LOS ANGELES FOREIGN-TRADE ZONE

OPERATING AGREEMENT

by and between

THE CITY OF LOS ANGELES

And

BEE IMAGINE LLC

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AGREEMENT NO. _____
FTZ OPERATING AGREEMENT
BETWEEN THE CITY OF LOS ANGELES AND
BEE IMAGINE LLC

THIS AGREEMENT is made this ____ day of _____, by and between the CITY OF LOS ANGELES, a municipal corporation ("City") acting by and through its Board of Harbor Commissioners ("Grantee") and BEE IMAGINE LLC, a Delaware Limited Liability Company, 4910 Azusa Canyon Road, Irwindale, CA 91706 ("Operator").

RECITALS:

WHEREAS, the Grantee has received permission from the United States Foreign-Trade Zones Board to establish a foreign-trade zone, designated as Foreign-Trade Zone No. 202, at various locations in or adjacent to the Los Angeles Customs port of entry; and

WHEREAS, the Operator desires to make use of foreign-trade zone status and wishes to activate Site 54 located at 4910 Azusa Canyon Road, Irwindale, CA 91706, as depicted and more fully described in Exhibit "A", attached hereto and made a part hereof Foreign-Trade Zone No. 202 Site 54 ("Zone Site"); and

WHEREAS, the Grantee deems it practicable to limit its participation in the everyday operations of the Zone Site and to place the operation of the Zone Site under the supervision of Operator; and

WHEREAS, upon the terms and conditions herein set forth, Operator desires to undertake the development and operational management of a foreign-trade zone at the Zone Site accordance with standards of construction and operation approved by the Grantee and the Foreign-Trade Zones Board, including those related to occupancy and use.

NOW, THEREFORE, the parties hereto, in consideration of the mutual agreements herein contained and covenants herein expressed, and for other good consideration acknowledged by each of them to be satisfactory and adequate, do hereby agree as follows:

ARTICLE I. - DEFINITIONS

In this Agreement and in any amendment or supplement hereto (except as otherwise expressly provided or unless context otherwise requires), terms used as defined terms in the recitals hereto shall have the same meanings throughout this Agreement and, in addition, the following terms shall have the meanings specified below:

A. "Act" shall mean the Foreign-Trade Zones Act of 1934, as amended, (19 U.S.C., 81a et. seq.).

B. "Activation" shall mean initiation within Foreign-Trade Zone No. 202 of any activity authorized by the United States Foreign-Trade Zones Board and by the United States Customs Service to be conducted at the Zone Site.

C. "Agreement" shall mean this Los Angeles Foreign-Trade Zone Operating Agreement by and between the City of Los Angeles and BEE IMAGINE LLC.

D. "Bond" shall mean a bond or bonds paid for by the Operator and issued by a surety company authorized to conduct business in the State of California and approved by Customs, to insure against any loss of duty, taxes or other sums from operations within the Zone Site and in an amount satisfactory to Customs and the Grantee.

E. "City" shall mean the City of Los Angeles, a municipal corporation.

F. "Contract Documents" shall mean this Agreement, and all other documents executed on behalf of the Operator in conjunction with this Agreement.

G. "Customs" shall mean the U.S. Customs and Border Protection or any successor body or agency of the United States.

H. "Executive Director" shall mean the General Manager of the Los Angeles Harbor Department.

I. "Grantee" shall mean the City of Los Angeles Board of Harbor Commissioners, to which the privilege of establishing, operating and maintaining Foreign-Trade Zone No. 202 has been granted by the Foreign-Trade Zones Board.

J. "Operator" shall mean BEE IMAGINE LLC, the entity designated by the Grantee to conduct foreign-trade zone activities at the Zone Site.

K. "Operator of a Multi-User Zone Site" shall mean that the Zone Site is available for use by companies other than the Operator.

L. "Operator of a Single-User Zone Site" shall mean that the Operator is the sole user of the Zone Site, including Operators of subzone sites.

M. "Port Director" shall mean the Port Director of the U.S. Customs and Border Protection Agency of Los Angeles.

N. "Regulations" shall mean all applicable federal, state and local statutes, ordinances and regulations including the rules, statutes, regulations, orders, decisions, ordinances or decrees of any governmental body, including judicial bodies, having jurisdiction over the Los Angeles Foreign-Trade Zone No. 202, the Operator, or the operations conducted therein.

O. "Zone" shall mean those areas in or adjacent to the Los Angeles Customs Port of Entry designated by the Foreign-Trade Zones Board as Foreign Trade Zone No. 202.

P. "Zone Site" shall mean those areas within the Zone that Operator may operate and maintain as a foreign-trade zone.

ARTICLE II. - AUTHORITY GRANTED/ACCEPTED, TERM AND AGREEMENT

2.01 Authority Granted

The Grantee gives and grants to Operator for the term hereof and for any extensions as hereinafter provided, the non-exclusive authority to conduct foreign-trade zone activities at the Zone Site as an Operator of a Multi-User Zone Site, subject to the terms, conditions, agreements and restrictions herein set forth.

2.02 Authority Accepted

Operator agrees during the term of this Agreement to exercise its rights and powers in accordance with the terms and conditions of this Agreement and hereby assumes responsibility for the operation and management of said Zone Site.

2.03 Term of Agreement

A. Term and Renewal. Unless terminated as herein provided, this Agreement shall remain in effect for five (5) years, provided that Operator has performed to the satisfaction of Grantee as required herein, commencing on the first day of the month subsequent to City approval of this Agreement ("Commencement Date") and shall, after such five-year period, be renewed for three periods of five years each upon terms and conditions to be negotiated prior to the end of the then current five-year term. Any such renewal must be approved in advance or subsequently ratified by the Board of Harbor Commissioners. If the parties cannot agree on the terms and conditions prior to the end of the then current five-year period, the Agreement shall terminate at the end of such term.

B. Initiation of Operations. Operator hereby agrees to initiate operations at the Zone Site, as soon as practicable following approval by the Foreign-Trade Zones Board and Customs or such other time as may be mutually

agreed upon in writing by the Grantee and Operator. Operator shall not initiate operations at the Zone Site without first receiving, pursuant to 19 C.F.R. 146.6(b)(5), a written letter from the Grantee concurring in the initiation of operations.

ARTICLE III. - CONSTRUCTION, REPAIR AND MAINTENANCE

3.01 Construction

A. Operator agrees that it will construct at its expense the improvements and facilities at the Zone Site required by the Foreign-Trade Zones Board and Customs.

B. Operator further agrees that it will not construct any additional Zone Site facility or make any substantial alterations to the improvements referred to in Section 3.01.A, which materially affect operation of the Zone Site, unless plans for such alterations or additional improvements are first submitted to Grantee, for the concurrence of the Grantee, Foreign-Trade Zones Board and Customs, and appropriate federal, state and local agencies, as required by law.

3.02 Repair and Maintenance of Facilities

A. Operator, at its own expense, shall at all times repair and maintain the structures and other facilities that Operator leases or owns within the Zone Site in a condition satisfactory to the Grantee and consistent with the nature of the operations in the particular foreign-trade zone so as not to endanger the life and health of employees of the United States and others who may enter the Zone Site for any reason whatsoever. Accepted sanitary practices shall be followed in the construction, equipment, and operation of such buildings and other structures. Operator, in a timely manner, shall make such repairs or alterations as may be ordered by the Foreign-Trade Zones Board or the Grantee.

B. Operator agrees to provide at the Zone Site its own expense proper containers for trash to keep the Zone Site free and clear of rubbish, debris and litter at all times, and to keep and maintain the Zone Site in a safe, clean, wholesome and sanitary condition under Regulations. No offensive refuse matter or any substance constituting any unnecessary, unreasonable or unlawful fire hazard, nor material detrimental to the public health shall be permitted to be or remain on the Zone Site, and Operator shall exercise reasonable care to prevent such material or matter from being or accumulating upon the Zone Site.

C. All fire protection sprinkler systems, fire hydrant systems, standpipe systems, fire alarm systems, portable fire extinguishers and other fire protective or extinguishing systems or appliances which have been or may be installed at the Zone Site shall be maintained by Operator at its own expense in an operative condition at all times.

D. Operator shall be liable and shall make immediate payment of any fine, penalty, liquidated damage or other charge or assessment imposed by the Foreign-Trade Zones Board, Customs, Grantee or City for failure to make repairs or alterations as ordered, pursuant to procedures herein provided.

ARTICLE IV. - USE OF NAME AND ADVERTISING

4.01 Advertising

So long and only so long as this Agreement shall remain in force and effect, Operator, in operational management of the Zone Site, may advertise its operations as being within "Los Angeles Foreign-Trade Zone No. 202"; however, no designs, advertising, signs or forms of publicity (including form, color, number, location and size) shall be used upon or with respect to the Zone Site or other place of related business unless the same shall have been first approved in writing by the Grantee as meeting its standards. The Grantee, or its authorized agents, may at any time after five days' notice to Operator, enter the Zone Site and remove any unapproved signs or advertising media, and may keep or destroy such signs or other media without paying therefor, and without being deemed guilty of trespass or other tort.

ARTICLE V. - ESTABLISHMENT OF TARIFFS

5.01 Foreign-Trade Zone Regulations and Rate Schedules

This Agreement shall be subject to the rates, terms and conditions of the Foreign-Trade Zone No. 202 Tariff No. 2 as it now exists or may be amended or superseded. Operator acknowledges it has received, read and understands the rates, terms and conditions of Tariff and agrees to be contractually bound by these rates, terms and conditions as if these terms were set forth in full herein except as may be modified by this Agreement. Operator understands it is responsible for maintaining a complete copy of the current Tariff and assumes responsibility for doing so.

ARTICLE VI. - ADMINISTRATION AND OPERATION OF ZONE

6.01 Federal, State and Local Laws and Regulations

In the performance of activities required and permitted by this Agreement, Operator agrees to comply with Regulations, the Tariff and the terms of this Agreement.

6.02 Availability of Zone Site

If applicable as an operator of a Multi-User Zone Site, Operator confirms that the Zone Site will be used only for the conduct of the business of the Operator and its affiliates. For purposes of this paragraph, the term “affiliates” means wholly-owned

subsidiaries of the Operator and subsidiaries and partnerships in which the Operator has a greater than 50% interest.

6.03 PierPASS

Operator acknowledges that truck traffic congestion is a serious problem on roads and freeways leading into and out of the Port of Los Angeles. Therefore, the Operator shall, whenever it is reasonably feasible in light of its overall operations, utilize the PierPASS Program or other programs to reduce daytime truck operations. Operator shall use its best efforts to encourage its zone users to consider using the PierPASS and/or other programs to reduce daytime operations. Further, the Operator shall make available to its zone users PierPASS informational material provided to it by the City. Operator shall provide to City, at least annually, a report concerning its nighttime operations and PierPASS utilization.

6.04 Wilmington Truck Route

It is recognized by both parties that the Operator does not directly control the trucks serving the Port. However, the Operator shall notify truck drivers, truck brokers and trucking companies that trucks serving FTZ warehouses and originating in the Port of Los Angeles must confine their route to the designated Wilmington Truck Route of Alameda Street and "B" Street; Figueroa Street from "B" Street to "C" Street; and Anaheim Street east of Alameda Street. A copy of the Wilmington Truck Route is attached as Exhibit B, which may be modified from time to time at the sole discretion of the Executive Director with written notice to Operator.

ARTICLE VII. - CHARGES AND FEES

7.01 Processing/Application Fees

Upon execution of this Agreement, the Operator shall pay to Grantee a one-time non-refundable Operator's processing fee (in anticipation of activation) in the amount specified in the Foreign-Trade Zone No. 202 Tariff No 2 in effect at the time of the execution of this Agreement. The parties agree that this amount is fair and reasonable compensation for the services to be rendered by Grantee in assisting Operator with the processing of this Agreement and anticipated activation of the Zone Site. In addition, Operator shall pay to Grantee an application fee when the Grantee must return to the Foreign-Trade Zones Board on Operator's behalf for approval of (a) an expansion to include a new Zone space or Zone site, (b) a boundary modification to accommodate expanded operations, or (c) manufacturing authority or scope requests, which fees shall be those specified in the Foreign-Trade Zone No. 202 Tariff No. 2 in effect at the time of the application. Such fees shall be paid to Grantee at such time that Grantee is required to return to the Foreign-Trade Zones Board for (a), (b) or (c). In each of the three above referenced situations, Operator will be responsible for the total expense of preparing the application or request to be filed with the Foreign-Trade Zones Board.

7.02 Annual Administrative Charges

A. Annual Administrative Charges. In consideration of the granting of this authorization to operate the Zone Site, Operator agrees to pay to the Grantee an annual fee as specified in the Foreign-Trade Zone No. 202 Tariff No. 2 in effect at the time the execution of this Agreement. The parties agree that this amount is fair and reasonable compensation for the services to be rendered by Grantee in assisting Operator with its operation of the Zone Site and in providing its oversight responsibilities of the Zone. This annual fee is payable upon the Commencement Date of this Agreement and on every October 1 thereafter, so long as the Agreement remains in effect. The initial annual fee is to be prorated from the Commencement Date of this Agreement to the following October 1.

B. Operator's Expenses. Operator further agrees to pay, or cause to be paid, all costs, expenses, and taxes (if any) of the Zone Site operation, including, but not limited to, construction, installation, improvements, security, maintenance and personnel, and as otherwise provided herein.

ARTICLE VIII. - CUSTOMS EXPENSES

8.01 U.S. Customs and Border Protection Personnel

It is understood that from time to time it may become necessary for Customs personnel to be located at the Zone Site. In such event, the Operator shall be responsible for all charges for personnel billed by Customs. Grantee shall request that Customs bill Operator directly for any Customs personnel expense attributable to such foreign-trade zone operations at the Zone Site. In the event that such direct billing to Operator is not acceptable to Customs upon receipt of any billing for personnel expense by Grantee, Grantee shall promptly present the bill to Operator for payment. Operator agrees to make such payments promptly.

8.02 U.S. Customs and Border Protection Bond

Operator shall pay the full cost of any Bond required by Customs for all operations of the foreign-trade zone at the Zone Site.

8.03 Customs Charges

Operator shall be responsible for the payment of all Customs charges or exactions including but not limited to duties, taxes, charges, fines, penalties, interest, attorney, user and other fees, costs, liquidated damages, or expenses assessed due to the operation of the Zone Site.

ARTICLE IX. - ACCESS TO SITE

9.01 Right of Entry and Inspection

Representatives of Customs, the Foreign-Trade Zones Board, Grantee and any other authorized federal, state or local officials shall have the right to enter upon the Zone Site at any time for the authorized and lawful purpose of examining such Zone Site and merchandise contained therein and conferring with Operator, its agents, invitees, and employees on such Zone Site, inspecting and checking operations, supplies, equipment and merchandise, conducting financial and compliance audits and determining whether the business is being conducted in accordance with Regulations. All such entries shall be in accordance with usual security procedures.

ARTICLE X. - RESPONSIBILITY FOR AND ACCESS TO BOOKS AND RECORDS

10.01 Reports to Foreign-Trade Zones Board, Customs and Grantee

Operator shall submit to the Foreign Trade Zones Board at it's website via http://ita-web.ita.doc.gov/FTZ/OFISLogin.nsf, and at its own expense data sufficient to complete annual reporting requirement of the Operator to the Foreign-Trade Zones Board. Such information shall be provided not later than February 1 of each year (for the preceding period of 1/1-12/31). The submittal of all such data shall be entered by an appropriate official of Operator, certifying to the accuracy of the records for the specified accounting period. Apart from, and in addition to, reimbursing Grantee for any fine imposed upon Grantee as a result of an act or omission of Operator under this Agreement, Grantee may demand and Operator, upon such demand, shall pay Grantee $100 per day for each and every day after February 15 that the annual report data is not entered into the FTZ OFIS system, unless Grantee has provided Operator with a written extension of time in which to submit such data. All records maintained for preparation of all data and those required under the accounting system shall be retained in the Operator's place of business for at least five years after the merchandise covered by such records has been forwarded from the Zone Site except as required by Regulations.

All written communications with the Foreign-Trade Zones Board concerning operations within Foreign Trade Zone No. 202 are to be made through the Grantee.

10.02 Confidential Information

Details of business operations of individual firms operating and using the foreign-trade zone at the Zone Site shall be kept confidential except for such information as shall be determined to be public information under federal, state, or local laws. Any procedures manual, computer programs, computer report format, and any other related systems developed by Operator for said foreign-trade zone operation shall be the sole property of Operator and will not be disclosed to any other entity without the express written permission of Operator except as required under federal, state or local laws.

ARTICLE XI. - NONDISCRIMINATION

11.01 Nondiscrimination and Equal Opportunity

Operator agrees not to discriminate in its employment practices against any employee or applicant for employment because of the employee's or applicant's marital status, sexual orientation, medical condition, race, religion, national origin, ancestry, sex, age or physical handicap. All assignments, subleases and transfers of interest in this Agreement under or pursuant to this Agreement shall contain this provision.

The provisions of Section 10.8.4 of the Los Angeles Administrative Code as set forth in the attached Exhibit "C" are incorporated herein and made a part hereof.

11.02 Small Business Development Program

It is the policy of the Department to provide Small Business Enterprises (SBE) and Minority-Owned, Women-Owned and all Other Business Enterprises (MBE/WBE/OBE) an equal opportunity to participate in the performance of all City contracts in all areas where such contracts afford such participation opportunities. Operator shall assist the City in implementing this policy and shall use its best efforts to afford the opportunity for SBE's, MBEs, WBEs, and OBEs to achieve participation in subcontracts where such participation opportunities present themselves and attempt to ensure that all available business enterprises, including SBE's, MBEs, WBEs, and OBEs, have equal participation opportunity which might be presented under this Agreement.

ARTICLE XII. - TERMINATION AND DEFAULT

12.01 Termination for Cause

A. The breach of any provision of this Agreement or the failure to perform any obligations, duty or to accept liability established herein by act of commission or omission for whatsoever cause by a party hereto shall be a default. The non-defaulting party shall give written notice of intent to terminate this Agreement by registered or certified mail to the defaulting party stating the specific default or breach committed.

B. The non-defaulting party shall have the option to terminate the Agreement after expiration of the time periods as follows:

1. If the default can be cured by payment or posting of money, bond or other security for money due to the other party, the defaulting party shall have seven (7) days after receipt of the notice to terminate in order to pay over such money or, if the payment be contested, to post such amount with the other party pending final determination of liability, in cash or security in such form as approved by the non-defaulting party.

2. If the default cannot be cured by payment or posting of money or security to the other party as provided in subsection (1) above, the defaulting party shall have twenty-one (21) days after receipt of written notice to terminate in which to cure the default.

3. If the default is one, which by its nature cannot be reasonably cured within twenty-one (21) days, then the defaulting party shall have a reasonable time period in which to cure the default. Such time period shall include, but shall not exceed the time period provided by statutes, laws, ordinances, rules and regulations, or order of the Foreign-Trade Zones Board and shall include the time required for the completion of all administrative and all judicial procedures, including appellate procedures, as provided for by law. Upon the request of the non-defaulting party, the defaulting party shall submit to the non-defaulting party a written schedule of performance and supporting documentation indicating the shortest period in which such default can be cured by defaulting party.

12.02 Performance

In addition to any default arising under the provisions of Section 12.01, Operator hereby acknowledges that Operator's failure to perform any of the following duties and obligations to the reasonable satisfaction of the Grantee shall constitute a default which shall permit the Grantee to initiate termination proceedings pursuant to Section 12.01.

A. Maintenance of a uniform system of accurate books, records and accounts prepared in accordance with Generally Accepted Accounting Principals and capable of producing the following results, to the extent such results are required under the customs laws of the United States:

1. Accounting for all merchandise, including merchandise that is of domestic status, temporarily deposited, admitted, granted a zone status and/or status change, stored, exhibited, manipulated, manufactured, destroyed, transferred, and/or removed from a Zone Site;

2. Producing accurate and timely reports and documents;

3. Identifying shortages and overages of merchandise in the Zone Site in sufficient detail to determine the quantity, description, tariff classification, Zone Site status, and value of the missing or excess merchandise;

4. Providing all information necessary to make entry for merchandise being transferred to the Customs territory; and

5. Providing an audit trail to Customs forms from admission through manipulation, manufacture, destruction or transfer of merchandise from the Zone Site by a Customs authorized inventory method.

B. Proper operation of the Zone Site in accordance with applicable federal, state and local laws, regulations, rules, and operational management procedures approved by the Grantee, Customs and the Foreign-Trade Zones Board.

C. Preparation and timely submission of all reports to the Grantee.

12.03 Total or Partial Destruction of Zone Site

In the event that the Zone Site or the accommodation of foreign-trade zone business at the Zone Site is totally destroyed or partially destroyed and thereby terminates 33 and 1/3 percent or more of the activities within the Zone Site, based on a comparison of income derived, exclusive of insurance recovery, upon written demand from Grantee by registered or certified mail, Operator shall provide Grantee with general building and financial plans for the restoration of the Zone Site or the accommodation of foreign-trade zone business within thirty (30) days from receipt of such demand. If Operator does not provide any plans for restoration or accommodation of foreign-trade zone business at the Zone Site, Grantee shall have the option to immediately notify Operator of its intent to terminate, which shall be effective twenty (21) days after receipt of such notice by registered or certified mail.

12.04 Termination For No Cause

In the event either party for any reason wishes to terminate its participation in foreign-trade zone activities and terminate its rights and obligations under this Agreement, at least one hundred eighty (180) days prior written notice must be delivered to the other party. If the Grantee wishes to terminate, the Operator shall have the right, directly or through another entity, to assume the rights and obligations of the Grantee subject only to the approval of the Foreign-Trade Zones Board. If the Operator wishes to terminate, Operator is obligated to deactivate the Zone Site prior to the date of termination and must ensure that all foreign status merchandise has either been subject to the payment of customs duties and fees or been transferred, in bond, to another foreign trade zone facility.

Operator acknowledges that this Agreement has no bearing on any lease or other agreement it has with the City of Los Angeles. This Agreement cannot be construed as granting any right under or expectation in connection with any other agreement, including any leases or permits, held by the Operator. In the event that Operator's agreement, lease or permit concerning the facilities where the foreign trade zone operates expires or is terminated, the Grantee may assist Operator in obtaining necessary approvals from the Foreign-Trade Zone Board and/or Customs to establish its foreign trade zone at a different location.

12.05 Waiver

No waiver by either party at any time of any of the terms, conditions or covenants of this Agreement shall be deemed or taken as a waiver at any time thereafter of the same or any other term, conditions, covenant or agreement herein contained nor of the strict and prompt performance thereof by the party obligated to perform. No delay, failure or omission of either party to exercise any right, power, privilege or option arising from any default nor subsequent acceptance of compensation then or thereafter accrued shall impair any such right, power, privilege or option or be construed to be a waiver of any such default or relinquishment thereof or acquiescence therein. No option, right, power, remedy or privilege of either party hereto shall be construed as being exhausted or discharged by the exercise thereof in one or more instances. It is agreed that each and all the rights, powers, options or remedies given to the parties herein by this Agreement are cumulative, and no one of them shall be exclusive of the other or exclusive of any remedies provided by law and that the exercise of one right, power, option or remedy by a party shall not impair its rights to any other right, power, option or remedy.

12.06 Discontinuance of Trade Name

Upon the termination of this Agreement for any cause, the Operator shall, deactivate the Zone Site as of the date of expiration of the term of the Agreement and immediately discontinue all use of trade names, trademarks, signs and forms of advertising and other indicia of operation within the foreign-trade zone at the Zone Site, specifically referring to the Los Angeles Foreign Trade- Zone, and if the Operator shall fail or omit to make, or cause to be made, such changes, within ten (10) days after written notice, then the Grantee shall have the right to enter upon the Zone Site without being deemed guilty of or liable for trespass or any other tort or offense, and to make or cause to be made such changes at the expense of the Operator, which expense the Operator agrees to pay on demand.

12.07 Breach of Contract

Failure of any party to perform the obligations required by this Agreement or incorporated herein by reference shall constitute a material breach of this Agreement and the other party shall be entitled to pursue any and all remedies available at law or equity in addition to other rights and remedies specifically provided herein.

ARTICLE XIII. - DEACTIVATION OF ZONE SITE

13.01 Deactivation of Zone Site

Upon the expiration of the term of this Agreement, if no new agreement is entered into, Operator is obligated to deactivate the Zone Site as of the date of expiration of the term of the Agreement. Prior to deactivating the Zone Site, Operator

must ensure that all foreign status merchandise has either been subject to the payment of customs duties and fees or been transferred, in bond, to another foreign trade zone facility.

ARTICLE XIV. - INDEMNIFICATION AND INSURANCE

14.01 Indemnification

Except for the sole negligence or willful misconduct of the City, or any of its Boards, Officers, Agents, Employees, Assigns and Successors in Interest, Operator undertakes and agrees to defend, indemnify and hold harmless the City and any of 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 Operator'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 the negligent acts, errors, omissions or willful misconduct incident to the performance of this Agreement by Operator 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 Agreement and those allowed under the laws of the United States, the State of California, and the City.

14.02 Acceptable Evidence and Approval of Insurance

Electronic submission is the required method of submitting Operator's insurance documents. Operator's insurance broker or agent shall register with the City's online insurance compliance system **KwikComply** at https://kwikcomply.org/ and submit the appropriate proof of insurance on Operator's behalf.

14.03 General Liability Insurance

Operator shall procure and maintain in effect throughout the term of this Agreement, without requiring additional compensation from the City, commercial general liability insurance covering personal and advertising injury, bodily injury, and property damage providing contractual liability, independent contractors, products and completed operations, and premises/operations coverage written by an insurance company authorized to do business in the State of California rated VII, A- or better in Best's Insurance Guide (or an alternate guide acceptable to City if Best's is not available) within Operator's normal limits of liability but not less than One Million Dollars ($1,000,000.00) combined single limit for injury or claim. Said limits shall provide first dollar coverage except that Executive Director may permit a self-insured retention or self-insurance in those cases where, in his or her judgment, such retention or self-insurance is justified by the net worth of Operator. The retention or self-insurance provided shall provide that any other insurance maintained by the Harbor Department

shall be excess of Operator's insurance and shall not contribute to it. In all cases, regardless of any deductible or retention, said insurance shall contain a defense of suits provision and a severability of interest clause. Additionally, each policy shall include an additional insured endorsement (CG 2010 or equivalent) naming the City of Los Angeles Harbor Department, its officers, agents and employees as Primary additional insureds, a 10 days notice of cancellation for nonpayment of premium, and a 30 days notice of cancellation for any other reasons.

14.04 Automobile Liability Insurance

Operator shall procure and maintain at its expense and keep in force at all times during the term of this Agreement, automobile liability insurance written by an insurance company authorized to do business in the State of California rated VII, A- or better in Best's Insurance Guide (or an alternate guide acceptable to City if Best's is not available) within Operator's normal limits of liability but not less than One Million Dollars ($1,000,000.00) covering damages, injuries or death resulting from each accident or claim arising out of any one claim or accident. Said insurance shall protect against claims arising from actions or operations of the insured, or by its employees. Coverage shall contain a defense of suits provision and a severability of interest clause. Additionally, each policy shall include an additional insured endorsement (CG 2010 or equivalent) naming the City of Los Angeles Harbor Department, its officers, agents and employees as Primary additional insureds, a 10-days notice of cancellation for nonpayment of premium, and a 30-days notice of cancellation for any other reasons.

14.05 Workers' Compensation and Employer's Liability

Operator shall certify that it is aware of the provisions of Section 3700 of the California Labor code which requires every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and that Operator shall comply with such provisions before commencing the performance of the tasks under this Agreement. Coverage for claims under U.S. Longshore and Harbor Workers' Compensation Act, if required under applicable law, shall be included. Operator shall submit Workers' Compensation policies whether underwritten by the state insurance fund or private carrier, which provide that the public or private carrier waives its right of subrogation against the City in any circumstance in which it is alleged that actions or omissions of the City contributed to the accident. Such Worker's Compensation and occupational disease requirements shall include coverage for all employees of Operator, and for all employees of any subcontractor or other vendor retained by Operator.

14.06 Back-to-Back Bond

Operator shall, if requested to do so by the Grantee, furnish and pay the premium for a bond in a sum equal to the amount of the Customs Form 301 Foreign-Trade Zone Operator's bond required by Customs pursuant to the Regulations, conditioned upon the full, faithful and prompt performance of and compliance with, on the part of the Operator,

all the covenants, terms and conditions of this Agreement on its part to be fulfilled, kept, performed and observed. The bond so furnished shall be in a form acceptable to the Grantee, and shall be effective throughout the term of this Agreement and shall be made either by a surety company or companies qualified to carry on a surety business in the State of California and satisfactory to the Grantee.

14.07 Carrier Requirements

All insurance which Operator is required to provide pursuant to this Agreement shall be placed with insurance carriers authorized to do business in the State of California and which are rated A-, VII or better in Best's Insurance Guide. Carriers without a Best's rating shall meet comparable standards in another rating service acceptable to City.

14.08 Notice of Cancellation

Each insurance policy described above shall provide that it will not be canceled or reduced in coverage until after the Board of Harbor Commissioners, Attention: Risk Manager and the City Attorney of City have each been given thirty (30) days' prior written notice by registered mail addressed to 425 S. Palos Verdes Street, San Pedro, California 90731.

14.09 Modification of Coverage

Executive Director, at his or her discretion, based upon recommendation of independent insurance consultants to City, may increase or decrease amounts and types of insurance coverage required hereunder at any time during the term hereof by giving ninety (90) days' prior written notice to Operator.

14.10 Renewal of Policies

At least thirty (30) days prior to the expiration of each policy, Operator shall direct their insurance broker or agent to submit to the City's online insurance compliance system **KwikComply** at https://kwikcomply.org/ a renewal endorsement or renewal certificate showing that the policy has been renewed or extended or, if new insurance has been obtained, evidence of insurance as specified above. If Operator neglects or fails to secure or maintain the insurance required above, Executive Director may, at his or her own option but without any obligation, obtain such insurance to protect City's interests. The cost of such insurance will be charged to Operator in the next invoice.

14.11 Right to Self-Insure

Upon written approval by the Executive Director, Operator may self-insure if the following conditions are met:

1. Operator has a formal self-insurance program in place prior to execution of this Agreement. If a corporation, Operator must have a formal resolution of its board of directors authorizing self-insurance.

2. Operator agrees to protect the City, its boards, officers, agents and employees at the same level as would be provided by full insurance with respect to types of coverage and minimum limits of liability required by this Agreement.

3. Operator agrees to defend the City, its boards, officers, agents and employees in any lawsuit that would otherwise be defended by an insurance carrier.

4. Operator agrees that any insurance carried by Department is excess of Operator's self-insurance and will not contribute to it.

5. Operator provides the name and address of its claims administrator.

6. Operator submits its most recently filed 10-Q and its 10-K or audited annual financial statements for the three most recent fiscal years prior to Executive Director's consideration of approval of self-insurance and annually thereafter.

7. Operator agrees to inform Department in writing immediately of any change in its status or policy which would materially affect the protection afforded Department by this self-insurance.

8. Operator has complied with all laws pertaining to self-insurance.

14.12 Accident Reports

Operator shall report in writing to Executive Director within fifteen (15) calendar days after it, its officers or managing agents have knowledge of any accident or occurrence involving death of or injury to any person or persons, or damage in excess of Five Hundred Dollars ($500.00) to property, occurring upon the premises, or elsewhere within the Port of Los Angeles if Operator's officers, agents or employees are involved in such an accident or occurrence. Such report shall contain to the extent available (1) the name and address of the persons involved, (2) a general statement as to the nature and extent of injury or damage, (3) the date and hour of occurrence, (4) the names and addresses of known witnesses, and (5) such other information as may be known to Operator, its officers or managing agents.

ARTICLE XV. - INTEREST OF PARTIES

15.01 Independent Contractor Status

Operator is an independent contractor in the performance of all activities and functions pursuant to this Agreement. Operator and Grantee are not and shall not be considered as joint venturers, partners or agents of each other and neither shall have the power to bind or obligate the other. Operator's officers, employees, agents and subcontractors shall not be considered as officers, employees or agents of the Grantee. Grantee and Operator hereby agree not to represent to anyone that they are agents of one another or have any authority to act on behalf of one another.

15.02 Sublease and Assignment

A. Assignments/Subleases Prohibited. Except as provided in subsections (D) and (E), no assignment, sublease, transfer, gift, hypothecation or grant of control, or other encumbrance of this Agreement, or any interest therein or any right or privilege thereunder, regardless of whether accomplished by a separate agreement, sale of stock or assets, merger or consolidation or reorganization by or of Operator, or accomplished in any other manner, whether voluntary or by operation of law (hereafter collectively referred to as "transfer"), shall be valid for any purpose. For purposes of this subsection, the term "by operation of law" includes but is not limited to: (1) the placement of all or substantially all of Operator's assets in the hands of a receiver or trustee; or (2) a transfer by Operator for the benefit of creditors; or (3) transfers resulting from the death or incapacity of any individual who is a Operator or of a general partner of a Operator (except as provided in subsection (E) below).

B. Right to Terminate. Notwithstanding any other provision of this Agreement, any transfer or attempted transfer by Operator of this Agreement or interest granted by the Agreement in violation of any subsection of this Section shall entitle the Executive Director to terminate this Agreement after first providing Operator seven (7) calendar days' notice of termination.

C. Transfers of Stock.

1. If Operator is either a privately held corporation or a corporation whose stock is not listed on the New York, American, NASDAQ, or Pacific Stock Exchange and more than twenty-five percent (25%) of the outstanding shares of voting stock of Operator is traded (whether in one transaction or a series of transactions) during any twelve (12) month period, Operator shall notify Executive Director in writing within ten (10) days after the transfer date. If a transfer of more than twenty-five percent (25%) of the outstanding shares of voting stock of Operator occurs, Grantee, at its option, may terminate this Agreement.

If Operator is a corporation whose stock is listed on the New York, American, NASDAQ, or Pacific Stock Exchange, Operator shall notify Grantee in writing if more than fifty percent (50%) of the outstanding shares of voting stock of Operator are transferred pursuant to a merger or stock purchase agreement. Operator shall provide such notice no later than ten (10) days after the transfer date. If a transfer of more than fifty percent (50%) of the outstanding shares of voting stock of Operator occurs, Grantee, at its option, may terminate this Agreement.

2. If Operator is a partnership, any transfer or attempted transfer by any general partner of Operator of more than twenty-five percent (25%) of its partnership interest in Operator, shall be a prohibited assignment of Operator's interest in this Agreement within the meaning of the preceding subsections. Notwithstanding the foregoing, any such transfer of a general partner's interest consequent upon the death of a general partner to the immediate members of his or her family who will be immediately and personally involved in the operation of the partnership shall not be deemed a transfer within the meaning of this Section.

3. Grantee shall have the authority - but no obligation - to modify the foregoing conditions based on the facts of a particular case.

D. Subleases. Operator's right to sublease the Zone Site is conditioned upon the prior written approval of the Grantee.

E. Miscellaneous Conditions. Any consent given by City to Operator to transfer this Agreement or any interest therein or right or privilege thereunder shall not be construed as consent to any other such transfer. Moreover, the City's consent to such a transfer shall not alter Operator's obligation to be at all times primarily responsible for compliance with all covenants, conditions and provisions of this Agreement.

15.03 Disclosure of Interest

Prior to execution of this Agreement, Operator shall furnish Grantee with copies of its Articles of Incorporation, its by-laws, its most recent annual report, and its most recent Form 10(k). At the time of its annual reporting of information to Grantee as required by paragraph 10.01, Operator shall provide to Grantee copies of changes to its Articles of Incorporation or by-laws, if any such changes have occurred since the initial or most recent filing of documents under this paragraph, and also shall provide Grantee, at that time, with a copy of its most recent annual report and Form 10(k), if not previously provided.

ARTICLE XVI. - MISCELLANEOUS PROVISIONS

16.01 Mandatory Operator Training

The Operator's FTZ designee shall attend at least eight (8) hours per year of professional training that is related to foreign-trade zone operation. Training will be offered from time to time at the Zone, and other Grantee-approved programs may be used to meet this requirement. The Grantee and Operator agree that educational sessions on foreign-trade zone operations conducted at seminars and conferences of the National Association of Foreign-Trade Zones may be used to meet this requirement.

16.02 Past Due Obligations

Any and all amounts required hereunder to be paid by Operator to Grantee, or which are to be paid "with interest" or which Grantee advances on behalf of Operator, which are not paid when due shall bear interest at the following rate: the legal rate provided by law for judgments in California plus three percent (3%), or the posted announced prime rate of the Bank of America, Los Angeles, California on the date payment is due, plus one percent (1%), whichever is greater. The interest rate shall be per annum from the due date until paid, unless otherwise specifically provided herein but the rate shall be modified from time to time as the legal rate or prime rate change.

16.03 Time of Essence

Time is of the essence of this Agreement and of every term, covenant and conditions hereof.

16.04 Construction of Terms and Conditions

This Agreement shall be governed by and construed in accordance with the Act, regulations promulgated thereunder and all amendments thereto and the applicable laws of the State of California.

16.05 Counterparts

This Agreement may be executed in any number of counterparts each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute but one and the same agreement.

16.06 Further Instruments and Actions

Each party shall deliver such further instruments and take such further action as may be reasonable requested by the other in order to carry out the provisions and purposes of this Agreement.

16.07 Headings

Headings and captions in this Agreement are solely for the convenience of reference and shall not affect the interpretation of this Agreement.

16.08 Conflict of Interest

It is hereby understood and agreed that the parties to this Agreement have read and are aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the California Government Code relating to conflict of interest of public officers and employees, as well as the Los Angeles Municipal Code (LAMC) Municipal Ethics and Conflict of Interest provisions of Section 49.5.1 et seq. and the Conflict of Interest Codes of the City and Department. All parties hereto agree that they are unaware of any financial or economic interest of any public officer or employee of City relating to this Agreement. Notwithstanding any other provision of this Agreement, it is further understood and agreed that if such financial interest does exist at the inception of this Agreement, City may immediately terminate this Agreement by giving written notice thereof.

16.09 Integration

This Agreement contains the complete statement of all the arrangements between the parties with respect to its subject matter and cannot be changed or terminated orally. No waiver of the provisions of this Agreement shall be valid unless in writing signed by the party against whom such waiver is sought to be enforced.

16.10 Separability

If any provision of this Agreement is declared void or defective, that declaration will not effect the validity of any other provision of this Agreement.

16.11 Notices to the Parties

All notices, demands or other writings in this Agreement provided to be given, made or sent by either party hereto to the other shall be deemed to have been fully given, made or sent when made in writing and deposited in the United States mail postpaid registered or certified and addressed as follows:

For the Grantee To: City of Los Angeles
Harbor Department
425 S. Palos Verdes Street
San Pedro, California 90733
ATTN: Ana Dragin, Marketing Division

For the Operator To: BEE IMAGINE LLC
4910 Azusa Canyon Road
Irwindale, CA 91706
ATTN: Rocio Carrillo

The address to which any notice, demand or other writing may be given, made or sent to either party may be changed by written notice given by such party as above provided.

16.12 Legal Action

Attorneys' Fees. If either party brings any action or proceeding to enforce, protect, or establish any right or remedy arising out of or based upon this Agreement, including but not limited to the recovery of damages for its breach, the prevailing party in said action or proceeding shall be entitled to recovery of its costs and reasonable attorneys' fees, including the reasonable value of the services of the Office of City Attorney or house counsel of Operator.

16.13 Governing Law/Venue

This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to the conflicts of law, rules and principles of such State. The parties agree that all actions or proceedings arising in connection with this Agreement shall be tried and litigated exclusively in the State or Federal courts located in the County of Los Angeles, State of California, in the judicial district required by court rules.

16.14 Waiver of Claims

Operator hereby waives any claim against City and Grantee and its officers, agents or employees for damages or loss caused by any suit or proceedings directly or indirectly challenging the validity of this Agreement, or any part thereof, or by any judgment or award in any suit or proceeding declaring this Agreement null, void or voidable or delaying the same or any part thereof from being carried out.

16.15 Wage and Earning Assignment Orders/Notices of Assignments

The Operator or any subs is obligated to fully comply with all applicable state and federal employment reporting requirements for the Operator and/or sub's employees.

The Operator and/or subs shall certify that the principal owner(s) are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally. The Operator or subs will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with Cal. Family Code § § 5230 et. seq. The Operator or subs will maintain such compliance throughout the term of the Agreement.

16.16 State Tidelands Grants

This Agreement is entered into in furtherance of and as a benefit to the State Tidelands Grant and the trust created thereby. Therefore, this Agreement is at all times subject to the limitations, conditions, restrictions and reservations contained in and prescribed by the Act of the Legislature of the State of California entitled "An Act Granting to the City of Los Angeles the Tidelands and Submerged Lands of the State Within the Boundaries of Said City," approved June 3, 1929, (Stats. 1929, Ch. 651), as amended, and provisions of Article VI of the Charter of the City of Los Angeles relating to such lands. Operator agrees that any interpretation of this Agreement and the terms contained herein must be consistent with such limitations, conditions, restrictions and reservations.

16.17 City's Business Tax Ordinance - BTRC Number

If the Operator is operating a site within the City of Los Angeles, then the Operator represents that is has obtained and presently holds the Business Tax Registration Certificate(s) required by the City's Business Tax Ordinance (Article 1, Chapter 2, Sections 21.00 et seq., of the Los Angeles Municipal Code). If applicable, the Operator will, upon request, provide evidence that said certificate has been obtained. If required, the Operator shall maintain, or obtain as necessary, all such certificates required by it under the ordinance and shall not allow such certificate to be suspended or revoked.

16.18 Equal Benefits Policy

The Board of Harbor Commissioners of the City of Los Angeles adopted Resolution No. 6328 on January 12, 2005, agreeing to adopt the provisions of Los Angeles City Ordinance No. 172,908, as amended, relating to Equal Benefits, Section 10.8.2.1 et seq. of the Los Angeles Administrative Code, as a policy of the Department. Operator shall comply with the policy wherever applicable. Violation of this policy shall entitle the City to terminate any Agreement with Operator and pursue any and all other legal remedies that may be available.

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IN WITNESS WHEREOF, the parties have executed this Agreement on the dated first hereinabove written.

THE CITY OF LOS ANGELES
HARBOR DEPARTMENT

Date _____, 20__

By_____
EUGENE D. SEROKA
Executive Director

Attest_____
AMBER M. KLESGES
Board Secretary

BEE IMAGINE LLC

_____

Date December 03, 2024

By_____
Joshua Hurtado CEO
(Print/Type Name and Title)

By _____
Rocio Carrillo VP of Finance
(Print/Type Name and Title)

APPROVED AS TO FORM AND LEGALITY

January 2, 2025
HYDEE FELDSTEIN SOTO, City Attorney
STEVEN Y. OTERA, General Counsel

By: _____
HELEN J. SOK, Deputy

HJS:mc

FTZ 202 - Site 54
Bee Imagine LLC

N

0 0.1 0.2 0.4 Miles

Exhibit A
Transmittal 2

THE PORT OF LOS ANGELES

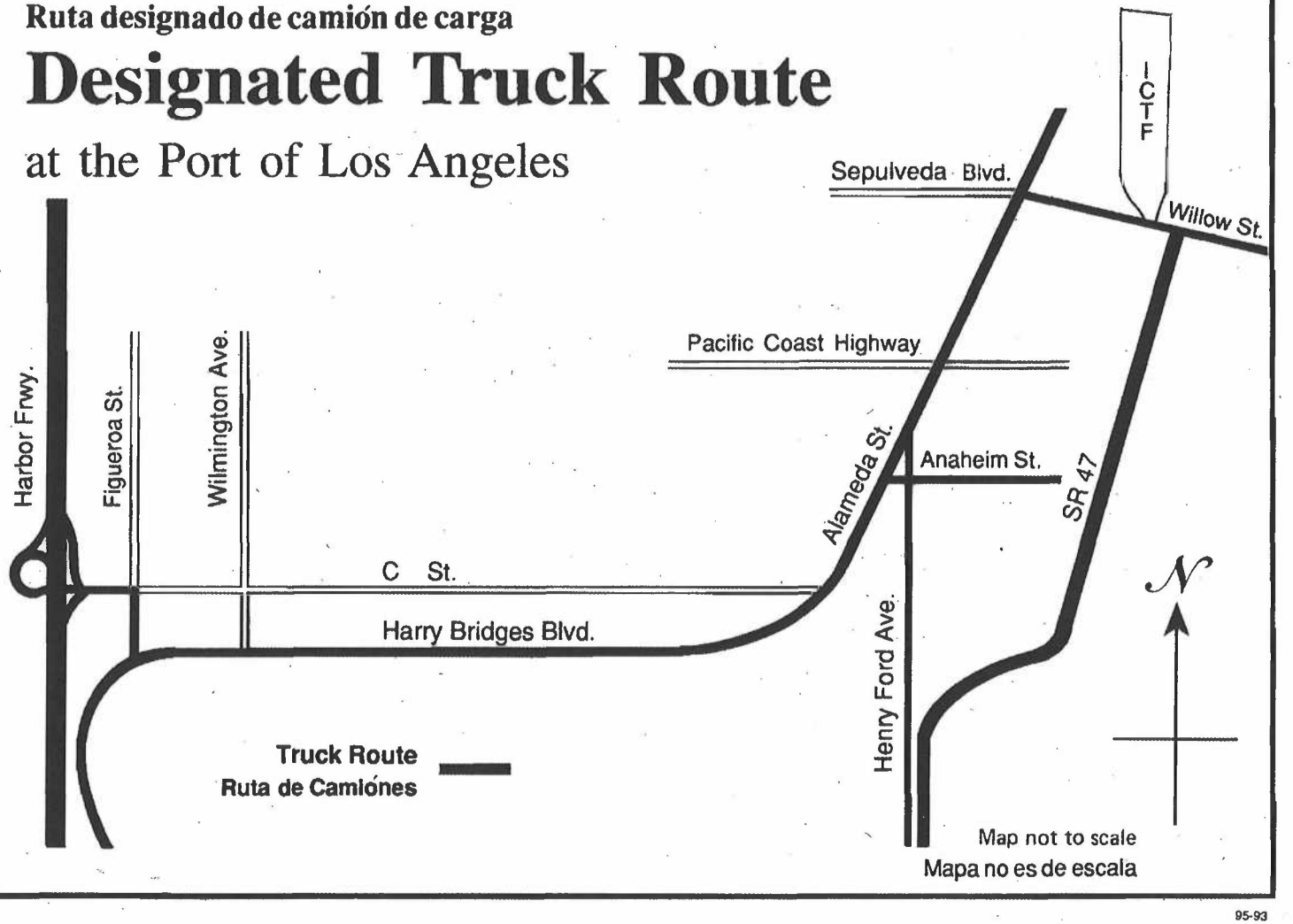
ITD-GIS • DECEMBER 2024 • GIS@PORTLA.ORG

TRUCKS ENTERING AND LEAVING THE PORT MUST USE THE ROUTE SHOWN BELOW.
CAMIÓNES ENTRANDO Y SALIENDO EL PORTO DEVEN DE USAR LA RUTA INDICADO ABAJO.

Ruta designado de camión de carga

Designated Truck Route

at the Port of Los Angeles



95-93

EXHIBIT B

EXHIBIT C - AFFIRMATIVE ACTION PROGRAM PROVISIONS

Sec. 10.8.4 Affirmative Action Program Provisions.

Every non-construction and construction Contract with, or on behalf of, the City of Los Angeles for which the consideration is $25,000 or more shall contain the following provisions which shall be designated as the AFFIRMATIVE ACTION PROGRAM provisions of such Contract:

A. During the performance of a City Contract, the Contractor certifies and represents that the 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, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

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

C. At the request of the Awarding Authority or the DAA, the Contractor shall certify on an electronic or hard copy form to be supplied, that the Contractor has not discriminated in the performance of City Contracts against any employee or applicant for employment on the basis or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

D. The 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 DAA for the purpose of investigation to ascertain compliance with the Affirmative Action Program provisions of City Contracts and, upon request, to 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 a City Contract. The 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 DAA. No finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to the Contractor.

F. Upon a finding duly made that the 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 of Los Angeles. In addition thereto, the breach may be the basis for a determination by the Awarding Authority or the Board of Public Works that the Contractor is a non-responsible bidder or proposer pursuant to the provisions of Section 10.40 of this Code. In the event of such determination, the Contractor shall be disqualified from being awarded a contract with the City of Los Angeles 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 the 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 the Contractor by the City of Los Angeles under the contract, a penalty of ten dollars for each person for each calendar day on which the person was discriminated against in violation of the provisions of a City Contract.

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

I. The Public Works Board of Commissioners shall promulgate rules and regulations through the DAA and provide to the Awarding Authorities electronic and hard copy forms for the implementation of the Affirmative Action Program provisions of City contracts, and rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive Orders. No other rules, regulations or forms may be used by an Awarding Authority of the City to accomplish this contract compliance program.

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. By affixing its signature to a Contract that is subject to this article, the Contractor shall agree to adhere to the provisions in this article for the duration 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 Program.

1. The Contractor certifies and agrees to immediately implement good faith effort measures to recruit and employ minority, women and other potential employees in

a non-discriminatory manner including, but not limited to, the following actions as appropriate and available to the Contractor's field of work. The Contractor shall:

(a) Recruit and make efforts to obtain employees through:

(i) Advertising employment opportunities in minority and other community news media or other publications.

(ii) Notifying minority, women and other community organizations of employment opportunities.

(iii) Maintaining contact with schools with diverse populations of students to notify them of employment opportunities.

(iv) Encouraging existing employees, including minorities and women, to refer their friends and relatives.

(v) Promoting after school and vacation employment opportunities for minority, women and other youth.

(vi) Validating all job specifications, selection requirements, tests, etc.

(vii) Maintaining a file of the names and addresses of each worker referred to the Contractor and what action was taken concerning the worker.

(viii) Notifying the appropriate Awarding Authority and the DAA in writing when a union, with whom the Contractor has a collective bargaining agreement, has failed to refer a minority, woman or other worker.

(b) Continually evaluate personnel practices to assure that hiring, upgrading, promotions, transfers, demotions and layoffs are made in a non-discriminatory manner so as to achieve and maintain a diverse work force.

(c) Utilize training programs and assist minority, women and other employees in locating, qualifying for and engaging in the training programs to enhance their skills and advancement.

(d) Secure cooperation or compliance from the labor referral agency to the Contractor's contractual Affirmative Action Program obligations.

(e) Establish a person at the management level of the Contractor to be the Equal Employment Practices officer. Such individual shall have the authority to disseminate and enforce the Contractor's Equal Employment and Affirmative Action Program policies.

(f) Maintain records as are necessary to determine compliance with Equal Employment Practices and Affirmative Action Program obligations and make the records available to City, State and Federal authorities upon request.

(g) Establish written company policies, rules and procedures which shall be encompassed in a company-wide Affirmative Action Program for all its operations and Contracts. The policies shall be provided to all employees, Subcontractors, vendors, unions and all others with whom the Contractor may become involved in fulfilling any of its Contracts.

(h) Document its good faith efforts to correct any deficiencies when problems are experienced by the Contractor in complying with its obligations pursuant to this article. The Contractor shall state:

(i) What steps were taken, how and on what date.

(ii) To whom those efforts were directed.

(iii) The responses received, from whom and when.

(iv) What other steps were taken or will be taken to comply and when.

(v) Why the Contractor has been or will be unable to comply.

2. Every contract of $25,000 or more which may provide construction, demolition, renovation, conservation or major maintenance of any kind shall also comply with the requirements of Section 10.13 of the Los Angeles Administrative Code.

L. The Affirmative Action Program required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by 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 minimize the impact of any disability.

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

N. This ordinance shall not confer upon the City of Los Angeles or any Agency, Board or Commission thereof any power not otherwise provided by law to determine the legality of any existing collective bargaining agreement and shall have application only to discriminatory employment practices by Contractors engaged in the performance of City Contracts.

O. All Contractors subject to the provisions of this article shall include a similar provision in all subcontracts awarded for work to be performed under the Contract with the City 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 Contractor's Contract with the City.