

**EQUIPMENT ACQUISITION AGREEMENT BY AND BETWEEN THE CITY OF LOS  
AND TOM BRADLEY INTERNATIONAL TERMINAL EQUIPMENT COMPANY  
PURSUANT TO LEASE NO. LAA-8600**

THIS EQUIPMENT ACQUISITION AGREEMENT (this "Agreement") is made as of \_\_\_\_\_, 2014 ("Effective Date") between the CITY OF LOS ANGELES, acting by and through the Board of Airport Commissioners of its Department of Airports ("City"), and Tom Bradley International Terminal Equipment Corporation, a California nonprofit mutual benefit corporation ("TBITEC").

**RECITALS**

- A. TBITEC has entered into a Lease and License Agreement with City to lease, operate, and maintain certain space and City-owned equipment at Tom Bradley International Terminal ("TBIT") and Terminal 2 dated September 16, 2011, as amended hereby and pursuant to that certain First Amendment dated June 27, 2013 (as so amended and in effect on the date hereof, the "TBITEC Lease"; capitalized terms used and not otherwise defined herein shall have the meanings set forth in the TBITEC Lease).
- B. In accordance with the requirements of Section 8.03(b)(i) of the TBITEC Lease regarding replacing Aeronautical Equipment, TBITEC has submitted, and the Executive Director has approved, the Equipment Assessment and Replacement Plan.
- C. Pursuant to Section 8.03(b)(iii), TBITEC seeks to exercise its right, but not obligation, to procure and install the Replacement Aeronautical Equipment described on Exhibit A (the "TBITEC-Procured Equipment") while continuing operations of the TBIT baggage handling system.
- D. In accordance with Section 8.03(b)(iii) of the TBITEC Lease, TBITEC has submitted and the Executive Director has approved the Equipment Finance Plan, the Equipment Information and the Actual Equipment Cost and the Equipment Useful Life.
- E. In accordance with Section 8.03(b)(iii)(D)-(E) of the TBITEC Lease, TBITEC has requested City, and City desires, to exercise City's right to acquire the TBITEC-Procured Equipment by paying the Reimbursement Value to TBITEC.
- F. TBITEC desires to assign its right to receive payment from City of the Reimbursement Value for the purpose of financing the installation and procurement of the TBITEC-Procured Equipment.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

## AGREEMENT

1. **TBITEC-Procured Equipment.** City acknowledges that TBITEC will acquire and cause the installation of the TBITEC-Procured Equipment. City and TBITEC agree that Exhibit A may be amended or replaced by City with the prior mutual approval by TBITEC and the Executive Director.
2. **City's Acquisition.** City agrees to exercise its right under the TBITEC Lease to acquire the TBITEC-Procured Equipment pursuant to the terms and conditions of the TBITEC Lease and the terms herein.
3. **Term.** This Agreement shall commence on the Effective Date and shall expire on the earlier to occur of (1) City making the Acquisition Payment (as defined below) to TBITEC for the TBITEC-Procured Equipment or (2) September 15, 2021.
4. **Acquisition Payment.** Upon Completion (as defined below) of the TBITEC-Procured Equipment, City shall pay TBITEC the Reimbursement Value in (a) one (1) lump sum payment (the "Single Payment") or (b) a separate payment for each component indicated on Exhibit A (a "Component") of the TBITEC-Procured Equipment (each separate payment, a "Component Payment"). The Single Payment or the aggregate of the Component Payments shall be referred to herein as the "Acquisition Payment". The Acquisition Payment shall not exceed Forty-Nine Million Seven Hundred Fifty Thousand Dollars (\$49,750,000).
  - 4.1. TBITEC shall submit notification of Completion of either the TBITEC-Procured Equipment or a Component of the TBITEC-Procured Equipment to City. "Completion" means that the following has occurred: (1) TBITEC has completed all requirements under (a) the TBITEC Lease as it relates to the TBITEC-Procured Equipment or Component of the TBITEC-Procured Equipment, as applicable, (b) this Agreement and (c) the construction approval permits issued by City (including close-out requirements as established by the LAWA Design and Construction Handbook dated November 2012) for the TBITEC-Procured Equipment or Component of the TBITEC-Procured Equipment, as applicable; (2) TBITEC has obtained certification of the TBITEC-Procured Equipment or Component of the TBITEC-Procured Equipment, as applicable, from the Transportation Security Administration; (3) all system training has been completed; (4) all system operation and maintenance manuals have been provided to City; and (5) construction as-built construction drawings of the TBITEC-Procured Equipment or Component of the TBITEC-Procured Equipment, as applicable, have been provided to City. Within thirty (30) days of receipt of such notice, the Executive Director shall provide written verification of Completion for the TBITEC-Procured Equipment or Component of the TBITEC-Procured Equipment, as applicable, or identify those requirements reasonably required for Completion that City determines have not been met by TBITEC. Upon receipt of the Executive Director's certification of Completion, TBITEC shall deliver to City a written request for payment of the Single Payment or Component Payment, respectively, along with (1) a written declaration by an officer of TBITEC that certifies the Reimbursement Value for and the Completion of the TBITEC-Procured Equipment or Component of the TBITEC-Procured Equipment, as

the case may be, and (2) proof of payment (which shall consist of (a) copies of the relevant invoices and (b) cancelled checks or records of electronic funds transfers evidencing payment of these invoices of the actual expenses incurred by TBITEC for the TBITEC-Procured Equipment or Component of the TBITEC-Procured Equipment, as the case may be (the "TBITEC Request"). Upon timely receipt of the TBITEC Request, City shall make the Single Payment or the Component Payment, as applicable, within sixty (60) days, provided that City has determined that TBITEC has complied with the conditions of Section 8.03(b)(iii) of the TBITEC Lease with respect to the TBITEC-Procured Equipment and the provisions herein.

- 4.2. Provided that the conditions of Section 4.1 above have been met, City's Single Payment or Component Payment shall not in any way be reduced, encumbered or otherwise conditioned or offset based on TBITEC's performance hereunder or under the Lease.
- 4.3. Notwithstanding the foregoing, City shall have the right to dispute the amount of the Single Payment or the Component Payment, as applicable, based on insufficient documentation. To the extent that City disputes a portion of the Single Payment or the Component Payment, as applicable, due to insufficient documentation with respect thereto, City shall so notify TBITEC within sixty (60) days of the TBITEC Request and shall have the right to withhold any disputed amounts of the Single Payment or the Component Payment, as applicable, until such amounts have been verified and documented to the reasonable satisfaction of City. City shall also submit to TBITEC an explanation of the disputed amount or the required documentation. TBITEC shall respond within sixty (60) days and City and TBITEC shall meet to resolve any disputes or documentation issues within sixty (60) days of TBITEC's response.
- 4.4. Pursuant to Section 8.03(b)(iii)(E) of the TBITEC Lease, upon payment by City to TBITEC of the Single Payment or the Component Payment, title to the TBITEC-Procured Equipment or the Component of the TBITEC-Procured Equipment, respectively, shall vest in City. TBITEC shall be responsible for filing all necessary documentation to record such title to City.
5. **Financing Arrangement.** TBITEC shall have the right to assign its right to receive the Acquisition Payment for security, with the prior written consent of the Executive Director, which consent shall not be unreasonably withheld, to a reputable nationally recognized lender or lending institution ("Approved Lender") in connection with the financing of the TBITEC-Procured Equipment authorized herein (the "Financing Arrangement"). Other than in connection with the Financing Arrangement permitted above, TBITEC shall not otherwise pledge, hypothecate, encumber, or mortgage the TBITEC Lease or its interest in the TBITEC Lease. In connection with TBITEC's request for consent to any such Financing Arrangement, TBITEC shall submit for the Executive Director's prior review and written approval any and all instruments and documents to be executed by, or binding upon, TBITEC in connection therewith (the "Financing Arrangement Documents"). In the event such Financing Arrangement is approved in writing by the Executive Director and the Acquisition Payment is so assigned, City shall not be bound, nor shall the terms, conditions, and covenants of the TBITEC Lease nor the rights and remedies of City hereunder be in any manner limited, restricted, modified, or affected by reason of the terms or provisions of the

Financing Arrangement Documents except as expressly provided herein, including without limitation Section 4.2, and in City's consent to financing relating to the Financing Arrangement. The only other rights or obligations of any such Approved Lender under an approved Financing Arrangement shall be as follows:

**5.1. Approved Lender's Rights and Obligations.**

- 5.1.1. With respect to any notices to be delivered or other actions taken by TBITEC hereunder, at any time after the occurrence of a Notice Event (defined below), Approved Lender shall have the sole and complete authority to deliver all such notices and take any such actions of TBITEC hereunder, and City shall accept such notices and actions from Approved Lender. For the purposes hereof, a "Notice Event" shall occur if Approved Lender has certified to City in writing that, pursuant to the terms of the Financing Arrangement Documents, Approved Lender has the right to give such notices or take such actions on behalf of TBITEC hereunder.
- 5.1.2. If the TBITEC Lease or TBITEC's rights thereunder are terminated for any reason, whether by reason of default of TBITEC or City, termination after casualty or condemnation, rejection of the TBITEC Lease in any bankruptcy case, voluntary surrender and acceptance, or otherwise ("Termination"), then City shall give written notice of such termination to Approved Lender.
- 5.1.3. In the event of Termination, Approved Lender shall have no obligation to pay to City any amounts of money owing to City by TBITEC under the terms of the TBITEC Lease and Approved Lender shall not be liable for or otherwise required to cure any defaults of TBITEC under the TBITEC Lease or otherwise bound to perform any of the terms, conditions, and covenants of the TBITEC Lease.
- 5.1.4. Subject to a Notice Event under Section 5.1.1, in the event TBITEC fails to take any action required on TBITEC's part as a condition of Completion, City shall accept Approved Lender's performance of TBITEC's rights and obligations under this Agreement or the TBITEC Lease with respect to the TBITEC-Procured Equipment or a Component of the TBITEC-Procured Equipment as if made by TBITEC. Approved Lender shall be entitled to receive the Acquisition Payment under the same terms and conditions as TBITEC, as such terms and conditions are described in Section 4.
- 5.1.5. In any case commenced by or against TBITEC under the Bankruptcy Code, Approved Lender shall have standing to appear and act as a party to the TBITEC Lease for purposes of Section 365 of the Bankruptcy Code (but shall not have any obligations under the TBITEC Lease unless Approved Lender expressly assumes the TBITEC Lease). City shall, during TBITEC's bankruptcy case, serve on Approved Lender a copy of all notices, pleadings or documents given to TBITEC, and service shall be contemporaneous with and in the same manner as given to TBITEC.
- 5.1.6. If TBITEC files with the Executive Director a written assignment of its right to participate in the distribution of any insurance or condemnation proceeds, assigning

all or a portion of its right, title, and interest in and to such proceeds to Approved Lender, and further, if the indebtedness under the Financing Agreement has not been fully paid, satisfied and the security for the debt released, then such Approved Lender shall be entitled to the distribution of the insurance or condemnation proceeds, if any, payable to TBITEC to the extent of such Approved Lender's interest therein.

6. **Actual Equipment Cost.** For avoidance of doubt, City and TBITEC agree that the Actual Equipment Cost shall include (1) all costs TBITEC reasonably incurred for procuring and installing the TBITEC-Procured Equipment, including, but not limited to, project management and construction management costs and (2) Financing Costs. "Financing Costs" shall mean (1) all incurred or accrued interest charges and related financing costs or charges owing by TBITEC in connection with the Financing Arrangement or (2) if TBITEC uses its own funds, an annualized interest rate of four percent (4%) applied to the actual costs for the TBITEC-Procured Equipment from the date of expenditure by TBITEC until the date that City makes the Single Payment or the Component Payment, as the case may be. Financing Costs, for the purpose of determining the Actual Equipment Cost, shall be evidenced by (1) providing a statement from the Approved Lender of all incurred or accrued interest charges and related financing costs or charges owing by TBITEC in connection with the Financing Arrangement or (2) if TBITEC uses its own funds, a calculation of accrued interest certified by an officer of TBITEC.
7. **Right of Entry Agreement.** City agrees to provide a right of entry agreement to Approved Lender and TBITEC's agents, servants, employees, contractors, licensees and business invitees for the purpose of the Completion of the TBITEC-Procured Equipment, upon approval as to form by the City Attorney.
8. **Project Labor Agreement.** City, through its agreement coordinator, has entered into a project labor agreement with various trades (the "PLA"). TBITEC agrees to require its contractors to sign the Letter of Assent, attached hereto as Exhibit B, agreeing to be subject to the terms of the PLA. City agrees that this requirement applies solely to the acquisition and installation of the TBITEC-Procured Equipment.
9. **Operation of the Outbound Baggage System.** TBITEC shall install the TBITEC-Procured Equipment in such a manner that will allow continuous operation of the outbound baggage system at TBIT.
10. **Notices.** Except as otherwise provided in this Agreement, any notice, demand, or other correspondence given under this Agreement shall be in writing and given by delivering the notice in person or by commercial courier, or by sending it by first-class mail, certified mail, return receipt requested with postage prepaid, or by overnight commercial express mail, or by facsimile to:

**City:**  
Deputy Executive Director,  
Commercial Development Group  
Los Angeles World Airports  
One World Way  
Los Angeles, CA 90045  
Facsimile: (424) 646-9204

**TBITEC:**  
Executive Director  
380 World Way, Box S-18  
Los Angeles, CA 90045  
Facsimile: (310) 646-9602

or to such other address as either TBITEC or City may designate as its new address for such purpose by notice given to the other in accordance with this Section. Any notice hereunder shall be deemed to have been given and received two (2) days after the date when it is mailed, if sent by first-class, certified mail, one day after the date when it is mailed if sent by overnight express mail, upon the date personal delivery is made, or upon the date on which the facsimile copy is transmitted, provided, that such transmission is received on a business day between the hours of 8:00 a.m. and 5:00 p.m., and if not so received, then as of 8:00 a.m. on the next business day.

#### 11. Miscellaneous.

- 11.1. City acknowledges that it is the record and beneficial owner of TBITEC and that the TBITEC Lease has not been subordinated by City to any mortgage, lien or other encumbrance.
- 11.2. It is understood and agreed by and between the parties that, except as specifically provided herein, this Agreement shall not, in any manner, alter, change, modify or affect any of the rights, privileges, duties or obligations of either of the parties under the TBITEC Lease (including operations and maintenance of the baggage handling system), and except as expressly amended herein, all of the terms, covenants and conditions of the TBITEC Lease, shall remain in full force and effect.
- 11.3. This Agreement shall be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns.
- 11.4. This Agreement may be executed in a number of identical counterparts, each of which for all purposes is deemed an original, and all of which constitute collectively one agreement.
- 11.5. 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.
- 11.6. 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.

- 11.7. This Agreement shall be construed and enforced in accordance with the laws of the State of California and venue shall lie in the appropriate U.S. Federal Court or California Superior Court located in Los Angeles County.
- 11.8. This Agreement contains the entire agreement between the parties hereto and supersedes any and all prior written or oral agreements between them concerning the subject matter contained herein. There are no representations, agreements or understandings, oral or written, between and among the parties relating to the subject matter contained in this Agreement which are not fully set forth herein. This is an integrated agreement.
- 11.9. In the event that either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of acts of God, acts of public enemies (such as war, invasion, insurrection, terrorism, riots rebellion or sabotage), earthquakes, fires, floods, hurricanes, tornadoes and other extreme weather conditions; then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. In the event that as a result of such events described in this Section 11.9, TBITEC cannot reasonably complete its obligations hereunder, prior to June 30, 2017, TBITEC shall have the right to terminate this Agreement and City shall pay TBITEC for the Actual Equipment Costs incurred by TBITEC for the TBITEC-Procured Equipment through the date of termination of this Agreement. Any payment under this Section 11.9 shall be made in accordance with the procedures set forth in Section 4; provided, however, that any such payment shall not be subject to the satisfaction of the requirements of Section 4 with respect to (i) Completion or (ii) Executive Director written verification of Completion described in Section 4.1.

[signature page follows]

IN WITNESS WHEREOF, City and TBITEC have respectively executed this Agreement as of the day and year first above written.

APPROVED AS TO FORM:

CITY OF LOS ANGELES

Michael N. Feuer,  
City Attorney

By: \_\_\_\_\_  
Executive Director  
Department of Airports

Date: 5/22/14  
By: Cynthia Alexander  
Deputy/Assistant City Attorney

ATTEST:

TOM BRADLEY INTERNATIONAL  
TERMINAL EQUIPMENT COMPANY

By: [Signature]  
Name: VIJAY SUNDARAM  
Title: [Signature]

By: [Signature]  
Name: CARRIE E. SULLIVAN  
Title: CHAIRPERSON

[Corporate Seal]



**EXHIBIT A**

**Improvements**

**Description of Improvements:**

<b>Component</b>	<b>Description</b>
1. Lower Loop	New equipment to correct physical operational constraints, optimize system performance and increase baggage throughput of the lower loop of the outbound Checked Baggage Inspection System and Baggage Handling System at TBIT, inclusive of new system controls and other miscellaneous equipment.
2. Upper Loop	New equipment to correct physical operational constraints, optimize system performance and increase baggage throughput of the upper loop of the outbound Checked Baggage Inspection System and Baggage Handling System at TBIT, inclusive of new system controls and other miscellaneous equipment.
<b>TOTAL PROJECTED COST</b>	<b>\$49,750,000</b>

**EXHIBIT B**

**LETTER OF ASSENT**

(To be signed by All Contractors Undertaking Work Covered  
by the Project Labor Agreement Prior to Commencing Work]  
(Contractor Letterhead)

Agreement Coordinator  
c/o Parsons Constructors Inc.  
100 West Walnut Street  
Pasadena, California 92408  
Attn:

Re: Los Angeles International Airport Project  
Labor Agreement - Letter of Assent

Dear Sir:

This is to confirm that (Name of Company) agrees to be a party to and bound by the Los Angeles International Airport Project Labor Agreement (the "Agreement") as entered into by and between Parsons Constructors Inc., its successors or assignees, and the Building and Construction Trades Department, AFL-CIO and other Building and Construction Trades Councils and signatory unions, dated November 19, 1999, as such agreement may from time to time, be amended by the negotiating parties or interpreted pursuant to its terms.

Such obligation to be a party to and bound by this Agreement shall extend all work covered by the Agreement undertaken by this Company on the Project pursuant to Contract No. (Contract No. or Identifying Description), and this Company shall require all its subcontractors, of whatever tier, to be similarly bound for all their work within the Scope of the Agreement by signing an identical Letter of Assent.

Sincerely,

(Name of Construction Company)

By:

(Name & Title of Authorized Executive)

cc: City of Los Angeles, Department of Airports

(Copies of this Letter will be available for inspection or copying on request of the Union).