



Los Angeles World Airports

REQUEST FOR PROPOSALS

**FOR LEASE
NON-FBO AVIATION FACILITY**

16231 Waterman Drive

at

Van Nuys Airport

**Release Date:
Monday, July 19, 2021**

Deadline for Submission of Questions/Requests for Clarification:

Submit all questions and requests for clarification in writing to

CDGOPPORTUNITIES@LAWA.ORG

no later than **Friday, August 13, 2021** at 5:00 pm

Electronic Proposal Due Date

Wednesday, September 01, 2021 no later than 3:00 pm Pacific Time

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SECTION 1 – INTRODUCTION

A. THE OPPORTUNITY

Los Angeles World Airports (LAWA), a department of the City of Los Angeles (City), is seeking proposals from qualified individuals or firms to lease and redevelop the non-FBO facility located at 16231 Waterman Drive at Van Nuys Airport (VNY). The property will consist of approximately 183,996 square feet (4.22 acres) of aviation property and is in close proximity to the airport's runway/taxiway system, which currently facilitates the safe and efficient operations, storage, maintenance and other servicing of all types of General Aviation aircraft. The property is improved with hangars and office facilities, and is currently used mainly as a helicopter facility. The property typically enjoys strong occupancy and its uses are consistent with the highest and best use, as permitted under the Van Nuys Airport Land Use Plan. The current primary use of the site as a helicopter facility must be included in order for a proposal to be deemed responsive. LAWA also expects that all proposals will include the demolition of existing facilities and construction of new facilities.

The goal of this RFP is to enhance revenues and services at VNY, while supporting the full range of non-fixed base operator (FBO) aviation activities and promoting efficient aircraft operations within limited land areas. It should be noted that any lease agreement executed in connection with this RFP is subject to required environmental reviews and compliance including CEQA and NEPA. All costs associated with the environmental review(s) and compliance will be the sole responsibility of the tenant, but LAWA will act as lead agency under the environmental review process.

The Developer will be responsible for securing approval and permits from the appropriate City agencies. Further, any proposed development may require the approval of the Federal Aviation Administration (FAA) due to building height restrictions and the allowable concentration of people in a property located partially or completely within the Runway Protection Zone (for further detail, see Exhibit "A" under Additional Terms and Disclosures – Attachment "A").

This RFP provides specific instructions regarding the proposal format and other requirements. Pertinent data about the specific operations and VNY are also included. Additional terms and disclosures are provided as Attachment "A".

It is the intent of the City to fully evaluate all proposals received and to select the proposal it considers most satisfactory for the provision of services and support of public airport purposes at the Airport. The City **in its sole discretion** reserves the right to reject any and all proposals, to waive any technical or legal deficiency or to accept any proposal deemed to be in the best interest of the City.

A single Lessee will be selected through the RFP process described herein. The Lease will require approval by the Board of Airport Commissioners (Board) and the Los Angeles City Council.

The Request for Proposal package is available in electronic format at the City of Los Angeles web site at <http://www.labavn.org>.

SECTION 2 – BACKGROUND INFORMATION

A. LAWA

LAWA is a financially self-sufficient, proprietary Department of the City of Los Angeles. LAWA operates, maintains and develops Los Angeles International Airport (LAX), Van Nuys Airport (VNY), and Palmdale landholdings. LAWA is controlled by the Board, consisting of seven members appointed by the Mayor subject to approval by City Council.

B. DESCRIPTION OF VNY

As part of the regional approach to meeting passenger demand, VNY serves a vital purpose in reducing congestion and diminishing flight delays at LAX and other nearby airports. Contributing more than \$2 billion each year to the Southern California economy, VNY creates jobs, promotes business and provides critical general aviation and emergency services. Business travelers and tourists using private, corporate and charter aircraft benefit from the airport's convenient proximity to city business, recreation and entertainment centers. VNY also provides a base and maintenance facilities for fire, police, air ambulance, search and rescue, and news media aircraft that serve the region. VNY occupies approximately 730 acres and includes a broad category of land uses that provide consistency with City General Plan and Zoning Code standards.

VNY has two parallel north-south runways, an 8,000-foot primary runway with maximum aircraft weight capacity of 210,000 pounds and a 4,000-foot secondary runway with a maximum aircraft weight capacity of 14,000 pounds. The primary runway is supported with a precision instrument landing system (ILS), from the north only.

C. PROPERTY DESCRIPTION

The Demised Premises are shown in Attachment "B" and consists of approximately 183,996 square feet (4.22 acres) of aviation land and is identified as 16231 Waterman Drive, Van Nuys, California 91406. The property is located in the northeasterly quadrant of VNY. It is understood and agreed that the successful Proposer will accept the Demised Premises in an "AS-IS, WHERE-IS, WITH ALL FAULTS" condition. The parcel is nearly rectangular in shape and has runway visibility and access just east of the service road and Taxiway Bravo. The property is improved with two hangar structures of 6,810 square feet (Hangar No. 1) and 5,670 square feet (Hangar No. 2), respectively. Additionally, there are two office buildings of 1,920 square feet (Office No. 1) and 2,853 square feet (Office No. 2) that serve as support structures to Hangar No. 2. The improvements date from the 1960s. Finally, there are several privately-owned portable hangars and propeller aircraft located along the eastern edge of the property. The site provides limited vehicle parking at the periphery of the hangars and office buildings without a defined parking lot area. The site is primarily asphalt paved around the non-hangar and hangar areas.

D. EXISTING OCCUPANTS ON THE PROPERTY

Proposers must provide a plan detailing the Proposer's approach to accommodating the existing subtenants on the site or the assistance that will be provided to those subtenants to vacate the site.

If Proposer does not intend to be the end-user, then the proposal must provide a list of the proposed rental rates the Proposer will charge prospective or existing occupants during the property lease up.

Proposers are encouraged, and will be evaluated on their ability, to accommodate aviation businesses on the site. The continuation of helicopter uses on this site must also be part of the proposal.

E. ADDITIONAL DATA AND INFORMATION – DATA REVIEW PERIOD PROTOCOL

For convenience only, LAWA has created a "Data Room" on www.box.com that houses documents related to this RFP. LAWA makes no guarantee as to the accuracy or reliability of the information contained within the Data Room provided in connection with this RFP. Availability of documents or data in the Document Room or the accuracy of any information otherwise provided by LAWA will in no way relieve Proposer from the responsibility of determining for itself the development requirements applicable to, and the business potential of, the opportunity outlined in this RFP. Developers will be solely responsible for investigating for themselves the applicable laws, ordinances, and regulations.

SECTION 3 – THE LEASE

This section describes, on a preliminary basis, the scope of the lease agreement (Lease). The terms contained in this section should be considered illustrative and are subject to change.

A. DEVELOPMENT OF FINAL AGREEMENT

A Draft Lease is included with this RFP – see Attachment "C". Proposers will have an opportunity to comment on the Draft Lease. All comments must be submitted in writing to LAWA. All comments received on the Draft Lease will be made available to Proposers in the form of an addendum to this RFP.

Until otherwise established by addendum to this RFP or through the posting of the Final Draft Lease, Proposers should assume the following:

- Consistent with the terms of the Lease, the successful Proposer will be required to commence operations at the site following a written notice from LAWA shortly after final Lease approval and will be required to operate with the facilities existing at the site. The successful Proposer will also be responsible for property management within the site, including but not limited to subleasing, rent collection, and maintenance of the Demised Premises. LAWA plans to assign existing subleases and other occupancy agreements to the successful proposer effective on the date the successful Proposer commences operations.
- The Draft Lease will outline the process for the successful Proposer to submit a Definitive Improvement Plan (DIP) to LAWA describing the improvements that the

successful Proposer will make on the site and compliance requirements related to the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA).

- The Draft Lease will indicate the maximum allowable term of the Lease will be 20 years with the final term and term structure being determined before the Final Draft Lease is posted. The Draft Lease will indicate that failure to secure DIP and CEQA/NEPA approval within timelines required in the Lease will result in the Lease term shortened to five years. If the approved DIP investment amount or the actual investment amount required to deliver the approved DIP improvements fall short of the Planned Investment included in the successful Proposer's response to this RFP, the Lessee will be required to make a payment to LAWA for any investment shortfall.
- The Lessee will request the helicopter operators execute and maintain a helicopter operations Letter of Agreement (LOA) with the Federal Aviation Administration (FAA) Air Traffic Manager at VNY. The purpose of the LOA is to establish procedures for the operation and control of helicopters. The goal is to ensure safe and efficient aircraft operations, while minimizing noise impact on the surrounding community.
- All improvements to the existing facilities will be subject to LAWA's Tenant Improvement Approval Process (TIAP) and to LAWA's Design and Construction Handbook, which can be found at [LAWA Official Site | LAWA Design & Construction Handbook](#).
- Standard Deficit Recovery Program (DRP) language, including activation terms, will be included in the Lease.

B. TERM OF THE LEASE

The Lease will be for an initial five-year term, with an extension option for fifteen years, for a total Lease term of twenty years. However, the exercise of such option will be conditioned on the tenant satisfying all City regulatory requirements described above, to include the DIP being approved in writing by the Chief Executive Officer.

C. COMPENSATION

The ground rental rate will initially be \$42,288.27 per acre/per year (or \$0.97 per square foot/per year) through June 30, 2022. The ground rental rate will be subject to automatic, annual rental adjustments of 3% on every July 1 (Annual Adjustments) except when adjusted to a Periodic Adjustment to Fair Market Rental, as defined in the Lease. The first Annual Adjustment will be on July 1, 2022 and the rent will be adjusted to a fair market rental rate on July 1, 2025, and every five years thereafter.

Rental rates for LAWA-owned buildings ("City Buildings") will also be required, with the payment amount arising from the successful Proposer's response to this RFP and adjustments made pursuant to the Lease terms. See Attachment "D" for the Financial Proposal.

SECTION 4 – PROPOSAL EVALUATION PROCESS

A. EVALUATION CRITERIA

Upon receipt of the proposals, LAWA will review and evaluate all proposals that adequately contain the information set forth in this proposal package. Proposals that fail to meet the basic administrative requirements set forth in the RFP will be deemed non-responsive, and will not be evaluated. The proposals will be rated utilizing a total score that will represent 100 points of the final ranking. Proposers will be evaluated using the criteria below. The City reserves the right to judge, appraise and reject all proposals submitted.

CRITERIA		POINTS
1.	Financial Proposal	25
2.	Financial Capability	20
3.	Experience	15
4.	Conceptual Plan	15
5.	Business and Operations Plan	15
6.	Aviation/Community Benefits	10
TOTAL POINTS		100

B. SCORING

The Evaluation Criteria score represents a maximum weighted score of 100 points possible. Once each evaluation panel member has completed scoring of the Evaluation Criteria, the evaluation panel member's overall score for each Proposer will be converted to rankings (i.e., 1st, 2nd, 3rd, etc.).

These rankings among evaluation panel members will then be averaged to determine the overall ranking by the evaluation panel. Panel member rankings will be averaged to the first decimal place. The proposal that obtains the best average ranking from panel members will be the consensus choice of the evaluation panel. If the best average ranking results in a tie to the first decimal place, total points assigned by panel members will be used to break such a tie.

C. INTERVIEWS AND SHORT LISTING

LAWA reserves the right to conduct interviews or to proceed without conducting interviews. The purpose of interviews, if conducted, would be to allow Proposers the opportunity to clarify and expand upon aspects of their proposal. They also present an opportunity to evaluate key personnel and discuss issues of experience, performance, schedules, financial proposal, qualifications and quality.

Furthermore, LAWA reserves the right to establish a short list of Proposers to conduct interviews. If a short list is used, it will be based on the evaluation criteria and points listed above. LAWA reserves the right to determine the number of short-listed proposals during the

evaluation process. Scores arising from any short-listing process will not be carried forward to subsequent rounds or final scoring of the proposal/interview process.

LAWA may conduct selective site visits of the Proposer's existing operations at other airports, which site visits may be conducted by one or more, but not necessarily all, of the evaluation panel members or may be conducted by other LAWA staff reporting to the evaluation panel.

D. LEASE EXECUTION

LAWA intends to enter into a lease with the Proposer whose proposal is deemed most advantageous to LAWA. After a final Lease has been negotiated by the parties and presented for execution, a maximum 30-day limit will be established for the lease to be executed by the successful Proposer. If the lease is not executed by the successful Proposer within the set time period, LAWA reserves the right to extend the time period or to enter into a lease with another Proposer.

The Draft Lease which is an addendum to this RFP is substantially complete. LAWA reserves the right to revise the Draft Lease (a) to reflect the successful Proposer's financial proposal and (b) as necessary achieve LAWA's best interest as determined by LAWA in its sole discretion.

SECTION 5 – INSTRUCTIONS TO PROPOSERS

A. GENERAL INFORMATION

Proposers must read, review, and understand this RFP, all the attachments, and any addenda issued. Each Proposer must submit a proposal in accordance with the instructions given in this RFP. The proposal must be prepared as specified herein regarding form, content, and sequence. LAWA must receive delivery of the full proposal (i.e. Part One and Part Two described below) electronically no later than the date and time specified on such cover page (the Submission Deadline). Any proposal received after the deadline time and/or date specified for receipt will not be considered.

Due to the effects of COVID-19 and the State of California 'Safer at Home' Order, LAWA will utilize Box.com to receive proposal submissions for this RFP. Firms should utilize www.box.com according to the guidelines set forth in Attachment "E" to provide their proposal submission for this RFP

Each Proposer must electronically submit their proposal in two parts: the Written Proposal (Part One) and the Administrative Requirements (Part Two).

The original documents must be signed by a duly authorized representative(s) of the Proposer.

Part Two must contain material demonstrating the Proposer satisfies the Administrative Requirements contained in Section 6 of this RFP.

Each proposal document must be in a font no larger than 11 point with sections corresponding to the numbers delineating each section as described in Section 5 below. Where page limits are set, failure to follow guidelines may prevent a proposal from being evaluated. Supplemental information may be included where indicated as part of a clearly marked appendix.

B. PROPOSAL BOND

No proposal will be considered unless the Proposal Bond accompanies it. The amount of the required Proposal Bond is \$1 million.

Each Proposer is required to submit via PDF through the box link either:

- A cashier's or certified check issued by a responsible bank, payable to the City of Los Angeles, Los Angeles World Airports; or
- An acceptable proposal surety bond from a responsible surety company for a like amount and so payable. If a surety bond is used, please carefully read and complete the Proposal Bond instructions in Section 6 of this RFP (Guaranty – Attachment "F").

The Proposal Bond of the successful Proposer will be held to guarantee execution of the Agreement and delivery of the Faithful Performance Guarantee that will be required under the Agreement. The Proposal Bond or the cash proceeds thereof will be retained by LAWA as liquidated damages if the successful Proposer fails to execute the Agreement or deliver the Faithful Performance Guarantee. The Proposal Bonds of the unsuccessful Proposers will be returned within thirty days of award of the Agreement to the successful Proposer or rejection of all proposals.

C. SUBMISSION OF QUESTIONS

All questions regarding this RFP should be clearly presented in writing and transmitted by email to cdgopportunities@lawa.org. The deadline for submittal of questions is provided on the cover page of this RFP. Responses to all written questions, corrections and clarifications to this RFP will be made in writing, posted on the LABAVN website (www.labavn.org) and made available to prospective Proposers in the form of an RFP addendum.

Proposers may only rely upon written information provided by LAWA. Proposers must not rely upon, and LAWA will not be responsible for, any oral information or instructions provided in reference to this RFP. Proposers must not attempt to contact members of LAWA staff or Board members to discuss or ask questions about the contents of this RFP, other than in writing as provided above. To the extent Proposers rely upon information obtained from third parties and/or outside of the formal process described above, they do so at their own risk. Improper contact with LAWA personnel may result in disqualification of the Proposer.

D. AWARD OF LEASE

Leasing the property will be pursuant to a lease agreement to be negotiated between LAWA and the successful Proposer, subject to Board and City Council approvals.

E. VALIDITY OF PROPOSAL

In submitting the proposal, Proposer agrees that the proposal is subject to acceptance by the City of Los Angeles for a period of three months after the proposal Submission Deadline.

F. AUTHORITY TO PROPOSE

Signatures required in response to this RFP must be provided by a duly authorized representative defined as the person or persons (i.e. Chief Executive Officer, General Manager, Agency Director, Board Chair, etc.) who have legal authority to bind the proposer in contractual matters with LAWA. This authority should be evidenced in a corporate resolution, or other appropriate evidence of authority, granting this authorization. A copy of this corporate resolution, or other appropriate evidence of authority, must be attached to the Official Proposal Statement (Attachment "G").

G. PROPOSER'S STRUCTURE

LAWA does not intend to limit the type of entity that may submit a proposal in response to this RFP. LAWA recognizes that given the breadth of the scope of services, it may be necessary to create special-purpose entities for this opportunity. Proposing entities may include individuals, corporations, partnerships, limited liability companies, or joint ventures. In addition, LAWA does not intend to place any limits on who takes the lead role in an entity. The Proposer, i.e., the submitting entity, should be the legal entity that will execute the Lease. Such entity may be one that is newly created for the purpose of submitting on this opportunity.

The Proposer need not have all the required skills and experience in house, but may assemble a team to provide the necessary skills and experience. The Proposer team may be assembled in a variety of ways, including through contracting, partnering, joint venturing, etc. It will be the entirety of the Proposer team that will be evaluated and scored for the proposal evaluation. Every member of the Proposer team does not need to have airport experience.

Proposers relying on subcontractors to perform services required within this RFP seeking credit for subcontractor experience must have a subcontract in place for the term of the contract with LAWA. A copy of any subcontract agreements may be required if requested by LAWA.

If the Proposer is a newly created entity for purpose of submitting on this opportunity, all partners/shareholders in the newly created entity are subject to the Administrative Requirements. See Section 6.

H. INSTRUCTIONS FOR PART ONE OF THE SUBMITTAL

Proposal Format and Information Requirements

Responses to the requests in this section should be in full and complete answer form, numbered consecutively, and with all requested information enclosed and all listed page limits and sizes honored. Each Proposer should, consistent with applicable page limits, provide as much information as it feels is necessary to properly convey its ideas, and when applicable, provide any relevant additional information in an appendix.

For purposes of the evaluation, the Proposer should include information about any and all relevant members of their team to assist LAWA in its evaluation.

Proposals must consist of the following sections in the sequence shown below.

<u>TAB NUMBER</u>	<u>SECTION TITLE</u>
1.	Table of Contents
2.	Cover/Transmittal Letter

3. Executive Summary
4. Official Proposal Statement
5. Business References
6. Financial Proposal
7. Financial Capability
8. Experience
9. Conceptual Plan
10. Business and Operations Plan
11. Aviation/Community Benefits
12. Business Ethics Disclosure

1. Table of Contents (1 page maximum)

List elements of Part One (listed above) and identify any additional materials included.

2. Cover/Transmittal Letter (3 pages maximum)

The cover letter must include the Proposer's name, address, telephone number, email address, and any pertinent facts or details of the proposal the Proposer desires to emphasize, subject to the page limitation. The name, position, address, telephone number, and email address of the primary and secondary contacts for the purposes of the proposal process should also be listed.

- If a partnership, state the full name, address and other occupation (if any) of each and every partner; whether he or she is full time or part time; whether each partner is a general or limited partner; and the proportionate share of the business owned by each partner. Provide a copy of the partnership agreement in an appendix.
- If a joint venture or limited liability company, state the names of the entities or individuals participating in the joint venture or limited liability company and the principal officers in each entity or names of the members of the limited liability company; indicate the proportionate share of the business owned by each joint venturer, or the number of shares held by each member of the limited liability company. Include a copy of the joint venture agreement or limited liability company agreement in an appendix.
- If a corporation, state the full name and title of each of the corporate officers. Also, include a copy of the Articles of Incorporation and Bylaws in an appendix.
- If the Proposer is wholly owned by another entity or entities, provide copies of corporate and/or business documents which show evidence of the ownership chain, along with a supplemental ownership chart outlining the connection between each owner for LAWA to get a clear understanding of the ownership interest of the Proposer.

3. Executive Summary (3 pages maximum)

The Executive Summary should highlight features of the proposal, the strengths of the Proposer/proposal and explain the rationale for the specifics included in the proposal relative to LAWA's objectives. The specifics should include the Proposer's experience, qualifications, and approach in providing the best solution to meet the opportunity identified in this RFP.

4. Official Proposal Statement (Attachment “G”)

The Proposer must include a properly executed Official Proposal Statement. Alterations, additions or modifications to this form will not be accepted and may be a cause for rejection of the proposal.

5. Business References

List four non-LAWA references along with any LAWA references with which the Proposer has conducted business operations during the past three years using the form provided in Attachment “H”. References must include company name, contact person, title, address, telephone number, email address, and a brief statement of the business association.

LAWA, in its sole discretion, reserves the right to request additional references, to contact and verify all references, and to request additional supporting information from the Proposer as LAWA deems necessary.

6. Financial Proposal – Financial Return to LAWA (10 pages maximum)

In this section, the Proposer should provide LAWA with commitments regarding all payments to LAWA and a proforma for the first 5 years of the Lease.

The Proposer must:

- Complete Attachment “D” - Financial Proposal Form
- Provide a proforma for the first 5-years of the Lease that assumes (1) the commencement of the Lease will be upon execution, (2) the initial land rental rate is \$42,209.64 per acre per year, and (3) the land rental rate will be automatically increased annually by 3% starting after the first anniversary of the Lease Commencement Date, pursuant to the terms of the Lease.
- The proforma should provide details regarding all forecast payments to LAWA, including, but not limited to, land rentals, building rentals, building acquisition payments, and any proposed Annual Privilege Fees.
- Amount of investment in new facilities and timing of such investment

The Proposer should provide sufficient information to demonstrate the following:

- The Proposer’s rationale for the amounts proposed in Attachment “D”.
- The Proposer has a sound basis for the assumptions in the proforma.

7. Financial Capability (20 page limit)

The Proposer should be aware that (1) the Planned Investment identified by the Proposer in this section will be incorporated into the Lease, where the Lease will call for a proportional reduction of the Lease term if the full amount of the Planned Investment is not approved in the DIP pursuant to the terms of the Lease; and (2) the investment amount approved in the DIP,

pursuant to the terms of the Lease, will require the successful Proposer to fully invest in on-site improvements or pay LAWA any remaining unspent approved amount.

This section of the Proposer's response to this RFP should outline the basis for and state the Proposer's commitment to financial resources to be invested into the physical improvements. In addition, the Proposer should identify the amount and extent of funding committed to ongoing operations, personnel and marketing components related to the Lease.

The Proposer must:

- Specifically state the amount of Planned Investment the Proposer is prepared to make on the Premises and the timetable for such investment.
- Tie the estimated costs for the proposed development plan to the Planned Investment amount and timetable.
- To the extent capital for project funding is internally sourced, callable from a sibling company, or sourced from a third party, including lenders, provide the specific amounts guaranteed from each source and identify those components of the funding plan commitments that are contingent and to-be-obtained at a later date, including what contingencies are to be addressed to secure such funding.
- Disclose any modification to the mortgage interest language in the Draft Lease the proposer seeks to incorporate in the Lease and/or for individual facilities on the premises either during construction or upon construction completion.
- Provide financial statements including the elements described below. All financial statements must either be audited and certified by a licensed public accountant or if unaudited, then accompanied by a notarized statement from the Chief Financial Officer certifying the accuracy of the financial information contained in such statements.
 - (1) Audited financial statements including a balance sheet, income statement and statement of cash flows, prepared in accordance with generally accepted accounting principles (GAAP), for the most recent three complete fiscal years. Footnote disclosures and the accountants audit report must accompany the financial statements. If the most recent audited statements are for a period ending more than six months prior to the due date for the RFP, then supplement your response by submitting unaudited year to date financial statements. If audited statements are not available for the proposer, then so state and submit unaudited statements for the equivalent time periods, accompanied by a notarized statement from the proposer's Chief Financial Officer certifying the accuracy of the financial information contained in such statements and also submit audited statements for the Guarantor (if applicable) for such periods.
 - (2) A signed statement from the Chief Financial Officer stating that there has been no material change in the financial condition of the company subsequent to the issuance of their last audited financial statements.
 - (3) If the Proposer intends to organize as a partnership, limited liability partnership or joint venture or limited liability company, then the above-referenced financial

information of each general partner, joint-venture member or LLC member respectively, must be submitted. Individuals required to provide financial information must submit their three most recent personal tax returns and a current statement of net worth.

(4) Any person or entity providing a guarantee must provide a written statement indicating the level of commitment together with the financial information detailed in this section as if the Guarantor were the proposer. LAWA reserves the right to require guarantees if the proposer is an LLC or LLP.

- Provide three financial references.

Proposers should provide sufficient information to demonstrate the following:

- Whether the financial plan bifurcates construction financing from permanent financing.
- A construction cash flow requirement that describes how committed funds will be used over time to fund the development and identify risks (e.g., inflation, economic shocks) that may create risks for the funding plan.
- Proposer has reliable backup sources of capital should one of the planned sources of capital become unavailable.

LAWA reserves the right to request additional information from Proposers in order to determine if the Proposer has the financial capability to meet the obligations of the Lease. If LAWA, in its sole discretion, determines that a Proposer experiences a change in its financial condition that would materially or adversely affect its ability to perform the work contemplated in the RFP, such Proposer may be disqualified from further consideration.

8. Experience (Limited to 5 pages)

The Proposer must provide the following:

- Sufficient information to demonstrate the Proposer's experience and ability to efficiently operate an aviation facility at a general aviation airport.
- Sufficient information to demonstrate the Proposer's experience in attracting occupants to a newly developed facility and the specific measures that were taken to fill the space and maintain occupancy of the facility over the term of the lease.
- Sufficient information to demonstrate how the Proposer has managed the transition of existing tenants/subtenants when newly leasing a site for future development.
- Sufficient information demonstrating the Proposer Team's experience in successfully planning, designing, and building new facilities.
- A description of the Proposer Team's experience with project phasing.

- Specifically, provide examples demonstrating the experience in phasing out old facilities and developing new facilities, while maintaining successful business operations.
- Examples of where the Proposer has successfully completed comparable projects (actual versus planned) at other locations, and any experience with City of Los Angeles regulatory agencies.
- An organizational chart that identifies key members of each Proposer team.

9. Conceptual Plan (15 page maximum plus up to 5 renderings and conceptual site plans that are excluded from the 8½ x 11page size limitation but not larger than 11x17).

This section of the Proposer’s response to the RFP should demonstrate a bold vision for the site that will enhance VNY’s appeal to the aviation community. Specifically, the response should provide LAWA with a clear understanding of the Proposer’s plan for (1) the relationship between the site development vision and the business objectives it supports and (2) how the vision achieves the goal of establishing a development that maximizes the opportunity to enhance revenue, while providing a benefit to the aviation community. Additionally, the Proposer should demonstrate why and how the envisioned development plan is feasible from a financing, permitting, construction, economic sustainability, and other relevant perspectives to instill confidence that the development will be successfully realized. Also, the Proposer’s response should provide LAWA with an understanding of the anticipated schedule for the site development, including permitting, design, construction, and marketing of new facilities including the incorporation of the current primary use.

The Proposer must provide the following:

- An overview of the ultimate site plan, including a description of facilities to be developed and their primary function, including the estimated costs and the proposed uses of such facilities.
- A conceptual site plan identifying the expected square feet, location and allocation of space by use and activities within the premises.
- Evidence that the Proposer has a flexible conceptual plan that has considered the approval process, including any fallback alternatives should approval be delayed, require modification, or not be secured.
- Information that demonstrates that the schedule has fully considered any effects of the Proposer’s plan to finance on the outlined schedule, including, but not limited to, the duration of any lender negotiations or pre-requisites to secure application of internal capital to the development of the site.
- A timeline to complete development of the Demised Premises. Specifically, a schedule by which the Proposer intends (1) to remove buildings and other improvements currently on the site, (2) to phase development and over what period of time such phased development would occur, and (3) whether a single project (e.g. scrape-and-rebuild) or multiple projects will be built on the site.

- The anticipated schedule for permitting, including CEQA and NEPA environmental approvals, and demonstrate the basis for the assumptions in the schedule. Additionally, Proposer must outline the resources and skills the Proposer and any contractually engaged team members have to ensure reliability of the outlined schedule, and the basis for such findings.
- A plan as to how the Proposer will comply with environmental design standards related to facility sustainability of all regulatory agencies.
- A plan that has considered all FAA aeronautical considerations, including building height restrictions and allowable concentration of people within the property (e.g., Part 77).
- How the Proposer plans to mitigate construction risk that may affect project completion.

10. Business and Operations Plan (10 page maximum plus any corporate management materials)

This section of the Proposer's response to this RFP should provide LAWA with information regarding how the business will be managed upon commencement of the Lease, through completion of construction, and thereafter.

The Proposer must provide the following:

- A business and operations plan (BOP) which supports the conceptual plan and demonstrates the demand for the proposed facilities and services, including any feasibility study or market research that supports the development of the proposed facilities.
- A description of the specific type of business the Proposer intends to operate.
- A description of how the business will be organized and managed day-to-day immediately after Lease approval.
- An organizational chart identifying key management personnel of all organizations or businesses operating onsite and their reporting relationships among managers.
- A list of the Proposer's network and existing client relationships that will contribute to the success of the BOP.

Proposers should provide sufficient information to demonstrate the following:

- How the operations will be safely maintained during construction periods to address tenants' ability to conduct ongoing business functions and operations.
- That the Proposer has well established corporate standards for tenant services, property management, and safe operations.

11. Aviation/Community Benefits (5 pages maximum)

In this section, the Proposer must provide LAWA an inventory of the estimated overall aviation/community benefits of the proposal.

The Proposer must describe the following:

- How the Proposer fosters aviation activities and enhances the experience of the aviation community of VNY and the surrounding public community.
- An estimated number of jobs that will be created as a result of the project and, to the extent feasible, provide estimated payroll and job classification descriptions of full-time, part-time, permanent and temporary employees. (The Proposer should also provide a brief summary of how any estimates were derived, including any benchmarking factors used in estimating the employment.)
- How the proposed facilities and business operation will promote job training or student internships for residents in the surrounding community.
- Any educational or training benefits that may arise from the project or operation of the developed facilities.
- Utilization of facilities for events serving the community, including programs that benefit local area residents.
- How the Proposer will address noise pertaining to operations at the facility and detail commitment to Quieter Nights Program if jet aircraft will be served, and other programs to address community noise concerns.

12. Business Ethics Disclosure

Disclose any circumstances where the conduct of the Proposer, or any officer, partner, major (greater than five percent interest) shareholder, proposed guarantor, or other related party is currently being investigated by any governmental, administrative, or law enforcement agency or entity. Also disclose any adverse decision against the Proposer or such related parties (including but not limited to judgments entered by any court whether state or federal) or settlement with any such legal or administrative body in the past five years.

If Proposer or any of its principals, officers, directors or members or any proposed guarantor has been involved in any bankruptcy proceedings in the past seven years, information or documentation as to the current status of any such bankruptcy should be provided in this Section.

If Proposer or any related parties have other business interests or relations that could cause a conflict of interest in its business with LAWA the details of such conflicts should be stated here. If no conflicts exist that fact should also be stated here.

THIS IS A SOLICITATION FOR PROPOSALS ONLY. LAWA IS NOT OBLIGATED TO ACCEPT ANY PROPOSAL OR NEGOTIATE WITH ANY PROPOSER. THE DEPARTMENT OF AIRPORTS RESERVES THE RIGHT TO REJECT ANY OR ALL PROPOSALS WITHOUT CAUSE OR LIABILITY. ALL PROPOSALS ARE SUBJECT TO THE FINAL REVIEW BY THE BOARD OF AIRPORT COMMISSIONERS.

SECTION 6 - LIST OF ATTACHMENTS

Attachment A	Additional Terms and Disclosures
Attachment B	Map of Demised Premises
Attachment B-1	List of Existing Improvements – City Buildings
Attachment C	Draft Lease
Attachment D	Financial Proposal Form
Attachment E	Electronic Submission Instructions
Attachment F	Guaranty
Attachment G	Official Proposal Statement
Attachment H	Business Reference Form
Attachment I	Administrative Requirements

ATTACHMENT A

ADDITIONAL TERMS and DISCLOSURES

BY SUBMITTING A RESPONSE TO THE REQUEST FOR PROPOSALS, A REQUEST FOR QUALIFICATIONS OR OTHER COMPETITIVE SOLICITATIONS (HEREINAFTER COLLECTIVELY REFERRED TO AS "SOLICITATION DOCUMENTS") ISSUED BY THE CITY OF LOS ANGELES (HEREINAFTER REFERRED TO AS "CITY") DEPARTMENT OF AIRPORTS (HEREINAFTER REFERRED TO AS "LAWA" OR "LOS ANGELES WORLD AIRPORTS") THE PROPOSER/RESPONDENT AGREES TO BE BOUND BY ALL OF THE TERMS, CONDITIONS, DISCLAIMERS, AND REQUIREMENTS SET FORTH IN THIS ATTACHMENT AND THIS SOLICITATION DOCUMENT.

CPRA: All documents submitted in connection with this Solicitation Document are subject to disclosure as required by the California Public Records Act (California Government Code Section 6250 et seq. hereinafter referred to as "CPRA") or the Ralph M. Brown Act (California Government Code Section 54950 et seq.). All submissions will become the property of LAWA.

If LAWA receives a CPRA request for the release of submitted materials, then LAWA will notify the Proposer/Respondent of the request and its intent to disclose such materials. Such materials shall be released by LAWA pursuant to the CPRA unless the Proposer/Respondent timely obtains a court order prohibiting such release.

EXPENSE, OWNERSHIP AND DISPOSITION: LAWA shall not be responsible in any manner for any costs associated with the preparation or submission of any documents or materials purchased, prepared or presented during any interviews or any additional documentation provided or requested by LAWA. All submitted documents, including all drawings, plans, photos, and narrative material, shall become the property of LAWA upon receipt by LAWA.

LAWA shall have the right to copy, reproduce, publicize, release or otherwise dispose of each submittal in any way that LAWA selects. LAWA shall be free to use as its own, without payment of any kind or liability therefore, any idea, scheme, technique, suggestion, layout, or plan received during this competitive process.

RIGHT OF REJECTION AND WAIVER OF INFORMALITY:

LAWA and/or City reserves the right to reject any and all submittals and/or to waive any informality in the submittals when to do so would be to the advantage to LAWA and/or City. The receipt of any submittal shall not in any way obligate LAWA to enter into an agreement, concession agreement, lease, or any other type of contract of any kind with any Proposer/Respondent.

RIGHT TO RECEIVE ADDITIONAL INFORMATION AND VERIFICATION OF REFERENCES: LAWA

reserves the right to request any additional information at any time to assist in its evaluation. LAWA reserves the right to verify all submitted information, including all references and to contact third parties for additional references and information as it deems advisable. If any information stated in the submittal is found to be misrepresented in any manner, this may be grounds for disqualification of the submittal.

PROPOSER/RESPONDENT QUESTIONS:

If any Proposer/Respondent finds lack of clarity, discrepancies or omissions of any type of kind in this Solicitation Document or there is doubt as to the true meaning of any part of this Solicitation Document or if any Proposer/Respondent has any questions regarding any part of this Solicitation Document, written request for a clarification or interpretation should be clearly presented and transmitted by email to the address set forth on the cover page. The deadline for submittal of questions is set forth on the cover page. Responses to all written questions, corrections and clarifications to this Solicitation Document will be made in writing and made available to all prospective Proposer/Respondents as a Solicitation Document addendum. Only questions pertaining to this Solicitation Document will be answered. LAWA is not responsible for any explanation, clarification, interpretation or approval made or given in any manner except by addendum. All prospective Proposers/Respondents shall not rely upon any explanation, clarification, interpretation, or approval that is not contained in an addendum to the Solicitation Document. Any addenda so issued are to be considered part of this Solicitation Document. All prospective Proposers/Respondents that submit a response to this Solicitation Document are deemed to understand the contents of the Solicitation Document and any addendum thereto.

CONTACT WITH LAWA PERSONNEL:

Proposer/Respondent may only rely upon written information provided by LAWA. Proposer/Respondent shall not rely upon, and LAWA shall not be responsible for, any oral information or instructions provided in reference to this Solicitation Document. Proposer/Respondent must not attempt to contact members of the Evaluation Panel, LAWA staff or the Board to discuss or ask questions about the contents of this Solicitation Document, other than in writing as provided above. Improper contact with LAWA personnel may result in the disqualification of the Proposer/Respondent.

PROTEST PROCEDURES: The procedures and time limits set forth in this Attachment are the Proposer's/Respondent's sole and exclusive remedy in the event of a protest. Failure to comply with these procedures shall constitute a waiver of any right to further pursue the protest, including filing a government code claim or any legal proceeding.

These procedures are for the benefit of the City. The purpose of the following procedures is to provide a method for resolving, prior to award, protests regarding the award of contracts by City, by and through the Board. The procedures will enable the Board to ascertain all of the facts necessary to make an informed decision regarding the award of the contract.

A protest relative to a particular proposal, and all required copies, must be submitted in detail, in writing, signed by the protestor or by a representative of protestor, and received in the offices of the Los Angeles City Attorney's Office, Airport Division and the office of the Board, at the below addresses, before 5:00 p.m. of the fifth (5th) business day after issuance to the Proposers/Respondents of a notification of the

intent to recommend by management of LAWA to the Board. The protest shall contain a full and complete statement specifying, in detail, the factual grounds and legal basis of the protest. The protest shall refer to the specific portion of this Solicitation Document, any submittal or other document which forms the basis for the protest. The protest must include the name, address, and telephone number of the protestor and protestor's representative.

All protests must be addressed to the Office of the City Attorney, Airport Division, One World Way, Room 104, Los Angeles, California 90045 with a copy to the Secretary of the Board of Airport Commissioners at One World Way, Los Angeles, California 90045 and a copy to the Bureau or Division of the Department of Airports responsible for issuing this Solicitation Document.

The party filing the protest must, at the same time as delivery to the City Attorney's office and the secretary of the Board as set forth above, deliver a copy of the protest and any accompanying documentation to all other parties with a direct financial interest that may be adversely affected by the outcome of the protest. Such parties shall include all other Proposers/Respondents.

Respondent Protesting and potentially affected parties will be notified of the time and date that the protest will be discussed in a public session of the Board. Protesting parties will be given an opportunity to present their arguments at the public session.

If the Board determines that the protest was frivolous, the party originating the protest may be determined by the Board to be irresponsible and that party may be determined to be ineligible for future contract awards.

ADEQUACY OF INFORMATION: The information presented in this Solicitation Document is provided solely for the convenience of Proposer/Respondent and other interested parties. It is the responsibility of the Proposer/Respondent and other interested parties to assure themselves that the information contained in this package is accurate and complete. LAWA provides no assurances pertaining to the accuracy of the data in this Solicitation Document.

ADDITIONAL DISCLAIMERS AND RESERVATIONS:

Failure by LAWA to object to an error, omission, or deviation in the submittal package will in no way modify this Solicitation Document or excuse Proposer/Respondent from full compliance with the requirements of this Solicitation Document. Neither the Board nor LAWA shall be obligated to respond to any submittal nor shall they be legally bound in any manner whatsoever by the receipt of a submittal.

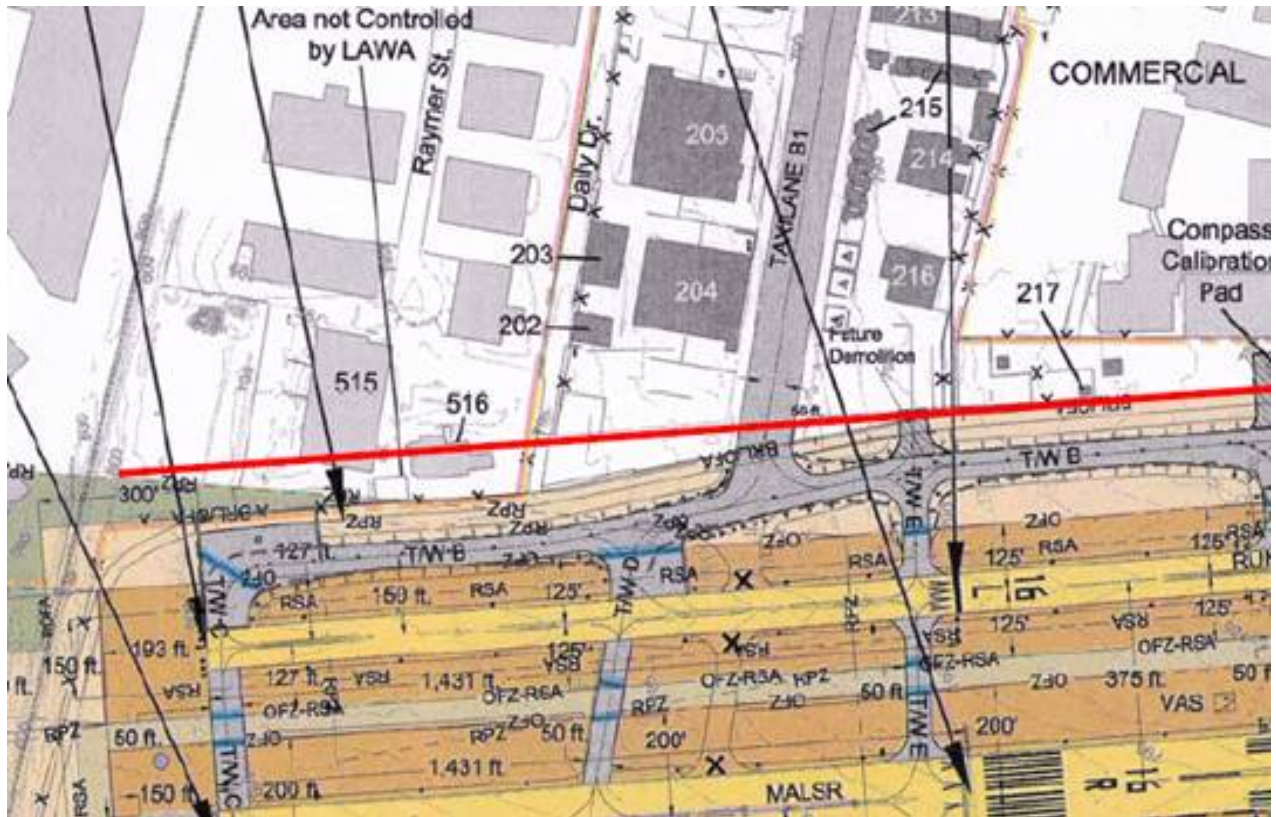
All information stated in the submittal should be factual, truthful and should not be fabricated, embellished, extended or misrepresented.

LAWA reserves the right to postpone the submittal due date, cancel this competitive process; issue an addenda to this Solicitation Document; issue a new Solicitation Document; or, pursue other options when it is in LAWA's best interests to do so.

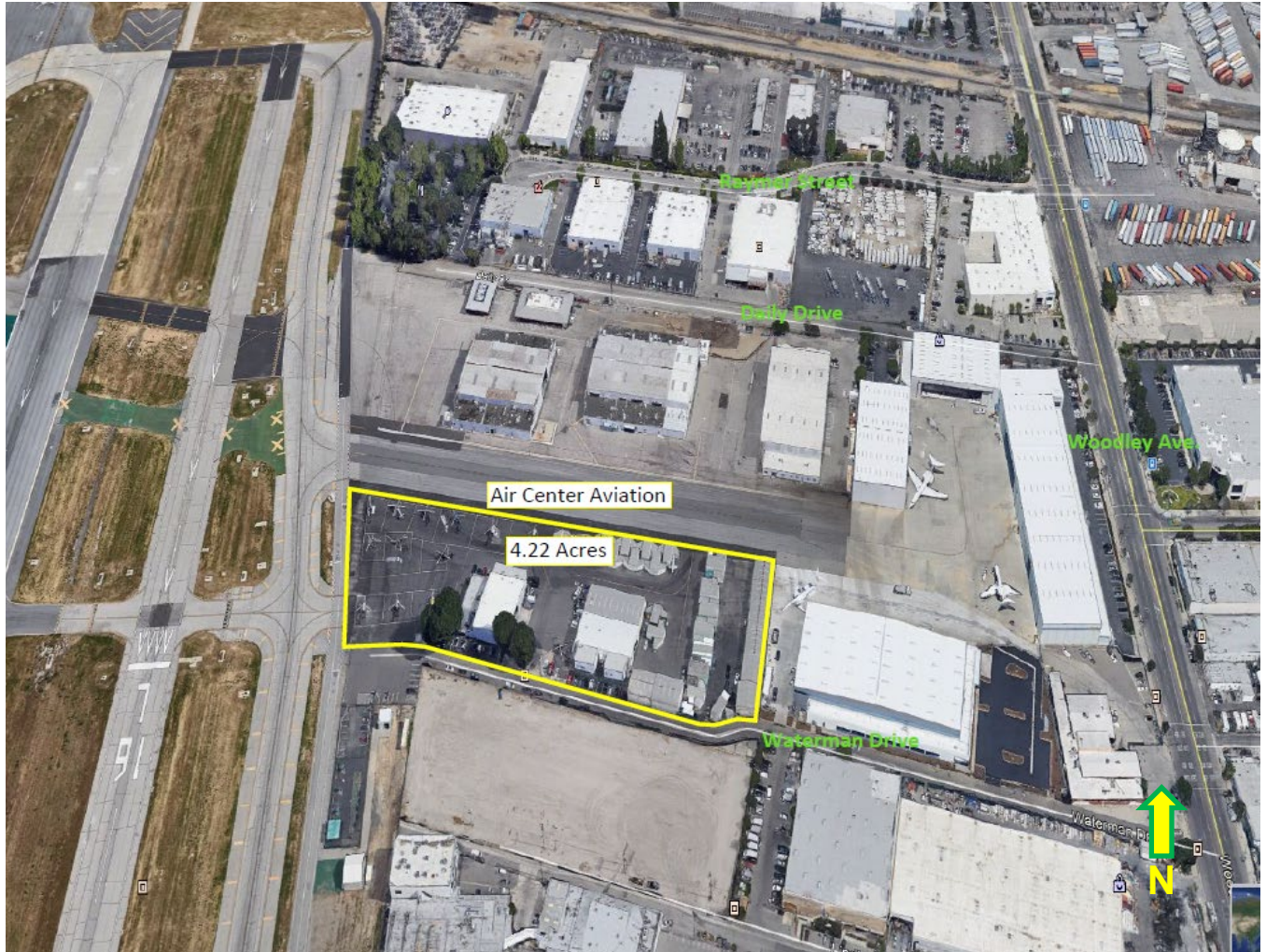
Each Proposer/Respondent must not have any pending, active or previous legal action or conflict of interest that would, in LAWA's sole judgment, prevent the Proposer/Respondent from fulfilling their obligations under the Agreement.

EXHIBIT A

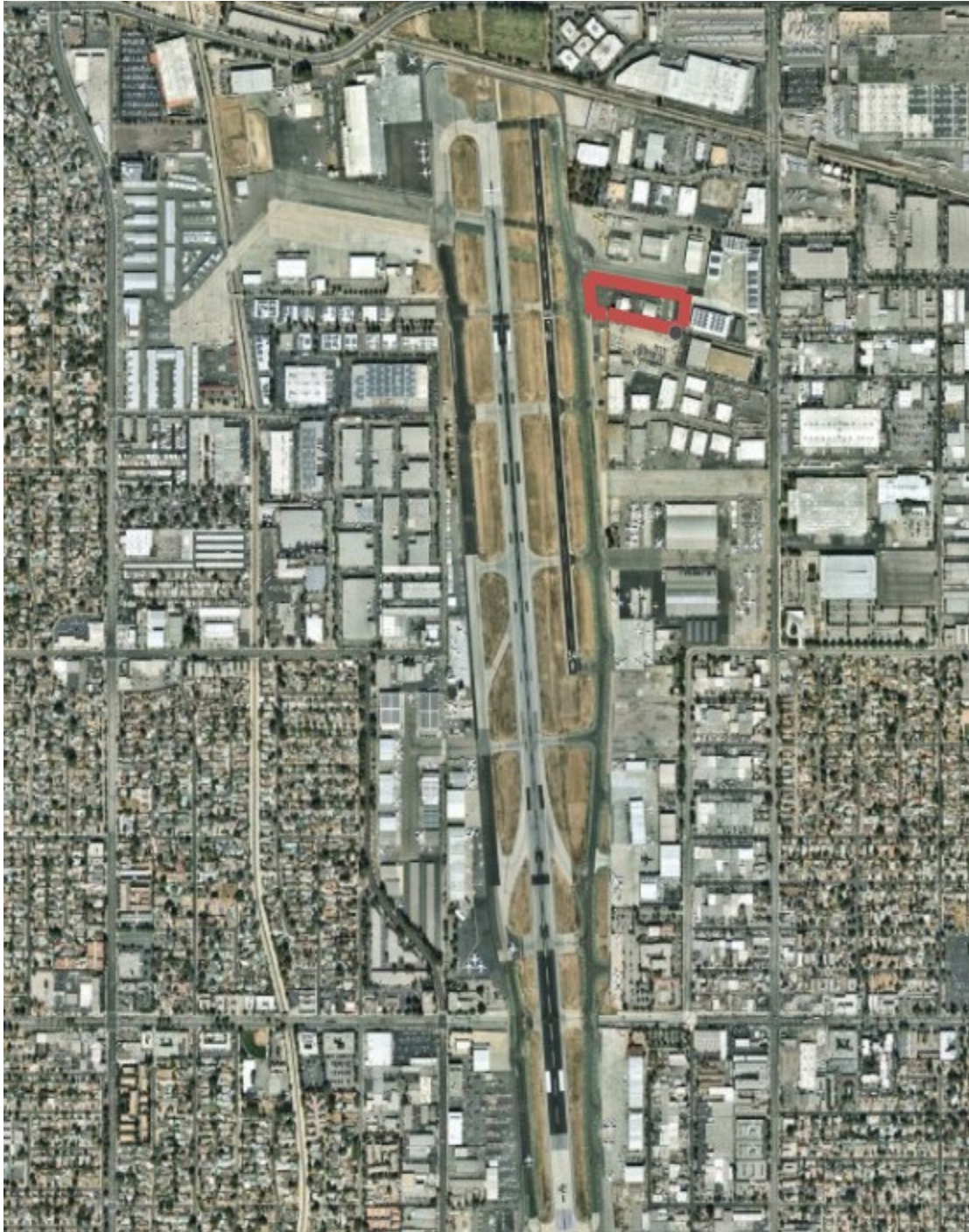
Runway Protection Zone



ATTACHMENT B
MAP OF DEMISED PREMISES
16231 Waterman Drive



WATERMAN DRIVE OVERVIEW



ATTACHMENT B-1

LIST OF EXISTING IMPROVEMENTS – CITY BUILDINGS

- **Hangar No. 1 – 6,810 square feet**
- **Hangar No. 2 – 5,670 square feet**
- **Office No. 1 – 1,920 square feet**
- **Office No. 2 – 2,853 square feet**

ATTACHMENT C

DRAFT LEASE

**LEASE
BETWEEN THE CITY OF LOS ANGELES AND
[TBD] AT
VAN NUYS AIRPORT
(16231 Waterman Drive, Los Angeles, California)**

THIS LEASE (“Lease”) is made and entered into as of this ___th day of _____, 2019 (“Effective Date”), by and between the CITY OF LOS ANGELES, acting by order of and through its Board of Airport Commissioners (“Board”) of the **DEPARTMENT OF AIRPORTS** also known as Los Angeles World Airports or LAWA (“City”), and [TBD], a _____ corporation (“Lessee”) (sometimes herein referred to individually as a “Party,” or together as “Parties”).

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

ARTICLE 1. SPECIFIC TERMS AND PROVISIONS

Section 1. Demised Premises.

1.1 **Demised Premises.** The “Demised Premises” shall consist of Land, Paving and Improvements described as follows: (i) approximately _____ square feet of airport land (“Land”); (ii) approximately _____ square feet of asphalt paving (“Auto Paving”); (iii) approximately _____ square feet of aircraft paving (“Aircraft Paving,” and collectively with Auto Paving, “Paving”); and (iv) approximately _____ square feet of improvements consisting of building (“Improvement”). The Demised Premises are collectively located at _____, Los Angeles, California at Los Angeles International Airport (hereinafter referred to as “Airport”), as depicted in LAWA Drawing No. _____ attached hereto as Exhibit A and made a part hereof.

1.2. **Acceptance and Surrender.** It is understood and agreed that Lessee accepts the Demised Premises in an “as is” condition. Lessee agrees to surrender the Demised Premises upon the expiration or earlier termination of this Lease in a condition substantially similar to the condition of the Demised Premises on the date of first occupancy of the Demised Premises by Lessee, except as modified in accordance with Article 2, Section 58 Improvements and Alterations, Article 2, Section 62 Signs, and Article 2, Section 63 Maintenance and Repair of Demised Premises or any other modifications made pursuant to this Lease, herein, ordinary wear and tear excepted.

Section 2. Term of Lease.

2.1. This Lease shall commence on the Effective Date and shall terminate on the _____ anniversary of the Effective Date.

2.2. If Lessee remains in possession of all or any part of the Demised Premises after the expiration of the term hereof, without the execution of a new lease for the Demised Premises, or otherwise without the express or implied consent of City, such tenancy shall be from month-to-month only, and not a renewal or an extension hereof for any further term, and in such case, rent and other monetary sums due hereunder shall be payable in the amount of one hundred fifty percent (150%) of the rent payable for the last month of the term of this Lease plus other charges payable hereunder at the time specified hereunder, and such month-to-month tenancy shall be subject to every other provision, covenant and agreement contained herein including any applicable Rental Adjustments set forth in Article 1, Section 5, Payments to City. Acceptance by City of Rent after such expiration or earlier termination shall not constitute a holdover hereunder or result in a renewal. The foregoing provisions of this Subsection are in addition to and do not affect the right of re-entry or any right of City hereunder or as otherwise provided by law, and in no way shall such provisions affect any right which City may otherwise have to recover damages from Lessee for loss or liability incurred by City resulting from such failure by Lessee to surrender the Demised Premises. Nothing contained in this Subsection shall be construed as consent by City to any holding over by Lessee, and City expressly reserves the right to require Lessee to surrender possession of the Demised Premises to City as provided for in this Lease upon the expiration or other termination of this Lease.

Section 3. Use of Demised Premises and Other Property.

3.1. **Authorized Uses.** The use of the Demised Premises is limited to _____, which includes:

- _____;
- _____.

3.2. **Unauthorized Uses:** Lessee acknowledges that any use other than those expressly set forth in Article 1, Subsection 3.1 above are prohibited, and that prior written consent of the Chief Executive Officer is required to modify the use of the Demised Premises in any manner. Without limitation to the foregoing, Lessee shall not use the Demised Premises for any purpose that is contrary to the Leasing Policy and Minimum Standards (as defined in Section 3.3 below), or that constitutes waste or nuisance, or that would unreasonably annoy other occupants or invitees at Airport.

3.3. **Minimum Standards:** Use of the Demised Premises will be subject to and Lessee agrees to comply fully with the Minimum Standards as and when adopted by the Board, which will then be attached hereto and incorporated by reference herein as Exhibit C, Minimum Standards. Lessee acknowledges that the Minimum Standards may be supplemented, amended, or modified (and Exhibit C revised accordingly) by Executive Directive. Lessee shall be solely responsible for fully complying with any and all supplements, amendments, and/or modifications to the Minimum Standards.

3.4. **Access to Demised Premises:** Throughout the term of this Lease, Lessee, its agents, servants, employees, contractors, licensees and business invitees, shall have ground ingress and egress to and from the Demised Premises. Such access to the Demised Premises shall be subject to reasonable airfield access control and permitting requirements as may be established by City and temporary blockage or redirection due to Airport security, Airport construction or Airport operational necessity.

3.5. **Parking:** Lessee shall require persons needing access to the Demised Premises, including Lessee's employee, contractors, sublessees, invitees, visitors, and other uses of the leasehold to park within the Demised Premises, without infringing upon the rights of the City, other tenants, or other third parties, provided that nothing in this Lease shall be construed to provide any third parties with any causes of action against City or Lessee.

Section 4. Improvements by Lessee.

4.1. **Required Improvements by Lessee.** For and in consideration of the execution of this Lease by City, and subject to the provisions contained in Article 2, Section 58 Improvements and Alterations and additional provisions in this Lease, Lessee, at its sole cost and expense, and at no cost to City, undertakes and agrees to construct at the Demised Premises certain Lessee improvements agreed upon by City and Lessee as described in Schedule 4.1 attached ("Required Improvements"), to be completed and ready on or before the 24th (twenty-fourth) month of the Effective Date, unless otherwise extended by the Chief Executive Officer at his or her sole discretion, at a cost not less than _____ ("Minimum Investment") in accordance with the Chief Executive Officer's prior written approval for such Required Improvements.

Lessee shall maintain the Demised Premises and improvements in compliance with all applicable laws for the duration of the Lease. The obligations under this Section 4.1 shall not be construed to limit the Lessee's obligations under the terms of this Lease including but not limited to Article 2, Section 63 Maintenance and Repair of Demised Premises.

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

4.3 **Compliance.** In Lessee's construction of Lessee Improvements, Lessee will comply with all applicable federal, state and local laws.

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

4.3.2 Before any work is performed for the Lessee Improvements, Lessee may be required to file a performance bond (the "Performance Bond") with City to be approved by City. If required by applicable law, Lessee shall provide the Performance Bond on a form provided by City. The amount required for the Performance Bond shall be determined by City during Tenant Improvement Approval Process (TIAP) as defined in Article 2, Section 58 Improvements and Alterations to guarantee faithful performance of all such work. The Performance Bond must be issued by a surety who is authorized to issue bonds in California.

4.3.3 Before any work is performed for the Lessee Improvements, Lessee may be required to file a payment bond (the "Payment Bond") with City to be approved by City. If required by applicable law, Lessee shall provide the Payment Bond on a form provided by City. The amount required for the Payment Bond shall be determined by City during TIAP for at least fifty percent (50%) of the price of completing all Lessee Improvements to satisfy claims of material suppliers, mechanics, laborers, and subcontractors employed by Lessee on all such repairs. The Payment Bond must be issued by a surety who is authorized to issue bonds in California.

4.3.4 City must release the Performance Bond and Payment Bond in accordance with applicable law.

Section 5. Payments to City.

5.1. **Rent.** Lessee shall pay monthly rent ("Monthly Rent"), commencing on the Effective Date ("Rent Commencement Date"). Monthly Rent shall be as set forth in Exhibit B, Payments, and shall be adjusted pursuant to Article 1, Subsection 5.2. Rental Adjustments. Lessee acknowledges that the Chief Executive Officer is authorized to replace Payments, Exhibit B to reflect rental adjustments made pursuant to Article 1, Subsection 5.2 and to reflect fees and/or other charges established periodically by the Board that shall be generally applicable to similarly-situated lessees at airport and Lessee accepts responsibility for payments based upon such modifications. If adjustments to rental, fees and/or other charges are adopted by the Board retroactive to an effective date established by the Board, the adjustment(s) shall be applied retroactively to said effective date, and Lessee must pay all increased amounts due at the next scheduled payment date. Lessee shall be responsible for payment of any and all amounts due City by sublessees of this Lease, if any, unless the Chief Executive Officer specifically waives such responsibility.

5.2. **Rental Adjustments.** It is agreed that Monthly Rent shall be adjusted each year in accordance with the procedures provided hereinafter.

5.2.1. **Annual Adjustments.** Except when adjusted as provided in Article 1, Subsection 4.2.2. **Periodic Adjustment to Fair Market Rental,** below, the Monthly Rent for the Demised Premises covered under this Lease shall be subject to automatic, annual rental adjustments on July 1 (hereinafter referred to as “Annual Adjustment Date”). The Monthly Rent shall be revised and adjusted on the Annual Adjustment Date to a 3% increase over the prior year.

5.2.2. **Periodic Adjustment to Fair Market Rental.** Provided nothing herein shall be construed to grant Lessee any extension rights unless expressly stated in this Lease, it is agreed that the : (i) the Improvement rates payable hereunder shall be adjusted to fair market rate effective as of the fifth anniversary of the Effective Date, and every five years thereafter; (ii) the Land rental rate payable hereunder shall be adjusted to fair market rental value effective as of July 1, 2020, and every five years thereafter; (iii) and the Paving rental rate payable hereunder shall be adjusted by the Board of Airport Commissioners effective as of the date specified by the Board, retroactively or otherwise, and not less frequently than every five years thereafter to a fair market rental rate payable hereunder. For the avoidance of doubt, all rental rates shall be reviewed by City and adjusted, as appropriate, in accordance with City Charter requirements, at intervals of no less than every five (5) years. However, nothing herein shall be construed to grant Lessee a right or option to extend the Lease. At no time under this provision shall the rent due to the City result in a rental reduction.

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

5.2.2.2. **Appraisal Process.** If the parties cannot reach agreement on the rental rate(s) or the Board does not approve the agreed upon rental rate(s) as described in Section 5.2.2.1 at least nine (9) months prior to the scheduled Periodic

Adjustment Date, then the parties shall determine the Monthly Rent by the procedures described in Sections 5.2.2.3 through 5.2.2.5 below. City may elect to have such procedures apply separately to the rent applicable to improvements and may adjust the land rental rates on the basis of airport-wide land rental rates then in effect, provided that such rates were adopted in compliance with applicable laws. Should City choose to adopt this adjustment option, City will provide written notice to Lessee no later than ten (10) months prior to the Periodic Adjustment Date of the intention to adjust land and improvements separately. Separate appraisals will be procured for the land and the improvements (if any). Under this option, both the land and improvement adjustments will be completed separately under Sections 5.2.2.2 through 5.2.2.6. City or Lessee may elect to use the same appraiser for both appraisal reports. Every effort will be made by City and Lessee to consolidate any required meetings as required in the appraisal process described below.

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

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

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

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

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

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

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

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

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

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

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

5.2.3.3.4. Any public or private easements, such as utilities or rights-of-way, including avigation rights.

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

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

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

5.2.5. Nothing herein shall prejudice the right of Lessee to contest, in a court of competent jurisdiction, such adjusted rental in the event said Board may have acted arbitrarily or unreasonably. However, pending the outcome of any such litigation, Lessee shall be obligated first to either pay the new rental and all retroactive amounts directly to City as they come due, or deposit such increased amounts of such rental and the retroactive amounts into a joint escrow account. Provision shall be made for the payment to the City of the escrowed funds, including accrued interest, (to the extent such funds are owed by Lessee to City) upon a final determination of the appropriate rental adjustment, if any.

5.2.6. Notwithstanding Article 2, Section 71 below and subject to Section 5.2.7 below, if either Party alleges that the other Party has failed to comply with the procedure specified in Section 5.2.2.2 above, the Party alleging noncompliance must notify the other Party in writing within 30 days, describing such noncompliance in detail and providing the other Party a reasonable time for cure (in any case, not less than 10 days), otherwise such noncompliance shall be deemed waived; provided that failure by the parties to timely comply with the rental readjustment procedures herein shall not be construed to constitute a waiver of the right of City to a rental readjustment. In the event adjustment of rental is not completed prior to the adjustment date, Lessee shall continue to pay the rent set for the preceding period, at the intervals and in the manner fixed for such preceding period, and if such rent is thereafter fixed in a different amount, such new rental shall take effect retroactively back to the beginning date of the readjustment period. Subject to Lessee’s right of contest and right to escrow funds, unless the Board otherwise agrees to a payment plan with interest, Lessee shall promptly pay to City that sum, if any, which has accrued as a result of such retroactive application. If a rental reduction occurs, City shall provide a rent credit to Lessee’s account equal to the sum which has accrued as a result of such retroactive application.

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

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

5.2.8.1. Fuel Flowage Fees: Without limiting Section 5.2.8 above, upon 30 days' prior written notice to Lessee, City may require Lessee to pay fuel flowage fees ("Fuel Flowage Fees") that have been adopted and approved by the Board of Airport Commissioners, provided that such Fuel Flowage Fees must be generally applicable to similarly situated lessees at Airport.

Section 6. Notices.

6.1. Written notices to City hereunder shall be given in the manner specified in Section 6.4 to the Chief Executive Officer with a copy to the City Attorney of the City of Los Angeles and addressed to said parties at:

**Chief Executive Officer
Department of Airports
1 World Way
Post Office Box 92216
Los Angeles, CA 90009-2216**

**City Attorney
Department of Airports
1 World Way
Post Office Box 92216
Los Angeles, CA 90009-2216**

or to such other address as these parties may designate by written notice to Lessee.

6.2. Written notices to Lessee hereunder shall be given in the manner specified in Section 6.4 to:

[TBD]

or to such other address as Lessee may designate by written notice to City.

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

6.4. All such notices, except as otherwise provided herein, may either be delivered personally to the Chief Executive Officer or to the Office of the City Attorney, Airport Division,

or to Lessee, as the case may be, or may be deposited in the United States mail, properly addressed as aforesaid with postage fully prepaid by certified or registered mail, return receipt requested, and shall be effective five (5) days after deposit in the mail. Such notices also may be delivered by a nationally recognized overnight commercial courier service that requires the recipient's signature for delivery, and shall be effective one (1) business day after delivery by such courier.

Section 7. Disclosure of Hazardous Substances.

7.1. City hereby notifies Lessee that in addition to Pre-Existing Environmental Conditions (as defined in Section 74 below), petroleum products, Asbestos Containing Material (“ACM”) (including, but not limited to, building materials such as floor tile, mastic, roofing, and joint compound), Lead Based Paint (“LBP”), Possible Mercury-Containing Switches and Fluorescent Tubes, and Possible PCB-Containing Materials (including but not limited to fluorescent light ballast and electrical transformers (“Possible PCB”) may be present in structures and materials on the Demised Premises. The disclosure in this Section 7 shall only be for purposes of providing Lessee with notice of some substances that may be present on the premises. The disclosure herein shall not be construed as evidence of Pre-Existing Environmental Conditions for purposes of Art. 2, Sec. 74.

NOTICE IS HEREBY GIVEN TO LESSEE THAT ASBESTOS CONTAINING MATERIALS MAY BE PRESENT IN NUMEROUS STRUCTURES AND MATERIALS IN THE DEMISED PREMISES. ACM MAY BE PRESENT IN SOME BUILDING MATERIALS INCLUDING FLOOR TILE, MASTIC, ROOFING, JOINT COMPOUND AND OTHER VARIOUS MATERIALS. ACM IS REQUIRED BY THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT RULE 1403. TO BE REMOVED PRIOR TO DEMOLITION, IF ANY;

NOTICE IS HEREBY GIVEN TO THE LESSEE THAT LEAD BASED PAINT MAY BE PRESENT IN VARIOUS STRUCTURES IN THE DEMISED PREMISES INCLUDING WALLS, DOOR AND DOOR COMPONENTS, RAILINGS, TANKS, FLOORS, WINDOW SASHES AND OTHER PAINTED SURFACES.

NOTICE IS FURTHER GIVEN TO LESSEE THAT IF ANY LEAD-BASED PAINT WILL BE DISTURBED, THERE ARE OSHA AND CAL-OSHA REGULATIONS FOR WORKERS DISTURBING LEAD BASED PAINT THAT MUST BE FOLLOWED, AND THE WASTE STREAM MUST BE TESTED TO DETERMINE IF IT HAS TO BE DISPOSED OF AS RCRA HAZARDOUS WASTE, CALIFORNIA HAZARDOUS WASTE, OR CAN BE DISPOSED OF AS CONSTRUCTION DEBRIS. SEE CAL-OSHA CONSTRUCTION LEAD STANDARD (8 CCR 1532.1).

NOTICE IS FURTHER GIVEN TO THE LESSEE THAT POSSIBLE MERCURY CONTAINING SWITCHES AND FLUORESCENT TUBES MAY BE PRESENT IN THE DEMISED PREMISES. PRIOR TO ANY DEMOLITION OF ANY STRUCTURES AT THE DEMISED PREMISES, ANY ACTUAL MERCURY-CONTAINING SWITCHES AND FLUORESCENT TUBES MUST BE REMOVED

AND MANAGED FOLLOWING THE REQUIREMENTS OF THE HAZARDOUS WASTE CONTROL ACT AND THE TOXIC SUBSTANCES CONTROL ACT.

NOTICE IS FURTHER GIVEN THAT POSSIBLE PCB-CONTAINING MATERIALS MAY BE PRESENT IN THE DEMISED PREMISES. SUSPECTED PCB-CONTAINING MATERIALS MAY INCLUDE BUT NOT BE LIMITED TO FLOURESCENT LIGHT BALLASTS AND ELECTRICAL TRANSFORMERS. PRIOR TO ANY DEMOLITION IN THE DEMISED PREMISES, ACTUAL PCB-CONTAINING MATERIALS MUST BE REMOVED AND MANAGED FOLLOWING THE REQUIREMENTS OF THE UNIVERSAL WASTE RULE.

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

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

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

(continued on the following page)

ARTICLE 2. STANDARD TERMS AND PROVISIONS

Section 51. Limitations on Use of Demised Premises.

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

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

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

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

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

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

Section 52. Rental Payments.

52.1. Delivery of Rental Payments. Rent shall be paid by Lessee to City on or before the first day of each calendar month of the term, pursuant to Article 1, Section 2, Term of Lease, herein. In the event the commencement or termination date of this Lease falls on any date other than the first day of the calendar month, the applicable rental for that month shall be calculated pro rata according to the number of days during which the Demised Premises, or any part of same, were occupied by Lessee during said month. All payments shall include the contract number, which is stamped on the first page of this Lease, on each payment check and the remittance advice attached to the invoice, if any, delivered to Lessee by City. Upon written approval by the Chief Executive Officer, the Lessee may be approved to make electronic rental payments to the City.

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

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

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

Section 53. Liquidated Damages for Delinquent Payment.

53.1. Payment of rentals, fees, and charges shall be delinquent if not received by City within ten (10) days following the due date. Without waiving any rights available under this Lease or by law, in the event of delinquent payments, Lessee recognizes that City will incur certain expenses, the amount of which is difficult to ascertain. Therefore, in addition to payment(s) owing, Lessee agrees to pay the liquidated damages set forth below to compensate City for all expenses and/or damages and loss resulting from said delinquent payments by Lessee

53.2. The liquidated damages for delinquent payments shall be assessed each month at a rate of 1 percent interest (i.e., equivalent to 12% per annum compounded monthly) on the Average Daily Balance (as hereinafter defined) of the unpaid amount. "Average Daily Balance" shall mean the sum of Lessee's unpaid balance on each day of the monthly billing cycle divided by the number of days in the monthly billing cycle. City may draw such delinquent payments from the Faithful Performance Guarantee required pursuant to Article 2, Section 57 Faithful Performance Guarantee, herein. FPG draw shall apply first to unpaid liquidated damages, then to remaining delinquent balances. Delinquent balance remaining after FPG draw shall continue to be assessed liquidated damages pursuant to this Section 53.2.

Section 54. Utility Services.

54.1. Lessee shall pay all charges for water, gas, power, communications, and any and all other utility services used by Lessee in connection with its occupancy of the Demised Premises, including deposits, connection fees, or charges and meter installation rentals required by the supplier of any such utility service, and the costs of all equipment and improvements necessary for connecting the Demised Premises to such utility service facilities (collectively, "Utility Services").

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

54.3. City may, at City's own expense, install, maintain and repair utilities under, over, through or in any part of the Demised Premises and Lessee shall not be entitled to payment or abatement of rent or any other compensation in connection with any such installation, maintenance and/or repair. If City installs, maintains or repairs utilities under, over, through or in any part of the Demised Premises and City damages the Demised Premises during such utility work, then City shall repair the damage to a reasonable condition. Furthermore, City will make all reasonable efforts during the installation, maintenance and/or repair not to create a materially adverse effect on Lessee's on-going business concern. Lessee waives any and all claims against City for compensation for any and all loss or damage sustained by reason of any defect, deficiency, or impairment of any water supply system, drainage or sewer system, gas supply system (if provided), telephone system, electrical supply system, or electrical apparatus or wires serving the Demised Premises, with the exception for claims against City for compensation for loss or damage directly resulting from installation, maintenance and/or repair performed by City.

Section 55. Reports.

55.1. City may, at its discretion and with reasonable notice to Lessee, require Lessee within ten (10) days after the end of each calendar month, to report to the City certain operating statistical and financial data applicable to City airports covering the previous calendar month in such form and content as shall reasonably be specified by the Chief Executive Officer.

Section 56. Audits.

56.1. City may, at its sole discretion and with reasonable notice to Lessee, require Lessee to provide access to all records and other information necessary to perform an audit of rental, fees, other charges paid and payable to City, and any required information for payments by City to lessee, including but not limited to invoices and proof of payments related to reimbursement for Lessee improvements and other Lessee-required investments. City shall have the right to access such records and information for five (5) years past the end of the fiscal year in which they were

generated and up to five (5) years past the expiration or early termination of this Lease. Lessee shall retain all records and other information necessary to perform an audit as described above for a minimum of five (5) years.

Section 57. Faithful Performance Guarantee.

57.1. Lessee shall furnish to City and maintain throughout the term of this Lease and for sixty (60) days following Lease termination, a Faithful Performance Guarantee (“FPG”) to secure the faithful performance by Lessee of all the terms, provisions, and covenants contained herein including, but not limited to, the payment of rent and any other specified compensation or reimbursement for required improvements or maintenance not made by Lessee. Such FPG shall be separate from any other guarantee(s) of Lessee. The initial amount of said FPG shall be three (3) times the highest monthly rental amount, commencing with the initial first year’s rent, prescribed herein. Any adjustments to rent, pursuant to Article 1, Section 5, Payments to City, herein, shall also result in a commensurate adjustment to the FPG, pursuant to subsections 57.2 and 57.3 below. If all or any part of the FPG is used to pay delinquent account as set forth in Article 2, Section 53. 2, Liquidated Damages for Delinquent Payment herein, Lessee shall, within sixty (60) days after draw down, replenish said FPG so that the FPG equals three (3) times the highest monthly rental amount.

57.2. If Lessee has previously provided such FPG to City and if, for any reason, Lessee's monthly monetary obligation to City for use of the Demised Premises under this Lease is thereafter increased in excess of ten percent (10%), then the amount of Lessee's FPG shall, within sixty (60) days after receiving written notice from City, correspondingly be increased to a sum three (3) times of the new monthly amount prescribed under this Lease.

57.3. If Lessee has previously provided such FPG to City and if, for any reason, Lessee's monthly monetary obligation to City for use of the Demised Premises under this Lease is thereafter decreased in excess of ten percent (10%), then the amount of Lessee's FPG may be correspondingly decreased to a sum three (3) times of the new amount prescriber under this Lease, within sixty (60) days following written notice to City by Lessee.

57.4. FPGs of Five Thousand Dollars (\$5,000) or less shall be in the form of a Cashier’s Check, Company Check, Money Order, Certificate of Deposit or Irrevocable Letter of Credit. FPGs in excess of Five Thousand Dollars (\$5,000) shall be in the form of an Irrevocable Letter of Credit. Letters of Credit shall be self-renewing from year-to-year and shall remain in full force and effect for a minimum period of ninety (90) days following termination or cancellation of the Lease. However, the Irrevocable Letter of Credit may be subject to termination upon sixty (60) days written notice (subject to Subsection 57.5), provided that, Lessee shall first give City notice in writing of its intent to terminate the Letter of Credit and provide a replacement Irrevocable Letter of Credit to the City so that there is no lapse in coverage. All FPGs must be approved as to form by the City Attorney.

57.5. Lessee shall furnish one original and one copy of such FPG on or before the Rent Commencement Date or within thirty (30) days following notice of adjustment of the rent. If, for any reason, said FPG is not provided by Lessee and/or is not thereafter maintained in sufficient amount throughout the term hereof, or replenished within sixty (60) days of drawdown, City,

subject to the notice requirements of Article 2, Subsection 71.1.2, may terminate this Lease at any time upon giving Lessee a thirty (30) day advance written notice. Upon the expiration or earlier termination of this Lease, and if Lessee has satisfied all of its obligations to City hereunder, City shall relinquish to Lessee said FPG following such expiration or earlier termination and satisfaction of all obligations to City within sixty (60) days of that determination. The FPG shall be submitted to:

Los Angeles World Airports
Attn: Accounting/Revenue FPG Administrator
PO Box 92216
Los Angeles CA 90009-2216

Section 58. Improvements and Alterations.

58.1. By Lessee.

58.1.1. Prior to the construction of any improvements, including but not limited to structural improvements, additions, alterations, or signs, Lessee shall obtain approval from the City through its Tenant Improvement Approval Process (TIAP). Lessee shall submit to the City for concept approval the preliminary plans and estimated construction cost for such improvements. Said approval, subject to the conditions set forth herein, shall be given in a reasonably timely manner. Upon approval by the Chief Executive Officer of Lessee's preliminary plans, Lessee shall prepare working drawings and specifications which shall be true and correct developments of the preliminary plans so approved. Lessee shall then submit a written request for construction approval and a minimum of five (5) complete sets of said approved working drawings and copies of the specifications to the City for written approval by the Chief Executive Officer. The Chief Executive Officer's written approval and any conditions related to the construction of the improvements or alterations shall become a part of the Lease as though fully set forth herein once the document is fully executed by both parties. Upon receipt of the Chief Executive Officer's approval, Lessee shall cause the construction called for by the approved working drawings and specifications to be commenced and completed promptly. No substantial changes, additions, or alterations shall be made in said working drawings or specifications, or in the construction called for thereby, without first obtaining the Chief Executive Officer's approval in writing. As required by TIAP and upon completion of the improvements approved by the City, Lessee shall furnish to City, at no charge, three complete sets of "record" drawings, and one complete set in Computer Aided Design (CAD) format which complies with the then current LAWA CAD standards. These drawings must include any applicable permit numbers, the structural and other improvements installed by Lessee in the Demised Premises, and the location and details of installation of all equipment, utility lines, heating, ventilating, and air-conditioning ducts and related matters. Lessee shall keep said drawings current by updating them in order to reflect any changes or modifications which may be made in or to the Demised Premises.

58.1.2. Any conditions, restrictions, or limitations placed upon the approval of Lessee improvements by the Chief Executive Officer pursuant to Section 58.1.1 shall be conditions of this Lease as though fully set forth herein once the document is fully executed by both parties. Lessee shall hold City harmless from liability with respect to any claims regarding any improvements, additions, or alterations made thereto.

58.1.3. As required by TIAP, for each and every construction or alteration project undertaken on the Demised Premises, Lessee shall prepare a final construction report. This report shall contain the following elements: (1) type of improvement constructed or altered; (2) floor area or capacity of improvement constructed or altered; (3) total cost of construction or alteration including a detailed cost breakdown; (4) completion date for construction or alteration; and (5) a copy of the certificate of occupancy. The construction report shall be delivered to the City at the address provided in the Notices Section of the Lease no later than sixty (60) days following completion, and applicable permitting approvals of the construction or alteration.

58.1.4. Lessee shall also keep the Demised Premises and any improvements constructed thereon free and clear of liens for labor and material expended by or for Lessee or on its behalf in accordance with Article 2, Section 59 Liens, herein.

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

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

58.1.7. Before any work is performed on or within the Demised Premises, as described in the aforementioned subsection 58.1.1, Lessee may be required to file Payment and Performance Bonds with the City. Furthermore, Lessee agrees to require its contractors to file with the City any Payment Bonds as required by TIAP. All required Payment and Performance Bonds must be approved by the City before any work commences.

58.1.8. Intentionally omitted.

58.2. By City.

58.2.1. City reserves the right to further develop or improve the landing area of Airport or any other portion of the Airport, as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance. If any such development or improvement interferes substantially with Lessee's use and occupancy of the Demised Premises, Lessee shall be entitled to an appropriate reduction in rental or termination of this Lease.

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

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

Section 59. Liens.

59.1. During the term of this Lease, the fee interest in the real property underlying the Demised Premises shall not be used as security for any loans or mortgages or otherwise have any liens placed on it. Additionally, Lessee shall keep any City-owned improvements on the Demised Premises free and clear of any liens or other encumbrances. By way of specification without limitation, Lessee shall keep the Demised Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by or for Lessee and shall indemnify, hold harmless and defend City from any liens and encumbrances arising out of any work performed or materials furnished by or at the request of Lessee. In the event that Lessee does not, within thirty (30) calendar days following the imposition of any such lien, cause such lien to be released of record by payment or posting of a proper bond, City shall have in addition to all other remedies provided herein and by law, the right, but not the obligation to cause, upon ten (10) business days prior written notice to Lessee, the same to be released by such means as it shall deem proper, including payment in satisfaction of the claim giving rise to such lien. All such sums paid by City and all expenses incurred by it in connection therewith, including costs, attorney's fees, and a 15% administrative fee, shall be paid by Lessee to City on demand. Nothing in this Section shall be construed to limit any rights of Lessee to use its leasehold interest as security for any loans to the extent that such use is permitted under this Lease. Nothing in this Section shall be construed to place any obligations upon Lessee with respect to liens, loans, or mortgages placed upon the Demised Premises by City, its Department of Airports, its Board, City officers, agents, or employees.

Section 60. Modification to Size of Demised Premises.

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

60.2. Intentionally Omitted

60.3. Damage to or Destruction of Improvements. If, during the term of this Lease, any buildings, structures, or improvements on the Demised Premises are partially or totally destroyed from a risk covered by the insurance described in the Article 2, Section 65, Insurance, herein, thereby rendering said Demised Premises partially or totally inaccessible or unusable, Lessee must restore the Demised Premises to substantially the same condition as they were immediately before destruction.

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

Section 61. Ownership of Improvements.

61.1. During the term of this Lease, title to all structures, improvements, facilities, or alterations constructed or installed by Lessee shall remain in Lessee. Upon the termination of this Lease, said structures, improvements, facilities, or alterations, other than machines, equipment, trade fixtures, and similar installations of a type commonly removed without structural damage to the Demised Premises, shall become a part of the land upon which they are constructed, or of the building to which they are affixed, and title thereto shall thereupon vest in City, unless City requests Lessee to remove some or all of said structures, improvements, facilities, or alterations. If so requested, Lessee shall promptly remove said items at Lessee's sole cost and expense, including full remediation and restoration of the Demised Premises pursuant to Article 2, Section 74, herein. In the event the removal of any fixture damages any part of the Demised Premises, Lessee shall repair such damage and restore the Demised Premises to as good condition as the same was in prior to said damage, reasonable wear and tear excepted, as may be required and approved by the City.

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

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

Section 62. Signs.

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

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

Section 63. Maintenance and Repair of Demised Premises.

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

63.2. If Lessee fails to so maintain or repair the Demised Premises, City may serve a "Notice to Cure" upon Lessee. Said Notice shall prescribe the work to be accomplished by Lessee in order to correct the maintenance deficiencies and shall state the due date by which Lessee shall have to complete the work as prescribed in the Notice. In addition, a copy of the "Notice to Cure" may be posted on the Demised Premises in a conspicuous place. Furthermore, City retains the right, but not the obligation, to make emergency repairs when, in the sole determination of the Chief Executive Officer, failure to take immediate action will damage the facilities or disrupt operations, at Lessee's sole cost and expense, plus an administrative fee in the amount of 15% of cost.

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

63.4. If the work prescribed in the "Notice to Cure" is not completed by Lessee in a manner reasonably satisfactory to the Chief Executive Officer, and Lessee fails to correct such work within the time specified by City in the mailed Notice, or as set forth in Article 2, Subsection 63.3, City may, at City's sole option, and at Lessee's sole cost and expense, enter upon the Demised Premises and perform whatever work may, in the opinion of the Chief Executive Officer, be required to

correct the maintenance deficiencies. If City exercises this option, Lessee shall pay to City a sum equal to the direct cost of labor and materials expended for said work, plus a surcharge equal to fifty percent (50%) of said direct cost. Payment shall be made within thirty (30) days of invoice date.

Section 64. City's Right of Access and Inspection.

64.1. City, by and through its officers, employees, agents, representatives, and contractors, shall have the right at all reasonable times and in a reasonable manner, upon notice to Lessee, to enter upon the Demised Premises for the purpose of inspecting the same or for doing any act or thing which City may be obligated or have the right to do under this Lease, or otherwise, and no abatement of rental shall be claimed by or allowed to Lessee by reason of the exercise of such rights. In the exercise of its rights under this Section, City, its officers, employees, agents, and contractors shall not unreasonably interfere with the conduct of Lessee's business on the Demised Premises as herein authorized.

Section 65. Insurance.

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

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

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

65.4. City shall have no liability for any premiums charged for such coverage(s). The inclusion of City, its Department of Airports, Board and all of City's officers, employees, and agents, their successors and assigns, as insureds is not intended to, and shall not, make them, or any of them, a partner or joint venturer with Lessee in Lessee's operations at Airport. In the event

Lessee fails to furnish City evidence of insurance and maintain the insurance as required, City, upon ten (10) days prior written notice to comply, may (but shall not be required to) procure such insurance at the cost and expense of Lessee, and Lessee agrees to promptly reimburse City for the cost thereof plus fifteen percent (15%) for administrative overhead. Payment shall be made within thirty (30) days of invoice date.

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

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

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

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

Section 66. City Held Harmless.

66.1 In addition to the requirements of Section 65, Insurance herein, Lessee shall, to the fullest extent permitted by law, defend (with counsel satisfactory to City), indemnify and hold harmless City and any and all of its boards, commissioners, officers, directors, agents, employees, assigns and successors in interest (collectively "City Defendants") from and against any and all allegations, suits, claims, causes of action, liability, losses, damages, demands or expenses (including, but not limited to, attorney's fees and costs of litigation) (collectively "Claims"), prosecuted by anyone (including Lessee and/or Lessee's agents, former and current employees, or

competitors) by any reason of, arising out of, related to, connected with or pertaining to: (1) the acts or omissions of Lessee, its agents, servants, employees or invitees; (2) the Lease; or (3) the Demised Premises, except to the extent Lessee proves to City that such Claim was caused by City's willful misconduct.

66.2 In Lessee's defense of the City under Section 66.1, including but not limited to the negotiation, compromise, and settlement of any action, the City shall retain discretion in and control of the litigation, negotiation, compromise, settlement, and appeals there from, as required by the Los Angeles City Charter, particularly Article II, Sections 271, 272 and 273 thereof.

66.3 Survival of Indemnities. The provisions under this Section 66 shall survive the termination of this Lease. Rights and remedies available to the City hereinabove shall survive the termination of this Lease. Further, the rights and remedies are cumulative of those provided for elsewhere in this Lease and those allowed under the laws of the United States, the State of California, and the City of Los Angeles.

Section 67. Nondiscrimination and Equal Employment Practices/Affirmative Action Program.

67.1. Federal Non-Discrimination Provisions.

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

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

67.1.3. The Lessee assures that it will comply with pertinent statutes, Executive Orders, and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance. This Provision obligates the Lessee or its transferee for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or

interest therein or structures or improvements thereon. In these cases, the Provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property.

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

67.1.5. Lessee agrees that it shall insert the provisions found in Subsections 67.1.3 and 67.1.4 above in any sublease, assignment, license, or permit by which said Lessee grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the Demised Premises herein leased.

67.2. Municipal Non-Discrimination Provisions.

67.2.1. Non-Discrimination in Use of Premises. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition in the lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Demised Premises or any part of the Demised Premises or any operations or activities conducted on the Demised Premises or any part of the Demised Premises. Nor shall Lessee or any person claiming under or through Lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Lessees, sublessees, or vendees of the Demised Premises. Any sublease or assignment which may be permitted under this Lease shall also be subject to all non-discrimination clauses contained in Article 2, Section 67.2.

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

67.2.3. Equal Employment Practices. If the total payments made to City under this lease are \$1,000 (one thousand dollars) or more, this provision shall apply. During the performance of this Lease, Lessee agrees to comply with Section 10.8.3 of the Los Angeles Administrative Code ("Equal Employment Practices"), which is incorporated herein by this reference. A copy of Section 10.8.3 has been attached to this Lease for the convenience of the parties as Exhibit F. By way of specification but not limitation, pursuant to Sections 10.8.3.E and 10.8.3.F of the Los

Angeles Administrative Code, the failure of Lessee to comply with the Equal Employment Practices provisions of this Lease may be deemed to be a material breach of this Lease. No such finding shall be made, or penalties assessed, except upon a full and fair hearing after notice and an opportunity to be heard has been given to Lessee. Upon a finding duly made that Lessee has failed to comply with the Equal Employment Practices provisions of this Lease, this Lease may be forthwith terminated, cancelled, or suspended.

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

Section 68. Taxes, Permits and Licenses.

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

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

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

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

Section 69. Assignments and Subleases.

69.1. Lessee shall not, in any manner, assign, transfer, or encumber this Lease, or any portion thereof or any interest therein, without the prior written consent of the Chief Executive Officer, nor sublet or sublease the whole or any part of the Demised Premises, nor license or permit the use of the same, in whole or in part, without the prior written consent of the Chief Executive Officer. Any attempts to transfer, assign, or sublease without the consent required by this Section shall be void and shall transfer no rights to the Demised Premises. Consent to one assignment, subletting, or use, or occupation shall not be deemed to be a consent to any subsequent assignment, subletting, occupation, or use. This Lease shall not, nor shall any interest therein, be assignable as to the interest of Lessee by operation of law without the prior written consent of the Chief Executive Officer.

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

69.3. In the case of an assignment, Lessee shall pay to City fifty percent (50%) of any monetary or other economic consideration received by Lessee as a result of the assignment over and above the amount of Lessee's rental and other payments due City pursuant to this Lease (excluding any consideration attributed to assets other than this Lease) after first deducting the unamortized cost of leasehold improvements which costs had been approved by City and paid for by Lessee. For the purpose of this Section, an ownership change of more than 50% shall be considered an assignment.

69.4. In the case of a sublease requiring the Chief Executive Officer's consent to a change of use of the Demised Premises, as a condition to the Consent to Sublease, it shall not be deemed unreasonable for the City to require that Lessee shall pay to City 50 percent (50%), of any monetary or other economic consideration received by Lessee as a result of the sublease over and above the amount of Lessee's rental and other payments due City pursuant to this Lease (excluding any consideration attributed to assets other than this Lease), after first deducting the unamortized cost of leasehold improvements which costs had been approved by City and paid for by Lessee.

69.5. In the case of a sublease, as a condition to the Consent to Sublease, it shall not be deemed unreasonable for the City to require that Lessee shall pay to City ten percent (10%) of the gross monetary or other economic consideration, including but not limited to rent, received by Lessee as a result of the sublease. In addition to City's audit rights under Article 2, Section 56 herein, Lessee shall within thirty (30) days upon City's request provide City with a written report

describing the calculation of the amounts paid by Lessee for the period requested by City. The application of this Section 69.5 shall not limit the application of Section 69.4 if Section 69.4 is otherwise applicable.

Section 70. Space Utilization. (This Section applies to lessees who are federally certificated air carriers only).

70.1. Accommodation. (Not applicable to leases where commercial activities are prohibited.) It is City's expressed preference that Lessee voluntarily accommodate requests for subleasing underutilized space. When directed by City, Lessee is obliged to enter good faith negotiations with entities designated by City for the occupancy and use of portions of the Demised Premises when those premises are not in reasonably productive use. Prior to directing Lessee to enter such negotiations, City shall determine that Lessee's utilization of the space is deficient as defined by utilization standards issued by the Chief Executive Officer. Such utilization standards shall be issued following consultation with the Airport/Airline Affairs Committee and shall be applicable to the Demised Premises and similarly situated premises at Airport.

70.2. Recapture. City may remove a portion of the Demised Premises from this Lease in accordance with provisions of this Subsection if City finds that Lessee's utilization of the space is deficient as defined by utilization standards issued by the Chief Executive Officer. Such utilization standards shall be issued following consultation with the Airport/Airline Affairs Committee and shall be applicable to the Demised Premises and similarly situated premises at Airport. Upon such finding, City may deliver to Lessee a written "Preliminary Notice of Intent to Recapture" a portion of the Demised Premises. Such Preliminary Notice will provide Lessee an opportunity to demonstrate increased utilization over a period of no less than ninety (90) days. If Lessee fails to adequately demonstrate to the satisfaction of the Chief Executive Officer increased utilization within such designated period, the Chief Executive Officer may issue a "Notice of Intent to Recapture" to become effective 30 days from the date of the Notice. Said Notice shall include revised lease exhibits to reflect reductions in rental and Demised Premises and shall not require approval of the Board. The Lease shall be considered terminated with regard to the portion of the Demised Premises recaptured by City. City shall not be required to compensate Lessee for Lessee's improvements to the recaptured premises. In no case, shall the City's recapture of the Demised Premises result in Lessee's exceeding the utilization standards of the remaining premises as of the date of recapture.

70.3. Cancellation. City retains the right to cancel this Lease on thirty (30) days' notice upon Lessee's cessation of scheduled or actual service at the airport (passenger service, cargo service or maintenance activities, as applicable). City shall not be required to compensate Lessee for Lessee's improvements.

Section 71. Default.

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

71.1.1. Lessee fails to pay any Monthly Rent due under this Lease, which failure continues for a period of ten (10) days after such payment should have been paid pursuant to the terms and conditions of this Lease;

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

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

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

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

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

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

71.2.1. Terminate this Lease and all rights of Lessee under this Lease, by giving Lessee thirty (30) days written notice that this Lease is terminated, in which case, the provisions of Article 2, Section 61, Ownership of Improvements, herein, shall apply and City may recover from Lessee the aggregate sum of:

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

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

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

71.2.1.4. Any other amount necessary to compensate City for all the detriment caused by Lessee's failure to perform Lessee's obligations or that, in the ordinary course of things, would be likely to result from Lessee's failure; and

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

71.2.1.6. As used in Subsections 71.2.1.1. and 71.2.1.2. of this Section, the "worth at the time of award" is computed by adding interest at the rate of ten percent (10%) per annum. As used in Subsection 71.2.1.3 of this Section, the "worth at the time of award" is computed by discounting that amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%). As used in this Section, the term "rent" shall include the Monthly Rent and any and all other payments required by Lessee under this Lease.

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

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

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

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

71.2.4. None of the following remedial actions, alone or in combination, shall be construed as an election by City to terminate this Lease unless City has in fact given Lessee written notice that this Lease is terminated or unless a court of competent jurisdiction decrees termination of this Lease: any act by City to maintain or preserve the Demised Premises; any efforts by City to relet the Demised Premises; any re-entry, repossession, or reletting of the Demised Premises by City pursuant to this Section. If City takes any of the previous remedial actions without terminating this Lease, City may nevertheless at any later time terminate this Lease by written notice to Lessee.

71.2.5. If City relets the Demised Premises, City shall apply the revenue from the reletting as follows: first, to the payment of any indebtedness other than rent due from Lessee to City; second, to the payment of any cost of reletting; third, to the payment of the cost of any maintenance

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

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

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

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

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

71.4. Failure to Pay Landing Fees: The failure of Lessee (if Lessee is an air carrier) to pay to City its landing fees and charges pursuant to the terms of Lessee's operating permit, or if no such permit exists, then in accordance with the Board's resolution establishing the landing fees and charges, is a material breach of the terms of this Lease for which City shall have the right to declare Lessee in default of this Lease and terminate this Lease for cause in accordance with the procedures set forth in this Section.

Section 72. Waiver.

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

Section 73. Attorney's Fees.

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

Section 74. Hazardous and Other Regulated Substances.

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

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

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

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

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

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

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

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

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

74.4. If Lessee installs or uses already installed underground storage tanks, above-ground storage tanks, pipelines, or other improvements on the Demised Premises for the storage, distribution, use, treatment, or disposal of any hazardous substances, Lessee agrees, upon the expiration and/or termination of this Lease, to remove the above referenced improvements, clean up releases of hazardous substances, or both, at the sole option of the Chief Executive Officer, the above-referred-to improvements. Said removal and/or cleanup shall be at the Lessee's sole cost

and expense and shall be undertaken and completed in full compliance with all federal, state, and local laws and regulations, as well as with the reasonable directions of the Chief Executive Officer.

74.5. Lessee's Provision to City of Environmental Documents. Unless otherwise agreed to by City, Lessee shall promptly supply City with complete and legible copies of all notices, reports, correspondence, and other documents sent by Lessee to or received by Lessee from any governmental entity regarding any hazardous substance. Such written materials include, without limitation, all documents relating to any threatened or actual hazardous substance spill, leak, or discharge, or to any investigations into or clean-up of any actual or threatened hazardous substance spill, leak, or discharge including all test results.

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

Section 75. Airfield Security.

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

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

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

75.4. All civil penalties levied by the TSA for violation of TSA Regulations pertaining to security gates or doors located on the Demised Premises or otherwise controlled by Lessee shall

be the sole responsibility of Lessee. Lessee agrees to indemnify City for any federal civil penalties amounts City must pay due to any security violation arising from the use of Demised Premises or the breach of any obligation imposed by this Section. Lessee is also responsible for City's attorney's fees and costs.

Section 76. Business Tax Registration.

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

Section 77. Laws, Rules, and Regulations.

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

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

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

Section 78. Disabled Access.

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

78.2. Should Lessee fail to comply with Subsection 78.1, then City shall have the right, but not the obligation, to perform, or have performed, whatever work is necessary to achieve equal access compliance. Lessee will then be required to reimburse City for the actual cost of achieving compliance, plus a fifteen percent (15%) administrative charge.

Section 79. Living Wage Ordinance and Service Contractor Worker Retention Ordinances.

79.1. Living Wage Ordinance.

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

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

79.1.3. Compliance; Termination Provisions And Other Remedies: Living Wage Policy. If Lessee is not initially exempt from the LWO, Lessee shall comply with all of the provisions of the LWO, including payment to employees at the minimum wage rates, effective on the Execution Date of this Lease, and shall execute the Declaration of Compliance Form attached to this Lease as Exhibit H contemporaneously with the execution of this Lease. If Lessee is initially exempt from the LWO, but later no longer qualifies for any exemption, Lessee shall, at such time as Lessee is no longer exempt, comply with the provisions of the LWO 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 Lease and City shall be entitled to terminate this Lease and otherwise pursue legal remedies that may be available, including those set forth in the LWO, if City determines that Lessee violated the provisions of the LWO. The procedures and time periods provided in the LWO are in lieu of the procedures and time periods provided elsewhere in this Lease. Nothing in this Lease shall be construed to extend the time periods or limit the remedies provided in the LWO.

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

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

Section 80. Child Support Orders.

80.1. This Lease is subject to Section 10.10, Article I, Chapter 1, Division 10 of the Los Angeles Administrative Code related to Child Support Assignment Orders, which is incorporated herein by this reference. A copy of Section 10.10 has been attached hereto for the convenience of the parties on Exhibit J. Pursuant to this Section, Lessee (and any subcontractor of Lessee providing services to City under this Lease) shall (1) fully comply with all State and Federal employment reporting requirements for Lessee's or Lessee's subcontractor's employees applicable to Child Support Assignments Orders; (2) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family

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

Section 81. Visual Artists' Rights Act.

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

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

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

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

Section 82. Equal Benefits Ordinance.

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

those terms are defined in Sections 3(1) and 3(2) of ERISA. Non-ERISA Benefits shall include, but not be limited to, all benefits offered currently or in the future, by Lessee to its employees, the spouses of its employees or the domestic partners of its employees, that are not defined as “employee welfare benefit plans” or “employee pension benefit plans”, and, which include any bereavement leave, family and medical leave, and travel discounts provided by Lessee to its employees, their spouses and the domestic partners of employees.

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

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

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

Section 83. Condemnation. The parties hereby agree that:

83.1. If the Demised Premises, or any portion thereof, or any interest therein, are taken by eminent domain, or otherwise, by any governmental authority, or by a "quasi-public entity" for public use, or sold to a governmental authority threatening to exercise the power of eminent domain, this Lease, and Lessee's obligation to pay rent hereunder, shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs, and the rent, fees and/or other charges hereunder shall be apportioned and paid to the date of such taking. A taking of the Demised Premises includes the taking of easements for air, light and any other easements in the land, including, but not limited to an impairment or taking of access to adjoining streets.

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

and Lessee agree, in writing, to an earlier termination or to extend said period. If Lessee exercises its right to terminate this Lease pursuant to this Subsection 83.2, Lessee shall give City thirty (30) days prior written notice of the effective date of said termination.

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

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

83.2.3. Except as provided for in Article 2, Section 60, Ownership of Improvements hereof, should Lessee terminate this Lease pursuant to this Section 83, title to all improvements, additions or alterations constructed or installed by Lessee upon the Demised Premises and which have not already vested in City shall thereupon vest in City.

83.3. Application of Award Upon a Total or Partial Taking.

83.3.1. If this Lease is terminated pursuant to Subsection 83.2 herein, or, if all or a portion of the Demised Premises are taken, then the entire award or compensation paid for land, improvements, and buildings owned by City, the amortized portion of the value of buildings and improvements built by Lessee and which will become the property of City upon termination of this Lease, and/or loss or taking of business goodwill of City or its Department, shall be the property of City.

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

83.4. Severance Damages. The entire award of compensation paid for any severance damages, whether paid for impairment of access, for land, buildings, and/or improvements shall be the property of City, regardless of whether any buildings or improvements so damaged are owned or were constructed by City or Lessee. However, should City determine that improvements are to be restored, that portion of the severance damages necessary to pay the cost of restoration, as set forth in Subsection 83.5 hereof, shall be paid to Lessee upon the written request of Lessee accompanied by evidence that the sum requested has been paid for said restoration and is a proper item of such cost and used for such purpose.

83.5. Partial Taking: Restoration. In case of a taking of the Demised Premises other than a total taking and/or should Lessee elect not to terminate this Lease pursuant to this Section, City and Lessee may mutually agree that Lessee shall restore any improvements on the Demised Premises, and Lessee shall, at Lessee's expense, whether or not the awards or payments, if any, on account of such taking are sufficient for the purpose, promptly commence and proceed with reasonable diligence to effect (subject to Force Majeure) restoration of the improvements on the remaining portion of the Demised Premises as nearly as possible to their condition and character immediately prior to such taking, except for any reduction in area caused thereby, or with such changes or alterations as may be made at the election of Lessee in accordance with Article 2, Section 58, Improvements and Alterations, of this Lease.

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

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

Section 84. Miscellaneous Provisions.

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

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

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

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

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

84.6. City's Consent. In each instance herein where City's, Board's or the Chief Executive Officer's approval or consent is required before Lessee may act, such approval or consent shall not be unreasonably withheld, unless otherwise provided.

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

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

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

84.10. War or National Emergency. This Lease and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire affecting the control, operation, regulation, and taking over of Airport or the exclusive or nonexclusive use of Airport by the United States during the time of war or national emergency.

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

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

84.13. Force Majeure. Except as otherwise provided in this Lease, whenever a day is established in this Lease on which, or a period of time, including a reasonable period of time, is designated within which, either party hereto is required to do or complete any act, matter or thing, the time for the doing or completion thereof shall be extended by the period of the Force Majeure

(as hereinafter defined); provided, however, that nothing contained in this Subsection shall excuse Lessee from the prompt payment of any rental or other monetary charge required of Lessee hereunder.

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

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

84.15. Conflicts in this Lease. If there are any direct conflicts between the provisions of Article 1 and Article 2 of the Lease, the provisions of Article 1 shall be controlling. If there are any direct conflicts between the provisions of Article 1 and Article 2 of the Lease and the Exhibits, the provisions of Articles 1 and 2 shall be controlling, provided nothing herein shall be construed to contradict applicable law.

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

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

84.18. Days. Unless otherwise specified, "days" shall mean calendar days.

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

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

84.21. Time is of the Essence. Time is of the essence with respect to Lessee's performance of all obligations under this Lease. Any delay in Lessee's performance of its obligations outside of any expressly applicable cure period under this Lease shall constitute a material breach for which City may terminate this Lease.

84.22. Counterparts and Electronic Signatures. This Lease and any other document necessary for the consummation of the transaction contemplated by this Lease may be executed in counterparts, including counterparts that are manually executed and counterparts that are in the form of electronic records and are electronically executed. An electronic signature means a signature that is executed by symbol attached to or logically associate with a record and adopted by a party with the intent to sign such record, including facsimile or e-mail signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Lease and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called PDF format shall be legal and binding and shall have the same full force and effect as if a paper original of this Lease had been delivered that had been signed using a handwritten signature. All parties to this Lease (i) agree that an electronic signature, whether digital or encrypted, of a party to this Lease is intended to authenticate this writing and to have the same force and effect as a manual signature; (ii) intended to be bound by the signatures (whether original, faxed, or electronic) on any document sent or delivered by facsimile or electronic mail or

other electronic means; (iii) are aware that the other party(ies) will rely on such signatures; and, (iv) hereby waive any defenses to the enforcement of the terms of this Lease based on the foregoing forms of signature. If this Lease has been executed by electronic signature, all parties executing this document are expressly consenting, under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 (“E-SIGN”) and the California Uniform Electronic Transactions Act (“UETA”) (California Civil Code §1633.1 et seq.), that a signature by fax, e-mail, or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

Section 85. First Source Hiring Program For Airport Employers (LAX only).

85.1 Lessee shall comply with the provisions of the First Source Hiring Program adopted by the Board. The rules, regulations, requirements, and penalties of the First Source Hiring Program are attached as Exhibit K and made a material term of this Lease. Lessee shall be an “Airport Employer” under the First Source Hiring Program.

Section 86. Other Agreements Not Affected.

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

Section 87. Noise Abatement Procedures. (Applicable to LAX air carrier only).

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

Section 88. Contractor Responsibility Program.

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

Section 89. Alternative Fuel Vehicle Requirement Program (LAX Only).

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

Section 90. Campaign Contributions.

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

"Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions"

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

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

SIGNATURE BLOCKS

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

APPROVED AS TO FORM:
MICHAEL N. FEUER
City Attorney

CITY OF LOS ANGELES

Date: _____

Date: _____

By: _____
Deputy/Assistant City Attorney

By _____
Chief Executive Officer
Department of Airports

ATTEST:

[TBD]

By _____
By _____
Secretary (Signature)

Signature

Print Name

Print Name

[SEAL]

Print Title

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EXHIBITS

Exhibit A	Premises
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Exhibit C	Minimum Standards
Exhibit D	Maintenance
Exhibit E	Insurance
Exhibit F	Equal Employment Practices
Exhibit G	Affirmative Action
Exhibit H	Living Wage Ordinance/ Compliance
Exhibit I	Service Contract Worker Retention Ordinance
Exhibit J	Child Support Orders
Exhibit K	First Source Hiring Program For Airport Employers (LAX only)
Exhibit L	Contractor Responsibility Program
Exhibit M	Alternative Fuel Vehicle Requirement Program (LAX only)

LEASE
BETWEEN
THE
CITY OF LOS ANGELES
AND
[TBD]

(_____, Los Angeles)

**ATTACHMENT D
FINANCIAL PROPOSAL FORM**

Item	Proposed Amount
<p>1. Annual Privilege Fee An amount to be paid independent of land or building rentals, which will be adjusted annually by 3% every July 1 of every year, starting in the year after the proposed commencement year.</p>	<p style="text-align: center;">\$ _____ Commencing in Year _____ of the Lease term</p> <p>This is an optional item. However, the Proposer must fill in the dollar amount with a figure, which may be zero. The Proposer must also insert the Lease year when the Annual Privilege Fee would commence (e.g., 1).</p>
<p>2. City Buildings Rental Amount For all City Buildings on the premises delivered by LAWA as listed in Attachment B-1. The amount proposed will increase annually on July 1 by 3%, pursuant to the terms of the Lease, beginning in the second year of the Lease until June 30, 2025.</p>	<p style="text-align: center;">\$ _____ In the first year of the Lease</p> <p>Must be greater than or equal to \$80,000</p>
<p>3. City Buildings Acquisition Multiplier The number to be multiplied by the product of the following:</p> <ul style="list-style-type: none"> • For each City Building to be demolished prior to July 1, 2025 (i) the specific City Building square feet to be demolished multiplied by (ii) at the time of demolition, the then current average per square foot City Building rental rate arising from the proposed overall City Buildings Rental Amount – see #2 above – as adjusted annually. • For any City Buildings remaining on the site as of July 1, 2025 (i) the sum of the square feet in all City Buildings not then demolished multiplied by (ii) the average per square foot City Building rental rate arising from the proposed overall City Buildings Rental Amount – see #2 above – as adjusted and in effect on July 1, 2025. 	<p style="text-align: center;">____x</p> <p>Must be equal or greater than 1.0</p>

Attachment E Electronic Submission Instructions

Step 1: Please save your proposal documents as PDFs with the following name format:

16231_ *CompanyName* _PartA_ WrittenProposal.pdf

16231_ *CompanyName* _PartB_ AdminRequirements.pdf

Step 2: Please click on the following to submit your two proposal documents:

[Proposal Document Submittal](#)

If you are unable to open the above link due to computer restrictions, open this document in Adobe Reader and copy-paste the following URL into a web browser (Chrome, Firefox, etc.):

<https://lawa.app.box.com/f/e6bd1699e18a4f579b573caeba48145e>

Important Notes Regarding Proposal Submittal:

- **Files must be successfully uploaded by the due date and time.** Please start the upload process at least one hour before the deadline to allow for file transfer.
- Please make sure to upload the individual files. Folders cannot be uploaded.
- The email address required for submittal may be contacted for questions and clarification.
- Proposal document revisions are allowed prior to the deadline. Please submit your updated files with the same filenames and LAWA will accept the latest copies prior to the deadline.
- For further help regarding proposal submittal, please contact **Joon Lee** at jlee@lawa.org and **Matthew Yeung** at myeung@lawa.org.

ATTACHMENT F GUARANTY

This **GUARANTY** ("**Guaranty**") is entered into as of _____, 2020, in Los Angeles, California, by _____ ("**Guarantor**"), _____ company incorporated in the _____, for the benefit of the **CITY OF LOS ANGELES**, a municipal corporation acting by order of and through its Board of Airport Commissioners (hereinafter referred to as "Board") of the Department of Airports also known as Los Angeles World Airports or "LAWA".

Guarantor hereby agrees with LAWA as follows:

1. Guarantor unconditionally guaranties to LAWA the prompt payment when due of fees, additional fees and all other charges payable by _____ ("Lessee") under the Lease Agreement ("**Lease**") between the City of Los Angeles and _____ Lease No. _____ and full and faithful performance and observance of all of the other Covenants (including, without limitation, the indemnities contained in the Lease); and Guarantor unconditionally covenants to LAWA that if (a) default or breach shall at any time be made by Lessee in the Covenants to pay fees and additional fees or any other charges payable under the Lease or in the performance of any of the other Covenants and (b) notice of any such default or breach shall have been given by LAWA to Lessee and Lessee shall not have cured such default or breach after the expiration of applicable notice and grace periods, if any, provided for in the Lease (except that the foregoing clause (b) shall be inapplicable if Lessee shall be bankrupt or insolvent), then Guarantor shall well and truly perform (or cause to be performed) the Covenants, and pay (or cause to be paid) said fees, additional fees or other charges or arrears thereof that may remain due thereon to LAWA, and also all damages that may arise in consequence of the non-performance of the Covenants, or any of them. Guarantor shall pay to LAWA, within five (5) business days after written notice, all expenses (including, without limitation, reasonable attorneys' fees and disbursements) of, or incidental to, or relating to the enforcement or protection of LAWA's rights hereunder or under the Lease. This Guaranty is a guaranty of payment, not collection.

2. The liability of Guarantor hereunder shall not be impaired, abated, deferred, diminished, modified, released, terminated or discharged, in whole or in part, or otherwise affected, by any event, condition, occurrence, circumstance, proceeding, action or failure to act, with or without notice to, or the knowledge or consent of, Guarantor, including, without limitation:

- (a) any amendment, modification or extension of the Lease or any Covenant;
- (b) any extension of time for performance, whether in whole or in part, of any Covenant given prior to or after default under the Lease;
- (c) any exchange, surrender or release, in whole or in part, of any security which may be held by LAWA at any time for or under the Lease;
- (d) any other guaranty heretofore, now or hereafter executed by Guarantor or anyone else;
- (e) any waiver of or assertion or enforcement or failure or refusal to assert or enforce, in whole or in part, any Covenant, claim, cause of action, right or remedy which LAWA may, at any time, have under the Lease or with respect to any guaranty or any security which may be held by LAWA at any time for or under the Lease or with respect to Lessee;

(f) any act or thing or omission or delay to do any act or thing which (i) may in any manner or to any extent vary the risk of Guarantor or (ii) would otherwise operate as a discharge of Guarantor as a matter of law;

(g) the release Lease of any other guarantor from liability for the performance or observance of any Covenant, whether by operation of law or otherwise;

(h) LAWA's consent to any assignment or successive assignments of the Lease by;

(i) the failure to give Guarantor any notice whatsoever, other than any notice that LAWA is required to give pursuant to this Guaranty;

(j) any right, power or privilege that LAWA may now or hereafter have against any party or collateral;

(k) any assignment, conveyance, mortgage, merger or other transfer, voluntary or involuntary (whether by operation of law or otherwise), of all or any part of Lessee's interest in the Lease;

(l) any assignment, conveyance, mortgage, merger or other transfer, voluntary or involuntary (whether by operation of law or otherwise) of all or part of the interest or rights of LAWA under the Lease; or

(m) the bankruptcy or insolvency of Lessee.

3. To charge Guarantor under this Guaranty no demand shall be required, Guarantor hereby expressly waiving any such demand. LAWA shall have the right to enforce this Guaranty without pursuing any right or remedy of LAWA against Lessee or any other party, or any security LAWA may hold. LAWA may commence any action or proceeding based upon this Guaranty directly against Guarantor without making Lessee or anyone else a party defendant in such action or proceeding. Any one or more successive and/or concurrent actions may be brought hereon against Guarantor either in the same action, if any, brought against Lessee and/or any other party or in separate actions, as often as LAWA, in its sole discretion, may deem advisable.

4. This Guaranty shall be binding upon Guarantor and its heirs, successors and assigns, and shall inure to the benefit of and may be enforced by the successors and assigns of LAWA or by any party to whom LAWA's interest in the Lease or any part thereof, including the fees, may be assigned. Wherever in this Guaranty reference is made to either LAWA or Lessee, the same shall be deemed to refer also to the then successor or assign of LAWA or Lessee.

5. Guarantor hereby expressly waives and releases (a) notice of the acceptance of this Guaranty and notice of any change in Lessee's financial condition; (b) the right to interpose any substantive or procedural defense of the law of guaranty, indemnification or suretyship, except the defenses of prior payment or prior performance (whether before or during any applicable notice and grace periods) by Lessee (of the obligations which Guarantor is called upon to pay or perform under this Guaranty); (c) all rights and remedies accorded by applicable law to guarantors or sureties, including, without limitation, any extension of time conferred by any law now or hereafter in effect; (d) the right to trial by jury, in any action or proceeding of any kind arising on, under, out of, or by reason of or relating, in any way, to this Guaranty or the interpretation, breach or enforcement thereof; (e)

the right to interpose any defense (except as allowed under (b) above), set off or counterclaim of any nature or description in any action or proceeding; and (f) any right or claim of right to cause a marshalling of Lessee's assets or to cause LAWA to proceed against Lessee and/or any collateral held by LAWA at any time or in any particular order. Guarantor hereby agrees that this Guaranty constitutes a written consent to waiver of trial by jury pursuant to the provisions of California Code of Civil Procedure Section 631, and Lessee does hereby constitute and appoint LAWA its true and lawful attorney-in-fact, which appointment is coupled with an interest, and Guarantor does hereby authorize and empower LAWA, in the name, place and stead of Guarantor, to file this Guaranty with the clerk or judge of any court of competent jurisdiction as a statutory written consent to waiver of trial by jury at LAWA's sole discretion.

6. Without limiting Guarantor's obligations elsewhere under this Guaranty, if Lessee, or Lessee's trustee, receiver or other officer with similar powers with respect to Lessee, rejects, disaffirms or otherwise terminates the Lease pursuant to any bankruptcy, insolvency, reorganization, moratorium or any other law affecting creditors' rights generally, Guarantor shall automatically be deemed to have assumed, from and after the date such rejection, disaffirmance or other termination of the Lease is deemed effective, all obligations and liabilities of Lessee under the Lease to the same extent as if Guarantor had been originally named instead of Lessee a party to the Lease and the Lease had never been so rejected, disaffirmed or otherwise terminated and shall be entitled to all benefits of Lessee under the Lease. Guarantor, upon such assumption, shall be obligated to perform and observe all of the Covenants whether theretofore accrued or thereafter accruing, and Guarantor shall be subject to any rights or remedies of LAWA which may have theretofore accrued or which may thereafter accrue against Lessee on account of any default under the Lease, notwithstanding that such defaults existed prior to the date Guarantor was deemed to have automatically assumed the Lease or that such rights or remedies are unenforceable against Lessee by reason of such rejection, disaffirmance or other termination, provided that Guarantor shall have a reasonable time after such assumption to cure non-monetary defaults existing as of the date of such assumption. Guarantor shall confirm such assumption at the request of LAWA upon or after such rejection, disaffirmance or other termination, but the failure to do so shall not affect such assumption. Guarantor, upon the assumption of the Lease, shall have all of the rights of Lessee under the Lease (to the extent permitted by law). Neither Guarantor's obligation to make payment in accordance with this Guaranty nor any remedy for the enforcement thereof shall be impaired, modified, changed, stayed, released or limited in any manner by any impairment, modification, change, release, limitation or stay of the liability of Lessee or its estate in bankruptcy or any remedy for the enforcement thereof, resulting from the operation of any present or future provision of the Bankruptcy Code of the United States or other statute or from the decision of any court in the world interpreting any of the same, and Guarantor shall be obligated under this Guaranty as if no such impairment, stay, modification, change, release or limitation had occurred.

7. This Guaranty and all rights, obligations and liabilities arising hereunder shall be construed according to the substantive laws of California without reference to choice of law principles. Any legal action, suit or proceeding against Guarantor with respect to this Guaranty shall be brought in Los Angeles, California.

8. Guarantor hereby waives any and all rights of subrogation (if any) which it may have against Lessee as a result of actions taken or amounts paid in connection with or relating to this Guaranty or to the Operations Agreement.

9. Guarantor represents and warrants to LAWA that as of the date hereof:

(a) This Guaranty constitutes the legal, valid and binding obligation of Guarantor, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, and other laws affecting creditors' rights generally, to moratorium laws from time to time in effect and to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

(b) No action, suit or proceeding is pending or, to the best of Guarantor's knowledge, threatened against Guarantor that would materially affect Guarantor's ability to fully perform its obligations under this Guaranty.

10. If LAWA shall be obligated by reason of any bankruptcy, insolvency or other legal proceeding to pay or repay to Lessee or to Guarantor or to any trustee, receiver or other representative of either of them, any amounts previously paid by Lessee or Guarantor pursuant to the Lease or this Guaranty, Guarantor shall reimburse LAWA for any such payment or repayment and this Guaranty shall extend to the extent of such payment or repayment made by LAWA, except to the extent, if any, that such payment or repayment is prohibited by law or that such payment or repayment constitutes merely a reimbursement of any overpayment. LAWA shall not be required to litigate or otherwise dispute its obligation or make such payment or repayment if in good faith and on written advice of counsel reasonably acceptable to Guarantor LAWA believes that such obligation exists.

11. LAWA and Guarantor shall each, not more than once per calendar year and within ten (10) business days following request by the other, execute, acknowledge and deliver to the other a statement certifying that this Guaranty is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating such modifications) and that to the best of the certifying party's knowledge, Guarantor is not in default hereunder (or if there is such a default, describing such default in reasonable detail).

12. All remedies afforded to LAWA by reason of this Guaranty, the Original Guaranty, or the Lease, or otherwise available at law or in equity, are separate and cumulative remedies, and it is stipulated that no one remedy, whether or not exercised by LAWA, shall be deemed to be in exclusion of any other remedy available to LAWA and shall not limit or prejudice any other legal or equitable remedy which LAWA may have.

13. If any term, covenant, condition or provision of this Guaranty or the application thereof to any circumstance or to Guarantor shall be invalid or unenforceable to any extent, the remaining terms, covenants, conditions and provisions of this Guaranty or the application thereof to any circumstances, or to Guarantor other than those as to which any term, covenant, condition or provision is held invalid or unenforceable, shall not be affected thereby and each remaining term, covenant, condition and provision of this Guaranty shall be valid and shall be enforceable to the fullest extent permitted by law.

14. Written notices to City hereunder shall be sent to the Executive Director with a copy sent to the City Attorney of the City of Los Angeles and addressed to said parties at:

Chief Executive Officer
Department of Airports
1 World Way
Post Office Box 92216
Los Angeles, CA 90009-2216

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

or to such other address as these parties may designate by written notice to Guarantor.

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

or to such other address as Guarantor may designate by written notice to City.

15. All notices, demands, and other communications which are required or may be permitted to be given to LAWA or Guarantor by the other hereunder shall be in writing and shall be sent by United States mail, postage prepaid, certified, or by personal delivery or nationally recognized overnight courier, addressed to the addresses set forth in this Guaranty, or to such other place as either party may from time to time designate in a notice to the other party given as provided herein. Copies of all notices and demands given to LAWA shall additionally be sent to LAWA's property manager at the address specified in the Lease or at such other address as LAWA may specify in writing from time to time. Notice shall be deemed given upon actual receipt (or attempted delivery if delivery is refused), if personally delivered, or one (1) business day following deposit with a reputable overnight courier that provides a receipt, or on the third (3rd) day following deposit in the United States mail in the manner described above.

16. This Guaranty shall continue in full force and effect and Guarantor's liability hereunder shall continue notwithstanding the termination or earlier expiration of the Lease until the date that the Covenants have been fully performed.

(signature page follows)

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IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the day and year first above written.

APPROVED AS TO FORM:

Michael N. Feuer,
City Attorney

Date: _____

By: _____
Deputy/Assistant City Attorney

CITY OF LOS ANGELES

By: _____

ATTEST:

By: _____
Secretary (Signature)

Print Name

By: _____
President (Signature)

Print Name and Title

ATTACHMENT G
OFFICIAL PROPOSAL STATEMENT

Date: _____

To: Chief Executive Officer
Los Angeles World Airports
Los Angeles, California

Subject: REQUEST FOR PROPOSALS: REQUEST FOR PROPOSAL FOR GROUND LEASE
– 16231 WATERMAN DRIVE AT VAN NUYS AIRPORT

The Proposer warrants that the Proposer has carefully examined the subject Request for Proposals (RFP).

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

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

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

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

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

I, the undersigned affirm that I have read and understand all the provisions set forth in this

invitation. I guarantee that this proposal meets or exceeds the specifications contained in the RFP document. This firm will comply with all provisions and conditions as specified. All requested information has been submitted as requested.

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

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

Date:

Proposer:

Signature of Authorized Person:

Printed Name:

Title:

Business Address of Proposer:

Telephone:

Fax:

Email:

**ATTACHMENT H
BUSINESS REFERENCE FORM**



Procurement: REQUEST FOR PROPOSAL FOR GROUND LEASE – 16231 WATERMAN DRIVE AT VAN NUYS AIRPORT

Reference Name: _____

Title: _____

Address: _____

Telephone: _____ Fax: _____

Email Address: _____

Business Relationship: _____

The foregoing information is being submitted to Los Angeles World Airports (LAWA) as part of the Request for Proposals for Ground Lease – 16231 Waterman Drive at Van Nuys Airport. The undersigned hereby attests to the truth and accuracy of all statements, answers and representations made in this questionnaire, including all supplementary information attached hereto. The undersigned hereby authorizes LAWA, or its agents, to contact any appropriate third parties to verify the accuracy of the information provided herein. The undersigned affirms that he/she is a duly authorized representative of the proposing entity.

Date: _____
_____ (Name of Proposer)

By: _____
(Principal/Owner)

ATTACHMENT I
ADMINISTRATIVE REQUIREMENTS

Posted separately on www.labavn.org along with this document.