VAN NUYS AIRPORT AIRPORT FACILITIES MONTHLY OCCUPANCY PERMIT

Naming Rates, Charges, Rules and Regulations at Van Nuys Airport for all Facility Users Using Airport Facility Space at Van Nuys Airport after _____, 2013, Except Pursuant to a Lease

Resolution No. 25064

3/18 Adopted _____, 2013 Effective: _____, 2013

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Effective:	, 2013

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PREFACE

This MOP is made by the City of Los Angeles, acting by and through the Board of Airport Commissioners ("Board") of the Los Angeles World Airports ("LAWA"), under the terms of the Los Angeles City Charter & Administrative Code §§ 630 et seq.

LAWA is the manager of the Van Nuys Airport (the "Airport"), charged by the City of Los Angeles and the Board of Airport Commissioners with operating, managing, and enforcing this MOP.

All charges under this MOP shall be payable in cash as they are incurred unless credit arrangements satisfactory to LAWA have been made in advance, including, but not limited to, the payment of all arrears in accounts with LAWA. Any Facility User or other patron in arrears in its accounts with LAWA may be denied the use of Airport Facility space based thereon.

This MOP is published for the benefit of Facility Users, patrons of the Airport, and Airport staff. It is not a codification of the resolutions of the Board of Airport Commissioners and it should not be construed as such.

VAN NUYS AIRPORT AIRPORT FACILITIES MONTHLY OCCUPANCY PERMIT

1. Consent to Terms of MOP and Scope of MOP.

- 1.1. Name; Defined Terms. This MOP may be referred to as the "Van Nuys Airport Airport Facilities MONTHLY OCCUPANCY PERMIT" or this "MOP." Certain terms used in this MOP and not defined elsewhere in the text of this MOP are used with the meanings specified in Section 25; terms defined elsewhere in the text of this MOP are listed in the Index of Defined Terms appearing following the Table of Contents. This MOP includes the Basic Information Schedule.
 - 1.2. Effective Date. This MOP is effective 3(18, 2013.
- 1.3. <u>Use Constitutes Consent</u>. Use by any Facility User of space in any Airport Facility after Board approval of this MOP, except pursuant to a Lease constitutes (a) consent by the Facility User to the terms and conditions of this MOP, and (b) agreement by the Facility User to pay all charges specified, and to be governed by all rules and regulations contained in this MOP.
- 1.4. <u>Use Does Not Create Any Property Right</u>. Use by any Facility User of space in any Airport Facility under the terms of this MOP creates no right to or interest in the property, either of occupancy or possession, legal or otherwise. This MOP does not in any way modify or replace any fees, charges, rents, or any other cost based on use of the Airport's runways, apron, or any other location at the Airport other than its Airport Facility by any entity, including the Facility User. Nothing in this MOP shall be construed as creating, modifying, or furthering any property rights, including, but not limited to, a Lease. Any Facility User using space at any Airport Facility pursuant to this MOP may be required by LAWA, in the exercise of LAWA's discretion, to terminate its use at any time.
- 1.5. <u>Modification</u>. LAWA may modify this MOP at any time. Any modification of this MOP shall take effect upon the publication by LAWA of the modification on LAWA's website.
- 1.6. <u>Facility User Space</u>. For the purposes of the Basic Information Schedule, the space used by a Facility User in any Airport Facility from time to time under the terms of this MOP shall be determined by LAWA, and LAWA's determination shall, in the absence of manifest error, be binding on the Facility User.

2. Fees and Charges.

2.1. Computation of Fees and Charges.

2.1.1. Computation of Basic Rates. Any Facility User using any space in any Airport Facility without a Lease shall be subject to this MOP and shall pay fees and charges as set forth in this MOP. The amount of those fees and charges shall be calculated for each calendar month in an amount equal to (i) the applicable Land Basic Rate (calculated as provided

in this <u>Section 2.1</u>) for the month multiplied by the square footage of the Land Area for the month; and (ii) the applicable Building Basic Rate (calculated as provided in this <u>Section 2.1</u>) for the month multiplied by the square footage of the Building Area for the month.

The Basic Rates for the calendar month in which a Facility User first uses any space in an Airport Facility pursuant to this MOP is the amount reflected on the Basic Information Schedule as the "Initial Basic Rates". Initial Basic Rates for each Airport Facility are approved by the Board of Airport Commissioners, and are determined independently of the issuance of this MOP, to be effective as of the Board specified-date.

The Basic Rates are not permanent and will be adjusted for CPI as provided in <u>Section 2.1.2</u> below. In addition, Basic Rates are adjusted once in each Valuation Cycle, which has five (5) Valuation Years. Such periodic adjustment is effective as of each Valuation Adjustment Date as provided in <u>Section 2.3</u>. For the avoidance of doubt, there is no CPI Adjustment under Section 2.1.2 during a year where there is a periodic adjustment under Section 2.3.

2.1.2. <u>CPI Adjustments to Basic Rates</u>. For each Valuation Year (other than the first Valuation Year during a Valuation Cycle), the Basic Rates (as the Basic Rates may previously have been adjusted under this <u>Section 2.1.2</u> and under <u>Section 2.3</u>) shall be increased effective on July 1 by the CPI Change; provided, however, in no event will the increase to the Basic Rates pursuant to this <u>Section 2.1.2</u> be less than two percent (2%) or greater than seven percent (7%). In the event that the CPI Change indicates a rate increase in excess of seven percent, the rental rate increase shall be carried over and implemented in the succeeding year or years, as necessary, at a rate not to exceed seven percent per year until the next succeeding Valuation Year during a Valuation Cycle.

2.2. Base Charges.

2.2.1. <u>Monthly Installments</u>. Facility Users subject to this MOP will pay installments of Base Charge in advance on the first day of each calendar month during the Facility User's use of the Facility User's Areas, without notice or demand. If the Commencement Date is a day other than the first day of a calendar month, the installment of Base Charge for that month shall be payable on the Commencement Date. The Base Charge for any partial calendar month in which a Facility User uses any Airport Facility space shall be prorated at LAWA's discretion.

2.3. Periodic Valuation Adjustment.

2.3.1. Policy. In order to fairly compensate LAWA for the Facility User's use of space at any Airport Facility, and in order to avoid an indirect subsidy of the operations of the Facility Users at the Airport by the City of Los Angeles, it is the policy of LAWA that charges for any Facility User subject to this MOP be periodically adjusted to fair market rental value. In order, therefore, to implement this policy, the Basic Rates for each Airport Facility shall be adjusted effective on the fifth anniversary of the Initial Valuation Dates specified in Schedule 3 (Basic Information Sheet) for each the Land Basic Rate and the Building Basic Rate, and, effective on every fifth anniversary of each Initial Valuation Date thereafter (the date of each

adjustment to the Land Basic Rate or Building Basic Rate is referred to as a "<u>Valuation Adjustment Date</u>") in accordance with the provisions of <u>Sections 2.3.2</u>.

- 2.3.2. <u>Procedures</u>. Not later than the date that is 30 days before the next Valuation Adjustment Date, LAWA will (a) determine the Building Basic Rates (or Land Basic Rates, as the case may be) that would be established as of the next Valuation Adjustment Date, and (b) by notice (a "<u>Valuation Notice</u>") inform the Facility User of the adjusted Building Basic Rate or Land Basic Rate for the Valuation Cycle beginning on the next Valuation Adjustment Date. If the Land and Building Basic Rates are on separate Valuation Cycles, the Valuation Notice will be given only for the Basic Rate that is subject to a Periodic Valuation Adjustment. The method of determining the Basic Rates reflected in the Valuation Notice will be final and binding upon the Facility User for the Valuation Cycle beginning on the next Valuation Adjustment Date.
- 2.4. Facility User's Records. LAWA may, at its discretion and with reasonable notice to the Facility User, require the Facility User to provide, within ten (10) days after the end of each calendar month, a report to LAWA's Deputy Executive Director - Commercial Development Group, certain operating statistical and financial data applicable to Airport covering the previous calendar month in such form and content as shall reasonably be specified by LAWA's Deputy Executive Director - Commercial Development Group. LAWA may examine (and, in the course of such examination, may copy) and audit the Facility User's books and records for the purpose of verifying the Facility User's charges paid and payable to LAWA under this MOP. The expense of any such examination or audit shall be borne by LAWA, provided that if the Facility User's books and records are not made available to LAWA at a location within 50 miles from the Airport, the Facility User will reimburse LAWA the reasonable out-of-pocket costs incurred by LAWA in inspecting the Facility User's books and records, including travel, lodging and subsistence costs. Except as required by applicable law, LAWA will keep all information obtained from the Facility User's books and records confidential, and LAWA will use good faith efforts to cause LAWA's agents and employees to keep all information obtained from the Facility User's books and records confidential.
- 2.5. <u>Late Charges</u>. If a Facility User subject to this MOP shall fail to pay any installment of Base Charge or any other cost or charge payable under this MOP within five days after it becomes due, the Facility User will pay to LAWA, in addition to the installment of Base Charge or amount of any additional charge, as the case may be, as a further additional charge, a sum equal to interest at the Stipulated Rate on the unpaid overdue amount, computed from the date the payment was due to and including the date of payment. If the Facility User shall fail to pay any additional cost within ten days after it becomes due, in addition to interest at the Stipulated Rate, the Facility User will pay to LAWA a late charge in the amount of five percent (the "Additional Late Charge") of the delinquent additional charge. No Additional Late Charge shall be payable for any item of additional charge that constitutes a late charge or interest.
- 2.6. <u>No Counterclaim, etc.</u> Facility Users subject to this MOP will pay the Base Charge and all additional costs payable under this MOP without notice, demand, counterclaim, setoff, deduction, defense, abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of the Facility User under this MOP shall in no way be discharged or otherwise affected for any reason, whether foreseen or unforeseen. To the extent permitted by

applicable law, all payments by the Facility User to LAWA made hereunder shall be final, and the Facility User will not seek to recover any such payment or any part thereof for any reason.

- No Waiver: Retroactive Payments. The failure by LAWA to timely execute the provisions of this Section 2 relating to the adjustment of the Base Charge or any item of additional charge payable under this MOP shall not be construed as a waiver of LAWA's ability to adjust the Base Charge or to the adjustment of any additional charges otherwise payable under this MOP. If a determination of the adjusted Base Charge is not completed before the relevant Valuation Adjustment Date or if a determination of the adjustment of any item of additional charge is not completed before any relevant date, the Facility User will continue to pay the amounts applicable to the preceding period, and if the Base Charge as of the relevant Valuation Adjustment Date or any item of additional charge as of any relevant date is thereafter determined to be an amount greater than that paid by the Facility User, the adjusted amount shall take effect, and shall promptly be paid by the Facility User, retroactively to the date when the payment would have been due absent the failure to timely complete the determination of the appropriate adjustment. If LAWA has substantially executed the provisions of this Section 2 relating to the adjustment, LAWA shall be entitled to receive, in addition to all amounts of additional Base Charge and additional charge becoming retroactively effective, interest on the retroactive amounts from the time retroactively due until the date of payment to LAWA, at an annual rate per annum equal to the Reimbursement Rate.
- 2.8. <u>Manner of Payment</u>. All payments of Base Charge and other amounts payable under the preceding provisions of this <u>Section 2</u> shall be paid in U.S. dollars without setoff or deduction by mailing to the following address:

City of Los Angeles – LAWA P.O. Box 54078 Los Angeles, CA 90054-0078

LAWA may from time to time designate any other address to which the payments shall be made. As a matter of courtesy, invoices may be sent by LAWA to the Facility User, but notwithstanding any custom of LAWA in sending invoices, the receipt of an invoice shall not be a condition to any payment due to LAWA from the Facility User. All payments, including each payment check and remittance advice, shall include reference to this MOP. No payment by the Facility User or receipt by LAWA of a portion of any sum due under this MOP shall be deemed to be other than a partial payment on account of the earliest sum next due from the Facility User. No endorsement or statement on any check or any letter accompanying a check or other payment from a Facility User shall be deemed an accord and satisfaction or otherwise binding upon LAWA. LAWA may accept any partial payment from the Facility User without invalidation of any notice required to be given under this MOP or otherwise under applicable law.

3. *Uses*.

- 3.1. <u>Permitted Uses</u>. Facility Users subject to this MOP may, subject to any applicable Legal Requirements and to all other applicable provisions of this MOP, use the Facility User's Areas only for the uses reflected on the Basic Information Schedule as the "Permitted Uses".
- 3.2. <u>Prohibited Uses</u>. Notwithstanding anything in <u>Section 3.1</u> to the contrary, without the prior consent of LAWA no Facility User subject to this MOP may use any portion of the Facility User's Areas in any manner not specifically permitted.
- 3.3. Other Use Limitations. Facility Users subject to this MOP must conduct their operations at the Facility User's Areas used pursuant to this MOP in such a manner as to reduce as much as is reasonably practicable any and all activities that interfere unreasonably (whether by reason of noise, vibration, air movement, fumes, odors or otherwise) with the use of other facilities at the Airport. Without limiting the foregoing, Facility Users shall not sell fuel at the Airport unless they have a license as a fixed-based operator (FBO) at the Airport or otherwise have a written agreement with LAWA that expressly permits them to do so.

4. Alterations, etc.

- 4.1. <u>LAWA's Consent</u>. Facility Users subject to this MOP have no property interest in any space at any Airport Facility subject to this MOP and therefore may not make any alterations, installations, additions and improvements in and to the Facility User's Areas (referred to as "<u>Alterations</u>") except as provided in <u>Section 4.2</u>.
- 4.2. <u>Alterations</u>. Facility Users subject to this MOP (although they have no property interest in any space at any Airport Facility subject to this MOP) may, with LAWA's prior written consent only, make Alterations in the Facility User's Areas. LAWA may condition its consent on any basis, including a condition that the Facility User removes some or all of the Alterations at the Facility User's expense at the termination of the MOP.
 - 4.2.1. Prior to the construction of any improvements, Facility User shall submit to the Chief Airports Engineer for concept approval the preliminary plans and estimated construction cost for such improvements. Said approval, subject to the conditions set forth herein, shall be given in a reasonably timely manner. Upon approval by the Executive Director of Facility User's preliminary plans, Facility User shall prepare working drawings and specifications which shall be true and correct developments of the preliminary plans so approved. Facility User shall then submit a written request for construction approval and a minimum of five (5) complete sets of said approved working drawings and copies of the specifications to the Chief Airports Engineer's office for written approval by the Executive Director. The Executive Director's written approval and any conditions related to the construction of the improvements or alterations shall become a part of the construction requirements once the document is fully executed by both parties. Upon receipt of the Executive Director's approval, Facility User shall cause the construction called for by the approved working drawings and specifications to be commenced and completed promptly. No substantial changes, additions, or alterations

shall be made in said working drawings or specifications, or in the construction called for thereby, without first obtaining the Executive Director's approval in writing. Upon completion of the improvements, Facility User shall furnish to City, at no charge, three complete sets of "record" drawings, and one complete set in Computer Aided Design (CAD) format which complies with the then current LAWA CAD standards. These drawings must include any applicable permit numbers, the structural and other improvements installed by Facility User in the Facility User's Areas, and the location and details of installation of all equipment, utility lines, heating, ventilating, and airconditioning ducts and related matters. Facility User shall keep said drawings current by updating them in order to reflect any changes or modifications which may be made in or to the Facility User's Areas.

- 4.2.2. Facility User shall make no structural improvements, additions, or alterations in, to or upon the Facility User's Areas, nor erect, construct, or place any sign upon said Facility User's Areas, without first obtaining the written consent of the Executive Director. Any conditions, restrictions, or limitations placed upon the approval by the Executive Director shall be conditions of the construction once the document is fully executed by both parties. Facility User shall hold City harmless from liability with respect to any claims regarding any improvements, additions, or alterations made thereto.
- 4.2.3. For each and every construction or alteration project undertaken on the Facility User's Areas, Facility User shall prepare a construction report. This report shall contain the following elements: (1) type of improvement constructed or altered; (2) floor area or capacity of improvement constructed or altered; (3) total cost of construction or alteration; (4) completion date for construction or alteration; and (5) a copy of the certificate of occupancy. The construction report shall be mailed to the Chief Airports Engineer at the address provided in Section 17 (Notices) hereinbelow not later than sixty (60) days following completion of the construction or alteration.
- 4.2.4. Facility User shall also keep the Facility User's Areas and any improvements constructed thereon free and clear of liens for labor and material expended by or for Facility User or on its behalf (except when such improvement is constructed by City).
- 4.2.5. To the extent Facility User is subject to Part 77 of the Federal Aviation Administration Regulations, Facility User agrees to comply with the notification and review requirements covered in Part 77 in the event any future structure or building is planned for the Facility User's Areas, or in the event of any planned modification or alteration of any present or future building or structure situated on the Facility User's Areas.
- 4.2.6. Facility User agrees that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on the land leased hereunder above the mean sea level elevation obstruction contours shown on the contour drawings on file with the Airport Engineer, if applicable. In the event the aforesaid covenants are breached, City reserves the right to enter upon the land leased hereunder and to remove

the offending structure or object and cut the offending tree, all of which shall be at the expense of Facility User.

- 4.3. Ownership of Improvements and Alterations. Ownership of all improvements, other than the Facility User's Property, existing in the Facility User's Areas on the Commencement Date is and shall be in LAWA. Ownership of all Alterations constructed or installed in the Facility User's Areas by or at the direction of a Facility User (whether at LAWA or the Facility User's expense) after the Commencement Date, other than Facility User's Property, shall be and remain in LAWA. Upon the end of its use of the Facility User's Areas, all Alterations constructed or installed in the Facility User's Areas by or at the direction of an Facility User, other than Facility User's Property, shall be left in the Facility User's Areas (without compensation to the Facility User), unless LAWA requests that the Facility User remove some or all of the Alterations, in which case the Facility User will promptly remove them (excluding only painting and other wall coverings) and restore the Facility User's Area to its original condition at the Facility User's expense. All items of Facility User's Property remaining in the Facility User's Areas shall, if not removed by the Facility User within three Business Days following the end of its use of the Facility User's Areas, be deemed abandoned and shall, at LAWA's election (i) be disposed of in any manner selected by LAWA, at the Facility User's expense, or (ii) become the property of LAWA. The Facility User will promptly repair any damage to the Facility User's Areas resulting from the removal of any items of the Facility User's Property.
- 4.4. <u>Notices of Non-Responsibility</u>. In connection with any Alteration, LAWA may post notices of non-responsibility for the services and material furnished by mechanics, materialmen and other vendors.
- 5. Maintenance and Repair by Facility Users. Unless otherwise expressly stated, Facility User is responsible for all maintenance and repair at the Facility User's Areas (including its improvements, if any). Unless the Facility User and LAWA agree otherwise pursuant to a separate written agreement approved by the Executive Director, each Facility User subject to this MOP will maintain the Facility User's Areas and will make all repairs to the Facility User's Areas and to all the fixtures, equipment and appurtenances therein as and when needed to preserve them in good working order and good and safe condition. Facility User shall be responsible for any corrective work required by any authority having jurisdiction over Facility User's Areas. All such repairs, maintenance and corrective work shall be at the Facility User's sole cost and expense.

Facility User will provide LAWA with a conceptual maintenance plan for the facility. LAWA staff will meet with the Facility User on a regular basis to review the condition of the Facility and, if necessary, jointly develop a repair action plan. However, the development of a repair action plan shall not relieve the Facility User of its responsibility to proactively fulfill its maintenance responsibilies.

All maintenance, repairs, and replacements by Facility User will be in accordance with applicable prevailing industry standards and in compliance with all manufacturers' recommendations and applicable federal state, and local government rules and regulations.

All damage or injury to the Facility User's Areas or its fixtures, equipment and appurtenances therein or thereto caused by the Facility User's removal of furniture, fixtures or other property, shall be repaired to its condition existing before the damage or injury, or restored or replaced promptly by the Facility User at its expense.

If LAWA determines the Facility User to have failed to maintain equipment in the Facility User's Areas, LAWA may elect to maintain the neglected equipment itself (directly or through third-party contractors and at the Facility User's expense payable promptly after LAWA's delivery of invoices therefor from time to time). In addition, LAWA retains the right, but not the obligation, to make emergency repairs when, in the sole determination of the Executive Director, failure to take immediate action will damage the facilities or disrupt operations. If LAWA performs maintenance or repairs for which Facility User is responsible then Facility User shall pay for such repairs or maintenance, plus and administrative fee in the amount of 15% of LAWA's cost.

- Liens, etc. Facility Users subject to this MOP will not permit to be created or to remain, 6. and will discharge (by payment, filing of an appropriate bond or otherwise), any lien, deed of trust, mortgage or other encumbrance affecting the Facility User's Areas or, to the extent caused or created by the act of the Facility User, the Airport or any part thereof, other than (i) any encumbrance affecting the Facility User's Areas or the Airport and arising solely from any act or omission of LAWA or any Person claiming by, through or under LAWA (other than the Facility User or any Person claiming by, through or under the Facility User), and (ii) inchoate liens of mechanics, materialmen, suppliers or vendors, or rights thereto incurred by the Facility User in the ordinary course of business for sums that under the terms of the related contracts are not yet due. Facility Users subject to this MOP have no property rights in the Facility User's Areas and may not, by lien, deed of trust, mortgage or any other encumbrance, hold themselves out as having such rights or seek to impart such rights to itself or any other party. Notice is hereby given that LAWA shall not be liable for any labor or materials furnished or to be furnished to the Facility User upon credit, and that no mechanics' or other lien for any such labor or materials shall attach to or affect the reversion or other estate or interest of LAWA in and to the Airport, or the Facility User's Areas. Without limiting the generality of Section 8.1 or the remedies available to LAWA for any violation of this MOP under Section 13, if the Facility User does not, within 30 days following the imposition of any lien, deed of trust, mortgage or other encumbrance that the Facility User is required to discharge (any of the foregoing being referred to as an "Impermissible Lien"), cause the Impermissible Lien to be released of record by payment or posting of a proper bond or otherwise, LAWA shall have, in addition to all other remedies provided by law, the right, but not the obligation, upon ten Business Days' prior notice to the Facility User, to cause the Impermissible Lien to be released by such means as LAWA shall deem proper, including payment in satisfaction of the claim giving rise to the Impermissible Lien. All sums paid by LAWA and all expenses incurred by it in connection with the release of the Impermissible Lien, including costs and attorneys fees, shall be paid by the Facility User to LAWA on demand.
- 7. Compliance with Legal Requirements and Insurance Requirements, etc. Use of any Airport Facility pursuant to this MOP requires that the Facility User comply with all current and future Legal Requirements and Insurance Requirements that impose any violation or obligation upon LAWA or the Facility User relating to the Facility User's Areas or the use thereof, at the

Facility User's expense. Without limiting the generality of the foregoing, the Facility User will, at the Facility User's expense, comply with any Legal Requirement that requires repairs or alterations within the Facility User's Areas so as to cause the Facility User's Areas to comply with the Americans with Disabilities Act, and any other Legal Requirements regarding access of disabled persons to the Facility User's Areas, including any services, equipment, programs or activities provided by the Facility User. The Facility User will cooperate with LAWA in LAWA's efforts to ensure compliance by the Airport with all applicable Legal Requirements, including Legal Requirements regarding access of disabled persons to the Airport. The Facility User will cooperate with LAWA and participate in and comply with activities organized by LAWA and mandated by any governmental agency, including recycling programs. LAWA will not be liable to the Facility User by reason of any obligation by the Facility User to comply with applicable Legal Requirements.

8. Indemnity; Insurance.

Indemnity. Facility Users subject to this MOP shall indemnify LAWA against and hold LAWA harmless from all expenses (including reasonable attorneys' fees and disbursements), liabilities, losses, damages or fines incurred or suffered by LAWA by reason of (i) any breach or nonperformance by the Facility User, or its agents, employees, contractors, customers, and invitees, of any provision of this MOP to be observed or performed by the Facility User, (ii) the carelessness, negligence or improper conduct of the Facility User, or its agents, employees, contractors and invitees, and (iii) all Environmental Losses arising from the Facility User's Application of Hazardous Materials at the Airport. LAWA will promptly notify the Facility User of any claim asserted against LAWA for which the Facility User may be liable under this Section 8.1 and will promptly deliver to the Facility User the original or a true copy of any summons or other process, pleading, or notice issued in any suit or other proceeding to assert or enforce the claim. If the Facility User becomes aware of any claim asserted against LAWA for which the Facility User may be liable under this Section 8.1, and of which the Facility User has not yet been notified by LAWA under the provisions of the immediately preceding sentence, the Facility User will promptly notify LAWA of the claim. If any claim, action or proceeding is made or brought against LAWA for which claim, action or proceeding the Facility User would be liable under this Section 8.1, upon demand by LAWA, the Facility User, at its expense, will defend the claim, action or proceeding, in LAWA's name, if necessary, by such attorneys as LAWA shall approve, which approval shall not be unreasonably withheld. Attorneys for the Facility User's insurance carrier are deemed approved for purposes of this Section 8.1 (and if the Facility User's insurance carrier offers the Facility User more than one choice of counsel, the Facility User will select the counsel provided by the insurance carrier that is reasonably acceptable to LAWA). The Facility User shall, in any event, have the right, at the Facility User's expense, to participate in the defense of any action or other proceeding brought against LAWA and in negotiations for and settlement thereof if, under this Section 8.1, the Facility User may be obligated to reimburse LAWA in connection therewith. LAWA in its discretion may settle any claim against it that is covered by the Facility User's indemnity in this Section 8.1, if LAWA shall first have provided notice to the Facility User of LAWA's intention to settle the claim and the material terms of the proposed settlement and if the Facility User does not object to the proposed settlement within five Business Days of its receipt of the notice (or, if the Facility User receives immediate notice of the offer of settlement and its terms, such lesser time as was given as a condition of the settlement offer). In the case of any claim for which LAWA's proposed

settlement includes the payment of more than \$100,000, LAWA may settle the claim over the Facility User's objection unless the Facility User furnishes LAWA with either (i) a bond in an amount equal to the claim in a form and from a surety reasonably satisfactory to LAWA, or (ii) other security reasonably satisfactory to LAWA. For the purposes of this Section 8.1 and any other indemnity by the Facility User in this MOP, any indemnity of LAWA shall be deemed to include an indemnity of the Board and all of LAWA's officers, employees and agents. In the Facility User's defense, negotiation, compromise, or settlement under this Section of any action against LAWA, LAWA shall retain discretion in and control of the litigation, negotiation, compromise, settlement, and appeals therefrom, as required by the Los Angeles City Charter, particularly Article II, Sections 271, 272 and 273 thereof.

Insurance. Facility Users subject to this MOP will obtain and keep in full force 8.2. and effect during its use of the Facility User's Areas, at its expense, policies of insurance of the types, with the coverages and insuring the risks specified in the insurance schedule attached to this MOP as Schedule 1. Based on its periodic review of the adequacy of insurance coverages, LAWA may from time to time, but not more than once each year, in the exercise of its reasonable judgment, revise the types of insurance required to be maintained by the Facility User, the risks to be insured and the minimum policy limits, on 30 days' prior notice to the Facility User. All policies of insurance required to be maintained by the Facility User under this Section 8.2 (a) shall be primary and noncontributing with any other insurance benefiting LAWA where liability arises out of or results from the acts or omissions of the Facility User, its agents, employees, officers, assigns or any other Person acting on behalf of the Facility User, and (b) may provide for reasonable deductibles or retention amounts satisfactory to LAWA based upon the nature of the Facility User's operations and the risks insured. Without limiting the generality of Section 8.1, if the Facility User does not furnish LAWA with evidence of insurance and maintain insurance in accordance with this Section 8.2, LAWA may, but shall not be obligated to, procure the insurance at the expense of the Facility User, in which event the Facility User will promptly reimburse LAWA for any amounts advanced by LAWA in procuring the insurance, together with a charge of 15% of the amounts so advanced for LAWA's administrative costs in so doing. The Facility User will provide proof of all insurance required to be maintained by this Section 8.2 by (a) production of certified copies of the actual insurance policies, (b) use of LAWA's own endorsement forms, (c) broker's letter satisfactory to LAWA in substance and form in the case of foreign insurance syndicates, or by other written evidence of insurance satisfactory to LAWA. The documents evidencing all specified coverages shall be filed with LAWA in duplicate and shall be procured and approved in strict accordance with the provisions in Sections 11.47 through 11.56 of Administrative Code of the City of Los Angeles before the Facility User uses the Facility User's Areas. The documents evidencing the coverages shall contain the applicable policy number, the inclusive dates of policy coverages, and the insurance carrier's name, and shall bear an original signature of an authorized representative of the carrier. LAWA has the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing any policy of insurance required by this Section 8.2. Policies of insurance issued by non-California admitted carriers are subject to the provisions of California Insurance Code Sections 1760 through 1780, and any other regulations and directives from the California Department of Insurance or other regulatory board or agency. Unless exempted, the Facility User will provide LAWA with proof of insurance from the non-California admitted carriers through a surplus lines broker licensed by the State of California. The Facility User will

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promptly furnish LAWA with (i) notice of cancellation or change in the terms of any policy of insurance required to be maintained by this <u>Section 8.2</u>, and (ii) copies of any renewals, replacement or endorsements of or to the policies (and, in the case of renewals or replacements, at least 15 days before the expiration of the corresponding existing policy).

Carriers; Policy Provisions. All insurance policies referred to in Section 8.2 that 8.3. are carried by Facility Users subject to this MOP shall be maintained with insurance companies of recognized standing and with an A.M. Best rating of A/XII or better. Each insurance policy referred to in Section 8.2 shall also, whether under the express provisions of the policy, by LAWA's own endorsement form or by other endorsement attached to the policy, include LAWA, the Board and all of LAWA's officers, employees, and agents, as additional named insureds for all purposes of the policy. Each insurance policy referred to in Section 8.2 (other than policies for workers' compensation, employers' liability and fire and extended coverages) shall contain (a) a "Severability of Interest (Cross Liability)" clause stating "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 (b) a "Contractual Endorsement" stating "Such insurance as is afforded by this policy shall also apply to liability assumed by the insured under its use of property at Van Nuys Airport." Each insurance policy referred to in Section 8.2 shall provide that the insurance provided under the policy shall not be subject to cancellation, reduction in coverage, or nonrenewal except after written notice, at least 30 days before the effective date, by certified mail, return receipt requested, to LAWA at its address specified in or under the provisions of Section 17.

9. Damage or Destruction.

- Facility User to Restore. If any Facility User's Areas are damaged or destroyed by fire or other casualty, then, whether or not (i) the damage or destruction shall have resulted from the fault or neglect of the Facility User or any other Person, or (ii) the insurance proceeds shall be adequate therefor, the Facility User will, unless otherwise requested by LAWA, repair the damage, and restore the Facility User's Areas at the Facility User's expense, promptly and expeditiously and with reasonable continuity, to the same or better condition as existed before the casualty and in such a manner as is otherwise consistent with this MOP and the Facility User's uses of the Facility User's Areas, in each case subject to all then existing Legal Requirements; provided, however, that any such repair and restoration obligation of the Facility User shall be contingent upon LAWA's repair and restoration of the Airport Facility as a whole and all structural components of the Facility User's Areas if necessary. Any repair or restoration by the Facility User of the Facility User's Areas following a casualty shall be considered an Alteration for the purposes of Section 4. If as a result of the repairs or restoration, a new certificate of occupancy shall be necessary for the Facility User's Areas, the Facility User will obtain and deliver to LAWA a temporary or final certificate of occupancy before the damaged portions of the Facility User's Areas shall be used for any purpose.
- 9.2. <u>Facility User to Give Notice</u>. Facility Users subject to this MOP will give LAWA notice in case of material damage or destruction to the Facility User's Areas promptly after the Facility User becomes aware of the event.

10. Eminent Domain.

- 10.1. <u>Total Taking</u>. If there shall occur a whole or partial Taking (other than for temporary use) of any Airport Facility, this MOP shall be either modified or cease to be in effect with respect to the affected Airport Facility at the discretion of the eventual owner.
- 10.2. <u>Awards</u>. Whether there is a whole or partial Taking, Facility Users subject to this MOP shall not be entitled to receive any portion of LAWA's award in any proceeding relating to any Taking, whether temporary, partial, or whole.

11. No Purported Assignment or Subletting; Sub-Users.

- 11.1 No Property Rights, No Assignment. Because Facility Users subject to this MOP have no property rights in any property at any Airport Facility subject to this MOP, Facility Users subject to this MOP may not attempt to assign, mortgage, encumber sublet, license, nor sublicense the Airport Facility used pursuant to this MOP or any part thereof. Any such purported assignment, mortgage, encumbrance, license, subletting, or sublicensing is void. Notwithstanding the provisions of this Section 11, and without granting any property right or interest in the Facility User's Areas used pursuant to this MOP, in the event the Facility User purports to license, sublet, or sublicense any portion of its Facility User's Areas, the licensee, sublessee, or sublicensee shall be subject to the same terms and conditions of this MOP as though it were an Facility User itself.
- 11.2. A third party ("Sub-User") may occupy a Facility User's Areas provided that: (i) such occupancy by a third party shall be pursuant to a written agreement between the Facility User and the Sub-User, and such agreement shall be subject to the Executive Director's prior written consent as described herein; (ii) the use of said Facility User's Areas by any such Sub-User must be consistent with the use authorized herein and the prospective Sub-User must agree to execute City's Consent to Sub-Use Agreement; (iii) notwithstanding any term that may be specified in such sub-use agreement, such sub-use shall terminate immediately upon City's termination of Facility User's right to use the Facility User's Area; (iv) with respect to the sub-used area, the Facility User and Sub-User shall be jointly and severally liable to City for compliance with the terms and conditions of this MOP. A request by Facility User for a sub-use by a third party shall be submitted to City in writing along with a fully executed copy of the proposed sub-use agreement, as well as a copy of all contracts or writings which set forth payments from sub-user(s) to Lessee and/or which describe the acts or services to be performed by or for the sub-user(s) in connection with the Facility User's Areas. Facility User shall promptly advise City of early termination of a sub-use agreement.
- 11.3. It shall not be deemed to be an unreasonable restraint by the City, as a condition to the Consent to Sub-Use, for City to require that Facility User pay to City a percentage, to be negotiated, of any monetary or other economic consideration received by Facility User as a result of the sub-use over and above the amount of Facility User's charges and other payments due City pursuant to the MOP.

12. Pipes, Ducts and Conduits; Access to Airport Facility areas, etc.

12.1. Pipes, Ducts and Conduits. LAWA may, at its discretion, erect, use and maintain pipes, ducts and conduits in and through the Airport Facility.

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- 12.2. LAWA's Access to Facility User's Areas. Because Facility Users subject to this MOP have no property rights in the Facility User's Areas, LAWA, its officers, employees, agents and contractors may enter the Facility User's Areas at any time, upon reasonable notice, for the purpose of (i) inspecting the Facility User's Areas and making repairs, restorations or alterations, (ii) inspecting the Facility User's Areas or exhibiting them to prospective tenants or other users, or (iii) doing any other act or thing that LAWA may be obligated or have the right to do.
- 12.3. Emergency Access to Facility User's Areas. If no authorized representative of the Facility User shall be personally present to when LAWA, its officers, employees, agents and contractors, seek to enter the Facility User's Areas and such an entry shall be urgently necessary by reason of fire or other emergency, LAWA may forcibly enter the Facility User's Areas without rendering LAWA liable therefor, if, to the extent possible and during and following the entry, LAWA will accord due care to the Facility User's property under the emergency circumstances. LAWA will notify the Facility User of any emergency entry as soon thereafter as practicable.
- 12.4. Changes to Airport Facility. LAWA may, at its discretion, change the arrangement, design, number and location of entrances, passageways, doors, doorways, corridors, elevators, stairways, restrooms, roads, sidewalks, landscaping and other parts of the Facility User's Areas and the Airport, although LAWA will attempt to avoid unreasonable interference or impairment of the Facility User's use of the Facility User's Areas, except with reasonable notice to the Facility User of the changes.
- 13. *MOP Violations*. If any one or more of the following events shall occur (each being referred to as a "MOP Violation"):
 - a. if the Facility User shall fail to pay any installment of Base Charge or any additional charge on the date the same becomes due and payable and the failure shall continue for more than three days after payment is due; or
 - b. if the Facility User shall fail to perform or comply with the provisions of Section 5, and the failure shall continue for more than the number of days specified for the cure thereof in any notice from LAWA to the Facility User of the failure; or
 - c. if any insurance required to be maintained by the Facility User under the terms of <u>Section 8</u> shall be cancelled or terminated or shall expire (and if replacement insurance complying with the terms of <u>Section 8</u> shall not have been effected prior to the cancellation, termination or expiration), or shall be amended or modified, except, in each case, as permitted by the terms of <u>Section 8</u>; or
 - d. if the Facility User shall fail to perform or comply with any term of this MOP (other than those referred to in <u>clauses (a)</u> through <u>(c)</u> of this sentence) and the failure shall continue for more than ten days; or
 - e. if the Facility User shall (i) file, or consent by answer or otherwise to the

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filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, (ii) make an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts when due, (iii) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or of any material part of its properties, (iv) be adjudicated insolvent or be liquidated, or (v) take corporate action for the purpose of any of the foregoing; or

- f. if a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the Facility User, a custodian, receiver, trustee or other officer with similar powers with respect to the Facility User or with respect to any material part of its property, or if an order for relief shall be entered in any case or proceeding for liquidation or reorganization or otherwise to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Facility User, or if any petition for any such relief shall be filed against the Facility User and the petition shall not be dismissed within 30 days; or
- g. if the Facility User shall leave the Facility User's Areas without a demonstrable intention to return, whether or not the Facility User continues to pay the Base Charge and additional charges in a timely manner; or
- h. if the Facility User or any of its Affiliates shall be in material breach of the terms of any other tariff imposed by LAWA or any lease, license, permit or contract to which LAWA shall be a party; or
- i. if the Facility User shall fail to remit when due to LAWA any Passenger Facility Charges;

the Facility User's hall be considered in violation of the MOP and may be removed from any of its Facility User's Areas without further notice, except that LAWA, in its discretion, may permit a good faith effort by the Facility User either to comply immediately with the terms of this MOP or to bring itself into compliance with the terms of this MOP within a reasonable period of time. In the event LAWA does not choose to exercise such discretion to permit the continued use of the Facility User's Areas, the Facility User will pay, as an additional charge under this MOP, all reasonable costs and expenses incurred by or on behalf of LAWA (including, without limitation, reasonable attorneys' fees and expenses) occasioned by any violation by the Facility User of this MOP. If a MOP Violation shall occur, LAWA may immediately apply all amounts held by LAWA under any Performance Guaranty toward amounts then payable by the applicable Facility User to LAWA. In the event of a removal of the Facility User from the Facility User's Areas at the expense of the Facility User, LAWA may store any Facility User's Property so removed from the Facility User's Areas. LAWA shall be under no liability for or by reason of the Facility User's Property's removal.

14. Performance Guaranty.

14.1. <u>Initial Performance Guaranty</u>. It shall be a condition to the use of any Airport Facility under this MOP that the Facility User shall have previously delivered a security deposit (the "<u>Performance Guaranty</u>") to LAWA at the following address:

Los Angeles World Airports Attn: Accounting/Revenue FPG Administrator P. O. Box 92216 Los Angeles, CA 90009-2216

In the alternative, Facility User may courier the Performance Guaranty to:

Los Angeles World Airports Attn: FPG Administrator 6053 W Century Blvd 5th Floor Los Angeles, CA 90045 (424) 646-7610

The initial amount of the Performance Guaranty shall be the amount reflected on the Basic Information Schedule as the "Performance Guaranty Amount", which is three times the sum of the amount of the initial estimated monthly installments of Base Charge and any other additional charges. The Performance Guaranty must be in the form of an irrevocable bank letter of credit that meets the requirements of Section 14.1.1 below, provided that if the Performance Guaranty is for an amount equal to or greater than \$5,000.00, the Performance Guaranty may be in the form of a cashier's check; in either case, such irrevocable letter of credit or cashier's check must have been issued by a bank satisfactory to LAWA. The Performance Guaranty shall not be in lieu of any other guaranty required by LAWA, nor shall any other guaranty in favor of LAWA relating to any obligation of the Facility User, whether in connection with this MOP or otherwise, stand wholly or partly in lieu of the Performance Guaranty.

- 14.1.1. <u>Letter of Credit Requirements</u>. A Performance Guaranty in the form of a letter of credit must meet all of the following requirements:
- a. The letter of credit shall be an irrevocable, stand-by Letter of Credit, issued by a U.S. Bank;
 - b. The letter of credit shall have a minimum term of one (1) year;
 - c. The letter of credit shall allow for partial and multiple drawings;
- d. The letter of credit shall name the City of Los Angeles, Department of Airports, as beneficiary;
 - e. The letter of credit shall state on its face the following exact language:

"This Letter of Credit is available for drawings in favor of the City of Los Angeles upon City's presentation of the original Letter of Credit and a statement, purportedly signed by the Executive Director of Department of Airports, or his/her authorized representative, stating: "(Your Company Name) has violated the terms of occupancy or the MONTHLY OCCUPANCY PERMIT for space at Van Nuys Airport."

e. The letter of credit shall be self-renewing and shall further state on its face the following exact language:

"This Letter of Credit shall be deemed automatically renewed on the expiration date stated and every expiration date thereafter, for an additional one-year period, unless the beneficiary is notified via certified mail, 60 days prior to said expiration date, that the letter of credit shall not be renewed."

- f. The letter of credit shall be in a form approved by the City Attorney.
- 14.2. <u>Increases to Performance Guaranty</u>. Whenever under the terms of this MOP the monthly amounts payable by the Facility User on account of Base Charge and all other additional charges increase, such that the amount of the aggregate cumulative increase shall exceed ten percent (10%) of the amount of the existing Performance Guaranty, the Facility User will, within 30 days of the delivery by LAWA of a notice requiring that the Performance Guaranty be increased, deliver a new Performance Guaranty to LAWA at the address specified in <u>Section 14.1</u> (or such other address as LAWA may from time to time specify for the purpose of this <u>Section 14.2</u>) in the amount of three times the sum of the amount of the then current monthly installments of Base Charge and all other additional charges payable under this MOP. Upon the application by LAWA of any portion of the Performance Guaranty under the terms of <u>Section 13</u>, the Facility User will immediately deliver a new Performance Guaranty to LAWA in the amount of the Performance Guaranty immediately before the application.
- 14.3. <u>Purpose; Return</u>. The Performance Guaranty shall be held by LAWA as security for the agreement by the Facility User to obey the rules and regulations of this MOP, including the payment of Base Charge and all other additional charges. After the permanent vacation of the Facility User's Areas by the Facility User, and provided it has satisfied all of its obligations to LAWA under this MOP, LAWA will return the unused portion (if any) of the Performance Guaranty to the Facility User within 60 days.
- 14.4 <u>Policy Change</u>. The Board reserves the right, power and duty to revise and readjust the Performance Guaranty policy and amount at any time throughout the Facility User's use of the Facility User's Areas. Upon the adoption of a revised Performance Guaranty policy by the Board, such policy shall be applicable to the Facility User.

15. Space Utilization.

- 15.1. <u>Policy</u>. Because the Airport is a public facility essential to regional and national transport and economy, as a matter of public policy LAWA requires that space at the facilities of the Airport be fully utilized.
- 15.2. <u>Underutilization</u>. If LAWA determines that any portion of the Facility User's Areas are not being utilized, and is not likely to become fully utilized within a reasonable period of time to the extent required by the "<u>Utilization Standards</u>" issued by the Executive Director as may be amended from time to time, LAWA may seek and incorporate other Persons to utilize

fully the underutilized Facility User's Areas (the "Underutilized Space"). If within 30 days following the delivery of the notice the Facility User subject to this MOP fails to adequately demonstrate to the satisfaction of LAWA that the Underutilized Space is then being, and reasonably anticipated to continue being, utilized to the extent required by the Utilization Standards, LAWA may deliver to the Facility User a notice that it is in violation of this MOP and may be removed from the underutilized Facility User's Areas on a date specified in the notice and not less than 30 days following the date on which the notice is delivered. If LAWA so elects under this Section 15.2, (i) the Facility User will vacate the Underutilized Space on the date specified in LAWA's notice of election in the condition required by the provisions of this MOP, (ii) the Underutilized Space shall be eliminated from the Facility User's Areas, (iii) the Base Charge shall be recalculated after subtracting the square footage of the Underutilized Space from the square footage of the Facility User's Areas immediately before the recapture, (iv) any other additional charge payable for any period from and after the date of the full utilization shall be appropriately adjusted, and (v) any necessary proration of Base Charge and all other additional charges will be made as if, for the Underutilized Space, the date of the full utilization was the last day of the month.

15.3. Cancellation upon Cessation of Service.

- 15.3.1. If the Facility User for any reason does not have a valid agreement or license with LAWA to do business on Airport property, LAWA may immediately remove the Facility User from any Facility User's Areas. In such event, (i) the Facility User will surrender the Facility User's Areas as soon as practicable, in the condition required by the provisions of this MOP, and (ii) the Base Charge and all additional charge will be prorated as of the date of vacancy.
- 16. End of Use. Upon its vacancy of the Facility User's Areas, the Facility User will leave the premises broom clean, in good order and in the condition required by the provisions of this MOP, ordinary wear and tear excepted.
- 17. Notices. Any notice or other communication required or permitted to be given, rendered or made by either party to the other, by any provision of this MOP or by any applicable law or requirement of public authority, shall (unless otherwise expressly set forth herein) be in writing and shall be deemed to have been properly given, rendered or made, if delivered by hand or received by certified mail, postage prepaid, return receipt requested, or delivered by nationally recognized overnight courier service, delivery service prepaid, or delivered by telecopier, in any case addressed as follows:

If to LAWA:

Department of Airports
1 World Way
Post Office Box 92216
Los Angeles, California 90009-2216
Attention: Executive Director

Telecopier No. (310) 646-0523

with a copy to:

Department of Airports
1 World Way
Post Office Box 92216
Los Angeles, California 90009-2216
Attention: City Attorney

Telecopier No. (310) 646-9617

and with an electronic copy to < <u>CDG-Tenant-Notices@lawa.org</u>>.

If to the Facility User:

to the addresses shown on the Basic Information Schedule under the heading "Facility User Addresses for Notices"

LAWA or the Facility User may from time to time, by notice, designate a different or additional address within the United States or attention designation for communications intended for it. Any notice or other communication given by certified mail shall be deemed given as of the date of delivery as indicated on the return receipt, or when the delivery is first refused. Any notice or other communication delivered by a nationally recognized overnight courier service shall be deemed delivered on the Business Day following the day upon which the notice or other communication was delivered to the courier. Any notice or other communication delivered by telecopier shall be deemed delivered when the transmission is actually received, if received during normal business hours, otherwise the notice or other communication, if received, shall be deemed delivered on the following Business Day. Any notice or other communication may be given on behalf of LAWA or the Facility User by their respective attorneys, provided that the attorneys represent their capacity as such in the notice or other communication.

18. Utilities.

18.1. Facility User Responsible. Facility Users subject to this MOP shall be responsible for the payment of all costs of furnishing utilities to the Facility User's Areas (including all charges for water, gas, heat, light, power, telephone, and other utility service used by the Facility User in connection with its use of the Facility User's Areas), including deposits, connection fees and meter installation and rentals required by the supplier of any utility service, and the costs of all equipment and improvements necessary for connecting the Facility User's Areas to utility service facilities. If LAWA agrees that it is impracticable to separately meter a given utility for the Facility User's Areas, then the Facility User shall pay to LAWA, as an additional charge, on a pro-rata per square foot basis, for all utilities that are supplied by LAWA to the Facility User's Areas, at charges which will reflect fully compensatory, non-discriminatory, standard rates established by LAWA from time to time. The Facility User shall also be responsible for the payment of any and all taxes of whatever character that may be levied or charged upon the Facility User's Areas for furnishing utilities to the Facility User's Areas.

- 18.2. <u>LAWA Not Liable</u>. LAWA will not be liable to the Facility User for any failure, defect, impairment or deficiency in the supply of any utility service furnished to the Facility User's Areas or in any system supplying the service.
- 18.3. <u>Interruptions of Service</u>. LAWA has the right to interrupt the services provided by the Airport Facility's heating, ventilation, air conditioning, elevator, plumbing and electrical systems or other Airport Facility systems when necessary by reason of accident or emergency or for repairs, alterations, replacements or improvements.
- 19. Rights of Flight. LAWA has, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Facility User's Areas, including the right to cause any noise and vibration inherent in the operation of any aircraft through the airspace or landing at, taking off from, or operating at the Airport. The Facility User will not to make any claim against LAWA under any theory of recovery for any interference with the Facility User's use of the Facility User's Areas that may result from noise or vibration emanating from the operation of aircraft at the Airport.

20. Airport Management.

- 20.1. Authority of LAWA at Airport. The Airport is a public facility essential to regional and national transport and economy and LAWA is a political subdivision with a public responsibility for the proper functioning of the Airport. In order to carry out its responsibilities (including its obligations to comply with the requirements of the Federal Aviation Administration, the U.S. Transportation Security Administration, and other Legal Requirements), LAWA must therefore have broad power to regulate activities in the Airport. Accordingly, LAWA may from time to time adopt rules and regulations, and may make other specific orders, for the conduct of operations at the Airport. Facility Users subject to this MOP shall at all times comply with any rules and regulations from time to time so adopted and any specific orders so made by LAWA (and of which the Facility User shall have received a copy in writing), provided only that the rules and regulations are adopted, and the orders made, by LAWA in the good faith discharge of its public responsibilities and do not unreasonably discriminate against the business operations of the Facility User.
- 20.2. <u>Major Changes</u>. LAWA may make any change to the Airport that LAWA determines may be necessary or desirable. Facility Users subject to this MOP acknowledge that LAWA may undertake various improvements to the Airport during the Facility User's use of the Facility User's Areas, and that the construction of the improvements may interfere with the Facility User's operations at the Facility User's Areas. LAWA will reasonably attempt to mitigate the effects on the Facility User's operations.
- 21. No Representations. By virtue of use under this MOP, the Facility User accepts the Facility User's Areas "as is", in their condition and state of repair existing on the date that the Facility User begins to use the Airport Facility subject to this MOP. LAWA makes no representations, express or implied, as to the current condition of the Airport or the Facility User's Areas, or the equipment and systems serving the Airport Facility, the Airport or the Facility User's Areas.

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- 22. Communications Equipment and Antennae. Facility Users subject to this MOP have no right to install or use any telecommunications equipment or antennae on the roof or exterior of the Airport Facility, unless (a) the installation and use are directly related to the conduct of the Facility User's business at the Facility User's Areas and are in full compliance with LAWA's permit process and telecommunications policies, as established in the discretion of LAWA, and (b) the installation is effected in compliance with the requirements of Section 4. The Facility User will not purport to license or in any other manner attempt to permit any other Person to use any telecommunications equipment or antennae at the Airport Facility. LAWA maintains the right to install or use telecommunications equipment or antennae on the roof or exterior of the Facility User's Areas and to install and attach cables, wires and conduits on, over or under the Facility User's Areas in connection with telecommunications equipment or antennae, or to license or otherwise permit others to do so, without compensation or a credit to the Facility User.
- 23. Signs and Advertising Materials. Except as set forth in this Section 23, Facility Users subject to this MOP will not place any signs or advertising materials in any location at the Airport Facility without the prior consent of LAWA, which consent may be withheld in the discretion of LAWA. Facility Users shall further comply with the prevailing Van Nuys Airport Signage Guidelines, as such guidelines may be amended from time to time. Any request for the approval of identification signs for the Facility User's operations shall be accompanied by illustrative drawings and design dimensions together with information about the type of identification signs proposed by the Facility User and the locations in which the signs are proposed to be installed. The Facility User will comply with any conditions to the installation or use of signs to which LAWA may make its consent subject. LAWA may without notice remove any unauthorized signs or advertising materials, and may store them at the Facility User's expense, and may dispose of them if they are not promptly claimed by the Facility User after notice from LAWA.

24. Other Facility User Restrictions.

24.1. Environmental Matters.

24.1.1 Hazardous Materials. The Facility User's activities at or about the Facility User's Areas and the Application of all Hazardous Materials shall comply at all times with all Environmental Requirements. Except for conditions existing before the original occupancy or use of the Facility User's Areas by the Facility User, in the case of any the spill, leak, discharge, or improper storage of any Hazardous Materials on the Facility User's Areas or contamination of the Facility User's Area with Hazardous Materials by any Person (or by the Facility User or its employees, agents, contractors, or subcontractors onto any other property at the Airport), the Facility User will make or cause to be made any necessary repairs or corrective actions as well as to clean up and remove any spill, leakage, discharge or contamination, all in accordance with applicable Environmental Requirements. Prior to vacating the Facility User's Areas the Facility User will remove from the Facility User's Areas all Hazardous Materials applied by the Facility User at the Facility User's Areas. If the Facility User installs or uses Hazardous Materials, storage tanks, pipelines, or other improvements on the Facility User's Areas for the storage, distribution, use, treatment, or disposal of any Hazardous Materials, the Facility User will, prior to vacating the Facility User's Areas, remove or clean up such

improvements and Hazardous Materials, at the election of LAWA, at the sole expense of the Facility User and in compliance with all Environmental Requirements and the reasonable directions of LAWA. The Facility User shall be responsible and liable for the compliance with all of the provisions of this Section 24.1 by the Facility User's officers, employees, contractors, agents and invitees. The Facility User will, at its expense, promptly take all actions required by any governmental agency in connection with the Facility User's Application of Hazardous Materials at or about the Facility User's Areas, including inspection and testing, performing all cleanup, removal and remediation work required for those Hazardous Materials, complying with all closure requirements and post-closure monitoring, and filing all required reports or plans. All of the foregoing work and all Application of Hazardous Materials shall be performed in a good, safe and workmanlike manner by personnel qualified and licensed to undertake the work and in a manner that will not materially interfere with LAWA's use, operation and leasing of the Facility User's Areas or the Airport and other Persons' quiet enjoyment of their premises. The Facility User will deliver to LAWA copies of all permits, manifests, closure or remedial action plans, notices, and all other documents relating to the Facility User's Application of Hazardous Materials at or about the Facility User's Areas, before delivery to any agency, or promptly after receipt from any agency. The Facility User will keep LAWA fully informed of its Application of Hazardous Materials, and, if the Facility User Applies Hazardous Materials, LAWA may engage one or more consultants to review all permits, manifests, remediation plans and other documents related to the Application of the Hazardous Materials. LAWA's reasonable out-of-pocket costs of engaging the consultants will be paid by the Facility User.

- 24.1.2. Storm Water Pollution Prevention. The Facility User shall abide by all regulations pertinent to storm water pollution prevention, including using Best Management Practices (BMPs) to protect storm water inlets from contaminated discharges, and promptly mitigating any discharges to the satisfaction of the regulatory agencies and LAWA.
- 24.1.3. <u>Air Quality Management</u>. The Facility User shall obtain and abide by all permit conditions related to the use of stationary or mobile equipment that require permitting per the CA Air Resources Board or the local Air Pollution Control District Requirements.
- 24.2. Security. The Facility User will fully comply with all Legal Requirements relating to airfield and airport security. The Facility User will maintain and keep in good repair that portion of the Airport perimeter fence, including gates and doors, that are in the Facility User's Areas or controlled by the Facility User. The Facility User will comply fully with applicable provisions of the Transportation Security Administration ("TSA") Regulations, 49 CFR, Part 1500 through 1550, as may be amended from time to time, or any successor statute, including the establishment and implementation of procedures acceptable to LAWA to control access from the Facility User's Areas to air operation areas in accordance with the Airport Security Program required by 49 CFR Part 1542, as may be amended from time to time, or any successor statute. The Facility User will exercise exclusive security responsibility for the Facility User's Areas. Without limiting the generality of the foregoing, the Facility User will

keep gates and doors in the Facility User's Areas and that permit entry to restricted areas at the Airport locked at all times when not in use or under the Facility User's constant security surveillance. The Facility User will report gate or door malfunctions that permit unauthorized entry into restricted areas to LAWA's operations center without delay, and the Facility User will maintain the affected gate or door under constant security surveillance until repairs are affected by the Facility User or LAWA and the gate or door is properly secured. The Facility User will pay all civil penalties levied by the Federal Aviation Administration for violation of Federal Aviation Regulations pertaining to security gates or doors in the Facility User's Areas or otherwise controlled by the Facility User.

24.3. <u>Business Tax Registration</u>. If it has not already done so, prior to using the Airport Facility, the Facility User will register its business with the office of the City Clerk of the City of Los Angeles and will obtained and presently holds a Business Tax Registration Certificate, or a Business Tax Exemption Number, required by the Business Tax Ordinance (Article I, Chapter 2, Sections 21.00 and following, of the Municipal Code of the City of Los Angeles). The Facility User will maintain, or obtain as necessary, all certificates required of the Facility User under that ordinance, and shall not allow any such certificate to be revoked or suspended while using the Airport Facility.

24.4. Noise.

- 24.4.1. Facility User shall comply with the terms of the Van Nuys Noise Abatement and Curfew Regulation, as amended, as set forth in Los Angeles Ordinance Nos. 155727, 171889 and 173215, which is incorporated herein by this reference. Copies of the Ordinances have been attached to this MOP for the convenience of the parties on the Van Nuys Airport Noise Ordinances, Exhibit I. Upon request from City with regard to its noise investigations, Facility User agrees to cooperate with City in its efforts to identify any pilot, operator and/or aircraft owner that is the subject of City's investigations.
- 24.4.2. Facility User fully understands City's desire and goal to eliminate both the use and hangaring of all Stage I and Stage 2 aircraft at Airport. The restrictions contained herein are recognized by the parties hereto as steps toward accomplishing this noise mitigation goal.
- 24.4.3. Facility User specifically agrees that City shall not be liable or responsible to Facility User for any damage, injury, economic loss or deprivation which may develop or arise by reason of any existing noise abatement requirements or any future aircraft access, aircraft phase-out, noise abatement or noise curfew ordinances adopted by City at Van Nuys Airport. Facility User agrees not to institute any legal action or make any claims with regard to any such City noise reduction or abatement ordinances.

24.5. Nondiscrimination and Equal Employment Practices.

24.5.1. <u>Federal Non-Discrimination Provisions</u>. To the extent required by law, notwithstanding any other provision of this MOP and without implying any property right in the Airport Facility, the Facility User agrees to maintain and operate such facilities and services in

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compliance with all requirements imposed pursuant to 49 CFR, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

24.5.2. City Non-Discrimination Provisions.

- a. <u>Non--Discrimination In Use Of Facility User's Areas</u>. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition in the transfer, use, occupancy, tenure, or enjoyment of the Facility User's Areas or any operations or activities conducted on the Facility User's Areas. Nor shall the Facility User or any person claiming under or through the Facility User establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of the Facility User or vendees of the Facility User's Areas.
- b. <u>Non-Discrimination In Employment</u>. The Facility User obligates itself not to discriminate against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status, domestic partner status, or medical condition. The Facility User will take affirmative action to insure that applicants for employment are treated without regard to the aforementioned factors and will 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.
- c. Equal Employment Practices. If the total payments made to LAWA under this MOP are \$1,000 or more, this provision shall apply. While the Facility User is making payments pursuant to this MOP, the Facility User will comply with Section 10.8.3 of the Los Angeles Administrative Code ("Equal Employment Practices"), a copy of which is attached hereto for convenience as Exhibit A. By way of specification but not limitation, under Sections 10.8.3.E and 10.8.3.F of the Los Angeles Administrative Code, the failure of the Facility User to comply with the Equal Employment Practices provisions of this MOP may be deemed to be a violation of this MOP. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to the Facility User. Upon a finding duly made that the Facility User has failed to comply with the Equal Employment Practices provisions of this MOP, said failure shall be considered a violation of this MOP.
- d. Affirmative Action Program. If the total payments to LAWA under this MOP are \$100,000 or more, this provision shall apply. During the performance of this MOP, the Facility User will comply with Section 10.8.4 of the Los Angeles Administrative Code ("Affirmative Action Program"), a copy of which is attached hereto for convenience as Exhibit B. By way of specification but not limitation, under Sections 10.8.4.E and 10.8.4.F of the Los Angeles Administrative Code, the failure of the Facility User to comply with the Affirmative Action Program provisions of this MOP constitutes a violation of this MOP. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to the Facility User. Upon a finding duly made that the

Facility User has failed to comply with the Affirmative Action Program provisions of this MOP, said failure shall be considered a violation of this MOP.

24.6. <u>Taxes</u>, <u>Permits and Licenses</u>. The Facility User will pay any and all taxes of whatever character that may be levied or charged upon the Facility User's Areas, or upon the Facility User's improvements, fixtures, equipment, or other property thereon or upon the Facility User's use thereof. The Facility User will also pay all license or permit fees necessary or required by law or regulation for the conduct of the Facility User's business or use of the Facility User's Areas.

24.7. Living Wage Ordinance

24.7.1. General Provisions; Living Wage Policy. This MOP is subject to the Living Wage Ordinance ("LWO"), Section 10.37, et seq., of the Los Angeles Administrative Code, a copy of which is attached hereto for convenience as Exhibit C. The LWO requires that, unless specific exemptions apply, any employees of the Facility User or licensees of property of the City of Los Angeles who render services on the Facility User's Areas are covered by the LWO if any of the following applies: (1) the services are rendered on the Facility User's Areas at least a portion which are visited by substantial numbers of the public on a frequent basis, (2) any of the services could feasibly be performed by City of Los Angeles employees if the awarding authority had the requisite financial and staffing resources, or (3) the designated administrative agency of the City of Los Angeles has determined in writing that coverage would further the proprietary interests of the City of Los Angeles. Employees covered by the LWO are required to be paid not less than a minimum initial wage rate, as adjusted each year. The LWO also requires that employees be provided with at least 12 compensated days off per year for sick leave, vacation, or personal necessity at the employee's request, and at least ten (10) additional days per year of uncompensated time under Section 10.37.2(b). The LWO requires employers to inform employees making less than twelve dollars per hour of their possible right to the federal Earned Income Tax Credit and to make available the forms required to secure advance Earned Income Tax Credit payments from the employer under Section 10.37.4. The Facility User will permit access to work sites for authorized representatives of the City of Los Angeles to review the operation, payroll, and related documents, and to provide certified copies of the relevant records upon request by the City of Los Angeles. Whether or not subject to the LWO, the Facility User will not retaliate against any employee claiming non-compliance with the provisions of the LWO, and, in addition, under Section 10.37.6(c), the Facility User will comply with federal law prohibiting retaliation for union organizing.

24.7.2. Living Wage Coverage Determination. An initial determination has been made that this MOP is not exempt from coverage by the LWO. The Living Wage Coverage Determination Form reflecting that initial determination is attached to this MOP as Exhibit D. Determinations as to whether this MOP is covered by the LWO, or whether an employer or employee are exempt from coverage under the LWO are not final, but are subject to review and revision as additional facts are examined and other interpretations of the law are considered. In some circumstances, applications for exemption must be reviewed periodically. The City of Los Angeles will notify the Facility User in writing about any redetermination by the City of Los Angeles of coverage or exemption status. To the extent the Facility User claims non-coverage or

exemption from the provisions of the LWO, the burden shall be on the Facility User to prove the non-coverage or exemption.

- 24.7.3. Compliance. If the Facility User is not initially exempt from the LWO, the Facility User will comply with all of the provisions of the LWO, including payment to employees at the minimum wage rates, effective on the Commencement Date, and will execute the Declaration of Compliance Form attached to this MOP as Exhibit E, contemporaneously with the execution of this MOP. If the Facility User is initially exempt from the LWO, but later no longer qualifies for any exemption, the Facility User will, at such time as the Facility User 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 MOP and LAWA shall be entitled to terminate Facility User's use of space in any Airport Facility and otherwise pursue legal remedies that may be available, including those set forth in the LWO, if the City of Los Angeles determines that the Facility User 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 MOP. Nothing in this MOP shall be construed to extend the time periods or limit the remedies provided in the LWO.
- 24.8. Service Contractor Workers Retention Ordinance. This MOP may be subject to the Service Contractor Worker Retention Ordinance ("SCWRO"), Section 10.36, et seq., of the Los Angeles Administrative Code, a copy of which is attached for convenience as Exhibit F. If applicable, the Facility User must also comply with the SCWRO which requires that, unless specific exemptions apply, all employers under contracts that are primarily for the furnishing of services to or for the City of Los Angeles and that involve an expenditure or receipt in excess of \$25,000 and a contract term of at least three months shall provide retention by a successor contractor for a 90-day transition period of the employees who have been employed for the preceding twelve 12 months or more by the terminated contractor or subcontractor, if any, as provided for in the SCWRO. Under the provisions of Section 10.36.3(c) of the Los Angeles Administrative Code, the City of Los Angeles has the authority, under appropriate circumstances, to terminate the Facility User's use of space in any Airport Facility at the Airport and otherwise pursue legal remedies that may be available if the City of Los Angeles determines that the Facility User violated the provisions of the SCWRO.
- 24.9. Child Support Orders. This MOP is subject to Section 10.10, Article I, Chapter 1, Division 10 of the Los Angeles Administrative Code related to Child Support Assignment Orders, a copy of which is attached for convenience as Exhibit G. Under this Section, the Facility User (and any subcontractor of the Facility User providing services to LAWA under this MOP) will (1) fully comply with all State and Federal employment reporting requirements for the Facility User or the Facility User's subcontractor's employees applicable to Child Support Assignments Orders; (2) certify that the principal owners of the Facility User and applicable subcontractors are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230, et seq.; and (4) maintain compliance throughout the Facility User's use of the Facility User's Areas. Under Section 10.10(b) of the Los Angeles Administrative Code, failure of the Facility User or an applicable subcontractor to comply with all applicable reporting

requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owners of the Facility User or applicable subcontractors to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a violation of this MOP permitting LAWA to terminate Facility User's use of space in any Airport Facility where the failure shall continue for more than 90 days after notice of the failure to the Facility User by LAWA (in lieu of any time for cure provided elsewhere in this MOP).

- 24.10. <u>Visual Artists' Rights Act</u>. The Facility User will 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., (collectively, "<u>VARA</u>") on or about the Facility User's Areas without first obtaining a written waiver from the artist of all rights under VARA, satisfactory to LAWA and approved as to form and legality by the City Attorney. The waiver shall be in full compliance with VARA and shall name LAWA as a party for which the waiver applies. The Facility User will not install, or causing to be installed, any piece of artwork covered under VARA at the Facility User's Areas without the prior approval and waiver of LAWA. Any work of art installed at the Facility User's Areas without such prior approval and waiver shall be deemed a trespass, removable by LAWA, upon three days' written notice, with all costs, expenses, and liability therefor to be borne exclusively by the Facility User.
- 24.11. <u>Contractor Responsibility Program</u>. The Facility User will comply with the provisions of the Contractor Responsibility Program adopted by the Board. The rules, regulations, requirements and penalties of the Contractor Responsibility Program and the Pledge of Compliance Form are attached to this MOP as <u>Exhibit H</u>.
- 25. *Definitions*. The terms defined in this <u>Section 25</u> shall have, for all purposes of this MOP, the meanings herein specified unless unambiguously required to the contrary by their context.

"Affiliate" means, as to any Person, any Person or group of Persons acting in concert in respect of the Person in question that, directly or indirectly, controls or is controlled by or is under common control with the Person in question. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used referring to any Person or group of Persons shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the Person or group, whether through the ownership of voting securities or by contract or otherwise.

"Airport" means Van Nuys Airport in Van Nuys, California.

"Airport Engineer" means the Chief Airports Engineer of the Airport from time to time, as successors to that position may be designated (by whatever title).

"Airport Facility" means any (i) building and associated land and (ii) land depicted in the MONTHLY OCCUPANCY PERMIT Coverage Area Map attached hereto as Schedule 2. When the context requires, use of the term "Airport Facility" may mean any building and/or land identified in Schedule 2.

"Apply," "Applied," or "Application" mean any installation, handling, generation, storing, treatment, application, use, disposal, discharge, manufacture, refinement, presence, migration, emission, abatement, removal, transportation, or any other activity of any type in connection with or involving Hazardous Materials by the Facility User or its officers, employees, contractors, assignees, agents or invitees.

"Base Charge" means the rental payable by the Facility User for the use of the Airport Facility in monthly installments as provided for in Section 2.1 and 2.2.

"Basic Information Schedule" means the schedule containing certain basic information relating to this MOP.

"Basic Rates" means the monthly amount, expressed in U.S. dollars per square foot of (i) Building Area; and (ii) Land Area, by which the Base Charge is computed under the terms of Section 2.

"Board" means the Board of Airport Commissioners of the Department of Airports of the City of Los Angeles, California.

"Building Area" means the Airport Facility building used substantially exclusively by a Facility User pursuant to this MOP, consisting of approximately the number of square feet of building space reflected on the Basic Information Schedule under the heading "Building Area".

"Business Day" means any day excluding Saturdays, Sundays, and any other day designated as a holiday under the federal laws of the United States or under the laws of the State of California or the City of Los Angeles.

"City Attorney" means the Office of the City Attorney of the City of Los Angeles.

"Commencement Date" means the first date on which a Facility User uses an Airport Facility pursuant to this MOP.

"CPI" means the Consumer Price Index for All Urban Consumers (CPI-U), as published from time to time by the U.S. Department of Labor, Bureau of Labor Statistics, for the Los Angeles-Riverside Orange County area, All Items (1982-84 = 100), or, if that index shall cease to be regularly published, such replacement index (adjusted for any difference in base year and absolute amount) as shall from time to time be published by the Bureau. If the U.S. Department of Labor ceases to publish such an index, LAWA will adopt in its place a comparable index published at the time of the cessation by a responsible financial periodical, if any. If there is no comparable index published by a responsible financial periodical, LAWA will adopt any other comparable index available, and make any adjustments required thereto to reflect the 1982-84 = 100 base year. In addition, if the method of calculating the consumer price index changes in any way, for the purposes of this MOP, the CPI shall be determined without giving effect to the new methods, and the CPI shall continue to be calculated in the manner as of the Commencement Date. Any adjustments to the CPI (if it is calculated differently) shall be made by LAWA, subject to the Facility User's right to reasonably approve the adjustments.

"CPI Change" means the percentage change in the CPI when comparing (a) the CPI in effect for the month of March immediately preceding the first day of the Valuation Year to (b) the CPI in effect for the month of March for the prior year.

"discretion" means sole and absolute discretion; any provision of this MOP referring to the exercise by LAWA or the Facility User of its discretion, whether in those words or words of similar import, shall (unless expressly subject to a different standard) permit the party exercising its discretion to do so in any manner and for any reasons it chooses, and, to the maximum extent permitted by law, the exercise of that discretion is not intended to be reviewable by any judicial or regulatory authority.

"Environmental Losses" means all costs and expenses of any kind (including remediation expenses), damages, fines and penalties incurred in connection with any violation of and compliance with Environmental Requirements and all losses of any kind attributable to the diminution of value, loss of use or adverse effects on marketability or use of any portion of the Facility User's Areas or the Airport.

"Environmental Requirements" means all present and future governmental statutes, codes, ordinances, regulations, rules, orders, permits, licenses, approvals, authorizations and other requirements of any kind applicable to Hazardous Materials.

"Executive Director" means the Executive Director of the Department of Airports of the City of Los Angeles, California, or his or her designee.

"<u>Facility User</u>" means a Person other than a government or political subdivision thereof or a governmental agency.

"Facility User's Areas" means the Airport Facility used substantially exclusively by a Facility User pursuant to this MOP, consisting of approximately the number of square feet of Land Area and Building Area, reflected on the Basic Information Schedule under the heading "Facility User's Areas".

"Facility User's Property" means all furniture, furnishings, office equipment, books, records, office supplies, computers and related equipment, audio-visual equipment, telephone systems and equipment, art work and rugs installed at or located in the Facility User's Areas at the expense of the Facility User and removable without damage to the Facility User's Areas that cannot be readily repaired.

"Guarantor" means, if the Facility User's obligations under this MOP have been guaranteed by any Person, the guarantor under the Guaranty.

"Guaranty" means the guaranty to and in favor of LAWA of the Facility User's obligations under this MOP, if the Facility User's obligations under this MOP have been guaranteed by any Person.

"Hazardous Materials" means any substance (i) that now or in the future is regulated or governed by, requires investigation or remediation under, or is defined as a hazardous waste, hazardous substance, extremely hazardous waste, hazardous material, hazardous chemical, toxic

chemical, toxic substance, cancer causing substance, substance that causes reproductive harm, pollutant or contaminant under any governmental statute, code, ordinance, regulation, action, case law, rule or order, and any amendment thereto, including the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. §9601 et seq., and the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq., (ii) that is toxic, explosive, corrosive, flammable, radioactive, carcinogenic, mutagenic, or otherwise hazardous, including aviation fuel, jet fuel, gasoline, diesel, petroleum hydrocarbons, polychlorinated biphenyls (PCBs), asbestos, radon and urea formaldehyde, (iii) the presence of which at the Facility User's Area causes or threatens to cause a nuisance at the Facility User's Area or adjacent property, or poses or threatens to pose a hazard to the health or safety of persons on or about the Facility User's Area or adjacent property, or (iv) the presence of which on adjacent property could constitute a trespass by the Facility User.

"herein", "hereof", "hereto", "hereunder" and similar terms contained in this MOP refer to this MOP as a whole and not to any particular Section, paragraph or provision of this MOP.

"including" and "include" mean including or include without limiting the generality of any description preceding that term; for the purposes of this MOP the rule of ejusdem generis shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to the matters specifically mentioned.

"Initial Valuation Date" means the dates as of which the valuation of the Airport Facility was last established, which are reflected on the Basic Information Schedule as the "Initial Valuation Date" for each of the Building Basic Rate and Land Basic Rate.

"Insurance Requirements" means all terms of any insurance policy covering the Facility User or covering or applicable to the Facility User's Areas or any part thereof, all requirements of the issuer of the policy, and all orders, rules, regulations and other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions) applicable to or affecting the Facility User's Areas or any part thereof or any use or condition of the Facility User's Areas or any part thereof.

"Land Area" means the Airport Facility land used substantially exclusively by a Facility User pursuant to this MOP, consisting of approximately the number of square feet of land reflected on the Basic Information Schedule under the heading "Land Area".

"LAWA" means the City of Los Angeles, acting by and through the Board of Airport Commissioners of its Department of Airports.

"Lease" means a written instrument under which a Facility User is entitled to exclusive possession of a portion of an Airport Facility, or a license to use in common with other Facility Users portions of an Airport Facility, or both, but does not include the possession, occupancy, or use of space in any Airport Facility reason of holding over (without the express written consent of LAWA, explicitly as to duration) after the expiration of the term specified in any instrument that would otherwise be a "Lease" for the purposes of this definition.

"Legal Requirements" means all laws, statutes, codes, acts, ordinances, charters, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions

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and requirements of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, foreseen or unforeseen, ordinary or extraordinary, that now or at any time hereafter may be applicable to the Facility User or to any Airport Facility, or to the Airport or any part thereof.

"MOP" means this MOP and the Schedules and Exhibits hereto, together with the Basic Information Schedule, as amended from time to time.

"MOP Year" means the fiscal year of LAWA, which is currently the year beginning on July 1 and ending on the following June 30, or any other fiscal year as may from time to time be adopted by LAWA.

"<u>Passenger Facility Charges</u>" means passenger facility charges required to be collected by the Facility User and remitted to LAWA under 14 C.F.R. Part 158 or any similar or successor Legal Requirement.

"<u>Person</u>" means a corporation, an association, a partnership, a limited liability company, an organization, a trust, a natural person, a government or political subdivision thereof or a governmental agency.

"Reimbursement Rate" means, as of any date of determination, the annual rate of interest equal to two per cent per annum in excess of the fixed rate of interest quoted in The Bond Buyer 25 Revenue Bond Index (or, if that index is no longer published, such successor or replacement index or similar index selected by LAWA) for fixed rate bonds having a term remaining to maturity of one year (with no credit enhancement) and bearing interest that is not excluded from gross income for federal income tax purposes.

"Stipulated Rate" means the rate of interest per annum equal to the lesser of (a) 20% and (b) the maximum rate permitted by applicable law.

"Taking" means a temporary or permanent taking by a government or political subdivision thereof or by a governmental agency (or by any other Person exercising the power of condemnation or eminent domain) for public or quasi-public use of all or any part of any Terminal, or any interest therein or right accruing thereto, including, without limitation, any right of access thereto existing on the date hereof, as the result of or in lieu of or in anticipation of the exercise of the right of condemnation or eminent domain. No recapture by LAWA of any portion of the Facility User's Areas, or exercise by LAWA of any similar right under the terms of this MOP, shall constitute a Taking.

"Taking Date" means, in connection with a Taking, the earlier of the date on which title vests due to the Taking and the date on which possession of the property affected by the Taking is required to be, or is, delivered to or at the direction of the condemning authority.

"<u>Unavoidable Delays</u>" means delays due to strikes, acts of God, interruption of services, enemy action, terrorist acts, civil commotion, shortages of labor or supply or other similar causes beyond the reasonable control of the party whose action is required; but lack of funds shall not be deemed a cause beyond the control of the Facility User.

"<u>Valuation Cycle</u>" means each of the successive five-year periods beginning with the Initial Valuation Date and ending on the day preceding each fifth successive anniversary of the Initial Valuation Date.

"Valuation Year" means each of the five successive one-year periods beginning with the Initial Valuation Date and ending on the day preceding each of the five successive anniversaries of the Initial Valuation Date.

26. Miscellaneous.

- 26.1. Entire MOP. This MOP governs the Facility User's use of any Airport Facility except pursuant to a Lease.
- 26.2. Rights Limited by Law. All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and are intended to be limited to the extent necessary so that they will not render this MOP invalid, illegal, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law. If any term of this MOP or any application thereof shall be invalid or unenforceable, the remainder of this MOP and any other application of the term shall not be affected.
- 26.3. Certain Statutes. No provision of this MOP shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act, 49 U.S.C. 40103(e) and 40107(a)(4) (Public Law 103-272). The Facility User waives any right or benefit in any way related to the Airport or its operations to which the Facility User would otherwise be entitled as a result of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 49 U.S.C. 4601, et seq. (Public Law 91-646), Title 1, Division 7, Chapter 16 of the California Government Code (Sections 7260, et seq.), or any other Legal Requirement conferring similar rights and benefits.
- 26.4. Approvals. Any approvals or consents required from or given by LAWA under this MOP shall be approvals of the Department acting as LAWA, 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 in the Facility User's Areas or maintenance of the Facility User's Area and the right to enact, amend or repeal Legal Requirements, including those relating to zoning, land use, and building and safety. Any requirement in this MOP that an approval or consent be not unreasonably withheld shall also be deemed to require that the approval or consent be obtained shall entitle the party whose approval or consent is required to withhold the approval or consent in its discretion. No approval or consent on behalf of LAWA will be deemed binding upon LAWA unless approved in writing as to form by the City Attorney.
- 26.5. <u>Time Periods</u>. Unless otherwise specified, any reference to "days" in this MOP shall mean calendar days. Time of performance shall be of the essence of this MOP, <u>provided</u> that whenever a day is established in this MOP on or by which either LAWA or the Facility User is required to perform any action (other than the Facility User's obligation to make any payment

of money required by this MOP), the time for performance shall be extended by the number of days (if any) during which the party whose performance is required is prevented from performing due to Unavoidable Delays.

- 26.6. Measurements. All measurements of the Facility User's Building Area shall be made (except as required to the contrary by the express terms of this MOP) under ANSI/BOMA Z65.1-1996 ("Standard for Measuring Floor Area in Office Buildings") or any other consistent methods from time to time adopted by the Airport Engineer. All measurements of land shall be made to City standards or any other consistent methods from time to time adopted by the Airport Engineer. If at any time the Airport Engineer concludes that any measurement proves to have been incorrect, LAWA will promptly disclose the inaccuracy to the affected Facility User, and LAWA and the affected Facility User will promptly make such payments to the other as may be necessary to correct retroactively for the economic effect of the error.
- 26.7. Certain Exhibits and Deliveries. Exhibits to this MOP consisting of provisions of ordinances and the Administrative Code of the City of Los Angeles are attached to this MOP only as a matter of convenience. In the event of a conflict between the Exhibits to this MOP and the official text of the ordinance or Administrative Code provision, the official text shall govern. In order to illustrate the computation of the Base Charge and other financial matters relevant to this MOP, LAWA has delivered or may deliver to the Facility User sample calculations in written or electronic form. In the event of a conflict between the sample calculations and the terms of this MOP, the terms of this MOP shall govern.
- 26.8. Other Agreements not Affected. The provisions of this MOP shall apply only to the Facility User's Area and shall not modify in any respect any of the rights or obligations of LAWA or the Facility User under any other MOP or other agreement between them. Except as expressly provided in this MOP, no third-party is intended to be a beneficiary of the provisions of this MOP.
- 26.9. <u>Subordination to Government Agreements</u>. The Facility User's rights under this MOP shall be subordinate to the provisions of any existing or future agreement between LAWA and the United States relating to the development, operation, or maintenance of the Airport.
- 26.10. <u>Captions</u>, etc. The captions, table of contents and cover page of this MOP are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.
- 26.11. Waiver of Trial by Jury. Facility Users subject to this MOP do hereby waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other relating to any matters arising out of or in any way connected with this MOP, the relationship of LAWA and the Facility User, the Facility User's use of the Facility User's Areas, or any other claims (except claims for personal injury or property damage) or any other statutory remedy.
- 26.12. <u>Survival of Obligations</u>. Unless expressly provided to the contrary, the obligations of a Facility User hereunder shall survive, to the extent previously accrued, the vacation of Facility User's Areas by any Facility User subject to this MOP.
- 26.13. Governing Law. Irrespective of the place of execution or performance, this MOP shall be governed by and construed and enforced in accordance with the laws of the State of

California.

- 26.14. <u>Interpretation</u>. Any references in this MOP to a specific Legal Requirement shall be deemed to include a reference to any similar or successor provision.
- 26.15. Attorneys' Fees. In any action brought by LAWA to enforce the terms of this MOP, if LAWA substantially prevails in the action, LAWA shall be entitled to recover from the Facility User LAWA's reasonable expenses of the action (including reasonable attorneys' fees).
- 26.16. Authority. The powers of LAWA under this MOP, including the power to interpret and implement the provisions of this MOP, have been delegated to and may be exercised by the Executive Director, and any notice, election, approval or consent that this MOP by its terms requires or permits LAWA to give may be given by the Executive Director, in each case as if exercised or given by resolution or order of the Board. Without limitation of the authority of the Executive Director under any specific provision of this MOP (after giving effect to the foregoing provisions of this Section 26.16), the Executive Director shall have the authority to both:
 - (A) bind LAWA to any amendment of this MOP having the effect of increasing or decreasing by not more than \$150,000 in any MOP Year the amounts payable by the Facility User to LAWA under this MOP, provided however, that such authority shall not (without the prior approval or later ratification of the Board) extend to any amendment of the terms of this MOP if the specific text of this MOP has been presented to and approved by the City Council of the City of Los Angeles; and
 - (B) in accordance with Charter Section 633, designate and assign space under this MOP to any Facility User and any schedule(s) to this MOP for the applicable Facility User (whether or not previously approved by the Board) shall be adjusted to reflect any change in the space so assigned or designated by the Executive Director for such Facility User.

In taking any action under this MOP, the Facility User shall be entitled to rely on the authority of the Executive Director as specified in this <u>Section 26.16</u>.

SCHEDULE 1

AIRPORT FACILITIES MONTHLY OCCUPANCY PERMIT Effective: ______, 2012

SCHEDULE 3

Basic Information Schedule

Airport J		ort Facil	ity as shown a	and outlined in red on Airport Engineer's Drawing
				, attached]
Comme	ncement Date te of use]			
Facility	User's Areas			
I	and Area:		square feet of	f land
I	Building Area	:	square fee	et of building space
<u>Initial B</u>	asic Rates			
I	Land Basic Ro	ate:	per squ	are foot of Land Area
I	Building Basic	c Rate: _	per	square foot of Building Area
Initial V	aluation Date	ŧ		
I	Land Basic Ro	ate:		
E	Building Basic	: Rate: _	·	
<u>Permitte</u>	d Uses			
[•
<u>Perform</u>	ance Guarant	y Amoun	<u>t</u>	
<u></u>	· · · ·	」		
Guarant	Y			
Title and	l date of instr	ument of	guaranty (if a	ny):
				2

Identity of Guarantor (if any):	
Facility User's Address for Notices	
[]	

EXHIBIT A

Equal Employment Practices

AIRPORT FACILITIES MONTHLY OCCUPANCY PERMIT Effective: ______, 2012

EXHIBIT B

Affirmative Action

AIRPORT FACILITIES MONTHLY OCCUPANCY PERMIT Effective: _____, 2012

EXHIBIT C

Living Wage Ordinance

AIRPORT FACILITIES MONTHLY OCCUPANCY PERMIT Effective: _____, 2012

EXHIBIT D

Living Wage Coverage Determination

AIRPORT FACILITIES MONTHLY OCCUPANCY PERMIT Effective: ______ 2012

EXHIBIT E

Living Wage Ordinance Declaration of Compliance Form

AIRPORT FACILITIES MONTHLY OCCUPANCY PERMIT
Effective: _______ 2012

EXHIBIT F

Service Contractor Worker Retention Ordinance

AIRPORT FACILITIES MONTHLY OCCUPANCY PERMIT
Effective: ______, 2012

EXHIBIT G

Child Support Assignment Orders

AIRPORT FACILITIES MONTHLY OCCUPANCY PERMIT Effective: ______, 2012

EXHIBIT H

Contractor Responsibility Program

