BOND STREET PARKING STRUCTURE GROUND LEASE

BY AND BETWEEN

CITY OF LOS ANGELES, LANDLORD

AND

L.A. PARKING STRUCTURES, LLC, TENANT

DATE: _____, 2013

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GROUND LEASE

This **BOND STREET PARKING STRUCTURE GROUND LEASE** ("Lease") is dated for reference purposes only, as of _____, 2013 (the "Effective Date"), and entered into by and between **THE CITY OF LOS ANGELES,** a municipal corporation, ("Landlord), and **L.A. PARKING STRUCTURES, LLC**, a Delaware limited liability company ("Tenant").

1. *RECITALS.*

1.1 Landlord holds fee simple title to that certain real property located immediately south of Pico Boulevard and west of Cherry Street in the City of Los Angeles, California and adjacent to the LACC (as defined in Exhibit B), as more particularly described in Exhibit A, together with: (a) all buildings, structures and other improvements currently presently located on such land; and (b) the appurtenances of Landlord and all the estate and rights of Landlord in and to such land (all, collectively, "Premises").

1.2 Tenant desires to lease the Premises from Landlord, and Landlord desires to lease the Premises to Tenant, for the purpose of Tenant constructing, maintaining, and operating, all at Tenant's cost, an above-grade parking structure containing not less than 924 parking stalls (the "Parking Structure"), the ground floor of which Parking Structure shall be designed and constructed in such a manner as to be utilized from time to time as a truck/bus staging area ("Truck Staging Area"). The Parking Structure may be referred to herein as the "Project." Upon completion, the Parking Structure will provide parking for the "Event Center" (as defined in Recital 1.3 below) and "Staples Center Arena" (as defined in Exhibit B), and, subject to the terms and conditions set forth herein, the Los Angeles Convention Center ("LACC").

1.3 Tenant's affiliate(s) currently own the Staples Center Arena and desire to construct an event center, which will include a stadium sufficient to accommodate a National Football League team, concert and other sporting and recreational uses, and meeting and exhibit space ("Event Center"). Prior to such construction of the Event Center, Tenant's affiliate(s) will construct an exhibit hall, meeting rooms, and ancillary and supporting spaces ("New Hall"), to replace for the LACC the spaces, functions, and facilities provided by its existing West Hall. The parking stalls within the Parking Structure shall be used for the benefit of the Event Center, the Staples Center Arena and the LACC, all as more particularly set forth herein. Concurrently with the execution of this Lease, the parties are also entering into that certain Ground Lease ("L.A. Live Way Parking Structure Lease") pursuant to which Tenant shall construct, at Tenant's cost, an above-grade parking structure containing approximately 3,000 parking stalls ("L.A. Live Way Parking Structure"), which shall also be used for the benefit of the Event Center, the Staples Center Arena and the LACC, all as more particularly set forth therein.

1.4 The parties desire to enter into this Lease to set forth their rights and obligations relating to the Premises and Parking Structure. The parties intend that this Lease shall be non-cancelable by Landlord or Tenant, except as specifically and expressly set forth herein.

1.5. In consideration of the covenants and agreements of the parties contained in this

Lease, and in consideration of the Recitals set forth in this Section 1, and other good and valuable consideration, the receipt and sufficiency of all of which are conclusively acknowledged by both parties, Landlord and Tenant agree as set forth below.

1.6 *Effective Date.* This Lease is one of several documents involving the transactions, described in Section 1.3, which will become effective on the date of closing of Escrow No._____ ("Close of Escrow") with the "Escrow Company" pursuant to that certain Implementation Agreement entered into by and among Landlord, Tenant, L.A. Arena Land Company, Inc., Event Center LLC and New Hall LLC (the "Implementation Agreement"). This Lease shall take effect upon the "Effective Date," which phrase means the date of Close of Escrow.

1.7 *Parking Structure Owner.* During the Term of this Lease, Tenant shall be deemed the "Owner" of the "Bond Street Garage Parcel" (in accordance with the definition of the term "Owner" set forth in Section 1 of the Reciprocal Easement Agreement), and, therefore, among other things, shall be entitled to all of the rights and benefits granted to the "Bond Street Garage Parcel Owner" in the Reciprocal Easement Agreement.

2. *DEFINITIONS.*

Capitalized terms used herein, unless otherwise defined herein, shall have the respective meanings specified in the Glossary of Defined Terms attached hereto as Exhibit B, or if not defined in Exhibit B, then such capitalized terms shall have the meanings assigned thereto in the Implementation Agreement. Unless otherwise indicated, references in this Lease to articles, sections, paragraphs, clauses, exhibits and schedules are to the same contained in or attached to this Lease.

3. *DEMISING OF PREMISES.*

Landlord hereby leases the Premises to Tenant and Tenant hereby takes and hires the Premises from Landlord. The Premises are leased to Tenant for the Term defined in this Lease, upon all the terms and conditions of this Lease, subject to all covenants, conditions, restrictions, easements, rights-of-way, and other matters of record, including without limitation all of the Tenant-Approved Title Conditions.

4. *TERM.*

4.1 *Term.* This Lease governs several successive periods of time, beginning with the "Non-Possessory Period", followed by the "Construction Term", and then the "Primary Term" (all of which are defined below; both the Construction Term and the Primary Term, but not the Non-Possessory Period, shall be collectively referred to herein as the "Term"):

4.1.1 *Non-Possessory Period.* The initial period of time covered under this Lease ("Non-Possessory Period") shall commence upon the Effective Date and end upon the "Construction Term Commencement Date" (as defined in Section 5.1 below). During the Non-

Possessory Period, Tenant: (i) shall have no possessory interest in the Premises and (ii) shall have no right of access to or entry onto the Premises under this Lease, except that Tenant may enter onto the Premises for inspection purposes and to conduct necessary pre-construction testing, planning and other customary pre-development activities, subject to, and in accordance with, the terms and conditions of Section 29 hereof. The Non-Possessory Period shall not be part of the Term of this Lease. It is hereby acknowledged and agreed that Landlord shall continue to operate the existing improvements located in, on or about the Premises during the Non-Possessory Period, and except only as specifically set forth in Section 29 hereof, Tenant shall have no liability or obligation arising from or related to the Premises during the Non-Possessory Period.

4.1.2 *Construction Term.* The portion of the Term of this Lease immediately following the Non-Possessory Period shall be the "Construction Term". The Construction Term shall commence upon the Construction Term Commencement Date. The Construction Term shall end upon the Primary Term Commencement Date (as defined below). During the Construction Term, Tenant shall have possessory and all other leasehold interests in the Premises and shall use the Premises for demolition and construction purposes only.

4.1.3 *Primary Term.* The portion of the Term of this Lease immediately following the Construction Term shall be the "Primary Term". The Primary Term shall commence upon the "Primary Term Commencement Date", which shall be the date upon which the Parking Structure is Completed. The Primary Term, unless terminated sooner pursuant to the terms of this Lease, shall be co-terminus with the term of the "Event Center Ground Lease" (as defined in Exhibit B), as the same may be extended or renewed.

4.2 *Confirmation of Dates.* Promptly after the occurrence of any date relevant to the parties' rights or obligations under this Lease (including the date of Completion of Construction, the Construction Term Commencement Date, the Primary Term Commencement Date, and the Rent Commencement Date) the parties shall enter into a memorandum or amendment reasonably satisfactory to each of them (and in recordable form, if appropriate), memorializing such date. The failure of the parties to enter into any such memorandum or amendment shall not invalidate or in any way diminish the effectiveness of the actual date(s) to be set forth in the memorandum or amendment.

4.3 *Termination of Other Agreements.* Notwithstanding anything in this Lease to the contrary, Landlord may, at its sole discretion, terminate this Lease if any one or more of the Event Center Ground Lease, Implementation Agreement, New Hall Agreement, Gap Funding Agreement or Security Agreement (the "Other Agreements") is/are terminated as the result of one or more defaults by any of the parties other than Landlord under any of such Other Agreements which is/are not cured within applicable notice and cure periods under the applicable Other Agreement(s). In the event that Landlord elects to terminate this Lease pursuant to this Section 4.3, Landlord shall, within ninety (90) calendar days after the termination of the applicable Other Agreement, serve upon Tenant written notice of Landlord's intent to so terminate this Lease. Any termination of this Lease pursuant to this Section 4.3 shall take effect ninety (90) calendar days after Landlord has served written notice upon Tenant of Landlord's election to terminate this Lease pursuant to this Section 4.3.

5. *DEVELOPMENT AND CONSTRUCTION OF THE PROJECT.*

5.1 *Timing of Demolition Work; Tenant's Obligation to Construct the Project.* The "Construction Term Commencement Date" shall be the same date as the Construction Term Commencement Date of the L.A. Live Way Parking Structure Lease. Tenant shall not demolish any portion of the improvements on the Premises until Tenant has obtained all necessary demolition permits and has provided Landlord with written notice that Tenant intends to commence demolition (the "Demolition Commencement Notice"). Tenant shall have the right, without any further approval or authorization from Landlord, to commence demolition as of the date Tenant delivers the Demolition Commencement Notice to Landlord. Following the Construction Term Commencement Date and the delivery of the Demolition Commencement Notice and in accordance with this Lease, Tenant shall at its sole cost and expense (except as otherwise provided herein) develop and construct the Parking Structure on the Premises.

5.2 *Entry during the Construction Term for Staging, Demolition and Construction.* In no event shall Tenant enter onto the Premises to carry out any demolition or construction work during the Non-Possessory Period. During the Construction Term, Tenant shall have the right to enter onto the Premises to use the Premises as a construction staging area, and thereafter to demolish existing structures and to construct the Parking Structure and all related improvements in accordance with the terms of this Lease and the Implementation Agreement. Prior to the Construction Term, Tenant's insurance as required by Section 15 of this Lease must be in place. During the Construction Term, Landlord shall not be responsible for any loss, including theft, damage or destruction at the Premises or for any injury to Tenant, or Tenant's employees, representatives, contractors, or subcontractors except to the extent caused by Landlord's active negligence or willful misconduct. Landlord shall have the right to post appropriate notices of non-responsibility.

5.3 *Construction Schedule.* Landlord and Tenant hereby acknowledge that as a result of the phasing of construction of the Public Project and Private Project (both as defined in the Implementation Agreement), Tenant shall not Commence Construction of the Project until the Completion of the Public Project and the L.A. Live Way Parking Structure in order to permit Tenant to use the Premises as a construction staging area, such use as a staging area shall be subject to the provisions of Section 8.3.2 below. Accordingly, Tenant shall deliver the Demolition Commencement Notice and Commence Construction of the Project as soon as reasonably practicable after the Completion of the Private Project and the L.A Live Way Parking Structure, subject to extension for Force Majeure Events and Landlord Delays (the "Commencement Obligation"), and shall prosecute the same diligently to Completion, using all commercially reasonable efforts to timely Complete the Project in accordance with any Schedule of Performance, if any, required by the Implementation Agreement. Tenant shall Complete the Project no later than the date on which Completion of the Event Center occurs, subject to extension for Force Majeure and Landlord Delays (the "Completion Obligation").

5.4 *Standards for Design and Construction of Project.* Tenant shall design the Parking Structure and shall construct the Project so as to comply with this Lease, the Implementation Agreement, the requirements of Law, plans approved by Landlord in accordance with this Lease

and the Implementation Agreement, and building permits. Landlord acknowledges that Tenant is responsible for the design of the Parking Structure and that, subject only to compliance with the design approval rights of Landlord set forth herein and the requirements of Law, except as set forth in this Lease, Tenant has ultimate control over all design and construction decisions regarding the Parking Structure. Tenant shall cause the Parking Structure to be designed by an architectural firm (to be selected and retained by Tenant) experienced in the design of parking structures and subject to the reasonable approval of Landlord. Landlord hereby confirms that it has approved Gensler and HNA/Pacific as the architectural firms for the Project.

5.4.1 *Standards for Design of Parking Structure.* Tenant will prepare plans and specifications for the Parking Structure, including the Truck Staging Area in accordance with the terms and provisions of the Implementation Agreement ("Parking Structure Design Development Documents"). Landlord will have the right to review and approve the Parking Structure Design Development Documents, and certain material changes thereto, in accordance with, and subject to the terms of, the Implementation Agreement. Tenant agrees that the design of the Parking Structure shall be subject to the requirements of Laws, including any design review and approval rights Landlord may have in its Governmental Capacity (as defined in Section 42.1 below) under applicable law. Landlord acknowledges and agrees that Tenant has prepared, and Landlord has approved, schematic design drawings for the construction of the Parking Structure (the "Approved Schematics"), which Approved Schematics are referenced in more detail on Exhibit C attached hereto and made a part hereof.

5.4.2 *Standards for Construction of Parking Structure.* The Parking Structure shall be constructed by Tenant substantially in accordance with Section 1.2 of this Lease, the Implementation Agreement, the approved Parking Structure Design Development Documents, and in accordance with Laws. Tenant shall pay, discharge or bond all Prohibited Liens and Stop Notices arising from the construction of the Parking Structure, all in accordance with the provisions of this Lease regarding Prohibited Liens and Stop Notices. Tenant shall obtain and pay for all permits and approvals required by Law in order for Tenant to construct the Parking Structure. Upon Completion of Construction, Tenant shall provide to Landlord (a) a certificate stating that Completion of Construction has occurred, (b) a copy of the temporary or permanent certificate of occupancy, or other final governmental "sign-off" or approval which permits the legal occupancy of the Parking Structure, and (c) a set of "as built" plans for the Parking Structure.

5.5 *Cooperation by Landlord.* Unless inconsistent with or contrary to the terms and provisions of this Lease, upon Tenant's request, Landlord shall, without cost to Landlord (other than a *de minimus* cost) and at Tenant's sole cost, promptly join in and execute any instruments which are reasonably required for the construction of the Parking Structure and which require the approval of the owner of the property, including, but not limited to, applications for building permits, demolition permits, alteration permits, appropriate consents, zoning, rezoning or use approvals, amendments and variances relating to the construction of the Premises, and such other instruments as Tenant may from time to time reasonably request to enable Tenant to use, develop, improve and construct improvements on the Premises during the Term consistent with the provisions, standards and use restrictions set forth in this Lease, provided each of the

foregoing is in reasonable and customary form and does not cause the Fee Estate to be encumbered as security for any obligation and does not expose the Fee Estate to any risk of forfeiture during the Term. Landlord agrees not to oppose or object to any applications filed by Tenant with any Government Agency in connection with development, operation or alteration of any improvements located on the Premises which are consistent with the provisions and standards set forth in this Lease. Nothing in this Section 5.5 shall be construed to limit Landlord's discretionary review and approval process in its Governmental Capacity.

5.6 *Title to Improvements and Personal Property.* Notwithstanding anything to the contrary in this Lease, all improvements and personal property located in, on or at the Premises or otherwise constituting part of the Premises shall at all times during the Term be owned by, and shall belong to, Tenant. Tenant shall have title to the foregoing throughout the Term and Landlord shall have title to the foregoing after the Term. All the benefits and burdens of ownership of the foregoing shall be and remain in Tenant during the Term and shall be and remain in Landlord after the Term.

5.7 *Equipment Liens.* If at any time or from time to time Tenant desires to enter into or grant any Equipment Liens, then upon Tenant's request Landlord shall enter into such customary documentation with respect to the property leased or otherwise financed pursuant to such Equipment Liens as Tenant shall reasonably request, providing for matters such as (a) Landlord's waiver of the right to take possession of such property upon occurrence of a Tenant Default (as defined in Section 33.1 below) and (b) customary agreements by Landlord to enable the secured party to repossess such property in the event of a default by Tenant permitting such secured party to exercise remedies under its Equipment Lien.

5.8 *Principles of Lease.* Landlord and Tenant agree that it is their mutual intention (a) that the standards for development and construction imposed upon Tenant by means of the covenants of Tenant under this Lease are not intended to confer any decision-making authority upon Landlord regarding the construction, design or operation of the Project, except as expressly set forth in this Lease, and (b) that this Lease shall be non-cancelable by Landlord or Tenant, except as specifically and expressly set forth herein.

6. *RENT.*

6.1 *Fixed Rent.* As specified in this Section 6, in addition to any other amounts payable by Tenant under this Lease, Tenant shall pay Landlord, without notice or demand, in lawful money of the United States of America, the "Fixed Rent", which defined term shall include, collectively, the "First Fixed Rent," a series of annual "Intermediate Fixed Rent," and the "Last Fixed Rent," all as set forth below in Sections 6.5 through 6.7, inclusive. Tenant shall pay Landlord the Fixed Rent commencing upon the "Rent Commencement Date" (defined below) through and until this Lease expires or terminates. The parties acknowledge and agree that Tenant shall have no obligation to pay Rent prior to the Rent Commencement Date, and as such, no Rent shall be payable during the Non-Possessory Period and the Construction Term (unless the Rent Commencement Date occurs prior to the Primary Term Commencement Date).

6.2 *Fixed Rent Year.* The defined term "Fixed Rent Year" shall mean each twelve

(12) month period commencing upon, and inclusive of, April 1st and ending upon, and inclusive of, March 31st, during which period a Fixed Rent is due and payable.

6.3 *Fixed Rent Amounts.* Other than the First Fixed Rent and the Last Fixed Rent, the series of annual Fixed Rent (each and collectively referred to as the "Intermediate Fixed Rent") owed under this Lease, each in its full amount, without proration, shall be due and payable on the first day of a Fixed Rent Year (i.e. April 1st). In light of the fact that the payment due date of the First Fixed Rent will likely not fall on the first day of a Fixed Rent Year (i.e. April 1st), the First Fixed Rent may need to be prorated to reflect the partial Fixed Rent Year for which the First Fixed Rent will be paid. The method of prorating the First Fixed Rent is set forth below in Section 6.5. Similarly, in light of the fact that the payment due date of the Last Fixed Rent will likely not fall on the last day of a Fixed Rent Year (i.e. March 31st), the Last Fixed Rent may need to be prorated to reflect the partial Fixed Rent Year for which the Last Fixed Rent will be paid. The method of prorating the Last Fixed Rent is set forth below in Section 6.7.

6.4 *Fixed Rent Amount.* The "Fixed Rent Amount," upon which the calculation of the First Fixed Rent, the Intermediate Fixed Rent, and the Last Fixed Rent will be based, shall vary depending on when the Rent Commencement Date occurs; provided, that (i) if the Rent Commencement Date occurs prior to September 1, 2014, then the Fixed Rent Amount shall be $465,259.00; (ii) if the Rent Commencement Date occurs between September 1, 2014 and August 31, 2015, then the Fixed Rent Amount shall be $474,564.00; and (iii) if the Rent Commencement Date occurs on or after September 1, 2015, then the Fixed Rent Amount shall be $484,055.00. Once the Rent Commencement Date is determined, the Fixed Rent Amount shall be determined.

6.5 *First Fixed Rent.* Tenant shall pay Landlord, in advance, the "First Fixed Rent" (as described below) on or before the date it is due. The First Fixed Rent shall be due and payable upon the earliest date of the following: (i) the Completion of the Parking Structure, or (ii) Tenant's commencement of parking operations on the Premises, but in no event later than the third anniversary of the issuance of the Lease Revenue Bonds (which date shall be the "Rent Commencement Date").

The amount of the First Fixed Rent shall be calculated as follows: (i) in the event that the Rent Commencement Date falls on the first day of a Fixed Rent Year (i.e. April 1st), then no proration of the rent amount is necessary, and the amount of the First Fixed Rent shall be equal to the Fixed Rent Amount (as defined above); or (ii) in the event that the Rent Commencement Date falls on a day other than the first day of a Fixed Rent Year (i.e. April 1st), then the First Fixed Rent for such partial Fixed Rent Year shall be appropriately prorated by multiplying the Fixed Rent Amount by a fraction ("First Proration Fraction"), the numerator of which is the number of days in that partial Fixed Rent Year that have not completely passed as of the Rent Commencement Date (the day on which the Rent Commencement Date falls shall be deemed to not have completely passed) and the denominator of which is the total number of days in that entire Fixed Rent Year.

6.6 *Intermediate Fixed Rent.* Tenant shall pay Landlord annually, in advance, each "Intermediate Fixed Rent" (as described below) on or before the date it is due. The first

Intermediate Fixed Rent shall be due and payable on the first April 1st after the Rent Commencement Date (if the Rent Commencement Date falls on an April 1st, then the first Intermediate Fixed Rent is due and payable on the July 1st of the following year), and thereafter, each Intermediate Fixed Rent shall be due and payable on the first day of each Fixed Rent Year (i.e. July 1st).

The amount of the first Intermediate Fixed Rent shall be calculated as follows: (i) in the event that proration of the First Fixed Rent was not necessary because the Rent Commencement Date fell on a day that was the first day of a Fixed Rent Year (*i.e.* April 1st), then the amount of the first Intermediate Fixed Rent shall be equal to the mathematical product resulting from multiplying 1.0175 by the Fixed Rent Amount; (ii) in the event that the First Fixed Rent was prorated and the First Proration Fraction (defined above) was less than ½, then the amount of the first Intermediate Fixed Rent shall be equal to the Fixed Rent Amount; or (iii) in the event that the First Fixed Rent was prorated and the First Proration Fraction was equal to or more than ½, then the amount of the first Intermediate Fixed Rent shall be equal to the mathematical product resulting from multiplying 1.0175 by the Fixed Rent Amount. After the first Intermediate Fixed Rent, each "Intermediate Fixed Rent" thereafter shall be in the amount equal to the mathematical product resulting from multiplying 1.0175 by the Intermediate Fixed Rent for the previous Fixed Rent Year.

6.7 *Last Fixed Rent.* Tenant shall pay Landlord, in advance, the "Last Fixed Rent" (as described below) on or before the date it is due. The Last Fixed Rent shall be due and payable on the last April 1st before the day on which this Lease expires or terminates (if this Lease expires or terminates on an April 1st, then the Last Fixed Rent shall be due on that day). If this Lease terminates earlier than anticipated and Tenant has paid Fixed Rent beyond the Lease termination date, then Landlord shall refund to Tenant any overpayment portion of the Last Fixed Rent.

The amount of the Last Fixed Rent shall be calculated as follows: (i) in the event that this Lease expires or terminates on the last day of a Fixed Rent Year (i.e. March 31st), then the Last Fixed Rent shall not require proration, and the amount of the Last Fixed Rent shall be equal to the Fixed Rent Amount; or (ii) in the event that this Lease expires or terminates on a day other than the last day of a Fixed Rent Year, then the Last Fixed Rent shall be appropriately prorated by multiplying: (a) the mathematical product resulting from multiplying the Intermediate Fixed Rent for the previous Fixed Rent Year by (b) a fraction, the numerator of which is the number of days of the partial Fixed Rent Year that have partially or completely passed prior to the Lease expiration or termination (the day on which the date of expiration/termination falls shall be deemed to have partially passed) and the denominator of which is the total number of days in that entire Fixed Rent Year.

7. *TAXES, ASSESSMENTS, UTILITIES, AND POSSESSORY INTEREST TAXES.* Landlord and Tenant shall each pay any and all real estate taxes and assessments levied upon or assessed against the Premises as their respective interests in the Premises give rise, as the same become due. Tenant further agrees to pay for any and all utilities, including, without limitation, electrical, water, gas, telephone and other similar utility services used on the Premises by Tenant. By executing this Lease and accepting the benefits thereof, a property interest may be created

known as " possessory interest" and such property interest will be subject to property taxation. Tenant, as the party in whom the possessory interest is vested, may be subject to the payment of the property taxes levied upon such interest. Tenant acknowledges that the notice required under California Revenue and Taxation Code section 107.6 has been provided.

8. *USE.*

8.1 *Generally.* During the Non-Possessory Period, subject to Section 29 below, Tenant may enter onto the Premises for inspection purposes and to conduct necessary pre-construction testing, planning and other customary pre-development activities. During the Construction Term, Tenant may use the Premises as a staging area in accordance with the limitations set forth in Section 8.3.2, and otherwise only to carry out demolition and construction activities necessary for the construction of the Parking Structure and related improvements in accordance with this Lease and the Implementation Agreement. During the Primary Term, Tenant may use the Premises for the operation of the Project all in accordance with the terms and conditions of this Lease, and, so long as the Project has been developed and is being operated as a parking structure pursuant to and in accordance with the terms and conditions of this Lease, all other lawful uses ancillary thereto and permitted by applicable Law.

8.2 *Tenant's Use of Premises.*

8.2.1 Tenant, or a parking operator selected and retained by Tenant pursuant to and in accordance with the provisions of Section 8.6.1 below, shall operate the Parking Structure both for Tenant's use and Landlord's use during Permitted LACC Events, as defined in Section 8.3 below.

8.2.2 Subject only to Landlord's rights as provided in Section 8.3 below, Tenant shall have the exclusive right to use the Parking Structure for any and all parking purposes during the Term, including but not limited to, providing parking for (i) any and all events or uses at the Event Center or Staples Center Arena, (ii) any and all events or uses occurring within the District, and (iii) any and all events or uses elsewhere during the Term.

8.3 *Landlord's Use.*

8.3.1 Permitted LACC Events.

(a) Subject to the terms and conditions set forth below, Landlord shall have the right to make arrangements with Tenant or its designated parking operator to use the Parking Structure for purposes of large, hi-capacity LACC events, which shall include: the Auto Show, E3, the Gift show and other events requiring comparable use of the Parking Structure (collectively, "Permitted Hi-Capacity LACC Events"), for not more than sixty (60) days in total each calendar year during the Term as follows:

(i) Up to thirty (30) times per year for week-day events (being defined as Monday through Friday, 6:00p.m.-4:00p.m.);

(ii) Up to five (5) times per year for week-night events (being defined as

Monday through Friday, after 4:00p.m.);

(iii) Up to ten (10) times per year for Saturday day-time events (being defined as 6:00a.m.-4:00p.m.);

(iv) Up to ten (10) times per year for Sunday day-time events (being defined as 6:00a.m.-4:00p.m.); and

(v) Up to five (5) times per year for weekend night-time events (being defined as Saturday or Sunday, after 4:00p.m.).

As more particularly described below, Landlord and Tenant shall work in good faith to agree on certain details with respect to the operation of the Parking Structure during Permitted Hi-Capacity LACC Events, including the permitted hours of use; provided, however, that in any event, the Parking Structure shall at all times actually be managed by Tenant or Tenant's designated parking operator, and not by Landlord.

(b) In addition to Landlord's use of the Parking Structure in connection with the Permitted Hi-Capacity LACC Events as described in subsection (a) above, subject in all events to the use of the Parking Structure by Tenant in connection with events scheduled at the Staples Center Arena or the Event Center or both (a "Tenant-Related Event"), Landlord may request from Tenant, in writing or as permitted under the Shared Parking Plan (as defined in Section 8.3.1(d) below), that Tenant make the Parking Structure available for all other LACC events ("Additional Permitted LACC Events" and together with the Permitted Hi-Capacity LACC Events, the "Permitted LACC Events"); provided, however, that in connection with all such Additional Permitted LACC Events, Tenant shall be entitled to receive One Hundred Percent (100%) of all revenue generated by such use of the Parking Structure. In furtherance of the foregoing, it is hereby acknowledged and agreed that if Landlord requests the use of the Parking Structure for any Additional Permitted LACC Event and any Tenant-Related Event is scheduled for the same day, but the Additional Permitted LACC Event is scheduled for a time which, as reasonably determined by Tenant, would not conflict with such Tenant-Related Event, then Tenant will not withhold its consent to the Additional Permitted LACC Event, however Tenant may specify the permitted hours of use of the Parking Structure by Landlord's users, and the time by which Landlord's users must enter and exit the Parking Structure.

(c) Notwithstanding anything herein which may be construed to the contrary, it is hereby acknowledged and agreed that (i) in the case of all Permitted Hi-Capacity LACC Events, Landlord's use of the Parking Structure for such Permitted Hi-Capacity LACC Events shall have priority over Tenant's use of the Parking Structure for any Staples Center Arena or Event Center Event which would conflict with Landlord's use, except only for "Event Center Priority Events," which shall in all instances have priority over all other events, including without limitation, Permitted Hi-Capacity LACC Events; provided, however, that Tenant shall endeavor to the greatest extent commercially feasible to provide Landlord with written notice by no later than July 1st of each year during the Term of the estimated dates, times and durations of the Event Center Priority Events scheduled to occur over the immediately succeeding July 1st - June 30th period; and (ii) in all other instances, including without limitation any requested use by Landlord of the Parking Structure for any proposed Additional Permitted LACC Event, Tenant's use of the Parking Structure shall have priority over Landlord's use of the Parking Structure for any proposed LACC Event which would conflict with Tenant's use. For the purposes of this

Lease, "Event Center Priority Events" shall be defined as all NFL games and up to an additional ten (10) event days per year in which the anticipated attendance for an event at the Event Center is anticipated to be in excess of 50,000 patrons.

(d) The parties (together with certain of their respective Affiliates) shall jointly establish and implement a parking coordination plan (the "Shared Parking Plan"), which shall seek to minimize conflicts and ensure the optimal and mutually beneficial operation of the Parking Structure together with certain other parking structures owned and operated by the parties hereto. Such Shared Parking Plan shall seek to provide sufficient parking for LACC patrons, and shall take into account LACC's desire that such parking shall be available at customary LACC parking rates on those days when there are conflicting events occurring in either Staples Center Arena or the Event Center, and shall contemplate that the parties will seek to implement such commercially reasonable measures as may be feasible in order to satisfy LACC's desire, including without limitation, the parties may explore and seek to implement a joint parking validation program and similar measures, all pursuant to and in accordance with the terms and conditions of the Shared Parking Plan.

(e) Landlord shall, and/or Tenant's Operator may, notify drivers of all vehicles entering the Parking Structure for a Permitted LACC Event that they must vacate the Parking Structure by the end of Landlord's permitted time of use.

(f) If any vehicles remain in the Premises after the permitted time of use for an LACC Event, Landlord shall, at no cost to Tenant, make available parking spaces in an amount equal to the number of spaces occupied by such remaining vehicles at an alternative Landlord owned or operated parking facility reasonably satisfactory to Tenant.

8.3.2 *Truck Staging Area*. During the Construction Term under the L.A. Live Way Parking Lease, the "Truck Staging Area" shall be the Premises to the extent Tenant has not otherwise made available to Landlord an Off-Site Truck Staging Area satisfying the Truck Staging Criteria, in which event any use by Tenant of the Premises for construction staging purposes shall not materially interfere with Landlord's use of the Premises as a Truck Staging Area. During the Construction Term under this Lease, but prior to the Completion of the LA Live Way Parking Structure, Tenant may provide an Off-Site Truck Staging Area as the "Truck Staging Area". During the Construction Term under this Lease, but after the Completion of the LA Live Way Parking Structure, Tenant shall provide an Off-Site Truck Staging Area as the "Truck Staging Area". During the Construction Term, to the extent any proposed Off-Site Truck Staging Area does not satisfy the Truck Staging Criteria, Landlord shall in good faith consider reasonable modifications to the Truck Staging Criteria to permit Tenant to satisfy its obligations pursuant to this Section 8.3.2. During the Primary Term under this Lease, the "Truck Staging Area" shall be the first floor of the Parking Structure to the extent Tenant has not otherwise made available to Landlord an Off-Site Truck Staging Area satisfying the Truck Staging Criteria. Subject in all events to the use by Landlord and Tenant of the Parking Structure in order to accommodate the applicable parking requirements in connection with events scheduled at the Staples Center Arena, Event Center, and the LACC, and otherwise subject to all of the terms and conditions of this Lease, Landlord shall have the right to use the Truck Staging Area in connection with LACC Events. In lieu of Landlord's full-time use of the Truck Staging Area,

subject to the terms and conditions set forth in this Section 8.3.2, Tenant shall secure an off-site location (the "Off-Site Truck Staging Area") which shall satisfy the "Truck Staging Criteria" (as defined herein) for the shared use by Landlord and Tenant in connection with LACC Events and events scheduled at the Staples Center Arena and Event Center throughout the Term. Landlord shall not be obligated to compensate Tenant for the use or cost of the truck staging, whether provided on-site within the Truck Staging Area or on the Off-Site Truck Staging Area. Notwithstanding anything herein to the contrary, if for whatever reason during the Term Tenant is unable to provide an Off-Site Truck Staging Area satisfying the Truck Staging Criteria, then during such time, Landlord shall have the first-priority right to use the Truck Staging Area for its use in connection with LACC Events. For the purposes of this Lease, the "Truck Staging Criteria" shall be defined as follows:

(i) Minimum Lot Size – 63,178 square feet;
(ii) Proximity to LACC-- not greater than 1/4 mile from LACC; and
(iii) Functionality—Not less than (one) two-lane ingress and (one) two-lane egress for the facilitation of truck movement. In addition, ample space should be given for truck turning and queuing within the area.

8.4 *Revenue.* Tenant shall receive One Hundred Percent (100%) of the revenue generated by the Parking Structure.

8.5 *Use Covenants.* Tenant and Landlord each covenant as follows with respect to operating the Parking Structure:

8.5.1 Tenant shall maintain (including the removal of graffiti) and operate the Premises as a professional, first-class parking facility in accordance with the applicable standards maintained by other similar first-class parking structures in Los Angeles, California. Tenant shall, at Tenant's expense (subject to Section 7) keep the Premises, including the Parking Structure and Truck Staging Area, in a neat and clean condition and in good operating condition.

8.5.2 Tenant shall provide security for the Premises, including the Parking Structure and Truck Staging Area, at a level that Tenant deems reasonably warranted and necessary to protect users of the Premises, including the Parking Structure and Truck Staging Area, Landlord's and Tenant's personnel and patrons and their property while using or operating the Parking Structure.

8.5.3 Tenant shall be responsible for costs and expenses of purchasing and maintaining all supplies and materials necessary for the day-to-day care, maintenance, management and efficient operation of the Parking Structure on an on-going basis.

8.5.4 Tenant shall be solely responsible for performing and supervising routine cleanup of the Parking Structure, maintaining parking access and all other parking-related equipment therein in a neat and clean condition and in good operating condition.

8.5.5 Tenant shall be responsible to keep and maintain in good repair and working order and perform maintenance upon the: (a) structural and capital improvements of the

Parking Structure, (b) mechanical, electrical and fire/life safety systems serving the Parking Structure in general, (c) parking operator equipment, (d) roof of the Parking Structure, and (e) elevators serving the Parking Structure (if any).

8.5.6 Landlord and Tenant shall cooperate to establish compatible graphics, signage and notices related to their respective uses of the Parking Structure and Truck Staging Area.

8.5.7 Tenant shall, in its discretion, establish parking rates for the Parking Structure, regardless of whether for Tenant's use or Landlord's use (except that Landlord's use of the Truck Staging Area shall be subject to mutually agreeable arrangements determined pursuant to Section 8.5.9 below).

8.5.8 Tenant shall collect and be entitled to retain all parking fees for the operation of the Parking Structure (including, without limitation, in connection with all Permitted Hi-Capacity LACC Events).

8.5.9 Landlord and Tenant shall each designate a representative, who shall meet and confer regularly to discuss the operation of the Parking Structure and schedules of the Permitted LACC Events and Tenant's uses.

8.6 *Operator.*

8.6.1 *Engagement.* The Parking Structure shall, at all times during the Term, be under the direction and supervision of an active operator with the expertise, qualifications, experience, competence, skills and know-how to operate the Parking Structure in accordance with this Lease ("Operator"), who may be Tenant itself or one of its Affiliates or a non-affiliated third party. The Operator on the Effective Date shall be the Tenant unless the Tenant has selected another "Person" to be the Operator prior to the Effective Date. At any time Tenant may employ another Person with the requisite expertise, qualifications, experience, competence, skills and know-how as a consultant (the "Operations Consultant") to direct Tenant and Tenant's employees in the operation of the Parking Structure. In the event that Tenant employs an Operations Consultant, Tenant shall be deemed the Operator for all purposes of this Lease. The Operator shall at all times be subject to the direction, supervision and control (by ownership, contract or otherwise) of Tenant, and any delegation to an Operator shall not relieve Tenant of any obligations, duties or liability hereunder. Tenant shall immediately notify Landlord upon the termination or resignation of an Operator. Any agreement between Tenant and any Operator shall by its terms terminate without penalty at the election of Landlord or the Operator upon three Business Days' notice to such Operator or Landlord, as applicable, upon the termination of this Lease. The Operator shall have no interest in or rights under this Lease or in the Parking Structure unless the Operator is Tenant itself.

8.6.2 *Intentionally Omitted.*

8.6.3 *Police Permit.* The Operator and any replacement Operator shall, on the Effective Date and at all times during the Term of this Lease, be in compliance with Municipal

Code Section 103.202, which requires a Police Permit for each Structure and the posting of a bond.

8.7 *Tenant Covenants.*

8.7.1 *Continued Existence.* Tenant covenants to maintain its continued legal existence throughout the Term of this Lease.

8.7.2 *Responsibility for Financing.* Tenant covenants that any financing required in connection with its development and operation of the Parking Structure shall be the sole responsibility and cost of Tenant.

8.8 *Taxes.*

8.8.1 *Sales Tax Origin.* Tenant shall designate, and shall use good faith efforts to cause its contractors, subcontractors, vendors and other third parties under its control or with whom it enjoys privity of contract to designate the City as the point of sale for California sales and use tax purposes (to the extent the payment of sales and use tax is required by applicable Law), for all purchases of materials, fixtures, furniture, machinery, equipment and supplies for the Project during the construction thereof and for all other items in connection with the operation of the Parking Structure.

8.8.2 *City Parking Tax.* Tenant shall maintain records which are reasonably sufficient to accurately identify the parking taxes and parking revenue collected by Tenant in connection with its operation of the Parking Structure.

8.9 *Living Wage; Prevailing Wage.* In connection with the construction and operation of the Parking Structure (including all demolition work on the Premises), Tenant shall comply, to the extent applicable, with the provisions of the City's Living Wage Ordinance. In connection with the construction of the Parking Structure (including all demolition work on the Premises), Tenant shall comply with the provisions of the State of California's "prevailing wages" requirements, as such requirements are accepted by and made applicable to the City.

8.10 *Business Licenses.* Tenant agrees to instruct all Persons and entities with whom it contracts for services related to the construction of the Project and the operation of the Parking Structure, in professions or fields to which the City's business license laws and taxes apply, that such Persons or entities must obtain City business licenses, and instruct their subcontractors to obtain City business licenses.

9. *QUIET ENJOYMENT.*

Landlord covenants that, so long as this Lease has not expired or terminated in accordance with its terms and Tenant is not in breach thereof beyond all applicable notice and cure periods, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises for the Term. By such covenant, Landlord makes no representation or warranty as to the condition of title beyond that set forth in Section 26.1, and with respect to title, Landlord's conveyance is

"as is," except as set forth in Section 26.1.

10. *LAWS.*

During the Term, Tenant shall, at its own expense, comply with all Laws affecting the Premises. Tenant shall obtain and pay for all permits and approvals required by Law in connection with Tenant's construction upon, operation, use and occupancy of the Premises and shall comply with all such permits and approvals.

11. *MAINTENANCE AND ALTERATIONS.*

11.1 *Tenant's Right to Perform Alterations.* At Tenant's sole cost and expense, Tenant shall be entitled from time to time to make improvements, repairs or alterations to the Parking Structure, and to alter, modify or reconstruct such improvements as are located on the Premises, as Tenant shall consider necessary or appropriate, subject to the terms of this Lease, and subject to all applicable Laws. If any such improvement, repair or alteration, including any such improvement, repair or alteration made pursuant to Section 16, will materially alter the exterior design of the Parking Structure or reduce the number of parking spaces in the Parking Structure below that required in Section 1.2 (each, a "Material Change"), then such improvement, repair or alteration shall be subject to Landlord's prior review and approval, which approval shall not be unreasonably withheld, conditioned or delayed, and shall be given or reasonably conditioned or withheld within thirty (30) days after Tenant requests the same. If Landlord fails to respond to Tenant's request within such thirty (30) day period, then Tenant may deliver a written reminder notice to Landlord stating in bold typeface that Landlord's failure to approve or reasonably disapprove the proposed Material Change within five (5) business days of Landlord's receipt of Tenant's written reminder notice, shall be deemed to constitute Landlord's approval of the proposed Material Change. If Landlord so fails to approve or reasonably disapprove the proposed Material Change within five (5) business days of Landlord's receipt of Tenant's written reminder notice, then Landlord shall be deemed to have approved the proposed Material Change. Such review and approval shall be carried out in accordance with the design review and approval process set forth in Section 5.4.1 above. Landlord's approval shall not be required for improvements, repairs or alterations which do not constitute a Material Change.

11.2 *Plans and Specifications.* To the extent that Tenant makes or permits to be made any improvements, repairs or alterations to the Premises (including initial construction of the Project), Tenant shall provide Landlord with any plans and specifications (including working plans and specifications and "as-built" plans and specifications) for such improvements, repairs or alterations.

11.3 *Hazardous Substances and Environmental Remediation.*

11.3.1 *Tenant's Obligations.* Tenant shall comply with all Environmental Laws at all times during the Term with respect to the Premises. Tenant may use any Hazardous Substance normally contained in janitorial supplies or otherwise normally used in the operation of facilities comparable to the Parking Structure, it being agreed that Tenant shall not use any other Hazardous Substances in, on or about the Parking Structure without Landlord's prior

written consent. Tenant shall not Release any Hazardous Substance in, on or under the Premises or permit the Release of any Hazardous Substance in, on or under the Premises by any of its contractors, employees or agents. In the event of the discovery of Hazardous Substances or any Release of any Hazardous Substance in, on or under the Premises, whether prior to or after execution of this Lease and whether known or unknown at the time of execution of this Lease, Tenant shall notify Landlord immediately and promptly perform investigation and Remediation of such Release in compliance with all Environmental Laws at Tenant's sole cost and expense. Notwithstanding the foregoing, Tenant shall have no obligation to Remediate nor any other liability relating to any Release to the extent arising from the active negligence of, or any willful act committed by, Landlord or its officials, officers, boards, commissioners, employees, contractors and agents (collectively, the "Excluded Environmental Claims").

11.3.2 *Intentionally Omitted.*

11.3.3 *Notice of Violation.* Tenant shall notify Landlord immediately upon (a) discovery or Release of Hazardous Substances which Tenant is required to report to any Environmental Agency by any applicable Environmental Law or (b) receipt of notice from any Environmental Agency or other party asserting a violation of any Environmental Law or requiring Remediation of a Hazardous Substance located in, on or under the Premises.

11.3.4 *Investigation and Remediation.* Tenant, upon receipt of any notice of violation of any Environmental Law or other requirement to Remediate or upon receipt of any other knowledge that such a violation or event requiring Remediation may have occurred, shall promptly Investigate, determine the appropriate course of action with respect to such notice or requirement and Remediate, provided, however, that Tenant shall have no obligation to Remediate, nor any other liability relating to, any Excluded Environmental Claim. If Tenant is required to notify any Environmental Agency of the need for or results of its Investigation or Remediation by any applicable Environmental Laws, it shall also (a) notify Landlord of the need for and results of its Investigation and Remediation and (b) provide Landlord with copies of all documents filed with, or received from, any Environmental Agency with respect to such Investigation and Remediation. Any Investigation and any Remediation required of Tenant pursuant to the terms of this Lease shall be undertaken by the Tenant at its sole cost and expense.

11.3.5. *Indemnification.* Tenant hereby agrees to defend, indemnify and hold harmless Landlord and its officials, officers, boards, commissioners, employees and agents from and against: (a) any Claim(s) by any Environmental Agency or any other party arising from or related to any Release of a Hazardous Substance from, in, on, under or about the Premises, (b) any discovery or Release of Hazardous Substances from, in, on, under or about the Premises, (c) any Claim(s) arising from or related to violation of any Environmental Law with respect to the Premises ("Violation"); and/or (d) any Claim(s) reasonably associated with Investigation and/or Remediation of any Release from, in, on or under the Premises, in each case (a) through (d) above, whether occurring before or after the execution of this Lease and whether known or unknown, provided, however, that the foregoing indemnity shall not apply to any Excluded Environmental Claim. The foregoing indemnity and hold harmless agreement by the Tenant shall apply in accordance with its terms (but exclusive of any Excluded Environmental Claim) notwithstanding the acts or omissions to act of the Landlord, its officials, officers, boards,

commissioners, employees, or agents, it being the intent of the parties that the Landlord shall not bear any cost or liability for Claims, Releases, Violations, Investigations or Remediations arising from or related to the Premises, other than to the extent arising from or related to Excluded Environmental Claims.

11.3.6 *Release*. Tenant hereby generally releases, waives, acquits, remises and forever discharges Landlord and its officials, officers, boards, commissioners, employees and agents from and against any Hazardous Substance or Claim which Tenant now has or may have or which may arise in the future with respect to any Claim, Release, Violation, Investigation and/or Remediation to which the indemnity described in Section 11.3.5 would apply, whether occurring before or after the execution of this Lease and whether known or unknown at the time of execution of this Lease, except in all cases that this release of claims shall not apply to the Excluded Environmental Claims. With respect to this Agreement, Tenant specifically waives the benefit of California Civil Code Section 1542 which provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

The foregoing release of Landlord by Tenant shall apply in accordance with its terms (exclusive of the Excluded Environmental Claims), notwithstanding the act or omission to act of the Landlord, or its officers, officials, boards, commissioners, employees, and agents, any of them, it being the intent of the parties that the Landlord shall not bear any cost or liability for Claims, Releases, Violations, Investigations or Remediation arising from or related to the Premises, except to the extent arising from or related to the Excluded Environmental Claims.

11.3.7 *Tenant Responsible for All Hazardous Substances*. The parties intend by this Section 11.3 to place upon Tenant all responsibility, both financial and remediation, for all Hazardous Substances found on, or released on, the Premises during the Term of this Lease, except to the extent arising from or related to the Excluded Environmental Claims. Such responsibility includes both Remediation of the Hazardous Substances and indemnification of Landlord as to all claims other than the Excluded Environmental Claims.

11.3.8 *Obligations Survive Termination of Lease*. The obligations to Investigate and Remediate and the indemnities and releases set forth in this Section 11.3 shall survive the termination of this Lease with regard to any Release which (i) occurred prior to the date of termination of this Lease, or (ii) arising out of the use of the Premises by Tenant, its employees, agents and invitees, pursuant to this Lease.

11.3.9 *Definitions*. For purposes of this Lease, the following terms are defined as follows:

11.3.9.1 "**Claim(s)**" means any and all claims, actions, causes of action, writs, demands, rights, damages, liabilities, costs, expenses (including, without limitation, reasonable attorneys', experts', and consultants' fees and administrative and/or litigation costs),

fines, penalties, liens, taxes, or compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen.

11.3.9.2 **"Environmental Agency"** means the United States Environmental Protection Agency, the California Environmental Protection Agency and all of its sub-entities including without limitation the Regional Water Quality Control Board-Los Angeles Region, the State Water Resources Control Board, the Department of Toxic Substances Control and the California Air Resources Board; the City; the County; the South Coast Air Quality Management District; the United States Environmental Protection Agency; and/or any other federal, state or local governmental agency or entity that has jurisdiction over Hazardous Substances Releases or the presence, use, storage, transfer, manufacture, licensing, reporting, permitting, analysis, disposal or treatment of Hazardous Substances in, on, under, about or affecting the Premises. All references to an Environmental Agency or Agencies shall mean and include any successor Environmental Agency.

11.3.9.3 **"Environmental Laws"** means any federal, state, or local laws, ordinances, rules, regulations, requirements, orders, directives, guidelines, or permit conditions in existence as of the date of this Agreement or as later enacted, promulgated, issued, modified or adopted, regulating or relating to Hazardous Substances, and all applicable judicial, administrative and regulatory decrees, judgments and orders and common law, including, without limit, those relating to industrial hygiene, safety, health or protection of the environment or the reporting, licensing, permitting, use, presence, transfer, treatment, analysis, generation, manufacture, storage, discharge, Release, disposal, transportation, Investigation or Remediation of Hazardous Substances. Environmental Laws shall include, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601, et seq.) ("CERCLA"); the Resource Conservation and Recovery Act, as amended, (42 U.S.C. Section 6901 et seq.) ("RCRA"); federal Water Pollution Control Act, as amended, (33 U.S.C. Section 1251 et seq.); Toxic Substances Control Act, as. amended, (15 U.S.C. Section 2601 et seq.); the Carpenter-Presley-Tanner Hazardous Substances Account Act, (California Health and Safety Code Section 25300 et seq.); Chapter 6.5 commencing with Section 25200 (Hazardous Waste Control); Chapter 6.7 commencing with Section 25280 (Underground Storage of Hazardous Substances) of the California Health and Safety Code; and the California Environmental Quality Act (California Public Resources Code Section 2100 et seq.).

11.3.9.4 **"Hazardous Substances"** means, without limitation: (a) those substances included within the definitions of "hazardous substances," "hazardous materials," "toxic substances," or "solid waste" in CERCLA, RCRA, and the Hazardous Materials Transportation Act, 49 U.S.C. §1801 et seq., and in the regulations promulgated pursuant to said laws; (b) those substances defined as "hazardous wastes" in Section 25117 of the California Health & Safety Code, or as "hazardous substances" in Section 25316 of the California Health & Safety Code, and in the regulations promulgated pursuant to said laws; (c) those substances listed in the United States Department of Transportation Table (49 C.F.R 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 C.F.R. part 302 and amendments thereto); (d) any material, waste or substance which is (i) petroleum, (ii) asbestos, (iii) polychlorinated biphenyls, (iv) designated as a

"hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. 1251 et seq. (33 U.S.C. 1321) or listed-pursuant to Section 307 of the Clean Water Act (33 U.S.C. 1317); (v) flammable explosives, or (vi) radioactive materials; and (e) such other substances, materials and wastes which are or become regulated under applicable local, state or federal law, or which are classified as hazardous or toxic under federal, state, or local laws.

11.3.9.5 "**Investigation(s)**" means any actions including, but not limited to, any observation, inquiry, examination, sampling, monitoring, analysis, exploration, research, inspection, canvassing, questioning, and/or surveying of the Premises or any other affected properties, including the air, soil, surface water, and groundwater, and the surrounding population or properties, or any of them, to characterize or evaluate the nature, extent or impact of Hazardous Substances.

11.3.9.6 "**Release(s)**" means any releasing, spilling, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping into the environment in violation of or resulting in a violation of applicable Environmental Laws.

11.3.9.7 "**Remediate" or "Remediation**" means any of those actions with respect to Hazardous Substances constituting a response or remedial action as defined under Section 101(25) of CERCLA, and similar actions with respect to Hazardous Substances as defined under comparable state and local laws, and/or other cleanup, removal, containment, abatement, recycling, transfer, monitoring, storage, treatment, disposal, closure, restoration or other mitigation or remediation of Hazardous Substances or Releases required by any Environmental Agency or within the purview of any Environmental Laws.

11.3.10 *Environmental Indemnity Regarding Premises Binding on Successors and Assigns of Tenant*. The parties hereto have agreed and Landlord and Tenant hereby reaffirm that conveyance by Landlord of the leasehold interest in Premises has been and will be undertaken by Landlord in order to benefit Tenant under this Lease by providing property for construction of the Parking Structures and related development. Accordingly, the parties hereto agree that the provisions of this Section 11.3, including the indemnities and releases described therein, shall be binding upon Tenant and upon each successor, assign or subtenant of Tenant which is a tenant or subtenant under this Lease (or any New Lease entered into pursuant to the terms of this Lease). Tenant and such successors, assigns and subtenants shall be jointly and severally liable for the obligations set forth in this Section 11.3.

12. *PROHIBITED LIENS AND STOP NOTICES.*

12.1 *Tenant's Covenant.* If a Prohibited Lien or Stop Notice is filed, then Tenant shall, within 30 days after receiving Notice of such filing, cause such Prohibited Lien or Stop Notice to be paid, discharged or bonded. Nothing in this Lease shall be construed to restrict Tenant's right to contest the validity of any Prohibited Lien or Stop Notice and to pursue Tenant's position to a final judicial determination, provided Tenant complies with Section 14. The mere existence of a Prohibited Lien or Stop Notice shall not be construed as a Tenant Default under this Lease.

12.2 *Protection of Landlord.* Landlord shall not be liable for any labor or materials

furnished or to be furnished to Tenant upon credit. Nothing in this Lease shall be deemed or construed in any way to constitute Landlord's consent or request, express or implied, by inference or otherwise, to any contractor, subcontractor, laborer, equipment or material supplier for the performance of any labor or the furnishing of any materials or equipment for any improvement, alteration or repair of, or to, the Premises, or any part of the Premises, nor as giving Tenant any right, power or authority to contract for, or permit the rendering of, any services, or the furnishing of any materials that would give rise to the filing of any liens or stop notices against the Fee Estate. Landlord shall have the right to post notices of non-responsibility on the Premises. Tenant shall Indemnify Landlord with respect to any matter arising from or related to work performed on the Premises other than that performed by Landlord or its agents. Such indemnity shall survive the expiration or termination of this Lease.

13. *INDEMNIFICATION.*

13.1 *Application.* Landlord's and Tenant's respective obligations with respect to environmental investigation and remediation and indemnification for the same, whether relating to conditions that exist before or after the Effective Date, shall be governed by Section 11.3 of this Lease and shall not be limited by the indemnity obligations set forth in Section 13.2.

13.2 *Indemnity by Tenant.* Tenant does hereby Indemnify Landlord from and against any and all Loss incurred or suffered by Landlord arising directly or indirectly with respect to (a) the use or occupancy or manner of use or occupancy of the Premises by Tenant or any person or entity claiming through or under Tenant or by the agents, contractors, employees, subtenants, licensees, invitees or visitors of the Parking Structure, (b) any violation of law by Tenant or any person or entity claiming through or under Tenant, or by the agents, contractors, employees, subtenants, licensees, invitees or visitors of Tenant, (c) any damages sustained or incurred by Landlord from any labor dispute or strike on the part of Tenant's employees or directed at Tenant, (d) any negligent acts or omissions of Tenant or any person or entity claiming through or under Tenant, or of the agents, contractors, employees or directed at Tenant or (e) any breach of this Lease by Tenant, except in all events to the extent attributable to the negligence or willful misconduct of Landlord or any elected official, partner, member, officer, director, agents and employees.

13.3 *Intentionally Omitted.*

13.4 *Indemnification Procedures.* Wherever this Lease requires one party to Indemnify the other, the following procedures and requirements shall apply:

13.4.1 *Notice.* Indemnitee shall provide Indemnitor with Notice of any claim. Indemnitee shall not be entitled to recover from Indemnitor the amount of any Loss which would not have been incurred by Indemnitor but for Indemnitee's failure to provide such Notice in a timely manner.

13.4.2 *Selection of Counsel.* If Indemnitee requests that Indemnitor provide Indemnitee's defense, Indemnitor shall select counsel with the reasonable approval of Indemnitee. Notwithstanding any other provision of this Lease, if Indemnitee intends to retain

its own counsel with respect to its defense, such counsel shall be reasonably acceptable to Indemnitor, and Indemnitee's reasonable attorneys' and experts fees (including in-house fees at prevailing in-house attorney rates) and costs shall be subject to Indemnitor's indemnity.

13.4.3 *Settlement*. Indemnitor may, with the consent of Indemnitee, not to be unreasonably withheld, settle the claim, except that no consent by Indemnitee shall be required as to any settlement by which (a) Indemnitor procures (by payment, settlement, or otherwise) a release of Indemnitee pursuant to which Indemnitee is not required to make any payment whatsoever to the third party making the claim or to take any action, (b) neither Indemnitee nor Indemnitor acting on behalf of Indemnitee makes any admission of liability, and (c) the continued effectiveness of this Lease is not jeopardized in any way.

13.4.4 *Insurance Proceeds*. Indemnitor's obligations shall be reduced by net insurance proceeds actually collected and retained by Indemnitee on account of any loss.

13.5 *Survival*. This Section 13 shall survive the expiration or termination of this Lease.

14. *RIGHT OF CONTEST.*

Notwithstanding anything to the contrary in this Lease, Tenant shall have the right to contest, at its sole expense, by appropriate legal proceedings diligently conducted, (a) the amount or validity of any Imposition, Prohibited Lien or Stop Notice, (b) the valuation, assessment or reassessment (whether proposed or final) of the Premises for purposes of real estate taxes or possessory interests, (c) the validity of any Law or the application of any Law to the Premises, or (d) the validity or merit of any claim against which Tenant is required to Indemnify Landlord under this Lease (collectively, "Contested Item"). Tenant may defer payment of any Contested Item pending the outcome of such contest, provided that such deferral does not subject the Premises to risk of forfeiture or subject Landlord to any material liability. Landlord shall not be required to join in any such contest proceedings unless a Law shall require that such proceedings be brought in the name of Landlord or any owner of the Fee Estate. In such case, Landlord shall cooperate with Tenant, so as to permit such proceedings to be brought in Landlord's name. Tenant shall pay all of Tenant's costs and expenses (including attorneys' fees) incident to such proceedings, and if such contest is brought in Landlord's name, the reasonable costs and expenses of Landlord (including Landlord's reasonable attorneys' fees) with respect thereto. Tenant shall Indemnify Landlord with respect to any such contest. Tenant shall be entitled to any refund of any Contested Item (and penalties and interest paid by Tenant) based upon Tenant's prior overpayment of such Contested Item, whether such refund is made during or after the Term. Upon the final determination of Tenant's contest of a Contested Item, Tenant shall pay the amount of such Contested Item (if any) as has been finally determined in such proceedings to be due, together with any costs, interest, penalties or other liabilities in connection with such Contested Item. Upon final termination of Tenant's contest of a Law, Tenant shall comply with such final determination. Landlord shall not, in its Proprietary Capacity as Landlord under this Lease, enter any objection to any contest proceeding undertaken by Tenant pursuant to this Article 14. Tenant's right to contest any Contested Item shall be to the exclusion of Landlord, and Landlord shall have no right to contest the foregoing without Tenant's consent, not to be unreasonably withheld. Nothing in this Section 14 shall be construed to limit Landlord's rights

to act with respect the matters addressed in this Section 14 in its Governmental Capacity.

15. *INSURANCE.*

15.1 *Insurance Requirements.* Tenant's insurance obligations during the Non-Possessory Period shall be governed by Section 29 below. During the Term, Tenant shall, at its sole cost and expense, during the Term, maintain the following insurance coverage (or its then reasonably available equivalent):

15.1.1 *General Liability*. Throughout the Term (and during the Non-Possessory Period, to the extent required under Section 29 below), Tenant shall carry Commercial General Liability insurance at least as broad as ISO Form CG0001 (Commercial General Liability) or its equivalent, with the extensions noted below, covering claims against property damage and bodily injury, to include death, occurring in or about the Premises and any other property of the named insured to the extent not covered by the common area liability policy required by the Reciprocal Easement Agreement, in minimum limits of not less than Ten Million Dollars ($10,000,000) per occurrence. Such commercial general liability insurance shall include the following coverage extensions if obtainable from underwriters: sudden and accidental pollution subject to a sublimit of not less than $5 million per accident; broadened notice of occurrence endorsement; personal injury liability; garage keepers legal liability of not less than Ten Million Dollars ($10,000,000) per occurrence, unintentional errors and omissions endorsements. Such insurance shall include a waiver of Subrogation in favor of the additional insureds specified in Section 15.3.1.

15.1.2 *Automobile*. Throughout the Term (and during the Non-Possessory Period, to the extent required under Section 29 below), Tenant shall provide business automobile insurance at least as broad as ISO Form CA001 (Auto Liability) in minimum limits of not less than Ten Million Dollars ($10,000,000) per occurrence, covering all autos owned or hired by Tenant and used at the Premises including owned, non-owned and hired autos. Such insurance shall include a Waiver of Subrogation in favor of the additional insureds specified in Section 15.3.

15.1.3 *Garagekeeper's Legal Liability*. Throughout the Term, Tenant shall provide garagekeeper's legal liability insurance, covering fire, theft and collision, in minimum limits of not less than Ten Million Dollars ($10,000,000) per occurrence. Such insurance shall include a Waiver of Subrogation in favor of the additional insureds specified in Section 15.3.

15.1.4 *Workers' Compensation*. Throughout the Term (and during the Non-Possessory Period, to the extent required under Section 29 below), in accordance with California Labor Code 3700 et seq. and other relevant Laws, Tenant shall maintain, and ensure that its contractors maintain, workers' compensation insurance, or provide proof of self-insurance in accordance with the provisions of that same Code, covering all Persons employed in connection with the Premises or with development, construction, alteration, repair or operation of the Premises, for injury, illness, or death, in statutory amounts for compensation, with not less than $1 million for employer's liability for bodily injury by accident and occupational disease. Such insurance shall include a Waiver of Subrogation in favor of the additional insureds specified in Section 15.3.

15.1.5 *Property Insurance*.

15.1.5.1 *Construction.* From the Commencement of Construction until Completion of the Project, Tenant shall obtain "Builders Risk" insurance coverage in an amount equal to 100% of the full replacement cost of the Project, covering course of construction exposure, including all risks of direct physical loss (including flood, earthquake with limits as set forth in Section 15.1.5.2(a) below, transit and off-site storage), materials and supplies used at the site, and soft costs including delayed opening and extra expense. During any subsequent period of construction or alteration involving work of significant scope, Tenant shall obtain "Builders Risk" insurance coverage as specified above in an amount equal to 100% of the full replacement cost of that particular work of construction or alteration.

15.1.5.2 *Operation.* Beginning upon Completion of the Project and thereafter throughout the Term, Tenant shall carry "All Risk" insurance coverage in an amount equal to 100% of the full replacement cost of the Parking Structure, providing coverage for all risks of direct physical loss described in Section 15.1.5.1; provided, however, that coverage for the peril of earthquake shall be subject to market availability at commercially reasonable premium cost (determined from time to time as provided in Section 15.1.5.2(a) below), and shall be purchased in an amount equal to the maximum probable loss as determined from time to time by a reputable seismic engineer acceptable to Landlord and Tenant.

(a) *Tenant's Inability to Obtain Earthquake Insurance*. The insurance coverage for the peril of earthquake required by this Lease is subject to availability on the open market at commercially reasonable premium cost (as defined below). If such earthquake insurance coverage should, after diligent effort by Tenant, be unobtainable at a commercially reasonable premium cost, then Tenant shall obtain the maximum insurance reasonably obtainable at commercially reasonable premium cost (if any) and give Notice to Landlord of the extent of Tenant's inability to obtain, in full, the insurance required by this Lease, and in such event, Tenant's obligation to procure and maintain such insurance as is unobtainable shall be excused. Landlord and Tenant agree that: (i) a premium cost for earthquake insurance coverage of up to 150% of the premium cost paid by Tenant for such coverage on the Effective Date (which premium cost shall be increased by two percent (2%) per annum on a compounded basis throughout the Term on each anniversary of the Effective Date) shall automatically constitute a "commercially reasonable premium cost" and (ii) "commercially reasonable premium cost" shall otherwise be determined in accordance with Section 15.9 below. Non-availability at commercially reasonable premium cost must be documented by a letter from Tenant's insurance broker or agent indicating a good faith effort to place the required insurance and showing, at a minimum, the names of three (3) insurance carriers and the declinations or quotations received from each.

15.1.5.3 *General Requirements*. All property insurance (builder's risk and operations insurance) shall include the following extensions of coverage: vacancy or occupancy clause waived; no coinsurance; Waiver of Subrogation in favor of Landlord; demolition and increased cost of construction; earthquake (if applicable) to include landslide, mudslide, sinkhole, collapse, earth movement or subsidence; costs to prove loss; debris removal; flood and

surface water; coverage for foundations, pilings and underground property; coverage for machinery and equipment breakdown, boiler explosion, etc.; architect's fees; valuable paper and records, including EDP media; damage resulting from faulty or defective workmanship, material, construction or design; plans, blueprints and specifications; mechanical or electrical apparatus; property of others in the care, custody or control of the insured.

15.1.6 *Other*. Throughout the Term, Tenant shall carry all other insurance required by any Leasehold Mortgage, and such other insurance as Tenant determines appropriate in the exercise of Tenant's reasonable business judgment.

15.2 *General Provisions.*

15.2.1 *Insurance Approval*. Evidence of insurance shall be submitted to Landlord or Landlord's designated risk management professional prior to commencement of any work or tenancy under this Lease, in accordance with Los Angeles Administrative Code Section 11.48.

15.2.2 *Deductibles; Self Insured Retention*. Any deductible or self-insured retention greater than $250,000 must be declared to Landlord and shall be subject to Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed

15.2.3 *Insurance Carrier Standards*. Each insurance carrier of Tenant shall (a) have a "Best's" rating of at least A-:VII or equivalent, and (b) unless otherwise agreed by Landlord and in compliance with Section 15.2.4, be authorized to transact business in the State.

15.2.4 *Admitted Carrier/Licensed California Broker*. Surplus lines insurance from carriers of Tenant who are not admitted in California must be submitted through a California-licensed broker or agency and is subject to the same standards outlined in Section 15.2.3.

15.2.5 *Evidence of Insurance*. At least sixty (60) days before each insurance policy is initially required to be obtained by Tenant pursuant to this Lease, Tenant shall deliver to Landlord its plan for placing such coverage in effect. At least five (5) days prior to the effective date of coverage, Tenant shall provide to Landlord certificates of insurance confirming that Tenant maintains the insurance required of it under this Section 15, which certificates shall be executed by an authorized agent of the appropriate insurer(s) indicating that the required coverage has been obtained and Landlord, its officials, boards, employees, and agents have, where applicable, been named as additional insureds. Within 45 days after the effective date of each insurance policy required by this Lease, Tenant shall provide Landlord with a copy of the declaration page and a copy of all terms and conditions pertinent to the properties required by this Lease, and endorsed "paid" or accompanied by other evidence that the premiums for such policies have been paid. Evidence of renewal of an expiring policy may be submitted on a manually signed renewal endorsement which shall be submitted at least five (5) days prior to the expiration of the then current policy. If the policy or carrier has changed, however, new evidence under this Section 15.2.5 must be submitted.

15.2.6 *Underlying Insurance*. Tenant shall be responsible for requiring such indemnification and insurance as it deems appropriate from consultants, agents and subcontractors, if any.

15.3 *Policy Requirements and Endorsements*. All insurance policies required by this Lease shall contain (by endorsement or otherwise) the following provisions:

15.3.1 *Additional Insureds*. All liability insurance policies shall name Landlord and Leasehold Mortgagees and their respective boards, officials, officers, directors, agents, employees, volunteers and bondholders, as additional insureds. Landlord shall be named as "loss payee as its interests may appear" in all required property coverage.

15.3.2 *Primary Coverage*. All policies shall be written as primary policies not contributing with or in excess of any coverage that Landlord may carry. Tenant's insurance shall not call on Landlord's insurance program for contributions.

15.3.3 *Tenant's Acts or Omissions*. Each policy shall include a provision that any act or omission of Tenant shall not prejudice Landlord's rights as an additional insured under such insurance coverage. Any failure by Tenant to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the additional insureds.

15.3.4 *Separation of Insureds*. Except with respect to the insurance company's limits of liability, each liability insurance policy shall apply separately to each insured against whom a claim or suit is brought. The inclusion of any Person or organization as an insured shall not affect any right which such Person or organization would have as a claimant if not so included.

15.3.5 *Cancellation/Reduction in Coverage Notice*. Tenant will cause all insurance policies required under this Lease to expressly provide that such insurance shall not be canceled or reduced below the coverage or limits required under this Lease except after thirty (30) days' prior written notice has been given to: City Administrative Officer, Risk Management, City Hall East, Room 1240, 200 N. MAIN STREET, LOS ANGELES, CA 90012-4168.

15.3.6 *Failure to Obtain or Maintain Insurance*. If at any time during the Term of this Lease, either the general liability insurance required to be provided under Section 15.1.1 of this Lease, the garagekeeper's liability insurance required by Section 15.1.3, or the property insurance required to be provided under Section 15.1.5 of this Lease is canceled, lapsed or reduced below minimums required under this Lease, then Tenant shall immediately cease all operation of the Parking Structure until such required insurance coverage is reinstated. Failure to provide evidence of general liability insurance or property insurance as required by Section 15.2.5 of this Lease shall not, by itself, be considered a cancellation, lapse or reduction below minimums required of general liability or property insurance.

At any time during the Term of this Lease, in the event that Tenant fails to obtain

or renew any insurance as required by this Lease and such default continues beyond all applicable notice and cure periods in Section 33.1.1 below, Landlord may (but shall not be obligated to), in addition to any other remedies it may have pursuant to this Lease, procure or renew such insurance to protect the interests of the Landlord, pay any and all premiums in connection therewith, and recover from Tenant all monies so paid, together with and all related costs, expenses, and attorneys fees reasonably incurred by Landlord, and with interest on all of the foregoing at the Prime Rate plus three percent (3%). The foregoing costs of insurance and related costs, expenses, attorney fees, and interest shall constitute Additional Rent and shall be paid by Tenant within 30 days after Landlord's demand accompanied by evidence reasonably establishing that Landlord properly and reasonably incurred such sums in accordance with this Lease. Landlord's purchase of insurance under this section shall not cure Tenant's default unless and until Tenant reimburses Landlord for all of the foregoing costs.

15.4 *Blanket and Umbrella Policies.* Tenant may provide any insurance required by this Lease pursuant to a "blanket" or "umbrella" insurance policy, provided that (a) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to the Premises, which amount(s) shall not be subject to reduction on account of claims made with respect to other properties, and (b) such policy shall otherwise comply with this Lease.

15.5 *Intentionally Omitted.*

15.6 *Waiver of Subrogation.* To the extent that Landlord or Tenant purchases any hazard insurance relating to the Premises (other than workers' compensation insurance), the party purchasing such insurance shall obtain a Waiver of Subrogation from its insurance earner.

15.7 *Modifications in Limits.* From time to time under this Lease, either party, unilaterally, may propose to the other party that the policy limits set forth in this Lease be increased or decreased, in order to bring such policy limits into conformity with the limits customarily maintained for similar parking garages, including those located in Southern California. If the parties are able to agree upon an increase or decrease, the modified limits they agreed upon shall supersede those set forth in this Lease. If the parties are not able to agree upon a proposed increase or decrease within 30 days after its proposal, then the matter shall be resolved through the procedure set forth in Section 15.9 below, based upon the limits customarily maintained for similar parking garages, including those located in Southern California. Policy limits established pursuant to this Section 15 shall not be increased or decreased during the first five years after the Effective Date of this Lease or more frequently than once every five years thereafter, unless a significant change in the law or in the insurance industry makes an intervening increase or decrease necessary or equitable under the circumstances. In considering any proposed modification to policy limits, the parties shall consider the frequency and nature of past claims.

15.8 *Compliance with REA Provisions.* Tenant shall also comply with the insurance requirements applicable to it set forth in the Reciprocal Easement Agreement.

15.9 *Certain Determinations.* If it becomes necessary to determine whether earthquake coverage is available on the open market at a commercially reasonable premium cost, or the

amount of maximum probable loss, or the amount of any modifications in limits, then either party may give the other party Notice that such determination is required and shall set forth such party's estimate of the amount. The parties shall thereupon attempt, in good faith, to agree upon the amount within 60 days of such Notice. Failing any agreement within such 60-day period, then Landlord and Tenant agree to abide by the findings and recommendations of a reputable, independent risk management consultant who is experienced with properties similar to the Premises and with properties in the southern California area, and who is acceptable to Landlord and Tenant. An independent risk management consultant is a risk management consultant who has no affiliation with any insurance company or insurance broker and who does not receive any wages, commissions or similar compensation from any insurance company or insurance broker. Landlord and Tenant shall each pay one-half of the fees, expenses and other costs incurred in connection with the selection and engagement of the independent risk management consultant.

16. *DAMAGE OR DESTRUCTION.*

16.1 *No Rent Abatement; Notice.* There shall be no abatement or reduction in Rent on account of any Casualty, and all obligations of Tenant under this Lease shall remain unchanged and in full force and effect. Tenant shall promptly give Landlord Notice of any Casualty for which the cost of repair exceeds Five Hundred Thousand Dollars ($500,000) (such amount shall be subject to a two percent (2%) annual increase commencing one year after the Primary Term Commencement Date).

16.2 *Minor Casualty.* In the event of a Minor Casualty at any time during the Term, and regardless of whether such Minor Casualty is insured or uninsured, Tenant shall be obligated to repair, rebuild or restore the damaged improvements.

16.3 *Major Casualty.* In the event of any Major Casualty at any time during the Term, Tenant may choose to, but shall not be required to, repair, rebuild or restore the damaged improvements if such Major Casualty is uninsured and Tenant was not obligated to have obtained insurance for the cause of such Major Casualty by this Lease. If such Major Casualty is insured or Tenant was obligated to insure it by this Lease, Tenant shall be obligated to restore the damaged improvements only if (a) such Major Casualty occurs during the Primary Venue Contract Term (as defined in the Event Center Ground Lease), and (b) Tenant receives "all or substantially all" insurance proceeds necessary to effect repair, rebuilding or restoration (other than deductible amounts), or, alternatively, receives evidence from the insurer reasonably confirming that all or substantially all of such proceeds will be provided as and when needed in order to effect such repair, rebuilding or restoration (other than deductible amounts); provided, however, that if such insurance proceeds are not available to Tenant because of its failure to have obtained insurance required by this Lease for the cause of such Major Casualty, then Tenant shall be deemed to have received such insurance proceeds on the date of such Major Casualty, and (c) Tenant receives those permits reasonably necessary for the repair, rebuilding or restoration. In the event of any Major Casualty occurring after the end of the Primary Venue Contract Term, Tenant shall not be required to repair, rebuild or restore the damaged improvements regardless of whether such Casualty is insured or uninsured.

16.4 *Standard For Restoration; Termination of Lease.* In the event of any Casualty

where Tenant is required to, or chooses to, repair, rebuild or restore the damaged improvements, Tenant shall commence promptly and shall restore the damaged improvements, at a minimum, to their condition, quality, and class immediately prior to such Casualty, with such changes or alterations as Tenant shall elect to make in conformity with this Lease. Tenant shall proceed with all due diligence, in an effort to: (i) obtain such insurance proceeds, or evidence from the insurer that such proceeds will be provided as and when needed in order to effect such repair, rebuilding or restoration, and (ii) obtain such permits reasonably necessary for the repair, rebuilding or restoration.

In the event of any Major Casualty where Tenant is not required to repair, rebuild or restore the damaged improvements, Tenant shall, within 180 calendar days following such Major Casualty, provide Notice to Landlord either (i) of its intent to repair, rebuild or restore the damaged improvements or (ii) to terminate this Lease. If Tenant provides Notice within such period, and Tenant elects to so terminate this Lease, then this Lease shall automatically terminate effective 30 days following the date of such Notice (and such termination shall not be subject to any cure rights of Tenant or any Qualified Leasehold Mortgagee). If Tenant does not provide Notice within such period of its intent to either terminate this Lease or repair, rebuild or restore the improvements, then this Lease shall automatically terminate upon the expiration of the above-mentioned 180-day period (and such termination shall not be subject to any cure rights of Tenant or any Qualified Leasehold Mortgagee). In the event that this Lease is terminated, Landlord shall have the right, by Notice to Tenant within 120 days following the Termination Date, to require Tenant to cause the remaining improvements to be demolished and the debris removed, so that the Premises are returned to Landlord as vacant and level land, which work shall be completed with reasonable promptness but the completion of which shall not be a condition to termination of this Lease. The costs of such demolition shall be paid from available insurance proceeds, and if such proceeds are insufficient, shall be paid by Tenant. The provisions of this Section 16.4 shall survive termination of this Lease.

16.5 *Adjustment of Claims.* Neither Landlord nor Tenant shall settle or compromise any insurance award affecting the interests of the other party (a) without the consent by such other party, such consent not to be unreasonably withheld, conditioned or delayed (provided, however, that the parties acknowledge that in instances where Landlord is the party whose consent is sought, such consent from Landlord shall be subject to the approval of the city council of the City, at its sole and absolute discretion), and (b) in the case of an insurance award affecting the interest of Tenant, without the consent of any Qualified Leasehold Mortgagee whose Leasehold Mortgage provides for such a right of consent. Each of Landlord and Tenant shall be entitled to appear in all proceedings affecting its respective interest and to participate in any settlement, arbitration or other proceeding involving same. Subject to the terms of its Leasehold Mortgage, any Qualified Leasehold Mortgagee shall also be entitled to appear in such proceedings and empowered to participate in any settlement, arbitration or other proceeding with respect to insurance proceeds.

16.6 *Control of Funds When Lease Not Terminated.* In the event of a Casualty where Tenant is required to, or chooses to, repair, rebuild or restore the damaged improvements, the following provisions regarding control of funds shall apply.

16.6.1 *Proceeds Less Than $1,000,000.* All property insurance proceeds less than $1,000,000 shall be distributed to Tenant (subject to the provisions of any Leasehold Mortgage entered into by Tenant with a Qualified Leasehold Mortgagee), and shall be applied by Tenant in accordance with this Section 16.

16.6.2 *Proceeds Greater Than $1,000,000.*

16.6.2.1 *When Fund Control Mechanism in Leasehold Mortgage Governs.* If any Leasehold Mortgage entered into by Tenant and a Qualified Leasehold Mortgagee contains a fund control mechanism providing that all property insurance proceeds in excess of $1,000,000 shall be deposited with such Leasehold Mortgagee or a third party depository specified in such Leasehold Mortgage to be disbursed to repair, rebuild or restore the Premises, the mechanics for fund control set forth in such Leasehold Mortgage shall have priority over the corresponding mechanics for fund control set forth in Section 16.6.2.2.

16.6.2.2 *When The Fund Control Mechanism in This Lease Governs.* Subject to Section 16.6.2.1, if property insurance proceeds total in excess of $1,000,000, then upon request of Landlord all such proceeds shall be deposited with the Depository to be disbursed in accordance with this Section 16.6.2.2. The Depository shall pay such proceeds to Tenant, or to such party as Tenant may direct from time to time, to reimburse Tenant for, or to pay, the cost of such repair, rebuilding or restoration. Such payment shall be made only (a) upon written request of Tenant to Depository accompanied by a certificate of an independent architect or construction manager (which architect or construction manager shall be reasonably satisfactory to Landlord) to the effect that the amount requested has been paid or is then due and payable and is properly a part of such cost, (b) upon certification of Depository to Landlord that Depository has received evidence satisfactory to that no Prohibited Liens or Stop Notices have been filed in connection with such repair, rebuilding or restoration to date or that such have been adequately provided for in accordance with the requirements of this Lease, and (c) upon certification of Depository to Landlord that the balance of said proceeds after making the payment requested will be sufficient to pay the balance of the cost of repair, rebuilding or restoration. Upon receipt by Landlord of evidence that repair, rebuilding or restoration has been completed and the cost thereof paid in full or has been adequately provided for, and that there are no Prohibited Liens or Stop Notices which have not been adequately provided for, the balance, if any, of such proceeds shall be paid to Tenant.

16.7 *Inapplicability of Civil Code Sections.* The provisions of California Civil Code §§1932(2) and 1933(4), and any successor statutes, are inapplicable with respect to any destruction of any part of the Premises; such sections provide that a lease terminates on the destruction of the Premises unless otherwise agreed between the parties to the contrary.

17. *CONDEMNATION.*

17.1 *Total Taking.* If a Total Taking of the Premises shall occur, then this Lease shall terminate as of the effective date of such Total Taking, and the Rent shall be apportioned accordingly. The proceeds of the Total Taking shall be allocated between Landlord and Tenant

in accordance with their respective interests as determined by the court that has jurisdiction over such Taking.

17.2 *Partial Taking.* If a Partial Taking shall occur, then any award or awards shall be allocated between Landlord and Tenant in accordance with their respective interests as determined by the court that has jurisdiction over such Taking. In the event of a Partial Taking, Tenant shall perform all necessary repair, rebuilding or restoration in accordance with the applicable requirements of this Lease to the extent of the Taking award proceeds received by Tenant. There shall be no abatement or reduction of Rent or any other sum payable hereunder as a result of any Partial Taking.

17.3 *Temporary Taking.* If a Temporary Taking shall occur with respect to use or occupancy of the Premises for a period greater than 120 days, then Tenant shall, at its option, be entitled to terminate this Lease effective as of the commencement date of the Temporary Taking. If the Temporary Taking relates to a period of 120 days or less, or if Tenant does not elect to terminate this Lease, then all proceeds of such Temporary Taking (to the extent attributable to periods within the Term) shall be paid to Tenant, and Tenant's obligations under this Lease shall not be affected in any way.

17.4 *Other Government Agency Action.* In the event of any action by any Government Agency not resulting in a Taking but creating a right to compensation, this Lease shall continue in full force and effect without reduction or abatement of Rent, and the award or payment made in connection with such action shall be allocated between Landlord and Tenant in accordance with their respective interests.

17.5 *Settlement or Compromise.* Neither Landlord, in its Proprietary Capacity as Landlord under this Lease, nor Tenant shall settle or compromise any Taking award affecting the interests of the other party without (a) the consent by such other party, such consent not to be unreasonably withheld (provided, however, that the parties acknowledge that in instances where Landlord is the party whose consent is sought, such consent from Landlord shall be subject to the approval of the City Council of the City, at its sole and absolute discretion), and (b) in the case of a Taking award affecting the interest of Tenant, without the consent of any Qualified Leasehold Mortgagee whose Leasehold Mortgage provides for such a right of consent, which consent shall not be unreasonably withheld. Each of Landlord and Tenant shall be entitled to appear in all Taking proceedings affecting its respective interest, to participate in any settlement, arbitration or other proceeding involving such a Taking and to claim its Taking award under this Lease. Subject to the terms of its Leasehold Mortgage, any Qualified Leasehold Mortgagee shall also be entitled to appear in such proceedings and empowered to participate in any settlement, arbitration or other proceeding involving any Taking.

17.6 *Prompt Notice.* If either party becomes aware of any Taking or threatened or contemplated Taking, then such party shall promptly give Notice thereof to the other party.

17.7 *Waiver.* The provisions of this Lease governing Takings are intended to supersede the application of Chapter 10, Article 2 of the California Code of Civil Procedure and all similar Laws, to the extent inconsistent with this Lease. Nothing in this Section 17.7 shall be construed

to limit Landlord's powers with respect to Takings in its Governmental Capacity.

17.8 *Relocation.* In the event of a Partial Taking or Total Taking, Landlord shall have no obligation to find and/or provide a relocation site for the Parking Structure.

18. *TRANSFERS BY LANDLORD.*

18.1 *Assignment or Conveyance by Landlord.* Except as otherwise expressly provided in this Lease, Landlord shall not assign or convey any direct or indirect interest in all or any portion of the Fee Estate or this Lease without the prior written consent of Tenant, which consent may be withheld in the sole but good faith discretion of Tenant. Notwithstanding the foregoing, Landlord may assign all or any portion of its interests in this Lease or in the Premises or any portion thereof, with prior Notice to Tenant but without obtaining the prior consent of Tenant, to a governmental unit or units (including, without limitation, a joint powers authority or other multi-governmental organization). At the election of Landlord, in any such assignment, Landlord may delegate its proprietary rights and responsibilities to Landlord's transferee while retaining its governmental rights under this Lease or under Law. Any assignee shall expressly assume in writing the rights and responsibilities so assigned.

18.2 *No Encumbrances.* During the Term (a) Landlord shall not enter into, grant, permit or suffer to attach to the Fee Estate any mortgage, deed of trust, deed to secure debt, assignment, security interest, pledge, financing statement or any other instrument(s) or agreement(s) intended to grant security for any obligation (each a "Fee Mortgage") or any lien (including mechanics' lien, material suppliers' lien, or other statutory lien) affecting title to the Fee Estate, and (b) Landlord shall not enter into, grant, permit or suffer to attach to the Fee Estate any easement, restriction or other encumbrance affecting title to the Fee Estate without Tenant's prior written consent, which shall not be unreasonably withheld.

18.3 *Assignment of Rent.* Notwithstanding anything to the contrary, Landlord may, without Tenant's consent, from time to time and at Landlord's sole and absolute discretion, pledge and/or assign to any entity (including without limitation private lender(s)), any and all Rent and any right to receive funds under this Lease so long as no such pledge or other assignment shall in any way constitute or be deemed to be an assignment of any of Landlord's rights or obligations as "Landlord" under this Lease or vest in such pledgee/assignee any right or ability whatsoever to take (or refrain from taking) any action or actions as the "Landlord" under this Lease; and provided, however, that any Rent paid by Tenant and actually received by the pledgee/assignee of such pledge or assignment shall be deemed to have been received by the Landlord for all purposes, including, without limitation, for the purpose of calculating Gap Funding Obligor's gap funding obligation under the Gap Funding Agreement.

19. *TRANSFERS BY TENANT.*

19.1 *Assignment or Conveyance by Tenant.*

19.1.1 *General.* The qualifications and identity of the Tenant and its principals are of particular concern to Landlord. It is because of those qualifications and identity that

Landlord has entered into this Lease with Tenant. No voluntary or involuntary successor in interest of Tenant shall acquire any rights or powers under this Lease, except as expressly set forth herein.

19.1.2 *Change in Control*. A transfer or other change in the ownership of Tenant which would cause control of Tenant to be held by an individual or entity other than an Affiliate shall be deemed an assignment for purposes of this Section 19 . Notwithstanding the foregoing, any transfer or series of transfers of an ownership interest of Tenant (a) resulting in Philip F. Anschutz, together with his Affiliates, collectively or individually owning (directly or indirectly) 50% or more of the ownership interest in Tenant, or (b) to a family member or members, and/or one or more trusts for the benefit of a family member or members, and/or The Anschutz Foundation, and/or up to three additional nationally-recognized organizations which qualify for exemption from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code (none of which additional organizations shall own more than a 10% ownership interest in Tenant), as a result of the death of Philip F. Anschutz, or (c) to an entity owned or controlled by the owner of any National Football League franchise which is committed to play substantially all of its games in the Event Center, or (d) in connection with the sale of the Event Center, the Staples Center Arena, or all or substantially all of the improvements within the District shall not be deemed an assignment for purposes of this Section 19; provided, however, that Tenant shall in each case remain bound by the terms of this Lease.

19.1.3 *Subleases*. Tenant may enter into subleases as set forth in Section 19.2.

19.1.4 *General Restriction on Assignment*. Except as otherwise expressly provided in this Section 19, Tenant may not transfer, sell, convey or assign (in such case referred to herein as "assign" or as "assignment") all or any portion of its interest in this Lease, in the Parking Structure or the Premises or in any portion thereof without the prior written consent of Landlord, which consent may be withheld in the sole but good faith discretion of Landlord.

19.1.5 *Assignment to Affiliate*. Tenant may assign all or any portion of its interest in this Lease, the Parking Structure or the Premises or any portion thereof to either one or more Affiliates (as owners of separate portions, as tenants-in-common, or in any other legally permitted way) or in connection with a sale or other transfer of all or substantially all of the assets of or ownership interests in Tenant without obtaining the prior consent of Landlord. At least thirty (30) days prior to such an assignment, Tenant shall provide to Landlord: (a) written notice of the assignment, and (b) a copy of the assignment document or proposed assignment document, in which the assignee(s) shall have assumed all obligations of Tenant applicable to the interest assigned. Such an assignment shall not relieve Tenant of liability for the performance of its obligations under this Lease.

19.1.6 *Collateral Assignment to Lender*. Tenant must not collaterally assign all or any portion of this Lease except as expressly set forth in Section 20.

19.1.7 *Assignment Documents*. At least 30 days prior to any assignment for which Landlord's consent is required pursuant to Section 19.1.4, Tenant shall provide Landlord: (a) written notice of the assignment, (b) evidence reasonably satisfactory to Landlord that the

assignee satisfies all criteria set forth in the provisions of this Section 19 which are applicable to such assignment, and (c) a copy of the assignment document or proposed assignment document pursuant to which the assignee shall assume the obligations of Tenant applicable to the interest assigned. Such an assignment shall not relieve Tenant of liability for the performance of its obligations hereunder. Each assignee of Tenant shall expressly assume in writing all obligations and liabilities of Tenant under this Lease applicable to the interest assigned. Following any assignment, Tenant shall provide Landlord with written notice of any assignment of all or any portion of its interest in this Lease, the Parking Structure or the Premises.

19.2 *Subletting.*

19.2.1 *Generally*. Tenant, in the normal course of business, may enter into any Sublease, license, concession agreement or any other similar arrangement, extend, renew or modify any Sublease, consent to any subleasing or further levels of subleasing (all of which shall be within the defined term "Sublease," and the occupants thereunder shall all be deemed "Subtenants "), terminate any Sublease or evict any Subtenant, all without Landlord's consent; provided, however, that any long-term ground sublease or other lease or contract which in effect serves to transfer to the Subtenant substantially all of Tenant's economic interest in this Lease or the Premises or the improvements thereon or in similarly significant portions of the Premises or the improvements thereon shall be deemed to be an assignment, and not a Sublease, for purposes of this Section 19. With respect to such long-term ground subleases and other leases or contracts which are deemed to be assignments, the parties acknowledge that Tenant has the right to assign all or any portion of its interest in this Lease, the Parking Structure or the Premises in accordance with Section 19.1 above. The term of any Sublease (including renewal options) shall not extend beyond the Term, unless agreed by Landlord in its sole discretion.

19.2.2 *No Release of Tenant upon Sublease*. No Sublease shall affect or reduce any obligations of Tenant or rights of Landlord under this Lease. All rights of Landlord and obligations of Tenant under this Lease shall continue in full force and effect notwithstanding any Sublease.

19.2.3 *Landlord's Assumption Rights*. Tenant shall not enter into any material Sublease or assignment which contains terms or provisions that prohibit or prevent Landlord from assuming Tenant's rights and obligations under such Sublease/assignment.

19.3 *Nondisturbance and Attornment.*

19.3.1 *Generally*. Tenant may from time to time request that Landlord enter into a Nondisturbance and Attornment Agreement substantially in the form of Exhibit D ("Nondisturbance and Attornment Agreement") with respect to any Sublease. If Tenant makes such a request, Tenant shall provide Landlord with a copy of such Sublease or proposed Sublease for Landlord's review and approval in its reasonable discretion as to: (a) the financial terms of the Sublease, (b) the financial capacity of the Subtenant and (c) compliance of the Sublease with the provisions of this Lease, including the use restrictions. Landlord shall not be required to enter into any Non-Disturbance and Attornment Agreement with respect to any Sublease or Subtenant to which Landlord has not consented. Landlord shall respond (either positively or negatively) in

writing to Tenant's request within 30 days after Landlord's receipt of the same.

20. *MORTGAGES.*

20.1 *No Landlord Mortgage.* Landlord represents and warrants that as of the Effective Date the Fee Estate is not subject to any Fee Mortgage(s). Landlord shall not have the right to execute or deliver any Fee Mortgage(s) during the Term.

20.2 *No Subordination.* The Fee Estate and Landlord's interest under this Lease shall not be subordinate to any Leasehold Mortgage. No Leasehold Mortgage or other financing document shall provide any right for anyone to: (i) foreclose on the Fee Estate (including without limitation any right to receive deed-in-lieu of foreclosure with respect to the Fee Estate), (ii) acquire the Fee Estate by any means, or (iii) otherwise encumber the Fee Estate.

20.3 *Limitations on Cumulative Loan to Value Ratio.* At any given time after the Completion of the Parking Structure, the aggregate principal amount of all financing of the Parking Structure shall not exceed an amount (the "Financing Cap") equal to the lesser of (i) 60% of the then fair market value of the Parking Structure, or (ii) 70% of the total project costs in connection with the development of the Parking Structure, which amount described in this subsection (ii) shall be increased by 5% per annum on a compounded basis throughout the Term on each anniversary of the Rent Commencement Date.

20.4 *Collateral Assignment.*

20.4.1 *No Leasehold Mortgage Prior to Completion.* Prior to the Completion of the Project, Tenant shall not have the right to enter into any Leasehold Mortgage encumbering the Leasehold Estate or Tenant's interest in this Lease. Notwithstanding anything in this Lease to the contrary, following Tenant's Completion of the Project, Tenant shall have the right to execute and deliver to any Leasehold Mortgagee a Leasehold Mortgage(s) encumbering this Lease and the Leasehold Estate and complying with the provisions of this Article 20, at any time and from time to time during the Term without Landlord's consent; provided, however, that all Leasehold Mortgages shall be subject to Landlord's confirmation rights as set forth in Section 20.4.2.

20.4.2 *Institutional Lenders.*

20.4.2.1 *No Consent; Limited Exceptions.* Notwithstanding anything in this Lease to the contrary, Tenant shall have the right to execute and deliver to Institutional Lenders Leasehold Mortgage(s) encumbering this Lease and the Leasehold Estate at any time and from time to time during the Term, subject to the following limitations:

(a) From Completion of the Parking Structure until the expiration of the initial term of the Lease Revenue Bonds, without Landlord's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed), this Lease and the Leasehold Estate shall not be cross-collateralized with any loan or borrowing for the Event Center and/or the L.A.

Live Way Parking Structure, provided however that notwithstanding the foregoing, Tenant may, without Landlord's consent, cross-collateralize this Lease and the Leasehold Estate together with financing which is collateralized by the Event Center so long as the aggregate loan-to-value ratio of such financing does not exceed an amount equal to the lesser of (i) sixty percent (60%) of the then combined fair market value of the Parking Structure, and as applicable, the Event Center and/or the L.A. Live Way Parking Structure, or (ii) seventy percent (70%) of the total project costs in connection with the development of the Parking Structure, and as applicable, the Event Center and/or L.A. Live Way Parking Structure.

(b) From the Completion of Construction, without Landlord's prior written consent, this Lease and the Leasehold Estate may be cross-collateralized with any loan or borrowing for the L.A. Live Way Parking Structure only.

(c) All Leasehold Mortgages under this Section 20.4.2.1 shall be subject to the loan-to-value limitations set forth in Section 20.3 above.

(d) All Leasehold Mortgages under this Section 20.4.2.1 shall be subject to Landlord's confirmation rights as set forth in Section 20.4.2.2.

(e) Concurrently with the recordation of any Leasehold Mortgage under this Section 20.4.2.1, such Leasehold Mortgagee, Landlord and Tenant shall enter into and record a commercially reasonable subordination non-disturbance and attornment agreement which confirms the rights and obligations of the parties set forth in Sections 20-24 of this Lease.

20.4.2.2 *Landlord Confirmation Rights.* At least 30 days prior to entering into any Leasehold Mortgage with any Institutional Lender, Tenant shall deliver to Landlord such Institutional Lender's loan documents and such other information as may be reasonably necessary for Landlord to confirm the following matters, and Landlord shall have the right to review the loan documents to ascertain that they comply with the following provisions:

(a) For all such Leasehold Mortgages, that the Leasehold Mortgagee is an Institutional Lender.

(b) For all Leasehold Mortgages permitted by this Lease, the loan documents shall require the Leasehold Mortgagee to provide Notice to Landlord concurrently with the provision of any notice to Tenant of any event which has occurred which would trigger the commencement of any cure periods under the loan documents.

(c) For all such Leasehold Mortgages, that the Leasehold Mortgage complies with the limitations set forth in Section 20.3 above.

20.4.3 *Non-Institutional Lenders.*

20.4.3.1 *Consent Required.* Tenant shall have the right, but only with Landlord's prior written consent, to execute and deliver Leasehold Mortgage(s) encumbering this Lease and the Leasehold Estate to Non-Institutional Lenders at any time and from time to time during the Term, subject to Landlord's review rights set forth in Section 20.4.3.24 and subject to the following limitations:

(a) Following Completion of Construction of the Project, the standard for Landlord's consent to the execution and delivery of any Leasehold Mortgage to a Non-Institutional Lender shall be the same standard then in effect under this Lease for Landlord's consent to assignees, as set forth in Section 19.

(b) Without Landlord's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed), this Lease and the Leasehold Estate shall not be cross-collateralized with any loan or borrowing for the Event Center, provided however that notwithstanding the foregoing, Tenant may, without Landlord's consent, cross-collateralize this Lease and the Leasehold Estate together with financing which is collateralized by the Event Center Lease, the Parking Structure and/or the L.A. Live Way Parking Structure Lease so long as the aggregate loan-to-value ratio of such financing does not exceed an amount equal to the lesser of (i) sixty percent (60%) of the then combined fair market value of the Event Center, the Parking Structure and/or the L.A. Live Way Parking Structure, as applicable, to the extent subject to such financing, or (ii) seventy percent (70%) of the total project costs in connection with the development of the Event Center, the Parking Structure and the L.A. Live Way Parking Structure, as applicable, to the extent subject to such financing.

(c) Following the Completion of Construction, without Landlord's prior written consent, this Lease and the Leasehold Estate may be cross-collateralized with any loan or borrowing for the L.A. Live Way Parking Structure only.

(d) All Leasehold Mortgages under this Section 20.4.3.1 shall be subject to the loan-to-value limitations set forth in Section 20.3 above.

(e) Concurrently with the recordation of any Leasehold Mortgage under this Section 20.4.3.1, such Leasehold Mortgagee, Landlord and Tenant shall enter into and record a commercially reasonable subordination non-disturbance and attornment agreement which confirms the rights and obligations of the parties set forth in Sections 20-24 of this Lease.

20.4.3.2. *Landlord Confirmation Rights.* At least 30 days prior to entering into any Leasehold Mortgage with any Non-Institutional Lender, Tenant shall deliver to Landlord such lender's loan documents and such other information as may be reasonably necessary for Landlord to confirm that the loan documents and the terms of the loan transaction:

(i) satisfy the requirements set forth in Section 20.4.3.1 above; (ii) include provisions with respect to such other matters as may be reasonably requested by Landlord with respect to its approval of such collateral assignment.

20.5 *Landlord's Acknowledgment of Qualified Leasehold Mortgagee.* Within thirty (30) days following Tenant's delivery of the loan documents and information required under Section 20.4.2.2 or 20.4.3.2, as the case may be, Landlord shall acknowledge receipt of the name and address of any Leasehold Mortgagee (or proposed Leasehold Mortgagee), and either (a) confirm to Tenant and such Leasehold Mortgagee that such Leasehold Mortgagee satisfies the criteria set forth in Section 20.4.2.1 or 20.4.3.1, as the case may be, and therefore constitutes a "Qualified Leasehold Mortgagee" (or would be, upon closing of its loan, a Qualified Leasehold Mortgagee) and has (or would have) all the rights of a Qualified Leasehold Mortgagee under this Lease, or (b) if Landlord determines that any proposed Leasehold Mortgagee does not or would not meet the criteria set forth in Section 20.4.2.1 or 20.4.3.1, give Notice of such determination to Tenant and the proposed Leasehold Mortgagee, which Notice shall specify the basis for such determination. Any acknowledgment delivered by Landlord to Tenant under clause (a) above shall, if requested by Tenant, be in recordable form. If Landlord delivers the notice described in clause (b) to Tenant and the proposed Leasehold Mortgagee, then Tenant may resubmit such proposed Leasehold Mortgagee and such resubmission shall be governed by the terms of this Section 20.5.

20.6 *Sale and Leaseback.* If Tenant assigns the Leasehold Estate to a third party for purposes of a sale-leaseback transaction and Tenant or a Tenant Affiliate concurrently enters into or reserves, retains or receives a Sublease of the Premises or similar interest, then (a) such third party shall be deemed to be a "Leasehold Mortgagee" and the Sublease shall be deemed to be a "Leasehold Mortgage", and (b) such third party shall not be deemed to have assumed or become liable under this Lease except to the extent that such third party has exercised remedies against Tenant under Tenant's Sublease functionally equivalent to foreclosure under a Leasehold Mortgage or acceptance of an assignment in lieu thereof or otherwise takes Control of the Premises.

20.7 *Change in Loan Documents.* Once Landlord has approved loan documents as satisfying the requirements of this Lease, neither Tenant nor any Qualified Leasehold Mortgagee shall modify or agree to modify those loan documents in a manner affecting the requirements of this Lease without the prior written approval of Landlord in its sole discretion.

20.8 *Further Assurances.* Upon request by either party or by any existing or prospective Leasehold Mortgagee, the other party shall deliver to the requesting party a separate written instrument in recordable form signed and acknowledged by the other party setting forth and confirming the rights of Qualified Leasehold Mortgagees under this Lease.

21. *EFFECT OF LEASEHOLD MORTGAGES.*

21.1 *Initial Notice.* If Tenant enters into any Leasehold Mortgage(s) reviewed and, if required, consented to, by Landlord pursuant to Section 20, then the Leasehold Mortgagee(s) thereunder, if confirmed by Landlord as "Qualified Leasehold Mortgagee(s)" pursuant to

Section 20.4, shall be entitled to the Leasehold Mortgagee protections provided for under this Lease from and after such time as Tenant or such Qualified Leasehold Mortgagee has either (a) given Landlord Notice of the name and address of such Leasehold Mortgagee, accompanied by a copy of the executed Leasehold Mortgage, or (b) recorded or caused to be recorded an instrument (which may be the Leasehold Mortgage itself or a memorandum thereof) giving record notice of such Leasehold Mortgage.

21.2 *Leasehold Mortgagee Protections.* No Leasehold Mortgagee shall be a Qualified Leasehold Mortgagee or be entitled to the protections provided to Qualified Leasehold Mortgagees under this Lease unless (a) such Leasehold Mortgagee has been reviewed and, if required, consented to, by Landlord pursuant to Article 20, and (b) Tenant has complied with Section 21.1.

21.3 *Termination of Leasehold Mortgagee's Rights.* If a Leasehold Mortgagee is a Qualified Leasehold Mortgagee under this Lease, then such status shall not terminate unless and until such time, if any, as the Qualified Leasehold Mortgage shall have been satisfied and discharged of record.

21.4 *Effect of a Leasehold Mortgage.* Tenant's making of a Leasehold Mortgage shall not constitute an assignment or transfer of the Leasehold Estate, nor shall any Leasehold Mortgagee, as such, or in the exercise of its rights under its Leasehold Mortgage or this Lease, be deemed to be an assignee or transferee or mortgagee in possession of the Leasehold Estate so as to require such Leasehold Mortgagee to assume or otherwise be obligated to perform any of Tenant's obligations under this Lease except when, and then only for so long as, such Leasehold Mortgagee has obtained Control of the Premises (as defined in Exhibit B) in the exercise of its remedies under its Leasehold Mortgage (as distinct from its rights under this Lease to cure Tenant Defaults or exercise Mortgagee's Cure Rights, as defined in Section 22.4 below). Once a Leasehold Mortgagee does obtain Control of the Premises, it will be deemed to have assumed and to be obligated to perform Tenant's obligations under this Lease, but only for so long as such Leasehold Mortgagee remains in possession. No Leasehold Mortgagee (even if such Leasehold Mortgagee is the purchaser at a foreclosure sale held pursuant to its Leasehold Mortgage) shall be liable under this Lease unless and until such time as it becomes, and then only so long as it remains, the owner of the Leasehold Estate; provided that such Leasehold Mortgagee shall remain liable for obligations which arose during its period of ownership.

21.5 *Change of Address.* Any Qualified Leasehold Mortgagee shall be free to change its name and address from time to time by Notice to Landlord. Notice of any change of a Qualified Leasehold Mortgagee's identity or address, or of a transfer of a Leasehold Mortgage, may be made pursuant to Section 43.

21.6 *Foreclosure.* No sale of this Lease or of the Leasehold Estate in any proceedings for the foreclosure of any Leasehold Mortgage, or any assignment, transfer or conveyance in lieu of such foreclosure, shall be deemed to violate this Lease, provided, however, that any such sale, assignment, transfer or conveyance shall constitute an assignment of the Lease and shall be subject to the provisions of Section 19 regarding assignment, including Section 19.1.7, applied as

follows:

21.6.1 *Qualified Leasehold Mortgagee*. The Qualified Leasehold Mortgagee whose Leasehold Mortgage is being sold assigned or transferred shall be deemed to be an approved assignee for purposes of Section 19.

21.6.2 *Other Institutional Lenders*. Any other Person who would qualify as an Institutional Lender shall be deemed to be an approved assignee for purposes of Section. At least 30 days prior to the proposed sale, assignment or transfer to any such Person, Tenant shall deliver to Landlord such information as may be reasonably required for Landlord to confirm that such Person is an Institutional Lender.

21.6.3 *Pre-Qualification*. As to any Person not deemed to be an approved assignee under Sections 21.6.1 and 21.6.2 above, within 30 days after (a) written request by any Qualified Leasehold Mortgagee or by the trustee named in its deed of trust, and (b) Landlord's receipt of such information as Tenant would be required to provide by the provisions of Section 19 regarding the proposed buyer, assignee or transferee, Landlord shall approve or disapprove of the proposed buyer, assignee or transferee (and if Landlord fails to do so, Landlord shall be deemed to have approved of such proposed buyer, assignee or transferee). The standard for Landlord's approval shall be the same standard then in effect for Landlord's consent to assignees, as set forth in Section 19. If Landlord disapproves of any proposed buyer, assignee or transferee, Landlord shall give Notice of such disapproval to the Person making the written request for approval to Landlord, within the period set forth above, which Notice shall specify the basis for such disapproval.

21.7 *Modifications Required by Leasehold Mortgagee*. If any Qualified Leasehold Mortgagee or prospective Leasehold Mortgagee shall reasonably require any modification(s) of this Lease (including clarifications and supplements to Mortgagee's Cure Rights), then Landlord shall, at Tenant's request, promptly execute and deliver to Tenant such instruments in recordable form effecting such modification(s) as such Leasehold Mortgagee or prospective Leasehold Mortgagee shall reasonably require, provided that such modification(s): (a) are consistent with the customary requirements of Institutional Lenders at the time, or are required by banking, insurance or similar laws and regulations setting forth provisions that must appear in a lease in order for such lease to be accepted as security by the Leasehold Mortgagee or prospective Leasehold Mortgagee requesting the change and (b) do not materially adversely affect any of Landlord's rights or materially increase any of Landlord's obligations under this Lease.

22. *PROTECTION OF LEASEHOLD MORTGAGEES*. If Tenant at any time or from time to time enters into any Leasehold Mortgage(s) with any Qualified Leasehold Mortgagee(s), then such Qualified Leasehold Mortgagee(s) shall be entitled to the following protections:

22.1 *Voluntary Cancellation, Surrender, Amendment, Etc.* Except in the case where Landlord has the right to terminate this Lease pursuant to the terms and provisions of this Lease, no voluntary cancellation, termination, surrender, acceptance of surrender, amendment, or modification of this Lease shall bind any Qualified Leasehold Mortgagee if done without the prior written consent of such Qualified Leasehold Mortgagee.

22.2 *Notices.*

22.2.1 *Copies of Tenant Notices*. If Landlord shall give any Notice to Tenant relating to any Tenant Default, then Landlord shall at the same time and by the same means give a copy of such Notice to each Qualified Leasehold Mortgagee.

22.2.2 *Cure Period Expiration Notices*. If Tenant is in Tenant Default under this Lease and such Tenant Default remains uncured beyond expiration of the cure period, if any, available to Tenant for such Tenant Default, then Landlord shall have the right (but is not obligated to) give Notice of such fact to Tenant and to each Qualified Leasehold Mortgagee, which Notice shall describe in reasonable detail such Tenant Default (a "Tenant's Cure Period Expiration Notice").

22.2.3 *Incipient Re-Entry Default Notices*. If Landlord believes that any event or condition has occurred and is continuing, which such event or condition, with the passage of 180 calendar days from Tenant's receipt of a Notice of Incipient Re-Entry Default (defined below), will become a Re-Entry Default pursuant to Section 33.1.4.1 (Failure to Commence Construction) or Section 33.1.4.2 (Failure to Complete Construction) of this Lease (an "Incipient Re-Entry Default"), then Landlord shall have the right to (but shall not be obligated to) promptly give Notice of such fact to Tenant and to each Qualified Leasehold Mortgagee, which Notice shall describe in reasonable detail such Re-Entry Default (a "Notice of Incipient Re-Entry Default"), provided that Landlord shall not have the right to exercise any rights or remedies expressly available to Landlord under Section 33.2 of this Lease as a result of such Incipient Re-Entry Default until Landlord has provided a Notice of Incipient Re-Entry Default to Tenant and each Qualified Leasehold Mortgage and such Incipient Re-Entry Default remains uncured beyond the expiration of all cure periods available to Tenant and each Qualified Leasehold Mortgagee under Section 33.1.4.1 and 33.1.42 below. Nothing in this Lease shall preclude Tenant or any Leasehold Mortgagee from contesting the information provided in any Notice of Incipient Re-Entry Default from Landlord; no such contest, however, shall be the basis for any claim by Tenant, any Leasehold Mortgagee or any third party, or impose on Landlord any duty to give any additional Notice of Incipient Re-Entry Default with respect to such claimed Re-Entry Default.

22.2.4 *Effect of Failure to Give Notices*. Landlord's failure to provide any Notice referred to in this Lease to each Qualified Leasehold Mortgagee shall not invalidate the Notice provided to Tenant. Notwithstanding any other provision in this Lease to the contrary, however, as between Landlord and each Qualified Leasehold Mortgagee, no time period applicable to such Qualified Leasehold Mortgagee shall start to run unless and until Landlord shall have given the appropriate Notice to such Qualified Mortgagee (and no termination of this Lease, as to which Notice from Landlord to such Qualified Leasehold Mortgagee is required under this Lease, shall occur until the applicable cure periods shall have run). It is further understood and agreed that with respect to any Tenant Defaults that are subject to an extended cure period for the benefit of Qualified Leasehold Mortgagees as provided in this Lease, Landlord shall not have the right to exercise any of its remedies against Tenant under this Lease until after each Qualified Leasehold Mortgagee's applicable extended cure period has expired.

22.3 *Right to Perform Covenants and Agreements.* Any Qualified Leasehold Mortgagee shall have the right, but not the obligation, to perform any obligation of Tenant under this Lease and to remedy any Tenant Default. Landlord shall accept performance by, or at the instigation of, any Qualified Leasehold Mortgagee in fulfillment of Tenant's obligations within the times specified in this Section 22, for the account of Tenant and with the same force and effect as if performed by Tenant. No such performance by any Leasehold Mortgagee shall, in the absence of possession of the Premises, cause such Leasehold Mortgagee to become a "mortgagee in possession" or otherwise cause such Leasehold Mortgagee to be deemed to be in Control of the Premises or bound by this Lease. Without limiting the generality of the foregoing, Landlord shall accept performance by, or at the instigation of, any Qualified Leasehold Mortgagee of any obligation of Tenant necessary to prevent any Incipient Re-Entry Default from becoming a Re-Entry Default.

22.4 *Mortgagee's Cure Rights.* Upon receiving any Notice of Default or any Notice of Incipient Re-Entry Default, each Qualified Leasehold Mortgagee shall have the original cure period granted to Tenant under this Lease (if any), plus the additional time provided for below, within which to take (if such Qualified Leasehold Mortgagee so elects) whichever of the actions set forth below shall apply with respect to the Tenant Default described in such Notice of Default or to the Incipient Re-Entry Default specified in the Notice of Incipient Re-Entry Default, as the case may be (such actions shall constitute "Mortgagee's Cure"; and a Qualified Leasehold Mortgagee's rights to take such actions shall constitute "Mortgagee's Cure Rights").

22.4.1 *Monetary Defaults.* In the case of any Tenant Default under Section 33.1.1 (Failure to Pay Rent or Comply with Insurance Requirements) or Section 33.1.2 (Failure to Pay Additional Rent) (collectively, "Monetary Default", and all other Tenant Defaults shall be referred to collectively as "Non-Monetary Default"), each Qualified Leasehold Mortgagee shall be entitled (but not required) to cure such Tenant Default within a cure period consisting of Tenant's cure period under this Lease (if any) extended through the date 45 calendar days after such Qualified Leasehold Mortgagee shall have received Tenant's Cure Period Expiration Notice as to such Tenant Default. If the amount of any Monetary Default has not been finally determined (for example, if a dispute has arisen between Landlord and Tenant regarding the amount of any Rent), then in place of curing such Monetary Default any Qualified Leasehold Mortgagee that is an Institutional Lender shall be entitled instead (a) to cure such Monetary Default to the extent the amount thereof is not in dispute, (b) to undertake in writing that such Leasehold Mortgagee shall cure the remaining disputed portion of such Monetary Default within 45 calendar days after the dispute shall have been resolved (and the parties shall then cooperate to resolve such dispute promptly in accordance with this Lease), and (c) to pay the amount ultimately determined to be due plus interest on such amount, at the interest rate set forth in Section 33.4 below, from the date such amount was first due and payable until the date when such Leasehold Mortgagee actually makes such payment.

22.4.2 *Non-Monetary Defaults Curable Without Obtaining Control.* In the case of any Non-Monetary Default that is reasonably susceptible of being cured by a Qualified Leasehold Mortgagee without having Control of the Premises, each Qualified Leasehold Mortgagee shall be entitled, but not required (a) to advise Landlord within a period consisting of

Tenant's cure period (if any) for the Tenant Default, extended through the date 60 days after the Qualified Leasehold Mortgagee's receipt of the Tenant's Cure Period Expiration Notice as to such Tenant Default, of Qualified Leasehold Mortgagee's intention to take all reasonable steps necessary to remedy such Non-Monetary Default, (b) to duly commence the cure of such Non-Monetary Default within such extended period, and thereafter diligently prosecute to completion the remedy of such Non-Monetary Default, subject, if applicable, to Force Majeure Events, and (c) to complete such remedy within a reasonable time under the circumstances, subject, if applicable, to Force Majeure Events.

22.4.3 *Non-Monetary Defaults Curable Only by Obtaining Control.* In the case of any Non-Monetary Default that is not reasonably susceptible of being cured by a Leasehold Mortgagee without obtaining Control of the Premises, including any Non-Curable Tenant Default, each Qualified Leasehold Mortgagee shall be entitled (but not required), so long as, with respect to any Tenant Defaults which are curable without Control of the Premises, such Qualified Leasehold Mortgagee has exercised or is exercising the applicable Mortgagee's Cure Rights as defined in this Lease, (a) to institute proceedings to obtain Control of the Premises at any time during the cure period (if any) that applies to Tenant, extended through the date 180 days after such Qualified Leasehold Mortgagee's receipt of the Tenant's Cure Period Expiration Notice as to such Tenant Default, or if no cure period applies to Tenant, then within 180 days after the Qualified Leasehold Mortgagee's receipt of Notice of such Non-Monetary Default, and (b) to diligently prosecute Mortgagee's Cure Rights to completion (before or after expiration of such 180-day period), subject, in each case, to any stay in any proceedings involving the bankruptcy, insolvency, or reorganization of Tenant or the like, any injunction, and, if applicable, Force Majeure Events.

22.4.4 *Incipient Re-Entry Default.*

22.4.4.1 *Right to Cure.* In the case of any Incipient Re-Entry Default, each Qualified Leasehold Mortgagee shall be entitled (but not required) to cure such Incipient Re-Entry Default within 180 days after receiving a Notice of such Incipient Re-Entry Default, so long as, with respect to any Curable Tenant Default, such Qualified Leasehold Mortgagee has exercised or is exercising the applicable Mortgagee's Cure Rights as defined in this Lease. Notwithstanding anything to the contrary in this Lease, in order to prevent such Incipient Re-Entry Default from becoming a Re-Entry Default, the Qualified Leasehold Mortgagee must cure the Incipient Re-Entry Default before the expiration of such 180-day cure period, and such 180-day cure period shall not be subject to any further cure periods or to any extension or time, including without limitation extension for Force Majeure Events.

22.4.4.2 *Outside Date to Cure Re-Entry Defaults.* As to Qualified Leasehold Mortgagees only, if the Qualified Leasehold Mortgagee's 180-day period to cure the Incipient Re-Entry Default ends later than the outside date for Tenant to cure such Incipient Re-Entry Default provided elsewhere in this Lease, the Qualified Leasehold Mortgagee's 180-day cure period shall control.

22.5 *Effect of Cure.* If and when all Curable Tenant Defaults have been cured by Tenant or by a Qualified Leasehold Mortgagee within the time limitations set forth in Section 22.4 for

curing Curable Tenant Defaults, this Lease shall continue in full force and effect as if no Tenant Default(s) had occurred.

22.6 *No Obligation to Cure Tenant Defaults.* No Leasehold Mortgagee shall be required to cure any Non-Curable Tenant Default.

22.7 *Leasehold Mortgagee's Right To Enter Premises.* Landlord and Tenant authorize each Qualified Leasehold Mortgagee to enter the Premises as necessary to effect Mortgagee's Cure and take any action(s) reasonably necessary to effect Mortgagee's Cure. The rights of Qualified Leasehold Mortgagees under this Section 22.7 shall not constitute Control of the Premises or otherwise be construed to mean that any Leasehold Mortgagee has possession of the Premises.

22.8 *Upon Acquiring Control.* If any Qualified Leasehold Mortgagee or a purchaser at a foreclosure sale shall (a) acquire Control of the Premises, (b) cure all Monetary Defaults (c) diligently prosecute the remedy of all Curable Tenant Defaults, subject, if applicable, to Force Majeure Events, and complete such remedy within a reasonable time under the circumstances (but subject to the time limitations set forth in Section 22.4 for curing Tenant Defaults), and (d) be an approved assignee as set forth in Section 21.6, then (i) any Non-Curable Tenant Defaults shall no longer be deemed Tenant Defaults, and (ii) Landlord shall recognize as "Tenant" any purchaser of the Leasehold Estate pursuant to a foreclosure sale under a Qualified Leasehold Mortgage, or any transferee of the Leasehold Estate under an assignment in lieu of foreclosure, or, if the Qualified Leasehold Mortgagee should be such purchaser or assignee, the Qualified Leasehold Mortgagee and any assignee of the Qualified Leasehold Mortgagee, so long as such assignee is an Institutional Lender.

22.9 *Failure to Cure Default.* If any Re-Entry Default is not cured within the cure period(s), if any, set forth in Section 33.1 and Section 22.4, then Landlord shall have the right to terminate this Lease pursuant to Section 33.2.

22.10 *Payments Made by Leasehold Mortgagee.* Any payment made by any Qualified Leasehold Mortgagee to Landlord to cure any claimed Tenant Default shall be without prejudice to Tenant's or such Qualified Leasehold Mortgagee's recovery of such payment if Landlord's claim of a Tenant Default shall be determined to have been erroneous.

23. *LEASEHOLD MORTGAGEE'S RIGHT TO A NEW LEASE.*

23.1 *New Lease.* If this Lease shall terminate before its stated expiration date for any reason other than a Casualty, or a Taking, then (in addition to any other or previous Notice required to be given by Landlord to any Qualified Leasehold Mortgagee) Landlord shall, within 10 Business Days, give Notice of such termination to each Qualified Leasehold Mortgagee. Landlord shall, upon any Qualified Leasehold Mortgagee's request given within 60 days after the date of Landlord's delivery of such notice, enter into (and if Landlord fails to do so, shall be deemed to have entered into) a new lease of the Premises (a "New Lease"), effective as of the Termination Date, for the remainder of the Term on the same terms and provisions contained in this Lease, including all rights, options, or privileges and all obligations of Tenant under this

Lease, but excluding any requirements that have already been performed or no longer apply, provided that such Qualified Leasehold Mortgagee, at the time of execution and delivery of such New Lease, shall pay to Landlord any and all sums then due under this Lease as if this Lease had not been terminated. In no event, however, shall any Qualified Leasehold Mortgagee be required to cure a Non-Curable Tenant Default. If any Qualified Leasehold Mortgagee enters into a New Lease, then such Leasehold Mortgagee shall pay all reasonable expenses, including reasonable court costs and disbursements (but excluding attorneys' fees), incurred by Landlord in connection with Tenant Defaults and the termination of this Lease, the recovery of possession of the Premises, and the preparation, execution and delivery of the New Lease. The following additional provisions shall apply to any New Lease:

23.2 *Form and Priority.* Any New Lease shall be evidenced by a memorandum in recordable form. Such New Lease shall not be subject to any rights, liens or interests imposed by Landlord or otherwise arising by reason of Landlord's acts or activities during the period from and after the Termination Date, other than those to which this Lease was subject at the time of its termination. Landlord shall, if requested, at New Tenant's expense, execute and deliver such resolutions, certificates and other documents as shall be reasonably necessary to enable the tenant under such New Lease (the "New Tenant") to obtain title insurance with respect to the New Lease, at such New Tenant's expense.

23.3 *Adjustment for Net Income.* Upon the execution of a New Lease, the New Tenant shall be entitled to an amount equal to the net income derived from the Premises during the period from the Termination Date to the date of execution of such New Lease, provided that the New Tenant concurrently pays Landlord all sums required to be paid Landlord during that period of time pursuant to this Lease including all Additional Rent (plus interest at the rate of the Prime Rate plus four percent (4%), to the extent such sums are overdue), upon execution of such New Lease..

23.4 *Pendency of Dispute.* If Landlord and the New Tenant disagree regarding any payment due Landlord in connection with execution of a New Lease, then the New Tenant shall be deemed to have performed its payment obligation if the New Tenant (a) pays Landlord the full amount not in controversy, and (b) agrees to pay any additional sum ultimately determined to be due promptly upon such determination with interest at the Prime Rate plus four percent (4%) from the date such amount was first due and payable until the date when such New Tenant actually makes such payment. The parties shall cooperate to determine any disputed amount promptly in accordance with the terms of this Lease or the New Lease, whichever applies.

23.5 *Assignment of Certain Items.* Upon execution of a New Lease and payment by the New Tenant of the sums required to be paid to Landlord pursuant to this Lease, including all Additional Rent, Landlord shall assign to the New Tenant all of Landlord's right, title and interest in and to (a) all moneys (including insurance proceeds and Taking awards), if any, then held by Landlord that Tenant would have been entitled to receive but for termination of this Lease, and (b) all Subleases subject to executed Non-Disturbance and Attornment Agreements or otherwise approved by Landlord.

23.6 *Preservation of Subleases.* Between (a) the Termination Date and (b) either the

date of execution and delivery of a New Lease, if any Qualified Leasehold Mortgagee timely exercises its right to request a New Lease, or the date on which any Qualified Leasehold Mortgagee's right to make such a request expires without its having made such a request (if such Leasehold Mortgagee makes no such request), Landlord shall not cancel any Sublease or accept any cancellation, termination or surrender of any Sublease (unless such termination shall be effected as a matter of law upon the termination of this Lease) without the consent of such Qualified Leasehold Mortgagee. At the same time Landlord enters into the New Lease, Landlord shall, if requested by it or New Tenant, enter into Non-Disturbance and Attornment Agreements with respect to those Subleases for which Landlord had previously entered into Non-Disturbance and Attornment Agreements.

23.7 *Escrowed New Lease.* Upon written request made at any time by Tenant or any Qualified Leasehold Mortgagee, Landlord agrees to execute a New Lease and related documentation as required by this Lease, to be held in escrow pursuant to documentation reasonably satisfactory to Landlord, Tenant and such Qualified Leasehold Mortgagee and released only if and when such Qualified Leasehold Mortgagee is entitled to a New Lease. The escrowee shall be either (a) a Person reasonably satisfactory to Landlord, Tenant and such Qualified Leasehold Mortgagee, or (b) a national title company, or (c) one of the 20 largest accounting firms in the United States (by number of principals in the United States) selected by such Qualified Leasehold Mortgagee and reasonably approved by Landlord and Tenant.

24. *INTERACTION OF LEASEHOLD MORTGAGES WITH OTHER ESTATES AND PARTIES.*

24.1 *Leasehold Mortgages and Fee Estate.* A Leasehold Mortgage shall not encumber or in any other way affect the Fee Estate or, except as expressly provided in this Lease, affect, limit or restrict Landlord's rights and remedies under this Lease. Upon a foreclosure under any Leasehold Mortgage or delivery of an assignment of this Lease in lieu of foreclosure under any Leasehold Mortgage, the Leasehold Mortgagee shall succeed only to the Leasehold Estate, and any such foreclosure or assignment in lieu of foreclosure shall not affect the Fee Estate.

24.2 *Interaction between Lease and Leasehold Mortgage.* If any Qualified Leasehold Mortgagee's Leasehold Mortgage limits such Leasehold Mortgagee's exercise of any rights and protections provided for in this Lease, then as between Tenant and such Qualified Leasehold Mortgagee the terms of such Leasehold Mortgage shall govern. Tenant's default as mortgagor under a Leasehold Mortgage shall not constitute a Tenant Default under this Lease except to the extent that Tenant's action or failure to act in and of itself constitutes a breach of this Lease.

24.3 *Conflicts between Leasehold Mortgagees.* If more than one Qualified Leasehold Mortgagee desires to exercise Mortgagee's Cure Rights or the right to obtain a New Lease, or if more than one Qualified Leasehold Mortgagee desires to exercise any other right or privilege provided for Qualified Leasehold Mortgagees under this Lease, then the party against whom such rights or privileges are to be exercised shall be required to recognize either (a) only the Qualified Leasehold Mortgagee that desires to exercise such right or privilege and whose Leasehold Mortgage is most senior in lien priority (as against other Leasehold Mortgages), or (b) such other Qualified Leasehold Mortgagee as has been designated in writing by all Qualified Leasehold Mortgagees to exercise such right or privilege. Landlord shall be entitled to rely

conclusively on the priority of Leasehold Mortgages evidenced either by (y) the report or certificate of a title insurance company licensed to do business in the State or (z) joint written instructions of all Qualified Leasehold Mortgagees.

24.4 *No Merger*. Unless this Lease is terminated pursuant to its terms, the Fee Estate and the Leasehold Estate shall remain distinct and separate estates and shall not merge, notwithstanding the acquisition of both the Fee Estate and the Leasehold Estate by Landlord, Tenant, any Leasehold Mortgagee or a third party, whether by purchase or otherwise, unless otherwise agreed in writing by Landlord, Tenant, and all Qualified Leasehold Mortgagees.

25. *BANKRUPTCY*

25.1 *Affecting Tenant*. If Tenant, as debtor in possession, or a trustee in bankruptcy for Tenant, rejects this Lease in connection with any proceeding involving Tenant under the United States Bankruptcy Code or any similar state or federal statute for the relief of debtors (a "Bankruptcy Proceeding"), then Landlord agrees for the benefit of each and every Qualified Leasehold Mortgagee that such rejection shall be deemed Tenant's assignment of the Lease and the Leasehold Estate to Tenant's Qualified Leasehold Mortgagee(s) in the nature of an assignment in lieu of foreclosure. Upon such deemed assignment, this Lease shall not terminate and each Qualified Leasehold Mortgagee shall become a Tenant hereunder as if the Bankruptcy Proceeding had not occurred, unless such Qualified Leasehold Mortgagee(s) shall reject such deemed assignment by Notice to Landlord within 30 days after receiving Notice of Tenant's rejection of this Lease in Bankruptcy Proceedings. If any court of competent jurisdiction shall determine that this Lease shall have been terminated notwithstanding the deemed assignment provided for in place of rejection of this Lease, then Tenant's Qualified Leasehold Mortgagees shall continue to be entitled to a New Lease as and to the extent provided in Section 23.

25.2 *Affecting Landlord*. If Landlord, as debtor in possession, or a trustee in bankruptcy for Landlord, rejects this Lease in connection with any Bankruptcy Proceeding involving Landlord, then:

25.2.1 *Tenant's Election*. Tenant shall not have the right to elect to treat this Lease as terminated except with the prior written consent of each and every Leasehold Mortgagee whose recorded Leasehold Mortgage requires such consent by the applicable Leasehold Mortgagee.

25.2.2 *Continuation of Leasehold Mortgages*. The lien of any Leasehold Mortgage that was in effect before the rejection of this Lease shall extend to Tenant's continuing possessory rights with respect to the Premises following such rejection, with the same priority as it would have enjoyed had such rejection not taken place.

26. *REPRESENTATIONS AND WARRANTIES.*

26.1 *By Landlord; Tenant Takes Premises "As Is."* Landlord conveys, and Tenant accepts, the Premises "AS IS", that is, without representation or warranty with respect thereto, express or implied, except only as set forth in this Lease, with regard to the physical or other

condition of the Premises, including the existence of any Hazardous Substances thereon, geology, soils condition, the presence or absence of archeological or historical remains or suitability for any construction or use. Tenant accepts the condition of the zoning, entitlements, and title to the Premises (including without limitation all of the Tenant-Approved Title Conditions) "AS IS", and, except only as set forth in this Lease, Landlord makes no representation or warranty as to the zoning entitlements, condition of title or the accuracy of any information or insurance provided to Tenant by any title insurance company. Landlord's representations and warranties contained in Sections 26.1.1 through 26.1.3 shall continue to apply in full force and effect throughout the Term as if made continuously throughout the Term. All other representations and warranties by Landlord set forth in this Lease shall be made as of the Effective Date only. Subject to the foregoing, Landlord represents and warrants to Tenant that the following facts and conditions exist and are true as of the Effective Date:

26.1.1 *Organization*. Landlord is duly organized and validly existing under the laws of the State and the Charter of the City. Landlord has full power and authority to conduct its business as presently conducted and to execute, deliver, and perform its obligations under this Lease.

26.1.2 *Authorization and Conflict*. Any other Person who would qualify as an Institutional Lender shall be deemed to be an approved assignee for purposes of Section 19. At least 30 days prior to the proposed sale, assignment or transfer to any such Person, Tenant shall deliver to Landlord such information as may be reasonably required for Landlord to confirm that such Person is an Institutional Lender.

26.1.3 *No Conflict*. The execution, delivery and performance of this Lease by Landlord does not and will not conflict with, or constitute a violation or breach of, or constitute a default under (a) the charter documents of Landlord, (b) any Law binding upon or applicable to Landlord, or (c) any material agreements to which Landlord is a party.

26.1.4 *No Litigation*. Except as previously known by Tenant or disclosed in writing to Tenant by the City of Los Angeles, there is no existing or, to Landlord's Knowledge (as defined in Section 26.2), pending litigation, suit, action or proceeding before any court or administrative agency affecting Landlord or the Premises that would, if adversely determined, adversely affect Landlord or the Premises or Tenant's ability to develop and operate the Project thereon.

26.1.5 *No Pending Taking*. There is no existing or, to Landlord's Knowledge, pending or threatened Taking affecting any portion of the Premises.

26.1.6 *No Pending Improvements*. Landlord is not party to any outstanding contracts for any improvements to the Premises, nor, to Landlord's Knowledge, does any Person have the right to claim any mechanic's or supplier's lien or otherwise demand payment from Landlord arising from any labor or materials furnished to the Premises.

26.1.7 *Title*. To Landlord's Knowledge, Landlord's title to the Premises is free and clear of unrecorded leases, liens, encumbrances, contracts, agreements or rights of

possession (or any other unrecorded encumbrances that grant possessory interest to the Premises) that would interfere with Tenant's use and operation of the Premises and the Improvements to be constructed thereon.

26.2 *Knowledge*. For the purpose of this Lease, Landlord shall be deemed to "Know" or to have "Knowledge" of any matter only if such matter: (a) was actually known by any of those certain Landlord personnel within any of the offices of the Chief Legislative Analyst, the City Administrative Officer, the City Attorney's office, or the LACC working on this Lease transaction, or (b) could reasonably have been discovered by due inquiry on the part of any of such personnel (which inquiry shall be satisfied by reasonable investigation of the files located "on-site" within such respective offices of the aforementioned City departments).

26.3 *By Tenant*. Tenant accepts the condition of the Premises "AS IS" as described in Section 26.1, based upon its own independent investigation and not in reliance upon any representation or warranty of Landlord, except only as otherwise set forth in this Lease. Tenant's representations and warranties contained in Sections 26.3.1 through 26.3.3 shall continue to apply in full force and effect throughout the Term as if made continuously throughout the Term. All other representations and warranties shall be made as of the Effective Date only. Subject to the foregoing, Tenant represents and warrants to Landlord that the following facts and conditions exist and are true:

26.3.1 *Organization*. Tenant is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, with full power and authority to conduct its business as presently conducted and to execute, deliver and perform its obligations under this Lease.

26.3.2 *Authorization*. Tenant has taken all necessary action to authorize its execution, delivery and, subject to any conditions set forth in this Lease, performance of this Lease. Upon the Effective Date, this Lease shall constitute a legal, valid and binding obligation of Tenant, enforceable against it in accordance with its terms.

26.3.3 *No Conflict*. The execution, delivery and performance of this Lease by Tenant does not and will not conflict with, or constitute a violation or breach of, or constitute a default under (i) the charter and incorporation documents of Tenant, (ii) any Law binding upon or applicable to Tenant, or (iii) any material agreements to which Tenant is a party.

26.3.4 *Ownership of Tenant*. Tenant is a wholly-owned entity in a chain of entities, each entity in which is directly or indirectly owned or controlled by Philip F. Anschutz.

26.3.5 *Litigation*. There is no pending litigation. suit, action or proceeding before any court or administrative agency affecting Tenant that would, if adversely determined, adversely affect Tenant, the Premises, or Tenants ability to perform its obligations hereunder.

27. *FORCE MAJEURE*.

Subject to clause (c) of this Section 27, each of Landlord and Tenant shall be excused

from performance and shall not be considered to be in default with respect to any obligation hereunder, if and to the extent that its failure of, or delay in, performance is due to a Force Majeure Event; provided, that (a) as soon as is reasonably practicable, such party gives the other party written notice describing the particulars of the Force Majeure Event; (b) the suspension of performance is of no greater scope and of no longer duration than is reasonably required by the Force Majeure Event; (c) the party uses reasonable commercial efforts to overcome or mitigate the effects of such occurrence; and (d) when the party is able to resume performance of its obligations under this Lease, such party shall give the other party written notice to that effect and shall promptly resume performance hereunder. Notwithstanding the foregoing, this Section 27 shall not apply to (1) the time for payment of Rent or any other monetary obligation, (2) the insurance provisions in Section 15, and (3) the one year Abandonment period set forth in Section 33.1.

28. *INTENTIONALLY OMITTED.*

29. *ACCESS.*

29.1 *Non-Possessory Period.*

29.1.1 Tenant shall have the right to enter onto the Premises during the Non-Possessory Period for inspection purposes and to conduct necessary pre-construction testing, planning and other customary pre-development activities. Tenant may undertake any physical inspections, testing, planning, customary pre-development activities and other investigations of, and inquiries concerning, the Premises as may be necessary to allow Tenant to evaluate the physical characteristics of the Premises to prepare for the construction and development of the Parking Structure; provided that (i) Tenant shall provide Landlord with prior written notice of such inspections, testing, planning, customary pre-development activities and other investigations, which notice shall describe in reasonable detail the nature of Tenant's activities; (ii) Tenant shall not conduct any invasive environmental testing, sampling, or boring without the prior written consent of Landlord (which consent shall not be unreasonably withheld, conditioned or delayed; provided that any condition that requires Tenant to restore the Premises to substantially the same condition it was in prior to such invasive testing, sampling, or boring shall not be deemed unreasonable); (iii) Tenant shall comply with all Environmental Laws during the proposed entry; (iv) Tenant shall not cause any dangerous or hazardous condition to be created or caused on the Premises, and (v) Tenant provides insurance described in Sections 15.1.1, 15.1.2, and 15.1.4 above.

29.1.2 Upon Tenant's request, Landlord shall make available for review by Tenant and its Affiliates all of the plans, reports, studies, and other materials in the possession or control of Landlord regarding the Premises, except for documents that are not subject to disclosure under the California Public Records Act. Landlord makes no representation, warranty or guaranty regarding the completeness or accuracy of such plans, reports, studies, and other materials.

29.1.3 Tenant agrees to indemnify, defend and hold harmless Landlord and its elected and appointed officials, employees, agents, attorneys, representatives, contractors,

successors and assigns from any loss, injury, damage, cause of action, liability, claim, lien, cost or expense, including reasonable attorneys' fees and costs, arising from the exercise by Tenant or its Affiliates of the rights of entry and access under this Section 29.1; provided, however, that this indemnity shall not extend to and in no event shall Tenant be liable to Landlord to the extent any loss, injury, damage, cause of action, liability, claim, lien, cost or expense arises from any active negligence or willful misconduct of Landlord or anyone acting by, through or under Landlord. The foregoing indemnity shall not apply to any diminution in the value of the Premises resulting solely from Tenant's discovery of any pre-existing condition, pre-existing circumstance or pre-existing hazardous material on the Premises. Tenant shall keep the Premises free and clear of any mechanic's liens or materialmen's liens related to Tenant's activities thereon.

29.2 *Construction Period.* Landlord and its agents, representatives and designees shall have the reasonable right of access to the Premises (accompanied by a Tenant representative if requested by Tenant) without charges or fees, at normal construction hours during the period of construction, with prior reasonable notice to Tenant, and in accordance with Tenant's reasonable instructions, for the purposes of this Lease, including but not limited to, the inspection of the work being performed in constructing the Project.

29.3 *Generally.* In addition to Landlord's other rights and privileges under this Lease, Landlord and its agents, representatives and designees shall have the right to enter the Premises, upon reasonable notice to Tenant, during regular business hours, and in accordance with Tenant's reasonable instructions, for the purpose of determining whether a Non-Monetary Default has occurred or is continuing, and for the purpose of curing any such Non-Monetary Default. Such right to enter shall be a temporary right to enter for the purposes set forth above, and shall not be a right of entry or of a taking or retaining possession of the Premises in a peaceful or non-peaceful manner. In entering the Premises pursuant to this Section 29, Landlord and its designees shall not interfere with the conduct of operations on the Premises by Tenant or anyone claiming through Tenant, and shall comply with Tenant's reasonable instructions. Except to the extent prohibited by Law, Landlord shall Indemnify Tenant against any Loss arising from Landlord's negligence or willful misconduct while entering upon the Premises pursuant to this Section or any other provision of this Lease permitting Landlord to enter the Premises (except upon termination of this Lease) and not attributable to the negligence or willful misconduct of Tenant. Notwithstanding the foregoing, Landlord and its agents, representatives and designees shall have the right to enter the Premises with such notice (if any) as is reasonably practicable under the circumstances in case of an Emergency and, in such event, Landlord shall only Indemnify Tenant for reasonably avoidable claims.

30. *INTENTIONALLY OMITTED.*

31. *LANDLORD'S RIGHT TO PERFORM TENANT'S COVENANTS.*

31.1 *Landlord's Option.* During the continuance of any Tenant Default, Landlord, after an additional 10 Business Days' Notice to Tenant, or with such notice (if any) as is reasonably practicable under the circumstances in case of an Emergency, and without waiving or releasing Tenant from any obligation of Tenant or from any Tenant Default and without waiving

Landlord's right to take such action as may be permissible under this Lease as a result of such Tenant Default or Emergency, may (but shall be under no obligation to) make such payment or perform such act on Tenant's part to be made or performed pursuant to this Lease. Landlord may enter upon the Premises to cure any Non-Monetary Tenant Default, or in the case of an Emergency, as provided in Section 29.

31.2 *Reimbursement by Tenant.* All reasonable sums paid by Landlord and all costs and expenses reasonably incurred by Landlord, other than reasonable attorneys' fees, in connection with the exercise of Landlord's cure rights under Section 31.1, shall constitute Rent. Tenant shall pay such Rent within thirty (30) days after Landlord's demand accompanied by evidence reasonably establishing that Landlord properly and reasonably incurred such costs and expenses in accordance with this Lease.

32. *INTENTIONALLY OMITTED.*

33. *DEFAULTS AND REMEDIES.*

33.1 *Tenant Defaults and Cure Rights.*

The occurrence of any one or more of the following events set forth below in Sections 33.1.1 through 33.1.4 (including all subsections under Section 33.1.4) shall constitute a "Tenant Default", which defined term shall include any Re-Entry Default and any Incipient Re-Entry Default.

Immediately upon a Tenant Default, Landlord shall have the right to deliver a Notice of Default or Notice of Incipient Re-Entry Default, as applicable, to Tenant and each Qualified Leasehold Mortgagee, which notice shall specify: (i) the nature of such default, (ii) the action required to cure such default, if such default is subject to cure, and (iii) the applicable cure period(s), if any, provided in this Lease. Failure or delay in giving such Notice of Default or Notice of Incipient Re-Entry Default shall not constitute a waiver of any default. In the event that a Tenant Default that is subject to cure is not cured by Tenant (or by any Qualified Leasehold Mortgagee pursuant to its rights under Section 22.4 of this Lease) within Tenant's applicable cure period in accordance with this Lease, Landlord shall have the right (but is not obligated) to deliver to Tenant and each Qualified Leasehold Mortgagee a Tenant's Cure Period Expiration Notice, and the receipt of such notice by each Qualified Leasehold Mortgagee shall commence the applicable extended cure period, if any, available to that Qualified Leasehold Mortgagee. Failure or delay in giving such Tenant's Cure Period Expiration Notice shall not constitute a waiver of any default. The parties agree that the delivery of a Tenant's Cure Period Expiration Notice is necessary only in a situation where a Qualified Leasehold Mortgagee is entitled under this Lease to an extended cure period beyond Tenant's applicable cure period pursuant to Section 22.4 above, and if no Qualified Leasehold Mortgagee is entitled to such an extended cure period, then Landlord may immediately exercise its right to pursue remedies under this Lease upon the expiration of all notice and cure periods available to Tenant under this Lease without the delivery of a Tenant's Cure Period Expiration Notice; provided, however, that the Parties further agree that with respect to any Tenant Defaults that are subject to an extended cure period for the benefit of Qualified Leasehold Mortgagees as provided in this Lease, Landlord shall not have the right to exercise any of its remedies against Tenant under this Lease until after

each Qualified Leasehold Mortgagee's applicable extended cure period has expired. The specific notice and cure process for each type of Tenant Default is set forth below.

33.1.1 *Failure To Pay Rent or Comply with Insurance Requirement*. A failure by Tenant to either: (i) make any payment of Fixed Rent provided in Section 6, as and when due, or (ii) comply with any of the insurance requirements set forth in Section 15 of this Lease shall constitute a Tenant Default. A Tenant Default based on this Section 33.1.1 shall be subject to Tenant's right to cure, which cure must be completed by Tenant (or any Qualified Leasehold Mortgagee) no later than thirty (30) calendar days after Tenant's receipt of Landlord's Notice of Default. In the event that such Tenant Default is not cured by the expiration of such 30-day cure period, Landlord shall have the right (but is not obligated) to deliver to Tenant and each Qualified Leasehold Mortgagee a Tenant's Cure Period Expiration Notice. Each Qualified Leasehold Mortgagee, in accordance with Section 22.4.1 above, shall have the additional right to cure such Tenant Default within forty-five (45) calendar days after its receipt of such Tenant's Cure Period Expiration Notice. In the event that such Tenant Default is not cured by the end of Tenant's 30-day cure period and all Qualified Leasehold Mortgagees' 45-day cure period, Landlord shall have the right to immediately take action based on any and all remedies available to Landlord under this Lease.

33.1.2 *Failure To Pay Additional Rent*. A failure by Tenant to make any payment of any Additional Rent, as and when due, shall constitute a Tenant Default. A Tenant Default based on this Section 33.1.2 shall be subject to Tenant's right to cure, which cure must be completed by Tenant (or any Qualified Leasehold Mortgagee) no later than forty-five (45) calendar days after Tenant's receipt of Landlord's Notice of Default. In the event that such Tenant Default is not cured by the expiration of such 45-day cure period, Landlord shall have the right (but is not obligated) to deliver to Tenant and each Qualified Leasehold Mortgagee a Tenant's Cure Period Expiration Notice. Each Qualified Leasehold Mortgagee, in accordance with Section 22.4.1 above, shall have the additional right to cure such Tenant Default within forty-five (45) calendar days after its receipt of such Tenant's Cure Period Expiration Notice. In the event that such Tenant Default is not cured by the end of Tenant's 45-day cure period and all Qualified Leasehold Mortgagees' 45-day cure period, Landlord shall have the right to immediately take action based on any and all remedies available to Landlord under this Lease.

33.1.3 *Material Breach of Other Obligations*. A failure by Tenant to timely observe or perform any of the material covenants or provisions set forth in this Lease (other than: (i) the failure to pay Rent, which is covered by Sections 33.1.1 and 33.1.2 above, (ii) the failure to comply with insurance requirements, which is covered by Section 33.1.1 above, and (iii) the occurrence of a Re-Entry Default or Incipient Re-Entry Default, both of which are covered by Section 33.1.4 below) shall constitute a Tenant Default. A Tenant Default based on this Section 33.1.3 shall be subject to Tenant's right to cure, which cure must be completed within the following timeframes: (i) no later than ninety (90) calendar days after Tenant's receipt of Landlord's Notice of Default, if the default is reasonably capable of being cured within such period of time; or (ii) if the default is not reasonably capable of being cured within such 90-day period, and Tenant (aa) initiates corrective action within said period and (bb) diligently and in good faith works to effect a cure as soon as reasonably possible, then Tenant shall have such additional time as is reasonably necessary to cure the default. In the event that such Tenant Default is not cured by Tenant (or any Qualified Leasehold Mortgagee) by the expiration of the

applicable timeframe set forth above, Landlord shall have the right (but is not obligated) to deliver to Tenant and each Qualified Leasehold Mortgagee a Tenant's Cure Period Expiration Notice. Each Qualified Leasehold Mortgagee, in accordance with either Section 22.4.2 or Section 22.4.3 above, as applicable, shall have the additional right to cure such Tenant Default within the applicable cure period set forth above in Section 22.4.2 or Section 22.4.3. In the event that such Tenant Default is not cured by the end of Tenant's applicable cure period specified in this Section 33.1.3 and all Qualified Leasehold Mortgagees' cure period specified in Section 22.4.2 or Section 22.4.3, as applicable, Landlord shall have the right to immediately take action based on any and all remedies available to Landlord under this Lease.

33.1.4 *Re-Entry Default/Incipient Re-Entry Default*. The occurrence of a Re-Entry Default or an Incipient Re-Entry Default shall constitute a Tenant Default:

33.1.4.1 *Failure to Commence Construction*. An actual failure (specified in Section 33.1.4.1(a) below) or anticipated failure (specified in Section 33.1.4.1(b) below) by Tenant to Commence Construction of the Parking Structure when and as required pursuant to the Commencement Obligation, in accordance with Section 5.3 of this Lease, shall constitute a Re-Entry Default or an Incipient Re-Entry Default, respectively, either one of which is considered a Tenant Default.

(a) *Cure Period for Actual Failure to Commence as required by the Commencement Obligation*. A Re-Entry Default based on an actual failure by Tenant to Commence Construction of the Parking Structure when and as required pursuant to the Commencement Obligation shall be subject to Tenant's right to cure under this Section 33.1.4.1(a), which cure must be completed no later than one hundred eighty (180) calendar days after Tenant's receipt of Landlord's Notice of Default. In the event that such Tenant Default is not cured by Tenant (or any Qualified Leasehold Mortgagee) by the expiration of such 180-day cure period, Landlord shall have the right (but is not obligated) to deliver to Tenant and all Qualified Leasehold Mortgagees a Tenant's Cure Period Expiration Notice. Each Qualified Leasehold Mortgagee shall have the additional right to cure such Tenant Default in accordance with Section 22.4.3. In the event that such Tenant Default is not cured by the end of Tenant's 180-day cure period and each Qualified Leasehold Mortgagee's cure period under Section 22.4.3, Landlord shall have the right to immediately take action based on any and all remedies available to Landlord under this Lease, and no other cure period shall apply.

(b) *Cure Period for Anticipated Failure to Commence as required by the Commencement Obligation*. An Incipient Re-Entry Default based on an anticipated failure by Tenant to Commence Construction of the Parking Structure when and as required pursuant to the Commencement Obligation shall be subject to Tenant's right to cure under this Section 33.1.4.1(b). In the event that Landlord sends a Notice of Incipient Re-Entry Default in accordance with Section 22.2.3 of this Lease

regarding the anticipated failure of Tenant to comply with the Commencement Obligation, Tenant and all Qualified Leasehold Mortgagees shall have one hundred eighty (180) calendar days from their respective receipt of such Notice of Incipient Re-Entry Default to cure such Incipient Re-Entry Default. In the event that such Incipient Re-Entry Default is not cured within such aforementioned period, Landlord shall have the right to immediately take action based on any and all remedies available to Landlord under this Lease, and no other cure period shall apply.

33.1.4.2 *Failure to Complete Construction as required by the Completion Obligation.* An actual failure (specified in Section 33.1.4.2(a) below) or anticipated failure (specified in Section 33.1.4.2(b) below) by Tenant to Complete Construction of the Parking Structure when and as required pursuant to the Completion Obligation, in accordance with Section 5.3 of this Lease, shall constitute a Re-Entry Default or an Incipient Re-Entry Default, respectively, either one of which is considered a Tenant Default.

(a) *Cure Period for Actual Failure to Complete as required by the Completion Obligation.* A Re-Entry Default based on an actual failure by Tenant to Complete Construction of the Parking Structure as required by the Completion Obligation shall be subject to the cure rights set forth in this Section 33.1.4.2(a) shall be subject to Tenant's right to cure, which cure must be completed by Tenant (or any Qualified Leasehold Mortgagee) no later than one hundred eighty (180) calendar days after Tenant's receipt of Landlord's Notice of Default. In the event that such Tenant Default is not cured by the expiration of such 180-day cure period, Landlord shall have the right (but not the obligation) to deliver to Tenant and all Qualified Leasehold Mortgagees a Tenant's Cure Period Expiration Notice. Each Qualified Leasehold Mortgagee shall have the additional right to cure such Tenant Default in accordance with Section 22.4.3. In the event that such Tenant Default is not cured by the end of Tenant's 180-day cure period and all Qualified Leasehold Mortgagees' cure period under Section 22.4.3, Landlord shall have the right to immediately take action based on any and all remedies available to Landlord under this Lease, and no other cure period shall apply.

(b) *Anticipated Failure to Complete as required by the Completion Obligation.* An Incipient Re-Entry Default based on an anticipated failure by Tenant to Complete Construction of the Parking Structure as required by the Completion Obligation shall be subject to the cure rights set forth in this Section 33.1.4.2(b). If Landlord sends a Notice of Incipient Re-Entry Default in accordance with Section 22.2.3 of this Lease regarding the anticipated failure of Tenant to comply with the Completion Obligation, then Tenant and all Qualified Leasehold Mortgagees shall have one hundred eighty (180) calendar days from their respective receipt of such Notice of Incipient Re-Entry Default to cure such Incipient Re-Entry

Default. In the event that such Incipient Re-Entry Default is not cured by the end of such aforementioned cure period, Landlord shall have the right to immediately take action based on any and all remedies available to Landlord under this Lease, and no other cure period shall apply.

33.1.4.3 *Abandonment.* The abandonment of the Premises by Tenant for a continuous period of one (1) year shall constitute "Abandonment", subject to the terms and conditions of this Section 33.1.4.3. An Abandonment shall constitute a Tenant Default, which Tenant Default shall not be subject to any right to cure by anyone. A finding of Abandonment for a continuous period of one (1) year or more shall not be defeated by isolated uses of the Parking Structure during the year which are not in good faith, but rather are made solely for the purpose of avoiding the continuous period of one (1) year test set forth above. In determining whether there has been an Abandonment of the Parking Structure, a trier of fact may consider not only evidence of non-use, but also evidence that the Parking Structure has been allowed to fall into a state of disrepair incompatible with ongoing use. Upon the Abandonment of the Premises by Tenant, Landlord shall have the right to immediately take action based on any and all remedies available to Landlord under this Lease

33.1.4.4 *Significant Monetary Default.* A Tenant Default shall be deemed to have occurred whenever, following the expiration of the applicable notice and cure period, any unpaid installment of Rent under this Lease or any uncured monetary default under the Gap Funding Agreement or the Security Agreement (individually or in the aggregate) exceeds the total undrawn balance of all letters of credit then held by the Landlord as security for Tenant's obligations under this Lease and all of the Other Agreements, except in the case of a bona fide dispute (which shall be expeditiously resolved). Upon the occurrence of such Tenant Default, which is not subject to any right to cure by anyone, Landlord shall have the right to immediately take action based on any and all remedies available to Landlord under this Lease.

All notices to be delivered hereunder are in addition to, and not in lieu of, the notice requirements of California Code of Civil Procedure Section 1161.

33.2 *Remedies for Tenant Defaults.*

33.2.1 *Remedies for Construction-Related Re-Entry Defaults.* In the event that a Re-Entry Default or an Incipient Re-Entry Default based on Section 33.1.4.1 (failure to commence construction) or Section 33.1.4.2 (failure to complete construction) exists beyond the applicable cure period(s), if any, for such Re-Entry Default or Incipient Re-Entry Default, Landlord shall have the right to pursue any and all of the following cumulative remedies:

(a) proceed by appropriate judicial proceedings to recover damages from Tenant for breach of this Lease, provided, however, that such right to recover damages shall be subject to Sections 33.3.2 and 33.3.3 below; and/or

(b) give Tenant a Notice of Landlord's intention to terminate this Lease and thereafter to terminate this Lease upon the date set forth by Landlord in such Notice.

The parties hereto acknowledge that the remedies set forth in Subsections 33.2.1(a) and (b) above shall be the exclusive rights and remedies of Landlord with respect to a Re-Entry Default or an Incipient Re-Entry Default based on Section 33.1.4.1 or Section 33.1.4.2, and shall preclude rights and remedies that may exist at law or in equity not expressed in this Lease.

33.2.2 *Remedies for Non-Construction-Related Re-Entry Defaults*. In the event that a Re-Entry Default based on Section 33.1.4.3 (abandonment) or Section 33.1.4.4 (significant monetary default) exists, Landlord shall have the right to pursue any and all of the following remedies:

(a) proceed by appropriate judicial proceedings at law or in equity to enforce performance or observance by Tenant of the applicable provisions of this Lease;

(b) proceed by appropriate judicial proceedings to recover damages from Tenant for breach of this Lease, provided, however, that such right to recover damages shall be subject to Sections 33.3.2 and 33.3.3 below; and/or

(c) give Tenant a Notice of Landlord's intention to terminate this Lease and thereafter to terminate this Lease upon the date set forth by Landlord in such Notice.

The parties hereto acknowledge that the remedies set forth in Subsections 33.2.2(a), (b), and (c) above shall be the exclusive rights and remedies of Landlord with respect to a Re-Entry Default based on Section 33.1.4.3 or Section 33.1.4.4, and shall preclude rights and remedies that may exist at law or in equity not expressed in this Lease.

33.2.3 *Remedies for Defaults Relating to Use Covenant*. In the event that a Tenant Default based on Tenant's failure to comply with the Use Covenant set forth in Section 8.5.1 above exists beyond the applicable cure periods under Section 33.1.3 for such default, Landlord shall have the right to pursue any and all of the following remedies:

(a) proceed by appropriate judicial proceedings at law or in equity to enforce performance or observance by Tenant of the applicable provisions of this Lease;

(b) proceed by appropriate judicial proceedings to recover damages from Tenant for breach of this Lease, provided, however, that such right to recover damages shall be subject to Sections 33.3.2 and 33.3.3 below; and/or

(c) elect to cure such Tenant Default.

The parties hereto acknowledge that the remedies set forth in Subsections 33.2.3(a), (b), and (c) above shall be the exclusive rights and remedies of Landlord with respect to a Tenant Default based on Tenant's failure to comply with the Use Covenant set forth in Section 8.5.1, and shall preclude rights and remedies that may exist at law or in equity not expressed in this Lease.

33.2.4 *Remedies for All Other Defaults*. With respect to a Tenant Default that is not a Re-Entry Default or an Incipient Re-Entry Default and is not based on Tenant's failure to comply with the Use Covenant set forth in Section 8.5.1, in the event such Tenant Default exists beyond the applicable cure periods under Section 33.1.3 for such default, Landlord shall have the right to pursue any and all of the following remedies:

(a) proceed by appropriate judicial proceedings at law or in equity to enforce performance or observance by Tenant of the applicable provisions of this Lease;

(b) proceed by appropriate judicial proceedings to recover damages from Tenant for breach of this Lease, provided, however, that such right to recover damages shall be subject to Section 33.3.2 (but not Section 33.3.3) below;

(c) elect to cure such Tenant Default; and/or

(d) pursue any other rights or remedies that may exist at law or in equity apart from this Lease (except that neither Landlord nor Landlord's agents and employees shall have the right to re-enter the Premises, or any part of the Premises, either by summary dispossession proceedings or by any other action or proceeding at law, or by force or otherwise, or to repossess the same, or to remove any Person from the Premises). Landlord expressly waives, releases and relinquishes any and all right to re-enter the Premises and/or terminate this Lease on account of a Tenant Default other than a Re-Entry Default or an Incipient Re-Entry Default which is not cured within applicable notice and cure periods, if any.

33.3 *General Rules.*

33.3.1 *No Waiver of Default*. No waiver of any default by Tenant hereunder shall be implied from any acceptance by Landlord of any rent or other payments due hereunder or any omission by Landlord to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than as specified in said waiver. The consent or approval of Landlord to any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent or approval to any subsequent similar acts by Tenant.

33.3.2 *Damages*. Except as otherwise specifically set forth in this Lease (including where damages are measured pursuant to Section 33.3.3 below), whenever a party has a right to damages for the default of another party under this Lease, (a) such damages shall be

limited to direct (actual) damages for the default of the other party under this Lease, and (b) each of Landlord and Tenant hereby expressly waives, releases and relinquishes any and all right to any expectation, anticipation, indirect, consequential, exemplary or punitive damages. Notwithstanding anything to the contrary, in the event that Tenant will not complete construction of the Parking Structure after construction thereof has commenced, Landlord shall be entitled to recover any and all actual costs relating to causing the remaining improvements to be demolished and the debris removed, so that the Premises are returned to Landlord as vacant and level land.

33.3.3 *Damages For Re-Entry or Covenant Defaults*. Upon the occurrence of either (a) a Re-Entry Default, or (b) a Tenant Default based upon Tenant's failure to comply with the Use Covenant in Section 8.5.1, Landlord's right to recover damages from Tenant shall be limited to an amount equal to all amounts not actually paid to Landlord when due from: (i) the Gap Funding Obligor pursuant to the Gap Funding Agreement; and (ii) any and all letters of credit and other security provided under the Gap Funding Agreement, the Security Agreement and the Other Agreements. The provisions of this Section, or any provision set forth in this Lease, shall not limit or preclude, in any way, the Gap Funding Obligor's obligations or the City's rights of recovery pursuant to the Gap Funding Agreement, the Security Agreement or the Other Agreements.

33.3.4 *Right to Injunction*. In the event of a breach by either party of any of its obligations under this Lease, the other party shall have the right to obtain an injunction, in addition to any other rights and remedies provided for herein. Each party acknowledges and agrees that the other would suffer great and irreparable harm and damage should either party breach its obligations hereunder, and further acknowledges and agrees that monetary compensation would not afford adequate relief to injured party. Accordingly, in the event of a breach or threatened breach by either party of any of its agreements or obligations hereunder, the other party shall have the right to injunctive relief, and in the event such injunctive relief is sought relative to the actual or threatened breach by the other party, the breaching party specifically waives its right in any litigation on account thereof to assert a factual or legal defense that the injured party would not be irreparably harmed or damaged thereby and that monetary compensation would be adequate relief.

33.3.5 *Pending Dispute Regarding Default*. Nothing in this Lease shall preclude a party from contesting the other party's declaration of a default hereunder.

33.3.6 *Intentionally Omitted*.

33.3.7 *Exercise from Time to Time*. Except as otherwise expressly provided in this Lease, the exercise by a party of one or more of the rights or remedies available to such party under this Lease shall not preclude the exercise by such party, at the same or different times, of any other rights or remedies set forth herein, for the same default or any other default by the other party.

33.3.8 *Gap Funding Agreement Obligations*. Nothing in this Lease shall limit or preclude in any way the Gap Funding Obligor's obligations or the City's rights of recovery pursuant to the Gap Funding Agreement, the Security Agreement or Other Agreements.

33.4 *Interest on Unpaid Rent.* Any installment of Fixed Rent owing to Landlord pursuant to the provisions of this Lease not paid when due shall bear interest from receipt of written notice of such default at the Prime Rate plus four percent (4%) per annum (provided that such rate of interest shall not be less than eight percent (8%) per annum, nor more than fifteen percent (15%) per annum), or the maximum rate allowed by law, whichever is less, until paid. In no event shall Tenant be responsible for any Late Charges.

33.5 *Landlord's Right to Cure Landlord's Default.* A failure by Landlord to timely observe or perform any of its obligations under this Lease shall constitute a default on the part of Landlord. Any such default by Landlord shall be subject to Landlord's right to cure, which cure must be completed within the following timeframes: (i) no later than ninety (90) calendar days after Landlord's receipt of Notice from Tenant regarding such default, if such default is reasonably capable of being cured within such period of time; or (ii) if such default is not reasonably capable of being cured within such 90-day period, and Landlord (aa) initiates corrective action within said period and (bb) diligently and in good faith works to effect a cure as soon as reasonably possible, then Landlord shall have such additional time as is reasonably necessary to cure the default. In the event that such default by Landlord is not cured by the expiration of the applicable timeframe set forth above, Tenant shall have the right to immediately take action based on any and all remedies available to Tenant under this Lease, at law or in equity.

34. *TERMINATION.*

34.1 *Generally.* Upon the Termination Date (whether pursuant to expiration of this Lease or earlier termination in accordance with its terms): (a) the Leasehold Estate and the Term shall terminate and Landlord shall retake possession of the Premises and all rights of Tenant shall come to an end with the same effect as if that day were the expiration date of the Lease; (b) Tenant shall surrender to Landlord the Premises and all improvements, fixtures, equipment, and personal property constituting part of the Premises or used in the maintenance or operation of the Parking Structure (other than signs bearing any trademark, service mark, or other Mark owned by Tenant or any Tenant Affiliate which Tenant is entitled to remove), and any personal property of Tenant not used for the maintenance and operation of the Parking Structure, all of which Tenant may remove) shall become Landlord's property, and (c) Landlord and Tenant shall have the additional rights and obligations set forth in this Section 34.

34.2 *Possession.* Upon the Termination Date (whether pursuant to expiration of this Lease or earlier termination in accordance with its terms), Tenant shall deliver to Landlord possession of the Premises, in its then current condition and state of repair. Landlord, in its sole discretion, may elect, on or before the date which is 120 days after the Termination Date, to either accept ownership of the improvements, fixtures, and personal property used in the maintenance and operation of the Premises, including the Parking Structure, or require Tenant to demolish the Parking Structure and all other improvements on the Premises, remove all debris, grade the land and fill all holes, and return the Premises to Landlord as vacant, clean, and level land, which work shall be completed with reasonable promptness, at Tenant's sole cost and expense, but the completion of which shall not be a condition to termination of this Lease.

34.3 *Utility and Other Deposits.* If any security deposit delivered by Tenant to any utility companies or other providers of services for the Premises are paid or credited to the account of Landlord, Landlord shall promptly reimburse Tenant the amount thereof.

34.4 *Adjustment of Revenues and Expenses.* Landlord and Tenant shall adjust between themselves, as of 11:59 p.m. on the Termination Date, all revenues and expenses of owning, operating, occupying, managing and maintaining the Premises, including all revenues and expenses of the Premises that would customarily be apportioned in connection with a conveyance of the Premises, including the income and expenses associated with Subleases and concession contracts (to the extent such Subleases and concession contracts survive the Termination Date and become the property of Landlord, either by assignment or sale). Such apportionments shall be calculated and determined in a manner consistent with proper accounting practices. A certified public accountant reasonably satisfactory to Landlord and Tenant shall resolve any disputes. To the extent either Landlord or Tenant receives any sum owed to the other party, Landlord or Tenant, as the case may be, shall hold that sum in trust for and shall promptly deliver such sum to the other party.

34.5 *Documentation.* Tenant shall deliver to Landlord copies or originals of all Subleases, Sublease files, maintenance and service records, plans, specifications, manuals and all other papers and documents that may be necessary or appropriate for the proper operation and management of the Premises, provided the same are in Tenant's possession.

34.6 *Miscellaneous Assignments.* Tenant shall assign to Landlord, without recourse, all assignable licenses and permits affecting the Premises and all assignable contracts, warranties and guarantees then in effect relating to the Premises.

34.7 *Termination of Memorandum of Lease.* If the parties have entered into and recorded a Memorandum of Lease, then they shall enter into a memorandum of termination, in recordable form reasonably satisfactory to both parties, stipulating to the date of termination of the Lease, which may be recorded with the Los Angeles County Recorder at the request of either party. The memorandum of termination shall constitute a binding stipulation by the parties.

34.8 *Re-Entry.* If Tenant does not surrender the Premises as aforesaid, Landlord or Landlord's agents and employees may re-enter the Premises, or any part of the Premises, by any suitable action or proceeding at law, and may repossess the same, and may remove any Person from the Premises, all so that Landlord may have, hold and enjoy the Premises and the Parking Structure.

34.9 *No Release.* Nothing in this Section 34 shall be interpreted as a release of Tenant for any obligation or liability or as a legal excuse for nonperformance of any obligation which arose prior to the Termination Date.

34.10 *No Relocation Assistance.* Tenant acknowledges that it is not entitled to relocation assistance or any other benefits under the California Relocation Assistance Act (Government

Code Section 7260, et seq.), the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C.A. § 4601, et seq.), or any other provisions of law upon expiration or earlier termination of this Lease.

34.11 *Survival.* This Section 34 shall survive the expiration or termination of this Lease.

35. *NO BROKER.*

Landlord and Tenant each represents and warrants that it did not engage any broker or finder in connection with this Lease and that no Person is entitled to any commission or finder's fee on account of any agreements or arrangements made by such party with any broker or finder. Each party hereby Indemnifies the other party against any breach of the foregoing representation by the Indemnitor.

36. *NONRECOURSE TO RELATED PARTIES.*

No Tenant Affiliate, and no shareholder, member, officer, director, representative, agent or employee of Tenant or any Tenant Affiliate, shall have any personal liability under this Lease. No shareholder, officer, director, representative, agent, employee or elected or appointed official of Landlord shall have any personal liability under this Lease.

37. *WAIVERS.*

37.1 *No Waiver by Silence.* Failure of either party to complain of any act or omission on the part of the other party shall not be deemed a waiver by the non-complaining party of any of its rights under this Lease. No waiver by either party at any time, express or implied, of any breach of any provisions of this Lease shall be a waiver of any breach of any other provision of this Lease or a consent to any subsequent breach of the same or any other provision. No acceptance by Landlord of any partial payment shall constitute an accord or satisfaction but shall only be deemed a partial payment on account.

37.2 *No Landlord's Lien.* Landlord confirms and acknowledges that Landlord has no lien or security interest in any personal property of Tenant located in, on or at the Premises, and that such personal property shall not constitute security for payment of any Rent. If, at any time after the Effective Date, any statute or principle of law would grant Landlord any such lien or security interest, then Landlord hereby waives the benefit of any such statute and lien. Landlord further agrees to execute such documentation, in recordable form, as Tenant shall reasonably require to confirm the foregoing waiver.

38. *MEMORANDUM OF LEASE.*

The parties shall at any time, at the request of either party, promptly execute, acknowledge and deliver duplicate originals of a recordable memorandum of lease (the "Memorandum of Lease") in the form of Exhibit G and containing such other information as may, from time to time, be legally required to be contained in a memorandum of lease.

39. *ADMINISTRATION OF LEASE; REPRESENTATIVES.*

39.1 *Representatives.* Landlord and Tenant agree that each party shall at all times during the Term be organized and structured in such a manner that there will be one individual authorized by such party to make binding approvals and other decisions relating to the Lease, except that Landlord's representative shall not be authorized to approve amendments or changes to this Lease or other agreements, which require approval by the Los Angeles City Council and its Mayor. Upon either party's request made from time to time by Notice to the other party, such party shall within 10 Business Days provide the other party with Notice of the name and address of such party's representative. Each party agrees that its representative will be reasonably available as needed to enable such party to perform its obligations under this Lease and that such party's representative will have full power to bind such party as to any matter relating to this Lease, except as provided otherwise in this Section.

39.2 *Change of Representative.* Either party may replace such party's representative from time to time, by Notice to the other party.

39.3 *Initial Landlord's Representatives.* Landlord designates the following individual as the initial Landlord's representative for purpose of this Lease:

Name: City Administrative Officer
Address: City Hall East
200 N. Main Street
Los Angeles, CA 90012
Attn: Debt Management Group

39.4 *Initial Tenant's Representative.* Tenant designates the following individual as the initial Tenant's representative for purposes of this Lease:

Name: Timothy J. Leiweke
Address: L.A. Parking Structures, LLC
c/o Anschutz Entertainment Group, Inc.
800 W. Olympic Blvd., Suite 305
Los Angeles, California 90015

40. *ESTOPPEL CERTIFICATES.*

40.1 *Rights of Each Party.* At any time and from time to time, upon not less than 30 days' prior written request ("Estoppel Certificate Request") by either party to this Lease ("Requesting Party"), the other party to this Lease ("Certifying Party") shall execute, acknowledge and deliver to the Requesting Party (or directly to a third party whose name and address are provided by the Requesting Party, referred to herein as a "Third Party") up to four original counterparts of an Estoppel Certificate as set forth in Exhibit H. Any Estoppel

Certificate may be relied upon by any Third Party to whom an Estoppel Certificate is required to be directed.

40.2 *Time Period for Execution.* The Certifying Party shall execute and deliver to the Requesting Party (or its attorneys or the Third Party(ies) designated by such Requesting Party) the Estoppel Certificate counterpart(s) provided by the Requesting Party, setting forth with reasonable specificity any alleged exceptions to the statements required to be contained in such Estoppel Certificate, within 30 days following its receipt of an Estoppel Certificate Request. If the Certifying Party fails to respond within 30 days after its receipt of an Estoppel Certificate Request, the Requesting Party shall have the right to resubmit its request. If the Certifying Party again fails to respond within 5 business days following its receipt of a second Estoppel Certificate Request, then, in that event only, the Certifying Party shall be deemed to have confirmed the accuracy of the matters set forth in the Estoppel Certificate Request.

41. *ORDINANCE MANDATED PROVISIONS*

41.1 *Attached Ordinance Provisions.* The parties to this Lease hereby acknowledge that the City of Los Angeles Administrative Code contains various ordinances that mandate certain provisions in certain types of agreements to which City is a party. Some of such ordinances are codified in the following City of Los Angeles Administrative Code Sections:

(a) Section 10.8 (Mandatory Provisions Pertaining to Non-discrimination in Employment in the Performance of City Contracts), including without limitation Section 10.8.2 (Non-discrimination clause), Section 10.8.2.1 (Equal Benefits Ordinance), Section 10.8.3 (Equal Employment Practices Provisions), and Section 10.8.4 (Affirmative Action Program Provisions), all of which are set forth in Exhibit I-1.

(b) Section 10.10 (Child Support Assignment Orders), which is set forth in Exhibit I-2.

(c) Section 10.36 (Service Contractor Worker Retention), which is set forth in Exhibit -3I.

(d) Section 10.37 (Living Wage), which is set forth in Exhibit I-4.

(e) Section 10.40 (Contractor Responsibility Program), which is set forth in Exhibit I-5.

(f) Section 10.41 (Regulations Regarding Participation in or Profits Derived from Slavery by any Company Doing Business with the City), which is set forth in Exhibit I-6.

(g) Section 10.44 (First Source Hiring), which is set forth in Exhibit I-7.

(h) Section 10.45 (Public Infrastructure Stabilization Ordinance), which is set forth in Exhibit I-8.

(i) Section 10.47 (Local Business Preference Program), which is set forth in Exhibit I-9.

The parties agree that the applicability of the above-referenced Administrative Code Sections to this Lease will need to be determined from time to time during the Term, and such determination shall be made in accordance with and pursuant to such Administrative Code

Sections, the rules and regulations, if any, promulgated therefor, all judicial and /or regulatory determinations interpreting, administering, and/or applying in any way to such Administrative Code Sections or the enforcement thereof. To the extent any of the Administrative Code Sections listed above is determined to be applicable to this Lease: (i) this Lease shall be subject to such Administrative Code Section, as amended, (ii) Tenant shall, to the extent required by such ordinance, comply and ensure compliance with all applicable obligations and requirements set forth in such Administrative Code Section, as amended; and (iii) to the extent such Administrative Code Section requires inclusion in this Lease certain language or provision, the parties hereto agree that such language/provision shall be deemed included in this Lease (with the appropriate adjustment for defined terms) and shall have the same effect as if it were fully set forth in this Section 42.

To the extent, from time to time during the Term, any of the Administrative Code Sections listed above is determined to be applicable to this Lease: (i) this Lease shall be subject to such Administrative Code Section, as amended, (ii) Tenant shall, to the extent required by such ordinance, comply and ensure compliance with all applicable obligations and requirements set forth in such Administrative Code Section, as amended; and (iii) to the extent such Administrative Code Section requires inclusion in this Lease certain language or provision, the parties hereto agree that such language/provision shall be deemed included in this Lease (with the appropriate adjustment for defined terms) and shall have the same effect as if it were fully set forth in this Section 42.

To the extent that Section 10.10 (Child Support Assignment Order) of the Administrative Code: (i) is applicable to this Lease and (ii) contains terms and provisions that conflict with terms and provisions of this Lease, the terms and provisions of Section 10.10 of the Administrative Code shall govern.

41.2 *Tax Registration Certificates And Tax Payments.* This Section is applicable where Tenant is engaged in business within the City of Los Angeles and Tenant is required to obtain a Tax Registration Certificate ("TRC") pursuant to one or more of the following article (collectively "Tax Ordinances") of Chapter II of the Los Angeles Municipal Code: Article 1 (Business Tax Ordinance) [section 21.00, et seq.], Article 1.3 (Commercial Tenant's Occupancy Tax) [section 21.3.1, et seq.], Article 1.7 (Transient Occupancy Tax) [section 21.7.1, et seq.], Article 1.11 (Payroll Expense Tax) [section 21.11.1, et seq.], or Article 1.15 (Parking Occupancy Tax) [section 21.15.1, et seq.]. Prior to the execution of this Lease, or the effective date of any extension of the Term or renewal of this Lease, Tenant shall provide to the City Administrative Officer proof satisfactory to the City Administrative Officer that Tenant has the required TRCs and that Tenant is not then currently delinquent in any tax payment required under the Tax Ordinances. City may terminate this Lease upon thirty (30) days' prior written notice to Tenant if City determines that Tenant failed to have the required TRCs or was delinquent in any tax payments required under the Tax Ordinances at the time of entering into, extending the Term of, or renewing this Lease. City may also terminate this Lease upon ninety (90) days prior written notice to Tenant at any time during the Term of this Lease if Tenant fails to maintain required TRCs or becomes delinquent in tax payments required under the Tax Ordinances and Tenant fails to cure such deficiencies within the ninety (90) day period (in lieu of any time for cure provided in Section 33.

42. *MISCELLANEOUS.*

42.1 *Proprietary and Governmental Roles; Standards Applicable to Parties.* Except where clearly and expressly provided otherwise in this Lease, the capacity of Landlord in this Lease shall be as ground lessor only ("Proprietary Capacity"), and any obligations or restrictions imposed by this Lease on Landlord shall be limited to that capacity and shall not relate to, constitute a waiver of, supersede or otherwise limit or affect the governmental capacities of Landlord, including, without limitation, enacting laws, inspecting structures, reviewing and issuing permits, and all of the other legislative and administrative or enforcement functions of each pursuant to federal, state or local law ("Governmental Capacity"). Whenever not expressly otherwise stated, (a) Landlord, when acting in its Proprietary Capacity, shall not unreasonably withhold it approvals to matters requiring its approval hereunder, (b) Tenant shall not unreasonably withhold its approval to matters requiring its approval hereunder and (c) Landlord, when acting in its Governmental Capacity, shall be permitted to utilize such discretion as is legally permitted in such Governmental Capacity with respect to matters requiring its approval hereunder.

42.2 *Documents in Recordable Form.* Wherever this Lease requires either party to deliver to the other a document in recordable form, both parties shall be deemed to have consented to the recording of such document, at the sole expense of the party that elects to record it.

42.3 *Further Assurances.* Each party agrees to execute and deliver such further documents, and perform such further acts, as may be reasonably necessary to achieve the intent of the parties with respect to this Lease. Without limiting the generality of this paragraph, upon request at any time or from time to time either party shall execute and deliver to the other (a) additional counterparts of this Lease or any related documents, provided such additional counterparts are prepared at the expense of the party requesting them, and (b) such documentation as any title insurance company shall require to evidence such matters as due formation, authorization and execution of the Lease on the part of the party of whom the request is made, provided that the costs of providing such documentation are paid by the party on whose behalf the request is made.

42.4 *Non-Disruption.* Landlord and Tenant each commits in good faith to actively collaborate with the other in attempting to arrive at practical solutions in order to minimize any disruptions to LACC events and LACC revenues to the greatest extent reasonably practicable during Tenant's construction of the Parking Structure. In particular, once Tenant has established and presented to Landlord its construction and mobilization schedule for the construction of the Parking Structure, Landlord will develop and present to Tenant a schedule of potential LACC events to be held during the period of construction of the Parking Structure. Based upon such schedules, the Parties shall thereafter work together on an on-going collaborative basis to jointly identify potential solutions intended to avoid or mitigate to the greatest extent possible such disruption to LACC revenue generating activities during such period; including without limitation, the parties shall explore such measures as seeking to adjust the scheduling of certain construction activities, providing alternative parking arrangements or temporary substitute

venues, and the like. Only after having first jointly exhausted all potential avoidance or mitigation efforts, Tenant shall reimburse LACC for its clearly demonstrated losses actually suffered solely and directly as a result of the disruption to LACC revenue generating events as a result of Tenant's construction of the Parking Structure. In addition, as part of the parties' collaborative efforts to mitigate any such disruption, there may be instances where the parties mutually determine that economic incentives must be offered to contracted LACC clients (for space or date moves or both) throughout the construction process. To the extent the Parties mutually determine that such incentives are reasonably necessary, the actual cost to LACC of such incentives will be reimbursed to LACC by Tenant. Notwithstanding anything herein to the contrary, Landlord acknowledges that Tenant shall have no liability for any loss of revenue which may be attributable to general market conditions or the failure of LACC to attract or retain business due to competitive reasons unrelated to any disruption which may be caused by Tenant's construction of the Parking Structure. Landlord acknowledges that the mere lack of parking shall not be considered a disruption for purposes of this Section.

42.5 *Performance Under Protest.* If at any time a dispute shall arise as to the amount of any payment to be made by one party to the other under this Lease, then the party against whom the obligation to pay is asserted shall have the right to make payment "under protest." Such payment shall not be regarded as a voluntary payment. The party making the payment shall continue to have the right to institute suit for recovery of such sum. To the extent that it shall be determined that the party making the payment "under protest" was not required to make such payment, such party shall be entitled to recover such sum or so much of such sum as such party was not legally required to pay pursuant to this Lease, together with interest on such overpayment at the Prime Rate.

42.6 *No Third Party Beneficiaries.* Nothing in this Lease shall be deemed to confer upon any Person (other than Landlord, Tenant or Leasehold Mortgagees exercising the express rights for Leasehold Mortgagees set forth in this Lease) any right to insist upon, or to enforce against Landlord or Tenant, the performance or observance by either party of its obligations under this Lease.

42.7 *Interpretation.* No inference in favor of or against any party shall be drawn from the fact that such party has drafted any portion of this Lease. The parties have both participated substantially in the negotiation, drafting and revision of this Lease with representation by counsel and such other advisers as they have deemed appropriate. Wherever required by the context of this Lease, the singular shall include the plural and the masculine shall include the feminine and vice versa. The words "include" and "including" shall be construed to be followed by the words: "without limitation."

42.8 *Captions.* The captions of this Lease are for convenience and reference only and in no way affect this Lease.

42.9 *Entire Agreement.* This Lease constitutes the entire agreement between Landlord and Tenant relating to Tenant's leasing of the Premises.

42.10 *Amendment.* Any modification or amendment to this Lease must be in writing

signed by Landlord and Tenant and consented to by any Leasehold Mortgagee(s) having the right to consent to amendments or modifications of this Lease pursuant to the terms of this Lease.

42.11 *Partial Invalidity.* If any term or provision of this Lease or the application of such term or provision to any party or circumstance shall to any extent be invalid or unenforceable, then the remainder of this Lease, or the application of such term or provision to Persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected by such invalidity, and each remaining term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

42.12 *Successors and Assigns.* This Lease shall bind and benefit Landlord and Tenant and their permitted successors and assigns, but the foregoing shall not limit or supersede any transfer restrictions contained in this Lease.

42.13 *Governing Law.* This Lease and its interpretation and performance shall be governed, construed and regulated by the laws of the State, without regard to principles of conflict of laws, and the forum for all disputes arising hereunder shall be Los Angeles County, California.

42.14 *Obligation to Perform.* Wherever this Lease requires either party to perform any obligation, such party shall be entitled to discharge such obligation by causing it to be performed by some other Person, but the foregoing shall in no way limit, restrict or excuse Landlord's or Tenant's obligations under this Lease or the restrictions on assignment, conveyance or transfer contained in this Lease.

42.15 *Counterparts.* This Lease may be executed in counterparts.

42.16 *Time Periods.* Whenever this Lease requires either party to perform any action within a specified period, or requires that a particular event occur within a specified period, if the last day of such period is not a Business Day, then the period shall be deemed extended through the close of business on the first Business Day following such period as initially specified.

42.17 *No Other Agreements or Representation.* No person acting on behalf of Landlord is authorized to make, and by execution hereof, Tenant acknowledges that no person has made, any representation, agreement, statement, warranty, guarantee or promise regarding this Lease, the Premises, or the transaction contemplated herein or the construction, hazardous materials, physical condition or other status of the Premises except as may be expressly set forth in this Lease. No representation, warranty, agreement, statement, guarantee or promise, if any, made by any person acting on behalf of Landlord which is not contained in this Lease shall be valid or binding on Landlord.

42.18 *Modifications to Legal Descriptions of Property.* The Premises is proposed to be modified with the addition of (a) certain areas proposed to be vacated pursuant to certain street vacations (the "Street Vacations") and (b) certain areas currently owned by the California Department of Transportation (the "Caltrans Add Areas"). Upon the recordation of each "Resolution to Vacate" with respect to the Street Vacations and upon the grant by Caltrans to the

City of one or more of the Caltrans Add Areas, such property shall automatically, and without further action of the Parties, be deemed included as part of the Premises as though such property were included in the legal description of the Premises, and each part thereof as of the Effective Date. To reflect these changes, prior to the issuance of the certificate of occupancy for the Event Center, the Parties shall revise the legal descriptions for the Premises with a final legal description and shall record an updated Memorandum of Lease correcting the legal description set forth in Exhibit A to this Lease. City Council approval shall not be required in connection with the foregoing correction of the legal descriptions.

42.19 *Attorneys' Fees.* In the event of any litigation involving the parties to enforce any provision of this Lease, to enforce any remedy hereunder, or to seek a declaration of the rights of either party, the prevailing party shall not be entitled to recover from the other party any attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action.

43. *NOTICES.*

All Notices shall be in writing and shall be addressed to Landlord and Tenant as set forth below. Notices shall be (a) delivered by courier service to the addresses set forth below, in which case they shall be deemed delivered on the date of delivery (or the date delivery is refused) to the address(es) set forth below, (b) sent by certified mail, return receipt requested, in which case they shall be deemed delivered, on the date of delivery (or the date delivery is refused) or (c) transmitted by facsimile transmission (promptly followed by delivery under option (a) or (b) above, in which case they shall be deemed delivered on the date delivery has been electronically confirmed by the recipient's facsimile machine, as evidenced by the written confirmation produced by the sender's facsimile machine. Either party may change its address, its facsimile machine number, or the name and address of its attorneys by giving Notice in compliance with this Lease. Notice of such a change shall be effective only upon receipt. Notice given on behalf of a party by any attorney purporting to represent a party shall constitute Notice by such party if the attorney is, in fact, authorized to represent such party. The addresses and facsimile machine numbers of the parties are:

Landlord:

The City of Los Angeles
City Administrative Officer
200 North Main Street
Los Angeles, California 90012
Fax No.: (213) 687-8213

The City of Los Angeles
Chief Legislative Analyst
200 North Main Street
Los Angeles, California 90012
Fax No.: (213) 485-8983

The City of Los Angeles
Office of the City Clerk
200 North Main Street
Los Angeles, California 90012
Fax No.: (213) 687-8213

and with a copy to:

The City of Los Angeles
City Attorney's Office
City Hall East, 8th Floor
200 North Main Street
Los Angeles, California 90012
Fax No.: (213) 485-8899
Attn: Jane E. Usher
Senior Assistant City Attorney

Tenant:

L.A. Parking Structures, LLC
800 W. Olympic Blvd., Suite 305
Los Angeles, CA 90015
Attn: Ted Tanner
Fax No.: (213) 763-7711

with a copy to:

L.A. Parking Structures LLC
800 W. Olympic Blvd., Suite 305
Los Angeles, CA 90015
Attn: Ted Fikre, Esq.
Fax No.: (213) 742-7294

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have caused their duly authorized representatives to execute this Lease to become effective on the Effective Date.

"LANDLORD"

CITY OF LOS ANGELES,
a municipal corporation of
the State of California

By: _____
Name: _____

Title: _____

APPROVED AS TO FORM:
CARMEN A. TRUTANICH, City Attorney

By: _____
JANE E. USHER,
Senior Assistant City Attorney

DATE: _____

ATTEST:
JUNE LAGMAY, City Clerk

By: _____

Deputy

DATE: _____

"TENANT"

L.A. PARKING STRUCTURES, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT A: DESCRIPTION OF PREMISES

See attached.

PSOMAS

LEGAL DESCRIPTION

BOND STREET GARAGE

Parcel 2 of Official Map No. 2, in the City of Los Angeles, County of Los Angeles, State of California as per map recorded in Book 5, Pages 38, 39 and 40, of Official Maps, Records of said County and recorded as Instrument No. 89-958587, Official Records of said County.

This Legal Description is described on the accompanying exhibit "Exhibit Map Bond Street Garage", is made a part hereof for reference purposes and was prepared as a convenience and is not intended for the use in the division and/or conveyance of land in violation of the Subdivision Map Act of the State of California.

PROFESSIONAL LAND SURVEYOR
JOHN CHIAPPE JR.
No. 7230
Exp. 12-31-12
STATE OF CALIFORNIA

John Chiappe Jr., PLS 7230
PSOMAS

Date: 8/29/2012

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08/29/12
JDC\jdc

Sheet 1 of 1

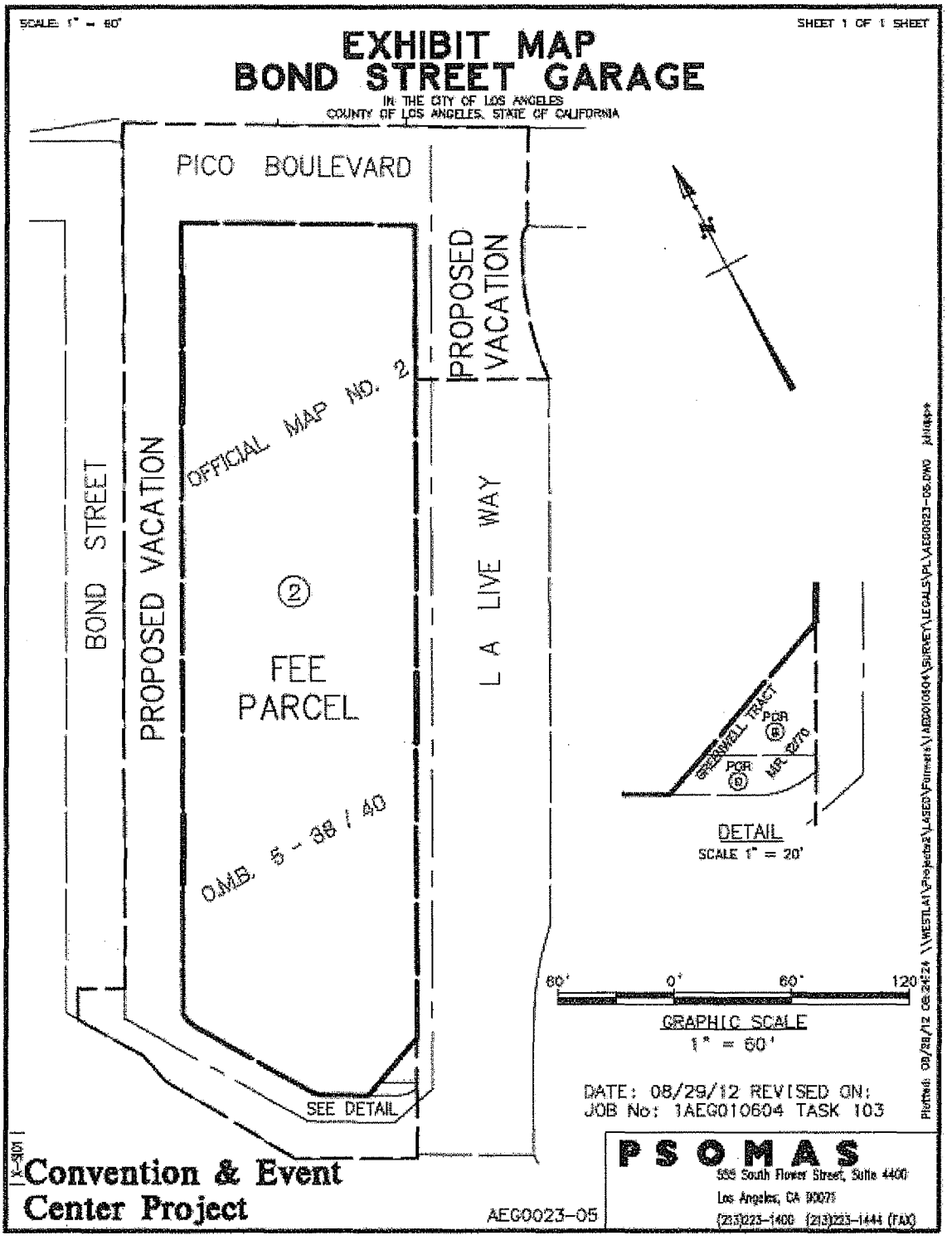
SCALE: 1" = 60'
SHEET 1 OF 1 SHEET
EXHIBIT MAP
BOND STREET GARAGE
IN THE CITY OF LOS ANGELES
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
PICO BOULEVARD
PROPOSED VACATION
OFFICIAL MAP NO. 2
BOND STREET
PROPOSED VACATION
L A LIVE WAY
2
FEE PARCEL
O.M.B. 5 - 38 / 40
SEE DETAIL
GREENWELL TRACT
PGR
PGR
DETAIL
SCALE 1" = 20'
60' 0' 60' 120
GRAPHIC SCALE
1" = 60'
DATE: 08/29/12 REVISED ON:
JOB No: 1AEG010604 TASK 103
PSOMAS
555 South Flower Street, Suite 4400
Los Angeles, CA 90071
(213)223-1400 (213)223-1444 (FAX)
Convention & Event Center Project
AEG0023-05

EXHIBIT B: GLOSSARY OF DEFINED TERMS

Unless the applicable context shall otherwise require, the following terms shall have the following respective meanings for all purposes. The following definitions are equally applicable both to the singular and plural forms and the feminine, masculine and neuter forms of the terms defined. Any agreement defined or referred to below shall include each amendment, modification and supplement thereto and waiver thereof entered into from time to time in compliance therewith. Any term defined below by reference to any agreement, instrument or other document shall have such meaning whether or not such agreement, instrument or other document is in effect. In the event that any terms or definitions set forth in this Exhibit B conflicts with any terms and provisions of the body of this Lease, the terms and provisions set forth in the body of this Lease shall govern.

Abandonment. The term "Abandonment" is defined in Section 33.1.4.3.

Additional Permitted LACC Events. The term "Additional Permitted LACC Events" is defined in Section 8.3.1.

Additional Rent. The term "Additional Rent" means any and all sums of money and payments to be paid by Tenant to Landlord pursuant to this Lease, other than Fixed Rent.

Affiliate. An "Affiliate" of any Person means, when used with reference to a specified person or entity, any person or entity who directly or indirectly controls, is controlled by or is under common control with the specified person or entity. In the case of Tenant, Affiliate includes any person or entity who directly or indirectly controls, is controlled by or is under common control with Tenant, Anschutz Entertainment, Inc., the owner of any NFL team or Philip F. Anschutz.

Approved Schematics. The term "Approved Schematics" is defined in Section 5.4.1.

Assign or *assignment.* The term "Assign" or "assignment" is defined in Section 19.1.4.

Bankruptcy Proceeding. The term "Bankruptcy Proceeding" is defined in Section 25.1.

Business Day. A "Business Day" means Monday through Friday with the exception of holidays observed by the City of Los Angeles. Unless otherwise specified, all references in this Lease to periods of time of ten (10) days or less shall mean Business Days; otherwise," days" shall mean calendar days.

Casualty. A "Casualty" means any damage or destruction affecting any or all improvements located on the Premises.

Certifying Party. The term "Certifying Party" is defined in Section 40.1.

City. The term "City" means the City of Los Angeles, a municipal corporation.

Claim. The term "Claim" is defined in Section 11.3.9.1.

Close of Escrow. The term "Close of Escrow" is defined in Section 1.6. The term "Closing" shall have the same meaning.

Commence Construction. The terms "Commence Construction," "Commencement of Construction" and terms of like import mean and refer to Tenant's commencement of construction of the Project (i.e., commencement of construction of foundations after Tenant's demolition of all previously existing structures on the Premises and after obtaining a foundation building permit).

Commencement Obligation. The term "Commencement Obligation" is defined in Section 5.3.

Complete or Completion. See definition of "Completion of Construction."

Completion of Construction. The terms "Complete Construction," "Completion of Construction," "Completion," "Complete," "Complete the Project," and terms of like import mean and refer to the date upon which a temporary or permanent certificate of occupancy (whichever is earlier) is issued by the City for substantially all of the Project. When the concept of completion is used in connection with the construction of a structure or an improvement other than the Project, completion shall refer to the date upon which a temporary or permanent certificate of occupancy (whichever is earlier) is issued by the City for substantially all of such structure/improvement.

Completion Obligation. The term "Completion Obligation" is defined in Section 5.3.

Construction Term. The term "Construction Term" is defined in Section 4.1.2.

Construction Term Commencement Date. The term "Construction Term Commencement Date" is defined in Section 5.1.

Contested Items. The term "Contested Items" is defined in Section 14.

Control of the Premises. The term "Control of the Premises" means actual possession of the Premises, including possession by a receiver, or the completion of acquisition of the Leasehold Estate by foreclosure proceedings or otherwise, including receipt of assignment of lieu of foreclosure.

County. The "County" means Los Angeles County, State of California.

Curable Tenant Default. The term "Curable Tenant Default" means any Tenant Default which is not a Non-Curable Tenant Default.

Demolition Commencement Notice. The term "Demolition Commencement Notice" is defined in Section 5.1.

Depository. The term "Depository" means a bank or escrow company designated by Landlord and Tenant for the purpose of holding and disbursing insurance or Taking proceeds in accordance with this Lease.

District. The term "District means Tenant's Affiliate's mixed-use entertainment district referred to as "L.A. Live."

Effective Date. The term "Effective Date" is defined in the first paragraph of this Lease.

Emergency. The term "Emergency" means a condition requiring immediate repair, replacement or other action: (a) to prevent imminent damage (including environmental damage) to any portion of the Premises or improvements or any neighboring property or portion thereof; (b) for the safety of occupants or any other Person; or (c) to avoid the suspension of any necessary service in the Premises.

Environmental Agency. The term "Environmental Agency" is defined in Section 11.3.9.2.

Environmental Laws. The term "Environmental Laws" is defined in Section 11.3.9.3.

Equipment Liens. The term " Equipment Liens" means security interests, financing leases, and similar arrangements (including the corresponding UCC-1 financing statements) relating to Tenant's acquisition or financing of fixtures, personal property used in connection with the operation of the Parking Structure that are leased, purchased pursuant to conditional sale or installment sale arrangements, or used under licenses, such as fixtures and equipment, telephone, telecommunications and facsimile transmission equipment, point of sale equipment, televisions, radios, and computer systems. The lessor, seller or other secured party under an Equipment Lien may be a Tenant Affiliate.

Escrow Company. The term "Escrow Company" means Chicago Title Company, 700 S. Flower Street, Suite 800, Los Angeles, CA 90017.

Estoppel Certificate. An "Estoppel Certificate" means a statement in writing containing all (or, at the option of the Requesting Party, only some) of the statements set forth in the form attached as Exhibit I and containing such additional information relating to this Lease and the Premises as the Requesting Party shall reasonably specify.

Estoppel Certificate Request. The term "Estoppel Certificate Request" is defined in Section 40.1.

Event Center. The term "Event Center" means the facility described in Section 1.3.

Event Center Ground Lease. The term "Event Center Ground Lease" means that certain Event Center Ground Lease between the City and L.A. Event Center, LLC.

Excluded Environmental Claims. The term "Excluded Environmental Claims" is defined in Section 11.3.1.

Existing Parking Lease. The term "Existing Parking Lease" is defined in Section 1.7.

Fee Estate. The "Fee Estate" means Landlord's fee estate in the Premises or any part of the Premises or any direct or indirect interest in such fee estate.

Fee Mortgage. The term "Fee Mortgage" is defined in Section 18.2.

Financing Cap. The term "Financing Cap" is defined in Section 20.3.

First Fixed Rent. The term "First Fixed Rent" is defined in Section 6.5.

Fixed Rent. The term "Fixed Rent" is defined in Section 6.1.

Fixed Rent Amount. The term "Fixed Rent Amount" is defined in Section 6.4

Fixed Rent Year. The term "Fixed Rent Year" is defined in Section 6.2.

Force Majeure Event. The term "Force Majeure Event" means any cause beyond the reasonable control and not due to the negligent or willful misconduct of the party affected, and which could not have been avoided by due diligence and use of commercially reasonable efforts, including drought, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance, sabotage, explosions, strikes, lock-outs or labor disputes, the existence of hazardous waste, unforeseen subsurface conditions, orders or judgments of any Government Agency, the absence, suspension, termination, interruption, denial or failure of renewal of any entitlements, applicable permits (unless such absence, suspension, termination, interruption, denial or failure is due to failure to perform by Tenant or any employee, contractor or consultant under its control) citizens' initiatives and referendums, administrative and court orders (including the pendency thereof), or any changes in Law and which actually cause delay; provided that in all events financial inability is excepted.

Gap Funding Agreement. The term "Gap Funding Agreement" means that certain agreement captioned "NEW HALL GAP FUNDING AGREEMENT" by and among the Landlord, Tenant, L.A. Event Center, LLC, a Delaware limited liability company, and GFA Co-Obligor, made as of the Effective Date of this Lease.

Gap Funding Obligor. The term "Gap Funding Obligor" is defined in the Gap Funding Agreement.

Government Agency. The term "Government Agency" means any and all federal, state, county, municipal and local governmental and quasi-governmental bodies and authorities (including the United States of America, the State of California, the City, the County of Los Angeles, and any political subdivision, public corporation, district or other political or public entity) or departments or joint power authorities thereof having or exercising jurisdiction over the parties, the Premises, or such portions thereof as the context indicates.

Governmental Capacity. The term "Governmental Capacity" is defined in Section 42.1.

Hazardous Substance. The term "Hazardous Substances" is defined in Section 11.3.9.4.

Implementation Agreement. The term "Implementation Agreement" is defined in Section 1.6.

Impositions. The term "Impositions" means all taxes, special and general assessments, water rents, rates and charges, commercial rent taxes, sewer rents and other impositions and charges of every kind and nature whatsoever with respect to the Premises, that may be assessed, levied, confirmed, imposed or become a lien on the Premises by or for the benefit of any Government Agency with respect to any period during the Term together with any taxes and assessments that may be levied, assessed or imposed by the State or by any political or taxing subdivision of the State upon the gross income arising from any Rent or in lieu of or as a substitute, in whole or in part, for taxes and assessments imposed upon or related to the Premises and commonly known as real estate taxes or possessory interest taxes. The term "Impositions" shall, however, not include any of the following, all of which shall be the responsibility of Landlord: (a) any franchise, income, excess profits, estate, inheritance, succession, transfer, gift, corporation, business, capital levy, or profits tax, or license fee, of Landlord, (b) the incremental portion of any of the items in this paragraph that would not have been levied, imposed or assessed but for any prohibited sale or other direct or indirect transfer of the Fee Estate or any execution of any Fee Mortgage during the Term, and (c) interest, penalties and other charges with respect to the foregoing items "a" and "b".

Incipient Re-Entry Default. The term "Incipient Re-Entry Default" is defined in Section 22.2.3.

Include; Including. The terms "include" and "including" are defined in Section 41.7.

Indemnify. Wherever this Lease provides that a party shall "Indemnify" another from or against a particular matter, such term means that the Indemnitor shall indemnify the Indemnitee (and its elected officials, partners, members, officers, directors, agents and employees) and defend and hold the Indemnitee (and its elected officials, partners, members, officers, directors, agents and employees) harmless from and against any and all Loss incurred or suffered by the Indemnitee (and its elected officials, partners, members, officers, directors, agents and employees) on account of the matter that is the subject of such indemnification or in enforcing the Indemnitor's indemnity.

Indemnitee. An "Indemnitee" is a party that is entitled to be Indemnified pursuant to this Lease.

Indemnitor. An "Indemnitor" is a party that agrees to Indemnify another party pursuant to this Lease.

Institutional Lender. The term "Institutional Lender" means a nationally recognized bank, savings and loan association, investment bank, or other institutional lender which, together with its Affiliates, has a net worth of One Billion Dollars ($1,000,000,000) or more. The participation or securitization of a loan by an Institutional Lender shall not give rise to any requirement that each

lender participating in such participation or securitization itself be an Institutional Lender, so long as (a) at the inception of the loan, the originating and agent lender is an Institutional Lender, and (b) at the time of any subsequent assignment of the loan, the assignee and agent lender is an Institutional Lender.

Intermediate Fixed Rent. The term "Intermediate Fixed Rent" is defined in Section 6.3.

Investigation. The term "Investigation" is defined in Section 11.3.9.5.

"*Know*" or "*Knowledge*". The term "Know" and "Knowledge" are defined in Section 26.2.

LACC. The term "LACC" means, depending on context, the Los Angeles Convention and Exhibition Center itself or the Department of the City that operates and manages the Los Angeles Convention and Exhibition Center.

Landlord Delay. The term "Landlord Delay" shall mean any delay in the Commencement of Construction of the Project or Completion of Construction of the Project to the extent caused by an act or omission of Landlord or any agent, contractor, consultant, agent, employee or other representative of Landlord, provided however that this definition shall not include any act or omission of Landlord in its Governmental Capacity.

Last Fixed Rent. The term "Fixed Rent" is defined in Section 6.7.

Law. The term "Law" or "Laws" means all applicable (a) laws, ordinances, orders, judgments, rules, regulations, requirements, conditions, mandatory guidelines or directives of any applicable Government Agency affecting the development, improvement, alteration, use, maintenance, operation or occupancy of the Premises or any part of the Premises, including, without limitation, all Environmental Laws and (b) any mitigation plan imposed by any Government Agency pursuant to the California Environmental Quality Act, including with respect to each of the foregoing laws or regulations that require alterations or additions to the improvements on the Premises, in each case whether foreseen or unforeseen, ordinary or extraordinary and whether in force at the Effective Date or passed, enacted or imposed at any time thereafter, subject in all cases, however, to all applicable waivers, variances and exemptions limiting the application of the foregoing to the Premises.

Lease. The term "Lease" is defined in the first paragraph of this Lease.

Lease Revenue Bonds. The term "Lease Revenue Bonds" is defined in the Gap Funding Agreement.

Leasehold Estate. The term "Leasehold Estate" means Tenant's leasehold estate arising under this Lease, upon and subject to all the terms and conditions of this Lease, or any part of such leasehold estate.

Leasehold Mortgage. The term "Leasehold Mortgage" means any mortgage, deed of trust,

deed to secure debt, assignment, security interest, pledge, financing statement, bonds or any other instrument(s) or agreement(s) intended to grant security for any obligation (including a purchase-money or other promissory note) encumbering the Leasehold Estate, as entered into, renewed, modified, consolidated, amended, extended or assigned from time to time during the Term. A "Leasehold Mortgage" also includes certain agreements entered into in connection with a "sale and leaseback" transaction, as described in the text of this Lease.

Leasehold Mortgagee. A "Leasehold Mortgagee" means the holder of a Leasehold Mortgage. A "Leasehold Mortgagee" also includes certain parties to "sale and leaseback" transactions, as described in the text of this Lease.

Loss. The term "Loss" means all claims, costs, demands, losses, expenses, damages, liens, liabilities, suits, writs, actions and causes of action, threatened or actual, property damage, personal or bodily injury, deaths, penalties, fines, lawsuits and other proceedings, judgments and awards rendered therein, including reasonable expert fees and court costs, and all other costs, damage or liability of any nature whatsoever, but excluding attorneys' fees and costs of either party.

Major Casualty. The term "Minor Casualty" means any Casualty where the cost to restore the damaged improvements is more than twenty percent (20%) of the replacement cost of the Parking Structure.

Material Change. The term "Material Change" is defined in Section 11.1.

Marks. The term "Marks" means any service marks, trademarks, names, titles, descriptions, slogans, emblems or logos used from time to time in connection with the Premises.

Memorandum of Lease. The term "Memorandum of Lease" is defined in Section 38.

Minor Casualty. The term "Minor Casualty" means any Casualty which is not a Major Casualty.

Monetary Default. A "Monetary Default" means any failure by Tenant to pay any Rent or other sum(s) of money payable pursuant to this Lease, when and as required to be paid pursuant to this Lease, after the passage of any applicable cure period.

Mortgagee's Cure. The term "Mortgagee's Cure" is defined in Section 22.4.

Mortgagee's Cure Rights. The term "Mortgagee's Cure Rights" is defined in Section 22.4.

New Hall. The term "New Hall" is defined in Section 1.3.

New Lease. The term "New Lease" is defined in Section 23.1.

New Tenant. The term "New Tenant" is defined in Section 23.2.

Non-Curable Tenant Default. A "Non-Curable Tenant Default" means any Non-Monetary Default by Tenant that is not reasonably susceptible of cure by a Leasehold Mortgagee, such as bankruptcy or insolvency and any other Non-Monetary Default that by its nature relates only to Tenant or Tenant Affiliates or can reasonably be performed only by Tenant or Tenant Affiliates. The financial condition of any Leasehold Mortgagee shall not be considered in determining whether a Tenant Default is a Non-Curable Tenant Default.

Non-Disturbance and Attornment Agreement. The term "Non-Disturbance and Attornment Agreement" is defined in Section 19.3.1.

Non-Institutional Lender. The term "Non-Institutional Lender" means any lender which is not an Institutional Lender.

Non-Monetary Default. A "Non-Monetary Default" means any failure by Tenant to perform as required by this Lease, other than a Monetary Default. "Non-Monetary Defaults" shall include, without limitation, the following, whether or not otherwise explicitly referred to in this Lease: (a) any representation or warranty by Tenant herein proves to have been false or materially incorrect or misleading when made; and (b) a voluntary or involuntary petition for liquidation or reorganization is filed by or against Tenant and such petition is not dismissed within six months.

Non-Possessory Period. The term "Non-Possessory Period" is defined in Section 4.1.1.

Notice. The term "Notice" means any notice, demand, request, election, designation, or consent, including any of the foregoing relating to a Tenant Default or alleged Tenant Default, that is permitted, required or desired to be given by either party in connection with this Lease. Notices shall be delivered, and shall become effective, only in accordance with the "Notices" Article of this Lease.

Notice of Default. A "Notice of Default" means any Notice from one party to the other claiming or giving Notice of a Tenant Default or alleged Tenant Default by the recipient.

Notice of Incipient Re-Entry Default. A "Notice of Incipient Re-Entry Default" is defined in Section 22.2.3.

Off-Site Truck Staging Area. The term "Off-Site Truck Staging Area" is defined in Section 8.3.2

Operations Consultant. The term "Operations Consultant" is defined in Section 8.6.1.

Operator. The term "Operator" is defined in Section 8.6.1.

Other Agreement. The term "Other Agreement" is defined in Section 4.3.

Parking Structure. The term " Parking Structure " is defined in Section 1.2.

Parking Structure Design Development Documents. The term "Parking Structure Design Development Documents" is defined in Section 5.4.1.

Partial Taking. An "Partial Taking" means any Taking other than a Total Taking.

Permitted Hi-Capacity LACC Events. The term "Permitted Hi-Capacity LACC Events" is defined in Section 8.3.1.

Permitted LACC Events. The term "Permitted LACC Events" is defined in Section 8.3.1.

Person. A "Person" means any individual, corporation, partnership, joint venture, limited liability company, association, joint stock company, trust or unincorporated organization, Landlord and Tenant.

Premises. The term "Premises" is defined in Section 1.1.

Primary Term. The term "Primary Term" is defined in Section 4.1.3.

Primary Term Commencement Date. The term "Primary Term Commencement Date" is defined in Section 4.3.

Prime Rate. The "Prime Rate" means the prime rate or equivalent "base" or "reference" rate for corporate loans that, at Tenant's election, by Notice to Landlord, is (a) published from time to time in the Wall Street Journal, (b) announced from time to time by Bank of America National Trust and Savings Association, N.A., Los Angeles, California, or any other large United States "money center" commercial bank designated by Tenant, or (c) if such rate is no longer so published or announced, then a reasonably equivalent rate published by an authoritative third party designated by Tenant. Notwithstanding anything to the contrary in this paragraph, the Prime Rate shall never exceed the highest rate of interest legally permitted to be charged in transactions of the character of this Lease between parties of a character similar to Landlord and Tenant.

Prohibited Liens. A "Prohibited Lien" means any mechanic's, vendor's, laborer's or material supplier's statutory lien or other similar lien arising by reason of work, labor, services, equipment or materials supplied, or claimed to have been supplied, to Tenant, which lien either (a) is filed against the Fee Estate or (b) is filed against the Leasehold Estate and, upon termination of this Lease, would under the law of the State attach to the Fee Estate. Notwithstanding anything to the contrary in this Lease, an Equipment Lien shall not constitute a Prohibited Lien and nothing in this Lease shall prohibit Tenant from creating, or require Tenant to remove, any Equipment Lien.

Private Project. The term "Private Project" is defined in the Implementation Agreement.

Project. The term "Project" is defined in Section 1.2.

Public Project. The term "Public Project" is defined in the Implementation Agreement.

Proprietary Capacity. The term "Proprietary Capacity" is defined in Section 42.1.

Qualified Leasehold Mortgagee. A "Qualified Leasehold Mortgagee" means a Leasehold Mortgagee meeting the following criteria and accordingly entitled to the Leasehold Mortgagee protections provided by this Lease:

(a) For an Institutional Lender, the criteria set forth in Section 20.4.2 (including Landlord approval, if required thereby); or

(b) For a Non-Institutional Lender, the criteria set forth in Section 20.4.3 (including Landlord approval, if required thereby).

Re-Entry Default. The term "Re-Entry Default" means as (1) the failure to Commence Construction of the Project when required pursuant to the Commencement Obligation, (2) the failure to Complete the Project when required pursuant to the Completion Obligation, (3) the Abandonment of the Parking Structure, or (4) if (except in the case of a bona fide dispute) following the expiration of the applicable notice and cure period, any unpaid installment of Fixed Rent under this Lease or any uncured monetary default under the Gap Funding Agreement or the Security Agreement (individually or in the aggregate) exceeds the total undrawn balance of all letters of credit then held by the City as security for Tenant's obligations under this Lease and all of the Other Agreements; as they are described more particularly in Section 33.1.4.

Reciprocal Easement Agreement. The term "Reciprocal Easement Agreement" means that certain agreement captioned "AMENDED AND RESTATED MASTER RECIPROCAL EASEMENT AGREEMENT," by and among Landlord, Tenant, L.A. Event Center, LLC, a Delaware limited liability company, and L.A. Arena Land Company, LLC, a Delaware limited liability company, made as of the Effective Date of this Lease, a copy of which was recorded in the Official Records of Los Angeles County, California of even date with the recordation of the Memorandum of Lease for this Lease.

Release. The term "Release" is defined in Section 11.3.9.6.

Remediate or *Remediation.* The term "Remediate" or "Remediation" is defined in Section 11.3.9.7.

Rent. The term "Rent" means Fixed Rent and Additional Rent.

Rent Commencement Date. The term "Rent Commencement Date" is defined in Section 6.5.

Requesting Party. The term "Requesting Party" is defined in Section 40.1.

Security Agreement. The term "Security Agreement" means that certain agreement captioned "NEW HALL AND EVENT CENTER SECURITY AGREEMENT" by and among Landlord, Tenant, L.A. Event Center, LLC, a Delaware limited liability company, and GFA Co-Obligor, made as of the Effective Date of this Lease.

Shared Parking Plan. The term "Shared Parking Plan" is defined in Section 8.3.

Staples Center Arena. The term "Staples Center Arena" means that arena located at the corner of Figueroa Boulevard and Chick Hearn Court in the LA Live Project.

State. The term "State" means the State of California.

Stop Notice. The term "Stop Notice" means any statutorily permitted notice to a lender to withhold disbursement of funds due to Tenant's alleged failure to pay a contractor, supplier or other party entitled to transmit such notice.

Sublease. The term "Sublease" means any sublease of the Premises or any part of the Premises, or any other agreement or arrangement (including a license agreement, concession agreement or other similar arrangement, or any arrangements described in Section 19.2.1 of this Lease) made by Tenant granting any third party the right to occupy, use or possess any portion of the Premises. The term "Sublease" includes a "Management Agreement," a "Signage Agreement," a "Naming Rights Agreement" or any similar agreements and any concessionaire, license agreements or other similar arrangements that Tenant elects to treat as Subleases.

Subtenant. The term "Subtenant" means any person having rights of occupancy, use or possession under a Sublease, including a manager under a "Management Agreement", a signage party under a "Signage Agreement," a naming party under a "Naming Rights Agreement," any person described as a "Subtenant" in Section 19.2.1 of this Lease, and any concessionaires, licensees or other similar parties that Tenant elects to treat as Subtenants.

Taking. A "Taking" means any taking of the Premises or any part of the Premises by condemnation or by exercise of any right of eminent domain or threat thereof, or by any similar proceeding or act of any Government Agency.

Temporary Taking. A "Temporary Taking" means a Taking relating to the temporary right to use or occupy the Premises or any part of the Premises.

Tenant. The term "Tenant" means L.A. Parking Structures LLC, and its successors and permitted assigns.

Tenant-Approved Title Condition. The term "Tenant-Approved Title Conditions" means those title exceptions enumerated on Exhibit J attached to this Lease.

Tenant Default. The term "Tenant Default" is defined in Section 33.1.

Tenant-Related Event. The term "Tenant-Related Event" is defined in Section 8.3.1.

Tenant's Cure Period Expiration Notice. The term "Tenant's Cure Period Expiration Notice" is defined in Section 22.2.2.

Term. "Term" is defined in Section 4.1.

Termination Date. The "Termination Date" means the date when this Lease terminates or expires, pursuant to its terms or pursuant to Landlord's exercise of its remedies hereunder.

Third Party. The term "Third Party" is defined in Section 40.1.

Total Taking. A "Total Taking" means (a) any Taking of ten percent (10%) or more of the Premises, or (b) any Taking of any material portion of Tenant's access to the Premises, which would, in any such case, in Tenant's reasonable judgment, materially impair Tenant's ability to operate its business in the Premises. Tenant may waive its right to treat as a Total Taking any Taking that would otherwise qualify as such.

Truck Staging Criteria. The term "Truck Staging Criteria" is defined in Section 8.3.2.

Violation. The term "Violation" is defined in Section 11.3.5.

Waiver of Subrogation. A "Waiver of Subrogation" means a provision in, or endorsement to, any insurance policy required by this Lease, by which the insurance carrier agrees to waive all rights of recovery by way of subrogation against either party to this Lease in connection with any loss covered by such insurance policy.

West Hall. The term "West Hall" is defined in the Implementation Agreement.

EXHIBIT C: LIST OF APPROVED SCHEMATICS

Those certain schematic drawings prepared by HNA/Pacific dated May 18, 2012, which consists of the drawings set forth on the list attached hereto.

LIST OF SCHEMATIC DRAWINGS - BOND STREET GARAGE

SUPPLEMENTAL DESIGN
GENERAL SHEETS
X-A-0.0 COVER SHEET
X-T-1 SHEET INDEX AND CAR COUNT & AREA SUMMARY
ARCHITECTURAL SHEETS
X-A-1.1 PARKING STRUCTURE PLOT PLAN
X-A-2.1 LEVEL P-1 AND LEVEL P-2 FLOOR PLANS
X-A-2.2 LEVEL P-3 AND LEVEL P-4 FLOOR PLANS
X-A-2.3 LEVEL P-5 AND LEVEL P-6 FLOOR PLANS
X-A-2.4 LEVEL P-7 FLOOR PLAN AND FUTURE POTENTIAL PV ARRAY PLAN
X-A-3.1 EXTERIOR BUILDING PERSPECTIVES
X-A-3.2 EXTERIOR BUILDING PERSPECTIVES
X-A-4.1 EXTERIOR BUILDING ELEVATIONS
X-A-5.1 LONGITUDINAL BUILDING SECTIONS
X-A-5.2 TRANSVERSE BUILDING SECTIONS
SCHEMATIC DESIGN
LANDSCAPE SHEETS
L.100 HARDSCAPE PLAN
L.300 PLANTING PLAN
PLUMBING SHEETS
P0.0 PLUMBING LEAD SHEET AND FIXTURE SCHEDULE
P2.1 LEVEL P-1 AND LEVEL P-2 PLUMBING PLANS
P2.2 LEVEL P-3 AND LEVEL P-4 PLUMBING PLANS
P2.3 LEVEL P-5 AND LEVEL P-6 PLUMBING PLANS
P2.4 LEVEL P-7 PLUMBING PLANS
ELECTRICAL SHEETS
E0.1 ELECTRICAL SINGLE LINE DIAGRAM
E2.1 LEVEL P-1 AND LEVEL P-2 ELECTRICAL PLANS
E2.2 LEVEL P-5 AND LEVEL P-6 ELECTRICAL PLANS
E2.3 LEVEL P-7 AND FUTURE POTENTIAL PV ARRAY PLAN ELECTRICAL
PREVIOUS DOCUMENTS
GENERAL SHEETS
A0.0 COVER SHEET
T-1 SHEET INDEX
T-2 PROJECT DATA, SPECIFIC NOTES & SUPPLEMENTAL NOTES
T-3 SITE PLAN CONDITIONS OF APPROVAL
CIVIL SHEETS (ON SITE)
C0.01 TITLE SHEET
C1.00 SURVEY (FOR REFERENCE ONLY)
C1.10 EROSION CONTROL PLAN (SWPPP)
C1.20 DEMOLITION PLAN
C1.30 GRADING PLAN AND DRAINAGE PLAN
C1.31 ROUGH GRADING PLAN
C1.40 HORIZONTAL CONTROL and PAVING PLAN
C1.50 UTILITY PLAN

C1.70 SUSMP PRELIMINARY STUDY
C5.01 DETAILS
CIVIL SHEETS (OFF SITE)
1 NOTES AND KEY MAP - PHASE I
2 BOND STREET PLAN AND PROFILE - PHASE I
3 BOND STREET PLAN AND PROFILE - PHASE I
1 NOTES AND KEY MAP - PHASE II
2 CHERRY STREET & PICO BLVD. PLAN AND PROFILE - PHASE II
ARCHITECTURAL SHEETS
A-0.1 EXITING PLANS & VENTILATION SUMMARY
A-0.2 CAR COUNT & AREA SUMMARY
A-0.3 CAR COUNT MODELS
A-0.4 VEHICLE CIRCULATION DIAGRAMS
A-0.5 SYMBOLS KEY, MATERIALS KEY & ABBREVIATIONS
A-0.6 DISABLED ACCESS NOTES
A-0.7 DISABLED ACCESS NOTES
A-1.1 PARKING STRUCTURE PLOT PLAN
A-1.2 PARKING STRUCTURE SITE PLAN
A-1.3 PARKING STRUCTURE TRUCK STUDY
A-2.1 LEVEL 1 STRIPING PLAN
A-2.2 LEVEL 2 STRIPING PLAN
A-2.3 LEVEL 3 STRIPING PLAN
A-2.4 LEVEL 4 STRIPING PLAN
A-2.5 LEVEL 5 STRIPING PLAN
A-2.6 LEVEL 6 STRIPING PLAN
A-2.7 LEVEL 7 STRIPING PLAN
A-3.1 LEVEL 1 FLOOR PLAN
A-3.2 LEVEL 2 FLOOR PLAN
A-3.3 LEVEL 3 FLOOR PLAN
A-3.4 LEVEL 4 FLOOR PLAN
A-3.5 LEVEL 5 FLOOR PLAN
A-3.6 LEVEL 6 FLOOR PLAN
A-3.7 LEVEL 7 FLOOR PLAN
A-4.1 EAST BUILDING ELEVATIONS
A-4.2 WEST BUILDING ELEVATIONS
A-4.3 NORTH BUILDING ELEVATIONS
A-4.4 SOUTH BUILDING ELEVATIONS
A-5.1 LOGITUDINAL BUILDING SECTIONS
A-5.2 TRANSVERSE BUILDING SECTIONS
A-5.3 TRANSVERSE BUILDING SECTIONS
A-6.1 TYPICAL SECTION DETAILS
A-6.1.1 TYPICAL SECTION DETAILS
A-6.2 WALL SECTIONS
A-6.3 WALL SECTIONS
A-6.4 WALL SECTIONS
A-6.5 WALL SECTIONS
A-7.1 ELEVATOR NO.1 & NO.2 ENLARGED PLANS

A-7.2 STAIR NO.1 ENLARGED PLANS
A-7.3 STAIR NO.2 ENLARGED PLANS
A-7.4 MISCELLANEOUS ENLARGED PLANS
A-7.5 ELEVATOR HOISTWAY SECTIONS
A-7.6 STAIR SECTIONS
A-8.1 TYPICAL STAIR DETAILS
A-8.2 TYPICAL STAIR DETAILS
A-8.3 TYPICAL DETAILS
A-8.4 BARRIER CABLES & TYPICAL JOINT DETAILS
A-8.5 TYPICAL HOISTWAY DETAILS
A-8.5.1 TYPICAL HOISTWAY DETAILS
A-8.6 DOOR SCHEDULE & DOOR DETAILS
A-9.1 TYPICAL SIGNAGE DETAILS
A-10.1 TYPICAL SIGNAGE DETAILS
A-11.1 FAÇADE PERSPECTIVES
A-11.2 FAÇADE PERSPECTIVES
A-11.3 ENLARGED ELEVATIONS
A-11.4 ENLARGED ELEVATIONS
A-11.5 ENLARGED ELEVATIONS
A-11.6 SECURITY GRILL DETAILS
A-11.7 SECURITY GRILL DETAILS
STRUCTURAL SHEETS
S1.0 GENERAL NOTES, ABBREVIATIONS, AND SHEET INDEX
S1.1 SOILS SUPPORT APPROVAL LETTER
S2.1 LEVEL P-1 PLAN
S2.2 LEVEL P-2 PLAN
S2.3 LEVEL P-3 PLAN
S2.4 LEVEL P-4 PLAN
S2.5 LEVEL P-5 PLAN
S2.6 LEVEL P-6 PLAN
S2.7 LEVEL P-7 PLAN
S.2.10 PARTIAL PLANS AT ELEVATOR
S3.1 COLUMN SCHEDULE AND DETAILS
S3.2 FRAME BEAM ELEVATIONS
S3.3 EXTERIOR WALL ELEVATIONS
S4.1 TYPICAL CONCRETE DETAILS
S4.2 TYPICAL CONCRETE DETAILS
S4.3 TYPICAL SLAB REINFORCING & DETAILS
S4.4 ALTERNATE BEAM TIES, SLAB REINFORCING & DETAILS
S4.5 TYPICAL MASONRY DETAILS
S4.6 CONCRETE & MASONRY DETAILS
S4.10 BEAM ELEVATIONS

EXHIBIT D: FORM OF NONDISTURBANCE AND ATTORNMENT AGREEMENT

THIS NON-DISTURBANCE AND ATTORNMENT AGREEMENT ("Agreement") is made and entered into as of _____, ____, by and among The City of Los Angeles, a municipal corporation ("Landlord"), and _____, a _____ ("Subtenant").

Recitals

A. Landlord, as landlord, and L.A. Parking Structures, LLC, a Delaware limited liability company, as tenant ("Tenant"), entered into that certain Ground Lease dated as of _____ (the "Ground Lease"), pursuant to which Landlord leased to Tenant that certain property more particularly described in Exhibit A attached hereto and by this reference incorporated herein (the "Premises").

B. Capitalized terms herein not otherwise defined herein are used as defined in the Ground Lease.

C. Tenant and Subtenant have entered into that certain Sublease dated as of _____ attached hereto as Exhibit B (the "Sublease"), pursuant to which Tenant has granted to Subtenant the right to use, occupy or possess the portion of the Premises described therein (such portion of the Premises, the "Subpremises"), on the terms and conditions set forth therein.

D. Landlord and Subtenant desire to confirm their understanding with respect to the Lease and the Sublease.

Agreement

1. Nondisturbance. Landlord agrees that if, by reason of the exercise of any remedy under the Ground Lease or by operation of law, the Leasehold Estate of Tenant in the Subpremises is terminated, or the interest of Tenant in the Subpremises is transferred to Landlord, or Landlord succeeds to the interest of the lessor under the Sublease, then, so long as no default of Subtenant has occurred pursuant to the Sublease which has not been subsequently cured within applicable notice and cure periods, Subtenant's use, possession and enjoyment of the Subpremises shall not be interfered with or disturbed by Landlord during the term of the Sublease or any extension thereof duly exercised by Subtenant, Landlord shall recognize Subtenant as Landlord's direct tenant under the Sublease, and Landlord shall be bound to Subtenant under all of the terms, covenants and conditions of the Sublease for the balance of the remaining term thereof and any extension thereof duly exercised by Subtenant with the same force and effect as if Landlord were the original lessor under the Sublease.

2. Attornment. Subtenant agrees that if, by reason of the exercise of any remedy under the Ground Lease, the Leasehold Estate of Tenant in the Subpremises is terminated, or the interest of Tenant in the Subpremises is transferred to Landlord, or Landlord succeeds to the interest of the lessor under the Sublease, then Subtenant shall attorn to Landlord and shall

recognize Landlord as Subtenant's direct landlord under the Sublease, and Subtenant shall be bound to Landlord under all of the terms, covenants and conditions of the Sublease for the balance of the remaining term thereof and any extension thereof duly exercised by Subtenant with the same force and effect as if Landlord were the original lessor under the Sublease.

3. Terms of Sublease Upon Recognition and Attornment. Upon Landlord's recognition of Subtenant pursuant to Section 1 hereof and Subtenant's attornment to Landlord pursuant to Section 2 hereof, the terms of the Sublease setting forth the direct landlord-tenant relationship between Landlord and Subtenant shall be the terms and conditions set forth in the Ground Lease, except as to term and fixed rent, which shall be as set forth in Sections ____ of the Sublease **[identify sections of sublease regarding term and rent]**. For the remainder of the term of the Sublease, Landlord shall have all of the rights, and all of the obligations, of Landlord under the Ground Lease, and Subtenant shall have all of the rights, and all of the obligations, of Tenant under the Ground Lease, as modified by the preceding sentence. Notwithstanding the foregoing, (a) Landlord shall not be bound by any amendment to Sections ____ of the Sublease **[identify sections of sublease regarding term and rent]** made by Sublandlord and Subtenant without Landlord's written consent prior to such recognition and attornment, and (b) Landlord shall not be liable to Subtenant for any monetary or non-monetary default of Sublandlord under the Sublease which occurs, or for any performance of Sublandlord under the Sublease which is required to be performed, relating to the period prior to such recognition and attornment. If the Leasehold Estate of Tenant in the Premises is terminated because of the occurrence of a Re-Entry Default, this Agreement shall terminate effective upon the date of such Re-Entry Default termination.

4. Covenants Self-Executing; Further Assurances. The covenants of Landlord in Sections 1 and 3 hereof and the covenants of Subtenant in Sections 2 and 3 hereof shall be effective and self-operative without the execution of any further instruments on the part of either party hereto; provided, however, that Subtenant shall be under no obligation to pay Rent (as defined in the Sublease) to Landlord until Subtenant receives written notice from Landlord that it has succeeded to the interest of lessor under the Sublease. Notwithstanding the foregoing, each of Landlord and Subtenant agrees to execute and deliver, at any time and from time to time, upon the request of the other party, any instrument that may be necessary or appropriate to evidence the agreements set forth herein.

5. Right to Perform Obligations Prior to Recognition and Attornment. Prior to Landlord's recognition of Subtenant pursuant to Section 1 hereof and Subtenant's attornment to Landlord pursuant to Section 2 hereof, Subtenant shall have the right, but not the obligation, to perform any obligation of Tenant under the Ground Lease. Landlord shall accept performance by or at the instigation of Subtenant in fulfillment of Tenant's obligations within the times specified for performance by Tenant in the Ground Lease, for the account of Tenant and with the same force and effect as if performed by Tenant. Without limiting the generality of the foregoing, Landlord shall accept performance by or at the instigation of Subtenant of any obligation of Tenant necessary to prevent any Incipient Re-Entry Default from becoming a Re-Entry Default.

6. Subtenant's Right to Cure Prior to Recognition and Attornment. Prior to Landlord's recognition of Subtenant pursuant to Section 1 hereof and Subtenant's attornment to Landlord pursuant to Section 2 hereof, Subtenant shall have the right, but not the obligation, to cure any Tenant Default. Upon receiving any Notice of Default or any Notice of Incipient Re-Entry Default, Subtenant shall have the original cure period granted to Tenant under the Ground Lease (if any), within which to take (if Subtenant so elects) whatever action may be required to cure the Tenant Default described in such Notice of Default or the Re-Entry Default specified in such Notice of Incipient Re-Entry Default, as the case may be. If and when all Tenant Defaults have been cured by Subtenant within the time period granted to Tenant under the Ground Lease, the Ground Lease shall continue in full force and effect as if no Tenant Default(s) had occurred.

7. Modification. This Agreement may not be modified orally or in any other manner than by an agreement in writing signed by the parties hereto or their respective successors or assigns. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

8. Counterparts. This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement binding on the parties hereto, notwithstanding that all parties are not signatories to the original or the same counterpart.

9. Notices. All notices or other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be considered as properly given if mailed by first class United States mail, postage prepaid, registered or certified with return receipt requested or overnight delivery service, or by delivering same in person to the intended addressee. Notice so given in person or by mail or overnight delivery shall be effective upon its receipt or refusal of receipt. For purposes of notice the addresses of the parties shall be the addressee set forth on the signature page hereof; provided, however, that any party shall have the right to change its address for notice hereunder by the giving notice to the other parties in the manner set forth hereinabove. In addition, if Landlord shall give any Notice to Tenant (including without limitation any Notice of Default, any Notice of Incipient Re-Entry Default or any Tenant's Cure Period Expiration Notice) then Landlord shall at the same time and by the same means give a copy of such Notice to Subtenant. Landlord's failure to give any Notice to Subtenant shall not invalidate the Notice provided to Tenant. Notwithstanding any other provision in the Ground Lease or this Agreement to the contrary, however, as between Landlord and Subtenant, no time period applicable to Subtenant shall start to run, and no termination as to which Notice from Landlord to Subtenant is required under this Agreement shall occur, unless and until Landlord shall have give the appropriate Notice to Subtenant and the applicable cure periods shall have run.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

"Landlord" "Subtenant"

_____ _____

By:_____ By:_____

Its:_____ Its: _____

Address: Address:

_____ _____
_____ _____
_____ _____

[Attach notary pages]

[Attach legal description]

EXHIBIT E: INTENTIONALLY OMITTED

EXHIBIT F: INTENTIONALLY OMITTED

EXHIBIT G: FORM OF MEMORANDUM OF LEASE

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

_____

_____

_____

Attention: _____

(Space Above For Recorder's Use)

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE ("**Memorandum**") is made as of _____, 20__, by and between The City of Los Angeles, a municipal corporation ("**Landlord**") and L.A. Parking Structures, LLC, a Delaware limited liability company ("**Tenant**"). Pursuant to that certain Ground Lease by and between Landlord and Tenant dated _____, 20__ (the "**Lease**"), subject to and in accordance with the terms of such Lease, Landlord leases to Tenant that certain premises (the "**Premises**"), comprised of that certain real property located immediately south of Pico Boulevard and west of Cherry Street in the City of Los Angeles, California, as more particularly described in Exhibit A, together with: (a) all buildings, structures and other improvements, if any, presently located on such land; and (b) the appurtenances of Landlord and all the estate and rights of Landlord in and to such land.

A. *Term.* The Term of the Lease is co-terminus with the term of the "Event Center Ground Lease" (as defined in the Lease), as the same may be extended or renewed.

B. *New Lease.* The Lease requires Landlord to enter into a New Lease, on the same terms as the Lease, with a Qualified Leasehold Mortgagee under circumstances set forth in the Lease. Any such New Lease shall have the same priority as the Lease and shall not be subject to any intervening liens or encumbrances first recorded after this Memorandum of Lease.

C. *Fee Mortgages.* The Lease prohibits subordination of Landlord's Fee Estate to any leasehold mortgage, imposes certain restrictions on Landlord's right to transfer Landlord's Fee Estate, and prohibits Landlord from granting any mortgages encumbering Landlord's Fee Estate.

D. *Leasehold Mortgages.* The Lease imposes certain restrictions on Tenant's right to collaterally assign or transfer Tenant's leasehold estate and requires that certain leasehold mortgages contain certain provisions as more fully set forth therein.

E. *Leasehold Mortgagee Rights in Bankruptcy.* The Lease provides that if the Lease is rejected in a bankruptcy proceeding affecting Landlord: (a) Tenant may not elect to treat the Lease as terminated without the concurrence of all Leasehold Mortgagees whose recorded

Leasehold Mortgages provide that such election requires the Leasehold Mortgagee's consent; and (b) all Leasehold Mortgage liens encumbering the Leasehold Estate before the rejection of the Lease shall remain in full force and effect as to Tenant's continuing possessory rights with respect to the Premises following the rejection, with the same priority as existed before rejection of the Lease.

F. *Conflict.* In the event of any inconsistency between the terms of this Memorandum and the terms of the Lease, the Lease shall control.

"LANDLORD"

CITY OF LOS ANGELES,
a municipal corporation of
the State of California

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:
CARMEN A. TRUTANICH, City Attorney

By: _____
Senior Assistant
City Attorney

DATE: _____

ATTEST:
City Clerk

By: _____
Deputy

DATE: _____

"TENANT"

L.A. PARKING STRUCTURES, LLC, a
Delaware limited liability company

By: _____
Name: _____
Title: _____

LANDLORD'S ACKNOWLEDEMENT

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } *S.S.*

On _____, before me, _____, a Notary Public in and for said County and State, personally appeared, _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

(Notary Seal)

TENANT'S ACKNOWLEDEMENT

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } *S.S.*

On _____, before me, _____, a Notary Public in and for said County and State, personally appeared, _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

(Notary Seal)

EXHIBIT A

LEGAL DESCRIPTION

[to be attached]

EXHIBIT H: FORM OF ESTOPPEL CERTIFICATE

ESTOPPEL CERTIFICATE

TO: [Name(s) of Requesting Party or Third Party(ies)]

DATE:[ ]

RE: Ground Lease (the "Lease") dated [ ] by and between The City of Los Angeles and [_____], a Memorandum of which was recorded at Book [___] , Page [___] in the Official Records of Los Angeles County, State of California.

At the request of _____ ("Requesting Party"), the undersigned ("Certifying Party") certifies that as of the date of this Estoppel Certificate each of the following statements is true with respect to the Lease (all of whose definitions shall apply here), except to the extent, if any, that Certifying Party has identified any exceptions to any such statement in the space following such statement. The Lease affects all that certain real property more particularly described in Schedule A attached hereto.

[NOTE: A FAILURE TO RESPOND TIMELY TO THIS ESTOPPEL CERTIFICATE REQUEST COULD RESULT IN A DEEMED CONFIRMATION OF THE ACCURACY OF THE MATTERS SET FORTH HEREIN.]

1. *Certifying Party; Estate in Premises.* Certifying Party is [Landlord or Tenant, as applicable] under the Lease and has not assigned the [Fee Estate or Leasehold Estate, as applicable] or any right, title or interest therein. **The only exceptions to this statement are as follows (describe in reasonable detail, including date, parties, and nature of interest transferred):**

2. *No Change in Lease.* The Lease, dated the Effective Date, has not been amended, modified, surrendered, cancelled or terminated (whether in writing or pursuant to a purported oral amendment, modification, surrender, cancellation or termination) and is in full force and effect. **The only exceptions to this statement are as follows (identify date of each amendment):**

3. *Dates.* [Commencement of Construction occurred on _____.] Completion of Construction occurred on _____. The Rent Commencement Date occurred on _____.

4. *Term.* The Term will expire on [_____].

5. *No Uncured Defaults.* Certifying Party has not delivered to Requesting Party or any Qualified Leasehold Mortgagee any Notice of Default (other than as to Tenant Defaults or Landlord Defaults that have been cured). To the best of Certifying Party's knowledge, no

uncured Tenant Default or Landlord Default currently exists. To the best of Certifying Party's knowledge, no facts or circumstances exist that, with the passage of time or the giving of notice, would constitute one or more Tenant Default(s) or Landlord Default(s). To the best of Certifying Party's knowledge, Certifying Party is presently entitled to claim no offset against its obligations under the Lease. **The only exceptions to these statements are as follows**:

6. *Payment of Rent*. To the best of Certifying Party's knowledge, Tenant has made all payments of Rent required to have been made through the date of this Estoppel Certificate. **The only exceptions to this statement are as follows**:

7. *No Termination of Lease*. Certifying Party has not commenced any pending action or sent any presently effective Notice to Requesting Party (or received any presently effective Notice from Requesting Party) for the purpose of terminating the Lease. **The only exceptions to this statement are as follows**:

8. *No Certifying Party Bankruptcy*. There are no actions, whether voluntary or otherwise, pending against Certifying Party under the Bankruptcy Laws of the United States. **The only exceptions to this statement are as follows**:

9. *[Landlord: Leasehold Mortgages*. Landlord has, to the best of its knowledge, received Notice of each of the following presently effective Leasehold Mortgages encumbering Tenant's Leasehold Estate. Except as set forth below, each such Leasehold Mortgage is a Qualified Leasehold Mortgagee as defined in the Lease, entitled to the applicable Qualified Leasehold Mortgagee protections under the Lease. **[List Leasehold Mortgages, other than terminated Leasehold Mortgages, including date, holder and amount secured (if known), and any exceptions to the foregoing statements regarding Leasehold Mortgagees:]]**

[Tenant: Leasehold Mortgages. Tenant has entered into the following Leasehold Mortgages. Except as set forth below, all Leasehold Mortgagees making such Leasehold Mortgages have, to the best of Tenant's knowledge, been acknowledged by Landlord to be Qualified Leasehold Mortgagees, entitled to the applicable Qualified Leasehold Mortgagee protections under the Lease: **[List Leasehold Mortgages, other than terminated Leasehold Mortgages, including date, holder and amount secured (if known), and any exceptions to the foregoing statements regarding Leasehold Mortgagees:]]**

10. *Landlord's Representative*. The name and address of Landlord's Representative is as follows:

11. *Tenant's Representative*. The name and address of Tenant's Representative is as follows:

12. *Reliance*. This Estoppel Certificate may be relied upon by the Person(s) to whom it is directed, Requesting Party, any Leasehold Mortgagee, any permitted assignee of the Leasehold Estate, and any title insurance company.

[Certifying Party]

By: _____
Its: _____

Attachments:

Acknowledgments
Schedule A = Survey Description

[Suitable acknowledgment for Certifying Party.]

EXHIBIT I-1: NON-DISCRIMINATION

See attached.

Sec. 10.8. Mandatory Provisions Pertaining to Non-discrimination in Employment in the Performance of City Contracts.

The City of Los Angeles, in letting and awarding contracts for the provision to it or on its behalf of goods or services of any kind or nature, intends to deal only with those contractors that comply with the non-discrimination and Affirmative Action provisions of the laws of the United States of America, the State of California and the City of Los Angeles. The City and each of its awarding authorities, shall therefore require that any person, firm, corporation, partnership or combination thereof, that contracts with the City for services, materials or supplies, shall not discriminate in any of its hiring or employment practices, shall comply with all provisions pertaining to nondiscrimination in hiring and employment, and shall require Affirmative Action Programs in contracts in accordance with the provisions of this Code. The awarding authority and/or Office of Contract Compliance of the Department of Public Works shall monitor and inspect the activities of each such contractor to determine that they are in compliance with the provisions of this chapter.

Although in accordance with Section 22.359 of this Code, the Board of Public Works, Office of Contract Compliance, is responsible for the administration of the City's Contract Compliance Program, accomplishing the intent of the City in contract compliance and achieving nondiscrimination in contractor employment shall be the continuing responsibility of each awarding authority. Each awarding authority shall use only the rules, regulations and forms provided by the Office of Contract Compliance to monitor, inspect or investigate contractor compliance with the provisions of this chapter.

Each awarding authority shall provide immediate notification upon award of each contract by that awarding authority to the Office of Contract Compliance. Each awarding authority shall call upon the Office of Contract Compliance to review, evaluate and recommend on any contractual dispute or issue of noncompliance under the provisions of this chapter. The Office of Contract Compliance shall be notified by each awarding authority of any imminent announcement to bid, to allow the Office of Contract Compliance the opportunity to participate with the awarding authority in the monitoring, review, evaluation, investigation, audit and enforcement of the provisions of this chapter in accordance with the rules, regulations and forms promulgated to implement the City's Contract Compliance, Equal Employment Opportunity Program.

SECTION HISTORY

Based on Ord. No. 132,533, Eff. 7-25-66.

Amended by: Ord. No. 147,030, Eff. 4-28-75; Ord. No. 173,186, Eff. 5-22-00.

Sec. 10.8.1. Definitions.

The following definitions shall apply to the following terms used in this article:

"**Awarding Authority**" means any Board or Commission of the City of Los Angeles, or any authorized employee or officer of the City of Los Angeles, including the Purchasing Agent of the City of Los Angeles, who makes or enters into any contract or agreement for the provision of any goods or services of any kind or nature whatsoever for or on behalf of the City of Los Angeles.

"**Contract**" means any agreement, franchise, lease, or concession, including

agreements for any occasional professional or technical personal services, for the performance of any work or service, the provision of any materials or supplies, or the rendition 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.

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

"**Domestic partners**" means, for purposes of this Article, any two adults, of the same or different sex, who have registered with a governmental entity pursuant to state or local law authorizing this registration or with a internal registry maintained by an employer of at least one of the domestic partners.

"**Employment Practices**" means any solicitation of, or advertisement for, employees, employment, change in grade or work assignment, assignment or change in place or location of work, layoff, suspension, or termination of employees, rate of pay or other form of compensation including vacation, sick and compensatory time, selection for training, including apprenticeship programs, any and all employee benefits and activities, promotion and upgrading, and any and all actions taken to discipline employees for infractions of work rules or employer requirements.

"**Office of Contract Compliance**" is that office of the Department of Public Works of the City of Los Angeles created by Article X of Chapter 13 of Division 22 of the Los Angeles Administrative Code.

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

SECTION HISTORY

Amended by: Ord. No. 147,030, Eff. 4-28-75; "Affirmative Action," Ord. No. 164,516, Eff. 4-13-89; "Affirmative Action," Ord. No. 168,244, Eff. 10-18-92; "Domestic partners" added, Ord. No. 172,909, Eff. 1-9-00; first two definitions deleted, Ord. No. 173,186, Eff. 5-22-00; "Domestic partners," Ord. No. 175,115, Eff. 4-12-03.

Sec. 10.8.1.1. Summary of Thresholds.

The following thresholds will be used to determine the non-discrimination and affirmative action requirements set forth in this chapter for each type of contract.

Non-discrimination Practices as outlined in Section 10.8.2 of this Code, apply to all contracts.

Equal Employment Practices as outlined in Section 10.8.3 of this Code, apply to all construction contracts of $1,000 or more and all non-construction contracts of $1;000 or more.

Affirmative Action Program as outlined in Sections 10.8.4 and 10.13 of this Code, applies to all Construction Contracts of $5,000 or more and all non-Construction Contracts of $100,000 or more.

SECTION HISTORY

Added by Ord. No. 173,186, Eff. 5-22-00.

Sec. 10.8.2. All Contracts: Non-discrimination Clause.

Notwithstanding any other provision of any ordinance of the City of Los Angeles to the contrary, every contract which is let, awarded or entered into with or on behalf of the City of Los Angeles, shall contain by insertion therein a provision obligating the contractor in the performance of such contract not to discriminate in his or her employment practices against any employee or applicant for employment because of the applicant's race, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status, or medical condition. All contractors who enter into such contracts with the City shall include a like provision in all subcontracts awarded for work to be performed under the contract with the City. Failure of the contractor to comply with this requirement or to obtain the compliance of its subcontractors with such obligations shall subject the contractor to the imposition of any and all sanctions allowed by law, including but not limited to termination of the contractor's contract with the City.

SECTION HISTORY

Amended by: Ord. No. 147,030, Eff. 4-28-75; Ord. No. 164,516, Eff. 4-13-89; Ord. No. 168,244, Eff. 10-18-92; Title and Sec., Ord. No. 172,910, Eff. 1-9-00; Title and Section, Ord. No. 173,186, Eff. 5-22-00.

Sec. 10.8.2.1. Equal Benefits Ordinance.

(a) **Legislative Findings.** The City awards many contracts to private firms to provide services to the public and to City government. Many City contractors and subcontractors perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City holds a proprietary interest in the work performed by many employees employed by City 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 these businesses.

Discrimination in the provision of employee benefits between employees with domestic partners and employees with spouses results in unequal pay for equal work. Los Angeles law prohibits entities doing business with the City from discriminating in employment practices based on marital status and/or sexual orientation. The City's departments and contracting agents are required to place in all City contracts a provision that the company choosing to do business with the City agrees to comply with the City's nondiscrimination laws.

It is the City's intent, through the contracting practices outlined in this Ordinance, to assure that those companies wanting to do business with the City will equalize the total compensation between similarly situated employees with spouses and with domestic partners. The provisions of this Ordinance are designed to ensure that the City's contractors will maintain a competitive advantage in recruiting and retaining capable employees, thereby improving the quality of the goods and services the City and its people receive, and ensuring protection of the City's property.

(b) **Definitions.** For purposes of the Equal Benefits Ordinance only, the following

shall apply.

(1) **Awarding Authority** means any Board or Commission of the City, or any employee or officer of the City, that is authorized to award or enter into any Contract, as defined in this ordinance, on behalf of the City, and shall include departments having control of their own funds and which adopt policies consonant with the provisions of the Equal Benefits Ordinance.

(2) **Benefits** means any plan, program or policy provided or offered by a Contractor to its employees as part of the employer's total compensation package. This includes but is not limited to the following types of benefits: bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits, and travel benefits.

(3) **Cash Equivalent** means the amount of money paid to an employee with a Domestic Partner (or spouse, if applicable) in lieu of providing Benefits to the employee's Domestic Partner (or spouse, if applicable). The Cash Equivalent is equal to the direct expense to the employer of providing Benefits to an employee for his or her Domestic Partner (or spouse, if applicable) or the direct expense to the employer of providing Benefits for the dependents and family members of an employee with a Domestic Partner (or spouse, if applicable).

(4) **City** means the City of Los Angeles.

(5) **Contract** means an agreement the value of which exceeds $5,000. It includes agreements for work or services to or for the City, for public works or improvements to be performed, agreements for the purchase of goods, equipment, materials, or supplies, or grants to be provided, at the expense of the City or to be paid out of monies under the control of the City. The term also includes a Lease or License, as defined in the Equal Benefits Ordinance.

(6) **Contractor** means any person or persons, firm, partnership, corporation, joint venture, or any combination of these, or any governmental entity acting in its proprietary capacity, that enters into a Contract with any Awarding Authority of the City. The term does not include Subcontractors.

(7) **Designated Administrative Agency (DAA)** means the Department of Public Works, Bureau of Contract Administration.

(8) **Domestic Partner** means any two adults, of the same or different sex, who have registered as domestic partners with a governmental entity pursuant to state or local law authorizing this registration or with an internal registry maintained by the employer of at least one of the domestic partners.

(9) **Equal Benefits Ordinance** means Los Angeles Administrative Code Section 10.8.2.1, *et seq.*, as amended from time to time.

(10) **Equal Benefits** means the equality of benefits between employees with spouses and employees with Domestic Partners, between spouses of employees and Domestic Partners of employees, and between dependents and family members of spouses and dependents and family members of Domestic Partners.

(11) **Lease** or **License** means any agreement allowing others to use property owned or controlled by the City, any agreement allowing others the use of City property in order to provide services to or for the City, such as for concession agreements, and any agreement allowing the City to use property owned or controlled by others.

(12) **Subcontractor** means any person or persons, firm, partnership, corporation, joint venture, or any combination of these, and any governmental entity, that assists the Contractor in performing or fulfilling the terms of the Contract. Subcontractors are not subject to the requirements of the Equal Benefits Ordinance unless they otherwise have a Contract directly with the City.

(c) **Equal Benefits Requirements.**

(1) No Awarding Authority of the City shall execute or amend any Contract with any Contractor that discriminates in the provision of Benefits between employees with spouses and employees with Domestic Partners, between spouses of employees and Domestic Partners of employees, and between dependents and family members of spouses and dependents and family members of Domestic Partners.

(2) A Contractor must permit access to, and upon request, must provide certified copies of all of its records pertaining to its Benefits policies and its employment policies and practices to the DAA, for the purpose of investigation or to ascertain compliance with the Equal Benefits Ordinance.

(3) A Contractor must post a copy of the following statement in conspicuous places at its place of business available to employees and applicants for employment: "During the performance of a Contract with the City of Los Angeles, the Contractor will provide equal benefits to its employees with spouses and its employees with domestic partners." The posted statement must also include a City contact telephone number which will be provided each Contractor when the Contract is executed.

(4) A Contractor must not set up or use its contracting entity for the purpose of evading the requirements imposed by the Equal Benefits Ordinance.

(d) **Other Options for Compliance.** Provided that the Contractor does not discriminate in the provision of Benefits, a Contractor may also comply with the Equal Benefits Ordinance in the following ways:

(1) A Contractor may provide an employee with the Cash Equivalent only if the DAA determines that either:

a. The Contractor has made a reasonable, yet unsuccessful effort to provide Equal Benefits; or

b. Under the circumstances, it would be unreasonable to require the Contractor to provide Benefits to the Domestic Partner (or spouse, if applicable).

(2) Allow each employee to designate a legally domiciled member of the employee's household as being eligible for spousal equivalent Benefits.

(3) Provide Benefits neither to employees' spouses nor to employees' Domestic Partners.

(e) **Applicability.**

(1) Unless otherwise exempt, a Contractor is subject to and shall comply with all applicable provisions of the Equal Benefits Ordinance.

(2) The requirements of the Equal Benefits Ordinance shall apply to a Contractor's operations as follows:

a. A Contractor's operations located within the City limits, regardless of whether there are employees at those locations performing work on the Contract.

b. A Contractor's operations on real property located outside of the City limits if the property is owned by the City or the City has a right to occupy the property, and if the Contractor's presence at or on that property is connected to a Contract with the City.

c. The Contractor's employees located elsewhere in the United States but outside of the City limits if those employees are performing work on the City Contract.

(3) The requirements of the Equal Benefits Ordinance do not apply to collective bargaining agreements ("CBA") in effect prior to January 1, 2000. The Contractor must agree to propose to its union that the requirements of the Equal Benefits Ordinance be incorporated into its CBA upon amendment, extension, or other modification of a CBA occurring after January 1, 2000.

(f) **Mandatory Contract Provisions Pertaining to Equal Benefits.** Unless otherwise exempted, every Contract shall contain language that obligates the Contractor to comply with the applicable provisions of the Equal Benefits Ordinance. The language shall include provisions for the following:

(1) During the performance of the Contract, the Contractor certifies and represents that the Contractor will comply with the Equal Benefits Ordinance.

(2) The failure of the Contractor to comply with the Equal Benefits Ordinance will be deemed to be a material breach of the Contract by the Awarding Authority.

(3) If the Contractor fails to comply with the Equal Benefits Ordinance the Awarding Authority may cancel, terminate or suspend the Contract, in whole or in part, and all monies due or to become due under the Contract may be retained by the City. The City may also pursue any and all other remedies at law or in equity for any breach.

(4) Failure to comply with the Equal Benefits Ordinance may be used as evidence against the Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, *et seq.*, Contractor Responsibility Ordinance.

(5) If the DAA determines that a Contractor has set up or used its Contracting entity for the purpose of evading the intent of the Equal Benefits

Ordinance, the Awarding Authority may terminate the Contract on behalf of the City. Violation of this provision may be used as evidence against the Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, *et seq.*, Contractor Responsibility Ordinance.

(g) **Administration.**

(1) The DAA is responsible for the enforcement of the Equal Benefits Ordinance for all City Contracts. Each Awarding Authority shall cooperate to the fullest extent with the DAA in its enforcement activities.

(2) In enforcing the requirements of the Equal Benefits Ordinance, the DAA may monitor, inspect, and investigate to insure that the Contractor is acting in compliance with the Equal Benefits Ordinance.

(3) The DAA shall promulgate rules and regulations and forms for the implementation of the Equal Benefits Ordinance. No other rules, regulations or forms may be used by an Awarding Authority of the City to accomplish this contract compliance program.

(h) **Enforcement.**

(1) If the Contractor fails to comply with the Equal Benefits Ordinance:

a. The failure to comply may be deemed to be a material breach of the Contract by the Awarding Authority; or

b. The Awarding Authority may cancel, terminate or suspend, in whole or in part, the contract; or

c. Monies due or to become due under the Contract may be retained by the City until compliance is achieved;

d. The City may also pursue any and all other remedies at law or in equity for any breach.

e. The City may use failure to comply with the Equal Benefits Ordinance as evidence against the Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, *et seq.*, Contractor Responsibility Ordinance.

(i) **Non-applicability, Exceptions and Waivers.**

(1) Upon request of the Awarding Authority, the DAA may waive compliance with the Equal Benefits Ordinance under the following circumstances:

a. The Contract is for the use of City property, and there is only one prospective Contractor willing to enter into the Contract; or

b. The Contract is for needed goods, services, construction of a public work or improvement, or interest in or right to use real property that is available only from a single prospective Contractor, and that prospective Contractor is otherwise qualified and acceptable to the City; or

c. The Contract is necessary to respond to an emergency that endangers the public health or safety, and no entity which complies with

the requirements of the Equal Benefits Ordinance capable of responding to the emergency is immediately available; or

d. The City Attorney certifies in writing that the Contract involves specialized litigation requirements such that it would be in the best interests of the City to waive the requirements of the Equal Benefits Ordinance; or

e. The Contract is (i) with a public entity; (ii) for goods, services, construction of a public work or improvement, or interest in or right to use real property; and (iii) that is either not available from another source, or is necessary to serve a substantial public interest. A Contract for interest in or the right to use real property shall not be considered as not being available from another source unless there is no other site of comparable quality or accessibility available from another source; or

f. The requirements of the Equal Benefits Ordinance will violate or are inconsistent with the terms or conditions of a grant, subvention or agreement with a public agency or the instructions of an authorized representative of the agency with respect to the grant, subvention or agreement, provided that the Awarding Authority has made a good faith attempt to change the terms or conditions of the grant, subvention or agreement to authorize application of the Equal Benefits Ordinance; or

g. The Contract is for goods, a service or a project that is essential to the City or City residents and there are no qualified responsive bidders or prospective Contractors who could be certified as being in compliance with the requirements of the Equal Benefits Ordinance; or

h. The Contract involves bulk purchasing arrangements through City, federal, state or regional entities that actually reduce the City's purchasing costs and would be in the best interests of the City.

(2) The Equal Benefits Ordinance does not apply to contracts which involve:

a. The investment of trust monies, bond proceeds or agreements relating to the management of these funds, indentures, security enhancement agreements (including, but not limited to, liquidity agreements, letters of credit, bond insurance) for City tax-exempt and taxable financings, deposits of City's surplus funds in financial institutions, the investment of City monies in competitively bid investment agreements, the investment of City monies in securities permitted under the California State Government Code and/or the City's investment policy, investment agreements, repurchase agreements, City monies invested in U.S. government securities or pre-existing investment agreements;

b. Contracts involving City monies in which the Treasurer or the City Administrative Officer finds that either:

(i) No person, entity or financial institution doing business in the City, which is in compliance with the Equal Benefits Ordinance, is capable of performing the desired transaction(s); or

(ii) The City will incur a financial loss or forego a financial benefit which in the opinion of the Treasurer or City Administrative Officer would violate his or her fiduciary duties.

(3) The Equal Benefits Ordinance does not apply to contracts for gifts to the City.

(4) Nothing in this Subsection shall limit the right of the City to waive the provisions of the Equal Benefits Ordinance.

(5) The provisions of this Subsection shall apply to the Equal Benefits Ordinance only. The Equal Benefits Ordinance is not subject to the exemptions provided in Section 10.9 of this Code.

(j) **Consistency with Federal or State Law.** The provisions of the Equal Benefits Ordinance do not apply where the application of these provisions would violate or be inconsistent with the laws, rules or regulations federal or state law, or where the application would violate or be inconsistent with the terms or conditions of a grant or contract with the United States of America, the State of California, or the instruction of an authorized representative of any of these agencies with respect to any grant or contract.

(k) **Severability.** If any provision of the Equal Benefits Ordinance is declared legally invalid by any court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

(l) **Timing of Application.**

(1) The requirements of the Equal Benefits Ordinance shall not apply to Contracts executed or amended prior to January 1, 2000, or to bid packages advertised and made available to the public, or any bids received by the City, prior to January 1, 2000, unless and until those Contracts are amended after January 1, 2000 and would otherwise be subject to the Equal Benefits Ordinance.

(2) The requirements of the Equal Benefits Ordinance shall apply to competitively bid Contracts that are amended after April 1, 2003, and to competitively bid Contracts that result from bid packages advertised and made available to the public after May 1, 2003.

(3) Unless otherwise exempt, the Equal Benefits Ordinance applies to any agreement executed or amended after January 1, 2000, that meets the definition of a Contract as defined within Subsection 10.8.2.1(b).

SECTION HISTORY

Added by Ord. No. 172,908, Eff. 1-9-00.

Amended by: Ord. No. 173,054, Eff. 2-27-00; Ord. No. 173,058, Eff. 3-4-00; Ord. No. 173,142, Eff. 3-30-00; Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 175,115, Eff. 4-12-03; Subsec. (b)(7), Ord. No. 176,155, Eff. 9-22-04.

Sec. 10.8.3. Equal Employment Practices Provisions.

Every non-construction contract with or on behalf of the City of Los Angeles for which the consideration is $1,000 or more, and every construction contract for which the consideration is $1,000 or more, shall contain the following provisions, which shall be

designated as the **EQUAL EMPLOYMENT PRACTICES** provision of such contract:

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

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

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

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

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

C. As part of the City's supplier registration process, and/or at the request of the awarding authority, or the Board of Public Works, Office of Contract Compliance, the contractor shall certify in the specified format that he or she has not discriminated in the performance of City contracts against any employee or applicant for employment on the basis or because of race, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

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

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

F. Upon a finding duly made that the contractor has failed to comply with the Equal Employment Practices provisions of a City contract, the contract may

be forthwith canceled, terminated or suspended, in whole or in part, by the awarding authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, such failure to comply may be the basis for a determination by the awarding authority or the Board of Public Works that the said contractor is an irresponsible bidder or proposer pursuant to the provisions of Section 371 of the Charter of the City of Los Angeles. In the event of such a determination, such contractor shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two years, or until the contractor shall establish and carry out a program in conformance with the provisions hereof.

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

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

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

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

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

1. Hiring practices;

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

3. Training and promotional opportunities; and

4. Reasonable accommodations for persons with disabilities.

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

SECTION HISTORY

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

Sec. 10.8.4. Affirmative Action Program Provisions.

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

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

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

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

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

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

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

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

E. The failure of any contractor to comply with the Affirmative Action

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

F. Upon a finding duly made that the contractor has breached the Affirmative Action Program provisions of a City contract, the contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the awarding authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, such breach may be the basis for a determination by the awarding authority or the Board of Public Works that the said contractor is an irresponsible bidder or proposer pursuant to the provisions of Section 371 of the Los Angeles City Charter. In the event of such determination, such contractor shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two years, or until he or she shall establish and carry out a program in conformance with the provisions hereof.

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

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

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

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

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

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

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

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

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

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

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

2. Classroom preparation for the job when not apprenticeable;

3. Pre-apprenticeship education and preparation;

4. Upgrading training and opportunities;

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

6. The entry of qualified women, minority and all other journeymen

into the industry; and

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

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

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

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

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

SECTION HISTORY

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

Sec. 10.8.5. Notice of Bid Announcement.

Each awarding authority shall be responsible for giving notice to all prospective bidders of the requirements of this section and when requested by the Office of Contract Compliance, to give the Office of Contract Compliance notice of each contract proposed to be put to public bid or otherwise awarded and if requested shall provide a copy of the bid package to the Office of Contract Compliance for approval. The Office of Contract Compliance shall have a maximum of fifteen (15) calendar days after receipt of notice of imminent announcement for bid to approve the bid package and to advise the awarding authority of its participation in the contract. Lack of response by the Office of Contract Compliance shall not remove any responsibility of the awarding authority to comply with the requirements of this division.

SECTION HISTORY

Amended by Ord. No. 147,030, Eff. 4-28-75.

Sec. 10.8.6. Exemptions.

Exempt from application of Section 10.8 through 10.8.4 of this article are cases of urgent necessity, as provided in Section 371 of the Charter of the City of Los Angeles, and as provided in Section 10.9 (a), (b), and (d) of this article.

SECTION HISTORY

Added by Ord. No. 147,030, Eff. 4-28-75.

Amended by: Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00.

Sec. 10.8.7. Interpretation of "Disability" and "Medical Condition."

The terms "**disability**" and "**medical condition**" as used in this chapter shall be interpreted and construed as they are by federal and State law.

SECTION HISTORY

Added by Ord. No. 168,244, Eff. 10-18-92.

Amended by: Title and Section, Ord. No. 173,186, Eff. 5-22-00.

EXHIBIT I-2: CHILD SUPPORT ORDERS

See attached.

Sec. 10.10. Child Support Assignment Orders.

a. **Definitions.**

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

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

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

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

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

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

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

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

d. **Current Contractor Compliance.** Within 30 days of the operative date of this

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

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

f. **Report of Employees' Names to District Attorney.**

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

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

SECTION HISTORY

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

EXHIBIT I-3: SERVICE CONTRACT WORKER RETENTION

See attached.

ARTICLE 10
SERVICE CONTRACTOR WORKER RETENTION

Section

10.36 Findings and Statement of Policy.

10.36.1 Definitions.

10.36.2 Transition Employment Period.

10.36.3 Enforcement.

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

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

10.36.6 Expenditures Covered by this Article.

10.36.7 Timing of Application of Ordinances Adding and Then Amending this Article.

10.36.8 Promulgation of Implementing Rules.

10.36.9 Severability.

Sec. 10.36. Findings and Statement of Policy.

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

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

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

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

Retaining existing service workers when a change in contractors occurs reduces the

likelihood of labor disputes and disruptions. The reduction of the likelihood of labor disputes and disruptions results in the assured continuity of services to citizens who receive services provided by the City or by City financed or assisted projects.

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

SECTION HISTORY

Article and Section Added by Ord. No. 170,784, Eff. 1-13-96.

Amended by: Article and Section, Ord. No. 171,004, Eff. 5-18-96.

Sec. 10.36.1. Definitions.

The following definitions shall apply throughout this article:

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

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

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

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

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

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

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

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

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

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

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

SECTION HISTORY

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

Amended by: Ord. No. 171,004, Eff. 5-18-96; Subsec. (c), Ord. No. 172,843, Eff. 11-4-99; Subsec. (j) added, Ord. No. 176,155, Eff. 9-22-04; Subsec. (j), Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04.

Sec. 10.36.2. Transition Employment Period.

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

end of the ten (10)-day period, the employment information referred to earlier in this subsection shall be provided to the awarding authority at such time. Where a subcontract of a service contract has been terminated prior to the termination of the service contract, the terminated subcontractor shall for purposes of this article be deemed a terminated contractor.

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

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

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

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

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

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

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

successor contractor shall hire additional employees.

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

SECTION HISTORY

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

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

Sec. 10.36.3. Enforcement.

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

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

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

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

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

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

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

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

SECTION HISTORY

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

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

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

An awarding authority shall upon application by a contractor or subcontractor exempt from the requirements of this article a person employed by the contractor or subcontractor continuously for at least twelve (12) months prior to the commencement of the successor service contract or subcontract who is proposed to work on such contract or

subcontract as an employee in a capacity similar to such prior employment, where the application demonstrates that (a) the person would otherwise be laid off work and (b) his or her retention would appear to be helpful to the contractor or subcontractor in performing the successor contract or subcontract. Once a person so exempted commences work under a service contract or subcontract, he or she shall be deemed an employee as defined in Section 10.36.1(e) of this Code.

SECTION HISTORY

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

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

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

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

SECTION HISTORY

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

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

Sec. 10.36.6. Expenditures Covered by this Article.

This article shall apply to the expenditure, whether through service contracts let by the City or by its financial assistance recipients, of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds. City financial assistance recipients shall apply this article to the expenditure of non-City funds for service contracts to be performed in the City by complying themselves with § 10.36.2(g) and by contractually requiring their service contractors to comply with this article. Such requirement shall be imposed by the recipient until the City financial assistance has been fully expended.

SECTION HISTORY

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

Amended by: Ord. No. 172,337, Eff. 1-14-99; Ord. No. 172,843, Eff. 11-4-99.

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

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

SECTION HISTORY

Added by Ord. No. 170,784, 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 DAA shall promulgate rules for implementation of this article and otherwise coordinate administration of the requirements of this article.

SECTION HISTORY

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

Amended by: Ord. No. 176,155, Eff. 9-22-04; Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04.

Sec. 10.36.9. Severability.

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

SECTION HISTORY

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

EXHIBIT I-4: LIVING WAGE

See attached.

ARTICLE 11
LIVING WAGE

Section

10.37 Legislative Findings.

10.37.1 Definitions.

10.37.2 Payment of Minimum Compensation to Employees.

10.37.3 Health Benefits.

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

10.37.5 Retaliation Prohibited.

10.37.6 Enforcement.

10.37.7 Administration.

10.37.8 Exclusion of Service Contracts from Competitive Bidding Requirement.

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

10.37.10 Expenditures Covered.

10.37.11 Timing of Application.

10.37.12 Supersession by Collective Bargaining Agreement.

10.37.13 Liberal Interpretation of Coverage; Rebuttable Presumption of Coverage.

10.37.14 Severability.

Sec. 10.37. Legislative Findings.

The City awards many contracts to private firms to provide services to the public and to City government. Many lessees or licensees of City property perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City also provides financial assistance and funding to 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 which such grant programs are established.

Experience indicates that procurement by contract of services has all too often resulted in the payment by service contractors to their employees of wages at or slightly above the minimum required by federal and state minimum wage laws. 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 assistance 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 meant to cover all such employees not expressly exempted.

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

SECTION HISTORY

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

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.

Sec. 10.37.1. Definitions.

The following definitions shall apply throughout this article:

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

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

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

(d) "**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.

(e) "**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.

(f) "**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. Sections 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 of existence, in which case the exemption shall last for one (1) year,

(2) it employs fewer than five (5) employees for each working day in each of twenty (20) or more calendar weeks in the current or preceding calendar year, or

(3) it obtains a waiver as provided herein.

A recipient - who employs the long-term unemployed or provides trainee positions intended to prepare employees for permanent positions, and who claims that compliance with this article would cause an economic hardship - may apply in writing to the City department or office administering such assistance, which department or office which shall forward such application and its recommended action on it to the City Council. Waivers shall be effected by Council resolution.

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

(1) a service contract with the City,

(2) a service contract with a proprietary lessee or licensee or sublessee 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 (i).*

*Technical correction due to re-lettering of subsections: "Subsection (f)" corrected to "Subsection (i)".

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

(i) "**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; or

(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.

(j) "**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.

(k) "**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.

(l) "**Public lease or license**".

(a) Except as provided in (l)(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:

*Technical correction due to re-lettering of subsections: "(i)(b)" corrected to "(l)(b)".

(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 seven (7) people if the company's entire workforce worked an average of no more than one thousand two-hundred fourteen (1,214) hours per month for at least three-fourths (3/4) of the time period that the revenue limitation is measured;

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

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

(m) "**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.

(n) "**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 proprietary 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 (i).*

*Technical correction due to re-lettering of subsections: "Subsection (f)" corrected to "Subsection (i)".

(o) "**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

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

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (e), Ord. No. 176,155, Eff. 9-22-04; Subsec. (e), Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; Subsecs. (a) through (l) re-lettered (d) through (o), respectively and new Subsecs. (a), (b), and (c) added, Ord. No. 180,877, Eff. 10-19-09.

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 without health benefits. With the annual adjustment effective July 1, 2009, together with all previous annual adjustments as provided by this subsection, such rates are ten dollars and thirty cents ($10.30) per hour with health benefits or, if health benefits are not provided, then fourteen dollars and eighty cents ($14.80) per hour for Airport Employees and eleven dollars and fifty-five cents ($11.55) per hour for all other Employees. The hourly rate with health benefits to be paid to all Employees and the hourly rate without health benefits to be paid to Airport Employees shall be adjusted annually to correspond with adjustments, if any, to retirement benefits paid to members of the Los Angeles City Employees Retirement System (LACERS), made by the CERS Board of Administration under § 4.1040. The Office of Administrative and Research Services shall so advise the DAA of any such change by June 1 of each year and of the required new hourly rates, if any. On the basis of such report, the DAA shall publish a bulletin announcing the adjusted rates, which shall take effect upon such publication.

(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

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

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (a), Ord. No. 173,285,

Eff. 6-26-00, Oper. 7-1-00; Subsec. (a), Ord. No. 180,877, Eff. 10-19-09.

Sec. 10.37.3. Health Benefits.

(a) **Health Benefits.** The health benefits required by this article shall consist of the payment of at least four dollars and fifty cents ($4.50) per hour by Airport Employers and at least one dollar and twenty-five cents ($1.25) per hour by all other Employers towards the provision of health care benefits for Employees and their dependents. Proof of the provision of such benefits must be submitted to the awarding authority to qualify for the wage rate in Section 10.37(a) for Employees with health benefits. Airport Employees cannot waive the health benefits offered by an Airport Employer when the Airport Employer does not require an out-of-pocket contribution by the Airport Employee. Consistent with and as shall be reflected in the hourly rates payable to Airport Employees as provided in 10.37.2(a) above, the amount of payment for health benefits by Airport Employers shall be adjusted annually to correspond with adjustments, if any, to retirement benefits paid to members of the Los Angeles City Employees Retirement System (LACERS), made by the CERS Board of Administration under § 4.1040. The Office of Administrative and Research Services shall so advise the DAA of any such change by June 1 of each year and of the required new hourly payments, if any. On the basis of such report, the DAA shall publish a bulletin announcing the adjusted payment, which shall take effect upon such publication.

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

SECTION HISTORY

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

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 180,877, Eff. 10-19-09.

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 Section 32 of the Internal Revenue Code of 1954, 26 U.S.C. Section 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

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

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

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.

Sec. 10.37.6. Enforcement.

(a) An employee claiming violation of this article may bring an action in the Municipal Court or Superior Court of the State of California, as appropriate, against an employer and may be awarded:

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

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

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

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

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

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

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

(1) Request the awarding authority to declare a material breach of the service contract, public lease or license, or financial assistance agreement and exercise its contractual remedies thereunder, which are to include, but not be limited to, termination of the service contract, public lease or license, or financial assistance agreement and the return of monies paid by the City for services not yet rendered.

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

to the extent permitted by, and under whatever procedures may be required by, law.

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

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

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

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

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

SECTION HISTORY

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

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (d), Para. (1), Ord. No. 173,747, Eff. 2-24-01.

Sec. 10.37.7. Administration.

The City Council shall by resolution designate a department or office, which shall promulgate rules for implementation of this article and otherwise coordinate administration of the requirements of this article ("**designated administrative agency**" - DAA). The DAA shall monitor compliance, including the investigation of claimed violations, and shall promulgate implementing regulations consistent with this article. The DAA shall also issue determinations that persons are City financial assistance recipients, that particular contracts shall be regarded as "**service contracts**" for purposes of Section 10.37.1(j), and that particular leases and licenses shall be regarded as "**public leases**" or "**public licenses**" for purposes of Section 10.37.1(i), when it receives an application for a determination of non-coverage or exemption as provided for in Section 10.37.13. The DAA shall also establish employer reporting requirements on employee compensation and on notification about and usage of the federal Earned Income Credit referred to in Section 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 Office of Administrative and Research Services 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

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

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; Ord. No. 173,747, Eff. 2-24-01.

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 Section 372 shall not be applicable to service contracts.

SECTION HISTORY

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

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00.

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

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

SECTION HISTORY

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

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.

Sec. 10.37.10. Expenditures Covered.

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

SECTION HISTORY

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

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.

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, public 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, public 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.

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

SECTION HISTORY

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

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (b), Subsec. (c) Added, Ord. No. 173,747, Eff. 2-24-01; Subsec. (d) Added, Ord. No. 180,877, Eff. 10-19-09.

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

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

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99.

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

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

Added by Ord. No. 172,336, Eff. 1-14-99.

Amended by: Ord. No. 173,747, Eff. 2-24-01.

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

Added by Ord. No. 172,336, Eff. 1-14-99.

EXHIBIT I-5: CONTRACTOR RESPONSIBILITY

See attached.

ARTICLE 14
CONTRACTOR RESPONSIBILITY PROGRAM

Section

10.40 Purpose.

10.40.1 Definitions.

10.40.2 Determination of Contractor Responsibility.

10.40.3 Compliance with All Laws.

10.40.4 Exemptions.

10.40.5 Administration.

10.40.6 Enforcement.

10.40.7 Application of this Article.

10.40.8 Consistency with Federal or State Law.

10.40.9 Severability.

Sec. 10.40. Purpose.

Each year the City spends millions of dollars contracting for the delivery of products and services from private sector contractors. The prudent expenditure of public dollars requires that the City's procurement process result in the selection of qualified and responsible contractors who have the capability to perform the contract. Further, 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 a variety of purposes. The City expends grant funds under programs created by federal and state government. The City intends that the procurement procedures set forth in this article guide the expenditure of federal and state grant funds to the extent permitted by federal or state procurement regulations.

SECTION HISTORY

Article and Section Added by Ord. No. 173,677, Eff. 1-14-01.

Sec. 10.40.1. Definitions.

(a) "**Awarding Authority**" means any Board or Commission of the City of Los Angeles, or any employee or officer of the City of Los Angeles, that is authorized to award or enter into any contract as defined herein, on behalf of the City of Los Angeles, and shall include departments having control of their own funds and which adopt policies consonant with the provisions of this article.

(b) "**Contract**" means any agreement for the performance of any work or service, the provision of any goods, equipment, materials or supplies, or the rendition of any service to the City or to the public, or the grant of City financial assistance or a public lease or license, which is let, awarded or entered into by or on behalf of the City of Los Angeles. Contracts for services and for purchasing goods and products that involve a value in excess of twenty-five thousand dollars ($25,000) and a term in excess of three

months are covered by this Article. Construction contracts are covered by this Article without regard to contract amount and term.

(c) "**Contractor**" means any person, firm, corporation, partnership, association or any combination thereof, which enters into a Contract with any awarding authority of the City of Los Angeles and includes a recipient of City financial assistance and a public lessee or licensee.

(d) "**Subcontractor**" means any person not an employee who enters into a contract with a contractor to assist the contractor in performing a contract, including 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. The term subcontractor does not include vendors or suppliers to City purchasing contractors, unless the purchasing contract is for the purchase of garments such as uniforms or other apparel.

(e) "**Bidder**" means any person or entity that applies for any contract whether or not the application process is through an Invitation for Bid, Request for Proposal, Request for Qualifications or other procurement process.

(f) "**Bid**" means any application submitted by a bidder in response to an Invitation for Bid, Request for Proposal or Request for Qualifications or other procurement process.

(g) "**Invitation for Bid**" means the process through which the City solicits Bids including Requests for Proposals and Requests for Qualifications.

(h) "**City Financial Assistance Recipient**" means any person who receives from the City discrete financial assistance in the amount of One Hundred Thousand Dollars ($100,000.00) or more for economic development or job growth expressly articulated and identified by the City, as contrasted with generalized financial assistance such as through tax legislation.

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

(i) "**Public Lease or License**" means a lease or license of City property as defined in the Living Wage Ordinance, Section 10.37 et seq. of Article 11, Chapter 1 of Division 10 of the Los Angeles Administrative Code.

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

SECTION HISTORY

Added by Ord. No. 173,677, Eff. 1-14-01.

Amended by: Subsec. (j), Ord. No. 176,155, Eff. 9-22-04; Subsec. (j), Ord. No. 176,283,

Eff. 12-25-04, Oper. 9-22-04; Subsec. (b), Ord. No. 176,292, Eff. 1-1-05.

Sec. 10.40.2. Determination of Contractor Responsibility.

(a) Prior to awarding a contract, the City shall make a determination that the prospective contractor is one that has the necessary quality, fitness and capacity to perform the work set forth in the contract. Responsibility will be determined by each awarding authority from reliable information concerning a number of criteria, including but not limited to: management expertise; technical qualifications; experience; organization, material, equipment and facilities necessary to perform the work; financial resources; satisfactory performance of other contracts; satisfactory record of compliance with relevant laws and regulations; and satisfactory record of business integrity.

(b) Every bidder for a City contract must complete and submit with its bid a questionnaire developed by the DAA which will provide information the awarding authority needs in order to determine if the bidder meets the criteria set forth in Paragraph (a) of this section. If no bid is required, the prospective contractor must submit a questionnaire. The response to the questionnaire must be signed under penalty of perjury. If, after execution of a contract, the City learns that the contractor submitted false information on the questionnaire, the City may terminate the contract and pursue the remedies set forth in Section 10.40.6 of this article. The contractor shall be obligated to update its responses to the questionnaire during the term of the contract within thirty calendar days after any change to the responses previously provided if such change would affect contractor's fitness and ability to continue performing the contract. The City may consider failure of the contractor to update the questionnaire with this information as a material breach of the contract and invoke the remedies set forth in Section 10.40.6 of this article.

(c) Questionnaires will be public records and information contained therein will be available for public review, except to the extent that such information is exempt from disclosure pursuant to applicable law. The awarding authority may rely on responses to the questionnaire, information from compliance and regulatory agencies and/or independent investigation to determine bidder responsibility.

(d) Before being declared non-responsible, a bidder shall be notified of the proposed determination of non-responsibility, served with a summary of the information upon which the awarding authority is relying and provided with an opportunity to be heard in accordance with applicable law. At the responsibility hearing, the bidder will be allowed to rebut adverse information and to present evidence that it has the necessary quality, fitness and capacity to perform the work. The bidder must exercise its right to request a hearing within five calendar days after receipt of such notice. Failure to submit a written request for a hearing within the time frame set forth in this section, will be deemed a waiver of the right to such a hearing and the awarding authority may proceed to determine whether or not the award of the contract should be made to another bidder or whether or not the bidder is non-responsible for this and future contracts. The determination by an awarding authority that the bidder is non-responsible shall be final and constitute exhaustion of the bidder's administrative remedies.

(e) A list of individuals and entities which have been determined to be non-responsible by the City shall be maintained by the DAA. After two years from the date

the individual or entity has been determined to be non-responsible, the individual or entity may request removal from the list by the awarding authority. If the individual or entity can satisfy the awarding authority that it has the necessary quality, fitness, and capacity to perform work in accordance with the criteria set forth in Paragraph (a) of this section, its name shall be removed from the list. Unless otherwise removed from the list by the awarding authority, names shall remain on the list for five years from the date of being declared non-responsible.

(f) Contractors shall ensure that their subcontractors meet the criteria for responsibility as set forth in Paragraph (a) of this section, unless the subcontract is below the threshold requirements for contracts contained in Section 10.40.1(b).

SECTION HISTORY

Added by Ord. No. 173,677, Eff. 1-14-01.

Amended by: Subsec. (c), Ord. No. 176,292, Eff. 1-1-05.

Sec. 10.40.3. Compliance with All Laws.

(a) Contractors shall 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) Contractors shall notify the awarding authority within thirty calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the contractor is not in compliance with Paragraph (a) of this section. Initiation of an investigation is not, by itself, a basis for a determination of non-responsibility by an awarding authority.

(c) Contractors shall notify the awarding authority within thirty calendar days of all findings by a government agency or court of competent jurisdiction that the contractor has violated Paragraph (a) of this section.

(d) Upon award of a contract, contractors shall complete a Pledge of Compliance attesting under penalty of perjury to compliance with Paragraph (a) of this section. Whenever any contract, which was not initially subject to this article is amended, the contractor shall complete a Pledge of Compliance attesting under penalty of perjury to compliance with Paragraph (a) of this section.

(e) Contractors shall ensure that their subcontractors complete a Pledge of Compliance attesting under penalty of perjury to compliance with Paragraph (a) of this section, unless the subcontract is below the threshold requirements for Contracts contained in Section 10.40.1(b).

(f) Contractors shall ensure that their subcontractors comply with Paragraphs (b) and (c) of this section, unless the subcontract is below the threshold requirements for contracts contained in Section 10.40.1(b).

SECTION HISTORY

Added by Ord. No. 173,677, Eff. 1-14-01.

Sec. 10.40.4. Exemptions.

(a) In order to promote the purposes of this article and to protect the City's interests, the following contracts are exempt from its application:

(1) Contracts with a governmental entity such as the United States of America, the State of California, a county, city or public agency of such entities, or a public or quasi-public corporation located therein and declared by law to have such public status.

(2) Contracts for the investment of trust moneys or agreements relating to the management of trust assets.

(3) Banking contracts entered into by the Treasurer pursuant to California Government Code Section 53630 *et seq*.

(b) In order to promote the purposes of this article and to protect the City's interests, the following contracts are exempt from application of Section 10.40.2 of this article:

(1) Contracts awarded on the basis of exigent circumstances whenever any awarding authority finds that the City would suffer a financial loss or that City operations would be adversely impacted unless exempted from the provisions of Section 10.40.2 of this article. This finding must be approved by the DAA prior to contract execution.

(2) Contracts awarded on the basis of urgent necessity in accordance with Charter Section 371(e)(5).

(3) Contracts entered into pursuant to Charter Section 371(e)(6).

(4) Contracts entered into pursuant to Charter Section 371(e)(7).

(5) Contracts entered into pursuant to Charter Section 371(e)(8).

(6) Contracts where the goods or services are proprietary or only available from a single source.

SECTION HISTORY

Added by Ord. No. 173,677, Eff. 1-14-01.

Sec. 10.40.5. Administration.

(a) The DAA shall promulgate rules and regulations for implementation of this Article.

(b) The DAA shall develop a questionnaire to be used by awarding authorities for determining bidder responsibility within sixty days after the effective date of this Ordinance.

(c) The DAA shall monitor compliance with this article including investigation of alleged violations.

SECTION HISTORY

Added by Ord. No. 173,677, Eff. 1-14-01.

Amended by: Subsec. (a), Ord. No. 176,292, Eff. 1-1-05.

Sec. 10.40.6. Enforcement.

(a) 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.

(b) Compliance with Section 10.40.3 of this article shall be required in contract amendments, if the initial contract was not subject to the provisions of this article. Contract amendments shall provide that violation of Section 10.40.3 shall constitute a material breach thereof and entitle the City to terminate the contract and otherwise pursue legal remedies that may be available.

(c) Violations of this article may be reported to the DAA which shall investigate such complaint. Whether based upon such complaint or otherwise, if the DAA has determined that the contractor has violated any provision of this article, the DAA shall issue a written notice to the contractor that the violation is to be corrected within ten calendar days from receipt of notice. In the event the contractor has not corrected the violation, or taken reasonable steps to correct the violation within ten calendar days, then the DAA may:

1. Request the awarding authority to declare a material breach of the contract and exercise its contractual remedies thereunder, which are to include but not be limited to termination of the contract.

2. Request the awarding authority to declare the contractor to be non-responsible in accordance with the procedures set forth in Section 10.40.2 of this article.

SECTION HISTORY

Added by Ord. No. 173,677, Eff. 1-14-01.

Sec. 10.40.7. Application of This Article.

(a) This article shall be applicable to Invitations for Bids issued after the rules and regulations have been adopted by City Council.

(b) This article shall be applicable to contracts entered into after the rules and regulations have been adopted by City Council, unless the contract is awarded pursuant to an Invitation for Bid issued prior to adoption of the rules and regulations by City Council.

(c) Section 10.40.3 of this article shall be applicable to contract amendments, entered into after the rules and regulations have been adopted by City Council if the initial contract was not subject to the provisions of this article.

SECTION HISTORY

Added by Ord. No. 173,677, Eff. 1-14-01.

Sec. 10.40.8. Consistency with Federal or State Law.

The provisions of this article shall not be applicable to those instances in which its application would be prohibited by federal or state law or where the application would violate or be inconsistent with the terms or condition of a grant or contract with an agency of the United States, the State of California or the instruction of an authorized representative of any such agency with respect to any such grant or contract.

SECTION HISTORY

Added by Ord. No. 173,677, Eff. 1-14-01.

Sec. 10.40.9. 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

Added by Ord. No. 173,677, Eff. 1-14-01.

EXHIBIT I-6: ANTI-SLAVERY ORDINANCE

See attached.

ARTICLE 15
REGULATIONS REGARDING PARTICIPATION IN OR PROFITS DERIVED FROM SLAVERY BY ANY COMPANY DOING BUSINESS WITH THE CITY

Section

10.41 Definitions.

10.41.1 Purpose of Slavery Era Business Corporate/ Insurance Disclosure.

10.41.2 [Affidavit Required.]

10.41.3 Exceptions.

10.41.4 Administration.

10.41.5 Application of This Article.

Sec. 10.41. Definitions.

A. "**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.

B. "**Company**" means any person, firm, corporation, partnership or combination of these.

C. "**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 rendering of any service to the City of Los Angeles or the public, which is let, awarded or entered into with or on behalf of the City of Los Angeles or any Awarding Authority of the City.

D. "**Designated Administrative Agency (DAA)**" means the Department of Public Works, Bureau of Contract Administration.

E. "**Enslaved Person**" means any person who was wholly subject to the will of another and whose person and services were wholly under the control of another and who was in a state of enforced compulsory service to another during the Slavery Era.

F. "**Investment**" means to make use of an Enslaved Person for future benefits or advantages.

G. "**Participation**" means having been a Slaveholder during the Slavery Era.

H. "**Predecessor Company**" means an entity whose ownership, title and interest, including all rights, benefits, duties and liabilities were acquired in an uninterrupted chain of succession by the Company.

I. "**Profits**" means any economic advantage or financial benefit derived from the use of Enslaved Persons.

J. "**Slavery**" means the practice of owning Enslaved Persons.

K. "**Slavery Era**" means that period of time in the United States of America prior to 1865.

L. "**Slaveholder**" means holders of Enslaved Persons, owners of business enterprises using Enslaved Persons, owners of vessels carrying Enslaved Persons or other means of transporting Enslaved Persons, merchants or financiers dealing in the purchase, sale or financing of the business of Enslaved Persons.

M. "**Slaveholder Insurance Policies**" means policies issued to or for the benefit of Slaveholders to insure them against the death of, or injury to, Enslaved Persons.

SECTION HISTORY

Added by Ord. No. 175,346, Eff. 8-16-03.

Amended by: Subsec. D., Ord. No. 176,155, Eff. 9-22-04.

Sec. 10.41.1. Purpose of Slavery Era Business Corporate/Insurance Disclosure.

Many early American industries including, but not limited to, insurance, banking, tobacco, cotton, railroads, and shipping, realized enormous Profits by utilizing the uncompensated labor of Enslaved Persons. Many individuals and business enterprises were directly enriched by the labor of Enslaved Persons or benefitted from insurance policies insuring Enslaved Persons.

The City of Los Angeles, whose citizenry includes descendants of Enslaved Persons, is entitled to full disclosure of any Participation in or Profits derived through Slavery by Companies seeking to do business with the City.

The State of California has implemented Insurance Code Sections 13810-13813 requiring insurance companies to provide information to the California Department of Insurance regarding Slaveholder Insurance Policies sold during the Slavery Era as part of its licensing and renewal procedure.

In further support of this legislative act and to further promote the ideals the act embraces, this ordinance requires those seeking to do business with the City to fully and accurately disclose any and all Participation in or Profits derived from Slavery.

SECTION HISTORY

Added by Ord. No. 175,346, Eff. 8-16-03.

Sec. 10.41.2. [Affidavit Required.]

Each Awarding Authority, shall require that any Company that enters into a Contract with the City, whether the Contract is subject to competitive bidding or not, shall complete an affidavit, prior to or contemporaneous with entering into the Contract, certifying that:

A. The Company has searched any and all records of the Company, or any Predecessor Company, regarding records of Participation or Investments in, or Profits derived, from Slavery, including Slaveholder Insurance Policies issued during the Slavery Era; and

B. Disclosed any and all records of Participation in or Profits derived by the Company, or any Predecessor Company, from Slavery, including issuance of

Slaveholder Insurance Policies, during the Slavery Era, and identified the names of any Enslaved Persons or Slaveholders described in the records.

The Awarding Authority may terminate the Contract if a Company fails to fully and accurately complete the affidavit.

SECTION HISTORY

Added by Ord. No. 175,346, Eff. 8-16-03.

Sec. 10.41.3. Exceptions.

This article shall not be applicable to the following Contracts:

A. Contracts for the investment of:

(1) City trust moneys or bond proceeds;

(2) pension funds;

(3) indentures, security enhancement agreements for City tax-exempt and taxable financings;

(4) deposits of City surplus funds in financial institutions;

(5) the investment of City moneys in securities permitted under the California State Government Code and/or the City's investment policy;

(6) investment agreements, whether competitively bid or not;

(7) repurchase agreements;

(8) City moneys invested in United States government securities; and

(9) Contracts involving City moneys in which the Treasurer or the City Administrative Officer finds that the City will incur a financial loss or forego a financial benefit, and which in the opinion of the Treasurer or the City Administrative Officer would violate his or her fiduciary duties.

B. Grant funded Contracts if the application of this article would violate or be inconsistent with the terms or conditions of a grant or Contract with an agency of the United States, the State of California or the instruction of an authorized representative of any of those agencies with respect to any grant or Contract.

C. Contracts with a governmental entity such as the United States of America, the State of California, a county, city or public agency of one of these entities, or a public or quasi-public corporation located in the United States and declared by law to have a public status.

D. Contracts awarded on the basis of exigent circumstances whenever any Awarding Authority finds that the City would suffer a financial loss or that City operations would be adversely impacted unless exempted from the provisions of this article. This finding must be approved by the DAA prior to Contract execution.

E. Contracts with any Company that has been designated as a non-profit organization pursuant to the United States Internal Revenue Code Section 501(c)(3).

F. Contracts for the furnishing of articles covered by letters patent granted

by the government of the United States or where the goods or services are proprietary or only available from a single source.

G. Contracts awarded on the basis of urgent necessity in accordance with Charter Section 371(e)(5).

I. Contracts entered into pursuant to Charter Section 371(e)(6).

J. Contracts entered into pursuant to Charter Section 371(e)(7).

SECTION HISTORY

Added by Ord. No. 175,346, Eff. 8-16-03.

Sec. 10.41.4. Administration.

A. The DAA shall promulgate rules and regulations to implement this article within sixty days after the effective date of this ordinance.

B. The DAA shall develop an affidavit to be used by Awarding Authorities within sixty days after the effective date of this ordinance.

C. The DAA shall administer the requirements of this article and monitor compliance, including investigation of alleged violations.

SECTION HISTORY

Added by Ord. No. 175,346, Eff. 8-16-03.

Sec. 10.41.5. Application of this Article.

A. This article shall be applicable to Contracts entered into after the rules and regulations have been promulgated by the DAA.

B. This article shall be applicable to Contract amendments entered into after the rules and regulations have been promulgated by the DAA where the initial Contract was not subject to the provisions of this article.

SECTION HISTORY

Added by Ord. No. 175,346, Eff. 8-16-03.

EXHIBIT I-7: FIRST SOURCE HIRING

See attached.

ARTICLE 18
FIRST SOURCE HIRING

Section

10.44 Purpose.

10.44.1 Definitions.

10.44.2 First Source Hiring Procedure.

10.44.3 City Loan or Grant Recipients.

10.44.4 Compliance with the Service Contractor Worker Retention Ordinance.

10.44.5 Designation of a Liaison.

10.44.6 Transfer and Promotion.

10.44.7 Administration.

10.44.8 Enforcement.

10.44.9 Exemptions.

10.44.10 Application of this Article.

10.44.11 No Third Party Beneficiary.

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

10.44.13 Intentional Violation.

10.44.14 Severability.

Sec. 10.44. Purpose.

The City awards many contracts to private firms to provide services to the public and to City government. The City also provides grant and loan 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, which promote the goals established for those programs and similar goals of the City. The City intends that the policies underlying this article serve to guide all of these expenditures to the extent allowed by the law.

City service contracts are subject to the City's Living Wage ordinance and provide covered workers with substantially greater wages and benefits than otherwise required by law. In addition, having the opportunity to work on a City contract affords workers valuable experience that can be used to garner future employment. The City has an interest in expanding the field of competent service workers to address the problems associated with a significant local unemployed, under-employed and unskilled workforce. The City serves this interest by expanding the opportunities that workers have to be referred for employment by City contractors.

The inadequate compensation often paid to service workers who are not subject to the City's living wage requirements fails to provide those workers with resources sufficient to

afford life in Los Angeles. Further, there are many unemployed and under-employed service workers who are interested in performing work on City contracts. Young people constitute a significant portion of the unemployed and under-employed. Experience indicates that unemployment and under-employment contribute to devastating social burdens including a sustained, large population of unskilled workers, increased crime and increased need for costly 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 creating a program that helps link Contractors with potential service workers, the City serves this interest and provides greater opportunities for employment on service contracts. To further serve this interest, the Library Department and the Department of Recreation and Parks are encouraged to adopt policies consistent with this article.

SECTION HISTORY

Added by Ord. No. 179,281, Eff. 12-3-07.

Sec. 10.44.1. Definitions.

The following definitions shall apply throughout this article:

"**Awarding Authority**" means any subordinate or component entity or person of the City, such as a department or Board of Commissioners that has the authority to award or enter into any a Contract (as defined below). This shall not include any department that has control of its own funds or the Community Redevelopment Agency.

"**CDD**" means the City Community Development Department's Workforce Development System.

"**City**" means the City of Los Angeles, a municipal corporation, and all City Awarding Authorities.

"**Contract**" means a contract, which is in excess of $25,000 with a term greater than three months, awarded to a Contractor by the City or by a Loan or Grant Recipient primarily to furnish services to or for the City or the Loan or Grant Recipient. This shall not include construction contracts for a public work of improvement.

"**Contractor**" means any Person that enters into a Contract with the City or a Loan or Grant Recipient.

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

"**Loan or Grant Recipient**" means any person who receives from the City a qualifying grant or loan for economic development or job growth expressly articulated and identified by the City.

"**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.

"**Referral Resources**" means any resource used to locate new employees

considered for employment under this article. Referral Resources shall include Trade Unions, Community Based Organizations, City Work Source Centers and any other resources approved by CDD.

"**Subcontractor**" means any person that enters into a contract with a Contractor or Subcontractor to assist in performing the services to the City or the Loan or Grant Recipient.

SECTION HISTORY

Added by Ord. No. 179,281, Eff. 12-3-07.

Sec. 10.44.2. First Source Hiring Procedure.

(a) Before executing a Contract, each Awarding Authority shall receive from the Contractor and provide to the DAA a list of anticipated employment opportunities that Contractor and its Subcontractors estimate they will need to fill in order to perform the services under the Contract. The list shall include:

(1) The number of anticipated employment opportunities throughout the term of the Contract; and

(2) The job title and description of each anticipated employment opportunity; and

(3) The basic qualifications necessary for each anticipated employment opportunity; and

(4) The number of anticipated hires made subject to the Service Contract Worker Retention Ordinance.

(b) During the term of the Contract, Contractor shall:

(1) At least seven business days prior to making an announcement of a specific employment opportunity, provide notifications of that employment opportunity to the CDD, which will refer individuals for interview; and

(2) Interview qualified individuals referred by Referral Resources; and

(3) Prior to filling any employment opportunity, the Contractor shall inform the DAA of the names of the Referral Resources used, the names of the individuals they referred, the names of the referred individuals who the Contractor or Subcontractor interviewed and the reasons why referred individuals were not hired.

(c) Managerial, supervisory or confidential positions shall not be subject to this article.

(d) Positions requiring professional licenses to perform the Contract shall not be subject to this article.

SECTION HISTORY

Added by Ord. No. 179,281, Eff. 12-3-07.

Sec. 10.44.3. City Loan or Grant Recipients.

(a) A City Loan or Grant Recipient is subject to this article if the loan or grant is for economic development or job growth, is in an aggregate amount that exceeds $25,000

and either:

(1) The loan is provided at an interest rate below the applicable federal rate as used in 26 U.S.C. Sections 1274(d), 7872(f) at the time the Contract is executed; or

(2) The loan is at or above the applicable federal rate but the loan provides a mechanism for forgiving the interest.

(b) In the event that the applicable federal rate falls below the rate at which a City Loan is provided during the term of the Contract, the Awarding Authority may request the DAA to waive the requirements of this article.

SECTION HISTORY

Added by Ord. No. 179,281, Eff. 12-3-07.

Sec. 10.44.4. Compliance with the Service Contractor Worker Retention Ordinance.

Where applicable, Contractor shall first comply with the Service Contractor Worker Retention Ordinance, Administrative Code Section 10.36 et seq., as amended from time to time.

SECTION HISTORY

Added by Ord. No. 179,281, Eff. 12-3-07.

Sec. 10.44.5. Designation of a Liaison.

Prior to execution of the Contract, Contractor shall provide the City with the name and contact information of the liaison designated to work with the DAA to implement this article.

SECTION HISTORY

Added by Ord. No. 179,281, Eff. 12-3-07.

Sec. 10.44.6. Transfer and Promotion.

This article does not prevent a Contractor from filling job vacancies or newly created positions by transfer or promotion of its existing staff.

SECTION HISTORY

Added by Ord. No. 179,281, Eff. 12-3-07.

Sec. 10.44.7. Administration.

(a) The DAA shall promulgate rules and regulations to assure efficient implementation and enforcement of this article.

(b) The DAA may delegate duties to other City departments and provide for the manner in which exemptions from this article are approved and documented.

(c) The DAA shall develop the forms to be used by the Awarding Authorities toward implementing this article.

(d) The DAA may establish rules and guidelines governing pre-interview screening of individuals referred under this article.

(e) The DAA shall investigate alleged violations of this article and monitor

compliance with this article.

(f) The DAA may establish by regulation provisions under which the DAA may exempt a Contractor from the requirements of this article for specific employment opportunities.

(g) The DAA shall report to the Ad Hoc Committee on Gang Violence and Youth Development quarterly for one year after the ordinance is adopted. After the first year, the frequency of reporting requirements shall be determined by the DAA, or as otherwise instructed by City Council.

SECTION HISTORY

Added by Ord. No. 179,281, Eff. 12-3-07.

Sec. 10.44.8. Enforcement.

If the DAA determines that a Contractor has violated this article, the DAA may recommend that the Awarding Authority take any of the following actions:

(a) Document the determination in the Awarding Authority's Contractor Evaluation required under Los Angeles Administrative Code Section 10.39 *et seq.*; and

(b) Require that the Contractor document the determination in each of the Contractor's subsequent Contractor Responsibility Questionnaires submitted under Los Angeles Administrative Code Section 10.40 *et seq.*; and

(c) Terminate the Contract.

The Awarding Authority may pursue any rights and remedies available by law.

SECTION HISTORY

Added by Ord. No. 179,281, Eff. 12-3-07.

Sec. 10.44.9. Exemptions.

Upon request of the Awarding Authority, the DAA shall determine whether a Contract is exempt from this article because any of the following is applicable:

(a) Contracts where the provisions of this article conflict with federal or state law.

(b) Contracts with another governmental entity.

(c) Contracts where the provisions of this article would conflict with federal or state grant funded contracts, or conflict with the terms of the grant or subvention.

(d) Contracts awarded under urgent or emergency circumstances.

(e) Contracts entered into pursuant to Charter Section 371(e)(7).

(f) Contracts where the services are available only from a single source.

(g) Contracts that involve the investment of trust monies, bond proceeds or agreements relating to the management of these funds, indentures, security enhancement agreements (including, but not limited to, liquidity agreements, letters of credit and bond insurance) for City tax-exempt and taxable financings, deposits of City's surplus funds in financial institutions, the investment of City

monies in competitively bid investment agreements, the investment of City monies in securities permitted under the California State Government Code or the City's investment policy, investment agreements, repurchase agreements, City monies invested in U.S. government securities or pre-existing investment agreements.

(h) Contracts involving City monies if the Treasurer or the City Administrative Officer finds that failure to enter into the Contract will violate his or her fiduciary duties and cause the City to incur a financial loss or forego a financial benefit.

(i) City Loans or Grants funded from the proceeds of a bond issuance, tax credits or tax increment financing.

SECTION HISTORY

Added by Ord. No. 179,281, Eff. 12-3-07.

Sec. 10.44.10. Application of this Article.

This article is applicable to Contracts and amendments to Contracts entered into after the rules and regulations have been promulgated by the DAA.

SECTION HISTORY

Added by Ord. No. 179,281, Eff. 12-3-07.

Sec. 10.44.11. No Third Party Beneficiary.

This article does not create beneficial interests in any person who is not a party to the Contract.

SECTION HISTORY

Added by Ord. No. 179,281, Eff. 12-3-07.

Sec. 10.44.12. Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.

This article shall not be construed to limit a person's right to bring legal action for violation of other laws.

SECTION HISTORY

Added by Ord. No. 179,281, Eff. 12-3-07.

Sec. 10.44.13. Intentional Violation.

If the DAA determines that a Contractor intentionally violated the ordinance or used hiring practices for the purpose of avoiding this article, the determination must be documented in the Awarding Authority's Contractor Evaluation, required under Los Angeles Administrative Code Section 10.39 *et seq.*, and must be documented in each of the Contractor's subsequent Contractor Responsibility Questionnaires submitted under Los Angeles Administrative Code Section 10.40 *et seq.* This measure does not limit the City's authority to act under this article.

SECTION HISTORY

Added by Ord. No. 179,281, Eff. 12-3-07.

Sec. 10.44.14. Severability.

If a court of competent jurisdiction finds any provision of this article invalid, the remaining provisions shall remain in full force and effect.

SECTION HISTORY

Added by Ord. No. 179,281, Eff. 12-3-07.

EXHIBIT I-8: PUBLIC INFRASTRUCTURE STABILIZATION

See attached.

ARTICLE 19
PUBLIC INFRASTRUCTURE STABILIZATION ORDINANCE

Section

10.45 Purpose.

10.45.1 Definitions.

10.45.2 Department-Wide Project Labor Agreement.

10.45.3 Targeted Hiring.

10.45.4 Transfer and Promotion.

10.45.5 Administration.

10.45.6 Enforcement.

10.45.7 Exemptions.

10.45.8 Application of this Article.

10.45.9 No Third Party Beneficiary.

10.45.10 [Reserved.]

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

10.45.12 Severability.

Sec. 10.45. Purpose.

The City awards many contracts to private firms to construct public works improvements. This Article, also referred to as the Public Infrastructure Stabilization Ordinance advances the interests of the City by promoting the use of project labor agreements for those public works improvements that meet certain criteria.

Project labor agreements are the preferred tool to ensure that important proprietary goals of the City are achieved, including completion of construction projects on-time and within budget by minimizing labor misunderstandings, grievances and conflict along with emphasizing worker safety.

Project labor agreements also advance the City's interests by ensuring that unemployed and underemployed residents will receive employment opportunities at City public works construction projects. Over the years, project labor agreements have proven to be an excellent mechanism to promote the hiring of unemployed and under-employed City residents. These agreements have proven their effectiveness in targeting construction employment and training opportunities to mitigate the harms caused by geographically-concentrated poverty.

City public works of improvement construction contracts are subject to the State's Prevailing Wages Law or in some instances the Federal Davis Bacon Wage statute, each of which provides covered workers with substantially greater wages and benefits than otherwise required by law. Increasing access to employment opportunities with

prevailing wage is one way for the City directly to combat poverty and stimulate economic reinvestment.

In addition, having the opportunity to work on a City contract affords workers valuable experience that can be used to garner future employment. The City has an interest in expanding the field of competent construction workers to address the problems associated with a significant local unemployed, under-employed and unskilled workforce. The City serves this interest by expanding the opportunities that workers have to be referred for employment by City contractors.

Further, there are many unemployed and under-employed City residents who are interested in getting good work and learning a construction trade. Young people constitute a significant portion of this City's unemployed and under-employed residents. Experience indicates that unemployment and under-employment contribute to devastating social burdens including a sustained, large population of unskilled workers, increased crime and increased need for costly 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 creating a program that helps link Contractors with potential construction workers, the City serves this interest and provides greater opportunities for employment on public improvement construction contracts.

In February 2008, the Economic Roundtable released a study commissioned by the Community Development Department on Concentrated Poverty in Los Angeles. For purposes of the study, concentrated poverty was defined as a census tract with 40 percent or more of households below the poverty level in 2000. The study found that the City of Los Angeles has higher rates of concentrated poverty than the nation and the larger Los Angeles region. In fact, "Nineteen percent or over 238,000 of the 1.3 million households in the City of Los Angeles were living below the federal poverty threshold in 2000. A quarter of the census tracts in the City (216 tracts) have poverty rates of at least 30 percent."

The City's areas of concentrated poverty are growing in size and increasing in number. The City desires to address this problem by creating programs that train and employ people living in these areas of concern.

The Public Infrastructure Stabilization Ordinance targets construction employment and training opportunities in ways calculated to mitigate harms caused by geographically concentrated poverty, to address unemployment and underemployment in concentrated poverty neighborhoods and to advance the skills of the local labor pool, especially the youth by maximizing opportunities to earn prevailing wage.

To further serve these interests, the Port of Los Angeles, the Los Angeles World Airports, the Department of Water and Power and the Housing Authority of the City of Los Angeles are encouraged to adopt policies consistent with this Article.

SECTION HISTORY

Added by Ord. No. 181,520, Eff. 2-20-11.

Sec. 10.45.1. Definitions.

The following definitions shall apply throughout this Article:

"**Apprentice**" means any worker who is indentured in a bona fide construction

apprenticeship program registered and approved by the State of California, Division of Apprenticeship Standards (DAS) or in the case of Projects with federal funding, in a bona fide apprenticeship program approved by the US Department of Labor (DOL) and California DAS.

"**Area Median Income**" ("**AMI**") means the area median income for the Los Angeles-Long Beach Metropolitan Statistical Area, as determined annually by the U.S. Department of Housing and Urban Development.

"**City**" means the City of Los Angeles, a municipal corporation.

"**Concentrated Poverty Neighborhood**" means a census tract in which 40% or more of the households have incomes below the federal poverty guidelines.

"**Contract**" means a construction contract for a public work of improvement.

"**Contractor/Subcontractor/Employer**" means any individual firm, partnership, owner-operator, or corporation, or combination thereof, including joint ventures, which is an independent business enterprise and which has entered into a contract with Public Works or any of its contractors or subcontractors/ owner-operators of any tier, with respect to the construction of any part of a Project Work.

"**Designated Administrative Agency**" or "**DAA**" means the Department of Public Works, Bureau of Contract Administration, who shall bear administrative responsibilities under this Article, including rule making.

"**Disadvantaged Worker**" means an individual whose primary place of residence is within the City and who, prior to commencing Project Work, either: (a) has a household income of less than 50% of the AMI; or (b) faces at least one of the following barriers to employment: being homeless, receiving public assistance; lacking a GED or high school diploma, having a history of involvement with the justice system; being a single parent; or (c) suffers from chronic unemployment or underemployment.

"**Local Resident**": (i) means an individual whose primary place of residence is within the City and is within a zip code containing at least part of one census tract with a rate of unemployment in excess of 200% of the Los Angeles County unemployment rate at the time of application or containing all or part of a Concentrated Poverty Neighborhood; or (ii) means an individual whose primary place of residence is within the City and is within the zip code containing at least part of one census tract with a rate of unemployment in excess of 100% of the Los Angeles County unemployment rate at the time of application.

"**Project Work**" means work performed in construction of a public works improvement project subject to the Public Works project labor agreement.

"**Public Works**" means the Department of Public Works of the City.

SECTION HISTORY

Added by Ord. No. 181,520, Eff. 2-20-11.

Sec. 10.45.2. Department-Wide Project Labor Agreement.

The Board of Public Works shall approve a department-wide project labor agreement

and apply it to qualifying future public works improvement projects in accordance with criteria established by the Board.

SECTION HISTORY

Added by Ord. No. 181,520, Eff. 2-20-11.

Sec. 10.45.3. Targeted Hiring.

The Public Works project labor agreement shall include provisions that obligate a Contractor to follow targeted hiring procedures to make reasonable efforts to achieve specific hiring opportunities for Local Residents, Apprentices and Disadvantaged Workers:

(a) The Contractor and Subcontractor retain the authority in making individual hiring decisions.

(b) Hours worked by residents of states other than California shall not be included in the calculations of total hours of Project Work for purposes of determining whether the Contractor and Subcontractor achieved the percentage requirements set forth in this Article.

SECTION HISTORY

Added by Ord. No. 181,520, Eff. 2-20-11.

Sec. 10.45.4. Transfer and Promotion.

This Article does not prevent a Contractor from filling job vacancies or newly created positions by transfer or promotion of its existing staff.

SECTION HISTORY

Added by Ord. No. 181,520, Eff. 2-20-11.

Sec. 10.45.5. Administration.

(a) The DAA shall promulgate rules and regulations to assure efficient implementation and enforcement of this Article.

(b) The DAA may delegate duties to other City departments and provide for the manner in which exemptions from this Article are approved and documented.

(c) The DAA shall develop the forms to be used toward implementing this Article.

(d) The DAA shall investigate alleged violations of this Article and monitor compliance with this Article.

(e) The DAA shall annually report to the Board of Public Works after the ordinance is adopted, or as otherwise instructed by City Council.

SECTION HISTORY

Added by Ord. No. 181,520, Eff. 2-20-11.

Sec. 10.45.6. Enforcement.

If the DAA determines that a Contractor has violated this Article, the DAA may recommend that the Board of Public Works take any of the following actions:

(a) Withhold payments as liquidated damages pursuant to the Contract.

(b) Terminate, suspend or cancel the contract in whole or in part.

(c) Debar the contractor from bidding on City projects for up to a two-year period.

(d) Document the determination in the Contractor Evaluation required under Los Angeles Administrative Code Section 10.39, et seq.

(e) Require that the Contractor document the determination in each of the Contractor's subsequent Contractor Responsibility Questionnaires submitted under Los Angeles Administrative Code Section 10.40, et seq.

(f) The City may pursue any and all rights and remedies available at law or in equity.

SECTION HISTORY

Added by Ord. No. 181,520, Eff. 2-20-11.

Sec. 10.45.7. Exemptions.

The following Contracts are exempt from this Article. The DAA shall develop rules and regulations for the application of these exemptions:

(a) Contracts where the provisions of this Article conflict with federal or state law.

(b) Contracts with another governmental entity.

(c) Contracts where the provisions of this Article would conflict with federal or state grant funded contracts, or conflict with the terms of the grant or subvention.

(d) Contracts awarded under urgent or emergency circumstances.

SECTION HISTORY

Added by Ord. No. 181,520, Eff. 2-20-11.

Sec. 10.45.8. Application of this Article.

This Article is applicable to Contracts entered into after the rules and regulations have been promulgated by the DAA.

SECTION HISTORY

Added by Ord. No. 181,520, Eff. 2-20-11.

Sec. 10.45.9. No Third Party Beneficiary.

This Article does not create beneficial interests in any person who is not a party to the Contract.

SECTION HISTORY

Added by Ord. No. 181,520, Eff. 2-20-11.

Sec. 10.45.10. [Reserved.]

Sec. 10.45.11. Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.

This Article shall not be construed to limit a person's right to bring legal action for violation of other laws.

SECTION HISTORY

Added by Ord. No. 181,520, Eff. 2-20-11.

Sec. 10.45.12. Severability.

If a court of competent jurisdiction finds any provision of this Article invalid, the remaining provisions shall remain in full force and effect.

SECTION HISTORY

Added by Ord. No. 181,520, Eff. 2-20-11.

EXHIBIT I-9: LOCAL BUSINESS PREFERENCE PROGRAM

See attached.

ADMINISTRATIVE CODE / DIVISION 10 CONTRACTS / CHAPTER 1 CONTRACTS GENERAL / ARTICLE 4 SMALL, LOCAL BUSINESS PROGRAM

ARTICLE 4
SMALL, LOCAL BUSINESS PROGRAM

Section

10.25	Small, Local Business.
10.26	Definitions.
10.27	Incorrect Supporting Information.
10.28	Award of Contracts.
10.29	Assistance to Small, Local Business and Awarding Authorities.
10.30	Reports.

ADMINISTRATIVE CODE / DIVISION 10 CONTRACTS / CHAPTER 1 CONTRACTS GENERAL / ARTICLE 4 SMALL, LOCAL BUSINESS PROGRAM / Sec. 10.25. Small, Local Business.

Sec. 10.25. Small, Local Business.

A business entity shall qualify as a "**Small, Local Business**" as used in this ordinance if it:

(a) Is not (or together with an affiliate) dominant in its field of operations.

(b) Is independently owned and operated, with its principal office located in the County of Los Angeles and holds a City business license issued by the Tax and Permit Division of the City Clerk's office, if this firm is subject to the City Business Tax.

(c) Has requested classification as a Small, Local Business and has been approved as such by the City. In order to be so approved, a business entity shall set forth, under penalty of perjury, such information as is requested by the City on either electronic or hardcopy forms supplied by the City as part of the supplier registration process and/or not less than five (5) calendar days before the last day for submission of the bid or proposal as to which the business entity seeks to qualify as a Small, Local Business. The forms containing the required information shall be submitted to the Department of Public Works, Bureau of Contract Administration. Among the criteria the City shall consider in

determining whether a business entity so qualifies is whether the business entity, together with any affiliate, has annual receipts which are less than $3 million for the previous fiscal year. The City may in the alternative request such information for the previous calendar year.

SECTION HISTORY

Added by Ord. No. 153,662, Eff. 6-1-80.
Amended by: Ord. No. 157,595, Eff. 5-15-83, Ord. No. 169,059, Eff. 10-24-93; Ord. No. 173,186, Eff. 5-22-00; Subsec. (c), Ord. No. 174,048, Eff. 8-5-01.

ADMINISTRATIVE CODE / DIVISION 10 CONTRACTS / CHAPTER 1 CONTRACTS GENERAL / ARTICLE 4 SMALL, LOCAL BUSINESS PROGRAM / Sec. 10.26. Definitions.

Sec. 10.26. Definitions.

Definitions for terms used in Section 10.25 are as follows:

(a) **"Affiliate"** means concerns are affiliates of each other when either directly or indirectly one concern controls or has the power to control the other or a third party or parties controls or has the power to control both. In determining whether concerns are independently owned and operated and whether or not affiliation exists, consideration shall be given to all appropriate factors, including common ownership, common management, and contractual relationships: Provided, however, that restraint imposed on a franchisee by its franchise agreement shall not be considered in determining whether the franchisor controls or has the power to control and, therefore, is affiliated with the franchisee, if the franchisee has the right to profit from his effort, commensurate with ownership, and bears the risk of loss or failure.

In the following circumstances there will be a presumption that concerns are affiliates; however, such presumption may be rebutted by clear and convincing evidence that affiliation in fact does not exist.

(1) If the concern applying for classification as a Small Local Business has been assisted by another concern which is engaged in a similar or commonly related business activity to meet bonding requirements, and the assisting concern is listed or otherwise designated as a subcontractor or supplier for more than 25% of the contract price required to be performed per the prime bid.

(2) If the controlling or majority owners of concerns which are engaged in similar or commonly related business activity are familially related, as defined herein, and have established a business or financial relationship between them.

Nature of Control. Every business concern is considered as having one or more parties who directly or indirectly control or have the power to control it. Control may be affirmative or negative, and it is immaterial whether it is exercised so long as the power to control exists.

Example. A party owning 50 percent of the voting stock of a concern would have negative power to control such concern because of the ability to negate actions desired by the other stockholder. Also, the bylaws of a corporation may be drawn up in such a manner which would permit a stockholder with less than 50 percent of the voting stock to block any actions taken by the other stockholders.

Control Through Stock Ownership. A party is considered to control or have the power to control a concern if he controls or has the power to control 50 percent or more of its voting stock.

A party is considered to control or have the power to control a concern even though he owns, controls, or has the power to control less than 50 percent of the concern's voting stock if the block of stock he owns, controls, or has the power to control, is large as compared with any other outstanding block of stock. If two or more parties each owns, controls, or has the power to control less than 50 percent of the voting stock of a concern and such minority block is equal or substantially equal in size, and large as compared with any other block outstanding, there is a presumption that each of such parties controls or has the power to control such concern; however, such presumption may be rebutted by clear and convincing evidence that such control or power to control, in fact, does not exist.

If a concern's voting stock is distributed other than as described above, its management (officers and directors) is deemed to be in control of such concern.

(b) "**Annual receipts**" means the gross income (less returns and allowances, sales of fixed assets, and inter-affiliate transactions) of a concern (and its domestic and foreign affiliates) from sales of products and services, interest, rents, fees, commissions, and/or from whatever source derived, as entered on its regular books of account for its most recently completed fiscal year (whether on a cash, accrual, completed contracts,

percentage or completion, or other acceptable accounting basis) and, in the case of a concern subject to U.S. Federal income taxation, reported or to be reported to the U.S. Treasury Department, Internal Revenue Service, for Federal income tax purposes. If a concern which has been in business more than 12 months changes its accounting period (fiscal year), its annual receipts will be determined from its most recently completed 12-month period in business.

If a concern has acquired an affiliate during the applicable accounting period, it is necessary in computing the applicant's annual receipts, to include the affiliates receipts during the entire applicable accounting period, rather than only its receipts during the period in which it has been an affiliate. The receipts of a former affiliate are to be included if such concern was an affiliate during a portion of the applicable accounting period.

(c) "**Familially related**" means relationships between the following family members; Husband, wife, child, stepchild, mother, father, grandparent, brother, sister, grandchild, stepbrother, stepsister, stepmother, stepfather, mother-in-law, father-in-law, brother-in-law, sister-in-law, daughter-in-law, and if related by blood uncle, aunt, niece, nephew.

(d) "**Non-manufacturing**" – for the purpose of purchase of materials, supplies, and equipment made by the Purchasing Agent or its successor in interest means, when concern does not manufacture, produce, or add value to the products required to be furnished by such purchase.

(e) "**Not dominant in its field of operation**" means when it does not exercise a controlling or major influence on a local Statewide basis in a kind of business activity in which a number of business concerns are primarily engaged. In determining whether dominance exists, consideration shall be given to all appropriate factors, including volume of business, financial resources, competitive status or position, ownership or control of materials, processes, patents, license agreement, facilities, sales territory, and nature of business activity.

SECTION HISTORY

Added by Ord. No. 153,662, Eff. 6-1-80.

GENERAL / ARTICLE 4 SMALL, LOCAL BUSINESS PROGRAM / Sec. 10.27. Incorrect Supporting Information.
Sec. 10.27. Incorrect Supporting Information.

(a) A firm which has obtained classification as a Small, Local Business by reason of having furnished incorrect supporting information and which by reason of such classification has been awarded a contract to which it would not otherwise be entitled shall:

1. Pay to the City of Los Angeles any difference between the amount paid to the firm pursuant to the contract and what the City's costs would have been if the contract had been properly awarded.

2. At the option of the City be subject to having all or part of the contract terminated.

3. Be ineligible to transact any business with the City for a period of not less than three months and not more than 24 months as determined by the awarding authority.

(b) Prior to the imposition of any sanction under this section the contractor, or vendor, shall be entitled to a public hearing by the awarding authority and to a ten day notice of the time and place thereof. The notice shall state the reason for the hearing.

SECTION HISTORY

Added by Ord. No. 153,662, Eff. 6-1-80.

ADMINISTRATIVE CODE / DIVISION 10 CONTRACTS / CHAPTER 1 CONTRACTS GENERAL / ARTICLE 4 SMALL, LOCAL BUSINESS PROGRAM / Sec. 10.28. Award of Contracts.
Sec. 10.28. Award of Contracts.

Any supplier or contractor who qualifies as a "**Small, Local Business**" and is a responsible bidder or proposer shall be granted a preference as to all contracts of $100,000 or less, for which bids or proposals were solicited, in an amount equal to 10% of the bid or proposal of the lowest and best responsible bidder or proposer, if that latter bidder or proposer has not qualified as a Small, Local Business. If, after deduction of the 10% preference from the bid or proposal of the Small, Local Business, the bid or proposal is equal to or less than the lowest bid or proposal, the bid or proposal of that Small, Local Business shall be deemed to be the lowest

bid or proposal.

SECTION HISTORY

Added by Ord. No. 153,662, Eff. 6-1-89.
Amended by: Ord. No. 165,973, Eff. 7-23-90; Ord. No. 173,186, Eff. 5-22-00; Ord. No. 174,048, Eff. 8-5-01.

ADMINISTRATIVE CODE / DIVISION 10 CONTRACTS / CHAPTER 1 CONTRACTS GENERAL / ARTICLE 4 SMALL, LOCAL BUSINESS PROGRAM / Sec. 10.29. Assistance to Small, Local Business and Awarding Authorities.

Sec. 10.29. Assistance to Small, Local Business and Awarding Authorities.

(a) The Mayor's Office of Economic Development will verify eligibility of any business applying for status as a "**Small, Local Business**" and will, to the extent feasible:

(1) Assist small, local business in complying with the procedures for bidding on City contracts;

(2) Work with appropriate State, Federal and private organizations in disseminating information on bidding procedures and the opportunities of small, local business for City contracts;

(3) Assist awarding authorities, as requested, in the performance of the awarding authorities' functions under the City's Small, Local Business Program.

(b) The Mayor's Office of Economic Development will publish and disseminate a list of approved Small, Local Businesses to all City contract-awarding authorities which shall be updated and distributed to City awarding authorities on a regular basis.

SECTION HISTORY

Added by Ord. No. 153,662, Eff. 6-1-80.
Amended by: Ord. No. 169,059, Eff. 10-24-93; Ord. No. 174,048, Eff. 8-5-01.

ADMINISTRATIVE CODE / DIVISION 10 CONTRACTS / CHAPTER 1 CONTRACTS GENERAL / ARTICLE 4 SMALL, LOCAL BUSINESS PROGRAM / Sec. 10.30. Reports.

Sec. 10.30. Reports.

The Mayor's Office of Economic Development shall submit an annual report to the City Council no later than October 1 of each year for the previous fiscal year, containing the following information:

(1) A list of concerns which were awarded contracts as a Small, Local Business and the dollar amount of each contract.

(2) Any recommendation for changes in the ordinance or City policies to improve opportunities for small, local business.

SECTION HISTORY

Added by Ord. No. 153,662, Eff. 6-1-80,
Amended by: Ord. No. 168,594, Eff. 3-26-93, Ord. No. 169,059, Eff. 10-24-93; Ord. No. 174,048, Eff. 8-5-01.

EXHIBIT J

TENANT-APPROVED TITLE CONDITIONS

See attached.

Bond Street Parking Structure
Permitted Exceptions
Chicago Title no. 116743050O-X49
Dated August 31, 2012

The following matters affect Parcel 1 (Bond Street parcel):

A. Property taxes, including any assessments collected with taxes, for the fiscal year 2007 - 2008 that are a lien not yet due.

B. Said land is shown as exempt on the Los Angeles County Tax Roll for the fiscal year 2006-2007

Assessors Parcel Number: 5134-007-921

C. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Part 0.5, Chapter 3.5 or Part 2, Chapter 3, Articles 3 and 4 respectively (commencing with Section 75) of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A; or as a result of changes in ownership or new construction occurring prior to date of policy.

1. An oil and gas lease for the term therein provided with certain covenants, conditions and provisions, together with easements, if any as set forth therein.

Lessor:	Harry M. Sharp and Nora J. Sharp
Lessee:	Richfield Oil Corporation
Recorded:	June 27, 1957 as Instrument No. 2702, of Official Records

Reference is hereby made to said document for full particulars.

Affects that portion of said land lying below a depth of 500 feet from the surface thereof, without the right to enter upon or use any portion of said land lying above said depth.

No assurance is made as to the present ownership of the leasehold created by said lease, nor as to other matters affecting the rights or interests of the lessor or lessee in said lease.

2. An oil and gas lease for the term therein provided with certain covenants, conditions and provisions, together with easements, if any as set forth therein.

Lessor:	Jack Waxman and Sally Waxman, husband and wife Max Palestine and Nadia Palestine, husband and wife
Lessee:	Richfield Oil Corporation, a Delaware corporation
Recorded:	September 11, 1957 as Instrument No. 3046, of Official Records

Reference is hereby made to said document for full particulars.

Affects that portion of said land lying below a depth of 500 feet from the surface thereof, without the right to enter upon or use any portion of said land lying above said depth.

No assurance is made as to the present ownership of the leasehold created by said lease, nor as to other matters affecting the rights or interests of the lessor or lessee in said lease.

3. An oil and gas lease for the term therein provided with certain covenants, conditions and provisions, together with easements, if any as set forth therein.

Lessor:	Virgil J. Welcome, a widower
Lessee:	Richfield Oil Corporation, a Delaware corporation
Recorded:	September 18, 1957 as Instrument No. 2892, of Official Records

Reference is hereby made to said document for full particulars.

Affects that portion of said land lying below a depth of 500 feet from the surface thereof, without the right to enter upon or use any portion of said land lying above said depth.

No assurance is made as to the present ownership of the leasehold created by said lease, nor as to other matters affecting the rights or interests of the lessor or lessee in said lease.

4. An oil and gas lease for the term therein provided with certain covenants, conditions and provisions, together with easements, if any as set forth therein.

Lessor:	Charlotte Cooper, an unmarried woman
Lessee:	Richfield Oil Corporation
Recorded:	August 2, 1963 as Instrument No. 4886, of Official Records

Reference is hereby made to said document for full particulars.

Affects that portion of said land lying below a depth of 500 feet from the surface thereof, without the right to enter upon or use any portion of said land lying above said depth.

No assurance is made as to the present ownership of the leasehold created by said lease, nor as to other matters affecting the rights or interests of the lessor or lessee in said lease.

5. The fact that the ownership of said land does not include any rights of ingress and egress to or from the freeway lying southwesterly of said herein described land, as reserved by the State of California, in deed recorded April 30, 1964 in Book D-2454 page 553, Official Records.

Said matter affects: Lots 7, 8 and 9, Block 8, the Greenwell Tract.

6. An oil and gas lease for the term therein provided with certain covenants, conditions and provisions, together with easements, if any as set forth therein.

Lessor:	Harold Cooper and Lorraine Cooper and Calman Cooper
Lessee:	Standard Oil Company of California, a corporation
Recorded:	March 12, 1965 as Instrument No. 3343, of Official Records

Reference is hereby made to said document for full particulars.

Affects that portion of said land lying below a depth of 500 feet from the surface thereof, without the right to enter upon or use any portion of said land lying above said depth.

No assurance is made as to the present ownership of the leasehold created by said lease, nor as to other matters affecting the rights or interests of the lessor or lessee in said lease.

7. The fact that the ownership of said land does not include any rights of access to the adjacent state freeway, as reserved by the State of California in deed recorded June 27, 1974 as Instrument No. 3718.

Said matter affects: That portion of Lots 8 and 9 of the Greenwell Tract.

8. The fact that said land is included within the City of Los Angeles Redevelopment Project Area, and that proceedings for redevelopment have been instituted.

Recorded: July 22, 1975 as Instrument No. 3675, of Official Records

9. The fact that said land is included within the City of Los Angeles Redevelopment Project Area, and that proceedings for redevelopment have been instituted.

Recorded: July 30, 1975 as Instrument No. 3868, of Official Records

10. The terms, covenants, conditions, restrictions and provisions of an amendment to the ground lease for the Los Angeles Convention and Exhibition Center II, dated January 1, 1989, by and between the City of Los Angeles and the Los Angeles Convention and Exhibition Center Authority, recorded July 17, 1989 as Instrument No. 89-1130462, Official Records.

(The aforementioned exception to be omitted when Company is provided recordable Termination of Lease).

11. The terms, covenants, conditions, restrictions and provisions of an amended and restated Convention and Exhibition Center II Lease, dated January 1, 1989, by and between the City of Los Angeles and the Los Angeles Convention and Exhibition Center Authority, recorded July 17, 1989 as Instrument No. 89-1130463, Official Records.

(The aforementioned exception to be omitted when the Company is provided a recordable termination of lease).

12. The terms, covenants, conditions, restrictions and provisions of an Assignment Agreement, dated January 1, 1989, by and between the Los Angeles Convention and Exhibition Center Authority and Bank of America National Trust and Savings Association, recorded July 17, 1989 as Instrument No. 89-1130464, Official Records.

(The aforementioned exception to be omitted when the Company is provided a recordable termination of lease).

13. The covenants and provisions contained in that certain trust agreement dated as of January 1, 1989, referred to in Exhibit "A" of Schedule A of this policy, which include among other provision that the "1989 Series a certificates of participation" authorized by and at any time out-standing pursuant to said trust agreement shall be and are equally secured by a pledge of and lien upon certain revenues, among which are the revenues derived from the facility lease referred to in paragraph 812 of Schedule B of this Policy.

(The aforementioned exception to be omitted when the Company is provided a recordable termination of lease).

14. A document subject to all the terms, provisions and conditions therein contained.

Entitled:	Fourth Amended and Restated Convention and Exhibition Center II Lease
Recorded:	June 3, 2003 as Instrument No. 03-1571689, of Official Records

(The aforementioned exception to be omitted when the Company is provided a recordable termination of lease).

The following matters affect Parcels 2, 3 and 4 consisting of certain proposed vacation Parcels.
If applicable, include with respect to the proposed vacation parcels,
if any, which become part of the insured leasehold property.

D. Property taxes, including any assessments collected with taxes, for the fiscal year 2007 - 2008 that are a lien not yet due.

E. Said land is not assessed by the Los Angeles County Assessor.

F. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Part 0.5, Chapter 3.5 or Part 2, Chapter 3, Articles 3 and 4 respectively (commencing with Section 75) of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A; or as a result of changes in ownership or new construction occurring prior to date of policy.

15. Easement(s) for the purpose(s) shown below and rights incidental thereto as delineated or as offered for dedication, on the recorded map shown below:

Map of:	Greenwell Tract
Recorded:	in Book 12, Page 70 of Miscellaneous Records
Purpose:	public street or alley
Affects:	That portion of said land as shown on said map.

16. Any private easements or lesser rights in, to, or over the street, highway, or public service easement vacated as referred to below, that were not affected by the proceedings vacating said easement referred to below, including but not limited to private easements for ingress and egress over said land, such easements having been acquired by owners of other lots under conveyances which were made by reference to the map shown below.

Map of:	Greenwell Tract
Recorded:	in Book 12, Page 70 of Miscellaneous Records
Affects:	said land

17. The fact that the ownership of said land does not include rights of access to or from the street, highway, or freeway abutting said land, such rights having been relinquished by various deeds of record.

18. An oil and gas lease for the term therein provided with certain covenants, conditions and provisions, together with easements, if any as set forth therein.

Lessor:	Harry M. Sharp and Nora J. Sharp
Lessee:	Richfield Oil Corporation
Recorded:	June 27, 1957 as Instrument No. 2702, of Official Records

Reference is hereby made to said document for full particulars.

Affects that portion of said land lying below a depth of 500 feet from the surface thereof, without the right to enter upon or use any portion of said land lying above said depth.

No assurance is made as to the present ownership of the leasehold created by said lease, nor as to other matters affecting the rights or interests of the lessor or lessee in said lease.

Affects: a portion of Parcel 2

19. An oil and gas lease for the term therein provided with certain covenants, conditions and provisions, together with easements, if any as set forth therein.

Lessor:	Jack Waxman and Sally Waxman, husband and wife Max Palestine and Nadia Palestine, husband and wife
Lessee:	Richfield Oil Corporation, a Delaware corporation
Recorded:	September 11, 1957 as Instrument No. 3046, of Official Records

Reference is hereby made to said document for full particulars.

Affects that portion of said land lying below a depth of 500 feet from the surface thereof, without the right to enter upon or use any portion of said land lying above said depth.

No assurance is made as to the present ownership of the leasehold created by said lease, nor as to other matters affecting the rights or interests of the lessor or lessee in said lease.

Affects: a portion of Parcel 2

20. An oil and gas lease for the term therein provided with certain covenants, conditions and provisions, together with easements, if any as set forth therein.

Lessor:	Virgil J. Welcome, a widower
Lessee:	Richfield Oil Corporation, a Delaware corporation
Recorded:	September 18, 1957 as Instrument No. 2892, of Official Records

Reference is hereby made to said document for full particulars.

Affects that portion of said land lying below a depth of 500 feet from the surface thereof, without the right to enter upon or use any portion of said land lying above said depth.

No assurance is made as to the present ownership of the leasehold created by said lease, nor as to other matters affecting the rights or interests of the lessor or lessee in said lease.

Affects: a portion of Parcel 2

21. An oil and gas lease for the term therein provided with certain covenants, conditions and provisions, together with easements, if any as set forth therein.

Lessor:	Charlotte Cooper, an unmarried woman
Lessee:	Richfield Oil Corporation
Recorded:	August 2, 1963 as Instrument No. 4886, of Official Records

Reference is hereby made to said document for full particulars.

Affects that portion of said land lying below a depth of 500 feet from the surface thereof, without the right to enter upon or use any portion of said land lying above said depth.

No assurance is made as to the present ownership of the leasehold created by said lease, nor as to other matters affecting the rights or interests of the lessor or lessee in said lease.

Affects: a portion of Parcel 2

22. An oil and gas lease for the term therein provided with certain covenants, conditions and provisions, together with easements, if any as set forth therein.

Lessor:	Harold Cooper and Lorraine Cooper and Calman Cooper
Lessee:	Standard Oil Company of California, a corporation
Recorded:	March 12, 1965 as Instrument No. 3343, of Official Records

Reference is hereby made to said document for full particulars.

Affects that portion of said land lying below a depth of 500 feet from the surface thereof, without the right to enter upon or use any portion of said land lying above said depth.

No assurance is made as to the present ownership of the leasehold created by said lease, nor as to other matters affecting the rights or interests of the lessor or lessee in said lease.

Affects: a portion of Parcel 2

23. The fact that said land is included within the Central Business District Redevelopment Project Area, and that proceedings for redevelopment have been instituted.

Recorded: July 22, 1975 as Instrument No. 3675, of Official Records

Recorded: July 30, 1975 as Instrument No. 3868, of Official Records

24. The terms, covenants, conditions, restrictions and provisions of an amendment to the ground lease for the Los Angeles Convention and Exhibition Center II, dated January 1, 1989, by and between the City of Los Angeles and the Los Angeles Convention and Exhibition Center Authority, recorded July 17, 1989 as Instrument No. 89-1130462, Official Records.

Affects: Parcels 1 and 2

(The aforementioned exception to be omitted when the Company is provided a recordable termination of lease).

25. The terms, covenants, conditions, restrictions and provisions of an amended and restated Convention and Exhibition Center II Lease, dated January 1, 1989, by and between the City of Los Angeles and the Los Angeles Convention and Exhibition Center Authority, recorded July 17, 1989 as Instrument No. 89-1130463, Official Records.

Affects: Parcels 1 and 2

(The aforementioned exception to be omitted when the Company is provided a recordable termination of lease).

26. The terms, covenants, conditions, restrictions and provisions of an Assignment Agreement, dated January 1, 1989, by and between the Los Angeles Convention and Exhibition Center Authority and Bank of America National Trust and Savings Association, recorded July 17, 1989 as Instrument No. 89-1130464, Official Records.

Affects: Parcels 1 and 2

(The aforementioned exception to be omitted when the Company is provided a recordable termination of lease).

27. The covenants and provisions contained in that certain trust agreement dated as of January 1, 1989, referred to in Exhibit "A" of Schedule A of this policy, which include among other provision that the "1989 Series a certificates of participation" authorized by and at any time out-standing pursuant to said trust agreement shall be and are equally secured by a pledge of and lien upon certain revenues, among which are the revenues derived from the facility lease referred to in paragraph 812 of Schedule B of this Policy.

(The aforementioned exception to be omitted when the Company is provided a recordable termination of lease).

28. A document subject to all the terms, provisions and conditions therein contained.

Entitled: Fourth Amended and Restated Convention and Exhibition Center II Lease
Recorded: June 3, 2003 as Instrument No. 03-1571689, of Official Records

Affects: Parcels 1 and 2

(The aforementioned exception to be omitted when the Company is provided a recordable termination of lease).

29. Water rights, claims or title to water, whether or not disclosed by the public records.

30. Matters which may be disclosed by an inspection and/or by a correct ALTA/ACSM Land Title Survey of said land that is satisfactory to this Company, and/or by inquiry of the parties in possession thereof.

31. Any rights of parties in possession of said land, based on any unrecorded lease, or leases.

(The aforementioned exception to be omitted when the Company is provided a current owner's declaration disclosing no tenancies of any kind.)