

RESOLUTION NO. 27417

WHEREAS, on recommendation of Management, there was presented for approval, temporary airline lounge rent deferral program for eligible air carriers at Los Angeles International Airport; and

WHEREAS, the Board of Airport Commissioners has approved several actions since the onset of COVID-19 to support the efforts of Los Angeles World Airports (LAWA) to stabilize rates and charges for the airlines. Those actions include the temporary deferral of terminal and airfield fees from April through May 2020, an amendment to the Los Angeles International Airport (LAX) Rates and Charges Methodology and Rate Agreement, amending the terminal rates and charges application period from calendar year to fiscal year, stabilizing rent for common use facilities, and revising landing and apron fees to defer costs; and

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Chief Executive Officer

WHEREAS, no action, however, has been taken to address airline lounge leases. There are currently 12 premium airline passenger lounges operated by lease at LAX, all of which were closed for some period between April 2020 and the present in response to travel restrictions imposed by international airlines' national governments in response to COVID-19. As a result, several international airline partners requested that LAWA consider a rent deferral program specifically for premium passenger lounge lease costs as airlines have been required to continue to pay rent for lounge space regardless of their operational status; and

WHEREAS, in response, LAWA proposed a rent deferral program for airlines with premium passenger lounge leases that meet the following conditions:

- The total number of enplaned international passengers at LAX accounted for at least 50% of the airline's total enplaned passengers (domestic and international) at LAX for calendar year 2019.
- The policies of the airline's national government in response to COVID-19 severely restricted passenger aircraft operations to/from the United States of America.
- The airline's passenger lounge has been closed due to the policies of the airline's national government and the airline is not receiving payments from other airlines based on a lounge sharing agreement.
- The airline has paid at least 25% of the rent due for the period April 1, 2020 through September 30, 2021; and

WHEREAS, the following airlines with premium passenger lounge leases were offered the proposed rent deferral program:

- Air Canada
- Air New Zealand
- Alaska Airlines
- American Airlines
- Delta Air Lines
- Emirates Airlines
- Etihad Airways
- Korean Air
- Qantas Airways
- United Airlines; and

WHEREAS, only Qantas Airways requested to participate in the program; and



WHEREAS, the following summarizes the Letter Agreement for the lounge rent deferral program:

Provision	Description
Balance of Past Due Rent:	The airline may defer 75% of past due Terminal Building Charges through the earlier of (i) June 30, 2022, or (ii) the date that the airline's national government lifts international travel restrictions.
Monthly Deferrals:	Each month during the period of October 1, 2021 through the earlier of June 30, 2022, or the date that the airline's national government lifts international travel restrictions, the airline may defer 75% of the monthly Terminal Buildings Charge. The airline must remain current on the remaining 25% of the monthly rent.
Deferred Rent and Interest:	The balance of past due rent shall accrue interest at the rate of 0.70% annually from the date that the payments would have first been due under the lease until the time that all past due rent is paid.
Payment of Deferred Rent:	The airline will repay all deferred rent in equal monthly installments over 12 months starting the first month after lifting of travel restrictions.
Performance Guaranty Requirement:	The airline will be required to maintain a "Performance Guarantee" in the amount of three months full rent during the repayment period.
Requirement to be Current on Payments Due:	The airline must remain current on all monetary obligations under its lease. If the airline fails to comply, any remaining deferred rent will immediately become due and payable in full; and

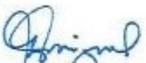
WHEREAS, this action, as a continuing administrative activity, is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, Section 2.f. of the Los Angeles City CEQA Guidelines; and

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 CEQA pursuant to Article II, Section 2.f. of the Los Angeles City CEQA Guidelines; approved the temporary deferral of airline lounge rent for Qantas Airways, which has signed the Letter Amendment from October 2021 through June 2022 on airline lounge space at Los Angeles International Airport; and authorized the Chief Executive Officer, or designee, to implement the temporary airline lounge rent deferral program set forth in this Resolution and execute the associated Letter Agreement 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. 27417 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, January 6, 2022.

  
 Grace Miguel – Secretary  
 BOARD OF AIRPORT COMMISSIONERS