

RESOLUTION NO. 28192

WHEREAS, on recommendation of Management, there was presented for approval, Sixth Amendment to Terminal Facilities Lease and License Agreement LAA-8757 with Southwest Airlines to extend the term through June 30, 2035, covering premises in Terminal 1 at Los Angeles International Airport; and

WHEREAS, pursuant to said Terminal Facilities Lease and License Agreement LAA-8757 (Lease), Southwest Airlines (Southwest) has occupied space in Terminal 1 (T1) since January 2013. Southwest occupies approximately 190,000 square feet of space and operates on thirteen (13) preferential use gates in the terminal. In June 2023, the Board of Airport Commissioners (Board) approved a revised methodology for the calculation of rates and charges for the use of all terminal space and equipment at Los Angeles International Airport (LAX). The revised Rate Agreement, which Southwest executed, extends through June 2035, which is ten (10) years beyond the term of the Lease; and

LAX

Van Nuys

City of Los Angeles

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Chief Executive Officer

WHEREAS, over the past year, in consultation with airlines operating at LAX, Los Angeles World Airports (LAWA) developed a new Gate Use Protocol (GUP), which will be incorporated into LAWA's LAX Airport Rules and Regulations. The new GUP creates a single policy that balances operational needs with comprehensive gate assignment and usage policies and clarifies the minimum use requirements for preferential use gates leased to airlines, including Southwest; and

WHEREAS, in accordance with operational needs, LAWA may occasionally require common-use airlines to operate on gates that are leased to other airlines. In order for LAWA to bill the common-use airlines for usage of those facilities in a manner consistent with the rates charges for all common-use gates at LAX, LAWA developed a methodology to compensate leasing airlines for costs associated with the common-use airlines' use of leased equipment; and

WHEREAS, finally, LAWA is currently renovating Terminal 5 (T5), requiring airlines operating in T5 to be temporarily relocated during construction. Staff have identified that there is space and gate availability in T1 to accommodate one of the T5 impacted airlines; and

WHEREAS, the Sixth Amendment updates the Lease to reflect the new GUP and will link the terms of all airline leases with the Rate Agreement and prevent conflicts over space and rates. The same term will be offered for all airline terminal leases at LAX; and

WHEREAS, the Sixth Amendment also establishes the mechanism for LAWA to reimburse costs incurred by Southwest for equipment maintenance and other services used by common-use airlines that operate in T1. LAWA will provide Southwest with a rent credit—reconciled annually—for actual verified costs incurred to support those other airlines operations. For the period August 1, 2024 through June 30, 2025, common-use airlines have used four (4) Southwest check-in ticket counters, requiring LAWA to make a one-time rent credit of \$117,965.87 to reimburse Southwest's rental payment for the four (4) ticket counters space during the period; and

WHEREAS, further, LAWA and Southwest will temporarily accommodate JetBlue's operation in T1 to facilitate the T5 Renovation Project. The Sixth Amendment requires specific spaces, including passenger gates, ticket counters, airline support space and gates that will be temporarily removed from the Lease. Those spaces will be assigned to JetBlue pursuant to the LAX Passenger Terminal Tariff and JetBlue will be billed directly by LAWA for use of those spaces in accordance with Board-



approved rates. Southwest has the option of taking back all or any portion of the removed space upon completion of the T5 Renovation Project or December 31, 2028, whichever is sooner; and

WHEREAS, lastly, the Amendment clarifies that alterations in tenant leased areas must adhere to LAWA Design and Construction Handbook, and that for design guidelines regarding furniture, decor, and similar matters in the tenant leased area, LAWA will consult with the airlines before implementation; and

WHEREAS, the Sixth Amendment will result in annual Terminal Buildings Rent of \$51,278,000 in the first year and \$481,836,000 for the term extension, excluding rent escalation; and

WHEREAS, actions taken on this item by the Board 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; further adopted staff's determination that this item, involving 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 that this item, as a continuing administrative, maintenance and personnel-related activity, is administratively exempt from CEQA requirements pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines; approved the Sixth Amendment to Terminal Facilities Lease and License Agreement LAA-8757 with Southwest Airlines to extend the term through June 30, 2035, covering premises in Terminal 1 at Los Angeles International Airport; and authorized the Chief Executive Officer, or designee, to execute said Sixth Amendment to Terminal Facilities Lease and License Agreement LAA-8757 with Southwest Airlines subject to approval by the Los Angeles City Council and approval as to form by the City Attorney.

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I hereby certify that this Resolution No. 28192 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, June 5, 2025.

A handwritten signature in blue ink, appearing to read "Grace Miguel", is positioned above the printed name.

Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS