

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 31, 2024

CAO File No. 0150-12823-0000

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 October 3, 2024; referred by the Mayor for a report on October 7, 2024

Subject: **RESOLUTION NO. 28032 AND PROPOSED FIRST AMENDMENT TO LEASE NO. LAA-9126 WITH HNTB CORPORATION AT THE LOS ANGELES WORLD AIRPORTS-OWNED SKYVIEW CENTER, LOCATED AT 6033 WEST CENTURY BOULEVARD**

RECOMMENDATION

That the Mayor:

1. Approve Los Angeles World Airports (LAWA) Board Resolution No. 28032 authorizing a First Amendment to Lease No. LAA-9129 with HNTB Corporation for 6,882 square feet of office space in Tower 1 of the LAWA-owned Skyview Center, extending the term by 39 months, retroactive from September 1, 2024 to November 30, 2027, resulting in new revenue of \$652,706;
2. Adopt the October 15, 2024 Board of Airport Commissioners (Board) determination in Resolution No. 28032 that this 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
3. Authorize the LAWA Chief Executive Officer, or designee, to execute the proposed First Amendment upon approval as to form by the City Attorney and approval by the Council.

SUMMARY

The Los Angeles World Airports (LAWA, Department) Board of Airport Commissioners (Board) requests approval of a proposed First Amendment (Amendment) to Lease No. LAA-9126 with HNTB Corporation (HNTB) for 6,882 square feet of space in LAWA-owned office building complex known as Skyview Center at 6033 West Century Boulevard in Council District 11. The proposed amendment will extend the term of the firm's existing lease that expired on August 31, 2024 by 39

months and result in \$652,706 in net revenues to LAWA after deductions for broker commission and rent abatement. HNTB has been on holdover status as a tenant since September 1, 2024.

The proposed Second Amendment increases the firm's existing rental rate of \$2.65 per square foot by \$0.05 for a total of \$2.70 with annual increases of three percent. Three months of rent abatement totaling \$55,744 is also included and will be applied to the first year of the proposed First Lease Amendment.

The proposed Amendment is subject to approval as to form by the City Attorney. Pursuant to Charter Section 606 and Los Angeles Administrative Code 10.5, Council approval is required because the total 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 West Century Boulevard (Tower 1) and 6053 West Century Boulevard (Tower 2) in Council District 11. Together, the two buildings provide 412,147 square feet of office space with 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 West 98th Street and 6151 West 98th Street. The 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 of available space for lease. As a standalone building, Tower 1, where HNTB is located, 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.

Lease with HNTB – On November 6, 2014, the Board approved new Lease No. LAA-8838 (Resolution No. 25539) for the use of 6,882 square feet of space and a term of five years. Lease No. LAA-8838 expired on February 29, 2020. On March 18, 2021, the Board approved Lease No. LAA-9126 to continue the lease with HNTB for a 39-month term that expired on August 31, 2024 (Resolution No. 27221). HNTB has been on holdover status on a month-to-month basis since September 1, 2024.

First Amendment – On October 3, 2024, the Board approved the proposed Amendment to Lease No. LAA-9126, extending the term by 39 months expiring on November 30, 2027. The proposed terms and conditions include an increase in price per square foot from \$2.65 to \$2.70 and an annual three percent increase over the term of the lease. The proposed First Amendment also includes three months of first-year rent abatement totaling \$55,774. The amount of square footage to be leased by HNTB remains the same at 6,882 square feet and no tenant improvements are included.

Upon execution of the proposed Amendment, HNTB will be required to deposit an additional \$1,128 for a total security deposit of \$60,913. As provided in the Amendment, HNTB retains the right of first offer for any space becoming available on the 10th floor of the building. All other terms and conditions remain the same.

Approval of the proposed Amendment will result in \$652,706 in net revenues to LAWA over the 39-

month term of the lease, after deducting \$41,662 for broker commission and \$55,744 for first year rent abatement. The revenue will be deposited in the LAWA Los Angeles World Airports Revenue Fund, and the appropriation for broker commission will be appropriated from the same fund.

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 SBE/LBE/LSBE/DVBE program participation requirements are not applicable to leases.

Charter Section 1022 – The Department has determined that the proposed amendment is not subject to the provisions of Charter Section 1022.

California Environmental Quality Act (CEQA) – As stated in Resolution No. 28032, the Board adopted the LAWA staff determination that issuance of permits, leases, agreements, gate 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 (18)(c) and (e) of the Los Angeles City CEQA Guidelines.

The proposed amendment includes provisions to ensure compliance with applicable City ordinances, contracting, and insurance requirements. The proposed amendment is subject to approval as to form by the City Attorney. 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 First Amendment to Lease No. LAA-9126 will have no impact on the City's General Fund. Revenues in the amount of \$652,706 over the 39-month term of the lease extension are anticipated after broker commission and rent abatement are deducted. The lease revenue will be deposited in the LAWA Los Angeles World Airports Revenue Fund, and the appropriation for the broker commission will be from the same fund. The recommendations in this report comply with the Los Angeles Airports' adopted Financial Policies.

Attachment 1 – Board of Airport Commissioners Report, Resolution No. 28032, and proposed First Amendment to Lease No LAA-9126 with HNTB Corporation

MWS/PJH/JVW:DLG/jpq:10250097



October 3, 2024

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

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 adopt the following report; approve and execute the First Amendment to LAA-9126 with HNTB Corporation

In accordance with Executive Directive No. 4, we are transmitting a copy of the specified board report for the request to adopt the following report; approve and execute the First Amendment to LAA-9126 with HNTB Corporation to extend the term by 39 months for office space in the Los Angeles World Airports-owned Skyview Center located at 6033 West Century Blvd., which will generate \$652,706 in net revenue over the extended term; and appropriate funds in the amount of \$41,662.08 for broker commissions.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Becca Doten", with a stylized flourish at the end.

Becca Doten
Chief of Staff


BD:MSA:ksf







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Item Number
here

Report to the BOARD OF AIRPORT COMMISSIONERS

Approver: 
Dave Jones, Deputy Executive Director
Commercial Development

Reviewer: 
Brian C. Ostler, City Attorney


John Ackerman, Chief Executive Officer

Meeting Date

10/3/2024

Needs Council Approval: ☒ Y

Reviewed for/by	Date	Approval Status	By
Finance	9/10/2024	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
CEQA	8/30/2024	<input checked="" type="checkbox"/> Y	VW
Procurement	9/10/2024	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	LK
Guest Experience	9/3/2024	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	8/27/2024	<input checked="" type="checkbox"/> Y	BNZ

SUBJECT

Request to adopt the following report; approve and execute the First Amendment to LAA-9126 with HNTB Corporation to extend the term by 39 months for office space in the Los Angeles World Airports-owned Skyview Center located at 6033 West Century Blvd., which will generate \$652,706 in net revenue over the extended term; and appropriate funds in the amount of \$41,662.08 for broker commissions.

DISCUSSION

1. Purpose

The proposed First Amendment with HNTB Corporation (HNTB) will extend the current 39-month term 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.

- **November 6, 2014 – Resolution No. 25539 (LAA-8838)**

The Board approved a 60-month lease with HNTB that expired on February 29, 2020.

- **March 18, 2021 – Resolution No. 27221 (LAA-9126)**

The Board approved a 39-month lease with HNTB that will expire on August 31, 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. Both LAWA and Colliers are actively marketing to prospective tenants. HNTB has been at Skyview Center since 2015 and will be on holdover status starting September 1, 2024.

4. Current Action/Rationale

Colliers and LAWA staff negotiated the terms of the proposed amendment, which includes a rental rate of \$2.70 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 \$55,744.20, which is the equivalent of three months of free rent that will be applied to the first year of the extended term.

5. Fiscal Impact

Approval of this item will generate \$652,706 to LAWA over the 39-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 \$41,662.08 for broker commissions as approved in the Property Management and Leasing Agreement with Colliers at Aviation Plaza and Skyview Center.

STANDARD PROVISIONS

The Board is also hereby requested to adopt staff's determination that this item, covering 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

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.

October 15, 2024

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

Subject: First Amendment to Lease LAA-9126 with HNTB Corporation

Enclosed for your consideration is the First Amendment to Lease LAA-9126 with HNTB Corporation that was approved by the Board of Airport Commissioners at its October 3, 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. Concur with said Board's adoption of staff's determination that the action is exempt from the California Environmental Quality Act (CEQA) requirements 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-9126 with HNTB Corporation to extend the term by thirty-nine (39) months for office space in the Los Angeles World Airports-owned Skyview Center located at 6033 West Century Boulevard; and
3. Further concur with said Board's action on October 3, 2024, by Resolution 28032, authorizing execution of said First Amendment to Lease LAA-9126 with HNTB Corporation.

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

Enclosures

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



RESOLUTION NO. 28032

WHEREAS, on recommendation of Management, there was presented for approval, First Amendment to Lease LAA-9126 with HNTB Corporation to extend the term by thirty-nine (39) months for office space in the Los Angeles World Airports-owned Skyview Center located at 6033 West Century Boulevard, and appropriation of \$41,662.08 for broker commissions; and

WHEREAS, Los Angeles World Airports (LAWA) purchased the two-building Skyview Center office complex in 2013. 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 actively being marketed to prospective tenants by both LAWA and Colliers International Real Estate Management Services, Inc. (Colliers) under its property management and leasing agreement with LAWA; and

WHEREAS, HNTB Corporation (HNTB) has been at Skyview Center since 2015 and is on holdover status since September 1, 2024; and

WHEREAS, Colliers and LAWA negotiated the terms of the First Amendment, which includes a rental rate of \$2.70 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. In accordance with LAWA's leasing incentives, the First Amendment provides rental abatement of \$55,744.20, which is the equivalent of three (3) months of free rent that will be applied to the first year of the extended term; and

WHEREAS, the First Amendment will generate \$652,706 in revenue to LAWA over the thirty-nine (39)-month term, after broker commissions and rental abatement are deducted; and

WHEREAS, funds in the amount of \$41,662.08 will be appropriated for broker commissions, as approved in the property management and leasing agreement with Colliers for Aviation Plaza and Skyview Center; and

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; further adopted staff's determination that this item, covering 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; approved the First Amendment to Lease LAA-9126 with HNTB Corporation to extend the term by thirty-nine (39) months for office space in the Los Angeles World Airports-owned Skyview Center located at 6033 West Century Boulevard; further approved appropriation of \$41,662.08 for broker commissions; and authorized execution of said First Amendment.

o0o



I hereby certify that this Resolution No. 28032 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, October 3, 2024.

A handwritten signature in blue ink, appearing to read "Grace Miguel", is positioned above the printed name.

Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS

First Amendment to Office Lease LAA-9126
(Skyview Center, 6033 W. Century Blvd.)

This First Amendment to Office Lease (this “**First Amendment**”) is made and entered into as of the ____ day of _____, 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 HNTB CORPORATION, a Delaware corporation (“**Tenant**”).

RECITALS

A. Landlord and Tenant entered into that certain Office Lease approved by the Board of Airport Commissioners as of May 7, 2021 (the “**Lease**”), whereby Landlord leases to Tenant approximately 6,882 rentable square feet (the “**RSF**”) of space, commonly known as Suite 1050, located on the tenth (10th) floor (the “**Premises**”) of that certain building at 6033 West Century Boulevard, Los Angeles, California (the “**Building**”).

B. The Lease Term is currently scheduled to expire on August 31, 2024.

C. 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**. Landlord and Tenant hereby agree to extend the Lease Term for a period of thirty-nine (39) months (the “**Extended Term**”), which shall commence on September 1, 2024 (the “**Extended Term Commencement Date**”) and shall expire on November 30, 2027 (the “**Extended Term Expiration Date**”), unless sooner terminated as provided in the Lease. The Extended Term shall be on the terms and conditions of the Lease, unless otherwise modified herein.

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 except as otherwise modified herein. Notwithstanding the foregoing, effective upon the Extended Term Commencement Date and continuing throughout the Extended Term, Tenant shall pay monthly installments of Base Rent for the Premises as follows:

<u>Lease Months</u>	<u>Annual Base Rent</u>	<u>Monthly Installment</u>	<u>Monthly Rate per RSF</u>
1-12	\$222,976.80*	\$18,581.40	\$2.70

13-24	\$229,666.08	\$19,138.84	\$2.78
25-36	\$236,556.09	\$19,713.01	\$2.86
37-39**	\$60,913.19	\$20,304.40	\$2.95

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

**Three-month period.

4. Base Rent Abatement. In accordance with applicable provisions of the Lease and this Section 4, for the second (2nd), third (3rd), and fourth (4th) full calendar months following the Extended Term Commencement Date (the “**Abatement Period**”), Base Rent shall be abated, and Tenant shall not be obligated to pay Base Rent for the Premises (the “**Extended Term Base Rent Abatement**”). In no event shall the amount of the Base Rent Abatement exceed Fifty-Five Thousand Seven Hundred Forty-Four and 20/100 Dollars (\$55,744.20). During the Abatement Period, Tenant shall continue to be responsible for the payment of Additional Rent 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) the Building shall be deemed to contain approximately 206,679 RSF and shall not be subject to remeasurement, (ii) Tenant’s Share of Direct Expenses, as defined in Article 4 of the Lease, shall be 3.3298%, and (iii) the Base Year shall be the calendar year of 2024.

6. Security Deposit. Tenant has previously deposited with Landlord Fifty-Nine Thousand Seven Hundred Eighty-Five and 17/100 Dollars (\$59,785.17) 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 One Thousand One Hundred Twenty-Eight and 02/100 Dollars (\$1,128.02), for a total Security Deposit under the Lease, as amended herein, of Sixty Thousand Nine Hundred Thirteen and 19/100 Dollars (\$60,913.19). Landlord shall continue to hold the Security Deposit, as increased herein, in accordance with the terms and conditions of the Lease.

7. “As-Is” Condition. Landlord and Tenant acknowledge that Tenant is currently in possession of the Premises, and therefore, as of the Extended Term Commencement Date, Tenant shall accept the Premises in its presently existing “As-Is” condition; provided, however, prior to the Extended Term Commencement Date, Landlord, at no costs to Tenant (which costs shall also not be included in Direct Expenses), shall steam clean the carpet and provide touch up paint as needed. Landlord shall not be obligated to pay or provide for any improvement work or services related to the Premises as an inducement for Tenant to enter into this First Amendment (provided, however, Landlord shall continue to have its maintenance and repair obligations pursuant to the Lease) except for the Extended Term Improvements. Tenant acknowledges that neither Landlord nor any agent nor any employee of Landlord has made any representations or warranties with respect to the current condition of 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 (except as otherwise modified herein).

8. Estoppel. Tenant warrants, represents and certifies to Landlord that, to the best of its knowledge 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. Landlord warrants, represents and certifies to Tenant that, to the best of its knowledge as of the date of this First Amendment, Tenant is not in default under the Lease.

9. 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 reasonable attorneys' fees, reasonable experts fees and costs, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party 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.

10. Brokers. Tenant and Landlord represent and warrant to one another that it has not dealt with any broker with respect to this First Amendment, other than Colliers International as Landlord's broker ("**Landlord's Broker**") and Savills as Tenant's broker ("**Tenant's Broker**"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this First Amendment. Landlord shall pay all commissions and fees due to Landlord's Broker and Tenant's Broker pursuant to the terms of a separate brokerage commission agreement. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, other than Landlord's Broker and Tenant's Broker, occurring by, through, or under the indemnifying party. In the event that Landlord fails to pay the commission to Tenant's Broker, Tenant shall have the right, but not the obligation, to pay Tenant's Broker commission, or any portion thereof not paid by Landlord, and offset the amount so paid by Tenant against Rent until Tenant has been reimbursed for such payment in full.

11. Right of First Offer.

11.1 Right of First Offer. Subject to the terms and conditions set forth in this Section 11 and commencing on the Effective Date of this First Amendment, Tenant shall have an on-going right of first offer with respect to any space becoming available on the tenth (10th) floor (the "**First Offer Space**"). Notwithstanding the foregoing, such right of first offer shall be subordinate to all rights of tenants under leases of the First Offer Space which expressly contain a right to extend the current leases and which are existing as of the date hereof, and all rights of other tenants in the Project, which rights expressly relate to the First Offer Space and which rights are set forth in leases of space in the Project existing as of the date hereof, each including any extension, renewal, expansion, first offer, first negotiation and other similar rights (all tenants under existing leases of the First Offer Space and other tenants of the Project with rights expressly relating to the First Offer Space, collectively, the "**Superior Right Holders**"). Additionally, in the event that Tenant elects not to exercise its right of first offer as set forth in this Section 11.1, and Landlord subsequently enters into a new third-party lease (a "**Third Party Lease**") of the First Offer Space, then Tenant's right as set forth herein shall be subordinate to all such renewal or extension rights set forth in such Third Party Lease, provided such renewal or extension is executed strictly in accordance with its terms, or pursuant to a lease amendment or a new lease executed with the tenant which was a party to the Third Party Lease with respect to the First Offer Space, and such tenant shall be considered a Superior Right Holder. Tenant's right of first offer shall be on the terms and conditions set forth in this Section 11.

11.2 First Offer Notice. Subject to the terms of this Section 11, Landlord shall, during the Lease Term (as extended by the Extended Term), provide written notice to Tenant (a **"First Offer Notice"**) in the event any First Offer Space becomes available for lease (subject to the rights of the Superior Right Holders as expressly set forth in Section 11.1). The First Offer Notice shall describe the First Offer Space and the RSF thereof.

11.3 Acceptance. If Tenant wishes to exercise its right of first offer with respect to the space(s) described in the First Offer Notice, then within fifteen (15) business days after its receipt of such First Offer Notice (**"Tenant's Exercise Period"**), Tenant shall deliver written notice to Landlord of Tenant's election to exercise its right of first offer with respect to the space(s) described in such First Offer Notice (**"Election Notice"**). If Tenant exercises its right of first offer during Tenant's Exercise Period, Landlord and Tenant shall commence to lease the First Offer Space upon substantial completion of any necessary improvements thereto as mutually agreed upon by the parties. If there are no improvements needing to be made to the First Offer Space, then Landlord and Tenant shall commence to lease the First Offer Space within thirty (30) days of Tenant's Election Notice. If Tenant fails to exercise its right of first offer within Tenant's Exercise Period, then Landlord, in its sole discretion, shall have the right to lease the space(s) described in the First Offer Notice to any third party whom Landlord desires on any terms which Landlord desires, provided that in no event shall the failure to timely enter into a Lease amendment for the First Offer Space, in accordance with Section 11.4 below, (a) constitute a breach of this Lease by either party so long as the party(ies) are using good faith efforts to enter into said amendment, and (b) be deemed to revoke Tenant's exercise of its right of first offer.

11.4 Lease of First Offer Space. The First Offer Space shall be added to the Lease by an amendment upon the same terms and conditions as applicable to the initial Premises (including, without limitation, the then-applicable Base Rent and Additional Rent, with Tenant's Share subject to equitable adjustment based on the RSF of the First Offer Space). The payment of Rent for the First Offer Space and the Lease Term for the First Offer Space shall commence pursuant to Section 11.3. The Lease Term for the First Offer Space shall expire co-terminously with Tenant's lease of the initial Premises (as extended per the Extended Term and any Option Term if exercised by Tenant).

11.5 No Defaults. The rights contained in this Section 11 shall be personal to Tenant and may only be exercised by Tenant (and not by any "Transferee" as that term is defined in Section 14.1 of the Lease (which term expressly excludes an "Affiliate" as that term is defined in Section 14.8 of the Lease)). Tenant shall not have the right to lease the First Offer Space if, as of the date of Tenant's Election Notice, Tenant is in default under the Lease and any applicable notice and cure period has expired without Tenant's cure of such default.

12. Option Term.

12.1 Option Right. Landlord hereby grants to Tenant one (1) option to extend the Lease Term following the expiration of the Extended Term for a period of three (3) years (the **"Option Term"**), which option shall be exercisable only by written notice delivered by Tenant to Landlord as provided below, provided that, as of the date of delivery of such notice, Tenant is not in default under the Lease beyond any notice and cure period. The rights contained in this Section 12 shall be personal to Tenant and may only be exercised by Tenant (including an Affiliate of Tenant).

12.2 **Option Rent.** The rent payable by Tenant during the Option Term (the “**Option Rent**”) shall be equal to the “**Market Rent**” as defined herein. “**Market Rent**” shall mean the applicable monthly Base Rent, including all escalations, Direct Expenses, additional rent and other charges at which tenants, as of the commencement of the Option Term, are leasing non-renewal, non-sublease, non-equity space comparable in size, location, and quality to the Premises for a term comparable to the Option Term, which comparable space is located in office buildings comparable to the Project in the LAX and El Segundo submarkets, and the value of tenant concessions being offered for comparable space for lease renewals as compared to the value of tenant concessions being offered by Landlord. Notwithstanding anything herein to the contrary, if Tenant exercises its Option Term, the Base Year shall be reset to the calendar year during which the Option Term commences.

12.3 **Exercise of Option.** The option contained in this Section 12 shall be exercised by Tenant, if at all, only in the following manner: (i) Tenant shall deliver written notice to Landlord not more than twelve (12) months nor less than nine (9) months prior to the expiration of the Extended Term, stating that Tenant is interested in exercising its option (“**Tenant’s Interest Notice**”), (ii) Landlord, not later than twenty (20) days after receipt of Tenant’s Interest Notice, shall deliver written notice (the “**Option Rent Notice**”) to Tenant setting forth Landlord’s determination of Option Rent; and (iii) if Tenant wishes to exercise such option, Tenant shall, not later than twenty (20) days after receipt of the Option Rent Notice, deliver a written notice to Landlord (the “**Response Notice**”) and indicate (a) if Tenant agrees with Landlord’s Option Rent Notice in which case the extension shall be binding on the parties or (b) if Tenant disagrees with Landlord’s Option Rent Notice, in which case Tenant may elect either to rescind its exercise of the Option or elect to arbitrate the Option Rent stated in the Option Rent Notice. If Tenant elects arbitration of the Option Rent, then Landlord and Tenant shall meet not more than thirty (30) days after the date of the Response Notice to negotiate the Option Rent for the Option Term. If Landlord and Tenant are unable to reach agreement on the Option Rent by the date which is sixty (60) days after the date of the Response Notice, then the parties shall, within thirty (30) days thereafter, mutually appoint a real estate broker who has worked on office leases in the airport submarket of the Los Angeles, California area for at least ten (10) years and who has not worked previously for either party (including affiliates of either party), to serve as the sole arbitrator to decide the Option Rent. If the parties are unable to agree on an arbitrator, the parties agree to petition the local chapter of the American Arbitration Association to appoint one with the credentials set forth above. Within thirty (30) days of the appointment of the arbitrator, both Landlord and Tenant shall submit their estimates of Option Rent to the arbitrator and with no more than ten (10) pages of supporting materials. Within thirty (30) days thereafter, the arbitrator shall choose the Option Rent from the estimates submitted by the parties which he or she feels is closest to the Option Rent; the arbitrator may not substitute his or her judgment over the submissions of the parties. The decision of the arbitrator shall be final and binding on the parties. Any fees of the arbitrator shall be paid by the party whose estimate of Option Rent is not chosen by the arbitrator.

13. **FAA and DOT Civil Rights Assurances.**

13.1 **Civil Rights – General; Civil Rights – Title VI Assurances** - 49 CFR § 21.7 (a)(1); 49 CFR Part 21 Appendix C (b); and as amended or interpreted from time to time.

13.1.1 **Civil Rights – General – 49 USC § 47123, derived from the Airport and Airway Improvement Act of 1982, Section 520.** *In all its activities within the scope of its airport program, the Tenant agrees to*

comply with pertinent statutes, Executive Orders, and such rules as identified in Title VI List of Pertinent Nondiscrimination Acts and Authorities to ensure that no person shall, on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance.

This provision is in addition to that required by Title VI of the Civil Rights Act of 1964.

13.1.2 The above provision binds the Tenant and Tenant's subcontractors from the bid solicitation period through the completion of the Lease. If the Tenant transfers its obligation to another, the transferee is obligated in the same manner as the Tenant. The above provision obligates the Tenant for the period during which the property is owned, used or possessed by the Tenant and the airport remains obligated to the Federal Aviation Administration.

13.2 Civil Rights – Title VI Assurances – 49 USC § 47123, FAA Order 1400.11, and U.S. Department of Transportation Order DOT 1050.2, Standard Title VI Assurances and Nondiscrimination Provisions, effective April 24, 2013. During the Lease Term (as extended by the Extended Term and the Option Term, if exercised by Tenant), and as applicable to the Premises, Tenant further agrees to comply with all applicable U.S. Department of Transportation Standard Title VI/Non-Discrimination, set forth in **Exhibit A**, attached hereto and made a material term of this First Amendment, as such requirements may be amended or interpreted by the Federal Aviation Administration or the United States Department of Transportation from time to time; specifically, the following clauses as provided in **Exhibit A**:

- a. Title VI List of Pertinent Nondiscrimination Acts and Authorities
- b. Compliance with Nondiscrimination Requirements
- c. Transfer of Real Property Acquired or Improved Under the Airport Improvement Program
- d. Construction/Use/Access to Real Property Acquired Under the Activity, Facility or Program

13.3 Audit of Subcontracts. Los Angeles World Airports (“LAWA”) may conduct a reasonable review of the Tenant's compliance with this subsection 13. Tenant must reasonably cooperate with LAWA throughout the review process by supplying all reasonably requested information and documentation to LAWA, making Tenant staff and officials reasonably available for meetings as requested, and correcting any areas of non-compliance as determined by LAWA.

13.4 Tenant agrees that it shall insert the provisions found in Subsections 13.1 and 13.2, inclusive of **Exhibit A** in whole, in any solicitation, subcontract, sublease, assignment, license, transfer, or permit, or other instrument, by which said Tenant grants a right or privilege to any person, firm, or corporation under this First Amendment.

14. Electronic Signature. This First Amendment and any other document necessary for the consummation of the transaction contemplated by this First Amendment 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 First Amendment 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 First Amendment had been delivered that had been signed using a handwritten signature. All parties to this First Amendment (i) agree that an electronic signature, whether digital or encrypted, of a party to this First Amendment 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 First Amendment based on the foregoing forms of signature. If this First Amendment 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.

15. 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.

[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 Contract.

By: _____

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

"Tenant:"

HNTB CORPORATION, a Delaware corporation

By: BWilliams _____

Name: Bridget Williams _____

Title: Director of Real Estate _____

APPROVED AS TO FORM:

Hydee Feldstein Soto, City Attorney

Date: _____

By: _____
Deputy/Assistant City Attorney

Exhibit A

(See Attached)

CIVIL RIGHTS – TITLE VI ASSURANCES

Civil Rights – Title VI Assurances. In accordance with, and as amended or interpreted from time to time, 49 USC § 47123, FAA Order 1400.11, and U.S. Department of Transportation Order DOT 1050.2, Standard Title VI Assurances and Nondiscrimination Provisions, effective April 24, 2013.

- I. Title VI List of Pertinent Nondiscrimination Acts and Authorities. During the performance of this contract, the Contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the “Contractor”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:
- Title VI of the Civil Rights Act of 1964 (42 USC § 2000d *et seq.*, 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
 - 49 CFR part 21 (Non-discrimination in Federally-Assisted programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964);
 - The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 USC § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
 - Section 504 of the Rehabilitation Act of 1973 (29 USC § 794 *et seq.*), as amended (prohibits discrimination on the basis of disability); and 49 CFR part 27 (Nondiscrimination on the Basis of Disability in Programs or Activities Receiving Federal Financial Assistance);
 - The Age Discrimination Act of 1975, as amended (42 USC § 6101 *et seq.*) (prohibits discrimination on the basis of age);
 - Airport and Airway Improvement Act of 1982 (49 USC § 47123), as amended (prohibits discrimination based on race, creed, color, national origin, or sex);
 - The Civil Rights Restoration Act of 1987 (PL 100-259) (broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
 - Titles II and III of the Americans with Disabilities Act of 1990 (42 USC § 12101, *et seq.*) (prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities) as implemented by U.S. Department of Transportation regulations at 49 CFR parts 37 and 38;
 - The Federal Aviation Administration’s Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
 - Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures nondiscrimination

against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations);

- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [70 Fed. Reg. 74087 (2005)];
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 USC § 1681, et seq).

II. Compliance with Nondiscrimination Requirements. During the performance of this contract, the Contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the “Contractor”), agrees as follows:

1. Compliance with Regulations: The Contractor (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.
2. Nondiscrimination: The Contractor, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The Contractor will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR part 21.
3. Solicitations for Subcontracts, including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding or negotiation made by the Contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the Contractor of the contractor’s obligations under this contract and the Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.
4. Information and Reports: The Contractor will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by LAWA or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a

contractor is in the exclusive possession of another who fails or refuses to furnish the information, the Contractor will so certify to LAWA or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.

5. Sanctions for Noncompliance: In the event of a Contractor's noncompliance with the non-discrimination provisions of this contract, LAWA will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:
 - a. Withholding payments to the Contractor under the contract until the Contractor complies; and/or
 - b. Cancelling, terminating, or suspending a contract, in whole or in part.
6. Incorporation of Provisions: The Contractor will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations, and directives issued pursuant thereto. The Contractor will take action with respect to any subcontract or procurement as LAWA or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided that if the Contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the Contractor may request LAWA to enter into any litigation to protect the interests of LAWA. In addition, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.