

July 12, 2021

The Honorable City Council
of the City of Los Angeles
City Hall, Room 395
Los Angeles, CA 90012

LAX

Van Nuys

City of Los Angeles

Eric Garcetti
Mayor

Board of Airport
Commissioners

Sean O. Burton
President

Valeria C. Velasco
Vice President

Gabriel L. Eshaghian
Beatrice C. Hsu
Nicholas P. Roxborough
Dr. Cynthia A. Telles
Karim Webb

Justin Erbacci
Chief Executive Officer

Subject: Second Amendment to Terminal Facility Lease and License Agreement LAA-8965 with Air Canada

Pursuant to Section 606 of the City Charter, enclosed for your approval is the Second Amendment to Terminal Facility Lease and License Agreement LAA-8965 with Air Canada that was approved by the Board of Airport Commissioners at its June 17, 2021 meeting. There is no impact to the General Fund.

RECOMMENDATIONS FOR CITY COUNCIL:

1. Adopt the determination by said Board that the 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; and
2. Approve the Second Amendment to Terminal Facility Lease and License Agreement LAA-8965 with Air Canada, to extend the term by two (2) years, covering space in Terminal 6 at Los Angeles International Airport; and
3. Concur with said Board's action on June 17, 2021, by Resolution 27282, authorizing the Chief Executive Officer of Los Angeles World Airports to execute said Second Amendment to Terminal Facility Lease and License Agreement LAA-8965 with Air Canada.

Very truly yours,



Grace Miguel, Commission Executive Assistant II
BOARD OF AIRPORT COMMISSIONERS

GM/lfc

Enclosures

cc: Trade, Travel and Tourism Committee
Councilmember Buscaino, e-file
Councilmember Bonin, e-file
Councilmember Lee, e-file
CAO (Airport Analyst), e-file
CLA (Airport Analyst), e-file
City Clerk's Office, e-file



RESOLUTION NO. 27282

WHEREAS, on recommendation of Management, there was presented for approval, Second Amendment to Terminal Facility Lease & License Agreement LAA-8965 with Air Canada to extend the term by two (2) years, covering space in Terminal 6 at Los Angeles International Airport; and

WHEREAS, Air Canada moved to Terminal 6 in May 2017 as part of the airline relocation project that moved 27 airlines between Terminals 2, 3, 5 and 6, and the Tom Bradley International Terminal at Los Angeles International Airport (LAX). Air Canada's Terminal 6 Lease was negotiated as a replacement to the leased space Air Canada occupied in Terminal 2 that was terminated early to accommodate the relocation. As part of the negotiation for the replacement lease, Los Angeles World Airports (LAWA) leased Air Canada approximately 29,000 square feet of space in Terminal 6 (Lease LAA-8965), including a new premium passenger lounge, through June 30, 2021, which was the end date of the original Terminal 2 lease; and

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WHEREAS, Terminal 6 currently has 13 gates, two of which are leased by Air Canada. Alaska Airlines leases ten of the remaining gates, and the final gate is a common use gate controlled by LAWA, to which Air Canada has rights for two daily preferential wide-body flights. Maintaining Air Canada's operations in Terminal 6 for the next two years is beneficial because there currently are no alternative gates and passenger processing facilities that can accommodate Air Canada's pre-COVID-19 flight activity. Extending the term of the lease until June 30, 2023 will not interfere with any plans for the leases in adjacent terminals, and will allow for continuity of Air Canada's operations in Terminal 6 through the scheduled completion of the Terminal 6 renovation project. At that point, LAWA will reassess the capacity in the terminals at LAX to determine the best options for Air Canada's operations; and

WHEREAS, the two (2)-year extension will also provide additional time for Air Canada to install a dedicated vertical circulation path for passengers to reach the Air Canada premium passenger lounge, which is located one level above the concourse/holdroom passenger level. Passengers currently access the premium passenger lounge through a single elevator that is also the service elevator for deliveries and supplies to the terminal concessionaires and facilities maintenance providers. Air Canada has designed plans to install a dedicated passenger elevator and staircase that will provide more appropriate access to the premium passenger lounge. However, Air Canada deferred the project due to the impacts of COVID-19. Extending the term of the lease will provide Air Canada the necessary time to reconsider the investment; and

WHEREAS, the rent will be based on the terms of the Rate Agreement, to which Air Canada is a signatory. Following are the highlights of LAA-8965 terms; all other terms remain unchanged:

	Current	Amendment
Term:		
Commencement Date	May 17, 2017	July 1, 2021
Expiration Date	June 30, 2021	June 30, 2023
Demised Premises:	29,094 square feet	no change
Preferential Gates	2	no change
Preferential Flights	2	no change
Rent:		
Space Rental Rate	\$171.40/square foot/year	\$224.32/square foot/year
Annual Space Rent (est.)	\$4,986,700	\$6,526,400; and



WHEREAS, 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 California Environmental Quality Act (CEQA) requirements pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines; and

WHEREAS, Air Canada is required to comply with the provisions of the Living Wage/Service Contractor Worker Retention Ordinances, Affirmative Action Program, and Child Support Obligations Ordinance; and

WHEREAS, Air Canada has been assigned Business Tax Registration Certificate 0002762201-0001-0; and

WHEREAS, Air Canada has approved insurance documents, in the terms and amounts required, on file with LAWA; and

WHEREAS, Air Canada has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance, and will comply with the provisions of said program; and

WHEREAS, Air Canada must be determined by the Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance prior to execution of the lease agreement; and

WHEREAS, Air Canada will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX jobs; 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 (18)(c) of the Los Angeles City CEQA Guidelines; approved the Second Amendment to Terminal Facility Lease & License Agreement LAA-8965 with Air Canada to extend the term by two (2) years, covering space in Terminal 6 at Los Angeles International Airport; and authorized the Chief Executive Officer to execute said Second Amendment to Terminal Facility Lease & License Agreement LAA-8965 with Air Canada after approval as to form by the City Attorney and approval by the Los Angeles City Council.

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I hereby certify that this Resolution No. 27282 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, June 17, 2021.


Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS

**SECOND AMENDMENT
TO
THE TERMINAL FACILITIES LEASE AND LICENSE AGREEMENT**

THIS SECOND AMENDMENT TO THE TERMINAL FACILITIES LEASE AND LICENSE AGREEMENT (this "Second Amendment") is made as of _____, 2021 ("Execution Date") between the CITY OF LOS ANGELES, acting by and through the Board of Airport Commissioners of its Department of Airports, as landlord and licensor (the "Landlord"), and AIR CANADA, as tenant and licensee (the "Tenant") and shall be effective on the last day of the month following Los Angeles City Council approval of this Second Amendment.

RECITALS

WHEREAS, the Tenant and the Landlord entered into a Terminal Facilities Lease and License Agreement dated April 26, 2017 (LAA-8965) (the "Original Lease"), and a Letter Amendment dated April 25, 2020 (LAA-8965A)(the "Letter Amendment," and together with the Original Lease, the "AC Lease");

WHEREAS, the parties wish to extend the term of the AC Lease.

NOW, THEREFORE, in consideration of the mutual agreements contained in this Second Amendment, the Landlord and the Tenant agree with each other as follows (certain terms used in this Second Amendment and not defined elsewhere in the text of this Second Amendment, are used with the meanings specified in the AC Lease):

AGREEMENT

1. The phrase "June 30, 2021" in Section 1.1.1 of the AC Lease shall be replaced with the phrase "June 30, 2023."

2. Miscellaneous.

2.1. It is understood and agreed by and between the parties that, except as specifically provided herein, this Second 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 the AC Lease and except as expressly amended herein, all of the terms, covenants and conditions of the AC Lease shall remain in full force and effect.

2.2. This Second Amendment shall be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns.

2.3. This Second Amendment and any other document necessary for the consummation of the transaction contemplated by this Second Amendment 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 document, 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 Second Amendment 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 document had been delivered that had been signed using a handwritten signature. All parties to this Second Amendment (i) agree that an electronic signature, whether digital or encrypted, of a party to this Second Amendment to authenticate this writing and to have the same force and effect as a manual signature; (ii) intend 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 Second Amendment based on the foregoing forms of signature. If this Second Amendment 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 facsimile, 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.

[signature page follows]

IN WITNESS WHEREOF, the Landlord and the Tenant have respectively executed this Second Amendment as of the Execution Date.

APPROVED AS TO FORM:

Michael N. Feuer,
City Attorney

Date: _____

By: Tamami Yamaguchi
Tamami.Yamaguchi / Jun 18, 2021 17:58 PDT
Deputy/Assistant City Attorney

LANDLORD:

CITY OF LOS ANGELES

By: _____
Chief Executive Officer
Department of Airports

ATTEST:

By: _____
Name:
Title:

TENANT:

AIR CANADA

By: Amos S. Kazzaz
Name: Amos S. Kazzaz
Title: Executive Vice President & Chief Financial Officer

SF
June 8, 2021
AC Legal

MP