



# REPORT TO THE

## BOARD OF AIRPORT COMMISSIONERS

  
Dave Jones (Jul 2, 2021 18:15 PDT)

Approved by: Dave Jones, Director of Airline Property and Concessions Services

  
Hans Thilenius (Jul 2, 2021 19:33 PDT)

Reviewed by: Hans Thilenius, Deputy Executive Director, Terminal Development and Improvement Program

  
D Dazé (Jul 6, 2021 10:05 PDT)

City Attorney

  
Justin Erbacci (Jul 6, 2021 10:06 PDT)

Justin Erbacci, Chief Executive Officer

Meeting Date:

7/8/2021

CAO Review:

- Completed
- Pending
- N/A

Reviewed for	Date	Approval Status	By
Finance	6/7/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	JS
CEQA	6/9/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	VW
Procurement	6/2/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	LK
Guest Experience	6/4/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	TB
Strategic Planning	6/3/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	KC

### SUBJECT:

Appropriate Funds in the amount of \$1,067,000,000 to acquire Terminal Improvements contemplated in the Terminal Facilities Lease and License Agreement LAA-9037 with American Airlines, Inc. at Los Angeles International Airport; approve the Third Amendment to the Terminal Facilities Lease and License Agreement; and approve the direct disbursement of up to \$1,600,000 for Concessions Buy-Outs or Convenience Termination Payments for concessionaires in Terminal 4 impacted by the American Airlines, Inc. development program.

### RECOMMENDATIONS:

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (18)(c) and Article II, Section 2.i of the Los Angeles City CEQA Guidelines.
3. APPROPRIATE funds in the amount of \$1,067,000,000 to acquire terminal improvements contemplated in the Terminal Facility Lease and License Agreement LAA-9037 with American Airlines, Inc.
4. APPROVE the proposed Third Amendment to the Terminal Facilities Lease and License Agreement LAA-9037 with American Airlines, Inc.

5. AUTHORIZE the Chief Executive Officer or designee to execute the proposed Third Amendment to the Terminal Facilities Lease and License Agreement LAA-9037 with American Airlines, Inc., subject to approval as to form by the City Attorney, and upon approval of the Los Angeles City Council.
6. ALLOCATE funds in a not-to-exceed amount of \$1,600,000 for direct payments from Los Angeles World Airports for concessions related buy-outs and/or convenience termination payments for concessions impacted by American Airlines, Inc.'s Terminal 4 development program.
7. ACKNOWLEDGE that remaining funds previously contemplated in American Airlines, Inc.'s Terminal Facilities Lease and License Agreement LAA-9037, as amended, for acquisition of terminal improvements, will be reduced to \$1,065,400,000 (\$1,067,000,000 less \$1,600,000) for non-proprietary improvements.
8. FURTHER AUTHORIZE the Chief Executive Officer to prepare, enter into, and execute an appropriate "Release of Claims" with respect to the termination or buy-out of the unamortized net book value of certain Initial Improvements, or Mid-Term Refurbishments, or any Termination for Convenience related to specific concessions Units impacted by American's Terminal Improvements, as provided in the respective Concessions Agreement(s) with Host International, Inc.; Areas USA LAX, LLC; Hudson-Magic Johnson Enterprise-Concourse Ventures, LLC; LAX Retail Magic 2 JV; and, DFS Group L.P., as defined and outlined in this report, and to issue the respective buy-out payment(s) or Convenience Termination Payment(s) contemplated within each of the respective Concessions Agreements, up to a total of \$1,600,000.
9. FURTHER AUTHORIZE the Chief Executive Officer to exercise the option to purchase Non-Proprietary Terminal Renovations with cash payments instead of rent credits, as provided in the Terminal Facilities Lease and License Agreement LAA-9037 with American Airlines, Inc.

## **DISCUSSION:**

### **1. Purpose**

Facilitate improvements and enhancements to the headhouse (an arrival and departure hall), concourse, and satellite at Terminals 4 and 5 at Los Angeles International Airport.

### **2. Prior Related Actions**

- **July 11, 2018 – Board Resolution No. 26548 (Lease No. LAA-9037)**  
The Board of Airport Commissioners approved a Terminal Facilities Lease and License Agreement with American Airlines, Inc. for space in Terminal 4 and Terminal 5 to enable American to renovate its existing premises and adjacent areas, incorporate construction of a Terminal Vertical Core between Terminal 4 and Terminal 5 to connect the terminals to the Automated People Mover, and to provide the potential for future improvements.
- **April 9, 2020 – Board Resolution 26996 (Lease No. LAA-9037A)**  
The Board of Airport Commissioners approved deferral of the payment of terminal rental, terminal use and airfield fees under Non-Exclusive Air Carrier Operating Permits and

Terminal Lease and License Agreements, due in the months of April and May 2020, and authorized Los Angeles World Airports to implement a Temporary Passenger Airline Relief Program. This was the First Amendment to Lease LAA-9037.

- **April 16, 2020 – Board Resolution No. 27006 (Lease No. LAA-9037A)**  
The Board of Airport Commissioners extended the deadline to execute the amendment previously approved on April 9, 2020 pursuant to Resolution 26996, to defer the payment of terminal rental, terminal use and airfield fees under Non-Exclusive Air Carrier Operating Permits and Terminal Lease and License Agreements.
- **September 3, 2020 – Board Resolution No. 27101 (Lease No. LAA-9037B)**  
The Board of Airport Commissioners adopted the Final Negative Declaration for the Los Angeles International Airport Terminal 4 Modernization Project, the Executive Director's Compliance Report, and the California Environmental Quality Act Findings. The Board of Airport Commissioners also approved the following: the Second Amendment to Lease LAA-9037 related to administrative updates covering space in Terminals 4 and 5, the exercise of the option to purchase Non-Proprietary Terminal Renovations with cash payments instead of rental credits, and the adjustment of prior funding appropriations to delete rent credit accrued interest costs and reallocate funds to acquire Minimum Investment Requirement projects.
- **April 1, 2021 – Board Resolution No. 27239**  
The Board of Airport Commissioners approved a reimbursement agreement with American Airlines, Inc., for: \$38,559,605, covering provision of additional electrical capacity to Terminal 4, power redundancy to the south terminals, a high-pressure fire water loop around Terminal 4 at Los Angeles International Airport, appropriation of the same amount for the agreement, and a project baseline budget of \$42,379,200.

### 3. Current Action

#### Overview

Los Angeles World Airports and American Airlines, Inc. executed a lease for space in Terminals 4 and 5 to facilitate construction of renovations in both terminals that will modernize the facilities, connect the terminals to the Automated People Mover, and improve the guest experience.

The lease includes provisions for Los Angeles World Airports to acquire, in an amount not-to-exceed \$1,615,000,000, the following: existing facility bonds, T4 Additional Assets, Minimum Improvement Requirement projects, and future renovations as detailed in the table below. The Board of Airport Commissioners previously approved funding appropriations in the amount of \$548,000,000, leaving a balance of \$1,067,000,000 yet to be appropriated.

<u>Component</u>	<u>Appropriation</u>
T4 Bond Defeasance	\$ 189,500,000
T4 Additional Assets	\$ 36,500,000
Minimum Improvement Requirement – Airline Renovations	\$ 241,500,000
Minimum Improvement Requirement – Terminal Renovations	\$ 80,500,000
<b>Sub-Total of Funds Appropriated</b>	<b>\$ 548,000,000</b>
Future Improvement Projects	\$ 1,067,000,000
<b>Maximum Acquisition Amount</b>	<b>\$ 1,615,000,000</b>

Pursuant to the Lease, American Airlines, Inc. may submit one or more Definitive Terminal Improvement Plans for future improvements related to the Terminal 4 and Terminal 5 Modernization Program for which American Airlines, Inc. has committed to achieve a goal of twenty percent MBE/SBE/WBE.

American Airlines, Inc. staff worked closely with Los Angeles World Airports to develop the renovation plan to connect passengers to the Automated People Mover, renovate the Terminal 4 and Terminal 5 check-in lobbies and arrival halls, construct a consolidated passenger security screening checkpoint and a new secure connector between Terminals 4 and 5, expand Terminal 4 hold rooms and concessions, and add additional restrooms. The scope of the proposed program is expected to be completed prior to the 2028 Olympics.

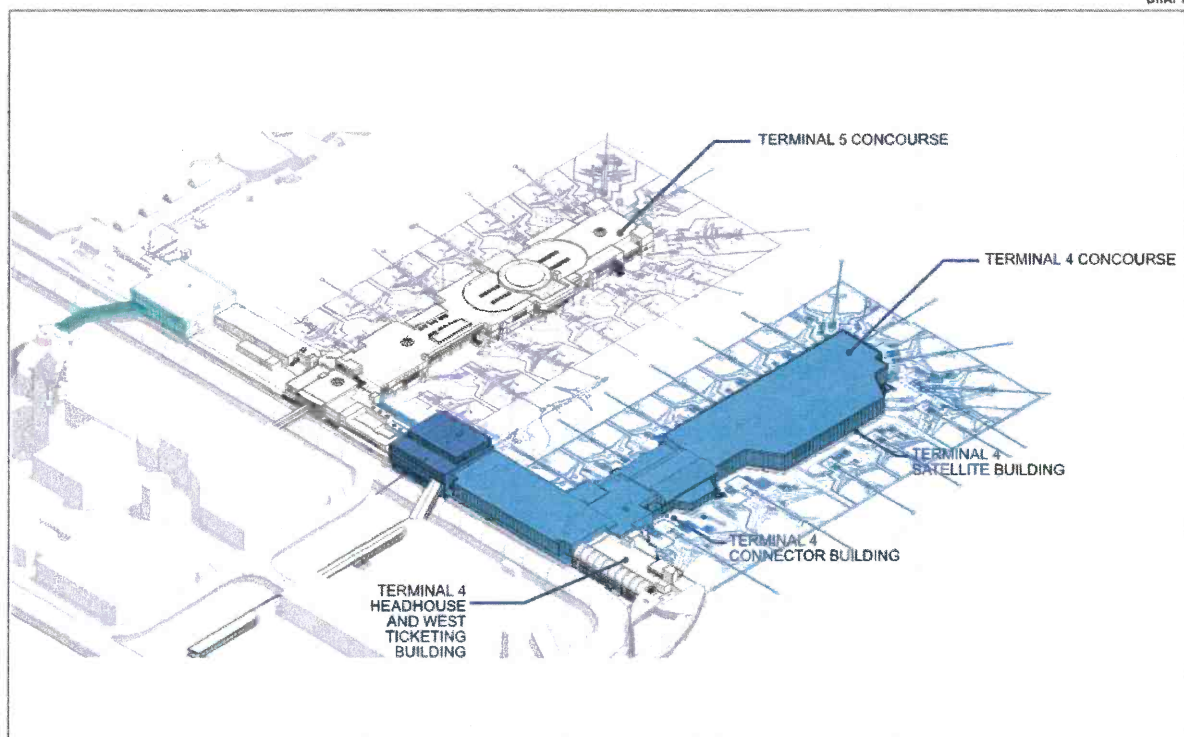
#### Definitive Terminal Improvement Plan

In accordance with the lease, American Airlines, Inc. has submitted, and the LAWA Chief Executive Officer has approved, the Definitive Terminal Improvement Plan, to complete design and construction of the Terminal 4 and Terminal 5 improvements and enhancements as follows:

- Terminal 4 Vertical Core improvements include:
  - A consolidated security screening checkpoint
  - Connections to the Automated People Mover vertical transportation core
  - Upgraded landside and airside concessions program
  - New headhouse for passenger processing and other related functionalities
  - Vertical transportation from the new security screening checkpoint to the concourse and from the concourse level to the arrivals area
  - New Terminal façade in the areas of new construction in compliance with the LAX Terminal Core and Façade Design requirements
  - An architectural refresh of passenger processing areas in Terminal 4 west headhouse
  - New airline and airport offices and support spaces
  - Transportation Security Administration and law enforcement offices and support spaces

- A secure airside connection between Terminal 4 and Terminal 5
  - Connections to the Terminal 4.5 vertical core which will provide the landside and airside connections between the terminals
  - New passenger check-in and baggage claim facilities
- Terminal 4 Modernization Project improvements, including a new south concourse that will provide:
    - Ample hold rooms, concessions, restrooms, 11 single aisle aircraft gates - four of which will have FIS access, and a bus gate that serves both domestic and international traffic
    - Airline and airport support spaces will be rebuilt in a consolidated and efficient layout on the ramp and mezzanine levels
  - The remaining north concourse and west headhouse work which includes modifications for passenger circulation and an architectural refresh of passenger circulation areas
  - Terminal 4 power systems upgrades, including transformers and backup power ,
  - Replacement of the Terminal 4 aircraft apron and reconfiguration of the hydrant fueling system and impacted underground utilities

Schedule 1-D, attached to this report, outlines the Terminal Investment Projects described in the Definitive Terminal Improvement Plan and, per Section 2.2.4 of the lease will become an additional schedule to the Lease.



### Lease Amendment

The proposed Third Amendment to the Terminal Facilities Lease and License Agreement makes the following administrative changes:

- Reduces the maximum acquisition amount by \$1,600,000, from \$1,615,000,000 to \$1,613,400,000, to reflect the transfer of funds from the American Airlines, Inc. project to Los Angeles World Airports in order to terminate concessions in Terminal 4 impacted by the project.

<u>Description</u>	<u>Appropriation</u>
Maximum Acquisition Amount	\$ 1,615,000,000
Less: Concessions-related buy-outs and/or direct Convenience Termination Payments from LAWA	(\$1,600,000)
Amended Maximum Acquisition Amount	\$ 1,613,400,000

### Option to Purchase Non-Proprietary Terminal Renovations with Cash

Pursuant to the Lease, the Terminal 4 and 5 renovation project costs are classified as either Proprietary, which are funded by American Airlines, Inc., or Non-Proprietary, which Los Angeles World Airports will acquire. Further, Non-Proprietary renovations are classified as either Airline Renovations, which are improvements to areas leased by American Airlines, Inc., or Terminal Renovations, which are improvements to Terminal areas that are not leased to American Airlines, Inc.

In accordance with the terms of the Lease, Los Angeles World Airports will acquire Non-Proprietary Airline Renovations with cash, while Non-Proprietary Terminal Renovations will be acquired by issuing rent credits in equal installments over the remaining term, unless the Board of Airport Commissioners approves exercising the option to make a cash payment instead. The estimated costs of the Definitive Terminal Improvement Plan Non-Proprietary Airline Renovations and Non-Proprietary Terminal Renovations are shown in the table below, and additional detail is provided in the Definitive Terminal Improvement Plan Schedule 1-D attached to this report.

<b>Definitive Terminal Improvement Plan - Projects Cost</b>	
Description	Estimated Cost
Terminal 4 & 5 – Non-Proprietary Airline Renovations	\$745,780,000
Terminal 4 & 5 – Non-Proprietary Terminal Renovations	\$319,620,000
<b>Total</b>	<b>\$1,065,400,000</b>

To eliminate the costs associated with the accrual of interest paying off the Non-Proprietary Terminal Renovations with rent credits over the remaining term, staff recommends that the Board of Airport Commissioners authorize Los Angeles World Airports, through its Chief

Executive Officer, to exercise its option, pursuant to Section 2 of Schedule 1-A of the lease, to purchase the remaining Non-Proprietary Terminal Renovations in the amount of approximately \$319,620,000, with cash rather than issuing rent credits.

### Termination for Convenience

This request additionally seeks to make Convenience Termination Payments directly to concessionaires impacted by the project. Certain concessions will need to be closed before their contract terms expire so that construction work to deliver the proposed improvements can be completed. Per existing concession agreements with these concessionaires, they will need to be made whole for early termination. Los Angeles World Airports will disperse Convenience Termination Payments, as provided and calculated under Section 9.1 of Agreement LAA-8586A with Host International, Inc.; Section 9.1 of Agreement LAA-8843 with Areas USA LAX, LLC; Section 9.1 of Agreement LAA-8550A with Hudson-Magic Johnson Enterprise-Concourse Ventures, LLC; Section 9.1 of Agreement LAA-8551A with LAX Retail Magic 2 JV; and Section 9.2.1 of Agreement LAA-8647 with DFS Group L.P., up to a total aggregate amount of \$1,600,000. The estimated buy-out amounts and/or convenience termination payments for each of the concessions impacted by American Airlines, Inc.'s Terminal 4 development program is included with this report on the attachment titled "Concessions Early Termination Value."

Convenience Termination Payments will be made after execution by the respective parties, of an appropriate "Release of Claims," approved as to form by the City Attorney, with respect to the termination or buy-out of the unamortized net book value of certain Initial Improvements or Mid-Term Refurbishments or any Termination for Convenience related to specific concessions units impacted by American's Terminal Improvements, as provided in the respective concessions agreement(s).

### ***How this action advances a specific strategic plan goal and objective***

This action advances this strategic goal and objective: *Deliver Facilities & Guest Experiences that are Exceptional: Develop, maintain and operate first class facilities.* Upgrading and expanding the Terminal 4 concourse and headhouse; providing a secure connector between Terminal 4 and Terminal 5; and enabling better passenger screening, hold rooms, and concession facilities will enhance the guest experience by providing true world class facilities.

### ***Fiscal Impact***

The Terminal 4/5 Modernization Program is programmed in Los Angeles World Airports' 10-Year Capital Improvement Plan, with a combined direct budget of \$1,651,300,000 of which \$1,615,000,000 is set aside for hard costs (\$1,613,400,000 for American Airlines, Inc. and \$1,600,000 for Los Angeles World Airports to execute early termination of concessions), and \$36,300,000 for Los Angeles World Airports' soft costs. As the past appropriations and the requested Definitive Terminal Improvement Plan amount for this project are within the hard cost amount, the approval of this request will result in no net increase to the Capital Improvement Plan.

## **4. Alternatives Considered**

- ***Take No Action***

If Los Angeles World Airports takes no action, American Airlines, Inc. likely will not make the improvements proposed in the Definitive Terminal Improvement Plan. Los Angeles World Airports would be required to compensate American Airlines, Inc. for design costs associated with development of the scope of work. Not approving the funding for the Definitive Terminal Improvement Plan and executing this amendment will prevent Los Angeles World Airports from acquiring the renovated Terminal 4 headhouse, Terminal 4 connector, and Terminal 4-to-Terminal 5 secure connector. Rejecting the funding appropriation will diminish the guest experience.

- ***Delay Funding Appropriation***

If Los Angeles World Airports delays the funding appropriation, American Airlines, Inc. likely will not make the Terminal 4 headhouse, the Terminal 4 concourse, the Terminal 4-to-Terminal 5 secure connector, or any other improvements proposed in the Definitive Terminal Improvement Plan. Los Angeles World Airports would be required to compensate American Airlines, Inc. for design costs associated with development of the scope of work. Given the complexity of the project and the efforts already expended, it is unlikely that design, construction and project management teams could be re-mobilized at some later date.

### **APPROPRIATIONS:**

Approval of this Definitive Terminal Improvement Plan will increase the Los Angeles World Airports acquisition obligation to American Airlines, Inc. from \$548,000,000 to \$1,613,400,000. In addition, staff requests the Board of Airport Commissioners authorize direct disbursement to impacted concessionaires for Buy-Outs and/or Convenience Termination Payment(s) in a not to exceed amount of \$1,600,000, from WBS Element 1.18.40A-700 (Terminal 4 and 5 Renovations). Staff requests the Board of Airport Commissioners appropriate and allocate the required additional funds in a not to exceed amount of \$1,067,000,000 from the LAX Revenue Fund to WBS Element 1.18.40A-700 (Terminal 4 and 5 Renovations) and other Board of Airport Commissioners approved related WBS Elements, as needed. This will cover Los Angeles World Airport's obligation to American Airlines, Inc. for acquisitions and to concessionaires for early termination Buy-Outs or Convenience Termination Payments.

### **STANDARD PROVISIONS:**

1. The 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. In addition, any activity (approval of bids, execution of contracts, allocation of funds, etc.) for which the underlying project has previously been evaluated for environmental significance and processed according to the requirements of the California Environmental Quality Act (CEQA) is exempt from further review pursuant to Article II, Section 2.i of the Los Angeles City CEQA Guidelines. The underlying project and the recommended actions were previously evaluated for environmental significance by the Terminal 4 Modernization Project Negative Declaration that was adopted by the Board of Airport Commissioners on September 3, 2020 (Resolution 27101) and the Landside Access Modernization Program Environmental Impact Report (EIR) that was certified by the Board of Airport Commissioners on March 2, 2017 (Resolution 26185), as well as analysis prepared pursuant to State CEQA Guidelines, section 15164, dated July 1, 2021 - <https://www.lawa.org/lawa-our-lax/environmental-documents/documents-certified>.



2. This proposed document(s) is/are subject to approval as to form by the City Attorney.
3. 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.
4. American Airlines will comply with the provisions of the Living Wage /Service Contractor Worker Retention Ordinances.
5. The Small Business Enterprise, Local Business Enterprise/Local Small Business Enterprise, and Disabled Veterans Business Enterprise Programs do not apply to leases.
6. American Airlines will comply with the provisions of the Affirmative Action Program.
7. American Airlines has been assigned Business Tax Registration Certificate number 0000586892-0001-8.
8. American Airlines will comply with the provisions of the Child Support Obligations Ordinance.
9. American Airlines has approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports.
10. This action is not subject to the provisions of City Charter Section 1022 (Use of Independent Contractors).
11. American Airlines has submitted the Contractor Responsibility Program Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. American Airlines has been determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance.
13. American Airlines will be required to comply with the provisions of the First Source Hiring Program for all non-trade Airport jobs.
14. This action is not subject to the provisions of the Bidder Contributions CEC Form 55.
15. This action is not subject to the provisions of the MLO Bidder Contributions CEC Form 50.
16. This action is not subject to the provisions of the Iran Contracting Act.

Attachments:

- Definitive Terminal Improvement Plan – Schedule 1-D – Terminal 4 and 5 Summary of Term Investment Plan
- Concessions Early Termination Value – Estimated buy-outs and/or convenience termination payments for concessions impacted by American Airlines, Inc.'s Terminal 4 development program

**Schedule 1 - D**  
**Terminal 4 & 5 Summary of Term Investment Projects**

The following improvements are proposed to be designed and constructed by American.

Scope Component	Description
1. T4 Headhouse – Phase 0 Early Work Packages	Renovate or replace the functions displaced by the T4 Headhouse structural demolition including relocations of impacted tenant and utilities, structural updates or strengthening and miscellaneous early scope items.
2. T4 Headhouse – Phase 1 Core & Shell	Demolition and construction of a new building core and shell for the new consolidated security screening checkpoint, new circulation space & office space and new ticketing spaces.
3. T4 Headhouse – Phase 1 Interiors	Interior build-out for the new consolidated security screening checkpoint, new circulation space & office space, consolidated ticket counters and new vertical transportation.
4. T4 Headhouse – Phase 2 Core & Shell	Core and shell improvements to allow for construction of the new consolidated security screening checkpoint, new circulation space & office space.
5. T4 Headhouse – Phase 2 Interiors	Interior build-out for the new consolidated security screening checkpoint, new circulation space & office space, and new vertical transportation.
6. T4 Headhouse – Phase 3	Work required for room separation for energy code compliance and light cosmetic refresh including wall paint, cleaning ceilings, cleaning of light fixtures and terrazzo polishing on the Ticketing Level.
7. T4 Concourse – Phase 0 Early Work Packages	Renovate or replace the functions displaced by the T4 Concourse structural demolition including relocations of impacted tenant and utilities, structural updates or strengthening and miscellaneous early scope items.
8. T4 Concourse – Phase 1 Core & Shell	Demolition and construction of a new building core and shell for the T4 Concourse Phase 1 Structure. This includes expansion of the Concourse at Gates 46B, 46C, 48A, 48X, 49A and 49B.

Scope Component	Description
9. T4 Concourse – Phase 1 Interiors	New or renovated hold rooms, restrooms and concession spaces, new vertical circulation, associated apron work and gate equipment at Gates 46B, 46C, 48A, 48X, 49A and 49B.
10. T4 Concourse – Phase 2 Core & Shell	Demolition and construction of a new building core and shell for the T4 Concourse Phase 2 Structure. This includes the new bus gate and vertical circulation.
11. T4 Concourse – Phase 2 Interiors	New or renovated hold rooms, restrooms & concessions spaces and all associated apron work and gate equipment at Gates 42B, 46A, 45, 47A, 47B & 47X.
12. T4 Concourse – Phase 3 Apron	Replacement of all associated apron work and new or refurbishment of associated gate equipment at Gates 40, 41, 42A, and 43, and light cosmetic refresh including wall paint, cleaning ceilings, cleaning of light fixtures, replace holdroom carpet and terrazzo polishing on the Concourse Level
13. T5 Connector	New airside passenger corridor between T4 Concourse and T5 Concourse on the Concourse level
14. T4 Power Upgrades	Power upgrades to the existing transformers, main electrical panels and distribution systems in Terminal 4
<p><b>TOTAL ESTIMATED PROGRAM COST:                      \$1,065,400,000</b></p> <p><b>(including interest)</b></p>	

**Schedule 1 –D (continued)**

**Terminal 4 & 5 Summary of Term Investment Projects – American Renovations**

In general, the American Renovations are the improvements that are unique to American’s specific operational needs, such that it is not reasonable to assume that another airline could use the improvements without modifications. Specific items are noted below.

- Branded Items
  - Airline branded boarding elements
  - All airline branded signage
  - Branded hold room seating
  - Airline-specific or branded podiums/casework
- Exclusive Leased Space
  - Includes airline support space and exclusive premium passenger check-in areas<sup>(a)</sup>
  - Interior construction, including:
    - Demising walls
    - Architectural finishes
    - Millwork
    - Doors
    - MEP/F distribution excluding:
      - Main HVAC and sprinkler lines
      - Main power panels
      - Supply and waste lines to the space
      - Fire alarm system point of connection in the space
    - Low voltage distribution, equipment and patch cabling<sup>(b)</sup>
    - All airline-specific IT equipment<sup>(a)</sup>
  - Loose office furniture and equipment
- Airline Lounge Construction
  - All interior construction and finishes, excluding:
    - Basic restrooms
    - Utility distributions to the perimeter of the space to support food prep and other lounge requirements
- Airline maintained and owned GSE charging systems <sup>(b)</sup>
- Specialty lighting, finishes, and other architectural elements specifically selected by American for non-exclusive spaces
- HVAC equipment not connected to the LAWA Central Utility Plant
- Airline-specific security systems, employee identification systems,
- Gate area striping unless LAWA standard striping is mandated by LAWA <sup>(a)</sup>
- All soft costs associated to these items above

(a) Scope performed for the purposes of construction phasing is non-proprietary including restriping gates multiple times to support construction phasing

(b) All specific systems and equipment chosen by American and installed for the sole and proprietary use of an airline tenant will be deemed proprietary. This applies to main gear, “head end equipment” or units and all distribution or branches of the system to the end device or user. If, however, LAWA agrees that a system and parts of its components, such as IT backbone (raceways, cable trays, copper

and fiber cabling, racks, uninterruptable power supplies, redundant infrastructure such as IT room cooling, etc.) are installed so that any future tenant could receive beneficial use of the system or any of the portions of the system, that system or portion may be deemed non-proprietary by LAWA in its sole discretion.

Specifically, the American Renovations include, but are not limited to:

Scope Component	Description
1. T4 Headhouse – Phase 0 Early Work Packages	Not Applicable.
2. T4 Headhouse – Phase 1 Core & Shell	Not Applicable.
3. T4 Headhouse – Phase 1 Interiors	Installation of Ticket counters, self-check-in kiosks, static and electronic signage, other passenger processing equipment and build-out of new employee support spaces.
4. T4 Headhouse – Phase 1 Core & Shell	Not Applicable.
5. T4 Headhouse – Phase 2 Interiors	Not Applicable.
6. T4 Headhouse – Phase 3	Not Applicable.
7. T4 Concourse – Phase 0 Early Work Packages	Not Applicable.
8. T4 Concourse – Phase 1 Core & Shell	Not Applicable.
9. T4 Concourse – Phase 1 Interiors	New customer service counters, signage and new or refurbishment of gate equipment at Gates 46B, 46C, 48A, 48X, 49A and 49B.
10. T4 Concourse – Phase 2 Core & Shell	Not Applicable.
11. T4 Concourse – Phase 2 Interiors	New customer service counters, signage and new or refurbishment of gate equipment at Gates 42B, 46A, 45, 47A, 47B & 47X.
12. T4 Concourse – Phase 3 Apron	New or refurbishment of gate equipment at Gates 40, 41, 42A, and 43.

<b>Scope Component</b>	<b>Description</b>
13. T5 Connector	Build-out of new Hub Control Center and Premium Services Lounge.
14. T4 Power Upgrades	Not Applicable.
<b>TOTAL ESTIMATED PROGRAM COST: \$119,700,000</b>	

**Schedule 1 – D (continued)**  
**Terminal 4 & 5 Term Investment Projects - Airline Renovations**

In general, the Terminals Airline Renovations are the improvements that are:

- Useable by any airline operating in Terminal 4 & 5
- Performed in/on the parts of the building classified as “airline”
- In cases of base building infrastructure and envelope, the portion of the improvements allocated to Airline is based on the ratio of Airline to Public space in Terminal 4 & 5

Scope Component	Description
1. T4 Headhouse – Phase 0 Early Work Packages	Renovate or replace the functions displaced by the T4 Headhouse structural demolition including relocations of impacted tenant and utilities, structural updates or strengthening and miscellaneous early scope items.
2. T4 Headhouse – Phase 1 Core & Shell	Demolition and construction of a new building core and shell for the new consolidated security screening checkpoint, new circulation space & office space and new ticketing spaces.
3. T4 Headhouse – Phase 1 Interiors	Interior build-out for the new consolidated security screening checkpoint, new circulation space & office space, consolidated ticket counters and new vertical transportation.
4. T4 Headhouse – Phase 2 Core & Shell	Core and shell improvements to allow for construction of the new consolidated security screening checkpoint, new circulation space & office space.
5. T4 Headhouse – Phase 2 Interiors	Interior build-out for the new consolidated security screening checkpoint, new circulation space & office space, and new vertical transportation.
6. T4 Headhouse – Phase 3	Work required for room separation for energy code compliance and light cosmetic refresh including wall paint, cleaning ceilings, cleaning of light fixtures and terrazzo polishing on the Ticketing Level.
7. T4 Concourse – Phase 0 Early Work Packages	Renovate or replace the functions displaced by the T4 Concourse structural demolition including relocations of impacted tenant and utilities, structural updates or strengthening and miscellaneous early scope items.





**Schedule 1 – D (continued)**

**Terminal 4 & 5 Term Investment Projects - Terminal Renovations**

In general, the T4/5 Terminal Renovations are the improvements that are:

- Performed in/on the public parts of the building
- In cases of base building infrastructure and envelope, the portion and the improvement allocated to Airline is based on the ratio of Airline to Public space in Terminal 4 & 5

Scope Component	Description
1. T4 Headhouse – Phase 0 Early Work Packages	Design and renovate or replace the functions displaced by the T4 Headhouse structural demolition including relocations of impacted tenant and utilities, structural updates or strengthening and miscellaneous early scope items.
2. T4 Headhouse – Phase 1 Core & Shell	Demolition and construction of a new building core and shell for the new consolidated security screening checkpoint, new circulation space & office space and new ticketing spaces.
3. T4 Headhouse – Phase 1 Interiors	Interior build-out for the new consolidated security screening checkpoint, new circulation space & office space, consolidated ticket counters and new vertical transportation.
4. T4 Headhouse – Phase 2 Core & Shell	Core and shell improvements to allow for construction of the new consolidated security screening checkpoint, new circulation space & office space.
5. T4 Headhouse – Phase 2 Interiors	Interior build-out for the new consolidated security screening checkpoint, new circulation space & office space, and new vertical transportation.
6. T4 Headhouse – Phase 3	Work required for room separation for energy code compliance and light cosmetic refresh including wall paint, cleaning ceilings, cleaning of light fixtures and terrazzo polishing on the Ticketing Level.
7. T4 Concourse – Phase 0 Early Work Packages	Design and renovate or replace the functions displaced by the T4 Concourse structural demolition including relocations of impacted tenant and utilities, structural updates or strengthening and miscellaneous early scope items.
8. T4 Concourse – Phase 1 Core & Shell	Demolition and construction of a new building core and shell for the T4 Concourse Phase 1 Structure. This includes expansion of the Concourse at Gates 46B, 46C, 48A, 48X, 49A and 49B.



Unit	Square Footage	Concept(s)	Operator / Concessionaire	Agreement	Termination Date	Concessions Buy-Out Amounts (not to exceed)
<b>Host International, Inc.</b>						
4B	250	La Provence Patisserie	Host International, Inc.	LAA-8586	6/30/2024	n/a
4B	2,930	Campanile	Host International, Inc.	LAA-8586	6/30/2024	n/a
4B	765	Real Food Daily	Host International, Inc.	LAA-8586	6/30/2024	n/a
4B	1,130	8oz Burger Bar	Host International, Inc.	LAA-8586	6/30/2024	n/a
4B	335	Cole's	Host International, Inc.	LAA-8586	12/31/2021	\$354,000
4B	185	LA Gourmet Food Truck	Host International, Inc.	LAA-8586	12/31/2021	\$427,750
4B	1,982	Common Area Seating	Host International, Inc.	LAA-8586	12/31/2021	\$261,250
4L	687	Starbucks	Host International, Inc.	LAA-8586	12/31/2021	\$19,000
					<b>Subtotal LAA-8586</b>	<b>\$1,062,000</b>
<b>Areas USA LAX, LLC</b>						
4N	1,000	Dunkin Donuts	Areas USA LAX, LLC	LAA-8843	6/30/2024	\$241,500
					<b>Subtotal LAA-8843</b>	<b>\$241,500</b>
<b>Hudson-Magic Johnson Enterprises-Concourse Ventures, LLC</b>						
4C	2,227	Hudson News	Hudson-Magic Johnson Enterprise	LAA-8550	12/31/2021	\$173,000
					<b>Subtotal LAA-8550</b>	<b>\$173,000</b>
<b>DFS Group L.P.</b>						
4J	908	DFS	DFS Group L.P.	LAA-8646	10/31/2023	\$62,750
					<b>Subtotal LAA-8646</b>	<b>\$62,750</b>
<b>LAX Retail Magic 2 JV</b>						
4G	1,402	Hudson Booksellers	LAX Retail Magic 2 JV	LAA-8551	6/30/2024	\$50,000
					<b>Subtotal LAA-8550</b>	<b>\$50,000</b>
					<b>TOTAL</b>	<b>\$1,589,250</b>