

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 1, 2024

CAO File No. 0150-12704-0000

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 (Board) dated June 13, 2024 and July 1, 2024; referred by the Mayor for a report on June 20, 2024

Subject: **LOS ANGELES WORLD AIRPORTS PROPOSED RESOLUTION AUTHORIZING A SECOND AMENDMENT TO CONTRACT NO. DA-5498 WITH PASLAY MANAGEMENT GROUP FOR ON-CALL PROFESSIONAL SERVICES AT LOS ANGELES INTERNATIONAL AIRPORT**

RECOMMENDATION

That the Mayor:

1. Approve Los Angeles World Airports (LAWA) Board Resolution No. 27952 authorizing a Second Amendment to Contract DA-5498 with Paslay Management Group to extend the existing three-year term of the agreement by an additional two years, for a total term of five years, retroactive from July 1, 2024, through June 30, 2026, with an increase in the not-to-exceed contract amount by \$4,500,000 from \$2,250,000 to \$6,750,000, covering on-call professional services for LAWA;
2. Adopt the California Environmental Quality Act (CEQA) determinations of the July 1, 2024 Board of Airport Commissioners (Board) Resolution 27952, that this action is exempt from CEQA pursuant to Article II, Section 2(f) of the Los Angeles City CEQA Guidelines; and
3. Authorize the LAWA Chief Executive Officer, or designee, to execute the proposed Second Amendment 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 July 1, 2024 Resolution 27952 authorizing a proposed Second Amendment to Contract DA-5498 with Paslay Management Group (known as "PMG" or "Consulting Firm") to continue on-call professional services supporting commercial leasing and concession development programs at Los Angeles International Airport (LAX). Originally approved by the Board on April 2,

2021 (Resolution 27235), the three-year on-call contract expired on June 30, 2024.

Approval of the proposed Second Amendment will extend the contract's current three-year term for an additional two years, retroactive from July 1, 2024, through June 30, 2026, for a total term of five years. The proposed Amendment also increases the total not-to-exceed amount of the contract by \$4,500,000 from \$2,250,000 to \$6,750,000.

The proposed amendment to the contract has been approved as to form by the City Attorney. Pursuant to Charter Section 373 and Los Angeles Administrative Code Section 10.5, Council approval is required because the cumulative contract term exceeds three years. Our Office has reviewed the request and recommends approval.

BACKGROUND

In 2021, the Board and City Council approved the LAWA's Professional Services Contract DA-5498 with Paslay Management Group in an effort to obtain subject matter expertise to support the Department's leasing and concession programs at LAX.

Initial Contract and First Amendment – On April 2, 2021, as a result of a competitive procurement, the Board approved Resolution No. 27952, awarding the initial contract to PMG for on-call professional services for a three-year term. On September 21, 2023, the Board approved Resolution No. 27800 authorizing a First Amendment to the PMG contract which increased the contract authority by \$750,000 from \$1,500,000 to \$2,250,000.

On June 13, 2024 and July 1, 2024, the Board approved a LAWA staff report and Resolution 27952 requesting authority to execute a proposed Second Amendment with Paslay Management Group to continue providing professional services that augment staffing and support of LAWA's commercial leasing and concession development programs at LAX.

Professional Services - PMG is a full-service airport development consultancy firm that works as an extension of an airport's executive management team to collaboratively execute capital development programs. The consulting firm provides specialized services that will enable LAWA to support commercial projects, including in-terminal concessions, rental car agreements, and terminal leases. PMG has partnered with LAWA on various LAX projects, such as:

- Negotiating the Concession and Lease Agreement with on and off-airport rental car companies for the Consolidated Rent-A-Car (ConRAC) facility
- Coordinating the transition of the rental car companies from their existing sites to the ConRAC facility
- Renegotiating space leases, fuel agreements, and Operation and Maintenance costs
- Analysis of rent relief options to enable LAX concessionaires to continue business

operations during the COVID-19 Pandemic

- Assistance with the management of concession construction projects in Terminal 3 and Terminal 4

Costs and Funding – An estimated 82 percent, or \$1,840,189 of the total \$2,250,000 appropriated for the PMG contract has been exhausted. The remaining 18 percent or balance of \$409,811, combined with the proposed Second Amendment increase of \$4,500,000, will bring the total available funds to \$4,909,811. The table below summarizes the contract activities and the additional funds necessary to carry out the scope of work included in the proposed Second Amendment.

Paslay Management Group – Contract No. DA-5498 Contract Authority and Expenditures	
Description of Budget Activities	Amount
Original Contract Authority, April 2021	\$1,500,000
<u>First Amendment Increase</u>	<u>750,000</u>
Total Contract Value	\$2,250,000
Annual Expenditures	
Fiscal Year 2022	(\$415,189)
Fiscal Year 2023	(506,842)
<u>Fiscal Year 2024</u>	<u>(918,158)</u>
Total Expenditures	(\$1,840,189)
Remaining Contract Value (Total Contract Value less Total Contract Expenditures)	\$409,811
Proposed Second Amendment Amount	\$4,500,000
<u>Remaining Contract Value</u>	<u>409,811</u>
New Funding Available	\$4,909,811
New Contract Value (Total Contract Value plus Proposed Second Amendment Amount)	\$6,750,000

Second Amendment Scope of Work – The new contract funding will be utilized to compensate the consulting firm for three primary tasks through the end of the contract term: 1) develop financial calculations for the rental car concession and lease agreements, 2) restructure terminal lease airline gate use protocols, and 3) plan and coordinate airline and concession construction projects. Except as proposed in this amendment, all other terms and conditions remain 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's Strategic Sourcing Division staff reviewed this action (File No. 9651) and set mandatory Business Enterprise goals of ten percent SBE, five percent LBE, two percent LSBE, and two percent DVBE. Paslay Management Group proposed 30.3 percent SBE, five percent LBE, five percent LSBE, and two percent DVBE participation. To date, the consulting firm has achieved 33.3 percent SBE, five percent LBE, five percent LSBE, and two percent DVBE participation.

Charter Section 1022 – The work specified in the proposed contract is not subject to the provisions of Charter Section 1022 bidding requirements as independent contractors can perform the specified tasks more economically or feasibly than City employees.

California Environmental Quality Act (CEQA) – On June 13, 2024, the Board determined that the proposed Second Amendment with Paslay Management Group for on-call professional services at Los Angeles International Airport will not directly impact the environment and is exempt from CEQA pursuant to Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

The proposed amendment includes provisions to ensure compliance with applicable City Ordinances, contracting, and insurance requirements. The underlying contract and amendment have been reviewed and approved as to form by the City Attorney. In accordance with Charter Section 373 and Administrative Code Section 10.5(a) and 10.5 (b)(2), the proposed Agreement requires Council approval because the total term of the agreement exceeds three years. Our Office recommends approval.

FISCAL IMPACT STATEMENT

Approval of the proposed Second Amendment to Contract DA-5498 with Paslay Management Group for the continuation of on-call professional services will not have an impact on the City's General Fund. The proposed Second Amendment increases the maximum not-to-exceed contract amount by \$4,500,000 from \$2,250,000 to \$6,750,000, and extends the term by an additional two years, for a total of five years. Costs for this contract are available in the Fiscal Year 2024-25 Los Angeles World Airports operating Budget in LAX Cost Center 1240002 – Commercial Development DED Office, Commitment Item 520 – Contractual Services. Funding for subsequent years will be requested as part of LAWA's annual budget process. The recommendations in this report comply with the Los Angeles World Airports' adopted Financial Policies.

Attachment 1 – BOAC June 13, 2024 and July 1, 2024 Resolution No. 27952



ATTACHMENT 1

June 20, 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 Second Amendment to Contract DA-5498 for contract with Paslay Management Group

In accordance with Executive Directive No. 4, we are transmitting a copy of the specified board report for the request to approve the Second Amendment to Contract DA-5498 for contract with Paslay Management Group to extend the contract by two years from June 30, 2024, to June 30, 2026, and increase the contract authority from \$2,250,000 to a not-to-exceed amount of \$6,750,000, covering on-call professional services for Los Angeles World Airports.

City Council approval is required pursuant to Section 373 of the Los Angeles City Charter.

Sincerely,

Becca Doten
Chief of Staff

BD:MSA:ksf





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Item Number
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Report to the BOARD OF AIRPORT COMMISSIONERS

Approver:


Dave Jones, Deputy Executive Director
Commercial Development Division

Meeting Date


6/13/2024

Reviewer:

Hector Huevo
Hector Huevo (Jun 7, 2024 12:59 PDT)

Brian C. Ostler, City Attorney

Needs Council Approval: ☒ Y


John Ackerman, Chief Executive Officer

Reviewed for/by	Date	Approval Status	By
Finance	5/23/2024	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
CEQA	5/28/2024	<input checked="" type="checkbox"/> Y	MD
Procurement	5/28/2024	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	BG
Guest Experience	5/30/2024	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	5/28/2024	<input checked="" type="checkbox"/> Y	BNZ

SUBJECT

Request to approve the Second Amendment to Contract DA-5498 for contract with Paslay Management Group to extend the contract by two years from June 30, 2024, to June 30, 2026, and increase the contract authority from \$2,250,000 to a not-to-exceed amount of \$6,750,000, covering on-call professional services for Los Angeles World Airports.

RECOMMENDATIONS

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. 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.
3. FIND that the work can be performed more economically or feasibly by an independent contractor than by City employees.
4. APPROVE the proposed Second Amendment to Contract DA-5498 for On-Call Professional Services with Paslay Management Group to extend the contract by two years and increase the contract authority from \$2,250,000 to \$6,750,000.
5. AUTHORIZE the Chief Executive Officer, or designee, to execute the proposed Second Amendment upon approval as to form by the City Attorney and approval by the Los Angeles City Council.

DISCUSSION

1. Purpose

Approval of the proposed amendment will extend the contract with Paslay Management Group (PMG) for two years to continue professional services that augment staffing and support commercial leasing and concession development at Los Angeles International Airport.

2. Prior Related Actions/History of Board Actions

- **April 2, 2021 – Resolution No. 27235**

The Board of Airport Commissioners (Board) approved the award of a three-year on-call professional services contract to PMG.

- **September 21, 2023 – Resolution No. 27800**

The Board approved the First Amendment to Contract DA-5498 with PMG to increase the contract authority to \$2,250,000.

3. Background

In December 2020, Los Angeles World Airports (LAWA) Commercial Development Division (CDD) issued a Request for Proposals for On-Call Professional Services to provide specific subject matter expertise to support LAWA's leasing and concessions programs. Utilizing on-call professional services allows LAWA to quickly bring on resources to support commercial projects, including in-terminal concessions, rental car agreements, terminals leases, and other commercial development projects.

4. Current Action/Rationale

Commercial Development Division staff continues to need support from PMG to (a) develop financial calculations for the Rental Car Concession and lease agreements, (b) restructure terminal lease airline gate use protocols, and (c) plan and coordinate airline and concessions construction projects.

The PMG team committed to 30 percent total Small Business Enterprise/Local Business Enterprise/Local Small Business Enterprise/Disabled Veteran Business Enterprise goals and have met their goals throughout the term of their contract. Paslay Management Group continues to do outreach to firms to remain a good partner with LAWA on reaching and exceeding their goals.

5. Fiscal Impact

Approval of this item will increase the contract authority from \$2,250,000 to \$6,750,000.

6. Alternatives Considered

- ***Take No Action***

Taking no action is not recommended. The expertise this contract provides is critical to the strategies behind ongoing commercial projects, including airline lease negotiations,

tenant improvement acquisitions, rental car concessions issues, and terminal concessions redevelopment strategy.

APPROPRIATIONS

Funds for this contract are available in the Fiscal Year 2024-2025 Los Angeles World Airports Operating Budget in LAX Cost Center 1240002 – Commercial Development DED Office, Commitment Item 520 – Contractual Services. Funding for subsequent fiscal 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 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. Paslay Management Group is required by contract to comply with the provisions of the Living Wage Ordinance.
5. Strategic Sourcing has reviewed this action (File No. 9651) and established a mandatory 10% Small Business Enterprise, 5% Local Business Enterprise, 2% Local Small Business Enterprise, and 2% Disabled Veteran Business Enterprise, goals for this project. Paslay Management Group proposed 30.3% SBE, 5% LBE, 5% LSBE, and 2% DVBE participation and has achieved 17.602% SBE, 0% LBE, 0% LSBE, and 0% DVBE to date.
6. Paslay Management Group is required by contract to comply with the provisions of the Affirmative Action Program.
7. Paslay Management Group has been assigned Business Tax Registration Certificate No. 0002321292-0001-2.
8. Paslay Management Group is required by contract to comply with the provisions of the Child Support Obligations Ordinance.
9. Paslay Management Group has approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports.
10. Paslay Management Group Pursuant to Charter Section 1022, staff determined the work specified on this contract can be performed more feasibly and economically by Independent Contractors than by City employees.
11. Paslay Management Group has submitted the Contractor Responsibility Program Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.

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

July 1, 2024

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

Subject: Second Amendment to Contract DA-5498 with Paslay Management Group

Enclosed for your consideration is the Second Amendment to Contract DA-5498 with Paslay Management Group that was approved by the Board of Airport Commissioners at its June 13, 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 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; and
2. Approve the Second Amendment to Contract DA-5498 with Paslay Management Group to extend the term through June 30, 2026 and increase the contract authority to not-to-exceed total of \$6,750,000, covering on-call professional services for Los Angeles World Airports; and
3. Concur with said Board's action on June 13, 2024, by Resolution 27952, authorizing the Chief Executive Officer, or designee, of Los Angeles World Airports to execute said Second Amendment to Contract DA-5498 with Paslay Management Group.

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 373 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. 27952

WHEREAS, on recommendation of Management, there was presented for approval, Second Amendment to Contract DA-5498 with Paslay Management Group to extend the term through June 30, 2026 and increase the contract authority to not-to-exceed total of \$6,750,000, covering on-call professional services for Los Angeles World Airports; and

WHEREAS, on-call professional services to provide specific subject matter expertise to support Los Angeles World Airports (LAWA) leasing and concessions programs will allow LAWA to quickly bring on resources to support commercial projects, including in-terminal concessions, rental car agreements, terminals leases, and other commercial development projects; and

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City of Los Angeles

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Mayor

**Board of Airport
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John Ackerman
Chief Executive Officer

WHEREAS, in April 2021, by Resolution 27235, the Board of Airport Commissioners approved award of an on-call professional services contract (DA-5498) to Paslay Management Group (Paslay); and

WHEREAS, LAWA Commercial Development Division staff continue to need support from Paslay to (a) develop financial calculations for the rental car concession and lease agreements, (b) restructure terminal lease airline gate use protocols, and (c) plan and coordinate airline and concessions construction projects; and

WHEREAS, funds for the contract are available in the Fiscal Year 2024-2025 LAWA Operating Budget in LAX Cost Center 1240002 – Commercial Development DED Office, Commitment Item 520 – Contractual Services. Funding for subsequent fiscal years will be requested as part of the annual budget process; and

WHEREAS, this item, as a continuing administrative, maintenance and personnel-related activity, is exempt from the California Environmental Quality Act (CEQA) requirements pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines; and

WHEREAS, Paslay is required by contract to comply with the provisions of the Living Wage Ordinance; and

WHEREAS, LAWA Strategic Sourcing Division has reviewed this action (File 9651) and established a mandatory 10% Small Business Enterprise (SBE), 5% Local Business Enterprise (LBE), 2% Local Small Business Enterprise (LSBE), and 2% Disabled Veteran Business Enterprise (DVBE) goals for the project. Paslay proposed 30.3% SBE, 5% LBE, 5% LSBE, and 2% DVBE participation, and has achieved 17.602% SBE, 0% LBE, 0% LSBE, and 0% DVBE to date. Paslay continues to do outreach to firms to remain a good partner with LAWA on reaching and exceeding its goals; and

WHEREAS, Paslay is required by contract to comply with the provisions of the Affirmative Action Program; and

WHEREAS, Paslay has been assigned Business Tax Registration Certificate 0002321292-0001-2; and

WHEREAS, Paslay is required by contract to comply with the provisions of the Child Support Obligations Ordinance; and



WHEREAS, Paslay has approved insurance documents, in the terms and amounts required, on file with LAWA; and

WHEREAS, pursuant to Charter Section 1022, staff determined that the work specified on the contract can be performed more feasibly and economically by Independent Contractors than by City employees; and

WHEREAS, Paslay has submitted the Contractor Responsibility Program Pledge of Compliance, and will comply with the provisions of said program; and

WHEREAS, Paslay has been determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance; and

WHEREAS, Paslay will be required to comply with the provisions of the First Source Hiring Program for all non-trade Los Angeles International Airport jobs; and

WHEREAS, Paslay has submitted the Bidder Contributions CEC Form 55 and MLO Bidder Contributions CEC Form 50, and will comply with their provisions; and

WHEREAS, Paslay will be required to comply with the provisions of the Iran Contracting Act; 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 373;

NOW, THEREFORE, BE IT RESOLVED that the Board of Airport Commissioners adopted the Staff Report; determined that this action is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines; found that the work can be performed more economically or feasibly by an independent contractor than by City employees; approved the Second Amendment to Contract DA-5498 with Paslay Management Group to extend the term through June 30, 2026 and increase the contract authority to not-to-exceed total of \$6,750,000, covering on-call professional services for Los Angeles World Airports; and authorized the Chief Executive Officer, or designee, to execute said Second Amendment to Contract DA-5498 with Paslay Management Group after approval by the Los Angeles City Council and approval as to form by the City Attorney.

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I hereby certify that this Resolution No. 27952 is true and correct, as adopted by the Board of Airport Commissioners at its Special Meeting held on Thursday, June 13, 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

SECOND AMENDMENT TO CONTRACT NO. DA-5498
BETWEEN THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS
AND PASLAY MANAGEMENT GROUP
FOR ON-CALL PROFESSIONAL SERVICES
[AT ALL LAWA AIRPORTS/REAL PROPERTY HOLDINGS]

This **SECOND AMENDMENT TO CONTRACT NO. DA-5498** is made and entered into as of _____ (the “Amendment Effective Date”) between the City of Los Angeles, acting by and through its Board of Airport Commissioners (“Board”) of the Los Angeles World Airports (“LAWA”), a department of the City of Los Angeles (collectively, “City”), and Paslay Management Group (“Contractor”). City and Contractor are each a “Party” to this Second Amendment, and collectively are referred to herein as “Parties”. Los Angeles International Airport is referred to herein as “Airport”.

RECITALS

The Parties hereby acknowledge and agree that their respective decisions to enter into this Second Amendment are premised on the following recitals which set forth certain facts upon which the Parties agree:

- A. The Parties entered into a contract dated April 30, 2021 for on-call professional services, which contract was designated as no. DA-5498 (the “Contract”). Unless otherwise specified, all capitalized terms in this Second Amendment shall have their meanings as set forth in the Contract.
- B. The Parties entered into a Second Amendment to this Contract on October 5, 2023 to increase the contract authority from \$1,500,000.00 to \$2,250,000.00.
- C. The Parties now desire and both agree to extend the term of this Contract under the terms and conditions of this Second Amendment from three years to a total period of five years.
- D. The Parties now desire and both agree to increase the contract authority of the Contract under the terms and conditions of this Second Amendment from \$2,250,000.00 to \$6,750,000.00.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and 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 agree as follows:

Amendment Section 1.0 Section 1.1 under “Section 1.0 Term of Contract” is hereby deleted in its entirety and replaced with the following:

1.1 The term of this Contract shall be for a period of five (5) years, commencing on City's issuance of a Notice to Proceed, and shall expire five (5) years thereafter, subject to: (i) the City's Extension Options (as defined in Section 1.1.1 below), or (ii) earlier termination pursuant to the terms of this Contract or extended by an Amendment thereto. Either party may terminate this Contract, with or without cause, upon giving the other party thirty (30) days advance written notice.

Amendment Section 2.0 Section 3.1.1 under “Section 3.0 Contractor’s Fee” is hereby deleted in its entirety and replaced with the following:

3.1.1 **Maximum Payment Obligation.** Notwithstanding any other provision of this Contract to the contrary, the LAWA's maximum cumulative payment obligation to the Contractor under this Contract shall be Six Million Seven Hundred Fifty Thousand Dollars (\$6,750,000.00) during the term of the Contract. The maximum payment obligation shall include all amounts payable to the Contractor for its costs arising from, or due to termination of, this Contract.

Amendment Section 3.0 Effect of This Second Amendment. Except as modified by this Second Amendment, the Contract is hereby ratified and confirmed and all other terms of the Contract shall remain in full force and effect, unaltered and unchanged by this Second Amendment. If there is any conflict between the provisions of this Second Amendment and the provisions of the Contract, the provisions of this Second Amendment shall prevail. Whether or not specifically amended by this Second Amendment, all terms and provisions of the Contract are amended to the extent necessary to give effect to the purpose and intent of this Second Amendment.

Amendment Section 4.0 Integration; No Third Party Beneficiaries. No provisions of the Second Amendment may be further amended or added to except by a written agreement signed by the Parties or their respective successors in interest. Except as expressly provided for herein, this Second Amendment is not intended to confer upon any person other than the Parties any rights or remedies hereunder.

Amendment Section 5.0 Governing Law; Interpretation. This Second Amendment shall be governed by, and construed in accordance with, the laws of the State of California. The Contract and this Second Amendment are subject to the provisions of the Los Angeles Administrative Code. Each Party represents and warrants that this Second Amendment has been negotiated and drafted at arm's length by equally sophisticated parties, and any ambiguity cannot be attributed to either Party hereto. If any provision of this Second Amendment, or the application thereof to any persons or circumstances, shall be invalid or unenforceable, the remainder of this Second Amendment shall not be affected thereby, and each provision of this Second Amendment shall be valid and shall be enforceable to the fullest extent permitted by law.

Amendment Section 6.0 Rights of United States Government; National Emergency. The Contract and this Second Amendment shall be subordinate to the provisions and requirements of any existing or future agreement(s) between City and the United States relative to the development, operation or maintenance of LAX, including but not limited to Airport Grant Assurances. Furthermore, the Lease and this Second Amendment shall be subject to whatever right the United States Government now has or in the future may have or acquire affecting the control, operation, regulation, taking over, or use (whether exclusive or nonexclusive) of LAX during war or a national emergency.

Amendment Section 7.0 This Second Amendment and any other document necessary for the consummation of the transaction contemplated by 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 associated 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 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.

It is understood and agreed by and between the parties hereto that, except as specifically provided herein, this Second Amendment to Contract DA-5498 shall not, in any manner, alter, change, modify or affect any of the rights, privileges, duties or obligations of either of the parties hereto under or by reason of said Contract DA-5498.

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

IN WITNESS WHEREOF, the Department has caused this Third Amendment to be executed on its behalf by the Chief Executive Officer and Consultant has caused the same to be executed by its duly authorized officers, all as of the day and year first hereinabove written. Each individual who executes this Agreement on behalf of a party represents that he/she/they is duly authorized to execute this Agreement and contractually bind the party, and is operating within the scope of his/her/their authority.

APPROVED AS TO FORM:
HYDEE FELDSTEIN SOTO
City Attorney

CITY OF LOS ANGELES

By signing below, the signatory attests that they have no personal, financial, beneficial, or familial interest in this Contract.

Date: _____

By: _____

John Ackerman
Chief Executive Officer, LAWA

By: _____
Deputy/Assistant City Attorney

By: _____

Tatiana Starostina
Chief Financial Officer, LAWA

ATTEST:

PASLAY MANAGEMENT GROUP

By: _____
Signature (Secretary)

By: _____
Signature

Print Name

R. Clay Paslay
Print Name

Chief Executive Office and Managing Partner
Print Title

[SEAL]