



# REPORT TO THE BOARD OF AIRPORT COMMISSIONERS

Reviewed by: Dave Jones, Deputy Executive Director,  
Commercial Development Division

Brian Ostler (Mar 9, 2022 14:28 PST)

Brian C. Ostler, City Attorney

Justin Erbacci (Mar 9, 2022 14:33 PST)

Justin Erbacci, Chief Executive Officer

Meeting Date

3/17/2022

Needs Council Approval:  Y

Reviewed for / by	Date	Approval Status	By
Finance	3/4/2022	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
CEQA	2/4/2022	<input checked="" type="checkbox"/> Y	VW
Procurement	2/3/2022	<input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond	LK
Guest Experience	2/4/2022	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	2/1/2022	<input checked="" type="checkbox"/> Y	KC
City Attorney	2/7/2022	<input checked="" type="checkbox"/> Y	NC

## SUBJECT

Request to approve the Third Amendment to Lease and Non-Exclusive Right-Of-Way License Agreement LAA-5316 with LAXFUEL Corporation to reduce the demised premises and reimburse LAXFUEL Corporation up to \$4,000,000 for initial project costs associated with work required to accommodate the construction of the Taxiway D Project at Los Angeles International Airport.

## 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.i of the Los Angeles City CEQA Guidelines.
- APPROVE the Third Amendment to Lease and Non-Exclusive Right-Of-Way License Agreement LAA-5316 with LAXFUEL Corporation.
- AUTHORIZE the Chief Executive Officer to execute the Third Amendment upon approval as to form by the City Attorney and approval by the Los Angeles City Council.
- APPROPRIATE capital funds in an amount not to exceed \$4,000,000 to reimburse LAXFUEL Corporation for initial Taxiway D Project-related costs.

## DISCUSSION

### 1. Purpose

To reduce the LAXFUEL Corporation (LAXFUEL) premises and provide initial funding up to \$4,000,000 for LAXFUEL to design and complete advanced work related to LAXFUEL's relocation of the fuel load rack as required to accommodate Los Angeles World Airports' (LAWA) Taxiway D Project at Los Angeles International Airport (LAX).

### 2. Prior Related Actions/History of Board Actions

- **December 17, 1986 – Board Order No. AO-3976 (LAA-5316)**  
The Board of Airport Commissioners (Board) approved a Non-Exclusive Right-of-Way License Agreement, dated January 23, 1987, which provided a long-term lease to LAXFUEL for construction, operation, and maintenance of a fuel storage facility at LAX. Under the same delegated authority from Board Order No. AO-3976, the parties entered into First Amendment and Restatement Agreement No. LAA-5316, dated November 4, 1991 (identified as LAA-5316A), to allow for LAXFUEL financing of improvements.
- **February 4, 1997 – Board Order No. AO-4583 (LAA-5316B)**  
The Board approved a Second Amendment to Lease and Non-Exclusive Right-of-Way License Agreement dated March 4, 1997, which amended the demised premises and Right-of-Way to add, delete, and reconfigure portions of the premises.

### 3. Background

LAXFUEL is an airline fuel consortium comprised of 65 domestic and international carriers at LAX. In 1987, LAWA and LAXFUEL entered into a 44-year lease for approximately 715,000 square feet (SF) of land at 9900 LAXFUEL Road, Los Angeles CA 90045 at LAX. The site is improved with fuel system infrastructure, including fuel storage tanks, distribution piping, other equipment and materials, and appurtenances related to fueling systems.

As part of the Airfield and Terminal Modernization Program, LAWA will be making several airfield improvements at LAX. One of the key improvements is the extension of Taxiway D, which will improve operational management of aircraft movements in the north airfield. The Taxiway D project, tentatively scheduled to commence in the summer of 2022, will impact several tenant leaseholds, including Southwest Airlines Co.'s Ground Service Equipment Maintenance Facility, LAXFUEL Corporation's aircraft fueling facility, and FedEx's aircraft maintenance facility (see Attachment 1).

### 4. Current Action/Rationale

As shown in Attachment 2, the Taxiway D project requires that LAWA take back approximately 65,500 SF of LAXFUEL's leased premises. To maintain fueling operations, the premises and equipment must be reconfigured. LAXFUEL has determined that it must demolish, reconfigure, and relocate its fuel truck loading racks, realign connections and fuel distribution piping in the reduced premises, and create new areas for storage of equipment and materials. Los Angeles World Airports and LAXFUEL staff worked collaboratively to develop a plan that will allow LAWA to take possession of the required premises in the timeframe needed and reimburse LAXFUEL for its cost to relocate equipment and maintain operations.

LAXFUEL’s current cost estimate to perform the required work is \$23,000,000. However, this cost must be further refined as the project advances through the design and permitting phase. Therefore, LAWA and LAXFUEL have agreed to provide only the initial funding in the amount of \$4,000,000 to allow LAXFUEL to complete the full design and permitting for the required work, determine additional space that may be needed, and confirm the total project cost estimate.

Pursuant to the proposed Third Amendment, LAXFUEL’s premises will be reduced by 65,500 SF to provide LAWA the land needed for the Taxiway D extension. Attachment 2 included in this report depicts the proposed reconfiguration of LAXFUEL’s premises and highlights additional space that may be provided in the future through a subsequent amendment or separate agreement. In addition, LAWA will reimburse up to \$4,000,000 for LAXFUEL’s actual costs for project design and permitting, equipment, and other items (valves and actuators, pumps, tanks, specialty control components, and control systems) that must be purchased now to ensure the LAXFUEL site reconfiguration is completed in a timely manner without negatively affecting LAWA’s Taxiway D Project schedule (see table below).

Design	\$1,250,000
Permitting	\$ 250,000
Prefabricate HCTS/Load Rack	\$2,500,000
<b>Total of Initial Project Design and Permitting</b>	<b>\$4,000,000</b>

Los Angeles World Airports staff expects to return to the Board in the third quarter of 2022 to request a subsequent appropriation for the costs of the remaining construction work after LAXFUEL finalizes the design and the total costs of the relocation work is confirmed.

The general terms of the proposed Third Amendment to the lease are summarized below:

	<b>Current</b>	<b>Proposed</b>
Expiration Date	December 21, 2031	No change
Premises	714,998 SF surface  329,980 SF subsurface	649,658 SF surface  No change  NOTE: Area identified as “replacement operational storage” will be issued under a separate subsequent lease and/or amendment
Annual Land Rental Rate	\$3.44 *PSFPY for surface area \$2.30 PSFPY for subsurface area  *Per square foot per year	No change to rental rate structure/methodology. Specific rates are pending reset in accordance with existing lease provisions
Annual Rent	\$3,218,547	\$2,993,778
Required Tenant Improvements	N/A	LAXFUEL to complete all design, engineering, plans, permitting, construction of new facilities, and necessary demolition
Reimbursement	N/A	LAWA to reimburse up to \$4,000,000 for eligible project costs
Bidding and Self-Performance of Work	N/A	Competitive bids are required for performance of work unless otherwise justified. Self-performance of project components requires prior approval by LAWA
Targeted Schedule	N/A	Construction completion and LAXFUEL’s vacation of the impacted premises: July 2023

Los Angeles World Airports staff requests that the Board approve the proposed Third Amendment to reduce the premises by approximately 65,500 SF and appropriate up to \$4,000,000 to reimburse actual costs incurred by LAXFUEL as outlined in this report and the amendment.

## 5. Fiscal Impact

The LAXFUEL Load Rack Relocation Project recently was programmed in LAWA’s 10-Year Capital Improvement Plan (CIP) with an initial budget of \$4,000,000. Consequently, the addition of this project will be reflected as a \$4,000,000 net increase to the CIP when compared to previous reports.

Following LAXFUEL's completion of the design of this project, and consistent with LAWA's CIP management policies, LAWA will return to the Board to request additional appropriations needed to fund the completion of the project, currently estimated at approximately \$19,000,000.

The proposed Third Amendment also contemplates a reduction in land area by approximately 65,500 SF (the area is depicted on Attachment 2 as "Impacted Area"). The reduced premises are anticipated to result in a reduction of approximately \$224,000 in annual revenue upon completion of the project. However, upon start of construction, additional space (highlighted in Attachment 2 as "Replacement Operational Space") may be leased to LAXFUEL, which will offset some of this lost revenue.

## 6. Alternatives Considered

- **Take No Action**

Taking no action is not recommended. Without approval of the Third Amendment, the site required to construct the Taxiway D Extension will not be clear of infrastructure, and the Taxiway project will not be viable.

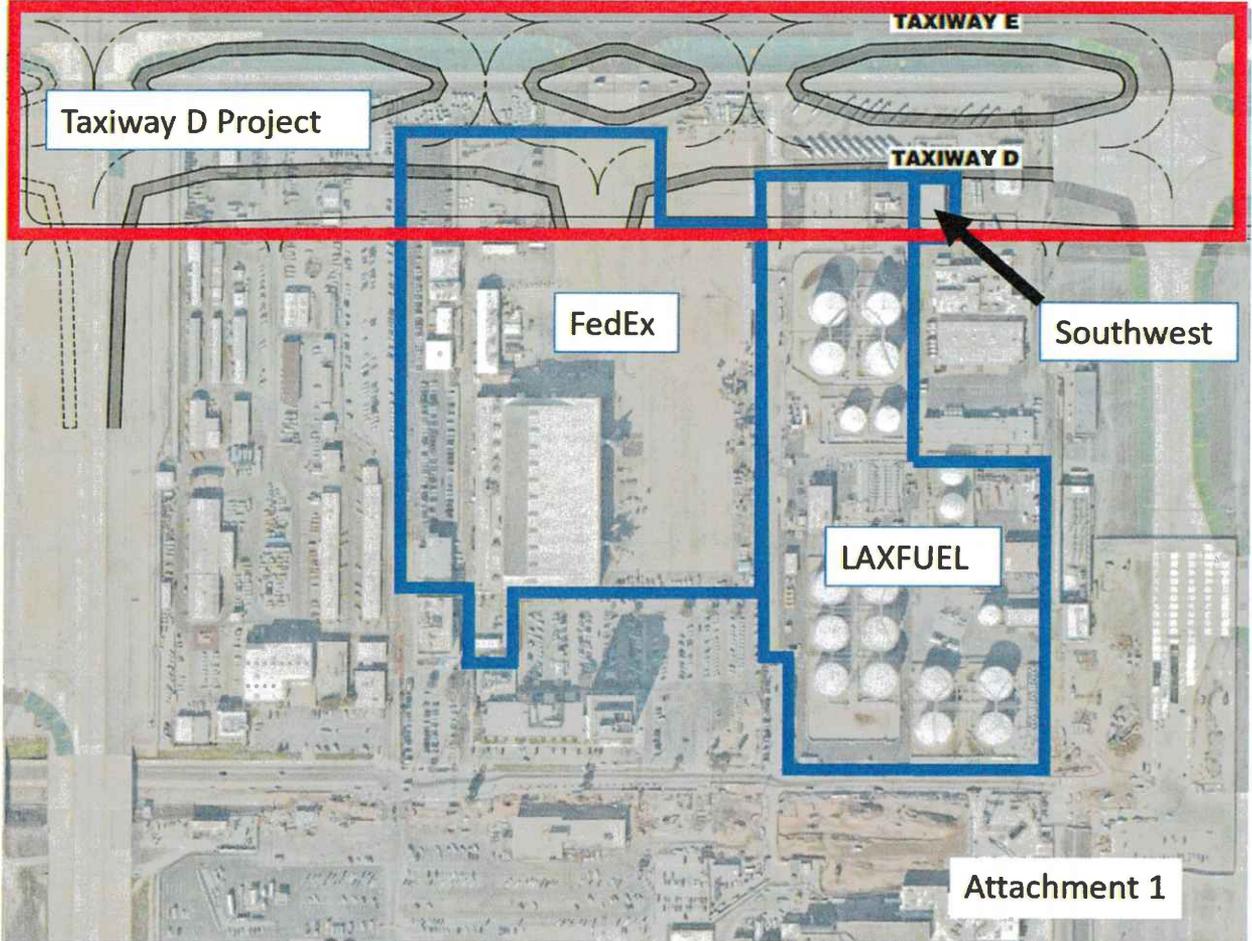
## APPROPRIATIONS

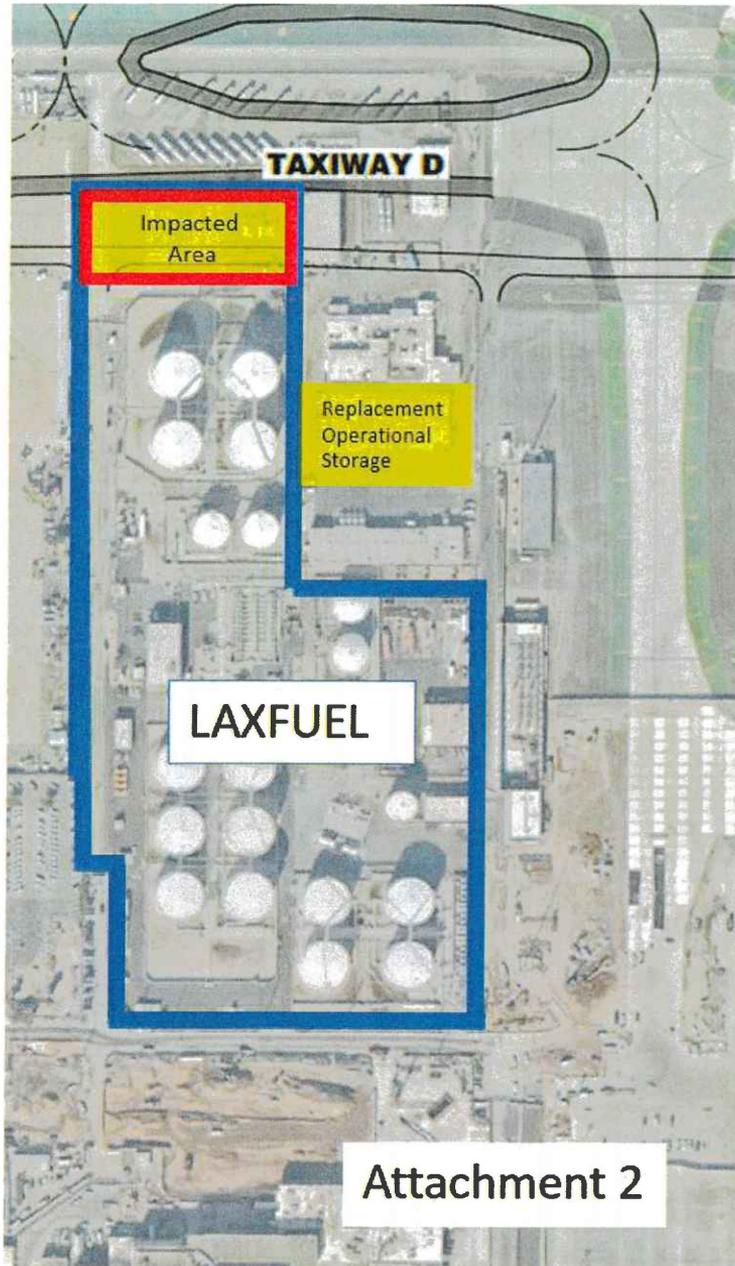
Staff requests appropriations in the not-to-exceed amount of \$4,000,000, to be provided from the LAX Revenue Fund to WBS # 1.22.12A-700 (ATMP Airfield Program), for the purposes of the LAXFUEL Load Rack Relocation Project. This appropriation excludes LAWA overhead and program services costs needed to administer and manage the CIP, which are appropriated separately by the Board.

## STANDARD PROVISIONS

1. Any activity (approval of bids, execution of contracts, allocation of funds, etc.) for which the underlying project has previously been evaluated for environmental significance and processed according to the requirements of the California Environmental Quality Act (CEQA) is exempt from further review pursuant to Article II, Section 2.i of the Los Angeles City CEQA Guidelines. The Airfield and Terminal Modernization Project Environmental Impact Report was certified by the Board of Airport Commissioners on October 7, 2021 (Resolution 27351).
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 606.
4. LAXFUEL Corporation will comply with the provisions of the Living Wage/Service Contractor Worker Retention Ordinances.
5. The Business Enterprise Programs do not apply to leases.
6. LAXFUEL Corporation will comply with the provisions of the Affirmative Action Program.

7. LAXFUEL Corporation has been assigned Business Tax Registration Certificate No. 0000854988-0001-2.
8. LAXFUEL Corporation will comply with the provisions of the Child Support Obligations Ordinance.
9. LAXFUEL Corporation has approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports.
10. This action is not subject to the provisions of City Charter Section 1022 (Use of Independent Contractors).
11. LAXFUEL Corporation must submit the Contractor Responsibility Program Pledge of Compliance and comply with the provisions of the Contractor Responsibility Program.
12. LAXFUEL Corporation must be determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance prior to execution of the Third Amendment.
13. LAXFUEL Corporation will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. LAXFUEL Corporation must submit the Bidder Contributions CEC Form 55 prior to execution of the Third Amendment.
15. LAXFUEL Corporation must submit the MLO Bidder Contributions CEC Form 50 prior to execution of the Third Amendment.
16. This item is not subject to the provisions of the Iran Contracting Act.





**THIRD AMENDMENT  
TO LEASE AND NON-EXCLUSIVE RIGHT-OF-WAY  
LICENSE AGREEMENT NO. LAA-5316  
BETWEEN THE CITY OF LOS ANGELES  
AND LAXFUEL CORPORATON COVERING PREMSES  
AT LOS ANGELES INTERNATIONAL AIRPORT**

This THIRD AMENDMENT TO LEASE AND NON-EXCLUSIVE RIGHT OF WAY LICENSE AGREEMENT NO. LAA-5316 (this "Third Amendment") is dated as of \_\_\_\_\_, 2022, by and between the CITY OF LOS ANGELES, a municipal corporation, acting by order of and through its Board of Airport Commissioners ("City") and LAXFUEL CORPORATION, a California non-profit mutual benefit corporation ("Corporation").

**RECITALS**

WHEREAS, City and Corporation (individually, a "Party"; and collectively, "Parties") entered into that certain (i) First Amendment and Restatement of Agreement No. LAA-5316, dated November 4, 1991 (identified as LAA-5316A) ("First Amended & Restated Lease"), restating that certain Lease and Non-Exclusive Right-of-Way License Agreement No. LAA-5316, dated January 23, 1987 ("Original Lease"), and that certain (iii) Second Amendment to Lease and Non-Exclusive Right-of-Way License Agreement No. LAA-5316, that is undated but bears a footer with a date of December 1996 and has an attorney execution date of March 1997 (identified as LAA-5316B) ("Second Amendment") (First Amended & Restated Lease and Second Amendment collectively, the "Ground Lease").

WHEREAS, the Parties also entered into that certain Second Amended and Restated Lease and Non-Exclusive Right-of-Way License Agreement, dated February 26, 1992 ("Second Amended & Restated Lease"), but it never became effective. It was entered into at Corporation's request, due to a condition precedent contained in the First Amended & Restated Lease that the First Amended & Restated Lease would not become effective unless an assignment and lease with EFC Leasing Corporation ("EFC") was terminated on or prior to December 31, 1991. The sole purpose of the Second Amended & Restated Lease was to extend the December 31, 1991 deadline to June 1, 1992. Corporation has represented that, pursuant to a purchase agreement, EFC was paid in full and the EFC assignment and lease were terminated effective December 30, 1991. As a result of the EFC termination on December 30, 1991: (i) the First Amended & Restated Lease became effective, and (ii) the Second Amended & Restated Lease became moot. The Second Amended & Restated Lease has been treated as never issued, due to fulfillment of the condition precedent to the effectiveness of the First Amended & Restated Lease. The later Second Amendment makes no reference to the Second Amended & Restated Lease.

WHEREAS, pursuant to the Ground Lease, Corporation operates and maintains, on a non-exclusive basis, facilities for the storage and distribution of aviation and automotive fuel and for purposes incidental thereto, including, but not limited to, facilities for fueling aircraft through use of underground fueling systems, apparatus, equipment and other facilities at Los Angeles International Airport ("Airport").

WHEREAS, City through its Department of Airports, commonly known as Los Angeles World Airports ("LAWA") is undergoing final planning efforts and will be implementing an airfield project commonly known as the Taxiway D Extension Project ("Taxiway D Project"). Exhibit I, attached hereto and incorporated herein by this reference, depicts Taxiway D Project orientation. The Taxiway D Project impacts and requires modification of Corporation's current leasehold and infrastructure. The parties have collaborated extensively to develop a solution to accommodate implementation of the Taxiway D Project while providing the necessary replacement infrastructure to enable Corporation's operations to continue effectively. The modification to Corporation's leasehold will require demolition, reconfiguration, and relocation of: fuel truck loading racks located adjacent to the fuel tank farm; connections and other fuel distribution lines to support fueling operations; and areas for on-going storage of equipment and materials, as further described and depicted in this Third Amendment and exhibits hereto.

WHEREAS, the Parties desire to amend the Ground Lease to address the Taxiway D Project impacts as further described and upon the terms and conditions set forth in this Third Amendment.

NOW THEREFORE, in consideration of the covenants and conditions hereinafter contained to be kept and performed by the respective Parties and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and incorporating the recitals herein by this reference, THE PARTIES HERETO AGREE AS FOLLOWS:

#### AGREEMENT

**Section 1. Premises.** The Premises are generally depicted within Exhibit II. Exhibit II-1, attached hereto and incorporated herein by this reference, depicts the existing leasehold and the impacted area (highlighted in red). Exhibit II-2, attached hereto and incorporated herein by this reference, depicts the amended leasehold upon completion of the Taxiway D Project. All measurements are estimates and subject to verification after execution of this Third Amendment and completion of the Taxiway D Project as-built conditions are verified.

**Section 2. Rent.** Land rental rates shall continue to be in accordance with the rates as established and periodically adjusted pursuant to provisions set forth in the existing Ground Lease. The Parties understand that, after project completion, there will likely be a reduction in the size of the premises, and rent will be adjusted accordingly. Rental amounts charged for the final, adjusted leasehold shall be effective upon the date that the relocated fuel load

racks are commissioned and placed into service and any temporarily assigned premises to enable construction are vacated.

**Section 3. Required Tenant Improvements.** Corporation will complete all design, engineering plans, permitting, construction, and demolition of all improvements necessary to vacate the impacted area (area shown in red on Exhibit II-1 hereto) within a schedule mutually agreed upon between the Parties. LAWA and Corporation understand and agree to work in good faith to ensure that the scope of work performed pursuant to this agreement does not impact or delay work under the LAWA portion of the Taxiway D project and affect airfield movement area closures and airfield operations. Corporation's preliminary scope of work is further identified on Exhibit IV, attached hereto and incorporated herein by this reference. The Parties, including LAWA's Taxiway D contractor (once known), will work in good faith to ensure that the scope of work is clarified and ensure a seamless integration of work performed by LAWA's contractor and Corporation. Corporation's preliminary cost estimate is identified on Exhibit III, attached hereto and incorporated herein by this reference. The Parties understand and acknowledge that the cost estimate will be updated as the project advances through design and a detailed scope of work is better known after LAWA's Taxiway D contractor is secured.

**Section 4. Required LAWA Improvements.** LAWA, through LAWA's contractor, will complete improvements that integrate with the scope being performed by Corporation into the overall Taxiway D Project. The Parties recognize that this scope will be defined in collaboration with the LAWA contractor, once known, to ensure a seamless integration with the work to be performed by Corporation.

**Section 5. LAWA Costs.** LAWA will reimburse Corporation for real property eligible costs incurred by Corporation as a result of the scope of work described on Exhibit IV hereto ("Eligible Costs"). Eligible costs include: (i) design, engineering and construction work to create replacement space to accommodate operational uses being disrupted by relocating from the impacted area, (ii) rent associated with required interim laydown areas related to this project, and (iii) permits and other costs to enable construction and obtain occupancy permits. Costs associated with certain improvements and tasks are noted within Exhibit III hereto, and LAWA and Corporation shall agree on a total not-to-exceed project cost amount for Eligible Costs prior to issuance of the Work Letter referenced in Section 8 of this Third Amendment. In the event LAWA and Corporation cannot agree on a total not-to exceed project cost amount of Eligible Costs, LAWA, at its sole discretion, may withhold issuance of the Work Letter and cease advancing the Project and be only responsible to reimburse Corporation for Eligible Costs related to work completed to then current date.

**Section 6. Corporation Costs.** Specific items excluded from Eligible Costs, and which shall be the responsibility of Corporation, include: (i) all environmental and/or hazardous material remediation and associated costs incurred as a result of existing contamination that may be found during Corporation's work, (ii) the differential cost of discretionary Corporation-desired upgraded systems to the extent such systems exceed existing conditions or the similar comparable modern system to the one being replaced that

complies with current codes and standards, and (iii) trade fixtures and personal property that are not part of the real property asset improvements (examples include, but are not limited to: fuel trucks, fuel test carts, other mobile equipment, and above ground improvements that may be removed by Corporation at the expiration or earlier termination of the Ground Lease).

#### **Section 7. Financial Reimbursement.**

Corporation and LAWA shall work together to establish a mutually agreeable project reimbursement process and approach which said process will be included within the future Work Letter described in Section 8 .

Corporation will carry out its contracting work consistent with all applicable rules and regulations as required through federal, state and city laws/ordinances and project labor rules. The Parties recognize that the Taxiway D Project and its related work may be completed through federal Airport Improvement Program grants and as such federal requirements and Federal Aviation Administration grant assurance regulations as applicable may be required to be followed.

Corporation recognizes and accepts that the contractor selection procedures specified herein are intended to promote competitive pricing and responsive and responsible proposals.

The Parties acknowledge that Corporation has selected Burns & McDonnell as the Design and Engineering firm for this project. Corporation represents that such selection was completed through a procurement/qualification process in 2018. Burns & McDonnell has been an integral part of: 1) the jet fuel system design at LAX since the major integration of the LAX fuel system in 1988; 2) the design and construction of major LAX fuel system modifications since 1988; and 3) have been working on the Taxiway D Project impacts to Corporation leasehold since 2018. Corporation's selection was based on the unique qualifications for aviation fuel system design and construction experience as well as historically demonstrated qualifications and competence with the LAX fuel system and its original design.

The selection of contractors/subcontractors for the construction of the Corporation's Required Tenant Improvements will be based upon competitive bids or proposals following the below frame work:

(1) Corporation or representative shall use reasonable efforts to secure a minimum of three (3) bidders or proposals for major portions of the work, for example; demolition, civil, mechanical, and electrical contractors.

(2) In the event that Corporation obtains fewer than three (3) bids or proposals for major contractors and believes that it should proceed to award the bid or proposal; it shall provide LAWA with a justification, including why the Corporation believes the cost of such bid or proposal is reasonable.

(3) In the event that the Corporation elects not to proceed to award the bid or proposal solely on the basis of price, it shall provide the City with a written justification of the reasons therefor.

Further, the Parties agree and understand that a transparent process will be implemented to include submission of information and back-up documents to support all work performed using an agreed to schedule of values as part of Lump Sum procurement process for Eligible Costs being sought for reimbursement and construction of Required Tenant Improvements. Details to be determined in the Work Letter referenced herein.

In the event any self-performed work is contemplated by Corporation and/or its designer firm or general contractor, such work will require specific prior approval from LAWA. Concurrently with Corporation's request for authorization for self-performance of work by its designer, and/or general contractor; Corporation must submit for each self-perform project component:

- 1) justification of necessity of self-performance for project schedule, costs reductions, or other benefit provided; and
- 2) independent validation by an industry recognized certified project cost estimator that the self-performance costs to be incurred represent competitive fair market costs.

LAWA retains the sole right to decline such self-performance request and will work in good faith with Corporation to address schedule and other impacts of such action. Further, the Parties acknowledge public procurement requirements and alterations to assumptions of work scope used to develop the project can have significant implications to project costs and schedule and will work in good faith to minimize and address any potential negative impacts.

Any change orders or modifications to the scope and estimated costs as outlined in the Work Letter referenced herein must be approved in writing between LAWA and Corporation.

Consistent with Section 5 above, LAWA and Corporation shall work in good faith to agree on a not to exceed project cost amount for Eligible Costs prior to issuance of the Work Letter referenced herein.

In addition to complying with all public procurement requirements as noted above, the Parties agree to work in good faith to ensure the project approach to bidding and other procurements seek to achieve the most economical and cost-effective delivery of the project.

The Parties understand that time is of the essence related to the Taxiway D Project, and additional detail and refinement of scope and schedules can only be completed upon commencement of design and engineering work. Upon execution of this Third Amendment after approval by the Board of Airport Commissioners and the City Council,

Corporation shall commence design and engineering of this project. An initial not to exceed authorization for Eligible Costs, provided Corporation follows the provision of this Section 7 and elsewhere in the Ground Lease and Amendments, of \$4,000,000 will be authorized to carry out initial design, engineering, and advance work prior to issuance of the Work Letter for the remainder of the project.

**Section 8. Construction Responsibility and Work Letter.**

A work letter will be developed and issued (“Work Letter”) upon further refinement of the scopes of work and responsibilities of each party described in Section 3 and Section 4 of this Third Amendment. The Work Letter will guide Corporation and LAWA’s Contractor by defining all construction responsibilities among the parties.

The Parties understand that Corporation will be required to obtain and maintain commercial liability insurance, performance bonds for completion of work, and indemnify LAWA during the course of the project implementation as is required under the terms and conditions of the Ground Lease for Corporation construction projects.

**Section 9. Targeted Schedule.** The targeted schedule includes the following: (i) May 2022, for final formal Work Letter and with Notice to Proceed issued for approved plans and construction work to commence, and (ii), The Target Date established by LAWA based on the Taxiway D project is July, 31, 2023 for Corporation to complete its work and vacate the impacted area. All parties will work in good faith towards meeting this target date.

**Section 10. Further Assurances.** The Parties shall cooperate, including performing acts and executing instruments as reasonably required to effectuate the purposes and intent of this Third Amendment.

**Section 11. Authority.** Each signatory hereto confirms that they have the authority to sign on behalf of the respective entity it represents.

**Section 12. Counterparts; Electronic Signatures.** This agreement and any other document necessary for the consummation of the transaction contemplated by this agreement 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 agreement 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 agreement had been delivered that had been signed using a handwritten signature. All parties to this agreement (i) agree that an electronic signature,

whether digital or encrypted, of a party to this agreement 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 agreement based on the foregoing forms of signature. If this agreement 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."

**Section 13. No Further Modification.** Except as specifically provided herein, this Third Amendment shall not in any manner alter, change, modify, or affect any of the rights, privileges, duties, or obligations of either of the Parties under or by reason of the Ground Lease, and except as expressly amended herein, all of the terms, covenants, and conditions of the Ground Lease, as amended, shall remain in full force and effect. Terms not otherwise defined herein shall have the meanings given to them in the Ground Lease.

[SIGNATURES NEXT PAGE]

IN WITNESS WHEREOF, City has caused this Third Amendment to Lease and Non-Exclusive Right-of-Way Agreement No. LAA-5316 to be executed by the Chief Executive Officer of its Department of Airports or his or her authorized designee, and Corporation has caused the same to be executed by its duly authorized signatories as of the date first set forth above.

**APPROVED AS TO FORM:**  
Michael N. Feuer, City Attorney

**CITY OF LOS ANGELES**  
**DEPARTMENT OF AIRPORTS**

Date \_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_  
Deputy/Assistant City Attorney

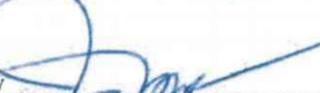
(for) Chief Executive Officer  
Department of Airports

**ATTEST:**

**LAXFUEL CORPORATION**

By:   
Secretary (Signature)

Bruno Dos Santos  
Print Name

By:   
Signature

John V. Truzzo  
Print Name

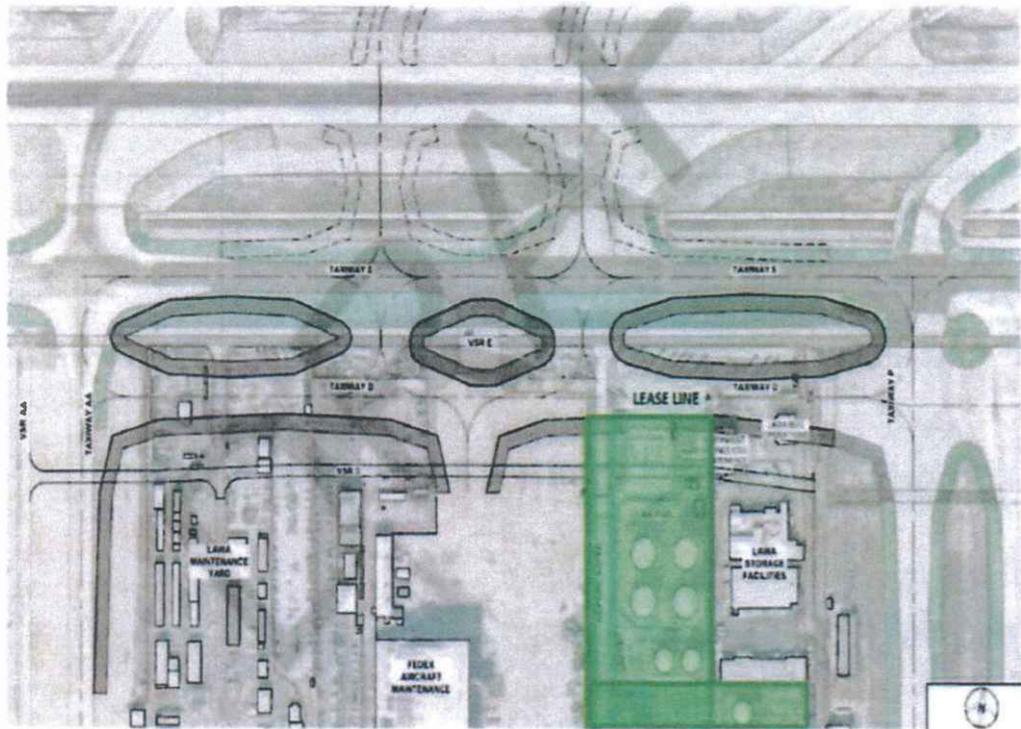
Chairman  
Print Title

[SEAL]

LIST OF EXHIBITS:

- |                         |    |  |
|-------------------------|----|--|
| EXHIBIT I               | -- | Taxiway D Project Orientation                        |
| EXHIBIT II-1            | -- | Existing Leasehold, with impacted area               |
| EXHIBIT II-2<br>Project | -- | Amended Leasehold, after completion of the Taxiway D |
| EXHIBIT III             | -- | LAXFUEL Cost Estimate                                |
| EXHIBIT IV              | -- | LAXFUEL Initial Scope and Schedule                   |

Exhibit I - Taxiway D Project Orientation



Leased Premises

Note: image is for illustrative purposes; area shown are approximate and do not replace Exhibits within the Ground Lease



EXHIBIT II-2 -- Amended Leasehold, after completion of the Taxiway D Project

As noted within Section I of this Third Amendment, all measurements are estimates and subject to verification after execution of this Third Amendment and completion of the Taxiway D Project as-built conditions are verified. At such time as-built conditions are known, a revised Exhibit A will be generated and will be issued to supersede and replace the Exhibit A within the Ground Lease.



EXHIBIT III -- LAXFUEL Cost Estimate

Initial rough order of magnitude cost for LAXFUEL Project \$23,000,000 as depicted below.

<b>2 Position Load Rack and Hydrant Cart Test Stand</b>	
<b>Activity</b>	<b>Cost</b>
Design	\$ 1,250,000.00
Permitting & Bidding	\$ 250,000.00
Move AOA Fence	\$ 500,000.00
Adjust Dike Wall	\$ 1,500,000.00
Relocate FP Header	\$ 1,500,000.00
Drop Fuel Header into Vault	\$ 2,500,000.00
Prefabricate HCTS / Load Rack	\$ 2,500,000.00
Install HCTS / Load Rack	\$ 4,500,000.00
Paving	\$ 1,500,000.00
Demolish Existing Load Rack	\$ 1,500,000.00
Adjust South Perimeter Wall	\$ 2,500,000.00
<b>Contingency</b>	<b>\$ 3,000,000.00</b>

As noted within Third Amendment, this Exhibit III will be superseded and replaced by a more refined cost estimate as developed through the design phase of this project and a Work Letter is issued.

EXHIBIT IV -- LAXFUEL Initial Scope and Schedule

