



17

Report to the BOARD OF AIRPORT COMMISSIONERS

Approver: *Michael R. Christensen*
 Michael R. Christensen
 Chief Operations & Maintenance Officer

Reviewer: *Brian C. Ostler*
 Brian C. Ostler, City Attorney

Beatrice Hsu
 Beatrice Hsu, Interim Chief Executive Officer

<u>Meeting Date</u>			
12/7/2023			
Needs Council Approval: <input checked="" type="checkbox"/> Y			
Reviewed for/by	Date	Approval Status	By
Finance	10/27/2023	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
CEQA	10/25/2023	<input checked="" type="checkbox"/> Y	MO
Procurement	10/30/2023	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	BG
Guest Experience	11/1/2023	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	10/19/2023	<input checked="" type="checkbox"/> Y	BNZ

SUBJECT

Request for approval of the Second Amendment to Agreement DA-5495 with the Tom Bradley International Terminal Equipment Company to extend the contract term by six months for a new contract expiration date of October 20, 2024, with a six-month extension option that may extend the contract to April 20, 2025, and increase the contract authority by \$25,000,000, for a new total contract amount not to exceed \$250,000,000 over the total term.

RECOMMENDATIONS

Management RECOMMENDS that the Board of Airport Commissioners:

- ADOPT the Staff Report.
- DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines.
- APPROVE the Second Amendment to Agreement DA-5495 with the Tom Bradley International Terminal Equipment Company to extend the contract term by six months for a new contract expiration date of October 20, 2024, with a six-month extension option that may extend the contract to April 20, 2025, and increase the contract authority by \$25,000,000, for a new total contract amount not to exceed \$250,000,000 over the total term.
- AUTHORIZE the Interim Chief Executive Officer, or designee, to execute the Second Amendment upon approval by the Los Angeles City Council and approval as to form by the City Attorney.

DISCUSSION

1. Purpose

The Second Amendment will extend the current contract term by six months, with a six-month extension option, and increase the contract authority by \$25,000,000, for a new total contract amount not to exceed \$250,000,000 over the total term, with the Tom Bradley International Terminal Equipment Company (TBITEC) for the provision of services, on behalf of the Los Angeles World Airports (LAWA), to airlines operating at common use facilities at Los Angeles International Airport (LAX). The Second Amendment will provide sufficient time to complete the Request for Proposal (RFP) for the Management and Oversight of Common Use Facilities, Equipment, and Services for LAWA currently in process, award a replacement contract, and strategically transition the common use services to the new service provider.

2. Prior Related Actions/History of Board Actions

- **August 15, 2011 – Resolution No. 24560 (LAA-8600)**
The Board of Airport Commissioners (Board) approved a five-year Lease and License Agreement with TBITEC to maintain aeronautical equipment in Tom Bradley International Terminal (TBIT).
- **May 7, 2013 – Resolution No. 25119 (LAA-8600A)**
The Board approved the First Amendment to the Lease and License Agreement with TBITEC to extend the term from five to ten years and add premises and aeronautical equipment in Terminal 2 (T2).
- **May 21, 2015 – Resolution No. 25699 (LAA-8600B)**
The Board approved the Second Amendment to the Lease and License Agreement with TBITEC to extend the term to add premises and aeronautical equipment in Terminal 3 (T3).
- **November 16, 2016 – Resolution No. 26114 (LAA-8600)**
The Board approved the Amended and Restated Lease and License Agreement with TBITEC to extend the term through September 15, 2025, with an option to extend through December 31, 2030, and update certain lease provisions, adjust premises, and add aeronautical equipment.
- **November 17, 2016 – Resolution No. 26115 (DA-5158, DA-5159)**
The Board approved two Equipment Acquisition Agreements with TBITEC for the acquisition of baggage handling systems in TBIT and the Midfield Satellite Concourse (MSC) in amounts not to exceed \$185,000,000 and \$75,000,000, respectively.
- **October 18, 2018 – Resolution No. 26620 (DA-5323)**
The Board approved an Equipment Acquisition Agreement with TBITEC to acquire Common Use Bag Drop equipment upon installation and completion of the pilot testing period to monitor the effectiveness of the equipment installed in the TBIT Ticket Lobby.

- **November 7, 2019 – Resolution No. 26898 (DA-5158A)**
 The Board approved a First Amendment to Equipment Acquisition Agreement DA-5158 with TBITEC for minor administrative updates and revision of scope components covering acquisition of upgrades to the baggage handling systems in TBIT and the MSC.
- **December 19, 2019 – Resolution No. 26923 (NBL-4348A)**
 The Board approved the Blanket Authority to enter into binding rate agreements with airlines and LAWA-approved airline consortiums using passenger terminals at LAX, with the term expiring on December 31, 2032.
- **March 5, 2020 – Resolution No. 26973 (DA-5323A)**
 The Board approved a First Amendment to the Equipment Acquisition Agreement DA-5323 with TBITEC to extend the term until December 31, 2020, and to add warranty information.
- **April 9, 2020 – Resolution No. 26994 (NBL-4348B)**
 The Board approved an extension of the deadline to July 31, 2020, for airlines and LAWA-approved airline consortiums using passenger terminals at LAX to execute and deliver the Amended and Restated Rate Agreement.
- **April 9, 2020 – Resolution No. 26996**
 The Board approved deferral of fee payment for the months of April and May 2020 under Non-Exclusive Air Carrier Operating Permits and Terminal Lease and License Agreement for LAX passenger air carriers and existing airline consortiums that sign and return a Letter Agreement by April 30, 2020.
- **April 16, 2020 – Resolution No. 27006**
 The Board approved an amendment to Resolution No. 26996 which extends the deadline to submit the Letter Agreement until May 31, 2020, and further updates the initial list of leases eligible for the rent deferral program.
- **June 18, 2020 – Resolution No. 27071 (DA-5458)**
 The Board approved an Equipment Acquisition Agreement with TBITEC covering the cost of installation of the Terminal 5 (T5) Baggage Handling System Upper-Level Controls System for an amount not to exceed \$2,074,936.
- **April 21, 2021 – Resolution No. 27228 (DA-5495)**
 The Board awarded a three-year service agreement with TBITEC covering, on behalf of LAWA, services to airlines operating at common use facilities at LAX for an amount not to exceed \$225,000,000 over the term of the contract.
- **June 17, 2021 – Resolution No. 27292**
 The Board authorized a Direct Expenditure of up to \$4,203,028.76 to pay TBITEC for start-up costs associated with the West Gates at TBIT (West Gates) (formerly known as the Midfield Satellite Concourse) and Terminal 1.5 (T1.5), rendered under Service Agreement DA-5495.

- **July 13, 2023 – Resolution No. 27778 (DA-5495A)**

The Board approved the First Amendment to Contract DA-5495 with TBITEC for the provision of services, on behalf of LAWA, to airlines operating at common use facilities at LAX, to incorporate necessary elements and contractual requirements that pertain to the delivery of services that previously were contained in the canceled Lease and License Agreement LAA-8600 with TBITEC.

3. Background

In 2011, the Board approved Lease and License Agreement LAA-8600, between the City of Los Angeles (City) and the airline consortium TBITEC, a California not-for-profit company that was specifically formed and established by LAX member airlines for the purpose of designing, constructing, installing, operating, maintaining, and financing select airline equipment, systems, and services at designated LAX terminals and facilities. This agreement granted TBITEC the right, responsibility, and privilege to maintain, operate, and provide common use services, including baggage handling support, crowd control, employee screening, aircraft flight gating, and other operational facility support services.

Through the following consecutive years, the Board approved additional actions that included: (a) equipment acquisition agreements for modernization and installation of baggage systems at TBIT, West Gates, and T5; (b) extended the term of LAA-8600, through September 15, 2025, increasing the area of responsibility to the West Gates, T1.5, and T5; and (c) deferred fee payments owed to LAWA and extended deadlines for airlines and LAWA-approved airline consortiums using passenger terminals at LAX to execute and deliver the Amended and Restated Rate Agreement to help mitigate negative impacts of the COVID-19 pandemic.

In 2021, LAWA implemented an Airline Cost Stabilization and Recovery Plan (Plan) aimed at managing rates and charges at LAX to further help mitigate the negative impacts of the COVID-19 pandemic on the airport and airline operations and finances. The key objectives of the Plan were to: (a) make rates and charges at LAX more competitive, (b) mitigate the increase in rates and charges for airlines due to reduced activity, (c) harmonize common use costs across the airport, and (d) achieve stability in LAX's financial operations.

The Plan allowed LAWA to transition the management of common use services from TBITEC to LAWA, through a temporary sole source service agreement with TBITEC (DA-5495), who would provide common use services on LAWA's behalf until a competitive solicitation of the common use services was completed to replace the temporary service agreement. This transition in operating models gave LAWA greater control over management of the services, performance, costs, and rate setting, and the ability to implement market competitive rates for common use facilities at LAX. In addition, LAWA streamlined the baggage system and other common use cost rates paid by common use airlines.

In 2022, LAWA completed the full transition in operating models for the management of common use services, and effective June 20, 2023, terminated the Lease and License Agreement, LAA-8600, after providing TBITEC with the contractually required 180-day advanced written notice of the termination.

The current service agreement, DA-5495, encompasses over 30 separate areas of responsibility pertaining to the management and oversight of common use facilities,

equipment and services, including common use hold rooms and equipment, baggage handling systems, passenger boarding bridges (PBB), PBB aeronautical support equipment, and facility support services, and for administering, designing, financing, installing, and maintaining these systems and services in common use terminals at LAX. The services are provided by 45 approved subcontractors and 66 suppliers on LAWA's behalf.

During the first year of the service agreement, the slow recovery of passenger traffic to pre-pandemic levels allowed LAWA to manage expenses and defer planned maintenance, since many of the services directly correlate with passenger activities. During the second year of the service agreement, the expenses steadily increased 22.4% versus the previous year, as traffic increased. Now, during the third year of the agreement, passenger traffic has rebounded to 2019 levels in T1.5, T5, TBIT, and West Gates Concourse, requiring the increase of maintenance and repair services, passenger services, and the completion of previously deferred maintenance. As a result, the projected expenditures are now on pace to meet the budget plan for the year. In addition, new services and activities were added during the current contract year, including the activation of service in T2, the addition of common use equipment maintenance and repair in Terminal 6 (T6), the implementation of an employee screening program mandated by the Transportation Security Administration, and major repairs of the aging aeronautical equipment at various common use locations.

The original budget plan estimated that expenses would approximate \$75,000,000 annually for a three-year amount not-to-exceed \$225,000,000. The actual expenses incurred under this agreement are summarized below.

BUDGET	DETAILS	EXPLANATION
Contract Year 1 - 4/21/2021 - 4/20/2022		
\$49,044,518 (Actuals) \$4.1M/month average	Expenses reduced to align with passenger volume	<ul style="list-style-type: none"> Passenger volume remained 36.9% below 2019 levels at CU facilities Major maintenance overhauls deferred
Contract Year 2 - 4/21/2022 – 4/20/2023		
\$60,008,154 (Actuals) \$5.0M/month average	<u>Existing CU Services</u> \$59,163,191.74 (Actuals)	<ul style="list-style-type: none"> Passenger volume recovered but remained 6.9% under 2019 levels at CU facilities The passenger recovery was a 21.9% increase over the first contract year level, reflecting a \$10M increase from Year 1 to Year 2. Implemented contractual increases and Living Wage increases July 2022
	<u>New CU Locations and Services</u> \$844,962.26 (Actual)	<ul style="list-style-type: none"> Initiated CU Manager on Duty function in the Airport Response Coordination Center to improve interagency coordination.

Contract Year 3 - 4/21/2023 – 4/20/2024		
\$74,151,331 (Projected) \$6.2M/month average	<u>Existing CU Services</u> \$68,500,891 (Projected)	<ul style="list-style-type: none"> • Passenger volume is projected to exceed 2019 pax levels by 2.8% at CU facilities • Implemented contractual increases and Living Wage increases
	<u>New CU Locations and Services</u> \$2,950,440 (Projected)	<ul style="list-style-type: none"> • Added employee screening program – Aug 2023 • Activated T2 common use facilities – November 2023 • Assumed responsibility for additional T6 common use equipment and services – October 2023
	<u>Aeronautical Equipment Repairs</u> \$2,700,000 (Projected)	<ul style="list-style-type: none"> • T6/T7 Federal Inspection Service (FIS) facility inbound baggage system repair project • Gate 68B Passenger Boarding Bridge repairs
Contract Year 4 - 4/21/2024 – 4/20/2025		
Proposed Six-Month Extension 4/21/2024 – 10/20/2024 \$39,585,976.71 (Projected) \$6.6M/month average	\$36,647,976.10 (Projected)	<ul style="list-style-type: none"> • Estimate City Council approval of new contract by September 2024 • Yearly contractual and living wage increases
	<u>Aeronautical Equipment Repairs</u> \$2,938,000 (Projected)	<ul style="list-style-type: none"> • T5 baggage system repairs of 8 piers • Start PBB repair program for T6, T5, and TBIT (Project in development)
Proposed Six-Month Renewal Option 10/21/2024 – 4/20/2025 \$19,792,988.35 (Projected) \$3.3M/month average	\$18,323,988.35 (Projected)	<ul style="list-style-type: none"> • Transition period between TBITEC and new contractor to be determined. • Potential construction expenses to relocate TBITEC to new office spaces.
	<u>Aeronautical Equipment Repairs</u> \$1,469,000 (Projected)	<ul style="list-style-type: none"> • Continuation and turnover of contractual year 4 aeronautical repairs to new CU provider.

4. Current Action/Rationale

Los Angeles World Airports staff recommend Board approval to extend the contract term of DA-5495 by six-months, with a six-month renewal option, and to increase the contract authority by \$25,000,000, to provide sufficient time for the award of a successor common

use services agreement and to allow for a transition period between the current provider and the future selected provider without compromising service performance levels.

On October 10, 2023, LAWA staff released an RFP for the Management and Oversight of Common Use Facilities, Equipment, and Services at LAX, to complete the final component of the Plan requiring the replacement of the temporary sole source service agreement with TBITEC, to a permanent service agreement. This procurement has been in process for over one year, and LAWA staff expect to present a recommendation to the Board for a contract award by March 2024.

Additionally, due to the anticipated term length, this Second Amendment and the new contract will require approval by the Los Angeles City Council per Los Angeles Charter Section 373. Staff recommend extending the existing TBITEC contract, until the RFP process can be completed, and a new contract approved by the Board and City Council. As this common use services contract is complex, staff request the Board to approve the additional time to account for any administrative delays that may occur within the contract approval and the transition process of the common use services. Under the current contract terms, the contract may be terminated at any time without penalty to the City.

The anticipated timeline for the completion of the new contractor selection is as follows: (1) a vendor will be selected and recommended for award of contract to the Board by March 2024; (2) the Board-approved contract will be forwarded to City Council for approval; (3) upon Council approval, which may be by September 2024, a phased contract transition period will begin from TBITEC to the selected common use services contractor. Currently approval from the City Council can be in excess of 6 months. It is essential to extend the term of the current agreement beyond the current expiration date to allow enough time to complete the steps above. The six-month renewal option provides for a sufficient contract term in the event of any unforeseen delays in the approval and transition process.

5. Fiscal Impact

Costs incurred under this contract will be recovered through both aeronautical and non-aeronautical rates and charges. The current contract with TBITEC (DA-5495) has a total contract authority of \$225,000,000, and 59.5 percent of the total contract authority has been utilized for expenses incurred through the end of August 2023. The total invoiced amount through the end of August 2023. The total projected costs through the entire term of this agreement are \$242,582,968. Furthermore, the requested contract authority includes funding of \$7,417,031.94, to account for: (1) major repairs, upgrades, and modernization of aging aeronautical equipment; (2) additional common use services required by any unforeseen operational circumstance; and (3) any contract transition costs to a new common use provider if required.

Approval of this item will increase the contract authority by \$25,000,000 for a not-to-exceed amount of \$250,000,000 over the term.

6. Alternatives Considered

- **Take No Action**

Taking no action is not recommended as it would result in the disruption of common use services for airlines operating at common use facilities at LAX which would trigger flight cancelations and impact service levels for LAX airlines and traveling guests.

7. How This Action Advances a Specific Strategic Plan Goal and Objective

This action advances this strategic goal and objective: *Build and Operate Facilities to Meet Evolving Demand: Manage and operate facilities effectively.* The proposed amendment will ensure uninterrupted services for airlines operating at common use facilities and would allow for a smooth transition to the new service provider.

APPROPRIATIONS

Funds for this contract are available in the Fiscal Year 2023-2024 Los Angeles World Airports Operating Budget in LAX Cost Center 1160150 – Common Use Services, Commitment Item 520 – Contractual Services. Funding for subsequent years will be requested as part of the annual budget process.

STANDARD PROVISIONS

1. This item, as a continuing administrative, maintenance and personnel-related activity, is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines.
2. The proposed document(s) is/are subject to approval as to form by the City Attorney.
3. Actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 373.
4. TBITEC is required by contract to comply with the provisions of the Living Wage / Worker Retention Ordinances.
5. This action is not subject to the Business Enterprise (BE) Programs.
6. TBITEC is required by contract to comply with the provisions of the Affirmative Action Program.
7. TBITEC has been assigned Business Tax Registration Certificate number 0000224444-0001-7.
8. TBITEC is required by contract to comply with the provisions of the Child Support Obligations Ordinance.
9. TBITEC has approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports.
10. This action is not subject to the provisions of Charter Section 1022 (Use of Independent Contractors).
11. TBITEC has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.

12. TBITEC has been determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance.
13. TBITEC will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. TBITEC has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. TBITEC has submitted the MLO Bidder Contributions CEC Form 50 and will comply with its provisions.
16. TBITEC will comply with the provisions of the Iran Contracting Act.

**SECOND AMENDMENT TO AGREEMENT NO. DA-5495 BETWEEN THE
CITY OF LOS ANGELES AND TOM BRADLEY INTERNATIONAL
TERMINAL EQUIPMENT COMPANY FOR PROVIDING EQUIPMENT
MAINTENANCE SERVICES AT LOS ANGELES INTERNATIONAL AIRPORT**

THIS SECOND AMENDMENT TO AGREEMENT NO. DA-5495 (“Second Amendment”) is made and entered into this ____ day of _____, 2023, by and between the CITY OF LOS ANGELES, a municipal corporation, acting by order of and through the Board of Airport Commissioners (“Board”) of the Department of Airports (“City” or “LAWA”) and Tom Bradley International Terminal Equipment Company (“TBITEC”) for providing equipment maintenance services at Los Angeles International Airport (“Airport” or “LAX”). TBITEC and City are each a “Party” to this Agreement, and collectively are referred to herein as “Parties.”

RECITALS

- A. TBITEC and City entered into that certain Los Angeles International Airport Tom Bradley International Terminal Equipment Company Lease and License Agreement LAA-8600 dated September 16, 2011 (the “Original Agreement”), in which TBITEC leased from City, and City leased to TBITEC, certain space in the Tom Bradley International Terminal (“TBIT”) of the Airport and licensed to TBITEC Aeronautical Equipment (as defined in the Original Agreement), for the purpose of operation and maintenance for the benefit of Member Air Carriers and Non-Member Air Carriers. The Original Agreement was amended by that certain First Amendment to the Los Angeles International Airport Tom Bradley International Terminal Equipment Company Lease and License Agreement dated June 27, 2013 (“First Amendment”), in which City leased to TBITEC, certain space in Terminal 2 (“T2”) and other airport areas and licensed to TBITEC additional Aeronautical Equipment. The Original Agreement was amended further by that certain Second Amendment dated July 9, 2015 (“Second Amendment”), in which City leased to TBITEC certain space in Terminal 3 (“T3”) and other airport areas and licensed to TBITEC additional Aeronautical Equipment, for the purpose of providing services as further described therein. The Original Agreement as amended and modified by the First Amendment and the Second Amendment is referred to herein as the “Prior Agreement”.
- B. TBITEC and City amended and restated the Prior Agreement in the Amended and Restated Lease and License Agreement dated January 26, 2017 in order for TBITEC to lease, operate, and maintain certain space and license City-owned equipment at the Airport in TBIT, TBIT North, West, and East Tunnels (“TBIT Tunnels”), the Midfield Satellite Concourse (“MSC”) and Terminal 5 (“First Amended and Restated Agreement”).
- C. City and TBITEC amended and restated the First Amended and Restated Agreement in the Second Amended and Restated Lease and License Agreement No. LAA-8600 (“Second Amended and Restated Agreement”), effective May 3, 2021, under which TBITEC leased, operates, and maintains certain space and

licenses City-owned equipment at the Airport in the TBIT Tunnels, the MSC, the Terminal 5 baggage handling system, and the North Baggage Handling System Building. The Second Amended and Restated Agreement removed the majority of premises and airline equipment TBITEC leased and licensed from City and effectively transferred the majority of the operation and maintenance obligations of Agreement No. LAA-8600 to Agreement No. DA-5495 dated April 21, 2021 between the City of Los Angeles and Tom Bradley International Terminal Equipment Company for providing Equipment Maintenance Services at Los Angeles International Airport, as amended by the First Amendment to Agreement No. DA-5495A dated August 10, 2023 (collectively, the "Agreement"). Effective April 21, 2021, the Agreement replaced the Second Amended and Restated Agreement with regard to the majority of TBITEC's role in operating and maintaining the aeronautical equipment, systems, facilities, and services.

- D. The Second Amended and Restated Agreement terminated effective as of June 20, 2023.
- E. The Parties desire to amend the provisions of the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby mutually agree that the Agreement shall BE AMENDED AS FOLLOWS:

Section 1. Section 1.1 of the Agreement shall be deleted and replaced with the following:

"This Agreement shall commence on April 21, 2021 ("Commencement Date") and shall terminate on October 20, 2024, unless earlier terminated pursuant to the terms of this Agreement; provided, however, City shall have the option to extend this Agreement for an additional six (6) months to a period ending on April 20, 2025, with such option to be exercised in the sole discretion of the Chief Executive Officer."

Section 2. Subsection 1.2 of the Agreement shall be deleted and replaced with the following:

"Upon the termination or expiration of this Agreement as set forth herein, or upon City's notice to TBITEC that it will reduce one or more Services, TBITEC and City shall cooperate to facilitate an orderly and uninterrupted transition of the responsibilities hereunder to City, or to another provider of Services of the type required under this Agreement. TBITEC shall be required to assist in the transition of Services, which transition may occur in phases based on subcontractors, terminals, services, or by some other plan to minimize service disruptions set forth by LAWA. TBITEC shall assist the City and new service provider for a period up to one-hundred eighty (180) days from the commencement date of the contract by the new service provider. TBITEC shall account to

City for all matters outstanding with respect to this Agreement in accordance with this Section 1.2 and City shall promptly remit to TBITEC all amounts due to TBITEC from City which are payable pursuant to this Agreement through the completion of the duties of TBITEC set forth herein. TBITEC shall comply with all reasonable requests and requirements of City in connection with such termination or expiration, and in furtherance of that end, TBITEC shall deliver to City the following:"

Section 3. The first sentence of Section 5.1 of the Agreement shall be deleted and replaced with the following:

"The compensation to TBITEC shall not to exceed Two Hundred and Fifty Million Dollars (\$250,000,000) for the term of the Agreement."

Section 4. This Second 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 Second 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 Second Amendment had been delivered that had been signed using a handwritten signature. All parties to this Second Amendment (i) agree that an electronic signature, whether digital or encrypted, of a party to this Second 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 Second Amendment based on the foregoing forms of signature. If this Second 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.

[The Remainder Of This Page Was Intentionally Left Blank]

APPROVED AS TO FORM:
HYDEE FELDSTEIN SOTO,
City Attorney

Date: _____

By: _____

Deputy/Assistant City Attorney

CITY OF LOS ANGELES

By _____

Beatrice C. Hsu
Interim Chief Executive Officer
Department of Airports

By _____

Chief Financial Officer

ATTEST:

**TOM BRADLEY INTERNATIONAL
TERMINAL EQUIPMENT COMPANY**

By 
Secretary (Signature)

David Thomas
Print Name

[SEAL]

By 
Signature

Sheila O'Neil
Print Name