REQUEST FOR BIDS
PUBLIC PRIVATE PARTNERSHIP FINANCIAL ADVISORY SERVICES

Addendum #1 (Extension Notice and Responses to Questions)
February 12, 2019

Extension Notice: Responses from all prospective bidders has been extended one week to **2:00 P.M. PST on Thursday, February 28, 2019**.

Responses to Questions:

1. In addition to the Cover Letter (submittal item A), can resumes and administrative elements of the proposal (submittal items G through J) be excluded from the 15 page limit?

   Yes, resumes and administrative elements may be excluded from the 15 page limit.

2. Can the CAO provide guidance on its evaluation criteria and the relative importance of the various submittals (qualifications, resumes, cost, etc.)?

   Firms will be evaluated in two phases by a panel of City staff based on the following rating criteria:

<table>
<thead>
<tr>
<th>Inclusion</th>
<th>Evaluation Criteria</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Proposals</td>
<td>Phase I – Written Response</td>
<td></td>
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<tr>
<td></td>
<td>Overall Quality and Responsiveness of the Proposal</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Proposed Approach</td>
<td>30</td>
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<tr>
<td></td>
<td>Experience and Qualifications</td>
<td>40</td>
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<tr>
<td></td>
<td>Proposed Level of Fees – Best Overall Value</td>
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<tr>
<td></td>
<td><strong>Total Phase I</strong></td>
<td>100</td>
</tr>
<tr>
<td>Short List Only</td>
<td>Phase II – Oral Interviews</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Required Topics (to be provided)</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>Questions and Answers</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td><strong>Total Phase II</strong></td>
<td>50</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL POINTS</strong></td>
<td>150</td>
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</tbody>
</table>
The City review panel will score all respondents in Phase I. Based on these evaluations, the City will select no more than five firms to advance to oral interviews in Phase II. The final selection will be determined by both the written proposal and the results of the oral interview process, based on the scoring criteria above.

3. **Are there minimum requirements or scoring advantage or preference related to the use of MBE/WBE/SBE/EBE/DVBE/OBEs?**

   While there are no minimum requirements or scoring advantages related to the use of Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Small Business Enterprise (SBE), Emerging Business Enterprise (EBE), Disabled Veteran Business Enterprise (DVBE) or Other Business Enterprise (OBE) firms, the City’s position is to encourage bidders to include such business enterprises. It continues to be the City’s policy to provide MBE, WBE, SBE, EBE, DVBE, and OBE an equal opportunity to participate in the performance of City contracts. This policy continues to be a high priority of the Mayor and City Council. As such, we urge all bidders to continue to make a good faith effort to provide such firms an opportunity to participate if utilizing subcontractors.

   The City does provide a local business preference of 8% for local prime contractors and 5% for local subcontractors in accordance with the City’s Local Business Preference Ordinance. Firms who qualify must fill out the attached Local Business Certification Affidavit of Eligibility in order to receive the scoring preference (Attachment 1).

4. **Does the City intend to separately use an Independent Registered Municipal Advisor from its municipal advisor pool?**

   In the event that the City needs to evaluate the use of long term municipal bonds or decides to finance the Project with such bonds, the City may decide to separately use an Independent Registered Municipal Advisor from the existing list of firms prequalified to perform such services (Council File 17-1388) or from the City’s current contract for General Financial Advisors (Council File 14-0412).

5. **What is CAOs anticipated timeline for the P3 FA interviews, selection and contract award?**

   The tentative schedule to evaluate and select a P3 Financial Advisor is as follows:

   - Submission Deadline: 2:00 P.M. PST on Thursday, February 28, 2019
   - Short List of Firms Notified: Week of March 11, 2019
   - Conduct Oral Interviews: Weeks of March 11 and 18, 2019
   - Finalize Selection and Award Contract: Week of March 25, 2019
6. Can the City provide a copy of the agreement in place with AEG regarding the existing Convention Center operations?

For your reference, attached are copies of the original Management and Operation Agreement between the City of Los Angeles and AEG Management LACC, LLC (Attachment 2) as well as first amendment extending the term of the original Agreement (Attachment 3).

7. The Scope of Work references analysis and negotiation support during the term sheet negotiations (which we expect will memorialize all key business terms agreed).
   a. Does the City anticipate fully developing the implementation agreement and reaching commercial and financial close by the end of the ENA term in December 2019?

   Yes, the City’s goal is to completely develop the Implementation Agreement during the Exclusive Negotiating Period to present to the Council and Mayor for final consideration, with commercial and financial close occurring soon after.

   b. Please confirm the P3 FA would continue to support between the term sheet finalization and such commercial and financial close activities, and those should be factored into the cost proposal.

   Yes, that is correct.

8. To confirm will the technical requirements that form the basis of KPIs be developed by the City or technical consultants separately retained?

   Key Performance Indicators will be developed by the City with the assistance of the P3 Financial Advisor. The City’s expectation is that responding firms will subcontract with technical consultants if necessary.

9. In order to facilitate the timely addition of specialty subconsultants with various forms of technical expertise related to cost estimation, maintenance and convention center operations required as part of the scope of work, may we request an extension of the proposal submission deadline by one week?

   Yes, the deadline for responses from all prospective bidders has been extended one week to 2:00 P.M. PST on Thursday, February 28, 2019. The tentative schedule provided in Question 5 of this Addendum reflects the revised submission deadline.

10. Is the evidence of required insurance minimum coverages to be submitted with the RFB response, or produced only once the consulting team is selected by the City?

    Compliance with the City’s insurance minimums will be required after the consulting team is selected by the City.
LOCAL BUSINESS CERTIFICATION
AFFIDAVIT OF ELIGIBILITY

Name of Firm________________________________________ BAVN Company ID Number______________

Business Address_______________________________________________________________________________

City, State, Zip Code_____________________________________________________________________________

Telephone Number______________ Fax Number______________ E-mail Address___________________________

I declare that _________________________________________________________________ (Firm’s Name)

1. Is in compliance with all applicable laws relating to licensing and is not delinquent on any Los Angeles City or Los Angeles County taxes.

2. Can demonstrate:
   a) at least 50 of its full-time employees perform work within the boundaries of the County at least 60 percent of their total regular hours worked on annual basis; or
   b) at least half of its full-time employees work within the boundaries of the County at a minimum of 60 percent of their total regular hours worked on annual basis; or
   c) it is headquartered in the County of Los Angeles. Headquartered means that the business physically conducts and manages all of its operations from a location in the County.

I declare under penalty of perjury that the foregoing is true and correct.1

SIGNATURE ____________________________________  Title __________________________________

Printed Name ____________________________________  Date __________________________________

Certified Local Businesses are eligible to an 8% preference (for Local Prime contractors), or up to a 5% preference (for Local Subcontractors) on City contracts in excess of $150,000. Preferences awarded for services shall be applied only if the services are provided directly by the Local Business or Local Subcontractor using employees whose exclusive, primary working location is in Los Angeles County. Preferences awarded for equipment, goods or materials shall be applied only if the Local Business or the Local Subcontractor substantially acts as the supplier or dealer, or substantially designs, manufactures or assembles the equipment, goods or materials at a business location in Los Angeles County. The maximum bid or proposal preference shall not exceed One Million Dollars ($1,000,000) for any Bid or Proposal.

To remain certified and be given the preference, firms must continue to meet the City’s Local Business Preference Ordinance #181910 certification criteria and complete an Affidavit of Eligibility every two (2) years. We continue to reserve the right to re-evaluate your certification eligibility anytime it is deemed necessary.

1 Knowingly and willfully providing false information is a violation of the City Ordinance #181910 and could subject you to fines, contract termination or debarment from transacting business with the City. Business owners claiming eligibility to the Local Business Preference Program criteria must sign this affidavit.
Attachment 2

Management and Operation Agreement between the City of Los Angeles and AEG Management LACC, LLC
MANAGEMENT AND OPERATION AGREEMENT
BETWEEN THE
THE CITY OF LOS ANGELES
AND AEG MANAGEMENT LACC, LLC

Dated as of October 24, 2013
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MANAGEMENT AND OPERATION AGREEMENT

THIS MANAGEMENT AND OPERATION AGREEMENT ("Agreement") is made and entered into as of 12/01/2013, by and between the City of Los Angeles, a California municipal corporation and charter city ("City") acting by and through its Los Angeles Convention and Exhibition Center Department ("LACC Department") and AEG MANAGEMENT LACC, LLC, a Delaware limited liability company ("AEG") and a wholly-owned subsidiary of AEG FACILITIES, LLC, a Delaware limited liability company. (AEG and the City are collectively referred to herein as the "Parties.")

RECITALS

A. This Agreement sets forth the terms and conditions under which AEG shall provide management services to the City for the management and operation of that certain convention and exhibition center and related facilities located in downtown Los Angeles, California and known as the "Los Angeles Convention and Exhibition Center," (the "LACC") located on that real property owned by the City, as depicted and more particularly described in the site plan attached hereto as Exhibit "B";

B. The City currently owns and operates the LACC;

C. On April 25, 2013, the City issued a Request for Proposals ("RFP") regarding the management and operation of the LACC;

D. AEG has experience and expertise in the management, operation, and marketing of various types of venues, including public assembly facilities;

E. The City has selected AEG based on AEG’s qualifications to staff, manage, operate, and maintain the LACC in order to achieve the stated goals and objectives outlined in the RFP;

F. The City desires a first-class, top-tier, state-of-the-art convention center that facilitates the City’s goals of Los Angeles being a leading and primary destination of top-tier national and international conventions, trade shows and events. The City’s first priority is to meet the needs of citywide events including conventions and trade shows, and the second priority is to meet the needs of local events and activities including other trade shows, consumer shows, meetings, filming, entertainment, and community events. In pursuing private management of the LACC, the City has identified the following operational goals for the LACC: manage day-to-day operations of the LACC in a cost-efficient, high-quality and effective manner; maximize the generation of hotel room occupancy and transient occupancy taxes to decrease General Fund costs; manage operational expenses within an annual operating budget approved by the LACC Department; provide superior services to patrons and visitors utilizing and attending events at the LACC, thereby maximizing customer satisfaction as exhibited by an industry-wide positive image and maximizing LACC re-bookings; collaborate with the
LACC Department, other City departments and the Los Angeles Tourism and Convention Bureau ("LATCB") and other convention and tourism stakeholders to develop and implement innovative initiatives to penetrate new markets, attract new events and promote the LACC to enhance usage and occupancy within the LACC Department’s operating policies; work cooperatively with the LATCB in attracting citywide events including national and international conventions, tradeshows, and meetings to the LACC; identify and implement initiatives to enhance LACC revenues, while ensuring that the LACC remains economically competitive with other convention centers; properly maintain and safeguard the City's capital investment in the LACC through the exercise of the highest standards of maintenance and preservation, and, as the need arises, recommend capital improvements; respond to the ever-changing needs of the community and users of the facility with recommendations for expansion, renovations and upgrades of services; and achieve all objectives in a professional manner, consistent with industry best practices and all applicable laws and ordinances;

G. The City desires and expects the LACC to be operated, promoted, maintained and managed in a manner that is designed and intended to accomplish the goals and desires listed in Recital F, and in a manner that is designed and intended to cause a positive impact on the City’s General Fund;

H. The City and AEG intend to work in mutual accord in order to ensure provision of first-class management services, thereby enhancing the use and enjoyment of the LACC; and

I. The City desires to engage AEG, and AEG desires to accept the engagement to manage, operate and market the LACC on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual premises, covenants and agreements set forth in this Agreement, the recitals set forth above, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

**ARTICLE 1 DEFINITIONS**

**Section 1.1 Definitions.** Unless otherwise specified or the context otherwise requires, for the purposes of this Agreement the following terms have the following meanings:

"A&I" means any alterations or improvements to the LACC.

"ADA" means the Americans with Disabilities Act as defined in Exhibit “A”, Section PSC-33.

"AEG" means AEG MANAGEMENT LACC, LLC, a Delaware limited liability company.

"AEG Employees" means all persons employed by AEG that perform services in connection with this Agreement at the LACC during the Term.
“AEG Parent” means Anschutz Entertainment Group, Inc.

“AEG Procurement Policies” is as defined in Section 2.2 (l) of this Agreement.

“Affiliate” or “Affiliates” means a Person who directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, a specified Person. For purposes of this definition, “control” means ownership representing no less than 51% of the voting power in the controlled Person.

“Agreement” is defined in the introductory paragraph of this Agreement.

“Agreement Year” means, during the Term, each 365-day period beginning July 1st and ending June 30th or, if this Agreement is terminated earlier, the period from the July 1 of the year in which the Agreement is terminated to the effective date of termination; provided however, the First Agreement Year and Final Agreement Year shall be as defined herein.

“Annual Audit” is as defined in Section 7.3(a)(i) of this Agreement.

“Annual Plan” is as defined in Section 6.2(b)(i) of this Agreement.

“Approved Amended Annual Operating Budget” is as defined in Section 6.5 of this Agreement.

“Approved Annual Operating Budget” means the Operating Budget submitted by AEG and approved in writing by the City pursuant to Section 6.3 of this Agreement.

“Aramark Agreement” means that certain agreement between the City and Aramark Sports and Entertainment Services, Inc, for the Management of the Food and Beverage Services at the Los Angeles Convention Center, dated January 1, 2000, as amended.


“Base Management Fee” is as defined in Section 5.1 of this Agreement.

“Booking Guidelines” means the guidelines to be reasonably developed by the LACC Management Review Staff to insure that potential conflicts of interests are avoided.

“Booking Policy” means the LACC Department’s policy for booking events at the LACC attached hereto as Exhibit “C”

“Building Emergency Coordinator” or “BEC” is as defined in Section 2.2(t) of this Agreement.
“Campus Operation and Cooperation Policy” means that certain policy which, subject to the Closing as defined in the Implementation Agreement, would require LACC and the City tenants on the LACC Campus to establish a written Macro-Booking policy, a written safety and security policy, an Operational Oversight Committee and a conflict resolution Coordinating Committee.

“Capital Advances” means, collectively, the First Capital Advance and Second Capital Advance.

"Capital Equipment" means any and all furniture, fixtures, machinery and equipment to be utilized for the operation of the LACC, either additional or replacement, having a per-item original cost of $5,000.00 or more, or an expected useful life of more than one year (provided any series of repairs, replacements or purchases that would ordinarily be considered a single project or would ordinarily be effected by entering into a single contract shall be considered a single cost item for purposes of determining whether it is Capital Equipment). Capital Equipment items may or may not be capitalized as capital assets on the City’s balance sheet depending upon the City’s asset capitalization policy in effect at the time of acquisition.

"Capital Improvements" means any and all building additions, alterations, renovations, repairs and improvements to the LACC with an initial dollar cost of not less than $25,000.00 per project. Capital Improvements will not include routine maintenance and repair projects which in the aggregate do not exceed $25,000.00 per project. Capital Improvement items may or may not be capitalized as capital assets on the City’s balance sheets depending upon the City’s asset capitalization policy in effect at the time of acquisition.

“Cash Flow Management Fund” is as defined in Section 2.4 of this Agreement.

“Cash Flow Projection” is as defined in Section 6.2(c) of this Agreement.

“Cash Flow Shortfall” is as defined in Section 6.11 of this Agreement.

“City” means the City of Los Angeles, California, a California municipal corporation and charter city.

“City Council” means the Council of the City of Los Angeles, the legislative body of the City pursuant to Section 20 of the Charter of the City of Los Angeles.

“City Employee” means all persons employed by the City performing services at or in connection with the LACC during the Term.

“Conflict Code Amendment” is as defined in Section 4.7 of the Agreement.

‘Convention Center Account” means that certain banking account or accounts currently established and maintained by the City for the marketing, promotion, operation and management of the LACC.

"CPI-U" is as defined in Section 5.2 of this Agreement.
“Discretionary Incentive Fee” is as defined in Section 5.4 of this Agreement.

“Earned Incentive Fee” is as defined in Section 5.3 of this Agreement.

“Effective Date” is the date on which this Agreement becomes effective as specified in Section 3.1 of this Agreement.

“Emergency Expenditure” is as defined in Section 6.9(a).

“Event Center” and “Event Center Project” means the stadium and event center project as contemplated in the Implementation Agreement.

“Event Expenses” mean any and all direct, shared, reimbursed and non-reimbursed expenses incurred or payments made by AEG in connection with the hosting of events at the LACC, including but not limited to the costs for event staffing such as ushers, ticket takers, security personnel and other event staff, and costs relating to set-up and clean-up.

"Event of Force Majeure" is as defined in Exhibit A, Section PCS-7, Excusable Delay.

"Executive Director" means the chief administrative officer of the LACC Department or the Executive Director’s designee.

“F&B Plan” is as defined in Section 2.2(m).

“FF&E” means such furniture, fixtures and equipment purchased for and utilized at the LACC but excluding any equipment or furniture which remains within the possession and control of the City.

“Final Agreement Year” means period between July 1, 2018 and the 5th anniversary of the Effective Date or, if this Agreement is terminated earlier, the period from the start of the Agreement Year in which this Agreement is terminated to the effective date of termination.

“First Agreement Year” means the period between the Effective Date and June 30, 2014 or, if this Agreement is terminated earlier, the period from the Effective Date to the effective date of termination.

“First Year Agreement Reserve Fund” is as defined in Section 6.4(a) of this Agreement.

“First Capital Advance” is defined in Section 2.3(a)(i) of the Agreement.

“Fiscal Year” means a 365-day period beginning July 1st and ending June 30th.

“General Manager” means the AEG Employee acting, from time to time, as the full-time, on-site manager of the LACC.
“Gilbert Lindsay Plaza” means the approximately 3.2 acre plaza as depicted in Exhibit “B”.


“Internal Control Memorandum” is as defined in Section 7.3(a)(ii) of this Agreement.

“LACC” is as defined in the Recital A of this Agreement.

“LACC Board” means the board of Los Angeles Convention Center Commissioners which is composed of five (5) members appointed in accordance with Los Angeles City Charter Section 502, and who control and manage the Los Angeles Convention Center Department.

“LACC Campus” means the properties on which the LACC, including the LACC parking structures and lot depicted on Exhibit “B”, Staples Center and potentially the Event Center and Event Center-related parking are located.

“LACC Department” is as defined in the introductory paragraph of this Agreement.

“LACC Management Review Staff” is as defined in Section 2.5(a) of this Agreement.

"LACC Operating Account" is as described in Section 6.7(a) of this Agreement.

“LACC Reserve Fund” is as defined in Section 6.4(b) of this Agreement.

“LA Live” means, for the purposes of this Agreement, that area as more particularly defined in the Implementation Agreement.

"LATCB" means the Los Angeles Tourism and Convention Bureau, or its successor entity.

“Law” or “Laws” means all applicable federal, state, local and municipal laws, ordinances, orders, judgments, rules, regulations, requirements, mandatory guidelines or directives of any applicable governmental agency affecting the management and operation of the LACC.

“LEED” means the U.S. Green Building Council’s Leadership on Energy and Environmental Design green building rating system.

"Losses" means any and all losses, liabilities, claims, damages and expenses (including reasonable attorneys’ fees).

“Management Period” means that period commencing on the Transition Date and ending on the 5th anniversary of the Effective Date, or, if this Agreement is terminated earlier, the period from the Transition Date to the effective date of termination.

“Management Period Services” is defined in Section 2.2 of the Agreement.
“Marketing and Business Development Fund” is as defined in Section 6.2(a) of the Agreement.

“Mayor’s Good Food Purchasing Policy” means that certain policy, as it may be amended from time to time, attached hereto as Exhibit “E”.

“Mayor’s Proposed Budget” means the budget message and exhibits on revenue, appropriations, federal grants, and costs of operation of departments, bureaus, and other offices required by the City Charter to be proposed by the Mayor and delivered to the City Council by April 20th of each year.

“Monthly Budget and Service Report” is as defined in Section 7.4 of the Agreement.

"Net Operating Surplus/Deficit" means, with respect to an Agreement Year (including the First Agreement Year and Final Agreement Year), the excess, if any, of Operating Revenues for such Agreement Year over Operating Expenses for such Agreement Year, in the case of a surplus, and the excess, if any, of Operating Expenses for such Agreement Year over Operating Revenues for such Agreement Year, in the case of a deficit.

“New Hall Project” means that certain project to develop and construct a new exhibit hall, meeting rooms and ancillary and supporting spaces as contemplated in the Implementation Agreement.

“Non-Standard License Agreements” means a Standard Event License Agreement which has been changed or modified in a manner which materially and adversely impacts the financial interests of the LACC or the City or is inconsistent with this Agreement.

“Operating Budget” shall mean the projected operating budget submitted by AEG with respect to its management and operation of the LACC, which operating budget meets the budgeting and fiscal requirements of the City and contains appropriate line items for Operating Revenues, Operating Expenses and the projected Net Operating Surplus/Deficit.

“Operating Deficit” means, with respect to an Agreement Year, the excess, if any, of Operating Expenses over Operating Revenues.

“Operating Expenses” mean expenses and expenditures incurred by, or at the direction of, AEG in promoting, operating, maintaining and managing the LACC which shall be accounted for in the LACC Operating Account, all as determined in accordance with generally accepted accounting principles, including, but not limited to: AEG Employee compensation including bonuses, benefits, relocation costs, severance costs and related costs for AEG’s employees; certain City Employee compensation and expenses as agreed by the Parties and set forth in the Approved Annual Operating Budget; operating supplies, materials and parts costs; costs of any independent contractors; advertising, marketing, group sales and public relations costs; commissions, janitorial and cleaning expenses; data processing costs; dues, subscriptions and membership costs for AEG Employees; AEG’s costs of procuring, administering and
maintaining the insurance policies required pursuant to this Agreement (except the cost of the professional liability insurance policy); costs incurred by AEG to procure and maintain permits and licenses; professional fees; printing and stationery costs; Event Expenses; postage and freight costs; banking services fees; equipment rental costs; computer equipment purchase and lease costs; internet, cable and telephone charges; copier/printer/fax/simule equipment lease charges, software costs, and website construction, maintenance and hosting costs; repairs and maintenance costs for equipment and the LACC when not consisting of Capital Equipment and Capital Improvements; security expenses; utilities; safety and medical expenses; exterminator and waste disposal costs; costs relating to the maintenance of signage; all fees payable to AEG as compensation pursuant to Article 5 of this Agreement; defense and litigation costs and expenses; and the Annual Audit. **Operating Expenses do not include:** (i) expenses or expenditures in connection with Capital Improvements and Capital Equipment purchases; (ii) any expenses relating to AEG Parent personnel; (iii) the cost of property taxes for the LACC; (iv) the cost of insurance premiums incurred by the City to purchase property and hazard insurance for the LACC, the City’s personal property located in the LACC, and the City’s gross revenues from the operation of the LACC due to a casualty occurrence; (v) debt service on the LACC; (vi) depreciation, amortization expenses of the LACC; (vii) the cost, if any, of a corporate guarantee from AEG Parent (vii) the deductible amount under AEG’s professional liability policy required under Exhibit “A”, Section PSC-24, and (viii) any gains or losses from disposal of FF&E or other equipment.

**“Operating Plan”** is as defined in Section 2.2(a) of this Agreement.

**“Operating Revenues”** mean the revenues of every kind or nature derived from operating, managing and promoting the LACC, which shall be accounted for in the LACC Operating Account, all as determined in accordance with generally accepted accounting principles, including but not limited to: license and lease fees and rentals; revenues from merchandise sales; advertising and sponsorship sales and renewals; event sponsorship revenues; equipment rentals; box office revenues, ticket surcharges, public facility maintenance charges and ticket service fees; parking revenues received for parking at the LACC; title sponsorship revenues; revenues generated from the sale of food and beverage service commissions or other revenues from decorating the LACC and set-up and tear down of equipment for events; security services revenues; revenues from subcontractors (however, if the revenues are collected in the first instance by and retained by the subcontractors, only the amount of the revenues owed by subcontractors to the LACC will be included as Operating Revenues), if any, all as determined in accordance with generally accepted accounting principles. Unless otherwise agreed by event licensees, revenues from the sale of tickets and similar event revenues for events at the LACC are not Operating Revenues, but are instead revenues of the promoter, performer and/or licensee of each event. To the extent AEG collects ticket and similar event revenues on behalf of promoters, performers, and/or licensees the ticket sale and similar event revenues will be the source of funds from which AEG collects the rental charges and other event reimbursements due by the promoter, performer and/or licensee for use of the LACC, which charges and reimbursements are Operating Revenues.

**“Person”** means any individual, general partnership, limited partnership, limited liability partnership, corporation, joint venture, trust, business trust, limited liability company,
cooperative, or association, and the successors and assigns of any of the foregoing and, unless the context otherwise requires, the singular will include the plural, and the masculine gender will include the feminine and the neuter, and vice versa.

"Pool Rate" means the yield the City Treasurer earns from investments made from available cash for the City, including that of the proprietary departments, as part of a pooled investment program that combines general receipts with special funds for investment purposes and allocates interest earnings on a pro-rata basis when the interest is earned and distributes interest receipts based on the previously established allocations.

"Pre-Existing Agreement" means each contract, license, agreement, option, lease and commitment existing as of the date of this Agreement that grants any Person any right (i) to license, use, occupy or rent all or any portion of the LACC, or (ii) to provide services to be used in the management, operation, use, possession, occupation, maintenance, promotion or marketing of all or any portion of the LACC, and that are listed on Exhibit "F", and which AEG has agreed to assume subject to the terms and conditions of mutually agreeable assignment and assumption agreements.

"Proposal" means the proposal submitted by the Proposers in response to the City’s RFP.

"Proposed Amended Operating Budget" is as defined in Section 6.5 of the Agreement.

"Proposers" means AEG Facilities, LLC and LA Live Development Company, LLC the companies responding to the City’s RFP.

"Revenue" or "Revenues" shall mean the City’s gross revenue or gross revenues.

"Second Capital Advance" is as defined in Section 2.3(e)(ii) of the Agreement.

"Services" means, collectively, the Transition Period Services and Management Period Services.

"Service Agreements" is as defined in Section 2.2(q)(ii)(2).

"Signage Agreement" means that certain Signage Agreement as contemplated in the Implementation Agreement and attached thereto as Exhibit H which may become applicable upon the “Closing” as defined in and contemplated by the Implementation Agreement.

"Standard Event Agreement" is as defined in Section 2.2(q)(iv) of the Agreement.

"Standard Operating Procedures Manual" is as defined in Section 7.6 of the Agreement.

"Staples Center" means that certain multi-use sports and entertainment arena located in downtown Los Angeles, California on such real property as more specifically described in the Arena Ground Lease.
"Term" means that period commencing upon the Effective Date and ending on the 5th anniversary of the Effective Date, unless earlier terminated as provided in this Agreement.

"Transition Date" means the date which is the later to occur of: (i) December 8, 2013, or (ii) the date which is ninety (90) days after the Effective Date.

"Transition Period" means that period between the Effective Date and the Transition Date, or, if this Agreement is terminated earlier, the period from the Effective Date to the effective date of termination.

"Transition Period Services" is as defined in Section 4.3 of the Agreement.
ARTICLE 2 ENGAGEMENT OF AEG; SCOPE OF SERVICES; RESPONSIBILITIES OF PARTIES

Section 2.1 General Scope; Engagement of AEG.

The City hereby engages AEG to promote, operate and manage the LACC during the Management Period of the Term and to provide the Transition Period Services during the Transition Period of the Term, upon and subject to the terms and conditions of this Agreement and AEG hereby accepts such engagement. AEG shall make commercially reasonable efforts to improve the management and operation of the LACC in a manner that is designed to provide the most efficient and highest quality service to customers and minimize operating costs, while increasing the quality of maintenance and security, and maximizing gross receipts without negatively impacting client costs or satisfaction.

Section 2.2 Specific AEG Management and Operation Responsibilities.

Without limiting the generality of Section 2.1 above, and subject to all other provisions of this Agreement, AEG, itself or through its designated contractors or vendors, will perform the following services (the “Management Period Services”) during the Management Period, which AEG has the sole, exclusive right and authority to perform without (except as otherwise expressly noted in this Agreement) any prior approval by the City:

(a) Management Execution. AEG shall be responsible for executing an operations and management plan which is generally consistent with the applicable provisions of the Proposal, attached hereto as Exhibit “G”, subject to modification by mutual agreement of the Parties, (the “Operating Plan”) and, in connection therewith, shall undertake the following:

(i) managing all aspects of the LACC in accordance with the terms and conditions of this Agreement;

(ii) maintaining the LACC and its FF&E as provided in this Agreement;

(iii) conducting local and regional sales and marketing of the LACC consistent with the Booking Policy and the Booking Guidelines;

(iv) management of various product and service providers;

(v) coordination of LACC utilization including, without limitation, coordinating with the LATCB and the tenants of the LACC Campus and scheduling, negotiating and licensing of events consistent with the Booking Policy and Booking Guidelines;

(vi) management of the following on a day-to-day basis at the LACC:
- Food and beverage services
- Parking within LACC-controlled parking facilities;
- Grounds keeping and landscaping;
• Corrective and preventive custodial and building maintenance services;
• Equipment maintenance;
• Security services;
• Utility and technical services such as electrical, plumbing, audio/visual, telecom, data (Internet) and HVAC;
• Booking and scheduling events and maintaining the booking calendar in accordance with the Booking Policy;
• Sales, marketing and promotion of LACC and LACC services;
• Advertising and sponsorship associated with the LACC;
• Box office operations and ticketing (to the extent not controlled by a promoter, performer or licensee of an event);
• Event setup and take down;
• Event coordination and supervision;
• AEG Employee recruitment, training and supervision;
• Information technology services for AEG Employees and in connection with the performance of the Management Period Services;
• Website and social media;
• Public relations;
• Financial and administrative services such as accounting, budgeting, purchasing, payroll, personnel, and contracting of outside services;
• Lobby reception functions for both AEG and LACC; and
• Such other aspects of the operations of the LACC as agreed by the Parties.

(b) **Personnel.** AEG shall employ, supervise and direct all of the AEG Employees as well as additional subcontractors or agents retained by AEG to assist with the provision of the Services. AEG shall administer payroll systems for all the AEG Employees at the LACC.

(c) **Marketing, Sales and Promotion.**

(i) AEG acknowledges that the City has entered into that certain Sales and Marketing Agreement, dated as of July 1, 2011, (the “Sales and Marketing Agreement”) and agrees to cooperate with the LATCB as needed under the Sales and Marketing Agreement.

(ii) AEG shall establish an effective system of communication and positive relationships with the LACC Department, LACC Campus tenants, LATCB, LA Live, area associations, hotels, and other appropriate agencies to encourage collaboration in order to seek to maximize sales of citywide conventions and to develop and engage in advertising, solicitation and promotional activities, as required to develop the full potential of the LACC and the procurement of citywide events.

(iii) AEG shall work cooperatively with the LATCB in attracting citywide events including national/international conventions, tradeshows, and meetings to LACC.
(iv) AEG’s marketing responsibilities for public shows, meetings, special events, banquets, entertainment events, consumer shows etc. booked up to one year in advance shall consist primarily of those activities performed to attract events in accordance with the Booking Policy and Booking Guidelines in existence or which may be reasonably adopted by the LACC Department to ensure that any potential conflicts of interests are avoided.

(v) AEG will develop printed, electronic and other promotional material to market the LACC and enhance and maintain the LACC website as a marketing and client service tool only in connection with its responsibilities under this Agreement. AEG will provide initiatives that have been used in other privately-managed centers to coordinate the convention sales and marketing process between the LACC and the LATCB and which represent industry best practices.

(d) **Signage.** AEG shall not place signs or advertising identifying itself or its subcontractors on the LACC unless permitted by written approval by the Executive Director. AEG shall further comply with all existing signage agreements related to Staples Center and LA Live and, if the Event Center project proceeds, AEG shall comply with the Signage Agreement, as set forth in the Implementation Agreement.

(e) **Operating and Financial Systems.** AEG will implement operating and financial systems and controls for the LACC.

(f) **Information Technology.** AEG shall undertake all information technology functions for the LACC and shall take reasonable measures designed to keep secure and intact all such technology systems from hacking, cyber-attacks and unintended intrusions and software of all kinds per prevailing security standards and protocols, and maintain such technology systems in a manner consistent with first-class convention center standards and consistent with City policies for websites and social media, where applicable; provided, however, that the LACC Department shall continue to provide all information technology functions for its own administrative functions unless AEG is requested to provide such services by the Executive Director and agrees to provide such services; provided however any expenses associated with performing such functions shall be treated as Operating Expenses.

(g) **Maintenance; General Cleaning and Upkeep.** AEG is responsible for cleaning, upkeep and maintenance, of the LACC, including its grounds and its FF&E. AEG shall endeavor to improve and increase the quality of maintenance and shall maintain the LACC in a clean, orderly, attractive, and sanitary condition and in strict accordance with applicable Laws and consistent with a top-tier, convention center. AEG shall provide regular reports on the condition of the LACC to the Executive Director, and the City shall have the right in its discretion to make periodic inspections of the LACC, subject to Section 2.6, and any FF&E, to determine that they are being maintained as required by this Agreement. AEG shall also be responsible for informing the LACC Management Review Staff of degraded conditions of the interior, exterior and infrastructure of the LACC.

(h) **Maintenance; Building Systems and Infrastructure.** AEG is responsible for the preventative, corrective, and general maintenance of the LACC and its FF&E. AEG shall
perform a thorough review and inspection of all building systems and FF&E to determine their current condition, and shall create a preventative and corrective maintenance program based on the existing condition of the LACC and its FF&E. AEO shall plan and perform preventative and corrective maintenance to the LACC and its FF&E in a manner commensurate with a top-tier, convention center, and according to accepted manufacture and industry standards. AEO shall be responsible for performing, obtaining, documenting, permitting, and reporting all required inspections, tests, maintenance, replacement, and upgrades. AEO shall track and record all maintenance planned and performed using a professional computer-based maintenance management program. AEO shall submit periodic reports as reasonably requested by the Executive Director, and furnish copies of all required permits, reports, and related documentation to the LACC Department. To the extent AEO is made aware of, and provided with all information with respect to, any warranties associated with the LACC and its FF&E, AEO agrees not to take any actions which would invalidate the validity of any such warranties and, subject to the terms and conditions of this Agreement, including without limitation, Sections 2.4 and 6.8, shall ensure that repairs to any part of the LACC or its FF&E that are under warranty are accomplished under the terms of such warranty.

(i) **Surrender of FF&E.** At the expiration or earlier termination of this Agreement, AEO shall be responsible for returning the LACC and FF&E to the City in the same or substantially similar condition to which they were provided as of the Transition Date, or as the LACC or FF&E had been improved during the Term, except for normal wear-and-tear. Any damage to the FF&E caused by AEO’s, or its employees’, contractors’ or subcontractors’ negligent or willful acts or omissions, shall be repaired or replaced at AEO’s sole cost and expense prior to the expiration or earlier termination of this Agreement.

(j) **Building Alterations and Improvements.** Except as provided in Section 2.2(h) above, no A&I shall be made to the LACC, or any part thereof, without first having obtained the written consent of the LACC Department. All A&I shall be the property of the City. Within a reasonable time following the Transition Date, AEO shall perform an initial inspection of the LACC, and, periodic inspections each Agreement Year of the Term thereafter and identify potential A&I projects, if any, at the LACC. AEO will provide annual input to the LACC Management Review Staff based on the initial and periodic inspections. AEO shall also solicit customer feedback to assist in the formulation of its input on possible A&I projects. The A&I input shall include a list of all required retrofits, upgrades, modifications, and/or replacements that are mandated by Law, or which AEO considers prudent for the operation of the LACC as a top-tier facility, with a respective budget outlining the cost of each item or project as set forth in Section 6.2.

(k) **Building Capital Improvement Projects.** Within reasonable time following the Transition Date, AEO shall perform an inspection of the LACC and provide input to the LACC Management Review Staff on any potential Capital Improvements projects. AEO’s input on Capital Improvements projects shall include a list of all required retrofits, upgrades, modifications, and/or replacements that are mandated by Law with a respective budget outlining the cost of each project. City shall remain responsible for the performance of all Capital Improvements projects, unless otherwise agreed by the Parties. At the sole discretion of the
Executive Director, Capital Improvements projects may be supervised and managed by City staff and management, or by third parties.

(l) **Procurement Policies.** AEG shall develop procurement policies for the rental, lease or purchase of equipment and maintenance supplies consistent with the terms of this Agreement and necessary or appropriate for the operation and maintenance of the LACC ("AEG Procurement Policies"). Prior to the decommissioning of any FF&E, AEG shall notify the Executive Director of its conclusion that the piece of FF&E is beyond its useful life or that AEG does not need that piece of FF&E to operate the LACC and, if the Executive Director concurs, the Executive Director will utilize the City’s processes for salvaging City personal property or for storing property, as appropriate.

(m) **Food and Beverage Services.** AEG, by and through its designated third party vendor, shall provide food and beverage services on an exclusive basis at the LACC generally consistent with the food and beverage plan provisions in the Proposal, attached hereto as Exhibit “H”, and subject to modification by mutual agreement of the Parties, shall provide as follows (the “F&B Plan”):

(i) AEG, by and through its designated third party vendor, shall provide food and beverage service at the LACC, on an exclusive basis after termination of the Aramark Agreement, at the highest level of service and product selection and be able to support high-end demand catering functions. In addition, the food and beverage program must reflect the stature of Los Angeles as a leading international city that is committed to environmental stewardship. AEG will upgrade the food services at the LACC to encourage conventioneers and other attendees to remain in the LACC for meal functions and use the center’s culinary sales locations. AEG may use affiliated companies, joint ventures, or subcontractors to provide consolidated services including food and beverage service.

(ii) City agrees to terminate the Aramark Agreement, by delivering written notice of City’s intent to terminate as provided under such Aramark Agreement as soon as reasonably practicable after the Transition Date. Upon the termination of the Aramark Agreement, AEG will commence providing the food and beverage service operation, through its designated third-party provider, for the remaining Term of this Agreement. AEG will bring new and innovative food and beverage concepts and offerings to the LACC through the “Taste of LA” program described in the F&B Plan. AEG will draw on its expertise from around the world and leverage certain economies of scale with its third-party food and beverage provider, Levy Restaurants.

(iii) Without limiting the generality of the preceding subsection, AEG itself, or through its third party provider, shall be responsible for the following:

- The operation of all mobile/fixed concession stands at LACC; all catering and banquet services; all meeting rooms with supporting areas; and all other services associated with food and beverage sales.
• The purchase, storage, preparation, sales, marketing and service of food, alcoholic and non-alcoholic beverages as well as other related food items for LACC catered and non-catered events, and

• The operation of all food and beverage facilities that provide a level of service, product selection, customer satisfaction and revenue generation consistent with industry standards at top-tier facilities.

• Use its good faith commercially reasonable efforts to comply with the Mayor’s Good Food Purchasing Policy (attached hereto as Exhibit “E”).

(iv) Notwithstanding the exclusive grant of rights with respect to food and beverage services as set forth in Section 2.2(m)(i) above, AEG shall permit licensees of the LACC from the film and motion picture industry to utilize other third party providers to provide limited food and beverage services and products at LAAC for events as, and in areas of LACC, reasonably designated by AEG.

(n) Payment of Operating Expenses. AEG shall pay, when due, all Operating Expenses from funds available in accounts established pursuant to Article 6 of this Agreement, or with funds otherwise made available by the City as provided herein.

(o) Sustainability Programs. AEG shall comply with all of the City’s sustainability plans and programs in effect as of the Effective Date which have been provided by the City to AEG, including such plans or programs related to any LEED certifications or renewals for the LACC. AEG shall comply with the City’s recycling program provided by the City to AEG. AEG shall review such recycling program to determine if it meets industry standards for comparable markets and provide input to the LACC Management Review Staff on appropriate amendments or revisions to such programs.

(p) Financial and Administrative Services. AEG shall provide day-to-day financial and administrative services in support of its management activities pursuant to Approved Annual Operating Budgets and Annual Plans described herein, including internal budgeting and accounting, purchasing, property management, personnel management, contracting outside services, record-keeping, collections, billing, and similar services, and provide input to the LACC Management Review Staff regarding potential revisions to City policies, guidelines, manuals and directives for operations of the LACC, (acknowledgement of receipt of such policies etc. is attached hereto as Exhibit “T”).

(q) Agreements.

(i) AEG shall administer, assure compliance with, negotiate, execute (in AEG’s name), and deliver any and all agreements that are required in the ordinary course of business of operating the LACC as a top-tier, convention center or as otherwise necessary for AEG to perform the Management Period Services hereunder. Such agreements may include
licenses, occupancy agreements, rental agreements, booking commitments, advertising agreements, concession agreements, supplier agreements, service contracts, ticket sales contracts and all other contracts and agreements in connection with the maintenance, improvements, management, promotion and operation of the LACC. Upon the expiration or earlier termination of this Agreement, the City will either (i) ensure that all such agreements are assigned and assumed to the successor manager of the LACC; or (ii) assume all such agreements itself. The terms of all such licenses and agreements shall comply with this Agreement and IRS Requirements as described in Section 10.8 hereof.

(ii) Without the express written approval of the Executive Director or the City, AEG may not enter into any of the following agreements:

1. agreements involving gun shows or the sale of guns or ammunition;

2. agreements which the City or AEG believes may have a private business use impact under Section 141(b) or 141(c) of the Internal Revenue Code, including, without limitation, any event license agreement which permits the use of the LACC for more than fifty (50) days over the term of the event license agreement (whether or not over one year or multiple years), which agreements, following written notice from the City to AEG, shall be provided to the LACC Department to be reviewed by the City’s bond counsel. Event license agreements do not include professional service agreements, operating agreements and management agreements (collectively referred to as “Service Agreements”);

3. agreements which the Booking Policy or the Booking Guidelines require that LATCB or the Executive Director negotiate and execute;

4. agreements which would cause actual Operating Expenses for a particular Agreement Year to exceed the overall budgeted Operating Expenses for such Agreement Year, unless AEG receives authorization by the LACC to enter into such agreements; or

5. agreements which, in the City’s reasonable opinion or AEG’s reasonable opinion creates an conflict of interest, in which case such agreements shall be submitted to the LACC Management Review Staff for recommendation to the Executive Director and that, if such agreements are approved by the Executive Director or the LACC Board, the approved agreements will be negotiated and executed by the Executive Director.

(iii) Service Agreements. Without limiting the generality of, and subject to, subsection (i) and (ii) above, AEG shall administer, assure compliance with, negotiate and execute, in its name, all service agreements that are required in the ordinary course of business of maintaining the LACC. Such agreements include, without limitations contracts for cleaning, graffiti removal, general maintenance, maintenance and inspection of HVAC systems, utilities, elevators, escalators, stage equipment, fire control panel and other safety equipment. AEG shall use vendors and subcontractors that represent the City and LACC in a professional manner. AEG shall not enter into any Service Agreement that extends beyond the Term of this Agreement.
(iv) **Event Agreements.** AEG shall work with the City and the City’s bond counsel in developing a standard event license agreement ("Standard Event Agreement") which Standard Event Agreement must provide that the licensee shall comply with all Laws. Non-Standard License Agreements shall require submission to the LACC Management Review Staff for their independent review and submission of their recommendation to the Executive Director. AEG shall notify the LACC Management Review Staff of all event agreements that in their opinion may create potential conflicts or which are outside the parameters of the Booking Policy or Booking Guidelines. The City shall then administer the procurement for agreements that in the City’s reasonable opinion create potential conflicts of interests for AEG as provided in Section 2.2(q)(ii)(5).

(r) **Rates and Charges.** The City shall establish all rental rates and charges relating to the LACC. AEG shall provide input into the City’s establishment or adjustment or prices, rental fees, rates and rate schedules for any licenses, agreements and other commitments relating to the LACC.

(s) **LACC Campus Coordination.** AEG shall provide coordination of events, parking, security, signage and utilization of the LACC Campus, including interior and exterior signage, use of the parking facilities, use of Gilbert Lindsay Plaza and use of other portions of LACC Campus pursuant to the Arena Ground Lease for the Staples Center and related agreements, as those agreements may be superseded by the requirements of the Implementation Agreement.

(t) **Emergency Operations.** AEG shall be well versed in the best practices for crowd control and emergency operations. AEG shall appoint among its senior leadership a Building Emergency Coordinator ("BEC") who shall be responsible for maintaining and managing a building emergency action plan that addresses the various type of emergencies that may occur in or around the LACC facility. AEG’s responsibilities include, but are not limited to: prudent and required levels of planning, preparedness, staff training, emergency resources and equipment, crowd control and emergency evacuation planning, communications, and staffing. AEG shall comply with any additional requirements and/or direction as reasonably determined by the Executive Director, the City’s Emergency Management Department, or other appropriate City leadership when required. AEG must also be well versed and prepared to run a “mega shelter” if local, federal or state leadership determines that LACC is to become shelter or other venue of last resort during a local or regional emergency or disaster. AEG shall submit to the Executive Director reports relating to emergency operations as reasonably determined by the Executive Director.

(u) **Security Operations.** AEG shall be responsible for security operations at the LACC. Security operations shall be planned, monitored, managed, and staffed to adequately and professionally secure the LACC along with LACC patrons, employees, and other personnel. AEG shall guide clients in the necessary and minimum deployment requirements of client-selected security contractors, along with any required LACC or Los Angeles Police Department security services to provide adequate and professional event related security. AEG security staff and management shall be well versed and trained in professional security operations, crowd
control, emergency evacuation procedures for a top-tier convention center. AEG shall submit to the Executive Director monthly summaries of security and incident reports.

(v) Existing and New Client Services. AEG shall continue to provide client services at least commensurate with the level and quality of the client services previously provided by the City. AEG shall provide input to the LACC Management Review Staff on the creation of new client services when such new services result in an enhancement of client experience and potentially result in additional revenue for the LACC.

(w) Use of Existing Event Related Equipment. LACC currently owns and maintains significant quantities of various equipment used in the current provision of event related services such as electrical services, plumbing services, audio visual services, parking services, and event set-up services. To assist in the LACC Department’s evaluation of what it should do with such equipment, AEG shall submit to the LACC Management Review Staff a proposed plan for the use of the respective equipment. AEG shall submit its input as soon as practicable following the Transition Date.

(x) Management and Oversight of Building Use and Loads. AEG shall hire qualified manager(s) to manage and oversee various technical plans and activities that pertain to the physical use of the LACC. Areas of responsibility include, but are not limited to the monitoring, oversight, and management of; overhead rigging, floor loading, dynamic activity, non-traditional use of the building structure(s), systems, and client/contractor compliance with LACC rules and regulations of a technical or engineering nature. AEG is responsible for managing the related use of the building and the related activity in such a manner that is designed to ensure no portions of the building structures, infrastructure, systems, and components are used in a manner that may result in potential damage or injury.

(z) Parking for Events. AEG shall operate the parking operations at LACC in a manner designed to maximize Operating Revenues associated with such operations for the LACC, provided in no event shall the foregoing be construed to limit or otherwise restrict any of AEG’s Affiliates or related parties in connection with their operation of any parking facilities associated with LA Live and/or Staples Center consistent with past practice. In the event that new parking facilities are constructed for the Event Center as set forth in the Implementation Agreement, AEG shall comply with the provisions of any such Campus Operation and Cooperation Policy created in accordance with the Implementation Agreement.

Section 2.3 AEG Additional Commitments.

(a) Capital Advance. Subject to the terms and conditions herein, AEG will make the following capital advances (the “Capital Advances”):

(i) Upon written request of the City after the Transition Date, AEG shall advance to the City the amount of up to One Million Dollars ($1,000,000.00) (the “First Capital Advance”). The First Capital Advance may be used by the City to fund Capital Improvement Projects. The First Capital Advance shall be amortized on a straight-line basis over a period of five (5) years from the date of payment and repaid to AEG in equal monthly installments, at the
Pool Rate, with such payments to AEG to be made from the LACC Operating Account and made on or before the 25th day of each month, beginning with the month after which such First Capital Advance is made by AEG to the City. The First Capital Advance shall be repaid over five (5) years and payment shall not be accelerated due to early termination of this Agreement. The City’s obligation to repay the First Capital Advance shall survive the expiration or earlier termination of the Agreement.

(ii) Provided that City is not in default of its obligations with respect to the repayment of any sums from the First Capital Advance or the Second Capital Advance, upon written request of the City after the Transition Date, AEG shall advance to the City the amount of up to One Million Dollars ($1,000,000.00) (the “Second Capital Advance”). The Second Capital Advance may be used to fund certain revenue-generating projects and is not contingent on the City having requested or accepted any of the First Capital Advance. AEG’s contribution of the Second Capital Advance shall be contingent on the LACTB and/or the City providing equal matching funds to the amount advanced by AEG with respect to the Second Capital Advance. If the City accepts all or any portion of the Second Capital Advance, the amount advanced with respect to the Second Capital Advance shall be amortized on a straight-line basis over a period of five (5) years from the date of payment and repaid to AEG in equal monthly installments, at the Pool Rate, with such payments to AEG to be made from the LACC Operating Account and made on or before the 25th day of each month, beginning with the month after which such Second Capital Advance is made by AEG to the City. The Second Capital Advance shall be repaid over five (5) years and payment shall not be accelerated due to early termination of this Agreement. The City’s obligation to repay the Second Capital Advance shall survive the expiration or earlier termination of the Agreement.

(b) Corporate Guarantee. During the Term of this Agreement, AEG shall provide to the City a corporate guarantee from AEG Parent, in a form and on terms and conditions to be mutually agreed by the parties, to protect the City against loss due to the inability or refusal of AEG to perform under this Agreement. The cost of the corporate guarantee, if any, shall not be reimbursable as an Operating Expense.

Section 2.4 Specific City Responsibilities.

The City will undertake the obligations set forth in this Section 2.4 below with respect to the LACC during the Term of the Agreement. The Executive Director will oversee the performance of the City’s responsibilities and obligations, as well as the exercise of its rights and obligations under this Agreement. Subject to the terms and conditions of this Agreement, the City shall:

- Monitor AEG’s performance on a regular basis through reports and periodic audits by the City to review the performance and finances;
- Review and forward annual reports from AEG to the Mayor and City Council;
- Approve and/or execute approved agreements as set forth in Section 2.2(q);
- Oversee Capital Improvements projects and replacement efforts;
• Approve pricing, budgets, and all other policies requiring City approval as outlined in this Agreement;

• Manage and administer the Sales and Marketing Agreement;

• Cause the assignment and assumption or assume for itself all agreements pursuant to Section 2.2(q)(i), upon the expiration or earlier termination of this Agreement;

• Cause the assignment to AEG of the Pre-Existing Agreements on or before the Transition Date;

• Maintain the City’s rolling stock (fleet and fuel services) for the First Agreement Year after which AEG shall maintain the rolling stock as part of its maintenance obligations during the Term of this Agreement;

• The LACC Department shall develop Booking Guidelines to avoid potential conflict of interests subject to Section 2.2(q)(ii)(5).

• The LACC Board shall annually request an appropriation from the City Council in an amount of ten percent (10%) of the Approved Annual Operating Budget to be used by used at the discretion of the Executive Director (the “LACC Reserve Fund”).

• The LACC Board shall annually request an appropriation from the City Council in an the amount of Five Million Dollars ($5,000,000.00), which amount shall be part of the Approved Annual Operating Budget, to be used by AEG subject to Executive Director approval to fund Cash Flow Shortfalls (the “Cash Flow Management Fund”).

• In the event available funds in the LACC Operating Account, and the Cash Flow Management Fund and the LACC Reserve Fund are insufficient (or with respect to the Cash Flow Management Fund and/or the LACC Reserve Fund, were not made available), or reasonably anticipated by AEG to be insufficient, to fund Operating Expenses in accordance with the Approved Annual Operating Budget (as such Approved Annual Operating Budget may be amended in accordance with and subject to Sections 6.5 and 6.6), the LACC Department shall promptly request an appropriation from the City Council in an amount necessary to fund the operation of the LACC as more fully set forth in Section 6.

Section 2.5 Joint Management Review and the LACC Management Review Staff.

(a) Joint Management Review. AEG and the LACC Department shall work together to review management issues and other matters related to the smooth, orderly and efficient management, operation and maintenance of the LACC. AEG and the LACC Department shall also advise each other of any management or operation problems or AEG Employee or contractor performance issues which are not to the reasonable satisfaction of the LACC Department; provided, however, that any issues with the performance of the General Manager shall be directed to the attention of the President of AEG. AEG and the LACC Department shall develop a proposed plan for remediation of any such issues. Instances in which AEG and the LACC Department fail to either (i) agree upon a course of action or (ii) agree that a problem exists, shall be referred to the LACC Management Review Staff. The LACC Management Review Staff may make recommendation to the Executive Director which recommendation may
include issuance of a notice of default with an appropriate period to cure such default. AEG reserves all of its rights and defenses with respect to any such issues or disputes.

(b) **LACC Management Review Staff.** No later than the Effective Date, the LACC Department shall appoint LACC personnel ("LACC Management Review Staff") which shall be authorized to (i) receive input from AEG on all management and operation matters, (ii) make recommendations to the Executive Director on all input received from AEG and on all booking and contract issues which are beyond the Booking Policy or the Booking Guidelines or which the City reasonably believes would otherwise create a potential conflict for AEG; and (iii) either try to resolve or make recommendations to the Executive Director for resolution of all disputes brought to it from the LACC Department. The LACC Management Review Staff shall review all input provided by AEG and make an independent decision on appropriate recommendations to make to the Executive Director who shall have the authority to accept, reject or modify the LACC Management Review Staff's recommendations or make his or her own recommendations to the LACC Board, as appropriate. Notwithstanding any other provision of this Agreement, the Parties acknowledge that all input or recommendations made by AEG to City will be made to the LACC Management Review Staff who shall conduct a significant and substantive review of such input and shall make its own independent recommendations to the Executive Director.

Section 2.6 **Right of Entry Reserved.**

(a) **City Entry.** The City and its authorized representatives and agents shall have the right to enter all portions of the LACC to inspect same, to observe the performance by AEG of its obligations under this Agreement, to install, remove, adjust, repair, replace or otherwise handle any equipment, utility lines, or other matters in, on or about the premises, or to do any act or thing that the City may be obligated or have the right to do under this Agreement or otherwise; provided, however, that such entry is coordinated with AEG and does not unreasonably interfere or disrupt any licensed event activity or AEG's performance of its obligations under this Agreement. The City shall not interfere with the activities of AEG hereunder, and the City's actions shall be conducted in a manner designed to avoid disruption of AEG's work. Nothing in this Section shall impose or be construed to impose upon the City any independent obligation to construct or maintain or make repairs, replacements, alterations, additions or improvements or create any independent liability for any failure to do so. Nothing contained in this Section is intended or shall be construed to limit any other rights of the City under this Agreement or of the City acting in its Governmental Capacity.

(b) **City Entry for Emergency or Public Safety.** The City and its authorized representative and agents shall have access to the LACC at any and all times, with or without notice, for fire, police and/or homeland security emergency or public safety purposes, to investigate any incidents involving personal injury or property damage, or for any other purpose incidental to the rights and/or duties of the City acting in its Governmental Capacity.

(c) **City Office Space.** The City shall maintain its existing administrative space at the LACC for the LACC Department, its staff and its commissioners. City agrees to defend, indemnify and hold harmless AEG, AEG Parent, and their respective Affiliates, employees, agents, successors and assigns against any claim, causes of action, costs, expenses (including
reasonable attorneys’ fees) liabilities or damages (collectively “Losses”) to the extent arising out of LACC Department’s use of such space or any negligent acts or willful misconduct of such LACC Department, except to the extent any such Losses arise out of the negligence or willful misconduct of AEG, AEG Parent, and their respective Affiliates, employees, agents, successors and assigns.

Section 2.7 Negative Covenants of AEG.

AEG shall not do any of the following:

(a) manage, operate, maintain, use or occupy the LACC in any manner or for any purpose other than as set forth in this Agreement;

(b) engage in or omit any act which would, to an ordinarily prudent person in the position of AEG, be reasonably foreseeable to cause or result in substantial or significant damage to the LACC;

(c) abandon the LACC during the Term of this Agreement, including the Transition Period (except in connection with the exercise of any rights of AEG under the Agreement);

(d) knowingly use or occupy or knowingly permit the LACC or any part thereof to be used or occupied for any unlawful, or any ultra-hazardous use or operate or conduct the business of the LACC in any manner known to constitute a nuisance of any kind; or

(e) manage, operate or maintain the LACC in violation of any applicable Law.

(f) knowingly do or cause others to (i) challenge or dispute the validity of, ownership of and rights to, (ii) attempt to register and/or (iii) create and use any marks confusingly similar to any trademarks (and goodwill associated therewith) owned by the LACC and/or the City of Los Angeles, including its departments, agencies and commissions.

Section 2.8 Trademarks, Service Marks and Other Intellectual Property Rights.

(a) City Marks. “City Marks,” as used in this Agreement, shall mean any name or mark that (i) contains, in whole or partly, name(s) and/or mark(s) (including service marks, trademarks, names, titles, descriptions, slogans, insignias, emblems or logos) of the City of Los Angeles, any department, agency or commission thereof or the LACC; or (ii) imparts the color of authority of the City of Los Angeles.

(b) Use of City Marks. During the Term of this Agreement, and subject to the terms and conditions of this Agreement, the City grants to AEG a limited, non-exclusive, non-transferable, worldwide, royalty-free and fully paid-up license to use the City Marks in
connection with the operation and promotion of the LACC and for the purposes of fulfilling AEG’s obligations under this Agreement (each a “Licensed Use” or collectively, the “Licensed Uses”). No other or different rights are granted hereunder to AEG and AEG shall have no right to use any of the City Marks apart from the Licensed Uses. Other than the express licenses granted herein with respect to the City Marks, nothing herein will grant AEG any other right, title or interest in the City Marks, which are reserved by the City. All goodwill resulting from AEG’s use of the City Marks shall inure solely to City. AEG will not, at any time during or after the Term of this Agreement, do or cause others to register, attempt to register, claim any interest in, contest the use or ownership of, or otherwise adversely affect the validity of the City Marks.

(c) **Conditions of Use.** AEG agrees that the City Marks will always be reproduced as shown on Exhibit “J” in their entirety with no alterations, obstructions or modifications. AEG agrees that it will comply with any additional trademark usage and guidelines that City may communicate to AEG from time to time (“Trademark Guidelines”). AEG shall not be required to obtain written approval of City prior to each use of the City Marks on any products, materials, or premiums designed, manufactured, marketed or sold under or pursuant to this Agreement or in connection with any marketing or promotional materials under this Agreement provided such use: (i) is a Licensed Use; (ii) the appearance (e.g. form, color, type, style, orientation, etc.) of the City Marks is in accordance with the Trademark Guidelines; (iii) the use of such City Marks does not impart notions or contain elements that put the City in a false light or that are racist, sexist, derogatory to any legally protected groups/class or unfitting for public facilities; (iv) the general use of such City Marks has been approved by the City; and (v) all incomes, proceeds and licensing royalties, if any, paid to AEG in connection with the use or commercial exploitation of any City Marks shall be deemed Operating Revenues, accounted for and deposited into the LACC Operating Account. AEG shall have the limited right to allow third parties to use the City Marks solely for a Licensed Use; provided however, AEG shall ensure that any such use of the City Marks by such third parties shall be in accordance with the terms and conditions of this Agreement.

(d) **No Assignment or Transfer of the City Marks.** Nothing in this Agreement shall be construed to transfer or assign to any party, signatory herein or not, any of the intellectual property rights of the City, including but not limited to trademark rights, in connection with the City Marks. Rights not expressly granted by the City herein are reserved.

(e) **Other Forms of Intellectual Property.** Should other forms of intellectual property rights or intellectual property assets be prepared or created by AEG, its employees, agents, consultants or contractors of all tiers as a product or result of the Services performed by AEG during the Term of this Agreement, such intellectual property rights and assets shall be deemed “Work Products” and owned exclusively by the LACC and the City pursuant to the PSC-23; provided however, nothing herein is intended to convey any ownership or other rights in the pre-existing trademarks, service marks, copyrights or other intellectual property of AEG, its employees, or agents and ownership of all such marks and intellectual property shall remain the property of AEG.
Section 2.9 Confidentiality

(a) Generally. All documents containing proprietary or confidential information furnished by a Party to the other, during the Term of the Agreement, shall be treated as proprietary or confidential to the extent permitted by Law and shall not be disclosed, either orally or in writing, to any third party, without the consent of the owner of such proprietary or confidential information or pursuant to Law or order of a court and will be used only in the performance of this Agreement. Notwithstanding the foregoing, proprietary or confidential information may be disclosed to the Party’s attorney(s) or consultant(s). Proprietary or confidential information must be expressly designated or conspicuously marked as proprietary or confidential.

(b) Public Records Act Request. If a Public Records Act request is made for information designated by AEG as proprietary or confidential, the City will provide AEG with written notice of such request so that AEG may seek a court order protecting the information. If AEG does not proceed with due diligence to seek a court order protecting the proprietary or confidential information, the City may release the information to the requesting party.

(c) Publicly Available Information. The restrictions on the use of proprietary information do not apply to information which the other Party can demonstrate was publicly available or lawfully in its possession at the time of its disclosure to it by the other Party.

(d) Survival. The obligation to maintain proprietary or confidential information in confidence shall survive for a period of five (5) years after termination or expiration of this Agreement.
ARTICLE 3 TERM

Section 3.1 Effective Date.

The effective date of this Agreement shall be the date executed by the City after approval as to form and legality by the City Attorney of the City of Los Angeles (the “Effective Date”).

Section 3.2 Term.

The term of this Agreement, and AEG’s Services under this Agreement, shall commence on the Effective Date and end at Midnight on the 5th anniversary of such Effective Date, unless earlier terminated pursuant to the provisions of this Agreement ("Term"). In addition to all other rights of the City to terminate this Agreement as set forth herein, the City may, in its discretion, on or after the 3rd anniversary of the Effective Date, terminate without cause this Agreement. If the City determines it will terminate the Agreement pursuant to its right to terminate on or after the 3rd anniversary of the Effective Date, the City will give AEG ninety (90) days advance written notice of such termination.

Section 3.3 Termination; City’s Breach of Contract.

(a) This Agreement may be terminated:

(i) by City, upon 90 days written notice to AEG, pursuant to Section 3.2 above;

(ii) by either party, upon 60 days’ written notice to the other, in accordance with Sections 5.5;

(iii) by AEG, upon thirty (30) days written notice to City, in accordance with Section 6.11(c);

(iv) by AEG, upon sixty (60) days written notice to City, if (A) City has not secured the Conflict Code Amendment by the Transition Date; (B) City has not secured an amendment to the Administrative Code as contemplated in Section 6.13(a) by the Transition Date; or (C) the LACC Department does not secure an appropriation from the City Council as necessary to fund Operating Expenses, including without limitation, AEG’s compensation due under Article 5, included in the Approved Annual Operating Budget for an Agreement Year; or

(v) by City, as provided in Exhibit “A”, PSC-10.

(b) In the event this Agreement is terminated for any of the reasons set forth in Section 3.3(a), AEG shall be paid: (i) the Base Management Fee computed on a pro-rata basis to the effective date of termination (if applicable); and (ii) any actual, ordinary and necessary Operating Expenses consistent with the Approved Annual Operating Budget, if any, incurred by AEG prior to such termination. The City’s payment of such expenses will occur only after AEG
has provided reasonable evidence of the incurrence of such expenses.

(c) Upon termination of this Agreement for any reason as provided in Section 3(a) or following the expiration of the Term, (i) AEG shall promptly discontinue the performance of all Services hereunder and surrender and vacate the LACC, (ii) AEG shall return all property, equipment and furnishings; (iii) City shall promptly pay AEG all fees due to AEG as provided in 3.3(b); (iv) AEG shall deliver or otherwise make available to City all data, electronic files, documents (including, without limitation, contracts and forms), reports, estimates, summaries, and other such information and materials with respect to the LACC as may have been accumulated by AEG in performing its obligations hereunder, whether completed or in process, and, if necessary, shall execute all documents necessary to effectuate ownership rights in the same to City; and (v) without any further action on the part of AEG or City, City shall, or shall cause the successor LACC manager to, assume all obligations arising after the date of such termination or expiration, under any, booking commitments and any other LACC agreements entered into by AEG in furtherance of its duties hereunder. AEG's obligation to provide any transition services requested by the City in connection with its withdrawal from management is contingent upon City making available funds for payment of any actual, ordinary and necessary expenses incurred by AEG in providing such services.

(d) Subject to and without limiting any of the foregoing rights of AEG under Section 3(a) above, in the event that the City fails to perform or comply with any of its material terms, covenants, agreements or conditions hereof, and (other than an obligation to pay the Fees, for which there shall be a three (3) day period to cure after receipt of written notice) such failure is not cured during such thirty (30) day notification period (provided, however, if such failure cannot reasonably be cured within such thirty (30) day period, then a longer period of time shall be afforded to cure such breach, up to a total of sixty (60) days, provided that the party in default is diligently seeking a cure) AEG shall be permitted to pursue any and all remedies available to it at Law or in equity in connection with such breach, except that AEG agrees that any such breach by the City shall not give rise to a right of AEG under this Agreement to terminate the Agreement provided that AEG shall be entitled to actual out of pocket damages.
ARTICLE 4 TRANSITION PERIOD

Section 4.1 Transition Period.

During the Transition Period, the City and AEG shall work cooperatively to transition the management and operation of the LACC from the City to AEG subject to the terms and conditions set forth herein.

Section 4.2 Authority.

LACC shall manage and operate the LACC during the Transition Period. AEG shall provide the Transition Period Services listed below during the Transition Period including management of any AEG Employees and any Pre-Existing Agreement assigned to AEG by the City. Except as otherwise agreed by the Parties in writing, other than the Transition Period Services, AEG shall not be responsible for providing any other services in connection with the LACC during the Transition Period.

Section 4.3 Transition Period Services.

During the Transition Period, AEG shall provide the following services (the “Transition Period Services”):

(a) Marketing Plan and Assistance with Event Booking. Develop a marketing plan for the LACC and assist the City with the booking of specific events, including review of and comment on proposed contracts and other agreements. As part of this marketing plan development, AEG shall at a minimum:

(i) conduct a marketing analysis, including a study of the pricing, rent and services of any competitive facilities;

(ii) review the events calendar;

(iii) establish relationships with relevant hotel and restaurant associations and LATCB;

(iv) study new advertising and sponsorship sales opportunities; and

(v) develop a communications/public relations plan.

(b) Fiscal Assessment. Conduct an in-depth fiscal assessment of the LACC, including a thorough examination of all existing financial reports, budgets and event recaps. Such assessment shall include the following tasks:

(i) creating the form for financial reports in accordance with Article 7

(ii) opening appropriate bank accounts in accordance with Section 6.7;
(iii) establishing procedures for event settlement in accordance with Section 7.5;

(iv) providing input into rental fees for the LACC; and

(v) conducting financial audits of event settlements, when appropriate, in accordance with this Agreement.

(c) **Communication with Primary Users.** Establish working relationships with the primary users of the LACC to ensure that starting as of the end of the Transition Period AEG is responsive to the needs of these users while still adhering to the goals of the LACC established by the City.

(d) **Communication with Existing Contractors.** Establish working relationships with contractors under any Pre-Existing Agreement. The Parties agree that AEG will agree to assume those Pre-Existing Agreements set forth in Exhibit “F”, subject to the terms and conditions of mutually agreeable assignment and assumption agreements, to be executed by the City, AEG and the vendor or licensee involved.

(e) **Studies and Reports.** Complete work on all investigations, reports, plans, manuals, studies, proposals and inventories as reasonably requested by the LACC Department to provide input to the LACC Management Review Staff.

(f) **Management Team.** Install a core management team at the LACC, including the General Manager, to ensure that training, systems and procedures are in place prior to the date specified by the City.

(g) **Joint Management Review.** Work with the LACC Department as set forth in Section 2.5(a)

(h) **Employee Transition.** Work in consultation with the City to ensure a smooth, orderly and harmonious employee transition in accordance with Article 8.

(i) **Preparation of Annual Plan.** Work with the City to prepare the Annual Plan required by Article 6 of this Agreement.

(j) **Parking Analysis.** Provide input to the LACC Management Review Staff on the current parking rates and proposals regarding changes to the parking rates, pre-sale of parking spaces and a new parking revenue control system.

(k) **Security and Emergency Plan.** Develop a security plan and an emergency operations plan.

(l) **Other Services.** Such other services as mutually agreed by the Parties.
Section 4.4 Reimbursement of Expenses

To the extent that AEO incurs expenses in connection with performing the Transition Period Services during the Transition Period, City shall reimburse AEO for those expenses only to the extent such expenses were (i) incurred in connection with performing the Transition Period Services; and (ii) included in the Approved Annual Operating Budget for the First Agreement Year (or have otherwise been approved by the LACC Department), including without limitation any and all expenses incurred with respect to retaining the AEO Employees during the Transition Period.

Section 4.5 Provision of Space.

During the Transition Period, the LACC Department shall provide the AEO transition team with office space at no cost to AEO which may or may not be at the same location as the space AEO will occupy at the end of the Transition Period.

Section 4.6 City Responsibilities During Transition Period.

During the Transition Period, the LACC Department shall provide all management services (including payment of all Operating Expenses during such Transition Period) and supervision of City Employees and contractors and shall work with ABO to phase those responsibilities to AEO so that ABO can assume full management and operation of the LACC at the end of the Transition Period.

Section 4.7 Status of AEG Employees Prior to Amendment of LACC Conflicts Code.

The LACC is in the process of amending its Conflict of Interest Code (“Conflict Code Amendment”) to reflect the new responsibilities of City Employees at the LACC Department.
ARTICLE 5 AEG’S COMPENSATION

Section 5.1 Annual Base Management Fee.

For all Services provided by AEG pursuant to this Agreement, including but not limited to, LACC operations and management and food and beverage services, AEG shall be paid an annual management fee (the “Base Management Fee”), subject to the City’s budget appropriation process, in the amount of One Hundred and Seventy Five Thousand Dollars ($175,000.00) subject to the annual CPI-U adjustment as set forth in Section 5.2, and as prorated for any Agreement Year which is less than 365 days. The Base Management Fee shall be payable from the LACC Operating Account, or from funds otherwise made available by City, in 12 equal monthly installments in arrears, upon written authorization by the Executive Director, not to be unreasonably withheld, conditioned or delayed, no later than 10 days after the end of each month. The amount of any Base Management Fee for the First Agreement Year, the Final Agreement Year, or any other partial year shall be prorated to reflect the actual number of days for such Agreement Year.

Section 5.2 CPI Adjustment.

The Base Management Fee described in Section 5.1 shall be adjusted upward on the first day of each Agreement Year by the percentage change in the Consumer Price Index for All Items, All Urban Consumers (“CPI-U”) for the Los Angeles-Riverside-Orange-County, California area, 1982-84=100 as published by the U.S. Department of Labor, Bureau of Labor Statistics, or its successor index, provided that such adjustment shall not exceed two percent (2%).

Section 5.3 Earned Incentive Fee.

In the event AEG achieves an actual total Operating Revenues that exceed the Operating Revenues projection in the Approved Annual Operating Budget for an Agreement Year, AEG will be eligible to be paid an incentive fee as described herein (“Earned Incentive Fee”), in addition to the Base Management Fee and the Discretionary Incentive Fee (set forth in Section 5.4 below), if any. AEG will be paid the Earned Incentive Fee in addition to the Base Management Fee as determined below:

(a) Calculation of Earned Incentive Fee.

(i) Maximum Amount. The Earned Incentive Fee for any given Agreement Year will not exceed fifty percent (50%) of the Base Management Fee for such Agreement Year.

(ii) Calculation. The Earned Incentive Fee shall be calculated as 75% of the amount by which the actual total Operating Revenues for an Agreement Year exceeds the budgeted total Operating Revenues as determined using the Approved Annual Operating Budget for that Agreement Year, subject to Section 5.3(a)(i) above.
Section 5.4 Discretionary Incentive Fee.

In the event AEG achieves an actual total Operating Revenues that exceed the Operating Revenues projection in the Approved Annual Operating Budget for an Agreement Year, AEG shall be eligible for a discretionary incentive fee ("Discretionary Incentive Fee"), in addition to the Base Management Fee and the Earned Incentive Fee, if any. AEG will be paid the Discretionary Incentive Fee in addition to the Base Management Fee as determined below:

(a) Calculation of Discretionary Incentive Fee.

(i) Maximum Amount. The Discretionary Incentive Fee will not exceed fifty percent (50%) of the Base Management Fee for any Agreement Year.

(ii) Calculation. In the event AEG achieves an actual total Operating Revenues greater than the budgeted total Operating Revenues as determined using the Approved Annual Operating Budget for an Agreement Year, AEG will qualify for the Discretionary Incentive Fee for the Agreement Year. If AEG qualifies and if the LACC Department favorably evaluates AEG's performance during that Agreement Year in the categories described below, AEG will be paid a Discretionary Incentive Fee determined by the LACC Board, in its sole discretion. Categories (1) and (2) below shall be permanent categories to be evaluated each Agreement Year. Category (3) below shall be evaluated for the First Agreement Year and thereafter modified or replaced by mutual agreement to reflect the current circumstances and needs at the LACC. Additionally, the Parties shall annually agree upon the allocation of weight of the three or more categories to determine the amount to be paid for the satisfactory performance in one or more of the categories. For the First Agreement Year the weight shall be forty percent (40%) each for categories (1) and (2) and twenty percent (20%) for category (3). The categories are:

1. Implementation of enhanced customer satisfaction;
2. Implementation of enhanced facility maintenance; and
3. Implementation of enhanced public safety.

(b) Payment. The Parties will work together to establish mutually-agreeable standards for the LACC Department’s evaluation of the categories described above. The Discretionary Incentive Fee is payable in the sole discretion of the LACC Department, based upon the LACC Department's evaluation of AEG in the above areas and as measured against the specific goals in those areas as determined collectively and cooperatively by the LACC Department and AEG. The Parties intend to the extent
reasonably attainable to establish goals, which are more quantitative than qualitative goals.

Within one month after each Agreement Year, AEG will provide to the Executive Director information required to evaluate AEG's performance for the prior Agreement Year as against the goals previously established, and to provide input to LACC Management Review Staff for its recommendation to the Executive Director the goals for the then current Agreement Year. The Executive Director will, prior to completion of the audit required pursuant to Section 7.3(a)(i) complete its work as set forth herein and report to the LACC Department the Executive Director's recommendations. The LACC Department Board will in its sole discretion determine the amount of the Discretionary Incentive Fee earned for the prior Agreement Year and set the goals for the upcoming Agreement Year. The Executive Director will report this information to AEG in a format to be mutually agreed to by the Parties. The Discretionary Incentive Fee, if any, shall be paid from the LACC Operating Account as an Operating Expense upon approval by the LACC Board and written authorization by the Executive Director or from funds otherwise made available by City.

Section 5.5 Limitation on Earned Incentive Fee and Discretionary Incentive Fee.

Irrespective of the provisions of Sections 5.1, 5.2, 5.3, and 5.4 above, in no Agreement Year will the compensation paid to AEG under this Agreement be based, in whole or in part, on a share of the net profits from the operation of the LACC. Irrespective of the provisions of Section 5.1, 5.2, 5.3 and 5.4 above, in no Agreement Year may the aggregate amount of the Earned Incentive Fee and the Discretionary Incentive Fee, if any, exceed the Base Management Fee. City represents and warrants that the compensation to be paid to AEG complies with applicable statutes, regulations and procedures of the United States Internal Revenue Service, and the Base Management Fee will serve as a cap on the aggregate amount of the Earned Incentive Fee and the Discretionary Incentive Fee, if any, paid for any given Agreement Year. Specifically, the City intends that this Agreement comply with the safe harbor provisions of IRS Rev. Proc. 97-13 meaning this Agreement is not intended to result in private business use of the LACC under Section 141(b) or Section 141(c) of the Internal Revenue Code of 1986, as amended ("Code"). In the event the statutes, regulations or procedures of the United States Internal Revenue Service are modified in a way this Agreement would result in private business use under Section 141(b) or Section 141(c) of the Code or otherwise, then the Parties will revise this Agreement so this Agreement does not result in private business use of the LACC and the City’s bonds for the LACC do not become taxable as private activity bonds. If the Parties are not able to agree upon acceptable and required revisions to this Agreement to avoid this Agreement from resulting in private business use and avoid the City’s bonds becoming taxable, then either party may terminate this Agreement upon 60 days’ advance written notice.
ARTICLE 6 BUDGETS, BANK ACCOUNTS AND FUNDING

Section 6.1 Generally; Agreement Financial Allocation.

AEG agrees to prepare those certain plans, budgets and invoices as more specifically set forth in this Article 6, all for the purposes of authorizing and remitting funds relating to the LACC. The City reserves the right to review and approve any and all budgets and funding plans relating to the LACC as more specifically provided below. Additionally, in accordance with the provisions of this Article 6, AEG shall be authorized to expend the funds in the LACC Operating Account in an amount not to exceed the Approved Annual Operating Budget plus ten percent (10%), as further explained below. For the First Agreement Year, the Approved Annual Operating Budget is as set forth in Exhibit “K-1”. For the future Agreement Years, the Approved Annual Operating Budget shall be as approved by the City. The Parties agree that the Executive Director shall replace Exhibit “K-1” with Exhibit “K-2” for the second Agreement Year and Exhibit “K-3” for the third Agreement Year, and so forth, until the expiration or earlier termination of this Agreement, without need of an amendment of the Agreement.

Section 6.2 Operating Budget; Annual Plan.

(a) First Agreement Year Operating Budget; Mandatory Operating Budget Line Items. On or before the Effective Date, AEG shall deliver or cause to be delivered to City for its review and approval an updated proposed Operating Budget for the First Agreement Year. Each Agreement Year, AEG’s proposed Operating Budget must account for the costs of the LACC Department and must include a line item for a marketing and business development fund to be maintained within the LACC Operating Account (the “Marketing and Business Development Fund”) in the amount of Three Hundred Thousand Dollars ($300,000.00), as prorated for any Agreement Year with less than 365 days. Each Agreement Year, the Yearly Marketing Fund shall be used to market and solicit events for the LACC.

(b) Annual Plan and Operating Budget. For the second Agreement Year, within sixty (60) days from the Effective Date, and for each Agreement Year thereafter, on or before October 1st, AEG shall prepare and submit to the LACC Management Review Staff for the LACC Board’s and the City’s review, approval, modification or disapproval the following:

(i) Annual Plan: a written business plan for the proposed management and operation of the LACC, which shall include an overview of: AEG’s anticipated operations for the next Agreement Year, including planned operating maintenance activities by AEG; input into Capital Improvements and Capital Equipment purchases with an anticipated budget; anticipated events at the LACC; and anticipated advertising and promotional activities; and planned FF&E purchases (“Annual Plan”);

(ii) Operating Budget: a proposed Operating Budget for such Agreement Year; and

(iii) Three Year Plan: a proposed three-year Operating Budget for the LACC
and a proposed three-year forecast of Capital Improvement and Capital Equipment (for planning purposes only and not to be included in the Approved Annual Operating Budget).

(c) Cash Flow Projections. AEG shall prepare and submit to the LACC Management Review Staff, on or before May 1st of each Agreement Year during the Term, an annual cash flow projection for the immediately succeeding Agreement Year based upon the Approved Annual Operating Budget for such Agreement Year ("Cash Flow Projection").

(d) Process for LACC Board Approval of Annual Plan and Annual Operating Budget. AEG’s proposed Annual Plan and Operating Budget shall be submitted to the LACC Management Review Staff for recommendation to the Executive Director, who will accept, modify or reject the LACC Management Review Staff’s recommendation. The Executive Director shall then forward his or her recommendation for the proposed Annual Plan to the Board for consideration and approval. The LACC Board shall have the right to review, approve, modify or disapprove the proposed Annual Plan and shall advise AEG of any objections to the proposed Annual Plan. Following such review and revision by the LACC Department, AEG shall have thirty (30) days to incorporate any of LACC Department’s revisions into its proposed Annual Plan. Upon approval by the LACC Department, the Annual Plan shall constitute the approved Annual Plan for AEG for the following Agreement Year. The LACC Board shall also have the right to review, approve, modify or disapprove the proposed Operating Budget. After approval of an Operating Budget, they LACC Board shall submit its approved Operating Budget to the Mayor for inclusion in the Mayor’s Proposed Budget.

(e) Adjustments to Submission of the Proposed Operating Budget. Notwithstanding the above, the Executive Director has the discretion to reasonably adjust the budget schedule each Agreement Year in accordance with the City’s budget schedule.

(f) AEG’s Liability for Approved Annual Operating Budget. AEG agrees to use its best efforts to achieve the financial projections contained in the Approved Annual Operating Budget. Nonetheless, the City understands that AEG is not guarantying the results it has predicted in any budgets or financial projections contained in any Approved Annual Operating Budget. So long as AEG acts in accordance with the terms and provisions of this Agreement, AEG shall not have any liability whatsoever to City or any person solely by virtue of any divergence between the Approved Annual Operating Budget and the projections contained therein and the actual operating results achieved by the LACC for any Agreement Year, and such divergence shall not constitute, in and of itself, a default by AEG under this Agreement; however, AEG’s accuracy in its projections shall be considered by the LACC Board in determining AEG’s Discretionary Incentive Fee.

Section 6.3 City Approval of Operating Budget.

The annual Operating Budget referred to in Section 6.2 above is subject to review, modification and approval the City Council. By June 15th of each Agreement Year, beginning with the second Agreement Year during the Term, the Executive Director shall notify AEG of any changes to the above-referenced proposed Operating Budget for the succeeding Agreement Year. With the incorporation of such changes, if any, made by the LACC Department or the
Section 6.4 Operation in Accordance with Approved Annual Operating Budget

(a) First Agreement Year Reserve Fund. Notwithstanding anything else herein to the contrary, the Parties agree that with respect to the First Agreement Year, subject to the City approval, the Executive Director may use such funds for LACC-related expenses not contemplated in the Approved Annual Operating Budget for the First Agreement Year or to fund shortfalls caused by lower than anticipated revenues or higher than anticipated expenses (the "First Agreement Year Reserve Fund"). Subject to the City's budget appropriation process, any funds drawn in accordance with this Section 6.4(a) shall be repaid to AEG in accordance with Section 2.3(a)(i) as if such funds had been used for Capital Improvements projects as contemplated therein.

(b) Funds.

(i) LACC Reserve Fund. Beginning in the second Agreement Year, and every Agreement Year thereafter, in addition to requesting approval of the Operating Budget, the LACC Board shall request that the City Council appropriate as part of the LACC Department budget, a sum equal to ten percent (10%) of the Approved Annual Operating Budget as a reserve fund to be used for LACC-related expenses not contemplated in the Approved Annual Operating Budget or to fund shortfalls caused by lower than anticipated revenues or higher than expected expenses or other LACC Department needs as determined by the Executive Director (the "LACC Reserve Fund"). Any sums drawn from the LACC Reserve Fund for use by AEG shall be reimbursed to the LACC Reserve Fund, to the extent that Operating Revenues are available, no later than thirty (30) days prior to the end of the Agreement Year in which the sums are drawn. In the event that there are insufficient revenues in the LACC Operating Account to repay the LACC Reserve Fund within the Agreement Year in which the money was drawn, AEG shall include repayment as an expense item for the following Agreement Year’s proposed budget and thereafter reimburse the LACC Department from Operating Revenues received during the following Agreement Year.

(ii) Cash Flow Management Fund. Beginning in the second Agreement Year, and every Agreement Year thereafter, the LACC Department shall request as part of the Approved Annual Operating Budget an appropriation of Five Million Dollars ($5,000,000.00), prorated for any Agreement Year which is less than 365 days, to be used as set forth in Section 6.11. Any sums drawn from the Cash Flow Management Fund for use by AEG shall be reimbursed to the LACC Department to the extent Operating Revenues are available, no later than thirty (30) days prior to the end of the Agreement Year in which the sums are drawn. In the event that there are insufficient revenues in the Operating Account to repay the LACC Cash Flow Management Fund within the Agreement Year in which the money was drawn, AEG shall include repayment as an expense item in the following Agreement Year’s proposed budget and thereafter reimburse the LACC Department from Operating Revenues received during the
following Agreement Year.

(c) Authorized Expenditures. Expenditures under this Agreement by AEG shall only be authorized if such expenditures (i) are included in the Approved Annual Operating Budget, or in an Approved Amended Annual Operating Budget, (ii) are Emergency Expenditures, all as defined below; (iii) are approved by Executive Director to be expended from any revenues received in excess of the projected revenues in the Approved Annual Operating Budget which are not needed for payment of projected or actual expenses for the Agreement Year; (iv) are approved by the Executive Director to be expended from the First Agreement Year Reserve Fund or the LACC Reserve Fund; or (v) have been otherwise approved by the City. For clarity, and without limiting the foregoing, AEG is only authorized to withdraw funds or make payments from the LACC Operating Account to pay Operating Expenses or to transfer to the City any sums remaining at the end of the Term or earlier expiration of this Agreement.

(d) Budget Monitoring. The LACC Department shall monitor AEG’s operation in accordance with the Approved Annual Operating Budget. In furtherance of such monitoring, by the 25th day of each month, AEG will provide to the LACC Department a written monthly report in a form approved by the LACC Department detailing anticipated activities for the upcoming month and reporting on the prior month’s activities and finances as provided in Section 7.4. With each such report, AEG must include a statement of net assets (balance sheet), a statement of revenues, expenses and changes in net assets, a statement of cash flows, a summary of bookings, and an aged accounts receivable report and other financial reports requested by the City in its sole discretion. The financial statements will include Operating Revenues and Operating Expenses for the month compared to the same month the previous Agreement Year, for year to date compared to the year to date the previous Agreement Year, and for the month and year to date compared to the Approved Annual Operating Budget, as defined below. In addition, the report will provide explanations for any material variances between the Approved Annual Operating Budget and actual financial results achieved and otherwise comply with the reporting requirements of Section 7.4.

Section 6.5 Budget Modifications Initiated by AEG.

AEG may submit to the LACC Management Review Staff, at any time prior to the close of the then current Agreement Year, but not more than quarterly, a supplemental or revised proposed Operating Budget for the remainder of the then current Agreement Year (“Proposed Amended Operating Budget”). Upon the City’s written approval, and in the City’s sole discretion, the Approved Annual Operating Budget will be amended or revised, as further determined by the City for the then current Agreement Year (“Approved Amended Annual Operating Budget”). If the City does not approve the Proposed Amended Operating Budget, the Approved Annual Operating Budget without amendment or revision will remain in full force and effect.

Section 6.6 Budget Modifications Initiated by the City.

In the event it appears reasonably likely in any Agreement Year that the actual Operating Revenues for the Agreement Year will be less than projected in the Approved Annual Operating Budget, AEG must notify the Executive Director, in writing, of that likelihood as soon as it
becomes evident and, thereafter, submit to the LACC Management Review Staff a plan for reduction of Operating Expenses to a level consistent with the Net Operating Surplus/Deficit contained in the Approved Annual Operating Budget. The LACC Department may approve a reduction of Operating Expenses, approve a Proposed Amended Operating Budget, or both, provided that any increase in the Operating Budget above the LACC Reserve Fund amount or First Agreement Year Reserve Fund shall require approval of the City Council. AEG will forthwith comply with any adjustments approved by the City, in the City’s sole discretion, and the Approved Annual Operating Budget for the Agreement Year will be modified, accordingly.

Section 6.7 Receipts and Disbursements; Accounts.

(a) **LACC Operating Account.** AEG shall establish and maintain in one or more depositories designated by the City, one or more operating, payroll and other bank accounts for the promotion, operation and management of the LACC with signature authority in such employees of AEG as AEG shall designate and with the City as a co-signatory (collectively the "LACC Operating Account"). Subject to Section 6.13, all revenues collected by AEG from the operation of the LACC shall be deposited into the LACC Operating Account and Operating Expenses shall be paid by AEG from the LACC Operating Account, or from funds made available by City as provided herein. All revenues collected by AEG arising from operation of the LACC, including revenues from box office sales, facility or equipment rentals, utility rental agreements, food and beverage concessions, or any other source, are the sole property of the City, held in trust by AEG for the benefit of the City for application as provided in this Agreement. Any amounts remaining in the LACC Operating Account upon the expiration or earlier termination of this Agreement for any reason, after payment of all LACC Department approved outstanding Operating Expenses and additional amounts as provided under Section 3.3, if any, shall be promptly remitted by AEG to the City. No additional bank accounts will be opened and utilized by AEG with respect to the Services to be provided by AEG pursuant to this Agreement without the City’s prior written consent.

(b) **Disbursement.** All disbursements (checks or wires) from the LACC Operating Account shall require the signature of both the General Manager and AEG's Director of Finance of the LACC or such other employee of AEG as approved by the LACC Department (or, in their absence, other designated individuals on AEG's staff as approved by the LACC Department). Disbursements to be made from the LACC Operating Account may not cause actual Operating Expenses incurred for such Agreement Year, to exceed the overall budgeted amount for such Operating Expenses in the Approved Annual Operating Budget as set forth in Section 6.1 above without the written approval of the City.

(c) **Interest Bearing Accounts.** Unless otherwise approved by the LACC Department, monies in the LACC Operating Account shall be (i) held in interest bearing accounts and to the extent the same is not insured, shall be continuously secured by a pledge of direct obligations of the United States of America or agencies thereof, or direct obligations of the State, having an aggregate market value, exclusive of accrued interest, at all times, at least equal to the balance on deposit in such account, or (ii) invested in money market accounts that invest in direct obligation of the United States of America, or agencies thereof, or direct obligations of the State; provided that it meets the City’s investment policy.

(d) **Treatment of Interest.** Interest that accrues on amounts deposited in the LACC
Operating Account, if any, shall be considered Operating Revenues. Bank service charges, if any, on such account shall be considered Operating Expenses.

(e) Remittances of Revenues Collected. Subject to the provisions of Section 6.13 regarding deposits into the City’s Convention Center Account, AEG shall collect, hold in trust for the benefit of the City, and deposit as reasonably needed, but in no event less than weekly, ("Deposit") in the LACC Operating Account, all Operating Revenue and other sums derived from the operation of the LACC by AEG. AEG shall use an armored service approved by the LACC Department to transport all Operating Revenues and other such sums for deposit in the LACC Operating Account.

Section 6.8 Capital Improvements; Capital Equipment.

The obligation to pay for, and authority to perform, direct and supervise Capital Improvements and Capital Equipment purchases shall remain with the LACC Department, and will not be considered Operating Expenses. The Annual Plan submitted pursuant to Section 6.2(b) shall include AEG’s recommendation for Capital Improvements and Capital Equipment purchases to be accomplished during the year, and shall be accompanied by an estimate of the cost of all such items and projects and a request that the LACC Department budget funds therefore. The LACC Department shall retain the sole and absolute discretion to determine whether, and to what level, to fund Capital Improvements and Capital Equipment purchases to the LACC. If requested by the LACC Department, AEG or others engaged on its behalf, will perform, direct and supervise Capital Improvements and Capital Equipment purchases authorized in writing by the LACC Department. Without limiting the foregoing, the Parties acknowledge and agree that AEG will not be required or allowed to perform, direct, or supervise the construction of the New Hall project; provided that the Parties agree that this prohibition does not apply to restrict or otherwise limit in any way the activities of AEG’s Affiliates or AEG Parent and its Affiliates from performing any services or activities in connection with the New Hall or LACC.

Section 6.9 Funds for Emergency Repairs.

AEG shall have the right to make Emergency Expenditures, but only in strict conformity with the procedures set forth in this Section 6.9.

(a) Emergency Expenditure. An "Emergency Expenditure" is defined as an expenditure necessary to correct or repair a condition, which in the reasonable judgment of AEG, if not corrected or repaired immediately, would create an imminent danger to the safety, welfare and protection of persons or property and/or an unsafe condition threatening persons or property, even if the those expenses are not budgeted for the Agreement Year. If such emergency conditions exist, AEG shall obtain prior approval from the Executive Director before making any Emergency Expenditure whenever possible; provided that if prior approval of an Emergency Expenditure is not reasonably obtainable from the Executive Director, AEG shall immediately notify, or attempt to notify, the Executive Director’s designee of the situation and is thereafter authorized to incur an Emergency Expenditure to correct the situation on a temporary basis. An Emergency Expenditure to correct the situation on anything other than a temporary basis shall require prior approval from the LACC Department.
(b) Notice; Cash Flow Shortfall Due to Emergency Expenditure. Immediately following such action taken by AEG pursuant to this Section 6.9, AEG shall inform the Executive Director of the situation and action(s) taken, and, if the City is unable to make the necessary adjustments to the Approved Annual Operating Budget to avoid the Cash Flow Shortfall, the LACC Department shall either (i) pay into the Operating Account the amount of funds, if any, spent or committed by AEG pursuant to this Section 6.9 in excess of budgeted amounts to the extent that the LACC Department has an appropriation to pay such sums; (ii) allow AEG to utilize any LACC Reserve Funds or First Agreement Year Reserve Funds available to fund such shortfall or (iii) promptly seek an appropriation from the City Council to enable the LACC Department to pay such amounts into the Operating Account. City shall be solely responsible for the payment of any such shortfall subject to the City’s budget appropriation process. Under no circumstances, shall AEG be required to fund any such shortfall with any of its own funds; provided if AEG elects, in its sole and absolute discretion, to fund any such shortfall, City shall reimburse AEG for such amounts within sixty (60) days after AEG provides the LACC Department with written notice thereof together with an invoice detailing such amounts paid by AEG.

(c) Meet and Confer on Action After Emergency Expenditure. Notwithstanding subsection (b) above, prior to requesting any funds to be deposited into the LACC Operating Account, AEG and the Executive Director shall discuss the need to make a deposit to avoid a Cash Flow Shortfall or the need to make adjustments to the Approved Annual Operating Budget or the Operating Plan, if any are necessitated by the Emergency Expenditure.

Section 6.10 Limitation of AEG’s Liability.

Notwithstanding any provision herein to the contrary and except for AEG’s express indemnification undertakings in Exhibit “A”, Section PSC-20 and PSC-21, and AEG’s financial commitment with respect to Capital Advances as set forth in Section 2.3, AEG shall have no financial obligation to fund any cost, expense or liability with respect to the operation, maintenance, management or promotion of the LACC incurred in accordance with this Agreement. Notwithstanding the generality of the foregoing, to the extent AEG pays from the LACC Operating Account any expenses which are not Operating Expenses and are not otherwise authorized under this Agreement, AEG shall be responsible for replacing any funds expended from the LACC Operating Account. AEG’s obligation to perform the Management Period Services during the Management Period is contingent and subject to City’s making available, in a timely fashion, the funds budgeted for and/or otherwise reasonably required for AEG to carry out its obligations hereunder. If the City is unable to provide funds needed to perform the Management Period Services, AEG shall continue management of the LACC but at a reduced level consistent with anticipated Operating Revenues and available funding and in such case AEG shall not be considered to be in breach or default hereunder and shall have no liability to the City or any other party in connection with the performance of the Management Period Services.

Section 6.11 Operating Funding.
Subject to Section 6.12, below, to the extent Operating Revenues for the LACC during a calendar quarter are insufficient, or expected to be insufficient, to cover Operating Expenses set forth in the Approved Annual Operating Budget (“Cash Flow Shortfall”) for the period, the LACC Department will advance funds to AEG for deposit into the LACC Operating Account, as follows.

(a) Thirty (30) days prior to the beginning of each calendar quarter during the Term, AEG will submit to the LACC Department an invoice for the projected Cash Flow Shortfall for the upcoming quarter (which is to be offset by any cash flow surplus estimated by AEG for the then-current calendar quarter).

(b) To the extent that there is money in the Cash Flow Management Fund, the Executive Director will disburse to AEG necessary funds within five (5) business days after the start of each calendar quarter to cover the projected Cash Flow Shortfall. Those funds will be deposited by AEG in the LACC Operating Account established pursuant to Section 6.7, and used to pay Operating Expenses.

(c) If the City has not appropriated funds for the Cash Flow Management Fund, if the Executive Director does not disburse funds from the Cash Flow Management Fund, or if such funds that have already been disbursed to AEG to cover previous Cash Flow Shortfall have not been reimbursed to the Fund, the LACC Department shall either (A) have the Executive Director disburse funds to AEG from the First Agreement Year Reserve Fund or the LACC Reserve Fund, as applicable and as necessary to fund such Cash Flow Shortfall; or (B) if the sums in the LACC Reserve Fund and the Cash Flow Management Fund are insufficient to cover the Cash Flow Shortfall, the LACC Department shall promptly request an appropriation from the City Council in an amount necessary to cover the projected Cash Flow Shortfall.

(d) If any sums are advanced to AEG to cover a Cash Flow Shortfall, to the extent there are Operating Revenues in the LACC Operating Account sufficient to cover the Cash Flow Shortfall advanced from the Cash Flow Management Fund or the LACC Reserve Fund or from a new appropriation, no later than thirty (30) days prior to the end of the Agreement Year in which such sums were advanced, AEG shall reimburse, from funds available in such Operating Revenues which are not otherwise needed for payment of projected or actual expenses in the Approved Annual Operating Budget, to the extent such funds are available, the amounts advanced. If such funds are not available in the LACC Operating Account, then AEG shall include repayment of the amounts advanced in the next Agreement Year’s proposed Operating Budget and thereafter reimburse the amounts advanced during the following Agreement Year.

(e) Under no circumstances shall AEG be required to advance the cost of Cash Flow Shortfall; provided however in the event that AEG elects to fund any such Cash Flow Shortfall and such funds are not repaid to AEG within sixty (60) days after AEG delivers to the LACC Department written notice with an invoice detailing such amounts, AEG may terminate the Agreement in accordance with Section 3.
Section 6.12 Inadequate Funding of Operations.

Any failure by AEO to perform its obligations under this Agreement will not be a breach or default under this Agreement if the breach or default results from the City’s failure to appropriate sufficient funds for the management and operation of the LACC (i) in connection with (A) the City’s Approved Annual Operating Budget pursuant to Section 6.3, (B) any request to fund a Cash Flow Shortfall pursuant to Section 6.11; or (C) the LACC Department’s request for a plan for reduction of Operating Expenses pursuant to Section 6.6, or (ii) after the request for, and in accordance with, the plan for reduction of the Operating Expenses under Section 6.6.

If, in connection with Section 6.11, the City appropriates funds at (or reduces appropriated funds to) a level that, in AEO’s judgment, renders the operation of the LACC as set forth in Section 6.2 is not feasible, AEO will by written notice to the LACC Department within thirty (30) days of a funding appropriation or reduction, notify the LACC Department such reduced funding level renders the operation of the LACC as set forth in Section 6.2 not feasible. In this event, the LACC Department will have sixty (60) days within which to request that the City appropriate funds to a level that, in AEO’s judgment, renders the operation of the LACC feasible. If the City does not appropriate funds to the level indicated, then AEO shall continue management of the LACC at a reduced level consistent with anticipated Operating Revenues and available funding subject to Section 6.10.

Section 6.13 Operating Expenses.

(a) Current Ordinances. The Parties acknowledge that current City ordinances requires all money derived from the LACC to be deposited into the Convention Center Account (Los Angeles Administrative Code (“Admin Code”) Section 8.148). The Parties further acknowledge that current City ordinances prohibit a City department from paying any contract amounts in advance of the expense being incurred unless they contract falls within one of the listed exemptions and that this Agreement does not currently qualify for an exemption (Admin Code Section 5A). Therefore, subject to Section 3.3, unless and until the Administrative Code is amended to permit deposits into the LACC Operating Account described in Section 6.7 and to allow payment to third parties in advance of AEO incurring the expense, AEO shall deposit all revenues into the City’s Convention Center Account, pay all AEO Employees from AEO’s funds and submit to LACC Department all other Operating Expenses for payment by the LACC Department from the City’s Convention Center Account. Any funds expended by AEO for AEO Employees, or otherwise not submitted to the LACC for payment, shall be submitted in writing with support documentation, to the LACC Department for reimbursement to AEO.

(b) Future Ordinances. The Parties acknowledge that it is the intent of the LACC Department to request, on or before the Effective Date or immediately thereafter, that the City Council, amend the applicable provisions of the Administrative Code to provide that the entire appropriation for this Agreement may be paid to AEO for placement into the LACC Operating Account upon request and not in arrears so that the intent of the Parties to have AEO manage and operate the LACC pursuant to this Agreement may be fully realized. Nothing in this Agreement shall obligate the City Council to amend the Administrative Code which is an exercise of the City’s Governmental Capacity discretion.
(c) **Obligation to Pay AEG Expenses.** The City shall pay, to the extent funds are appropriated, expenses of AEG, as submitted within thirty (30) days after receipt of an invoice detailing such expense, only to the extent they are Operating Expenses and only to the extent they are included in the current Approved Annual Operating Budget, or Approved Amended Operating Budget, as applicable, or are Emergency Expenditures or have otherwise been incurred pursuant to the terms of this Agreement and not paid through the LACC Operating Account.

**Section 6.14 Operating Deficit.**

The City will be responsible for any Operating Deficit subject to the City’s budget appropriation process. The funds remaining in the LACC Operating Account at the end of each Agreement Year shall remain in the LACC Operating Account until the expiration or earlier termination of this Agreement; provided, however, that to the extent that funds remaining in the Operating Account at the end of an Agreement Year are not required to pay current and projected Operating Expenses plus ten percent (10%) or otherwise fund Cash Flow Shortfalls or unpaid compensation, the LACC Department may include in the Approved Annual Operating Budget a line item for payment or reimbursement to the LACC Department for the LACC Department’s costs.

**Section 6.15 Bank Statements.**

AEG will grant the City electronic view access to the LACC Operating Account and Event Account. In addition, upon the City’s request, AEG will submit to the City, or will cause the depository institutions holding the LACC Operating Account to submit to the City, monthly bank statements for the LACC Operating Account.
ARTICLE 7 RECORDS, AUDITS AND REPORTS

Section 7.1 Accounting.

AEG shall maintain full, accurate and complete financial and accounting books, records and reports of the management, operation and maintenance of the LACC ("Records"), including all revenues and expenditures in accordance with generally accepted accounting principles under this Agreement. AEG shall use accounting and record systems in accordance with generally accepted accounting principles ("GAAP") in the maintenance of such Records.

Section 7.2 Records

(a) Maintenance of Records. All Records shall be maintained by AEG in accordance with City record retention policies. AEG shall keep and preserve all Records for at least five (5) years following the expiration or earlier termination of this Agreement, including all service orders, work orders, sales slips, rental agreements, purchase orders, sales books, cash register tapes, credit card invoices, duplicate deposit tapes and invoices, bank accounts, cash receipts and cash disbursements, bank books, and other evidence of Operating Revenues and Operating Expenses for such period. AEG’s contracts with its vendors, subcontractors and Affiliates will contain a provision requiring the vendors, subcontractors and Affiliates to keep and maintain all such Records in their possession in accordance with this Section 7.2.

(b) Bookkeeping System. AEG shall maintain a system of bookkeeping adequate for its operations hereunder and shall submit such system to the LACC Department at least thirty (30) days before the end of the Transition Period for review and approval. Any changes to such system shall be subject to the approval of the LACC Department. The systems and procedures used to maintain these Records shall also include a system of internal controls that is in accordance with sound business procedures.

(c) Access to Records. The City shall have the right to inspect and/or audit such Records at reasonable times during normal business hours and upon reasonable prior notice to AEG. AEG must agree to allow the City Controller to audit and permit access to all financial and other records of the management, operation and maintenance of the LACC. AEG shall give the City and the City’s authorized representatives access to AEG’s Records during reasonable business hours and upon reasonable advance notice. Should any of the Records be maintained on a computerized system, AEG shall provide the City with access, during normal business hours upon reasonable notice, to such Records generated by the computerized system. AEG shall maintain their Records in the City of Los Angeles. Additionally, AEG shall give any auditors retained to conduct the Audit (including the Final Audit) the right to review and test any proprietary software and its documentation used by AEG for bookkeeping and the production of the Records.

Section 7.3 Audits.

(a) AEG Requirements.

(i) Annual Financial Statement. AEG shall deliver to the LACC Department
an annual unaudited financial statement of operations of the LACC within sixty (60) days after
the end of the Agreement Year and an annual independent auditor’s report within one hundred
twenty (120) days after the end of the Agreement Year; which financial statement must include a
statement of net assets (balance sheet), a statement of profit or loss and a statement of Cash
Flows for the LACC for the preceding Agreement Year, all prepared in accordance with
generally accepted accounting principles. The independent auditor’s report (“Annual Audit”)
shall be prepared by an independent certified public accountant licensed by the State of
California, selected by the City and paid for as an Operating Expense.

(ii) **Independent Auditor’s Report.** The Annual Audit shall contain an opinion
expressed by the independent auditor of the accuracy of the Records kept by AEG. Each Annual
Audit shall also provide a certification of Operating Revenues, Operating Expenses and the Net
Operating Surplus/Deficit/ for such Agreement Year. The City also shall require of the
independent auditor and AEG shall deliver to the LACC Department a memorandum and report
(“Internal Control Memorandum”) on accounting controls and procedures of AEG related to this
Agreement at the end of each Agreement Year.

(iii) **Final Audit.** On or before the 120th day following the day on which this
Agreement expires or is otherwise terminated, the City shall cause an audit comparable to that
described above (covering that portion of the Agreement Year from July 1st up to and including,
the date of expiration or termination to be prepared and submitted to the LACC Department)
("Final Audit"). The Final Audit shall be reviewed and accepted by LACC Department before
any Incentive Fees shall be payable to AEG pursuant to this Agreement. This Section 7.3(a)(iii)
shall survive the expiration or earlier termination of this Agreement.

(b) **City Audit Rights.**

The City shall have the right at any time, and from time to time, to cause nationally
recognized independent auditors to audit all of the books of AEG relating to Operating Revenues
and Operating Expenses, including, without limitation, cash register tapes, credit card invoices,
duplicate deposit tapes, and invoices. No costs incurred by the City in conducting such audit
shall be considered an Operating Expense. Beginning in the second Agreement Year, if any such
audit demonstrates that the Operating Revenues or Operating Expenses reflected in any financial
statements prepared by AEG and audited as specified in 7.3(a)(i) are understated (in the case of
Operating Expenses) or overstated (in the case of Operating Revenues), by more than five
percent (5%), AEG shall pay to the City the reasonable cost of such audit and shall promptly
refund to the City any portion of the Incentive Fee paid for the Agreement Year which is
attributable to the overstatement or understatement, as the case may be. The City’s right to have
such an audit made with respect to any Agreement Year and AEG’s obligation to retain the above
records shall expire five (5) years after the expiration or earlier termination of this Agreement.

(c) **Remedy of Control Weaknesses.** AEG agrees to remedy in a timely manner any
control weaknesses identified by the City or outside auditors that contribute or could potentially
contribute to reporting variances.
Section 7.4 Monthly Reports.

By the 25th day of each month, AEG shall provide to the Executive Director a written monthly report as set forth in Section 6.4(c) and this Section 7.4 ("Monthly Budget and Service Report"). The Monthly Budget and Service Report shall include the information required in Section 6.4(d) and (i) for the immediately succeeding month, AEG's activities in the management, operation and maintenance of the LACC, including bookings revenues from all sources, expenditures and such other related information as Executive Director or the LACC Department may request; (ii) for the immediately succeeding month, the anticipated activities and financial condition of the LACC; (iii) separately identified food, beverage and concessions activity and variances, if any, and (iv) any further information as Executive Director or the LACC Department may reasonably require or request, or as may be required by the terms of this Agreement. To the extent that actual results are not fully available when the Monthly Budget and Service Report is due, AEG may include reasonable estimated amounts in the Monthly Budget and Service Report; provided that the Monthly Budget and Service Report shall clearly indicate any use of estimated amounts and that, upon the request of the LACC Department, AEG shall provide the LACC Department with all reasonably requested documentary evidence to support such estimated amounts. Any estimated amounts used in a Monthly Budget and Service Report shall be confirmed in the immediately following Monthly Budget and Service Report with any necessary adjustments being accounted for in such immediately following Monthly Budget and Service Report.

Section 7.5 Event Settlement Reports.

Within sixty (60) days after the conclusion of the move out of each event at the LACC, AEG shall transmit to the Executive Director a settlement report in a form approved by the City (the "Event Settlement Report"). The Event Settlement Report shall include, at a minimum event attendance, Operating Revenues and Operating Expenses attributable to the event.

Section 7.6 Standard Operating Procedures Manual.

AEG will prepare by January 1, 2014, for the LACC Department’s approval, a manual containing AEG's operating procedures with respect to the LACC ("Standard Operating Procedures Manual"). AEG will retain possession of the Standard Operating Procedures Manual, but will grant the City access to the Standard Operating Procedure Manual upon reasonable notice. AEG will keep the Standard Operating Procedures Manual up to date, and will deliver a copy of the Standard Operating Procedures Manual, including any updates as they may occur, to the Executive Director. The City acknowledges to the extent the Standard Operating Procedures Manual contains AEG's proprietary information (i.e., AEG-wide, not specific to the LACC, operating policies and procedures), then the proprietary information will remain the property of AEG and will be removed from the Standard Operating Procedures Manual upon the expiration or earlier termination of this Agreement and AEG shall deliver a copy of the redacted Standard Operating Procedures Manual to the Executive Director. The LACC Department shall conduct an annual review of the Standard Operating Procedures Manual which will occur no later than March 31st of each Agreement Year.
Section 7.7 Inventory Report.

In addition to the reports otherwise required to be provided pursuant to this Agreement, AEG will conduct and submit to the Executive Director, beginning on or before June 30, 2014 and on or prior to June 30th of each year thereafter during the Term hereof an inventory of capitalized FF&E of the LACC.
ARTICLE 8 EMPLOYEES

Section 8.1 AEG Employees.

(a) Generally. AEG shall select, employ, train, and supervise at the LACC the number of AEG Employees necessary or appropriate to satisfy AEG’s responsibilities under this Agreement, all of which shall be reasonable, subject to all limitations, requirements and restrictions in the Approved Annual Operating Budget and in compliance with applicable Laws. AEG will use its commercially reasonable efforts to recruit and retain highly-qualified and capable employees who will be proficient, productive and committed to excellence in customer service. AEG will have authority to hire, terminate and discipline any and all personnel working for it in the LACC.

(b) Background Checks; Professional Standards. AEG shall subject employees to criminal background checks as required by the City and in accordance with applicable Laws and shall thoroughly train and closely supervise all AEG Employees so that they maintain a professional appearance and are aware of and habitually practice high standards of cleanliness, courtesy and service. AEG shall not employ any person who does not conduct him or herself in a business-like and professional manner and, shall promptly take appropriate action against AEG Employees who do not meet this standard.

(c) AEG Office Space. The LACC Department will provide office space, furniture, equipment and satisfactory communications system for AEG for its activities hereunder, the ongoing costs of which are to be Operating Expenses of the LACC and included in the Approved Annual Operating Budget. If AEG wishes to acquire at its sole cost and expense upgraded furniture or equipment beyond what has been provided by the City, AEG shall purchase such furniture and equipment and be solely responsible for its maintenance and repair. Such upgraded furniture and equipment shall become the property of the City upon the expiration or earlier termination of this Agreement if the City elects to take ownership, at its sole discretion, and subject to the City paying AEG for the unamortized portion of the amounts expended by AEG for the furniture and equipment that the City retains.

Section 8.2 AEG General Manager.

(a) Selection of General Manager. AEG shall assign to the LACC a highly-qualified, competent, full-time general Manager capable of operating and empowered to operate the LACC as a first-class convention center (the "General Manager"). AEG agrees that the General Manager of the LACC shall be located on-site at the LACC.

(b) Consultation with Executive Director. Prior to AEG’s appointment of such General Manager and whenever a vacancy exists throughout the Term of this Agreement, AEG shall consult with the Executive Director with respect to the qualifications of the General Manager proposed by AEG. The General Manager for the LACC shall be subject to an interview with the Executive Director.
(c) **Sole Duty of General Manager.** The General Manager shall have no other duties other than the day-to-day operation and management of the LACC, unless previously approved in writing by the Executive Director.

**Section 8.3 City Review of General Manager’s Performance.**

At any time during the Term, the Executive Director can notify the President of AEG if the Executive Director believes there is a performance problem with the General Manager. Within 15 days of receipt of notice, the President of AEG, or the President’s designee, shall meet with the Executive Director to discuss the performance problem regarding the General Manager and to propose steps to address the problem within a specified period of time. If the Executive Director is not satisfied with AEG’s proposed steps to address the problem, or if the performance problem is not adequately addressed within the specified period of time, AEG will remove the General Manager from performing services for the LACC.

**Section 8.4 AEG Employees Not Employees of the City.**

AEG Employees will not, for any purpose, be considered employees of the City.

**Section 8.5 Payment of Employee Compensation, Benefits, Withholdings.**

AEG will be solely responsible for all AEG Employee personnel-related matters including, without limitation, setting and paying as Operating Expenses their compensation, employment taxes, federal and state income tax withholding, and all employee benefits. All AEG Employee costs will be Operating Expenses.

**Section 8.6 Employee Transition.**

(a) **Transition Period.** During the Transition Period:

(i) City Employees shall be supervised by the City and shall retain their status and benefits as City employees unless terminated by the City.

(ii) On the Effective Date, or as soon thereafter as possible, AEG shall provide the City with a list of those City Employees to be hired by AEG.

(iii) The employee transition period shall conclude on the Transition Date.

(b) **Transfer to AEG Employment.** Should AEG choose to offer a City Employee a position during the Transition Period, and the City Employee accepts the position, then the City Employee will become an AEG Employee on or before the Transition Date as mutually agreed to by the Parties.

(c) **City Rights.** If the LACC Department is dissatisfied with the performance of any AEG Employee such that the LACC Department believes such employee's continued service at the LACC is detrimental to the best interests of the City and/or the LACC, the LACC Department shall inform AEG of such concerns and the LACC Management Review Staff shall
attempt to resolve any reasonable concerns to the extent permitted by applicable Law, including, if lawful, reassignment of any such employees if AEG determines such reassignment is necessary to resolve the LACC’s concerns.
ARTICLE 9 SPECIAL USES OF LACC

Section 9.1 Use of LACC at Direction of City.

(a) Use by Film, Civic and Nonprofit Organizations. In accordance with policies of the LACC Department or the City, AEG shall provide use of the LACC or any part thereof to film, civic and nonprofit organizations. The City shall not schedule use of the LACC pursuant to this subparagraph if such use will conflict with events already booked or held at the LACC.

(b) Use by City. The LACC Department shall have the right to schedule and use the LACC or any part thereof, upon reasonable advance notice and subject to availability at the time of the scheduling, for such purposes as meetings, seminars, training classes or any other uses of the LACC Department without the payment of any license or use fee; provided that the LACC Department shall pay to AEG the amount of the actual costs of such use, including the costs of labor and other expenses incurred by AEG in connection with such use of the LACC.

(c) Use for Emergencies. The City shall have the right to use the LACC for emergency purposes as determined by the Mayor of the City of Los Angeles and all licenses or other agreements entered into by AEG shall provide for such use with no liability to the City or AEG. However, provided that AEG’s agreements contain the required provisions for emergency use, should a licensee institute litigation for cancellation or postponement of its licensed event, the City agrees to defend, indemnify and hold harmless AEG, its employees, agents, successors and assigns against any claim, causes of action, costs, expenses (including reasonable attorneys’ fees) liabilities or damages (collectively “Losses”) to the extent arising out of (i) use of the LACC by the City as contemplated herein; (ii) any negligence or willful misconduct of the City or City Employees except to the extent any such Losses arise out of the negligence or willful misconduct of AEG.
ARTICLE 10 General Provisions

Section 10.1 AEG’s Transactions with Affiliates.

(a) AEG Doing Business with Affiliates. In connection with its management responsibilities under this Agreement relating to the purchase or procurement of equipment, materials, supplies, inventories and services for the LACC, AEG will have the right, but not the obligation, to purchase or procure from, or otherwise transact business with, an Affiliate of AEG. In the event AEG purchases or procures from, or otherwise transacts business with, an Affiliate of AEG, the prices charged and services rendered will be competitive with those obtainable from others rendering comparable goods or services of like kind. To ensure compliance in this respect, AEG agrees to obtain at least two other competitive bids from Persons other than AEG’s Affiliates whenever AEG proposes to transact business with an Affiliate. In addition, AEG may license the use of the LACC or any part thereof to itself or its Affiliates in connection with any event in the promotion of which AEG is involved, so long as the license fee charged is on prevailing rates and terms or other rates and terms approved in writing by the LACC Department, subject to the terms and conditions of the Implementation Agreement, as well as any exhibit attached thereto.

(b) Conflict with Other AEG Managed Facilities. The City acknowledges AEG manages other public assembly facilities which may, from time to time, be in competition with the LACC. The management of competing facilities will not, in and of itself, be deemed a conflict of interest or breach of AEG’s duties under this Agreement; provided, however, in all instances in which the LACC is in competition with other public assembly facilities managed by AEG for the solicitation of certain events, AEG will not involve its principal office on behalf of any other competing facility in an attempt to influence the decision-making process to the disadvantage of the LACC regarding the selection of an event site.

Section 10.2 Informal Dispute Resolution Procedures.

The Parties desire to cooperate with each other in the management and operation of the LACC pursuant to the terms hereof. In keeping with this cooperative spirit and intent, the Executive Director and AEG shall attempt in good faith to resolve any dispute with respect to the LACC within fifteen (15) days following receipt by the other Party of notice of such dispute. If the Parties are unable to resolve the dispute within such 15-day period, and upon notice by a Party to the other Party, the dispute shall be referred to the LACC Department who shall attempt to resolve any such dispute prior to either Party initiating a legal suit.

Section 10.3 [INTENTIONALLY OMITTED]

Section 10.4 Labor Peace Agreement.

Prior to the Effective Date, AEG has submitted proof of having entered into a Labor Peace Agreement (“LPA”) with unions as agreed by the Parties. Prior to the beginning of each Agreement Year, AEG must submit proof that it still has the required LPA in place.
Section 10.5 Assignment; Binding Upon Successors and Assigns; No Third-Party Beneficiaries.

(a) **No Assignment etc.** Neither party shall cause, permit or suffer any assignment, conveyance or other transfer, in whole or in part, of this Agreement, without the prior consent of the other party.

(b) **Binding Effect.** This Agreement and the rights and obligations set forth herein shall inure to the benefit of, and be binding upon, the Parties hereto and each of their respective successors and permitted assigns.

(b) **No Third-Party Beneficiaries.** This Agreement shall not be construed as giving any person, other than the Parties hereto and their successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or any of the provisions herein contained, this Agreement and all provisions and conditions hereof being intended to be, and being, for the sole and exclusive benefit of such Parties and their successors and permitted assigns and for the benefit of no other person or entity.

Section 10.6 Notices.

Any notice, consent or other communication given pursuant to this Agreement shall be in writing and shall be delivered, sent by personal delivery, overnight mail or certified or registered mail (return receipt requested and postage prepaid), addressed as follows:

To Owner:

Los Angeles Convention Center  
1201 South Figueroa St.  
Los Angeles, CA 90015  
Attention: Executive Director

With a copy to:

City of Los Angeles  
Office of the City Administrative Officer  
200 No. Main Street, Suite 1500  
Los Angeles, CA 90012  
Attention: Debt Management Group

And a copy to:

Los Angeles City Attorney  
200 No. Main Street, 8th floor  
Los Angeles, CA 90012  
Attention: Noreen Vincent
To AEG:

AEG Facilities, LLC
800 W. Olympic Blvd., Suite 305
Los Angeles, CA 90015
Attn: Bob Newman

With a Copy to:

AEG
800 W. Olympic Blvd., Suite 305
Los Angeles, CA 90015
Attn: John Keenan

or such other persons or addresses as either Party may from time to time designate by notice to the other. A notice, other communication or approval shall be deemed to have been sent and received (i) on the day it is delivered, or if such day is not a business day or if the notice is received after ordinary office hours (time of place of receipt), the notice, other communication or approval shall be deemed to have been sent and received on the next business day, or (ii) on the fourth business day after mailing if sent by U.S. registered mail.

Section 10.7 Entire Agreement; Document Precedence. This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings with respect thereto. No other agreements, representations, warranties or other matters, whether oral or written, will be deemed to bind the Parties hereto with respect to the subject matter hereof.

Section 10.8 Preserving Tax Exempt Status.

(a) Generally. AEG acknowledges that the LACC has been financed in whole or in part with obligations the interest on which is excludable from gross income from federal income tax purposes and that the City may choose to issue additional tax-exempt obligations related to the LACC in the future.

(b) Amendment of Agreement to Comply with IRS Requirements. Notwithstanding any other provision of this Agreement, if, in the opinion of nationally recognized bond counsel selected by the City any provision of this Agreement conflicts with or fails to comply with any IRS regulation, ruling, notice or procedure issued prior to or subsequent to the date of this Agreement so as to jeopardize the tax exempt nature of the obligations ("IRS Requirements"), then the Parties shall amend this Agreement to the extent necessary to achieve compliance, upon notice from the City.

(c) Preservation of Tax Exempt Status. In order to preserve the tax exemption of the financing and unless otherwise agreed to by the City in writing, AEG agrees that all service and

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operating agreements as described in Section 2.2 shall be negotiated and entered into so as to comply with Section 1.141-3 (b) (4) of the IRS regulations and IRS Revenue Procedure 97-13, as the same may be amended, revised, or replaced from time to time.

Section 10.9 Government Code Section 1090 et seq.

AEG represents that it has read and is aware of the provisions of California Government Code Section 1090 et seq. and Section 87100 et seq. of the California Government Code and Section 49.5.1 et seq. of the Los Angeles Government Ethics Ordinance relating to conflict of interest of public officers and employees, and consultants as well as the Conflict of Interest Code of the LACC Department. The Parties hereto state that they are unaware of any financial or economic interest of its officers or employees creating a conflict of interest relating to this Agreement. No AEG Employee, unless that employee acts as a "public official" or "consultant" as that term is defined by the state's Political Reform Act, would be required to file statement of Economic Interest (Form 700), unless otherwise required by law. Furthermore, AEG covenants that it will bring to the LACC Management Review Staff's attention any agreement which in AEG's or the City's opinion has the potential to create a conflict for AEG and further covenants not to take any action on such matter other than to submit it to the LACC Management Review Staff for its consideration and action.

Section 10.10 Proprietary and Governmental Roles; Actions by Parties.

Except where clearly and expressly provided otherwise in this Agreement, the capacity of City in this Agreement shall be as the owner of the LACC only ("Proprietary Capacity"), and any obligations or restrictions imposed by this Agreement on City shall be limited to that capacity and shall not relate to, constitute a waiver of, supersede or otherwise limit or affect the governmental capacities of the City, including, without limitation, enacting laws, inspecting structures, reviewing and issuing permits, and all of the other legislative and administrative or enforcement functions of each pursuant to federal, state or local law ("Governmental Capacity"). Whenever not expressly otherwise stated, (i) the City, when acting in its Proprietary Capacity, shall not unreasonably withhold its approval with respect to matters requiring its approval hereunder, and (ii) the City when acting in its Governmental Capacity, shall be permitted to utilize its sole discretion with respect to matters requiring its approval and nothing in this Agreement shall be construed to limit that discretion.

Section 10.11 Economic and Workforce Development Department.

The Parties acknowledge and agree that any and all actions taken in furtherance of this Agreement must be in conformance with the policies of the City's Economic Development and Workforce Development Department.
ARTICLE 11 CITY STANDARD PROVISIONS

Section 11.1 Standard Provisions

The standard provisions for City contracts are attached hereto as Exhibit "A" and shall be incorporated into this Agreement as though fully stated therein. In the case of a conflict between provisions of Articles 1 through 10, inclusive, and the provisions in Exhibit "A", the provisions of Article 1 through 10 shall be controlling.

[signature page follows]
IN WITNESS WHEREOF, the Parties executed this Agreement on the dates indicated.

CITY OF LOS ANGELES ("CITY")

[Signature]
ROBERT OVROM
EXECUTIVE DIRECTOR
LOS ANGELES CONVENTION
AND EXHIBITION CENTER

Date: 10-29-13

Approved as to Form
Michael N. Feuer
City Attorney

[Signature]
Name: 
Title: 

Date: 10/29/13

ATTEST: Holly Wolcott, Interim
City Clerk

[Signature]
Deputy 10/29/13

AEG MANAGEMENT LACC, LLC ("AEG")

[Signature]
By: 
Name: 
Title: 

Date: 10-24-13
## EXHIBIT A

STANDARD PROVISIONS FOR CITY CONTRACTS

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STANDARD PROVISIONS FOR CITY PERSONAL SERVICE CONTRACTS

(For the purposes of this Agreement, all references below to "Contract" shall refer to this Agreement and all references to "Contractor" shall refer to AEG)

PSC - 1. CONSTRUCTION OF PROVISIONS AND TITLES HEREIN

All titles, subtitles, or headings in this contract have been inserted for convenience, and shall not be deemed to affect the meaning or construction of any of the terms or provisions hereof. The language of this contract shall be construed according to its fair meaning and not strictly for or against the City or Contractor. The word "Contractor" herein in this contract includes the party or parties identified in the contract. The singular shall include the plural; if there is more than one Contractor herein, unless expressly stated otherwise, their obligations and liabilities hereunder shall be joint and several. Use of the feminine, masculine, or neuter genders shall be deemed to include the genders not used.

PSC - 2. NUMBER OF ORIGINALS

The number of original texts of this contract shall be equal to the number of the parties hereto, one text being retained by each party. At the City's option, one or more additional original texts of this Contract may also be retained by the City.

PSC - 3. APPLICABLE LAW, INTERPRETATION AND ENFORCEMENT

Each party’s performance hereunder shall comply with all applicable Laws of the United States of America, the State of California, and the City including, but not limited to, laws regarding health and safety, labor and employment, wage and hours and licensing laws which affect employees. This Agreement shall be enforced and interpreted under the laws of the State of California without regard to conflict of law principles. Contractor shall comply with new, amended, or revised laws, regulations, and/or procedures that apply to the performance of this contract.

In any action arising out of this contract, Contractor consents to personal jurisdiction, and agrees to bring all such actions, exclusively in state or federal courts located in Los Angeles County, California.

If any part, term or provision of this contract is held void, illegal, unenforceable, or in conflict with any law of a federal, state or local government having jurisdiction over this contract the validity of the remaining parts, terms or provisions of the contract shall not be affected thereby.

PSC - 4. TIME OF EFFECTIVENESS

Unless otherwise provided, this contract shall take effect when all of the following events have occurred:

A. This contract has been signed on behalf of Contractor by the person or persons authorized to bind Contractor hereto;
B. This contract has been approved by the City Council or by the board, officer or employee authorized to give such approval;

C. The Office of the City Attorney has indicated in writing its approval of this Agreement as to form; and

D. This contract has been signed on behalf of the City by the person designated by the City Council, or by the board, officer or employee authorized to enter into this contract and has been attested to by the City Clerk.

PSC – 5. INTEGRATED CONTRACT

This contract contains the full and complete agreement between the Parties, sets forth all of the rights and duties of the Parties with respect to the subject matter hereof, and replaces any and all previous agreements or understandings, whether written or oral, relating thereto. No verbal agreement nor conversation with any representative of either party shall affect or modify any of the terms and conditions of the contract.

PSC – 6. AMENDMENT

Any change to the terms of the contract, including changes in the scope of work to be performed and any increase or decrease in the amount of compensation, which are agreed to by the Parties shall be incorporated into the contract by a written amendment properly executed by the authorized representatives of the Parties and effective pursuant to the provisions of PSC-4. No verbal agreement with any officer or employee shall affect or modify any of the terms or conditions of the contract.

PSC – 7. EXCUSABLE DELAYS

In the event that performance on the part of any party hereto is delayed or suspended as a result of circumstances beyond the reasonable control and without the fault and negligence of said party, none of the parties shall incur any liability to the other parties as a result of such delay or suspension. Circumstances deemed to be beyond the control of the parties hereunder include, but are not limited to, acts of God or of the public enemy; insurrection; acts of the Federal Government or any unit of State or Local Government in either sovereign or contractual capacity; fires; floods; earthquakes; epidemics; quarantine restrictions; strikes; freight embargoes or delays in transportation, to the extent that they are not caused by the party's willful or negligent acts or omissions, and to the extent that they are beyond the party's reasonable control.

PSC – 8. BREACH

Except for excusable delays as described in PSC-7, if any party fails to perform, in whole or in part, any promise, covenant, or agreement set forth herein, or should any representation made by it be untrue, any aggrieved party may avail itself of all rights and remedies, at law or equity, in the courts of law. Said rights and remedies are cumulative of those provided for herein except that in no event shall any party recover more than once, suffer a penalty or forfeiture, or be unjustly compensated.
PSC – 9. WAIVER

A waiver of a default of any part, term or provision of this contract must be in writing and shall not be construed as a waiver of any succeeding default or as a waiver of the part, term or provision itself. A party’s performance after the other party’s default shall not be construed as a waiver of that default.

PSC – 10. TERMINATION

A. TERMINATION FOR CONVENIENCE

The City may terminate this contract for the City’s convenience at any time after the third year of the Term by giving AEG ninety (90) days written notice thereof. Upon receipt of said notice, Contractor shall immediately take action not to incur any additional obligations, costs or expenses, except as may be reasonably necessary to terminate its activities. The City shall pay Contractor its reasonable and allowable costs through the effective date of termination and those reasonable and necessary costs incurred by Contractor to affect such termination. Thereafter, Contractor shall have no further claims against the City under this contract. All finished and unfinished documents and materials procured for or produced under this Contract, including all intellectual property rights thereto, shall become City property upon the date of such termination. Contractor agrees to execute any documents necessary for the City to perfect, memorialize, or record the City’s ownership of rights provided herein.

B. TERMINATION FOR BREACH OF CONTRACT

1. Except for excusable delays as provided in PSC-7, if Contractor fails to perform any of the provisions of this contract or so fails to make progress as to endanger timely performance of this contract, the City may give Contractor written notice of such default. If Contractor does not cure such default or provide a plan to cure such default which is acceptable to the City within the time permitted by the City, then the City may terminate this contract due to Contractor’s breach of this contract.

2. If a federal or state proceeding for relief of debtors is undertaken by or against Contractor, or if Contractor makes an assignment for the benefit of creditors, then the City may immediately terminate this contract.

3. If Contractor engages in any dishonest conduct related to the performance or administration of this contract or violates the City’s lobbying policies, then the City may immediately terminate this contract.

4. In the event the City terminates this contract as provided in this section, the City may procure, upon such terms and in such manner as the City may deem appropriate, services similar in scope and level of effort to those so terminated, and Contractor shall be liable to the City for all of its costs and damages, including, but not limited to, any excess costs for such services.

5. All finished or unfinished documents and materials produced or procured under this contract, including all intellectual property rights thereto, shall become City property upon date of
such termination. Contractor agrees to execute any documents necessary for the City to perfect, memorialize, or record the City’s ownership of rights provided herein.

6. If, after notice of termination of this contract under the provisions of this section, it is determined for any reason that Contractor was not in default under the provisions of this section, or that the default was excusable under the terms of this contract, the rights and obligations of the parties shall be the same as if the notice of termination had not been issued pursuant to PSC-10(A) Termination for Convenience.

7. The rights and remedies of the City provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

PSC – 11. **INDEPENDENT CONTRACTOR**

Contractor is acting hereunder as an independent contractor and not as an agent or employee of the City. No employee of Contractor has been, is, or shall be an employee of the City by virtue of the contract, and Contractor shall so inform each employee organization and each employee who is hired or retained under the contract. Contractor shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees, or agents to be an agent or employee of the City.

PSC – 12. **CONTRACTOR’S PERSONNEL**

Unless otherwise provided or approved by the City, Contractor shall use its own employees to perform the services described in this contract. The City shall have the right to review and approve any personnel who are assigned to work under this contract. Contractor agrees to remove personnel from performing work under this contract if requested to do so by the City.

Unless otherwise permitted by this Agreement, Contractor shall not use subcontractors to assist in performance of this contract without the prior written approval of the City. If the City permits the use of subcontractors, Contractor shall remain responsible for performing all aspects of this contract. The City has the right to approve Contractor’s subcontractors, and the City reserves the right to request replacement of subcontractors. The City does not have any obligation to pay Contractor’s subcontractors, and nothing herein creates any privity between the City and the subcontractors.

PSC – 13. **PROHIBITION AGAINST ASSIGNMENT OR DELEGATION**

Contractor shall not, unless it has first obtained the prior written consent of the City (a) Assign or otherwise alienate any of its rights under this contract, including the right to payment; or (b) Delegate, subcontract, or otherwise transfer any of its duties under this contract.

PSC – 14. **PERMITS**

Contractor and its directors, officers, partners, agents, employees, and subcontractors, to the extent allowed hereunder, shall obtain and maintain all licenses, permits, certifications and other documents necessary for Contractor’s performance hereunder and shall pay any fees required therefore. Contractor certifies to immediately notify the City of any suspension, termination, lapses, non-renewals,
or restrictions of licenses, permits, certificates, or other documents.

PSC – 15. CLAIMS FOR LABOR AND MATERIALS

Contractor shall promptly pay when due all amounts payable for labor and materials furnished in the performance of this contract so as to prevent any lien or other claim under any provision of law from arising against any City property (including reports, documents, and other tangible or intangible matter produced by Contractor hereunder), against Contractor’s rights to payments hereunder, or against the City, and shall pay all amounts due under the Unemployment Insurance Act with respect to such labor.

PSC – 16. LOS ANGELES CITY BUSINESS TAX REGISTRATION CERTIFICATE

If applicable, Contractor represents that it has obtained and presently holds the Business Tax Registration Certificate(s) required by the City’s Business Tax Ordinance, Section 21.00 et seq. of the Los Angeles Municipal Code. For the term covered by this contract, Contractor shall maintain, or obtain as necessary, all such Certificates required of it under the Business Tax Ordinance, and shall not allow any such Certificate to be revoked or suspended.

PSC – 17. RETENTION OF RECORDS, AUDIT AND REPORTS

Intentionally Omitted.

PSC – 18. FALSE CLAIMS ACT

Contractor acknowledges that it is aware of liabilities resulting from submitting a false claim for payment to the City under the False Claims Act (Cal. Gov. Code §§12650 et seq.), including treble damages, costs of legal actions to recover payments, and civil penalties of up to $10,000 per false claim.

PSC – 19. BONDS

All bonds which may be required for performance of services shall conform to City requirements established by Charter, ordinance or policy, and shall be filed with the Office of the City Administrative Officer, Risk Management for its review and acceptance in accordance with Sections 11.47 through 11.56 of the Los Angeles Administrative Code.

PSC – 20. INDEMNIFICATION

Except for the active negligence or willful misconduct of the City, or any of its boards, officers, agents, employees, assigns and successors in interest, Contractor undertakes and agrees to defend (with counsel subject to approval by City), indemnify and hold harmless the City and its boards, officers, agents, employees, assigns, and successors in interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney’s fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by the City, including but not limited to, costs of experts and consultants), damages or liability of any nature whatsoever, for death or injury to any person, including Contractor’s employees and agents, or damage or destruction of any property of either party hereto or of third parties, and/or for any other damages or losses of any kind.
or nature arising in any manner by reason of the negligent acts, errors, omissions or willful misconduct incident to the performance of this Contract by Contractor or its subcontractors of any tier. Rights and remedies available to the City under this provision are cumulative of those provided for elsewhere in this Contract and those allowed under the laws of the United States, the State of California, and the City. The provisions of PSC-20 shall survive expiration or termination of this Contract.

PSC – 21. INTELLECTUAL PROPERTY INDEMNIFICATION

Contractor, at its own expense, undertakes and agrees to defend (with counsel subject to City approval), indemnify, and hold harmless the City, and its boards, officers, agents, employees, assigns and successors in interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney’s fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by the City, including but not limited to, cost of experts and consultants), damages or liability of any nature whatsoever arising out of the infringement, actual or alleged, direct or contributory, of any intellectual property rights, including, without limitation, patent, copyright, trademark, trade secret, right of publicity and proprietary information right (1) on or in any design, medium, matter, article, process, method, application, equipment, device, instrumentation, software, hardware, or firmware used by Contractor, or its subcontractors of any tier, in performing the work under this contract; or (2) as a result of the City’s actual or intended use of any work product furnished by Contractor, or its subcontractors of any tier, under the Agreement. Work Products are all works, tangible or not, created under this contract including, without limitation, documents, material, data, reports, manuals, specifications, artwork, drawings, sketches, computer programs and databases, schematics, photographs, video and audiovisual records, and sound recordings, marks, logos, graphic designs, notes, websites, domain names, inventions, processes, formulas matters and combinations thereof, and all forms of intellectual property. Rights and remedies available to the City under this provision are cumulative of those provided for elsewhere in this contract and those allowed under the laws of the United States, the State of California, and the City. The provisions of PSC-21 shall survive expiration or termination of this contract.

PSC – 22. INTELLECTUAL PROPERTY WARRANTY

Contractor represents and warrants that its performance of all obligations under this contract does not infringe in any way, directly or contributorily, upon any third party’s intellectual property rights, including, without limitation, patents, copyrights, trademarks, trade secrets, right of publicity and proprietary information.

PSC – 23. OWNERSHIP AND LICENSE

Unless otherwise provided for herein, all Work Products originated and prepared by Contractor or its subcontractors of any tier under this contract shall be and remain the exclusive property of the City for its use in any manner it deems appropriate. Contractor hereby assigns, and agrees to assign, all goodwill, copyright, trademarks, patent, trade secret and all other intellectual property rights worldwide in any Work Products originated and prepared by Contractor under this contract. Contractor further agrees to execute any documents necessary for the City to perfect, memorialize, or record the City’s ownership of rights provided herein. For all Work Products delivered to the City that are not originated
or prepared by Contractor or its subcontractors of any tier under this contract, Contractor hereby grants a non-exclusive perpetual license to use such Work Products for any City purposes.

Contractor shall not provide or disclose any Work Product to any third party without prior written consent of the City.

Any subcontract entered into by Contractor relating to this contract, to the extent allowed hereunder, shall include a like provision for work to be performed under this contract to contractually bind or otherwise oblige its subcontractors performing work under this contract such that the City’s ownership and license rights of all Work Products are preserved and protected as intended herein. Failure of Contractor to comply with this requirement or to obtain the compliance of its subcontractors with such obligations shall subject Contractor to the imposition of any and all sanctions allowed by law including, but not limited to termination of the contract.

PSC – 24. INSURANCE

During the term of this contract and without limiting Contractor’s indemnification of the City, Contractor shall provide and maintain at its own expense a program of insurance having the coverages and limits customarily carried and actually arranged by Contractor, but not less than the amounts and types listed on the Required Insurance and Minimum Limits sheet (Form General 146), covering its operations hereunder. Such insurance shall conform to City requirements established by Charter, ordinance or policy, and the Instructions and Information on Complying with City Insurance Requirements and shall otherwise be in a form acceptable to the Office of the City Administrative Officer, Risk Management. The insurance requirements are attached hereto as Exhibit “D”.

PSC – 25. DISCOUNT TERMS

Contractor agrees to offer the City any discount terms that are offered to its best customers for the goods and services to be provided hereunder and apply such discount to payments made under this contract which meet the discount terms.

PSC – 26. WARRANTY AND RESPONSIBILITY OF CONTRACTOR

Contractor warrants that the work performed hereunder shall be completed in a manner consistent with professional standards practiced among those firms within Contractor’s profession, doing the same or similar work under the same or similar circumstances.

PSC – 27. NON-DISCRIMINATION

Unless otherwise exempt, this contract is subject to the non-discrimination provisions in Sections 10.8 through 10.8.2 of the Los Angeles Administrative Code as amended from time to time. The Contractor shall comply with the applicable non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City. In performing this contract, Contractor shall not discriminate in its employment practices against any employee or applicant for employment because of such person’s race, religion, national origin, ancestry, sex, sexual orientation, age, disability, domestic partner status, marital state or medical condition. Any subcontract entered into
by Contractor to the extent allowed hereunder, shall include a like provision for work to be performed under this contract.

Failure of Contractor to comply with this requirement or to obtain the compliance of its subcontractors with such obligations shall subject Contractor to the imposition of any and all sanctions allowed by law, including but not limited to termination of Contractor's contract with the City.

PSC – 28. **EQUAL EMPLOYMENT PRACTICES**

Unless otherwise exempt, this Contract is subject to the equal employment practices provisions in Section 10.8.3 of the Los Angeles Administrative Code, as amended from time to time.

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

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

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

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

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

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

D. Contractor shall permit access to and may be required to provide certified copies of all of his or her records pertaining to employment and to employment practices by the awarding authority or the Office of Contract Compliance for the purpose of investigation to ascertain compliance with the Equal Employment practices provisions of City contracts. Contractor shall, upon request, provide evidence that it has or will comply therewith.

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

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

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

H. Intentionally blank.

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

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

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

1. Hiring practices;

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

3. Training and promotional opportunities; and

4. Reasonable accommodations for persons with disabilities.

L. Any subcontract entered into by Contractor, to the extent allowed hereunder, shall include a like provision for work to be performed under this Contract. Failure of Contractor to comply with this requirement or to obtain the compliance of its subcontractors with all such obligations shall subject Contractor to the imposition of any and all sanctions allowed by law, including but not limited to termination of the Contractor’s Contract with the City.

PSC—29. AFFIRMATIVE ACTION PROGRAM
Unless otherwise exempt, this contract is subject to the affirmative action program provisions in Section 10.8.4 of the Los Angeles Administrative Code as amended from time to time.

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

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

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

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

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

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

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

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

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

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

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

I. Intentionally blank.

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

K. Contractor shall submit an Affirmative Action Plan which shall meet the requirements of the Los Angeles Administrative Code at the time it submits its bid or proposal or at the time it registers to do business with the City. The Plan shall be subject to approval by the Office of Contract Compliance prior to award of the contract. The awarding authority may also require contractors and suppliers to take part in a pre-registration, pre-bid, pre-proposal, or pre-award conference in order to develop, improve or implement a qualifying Affirmative Action Plan. Affirmative Action Programs developed pursuant to this section shall be effective for a period of twelve months from the date of approval by the Office of Contract Compliance. In case of prior submission of a Plan, Contractor may submit documentation that it has an Affirmative Action Plan approved by the Office of Contract Compliance within the previous twelve months. If the approval is 30 days or less from expiration, Contractor must submit a new Plan to the Office of Contract Compliance and that Plan must be approved before the contract is awarded.

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

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

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

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

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

2. Classroom preparation for the job when not apprenticeable;

3. Pre-apprenticeship education and preparation;

4. Upgrading training and opportunities;

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

6. The entry of qualified women, minority and all other journeymen into the industry; and

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

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

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

P. Intentionally blank.

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

**PSC – 30. CHILD SUPPORT ASSIGNMENT ORDERS**

This Contract is subject to the Child Support Assignment Orders Ordinance, Section 10.10 of the Los Angeles Administrative Code, as amended from time to time. Pursuant to the Child Support Assignment Orders Ordinance, Contractor will fully comply with all applicable State and Federal employment reporting requirements for Contractor’s employees. Contractor shall also certify (1) that Contractor will fully comply with all State and Federal employment reporting requirements applicable to Child Support Assignment Orders; (2) that the Principal Owner(s) of Contractor are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) that Contractor will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with Section 5230, et seq., of the California Family Code; and (4) that Contractor will maintain such compliance throughout the term of this Contract.

Pursuant to Section 10.10(b) of the Los Angeles Administrative Code, the failure of Contractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders or Notices of Assignment, or the failure of any Principal Owner(s) of Contractor to comply with any Wage and Earnings Assignment Orders or Notices of Assignment applicable to them personally, shall constitute a default by the Contractor under this Contract, subjecting this contract to termination if such default shall continue for more than ninety (90) days after notice of such default to Contractor by the City.

Any subcontract entered into by Contractor, to the extent allowed hereunder, shall include a like provision for work to be performed under this Contract. Failure of Contractor to obtain compliance of its subcontractors shall constitute a default by Contractor under this Contract, subjecting this Contract to termination where such default shall continue for more than ninety (90) days after notice of such default to Contractor by the City.

Contractor certifies that, to the best of its knowledge, it is fully complying with the Earnings Assignment Orders of all employees, and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department as set forth in Section 7110(b) of the California Public Contract Code.

**PSC – 31. LIVING WAGE ORDINANCE**

A. Unless otherwise exempt, the Contract is subject to the applicable provisions of the Living Wage Ordinance (LWO), Section 10.37 et seq. of the Los Angeles Administrative Code, as amended from time to time. This Ordinance requires the following:

1. Contractor assures payment of a minimum initial wage rate to employees as
defined in the LWO and as may be adjusted each July 1 and provision of compensated and uncompensated days off and health benefits, as defined in the LWO.

2. Contractor further pledges that it will comply with federal law proscribing retaliation for union organizing and will not retaliate for activities related to the LWO. Contractor shall require each of its subcontractors within the meaning of the LWO to pledge to comply with the terms of federal law proscribing retaliation for union organizing. Contractor shall deliver the executed pledges from each such subcontractor to the City within ninety (90) days of the execution of the subcontract. Contractor's delivery of executed pledges from each such subcontractor shall fully discharge the obligation of Contractor with respect to such pledges and fully discharge the obligation of Contractor to comply with the provision in the LWO contained in Section 10.37.6(c) concerning compliance with such federal law.

3. Contractor, whether an employer, as defined in the LWO, or any other person employing individuals, shall not discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the City with regard to the employer's compliance or anticipated compliance with the LWO, for opposing any practice proscribed by the LWO, for participating in proceedings related to the LWO, for seeking to enforce his or her rights under the LWO by any lawful means, or otherwise asserting rights under the LWO. Contractor shall post the Notice of Prohibition Against Retaliation provided by the City.

4. Any subcontract entered into by Contractor relating to this Contract, to the extent allowed hereunder, shall be subject to the provisions of PSC-31 and shall incorporate the provisions of the LWO.

5. Contractor shall comply with all rules, regulations and policies promulgated by the City's Designated Administrative Agency which may be amended from time to time.

6. Contractor shall post a copy of the Notice to Employees Working on City Contracts Re: Living Wage Ordinance and Prohibition Against Retaliation, which is attached hereto as Attachment 1, in a prominent place in an area frequented by employees.

B. Under the provisions of Section 10.37.6(c) of the Los Angeles Administrative Code, the City shall have the authority, under appropriate circumstances, to terminate this Contract and otherwise pursue legal remedies that may be available if the City determines that the subject Contractor has violated the LWO provision.

C. Where under the LWO Section 10.37.6(d), the City's Designated Administrative Agency has determined (a) that Contractor is in violation of the LWO in having failed to pay some or all of the living wage, and (b) that such violation has gone uncorrected, the City in such circumstances may impound monies otherwise due Contractor in accordance with the following procedures. Impoundment shall mean that from monies due Contractor, City may deduct the amount determined to be due and owing by Contractor to its employees. Such monies shall be placed in the holding account referred to in LWO Section 10.37.6(d)(3) and disposed of under procedures described therein through final and binding arbitration. Whether Contractor is to continue work following an impoundment shall remain in the sole discretion of the City. Contractor may not elect to discontinue work either because there has been an
impoundment or because of the ultimate disposition of the impoundment by the arbitrator.

D. Contractor shall inform employees making less than Twelve Dollars ($12.00) per hour of their possible right to the federal Earned Income Credit (EIC). Contractor shall also make available to employees the forms informing them about the EIC and forms required to secure advance EIC payments from Contractor.

PSC – 32. SERVICE CONTRACTOR WORKER RETENTION ORDINANCE

Unless otherwise exempt, this Contract is subject to the provisions of the Service Contractor Worker Retention Ordinance (SCWRO), Section 10.36 et seq., of the Los Angeles Administrative Code, as amended from time to time.

PSC – 33. AMERICANS WITH DISABILITIES ACT

Contractor hereby certifies that it will comply with the Americans with Disabilities Act, 42 USC §12101 et seq.; and its implementing regulations (ADA), the Americans with Disabilities Act Amendments Act of 2008 (ADAAA), Pub. L. 110-325 and all subsequent amendments, Section 504 of the Rehabilitation Act of 1973 (Rehab. Act), as amended, 29 USC 794 and 24 CFR Parts 8 and 9, the Uniform Federal Accessibility Standards (UFAS), 24 CFR, Part 40, and the Fair Housing Act, 42 U.S.C. 3601, et seq.; 24 CFR Parts 100, 103, and 104 (FHA) and all implementing regulations. The Contractor will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the ADA, the ADAAA, the Rehab Act, the UFAS and the FHA and all subsequent amendments. Contractor will not discriminate against persons with disabilities or against persons due to their relationship to or association with a person with a disability. Any subcontract entered into by the Contractor, relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

PSC – 34. CONTRACTOR RESPONSIBILITY ORDINANCE

Unless otherwise exempt, this contract is subject to the provisions of the Contractor Responsibility Ordinance, Section 10.40 et seq., of the Los Angeles Administrative Code, as amended from time to time, which requires Contractor to update its responses to the responsibility questionnaire within thirty calendar days after any change to the responses previously provided if such change would affect Contractor's fitness and ability to continue performing this contract.

In accordance with the provisions of the Contractor Responsibility Ordinance, by signing this contract, Contractor pledges, under penalty of perjury, to comply with all applicable federal, state and local laws in the performance of this contract, including but not limited to, laws regarding health and safety, labor and employment, wages and hours, and licensing laws which affect employees. Contractor further agrees to: (1) notify the City within thirty calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that Contractor is not in compliance with all applicable federal, state and local laws in performance of this contract; (2) notify the City within thirty calendar days of all findings by a government agency or court of competent jurisdiction that Contractor has violated the provisions of Section 10.40.3(a) of the Contractor
Responsibility Ordinance; (3) unless exempt, ensure that its subcontractor(s), as defined in the Contractor Responsibility Ordinance, submit a Pledge of Compliance to the City; and (4) unless exempt, ensure that its subcontractor(s), as defined in the Contractor Responsibility Ordinance, comply with the requirements of the Pledge of Compliance and the requirement to notify the City within thirty calendar days after any government agency or court of competent jurisdiction has initiated an investigation or has found that the subcontractor has violated Section 10.40.3(a) of the Contractor Responsibility Ordinance in performance of the subcontract.

PSC – 35. MINORITY, WOMEN, AND OTHER BUSINESS ENTERPRISE OUTREACH PROGRAM

Contractor agrees and obligates itself to utilize the services of Minority, Women and Other business Enterprise firms on a level so designated in its proposal, if any. Contractor certifies that it has complied with Mayoral Directive 2001-26 regarding the Outreach Program for Personal Services Contracts Greater than $100,000, if applicable. Contractor shall not change any of these designated subcontractors, nor shall Contractor reduce their level of effort, without prior written approval of the City, provided that such approval shall not be unreasonably withheld.

PSC – 36. EQUAL BENEFITS ORDINANCE

Unless otherwise exempt, this contract is subject to the provisions of the Equal Benefits Ordinance (EBO), Section 10.8.2.1 of the Los Angeles Administrative code as amended from time to time.

A. During the performance of the contract, Contractor certifies and represents that Contractor will comply with the EBO.

B. The failure of Contractor to comply with the EBO will be deemed to be a material breach of this contract by the City.

C. If Contractor fails to comply with the EBO the City may cancel, terminate or suspend this contract, in whole or in part, and all monies due or to become due under this contract may be retained by the City. The City may also pursue any and all other remedies at law or in equity for any breach.

D. Failure to comply with the EBO may be used as evidence against Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40 et seq., Contractor Responsibility Ordinance.

E. If the City’s Designated Administrative Agency determines that a Contractor has set up or used its contracting entity for the purpose of evading the intent of the EBO, the City may terminate the contract. Violation of this provision may be used as evidence against Contractor in actions taken pursuant to the provisions of Los Angeles Administrative code Section 10.40 et seq., Contractor Responsibility Ordinance.

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

“During the performance of a contract with the City of Los Angeles, the Contractor will provide equal benefits to its employees with spouses and its employees with domestic partners. Additional information about the City of Los Angeles’ Equal Benefits Ordinance may be obtained from the Department of Public Works, Office of Contract Compliance at 213-847-1922.”

**PSC – 37.  SLAVERY DISCLOSURE ORDINANCE**

Unless otherwise exempt, this contract is subject to the Slavery Disclosure Ordinance, Section 10.41 of the Los Angeles Administrative Code as amended from time to time. Contractor certifies that it has complied with the applicable provisions of the Slavery Disclosure ordinance. Failure to fully and accurately complete the affidavit may result in termination of this contract.

**PSC – 38.  FIRST SOURCE HIRING ORDINANCE**

Unless otherwise exempt, this contract is subject to the applicable provisions of the First Source Hiring Ordinance (FSHO), Section 10.44 et seq. of the Los Angeles Administrative Code as amended from time to time.

A. Contractor shall, prior to the execution of the contract, provide to the Designated Administrative Agency (DAA) a list of anticipated employment opportunities that Contractor estimates it will need to fill in order to perform the services under the contract.

B. Contractor further pledges that it will, during the term of the contract: (1) at least seven (7) business days prior to making an announcement of a specific employment opportunity, provide notifications of that employment opportunity to the Community Development Department (CDD), which will refer individuals for interview; (2) interview qualified individuals referred by CDD; and (3) prior to filing any employment opportunity, the Contractor shall inform the DAA of the names of the Referral Resources used, the names of the individuals they referred, the names of the referred individuals who the Contractor interviewed and the reasons why referred individuals were not hired.

C. Any subcontract entered into by the Contractor relating to this contract, to the extent allowed hereunder, shall be subject to the provisions of FSHO, and shall incorporate the FSHO.

D. Contractor shall comply with all rules, regulations and policies promulgated by the DAA, which may be amended from time to time.

Where under the provisions of Section 10.44.13 of the Los Angeles Administrative Code the DAA has determined that the Contractor intentionally violated or used hiring practices for the purpose of avoiding the FSHO, that determination will be documented in the Awarding Authority’s Contractor Evaluation, required under Los Angeles Administrative Code Section 10.39 et seq., and must be documented in each of the Contractor’s subsequent Contractor Responsibility Questionnaires submitted under the Los Angeles Administrative Code Section 10.40 et seq. This measure does not limit the City’s authority to act under the FSHO.
Under the provisions of Section 10.44.8 of the Los Angeles Administrative Code, the Awarding Authority shall, under appropriate circumstances, terminate this contract and otherwise pursue legal remedies that may be available if the DAA determines that the Contractor has violated provisions of the FSHO.

PSC – 39. COMPLIANCE WITH LOS ANGELES CITY CHARTER SECTION 470(c)(12)

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

Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions

As provided in Charter Section 470(c)(12) and related ordinances, you are a subcontractor on City of Los Angeles Contract #_________. Pursuant to City Charter Section 470(c)(12), subcontractor and its principals are prohibited from making campaign contributions and fundraising for certain elected City officials or candidates for elected City office for 12 months after the City contract is signed. Subcontractor is required to provide to contractor names and addresses of the subcontractor’s principals and contact information and shall update that information if it changes during the 12 month time period. Subcontractor’s information included must be provided to Contractor within ten (10) business days. Failure to comply may result in termination of contract or any other available legal remedies including fines. Information about the restrictions may be found at the City Ethics Commission’s website at http://ethics.lacity.org/ or by calling 213/978-1960.

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

Rev. 10/09
EXHIBIT B

LACC SITE MAP
From 110 North/10 West - Exit at Pico Blvd. off ramp onto L. A. Live Way. South Hall- Turn right at Pico Blvd. (2nd signal) and right at South Hall Dr. (first street on right). West Hall- straight ahead.

From 110 South - Exit on Olympic Blvd. off ramp. Turn left on to Blaine (one way), stay in second lane from left. Turn left on 11th St (stay right). Go under Pwy. Turn right on L. A. Live Way. West Hall- Turn left at first signal (12th St). South Hall- Turn left on Pico Blvd. (2nd signal) (stay in 2nd lane from left to turn left). Immediately turn right on South Hall Dr.

From 10 East- Exit on Grand Ave. Turn left onto Olive St. South Hall- Turn left on Venice Blvd. Go to Convention Center Dr and turn right. West Hall- Turn left on Pico Blvd. Turn right on L. A. Live Way.
EXHIBIT C

BOOKING POLICY
LACC BOOKING POLICY

The Los Angeles Tourism and Convention Board (LATCB) shall have sales responsibility for conventions. Conventions are defined as any events which are not normally open to the general public and which generate primary attendance from outside the Los Angeles area. The LATCB shall have authority to book these events one year or more in advance of the move-in date.

The Los Angeles Convention Center (LACC) or a representative thereof, shall have sales responsibility for trade shows, meetings, special events, banquets, entertainment events, consumer shows and other activities which essentially draw from or appeal to the general public. These events may be booked up to one year in advance of the move-in date.

The LACC or a representative thereof, shall be responsible for managing the day-to-day duties of the Master Scheduling Book, however the Chief Executive Officer of the citywide Board on Conventions and Tourism shall retain responsibility for controlling the Master Scheduling Book. Nothing herein is to be construed in such a manner as to prevent the LATCB from booking dates for all or a portion of the Convention Center less than one year in advance.
Required Insurance and Minimum Limits

Name: Office of the City Administrative Officer  Date: __ 12/19/2012__

Agreement/Reference: Request for Proposals for Management and Operation of the Los Angeles Convention Center

Evidence of coverages checked below, with the specified minimum limits, must be submitted and approved prior to occupancy/start of operations. Amounts shown are Combined Single Limits ("CSLs"). For Automobile Liability, split limits may be substituted for a CSL if the total per occurrence equals or exceeds the CSL amount.

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<th>Limits</th>
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<td><strong>Workers' Compensation - Workers' Compensation (WC) and Employer's Liability (EL)</strong></td>
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<td>WC Statutory</td>
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<td>EL $1,000,000</td>
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<td>Waiver of Subrogation in favor of City</td>
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<td>Longshore &amp; Harbor Workers</td>
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<td><strong>Crime Insurance</strong></td>
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Other: Property, fire legal liability and/or automobile garagekeepers insurance may be required. The City reserves the right at any time during the term of this contract to change the amounts and types of insurance required above by giving contractor ninety (90) days' advance written notice of such change.
EXHIBIT E

MAYOR’S GOOD FOOD PURCHASE POLICY
EXECUTIVE DIRECTIVE NO. 24

Issue Date: October 24, 2012

Subject: Good Food Purchasing Policy

Introduction

The Los Angeles regional foodshed, which we define as spanning the 200 mile, ten county region around the City (Imperial, Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, and Ventura), is among our country’s largest producers of fruits, vegetables, and nuts. At the same time, only about half of Los Angeles County residents eat the recommended five servings of fruits and vegetables per day. We face an obesity pandemic—which costs LA County billions of dollars annually in health care costs—and yet a hunger epidemic. Over one million City residents face food insecurity.

By leveraging its purchasing power, the City has the opportunity not only to enact our Good Food for All Agenda, which promotes Good Food (food that is healthy, affordable, fair, and sustainable), but we also have the ability to incentivize and encourage our regional food system as a whole, to make Good Food more widely available to all Angelenos. Directing our food purchases can encourage greater production of sustainably produced food, healthy eating habits, respect for worker’s rights, and support for the local business economy by providing new opportunities for small and mid-sized farmers and job creation along the food supply chain. Therefore, I am directing all City departments with food purchases of greater than $10,000 annually, through their department budgets and/or contracts and concessions, to adopt the Good Food Purchasing Pledge and initiate plans to follow the Good Food Purchasing Guidelines for Food Service Institutions (“Good Food Purchasing Guidelines” or “Guidelines”).
These Guidelines lay out priorities for offering nutritious menu options, and purchasing food that is healthy, locally produced, and sustainably grown by farms that treat their workers with respect and use humane animal treatment practices. These Guidelines have been developed by our Office in collaboration with the Los Angeles Food Policy Council, an initiative of my Office. This policy has taken into account the viewpoints of stakeholders from all aspects of the food system including farm owners, food distributors, public health departments, food chain workers, restaurants, and other large institutional food purchasers, to name a few. The Guidelines are summarized below and included in full along with the Good Food Purchasing Pledge as an appendix to this directive.

**Summary of the Good Food Purchasing Pledge and Good Food Purchasing Guidelines**

The Good Food Purchasing Pledge is a commitment to improving our region's food system through the adoption and implementation of the Los Angeles Good Food Purchasing Guidelines. While this directive is aimed at City departments with food purchases of greater than $10,000 annually, through their department budgets and/or contracts and concessions, I would like to see even greater participation. I invite other food service institutions, including those in the public, and private for profit and non-profit sectors also to adopt the Good Food Purchasing Pledge.

The Good Food Purchasing Guidelines emphasize five values:

- **Local Economies** – Small and mid-sized agricultural and food processing operations within the local area or region;
- **Environmental Sustainability** – Sustainable production systems that conserve soil and water, emphasize good pest management practices, and protect and enhance wildlife habitat and biodiversity;
- **Valued Workforce** – Safe and healthy working conditions and fair compensation for all food chain workers and producers from production to consumption;
- **Animal Welfare** – Healthy and humane care for livestock; and
- **Nutrition** – Foods that promote health and well-being by offering generous portions of vegetables, fruit, and whole grains and reducing salt, added sugars, fats, and oils, and eliminating artificial additives.

The Good Food Purchasing Guidelines outline a series of steps toward implementation that include, among other things, the following features:

- A **baseline** that must be maintained throughout participation;
- **Multi-year benchmarks** that recognize the time it takes to make changes and allow the shift to occur incrementally;
- A **tiered value system** that recognizes and rewards higher tiers of achievement;
- **Traceability** by asking purchasers to work with suppliers to establish transparent reporting systems to verify product source; and
- **Annual progress reports** to ensure continuous achievement and improvement.
Review and Adoption of the Good Food Purchasing Pledge and Good Food Purchasing Guidelines

All City departments with food purchases of greater than $10,000 annually, through their department budgets and/or contracts and concessions, shall adopt the Good Food Purchasing Pledge and initiate plans to follow the Good Food Purchasing Guidelines. The departments will sign the pledge and commit to implementing the Good Food Purchasing Guidelines in all future food procurement, and make best efforts to incorporate the Good Food Purchasing Guidelines into new contracts for food purchases.

Departments that control their own funds, including proprietary departments, with food purchases of greater than $10,000 annually, through their department budgets and/or contracts and concessions, are strongly encouraged to adopt the Good Food Purchasing Pledge and commit to implementing the Good Food Purchasing Guidelines.

The Guidelines establish a multi-star grading system for affected departments, one star being the minimum level of compliance, five stars being the maximum. Upon adopting the pledge, affected departments will review their existing purchasing policies and practices and assess compliance levels with the Good Food Purchasing Guidelines, with the goal of complying with the Good Food Purchasing Guidelines at the one star level as soon as possible. All such departments will make their best efforts to achieve a five star rating within five years.

Reporting

My Office will work with affected departments during the next six months to develop plans for implementing and reporting practices that reach the baseline benchmark and assess their annual progress. Within six months of this directive, all affected City departments will then have a plan for implementing and reporting practices that reach the baseline benchmark to be recognized as Good Food Purchasers. At that time, all departments will also have implemented continuous improvement practices as they are outlined in the Good Food Purchasing Guidelines. Thereafter, all departments will report their food procurement policies, practices, and progress annually to the City Administrative Officer for tracking and evaluation.

Executed this 24th day of October, 2012.

ANTONIO R. VILLARAIGOSA
Mayor
THE GOOD FOOD PURCHASING PLEDGE

IN PLEDGING OUR SUPPORT FOR GOOD FOOD, we will use our purchasing power to encourage the production and consumption of food that is healthy, affordable, fair, and sustainable. We recognize that the adoption of food procurement policies has the power to reform the food system, create opportunities for smaller farmers to thrive and for workers to receive just compensation and fair treatment, to support sustainable farming practices, reward good environmental stewardship, and increase access to fresh and healthy foods.

Specifically, we commit our Institution to taking the following steps in support of Good Food:

1. As outlined in the Good Food Purchasing Guidelines for Food Service Institutions, we commit to annually increasing our procurement of Good Food to meet multi-year benchmarks at the baseline level or beyond for five value categories - local economies, environmental sustainability, valued workforce, animal welfare, and health.

2. Establish supply chain accountability and a traceability system with vendors/distributors to verify sourcing commitments, assess current food procurement practices, and compile assessment results in a progress report.


To guide implementation, we commit to the following timeline:

1. Complete a baseline Good Food Purchasing survey within one month of signing the Good Food Purchasing Pledge.

2. Communicate Good Food commitments to all suppliers - including distributors and food service companies within one month of the adoption of the Good Food Purchasing Pledge.

3. Complete an assessment of food purchasing practices within six months of the adoption of the Good Food Purchasing Pledge.

4. Develop and adopt a multi-year action plan with benchmarks to comply with the Good Food Purchasing Guidelines within the first year of the adoption of the Good Food Purchasing Pledge and share action plans with the Los Angeles Food Policy Council.

5. Incorporate the Good Food Purchasing Guidelines for Food Service Institutions into new RFIs and contracts, where applicable.

Signed,
Signature
Title
Name of Institution
Date
GOOD FOOD PURCHASING GUIDELINES

PROGRAM OVERVIEW:

Good Food Purchasing Guidelines

Los Angeles Food Policy Council (LAFPC), in collaboration with public, private, and non-profit partners, developed Good Food Purchasing Guidelines: model guidelines for food service establishments in assessing and purchasing Good Food — food that is healthy, affordable, fair, and sustainable.

Scaled similar to LEED green building certification, the Good Food Purchasing Guidelines emphasize five key values: (1) Local Economies, (2) Environmental Sustainability, (3) Valued Workforce, (4) Animal Welfare and (5) Nutrition.

PROGRAM COMPONENTS

- Multi Year Benchmarks: Purchasers are asked to meet benchmarks in years one and five, recognizing that the shift towards Good Food purchasing will take time, and purchasers will need to make incremental changes.

- Tiered Value System: A tiered value system has been developed to evaluate the potential contribution of purchases to a Good Food Purchasing initiative. For each of the five values, foods are ranked from Level One (baseline) through Level Three (highest). Higher tiers of achievement are rewarded with more points accordingly.

- Ranked Criteria: For most value categories, third-party certifications and label claims allowed by USDA or FDA are used to determine the level of "Good" achieved by an institution's purchases. These third-party certifications are used to rank Good Food purchases as Levels One (baseline), Two, or Three within each value category.

- Baseline Requirements: A baseline in each category is established that must be maintained throughout participation in the program.

- Good Food Recognition: Purchasers are scored and recognized at different levels to reward higher Good Food sourcing commitments within value categories. Purchasers that meet the baseline level for each category receive Good Food Purchaser recognition (one star). Additional levels (two to five stars) are awarded to purchasers to recognize the most dedicated supporters of the Good Food Purchasing Guidelines.

- Traceability: Purchasers are asked to work with suppliers to establish transparent reporting systems to verify product source.

- Compliance Plan: If vendor and/or suppliers do not have a current capacity to meet food purchasing targets, the vendor may submit a plan to achieve full compliance at a baseline level by the end of year one.

- Annual Report: Purchasers are asked to report annually on their progress.

- Promotion: The City of Los Angeles and the Los Angeles Food Policy Council will promote and celebrate Good Food institutional commitments. Successful participants in the Good Food Purchasing Pledge program can also serve as an inspiration and positive role model for other institutions in our region.
Good Food Purchasing Guidelines for Food Service Institutions

Los Angeles Food Policy Council

October 2012

goodfoodla.org

(Manuscript version)
Los Angeles Food Policy Council

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ACKNOWLEDGEMENTS

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Good Food Purchasing Guidelines for Food Service Institutions

Food system transformation depends on large-scale shifts in the demand for and the subsequent purchasing of Good Food. By practicing Good Food purchasing methods, institutions can support food systems that are healthy, ecologically sound, economically viable, socially responsible, and humane. Universities and schools, hospitals, local governments, restaurants, and other institutions with food service venues are beginning to explore the opportunities afforded by thoughtful and value-based purchasing. By exercising their buying power, the purchasing practices of food service institutions can make a major difference in heightening the demand for and availability of Good Food.

The Good Food Purchasing Guidelines for Food Service Institutions is designed for public and private food enterprises in Los Angeles County and beyond to assist with their development of Good Food purchasing strategies. The guidelines include suggested measures and practical steps to implementing Good Food measures. The guidelines emphasize the following values:

1. Local Economies – Support small and mid-sized agricultural and food processing operations within the local area or region.
2. Environmental Sustainability – Source from producers that employ sustainable production systems that reduce or eliminate synthetic pesticides and fertilizers; avoid the use of hormones, antibiotics, and genetic engineering; conserve soil and water; protect and enhance wildlife habitat and biodiversity; and reduce on-farm energy consumption and greenhouse gas emissions.
3. Valued Workforce – Provide safe and healthy working conditions and fair compensation for all food chain workers and producers from production to consumption.
5. Nutrition – Promote health and well-being by offering generous portions of vegetables, fruit, and whole grains; reducing salt, added sugars, fats, and oils; and eliminating artificial additives.

Good Food is defined by the Los Angeles Food Policy Council as food that is:

**Healthy**
- Foods meet the Dietary Guidelines for Americans and provide freedom from chronic ailments.
- Food is delicious and safe.

**Affordable**
- Foods that people of all income levels can purchase.

**Fair**
- All participants in the food supply chain receive fair compensation and fair treatment, free of exploitation.
- High-quality food is equitable and physically and culturally accessible to all.

**Sustainable**
- Food is produced, processed, distributed, and recycled locally using the principles of environmental stewardship (in terms of water, soil, and pesticide management).
By suggesting opportunities to assess existing policies and methodologies within each establishment, this guide is intended to provide tools to help create a shift to a more diversified and resilient food system, with sustainable and ethical sourcing of food in all levels of foodservice operations. Good Food production, purchasing, and consumption will require coordinated multi-sector adoption and engagement with participants who are willing to adhere to an established minimum of Good Food procurement, outlined in this document. Included in this document is a tiered assessment of values to help procurement and purchasing offices determine the current state of their farmers and other vendors. This guide is a first step in creating a comprehensive Good Food program that will inform, encourage, support and promote foodservice establishments of all sizes to become Good Food leaders in their communities.

What Is Good Food Procurement?

The term procurement refers to the sourcing and purchasing of food to supply foodservice operations. This process is much more complex than it may appear on the surface or to one unfamiliar with commercial foodservice operations. Procurement involves identifying the food needs of the customer base for the foodservice operation, specifying product requirements, identifying suppliers, taking deliveries, inspecting and storing items, and, depending on the size of the operation, soliciting and evaluating bids and proposals, controlling inventory, and paying suppliers. These guidelines are designed to assist an individual tasked with implementing a Good Food program in their foodservice operation.

The Importance of Good Food Procurement

Institutions of all kinds, from K-12 schools, universities, and hospitals, to corporate cafeterias and local government agencies, are major purchasers and servers of food. They are therefore in a unique position to influence food supply chains. Due to the collective large purchasing volume, institutional demand for Good Food can encourage suppliers to shift their production practices in order to supply environmentally sustainable, socially responsible, and healthy food products.

Good Food sourcing benefits may include:

1. **Economic** – Support of local and regional farmers and food businesses, returning to the local economy three times the purchase price of a food product purchased from out of state;
2. **Environmental** – Reduction of food miles, greenhouse gases, carbon footprints, and pollution; promotion of soil fertility, human and animal health, and the conservation of water and biodiversity;
3. **Nutritional** – Encouragement of increased purchasing of whole foods and local produce that is fresher and has a higher nutritional content, due to the shorter period of time between harvest and sale;
4. **Social** – Transformation of the supply chain, rewarding farmers and food businesses for environmentally sustainable and socially responsible business practices.

Large-scale demand for Good Food is fundamental to building the market for Good Food. By increasing the demand, and thus the infrastructure to distribute Good Food, it will become easier for
more institutions to participate. Strong and steady demand for Good Food will increase its affordability and availability in all communities.

Hospitals, universities, schools, and restaurants in Los Angeles have spearheaded the adoption of local and sustainable food procurement policies and these innovators should be looked to as local leaders in proving that, by changing the way one purchases, institutions can create opportunities for regional farmers to thrive, for workers to receive just compensation and fair treatment, for local economies to continue to rebuild, and for reducing our environmental footprint. These outcomes can be accomplished while also increasing access to and consumption of fresh and nutritious food, particularly in underserved communities. The goal of a Good Food procurement system is to bring multiple benefits to all communities by impacting health, social well-being, bottom-line business success, and the environment.

Public institutions, in particular, play a critical role in increasing access to Good Food. Through their reach to some of the most vulnerable populations, including seniors and children, public programs help ensure that all Angelenos have access to the healthiest foods. These agencies purchase food to provide meals to people in public hospitals, child-care centers, schools, senior programs, jails, and juvenile facilities. Such programs and institutions provide a buffer against hunger, food insecurity and also serve as a primary source of nutrition for millions of residents. Public and private institutions also purchase food to sell to employees and the public in retail outlets such as vending machines, cafeterias, and concession stands.

Various Los Angeles wholesale food companies have implemented local food lines and certify that their products fall within a variety of parameters. This practice has expanded into processing lines and local fruits and vegetables can now be purchased to create a line of value-added products that are verified as locally sourced (i.e. carrot sticks, bagged salads, crudités, etc.).

Los Angeles nutrition education programs such as the California Department of Public Health and Network for a Healthy California’s Harvest of the Month program, administered by LAUSD in 250 Los Angeles schools, and some of the Los Angeles county WIC-Only stores are using guidelines that state that their Good Food is sourced from:

- Farms within 200 miles of the final service of the product
- Farms that are less than 200 acres
- Farms that provide more than five items annually (this excludes mono-cropping and allows for crop diversity and better soil management)

Over time, Good Food purchases, from both large and small institutions, can add up to significant investments in a sustainable regional food system.

Implementing a Good Food Program

Before implementing changes, operations should assess:

Los Angeles Food Policy Council’s Good Food Purchasing Guidelines for Food Service Institutions
10/17/2012
• What are the advantages to your institution and the community for purchasing Good Food?
• What percentage of currently purchased food is already local, sustainable, and fairly produced?
• What barriers will limit participation in the program?
• Are there extra transportation costs affiliated with purchasing an increased volume in local products?
• What are the additional processing costs affiliated with purchasing local? What methods exist for offsetting such costs?
• What types of local, sustainable, and fairly produced products do existing distributors or vendors offer?
• How will your institution communicate the changes to consumers and employees?

Prior to implementation, it is also critical to develop operational definitions for words that will be used in Good Food bids; words like: sustainable, fair, local, or humane need to have clear criteria and a means for measurement and compliance (see Appendix A for our glossary of terms).

Compliance and/or meeting Good Food objectives will more often than not fall to producers, food distributors, and processors. Without a direct relationship to farmers, ensuring sustainability of foods and beverages requires access to information about the value chain and the farms that produced such foods. Outside of a personal relationship with producers, third-party labels (CCOF, AGA Grassfed, etc.) are useful tools for ensuring sustainability if they are grounded in verifiability.

Most distributors are willing to take on the task of providing origins of their product, particularly if there is a long-term sales opportunity. Often the simple act of asking distributors how they will meet Good Food requirements indicates to suppliers that sustainability and health are important for an institution. Distributors will work with the buyer to develop a qualified Good Food program with buyer-specified parameters.

Budgeting for Good Food

Sustainable foods are generally associated with higher prices than conventional foods, thus creating little incentive for increasing purchases. However, there are a variety of strategies food service venues can employ to offset increased costs associated with purchasing higher quality foods. In 2012, Los Angeles Unified School District was able to improve meal quality, increase the percent of produce purchased and source approximately 70 percent of that produce locally (within 200 miles), while their food budget remained constant, despite rising food prices nationally. A recent study prepared for UCLA Housing & Hospitality Services found that four UC campuses with sustainable food policies—Davis, Berkeley, San Diego, and Santa Cruz—showed little, if any, increase in per plate costs after sustainable spending. Retailers have found as they increase Good Food purchases, suppliers increase production and, subsequently, food prices fall.
Strategies for offsetting increased costs include:

- Re-designing menus to incorporate less meat and processed food;
- Buying produce in season;
- Creating direct relationships with suppliers;
- Partnering with other food purchasing departments or institutions to leverage purchasing volume;
- Increasing sustainable food purchases incrementally;
- Purchasing foods from produce aggregation hubs (Regional Food Hubs);
- Increasing water and energy efficiency (e.g. by eliminating trays); and
- Buying lower on the beauty chain (e.g., smaller and less aesthetically perfect produce) is less expensive and helps farmers sell more of what they grow.

The guidelines suggested in this document were identified with full acknowledgement of the very real constraints and tight budgets institutions face when trying to provide their customers the highest quality food. To establish varying degrees of Good Food compliance, these guidelines outline tiers of adoption for food service outlets based on procurement standards. Purchasers will need to identify their initial purchasing priorities and incorporate additional standards and levels of adoption in the next stages of the development of their program.

Methodology for Assessing Good Food Procurement

A tiered value system has been developed to evaluate the potential contribution of purchases to a Good Food Purchasing Program. A baseline in each category is established that must be maintained throughout participation in the program with qualifications noted at both the one year and five year goal levels. By creating goals for a first year of completion through a five-year implementation plan, a great opportunity is created for thoughtful, strategic and progressive sourcing and menu development.

The tiered value system allows for purchasers to participate at varying levels and to scale up their Good Food purchasing over time. Within each value category, purchasers may choose to participate at Levels One, Two or Three. Level One criteria within each value category are assigned one point. Level Two criteria for each value category are more rigorous than Level One and are assigned two points. Level Three criteria within each value category are the premier levels of achievement in the program and are assigned three points.

Purchasers that meet the baseline level for each category are awarded with Good Food Purchaser recognition. A purchaser must score a minimum of five points to meet baseline requirements as a participant in the Good Food Purchasing Program and receive one star. Purchasers scoring 10-14 points receive two stars, purchasers scoring 15-19 points receive three stars, purchasers scoring 20-24 points receive four stars, and purchasers scoring 25 points or more receive five stars. Good Food Purchasers with five stars represent the most dedicated supporters of the Good Food Purchasing Guidelines. These Good Food Purchasing Guidelines are easily modified for any national food service company or government agency.
### Good Food Purchasing Commitment Levels

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<td>20 - 24</td>
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<tr>
<td>★★★★★</td>
<td>Good Food Purchaser – Five Stars</td>
<td>25+</td>
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### Notes on Scoring System

- **Baseline requirement**: All Good Food Purchasers must score at least one point in each value category.
- **Mixing levels and values**: Points may be earned by mixing various commitment levels and value categories. Example: 2 points from Level 2 of Nutrition + 1 point from Level 1 of Animal Welfare = 3 points total.
- **Accumulation of points**: Cumulative points may be earned if purchasers comply simultaneously with different commitment levels within a particular value category. Example: From the Environmental Sustainability category, participants can earn 6 points by fulfilling all the different requirements for Levels 1, 2 and 3.
- **Expectations for increased commitment**: After one year of participation in the program, purchasers will be expected to gradually increase the amount of Good Food that they purchase in order to maintain the same number of points. See Good Food Purchasing Guidelines for more details.

### Good Food Purchasing Program Goals:

The following Good Food goals have been adapted from a variety of local and sustainable food purchasing policies including the City of New York, Kaiser Permanente, Emory University, Yale University, and University of California and are a suggested benchmark for purchasers developing or implementing a Good Food purchasing program. Food service facilities can adjust percentages as necessary with the goal of gradually increasing their Good Food purchases.
An Overview of Good Food Values

(Problems of low pay, fear of sourcing problems that aren't with these Good Food principles)

- **Local Economies (Local Food)**
  - Food is purchased in ways that are sustainable, economically supported, and sustain local farms and food producers. The goal is to maintain local economies, create jobs, and promote fair labor practices. Provide financing for local food producers to ensure they have stable sell-through outlets.

- **Environmental Sustainability (Environmentally Sustainable Food)**
  - Support and encourage systems and practices that are sustainable to the environment, such as certified organic farming, planting in the dryland, and building in ways that reduce water use, soil, and air pollution.

- **Valued Workforce (Fair Food)**
  - Work that creates and supports a healthy workforce, with compensated, fair wages, and a safe work environment.

- **Animal Welfare (Humane Food)**
  - Animal products that are raised, hormone-free, and use sustainable and ethical farming practices that do not produce significant harm to animals.

- **Nutrition (Healthy Food)**
  - Promote the health of humans by offering a variety of nutritious foods, ensuring a balanced diet, and reducing the intake of unhealthy foods.
**Value One: Local Economies Purchasing Goals**

<table>
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<th>Level 1 - Baseline</th>
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<tr>
<td>Local within 200 miles² (or 10 Southern California counties) AND large scale operations² (&gt;500 acre farms); or</td>
<td>Local within 200 miles (or 10 Southern California counties) AND medium scale operations; or</td>
<td>Local within 200 miles (or 10 Southern California counties) AND small scale operations</td>
</tr>
<tr>
<td>Outside of the local 200 mile range but within California AND medium scale operations (180-499 acre farms); or</td>
<td>Outside of the local 200 mile range but within California AND small scale operations</td>
<td></td>
</tr>
<tr>
<td>Outside of California AND small scale operations (&lt;180 acre farms)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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**To be recognized as a Good Food purchaser, an institution scores one or higher in the Local Economies Category.**

<table>
<thead>
<tr>
<th>Target</th>
<th>Points Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1 - Baseline</td>
<td></td>
</tr>
<tr>
<td>Year 1: 15% annual average of total cost of food purchases, with a goal of increasing at least 2% per year will come from Level 1 local food sources (See glossary for definition of source). OR If vendor and/or suppliers do not have current capacity to meet local food purchasing goals, the vendor may submit a plan to achieve full compliance at least at the baseline level by end of year one.</td>
<td>1</td>
</tr>
<tr>
<td>Year 5: 25% annual average of total cost of food purchases will come from Level 1 local food sources by fifth year of participation.</td>
<td>1</td>
</tr>
<tr>
<td>Level 2</td>
<td></td>
</tr>
<tr>
<td>Year 1: 15% annual average of total cost of food purchases, with a goal of increasing at least 2% per year will come from Level 2 local food sources.</td>
<td>2</td>
</tr>
<tr>
<td>Year 5: 25% annual average of total cost of food purchases will come from Level 2 local food sources by fifth year of participation.</td>
<td>1</td>
</tr>
<tr>
<td>Level 3</td>
<td></td>
</tr>
<tr>
<td>Year 1: 15% annual average of total cost of food purchases, with a goal of increasing at least 2% per year will come from Level 3 local food sources.</td>
<td>3</td>
</tr>
<tr>
<td>Year 5: 25% annual average of total cost of food purchases will come from Level 3 local food sources by fifth year of participation.</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td></td>
</tr>
<tr>
<td>Food is purchased from microenterprise farm of less than 100 acres and located within 200 miles.</td>
<td></td>
</tr>
<tr>
<td>Food is grown/raised and processed in Los Angeles County.</td>
<td></td>
</tr>
<tr>
<td>Food is purchased directly from farmer-owned businesses.</td>
<td></td>
</tr>
<tr>
<td>Food is purchased from women, minority, disabled, or veteran-owned food businesses (farms/operations).</td>
<td></td>
</tr>
<tr>
<td>50% of total cost of food purchases comes from small and mid-sized food operations within the local area or region.</td>
<td></td>
</tr>
<tr>
<td>At least 25% of prepared seafood sourced from small and or local fleets.</td>
<td></td>
</tr>
</tbody>
</table>

**Steps to Implementation:**

- Source local agricultural and food products directly from farmers and ranchers at certified farmers’ markets in City of Los Angeles and/or Los Angeles County (See Appendix B: Good Food Purchasing Resource Guide — Learn More About Good Food Sourcing: Local Food).
- Buy local agricultural and food products from distribution firms that verifiably buy from farmers’ market certified producers at Los Angeles County certified farmers’ markets.
- Buy local agricultural and food products from distribution firms that buy from other verified local farms and producers.
- Buy local agricultural and food products from distribution firms and processors that have a verifiable local food line (See Appendix C for listings).
- Work with distributors to source seasonal fruits and vegetables to ensure best taste, quality, and price.

**Value Two: Environmental Sustainability Purchasing Goals**

| Level 1 - Baseline | Level 2 | Level 3 |
| Fruits & Vegetables | Fruits & Vegetables | Fruits & Vegetables |

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1. The Los Angeles Food Policy Council defines local as 200 miles, ten counties and touching over 22 million people. This ten county region includes: Kern, Ventura, San Diego, Imperial, Riverside, Santa Barbara, San Luis Obispo, San Bernardino, Orange and Los Angeles.

2. To measure the size of other agricultural and food processing operations, see the glossary for full details.

Los Angeles Food Policy Council's *Good Food Purchasing Guidelines for Food Service Institutions*

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<table>
<thead>
<tr>
<th>Farms agree to participate in Stewardship Index for Specialty Crops; or PRiME score has no high risk components for Integrated Pest Management Practices</th>
<th>PRiME score indicates low-risk for Integrated Pest Management Practices; or Protected Harvest certified; or Farms participate in Stewardship Index for Specialty Crops with targets for annual improvement; or Non-GMO Project Verified; or Food Alliance Certified</th>
<th>USDA Organic; or Biodynamic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk &amp; Dairy No antibiotics; and rBGH/rBST free</td>
<td>Milk &amp; Dairy Non-GMO Project Verified; or Animal Welfare Approved</td>
<td>Milk &amp; Dairy Food Alliance Certified; or USDA Organic</td>
</tr>
<tr>
<td>Meat &amp; Poultry Cage-free eggs; or Pasture raised; or USDA Grassfed; or No antibiotics</td>
<td>Meat &amp; Poultry AGA Grassfed; or Non-GMO Project Verified; or Animal Welfare Approved</td>
<td>Meat &amp; Poultry Food Alliance Certified; or USDA Organic</td>
</tr>
<tr>
<td>Seafood No seafood purchased listed as “Avoid” in the Monterey Bay Aquarium’s Seafood Watch Guide</td>
<td>Seafood Fish listed as “Good” and “Best” choices in Monterey Bay Aquarium’s Seafood Watch Guide</td>
<td>Seafood Marine Stewardship Council certified; or 100% of fish listed as “Best Choice” in Monterey Bay Aquarium’s Seafood Watch Guide</td>
</tr>
<tr>
<td>Grains Pesticide-free</td>
<td>Grains Food Alliance Certified; or Non-GMO Project Verified</td>
<td>Grains USDA Organic</td>
</tr>
<tr>
<td>Level 1 - Baseline</td>
<td>Target</td>
<td>Points Awarded</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------</td>
<td>---------------</td>
</tr>
</tbody>
</table>
| Year 1: | 1) 15% annual average of total cost of food purchases, with a goal of increasing at least 2% per year will come from Level 1 environmentally sustainable sources.  
2) No seafood purchased should be listed as “Avoid” in the Monterey Bay Aquarium’s most recent Seafood Watch Guide. | 1 |
| Year 5: | 1) 25% annual average of total cost of food purchases will come from Level 1 environmentally sustainable sources by fifth year of participation in the GFPP program.  
2) No seafood purchased should be listed as “Avoid” in the Monterey Bay Aquarium’s most recent Seafood Watch Guide. | 1 |

<table>
<thead>
<tr>
<th>Level 2</th>
<th>Target</th>
<th>Points Awarded</th>
</tr>
</thead>
</table>
| Year 1: | 1) 15% annual average of total cost of food purchases, with a goal of increasing at least 2% per year will come from Level 2 environmentally sustainable sources.  
2) No seafood purchased should be listed as “Avoid” in the Monterey Bay Aquarium’s most recent Seafood Watch Guide. | 1 |
| Year 5: | 1) 25% annual average of total cost of food purchases will come from Level 2 environmentally sustainable sources by fifth year of participation.  
2) No seafood purchased should be listed as “Avoid” in the Monterey Bay Aquarium’s most recent Seafood Watch Guide. | 2 |

<table>
<thead>
<tr>
<th>Level 3</th>
<th>Target</th>
<th>Points Awarded</th>
</tr>
</thead>
</table>
| Year 1: | 1) 15% annual average of total cost of food purchases, with a goal of increasing at least 2% per year will come from Level 3 environmentally sustainable sources.  
2) No seafood purchased should be listed as “Avoid” in the Monterey Bay Aquarium’s most recent Seafood Watch Guide. | 3 |
| Year 5: | 1) 25% annual average of total cost of food purchases will come from Level 3 environmentally sustainable sources by fifth year of participation.  
2) No seafood purchased should be listed as “Avoid” in the Monterey Bay Aquarium’s most recent Seafood Watch Guide. | 1 |

**Extra Points (Applies to annual food purchases)**

| Institution participates in “Meatless Mondays” campaign. | 1 |
| A minimum of 75% percent of all seafood is noted as “Best Choices” in the Monterey Bay Aquarium Guide or is certified by the Marine Stewardship Council. | 1 |
| 50% annual average of total cost of food purchases comes from environmentally sustainable sources. | 1 |

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3 "No antibiotics" refers to sub-therapeutic use in food production. It does not refer to residues on the meat itself.

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Steps to Implementation:

- Request that your distributor buy food and beverage products that are third-party certified (See Appendix B: Good Food Purchasing Resource Guide – Learn More About Good Food Sourcing: Environmentally Sustainable Food).

- Ask your distributor to encourage suppliers to participate in the Stewardship Index for Specialty Crops to begin measuring their baseline sustainability indicators and develop targets for continued progress (See Appendix B: Good Food Purchasing Resource Guide – Learn More About Good Food Sourcing: Environmentally Sustainable Food).

- Request that your distributors buy and sell seafood that is listed in the Monterey Bay Aquarium’s Seafood Watch Guide as “Best Choices” or is certified by the Marine Stewardship Council (See Appendix B: Good Food Purchasing Resource Guide – Learn More About Good Food Sourcing: Sustainable Seafood).
Value Three: Valued Workforce Purchasing Goals

<table>
<thead>
<tr>
<th>Level 1: Baseline</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Distributor has policy to respect the freedom of association of farmers, ranchers, and fisherfolk; and</td>
<td>- Meets the Level 1 baseline requirements; and</td>
<td>- Meets the Level 1 baseline requirements; and</td>
</tr>
<tr>
<td>- All vendors and suppliers*: sign in writing that they comply with domestic labor law (including state and local) in countries where they produce goods and services, as well as the core standards of the International Labour Organization (ILO):</td>
<td></td>
<td>Vendor and Supplier:</td>
</tr>
<tr>
<td>1. Freedom of association and the right to collective bargaining.</td>
<td></td>
<td>- Have a social responsibility policy, which includes: (1) union or non-poverty wages; (2) respect for freedom of association and collective bargaining; (3) safe and healthy working conditions; and (4) prohibition of child labor, except as allowed by domestic law and at least one additional employment benefit such as: (5) health care benefits (6) paid sick days; 7) profit-sharing with all employees; or</td>
</tr>
<tr>
<td>2. Elimination of all forms of forced or compulsory labor.</td>
<td></td>
<td>- Are Fair Trade Certified (for international products)</td>
</tr>
<tr>
<td>3. Abolition of child labor.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Elimination of discrimination with respect to employment or occupation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Meets the Levell baseline requirements; and

Vendor and Supplier: |
- Have a social responsibility policy, which includes: (1) union or non-poverty wages; (2) respect for freedom of association and collective bargaining; (3) safe and healthy working conditions; and (4) prohibition of child labor, except as allowed by domestic law and at least one additional employment benefit such as: (5) health care benefits (6) paid sick days; 7) profit-sharing with all employees; or |
- Are Fair Trade Certified (for international products)

Vendor and Supplier: |
- Have a union contract with their employees; or |
- Are a worker-owned Cooperative; or |
- Have signed the CIW Fair Food Supplier Code of Conduct; or |
- Are Food Justice-Certified by the Agricultural Justice Project; or |
- Are certified by the Equitable Food Initiative

To be recognized as a Good Food purchaser, an institution scores one or higher in the Valued Workforce Category.

<table>
<thead>
<tr>
<th>Target</th>
<th>Points Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Level 1 - Baseline</strong></td>
<td></td>
</tr>
<tr>
<td>Year 1: All vendors and suppliers sign in writing that they respect the freedom of association of farmers, ranchers, and fisherfolk and comply with domestic labor law (including state and local) in countries where they produce goods and services, as well as the core ILO standards. OR If vendor and/or suppliers do not have current capacity to meet fair food purchasing goals, the vendor may submit a plan to achieve full compliance at least at the baseline level by end of Year 1.</td>
<td>1</td>
</tr>
<tr>
<td>Year 5: All vendors and suppliers sign in writing that they respect the freedom of association of farmers, ranchers, and fisherfolk and comply with domestic labor law (including state and local) in countries where they produce goods and services, as well as the core ILO standards.</td>
<td>1</td>
</tr>
</tbody>
</table>

Los Angeles Food Policy Council's Good Food Purchasing Guidelines for Food Service Institutions

10/17/2012
| Level 2 | Year 1: Institution complies with baseline Level 1 fair criteria AND 5% annual average of total cost of food purchases, with a goal of increasing at least 2% per year will come from Level 2 fair sources. |
| Level 2 | Year 5: Institution complies with baseline Level 1 fair criteria AND 15% annual average of total cost of food purchases will come from Level 2 fair sources by fifth year of participation. |
| Level 3 | Year 1: Institution complies with baseline Level 1 fair criteria AND 5% annual average of total cost of food purchases, with a goal of increasing at least 2% per year will come from Level 3 fair sources. |
| Level 3 | Year 5: Institution complies with baseline Level 1 fair criteria AND 15% annual average of total cost of food purchases will come from Level 3 fair sources by fifth year of participation. |

**Extra Points**
(Appplies to annual food purchases)

- Buying entity establishes a reporting system for workers to report violations with a protection for workers from retaliation. 1
- Institution complies with baseline Level 1 fair criteria AND 25% of annual average of total cost of food purchases comes Level 2 or 3 fair sources. 1

**Steps to Implementation:**

- Ask that your distributor source agricultural products, which come from farms and food processors with union contracts or certified by one of the programs in the Level 3 Valued Workforce category (See Appendix B: Good Food Purchasing Resource Guide – Learn More About Good Food Sourcing: Valued Workforce).
- Ask your distributor to encourage suppliers to review the Agricultural Justice Project’s toolkit and a list of resources to help farmers and food businesses to adjust their labor policies, develop documentation, and learn how to develop a social responsibility policy. 4
- Ask your distributor to develop long-term relationships with its suppliers and pay fair prices – review the Agricultural Justice Project’s standards section on Food Business Responsibilities to Farmers. 5

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4 http://www.agriculturaljusticeproject.org/full_farmer_toolkit.pdf
5 http://www.agriculturaljusticeproject.org/AJP_stds_sect_1.pdf

Los Angeles Food Policy Council’s Good Food Purchasing Guidelines for Food Service Institutions
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Value Four: Animal Welfare Purchasing Goals

<table>
<thead>
<tr>
<th>Level 1: Baseline</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Milk &amp; Dairy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Produced from Pastured Cows; or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• USDA Organic; or</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Meat &amp; Poultry</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Step 1 of Global Animal Partnership 5-Step Animal Welfare Rating standards; or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• USDA Organic; or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Cage-free eggs; or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Pastured</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Milk &amp; Dairy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• American Humane Certified</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Meat &amp; Poultry</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Step 2 of Global Animal Partnership 5-Step Animal Welfare Rating standards; or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• American Humane Certified</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Meat &amp; Poultry</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Step 3 or higher of Global Animal Partnership 5-Step Animal Welfare Rating standards; or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Animal Welfare Approved; or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Humane Farm Animal Care/Certified Humane Raised and Handled*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level 1 - Baseline</td>
<td>Year 1 Target</td>
<td>Points Awarded</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------</td>
<td>---------------</td>
</tr>
</tbody>
</table>
|                   | Year 1:      | 1) 15% annual average of total cost of milk and dairy products and animal protein product purchases, increasing at least 2% per year will come from Level 1 humane sources.  
2) 100% of all eggs are cage-free. OR
If vendor and/or suppliers do not have current capacity to meet animal welfare purchasing goals, the vendor may submit a plan to achieve full compliance at least at baseline level by end of year one. | 1 |
|                   | Year 5:      | 1) 25% annual average of total cost of milk and dairy products, and animal protein product purchases will come from a Level 1 humane sources by fifth year of participation.  
2) 100% of all eggs are cage-free. | 1 |

| Level 2 | Year 1:      | 1) 15% annual average of total cost of milk and dairy products and animal protein products, increasing at least 2% per year will come from Level 2 humane sources.  
2) 100% of all eggs are cage-free. | 2 |
|         | Year 5:      | 1) 25% annual average of total cost of milk and dairy products, and animal protein product purchases will come from Level 2 humane sources by fifth year of participation.  
2) 100% of all eggs are cage-free. | 1 |

| Level 3 | Year 1:      | 1) 15% annual average of total cost of milk and dairy products, and animal protein product purchases, increasing at least 2% per year will come from Level 3 humane sources.  
2) 100% of all eggs are cage-free. | 3 |
|         | Year 5:      | 1) 25% annual average of total cost of milk and dairy products, and animal protein product purchases will come from Level 3 humane sources by fifth year of participation.  
2) 100% of all eggs are cage-free. | 1 |
| Extra Points (Applies to) | Institution encourages plant based diets by offering 100% vegetarian and/or vegan options. | 1 |
|                   | 50% annual average of total cost of milk and dairy products, and animal protein | 1 |
annual food purchases) products purchases come from humane sources.

Steps to Implementation:

- Request that your distributor buy and sell animal protein products that carry a third-party certification such as, Global Animal Partnership, produced from AGA Grass-Fed cows, Humane Farm Animal Care/Certified Humane Raised and Handled®, and Animal Welfare Approved (See Appendix B: Good Food Purchasing Resource Guide – Learn More About Good Food Sourcing: Animal Welfare).
Value Five: Nutrition Goals

To be recognized as a Good Food purchaser, an institution meets at least 11 out of 25 items in the Nutrition Category.

<table>
<thead>
<tr>
<th>Year 1 Target</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fruits, vegetables, and whole grains account for at least 25% of total food purchases</td>
<td></td>
</tr>
<tr>
<td>Seasonal fruits and vegetables are sourced to ensure best taste, quality, and price</td>
<td></td>
</tr>
<tr>
<td>To the greatest extent possible, purchase whole fruits, without added sugar. When whole and unprocessed fruit cannot be purchased, due to cost or availability, purchase frozen fruit. If frozen products are unavailable, fruit should be canned in its own juice with no sugars added</td>
<td></td>
</tr>
<tr>
<td>To the greatest extent possible, purchase whole vegetables, without added sodium and fat. When whole and unprocessed vegetables cannot be purchased due to cost or availability, purchase frozen vegetables. If frozen products are unavailable, canned vegetables should be low sodium (per FDA definitions) or have &quot;no salt added&quot;</td>
<td></td>
</tr>
<tr>
<td>Prioritize the purchase of whole-grain, high-fiber options</td>
<td></td>
</tr>
<tr>
<td>Prioritize offering plant-based main dishes at each meal service</td>
<td></td>
</tr>
<tr>
<td>If meat is offered, prioritize the purchase of &quot;extra lean&quot; (total fat ≤ 5%) and &quot;lean&quot; (total fat ≤ 10%) meat such as skinless chicken, turkey, ground beef, and pork</td>
<td></td>
</tr>
<tr>
<td>If meat is offered, minimize the purchase of processed meats</td>
<td></td>
</tr>
<tr>
<td>If dairy products are offered, prioritize the purchase of Fat-Free or Low Fat dairy products (1% milk fat or less with no added sweeteners). If milk is offered, soy, rice, or other non-dairy milk alternatives without added sweeteners are available</td>
<td></td>
</tr>
<tr>
<td>Prioritize all juice purchased to be 100% fruit juice with no added sweeteners and vegetable juice that is Low Sodium as per FDA definitions</td>
<td></td>
</tr>
<tr>
<td>At least 50% of available beverage choices (excluding 100% fruit and Low Sodium vegetable juices and Fat Free or Low Fat milk with no added sweeteners) must contain ≤ 25 calories per 8 ounces</td>
<td></td>
</tr>
<tr>
<td>Require drinking water (preferably cold tap water in at least 12 ounce cup sizes) to be offered</td>
<td></td>
</tr>
<tr>
<td>Eliminate the use of hydrogenated and partially hydrogenated oils for cooking and baking</td>
<td></td>
</tr>
</tbody>
</table>

All nutrition goals listed above may not apply to all types of food service institutions. Food service institutions must ensure the above nutrition goals comply with local, state, and federal law that may govern individual food service programs such as youth detention facilities, school meal programs and other meals served to dependent community members. Each food service institution will be eligible for points towards the good food pledge based on the total potential applicable points for that type of food service venue. LAAPC will work with each institution individually on their institution's pledge criteria. These nutrition goals were developed from reputable sources including the United States Department of Agriculture, the Food and Drug Administration, as well as other leading health organizations. The above nutrition goals will be reviewed and revised periodically to ensure they meet current dietary recommendations and take into consideration program implementation.

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<table>
<thead>
<tr>
<th>Requirement</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer Low Fat and/or Low Calorie and/or Low Sodium condiments as per FDA definitions</td>
<td>1</td>
</tr>
<tr>
<td>Commit to developing and implementing a gradual sodium reduction plan that meets current Dietary Guidelines for Americans (DGA) standards</td>
<td>1</td>
</tr>
<tr>
<td>All pre-packaged food has zero grams trans fat per serving (as labeled)</td>
<td>1</td>
</tr>
<tr>
<td>Eliminate the use of deep frying</td>
<td>1</td>
</tr>
<tr>
<td>Prioritize the preparation of all protein, including fish, poultry, meat, or meat alternatives in a low fat way (broiling, grilling, baking, poaching, roasting, or steaming)</td>
<td>1</td>
</tr>
<tr>
<td>Display water, diet drinks (do not exceed 25 cal. per 8oz), 100% fruit juice without added sweeteners, Low Sodium vegetable juices, Fat Free or Low Fat dairy products with no added sweeteners, and milk alternative products in eye level sections of beverage cases (if applicable)</td>
<td>1</td>
</tr>
<tr>
<td>Prioritize the location of fruit and/or non-fried vegetables at convenient, high-visibility locations (including at front of cafeteria lines) and within reach of checkout registers (if applicable)</td>
<td>1</td>
</tr>
<tr>
<td>Highlight fruit with no-added sweeteners and non-fried vegetable offerings with signage</td>
<td>1</td>
</tr>
<tr>
<td>Remove candy bars, cookies, chips and beverages with added sugars (such as soda, sports and energy drinks) from checkout register areas/point-of-purchase (if applicable)</td>
<td>1</td>
</tr>
<tr>
<td>Menu lists the nutritional information for each item using the federal menu labeling requirements under the Patient Protection and Affordable Care Act of 2010 as a guide</td>
<td>1</td>
</tr>
<tr>
<td>Prioritize portion control strategies, if applicable (e.g. utilizing 10&quot; or smaller plates for all meals or make available reduced-size portions of at least 25% of menu items offered, and offer reduced-size portions at a lower price than regular-sized portions)</td>
<td>1</td>
</tr>
<tr>
<td>Develop a worksite wellness program including nutrition education for employees and/or patrons</td>
<td>1</td>
</tr>
</tbody>
</table>

**Levels:**
- **Level 1: Healthy** - meets 13 out of 15
- **Level 2: Healthy** - meets 12 out of 15
- **Level 3: Healthy** - meets 11 out of 15
- **Level 4: Healthy** - meets 10 out of 15

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13 Low-Fat is 3 g or less per RACC (and per 50g if RACC is small); Low Sodium is 140 mg or less per RACC (and per 50g if RACC is small); Low Calorie is 40 calories or less per RACC (and per 50g if RACC is small).
14 Reduced-sized portions are no more than 70% of the weight, measured in grams, of a regular-size portion of the same menu item.

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Accountability and Traceability

An institution’s Good Food purchases are generally limited by their produce and distribution firms because of their access to products carrying food safety approval. Compliance and/or meeting procurement objectives also fall to the produce and food distributors. Therefore bids and contracts should have clauses for ascertaining product traceability, identification, record keeping, and reporting. These clauses may already be accommodated in current Hazard Analysis & Critical Control Points (HACCP) and other third-party action plans.

The Purchaser should develop a customized program in partnership with their distributor and/or produce house to accomplish all of the traceability necessary for each purchaser’s specific needs around Good Food purchases.

Sound Good Food bids could include the following accountability and traceability requirements for any produce or distribution firm:

1. The name and location of farms and processing facilities providing Good Food to an institution will be provided to the institution at the time of ordering, a week or two prior to ordering or on the product list of available food items. Typically, the produce lists of available products from distributors and produce houses are the way buyers are notified to select the food they want to purchase. Vendors should list how each Good Food supplier fulfills and verifies identified Good Food goals, including local, environmentally sustainable, fair, animal welfare and healthy.

2. If an existing vendor is unable to comply with specific targets within the overall Good Food framework, the vendor will be asked to submit a plan outlining a strategy with benchmarks to achieve full compliance within one year and update the plan annually during term of contract. Vendors will verify their progress and compliance with the plan during specified benchmark periods.

3. The vendor will provide the net price paid to farmers, ranchers, or fisherfolk to the Purchasing Institution on a per pound, per case, or other applicable case count prior to the distributor’s or produce firm’s mark up. Costs should be fair, reasonable and transparent. The Purchaser should develop this transparent program in partnership with their Distributor and/or Produce House.

4. Paperwork that proves the origin of any processed food items will be provided to an institution upon request, but shall be kept on record by produce or distribution firms. We recommend the development and implementation of a transparent record keeping system between purchasers and fresh produce processors so that there are checks and balances in place in order to confirm that Good Food products remain intact throughout the processing chain.

Education and Marketing

Marketing and education of Good Food are critical to building buy-in and support from employees, consumers, and other customers.
Educate and engage – Suppliers and their employees along the supply chain from farm to cafeteria need to be informed, educated, and encouraged to be active participants in creating a successful Good Food Purchasing Program. Successful implementation of these programs in food service settings depends on empowered food service workers in the kitchens and knowledgeable employees, students, or customers visiting the food service venue.

Communicate good work, helping to encourage growth in both the demand for and the supply of Good Food. Be a willing educator of patrons and colleagues.

Final Thoughts

Food is only one facet of creating a Good Food community. Advocacy for Good Food venues involve several other components:

- Educational outreach both to staff and the surrounding community;
- Use of reusable and environmentally preferred non-reusable food service ware items and minimizing waste by adopting the waste hierarchy of ‘reduce, reuse, and recycle’;
- Reducing energy use by installing energy-efficient equipment and making sure it is properly maintained and up-to-date;
- Supporting local farms, farmers’ markets, and community supported agriculture;
- Food donation and waste reduction;
- Alignment of food vendor options with the facility’s healthy, sustainable food program; and
- Responsible employer policies related to wages, benefits, and promotions for food service employees.

While this document focused on Good Food purchasing, we are happy to provide additional resources on other aspects of Good Food business implementation.
APPENDIX A: Glossary of Terms

Agricultural Justice Project Certified: a domestic fair trade label that certifies fair prices and terms for farmers and at the same time fair working conditions for all employees in certified operations. The standards are rights-based, such as the right to freely negotiate the terms of employment and freedom of association, and a verification model that ensures a safe space is created in which workers can exercise those rights. Other key provisions of the program include strong health and safety protections, including a preference for organic production and strong restrictions on the use of occupational toxins when a farm is not organic; clear grievance and complaints procedures including the right to appeal; and standards covering living wages, housing conditions, and more. Source: http://www.foodfirst.org/en/node/3098 Website: www.agriculturaljusticeproject.org/standards.html

American Humane Certified: a voluntary, third-party animal welfare audit process based on five freedoms:

- Freedom from thirst and hunger – by ready access to fresh water and a diet to maintain full health and vigor
- Freedom from discomfort – by providing an appropriate environment including shelter and a comfortable resting area
- Freedom from pain, injury and disease – by prevention or rapid diagnosis and treatment
- Freedom to express normal behavior – by providing sufficient space, proper facilities and company of the animal’s own kind
- Freedom from fear and distress – by ensuring conditions and treatment which avoid mental suffering

Source: http://www.naturalnews.com/028552_humane_animals.html Website: http://www.humaneheartland.org/out-standards

Animal Welfare Approved: A consumer certification and labeling program which indicates that egg, dairy, meat or poultry products have been produced with the welfare of the farm animal in mind. The animals have access to the outdoors and are able to engage in natural behavior. No cages or crates may be used to confine the animals, and growth hormones and subtherapeutic antibiotics are disallowed. Some surgical mutilations, such as beak-mutilation of egg-laying hens, are prohibited, while others, such as castration without painkiller, are permitted. Compliance is verified through third-party auditing.

Biodynamic: a farming method that encourages the use of preparations made from fermented manure, minerals and herbs are used to help restore and harmonize the vital life forces of the farm and to enhance the nutrition, quality and flavor of the food being raised. Biodynamic practitioners also recognize and strive to work in cooperation with the subtle influences of the wider cosmos on soil, plant and animal health. Source/Website: https://www.biodynamics.com/biodynamics.html

Cage Free: This label indicates that the flock was able to freely roam a building, room, or enclosed area with unlimited access to food and fresh water during their production cycle. Beak cutting is permitted. There is no third-party auditing. Source: Agricultural Marketing Service, USDA; Humane Society

Certified Humane Raised & Handled: A consumer certification and labeling program which indicates that egg, dairy, meat or poultry products have been produced with the welfare of the farm animal in mind. Farm animal treatment standards include: Allow animals to engage in their natural behaviors; Raise animals with sufficient space, shelter and gentle handling to limit stress; Make sure they have ample fresh water and a healthy diet.
without added antibiotics or hormones. Producers also must comply with local, state and federal environmental standards. Processors must comply with the American Meat Institute Standards, a higher standard for slaughtering farm animals than the Federal Humane Slaughter Act. www.certifiedhumane.com

**Certified Organic:** Products must meet the federal organic standards as determined by a USDA-approved certifying agency. Organic foods cannot be grown using synthetic fertilizers, chemicals, or sewage sludge; cannot be genetically modified; and cannot be irradiated. Organic meat and poultry must be fed only organically-grown feed (without any animal byproducts) and cannot be treated with hormones or antibiotics. In order to bear the USDA “Certified Organic” seal, a product must contain 95 to 100 percent organic ingredients. Products that contain more than 70 percent, but less than 94 percent organic ingredients can be labeled “Made with Organic Ingredients,” but cannot use the USDA “Certified-Organic” seal. Organic ingredients can be listed on the packaging of products that are not entirely organic. http://www.ams.usda.gov/NOP/indexNet.htm. While some small farmers grow their food using organic methods, they choose not to go through the certification process for economic or ideological reasons, so they cannot label their food “certified organic.”

**CIW Fair Food Supplier Code of Conduct:** a set of labor standards developed by the Coalition for Immokalee Workers designed to improve working conditions and give workers the ability to voice their concerns over safety, working conditions, and Code violations without fear of retribution. Growers are required to keep a proper time registration system, hire farm workers as employees and pay them wages and benefits directly, provide protective equipment and training, ensure breaks and opportunities for advancement, and implement proper workplace safety systems. Source: http://fairfoodstandards.org/code.html

**Cooperative:** An autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

**Conventionally Grown:** Food grown using chemical fertilizers, pesticides, and herbicides. In most situations, default options are conventionally grown.

**Equitable Food Initiative Certified:** a program that certifies standards for working conditions, pesticide use and food safety. EFI’s labor standards protect farm workers’ health and safety; guarantee their freedom of association; provide fair compensation and conditions of employment; ensure non-discrimination and non-retaliation; create dispute settlement mechanisms; address housing conditions; establish a social premium; and cover workers on temporary visas. EFI’s food safety standards address risks arising from land and water use, soil amendments, animal waste, and post-harvest packaging and transportation. Environmental standards focus on the safe management of pests, soil, water and habitat. Website: http://www.equitablefood.net

**Family Farm:** A farm managed by a family or individual who owns the animals or land, receives a good portion of their livelihood from the farm, and participates in the daily labor to work and manage the farm. The USDA also defines a small family farm as having less than $250,000 gross receipts annually. Source: http://www.nifa.usda.gov/nea/ag_systems/in_focus/familyfarm_if_overview.html

**Fair:** All participants in the food supply chain receive fair compensation and fair treatment, free of exploitation.

**Fair Trade:** A certified label that guarantees that farmers and their workers receive a living wage and a fair price for their labor and their product, and that the product is produced in an ecologically sound manner.

**Foodshed:** Like a watershed (where the idea of the foodshed takes its inspiration), a foodshed measures the reach of the local landscape in terms of its food production capacities. A foodshed’s size is determined by its...
“structures of supply,” the regional, economic, political, and transportation systems that determine how food gets from farm to table. The Los Angeles Urban Rural Roundtable, convened by the Roots of Change in 2010, defined the Los Angeles foodshed as the two hundred mile radius around the Los Angeles urban core, from which the region draws much of its food to feed the local population. This concept continues to evolve. As a starting point, we refer to the 200-mile threshold as the Los Angeles regional foodshed.

**Food Alliance Certified**: Organization that certifies producers based on healthy and humane animal treatment with no added growth promotants or sub-therapeutic antibiotics, soil and water conservation, integrated pest, disease and weed management, pesticide risk reduction, wildlife habitat and biodiversity conservation, safe and fair working conditions. Website: [http://foodalliance.org/certification](http://foodalliance.org/certification)

**Free Range**: A USDA-certified label that guarantees that animals (usually poultry) had room to move around and “access to the outdoors.” These standards apply to poultry bred for eating only, not to hens that produce eggs. It does not guarantee that the animals ever went outside or that the outdoor space provided was good pasture.

**Good Food**: Good Food is defined by the Los Angeles Food Policy Council as food that is: 1) Healthy: a) Foods meet the Dietary Guidelines for Americans and provide freedom from chronic ailment; b) Food is delicious, safe, and aesthetically pleasing.; 2. Affordable: Foods that people of all income levels can purchase.; 3. Fair: a) All participants in the food supply chain receive fair compensation and fair treatment, free of exploitation.; b) High quality food is equitable and physically and culturally accessible to all; 4) Sustainable: Produced, processed, distributed, and recycled locally using the principles of environmental stewardship (in terms of water, soil, and pesticide management).

**Genetically Modified Organisms (GMOs)**: In the context of food, GMOs are agricultural products (crops or animals) that have been genetically engineered to possess certain traits. Since there is minimal research on the long-term impacts that GMOs may have on the earth and human health, many organizations caution against use and consumption of GMOs. Organic products are, by definition, non-GMO.

**Global Animal Partnership 5-Step Animal Welfare Rating standards**: a tiered standards program that encourages higher welfare practices and systems to the benefit of farmers, consumers, retailers, and the animals. Step 1 prohibits cages and crates. Step 2 requires environmental enrichment for indoor production systems; Step 3, outdoor access; Step 4, pasture-based production; Step 5, an animal-centered approach with all physical alterations prohibited; and, finally, Step 5+, the entire life of the animal spent on an integrated farm. Website: [http://www.globalanimalpartnership.org/the-5-step-program/](http://www.globalanimalpartnership.org/the-5-step-program/)

**Grassfed (American Grassfed Association (AGA) Certified)**: This label ensures that animals have continuous access to pasture during the growing season (as opposed to being confined or eating grass out of a trough) and cannot be fed grain or grain products, which can diminish the nutritive benefits of grass feeding.

**Grassfed (USDA Certified)**: Meat products derived from ruminant animals, e.g. beef cattle, dairy cattle, and lamb, may be approved to carry the USDA “grass-fed” label claim if the animal was fed a diet of grass and/or forage throughout it’s lifetime, with the exception of milk consumed prior to weaning. Animals cannot be fed grain or grain by-products and must have continuous access to pasture during the growing season (last frost in spring to first frost in fall). Use of hormones or antibiotics is not addressed.

**Hazard Analysis & Critical Control Points (HACCP)**: HACCP is a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material.
production, procurement and handling, to manufacturing, distribution and consumption of the finished product. Source: http://www.fda.gov/food/foodsafety/hazardanalysiscriticalcontrolpointshaccp/default.htm

Healthy: Foods meet the Dietary Guidelines for Americans and provide freedom from chronic ailment. Food is delicious, safe, and aesthetically pleasing.

Hormone Free: Milk that comes from cows who have not been treated with rBST, also known as rBGH or bovine growth hormone.

Integrated Pest Management (IPM): IPM growers practice a variety of techniques: they apply natural substances like kelp, rock powders, and compost to keep crops disease resistant. They monitor trees and set traps to capture insects. Ideally, IPM growers use pesticides only as a last resort, when pest damage would keep them from bringing in a profitable crop.

Large Scale Operation (LSO): Large scale operations include all levels of the food supply chain. The size is defined by type of operation:
- LSO Farm -- a farm larger than 499 acres (NOTE: LSO Farm, as defined by the Good Food Purchasing Guidelines, is based upon the classification of farms by acreage in the 2007 USDA Agricultural Census).
- LSO Food Business - A business (including food processors) whose three (3) year average annual gross revenues exceed $7 million (NOTE: Size of non-farm food business definition is based on City of Los Angeles Business Inclusion Program).

Living Wage: A wage that allows workers to meet their and their families' basic needs, including housing, food, childcare, transportation, healthcare, clothing, and recreation costs for the area in which they live.

Local: The term “local” will vary depending on your location and what is available to you. The Los Angeles Food Policy Council has defined Los Angeles County’s foodshed to span 200 miles, ten counties and touch over 22 million people. This ten county region includes: Kern, Ventura, San Diego, Imperial, Riverside, Santa Barbara, San Luis Obispo, San Bernardino, Orange, and Los Angeles. The term “local” will vary depending on your location and what is available to you.

Los Angeles Business Inclusion Program Definitions:
- Small Business Enterprise (SBE): For the purpose of The Business Inclusion Program, Small Business Enterprise shall mean a business enterprise that meets the following criteria:
  - A business (personal or professional services, manufacturer, supplier, and vendor) whose three (3) year average annual gross revenues does not exceed $7 million.
  - A business (construction contractors) whose three (3) year average annual gross revenues does not exceed $14 million.
- Emerging Business Enterprise (EBE): For the purpose of this program, Emerging Business Enterprise shall mean a business enterprise whose three (3) year average annual gross revenues do not exceed $3.5 million. Source: http://gsd.lacity.org/sms/BIP%20OUTREACH%20DOCUMENTATION%20&%20PROCESS.pdf

Marine Stewardship Council certified: an independent, non-profit organization that sets standards for sustainable fishing based on three principles:
- The fishing activity must be at a level which is sustainable for the fish population. Any certified fishery must operate so that fishing can continue indefinitely and is not overexploiting the resources.
- Fishing operations should be managed to maintain the structure, productivity, function and diversity of the ecosystem on which the fishery depends.

- The fishery must meet all local, national and international laws and must have a management system in place to respond to changing circumstances and maintain sustainability.

Website: http://www.msc.org/

**Meatless Mondays campaign:** non-profit initiative of The Monday Campaigns, in association with the Johns Hopkins’ Bloomberg School of Public Health that encourages people, groups and organizations to not eat meat on Mondays to improve their health and the health of the planet. The campaign provides information and vegetarian recipes ideas based on USDA nutritional guidelines on their website. Website: http://www.meatlessmonday.com/

**Medium Scale Operation (MSO):** Medium scale operations include all levels of the food supply chain. The size is defined by type of operation:

- MSO Farm – a farm between 180 and 499 acres (NOTE: MSO Farm, as defined by the Good Food Purchasing Guidelines, is based upon the classification of farms by acreage in the 2007 USDA Agricultural Census).

- MSO Food Business – a business (including food processors) whose three (3) year average annual gross revenues fall between $3.5 million and $7 million. (NOTE: Size of non-farm food business definition is based on City of Los Angeles Business Inclusion Program).

**Non-GMO Project Verified:** is a verification program that seeks to assist farmers, processors and manufacturers in avoiding the contamination of GMO’s by progressively reducing the risk of GMO contamination. The Project requires practices and processes for controlling GMO contamination by these at-risk inputs and ingredients. Methods such as segregation, traceability, risk assessment, sampling techniques, and quality control management are emphasized. Website: http://www.nongmoproject.org/

**Organic:** Food grown without the use of chemical pesticides, herbicides, or fertilizers. Animals must be fed organic feed and cannot be given antibiotics or growth hormones. Organic foods may not be genetically modified or irradiated or contain artificial preservatives or additives. Organic meats must come from animals that are “free range.”

**PRIME (Pesticide Risk Mitigation Engine) score:** an online tool that ranks pesticide products for impacts on birds, earthworms, small mammals, aquatic ecosystems and worker/bystander health and safety. This tool applies best available science to permit producers, advisors and regulatory professionals to compare different pest management scenarios for any commodity and select options with the fewest potential environmental and health hazards. Risk is presented on a low/moderate/high scale. Risk index scores below a 10% chance of an undesirable effect to be in the low risk category, where no further risk mitigation is needed. Realistically, 10% is within the margin of error for our risk models. Risk index scores between 10% and 50% fall into the moderate risk category where risk mitigation is recommended. Risk index scores above a 50% chance of an undesirable effect fall into the high-risk category. Website: http://ipmprime.org

**Procurement:** The sourcing and purchasing of food to supply foodservice operations. Procurement involves identifying the food needs of the customer base for the foodservice operation, specifying product requirements, identifying suppliers, taking deliveries, inspecting and storing items, and, depending on the size of the operation, soliciting and evaluating bids and proposals, controlling inventory, and paying suppliers.

**Protected Harvest certified:** a points-based certification program is designed to ensure that crops have been raised with integrated pest management. The point system is used that rewards growers for implementing
ecologically based practices in nine different management categories: field scouting, information sources, pest management decisions, field management decisions, weed management, insect management, disease management, soil and water quality, and storage management. A minimum number of points must be achieved in each category to qualify for certification. Website: http://www.protectedharvest.org/

"Raised without antibiotics" or "No antibiotics administered" (poultry and meat products): These USDA approved label claims imply that no antibiotics were administered to the animal at any point during its life. If an animal becomes sick and requires treatment, it should be segregated from other animals and sold as a conventional meat product. Source: http://www.fsis.usda.gov/Fact_Sheets/Meat_Poultry_Labeling_Terms/index.asp

Raised without added hormones or "No hormones added" (beef and lamb only): This USDA approved label claim implies that no added hormones were given to the animal at any point during its life. Most meaningful when used on beef or lamb products since the use of added hormones is prohibited in poultry and pork production. http://www.fsis.usda.gov/Fact_Sheets/Meat_Poultry_Labeling_Terms/index.asp

rGBH-free or rGBT-free (dairy): Recombinant Bovine Growth Hormone is a genetically engineered artificial hormone, which is injected into cows to increase milk production. Labeling is voluntary. http://www.foodandwaterwatch.org/take-action/consumer-tools/the-milk-tip/

Small Scale Operation (SSO): Small scale operations include all levels of the food supply chain. The size is defined by type of operation:

- SSO Farm – a farm smaller than 180 acres. (NOTE: SSO Farm, as defined by the Good Food Purchasing Guidelines, is based upon the classification of farms by acreage in the 2007 USDA Agricultural Census. This is in contrast to the USDA definition of “small farm,” which is classified by gross sales less than $250,000.)
- SSO Food Business – a business enterprise (including food processors) whose three (3) year average annual gross revenues do not exceed $3.5 million. (NOTE: Size of non-farm food business definition is based on City of Los Angeles Business Inclusion Program).

Source: A source includes not only the food supplier that the purchaser does business with directly, but also all prior links in the supply, processing and production chain, starting with the farm. The supplier who is working directly with the purchaser will take good faith measures to ensure that, to the best of the supplier’s knowledge, the supplier’s sources also comply with the Good Food Purchasing Guidelines.

Stewardship Index for Specialty Crops: a multi-stakeholder initiative to develop a system for measuring sustainable performance throughout the specialty crop supply chain. The Index does not provide standards, but instead provides a yardstick for measuring sustainable outcomes by offering a suite of outcomes-based metrics to enable operators at any point along the supply chain to benchmark, compare, and communicate their own performance. The four key environmental indicators in the latest version are soil health and the use of nutrients, energy and water. Website: http://www.stewardshipindex.org/

Sustainable: Systems and practices that can be continued indefinitely into the foreseeable future without reliance upon ongoing depletion of non-renewable resources (e.g., soil, energy, biological diversity) or widening social inequities (within and across communities, countries, or generations). With respect to agriculture, the term can include, but is not limited to or synonymous with, certified organic production practices.
**Sustainable Seafood:** Seafood that comes from sources, either farmed or wild, that can maintain production indefinitely without affecting the integrity of the surrounding ecosystem.

**Transitional Organic:** This label has been used in the past to mean that a farmer is using organic methods but has not reached the three-year pesticide-free requirement and cannot yet use the Certified Organic label. The USDA does not currently allow or sanction the use of this label for official marketing purposes.

**USDA Farm Classification System**
The USDA Economic Research Service (USDA-ERS) has developed a farm classification system to divide U.S. farms into eight mutually exclusive and more homogeneous groups. The farm typology focuses on "family farms," or farms organized as proprietorships, partnerships, and family corporations that are not operated by a hired manager. To be complete, however, it also includes nonfamily farms. For more info, see [http://www.extension.org/pages/13823/usda-small-farm-definitions](http://www.extension.org/pages/13823/usda-small-farm-definitions)

**Value Chain:** The Wallace Center differentiates food value chains from traditional supply food supply chains in the following way: New food value chains - 1) Operate as a series of win-win strategic partnerships rather than win-lose, interchangeable business deals; and 2) Differentiate products by attributes that traditional supply chains do not typically monitor or promote, such as the environmental and social benefits behind a particular producer's practices.

APPENDIX B: GOOD FOOD PURCHASING RESOURCE GUIDE

HEALTHY, LOCAL & SUSTAINABLE FOOD PURCHASING POLICIES & GUIDELINES

Restaurants
- **Green Seal™**: GS 46 Restaurants & Food Service
- SustainWeb: Ethical Eats (UK based restaurants and caterers committed to sourcing sustainable foods)
  http://www.sustainweb.org/ethnicaleats/
- Green Restaurant Association’s: *Dine Green*
  http://www.dinegreen.com/restaurants/standards.asp
- San Francisco Green Business Program Standards: Restaurants

Hospitals
- **Green Guide for Health Care™** Food Service Credits
  http://www.noharm.org/us_canada/issues/food/planning.php#credits
- **Green Guide for Health Care™** Food Service Credits, “Environmentally Preferable Purchasing: Food Technical Brief”
  http://noharm.org/lib/downloads/purchasing/EPP_Food_Tech_Brief_GGHC.pdf
- Health Care Without Harm’s Tools and Resources for Hospitals, Group Purchasing Organizations and Distributors
  http://www.healthyfoodinhealthcare.org/resources.php#purchasingguides
- Healthier Hospitals Initiative
  http://healthierhospitals.org/hhi-challenges/healthier-food
- Kaiser Permanente: Fact Sheet on Sustainable Food Purchasing Policy
- Partnership for a Healthier America
  http://www.ahealthieramerica.org/#!/about-the-partnership

Universities
- University of California Policy on Sustainable Practices: Sustainable Foodservices Policy (page 19)
- Yale Sustainable Food Purchasing Guide
  http://www.yale.edu/sustainablefood/purchasing_guide_002.pdf.pdf
- Yale Sustainable Food Purchasing Guidelines

Los Angeles Food Policy Council’s Good Food Purchasing Guidelines for Food Service Institutions
10/17/2012
http://www.yale.edu/sustainablefood/food_purchasing.html

- Emory University's Sustainable Food Initiative
  http://sustainability.emory.edu/page/1008/Sustainable-Food

- Bon Appetit: General Sustainability Principles
  http://www.cafebonappetit.com/

**K-12 Schools**

- Washington D.C: Healthy Schools Act of 2010

- Local Food Procurement for San Diego Unified School District

- Local Fruit and Vegetable Sourcing in St. Paul's Public Schools- Lessons Learned and RFP
  http://food-hub.org/files/resources/SaintPaulPublicSchoolsLocalProduceStory%20and%20RFP.pdf

- Sample Purchasing Guidelines – “Specs” Large Scale Scratch Cooking Environment- Chef Ann Cooper, Berkeley Unified School District
  http://www.thelunchbox.org/sites/default/files/SAMPLE_PURCHASING_GUIDELINES2.pdf

- Primer on geographic Preference: Potential, Pitfalls and Proper Procedures – School Food FOCUS
  http://www.schoolfoodfocus.org

- Alliance for a Healthier Generation
  http://www.healthiergeneration.org/companies.aspx?id=5657

- National Farm to School Network’s list of resources on buying and selling local foods

**Federal, State and Municipal Government**

- General Services Agency: Health and Sustainability Guidelines for Federal Concessions and Vending Operations
  http://www.gsa.gov/portal/content/104429

- Massachusetts State Agency Food Standards

- City and County of San Francisco, Executive Directive: Healthy and Sustainable Food for San Francisco
  http://www.sfgov3.org/ftp/uploadedfiles/sffood/policy reports/MayorNewsomExecutiveDirectiveonHealthySustainableFood.pdf

- New York City Agency Food Standards

**General Background Resources**

- Sustainable Food Policy- A Guide to Developing Sustainable Food Purchasing Policy

- UC Sustainable Agriculture Research & Education Program, Agricultural Sustainability Institute, UC Davis: “Emerging Local Food Initiatives in Northern California Hospitals”
  http://www.sarep.ucdavis.edu/CDPP/fti/Farm_To_Hospital_WebFinal.pdf

- The Johns Hopkins Center for a Livable Future Health Care and Without Harm: “Balanced Menus: A Pilot Evaluation of Implementation in Four San Francisco Bay Area Hospitals”
  http://www.jhsph.edu/bin/k/m/BMCRfinal.pdf

- Centers for Disease Control and Prevention (CDC): “Improving the Food Environment Through Nutrition Standards: A guide for government procurement”
  http://www.cdc.gov/salt/pdfs/dhspprocurement_guide.pdf


**LEARN MORE ABOUT GOOD FOOD SOURCING**

**Local**
- USDA’s list of Certified Farmers’ Markets
- See Appendix C for list of local product availability in LA (distributors and processors)

**Environmental Sustainability**
- Consumer Reports
  *Greener Choices: Eco-Labels Center*

- Food Alliance, Institute for Agriculture & Trade Policy, Association for the Advancement of Sustainability in Higher Education, Healthcare Without Harm
  *Third Party Certifiers for Sustainability in Food & Agriculture*
  http://www.sustainablefoodpolicy.org/third-party-certifications-for-identifying-sustainably-produced-foods

- Natural Resources Defense Council
  *Label Lookup*
  http://www.nrdc.org/living/labels/food.asp

- Meatless Monday Campaign Toolkits
  http://www.meatlessmonday.com/spread-the-movement/

- CCOF Certified Organic
  *CCOF’s Organic Online Directory*
  http://www.ccof.org/cgi-bin/organicdirectory_search.cgi
• USDA Certified Organic  
  www.ams.usda.gov/nop/  

• Food Alliance Certified  
  *Online directory of certified producers and handlers*  
  http://foodalliance.org/client-search  

• Non-GMO Project Verified  
  http://www.nongmoproject.org/take-action/search-participating-products/  

• Stewardship Index for Specialty Crops  
  http://www.stewardshipindex.org/  

**Sustainable Seafood**  

• Blue Ocean Institute  
  *Offers Ocean and seafood sustainability education for chefs*  
  http://www.blueocean.org  

• Monterey Bay Seafood Watch List  

• Good Catch...The Essentials: Helping You Navigate Seafood Sustainability  
  http://www.goodcatch.org.uk/site_media/uploads/Good_Catch...the_essentials_FINAL.pdf  

• Marine Stewardship Council  
  http://www.msc.org/  

• Marine Conservation Society  
  *Buyers guide to sustainable seafood*  
  http://www.fishonline.org/  

• The Institute for Fisheries Resources  
  *List of local fish seasonality*  
  http://www.ifrfish.org/where/los-angeles-area  

**Valued Workforce**  

• United Farm Workers  
  *List of farms with union contracts:*  

• Agricultural Justice Project’s Standards  

• Agricultural Justice Project’ s Toolkit for Farmers  
  *Sample labor policies and other resources to help farmers meet standards*  

• Equitable Food Initiative  
  *Partnership among businesses and organizations that have come together to develop standards, training processes and a certification to protect farm workers and produce safer, healthier food.*  
  http://www.equitablefood.net/#1home/mainPage
- Bon Appetit: Code of Conduct for Sustainable Tomato Suppliers

- Domestic Fair Trade Association
  DFTA is engaged in a process of developing criteria for domestic fair trade standards. Draft DFTA criteria and instructions for evaluation:
  http://www.thedfta.org/index.php?c=evaluation

- Food Chain Workers Alliance
  Statement on Social Certification
  http://foodchainworkers.org/?page_id=232

- Restaurant Opportunities Center
  2012 National Diner's Guide
  Consumers guide provides information on the wage, benefits, and promotion practices of the 150 most popular restaurants in America, including several high-road restaurants in Los Angeles.
  http://rocunited.org/dinersguide/

- Fair World Project
  http://www.msc.org/

Animal Welfare
- Global Animal Partnership
  Recognizes and rewards producers for their welfare practices and promotes and facilitates continuous improvement. Standards listed here:
  http://www.globalanimalpartnership.org/the-5-step-program/our-standards/

- Animal Welfare Approved
  Online directory of certified farms
  http://www.animalwelfareapproved.org/product-search/

- Humane Farm Animal Care/Certified Humane Raised and Handled®
  Online directory

- AGA Grass-Fed
  AGA Producer Profiles
  http://www.americangrassfed.org/producer-profiles/

- Animal Welfare Approved
  Food Labeling for Dummies
  A guide to common food label terms and claims

Nutrition
- U.S. Department of Agriculture (USDA): Dietary Guidelines for Americans

Los Angeles Food Policy Council's Good Food Purchasing Guidelines for Food Service Institutions
10/17/2012
- Harvard School of Public Health: Healthy Eating Plate
  http://www.hsph.harvard.edu/nutritionsource/healthy-eating-plate/

- USDA: My Plate
APPENDIX C: LOCAL PRODUCT AVAILABILITY (LOS ANGELES)

Los Angeles wholesale distribution firms with locally sourced products:

California Produce Wholesalers
6818 Watcher St. Commerce, CA 90040
Telephone: (800) 460-9193
Fax: (562) 928 3090
http://www.californiaproducewholesalers.com/

FreshPoint Southern California
Locally Grown Division
155 N. Orange Avenue
City of Industry, CA 91744
http://www.freshpoint.com

Gold Star Foods
Telephone: (800) 540-0215
Fax: (866)802-1997
3781 E. Airport Drive
Ontario, Ca. 91761
http://www.goldstarfoods.com/default.asp

Heath & LeJeune
1206 E. 6th Street
Los Angeles, CA 90021
Telephone: (213) 614-1909
http://soullvorganic.com/

L.A. Specialty Produce
13527 Orden Drive
Santa Fe Springs, CA 90670
Telephone: (562) 741-2200
Fax: (562) 741-2907
http://www.laspecialty.com/index.html

Sunrise Produce Company
1400 Goodrich Blvd
Commerce, CA 90022
Telephone: (323) 726-3838
http://www.sunriseproduce.com/index.html

West Central Produce
2020 East 7th Place
Los Angeles, CA 90021
Telephone: (800) 464-8349
http://www.westcentralproduce.com

Los Angeles Food Policy Council's Good Food Purchasing Guidelines for Food Service Institutions
10/17/2012
Worldwide Produce
1661 McGarry St.
Los Angeles, CA 90021
Telephone: (800) 300-2737
Fax: (213) 741-1777
http://www.wwproduce.com/

Processing of locally sourced produce:
Field Fresh Foods
Locally Fresh Foods
14805 South San Pedro Street
Gardena, CA 90248
800.411.0588
http://www.fieldfresh.com
EXHIBIT F

PRE-EXISTING LACC AGREEMENTS
<table>
<thead>
<tr>
<th>CONTRACT NO.</th>
<th>VENDOR NAME</th>
<th>SERVICE</th>
<th>CURRENT AWARD DATE</th>
<th>CURRENT EXPIRATION DATE</th>
<th>REMAIN RENEWALS</th>
<th>TERMINATION NOTICE REQUIREMENT</th>
<th>CONTRACT TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 C-114153</td>
<td>Los Angeles Conservation Corps</td>
<td>Recycling</td>
<td>6/2/2011</td>
<td>6/30/2011</td>
<td>month-to-month</td>
<td>30 days</td>
<td>Revenue</td>
</tr>
<tr>
<td>2 C-115559</td>
<td>Full Circle Recycling Company</td>
<td>Recycling</td>
<td>6/18/2009</td>
<td>6/17/2011</td>
<td>1</td>
<td>30 days</td>
<td>Revenue</td>
</tr>
<tr>
<td>3 C-99434</td>
<td>Aramark Sports and Entertainment Services, Inc.</td>
<td>Food and Beverage</td>
<td>4/5/2012</td>
<td>4/4/2013</td>
<td>month-to-month at the end of one year</td>
<td>90 days</td>
<td>Expenditure</td>
</tr>
<tr>
<td>4 C-112398</td>
<td>AT&amp;T (CALNET II)</td>
<td>Telecommunications</td>
<td>1/30/2007</td>
<td>1/29/2014</td>
<td>N/A</td>
<td>Expenditure</td>
<td>Revenue</td>
</tr>
<tr>
<td>5 C-115094</td>
<td>Service Systems, Inc.</td>
<td>Custodial</td>
<td>9/1/2008</td>
<td>8/31/2013</td>
<td>2</td>
<td>30 days</td>
<td>Expenditure</td>
</tr>
<tr>
<td>6 C-116536</td>
<td>SMART CITY NETWORKS, LP</td>
<td>Telecommunications</td>
<td>6/28/2012</td>
<td>6/30/2014</td>
<td>0</td>
<td>N/A - See comments</td>
<td>Revenue</td>
</tr>
<tr>
<td>7 C-121203</td>
<td>New Cingular Wireless PCS, LLC. (AT&amp;T)</td>
<td>Telecommunications</td>
<td>12/19/2011</td>
<td>12/17/2014</td>
<td>0</td>
<td>180 days</td>
<td>Revenue</td>
</tr>
<tr>
<td>8 C-106193</td>
<td>L.A. Arena Company, LLC</td>
<td>Parking License Agreement</td>
<td>11/10/2005</td>
<td>3/25/2053</td>
<td>N/A</td>
<td>N/A</td>
<td>Revenue</td>
</tr>
<tr>
<td>9 C-114564</td>
<td>Wells Fargo Bank, N.A.</td>
<td>Banking Services</td>
<td>7/1/2008</td>
<td>6/30/2014</td>
<td>0</td>
<td>N/A</td>
<td>Expenditure</td>
</tr>
<tr>
<td>10 C-116642</td>
<td>Ctn Design Inc.</td>
<td>Annual Report</td>
<td>1/8/2010</td>
<td>1/5/2014</td>
<td>0</td>
<td>30 days</td>
<td>Expenditure</td>
</tr>
<tr>
<td>11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 C-120294</td>
<td>Marina Landscape, Inc.</td>
<td>Landscaping</td>
<td>4/5/2012</td>
<td>4/4/2017</td>
<td>0</td>
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<td>Expenditure</td>
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<tr>
<td>13 C-120297</td>
<td>William A. Kidston</td>
<td>Photography and Video Services</td>
<td>4/5/2012</td>
<td>4/4/2015</td>
<td>0</td>
<td>30 days</td>
<td>Expenditure</td>
</tr>
<tr>
<td>14 C-120296</td>
<td>Steve Wolff and Associates, Inc.</td>
<td>Indoor Plants</td>
<td>4/10/2012</td>
<td>4/9/2015</td>
<td>0</td>
<td>30 days</td>
<td>Expenditure</td>
</tr>
<tr>
<td>15 C-121964</td>
<td>SPRINT PCS ASSETS, LLC.</td>
<td>Telecommunications</td>
<td>10/1/2013</td>
<td>9/30/2018</td>
<td>0</td>
<td>180 days</td>
<td>Revenue</td>
</tr>
<tr>
<td>16 C-122094</td>
<td>Great Scott Tree Service, Inc.</td>
<td>Tree Maintenance</td>
<td>5/6/2013</td>
<td>5/5/2016</td>
<td>0</td>
<td>30 days</td>
<td>Expenditure</td>
</tr>
<tr>
<td>17 C-122115</td>
<td>Consolidated Disposal Service</td>
<td>Construction and Demolition Diversion MRF</td>
<td>5/9/2013</td>
<td>5/8/2016</td>
<td>0</td>
<td>30 days</td>
<td>Expenditure</td>
</tr>
<tr>
<td>18 C-122874</td>
<td>Verizon Wireless</td>
<td>Telecommunications</td>
<td>10/1/2013</td>
<td>9/30/2016</td>
<td>0</td>
<td>180 days</td>
<td>Revenue</td>
</tr>
<tr>
<td>19 C-122553</td>
<td>Omnipoint Communications Inc. (T-Mobile West LLC)</td>
<td>Telecommunications</td>
<td>9/19/2012</td>
<td>9/18/2015</td>
<td>0</td>
<td>180 days</td>
<td>Revenue</td>
</tr>
</tbody>
</table>
EXHIBIT G

OPERATING PLAN
1. With over 20 years of convention center operations expertise, AEG's proven Operations Management System will ensure increased revenue generation, expense efficiencies, and the delivery of the highest levels of guest services.

2. Through AEG's innovation the LACC will significantly better its bottom line performance through increased revenue generation, higher levels of service, and operating cost efficiencies.

3. Performance will be measured by key performance indicators (KPIs) encapsulated in the Business Plan and as part of the Annual Plan.

4. Only AEG brings proven operational resources such as AEG ENCORE, AEG 1FORCE, AEG 1EARTH, AEG 1SOURCE, AEG Connect, AEG Global Partnerships.

5. Delivery of a seamless operation with effective interface arrangements between the City, the LATCB and the LACC.
AEG understands that every decision we make touches revenue generation, expense control, and guest service delivery.

**OPERATIONS & MANAGEMENT**

**GUEST SERVICE DELIVERY**
AEG ENCORE
AEG S.A.F.E.
AEG ACCESS
AEG 1FORCE
AEG 1COMMUNITY

**EXPENSE CONTROL**
AEG Energy Services
AEG 1SOURCE
Risk Management
Asset Management
Financial Management
AEG 1EARTH

**REVENUE GENERATION**
Food & Beverage Services
Increased Event Bookings
AEG Global Partnerships
Event Electrical & Utility Services
Preferred Audio & Visual Production Services
iPad Stations
Digital Signage System
Eventpath
Distributed Antenna System
AEG Connect
Interact App
DFS
The management and operation of the Los Angeles Convention Center will be driven by AEG's proven Operations Management System. It is dedicated to delivering every event to an international standard, requiring the highest possible level of service across every part of the operation. The LACC's Operations Management System will be all-encompassing, drawing together governance and customer service values with strategic planning and controls across a variety of sub-systems based on industry best practices.

AEG's Operations Management System provides the assurance that the LACC's operations will be delivered to the award winning international standards for which AEG venues are renowned—standards which will complement the location, design and functionality of what will undoubtedly be Southern California's premier convention, exhibition and entertainment destination.

The Operations Management System will be strategic, practical, and apply to all operational activities at the LACC. The system will identify the processes applicable to operating the facilities and how they interrelate including:

- **Core Processes**—activities critical to business goals consisting of event sales, event planning, event delivery and event evaluation
- **Support Processes**—ensure that core processes can be delivered consistently and related to managing finances, people, assets, systems and technology

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AEG IS THE ONLY FACILITIES MANAGEMENT COMPANY THAT ALREADY HAS THE SUPPORT OF LOCAL UNIONS:

- IBW LOCAL 11
- UNITE HERE LOCAL 11
- PAINTERS & ALLIED TRADES DISTRICT COUNCIL 36
- TRADESHOW AND SIGN CRAFTS LOCAL UNION 831
- PAINTERS AND ALLIED TRADES LOCAL UNION 1036
- DRYWALL FINISHERS REGIONAL LOCAL UNION 1136
- RESILIENT FLOOR & DECORATIVE COVERING LOCAL UNION 1247
- GLAZIERS, ARCHITECTURAL METAL AND GLASS WORKERS LOCAL UNION 636
• System Processes—high level management tools to improve all processes and the overall operational efficiency including business planning, process planning, internal audits, corrective actions, continual improvement and management review.

The Operations Management Plan will be developed to ensure the ultimate patron experience and the highest possible financial return for the LACC. The Operations Management Plan is an overarching plan that will describe the complete management of operations at the LACC. The plan will be supported by specific sub-plans related to specialist areas of capability. It will guide and coordinate the strategies employed by each operating department within the LACC to provide fully integrated Operations Services including:

• Operation and presentation of the facility in a manner consistent with world-class standards
• Operation of the facility and event services safely and in full compliance with relevant laws and industry standards
• Meeting all agreed Key Performance Indicators (KPIs)
• Marketing the facility and venue services
• Maximizing utilization, yield, operating profits and economic benefits from the facility and services

Our performance will be driven by the key performance indicators (KPIs) encapsulated in the Business Plan and as part of the Annual Plan. Integral to the implementation of the Operations Management Plan is the presentation of monthly reports to the City addressing legal compliance and performance against objectives and KPIs.

All divisions have support processes which are governed by overarching management policies: finance or commercial matters set by the Finance Department; people management set by the Human Resources Department; and systems and technology management set by the Information and...
Technology Department. The Operations Management Plan will integrate all the processes to ensure an effective system is in place, which is continually reviewed and improved in response to the operating environment, market conditions and City and corporate expectations.

 Issues of non-conformance, incidents or proposed changes to processes and procedures will be identified by the LACC’s continual improvement process. Action plans will be regularly reviewed by senior management, including an evaluation of the effectiveness of actions taken prior to closing out each issue.

 The Operations Management Plan will be designed to identify and ensure compliance with legal and contractual obligations and City expectations. Key policies that will be enforced and included in performance reporting include:

 - Risk assessment and controls in accordance with industry best practices
 - Clearly defined roles and authorities of key management personnel
 - Corporate governance and business conduct
 - Risks of business disruption managed in accordance with industry best practices
 - Emergency response consistent with Cal OSHA

 AEG has developed comprehensive templates for implementing business management systems for its network of convention center venues. We recognize that each venue’s systems must be tailored to meet the specific contractual terms and local statutory, structural and market requirements. The templates for the LACC will be modified and developed during the Transition Phase for implementation during the first year of operation by AEG. These templates will take into account the scale and strategic position of the LACC and the interface relationships, particularly with the LACC General Manager and the City, while ensuring compliance with AEG’s Corporate Governance Standards, reflecting a commitment to excellence at all times.
This tried and tested approach will deliver efficiencies across all areas of the operation. There will be no learning curve or additional costs for testing of new ideas. From IT systems and food and beverage through to event day operation and asset management, all processes and procedures will be assessed to deliver efficient service every time and subject to review, audit and improvement.

For the LACC, a key objective is to deliver a seamless operation with effective interface arrangements between the City, the LATCB and the LACC. AEG is committed to ensuring that all operating plans are integrated to achieve this, whether it be for providing service for events, delivering maintenance services, meeting specific requirements of the City, responding to a request from the LATCB, responding to an issue or most importantly, responding efficiently in the case of an emergency.

AEG's Operations Management Plan will not be presented in a series of bound documents to only sit on the General Manager's bookshelf. The overriding objective of the Operations Management System, of which the Operations Management Plan is the cornerstone, will be to actively drive the operation. Therefore, the Plan will consist of operational policies and work instructions, normally one page documents, with associated numbered forms.

The structure of a typical policy, work instruction and associated forms are provided in Exhibit A. The LACC Operations Management System will be developed during the first year of management and operation by AEG to provide the City with confidence that the service standards will be delivered.

"The relationship between Business Events Cairns & Great Barrier Reef and the Cairns Convention Center has led to many successful joint bids for large national and international conventions and meetings."

—Rob Giason CEO, Tourism Tropical North Queensland
UNPARALLELED CONVENTION CENTER RESOURCES

ONLY AEG BRINGS THIS DEPTH OF PROVEN RESOURCES TO THE LACC.
MISSION STATEMENT

Through AEG's proprietary guest services program, AEG ENCORE powered by the Disney Institute, we are committed to providing the most memorable experience possible in a safe and welcoming environment. We succeed only when we meet and exceed the expectations of our client, teams and their guests. We believe that customer service is of primary importance at all of our facilities. We will also ensure positive, collaborative, and lasting relationships with the City of Los Angeles, stakeholders, and local community.

A PARTNERSHIP WITH THE DISNEY INSTITUTE

AEG ENCORE reinforces and enhances the guest experience at the Los Angeles Convention Center with a unique and enterprise-wide partnership with Disney Institute. AEG and Disney Institute focus on thorough training for all levels of management. By focusing on a top-down approach, AEG ENCORE conveys a consistent and tangible message for every level of management at the LACC. Every touch point with the guests is examined, broken down and reconstructed to meet our high expectations. From the parking experience to the interactions within the LACC, all facets of the operation that influence the guest experience are part of the training regimen. In launching this initiative we knew that most AEG facilities had excellent guest services programs of their own. In working with the Disney Institute, we found a likeminded partner with unparalleled expertise in guest relations, to create AEG ENCORE. This program is the marriage of the very best of AEG world-class venues and Disney's renowned quality service.
Some of the objectives of our partnership with Disney Institute include:

- Provide participants the opportunity to benchmark strategies and tactics employed by Walt Disney Company to achieve and maintain the highest levels of customer satisfaction
- Apply the strategies Disney leaders use to foster individual responsibility across all every touch-point with our guests
- Inspire commitment and leadership development in others
- Focus on the importance of paying attention to the details when creating a world-class customer experience

MEASURING SUCCESS

It was clear we had the right partner in the Disney Institute to take our guests’ experience to the next level. The question became: “How do we know we are doing a good job relative to the perceptions of our guests and the performance of our peers?” To round out the AEG ENCORE program we needed strong and tested research metrics to measure our successes and constantly strive for improvement. This led us to our partnership with an undisputed leader in sports and entertainment guest satisfaction research, Turnkey Intelligence. Turnkey is the preferred research platform by over half of Fortune 500 companies worldwide. Using the tested Turnkey research platform and background, AEG ENCORE is prepared to set new benchmarks and standards for live sports, entertainment, and convention facilities worldwide. Using these cutting edge research analytics, AEG ENCORE will conduct a quality and customer satisfaction review which will become our initial benchmark upon which AEG world-class guest experience program improvements can be measured.
Turnkey Intelligence

AEG works with Turnkey Intelligence to develop metrics to gauge the quality of visitor experiences at select facilities. Research and survey techniques may include:

- Developing enterprise-wide and venue specific Key Performance Indicators
- Specific KPI dashboards chart the progress of a specific venue
- Customizable surveys can be created to test unique aspects of a guest experience (for example, specific elements within an entertainment district). Venues can also select base themed templates to measure typical criteria

POSITIVE ENGAGEMENT

- All areas of the experience at the facility are measured in an episodic approach from ticket purchase and arrival to departure; emphasis is on the facilities and service delivery
- Surveys are automatically populated through the integration with selected AEG databases
- Survey completion rates are high
- Cool down periods are automatically instituted to prevent survey fatigue
- Respondents are entered into a monthly draw to win prizes
- Establishing a Benchmark for Performance
- 1,000 point index scores and Overall Visitor Satisfaction

INDEX (VSI) ESTABLISHED

- Continuous Measurement of Performance
- Results are used to calculate the index weights
- Index weights are re-calibrated annually
- Surveys are completed on an event-by-event basis, results are reported monthly
<table>
<thead>
<tr>
<th>Arena Annual Revenues</th>
<th>Concessions</th>
<th>Parking</th>
<th># of Resp</th>
<th>% of Resp</th>
<th>Concessions</th>
<th>Parking</th>
<th># of Resp</th>
<th>% of Resp</th>
</tr>
</thead>
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<tr>
<td>108+</td>
<td>2.8</td>
<td>1.9</td>
<td>6</td>
<td>3%</td>
<td>2.9</td>
<td>3.3</td>
<td>15</td>
<td>7%</td>
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<tr>
<td>1-10B</td>
<td>2.5</td>
<td>2.7</td>
<td>66</td>
<td>30%</td>
<td>3.2</td>
<td>3.3</td>
<td>102</td>
<td>47%</td>
</tr>
<tr>
<td>500-1B</td>
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<td>6</td>
<td>3%</td>
<td>3.3</td>
<td>4.2</td>
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<td>11%</td>
</tr>
<tr>
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<td>8%</td>
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<tr>
<td>&lt;100M</td>
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<td>3.4</td>
<td>15</td>
<td>7%</td>
</tr>
<tr>
<td>Overall</td>
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<td>108</td>
<td>49%</td>
<td>3.21</td>
<td>3.34</td>
<td>189</td>
<td>86%</td>
</tr>
</tbody>
</table>
EXHIBIT H

F&B PLAN
FOOD & BEVERAGE OPERATIONS

AEG proposes partnering with Levy Restaurants to provide an in-house food and beverage service branded “TASTE OF LA,” giving the LACC full control and flexibility to focus on the client’s needs, with oversight being provided by the LACC’s Director of Food and Beverage. The food and beverage services at the LACC will be a one-of-a-kind, stand-alone model that will be above any other, given our unique opportunity to combine the very best in the facility management industry and a leader with worldwide resources and expertise with the very best local operator with extensive resources, labor and culinary expertise in Los Angeles. This combination will offer convention and trade show management and corporate meeting planners a full service, one-stop-shopping opportunity for ALL food and beverage needs with an unparalleled variety of locations throughout the LACC and surrounding properties.

Food and beverage is one of the most important areas of revenue generation and a key service area, where standards of quality, presentation and delivery cannot be compromised. AEG and Levy Restaurants are committed to ensuring customer satisfaction through providing flexibility to meet the client’s needs. Our team has the expertise and extensive local resources, including established relationships with local labor organizations, to consistently deliver high quality food and beverage services to patrons and clients through controlled standards, financial management and operating procedures. The catering services provided by AEG and Levy Restaurants are recognized as the best throughout our industry, worldwide.

Professional convention, exhibition and event organizers recognize that there is nothing more memorable for their delegates and attendees than an outstanding culinary experience. It is critical for event organizers to be assured that their events will feature high quality food and beverage services, whether the welcoming cocktail party and gala dinner at conventions, or the concession stands at a smaller consumer show. The quality of food and beverage is part of the international branding of AEG convention centers, enabling international organizers to book an AEG convention center with confidence.
TASTE OF LA

AEG will bring new and innovative food and beverage concepts and offerings to the LACC through TASTE OF LA, the new food and beverage group at the LACC. AEG will draw on their expertise from around the world and leverage certain economies of scale with Levy Restaurants, AEG’s provider throughout L.A. LIVE. This combination approach will maximize revenues and cost efficiencies.

The ability to serve customers successfully and provide value for show organizers provides the necessary competitive advantage AEG is committed to providing, and capable of delivering. AEG has the experience and ability to provide food and beverage services in-house to the highest international standard, resulting in benefits such as:

- Direct control of standards of food quality and service
- Delivery of an integrated and cohesive service to customers by a single team
- Complete flexibility in terms of pricing and delivery which is particularly important when negotiating rental arrangements for major convention and exhibition events
- Accumulation of food and beverage profit in the operation account

AEG has experience across a full range of cultural cuisines. The team understands the needs of all such menus, including operating procedures and kitchen requirements. Organizers are repeatedly drawn to AEG convention centers because of the team’s innovative approach and positive attitude.

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BRISBANE CONVENTION AND EXHIBITION CENTRE WON THE GREEN TABLE AWARD FOR EXCELLENCE IN ENVIRONMENTAL SUSTAINABILITY AT THE RESTAURANT & CATERING AUSTRALIA AWARDS 2012.
EVENT PLANNING

Sales Tools

AEG, through TASTE of LA, is fully committed to the sales process and to helping win new business. TASTE of LA team members will travel with the LACC and the LATCB convention sales team to build relationships, solicit new business and present to future clients, showcasing our culinary and event expertise, while providing a unified business plan to successfully bring events to the LACC. AEG has found that traveling to client offices shows respect and an appreciation for their business. It also presents an opportunity to deliver some tasty food and beverage samples, to discuss event capabilities and services, and to strengthen relationships.

TASTE of LA provides the necessary tools to impress Show Managers to create and execute their dream event. We entertain at the world’s most high-profile events and make them all special, because our chefs are forever creating new menu items that are seasonally and regionally inspired. We look at each new event as a way to challenge our creativity, both in the kitchen and on the show floor.

Our extensive sales kits and innovative catering menus are strategic, visual sales tools that inspire Show Managers, giving them a taste of event and menu possibilities as they showcase our culinary expertise. Our team works with Show Managers to help create unique themed experiences, tapping local personalities and national celebrities. Inspired event experiences we’ve created include the GRAMMY® Night ultimate cocktail party, featuring Soju Sochu and sushi. We’ll do anything to create an event that perfectly matches the client’s vision. That’s what our sales strategy is all about.

Chef Tastings

Chef Tastings for potential and existing Show Managers are a key ingredient to the sales process, helping to build long-term relationships with clients. Through collaborative menu development, we engage clients with one-on-one chef tastings to showcase the wide variety of menu options available, laying the groundwork for successful menu selection and preparation at
each event. A fully engaged Show Manager, in partnership with us ensures the creation of the perfect menu tailored for each client, each show.

Themed Catering Packages

Together Show Managers and Executive Chefs can create incredibly memorable experiences for exhibitors and attendees by developing customized group events, such as cocktail receptions, luncheons or dinner events. Themed events are the perfect opportunity to share creative ideas, from menu development to style of service to décor, all to create unforgettable entertainment for convention center visitors.

ON-SITE BENEFITS

Food Maps

Convention centers can be confusing places to navigate. This is especially true for new visitors when they’re hungry and have limited time to eat. Maps showing all the possible dining options within the LACC, their proximity and clear directions to them can mean the difference between convention attendees finding something they want within the LACC and not eating until after they leave the convention center. That means lost revenue. We are committed to keeping them at the LACC to dine.

Food maps are a valuable addition that increases guest awareness and drive traffic to new and existing dining locations. By including a dining overview of the entire venue that includes information about all portable and fixed concession locations, menu highlights and times of operations, dining decisions are stress-free for visitors and increase LACC revenue.

Online Marketing Hub

Leveraging cutting-edge technology, innovative tools and value-added services, we strive to exceed the expectations of Show Managers and attendees to the LACC. We create a first-class, VIP experience for all of the LACC’s guests.
Online Ordering, iPad and Table Ordering

The technology now available offers limitless VIP access for Managers to cater their every need and whim, quickly and reliably. iPad tablets in show booths provide access to an online ordering system, allowing guests to order meals and amenities prior to, during and after shows, increasing convenience with quick-dining options. In addition to ease of use, iPad devices offer infinite and unforgettable service.

Show Manager and Exhibitor Benefits

For Show Managers, iPad tablets provide limitless and convenient access to day-of-event food, beverage and amenities. Such VIP treatment increases efficiency and drives sales.

Partnerships With DMOs, CCTB And CVBs

With our network of connections, we help build our relationships with area Destination Marketing Organizations, Convention and Tourism Bureaus, and Convention and Visitors Bureaus to create packages designed to provide value to all convention participants. Customized, promotional programs offer value-added incentives for both exhibitors and attendees, creating increased attendance and retention rates for Show Managers. TASTE of LA is committed to work closely and cooperatively with the LATCB to help drive business to the LACC.

Show Manager Benefits

• Customized menus cater to every type of palate and budget—for example, menus can be created with an emphasis on organic and regional foods, specially prepared by our award-winning chefs
• Attendee and exhibitor registration can be driven with incentives, such as gift cards to area restaurants, VIP packages and other unique items
Exhibitor Benefits

- Our expert event planners create special exhibitor events, taking care of all the details so you can focus on the convention and your clients
- Complimentary desserts and beverage upgrades can be offered to increase exhibitor presentation
- Custom menus can be developed for all groups, whether for themed events or to accommodate special dietary requests

Attendee Benefits

- Early registration incentives can be created that include special promotional offers when attendees present their convention badge
- Networking dinners with prefixed prices increase opportunities to create new business contacts
- With a designated "go to" restaurant or bar, attendees always know where to find a reliable networking zone

TASTE of LA On-Site Concierge Booth

Both attendees and exhibitors can make reservations or speak with a group sales representative at the TASTE of LA On-site Concierge Booth. It's the place to go to learn fun, unique entertainment options, such as:

- Cooking demonstrations or wine pairing events presented by TASTE of LA chefs
- Creative group events at multiple area venues provide attendees and exhibitors opportunities to experience Los Angeles

SOCIAL RESPONSIBILITY

AEG is committed to not only delivering world-class food and beverage, but to also impacting each local community. We strive to reach out to local small businesses and economically disadvantaged individuals to help enhance the local quality of life and economic vitality. Moving forward, we can easily work together with the LACC to create a custom plan based on
our joint experience and best practices. In the meantime, we would like to demonstrate our commitment to the Los Angeles community using examples of current best practices.

Reducing Waste and Giving Back

AEG will also partner with local community groups, food banks and rescue missions throughout the year to donate unused food to support people in need locally.

- Collectively, we partner with local food banks and rescue missions to donate 735,000 pounds of food annually
- We already have a working partnership with Midnight Mission where we donate all leftover food following our events in Los Angeles on a nightly basis with an estimate of over 20,000 pounds of food items donated annually

Community Partners: Social Responsibility-Giving Back

Giving back to the communities where we live and work is in our DNA. As we have grown, so has our ability to have a positive impact on the world around us. We look forward to partnering with the LACC to have a positive impact on the Los Angeles community by lending our time, resources and passion for sharing smiles to making a real difference each and every day.

LOCAL PURCHASING

Business Partnerships-Fresh, Healthy and Local

We know that a good business means being a good neighbor to help make the whole community a better place. Partnering with local businesses and community groups creates great opportunities through supporting a thriving market and vibrant culture.

By partnering with local farms, artisans and businesses, we will develop menus that celebrate the unique taste of Los Angeles, from craft beers, small batch whiskeys, to local cheeses and more. Guests will experience
a truly authentic flavor of Los Angeles and the Southern California region. Tapping into the community of local farms and artisans is also a powerful way to support small, diverse, independently owned businesses in the area. Today at STAPLES Center and the NOKIA Theater L.A. LIVE, 20% of all of our food is sourced from Southern California.

A good neighbor also makes sure that their purchases don’t cause any harm to the environment, their staff or guests. In addition to local purchasing commitments, AEG is dedicated to purchasing sustainable products that have limited to no impact on the environment or people. This includes the following:

- 100% of all cleaning chemicals used in all of our kitchens and managed spaces are considered “green” because they are biodegradable and/or non-toxic
- 75% of our disposable serving ware is 100% biodegradable (in select locations we have been able to ensure that 90% of disposable service ware in concessions and 100% of service ware in premium areas are biodegradable)
- 100% of all the napkin dispensers we use in concessions are one-at-a-time systems, reducing waste up to 56% and we only use napkins made from 100% recycled material.
- No Styrofoam policy for the packaging of items for guest consumption
- 100% of food boats are made from eco-friendly materials and are compostable and recyclable.
- 100% of our shell-on eggs are cage free
- All frying and cooking oils are zero trans-fat to support the health of our guests

100% of fish are selected from the Monterey Bay Aquarium Seafood Watch guidelines to make sure we are making the most sustainable seafood choices available in different regions of the U.S. and only use fish that are abundant, well managed and fished or farmed in environmentally friendly ways.
The Los Angeles Convention Center is comprised of many spaces offering options and opportunities for great marketing of this kind. Our goal is to sit down with the LACC and the City to more intimately develop an understanding and long-term vision for each location. We can then collaborate on best practices and pioneering approaches for local products and integration of sustainable foods.

Purchasing Program

TASTE of LA's purchasing team develops, plans and implements purchasing and materials management policies and procedures to ensure continuity of supply for needed operational goods and services in a manner that promotes responsible purchasing practices. Some of these practices include, but are not limited to compliance to preferred suppliers, minimized delivery frequency, effective planning and forecasting while fostering strong supplier partnerships.

The company's purchasing strategy focuses on maintaining the highest standards of product quality while strengthening operations and TASTE of LA's financial position through:

• Supplier Certification Process
• Preferred Manufacturer, Distributor and Services Programs
• National Pricing Arrangements
• MBE/WBE Purchasing Programs
• Environmental Sustainability Programs

"AEG has always been generous in giving back to our community and has provided unwavering support for our organization, programs and services that are dedicated to making the City of Los Angeles a truly world-class city."

— Ruben Guerra, Chairman & CEO, Latin Business Association
Supplier Certification Process

Locations may only purchase products or contract services from those suppliers that are approved by the AEG 1SOURCE and comply with our Certificate of Insurance requirements. The Supplier Certification form and W9 must be submitted to the appropriate person in the AEG 1SOURCE PRIOR to any purchases.

All suppliers must meet the Supplier Certification Requirements and participate in a joint commitment to:

• Support the highest level of product quality, safety and sanitation practices
• Protect all business partners and the LACC from financial burden due to accidents or damage to property by meeting or exceeding Certificate of Insurance Requirements

All TASTE of LA’s suppliers must have a HACCP program in place. All meat and poultry suppliers are USDA inspected, and seafood suppliers are USDC inspected. All full line grocery suppliers are AIB inspected.

Preferred Manufacturer, Distributor and Service Programs

Preferred Supplier Distribution and Service Programs are leveraged contracts that consolidate the volume of national and/or local markets. Overall compliance to these programs is critical to the success and achievement of the company’s financial goals and objectives. Quality controls will be improved by having one consistent source of supply that stocks products which meet or exceed AEG 1SOURCE’s minimum product standards. These procedures provide a local distribution network that is critical to the implementation of other AEG 1SOURCE programs. Locations order direct from Preferred Suppliers, normally for next day delivery [Just-In-Time (J.I.T.)]
Suppliers must:

- Meet or exceed service level requirements
- Meet or exceed LACC’s and AEG 1SOURCE’s requirements minimum product standards for product quality, consistency of quality and availability
- Provide products within predetermined contract parameters to fulfill the locations’ requirements, based on past purchasing histories and/or location’s forecasted requirements
- Ensure availability of all products covered in the program
- Provide an acceptable substitution or obtain products from another source, if an out-of-stock situation occurs. Location management will determine which item is acceptable and the required time of delivery
- Make deliveries at scheduled times
- Provide the highest level of service to our locations in emergencies

National Pricing Arrangements

National Pricing Arrangements provide uniform quality standards, which allow TASTE of LA to obtain more favorable pricing through the consolidation of AEG’s national and world-wide purchasing volume directly with manufacturers.

Additionally, through contract pricing, TASTE of LA is able to capture a significant amount of the sheltered income that now occurs between manufacturers and distributors.

Contract pricing programs are administered by AEG 1SOURCE, AEG’s custom internal strategic sourcing platform powered by industry current on-premise and externally hosted business systems integrated for global end-to-end supply management efficiency and productivity. Through AEG 1SOURCE, additional cost savings are achieved which reduce TASTE of LA’s cost of goods.
MBE/WBE Purchasing Programs

AEG supports the development of Minority and Women Business Enterprises. The company believes that by helping all segments of the business community, AEG, TASTE of LA, and LACC can share in the success.

Business and industry can only be as strong as the segments that make it up. If minority and women business enterprises are a segment of the total business segment pie, it is in the company's interest to develop them, through purchasing agreements, as well as on-going education. It is AEG's policy to explore all MBE/WBE opportunities in every market in which business is conducted.

Product Specifications

AEG is dedicated to maintaining the highest of quality standards. AEG 1SOURCE has developed aggressive product specifications and a system for ongoing review that ensures those standards are met in all businesses. It starts with the underlying philosophy that all products must be of the best grade available. Only suppliers that have the ability to provide this level of quality are used. Individual product specifications are decided through extensive review, blind cuttings and price negotiations. These reviews are conducted jointly with the culinary, purchasing and management teams. Suppliers and location management are constantly reviewed and audited to assure that they are adhering to those quality specifications.

Beef – General

Purchase specification for Beef Primal and Fabricated Cuts must be federally quality graded “U.S.D.A. Choice” where specified, and yield grade No. 2 and 3. State of refrigeration: chilled unless otherwise specified. Beef rib and loin cuts must have a minimum of 21 days wet age. All other beef products must have a minimum of 14 days wet age.

All beef must be in accordance with U.S.D.A. Institutional Meat Purchase Specifications for fresh Beef and NAMP Series 100, August 1988.
The beef shall be good color normal to the grade, be practically free of bruises, blood clots, bone dust, ragged edges and discoloration. The spinal cord, thymus glands and heart fat must be removed. Only the following brands will be accepted: I.B.P. National, Excel, and Monfort.

All boxed beef products must be from plants with establishment numbers located in the Midwest.

Purchase specifications for Beef Portion Control must be federally quality graded "U.S.D.A. Prime" or "U.S.D.A. Choice" from an upper choice program such as Certified Angus Beef "C.A.B." or Sterling Silver from Primal or Fabricated Cuts where specified and in accordance with U.S.D.A. Institutional Meat Specifications for fresh Beef Portion Cut and NAMP Series 1000, August 1988. All beef portion cut products must be fabricated from subprimals from plants with establishment numbers located in the Midwest.

Either the portion weight or thickness desired – not both – must be specified. If the portion weight is specified:

• Less than 6 oz. = 1/4 oz. tolerance;
• 6 oz. but less than 12 ozs. = 1/2 oz. tolerance;
• 12 oz. but less than 18 oz. or more = 1 oz. tolerance.

If portion thickness is specified:

• 1 inch or less = 3/16 inch tolerance;
• more than 1 inch = 1/4 inch tolerance.

Steaks must be cut in a straight line reasonably perpendicular to the other surface and at an approximate right angle to the length of the meat cut from which steaks are produced. Butterfly steaks are not acceptable.

Unless fat limitations are specified, the fat must not exceed an average of 1/4 inch in thickness where fat is present and thickness at any one point may not exceed 3/8 inch.
Chops, Cutlets, Filets: fat, where present must not exceed average of 1/4 inch thickness and at any one point not more than 3/8 inch.

Ground beef patties are specified by individual patty weight or number per pound.

Except as provided herein, the meat shall show no evidence of freezing or defrosting. The product shall show no evidence of mishandling and shall be in excellent condition. Cuts which have been excessively trimmed in order to meet specified weights or which are not in compliance with applicable requirements specified herein or with other requirements specified by AEG 1SOURCE are not acceptable.

Ground Beef

Ground beef/chuck shall be prepared from any portion of the carcass/chuck (graded or ungraded). The meat shall be free of bones, cartilages, prefemoral, popliteal, prescapular and other exposed lymph glands, heavy connective tissue and tendinous ends of shanks and knuckles to a point that exposes at least 75% lean on a cross-sectional. All beef used must be from fresh product. No bench trimmings or previously frozen certified frozen boneless meat may be used. Fat to lean ratio must be 80/20 or 85/15 (whichever is specified in line item specification). Food borne bacteria levels and fat content may be determined at a FSIS approved laboratory designated by the supplier, who shall supply official documentation of the bacteria and fat analysis result to AEG 1SOURCE. As an alternative, the purchaser may specify that bacteria levels and fat content be certified by U.S.D.A., AMS, or determined at a FSIS-Approved laboratory designated by AEG 1SOURCE. In any case, a composite sample shall be drawn by the AMS agent and sent to the appropriate laboratory for bacteria and fat analysis.

Pork

Carcasses shall come from U.S. Grade No. 1 or 2. Wholesale and Fabricated Cut selections shall be cut from Selection No. 1 or 2, which is not applicable to spare ribs, tenderloins, hocks, feet, trimmings, ground items or neck bones. No Stags or Boars are specified. All meats must be in accordance

Portion Control Cuts shall be cut from Selection No. 1 or 2 which is not applicable to spare ribs, tenderloins, hocks, trimmings, ground items or neck bones.

All pork meat must be in accordance with U.S.D.A. Institutional Meat Purchase Specifications for fresh Pork and NAMP Series 1400, August 1988.

Either the portion weight or thickness desired – not both – must be specified. If the portion weight is specified:

- Less than 6 oz. = ¼ oz. tolerance;
- 6 or more = ½ oz.

If the portion thickness is specified:

- 1 inch or less = 3/16 inch tolerance;
- more than 1 inch = ¼ inch tolerance.

Surface fat, where present, must not exceed an average of ¼ inch thickness at any one point and must not be more than 3/18 inch.

Except as provided herein, the meat shall show no evidence of freezing or defrosting. The product shall show no evidence of mishandling and shall be in excellent condition. Cuts which have been excessively trimmed in order to meet specified weights which are not in compliance with applicable requirements specified herein or with other requirements specified by AEG 1SOURCE are not acceptable.

Lamb

Purchase Specifications for Lamb Primal and Fabricated Cuts must be federally quality graded “U.S.D.A. Prime” or “U.S.D.A. Choice” where specified and from Domestic Lamb, Class “A”. No class “B” yearling mutton or Class “C” mutton is acceptable. The state of refrigeration is chilled unless otherwise specified.

All lamb must be in accordance with U.S.D.A. Institutional Meat Purchase Specifications for fresh Lamb and NAMP Series 200, August 1988.
Except otherwise provided herein, the meat shall show no evidence of freezing or defrosting. The product shall show no evidence of mishandling and shall be in excellent condition. Cuts which have been excessively trimmed in order to meet specified weights or which are not in compliance with applicable requirements specified by AEG 1SOURCE are not acceptable.

Either the portion weight or thickness desired – not both – must be specified.

- Less than 6 oz. = ¼ oz. tolerance;
- 6 ozs. or more = ½ oz. tolerance.

Portion thickness:

- 1 inch or less = 3/16 inch tolerance;
- more than 1 inch = ¼ inch tolerance.

**Veal**

Purchase specifications for veal and calf must be federally quality graded “U.S.D.A. Prime” or “U.S.D.A. Choice” from Primal or Fabricated Cuts where specified and in accordance with U.S.D.A. Institutional Meat Specifications for fresh veal and NAMP Series 300, August 1988. Only the following brands will be accepted: Provimi, Lido, Strauss, Sissland, Dutch Valley or Plum de Veau.

The Veal (Class A) and Calf (Class B) product items described herein must be cut from sound, well-dressed, unsplit veal or calf carcasses without the hide and caul fat, from sound, split-sides; or from sound, well-trimmed, wholesale market cuts from such carcasses. Unless otherwise specified, the wholesale and fabricated cuts are double cuts. Single cuts are produced by splitting or sawing and cutting through the median section of the long axis of the spinal process and related attachments of flesh and bone joining the pair of such cuts.

The meat must be free from bruises, evidence of freezing or defrosting, and must be in excellent condition up to the time of delivery. The veal and calf must be free from any objective odors, blood clots, scores and mutilations (other than slight), discoloration, ragged edges, superficial appendages, blemishes, deterioration, damage or signs of mishandling.
Veal or calf cuts which have been excessively trimmed in order to meet specified weights or are substandard to the specifications or other requirements specified by AEG 1SOURCE is not acceptable.

Purchase Specifications for Veal must be federally quality graded “U.S.D.A. Prime” or “U.S.D.A. Choice” from Primal or Fabricated Cuts where specified and in accordance with U.S.D.A. Institutional Meat Specifications for fresh veal and NAMP Series 1300, August 1988.

Either the portion weight or thickness desired—not both—must be specified.

Weight specified:
• less than 6 oz. = ¼ oz. tolerance;
• 6 ozs. but less than 12 oz. = ½ oz. tolerance.

Portion thickness:
• 1 inch or less = 3/16 inch tolerance,
• more than 1 inch = ¼ inch tolerance.

Poultry

Poultry must be free from pinfeathers, exposed flesh resulting from cuts, tears and broken bones and any discoloration on the skin or flesh. All poultry must be inspected before grading and must be graded while items are fresh. All whole birds must be graded USDA Grade A. Fresh poultry must be delivered within a maximum of 72 hours after kill, frozen poultry within six months of pack date.
Fish and Seafood

All fresh fish shipped to TASTE of LA must be of the highest quality available. TASTE of LA will expect and evaluate the following attributes upon receipt.

All fresh round and fish fillets must be surrounded with ice. Ice must not have direct contact with the product. Temperatures must meet USDC temperature requirements and product should never have been frozen.

Whole/Round fish must exhibit bright, bulging eyes with black pupils. Gill should be bright red, free of slime and clear of mucus. The flesh should be firm and elastic to the touch adhering tightly to the bone. No off odors but those of ocean fresh to slight seaweed scent. Scales should adhere tightly and not be missing. If gutted, the belly cavity should be completely eviscerated and clean, free of cuts.

Fresh filets should be bright and glisten. They should be without bruises, blood spots, ragged edges, holes, yellowing or browning at the edges. Filets should be moist and firm and not mushy or broken. Filets are to be free of skin if skinless, or free of bones if boneless. Filets should be PBO whenever possible.

Live shellfish must exhibit the following characteristics for in the shell products: shells should be tightly closed or close when tapped, not to be crushed or broken.

Shucked clams and oysters should have clear liquid (no more than 15%) and be free of shell, grit and sand. All should be free of mud, barnacles and seaweed. Gallons of scallops should have a content of 8 pound minimum net weight. They should be packed dry and have a fresh sweet odor. Orange colored scallops should be kept to a minimum. Lobsters should show movement in the legs and tails (curl) and have hard shells.

Frozen Seafood must exhibit the following characteristics: a good, even ice glaze cover should protect IQF and block frozen products from freezer burn, and thawed weight must equal specified net weights.
Eggs and Dairy Products

AEG 1SOURCE follows a policy of using ultra pasteurized whole eggs, egg yolks, scrambled eggs, Simply eggs, and/or Simply ultra eggs where the whole egg presentation is not necessary. These products have been tested and found to perform well for the preparation of scrambled eggs, omelets and as an ingredient in hollandaise base sauce, dressings, cooking and baking.

The process of ultra pasteurization is designed to destroy the Listeria Monocytogenes, Salmonella and E.Coli producing bacteria. These products are deemed to provide a safety factor that may not be present in fresh shell eggs.

Specifications for the purchase of milk, and its products, must conform to local and state codes or regulations and refer to the federal code if a criterion has to be established for them that do not exist. All dairy products must be produced and handled in accordance with the best sanitary practices and all manufacturing and processing plants must meet the highest standards of sanitation. All milk products must come from milk that has been pasteurized. All domestically produced butter and cheeses must be graded USDA Grade AA.

Fruits and Vegetables

All fresh fruit and vegetables must be of the highest quality available determined either by U.S.D.A. Grades (i.e. U.S. Extra Fancy, U.S. Fancy and U.S. No. 1) or the regional or product specific grades such as Super Select Cucumbers, as appropriate.

Due to the high perishability of produce, the Grade specified in our line item Product Specifications List must be the condition of the item upon delivery. The Produce Marketing Association's "Fresh Produce Reference Manual for Foodservice" is to be referenced regarding purchasing, storing and handling instructions.
Coffee

AEG 1SOURCE has three approved coffee sources: Superior Coffee, Starbucks and Illy Coffee, depending on the roast style preferred by the client. Our buying program with Superior Coffee is contracted and formulated on the New York Coffee and Sugar Exchange green market pricing. All coffee products are produced from No. 1 Grade, 100% Arabica beans.
RECYCLING AND FOOD COMPOSTING

Sustainability – Making Changes Together

We recognize the profound impact we can have on the world around us. Together, we strive to make changes and build programs that promote sustainable solutions and measurably improve the communities we share and the lives we touch every day. AEG 1SOURCE works to implement sustainable operations and educate employees on how they can help reduce energy, water and waste from our kitchens and managed spaces.

Creating Sustainable Solutions

- Catering menus are distributed electronically and orders can be placed online which reduces paper usage and waste
- We use bulk condiments containers instead of individual packets, where possible, to reduce waste
- Packaging waste is reduced by identifying the correct minimum pack sizes of all food and beverage items. Additionally, we utilize non-bleached cardboard packages, whenever possible and select non-plastic wrapped items, as permitted based on availability by manufacturers.
- We work with venues to identify energy star certified equipment retrofit opportunities
- Our chefs work with their staff to reduce energy consumption by ensuring that walk-in coolers are properly stocked or turned off when not in use for long periods of time and to ensure that hoods and equipment are turned off when not in use
- We work with local vendors to recycle cardboard, plastic, metals, glass and other paper where possible
- We work with local vendors to compost pre-consumer waste from all kitchens. Where feasible, we work with venues to compost post-consumer food waste
TASTE of LA: Striving for Sustainable Solutions

Every step the LACC takes towards sustainability is critical. We strive to further the LACC's efforts by fully integrating sustainable solutions into every aspect of our business practices.

With AEG and the LACC, we will go full circle on reducing waste for the City of Los Angeles. Our comprehensive plan to increase sustainability will include:

Reduce

- Reducing waste coming into the building by setting purchasing standards to include:
  - Minimal packaging requirements
  - Local, bulk purchasing to lower our carbon footprint by reducing the distance our food travels
- Offering china service whenever and wherever possible to reduce the use of disposable serving ware

Recycle

- Ensuring that all cooking oil is properly recycled and repurposed
- Designating a Sustainability Supervisor to make sure all waste is reduced and properly disposed of through composting or recycling on a day-to-day basis

Grow/Compost

- Introducing 100% biodegradable food boats, forks, and napkins throughout the LACC and ensure that compost bins are standard and clearly displayed in all food areas at all events
- Establishing an internal composting program that turns all natural waste into nutrient rich fertilizer for local farms
MINORITY/WOMEN OWNED BUSINESS ENTERPRISES COMMITMENT

AEG's proactive commitment to diversity ensures the involvement and participation of local, small and minority/women owned business enterprises (M/WBE) in the food and beverage operation services for the LACC. AEG will work closely with the LACC to identify opportunities for local residents.

The food service industry combined with the flexibility of a convention center's scheduling is usually a winning combination in the offering and maintaining employment in areas not usually targeted. We will continue to give a “helping hand” to the community and will remain a large employer of people from disadvantaged neighborhoods. It is very important that our day-to-day operations “mirror” the goals and initiatives of both the City of Los Angeles and the LACC.

AEG will develop and participate in management training/support programs that include local, small and MBE/WBE owned businesses. The program will be designed to include all required components outlined in the MBE/WBE policy, as well as, additional areas of focus that would benefit MBE/WBE firms. Other program components may encompass:

Joint Venture Partnership

TASTE of LA may form a joint venture that includes an MBE/WBE as a full equity partner in the contract.

Outreach Program

The purpose of community outreach is to stimulate the interest of residents and business owners. Residents are keenly interested in the status of jobs as it affects their ability to obtain employment as workers and/or contract as businesses.

Outreach will include but not limited to:

- A monthly calendar of activities that will include job forums, pre-bid conferences, technical sessions, job-training opportunities and other important announcements
• Networking with local trade associations, business and community organizations, attending meetings to initiate involvement and inform residents of opportunities at the LACC.

• Organizing and attending job fairs to announce employment opportunities. The management team will keep the community current on all job positions that become available to ensure maximum participations from community residents.

• Conducting mass mail outs on a selected basis to inform the MBE/WBE business community of upcoming opportunities. The mail campaigns will be designed to ensure that information is received accurately and timely.

**Subcontractor Technical Assistance**

AEG will implement management and technical assistance to small and MBE/WBE businesses from the bidding phase to actual contract award. We will commit technical staff to provide clarifications of bid information and in-depth support to MBE/WBE firms in order to increase capacity within their companies.

In consideration of the various kinds of barriers that exist in the participation process for major food service contracts that may be encountered by MBE/WBE and small businesses, as much technical assistance will be provided as needed.

Technical workshops and forums will be held on:

• Specifics of Bid Packages – we will segment packages in sizes financially feasible for small, MBE/WBE firms

• Contract Documents – understanding and clarification of documents

• Insurance Requirements – what is needed, limits and specification of insurance coverage

• Financing – our business support will include financial advice/assistance. The financial advice and assistance will help these firms to work on other contracts as well. We will implement methods of expediting the process of prompt and regular payments.
Supplier/Purchasing Development

The most important concept in minority purchasing is development. AEG has adopted guidelines designed to assist MBE/WBE companies in this area and will make every effort to identify and utilize certified, qualified MBE/WBE firms. It has been, however, our experience in seeking only certified suppliers, the need to broaden our scope as increasing goals create a need for a greater source of minority suppliers. With our program we will assist in expanding the minority supplier base.

Purchasing generally refers to the buying of raw goods, other goods and services of any kind, including advertising, printing, contract services and consulting services. Suppliers will be compelled to submit its plan or proposal, which outlines capabilities and commitments regarding quality, delivery, servicing and pricing. After a match of requirements and capabilities, every effort will be made to award a share of the total business for duration of time rather than a one-time order. The supplier must also make a commitment to serve competitively for an extended period of time and during all market conditions.

AEG will devote special effort to finding qualifiable minority suppliers. A qualifiable firm is one that can perform if given certain special assistance from the purchaser for a limited period. This special assistance could be aiding the supplier with basic information on pricing practices, bid preparation, or sales and servicing. In addition, we plan to implement the following supplier development techniques:

- Break purchases into smaller quantities if the supplier cannot handle the total contract
- Allow longer lead times on quotations and materials deliveries
- Provide special payment terms
- Assist minority suppliers with sourcing and development of effective purchasing methods
- Award long-term contracts to allow for greater growth potential for minority suppliers
• Use good business practices in payment for goods or services during development and take into account economics of scale
• Conduct an orientation session or a corporate “open house” annually to explain purchasing system and requirements, review supplier qualification procedures and provide any other information that will orient the supplier in selling to the organization
• Give larger minority firms equal access to all contracts based on their ability to quote competitively

Employment Partnership

This program component addresses ways to inform, encourage and include Los Angeles residents in the food and beverage operations service at the LACC and includes our strategy for recruiting and hiring management candidates and hourly employees.

AEG’s management team will contact community organizations to refer potential residents into the training program and assist in the operations.

Internships

AEG is committed to introduce an internship program for management candidates. This program will involve the recruitment of minority students for entry-level management positions. Each student will experience AEG’s management training program and upon completion assume a supervisory position in one of the food service departments.

Additionally, we have established a relationship with the Culinary Institute of America (CIA), the most renowned culinary, pastry and food service institute in the United States and is accredited by the American Culinary Federation (ACF). We will work with the CIA to identify their top students, sourcing new culinary techniques and the placement of students seeking part-time employment while attending class. Working with community colleges, universities and the Culinary Institute of America, AEG’s management team will provide a quality learning experience that will allow Los Angeles residents entering the industry, college students majoring in hospitality management, and culinary arts students the finest opportunity to apply theoretical knowledge and learned job skills in a practical work environment.
Mentoring Program

AEG is committed to providing unique opportunities for MBE/WBE businesses and seeks to build an effective working relationship between emerging businesses and us.

AEG will develop a mentoring relationship that will allow the MBE/WBE firm to expand and diversify. We began last month by reviewing the operations and we know that our mentoring assistance will strengthen the business delivery of service, cash controls, food buying cost reduction, food waste control and developing a business plan.

Procurement Procedures

The procurement procedures will be compatible with MBE/WBE participation procedures.

Subcontracting policies and procedures will be followed and the AEG management team will implement an additional procurement procedure that will enhance the food and beverage contract opportunities for MBE/WBE businesses at the LACC. We will award contracts by using the following methodology:

- Joint Venture will be considered when it is in the best financial interest of both parties and contract execution to meet time schedules is imperatives
- Negotiation/selection factor will be used when deemed that possible saving will be achieved
- Low qualified bid competition will be used to solicit market bids on daily items such as fresh vegetables and dairy products
- Sole Source will be considered when critical products are required and MBE/WBE firms can provide these items on a “fast track” as a sole source provider

AEG will develop and encourage the maintenance of long-term relationships with MBE/WBE businesses.
Monitoring/Reporting

AEG’s teams will closely monitor our MBE/WBE participants to ensure compliance. We will compile timely in-house monthly reports verifying MBE/WBE participation. Monitoring will include the following:

- Ensure MBE/WBE subcontractors listed are actually doing the work
- Review utilization reports to ensure established goals are achieved
- Prepare quarterly reports summarizing contracts awarded
- Conduct regular reviews with each successful MBE/WBE bidder to assure the understanding of the contract requirements and purchase order

Monthly reports will be provided on the status of all MBE/WBE businesses. AEG will prepare and maintain records to demonstrate and substantiate a continuing effort to comply with the goals and requirements of the MBE/WBE policy. Accurate and complete reporting is essential to the success of the program. We will ensure that the reporting process is a reflection of our commitment.

Conclusion

AEG’s management team is committed to enhancing the opportunities of MBE/WBE businesses. We will make every effort to ensure that every opportunity to participate is afforded to MBE/WBE firms and that none are excluded due to any form of discrimination.

AEG’s support of community small businesses and MBE/WBE businesses will continue to be a priority. Our professional staff has embodied the spirit of our corporate policies and is proud to be associated with projects that create employment and contracting opportunities. We are committed to providing an effected catalyst for assisting small, local and MBE/WBE businesses to not only participate, but also grow, thrive and become intrinsically involved in this flourishing Los Angeles economy. The assimilation of MBE/WBE business into the LACC facilities is vital to cementing community relationships and building successful enterprises.
AEG is dedicated to implementing the finest program in the most expedient and efficient manner, with maximum participation that can become a reference for other food and beverage operation services in other venues throughout the country.

Our proposed organizational structure provides a sense of depth and breadth of support we provide each client. We will partner with you every step of the way providing a comprehensive support team to help the LACC grow their business and welcome every guest.
SPECIALTY FOOD ITEMS

TASTE OF LA INNOVATIONS

Our Mindset

Unique to AEG and LACC is TASTE of LA Innovations, its in-house team of creative strategists who focus on driving forward-thinking, business excellence for the Company and its partners. TASTE of LA Innovations is the proud home of responsible ideation, creativity and strategic forward thinking that brings concepts, trends and well-thought out packaging to life—all with a sustainable point of difference. Our guiding belief is that “nobody is as smart as everybody,” and it is put into practice as we begin our development process by gathering every discipline around the table to ensure concepts work from a guest, culinary, design, operational and financial viewpoint. As strategic creators, designers, culinary gurus, trend watchers, packaging pros and color experts, we work diligently to solve food and food-related challenges and connect the dots that drive a distinct point of difference in the cuisine, décor, ambiance and overall guest experiences that we create.

"I firmly believe that if AEG Facilities is chosen as manager and operator for the LACC it will increase jobs, grow the tourism base, attract new conferences and trade shows to downtown Los Angeles, and contribute greatly to the local economy.

—Michael D. Gallagher, President & CEO, Entertainment Software Association
INNOVATIONS

Our Approach

TASTE of LA's unique mindset and approach has its foundation in collaboration with a focus on continual evaluation. Our mindset and approach to the Los Angeles Convention Center will be fueled by an immersive understanding of the LACC's Vision & Values, specifically the brand promise for all users, strategic goals and show managers, exhibitors and attendees teamed with our research higher learning, best practices and success measures. We will blend with key insights with relevant market and industry insights, and our restaurateur and entertainment mindset and operating expertise, and of course, passion for forward-thinking.
LA Food Scene

TASTE of LA is proposing a new food and beverage experiential platform that will showcase the highest quality ingredients, variety of offerings and range of pricing wrapped into creative food experiences that will elevate food and beverage interactions, world-class hospitality, word-of-mouth and keep convention-goers in the building.

The LA food scene has dynamically evolved over the last decade. Its neighborhoods are abundant with the blended aromas of ethnic cuisines, farmer's markets, pop up restaurants, in-the-know undergrounds, and of course, its famed food trucks. This socialization and excitement around adventurous cuisine has earned Los Angeles the notoriety of a real food city among its peers. The Los Angeles Convention Center has the opportunity to capture its city's energetic culinary landscape and offer its guests a true taste of LA food action. To achieve this, we are proposing an "only here" food experience that reflects both the trends and honors the traditions, inviting discovery, and adventure around a variety of compelling experiences that are time frame friendly, accommodating exhibitors on a tight schedule to attendees with an hour to eat and explore.

A strategically programmed and designed food and beverage experience ensures that every step along the way is one to be savored. The building and food experience need to complement one another setting the stage for fulfilling food experiences today and into the future. Taking advantage of the natural zones of the building, we are recommending a differentiation of food experiences that will celebrate and connect the diverse cultural tastes and sips of Los Angeles, under one roof. Fixed to mobile destinations will include: walk-up eateries and walk-in markets, mobile kitchens and food specialty portables, showing up where food needs to be, activating the senses and taking care of all users to drive revenues, guest convenience, operating efficiencies and a taste for more.
Locally produced and created foods are in demand from arenas to airports. The Los Angeles Convention Center has the opportunity to become the first convention center known for its locally inspired and driven food experience. Local favorites cozy up alongside ethnic flavors, sweet indulgences and items merchandised to drive impulse purchases. The flavor profiles range from Los Angeles traditional favorites to comfort foods with a twist, and new taste discoveries. On a daily basis, food and beverage experiences are passionately served up with high quality ingredients, appetizing presentations, handcrafted customization and a smile.

Hungry? Let the journey begin... dig in!
Food Programming Enhancements

With a focus on continually innovating and bringing relevant and fresh food offers to all convention-goers and other visitors, we are excited to share the Food Programming enhancements for the Los Angeles Convention Center. This is an initial plan focusing on:

- Elevating the food and beverages offers to reflect the current LA food scene
- Showcasing the market uniqueness of the food and beverage
- Distinguishing the overall food experience
- Driving value, revenues and efficiencies

Our initial plan includes new positioning, concepts and offers for the following existing areas: Tradewinds, Galaxy Court, Compass Café and The West and South Halls. We have created a new international platform, name and identity for all of these food areas, as well as updated the names, looks and identities for the concepts within these areas. We have drilled our innovative thinking into the menus, not only the items, but the menu boards, packaging and uniforms as well.

The following are our preliminary thoughts and we look forward to further developing these in partnership with the Los Angeles Convention Center team.

Sprinkles ATM Machines

The icing on the cake! Deliciously innovative convention-goers can swing by the world’s first Cupcake ATM! Always fresh, always craved the Cupcake ATM is continuously restocked day and night with a variety of freshly baked favorites.
Unconventionally Good

The current Tradewinds space is currently activated as an overflow space when larger shows and events demand additional outlets. Our recommendation is to develop a signature concept that can function modularly as an upscale convenience store and market for both small and large events. Unconventionally Good will feature hand-carved deli sandwiches, freshly brewed coffee, fresh spun salads, as well as incredibly great shakes, made to order or as grab and go offers for time-challenged clients. Visual enhancements would focus on communicating a sense of freshness, ease and flexibility through new identities, menu boards, packaging and uniforms.
FOOD SERVICE FACILITIES (KENTIA)
LOWER LEVEL 1 (BELOW SOUTH HALL)
LA MKT

The current Galaxy Court provides an opportunity to upgrade the experience for convention-goers in need of revitalization and the setting is ripe for an update to make it more current, visually appealing and attractive for users who are in the routine of a convention. The focus is on market fresh foods that are easy to eat and provides a strong value proposition. Our specific recommendations for this space include:

- Repositioning and new identity for the overall environment
- Updating of all concepts to feature customizable burgers, sushi, pizza, fresh spun salads and a Pinkberry offer. The concepts and menus follow:
  - Activation of the outdoor area through creation of The Plaza
  - Décor upgrade including new identities for the concepts, new colors and menu boards
The Market To Go

Part market, part sampling and part retail experience will create a whole new offering at the convention center. The Market to Go, which goes in place of Anytime Snacks in the South Hall, is designed and merchandised to provide fresh appeal, variety and value perception, empowering exhibitors and attendees to create their own meal or snack, and price points. The display of fresh ingredients and eye-catching offers will beckon all to get what they are hungering for and have fun doing it. Market to Go offers the discovery of a Los Angeles farmer’s market and the fulfilling interactions around food. Abundant with an array of appetizing made-to-order, fresh stocked grab and go and popular packaged goods, and is sure to satisfy every taste and honor every time allotment. For those wanting a taste of the city to take with them—to enjoy in the moment, savor over the course of their stay or have waiting on their doorstep when they arrive home, visitors can choose their selections via a touch-screen kiosk.
Branded Products Opportunities

Creating a unique food and beverage blueprint is what gets our juices flowing. In reviewing opportunities for enhancing the overall experience at Los Angeles Convention Center, we thoroughly evaluated branded products and potential impact on sales and profits. For purposes of evaluation, we considered three key categories:

- Proprietary Brands – custom brands created for Los Angeles Convention Center
- Local Brand Partners – local market brands that are identifiable and synonymous with Los Angeles
- Iconic National Brands – compelling and established brands with curb appeal

Each category: proprietary, local and national brands have options and flexibility for a variety of business scenarios from subcontractors, licensee, fee deals and more. Following are some examples from each category.

Proprietary Brands Customized Concepts

Based on our experience and track record in the market, we are in tune with the ebb and flow of event-goer preferences and desires. More specifically, teamed with our understanding of what show managers, exhibitors and attendees want, emerging industry trends and business needs, we have pulled together internal and external resources to create new propriety concepts owned by the City and Los Angeles Convention Center and reflective of its food culture and pride.
Iconic Local Brand Partners

To create a truly unique and authentic experience for show managers, exhibitors, attendees and other visitors, we plan to embrace and punctuate the food program with established to emerging local partners including Mel's Drive-in and Roscoe's Chicken and Waffles to Millions of Milkshakes, Tossed and Groundwork Coffee. Our strategy includes collaborating with the LACC to work with local business owners and artisans to give the convention center community of users a true taste of the city. These hometown companies will be highlighted throughout the Los Angeles Convention Center food journey.
Popular National Brands

Providing recognizable street appeal, national brands help balance the overall food programming with substantially resourced concepts from product to promotion and oftentimes sponsorship revenue. From the standard top performers such as Smashburger and Pinkberry, local brands launched to national brand status, we have great relationships and previous experience to leverage at the Los Angeles Convention Center.
Brand Relationships

Programming the food experience with local fare and flair allows us to include specialty niche, local and regional products that elevate the overall show manager, exhibitor and attendee experience. It is also a way for us to engage with minority and women-owned businesses. Typically for local brands and to adhere to brand standards of the product, we often create a subcontractor relationship that in addition to connecting us further with local businesses may bring in additional sponsorship and may provide a more profitable operating environment. Other relationships may be structured as licensee, fee deals or variations of these standard types.

Given AEG’s strong track record for sourcing and creating local partnerships along with developing proprietary brands and holding national brands alliances, we look forward to strategically programming the LACC food and beverage spaces with innovative concepts to drive experience satisfaction and to grow revenue.
Mobile Food Action

Food where it needs to be results in impulse sales, ultimate convenience and addresses the need for increased flexibility, the number one request, being voiced by show managers, exhibitors and attendees today.

Each show manager has specific food and beverage needs. We believe strategically programmed mobiles offer flexible options to fixed stand offerings, catering to the users’ variety of needs and increasing dwell times on the show floor or in the building. Mobiles and mobile environments can be located near the entrance of Exhibit Halls or on the exhibit floor extending a sense of arrival, food excitement and variety over the course of a convention.
Angelenos are proud of their legendary food trucks and are still riding the street food craze lining up to satisfy their cravings for convenient, affordable and local foods. This social community around eating is fueled by the need to grab something on the run, growing urge to snack, explore ethnic cuisines and the need to gather. In fact, street fare has generated such a buzz of coolness and connection that it has opened up an avenue of attracting tourists seeking a taste of the city and the opportunity to be among locals. Through a strategically designed Food Truck program, we want to roll the energy and enthusiasm around street foods onto and into the Los Angeles Convention Center to fuel excitement, drive revenue and experience satisfaction for the community of users.

Onto the Convention Center Grounds

We are proposing a food truck experience at Gilbert Lindsay Plaza, the perfect place to connect, interact and socialize around food in an outside oasis. It answers the show manager question of how can we offer new and exciting ways to host catered events or an outdoor food adventure for convention attendees, and may even attract a group of area workers hungering for lunchtime variety and fun food interactions.

LA Food Truck Plaza Experience

For the Food Truck Plaza experience at the Los Angeles Convention Center, the trucks can be selected and scheduled to meet the show specific desires of the show manager.

Kogi Korean BBQ

Jump-started the food truck craze! Chef Roy Choi flavor-packed Korean-Mex quick food tacos, burritos and kimchi quesadillas are still going strong.

The Vizzi Truck

Foodies line up waiting to savor white truffle-flavored popcorn, gazpacho made with heirloom tomatoes and tomatillo-cilantro oil, Jidori chicken sliders and braised Wagyu beef sliders.
LudoTruck

LudoBites hits the streets featuring “guerilla Fried Chicken” created by chef Ludo Lefebvre. Must try are honey-glazed garlic wings, crispy chicken strips, fries, honey lavender biscuits and Ludo slaw.

Border Grill

Susan Feniger’s of Two Hot Tamales fame has created Border Grill, a moveable feast includes ceviche in a cone and churro bites.

Coolhaus

Five flavors of pun-heavy ice cream sandwich -- Frank Behry, Mintamalism, Mies Vanilla Rohe, Richard Meyer Lemon and Oatmeal Cinnamoneo

Grill ‘Em All

The Molly Hatchet (burger with sausage gravy, bacon and maple syrup), the Blue Cheer (Maytag Blue spread and Munchos potato chips), and the Waste ‘Em All (marinated chilies, pepper jack and beer-soaked onions) get "thumbs-up."

Crepe ‘n Around

Satisfies the cravings of crepe lovers, offering sweet—Strawberries and Cream, Banana Nutella, and S’more—to savory crepes filled with Teriyaki Flank Steak, Ham & Brie, Maple Braised Pork and Chicken Pesto.

Buttermilk

Proffers red velvet pancakes and chicken and waffles, plus breakfast sandwiches and other American favorites.
Into the Convention Center

On-the-Go Food Trucks

Will stop users in their tracks and make mouths water around the Convention Center delivering Angelino's favorites to conventioneers in need of a savory or sweet pick-me-up. These traveling food trucks deliver food action and a fun way to refuel. From the Kogi Korean BBQ truck that drove a movement to the Coolhaus ice cream and LudoTruck wings, these food trucks are easy to track, spot and tweet about. They provide an opportunity to keep attendees in the building through the notoriety of LA street eats, fun interactions and convenience of service.

Daypart Show Kitchen

This is the place to see new foods, test new creations and catch a celebrity chef or up and coming culinary talent throughout the day. Developed as a unique sales, learning and entertainment tool to appeal to show managers, it can also serve as a unique private event location for exhibitors to entertain clients and interactive culinary events for attendees.
Good Morning—Breakfast Starts Here

Afternoon Break—Lunch Starts Here

Wine & Snacks—Drinks Starts Here
Pop Up Experiences

Ludo Lefebvre, dubbed “King of the Pop Up,” launched the trend in 2007 in Los Angeles, and the buzz around this exciting way to dine caught on countrywide. Pop ups are temporary restaurant events that may take place only one night or up to a few weeks, allowing chefs to showcase their skill and talent without having to invest in brick and mortar. Pop ups may occur when a visiting chef takes over the kitchen and dining room of an existing restaurant on their closed night, a warehouse or art space or a private home. Serving up “in-the-know” appeal, Pop Up experiences dot the LA landscape and are wildly popular drawing in foodies of all ages with the promise of a sense of culinary adventure and discovery.

By bringing the excitement and spontaneity of Pop Up experiences to the Los Angeles Convention Center, we are giving show managers what they are asking for...high-end demand catering that offers an innovative way to offer exclusive and selective events for their VIP sponsors, exhibitors and attendees.

Every one gets star treatment by replicating the meal served at the Golden Globes, the Governor's Ball, creating a specific to the show dining experience or bringing in a known or up and coming chef setting the stage for a night to savor every single moment.
You're Invited...

2012 Catering & Private Events Menu
EXHIBIT I

AEG ACKNOWLEDGEMENT OF RECEIPT OF CITY POLICY BINDER
EXHIBIT I

AEG ACKNOWLEDGEMENT OF RECEIPT OF CITY POLICY BINDER

Pursuant to Section 2.2(p) of the Management Agreement, AEG hereby acknowledges receipt of the City Policy Binder containing the following documents:

A. LACC STANDARD OPERATING PROCEDURES FOR MAINTENANCE AND OPERATIONS

1. OPERATING POLICIES PERTAINING TO CARPENTER SHOP
2. OPERATING POLICIES PERTAINING TO CONTROL ROOM BOE
3. OPERATING POLICIES PERTAINING TO MECHANIC SHOP
4. OPERATING POLICIES PERTAINING TO PAINT SHOP
5. OPERATING POLICIES PERTAINING TO PLUMBING SHOP

B. LACC EVENT LICENSING AND OPERATIONAL INFORMATION

1. LOS ANGELES ADMINISTRATIVE CODE CHAPTER 11
2. BOOKING AND DISCOUNT POLICY ORDINANCES
3. LICENSING DOCUMENTS:
   1) Licenses
   2) Standard Terms and Conditions
   3) Addendums
4. POLICIES AND RATES:
   1) Rental Rate Sheets
   2) Utility and Labor Rate Sheets and Order Forms
   3) Signage Rate Sheets and Order Forms
   4) Advertising Rate Sheets and Order Forms
   5) Event Policies and Guidelines
   6) Filming Policies and Guidelines
   7) General Information

AEG MANAGEMENT/LACC, LLC ("AEG")

By: [Signature]
Name: Robert E. Newman
Title: President
Date: October 24, 2013
EXHIBIT J
CITY MARKS
EXHIBIT K-1

APPROVED ANNUAL OPERATING BUDGET
Convention Center

The City is responsible for the operation and maintenance of the Convention Center in accordance with the lease and leaseback agreements between the City of Los Angeles and the Los Angeles Convention and Exhibition Center Authority.

The Convention Center Department markets and rents the facilities of the Convention Center for conventions, shows, meetings, dinners and other special events. It operates the parking facilities, provides client services and maintains the entire facility.

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**EXPENDITURES AND APPROPRIATIONS**

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### EXPENDITURES AND APPROPRIATIONS

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## Convention Center

### SUPPORTING DATA

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<td>48,456,020</td>
<td>30,509,346</td>
<td>-</td>
<td>-</td>
<td>78,965,366</td>
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### Total Cost of Program

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<th>EA4848</th>
<th>EA4850</th>
<th>Total</th>
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<tr>
<td>Total Cost of Program</td>
<td>65,034,520</td>
<td>36,268,483</td>
<td>-</td>
<td>-</td>
<td>101,303,003</td>
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</tbody>
</table>

| Positions | 54 | 34 | 1 | 20 | 109 |
SCHEDULE 16

CONVENTION CENTER REVENUE FUND

Section 8.148 of the Los Angeles Administrative Code establishes the Convention Center Revenue Fund. All revenues derived from the operation of the Convention Center are paid into the fund. Such funds shall be used for the expense of operation, management, maintenance and improvement of the Center.

<table>
<thead>
<tr>
<th>Actual 2011-12</th>
<th>Estimated 2012-13</th>
<th>Budget 2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUE</td>
<td></td>
<td></td>
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<tr>
<td>$ 4,569,706</td>
<td>$ 4,617,739</td>
<td>$ 3,025,139</td>
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<tr>
<td>-</td>
<td>3,963,285</td>
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<tr>
<td>$ 4,569,706</td>
<td>$ 654,474</td>
<td>$ 514,159</td>
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<td>27,314,702</td>
<td>29,693,885</td>
<td>25,900,000</td>
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<td>$ 31,884,408</td>
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<td>$ 23,655,588</td>
<td>$ 22,259,000</td>
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<td>1,015,851</td>
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<td>40,085</td>
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<td>2,519,916</td>
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<tr>
<td>APPROPRIATIONS</td>
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<td></td>
</tr>
<tr>
<td>$ 27,266,669</td>
<td>$ 27,323,000</td>
<td></td>
</tr>
<tr>
<td>$ 4,617,739</td>
<td>$ 3,025,139</td>
<td></td>
</tr>
</tbody>
</table>

Actual 2011-12

Estimated 2012-13

Budget 2013-14

Cash Balance, July 1

Customer Deposits and Other Liabilities

Receipts

Total Revenue

Conventional Center

General Services

Police

Personnel

Capital Finance Administration Fund

Special Purpose Fund Appropriations:

Building and Safety Expense

Contingency for Obligatory Changes

Reimbursement of General Fund Costs

Ending Balance, June 30
Attachment 3

Amendment Number 1 to the Management and Operation Agreement between the City of Los Angeles and AEG Management LACC, LLC
This AMENDMENT is hereby entered into, commencing upon its execution (the “Amendment No. 1”), by and between the City of Los Angeles (“City”), a municipal corporation, acting by and through its Department of Convention and Tourism Development, (formerly known as the Los Angeles Convention and Exhibition Center Department) and hereinafter referred to as “CTD”, and AEG Management LACC, LLC, a Delaware limited liability company, hereinafter referred to as “AEG”, and is hereby incorporated into and made a part of the Management and Operation Agreement No. C-123199 (hereinafter “Agreement”).

RECATLALS

A. The City and AEG entered into the Agreement, under which AEG agreed to provide certain management and operation services for the Los Angeles Convention Center facility;

B. The CTD and AEG wish to extend the Term, referenced in Section 3.2 of the Agreement on the same terms and conditions set forth in the Agreement, except as otherwise provided for in this Amendment;

C. The CITY requires the continued, uninterrupted management and operation of the Los Angeles Convention Center;

D. CTD has been satisfied with the management and operation of the Los Angeles Convention Center rendered by AEG during the term of the Agreement; and,

E. On July 20, 2018, the City Council authorized CTD to extend the Agreement for one additional year as detailed in Article 1 below, including two, additional one-year term extensions that are subject to Council approval (Council File No. 18-0532) and AEG approval.

NOW THEREFORE, in consideration of the premises, covenants, and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby amend the Agreement as follows:

1. Section 3.2, entitled “Term” is hereby amended to read in full as follows:

   The term of this Agreement, and AEG’s Services under this Agreement, shall commence on the Effective Date and end at Midnight on the 6th anniversary of such Effective Date, unless earlier terminated pursuant to the provisions of this Agreement (“Term”). The Term of the Agreement may be extended for
two (2) additional one-year periods, through Midnight on the 7th anniversary of the Commencement Date ("First Further Extension") and Midnight on the 8th anniversary of the Commencement Date ("Second Further Extension," together with the First Further Extension, the "Further Extensions" and each a "Further Extension"). The City shall provide AEG written confirmation that it has obtained Council approval for each such Further Extension(s).

In addition to all other rights of the City to terminate this Agreement as set forth herein, the City may, in its discretion, on or after the 3rd anniversary of the Effective Date, terminate without cause this Agreement. If the City determines it will terminate the Agreement pursuant to its right to terminate on or after the 3rd anniversary of the Effective Date, the City will give AEG ninety (90) days advance written notice of such termination.

2. Section 10.6, entitled "Notices" is hereby amended to read in full as follows:

Any notice, consent or other communication given pursuant to this Agreement shall be in writing and shall be delivered, sent by personal delivery, overnight mail or certified or registered mail (return receipt requested and postage prepaid), addressed as follows:

To Owner:

City of Los Angeles
Department of Convention and Tourism Development
1201 South Figueroa St.
Los Angeles, CA 90015
Attention: Executive Director

With a copy to:

City of Los Angeles
Office of the City Administrative Officer
200 No. Main Street, Suite 1500
Los Angeles, CA 90012
Attention: Debt Management Group

And a copy to:

Los Angeles City Attorney
200 No. Main Street, 8th floor
Los Angeles, CA 90012
Attention: Kimberly Miera

To AEG:

AEG Management LACC, LLC
3. Section 11.1, entitled “Standard Provisions” and Exhibit A are hereby deleted in their entirety and replaced with the following:

“The Standard Provisions for City Contracts (Rev. 10/17 [v.2]) are attached to this Amendment No. 1 and, as of the effective date of this Amendment No. 1 shall be incorporated herein by reference (Exhibit A). In case of a conflict between provisions of Articles 1 through 10 of the Agreement, inclusive, and the provisions in Exhibit A, the provisions of Articles 1 through 10 shall be controlling.”

All other terms and conditions contained in the Agreement No. C-123199 remain in full force and effect.

** END OF AGREEMENT **

[signature page follows]
IN WITNESS WHEREOF, City has caused this Amendment to be executed on its behalf by the Executive Director of the CTD and AEG has caused the same to be executed by its duly authorized officers on the date indicated.

Approved as to Form
Michael N. Feuer
City Attorney

By
Kimberly Miera
Deputy City Attorney

Date 9/24/18

City of Los Angeles Department of Convention and Tourism Development

By
Doane LrtK CJ
Executive Director

Date 9/25/18

ATTEST:
Holly L. Wolcott, City Clerk

Date 9/25/18

AEG Management LACC, LLC
Robert E. Newman
Vice President

Date 9/25/18

By

C-123199 Amendment No.1 Page 4 of 4
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<td>Business Inclusion Program</td>
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<td>PSC-35</td>
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<td>PSC-36</td>
<td>Iran Contracting Act</td>
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<td>PSC-37</td>
<td>Restrictions on Campaign Contributions in City Elections</td>
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<td>Compliance with California Public Resources Code Section 5164</td>
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<td>Exhibit 1</td>
<td>Insurance Contractual Requirements</td>
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STANDARD PROVISIONS FOR CITY CONTRACTS

PSC-1. **Construction of Provisions and Titles Herein**

All titles, subtitles, or headings in this Contract have been inserted for convenience, and shall not be deemed to affect the meaning or construction of any of the terms or provisions of this Contract. The language of this Contract shall be construed according to its fair meaning and not strictly for or against CITY or CONTRACTOR. The word "CONTRACTOR" includes the party or parties identified in this Contract. The singular shall include the plural and if there is more than one CONTRACTOR, unless expressly stated otherwise, their obligations and liabilities shall be joint and several. Use of the feminine, masculine, or neuter genders shall be deemed to include the genders not used.

PSC-2. **Applicable Law, Interpretation and Enforcement**

Each party's performance shall comply with all applicable laws of the United States of America, the State of California, and CITY, including but not limited to, laws regarding health and safety, labor and employment, wage and hours and licensing. This Contract shall be enforced and interpreted under the laws of the State of California without regard to conflict of law principles. CONTRACTOR shall comply with new, amended, or revised laws, regulations, or procedures that apply to the performance of this Contract with no additional compensation paid to CONTRACTOR.

In any action arising out of this Contract, CONTRACTOR consents to personal jurisdiction, and agrees to bring all such actions, exclusively in state or federal courts located in Los Angeles County, California.

If any part, term or provision of this Contract is held void, illegal, unenforceable, or in conflict with any federal, state or local law or regulation, the validity of the remaining parts, terms or provisions of this Contract shall not be affected.

PSC-3. **Time of Effectiveness**

Unless otherwise provided, this Contract shall take effect when all of the following events have occurred:

A. This Contract has been signed on behalf of CONTRACTOR by the person or persons authorized to bind CONTRACTOR;

B. This Contract has been approved by the City Council or by the board, officer or employee authorized to give such approval;

C. The Office of the City Attorney has indicated in writing its approval of this Contract as to form; and

D. This Contract has been signed on behalf of CITY by the person designated by the City Council, or by the board, officer or employee authorized to enter into this Contract.
PSC-4. **Integrated Contract**

This Contract sets forth all of the rights and duties of the parties with respect to the subject matter of this Contract, and replaces any and all previous Contracts or understandings, whether written or oral, relating thereto. This Contract may be amended only as provided for in the provisions of PSC-5 hereof.

PSC-5. **Amendment**

All amendments to this Contract shall be in writing and signed and approved pursuant to the provisions of PSC-3.

PSC-6. **Excusable Delays**

Neither party shall be liable for its delay or failure to perform any obligation under and in accordance with this Contract, if the delay or failure arises out of fires, floods, earthquakes, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by the party or any of the party's Subcontractors), freight embargoes, terrorist acts, insurrections or other civil disturbances, or other similar events to those described above, but in each case the delay or failure to perform must be beyond the control and without any fault or negligence of the party delayed or failing to perform (these events are referred to in this provision as "Force Majeure Events").

Notwithstanding the foregoing, a delay or failure to perform by a Subcontractor of CONTRACTOR shall not constitute a Force Majeure Event, unless the delay or failure arises out of causes beyond the control of both CONTRACTOR and Subcontractor, and without any fault or negligence of either of them. In such case, CONTRACTOR shall not be liable for the delay or failure to perform, unless the goods or services to be furnished by the Subcontractor were obtainable from other sources in sufficient time to permit CONTRACTOR to perform timely. As used in this Contract, the term "Subcontractor" means a subcontractor at any tier.

In the event CONTRACTOR'S delay or failure to perform arises out of a Force Majeure Event, CONTRACTOR agrees to use commercially reasonable best efforts to obtain the goods or services from other sources, and to otherwise mitigate the damages and reduce the delay caused by the Force Majeure Event.

PSC-7. **Waiver**

A waiver of a default of any part, term or provision of this Contract shall not be construed as a waiver of any succeeding default or as a waiver of the part, term or provision itself. A party's performance after the other party's default shall not be construed as a waiver of that default.
PSC-8. **Suspension**

At CITY'S sole discretion, CITY may suspend any or all services provided under this Contract by providing CONTRACTOR with written notice of suspension. Upon receipt of the notice of suspension, CONTRACTOR shall immediately cease the services suspended and shall not incur any additional obligations, costs or expenses to CITY until CITY gives written notice to recommence the services.

PSC-9. **Termination**

A. **Termination for Convenience**

CITY may terminate this Contract for CITY'S convenience at any time by providing CONTRACTOR thirty days written notice. Upon receipt of the notice of termination, CONTRACTOR shall immediately take action not to incur any additional obligations, costs or expenses, except as may be necessary to terminate its activities. CITY shall pay CONTRACTOR its reasonable and allowable costs through the effective date of termination and those reasonable and necessary costs incurred by CONTRACTOR to effect the termination. Thereafter, CONTRACTOR shall have no further claims against CITY under this Contract. All finished and unfinished documents and materials procured for or produced under this Contract, including all intellectual property rights CITY is entitled to, shall become CITY property upon the date of the termination. CONTRACTOR agrees to execute any documents necessary for CITY to perfect, memorialize, or record CITY'S ownership of rights provided herein.

B. **Termination for Breach of Contract**

1. Except as provided in PSC-6, if CONTRACTOR fails to perform any of the provisions of this Contract or so fails to make progress as to endanger timely performance of this Contract, CITY may give CONTRACTOR written notice of the default. CITY'S default notice will indicate whether the default may be cured and the time period to cure the default to the sole satisfaction of CITY. Additionally, CITY'S default notice may offer CONTRACTOR an opportunity to provide CITY with a plan to cure the default, which shall be submitted to CITY within the time period allowed by CITY. At CITY'S sole discretion, CITY may accept or reject CONTRACTOR'S plan. If the default cannot be cured or if CONTRACTOR fails to cure within the period allowed by CITY, then CITY may terminate this Contract due to CONTRACTOR'S breach of this Contract.

2. If the default under this Contract is due to CONTRACTOR'S failure to maintain the insurance required under this Contract, CONTRACTOR shall immediately: (1) suspend performance of any services under this Contract for which insurance was required; and (2) notify its employees and Subcontractors of the loss of insurance coverage and Contractor's obligation to suspend performance of
services. CONTRACTOR shall not recommence performance until CONTRACTOR is fully insured and in compliance with CITY'S requirements.

3. If a federal or state proceeding for relief of debtors is undertaken by or against CONTRACTOR, or if CONTRACTOR makes an assignment for the benefit of creditors, then CITY may immediately terminate this Contract.

4. If CONTRACTOR engages in any dishonest conduct related to the performance or administration of this Contract or violates CITY'S laws, regulations or policies relating to lobbying, then CITY may immediately terminate this Contract.

5. Acts of Moral Turpitude
   a. CONTRACTOR shall immediately notify CITY if CONTRACTOR or any Key Person, as defined below, is charged with, indicted for, convicted of, pleads nolo contendere to, or forfeits bail or fails to appear in court for a hearing related to, any act which constitutes an offense involving moral turpitude under federal, state, or local laws (“Act of Moral Turpitude”).
   
   b. If CONTRACTOR or a Key Person is convicted of, pleads nolo contendere to, or forfeits bail or fails to appear in court for a hearing related to, an Act of Moral Turpitude, CITY may immediately terminate this Contract.
   
   c. If CONTRACTOR or a Key Person is charged with or indicted for an Act of Moral Turpitude, CITY may terminate this Contract after providing CONTRACTOR an opportunity to present evidence of CONTRACTOR'S ability to perform under the terms of this Contract.
   
   d. Acts of Moral Turpitude include, but are not limited to: violent felonies as defined by Penal Code Section 667.5, crimes involving weapons, crimes resulting in serious bodily injury or death, serious felonies as defined by Penal Code Section 1192.7, and those crimes referenced in the Penal Code and articulated in California Public Resources Code Section 5164(a)(2); in addition to and including acts of murder, rape, sexual assault, robbery, kidnapping, human trafficking, pimping, voluntary manslaughter, aggravated assault, assault on a peace officer, mayhem, fraud, domestic abuse, elderly abuse, and child abuse, regardless of whether such acts are punishable by felony or misdemeanor conviction.
For the purposes of this provision, a Key Person is a principal, officer, or employee assigned to this Contract, or owner (directly or indirectly, through one or more intermediaries) of ten percent or more of the voting power or equity interests of CONTRACTOR.

6. In the event CITY terminates this Contract as provided in this section, CITY may procure, upon such terms and in the manner as CITY may deem appropriate, services similar in scope and level of effort to those so terminated, and CONTRACTOR shall be liable to CITY for all of its costs and damages, including, but not limited to, any excess costs for such services.

7. If, after notice of termination of this Contract under the provisions of this section, it is determined for any reason that CONTRACTOR was not in default under the provisions of this section, or that the default was excusable under the terms of this Contract, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to PSC-9(A) Termination for Convenience.

8. The rights and remedies of CITY provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

C. In the event that this Contract is terminated, CONTRACTOR shall immediately notify all employees and Subcontractors, and shall notify in writing all other parties contracted with under the terms of this Contract within five working days of the termination.

PSC-10. Independent Contractor

CONTRACTOR is an independent contractor and not an agent or employee of CITY. CONTRACTOR shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees, or agents to be an agent or employee of CITY.

PSC-11. Contractor's Personnel

Unless otherwise approved by CITY, CONTRACTOR shall use its own employees to perform the services described in this Contract. CITY has the right to review and approve any personnel who are assigned to work under this Contract. CONTRACTOR shall remove personnel from performing work under this Contract if requested to do so by CITY.

CONTRACTOR shall not use Subcontractors to assist in performance of this Contract without the prior written approval of CITY. If CITY permits the use of Subcontractors, CONTRACTOR shall remain responsible for performing all aspects of this Contract and paying all Subcontractors. CITY has the right to approve CONTRACTOR'S Subcontractors, and CITY reserves the right to request replacement of any
Subcontractor. CITY does not have any obligation to pay CONTRACTOR'S Subcontractors, and nothing herein creates any privity of contract between CITY and any Subcontractor.

PSC-12. Assignment and Delegation

CONTRACTOR may not, unless it has first obtained the written permission of CITY:

A. Assign or otherwise alienate any of its rights under this Contract, including the right to payment; or

B. Delegate, subcontract, or otherwise transfer any of its duties under this Contract.

PSC-13. Permits

CONTRACTOR and its directors, officers, partners, agents, employees, and Subcontractors, shall obtain and maintain all licenses, permits, certifications and other documents necessary for CONTRACTOR'S performance of this Contract. CONTRACTOR shall immediately notify CITY of any suspension, termination, lapses, non-renewals, or restrictions of licenses, permits, certificates, or other documents that relate to CONTRACTOR'S performance of this Contract.

PSC-14. Claims for Labor and Materials

CONTRACTOR shall promptly pay when due all amounts owed for labor and materials furnished in the performance of this Contract so as to prevent any lien or other claim under any provision of law from arising against any CITY property (including reports, documents, and other tangible or intangible matter produced by CONTRACTOR hereunder), and shall pay all amounts due under the Unemployment Insurance Act or any other applicable law with respect to labor used to perform under this Contract.


For the duration of this Contract, CONTRACTOR shall maintain valid Business Tax Registration Certificate(s) as required by CITY'S Business Tax Ordinance, Section 21.00 et seq. of the Los Angeles Municipal Code ("LAMC"), and shall not allow the Certificate to lapse or be revoked or suspended.

PSC-16. Retention of Records, Audit and Reports

CONTRACTOR shall maintain all records, including records of financial transactions, pertaining to the performance of this Contract, in their original form or as otherwise approved by CITY. These records shall be retained for a period of no less than three years from the later of the following: (1) final payment made by CITY, (2) the expiration of this Contract or (3) termination of this Contract. The records will be subject to examination and audit by authorized CITY personnel or CITY'S representatives at any time. CONTRACTOR shall provide any reports requested by CITY regarding
performance of this Contract. Any subcontract entered into by CONTRACTOR for work to be performed under this Contract must include an identical provision.

In lieu of retaining the records for the term as prescribed in this provision, CONTRACTOR may, upon CITY'S written approval, submit the required information to CITY in an electronic format, e.g. USB flash drive, at the expiration or termination of this Contract.

PSC-17. Bonds

All bonds required by CITY shall be filed with the Office of the City Administrative Officer, Risk Management for its review and acceptance in accordance with Los Angeles Administrative Code ("LAAC") Sections 11.47 et seq., as amended from to time.

PSC-18. Indemnification

Except for the active negligence or willful misconduct of CITY, or any of its boards, officers, agents, employees, assigns and successors in interest, CONTRACTOR shall defend, indemnify and hold harmless CITY and any of its boards, officers, agents, employees, assigns, and successors in interest from and against all lawsuits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by CITY, including but not limited to, costs of experts and consultants), damages or liability of any nature whatsoever, for death or injury to any person, including CONTRACTOR's employees and agents, or damage or destruction of any property of either party hereto or of third parties, arising in any manner by reason of an act, error, or omission by CONTRACTOR, Subcontractors, or their boards, officers, agents, employees, assigns, and successors in interest. The rights and remedies of CITY provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract. This provision will survive expiration or termination of this Contract.

PSC-19. Intellectual Property Indemnification

CONTRACTOR, at its own expense, shall defend, indemnify, and hold harmless the CITY, and any of its boards, officers, agents, employees, assigns, and successors in interest from and against all lawsuits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by CITY, including but not limited to, costs of experts and consultants), damages or liability of any nature arising out of the infringement, actual or alleged, direct or contributory, of any intellectual property rights, including, without limitation, patent, copyright, trademark, trade secret, right of publicity, and proprietary information: (1) on or in any design, medium, matter, article, process, method, application, equipment, device, instrumentation, software, hardware, or firmware used by CONTRACTOR, or its Subcontractors, in performing the work under this Contract; or (2) as a result of CITY'S actual or intended use of any Work Product (as defined in PSC-21) furnished by CONTRACTOR, or its Subcontractors, under this Contract. The rights and remedies of CITY provided in this section shall not be exclusive.
and are in addition to any other rights and remedies provided by law or under this Contract. This provision will survive expiration or termination of this Contract.

PSC-20. **Intellectual Property Warranty**

**CONTRACTOR** represents and warrants that its performance of all obligations under this Contract does not infringe in any way, directly or contributory, upon any third party’s intellectual property rights, including, without limitation, patent, copyright, trademark, trade secret, right of publicity and proprietary information.

PSC-21. **Ownership and License**

Unless otherwise provided for herein, all finished and unfinished works, tangible or not, created under this Contract including, without limitation, documents, materials, data, reports, manuals, specifications, artwork, drawings, sketches, blueprints, studies, memoranda, computation sheets, computer programs and databases, schematics, photographs, video and audiovisual recordings, sound recordings, marks, logos, graphic designs, notes, websites, domain names, inventions, processes, formulas, matters and combinations thereof, and all forms of intellectual property originated and prepared by **CONTRACTOR** or its Subcontractors under this Contract (each a “Work Product”; collectively “Work Products”) shall be and remain the exclusive property of **CITY** for its use in any manner **CITY** deems appropriate. **CONTRACTOR** hereby assigns to **CITY** all goodwill, copyright, trademark, patent, trade secret and all other intellectual property rights worldwide in any Work Products originated and prepared under this Contract. **CONTRACTOR** further agrees to execute any documents necessary for **CITY** to perfect, memorialize, or record **CITY’S** ownership of rights provided herein.

**CONTRACTOR** agrees that a monetary remedy for breach of this Contract may be inadequate, impracticable, or difficult to prove and that a breach may cause **CITY** irreparable harm. **CITY** may therefore enforce this requirement by seeking injunctive relief and specific performance, without any necessity of showing actual damage or irreparable harm. Seeking injunctive relief or specific performance does not preclude **CITY** from seeking or obtaining any other relief to which **CITY** may be entitled.

For all Work Products delivered to **CITY** that are not originated or prepared by **CONTRACTOR** or its Subcontractors under this Contract, **CONTRACTOR** shall secure a grant, at no cost to **CITY**, for a non-exclusive perpetual license to use such Work Products for any **CITY** purposes.

**CONTRACTOR** shall not provide or disclose any Work Product to any third party without prior written consent of **CITY**.

Any subcontract entered into by **CONTRACTOR** relating to this Contract shall include this provision to contractually bind its Subcontractors performing work under this Contract such that **CITY’S** ownership and license rights of all Work Products are preserved and protected as intended herein.
PSC-22. Data Protection

A. CONTRACTOR shall protect, using the most secure means and technology that is commercially available, CITY-provided data or consumer-provided data acquired in the course and scope of this Contract, including but not limited to customer lists and customer credit card or consumer data, (collectively, the “City Data”). CONTRACTOR shall notify CITY in writing as soon as reasonably feasible, and in any event within twenty-four hours, of CONTRACTOR’S discovery or reasonable belief of any unauthorized access of City Data (a “Data Breach”), or of any incident affecting, or potentially affecting City Data related to cyber security (a “Security Incident”), including, but not limited to, denial of service attack, and system outage, instability or degradation due to computer malware or virus. CONTRACTOR shall begin remediation immediately. CONTRACTOR shall provide daily updates, or more frequently if required by CITY, regarding findings and actions performed by CONTRACTOR until the Data Breach or Security Incident has been effectively resolved to CITY’S satisfaction. CONTRACTOR shall conduct an investigation of the Data Breach or Security Incident and shall share the report of the investigation with CITY. At CITY’S sole discretion, CITY and its authorized agents shall have the right to lead or participate in the investigation. CONTRACTOR shall cooperate fully with CITY, its agents and law enforcement.

B. If CITY is subject to liability for any Data Breach or Security Incident, then CONTRACTOR shall fully indemnify and hold harmless CITY and defend against any resulting actions.

PSC-23. Insurance

During the term of this Contract and without limiting CONTRACTOR’S obligation to indemnify, hold harmless and defend CITY, CONTRACTOR shall provide and maintain at its own expense a program of insurance having the coverages and limits not less than the required amounts and types as determined by the Office of the City Administrative Officer of Los Angeles, Risk Management (template Form General 146 in Exhibit 1 hereto). The insurance must: (1) conform to CITY’S requirements; (2) comply with the Insurance Contractual Requirements (Form General 133 in Exhibit 1 hereto); and (3) otherwise be in a form acceptable to the Office of the City Administrative Officer, Risk Management. CONTRACTOR shall comply with all Insurance Contractual Requirements shown on Exhibit 1 hereto. Exhibit 1 is hereby incorporated by reference and made a part of this Contract.

PSC-24. Best Terms

Throughout the term of this Contract, CONTRACTOR, shall offer CITY the best terms, prices, and discounts that are offered to any of CONTRACTOR’S customers for similar goods and services provided under this Contract.
CONTRACTOR warrants that the work performed hereunder shall be completed in a manner consistent with professional standards practiced among those firms within CONTRACTOR'S profession, doing the same or similar work under the same or similar circumstances.

PSC-26. Mandatory Provisions Pertaining to Non-Discrimination in Employment

Unless otherwise exempt, this Contract is subject to the applicable non-discrimination, equal benefits, equal employment practices, and affirmative action program provisions in LAAC Section 10.8 et seq., as amended from time to time.

A. CONTRACTOR shall comply with the applicable non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California, and CITY. In performing this Contract, CONTRACTOR shall not discriminate in any of its hiring or employment practices against any employee or applicant for employment because of such person's race, color, religion, national origin, ancestry, sex, sexual orientation, gender, gender identity, age, disability, domestic partner status, marital status or medical condition.

B. The requirements of Section 10.8.2.1 of the LAAC, the Equal Benefits Ordinance, and the provisions of Section 10.8.2.1(f) are incorporated and made a part of this Contract by reference.

C. The provisions of Section 10.8.3 of the LAAC are incorporated and made a part of this Contract by reference and will be known as the “Equal Employment Practices” provisions of this Contract.

D. The provisions of Section 10.8.4 of the LAAC are incorporated and made a part of this Contract by reference and will be known as the “Affirmative Action Program” provisions of this Contract.

Any subcontract entered into by CONTRACTOR for work to be performed under this Contract must include an identical provision.

PSC-27. Child Support Assignment Orders

CONTRACTOR shall comply with the Child Support Assignment Orders Ordinance, Section 10.10 of the LAAC, as amended from time to time. Pursuant to Section 10.10(b) of the LAAC, CONTRACTOR shall fully comply with all applicable State and Federal employment reporting requirements. Failure of CONTRACTOR to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment or Notices of Assignment, or the failure of any principal owner(s) of CONTRACTOR to comply with any Wage and Earnings Assignment or Notices of Assignment applicable to them personally, shall constitute a default by the CONTRACTOR under this Contract. Failure of CONTRACTOR or principal owner to cure
the default within 90 days of the notice of default will subject this Contract to termination for breach. Any subcontract entered into by CONTRACTOR for work to be performed under this Contract must include an identical provision.

**PSC-28. Living Wage Ordinance**

CONTRACTOR shall comply with the Living Wage Ordinance, LAAC Section 10.37 et seq., as amended from time to time. CONTRACTOR further agrees that it shall comply with federal law proscribing retaliation for union organizing. Any subcontract entered into by CONTRACTOR for work to be performed under this Contract must include an identical provision.

**PSC-29. Service Contractor Worker Retention Ordinance**

CONTRACTOR shall comply with the Service Contractor Worker Retention Ordinance, LAAC Section 10.36 et seq., as amended from time to time. Any subcontract entered into by CONTRACTOR for work to be performed under this Contract must include an identical provision.

**PSC-30. Access and Accommodations**

CONTRACTOR represents and certifies that:


B. CONTRACTOR shall not discriminate on the basis of disability or on the basis of a person’s relationship to, or association with, a person who has a disability;

C. CONTRACTOR shall provide reasonable accommodation upon request to ensure equal access to CITY-funded programs, services and activities;

D. Construction will be performed in accordance with the Uniform Federal Accessibility Standards (UFAS), 24 C.F.R. Part 40; and

E. The buildings and facilities used to provide services under this Contract are in compliance with the federal and state standards for accessibility as set forth in the 2010 ADA Standards, California Title 24, Chapter 11, or other applicable federal and state law.

CONTRACTOR understands that CITY is relying upon these certifications and representations as a condition to funding this Contract. Any subcontract entered into by CONTRACTOR for work to be performed under this Contract must include an identical provision.
PSC-31. Contractor Responsibility Ordinance

CONTRACTOR shall comply with the Contractor Responsibility Ordinance, LAAC Section 10.40 et seq., as amended from time to time.

PSC-32. Business Inclusion Program

Unless otherwise exempted prior to bid submission, CONTRACTOR shall comply with all aspects of the Business Inclusion Program as described in the Request for Proposal/Qualification process, throughout the duration of this Contract. CONTRACTOR shall utilize the Business Assistance Virtual Network (“BAVN”) at https://www.labavn.org/, to perform and document outreach to Minority, Women, and Other Business Enterprises. CONTRACTOR shall perform subcontractor outreach activities through BAVN. CONTRACTOR shall not change any of its designated Subcontractors or pledged specific items of work to be performed by these Subcontractors, nor shall CONTRACTOR reduce their level of effort, without prior written approval of CITY.

PSC-33. Slavery Disclosure Ordinance

CONTRACTOR shall comply with the Slavery Disclosure Ordinance, LAAC Section 10.41 et seq., as amended from time to time. Any subcontract entered into by CONTRACTOR for work to be performed under this Contract must include an identical provision.

PSC-34. First Source Hiring Ordinance

CONTRACTOR shall comply with the First Source Hiring Ordinance, LAAC Section 10.44 et seq., as amended from time to time. Any subcontract entered into by CONTRACTOR for work to be performed under this Contract must include an identical provision.

PSC-35. Local Business Preference Ordinance

CONTRACTOR shall comply with the Local Business Preference Ordinance, LAAC Section 10.47 et seq., as amended from time to time. Any subcontract entered into by CONTRACTOR for work to be performed under this Contract must include an identical provision.

PSC-36. Iran Contracting Act

In accordance with California Public Contract Code Sections 2200-2208, all contractors entering into, or renewing contracts with CITY for goods and services estimated at $1,000,000 or more are required to complete, sign, and submit the “Iran Contracting Act of 2010 Compliance Affidavit.”

PSC-37. Restrictions on Campaign Contributions and Fundraising in City Elections

Unless otherwise exempt, if this Contract is valued at $100,000 or more and requires approval by an elected CITY office, CONTRACTOR, CONTRACTOR’S principals, and CONTRACTOR’S Subcontractors expected to receive at least $100,000 for performance under the Contract, and the principals of those Subcontractors (the “Restricted Persons”)
shall comply with Charter Section 470(c)(12) and LAMC Section 49.7.35. Failure to comply entitles CITY to terminate this Contract and to pursue all available legal remedies. Charter Section 470(c)(12) and LAMC Section 49.7.35 limit the ability of the Restricted Persons to make campaign contributions to and engage in fundraising for certain elected CITY officials or candidates for elected CITY office for twelve months after this Contract is signed. Additionally, a CONTRACTOR subject to Charter Section 470(c)(12) is required to comply with disclosure requirements by submitting a completed and signed Ethics Commission Form 55 and to amend the information in that form as specified by law. Any CONTRACTOR subject to Charter Section 470(c)(12) shall include the following notice in any contract with any Subcontractor expected to receive at least $100,000 for performance under this Contract:

“Notice Regarding Restrictions on Campaign Contributions and Fundraising in City Elections

You are a subcontractor on City of Los Angeles Contract #________. Pursuant to the City of Los Angeles Charter Section 470(c)(12) and related ordinances, you and your principals are prohibited from making campaign contributions to and fundraising for certain elected City of Los Angeles (“CITY”) officials and candidates for elected CITY office for twelve months after the CITY contract is signed. You are required to provide the names and contact information of your principals to the CONTRACTOR and to amend that information within ten business days if it changes during the twelve month time period. Failure to comply may result in termination of this Contract and any other available legal remedies. Information about the restrictions may be found online at ethics.lacity.org or by calling the Los Angeles City Ethics Commission at (213) 978-1960.”

PSC-38. Contractors’ Use of Criminal History for Consideration of Employment Applications

CONTRACTOR shall comply with the City Contractors’ Use of Criminal History for Consideration of Employment Applications Ordinance, LAAC Section 10.48 et seq., as amended from time to time. Any subcontract entered into by CONTRACTOR for work to be performed under this Contract must include an identical provision.

PSC-39. Limitation of City’s Obligation to Make Payment to Contractor

Notwithstanding any other provision of this Contract, including any exhibits or attachments incorporated therein, and in order for CITY to comply with its governing legal requirements, CITY shall have no obligation to make any payments to CONTRACTOR unless CITY shall have first made an appropriation of funds equal to or in excess of its obligation to make any payments as provided in this Contract. CONTRACTOR agrees that any services provided by CONTRACTOR, purchases made by CONTRACTOR or expenses incurred by CONTRACTOR in excess of the appropriation(s) shall be free and without charge to CITY and CITY shall have no obligation to pay for the services, purchases or expenses. CONTRACTOR shall have no obligation to provide any services,
provide any equipment or incur any expenses in excess of the appropriated amount(s) until CITY appropriates additional funds for this Contract.

PSC-40. **Compliance with Identity Theft Laws and Payment Card Data Security Standards**

**CONTRACTOR** shall comply with all identity theft laws including without limitation, laws related to: (1) payment devices; (2) credit and debit card fraud; and (3) the Fair and Accurate Credit Transactions Act ("FACTA"), including its requirement relating to the content of transaction receipts provided to Customers. **CONTRACTOR** also shall comply with all requirements related to maintaining compliance with Payment Card Industry Data Security Standards ("PCI DSS"). During the performance of any service to install, program or update payment devices equipped to conduct credit or debit card transactions, including PCI DSS services, **CONTRACTOR** shall verify proper truncation of receipts in compliance with FACTA.

PSC-41. **Compliance with California Public Resources Code Section 5164**

California Public Resources Code Section 5164 prohibits a public agency from hiring a person for employment or as a volunteer to perform services at any park, playground, or community center used for recreational purposes in a position that has supervisory or disciplinary authority over any minor, if the person has been convicted of certain crimes as referenced in the Penal Code, and articulated in California Public Resources Code Section 5164(a)(2).

If applicable, **CONTRACTOR** shall comply with California Public Resources Code Section 5164, and shall additionally adhere to all rules and regulations that have been adopted or that may be adopted by CITY. **CONTRACTOR** is required to have all employees, volunteers and Subcontractors (including all employees and volunteers of any Subcontractor) of **CONTRACTOR** working on premises to pass a fingerprint and background check through the California Department of Justice at **CONTRACTOR**’s sole expense, indicating that such individuals have never been convicted of certain crimes as referenced in the Penal Code and articulated in California Public Resources Code Section 5164(a)(2), if the individual will have supervisory or disciplinary authority over any minor.

PSC-42. **Possessory Interests Tax**

Rights granted to **CONTRACTOR** by CITY may create a possessory interest. **CONTRACTOR** agrees that any possessory interest created may be subject to California Revenue and Taxation Code Section 107.6 and a property tax may be levied on that possessory interest. If applicable, **CONTRACTOR** shall pay the property tax. **CONTRACTOR** acknowledges that the notice required under California Revenue and Taxation Code Section 107.6 has been provided.
PSC-43. **Confidentiality**

All documents, information and materials provided to CONTRACTOR by CITY or developed by CONTRACTOR pursuant to this Contract (collectively “Confidential Information”) are confidential. CONTRACTOR shall not provide or disclose any Confidential Information or their contents or any information therein, either orally or in writing, to any person or entity, except as authorized by CITY or as required by law. CONTRACTOR shall immediately notify CITY of any attempt by a third party to obtain access to any Confidential Information. This provision will survive expiration or termination of this Contract.
EXHIBIT 1
INSTRUCTIONS AND INFORMATION
ON COMPLYING WITH CITY INSURANCE REQUIREMENTS
(Share this information with your insurance agent or broker)

1. Agreement/Reference  All evidence of insurance should identify the nature of your business with the CITY. Clearly show any assigned number of a bid, contract, lease, permit, etc. or give the project name and the job site or street address to ensure that your submission will be properly credited. Provide the types of coverage and minimum dollar amounts specified on the Required Insurance and Minimum Limits sheet (Form Gen. 146) as determined in writing by the CAO-RM.

2. When to submit   Normally, no work may begin until a CITY insurance certificate approval number (“CA number”) has been obtained, so insurance documents should be submitted as early as practicable. For As-needed Contracts, insurance need not be submitted until a specific job has been awarded. Design Professionals coverage for new construction work may be submitted simultaneously with final plans and drawings, but before construction commences.

Submitting your documents. Track4LA® is the CITY’S online insurance compliance system and is designed to make the experience of submitting and retrieving insurance information quick and easy. The system is designed to be used by insurance brokers and agents as they submit client insurance certificates directly to the CITY. It uses the standard insurance industry form known as the ACORD 25 Certificate of Liability Insurance in electronic format. Track4LA® advantages include standardized, universally accepted forms, paperless approval transactions (24 hours, 7 days per week), and security checks and balances. The easiest and quickest way to obtain approval of your insurance is to have your insurance broker or agent access Track4LA® at http://track4la.lacity.org and follow the instructions to register and submit the appropriate proof of insurance on your behalf.

Insurance industry certificates other than the ACORD 25 may be accepted, however submissions other than through Track4LA® will significantly delay the insurance approval process as documents will have to be manually processed. CONTRACTOR must provide CITY a thirty day notice of cancellation (ten days for non-payment of premium) AND an Additional Insured Endorsement naming the CITY an additional insured completed by your insurance company or its designee. If the policy includes an automatic or blanket additional insured endorsement, the Certificate must state the CITY is an automatic or blanket additional insured. An endorsement naming the CITY an Additional Named Insured and Loss Payee as Its Interests May Appear is required on property policies. All evidence of insurance must be authorized by a person with authority to bind coverage, whether that is the authorized agent/broker or insurance underwriter. Completed Insurance Industry Certificates other than ACORD 25 Certificates are sent electronically to CAO.insurance.bonds@lacity.org.

Additional Insured Endorsements DO NOT apply to the following:

- Indication of compliance with statute, such as Workers’ Compensation Law.
- Professional Liability insurance.

Verification of approved insurance and bonds may be obtained by checking Track4LA®, the CITY’S online insurance compliance system, at http://track4la.lacity.org.

4. Renewal   When an existing policy is renewed, have your insurance broker or agent submit a new Acord 25 Certificate or edit the existing Acord 25 Certificate through Track4LA® at http://track4la.lacity.org.

5. Alternative Programs/Self-Insurance   Risk financing mechanisms such as Risk Retention Groups, Risk Purchasing Groups, off-shore carriers, captive insurance programs and self-insurance programs are subject to separate approval after the CITY has reviewed the relevant audited financial statements. To initiate a review of your program, you should complete the Applicant’s Declaration of Self Insurance form (http://cao.lacity.org/risk/InsuranceForms.html) to the CAO-RM for consideration.

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6. **General Liability** insurance covering your operations (and products, where applicable) is required whenever the CITY is at risk of third-party claims which may arise out of your work or your presence or special event on City premises. **Sexual Misconduct** coverage is a required coverage when the work performed involves minors. **Fire Legal Liability** is required for persons occupying a portion of CITY premises. Information on two CITY insurance programs, the SPARTA program, an optional source of low-cost insurance which meets the most minimum requirements, and the Special Events Liability Insurance Program, which provides liability coverage for short-term special events on CITY premises or streets, is available at ([www.2sparta.com](http://www.2sparta.com)), or by calling (800) 420-0555.

7. **Automobile Liability** insurance is required only when vehicles are used in performing the work of your Contract or when they are driven off-road on CITY premises; it is not required for simple commuting unless CITY is paying mileage. However, compliance with California law requiring auto liability insurance is a contractual requirement.

8. **Errors and Omissions** coverage will be specified on a project-by-project basis if you are working as a licensed or other professional. The length of the claims discovery period required will vary with the circumstances of the individual job.

9. **Workers’ Compensation and Employer’s Liability** insurance are not required for single-person contractors. However, under state law these coverages (or a copy of the state’s Consent To Self Insure) must be provided if you have any employees at any time during the period of this contract. Contractors with no employees must complete a Request for Waiver of Workers’ Compensation Insurance Requirement ([http://cao.lacity.org/risk/InsuranceForms.htm](http://cao.lacity.org/risk/InsuranceForms.htm)). A **Waiver of Subrogation** on the coverage is required only for jobs where your employees are working on CITY premises under hazardous conditions, e.g., uneven terrain, scaffolding, caustic chemicals, toxic materials, power tools, etc. The Waiver of Subrogation waives the insurer’s right to recover (from the CITY) any workers’ compensation paid to an injured employee of the contractor.

10. **Property** insurance is required for persons having exclusive use of premises or equipment owned or controlled by the CITY. **Builder’s Risk/Course of Construction** is required during construction projects and should include building materials in transit and stored at the project site.

11. **Surety** coverage may be required to guarantee performance of work and payment to vendors and suppliers. A **Crime Policy** may be required to handle CITY funds or securities, and under certain other conditions. **Specialty coverages** may be needed for certain operations. For assistance in obtaining the CITY required bid, performance and payment surety bonds, please see the City of Los Angeles Bond Assistance Program website address at [http://cao.lacity.org/risk/BondAssistanceProgram.pdf](http://cao.lacity.org/risk/BondAssistanceProgram.pdf) or call (213) 258-3000 for more information.

12. **Cyber Liability & Privacy** coverage may be required to cover technology services or products for both liability and property losses that may result when a CITY contractor engages in various electronic activities, such as selling on the Internet or collecting data within its internal electronic network. **CONTRACTOR’S policies** shall cover liability for a data breach in which the CITY employees’ and/or CITY customers’ confidential or personal information, such as but not limited to, Social Security or credit card information are exposed or stolen by a hacker or other criminal who has gained access to the CITY’S or CONTRACTOR’S electronic network. The policies shall cover a variety of expenses associated with data breaches, including: notification costs, credit monitoring, costs to defend claims by state regulators, fines and penalties, and loss resulting from identity theft. The policies are required to cover liability arising from website media content, as well as property exposures from: (a) business interruption, (b) data loss/destruction, (c) computer fraud, (d) funds transfer loss, and (e) cyber extortion.
Required Insurance and Minimum Limits

Name: ___________________________ Date: ___________________________

Agreement/Reference: ________________________________________________

Evidence of coverages checked below, with the specified minimum limits, must be submitted and approved prior to occupancy/start of operations. Amounts shown are Combined Single Limits ("CSLs"). For Automobile Liability, split limits may be substituted for a CSL if the total per occurrence equals or exceeds the CSL amount.

<table>
<thead>
<tr>
<th>Limits</th>
<th>WC</th>
<th>Statutory</th>
<th>EL</th>
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<tbody>
<tr>
<td>Workers' Compensation (WC) and Employer's Liability (EL)</td>
<td>□</td>
<td>□</td>
<td>□</td>
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<tr>
<td>□ Waiver of Subrogation in favor of City</td>
<td>□ Longshore &amp; Harbor Workers</td>
<td>□ Jones Act</td>
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<tr>
<th>General Liability</th>
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<tr>
<td>□ Products/Completed Operations</td>
<td>□ Sexual Misconduct</td>
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<tr>
<td>□ Fire Legal Liability</td>
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| Automobile Liability (for any and all vehicles used for this contract, other than commuting to/from work) | |

| Professional Liability (Errors and Omissions) | |
|                                               | |
| Discovery Period | |

<table>
<thead>
<tr>
<th>Property Insurance (to cover replacement cost of building - as determined by insurance company)</th>
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<tr>
<td>□ All Risk Coverage</td>
<td>□ Boiler and Machinery</td>
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<tr>
<td>□ Flood</td>
<td>□ Builder's Risk</td>
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<tr>
<td>□ Earthquake</td>
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| Pollution Liability | |
|                     | |

| Surety Bonds - Performance and Payment (Labor and Materials) Bonds | |
|                                                              | |

| Crime Insurance | |
|-----------------| |

Other: ____________________________________________________________

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