

EXHIBIT C-8

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GROUND LEASE BETWEEN THE CITY OF LOS ANGELES
AND ROCKWELL INTERNATIONAL CORPORATION COVERING
ACREAGE AT PALMDALE INTERNATIONAL AIRPORT

THIS GROUND LEASE, made and entered into this 16th day
of March, 1981, by and between the CITY OF
LOS ANGELES, a municipal corporation (hereinafter referred to
as "City"), acting by order of and through its Board of Airport
Commissioners (hereinafter referred to as "Board"), and
ROCKWELL INTERNATIONAL CORPORATION, a Delaware corporation
(hereinafter referred to as "Lessee"),

W I T N E S S E T H

WHEREAS, City is the owner of Palmdale International Airport
(hereinafter referred to as "Airport") and intends to develop and
operate the same for the promotion, accommodation and development
of air commerce and air transportation; and

WHEREAS, Lessee is a major United States manufacturer whose
activities include aircraft design and construction; and

WHEREAS, Lessee desires to lease from City certain premises
at Airport in order to develop and construct thereon various
aircraft, aircraft parts and related activities; and

WHEREAS, City has acreage available for such purposes at
Airport and it is in City's best interest to have said acreage
developed and utilized in the manner proposed;

NOW, THEREFORE, the parties hereto, for and in consideration

of the premises and of the covenants and conditions hereinafter contained to be kept and performed, DO HEREBY AGREE AS FOLLOWS:

Sec. 1. Section Headings. The section headings appearing herein shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions of this Lease.

Sec. 2. Demised Premises. City hereby leases to Lessee, and Lessee takes and leases from City, for the term and upon the conditions hereafter provided, those certain as is premises located at Airport consisting of approximately 307 acres of vacant land, all as outlined and delineated in red on Airport Engineer's Drawing No. 79114-84, a copy of which is attached hereto, marked Exhibit "A" and made a part hereof by this reference. City shall use its best efforts, as owner of the demised premises, in undertaking whatever steps are necessary in conjunction with street closings and/or vacations that are required for any permitted development of the premises. In the event such street closings and/or vacations are not completed by the fourth year Lessee shall have the option to terminate this Lease if written Notice is given City within 30 days after the completion of said fourth year.

Notwithstanding the above, Lessee shall have the right to reduce the number of acres leased upon the following conditions: (a) the premises shall consist of at least 100 acres; (b) the north boundary of the premises shall be along the north boundary of the parcel shown on Exhibit A; and (c) the premises shall be

rectangular in shape. If this right is exercised, Lessee shall still have rights of vehicular ingress and egress, as determined by the General Manager, from the general system of streets.

Lessee has informed City that it is considering the possibility of constructing a railroad spur, from the existing spur line terminating at 15th Street East, across City owned property to the demised premises. City recognizes this possibility. While City is not now granting Lessee an easement of right to construct such a spur, City will consider such a request at a future date and use its best efforts to accommodate Lessee so long as, in the determination of the General Manager, such a use is not inimical to City's interests in the area.

Effective
3-14-81

Sec. 3. Term of Lease. The term of this Ground Lease shall be for a period of forty (40) years, commencing thirty (30) days after publication of approval by the Los Angeles City Council; subject, however, to earlier termination as hereinafter provided.

EXPIRE

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Sec. 4. Ground Rental and Rental Adjustment. As consideration for the rights herein granted, Lessee shall pay to City as rental as follows:

a. First Year - Property taxes at \$70.36 per acre, plus \$40.00 per acre for a total of \$110.36 per acre per year for a total year's rental of \$33,880.00 for 307 acres.

b. Second Year - Estimated property taxes at \$45 per acre, plus \$40 per acre for a total of \$85 per acre per year for a total year's rental of \$26,095.00 for 307 acres.

c. Third Year - Estimated property taxes at \$45 per acre, plus \$50 per acre for a total of \$95 per acre per year for a total year's rental of \$29,165.00 for 307 acres.

d. Fourth Year - Estimated property taxes at \$45 per acre, plus \$60 per acre for a total of \$105 per acre per year for a total year's rental of \$33,235.00 for 307 acres.

The rental for the first year shall be paid by Lessee on the first day of the first year of the term hereof. The rental for the second through fourth years shall be paid on the first day of each year. Property taxes for the second through fourth years are estimated, and accordingly, the total yearly rental for each of those years shall be adjusted when the actual amounts are known and City shall rebate any excess rental paid or Lessee shall pay such increased amount to pay actual property taxes.

Commencing with the fifth year of the term hereof through the tenth year or commencing when Lessee has beneficial occupancy, whichever occurs first, Lessee shall pay rental at the rate of \$1,000 per acre per year, plus actual property taxes. The rental at \$1,000 per acre per year shall be paid in twelve equal installments on the first day of each month for said period and the property taxes shall be paid in one lump sum within thirty (30) days after billing for same by City.

Lessee acknowledges that this Ground 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 commencing with the

Beneficial Occupancy = 3-14-83

eleventh (11th) year of the term hereof, and every five (5) years thereafter, the rental payable hereunder (excluding therefrom the value of Lessee's improvements placed in or on the demised premises) shall be readjusted to a fair rental value, based upon the then current fair rental value in addition to the real estate property taxes of the demised premises considering the proposed use and development, in accordance with the following procedures, to wit:

(1) At least one-hundred and eighty (180) days prior to each of the readjustment dates specified above, the parties shall, by mutual agreement, adjust the annual rental for the demised premises thereafter payable by Lessee during the next successive 5-year period, commencing the first month of the new 5-year period, but in no event shall the amount of monthly rental be reduced below the original rental sum set for the period commencing with the fifth year or when Lessee takes beneficial occupancy, whichever occurs first.

(2) If the parties are unable to voluntarily agree upon an adjusted rental 120 days prior to each of said readjustment dates, then the monthly rent shall be determined as outlined below.

(3) An appraiser, who is a member of the American Institute of Real Estate Appraisers, shall be selected by each of the parties. Either Lessee or City, when notified in writing by the other party to do so, shall deliver to the other party the name and address of such appraiser. The

General Manager of the Department of Airports (hereinafter referred to as "General Manager") 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 to said appraisers. These general instructions shall not place any limitations upon the appraisal techniques to be employed by the appraisers in evaluating the fair rent.

Each of the two appraisers shall, a reasonable and adequate time prior to the specific readjustment date involved, submit one copy of their respective appraisal in its entirety to Lessee and another copy to City. General Manager shall, immediately upon receipt of copies of the two appraisals, by written notice, fix a time and place for a conference between Lessee's representatives, including representatives from Lessee's lender if applicable, representatives from City, and the two appraisers. Those in attendance at the conference shall endeavor to voluntarily reach an agreement on the adjusted rent.

If the parties cannot so agree, the President of the Los Angeles Chapter of the American Institute of Real Estate Appraisers shall select a third appraiser. Said third appraiser will be allowed access to the two appraisers' reports, will prepare a third appraisal and shall submit one copy of same to Lessee and one to City.

If the representatives of Lessee and City are still unable to reach agreement on the adjusted rent, then the three appraisal reports and any other relevant material shall be furnished to the Board and said parties shall have the right to make oral presentations to said Board during one of its regular meetings, the date of which shall be selected by General Manager. 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.

If by the day 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 the Lease at the option of the party who is complying with the rental readjustment procedure. However, such failure or refusal may be waived at the option of the complying party and the complying party 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 so readjustment of the rental as described above can occur on the dates specified. It is agreed that failure by the parties to timely

comply with the rental readjustments 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 one-half (1/2) of the fees and expenses of the appraiser(s).

(4) In the event such readjustment of rent shall not have been completed prior to the commencement of the respective period involved, Lessee shall continue to pay rent as set in the preceding period at the intervals and the manner fixed for such preceding period, and if such rent is thereafter fixed or readjusted in a different amount, such new rental shall take effect retroactively back to the beginning month of the readjustment period, and Lessee shall immediately pay to City that sum which is accrued as a result of such retroactive application.

Rental for the eleventh (11th) year through the term of this Lease 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 rental period, 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. Said sum shall be paid by Lessee within twenty (20) days after receipt from City of a statement of monies due.

All payments hereunder shall be paid to the City of Los Angeles, Department of Airports, Post Office Box 92216, Los Angeles, California 90009, or to such other address as City may designate by written notice to Lessee.

Sec. 5. Use of Demised Premises.

(a) The use of the premises, except other uses as may from time-to-time be approved by the General Manager, is for the manufacture of commercial and/or military aircraft and assemblies, and for any other purposes related to or incidental to the foregoing purpose, or the development of aircraft as now existing or as may hereafter be developed. Specifically excluded is the operation of ground services and passengers and freight terminals for others. Further, whenever City-owned or controlled facilities are used, the then current field use fees or charges shall be levied and paid by Lessee.

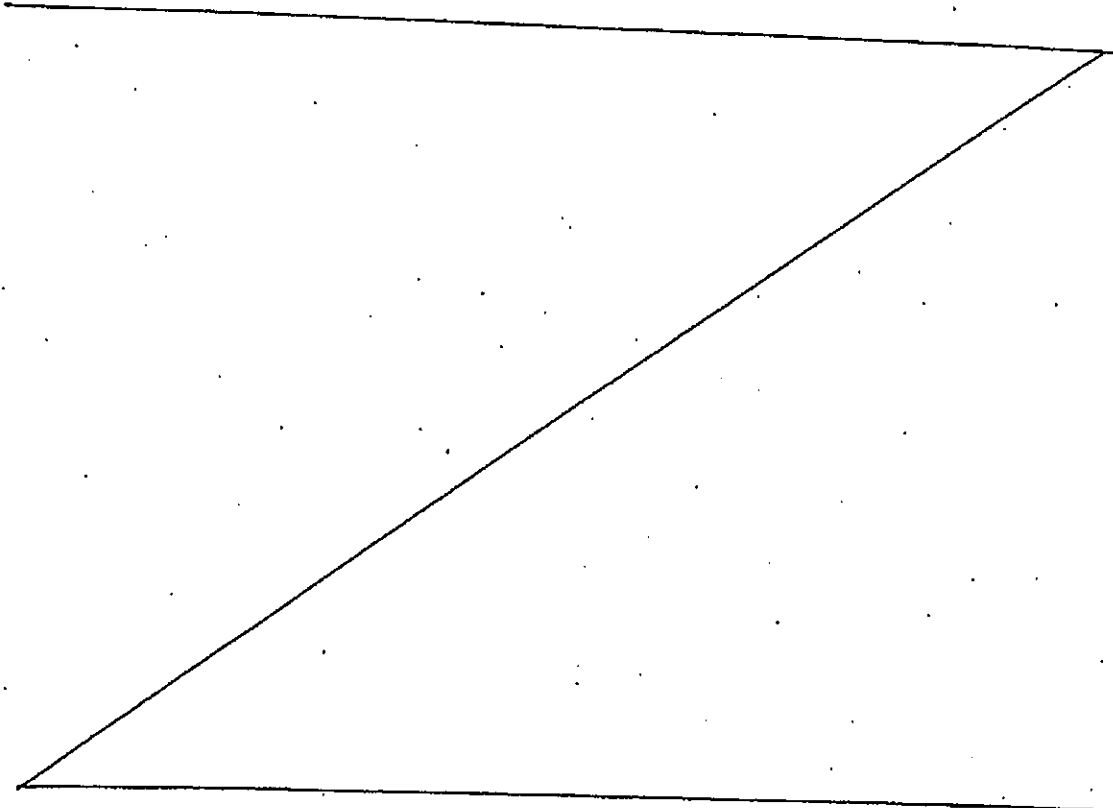
(b) The use of the demised premises is dependent upon Lessee's ability to use runways and taxiways of the adjacent United States Government-owned Plant 42. Should access to said runways and taxiways be denied Lessee, then this Lease shall be subject to termination at Rockwell's option. However, such an option to terminate shall be exercised within six (6) months of the date that Lessee is denied usage to said runways and taxiways. In addition, the option must be exercised in writing and upon six months' notice to City.

Sec. 6. Access to Premises - Ingress and Egress.

Throughout the term of this Lease, Lessee, its agents, servants, employees and business invitees, and its equipment, vehicles, machinery and other property, shall have full and free right of ingress to and egress from the demised premises without charge.

Sec. 7. Ownership of Improvements.

(a) Title to all improvements, additions or alterations erected or installed by Lessee upon the demised premises after commencement of this Lease shall remain in Lessee during the term of this Lease and said improvements, additions or alterations may be altered or repaired. Upon the expiration,



cancellation or termination of this Lease, the improvements, alterations or additions erected or installed by Lessee after this Lease commences shall become a part of the land upon which they are erected, and title thereto shall thereupon vest in City. However, machines, equipment, trade fixtures and similar installations of the type commonly installed in and removed from other industrial properties by tenants which are installed in or on the demised premises shall not be deemed to be part of the realty even though they are attached to the floors, walls or roof of the buildings or to outside pavements, so long as they can be removed without structural damage to the buildings or pavements; provided, however, that if the removal, at Lessee's option, of any such installation damages any part or parts of the buildings, pavements or premises, Lessee shall repair such damage and restore said damaged part or parts of said buildings, pavements or premises to as good condition as the same were in upon the completion of construction, reasonable wear and tear excepted.

(b) All construction by Lessee pursuant to this Section shall be at Lessee's sole cost and expense and Lessee shall keep the demised premises free and clear of liens for labor and material and shall hold City harmless from any liability in respect thereto.

(c) In the event Lessee undertakes and causes to be designed, constructed and installed on the demised premises an access taxiway to the runway located on Air Force Plant 42,

said taxiway shall conform to construction and engineering specifications approved by the General Manager.

(d) As to any and all of Lessee's construction and design projects, Lessee shall construct, plant and install upon the demised premises reasonable landscaping.

If the required landscape maintenance work is not accomplished by Lessee in a manner satisfactory to General Manager, City may, at City's option, and at Lessee's expense, enter into the demised premises and perform whatever work to said landscaping may be required to improve the appearance thereof to a standard deemed acceptable to General Manager. If City exercises this option, Lessee shall pay the City a sum equal to the direct cost of labor and materials expended for said work, plus a surcharge equal to seventy-five (75%) percent of said direct cost.

(e) Lessee in making the aforementioned improvements, additions or alterations in, to or upon the demised premises, and with respect to any subsequent improvements, additions or alterations, must first obtain the prior written consent of General Manager. Any conditions relating thereto, then stated by said General Manager, shall be conditions hereof as if they had originally been stated herein. Prior to the construction of said improvements, Lessee shall submit to General Manager for approval the preliminary plans for such improvements, which shall conform to the general architectural scheme and overall plans

adopted by City for Airport. This subsection (e) does not apply to minor non-structural interior alterations; however, Lessee agrees to adhere to and abide by any ordinance or regulation that may be applicable to such modifications.

Upon approval by General Manager 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 and shall cause the construction called for by said working drawings and specifications to be commenced and completed with reasonable dispatch. No substantial change, addition or alterations shall be made in said working drawings or specifications, or in the construction called for thereby, without first obtaining General Manager's approval in writing. Upon completion of said improvements, Lessee shall furnish to City, at no charge, two (2) complete sets of as-built drawings of the improvements so constructed, and City and Lessee shall make a written list of all improvements, including the cost thereof, constructed on the demised premises by Lessee.

(f) All improvements constructed by Lessee on the demised premises, including the plans and specifications therefor, shall conform in all respects to all applicable statutes, ordinances, building codes, rules and regulations of City, and such other authority as may have jurisdiction. General Manager's approval, to be given as provided herein, shall not constitute a representation or warranty as to such conformity which shall remain Lessee's responsibility. Lessee, at its own cost and expense,

shall procure all permits necessary for such demolition, removal and construction projects. Lessee shall require by the construction contract that its contractor(s) comply with all applicable statutes, ordinances, codes, rules and regulations and, if requested so to do by General Manager, shall require that its contractor submit to City evidence of required insurance coverage, and also comply with the provisions of Sections 3235 to 3241 of the Civil Code of the State of California by filing the original contract, and any modifications thereof, in the Office of the County Recorder of the County of Los Angeles, together with the bond as specified therein, and a conformed copy of such bond filed for record as aforesaid shall be furnished to City.

Lessee shall construct, grade, and maintain all improvements and structures it places upon the demised premises so as to maintain the natural drainage of that portion of Airport. Lessee shall not cause water originating on the demised premises to flow across or collect upon other adjacent property.

(g) Lessee in making the aforementioned improvements, additions or alterations in, to or upon the demised premises shall advise the General Manager of the financing vehicle to be utilized by Lessee for said construction, additions or modifications. In no event shall Lessee's financing agreements extend for a period beyond the term of this lease.

Sec. 8. Maintenance of Demised Premises. Lessee, solely at its own cost and expense, shall maintain the demised premises, including structures, paving, landscaping, improvements and facilities thereon, in good condition and in compliance with all requirements of law. Lessee shall also conduct his, and cause his sublessees to conduct their, operations on the demised premises in such manner, using the best known available and practical devices and facilities to reduce as much as is reasonably practicable, considering the nature and extent of said operations, the emanation from the demised premises of noise, vibration, movements of air, fumes and odors, so as not to interfere unreasonably with the use of other premises adjoining the demised premises or Airport.

City may, at its sole option, during the thirty-fifth (35th) year of the Lease term, require Lessee to (1) paint the then existing improvements and facilities, (2) repave or repair all parking and ramp areas, and (3) reroof or repair all applicable facilities.

Sec. 9. Insurance. Lessee shall procure at its expense, and keep in effect at all times during the term of this Lease, the following types of insurance: (1) Comprehensive General Liability or Airport Liability (Comprehensive Form), including Premises and Operations, Contractual (Blanket or Scheduled), including, but not limited to, the liability assumed by Lessee under the Hold Harmless provision of this Lease, and Personal Injury coverage; (2) Comprehensive Automobile Liability covering

Owned, Non-Owned and Hired Vehicles if Lessee's operations require the use of licensed vehicles on Airport; and (3) Aircraft Liability. Each of said policies shall cover loss or liability for damages in an amount not less than \$1,000,000 combined single limit, for each occurrence for bodily or personal injury, death or property damage. Lessee must also have Workers' Compensation and Employers Liability insurance in the amounts and form required by the Workers' Compensation Act and insurance laws of the State of California.

Lessee must also provide fire and lightning, extended coverage, vandalism and malicious mischief insurance, excluding earthquake and flood but including debris removal, in a form at least as broad as the standard insurance services office special extended coverage endorsement, covering all improvements or additions made by Lessee on the demised premises, such insurance to be in an amount equal to the full replacement value of all such improvements with the policy containing a loss payable endorsement in favor of the parties hereto as their respective interests may appear. "Full replacement value" shall be determined at the time said improvements are initially insured and shall be redetermined annually thereafter throughout the term of this Lease. It shall be Lessee's responsibility to obtain said redeterminations. Both Lessee and City shall be promptly notified of the results of said redeterminations and Lessee shall immediately thereafter adjust

the amount of the insurance coverage to correspond with each redetermination of full replacement value.

Documents evidencing such coverage as provided in this Section 9 shall be filed with City immediately upon commencement of this Lease, shall contain the applicable policy number, the inclusive dates for same 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 non-renewal 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 also reserves the right to have submitted to it, upon request, complete information about the agent and carrier providing such insurance.

The insurance specified herein shall, either by provisions in the policies, by City's special endorsements thereto, or by other endorsements attached to such policies, insure City against the risks described above to which it is exposed by reason of Lessee's use and occupancy of the premises hereunder or Lessee's other operations at Airport and, where applicable, except for Workers' Compensation and Employers Liability coverage and fire and extended coverage insurance, shall include City, its Department of Airports and all of its officers, employees and agents, as insureds as respects operations performed by or on behalf of the named insured, shall contain the Severability of

Interest Clause and Contractual Endorsement set forth below and shall be primary and non-contributing with and other insurance held by City's Department of Airports. City shall have no liability for any premiums charged for such coverage, and the inclusion of City and Department as insureds is not intended to, and shall not, make City or Department a partner or joint venturer with Lessee in Lessee's operations at Airport. Such policies may provide for reasonable deductibles and/or retentions based upon the nature of Lessee's operations and the type insurance involved.

Severability of Interest Clause

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.

Contractual Endorsement

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.

At least ten (10) days prior to the expiration date of any of the above policies, documentation showing that the insurance coverage has been renewed or extended shall be filed with City. If such coverage is cancelled or reduced, Lessee shall, within fifteen (15) days after receipt of written notice from City of

such cancellation or reduction of coverage, file with City evidence that the required insurance has been reinstated or provided through another insurance company or companies.

In the event Lessee fails to furnish City evidence of insurance required under this Section 9, City, upon written notice to Lessee of its intention so to do, shall have the right to secure the required 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.

Sec. 10. City Held Harmless. In addition to the provisions of Section 9 herein, Lessee shall 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 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 Airport, or arising out of Lessee's use or occupancy thereof, as a proximate result of the acts or omissions of Lessee, its agents, servants or employees, or arising out of any condition of said demised premises.

Sec. 11. Damage to or Destruction of Improvements.

(a) City shall be under no obligation to repair, restore or rebuild any building or other improvements on the demised premises should they be damaged or destroyed by fire or other casualty.

(b) If, during the term of this Lease, Lessee's improvements on the demised premises are partially or totally destroyed from a risk covered by the insurance described in Section 9 herein, thereby rendering said premises partially or totally inaccessible or unusable, Lessee shall restore the premises to substantially the same condition as they were immediately before destruction, regardless of whether or not the insurance proceeds are sufficient to cover the actual cost of restoration. Such destruction shall not terminate this Lease.

(c) If, during the term of this Lease, Lessee's improvements in the demised premises are partially or totally destroyed from a risk not covered by the insurance described in Section 9 herein, thereby rendering said premises partially or totally inaccessible or unusable, Lessee shall restore the premises to substantially the same condition as they were immediately before destruction. Such destruction shall not automatically terminate this Lease. However, if the cost of restoration of a loss not covered by insurance exceeds ten (10%) percent of the full replacement value of Lessee's entire improvement, as said value existed immediately before said destruction, Lessee may, at lessee's option, terminate this Lease by giving written notice to City within thirty (30) days from the date of the destruction. If Lessee elects to terminate this Lease, the termination shall be effective retroactively to the date of the destruction. If Lessee elects termination, Lessee shall be obligated, unless otherwise directed by City to demolish all damaged improvements and remove all debris from the premises.

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.

Sec. 12. Assignments and Subleases. Except as provided in this Section 12, Lessee shall not mortgage, hypothecate, or otherwise encumber or assign the leasehold estate herein created without the prior written consent of Board, nor shall Lessee sublet or sublease the demised premises, in whole or in part, without the prior written consent of General Manager. Lessee shall request, in writing, such consent. Attached to said request shall be exact copies of all legal documents prescribing the assignment or sublease. Said documents shall expressly show all financial details of the proposed assignment or sublease. Any attempted assignment, mortgaging, hypothecation or encumbering of the leasehold estate, or any subletting or subleasing of the whole or any part of the demised premises, except as provided above, or other violations of the provisions of this Section 12, whether voluntary or involuntary, shall be voidable at the option of City.

Before Lessee may sublease or assign to others any unimproved ground area in the demised premises, Lessee must offer said area to City, who retains first right of refusal to regain said ground area. Should City exercise its option to regain the ground area involved and thereby deplete the acreage in the demised premises, Lessee's rental shall be decreased accordingly.

Lessee, being a corporation, any of the following shall constitute an assignment of this Lease for all purposes of this Section 12: any dissolution, merger, consolidation or reorganization of such corporation.

The interest 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, 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, City, at its election, may, without notice, terminate this Lease.

Should this Lease be legally and properly assigned or subleased, pursuant to this Section 12 and with City's consent, this Lease shall be binding upon and shall inure to the benefit of the respective successors and assigns.

Consent or acquiescence by City to one sublease or assignment shall not be deemed to be a waiver of Section 12 as it applies to any subsequent attempted sublease or assignment.

Sec. 13. Defaults and Right to Terminate.

(a) Lessee agrees to commence construction of facilities relating to the uses specified in Section 5 hereof prior to the expiration of the first forty-eight (48) months of the term of this Lease. If Lessee elects not to commence construction as specified herein, Lessee shall give City written notice of such decision prior to the expiration of the first forty-two (42) months of the term of this Lease. Further, Lessee shall have the right to unilaterally cancel this Lease at any time prior to the expiration of the first forty-two (42) months of this Lease. In the event Lessee does not commence construction prior to the expiration of the first forty-eight (48) months of the term of this Lease and fails to give written notice within the first forty-two (42) months as specified in this Section 13, City shall have the option to either cancel this Lease, upon the giving of thirty (30) days notice to Lessee, or allow said Lease to run the full period of the term.

In the event Lessee elects to proceed with the construction of facilities pursuant to this agreement, Lessee shall complete the construction of a minimum of \$5,000,000.00 in improvements within the first seventy-two (72) months of the term of this agreement.

(b) If either party fails to perform, keep or observe any of the terms, covenants or conditions herein contained on its part to be performed, kept or observed, the other party may give written notice to correct such condition or cure such default. If such condition or default continues for thirty (30) days after receipt of such notice, the party not in default may give notice of its election to terminate this Lease and twenty (20) days after receipt of such notice, this Lease shall cease and terminate.

If, however, any default is of such nature that it cannot physically be corrected within thirty (30) days, and if the party in default 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.

This provision, however, shall not affect any rights of City should there be any default in the payment of rent by Lessee, and if there is such default, City may give Lessee a thirty (30) day written notice to pay all sums then due, owing and unpaid, provided that such notice is not given until at least twenty (20) days after said payments are overdue, and if such payments are not made within thirty (30) days after receipt of said notice, this Lease and Lessee's rights hereunder shall, at the election of City as may be stated in such notice, forthwith terminate. In the event City retakes the demised premises

pursuant to the foregoing, the monthly rental shall become due and payable to City to the same extent, at the same time and in the same manner as if no termination had taken place, subject to City's obligation to mitigate damages. City may maintain separate actions each month to recover any monies then due, or at its option and at any time, may sue to recover the full deficiency.

(c) In the event Lessee is prevented from occupying or using the demised premises, or is prevented from using the property for the uses provided in Section 5 herein by any final action, order or ruling of any governmental authority, federal, state or municipal, then Lessee may, at its option, cancel this Lease by written notice to City, and said Lease shall be and become cancelled and terminated thirty (30) days after the receipt by City of such notice.

(d) In the event of cancellation of this Lease by Lessee as a result of City's default, the damages recoverable by Lessee shall be limited to those recoverable under the laws of the State of California. In the event of cancellation of this Lease by Lessee as a result of the occurrence of any of the events specified in paragraph (c) of this Section 13, City shall not be liable to Lessee for any damages claimed by Lessee as a result thereof, but Lessee shall be relieved of its obligation to pay the rental provided for herein commencing as of the effective date of such cancellation.

(e) In the event that Lessee terminates this Ground Lease under the terms of Section 13 hereof, title to all improvements on the demised premises shall, concurrent with said termination, pass to City free and clear of all encumbrances and City shall be relieved of paying compensation to anyone, including Lessee.

(f) City shall not be under any obligation to mail, deliver or serve any notice under this Section 13 to or upon any person other than Lessee.

Sec. 14. Taxes and Licenses. Lessee shall pay all taxes of whatever character that relate to the demised premises and which may be levied or charged. Lessee shall also pay all license or permit fees necessary or required by law for the conduct of its operations hereunder.

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

Sec. 15. Rules and Regulations. The leasehold estate herein created and all operations of Lessee at Airport shall be subject to any and all applicable rules, regulations, including noise abatement regulations in effect at the commencement of this Lease or thereafter promulgated during the term hereof, laws, ordinances, statutes or orders of any

governmental authority, federal, state or municipal, lawfully exercising authority over Airport or Lessee's operations hereunder.

City shall not be liable to Lessee for any diminution or deprivation of Lessee's rights hereunder on account of the exercise of any such authority as is provided in this Section 15, nor shall Lessee be entitled to terminate the whole or any portion of the leasehold estate herein created by reason thereof unless the exercise of such authority so interferes with Lessee's use and occupancy of the demised premises or the improvements thereon as to constitute termination, in whole or in part, of this Lease by operation of law.

Sec. 16. Utility Services. All charges for water, 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 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. Lessee expressly waives any and all claims against City's Department of Airports 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.

Sec. 17. Signs. No signs or advertisements pertaining to Lessee's operations on the demised premises shall be installed or placed in or on said premises or Airport until Lessee has submitted to General Manager, for approval in writing, drawings, sketches, design dimensions and type and character of such signs and advertisements proposed to be placed thereon or therein, and any conditions in respect to the use thereof stated by said General Manager in his written approval thereof shall be conditions thereof as if set forth herein at length.

Sec. 18. Inspection by City. General Manager, or any person designated by said General Manager, shall have access at all reasonable times, in to and upon the demised premises for the purpose of inspecting the same and to post any notices which, in the opinion of General Manager, are necessary to hold City harmless from any claim or liability arising out of any work done in, on or about said premises, or in connection with the use thereof by Lessee; subject, however, to reasonable property protection rules and regulations of Lessee.

Sec. 19. Nondiscrimination and Affirmative Action Program.

(a) 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) that 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) that Lessee shall use said premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation; Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended. Lessee agrees that City has the right to take such action against Lessee as the United States Government may direct to enforce this covenant.

(b) In the event of breach of any of the above non-discrimination covenants, City shall have the right to terminate this Lease and to re-enter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued.

(c) Lessee agrees that it shall insert the above two provisions in any lease, agreement or contract 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.

(d) In addition, Lessee, during the term of this Lease, 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 10.8.4 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 its 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 its revised and/or updated Affirmative Action Plan for approval as well as another completed Certification.

Sec. 20. 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 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 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.

Sec. 21. Miscellaneous.

(a) No waiver by City or Lessee of any breach of any provision of this Ground Lease shall be deemed for any purpose to be a waiver of any breach of any other provision hereof, or of any continuing or subsequent breach of the same provision.

(b) Each right of the parties hereto is cumulative and is in addition to each other legal right which the party may have in the event of any default of the other.

(c) In the event any covenant, condition or provision herein contained is held to be invalid by final judgment of any court of competent jurisdiction, the invalidity of such covenant, condition or provision shall not in any way affect any other covenant, condition or provision herein contained.

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

(e) 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.

(f) Written notices hereunder shall be given by registered or certified mail, postage prepaid, and addressed as follows:

City: City of Los Angeles
Department of Airports
Post Office Box 92216
Los Angeles, California 90009

Lessee: Rockwell International Corporation
2230 East Imperial Highway
El Segundo, California 90245
ATTN: Real Estate ~~Office~~ Coordinator

and

Rockwell International Corporation
600 Grant Street
Pittsburgh, Pennsylvania 15219
ATTN: ~~Real Estate Department~~
Director - Real Estate

The execution of any such notice by the General Manager shall be as effective as to Lessee as if it were executed by the Board of Airport Commissioners or by resolution or order of said Board, and Lessee shall not question the authority of the General Manager to execute any such notice.

(g) City reserves the right to further develop landing areas, terminals, roadways and other improvements of the airport as it sees fit, regardless of the desires or view of the Lessee, and without interference or hindrance.

(h) This Ground 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 the proposed Palmdale International Airport.

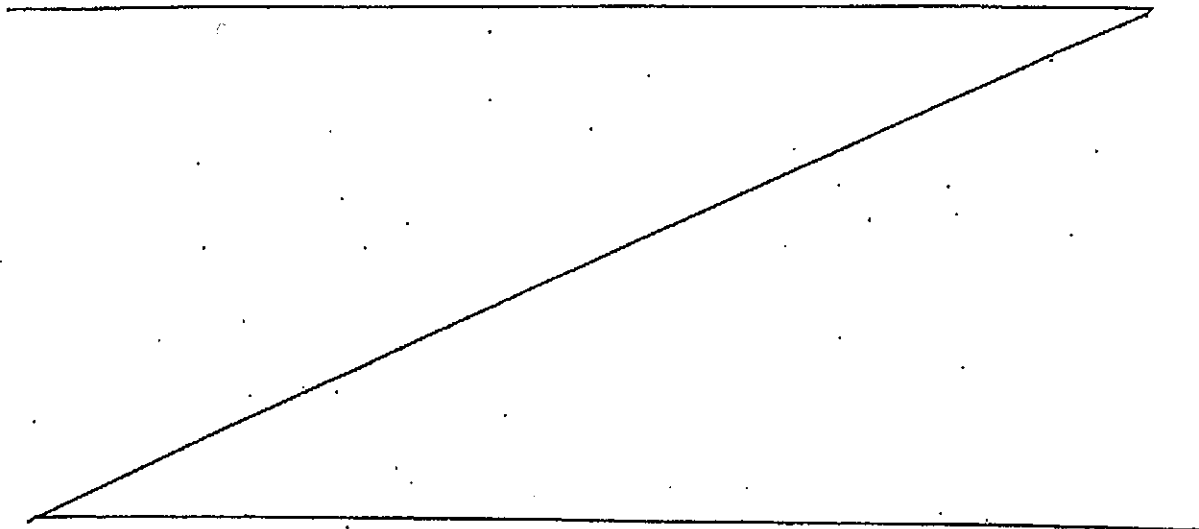
(i) Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation

Regulations relative to any and all construction on the demised premises, or in the event of any modification or alteration thereto.

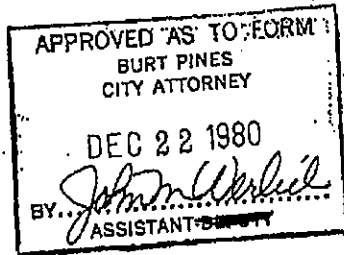
(j) This Ground Lease and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of said airport by the United States during the time of war or national emergency.

(k) Whenever consent by either the City or Lessee is made a requirement of this Contract, such consent shall not be unreasonably withheld by either City or Lessee.

(l) This Ground Lease contains the entire agreement between the parties hereto and said Lease shall not be modified in any respect except by formal, written amendment.



IN WITNESS WHEREOF, City has caused this Ground Lease to be executed by General Manager and Lessee has caused the same to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, all as of the day and year first hereinabove written.



CITY OF LOS ANGELES

By Clyde A. Moore
General Manager
Department of Airports

ATTEST:

By [Signature]
Asst. Secretary

[SEAL]

ROCKWELL INTERNATIONAL CORPORATION

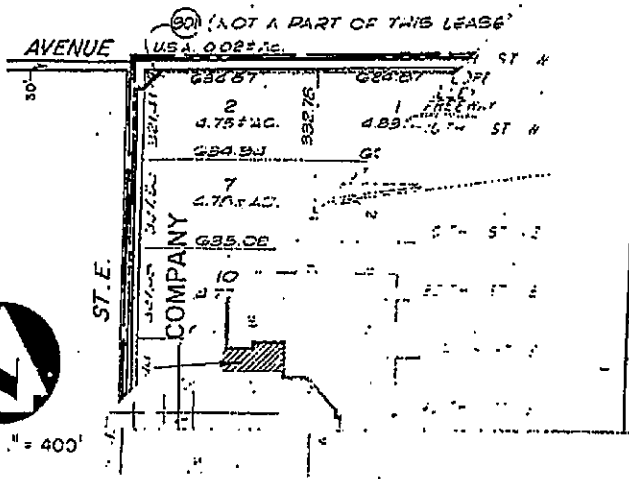
By [Signature]
(Signature)

E. A. Loeser

(Print Name)

Vice President-Operations

(Print Title)



SCALE ~ 1" = 400'

LEASE SITE

NOTE

BASED ON FAR. 77, NO OBJECT MAY PENETRATE A PLANE WHICH EXCEEDS 2750 FEET ABOVE MEAN SEA LEVEL.

PORTION E 1/2
SEC. 18,
T. 6 N., R. 11 W

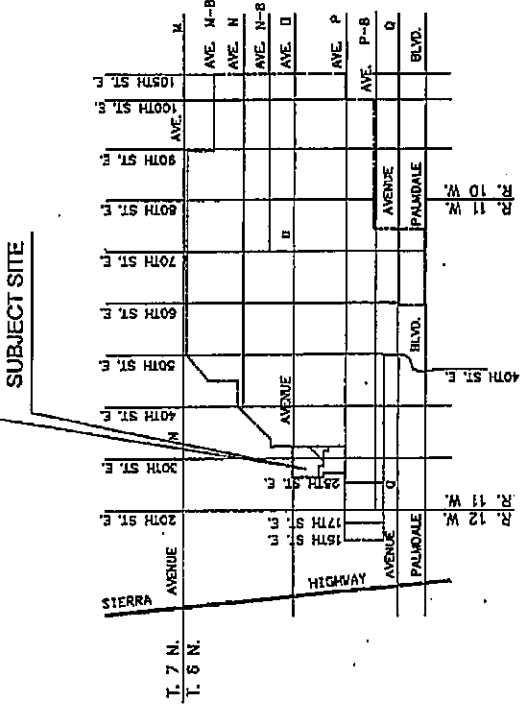
ND

D ACQUISITION BOUNDARY
A F PLANT N2 J2 BOUNDARY

90 AVENUE

2-29/32 INCL.

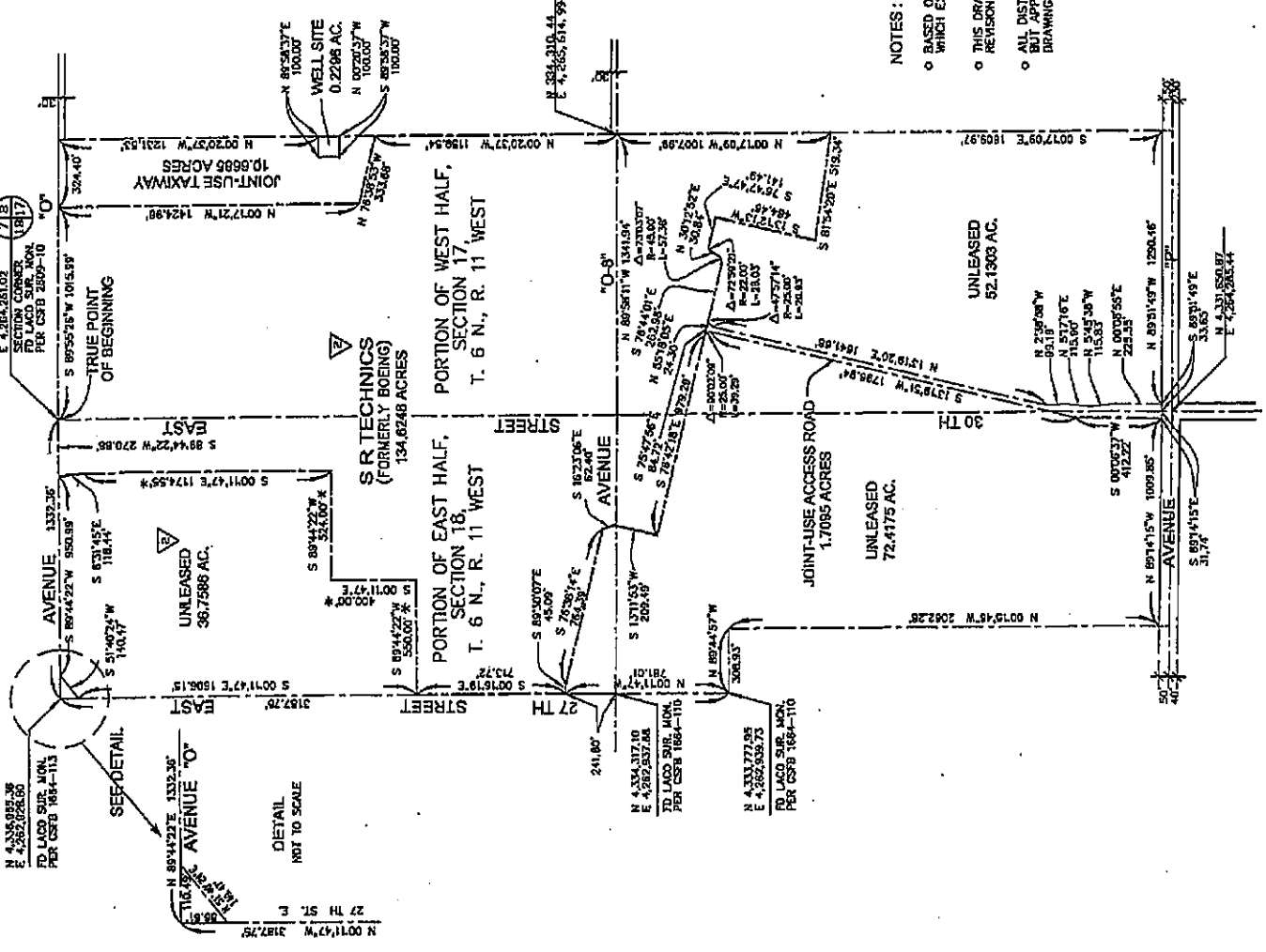
7-11-60	DELETED PORTION OF PAR. 5 (WELL SITE) & ADDED PAR. 28 & HEIGHT LIMITATION INTS. PER D.A.M. MEMO DTD. 7-3-60	A.C.V.
8-15-60	PLOTTED WELL SITE PER D.A.M. MEMO DTD. 4-2-60.	R.T.O.
8-28-78	REVISED LEASE PER D.A.M. MEMO DATED 8-23-78	A.C.V.
REV. DATE	DESCRIPTION	BY
CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS PRELIMINARY LEASE EXHIBIT ROCKWELL INTERNATIONAL PALMDALE INTERNATIONAL AIRPORT		
<i>Kerman Butler</i> ASST CHIEF AIRPORTS ENGR.		<i>Mal M. Pacheco</i> CHIEF AIRPORTS ENGINEER
SCALE	DATE	DRAWN
NOTED	11-25-78	A.F.M.
CHECKED	DATE	DRAWING NO.
	11-25-78	7911A-04



VICINITY MAP
PALMDALE REGIONAL AIRPORT
NOT TO SCALE

REFERENCES:
LOS ANGELES RECORD OF SURVEY, R. S. 3874,
BOOK 92, PAGE 28 SHEET 2 OF 22.
DDA DWG. NO. 79114-84, REV. 4.
PALMDALE REGIONAL AIRPORT AERIAL PHOTO,
P507 DATED 10/05/90.
LAWA SURVEY DATA AND MAP ON 5-12-2000.

- NOTES:
- BASED ON FAR 77, NO OBJECT MAY PENETRATE A PLANE WHICH EXCEEDS 7750 FEET ABOVE MEAN SEA LEVEL.
 - THIS DRAWING SUPERSEDES DDA DWG. NO. 79114-84, REVISION 4.
 - ALL DISTANCES INDICATED WITH * WERE NOT SURVEY DATA BUT APPROXIMATELY LAID OUT FROM THE BNA LEASE DRAWING PROVIDED BY BOEING. THE BEARINGS WERE ASSUMED.



718
SECTION CORNER
FD LACO SUR. MON.
PER CSB 1864-110

SECTION CORNER
FD LACO SUR. MON.
PER CSB 1864-110

SECTION CORNER
FD LACO SUR. MON.
PER CSB 1864-110

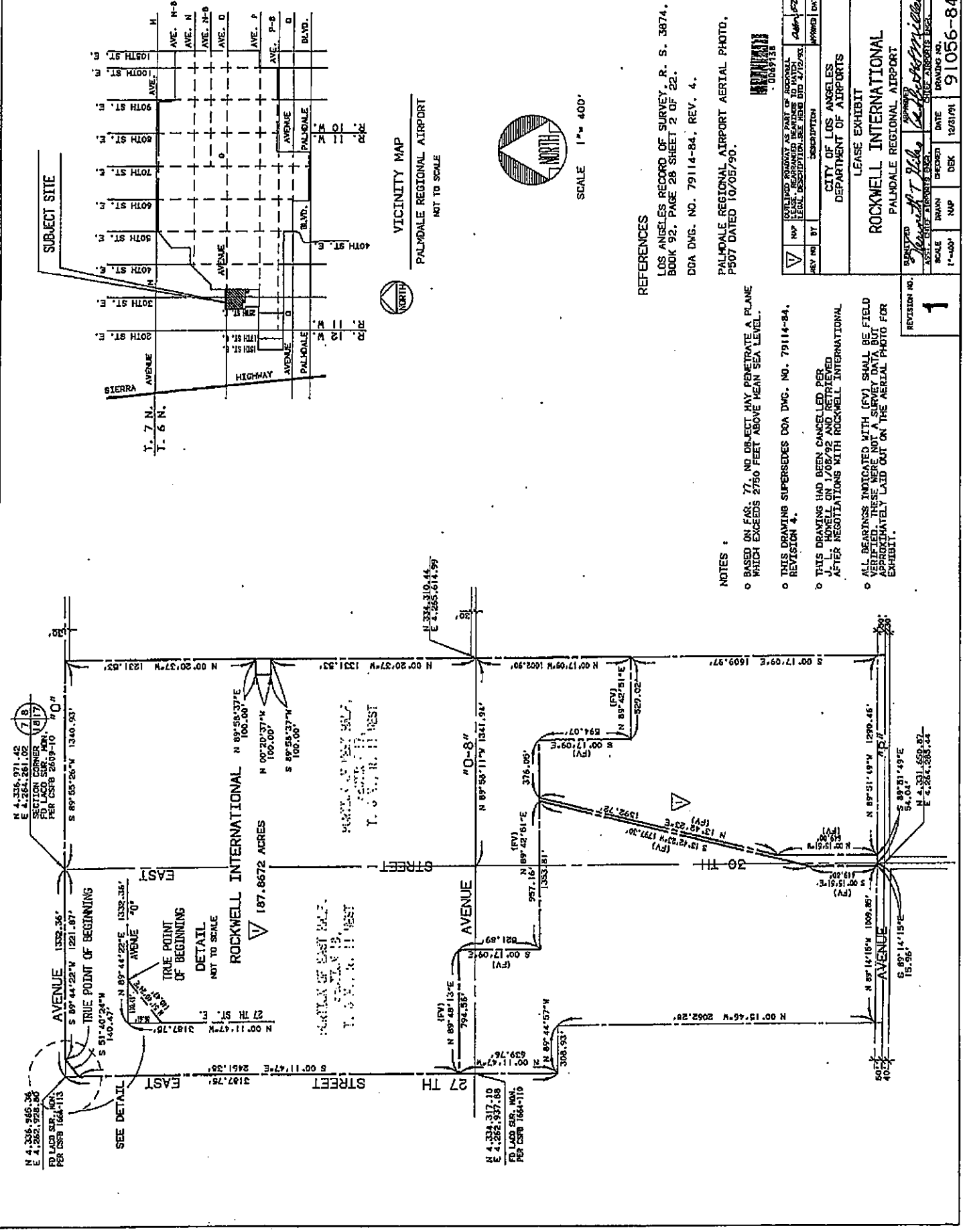
SECTION CORNER
FD LACO SUR. MON.
PER CSB 1864-110

SECTION CORNER
FD LACO SUR. MON.
PER CSB 1864-110

REV. NO.	BT	DESCRIPTION	APPROVED	DATE
1				
2				

CITY OF LOS ANGELES
DEPARTMENT OF AIRPORTS
LEASE EXHIBIT
SR TECHNICS
PALMDALE REGIONAL AIRPORT

REVISION NO.	2
SCALE	1"=400'
DRAWN	MAP
CHECKED	CAF
DATE	12/31/91
DRAWING NO.	91056-84



REFERENCES

LOS ANGELES RECORD OF SURVEY, R. S. 3874,
 BOOK 92, PAGE 28 SHEET 2 OF 22.

DOA DNG. NO. 79114-84, REV. 4.

PALMDALE REGIONAL AIRPORT AERIAL PHOTO,
 P507 DATED 10/02/790.

NOTES

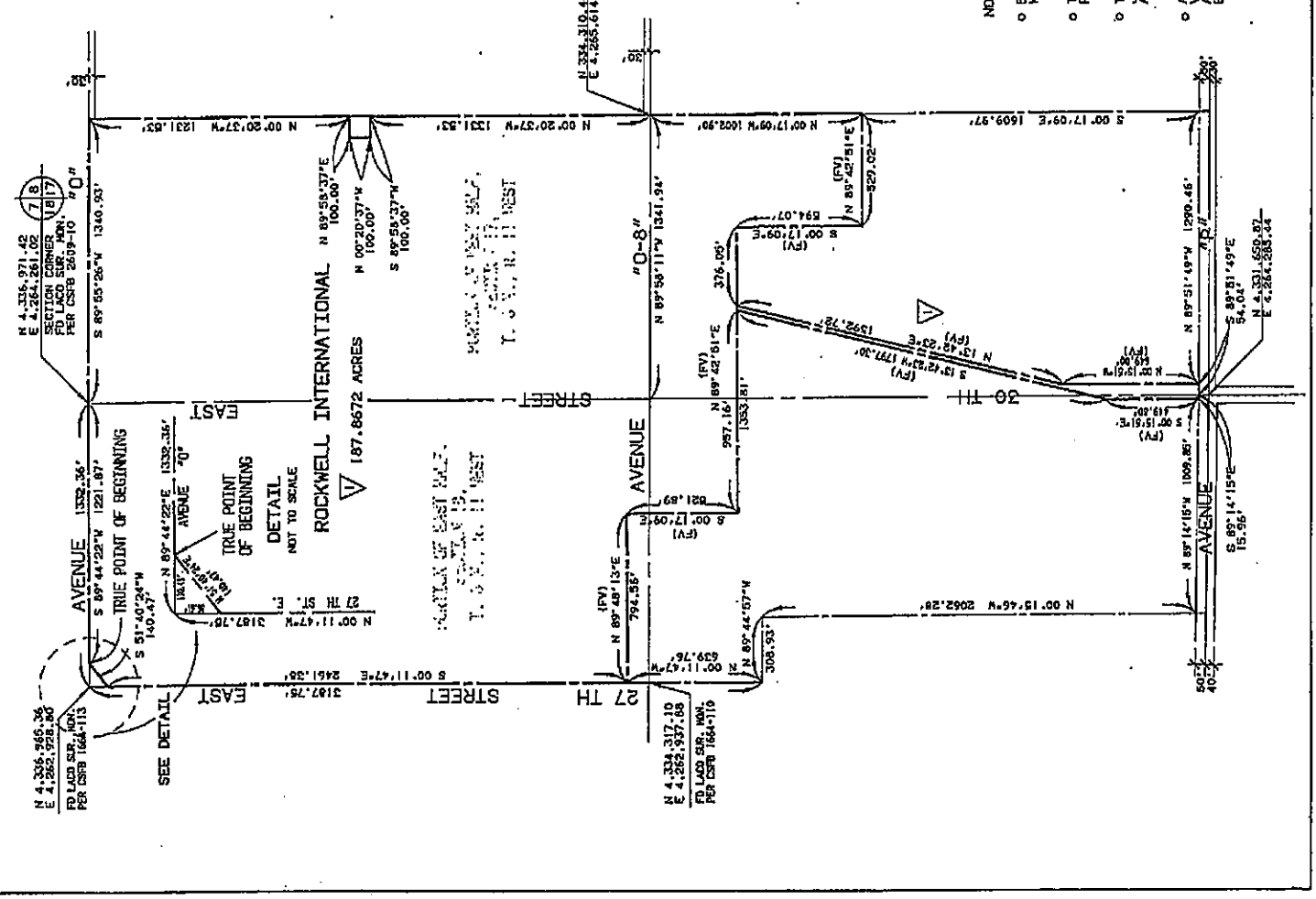
- BASED ON FAS. 77, NO OBJECT MAY PENETRATE A PLANE WHICH EXCEEDS 2750 FEET ABOVE MEAN SEA LEVEL.
- THIS DRAWING SUPERSEDES DOA DNG. NO. 79114-84, REVISION 4.
- THIS DRAWING HAD BEEN CANCELLED PER J. L. HOWELL ON 1/08/92 AND RETRIEVED AFTER NEGOTIATIONS WITH ROCKWELL INTERNATIONAL.
- ALL BEARINGS INDICATED WITH (FV) SHALL BE FIELD BEARINGS. THESE BEARINGS ARE SURVEY DATA, BUT APPROXIMATELY LAID OUT ON THE AERIAL PHOTO FOR EXHIBIT 1.

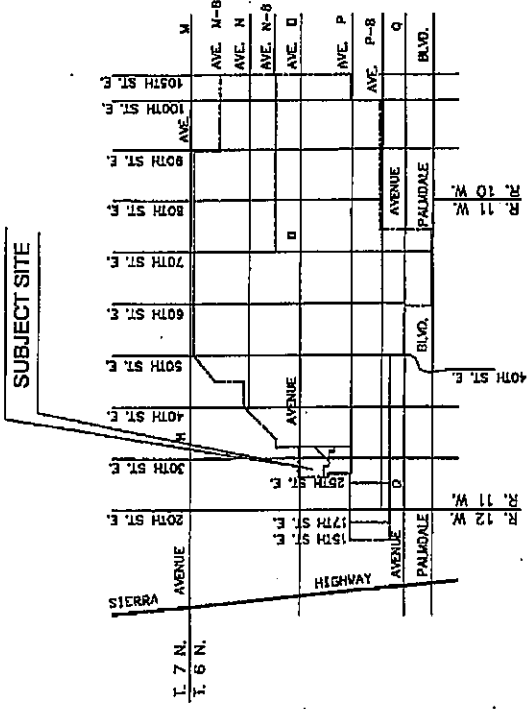
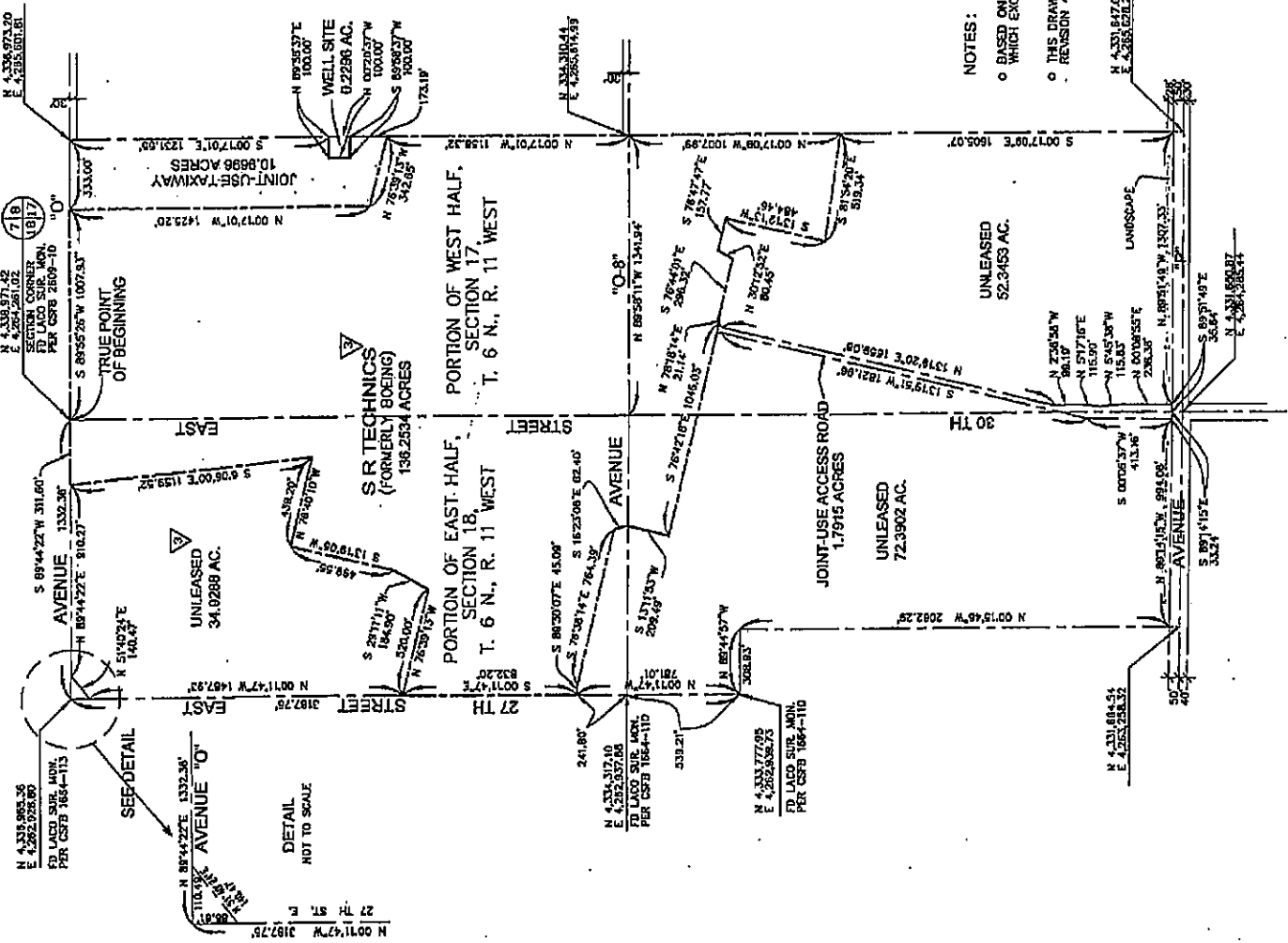
REV NO	BY	DESCRIPTION	DATE	APPROVED	DATE
1	WJ	ISSUED DRAWING AS PART OF RECORD MAP. BEARINGS TO MATCH LEGAL DESCRIPTION. SEE FIELD DNG 2750-92.	06/28/91	WJ	06/28/91

**CITY OF LOS ANGELES
 DEPARTMENT OF AIRPORTS**

**LEASE EXHIBIT
 ROCKWELL INTERNATIONAL
 PALMDALE REGIONAL AIRPORT**

APPROVED: *[Signature]*
 DATE: 12/31/91
 DRAWING NO: 91056-84





VICINITY MAP
PALMDALE REGIONAL AIRPORT
NOT TO SCALE

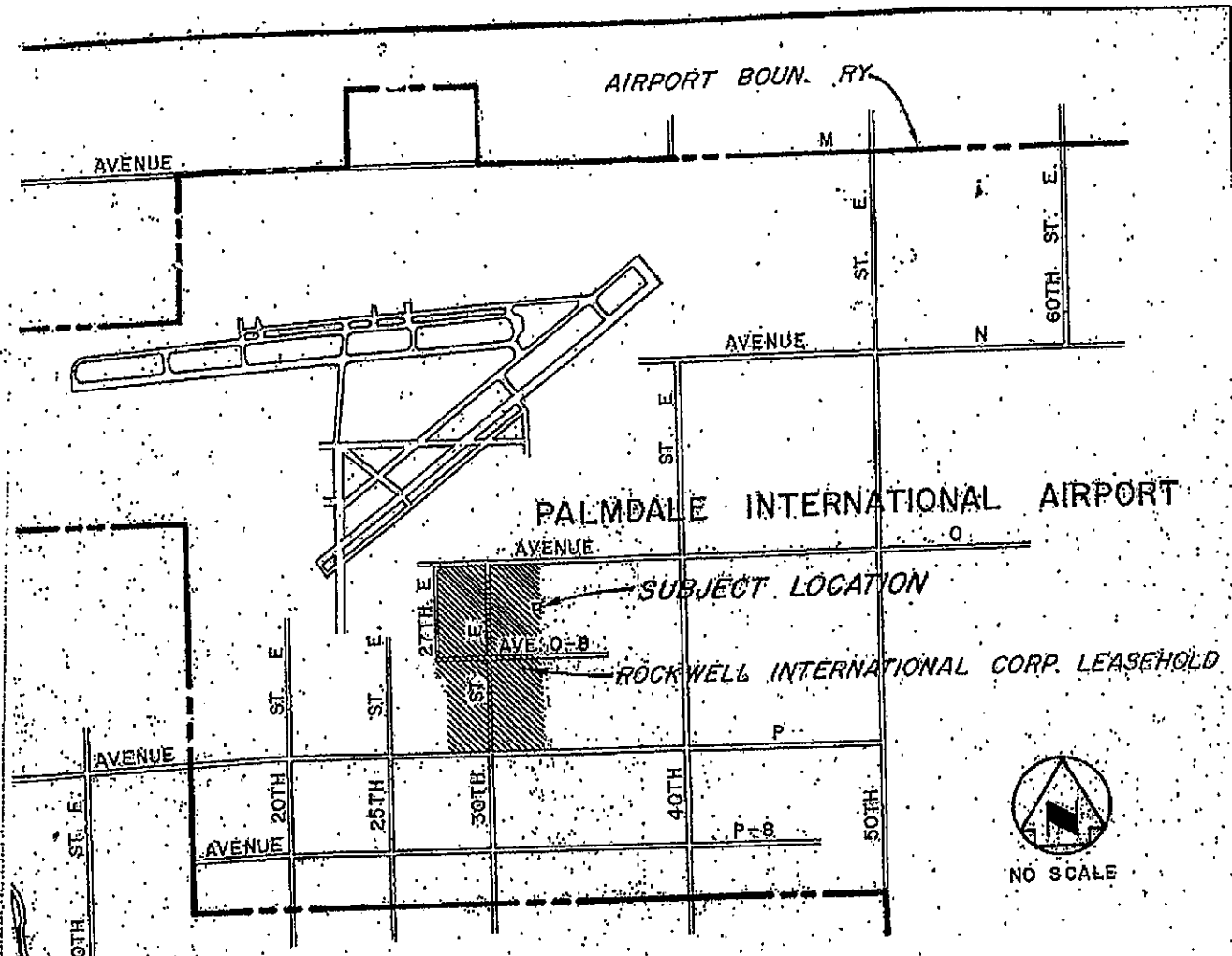
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LOS ANGELES RECORD OF SURVEY, R. S. 3874,
BOOK 92, PAGE 28 SHEET 2 OF 22.
DOA DMC. NO. 79114-84, REV. 4.
PALMDALE REGIONAL AIRPORT AERIAL PHOTO,
P507 DATED 10/05/80.
LAWA SURVEY DATA AND MAP ON 6-23-2000.

NOTES:
O BASED ON FAR. 77, NO OBJECT MAY PENETRATE A PLANE
WHICH EXCEEDS 2750 FEET ABOVE MEAN SEA LEVEL.
O THIS DRAWING SUPERSEDES DOA DMC. NO. 79114-84,
REVISION 4.

REV NO	BY	DESCRIPTION	APPROVED	DATE
1		REVISION AS NOTATED FOR S. TECHNICS PROPOSED TAXIWAYS AT BUILDING 703.	<i>[Signature]</i>	4/27/89

CITY OF LOS ANGELES
DEPARTMENT OF AIRPORTS
LEASE EXHIBIT
SR TECHNICS
PALMDALE REGIONAL AIRPORT

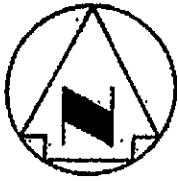
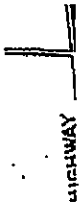
REVISION NO.	3
DATE	12/31/81
DRAWING NO.	91056-84
SCALE	1"=400'
CHECKED	<i>[Signature]</i>
DATE	12/31/81
APPROVED	<i>[Signature]</i>



VICINITY MAP
WESTERLY AREA

EXHIBIT
A

CITY OF LOS ANGELES			
DEPARTMENT OF AIRPORTS			
WELL USE PERMIT			
ROCKWELL INTERNATIONAL			
PALMDALE INTERNATIONAL AIRPORT			
Wesley Butler		M. J. ...	
ASST. DIR. AIRPORTS EXHIBIT		ENGINEER	
SCALE	DATE	PROJECT	NO.
NOTED	APR 12 1988	A.E.V.	32052-01



PLAN

SCALE ~ 1" = 400'

PORTION E. 1/2,
SEC. 18,
T. 6 N., R. 11 W.

PALMDALE COLONY LANDS

M.R. 11-11/12

WELL SITE
0.2296 ACRE

PORTION W. 1/2,
SEC. 17,
T. 6 N., R. 11 W.

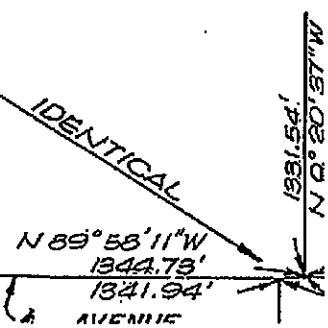
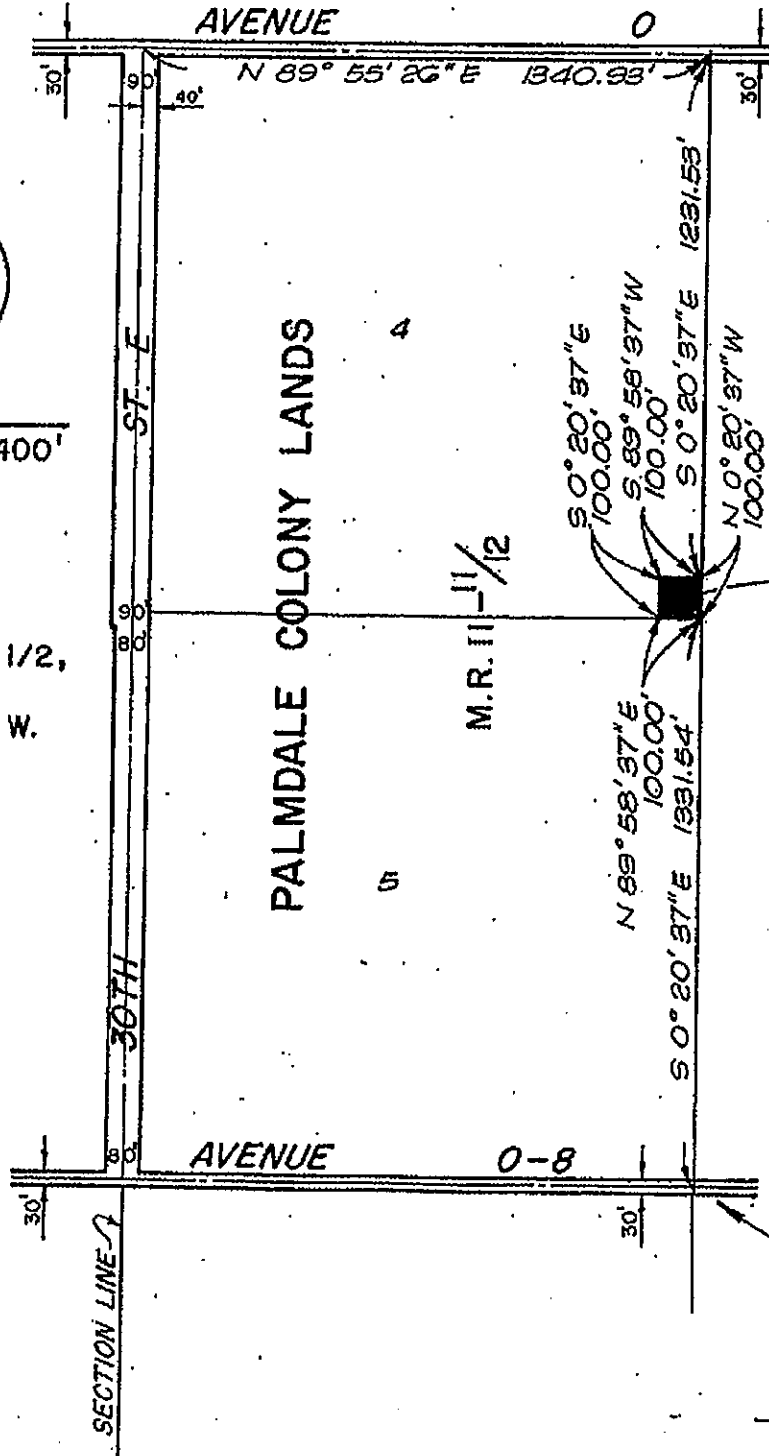


EXHIBIT C-9

CITY OF LOS ANGELES
DEPARTMENT OF AIRPORTS

Board File

LEASE

No. NBP-2059

The CITY OF LOS ANGELES, a municipal corporation, acting by order of and through its Board of Airport Commissioners ("City") hereby leases to BOEING NORTH AMERICAN, INC., a Delaware corporation ("Lessee"), the following described premises, for the term, at the rental and for the uses hereinafter set forth, all subject to the Standard Terms and Provisions, attached hereto and made a part hereof.

Demised Premises: 0.2296 acre of land east of Lessee's Lease No. PIA-44 located at Palmdale Regional Airport ("Airport") as shown on Airports Engineer's Drawing No. 82089-84, which is marked Exhibit "A", incorporated herein and made a part of this Lease document by this reference.

Term: Five (5) years, commencing May 1, 1997, and ending April 30, 2002, subject to termination by either party upon a ninety (90) day advance, written notice.

Rental: Five Hundred Dollars (\$500.00) per month, payable on the first day of each month of the term hereof.

Insurance: The Lessee shall purchase and maintain throughout the term of this

Lease insurance of the types and in the amounts as shall be prescribed by the City. Lessee shall furnish to the City evidence of such insurance that is acceptable to the City.

Use: Incidental water well site for Lessee's Lease No. PIA-44. Lessee may not export or sell any of the water extracted pursuant to this Lease.

Leasehold Expenses/Maintenance: Lessee shall be responsible for all expenses with respect to the Demised Premises, including, but not limited to, the following:

1. labor;
2. possessory interest taxes;
3. other taxes;
4. construction;
5. licenses;
6. permits;
7. utilities;
8. maintenance; and
9. insurance.

Rules and Regulations: Lessee shall be solely responsible for full compliance 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.

Faithful Performance Guarantee: Pursuant to Board of Airport Commissioners' Resolution No. 19355, Lessee is required to furnish and maintain a Faithful Performance Guarantee during the entire term of the Lease. The Faithful Performance Guarantee shall be in the amount of \$1,500 which is equivalent of three months rent. The performance guarantee may be accomplished either in the form of: Cash, Cashiers Check, Business Check, Certificate of Deposit, Irrevocable Assignment of Account, Money Order, Irrevocable Letter of Credit or Surety Bond in favor of the City of Los Angeles, Department of Airports, in a form acceptable to the Executive Director.

IN WITNESS WHEREOF, the parties hereto have themselves or through their duly authorized officers caused this Lease to be executed this 5th day of January, 1998.

APPROVED AS TO FORM
JAMES K. HAHN
City Attorney

DEC 30 1997

By James L. Spitzer
JAMES L. SPITZER
Assistant City Attorney

ATTEST:

By Steven N. Frank
Secretary (Signature)
Steven N. Frank
Print Name

[SEAL]

JLS C:\BOEING.97 8-26-97

CITY OF LOS ANGELES

By [Signature]
Executive Director
Department of Airports

THE BOEING COMPANY
BOEING NORTH AMERICAN, INC.,

By [Signature]
Signature
Alan R. Bjorklund
Print Name

Facilities Director
Print Title

STANDARD TERMS AND PROVISIONS

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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, ¶11]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 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

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.

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 22 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 22 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, as well as a copy of all contracts or writings which set forth payments from subtenant(s) to Lessee and/or which describe the acts or services to be performed by or for the subtenant(s) in connection with the use of the space covered by this agreement.

Lessee shall pay to City fifty percent (50%) of all rent or other consideration received by Lessee from subtenant(s), or other third parties who use the demised premises, the value of which collectively exceeds the rent payable by Lessee to City under this lease. Lessee shall make such payments to City on or before the fifteenth (15th) day of each month following receipt of said rent or consideration and shall submit with each payment a report, on a form satisfactory to the Executive Director, of all subtenants and the rents or other consideration received by Lessee from the subtenant(s) concerning the leased premises. Within fifteen (15) days of receipt of a written request from City, Lessee shall also provide City with a copy of all records relating to monies or other consideration paid by subtenant(s) to Lessee concerning the leased premises and/or services conducted or performed thereon for the purpose of verifying Lessee's calculation of the sublease payments due City.

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. 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 BOEING NORTH AMERICAN, INC., P. O. Box 39999, Seattle, WA 98124-2499 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

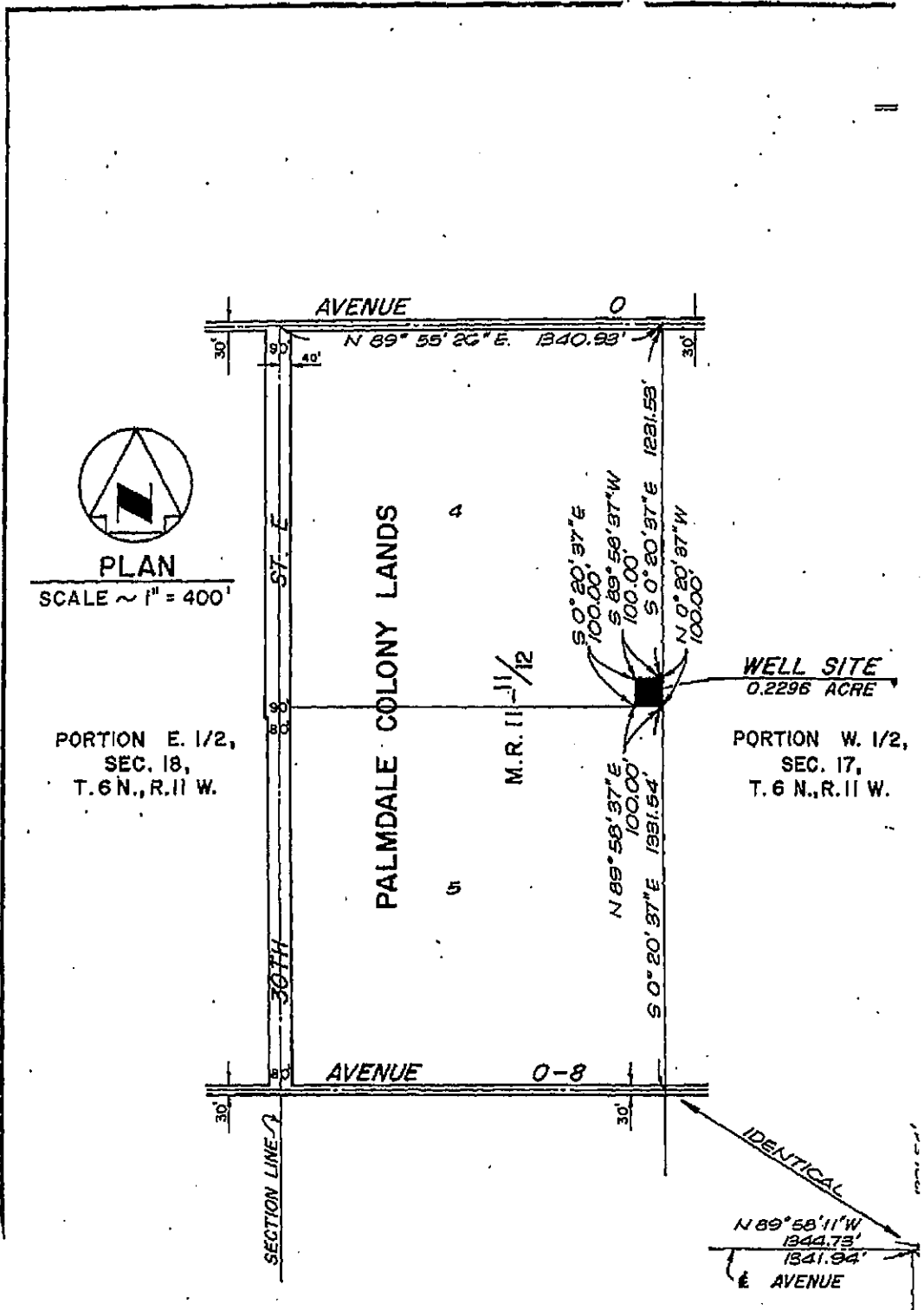
NAME: Boeing North American, Inc.
 AGREEMENT / ACTIVITY: Lease of land at PMD as incidental water well site.

TERM: 5 years, expiring 4-30-02.

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	
(*) Longshoremen's and Harbor Workers' Compensation Act Endorsement	
(X) Waiver of Subrogation	
 (X) Automobile Liability - covering owned, non-owned & hired auto	 \$ 500,000 CSL
(X) Aviation/Airport Liability, including the following coverage:	\$ 500,000 CSL
(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) Vandallism and Malicious Mischief	
(X) Debris Removal	
 *** Coverage for Hazardous Substances	 Sudden Occurrence \$ *** Non-sudden Occurrence \$ ***
 ** 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)



REF: Dept. of Airports Dwg. No. 79114-84

EXHIBIT C-10



Los Angeles World Airports

Board File

BOARD ORDER NO. AO-4797

No. PIA-207

ORDER AUTHORIZING A MONTH-TO-MONTH LEASE BETWEEN THE CITY OF LOS ANGELES AND CHRISTINA MCENANEY DBA MCENANEY GOLF COVERING THE PALMDALE GOLF COURSE FOR A PERIOD NOT TO EXCEED TWENTY FOUR MONTHS.

Section 1. WHEREAS, there has been negotiated a Lease between the City of Los Angeles and Christina McEnaney dba McEnaney Golf covering the Palmdale Golf Course for a period not to exceed twenty four months; and

WHEREAS, the Los Angeles World Airports has a golf course which is located at the southwest corner of Avenue "P" and 40th Street East of Palmdale, California. The golf course has approximately fifty (50) acres of land and includes a nine hole golf course, a pro shop and restaurant; and

LAX
Ontario
Van Nuys
Palmdale

WHEREAS, the two-year Lease for the golf course would require the lessee to pay a minimum rental of \$1,500 per month on gross receipts up to \$50,000 or the sum of the following monthly percentage rental rates, whichever is greater:

City of Los Angeles
James K. Hahn
Mayor
Board of Airport
Commissioners
Theodore Stein, Jr.
President
Warron W. Valdry
Vice President
Eileen N. Levine
Cheryl K. Peterson
Antonio Vargara, Sr.
Mahalia Walter
Leland Wong
Lydia H. Kennard
Executive Director

	<u>Percentage Rents</u>	<u>\$50,001 - \$100,000</u>	<u>\$100,001 - \$200,000</u>	<u>Greater Than \$200,000</u>
Green Fees		6%	12%	21%
Cart Rentals		6%	12%	21%
Driving Range		10%	15%	21%
Merchandise		6%	8%	10%
Food & Beverage		4%	7%	10%
Commercial Filming		25%	25%	25%; and

WHEREAS, the Lease also provides for the ability for the Executive Director to authorize rental credits for capital expenses and/or emergency repairs that may have to be done at the golf course during the term of the two-year Lease not to exceed \$15,000; and

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

WHEREAS, the Lease is subject to the Living Wage and Service Contract Worker Retention Ordinances; and

WHEREAS, there are no DBE requirements on this Lease; and

WHEREAS, McEnaney Golf has an approved Affirmative Action Plan on file with the City of Los Angeles; and

WHEREAS, McEnaney Golf has an approved Business Tax Registration Certificate; and

WHEREAS, McEnaney Golf will be required to comply with the provisions of the Child Support Program; and

WHEREAS, McEnaney Golf has approved insurance documents on file with the City of Los Angeles; and

WHEREAS, pursuant to Charter Section 1022, it has been determined that this work can be performed more economically and feasibly by independent contractors than by City employees; and

WHEREAS, actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of the Los Angeles City Charter Section 245;

NOW, THEREFORE, IT IS ORDERED that it is in 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-4797 adopted by the Board of Airport Commissioners at a regular meeting held Tuesday, December 4, 2001.



Sandra J. Miller - Secretary
BOARD OF AIRPORT COMMISSIONERS

CITY OF LOS ANGELES
DEPARTMENT OF AIRPORTS

Board File

No. PIA-207

LEASE

The CITY OF LOS ANGELES, a municipal corporation ("City"), hereby leases to CHRISTINA McENANEY, doing business as McENANEY GOLF (hereinafter referred to as "Lessee"), the following described premises, for the term, at the rental and for the uses hereinafter set forth, all subject to the Standard Terms and Provisions attached hereto and made a part hereof.

Section 1. Demised Premises: Approximately Fifty (50) acres of land presently used as a nine-hole golf course and situated on the Southwest Corner of Avenue P and 40th Street East at the Palmdale Regional Airport site, as outlined in red on Airports Engineers' Drawing No. 91049-84, a copy of which is attached hereto, marked Exhibit "A" and incorporated herein by reference. Said Demised Premises includes an improved modular clubhouse building, containing the restaurant facility and pro shop, and maintenance buildings.

Lessee is responsible for, and shall pay the cost of, obtaining an Alcoholic Beverage License for the operation of the restaurant facility on the Demised Premises. In addition to the foregoing, Lessee shall be responsible for obtaining whatever other licenses and/or permits are required in order to operate the Desert Aire Golf Course, including, but not limited to, the golf course and the restaurant facility. Lessee may sublease the restaurant

facility and its operation; provided, however, that Consent to said Sublease must be first obtained from the Executive Director of City's Department of Airports, which Consent shall not be unreasonably withheld.

Discretionary capital improvements to the golf course, practice range and appurtenant structures must be reviewed by the Project Management Division and approved by the Executive Director of City's Department of Airports in advance.

Section 2. Term: Month-to-Month, not to exceed twenty four (24) months, commencing January 1, 2002, and ending no later than December 31, 2003; subject, however, to earlier termination, as set forth elsewhere herein.

Section 3. Rental.

A. The Lessee, during the Term hereof, shall, on or before the first day of each month, pay to the City a minimum of one thousand five hundred dollars (\$1,500.00) for gross receipts of less than \$50,000 per month. For gross receipts over \$50,000, Lessee shall pay one thousand five hundred dollars (\$1,500.00) per month or the sum of the percentages shown in the table below, whichever is greater:

<u>Percentage Rents:</u>	<u>Total Gross Receipts \$50,000-\$100,000</u>	<u>Total Gross Receipts \$100,001-\$200,000</u>	<u>Total Gross Receipts Greater Than \$200,000</u>
1. Greens Fees:	6%	12%	21%
2. Cart Rentals:	6%	12%	21%
3. Driving Range:	10%	15%	21%
4. Merchandise:	6%	8%	10%

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5.	Food & Beverage	4%	7%	10%
6.	Commercial Filming	25%	25%	25%

B. "Gross Revenue" Defined. "Gross Revenue" shall include all receipts, whether by coin or currency, on account, by check or credit card, received or billed by Lessee as a result of activities conducted on the Demised Premises by Lessee, its concessionaires and/or its authorized sublessees, regardless of whether delivery of products, commodities or merchandise is made on the Demised Premises or elsewhere.

The term "Gross Revenue" shall not include:

1. The amount of any sales or use tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser and paid by Lessee.
2. Cash discounts allowed or taken on sales.
3. Receipts in the form of refunds from, or the value of merchandise, supplies or equipment returned to, shippers, suppliers or manufacturers.

Lessee may allow customary discounts on sales of commodities and products to its own employees and may allow nondiscriminatory discounts to volume buyers of its commodities, products or services. It is understood and agreed that Lessee shall not divert, or allow to be diverted, any business from the Desert Aire Golf Course.

C. Method of Payment. On the first day of each calendar month, as specified above, Lessee shall pay City as the rental for such calendar month the sum of \$1,500.00, the guaranteed minimum monthly rental. Any additional rent for the preceding month that

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Lessee may be required to pay pursuant to the percentage provision of this Section 3 shall be paid on or before the twenty-fifth (25th) day of the following calendar month. For the purpose of determining the charge payable upon the percentage basis, Lessee shall, on or before the twenty-fifth (25th) day of the month following each such calendar month, submit to City, in such manner and detail and upon such forms as are reasonably prescribed by the Executive Director of the City's Department of Airports (hereinafter referred to as "Executive Director"), an accounting of the gross revenue received by Lessee in the operation of Desert Aire Golf Course for the preceding calendar month.

Within one hundred twenty (120) days following the expiration or earlier termination of this Lease, the Lessee shall submit to City an audit report of Gross Revenue. The audit report must be prepared by an independent Certified Public Accountant licensed to do business within the State of California. Each audit report shall, at a minimum, certify the accuracy of (i) reported total accumulated Gross Revenue, (ii) the calculation of the total amount payable to City based upon the terms of this Lease, and (iii) the actual payments to City during the Term of this Lease. Each audit report shall also state an opinion as to the correctness of the computation of Gross Revenue, without exception.

D. Pro Rata Payment. If the expiration, cancellation or termination of this Lease falls on a date other than the first or last day of any calendar month, the applicable rental for said month shall be paid by Lessee to City pro rata in the same proportion that the number of days the Lease is in effect for that month bears to the total number of days in that month.

E. Lessee's Books and Records. Lessee undertakes and agrees, as a covenant and condition herein, to maintain, either at the Desert Aire Golf Course or at some other location acceptable to Executive Director during the term of this Lease, its permanent books, ledgers, journals and accounts wherein are kept the records of business activity at the Desert Aire Golf Course. Such books, ledgers, journals, accounts and records for the Term of the Lease shall be retained for a period of at least four (4) years, unless City notifies Lessee in writing that certain documents shall be retained for a period in excess of four years. Such books, ledgers, journals, accounts and records shall be available for inspection and examination without restriction by Executive Director, or a duly authorized representative, during ordinary business hours for the purpose of determining the accuracy thereof and must be supported by source documents of original entry such as sales slips, cash register tapes, purchase invoices or other pertinent documents. If Lessee chooses not to maintain its business records at a Palmdale or Los Angeles area business office, Lessee then must pay for all traveling costs associated with the conducting of audits performed by the City at Lessee's place of record.

It is agreed that examination of the books, ledgers, journals and accounts of Lessee will be conducted in accordance with generally accepted auditing standards applicable in the circumstances and that, as such, said examinations do not require a detailed audit of all transactions. Testing and sampling methods may be used in verifying reports submitted by Lessee and deficiencies ascertained by applying percentages of error obtained from such testing and sampling to the entire period of reporting under examination will be binding upon Lessee. In the event any deficiency in the amount of three percent (3%) or

greater of any percentage rental payable to City hereunder is ascertained, Lessee agrees to pay City for the cost of the audit. All information gained by City from such examinations shall be confidential and shall not be disclosed other than to carry out the purposes hereof.

Section 4. Faithful Performance Guarantee: Pursuant to Board of Airport Commissioners Resolution No. 19355, Lessee shall furnish to City and maintain a Faithful Performance Guarantee during the entire Term of this Lease. The Faithful Performance Guarantee shall be in the amount of \$4,500.00, which is the equivalent of three (3) months' Minimum Monthly Rent. The Faithful Performance Guarantee may be either in the form of an Irrevocable Letter of Credit or Surety Bond. City shall have the right to use the Faithful Performance Guarantee, in whole or in part, in the event that rentals and/or other payments required to be made by Lessee are more than fifteen (15) days past their due date.

Section 5. Leasehold Expenses: Lessee will be responsible for all expenses, except real estate property taxes, associated with the leasehold. Those expenses include possessory interest taxes, personal property taxes, other taxes, utilities, maintenance and insurance. Lessee shall purchase and maintain throughout the term of the Lease insurance of the types and in the amounts as shall be prescribed by the City. Lessee shall also furnish to the City evidence of such insurance as is acceptable to the City. Lessee shall also comply with the provisions of Section 14 of the Standard Terms and Provisions.

Section 6. Rental Credit for Capital Expenses and/or Emergency Repairs.

Rental credit for capital improvements and/or emergency repairs may be authorized by the Executive Director of City's Department of Airports. The authorization for said rental credits must be obtained in writing by Lessee in advance. Under no circumstances, shall the rental credits exceed the total sum of fifteen thousand dollars (\$15,000) during the Term of this Lease.

Section 7. Use: Operation and maintenance of a public golf course facility and a Food/Beverage concession only. Lessee shall maintain, operate and manage all golf course activities, including overall course management, starter services, range operations, cart operations, pro shop merchandising, food and beverage services, and maintenance of the buildings and grounds. Lessee shall collect all revenues, pay all expenses, manage personnel, maintain accounting records, market the golf course, and attend to all matters necessary to, at a minimum, preserve the condition of the golf course and appurtenant structures existing at the commencement of the Term of this Lease. All aspects of the operation of the Desert Aire Golf Course are subject to review and approval by the Executive Director. If the Executive Director determines that one or more aspects of the Lessee's golf course operation is (are) not in the best interests of the City or of the public, the Executive Director will notify the Lessee to modify the operation of the golf course to meet with the Executive Director's approval. Upon notice from the Executive Director that one or more modification(s) of the golf course operation is (are) required, Lessee agrees to make such modification(s). The Board of Airport Commissioners may review the

Executive Director's determination(s) as described herein. The Board's decision shall be final and conclusive.

Section 8. Prices and Fees.

Lessee shall at all times maintain a complete list or schedule of the prices and fees charged for all goods and services, or combinations thereof, supplied to the public on or from the Demised Premises. Said prices and fees shall be fair and reasonable.

The Executive Director hereby reserves the right to establish, in a reasonable way, the maximum allowable greens fees, golf cart and golfmobile rental fees, golf tournament-entry fees, fees for driving range balls and other fees and prices to be charged by Lessee. Said fees and prices are subject to periodic review by the Executive Director, who reserves the right to request changes in some, or all, of the fees and prices.

Section 9. Maintenance and Operation: Lessee, solely at its own cost and expense, shall be responsible for and shall maintain the Demised Premises, including the water well(s) located on the Demised Premises, structures, paving, landscaping improvements and facilities thereon, in working condition and in compliance with all requirements of law.

Section 10. Fixtures, Furnishings and Equipment: Title to all fixtures and other real improvements shall revert to City upon the expiration or earlier termination of this Lease. All furnishings, appliances, business equipment and personal property belonging to

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Lessee shall remain the property of the Lessee.

Section 11. Rules and Regulations: Lessee shall be solely responsible for 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, including the following:

- a. Affirmative Action
- b. Airport Noise Regulations
- c. Airport Security
- d. Art Endowment
- e. Bike/Shower
- f. Business Tax Registration
- g. Child Care
- h. Coastal Transportation Corridor Ordinance
- i. Commercial Tenant's Occupancy Tax
- j. Commuter/Rideshare
- k. Cultural Affairs Architectural Review
- l. Disabled Access
- m. Disadvantaged Business Enterprises
- n. Employee Asbestos Notification
- o. Environmental Assessment
- p. Federal Aviation Administration Construction Review
- q. Hazardous Substances

Doc#187054

- r. Injury and Illness Prevention Program
- s. Job Training
- t. Landscaping Policy
- u. Minority Business Enterprises
- v. Part 150 Uniform Operation Restrictions
- w. Planning Department Site Plan Review
- x. Recycling and Waste Management
- y. Sewer Moratorium
- z. Sign Review
- aa. Storm Water Discharge
- bb. Water Conservation
- cc. Women Business Enterprises

Lessee shall also be solely responsible for any and all civil penalties assessed as a result of the Lessee's failure to comply.

Sec. 12. 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.

Section 13. Termination by City.

A. City shall have the right to terminate this Lease in its entirety and all rights ensuing therefrom upon thirty (30) days advance written notice to Lessee.

B. No acceptance by City of rentals, in whole or in part, for any period or periods after a default of any of the terms, covenants and conditions to be performed, kept or observed by Lessee, including a default in the payment of rentals as set forth in Section 3 hereof, shall be deemed a waiver of any right on the part of City to terminate this Lease on account of such default.

C. No waiver by City of any default on the part of Lessee in the performance of any of the terms, covenants, or conditions hereof to be performed, kept or observed by Lessee shall be or be construed to be a waiver by City of any other or subsequent default in performance of any of said terms, covenants and conditions.

Section 14. City's Right of Re-Entry. City shall, as an additional remedy, upon the giving of written notice of termination as provided in Section 13 hereof, have the right to re-enter the demised premises and every part thereof on the effective date of termination without further notice of any kind, and City may regain and resume possession either with or without the institution of summary or legal proceedings or otherwise. Such re-entry or regaining or resumption of possession, however, shall not in any manner affect, alter, or diminish any of the obligations of Lessee under this Lease, and shall in no event constitute

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an acceptance or surrender.

Section 15. City of Los Angeles Living Wage Requirement and City of Los Angeles Service Contractor Worker Retention Requirement.

A. City of Los Angeles Living Wage Requirement. Lessee must comply with Article 11, Chapter 1 of Division 10 of the Los Angeles Administrative Code which requires that nothing less than a prescribed minimum level of compensation (a "living wage") be paid to employees of service contractors of City. (A copy of the "Living Wage" Ordinance is attached hereto as Exhibit "B").

B. City of Los Angeles Service Contractor Worker Retention Requirement. Lessee must comply with Article 10, Chapter 1 of Division 10 of the Los Angeles Administrative Code which, under certain circumstances, requires the retention of service contract workers by the successor service contractors of City. (A copy of the "Service Contractor Worker Retention" Ordinance is attached hereto as Exhibit "C").

Section 16. Child Support Orders. Lessee agrees, as part of its obligations under this Lease, that it shall comply with the terms of the Child Support Orders Ordinance as set forth in Los Angeles Administrative Code Section 10.10, et seq., Ordinance No. 172,401, a copy of which is attached hereto as Exhibit "D".

Section 17. Waiver of Damages. Lessee hereby assumes all risk of injury, loss or damage which may result from any defective condition of the demised premises or which may otherwise arise by reason of the use of City property pursuant to this Lease, and releases and discharges the City of Los Angeles from any claims therefor.

Section 18. Indemnification. Lessee hereby agrees to indemnify and hold harmless the City of Los Angeles, its officers, agencies, and employees from any and all loss or liability for bodily injury, death or property damage to either party hereto or to third parties which may arise from the exercise of this Lease by Lessee or its officers, agents, employees, contractors, licensees or invitees. Lessee shall also comply with the provisions of Section 15 of the Standard Terms and Provisions.

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IN WITNESS WHEREOF, the parties hereto have themselves or through their duly authorized officers caused this Lease to be executed this 19th day of December, 2001.

APPROVED AS TO FORM
Rockard J. Delagadillo, City Attorney

Date: DECEMBER 3, 2001

By: James L. Guter
Assistant City Attorney

CITY OF LOS ANGELES

By: Hermise Gu
Executive Director
Department of Airports

ATTEST:

CHRISTINA McENANEY, doing
business as McEnaney Golf

By _____
Secretary (Signature)

Print Name

[SEAL]

By Christina McEnaney
Signature

Christina McEnaney
Print Name

OWNER
Print Title

STANDARD TERMS AND PROVISIONS

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 the Lease document, without first having had and 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

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.

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 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 Section 6, Performance Guarantee, and continue assessing liquidated damages until the Performance Guarantee is replenished to the level required in 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 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.

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 less than Five Thousand Dollars (\$5,000) shall be in the form of a cashier's check. Performance Guarantees for Five Thousand Dollars (\$5,000) or more shall be in the form of an Irrevocable Letter of Credit. 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.

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 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 Executive Director for approval the preliminary plans 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 two (2) copies of said approved working drawings together with one (1) copy of specifications to the Executive Director for written approval. 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. 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, two complete reproducible 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. 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 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.

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.

Section 9. Modification to Size of Demised Premises:

9.1. Modification of Premises and Documents. Addition or deletion of any category of space for which Lessee is charged, not to exceed a cumulative total of fifteen percent (15%) of the actual square footage of same, may be made by mutual agreement of City and Lessee, except as otherwise provided pursuant to 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.

9.2. Relocation of Demised Premises/Reimbursement for Improvements.

If City requires Lessee to relocate from Demised Premises to another 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 Sub-section 7.1.3 hereof 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 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 Required Insurance Sheet, Exhibit B, 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.

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. Any conditions with respect to the use of the signs stated by the Executive Director in the latter's written approval thereof shall be conditions of this Lease.

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

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 Subsection 12.3 hereof, 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 the Required Insurance Sheet, 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 the Required Insurance Sheet, 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 provisions of 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, 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.

**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 Section 16.2. hereof.

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 Board of Airport Commissioners, 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 certified 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 and applicable to 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 Sub-section if City finds that Lessee's utilization of the space is deficient as defined by utilization standards issued by the Executive Director and 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, causes 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. Lessor's Remedies. Upon the occurrence of a Default Event, City, in addition to any other rights or remedies available to City at law or in equity, shall have the right to:

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, as 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, as 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, 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 the 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.

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. 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 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 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.

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

26.2. 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 regulations.

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 Section 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 B. 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. The Living Wage Coverage Determination Form reflecting that initial determination is attached to this Lease as Exhibit H. 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 I 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.

28.2. 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 C. 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 D. 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 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 Section 7, Improvements and Alterations, hereof.

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.

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 the Lease document and the provisions of the Standard Terms and Provisions, the provisions of the Lease document 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 Correction of Square Footage: If, at any time, it is discovered that the square footage of the Demised Premises stated in this Lease is inaccurate, this Lease shall be amended to reflect the correct square footage and correct Monthly Rent.

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. 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 _____ 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.

EXHIBIT C-11

Board File
No. PIA-212

CITY OF LOS ANGELES
DEPARTMENT OF AIRPORTS

LEASE

The CITY OF LOS ANGELES, a municipal corporation ("City"), hereby leases to CHRISTINA McENANEY, doing business as McENANEY GOLF, LLC, (hereinafter referred to as "Lessee"), the following described premises, for the term, at the rental and for the uses hereinafter set forth, all subject to the Standard Terms and Provisions attached hereto and made a part hereof.

Section 1. Demised Premises: Approximately Fifty (50) acres of non-aviation, non-industrial land presently used as a nine-hole golf course and situated on the Southwest Corner of Avenue P and 40th Street East at the Palmdale Regional Airport site, as outlined on Airports Engineers' Drawing No. 91049-84, a copy of which is attached hereto, marked Exhibit "A" and incorporated herein by reference. Said Demised Premises includes a 3,240-square foot clubhouse and pro-shop building; a 2,460-square foot maintenance building; and a 1,050-square foot golf cart barn and recharging building.

Lessee is responsible for, and shall pay the cost of, obtaining an Alcoholic Beverage License for the operation of the restaurant facility on the Demised Premises. In addition to the foregoing, Lessee shall be responsible for obtaining whatever other licenses and/or permits are required in order to operate the Desert Aire Golf Course, including, but not limited to, the golf course and the restaurant facility. Lessee may sublease the restaurant

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facility and its operation; provided, however, that Consent to said Sublease must be first obtained from the Executive Director of City's Department of Airports, which Consent shall not be unreasonably withheld.

Discretionary capital improvements to the golf course, practice range and appurtenant structures must be reviewed by the Project Management Division and approved by the Executive Director of City's Department of Airports in advance.

Section 2. Term: Month-to-Month, not to exceed six (6) months, commencing January 1, 2004, and ending no later than June 30, 2004; subject, however, to termination, by either party hereto, upon the giving of thirty (30) days' advance written notice to the other party.

Section 3. Rental.

A. The Lessee, during the Term hereof, shall, on or before the first day of each month, pay to the City a minimum of one thousand five hundred dollars (\$1,500.00) for gross receipts of less than \$50,000 per month. For each month that gross receipts exceed \$50,000, Lessee shall pay the one thousand five hundred dollars (\$1,500.00) minimum monthly rent plus:

1. 6% of non-filming gross receipts greater than \$50,000 but less than \$100,000;

plus

2. 12% of non-filming gross receipts greater than \$100,000 but less than \$200,000;

plus

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3. 21% of non-filming gross receipts greater than \$200,000; plus
4. 25% of all filming gross revenues. (See Exhibit "B")

B. "Gross Revenue" Defined. "Gross Revenue" shall include all receipts, whether by coin or currency; on account, by check or credit card, received or billed by Lessee as a result of activities conducted on the Demised Premises by Lessee, its concessionaires and/or its authorized sublessees, regardless of whether delivery of products, commodities or merchandise is made on the Demised Premises or elsewhere.

The term "Gross Revenue" shall not include:

1. The amount of any sales or use tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser and paid by Lessee.
2. Cash discounts allowed or taken on sales.
3. Receipts in the form of refunds from, or the value of merchandise, supplies or equipment returned to, shippers, suppliers or manufacturers.

Lessee may allow customary discounts on sales of commodities and products to its own employees and may allow nondiscriminatory discounts to volume buyers of its commodities, products or services. It is understood and agreed that Lessee shall not divert, or allow to be diverted, any business from the Desert Aire Golf Course.

C. Method of Payment. On the first day of each calendar month, as specified above, Lessee shall pay City as the rental for such calendar month the sum of \$1,500.00, the guaranteed minimum monthly rental. Any additional rent for the preceding month that

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Lessee may be required to pay pursuant to the percentage provision of this Section 3 shall be paid on or before the twenty-fifth (25th) day of the following calendar month. For the purpose of determining the charge payable upon the percentage basis, Lessee shall, on or before the twenty-fifth (25th) day of the month following each such calendar month, submit to City, in such manner and detail and upon such forms as are reasonably prescribed by the Executive Director of the City's Department of Airports (hereinafter referred to as "Executive Director"), an accounting of the gross revenue received by Lessee in the operation of Desert Aire Golf Course for the preceding calendar month.

Within one hundred twenty (120) days following the expiration or earlier termination of this Lease, the Lessee shall submit to City an audit report of Gross Revenue. The audit report must be prepared by an independent Certified Public Accountant licensed to do business within the State of California. Each audit report shall, at a minimum, certify the accuracy of (i) reported total accumulated Gross Revenue, (ii) the calculation of the total amount payable to City based upon the terms of this Lease, and (iii) the actual payments to City during the Term of this Lease. Each audit report shall also state an opinion as to the correctness of the computation of Gross Revenue, without exception.

D. Pro Rata Payment. If the expiration, cancellation or termination of this Lease falls on a date other than the first or last day of any calendar month, the applicable rental for said month shall be paid by Lessee to City pro rata in the same proportion that the number of days the Lease is in effect for that month bears to the total number of days in that month.

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E. Lessee's Books and Records. Lessee undertakes and agrees, as a covenant and condition herein, to maintain, either at the Desert Aire Golf Course or at some other location acceptable to Executive Director during the term of this Lease, its permanent books, ledgers, journals and accounts wherein are kept the records of business activity at the Desert Aire Golf Course. Such books, ledgers, journals, accounts and records for the Term of the Lease shall be retained for a period of at least four (4) years, unless City notifies Lessee in writing that certain documents shall be retained for a period in excess of four years. Such books, ledgers, journals, accounts and records shall be available for inspection and examination without restriction by Executive Director, or a duly authorized representative, during ordinary business hours for the purpose of determining the accuracy thereof and must be supported by source documents of original entry such as sales slips, cash register tapes, purchase invoices or other pertinent documents. If Lessee chooses not to maintain its business records at a Palmdale or Los Angeles area business office, Lessee then must pay for all traveling costs associated with the conducting of audits performed by the City at Lessee's place of record.

It is agreed that examination of the books, ledgers, journals and accounts of Lessee will be conducted in accordance with generally accepted auditing standards applicable in the circumstances and that, as such, said examinations do not require a detailed audit of all transactions. Testing and sampling methods may be used in verifying reports submitted by Lessee and deficiencies ascertained by applying percentages of error obtained from such testing and sampling to the entire period of reporting under examination will be binding upon Lessee. In the event any deficiency in the amount of three percent (3%) or greater of any percentage rental payable to City hereunder is ascertained, Lessee agrees

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to pay City for the cost of the audit. All information gained by City from such examinations shall be confidential and shall not be disclosed other than to carry out the purposes hereof.

Section 4. Faithful Performance Guarantee: Pursuant to Board of Airport Commissioners Resolution No. 19355, Lessee shall furnish to City and maintain a Faithful Performance Guarantee during the entire Term of this Lease. The Faithful Performance Guarantee shall be in the amount of \$4,500.00, which is the equivalent of three (3) months' Minimum Monthly Rent. The Faithful Performance Guarantee may be either in the form of an Irrevocable Letter of Credit or Surety Bond. City shall have the right to use the Faithful Performance Guarantee, in whole or in part, in the event that rentals and/or other payments required to be made by Lessee are more than fifteen (15) days past their due date.

Section 5. Leasehold Expenses: Lessee will be responsible for all expenses, except real estate property taxes, associated with the leasehold. Those expenses include possessory interest taxes, personal property taxes, other taxes, utilities, maintenance and insurance. Lessee shall purchase and maintain throughout the term of the Lease insurance of the types and in the amounts as shall be prescribed by the City. Lessee shall also furnish to the City evidence of such insurance as is acceptable to the City. Lessee shall also comply with the provisions of Section 14 of the Standard Terms and Provisions.

Section 6. Rental Credit for Capital Expenses and/or Emergency Repairs.

Rental credit for capital improvements and/or emergency repairs may be authorized by the

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Executive Director of City's Department of Airports. The authorization for said rental credits must be obtained in writing by Lessee in advance. Under no circumstances, shall the rental credits exceed the total sum of fifteen thousand dollars (\$15,000) during the Term of this Lease.

Section 7. Use: Operation and maintenance of a public golf course facility and a Food/Beverage concession only. Lessee shall maintain, operate and manage all golf course activities, including overall course management, starter services, range operations, cart operations, pro shop merchandising, food and beverage services, and maintenance of the buildings and grounds. Lessee shall collect all revenues, pay all expenses, manage personnel, maintain accounting records, market the golf course, and attend to all matters necessary to, at a minimum, preserve the condition of the golf course and appurtenant structures existing at the commencement of the Term of this Lease. All aspects of the operation of the Desert Aire Golf Course are subject to review and approval by the Executive Director. If the Executive Director determines that one or more aspects of the Lessee's golf course operation is (are) not in the best interests of the City or of the public, the Executive Director will notify the Lessee to modify the operation of the golf course to meet with the Executive Director's approval. Upon notice from the Executive Director that one or more modification(s) of the golf course operation is (are) required, Lessee agrees to make such modification(s). The Board of Airport Commissioners may review the Executive Director's determination(s) as described herein. The Board's decision shall be final and conclusive.

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The Demised Premises may be used for the filming of movies and for movie-related activity, provided that there has been advanced written approval from the Executive Director of City's Department of Airports.

Section 8. Prices and Fees.

Lessee shall at all times maintain a complete list or schedule of the prices and fees charged for all goods and services, or combinations thereof, supplied to the public on or from the Demised Premises. Said prices and fees shall be fair and reasonable.

The Executive Director hereby reserves the right to establish, in a reasonable way, the maximum allowable greens fees, golf cart and golfmobile rental fees, golf tournament-entry fees, fees for driving range balls and other fees and prices to be charged by Lessee. Said fees and prices are subject to periodic review by the Executive Director, who reserves the right to request changes in some, or all, of the fees and prices.

Section 9. Maintenance and Operation: Lessee, solely at its own cost and expense, shall be responsible for and shall maintain the Demised Premises, including the water well(s) located on the Demised Premises, structures, paving, landscaping improvements and facilities thereon, in good working condition and in compliance with all requirements of law, as set forth in more detail in the "Maintenance Exhibit", a copy of which is attached hereto as Exhibit "C".

Section 10. Fixtures, Furnishings and Equipment: Title to all fixtures and other real improvements shall revert to City upon the expiration or earlier termination of this Lease.

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All furnishings, appliances, business equipment and personal property belonging to Lessee shall remain the property of the Lessee.

Section 11. Rules and Regulations: Lessee shall be solely responsible for 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, including the following:

- a. Affirmative Action
- b. Airport Noise Regulations
- c. Airport Security
- d. Art Endowment
- e. Bike/Shower
- f. Business Tax Registration
- g. Child Care
- h. Coastal Transportation Corridor Ordinance
- i. Commercial Tenant's Occupancy Tax
- j. Commuter/Rideshare
- k. Cultural Affairs Architectural Review
- l. Disabled Access
- m. Disadvantaged Business Enterprises
- n. Employee Asbestos Notification
- o. Environmental Assessment
- p. Federal Aviation Administration Construction Review

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- q. Hazardous Substances
- r. Injury and Illness Prevention Program
- s. Job Training
- t. Landscaping Policy
- u. Minority Business Enterprises
- v. Part 150 Uniform Operation Restrictions
- w. Planning Department Site Plan Review
- x. Recycling and Waste Management
- y. Sewer Moratorium
- z. Sign Review
- aa. Storm Water Discharge
- bb. Water Conservation
- cc. Women Business Enterprises

Lessee shall also be solely responsible for any and all civil penalties assessed as a result of the Lessee's failure to comply.

Sec. 12. 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

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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 13. Termination.

A. Either party shall have the right to terminate this Lease in its entirety and all rights ensuing therefrom upon thirty (30) days advance written notice to the other party.

B. No acceptance by City of rentals, in whole or in part, for any period or periods after a default of any of the terms, covenants and conditions to be performed, kept or observed by Lessee, including a default in the payment of rentals as set forth in Section 3 hereof, shall be deemed a waiver of any right on the part of City to terminate this Lease on account of such default.

C. No waiver by City of any default on the part of Lessee in the performance of any of the terms, covenants, or conditions hereof to be performed, kept or observed by Lessee shall be or be construed to be a waiver by City of any other or subsequent default in performance of any of said terms, covenants and conditions.

Section 14. City's Right of Re-Entry. City shall, as an additional remedy, upon the giving of written notice of termination as provided in Section 13 hereof, have the right to re-enter the demised premises and every part thereof on the effective date of termination without further notice of any kind, and City may regain and resume possession either with or without the institution of summary or legal proceedings or otherwise. Such re-entry or

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regaining or resumption of possession, however, shall not in any manner affect, alter, or diminish any of the obligations of Lessee under this Lease, and shall in no event constitute an acceptance or surrender.

Section 15. City of Los Angeles Living Wage Requirement and City of Los Angeles Service Contractor Worker Retention Requirement.

A. City of Los Angeles Living Wage Requirement. Lessee must comply with Article 11, Chapter 1 of Division 10 of the Los Angeles Administrative Code which requires that nothing less than a prescribed minimum level of compensation (a "living wage") be paid to employees of service contractors of City. (A copy of the "Living Wage" Ordinance is attached hereto as Exhibit "D").

B. City of Los Angeles Service Contractor Worker Retention Requirement. Lessee must comply with Article 10, Chapter 1 of Division 10 of the Los Angeles Administrative Code which, under certain circumstances, requires the retention of service contract workers by the successor service contractors of City. (A copy of the "Service Contractor Worker Retention" Ordinance is attached hereto as Exhibit "E").

Section 16. Child Support Orders. Lessee agrees, as part of its obligations under this Lease, that it shall comply with the terms of the Child Support Orders Ordinance as set forth in Los Angeles Administrative Code Section 10.10, et seq., Ordinance No. 172,401, a copy of which is attached hereto as Exhibit "F".

Section 17. Contractor Responsibility Program. 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 "G".

Section 18. Waiver of Damages. Lessee hereby assumes all risk of injury, loss or damage which may result from any defective condition of the demised premises or which may otherwise arise by reason of the use of City property pursuant to this Lease, and releases and discharges the City of Los Angeles from any claims therefor.

Section 19. Indemnification. Lessee hereby agrees to indemnify and hold harmless the City of Los Angeles, its officers, agencies, and employees from any and all loss or liability for bodily injury, death or property damage to either party hereto or to third parties which may arise from the exercise of this Lease by Lessee or its officers, agents, employees, contractors, licensees or invitees. Lessee shall also comply with the provisions of Section 15 of the Standard Terms and Provisions.

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STANDARD TERMS AND PROVISIONS

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 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

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.

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

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, 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 D. 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 E. 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 F. 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.

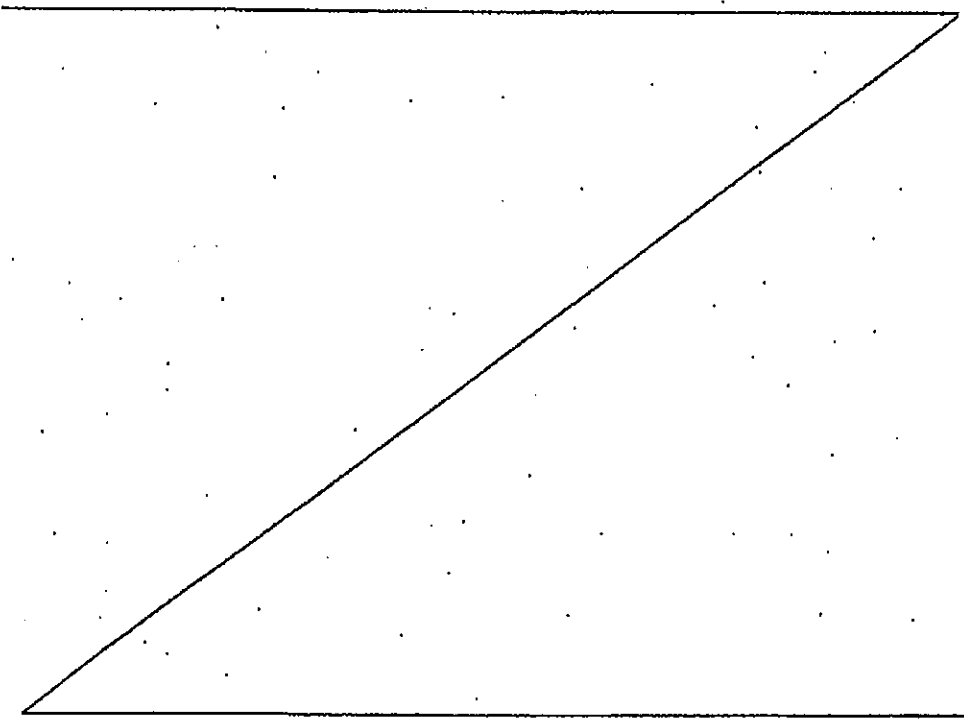
33.1. Except as specifically stated herein, this Lease, and the terms, conditions, provisions and covenants hereof, shall apply only to the Demised Premises herein particularly described and shall not in any way change, amend, modify, alter, enlarge, impair, or prejudice any of the rights, privileges, 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 G 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 this 23rd day of January, 2004.

APPROVED AS TO FORM
Rockard J. Delgadillo, City Attorney

Date: JANUARY 21, 2004
By: Jane F. Sitton
Deputy/Assistant City Attorney

CITY OF LOS ANGELES

By: [Signature]
Executive Director
Department of Airports

ATTEST:

By: [Signature]
Secretary (Signature)
Secretary
Print Title

CHRISTINA MCENANEY, doing
business as MCENANEY GOLF, LLC

By: [Signature]
Signature
Christina McEnaney
Print Name
President
Print Title

[SEAL]

EXHIBIT "B"

PAYMENTS

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

Monthly Rental

Minimum Monthly Rent

Flat Rate Per Board Order AO-4797 = \$ 1,500.00

Percentage Rent

Each month that gross receipts exceed \$50,000, lessee shall pay the \$1,500 minimum monthly rent plus:

6% of non-filming gross receipts greater than \$50,000 but less than \$100,000; plus

12% of non-filming gross receipts greater than \$100,000 but less than \$200,000; plus

21% of non-filming gross receipts greater than \$200,000.

Commercial Filming Percentage Rent

25% of gross receipts from all filming activities.

0.0

Maintenance Exhibit

Lessee shall, at Lessee's sole cost and expense, keep and maintain the Demised Premises in good repair and working order, reasonable wear and tear excepted, and in a clean, neat, attractive, properly maintained, and safe condition. All maintenance, repairs, and replacements shall be in accordance with applicable prevailing industry maintenance standards and in compliance with all manufacturers' recommendations and Federal, State, and Local government rules and regulations.

Except as specifically identified herein as City's responsibilities, Lessee is responsible for all maintenance and repair of the Demised Premises (including improvements).

Area of Responsibility	City-Owned Improvements	Lessee-Owned Improvements
------------------------	-------------------------	---------------------------

BUILDING AND SYSTEMS

Building shell enclosure, including roofs and primary structural system	Lessee	Lessee
Exterior doors and openings, including overhead bay doors and overhead roll-up doors.	Lessee	Lessee
Building interior, including partitions, walls, floors, ceilings, doors, as well as their attachments to the primary structural system and the building shell enclosure	Lessee	Lessee
Furniture, fixtures, and equipment, including exterior mounted equipment	Lessee	Lessee
Exterior and interior windows	Lessee	Lessee
Base building systems including electrical, mechanical, plumbing, telecommunications, acoustics, energy, and internal conveyance systems	Lessee	Lessee
Fire Life Safety systems, including emergency generators, smoke detectors, fire suppression, fire extinguishers	Lessee	Lessee
Exterior and interior lighting and lighting fixtures, including parking lots and equipment area lighting	Lessee	Lessee
Natural gas, water, and electricity infrastructure to meter or main panel	Lessee	Lessee

Area of Responsibility	City-Owned Improvements	Lessee-Owned Improvements
Sewer lines to Demised Premises boundary and on-site septic lines	Lessee	Lessee
HVAC equipment and systems	Lessee	Lessee
Exterior and interior signage	Lessee	Lessee
Janitorial	Lessee	Lessee

EXTERIOR AREAS

Perimeter and on-site fencing and netting	Lessee	Lessee
Automobile parking lot cleaning, sweeping, paving, striping, curb stops, guard rail, and handrail	Lessee	Lessee
Golf course markings, signage, flags, netting, landscaping and trees including equipment staging	Lessee	Lessee
Dumpster provision and trash removal	Lessee	Lessee
Trash container provision and servicing	Lessee	Lessee
Interior and exterior landscaping and hardscaping, including site drainage	Lessee	Lessee
Janitorial	Lessee	Lessee

CAPITAL IMPROVEMENTS (see Note)

Repairs due to Lessee's failure to properly perform all other maintenance and repair responsibilities	Lessee	Lessee
Repairs not caused by Lessee's failure to properly perform all other maintenance and repair responsibilities	City	Lessee

Note: Cause of requirement for repair to be determined by City's independent consulting engineer.

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 B

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

SECTION HISTORY

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

Sec. 10.37.1 Definitions.

The following definitions shall apply throughout this article:

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

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

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

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

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

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

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

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

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

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

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

(i) "Public lease or license."

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

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

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

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

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

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

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

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

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

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

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

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

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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), (e) (f), (h), Ord. No. 173747, Eff. 1-03-01.

Sec. 10.37.2 Payment of Minimum Compensation to Employees.

(a) Wages

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

(b) Compensated days off

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

SECTION HISTORY

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

Sec. 10.37.3 Health Benefits.

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

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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

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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. 3-5-97.

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

Sec. 10.37.7 Administration.

The City Council shall by resolution designate a department or office, which shall promulgate rules for implementation of this article and otherwise coordinate administration of the requirements of this article ("designated administrative agency" - DAA). The DAA shall monitor compliance, including the investigation of claimed violations, and shall promulgate implementing regulations consistent with this article. The DAA shall also issue determinations that persons are City financial assistance recipients, that particular contracts shall be regarded as "service contracts" for purposes of section 10.37.K), 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. 3-5-97.
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.
Amended by: Ord. No. 173747, Eff. 1-03-01.

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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 § 337 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(d), and of "service

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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. 173,747, Eff. 1-03-01.*

Sec. 10.37.14 Severability

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

SECTION HISTORY

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

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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. 1-13-94.
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 of 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

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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 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. 171,003, Eff. 5-18-96; Subsec. (c), Ord. No. 172,843, Eff. 11-4-99.*

Sec. 10.36.2. Transition Employment Period.

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

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

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

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

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

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

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

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

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

SECTION HISTORY

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

Sec. 10.36.3. Enforcement.

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

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

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

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

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

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

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

SCWRO

EXHIBIT # E

(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 6 E

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. 171,007, EFS-18-96.

SCWRO

EXHIBIT # 12

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

ARTICLE 1

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.

CHILD SUPPORT

EXHIBIT M C

EXHIBIT F 1

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 McEnaney Golf, LLC 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 18th
day of November, 2003 at Palmdale, Los Angeles CA
City/County State

McEnaney Golf, LLC - 3120 E. Ave. P. Palmdale, CA 93550
Name of Business Address

CM Christina McEnaney
Signature of Authorized Representative Print Name

Pres 661-538-0370
Title Telephone Number

CHILD SUPPORT

EXHIBIT G

Contractor Responsibility Program

**LOS ANGELES WORLD AIRPORTS
CONTRACTOR RESPONSIBILITY PROGRAM
QUESTIONNAIRE**

On December 4, 2001, the Board of Airport Commissioners adopted Resolution No. 21601, establishing LAWA's Contractor Responsibility Program (CRP). The intent of the program is to ensure that all LAWA contractors have the necessary quality, fitness and capacity to perform the work set forth in the contract. To assist LAWA in making this determination, each bidder/proposer is required to complete and submit with the bid/proposal the attached CRP Questionnaire. If a non-competitive process is used to procure the contract, the proposed contractor is required to complete and submit the CRP Questionnaire to LAWA prior to execution of the contract. Submitted CRP questionnaires will become public records and information contained therein will be available for public review for at least fourteen (14) calendar days, except to the extent that such information is exempt from disclosure pursuant to applicable law.

The signatory of this questionnaire guarantees the truth and accuracy of all statements and answers to the questions herein. Failure to complete and submit this questionnaire may make the bid/proposal non-responsive and result in non-award of the proposed contract. During the review period, if the bidder/proposer or contractor is found non-responsive, he/she is entitled to an Administrative Hearing if a written request is submitted to LAWA within ten (10) working days from the date LAWA issued the non-responsibility notice. Final determination of non-responsibility will result in disqualification of the bid/proposal or forfeiture of the proposed contract.

All Questionnaire responses must be typewritten or printed in ink. Where an explanation is required or where additional space is needed to explain an answer, use the CRP Questionnaire Attachment A. Submit the completed and signed Questionnaire and all attachments to LAWA. Retain a copy of this completed questionnaire for future reference. Contractors shall submit updated information to LAWA within thirty (30) days if changes have occurred that would make any of the responses inaccurate in any way.

A. PROJECT TITLE: 6-MONTH LEASE OF DESERT AIRS GOLF COURSE, PALMDALE REGIONAL AIRPORT

B. BIDDER/CONTRACTOR INFORMATION:

McEnaney Golf, LLC DBA Desert Aire Golf Course
 Legal Name DBA
3620 E. Ave P, Palmdale, CA 93550
 Street Address City State Zip
Christina McEnaney 714-538-0370 762-538-0894
 Contact Person, Title Phone Fax

C. TYPE OF SUBMISSION: The CRP Questionnaire being submitted is:

- An initial submission of a CRP Questionnaire. Please complete all questions and sign Attachment A.
- An update of a prior CRP Questionnaire dated ____/____/____. Please complete all questions and sign Attachment A.
- A copy of the initial CRP Questionnaire dated ____/____/____. Please sign below and return this page.

I certify under penalty of perjury under the laws of the State of California that there has been no change to any of the responses since the firm submitted the last CRP Questionnaire.

Christina McEnaney, Pres. CMG 11-18-3
 Print Name, Title Signature Date

A. OWNERSHIP AND NAME CHANGES

1. In the past five (5) years, has your firm changed name?

Yes No

If Yes, list on Attachment A all prior legal and D.B.A. names, addresses, and the dates when used. Explain the specific (s) reason for each name change.

B. FINANCIAL RESOURCES AND RESPONSIBILITY

2. In the past five (5) years, has your firm ever been the debtor in a bankruptcy proceeding?

Yes No

If Yes, explain on Attachment A the specific circumstances and dates surrounding each instance.

3. Is your company now in the process of, or in negotiations toward, or in preparation for being sold?

Yes No

If Yes, explain on Attachment A the specific circumstances, including to whom being sold and principal contact information.

4. In the past five (5) years, has your firm's financial position significantly changed?

Yes No

If Yes, explain the specific circumstances on Attachment A.

5. In the past five (5) years, has your firm ever been denied bonding?

Yes No

If Yes, explain on Attachment A the specific circumstances surrounding each instance and include the name of the bonding company.

6. In the past five (5) years, has any bonding company made any payments to satisfy any claims made against a bond issued on your firm's behalf or a firm where you were the principal?

Yes No

If Yes, explain on Attachment A the specific circumstances surrounding each instance.

C. PERFORMANCE HISTORY

7. In the past five (5) years, has your firm ever defaulted under a contract with a governmental entity or with a private individual or entity?

Yes No

If Yes, explain on Attachment A the specific circumstances surrounding each instance.

8. In the past five (5) years, has a governmental or private entity or individual terminated your firm's contract prior to completion of the contract?

Yes No

If Yes, explain on Attachment A the specific circumstances surrounding each instance, and principal contact information.

9. In the past five (5) years, has your firm ever failed to meet any scheduled deliverables or milestones?

Yes No

If Yes, explain on Attachment A the circumstances surrounding each instance, and principal contact information.

10. List on a separate attachment prior contracts your firm has had with any private or governmental entity over the last ten (10) years which are similar to the work to be performed on the contract for which you are bidding or proposing. For each contract listed in response to this question, include: (a) contract number and dates; (b) awarding authority; (c) contact name and phone number; (d) description and success of performance; and (e) total dollar amount. Include audit information if available.

Check the box if you have not had any similar contracts in the last ten (10) years.

D. COMPLIANCE

11. In the past five (5) years, has your firm or any of its owners, partners, or officers, been penalized for, or been found to have violated any federal, state, or local laws in the performance of a contract, including but not limited to laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees?

Yes No

If Yes, explain on Attachment A the specific circumstances surrounding each instance, including the entity involved, the specific infraction(s), the dates of such instances, and the outcome and current status.

12. In the past five (5) years, has your firm ever been debarred or determined to be a non-responsible bidder contractor?

Yes No

If Yes, explain on Attachment A the specific circumstances surrounding each instance, including the entity involved, the specific infraction(s), the dates of such instances, and the current status.

E. BUSINESS INTEGRITY

13. In the past five (5) years, has your firm been convicted of, or found liable in a civil suit for making a false claim(s) or material misrepresentation(s) to any private or governmental entity?

Yes No

If Yes, explain on Attachment A the specific circumstances surrounding each instance, including the entity involved, the specific infraction(s), the dates of such instances, and the outcome and current status.

14. In the past five (5) years, has your firm or any of its executives, management personnel, and owners been convicted of a crime, including misdemeanors, or been found liable in a civil suit involving the bidding, awarding, or performance of a government contract; or the crime of theft, fraud, embezzlement, perjury, or bribery?

Los Angeles World Airports
Contractor Responsibility Program
Questionnaire

Yes

No

If Yes, explain on Attachment A the specific circumstances surrounding each instance, including the entity involved, the specific infraction(s), the dates of such instances, and current status.

ATTACHMENT "A"
FOR ANSWERS TO QUESTIONS IN SECTIONS A THROUGH E

Use the space below to provide required additional information or explanation(s). Information submitted on this sheet must be typewritten. Indicate the question for which you are submitting the additional information. Information submitted on this Attachment will be available for public review, except to the extent that such information is exempt from disclosure pursuant to applicable law. Insert additional Attachment A pages as necessary.

A.1. Name Change as of 7-1-3 from:
Christina McEnaney DBA McEnaney Golf (1-1-1 through 6-30-3) to:
McEnaney Golf, LLC DBA Desert Aire Golf Course (7-1-3 to present)
Reason: Business form changed from a sole proprietorship to an LLC
Address for both is same: 3620 East Avenue P, Palmdale, CA 93550

C.10. Contract # PIA-207
Date 1-1-2 through 12-31-3
Los Angeles World Airports, Palmdale Regional Airport
Contact: Lewis Trout 661-266-7602
Successful Performance to date
Lease Payment \$1500 per month

CERTIFICATION UNDER PENALTY OF PERJURY

I certify under penalty of perjury under the laws of the State of California that I have read and understand the questions contained in this CRP Questionnaire. I further certify that I am responsible for the completeness and accuracy of the answers to each question, and that all information provided in response to this Questionnaire is true to the best of my knowledge and belief.

Christina McEnaney, Pres. - CMM
Print Name, Title Signature Date 11-18-3

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.

McEnaney Golf, LLC - 3620 E. Ave P, Palmdale, CA 93550 6615320370
Company Name, Address and Phone Number

CM
Signature of Officer or Authorized Representative

11-18-3
Date

Christina McEnaney - Pres
Print Name and Title of Officer or Authorized Representative

4 month lease of Desert Aire Golf Course
Project Title

Palmdale Regional Airport

Los Angeles World Airports
Procurement Services Division

CONTRACTOR RESPONSIBILITY PROGRAM
FREQUENTLY ASKED QUESTIONS
For Contract Agreements

1. What is the Contractor Responsibility Program?

The Contractor Responsibility Program (CRP), Board Resolution No. 21601, requires LAWA to make a determination prior to awarding a contract agreement that a prospective contractor subject to the CRP has the necessary quality, fitness, and capacity to perform the work set forth in the proposed contract agreement. The CRP applies to contract agreements that require Board approval.

To assist LAWA in making this determination, Bidders/Proposers and non-competitive Sole Source vendors are required to complete and submit a signed CRP Questionnaire and CRP Pledge of Compliance with the bid/proposal for award consideration.

Submitted CRP Questionnaires become public records and information contained therein will be available for public review and comment for a minimum of fourteen (14) calendar days, except to the extent that such information is exempt from disclosure pursuant to applicable law.

2. Is the City of Los Angeles Contractor Responsibility Ordinance (CRO) the same as LAWA's Contract Responsibility Program (CRP)?

No, it is not. There are differences, especially with Sanctions. LAWA will administer the CRP.

3. Who can help me with the CRP?

LAWA's Procurement Services Division (PSD) administers the CRP program. PSD provides technical support, conducts the CRP reviews, and determines Contractor Responsibility. If you have any questions about the CRP or wish to provide public comments about a current or prospective LAWA contractor, please contact the Procurement Compliance Section at (310) 417-6495, or e-mail us at procurement@lawa.org.

A full explanation of the program is provided by the CRP Rules and Regulations. A copy can be obtained by downloading from our web page www.lawa.org, or calling the above phone number.

4. What types of contract agreements are subject to the CRP?

The CRP applies to contract agreements that require Board approval:

- Contracts for services that require Board approval (\$100,000 and up)
- Contracts for construction that require Board approval (\$100,000 and up)
- Contracts for purchasing of goods and products that require Board approval (\$100,000 and up)

5. Are LAWA Permits subject to the CRP?

No, they are not.

6. Are Lease Agreements subject to the CRP?

Yes, some leases are. Lease agreements that require Board approval are subject to the CRP. We have prepared a separate Frequently Asked Question for Leases. Please contact us to obtain a copy.

7. Are Concession contracts subject to the CRP.

Yes, they are. Contracts that require Board approval are subject to the CRP.

8. Are there contract agreements requiring Board approval exempted from the CRP?

Yes. The following types of contract agreements are categorically exempt from the CRP:

- Contracts with a governmental entity such as the United States of America, the State of California, a county, City of Los Angeles Departments, etc.
- Contracts for the investment of trust moneys or contracts relating to the management of trust assets
- Banking contracts entered into by the Treasurer pursuant to California Government Code Section 53630 et seq.

The following types of contract agreements are exempt from the CRP when the Board of Airport Commissioners makes a finding that the contract agreement meets any of the following conditions:

- Contracts awarded on the basis of exigent circumstances whenever the Board finds that LAWA would suffer a financial loss or LAWA operations would be adversely impacted
- Contracts where the goods or services are proprietary or available from only one source
- Contracts for repairs, alterations, work improvements awarded based on urgent necessity for the preservation of life, health or property.
- Contracts entered into during time of war or national, state or local emergency

- Contracts entered into for equipment repairs or parts obtained from an exclusive manufacturer.
- Cooperative agreements with other governmental agencies

9. When did the CRP go into effect and what does it mean?

The CRP was adopted by the Board of Airport Commissioners on December 4, 2001 and amended on May 7, 2002. The program went into effect on May 20, 2002. New contract agreements subject to the CRP for bids/proposals received after May 20, 2002 may not be awarded and executed by LAWVA unless:

- The contract agreement contains the CRP provisions; and
- The proposed contractor has submitted a signed Pledge of Compliance with the CRP; and
- The CRP Questionnaire for the proposed contractor, unless otherwise exempt, has been made available for public review and comment for at least 14 calendar days; and
- The proposed contractor has been declared a Responsible Contractor by LAWVA

10. Is a contract agreement subject to the CRP if it was executed before May 20, 2002?

A contract agreement executed before May 20, 2002 may become subject to the CRP if the total term and amount of the contract, inclusive of all amendments, would make the contract subject to the CRP;

A contractor subject to the CRP because of an amendment shall submit a signed CRP Pledge of Compliance to LAWVA before the contract amendment can be presented to the Board and executed. The contract amendment must contain the CRP provisions.

11. What happens if a bidder/proposer does not submit the Questionnaire and Pledge of Compliance with the bid/ proposal?

If the bid or proposal when first submitted to LAWVA does not have a completed and signed CRP Questionnaire or Pledge of Compliance, the bid or proposal will not be declared non-responsive and disqualified. Once LAWVA determines the most competitive bids or proposals for award, PSD will notify the bidder/proposer about the missing CRP documents. Failure to submit those documents within ten (10) calendar days of notification will render the bid/proposal non-responsive and disqualified.

It is recommended that bidders/proposers submit the completed CRP Questionnaire, and subcontractor lists, if any, when submitting the bid/proposal to avoid delays in the selection process. A public review of the completed CRP Questionnaire is required, and a CRP Determination of Responsibility must be completed before a bid/proposal is awarded.

12. What is the procedure for the CRP review?

Questionnaires from the three (3) lowest bidders and/or from the most competitive proposers, and subcontractor lists, if any, will be made available by Procurement Services Division (PSD) to the public for review and comment for a minimum of fourteen (14) calendar days.

PSD will determine Contractor Responsibility from the completeness and accuracy of the information in the submitted CRP Questionnaire; information from various compliance and regulatory agencies; accuracy and completeness of the information received from the public; and through PSD's own reviews and investigations.

PSD may submit written requests to the bidder/proposer for clarification or additional documentation. Failure to respond to these requests within the specified time may render the bid/proposal non-responsive and disqualified. Depending on the complexity of the investigation or accessibility to documentation, LAWA may decide to select the next responsive and responsible bidder/proposer.

PSD will report its findings and determination to the Requesting LAWA Division.

No contract award will be made by LAWA until after the CRP review and determination has been made.

13. Are completed CRP Questionnaires public records?

Yes. Completed CRP Questionnaires, and subcontractor lists, if any, will become public records and the information contained therein will be available for public review and comment for at least fourteen (14) calendar days.

14. Whom do I contact to review and comment on a bidder/proposer's Questionnaire?

If you wish to review a bidder/proposer's Questionnaire or provide comments about a current or prospective LAWA contractor, contact the Procurement Compliance Section at (310) 417-6495, or e-mail us at procurement@lawa.org.

15. What is a CRP investigation?

Claims regarding alleged responsibility violations by a current or prospective contractor or bidder will be investigated by PSD. Section G of the CRP Rules and Regulations describes the investigation process, collection of facts and documentation, notification of findings, and how the bid or contract may be affected.

16. What are the criteria for CRP sanctions?

A prospective or current contractor will be considered in violation of the CRP and sanctioned if it:

- Does not submit required CRP documents
- Submits incomplete, inaccurate, or unsigned CRP documents,
- Does not cooperate with PSD during its investigation, and/or fail to respond to PSD's Notice to Respond within the time allowed.
- Is determined by LAWA to be non-responsible after a review of the CRP documents, supportive documentation and/or public comments.

17. What are the sanctions for prospective or existing LAWA contractors that do not comply with the CRP requirements?

- Prospective contractors that do not comply with CRP requirements and/or are determined non-responsible will be disqualified and will not be considered for award for that proposal or bid.
- Existing contractors that do not comply with CRP requirements and/or are determined non-responsible will be declared to have a material breach of the contract agreement. LAWA may exercise its contractual and legal remedies hereunder, which are to include, but not limited to the termination of the contract.

Section J of the CRP Rules and Regulations discusses non-responsibility sanctions.

18. What is a non-responsibility-hearing?

Prior to a final non-responsibility determination, LAWA will conduct a non-responsibility hearing if requested by the bidder/proposer or contractor. Section I of the CRP Rules and Regulations discusses the non-responsibility hearing, how to request one, who will be present, LAWA's determination shall be final and shall constitute exhaustion of administrative remedies.

19. Once a firm submits the CRP questionnaire and is determined responsible, will they have to complete the questionnaire and undergo review for every new contract, or contract amendment or only sign a statement that there are no changes?

If there are no changes to the responses to the initial Questionnaire, bidders and contractors will be allowed to submit a copy of the initial Questionnaire for new contracts. The CRP Questionnaire, under "Type of Submission" provides for this option. The executed contract agreement must contain the CRP provisions.

20. What happens, or what is the penalty, if it is later found (after completion of the review period and award of contract) that some of the questions on the Questionnaire were answered incorrectly?

PSD will investigate the matter in accordance with Section G – Investigation, of the CRP Rules and Regulations. The penalty will depend on the results of the investigation. LAWA may exercise its legal remedies thereunder, which are to include, but not limited to the termination of the contract agreement.

21. Could a "scheduled deliverable" discussed in question 9 of the CRP Questionnaire be considered by LAWA to have been met, even if it was delivered later?

The firm or organization that funded the contract will determine whether the scheduled deliverables or milestones were submitted on time or late.

22. Question No. 10 in the CRP Questionnaire asks the contractor to list prior contracts with any private or governmental entity over the last ten (10) years which are similar to the contract they are bidding on. Is this a different list from the RFB/RFP Administrative Requirement to list all City of Los Angeles contracts held within the last ten (10) years?

The lists could be different, and if different, both lists must be submitted.

- The RFB/RFP Administrative Requirement restricts the list to all City of Los Angeles contracts held within the last ten (10) years, regardless of the nature of the contracts.
- The CRP Rules and Regulations require a list of all prior contracts with any private or governmental entity over the last ten (10) years similar to the contract a contractor is bidding on.

23. Who will make the determination, and when, if the information provided by the bidder/proposer on the CRP Questionnaire is "exempt from disclosure pursuant to applicable law"?

The City Attorney will make this determination upon written request by the bidder/proposer. The bidder/proposer will submit the written request and documentation to PSD. PSD will coordinate with the City Attorney and will inform the bidder/proposer of the outcome.

24. Is there a difference between non-responsive and non-responsible?

Non-responsive is a procurement definition. A bidder/proposer is "non-responsive" if he/she does not submit a required document as specified in the proposal or bid. Non-

submission of any of the required documents; or submission of incomplete, inaccurate or unsigned required documents will render the bid or proposal non-responsive and disqualified.

Non-responsible is a CRP definition. A bid/proposal is "non-responsible" if it does not document as having the necessary quality, fitness, and capacity to perform the work set forth in the proposed contract agreement. Documentation for determining Responsibility will be contained in the CRP Questionnaire completed by the bidder/proposer. Appeals to a non-responsibility determination will be considered by a LAWA hearing board comprised of the City Attorney, PSD, and the Requesting LAWA Division.

25. Are subcontractors subject to the CRP?

A subcontractor is subject to the CRP if the subcontractor performs work on a contract agreement subject to the CRP. Subcontractors subject to the CRP must submit a signed CRP Pledge of Compliance to the Prime contractor.

Prime contractors are responsible for the subcontractor's compliance and must ensure that their subcontractors meet the criteria for responsibility set forth in the CRP and must obtain the signed pledges and submit them to LAWA within ten (10) days from execution of the subcontract agreement.

The list of subcontractors submitted with the bid/proposal, if any, will be made available for public review and comment along with the bidder/proposer's CRP Questionnaire.

26. What is the penalty if the prime contractor/consultant does not submit the CRP information and updates for their subcontractors/subconsultants? Does it make a difference if the failure to submit is caused by the subcontractor/subconsultant instead of the Prime contractor/consultant?

It is the Prime contractor's responsibility to obtain the signed pledges or updates and submit them to LAWA within ten (10) days from the execution of a subcontract agreement, or from the event requiring the update. The Prime's failure to submit CRP information or updates will be considered as a violation of the CRP, and is addressed in Section H - Violations, of the CRP or its Rules and Regulations.

If the Prime documents to LAWA that it took reasonable efforts to collect the required CRP documentation from the subcontractor, LAWA may determine the prime responsible and the subcontractor non-responsible.

27. What happens if a subcontractor is found non-responsible by LAWA or the City? Does that affect the prime's bid/contract and how? Does the Prime ask LAWA for a substitution of the sub?

An entity or individual determined or found to be non-responsible by LAWA shall not participate as a prime, subcontractor, or in any other capacity in that project.

An entity or individual determined or found to be non-responsible by the City under the City's Contractor Responsibility Ordinance shall not participate in a LAWA funded project as a prime, subcontractor or in any other capacity for a period of 5 years.

Subject to written approval by LAWA, prime contractors may substitute a non-responsible subcontractor with another subcontractor with no changes in bid/contract amounts. Prime contractor must send a written substitution request to LAWA.

28. Is there a Frequently Asked Questions document for Leases?

Yes, there is a separate FAQs document for leases. Please contact us for a copy.

INSURANCE REQUIREMENTS FOR LOS ANGELES WORLD AIRPORTS

NAME: City of Los Angeles Department of Airports and Christina McEnaney Golf at Palmdale Regional Airport
 AGREEMENT/ACTIVITY: Lease - approximately fifty (50) acres of land on the Southwest Corner of Avenue "P" and
 fortieth (40th) St, East
 TERM: January 1, 2004 to June 30, 2004

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 <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	<u>Statutory</u>
<input checked="" type="checkbox"/> Automobile Liability - covering owned, non-owned & hired auto	<u>\$1,000,000 CSL</u>
<input checked="" type="checkbox"/> Aviation/Airport Liability	<u>\$1,000,000 CSL</u>
<u>OR</u>	
<input checked="" type="checkbox"/> General Liability Comprehensive Form, including the following coverages: <input checked="" type="checkbox"/> Premises and Operations <input checked="" type="checkbox"/> Contractual (Blanket/Schedule) <input checked="" type="checkbox"/> Independent Contractors <input checked="" type="checkbox"/> Personal Injury <input type="checkbox"/> Hangarkeepers Legal Liab. (required when aircraft ground handling services are provided) <input checked="" type="checkbox"/> Products/Completed Operations	<u>\$1,000,000 CSL</u>
<input checked="" type="checkbox"/> Property Insurance 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"/> All Risk Coverages <input checked="" type="checkbox"/> Fire & Extended Coverage, including sprinkler leakage <input checked="" type="checkbox"/> Vandalism and Malicious Mischief <input checked="" type="checkbox"/> Debris Removal	<u>Value of improvements</u>
<input type="checkbox"/> Builder's Risk Insurance - (All Risk Coverage)	<u>Value of improvements</u>
<input type="checkbox"/> Coverage for Hazardous Substances	Sudden Occurrence \$ *** Non-sudden Occurrence \$ ***

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

RTY 1287-Covers for areas that do not allow aircraft based at LAX, ONT, PHO, VNY

EXHIBIT H