

RESOLUTION NO. 27994

WHEREAS, on recommendation of Management, there was presented for approval, five (5)-year Premier Passenger Lounge Space Lease with Virgin Atlantic Airways Limited, with a five (5)-year extension option, covering space in the Tom Bradley International Terminal at Los Angeles International Airport; and

WHEREAS, the subject lounge has been vacant since November 2021 when the prior occupant ceased operations at Los Angeles International Airport due to the COVID-19 pandemic; and

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Mayor

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WHEREAS, to plan for future leasing of the Tom Bradley International Terminal lounge spaces, in July 2022, Los Angeles World Airports (LAWA) released an Expression of Interest in order to determine interest in leasing existing vacant lounge spaces. Virgin Atlantic Airways Limited (Virgin) was the only respondent, and had requested to lease the 4,401 square foot lounge space; and

WHEREAS, Virgin must refurbish the demised premises at an estimated cost of approximately \$2 million during the first five (5) months after execution of the Lease, at which time the rent will commence; and

WHEREAS, the lounge may only be used to serve Virgin and its affiliated airlines' premium passengers, as well as passengers from approved membership programs, including partner bank card holders. Virgin must secure prior approval by LAWA Chief Executive Officer to adjust the users that may access the lounge. If Virgin secures approval to adjust user access, the user fee would also provide similar per-passenger revenue to LAWA as other airline leases, as adjusted annually by the Consumer Price Index; and

WHEREAS, Virgin will pay base rent at Board of Airport Commissioners-approved rates and pay concession fees from 20% of all revenues earned from the sale of goods and services in the lounge, and from fees collected from pay-per-use passengers accessing the lounge; and

WHEREAS, the Lease will provide approximately \$1.2 million in revenue in the first full year and approximately \$6 million over the five (5)-year term, excluding annual rate adjustments; 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 606;

NOW, THEREFORE, BE IT RESOLVED that the Board of Airport Commissioners adopted the Staff Report; determined that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (1) and Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines; approved the five (5)-year Premier Passenger Lounge Space Lease with Virgin Atlantic Airways Limited, with a five (5)-year extension option, covering space in the Tom Bradley International Terminal at Los Angeles International Airport; and authorized the Chief Executive Officer, or designee, to execute said Premier Passenger Lounge Space Lease with Virgin Atlantic Airways Limited 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. 27994 is true and correct, as adopted by the Board of Airport Commissioners at its Special Meeting held on Thursday, July 18, 2024.

A handwritten signature in blue ink, appearing to read "Grace Miguel".

Grace Miguel - Secretary
BOARD OF AIRPORT COMMISSIONERS