

LOS ANGELES WORLD AIRPORTS

ORGANIZATIONAL CONFLICT OF INTEREST GUIDELINES FOR THE CONSOLIDATED RENT-A-CAR CENTER AND AUTOMATED PEOPLE MOVER PROJECTS

I. Purpose

These Organizational Conflict of Interest Guidelines (“Guidelines”) prescribe ethical standards of conduct applicable to persons and entities entering into contracts with the City of Los Angeles, Department of Airports, also known as Los Angeles World Airports (“LAWA”) for the design, construction, financing, operation and/or maintenance of the Consolidated Rent-A-Car Center and Automated People Mover Projects (“Project(s)”), and applies to subcontractors as well as prime contractors. A person or entity's failure to comply with these standards of conduct may result in potential liability to LAWA and may preclude the person or entity from participation in the Projects.

These Guidelines are supplemental to LAWA’s general Code of Ethics and Conflict of Interest Code and do not modify or supersede any requirements contained in those Codes.

These Guidelines are intended to accomplish the following goals:

1. Promote integrity, transparency, competitiveness and fairness in LAWA’s procurements and contracts for the Projects;
2. Prevent bidders and proposers from obtaining or appearing to obtain an unfair competitive advantage with respect to LAWA’s procurements and contracts for the Projects;
3. Provide guidance to enable contractors to make informed decisions while conducting business with LAWA related to the Projects; and
4. Protect the validity of LAWA’s contracts, confidential and sensitive information concerning the Projects, and other LAWA interests related to the Projects.

LAWA recognizes that its goals must be balanced against the need to not unnecessarily restrict the pool of potential proposers or contractors available to participate in LAWA procurements and contracts for the Projects. These Guidelines neither purport to address every situation that may arise in the context of LAWA’s procurements and contracts for the Projects, nor to mandate a particular decision or determination by LAWA. LAWA retains the ultimate and sole discretion to determine on a case-by-case basis whether an Organizational Conflict of Interest (as defined below) exists and what actions may be appropriate to avoid, neutralize or mitigate any actual or potential Organizational Conflict of Interest or the appearance of any such Organizational Conflict of Interest.

These Guidelines do not address all applicable requirements that may affect persons and entities wishing to enter into contracts with LAWA for the Projects.

Examples of such requirements include: (a) the requirements of the California Political Reform Act and regulations promulgated by the California Fair Political Practices Commission, and (b) rules of conduct established by the California Board for Professional Engineers and Land Surveyors,¹ State Bar of California² and California Board of Accountancy.³

II. Definitions

1. An “**Affiliate**” of a Contractor is:
 - A. Any shareholder, member, partner or joint venture member of the Contractor;
 - B. Any person or entity which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Contractor or any of its shareholders, members, partners or joint venture members;
 - C. Any entity for which ten percent or more of the equity interest in such entity is held directly or indirectly, beneficially or of record by (i) the Contractor, (ii) any of the members, partners or joint venture members of the Contractor, or (iii) any Affiliate of the Contractor under clause (B) of this definition; and
 - D. Any entity for which ten percent or more of the equity interest in such entity is held directly or indirectly, beneficially or of record by any of Contractor’s shareholders other than shareholders whose only interest in Contractor is in the form of publicly traded stock.

For purposes of this definition the term “control” shall mean the possession, directly or indirectly, of the power to cause the direction of the management of an entity, whether through voting securities, by contract, family relationship or otherwise.

2. “**Contractor**” means any person or legal entity retained by LAWA to perform work on the Projects, or proposing to perform such work, including joint venture members and general partners of any such entity; any subcontractor of such person or legal entity (at all tiers); and each individual employee of such person, legal entity or subcontractor. This term includes, without limitation, any person or legal entity performing or proposing to perform professional or consulting services on the Projects.
3. “**Organizational Conflict of Interest**” means a circumstance arising out of a Contractor’s existing or past activities, business or financial interests,

¹ California Code of Regulations, Title 16, Division 5, Article 4, Sections 475 and 476.

² State Bar of California, Rules of Professional Conduct, Rules 3-300 and 3-310.

³ California Code of Regulations, Title 16, Division 1, Article 9.
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familial relationships, contractual relationships, and/or organizational structure (i.e., parent entities, subsidiaries, Affiliates, etc.) that results in (i) impairment or potential impairment of a Contractor's ability to render impartial assistance or advice to LAWA or of its objectivity in performing work for LAWA, (ii) an unfair competitive advantage for any Contractor bidding or proposing on a LAWA procurement for the Projects; or (iii) a perception or appearance of impropriety with respect to any of LAWA's procurements or contracts for the Projects or a perception or appearance of unfair competitive advantage with respect to a procurement for the projects by LAWA (regardless of whether any such perception is accurate).

4. **"Procurement Services"** mean services provided by a Contractor for the benefit of LAWA for the Projects relating to any or all of the following:
 - A. Development of procurement strategy and/or approach to risk allocation;
 - B. Development and preparation of procurement documents including requests for qualifications, requests for proposals, invitations for bids, contract documents and technical specifications, but excluding development and preparation of preliminary design, reports or similar "low level" documents for incorporation by others into a procurement package.
 - C. Development of evaluation criteria, process or procedures;
 - D. Administration of a procurement;
 - E. Evaluation of procurement submittals by Contractors (e.g., qualification submittals, proposals, etc);
 - F. Negotiation of a contract; and
 - G. Advising LAWA in any other aspect of the procurement that LAWA determines, in its sole discretion, should be considered Procurement Services.
5. **"Public Records Act"** means the California Public Records Act, Government Code Section 6250 et seq.

III. **Applicability**

1. These Guidelines apply to all Contractors that have entered into, or wish to enter into, contracts with LAWA for the Projects.
2. To the extent that LAWA has previously consented in writing to performance of work by a Contractor that would not have been permitted under these Guidelines, LAWA's use of these Guidelines does not modify or alter the prior consent. The foregoing does not, however, mean that

LAWA is required to consent to Contractor's participation in future proposals or contracts.

IV. Federal and State Requirements

For federal-aid projects and in certain other circumstances, LAWA must comply with certain federal requirements (e.g., regulations applicable to federally funded procurements and contracts in 2 CFR Part 200). LAWA must also comply with certain California laws and regulations, including, without limitation, Government Code §§1090 and 87100 et seq. Nothing in these Guidelines is intended to limit, modify, supersede or otherwise alter the effect of those laws and regulations or the applicability of other relevant federal, State, or local regulations, statutes or rules, and LAWA will apply these Guidelines consistent with those laws and regulations to the extent required by law.

V. Organizational Conflicts of Interest Disclosure

1. Obligation to Disclose

Subject to the written requirements established by LAWA for a particular procurement, any Contractor having or potentially having an Organizational Conflict of Interest shall promptly disclose the matter to LAWA at:

DIEGO ALVAREZ
dalvarez@lawa.org
Los Angeles International Airport
1 World Way
Los Angeles, CA 90045

The disclosure should contain a detailed description of (i) the facts and circumstances giving rise to the actual or potential Organizational Conflict of Interest; and (ii) any efforts the Contractor has taken or proposes to take to mitigate the conflict. The procurement documents or contract may provide supplemental disclosure requirements. The failure to disclose any actual, perceived or potential Organizational Conflict of Interest may result in serious consequences to the Contractor and its Affiliates.

Upon receipt of a disclosure, LAWA will review the matter and, in accordance with these Guidelines, advise the Contractor in writing whether it has an Organizational Conflict of Interest with respect to its participation in a procurement or performance of a contract with LAWA for the Projects. LAWA's decision on the matter shall be final and binding and shall not be subject to appeal.

An Organizational Conflict of Interest may arise at any time, and a Contractor's obligation to disclose is ongoing. Contractors participating in contracts with LAWA for the Projects and bidding/proposing on LAWA contracts for the Projects shall use all reasonable efforts to arrange their affairs so as to prevent Organizational Conflicts of Interest from arising. Contractors should undertake reasonable due diligence, including necessary conflict searches, to determine whether new actual,

perceived or potential Organizational Conflicts of Interest have arisen. Each Contractor shall consider whether disclosure is required in connection with new hires, changes in the company's board of directors, mergers, and new business relationships including joint ventures and contractor/subcontractor relationships. Due to the potential for conflicts which could result in a LAWA contract for the Projects being deemed invalid and void, LAWA is particularly concerned about Contractor's relationships with current and former LAWA employees. A Contractor must immediately inform LAWA if it is negotiating to hire, has made an offer of employment to, or has actually hired an existing or former LAWA employee.

Contractors whose responsibilities to LAWA include review, supervision or oversight of work by other entities should pay careful attention to their relationships with the other entities and their Affiliates and should take care to avoid relationships with such other entities that would give rise to an Organizational Conflict of Interest. Due diligence should extend to investigation of past relationships and, if the Contractor is a corporate entity, to officers or directors of the Contractor. A Contractor is not allowed to be LAWA's agent for review, approval, or acceptance of its own work product. If a Contractor becomes aware of an actual, perceived or potential Organizational Conflict of Interest at any time during its participation in a procurement or performance of a contract, the Contractor shall promptly disclose the matter as described herein.

2. Failure to Comply

If LAWA determines, in its sole discretion, that a Contractor has failed to comply with these Guidelines in any respect (including any failure to disclose an actual, perceived or potential Organizational Conflict of Interest), LAWA may, among other things, take the following actions:

- A. Preclude and/or disqualify the Contractor and its Affiliates, as well as any other persons or legal entities on the Contractor's team, from participation in LAWA's procurements for the Projects;
- B. Require the Contractor and its Affiliates, as well as any other persons or legal entities on the Contractor's team, to implement mitigating measures; and/or
- C. Amend or terminate for breach the contract under which the Contractor is performing work for LAWA.

If LAWA terminates a contract as specified above, it will have no obligation, responsibility or liability to reimburse all or part of the costs incurred or alleged to have been incurred by the Contractor, its Affiliates or other team members. Additionally, LAWA shall be entitled to recover any and all payments made to the Contractor subsequent to the date when the Contractor became aware of or should have become aware of the existence of the Organizational Conflict of Interest.

VI. Conflict of Interest Standards Applicable to Environmental Contractors

Contractors responsible for preparing documents under the California Environmental Quality Act and the National Environmental Policy Act are required to comply with all State and Federal laws and regulations applicable to such services, including requirements relating to organizational conflicts of interest.

VII. Restrictions on Contractors Providing Procurement Services

1. Procurement Services on Same Contract

No proposal for a LAWA Project contract (referred to herein as Contract A) may include any Contractor that provides or has provided Procurement Services for Contract A.

2. Procurement Services on Different Contract

Unless LAWA provides prior written approval as described in this Section VII(2), no proposal for Contract A may include (i) any Contractor that provides or has provided Procurement Services (other than development of technical specifications or review and evaluation of technical submittals) for any other LAWA Project contract (referred to herein as Contract B) within 12 months prior to the proposal due date for Contract A or (ii) any Affiliate of such a Contractor. Any Contractor that would be prohibited from participation under this Section VII(2) because it provided Procurement Services for Contract B may submit a request to LAWA to permit the Contractor or its Affiliate to participate on a team submitting a proposal for Contract A. Upon receipt of such request, LAWA will consider the factors set forth in Section VIII and may, in its sole discretion, provide written authorization allowing such a Contractor or its Affiliate to participate on the team, subject to implementation of safeguards and mitigating measures deemed appropriate by LAWA.

VIII. Organizational Conflict of Interest Factors to Consider

LAWA will consider the following relevant factors, including case-specific factors, in determining whether a Contractor should be permitted to participate or to continue to participate in a procurement for the Projects or the performance of a contract for the Projects:

1. Relevance or Materiality of the Information

- A. This factor may include considering whether the Contractor has in its possession information that will not and should not be made public or disclosed to other participants in the procurement, as the case may be, or that will give an unfair advantage to the Contractor, including the following:
 - (i) Planning, budgetary, or business information;
 - (ii) LAWA's strategies, tactics, plans, alternatives or other inside information concerning the procurement; or

(iii) Information prepared for use by LAWA for the purpose of evaluating proposals, for defining the scope of the work, or for determining terms, conditions or specifications.

B. This factor may include considering the “age” of the information, including whether the length of time between the acquisition of the information, combined with interim developments within a project (e.g., transaction structure, design, etc.), is sufficient to render the information irrelevant, immaterial, or of little or no value.

C. This factor may include considering the extent to which the information is or will be available to other participants in the procurement and the time other participants had or will have to analyze and assimilate the information.

2. Materiality of the Relationship

A. This factor may involve considering whether the subject relationship involves branch offices or a parent company of the Contractor, and the degree of separation of work teams and information between the offices and companies.

B. This factor may include considering the substance of a subject relationship, including whether the relationship is so indirect or remote that an actual or perceived Organizational Conflict of Interest is sufficiently mitigated (e.g., no effective risk of passing or use of confidential information or bias in the discharge of functions).

3. Resources and Expertise

A. This factor may include considering the expertise required to undertake the subject work and the availability of suitably qualified and skilled Contractors.

B. This factor may include considering the magnitude of the resources required to deliver the Projects in a timely manner.

4. Professional Governing Body Rules – Common Law

A. This factor may include considering the rules that are put in place by professional or other governing bodies regarding actual and perceived Organizational Conflicts of Interest and determining whether delivery of a certification or acknowledgement by a prospective Contractor or Contractor of its compliance with any such rules would be sufficient mitigation.

B. This factor may include obtaining the advice of any such professional or governing body to the participation of a Contractor.

- C. This factor may include considering the case law relevant to Organizational Conflicts of Interest matters.

IX. Safeguards and Mitigation Efforts

If LAWA, after considering the relevant factors set forth in Section VIII above, including case-specific factors, is of the view that a Contractor should be permitted to participate or to continue to participate in a particular procurement or contract, then LAWA, in its sole discretion, may require the Contractor to implement suitable safeguards, including those described below, to mitigate any Organizational Conflict of Interest.

1. LAWA may require a Contractor to establish ethical walls and related safeguards and procedures, including the segregation of persons and information within a Contractor firm or company, thereby allowing the Contractor firm or company to participate or continue to participate in the Projects.
 - A. Segregated persons may include those who were involved in an earlier phase or in work associated with or relevant to the Projects.
 - B. Segregated information may include confidential information obtained as a result of a Contractor's or prospective Contractor's former contracts with LAWA or confidential information obtained from former or current LAWA employees.
2. LAWA may require assurances or demonstration of the type of ethical walls and the effectiveness of the ethical walls.
3. LAWA may require information (including in affidavit form) as to when ethical walls were put into place, how they operate, and whether there is any form of notification within the subject firm or company of their existence.
4. LAWA may audit, or direct others to audit on its behalf, for compliance with ethical walls and related safeguards and procedures.
5. LAWA may require such other safeguards or mitigation measures at it deems appropriate to address a specific instance of an Organizational Conflict of Interest.

X. Application of Guidelines to Employees

If LAWA determines that a potential or actual Organizational Conflict of Interest exists for a particular Contractor, the Organizational Conflict of Interest shall also apply to any employee of such Contractor that has participated in a material way in the performance of work giving rise to LAWA's determination. If such person leaves the Contractor's employment, the potential or actual Organizational Conflict of Interest shall continue to apply to such person in the same manner as it applies to the Contractor. However,

LAWA's Organizational Conflict of Interest determination shall not apply to the person's new employer provided the new employer is not an Affiliate of the original employer and the new employer adopts and implements safeguards and mitigation measures satisfactory to LAWA in LAWA's sole discretion (e.g., implementation of an ethical wall).

XI. Confidentiality

LAWA recognizes that certain information submitted to LAWA in connection with a disclosure or a request for LAWA approval hereunder may be considered by the submitting party to constitute confidential information that is exempt from disclosure under the Public Records Act. In such event, the submitting party shall be responsible for clearly and conspicuously identifying the information as "CONFIDENTIAL INFORMATION SUBMITTED PURSUANT TO LAWA ORGANIZATIONAL CONFLICTS OF INTEREST GUIDELINES FOR THE CONSOLIDATED RENT-A-CAR CENTER AND AUTOMATED PEOPLE MOVER PROJECTS." Each Contractor submitting information pursuant to the Guidelines should contact its own legal counsel concerning the Public Records Act and its application to the submitting party's own circumstances.

LAWA intends to maintain confidentiality of information submitted hereunder to the extent permitted by applicable law. If LAWA is asked, while a procurement for a Project contract is pending, to disclose any material marked confidential that was submitted in connection with that procurement, LAWA will endeavor to notify the submitting party of the request. If any litigation is filed, LAWA's sole involvement will be as a stakeholder retaining the material until otherwise ordered by a court, and the submitting party shall be responsible for otherwise prosecuting or defending any action concerning the materials at its sole expense and risk. In no event shall LAWA, or any of its agents, representatives, consultants, directors, officers or employees, be liable to a submitting party for the disclosure of any information submitted hereunder.

XII. List of Excluded Entities

See attached Exhibit 1 for a list of entities that LAWA has determined are precluded from proposing on and from communicating with or providing professional or consulting services to any Contractor team in connection with LAWA's procurement of any contract(s) for the design, construction, financing, operation and/or maintenance of the Consolidated Rent-A-Car Center and Automated People Mover. The list in Exhibit 1 does not restrict or otherwise limit the requirements of these Guidelines, including any obligation to disclose potential or actual Organizational Conflicts of Interest.

Exhibit 1

List of Excluded Entities (as of 01/29/2016)

Applicable to Automated People Mover Project

Nossaman, LLP

Frasca and Associates, LLC

Paslay Management Group

Parsons Brinckerhoff

STV Group, Inc.

Lea + Elliot

Applicable to Consolidated Rent-A-Car Project

Nossaman, LLP

Frasca and Associates, LLC

Paslay Management Group

Parsons Brinckerhoff

STV Group, Inc.

Lea + Elliot

Transystems

Jacobsen Daniels and Associates (JDA)

W. J. Advisors