

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 5, 2024

CAO File No. 0150-12762-0000
Council File No.
Council District: 11

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from the Los Angeles World Airports Board of Airport Commissioners dated August 15, 2024 and August 30, 2024; referred by the Mayor for a report on August 16, 2024

Subject: **RESOLUTION NO. 28002 AND PROPOSED FIRST AMENDMENT TO OFFICE LEASE LAA-9051 WITH AMERICAN AIRLINES, INC., TO EXTEND THE TERM FOR 49 MONTHS FOR OFFICE SPACE IN THE LOS ANGELES WORLD AIRPORTS-OWNED SKYVIEW CENTER AT 6033 WEST CENTURY BLVD.**

RECOMMENDATION

That the Mayor:

1. Approve Los Angeles World Airports (LAWA) Board Resolution No. 28002 authorizing a proposed First Amendment to Lease LAA-9051 with American Airlines, Inc., for 7,927 square feet of office space in the LAWA-owned Skyview Center, located at 6033 West Century Blvd.:
 - a. Extending the term by 49 months, retroactively from May 1, 2024 to May 31, 2028, and generating revenues that will pay LAWA \$160,868 during the first year and \$951,713 over the total term; and
 - b. Approving an appropriation of \$57,103 for broker commissions;
2. Adopt the California Environmental Quality Act (CEQA) determinations of the August 30, 2024 Board of Airport Commissioners (Board) Resolution 28002, that this action is exempt from the CEQA pursuant to Article III, Class 1 (18)(c) and (e) of the Los Angeles City CEQA Guidelines; and
3. Authorize the LAWA Chief Executive Officer, or designee, to execute the proposed agreement, upon approval as to form by the City Attorney and approval by the Council.

SUMMARY

The Los Angeles World Airports (LAWA) Board of Airport Commissioners (Board) requested approval of its August 30, 2024 Resolution 28002 authorizing a proposed First Amendment to

Lease LAA-9051 with American Airlines, Inc. (referred to as “American Airlines” or “Tenant”) for 7,927 square feet of space in the LAWA-owned office building known as Skyview Center at 6033 West Century Blvd. The term of the lease commenced May 23, 2019 and expired on April 30, 2024. Following the expiration of the agreement, the tenant has continued to occupy the premises on a month-to-month basis without a formal long-term lease.

The proposed First Amendment will convert the tenant’s lease from a month-to-month tenancy to a fixed 49-month agreement, retroactive from May 1, 2024 to May 31, 2028, generating \$160,868 in the first year and a total of \$951,713 in net revenue over the full term, after deducting rent abatement not exceeding \$80,434. Additionally, provisions included in the amendment require American Airlines to increase its security deposit for the lease by approximately \$7,674 to ensure compliance with the terms of the agreement.

The proposed lease is subject to approval as to form by the City Attorney. Pursuant to Charter Section 606 and Los Angeles Administrative Code Section 10.5, Council approval is required because the cumulative term of the agreement, including the proposed amendment, exceeds five years. Our Office has reviewed the request and recommends approval.

BACKGROUND

On May 21, 2013, the Board approved the acquisition of the Skyview Center. Located at 6033 (Tower 1) and 6053 West Century Blvd. (Tower 2). Together, the two buildings provide 412,147 square feet of office space—206,679 square feet in Tower 1 and 205,468 square feet in Tower 2—and include a shared parking structure with an adjacent flat parking lot at 6101 and 6151 West 98th Street.

Skyview Center Occupancy and Leasing Status – Skyview Center has a 71 percent occupancy rate, or 292,427 square feet of used office space, and a 29 percent vacancy rate, or 119,720 square feet available for lease. As a standalone building, Tower 1 has a 67 percent occupancy rate, or 137,455 square feet of used office space, and a 33 percent vacancy rate, or 69,224 square feet available for lease. The vacant space is actively marketed by LAWA and Skyview Center’s property management and leasing agent, Colliers International Real Estate Management Services, Inc. (referred to as “Colliers”), to prospective tenants.

American Airlines Lease Status – On October 18, 2018 (Resolution No. 26607), the Board approved a 60-month lease with American Airlines at 6033 West Century Blvd., Suite 1200. The lease commenced on May 23, 2019 and lapsed on April 30, 2024, generating approximately \$951,713 in revenue. Since May 1, 2024, American Airlines has occupied the premises on a month-to-month basis while LAWA staff and Colliers negotiated the terms specified in the First Amendment.

Exemption from Competitive Bidding – On July 21, 2022, the Board approved Resolution 27530, determining it was in the City’s best interest to contract with Colliers for Skyview Center’s real estate and management services. As a result, competitive bidding restrictions did not apply to either the original lease with American Airlines or the proposed First Amendment.

Lease Negotiations - On August 15, 2024 and August 30, 2024, the Board approved a LAWA staff report and Resolution 28002 requesting authority to execute a First Amendment with American Airlines. Initial negotiations between LAWA and American Airlines posed a 60-month lease. The tenant later requested a shorter 48-month term instead. After further negotiations, both parties compromised with a 49-month agreement. This final arrangement allowed LAWA an additional month to recoup a portion of the rent abatement fees.

Lease Revenue and Expenses – The proposed agreement will generate \$160,868 in the first year and \$951,713 over the 49-month period (not including automatic annual rental rate adjustments), after deducting up to \$80,434 for first-year rent abatement. The abatement covers the first four full months (May through August 2024) of the new lease term. Additionally, a \$57,103 broker commission will be appropriated from the LAWA Los Angeles World Airports Revenue Fund.

Other Key Terms of the Lease – The proposed lease includes a rental rate of \$2.53 per square foot per year, with annual increases of three percent. In the original lease agreement, the tenant paid a security deposit of approximately \$60,223 to LAWA. Under the proposed amendment, American Airlines will add an additional security deposit of about \$7,674, resulting in a total security deposit of \$67,897 to ensure compliance with the provisions stipulated in the lease. All other terms and conditions of lease agreement and the amendment remains unchanged.

CITY COMPLIANCE

Small Business Enterprise (SBE), Local Business Enterprise (LBE), Local Small Business Enterprise (LSBE), and Disabled Veterans Business Enterprise (DVBE) Participation – The Department indicates that the City's Business Enterprise program participation requirements are not applicable to leases.

Charter Section 1022 – Lease agreements are not subject to the provisions of Charter Section 1022 on the use of independent contractors.

California Environmental Quality Act (CEQA) – The Department has determined that the issuance of permits, leases, agreements, berth and space assignments, and renewals, amendments, or extensions thereof, or other entitlements granting use of existing airport facilities and office space, or its operations, is exempt from CEQA requirements pursuant to Article III, Class 1 (18)(c) and (e) of the Los Angeles City CEQA Guidelines.

The proposed First Amendment to the lease agreement includes provisions to ensure compliance with applicable City Ordinances, contracting, and insurance requirements. The proposed lease is subject to approval as to form by the City Attorney and approval by the Council. In accordance with Charter Section 606 and Administrative Code Section 10.5(c), the proposed amendment requires Council approval because the total term of the agreement, including the proposed First Amendment exceeds five years. Our Office recommends approval.

FISCAL IMPACT STATEMENT

Approval of the proposed lease between the Los Angeles World Airports and American Airlines, Inc. at the Skyview Center will result in annual rent revenue of \$160,868 during the first year, and \$951,713 over the 49-month term of the lease (excluding automatic annual rental rate adjustments) after deductions for rent abatement. The First Amendment also includes an appropriation of \$57,103 for broker commissions. The expense for broker commissions will be appropriated from the Los Angeles World Airports LAX Revenue Fund, while the net revenue generated through the lease will be deposited into the same Fund. The recommendations in this report comply with the Los Angeles World Airports' adopted Financial Policies. Approval of the proposed lease agreement will have no impact on the City's General Fund.

Attachment 1 – August 15, 2024 BOAC Report and August 30, 2024 Resolution No. 28002

MWS/PJH/JVW:DLG:10250080

August 15, 2024

The Honorable Karen Bass
Mayor, City of Los Angeles
City Hall – Room 303
Los Angeles, CA 90012

ATTN: Heleen Ramirez, Legislative Coordinator
ATTN: Thomas Arechiga, Deputy Legislative Coordinator

LAX

Van Nuys

City of Los Angeles

Karen Bass
Mayor

**Board of Airport
Commissioners**

Karim Webb
President

Matthew M. Johnson
Vice President

Vanessa Aramayo
Courtney La Bau
Victor Narro
Nicholas P. Roxborough
Valeria C. Velasco

John Ackerman
Chief Executive Officer

RE: Request to approve the First Amendment to Office Lease LAA-9051 with American Airlines, Inc.

In accordance with Executive Directive No. 4, we are transmitting a copy of the specified board report for the request to approve the First Amendment to Office Lease LAA-9051 with American Airlines, Inc. to extend the term by 49 months for office space in the Los Angeles World Airports-owned Skyview Center located at 6033 West Century Blvd., which will generate \$951,713 in net revenue over the extension term.

City Council approval is required pursuant to Section 606 of the Los Angeles City Charter.

Sincerely,



Becca Doten
Chief of Staff

BD:MSA:ksf



**Report to the
BOARD OF AIRPORT COMMISSIONERS**

<p><i>Marla Bleavins</i> Marla Bleavins (Aug 1, 2024 11:52 PDT)</p> <p>Approver: _____ Dave Jones, Deputy Executive Director Commercial Development</p>	<p>Meeting Date</p> <p>8/15/2024</p>																									
	<p>Needs Council Approval: <input checked="" type="checkbox"/> Y</p>																									
<p><i>Brian C. Ostler</i> Brian C. Ostler, City Attorney</p> <p>Reviewer: _____</p> <p><i>John Ackerman</i> John Ackerman, Chief Executive Officer</p>	<table border="1"> <thead> <tr> <th>Reviewed for/by</th> <th>Date</th> <th>Approval Status</th> <th>By</th> </tr> </thead> <tbody> <tr> <td>Finance</td> <td>6/24/2024</td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> NA</td> <td>JS</td> </tr> <tr> <td>CEQA</td> <td>6/20/2024</td> <td><input checked="" type="checkbox"/> Y</td> <td>VW</td> </tr> <tr> <td>Procurement</td> <td>6/22/2024</td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond</td> <td>BG</td> </tr> <tr> <td>Guest Experience</td> <td>6/21/2024</td> <td><input checked="" type="checkbox"/> Y</td> <td>TB</td> </tr> <tr> <td>Strategic Planning</td> <td>6/20/2024</td> <td><input checked="" type="checkbox"/> Y</td> <td>BNZ</td> </tr> </tbody> </table>	Reviewed for/by	Date	Approval Status	By	Finance	6/24/2024	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS	CEQA	6/20/2024	<input checked="" type="checkbox"/> Y	VW	Procurement	6/22/2024	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	BG	Guest Experience	6/21/2024	<input checked="" type="checkbox"/> Y	TB	Strategic Planning	6/20/2024	<input checked="" type="checkbox"/> Y	BNZ	
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SUBJECT

Request to approve the First Amendment to Office Lease LAA-9051 with American Airlines, Inc. to extend the term by 49 months for office space in the Los Angeles World Airports-owned Skyview Center located at 6033 West Century Blvd., which will generate \$951,713 in net revenue over the extension term.

RECOMMENDATIONS

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that the issuance of permits, leases, agreements, berth and space assignments, and renewals, amendments, or extensions thereof, or other entitlements granting use of existing airport facilities and office space, or its operations is exempt from California Environmental Quality Act requirements pursuant to Article III, Class 1 (18)(c) and (e) of the Los Angeles City CEQA Guidelines.
3. FIND that the City's competitive bidding restrictions do not apply pursuant to Board Resolution No. 27530 whereby the Board of Airport Commissioners and the City Council found that it would be in the best interest of the City to contract with Colliers International Real Estate Management Services, Inc. for leasing services at Skyview Center.
4. APPROVE the proposed First Amendment to Office Lease LAA-9051 with American Airlines, Inc.

5. AUTHORIZE the Chief Executive Officer, or designee, to execute the proposed First Amendment after approval as to form by the City Attorney and approval by the Los Angeles City Council.
6. APPROPRIATE funds in the amount of \$57,102.78 for broker commissions.

DISCUSSION

1. Purpose

The proposed First Amendment to Office Lease LAA-9051 with American Airlines, Inc. will extend the current 60-month term by 49 months and retain an existing tenant in good standing in the Skyview Center office buildings.

2. Prior Related Actions/History of Board Actions

- **May 21, 2013 – Resolution No. 2519**

The Board of Airport Commissioners (Board) approved the acquisition of Skyview Center, a two-building office complex consisting of approximately 412,153 square feet of class A office space.

- **October 18, 2018 – Resolution No. 26607 (LAA-9051)**

The Board approved a 60-month lease with American Airlines that expired on April 30, 2024.

- **July 7, 2022 – Resolution No. 27530 (DA-5560)**

The Board approved a seven-year Property Management and Leasing Agreement with Colliers International Real Estate Management Services, Inc. (Colliers) for both Skyview Center at 6053 W. Century Boulevard and for Aviation Plaza in Van Nuys for an amount not to exceed \$2,500,000.

3. Background

Los Angeles World Airports (LAWA) purchased the two-building Skyview Center office complex in 2013. Los Angeles World Airports occupies 137,733 square feet, or 33 percent of the available office space, at Skyview Center. Currently, 69,224 square feet, or 34 percent of the space, is available for lease, and LAWA and Colliers are actively marketing to prospective tenants. American Airlines has been at Skyview Center since 2019 and has been on holdover status since May 2024.

4. Current Action/Rationale

Colliers and LAWA staff negotiated the terms of the proposed First Amendment with American Airlines, which includes a rental rate of \$2.53 per square foot with three percent annual increases. Terms of this rate are negotiated based on the tenant, size and condition of the office space, and market conditions. In accordance with LAWA's leasing incentives, the proposed amendment provides rental abatement of \$80,434, which is the equivalent of four months of free rent that will be applied to the first year of the extended term. The proposed First Amendment will generate \$951,713 in net revenue over the 49-month term.

5. Fiscal Impact

Approval of this item will result in net revenue of \$951,713 to LAWA over the 49-month term after broker commissions and rental abatement are deducted.

6. Alternatives Considered

- ***Take No Action/Deny Request to Approve the Amendment***

Taking no action is not recommended, as not approving the proposed First Amendment will risk the loss of the tenant, which would then result in the potential loss of revenue to LAWA.

- ***Lease Space to Another Tenant***

No other parties have expressed interest in the space, and no prospective tenants are known to exist for these premises.

APPROPRIATIONS

Staff request that the Board appropriate funds in the amount of \$57,102.78 for broker commissions as approved in the Property Management and Leasing Agreement with Colliers at Aviation Plaza and Skyview Center.

STANDARD PROVISIONS

The proposed document(s) is/are subject to approval as to form by the City Attorney.

Actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 606.

August 30, 2024

The Honorable City Council
of the City of Los Angeles
(via email)

Subject: First Amendment to Lease LAA-9051 with American Airlines Inc.

Enclosed for your consideration is the First Amendment to Lease LAA-9051 with American Airlines Inc. that was approved by the Board of Airport Commissioners at its August 15, 2024 meeting. There is no impact to the General Fund.

LAX

Van Nuys

City of Los Angeles

Karen Bass
Mayor

Board of Airport
Commissioners

Karim Webb
President

Matthew M. Johnson
Vice President

Vanessa Aramayo
Courtney La Bau
Victor Narro
Nicholas P. Roxborough
Valeria C. Velasco

John Ackerman
Chief Executive Officer

RECOMMENDATIONS FOR CITY COUNCIL:

1. Adopt the determination by said Board that the action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1(18)(c) and (e) of the Los Angeles City CEQA Guidelines; and
2. Approve the First Amendment to Lease LAA-9051 with American Airlines Inc. to extend the term by forty-nine (49) months, covering office space in the Los Angeles World Airports-owned Skyview Center, located at 6033 West Century Boulevard; and
3. Concur with said Board's action on August 15, 2024, by Resolution 28002, authorizing the Chief Executive Officer, or designee, of Los Angeles World Airports to execute said First Amendment to Lease LAA-9051 with American Airlines Inc.

This document and its attachments are advisory only and do not constitute a complete and official submittal to the City Council. The official submittal, including this document and its attachments, will be submitted electronically to the City Council and the Council File Management System pursuant to Charter Section 606 via the City Clerk's website when the file is complete.

Very truly yours,



Grace Miguel, Commission Executive Assistant II
Board of Airport Commissioners Office
Los Angeles World Airports

Enclosures

cc: CAO (Airport Analyst), e-file
CLA (Airport Analyst), e-file



RESOLUTION NO. 28002

WHEREAS, on recommendation of Management, there was presented for approval, First Amendment to Lease LAA-9051 with American Airlines Inc. to extend the term by forty-nine (49) months, covering office space in the Los Angeles World Airports-owned Skyview Center, located at 6033 West Century Boulevard; and

WHEREAS, in 2013, the Board of Airport Commissioners (Board) approved acquisition of the two (2)-building Skyview Center office complex; and

LAX
Van Nuys
City of Los Angeles

WHEREAS, in July 2022, the Board approved a seven (7)-year Agreement with Colliers International Real Estate Management Services Inc. (Colliers) covering property management and leasing services for both the Skyview Center and the Aviation Plaza in Van Nuys; and

Karen Bass
Mayor
Board of Airport Commissioners

WHEREAS, Los Angeles World Airports (LAWA) occupies 137,733 square feet, or 33%, of the available office space at Skyview Center. Currently, 69,224 square feet, or 34%, of the space is available for lease and is actively being marketed by LAWA and Colliers to prospective tenants at Skyview Center; and

Karim Webb
President
Matthew M. Johnson
Vice President

WHEREAS, American Airlines Inc. (American) has been at Skyview Center since 2019. Its lease expired and has been on holdover status since May 2024. Colliers and LAWA negotiated the terms of the First Amendment with American that includes a rental rate of \$2.53 per square foot with 3% annual increases. The terms of said rate are negotiated based on the tenant, size and condition of the office space, and market conditions; and

Vanessa Aramayo
Courtney La Bau
Victor Narro
Nicholas P. Roxborough
Valeria C. Velasco

WHEREAS, in accordance with LAWA's leasing incentives, the First Amendment provides for rental abatement of \$80,434, which is the equivalent of four (4) months of free rent that will be applied to the first year of the extended term. The First Amendment will generate \$951,713 in net revenue over the forty-nine (49)-month extension term; and

John Ackerman
Chief Executive Officer

WHEREAS, actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 606;

NOW, THEREFORE, BE IT RESOLVED that the Board of Airport Commissioners adopted the Staff Report; determined that issuance of permits, leases, agreements, berth and space assignments, and renewals, amendments, or extensions thereof, or other entitlements granting use of existing airport facilities and office space, or its operations is exempt from California Environmental Quality Act requirements pursuant to Article III, Class 1 (18)(c) and (e) of the Los Angeles City CEQA Guidelines; found that the City's competitive bidding restrictions do not apply pursuant to Board Resolution 27530 whereby the Board of Airport Commissioners and the City Council found that it would be in the best interest of the City to contract with Colliers International Real Estate Management Services Inc. for leasing services at Skyview Center; approved the First Amendment to Lease LAA-9051 with American Airlines Inc. to extend the term by forty-nine (49) months, covering office space in the Los Angeles World Airports-owned Skyview Center, located at 6033 West Century Boulevard; authorized the Chief Executive Officer, or designee, to execute said First Amendment to Lease LAA-9051 with American Airlines Inc. after approval by the Los Angeles City Council and approval as to form by the City Attorney; and further approved appropriation of \$57,102.78 for broker commissions, as approved in the property management



and leasing agreement with Colliers International Real Estate Management Services Inc. covering Aviation Plaza and Skyview Center.

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I hereby certify that this Resolution No. 28002 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, August 15, 2024.



Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS

First Amendment to Office Lease LAA-9051
(Skyview Center, 6033 W. Century Blvd.)

This First Amendment to Office Lease (this "**First Amendment**") is made and entered into as of the 1st day of May, 2024 (the "**Effective Date**") by and between CITY OF LOS ANGELES, a California municipal corporation, acting by order of and through its Board of Airport Commissioners ("**Landlord**"), and AMERICAN AIRLINES, INC., a Delaware corporation ("**Tenant**").

RECITALS

A. Landlord and Tenant entered into that certain Office Lease approved by the Board of Airport Commissioners as of November 1, 2018 (the "**Original Lease**"), with a commencement date of May 23, 2019, whereby Landlord leases to Tenant approximately 7,927 rentable square feet of space, commonly known as Suite 1200, located on the twelfth (12th) floor (the "**Premises**") of that certain building at 6033 West Century Boulevard, Los Angeles, California (the "**Building**"). The Original Lease, as amended by this First Amendment, is herein referred to, collectively, as the "**Lease**." The Lease is scheduled to expire on April 30, 2024.

B. By this First Amendment, Landlord and Tenant desire to extend the Lease Term and to otherwise amend the Lease on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

AGREEMENT

1. **Capitalized Terms.** Unless otherwise defined herein, the capitalized terms used in this First Amendment shall have the same respective meanings ascribed to such terms in the Lease.

2. **Extended Term.** Upon the expiration of the Original Lease, Landlord and Tenant hereby agree to extend the Term of the Lease for a period of forty-nine (49) months (the "**Extended Term**"), which shall commence on May 1, 2024 (the "**Extended Term Commencement Date**") and shall expire on the May 31, 2028 (the "**Extended Term Expiration Date**"), unless sooner terminated as provided in the Lease.

3. **Monthly Base Rent.** During the Extended Term, Tenant shall continue to pay monthly installments of Base Rent for the Premises in accordance with the terms of the Lease. Effective upon the Extended Term Commencement Date and continuing throughout the Extended Term, Tenant shall pay, in accordance with applicable provisions of the Lease and this Section 3, monthly installments of Base Rent for the Premises as follows:

<u>Lease Months</u>	<u>Annual Base Rent</u>	<u>Monthly Installment</u>	<u>Rate per RSF/Mo.</u>
1-12	\$241,301.28*	\$20,108.44	\$2.53
13-24	\$248,540.32	\$20,711.69	\$2.61

25-36	\$255,996.53	\$21,333.04	\$2.68
37-48	\$263,676.42	\$21,973.04	\$2.76
49**	\$22,632.23	\$22,632.23	\$2.85

*Base Rent shall be abated as set forth in Section 4 below.

**One-month period.

4. Base Rent Abatement. In accordance with applicable provisions of the Lease and this Section 4, for the first (1st), second (2nd), third (3rd), and fourth (4th) full months of the Lease Term (the “**Abatement Period**”), Tenant shall not be obligated to pay Base Rent for the Premises (the “**Base Rent Abatement**”). In no event shall the amount of the Base Rent Abatement exceed Eighty Thousand Four Hundred Thirty-Three and 76/100 Dollars (\$80,433.76). During the Abatement Period, Tenant shall be responsible for the payment of all of its other monetary obligations under the Lease, as amended hereby.

5. Tenant’s Share of Direct Expenses and Base Year. Notwithstanding anything to the contrary in the Lease, during the Extended Term, (i) Tenant’s Share of Direct Expenses, as defined in Article 4 of the Lease, shall be 3.8456%, and (ii) the Base Year for the Extended Term shall be the calendar year of 2024.

6. Rentable Square Footage of Premises and Building. Landlord and Tenant hereby acknowledge and agree that, as of the date of the Extended Term Commencement Date, notwithstanding any provision to the contrary in the Lease, the Premises shall be deemed to contain 7,948 rentable square feet and the Building shall be deemed to contain 206,678 rentable square feet. The Premises and Building shall not be subject to remeasurement or modification during the Extended Term.

7. Security Deposit. Tenant has previously deposited with Landlord Sixty Thousand Two Hundred Twenty-Two and 87/100 Dollars (\$60,222.87) as security for the faithful performance by Tenant of the terms, covenants, and conditions of the Lease. Concurrently with Tenant’s execution of this First Amendment, Tenant shall deposit with Landlord an additional Seven Thousand Six Hundred Seventy-Three and 81/100 Dollars (\$7,673.81), for a total Security Deposit under the Lease, as amended herein, of Sixty-Seven Thousand Eight Hundred Ninety-Six and 68/100 Dollars (\$67,896.68). Landlord shall continue to hold the Security Deposit, as increased herein, in accordance with the terms and conditions of the Lease.

8. “As-Is” Condition. Landlord and Tenant acknowledge that Tenant has been occupying the Premises pursuant to the terms of the Lease, and therefore Tenant continues to accept the Premises in its presently existing “As-Is” condition. Landlord shall not be obligated to pay or provide for any improvement work or services related to the improvement of the Premises except as specifically set forth in this First Amendment. Tenant acknowledges that neither Landlord nor any agent nor any employee of Landlord has made any representations or warranties with respect to the Premises or the Project or with respect to the suitability of either for the conduct of Tenant’s business, and Tenant expressly warrants and represents that Tenant has relied solely on its own investigation and inspection of the Premises and the Project in its decision to enter into this First Amendment.

9. Estoppel. Tenant warrants, represents and certifies to Landlord that as of the date of this First Amendment: (a) Landlord is not in default under the Lease; and (b) Tenant does not

have any defenses or offsets to payment of rent and performance of its obligations under the Lease as and when the same becomes due.

10. Attorneys' Fees. In the event either party should commence an action to enforce any provisions of this First Amendment, then all reasonable costs and expenses incurred by the prevailing party therein, including attorneys' fees, experts' and arbitrators' fees and costs, shall be paid by the other party, which obligation on the part of the other shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment. This provision with respect to attorneys' fees shall be severable from all other provisions of this First Amendment, shall survive any judgment, and shall not be deemed merged into the judgment.

11. Brokers. Tenant represents and warrants to Landlord that it has not dealt with any broker with respect to this First Amendment, other than Jones Lang LaSalle. If Tenant has dealt with any broker or person with respect to this First Amendment other than Jones Lang LaSalle, Tenant shall be solely responsible for the payment of any fees due said person or firm and Tenant shall protect, indemnify, hold harmless and defend Landlord from any liability in respect thereto.

12. Electronic Signature. The Lease and any other document necessary for the consummation of the transaction contemplated by the Lease may be executed in counterparts, including counterparts that are manually executed and counterparts that are in the form of electronic records and are electronically executed. An electronic signature means a signature that is executed by symbol attached to or logically associate with a record and adopted by a party with the intent to sign such record, including facsimile or e-mail signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Contract and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called PDF format shall be legal and binding and shall have the same full force and effect as if a paper original of this Contract had been delivered that had been signed using a handwritten signature. All parties to this Contract (i) agree that an electronic signature, whether digital or encrypted, of a party to this Contract is intended to authenticate this writing and to have the same force and effect as a manual signature; (ii) intended to be bound by the signatures (whether original, faxed, or electronic) on any document sent or delivered by facsimile or electronic mail or other electronic means; (iii) are aware that the other party(ies) will rely on such signatures; and, (iv) hereby waive any defenses to the enforcement of the terms of this Contract based on the foregoing forms of signature. If this Contract has been executed by electronic signature, all parties executing this document are expressly consenting, under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 ("**E-SIGN**") and the California Uniform Electronic Transactions Act ("**UETA**") (California Civil Code §1633.1 et seq.), that a signature by fax, e-mail, or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

13. Lease in Full Force. Except as amended and modified as set forth in this First Amendment, the terms and provisions of the Lease remain the same and in full force and effect. Tenant ratifies the Lease, as amended hereby.

[Remainder of this Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, Landlord and Tenant have caused this First Amendment to be executed as of the date first above written.

"Landlord:"
CITY OF LOS ANGELES,
a California municipal corporation, acting by
order of and through its Board of Airport
Commissioners; by signing below, the
signatory attests that they have no personal,
financial, beneficial, or familial interest in this
Lease.

By: _____

Name: Dave Jones, Deputy Executive
Director, Commercial Development Group

"Tenant:"
AMERICAN AIRLINES, INC., a Delaware
corporation

By: Reshma Soni

Name: Reshma N. Soni

Title: Managing Director, Airport Affairs &
Properties

By: Pamela Putrino

Name: Pamela Putrino

Title: Admin. Assistant

APPROVED AS TO FORM:

Hydee Feldstein Soto, City Attorney

Date: _____

By: _____
Deputy/Assistant City Attorney