

RESOLUTION NO. 27995

WHEREAS, on recommendation of Management, there was presented for approval, Award of twelve (12)-year Common-Use Passenger Lounge Concession Agreement to AD Partnership LLC, with option to extend the term for one period of three (3) years, covering development and operation of a new common use passenger lounge in the Tom Bradley International Terminal at Los Angeles International Airport; and

WHEREAS, over 50 international airlines serve the Tom Bradley International Terminal (TBIT), and on average, over 43,000 passengers pass through the facility daily. Currently, there are four (4) airline premium passenger lounges in TBIT, and a new 11,500-square foot Air France premium passenger lounge will open in Q3 2024. In addition, American Express operates a Centurion Lounge that provides lounge services for its members; and

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

WHEREAS, there is still additional demand lounge access, especially for a common-use lounge, which provides access to passengers on a pay-per-use basis as well as through memberships and other programs such as those affiliated with bank credit card programs; and

WHEREAS, to support the continued demand for lounge access, Los Angeles World Airports (LAWA) released a Request for Proposals for development and operation of a common-use lounge in TBIT. Two proposals were received: one from AD Partnership LLC (ADP), and one from Plaza Premium Group; and

WHEREAS, LAWA selected ADP to build and operate a new 9,234-square foot lounge in TBIT. ADP is comprised of a partnership between Airport Dimensions, a leading U.S.-based shared-use lounge operator that manages a global network of over 50 common-use lounges, and JPMorgan Chase. The partnership brings together two best-in-class industry experts; and

WHEREAS, ADP has committed to a minimum of 10% Airport Concessions Disadvantaged Business Enterprise participation. Hyde Park Hospitality LLC will manage all hiring, training, and direct supervision of the lounge employees. Also, ADP committed to achieving a minimum of 25% Disadvantaged Business Enterprise participation for construction of the new lounge; and

WHEREAS, under the Concession Agreement, for the first full year of operation, ADP will pay a monthly rent equal to the greater of (x) 20% of all gross receipts or (y) \$6 per passenger using the lounge (Percent Rent). Beginning in the second year of operation, ADP will pay the greater of Minimum Annual Guarantee (MAG) of \$680/square foot or the Percent Rent. Beginning in the third year of operation and all subsequent years, the MAG will be reset as the greater of (i) 85% of the immediately prior year's actual rent or (ii) the immediately prior year's MAG adjusted by 2% per agreement year. The MAG can never be less than the immediately prior year's MAG; and

WHEREAS, the Concession Agreement will provide a minimum of \$79 million in revenue to LAWA over the term of the Agreement, excluding the annual rental rate adjustment; 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 Award of twelve (12)-year Common-Use Passenger Lounge Concession Agreement to AD Partnership LLC, with option to extend the term for one period of three (3) years, covering development and operation of a new common use passenger lounge in the Tom Bradley International Terminal at Los Angeles International Airport; and authorized the Chief Executive Officer, or designee, to execute said Common-Use Passenger Lounge Concession Agreement with AD Partnership LLC after approval by the Los Angeles City Council and approval as to form by the City Attorney.

o0o

I hereby certify that this Resolution No. 27995 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