

RESOLUTION NO. 27524

WHEREAS, on recommendation of Management, there was presented for approval, Second Amendment to Lease LAA-8897 with The Private Suite LAX, LLC to extend the term by five (5) years and implement a payment plan for rent in arrears, with interest, covering a remote passenger terminal located at 6871 West Imperial Highway within Los Angeles International Airport; and

WHEREAS, The Private Suite LAX, LLC (Private Suite) has operated a remote passenger terminal at Los Angeles International Airport (LAX) since 2018. The facility consists of private and semi-private first-class lounges and provides Customs and Border Protection services for international passengers, as well as passenger screening services operated by the Transportation Security Administration. The facility is designed for passengers who desire a more private boarding process, such as professional athletes, entertainment personnel, and government diplomats. Said service reduces the Airport Police security detail for those types of passengers and diverts paparazzi from LAX's Central Terminal Area; and

LAX

Van Nuys

City of Los Angeles

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Mayor

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Justin Erbacci
Chief Executive Officer

WHEREAS, Private Suite's remote passenger terminal operations were significantly impacted by the sharp decline in airline passenger traffic at LAX caused by the COVID-19 pandemic. In April 2020, Private Suite's passenger count and total revenue declined by approximately 98% from a similar period in 2019; and

WHEREAS, Private Suite applied for relief under the American Rescue Plan Act (ARPA), which made funds available for rent relief for eligible concessionaires. However, Private Suite does not qualify as a concessionaire and was not eligible to receive rent relief under ARPA. Therefore, Private Suite requested temporary protection under City of Los Angeles Ordinance 186606, approved by the City Council and Mayor Garcetti, which took effect on May 12, 2020, that provided for deferral of rent during the Local Emergency Period. Under the program, Private Suite deferred eleven (11) months of rent, from April 2020 through February 2021, resulting in \$3,596,784 of deferred rent due to Los Angeles World Airports (LAWA); and

WHEREAS, as Private Suite did not qualify for rent relief, extension of the lease by five (5) years will allow Private Suite additional time to recover its initial investment and its losses caused by the COVID-19 pandemic; and

WHEREAS, in addition, LAWA and Private Suite staff negotiated a repayment plan for the \$3,596,784 of deferred rent. The repayment plan will commence on the first day of the month following approval by the Board of Airport Commissioners and City Council. Pursuant to the repayment plan, Private Suite will repay the balance in 36 monthly installments at a 5% annual interest rate. The total interest payments will be \$284,000 over the full 36 months. All other terms of the lease remain unchanged; 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, Private Suite is required by contract to comply with the provisions of the Living Wage Ordinance, the Affirmative Action Program, and the Child Support Obligations Ordinance; and



WHEREAS, Private Suite has been assigned Business Tax Registration Certificate 0002961355-0001-8; and

WHEREAS, Private Suite has approved insurance documents, in the terms and amounts required, on file with LAWA prior to execution of the lease; and

WHEREAS, Private Suite has submitted the Contractor Responsibility Program Pledge of Compliance, and will comply with the provisions of said program; and

WHEREAS, Private Suite has been determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance; and

WHEREAS, Private Suite is required by contract to comply with the provisions of the First Source Hiring Program for all non-trade LAX jobs; and

WHEREAS, Private Suite has submitted the Bidder Contributions CEC Form 55, and will comply with its provisions; 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 Lease LAA-8897 with The Private Suite LAX, LLC to extend the term by five (5) years and implement a payment plan for rent in arrears, with interest, covering a remote passenger terminal located at 6871 West Imperial Highway within Los Angeles International Airport; and authorized the Chief Executive Officer, or designee, to execute said Second Amendment to Lease LAA-8897 with The Private Suite LAX, LLC 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. 27524 is true and correct, as adopted by the Board of Airport Commissioners at its Special Meeting held on Thursday, July 7, 2022.



Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS