, car rental service centers, golf courses, the Theme Building, and the Proud Bird restaurant.

## Indirect Cost Centers

Access – the Access cost center includes the costs of facilities and services for on-Airport and off-Airport ground access for vehicles and pedestrians, including airside and landside access, and Airport access generally. It also includes the costs of increasing, preserving, or managing the capacity of the Airport's access facilities.

Systems – the Systems cost center includes the costs of airport systems, including electrical distribution system, gas distribution system, potable water distribution system, chilled water distribution system, storm and sanitary sewer system, and industrial waste disposal.

General Maintenance – the General Maintenance cost center includes the costs of maintenance services, facilities, and equipment that cannot be directly allocated to other cost centers.

General Administration – the General Administration cost center includes the general administrative and support costs related to providing, maintaining, operating, and administering the Airport that cannot be directly allocated to other cost centers.

2. Allocation Methods. Expenses directly attributable to the Terminal, direct expenses allocable to all terminals, and indirect Administrative and Access cost center expenses are allocated to the Terminal as follows:

(i) Wherever possible, expenses directly attributable to the Terminal are allocated to the Terminal.

(ii) Any direct expenses not directly allocated to the Terminal, and that are common to all terminals or the Terminals cost center, will be allocated to the Terminal on the following basis:

- 20 percent will be allocated equally among all of the passenger terminals at the Airport;
- 40 percent will be allocated based on the Terminal's proportion of total passenger enplanements for the Airport; and
- 40 percent will be allocated based on the Terminal's proportion of total Measured Area of the Terminal for all passenger terminals at the Airport.

(iii) Expenses attributable to Airport administrative divisions are allocated to the Terminals cost center based on its proportion of total direct expenses. Administrative expenses allocated to the Terminals cost center are then further allocated to the Terminal on the basis of the Terminal's proportion of total direct expenses.

(iv) Expenses directly allocated to the Access cost center are allocated to the Terminals cost center and all other direct cost centers on the basis of the ratio of land area by cost center. Access costs allocated to the Terminals cost center are then further allocated to the Terminal on the basis of the Terminal's pro-rata share of direct expenses.

## EXHIBIT B

### Summary of Computation and Allocation Method for Airport Infrastructure Charges

Airport Infrastructure Charges for the indirect cost centers<sup>2</sup> are allocated to the Terminal as follows:

(i) Airport Infrastructure Charges directly attributable to the indirect cost centers are allocated to the Terminals cost center in the following order:

First allocation – Airport Infrastructure Charges directly allocated to the Systems cost center are allocated to all direct and the remaining three indirect cost centers on the basis of the ratio of land area by cost center;

Second allocation – Airport Infrastructure Charges directly allocated to the General Maintenance cost center are allocated to the Terminals cost center, all other direct cost centers, and the remaining two indirect cost centers on the basis of the ratio of maintenance salary expenses by cost center;

Third allocation – Airport Infrastructure Charges directly allocated to the General Administration cost center are allocated to the Terminals cost center, all other direct cost centers, and the remaining indirect cost center on the basis of the ratio of operating expenses by cost center; and

Fourth allocation – Airport Infrastructure Charges directly allocated to the Access cost center are allocated to the Terminals cost center and all other direct cost centers on the basis of the ratio of land area by cost center.

(ii) Airport Infrastructure Charges allocable to the Terminals cost center will be further allocated to the Terminal on the following basis:

a. 20 percent will be allocated equally among all of the passenger terminals at the Airport;

b. 40 percent will be allocated based on the Terminal's proportion of total passenger enplanements for the Airport; and

c. 40 percent will be allocated based on the Terminal's proportion of total Measured Area of the Terminal for all passenger terminals at the Airport.

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<sup>2</sup> References to cost centers in this Exhibit B are used with the meanings described in Exhibit A.



## EXHIBIT C

### Summary of Computation and Allocation Method for Terminal Capital Charges

For any calendar month, Terminal Capital Charges comprise all capital charges directly related to the Terminal and incurred or accrued by LAWA during the month, including the following:

(i) Amounts required to be deposited to the debt service funds created under an Airport Debt Instrument in connection with the issuance of Airport Debt directly attributable to the Terminal, including any fees and amounts associated with the Airport Debt and that are directly attributable to the Terminal.

(ii) Coverage Expenses related to Airport Debt directly attributable to the Terminal.

(iii) Amortization amounts required to recover or repay costs of capital improvements directly attributable to the Terminal and not debt-financed (and the cost of which exceeds the Capital Improvement Floor Amount in any single year), in substantially equal annual installments over a fixed term selected by LAWA in its discretion and including interest at such rate as LAWA shall in its discretion determine from time to time to fairly reflect LAWA's cost of funds.

(iv) The cost of any other capital item directly attributable to the Terminal that is below the Capital Improvement Floor Amount, and therefore not amortized.

Terminal Capital Charges common to more than one passenger terminal will be allocated to the Terminal on the following basis:

- d. 20 percent will be allocated equally among the passenger terminals;
- e. 40 percent will be allocated based on the Terminal's proportion of total passenger enplanements at the passenger terminals; and
- f. 40 percent will be allocated based on the Terminal's proportion of total Measured Area of the Terminal for the passenger terminals

EXHIBIT D

Equal Employment Practices

# LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 1

## EQUAL EMPLOYMENT

### Sec. 10.8.3. Equal Employment Practices Provisions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### SECTION HISTORY

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

EXHIBIT E

Affirmative Action

## LOS ANGELES ADMINISTRATIVE CODE

### Div. 10, Ch. 1, Art. 1

#### AFFIRMATIVE ACTION

##### Sec. 10.8.4. Affirmative Action Program Provisions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### SECTION HISTORY

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



EXHIBIT F

Living Wage Ordinance

# LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 11

## LIVING WAGE ORDINANCE

### Sec. 10.37 Legislative Findings.

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

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

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

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

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

Requiring payment of the living wage serves both proprietary and humanitarian concerns of the City. Primarily because of the latter concern and experience to date regarding the failure of some employers to honor their obligation to pay the living wage, the 1998 amendments introduce additional enforcement mechanisms to ensure compliance with this important obligation. Non-complying employers must now face the prospect of paying civil penalties, but only if they fail to cure non-compliance after having been given formal notice thereof. Where non-payment is the issue, employers who dispute determinations of non-compliance may avoid civil penalties as well by paying into a City holding account the monies in dispute. Employees should not fear retaliation, such as by losing their jobs, simply because they claim their right to the living wage.

irrespective of the accuracy of the claim. The 1998 amendments strengthen the prohibition against retaliation to serve as a critical shield against such employer misconduct.

## SECTION HISTORY

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

### Sec. 10.37.1 Definitions.

The following definitions shall apply throughout this article:

(a) "Awarding authority" means that subordinate or component entity or person of the City (such as a department) or of the financial assistance recipient that awards or is otherwise responsible for the administration of a service contract or public lease or license, or, where there is no such subordinate or component entity or person, then the City or the City financial assistance recipient.

(b) "City" means the City of Los Angeles and all awarding authorities thereof, including those City departments which exercise independent control over their expenditure of funds, but excludes the Community Redevelopment Agency of the City of Los Angeles ("CRA"). The CRA is urged, however, to adopt a policy similar to that set forth in this article.

(c) "City financial assistance recipient" means any person who receives from the City discrete financial assistance for economic development or job growth expressly articulated and identified by the City, as contrasted with generalized financial assistance such as through tax legislation, in accordance with the following monetary limitations: Assistance given in the amount of one million dollars (\$1,000,000) or more in any twelve-month period shall require compliance with this article for five years from the date such assistance reaches the one million dollar (\$1,000,000) threshold. For assistance in any twelve-month period totaling less than one million dollars (\$1,000,000) but at least one hundred thousand dollars (\$100,000), there shall be compliance for one year if at least one hundred thousand dollars (\$100,000) of such assistance is given in what is reasonably contemplated at the time to be on a continuing basis, with the period of compliance beginning when the accrual during such twelve-month period of such continuing assistance

reaches the one-hundred thousand dollar (\$100,000) threshold.

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

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

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

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

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

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

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

(i) "Public lease or license."

(a) Except as provided in (i)(b), "Public lease or license" means a lease or license of City property on which services are rendered by employees of the public lessee or licensee or sublessee or

sublicensee, or of a contractor or subcontractor, but only where any of the following applies:

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

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

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

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

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

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

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

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

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

(6) A lessee or licensee shall be deemed to employ no more than (7) people if the

company's entire workforce worked an average of no more than one thousand two-hundred fourteen (1,214) hours per month for at least three-fourths (3/4) of the time period that the revenue limitation is measured;

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

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

(j) "Service contract" means a contract let to a contractor by the City primarily for the furnishing of services to or for the City (as opposed to the purchase of goods or other property or the leasing or renting of property) and that involves an expenditure in excess of twenty-five thousand dollars (\$25,000) and a contract term of at least three (3) months; but only where any of the following applies: (1) at least some of the services rendered are rendered by employees whose work site is on property owned by the City, (2) the services could feasibly be performed by City employees if the awarding authority had the requisite financial and staffing resources, or (3) the DAA has determined in writing that coverage would further the proprietary interests of the City.

(k) "Subcontractor" means any person not an employee that enters into a contract (and that employs employees for such purpose) with (1) a contractor or subcontractor to assist the contractor in performing a service contract or (2) a contractor or subcontractor of a public lessee or licensee or sublessee or sublicensee to perform or assist in performing services on the leased or licensed premises: Vendors, such as service contractors or subcontractors, of City financial assistance recipients shall not be regarded as subcontractors except to the extent provided in subsection (f).

(l) "Willful violation" means that the employer knew of his, her, or its obligations under this article and deliberately failed or refused to comply with its provisions.

## SECTION HISTORY

*Article and Section Added by Ord. No. 171,547, Eff. 5-5-97.  
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.  
Amended by: Subsec. (a), (d), (f), (g) (i), (k), Ord. No. 173747, Eff. 1-03-01.*

### Sec. 10.37.2 Payment of Minimum Compensation to Employees.

#### (a) Wages

Employers shall pay employees a wage of no less than the hourly rates set under the authority of this article. The initial rates were seven dollars and twenty-five cents (\$7.25) per hour with health benefits, as described in this article, or otherwise eight dollars and fifty cents (\$8.50) per hour. With the annual adjustment effective July 1, 1998, such rates were adjusted to seven dollars and thirty-nine cents (\$7.39) per hour with health benefits and eight dollars and sixty-four cents (\$8.64) without. Such rates shall continue to be adjusted annually to correspond with adjustments, if any, to retirement benefits paid to members of the Los Angeles City Employees Retirement System ("LACERS"), made by the CERS Board of Administration under § 4.1040. The Office of Administrative and Research Services shall so advise the DAA of any such change by June 1 of each year and of the required new hourly rates, if any. On the basis of such report the DAA shall publish a bulletin announcing the adjusted rates, which shall take effect upon such publication.

#### (b) Compensated days off

Employers shall provide at least twelve (12) compensated days off per year for sick leave, vacation, or personal necessity at the employee's request. Employers shall also permit employees to take at least an additional ten (10) days a year of uncompensated time to be used for sick leave for the illness of the employee or a member of his or her immediate family where the employee has exhausted his or her compensated days off for that year.

## SECTION HISTORY

*Article and Section Added by Ord. No. 171,547, Eff. 5-5-97.  
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.  
Amended by: Subsec. (a), Ord. No. 173747, Eff. 1-03-01.*

### Sec. 10.37.3 Health Benefits.

Health benefits required by this article shall consist of the payment of at least one dollar and twenty-five

cents (\$1.25) per hour towards the provision of health care benefits for employees and their dependents. Proof of the provision of such benefits must be submitted to the awarding authority to qualify for the wage rate in section 10.37.2(a) for employees with health benefits.

#### SECTION HISTORY

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

#### Sec. 10.37.4 Notifying Employees of their Potential Right to the Federal Earned Income Credit.

Employers shall inform employees making less than twelve dollars (\$12) per hour of their possible right to the federal Earned Income Credit ("EIC") under § 32 of the Internal Revenue Code of 1954, 26 U.S.C. § 32, and shall make available to employees forms informing them about the EIC and forms required to secure advance EIC payments from the employer.

#### SECTION HISTORY

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

#### Sec. 10.37.5 Retaliation Prohibited.

Neither an employer, as defined in this article, nor any other person employing individuals shall discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the City with regard to the employer's compliance or anticipated compliance with this article, for opposing any practice proscribed by this article, for participating in proceedings related to this article, for seeking to enforce his or her rights under this article by any lawful means, or for otherwise asserting rights under this article.

#### SECTION HISTORY

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

#### Sec. 10.37.6 Enforcement.

(a) An employee claiming violation of this article may bring an action in the Municipal Court or Superior Court of the State of California, as

appropriate, against an employer and may be awarded:

(1) For failure to pay wages required by this article -- back pay for each day during which the violation continued.

(2) For failure to pay medical benefits -- the differential between the wage required by this article without benefits and such wage with benefits, less amounts paid, if any, toward medical benefits.

(3) For retaliation -- reinstatement, back pay, or other equitable relief the court may deem appropriate.

(4) For willful violations, the amount of monies to be paid under (1) - (3) shall be trebled.

(b) The court shall award reasonable attorney's fees and costs to an employee who prevails in any such enforcement action and to an employer who so prevails if the employee's suit was frivolous.

(c) Compliance with this article shall be required in all City contracts to which it applies, and such contracts shall provide that violation of this article shall constitute a material breach thereof and entitle the City to terminate the contract and otherwise pursue legal remedies that may be available. Such contracts shall also include a pledge that there shall be compliance with federal law proscribing retaliation for union organizing.

(d) An employee claiming violation of this article may report such claimed violation to the DAA which shall investigate such complaint. Whether based upon such a complaint or otherwise, where the DAA has determined that an employer has violated this article, the DAA shall issue a written notice to the employer that the violation is to be corrected within ten (10) days. In the event that the employer has not demonstrated to the DAA within such period that it has cured such violation, the DAA may then:

(1) Request the awarding authority to declare a material breach of the service contract, public lease or license, or financial assistance agreement and exercise its contractual remedies thereunder, which are to include, but not be limited to, termination of the service contract, public lease or license, or financial assistance

agreement and the return of monies paid by the City for services not yet rendered.

(2) Request the City Council to debar the employer from future City contracts, leases, and licenses for three (3) years or until all penalties and restitution have been fully paid, whichever occurs last. Such debarment shall be to the extent permitted by, and under whatever procedures may be required by, law.

(3) Request the City Attorney to bring a civil action against the employer seeking:

(i) Where applicable, payment of all unpaid wages or health premiums prescribed by this article; and/or

(ii) A fine payable to the City in the amount of up to one hundred dollars (\$100) for each violation for each day the violation remains uncured.

Where the alleged violation concerns non-payment of wages or health premiums, the employer will not be subject to debarment or civil penalties if it pays the monies in dispute into a holding account maintained by the City for such purpose. Such disputed monies shall be presented to a neutral arbitrator for binding arbitration. The arbitrator shall determine whether such monies shall be disbursed, in whole or in part, to the employer or to the employees in question. Regulations promulgated by the DAA shall establish the framework and procedures of such arbitration process. The cost of arbitration shall be borne by the City, unless the arbitrator determines that the employer's position in the matter is frivolous, in which event the arbitrator shall assess the employer for the full cost of the arbitration. Interest earned by the City on monies held in the holding account shall be added to the principal sum deposited, and the monies shall be disbursed in accordance with the arbitration award. A service charge for the cost of account maintenance and service may be deducted therefrom.

(e) Notwithstanding any provision of this Code or any other ordinance to the contrary, no criminal penalties shall attach for violation of this article.

#### SECTION HISTORY

*Article and Section Added by Ord. No. 171-547, Eff. 5-5-97.*

*Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.  
Amended by: Subsec. (d)(1), Ord. No. 173747, Eff. 1-03-01.*

#### Sec. 10.37.7 Administration.

The City Council shall by resolution designate a department or office, which shall promulgate rules for implementation of this article and otherwise coordinate administration of the requirements of this article ("designated administrative agency" - DAA). The DAA shall monitor compliance, including the investigation of claimed violations, and shall promulgate implementing regulations consistent with this article. The DAA shall also issue determinations that persons are City financial assistance recipients, that particular contracts shall be regarded as "service contracts" for purposes of section 10.37.1(j), and that particular leases and licenses shall be regarded as "public leases" or "public licenses" for purposes of section 10.37.1(i), when it receives an application for a determination of non-coverage or exemption as provided for in section 10.37.13. The DAA shall also establish employer reporting requirements on employee compensation and on notification about and usage of the federal Earned Income Credit referred to in § 10.37.4. The DAA shall report on compliance to the City Council no less frequently than annually.

During the first, third, and seventh years of this article's operation since May 5, 1997, and every third year thereafter, the Chief Administrative Officer and the Chief Legislative Analyst shall conduct or commission an evaluation of this article's operation and effects. The evaluation shall specifically address at least the following matters: (a) how extensively affected employers are complying with the article; (b) how the article is affecting the workforce composition of affected employers; (c) how the article is affecting productivity and service quality of affected employers; (d) how the additional costs of the article have been distributed among workers, their employers, and the City. Within ninety days of the adoption of this article, these offices shall develop detailed plans for evaluation, including a determination of what current and future data will be needed for effective evaluation.

#### SECTION HISTORY

*Article and Section Added by Ord. No. 171-547, Eff. 5-5-97.  
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.  
Amended by: Ord. No. 173747, Eff. 1-03-01.*

**Sec. 10.37.8 Exclusion of Service Contracts from Competitive Bidding Requirement.**

Service contracts otherwise subject to competitive bid shall be let by competitive bid if they involve the expenditure of at least two-million dollars (\$2,000,000). Charter § 387 shall not be applicable to service contracts.

**SECTION HISTORY**

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

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

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

**SECTION HISTORY**

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

**Sec. 10.37.10 Expenditures Covered.**

This article shall apply to the expenditure — whether through aid to City financial recipients, service contracts let by the City, or service contracts let by its financial assistance recipients — of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds.

**SECTION HISTORY**

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

**Sec. 10.37.11 Timing of Application.**

(a) Original 1997 ordinance.

The provisions of this article as enacted by City ordinance no. 171,547, effective May 5, 1997, shall apply to (1) contracts consummated and financial assistance provided after such date, (2) contract amendments consummated after such date and before the effective date of the 1998 ordinance which themselves met the requirements of former section 10.37.1(h) (definition of "service contract") or which

extended contract duration, and (3) supplemental financial assistance provided after May 5, 1997 and before the effective date of the 1998 ordinance which itself met the requirements of section 10.37.1(c).

(b) 1998 amendment.

The provisions of this article as amended by the 1998 ordinance shall apply to (1) service contracts, proprietary leases or licenses, and financial assistance agreements consummated after the effective date of such ordinance and (2) amendments, consummated after the effective date of such ordinance, to service contracts, proprietary leases or licenses, and financial assistance agreements that provide additional monies or which extend term.

(c) 2000 amendment.

The provisions of this article as amended by the 2000 ordinance shall apply to (1) service contracts, public leases or public licenses and City financial assistance recipient agreements consummated after the effective date of such ordinance and (2) amendments to service contracts, public leases or licenses and City financial assistance recipient agreements which are consummated after the effective date of such ordinance and which provide additional monies or which extend the term:

**SECTION HISTORY**

*Article and Section Added by Ord. No. 171,547, Eff. 5-5-97.  
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.  
Added Subsec. (c), Ord. No. 173747, Eff. 1-03-01.*

**Sec. 10.37.12 Supersession by Collective Bargaining Agreement.**

Parties subject to this article may by collective bargaining agreement provide that such agreement shall supersede the requirements of this article.

**SECTION HISTORY**

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

**Sec. 10.37.13 Liberal Interpretation of Coverage; Rebuttable Presumption of Coverage.**

The definitions of "City financial assistance recipient" in section 10.37.1(c), of "public lease or license" in section 10.37.1(i), and of "service



contract" in section 10.37.(j) shall be liberally interpreted so as to further the policy objectives of this article. All recipients of City financial assistance meeting the monetary thresholds of section 10.37.1(c), all City leases and licenses (including subleases and sublicenses) where the City is the lessor or licensor, and all City contracts providing for services that are more than incidental, shall be presumed to meet the corresponding definition just mentioned, subject, however, to a determination by the DAA of non-coverage or exemption on any basis allowed by this article, including, but not limited to, non-coverage for failure to satisfy such definition. The DAA shall by regulation establish procedures for informing persons engaging in such transactions with the City of their opportunity to apply for a determination of non-coverage or exemption and procedures for making determinations on such applications.

#### SECTION HISTORY

*Article and Section Added by Ord. No. 171,547, Eff. 5-5-97.  
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.  
Amended by: Ord. No. 173747, Eff. 1-03-01.*

#### Sec. 10.37.14 Severability

If any provision of this article is declared legally invalid by any court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

#### SECTION HISTORY

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

ORDINANCE NO. 180877

An ordinance amending Sections 10.37.1, 10.37.2, 10.37.3 and adding a new subsection (d) to Section 10.37.11 of the Los Angeles Administrative Code to provide certain covered airport workers with an increased health benefit payment and to additionally index such health benefit payment to correspond to changes in the Consumer Price Index and require a periodic review of the health benefit payment.

**THE PEOPLE OF THE CITY OF LOS ANGELES  
DO ORDAIN AS FOLLOWS:**

**Section 1. Legislative Findings.** In 1997, Los Angeles became one of the first cities in the nation and the first in California to pass a living wage ordinance ("LWO") requiring certain City contractors, financial assistance recipients, lessees, exclusive and non-exclusive licensees, and other persons and entities doing business with the City to pay employees a living wage. As of July 1, 2009, the LWO requires covered employers to pay a wage of \$10.30 per hour with health benefits and \$11.55 per hour without health benefits.

While the wage portion of the LWO is indexed to the Consumer Price Index (CPI) and, as a result, has risen from \$7.25 per hour to \$10.30 per hour as of July 1, 2009, the health benefit payment is not similarly indexed to the CPI and so has remained at \$1.25 per hour since the LWO was adopted in 1997. Additionally, the health benefit payment has not been periodically reviewed to ensure that the payment accurately reflects the actual cost of health care. Studies, including a study performed by Mercer Human Resource Consulting at the request of the Office of Administrative and Research Services, show that a payment of \$1.25 per hour is clearly insufficient to cover the actual cost of health care. As a result of the health benefit payment being so low compared to the actual cost of coverage, employees either have no access to an employer-provided health plan or must pay large out-of-pocket costs in order to access such a health plan for themselves and their family members.

Studies, including the study performed by Mercer Human Resource Consulting, show that high employee cost share relative to available income can curtail access to medical care providers, the purchase of medication, and the pursuit of follow-up treatment. The lack of health benefits among employees is particularly significant at the City's airports, where, for instance, as many as 2,600 workers covered by the LWO and their family members lack health benefits or rely on public health insurance. A 2009 LAANE study attributes high turnover rates among airline service workers who have key operational duties such as security and assisting passengers with disabilities to a lack of health benefits, and various studies and polls, including the LAANE study, have shown that providing family health insurance coverage increases the ability of employers to retain workers.

The LWO recognizes that the City holds a proprietary interest and genuine stake in the work performed by employees employed by lessees and licensees of City

property and by their service contractors and subcontractors, and by a 1998 amendment, recognized the prominence of this interest at facilities visited by the public on a frequent basis, including the City's airports.

The City through the Department of Airports has embarked upon a number of projects and initiatives to improve the passenger experience at LAX, including: (i) the adoption of a Service Standards Policy; (ii) an extensive capital improvement program that includes the renovation and upgrading of the Tom Bradley International Terminal; and (iii) a revamping of its concessions program. The retention of a qualified and stable workforce is vital to the success of these efforts.

Workers at the City's airports routinely interface with the traveling public and, therefore, are both particularly at risk of exposure to the H1N1 virus and other epidemics and pandemics and to exposing the traveling public to illnesses as well, thereby risking widespread and accelerated spreading of communicable illnesses worldwide. For instance, at LAX alone, some 51 million international and domestic passengers travel through its nine terminals, making LAX one of the busiest airports in the world.

In addition, the lack of health benefits among workers at City airports confers a heavy burden on taxpayers. Taxpayers spend an estimated \$3.9 million per year to cover the cost of the Medi-Cal and Healthy Families programs for LAX workers and their families. According to Families USA, eight people in California are estimated to die every day due to lack of health coverage, and uninsured children are six times more likely than insured children to have gone without needed medical or dental care, more likely to be hospitalized for preventable or treatable illnesses, and more likely to miss school.

Moreover, a 2005 study of families who filed for bankruptcy protection found that half cited medical causes, and a Harvard researcher studying home foreclosures in California and three other states found that medical bills contributed to twenty-three percent of all home foreclosure filings. Burdening working families with unmanageable medical expenses worsens and deepens the nation's economic crisis.

In order to address and correct the conditions enumerated above, this ordinance amends the LWO to increase the health benefit for workers at the City's airports covered by the LWO in order to promote the provision of health benefits to eligible airport workers and their families, and additionally provides for annual adjustments to and periodic reviews of the health benefit payment to airport workers to ensure that the amount accurately reflects the cost of health coverage.

Sec. 2. Subsections (a) through (l) of Section 10.37.1 of the Los Angeles Administrative Code are redesignated as Subsections (d) through (o), and three new Subsections, designated (a) through (c) are added to read as follows:

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

(b) "Airport Employer" means an Employer, as the term is defined in this section, at the Airport.

(c) "Airport Employee" means an Employee, as the term is defined in this section, of an Airport Employer.

Sec. 3. Subsection (a) of Section 10.37.2 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

(a) **Wages.** Employers shall pay Employees a wage of no less than the hourly rates set under the authority of this article. The initial rates were seven dollars and twenty-five cents (\$7.25) per hour with health benefits, as described in this article, or otherwise eight dollars and fifty cents (\$8.50) per hour without health benefits. With the annual adjustment effective July 1, 2009, together with all previous annual adjustments as provided by this subsection, such rates are ten dollars and thirty cents (\$10.30) per hour with health benefits or, if health benefits are not provided, then fourteen dollars and eighty cents (\$14.80) per hour for Airport Employees and eleven dollars and fifty-five cents (\$11.55) per hour for all other Employees. The hourly rate with health benefits to be paid to all Employees and the hourly rate without health benefits to be paid to Airport Employees shall be adjusted annually to correspond with adjustments, if any, to retirement benefits paid to members of the Los Angeles City Employees Retirement System (LACERS), made by the CERS Board of Administration under § 4.1040. The Office of Administrative and Research Services shall so advise the DAA of any such change by June 1 of each year and of the required new hourly rates, if any. On the basis of such report, the DAA shall publish a bulletin announcing the adjusted rates, which shall take effect upon such publication.

Sec. 4. Section 10.37.3 is amended in its entirety to read as follows:

**Sec. 10.37.3 Health Benefits.**

(a) **Health Benefits.** The health benefits required by this article shall consist of the payment of at least four dollars and fifty cents (\$4.50) per hour by Airport Employers and at least one dollar and twenty-five cents (\$1.25) per hour by all other Employers towards the provision of health care benefits for Employees and their dependents. Proof of the provision of such benefits must be submitted to the awarding authority to qualify for the wage rate in Section 10.37(a) for Employees with health benefits. Airport Employees cannot waive the health benefits offered by an Airport Employer when the Airport Employer does not require an out-of-pocket contribution by the Airport Employee. Consistent with and as shall be reflected in the hourly rates payable to Airport Employees as provided in 10.37.2(a) above, the amount of payment for health benefits by Airport Employers shall be adjusted annually to correspond with adjustments, if any, to retirement benefits paid to members of the Los Angeles City

Employees Retirement System (LACERS), made by the CERS Board of Administration under § 4.1040. The Office of Administrative and Research Services shall so advise the DAA of any such change by June 1 of each year and of the required new hourly payments, if any. On the basis of such report, the DAA shall publish a bulletin announcing the adjusted payment, which shall take effect upon such publication.

**(b) Periodic Review.**

At least once every three years, the Office of Administrative and Research Services shall review the health benefit payment by Airport Employers set forth in 10.37.3(a) to determine whether the payment accurately reflects the cost of health care and to assess the impacts of the health benefit payment on Airport Employers and Airport Employees and shall transmit a report with its findings to the Council.

Sec. 5. A new Subsection (d) of Section 10.37.11 is added to read as follows:

**(d) 2009 Amendment.** The provisions of this article as amended by the 2009 ordinance shall become operative ninety (90) days following the effective date of the 2009 ordinance.

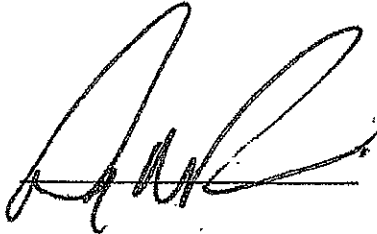
Sec. 6. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of SEP 09 2009.

JUNE LAGMAY, City Clerk


By   
Deputy

Approved \_\_\_\_\_

  
SEP 15 2009  
Mayor

Approved as to Form and Legality

CARMEN A. TRUTANICH, City Attorney

By   
THERESA A. STAMUS  
Sr. Assistant City Attorney

Date September 9 2009

File No. 07-2247

EXHIBIT G

Living Wage Coverage Determination

**DEPARTMENTAL DETERMINATION OF COVERAGE UNDER THE LIVING WAGE ORDINANCE (LWO)  
(TO BE COMPLETED BY THE AWARDING DEPARTMENT ONLY)**

This form must be completed by the awarding department to assist in determining if the contract is subject to the LWO. Attach the form to the proposed contract, lease, license, or Authority for Expenditure that includes a Letter of Agreement, submitted for review by the Department of Public Works, Bureau of Contract Administration, Office of Contract Compliance (OCC) and City Attorney. Contracts are presumed to be "subject" to the Ordinance so LWO contract language must be incorporated into all contracts, even for those contracts that the department determines to be exempt. If the department determines the contract is "not covered" or "exempt," such determination must be indicated on this form (and if so required, an Exemption form must also be attached to this Determination). After contract execution, the contract, this Determination Form, and any Certification of approved Exemption must be provided to the Office of Contract Compliance.

Department \_\_\_\_\_ Dept. Rep. \_\_\_\_\_  
 Date \_\_\_\_\_ Phone # \_\_\_\_\_  
 Contractor \_\_\_\_\_ Contract # \_\_\_\_\_

**Contracts, Leases, Licenses and City Financial Assistance Recipients (CFARs) Subject to the LWO**

	LAAC	Covered	Not Covered
Service contract (at least 3 months and over \$25,000)	10.37.1(f)	_____	_____ (Attach approved LW-10)
Public leases or licenses	10.37.1(f)	_____	_____ (Attach approved LW-10)
501(c)(3) non-profit with childcare workers	10.37.1(g)	_____	
Financial assistance of more than \$1 Million in 12 months	10.37.1(c)	_____	
Financial assistance of \$100,000 or more (continuing)	10.37.1(c)	_____	

**Contracts, Leases, Licenses and City Financial Assistance Recipients (CFARs) Exempt from the LWO**

<b><u>Exemptions that DO NOT require OCC approval or Contractor Certification</u></b>		Exempt	Term	Amount
Service contract (less than 3 months or \$25,000 or less)	10.37.1(i)	_____	_____	_____
Other governmental entity	10.37.1(g)	_____		
Purchase or rental of goods, equipment, property	10.37.1(i)	_____		
Construction contract	10.37.1(i)	_____		
Funded by Business Improvement District assessment money	Reg. 11	_____		
Financial assistance not for econ. development or job growth	10.37.1(c)	_____		
Financial assistance is below both LWO CFAR thresholds	10.37.1(c)	_____		
(a) Financial assistance must be less than \$1 Million in a 12-month period AND				
(b) Is less \$100,000 if on a continuing basis (such as a loan) at a rate lower than the Applicable Federal Rate)				

**Exemptions that require Contractor Certifications of Exemption from Living Wage (OCC/LW-13)**

501(c)(3) non-profit meets 8:1 salary test & no childcare workers	10.37.1(g)	_____	(Attach Certification)
One-person contractors, lessee/licensee, financial assistance recipients with no employees	10.37.1(f)	_____	(Attach Certification)

**Exemptions that require submission of an Application (OCC/LW-10 or OCC/LW-26) and OCC Approval of the Application**

Occupational license required	10.37.1(f)	_____	(Attach approved LW-10)
Collective bargaining agreement w/ supersession language	10.37.12	_____	(Attach approved LW-10)
Small business exemption for public lessee or licensee	10.37.1(i)	_____	(Attach approved LW-26)
City financial assistance recipient in first year of operation	10.37.1(c)	_____	(Attach approved LW-10)
City financial assistance recipient that employs long-term unemployed or provides training for permanent positions requesting hardship waiver	10.37.1(c)	_____	(Attach approved LW-10)



EXHIBIT H

Living Wage Ordinance Declaration of Compliance Form

**CITY OF LOS ANGELES**  
**Office of the City Administrative Officer**  
**Contractor Enforcement Section**  
**200 North Main Street, Room 606**  
**Los Angeles, CA 90012**  
**Phone: (213) 485-3514 - Fax: (213) 485-0672**

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

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

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

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

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

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

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

Company Name		Signature of Officer or Authorized Representative	
Company Address and Phone Number		Type or Print Name and Title	
Date	Contract Number	Awarding City Department	Type of Service

EXHIBIT I

Service Contractor Worker Retention Ordinance

# LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 10

## SERVICE CONTRACTOR WORKER RETENTION ORDINANCE

### Sec. 10.36 Findings and Statement of Policy.

The City awards many contracts to private firms to provide services to the public and to City government. The City awards many contracts to private firms to provide services to the public and to City government. The City also provides financial assistance and funding to others for the purpose of economic development or job growth. At the conclusion of the terms of a service contract with the City or with those receiving financial assistance from the City, competition results in the awarding of a service contract to what may be a different contractor. These new contracts often involve anticipated changes in different managerial skills, new technology or techniques, new themes or presentations, or lower costs.

The City expends grant funds under programs created by the federal and state governments. Such expenditures serve to promote the goals established for those programs by such governments and similar goals of the City. The City intends that the policies underlying this article serve to guide the expenditure of such funds to the extent allowed by the laws under which such grant programs are established.

Despite desired changes through the process of entering into new contracts, it is the experience of the City that reasons for change do not necessarily include a need to replace workers presently performing services who already have useful knowledge about the workplace where the services are performed.

Incumbent workers have already invaluable knowledge and experience with the work schedules, practices, and clients. The benefits of replacing these workers without such experiences decreases efficiency and results in a disservice to City and City financed or assisted projects.

Retaining existing service workers when a change in contractors occurs reduces the likelihood of labor disputes and disruptions. The reduction of the likelihood of labor disputes and disruptions results in the assured continuity of services to citizens who receive services provided by the City or by City financed or assisted projects.

It is unacceptable that contracting decisions involving the expenditure of City funds should have any potential effect of creating unemployment and the consequential need for social services. The City, as a principal provider of social support services, has an interest in the stability of employment under contracts with the City or by those receiving financial assistance from the City. The retention of existing workers benefits that interest.

### SECTION HISTORY

*Article and Section Added by Ord. No. 170,784, Eff. 1-13-96.  
Amended by: Article and Section, Ord. No. 171,004, Eff. 5-18-96.*

### Sec. 10.36.1. Definitions.

The following definitions shall apply throughout this article:

(a) "Awarding authority" means that subordinate or component entity or person of the City (such as a department) or of the financial assistance recipient that awards or is otherwise responsible for the administration of a service contract or, if none, then the City or the City financial assistance recipient.

(b) "City" means the City of Los Angeles and all awarding authorities thereof, including those City departments which exercise independent control over their expenditure of funds, but excludes the Community Redevelopment Agency of the City of Los Angeles.

(c) "City financial assistance recipient" means any person that receives from the City in any twelve-month period discrete financial assistance for economic development or job growth expressly articulated and identified by the City totaling at least one hundred thousand dollars (\$100,000); provided, however, that corporations organized under Section § 501(c)(3) of the United States Internal Revenue Code of 1954, 26 U.S.C. § 501(c)(3), with annual operating budgets of less than five million dollars (\$5,000,000) or that regularly employ homeless persons, persons who are chronically unemployed, or persons receiving public assistance, shall be exempt.

Categories of such assistance include, but are not limited to, bond financing, planning assistance, tax increment financing exclusively by the City, and tax

credits, and shall not include assistance provided by the Community Development Bank. City staff assistance shall not be regarded as financial assistance for purposes of this article. A loan shall not be regarded as financial assistance. The forgiveness of a loan shall be regarded as financial assistance. A loan shall be regarded as financial assistance to the extent of any differential between the amount of the loan and the present value of the payments thereunder, discounted over the life of the loan by the applicable federal rate as used in 26 U.S.C. Sections 1274(d), 7872(f). A recipient shall not be deemed to include lessees and sublessees. Service contracts for economic development or job growth shall be deemed such assistance once the \$100,000 threshold is reached.

(d) "Contractor" means any person that enters into a service contract with the City or a City financial assistance recipient.

(e) "Employee" means any person employed as a service employee of a contractor or subcontractor earning less than fifteen dollars (\$15.00) per hour in salary or wage whose primary place of employment is in the City on or under the authority of a service contract and including but not limited to: hotel employees; restaurant, food service or banquet employees; janitorial employees; security guards; parking attendants; nonprofessional health care employees; gardeners; waste management employees; and clerical employees; and does not include a person who is (1) a managerial, supervisory, or confidential employees, or (2) required to possess an occupational license.

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

(g) "Service contract" means a contract let to a contractor by the City or a City financial assistance recipient primarily for the furnishing of services to or for the City or financial assistance recipient (as opposed to the purchase of goods or other property) and that involves an expenditure or receipt in excess of twenty-five thousand dollars (\$25,000) and a contract term of at least three months.

(h) "Subcontractor" means any person not an employee that enters into a contract with a contractor to assist the contractor in performing a service contract and that employs employees for such purpose.

(i) "Successor service contract" means a service contract where the services to be performed are substantially similar to a service contract that has been recently terminated.

## SECTION HISTORY

*Added by Ord. No. 170,784, Eff. 1-13-96.*

*Amended by: Ord. No. 171,004, Eff. 5-18-96; Subsec. (c), Ord. No. 172,843, Eff. 11-4-99.*

### Sec. 10.36.2. Transition Employment Period.

(a) Where an awarding authority has given notice that a service contract has been terminated, or where a service contractor has given notice of such termination, upon receiving or giving such notice, as the case may be, the terminated contractor shall within ten (10) days thereafter provide to the successor contractor the name, address, date of hire, and employment occupation classification of each employee in employment, of itself or subcontractors, at the time of contract termination. If the terminated contractor has not learned the identity of the successor contractor, if any, by the time that notice was given of contract termination, the terminated contractor shall obtain such information from the awarding authority. If a successor service contract has not been awarded by the end of the ten (10)-day period, the employment information referred to earlier in this subsection shall be provided to the awarding authority at such time. Where a subcontract of a service contract has been terminated prior to the termination of the service contract, the terminated subcontractor shall for purposes of this article be deemed a terminated contractor.

(1) Where a service contract or contracts are being let where the same or similar services were rendered by under multiple service contracts, the City or City financial aid recipient shall pool the employees, ordered by seniority within job classification, under such prior contracts.

(2) Where the use of subcontractors has occurred under the terminated contract or where the use of subcontractors is to be permitted under the successor contract, or where both circumstances arise, the City or City financial assistance recipient shall pool, when applicable, the employees, ordered by seniority within job classification, under such prior contracts or subcontracts where required by and in accordance with rules authorized by this article.

(b) A successor contractor shall retain, for a ninety (90)-day transition employment period, employees who have been employed by the terminated contractor or its subcontractors, if any, for the preceding twelve (12) months or longer. Where pooling of employees has occurred, the successor contractor shall draw from such pools in accordance with rules established under this article. During such ninety (90)-day period, employees so hired shall be employed under the terms and conditions established by the successor contractor (or subcontractor) or as required by law.

(c) If at anytime the successor contractor determines that fewer employees are required to perform the new service contract than were required by the terminated contractor (and subcontractors, if any), the successor contractor shall retain employees by seniority within job classification.

(d) During such ninety (90)-day period, the successor contractor (or subcontractor, where applicable) shall maintain a preferential hiring list of eligible covered employees not retained by the successor contractor (or subcontractor) from which the successor contractor (or subcontractor) shall hire additional employees.

(e) Except as provided in subsection (c) of this section, during such ninety (90)-day period the successor contractor (or subcontractor, where applicable) shall not discharge without cause an employee retained pursuant to this article. "Cause" for this purpose shall include, but not be limited to, the employee's conduct while in the employ of the terminated contractor or subcontractor that contributed to any decision to terminate the contract or subcontract for fraud or poor performance.

(f) At the end of such ninety (90)-day period, the successor contractor (or subcontractor, where applicable) shall perform a written performance evaluation for each employee retained pursuant to this article. If the employee's performance during such ninety (90)-day period is satisfactory, the successor contractor (or subcontractor) shall offer the employee continued employment under the terms and conditions established by the successor contractor (or subcontractor) or as required by law. During such ninety (90)-day period, the successor contractor shall maintain a preferential hiring list of eligible covered employees not retained by the successor contractor from which the successor contractor shall hire additional employees.

(g) If the City or a City financial assistance recipient enters into a service contract for the performance of work that prior to the service contract was performed by the City's or the recipient's own service employees, the City or the recipient, as the case may be, shall be deemed to be a "terminated contractor" within the meaning of this section and the contractor under the service contract shall be deemed to be a "successor contractor" within the meaning of this section and section 10.36.3.

### SECTION HISTORY

*Added by Ord. No. 170,784, Eff. 1-13-96.  
Amended By: Ord. No. 171,004, Eff. 5-18-96; Subsec. (g) Added,  
Ord. No. 172,349, Eff. 1-29-99.*

#### Sec. 10.36.3. Enforcement.

(a) An employee who has been discharged in violation of this article by a successor contractor or its subcontractor may bring an action in the Municipal Court or Superior Court of the State of California, as appropriate, against the successor contractor and, where applicable, its subcontractor, and may be awarded:

(1) Back pay for each day during which the violation continues, which shall be calculated at a rate of compensation not less than the higher of:

(A) The average regular rate of pay received by the employee during the last 3 years of the employee's employment in the same occupation classification; or

(B) The final regular rate received by the employee;

(2) Costs of benefits the successor contractor would have incurred for the employee under the successor contractor's (or subcontractor's, where applicable) benefit plan.

(b) If the employee is the prevailing party in any such legal action, the court shall award reasonable attorney's fees and costs as part of the costs recoverable.

(c) Compliance with this article shall be required in all City contracts to which it applies, and such contracts shall provide that violation of this article shall entitle the City to terminate the contract and otherwise pursue legal remedies that may be available.

(d) Notwithstanding any provision of this Code or any other ordinance to the contrary, no criminal penalties shall attach for any violation of this article.

#### SECTION HISTORY

*Added by Ord. No. 170,784, Eff. 1-13-96.  
Amended By: Ord. No. 171,004, Eff. 5-18-96.*

#### Sec. 10.36.4. Exemption for Successor Contractor or Subcontractor's Prior Employees.

An awarding authority shall upon application by a contractor or subcontractor exempt from the requirements of this article a person employed by the contractor or subcontractor continuously for at least twelve (12) months prior to the commencement of the successor service contract or subcontract who is proposed to work on such contract or subcontract as an employee in a capacity similar to such prior employment, where the application demonstrates that (a) the person would otherwise be laid off work and (b) his or her retention would appear to be helpful to the contractor or subcontractor in performing the successor contract or subcontract. Once a person so exempted commences work under a service contract or subcontract, he or she shall be deemed an employee as defined in Section 10.36.1(e) of this Code.

#### SECTION HISTORY

*Added by Ord. No. 170,784, Eff. 1-13-96.  
Amended By: Ord. No. 171,004, Eff. 5-18-96.*

#### Sec. 10.36.5. Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.

This article shall not be construed to limit an employee's right to bring legal action for wrongful termination.

#### SECTION HISTORY

*Added by Ord. No. 170,784, Eff. 1-13-96.  
Amended By: Ord. No. 171,004, Eff. 5-18-96.*

#### Sec. 10.36.6. Expenditures Covered by this Article.

This article shall apply to the expenditure, whether through service contracts let by the City or by its financial assistance recipients, of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the

City to expend such other funds. City financial assistance recipients shall apply this article to the expenditure of non-City funds for service contracts to be performed in the City by complying themselves with § 10.36.2(g) and by contractually requiring their service contractors to comply with this article. Such requirement shall be imposed by the recipient until the City financial assistance has been fully expended.

#### SECTION HISTORY

*Added by Ord. No. 171,004, Eff. 5-18-96.  
Amended by: Ord. No. 172,337, Eff. 1-14-99; Ord. No. 172,843, Eff. 11-4-99*

#### Sec. 10.36.7. Timing of Application of Ordinances Adding and then Amending this Article.

The provisions of this article as set forth in City Ordinance No. 171,004 shall apply to contracts consummated and financial assistance provided after May 18, 1996 (the effective date of City Ordinance No. 171,004). As for contracts consummated and financial assistance provided after the original version of this article took effect on January 13, 1996 (by City Ordinance No. 170,784) and through May 18, 1996, the City directs its appointing authorities and urges others affected to use their best efforts to work cooperatively so as to allow application City Ordinance No. 171,004 rather than City Ordinance No. 170,784 to service contracts let during such period. No abrogation of contract or other rights created by City Ordinance No. 170,784, absent consent to do so, shall be effected by the retroactive application of City Ordinance No. 171,004.

#### SECTION HISTORY

*Added by Ord. No. 171,784, Eff. 1-13-96.  
Amended by: Ord. No. 171,004, Eff. 5-18-96; Ord. No. 172,337, Eff. 1-14-99.*

#### Sec. 10.36.8. Promulgation of Implementing Rules.

The City Council shall by resolution designate a department or office, which shall promulgate rules for implementation of this article and otherwise coordinate administration of the requirements of this article.

#### SECTION HISTORY

*Added by Ord. No. 171,004, Eff. 5-18-96.*

**Sec. 10.36.9. Severability.**

If any severable provision or provisions of this article or any application thereof is held invalid, such invalidity shall not affect other provisions or applications of the article that can be given effect notwithstanding such invalidity.

**SECTION HISTORY**

*Added by Ord. No. 171,004, Eff. 5-18-96.*



EXHIBIT J

Child Support Assignment 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. 2-13-99.*

EXHIBIT K

Contractor Responsibility Program

# LOS ANGELES WORLD AIRPORTS



## CONTRACTOR RESPONSIBILITY PROGRAM

### RULES AND REGULATIONS FOR LEASES

Effective date: May 20, 2002

Procurement Services Division  
7301 World Way West, Rm 105  
Los Angeles, CA 900145  
(310) 417-6495  
(310) 646-7098 (Fax)

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These Rules and Regulations are promulgated pursuant to Board Resolution #21601, the Los Angeles World Airports Contractor Responsibility Program (CRP). Each Requesting LAWA Division shall cooperate to the fullest extent with the Executive Director in the administration of the CRP. The Executive Director may amend these Rules and Regulations from time to time as required for the implementation of the CRP.

**A. DEFINITIONS**

1. **Adoption of CRP definitions:** For purposes of these Rules and Regulations, the definitions set forth in the Board Resolution are incorporated herein, and include the following:

- a. **Board**
- b. **Executive Director**
- c. **Los Angeles World Airports (LAWA)**
- d. **Lease agreement** means a written document in which the rights to use and occupancy of land or structures are transferred by the owner to another for a specified of time in return for a specified rent.
- e. **Tenant** - means Lessee.
- f. **Subtenant** - means Sublessee
- g. **Prospective tenant** - means a firm or individual not currently a LAWA tenant
- h. **New Lease agreement** - means new leasehold premises for a prospective tenant. A lease with a firm or individual not currently a LAWA tenant.
- i. **Additional Lease agreement** - means new leasehold premises for a current tenant
- j. **Renewal Lease** - means same leasehold premises for a current tenant
- k. **Amendment** - means modified terms on same leasehold premises for a current tenant
- l. **Public Lease** - means a lease of LAWA property

2. **New Definitions**

- a. **"CRP Questionnaire"** means the set of questions developed by Procurement Services Division (PSD) that will assist LAWA in determining a prospective tenant'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 leases, 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.
- b. **"CRP Pledge of Compliance"** means the CRP Pledge developed by the PSD. The CRP Rules and Regulations may be updated from time to time by the PSD. The CRP Pledge shall require contractors to sign under penalty of perjury that the Tenant will:

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- (1) Comply with all applicable Federal, State, and local laws that apply to the lease agreement, 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 thirty (30) calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the Tenant is not in compliance with subparagraph 2(b)(1).
- (3) Notify LAWA within thirty (30) calendar days of all findings by a government agency or court of competent jurisdiction that the Tenant has violated subparagraph 2(b)(1).
- (4) Ensure that Subtenants occupying space through any Sublease in connection with a LAWA lease agreement shall complete and sign a Pledge of Compliance attesting under penalty of perjury to compliance with paragraphs 2(b)(1) through (3). To submit to LAWA the completed Pledges.
- (5) Notify LAWA within thirty (30) days of becoming aware of an investigation, violation or finding of any applicable Federal, State, or local law involving any Subtenant(s) in the LAWA lease agreement.
- (6) 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.

**B. SUBMISSION OF CRP QUESTIONNAIRES**

1. **Prospective Tenants** are required to submit a completed and signed CRP Questionnaire for determination of responsibility prior to award of the lease.
2. **Current Tenants**: The requirement to submit a CRP Questionnaire is not applicable to current tenant. See Section D(2)(a)
3. **Subtenants**: The requirement to submit a CRP Questionnaire is not applicable to subtenants. See Section D(2)(b)

**C. LAWA REVIEW OF SUBMITTED CRP QUESTIONNAIRES – APPLIES TO PROSPECTIVE TENANTS ONLY.**

**1. Posting of CRP Questionnaires and Subtenant Lists:**

**Prospective Tenants:** The Requesting LAWA Division will forward to PSD the completed CRP Questionnaires and Subtenant list(s), if any, submitted by the prospective tenants to make available for public review and comment for a minimum of fourteen (14) calendar days prior to the award of the lease.



**Current Tenants:** The requirement to submit a CRP Questionnaire is not applicable to current tenants. Subtenants of current tenants are listed on the LAWA website.

## **2. Departmental Review of CRP Questionnaires**

- a. PSD will determine Contractor Responsibility from the completeness and accuracy of the information in the submitted CRP Questionnaire; information from various compliance and regulatory agencies; accuracy and completeness of the information received from the public; and through PSD's own reviews and investigations.
- b. PSD may submit written requests to the tenant for clarification or additional documentation. Failure to respond to these requests within the specified time may render the tenant non-responsible and disqualified.
- c. PSD will report its findings and determination to the Requesting LAWA Division.
- d. No lease award will be made by LAWA until after the CRP review and determination has been made.
- e. The CRP Questionnaire of the prospective tenant awarded the lease will be retained by PSD. The CRP Questionnaires for the prospective tenants not awarded the lease will also be retained by PSD.

## **3. Claims Resulting from Public Review and Comments**

### **Prospective Tenants/Subtenants:**

- a. Claims regarding a tenant/subtenant's responsibility must be submitted to PSD in writing. However, PSD may investigate a claim regarding a tenant/subtenant's responsibility, whether or not it is submitted in writing.
- b. If PSD receives information which calls into question a tenant/subtenant's responsibility, and the information was received before the lease/sublease has been executed, PSD shall:
  - (1) Notify the Requesting Division in writing that no lease/sublease shall be awarded until PSD has completed investigation into the matter.
  - (2) Investigate the complaint, collect necessary documentation, and determine the complaint's validity.
  - (3) Upon completion of the investigation, notify the Requesting Division in writing of the results of the investigation.
  - (4) Findings from the PSD investigation received by the Requesting Division will be considered by the Requesting Division as part of the determination of the tenant/subtenant's responsibility.

**Current Tenants/Subtenants:**

- a. Claims regarding a tenant/subtenant's responsibility must be submitted to PSD in writing. However, PSD may investigate a claim regarding a tenant/subtenant's responsibility, whether or not it is submitted in writing.
- b. If PSD receives written information that calls into question a current tenant/subtenant's responsibility, PSD shall investigate the matter as required in Section G, LAWA Investigation.

**D. AWARD AND EXECUTION OF LEASES**

**1. Determination of Responsibility and Award of Lease**

**Prospective Tenants/Subtenants:**

- a. PSD shall determine whether a tenant/subtenant is a responsible tenant/subtenant with the necessary quality, fitness and capacity to comply with the terms of the lease by considering the following:
  - (1) Completeness and accuracy of the information contained in the CRP Questionnaire;
  - (2) Completeness and accuracy of the information received from the public;
  - (3) Information and documentation from PSD's own investigation; and
  - (4) Information that may be available from any compliance or regulatory governmental agency.
- b. Board may award and Executive Director may execute a lease with a prospective tenant only if:
  - (1) The tenant's CRP Questionnaire, and Subtenant's list(s), if any, has been made available for public review for at least fourteen (14) calendar days unless otherwise exempted from the posting requirement by the CRP;
  - (2) The tenant is not being investigated pursuant to the CRP;
  - (3) The tenant has not been found to be a non-responsible contractor pursuant to the CRP;
  - (4) The tenant does not appear on any City list of debarred bidders or contractors; and
  - (5) The tenant has met all other applicable City requirements.

**Current Tenants/Subtenants:**

- a. PSD shall determine whether a tenant/subtenant is a responsible tenant/subtenant with the necessary quality, fitness and capacity to comply with the terms of the lease by considering the following:

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- (1) Completeness and accuracy of any information received from the public;
- (2) Information and documentation from PSD's own investigation; and
- (3) Information that may be available from any compliance or regulatory governmental agency.

**2. Submission of Pledge of Compliance**

**Prospective and Current Tenants:**

- a. Unless otherwise exempt from the CRP, all prospective and current tenants/subtenants are required to submit a CRP Pledge of Compliance signed under penalty of perjury. Failure to submit a CRP Pledge of Compliance as required may render the tenant/subtenant non-compliant with the terms of the lease and subject to sanctions.

**Subtenants:**

- b. Within ten (10) calendar days of execution of a sublease, the tenant shall submit to LAWA a signed CRP Pledge of Compliance from each subtenant listed as occupying space on the leasehold premises.

**3. Subtenant Responsibility**

- a. Tenants shall ensure that their subtenants meet the criteria for responsibility set forth in the CRP and these Rules and Regulations unless the sublease is not subject to the CRP.
- b. Tenants shall ensure that subtenants occupying space on the LAWA leasehold premises shall complete and submit a signed CRP Pledge of Compliance.
- c. Tenants shall not use in any capacity any subtenant that has been determined or found to be a non-responsible contractor by LAWA or the City.
- d. Subject to approval by the LAWA Requesting Division, tenants may substitute a non-responsible subcontractor with another subtenant.

**4. Execution of Contracts**

**Prospective Tenants:**

- a. Unless exempt from the CRP, all lease agreements subject to the CRP shall contain language obligating the contractor to comply with the CRP.
- b. No lease agreement may be executed unless:

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- (1) The prospective tenant's CRP Questionnaire, unless otherwise exempt, has been made available for public review for at least fourteen (14) calendar days.
- (2) The tenant has submitted a signed Pledge of Compliance with the CRP.
- (3) The prospective tenant's subtenant list, if any, has been made available for public review for at least fourteen (14) calendar days.
- (4) The prospective tenant is determined by LAWA to be a Responsible Contractor.

**Current Tenants:**

- a. Unless exempt from the CRP, all lease agreements subject to the CRP shall contain language obligating the tenant to comply with the CRP.
- b. No lease agreement may be executed unless the tenant has submitted a signed Pledge of Compliance with the CRP.

**E. LEASE AMENDMENTS**

Compliance with the CRP is required in lease amendments if the initial lease was not subject to the CRP, but the total term and amount of the lease, inclusive of all amendments, would make the lease subject to the CRP.

- a. A tenant subject to the CRP because of an amendment shall submit a CRP Pledge of Compliance to LAWA before the lease amendment can be executed.
- b. Unless exempt from the CRP, all lease amendments subject to the CRP shall contain contract language obligating the contractor to comply with the CRP.

**F. TENANT NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION**

**1. Notification of Investigations**

**Prospective and Current Tenants shall:**

- a. 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 tenant is not in compliance with any applicable Federal, State, or local law that apply to the LAWA or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.
- b. Notify LAWA within thirty (30) calendar days of receiving notice of any findings by a government agency or court of competent jurisdiction that the tenant violated any applicable Federal, State, or local law that apply to the LAWA or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

- c. Notify LAWA within thirty (30) calendar days of becoming aware of an investigation, violation or finding of any applicable Federal, State, or local law involving the subtenants in the performance of a LAWA or City lease agreement.

**2. Subtenant Notification of Investigations**

Tenants shall ensure that subtenants occupying the LAWA leasehold premises abide by these same updating requirements, including the requirement to:

- a. Notify LAWA within thirty (30) calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the subtenant did not comply with any applicable Federal, State, or local law that apply to the LAWA or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.
- b. Notify LAWA within thirty (30) calendar days of all findings by a government agency or court of competent jurisdiction that the subtenant violated any applicable Federal, State, or local law that apply to the LAWA or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

**3. Update of CRP Questionnaire Information – applies to Prospective Tenants only.**

- a. Updates of information contained in the prospective tenant's responses to the CRP Questionnaire shall be submitted to LAWA within thirty (30) days of any changes to the responses if the change would affect the prospective tenant's fitness and ability to comply with the terms of the lease.
- b. PSD, or the Requesting Division, shall determine whether a tenant in a specific situation should have provided updated information.
  - (1) If PSD, or the Requesting Division, becomes aware of new information concerning a tenant and determines that the tenant should have provided information or updated LAWA of such information, but the tenant has not done so, PSD shall issue a written notice to the tenant requiring the tenant to submit the required information within (ten) 10 calendar days.
  - (2) If PSD or the Requesting Division becomes aware of new information concerning a subtenant and determines that the subtenant should have provided information or updated LAWA of such information, but the subtenant has not done so, PSD shall issue a written notice to the tenant requiring the subtenant to submit the required information within (ten) 10 calendar days.

- c. Tenant'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 lease agreement, and LAWA may invoke remedies set forth in Section J of these Rules and Regulations
4. **Submission of CRP Questionnaires and Updates of CRP Questionnaire Is Not Applicable to Current Tenants and Subtenants:** The requirement that tenants submit to LAWA CRP Questionnaires and updates to the CRP Questionnaire responses does not apply to current tenants and subtenants.

#### G. LAWA INVESTIGATION

1. **Reporting of Alleged Violations:** Claims regarding a tenant/subtenant's responsibility must be submitted to PSD in writing. However, PSD may investigate a claim regarding a tenant/subtenant's responsibility, whether or not it is submitted in writing.
2. **Process:**
  - a. Upon receipt of a complaint or upon initiation of an investigation, PSD shall notify the Requesting Division and the tenant in writing that an investigation has been initiated.
  - b. PSD shall collect necessary facts and documentation from the complainant(s). To the extent permissible, PSD shall maintain the identity of the complainant, if any, confidential.
  - c. PSD shall issue a "Notice to Respond" to the tenant summarizing the facts of the investigation.
  - d. The tenant shall cooperate fully and respond to LAWA's request for information within ten (10) working days from the date of the Notice to Respond.
  - e. A tenant's failure to cooperate or respond to the Notice to Respond will be deemed conclusive admission that the tenant/subtenant is a non-responsible contractor/subcontractor and LAWA may initiate a hearing as set forth in Section I of these Rules and Regulations.

Where the Subtenant is the alleged entity, the tenant shall gather the necessary information and respond to LAWA's request for information.

- f. Upon completion of the investigation, PSD shall prepare a written report of the findings and notify the Requesting Division, the tenant, and complainant(s), if applicable, of the results.

### **3. Results of Investigation**

#### **Prospective Tenants**

- a. When an investigation is completed before the lease is awarded, PSD shall notify the Requesting Division of the results, and Requesting Division will consider the information as part of the determination of a tenant's responsibility.
  - (1) If the tenant is found non-responsible, PSD shall notify the tenant, and the Requesting Division, of the proposed determination of non-responsibility and provide an opportunity for a hearing as set forth in Section I of these Rules and Regulations.
  - (2) If the tenant fails to exercise the right to a hearing within ten (10) working days of the date of the notice of the proposed determination of non-responsibility, the tenant shall be deemed to waive the right to a hearing. PSD may proceed to declare the tenant a non-responsible contractor without a hearing and LAWA may invoke remedies set forth in Section J of these Rules and Regulations.

#### **Current Tenants**

- 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 tenant of the violation and require the tenant to submit an explanation and information on the status of the violation within (ten) 10 calendar days:
  - (2) After review of the information regarding the violation, PSD may:
    - (i) Proceed to declare the tenant a non-responsible contractor and LAWA may invoke remedies as set forth in Section J of these Rules and Regulations; or
    - (ii) Declare the tenant a responsible contractor.
  - (3) If the tenant fails to provide information regarding the violation as required, PSD shall notify the Requesting Division and may:
    - (i) Proceed to declare the tenant a non-responsible contractor and LAWA may invoke remedies as set forth in Section J of these Rules and Regulations.

### **H. VIOLATIONS OF THE CRP OR ITS RULES AND REGULATIONS**

1. Claims regarding a tenant's responsibility must be submitted to PSD in writing. However, PSD may investigate a claim regarding a tenant's responsibility, whether or not it is submitted in writing.

2. A tenant/subtenant will be considered in violation of the CRP and sanctioned if the tenant/subtenant:
  - a. Does not submit required CRP documents
  - b. Submits incomplete, inaccurate, or unsigned CRP documents, or
  - c. Does not cooperate with PSD during its investigation, and/or fails to respond to PSD's Notice to Respond within the time allowed, or
  - d. Is determined by LAWA to be a non-responsible contractor/subcontractor after a review of the CRP documents, supportive documentation and/or public comments.
3. If violations of the CRP are found, PSD shall notify the Requesting Division and the tenant of the violation and require the tenant to submit an explanation and information on the status of the violation within 10 calendar days.
4. After review of the information regarding the violation, PSD may:
  - a. Proceed to declare the tenant a non-responsible contractor and LAWA may invoke remedies as set forth in Section J of these Rules and Regulations; or
  - b. Declare the tenant a responsible contractor.
5. If the tenant fails to provide information regarding the violation as required, PSD shall notify the Requesting Division and may:
  - a. Proceed to declare the tenant a non-responsible contractor and LAWA may invoke remedies as set forth in Section J of these Rules and Regulations.

#### I. NON-RESPONSIBILITY HEARING

1. PSD, after consultation with the City Attorney, shall initiate the process of declaring a tenant as a non-responsible contractor.
2. Before a tenant may be declared non-responsible, PSD shall notify the tenant, and the Requesting Division, of the proposed determination of non-responsibility and provide with an opportunity for a hearing.
3. PSD shall administer a procedure for the non-responsibility hearing which, at minimum, must include the following:
  - a. The tenant shall be provided with a written Notice that LAWA intends to declare the tenant a non-responsible contractor.
  - b. The Notice shall provide the tenant with the following information:
    - (1) That LAWA intends to declare the tenant a non-responsible contractor.
    - (2) A summary of the information upon which LAWA is relying upon.



- (3) That the tenant has a right to respond to the information by requesting a hearing to rebut adverse information and to present evidence of the necessary quality, fitness and capacity to comply with the terms of the lease required under the lease agreement or for future lease agreements.
  - (4) That the tenant shall exercise the right to a hearing by submitting to PSD a written request for a hearing within (ten) 10 working days of the date of the notice.
  - (5) That failure to submit a written request for hearing within the required time frame shall be considered a waiver of the right to a hearing that allows LAWA to proceed with the determination of non-responsibility.
4. If the tenant fails to exercise the right to a hearing within ten (10) working days of the date of the Notice of the proposed determination of non-responsibility, the tenant shall be deemed to waive the right to a hearing. PSD may proceed to declare the tenant a non-responsible contractor without a hearing and LAWA may invoke remedies as set forth in Section J of these Rules and Regulations.
  5. If the tenant submits a written request for a hearing, the hearing may be held with the head of PSD, Requesting Division, City Attorney and/or their respective designees. LAWA may determine that the tenant:
    - a. Does not possess the necessary quality, fitness, or capacity to comply with the terms of the lease, should be declared a non-responsible contractor, and invoke remedies as set forth in Section J of these Rules and Regulations; or
    - b. Should be declared a responsible contractor.
  6. LAWA's determination shall be final and constitute exhaustion of administrative remedies.
  7. PSD shall provide LAWA's written final decision to the tenant and to the Requesting Division. If the tenant is declared to be non-responsible, a copy of the final decision shall also be provided to the City Administrative Officer.

#### **J. NON-RESPONSIBILITY SANCTIONS**

##### **Sanctions for Airline Tenants:**

Airline tenants that do not comply with CRP requirements and/or are determined non-responsible by LAWA will be declared to have a material breach of the lease agreement. LAWA may exercise its legal remedies thereunder, which are to include, but not limited to:

1. Non-issuance of a successor ACOP, paying landing fees at the higher rate of non-permitted carriers;
2. Losses of exclusive, preferential and/or historical gate assignments;
3. Termination of the lease agreement.

**Sanctions for Non-Airline Tenants:**

1. Prospective tenants that do not comply with CRP requirements and/or are determined non-responsible by LAWA will be disqualified and will not be awarded a lease agreement.
2. Current tenants that do not comply with CRP requirements and/or are determined non-responsible will be declared to have a material breach of the lease agreement. LAWA may exercise its legal remedies thereunder, which are to include, but not limited to the termination of the lease agreement.

Such tenant shall not perform any work or occupy any leasehold premises in the proposed lease, whether as a Master tenant, a subtenant, a partner in a partnership, a participant in a joint venture, a member of a consortium, or in any other capacity.

3. Upon final determination of a tenant as a non-responsible contractor, PSD shall provide the Requesting Division and the tenant with a written notice summarizing the findings and applicable sanctions.
4. PSD shall maintain a listing of tenants/subtenants who have been found non-responsible by LAWA pursuant to the CRP.

**K. EXEMPTIONS**

1. **Categorical Exemption:** The following types of lease agreements are categorically exempt from the CRP and these Rules and Regulations:
  - a. Lease agreements 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. Lease agreements wherein LAWA is the Lessee
  - c. LAWA permits, certificates, license agreements
  - d. Lease agreements for the purpose of re-setting the lease rates or other rates and charges for City facilities covered in lease agreements
  - e. Lease agreements wherein LAWA buys/sells/exchanges real estate or when LAWA conveys or receives easements rights (a real estate interest) in land

2. **Board approval required for CRP Exemptions:** The following types of lease agreements are exempt from the CRP and these Rules and Regulations when the Board of Airport Commissioners makes a finding that the lease agreement meets any of the following conditions:

- a. Lease agreements awarded on the basis of exigent circumstances whenever Board finds that LAWA would suffer a financial loss or LAWA operations would be adversely impacted.
- b. Lease agreements entered into during time of war or national, state or local emergency.

**L. EFFECTIVE DATE OF RULES AND REGULATIONS**

1. The CRP and these Rules and Regulations apply to Lease agreements issued after the City Attorney has approved these Rules and Regulations, the CRP Pledge of Compliance, and the CRP Questionnaire.
2. The CRP and these Rules and Regulations apply to lease agreements entered into by LAWA after the City Attorney has approved these Rules and Regulations, the CRP Pledge of Compliance, and the CRP Questionnaire.
3. Leases amended after these Rules and Regulations are approved by the City Attorney will become subject to CRP and these Rules and Regulations if they meet definitions contained in the CRP and these Rules and Regulations.

**M. CONSISTENCY WITH FEDERAL AND STATE LAW**

The CRP and these Rules and Regulations do not apply in instances where application would be prohibited by Federal and State law or where the application would violate or be inconsistent with the terms and conditions of a grant or contract with the Federal or State agency.

**N. SEVERABILITY**

If any provision of the CRP or these Rules and Regulations are declared legally invalid by any court of competent jurisdiction, the remaining provisions remain in full force and effect.

**LOS ANGELES WORLD AIRPORTS  
CONTRACTOR RESPONSIBILITY PROGRAM  
PLEDGE OF COMPLIANCE FOR LEASES**

The Los Angeles World Airports (LAWA) Contractor Responsibility Program (Board Resolution #21601) provides that, unless specifically exempted, LAWA Tenants for leases that require the Board of Airport Commissioners' approval shall comply with all applicable provisions of the LAWA Contractor Responsibility Program. Tenants for leases subject to the CRP are required to complete and submit this Pledge of Compliance with the lease agreement. In addition, within ten (10) days of execution of any sublease agreement, the Tenant shall submit to LAWA this Pledge of Compliance from each Subtenant listed as performing work on, or otherwise occupying, the leasehold premises.

The Tenant agrees to comply with the Contractor Responsibility Program and the following provisions:

- (a) To comply with all applicable Federal, State, and local laws that apply to the lease agreement, 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 Tenant 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 Tenant has violated paragraph (a).
- (d) To ensure that Subtenants occupying space through any Sublease in connection with a LAWA lease agreement 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.
- (e) 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 any Subtenant(s) in the LAWA lease agreement.
- (f) 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 as required may render the Tenant non-compliant with the terms of the lease and subject to CRP sanctions.

\_\_\_\_\_  
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 L

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.

VII. 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.

VIII. 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.