

**LOS ANGELES INTERNATIONAL AIRPORT FAST CASUAL
DINING AND BRANDED COFFEE FOOD & BEVERAGE
CONCESSIONS AGREEMENT**

LAA-_____

By and between

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

and

AREAS USA LAX, LLC

Dated _____, 2017

TABLE OF CONTENTS

I	TERM.....	4
	1.1. Term; Commencement Date; Expiration Date	4
	1.2. Unit Commencement Date.....	4
	1.3. Commencement of Preparatory Action	5
	1.4. Surrender.....	5
II	PREMISES.....	5
	2.1. Premises; Units	5
	2.2. Storage Space.....	6
	2.3. Common Areas	6
	2.4. Public Address System	7
	2.5. Wireless.....	7
III	CONCESSION RIGHTS AND OBLIGATIONS.....	7
	3.1. Permitted Uses; Rights Granted.....	7
	3.2. Right to Operate.....	7
	3.3. General Obligation to Operate.....	8
	3.4. Right to Promote Products; Restriction on Advertising	8
	3.5. Quiet-Enjoyment.....	8
	3.6. As-Is Condition.....	9
	3.7. Rights are Not Exclusive	9
	3.8. General Disputes.....	9
	3.9. No Other Uses.....	9
	3.10. Rules and Regulations.....	9
	3.11. Pricing.....	9
	3.12. Failure to Adhere to the Airport Pricing Policy.....	11
IV	PAYMENTS BY CONCESSIONAIRE.....	11

TABLE OF CONTENTS

4.1.	Base Rent	11
4.2.	Design/Construction Review Fee	15
4.3.	Common Area Maintenance	15
4.4.	Utilities.....	17
4.5.	Refuse Removal	17
4.6.	Other Fees and Charges	18
4.7.	Method of Payment.....	18
4.8.	Books and Records	21
V	OPERATING STANDARDS.....	22
5.1.	Operating Standards.....	22
5.2.	Concession Personnel	22
5.3.	Managing Director	23
5.4.	Unit Managers.....	24
5.5.	Hours of Operation	24
5.6.	Menu and Price Schedules.....	24
5.7.	Quality of Foods and Beverages	25
5.8.	Adequate Products and Service	25
5.9.	Cash and Record Handling Requirements; Change Making; Credit Cards	25
5.10.	Deliveries; Access and Coordination.....	26
5.11.	Removal of Garbage and Refuse	26
5.12.	Franchise Agreement Standards	28
5.13.	Quality Assurance Audits	28
5.14.	Prohibited Acts.....	28
5.15.	Signs, Promotions & Displays	30
5.16.	Taxes	31

TABLE OF CONTENTS

5.17.	Licenses and Permits.....	31
5.18.	Compliance with Laws.	31
5.19.	Airport Operations	32
5.20.	Non-Compliance	32
VI	AIRPORT CONCESSION DISADVANTAGED BUSINESS ENTERPRISE PROGRAM.....	32
6.1.	Compliance with Department of Transportation (DOT)	32
6.2.	Subsequent Concession Agreement or Contract Covered by 49 CFR Part 23	33
6.3.	Substitutions.....	33
6.4.	Monthly Report.....	33
VII	IMPROVEMENTS.....	33
7.1.	Design and Construction Obligations - In General.....	33
7.2.	Condition of Premises.....	34
7.3.	Improvement Financial Obligation.....	34
7.4.	City Approval of Improvements	35
7.5.	Improvements	36
7.6.	Alterations.....	37
7.7.	Building Codes.....	37
7.8.	Other Permits	37
7.9.	Workers' Compensation.....	37
7.10.	Prevailing Wage.....	37
7.11.	Improvement Payment and Performance Bonds.....	38
7.12.	Telecommunications Facilities	38
7.13.	Deliveries upon Completion	40

TABLE OF CONTENTS

7.14.	No Liens.....	41
7.15.	Ownership of Improvements.....	42
VIII	MAINTENANCE AND REPAIR.....	43
8.1.	Maintenance and Repair	43
8.2.	Maintenance Program	43
8.3.	Maintenance of Plumbing.....	44
8.4.	City May Repair.....	45
8.5.	Right to Enter Premises	45
8.6.	City Maintains Central Air Conditioning	46
8.7.	City May Maintain Utilities.....	46
8.8.	Pest Control.....	46
8.9.	Evidence of Payment	46
IX	REDUCTION, RELOCATION OR EXPANSION.....	47
9.1.	Reduction or Relocation of Premises.....	47
9.2	Expansion of Premises.....	48
X	AIRPORT CONSTRUCTION; AIRPORT OPERATIONS.....	48
10.1.	Airport Construction; Airport Operations.....	48
10.2.	No Right to a Temporary Premises.....	48
XI	TERMINATION/CANCELLATION.....	48
11.1.	Defaults.....	48
11.2.	City's Remedies.....	51
11.3.	Right to Remove Equipment.....	55
11.4.	Surrender to be in Writing	55
11.5.	Additional Rights of City.....	55

TABLE OF CONTENTS

11.6.	Acceptance Is Not a Waiver	55
11.7.	Waiver Is Not Continuous	55
11.8.	Waiver of Redemption and Damages	55
11.9.	Survival of Concessionaire's Obligations	56
11.10.	Cancellation or Termination By Concessionaire	56
11.11.	Damaged Improvements	56
11.12.	Service During Removal.....	56
11.13.	City May Renovate	57
11.14.	Viewing By Prospective Competitors.....	57
11.15.	Tenancy at Sufferance.....	57
11.16.	Administrative Assessments	57
XII	DAMAGE OR DESTRUCTION TO PREMISES.	58
12.1.	Damage or Destruction to Premises.....	58
12.2.	Limits of City's Obligations.....	58
XIII	LIABILITY.....	59
13.1.	Liability.....	59
13.2.	City Held Harmless.....	59
13.3.	Faithful Performance Guarantee	59
13.4.	Insurance	60
XIV	TRANSFER.....	62
14.1.	Transfer Prohibited	62
14.2.	Transfer	62
14.3.	No Further Consent Implied	63
14.4.	No Release	63
14.5.	Payment of City's Costs	63

TABLE OF CONTENTS

14.6.	Incorporation of Terms	63
14.7.	Right to Collect Rent Directly	63
14.8.	Reasonableness of Restrictions	63
14.9.	Transfer Premium	64
XV	HAZARDOUS MATERIALS	64
15.1.	Hazardous Materials	64
15.2.	Prohibition; Concessionaire Responsibility	65
15.3.	Spill - Clean-Up	66
15.4.	Provision to City of Environmental Documents	66
15.5.	Hazardous Materials Continuing Obligation	66
XVI	OTHER PROVISIONS	66
16.1.	Other Provisions	66
16.2.	Cross Default	67
16.3.	City's Right of Access and Inspection	67
16.4.	Automobiles and Other Equipment	67
16.5.	Notices	67
16.6.	Agent for Service of Process	68
16.7.	Restrictions and Regulations	69
16.8.	Right to Amend	69
16.9.	Independent Contractor	69
16.10.	Disabled Access	69
16.11.	Child Support Orders	70
16.12.	Business Tax Registration	71
16.13.	Ordinance and Los Angeles Administrative Code ("Code") Language Governs	71
16.14.	Amendments to Ordinances and Codes	71

TABLE OF CONTENTS

16.15. Non-Discrimination and Affirmative Action Provisions.....	71
16.16. Security - General	73
16.17. Visual Artists' Rights Act	74
16.18. Living Wage Ordinance General Provisions	74
16.19. Service Contract Worker Retention Ordinance	75
16.20. Equal Benefits Ordinance	75
16.21. Contractor Responsibility Program.....	76
16.22. First Source Hiring Program for Airport Employers	76
16.23. Environmentally Favorable Options	76
16.24. Municipal Lobbying Ordinance	76
16.25. Labor Peace Agreement.....	76
16.26. Alternative Fuel Vehicle Requirement Program (LAX only).....	77
16.27. Ownership of Work Product	77
16.28. Estoppel Certificate.....	77
16.29. Subordination of Agreement.....	77
16.30. Laws of California and United States	77
16.31. Agreement Binding Upon Successors	78
16.32. Attorneys' Fees.....	78
16.33. Anti-Trust Claims	78
16.34. Entire Agreement	78
16.35. Conditions and Covenants	79
16.36. Gender and Plural Usage	79
16.37. Venue	79
16.38. Void Provision	79
16.39. Construction and Interpretation	79

TABLE OF CONTENTS

16.40. Section Headings	79
16.41. Waiver of Claims	79
16.42. Waiver.....	79
16.43. Representation of Concessionaire.....	79
16.44. Additional Representations of Concessionaire.....	81
16.45 City Approval.....	81
16.47 Board Order AO-5077 Exemption.....	81
16.48 Compliance with Los Angeles City Charter Section 470(c)(12).....	82
16.49 California Civil Code Section 1938 Disclosure; Concessionaire's Responsibility For Required Repairs or Alterations.....	82
16.50 Iran Contracting Act of 2010.....	83
Signature Pages	84

LIST OF EXHIBITS

Exhibit A:	Excerpts of Proposal and Administrative Requirements
Exhibit B-1:	Description of Premises
Exhibit B-2:	Maps
Exhibit C:	Form of Storage Space Addendum
Exhibit D:	Form of Monthly Gross Revenue Report
Exhibit E:	Form of Annual Gross Revenue Report
Exhibit F:	Approved Form of Payment List
Exhibit G:	Form of Performance Bond
Exhibit H:	Form of Payment Bond
Exhibit I:	Schedule of Administrative Assessments
Exhibit J:	Insurance

TABLE OF CONTENTS

Exhibit K:	Contractor Responsibility Program Pledge of Compliance Rules and Pledge of Compliance
Exhibit L:	First Source Hiring Program
Exhibit M:	Alternative Fuel Vehicle Program Regulations
Exhibit N-1:	Iran Contracting Act of 2010 Compliance Affidavit
Exhibit N-2:	DGS List

LOS ANGELES INTERNATIONAL AIRPORT FOOD & BEVERAGE CONCESSIONS AGREEMENT

THIS LOS ANGELES INTERNATIONAL AIRPORT FAST CASUAL DINING AND BRANDED COFFEE FOOD & BEVERAGE CONCESSIONS AGREEMENT (this "**Agreement**"), is made and entered into as of _____, 2017 ("**Effective Date**"), by and between THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS, a municipal corporation ("**City**"), acting by order of and through its Board of Airport Commissioners ("**Board**"), and AREAS USA LAX, LLC ("**Concessionaire**"), a Florida limited liability company, with reference to the following Basic Information and the following Recitals.

BASIC INFORMATION

Agreement Date:	_____ (see Section 1.1 below for the Commencement Date and Expiration Date.)
City:	THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS, a municipal corporation (" City "), acting by order of and through its Board of Airport Commissioners (" Board ")
City's Address:	<p>Department of Airports 1 World Way Post Office Box 92216 Los Angeles, California 90009-2216</p> <p>or such other address as may be designated in a written notice from Chief Executive Officer in accordance with <u>Section 16.5.1.</u></p>
	<p>All notices sent to City under this Agreement shall be sent to the above address, with "Attn.:" to the name of the person or title of the person (e.g., Chief Executive Officer) with copies to:</p> <p>Office of City Attorney 1 World Way Post Office Box 92216 Los Angeles, California 90009-2216</p> <p>or to such other address as may be designated in a written notice from Chief Executive Officer in accordance with <u>Section 16.5.1.</u></p>
	<p>All rent amounts and fees payable to City or LAWA hereunder shall be made payable to:</p> <p>City of Los Angeles, Department of Airports</p> <p>and shall be mailed to:</p> <p>City of Los Angeles – LAWA P.O. Box 54078 Los Angeles, CA 90054-0078 Re: LAX Concession Agreement No. LAA-_____</p> <p>or to such other address as may be designated in a written notice from Chief Executive Officer in accordance with <u>Section 16.5.1.</u></p>

Concessionaire:	Areas USA LAX, LLC			
Contact Person:	Kirk Weiss			
Address:	5301 Blue Lagoon Drive, Suite 690 Miami, FL 33126			
Phone:	305-267-8510			
Facsimile:	305-675-8488			
E-mail:	kirk.weiss@areas.com			
Registered Agent:	CSC Layers Incorporating Service			
Address:	2710 Gateway Oaks Dr., Suite 150N Sacramento, CA 95833			
Phone:				
E-mail:				
Airport:	Los Angeles International Airport			
Terminals:	7			
RFP:	Request for Proposal No. 7749 issued by City			
Concession Proposal:	Response to Request for Proposal dated as of January 17, 2017, submitted by Concessionaire.			
Package:	N/A			
Premises:	The spaces comprised of the following Unit(s):			
	Unit No.	Terminal	Square Feet	Unit Commencement Date
	7 DEP	7	980	TBD
	7 ARR	7	380	TBD
	All as shown on Exhibit B-1 & B-2, which may be amended from time to time pursuant hereto.			
Expiration Date:	June 30, 2023			
Rent:	Unit	Category	Minimum Annual Guarantee	Minimum Monthly Guaranteed Rent
	7 DEP	Fast Casual Dinning	\$718,340	\$59,862
	7 ARR	Branded Coffee	\$266,000	\$22,167
		Total	\$984,340	\$82,029
	Rent Category			Percentage Rent
	Food and Beverage			
	All Alcoholic Beverages			21.5%
	All Other Items			16.5%
Permitted Uses:	Unit	Category		
	7 DEP	Fast Casual Dinning		
	7 ARR	Branded Coffee		

Initial Minimum Investment Amount:	Based upon an aggregate not less than \$750.00 per sq. ft.		
	Unit	Unit Allocation	
	7 DEP	\$2,200,000	
	7 ARR	\$1,100,000	
	Total	\$3,300,000	
Minimum Mid-Term Refurbishment Amount:	N/A		
	Unit	Sq. Ft.	Unit Allocation \$/Sq. Ft.
	7 DEP	980	N/A
	7 ARR	380	N/A
	Total	1,360	N/A
Faithful Performance Guarantee:	Initially, \$246,087 [25% of MMG x 12] as such amount may be adjusted in accordance with Section 13.3.1.		
Guarantor:	_____ (If none, insert "None")		
Storage Space Addendum:	<input type="checkbox"/> Yes <input type="checkbox"/> No Note: To be determined after award and based on availability.		
Design/Construction Review Fee (DCRF):	\$30,600 payable in accordance with Section 4.2. (\$22.50 Per SF Per Unit)		
	Unit	Sq. Ft.	DCRF
	7 DEP	980	\$22,050
	7 ARR	380	\$8,550
	Total	1,360	\$30,600
Concepts:	Unit	Approved concepts in accordance with Section 5.6. Concessionaires branding concepts shall remain as described in the basic information and shall only be modified with the prior approval of the Chief Executive Officer.	
	7 DEP	Ashland Hill	
	7 ARR	Dunkin Donuts	
ACDBE:	Goal	Participation (from Proposal)	
	0%	0%	

The initially-capitalized defined terms used in this Agreement which are defined in the foregoing Basic Information ("**Basic Information**") shall have the meaning and definition given them in the Basic Information. The Basic Information, the exhibits, the addendum or addenda described in the Basic Information, and this Agreement are and shall be construed as a single instrument and are referred to herein as the "**Agreement**."

RECITALS:

A. City is the owner of the Los Angeles International Airport (the "**Airport**"), located in the City of Los Angeles, County of Los Angeles, State of California, and operates said Airport for the promotion and accommodation of air commerce and air transportation between the City of Los Angeles and other local, national and international cities; and

B. City desires to provide a wide range of fast casual dining food & beverage products and merchandise and branded coffee for the benefit of the air traveling public and other persons using the Airport and issued the Request for Proposal, as supplemented by addenda (the "**RFP**"), release date of October 21, 2016, herein incorporated by reference, to solicit proposals for the operation and management of fast casual dining food & beverage and branded coffee concessions (collectively "**Concessions**") in Terminal 7 of the Airport (the "**Terminal**"); and

C. City received proposals in response to the RFP, including the Concessionaire's proposal identified in the Basic Information (the "**Concessionaire Proposal**"), which excerpts of such proposal and Administrative Requirements are attached as Exhibit A, and an award has been made to Concessionaire, all on the terms and subject to the conditions set forth in this Agreement¹; and

D. Concessionaire desires to provide facilities and services at the Airport of the type and character required by City, all in accordance with this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing Recitals (which are incorporated herein by this reference), the payment of the fees and charges hereinafter provided, the covenants and conditions hereinafter contained to be kept and performed, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

I TERM.

1.1 Term; Commencement Date; Expiration Date. The term of this Agreement (the "**Term**") shall commence on the Effective Date ("**Commencement Date**") and expire on June 30, 2023 ("**Expiration Date**"), unless extended or sooner terminated as herein provided.

1.2 Unit Commencement Date. The Commencement Date for each Unit ("**Unit Commencement Date**") shall be the earlier of (a) one hundred and eighty (180) days after the Delivery Date (hereinafter defined) with respect to the Unit, or (b) the date Concessionaire commences business operations to the public at the Unit. The "**Delivery Date**" for the Unit shall

¹ The provisions of the Agreement will supersede in the event of any conflicts between the Concessionaire's Proposal and the Agreement.

be the date specified by Chief Executive Officer or the person or group designated by Chief Executive Officer to take a specified action on behalf of Chief Executive Officer ("CEO") in a written notice delivered to Concessionaire (a "**Delivery Notice**") as the date that Concessionaire may take possession of such Unit pursuant to the terms of this Agreement.

1.3 Commencement of Preparatory Actions. Immediately following the Unit Commencement Date, Concessionaire shall make all necessary arrangements in order to prepare for the commencement of business operations at the Premises including, without limitation, preparation, submission for approvals, and finalization of all materials required in connection with the construction of improvements for the Premises as required under this Agreement, obtaining all permits, authorizations, licenses and clearances required for Concessionaire's agents, representatives, employees, contractors, and vendors in order to comply with the security requirements imposed under this Agreement, making all necessary arrangements for obtaining all merchandise, supplies, inventory, and equipment necessary for the operation of Concessionaire's business at the Premises in accordance with this Agreement.

1.4 Surrender. Concessionaire agrees that at 12:00 noon on the Expiration Date, or on the sooner termination of this Agreement, Concessionaire shall surrender the Premises to City (a) in good condition and repair (damage by acts of God, fire, and normal wear and tear excepted), but with all interior walls repaired, any carpets cleaned, and all floors cleaned and waxed, and (b) free of any Hazardous Materials in accordance with Article XV. Normal wear and tear shall not include any damage or deterioration that would have been prevented by proper maintenance by Concessionaire or Concessionaire otherwise performing all of its obligations under this Agreement. On or before the expiration or sooner termination of this Agreement, (i) Concessionaire shall remove all of Concessionaire's personal property, all Telecommunications Facilities (hereinafter defined) installed in the Premises or elsewhere in the Airport by or on behalf of the Concessionaire (provided City may require such removal shall be performed by a contractor or telecom provider designated by City), and Concessionaire's signage from the Premises, and Concessionaire shall repair any damage caused by such removal, and (ii) City may, by notice to Concessionaire given not later than ninety (90) days prior to the Expiration Date (except in the event of a termination of this Agreement prior to the scheduled Expiration Date, in which event no advance notice shall be required), require Concessionaire at Concessionaire's expense to remove any or all Alterations and to repair any damage caused by such removal. Any of Concessionaire's personal property not so removed by Concessionaire as required herein shall be deemed abandoned and may be stored, removed, and disposed of by City at Concessionaire's expense, and Concessionaire waives all Claims against City for any damages resulting from City's retention and disposition of such property; *provided, however*, that Concessionaire shall remain liable to City for all costs incurred in storing and disposing of such abandoned property of Concessionaire. All improvements and Alterations except those which City requires Concessionaire to remove shall remain in the Premises as the property of City.

II PREMISES.

2.1 Premises; Units. The premises for the Concessions which are the subject of this Agreement (the "**Premises**") are described in Exhibit B-1 attached hereto, are located at the Airport at the Terminal, listed in the Basic Information, and are comprised of those spaces (the

"Units") set forth in the Basic Information, are described on Exhibit B-1 attached hereto, and shown on the plan attached hereto as Exhibit B-2.

2.2 Storage Space. Concessionaire must plan for the storage of its merchandise and will be responsible for securing storage/support on or off the Airport. Concessionaire shall not use more square footage of the Unit for the storage of equipment, inventory or supplies than the square footage of the Unit approved by the City as a part of the design and construction approval process. City may (but shall have no obligation to) rent storage space to Concessionaire if such space becomes available at the Airport from time to time. In the event City makes such storage space available to Concessionaire and Concessionaire desires to lease such storage space, CEO and Concessionaire shall enter a Storage Space Addendum in the form of Exhibit C attached hereto, as such form may be modified from time to time by CEO, and Concessionaire shall pay to City with respect to such storage space an annual amount equal to the then current Terminals Buildings Rate adopted by the Board. The rent for the Storage Space shall be calculated for each calendar month in an amount equal to the Terminals Buildings Rate for the month multiplied by the square footage per year of the Storage Space. The rent for the Storage Space is subject to annual adjustment by the Board, and the Concessionaire shall pay such rent based on the then Board-approved rates.

2.3 Common Areas. Subject to compliance with City's Rules and Regulations and security requirements, Concessionaire shall have the non-exclusive right, in common with others authorized by City, of ingress and egress through all Common Areas (as defined in this Section); provided, however, the CEO may, in its sole discretion, and without liability to Concessionaire, change the size or location of the Common Areas, including, without limitation, by converting Common Areas to leaseable or other areas, or leaseable areas to Common Areas. City shall use reasonable efforts so as to not prevent access and/or substantially impair access to the Premises in connection with any such changes to the Common Areas. CEO may, in CEO's sole discretion, establish and enforce non-discriminatory Rules and Regulations (as defined in Section 3.10 below) concerning the Common Areas, temporarily close portions of the Common Areas for security, maintenance or other purposes, and make changes to the Common Areas including, without limitation, changes in the location of security points, driveways, entrances, exits, parking spaces and the direction and flow of pedestrian and vehicular traffic. Notwithstanding the foregoing, in the event that access to any Unit is so restricted or materially impaired to the extent that any Unit it is required to be closed for two (2) or more complete and consecutive days, then the MMG (as defined in Section 4.7.2.2) allocated for any such Unit shall be equitably abated for the period commencing on the 3rd day following the date that any such Unit is forced to close and shall continue until the date access to the Unit is reopened so that concession operations may be recommenced in any such Unit. For purposes of this Agreement, the term "**Common Areas**" means all areas and facilities located within the Airport and outside of the Premises, that are designated by the CEO from time to time as common use areas for the general use and convenience of concessionaires, tenants and other occupants at the Airport, airline passengers and other visitors to the Airport, such as lobbies, corridors, sidewalks, elevators, escalators, moving sidewalks, parking areas, and facilities, restrooms, pedestrian entrances, driveways, loading zones and roadways. Except for damage caused by Concessionaire, Concessionaire shall not be responsible for the maintenance or repair of any Common Areas located outside of the Premises. For avoidance of doubt, the parties acknowledge that the Concessionaire Common

Areas are not a part of the Common Areas as described in this Section 2.3, and Concessionaire's obligations with respect to the Concessionaire Common Areas, if any, are described elsewhere in this Agreement.

2.4 Public Address System. City shall have the right, in its sole discretion, to install one (1) or more public address system speakers in each Unit for announcing flight arrivals and departures and other Airport information. Concessionaire shall not install any public address, paging, or other similar audio system in any Unit at any time. Any installation of a music system or television system in any Unit shall require the prior written approval of the CEO, in his or her sole discretion; provided that no such system shall interfere with the City's public address system. Concessionaire shall not have any wireless internet system within the premises that can be accessed by any means by non-employees of Concessionaire.

2.5 Without the prior written consent of the CEO (in his or her sole discretion), Concessionaire shall not have any wireless internet system(s) within any Unit. Without the prior written consent of the CEO, in his or her sole discretion, Concessionaire shall not install or use any wireless workstations, access control equipment, wireless internet servers, transceivers, modems or other hardware that transmit or otherwise access radio frequencies. Notwithstanding the prior consent of the CEO for the installation of any such system or equipment, the CEO shall have the absolute right, upon thirty (30) days' prior written notice, to require the removal of any such system or equipment (at Concessionaire's sole expense) in the event that such system or equipment interferes with any present or future systems or equipment installed by City at the Airport.

III CONCESSION RIGHTS AND OBLIGATIONS.

3.1 Permitted Uses; Rights Granted. The permitted uses of the Unit under this Agreement (the "**Permitted Uses**") include only the following: the right to sell to the public such food, beverage and merchandise in the respective Unit, as more particularly set forth in the Basic Information, and such other non-edible promotional items used to promote the sale of such fast casual dining food & beverage and branded coffee items. The Permitted Uses for each Unit shall be specific to that Unit, and Concessionaire shall not, without the prior written consent of CEO (granted, denied or conditioned in CEO's sole discretion) use that Unit for the Permitted Uses authorized for any other Unit. The Concessionaire is only authorized to conduct at the Airport, and only from the Premises, the Permitted Uses with respect to each Unit and no other business or uses. Except as expressly set forth in Section 5.10 or as directed by CEO in writing, the Permitted Uses do not permit Concessionaire to have access to the airside operations of the Airport. Concessionaire shall not engage in any activity on the Airport outside of the Premises for the recruitment or solicitation of business without the prior written consent of CEO (granted, denied or conditioned in CEO's sole discretion). Without limiting the generality of this Section, Concessionaire shall not operate the Unit under any name or brand, other than a name or brand specifically permitted or required herein, or as otherwise approved in advance in writing by CEO.

3.2 Right to Operate. City hereby grants to Concessionaire the right and obligation to occupy, equip, furnish, operate and maintain concessions in the Units described in further detail in Exhibits B-1 and B-2. The rights granted shall be carried on solely and exclusively within the

limits and confines of said Units; *subject, however*, to the expansion, reduction or relocation of any such Units, as specified in Article IX hereof and its sections.

3.3 General Obligation to Operate. Except for periods of closure specified in writing as a part of City's construction approval process in connection with construction of the improvements any approved Alterations (hereinafter defined), as approved in writing by CEO in connection with the construction approval process, at each of the Units indicated herein, Concessionaire shall provide the Concessions' service to the air traveling public and other persons using the Airport, every day of the Term hereof, without exception. Concessionaire shall not divert, cause or permit to be diverted any business from the Premises and shall take all reasonable measures, in every proper manner, to develop, maintain and increase the business conducted by Concessionaire under this Agreement. Concessionaire shall actively operate each Unit so as to best serve public needs.

3.4 Right to Promote Products; Restriction on Advertising.

Concessionaire shall have the right, without the prior consent of the CEO, to promote Concessionaire's brand-name products on its packaging and available for sale within the Premises in accordance with Section 5.15 of this Agreement. Receipts for any revenue generated in connection with such promotion shall be subject to the "Percentage Fee" as described in Section 4.1.3 hereof. Concessionaire acknowledges that City has entered in an exclusive agreement with a third party with respect to commercial advertising within the Airport and the Terminal. Accordingly, except as permitted under this Section with respect to promotion of brand-name product packaging and signs within the Premises otherwise in compliance with this Agreement, Concessionaire acknowledges and agrees that Concessionaire has no rights (a) to advertise or promote its products outside of the Premises, (b) to advertise or promote the products of any third party, or (c) participate in any non-City sponsored marketing income program at the Airport. Concessionaire hereby agrees to indemnify, defend and hold City and City Agents (hereinafter defined) harmless from and against any actions, causes of action, charges, claims, costs, damages, demands, expenses (including attorneys' fees, costs of court and expenses incurred), fines, judgments, liabilities, liens, losses, or penalties of every kind and nature whatsoever (collectively, "**Claims**") City may suffer or incur as a result of Concessionaire's violation of this Section. Concessionaire hereby assigns to City and agrees to pay to City as Additional Rent hereunder any fees, compensation or other revenue received by Concessionaire, directly or indirectly, from any such advertising or product promotion in violation of this Section. For purposes of this Agreement, "**advertising**" shall mean fixed and dynamic advertising display signage, as well as marketing income programs (including, but not limited to, sponsorships, events, product rights, licensing, naming rights and branding) at locations outside the Premises and, except to the extent approved in advance in writing by CEO, at locations within each Unit with respect to products not sold by Concessionaire within such Unit.

3.5 Quiet-Enjoyment. Subject to the rights reserved in favor of City under this Agreement, Concessionaire, upon payment of Rent hereunder and upon observing and keeping the conditions and covenants of this Agreement on its part to be observed and kept, shall lawfully and quietly hold, use and enjoy the Premises during the term of this Agreement.

3.6 As-Is Condition. Concessionaire acknowledges and agrees that each Unit is being delivered to and accepted by Concessionaire on the Delivery Date in an "As-Is," "Where Is" and "With all Faults" condition and without any representation, warranty or implied warranty of any kind or nature as to the condition, use or occupancy which may be made thereof and without any improvements or alterations by City. Except as expressly set forth in this Agreement, Concessionaire waives, and City disclaims, all warranties of any type or kind whatsoever with respect to the Premises, whether express or implied, including, by way of description but not limitation, those of fitness for a particular purpose and use.

3.7 Rights are Not Exclusive. Subject to the rights reserved to City under this Agreement, Concessionaire acknowledges and agrees that (a) subject to Concessionaire's compliance with the terms and conditions of this Agreement, the rights herein granted to Concessionaire shall be exclusive within the Premises covered by this Agreement, but non-exclusive at the Airport; (b) Concessionaire has no exclusive rights to conduct the business of the Permitted Uses in areas other than the Units; (c) other than with respect to Storage Space pursuant to a Storage Space Addendum, if applicable, the rights granted to Concessionaire under this Agreement do not include any right to use, occupy or possess any area other than the Units (including, without limitation, any new leaseable areas in the Terminal, existing terminals or any new terminals developed by City in the future); and (d) City intends to enter into concession agreements with other food and beverage concessionaires and other retail and services concessionaires at the Airport, some of which will be located in the Terminal covered by this Agreement. In addition, City expressly reserves the right to grant others the right to sell retail products and merchandise, personal services, and foods and beverages and branded coffee in the Terminal covered by this Agreement, and such right has been, or may in the future be granted to others in separate agreements.

3.8 General Disputes. In the event of a dispute between Concessionaire and any other Airport tenant or concessionaire as to the services to be offered or products to be sold at the any Unit, Concessionaire shall meet and confer with CEO and, CEO shall determine the services to be offered or products to be sold by each, and any decision by CEO shall be final and binding upon Concessionaire and such other Airport tenant or concessionaire.

3.9 No Other Uses. Concessionaire shall not use nor permit the Units to be used for any purpose other than the Permitted Uses.

3.10 Rules and Regulations. Concessionaire shall comply with the rules and regulations of the City and the Department of Airports, along with any modifications, amendments and supplements thereto, as are in effect from time to time, for the orderly and proper operation of the Airport, its terminals, the Common Areas and the Premises (collectively, the "**Rules and Regulations**"). City shall not be responsible to Concessionaire or any other third party for the failure of any other person to observe and abide by any of said Rules and Regulations.

3.11 Pricing.

3.11.1 Concessionaire shall price its products in accordance with the Airport Pricing Policy, including any revisions or amendments to such policy. For the

purposes of this Agreement, the "**Airport Pricing Policy**" shall mean establishing prices that are no more than eighteen percent (18%) higher than prices charged by Comparable businesses located off-Airport within a twenty-five (25) mile radius of the Airport (the "**Comparison Area**"), excluding sale or promotional prices. "**Comparable**" shall mean (a) if Concessionaire is a licensee or franchisee of a restaurant concept, then the pricing comparison shall be to the other licensees or franchisees with the same concept operated by the Concessionaire or other licensees or franchisees in the Comparison Area, or (b) if Concessionaire operates food and beverage and branded coffee units that are not operated under license or franchise agreements, Unit pricing will be compared to restaurants with a similar style of service and menu located in shopping centers or commercial districts in the Comparison Area; provided, however, special gated venues (e.g., Dodger Stadium, theme parks, Staples Center) and special events shall not be deemed to be Comparable businesses or locations.

3.11.2 Concessionaire's initial proposed pricing and menus for each Unit (broken down by item and price range, in such detail as is reasonably satisfactory to the CEO), which have been approved by CEO, will be submitted to LAWA prior to each Unit Commencement Date. No changes to these menus and prices may be made without the prior written consent of CEO. Any proposed changes to these menus and prices must be submitted to City in writing, along with supporting documentation to evidence prices from Comparable businesses or locations within the Comparison Area. CEO shall consider such request and supporting data, and may conduct City-initiated price comparisons of such Comparable businesses within the Comparison Areas as CEO considers necessary. For the purposes of this Section 3.11.2, the decision of CEO with respect to changes to Concessionaire's prices shall be final and binding on Concessionaire. If any City-initiated price comparisons discloses a violation of the requirements of this Agreement, the cost of such City-initiated price comparisons shall be borne by Concessionaire, and upon the delivery of an invoice from City, Concessionaire shall pay the same to City as Additional Rent, plus a fifteen percent (15%) for administrative overhead (but in no event less than \$100 per occurrence; as such amount may be adjusted by the Board from time to time, the "**Administrative Fee**"), within fifteen (15) days of receipt of City's invoice.

3.11.3 Preprinted Prices. When an item is pre-priced, Concessionaire shall not charge a price higher than the preprinted price.

3.11.4 Survey Procedure.

1. Price Checks. Concessionaire shall conduct a price check on each of the Units annually. To accomplish this, Concessionaire shall conduct a price check each calendar quarter-year, at a minimum, and all reports must be presented to City quarterly. Surveys of product items determined by CEO will be performed by Concessionaire on each Unit to ensure pricing is in accordance with this Agreement and the Airport Pricing Policy. CEO, at CEO's option, may develop, and Concessionaire will be given, the list of categories of product to be checked. Concessionaire may be requested at any time to produce a list of product sizes, brands and prices presently being sold in the Units. CEO may review the list and select the items to be checked on a particular price check. CEO may choose to select all items for any particular price

check. CEO, at CEO's option, may conduct such price checks as CEO considers necessary and to the extent any such price check disclose a violation of the requirements of this Agreement, the cost of such price check shall be borne by Concessionaire, and upon the delivery of an invoice from City, Concessionaire shall pay the same to City as Additional Rent, plus the Administrative Fee, within fifteen (15) days of receipt of City's invoice.

2. Spot Surveys. Additionally, CEO may request Concessionaire to conduct "spot" price checks or random surveys of the approved Comparable businesses or locations within the Comparison Area and the prices charged at the Airport periodically to ensure compliance with the Airport Pricing Policy. CEO, at CEO's option, may conduct such "spot" price checks or random surveys as CEO considers necessary and to the extent any such "spot" price checks or random surveys disclose a violation of the requirements of this Agreement, the cost of such "spot" price checks or random surveys shall be borne by Concessionaire, and upon the delivery of an invoice from City, Concessionaire shall pay the same to City as Additional Rent, plus the Administrative Fee, within fifteen (15) days of receipt of City's invoice.

3.12 Failure to Adhere to the Airport Pricing Policy. Concessionaire shall be given one (1) week to correct any price overage discrepancies raised by City with Concessionaire, or to submit written justification for retaining current prices for these items. In response to Concessionaire's written justifications, CEO will determine whether overages must be eliminated, and if so, Concessionaire must reduce prices within three (3) business days of the date of CEO's decision. City reserves the right to have concessionaires conduct and complete a price compliance survey on selected products or other inventories at CEO's sole discretion. This price compliance survey must be completed and submitted to City within two (2) weeks of receipt of City's written request. CEO will not unreasonably withhold CEO's consent to a request for a price increase and will respond to such requests within twenty-one (21) days of the date such request is submitted in writing by Concessionaire to CEO. If CEO does not respond within said twenty-one (21) day period, Concessionaire may implement the requested price increase, subject to City's right to require rolling-back the price to the previous price at any time.

IV PAYMENTS BY CONCESSIONAIRE.

4.1 Base Rent. Commencing on the Unit Commencement Date of each Unit, and thereafter each month throughout the Term of this Agreement, Concessionaire shall pay to City, with respect to each Unit, an annual base rent (the "**Base Rent**") in an amount equal to the greater of (a) the percentage fee (the "**Percentage Fee**") for the applicable Agreement Year calculated as provided in Section 4.1.3 below with respect to such Unit, or (b) the minimum annual guaranteed rent (the "**MAG**") for the applicable Agreement Year, with respect to each Unit, calculated as provided in Section 4.1.1 below. The Base Rent and all Additional Rent payable by Concessionaire hereunder are sometimes collectively referred to as "**Rent**". The term "**Additional Rent**" shall mean all sums, fees, charges, payments and other amounts due hereunder from Concessionaire other than the Base Rent. The term "**Agreement Year**" shall mean each consecutive period of twelve (12) full calendar months following the Unit Commencement Date; provided, however, if the Unit Commencement Date is a date other than the first day of a calendar month, the first Agreement Year shall include that fractional portion of the calendar month in which the Unit Commencement Date occurs (the "**Fractional First Month**") and the first full twelve (12) calendar months thereafter; and provided, further, that the

final Agreement Year may be less than a consecutive twelve calendar month period as the result of the expiration or earlier termination of the Term.

4.1.1 MAG. The MAG shall be an annual amount equal to the greater of (a) the Floor Element Amount (as defined below) for the applicable Agreement Year or (b) the Prior Year Element Amount (as defined below) for the applicable Agreement Year. The **Floor Element Amount** shall be the sum of Seven Hundred and Thirty-three Dollars and Thirty-three Cents (\$733.33) per square foot per year for Fast Casual Dining and Seven Hundred Dollars (\$700) per square foot per year for Branded Coffee (the **Per Square Foot MAG**), multiplied times the total number of square feet of space contained in each Unit (as such square footage is determined by the CEO); provided, however, that, in connection with the calculation of the Floor Element Amount, the Per Square Foot MAG shall be adjusted annually as set forth below. For the second (2nd) Agreement Year of the Term and for each Agreement Year of the Term thereafter (including any extension thereof) [said second (2nd) Agreement Year and each subsequent Agreement Year being referred to in this paragraph as an **Adjustment Year**], the Per Square Foot MAG shall be an amount equal to the greater of the following: (a) eighty-five percent (85%) of the Base Rent in effect for the immediately prior Agreement Year, or (b) the Per Square Foot MAG in effect for the immediately prior Agreement Year increased by the percentage increase, if any, in the CPI (as defined below) for the Comparison Month (as defined below) for such Adjustment Year over the CPI for the Base Month (as defined below) for such Adjustment Year; provided, however, that in no event shall the Per Square Foot MAG for a given Adjustment Year be decreased as the result of such computation; and provided, further, that in no event shall the Per Square Foot MAG for a given Adjustment Year be increased by more than two percent (2%) of the Per Square Foot MAG in effect for the immediately prior Adjustment Year. The term **CPI** shall mean the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor of CPI-U (all urban consumers) for Los Angeles – Riverside – Orange County, CA (all items 1982 – 1984 equals one hundred). In the event that the compilation and/or publication of the CPI shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation (as reasonably determined by the CEO). The term **Comparison Month** shall mean the month that is two (2) months prior to the first (1st) month of the applicable Adjustment Year. The term **Base Month** shall mean the month that is fourteen (14) months prior to the first (1st) month of the applicable Adjustment Year. The **Prior Year Element Amount** shall be an amount equal to eighty-five percent (85%) of the Base Rent for the immediately prior Agreement Year.

4.1.2 Minimum Monthly Guaranteed Rent. With respect to each Unit, Concessionaire shall pay to City the MAG in monthly installments, as provided in Section 4.7.2.2 below.

4.1.3 Percentage Fee. The Percentage Fee for each Unit shall be an annual amount equal to the aggregate total sum of the Gross Revenues (as defined in Section 4.1.4 below) for the applicable Agreement Year for each product category or other source (herein, **Product Category**) listed in the table below multiplied times the

corresponding fixed percentage (each, a "**Percentage Multiplier**") listed in the table below:

Product Category	Percentage Multiplier
Alcoholic Beverages	21.5%
All Other Items	16.5%

The Percentage Fee shall be payable in monthly installments, subject to year-end reconciliation as provided in Section 4.7.2.4 below.

4.1.4 Gross Revenues Defined. "**Gross Revenues**" shall include all revenues, whether by coin or currency, on account, by check, credit or debit card, collected or uncollected, whether conducted on or off Airport, derived by or on behalf of Concessionaire as a result of its operation of the concession rights herein granted, without any exclusion whatever, except those exclusions expressly permitted under Sections 4.1.4(1) through 4.1.4(9) below. "**Gross Revenues**" shall include (a) the sales prices received or billed by or on behalf of Concessionaire from the sale, dispensing and serving of food, food products and beverages (including alcoholic beverages), other retail non-food and beverage products, and other related services and products ("**Products and Services**"); (b) the full amount of any deposits, prepayments or credits forfeited by customers in connection with any business by Concessionaire in, on, about or from the Premises; (c) the full amount of all orders for Products and Services accepted by or on behalf of Concessionaire in, on, about or from the Premises, whether or not to be filled or performed at any other place, and the full amount of all orders accepted by or on behalf of Concessionaire elsewhere, but to be filled or performed in, on, about or from the Premises; (d) the retail price of all orders for Products and Services placed from the Premises from Concessionaire's catalog, internet or otherwise; (e) the full amount of any charge Concessionaire customarily makes for Products and Services even though Concessionaire fails to actually collect such a charge (except to the extent expressly excluded pursuant to Sections 4.1.4(1) through 4.1.4(9) below); and (f) any amounts paid or payable to Concessionaire in exchange for coupons or vouchers which are redeemed at the Premises. "**Gross Revenues**" shall also include any payments made to Concessionaire for advertising or promoting products and services from the Premises. Goods, work or services furnished by any person or firm in lieu of payment in exchange for value received shall be deemed to be "**Gross Revenues**." "**Gross Revenues**" shall exclude revenues from the following:

1. Taxes. Retail sales taxes, excise taxes or related direct taxes on the consumer which are collected by or on behalf of Concessionaire on such sales, provided all such taxes are properly accounted for and recorded;

2. Sale of Scrap, Equipment or Uniforms. Revenues from the sale of waste or scrap materials resulting from the operation of Concessionaire's business at the Airport; revenues from the sale of or the trade-in value of furniture, fixtures or equipment used on the Premises, and owned by Concessionaire; receipts from the sale at cost of uniforms/clothing to Concessionaire's employees where such uniforms/clothing are required to be worn by said employees;

3. Exchanges and Refunds from Suppliers. The value of any merchandise, supplies or equipment exchanged or transferred from or to other business locations of Concessionaire, where such exchanges or transfers are not made for the purpose of avoiding a sale by Concessionaire which would otherwise be made from or at the Premises; revenues in the form of refunds from or the value of merchandise, supplies or equipment returned to shippers, suppliers or manufacturers;

4. Refunded Revenues. Revenues with respect to any sale where the subject of such sale, or some part thereof, is thereafter returned by the purchaser to and accepted by Concessionaire, to the extent of any refund actually granted or adjustment actually made, either in the form of cash or credit;

5. Employee Discounts. The cost or value of Products and Services given to employees of Concessionaire pursuant to such employees' employment contracts; *provided, however,* the amount of such excluded employee discounts shall not exceed eighty percent (80%) of the retail price of such items;

6. Supplier Discounts. The amount of any cash or quantity discounts received from sellers, suppliers or manufacturers;

7. Tips. The amount of any gratuity paid or given by patrons or customers to employees of Concessionaire; *provided, however,* Concessionaire shall take commercially reasonable efforts to assure that its compensation system does not incentivize its employees to serve, dispense, provide or distribute Products and Services which would otherwise generate Gross Revenues to generate gratuities;

8. Reimbursements. Receipts in the form of any reimbursements from Concessionaire's subtenants or subcontractor(s) for any taxes, loan payments or license fees paid by Concessionaire for or on behalf of such subtenants or subcontractor; and

9. Insurance Proceeds. All sums and credits received in settlement of claims for loss, theft or damage to inventory, supplies, and merchandise, and the proceeds received by Concessionaire from any casualty or liability proceeds (other than business interruption proceeds attributable to amounts which would have otherwise been Gross Revenues).

No deduction shall be made from "**Gross Revenues**" by reason of any credit loss sustained or financing discount that may be applicable by reason of the acceptance or use of credit cards, debit cards or by reason of any other credit arrangements. Except as otherwise expressly provided in the exclusions set forth in Sections 4.1.4(1) through 4.1.4(9) above, if any charge customarily made by Concessionaire for Products and

Services is not assessed, charged or collected, irrespective of the reason therefore, then the full amount of Concessionaire's customary charge therefore shall nevertheless be included in determining Gross Revenues. Concessionaire shall not show the percentage of Gross Revenues payable to City as a separate charge to Concessionaire's customers. For purposes of calculating Gross Revenues, the Gross Revenues of any Approved Transferee shall be attributed to Concessionaire. All computations in the determination of Gross Revenues shall be made in accordance with the terms of this Agreement, using the accrual basis of accounting.

4.1.5 No Abatement. City and the federal government shall each retain the right to restrict access to areas "airside" of security checkpoints to ticketed passengers and Airport/airline personnel. City shall retain the right to restrict access to any areas in the Airport, including the Terminal or terminals for purposes of construction of City-approved improvements. During such actions, Concessionaire shall not be entitled to any abatement or adjustment of Rent, fees or any other compensation.

4.2 Design/Construction Review Fee. In addition to all other fees and costs to be paid by Concessionaire in connection with the improvements, Concessionaire shall pay to LAWA, as compensation for LAWA's design review and construction coordination, a "**Design/Construction Review Fee**" of \$22.50 per square foot. Fifteen percent (15%) of the total amount of such Design/Construction Fee shall be paid at the time of submittal of any plans for improvements, pursuant to Section 7.1. The remaining eighty-five percent (85%) of such Design/Construction Fee shall be payable in twelve (12) equal monthly installments, commencing on the date that the first payment of the MMG for a Unit (as defined and provided in Section 4.7.2.2) is due.

4.3 Common Area Maintenance.

4.3.1 Common Area Maintenance Charges. In addition to the Monthly Base Rent payable to City hereunder, LAWA reserves the right, in its sole discretion, to impose "**Common Area Maintenance Expenses**" (as defined in Section 4.3.2) charges on concessionaires operating in Terminals 4, 5, 7 and 8. If so imposed, CEO shall amend the Basic Information. If so imposed, on and after the Unit Commencement Date, Concessionaire shall pay to City with respect to each Unit as Additional Rent the applicable Share for such Unit set forth in the Basic Information (as so amended) of all Common Area Maintenance Expenses based upon City's most recent estimate of the projected Common Area Maintenance Expenses, as adjusted in accordance with Section 4.3.3 below.

4.3.2 Common Area Maintenance Expenses. "**Common Area Maintenance Expenses**" shall mean all costs and expenses paid or incurred by City in connection with the ownership, operation, maintenance, management, repair and replacement of the Common Areas including, without limitation, all costs and expenses to operate, maintain, repair, replace, supervise, insure and administer such Common Areas, including but not limited to:

1. Cleaning of Common Area seating areas;

2. Pest control for the Common Areas;
3. Trash removal for the Common Areas; and
4. Supplies, materials, labor and equipment used in or related to the operation and maintenance of the Common Areas including the cost of maintenance, depreciation and replacement of machinery, tools and equipment (if owned by City) and for rental paid for such machinery, tools and equipment (if rented) used in connection with the operation or maintenance of the Common Areas;
5. Costs for management and administration of the Common Areas, including, without limitation, any management fee, accounting, auditing, billing, postage, salaries and benefits for all employees and contractors engaged in the management, operation, maintenance, repair and replacement of the Common Areas;
6. Supplies, materials, labor and equipment used in or related to the operation and maintenance of the HVAC system serving the Common Areas pursuant to Section 8.6 (including, City's administration and overhead).
7. To the extent City maintains the utilities in accordance with Section 8.7, supplies, materials, labor and equipment used in or related to the operation and maintenance of such utilities serving the Common Areas (including, City's administration and overhead).
8. Any other necessary and reasonable Common Area maintenance or repair item.

4.3.3 Estimates and Reconciliation of Common Area Maintenance Expenses. Within ninety (90) days of the end of each calendar year during the Term of this Agreement or as soon thereafter as practicable, City shall give to Concessionaire notice of City's estimate of the total amounts that will be payable by Concessionaire under Section 4.3.1 for the following calendar year, and Concessionaire shall pay such estimated Additional Rent on a monthly basis, in advance, on the first day of each month. Concessionaire shall continue to make said monthly payments until notified by City of a change therein. If at any time or times City determines that the amounts payable under Section 4.3.1 for the current calendar year will vary from City's estimate given to Concessionaire, City, by notice to Concessionaire, may revise the estimate for such calendar year, and subsequent payments by Concessionaire for such calendar year shall be based upon such revised estimate. By April 1 of each calendar year following the first Unit Commencement Date, City shall endeavor to provide to Concessionaire a statement showing the actual Additional Rent due to City for the prior calendar year. If the total of the monthly payments of Additional Rent that Concessionaire has made for the prior calendar year is less than the actual Additional Rent chargeable to Concessionaire for such prior calendar year, then Concessionaire shall pay the difference in a lump sum within ten (10) days after receipt of such statement from City. Any overpayment by Concessionaire of Additional Rent for the prior calendar year shall, at City's option, be either credited towards the Additional Rent next due or returned to Concessionaire in a

lump sum payment within ten (10) days after delivery of such statement. Even though the Term has expired and Concessionaire has vacated the Premises, with respect to the year in which this Agreement expires or terminates, Concessionaire shall remain liable for payment of any amount due to City in excess of the estimated Additional Rent previously paid by Concessionaire, and, conversely, City shall promptly return to Concessionaire any overpayment. Failure of City to submit statements as called for herein shall not be deemed a waiver of Concessionaire's obligation to pay Additional Rent as herein provided.

4.3.4 Share; Allocation to Concessionaire. With respect to Common Area Maintenance Expenses, which City allocates to the Common Areas, the "**Share**" allocated to each Unit shall be the percentage set forth in the Basic Information, as adjusted by City from time to time based upon changes in the operation of all Concessions. Notwithstanding the foregoing, City may adjust a Units' Share for all or part of any item of expense or cost reimbursable by Concessionaire that relates to a repair, replacement, or service that benefits only the Premises or only a portion of the Terminal or that varies with the occupancy of the Terminal. Without limiting the generality of the foregoing, Concessionaire understands and agrees that City shall also have the right to adjust a Unit's Share of any Common Area Maintenance Expenses based upon Concessionaire's burden or impact on such Common Areas as reasonably estimated and determined by City based upon factors such as size and Gross Revenues of each Unit and intensity of use of such Common Areas by Concessionaire's customers. Any adjustments by City under this Section 4.3.4 shall be undertaken in a reasonable and not unjustly discriminatory manner.

4.3.5 Gross Up. In the event the average occupancy level of Concessions for the Terminal in which the Unit is located for any calendar year is not ninety-five percent (95%) or more of full occupancy, then the Common Area Maintenance Expenses for such year shall be apportioned among the concessionaires by City to reflect those costs which would have occurred had the Concessions been ninety-five percent (95%) occupied during such year.

4.4 Utilities. Utilities with respect to each Unit, including electricity, gas and water, shall be separately metered at Concessionaire's expense, and shall be invoiced directly to Concessionaire. If CEO agrees that it is impossible to separately meter a given utility at a given Unit, then Concessionaire shall pay to City as Additional Rent a reasonable and not unjustly discriminatory pro-rata amount of said utility invoice which includes said Unit, based upon CEO's good faith estimate of Concessionaire's share thereof. CEO's estimate may be based on the square footage of Concessionaire's Unit compared with the square footage of the area serviced, or upon some other reasonable and not unjustly discriminatory criteria designated by CEO in CEO's good faith business judgment. City shall invoice Concessionaire for amounts due and Concessionaire shall pay the same within fifteen (15) days of receipt of City's invoice.

4.5 Refuse Removal. Concessionaire shall comply with the provisions of Section 5.11 with regard to the disposition of trash and garbage, waste reduction and recycling. City may designate garbage or refuse disposal areas at each Terminal for use by concessionaires. City reserves the right to charge, and in such event Concessionaire shall pay to City as Additional

Rent a reasonable and not unjustly discriminatory pro-rata amount of the cost for removal of garbage and refuse from designated garbage or refuse disposal areas based upon CEO's good faith estimate of Concessionaire's share thereof. CEO's estimate may be based on Concessionaire's square footage compared with the square footage of the area serviced, or upon some other reasonable and not unjustly discriminatory criteria designated by CEO in CEO's good faith business judgment. City reserves the right to invoice Concessionaire for amounts due and Concessionaire shall pay the same to City as Additional Rent within fifteen (15) days of receipt of City's invoice.

4.6 Other Fees and Charges. If City has paid any sum or sums or has incurred any obligations or expense which Concessionaire had agreed to pay or reimburse City for, or if City is required or elects to pay sum(s) or ensure obligation(s) or expense(s) by reason of the failure, neglect or refusal of Concessionaire to perform or fulfill any of the conditions, covenants or agreements contained in the Agreement, or as a result of an act or omission of Concessionaire contrary to said conditions, covenants, and agreements, Concessionaire shall pay the sum(s) so paid or the expense(s) so incurred (including all interest, costs, damages and penalties, and the same may be added to any installment of the fees and charges thereafter due hereunder), plus the Administrative Fee, as Additional Rent recoverable by City in the same manner and with like remedies applicable to any other component of Rent hereunder.

4.7 Method of Payment. The procedure for the payment of the Rent shall be as follows:

4.7.1 Payment Location. All Rent payable hereunder shall be paid to the City of Los Angeles – LAWA, P.O. Box 54078, Los Angeles, CA 90054-0078 unless and until City designates some other party to receive or place for the payment of Rent. All such payments shall be made in lawful money of the United States, without demand, set-off or deduction of any kind.

4.7.2 General Payment Terms; Timing of Base Rent Payments. All Rent shall be paid in lawful money of the United States of America and through a domestic branch of a United States financial institution. Checks are to be made payable and mailed as set forth in the Basic Information, or to such other person or place as CEO may, from time to time, designate to Concessionaire in writing. Base Rent shall be payable to City as follows:

4.7.2.1 Payment of Base Rent. With respect to each Unit, Concessionaire shall pay the Base Rent in monthly installments (the “**Monthly Base Rent**”) consisting of the MMG (as defined in Section 4.7.2.2) and a monthly payment of the Percentage Fee (“**Monthly Percentage Fee Payment**”) calculated and payable as provided herein, subject to year-end reconciliation as provided herein.

4.7.2.2 Minimum Monthly Guaranteed Rent Payment. The Minimum Monthly Guaranteed Rent (“**Minimum Monthly Guaranteed Rent**” or “**MMG**”) for such Unit shall be an amount equal to one-twelfth (1/12) of the MAG for the given Agreement Year and shall be due and payable on the first

(1st) day of each month during the Agreement Year. In the event that the Minimum Monthly Guaranteed Rent cannot be calculated as of the first (1st) day of the applicable Agreement Year as the result of the delayed publication of the CPI or the unavailability of the prior Agreement Year's reconciled Base Rent information, the Minimum Monthly Guaranteed Rent shall be calculated based on the Minimum Monthly Guaranteed Rent for the immediately prior Agreement Year and shall be adjusted as soon as such information is available, and any increase in the Minimum Monthly Guaranteed Rent for the prior months shall be paid with the next installment of the Minimum Monthly Guaranteed Rent immediately following the calculation of such adjustment.

4.7.2.3 Monthly Percentage Fee Payment. The Monthly Percentage Fee Payment for such Unit shall be an amount equal to the amount (if any) that the Percentage Fee calculated for the given month exceeds the Minimum Monthly Guaranteed Rent for the given month. The Monthly Percentage Fee Payment shall be due and payable (to the extent that it exceeds the Minimum Monthly Guaranteed Rent for the given month) in arrears not later than the twentieth (20th) day following the end of the month for which the Monthly Percentage Fee Payment relates. On or before the date that each Monthly Percentage Fee Payment is due, Concessionaire shall deliver the Gross Revenue and other information for such month as provided in Section 4.7.3 hereof.

4.7.2.4 Year-End Reconciliation. Within sixty (60) days after the last day of the applicable Agreement Year, Concessionaire shall calculate and report to City: (i) the Percentage Fee for such Agreement Year; (ii) the MAG for such Agreement Year; (iii) the Base Rent payable for such Agreement Year (i.e., the greater of the Percentage Fee or the MAG for such Agreement Year); (iv) the aggregate Monthly Base Rent paid for such Agreement Year (including the monthly detail regarding the Minimum Monthly Guaranteed Rent and the Monthly Percentage Fee Payments paid); and (v) the difference between the Base Rent payable for such Agreement Year and the aggregate Monthly Base Rent paid for such Agreement Year. In the event that the Base Rent payable for such Agreement Year is greater than the aggregate Monthly Base Rent paid for such Agreement Year, Concessionaire shall pay to City the difference within sixty (60) days after the last day of such Agreement Year. In the event that the Base Rent payable for such Agreement Year is less than the aggregate Monthly Base Rent paid for such Agreement Year, then Concessionaire shall be entitled to credit such overpayment toward the Minimum Monthly Guaranteed Rent payment(s) next due following final determination that such overpayment has occurred.

4.7.3 Monthly Gross Revenue Report. On the twentieth (20) day of each calendar month throughout the Term of this Agreement, Concessionaire shall submit a monthly accounting of the Gross Revenues received at each Unit operated by Concessionaire under this Agreement. Each Unit shall be reported as a separate location. Each monthly accounting shall be in such manner and detail and upon such forms as are prescribed from time to time by CEO. A sample form to be used for reporting monthly Gross Revenues is attached as Exhibit D. CEO may, at CEO's sole discretion, amend the

forms to be used during the Term of this Agreement. Each monthly report shall be due on the same date and at the same address as the payment of the Percentage Fee for that month is due. All reports under this section are to be submitted to concessionsreporting@lawa.org.

4.7.4 Annual Gross Revenue Report. On August Fifteenth of each year after the first Unit Commencement Date, Concessionaire shall submit an annual accounting of the Gross Revenues received at each Unit operated by Concessionaire under this Agreement. Each Unit shall be reported as a separate location. Each annual accounting shall be in such manner and detail and upon such forms as are prescribed by CEO. A sample form to be used for reporting annual Gross Revenues is attached as Exhibit E. CEO may, at CEO's sole discretion, amend the forms to be used during the Term. Each annual report shall be due at the same address as the payments are made under this Agreement.

4.7.5 Other Annual Reports. Within ninety (90) days of the close of Concessionaire's taxable year, Concessionaire shall furnish to City detailed financial statements, including a balance sheet, an income statement and notes to the financial statements, prepared as of the close of Concessionaire's taxable year, covering all business transacted by Concessionaire at the Airport (the "**Financial Statements**"), and such other reasonable financial and statistical reports as CEO may, from time to time, require (including, without limitation, the maintenance reports required under Section 8.1). Said financial statements shall be reviewed by an independent Certified Public Accountant. In addition, on or before September 1 of each Agreement Year, Concessionaire shall deliver a pro forma projection of estimated Gross Revenues for the next Agreement Year.

4.7.6 Pro Rata Payment. If the Unit Commencement Date, commencement or termination of this Agreement falls upon any date other than the first or last day of any calendar month, the applicable fees and charges for said month shall be in the same proportion that the number of days the Agreement is in effect for that month bears to the total number of days in that month.

4.7.7 Late Charge. Notwithstanding any other provision of this Agreement to the contrary, Concessionaire hereby acknowledges that late payment to City of Rent, or other amounts due hereunder will cause City to incur costs not contemplated by this Agreement, the exact amount of which will be extremely difficult to ascertain. If any Rent or other sums due from Concessionaire are not received by Concessionaire within five (5) days after their due date, then Concessionaire shall pay to City a late charge equal to ten percent (10%) of such overdue amount, plus any costs and attorneys' fees incurred by City by reason of Concessionaire's failure to pay Rent or any other charges when due hereunder. City and Concessionaire hereby agree that such late charges represent a fair and reasonable estimate of the cost that City will incur by reason of Concessionaire's late payment and shall not be construed as a penalty. City's acceptance of such late charges shall not constitute a waiver of Concessionaire's default with respect to such overdue amount or stop City from exercising any of the other rights and remedies granted under this Agreement.

4.7.8 Interest. Any installment of Rent and any other sum due from Concessionaire under this Agreement which is not received by City within three (3) days from when the same is due shall bear interest from the date such payment was originally due under this Agreement until paid at the greater of (a) an annual rate equal to the maximum rate of interest permitted by law, or (b) fifteen percent (15%) per annum. Payment of such interest shall not excuse or cure any Default by Concessionaire. In addition, Concessionaire shall pay all costs and attorneys' fees incurred by City in collection of such amounts.

4.7.9 Prepayment. Notwithstanding anything to the contrary contained in this Agreement, in the event that Concessionaire is chronically delinquent in the payment of Rent when due hereunder, as defined under Section 11.1.13, City shall have the right to require Concessionaire to pay Monthly Base Rent, and all other amounts payable by Concessionaire to City in a calendar month under this Agreement one (1) month in advance of when such payment would otherwise be due. Such prepayment will be based on the highest monthly Rent previously due from Concessionaire under this Agreement. Such right shall be exercised by a written notice from City to Concessionaire, which notice may be given any time after such default by Concessionaire, regardless of whether the same is cured by Concessionaire. Nothing in this Section shall limit City's other rights and remedies under this Agreement.

4.8 Books and Records. Concessionaire shall establish a business office in the County of Los Angeles. Concessionaire shall maintain in said office or in Concessionaire's national corporate office in the United States, during the term of the Agreement, its permanent books, including but not limited to balance sheets, income statements, general ledgers, subsidiary ledgers, trial balances, sales journals, invoices, chart of accounts and all other supporting documents wherein are kept all entries reflecting both Gross Revenues received or billed by Concessionaire from the business transacted at Airport plus all other transactions of Concessionaire at the Airport. Such books, ledgers, journals, accounts and records shall be available for inspection and examination by CEO, or a duly authorized representative, during ordinary business hours.

4.8.1 Examination of Records. City's accountants or representatives may examine the books, ledgers, journals, accounts, and records of Concessionaire for the purpose of conducting an audit. Concessionaire shall produce these records for inspection and copying at the Premises or, at CEO's option, City's offices within twenty (20) days of CEO's request. In the event Concessionaire does not make available to City the pertinent books and records within the aforesaid twenty (20) days as set forth in this Section, Concessionaire agrees to pay for all travel costs, housing, and other related expenses associated with the audit of said books, reports, accounts, and records by City at Concessionaire's place of records if said place of records is outside of Los Angeles County.

4.8.2 Deficiencies. In connection with any audit conducted by City, deficiencies ascertained by applying percentages of error obtained from such testing and sampling to the entire period of reporting under examination will be binding upon Concessionaire. If Concessionaire believes that any audit performed on behalf of City

has disclosed an isolated error and wishes to increase the sample size of the audit or perform a detail audit, Concessionaire shall pay City for any additional audit procedures. In the event any deficiencies in the amount of two percent (2%) or greater of any item being audited with respect to Rent payable to City hereunder is ascertained (the "Deficiency"), Concessionaire agrees to pay City for the cost of the audit and the Deficiency.

4.8.3 Confidentiality. To the maximum extent permitted under applicable Laws, all information gained by City from such examinations shall be confidential and shall not be disclosed other than as may be required by court order, other legal process or pursuant to the provisions of the California Public Records Act; provided, however, the foregoing shall not prevent the use of such information in connection with any litigation between the City and Concessionaire; provided, further, to the extent commercially reasonable under the then-existing circumstances, City shall use commercially reasonable efforts to give written notice to Concessionaire in advance of such disclosure to afford Concessionaire the opportunity to attempt to secure available protective measures to safeguard such information.

V OPERATING STANDARDS.

5.1 Operating Standards. This Article and its Sections cover Concessionaire's operational obligations.

5.2 Concession Personnel.

5.2.1 Generally. Concessionaire shall, at its sole cost and expense, furnish prompt, courteous and efficient service and shall ensure polite and inoffensive conduct and demeanor on the part of their respective representatives, agents and employees, collectively referred to herein as "**Personnel**." Concessionaire shall employ a Sufficient number of properly trained Personnel to manage and operate each Unit at its maximum capacity and efficiency at all times that such Unit is required to be opened for business in accordance with the Agreement. "**Sufficient number**" is a number, which consistently provides customers with no unreasonable delay or inconvenience in moving through point of sale or selecting Products and Services and assures a high standard of service to the public. CEO shall have the right to determine whether such unreasonable delay or inconvenience exists and Concessionaire shall immediately remedy the situation upon the request of the CEO. All such Personnel, while on or about any Unit, shall be clean, neat in appearance and courteous at all times and shall be appropriately attired, with badges or other suitable means of identification clearly visible. Concessionaire shall ensure that all Personnel conform to personal hygiene and food handling requirements established by the Rules and Regulations and the applicable Laws (hereinafter defined), whichever is most stringent. No Personnel, while on or about any Unit, shall use improper language, act in loud, boisterous or otherwise improper way or be permitted to solicit business in an inappropriate manner. Concessionaire shall ensure that all Personnel that interact with the public can adequately communicate with customers and are professional and courteous in interactions with the public.

5.2.2 English Language. Concessionaire understands and agrees that its operation at the Airport necessitates contact with the public, both in the course of normal business operations and in rendering public services such as making reasonable change, giving directions, and providing general assistance to the public. Personnel in positions that involve contact with the public must be capable of speaking and understanding the English language at a level consistent with the effective and efficient performance of the duties of the position.

5.2.3 Objections. City shall have the right to object to the demeanor, conduct, and appearance of any Personnel at the Premises, subject to applicable Laws. Concessionaire shall take all steps reasonably necessary to remedy the cause of any objection by City. After written notice from City, Concessionaire shall ensure the immediate removal from the Premises or discipline in accordance with Concessionaire's employee discipline policy for any Personnel who participates in improper or illegal acts on the Airport, who violates any of the Rules and Regulations or any provision of this Agreement, or whose continued presence at the Airport is, in the good faith business judgment of CEO, deemed not to be in the best interests of City.

5.2.4 City Not Liable for Employment Issues. This Agreement does not establish any employer-employee, joint venture or agency relationship between City and Concessionaire and Concessionaire is and shall be engaged independently in the business of managing each Unit on its own behalf. All employment arrangements and labor agreements with Personnel are, therefore, solely and exclusively Concessionaire's rights, obligations and liabilities, and City shall have no obligations or liability with respect thereto. Concessionaire hereby agrees to indemnify, defend, and hold City, the Board, CEO and their respective Board members, officers, directors, employees, agents, advisors, attorneys, and representative (collectively, "**City Agents**") harmless from and against any Claims of whatever nature that arise in connection with any such employment arrangements or labor agreements.

5.3 Managing Director. Concessionaire shall select and appoint, subject to approval by CEO, a partner, general partner, corporate officer or other officer who shall serve as the "**Managing Director**" of Concessionaire's operations at Airport. Such person must be an active, highly qualified, competent and experienced manager or supervisor of comparable food & beverage operations, vested with full power and authority to represent, act on behalf of, and bind Concessionaire, and accept service on behalf of Concessionaire of all notices provided for herein and regarding operation of the concession business herein authorized, including the quality and prices of food and beverages and the appearance, conduct and demeanor of Concessionaire's Personnel. Said Managing Director shall be assigned to a duty station or office at or within two (2) miles of the Airport, where he or she shall ordinarily be available during regular business hours and where, at all times during his or her other absences, such Managing Director shall assign a qualified, responsible subordinate who shall be in charge and available. Managing Director shall inform CEO in writing of the telephone and facsimile numbers and e-mail address and changes thereto of the local office. Managing Director shall provide to CEO and update as necessary, contact information for Managing Director and their appointed subordinates (including Unit Managers) to allow City to contact them in emergencies or during non-business hours.

5.4 Unit Managers. In addition to the Managing Director specified above, if Concessionaire has been awarded the right to operate at more than one Unit, Concessionaire shall also designate a responsible employee to be the "**Unit Manager**" in charge of each such Unit, and the names of such employees shall be given to CEO. Each Unit Manager shall be responsible for the proper operation of the business of Concessionaire and their failure to provide for the proper conduct, demeanor and appearance of all employees, guests and patrons at the Unit which they supervise shall constitute a default of Concessionaire. Upon objection from CEO concerning said matters, Concessionaire shall immediately take all steps necessary to remove the cause of the objection.

5.5 Hours of Operation.

5.5.1 Minimum Hours of Operation. Concessionaire shall be obligated to operate each Unit as follows: (i) if such Unit is located on the departure level of the Terminal, Minimum Hours of Operation shall be at least one hour before the first scheduled departure from such Terminal until the last departure of the day from such Terminal, without exception and (ii) if such Unit is located on the arrival level of the Terminal, Minimum Hours of Operation shall be from the first scheduled arrival at such Terminal to at least an hour after the last scheduled arrival at such Terminal, without exception. Except in connection with the expiration or earlier termination of this Agreement (including any partial termination with respect to any Unit), Concessionaire may not vacate or abandon any Unit at any time.

5.5.2 CEO May Alter Hours. CEO may, on 24 hour written notice to Concessionaire, temporarily or permanently modify the Minimum Hours of Operation for any Unit. Concessionaire shall comply with modifications. Upon the written request of Concessionaire, CEO may, from time to time, authorize a later opening or earlier closing time for any Unit, provided CEO first finds that Concessionaire has submitted adequate justification therefore; provided, however, decreases in passenger traffic shall not be considered adequate justification.

5.6 Menu and Price Schedules. Concessionaire's initial menu shall be as Concessionaire has proposed for each Unit and as CEO has approved. Except as contemplated in accordance with the Airport Pricing Policy, during the Term, Concessionaire shall make no changes to the quantity, quality, or price of any item on the approved menu without first obtaining the prior written approval of CEO. CEO shall require the same information, and apply the same criteria to each proposed change as is described in this Section 5.6 and the following sections.

5.6.1. Menu. Concessionaire shall employ attractive merchandising enticing customers to purchase food, beverages and ancillary retail products. Concessionaire shall develop and implement creative and effective merchandising means within each Unit, including without limitation, food and beverage displays; ancillary retail merchandise displays; display cases; promotional displays; attractive packaging; menu boards or tabletop menus; and pictures of food, beverage and ancillary retail merchandise. Concessionaire's menus shall contain all information required by and shall otherwise comply with all applicable Laws.

5.6.2 Children's Menu. At Units where patrons may be seated to eat, the menu shall include at least one child's plate and price.

5.6.3 Publicly Displayed Menu. Prices for each item sold in each Unit shall be conspicuously displayed to the reasonable satisfaction of CEO as to information given, design, type, size, style, color, and all other specifics. Said prices for all Products and Services shall comply with the Airport Pricing Policy, unless otherwise approved in advance in writing by CEO. If, in addition to any publicly displayed menu, Concessionaire provides individual menus for customers, or places price markers on item displays, said prices on such individual menus shall not vary from such publicly displayed menus or publicly displayed prices.

5.6.4 Amendments. CEO may require any menu to be multilingual. CEO may re-evaluate the selection of items during the Term. CEO's good faith determination that the selection offered is inadequate (in general or in any particular Unit), or that the quality or quantity of any item is deficient, shall be conclusive. Concessionaire may meet and confer with CEO regarding such matters.

5.7 Quality of Foods and Beverages. Concessionaire acknowledges and agrees that it is the intent of the parties to provide the air traveler and the public with facilities, service, and food & beverage concessions of first class quality, commensurate with the standards of other first class airports. All products offered for sale by Concessionaire shall (a) be of high quality, (b) be wholesome and pure (c) be comparable to food and beverages served by first class food and beverage facilities of a similar type in Los Angeles County, and (d) conform in all respects to applicable Laws; Concessionaire must adhere to the most stringent requirements in the foregoing.

5.8 Adequate Products and Service. Concessionaire shall ensure that the air traveler and public are furnished adequate supply of products and service, and that Concessionaire shall keep in stock and have ready for sale at each Unit at all times of operation a full stock of food & beverage products and other articles and goods for sale consistent with the Permitted Use for such Unit of first class character and quality and in sufficient supply to meet the demand of customers at the Airport. Concessionaire shall at all times maintain in stock at each Unit the merchandise it is required to stock and sell in accordance with its Permitted Use.

5.9 Cash and Record Handling Requirements; Change Making; Credit Cards.

5.9.1 POS Equipment and Systems. If the CEO and Concessionaire mutually agree, Concessionaire shall procure and install, at Concessionaire's sole cost and expense, real-time point-of-sale (POS) hardware and software with a secure internet/extranet (web-type) application interface meeting standards designated by CEO to provide accurate real-time daily sales revenue data via electronic means (collectively, "POS Equipment and Systems"). Within thirty (30) days of the Commencement Date, Concessionaire shall prepare a description of its proposed POS Equipment and Systems at each Unit and shall submit the same to CEO for approval. Such POS Equipment and Systems shall be non-resettable and shall have a counter or screen visible to the public. Such POS Equipment and Systems shall populate data according to existing product category definitions as

mutually agreed to by the CEO and Concessionaire. Once approved by CEO, such POS Equipment and Systems shall be utilized by Concessionaire in its operations at the Airport, and no revisions or modifications that materially change the operation of the equipment or the data stored shall be made to such POS Equipment and Systems without the prior written approval of CEO. Approval is not required for routine upgrade and patching of software or firmware; or replacement of failed equipment with newer models that retain all of the previously approved functionality. .

5.9.2 Change-Making; General Assistance. Concessionaire shall provide, without charge, change-making service to customers and to members of the public generally at each cashier's location in each Unit. Cashiers may wait until the next financial transaction before opening a cash drawer to make change. Upon requests for information, directions and general assistance from customers and members of the public generally, Concessionaire and its Personnel shall respond with reasonable diligence and courtesy.

5.9.3 Credit Cards, Foreign Currency. Concessionaire shall not be required to accept foreign currency. If Concessionaire elects to accept foreign currency, such may only be accepted for payment of goods and shall not be exchanged. In addition, all Concessionaires shall be required to accept, at a minimum, the credit and debit cards listed on CEO's then current list of Approved Form of Payment in payment for goods and services sold, and there shall be no minimum purchase requirement for transactions using such credit and debit cards. CEO's initial Approved Form of Payment List is attached hereto as Exhibit F and the same may be modified from time to time by written notice from the CEO.

5.10 Deliveries; Access and Coordination. To the extent airside access rights are granted to Concessionaire, Concessionaire shall comply with all applicable Rules and Regulations and Laws in order to obtain clearance for airside access. Except and to the extent expressly directed by CEO in writing, all deliveries of products, goods, merchandise, supplies, and other materials to and from the Premises and trash removal from the Premises necessary to the operation of the Premises shall be conducted through designated airside locations. Airside locations may be changed by CEO from time to time upon written notice to Concessionaire. Concessionaire acknowledges and agrees that all such deliveries shall be in conformance with the Rules and Regulations and security requirements in effect with respect to airside operations at the Airport. Concessionaire shall make deliveries only within the times authorized by CEO. Concessionaire shall require that all airside deliveries be made by vehicles and drivers qualified and permitted by City to drive over airside access roadways. Delivery hours and locations may be specified and changed from time to time at the sole discretion of CEO.

5.11 Removal of Garbage and Refuse. Concessionaire shall strictly comply with the Rules and Regulations and applicable Laws regarding the disposition of trash, rubbish, refuse, garbage and recycled materials, shall regularly remove all trash, rubbish, refuse, garbage and recycled materials from the Premises to the appropriate garbage or refuse disposal area or recycled materials area designated by CEO from time to time and shall remove the accumulation of all such material in such area or areas at frequent intervals. Prior to removal to such garbage or refuse disposal area, Concessionaire shall store all trash and other waste in covered, odor, leak

and vermin proof containers (including recycling containers), such containers to be kept in areas not visible to members of the public. Accumulation of trash, boxes, cartons, barrels or other similar items shall not be permitted in any public area at Airport.

5.11.1 LAWA Waste Reduction and Removal. Concessionaire shall comply with current and future Rules and Regulations and other regulations promulgated by the City of Los Angeles regarding the reduction and recycling of trash and debris. Without limiting the generality of the foregoing, Concessionaire shall participate in meeting the Airport's mandated goal of seventy percent (70%) waste diversion by 2015, by developing and implementing a program to remove as much recyclable material from the waste stream as possible (a "**Recycling Program**"). Any Recycling Program shall consist of at a minimum mixed office paper and cardboard recycling, beverage container recycling in employee break areas and public areas if applicable, diversion through 2-sided copying, reuse of pallets, utilization of minimum thirty percent (30%) recycled content copy paper and other recycled content paper goods. Concessionaire shall prepare and submit to City a written description of such Recycling Program with respect to each Unit on before the date which is the three (3) month anniversary of the Unit Commencement Date for such Unit. Concessionaire shall incorporate reasonable revisions to such Recycling Program required by City. If Concessionaire's corporate management has a written policy on waste reduction and sustainability, Concessionaire shall provide a copy of such policy to City at the notice address set forth in the Basic Information, Attention: LAWA Recycling Coordinator. Concessionaire shall provide a quarterly report to the LAWA Recycling Coordinator (in the form and format prescribed by City) detailing the volume and type of materials diverted from the waste stream in accordance with such Recycling Program. Such quarterly report shall also describe other waste minimization practices, such as use of compostable utensils and dishware, reuse of materials and equipment, salvaging of materials and recycling of construction and demolition waste. Without limiting the generality of City's other access and inspection rights under this Agreement, City shall have the right to access the Premises during regular business hours to review and verify Concessionaire's compliance with its Recycling Program and other waste minimization practices. LAWA discourages the use of one time use packaging. Concessionaires are required to use sustainable eco-friendly or recycled content packaging unless an affordable alternative is not available.

5.11.2 Coordinated Delivery and Trash/Recycling Removal System. Concessionaire acknowledges that City intends to implement coordinated systems for Airside access deliveries and Trash/Recycling Removal and that such coordinated systems may (a) be operated by one or more third party contractors, (b) require the use of a designated transfer locations, (c) require the payment or reimbursement by Concessionaire and other participants of costs and expenses, and any such amounts payable or reimbursable if paid to City shall be Additional Rent hereunder, or may be payable to such third party contractors pursuant to a separate agreements with such contractors; and (d) Concessionaire understands and acknowledges that, if implemented, participation with the coordinated systems may be mandatory. Concessionaire acknowledges that such coordinated systems may not become effective until the commencement of the Term of this Agreement. Concessionaire shall be responsible for

all deliveries until such time as CEO delivers written notice to Concessionaire that such systems are being implemented.

5.12 Franchise Agreement Standards. Where applicable to any Unit, all franchise standards shall be met or exceeded. In the event of an express conflict between the terms of such franchise standards and the terms of this Agreement, the terms of the Agreement shall prevail. Concessionaire shall provide City with copies of its Franchise Agreement and any Unit's franchise standards and related performance audit forms prior to such Unit's Commencement Date. Copies of inspections conducted by the franchisee, franchisor, or any mystery shopper service hired by the franchisee or franchisor shall be sent to City within ten (10) days of receipt by Concessionaire.

5.13 Quality Assurance Audits. Concessionaire shall perform quality assurance audits with respect to the operations at each Unit and the Premises and compliance with the terms of this Agreement on at least a quarterly basis. CEO reserves the right to prescribe and revise audit criteria at any time and from time to time and to publish guidelines to be used in connection with such audits. The purpose of such audits shall be to ensure consistent high standards of customer service and quality among concessionaires at the Airport. In addition, Concessionaire hereby agrees to participate in and to comply with the requirements and recommendations of City-implemented 'mystery shopper' and other quality assurance programs. At CEO's request, but no more often than once per quarter, Concessionaire shall (a) meet with City, (b) make available for inspection all customer survey results, mystery shopper reports, health department reports, product pricing, and such quality assurance audits, (c) review the results of any City-implemented 'mystery shopper' and other quality assurance programs, and (d) review and develop a plan to implement recommendations for corrective action if such information shows corrective action is needed. If such information discloses any issue, in the sole discretion of CEO, then, upon CEO's written request, Concessionaire shall submit for CEO's approval an outline of planned corrective action and the implementation of any additional reports or procedures to document compliance and implementation of such planned corrective action. Once approved, Concessionaire shall implement such planned corrective action and deliver reasonably satisfactory evidence of such compliance to City in accordance with such corrective action plan.

5.14 Prohibited Acts. Concessionaire shall not do or permit to be done anything specified in Sections 5.14.1 through 5.14.9. Specifically, Concessionaire shall not:

5.14.1 Interfere with Access. Do anything which may interfere with free access and passage in the Premises, the Common Areas adjacent thereto (including, without limitation, the elevators, escalators, streets or sidewalks of the Airport), or any restricted non-Common Areas of the Airport, or hinder security, police, fire fighting or other emergency personnel in the discharge of their duties, or hinder access to utility, heating, ventilating or air-conditioning systems, or portions thereof, on or adjoining the Premises or the Common Areas adjacent thereto. Without limiting the generality of the foregoing, Concessionaire shall not install any racks, stands or other display of merchandise or trade fixtures at the Airport outside of the Premises without the prior written consent of CEO.

5.14.2 Interfere with Systems. Do anything which may interfere with the effectiveness of utility, heating, ventilating or air-conditioning systems or portions thereof in or adjoining the Premises (including lines, pipes, wires, conduits and equipment connected with or appurtenant thereto) or interfere with the effectiveness of elevators or escalators in or adjoining the Premises, or overload any floor in the Premises.

5.14.3 Permit Smoking Where Prohibited. Do anything contrary to the Board of Airport Commissioners' policy, City ordinances, or Section 41.50 of the Los Angeles Municipal Code, which prohibits smoking.

5.14.4 Install Unauthorized Locks. Place any additional lock of any kind upon any window or interior or exterior door in any Unit, or make any change in any existing door or window lock or the mechanism thereof, unless a key therefore is maintained in such Unit, nor refuse, upon the expiration or sooner termination of this Agreement, to surrender to CEO any and all keys to the interior or exterior doors in, and on the Premises, whether said keys were furnished to or otherwise procured by Concessionaire, and in the event of the loss of any keys furnished by CEO, Concessionaire shall pay City, on demand, the cost for replacement thereof, and the cost of re-keying City's locks. Concessionaire shall install lock boxes in all of the Units with copies of keys, as required by City and/or comply with LAWA emergency access requests.

5.14.5 Noise, Lights and Odors. No loudspeakers, televisions, video monitors, sound systems, audio players, radios, flashing lights or other devices shall be installed in any Unit or used in a manner so as to be heard or seen outside of such Unit without the prior written consent of CEO (including obtaining, and complying with, all applicable City construction approval conditions). No odors shall be emitted from any Unit so as to cause an unpleasant environment for passengers or employees. CEO may request that Concessionaire cease any action which, in CEO's sole opinion, is in violation of this section.

5.14.6 Increase Liability. Do any act or thing upon any Unit which will invalidate, suspend or increase the rate of any fire insurance policy required under this Agreement, or carried by City, covering the Premises, or the Terminal in which the same are located or which, in the opinion of CEO, may constitute a hazardous condition that will increase the risks normally attendant upon the operations contemplated under this Agreement. If, by reason of any failure on the part of Concessionaire after receipt of notice in writing from City to comply with the provisions of this section, any fire insurance rate on the Premises, or any part thereof, or on the Terminals in which the same are located, shall at any time be higher than it normally would be, then Concessionaire shall pay City, on demand as Additional Rent, that part of all fire insurance premiums paid by City which have been charged because of such violation of failure of Concessionaire; *provided, however,* that nothing contained herein shall preclude Concessionaire from bringing, keeping or using on or about any Unit such materials, supplies, equipment and machinery as are appropriate or customary in carrying on its business, or from carrying on said business in all respects as is customary.

5.14.7 Permit an Auction. Allow any sale by auction in or upon any Unit.

5.14.8 Permit Lodging. Permit or use any Unit, or any part thereof, for lodging or sleeping purposes.

5.14.9 Permit Unlawful Use. Use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purposes, or commit any waste upon the Premises.

5.15 Signs, Promotions & Displays.

5.15.1 Subject to the restrictions contained in Section 3.4, Concessionaire shall not erect, construct or place any sign, promotion or display in, on or upon any portion of the Premises or the Airport unless Concessionaire has submitted to CEO drawings, sketches, design dimensions, and type and character of such sign, promotion or display proposed to be placed thereon or therein and has received written approval from CEO and without first (a) complying with all applicable design guidelines of the City and the Department of Airports as revised from time to time (including, without limitation, the Design and Construction Handbook, collectively, the "**Design Guidelines**"), and (b) obtaining the prior written approval of CEO (including obtaining, and complying with, all applicable construction approvals and conditions). Notwithstanding the foregoing, Concessionaire may, without the prior consent of the CEO, place signs or displays within such Concessionaire's Units that promote the products and/or services sold by Concessionaire on such Units, provided that such sign or display is not readily visible from outside of such Units; unless otherwise disapproved in writing by the CEO, which disapproval by the CEO may require the removal of such sign or display at any time as determined in the CEO's sole discretion. If such written disapproval is made by the CEO, Concessionaire shall remove the sign or display within one (1) day of the date on the written disapproval. Concessionaire shall not erect, construct or place any sign, promotion, advertisement or display outside the Premises. CEO's written approval and any conditions related to the subject signs shall become a part of the Agreement as though fully set forth herein once the document is fully executed by both parties.

5.15.2 Other than signs, promotions and displays approved pursuant to Section 5.15.1, Concessionaire shall not, at any time, under any circumstances, install, place, or maintain any type of advertising, in, on or upon the Premises or the Airport.

5.15.3 Unless as otherwise set forth in Section 5.15.1, Concessionaire's Units shall be free of all advertising, signs, credit card application dispensing units, posters, and banners, including, but not necessarily limited to, those showing Concessionaire's name, services, rates, rent-a-car arrangements, or other services. Noncompliance by Concessionaire with this provision shall result in City's right to immediately remove said unauthorized signs, advertising, or other written materials and to store same at Concessionaire's expense. City may dispose of said signs, advertising, or other written materials if Concessionaire has not paid City's expenses for removal and storage, plus the Administrative Fee, and claimed said signs, advertising, or other written materials within fifteen (15) calendar days after City has provided written removal notice.

5.15.4 Removal of Signs. Upon the expiration or earlier termination of this Agreement (or any partial termination, with respect to any Unit), Concessionaire shall remove, obliterate or paint out, any and all of its signs, promotions and displays as CEO may direct. In addition, upon demand by CEO, Concessionaire shall remove, obliterate or paint out, any signs, promotions, advertising or displays placed or installed in violation of this Agreement, as CEO may direct. If Concessionaire fails to do so, CEO may cause said work to be done at the sole cost and expense of Concessionaire, and Concessionaire shall pay the same to City, plus the Administrative Fee, as Additional Rent within fifteen (15) days of receipt of City's invoice.

5.16 Taxes. Concessionaire shall pay all taxes of whatever character that may be levied or charged upon the rights of Concessionaire to use the Premises, or upon Concessionaire's improvements, fixtures, equipment or other property thereon or upon Concessionaire's operations hereunder. In addition, by executing this Agreement and accenting the benefits thereof, a property interest may be created known as a "possessory interest" and such property interest will be subject to property taxation. Concessionaire, as the party in whom the possessory interest is vested, may be subject to the payment of the property taxes levied upon such interest.

5.17 Licenses and Permits. Concessionaire shall obtain and pay for all licenses and permits necessary or required by law for the conduct of Concessionaire's operations at the Premises.

5.18 Compliance with Laws.

5.18.1 Concessionaire shall, at Concessionaire's sole cost and expense, (and shall cause Concessionaire's employees, contractors, representatives and agents, (collectively, "**Concessionaire Parties**") to) fully and faithfully observe and comply with (a) all municipal, state and federal laws, statutes, codes, rules, regulations, ordinances, requirements, and orders (collectively, "**Laws**"), now in force or which may hereafter be in force pertaining to the Premises or Concessionaire's use of the Premises, the Terminal or the Airport (including without limitation, (i) all safety, security and operations directives of City, including by CEO, which now exist or may hereafter be promulgated from time to time governing conduct on and operations at the Airport or the use of facilities at the Airport; and (ii) any and all valid and applicable requirements of all duly-constituted public authorities (including, without limitation, the Department of Transportation, the Department of Homeland Security, the Federal Aviation Administration, and the Transportation Security Administration)); (b) all recorded covenants, conditions and restrictions affecting the Airport ("**Private Restrictions**") now in force or which may hereafter be in force; and (c) the Rules and Regulations. The judgment of any court of competent jurisdiction, or the admission of Concessionaire in any action or proceeding against Concessionaire, whether City be a party thereto or not, that Concessionaire has violated any Laws or Private Restrictions, shall be conclusive of that fact as between Concessionaire and City. As used in this Agreement, "**Laws**" shall include all present and future federal, state and local statutes, ordinances and regulations and City ordinances applicable to Concessionaire, the Units, the Permitted Uses or the Airport, including but not limited to Section 16.10.1 of this Agreement, requirements

under the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq., including, without limitation, to Title III thereof, and all regulations and guidelines related thereto, together with any and all laws, rules, regulations, ordinances, codes and statutes now or hereafter enacted by local or state agencies having jurisdiction thereof (including, without limitation, all of the requirements of Title 24 of the California Code of Regulations), as the same may be in effect on the date of this Agreement and may be hereafter modified, amended or supplemented (collectively, the "ADA"), all acts and regulations relating in any way to food and drugs, worker's compensation, sales and use tax, credit card processing, social security, unemployment insurance, hours of labor, wages, working conditions, the Immigration Reform and Control Act of 1986, the City of Los Angeles Administrative Code, and all Hazardous Materials Laws (as defined in Article XV below).

5.18.2 Concessionaire agrees to pay or reimburse City as Additional Rent for any civil penalties or fines which may be assessed against City as a result of the violation by any Concessionaire Party of any Laws or Private Restrictions, which payment shall be made by Concessionaire within fifteen (15) days from receipt of City's invoice for such amount and documentation showing that payment of such penalty or fine is Concessionaire's responsibility hereunder.

5.19 Airport Operations. Concessionaire acknowledges that the operational requirements of the Airport as an airport facility, including without limitation security requirements, are of paramount importance. Concessionaire acknowledges and agrees that Concessionaire must conduct its business in a manner that does not conflict with the operational requirements of the Airport as an airport facility and that fully accommodates those requirements. Without limiting other waivers herein, Concessionaire waives all Claims against City and City Agents arising out of or connected to the operation of the Airport as an airport facility.

5.20 Non-Compliance. Concessionaire acknowledges that failure to comply with any of the preceding operating standards may result in default under Section 11.1.12, subject to applicable Notice to Cure periods.

VI AIRPORT CONCESSION DISADVANTAGED BUSINESS ENTERPRISE PROGRAM.

6.1 Airport Concession Disadvantaged Business Enterprise Program. Compliance with Department of Transportation (DOT). This Agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 Code of Federal Regulations (CFR) Part 23, and as may be amended from time to time. Concessionaire agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by 49 CFR Part 23. City strictly prohibits all unlawful discrimination and preferential treatment in contracting, subcontracting and purchasing, leasing or any subleasing under this Agreement (the "**Non-Discrimination Policy**"). Additionally, City has established an Airport Concession Disadvantaged Business Enterprise program in accordance with regulations of the U.S.

Department of Transportation, 49 Code of Federal Regulations Part 23 (the “**ACDBE Rules**”), herein incorporated by reference. Concessionaire shall comply with the Non-Discrimination Policy and the ACDBE Rules. Concessionaire shall cooperate with City in City’s program of recruiting, training, providing technical assistance and holding workshops to ensure that contracting, subcontracting and purchasing opportunities available under this Agreement are accessible and available to all qualified businesses owners, including “Airport Concession Disadvantaged Business Enterprises” (“**ACDBEs**”), as defined in the ACDBE Rules. In order to provide a fair opportunity for ACDBE participation, Concessionaire shall make good faith efforts, within the meaning of the ACDBE Rules, to provide for a level of ACDBE participation in the concession operations by Concessionaires contemplated by this Agreement equal to or greater than zero percent (0%).

6.2 Subsequent Concession Agreement or Contract Covered by 49 CFR Part 23. The Concessionaire agrees to include the following statement in any subsequent concession agreement or contract covered by 49 CFR part 23, that it enters and cause those businesses to similarly include the statement in further agreements: “This Agreement is subject to the requirements of the U.S. Department of Transportation’s regulations, 49 CFR part 23. The Concessionaire agrees that it will not discriminate against any business owner because of the owner’s race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by 49 CFR part 23.”

6.3 Substitutions. Should a substitution or an addition of an ACDBE become necessary, Concessionaire shall comply with all requirements of the ACDBE Rules. Failure to comply with the ACDBE Rules shall constitute a Default of this Agreement.

6.4 Monthly Report. In order to assure compliance with the Non-Discrimination Policy and the ACDBE Rules, Concessionaire shall submit, in the format required by CEO, a monthly report to City, describing the gross receipts of each initial ACDBE (and each substitute ACDBE), in each case calculated in accordance with the requirements of this Agreement. Concessionaire shall submit in the format required by the CEO and such other information as may be requested by the CEO to ensure compliance with the ACDBE Rules.

VII IMPROVEMENTS.

7.1 Design and Construction Obligations – In General. Concessionaire shall, at Concessionaire’s cost and expense, design and complete in a timely manner the construction of all improvements and the installation of all fixtures and equipment required to be constructed or installed by Concessionaire pursuant to the terms of this Agreement. Concessionaire shall also provide, at Concessionaire’s cost and expense, all trade fixtures, furnishings and other personal property necessary to operate the concession operations contemplated by this Agreement to the satisfaction of the CEO. Concessionaire shall act as project manager for its sub-concessionaires’ design and construction programs, if any. Concessionaire shall coordinate its design and construction activities in a manner consistent with other design and construction activities occurring within the Terminal, including, without limitation, the design and construction activities of any Terminal Commercial Manager (herein, “**TCM**”), other concessionaires, or tenants within any such Terminal. Concessionaire shall manage and coordinate all such

activities in such a manner as to minimize, to the greatest extent practicable, disruption of or interference with Airport and Terminal operations. In the event of a dispute between Concessionaire and any TCM, concessionaire or tenant regarding design or construction activities or related interference with operations, Concessionaire shall immediately report such dispute to the CEO and promptly thereafter meet and confer with the CEO. The CEO shall have the right to resolve any such dispute, and any such decision or other resolution by the CEO shall be final and binding upon Concessionaire. Such decision or other resolution shall be in the CEO's sole discretion.

7.2 Condition of Premises. City shall deliver each Unit to Concessionaire, as Unit is currently improved, except for furniture, furnishings, removable fixtures and supplies owned by the incumbent concessionaire or tenant. The improvements owned by City include interior walls, ceilings, floor covering, carpeting, draperies, finished flooring, electrical wiring, air-conditioning ducts and equipment, concession furniture, equipment and furnishings which cannot be removed without structural damage to the Premises, interior decoration and finishing erected or installed upon said Premises, and connections for electrical power and telephones. Upon the Delivery Date for each Unit, Concessionaire shall accept such Unit in its "AS IS, WHERE IS" condition, and "WITH ALL FAULTS" and without any improvements or alterations to be made or constructed by City. Concessionaire acknowledges and agrees that Concessionaire has performed its own due diligence on all matters relating to the Units, including all technical and construction matters. Any "as-built" drawings, utility matrixes, or other technical information (including, but not limited to, architectural drawings or AutoCAD or other computer files) provided by City may not be accurate or complete. Concessionaire's use of or reliance on any such information shall be at its sole risk, and City shall have no liability arising therefrom. Notwithstanding anything to the contrary contained in this Agreement, the suitability or lack of suitability of any Unit for the Permitted Use, or the availability or lack of availability of permits or approvals of governmental or regulatory authorities with respect to any such Permitted Use of such Unit shall not affect the rights or obligations of the parties hereunder.

7.3 Improvement Financial Obligation. Unless otherwise approved by the CEO, Concessionaire covenants and guarantees that Concessionaire shall make a collective capital investment in the improvement to the Units contemplated by this Agreement in an amount not less than the amount set forth in the Basic Information, as the "Initial Minimum Investment Amount" ("**Minimum Investment Amount**"). The following types of expenditures by Concessionaire shall not be included or otherwise credited toward the satisfaction of the Minimum Investment Amount: (a) any interest or financing costs; (b) any architectural, design or in-house costs in excess of fifteen percent (15%) of the hard costs for the related improvements; and (c) any costs incurred for personal property placed or installed within the Units (collectively, the "Excluded Expenditures"). The Minimum Investment Amount shall be expended by Concessionaire on the improvements to the Units as set forth in an excerpt of Concessionaire's Proposal attached hereto and incorporated by reference herein as Exhibit A. In the event that Concessionaire fails to invest the Minimum Investment Amount as provided above, Concessionaire shall pay to City the positive shortfall, as reasonably determined by the CEO, between the Minimum Investment Amount and the amount actually invested by Concessionaire in improvements (excluding any Excluded Expenditures). Concessionaire shall pay to City any such shortfall within thirty (30) days following written demand by the CEO.

7.4 City Approval of Improvements. Prior to the construction of any improvements, Concessionaire shall comply with the "LAWA Tenant Improvement Approval Process" (said LAWA Tenant Improvement Approval Process as may be modified from time to time is referred to herein as the "**Construction Approval Process**"), including without limitation, the submission to City's Commercial Development Group for approval all required plans and other information. Upon receipt of the CEO's approval and any other applicable approvals, Concessionaire shall cause the construction called for by the approved working drawings and specifications to be commenced and completed promptly. No substantial changes, additions, or alterations shall be made in said working drawings or specifications, or in the construction called for thereby, without first obtaining CEO's approval in writing.

7.4.1 Concessionaire shall make no structural improvements, additions, or alterations in, to or upon any Unit, nor erect, construct, or place any sign upon said Unit, without first obtaining the written consent of CEO. Any conditions, restrictions, or limitations placed upon the approval by CEO shall be conditions of this Agreement as though fully set forth herein once the document is fully executed by both parties. Concessionaire shall indemnify, defend, protect and hold City and City Agents harmless from any and all Claims regarding any improvements, additions, or alterations made thereto.

7.4.2 For each and every construction or alteration project undertaken in each Unit, Concessionaire shall prepare a construction report. This report shall contain the following elements: (1) type of improvement constructed or altered; (2) floor area or capacity of improvement constructed or altered; (3) total cost of construction or alteration; (4) completion date for construction or alteration; and (5) a copy of the certificate of occupancy. The construction report shall be submitted to the person and address as provided by LAWA, not later than sixty (60) days following completion of the construction or alteration.

7.4.3 Concessionaire shall also keep the Premises and any improvements constructed thereon free and clear of liens for labor and material expended by or for Concessionaire or on its behalf in accordance with Section 7.14 of this Agreement (except when such improvement is constructed by City).

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

7.4.5 Prior to the commencement of any work, Concessionaire shall, at its own cost and expense, obtain all other Permits and approvals required by applicable Laws including, but not limited to, Los Angeles Department of Building and Safety, Los Angeles County Department of Health, if applicable, and OSHA. Concessionaire's plans shall employ optimum essentials of aesthetics, quality of materials and equipment, convenience, function and design and shall be compatible in such respects with those of Airport or Airport's Design Guidelines. CEO's approval of the plans, specifications and

working drawings for the improvements or alterations of the Premises shall create no responsibility or liability on the part of City for their completeness, design sufficiency, or compliance with all Laws and other requirements of governmental agencies or authorities. Neither City nor any City Agents shall be liable for any damage, loss, or prejudice suffered or claimed by Concessionaire, any Concessionaire Party or any other person or entity on account of: (a) the approval or disapproval of any plans, contracts, bonds, contractors, sureties or matters; (b) the construction or performance of any work whether or not pursuant to approved plans; (c) the improvement of any portion of the Premises or alteration or modification to any portion of the Premises; or (d) the enforcement or failure to enforce any of the covenants, conditions and restrictions contained in this Agreement.

7.5 Improvements.

7.5.1 Utilities - Installation. Concessionaire shall provide distribution of utilities within each Unit. Heat and air conditioning will be made available at connection points adjacent to each Unit.

7.5.2 Plans and Specifications. Concessionaire shall, at its own cost and expense, employ competent (and where applicable, licensed) architects, engineers and interior designers (approved by CEO) who will prepare architectural, interior and engineering designs for the improvements, including detailed plans, specifications, and cost estimates of all concession improvements, decor and equipment to be installed in the Premises.

7.5.3 Adherence to Plans, Specifications and Schedule. Once approval for the improvements has been obtained from CEO as part of City's construction approval process, Concessionaire shall forthwith cause the construction of the improvements to be commenced and completed with reasonable dispatch. No substantial change, addition or alteration from the construction approved by CEO in the construction of the improvements without first obtaining CEO's consent in writing. No structural or other improvements, decor or equipment, other than as contemplated herein shall be made in or upon the Premises without the written consent of CEO being first had and obtained, and any conditions relating thereto then stated by said CEO shall become conditions hereof as if they had been originally stated herein. Further, Concessionaire agrees that it will adhere to the schedules for the improvements, as provided in its Proposal, attached in Exhibit A, unless otherwise required under this Agreement or revised by, or revised with written approval of, CEO.

7.5.4 Prompt Payment. Concessionaire or subcontractor shall pay to any subcontractor, not later than seven (7) days after receipt of each payment, the respective amounts allowed the Concessionaire on account of the work performed by the subcontractors, to the extent of each subcontractor's interest therein. In the event that there is a good faith dispute over all or any portion of the amount due on a payment from the Concessionaire or subcontractor, the Concessionaire or subcontractor to a subcontractor, the Concessionaire or subcontractor may withhold no more than One

Hundred Fifty Percent (150%) of the disputed amount. Concessionaire shall include this provision in all of its subcontracts.

7.6 Alterations. After completion of the improvements as above provided, except for routine maintenance and minor repairs of the improvements consistent with the Approved Construction Documents, Concessionaire shall not make any improvements or alterations to any Unit ("**Alterations**") without first complying with City's construction approval process. Any unauthorized Alterations made by Concessionaire to any Unit shall be removed at Concessionaire's sole cost and expense and any damage to such Unit shall be promptly repaired, and if not removed and repaired within fifteen (15) days of demand from City, and should Concessionaire fail to so remove such Alterations and restore such Unit, City may remove such Alterations and restore such Unit, at Concessionaire's sole cost and expense, and such cost, plus the Administrative Fee, shall be payable to City as Additional Rent within fifteen (15) days of delivery of an invoice therefore.

7.7 Building Codes. The improvements and all alterations constructed or installed by Concessionaire in the Premises, including the plans and specifications therefore, shall in all respects conform to and comply with the applicable Laws (including, without limitation, ordinances, building codes, rules and regulations of the City of Los Angeles and such other authorities as may have jurisdiction over the Premises or Concessionaire's operations therein), and City Policies (as defined in Section 16.23). If and to the extent that Concessionaire's activities or proposed Alterations trigger an obligation or requirement on the part of City to make changes to the Airport (including under the ADA), Concessionaire shall indemnify, defend, and hold harmless City and City Agents from and against any Claims arising out of such activities or Alterations. The approval by CEO provided above shall not constitute a representation or warranty as to such conformity or compliance, but responsibility therefore shall at all times remain in Concessionaire.

7.8 Other Permits. Concessionaire, at its sole cost and expense, shall also procure all building, fire, safety and other permits necessary for the construction of the structural and other improvements, installation of the equipment and the interior design and decor.

7.9 Workers' Compensation. Prior to commencement of any such construction, Concessionaire shall first submit to City a certificate of insurance evidencing the fact that Concessionaire maintains workers' compensation and employers liability coverage in the amounts and form required by the Workers' Compensation Act and insurance Laws of the State of California. Such certificate shall include a Waiver of Subrogation naming and for the benefit of the City of Los Angeles and City Agents. Such certificate shall contain the applicable policy number and the inclusive date for same, shall bear an original signature of an authorized representative of the insurance carrier and shall also provide thereon that the insurance shall not be subject to cancellation except after notice by registered mail to the City Attorney of the City of Los Angeles at least thirty (30) days prior to the date of cancellation.

7.10 Prevailing Wage. Construction, demolition, alteration, installation, repair and maintenance work performed on City's property will require payment of prevailing wages, if applicable. Concessionaire is obligated to make the determination of whether the payment of prevailing wages is applicable. Concessionaire shall be bound by and comply with applicable

provisions of the California Labor Code and federal, state, and local laws related to labor, including, but not limited to, assuming all obligations and responsibilities under the California Labor Code related to prevailing wages, apprenticeship and recordkeeping that requires compliance by the contracting or awarding agency or body (i.e., City) when work requires payment of prevailing wages under the applicable federal or California law. Concessionaire shall obtain the applicable wage determination for each craft, classification or worker, which are on file at the Office of Contract Compliance, Bureau of Contract Administration, in the City of Los Angeles, or may be obtained from the California Department of Industrial Relations. Concessionaire shall indemnify, defend and pay or reimburse City for any damages, penalties or fines (including, but not limited to, attorney's fees and costs of litigation) that City incurs, or pays, as a result of noncompliance of Concessionaire or its sub-concessionaires, vendors, employees, contractors, representatives, agents with applicable prevailing wage and apprenticeship laws in connection with the work performed under this Agreement.

7.11 Improvement Payment and Performance Bonds. In connection with the construction of any improvements to the Units, Concessionaire shall furnish, at its sole cost and expense, a payment bond (or an alternative security deposit for said amount acceptable to the CEO) and performance bond for private works, each in the principal sum (i.e., 100%) of the amount of the work of improvement proposed by Concessionaire, and subject to the approval of the City Attorney. To the extent this percentage is higher than, and conflicts with, the percentage for such bonds in the applicable construction approval process, the percentage in this Agreement will supersede. Concessionaire shall comply with the provisions of California Civil Code Sections 8600 to 8614, as applicable, by filing the original contract and any modifications thereto in the office of the Los Angeles County Recorder, together with the bonds specified therein, and a conformed copy of such bonds, filed for record as aforesaid, shall be furnished by Concessionaire to City. Such payment and/or performance bonds shall be furnished no later than thirty (30) days prior to the commencement of such work. The payment and/or performance bonds shall be in substantially the same form as may be prescribed from time to time by the City Attorney, be issued by a surety company satisfactory to Chief Executive Officer, and authorized and licensed to transact business in the State of California and be for the full amount stated above with the Concessionaire, as obligee, and shall guarantee the full, faithful and satisfactory payment and performance by Concessionaire of its obligations to construct and install the aforementioned works of improvement, and shall guarantee the payment for all materials, provisions, supplies, and equipment used in, on, for, or about the performance of Concessionaire's works of improvement or labor done thereon of any kind, and shall protect City from any liability, losses, or damages arising therefrom. The Performance and Payment Bonds shall be in substantially the same forms as that of Exhibits G and H, respectively. Alternatively, Concessionaire shall provide a security deposit for said amount of the bonds acceptable to CEO.

7.12 Telecommunications Facilities.

7.12.1 Concessionaire and its Telecommunications Service Providers (as defined herein) shall not install Telecommunication Facilities (as defined herein) in Common Areas, shared space, or other respective non-leasehold areas of the Airport, or in currently designated or future primary or secondary minimum-points-of-entry, without prior written approval of CEO [LAWA Information Technology Division] and any approval required as part of City's construction approval process. For purposes of this

Agreement, **"Telecommunication Facilities"** shall mean and include the installation, operation, and provisioning of telecommunications circuits, conduit, cabling, antennas, equipment, infrastructure and service connections thereto; and **"Telecommunication Service Providers"** shall mean and include cable and equipment installation contractors, system operators, and any entity which provides telecommunication services, such as Sprint, Verizon, AT&T, government entities, or other tenants. Prior to any installation or servicing of any Telecommunication Facilities, Concessionaire shall submit to City [with copies to LAWA Project Management Division and Manager of LAWA Information Technology Division at 1 World Way, Room B14, Los Angeles, CA 90045] for approval documentation of each Telecommunication Facility and the infrastructure proposed to be used (collectively, **"Telecom Documentation"**), which Telecom Documentation shall include, but not be limited to, plans and drawings with specific routing detail, conduit types and sizes, access junction boxes, cable descriptions (type, quantity, size) per route segment, telecommunication rooms and closets used, termination block labeling, and cable pair assignments for each cable segment, and a schedule with the times and locations that require access in connection with such installation or servicing.

7.12.2 Concessionaire agrees that all installation, construction and maintenance of such Telecommunications Facilities shall be performed in a neat, responsible, and workmanlike manner, using generally acceptable construction standards, consistent with such requirements imposed by City as part of City's construction approval process (including, without limitation, labeling requirements); and that City may require its contractors or personnel to observe such installation or servicing to assure compliance with this Agreement. In such event, Concessionaire shall pay to City as Additional Rent hereunder, the cost or imputed cost of such observation and compliance monitoring. All such Telecommunications Facilities and services shall comply with FCC licensing regulations, with City of Los Angeles building codes, and with all other applicable Laws. Concessionaire is required to comply with City's policies and procedures regarding Telecommunications Facilities and services, as announced from time to time. Within one week of any installation or servicing of any Telecommunications Facilities, Concessionaire shall submit to City [with a copy to LAWA Information Technology Division] five (5) copies of "as-built" Telecom Documentation.

7.12.3 Concessionaire shall not allow the use of, and shall not sell, lease, sublet, or trade, Telecommunication Facilities or services to other Airport entities without prior written approval of CEO. Concessionaire shall not use, and shall not purchase, lease, sublet or trade for, Telecommunication Facilities or services from other Airport entities without prior written approval of CEO.

7.12.4 Concessionaire agrees that the Telecommunications Facilities, and the installation, maintenance and operation thereof shall in no way interfere with Airport operations, or the operation of Telecommunications Facilities of City or any other tenants or occupants of the Airport. If such interference shall occur, City shall give Concessionaire written notice thereof and Concessionaire shall correct the same within twenty-four (24) hours of receipt of such notice. City reserves the right to disconnect Concessionaire's Telecommunications Facilities if Concessionaire fails to correct such interference within twenty-four (24) hours after such notice.

7.12.5 City makes no warranty or representation that the Airport or any portions thereof are suitable for the use of Telecommunications Facilities, it being assumed that Concessionaire has satisfied itself thereof.

7.12.6 Concessionaire shall protect, defend, indemnify and hold harmless City and City Agents from and against Claims incurred by or asserted against City or any City Agent arising out of Concessionaire's installation, maintenance, replacement, use or removal of Concessionaire's Telecommunications Facilities.

7.12.7 Concessionaire shall remove any Telecommunications Facilities installed by Concessionaire at Concessionaire's sole cost and expense upon the expiration or early termination of this Agreement.

7.12.8 In the event Concessionaire shall fail to comply with any of the requirements contained in this Section 7.12, City may take such actions as may be necessary to remedy such failure and all costs and expenses incurred by City shall be due and payable within fifteen (15) days of City's request therefore. If Concessionaire does not remove the Telecommunications Facilities and repair any damage resulting therefrom on or before the end of such fifteen (15) day period, City shall have the right to remove such Telecommunications Facilities and repair any damage to the Terminal at Concessionaire's sole cost and expense, plus the Administrative Fee; provided, however, that if Concessionaire does not deliver to City the total cost and expense of removal and repair within fifteen (15) days of City's request thereof, Concessionaire shall be deemed to be in Default under Article XI of this Agreement and City shall be entitled to exercise all of its rights and remedies set forth in this Agreement. All cost and expense incurred by City to remove the Telecommunications Facilities and to repair any damage to the Premises or the Terminal, plus the Administrative Fee, shall be deemed Additional Rent under this Agreement.

7.13 Deliveries upon Completion. Within ninety (90) days of completion of the improvements and any Alterations contemplated by Section 7.6 above, Concessionaire shall furnish to City, at no charge: (a) a certificate from the architect(s) certifying that such improvements have been constructed in accordance with the approved plans and specifications and in strict compliance with all Laws; (b) three (3) complete sets of "record" drawings, and one complete set in Computer Aided Design (CAD) format which complies with the then current LAWA CAD standards (these drawings must include any applicable permit numbers, the structural and other improvements installed by Concessionaire in the Premises, and the location and details of installation of all equipment, utility lines, heating, ventilating, and air-conditioning ducts and related matters); (c) duplicated receipted invoices on all materials and labor costs incurred; and (d) executed unconditional mechanics' lien releases from those parties performing labor, materials or supplies in connection with such improvements or any Alterations, which releases shall comply with the appropriate provisions, as reasonably determined by City, of the California Civil Code. Concessionaire shall keep such as-built drawings current by updating the same in order to reflect thereon any changes or modifications which may be made in or to any Unit. Within ten (10) days after completion of the improvements in any Unit and any Alterations contemplated by Section 7.6 above, Concessionaire shall cause a Notice of Completion to be recorded in the office of the Los Angeles County Recorder in accordance with Section 3093 of

the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to City upon such recordation. If Concessionaire fails to do so, City may execute and file the same on behalf of Concessionaire as Concessionaire's agent for such purpose, at Concessionaire's sole cost and expense.

7.13.1 Book Value Defined

Subject to the limitation and conditions set forth in Section 7.13 above, the term "**Book Value**" shall mean the following amounts described below in this Section 7.13.1:

(a) Improvements. An amount equal to the actual costs incurred by Concessionaire for the design and construction of the improvements, as verified and approved by the CEO.

(b) Other Alterations. For any other Alterations by Concessionaire approved by the CEO in his/her reasonable discretion, an amount equal to the actual costs incurred by Concessionaire for the design and construction thereof, as verified and approved by the CEO.

7.14 No Liens.

7.14.1 Concessionaire shall pay when due all claims for labor or materials furnished or alleged to have been furnished to or for Concessionaire at, on, or for use in the Premises or any portion thereof. Concessionaire shall keep the Premises, the Terminal and the Airport, and any interest therein, free and clear of all mechanics' liens and all other liens from any work undertaken by or on behalf of Concessionaire or any Concessionaire Party. Concessionaire shall give City immediate written notice of any lien filed against the Premises, the Airport or any interest therein related to or arising from work performed by or for Concessionaire or any Concessionaire Party. Additionally, Concessionaire shall keep any City-owned improvements on the Premises free and clear of any liens or other encumbrances. By way of specification without limitation, Concessionaire shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by or for Concessionaire and Concessionaire shall indemnify, defend, protect, and hold the Premises, the Airport, City and City Agents harmless against any liens and encumbrances and all Claims arising from any work performed by or on behalf of Concessionaire or any Concessionaire Party and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against Concessionaire, City, the Airport, or the Premises. In the event that Concessionaire does not, within thirty (30) calendar days following the imposition of any such lien, cause such lien to be released of record by payment or posting of a bond in form and amount satisfactory to CEO in its good faith business judgment, City shall have in addition to all other remedies provided herein and by law, the right, but not the obligation to cause, upon ten (10) business days prior written notice to Concessionaire, the same to be released by such means as it shall deem proper, including payment in satisfaction of any Claim giving rise to such lien. All such sums paid by City and all expenses incurred by it in connection therewith (including, without limitation, attorneys' fees (including, without limitation, the imputed fees of City Attorneys)), plus the Administrative Fee, shall be payable to City by Concessionaire as Additional Rent within fifteen (15) days after written demand therefore. Concessionaire shall

give City not less than ten (10) days' prior written notice of the commencement of the improvements or any subsequent improvements in the Premises, and City shall have the right to post notices of non-responsibility in or upon the Premises as provided by law. In addition, City shall have the right to require that Concessionaire pay City's attorneys' fees and disbursements (including, without limitation, the imputed fees of City Attorneys), court costs and other costs in defending any such action if City is named as a party to any such action, the lien encumbers any portion or interest in the Airport or if City elects to defend any such action or lie. Nothing in this Section shall be construed to place any obligations upon Lessee with respect to liens, loans, or mortgages placed upon the Premises by City, its Department of Airports, its Board, City officers, agents, or employees.

7.15 Ownership of Improvements. Concessionaire shall have the rights to the ownership of the improvements, installed as part of this Agreement, subject to the conditions provided in this Section 7.15.

7.15.1 Installation Costs. All of the foregoing improvements, decor and equipment shall be furnished, supplied, installed and constructed by Concessionaire at Concessionaire's sole cost and expense.

7.15.2 Ownership During Term. Any Federal investment tax credit applicable to the improvements shall belong to Concessionaire. Title to all furniture, furnishings, removable fixtures and supplies shall remain in Concessionaire. Prior to the commencement of operations, and annually thereafter, Concessionaire shall furnish to City an inventory of all furniture, furnishings and removable fixtures it has placed in the Premises.

7.15.3 Ownership Upon Termination. If Concessionaire's occupancy of any Unit is terminated, City shall have rights to the ownership of the improvements and, if and only if the termination is pursuant to Section 9.1.1 herein, City shall reimburse Concessionaire for the undepreciated net Book Value of the improvements (which improvements cannot be removed without doing structural damage) based upon the straight-line depreciation of the total term of the Agreement, with no residual value, provided (a) Concessionaire has obtained all necessary approvals for their construction, (b) Concessionaire has reported each improvement, its costs, and the date upon which its depreciation began, (c) that architectural and design costs do not exceed fifteen percent (15%) of the cost of the improvements, (d) all said costs are properly supported and made available for audit, and (e) the deliveries required under Section 7.13 have been timely provided to City. All said costs must be direct costs paid by Concessionaire to independent contractors and suppliers for work actually performed on the Premises, materials furnished or professional services rendered. Costs associated with Concessionaire's employees shall not be included in the calculation of these costs. To become reimbursable Concessionaire shall at Concessionaire's expense provide City the deliveries required under Section 7.13 above. The straight-line depreciation shall begin on the first day of the month in which the improvement was placed in service. CEO may require Concessionaire to remove any or all of its removable improvements. Title to all improvements for which Concessionaire is reimbursed or which have been depreciated shall thereupon vest in City.

7.15.4 Credit for Improvements. In lieu of any obligation to reimburse Concessionaire with respect to the undepreciated net Book Value as set forth in Section 7.14.3 above, City, at the sole option of CEO, may elect to grant Concessionaire a credit against amounts payable to City hereunder equal to the then undepreciated portion of Concessionaire's fully-paid cost of any given improvement. City shall not have any right to purchase any equipment, personal property, trademark, proprietary item or identifying characteristic of Concessionaire without the written consent of Concessionaire. Concessionaire agrees to repair any damage to the Premises caused by the removal of any of the above said items by Concessionaire. Concessionaire shall not be entitled to depreciate the cost of said improvement, and title thereto shall vest in City upon Concessionaire's use of said credit.

VIII MAINTENANCE AND REPAIR.

8.1 Maintenance and Repair. Concessionaire acknowledges and agrees that, except to the extent expressly set forth to the contrary in this Section 8, City shall have no duty to maintain, repair or replace any Unit, or the improvements located therein and thereon. Concessionaire shall, at all times and at its expense, keep and maintain each Unit, including the exterior façade of each Unit separating such Unit from the Common Areas of the Terminal (including the external face thereof, all windows, doors and display areas, and all finishes thereon), all mechanical room equipment such as, but not limited to, heat exchangers, fans, controls and electric panels, and all of the structural and other improvements installed at each Unit together with all of its fixtures, equipment and personal property therein, in good repair and in a clean and orderly condition and appearance and shall keep the areas immediately adjacent to the exits and entrances of each Unit clean and orderly and free of obstructions. Concessionaire shall keep a record of all maintenance and repair actions undertaken with respect to each Unit during the Term of this Agreement, including the nature of such matter requiring maintenance and repair, the date such matter was first observed, the maintenance and repair action undertaken in response, the date such maintenance and repair action was undertaken, the cost of such maintenance and repair action, any receipts and invoices or contracts for costs and expenses incurred in connection with such maintenance and repair action, evidence of payments made in connection therewith, and any warranties or guarantees obtained in connection with the performance of such maintenance and repair action, and pictures of the matter requiring maintenance and repair and the completed maintenance of repair, and any other information relating thereto that CEO may request from time to time (collectively, "**Concessionaire's Maintenance Records**"). Upon any request of CEO and annually, in connection with the delivery of annual reports under Section 4.7.5, Concessionaire shall deliver to City an annual maintenance report with a copy of Concessionaire's Maintenance Records for the year just ended.

8.2 Maintenance Program. Concessionaire shall maintain and repair all interior areas and surfaces of the Units, including sweeping, washing, servicing, repairing, replacing, cleaning and interior painting that may be required to properly maintain each Unit in a safe, clean, wholesome, sanitary, orderly and attractive condition. Concessionaire shall establish an adequate preventive maintenance program and the provisions of same shall be subject to periodic review by CEO. Said program shall include, without limitation, the cleaning of inside windows and exterior display windows, doors inside and outside and the cleaning and repair of all floors, interior walls, ceilings, lighting, signs, decor and equipment. Regardless of Concessionaire's

compliance with its preventive maintenance program, Concessionaire shall clean such surfaces and equipment immediately upon being instructed to do so by City or by other governmental agencies having such authority. In addition, Concessionaire shall participate in and cooperate with City in connection with any maintenance performance monitoring and quality assurance program implemented by City, and shall promptly correct any deficiencies noted in connection therewith. Concessionaire shall cooperate with any on-site inspections of applicable governmental agencies charges with inspection of the Premises and shall promptly deliver any inspection reports, notices or citations received from such agencies to City.

8.2.1 Kitchen Exhaust Systems. To the extent specified in Concessionaire's plan for the improvements or in connection with any Alterations (or any approval by City in connection therewith), Concessionaire shall provide and maintain kitchen exhaust systems, including roofing hoods, ducts and fans used in connection with any kitchen operations, whether located in or outside of the Premises. Concessionaire shall prepare and deliver to City, and shall implement and maintain, a preventative maintenance and cleaning program so that such kitchen exhaust systems are maintained using best management practices in good condition so as to meet the highest standard of cleanliness and health. To the extent cleaning is performed by a third party contractor, Concessionaire shall provide City with a copy of its cleaning contract for the exhaust system prior to opening for business and thereafter as requested by City. Concessionaire shall do whatever is necessary in order to properly maintain such kitchen exhaust system. The entire exhaust system should be inspected by a properly trained, qualified, and certified company or person quarterly. After inspection, if components are found to be contaminated with deposits from grease laden vapors, the entire exhaust system (hoods, grease removal devices, fans, ducts, and other included appurtenances) should be cleaned by a properly trained, qualified and certified company or person. The cleaning should be to bare metal using mechanical means (scraping, washing, steam cleaning, etc.) and not coated with chemicals or powder. A certificate of service should be provided by any contracted service.

8.3 Maintenance of Plumbing. Concessionaire shall be responsible for the maintenance, repair and replacement of all plumbing, piping and drains within each Unit. Concessionaire is responsible for all material that is deposited in the plumbing system from each Unit and, if applicable, for cleaning the grease traps within any Unit. Concessionaire is responsible for the maintenance, repair and replacement of all sewer lines from each Unit to the point that the line connects to a Department of Airports main sewer line. Concessionaire is responsible for the repair and maintenance of all domestic water lines, hot and cold, from the point of connection of the Department of Airports water meter throughout each Unit. If Concessionaire fails to maintain the plumbing, piping and drain system or places liquid, grease, debris, and other materials that contribute to stoppage or damage to the Airport's plumbing, Concessionaire will be billed for the cost thereof, plus the Administrative Fee, to be paid by Concessionaire to City within fifteen (15) days of written demand.

8.3.1 Garbage Disposal; Grease Traps. To the extent specified in Concessionaire's plan for the improvements or in connection with any Alterations (or any approval by City in connection therewith) or as otherwise required by applicable Laws, Concessionaire shall provide and maintain an industrial garbage disposal at each Unit.

To the extent specified in Concessionaire's plan for the improvements or in connection with any Alterations (or any approval by City in connection therewith), Concessionaire shall install and maintain a grease trap at each Unit, the type and manner of installation of such grease traps being in compliance with best management practices and meeting the requirements set forth in such approval. Concessionaire shall prepare and deliver to City a cleaning and preventative maintenance program, and shall retain and make available for City inspection receipts showing all oil/grease products purchased and all grease removed. To the extent that grease traps are present in the Premises, Concessionaire shall install and maintain, and regularly clean and empty, all grease traps in each Unit and dispose of the contents thereof in compliance with all applicable Laws, and, if required, Concessionaire will use its own EPA identification number and list itself as the owner on the Uniform Hazardous Waste Manifest or other Profile sheets if any need to be filled out in order for Concessionaire to comply with its obligations under this sentence. Upon the expiration or earlier termination of this Agreement, CEO shall have the right, at CEO's sole option, to require Concessionaire to remove any or all grease traps at Concessionaire's sole cost and expense, and in compliance with all Laws. Without limitation of any of the foregoing, Concessionaire shall do whatever is necessary in order to maintain properly the grease interceptor and prevent, at all times, any overflow or discharge of grease at the surface of the grease interceptor manhole. The grease interceptor and all plumbing pipes shall be rooted and cleaned regularly and as often as necessary to prevent clogging or discharge. In the event of any such overflow or discharge, Concessionaire shall be responsible for all costs of cleanup of the overflow or discharge, including all costs of removing grease, and repair, restoration or replacement of property damaged by such overflow or discharge.

8.4 City May Repair. In the event Concessionaire fails to accomplish any such nonstructural repairs, replacements, rebuilding, redecorating or painting required hereunder (including any preventative maintenance or emergency repairs) within a period of ten (10) days after the date of the written notice from CEO so to do, or fails to diligently repair, replace, rebuild, redecorate or paint all portions of each Unit required to be repaired, replaced, rebuilt, redecorated or painted by Concessionaire pursuant to its approved maintenance schedule, City shall have the right (but not the obligation), at its option, and in addition to all other remedies which may be available to it, to repair, replace, rebuild, redecorate or paint any such portion of any Unit included in said notice, and the cost thereof, plus the Administrative Fee, shall be paid by Concessionaire to City as Additional Rent within fifteen (15) days of written demand. Notwithstanding anything to the contrary contained in this Agreement, the performance of such maintenance, repair or replacement by City on Concessionaire's behalf shall in no event be construed as a waiver of Concessionaire's maintain, repair and replacement obligations under this Agreement.

8.5 Right to Enter Premises. City shall have the right to enter upon the Premises at all reasonable times to make such repairs, alterations and replacements as may, in the opinion of CEO, be deemed necessary or advisable and, from time to time, to construct or install over, in, under or through the Premises new lines, pipes, mains, wires, conduits and equipment; *provided, however,* that City shall use commercially reasonable efforts to minimize the unreasonable interference caused by such repair, alteration, replacement or construction with the use of the Premises by Concessionaire; and *provided, further,* that nothing herein shall be construed as

relieving Concessionaire of any obligation imposed upon it herein to maintain the Premises and the improvements and utility facilities therein. City shall have the right to enter the Premises at any time to maintain or repair emergency systems when loss of life or damage to property may potentially result.

8.6 City Maintains Central Air Conditioning. City shall maintain that portion of the HVAC system that serves the Premises but that is located outside of the Premises if said system operates as part of a central terminal or building system maintained by City. Concessionaire shall reimburse City for its costs thereof, including overhead and administration in accordance with Section 4.3 above.

8.7 City May Maintain Utilities. City shall have the right, but not the obligation or responsibility, for the benefit of Concessionaire or for the benefit of others at Airport, to maintain existing and future utility systems or portions thereof on the Premises, including therein, without limitation thereto, systems for the supply of heat and electricity and for the furnishing of fire alarm, fire protection, sprinkler, air conditioning, telephone, telegraph, teleregister and intercommunication services, including lines, pipes, mains, wires, conduits and equipment connected without appurtenant to all such systems. Concessionaire shall reimburse City for its pro-rata share of costs of such maintenance, including overhead and administration in accordance with Section 4.3 above. Within each Terminal, Concessionaire's pro-rata share shall be based on the ratio of the square footage of the Premises in the Terminal to the square footage of all Premises in the Terminal using said utilities, or on some other reasonable and appropriate methodology or basis.

8.8 Pest Control. Concessionaire shall be solely responsible for a pest-free environment within the Premises by maintaining its own pest control services, in accordance with the most modern and effective control procedures. All materials used in pest control shall conform to applicable Laws. All control substances utilized shall be used with all precautions to obviate the possibility of accidents to humans, domestic animals and pets. Pests referenced above include, but are not limited to, cockroaches, ants, rodents, silverfish, earwigs, spiders, weevils and crickets. Whenever City deems that pest control services must be provided to a building or area that includes Concessionaire's Premises under this Agreement, Concessionaire shall pay for the costs of services provided for the Premises under this Agreement.

8.9 Evidence of Payment. In any suit, action or proceeding of any kind between the parties hereto, any receipt showing the payment of any sum(s) by City for any work done or material furnished shall be prima facie evidence against Concessionaire that the amount of such payment was necessary and reasonable. Should CEO elect to use City operating and maintenance staff in making any repairs, replacements or alterations and to charge Concessionaire with the cost of same, any timesheet of any employee of City showing hours of labor or work allocated to any such repair, replacement or alteration, or any stock requisition of City showing the issuance of materials for use in the performance thereof, shall be prima facie evidence against Concessionaire that the amount of such charge was necessary and reasonable.

IX REDUCTION, RELOCATION OR EXPANSION.

9.1 Reduction or Relocation of Premises. CEO may require Concessionaire to surrender or reconfigure any portion of the Premises or to relocate a Unit in the Premises any time. CEO will attempt to provide substitute space of equal size, with equal frontage in an area accessible to the public. Concessionaire may decline substitute space if it is not of equal size, configuration and exposure to enplaning passenger. In the event Concessionaire declines substitute space, minor modification(s) of the Premises, not to exceed a cumulative rental adjustment of \$150,000, may be made by the CEO by an amendment to Exhibits B-1 and B-2, subject to City Attorney approval as to form, with an appropriate adjustment in the MAG without the prior approval or later ratification by the Board, and (ii) minor modification(s) of the Premises, not to exceed a cumulative total of ten percent (10%) of the Premises as delineated in Exhibits B-1 and B-2, may be made by the Board by an amendment to these exhibits, subject to City Attorney approval as to form, with an appropriate adjustment in the MAG. If, modification(s) of the Premises exceed a cumulative total of ten percent (10%) of the Premises as delineated in Exhibits B-1 and B-2, such modification shall be subject to approval by the Board. Improvements made by Concessionaire to the Premises as a result of a reduction, or relocation of a Unit, shall be subject to the buy-out provisions of this Agreement, the same as if they were made within the original Premises hereof. Any costs incurred by Concessionaire in connection with a relocation under this Section shall be borne by Concessionaire.

9.1.1 Buy-out. In the event that (a) Concessionaire is required to surrender in whole or relocate any Unit within the Premises, other than as required under Article XI, or as a result of a Default by Concessionaire), or (b) City, for any reason, decides to terminate or suspend the scope of work, or any part thereof, or Concessionaire's services, or any part thereof (in which event City may: (1) require Concessionaire to terminate or suspend the performance of all, or a portion, of its services or (2) terminate this Agreement, or any part thereof, upon giving Concessionaire a ten (10) day written notice prior to the effective date of such termination which date shall be specified in such notice), the City will reimburse Concessionaire for the then-undepreciated net Book Value of the improvements (which improvements which cannot be removed without doing structural damage) with respect to such surrendered Unit based upon the straight-line depreciation of the total term of the Agreement, with no residual value, provided (i) Concessionaire has obtained all necessary approvals for their construction, (ii) Concessionaire has reported each improvement, its costs, and the date upon which its depreciation began, (iii) that architectural and design costs do not exceed fifteen percent (15%) of the cost of the improvements, (iv) all said costs are properly supported and made available for audit, and (v) the deliveries required under Section 7.13 have been timely provided to City. All said costs must be direct costs paid by Concessionaire to independent contractors, and suppliers for work actually performed on said Unit, materials furnished or professional services rendered. Costs associated with Concessionaire's employees shall not be included in the calculation of these costs. To become reimbursable Concessionaire shall have, at its expense, timely provided City with the deliveries required under Section 7.13. The straight-line depreciation shall begin on the first day of the month in which the improvement was placed in service. The report shall be delivered to CEO. CEO may require Concessionaire to remove any or all of its

removable improvements. No buy-out payment will be made or is payable hereunder in connection with the expiration of this Agreement at the end of the Term.

9.2 Expansion of Premises. If, during the Term of this Agreement, the City finds that arrangements that warrant additional food & beverage facilities are required for the good of the traveling public, the City, upon approval of the Board, may negotiate for the operation of said facilities. Only concessionaires with existing food & beverage operations in the terminal where the planned facility will be located will be invited to participate in the competitive solicitation process. Following the competitive solicitation process, LAWA will select a concessionaire deemed most qualified to operate the planned concept. If Concessionaire is selected and City and Concessionaire have not entered into an agreement within one month of City's notice that such potential unit location is available, City may offer said concession rights to other concessionaires. Improvements made by Concessionaire as a result of said expansion shall be subject to the buy-out provisions of Section 9.1.1, the same as if they were made within an original premises hereof. Net Book Value protection will extend to the undepreciated value of any additional new facilities required. Requirements for approval and reporting will be the same as for initial facilities and the depreciation schedule shall be the same provided that such facilities are not temporary.

X AIRPORT CONSTRUCTION; AIRPORT OPERATIONS.

10.1 Airport Construction; Airport Operations. City reserves the right to further develop or improve the landing area of Airport or any other portion of the Airport, as it sees fit, regardless of the desires or view of Concessionaire, and without interference or hindrance. Concessionaire recognizes and agrees that City, from time to time during the term of this Agreement, may construct, cause to be constructed, or permit construction, of City-approved improvements of various sizes and complexity. Concessionaire further recognizes that such construction and other security related restrictions may restrict access to and may interfere with the quiet enjoyment of the Premises and the amount of revenue generated from the Premises. Concessionaire agrees that City shall not be liable for losses or damages arising from disruptions caused by City-approved construction or other restrictions affecting access to the Premises, and hereby waives any Claims against City and City Agents arising therefrom. City shall endeavor to use commercially reasonable efforts keep Concessionaire informed of construction plans that may materially and adversely impact the operations at the Premises.

10.2 No Right to a Temporary Premises. Temporary disruptions to Concessionaire's operations, including restricted access to Terminals during any construction or security alert, shall not entitle Concessionaire to a temporary location elsewhere or to any Rent abatement or credit, or any other compensation.

XI TERMINATION/CANCELLATION.

11.1 Defaults. The occurrence of any one of the following events shall constitute a default on the part of Concessionaire ("**Default**"):

11.1.1 Abandonment; Vacation. The vacation or abandonment of any Unit by Concessionaire for a period of five (5) consecutive days or any vacation or abandonment of any Unit by Concessionaire which would cause any insurance policy to be invalidated or otherwise lapse in each of the foregoing cases irrespective of whether or not Concessionaire is then in monetary default under this Agreement. Concessionaire agrees to notice and service of notice as provided for in this Agreement and waives any right to any other or further notice or service of notice which Concessionaire may have under any statute or law now or hereafter in effect;

11.1.2 Failure to Pay Rent. Failure to pay any installment of Rent or any other monies due and payable hereunder, said failure continuing for a period of three (3) days after the same is due;

11.1.3 Assignment for Creditors. A general assignment by Concessionaire or any guarantor or surety of Concessionaire's obligations hereunder (collectively, "**Guarantor**") for the benefit of creditors;

11.1.4 Filing of Bankruptcy Petition. The filing of a voluntary petition in bankruptcy by Concessionaire or any Guarantor, the filing by Concessionaire or any Guarantor of a voluntary petition for an arrangement, the filing by or against Concessionaire or any Guarantor of a petition, voluntary or involuntary, for reorganization, or the filing of an involuntary petition by the creditors of Concessionaire or any Guarantor, said involuntary petition remaining undischarged for a period of thirty (30) days;

11.1.5 Attachment. Receivership, attachment, or other judicial seizure of substantially all of Concessionaire's assets at any Unit, such attachment or other seizure remaining undismissed or undischarged for a period of thirty (30) days after the levy thereof;

11.1.6 Death; Dissolution. Death or disability of Concessionaire or any Guarantor, if Concessionaire or such Guarantor is a natural person, or the failure by Concessionaire or any Guarantor to maintain its legal existence, if Concessionaire or such Guarantor is a corporation, partnership, limited liability company, trust or other legal entity;

11.1.7 Failure to Deliver Ancillary Documents. Failure of Concessionaire to execute and deliver to City any estoppel certificate, subordination agreement, report (including, without limitation, reports required under Section 4.7), financial statement or other document required under this Agreement within the time periods and in the manner provided hereunder (or if no time period is provided, within three (3) days after receipt of written notice from City of delinquency);

11.1.8 Incomplete Records. Concessionaire fails to maintain adequate books and records and accounts reflecting its business as required hereunder (including without limitation, books and records and information regarding Gross Revenues, and the costs of construction for the improvements);

11.1.9 Transfers. An assignment or sublease, or attempted assignment or sublease, of this Agreement or any Unit by Concessionaire contrary to the provision of Article XIV without the prior written consent of City as required hereunder;

11.1.10 Faithful Performance Guarantee. Failure of Concessionaire to provide and maintain the Faithful Performance Guarantee as required under this Agreement for a period of five (5) days after written notice;

11.1.11 Other Defaults. A default under any other agreement with City beyond any applicable notice and cure period under such agreement;

11.1.12 General Non-Monetary Breaches. Failure in the performance of any of Concessionaire's covenants, agreements or obligations hereunder (except those failures specified as events of Default in Sections 11.1.1, 11.1.2, 11.1.4, 11.1.5, 11.1.7, 11.1.10, 11.1.13, 11.1.15 or 11.1.16 herein or any other subsections of this Article XI, which shall be governed by the notice and cure periods set forth in such other subsections), which failure continues for thirty (30) days after written notice thereof from City to Concessionaire, provided that, if Concessionaire has commenced such cure within ten (10) days after written notice, and has exercised reasonable diligence to cure such failure and such failure cannot be cured within such thirty (30) day period despite reasonable diligence, Concessionaire shall not be in default under this Section 11.1.12 so long as Concessionaire thereafter diligently and continuously prosecutes the cure without interruption to completion and actually completes such cure within sixty (60) days after the giving of the aforesaid written notice;

11.1.13 Chronic Delinquency. Chronic delinquency by Concessionaire in the payment of Rent, or any other periodic payments required to be paid by Concessionaire under this Agreement. "**Chronic delinquency**" shall mean failure by Concessionaire to pay Rent, or any other payments required to be paid by Concessionaire under this Agreement within five (5) days after the date due for any consecutive or nonconsecutive three (3) months during any period of twelve (12) months, or failure by Concessionaire to perform its obligations under this Agreement for any three (3) consecutive or nonconsecutive incidents during any period of twelve (12) months as determined in the sole discretion of the CEO;

11.1.14 Termination of Insurance. Any insurance required to be maintained by Concessionaire pursuant to this Agreement shall be canceled or terminated or shall expire or be reduced or materially changed, except as permitted in this Agreement;

11.1.15 Liens. Any failure by Concessionaire to discharge any lien or encumbrance placed on the Premises, the Airport or any part thereof in violation of this Agreement within thirty (30) days after the date such lien or encumbrance is filed or recorded against the Premises, the Airport or any part thereof;

11.1.16 Revocation of Licenses. An act occurs which results in the suspension or revocation of the rights, powers, licenses, permits and authorities necessary

for the conduct and operation of the business authorized herein for a period of more than thirty (30) days;

11.1.17 Adverse Operation. Service ceases or deteriorates for any period which, in the opinion of CEO, materially and adversely affects the operation of service required to be performed by Concessionaire under this Agreement;

11.1.18 Hazardous Materials. Any failure by Concessionaire to immediately remove, abate or remedy any Hazardous Materials located in, on or about the Premises or the Airport in connection with any failure by Concessionaire to comply with Concessionaire's obligations under Article XV; and

11.1.19 False Representations. Any representation of Concessionaire herein, in the Concessionaire Proposal or in any financial statement or other materials provided by Concessionaire or any guarantor of Concessionaire's obligations under this Agreement shall prove to be untrue or inaccurate in any material respect, or any such financial statements or other materials shall have omitted any material fact.

Concessionaire agrees that any notice given by City pursuant to this Article XI shall satisfy the requirements for notice under California Code of Civil Procedure Section 1161, and City shall not be required to give any additional notice in order to be entitled to commence an unlawful detainer proceeding.

11.2 City's Remedies.

11.2.1 Termination. In the event of any Default by Concessionaire, then in addition to any other remedies available to City at law or in equity and under this Agreement, City may terminate this Agreement immediately and all rights of Concessionaire hereunder by giving written notice to Concessionaire of such intention to terminate. If City shall elect to so terminate this Agreement, then City may recover from Concessionaire:

1. the worth at the time of award of any unpaid Rent and any other sums due and payable which have been earned at the time of such termination; plus

2. the worth at the time of award of the amount by which the unpaid Rent and any other sums due and payable which would have been earned after termination until the time of award exceeds the amount of such rental loss Concessionaire proves could have been reasonably avoided; plus

3. the worth at the time of award of the amount by which the unpaid Rent and any other sums due and payable for the balance of the term of this Agreement after the time of award exceeds the amount of such rental loss that Concessionaire proves could be reasonably avoided; plus

4. any other amount necessary to compensate City for all the detriment proximately caused by Concessionaire's failure to perform its obligations under this Agreement or which in the ordinary course would be likely to result therefrom, including,

without limitation, (A) any costs or expenses incurred by City (i) in retaking possession of the Premises; (ii) in maintaining, repairing, preserving, restoring, replacing, cleaning, altering, remodeling or rehabilitating the Premises or any affected portions of the Terminal or the Airport, including, without limitation, such actions undertaken in connection with the reletting or attempted reletting of the Premises to a new concessionaire or tenants; (iii) for brokerage commissions, advertising costs and other expenses of reletting the Premises; or (iv) in carrying the Premises, including, without limitation, taxes, insurance premiums, utilities and security precautions; (B) any unearned brokerage commissions paid in connection with this Agreement; (C) reimbursement of any previously waived or abated Base Rent or Additional Rent or any free rent or reduced rental rate granted hereunder; and (D) any concession made or paid by City for the benefit of Concessionaire including, without limitation, any moving allowances or contributions; plus

5. such reasonable attorneys' fees incurred by City as a result of a Default, and costs in the event suit is filed by City to enforce such remedy; and plus

6. at City's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable Laws.

As used in subsections (1) and (2) above, the "**worth at the time of award**" is computed by allowing interest at an annual rate equal to twelve percent (12%) per annum or the maximum rate permitted by law, whichever is less. As used in subsection (3) above, the "**worth at the time of award**" is computed by discounting such amount at the discount rate of Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%).

Concessionaire hereby waives for Concessionaire and for all those claiming under Concessionaire all right now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Concessionaire's right of occupancy of the Premises after any termination of this Agreement, specifically, Concessionaire waives redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179, or under any other pertinent present or future Laws, in the event Concessionaire is evicted or City takes possession of the Premises by reason of any Default of Concessionaire hereunder.

11.2.2 Continuation of Agreement. In the event of any Default by Concessionaire, then in addition to any other remedies available to City at law or in equity and under this Agreement, City shall have the remedy described in California Civil Code Section 1951.4, and the following provision from such Civil Code Section is hereby repeated: "The Lessor has the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if Lessee has right to sublet or assign, subject only to reasonable limitations)." In addition, City shall not be liable in any way whatsoever for its failure or refusal to relet the Premises. For purposes of this Section 11.2.2, the following acts by City will not constitute the termination of Concessionaire's right to possession of the Premises:

1. Acts of maintenance or preservation or efforts to relet the Premises, including, without limitation, alterations, remodeling, redecorating, repairs, replacements or painting as City shall consider advisable for the purpose of reletting the Premises or any part thereof, or

2. The appointment of a receiver upon the initiative of City to protect City's interest under this Agreement or in the Premises.

Even if Concessionaire has abandoned the Premises, this Agreement shall continue in effect for so long as City does not terminate Concessionaire's right to possession, and City may enforce all its rights and remedies under this Agreement, including, without limitation, the right to recover rent as it becomes due. Any such payments due City shall be made upon demand therefore from time to time and Concessionaire agrees that City may file suit to recover any sums falling due from time to time. Notwithstanding the exercise by City of its right under this Section to continue the Agreement without termination, City may do so without prejudice to its right at any time thereafter to terminate this Agreement in accordance with the other provisions contained in this Section.

11.2.3 Re-entry. In the event of any Default by Concessionaire, City shall also have the right, with or without terminating this Agreement, in compliance with applicable law, to re-enter the Premises, by force if necessary, and remove all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Concessionaire.

11.2.4 Reletting. In the event of the abandonment of the Premises by Concessionaire or in the event that City shall elect to re-enter as provided in Section 11.2.3 or shall take possession of the Premises pursuant to legal proceeding or pursuant to any notice provided by law, then if City does not elect to terminate this Agreement as provided in Section 11.2.1, City may from time to time, without terminating this Agreement, relet the Premises or any part thereof for such term or terms and at such rental or rentals and upon such other terms and conditions as City in its sole discretion may deem advisable with the right to make alterations and repairs to the Premises in City's sole discretion. In the event that City shall elect to so relet, then rentals received by City from such reletting shall be applied in the following order: (a) to reasonable attorneys' fees incurred by City as a result of a Default and costs in the event suit is filed by City to enforce such remedies; (b) to the payment of any indebtedness other than Rent due hereunder from Concessionaire to City; (c) to the payment of any costs of such reletting; (d) to the payment of the costs of any alterations and repairs to the Premises; (e) to the payment of Rent due and unpaid hereunder; and (f) the residue, if any, shall be held by City and applied in payment of future Rent and other sums payable by Concessionaire hereunder as the same may become due and payable hereunder. Should that portion of such rentals received from such reletting during any month, which is applied to the payment of Rent hereunder, be less than the Rent payable during the month by Concessionaire hereunder, then Concessionaire shall pay such deficiency to City. Such deficiency shall be calculated and paid monthly. Concessionaire shall also pay to City, as soon as ascertained, any costs and expenses incurred by City in such reletting or in

making such alterations and repairs not covered by the rentals received from such reletting.

11.2.5 Termination. No re-entry or taking of possession of the Premises by City pursuant to this Section 11.2 shall be construed as an election to terminate this Agreement unless a written notice of such intention is given to Concessionaire or unless the termination thereof is decreed by a court of competent jurisdiction. Notwithstanding any reletting without termination by City because of any Default by Concessionaire, City may at any time after such reletting elect to terminate this Agreement for any such Default.

11.2.6 Cumulative Remedies. The remedies herein provided are not exclusive and City shall have any and all other remedies provided herein or by law or in equity including, without limitation, any and all rights and remedies of City under California Civil Code Section 1951.8, California Code of Civil Procedure Section 1161 et seq., or any similar, successor or related provision of applicable Laws.

11.2.7 No Surrender. No act or conduct of City, whether consisting of the acceptance of the keys to the Premises, or otherwise, shall be deemed to be or constitute an acceptance of the surrender of the Premises by Concessionaire prior to the expiration of the Term, and such acceptance by City of surrender by Concessionaire shall only flow from and must be evidenced by a written acknowledgment of acceptance of surrender signed by City. The surrender of this Agreement by Concessionaire, voluntarily or otherwise, shall not work a merger unless City elects in writing that such merger take place, but shall operate as an assignment to City of any and all existing subleases, or City may, at its option, elect in writing to treat such surrender as a merger terminating Concessionaire's estate under this Agreement, and thereupon City may terminate any or all such subleases by notifying the sublessee of its election so to do within five (5) days after such surrender.

11.2.8 City's Lien. In addition to any statutory lien City has, Concessionaire hereby grants to City a continuing security interest for all sums of money becoming due hereunder upon personal property of Concessionaire situated on or about the Premises and such property will not be removed therefrom without the consent of City until all sums of money then due City have been first paid and discharged. If a default occurs under this Agreement, City will have, in addition to all other remedies provided herein or by law, all rights and remedies under the Uniform Commercial Code, including, without limitation, the right to sell the property described in this Section 11.2.8 at public or private sale upon five (5) days' notice to Concessionaire. This contractual lien will be in addition to any statutory lien for rent.

11.2.9 Concessionaire's Waiver of Redemption. Concessionaire waives redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179, or under any other pertinent present or future Laws, in the event Concessionaire is evicted or City takes possession of the Premises by reason of any Default of Concessionaire hereunder.

11.3 Right to Remove Equipment. Subject to the provisions of Article VII and its subsections herein and Section 11.2.8, Concessionaire shall have the right to remove its equipment, supplies, furnishings, inventories, removable fixtures and other trade fixtures and personal property from the Premises. If Concessionaire fails to remove said property, said property shall be considered abandoned and City may dispose of same as it sees fit.

11.4 Surrender to be in Writing. No agreement of surrender or to accept a surrender shall be valid unless and until the same has been reduced to writing and signed by CEO and the duly authorized representatives of Concessionaire. Neither the doing nor omission of any act or thing by any of the officers, agents or employees of City shall be deemed an acceptance of a surrender of the Premises utilized by Concessionaire under this Agreement.

11.5 Additional Rights of City. City, upon termination or cancellation of this Agreement, or upon reentry, regaining or resumption of possession of the Premises, may occupy the Premises and shall have the right to permit any person, firm or corporation to enter upon the Premises and use the same. Such occupation by others may be of only a part of the Premises, or the whole thereof or a part thereof together with other space, and for a period of time the same as or different from the balance of the term remaining hereunder, and on terms and conditions the same as or different from those set forth in this Agreement. City shall also have the right to repair or to make such structural or other changes in the Premises as are necessary in its judgment to maintain the suitability thereof for uses and purposes similar to those granted under this Agreement without affecting, altering or diminishing the obligations of Concessionaire hereunder.

11.6 Acceptance Is Not a Waiver. No acceptance by City of the fees and charges for other payments specified herein, in whole or in part, and for any period or periods, after a default of any of the terms, covenants and conditions to be performed, kept or observed by Concessionaire, other than the default in the payment thereof, shall be deemed a waiver of any right on the part of City to cancel or terminate this Agreement on account of such default.

11.7 Waiver Is Not Continuous. No waiver by City at any time of any default on the part of Concessionaire in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by Concessionaire shall be or be construed to be a waiver at any time thereafter by City of any other or subsequent default in performance of any of said terms, covenants or conditions, and no notice by City shall be required to restore or revive time as of the essence hereof after waiver by City of default in one or more instances.

11.8 Waiver of Redemption and Damages. Concessionaire hereby waives any and all rights of redemption granted by or under any present or future law or statute in the event it is dispossessed for any cause, or in the event City obtains or retains possession of the Premises in any lawful manner. Concessionaire further agrees that in the event the manner of method employed by City in reentering or regaining possession of the Premises gives rise to a cause of action in Concessionaire in forcible entry and detainer under the Laws of the State of California, the total amount of damages to which Concessionaire shall be entitled in any such action shall be the sum of One (\$1) Dollar, and Concessionaire agrees that this provision may be filed in any such action as its stipulation fixing the amount of damages to which it is entitled.

11.9 Survival of Concessionaire's Obligations. In the event this Agreement is terminated or canceled by City, or in the event City reenters, regains or resumes possession of the Premises, all of the obligations of Concessionaire hereunder shall survive and shall remain in full force and effect for the full term of this Agreement, other than those obligations of Concessionaire which expressly survive the expiration or earlier termination of this Agreement, which obligations shall survive the expiration or earlier termination of this Agreement indefinitely.

11.10 Cancellation or Termination by Concessionaire. This Agreement may be cancelled or terminated by Concessionaire by giving a thirty (30) day written notice to City upon the happening of one or more of the occurrences specified in Sections 11.10.1 through 11.10.3.

11.10.1 Permanent Abandonment. The permanent abandonment of Airport's passenger terminals for use by airlines or the permanent removal of all certificated passenger airline service from Airport;

11.10.2 Material Restriction of Operation. The lawful assumption by the United States government, or any authorized agency thereof, of the operation, control or use of Airport, or any substantial part thereof, in such manner as to materially restrict Concessionaire from operating thereon for a period of at least ninety (90) consecutive days; or

11.10.3 Federally-Required Amendments. Any exercise of authority as provided in Section 16.8 hereof which shall so interfere with Concessionaire's use and enjoyment of the Premises as to constitute a termination, in whole or in part, of this Agreement by operation of law in accordance with the Laws of the United States.

11.11 Damaged Improvements. In the event that the structural or other improvements or furnishings and supplies constructed or installed by Concessionaire in any or all of the Premises are damaged or destroyed, in whole or in part, from any cause whatsoever, Concessionaire shall forthwith proceed with the removal of the debris and damaged or destroyed structural or other improvements, equipment, furnishings and supplies and thereafter shall proceed with all dispatch with the reconstruction work necessary to restore the damaged or destroyed Premises to the condition they were in prior to the occurrence of such damage or destruction and all costs and expense incurred in connection therewith shall be paid by Concessionaire.

11.12 Service During Removal. Upon the termination, cancellation or expiration of this Agreement, and under circumstances permitting Concessionaire to remove from the Premises removable property belonging to Concessionaire. Subject to any remedies which City may have to secure any unpaid fees or charges due under this Agreement, Concessionaire shall have the right to remove from the Premises only those items of movable equipment and furnishings installed by it and listed on the aforesaid inventory; *provided, however,* Concessionaire shall repair all damage done to said areas and other City-owned property resulting from the removal of such machinery, equipment and fixtures.

11.13 City May Renovate. If, during the last month of this Agreement, Concessionaire has removed all or substantially all of its property from the Premises, City may enter said Premises and alter, renovate or redecorate the same.

11.14 Viewing By Prospective Competitors. At any time, and from time to time, during ordinary business hours, within twelve (12) months preceding the expiration of the term of this Agreement, City, by its agents and employees, shall have the right to accompany prospective concessionaires, occupiers or users of the Premises, for the purpose of exhibiting and viewing all parts of the same.

11.15 Tenancy at Sufferance. Any holding over after the expiration of the Term shall constitute a Default and, without limiting City's remedies provided in this Agreement, such holding over shall be construed to be a tenancy at sufferance, at a rental rate equal to the greater of one hundred fifty percent (150%) of the fair market rental value for the Premises as determined by CEO or two hundred percent (200%) of the Base Rent last due in this Agreement (including, without limitation, any Storage Rent, if any, payable pursuant to Exhibit C for any Storage Space), plus Additional Rent, and shall otherwise be on the terms and conditions herein specified, so far as applicable. During any such period, Concessionaire's "**Faithful Performance Guarantee**" (as defined in Section 13.3) shall continue in effect. If the Premises are not surrendered at the end of the Term or sooner termination of this Agreement, and in accordance with the provisions of Section 1.4 and Article XV, Concessionaire shall indemnify, defend and hold City and City Agents harmless from and against any and all Claims resulting from delay by Concessionaire in so surrendering the Premises including, without limitation, any Claims resulting from any claim against City or any City Agent made by any succeeding concessionaire or tenant or prospective concessionaire or tenant founded on or resulting from such delay and losses to City due to lost opportunities to lease any portion of the Premises to any such succeeding concessionaire or tenant or prospective concessionaire or tenant, together with, in each case, actual attorneys' fees and costs.

11.16 Administrative Assessments. The parties agree that Concessionaire's performance of its obligations under this Agreement are extremely important to City and that Concessionaire's failure to perform those activities will result in administrative and monitoring expenses to City and its staff. Therefore, the parties agree that the administrative assessments described on attached Exhibit I ("**Administrative Assessments**") are reasonable estimates of such expenses and shall be imposed on Concessionaire at the sole discretion of CEO for any of the violations described on Exhibit I. CEO may elect to waive an Administrative Assessment for a particular violation, but no such waiver shall apply to prior or subsequent violations of the same or any other provision of this Agreement, and such waiver shall not be deemed to set a precedent for further waivers. City's right to impose the foregoing Administrative Assessments shall be in addition to and not in lieu of any and all of City's rights under this Agreement, in the Rules and Regulations, or at law or in equity. CEO's decision to impose an Administrative Assessment on Concessionaire for one of the violations described on Exhibit I shall not preclude City, in the event Concessionaire subsequently commits the same or a different violation, from exercising any of such other rights of City, including, without limitation, its right to terminate this Agreement pursuant to Article XI. City shall have no obligation to Concessionaire to impose Administrative Assessments or fines on or otherwise take any action against any other concessionaire or tenant at the Airport. During the Term of this Agreement, CEO may

reasonably adjust upward the amount of the Administrative Assessments set forth in Exhibit I by providing Concessionaire six (6) months advance written notice. Exhibit I may be modified by written approval of the CEO.

XII DAMAGE OR DESTRUCTION TO PREMISES.

12.1 Damage or Destruction to Premises.

12.1.1 Insured Damage. If, during the term of this Agreement, any improvements in or on the Premises are partially or totally destroyed from a risk covered by the insurance described in Section 13.4 herein, thereby rendering said Premises partially or totally inaccessible or unusable, Concessionaire must restore the Premises to substantially the same condition as they were immediately before destruction.

12.1.2 Uninsured Damage. If, during the term of this Agreement, improvements in or on the Premises are partially or totally destroyed from a risk not covered by the fire and extended coverage insurance described in Section 13.4 herein, thereby rendering said Premises partially or totally inaccessible or unusable, such destruction shall not automatically terminate this Agreement. If, however, the cost of restoration exceeds ten percent (10%) of the full replacement value of improvements, as said value existed immediately before said destruction, Concessionaire may, at Concessionaire's option, terminate this Agreement by giving written notice to City within sixty (60) days from the date of discovery of such destruction. If Concessionaire elects to terminate as above provided, Concessionaire shall be obligated, unless otherwise directed by City, to demolish all damaged improvements and remove all debris from the Premises at Concessionaire's sole cost. If Concessionaire fails to exercise its right to terminate this Agreement, this Agreement shall continue in full force and effect for the remainder of the term specified herein and Concessionaire shall restore the Premises to substantially the same condition as they were in immediately before destruction.

12.1.3 Destruction Due to Negligence. Notwithstanding the foregoing, if the said Premises, or a substantial portion thereof, are completely destroyed as a result of the negligence or omission to act of Concessionaire or any of the Concessionaire Parties, said Rent shall not abate and City may, in its discretion, require Concessionaire to repair and reconstruct said Premises within twelve (12) months of the date of discovery of such damage and pay the cost therefore, or City may repair and reconstruct the same within twelve (12) months of the discovery of such damage and Concessionaire shall be responsible for reimbursing City for the cost and expenses incurred in such repair.

12.2 Limits of City's Obligations. In the application of the foregoing provisions, City's obligations shall be limited to repair or reconstruction of the Premises to the same extent and of equal quality as obtained by Concessionaire at the commencement of its operations hereunder. Redecoration and replacement of all of Concessionaire's personal property, furniture, equipment, trade fixtures, inventory, goods and supplies shall be the responsibility of Concessionaire and any such redecoration and refurnishing/reequipping shall be equivalent in quality to that originally installed.

XIII LIABILITY

13.1 Liability. Concessionaire shall comply with the "Hold Harmless", "Faithful Performance Guarantee Bond" and insurance provisions which follow.

13.2 City Held Harmless.

13.2.1 In addition to the requirements of Section 13.4 herein, Concessionaire shall indemnify, defend, keep and hold City and City Agents harmless from and against any and all Claims claimed by anyone by reason of injury to or death of persons, including Concessionaire or any of the Concessionaire Parties, or damage to or destruction of property, including property of Concessionaire or any of the Concessionaire Parties, sustained in, or about the Premises or Airport, arising out of the use and occupancy of the Premises or the Airport by Concessionaire or any of the Concessionaire Parties, or arising out of the acts or omissions of Concessionaire or any of the Concessionaire Parties.

13.2.2 In Concessionaire's defense of the City under this Section, negotiation, compromise, and settlement of any action, the City shall retain discretion in and control of the litigation, negotiation, compromise, settlement, and appeals there from, as required by the Los Angeles City Charter, particularly Article II, Sections 271, 272 and 273 thereof.

13.2.3 The indemnification obligations under Section 13.2 shall survive termination or expiration of this Agreement.

13.3 Faithful Performance Guarantee. Concessionaire shall furnish to City, at Concessionaire's sole cost and expense, and shall keep in full force and effect and available during the complete term of this Agreement (including any unauthorized hold over period) and for thirty (30) days after the surrender of possession in accordance with the requirements of this Agreement, a Faithful Performance Guarantee ("FPG") to secure the faithful performance by Concessionaire of all terms, provisions, and covenants contained herein, including, but not limited to, the payment of its Monthly Base Rent, Additional Rent, and any other specified compensation. The initial amount of the FPG shall be an amount equal to twenty five percent (25%) of the MAG as specified in this Agreement. Such FPG shall be separate from any other guarantee(s) required by City.

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

13.3.2 If Concessionaire has previously provided such FPG to City and if, for any reason, Concessionaire's monthly monetary obligation to City is thereafter decreased in excess of ten percent (10%), then the amount of Concessionaire's FPG may be correspondingly decreased thirty (30) days following written notice to City by Concessionaire.

13.3.3 To the extent City may require as part of City's construction approval process that Alterations installed by Concessionaire are to be removed upon the expiration or earlier termination of this Agreement, then the FPG may be increased by the amount reasonably estimated as the cost to remove such Alterations and to restore any damage to the Premises caused thereby.

13.3.4 FPGs of Five Thousand Dollars (\$5,000) or less shall be in the form of a Cashier's Check, Company Check, Money Order, Certificate of Deposit or Irrevocable Letter of Credit. FPGs in excess of Five Thousand Dollars (\$5,000) shall be in the form of be in the form of an irrevocable standby letter of credit ("**LOC**"), which shall be self-renewing with an "evergreen clause" that renews the credit from year to year without amendment, subject to termination upon sixty (60) days written notice to City, and issued by issuer acceptable to City, with offices in Los Angeles, California. The LOC shall allow for partial and multiple drawings by City, and must have an expiry date consistent with the ability to make such drawings for the full period required hereunder. All FPGs must be approved as to form by the City Attorney.

13.3.5 Concessionaire shall furnish such FPG in duplicate prior to the commencement of this Agreement or within thirty (30) days following notice of adjustment of rental. If, for any reason, said FPG is not provided by Concessionaire or is not thereafter maintained in sufficient amount throughout the Term hereof, City, subject to the notice requirements of this Agreement may terminate this Agreement at any time upon giving Concessionaire five (5) days prior written notice. Upon the expiration or earlier termination of this Agreement, and if Concessionaire has satisfied all of its obligations to City hereunder, City shall relinquish to Concessionaire said FPG following such expiration or earlier termination and satisfaction of all obligations to City. The FPG shall be submitted to:

Los Angeles World Airport
6053 West Century Blvd., #500
Los Angeles, CA 90045
Attn: Accounting/Revenue FPG Administrator

13.3.6 If, at any time during the term of this Agreement, the issuer with respect to the FPG shall, in the opinion of CEO, become unacceptable, said CEO shall have the right to require a replacement LOC which Concessionaire shall furnish to the satisfaction of CEO within thirty (30) days after written notice to do so.

13.4 Insurance. Concessionaire shall procure at its expense, and keep in effect at all times during the term of this Agreement, the types and amounts of insurance specified on Insurance, Exhibit J attached hereto and incorporated by reference herein. The specified insurance shall also, either by provisions in the policies, by City's own endorsement form or by other endorsement attached to such policies, include and insure City and all of City Agents, their successors and assigns, as additional insureds, against the areas of risk described on Exhibit J with respect to acts or omissions of Concessionaire or any of the Concessionaire Parties in their respective operations, use, and occupancy of the Airport or other related functions performed by or on behalf of Concessionaire or any of the Concessionaire Parties in, on or about Airport.

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

13.4.2 All such insurance shall be primary and noncontributing with any other insurance held by City where liability arises out of or results from the acts or omissions of Concessionaire or any of the Concessionaire Parties. Such policies may provide for such reasonable deductibles and retentions as are acceptable to CEO based upon the nature of Concessionaire's operations and the type of insurance involved.

13.4.3 City shall have no liability for any premiums charged for such coverage(s). The inclusion of City and City Agents, their successors and assigns, as insureds is not intended to, and shall not, make them, or any of them, a partner or joint venturer with Concessionaire in Concessionaire's operations at Airport. In the event Concessionaire fails to furnish City evidence of insurance and maintain the insurance as required, City, upon ten (10) days prior written notice to comply, may (but shall not be required to) procure such insurance at the cost and expense of Concessionaire, and Concessionaire agrees to promptly reimburse City for the cost thereof plus the Administrative Fee for administrative overhead. Payment shall be made within fifteen (15) days of invoice date.

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

13.4.5 Concessionaire shall provide proof of all specified insurance and related requirements to City either by production of the actual insurance policy(ies), by use of City's own endorsement form(s), by broker's letter acceptable to CEO in both form and content in the case of foreign insurance syndicates, or by other written evidence of insurance acceptable to CEO. The documents evidencing all specified coverages shall be filed with City in duplicate and shall be procured and approved in strict accordance with the provisions in Sections 11.47 through 11.56 of the City of Los Angeles' Administrative Code prior to Concessionaire occupying the Premises. The documents shall contain the applicable policy number, the inclusive dates of policy coverages, and the insurance carrier's name, shall bear an original signature of an authorized representative of said carrier, and shall provide that such insurance shall not be subject to cancellation, reduction in coverage, or nonrenewal except after written notice by certified mail, return receipt requested, to the City Attorney of the City of Los Angeles at least thirty (30) days

prior to the effective date thereof. City reserves the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing such insurance.

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

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

XIV TRANSFER.

14.1 Transfer Prohibited. Concessionaire shall not, in any manner, directly or indirectly, by operation of law or otherwise, hypothecate, assign, transfer, or encumber this Agreement, the Premises, any Unit or any portion thereof or any interest therein, in whole or in part or any right or privilege appurtenant thereto, or allow any other person (the employees and invitees of Concessionaire excepted) to occupy or use the Premises, or any portion thereof ("**Transfer**"), without the prior written consent of Board, which may be granted, denied or conditioned in Board's sole discretion. Any written request for consent to a Transfer shall include proposed documentation evidencing such Transfer, name and address of the proposed transferee and the nature and character of the business of the proposed transferee and shall provide current and 3 years prior financial statements for the proposed transferee, which financial statements shall be audited to the extent available and shall in any event be prepared in accordance with generally accepted accounting principles (collectively, a "**Transfer Request**"). This Agreement shall not, nor shall any interest therein, be assignable as to the interest of Concessionaire by operation of law without the prior written consent of Board.

14.2 Transfer. For purposes of this Agreement, the terms "**Transfer**" shall include, but not be limited to, the following: (i) if Concessionaire is a joint venture, a limited liability company, or a partnership, the transfer of fifty percent (50%) or more of the interest or membership in the joint venture, the limited liability company, or the partnership; (ii) if Concessionaire is a corporation, any cumulative or aggregate sale, transfer, assignment, or hypothecation of fifty percent (50%) or more of the voting shares of Concessionaire; (iii) the dissolution by any means of Concessionaire; and, (iv) a change in business or corporate structure, either in one (1) transaction or a series of transactions. Any such transfer, assignment, mortgaging, pledging, or encumbering of Concessionaire without the written consent of Board is a violation of this Agreement and shall be voidable at City's option and shall confer no right, title, or interest in or to this Agreement upon the assignee, mortgagee, pledgee, encumbrancer, or other lien holder, successor, or purchaser.

14.3 No Further Consent Implied. A consent to one Transfer shall not be deemed to be a consent to any other or subsequent Transfer, and consent to any Transfer shall in no way relieve Concessionaire of any liability under this Agreement. Any Transfer without City's consent shall be void, and shall, at the option of City, constitute a Default under this Agreement.

14.4 No Release. Notwithstanding any Transfer, Concessionaire and any Guarantor of Concessionaire's obligations under this Agreement shall at all times remain fully and primarily responsible and liable for the payment of the Rent and for compliance with all of Concessionaire's other obligations under this Agreement (regardless of whether City's approval has been obtained for any such Transfer).

14.5 Payment of City's Costs. In connection with any Transfer, Concessionaire shall pay to City as Additional Rent hereunder an administrative processing fee in the amount of \$2,500.00, plus all attorneys' fees and costs (including, without limitation, the fees and costs attributable to City's in-house City Attorneys) incurred by City in connection with City's review and processing of documents regarding any proposed Transfer.

14.6 Incorporation of Terms. Each Transfer pursuant to this Section shall be subject to all of the covenants, agreements, terms, provisions and conditions contained in this Agreement and each of the covenants, agreements, terms, provisions and conditions of this Agreement shall be automatically incorporated therein. If City shall consent to, or withhold its consent to, any proposed Transfer, Concessionaire shall indemnify, defend and hold harmless City and City Agents from and against and from any and all Claims that may be made against City or any City Agent by the proposed transferee or by any brokers or other persons claiming a commission or similar fee in connection with the proposed Transfer.

14.7 Right to Collect Rent Directly. If this Agreement is transferred or assigned, whether or not in violation of the provisions of this Agreement, City may collect Rent from such transferee or assignee. If the Premises or any part thereof is sublet or used or occupied by anyone other than Concessionaire, whether or not in violation of this Agreement, City may, after a Default by Concessionaire, collect Rent from the subtenant or occupant. In either event, City may apply the net amount collected to Rent, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of any of the provisions of this Article XIV, or the acceptance of the assignee, subtenant or occupant as Concessionaire, or a release of Concessionaire from the further performance by Concessionaire of Concessionaire's obligations under this Agreement. The consent by City to any Transfer pursuant to any provision of this Agreement shall not, except as otherwise provided herein, in any way be considered to relieve Concessionaire from obtaining the express consent of City to any other or further Transfer. References in this Agreement to use or occupancy of the Premises or any portion thereof by anyone other than Concessionaire shall not be construed as limited to sub-concessionaires or subtenants and those claiming under or through sub-concessionaires or subtenants but as including also licensees or others claiming under or through Concessionaire, immediately or remotely.

14.8 Reasonableness of Restrictions. Concessionaire acknowledges and agrees that the restrictions, conditions and limitations imposed by this Article XIV on Concessionaire's ability to Transfer this Agreement or any interest herein, the Premises or any part thereof, to Transfer any

right or privilege appurtenant to the Premises, or to allow any other person to occupy or use the Premises or any portion thereof, are, for the purposes of California Civil Code Section 1951.4, as amended from time to time, and for all other purposes, reasonable at the time that this Agreement was entered into, and shall be deemed to be reasonable at the time that Concessionaire seeks to Transfer this Agreement or any interest herein, the Premises or any part thereof, to Transfer any right or privilege appurtenant to the Premises, or to allow any other person to occupy or use the Premises or any portion thereof. Concessionaire's sole remedy if City withholds its consent to any Transfer in violation of Concessionaire's rights under this Agreement shall be injunctive relief, and Concessionaire hereby expressly waives California Civil Code Section 1995.310, which permits all remedies provided by law for breach of contract, including, without limitation, the right to contract damages and the right to terminate this Agreement if City withholds consent to a Transfer in violation of Concessionaire's rights under this Agreement, and any similar or successor statute or law in effect or any amendment thereof during the Term.

14.9 Transfer Premium. If City approves any Transfer as herein provided, and such Transfer is limited to a sublease or a Transfer of an interest in this Agreement only, Concessionaire shall pay to City, as Additional Rent, one hundred percent (100%) of any monetary or other economic consideration received by Concessionaire as a result of the Transfer over and above the amount of Concessionaire's rental and other payments due City pursuant to this Agreement (or applicable share, if a sublease) after first deducting the undepreciated cost of improvements which costs had been approved by City and paid for by Concessionaire. In the case of any other Transfer, Concessionaire shall pay to City an amount equal to five percent (5%) of the Base Rent generated from the Units during the twelve (12) full calendar months preceding the month in which the Transfer is consummated. The agreement evidencing such Transfer, as the case may be, after approval by City, shall not be amended without City's prior written consent, and, at City's option, shall contain a provision directing such transferee to pay the rent and other sums due thereunder directly to City upon receiving written notice from City that Concessionaire is in default under this Agreement with respect to the payment of Rent. In the event that, notwithstanding the giving of such notice, Concessionaire collects any rent or other sums from such transferee, then Concessionaire shall hold such sums in trust for the benefit of City and shall immediately forward the same to City. City's collection of such rent and other sums shall not constitute an acceptance by City of attornment by such transferee.

XV HAZARDOUS MATERIALS.

15.1 Hazardous Materials. For the purposes of this Agreement, "**Hazardous Materials**" means:

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

15.1.2 Any substance which is or becomes defined as a hazardous waste, extremely hazardous waste, hazardous material, hazardous substance, hazardous chemical, toxic chemical, toxic substance, cancer causing substance, substance that causes reproductive harm, pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto, including, without

limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); or

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

15.1.4 Any substance the presence of which on the Premises causes or threatens to cause a nuisance upon the Premises or to adjacent premises or Common Areas or poses or threatens to pose a hazard to the health or safety of persons on or about the Premises; or

15.1.5 Any substance the presence of which on adjacent premises or Common Areas could constitute a trespass by Concessionaire; or

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

15.2 Prohibition; Concessionaire Responsibility. Except as may be specifically approved in writing in advance by CEO ("**Permitted Hazardous Materials**"), Concessionaire shall not use, store, handle, generate, treat, dispose, discharge or release any Hazardous Materials at the Premises, in any Common Areas or at the Airport in connection with its use, occupancy, and operation of its business at the Premises; *provided, however*, CEO shall not unreasonably withhold its approval to Concessionaire use, storage and handling of common cleaning materials routinely present in businesses conducting the Permitted Use to the extent such materials are used strictly in accordance with applicable Laws, manufacturer's instructions and best management practices. Concessionaire agrees to accept sole responsibility for full compliance with any and all applicable present and future rules, regulations, restrictions, ordinances, statutes, laws or other orders of any governmental entity regarding the use, storage, handling, distribution, processing or disposal of Hazardous Materials ("**Hazardous Materials Laws**"), regardless of whether the obligation for such compliance or responsibility is placed on the owner of the land, on the owner of any improvements on the Premises, on the user of the land, or on the user of the improvements. Concessionaire agrees that any damages, penalties or fines levied on City or Concessionaire as a result of noncompliance with any of the above shall be the sole responsibility of Concessionaire. Further, Concessionaire shall indemnify, defend, protect and pay and reimburse and hold City any City Agents harmless from any Claims that City or any City Agent suffers or incurs as a result of noncompliance with the above. Concessionaire agrees that any actions (including, without limitation, remedial or enforcement actions of any kind, administrative or judicial proceedings, and orders or judgments arising out of or resulting therefrom), costs, claims, damages (including, without limitation, punitive damages), demands, expenses (including, without limitation, attorneys', consultants' and experts' fees, court costs and amounts paid in settlement of any claims or actions), fines, forfeitures or other civil, administrative or criminal penalties, injunctive or other relief (whether or not based upon

personal injury, property damage, or contamination of, or adverse effects upon, the environment, water tables or natural resources), liabilities, liens or losses (collectively, "**Environmental Claims**") asserted against or levied on the Premises, City or Concessionaire as a result of noncompliance with any of the provisions in this Section shall be the sole responsibility of Concessionaire and that Concessionaire shall indemnify, defend and hold City and City Agents harmless from all such Environmental Claims. Further, City may, at its option, pay such Environmental Claims resulting from Concessionaire's non-compliance with any of the terms of this Section, and Concessionaire shall reimburse City for any such payments within fifteen (15) days after written demand therefore.

15.3 Spill - Clean-Up. In the case of any Hazardous Materials spill, leak, discharge, or improper storage on the Premises or contamination of the Premises by any person, Concessionaire shall make or cause to be made any necessary repairs or corrective actions and shall clean up and remove any leakage, contamination or contaminated materials. In the case of any Hazardous Materials spill, leak, discharge or contamination by Concessionaire or any of the Concessionaire Parties at the Premises or in, on or under adjacent property which affects other property of City or its tenants' property, Concessionaire shall make or cause to be made any necessary corrective actions to clean up and remove any spill, leakage or contamination and contaminated materials. If Concessionaire fails to repair, clean up, properly dispose of or take any other corrective actions as required herein, City shall have the right (but not the obligation) to take all steps it deems necessary to properly repair, clean up or otherwise correct the conditions resulting from the spill, leak or contamination. In connection therewith, Concessionaire shall be listed as the owner or "generator" of any Hazardous Materials listed on any Hazardous Waste Manifest and in connection with any reporting made to any governmental entity. Any such repair, cleanup or corrective actions taken by City shall be at Concessionaire's sole cost and expense and Concessionaire shall indemnify, defend, pay for and reimburse and hold City and City Agents harmless from and against any and all costs (including without limitation, the Administrative Fee) City incurs as a result of any repair, cleanup or corrective action City takes to correct any act or failure to act by Concessionaire.

15.4 Provision to City of Environmental Documents. Concessionaire shall promptly supply City with complete and legible copies of all notices, reports, correspondence, and other documents sent by Concessionaire to or received by Concessionaire from any governmental entity or third party regarding any Hazardous Materials and relating to the Premises. Such written materials include, without limitation, all documents relating to any threatened or actual Hazardous Materials spill, leak, or discharge, or to any investigations into or clean up of any actual or threatened Hazardous Materials spill, leak, or discharge including all test results, or any Environmental Claims related to the Premises, or Concessionaire's use, occupancy or operations at the Premises.

15.5 Hazardous Materials Continuing Obligation. This Section and the obligations herein shall survive the expiration or earlier termination of this Agreement.

XVI OTHER PROVISIONS.

16.1 Other Provisions. The appearance of any provision in this Section shall not diminish its importance.

16.2 Cross Default. A material breach of the terms of any other lease, license, permit, or agreement held by Concessionaire with City shall constitute a material breach of the terms of this Agreement and shall give City the right to terminate this Agreement for cause in accordance with the procedures set forth in this Agreement.

16.3 City's Right of Access and Inspection. City, by its officers, employees, agents, representatives and contractors, shall have the right at all reasonable times to enter upon the Premises for the purpose of inspecting the same, for observing the performance by Concessionaire of its obligations under this Agreement or for doing any act or thing which City may be obligated or have the right to do under this Agreement, or otherwise, and no abatement of fees and charges shall be claimed by or allowed to Concessionaire by reason of the exercise of such right. City shall not be obliged to inform Concessionaire that an inspection or observation is planned, or in progress. Concessionaire shall be responsible for compliance with any and all Laws relating to the use, storage, and handling of hazardous waste materials in connection with Concessionaire's operations only. Upon City's written request, responsible representatives of Concessionaire will confer with representatives of City for the purpose of making a complete inspection of Concessionaire's operations, including a review of the quality of service, merchandise and prices, maintenance of the Premises, furnishings and equipment and such other items as City may wish to review.

16.4 Automobiles and Other Equipment. Subject to compliance with City's permitting and security clearance requirements, Concessionaire shall have the right to use, hire or contract for such automotive vehicles or other mechanized equipment and the services thereof as it determines to be necessary for the operation of the concession business herein authorized; *provided, however,* that the nature, size, type, character and condition of such automotive vehicles and mechanized equipment (including any requirements that such vehicles or other equipment comply with any LEED, "green" or energy efficiency requirements and policies of the City then in effect) shall be subject to prior written approval of CEO before the same is placed in operation. Upon placing such equipment in operation, Concessionaire shall strictly comply with such rules and regulations as CEO may issue, from time to time, covering operation of such equipment and the time periods therefore, the routes over any of the aprons necessary to the operation of the concession, the location of the parking and storage areas for such equipment, the maintenance of the mechanical condition, appearance, neatness, cleanliness and sanitary condition of such equipment and the cleanliness, neat appearance and conduct and demeanor of Concessionaire's or other personnel operating the same (including, without limitation, any requirements imposed by any Private Restrictions (including, without limitation, that certain Community Benefits Agreement). All of said personnel shall have all licenses required by law and shall also be licensed by City, and City may require periodic inspections of such equipment by City representatives. Approval of inspected equipment may be evidenced by a decal or sticker to be placed on same as required by City. A nominal fee to cover such licensing and inspection services may be charged by City.

16.5 Notices.

16.5.1 Notice to City. Written notices to City hereunder, with a copy to the City Attorney of the City of Los Angeles, shall be given by United States mail, postage prepaid, certified, or by personal delivery or nationally recognized overnight

courier, and addressed to City at the addresses set forth in the Basic Information or to such other address as City may designate by written notice to Concessionaire.

16.5.2 Notice to Concessionaire. Written notices to Concessionaire hereunder shall be given by United States mail, postage prepaid, certified, or by personal delivery or nationally recognized overnight courier, and addressed to Concessionaire at the address set forth in the Basic Information or to such other address as Concessionaire may designate by written notice to City. Concessionaire agrees to accept email notices to the email address provided in the Basic Information, as satisfactory notice, in addition to receiving written notice as provided in this Section 16.5.2, should the City send such email notice.

16.5.3 The execution of any such notice by CEO shall be as effective as to Concessionaire as if it were executed by the Board, or by resolution or order of said Board, and Concessionaire shall not question the authority of CEO to execute any such notice.

16.5.4 All such notices to City, except as otherwise provided herein, may be delivered personally to CEO with a copy to the Office of the City Attorney, Airport Division. Notices shall be deemed given upon actual receipt (or attempted delivery if delivery is refused), if personally delivered, or one (1) business day following deposit with a reputable overnight courier that provides a confirmation receipt (or refusal), or on the fifth (5th) day following deposit in the United States mail in the manner described above. In no event shall either party use a post office box or other address which does not accept overnight delivery.

16.6 Agent for Service of Process. If Concessionaire is not a resident of the State of California, or is a partnership of joint venture without a partner or member resident in said State, or is a foreign corporation, then in any such event Concessionaire does designate the Secretary of State, State of California, its agent for the purpose of service of process in any court action between it and City arising out of or based upon this Agreement, and the service, shall be made as provided by the Laws of the State of California for service upon a non-resident. Notwithstanding the above, Concessionaire represents to City that its agent for service of process in California is as set forth in the Basic Information ("**Registered Agent**") and City agrees that service of process shall be made on Concessionaire's Registered Agent or such change of Registered Agent as Concessionaire may notify City from time to time. If, for any reason, service of such process is not possible, as an alternative method of service of process, Concessionaire may be personally served with such process out of this State by mailing, by registered or certified mail, the complaint and process to Concessionaire at the address set out hereafter in the Agreement, and that such service shall constitute valid service upon Concessionaire as of the date of mailing, and Concessionaire shall have thirty (30) days from the date of mailing to respond thereto. Concessionaire agrees to the process so served, submits to the jurisdiction and waives any and all objection and protest thereto, and Laws to the contrary notwithstanding.

16.7 Restrictions and Regulations.

16.7.1 The operations conducted by Concessionaire pursuant to this Agreement shall be subject to: (a) any and all applicable rules, regulations, orders and restrictions which are now in force or which may be hereafter adopted by City, Board or CEO with respect to the operation of Airport; (b) any and all orders, directions or conditions issued, given or imposed by City, Board or CEO with respect to the use of the roadways, driveways, curbs, sidewalks, parking areas or public areas adjacent to the Premises; and (c) any and all applicable Laws, ordinances, statutes, rules, regulations or orders, including environmental, or any governmental authority, federal, state or municipal, lawfully exercising authority over Airport or Concessionaire's operations. Concessionaire shall be solely responsible for any and all civil or criminal penalties assessed as a result of its failure to comply with any of these rules, regulations, restrictions, restrictions, ordinances, statutes, Laws, orders, directives and or conditions.

16.7.2 Regulations Do Not Permit Termination. City shall not be liable to Concessionaire for any diminution or deprivation of Concessionaire's rights hereunder on account of the exercise of any such authority, nor shall Concessionaire be entitled to terminate the whole or any portion of this Agreement by reason thereof unless the exercise of such authority shall so interfere with Concessionaire's use and enjoyment of the Premises as to constitute a termination, in whole or in part, of this Agreement by operation of law in accordance with the Laws of the State of California.

16.8 Right to Amend. In the event that the Federal Aviation Administration or its successors requires modifications or changes in this Agreement as a condition precedent to the granting of funds for the improvement of Airport, Concessionaire agrees to consent to such amendments, modifications, revisions, supplements or deletions or any of the terms conditions or requirements of this Agreement as may be reasonably required to obtain such funds; *provided, however,* that in no event will Concessionaire be required, pursuant to this Section, to agree to an increase in the fees and charges provided for herein or to a change in the use of any Unit, provided it is the Permitted Use, to which Concessionaire has put the Unit.

16.9 Independent Contractor. It is the express intention of the parties that Concessionaire is an independent contractor and not an employee, agent, joint venturer or partner of City. Nothing in this Concessionaire shall be interpreted or construed as creating or establishing the relationship of employer and employee between Concessionaire and City or between Concessionaire and any official, agent, or employee of City. Both parties acknowledge that Concessionaire is not an employee of City. Concessionaire shall retain the right to perform services for others during the term of this Agreement, unless specified to the contrary herein or prohibited by conflict of interest or ethics Laws, regulations, or professional rules of conduct.

16.10 Disabled Access.

16.10.1 Concessionaire shall be solely responsible for fully complying with any and all applicable present or future rules, regulations, restrictions, ordinances, statutes, Laws, or orders of any federal, state, or local governmental entity or court regarding disabilities and disabled access to the Premises, including any services, programs,

improvements or activities provided by Concessionaire or by Concessionaire's subcontractors; and which include but are not limited to the Air Carrier Access Act; 2010 ADA Standards For Accessible Design; 28 Code of Federal Regulation Part 35; 28 Code of Federal Regulation Part 36; Sections 504 and 508 of the Rehabilitation Act of 1973 as amended and the State of California Code of Regulations Title 24, and including such rules, regulations, restrictions, ordinances, statutes, Laws, or orders of any federal, state, or local governmental entity or court related to volume control standards, height standards, shelf standards, and such other accessibility standards for the Premises. Further, Concessionaire agrees to cooperate fully with City in its efforts to comply with the ADA, including but not limited to, Title II of the Americans with Disabilities Act of 1990, as amended by the final rule published on September 15, 2010, and any amendments thereto, or successor statutes. The Concessionaire shall comply with 49 CFR 37. Special attention shall be given to: 49 CFR §37.5, §37.105; §37.161; §37.165; §37.167; § 37.171; §37.173; §37.207. In addition to federal requirements, Concessionaire shall also be required to comply with Title III of the Americans with Disabilities Act, as amended and any amendments thereto, or successor statutes, and the State of California disabilities laws. Among these, though not all inclusive are the Unruh Civil Rights Act, Civil Code §54; Civil Code § 54.1; Civil Code §51.5; and Government Code § 12948. Without limiting the generality of the foregoing, Concessionaire shall ensure the accessibility of any and all existing or future concessions, and related improvements installed, maintained or used by Concessionaire in connection with this Agreement, regardless of whether the obligation for such compliance is placed on the owner of the land, the owner of the buildings, structures, and facilities, or the owner of such concessions and related improvements.

16.10.2 Concessionaire shall be solely responsible for any and all Claims and damages caused by, or penalties levied as the result of, Concessionaire's noncompliance. Further, Concessionaire agrees to cooperate fully with City in its efforts to comply with the ADA.

16.10.3 Should Concessionaire fail to comply with Section 16.10.1, then City shall have the right, but not the obligation, to perform, or have performed, whatever work is necessary to achieve equal access compliance. Concessionaire shall then be required to reimburse City for the actual cost of achieving compliance, plus the Administrative Fee, within fifteen (15) days of written demand therefore.

16.11 Child Support Orders. This Agreement is subject to Section 10.10, Article I, Chapter 1, Division 10 of the Los Angeles Administrative Code related to Child Support Assignment Orders, which is incorporated herein by this reference. Pursuant to this Section, Concessionaire (and any sub-concessionaire of Concessionaire providing services to City under this Agreement) shall (1) fully comply with all State and Federal employment reporting requirements for Concessionaire's or Concessionaire's sub-concessionaire's employees applicable to Child Support Assignment Orders; (2) certify that the principal owner(s) of Concessionaire and applicable sub-concessionaires are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230, et seq.; and (4) maintain such compliance

throughout the term of this Agreement. Pursuant to Section 10.10(b) of the Los Angeles Administrative Code, failure of Concessionaire or an applicable sub-concessionaire to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of Concessionaire or applicable sub-concessionaires to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default of this Contract subjecting this Agreement to termination where such failure shall continue for more than ninety (90) days after notice of such failure to Concessionaire by City (in lieu of any time for cure provided elsewhere in this Agreement).

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

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

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

16.15 Non-Discrimination and Affirmative Action Provisions.

16.15.1 Federal Non-Discrimination Provisions. Concessionaire assures that it will comply with pertinent statutes, Executive Orders, and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision obligates Concessionaire or its transferee for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property.

16.15.2 Municipal Non-Discrimination Provisions In Use of Airport. There shall be no discrimination against or segregation of any person, or group of

persons, on account of race, religion, national origin, ancestry, sex, sexual orientation, gender identity, gender expression, age, physical handicap, marital status, domestic partner status, or medical condition in connection with this Agreement, the transfer, use, occupancy, tenure, or enjoyment of the Airport or any operations or activities conducted on the Airport. Nor shall Concessionaire or any person claiming under or through Concessionaire establish or contract any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of contractors, subcontractors, or vendees of the Airport. Any assignment or transfer, which may be permitted under this Agreement, shall also be subject to all non-discrimination clauses contained in Section 16.15.

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

16.15.4 Municipal Equal Employment Practices. If the total payments made under this Agreement are One Thousand Dollars (\$1,000) or more, this provision shall apply. During the performance of this Agreement, Concessionaire agrees to comply with Section 10.8.3 of the Los Angeles Administrative Code ("**Equal Employment Practices**"), and as may be amended from time to time, which is incorporated herein by this reference. By way of specification but not limitation, pursuant to Sections 10.8.3.E and 10.8.3.F of the Los Angeles Administrative Code, the failure of Concessionaire to comply with the Equal Employment Practices provisions of this Agreement may be deemed to be a material breach of this Agreement. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to Concessionaire. Upon a finding duly made that Concessionaire has failed to comply with the Equal Employment Practices provisions of this Agreement, this Agreement may be forthwith terminated, cancelled, or suspended.

16.15.5 Municipal Affirmative Action Program. If the total payments made under this Agreement are One Hundred Thousand Dollars (\$100,000) or more, this provision shall apply. During the performance of this Agreement, Concessionaire agrees to comply with Section 10.8.4 of the Los Angeles Administrative Code ("**Affirmative Action Program**"), which is incorporated herein by this reference. By way of specification but not limitation, pursuant to Sections 10.8.4.E and 10.8.4.F of the Los Angeles Administrative Code, the failure of Concessionaire to comply with the Affirmative Action Program provisions of this Agreement may be deemed to be a material breach of this Agreement. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to Concessionaire. Upon a finding duly made that Concessionaire has failed to

comply with the Affirmative Action Program provisions of this Agreement, this Agreement may be forthwith terminated, cancelled, or suspended.

16.16 Security - General. Concessionaire shall be responsible for fully complying with any and all applicable present or future rules, regulations, restrictions, ordinances, statutes, Laws or orders of any federal, state or local governmental entity regarding airfield security.

16.16.1 Security - FAA. Concessionaire shall be responsible for the maintenance and repair of gates and doors that are located at the Premises or controlled by Concessionaire. Concessionaire shall comply fully with applicable provisions of the Federal Aviation Administration Regulations, 14 CFR, Part 107 [and Part 108 if Concessionaire is an air carrier], and as may be amended from time to time, including the establishment and implementation of procedures acceptable to CEO to control access from the Premises to air operation areas in accordance with the Airport Security Program required by Part 107. Further, Concessionaire shall exercise exclusive security responsibility for the Premises and, if Concessionaire is an air carrier, do so pursuant to Concessionaire's Federal Aviation Administration approved Air Carrier Standard Security Program used in accordance with 14 CFR, Part 129.

16.16.2 Security - Doors and Gates. Gates and doors located at the Premises which permit entry into restricted areas at Airport shall be kept locked by Concessionaire at all times when not in use or under Concessionaire's constant security surveillance. Gate or door malfunctions which permit unauthorized entry into restricted areas shall be reported to Department of Airports' Operations Bureau without delay and shall be maintained under constant surveillance by Concessionaire until repairs are affected by Concessionaire or City or the gate or door is properly secured.

16.16.3 Security - Penalties. All civil penalties levied by the Federal Aviation Administration for violation of Federal Aviation Regulations pertaining to security gates or doors located at the Premises or otherwise controlled by Concessionaire shall be the sole responsibility of Concessionaire. Concessionaire agrees to indemnify, defend and hold City and City Agents harmless from and against any Claims or any federal civil penalties amounts City or any City Agent must pay due to any security violation arising from the use of Concessionaire's leasehold or the breach of any obligation imposed by this Section. Concessionaire will be billed for the cost of any such penalties paid by City as Additional Rent hereunder, plus the Administrative Fee, to be paid by Concessionaire to City within fifteen (15) days of written demand.

16.16.4 Security Arrangements. City shall provide, or cause to be provided, during the term hereof, all proper and appropriate public fire, police and security protection similar to that afforded to others at Airport, and it will issue and enforce rules and regulations with respect thereto for all portions of Airport. Concessionaire shall have the right, but shall not be obligated, to provide such additional or supplemental private protection as it may desire, but such right, whether or not exercised by Concessionaire, shall not in any way be construed to limit or reduce the obligations of City hereunder.

16.17 Visual Artists' Rights Act. Concessionaire shall not install, or cause to be installed, any work of art subject to the Visual Artists' Rights Act of 1990 (as amended), 17 U.S.C. 106A, et seq., or California Code Section 980, et seq., ("VARA") on or about the Premises without first obtaining a waiver, in writing, of all rights under VARA, satisfactory to CEO and approved as to form and legality by the City Attorney's Office, from the artist. Said waiver shall be in full compliance with VARA and shall name City as a party for which the waiver applies. Concessionaire is prohibited from installing, or causing to be installed, any piece of artwork covered under VARA on the Premises without the prior, written approval and waiver of CEO. Any work of art installed on the Premises without such prior approval and waiver shall be deemed a trespass, removable by City, by and through its CEO, upon three (3) days written notice, all costs, expenses, and liability therefore to be borne exclusively by Concessionaire. Concessionaire, in addition to other obligations to indemnify, defend and hold City and City Agents harmless, as more specifically set forth in this Agreement, shall indemnify, defend and hold City and City Agents harmless from all Claims resulting from Concessionaire's failure to obtain City's waiver of VARA and failure to comply with any portion of this provision. The rights afforded City under this provision shall not replace any other rights afforded City in this Agreement or otherwise, but shall be considered in addition to all its other rights.

16.18 Living Wage Ordinance General Provisions. This Agreement is subject to the Living Wage Ordinance (the "LWO") (Section 10.37, et seq., of the Los Angeles Administrative Code), which is incorporated herein by this reference. The LWO requires that, unless specific exemptions apply, any employees of a service contractor who render services as provided, and as applicable, under Section 10.37.1 (m) are covered by the LWO. Employees covered by the LWO are required to be paid not less than a minimum initial wage rate, as adjusted each year. Further, Concessionaire is required to give employees compensated and uncompensated time off per year, as provided in the LWO. Whether or not subject to the LWO, Concessionaire shall not retaliate against any employee claiming non-compliance with the provisions of the LWO, and, in addition, pursuant to Section 10.37.6 (c), Concessionaire agrees to comply with federal law prohibiting retaliation for union organizing.

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

16.18.2 Compliance; Termination Provisions and Other Remedies: Living Wage Policy. If Concessionaire is not initially exempt from the LWO, Concessionaire shall comply with all of the provisions of the LWO, including payment to employees at the minimum wage rates, effective on the execution date of this Agreement. If Concessionaire is initially exempt from the LWO, but later no longer qualifies for any exemption, Concessionaire shall, at such time as Concessionaire is no longer exempt,

comply with the provisions of the LWO and execute the then currently used Declaration of Compliance Form, or such form as the LWO requires. Under the provisions of Section 10.37.6(c) of the Los Angeles Administrative Code, violation of the LWO shall constitute a material breach of this Agreement and City shall be entitled to terminate this Agreement and otherwise pursue legal remedies that may be available, including those set forth in the LWO, if City determines that Concessionaire violated the provisions of the LWO. The procedures and time periods provided in the LWO are in lieu of the procedures and time periods provided elsewhere in this Agreement. Nothing in this Agreement shall be construed to extend the time periods or limit the remedies provided in the LWO.

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

16.20 Equal Benefits Ordinance. Unless otherwise exempt in accordance with the provisions of the Equal Benefits Ordinance ("**EBO**"), Concessionaire certifies and represents that Concessionaire will comply with the applicable provisions of EBO Section 10.8.2.1 of the Los Angeles Administrative Code, as may be amended from time to time. Concessionaire shall not, in any of its operations within the City of Los Angeles or in other locations owned by the City of Los Angeles, including the Airport, discriminate in the provision of Non-ERISA Benefits (as defined below) between employees with domestic partners and employees with spouses, or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration. As used above, the term "**Non-ERISA Benefits**" shall mean any and all benefits payable through benefit arrangements generally available to Concessionaire's employees which are neither "employee welfare benefit plans" nor "employee pension plans", as those terms are defined in Sections 3(1) and 3(2) of ERISA. Non-ERISA Benefits shall include, but not be limited to, all benefits offered currently or in the future, by Concessionaire to its employees, the spouses of its employees or the domestic partners of its employees, that are not defined as "employee welfare benefit plans" or "employee pension benefit plans", and, which include any bereavement leave, family and medical leave, and travel discounts provided by Concessionaire to its employees, their spouses and the domestic partners of employees.

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

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

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

16.21 Contractor Responsibility Program. Concessionaire shall comply with the provisions of the Contractor Responsibility Program adopted by the Board. Executive Directives setting forth the rules, regulations, requirements and penalties of the Contractor Responsibility Program and the signed Pledge of Compliance is attached hereto as Exhibit K and incorporated herein by reference.

16.22 First Source Hiring Program for Airport Employers. For all work performed at Airport, Concessionaire shall comply with all terms and conditions of the First Source Hiring Program ("FSHP"). A copy of the FSHP is attached hereto and incorporated by reference herein as Exhibit L.

16.23 Environmentally Favorable Options. Concessionaire acknowledges for itself and any sub-concessionaires that its operation of its activities under this Agreement will be subject to all of City of Los Angeles' policies, guidelines and requirements regarding environmentally favorable construction, use or operations practices (hereinafter collectively referred to as "**City Policies**") as such City Policies may be promulgated, revised and amended from time-to-time.

16.24 Municipal Lobbying Ordinance. Concessionaire shall comply with the provisions of the City of Los Angeles Municipal Lobbying Ordinance, Municipal Code Section 48.01 et seq., as amended, which is herein incorporated by reference.

16.25 Labor Peace Agreement. As a condition precedent to the execution of this Agreement: (i) Concessionaire shall have a signed Labor Peace Agreement ("**LPA**") with the labor organizations representing or seeking to represent concession workers at the Premises covered by this Agreement; (ii) Concessionaire shall have submitted to City a copy of such LPA, or evidence of a signed Labor Peace Agreement executed by all of the parties and acceptable to

the City; and (iii) such LPA shall prohibit such labor organizations and their members from engaging in picketing, work stoppages, boycotts or other economic interference with the business of Concessionaire at any of the airports operated by City for the duration of this Agreement.

16.26 Alternative Fuel Vehicle Requirement Program (LAX Only)

16.26.1 Concessionaire shall comply with the provisions of the alternative fuel vehicle requirement program (the “**Alternative Fuel Vehicle Requirement Program**”). The rules, regulations, and requirements of the Alternative Fuel Vehicle Requirement Program are attached as Exhibit M and made a material term of this Agreement. Concessionaire shall complete and submit to City the vehicle information required on the reporting form accessible online at <https://online.lawa.org/altfuel/> on a semi-annual basis. The reporting form may be amended from time to time by City.

16.26.2 Concessionaire acknowledges that compliance with the Alternative Fuel Vehicle Requirement Program does not relieve Concessionaire from complying with any and all applicable federal, state and local regulations.

16.27 Ownership of Work Product. Concessionaire agrees that any and all intellectual properties, including, but not limited to, all ideas, concepts, themes, computer programs or parts thereof, documentation or other literature, or illustrations, or any components thereof, conceived, developed, written or contributed by Concessionaire, either individually or in collaboration with others, for the benefit of City, shall belong to and be the sole property of City.

16.28 Estoppel Certificate. Upon written request of City, Concessionaire shall execute, acknowledge and deliver to City or its designee, an Estoppel Certificate in the form then required by City under its standard leases and with any other statements reasonably requested by City or its designee. Any such Estoppel Certificate may be relied upon by such designee. If Concessionaire fails to provide such certificate within ten (10) days of receipt by Concessionaire of a written request by City as herein provided, such failure shall, at City's election, constitute a Default under this Agreement, and Concessionaire shall be deemed to have given such certificate as above provided without modification and shall be deemed to have admitted the accuracy of any information supplied by City to such designee.

16.29 Subordination of Agreement. This Agreement shall be subordinate to the provisions of any existing or future agreement between City and the United States of America, its boards, agencies or commissions, or between City and the State of California, relative to the operations or maintenance of Airport the execution of which has been or may be required as a condition precedent to the expenditure of federal or state funds for the development of said Airport.

16.30 Laws of California and United States. This Agreement, and every question arising hereunder, shall be construed or determined according to the Laws of the State of California, and of the United States. Concessionaire shall be solely responsible for fully complying with any and all applicable present or future rules, regulations, restrictions, ordinances, statutes, Laws or orders of any federal, state, or local government authority. Concessionaire shall be solely responsible for fully complying with any and all applicable

present or future orders, directives, or conditions issued, given or imposed by CEO which are now in force or which may be hereafter adopted by the Board or CEO with respect to the operation of the Airport. Concessionaire shall be solely responsible for any and all civil or criminal penalties assessed as a result of its failure to comply with any of these Laws, rules, regulations, restrictions, restrictions, ordinances, statutes, orders, directives and or conditions.

16.31 Agreement Binding Upon Successors. Subject to the provisions of Article XIV, this Agreement shall be binding upon and shall inure to the benefit of the successors, heirs and assigns of the parties hereto. The term "**Transferee**" shall include any transferee of Concessionaire on any Transfer permitted and approved by Board.

16.32 Attorneys' Fees. If either party hereto fails to perform any of its obligations under this Agreement or if any dispute arises between the parties hereto concerning the meaning or interpretation of any provision of this Agreement, then the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party on account of such default or in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements. Any such attorneys' fees and other expenses incurred by either party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be severable from the other provisions of this Agreement and to survive and not be merged into any such judgment.

16.33 Anti-trust Claims. Concessionaire understands that it may be subject to California Government Code Sections 4550–4554. If applicable, Concessionaire offers and agrees that it will assign to the City all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act or under the Cartwright Act, arising from purchases of goods, services, or materials by Concessionaire.

16.34 Entire Agreement. The provisions of this Agreement and the RFP constitute the entire agreement between the parties hereto and said Agreement may not be changed or modified in any manner except by written amendment fully executed by City and Concessionaire. If there appears to be a contradiction in the terms of the proposal documents prepared by City, the specific provision(s) shall rule over the general provision(s). There are no representations, agreements or understandings, oral or written, between and among the parties relating to the subject matter contained in this Agreement which are not fully set forth herein. This is an integrated agreement. Concessionaire acknowledges that it has conducted its own due diligence investigation of its prospects for successfully operating the Permitted Uses at the Premises, and has made its own determination of the accuracy of any information provided by City with respect to the financial results of any prior operator of any similar business at the Airport, that City has made no representations or warranties to Concessionaire with respect to any of such matters, and that all prior discussions between City and Concessionaire with respect to such matters are superseded by this Agreement.

16.35 Conditions and Covenants. Each covenant herein is a condition, and each condition herein is as well a covenant by the parties bound thereby, unless waived in writing by the parties hereto. The invitation for proposals, instructions to proposers, including

Concessionaire's certification form and affirmative action plan, the basic specification, including any addenda thereto, the affidavit of non-collusion and the bonds or other security deposits required under said instructions are a part of this Agreement, and each of the parties hereto does hereby expressly covenant and agree to carry out and fully perform each and all of the provisions of said documents upon its part to be performed.

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

16.37 Venue. Venue shall lie in the appropriate U.S. Federal Court or California Superior Court located in Los Angeles County.

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

16.39 Construction and Interpretation. It is the intention of the parties hereto that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid. The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either City or Concessionaire. In the event of any express conflict between the terms of this Agreement and the terms of the RFP and or Concessionaire's Proposal, the terms of the Agreement shall prevail.

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

16.41 Waiver of Claims. Concessionaire hereby waives any Claim against City and City Agents for loss of anticipated profits caused by any suit or proceeding directly or indirectly attacking the validity of this Agreement or any part hereof, or by any judgment or award in any suit or proceeding declaring this Agreement null, void or voidable, or delaying the same, or any part hereof, from being carried out.

16.42 Waiver. Every provision herein imposing an obligation upon City of Concessionaire is material inducement and consideration for the execution of this Agreement. No waiver by City or Concessionaire of any breach of any provision of this Agreement shall be deemed for any purpose to be a waiver of any breach of any other provision hereof nor of any continuing or subsequent breach of the same provision.

16.43 Representations of Concessionaire. Concessionaire (and, if Concessionaire is a corporation, partnership, limited liability company or other legal entity, such corporation, partnership, limited liability company or entity) hereby makes the following representations and warranties, each of which is material and being relied upon by City, is true in all respects as of the date of this Agreement, and shall survive the expiration or termination of the Agreement. Concessionaire shall re-certify such representations to City periodically, upon City's written request.

16.43.1 If Concessionaire is an entity, Concessionaire is duly organized, validly existing and in good standing under the laws of the state of its organization, and is qualified to do business in the state in which the Premises is located, and the persons executing this Agreement on behalf of Concessionaire have the full right and authority to execute this Agreement on behalf of Concessionaire and to bind Concessionaire without the consent or approval of any other person or entity. Concessionaire has full power, capacity, authority and legal right to execute and deliver this Agreement and to perform all of its obligations hereunder. This Agreement is a legal, valid and binding obligation of Concessionaire, enforceable in accordance with its terms.

16.43.2 Concessionaire has not (i) made a general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by any creditors, (iii) suffered the appointment of a receiver to take possession of all or substantially all of its assets, (iv) suffered the attachment or other judicial seizure of all or substantially all of its assets, (v) admitted in writing its inability to pay its debts as they come due, or (vi) made an offer of settlement, extension or composition to its creditors generally within the last 5 years prior to the date of this Agreement or any re-certification.

16.43.3 Concessionaire hereby represents and warrants to City that Concessionaire is not:

1. in violation of any Anti-Terrorism Law (as hereinafter defined);
2. nor is any holder of any direct or indirect equitable, legal or beneficial interest in Concessionaire, as of the date hereof: (A) conducting any business or engaging in any transaction or dealing with any Prohibited Person (as hereinafter defined), or any company with business operations in Sudan that are prohibited under Cal. Gov. Code §7513.6, including the governments of Cuba, Iran, North Korea, Myanmar and Syria and, including the making or receiving of any contribution of funds, goods or services to or for the benefit of any Prohibited Person or forbidden entity; (B) dealing in, or otherwise engaging in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224; or (C) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in, any Anti-Terrorism Law; and
3. a Prohibited Person, nor are any of Concessionaire's affiliates, officers, directors, shareholders, members or lease guarantor, as applicable, a Prohibited Person.

If at any time any of these representations becomes false, then it shall be considered a material Default under this Agreement. As used herein, "**Anti-Terrorism Law**" is defined as any law relating to terrorism, anti-terrorism, money-laundering or anti-money laundering activities,

including without limitation the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986, Executive Order No. 13224, Title 3 of the USA Patriot Act, Cal. Gov. Code §7513.6, and any regulations promulgated under any of them. As used herein "**Executive Order No. 13224**" is defined as Executive Order No. 13224 on Terrorist Financing effective September 24, 2001, and relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism", as may be amended from time to time. "**Prohibited Person**" is defined as (i) a person or entity that is listed in the Annex to Executive Order No. 13224, or a person or entity owned or controlled by an entity that is listed in the Annex to Executive Order No. 13224; (ii) a person or entity with whom Landlord is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; or (iii) a person or entity that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, <http://www.treas.gov/ofac/t11sdn.pdf> or at any replacement website or other official publication of such list. "**USA Patriot Act**" is defined as the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Public Law 107-56), as may be amended from time to time.

16.44 Additional Representations of Concessionaire. Concessionaire represents as of the date of this Agreement that the representations and warranties of Concessionaire contained in Concessionaire's Proposal and in any financial statement or other materials provided by Concessionaire are true, correct and complete, and shall be deemed restated in full in this Agreement.

16.45 City Approval. Following the execution and delivery of this Agreement, whenever this Agreement calls for a matter to be approved or disapproved by or on behalf of City, then the written approval, disapproval, or consent of the CEO within the legal authority of the CEO, subject to the approval of the Office of the City Attorney as to form, shall constitute the approval, disapproval, or consent of City; provided, however, if the approval or consent by City is in excess of the CEO's legal authority, then such matter shall be approved by the Board. Except as otherwise expressly set forth in this Agreement, with respect to any matter that is subject to the approval or consent of the CEO or the Board, such approval or consent may be given or withheld in the CEO's or the Board's sole and absolute discretion. Any approvals or consents required from or given by City under this Agreement shall be approvals of the City of Los Angeles Department of Airports acting as the owner and operator of the Airport, and shall not relate to, constitute a waiver of, supersede or otherwise limit or affect the rights or prerogatives of the City of Los Angeles as a government, including the right to grant or deny any permits required for construction or maintenance of the Premises and the right to enact, amend or repeal laws and ordinances, including, without limitation, those relating to zoning, land use, and building and safety. No approval or consent on behalf of City will be deemed binding upon City unless approved in writing as to form by the City Attorney.

16.47 Board Order AO-5077 Exemption. With respect to the provision of products and services pursuant to this Concession Agreement, Concessionaire and its respective vendors are expressly exempt from the Board-imposed license fee described in Board Order AO-5077 ("Board Order") and related Staff Report, and any subsequent Board action substituting, replacing or modifying the Board Order, which license fee may, in the absence of such

exemption, be assessed on the gross revenues derived from the provision of products and services pursuant to this Agreement.

16.48 Compliance with Los Angeles City Charter Section 470(c)(12).

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

‘Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions.

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

16.48.2 Concessionaire, subcontractors and their principals shall comply with these requirements and limitations. Violation of this provision shall entitle the City to terminate this Agreement and pursue any and all legal remedies that may be available.

16.49. California Civil Code Section 1938 Disclosure; Concessionaire’s Responsibility For Required Repairs or Alterations. The Premises have not undergone an inspection by a Certified Access Specialist (CASP). The following statement is hereby included in this Agreement:

“A Certified Access Specialist (CASP) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASP inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASP inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASP inspection, the payment of the fee for the CASP inspection, and the cost of

making any repairs necessary to correct violations of construction-related accessibility standards within the premises.”

The parties hereby mutually agree that any inspection by a CASp shall be performed at Concessionaire’s sole cost and expense and at a time reasonably satisfactory to City. The parties hereby mutually agree that any and all repairs or alterations necessary to correct violations of construction-related accessibility standards within the Premises shall be performed by Concessionaire at Concessionaire’s sole cost and expense. The parties acknowledge and agree that, notwithstanding any presumption set forth in California Civil Code Section 1938, Concessionaire shall be solely responsible and liable to make any and all repairs or alterations necessary to correct violations of construction-related accessibility standards in any CASp inspection report. Concessionaire hereby agrees that, to the fullest extent permitted by law, Concessionaire shall treat any inspection by a CASp and the CASp inspection report as strictly confidential and shall not disclose the content of any such inspection report, except as necessary for Concessionaire to complete repairs and corrections of violations of construction-related accessibility standards. Concessionaire acknowledges that Concessionaire’s obligations set forth in this Section are in addition to (and not in lieu of) Concessionaire’s obligations regarding compliance with the ADA and construction related accessibility standards set forth elsewhere in this Agreement (including, without limitation, Sections 5.18, 7, 8 and 16.10), and nothing in this Section shall be construed to limit or diminish Concessionaire’s obligations set forth elsewhere in this Agreement.

16.50 Iran Contracting Act, 2010. In accordance with California Public Contract Code Sections 2200-2208, all persons entering into or renewing contracts with City for goods or services estimated at one million (\$1,000,000) or more are required to complete, sign and submit the Iran Contracting Act of 2010 Compliance Affidavit attached as Exhibit N-1. The DGS List, referred to in Exhibit N-1 is attached hereto as Exhibit N-2. Concessionaire’s compliance with the terms of the Iran Contracting Act of 2010 is made a requirement and condition of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, City has caused this Agreement to be executed on its behalf by Chief Executive Officer and Concessionaire has caused the same to be executed by its duly authorized officers, all as of the day and year first hereinabove written.

Approved as to form:

CITY OF LOS ANGELES

MICHAEL N. FEUER,
City Attorney

Date: 3/7/2017

Date: _____

By: *Rodan J. J. J.*
Deputy/Assistant City Attorney

By: _____
Chief Executive Officer
City of Los Angeles,
Department of Airports

By: _____
~~Ryan Yakubik~~
~~Deputy Executive Director~~
~~Chief Financial Officer~~

(signature page continues)

**AREAS USA LAX, LLC,
a Florida Limited Liability Company**

By: _____
Signature

Xavier Rabell
Print Name

CEO
Title

By: _____
Signature

Print Name

Title