

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 13, 2024

CAO File No. 0150-12527-0001

Council File No.

Council District: 11

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from the Los Angeles World Airports Board of Airport Commissioners (Board) dated November 7, 2024 and November 18, 2024; referred by the Mayor for a report on November 8, 2024

Subject: **RESOLUTION NO. 28041 AND PROPOSED THIRD AMENDMENT TO THE AMENDED AND RESTATED PREMIER PASSENGER LOUNGE SPACE LEASE LAA-8753 WITH KOREAN AIR LINES CO. AT THE LOS ANGELES INTERNATIONAL AIRPORT**

RECOMMENDATION

That the Mayor:

1. Approve Los Angeles World Airports (LAWA) Resolution No. 28041 authorizing a proposed Third Amendment to the Amended and Restated Premier Passenger Lounge Space Lease to LAA-8753 with Korean Air Lines Co. for additional lounge space in the Tom Bradley International Terminal at Los Angeles International Airport that will extend the term of the lease by five years, from January 1, 2029 through December 31, 2033, and generate revenues of approximately \$5,800,000 during the first year of the extended period, and an estimated \$59,584,548 over the total term;
2. Adopt the November 18, 2024 Board of Airport Commissioners (Board) determination in Resolution No. 28041 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; and;
3. Authorize the LAWA Chief Executive Officer, or designee, to execute the proposed Amendment upon approval as to form by the City Attorney and approval by the City Council.

SUMMARY

The Los Angeles World Airports (LAWA) Board of Airport Commissioners (Board) requests approval of its November 18, 2024 Resolution 28041 authorizing a proposed Third Amendment to the Amended and Restated Premier Passenger Lounge Space Lease LAA-8753 with Korean Air

Lines Co. (Korean Air). The current lease commenced on February 1, 2013 and terminates on December 31, 2028. In March 2024, Korean Air exercised its option to lease an additional 3,962 square feet and proposed a \$28,800,000 investment to completely renovate the current 14,208 square foot lounge and the new 3,962 square feet space. The proposed Amendment will extend the term of the lease by five years from January 1, 2029 to December 31, 2033, for a total term of 20 years and 11 months, and allows for full amortization of the Korean Air lounge refurbishment investment. The Amended Lease will generate an estimated \$5,800,000 in base rent revenue for the first full year of the extended period, and up to \$59,584,548 over the total contract term, excluding annual rate adjustments.

The CAO report corrects Board Reports dated November 7, 2024 and November 18, 2024 submitted by LAWA staff which inadvertently identified the total term of the proposed lease resulting from the Third Amendment as ten years with the approval of the proposed Amendment.

The proposed lease is for an additional five year term only and has been approved as to form by the City Attorney. Pursuant to Charter Section 606 and Los Angeles Administrative Code Section 10.5, Council approval is required because the cumulative contract term exceeds five years. Our Office has reviewed the request and recommends approval.

BACKGROUND

On January 31, 2013, the City Council approved a 10-year premier passenger lounge space lease agreement with Korean to operate a premier passenger lounge in the Tom Bradley International Terminal (TBIT) at Los Angeles International Airport (LAX) (C.F. 13-0039). Korean Air's lease commenced on February 1, 2013, covering 14,208 square feet of open space. The area required a full build out, and after eleven months of construction, the tenant completed renovations on January 1, 2014. The lounge space primarily accommodates its elite and business class travelers along with premium passengers from partnered airlines. Airline premium lounges in the TBIT often provide complimentary offerings such as light meals, snacks, WiFi, computer workstations, and concierge services for arranging ground transportation, hotels, or other needs.

First Amendment – On April 22, 2020, the City Council approved a temporary deferral of Terminal Rents and Airfield Fee Obligations program for participating airlines due to COVID 19 and reductions in airline traffic (C.F. 20-0439). Korean Air's Terminal Space Lease LAA-8753 was identified as eligible. On April 27, 2020, LAWA executed an amendment to temporarily defer two months of fees.

Second Amendment – In 2023, Korean responded to a LAWA Expression of Interest to all TBIT airlines to gauge their interest in continuing, expanding, or releasing the lounge spaces. Korean Air responded and as a result, LAWA has negotiated a new lease with Korean Air to complete a renovation of the lounge space. The updates were proposed to be completed in anticipation of increased passenger traffic at LAX for the 2028 Summer Olympic Games. On February 21, 2024, the City Council approved an amendment to retroactively extend the term of the agreement by an additional five years from January 1, 2024 to December 31, 2028 (C.F. 13-0039-S1) to provide additional time to Korean Air to continue with their proposed renovation plans to refurbish the

lounge premises at a cost of \$700,000.

Proposed Third Amendment – In March 2024, Korean Air exercised its option to lease an additional 3,962 square feet and proposed a larger renovation with an estimated value at \$28,800,000 to completely renovate the current 14,208 square foot lounge and the new 3,962 square foot space. The proposed Amendment will extend the term of the lease by five years from January 1, 2029 to December 31, 2033, for a total term of 20 years, and 11 months, and allows time for full amortization of the Korean Air lounge refurbishment investment. LAWA estimates base rental revenue is projected at \$5,800,792 for the first year over the extended term, and \$59,584,548 over the total contract term, excluding annual rate adjustments.

The following table summarizes the base rent for the Calendar year 2024-25 under the terms of the proposed lease:

| Korean Airlines Co. Proposed Lease Payments for Lounge Space at LAX in the Tom Bradley International Terminal | | | | |
|--|-------------------------|--------------|---|--------------------------------------|
| Lease Area | Square Feet (SF) | Space | Rate Per Square Foot, Per Year (PSFPY) | Annual Rent (SF x Rate PSFPY) |
| TBIT Level 5 | 14,208 | Lounge | \$303.77 | \$4,315,964 |
| TBIT Level 6 | 3,962 | Lounge | \$303.77 | \$1,203,537 |
| TBIT Level 5 | 926 | Storage | \$303.77 | \$ 281,291 |
| | 19,096 | | Total | \$5,800,792 |
| <i>Note: Annual rent is subject to periodic and annual rental adjustments pursuant to the Lease.</i> | | | | |

The negotiated language includes a payment structure that requires Korean Air to remit 20 percent of the total gross sales, stemming from any lounge concessions and the greater of 20 percent for any revenue collected from pay-per-use lounge access fees or six dollars per pay-per use passenger. LAWA staff have confirmed that no additional revenue has been collected to date as a result of any additional fees for service or access. With the recovery of passenger traffic, the introduction of the pay-per-use model is expected to further enhance LAWA's financial outcome.

Alternatives Considered – The alternative is to maintain the premier lounge space in its current condition and not move forward with a complete refurbishment. This is not a viable alternative as the enhancement to the lounge space is proposed in anticipation of increased passenger traffic at LAX for the 2028 Summer Olympic Games.

CITY COMPLIANCE

Small Business Enterprise (SBE), Local Business Enterprise (LBE), and Local Small Business Enterprise (LSBE) Participation - As reported by LAWA staff, this action is not subject to the provisions of the Business Enterprise programs, subsequently, no mandatory business inclusion goals were established.

California Environmental Quality Act (CEQA) – On November 7, 2024, and November 14, 2024, the Board determined by Resolution 28041, that the proposed Third Amendment to Premier Passenger Lounge Space Lease LAA-8753 with Korean will not directly impact the environment and is exempt from CEQA pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.

The proposed Agreement includes provisions to ensure compliance with applicable City Ordinances, contracting, and insurance requirements. The City Attorney has reviewed and approved the proposed Agreement. In accordance with Charter Section 606 and Administrative Code Section 10.5(c), the Agreement requires Council approval because the total term of the Agreement exceeds five years. Our Office recommends approval.

FISCAL IMPACT STATEMENT

Approval of the proposed Amendment will have no impact on the City's General Fund. The proposed Amendment between LAWA and Korean Air will extend the current term from January 1, 2029 to December 31, 2033 to provide additional time for Korean Air to complete a full refurbishment and renovation of the passenger lounge space in the TBIT, and allows for this investment to fully amortize. Revenues collected during the lease term will be remitted to the LAWA Operating Revenue Fund and are estimated at \$5,800,792 in the first year of the extension, and an estimated \$59,584,548 over the total contract term, excluding annual base rate rent adjustments or additional percentage rent triggered by other services. These actions comply with LAWA's adopted Financial Policies.

Attachment 1 – November 7, 2024 BOAC Report and November 18, 2024 Resolution No. 28041



November 07, 2024

The Honorable Karen Bass
Mayor, City of Los Angeles
City Hall – Room 303
Los Angeles, CA 90012

ATTN: Thomas Arechiga, Deputy Legislative Coordinator

LAX

Van Nuys

City of Los Angeles

Karen Bass
Mayor

Board of Airport
Commissioners

Karim Webb
President

Matthew M. Johnson
Vice President

Vanessa Aramayo
Courtney La Bau
Victor Narro
Nicholas P. Roxborough
Valeria C. Velasco

John Ackerman
Chief Executive Officer

RE: Third Amendment to the Amended and Restated Premier Passenger Lounge Space Lease (LAA-8753) with Korean Air Lines Co

In accordance with Executive Directive No. 4, we are transmitting a copy of the specified board report for the request to adopt the following report and approve and execute the Third Amendment to the Amended and Restated Premier Passenger Lounge Space Lease (LAA-8753) with Korean Air Lines Co. in Tom Bradley International Terminal at Los Angeles International Airport that will extend the term by five years for a total term of ten years. This will generate approximately \$5,800,000 million in revenue in the first year and approximately \$58,000,000 over the 10-year term, excluding annual rate adjustments.

City Council approval is required pursuant to Section 606 of the Los Angeles City Charter.

Sincerely,

A handwritten signature in black ink, appearing to read "Becca Doten", with a stylized flourish at the end.

Becca Doten
Chief of Staff

BD:MSA:ksf



**Report to the
BOARD OF AIRPORT COMMISSIONERS**

Approver:



Dave Jones, Deputy Executive Director
Commercial Development Division

Reviewer:

Hector Huezo for

Hector Huezo for (Oct 22, 2024 12:01 PDT)

Brian C. Ostler, City Attorney



John Ackerman, Chief Executive Officer

Meeting Date

11/7/2024

Needs Council Approval: ☒ Y

| Reviewed for/by | Date | Approval Status | By |
|--------------------|-----------|---|----|
| Finance | 9/27/2024 | <input checked="" type="checkbox"/> Y <input type="checkbox"/> NA | JS |
| CEQA | 9/27/2024 | <input checked="" type="checkbox"/> Y | VW |
| Procurement | 10/8/2024 | <input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond | AF |
| Guest Experience | 10/2/2024 | <input checked="" type="checkbox"/> Y | TB |
| Strategic Planning | 10/7/2024 | <input checked="" type="checkbox"/> Y | TZ |

SUBJECT

Request to adopt the following report and approve and execute the Third Amendment to the Amended and Restated Premier Passenger Lounge Space Lease (LAA-8753) with Korean Air Lines Co. in Tom Bradley International Terminal at Los Angeles International Airport that will extend the term by five years for a total term of ten years. This will generate approximately \$5,800,000 million in revenue in the first year and approximately \$58,000,000 over the 10-year term, excluding annual rate adjustments.

DISCUSSION

1. Purpose

The proposed amendment will extend the term by five years, to December 31, 2033, and allow amortization of the Korean Air Lines Co. (Korean Air) \$28.8 million lounge refurbishment investment.

2. Prior Related Actions/History of Board Actions

- December 17, 2012 – Resolution No. 24988 (LAA-8753)**

The Board of Airport Commissioners (Board) approved a Premier Passenger Lounge Space Lease with Korean Air in Tom Bradley International Terminal (TBIT).

- October 19, 2023 – Resolution No. 27830 (LAA-8753B)**

The Board approved an Amended and Restated Premier Passenger Lounge Space Lease with Korean Air in TBIT at Los Angeles International Airport to allow for Korean

Air to continue to operate its premier passenger lounge for an additional five years and an option to expand its lounge by an additional 3,962 square feet. The term is set to expire on December 31, 2028.

3. Background

In 2013, Los Angeles World Airports (LAWA) completed the modernization of TBIT, which included new areas for airline premium passenger lounges. In accordance with Lease LAA-8753, Korean Air completed construction and opened its new 14,208 square foot lounge on January 1, 2014.

4. Current Action/Rationale

In March 2024, Korean Air exercised its option to lease the additional 3,962 square feet and proposed a \$28.8 million investment to completely renovate the current 14,208 square foot lounge and the new 3,962 square foot space. To support Korean Air's proposed renovation, LAWA staff propose to extend the lease to December 31, 2033, allowing appropriate depreciation of their investment. If Korean Air does not invest the full \$28.8 million, they will pay the difference to LAWA.

5. Fiscal Impact

Approval of the proposed amendment will provide approximately \$5.8 million in revenue from the first full year following the commencement date and approximately \$58 million over the full 10-year term, excluding annual rate adjustments.

6. Alternatives Considered

- ***Take No Action***

Taking no action would lead to a missed opportunity for planned lounge refurbishment enhancements to the Sky Team Lounge in TBIT. This would negatively impact the guest experience for airlines that serve premium passengers who anticipate this service.

APPROPRIATIONS

No appropriation of funds is required for this action.

STANDARD PROVISIONS

The Board is hereby requested to adopt the staff's determination that this item, involving 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.

The proposed document(s) is/are subject to approval as to form by the City Attorney.

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.

November 18, 2024

The Honorable City Council
of the City of Los Angeles
(via email)

Subject: Third Amendment to the Amended and Restated Premier Passenger Lounge
Space Lease LAA-8753 with Korean Air Lines Co.

LAX
Van Nuys
City of Los Angeles

Karen Bass
Mayor

Board of Airport
Commissioners

Karim Webb
President

Matthew M. Johnson
Vice President

Vanessa Aramayo
Courtney La Bau
Victor Narro
Nicholas P. Roxborough
Valeria C. Velasco

John Ackerman
Chief Executive Officer

Enclosed for your consideration is the Third Amendment to the Amended and Restated Premier Passenger Lounge Space Lease LAA-8753 with Korean Air Lines Co. that was approved by the Board of Airport Commissioners at its November 7, 2024 meeting. There is no impact to the General Fund.

RECOMMENDATIONS FOR CITY COUNCIL:

1. Concur with said Board's adoption of staff's determination that the action 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
2. Approve the Third Amendment to the Amended and Restated Premier Passenger Lounge Space Lease LAA-8753 with Korean Air Lines Co. to extend the term through December 31, 2033 covering a passenger lounge in the Tom Bradley International Terminal at Los Angeles International Airport; and
3. Further concur with said Board's action on November 7, 2024, by Resolution 28041, authorizing execution of said Third Amendment to the Amended and Restated Premier Passenger Lounge Space Lease LAA-8753 with Korean Air Lines Co.

This document and its attachments are advisory only and do not constitute a complete and official submittal to the City Council. The official submittal, including this document and its attachments, will be submitted electronically to the City Council and the Council File Management System pursuant to Charter Section 606 via the City Clerk's website when the file is complete.

Very truly yours,



Grace Miguel, Commission Executive Assistant II
BOARD OF AIRPORT COMMISSIONERS

Enclosures

cc: CAO (Airport Analyst), e-file
CLA (Airport Analyst), e-file



RESOLUTION NO. 28041

WHEREAS, on recommendation of Management, there were presented for approval, Third Amendment to the Amended and Restated Premier Passenger Lounge Space Lease LAA-8753 with Korean Air Lines Co. to extend the term through December 31, 2033, covering a passenger lounge in the Tom Bradley International Terminal at Los Angeles International Airport; and

WHEREAS, in 2013, Los Angeles World Airports (LAWA) completed the modernization of the Tom Bradley International Terminal that included new areas for airline premium passenger lounges. In accordance with Lease LAA-8753, Korean Air Lines Co. (Korean Air) completed construction and opened its new 14,208-square foot lounge on January 1, 2014; and

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City of Los Angeles

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Mayor

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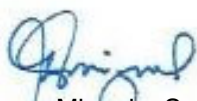
WHEREAS, in March 2024, Korean Air exercised its option to lease the additional 3,962 square feet and proposed a \$28.8 million investment to completely renovate the current 14,208-square foot lounge and the new 3,962 square feet space. The Amendment will support Korean Air's proposed renovation, allowing appropriate depreciation of Korean Air's investment. If Korean Air does not invest the full \$28.8 million, it will pay the difference to LAWA. The Amendment will provide approximately \$5.8 million in revenue from the first full year following the commencement date and approximately \$58 million over the full ten (10)-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; further adopted the staff's determination that this item, involving 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; approved the Third Amendment to the Amended and Restated Premier Passenger Lounge Space Lease LAA-8753 with Korean Air Lines Co. to extend the term through December 31, 2033, covering a passenger lounge in the Tom Bradley International Terminal at Los Angeles International Airport; and further approved execution of said Third Amendment.

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I hereby certify that this Resolution No. 28041 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, November 7, 2024.



Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS



**AMENDMENT TO AMENDED AND RESTATED
AIRLINE PREMIER PASSENGER LOUNGE SPACE LEASE
AND LICENSE AGREEMENT**

THIS AMENDMENT ("Amendment") TO THE AMENDED AND RESTATED AIRLINE PREMIER PASSENGER LOUNGE SPACE LEASE AND LICENSE AGREEMENT is made as of _____, 202__ ("Execution Date") between the CITY OF LOS ANGELES, acting by and through the Board of Airport Commissioners of its Department of Airports ("Board"), as landlord and licensor (collectively "Landlord"), and KOREAN AIR LINES CO. LTD. ("Korean"), as tenant and licensee (collectively the "Tenant").

WHEREAS, the Landlord is the owner and operator of the Los Angeles International Airport ("LAX" or "Airport") located in the City of Los Angeles, County of Los Angeles, State of California; and

WHEREAS, the Tenant and Landlord entered into a lounge lease agreement, LAA-8753, for space to operate a premier passenger lounge at the Terminal on February 1, 2013 (as amended, the "Lease"); and

WHEREAS, the Tenant and the Landlord wish to amend certain terms of the Lease;

NOW, THEREFORE, in consideration of the mutual agreements contained in this Lease, the Landlord and the Tenant agree with each other as follows (the terms "Lease", "Landlord", and "Tenant", and certain other terms used in this Lease and not defined elsewhere in the text of this Lease, are used with the meanings specified in Section 24 of the Lease):

AGREEMENT

1. Section 1.1.3(d) of the Lease shall be amended and restated in its entirety as follows:

"Further, notwithstanding Section 3.1 below, with respect to the Optional Space, the rent for such space shall commence on the earlier of (i) the opening of the Optional Space for use by the Tenant's Approved Passengers or (ii) December 31, 2025."

2. Section 1.3.1 of the Lease shall be amended and restated in its entirety as follows:

"1.3.1. Term. This Lease shall commence on February 1, 2013 and shall terminate on December 31, 2033, unless earlier terminated by Landlord pursuant to terms hereinafter set forth (the "Term")."

3. New Sections 1.3.2(a) – (f) shall be added to the Lease after Section 1.3.2

PLP

as follows:

“(a) If the Landlord exercises its right of early termination pursuant to Section 1.3.2 above, the Landlord will purchase, subject to Board approval, the Qualified Lounge Improvements Investment (defined below) pursuant to the terms in Section 1.3.2(b) below so long as the actual cost of the Qualified Lounge Improvements Investment is more than Twenty Eight Million Eight Hundred Thousand Dollars (\$28,800,000).

(b) Qualified Lounge Improvements Investment. The purchase price for the Qualified Lounge Improvements Investment will be the undepreciated amount of the Qualified Lounge Improvements Investment installed by the Tenant in the Demised Premises based on a straight line depreciation over a ten (10) year term. The Qualified Lounge Improvements Investment shall be determined as follows: within sixty (60) days of the completion of the Improvements (defined below), the Tenant shall provide the Landlord a Lounge Improvements Investment Report, which lists, in detail, the specific improvements and the actual verified costs incurred by the Tenant for the Improvements. Within sixty (60) days of receiving the Lounge Improvements Investment Report, the CEO will review the Lounge Improvements Investment Report and, in his or her sole discretion, make a final determination of the Improvements and associated costs that qualify as reasonable and permanent lounge improvements (such improvements, the “Qualified Lounge Improvements Investment”). Within the same 60-day period, the CEO will issue to the Tenant the CEO’s determination of the Qualified Lounge Improvements Investment (“CEO Determination Letter”). The CEO Determination Letter shall be attached to the Lease as an addendum.

(c) Upon the exercise by the Landlord of the early termination option pursuant to Section 1.3.2(a), the Landlord shall use its reasonable best effort to provide replacement space in the Terminal for the Tenant.

(d) Audit Rights. In addition to the provision in Section 3.6.2, the Landlord may, at its sole discretion and with reasonable notice to the Tenant, require the Tenant to provide access to all records and other information necessary to perform an audit of all or any of the Improvements. The Landlord shall have the right to commence such audit at any time up to three (3) years beyond the payment of the Qualified Lounge Improvements Investment pursuant to Sections 1.3.2(b). The Landlord’s right to access such records and information shall continue until any audit so commenced is concluded to the Landlord’s reasonable satisfaction. The Tenant shall retain all records and other information necessary to perform such an audit until so concluded.

(e) Upon the purchase and payment of the Qualified Lounge Improvements Investment, title to such improvements shall vest in the Landlord.

(f) Survival. Section 1.3.2(b) shall survive the termination of the Lease.”

4. Section 1.4.1 of the Lease shall be amended and restated as follows:

“1.4.1. Refurbishment.

(a) No later than the six (6) months following the Amended and Restated Execution Date, the Tenant shall be required to provide a refurbishment plan to Landlord for CEO approval, which approval shall be in his or her sole discretion, and upon CEO approval, the refurbishments (the “Improvements”) contemplated under such approved plan must be completed by the Tenant within 12 months of such CEO approval date at the Tenant’s sole cost and expense. Further, the Improvements shall be subject to Sections 4 of this Lease. In addition to the requirements of Section 4, the Tenant shall also provide with its request for consent for the pursuant to Section 4, detailed drawings, plans and cost estimates of the Improvements. The Tenant also agrees to perform all alterations to the Demised Premises in accordance and compliance with the most current published versions of the LAWA Design and Construction Handbook (the current version can be found at <http://www.lawa.org/en/lawa-businesses/lawa-documents-and-guidelines>). Only after receiving approval and a Notice to Proceed from Landlord shall the Tenant begin construction of approved Improvements.

(b) The Tenant agrees to make Improvements to transform the space into a high class premium passenger lounge. Further, the Tenant agrees that the Qualified Lounge Improvements Investment shall be no less than Twenty-Eight Million Eight Hundred Thousand Dollars (the “Minimum Investment”). If the Qualified Lounge Improvements Investment is less than the Minimum Investment, the Tenant agrees to pay the difference between the Minimum Investment and the actual cost of the Qualified Lounge Improvements Investment within 60 days of the CEO Determination Letter.”

5. Section 2.4 of the Lease shall be amended and restated in its entirety as follows:

“2.4. Wireless Communication. The Landlord will design and deploy a Wi-Fi network for the use of the Tenant, any subtenants and their respective employees and contractors, customers, the public and such other users as may be authorized by the Landlord (“City Network”) in or around the Demised Premises, as reasonably determined by the Landlord. The City Network may be comprised of different levels of service or access, which may be subject to charges payable to the Landlord. Without the prior written consent of the CEO (in his reasonable discretion), the Tenant shall not have any wireless internet system(s) within the Demised Premises. The Tenant may install and operate its own Wi-Fi network or may elect to use any other provider’s network operating at the Terminal, outside of the City Network, provided that the Tenant adheres to the Landlord’s procedures for any work at the Airport in accordance with the LAWA IT, Data (CAD, GIS & Photogrammetry) Standards & Guide Specifications, as may be amended from time to time. Should the Tenant choose to install its own Wi-Fi network, the Tenant agrees to operate it solely on frequency bands (channels) approved by the CEO so as to avoid signal interference with existing and future Airport wireless systems. The Tenant further agrees to secure written approval of permitted frequency bands prior to activation of their Wi-Fi system. Notwithstanding the prior consent of the CEO for the installation of any such system or equipment, the CEO shall have the absolute right, upon

thirty (30) days' prior written notice, to require the removal of any such system or equipment installed by the Tenant (at the Tenant's sole expense) in the event that such system or equipment interferes with any present or future systems or equipment installed by the Landlord or the Airport.

2.4.1. Termination of City Network. At any time, based on a reasonable assessment of then available technology, the Landlord determines that Wi-Fi is an obsolete technology (which determination shall be final), the Landlord shall have the right to terminate and remove the City Network.

2.4.2. Citizens Broadband Radio Service (CBRS). The Tenant shall not install a CBRS system without CEO's prior written approval. The Tenant must comply with CEO's reasonable requests to implement CBRS services in the lounge. Any installation, implementation, operation, or modification thereto of any such CBRS is subject to the CEO's written approval and the Tenant agrees that it shall ensure constant compliance with all FAA, FCC, and other applicable rules.

2.4.3. Disclaimer of Warranties. Unless otherwise provided, the City Network and materials available through the City Network and any third party are provided on an "as-is" and "as-available" basis and without any warranties of any kind. To the fullest extent permitted by applicable law, the Landlord disclaims all warranties, express or implied, including but not limited to, implied warranties of merchantability, and fitness for particular purpose. The Landlord further expressly disclaims any warranty that (i) the City Network will be uninterrupted or error free or accurate, (ii) the City Network will be free of viruses, spyware, worms or other harmful and destructive codes, or (iii) the City Network is secure. Moreover, the Landlord makes no warranty regarding any goods or services or the delivery of any goods or services purchased or obtained through or from the City Network or advertised through the City Network, or regarding any transactions entered into through the City Network. No advice or information, whether oral or written, obtained through the City Network shall create any warranty not expressly stated herein. Any personal or confidential information transmitted through the City Network is at such user's own risk and the Landlord takes no responsibility for such personal or confidential information.

2.4.4. Limitation on Liability. To the fullest extent permitted by applicable law, under no circumstances, including, but not limited to, negligence, shall the Landlord be liable for any direct, indirect, incidental, special or consequential damages, including but not limited to, damages for loss of profits or loss of file, use, data or other intangibles, even if the Landlord has been advised of the possibility of such damages, that result from the use or the inability to use the City Network or Tenant Network (if such becomes available), from any changes to the City Network or Tenant Network, or from unauthorized access to or alteration of any user's transmissions or data. Moreover, the Landlord shall not be responsible or liable to the Tenant or any persons or entities for any threatening, defamatory, obscene, offensive, tortious, or illegal conduct of the Tenant or of any other party or any infringement of another's rights, including intellectual property rights, arising on, from, or in connection with the City Network or the Tenant Network.

2.4.5. Indemnity. To the maximum extent permitted by law, the Tenant shall defend, indemnify, and hold the Landlord harmless from and against any Claims related to, (i) the Tenant's breach of any provision under Section 2.4, (ii) the Tenant Network or any equipment or system which may be installed by the Tenant, and (iii) the Tenant's installation, operation and maintenance of the Tenant Network or other equipment or system.

2.4.6. Proprietary Interest. The City Network shall be owned and licensed by the Landlord, and the City Network and the design, structure, organization and code of such system are valuable intellectual property of the Landlord.

2.4.7. Section 2.4.5 shall survive the termination of the Lease."

6. Section 3.4.2 of the Lease shall be amended and restated in its entirety as follows:

"3.4.2. Concession Rent. For fees collected by the Korean/Affiliate Airlines for the use of the Demised Premises by the Tenant's Approved Passengers which passengers fall within the category of passengers described in Sections 2.1.2(b) – (c), the Tenant will pay to the Landlord, as additional rent, the greater of (i) twenty percent (20%) of the transaction fee for such lounge access by such passenger or (ii) Six Dollars (\$6.00) (which amount shall be adjusted by CPI annually commencing on July 1, 2025) per passenger for each calendar month during the Term (the additional rent payable under this Section 3.4.2 is referred to as the "Concession Rent")."

7. Miscellaneous.

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

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

7.3. This Amendment and any other document necessary for the consummation of the transaction contemplated by this 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 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 Amendment (i) agree that an electronic signature, whether digital or encrypted, of a party to this 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 Amendment based on the foregoing forms of signature. If this 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]

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment by their duly authorized officers the day and year first hereinabove written.

**CITY OF LOS ANGELES,
A MUNICIPAL CORPORATION**

KOREAN AIR LINES CO., LIMITED

By signing below, the signatory attests that they have no personal, financial, beneficial, or familial interest in this Amendment.

Date: _____

Date: _____

By: _____

Chief Executive Officer
Department of Airports

By:  _____

Name: DACIO PANY

Title: EUP - IFS AND LOANSES

APPROVED AS TO FORM:

Hydee Feldstein Soto, City Attorney

ATTEST:

Date: _____

Date: _____

By: _____

Deputy/Assistant City Attorney

By:  _____

Name: Yun Jung Lee

Title: General Manager

*[Signature Page to Amendment to Amended and Restated Airline Premier Passenger Lounge
Space Lease and License Agreement]*