

EXHIBIT A

MARROOK	PAGES	PARCELS
3022	031	271
3022	031	270
3022	014	284
3022	014	274
3022	031	272
3022	014	279
3022	031	273
3022	031	274
3022	031	275
3022	031	276
3022	014	282
3022	014	281
3022	014	280
3022	014	283
3022	014	278
3022	014	277
3022	031	277
3022	014	275
3022	031	283
3022	014	273
3022	014	272
3022	014	271
3022	013	276
3022	013	273
3022	013	271
3022	013	270
3022	012	271
3022	012	270
3022	014	276
3022	031	294
3022	033	274
3022	033	273
3022	033	272
3022	033	271
3022	033	270
3022	032	280
3022	032	278
3022	032	277
3022	032	276
3022	032	275
3022	032	272
3022	032	271
3022	031	279
3022	031	295
3022	031	278
3022	031	293
3022	031	292
3022	031	291
3022	031	290
3022	031	289
3022	031	288

3022	031	287
3022	031	286
3022	031	285
3022	031	284
3022	013	272
3022	031	280
3022	010	282
3022	032	270
3022	005	288
3022	006	273
3022	008	272
3022	006	271
3022	006	270
3022	005	297
3022	005	296
3022	005	295
3022	005	294
3022	005	293
3022	010	281
3022	005	291
3022	006	274
3022	005	289
3022	005	292
3022	005	287
3022	005	286
3022	005	281
3022	005	277
3022	007	287
3022	029	273
3022	029	274
3022	029	275
3022	005	276
3022	029	276
3022	007	286
3022	013	275
3022	010	277
3022	010	280
3022	010	279
3022	005	290
3022	010	278
3022	006	275
3022	010	276
3022	010	275
3022	010	274
3022	010	273
3022	010	272
3022	010	271
3022	010	270
3022	008	274
3022	009	278
3022	008	271
3022	008	273

3022	008	270
3022	009	270
3022	009	276
3022	009	273
3022	009	274
3022	009	275
3022	009	277
3022	008	272
3024	017	275
3024	017	274
3024	017	273
3024	017	272
3024	017	271
3024	005	286
3024	005	282
3024	017	276
3024	005	285
3024	005	284
3024	005	283
3024	017	270
3024	017	277
3024	017	278
3024	018	270
3024	018	271
3024	005	277
3024	018	277
3024	018	276
3024	018	275
3024	018	274
3024	018	273
3024	018	272
3024	005	281
3024	018	278
3024	003	271
3024	005	280
3024	005	279
3024	017	280
3024	017	279
3024	003	270
3024	003	272
3024	003	273
3024	003	274
3024	003	275
3024	003	276
3024	005	276
3024	005	271
3024	005	272
3024	005	273
3024	005	274
3024	005	275
3024	018	279
3024	005	278

3024	005	270
3025	046	287
3025	047	275
3025	046	288
3025	046	284
3025	047	273
3025	046	283
3025	046	285
3025	046	288
3025	047	270
3025	047	272
3025	047	274
3025	046	282
3025	046	273
3025	047	271
3025	046	281
3025	046	280
3025	046	279
3025	046	278
3025	046	277
3025	046	276
3025	047	276
3025	046	274
3025	047	287
3025	046	272
3025	046	271
3025	046	270
3025	045	297
3025	046	275
3025	047	291
3025	048	284
3025	048	283
3025	048	282
3025	048	281
3025	046	280
3025	048	279
3025	048	278
3025	048	277
3025	048	276
3025	046	275
3025	048	274
3025	048	273
3025	048	272
3025	047	285
3025	045	296
3025	047	278
3025	047	279
3025	047	280
3025	047	281
3025	047	282
3025	048	271
3025	047	284

3025	048	270
3025	047	286
3025	045	284
3025	047	288
3025	047	289
3025	047	290
3025	047	277
3025	047	289
3025	041	272
3025	045	288
3025	043	279
3025	043	278
3025	043	277
3025	043	276
3025	043	275
3025	043	274
3025	043	273
3025	043	272
3025	043	271
3025	043	270
3025	041	276
3025	043	281
3025	041	273
3025	043	282
3025	041	271
3025	029	293
3025	035	299
3025	035	294
3025	035	292
3025	035	288
3025	035	287
3025	029	294
3025	029	286
3025	031	285
3025	035	274
3025	055	273
3025	048	285
3025	041	274
3025	045	278
3025	045	294
3025	045	293
3025	045	292
3025	045	291
3025	045	290
3025	045	289
3025	045	288
3025	045	287
3025	045	285
3025	045	283
3025	045	282
3025	045	281
3025	043	280

3025	045	279
3025	045	295
3025	045	277
3025	045	276
3025	045	275
3025	045	274
3025	045	273
3025	045	272
3025	045	270
3025	043	288
3025	043	287
3025	043	286
3025	043	285
3025	043	284
3025	043	283
3025	045	280
3025	053	283
3025	052	282
3025	056	270
3025	055	279
3025	055	278
3025	055	277
3025	055	276
3025	055	274
3025	019	275
3025	055	272
3025	029	292
3025	055	270
3025	054	275
3025	056	272
3025	054	273
3025	056	273
3025	053	282
3025	053	281
3025	053	280
3025	053	279
3025	053	278
3025	053	277
3025	053	276
3025	053	275
3025	053	274
3025	053	273
3025	053	272
3025	053	271
3025	055	271
3025	054	274
3025	056	287
3025	057	274
3025	057	273
3025	057	271
3025	057	270
3025	056	296

3025	056	295
3025	056	297
3025	056	294
3025	056	293
3025	056	292
3025	056	291
3025	056	290
3025	056	271
3025	056	288
3025	052	281
3025	056	286
3025	056	285
3025	056	284
3025	056	283
3025	056	282
3025	056	281
3025	056	280
3025	056	279
3025	056	278
3025	056	277
3025	056	276
3025	056	275
3025	056	274
3025	056	289
3025	049	286
3025	053	270
3025	050	278
3025	050	277
3025	050	276
3025	050	275
3025	050	274
3025	050	273
3025	050	272
3025	050	271
3025	050	270
3025	049	290
3025	049	289
3025	050	280
3025	049	287
3025	050	281
3025	049	285
3025	049	284
3025	049	283
3025	049	282
3025	049	281
3025	049	280
3025	049	279
3025	049	277
3025	049	276
3025	049	275
3025	049	274
3025	049	273

3025	049	272
3025	049	288
3025	051	279
3025	052	280
3025	052	279
3025	052	278
3025	052	277
3025	052	276
3025	052	275
3025	052	274
3025	052	273
3025	052	272
3025	052	271
3025	052	270
3025	051	282
3025	050	279
3025	051	280
3025	049	271
3025	051	278
3025	051	277
3025	051	276
3025	051	275
3025	051	274
3025	051	273
3025	051	272
3025	051	271
3025	051	270
3025	050	285
3025	050	284
3025	050	283
3025	050	282
3025	051	281
3025	008	280
3025	007	287
3025	009	281
3025	009	280
3025	009	278
3025	009	276
3025	009	274
3025	008	288
3025	008	287
3025	008	286
3025	008	285
3025	008	284
3025	008	283
3025	009	285
3025	008	281
3025	009	286
3025	008	279
3025	008	277
3025	008	276
3025	008	275

3025	008	274
3025	008	273
3025	008	270
3025	007	286
3025	007	294
3025	007	293
3025	007	292
3025	007	291
3025	029	291
3025	008	282
3025	010	295
3025	013	280
3025	019	277
3025	012	284
3025	012	283
3025	012	282
3025	012	281
3025	012	280
3025	012	278
3025	012	276
3025	012	274
3025	012	272
3025	011	284
3025	009	282
3025	010	296
3025	007	285
3025	010	294
3025	010	293
3025	010	292
3025	010	291
3025	010	289
3025	010	288
3025	010	284
3025	010	283
3025	010	281
3025	010	279
3025	010	278
3025	010	274
3025	009	287
3025	011	282
3025	001	283
3025	007	290
3025	004	271
3025	004	270
3025	001	294
3025	001	293
3025	001	292
3025	001	291
3025	001	290
3025	001	289
3025	001	288
3025	001	287

3025	001	286
3025	004	273
3025	001	284
3025	004	275
3025	001	282
3025	001	281
3025	001	280
3025	001	278
3025	001	276
3025	001	274
3025	001	272
3025	030	289
3025	045	298
3025	019	278
3025	031	288
3025	031	289
3025	041	276
3025	001	285
3025	005	292
3025	007	282
3025	007	280
3025	007	275
3025	007	274
3025	007	273
3025	007	272
3025	007	271
3025	007	270
3025	006	292
3025	005	297
3025	005	296
3025	005	295
3025	004	272
3025	005	293
3025	013	281
3025	005	291
3025	005	290
3025	005	289
3025	005	288
3025	005	287
3025	005	286
3025	005	285
3025	005	284
3025	005	283
3025	005	279
3025	005	276
3025	004	276
3025	004	277
3025	005	294
3025	025	295
3025	014	270
3025	028	271
3025	028	270

3025	027	292
3025	027	291
3025	026	274
3025	026	273
3025	026	272
3025	026	271
3025	026	270
3025	025	299
3025	025	298
3025	028	274
3025	025	296
3025	028	275
3025	025	294
3025	025	293
3025	025	292
3025	025	291
3025	025	290
3025	025	289
3025	025	288
3025	025	287
3025	025	286
3025	025	282
3025	025	280
3025	013	278
3025	025	275
3025	025	297
3025	028	290
3025	029	290
3025	029	289
3025	029	288
3025	029	287
3025	029	282
3025	029	281
3025	029	280
3025	029	278
3025	029	271
3025	028	295
3025	028	294
3025	028	293
3025	028	272
3025	028	291
3025	025	272
3025	028	289
3025	028	288
3025	028	287
3025	028	286
3025	028	285
3025	028	284
3025	028	282
3025	028	281
3025	028	280
3025	028	279

3025	028	278
3025	028	277
3025	028	276
3025	028	292
3025	015	273
3025	018	271
3025	025	276
3025	017	293
3025	015	285
3025	015	284
3025	015	283
3025	015	281
3025	015	280
3025	015	279
3025	015	278
3025	015	277
3025	015	276
3025	024	281
3025	015	274
3025	018	273
3025	015	271
3025	015	270
3025	014	282
3025	014	281
3025	014	280
3025	014	279
3025	014	278
3025	014	277
3025	014	276
3025	014	275
3025	014	273
3025	014	272
3025	014	271
3025	015	275
3025	019	282
3025	024	280
3025	023	294
3025	023	293
3025	023	292
3025	023	291
3025	023	290
3025	023	289
3025	023	288
3025	023	287
3025	023	286
3025	023	285
3025	017	294
3025	023	271
3025	018	274
3025	019	271
3025	018	275
3025	018	282

3025	018	283
3025	018	287
3025	023	274
3025	019	270
3025	019	281
3025	019	272
3025	019	273
3025	019	274
3025	019	276
3025	019	280
3025	018	288
3028	002	270
3028	001	273
3028	001	270
3028	001	271
3028	001	272
3028	019	273
3028	014	276
3028	014	277
3028	014	278
3028	014	279
3028	014	280
3028	011	270
3028	019	272
3028	014	273
3028	019	274
3028	019	275
3028	019	276
3028	019	277
3028	019	278
3028	019	279
3028	019	271
3028	012	279
3028	012	271
3028	012	272
3028	012	273
3028	012	274
3028	012	275
3028	012	276
3028	014	275
3028	012	278
3028	014	274
3028	012	280
3028	013	281
3028	014	270
3028	014	271
3028	014	272
3028	019	282
3028	012	277
3028	020	290
3028	019	280
3028	020	281

3028	020	283
3028	020	285
3028	020	286
3028	020	287
3028	020	279
3028	020	289
3028	020	278
3028	020	291
3028	020	292
3028	020	293
3028	001	285
3028	001	284
3028	001	274
3028	020	288
3028	019	290
3028	020	282
3028	019	283
3028	019	284
3028	019	285
3028	019	286
3028	019	287
3028	020	280
3028	019	289
3028	019	281
3028	020	272
3028	020	273
3028	020	274
3028	020	275
3028	020	276
3028	020	277
3028	019	288
3028	004	276
3028	003	272
3028	003	273
3028	003	274
3028	003	275
3028	003	276
3028	005	271
3028	003	278
3028	002	276
3028	004	277
3028	004	278
3028	004	279
3028	004	280
3028	004	281
3028	005	270
3028	003	277
3028	001	285
3028	001	275
3028	001	277
3028	020	284
3028	010	270

3028	001	278
3028	001	279
3028	003	271
3028	001	282
3028	003	270
3028	002	271
3028	002	272
3028	002	273
3028	002	274
3028	002	275
3028	001	283
3028	001	280
3028	008	270
3028	007	272
3028	007	273
3028	007	274
3028	007	275
3028	007	276
3028	007	277
3028	007	271
3028	007	280
3028	007	279
3028	005	272
3028	001	281
3028	009	270
3028	008	275
3028	008	272
3028	008	274
3028	007	278
3028	006	274
3028	005	276
3028	005	278
3028	005	275
3028	006	286
3028	005	274
3028	006	273
3028	005	277
3028	005	273
3028	006	278
3028	006	279
3028	006	285
3028	006	284
3028	006	280
3028	006	281
3028	006	282
3028	006	283
3036	008	277
3036	007	278
3077	009	295
3077	010	270
3077	009	291
3077	009	298

3077	009	297
3077	009	292
3077	009	293
3077	010	277
3077	009	294
3077	009	296
3077	010	271
3077	010	272
3077	010	273
3077	010	274
3077	011	289
3077	010	276
3077	010	278
3077	010	279
3077	010	280
3077	009	290
3077	008	271
3077	012	270
3077	012	271
3077	012	272
3077	010	275
3077	009	276
3077	007	281
3077	007	282
3077	014	276
3077	012	273
3077	007	283
3077	007	284
3077	007	285
3077	007	286
3077	007	287
3077	007	288
3077	007	289
3077	009	275
3077	009	274
3077	009	289
3077	009	277
3077	009	278
3077	009	279
3077	009	280
3077	009	281
3077	009	282
3077	009	283
3077	009	284
3077	009	285
3077	009	286
3077	009	287
3077	009	288
3077	008	270
3077	015	271
3077	014	271
3077	014	272

3077	014	273
3077	014	275
3077	014	277
3077	014	278
3077	014	279
3077	014	280
3077	014	281
3077	014	282
3077	014	274
3077	014	284
3077	013	287
3077	017	271
3077	017	273
3077	017	274
3077	017	276
3077	017	277
3077	017	278
3077	017	279
3077	017	280
3077	017	281
3077	007	280
3077	013	275
3077	014	283
3077	013	274
3077	012	275
3077	012	277
3077	012	278
3077	012	279
3077	012	280
3077	012	281
3077	012	282
3077	012	283
3077	012	284
3077	013	270
3077	013	271
3077	014	270
3077	013	273
3077	013	288
3077	013	276
3077	013	278
3077	013	279
3077	013	280
3077	013	281
3077	013	282
3077	013	283
3077	013	284
3077	013	285
3077	013	286
3077	012	274
3077	013	272
3077	002	293
3077	002	280

3077	002	281
3077	002	282
3077	002	283
3077	002	284
3077	002	285
3077	002	286
3077	002	287
3077	002	288
3077	002	289
3077	002	290
3077	003	281
3077	002	282
3077	002	277
3077	003	270
3077	003	271
3077	003	272
3077	003	273
3077	003	274
3077	003	275
3077	003	276
3077	003	277
3077	003	278
3077	003	279
3077	003	280
3077	002	291
3077	001	289
3077	007	279
3077	013	277
3077	001	275
3077	001	277
3077	001	278
3077	001	279
3077	001	281
3077	001	283
3077	001	284
3077	001	285
3077	001	286
3077	002	279
3077	001	288
3077	002	278
3077	001	290
3077	001	291
3077	001	292
3077	001	293
3077	001	294
3077	001	295
3077	001	296
3077	002	272
3077	002	274
3077	002	275
3077	002	276
3077	002	273

3077	001	287
3077	006	272
3077	005	277
3077	005	278
3077	005	279
3077	005	280
3077	005	281
3077	005	282
3077	005	283
3077	005	284
3077	005	285
3077	005	286
3077	005	287
3077	005	276
3077	006	271
3077	007	278
3077	006	273
3077	006	274
3077	006	275
3077	007	270
3077	007	271
3077	007	273
3077	007	274
3077	007	275
3077	007	276
3077	003	282
3077	002	271
3077	006	270
3077	003	293
3077	003	283
3077	003	284
3077	003	285
3077	003	286
3077	003	287
3077	003	288
3077	003	289
3077	003	290
3077	007	277
3077	003	292
3077	005	275
3077	004	270
3077	004	272
3077	004	273
3077	005	270
3077	004	275
3077	004	276
3077	004	277
3077	004	278
3077	004	279
3077	004	280
3077	005	272
3077	005	273

3077	005	271
3077	004	274
3077	005	274
3077	003	291
3170	031	286
3170	031	285
3170	031	283
3170	031	284
3170	031	287
3170	031	288
3170	031	289
3170	031	291
3170	031	275
3170	031	282
3170	031	290
3170	031	270
3170	031	281
3170	031	277
3170	030	270
3170	031	271
3170	031	272
3170	031	273
3170	031	274
3170	031	276
3170	031	278
3170	031	279
3170	031	280
3380	006	294
3380	009	273
3380	009	279
3380	009	278
3380	009	277
3380	006	289
3380	009	275
3380	009	274
3380	009	280
3380	009	272
3380	009	271
3380	009	270
3380	006	297
3380	009	281
3380	008	295
3380	009	289
3380	006	293
3380	006	292
3380	006	291
3380	006	290
3380	006	296
3380	010	271
3380	010	281
3380	010	280
3380	010	279

3380	010	278
3380	010	277
3380	010	276
3380	010	275
3380	010	274
3380	009	287
3380	010	272
3380	009	282
3380	010	270
3380	009	292
3380	009	291
3380	009	290
3380	009	288
3380	009	286
3380	009	285
3380	009	284
3380	009	283
3380	010	273
3380	001	279
3380	002	286
3380	002	285
3380	002	284
3380	002	283
3380	002	282
3380	002	280
3380	002	275
3380	002	274
3380	002	271
3380	002	287
3380	001	280
3380	001	274
3380	001	278
3380	001	277
3380	001	276
3380	001	275
3380	001	273
3380	001	271
3380	001	270
3380	009	276
3380	006	288
3380	002	270
3380	006	284
3380	006	287
3380	001	272
3380	002	288
3380	006	286
3380	006	285
3380	006	283
3380	006	282
3380	006	281
3380	006	280
3380	006	279

3380	006	278
3380	006	270
3380	002	291
3380	006	277
3380	002	290
3380	002	292
3380	002	289
3380	006	271
3380	006	272
3380	006	273
3380	006	274
3380	006	275
3380	006	276
3388	012	270
3388	012	283
3388	012	274
3388	012	275
3388	012	276
3388	012	277
3388	012	278
3388	012	271
3388	012	279
3388	012	280
3388	012	287
3388	012	282
3388	012	284
3388	012	285
3388	012	286
3388	011	281
3388	012	289
3388	012	281
3388	011	282
3388	015	272
3388	012	291
3388	011	273
3388	011	274
3388	011	275
3388	011	277
3388	011	278
3388	011	284
3388	011	280
3388	011	293
3388	011	285
3388	011	286
3388	011	287
3388	011	288
3388	011	289
3388	011	290
3388	011	291
3388	011	292
3388	011	279
3388	015	287

3388	015	270
3388	015	271
3388	006	276
3388	015	273
3388	015	274
3388	015	277
3388	015	284
3388	014	281
3388	015	286
3388	014	280
3388	015	288
3388	015	289
3388	015	290
3388	015	291
3388	016	270
3388	016	272
3388	016	273
3388	016	274
3388	015	285
3388	014	271
3388	012	293
3388	012	294
3388	012	295
3388	012	296
3388	012	297
3388	012	298
3388	012	299
3388	011	272
3388	014	270
3388	012	292
3388	014	272
3388	014	273
3388	014	274
3388	014	275
3388	014	276
3388	014	277
3388	014	278
3388	014	279
3388	013	282
3388	004	278
3388	002	273
3388	003	286
3388	004	270
3388	004	271
3388	004	272
3388	004	273
3388	004	274
3388	004	286
3388	004	276
3388	001	292
3388	004	279
3388	004	280

3388	004	281
3388	004	282
3388	004	283
3388	004	284
3388	008	270
3388	004	275
3388	001	284
3388	001	270
3388	001	272
3388	001	273
3388	001	274
3388	001	275
3388	001	276
3388	001	278
3388	002	272
3388	001	283
3388	002	270
3388	001	285
3388	001	286
3388	001	287
3388	001	288
3388	001	289
3388	001	290
3388	001	291
3388	004	287
3388	001	281
3388	009	273
3388	008	272
3388	004	285
3388	008	274
3388	008	275
3388	008	276
3388	008	277
3388	009	270
3388	011	271
3388	009	272
3388	008	271
3388	009	274
3388	010	270
3388	010	271
3388	010	272
3388	010	273
3388	010	274
3388	010	275
3388	011	270
3388	009	271
3388	004	296
3388	004	288
3388	004	289
3388	004	290
3388	004	291
3388	004	292

3388	004	293
3388	008	273
3388	004	295
3388	007	283
3388	004	297
3388	004	298
3388	005	298
3388	006	270
3388	006	271
3388	006	272
3388	006	273
3388	006	274
3388	006	275
3388	004	294
8920	851	378
8920	851	380

Number of Parcels = 1,263 (does not include the 15 privately owned properties listed below)

Known Privately Owned Parcels at Palmdale

3024	017	002
3024	018	001
3024	018	003
3024	018	008
3024	018	009
3024	018	010
3025	001	051
3025	043	283
3025	045	008
3028	007	029
3077	001	055
3077	009	057
3077	009	100
3170	031	004
3380	009	032
3399	001	005

EXHIBIT A-1

CONFIDENTIAL
Final Los Angeles PMD Eminent Domain Acquisitions
2008

APNs and Sellers on Acquired 15 PMD Parcels from 2004/5 to 2009			
Item	Seller's APN (known to be correct)	LAWA's New APN (may have changed)	Seller
1	3024-017-002	3024-017-281	Peterson
2	3024-018-001	3024-018-281	Llacuna Trust, et al
3	3024-018-003	3024-018-282	
4	3024-018-008	3024-018-283	Aquino
5	3024-018-009	3024-018-284	Frake, et al
6	3024-018-010	3024-018-280	Edenkamp
7	3025-001-051	3025-001-295	Leonards Bakery
8	3025-045-008	3025-045-299	Norman
9	3028-007-029	3028-007-281	Morse
10	3077-009-100	3077-009-274 OR 3077-10-281	Pedro Valley Investors
11	3077-001-055	3077-001-297	Teran
12	3077-009-057	3077-009-299	Montgomery
13	3388-009-032	3388-009-293	Chavez
14	3388-001-005	3388-001-293	Lanzano
15	3025-043-283	3025-043-283	Summers

Exhibit A-1 to City of Los Angeles' Response to Discovery Order

EXHIBIT B

EXHIBIT B

Page 7 of 66 of Parcel Map 24419 and Record of Survey

EXHIBIT B - TO CITY OF LOS ANGELES' RESPONSE TO DISCOVERY ORDER

LAWA-VH DECL-0030

SCALE - 1"=2500'

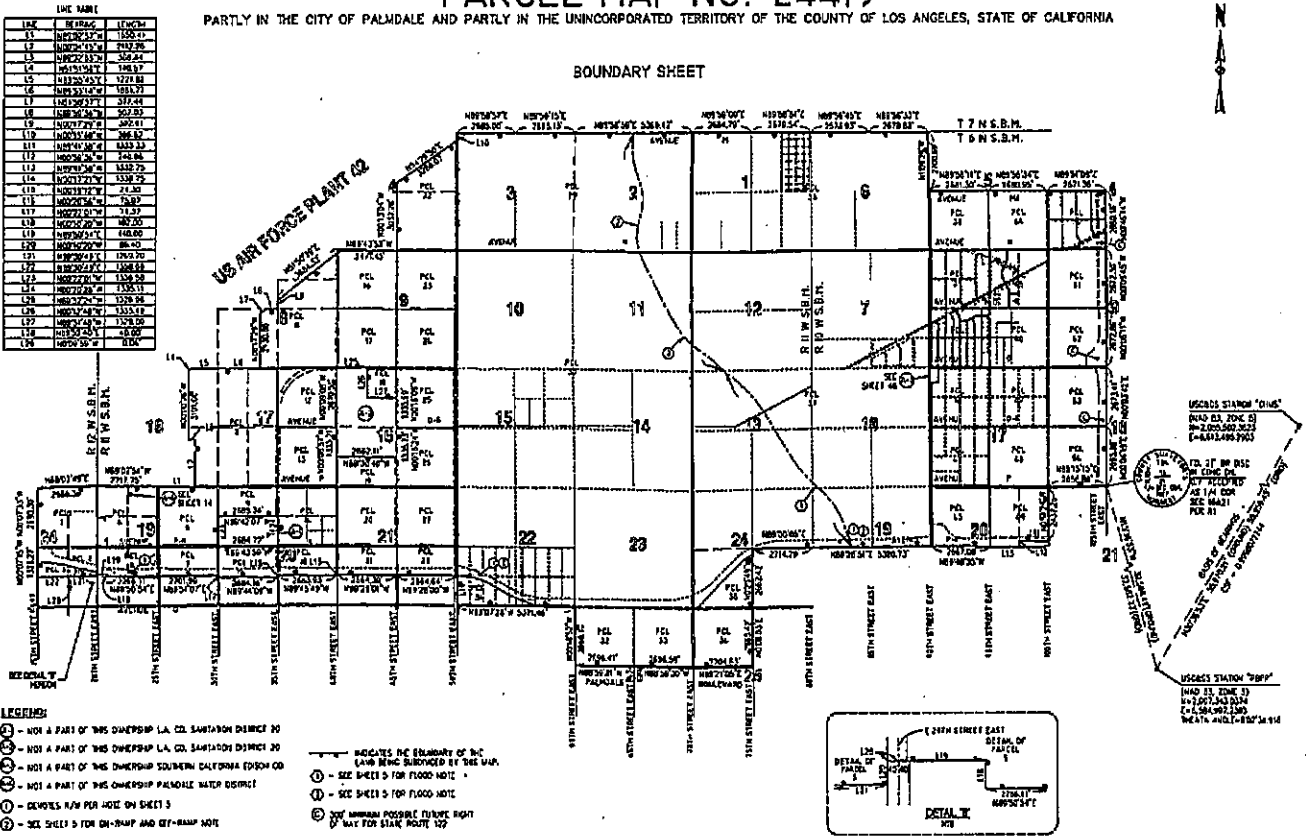
SHEET 7 OF 66 SHEETS

PARCEL MAP NO. 24419

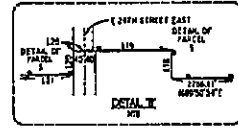
PARTLY IN THE CITY OF PALMDALE AND PARTLY IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

BOUNDARY SHEET

LINE	BEARING	LENGTH
1	N 89° 52' 30" W	150.00
2	S 89° 52' 30" W	150.00
3	N 89° 52' 30" W	150.00
4	S 89° 52' 30" W	150.00
5	N 89° 52' 30" W	150.00
6	S 89° 52' 30" W	150.00
7	N 89° 52' 30" W	150.00
8	S 89° 52' 30" W	150.00
9	N 89° 52' 30" W	150.00
10	S 89° 52' 30" W	150.00
11	N 89° 52' 30" W	150.00
12	S 89° 52' 30" W	150.00
13	N 89° 52' 30" W	150.00
14	S 89° 52' 30" W	150.00
15	N 89° 52' 30" W	150.00
16	S 89° 52' 30" W	150.00
17	N 89° 52' 30" W	150.00
18	S 89° 52' 30" W	150.00
19	N 89° 52' 30" W	150.00
20	S 89° 52' 30" W	150.00
21	N 89° 52' 30" W	150.00
22	S 89° 52' 30" W	150.00
23	N 89° 52' 30" W	150.00
24	S 89° 52' 30" W	150.00
25	N 89° 52' 30" W	150.00
26	S 89° 52' 30" W	150.00
27	N 89° 52' 30" W	150.00
28	S 89° 52' 30" W	150.00
29	N 89° 52' 30" W	150.00
30	S 89° 52' 30" W	150.00
31	N 89° 52' 30" W	150.00
32	S 89° 52' 30" W	150.00
33	N 89° 52' 30" W	150.00
34	S 89° 52' 30" W	150.00
35	N 89° 52' 30" W	150.00
36	S 89° 52' 30" W	150.00
37	N 89° 52' 30" W	150.00
38	S 89° 52' 30" W	150.00
39	N 89° 52' 30" W	150.00
40	S 89° 52' 30" W	150.00
41	N 89° 52' 30" W	150.00
42	S 89° 52' 30" W	150.00
43	N 89° 52' 30" W	150.00
44	S 89° 52' 30" W	150.00
45	N 89° 52' 30" W	150.00
46	S 89° 52' 30" W	150.00
47	N 89° 52' 30" W	150.00
48	S 89° 52' 30" W	150.00
49	N 89° 52' 30" W	150.00
50	S 89° 52' 30" W	150.00
51	N 89° 52' 30" W	150.00
52	S 89° 52' 30" W	150.00
53	N 89° 52' 30" W	150.00
54	S 89° 52' 30" W	150.00
55	N 89° 52' 30" W	150.00
56	S 89° 52' 30" W	150.00
57	N 89° 52' 30" W	150.00
58	S 89° 52' 30" W	150.00
59	N 89° 52' 30" W	150.00
60	S 89° 52' 30" W	150.00
61	N 89° 52' 30" W	150.00
62	S 89° 52' 30" W	150.00
63	N 89° 52' 30" W	150.00
64	S 89° 52' 30" W	150.00
65	N 89° 52' 30" W	150.00
66	S 89° 52' 30" W	150.00
67	N 89° 52' 30" W	150.00
68	S 89° 52' 30" W	150.00
69	N 89° 52' 30" W	150.00
70	S 89° 52' 30" W	150.00
71	N 89° 52' 30" W	150.00
72	S 89° 52' 30" W	150.00
73	N 89° 52' 30" W	150.00
74	S 89° 52' 30" W	150.00
75	N 89° 52' 30" W	150.00
76	S 89° 52' 30" W	150.00
77	N 89° 52' 30" W	150.00
78	S 89° 52' 30" W	150.00
79	N 89° 52' 30" W	150.00
80	S 89° 52' 30" W	150.00
81	N 89° 52' 30" W	150.00
82	S 89° 52' 30" W	150.00
83	N 89° 52' 30" W	150.00
84	S 89° 52' 30" W	150.00
85	N 89° 52' 30" W	150.00
86	S 89° 52' 30" W	150.00
87	N 89° 52' 30" W	150.00
88	S 89° 52' 30" W	150.00
89	N 89° 52' 30" W	150.00
90	S 89° 52' 30" W	150.00
91	N 89° 52' 30" W	150.00
92	S 89° 52' 30" W	150.00
93	N 89° 52' 30" W	150.00
94	S 89° 52' 30" W	150.00
95	N 89° 52' 30" W	150.00
96	S 89° 52' 30" W	150.00
97	N 89° 52' 30" W	150.00
98	S 89° 52' 30" W	150.00
99	N 89° 52' 30" W	150.00
100	S 89° 52' 30" W	150.00



- LEGEND:**
- ① - NOT A PART OF THIS OWNERSHIP L.A. CO. SANITATION DISTRICT 20
 - ② - NOT A PART OF THIS OWNERSHIP L.A. CO. SANITATION DISTRICT 20
 - ③ - NOT A PART OF THIS OWNERSHIP SOUTHERN CALIFORNIA Edison CO
 - ④ - NOT A PART OF THIS OWNERSHIP PALMDALE WATER DISTRICT
 - ⑤ - DENOTES R/W FOR NOTE ON SHEET 3
 - ⑥ - SEE SHEET 5 FOR ON-RAMP AND OFF-RAMP NOTE
 - ⑦ - INDICATES THE BOUNDARY OF THE LAND BEING SURVEYED BY THIS MAP
 - ⑧ - SEE SHEET 5 FOR FLOOD NOTE
 - ⑨ - SEE SHEET 5 FOR FLOOD NOTE
 - ⑩ - SEE SHEET 5 FOR FLOOD NOTE
 - ⑪ - SEE SHEET 5 FOR FLOOD NOTE
 - ⑫ - SEE SHEET 5 FOR FLOOD NOTE
 - ⑬ - SEE SHEET 5 FOR FLOOD NOTE
 - ⑭ - SEE SHEET 5 FOR FLOOD NOTE
 - ⑮ - SEE SHEET 5 FOR FLOOD NOTE
 - ⑯ - SEE SHEET 5 FOR FLOOD NOTE
 - ⑰ - SEE SHEET 5 FOR FLOOD NOTE
 - ⑱ - SEE SHEET 5 FOR FLOOD NOTE
 - ⑲ - SEE SHEET 5 FOR FLOOD NOTE
 - ⑳ - SEE SHEET 5 FOR FLOOD NOTE
 - ㉑ - SEE SHEET 5 FOR FLOOD NOTE
 - ㉒ - SEE SHEET 5 FOR FLOOD NOTE
 - ㉓ - SEE SHEET 5 FOR FLOOD NOTE
 - ㉔ - SEE SHEET 5 FOR FLOOD NOTE
 - ㉕ - SEE SHEET 5 FOR FLOOD NOTE
 - ㉖ - SEE SHEET 5 FOR FLOOD NOTE
 - ㉗ - SEE SHEET 5 FOR FLOOD NOTE
 - ㉘ - SEE SHEET 5 FOR FLOOD NOTE
 - ㉙ - SEE SHEET 5 FOR FLOOD NOTE
 - ㉚ - SEE SHEET 5 FOR FLOOD NOTE
 - ㉛ - SEE SHEET 5 FOR FLOOD NOTE
 - ㉜ - SEE SHEET 5 FOR FLOOD NOTE
 - ㉝ - SEE SHEET 5 FOR FLOOD NOTE
 - ㉞ - SEE SHEET 5 FOR FLOOD NOTE
 - ㉟ - SEE SHEET 5 FOR FLOOD NOTE
 - ㊱ - SEE SHEET 5 FOR FLOOD NOTE
 - ㊲ - SEE SHEET 5 FOR FLOOD NOTE
 - ㊳ - SEE SHEET 5 FOR FLOOD NOTE
 - ㊴ - SEE SHEET 5 FOR FLOOD NOTE
 - ㊵ - SEE SHEET 5 FOR FLOOD NOTE
 - ㊶ - SEE SHEET 5 FOR FLOOD NOTE
 - ㊷ - SEE SHEET 5 FOR FLOOD NOTE
 - ㊸ - SEE SHEET 5 FOR FLOOD NOTE
 - ㊹ - SEE SHEET 5 FOR FLOOD NOTE
 - ㊺ - SEE SHEET 5 FOR FLOOD NOTE
 - ㊻ - SEE SHEET 5 FOR FLOOD NOTE
 - ㊼ - SEE SHEET 5 FOR FLOOD NOTE
 - ㊽ - SEE SHEET 5 FOR FLOOD NOTE
 - ㊾ - SEE SHEET 5 FOR FLOOD NOTE
 - ㊿ - SEE SHEET 5 FOR FLOOD NOTE



USCIS STATION "ONE"
 1500 S. 11th St
 Palmdale, CA 93550
 (818) 261-1111

USCIS STATION "TWO"
 1500 S. 11th St
 Palmdale, CA 93550
 (818) 261-1111

EXHIBIT 8 - TO CITY OF LOS ANGELES RESPONSE TO DISCOVERY ORDER

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
 THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
 BEING A SURVEY OF ALL OR PORTIONS OF SECTION 24, T. 6 N., R. 12 W., S.B.M.,
 SECTIONS 1, 2, 3, 4, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23,
 24, 25, 26, T. 8 N., R. 11 W., S.B.M.,
 SECTIONS 4, 5, 6, 7, 8, 9, 16, 17, 18, 19, 20, T. 6 N., R. 10 W., S.B.M.
 HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217
 NOVEMBER 2005

COUNTY SURVEYOR'S STATEMENT

THIS MAP HAS BEEN EXAMINED IN ACCORDANCE WITH
 SECTION 8762 OF THE PROFESSIONAL LAND SURVEYORS
 ACT THIS _____ DAY OF _____ 2005.
 COUNTY SURVEYOR.

BY _____
 DEPUTY COUNTY SURVEYOR

SURVEY PURPOSE

THIS RECORD OF SURVEY WAS PREPARED IN CONFORMANCE
 WITH SECTION 8762 (a)(1), (a)(2), (a)(3) OF THE BUSINESS
 & PROFESSIONS CODE.

BASIS OF BEARINGS

THE BASIS OF BEARINGS FOR THIS SURVEY IS THE CALIFORNIA
 COORDINATE SYSTEM (NAD 83), ZONE 5, AS DETERMINED LOCALLY
 BY THE LINE BETWEEN USCGS STATIONS CHMS AND P6PP,
 SHOWING MERIDIAN ANGLE: N00°04'53"E.

DATUM STATEMENT

COORDINATES SHOWN ARE BASED ON THE CALIFORNIA COORDINATE
 SYSTEM OF 1983, ZONE 5, (NAD 83), EPOCH 2004.0.
 ALL DISTANCES SHOWN ARE GROUND, UNLESS OTHERWISE NOTED. TO
 OBTAIN GRID DISTANCES MULTIPLY GROUND DISTANCE BY 0.99930777.

SURVEYOR'S STATEMENT

THIS MAP CORRECTLY REPRESENTS A SURVEY MADE BY
 ME OR UNDER MY DIRECTION IN CONFORMANCE WITH THE
 REQUIREMENTS OF THE PROFESSIONAL LAND SURVEYOR'S
 ACT AT THE REQUEST OF THE CITY OF LOS ANGELES'
 DEPARTMENT OF AIRPORTS DURING JULY AND AUGUST, 2005.

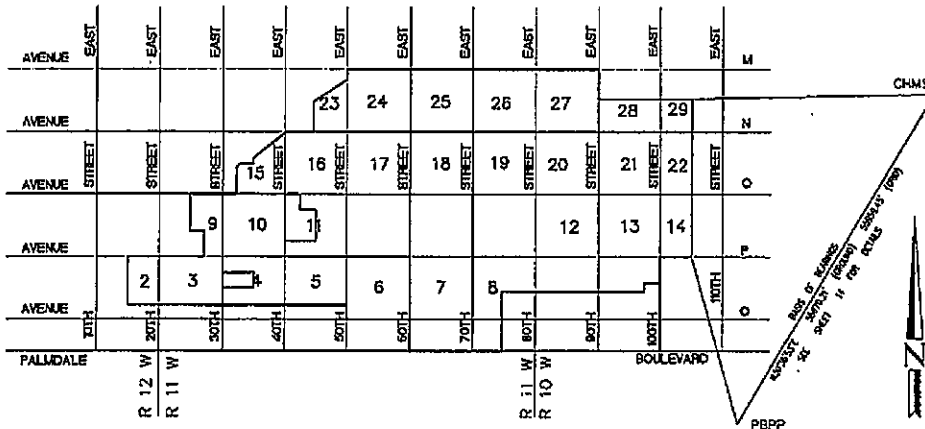
STEVE SHAMBECK, P.L.S. 6217
 LICENSE EXPIRES 03/31/08



NOTES

1. ALL FOUND OR SET MONUMENTS ARE AS NOTED ON THE
 INDIVIDUAL MAP SHEETS.
2. THE NOTE "SNF" INDICATES CORNERS WHERE MONUMENTS
 WERE SEARCHED FOR BUT NOT FOUND.
3. "R" INDICATES RECORD PER RECORD OF SURVEY 02/27-48.
4. "D.A." INDICATES "DEPARTMENT OF AIRPORTS".
5. "R" INDICATES RECORD PER RECORD OF SURVEY 02/27-48.
- INDICATES FOUND MONUMENT AS NOTED.
- INDICATES SET 2" LP, 24" LONG, FLUSH, WITH TAG
 "LS 0217", UNLESS OTHERWISE NOTED.

SHEET INDEX
 NOT TO SCALE



JOB NO. 04306-000
 PLOT FILE NO. 00000

SCALE
1"=400'

SHEET 2 OF 29

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

HALL & FOREMAN, INC.

STEVE SHAMBECK, L.S. 5217

NOVEMBER 2005



SHEET 9
SEE

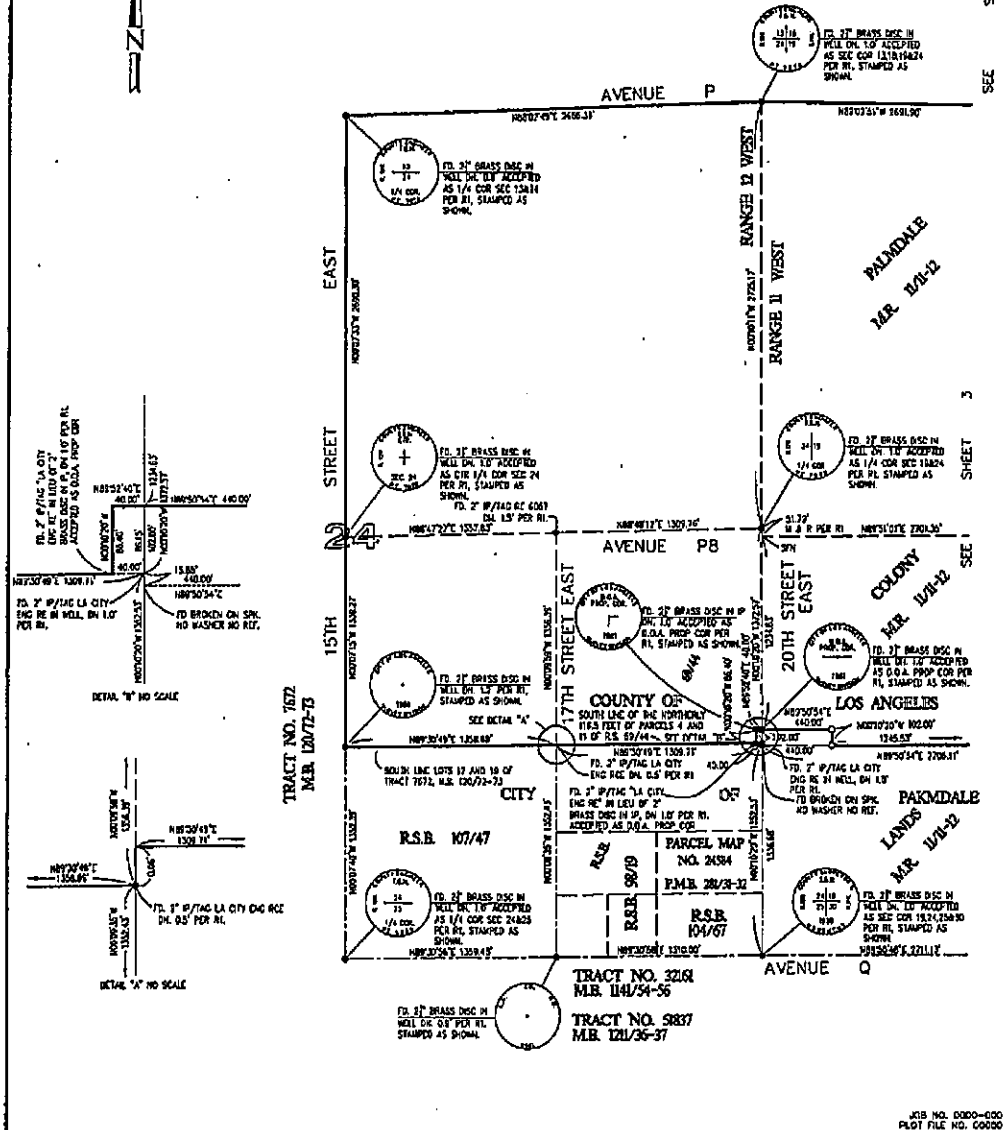


EXHIBIT B - TO CITY OF LOS ANGELES' RESPONSE TO DISCOVERY ORDER

SCALE
1"=400'

SHEET 3 OF 29

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

HALL & FOREMAN, INC.

STEVE SHAMBECK, L.S. 6217

NOVEMBER 2005

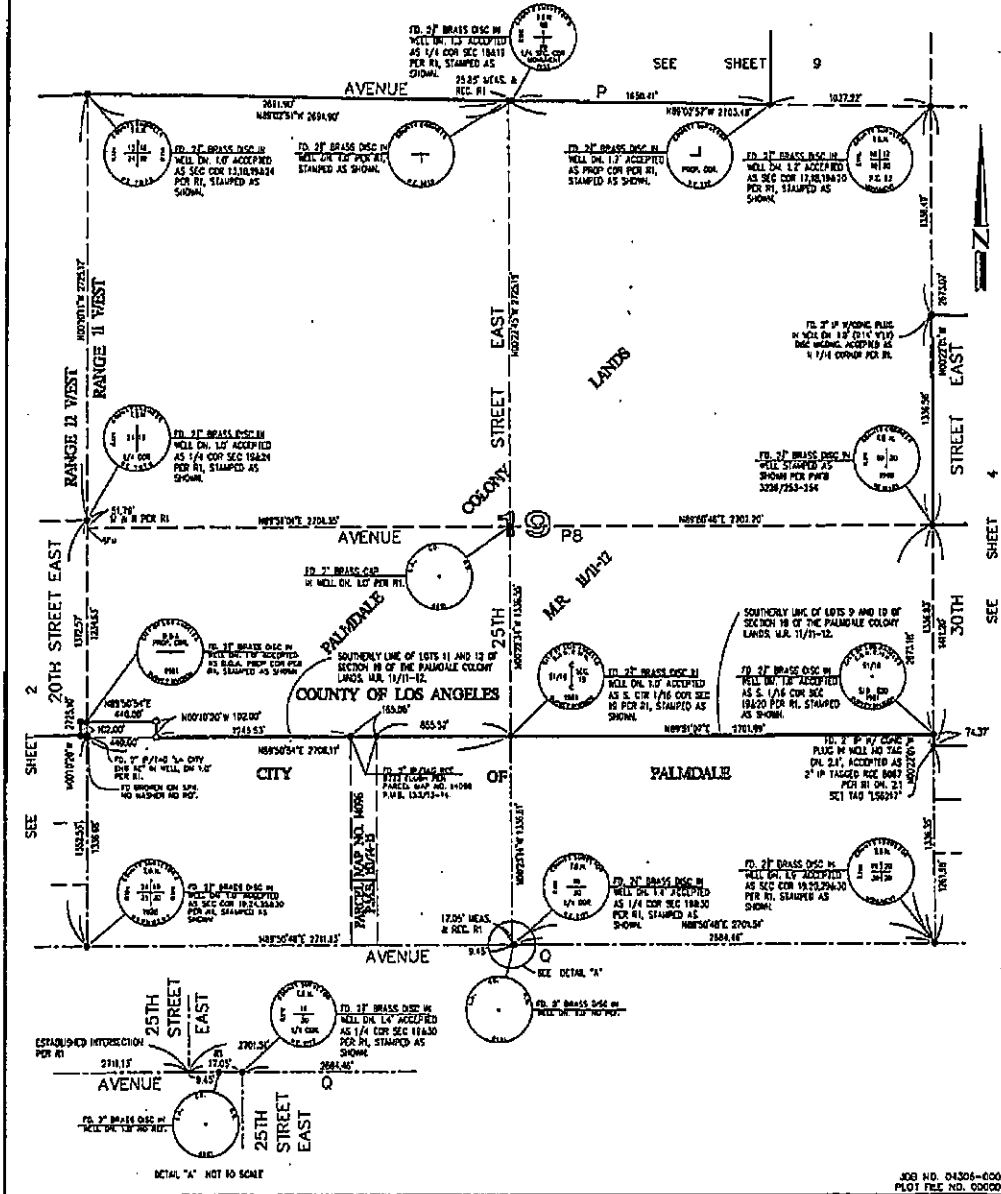


EXHIBIT B - TO CITY OF LOS ANGELES' RESPONSE TO DISCOVERY ORDER

LAWA-VH DECL-0034

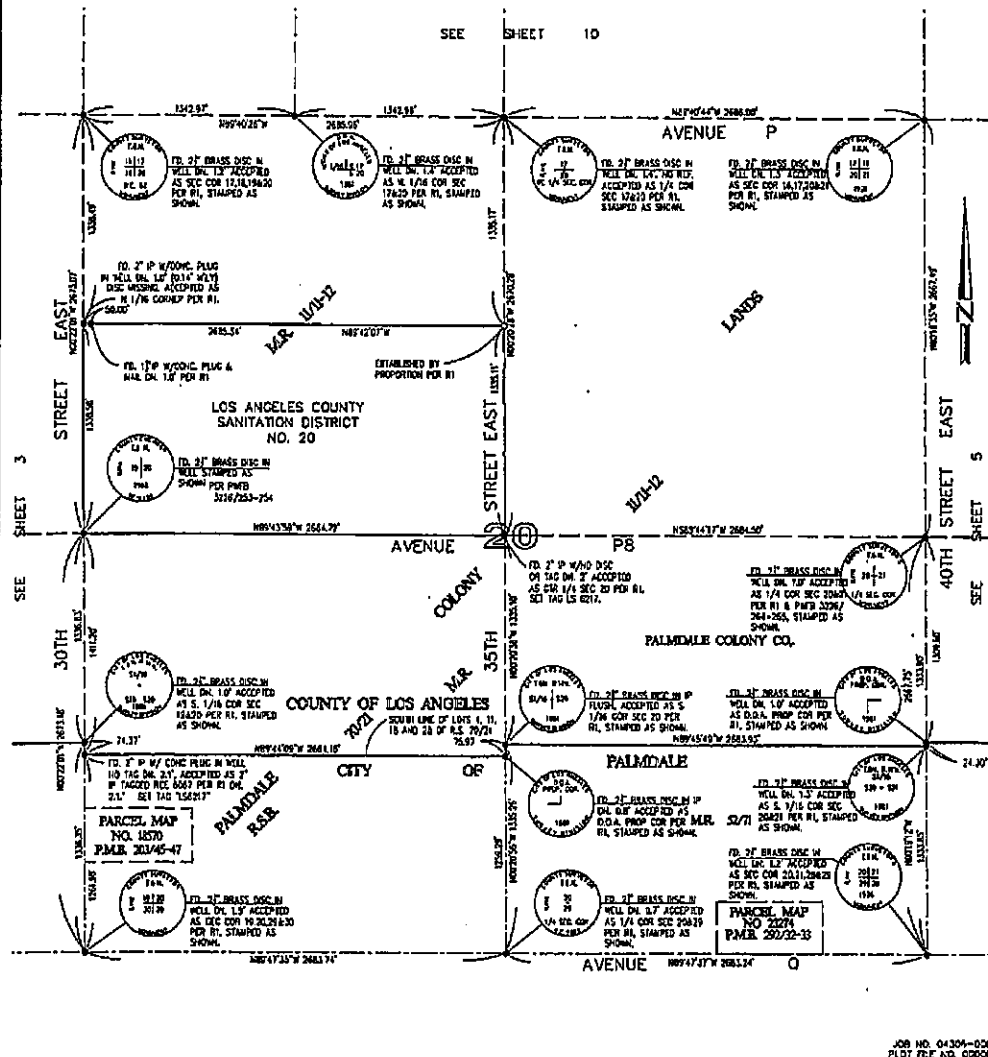
SCALE
1" = 400'

SHEET 4 OF 29

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217
NOVEMBER 2005

SEE SHEET 10



JOB NO. 04304-020
PLOT FILE NO. 02020

EXHIBIT B - TO CITY OF LOS ANGELES' RESPONSE TO DISCOVERY ORDER

LAWA-VH DECL-0035

SCALE
1"=400'

SHEET 5 OF 29

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTIALLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217
NOVEMBER 2005

SEE SHEET 11

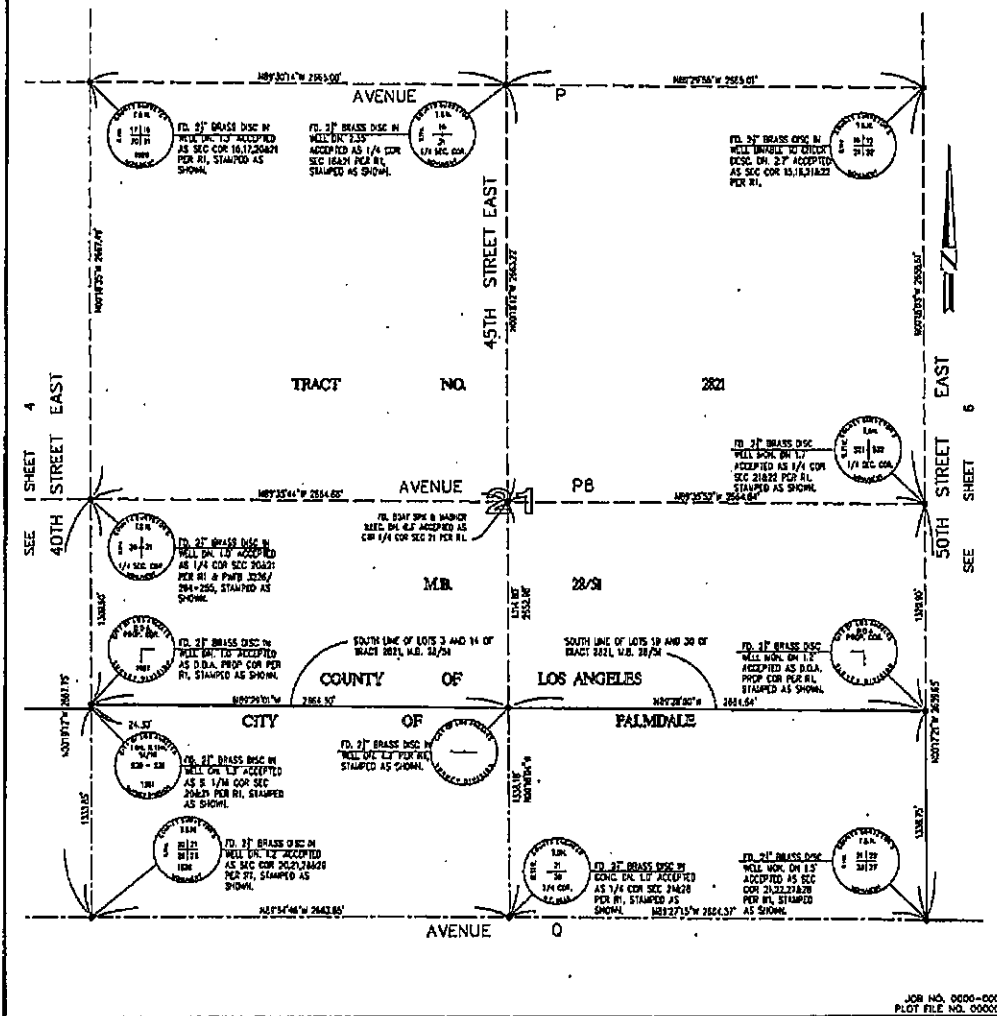


EXHIBIT B - TO CITY OF LOS ANGELES' RESPONSE TO DISCOVERY ORDER

SCALE
1"=400'

SHEET 6 OF 29

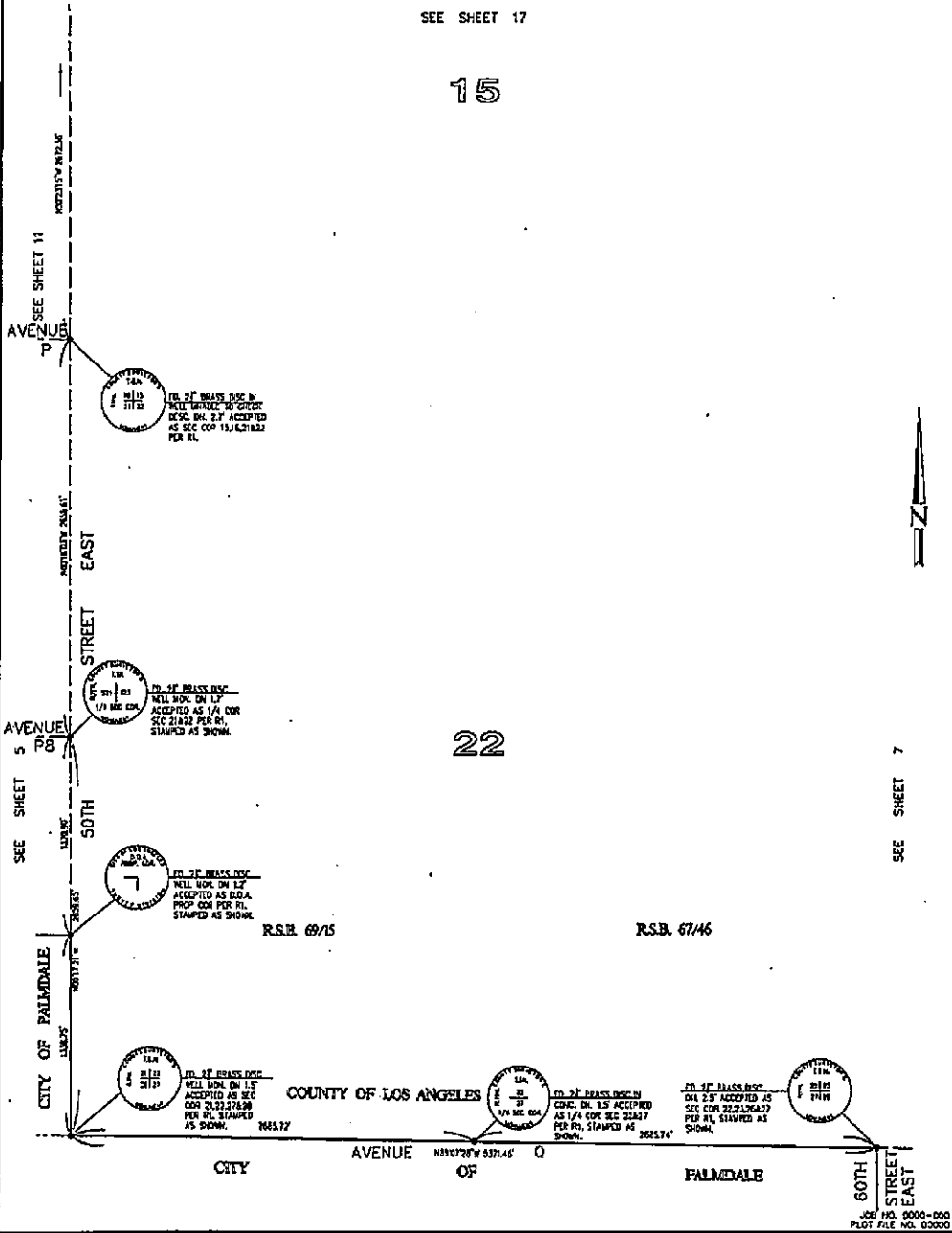
RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217
NOVEMBER 2005

SEE SHEET 17

15

22



SCALE
1"=400'

SHEET 7 OF 29

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217
NOVEMBER 2005

SEE SHEET 18

TO: 3" BRASS DISC IN
WELL ON LOT 10 ACCEPTED AS
1/4 COR SEC 23, 24, 25
PER CS 2324, 2326 PER CS
2328, STAMPED AS
SHOWN.



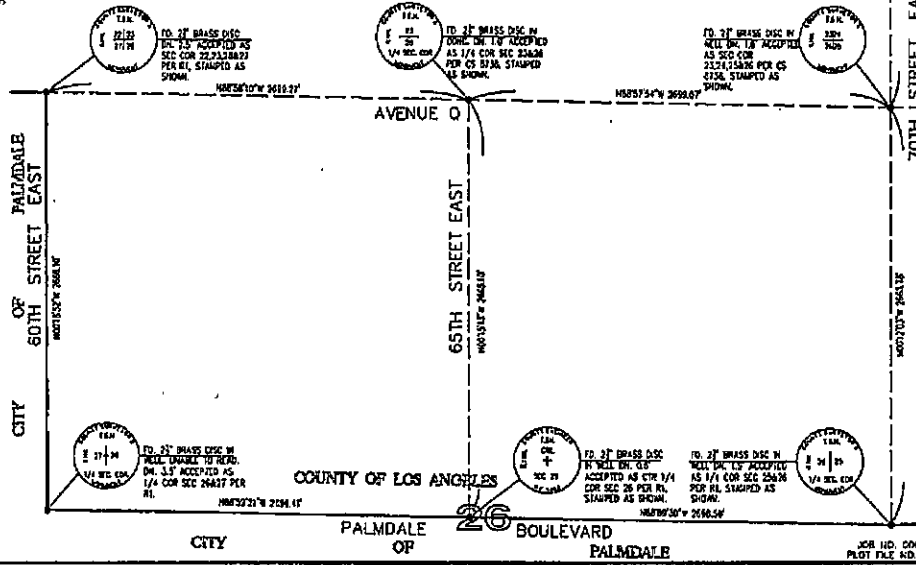
23

TO: 3" BRASS DISC IN
WELL ON LOT 23 ACCEPTED AS
1/4 COR SEC 23, 24
PER CS 2324, 2326 PER CS
2328, STAMPED AS
SHOWN.



SEE SHEET 6

SEE SHEET 8



PALMDALE
EAST
CITY
OF
80TH
STREET
EAST

AVENUE O

65TH
STREET
EAST

70TH
STREET
EAST

COUNTY OF LOS ANGELES

CITY PALMDALE OF PALMDALE BOULEVARD

JOB NO. 0000-000
PLOT FILE NO. 00000

SCALE
1"=400'

SHEET 8 OF 29

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217
NOVEMBER 2005

SEE SHEET 19

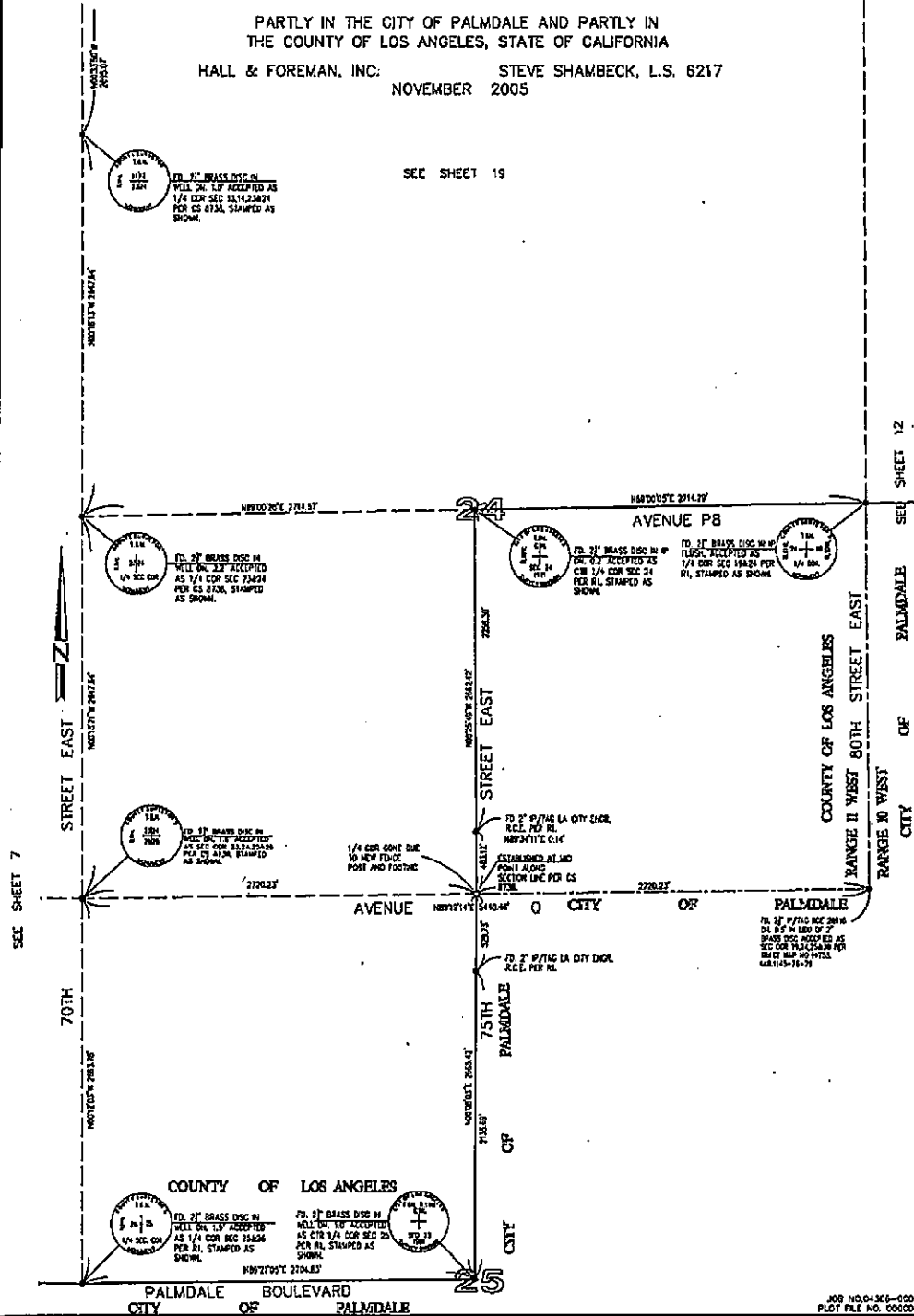


EXHIBIT B - TO CITY OF LOS ANGELES RESPONSE TO DISCOVERY ORDER

LAWA-VH DECL-0039

SCALE
1"=400'

SHEET 9 OF 29

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217
NOVEMBER 2005

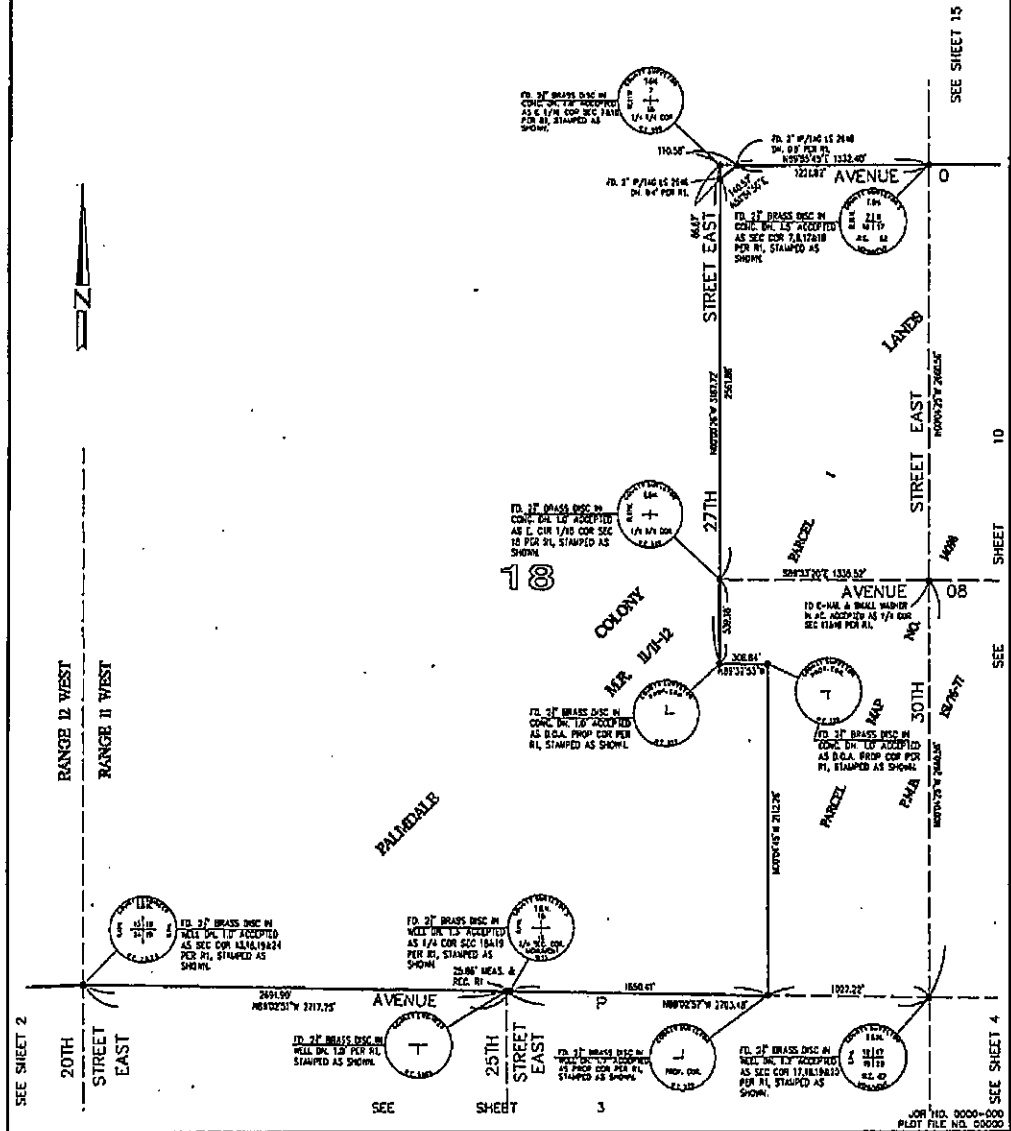


EXHIBIT B - TO CITY OF LOS ANGELES RESPONSE TO DISCOVERY ORDER

LAWA-VH DECL-0040

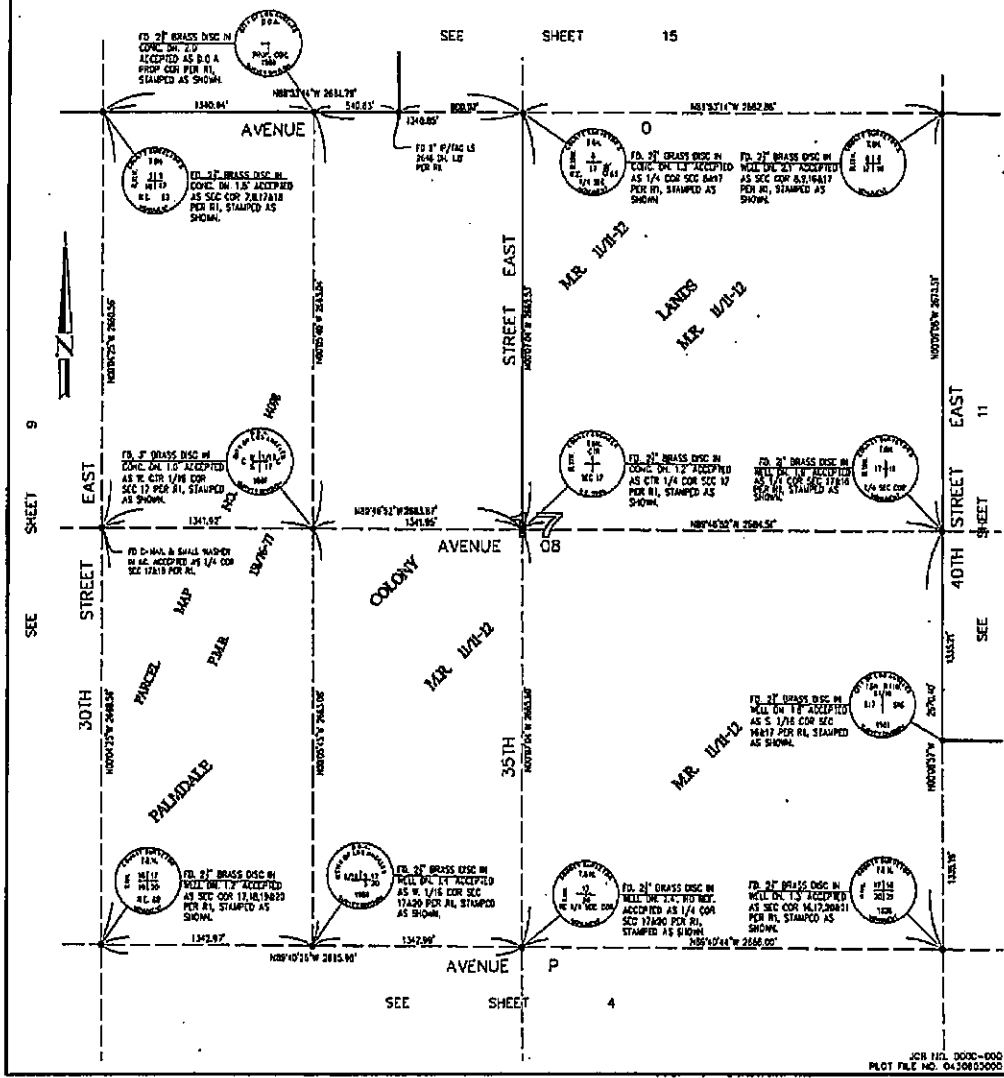
SCALE
1"=40'

SHEET 10 OF 29

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217
NOVEMBER 2005



JCR 101, 0000-000
PLOT FILE NO. 0430803000

EXHIBIT B - TO CITY OF LOS ANGELES' RESPONSE TO DISCOVERY ORDER

LAWA-VH DECL-0041

SCALE
1"=400'

SHEET 11 OF 29

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217
NOVEMBER 2005

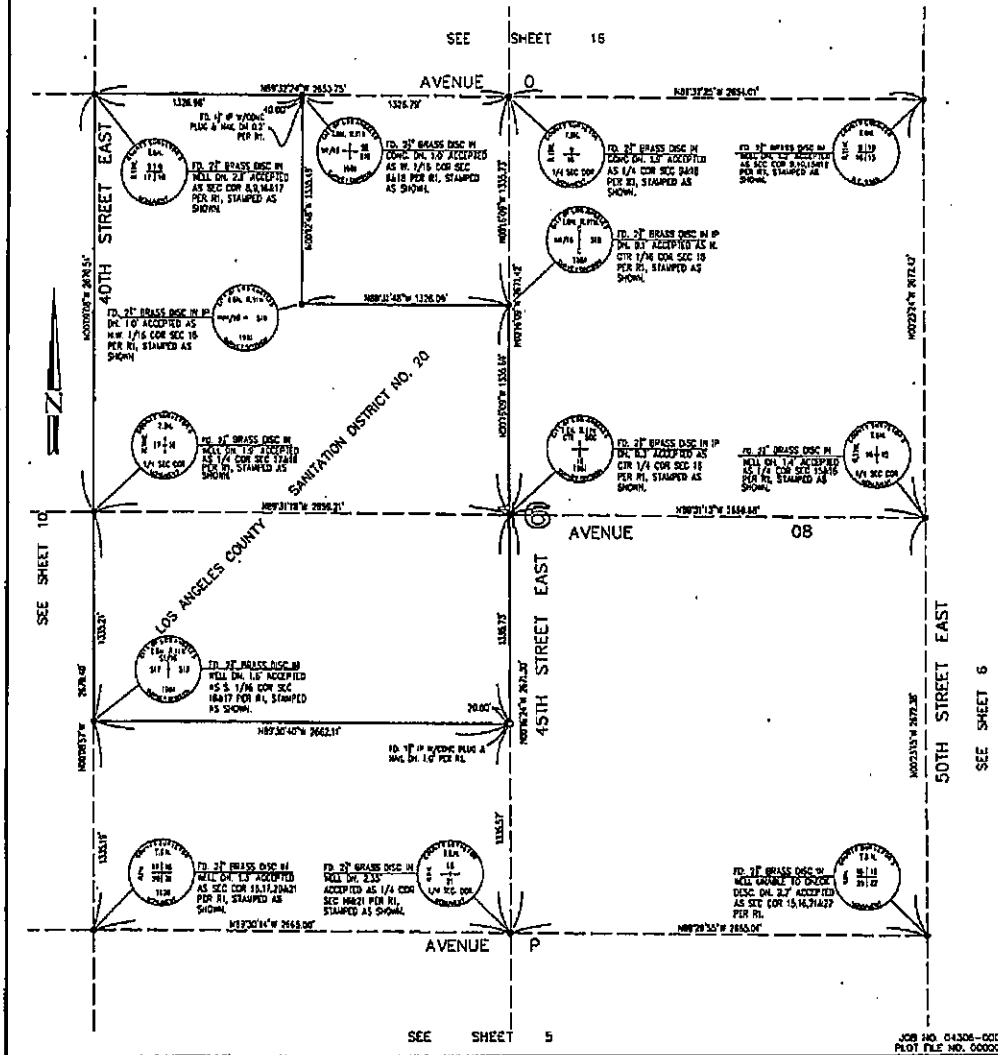


EXHIBIT B - TO CITY OF LOS ANGELES RESPONSE TO DISCOVERY ORDER

SCALE
1"=400'

SHEET 12 OF 29

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217
NOVEMBER 2005

SEE SHEET 20

18

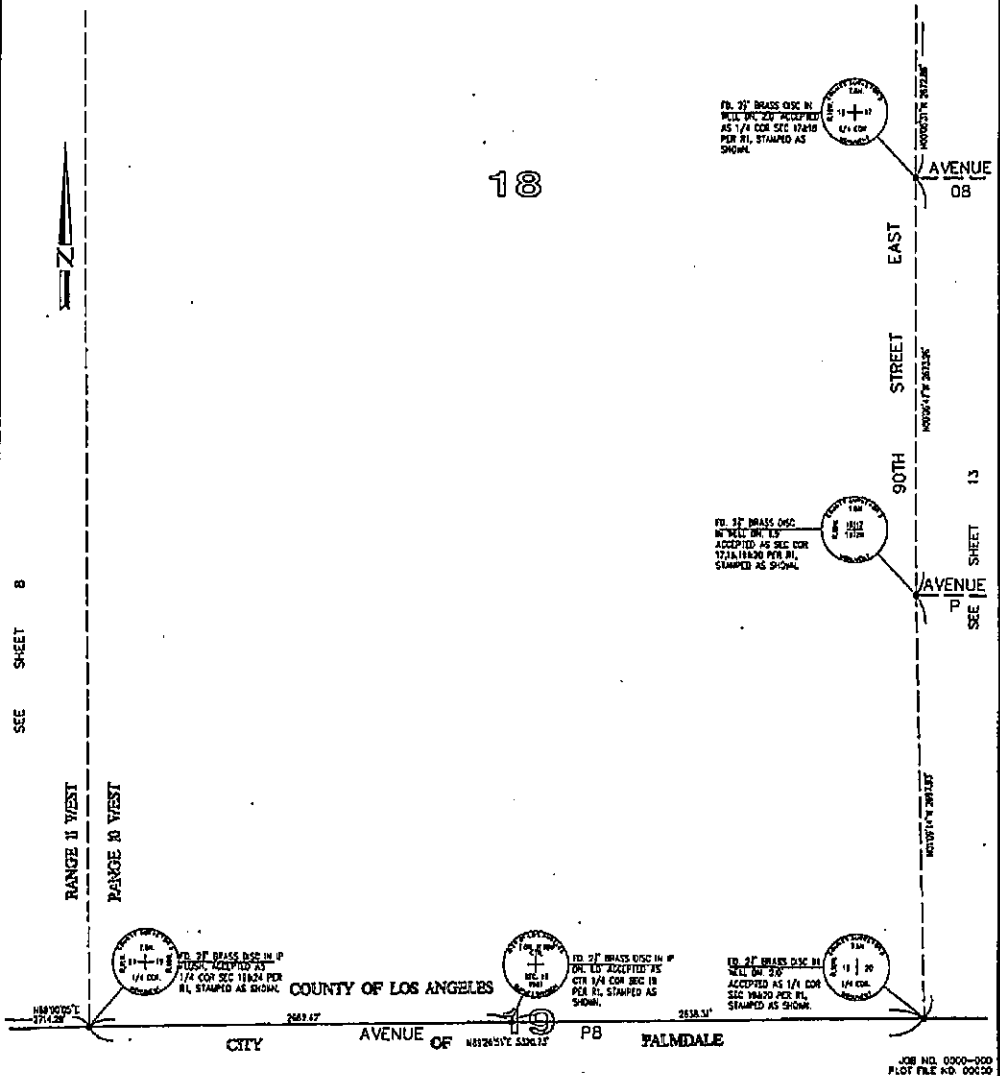


EXHIBIT B - TO CITY OF LOS ANGELES/RESPONSE TO DISCOVERY ORDER

LAWA-VH DECL-0043

SCALE
1"=400'

SHEET 13 OF 29

RECORD OF SURVEY

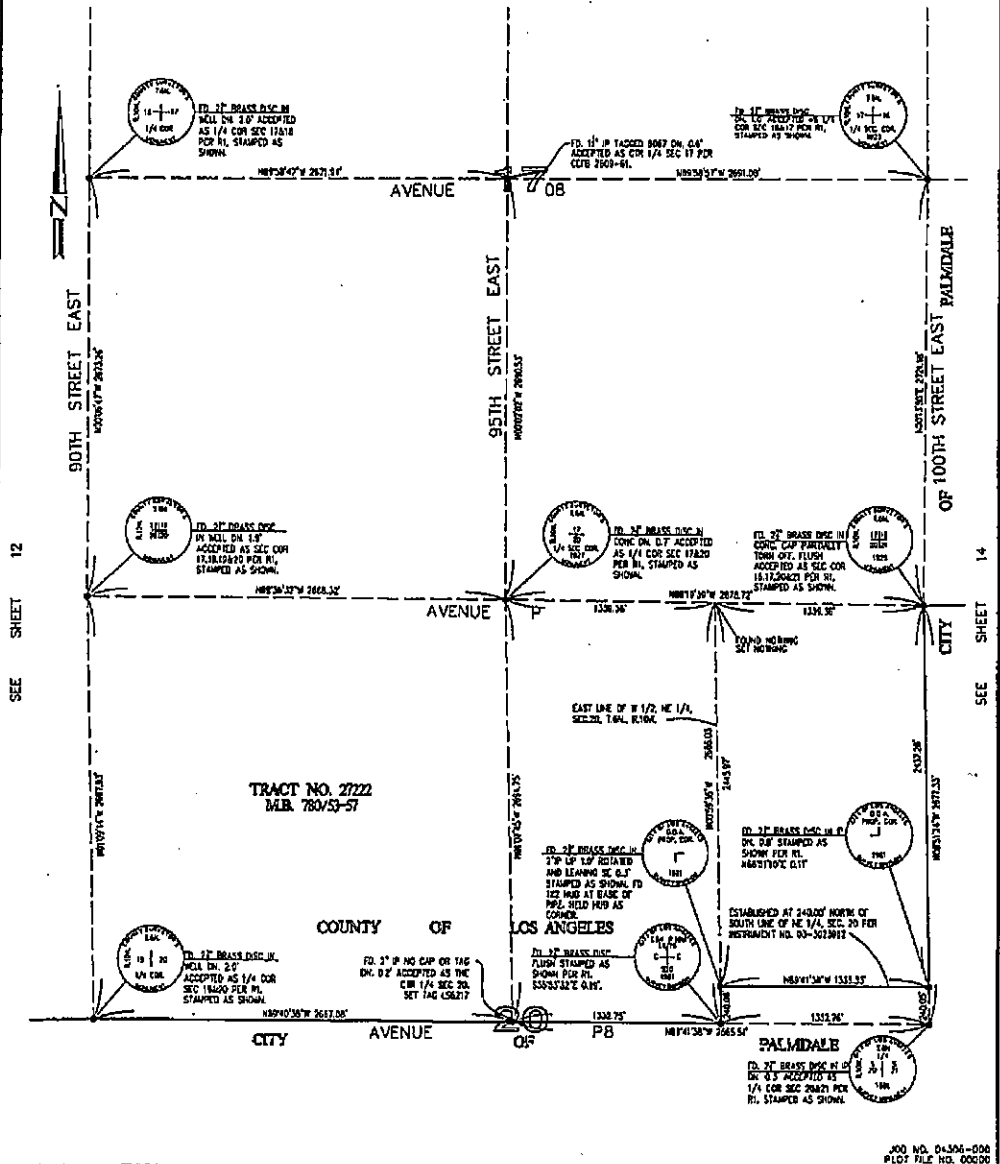
PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

HALL & FOREMAN, INC.

STEVE SHAMBECK, L.S. 6217

NOVEMBER 2005

SEE SHEET 21



JOO NO. 04306-000
PLOT FILE NO. 00000

SCALE
1"=400'

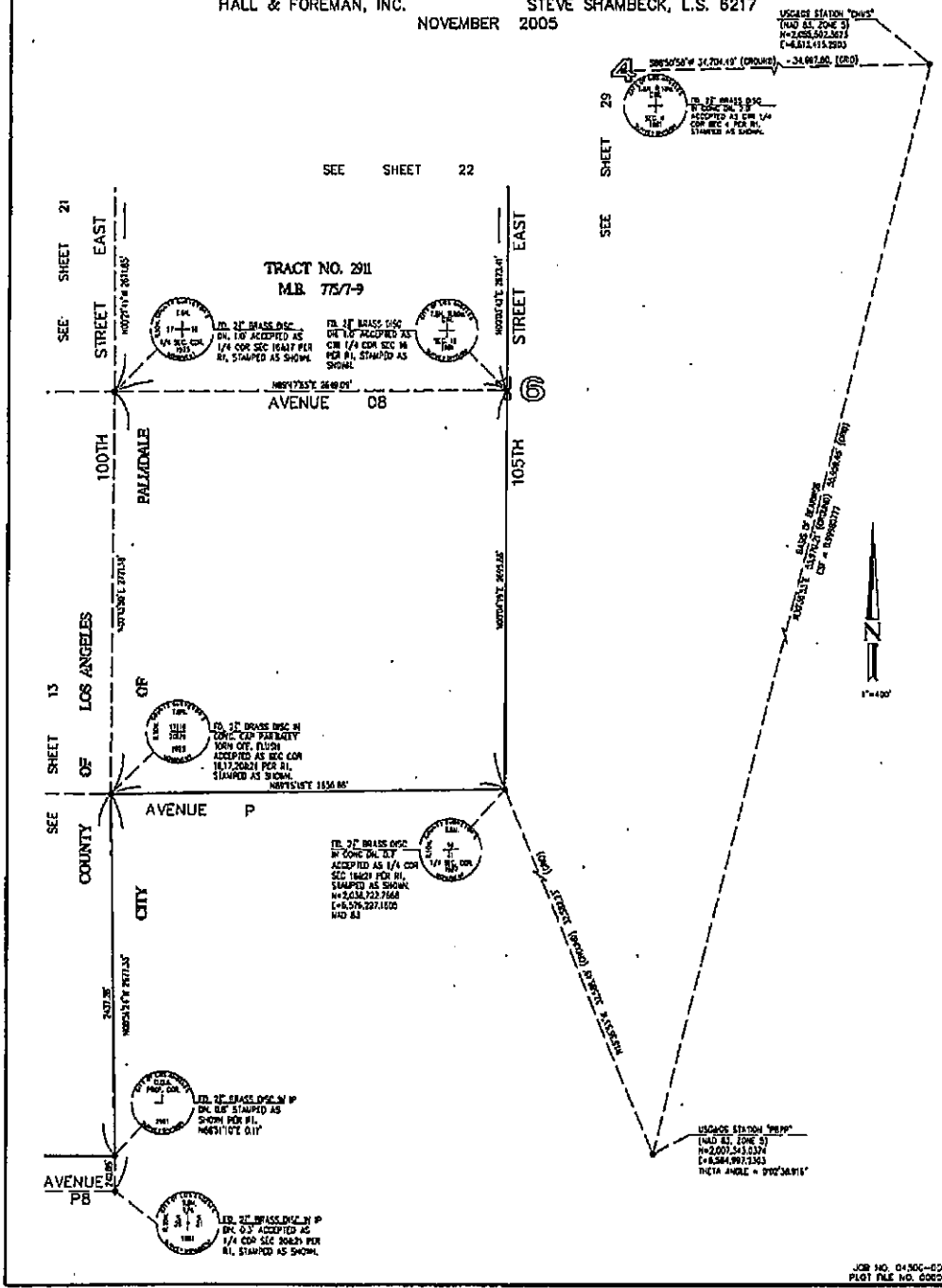
SHEET 14 OF 29 SHEETS

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217
NOVEMBER 2005

SEE SHEET 22

SEE SHEET 29



JOB NO. 04300-C20
PLOT FILE NO. 00020

EXHIBIT B - TO CITY OF LOS ANGELES' RESPONSE TO DISCOVERY ORDER

SCALE
1"=400'

SHEET 15 OF 29

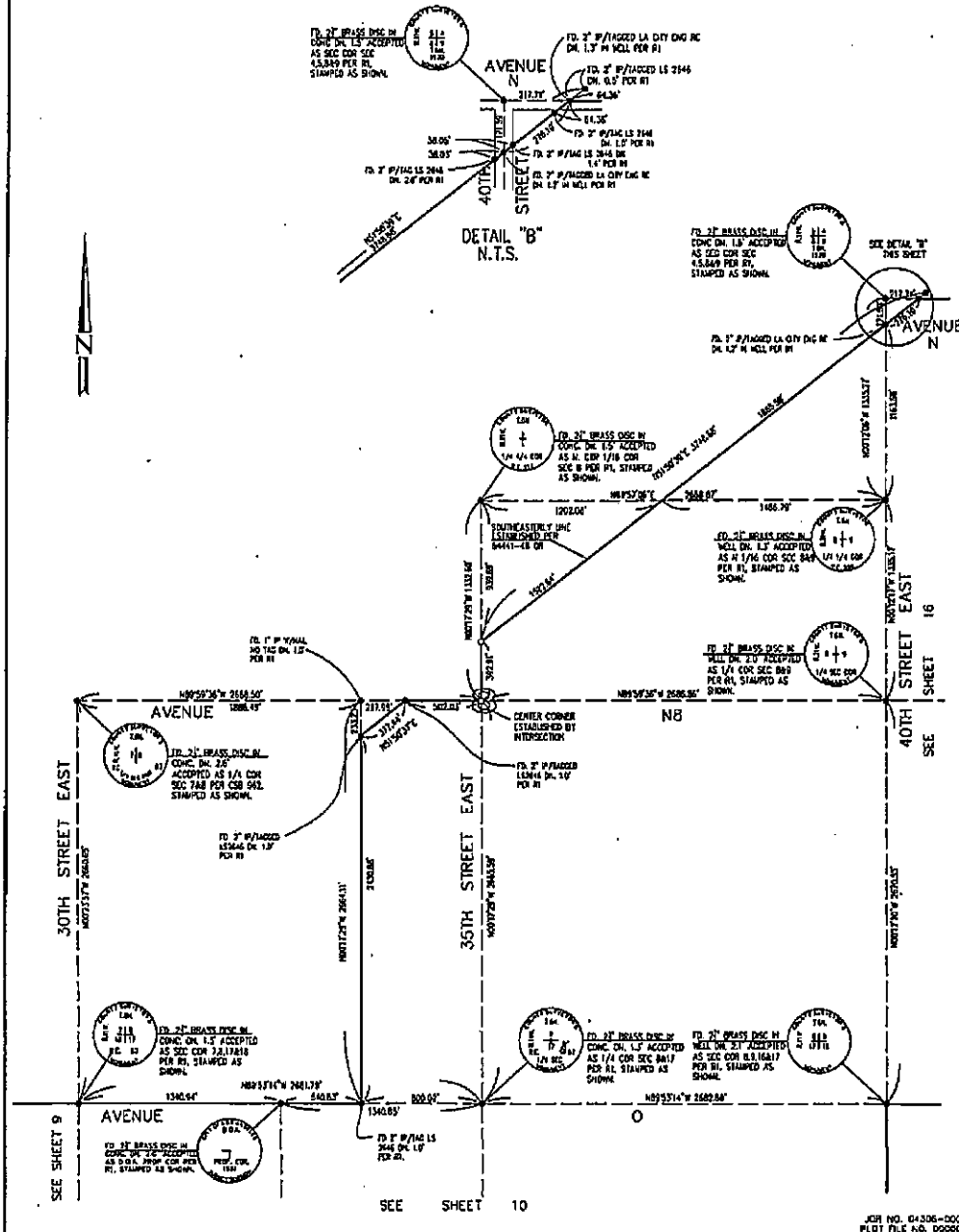
RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

HALL & FOREMAN, INC.

STEVE SHAMBECK, L.S. 6217

NOVEMBER 2005



JOB NO. 04306-000
PLOT FILE NO. 00000

SCALE
1"=400'

SHEET 16 OF 29

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217
NOVEMBER 2005

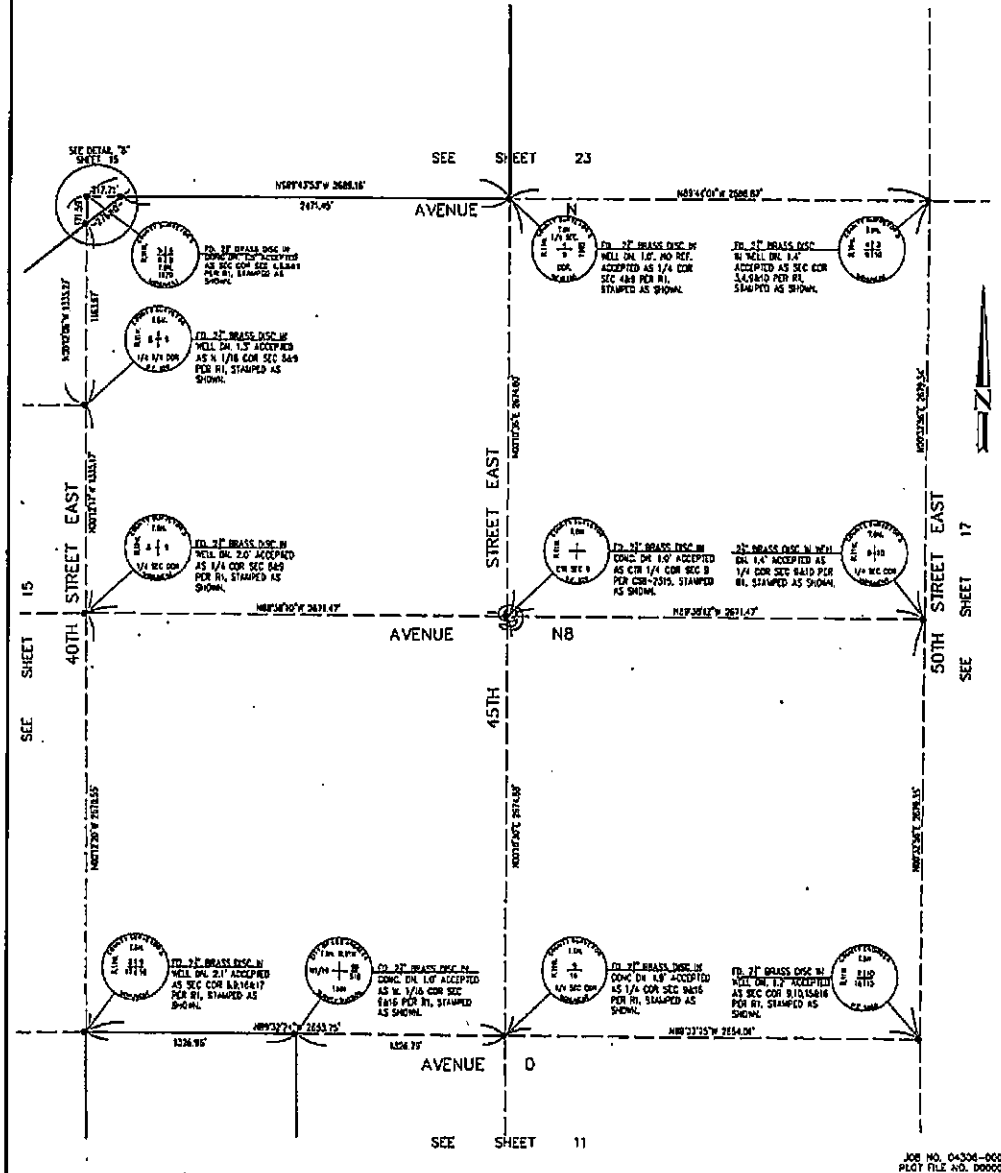


EXHIBIT B - TO CITY OF LOS ANGELES RESPONSE TO DISCOVERY ORDER

LAWA-VH DECL-0047

SCALE
1"=400'

SHEET 17 OF 28

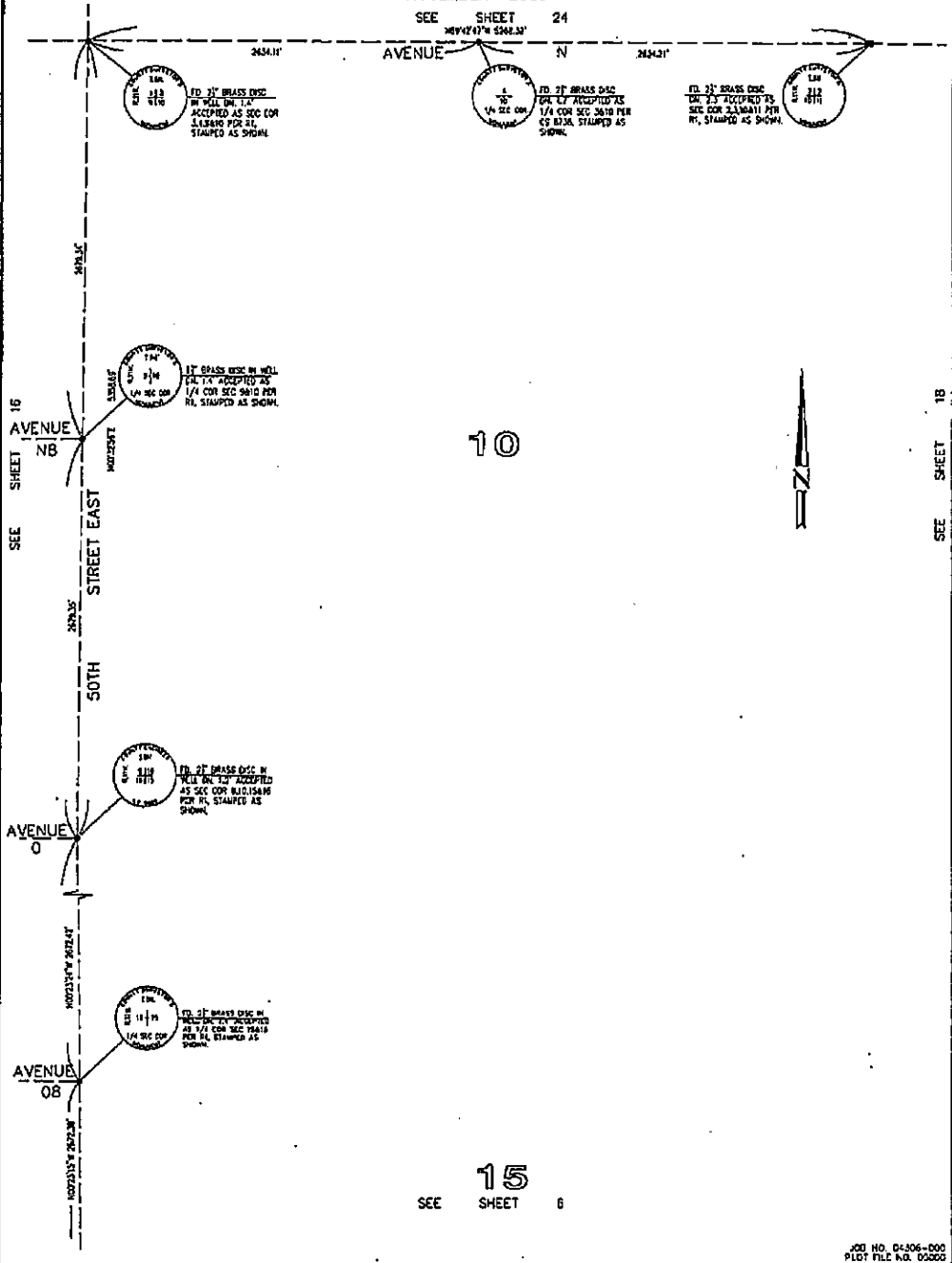
RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217

NOVEMBER 2005

SEE SHEET 24



10

15

SEE SHEET 6

JOB NO. 04306-000
PLOT FILE NO. 00000

SCALE
1"=400'

SHEET 18 OF 28

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217
NOVEMBER 2005

SEE SHEET 25
N 43°35'D11"W 849.27'

SEE SHEET 17

SEE SHEET 19



7708.77'
FD. 2" BRASS DISC IN WELL ON 1" ACCEPTED AS SEC FOR 2 1/4" PER REC 2811 FOR CS 230A. STAMPED AS SHOWN.

7708.50'
FD. 2" BRASS DISC IN WELL ON 1" ACCEPTED AS SEC FOR 2 1/4" PER REC 2811 FOR CS 230A. STAMPED AS SHOWN.

FD. 2" BRASS DISC IN WELL ON 1" ACCEPTED AS SEC FOR 2 1/4" PER REC 2811 FOR CS 230A. STAMPED AS SHOWN.

11

70. 2" BRASS DISC IN WELL ON 1" ACCEPTED AS 1/4" FOR SEC 11A11 FOR CS 230A. STAMPED AS SHOWN.

14

FD. 2" BRASS DISC IN WELL ON 1" ACCEPTED AS SEC FOR 1 1/2" PER REC 2811 FOR CS 230A. STAMPED AS SHOWN.

FD. 2" BRASS DISC IN WELL ON 1" ACCEPTED AS 1/4" FOR SEC 13A14 FOR CS 230A. STAMPED AS SHOWN.

SEE SHEET 7

JOB NO. 04306-000
PLOT FILE NO. 00000

SCALE
1"=400'

SHEET 19 OF 29

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217
NOVEMBER 2005

R.S.B. 75/47 R.S.B. 69/45 R.S.B. 74/41

SEE SHEET 26

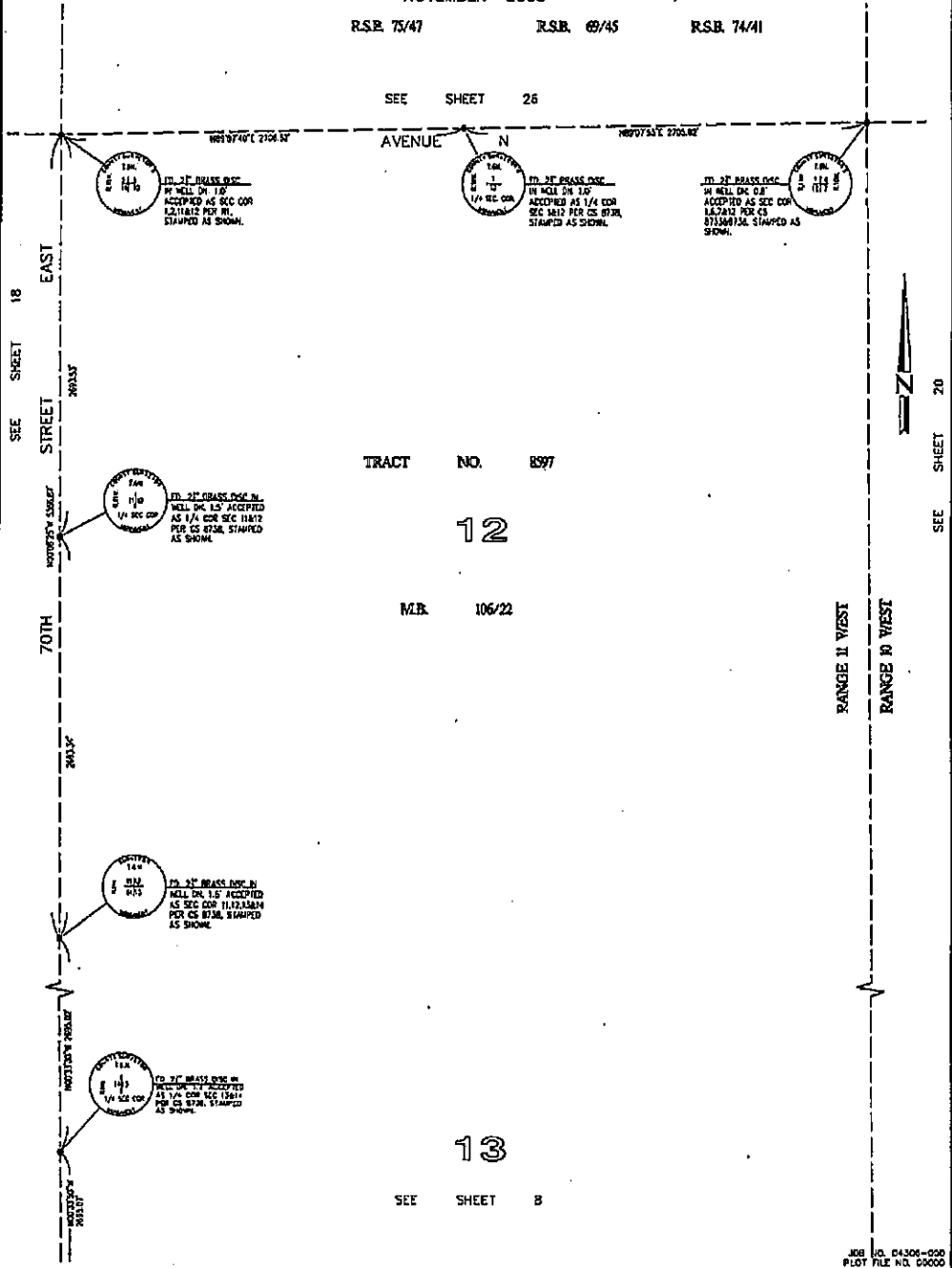


EXHIBIT B - TO CITY OF LOS ANGELES' RESPONSE TO DISCOVERY ORDER.

SCALE
1"=400'

SHEET 20 OF 29

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 8217
NOVEMBER 2005

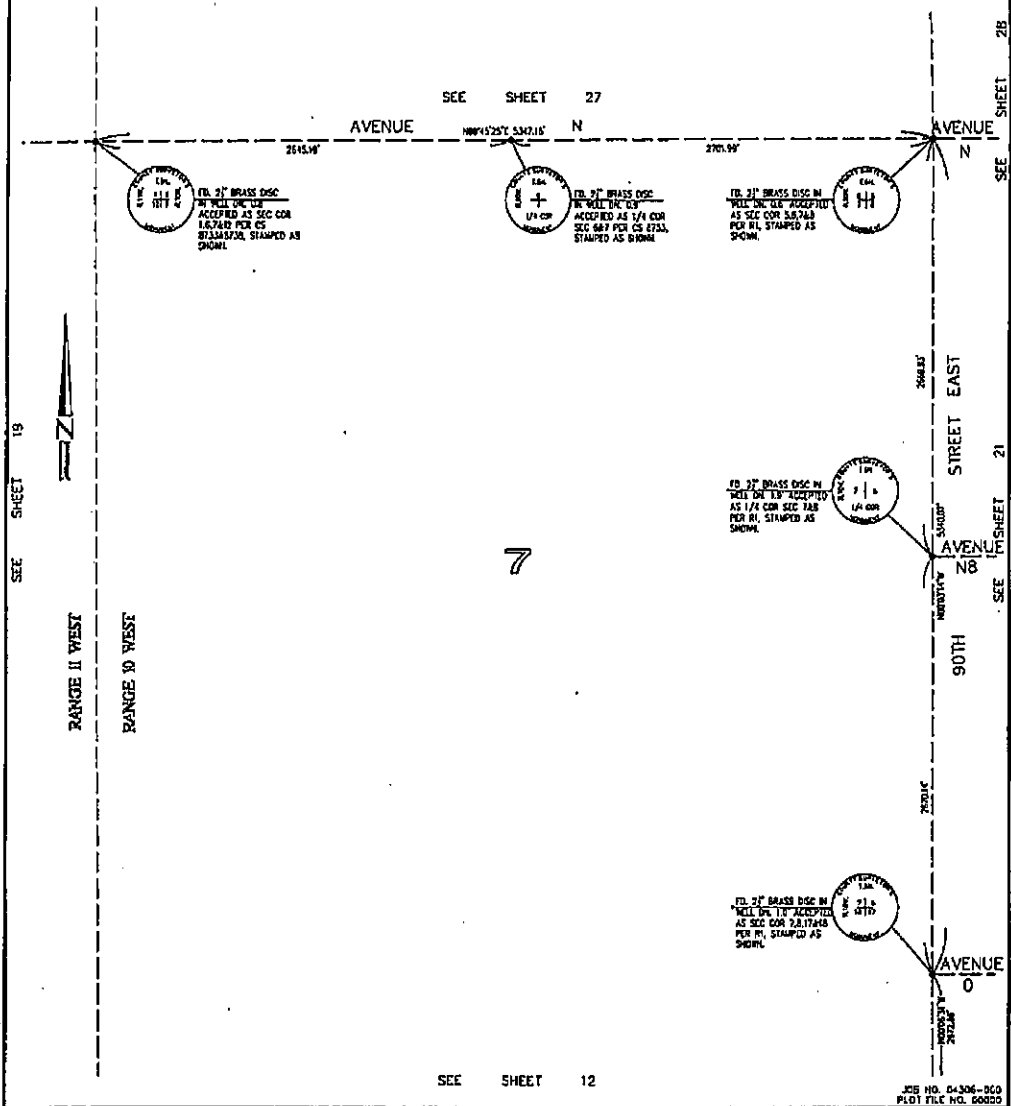


EXHIBIT B - TO CITY OF LOS ANGELES' RESPONSE TO DISCOVERY ORDER

LAWA-VH DECL-0051

SCALE
1"=400'

SHEET 21 OF 29

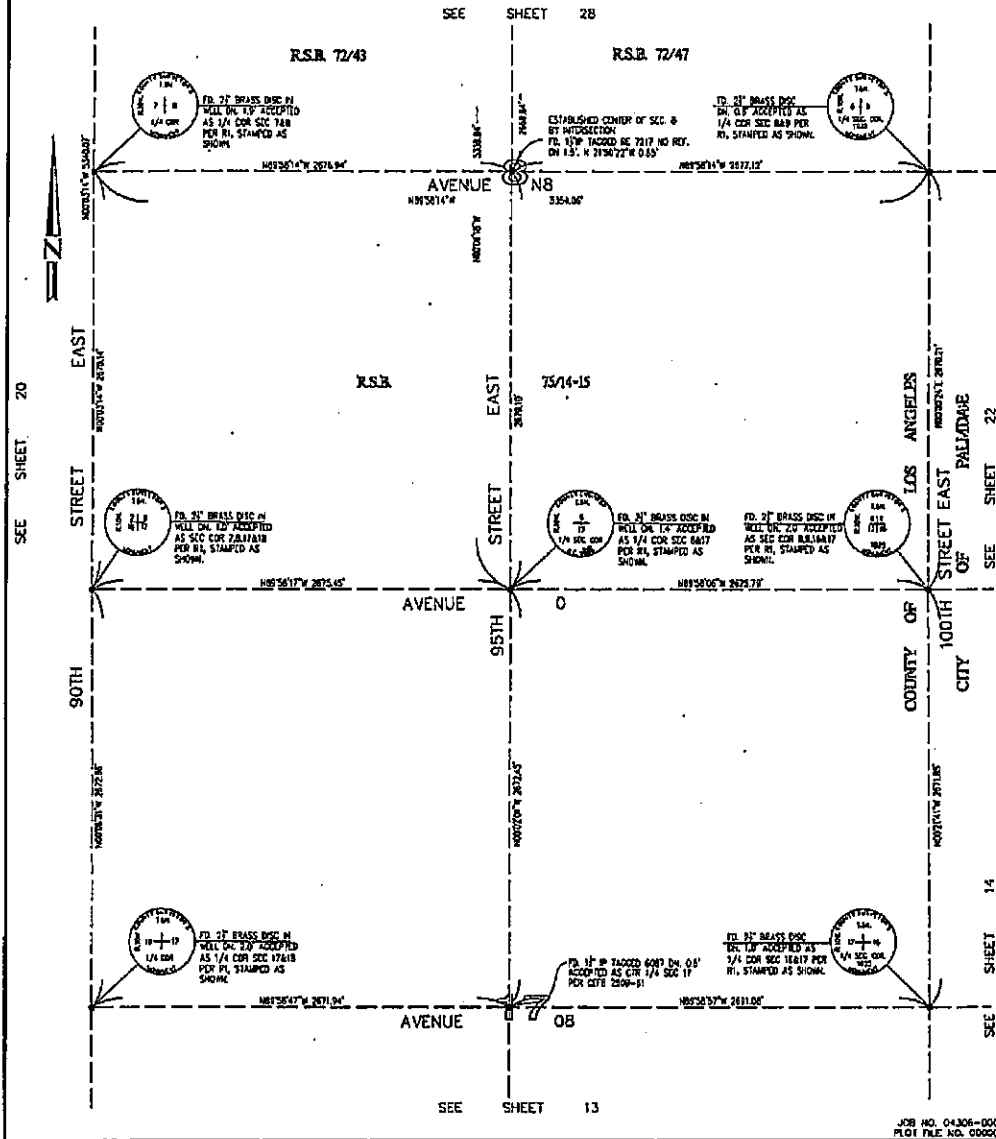
RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

HALL & FOREMAN, INC.

STEVE SHAMBECK, L.S. 6217

NOVEMBER 2005



JOB NO. 04306-000
PLOT FILE NO. 00000

SCALE
1"=400'

SHEET 23 OF 29

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217
NOVEMBER 2005

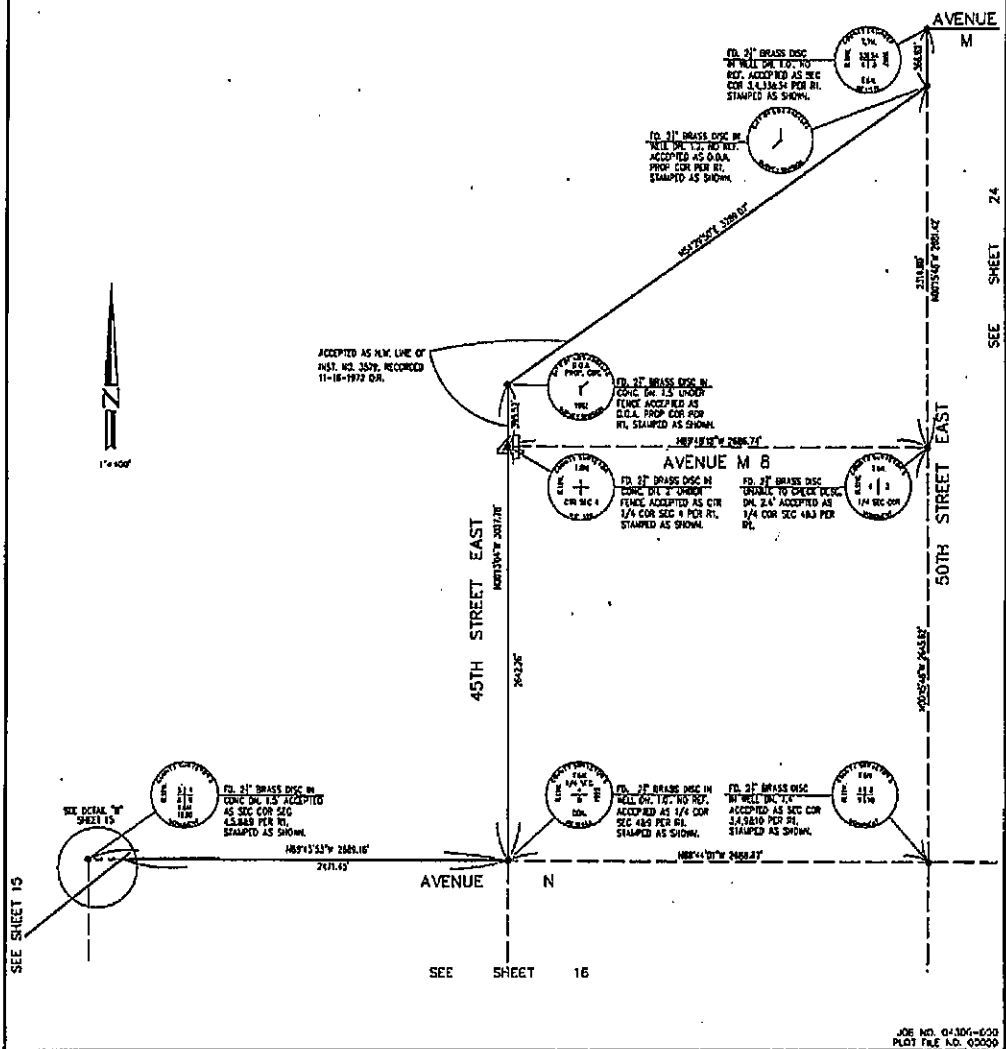


EXHIBIT B - TO CITY OF LOS ANGELES' RESPONSE TO DISCOVERY ORDER

SCALE
1"=400'

SHEET 24 OF 29

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217
NOVEMBER 2005

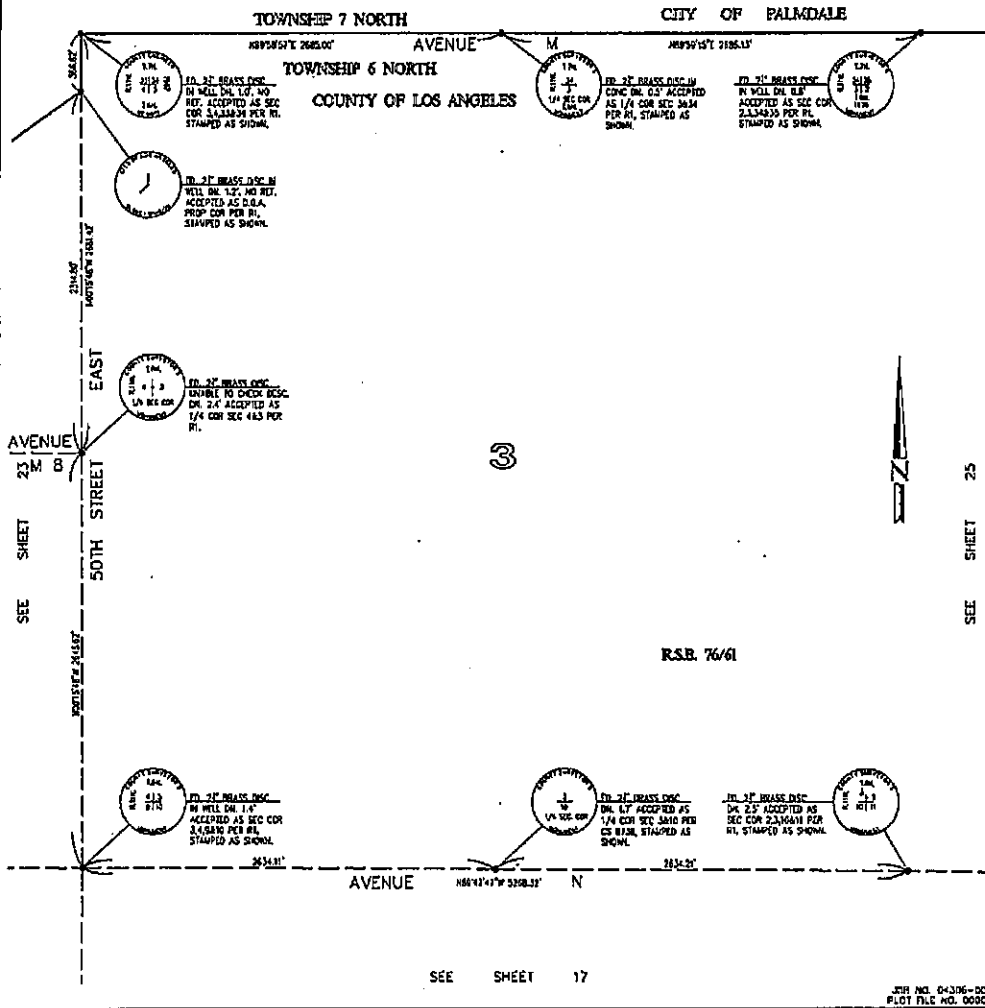


EXHIBIT B - TO CITY OF LOS ANGELES' RESPONSE TO DISCOVERY ORDER

SCALE
1"=400'

SHEET 25 OF 29

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

HALL & FOREMAN, INC.

STEVE SHAMBECK, L.S. 6217

NOVEMBER 2005

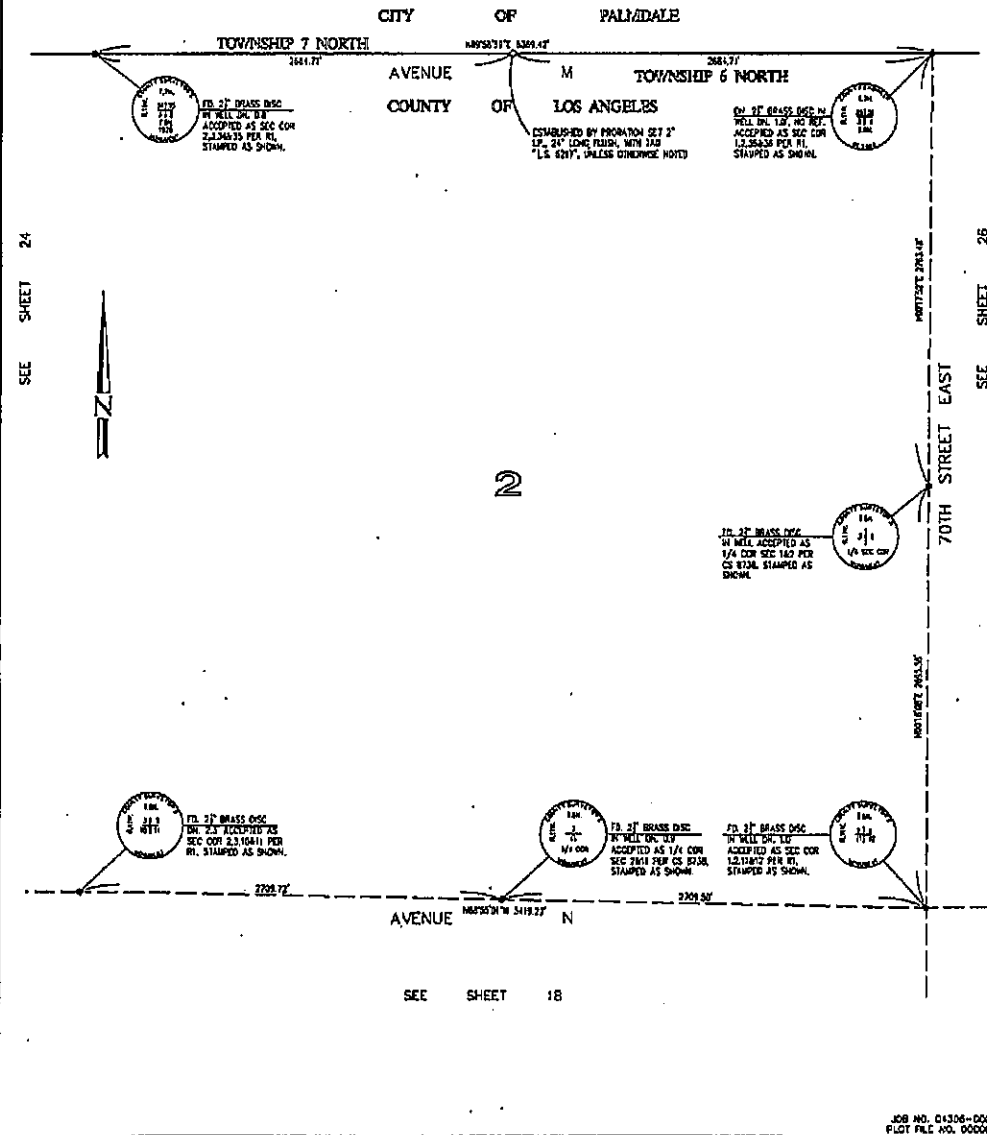


EXHIBIT B - TO CITY OF LOS ANGELES RESPONSE TO DISCOVERY ORDER

LAWA-VH DECL-0056

SCALE
1"=400'

SHEET 26 OF 29

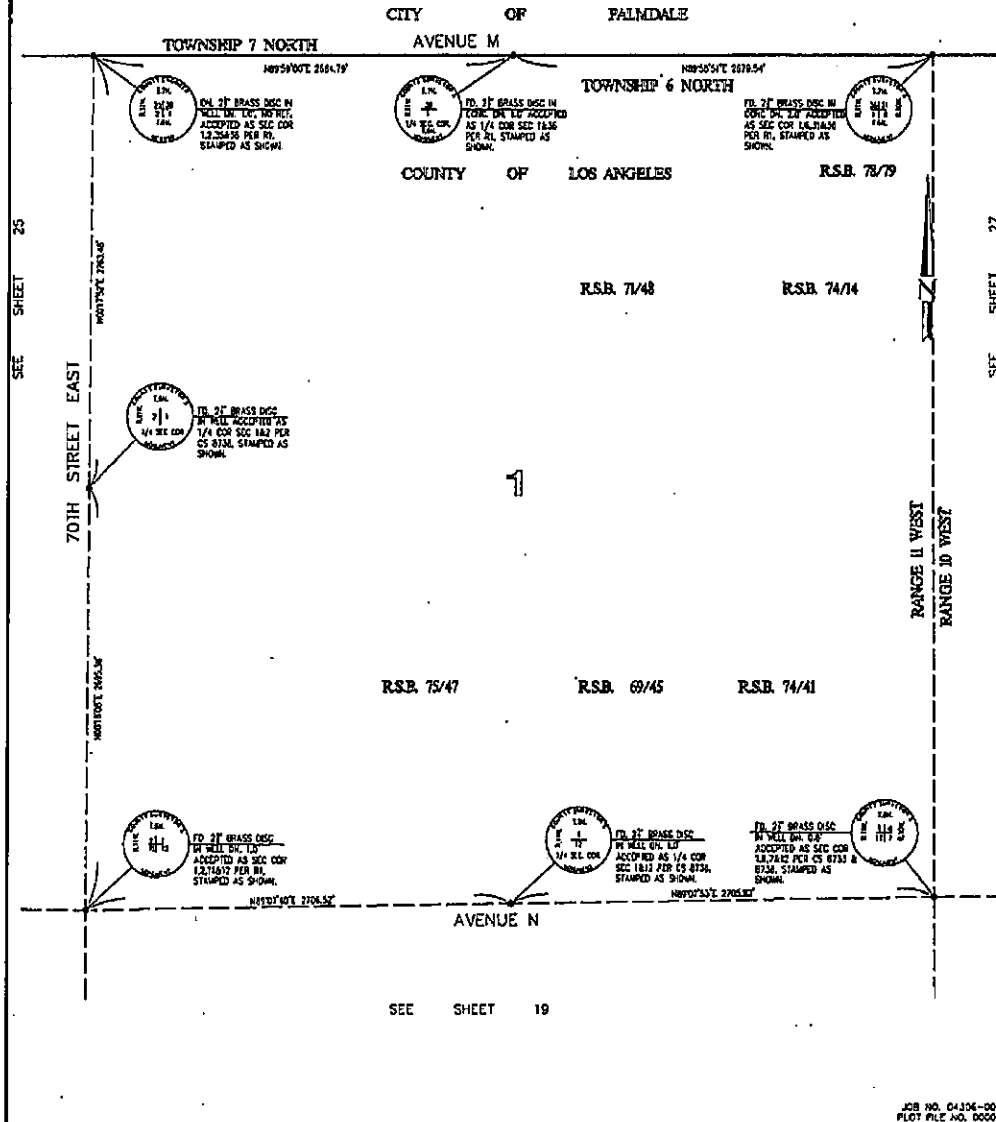
RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

HALL & FOREMAN, INC.

STEVE SHAMBECK, L.S. 6217

NOVEMBER 2005



INFO
1"=400'

SHEET 27 OF 29

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217
NOVEMBER 2005

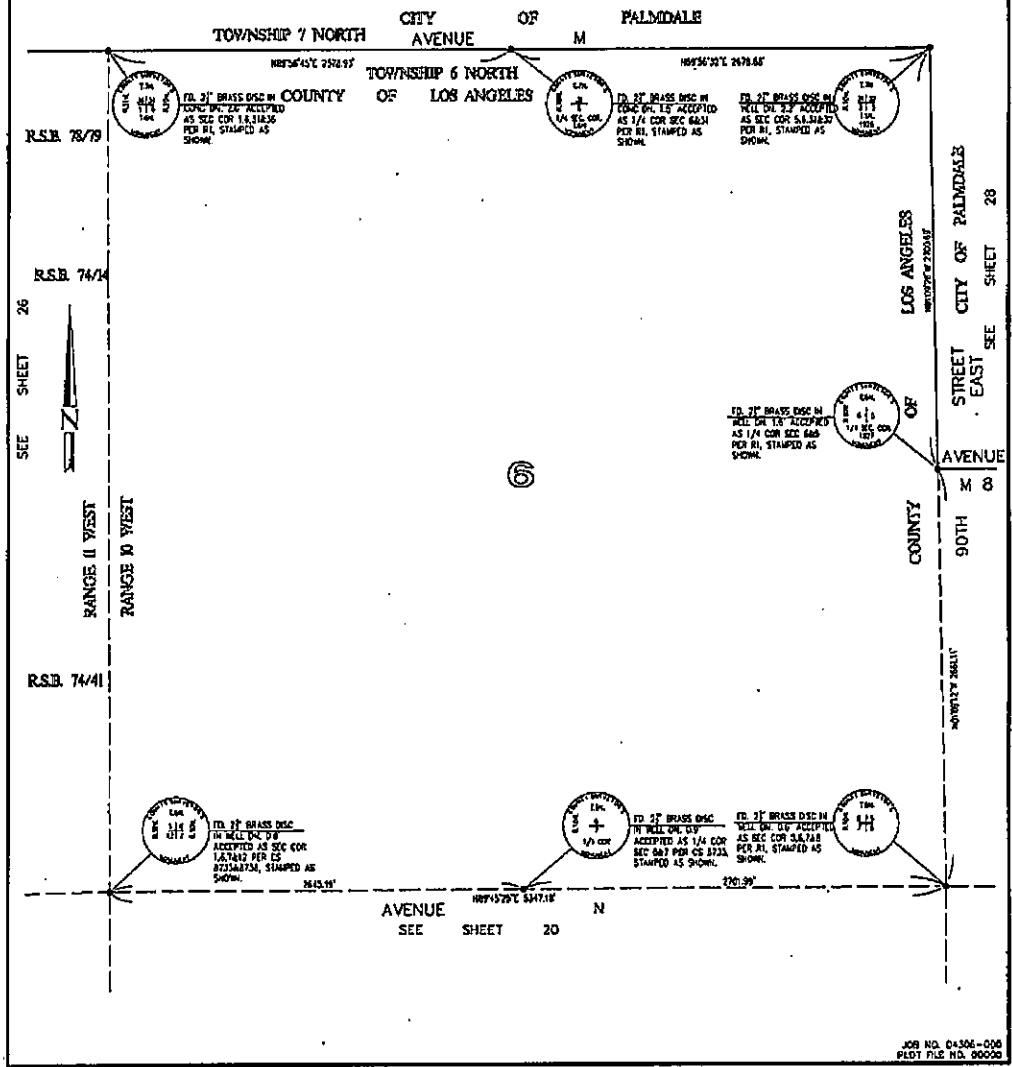


EXHIBIT D - TO CITY OF LOS ANGELES' RESPONSE TO DISCOVERY ORDER

SCALE
1"=400'

SHEET 28 OF 29

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217
NOVEMBER 2005

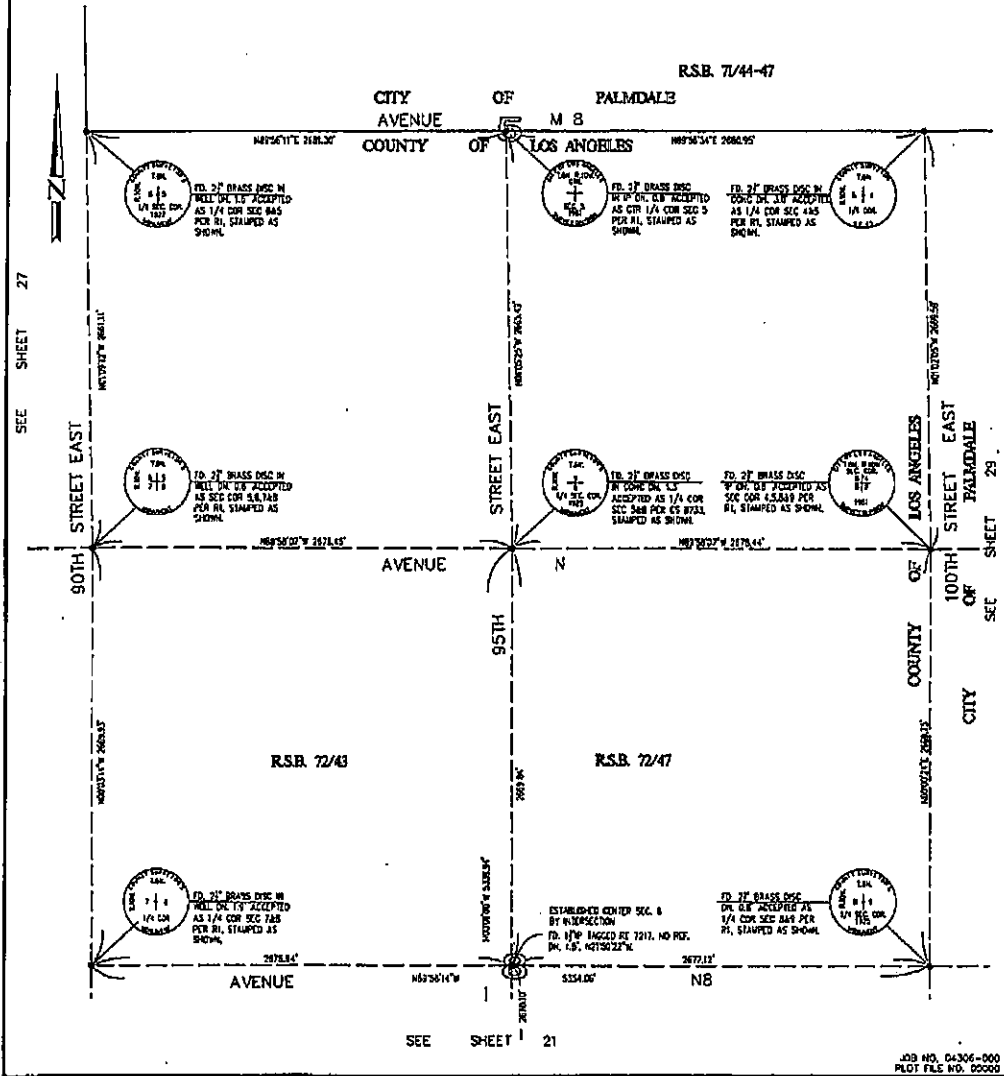


EXHIBIT B - TO CITY OF LOS ANGELES' RESPONSE TO DISCOVERY ORDER

SCALE
1"=400'

SHEET 29 OF 29

RECORD OF SURVEY

PARTLY IN THE CITY OF PALMDALE AND PARTLY IN
THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

HALL & FOREMAN, INC. STEVE SHAMBECK, L.S. 6217
NOVEMBER 2005

RSB 72/23-31

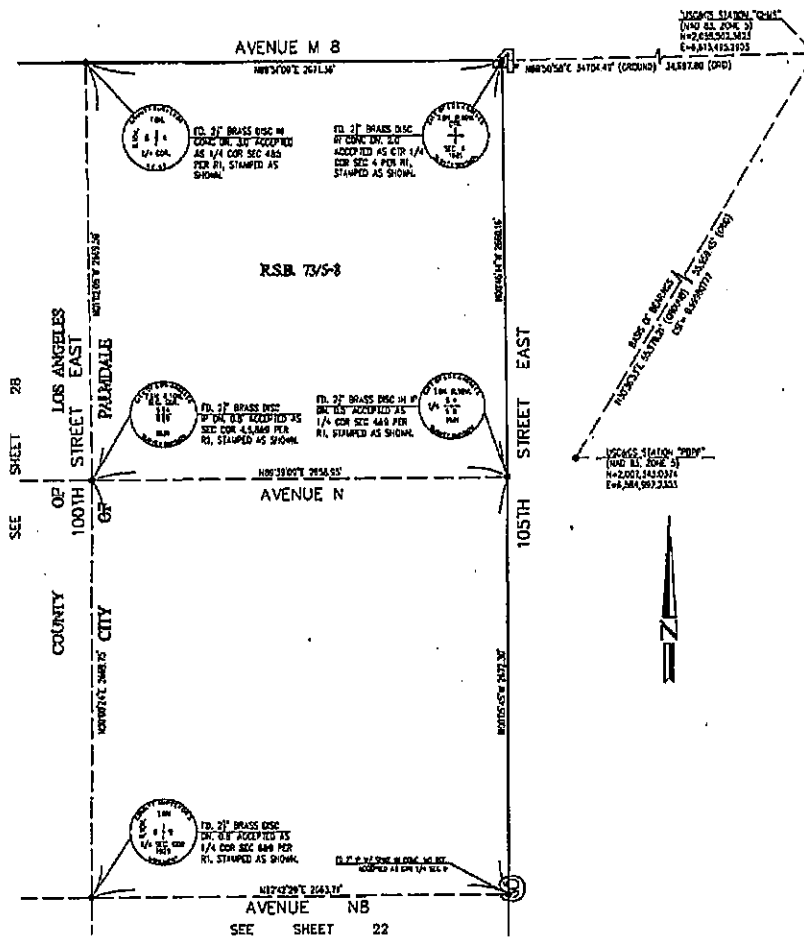


EXHIBIT B - TO CITY OF LOS ANGELES' RESPONSE TO DISCOVERY ORDER

EXHIBIT C

Lessee	APN(s)/Legal Description of Property	Date of Lease	Estimated Acreage	Exhibit
1. Wheeler-Williams Farms	See page 1 of the attached Lease.	03/01/1996	150	C-1
2. Wheeler-Williams Farms	See page 1 of the attached Lease.	03/01/1997	224	C-2
3. Philipp Giba dba Philip Giba Farms (This lease was subsequently assigned to Diamond Farming Company.)	See page 1 of the attached Ground Lease between the City of Los Angeles and Philip Giba Farms.	07/01/2003	200	C-3
4. EZ Care Growers	See page 1 of the attached Lease.	03/01/1997	80	C-4
5. Los Angeles County Sanitation District	See Exhibit A to the attached lease, and the description contained on pages 1-3 of the attached lease.	02/04/2002	2680	C-5
<u>Subleases:</u>				
A. Antelope Valley Farming	A. See page 2 of Exhibit A attached to the Consent to Sublease.	07/01/2003	19.6	C-6
B. Harrington Farms	B. See page 2 of the attached lease	02/26/2003	23	C-7
6. The Boeing Company, under lease as the Rockwell International Corporation. (This lease was subsequently assigned to SR Technics America, Inc.)	See Exhibit A to the attached lease Assignment attached to lease.	03/14/1981	307	C-8
7. Boeing North American, Inc.	See Exhibit A to the attached lease	05/01/1997	0.2296	C-9
8. Christina McEnaney dba McEnaney Golf LLC.	See Exhibit A to the attached lease	01/01/2002	50	C-10
9. Christina McEnaney dba McEnaney Golf, LLC.	See Exhibit A to the attached lease	01/01/2004	50	C-11

EXHIBIT C-1



City of Los Angeles Department of Airports
Richard J. Riordan, Mayor

Board of Airport Commissioners

Board File

No. PIA-197

Daniel P. Garcia
President
Patricia Mary Schnegg
Vice President
Martha Brown-Hicks
William H. Dahl
Warren W. Valdry
John J. Driscoll
Executive Director

BOARD ORDER NO. AO-4547

ORDER AUTHORIZING AWARD OF AN AGRICULTURAL LEASE BETWEEN THE CITY OF LOS ANGELES AND WHEELER-WILLIAMS FARMS COVERING 150 ACRES OF LAND AT PALMDALE REGIONAL AIRPORT IDENTIFIED AS SW¼ OF SECTION 3, T6N, R11W, SBBM.

Section 1. WHEREAS, there has been negotiated an Agricultural Lease between the City of Los Angeles and Wheeler-Williams Farms covering 150 acres of land at Palmdale Regional Airport identified as SW¼ of Section 3, T6N, R11W, SBBM; and

WHEREAS, Wheeler-Williams Farms is an agricultural firm that produces vegetables (dry onions and carrots); and

WHEREAS, the term of this proposed lease is for 5 years, and either party may terminate this Lease with a 90-day advance written notice. Upon expiration or termination, lessee is required to return the property to its natural condition as approved by the Executive Director or his representative; and

WHEREAS, the rental fee shall be paid on or before March 1 of each year. The rental fee schedule is as follows:

<u>DATE</u>	<u>COST/ACRE</u>	<u>TOTAL RENT</u>
March 1, 1996	\$25	\$3,750
March 1, 1997	\$35	\$5,250
March 1, 1998	\$45	\$6,750
March 1, 1999	\$55	\$8,250
March 1, 2000	\$60	\$9,000; and

WHEREAS, Wheeler-Williams Farms will be responsible for all expenses except property tax that will be paid by the City. These expenses include possessory interest tax, other taxes, permits, licenses, utilities, maintenance, labor and insurance. The lessee will use the available City water wells and will be responsible for the pump and the power source needed; and

WHEREAS, 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 government entity regarding the following:

- A. Affirmative Action
- B. Hazardous Substances; and

WHEREAS, the lessee has an approved Affirmative Action Plan on file; and

WHEREAS, the Lease has been executed by the lessee and has been approved by the City Attorney; and

WHEREAS, the lessee shall furnish to the City a Faithful Performance Guarantee in the form of a surety bond or an irrevocable letter of credit in the amount of \$2,250, which is 3 times the highest monthly rental; and

WHEREAS, this action is categorically exempt from the requirements of the California Environmental Quality Act as provided by Article VII, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines; and

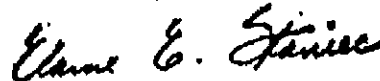
WHEREAS, actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 32.3;

NOW, THEREFORE, IT IS ORDERED that it is the best interest of the City of Los Angeles to adopt the Staff Report, and to make and enter into said Lease, which is exempt from CEQA requirements, and the Lease as now before this Board is hereby approved, and the Executive Director of the Department of Airports is hereby authorized and directed to execute the Lease on behalf of this Board and the City of Los Angeles.

Section 2. IT IS FURTHER ORDERED that the Secretary of the Board certify to the passage of this Order and cause the same to be published once in a newspaper of general circulation in the same manner as ordinances of the City of Los Angeles are published.

oOo

I hereby certify that the foregoing is a true and correct copy of Board Order No. AO-4547 adopted by the Board of Airport Commissioners at a regular meeting held Tuesday, April 16, 1996.



Elaine E. Staniec - Secretary
BOARD OF AIRPORT COMMISSIONERS

CITY OF LOS ANGELES
DEPARTMENT OF AIRPORTS

Board File
No. PIA-197

LEASE

The CITY OF LOS ANGELES, a municipal corporation, acting by order of and through its Board of Airport Commissioners, as City, hereby leases to WHEELER-WILLIAMS FARMS, a partnership, as Lessee, the following described premises, for the term, at the rental and for the use hereinafter set forth, all subject to the Standard Terms and Provisions, as modified, attached hereto and made a part hereof.

Demised Premises: 150 acres of agricultural land described as SW¼ of Section 3, T6N, R11W, SBBM and as delineated and outlined in red on Airports Engineer's Drawing No. _____, a copy of which is attached hereto, marked Exhibit "A" and incorporated by reference herein.

Term: Five (5) years, commencing March 1, 1996 and terminating February 29, 2001; subject, however, to earlier termination by either party upon its giving to the other a ninety (90) day advance, written notice and as otherwise provided herein.

Rental Schedule:

Date	Annual Rent	Rate
March 1, 1996	\$3,750	\$25
March 1, 1997	5,250	35
March 1, 1998	6,750	45
March 1, 1999	8,250	55
March 1, 2000	9,000	60

Rental shall be due and payable within fifteen (15) days of date of mailing of invoice to Lessee.

Faithful Performance Guarantee: In accordance with Board of Airport Commissioners Resolution No. 18052, Lessee shall furnish and maintain a Faithful Performance Guarantee during the term of this Lease. The Guarantee shall be in the amount of \$2,250.00,

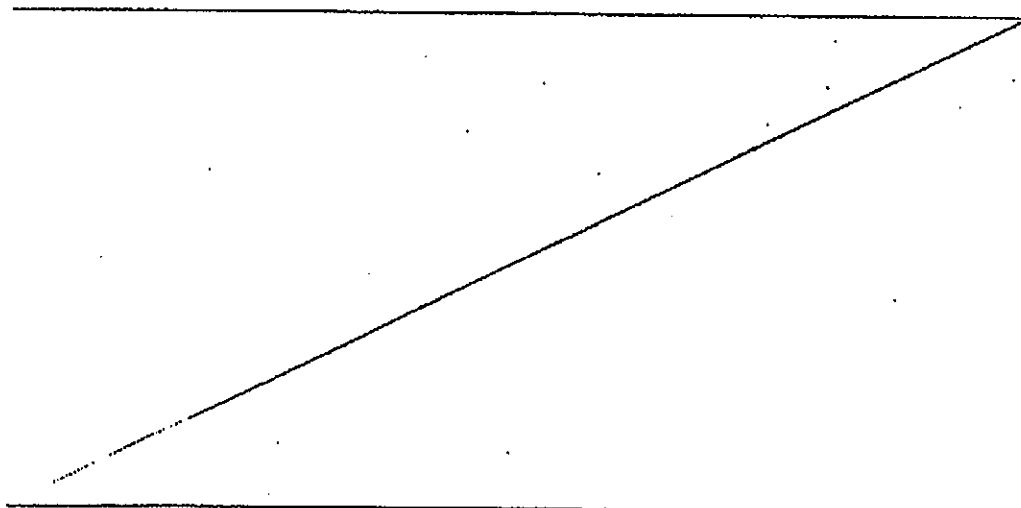
which represents three (3) months' rental at the highest rental rate. The Guarantee may be accomplished either in the form of an Irrevocable Letter of Credit or Surety Bond.

Use: Agriculture.

Lessee will 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 government entity and/or court regarding the storage and handling of diesel fuel, pesticides, herbicides, lubrication oil, and solvents, as more specifically set forth in the Standard Terms and Provisions attached hereto.

Taxes and Expenses: City shall pay property tax. Lessor shall pay all other taxes and expenses of whatever character and as more thoroughly set forth in paragraph 10 of the Standard Terms and Provisions attached hereto. Lessee shall pay all additional expenses of whatever character, including, but not limited to, pump costs, leveling of the land, removal of debris and vegetation, utilities, and insurance.

Water Provisions: Lessee may obtain Department of Airports' water wells located on or adjacent to the leasehold. Lessee, at no cost to City, may place a pump into the well and develop the power necessary to utilize said pump and well.



IN WITNESS WHEREOF, the parties hereto have themselves or through their duly authorized officers caused this Lease to be executed this 1st day of May, 1996.

CITY OF LOS ANGELES

APPROVED AS TO FORM
JAMES K. HAHN
CITY ATTORNEY

APR 16 1996

By [Signature]
Assistant/Deputy

By [Signature]
Executive Director
Department of Airports

ATTEST:

WHEELER-WILLIAMS FARMS, a
partnership

By _____
Secretary (Signature)

By [Signature]
Signature

Print Title

[Signature]
Print Name

[Signature]
Print Title

[SEAL]

STANDARD TERMS AND PROVISIONS

TABLE OF CONTENTS

(LEASE)

SECTION	TITLE	PAGE
1	Use of Demised Premises	1
2	Improvements and Alterations	2
3	Ownership of Improvements	3
4	Maintenance of Demised Premises	3
5	City's Right of Access and Inspection	4
6	Restrictions and Regulations	5
7	Insurance	5
8	City Held Harmless	8
9	Nondiscrimination and Equal Employment Practices/Affirmative Action Program	8
10	Taxes and Licenses	11
11	Assignments and Subleases	12
12	Default, Termination, and Rental Payments	12
	(a) Not Involving Rent or Other Payments	12
	(b) Failure to Pay Rent or Other Payments	13
	(c) Rental Payments	13
	(d) Rental Acceleration	13
	(e) Rental Adjustments	14
	(f) Performance Guarantee	14

SECTION	TITLE	PAGE
	(g) Bankruptcy	15
	(h) Liquidated Damages for Delinquent Payment	15
	(i) Cross Default	16
	(j) Rental Readjustments	16
13	Waiver	21
14	Attorney's Fees	21
15	Hazardous and Other Regulated Substances	21
16	Airfield Security	23
17	Business Tax Registration	24
18	Signs	24
19	Disabled Access	25
20	Interpretation	25
	(a) Fair Meaning	25
	(b) Section Headings	25
	(c) Void Provisions	25
	(d) Two Constructions	26
	(e) Laws of California	26
	(f) City's Consent	26
	(g) Gender	26
	(h) Section 308 Exclusivity	26
	(i) Rights of United States Government	26
	(j) War or National Emergency	26
	(k) Time	27
21	Other Agreements Not Affected	27
22	Noise Abatement Procedures (appli- cable to LAX air carriers only.	27
23	Notices	27

STANDARD TERMS AND PROVISIONS

(LEASE)

1. Use of Demised Premises.

(a) Lessee shall not use the demised premises, nor any portion thereof, for any purpose other than that hereinabove set forth without first having had and obtained the written consent of the Executive Director of the Department of Airports (hereinafter referred to as "Executive Director").

(b) 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 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 except for claims or actions brought by third parties against Lessee arising from City's operation of Airport.

(c) 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 the aforesaid covenant is breached, City reserves the right to enter upon the premises hereby leased and cause the abatement of such interference at the expense of Lessee.

(d) 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 or Airport, including, but not limited to, the emanation from

the demised premises of noise, vibration, movements of air, fumes, and odors.

2. Improvements and Alterations.

(a) Lessee shall make no structural improvements, additions, or alterations in, to or upon the demised premises, nor erect, construct, or place any sign upon said premises, without the prior written consent of Executive Director being first had and obtained, and any conditions, restrictions, or limitations relating thereto then stated by said Executive Director shall be conditions hereof as if they had been originally stated at length herein. 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 (except when such improvement is constructed by City) and shall hold City harmless from liability with respect to any such improvements, additions, or alterations made thereto.

(b) City reserves the right to further develop or improve the landing area of 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 premises demised herein, Lessee shall be entitled to an appropriate reduction in rental or termination of this Lease.

(c) 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.

(d) Lessee, by accepting this Lease, expressly agrees for itself, its successors and assigns 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 Exhibit "A." 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.

3. Ownership of Improvements. 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. 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.

4. Maintenance of Demised Premises. Except as otherwise expressly stated elsewhere in this Lease, Lessee, solely at its own cost and expense, shall:

(1) maintain the demised premises in good condition, in compliance with all requirements of law and in accordance with the "maintenance schedule" which, if applicable, shall be attached hereto; and

(2) keep the premises, at all times, free and clear of weeds, wastepaper, discarded plastic, graffiti, discarded pallets, and all other trash and debris of any kind.

If Lessee fails to so maintain 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 number of calendar days Lessee shall have to complete the work as prescribed in the Notice. The period of "calendar days" in said Notice shall commence seven (7) days following City's deposit of said Notice in the mail. In addition, a copy of the "Notice to Cure" shall be posted on the demised premises in a conspicuous place.

If, in the opinion of Executive Director, 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 may be extended at City's option for such length of time as is reasonably necessary to complete the same.

If the work prescribed in the "Notice to Cure" is not completed by Lessee in a manner reasonably satisfactory to Executive Director, and Lessee fails to correct such work within the time specified by City in the mailed Notice, 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 Executive Director, 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.

Notwithstanding any term, condition, or provision contained in this Section, including, but not limited to, the Notice to Cure provisions, either party may terminate this Lease at any time upon written notice in accordance with the term or termination sections of this Lease.

5. City's Right of Access and Inspection: 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.

6. Restrictions and Regulations. Lessee agrees to abide by any and all:

(1) applicable rules, regulations, orders, and restrictions which are now in force or which may be hereafter adopted by City with respect to the operation of Airport;

(2) orders, directives, or conditions issued, given or imposed by Executive Director with respect to the use of the roadways, driveways, curbs, sidewalks, and parking areas in and about said Airport; and

(3) applicable laws, ordinances, statutes, rules, regulations, or orders of any governmental authority, federal, state, or municipal, lawfully exercising jurisdiction over the Airport or Lessee's occupation or use of the demised premises.

Nothing herein contained shall be deemed to impair Lessee's right, to contest any such rules, regulations, orders, restrictions, directives, or conditions or the reasonableness thereof. City shall not be liable to Lessee for any damage to, or for any diminution or deprivation of, Lessee's rights hereunder on account of the exercise of any such authority, or as may arise from Airport development or operation in the area of the demised premises during the term of this Lease, unless the exercise thereof shall so interfere with Lessee's use and occupancy of the leasehold estate so as to constitute a constructive eviction or a termination, in whole or in part, of this Lease by operation of law or otherwise.

7. Insurance.

(a) 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 page 29 hereof. 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 of Airport Commissioners, (hereinafter referred to as "Board") and all of City's officers, employees, and agents, their successors and assigns, as insureds, against the areas of risk described on page 29

hereof as respects Lessee's acts or omissions in its operations, use, and occupancy of the premises hereunder or other related functions performed by or on behalf of Lessee in, on or about Airport.

(b) 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."

All such insurance shall be primary and noncontributing with any other insurance held by City's 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 Executive Director based upon the nature of Lessee's operations and the type insurance involved.

(c) 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) day 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.

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.

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

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

(f) Submission of insurance from a non-California admitted carrier is subject to the provisions of California Insurance Code Sections 1760 through 1777, 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 lines broker licensed by the State of California.

8. City Held Harmless. In addition to the provisions of Section 7 herein, Lessee shall indemnify, defend, keep, and hold City, including Board, and City's officers, agents, servants, and employees, harmless from any and all costs, liability, damage, or expense (including costs of suit and fees and reasonable expenses of legal services) claimed by anyone by reason of injury to or death of persons, or damage to or destruction of property, including property of Lessee, sustained in, on, or about the demised premises or arising out of Lessee's use or occupancy thereof or Airport, as a proximate result of the acts or omissions of Lessee, its agents, servants, or employees.

9. Nondiscrimination and Equal Employment Practices/
Affirmative Action Program.

(a) Lessee, for itself, its heirs, 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 in the event facilities are constructed, maintained, or otherwise operated on the property described in this Lease for a purpose for which a United States Department of Transportation (hereinafter referred to as "DOT") program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations (hereinafter referred to as "CFR"), DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of DOT-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

(b) Lessee, in its operations at Airport, for itself, its personal representatives, successors in interest, and assigns, as 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, denied the benefits of, or be otherwise subjected to discrimination in the use of the facilities covered by this Lease; (2) in the construction of any improvements on, over, or under the premises authorized to be utilized herein 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; and (3) Lessee shall use said premises in compliance with all other requirements imposed pursuant to Title 49, CFR, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the DOT-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

(c) Lessee agrees that in the event of breach of any of the above nondiscrimination covenants, City shall have the right to terminate this Lease and to reenter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued. This provision shall not become effective until the procedures of 49 CFR, Part 21, are followed and completed including expiration of appeal rights.

(d) Lessee assures that it will undertake an affirmative action program as required by 14 CFR, Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR, Part 152, Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this Subpart. Lessee assures that it will require that its covered suborganizations provide assurances to Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR, Part 152, Subpart E, to the same effect.

(e) In addition, Lessee agrees not to discriminate in its employment practices against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, age, or physical handicap. Lessee further agrees to abide by the provisions of Section 10.8.3 of City's Administrative Code, a copy of which is printed on the CERTIFICATION FOR CONTRACTS OF MORE THAN \$500 BUT NOT IN EXCESS OF \$5,000, which Certification City acknowledges Lessee has previously submitted and which shall remain valid for one (1) year from the date thereof.

(f) If applicable, Lessee also agrees to abide by the provisions of Section 10.8.4 of City's Administrative Code, a copy of which is printed on the CERTIFICATION FOR CONTRACTS OF MORE THAN \$5,000, which Certification City acknowledges Lessee has previously submitted along with a copy of Lessee's Affirmative Action Plan. Said Plan, having been approved by City, shall remain valid for one (1) year from the date of approval and, with said Certification, shall be incorporated by reference in and become part of this Lease. Lessee agrees that prior to the expiration of said Plan, Lessee will again submit to City Lessee's revised and/or updated Affirmative Action Plan for approval as well as another completed Certification.

(g) Lessee shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service, provided that Lessee shall be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

(h) Noncompliance with paragraph (g) above shall constitute a material breach thereof, and in the event of such noncompliance, City shall have the right to terminate this Lease without liability therefor, or at the election of City or the United States, either or both said governments shall have the right to judicially enforce the provisions in paragraphs (a), (b), and (g) above. Said termination, however, shall not take place until after Lessee has received written notice of such noncompliance as well as an opportunity to be heard

regarding same and to correct the practice causing noncompliance.

(i) Lessee agrees that it shall insert the provisions found in paragraphs (a), (b), (g), and (h) 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 premises herein leased.

10. Taxes and Licenses. Lessee shall pay all taxes of whatever character that may be levied or charged upon the leasehold estate in 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.

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.

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.

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.

11. Assignments and Subleases. 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 Board, 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 Executive Director. Consent to one assignment, subletting, 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 City.

City shall not unreasonably withhold its consent to the assignment of this Lease or the subletting of the 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. 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.

When the proper consent has been received, this Lease shall be binding upon and shall inure to the benefit of the heirs, successors, executors, administrators and assigns of the parties hereto.

12. Default, Termination, and Rental Payments.

(a) Not Involving Rent or Other Payments.

In the event Lessee fails to abide by the terms and conditions of this Lease, not involving the failure to pay rent or other payments, City shall give Lessee written notice to correct the defect or default and if the same is not corrected, or substantial steps are not taken toward accomplishing such correction, within ten (10) days after City's mailing such notification, City may terminate this Lease upon giving Lessee a thirty (30) day written notice.

(b) Failure to Pay Rent or Other Payments.

The failure of Lessee to pay the rent, or other required payments, on time is a breach of this Lease for which City may terminate or take such other legal action as it deems necessary or appropriate. City expects all rent to be paid on time and Lessee agrees to pay on time.

In the event Lessee fails to pay the rent, or other required payments, as provided for under the terms and conditions of this Lease, City shall have the right to give Lessee a three (3) day written notice to pay any and all amounts due or quit the demised premises pursuant to the provisions of California Code of Civil Procedure Section 1161.

(c) Rental Payments.

Rental shall be paid by Lessee to City on or before the first day of each calendar month of the term hereof. 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 be mailed to the following address:

City of Los Angeles
Department of Airports
Accounts Receivable
Post Office Box 92216
Los Angeles, CA 90009-2216

City may designate an alternate address at any time upon giving Lessee a thirty (30) day advance, written notice.

(d) Rental Acceleration.

If, during any calendar year of the term hereof, two or more monthly payments are delinquent ten (10) or more business days, City may, at its sole option, require the payment of the rental quarterly in advance. Thereafter, if, during any calendar year of the term hereof, two or more

quarterly rental payments are delinquent ten (10) or more business days, City may, at its sole option, require the payment of rental annually in advance. The exercise of one or both of said options, however, shall not constitute an exclusive remedy for City with respect to delinquent rental payments and shall not be construed to affect the term of this Lease, or abridge City's right to terminate this Lease as otherwise provided herein.

(e) Rental Adjustments.

Upon any approved assignment or sublease of all or a portion of this Lease (other than to the Regional Airports Improvement Corporation, to subsidiaries of Lessee or for security purposes pursuant to paragraph 16 hereof), City shall be allowed to adjust the rental payable by Lessee for that portion of the demised premises being assigned or sublet hereunder using the rental rate established by Board by appropriate Blanket Resolution.

(f) Performance Guarantee.

Lessee shall furnish to City and maintain throughout the term of this Lease a Faithful Performance Guarantee 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. The initial amount of said Guarantee shall be three (3) times the highest monthly rental prescribed herein.

If Lessee has previously provided such Guarantee to City and if, for any reason, Lessee's monthly monetary obligation to City is thereafter increased in excess of ten percent (10%), then the amount of Lessee's Guarantee shall, within thirty (30) days after receiving written notice from City, correspondingly be increased to a sum three (3) times the new amount.

Performance Guarantees of less than Five Thousand Dollars (\$5,000) shall be in the form of a Certificate of Deposit, Irrevocable Letter of Credit, Surety Bond, cash, cashier's check, business check, Irrevocable Assignment of Account or money order. Performance Guarantees for Five

Thousand Dollars (\$5,000) or more shall be in the form of an Irrevocable Letter of Credit or Surety Bond. Letters of Credit shall be self-renewing from year-to-year, subject to termination upon sixty (60) days' written notice. All Performance Guarantees must be approved as to form by the City Attorney.

Lessee shall furnish such Guarantee in duplicate to the Chief Accounting Officer of City's Department of Airports not later than thirty (30) days following commencement of the term hereof or, if applicable, thirty (30) days following adjustment of rental. If, for any reason, said Guarantee is not provided by Lessee and/or is not thereafter maintained in sufficient amount throughout the term hereof, City 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 Guarantee not later than thirty (30) days following such expiration or earlier termination.

(g) Bankruptcy.

In case of the bankruptcy of Lessee, or the appointment of a receiver for Lessee, or if a receiver is appointed to take possession of the demised premises as a result of any act or omission of Lessee, 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, and such appointment or taking is not discharged or terminated within sixty (60) days, City, at its election, may, without notice, terminate this Lease.

(h) Liquidated Damages for Delinquent Payment.

Without waiving any rights available under this Lease or by law, in the event of late or delinquent payments, Lessee recognizes that City will incur certain expenses, the amount of which is difficult to ascertain. Therefore, in addition to rental(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 late or delinquent

payments by Lessee.

The liquidated damages for late or delinquent payments shall be ten percent (10%) per annum, or that percent per annum equal to the prevailing rate on the 25th day of the month preceding the execution of this Lease as established by the Federal Reserve Bank of San Francisco on advances to member banks under Sections 13 and 13a of the Federal Reserve Act plus four and one-half percent (4-1/2%) per annum, whichever is greater, on the balance of the unpaid monthly amount, calculated from the date of the delinquency until the close of the business day upon which the delinquency payment is received by City.

(i) Cross-Default. A material default or 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 Section 12(a) herein.

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 Board's resolution establishing said fees and charges, is a material breach of this Lease for which City shall have the right to declare Lessee in default and to terminate this Lease in accordance with the procedures set forth in Section 12(a) herein.

(j) Rental Readjustments.

If the terms of this Lease provide for rental readjustments, Lessee acknowledges that this Lease is made and entered into subject to the provisions of Section 238.9 of the Los Angeles City Charter. In accordance with the requirements of said Section, it is agreed that on and every five (5) years thereafter, the rental payable hereunder shall be adjusted to a fair rental value, based upon the then-current fair rental value of the demised premises (excluding therefrom the value of improvements placed in or on the demised premises by Lessee) considering the proposed use

and development, in accordance with the procedures provided hereinafter.

Said rental readjustments shall be in accordance with the following procedure, to-wit:

(i) At least 180 days prior to the readjustment date(s) provided for in this Lease, the parties shall, by mutual agreement, adjust the annual rental for the demised premises thereafter payable by Lessee during the next successive five (5) year period, but in no event shall the amount of the monthly rental be reduced below the original sum set for the initial period of this Lease.

(ii) If the parties are unable to agree upon such adjusted rent before one hundred eighty (180) days prior to said readjustment dates, the monthly rent shall be determined as outlined below.

(iii) An appraiser, who is a member of the Appraisal Institute, or its successor organization, shall be selected by each of the parties. 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. The Executive Director shall immediately fix the time and place for a conference between the parties hereto and their appraisers. At such conference, the parties shall agree upon the general instructions to be given said appraisers. The general instructions shall not place any limitations upon the appraisal techniques to be employed by the appraisers in evaluating the fair rent.

(iv) Each of the two appraisers shall, not later than ninety (90) days prior to the specific adjustment date involved, submit one (1) copy of their respective appraisal in its entirety to Lessee and another copy to City. Executive Director (or authorized representative) shall, immediately upon receipt of copies of the two (2) appraisals, by written notice, fix a time and place for a conference. Those in attendance shall include Lessee's representatives, including representatives from Lessee's lender, if applicable, representatives of City and the two appraisers, and the parties shall endeavor to voluntarily reach agreement on the adjusted rent.

(v) If the parties cannot agree on the readjusted rent, the President of the Los Angeles Chapter of the Appraisal Institute, or its successor organization, will select a third appraiser as soon as reasonably possible following the second conference referred to above. Said third appraiser will be allowed access to the two reports, will prepare a third appraisal and shall submit one copy of same to Lessee and one copy to City. Lessee and City shall again meet in accordance with the procedures set forth immediately above. Upon completion of the third appraisal, Lessee and City shall each pay one-half (½) of the third appraisal fee.

(vi) If the representatives of Lessee and City are still unable to reach agreement on the readjusted rent, then the three appraisal reports and any other relevant material shall be furnished to Board and said representatives shall have the right to make oral presentations to

said Board during one of its regular meetings, the date for such presentations to be selected by Executive Director. Board shall review all facts and evidence submitted to it and shall then prescribe the adjusted rental to apply throughout the respective adjustment period. 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; provided, however, pending the outcome of any such litigation, Lessee shall be obligated first to either pay the new rental rate and all retroactive amounts directly to City as they come due, or deposit such increased amounts of such rent and the retroactive amounts into a joint escrow account with provision made for the payment of the escrowed funds, including accrued interest, to City (to the extent such funds are owed by Lessee to City) upon a final determination of the appropriate rental adjustment, if any.

(vii) If, by the date set for rental readjustment, there has been a failure or refusal by either City or Lessee to appoint an appraiser or to submit an appraisal report after the appraiser has been appointed, such failure or refusal will constitute grounds for terminating this Lease at the option of the party who is complying with the rental readjustment procedure. However, such failure or refusal may be waived, and at the option of the complying party, it may elect to proceed with the rental readjustment with only one appraisal report utilized. If neither party has timely complied with the rental readjustment procedure, then the parties can renegotiate the time periods

for said appraisal in order that the readjustment of the rental can occur. It is agreed 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. Lessee and City shall each pay the appraiser each selects and shall pay one-half (½) of the fees and expenses of the third appraiser.

(viii) In the event such adjustment of rent is not completed prior to the commencement of the respective period involved, 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 month of the readjustment period (or the commencement date of this Lease, whichever date is later), and subject to Lessee's right to contest and right to escrow funds as provided above, Lessee shall immediately pay to City that sum which has accrued as a result of a such retroactive application. In the event of a decrease in rent, subject to the restrictions contained in 12(j)(I) above, City will issue a rent credit to Lessee.

(ix) It is understood and agreed that the rental will, without exception, be adjusted on the dates described herein. Accordingly, any deviation from the adjustment procedure shall not be used by either party as an excuse to avoid or delay the rental readjustment on said dates.

13. Waiver. 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.

14. Attorney's Fees. 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 and as a result of which Lessee is finally adjudicated to be liable, then Lessee shall pay all costs, expenses, and reasonable attorney's fees incurred by or imposed upon City in connection with such litigation. In any action by City or Lessee for recovery of any sum due under this Lease, or to enforce any of the terms, covenants, or conditions contained herein, the prevailing party shall be entitled to reasonable attorney's fees in addition to costs, expenses, and necessary disbursements incurred in such action. Each party shall give prompt notice to the other of any claim or suit instituted against it that may affect the other party.

15. Hazardous and Other Regulated Substances. 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 wastes, extremely hazardous wastes, hazardous substances, hazardous materials, hazardous chemicals, toxic chemicals, toxic substances, pollutants, contaminants, or other similarly regulated substances (hereinafter referred to as "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 leasehold, on the user of the land, or on the user of the improvements. Said

hazardous substances shall include, but not be limited to, gasoline, aviation, diesel and jet fuels, lubricating oils, and solvents, herbicides and pesticides. Lessee agrees that any damages, penalties, or fines levied on City and/or Lessee as a result of noncompliance with any of the above shall be the sole responsibility of Lessee. Further, Lessee shall indemnify and pay and/or reimburse City for any damages, penalties, or fines that City pays as a result of noncompliance with the above; provided, however, with respect to joint-use space, Lessee's responsibility is reduced to the extent Lessee, a sublessee or permittee sharing such joint-use space is legally determined to be responsible therefor.

Except for conditions existing prior to the original occupancy of the demised premises by Lessee or Lessee's predecessors in interest, in the case of any hazardous substance spill, leak, discharge, or improper storage on the leasehold or contamination of the leasehold 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 leakage, contamination, or contaminated ground. In the case of any hazardous substance spill, leak, discharge, or contamination by Lessee or its employees, servants, agents, contractors, or subcontractors on Lessee's premises or as may be discharged in, on or under adjacent property which affects other property of City or its tenants' property, Lessee agrees to make or cause to be made any necessary corrective actions to clean up and remove any spill, leakage, 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, 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.

If Lessee installs or uses already installed underground 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 and/or clean up, at the sole option of Executive Director, the above-referred-to improvements. Said removal and/or cleanup shall be at 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 Executive Director.

Lessee shall promptly supply City with copies of all notices, reports, correspondence, and submissions made by Lessee to any governmental entity regarding any hazardous substance spill, leak, discharge, or clean-up including all test results.

This Section and the obligations herein shall survive the expiration or earlier termination of this Lease.

16. Airfield Security. Lessee shall be 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 regarding airfield security. Lessee shall be responsible for the maintenance and repair of that portion of the Airport perimeter fence, including gates and doors, that are located on the demised premises or controlled by Lessee. Lessee shall comply fully with applicable provisions of the Federal Aviation Administration Regulations, 14 CFR, Part 107 [and Part 108 if Lessee is an air carrier], including the establishment and implementation of procedures acceptable to Executive Director to control access from the demised premises to air operation areas in accordance with the Airport Security Program required by Part 107. Further, Lessee shall exercise exclusive security responsibility for the demised premises and, if Lessee is an air carrier, do so pursuant to Lessee's Federal Aviation Administration approved Air Carrier Standard Security Program used in accordance with 14 CFR, Part 129.

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 Bureau 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.

All civil penalties levied by the Federal Aviation Administration for violation of Federal Aviation 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 Lessee's leasehold or the breach of any obligation imposed by this Section.

17. Business Tax Registration. Lessee represents that it has registered its business with the City Clerk of City 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.

18. Signs. 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 Executive Director, for approval in writing, drawings, sketches, design dimensions, and type and character of such identification signs proposed to be placed thereon or therein. Any conditions with respect to the use of said signs stated by Executive Director in the latter's written approval thereof shall be conditions thereof as if set forth herein at length.

Lessee shall not, at any time, under any circumstances, install, place, or maintain any type of advertising on the demised premises.

In addition, Lessee's ticket counter, ticket lifts, and podiums leased hereunder shall be free of all advertising, signs, credit card application dispensing units, posters, and banners, including, but not necessarily limited to, those showing Lessee's name, destinations, rates, rent-a-car arrangements, or other services. Noncompliance by Lessee with this provision shall result, following a three (3) day written notice by City to Lessee, in City's right to remove said unauthorized signs, advertising, or other written materials and to store same at Lessee's expense.

19. Disabled Access. Lessee shall be solely responsible for fully complying with any and 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 leasehold 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 Title II of the Americans With Disability Act of 1990.

20. Interpretation.

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) Laws of California. This Lease shall be construed and enforced in accordance with the laws of the State of California.

(f) City's Consent. In each instance herein where City's, Board's or Executive Director's approval or consent is required before Lessee may act, such approval or consent shall not be unreasonably withheld.

(g) 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.

(h) Section 308 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 USC 40103 (Public Law 103-272; 108 STAT. 1102)].

(i) 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.

(j) 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.

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

21. Other Agreements Not Affected. 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.

22. Noise Abatement Procedures (applicable to LAX air carriers only). 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.

23. Notices. Written notices to City hereunder and to the City Attorney of the City of Los Angeles shall be given by registered or certified mail, postage prepaid, and addressed to said parties at 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.

Written notices to Lessee hereunder shall be given by registered or certified mail, postage prepaid, and addressed to Gene Wheeler, 4037 Castlere Pk, Palmdale
Ca. 93550,
or to such other address as Lessee may designate by written notice to City.

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

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

CITY OF LOS ANGELES - DEPARTMENT OF AIRPORT'S INSURANCE REQUIREMENTS

NAME: WHEELER-WILLIAMS FARMS
AGREEMENT / ACTIVITY: Lease of 150 Acres of land at Palmdale Airport for Agricultural Purposes

TERM: Five (5) years, commencing January 1, 1996 and terminating December 31, 2000.

The insured must maintain insurance coverage at limits normally required of its type operation; however, the following coverage noted with an "X" are the minimum required and must be at least the level of the Combined Single Limits indicated.

	<u>LIMITS</u>
<input checked="" type="checkbox"/> Workers' Compensation (Statutory)/Employer's Liability	<u>Statutory</u>
<input checked="" type="checkbox"/> Broad Form All States Endorsement	
<input checked="" type="checkbox"/> Voluntary Compensation Endorsement	
<input type="checkbox"/> Longshoremen's and Harbor Workers' Compensation Act Endorsement	
<input checked="" type="checkbox"/> Waiver of Subrogation	
<input checked="" type="checkbox"/> Automobile Liability - covering owned, non-owned & hired auto	\$ <u>500,000 CSL</u>
<input checked="" type="checkbox"/> Aviation/Airport Liability, including the following coverage:	\$ <u>500,000 CSL</u>
<input checked="" type="checkbox"/> General Liability Comprehensive Form /Airport Liab.	
<input checked="" type="checkbox"/> Premises and Operations	
<input checked="" type="checkbox"/> Contractual (Blanke/Schedule)	
<input checked="" type="checkbox"/> Independent Contractors	
<input checked="" type="checkbox"/> Products /Completed Operallons	
<input checked="" type="checkbox"/> Personal Injury	
<input checked="" type="checkbox"/> Property Insurance	<u>Value of Improvements</u>
90% Co-ins. () Actual Cash Value (X) Replacement Value () Agreed Amt.	
<input checked="" type="checkbox"/> Covering tenant improvements, w/waiver of subrogation (Department does not insure tenant improvements)	
<input type="checkbox"/> (**) Covering building structure	
<input checked="" type="checkbox"/> (X) All Risk Coverages	
<input checked="" type="checkbox"/> (X) Fire & Extended Coverage, including sprinkler leakage	
<input checked="" type="checkbox"/> (X) Vandalism and Malicious Mischief	
<input checked="" type="checkbox"/> (X) Debris Removal	
<input type="checkbox"/> (***) Coverage for Hazardous Substances	Sudden Occurrence Non-sudden Occurrence
	\$ *** \$ ***
<input type="checkbox"/> (** Builder's Risk Insurance - (All Risk Coverage)	<u>Value of Improvements</u>
Comments:	
* If exposure exists, coverage is required.	
** Required if property or building ultimately revert to City.	
*** Must meet Federal and/or State requirements.	

IRT% 7/93 (usually for PMD agricultural leases)

EXHIBIT C-2

City of Los Angeles Department of Airports
Richard J. Riordan, Mayor

Board of Airport Commissioners

Daniel P. Garcia
President
Patricia Mary Schnegg
Vice President
William H. Dahl
Edward P. Manning
Warren W. Valdry

John J. Driscoll
Executive Director

Board File

No. PIA-200

BOARD ORDER NO. AO-4587

ORDER AUTHORIZING AN AGRICULTURAL LEASE WITH WHEELER-WILLIAMS FARMS COVERING APPROXIMATELY 224 ACRES AT PALMDALE REGIONAL AIRPORT.

Section 1. WHEREAS, there has been negotiated an Agricultural Lease with Wheeler-Williams Farms covering approximately 224 acres at Palmdale Regional Airport; and

WHEREAS, the lessee will use the property for agricultural production (vegetables) and will be entitled to install on the site, at no cost to the City, temporary storage facilities, a mobile home for a caretaker, and other related equipment necessary for a successful operation.

WHEREAS, the leasehold is located as follows: NW1/4, Section 11, T6N, R11W, SBEM - approximately 150 acres, & E1/2, NW1/4, Section 21, T6N, R11W, SBEM, approximately 74 acres, total 224 acres; and

WHEREAS, the Lease would be for 5 years effective March 1, 1997, subject to a one year advance notice of termination by either party. Upon expiration of the Lease and/or its earlier termination, the lessee would be required to remove all of the equipment and restore the property to its original condition; and

WHEREAS, the annual rental, effective March 1, 1997 would be as follows:

<u>Date</u>	<u>Rental</u>	<u>Rate</u>
March 1, 1997	\$5,600	\$25/acre/year
March 1, 1998	\$7,840	\$35/acre/year
March 1, 1999	\$10,080	\$45/acre/year
March 1, 2000	\$12,320	\$55/acre/year
March 1, 2001	\$13,440	\$60/acre/year; and

WHEREAS, the lessee shall furnish to the City a Faithful Performance Guarantee in the form of a surety bond or an irrevocable letter of credit in the amount of \$3,360. This is three times the highest monthly rental; and

WHEREAS, lessee will be allowed to sublease the property for Agricultural production subject to the Executive Director's approval. The lessee will 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 Federal, State, and/or local government entity and/or court regarding the storage and handling of diesel fuel, pesticides, herbicides, lubrication oil, and solvents; and

WHEREAS, the lessee will be responsible for all expenses including insurance, utilities, pump costs, etc.; and

WHEREAS, the Lease would be subject to the Department's Standard Terms and Conditions as approved by the City Attorney; and

WHEREAS, the Lease has been executed by the lessee and approved as to form by the City Attorney; and

WHEREAS, Wheeler-Williams Farms has an approved Affirmative Action Plan on file with the Department; and

WHEREAS, Wheeler-Williams Farms is not required to obtain a City Business Tax Registration number and will conform to the provisions of Resolution No. 18052 relative to Security Deposits; and

WHEREAS, the lessee will comply with the insurance requirements as established by the City; and

WHEREAS, this action is categorically exempt from the requirements of the California Environmental Quality Act as provided by Article VII, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines; and

WHEREAS, actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 32.3;

NOW, THEREFORE, IT IS ORDERED that it is the best interest of the City of Los Angeles to adopt the Staff Report, and to make and enter into said Lease, which is exempt from CEQA requirements, and the Lease as now before this Board is hereby approved, and the Executive Director of the Department of Airports is hereby authorized and directed to execute the Lease on behalf of this Board and the City of Los Angeles.

Section 2. IT IS FURTHER ORDERED that the Secretary of the Board certify to the passage of this Order and cause the same to be published once in a newspaper of general circulation in the same manner as ordinances of the City of Los Angeles are published.

ooc

I hereby certify that the foregoing is a true and correct copy of Board Order No. AO-4587 adopted by the Board of Airport Commissioners at a regular meeting held Tuesday, February 18, 1997.

Sandra J. Miller
ACTING SECRETARY

Elaine E. Staniec - Secretary
BOARD OF AIRPORT COMMISSIONERS

CITY OF LOS ANGELES
DEPARTMENT OF AIRPORTS

Board File

LEASE

No. PIA-200

The CITY OF LOS ANGELES, a municipal corporation, acting by order of and through its Board of Airport Commissioners, as City, hereby leases to WHEELER-WILLIAMS FARMS, a partnership, as Lessee, the following described premises, for the term, at the rental and for the use hereinafter set forth, all subject to the Standard Terms and Provisions, as modified, attached hereto and made a part hereof.

200
Demised Premises: 230 acres of land described as E1/2, NW1/4, Section 11, T6N, R11W, SBBM (approximately 150 acres) and E1/2, NW1/4, Section 21, T6N, R11W, SBBM (approximately 80 acres), delineated and outlined in red on Airports Engineer's Drawing No. _____, a copy of which is attached hereto, marked Exhibit "A" and incorporated by reference herein.

Term: Five (5) years, commencing March 1, 1997 and terminating February 28, 2001; subject, however, to earlier termination by either party upon its giving to the other a one-year advance, written notice and as otherwise provided herein.

Rental Schedule:

Date	Annual Rent	Rate*
March 1, 1997	\$ 5,750	\$25
March 1, 1998	8,050	35
March 1, 1999	10,350	45
March 1, 2000	12,650	55
January 1, 2001	13,800	60

*Per acre/per year

Rental shall be due and payable within fifteen (15) days of date of mailing of invoice to Lessee.

Faithful Performance Guarantee: In accordance with Board of Airport Commissioners Resolution No. 19355, Lessee shall furnish and maintain a Faithful Performance Guarantee during the term of this Lease. The Guarantee shall be in the amount of \$3,450.00, which represents three (3) months' rental at the highest rental

rate. The Guarantee may be provided in any of the following forms:

1. Cash
2. Cashier's Check
3. Business Check
4. Certificate of Deposit
5. Irrevocable Assignment of Account
6. Money Order
7. Irrevocable Letter of Credit
8. Surety Bond

Use: . Agriculture.

Lessee will 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 government entity and/or court regarding the storage and handling of diesel fuel, pesticides, herbicides, lubrication oil, and solvents, as more specifically set forth in the Standard Terms and Provisions attached hereto.

Taxes and Expenses: City shall pay property tax. Lessor shall pay all other taxes and expenses of whatever character and as more thoroughly set forth in paragraph 10 of the Standard Terms and Provisions attached hereto. Lessee shall pay all additional expenses of whatever character, including, but not limited to, pump costs, leveling of the land, removal of debris and vegetation, utilities, and insurance.

Water Provisions: Lessee may obtain Department of Airports' water wells located on or adjacent to the leasehold. Lessee, at no cost to City, may place a pump into the well and develop the power necessary to utilize said pump and well.

Equipment and Materials: Lessee, at no cost to City, may install on the demised premises the following:

- (a) temporary storage structures;
- (b) mobile home for a caretaker; and
- (c) other related farm and agricultural equipment necessary to successfully operate the demised premises in accordance with the terms of this Lease.

Lessee shall remove all equipment and materials upon termination of this Lease, or upon earlier vacation of the demised premises, and return the demised premises to its original condition.

IN WITNESS WHEREOF, the parties hereto have themselves or through their duly authorized officers caused this Lease to be executed this 28th day of February 1996.

CITY OF LOS ANGELES

APPROVED AS TO FORM
JAMES K. HAHN
City Attorney

FEB 18 1997

By Flora Trostler
FLORA TROSTLER
Deputy City Attorney

By [Signature]
Executive Director
Department of Airports

ATTEST:

WHEELER-WILLIAMS FARMS, a
partnership

By _____
Secretary (Signature)

By Eugene C. Wheeler
Signature

Print Title

EUGENE C. WHEELER
Print Name

OWNER
Print Title

[SEAL]

STANDARD TERMS AND PROVISIONS

TABLE OF CONTENTS

(LEASE)

SECTION	TITLE	PAGE
1	Use of Demised Premises	1
2	Improvements and Alterations	2
3	Ownership of Improvements	3
4	Maintenance of Demised Premises	3
5	City's Right of Access and Inspection	5
6	Restrictions and Regulations	5
7	Insurance	6
8	City Held Harmless	8
9	Nondiscrimination and Equal Employment Practices/Affirmative Action Program	8
10	Taxes and Licenses	11
11	Assignments and Subleases	12
12	Default, Termination, and Rental Payments	13
	(a) Not Involving Rent or Other Payments	13
	(b) Failure to Pay Rent or Other Payments	13
	(c) Rental Payments	13
	(d) Rental Acceleration	14
	(e) Rental Adjustments	14
	(f) Performance Guarantee	14

SECTION	TITLE	PAGE
	(g) Bankruptcy	15
	(h) Liquidated Damages for Delinquent Payment	16
	(i) Cross Default	16
13	Waiver	17
14	Attorney's Fees	17
15	Hazardous and Other Regulated Substances	17
16	Airfield Security	19
17	Business Tax Registration	20
18	Signs	20
19	Disabled Access	21
20	Interpretation	21
	(a) Fair Meaning	21
	(b) Section Headings	21
	(c) Void Provisions	21
	(d) Two Constructions	22
	(e) Laws of California	22
	(f) City's Consent	22
	(g) Gender	22
	(h) Section 308 Exclusivity	22
	(i) Rights of United States Government	22
	(j) War or National Emergency	22
	(k) Time	23
21	Other Agreements Not Affected	23
22	Noise Abatement Procedures (appli- cable to LAX air carriers only)	23

STANDARD TERMS AND PROVISIONS

(LEASE)

1. Use of Demised Premises.

(a) Lessee shall not use the demised premises, nor any portion thereof, for any purpose other than that hereinabove set forth without first having had and obtained the written consent of the Executive Director of the Department of Airports (hereinafter referred to as "Executive Director").

(b) 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 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 except for claims or actions brought by third parties against Lessee arising from City's operation of Airport. [LEASE GUIDE, ¶1]¹

(c) 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 the aforesaid covenant is breached, City reserves the right to enter upon the premises hereby leased and cause the abatement of such interference at the expense of Lessee. [LEASE GUIDE, ¶14]

(d) Lessee shall conduct its, and cause its

¹The paragraph references are to mandatory requirements contained in a document entitled, "LEASE AND USE AGREEMENT GUIDE", dated June 6, 1984, published by the Federal Aviation Administration.

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 or Airport, including, but not limited to, the emanation from the demised premises of noise, vibration, movements of air, fumes, and odors.

2. Improvements and Alterations.

(a) Lessee shall make no structural improvements, additions, or alterations in, to or upon the demised premises, nor erect, construct, or place any sign upon said premises, without the prior written consent of Executive Director being first had and obtained, and any conditions, restrictions, or limitations relating thereto then stated by said Executive Director shall be conditions hereof as if they had been originally stated at length herein. 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 (except when such improvement is constructed by City) and shall hold City harmless from liability with respect to any such improvements, additions, or alterations made thereto.

(b) City reserves the right to further develop or improve the landing area of 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 premises demised herein, Lessee shall be entitled to an appropriate reduction in rental or termination of this Lease. [LEASE GUIDE, ¶8]

(c) 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. [LEASE GUIDE, ¶12]

(d) Lessee, by accepting this Lease, expressly agrees for itself, its successors and assigns 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 Exhibit "A." 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. [LEASE GUIDE, ¶13]

(e) 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. [LEASE GUIDE, ¶9]

3. Ownership of Improvements. 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. 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.

4. Maintenance of Demised Premises. Except as otherwise expressly stated elsewhere in this Lease, Lessee, solely at its own cost and expense, shall:

(1) maintain the demised premises in good condition, in compliance with all requirements of law and in accordance with the "maintenance schedule" which, if applicable, shall be attached hereto; and

(2) keep the premises, at all times, free and clear

of weeds, wastepaper, discarded plastic, graffiti, discarded pallets, and all other trash and debris of any kind.

If Lessee fails to so maintain 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 number of calendar days Lessee shall have to complete the work as prescribed in the Notice. The period of "calendar days" in said Notice shall commence seven (7) days following City's deposit of said Notice in the mail. In addition, a copy of the "Notice to Cure" shall be posted on the demised premises in a conspicuous place.

If, in the opinion of Executive Director, 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 may be extended at City's option for such length of time as is reasonably necessary to complete the same.

If the work prescribed in the "Notice to Cure" is not completed by Lessee in a manner reasonably satisfactory to Executive Director, and Lessee fails to correct such work within the time specified by City in the mailed Notice, 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 Executive Director, 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.

Notwithstanding any term, condition, or provision contained in this Section, including, but not limited to, the Notice to Cure provisions, either party may terminate this Lease at any time upon written notice in accordance with the term or termination sections of this Lease.

5. City's Right of Access and Inspection. 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.

6. Restrictions and Regulations. Lessee agrees to abide by any and all:

(1) applicable rules, regulations, orders, and restrictions which are now in force or which may be hereafter adopted by City with respect to the operation of Airport;

(2) orders, directives, or conditions issued, given or imposed by Executive Director with respect to the use of the roadways, driveways, curbs, sidewalks, and parking areas in and about said Airport; and

(3) applicable laws, ordinances, statutes, rules, regulations, or orders of any governmental authority, federal, state, or municipal, lawfully exercising jurisdiction over the Airport or Lessee's occupation or use of the demised premises.

Nothing herein contained shall be deemed to impair Lessee's right, to contest any such rules, regulations, orders, restrictions, directives, or conditions or the reasonableness thereof. City shall not be liable to Lessee for any damage to, or for any diminution or deprivation of, Lessee's rights hereunder on account of the exercise of any such authority, or as may arise from Airport development or operation in the area of the demised premises during the term of this Lease, unless the exercise thereof shall so interfere with Lessee's use and occupancy of the leasehold estate so as to constitute a constructive eviction or a termination, in whole or in part, of

this Lease by operation of law or otherwise.

7. Insurance.

(a) 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 page 25 hereof. 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 of Airport Commissioners, (hereinafter referred to as "Board") and all of City's officers, employees, and agents, their successors and assigns, as insureds, against the areas of risk described on page 25 hereof as respects Lessee's acts or omissions in its operations, use, and occupancy of the premises hereunder or other related functions performed by or on behalf of Lessee in, on or about Airport.

(b) 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."

All such insurance shall be primary and noncontributing with any other insurance held by City's 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 Executive Director based upon the nature of Lessee's operations and the type insurance involved.

(c) 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) day 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.

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.

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

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

(f) Submission of insurance from a non-California admitted carrier is subject to the provisions of California Insurance Code Sections 1760 through 1777, 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 lines broker licensed by the State of California.

8. City Held Harmless. In addition to the provisions of Section 7 herein, Lessee shall indemnify, defend, keep, and hold City, including Board, and City's officers, agents, servants, and employees, harmless from any and all costs, liability, damage, or expense (including costs of suit and fees and reasonable expenses of legal services) claimed by anyone by reason of injury to or death of persons, or damage to or destruction of property, including property of Lessee, sustained in, on, or about the demised premises or arising out of Lessee's use or occupancy thereof or Airport, as a proximate result of the acts or omissions of Lessee, its agents, servants, or employees.

9. Nondiscrimination and Equal Employment Practices/
Affirmative Action Program.

(a) Lessee, for itself, its heirs, 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 in the event facilities are constructed, maintained, or otherwise operated on the

property described in this Lease for a purpose for which a United States Department of Transportation (hereinafter referred to as "DOT") program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations (hereinafter referred to as "CFR"), DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of DOT-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended. [LEASE GUIDE, ¶1]

(b) Lessee, in its operations at Airport, for itself, its personal representatives, successors in interest, and assigns, as 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, denied the benefits of, or be otherwise subjected to discrimination in the use of the facilities covered by this Lease; (2) in the construction of any improvements on, over, or under the premises authorized to be utilized herein 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; and (3) Lessee shall use said premises in compliance with all other requirements imposed pursuant to Title 49, CFR, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the DOT-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended. [LEASE GUIDE, ¶2]

(c) Lessee agrees that in the event of breach of any of the above nondiscrimination covenants, City shall have the right to terminate this Lease and to reenter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued. This provision shall not become effective until the procedures of 49 CFR, Part 21, are followed and completed including expiration of appeal rights. [LEASE GUIDE, ¶3]

(d) Lessee assures that it will undertake an affirmative action program as required by 14 CFR, Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR, Part 152, Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this Subpart. Lessee assures that it will require that its covered suborganizations provide assurances to Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR, Part 152, Subpart E, to the same effect. [LEASE GUIDE, ¶7]

(e) In addition, Lessee agrees not to discriminate in its employment practices against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, age, or physical handicap. Lessee further agrees to abide by the provisions of Section 10.8.3 of City's Administrative Code, a copy of which is printed on the CERTIFICATION FOR CONTRACTS OF MORE THAN \$500 BUT NOT IN EXCESS OF \$5,000, which Certification City acknowledges Lessee has previously submitted and which shall remain valid for one (1) year from the date thereof.

(f) If applicable, Lessee also agrees to abide by the provisions of Section 10.8.4 of City's Administrative Code, a copy of which is printed on the CERTIFICATION FOR CONTRACTS OF MORE THAN \$5,000, which Certification City acknowledges Lessee has previously submitted along with a copy of Lessee's Affirmative Action Plan. Said Plan, having been approved by City, shall remain valid for one (1) year from the date of approval and, with said Certification, shall be incorporated by reference in and become part of this Lease. Lessee agrees that prior to the expiration of said Plan, Lessee will again submit to City Lessee's revised and/or updated Affirmative Action Plan for approval as well as another completed Certification.

(g) Lessee shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory

basis to all users thereof and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service; provided that Lessee shall be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers. [LEASE GUIDE, ¶4]

(h) Noncompliance with paragraph (g) above shall constitute a material breach thereof, and in the event of such noncompliance, City shall have the right to terminate this Lease without liability therefor, or at the election of City or the United States, either or both said governments shall have the right to judicially enforce the provisions in paragraphs (a), (b), and (g) above. Said termination, however, shall not take place until after Lessee has received written notice of such noncompliance as well as an opportunity to be heard regarding same and to correct the practice causing noncompliance. [LEASE GUIDE, ¶5]

(i) Lessee agrees that it shall insert the provisions found in paragraphs (a), (b), (g), and (h) 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 premises herein leased. [LEASE GUIDE, ¶6]

10. Taxes and Licenses. Lessee shall pay all taxes of whatever character that may be levied or charged upon the leasehold estate in 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.

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.

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.

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.

11. Assignments and Subleases. 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 Board, 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 Executive Director. Consent to one assignment, subletting, 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 City.

City shall not unreasonably withhold its consent to the assignment of this Lease or the subletting of the 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. 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.

When the proper consent has been received, this Lease shall be binding upon and shall inure to the benefit of the heirs, successors, executors, administrators and assigns of the parties hereto.

12. Default, Termination, and Rental Payments.

(a) Not Involving Rent or Other Payments.

In the event Lessee fails to abide by the terms and conditions of this Lease, not involving the failure to pay rent or other payments, City shall give Lessee written notice to correct the defect or default and if the same is not corrected, or substantial steps are not taken toward accomplishing such correction, within ten (10) days after City's mailing such notification, City may terminate this Lease upon giving Lessee a thirty (30) day written notice.

(b) Failure to Pay Rent or Other Payments.

The failure of Lessee to pay the rent, or other required payments, on time is a breach of this Lease for which City may terminate or take such other legal action as it deems necessary or appropriate. City expects all rent to be paid on time and Lessee agrees to pay on time.

In the event Lessee fails to pay the rent, or other required payments, as provided for under the terms and conditions of this Lease, City shall have the right to give Lessee a three (3) day written notice to pay any and all amounts due or quit the demised premises pursuant to the provisions of California Code of Civil Procedure Section 1161.

(c) Rental Payments.

Rental shall be paid by Lessee to City on or before the first day of each calendar month of the term hereof. 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 be mailed to the following

address:

City of Los Angeles
Department of Airports
Accounts Receivable
Post Office Box 92216
Los Angeles, CA 90009-2216

City may designate an alternate address at any time upon giving Lessee a thirty (30) day advance, written notice.

(d) Rental Acceleration.

If, during any calendar year of the term hereof, two or more monthly payments are delinquent ten (10) or more business days, City may, at its sole option, require the payment of the rental quarterly in advance. Thereafter, if, during any calendar year of the term hereof, two or more quarterly rental payments are delinquent ten (10) or more business days, City may, at its sole option, require the payment of rental annually in advance. The exercise of one or both of said options, however, shall not constitute an exclusive remedy for City with respect to delinquent rental payments and shall not be construed to affect the term of this Lease, or abridge City's right to terminate this Lease as otherwise provided herein.

(e) Rental Adjustments.

Upon any approved assignment or sublease of all or a portion of this Lease (other than to the Regional Airports Improvement Corporation, to subsidiaries of Lessee or for security purposes pursuant to paragraph 16 hereof), City shall be allowed to adjust the rental payable by Lessee for that portion of the demised premises being assigned or sublet hereunder using the rental rate established by Board by appropriate Blanket Resolution.

(f) Performance Guarantee.

Lessee shall furnish to City and maintain throughout the term of this Lease a Faithful Performance Guarantee 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. The initial amount of said Guarantee shall be three (3) times the highest monthly rental prescribed herein.

If Lessee has previously provided such Guarantee to City and if, for any reason, Lessee's monthly monetary obligation to City is thereafter increased in excess of ten percent (10%), then the amount of Lessee's Guarantee shall, within thirty (30) days after receiving written notice from City, correspondingly be increased to a sum three (3) times the new amount.

Performance Guarantees of less than Five Thousand Dollars (\$5,000) shall be in the form of a Certificate of Deposit, Irrevocable Letter of Credit, Surety Bond, cash, cashier's check, business check, Irrevocable Assignment of Account or money order. Performance Guarantees for Five Thousand Dollars (\$5,000) or more shall be in the form of an Irrevocable Letter of Credit or Surety Bond. Letters of Credit shall be self-renewing from year-to-year, subject to termination upon sixty (60) days' written notice. All Performance Guarantees must be approved as to form by the City Attorney.

Lessee shall furnish such Guarantee in duplicate to the Chief Accounting Officer of City's Department of Airports not later than thirty (30) days following commencement of the term hereof or, if applicable, thirty (30) days following adjustment of rental. If, for any reason, said Guarantee is not provided by Lessee and/or is not thereafter maintained in sufficient amount throughout the term hereof, City 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 Guarantee not later than thirty (30) days following such expiration or earlier termination.

(g) Bankruptcy.

In case of the bankruptcy of Lessee, or the appointment of a receiver for Lessee, or if a receiver is appointed to take possession of the demised premises as a

result of any act or omission of Lessee, 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, and such appointment or taking is not discharged or terminated within sixty (60) days, City, at its election, may, without notice, terminate this Lease.

(h) Liquidated Damages for Delinquent Payment.

Without waiving any rights available under this Lease or by law, in the event of late or delinquent payments, Lessee recognizes that City will incur certain expenses, the amount of which is difficult to ascertain. Therefore, in addition to rental(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 late or delinquent payments by Lessee.

The liquidated damages for late or delinquent payments shall be ten percent (10%) per annum, or that percent per annum equal to the prevailing rate on the 25th day of the month preceding the execution of this Lease as established by the Federal Reserve Bank of San Francisco on advances to member banks under Sections 13 and 13a of the Federal Reserve Act plus four and one-half percent (4-1/2%) per annum, whichever is greater, on the balance of the unpaid monthly amount calculated from the date of the delinquency until the close of the business day upon which the delinquency payment is received by City.

(i) Cross-Default. A material default or 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 Section 12(a) herein.

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 Board's resolution establishing

said fees and charges, is a material breach of this Lease for which City shall have the right to declare Lessee in default and to terminate this Lease in accordance with the procedures set forth in Section 12(a) herein.

13. Waiver. 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.

14. Attorney's Fees. 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 and as a result of which Lessee is finally adjudicated to be liable, then Lessee shall pay all costs, expenses, and reasonable attorney's fees incurred by or imposed upon City in connection with such litigation. In any action by City or Lessee for recovery of any sum due under this Lease, or to enforce any of the terms, covenants, or conditions contained herein, the prevailing party shall be entitled to reasonable attorney's fees in addition to costs, expenses, and necessary disbursements incurred in such action. Each party shall give prompt notice to the other of any claim or suit instituted against it that may affect the other party.

15. Hazardous and Other Regulated Substances. 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 wastes, extremely hazardous wastes, hazardous substances, hazardous materials, hazardous chemicals,

toxic chemicals, toxic substances, pollutants, contaminants, or other similarly regulated substances (hereinafter referred to as "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 leasehold, on the user of the land, or on the user of the improvements. Said hazardous substances shall include, but not be limited to, gasoline, aviation, diesel and jet fuels, lubricating oils, and solvents, herbicides and pesticides. Lessee agrees that any damages, penalties, or fines levied on City and/or Lessee as a result of noncompliance with any of the above shall be the sole responsibility of Lessee. Further, Lessee shall indemnify and pay and/or reimburse City for any damages, penalties, or fines that City pays as a result of noncompliance with the above; provided, however, with respect to joint-use space, Lessee's responsibility is reduced to the extent Lessee, a sublessee or permittee sharing such joint-use space is legally determined to be responsible therefor.

Except for conditions existing prior to the original occupancy of the demised premises by Lessee or Lessee's predecessors in interest, in the case of any hazardous substance spill, leak, discharge, or improper storage on the leasehold or contamination of the leasehold 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 leakage, contamination, or contaminated ground. In the case of any hazardous substance spill, leak, discharge, or contamination by Lessee or its employees, servants, agents, contractors, or subcontractors on Lessee's premises or as may be discharged in, on or under adjacent property which affects other property of City or its tenants' property, Lessee agrees to make or cause to be made any necessary corrective actions to clean up and remove any spill, leakage, 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, 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.

If Lessee installs or uses already installed underground 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 and/or clean up, at the sole option of Executive Director, the above-referred-to improvements. Said removal and/or cleanup shall be at 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 Executive Director.

Lessee shall promptly supply City with copies of all notices, reports, correspondence, and submissions made by Lessee to any governmental entity regarding any hazardous substance spill, leak, discharge, or clean-up including all test results.

This Section and the obligations herein shall survive the expiration or earlier termination of this Lease.

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

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

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 Bureau 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.

All civil penalties levied by the Federal Aviation Administration for violation of Federal Aviation 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 Lessee's leasehold or the breach of any obligation imposed by this Section.

17. Business Tax Registration. Lessee represents that it has registered its business with the City Clerk of City 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.

18. Signs. 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 Executive Director, for approval in writing, drawings, sketches, design dimensions, and type and character of such identification signs proposed to be placed thereon or therein. Any conditions with respect to the use of said signs stated by Executive Director in the latter's written approval thereof

shall be conditions thereof as if set forth herein at length.

Lessee shall not, at any time, under any circumstances, install, place, or maintain any type of advertising on the demised premises.

In addition, Lessee's ticket counter, ticket lifts, and podiums leased hereunder shall be free of all advertising, signs, credit card application dispensing units, posters, and banners, including, but not necessarily limited to, those showing Lessee's name, destinations, rates, rent-a-car arrangements, or other services. Noncompliance by Lessee with this provision shall result, following a three (3) day written notice by City to Lessee, in City's right to remove said unauthorized signs, advertising, or other written materials and to store same at Lessee's expense.

19. Disabled Access. Lessee shall be solely responsible for fully complying with any and 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 leasehold 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 Title II of the Americans With Disability Act of 1990.

20. Interpretation.

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) Laws of California. This Lease shall be construed and enforced in accordance with the laws of the State of California.

(f) City's Consent. In each instance herein where City's, Board's or Executive Director's approval or consent is required before Lessee may act, such approval or consent shall not be unreasonably withheld.

(g) 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.

(h) Section 308 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 USC 40103 (Public Law 103-272; 108 STAT. 1102)]. [LEASE GUIDE, ¶15]

(i) 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. [LEASE GUIDE, ¶10]

(j) 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. [LEASE GUIDE, ¶16]

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

21. Other Agreements Not Affected. 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.

22. Noise Abatement Procedures (applicable to LAX air carriers only. 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.

23. Notices. Written notices to City hereunder and to the City Attorney of the City of Los Angeles shall be given by registered or certified mail, postage prepaid, and addressed to said parties at 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.

Written notices to Lessee hereunder shall be given by registered or certified mail, postage prepaid, and addressed to Wheeler-Williams Farms, Inc., Attention: Gene Wheeler, 4037 East Avenue P-8, Palmdale, CA 93550, or to such other address as Lessee may designate by written notice to City.

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

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

CITY OF LOS ANGELES - DEPARTMENT OF AIRPORT'S INSURANCE REQUIREMENTS

Paul

NAME: WHEELER-WILLIAMS FARMS
AGREEMENT / ACTIVITY: Lease of 230 acres of land including 2 separate parcels (1) 150 acres of agricultural land and (2) 80 acres of agricultural land at Palmdale Airport.

TERM: Five (5) years, commencing March 1, 1997 and terminating February 28, 2001.

The Insured must maintain insurance coverage at limits normally required of its type operation; however, the following coverage noted with an "X" are the minimum required and must be at least the level of the Combined Single Limits indicated.

- | | |
|---|------------------------------|
| | <u>LIMITS</u> |
| (X) Workers' Compensation (Statutory)/Employer's Liability | <u>Statutory</u> |
| (X) Broad Form All States Endorsement | |
| (X) Voluntary Compensation Endorsement | |
| (*) Longshoremans' and Harbor Workers' Compensation Act Endorsement | |
| (X) Waiver of Subrogation | |
| (X) Automobile Liability - covering owned, non-owned & hired auto | <u>\$ 500,000 CSL</u> |
| (X) Aviation/Airport Liability, including the following coverage: | <u>\$ 500,000 CSL</u> |
| (X) General Liability Comprehensive Form /Airport Liab. | |
| (X) Premises and Operations | |
| (X) Contractual (Blanket/Schedule) | |
| (X) Independent Contractors | |
| (X) Products /Completed Operations | |
| (X) Personal Injury | |
| (X) Property Insurance | <u>Value of Improvements</u> |
| 90% Co-Ins. () Actual Cash Value (X) Replacement Value () Agreed Amt. | |
| (X) Covering tenant improvements, w/waiver of subrogation
(Department does not insure tenant improvements) | |
| (**) Covering building structure | |
| (X) All Risk Coverages | |
| (X) Fire & Extended Coverage, including sprinkler leakage | |
| (X) Vandalism and Malicious Mischief | |
| (X) Debris Removal | |

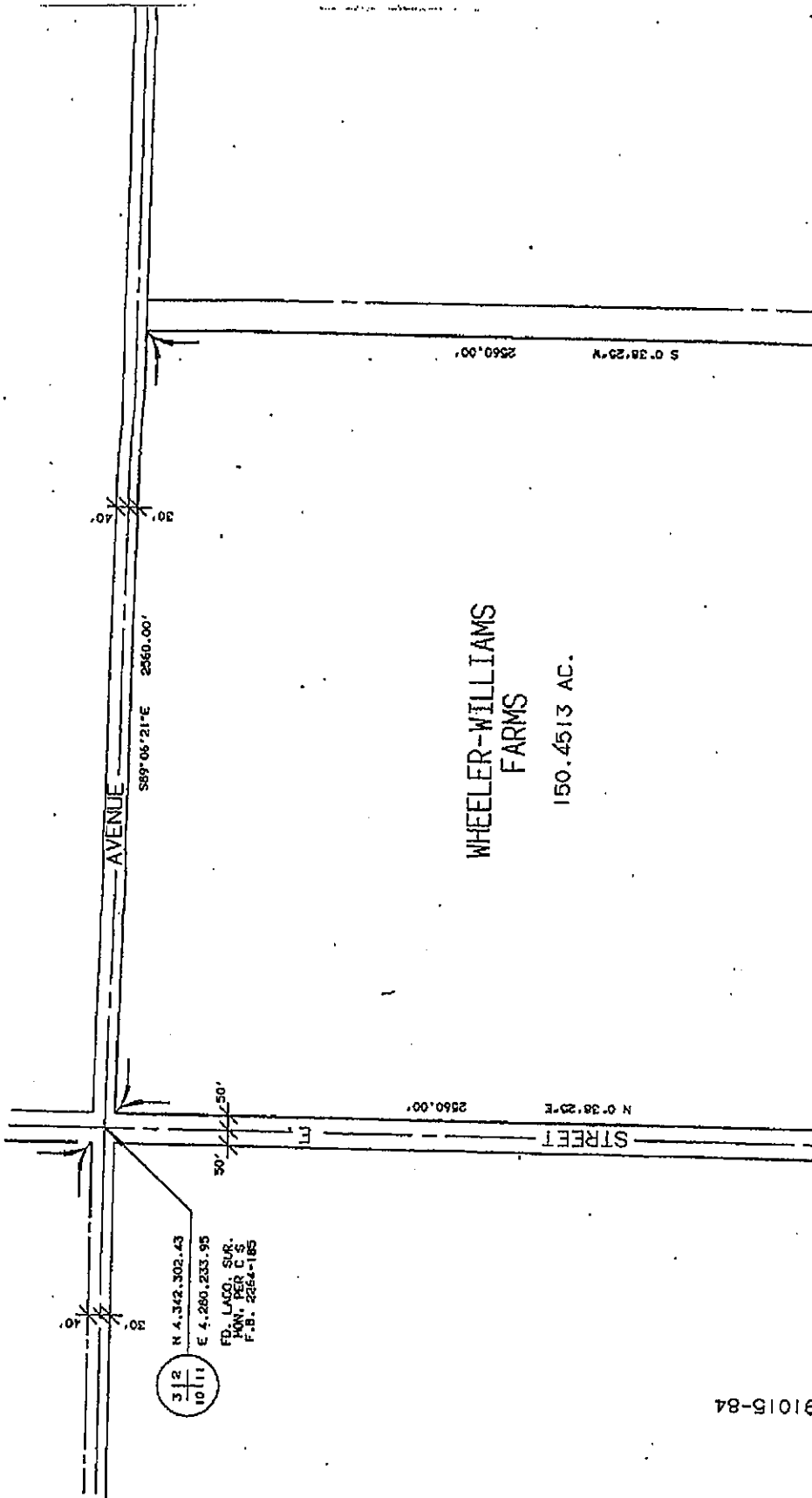
*** Coverage for Hazardous Substances	Sudden Occurrence	<u>\$ ***</u>
	Non-sudden Occurrence	<u>\$ ***</u>

** Builder's Risk Insurance - (All Risk Coverage) Value of Improvements

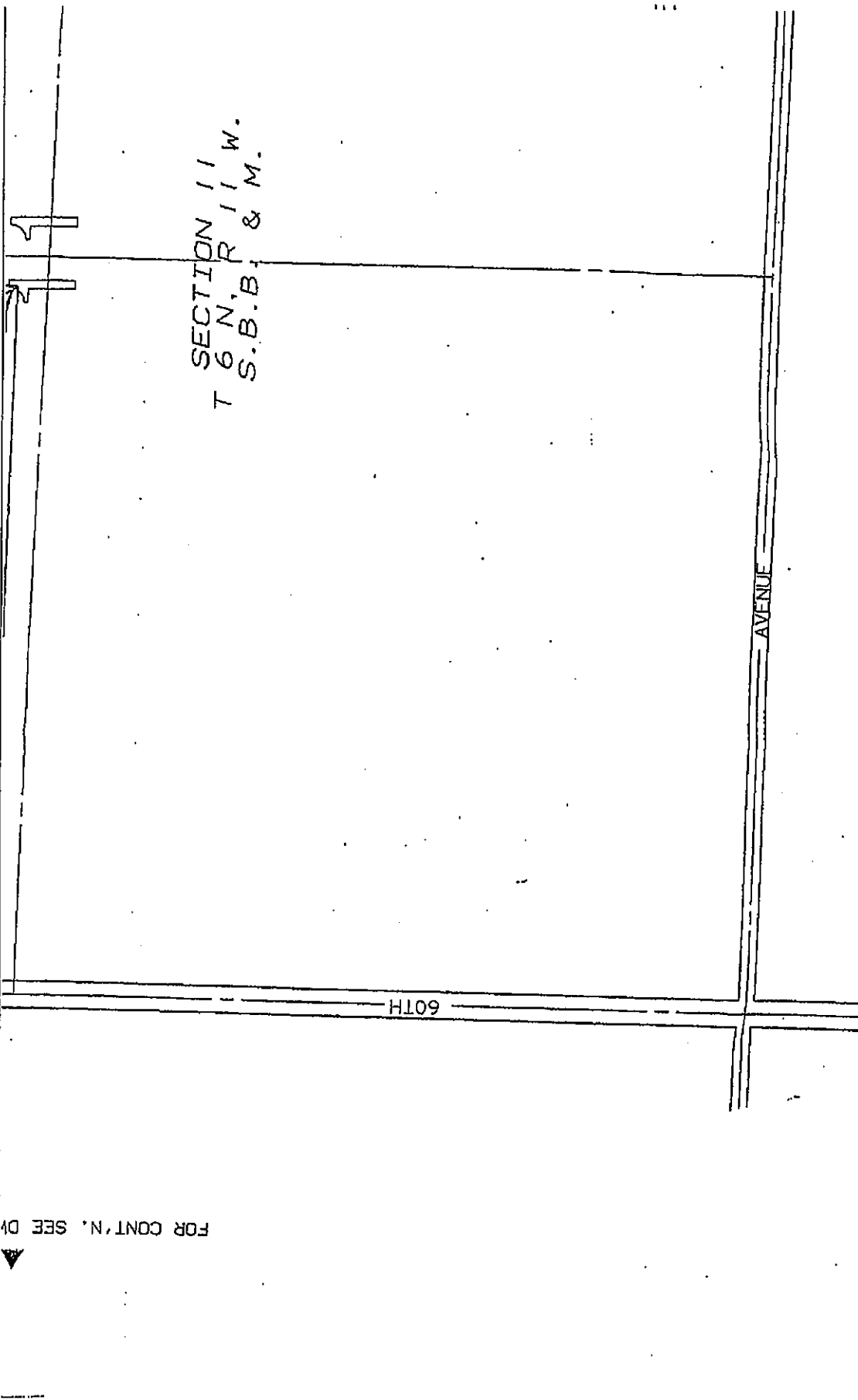
Comments:

- * If exposure exists, coverage is required.
- ** Required if property or building ultimately revert to City.
- *** Must meet Federal and/or State requirements.

IRT% 7/93 (usually for PMD agricultural leases)



31015-84

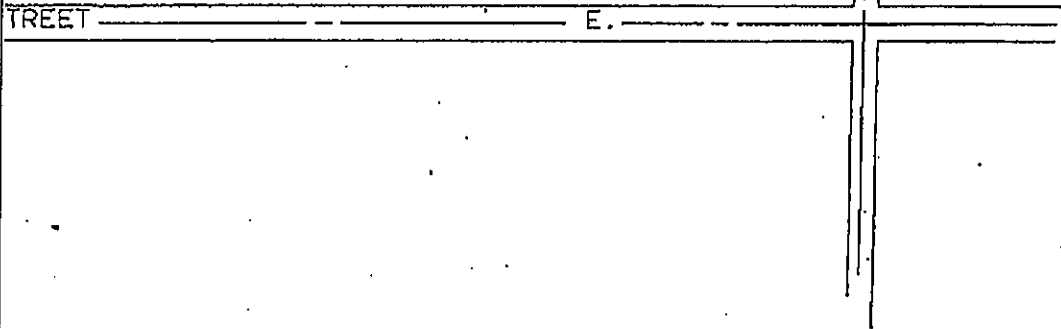


SECTION 11
T 6 N., R 11 W.
S.B.B. & M.

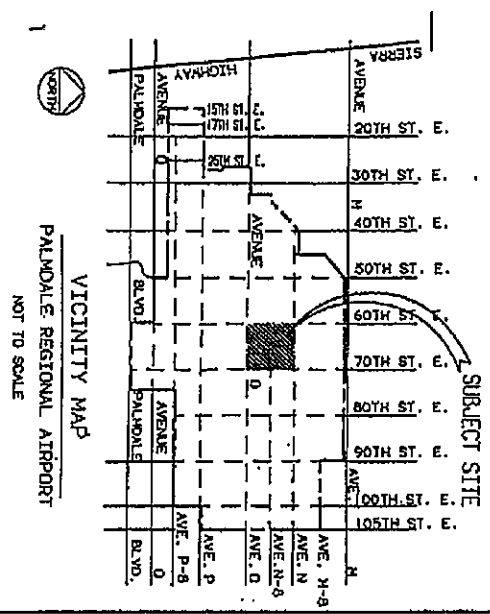
60TH

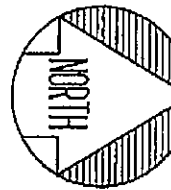
AVENUE

FOR CONT'N. SEE DP



REFERENCE :
 COUNTY OF LOS ANGELES RECORD
 OF SURVEY PAGES 18 TO 21.





70TH

CITY OF LOS ANGELES
DEPARTMENT OF AIRPORTS

MASTER LEASE EXHIBIT

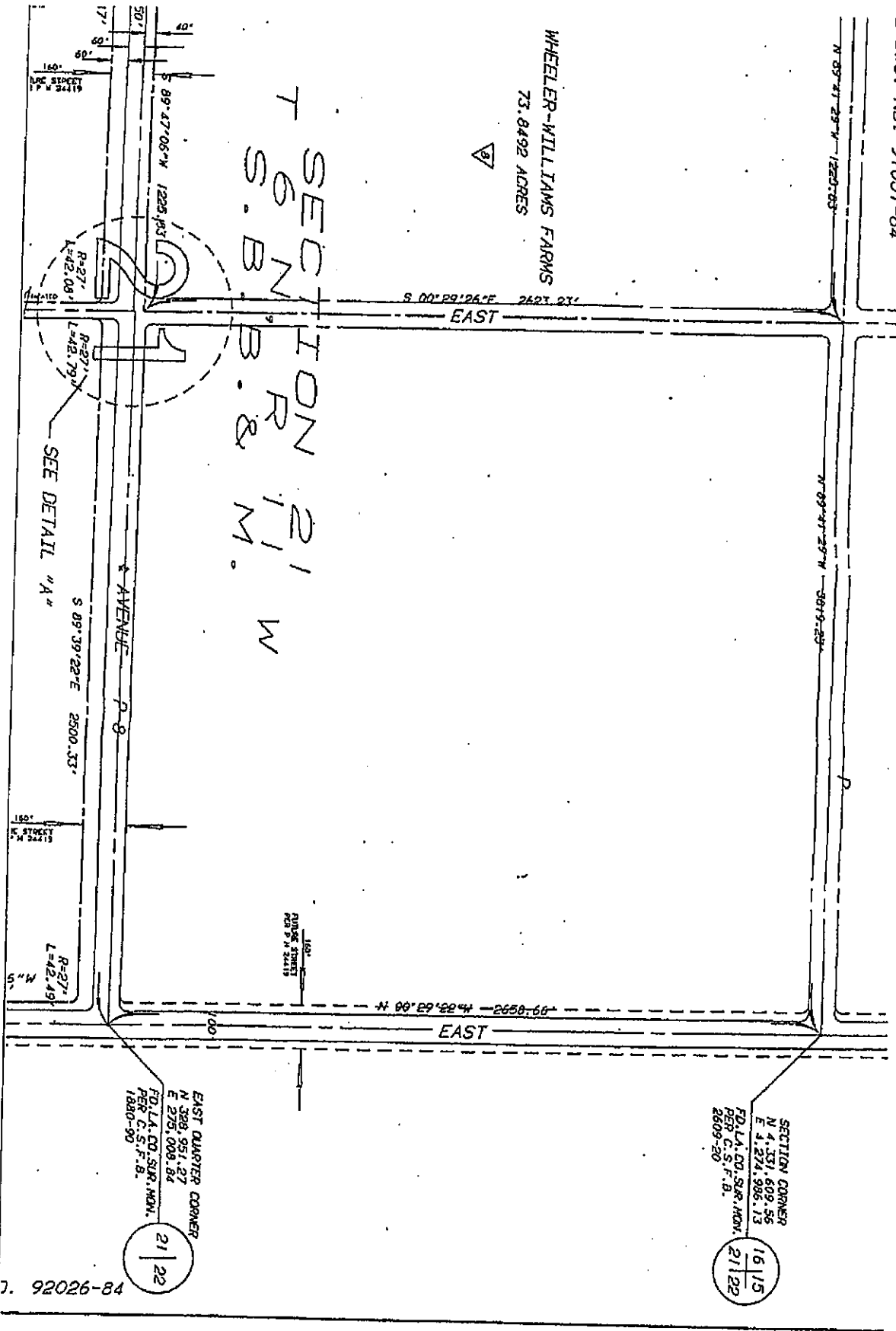
SECTION 11 / T 6 N / R 11 W
PALMDALE REGIONAL AIRPORT

SUBMITTED BY <i>T. J. B.</i>		APPROVED	
ASST. CHIEF AIRPORT ENGINEER	CHECKED	DATE	CHIEF AIRPORT ENGINEER
<i>11/13/96</i>	<i>Chavez</i>	11/13/96	
SCALE	1" = 300'	Pediment	Chavez
SHEET NO.	1 of 1	DRAWING NO.	96060-84

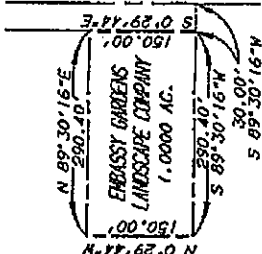
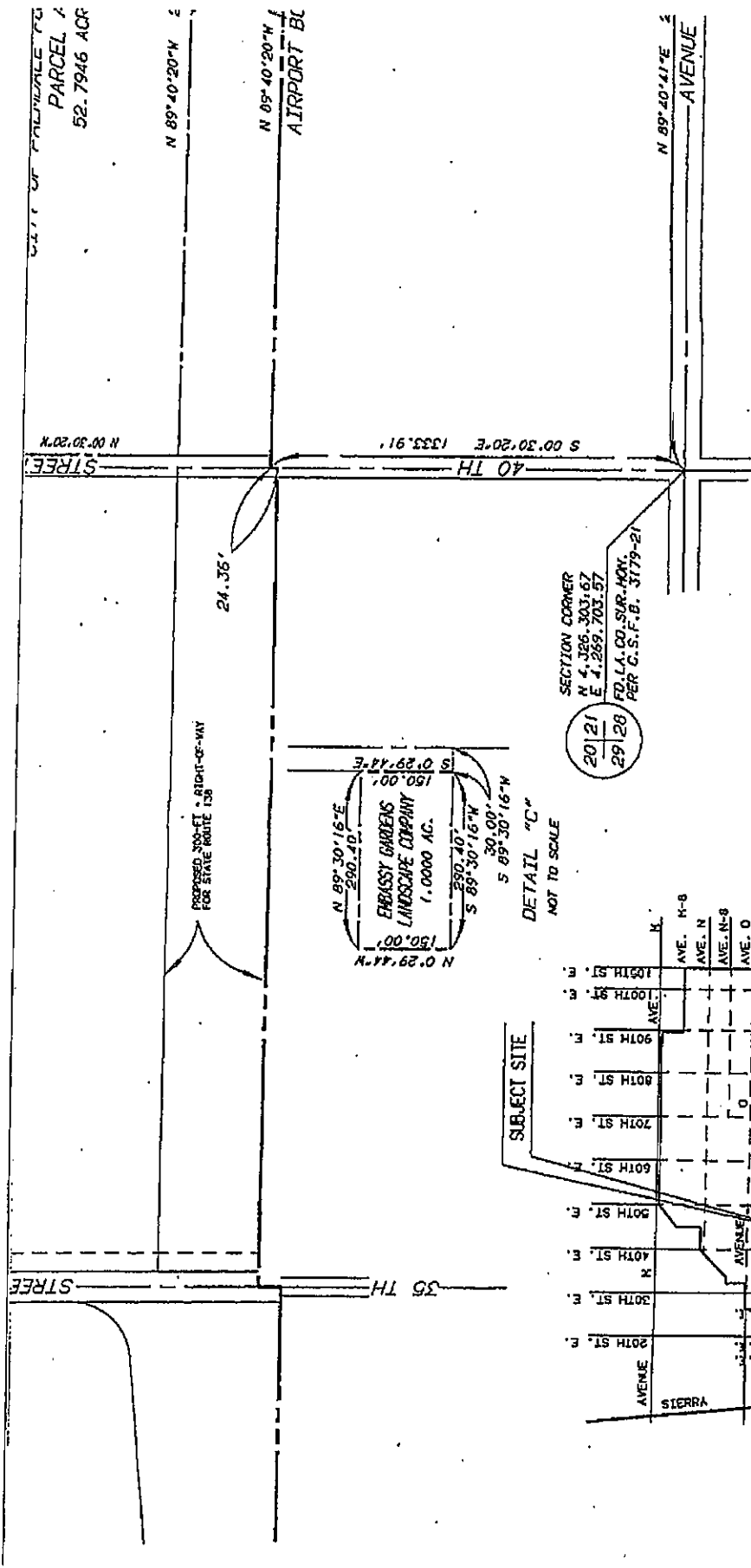
E DWG. NO. 91051-84

WHEELER-WILLIAMS FARMS
73.8492 ACRES

SECTION 21
S. B. B. & M. W.

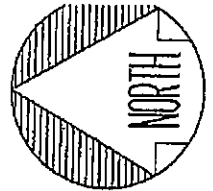
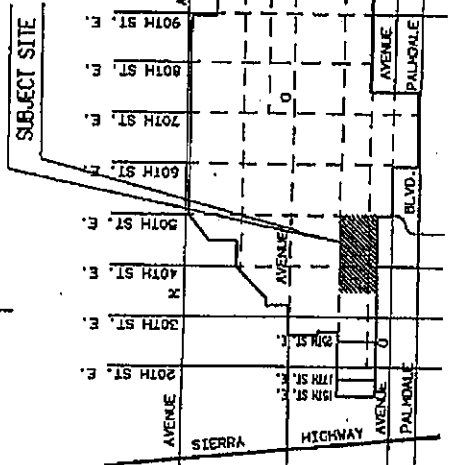


J. 92026-84



SECTION CORNER
 N 4.326, 303.67
 E 4.269, 703.57
 F.O.L.A. CO. SUR. MON.
 PER C.S.F.B. 3179-21

20/21
 29/28



SCALE : 1"=300'

REFERENCE : LOS ANGELES RECORD OF SURVEY 1
 BOOK 92, PAGE 27 THRU 48, SHEET

VICINITY MAP
 PALMDALE REGIONAL AIRPORT
 NOT TO SCALE



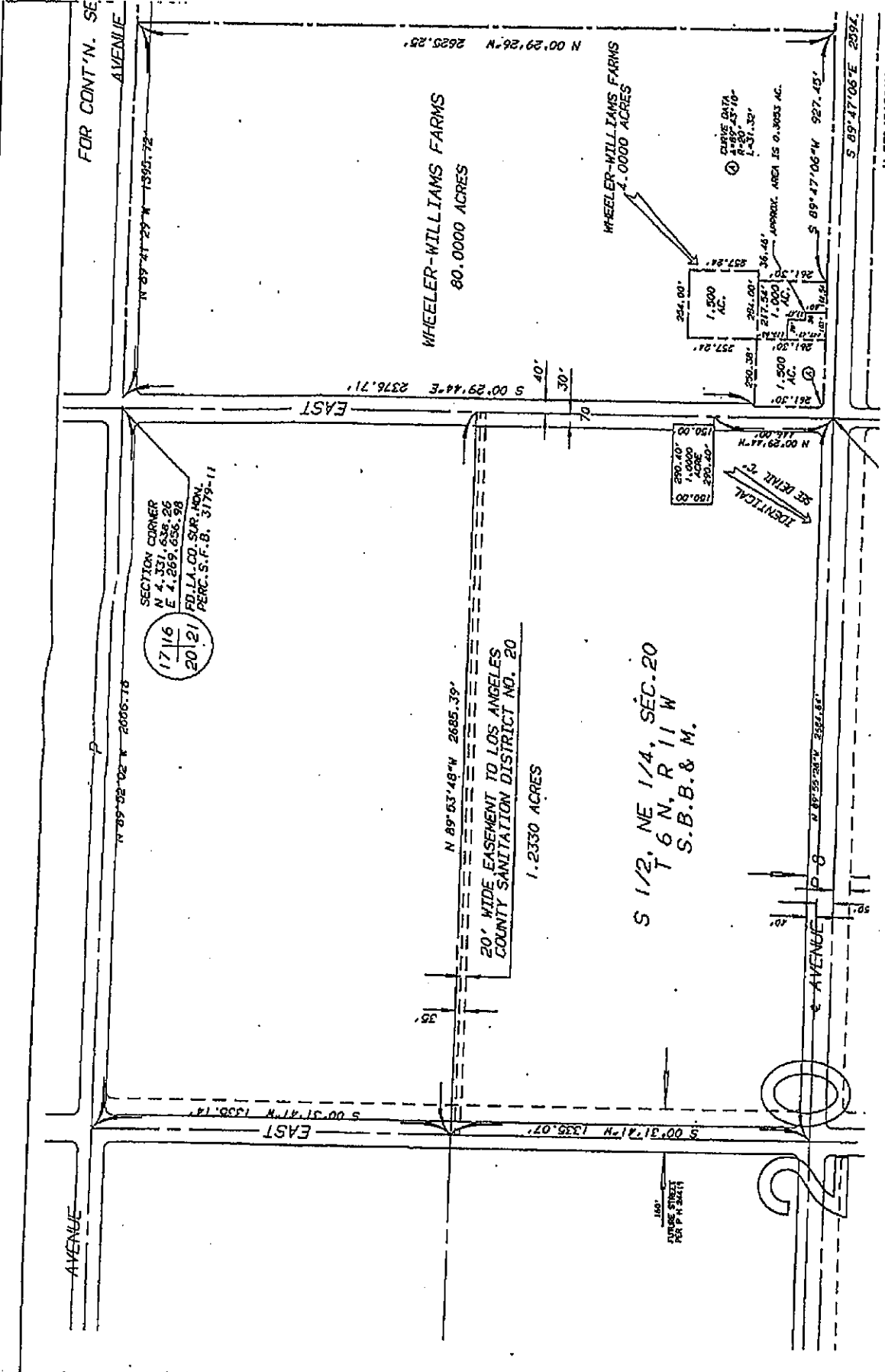


EXHIBIT C-3

ASSIGNMENT OF LEASE

This Assignment of Lease ("Assignment") is made as of July 1, 2006 between DIAMOND FARMING COMPANY, a California corporation ("Assignee"), and PHILIP A. GIBA, an individual doing business as PHILIP GIBA FARMS ("Assignor").

Recitals

Assignor, on the one hand, and the City of Los Angeles Department of Airports, on the other hand, are parties to a ground lease dated June 25, 2003 (the "Lease"). A copy of the Lease, with Exhibits A, B, C, D, E, F, G, H, I, and K is attached hereto and incorporated by reference.

Section 1. Assignment.

Assignor assigns and transfers to Assignee all right, title, and interest in the Lease and Assignee accepts from Assignor all right, title, and interest, subject to the terms and conditions set forth in this Assignment.

Section 2. Assumption of Lease Obligations.

Assignee assumes and agrees to perform and fulfill all the terms, covenants, conditions, and obligations required to be performed and fulfilled by Assignor as lessee under the Lease.

Section 3. Indemnification.

Assignor indemnifies Assignee from and against any loss, cost, or expense, including attorney fees and court costs relating to the failure of Assignor to fulfill Assignor's obligations under the Lease, and accruing with respect to the period on or prior to the date of this Assignment. Assignee indemnifies Assignor from and against any loss, cost, or expense, including attorneys' fees and court costs relating to the failure of Assignee to fulfill obligations under the Lease, and accruing with respect to the period subsequent to the date of this Assignment.

Section 4. Assignor's Covenants.

Assignor covenants that the Lease is in full force and effect. Assignor further covenants that there are no defaults under the Lease. Assignor also covenants that no acts or events have occurred which with the passing of time or the giving of notice or both could later become defaults under the Lease.

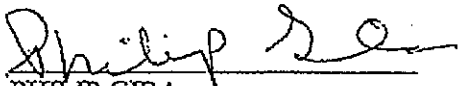
Section 5. Successors and Assigns.

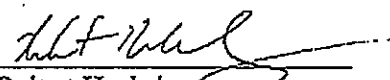
This Assignment shall be binding on and inure to the benefit of the parties to it, their heirs, executors, administrators, successors in interest, and assigns.

The parties have executed this Assignment on April 4th, 2007.

PHILIP GIBA, an individual doing
Business as PHILIP GIBA FARMS

DIAMOND FARMING COMPANY,
a California corporation


PHILIP GIBA

By: 
Robert Fluckaby
Land Manager - Lancaster Area

CONFORMED COPY

Board File

No. NBP-2919

GROUND LEASE

BETWEEN

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

AND

**PHILIP A. GIBA
DOING BUSINESS AS
PHILIP GIBA FARMS**

AT

PALMDALE REGIONAL AIRPORT

Philip Giba Farms - Ground Lease
200809.01
JLS

LAWA-VH DECL-0145

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1. SPECIFIC TERMS AND PROVISIONS.	
Section 1 Demised Premises	1
Section 2 Term of Lease	2
Section 3 Use of Demised Premises	2
Section 4 Payments to City	3
Section 5 Utility Services	5
Section 6 Living Wage Exemption	5
Section 7 Leasehold Maintenance and Expense	6
Section 8 Insurance	6
Section 9 Hazardous Materials	6
Section 10 Soil Conservation and Environmental Best Management Practices (BMPs)	6
Section 11 Notices	6
ARTICLE 2. STANDARD TERMS AND PROVISIONS (Revised 02-07-03)	
Section 1 Limitations on Use of Demised Premises	7
Section 2 Rental Payments	9
Section 3 Liquidated Damages for Delinquent Payment	9
Section 4 Reports	9
Section 5 Audits	10
Section 6 Performance Guarantee	10
Section 7 Improvements and Alterations	11
Section 8 Liens	13
Section 9 Modification to Size of Demised Premises	14
Section 10 Ownership of Improvements	15
Section 11 Signs	15
Section 12 Maintenance and Repair of Demised Premises	16
Section 13 City's Right of Access and Inspection	17
Section 14 Insurance	17
Section 15 City Held Harmless	19
Section 16 Nondiscrimination and Equal Employment Practices/Affirmative Action Program	19
Section 17 Taxes, Permits and Licenses	21
Section 18 Assignments and Subleases	22
Section 19 Space Utilization	23
Section 20 Default	24
Section 21 Waiver	28
Section 22 Attorney's Fees	28
Section 23 Hazardous and Other Regulated Substances	28

Section 24	Airfield Security	30
Section 25	Business Tax Registration	31
Section 26	Laws, Rules, and Regulations	31
Section 27	Disabled Access	32
Section 28	Living Wage Ordinance and Service Contractor Worker Retention Ordinance	32
Section 29	Child Support Orders	34
Section 30	Visual Artists' Rights Act	35
Section 31	Condemnation	36
Section 32	Miscellaneous Provisions	38
Section 33	Other Agreements Not Affected	40
Section 34	Noise Abatement Procedures	40
Section 35	Contractor Responsibility Program	40
---	Signature Blocks	44

GROUND LEASE
BETWEEN THE CITY OF LOS ANGELES, DEPARTMENT OF AIRPORTS,
AND PHILIP A. GIBA, DOING BUSINESS AS PHILIP GIBA FARMS
AT PALMDALE REGIONAL AIRPORT

THIS GROUND LEASE is made and entered into this 25th day of June, 2003, by and between the CITY OF LOS ANGELES, acting by order of and through its Board of Airport Commissioners (hereinafter referred to as "Board") of the DEPARTMENT OF AIRPORTS (hereinafter referred to as "City"), and PHILIP A. GIBA, doing business as PHILIP GIBA FARMS (hereinafter referred to as "Lessee").

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. Description. The Demised Premises at Palmdale Regional Airport ("Airport") consist of approximately 200 acres (net) on the East side of the right-of-way of 50th Street East, between the prolongations of Avenues P and P-8, extending East approximately 3,300 feet.

The Demised Premises are shown and delineated on Airports' Engineer's Drawing No. 92026-84, a copy of which is attached hereto, marked Exhibit "A", and incorporated herein by reference.

The Demised Premises are located in Township 6 North, Range 11 West, San Bernardino Baseline and Meridian, and described as follows:

The Easterly 2,590 feet of the Northwest $\frac{1}{4}$, and the Westerly 710 feet of the Northeast $\frac{1}{4}$ of Section 22.

EXCEPT public street rights-of-way of record.

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 the Lease commences, except as modified in accordance with Article 2, Section 7 Improvements and Alterations, Article 2, Section 9 Modification to Size of Demised Premises, Article 2, Section 11 Signs, and Article 2, Section 12 Maintenance and Repair of Demised Premises or any other modifications made pursuant to this Lease, herein, ordinary wear

and tear excepted and except for any loss or damage from any cause not required to be repaired by Lessee under the terms and conditions of Article 2, Subsection 9.3.2.

Section 2. Term of Lease.

2.1. The Term of this Lease shall be five (5) years, commencing July 1, 2003, and terminating June 30, 2008.

Either party may terminate this Lease, without cause, upon the giving of one (1) years' advance, written notice to the other party.

Either party may terminate this Lease, with cause, upon the giving of ten (10) days' advance, written notice to the other party.

2.2. If Lessee remains in possession of all or any part of the Demised Premises after the expiration of the Term hereof, with or without the express or implied consent of City, such tenancy shall be from month-to-month only, and not a renewal hereof or an extension for any further term, and in such case, rent and other monetary sums due hereunder shall be payable in the amount and at the time specified in the Lease and such month-to-month tenancy shall be subject to every other provision, covenant and agreement contained herein. 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 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 Sub-section shall be construed as consent by City to any holdover by Lessee, and City expressly reserves the right to require Lessee to surrender possession of the Demised Premises to City as provided in this Lease upon the expiration or other termination of this Lease.

Section 3. Use of Demised Premises.

3.1. Authorized Uses. The use of the Demised Premises is limited to the following:

Agricultural Purposes, primarily for the cultivation of carrots, onions and potatoes, and related ancillary agricultural activities.

Subject to the Executive Director's approval, Lessee, at its sole cost and expense, is authorized to place on, and remove from, the Demised Premises and any designated off-premises well sites any of the following:

A. Shop and/or Storage Buildings or Sheds; and

B. Well pumps and equipment; irrigation pumps; distribution systems; pipes; and related equipment; fuel tanks; electrical power systems and equipment; fencing and gates; machinery, and other materials used in Lessee's cultivation operations.

Subject to the Executive Director's approval, Lessee, at its sole cost and expense, is authorized to drill new well(s) in the Demised Premises; and to repair existing well(s) and drill and construct new well(s) at designated off-premises well site(s). Ownership of any newly installed well casings and covering concrete caps or platforms shall revert to City upon termination of this Lease. Once installed, well casings shall not be removed or filled with concrete or other sealing material without the written authorization and approval of the Executive Director.

The Demised Premises may be used for commercial filming activities with the consent of the Executive Director.

3.2. Unauthorized Uses. Though not intended to be an exhaustive list, Lessee expressly acknowledges that the Demised Premises shall not be used for:

- Activities related to storage, servicing, maintenance or operation of aircraft.

3.3. Minimum Standards. Use of the Demised Premises will be subject to and Lessee agrees to comply fully with the minimum standards as adopted by the Board, which will be set forth on the Minimum Standards, Exhibit C, when adopted by the Board, and will be attached hereto and incorporated by reference herein.

3.4. Access to Demised Premises. Throughout the term of this Lease, Lessee, its agents, servants, employees, contractors, licensees and business invitees, 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 construction or Airport operational necessity.

Section 4. Payments to City.

4.1. Rent. The Monthly Rent shall be as set forth in the Payments, Exhibit B, as adjusted pursuant to the terms of this Lease. Lessee acknowledges that the Executive Director is authorized to replace the Payments, Exhibit B, to reflect rental adjustments, made pursuant to Article 1, Subsection 4.2 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 that Lessee accepts responsibility for payments based on 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 adjustments shall be applied retroactively to said effective date and Lessee shall be responsible for retroactive payment of any increased amounts due. Lessee shall be responsible for

payment of any and all amounts due to City by sublessees of this Lease, if any, unless the Executive Director specifically waives such responsibility.

4.2. Rental Adjustment. It is agreed that rent shall be adjusted July 1 of each year in accordance with the procedures provided hereinafter.

4.2.1 Annual Adjustment. Rentals shall be subject to automatic, annual rental adjustment. The adjustment shall be based upon an airport economic index established by the Executive Director's sole discretion and applicable to the Demised Premises and similarly situated premises at Airport. The airport economic index calculated most immediately preceding the adjustment date in question is the "Extension Index". The airport economic index calculated twelve months prior shall be called the "Beginning Index". The new rentals shall be set by multiplying the current rental by a fraction, the numerator of which is the Extension Index and the denominator of which is the Beginning Index.

4.2.2. 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 passes to City pursuant to the terms of this Lease or any other separate agreement or by operation of law.

4.2.3. 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.

4.2.4. It is agreed 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, 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, Lessee shall immediately pay to City that sum, if any, which has accrued as a result of such retroactive application. If a rental reduction occurs, City shall immediately credit Lessee's account that sum which has accrued as a result of such retroactive application.

4.2.5. 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.

4.3. Rent for Filming. If filming is authorized on the Demised Premises, or any part thereof, by the Executive Director, Lessee shall pay to the City twenty five percent (25%) of the filming proceeds as rent for the use of the Demised Premises for filming purposes.

Section 5. Utility Services.

5.1. All utilities, with the exception of water, shall be metered separately by Lessee and Lessee shall be required to install all meters and sub-meters. All charges for gas, heat, light, power, telephone, and any other utility service 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, shall be paid by Lessee. 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. Lessee also 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, telephone system, electrical supply system, or electrical apparatus or wires serving the Demised Premises.

5.2. Lessee, at its sole cost and expense, shall pump and distribute ground water for agricultural irrigation purposes from an existing well or new well(s) the Lessee may choose to construct and install on the Demised Premises or at designated off-premises well site(s).

The existing off-premises well site Lessee is authorized to use is Well No. 16J1, located on the west side of 50th Street East, approximately six hundred feet (600') south of Avenue O-8.

Lessee is responsible for monitoring conditions of all well and irrigation systems and making repairs, if needed, at no cost to City. Lessee is responsible for installing pumps and needed power systems at no cost to City. Lessee is permitted to install irrigation pipes and distribution system fixtures and equipment at no cost to City.

Lessee acknowledges that groundwater monitoring wells are currently located in the general vicinity of the Demised Premises and that future monitoring wells may be installed by one or more regulatory agencies at the expense of the agencies. Lessee agrees to permit installation of groundwater monitoring wells and conduct its operations in a manner so as to not interfere with groundwater monitoring activities.

Section 6. Living Wage Exemption. Notwithstanding any other provision in either Article I or Article II of this Lease, this Lease is exempt from the City of Los Angeles Living Wage Ordinance, in accordance with the City Administrative Officer's exemption, dated October 19, 1999, with respect to Palmdale Regional Airport agricultural and related ancillary use leases.

Section 7. Leasehold Maintenance and Expenses. Lessee is responsible for all expenses, including, but not limited to, possessory interest property taxes; utilities, installation, replacement, and repair of water supply wells and equipment; installation, replacement and repair of all irrigation systems and equipment; all fuel and utility costs to operate supply wells and irrigation systems; licenses; required permits; regulatory agency compliance, including correction or remediation of environmental conditions; and site restoration.

Section 8. Insurance. During the entire Term of this Lease, and at Lessee's sole cost and expense, Lessee shall obtain and keep in effect insurance of the types and in the amounts prescribed by City and furnish City with evidence of such insurance coverage for City's approval, in accordance with the Terms and Conditions of this Lease.

This provision is in addition to any provision on this subject which is found in Article 2 of this Lease.

Section 9. Hazardous Materials. Lessee is 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 government entities and/or court regarding the storage and handling of fertilizers, diesel fuel, pesticides, herbicides, lubricating oil and solvents, and/or other chemicals stored or used on site. This provision is in addition to any provision on this subject which is found in Article 2 of this Lease.

Section 10. Soil Conservation and Environmental Best Management Practices (BMPs). In conducting agricultural activities, Lessee and all Sublessees shall follow "Best Management Practices (BMPs)" recommendations from the Natural Resources Conservation Service of the U.S. Department of Agriculture and the California Water Quality Control Board, Lahontan Region. The Executive Director shall provide guidance and may specify BMPs to be followed in the event of differences between the Federal and State agencies.

This provision is in addition to any provision on this subject which is found in Article 2 of this Lease.

Section 11. Notices.

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

**Executive Director
Department of Airports
1 World Way
P.O. Box 92216
Los Angeles, CA 90009-2216**

**City Attorney
Department of Airports
1 World Way
P.O. Box 92216
Los Angeles, CA 90009-2216**

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

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

**Philip A. Giba
Philip Giba Farms
P.O. Box 10019
Lancaster, Ca 93584**

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

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

11.4. All such notices, except as otherwise provided herein, may either be delivered personally to the Executive Director or to the Office of the City Attorney, Airport Division, in the one case, or to Lessee in the other case, or may be deposited in the United States mail, properly addressed as aforesaid with postage fully prepaid by certified or registered mail, return receipt requested, and shall be effective five (5) days after deposit in the mail, or may be delivered by a nationally recognized overnight commercial courier service that requires the recipient's signature for delivery, and shall be effective one (1) business day after delivery to such courier.

**ARTICLE 2. STANDARD TERMS AND PROVISIONS
(Revised 02-07-03)**

Section 1. Limitations on Use of Demised Premises.

1.1. Lessee shall not use the Demised Premises, nor any portion thereof, for any purpose other than that hereinabove set forth in Article 1, without first having had and

*Philip Giba Farms - Ground Lease
200809.01
JLS*

obtained the written consent of the Executive Director, which consent may be withheld in the Executive Director's sole discretion, and which written consent is approved as to form by the City Attorney.

1.2. 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 except for claims or actions brought by third parties against Lessee arising from City's operation of Airport. [LEASE GUIDE, paragraph 5]¹

1.3. 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 the aforesaid covenant is breached, City reserves the right to enter upon the Demised Premises hereby leased and cause the abatement of such interference at the expense of Lessee. [LEASE GUIDE, paragraph 8]

1.4. 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.

1.5. 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 Executive Director.

1.6. 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 they may be modified from time to time at the sole discretion of the Executive Director. Lessee may not license or sublease to others the

¹ The paragraph references are to mandatory requirements contained in a document entitled, "LEASE AND USE AGREEMENT GUIDE," dated June 6, 1984, revised May 2001, published by the Federal Aviation Administration.

right to install or use antennae or other telecommunications equipment on the Demised Premises.

Section 2. Rental Payments.

2.1. **Delivery of Rental.** Rental shall be paid by Lessee to City on or before the first day of each calendar month of the term hereof. 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.

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

City of Los Angeles
Los Angeles World Airports
File 54989
Los Angeles, CA 90074-4989

2.3. City may designate an alternate address at any time upon giving Lessee a thirty (30) day advance, written notice. 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 3. Liquidated Damages for Delinquent Payment.

3.1. 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.

3.2. The liquidated damages for delinquent payments shall be twenty percent (20%) per annum on the balance of the unpaid monthly amount calculated from the date of the delinquency until the close of the business day upon which the delinquency payment is received by City. City may also draw such delinquent payments from the Performance Guarantee required pursuant to Article 2, Section 6 Performance Guarantee and continue assessing liquidated damages until the Performance Guarantee is replenished to the level required in Article 2, Section 6 Performance Guarantee.

Section 4. Reports.

4.1. 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 Airport's Chief Financial Officer 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 Financial Officer.

Section 5. Audits.

5.1. 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, and other charges paid and payable to City. City's right to access such records and information shall survive three (3) years beyond 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 seven years.

Section 6. Performance Guarantee.

6.1. Lessee shall furnish to City and maintain throughout the term of this Lease a Faithful Performance Guarantee 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. Such Guarantee shall be separate from any other Guarantee(s) required by City. The initial amount of said Guarantee shall be three (3) times the highest monthly rental prescribed herein.

6.2. If Lessee has previously provided such Guarantee to City and if, for any reason, Lessee's monthly monetary obligation to City is thereafter increased in excess of ten percent (10%), then the amount of Lessee's Guarantee shall, within thirty (30) days after receiving written notice from City, correspondingly be increased to a sum three (3) times the new amount.

6.3. If Lessee has previously provided such Guarantee to City and if, for any reason, Lessee's monthly monetary obligation to City is thereafter decreased in excess of ten percent (10%), then the amount of Lessee's Guarantee may be correspondingly decreased to a sum three (3) times the new amount thirty (30) days following written notice to City by Lessee.

6.4. Performance Guarantees 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. Performance Guarantees 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 subject to termination upon sixty (60) days written notice. All Performance Guarantees must be approved as to form by the City Attorney.

6.5. Lessee shall furnish such Guarantee in duplicate prior to lease commencement or within thirty (30) days following notice of adjustment of rental. If, for any reason, said Guarantee is not provided by Lessee and/or is not thereafter maintained in sufficient amount throughout the term hereof, City, subject to the notice requirements of Article 2, Subsection 20.1.2, 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 Guarantee following such expiration or earlier termination and satisfaction of all obligations to City. The Guarantee shall be submitted to:

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

Section 7. Improvements and Alterations.

7.1. By Lessee.

7.1.1. Prior to the construction of any improvements, Lessee shall submit to the Chief Airports Engineer for concept approval the preliminary plans and estimated construction cost for such improvements. Said approval, subject to the conditions set forth herein, shall be given in a reasonably timely manner. Upon approval by the Executive Director 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 Chief Airports Engineer's office for written approval by the Executive Director. The Executive Director'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 Executive Director'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 Executive Director's approval in writing. Upon completion of the improvements, 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.

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

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

7.1.4. 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 8 Liens (except when such improvement is constructed by City).

7.1.5. 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. [LEASE GUIDE, paragraph 6]

7.1.6. 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 Airport Engineer, 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. [LEASE GUIDE, paragraph 7]

7.2. By City.

7.2.1. 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. [LEASE GUIDE, paragraph 2]

7.2.2. 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. [LEASE GUIDE, paragraph 3]

7.2.3. 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 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 8. Liens.

8.1. 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 and attorney's fees, 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 9. Modification to Size of Demised Premises.

9.1. **Modification of Premises and Documents.** Addition or deletion of space, in any category, for which Lessee is charged, not to exceed a cumulative total of twenty percent (20%) of the actual square footage of same, may be made by mutual agreement of City and Lessee, except as otherwise provided pursuant to Article 2, Section 19 Space Utilization, if applicable. Such addition or deletion shall be by written amendment and shall specify appropriate adjustments in rental, charges, or credits, as applicable, and shall not require approval by Board. The Executive Director shall revise and replace the Payments, Exhibit B, as necessary.

9.2. **Relocation of Demised Premises Reimbursement for Improvements.** If City requires Lessee to relocate from Demised Premises to another reasonably comparable area, City shall reimburse Lessee for the unamortized cost of building improvements made by Lessee amortized on a straight-line basis over a period not to exceed the number of months between the date a certificate of occupancy for the improvements is issued by a responsible building inspector of City and the expiration of this Lease. Costs of said improvements must be identified in the construction report specified in Article 2, Subsection 7.1.3 of this Lease and be determined in the sole discretion of the Executive Director to constitute reasonable and permanent improvements to the Demised Premises. Said reimbursement shall only be applicable if Lessee has constructed building improvements authorized by City during the term of this Lease and absent reimbursement conditions to the contrary in the City's construction approval letter.

9.3. Damage to or Destruction of Improvements.

9.3.1. 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 14 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.

9.3.2. 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 10. Ownership of Improvements.

10.1. 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, however, City requests Lessee to remove some or all of said structures, improvements, facilities, or alterations, in which case Lessee shall promptly remove said items at Lessee's sole cost and expense. 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.

10.2. 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.

10.3. 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 11. Signs.

11.1. 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

Executive Director 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 Executive Director. The Executive Director'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.

11.2. 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.

11.3. In addition, Lessee's ticket counter, ticket lifts, and podiums, if any, shall be free of all advertising, signs, credit card application dispensing units, posters, and banners, including, but not necessarily limited to, those showing Lessee's name, destinations, rates, rent-a-car arrangements, or other services. Noncompliance by Lessee with this provision shall result in City's right to immediately remove said unauthorized signs, advertising, or other written materials and to store same at Lessee's expense. City may dispose of said signs, advertising, or other written materials if Lessee has not paid City's expenses for removal and storage and claimed said signs, advertising, or other written materials within fifteen (15) calendar days after City has provided written removal notice.

Section 12. Maintenance and Repair of Demised Premises.

12.1. Except as otherwise expressly stated in this Lease, Lessee, solely at its own cost and expense, shall:

12.1.1. Maintain and repair the Demised Premises in good and safe condition, in compliance with all requirements of law and in accordance with the Maintenance, Exhibit D, attached hereto and incorporated by reference herein; and

12.1.2. 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.

12.2. 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 number of calendar days Lessee shall have to complete the work as prescribed in the Notice. The period of "calendar days" in said Notice shall commence ten (10) days following City's deposit of said Notice in the mail. In addition, a copy of the "Notice to Cure" shall be posted on the Demised Premises in a conspicuous place.

12.3. If, in the opinion of the Executive Director, 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.

12.4. If the work prescribed in the "Notice to Cure" is not completed by Lessee in a manner reasonably satisfactory to the Executive Director, 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 12.3, 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 Executive Director, 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 13. City's Right of Access and Inspection.

13.1. 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 14. Insurance.

14.1. 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.

14.2. 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."

14.3. All such insurance shall be primary and noncontributing with any other insurance held by City's 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 Executive Director based upon the nature of Lessee's operations and the type of insurance involved.

14.4. 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.

14.5. 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.

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

14.7. 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 Executive Director who may, thereafter, require Lessee, on thirty (30) days prior, written notice, to adjust the amounts of insurance coverage to whatever reasonable amount said Executive Director deems to be adequate.

14.8. 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 15. City Held Harmless.

15.1. In addition to the requirements of Article 2, Section 14 Insurance herein, Lessee shall indemnify, defend, keep, and hold City, including Board, and City's officers, agents, servants, and employees, harmless from any and all costs, liability, damage, or expense (including costs of suit and fees and reasonable expenses of legal services) claimed by anyone by reason of injury to or death of persons, including Lessee, or damage to or destruction of property, including property of Lessee, sustained in, on, or about the Demised Premises, or arising out of Lessee's use or occupancy thereof, Lessee's use or occupancy of any other area of Airport, or arising out of the acts or omissions of Lessee, its agents, servants, or employees acting within the scope of their agency or employment.

**Section 16. Nondiscrimination and Equal Employment Practices/
Affirmative Action Program.**

16.1. Federal Non-Discrimination Provisions.

16.1.1. The Lessee for himself, his heirs, 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 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. (LEASE GUIDE, Paragraph 1).

16.1.2. The Lessee for himself, his 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. (LEASE GUIDE, Paragraph 1).

16.1.3. 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. [LEASE GUIDE, paragraph 1]

16.1.4. 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. [LEASE GUIDE, paragraph 11]

16.1.5. Lessee agrees that it shall insert the provisions found in Subsections 16.1.3 and 16.1.4 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.

16.2. Municipal Non-Discrimination Provisions.

16.2.1. **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 tenants, subtenants, 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 16.2.

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

16.2.3. **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.

16.2.4. **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 17. Taxes, Permits and Licenses.

17.1. 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.

17.2. 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.

17.3. 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.

17.4. 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 18. Assignments and Subleases.

18.1. 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 Executive Director, 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 Executive Director. Any attempts to transfer, assign, or sublease without the consent required by this Section shall be void and shall transfer no rights to the Demised Premises. Consent to one assignment, subletting, or use, or occupation shall not be deemed to be a consent to any subsequent assignment, subletting, occupation, or use. This Lease shall not, nor shall any interest therein, be assignable as to the interest of Lessee by operation of law without the prior written consent of Board.

18.2. 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 and the prospective subtenant 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 subtenant(s)/assignee(s) to Lessee and/or which describe the acts or services to be performed by or for the subtenant(s)/assignee(s) in connection with the use of the space covered by this Lease. Lessee shall promptly advise City of early termination of assignments or subleases.

18.3. 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.

18.4. In the case of a sublease requiring consent by the Executive Director to a change of use of the Demised Premises, it shall not be deemed to be an unreasonable restraint by the City, as a condition to the Consent to Sublease, for City to require that Lessee pay to City a percentage, to be negotiated, 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.

18.5. (This Subsection applies to LAX, PMD and ONT air carriers only.) Charges to airline sublessees for passenger terminal and cargo premises shall be no greater than the sum of (1) Lessee's tenant's proportionate allocation to sublessee of rents and charges payable to City; (2) capital, operating and maintenance costs directly or proportionately allocable to the sublessee; and (3) an administrative fee of up to fifteen percent of such costs. Sublessee's option to select a ground handler shall not be unreasonably limited by Lessee, provided the ground handler is authorized by City to conduct business at the Airport.

Section 19. Space Utilization. (This Section applies to lessees who are federally certificated air carriers only)

19.1. **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 Executive Director. 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.

19.2. **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 Executive Director. 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 Executive Director increased utilization within such designated period, the Executive Director 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.

19.3. **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 20. Default.

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

20.1.1. 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;

20.1.2. 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 Executive Director 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;

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

20.1.4. 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;

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

20.1.6. 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.

20.2. Lessors 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:

20.2.1. 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, City may recover from Lessee the aggregate sum of:

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

20.2.1.2. 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;

20.2.1.3. 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;

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

20.2.1.5. 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.

20.2.1.6. As used in Subsections 20.2.1.1. and 20.2.1.2. of this Section, the "worth at the time of award" is computed by allowing interest at the rate of ten percent (10%) per annum. As used in Subsection 20.2.1.3 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.

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

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

20.2.2.2. 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.

20.2.3. 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. Landlord may store the property removed from the Demised Premises at the expense and for the account of Lessee.

20.2.4. 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.

20.2.5. 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.

20.2.6. 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.

20.2.7. 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.

20.2.8. 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.

20.3. **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.

20.4. **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 21. Waiver.

21.1. 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 22. Attorney's Fees.

22.1. 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 23. Hazardous and Other Regulated Substances.

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

23.1.1. 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

23.1.2. 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

23.1.3. 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

23.1.4. 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

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

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

23.2. 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.

23.3. Except for conditions existing prior to the original occupancy of the Demised Premises by Lessee or Lessee's predecessors in interest, in the case of any hazardous substance spill, leak, discharge, release or improper storage on the Demised Premises or contamination of the Demised Premises by any person, Lessee agrees to

make or cause to be made any necessary repairs or corrective actions as well as to clean up and remove any spill, leakage, discharge, release or contamination. In the case of any hazardous substance spill, leak, discharge, release or contamination by Lessee or its employees, servants, agents, contractors, or subcontractors on Lessee's Premises or as may be discharged or released in, on or under adjacent property which affects other property of City or its tenants, 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.

23.4. 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 and/or clean up, at the sole option of the Executive Director, 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 Executive Director.

23.5. Lessee's Provision to City of Environmental Documents. 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.

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

Section 24. Airfield Security.

24.1. 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, that are 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 Executive Director 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.

24.2. 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 Bureau 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.

24.3. 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.

24.4. 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 25. Business Tax Registration.

25.1. 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 26. Laws, Rules, and Regulations.

26.1. 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 government authority.

26.2. 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 Executive Director which are now in force or which may be hereafter adopted by the Board of Airport Commissioners and/or the Executive Director with respect to the operation of Airport.

26.3. 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, ordinances, statutes, laws, orders, directives and or conditions.

Section 27. Disabled Access.

27.1. 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.

27.2. Should Lessee fail to comply with Subsection 27.1, 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 28. Living Wage Ordinance and Service Contractor Worker Retention Ordinances.

28.1. Living Wage Ordinance.

28.1.1. 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 tenants or licensees 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 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.

28.1.2. 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.

28.1.3. 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.

28.1.4 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.

28.2. 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 29. Child Support Orders.

29.1. 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 and the

Declaration Compliance Form have 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) certify that the principal owner(s) of Lessee and applicable subcontractors are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230, et seq.; and (4) maintain 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 30. Visual Artists' Rights Act.

30.1. 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 Executive Director and approved as to form and legality by the City Attorney's Office, from the artist. Said waiver shall be in full compliance with VARA and shall name City as a party for which the waiver applies.

30.2. 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 Executive Director. 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 Executive Director, upon three (3) days written notice, all costs, expenses, and liability therefor to be borne exclusively by Lessee.

30.3. 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.

30.4. 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 31. Condemnation. The parties hereby agree that:

31.1. 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.

31.2. **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 31.2, Lessee shall give City thirty (30) days prior written notice of the effective date of said termination.

31.2.1. 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.

31.2.2. 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.

31.2.3. Except as provided for in Article 2, Section 10, Ownership of Improvements hereof, should Lessee terminate this Lease pursuant to this Section 31, 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.

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

31.3.1. If this Lease is terminated pursuant to Subsection 31.2 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.

31.3.2. 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.

31.4. **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 31.5 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.

31.5. **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 7, Improvements and Alterations, of this Lease.

31.5.1. 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.

31.6. 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 32. Miscellaneous Provisions.

32.1. 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.

32.2. 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.

32.3. 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.

32.4. 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.

32.5. 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.

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

32.7. 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.

32.8. **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)]. [LEASE GUIDE, paragraph 9]

32.9. **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. [LEASE GUIDE, paragraph 4]

32.10. **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. [LEASE GUIDE, paragraph 10]

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

32.12. **Integration Clause.** 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, and that no oral understanding or agreement, not incorporated herein in writing, shall be binding on any of the parties hereto.

32.13. **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 a period of time equal to the number of days on or during which such party is prevented from, or is unreasonably interfered with, the doing or completion of such act, matter or thing because of strikes, lockouts, embargoes, unavailability of services, labor or materials, disruption of service or brownouts from utilities not due to action or inaction of City, wars, insurrections, rebellions, civil disorder, declaration of national emergencies, acts of God, or other causes beyond such party's reasonable control (financial inability excepted) ("Force Majeure"); 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.

32.14. **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.

32.15. 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.

32.16. 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.

32.17 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.

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

32.19. 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.

32.20 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

Section 33. Other Agreements Not Affected.

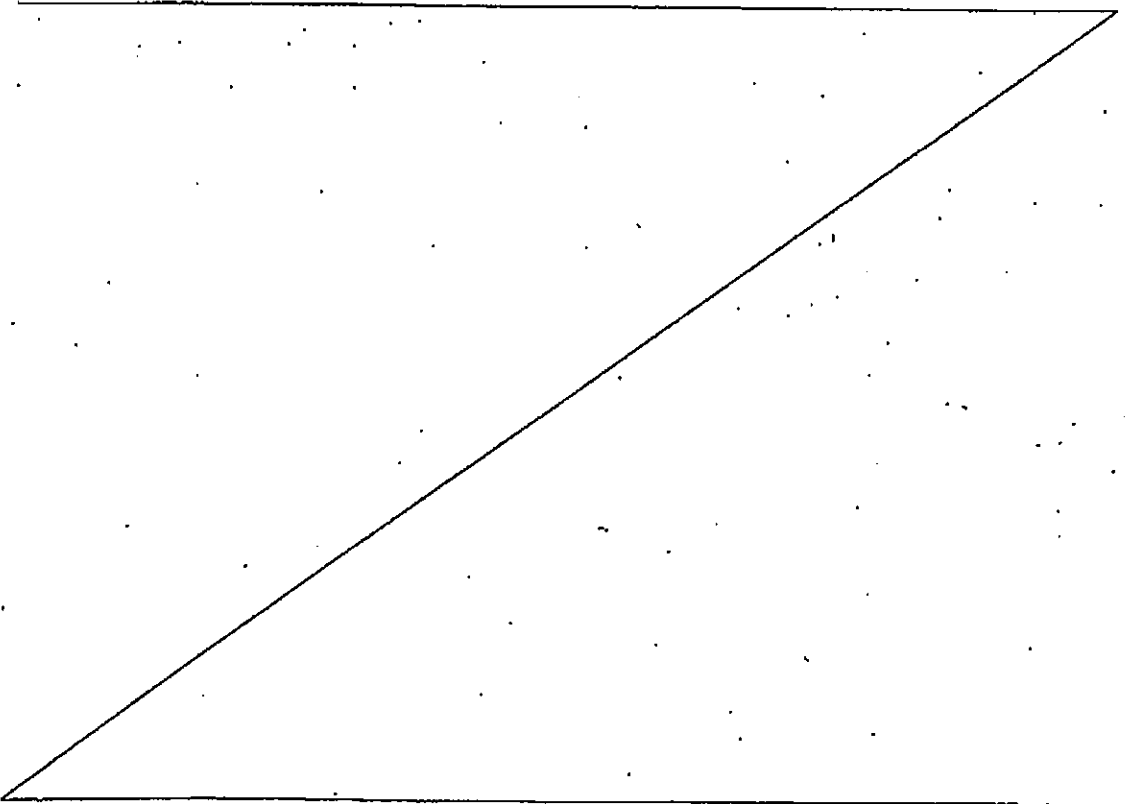
33.1. Except as specifically stated herein, this Lease, and the terms, conditions, provisions and covenants hereof, shall apply only to the Demised Premises herein particularly described and shall not in any way change, amend, modify, alter, enlarge, impair, or prejudice any of the rights, privileges, 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 34. Noise Abatement Procedures (applicable to LAX air carriers only).

34.1. 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 35. Contractor Responsibility Program

35.1. 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 K and incorporated herein by reference.



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.

CITY OF LOS ANGELES

By [Signature]
Executive Director
Department of Airports

APPROVED AS TO FORM:
Rockard J. Delgadillo, City Attorney

Date: JUNE 27, 2003

By: [Signature]
Deputy/Assistant City Attorney

Witness
ATTEST:

By [Signature]
~~Secretary~~ (Signature) Controller

Loe R. McCracken
Print Title

PHILIP A. GIBA doing business as
PHILIP GIBA FARMS

By [Signature]
Signature

PHILIP GIBA
Print Name

OWNER
Print Title

[SEAL]

EXHIBITS

- A DRAWING
- B PAYMENTS
- C MINIMUM STANDARDS (to be provided)
- D MAINTENANCE (to be provided)
- E REQUIRED INSURANCE
- F EQUAL EMPLOYMENT
- G AFFIRMATIVE ACTION
- H LIVING WAGE ORDINANCE
- I WORKER RETENTION ORDINANCE
- J CHILD SUPPORT ORDERS ORDINANCE
- K CONTRACTOR RESPONSIBILITY

EXHIBIT "B"

PAYMENTS

Rental, fees and other charges effective upon the commencement of Lease:*

	Monthly Rental
<u>Base Rent: (Year 1)</u>	
199.9805 acres @ \$120 per acre per year is \$ 23, 997.66/12	= \$ 1,999.81

* Notes:

The base rental rate, as set forth in this Exhibit B, is subject to annual inflation adjustment pursuant to the terms of the lease.

Acreage designated in advance to lie fallow shall have the rental rate reduced to 50% of the production rental rate for that year. Lessee may not designate more than the total acreage of the Demised Premises to lie fallow during the five-year period.

0.0

EXHIBIT B

MINIMUM STANDARDS

(To be Provided)

EXHIBIT C

MAINTENANCE

(To be Provided)

EXHIBIT D

00

INSURANCE REQUIREMENTS FOR LOS ANGELES WORLD AIRPORTS

NAME: City of Los Angeles Department of Airports and Philip Giba Farms
 AGREEMENT/ACTIVITY: Lease - 200 acres for agricultural purposes at PMD
 TERM: Five years commencing on July 1, 2003

The insured must maintain insurance coverage at limits normally required of its type operation; however, the following coverage noted with an "X" are the minimum required and must be at least the level of the Combined Single Limits Indicated.

	<u>LIMITS</u>
<p><input checked="" type="checkbox"/> Workers' Compensation (Statutory)/Employer's Liability</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Broad Form All States Endorsement</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Voluntary Compensation Endorsement</p> <p style="margin-left: 20px;"><input type="checkbox"/> Longshoremen's and Harbor Workers' Compensation Act Endorsement</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Waiver of Subrogation</p>	<p><u>Statutory</u></p>
<input checked="" type="checkbox"/> Automobile Liability - covering owned, non-owned & hired auto	\$1,000,000 CSL
<input checked="" type="checkbox"/> Aviation/Airport Liability	\$1,000,000 CSL
<u>OR</u>	
<input checked="" type="checkbox"/> General Liability Comprehensive Form, including the following coverages:	\$1,000,000 CSL
<p><input checked="" type="checkbox"/> Premises and Operations</p> <p><input checked="" type="checkbox"/> Contractual (Blanket/Schedule)</p> <p><input checked="" type="checkbox"/> Independent Contractors</p> <p><input checked="" type="checkbox"/> Personal Injury</p> <p><input type="checkbox"/> Hangarkeepers Legal Liab. (required when aircraft ground handling services are provided)</p> <p><input checked="" type="checkbox"/> Products/Completed Operations</p>	
<input checked="" type="checkbox"/> Property Insurance	<u>Value of Improvements</u>
<p>90% Co-Ins. () Actual Cash Value (X) Replacement Value () Agreed Amt.</p> <p><input checked="" type="checkbox"/> Covering tenant improvements, w/waiver of subrogation (Department does not insure tenant improvements).</p> <p><input type="checkbox"/> (**) Covering building structure</p> <p><input checked="" type="checkbox"/> All Risk Coverages</p> <p><input checked="" type="checkbox"/> Fire & Extended Coverage, including sprinkler leakage</p> <p><input checked="" type="checkbox"/> Vandalism and Malicious Mischief</p> <p><input checked="" type="checkbox"/> Debris Removal</p>	
<input type="checkbox"/> Builder's Risk Insurance - (All Risk Coverage)	<u>Value of Improvements</u>
<input type="checkbox"/> Coverage for Hazardous Substances	<p>Sudden Occurrence \$ ***</p> <p>Non-sudden Occurrence \$ ***</p>

Comments: * If exposure exists, coverage is required.
 ** Required if property or building ultimately revert to City.
 *** Must meet Federal and/or State requirements.

INSURANCE COMPANIES WHICH DO NOT HAVE A BEST RATING OF B OR BETTER, AND HAVE A MINIMUM FINANCIAL SIZE OF AT LEAST 4, MUST BE REVIEWED FOR ACCEPTABILITY BY THE EXECUTIVE DIRECTOR.

PLEASE RETURN THIS FORM WITH EVIDENCE OF INSURANCE

LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 1

EQUAL EMPLOYMENT

Sec. 10.8.3. Equal Employment Practices Provisions.

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

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

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

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

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

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

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

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

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

182757.01
MSS

EQUAL EMPLOYMENT

EXHIBIT F

LAWA-VH DECL-0196

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

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

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

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

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

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

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

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

SECTION HISTORY

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

LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 1

AFFIRMATIVE ACTION

Sec. 10.8.4. Affirmative Action Program Provisions.

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

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

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

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

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

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

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

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

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

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

182750.01
MSS

AFFIRMATIVE
ACTION

EXHIBIT G

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION HISTORY

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

CITY OF LOS ANGELES
 Office of the City Administrative Officer
 Contractor Enforcement Section
 200 North Main Street, Room 606
 Los Angeles, CA 90012
 Phone: (213) 485-3514 – Fax: (213) 473-8891

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

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

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

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

- (a) To pay covered employees a wage no less than the minimum initial compensation of \$8.27 per hour (adjusted July 1, 2002) with health benefits, as referred to in (c) below, or otherwise \$9.52 per hour (adjusted July 1, 2002), pursuant to Section 10.37.2(a). Such rates shall be adjusted annually and shall become effective July 1.
- (b) To provide at least 12 compensated days off per year for sick leave, vacation or personal necessity at the employee's request, and at least 10 additional days per year of uncompensated time off pursuant to Section 10.37.2(b) and Regulation 4(e)(3);
- (c) Where so elected under (a) above, to pay at least \$1.25 per hour per employee toward the provision of health benefits for the employees and their dependents pursuant to Section 10.37.3;
- (d) To inform employees making less than \$12 per hour of their possible right to the federal Earned Income Tax Credit (EITC) and make available the forms required to secure advance EITC payments from the employer pursuant to Section 10.37.4;
- (e) To permit access to work sites for authorized City representatives to review the operation, payroll and related documents, and to provide certified copies of the relevant records upon request by the City; and,
- (f) Not to retaliate against any employee claiming non-compliance with the provisions of these Ordinances and to comply with federal law prohibiting retaliation for union organizing.

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

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

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

LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 11

LIVING WAGE ORDINANCE

Sec. 10.37 Legislative Findings.

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

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

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

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

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

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

LIVING WAGE
ORDINANCE

EXHIBIT F

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

SECTION HISTORY

*Article and Section Added by Ord. No. 171,547, Eff. 3-5-97.
Amended by In Emergency Ord. No. 172,336, Eff. 1-14-99.*

Sec. 10.37.1 Definitions.

The following definitions shall apply throughout this article:

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

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

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

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

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

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

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

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

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

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

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

(i) "Public lease or license."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION HISTORY

*Article and Section Added by Ord. No. 171,547, Eff. 5-5-97
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99,
Amended by Subsec. (a), (d), (f), (g), (h), (i), Ord. No. 173,747, Eff. 1-03-01.*

Sec. 10.37.2 Payment of Minimum Compensation to Employees.

(a) Wages

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

(b) Compensated days off

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

SECTION HISTORY

*Article and Section Added by Ord. No. 171,547, Eff. 5-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.
Amended by: Subsec. (a), Ord. No. 173,747, Eff. 1-03-01.*

Sec. 10.37.3 Health Benefits.

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

4

LIVING WAGE
ORDINANCE
EXHIBIT H

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

SECTION HISTORY

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

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

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

SECTION HISTORY

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

Sec. 10.37.5 Retaliation Prohibited.

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

SECTION HISTORY

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

Sec. 10.37.6 Enforcement.

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

appropriate, against an employer and may be awarded:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION HISTORY

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

*Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.
Amended by: Subsec 1(i)(1) Ord. No. 173-47, Eff. 1-03-01.*

Sec. 10.37.7 Administration.

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

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

SECTION HISTORY

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

LIVING WAGE
ORDINANCE
EXHIBIT H

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

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

SECTION HISTORY

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

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

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

SECTION HISTORY

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

Sec. 10.37.10 Expenditures Covered.

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

SECTION HISTORY

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

Sec. 10.37.11 Timing of Application.

(a) Original 1997 ordinance.

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

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

(b) 1998 amendment.

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

(c) 2000 amendment.

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

SECTION HISTORY

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

Sec. 10.37.12 Supersession by Collective Bargaining Agreement.

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

SECTION HISTORY

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

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

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

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

SECTION HISTORY

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

Sec. 10.37.1- Severability

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

SECTION HISTORY

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

LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 10

SERVICE CONTRACTOR WORKER RETENTION ORDINANCE

Sec. 10.36 Findings and Statement of Policy.

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

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

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

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

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

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

SECTION HISTORY

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

Sec. 10.36.1. Definitions.

The following definitions shall apply throughout this article:

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

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

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

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

SCWRO
EXHIBIT I

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

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

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

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

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

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

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

SECTION HISTORY

*Added by Ord. No. 170,784, Eff. 1-13-96.
Amended by: Ord. No. 171,004, Eff. 5-18-96, Subsec. 1; Ord. No. 172,843, Eff. 11-4-99*

Sec. 10.36.2. Transition Employment Period.

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

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

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

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

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

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

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

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

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

SECTION HISTORY

*Added by Ord. No. 170.784, Eff. 1-13-96.
Amended By: Ord. No. 171.004, Eff. 5-18-96; Subsec. (g) Added
Ord. No. 172.349, Eff. 1-29-99.*

Sec. 10.36.3. Enforcement.

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

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

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

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

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

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

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

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

SECTION HISTORY

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

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

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

SECTION HISTORY

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

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

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

SECTION HISTORY

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

Sec. 10.36.6. Expenditures Covered by this Article.

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

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

SECTION HISTORY

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

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

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

SECTION HISTORY

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

Sec. 10.36.8. Promulgation of Implementing Rules.

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

SECTION HISTORY

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

SCWRO

EXHIBIT I

Sec. 10.36.9. Severability.

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

SECTION HISTORY

Added by Ord. No. 171.004, Eff. 5-18-96.

LOS ANGELES ADMINISTRATIVE CODE

Div. 10, Ch. 1, Art. 1

CHILD SUPPORT

Sec. 10.10. Child Support Assignment Orders.

a. Definitions.

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

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

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

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

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

b. Mandatory Contract Provisions.

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

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

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

c. Notice to Bidders.

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

d. Current Contractor Compliance.

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

e. City's Compliance with California Family Code.

CHILD SUPPORT

EXHIBIT J

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

f. Report of Employees' Names to District Attorney.

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

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

SECTION HISTORY

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

City of Los Angeles

CERTIFICATION OF COMPLIANCE WITH CHILD SUPPORT OBLIGATIONS

This Document must be returned with the Contract/Lease/Agreement

The undersigned hereby agrees that _____ will:
(Name of Business)

1. Fully comply with all applicable State and Federal reporting requirements for its employees.
2. Fully comply with and implement all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment.
3. Certify that the principal owner(s) of the business are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally.
4. Certify that the business will maintain such compliance throughout the term of the contract.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 12
day of June, 2003 at Saneraton, CA CA
City/County State

Philip Silva Forme, 444 West Ave. H-6, Saneraton, Ca 93534
Name of Business Address

[Signature] LON R. McCracken
Signature of Authorized Representative Print Name

Controller 661-948-6001
Title Telephone Number

LOS ANGELES WORLD AIRPORTS



CONTRACTOR RESPONSIBILITY PROGRAM

RULES AND REGULATIONS

Effective date: May 20, 2002

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

EXHIBIT K

LAWA-VH DECL-0218

CONTENTS

A.	DEFINITIONS.....	2
B.	SUBMISSION OF CRP QUESTIONNAIRES	3
C.	LAWA REVIEW OF SUBMITTED CRP QUESTIONNAIRES	4
D.	AWARD AND EXECUTION OF CONTRACTS	5
E.	CONTRACT AMENDMENTS	7
F.	CONTRACTOR NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION	7
G.	LAWA INVESTIGATION.....	9
H.	VIOLATIONS OF THE CRP OR ITS RULES AND REGULATIONS	10
I.	NON-RESPONSIBILITY HEARING.....	11
J.	NON-RESPONSIBILITY SANCTIONS	12
K.	EXEMPTIONS.....	12
L.	EFFECTIVE DATE OF CRP RULES AND REGULATIONS	13
M.	CONSISTENCY WITH FEDERAL AND STATE LAW.....	13
N.	SEVERABILITY.....	13

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

A. DEFINITIONS

1. **Adoption of CRP definitions:** For purposes of these Rules and Regulations, the definitions set forth in the Board Resolution are incorporated herein by reference, and include the following:
 - a. Board
 - b. Executive Director
 - c. Los Angeles World Airports (LAWA)
 - d. "Contract" means any agreement for the performance of any work or service, the provisions of any goods, equipment, materials or supplies, or the rendition of any service to LAWA or to the public or the grant of a public lease, which is awarded or entered into by or on behalf of LAWA. For the purposes of the CRP and these Rules and Regulations, a permit is not a contract.
 - e. Contractor
 - f. Subcontractor
 - g. Bidder
 - h. Bid
 - i. Invitation for Bid
 - j. Public Lease
2. **New Definitions**
 - a. "CRP Questionnaire" means the set of questions developed by Procurement Services Division (PSD) that will assist LAWA in determining a bidder or contractor's responsibility. Information solicited from the CRP Questionnaire may include but is not limited to: ownership and name changes, financial resources and responsibility, satisfactory performance of other contracts, satisfactory record of compliance with relevant laws and regulations, and satisfactory record of business integrity. PSD may amend the CRP Questionnaire from time to time.
 - b. "CRP Pledge of Compliance" means the CRP Pledge developed by the PSD. The CRP Rules and Regulations may be updated from time to time by the PSD. The CRP Pledge shall require contractors to sign under penalty of perjury that the contractor will:

- (1) Comply with all applicable Federal, State, and local laws and regulations during the performance of the contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.
- (2) Notify LAWA within 30 calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the contractor did not comply with subparagraph 2(b)(1) above in the performance of the contract.
- (3) Notify LAWA within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the contractor has violated subparagraph 2(b) (1) above in the performance of the contract.
- (4) Provide LAWA within thirty (30) calendar days updated responses to the CRP Questionnaire if any change occurs which would change any response contained within the completed CRP Questionnaire. Note: This provision does not apply to amendments of contracts not subject to the CRP and to subcontractors not required to submit a Questionnaire.
- (5) Ensure that subcontractors working on the LAWA contract shall complete, sign and submit a CRP Pledge of Compliance attesting under penalty of perjury to compliance with paragraphs 2(b)(1) through (3).
- (6) Notify LAWA within thirty (30) days of becoming aware of an investigation, violation or finding of any applicable Federal, State, or local law involving the subcontractors in the performance of a LAWA contract.
- (7) Cooperate fully with LAWA during an investigation and to respond to request(s) for information within ten (10) working days from the date of the Notice to Respond.

B. SUBMISSION OF CRP QUESTIONNAIRES

1. **Issuance of Invitation for Bids (IFB):** These include Request for Bids (RFB), Request for Proposals (RFP), and Request for Qualifications (RFQ). Unless otherwise exempt from the CRP, if a proposed contract meets the definition of a contract subject to the CRP as defined in the Resolution and these Rules and Regulations, LAWA shall include in the IFB:
 - a. Language informing potential bidders of the CRP;
 - b. The CRP Questionnaire that bidders submit with their bid; and
 - c. The CRP Pledge of Compliance that bidders submit with their bid.

2. Submission of CRP Questionnaires with Bids:

- a. All bid and proposal submissions are required to contain a completed and signed CRP Questionnaire and a signed CRP Pledge of Compliance.
 - b. Failure to submit a CRP Questionnaire and a CRP Pledge of Compliance in accordance with the IFB procedures may make the bidder non-responsive and disqualified from the bidding process.
 - c. Submitted CRP Questionnaires and CRP Pledge of Compliance become public records, and information contained therein will be available for public review, except to the extent that such information is exempt from disclosure pursuant to applicable law.
- 3. Use of a non-competitive process to procure the proposed contract:** If a non-competitive process is used by LAWA Divisions to procure the proposed contract, the proposed contractor is required to submit the completed CRP Questionnaire and a signed CRP Pledge of Compliance to LAWA for determination of contractor responsibility prior to execution of the contract.
- 4. Subcontractors List:** The list of subcontractors shall be submitted with the bid and will be made available for public review along with the bidder's Questionnaire.

C. LAWA REVIEW OF SUBMITTED CRP QUESTIONNAIRES

- 1. Departmental Review of submitted bids:** As part of the determination of a bidder's responsiveness, PSD will review the bid submissions to determine whether a completed CRP Questionnaire, signed under penalty of perjury, has been included with the bid. If a completed Questionnaire has not been included with the bid as required by the IFB procedures, the bidder may be deemed to be non-responsive and may be disqualified from the bidding process.
- 2. Posting of CRP Questionnaires and Subcontractor List:** Requesting Divisions will forward to PSD the completed CRP Questionnaires and subcontractor list(s), if any, submitted by the responsive bidders to make available for public review as follows:
 - a. If a contract is to be awarded pursuant to a competitive RFB, the CRP Questionnaires for the three lowest responsive bidders and their list of proposed subcontractors, if any, will be forwarded to PSD to make them available for public review for a minimum period of 14 calendar days.
 - b. If a contract is to be awarded pursuant to a RFP or RFQ and award is not based on the lowest submitted bid price, the CRP Questionnaires for the short-listed proposers and their list of proposed subcontractors, if any, will be forwarded to PSD to make them available for public review for a minimum period of 14 calendar days. If no short-listing procedure is used, the CRP Questionnaire for the prospective contractor shall be made available for public review for a minimum period of 14 calendar days.

- c. If a contract is to be awarded to a Sole Source, the CRP Questionnaire for the proposed contractor and their list of proposed subcontractors, if any, will be forwarded to PSD to make it available for public review for a period of 14 calendar days.
- d. No contract shall be awarded to any bidder until at least 14 calendar days after the CRP Questionnaire has been made available for public review.
- e. The CRP Questionnaire of the bidder/proposer awarded the contract will be retained by the Requesting Division as part of the contract file. The CRP Questionnaires for the bidders/proposers not awarded the contract will be retained in the customary manner by the Requesting Division.

3. Claims Resulting from Public Review

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

D. AWARD AND EXECUTION OF CONTRACTS

1. Departmental Determination of Responsibility and Award of Contract

- a. PSD shall determine whether a bidder/contractor is a responsible bidder/contractor with the necessary quality, fitness and capacity to perform the work set forth in the proposed contract by considering the following:
 - (1) Information contained in the CRP Questionnaire;
 - (2) Information and documentation from PSD's own investigation; and

(3) Information that may be available from any compliance or regulatory governmental agency.

b. Board may award and Executive Director may execute a contract with a bidder/contractor only if:

(1) The bidder/contractor's CRP Questionnaire has been made available for public review for at least 14 calendar days unless otherwise exempted from the posting requirement by the CRP;

(2) The bidder/contractor is not being investigated pursuant to the CRP;

(3) The bidder/contractor has not been found to be a non-responsible bidder/contractor pursuant to the CRP;

(4) The bidder/contractor does not appear on any City list of debarred bidders or contractors; and

(5) The bidder/contractor has met all other applicable City requirements.

2. Submission of Pledge of Compliance

a. Unless otherwise exempt from the CRP, all bid/proposal submissions are required to contain a Pledge of Compliance with the CRP signed under penalty of perjury. Failure to submit a CRP Pledge of Compliance with the bid may make the bidder non-responsive and disqualified from the bidding process.

b. Within 10 calendar days of execution of a contract, the contractor shall submit to LAWA a signed CRP Pledge of Compliance from each subcontractor listed as performing work on the contract.

3. Subcontractor Responsibility

a. Contractors shall ensure that their subcontractors meet the criteria for responsibility set forth in the CRP and these Rules and Regulations unless the subcontract is not subject to the CRP.

b. Contractors shall ensure that subcontractors working on the LAWA agreement shall complete and submit a signed CRP Pledge of Compliance.

c. Contractors shall not use in any capacity any subcontractor that has been determined or found to be a non-responsible contractor by LAWA or the City.

d. Subject to approval by the Requesting Division, contractors may substitute a non-responsible subcontractor with another subcontractor with no changes in bid amounts.

4. Execution of Contracts

a. Unless exempt from the CRP, all contracts shall contain language obligating the contractor to comply with the CRP.

b. No contract may be executed unless:

- (1) The proposed contractor has submitted a signed Pledge of Compliance with the CRP.
- (2) The proposed contractor's CRP Questionnaire, unless otherwise exempt, has been made available for public review for at least 14 calendar days.

E. CONTRACT AMENDMENTS

1. Compliance with the CRP, except for the requirement to submit a CRP Questionnaire, is required in contract amendments if the initial contract was not subject to the CRP, but the total term and amount of the contract, inclusive of all amendments, would make the contract subject to the CRP.
 - a. A contractor subject to the CRP because of an amendment shall submit a CRP Pledge of Compliance to LAWA before the contract amendment can be executed.
 - b. Unless exempt from the CRP, all contract amendments shall contain contract language obligating the contractor to comply with the CRP.

F. CONTRACTOR NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION

1. Notification of Investigations: Contractors shall:
 - a. Notify LAWA within 30 calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the contractor did not comply with any applicable Federal, State, or local law in the performance of the LAWA or City contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.
 - b. Notify LAWA within 30 calendar days of receiving notice of any findings by a government agency or court of competent jurisdiction that the contractor violated any applicable Federal, State, or local law in the performance of the LAWA or City contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.
 - c. Notify LAWA within 30 calendar days of becoming aware of an investigation, violation or finding of any applicable federal, state, or local law involving the subcontractors in the performance of a LAWA contract.
2. Update of CRP Questionnaire Information:
 - a. Updates of information contained in the contractor's responses to the CRP Questionnaire shall be submitted to LAWA within 30 days of any changes to the responses if the change would affect the contractor's fitness and ability to continue performing the contract.

- b. PSD or the Requesting Division shall determine whether a contractor in a specific situation should have provided information or updated information.
 - (1) If PSD or the Requesting Division becomes aware of new information concerning a contractor and determines that the contractor should have provided information or updated LAWA of such information, but the contractor has not done so, PSD shall issue a written notice to the contractor requiring the contractor to submit the required information within 10 calendar days.
 - (2) If PSD or the Requesting Division becomes aware of new information concerning a subcontractor and determines that the subcontractor should have provided information or updated LAWA of such information, but the subcontractor has not done so, PSD shall issue a written notice to the contractor requiring the subcontractor to submit the required information within 10 calendar days.
 - c. Contractor's failure to provide information or updated information when required by LAWA, the CRP or these Rules and Regulations may be considered a material breach of the contract, and LAWA may invoke remedies set forth in Section J of these Rules and Regulations.
3. **Contractors shall ensure that subcontractors provide information and updates.** Contractors shall ensure that subcontractors performing work on the LAWA contract abide by these same updating requirements, including the requirement to:
- a. Notify LAWA within 30 calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the subcontractor did not comply with any applicable Federal, State, or local law in the performance of the LAWA or City contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees
 - b. Notify LAWA within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the subcontractor violated any applicable Federal, State, or local law in the performance of the LAWA or City contract, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.
4. **Submission of CRP Questionnaires and Updates of CRP Questionnaire Is Not Applicable to Subcontractors:** The requirement that contractors submit to LAWA CRP Questionnaires and updates to the CRP Questionnaire responses does not apply to subcontractors.

G. LAWA INVESTIGATION

1. **Reporting of Alleged Violations:** Claims regarding a bidder or contractor's responsibility must be submitted to PSD in writing. However, PSD may investigate a claim regarding a bidder's or a contractor's responsibility, whether or not it is submitted in writing.
2. **Process:**
 - a. Upon receipt of a complaint or upon initiation of an investigation, PSD shall notify the Requesting Division and the bidder/proposer or contractor in writing that an investigation has been initiated.
 - b. PSD shall collect necessary facts and documentation from the complainant(s). To the extent permissible, PSD shall maintain the identity of the complainant, if any, confidential.
 - c. PSD shall issue a "Notice to Respond" to the bidder/contractor summarizing the facts of the investigation.
 - d. The bidder/proposer or contractor shall cooperate fully and respond to LAWA's request for information within ten (10) working days from the date of the Notice to Respond.
 - e. A bidder/proposer or contractor's failure to cooperate or respond to the Notice to Respond will be deemed conclusive admission that the bidder/proposer or contractor is non-responsible and LAWA may initiate a hearing as set forth in Section I of these Rules and Regulations.
 - 1) Where the subcontractor is the alleged entity, the contractor shall gather the necessary information and respond to LAWA's request for information.
 - f. Upon completion of the investigation, PSD shall prepare a written report of the findings and notify the Requesting Division and the bidder or contractor of the results.
3. **Results of Investigation:**
 - a. When an investigation is completed before the contract is awarded, PSD shall notify the Requesting Division of the results, and Requesting Division will consider the information as part of the determination of a bidder's responsibility during the bid/proposal review process.
 - (1) If the bidder/contractor is found non-responsible, PSD shall notify the bidder/contractor, and the Requesting Division, of the proposed determination of non-responsibility and provide an opportunity for a hearing as set forth in Section I of these Rules and Regulations.

- (2) If the bidder/contractor fails to exercise the right to a hearing within ten (10) working days of the date of the notice of the proposed determination of non-responsibility, the bidder/contractor shall be deemed to waive the right to a hearing. PSD may proceed to declare the bidder/contractor a non-responsible bidder/contractor without a hearing and LAWA may invoke remedies set forth in Section J of these Rules and Regulations.
- b. When an investigation is completed after the execution of a contract:
- (1) If violations of the CRP are found, PSD shall notify the Requesting Division and contractor of the violation and require the contractor to submit an explanation and information on the status of the violation within 10 calendar days.
 - (2) After review of the information regarding the violation, PSD may:
 - (i) Proceed to declare the contractor a non-responsible contractor and LAWA may invoke remedies as set forth in Section J of these Rules and Regulations; or
 - (ii) Declare the contractor a responsible contractor.
 - (3) If the contractor fails to provide information regarding the violation as required, PSD shall notify the Requesting Division and may:
 - (i) Proceed to declare the contractor a non-responsible contractor and LAWA may invoke remedies as set forth in Section J of these Rules and Regulations.

H. VIOLATIONS OF THE CRP OR ITS RULES AND REGULATIONS

1. Claims regarding a bidder/proposer or contractor's responsibility must be submitted to PSD in writing. However, PSD may investigate a claim regarding a bidder/proposer or a contractor's responsibility, whether or not it is submitted in writing.
2. If violations of the CRP are found, PSD shall notify the Requesting Division and contractor of the violation and require the contractor to submit an explanation and information on the status of the violation within 10 calendar days.
3. After review of the information regarding the violation, PSD may:
 - a. Proceed to declare the contractor a non-responsible contractor and LAWA may invoke remedies as set forth in Section J of these Rules and Regulations; or
 - b. Declare the contractor a responsible contractor.
4. If the contractor fails to provide information regarding the violation as required, PSD shall notify the Requesting Division and may:

- a. Proceed to declare the contractor a non-responsible contractor and LAWA may invoke remedies as set forth in Section J of these Rules and Regulations.

I. NON-RESPONSIBILITY HEARING

1. PSD, after consultation with the City Attorney shall initiate the process of declaring a bidder or contractor as non-responsible.
2. Before a bidder or contractor may be declared non-responsible, PSD shall notify the bidder or contractor of the proposed determination of non-responsibility and provide with an opportunity for a hearing.
3. PSD shall administer a procedure for the non-responsibility hearing which, at minimum, must include the following:
 - a. The bidder or contractor shall be provided with written Notice that LAWA intends to declare the bidder or contractor a non-responsible bidder or contractor.
 - b. The Notice shall provide the bidder or contractor with the following information:
 - (1) That LAWA intends to declare the bidder or contractor a non-responsible bidder or contractor.
 - (2) A summary of the information upon which LAWA is relying upon.
 - (3) That the bidder or contractor has a right to respond to the information by requesting a hearing to rebut adverse information and to present evidence of the necessary quality, fitness and capacity to perform the work required under the contract or for future contracts.
 - (4) That the bidder or contractor shall exercise the right to a hearing by submitting to PSD a written request for a hearing within 10 working days of the date of the notice.
 - (5) That failure to submit a written request for hearing shall be considered a waiver of the right to a hearing that allows LAWA to proceed with the determination of non-responsibility.
4. If the bidder or contractor fails to exercise the right to a hearing within 10 working days of the date of the Notice of the proposed determination of non-responsibility, the bidder or contractor shall be deemed to waive the right to a hearing. PSD may proceed to declare the bidder or contractor a non-responsible bidder or contractor without a hearing and LAWA may invoke remedies as set forth in Section J of these Rules and Regulations.
5. If the bidder or contractor submits a written request for a hearing, the hearing may be held with the head of PSD, Requesting Division, City Attorney and/or their respective designees. LAWA may determine that the bidder or contractor:

- a. Does not possess the necessary quality, fitness, or capacity to perform the work set forth in the proposed contract, should be declared a non-responsible bidder or contractor, and invoke remedies as set forth in Section J of these Rules and Regulations.
 - b. Should be declared a responsible bidder or contractor.
6. LAWA's determination shall be final and constitute exhaustion of administrative remedies.
 7. PSD shall provide LAWA's written final decision to the bidder or contractor and to the Requesting Division. If the bidder or contractor is declared to be non-responsible, a copy of the final decision shall also be provided to the City Administrative Officer.

J. NON-RESPONSIBILITY SANCTIONS

1. A bidder/proposer found non-responsible by LAWA shall be disqualified from participating in the proposed bid/proposal.

Such bidder/proposer shall not perform any work in the proposed contract, whether as a prime contractor, a subcontractor, a partner in a partnership, a participant in a joint venture, a member of a consortium or in any other capacity.
2. An existing contractor found non-responsible by LAWA may be declared to have a material breach of contract, and LAWA may exercise its contractual and legal remedies thereunder, which are to include, but not limited to termination of the contract.
3. Upon final determination of a bidder/proposer or contractor as non-responsible, PSD shall provide the Requesting Division and the bidder/proposer or contractor with a written notice summarizing the findings and sanctions.
4. PSD shall maintain a listing of bidders/proposers and contractors who have been found non-responsible by LAWA pursuant to the CRP.

K. EXEMPTIONS

1. **Categorical Exemption:** The following types of contracts are categorically exempt from the CRP and these Rules and Regulations:
 - a. Contracts with a governmental entity such as the United States of America, the State of California, a county, city or public agency of such entities, or a public or quasi-public corporation located therein and declared by law to have such status.
 - b. Contracts for the investment of trust moneys or agreements relating to the management of trust assets.

- c. Banking contracts entered into by the Treasurer pursuant to California Government Code Section 53630 et seq.
2. Board approval required for CRP Exemptions: The following types of contracts are exempt from the CRP and these Rules and Regulations when the Board of Airport Commissioners makes a finding that the contract meets any of the following conditions:
 - a. Contracts awarded on the basis of exigent circumstances whenever Board finds that LAWA would suffer a financial loss or LAWA operations would be adversely impacted.
 - b. Contracts where the goods or services are proprietary or available from only one source.
 - c. Contracts for repairs, alterations, work improvements awarded based on urgent necessity for the preservation of life, health or property.
 - d. Contracts entered into during time of war or national, state or local emergency.
 - e. Contracts entered into for equipment repairs or parts obtained from the exclusive manufacturer.
 - f. Cooperative agreements with other governmental agencies.

L. EFFECTIVE DATE OF RULES AND REGULATIONS

1. The CRP and these Rules and Regulations apply to IFB's issued after the City Attorney has approved these Rules and Regulations and the CRP Questionnaire.
2. The CRP and these Rules and Regulations apply to contracts entered into by LAWA after the City Attorney has approved these Rules and Regulations and the CRP Questionnaire.
3. Contracts amended after these Rules and Regulations are approved by the City Attorney will become subject to CRP and these Rules and Regulations if they meet definitions contained in the CRP and these Rules and Regulations.

M. CONSISTENCY WITH FEDERAL AND STATE LAW

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

N. SEVERABILITY

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

LOS ANGELES WORLD AIRPORTS
CONTRACTOR RESPONSIBILITY PROGRAM
PLEDGE OF COMPLIANCE

The Los Angeles World Airports (LAWA) Contractor Responsibility Program (Board Resolution #21601) provides that, unless specifically exempted, LAWA contractors working under contracts for services, for purchases, for construction, and for leases, that require the Board of Airport Commissioners' approval shall comply with all applicable provisions of the LAWA Contractor Responsibility Program. Bidders and proposers are required to complete and submit this Pledge of Compliance with the bid or proposal or with an amendment of a contract subject to the CRP. In addition, within 10 days of execution of any subcontract, the contractor shall submit to LAWA this Pledge of Compliance from each subcontractor who has been listed as performing work on the contract.

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

- (a) To comply with all applicable Federal, state, and local laws in the performance of the contract, including but not limited to, laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees.
- (b) To notify LAWA within thirty (30) calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the contractor is not in compliance with paragraph (a).
- (c) To notify LAWA within thirty (30) calendar days of all findings by a government agency or court of competent jurisdiction that the contractor has violated paragraph (a).
- (d) To provide LAWA within thirty (30) calendar days updated responses to the CRP Questionnaire if any change occurs which would change any response contained within the completed CRP Questionnaire. Note: This provision does not apply to amendments of contracts not subject to the CRP and to subcontractors not required to submit a CRP Questionnaire.
- (e) To ensure that subcontractors working on the LAWA contract shall complete and sign a Pledge of Compliance attesting under penalty of perjury to compliance with paragraphs (a) through (c) herein. To submit to LAWA the completed Pledges.
- (f) To notify LAWA within thirty (30) days of becoming aware of an investigation, violation or finding of any applicable federal, state, or local law involving the subcontractors in the performance of a LAWA contract.
- (g) To cooperate fully with LAWA during an investigation and to respond to request(s) for information within ten (10) working days from the date of the Notice to Respond.

Failure to sign and submit this form to LAWA with the bid/proposal may make the bid/proposal non-responsive.

Philip Silva Ferraz, 444 West Ave H. 6, Lancaster, 93534 661-948-6001
Company Name, Address and Phone Number

* Philip Silva Ferraz
Signature of Officer or Authorized Representative

6-12-03
Date

PHILIP SILVA FERRAZ SOLE PROPRIETOR OWNER
Print Name and Title of Officer or Authorized Representative

Project Title