

**FIRST AMENDMENT TO GROUND LEASE
(VNA-4896)**

THIS FIRST AMENDMENT TO GROUND LEASE (this “**Amendment**”) is made and entered into as of this ____ day of _____, 2017 (the “**Amendment Execution Date**”), to be effective as of _____, by and between the CITY OF LOS ANGELES, acting by order of and through its Board of Airport Commissioners (hereinafter referred to as “**Board**”) of the DEPARTMENT OF AIRPORTS (hereinafter referred to as “**City**”), and FIRST CITY PACIFIC, INC., a California corporation (“**Lessee**”), with reference to the following recitals of fact:

Recitals

A. City and Lessee are parties to that certain Ground Lease Between the City of Los Angeles and First City Pacific, Inc. Covering Acreage at Van Nuys Airport dated as of July 1, 1985 (the “**Lease**”).

B. City and Lessee desire to amend the Lease upon the terms and conditions set forth in this Amendment.

NOW, THEREFORE, in consideration of the foregoing, and of the conditions, terms, covenants and agreements set forth herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree that the Lease is, effective as of the date hereof, amended as follows:

Agreement

1. Term of the Lease. Section 3 of the Ground Lease is amended as of the first day of the month following approval of this First Amendment by the Los Angeles City Council (the “**Amendment Effective Date**”) by deleting it in its entirety and replacing it with the following:

“2.1. Term of the Lease; Early Termination.

2.1.1 The term of this Lease for both Parcel 1 and Parcel 2 shall terminate on January 31, 2026, subject, however, to earlier termination, as follows: Lessee may terminate the Lease early, effective June 30, 2025, if Lessee timely provides written notice exercising this option for early termination delivered to City no later than May 31, 2025.”

2. Periodic Adjustment to Fair Market Rental. Notwithstanding anything to the contrary in the Lease, in lieu of the periodic fair rental value adjustment (“**Fair Rental Value Adjustment**”) process as set forth in Section 4 of the Lease (“**Ground Rent and Rental Adjustment**”) for the period effective February 15, 2020 and February 15, 2025, and in lieu of the producer price index adjustment (“**PPI Adjustment**”) effective August 15, 2017 and August 15, 2022, the Parties agree to the following adjustments to rent due under the Lease:

- (a) There will be no PPI Adjustment effective August 15, 2017 under the Lease. The 2015 Adjustment of \$79,020 per acre per year ("PAPY") will remain effective through February 14, 2020.
- (b) In lieu of the Fair Rental Value Adjustment effective February 15, 2020, City and FCP agree to a fixed 6% increase in base rent under the Lease. Base rent effective that date would increase from the current \$79,020 PAPY to \$83,761.20 PAPY, and this rate will be effective through August 14, 2022.
- (c) In lieu of the August 15, 2022 PPI Adjustment under the Lease, City and FCP agree to a fixed 6% rental increase under the Lease. Thus, base rent effective August 15, 2022 will increase from \$83,761.20 PAPY to \$88,786.87 PAPY, and the \$88,786.87 PAPY base rent rate will be effective from August 15, 2022 through January 31, 2026.
- (d) There will be no February 15, 2025 Fair Rental Value Adjustment under the Lease, so the \$88,786.87 PAPY base rent rate will be effective from August 15, 2022 through January 31, 2026.

The parties acknowledge and agree that the adjustments provided herein are intended to replace all adjustments set forth in Section 4 of the Lease. City hereby waives any right or claim arising out of or relating to the adjustment procedures set forth in Section 4 of the Lease. For purposes of calculating the Fair Rental Value Adjustment, Ground Rent and Rental Adjustment, and/or the PPI Adjustment provided in this Section 2, the parties agree that the total acreage to which the adjustments are applicable shall be 7.0380 acres.

3. Entire Agreement; Amendment. The Lease, as amended by this Amendment, constitutes the full and complete agreement and understanding between the parties hereto and shall supersede all prior communications, representations, understandings or agreements, if any, whether oral or written, concerning the subject matter contained in the Lease, as so amended, and no provision of the Lease, as so amended, may be modified, amended, waived or discharged, in whole or in part, except by a written instrument executed by all of the parties hereto.

4. Authority. Each person executing this Amendment represents and warrants that he or she is duly authorized and empowered to execute it, and does so as the act of and on behalf of the party indicated below.

5. Governing Law. This Amendment shall be construed in accordance with and governed by the laws of the State of California. In the event of any dispute regarding this Amendment or the Lease, the prevailing party shall be entitled to attorneys' fees and costs as determined by the court having jurisdiction.

6. Severability. If any term or provision of this Amendment shall be deemed or held, by any court or authority having proper jurisdiction to be invalid, illegal, void or unenforceable, the remaining terms and provisions hereof shall nevertheless remain in full force and effect with the intent that the purpose of this Amendment will be accomplished.

7. Force and Effect. Except as modified by this Amendment, the terms and provisions of the Lease are hereby ratified and confirmed and are and shall remain in full force and effect. Should any inconsistency arise between this Amendment and the Lease as to the specific matters which are the subject of this Amendment, the terms and conditions of this Amendment shall control. This Amendment shall be construed to be a part of the Lease and shall be deemed incorporated in the Lease by this reference.

8. Counterparts. This Amendment may be executed in counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first set forth above.

**CITY OF LOS ANGELES, acting by order
of and through the BOARD OF AIRPORT
COMMISSIONERS**

By: _____
Its: _____

ATTEST:

**FIRST CITY PACIFIC, INC., a California
corporation**

By: Morton Adelman
Its: Secretary

By: Morton Adelman
Its: PRESIDENT

APPROVED AS TO FORM:

MICHAEL N. FEUER,
Attorney for the City of Los Angeles

By: _____
Its: Michael J. Deputy City Attorney

WEINTRAUB TOBIN,
Counsel for First City Pacific, Inc.

By: _____
Its: MARK ELLINGHOUSE