LOS ANGELES WORLD AIRPORTS

Report to the
BOARD OF AIRPORT COMMISSIONERS
Meeting Date: 10/16/2025

16

Approved by:	**Marla Bleavins** Chief Airport Administrative Officer	Marla Bleavins
ITEM TYPE	☐ Award ☒ Amendment ☐ Appropriation ☐ Policy/Program	
SUBJECT	Request to adopt the following report and to approve the Fifth Amendment to Terminal Facilities Lease and License Agreement LAA-9037 with American Airlines, Inc. to extend the term to June 30, 2035, for space in Terminals 4 and 5 and to allow for the use of temporary space in Tom Bradley International Terminal at Los Angeles International Airport.	

☒ Item REQUIRES City Council Approval. ☐ Item is subject only to STANDARD REVIEW by the City Council.

DISCUSSION

1. Background and Necessity of Requested Action

07-11-2018	**Resolution #26548** (LAA-9037)	Lease Award
Established a lease with American Airlines, Inc. (American) for space in Terminal 4 (T4) and Terminal 5 (T5) to enable renovation of the facilities and provide the potential for future improvements.		
09-03-2020	**Resolution #27101** (LAA-9037B)	Second Amendment
Adopted the Final Negative Declaration for the Los Angeles International Airport (LAX) (T4) Modernization Project, approved the Second Amendment to Lease LAA-9037 related to administrative updates covering space in Terminals 4 and 5, authorized the purchase of Non-Proprietary Terminal Renovations with cash payments instead of rental credits, and the adjusted prior funding appropriations.		
04-01-2021	**Resolution #27239**	Reimbursable Agreement
Approved a reimbursement agreement with American for $38.6 million to provide additional electrical capacity to T4, power redundancy to the south terminals, and a high-pressure fire water loop around T4.		

07-08-2021	**Resolution #27305** (LAA-9037C)	Third Amendment
Approved an appropriation of funds in the amount of $1.07 billion to acquire terminal improvements contemplated in the lease with American, the Third Amendment to Lease LAA-9037, the direct disbursement of up to $1.6 million for Concessions Buy-Outs or Convenience Termination Payments for concessionaires in T4 impacted by the development program.		
11-16-2023	**Resolution #27844** (LAA-9037D)	Fourth Amendment
Approved the Fourth Amendment to Lease LAA-9037 to update the premises, eliminate the cap on tenant renovations that Los Angeles World Airports (LAWA) can purchase from American in Terminal 4 and 5 prior to December 31, 2024, and clarify future updates to American's Preferential-Use Gates.		

The proposed amendment will (1) extend the term from December 31, 2032, to June 30, 2035, to align the expiration of the lease with the LAX Rate Agreement, (2) update the terms to reflect the new airport-wide GUP, (3) establish rent credits to compensate American if common-use airlines use American's Preferential Use Gates, and (4) allow American to use temporary space in Tom Bradley International Terminal (TBIT) during the Terminal 5 renovation project.

In July 2018, LAWA and American executed a lease for space in Terminals 4 and 5 that includes operating space and 20 Preferential Use Gates (15 in T4 and five in T5). The lease also enables American to make major renovations to the check-in lobbies, arrival halls, passenger security screening checkpoints, and portions of the related concourses. Los Angeles World Airports must acquire non-proprietary improvements upon completion of the work. American is on schedule to finish all renovations prior to the 2028 Olympic and Paralympic Games and has completed approximately 74 percent of the construction.
Los Angeles World Airports has since developed a new Gate Use Protocol (GUP), which is now included in LAWA's LAX Airport Rules and Regulations. The new GUP creates a single policy that balances operational need with comprehensive gate assignment and usage policies and governs the Minimum Use Requirements (MUR) for Preferential Use Gates leased to airlines, including American. All airline leases are being amended to include this new GUP.

In addition, LAWA may occasionally require common-use airlines to operate in areas that are leased to specific airlines. For LAWA to bill the common-use airlines in a manner consistent with the rates charged for all common-use gates at LAX, LAWA must provide rent credits to the leasing airline for the costs associated with the common-use airlines' use of the other airlines' leased equipment. All airline leases are being amended to include the methodology for calculating and issuing appropriate rent credits should a common-use airline use premises or equipment leased to another airline.

Finally, LAWA has launched a plan to renovate T5, requiring airlines operating in the terminal to be temporarily relocated during construction. Staff have identified space and gate availability in TBIT to accommodate American during the T5 renovation.

The proposed amendment specifies the terms and conditions for American's use of temporary space in TBIT including gates, ticket counters, support areas, and baggage systems. American will continue to pay for use of space as outlined in the lease, which will stabilize rents paid to LAWA during the renovation. Upon completion of the T5 Renovation Project, American will relocate back into T5 and be assigned five additional Preferential Use Gates for a total of 25 Preferential Use Gates (15 in T4 and 10 in T5). At that time, LAWA's obligation to provide American use of the Remote Regional Facility will terminate.

If this amendment is not approved, American will lose its gates in T5, thereby impairing American's operations and delay implementation of the airport-wide GUP.

2. **Selection Process:** ☐ Competitive process. ☐ Other process. ☒ Not applicable.

3. **Fiscal Impact:** ☐ None. ☒ Revenue generation. ☐ Cost/cost recovery. ☐ Other.

The proposed amendment will result in annual Terminal Buildings Rent of $125,000,000 in the first year and $1,211,000,000 for the proposed lease extension, excluding rent escalation and post construction space adjustment.

Premises	**SF**	**Rent / Yr**	**1st Year**	**Full Term (9.7 yrs)**
T4	280,407	$327.06	$91,710,000	$889,587,000
T4 Connector	76,766	$327.06	$25,107,000	$243,538,000
T5	22,614	$327.06	$7,396,000	$71,741,000
Gates	12-25	$55,000.00	$660,000	$6,402,000
Estimate Total Rent Revenue			**$124,873,000**	**$1,211,268,000**

4. **Alternative Actions:** ☐ Alternatives considered. ☒ No alternatives considered.

APPROPRIATIONS

☐ Appropriation required. ☒ No appropriation required. ☐ Funding is available.

INCLUSIVITY & IMPACT

☐ Goals/requirements identified. ☐ No goals/requirements stipulated. ☒ N/A or other.

PROVISIONS

The Chief Executive Officer has approved this item.

The Board of Airport Commissioners is hereby requested to adopt staff's determination that the requested 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.

The Board is hereby further requested to authorize the Chief Executive Officer, or designee, to execute the Fifth Amendment to Terminal Facilities Lease and License Agreement LAA-9037 with American Airlines, Inc. subject to approval as to form by the City Attorney and approval by the Los Angeles City Council.

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.