

HARBOR DIVISION  
425 S. PALOS VERDES ST.  
P.O. BOX 151  
SAN PEDRO, CA 90733-0151



**OFFICE OF THE CITY ATTORNEY**  
MICHAEL N. FEUER  
CITY ATTORNEY

JANNA B. SIDLEY  
GENERAL COUNSEL  
JOY M. CROSE  
ASSISTANT GENERAL COUNSEL

CHRISTOPHER B. BOBO  
ESTELLE M. BRAAF  
BRIAN DALUIO  
JOHN T. DRISCOLL  
JUSTIN HOUTERMAN  
JANET KARKANEN  
KENNETH F. MATTFELD  
HEATHER M. MCCLOSKEY  
ESTHER S. OLSEN  
STEVEN Y. OTERA  
MINAH PARK  
HELEN J. SOK

FACSIMILE  
(310) 831-9778  
(310) 732-3750

**DATE: OCTOBER 27, 2020**

**FROM: OFFICE OF THE CITY ATTORNEY**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - FIRST AMENDMENT TO AGREEMENT NO. 20-3759 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND NOSSAMAN LLP FOR REAL ESTATE MATTERS**

**SUMMARY:**

The Office of the City Attorney (Office) requests the Board of Harbor Commissioners (Board) approve a First Amendment to Agreement No. 20-3759 (Agreement) between the City of Los Angeles Harbor Department (Harbor Department) and Nossaman, LLP (Nossaman) for legal services for real estate matters related to newly adopted Committee on Foreign Investment in the United States (CFIUS) regulations. The proposed First Amendment is to increase the compensation authority by \$25,000 for a new total authority of \$75,000. The current term of the Agreement is July 13, 2020 to July 12, 2023 and there is no proposed term extension. The additional funds will allow Nossaman to review and analyze unanticipated complex issues related to ownership interests and structures for multiple terminal operators in the Port of Los Angeles. The Harbor Department is financially responsible for payment for legal services rendered under the proposed First Amendment.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California

DATE: OCTOBER 27, 2020

PAGE 2 OF 4

SUBJECT: FIRST AMENDMENT FOR AGREEMENT NO. 20-3759 WITH NOSSAMAN LLP FOR REAL ESTATE MATTERS

Environmental Quality Act (CEQA) under Article II, Section 2(f), of the Los Angeles City CEQA Guidelines;

2. Approve the First Amendment to Agreement No. 20-3759 with Nossaman increasing the authority by \$25,000, for a total of \$75,000;
3. Authorize the Executive Director and Board Secretary to execute and attest to the First Amendment to Agreement No. 20-3759; and
4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background – To the extent that it largely operates as a landlord, leasing lands granted to it pursuant to the Tidelands Trust, the Harbor Department routinely executes real estate transactions using lease documents, operating agreements and other forms of use and occupancy agreements. Numerous of these agreements are with foreign entities, or with domestic entities with foreign subsidiaries or parents. Late last year, the federal CFIUS enacted new regulations that, in summary, require review and approval processes for transactions involving such entities. The CFIUS regulations are new, complex, and in some instances, ambiguous in terms of application. For this reason, the City Attorney's office believes it prudent to retain outside counsel with knowledge of these regulations and their intent to assist in creating an issue-spotting and decision-making tool to facilitate the infusion of these regulations' application to Harbor Department transactions.

On March 13, 2020, the Office requested bids from each firm with an active agreement for real estate matters (AlvaradoSmith PC AG 19-3675, Bergman Dacey Goldsmith PLC AG 19-3676, and Nossaman LLP AG 19-3668). The bid document provided an overview of the Harbor Department's leases and a description of the Harbor Department's procedures for approval of lease documents. The requested Scope of Work was reviewing and analyzing CFIUS regulations and assessing how new regulations would affect the Harbor Department. The submission requirements included information on the firm's special expertise for the scope of work, experience of each attorney designated for this specific project and the proposed project budget.

Based upon the demonstrated specific expertise and cost effectiveness, the Office recommended Nossaman and on June 18, 2020, the Board approved a new Agreement with Nossaman for CFIUS matters (AG 20-3759). Agreement No. 20-3759 has a current term from July 13, 2020 to July 12, 2023 and an authority of \$50,000.

The firm's involvement with analyzing the review and approval processes for real estate transactions involving foreign entities or domestic entities with foreign parents makes it

**DATE: OCTOBER 27, 2020**

**PAGE 3 OF 4**

**SUBJECT: FIRST AMENDMENT FOR AGREEMENT NO. 20-3759 WITH NOSSAMAN LLP FOR REAL ESTATE MATTERS**

impractical and difficult to initiate a competitive process for the additional services. The First Amendment is necessary to assist with the review and analysis of complex ownership interests and structures for multiple terminal operators in the Port of Los Angeles and, in particular, to provide targeted advice and counsel in connection with an upcoming transaction involving China Shipping/COSCO, which is anticipated to be controversial and challenging, given the involvement of the Chinese government.

Proposed Amendment Terms

- **Contract Authority:** Maximum amount not to exceed \$75,000.
- **Term:** July 13, 2020 to July 12, 2023
- **Scope of Work:** Harbor Department CFIUS matters.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is for the approval of a First Amendment to Agreement No. 20-3759 between the City of Los Angeles Harbor Department and Nossaman for real estate matters related to CFIUS, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

The proposed action is for the approval of a First Amendment for Agreement No. 20-3759 to increase the compensation authority by \$25,000 for a new total authority of \$75,000. There is no proposed term extension. The Harbor Department is financially responsible for payment for legal services rendered under the proposed First Amendment. Funding for the current Fiscal Year (FY 2020-21) in the amount of \$35,000 is available within the Harbor Department City Attorney's Office Account No. 54410 (Legal Fees & Services), Division No. 0120 and Program No. 000. Funding for future fiscal years if necessary, will be requested to be budgeted as part of the annual budget adoption process, upon Board approval. A funding out clause is included in Agreement No. 20-3759. The schedule of compensation broken down by fiscal year is as follows:

<b>Firm</b>	<b>FY 20/21</b>	<b>FY 21/22</b>	<b>FY 22/23</b>	<b>TOTAL</b>
NOSSAMAN LLP	\$35,000	\$35,000	\$5,000	\$75,000

DATE: OCTOBER 27, 2020

PAGE 4 OF 4

SUBJECT: FIRST AMENDMENT FOR AGREEMENT NO. 20-3759 WITH NOSSAMAN LLP FOR REAL ESTATE MATTERS

**CITY ATTORNEY:**

The Office of the City Attorney has prepared and approved the proposed First Amendment as to form and legality.

**TRANSMITTALS:**

- 1. Agreement No. 20-3759 with Nossaman LLP
- 2. Proposed First Amendment to Agreement No. 20-3759

FIS Approval: AVG

CA Approval: [Signature]

[Signature]

STEVEN OTERA  
Assistant City Attorney

APPROVED:

By [Signature]

JANNA B. SIDLEY  
General Counsel, Harbor Department

APPROVED:

By [Signature]

EUGENE D. SEROKA  
Executive Director

Author: SO/ksh  
Board Meeting: November 5, 2020