



RESOLUTION NO. 26282

LAX
Van Nuys
City of Los Angeles

Eric Garcetti
Mayor

**Board of Airport
Commissioners**

Sean O. Burton
President

Valeria C. Velasco
Vice President

Jeffery J. Daar
Gabriel L. Eshaghian
Beatrice C. Hsu
Thomas S. Sayles
Dr. Cynthia A. Telles

Deborah Flint
Chief Executive Officer

BE IT RESOLVED that the Board of Airport Commissioners approved the First Amendment to Lease VNA-4896 with First City Pacific, LLC to amend the termination date, provide for early termination, and establish rental rate adjustments covering 7.038 non-airfield acres at Van Nuys Airport, as referenced in the Board-adopted staff report attached hereto and made part hereof; and

BE IT FURTHER RESOLVED that the Board of Airport Commissioners authorized the Chief Executive Officer to execute said First Amendment upon approval as to form by the City Attorney and upon approval by the Los Angeles City Council; and

BE IT FURTHER RESOLVED that the issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article III Class 1(18)(c) of the Los Angeles City CEQA Guidelines; and

BE IT FURTHER RESOLVED that 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.

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I hereby certify that this Resolution No. 26282 is true and correct, as adopted by the Board of Airport Commissioners at its Special Meeting held on Thursday, July 13, 2017.

Sandra J. Miller – Secretary
BOARD OF AIRPORT COMMISSIONERS





Los Angeles World Airports

Item Number
11

REPORT TO THE BOARD OF AIRPORT COMMISSIONERS

Ramon Olivares
Approved by: Ramon Olivares, Director Property Services

Debbie Bowers
Reviewed by: Debbie Bowers, Chief Commercial Officer

Ronald S. Q...
City Attorney

Deborah Flint
Deborah Flint – Chief Executive Officer

Meeting Date:
7/13/2017

CAO Review: Completed
 Pending
 N/A

Reviewed for	Date	Approval Status	By
Finance	6/14/2017	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	6/26/2017	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	6/27/2017	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	MT
Guest Experience	6/29/2017	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	BY

SUBJECT: Approval of First Amendment to Lease

Approve the First Amendment to Lease No. VNA-4896 with First City Pacific, LLC at Van Nuys Airport and associated land rental rate adjustments that will generate approximately \$5,113,609 in gross revenue over the remaining Lease term.

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 III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
3. APPROVE the First Amendment to Lease No. VNA-4896 and associated land rental rates with First City Pacific, LLC as referenced in this report.
4. AUTHORIZE the Chief Executive Officer to execute the First Amendment to Lease No. VNA-4896 with First City Pacific, LLC upon approval as to form by the City Attorney and approval by the Los Angeles City Council.

DISCUSSION:

1. Purpose

Amend the Lease to comply with a Settlement Agreement approved by the Board of Airport Commissioners in closed session on February 2, 2017.

2. Prior Related Actions

- July 1, 1985 – Board Order No. AO-3764 (VNA-4896)
The Board approved a 40-year Ground Lease with First City Pacific, LLC (FCP) consisting of 7.038 non-airfield acres at Van Nuys Airport (VNY).
- December 17, 2013 – Resolution No. 25297
The Board approved the land rental rates for the period from February 15, 2010 through February 14, 2015, for three non-aviation ground leases, including VNA-4896.
- June 4, 2015 – Resolution No. 25721
The Board approved the land rental rates for the period February 15, 2015 through February 14, 2020, for three non-aviation ground leases, including VNA-4896.
- June 18, 2015 – Resolution No. 25724
The Board approved a Consent to Assignment of Lease VNA-7804 from Home Depot USA, Inc. (Home Depot) to FCP and sublease back to Home Depot as part of the settlement agreement.

3. Current Action

The Home Depot site adjacent to VNY consists of two leases. VNA-4896 is a ground lease with FCP for land on which the Home Depot building is located. VNA-7804 was leased to Home Depot for parking and was assigned to FCP as part of the Settlement Agreement.

The proposed First Amendment amends VNA-4896 to terminate on January 31, 2026, and provides FCP the option to terminate on June 30, 2025. The proposed First Amendment also provides that in lieu of the periodic fair market rental adjustment and the producer price index adjustment processes set forth in the Lease, rental rate adjustments under the Lease will be established for the remainder of the Lease term as follows:

Type	Rental Adjustment	\$ PAPH	Acreage	Rent
Mid-Term	Current-2/14/2020	\$79,020	7.0380	\$1,390,356
Periodic	2/15/2020-6/14/2022	\$83,761.20	7.0380	\$1,562,204
Mid-Term	8/15/2022-2/14/2025	\$88,786.87	7.0380	\$1,562,204
Periodic	2/15/2025-1/31/2026	\$88,786.87	7.0380	\$ 598,845
TOTAL				\$5,113,609

Action Requested

Staff requests the Board approve the proposed First Amendment and authorize the Chief Executive Officer to execute the proposed First Amendment following approval as to form by the City Attorney and approval by the Los Angeles City Council.

Fiscal Impact

Approval of the proposed First Amendment will generate approximately \$5,113,609 in gross revenue over the remaining Lease term.

4. Alternatives Considered

- ***None***

This proposed First Amendment is resultant from litigation and is necessary to comply with the agreed upon terms of a Settlement Agreement.

APPROPRIATIONS:

No appropriations are requested for this item.

STANDARD PROVISIONS:

1. The issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
2. This item is 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. This project is not subject to the provisions of the Living Wage/Service Contractor Worker Retention Ordinances.
5. This action is not subject to the Small Business Enterprise and Local Business Enterprise/Local Small Business Enterprise Programs.
6. This action is not subject to the provisions of the Affirmative Action Program.
7. This action does not require a Business Tax Registration Certificate number.
8. This action is not subject to the provisions of the Child Support Obligations Ordinance.
9. This action is not subject to the provisions of the insurance requirements of the City of Los Angeles.

10. This action is not subject to the provisions of City Charter Section 1022 (Use of Independent Contractors).
11. This action is not subject to the provisions of the Contractor Responsibility Program prior to execution of the lease amendment.
12. This action is not subject to the Equal Benefits Ordinance prior to execution of the lease amendment.
13. This action is not subject to the provisions of the First Source Hiring Program.
14. This action is not subject to the provisions of the Bidder Contributions CEC Form 55.