




Approved by:	Jean-Pierre Tabet Deputy Executive Director Commercial Development	 <hr/>
ITEM TYPE	<input type="checkbox"/> Award <input type="checkbox"/> Amendment <input type="checkbox"/> Appropriation <input type="checkbox"/> Policy/Program <input checked="" type="checkbox"/> Other: <u>Partial Termination of Concession Agreements and Convenience Termination Payments</u>	
SUBJECT	Request to adopt the following report and to approve the Termination and Partial Termination of Concession Agreements and Convenience Termination Payments, in an amount not to exceed \$25,000,000, for the concession units in Terminal 5 for Areas USA LAX LLC, DN/Dakota JME, and Hudson Group to enable the Terminal 5 Renovation and Reconstruction Project 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

01-16-2025	Resolution #28102	Appropriation
Appropriated \$220 million for the Terminal 5 (T5) Renovation and Reconstruction Project at Los Angeles International Airport (LAX) to support full design, preconstruction services, investigations, initial enabling design and construction activities, project management, support services, and associated contingencies. \$1.4 billion was further appropriated on September 18, 2025, to procure trade subcontractors for demolition, site utilities, apron fueling systems, structural and apron concrete, structural steel, building envelope systems, baggage handling systems, vertical transportation systems and all mechanical, electrical, plumbing, low voltage, and fire protection systems.		

Approval of this request will finalize the Termination of DN/Dakota JME LAX 8589 Framers (LAA-8589) and the Partial Termination of the following Concession Agreements and compensate the Concessionaires for the loss of potential revenue through Convenience Termination Payments for terminated concession locations at T5 at LAX:

- DN/Dakota JME LAX 8549 Pucks, LLC (LAA-8549)
- Hudson-Magic Johnson Enterprise-Concourse Ventures, LLC (LAA-8550)
- LAX Retail Magic 2 JV (LAA-8551)
- LAX Retail Magic 3-4 JV (LAA-8542)

- Areas USA LAX, LLC (LAA-8546)
- Areas USA LAX, LLC (LAA-8547)

To enable the T5 Renovation and Reconstruction Project (T5 Project), Los Angeles World Airports (LAWA) shuttered all airline operations, passenger services, and concessions at T5 as of October 31, 2025. Los Angeles World Airports relocated the T5 airlines to other terminals at LAX including JetBlue Airways to Terminal 1, Spirit Airlines to Terminal 2, and American Airlines flights at T5 to Terminal 4 and Tom Bradley International Terminal.

The T5 agreements were originally set to expire on June 30, 2023, and were extended to June 30, 2025, due to the economic impacts of the COVID-19 pandemic. On May 16, 2024, LAWA extended these agreements for an additional four years to June 30, 2029, to provide continuity of concession services to LAX guests and airline partners in Terminals 4, 5, 7, and 8, through the 2026 FIFA World Cup and the 2028 Summer Olympics.

When the agreements were last extended, LAWA had not yet contemplated the T5 Project. Now, with the early terminations of the T5 concession spaces, the impacted Concessionaires can no longer generate revenues from T5 that they anticipated through the remainder of their terms.

To compensate the concessionaires, LAWA is proposing to offer Convenience Termination Payments for the terminated concession locations (providing Convenience Termination Payments recognize the financial impact of early closure, supports airport partners including several small and disadvantaged business enterprises, and helps maintain positive business relationships as LAWA advances its Capital Improvement Program). Additional funding is not required for the Convenience Termination Payments as LAWA will utilize existing funds previously approved as part of the T5 Project.

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

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

Approval of the proposed Convenience Termination Payments will utilize funds previously approved and appropriated by the Board of Airport Commissioners for the T5 Project.

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 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 Release of Claims and Agreement, for each of the said Concession Agreements, subject to approval by the Los Angeles City Council and approval as to form by the City Attorney.

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.