

File No. 120540

Committee Item No. 2

Board Item No. 16

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Sub-Committee Date 7/18/12

Board of Supervisors Meeting

Date 7/24/12

#### Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Analyst Report                   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form (for hearings)             |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | Contract/Agreement                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |
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Completed by: Victor Young Date July 13, 2012

Completed by: Victor Young Date 7-19-12

An asterisked item represents the cover sheet to a document that exceeds 25 pages.  
The complete document can be found in the file.

1 [Airport Concession Leases - Subway, Jalapeno Grill, Guava & Java, and Mission Bar & Grill]

2  
3 **Resolution approving Amendment No. 2, to Domestic Terminal Food and Beverage**  
4 **Lease No. 03-0185 with Baysubway Airport (Subway); No. 03-0187 with Luna Azul**  
5 **Corporation (Jalapeno Grill); No. 03-0191 with Guava & Java (SFO), Inc. (Guava &**  
6 **Java); and No. 03-0199 with Burger Joint, Inc. (Mission Bar & Grill), and the City and**  
7 **County of San Francisco, acting by and through its Airport Commission.**

8  
9 WHEREAS, The Airport has closed Boarding Area E for approximately two and one  
10 half years for major renovations; and

11 WHEREAS, During this renovation, Subway, Jalapeno Grill, Guava & Java and Mission  
12 Bar and Grill's facilities will be demolished and tenants will be responsible for building new  
13 premises; and

14 WHEREAS, The Airport Commission approved Resolution Nos. 12-0054, 12-0055,  
15 12-0056, and 12-0057, which includes replacement premises in Boarding Area E, adjustment  
16 of the Minimum Annual Guarantee, a new commencement date of the (10) year term, a new  
17 minimum investment amount, inclusion of the Airport's Sustainable Food Guideline and  
18 reimbursement of unamortized investments now, therefore, be it

19 RESOLVED, That the Board of Supervisors hereby approves Amendment No. 2, to  
20 Lease No. 03-0185 with Baysubway Airport; No. 03-0187 with Luna Azul Corporation; No. 03-  
21 0191 with Guava & Java (SFO), Inc.; and No. 03-0199 with Burger Joint, Inc., as follows:

- 22 1. Replacement Premises. Original premises shall be replaced with premises of  
23 comparable size in Boarding Area E ("Replacement Premises").

- 1           2. Commencement of Ten (10) Year Term. New Lease rent commencement date shall  
2           be the earlier date of (i) the Replacement Premises are open for business or (ii) the  
3           majority of gates in Boarding Area E are occupied ("Commencement Date").
- 4           3. Rent. The Minimum Annual Guarantee ("MAG") will be adjusted to reflect the  
5           Replacement Premises and will commence on the new Commencement Date.
- 6           4. Minimum Investment Amount. The Minimum Investment Amount for the  
7           Replacement Premises shall be \$350 per square foot.
- 8           5. Use and Operational Requirements. Permitted uses include the Airport's  
9           Sustainable Food Guideline.
- 10          6. Reimbursement of Unamortized Construction Costs.
- 11           • Subway to be reimbursed in the amount of One Hundred Fifty Four  
12           Thousand Nine Hundred Seven Dollars (\$154,907)
  - 13           • Jalapeno Grill to be reimbursed in the amount of One hundred Fifty One  
14           Thousand Three Hundred Fifty Three Dollars (\$151,353)
  - 15           • Guava & Java to be reimbursed in the amount of One Hundred Forty Four  
16           Thousand Five Hundred Fifty Nine Dollars (\$144,559)
  - 17           • Mission Bar & Grill to be reimbursed in the amount of Four Hundred Fifty  
18           Five Thousand One Hundred Thirty Four Dollars (\$455,134)

19           FURTHER RESOLVED, That the Airport Director shall take all steps necessary to  
20           implement such Amendment No. 2 to the Leases, including execution of the appropriate  
21           documents.

22  
23  
24  
25



San Francisco International Airport

May 1, 2012

Ms. Angela Calvillo  
Clerk of the Board  
Board of Supervisors  
City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689

*File # 120540*

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2012 MAY 11 PM 2:01  
*JBC*

Subject: Approval of Amendment No. 2 to Domestic Terminal Food and Beverage Lease No. 03-0185 with Baysubway Airport ("Subway"); No. 03-0187 with Luna Azul Corporation ("Jalapeno Grill"); No. 03-0191 with Guava & Java (SFO), Inc. ("Guava & Java"); and No. 03-0199 with Burger Joint, Inc. ("Mission Bar and Grill"), and the City and County of San Francisco, acting by and through its Airport Commission

Dear Ms. Calvillo:

Pursuant to Section 9.118 of the City Charter, I am forwarding for the Board of Supervisors' approval Amendments No. 2 to Domestic Terminal Food and Beverage Lease No. 03-0185 with Baysubway Airport; No. 03-0187 with Luna Azul Corporation; No. 03-0191 with Guava & Java (SFO), Inc.; and No. 03-0199 with Burger Joint, Inc.

The following is a list of accompanying documents (five sets):

- Board of Supervisors Resolution;
- Approved Airport Commission Resolution Nos. 12-0054, 12-0055, 12-0056, and 12-0057;
- Ethics Forms SFEC-126 for the Board of Supervisors
- Ethics Forms SFEC-126 for the Mayor's Office; and
- Copies of Amendment No. 2 to the subject leases

You may contact Cheryl Nashir of Airport Revenue Development and Management at (650) 821-4500 regarding this matter.

Very truly yours,

*Jean Caramatti*  
Jean Caramatti  
Commission Secretary

Enclosures

cc: Cheryl Nashir

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE MAYOR	LARRY MAZZOLA PRESIDENT	LINDA S. CRAYTON VICE PRESIDENT	ELEANOR JOHNS	RICHARD J. GUGGENHIME	PETER A. STERN	JOHN L. MARTIN AIRPORT DIRECTOR
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**Item 2**  
**File 12-0540**

**Department:**  
San Francisco International Airport (Airport)

## EXECUTIVE SUMMARY

### Legislative Objectives

- The proposed resolution would approve the Second Amendment to the existing leases between the Airport and (a) Baysubway Airport (Subway), (b) Luna Azul Corporation (Jalapeno Grill), (c) Guava & Java (SFO), Inc. (Guava & Java), and (d) Burger Joint, Inc. (Mission Bar & Grill), in Boarding Area E of Terminal 3.

### Key Points

- On April 14, 2011, the Airport began renovating Boarding Area E in Terminal 3, which due to the Airport's decision to expand the proposed renovations, is now anticipated to extend through October 2013, for a total of 30 months, or 14 months beyond the original August 2012 end date. The expanded renovation now requires the demolition of the tenants' premises.
- The demolition of the four tenants' premises will require each tenant to undergo a second capital improvement construction period and pay minimum costs of: (a) \$298,200 for Baysubway Airport; (b) \$203,000 for Luna Azul Corporation; (c) \$204,050 for Guava & Java (SFO), Inc.; and (d) \$938,000 for Burger Joint, Inc.
- As a result, the proposed resolution would amend four existing food and beverage leases with the Airport to continue to waive the Minimum Annual Guarantee (MAG) and fees, otherwise payable by the lessees to the Airport, for the time that the renovations will occur, as well as extend the terms of the leases for an additional ten years, to allow lessees to recoup costs incurred through this renovation process.

### Fiscal Impacts

- Under the proposed resolution, the Airport will pay a total of \$905,953 in one-time reimbursements to the four lessees for unamortized construction costs and forego \$291,474 in annual MAG lease payments and fees until the commencement date of the amended leases. Currently, Subway is the only of the four lessees open for business in Boarding Area E of Terminal 3, and therefore the only tenant paying percentage rent to the Airport. Subway has experienced an approximately 30% decrease in sales since the Boarding Area was closed for renovations, and is expected to close for the duration of the renovation period starting in September 2012.
- Based on the Airport's conservative estimate of 1.8 million enplanements in Boarding Area E of Terminal 3 in the fiscal year following the completion of the construction, total sales for all tenants in Boarding Area E are projected cumulatively to increase 8.9%, from \$10,739,825 in FY 2009-2010 to \$11,700,000 in FY 2013-2014. Upon the completion of the renovations, if each lessee opens and experiences the projected 8.9% growth, the percentage rent revenue for the Airport from the four lessees will increase by \$83,866 or by approximately 10%, to \$913,965, far eclipsing the \$248,040 revised MAG total.
- Although rent payments and fees would be waived while the Airport's space in Boarding Area E in Terminal 3 is renovated, any revenue reduction would not directly impact the Airport's budget due to the Airport's residual rate setting methodology (break-even policy).

### Recommendation

Approve the proposed resolution.

**MANDATE STATEMENT / BACKGROUND****Mandate Statement**

In accordance with City Charter Section 9.118(c), any lease exceeding ten years and/or having anticipated revenue of \$1,000,000 or greater is subject to the Board of Supervisors approval.

**Background**

On December 9, 2003, the Board of Supervisors approved four leases extending for ten years each, between the Airport and (a) Baysubway Airport (Subway), (b) Luna Azul Corporation (Jalapeno Grill), (c) Guava & Java SFO, Inc. (Guava & Java), and (d) Burger Joint, Inc. (Mission Bar & Grill), in Boarding Area E of Terminal 3 (File 03-1710).

On April 14, 2011, the Airport began renovating Boarding Area E in Terminal 3 to (a) provide upgraded facilities due to the recent relocation of American Airlines from Terminal 3 into the Airport's recently completed new Terminal 2, (b) relocate Air Canada from two locations in the International Terminal into Terminal 3, and (c) seismically renovate, increase concession space and upgrade all systems in Boarding Area E. On July 19, 2011, the Board of Supervisors approved retroactive First Amendments, effective April 14, 2011, to each of the four leases between the Airport and (a) Subway, (b) Jalapeno Grill, (c) Guava & Java, and (d) Mission Bar & Grill, to eliminate the Minimum Annual Guarantee (MAG) rent payments and the Food Court and Infrastructure Fees for the portion of the leases that were located within Boarding Area E in Terminal 3 during the time that the Airport renovations were being completed. Under the amended leases, each of the four lessees that continued to operate during the renovation period were subject to the percentage rents for the area within Boarding Area E in Terminal 3. However, due to the significant reduction in passenger traffic, three of the lessees, (a) Jalapeno Grill, (b) Guava & Java and (c) Mission Bar & Grill closed for part or all of the Renovation Period and only Subway remains open in Terminal 3, Boarding Area E. The construction was anticipated to extend for approximately 17 months, from April 2011 through August 2012.

According to Ms. Cheryl Nashir, Associate Deputy Airport Director, due to the success of the Airport's Terminal 2 renovations, the Airport Commission decided to expand the scope of the construction and renovation of Boarding Area E in Terminal 3 to mirror the improvements in Terminal 2. This expanded construction project will include the demolition, relocation and reconstruction of the existing tenants' spaces, within Boarding Area E. Ms. Nashir advises that the expanded renovation of Terminal 3 is anticipated to extend through October 31<sup>st</sup>, 2013, a total of 30 months, or 14 months beyond the original August 2012 end date for the construction. Under the expanded construction project, individual lessees will be responsible for constructing their individual space renovations during the summer 2013.

Page one of the Attachment to this report shows an overall Airport map with Boarding Area E identified and page two shows an enlarged picture of Boarding Area E in Terminal 3 identifying the specific new locations of the four concession tenants that would be directly impacted by the Airport's current renovations.

Table 1 below identifies the major terms of the four Airport tenants that have existing leases, and the portion of each lease in square feet, that will be directly impacted by the current renovations of Boarding Area E in Terminal 3.

**Table 1: Terms of Four Existing Leases Located in Terminal 3, Boarding Area E**

Existing Airport Tenants	BOS File No. and Date	Original Lease Commencement Date	Original Lease Expiration Date	Total Current Sq Ft Lease	Total Original Sq Ft in Boarding Area E	Minimum Annual Guarantee (MAG)	Percentage Rent
Luna Azul Corporation (Jalapeno Grill)	File No. 031710 12/09/03	November 9, 2004	March 14, 2015	506	506	\$20,240	6% up to \$600K; + 8% up to \$1M; + 10% over \$1M
Baysubway Airport (Subway)	File No. 031710 12/09/03	June 2, 2004	March 13, 2015	1,307	601	\$52,280	6% up to \$600K; + 8% up to \$1M; + 10% over \$1M
Guava & Java, Inc. (Guava & Java)	File No. 031710 12/09/03	June 4, 2004	March 14, 2015	1,200	400	\$48,000	6% up to \$600K; + 8% up to \$1M; + 10% over \$1M
Burger Joint, Inc. (Mission Bar & Grill)	File No. 031710 12/09/03	September 2, 2004	December 29, 2014	1,967	1,967	\$78,680	8% up to \$600K; + 10% up to \$1M; + 12% over \$1M

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the Second Amendment to the existing four leases between the Airport and (a) Baysubway Airport (Subway), (b) Luna Azul Corporation (Jalapeno Grill), (c) Guava & Java SFO, Inc. (Guava & Java), and (d) Burger Joint, Inc. (Mission Bar & Grill), in Boarding Area E of Terminal 3.

The proposed Second Amendment would continue to waive the (a) Minimum Annual Guarantee (MAG) rent payments, (b) food court infrastructure fee, (c) tenant infrastructure fee, (d) food court cleaning fee, and (e) promotional fee for that portion of each lease that is located within Boarding Area E in Terminal 3 for the 14 month duration of the Airport renovations. However, as noted above, three of the four lessees are closed during the renovations of Boarding Area E in Terminal 3, such that this provision would only apply to Baysubway Airport (Subway), which plans to close in September 2012.

In addition, the proposed Second Amendment would:

- (a) Extend each lease to provide a new ten-year term commencing immediately after the construction is completed from November 1, 2013 through October 31, 2023 to provide

- opportunity for the tenants to recoup losses incurred during this renovation period, notably losses incurred as a result of the second construction period following the renovation.
- (b) Replace the current square footage with new increased square footage, as shown in Table 2 below, for all four tenants in accordance with the new planned layout of Boarding Area E in Terminal 3.
  - (c) Increase the MAGs to reflect the new premises in the renovated Terminal as shown in Table 2 below.
  - (d) Increase the deposit amounts to reflect the new square footage assigned to each tenant and the increase in the MAG.
  - (e) Establish a Minimum Investment Amount of \$350 per square foot for each tenant, increased from \$250 per square foot in the original leases, which according to Ms. Nanette Hendrickson of the Airport, is the minimum expected architectural and construction costs for each lessee. The demolition of the tenants' premises requires each tenant to undergo a second capital improvement construction period and pay minimum costs of: (a) Baysubway Airport to spend \$298,200; (b) Luna Azul Corporation to spend \$203,000; (c) Guava & Java (SFO), Inc. to spend \$204,050; and (d) Burger Joint, Inc. to spend \$938,000. Ms. Hendrickson anticipates that each tenant's costs to rebuild will exceed the minimum requirements.
  - (f) Adjust the rates of fees to reflect reduced scope of services being provided by the Airport to lessees as well as the changes in square footage per tenant, i.e. reducing the food court infrastructure and tenant infrastructure fees for several of the lessees from a total of \$30 per square foot per year to \$14.69 per square foot because fewer services will be provided by the Airport to the lessees.
  - (g) Require tenants to adhere to the Airport's Sustainable Food Guidelines, a set of both mandatory and strongly-encouraged standards.
  - (h) Repay tenants unamortized construction costs of the original spaces as shown in Table 2 below, based on the number of months the tenants had remaining on the original base term of the leases, the expected amortization period.
  - (i) Eliminate the right for the City to extend the term of these four lease agreements as, according to Ms. Hendrickson, the proposed new ten-year terms are estimated to be sufficient for each of the four tenants to amortize their capital improvement costs invested and recoup any losses incurred during the closure of Boarding Area E.

The proposed Second Amendment also establishes the commencement date for the new leases as well as the reinstatement of the MAG and all waived fees at the earlier of: (a) when the tenant's facilities are open for business, at the conclusion of their construction period for the tenant's spaces, or if a tenant's construction period for their premises extends beyond the allotted construction period, (b) then when the majority of the gates in Boarding Area E are occupied.

## FISCAL IMPACTS

Table 2 below summarizes the major provisions in the proposed Second Amendments to the leases for each of the four lessees and highlights the projected annual revenue losses to the Airport that will occur based on reductions in the MAG and Airport fees, as appropriate.

**Table 2: Major Costs Associated with the Proposed Amendment**

Tenants	Luna Azul Corporation (Jalapeno Grill)	Baysubway Airport (Subway)	Guava & Java (SFO), Inc. (Guava & Java)	Burger Joint, Inc. (Mission Bar & Grill)	Total
Open During Renovation Period (April 14, 2011 – October 31, 2013)	Closed September 2011	To close September 2012	Closed April 2012	No	---
Unamortized Construction Costs to be Reimbursed One-Time by the Airport	(\$151,353)	(\$154,907)	(\$144,559)	(\$455,134)	(\$905,953)*
Revised Minimum Annual Guarantee** <i>(To Be Waived)</i>	\$23,200	\$62,320	\$55,320	\$107,200	\$248,040
Revised Boarding Area E Annual Infrastructure and Food Court Fees <i>(To Be Waived)</i>	\$8,520	\$12,516	\$8,564	\$9,139	\$38,739
Annual Food Court Cleaning Fees <i>(To Be Waived)</i>	To be calculated	To be calculated	To be calculated	N/A	---
Revised Annual Promotional Fee <i>(To Be Waived)</i>	\$580	\$852	\$583	\$2,680	\$4,695
<b>Estimated Reduced Annual Revenues to Airport During Renovation</b>	<b>\$32,300</b>	<b>\$75,688</b>	<b>\$64,467</b>	<b>\$119,019</b>	<b>\$291,474</b>

\* The Estimated Reduced Annual Revenues total figure does not include the food court cleaning fees as those amounts cannot be estimated at this time nor Percentage Rent as it was not waived, but the closure of three of the four restaurants can be assumed to have an impact on revenues. This total also does not include the one-time payout to compensate tenants of unamortized construction costs as that payout is not an annual payment, but a one-time payment.

As summarized in Table 2 above, the Airport will pay a total of \$905,953 in one-time reimbursements to the four lessees for unamortized construction costs, and forego \$291,474 in MAGs and fees annually until the commencement date of the revised leases.

As discussed above, Subway is the only of the four lessees currently open for business in Boarding Area E of Terminal 3, and therefore the only tenant currently paying percentage rent to the Airport. Subway has experienced an approximately 35% decrease in sales since Boarding Area E closed for renovations, and Subway is expected to close for the duration of the renovation period starting in September 2012.

Table 3 below shows the projected annual revenues for the Airport from the four lessees after the completion of the renovations in Boarding Area E in Terminal 3.

**Table 3: Projected Annual Revenues for the Airport Post-Renovation**

Tenants	Luna Azul Corporation (Jalapeno Grill)	Baysubway Airport (Subway)	Guava & Java (SFO), Inc. (Guava & Java)	Burger Joint, Inc. (Mission Bar & Grill)	Total
Revised Minimum Annual Guarantee	\$23,200	\$62,320	\$55,320	\$107,200	\$248,040
Percentage Rent	6% up to \$600K; + 8% up to \$1M; + 10% over \$1M	6% up to \$600K; + 8% up to \$1M; + 10% over \$1M	6% up to \$600K; + 8% up to \$1M; + 10% over \$1M	8% up to \$600k; + 10% up to \$1M; + 12% over \$1M	----
Projected Percentage Rent, Post-Renovation	\$60,557	\$122,679	\$128,514	\$602,214	\$913,965

Based on the Airport's conservative estimate of 1.8 million enplanements in Boarding Area E of Terminal 3 in the fiscal year following the completion of the construction, projected to be FY 2014-2015, estimated sales for the entire Boarding Area E are projected to cumulatively increase by \$960,175 or 8.94%, from sales of \$10,739,825 in FY 2009-2010 to approximately \$11,700,000 in FY 2013-2014.

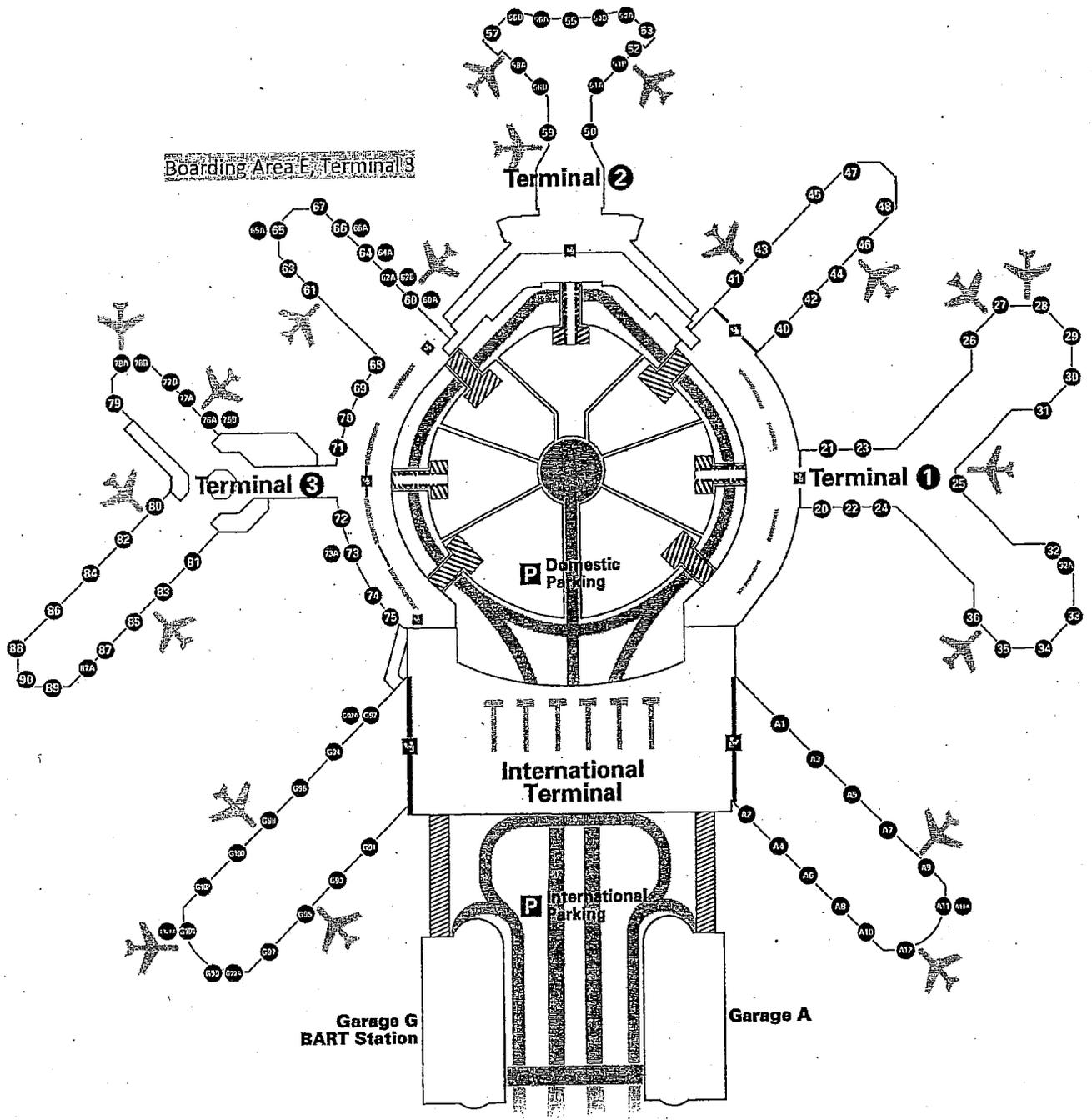
Upon the completion of the renovations, on October 31, 2013, if each lessee opens and experiences the projected 8.94% growth, the annual percentage rent revenue for the Airport from the subject four lessees will total \$913,965, which is \$83,866 or approximately 10.1% more than the total \$830,099 in percentage rent that the Airport received in FY 2009-2010 from these four lessees. Also, as shown in Table 3 above, the projected \$913,965 total percentage rent from the four lessees is more than the revised \$248,040 MAG total (see Table 2 above). The new MAG of \$248,040 is \$48,840 more than the total MAG of \$199,200 for all four lessees required under the original agreement. The Airport notes that the average sales-per-passenger required under the original agreement. The Airport notes that the average sales-per-passenger varied in FY 2010-2011 from \$5.82 to \$9.14 depending on the terminal, and the Airport's projections for Boarding Area E in Terminal 3 are based on a conservative estimate of \$6.50 average sales per passenger for FY 2013-2014.

Although under the proposed resolution, rent payments and fees will be suspended while the Airport's Terminal 3 space is renovated, any revenue reduction would not directly impact the Airport's budget due to the Airport's residual rate setting methodology (break-even policy). Under the Airport's residual rate setting methodology, any decreases in non-airline revenues (including concession lease revenues and parking revenues) are automatically offset by increasing the total rent payable by the airlines operating at the Airport, through the Airport's formula specified in each airline's lease that recalculates the rental rates, landing fees, and related fees charged to airlines. This break-even policy of the Airport requires that the total revenues paid to the Airport by all airlines in the upcoming year are sufficient to balance the Airport's budget.

Therefore, the revenues generated from both the previous and proposed leases are considered in the Airport's residual rate setting methodology, such that the Airport's budget will remain fully balanced by the revenues paid by the airlines to the Airport, after considering the Airport's budgeted expenditures and all non-airline revenues.

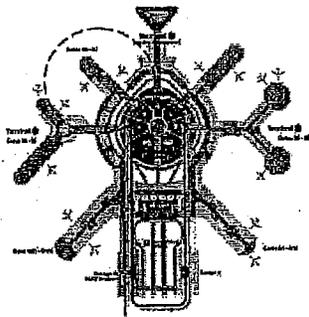
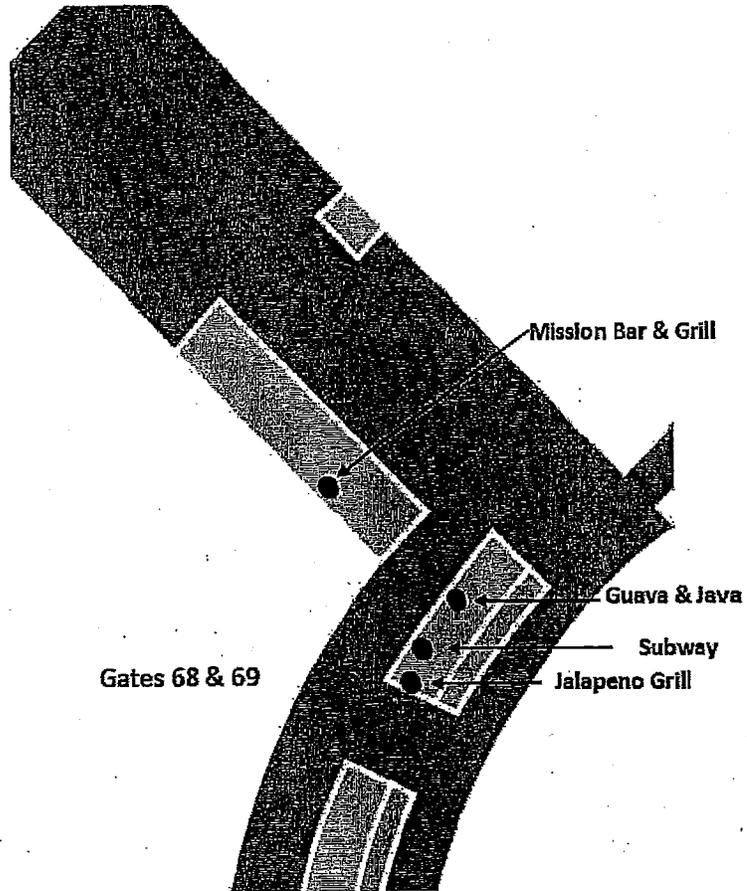
### **RECOMMENDATION**

Approve the proposed resolution.



**Affected Tenants**

**BOARDING  
AREA E**





AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 12-0054

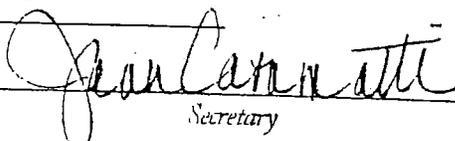
**APPROVAL OF AMENDMENT NO. 2 TO DOMESTIC TERMINAL FOOD AND BEVERAGE PROGRAM LEASE NO. 03-0185 WITH BAYSUBWAY AIRPORT**

- WHEREAS,** pursuant to Resolution No. 03-0185, adopted February 23, 2003, the Airport Commission ("Commission") awarded a Domestic Terminal Food and Beverage Program Lease ("Lease") to GDDC, Inc.; and
- WHEREAS,** pursuant to Resolution No. 07-0196, adopted August 21, 2007, the Commission consented to the assignment of the Lease to BaySubway Airport ("Tenant") under the same terms and conditions; and
- WHEREAS,** pursuant to Resolution No. 09-0112, adopted May 22, 2009, the Commission approved an early exercise of the option term of the Lease; and
- WHEREAS,** pursuant to Resolution No. 11-0080, adopted April 5, 2011, the Commission approved suspension of certain fees during the Boarding Area E renovation period anticipated to begin April 14, 2011 and end in May 2012; and
- WHEREAS,** the Boarding Area E renovation project has changed and will now include the complete demolition of those facilities; and
- WHEREAS,** staff has negotiated the terms and conditions for Amendment No. 2 to the Lease with Tenant; now, therefore, be it
- RESOLVED,** that this Commission hereby approves Amendment No. 2 to Domestic Terminal Food and Beverage Program Lease No. 03-0185 with BaySubway Airport, on the terms and conditions specified on Attachment 1, containing such other terms and conditions as are consistent with the foregoing, including: offer of Replacement Premises in Boarding Area E, new commencement date of the ten (10) year term, adjustment of Minimum Annual Guarantee and reimbursement of unamortized investment in the amount of One Hundred Fifty Four Thousand Nine Hundred Seven Dollars (\$154,907); and, be it further
- RESOLVED,** that this Commission authorizes the Airport Director to enter into any modifications to the Lease that the Airport Director determines, in consultation with the City Attorney, are in the best interests of the City and County of San Francisco ("City"), do not otherwise materially increase the obligations or liabilities of the City, are necessary or advisable to effectuate the purposes of the Lease or this Resolution, and are in compliance with all applicable laws, including the City's Charter; and, be it further
- RESOLVED,** that this Commission hereby directs the Commission Secretary to seek approval of this Lease Amendment No. 2 from the Board of Supervisors.

*I hereby certify that the foregoing resolution was adopted by the Airport Commission*

*at its meeting of* \_\_\_\_\_

MAR 20 2012

  
Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 12-0055

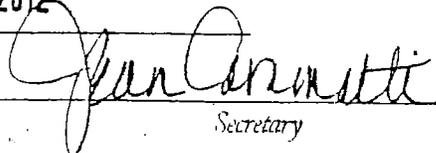
**APPROVAL OF AMENDMENT NO. 2 TO DOMESTIC TERMINAL FOOD AND BEVERAGE PROGRAM LEASE NO. 03-0187 WITH LUNA AZUL CORPORATION**

- WHEREAS,** pursuant to Resolution No. 03-0187, adopted February 23, 2003, the Airport Commission ("Commission") awarded a Domestic Terminal Food and Beverage Program Lease ("Lease") to (Jonathan Leong) L & H, LLC; and
- WHEREAS,** pursuant to Resolution No. 05-0042, adopted March 22, 2005, the Commission consented to the assignment of the Lease to Luna Azul Corporation ("Tenant"); and
- WHEREAS,** pursuant to Resolution No. 09-0108, adopted May 22, 2009, the Commission approved an early exercise of the option term of the Lease; and
- WHEREAS,** pursuant to Resolution No. 11-0081, adopted April 5, 2011, the Commission approved suspension of certain fees during the renovation period anticipated to begin April 14, 2011 and end in May 2012; and
- WHEREAS,** the Boarding Area E renovation project has changed and will now include the complete demolition of those facilities; and
- WHEREAS,** the Airport intends to demolish Tenant's facilities in Boarding Area E; and
- WHEREAS,** staff has negotiated the terms and conditions for Amendment No. 2 to the Lease with Tenant; now, therefore, be it
- RESOLVED,** that this Commission hereby approves Amendment No. 2 to the Domestic Terminal Food and Beverage Program Lease No. 03-0187 with Luna Azul Corporation, on the terms and conditions specified on Attachment 1, containing such other terms and conditions as are consistent with the foregoing, including: offer of Replacement Premises in Boarding Area E, new commencement date of the ten (10) year term, adjustment of Minimum Annual Guarantee and reimbursement of unamortized investment in the amount of One Hundred Fifty One Thousand Three Hundred Fifty Three Dollars (\$151,353); and, be it further
- RESOLVED,** that this Commission authorizes the Airport Director to enter into any modifications to the Lease that the Airport Director determines, in consultation with the City Attorney, are in the best interests of the City and County of San Francisco ("City"), do not otherwise materially increase the obligations or liabilities of the City, are necessary or advisable to effectuate the purposes of the Lease or this Resolution, and are in compliance with all applicable laws, including the City's Charter; and, be it further
- RESOLVED,** that this Commission hereby directs the Commission Secretary to seek approval of this Lease Amendment No. 2 from the Board of Supervisors.

*I hereby certify that the foregoing resolution was adopted by the Airport Commission*

*at its meeting of*

MAR 20 2012

  
Secretary

AIRPORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 12-0056

**APPROVAL OF AMENDMENT NO. 2 TO DOMESTIC TERMINAL FOOD AND BEVERAGE PROGRAM LEASE NO. 03-0191 WITH GUAVA & JAVA (SFO), INC.**

- WHEREAS,** pursuant to Resolution No. 03-0191, adopted February 23, 2003, the Airport Commission ("Commission") awarded a Domestic Terminal Food and Beverage Program Lease ("Lease") to Guava & Java (SFO), Inc. ("Tenant"); and
- WHEREAS,** pursuant to Resolution No. 09-0122, adopted May 22, 2009, the Commission approved an early exercise of the option term of the Lease; and
- WHEREAS,** pursuant to Resolution No. 11-0082, adopted April 5, 2011, the Commission approved suspension of certain fees during the renovation period anticipated to begin April 14, 2011 and end in May 2012; and
- WHEREAS,** the Boarding Area E renovation project has changed and will now include the complete demolition of those facilities; and
- WHEREAS,** the Airport intends to demolish Tenant's facilities in Boarding Area E; and
- WHEREAS,** staff has negotiated the terms and conditions for Amendment No. 2 to the Lease with Tenant; now, therefore, be it
- RESOLVED,** that this Commission hereby approves Amendment No. 2 to Domestic Terminal Food and Beverage Program Lease No. 03-0191 with Guava & Java (SFO), Inc., on the terms and conditions specified on Attachment 1, containing such other terms and conditions as are consistent with the foregoing, including: offer of Replacement Premises in Boarding Area E, new commencement date of the ten (10) year term, adjustment of Minimum Annual Guarantee and reimbursement of unamortized investment in the amount of One Hundred Forty Four Thousand Five Hundred Fifty Nine Dollars (\$144,559) to Guava & Java (SFO), Inc.; and, be it further
- RESOLVED,** that this Commission authorizes the Airport Director to enter into any modifications to the Lease that the Airport Director determines, in consultation with the City Attorney, are in the best interests of the City and County of San Francisco ("City"), do not otherwise materially increase the obligations or liabilities of the City, are necessary or advisable to effectuate the purposes of the Lease or this Resolution, and are in compliance with all applicable laws, including the City's Charter; and, be it further
- RESOLVED,** that this Commission hereby directs the Commission Secretary to seek approval of this Lease Amendment No. 1 from the Board of Supervisors.

*I hereby certify that the foregoing resolution was adopted by the Airport Commission*

*at its meeting of* \_\_\_\_\_

MAR 20 2012

  
Secretary

AIRPORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 12-0057

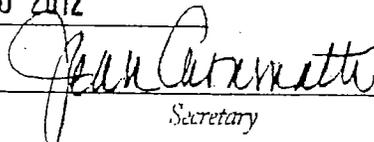
**APPROVAL OF AMENDMENT NO. 2 TO DOMESTIC TERMINAL FOOD AND BEVERAGE PROGRAM LEASE NO. 03-0199 WITH BURGER JOINT, INC. D/B/A MISSION BAR & GRILL**

- WHEREAS,** pursuant to Resolution No. 03-0199, adopted February 23, 2003, the Airport Commission ("Commission") awarded Domestic Terminal Food and Beverage Program Lease ("Lease") to Burger Joint, Inc. ("Tenant"); and
- WHEREAS,** pursuant to Resolution No. 09-0113, adopted May 22, 2009, the Commission approved an early exercise of the option term of the Lease; and
- WHEREAS,** pursuant to Resolution No. 11-0083, adopted April 5, 2011, the Commission approved suspension of certain fees during the renovation period anticipated to begin April 14, 2011 and end in May 2012; and
- WHEREAS,** the Boarding Area E renovation project has changed and will now include the complete demolition of those facilities; and
- WHEREAS,** the Airport intends to demolish Tenant's facilities in Boarding Area E; and
- WHEREAS,** staff has negotiated the terms and conditions for Amendment No. 2 to the Lease with Tenant; now, therefore, be it
- RESOLVED,** that this Commission hereby approves Amendment No. 2 to Domestic Terminal Food and Beverage Program Lease No. 03-0199 with Burger Joint, Inc. on the terms and conditions specified on Attachment 1, containing such other terms and conditions as are consistent with the foregoing, including: offer of Replacement Premises in Boarding Area E, new commencement date of the ten (10) year term, adjustment of Minimum Annual Guarantee and reimbursement of unamortized investment in the amount of Four Hundred Fifty Five Thousand One Hundred Thirty Four Dollars (\$455,134) to Burger Joint, Inc.; and, be it further
- RESOLVED,** that this Commission authorizes the Airport Director to enter into any modifications to the Lease that the Airport Director determines, in consultation with the City Attorney, are in the best interests of the City and County of San Francisco ("City"), do not otherwise materially increase the obligations or liabilities of the City, are necessary or advisable to effectuate the purposes of the Lease or this Resolution, and are in compliance with all applicable laws, including the City's Charter; and, be it further
- RESOLVED,** that this Commission hereby directs the Commission Secretary to seek approval of this Lease Amendment No. 1 from the Board of Supervisors.

*I hereby certify that the foregoing resolution was adopted by the Airport Commission*

*at its meeting of:*

MAR 20 2012

  
Secretary

**AMENDMENT NO. 2 TO  
DOMESTIC FOOD AND BEVERAGE LEASE NO. 03-0185  
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

THIS AMENDMENT NO. 2 TO DOMESTIC TERMINAL FOOD AND BEVERAGE LEASE NO. 03-0185 AT THE SAN FRANCISCO AIRPORT ("Amendment No. 2"), dated as of March 20, 2012 for reference purposes only, is entered by and between the between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the "City"), acting by and through the SAN FRANCISCO AIRPORT COMMISSION (the "Airport"), as landlord, and BAYSUBWAY AIRPORT as tenant (the "Tenant").

**RECITALS**

- A. The Airport and GDDC, Inc. entered into Lease No. 03-0185, approved by Airport Commission Resolution No. 03-0185 on September 29, 2003, dated as of February 23, 2003 (the "Original Lease") for certain food and beverage space located at the Airport in Boarding Area E of Terminal 3 and Boarding Area C in Terminal 1. Under Resolution No. 07-0196, adopted on August 21, 2007, the Airport Commission approved assignment of the Lease to Tenant, Baysubway Airport.
- B. Under the Original Lease Section 2.5, on May 22, 2009, the Airport Commission approved the early exercise of the option term of the Lease.
- C. As part of the Airport's ongoing facilities improvement efforts, on April 14, 2011, the Airport closed Boarding Area E for approximately one calendar year for major renovation ("Renovation Period")
- D. On April 5, 2011, the Airport Commission approved Amendment No. 1 under Resolution No. 11-0080, approving the conditions for the suspension and reinstatement of the Minimum Annual Guarantee, Tenant Infrastructure Fee, and Food Court Fee related to the Renovation Period.
- E. The Original Lease, as amended by Lease Amendment No.1 and by this Amendment No. 2 shall be referred to from time to time collectively herein as the "Lease".
- F. Due to changes in the proposed design of Boarding Area E, a complete demolition of Tenant's original premises is required, resulting in the extension of the Renovation Period, mentioned in Recital C above, by an additional eighteen (18) months until approximately November 1, 2013.
- G. As a result of the revised Renovation Period extension, the Airport Commission adopted Resolution No. 12-0054 on March 20, 2012, approving certain amendments to the Lease such as replacement premises, reimbursement of unamortized construction investments, new commencement date, and other related provisions, on the terms and conditions set forth herein.

H. Airport and Tenant agree to the amendments set forth in this Lease Amendment No. 2. All capitalized terms not otherwise defined herein shall have the meaning given to them in the Lease

NOW, THEREFORE, in consideration of the foregoing and for valuable consideration the sufficiency of which is hereby acknowledged, City and Tenant hereby agree to amend the Lease as follows:

### AGREEMENT

1. **Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference as if fully set forth herein.
2. **Effective Date.** The effective date of the modifications to the Lease contained in this Lease Amendment No. 2 shall be the date upon which the Airport Director executes this amendment.
3. **Lease Summary.** The Lease Summary is hereby deleted in its entirety and replaced with the Attachment 1 titled "Major Lease Term Summary", attached hereto and made a part of this Lease that identifies New Premises; An Adjusted Term; Adjusted Dates; an Adjusted Minimum Investment Amount; an Adjusted Tenant Infrastructure Fee; and, an Adjusted Food Court Fee.
4. **Premises.** Exhibit A is hereby deleted in its entirety and replaced with the following:

"Exhibit A - Premises. A total of two facilities comprising approximately 1558 square feet of concession space located in Terminal 3 of the San Francisco International Airport, as described on the attached drawings and broken down as follows:"

<u>Space No.</u>	<u>Terminal</u>	<u>App. Sq Ft</u>	<u>Food Court</u>
T3.2.060	3	852	Yes
T3.3.020B	3	706	Yes

5. **Term.** Section 2.5, City's Right to Extend the Term, is hereby deleted in its entirety.
6. **Rent.** Section 4.14 Boarding Area E Renovation is hereby deleted in its entirety and replaced with the following:

4.14 Boarding Area E Renovation.

- (a) Boarding Area E Renovation Period. The Renovation Period, as defined in Recital Paragraph B above, shall commence in or around on April 14, 2011, continue for approximately two and one half calendar years and shall end when the Airport Director, in his sole and absolute discretion, determines that the renovations are complete

- (b) Minimum Annual Guarantee ("MAG") and Other Fees. During the Renovation Period, the MAG, Tenant Infrastructure Fee, and Food Court Fee shall be suspended for Tenant's facility in Boarding Area E.
- (c) MAG Reinstatement. At the end of the Renovation Period, the MAG shall be reinstated. The MAG shall be subject to annual adjustments as specified in Lease Section 4.
- (d) Tenant Infrastructure Fee and Food Court Fee Reinstatement. At the end of the Renovation Period, the Tenant Infrastructure Fee and Food Court Fee shall be reinstated in accordance with the Lease.

7. A new Lease Section 19.28 is hereby added to the Lease:

"Lease Section 19.28 Airport's Sustainable Food Guideline. In compliance with Executive Directive No. 09-03 issued by the Office of the Mayor on July 9, 2009, the Airport has established a 16-point Sustainable Food Guideline (the "Airport's Sustainable Food Guideline") that promotes public health, environmental sustainability, and social responsibility.

A. The following must be adhered to throughout the term of the Lease.

Tenants must feature:

1. Displays that promote healthy eating and good environmental stewardship
2. Visible food preparation areas
3. Portion sizes which support good health
4. Portion-appropriate menu items for children

Tenants must use:

5. Low- or non-phosphate detergents
6. Compostable, bio-resin bottles or paper boxes for all bottled water sales
7. Un-bleached paper products and compostable To Go containers and utensils

To the very greatest extent possible, Tenants must use:

8. Organic agricultural products from the Northern California region
9. Agricultural products that have not been genetically modified
10. Organic or all-natural meat from animals treated humanely and without hormones or antibiotics
11. rBST-free cheese, milk, yogurt and butter
12. Cage-free, antibiotic-free eggs"

8. Reimbursement. The City shall reimburse the Tenant for the unamortized cost of improvements to the original premises in an amount of One Hundred Fifty Four Thousand Nine Hundred Seven Dollars (\$154,907), subject to the reimbursement terms contained in the Airport letter dated March 8, 2012 and the memorandum on file with the Airport Commission Secretary for Resolution No.12-0054, incorporated herein by reference and made a part of this Lease.

9. Entire Agreement. This Amendment No. 2 contains all of the representations and the entire agreement between the parties with respect to the subject matter of this agreement. Any prior correspondence, memoranda, agreements, warranties, or written or oral representations relating to the subject matter of the Amendment No. 2 are superseded in their entirety by this

Amendment No. 2. No prior drafts of this Amendment No. 2 or changes between those drafts and the executed version of this Amendment No. 2 shall be introduced as evidence in any litigation or other dispute resolution proceeding by any party or other person, and no court or other body should consider such drafts in interpreting this Amendment No. 2.

10. **Miscellaneous.** This Amendment No. 2 shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto. This Amendment No. 2 is made for the purpose of setting forth certain rights and obligations of Tenant and the Airport, and no other person shall have any rights hereunder or by reason hereof as a third party beneficiary of otherwise.

Each party hereto shall execute, acknowledge, and deliver to each other party all documents, and shall take all actions, reasonably requested by such other party from time to time to confirm or effect the matters set forth herein, or otherwise to carry out the purposes of this Amendment No. 1. This Amendment No. 2 may be executed in counterparts with the same force and effect as if the parties had executed one instrument, and each such counterpart shall constitute an original hereof. No provision of this Amendment No. 2 that is held to be inoperative, unenforceable or invalid shall affect the remaining provisions, and to this end all provisions hereof are hereby declared to be severable. Time is of the essence of this Amendment No. 2. This Amendment No. 2 shall be governed by the laws of the State of California. Neither this Amendment No. 2 nor any of the terms hereof may be amended or modified except by a written instrument signed by all the parties hereto.

11. **Full Force and Effect.** Except as specifically amended herein, the terms and conditions of the Lease shall remain in full force and effect.

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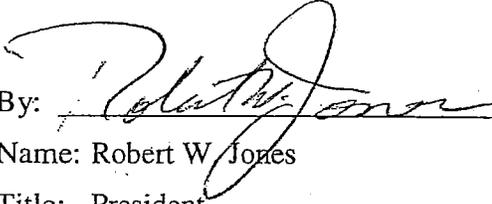
IN WITNESS WHEREOF, the Airport and the Tenant execute this Amendment No. 2 to the Lease as of the last date set forth below.

**CITY:** CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation,  
acting by and through its Airport Commission

---

John L. Martin  
Airport Director

**TENANT:** BAYSUBWAY AIRPORT,  
a California corporation

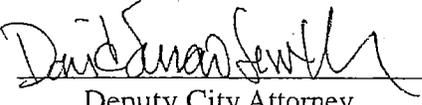
By:   
Name: Robert W. Jones  
Title: President

AUTHORIZED BY AIRPORT  
COMMISSION

Resolution No. 12-0054  
Adopted: March 20, 2012

Attest: \_\_\_\_\_  
Secretary  
Airport Commission

APPROVED AS TO FORM:  
DENNIS J. HERRERA,  
City Attorney

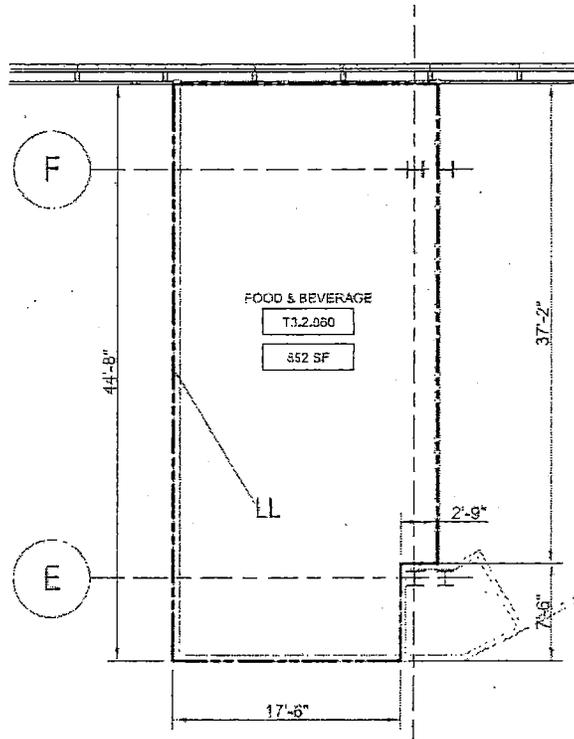
By:   
Deputy City Attorney

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# Exhibit A Premises

A total of two facilities comprising approximately 1558 square feet of concession space located in Terminal 3 of the San Francisco International Airport, as described on the attached drawings and broken down as follows:

	<u>Terminal</u>	<u>App. Sq Ft</u>	<u>Food Court?</u>
T3.2.060	3	852	Yes
T3.3.020B	3	706	Yes



SPACE T3.2.060

## SAN FRANCISCO INTERNATIONAL AIRPORT

TERMINAL 3, BOARDING AREA E  
LEASE OUTLINE DRAWING

# Attachment 1

## LEASE AGREEMENT FOR THE DOMESTIC FOOD AND BEVERAGE LEASE NO. 03-0185 AT SAN FRANCISCO INTERNATIONAL AIRPORT

### MAJOR LEASE TERM SUMMARY

For the convenience of Tenant and City (as such terms are defined below), this Major Lease Term Summary (this "**Summary**") summarizes certain terms of this Lease (as defined below). This Summary is not intended to be a detailed or complete description of this Lease, and reference must be made to the other Sections below for the particulars of this Lease. In the event of any inconsistency between the terms of this Summary and any other provision of this Lease, such other provision shall prevail. Capitalized terms used elsewhere in this Lease and not defined elsewhere shall have the meanings given them in this Summary.

**Effective Date:** \_\_\_\_\_, 20\_\_\_\_.

**Tenant:** Baysubway Airport  
a California Corporation

**Tenant's Notice Address:** 1457 Lake Street San Francisco, CA 94118  
Attn: Robert W. Jones  
Fax No. (415) 661-5307  
Tel. No. (415) 279-6545

**City:** The City and County of San Francisco, a municipal corporation,  
acting by and through its Airport Commission.

**City's Notice Address:** San Francisco International Airport  
International Terminal, North Shoulder Bldg., 5th Floor  
Attn: Airport Director  
P. O. Box 8097  
San Francisco, CA 94128  
Fax No. (650) 821-5005  
Tel. No. (650) 821-5000.

**City's Rent Payment Address:** San Francisco International Airport  
Attn: Accounting  
575 N. McDonnell Road, 2<sup>nd</sup> Floor  
P. O. Box 7743  
San Francisco, CA 94120.

**City's Insurance/ Deposit Notice Address:** San Francisco International Airport  
Attn: Revenue Development and Management  
575 N. McDonnell Road, Suite 3-329  
P. O. Box 8097  
San Francisco, CA 94128  
Fax No. (650) 821-4519  
Tel. No. (650) 821-4500.

Summary, Page i

**Premises:** The following facilities in the Domestic Terminal at the San Francisco International Airport, comprised of approximately 1307 1558 total square feet of space, as described on the attached Exhibit "A", broken down as follows:

<u>Space</u>	<u>Terminal</u>	<u>App Sq FT</u>
<del>E.3.2.12b</del> (closed 11-2011)	3	604
T3.2.060 (Replacement Premises)	3	852
T3.3.020B	3	706

**Relevant Boarding Area:** Boarding Area "E"  
(§4)

**Term:** Development Term, plus the Operating Term, collectively.  
(§2)

**Delivery Date:** The date on which the Director gives notice to Tenant that a facility is ready for Tenant to take possession and commence Tenant's work.  
(§2)

**Development Term** is the period commencing on the delivery date of the Premises (the "**Commencement Date**") ending at 11:59 p.m. on the day prior to the Rent Commencement Date.

**Operating Term** is the period commencing on the Rent Commencement Date, and ending at 11:59 p.m. on the day prior to the tenth (10<sup>th</sup>) anniversary thereof (the "**Expiration Date**").

**Adjusted Term:** The period commencing on the earlier date of (a) the Replacement Premises is open for business or (b) the majority of gates in Boarding Area E are occupied as determined by the Airport Director and ending at 11:59 p.m. on the day prior to the tenth (10<sup>th</sup>) anniversary thereof (the "**Expiration Date**").

**Rent Commencement Date:** With respect to each Facility, the Rent Commencement Date shall be the date that is the earlier of (a) the date on which the Tenant's Work (as defined below) is substantially complete and Tenant opens for business therein, and (b) the majority of gates in Boarding Area E become operational, regardless of whether Tenant is open for business in Boarding Area E.  
(§4)

Actual Dates (to be inserted upon determination):

Commencement Date: June 4, 2004

Development Term: June 4, 2004 - March 14, 2015

Operating Term: March 15, 2005 - March 14, 2015

Expiration Date: March 14, 2015 11:59 p.m.

Adjusted Expiration Date: October 31, 2023 11:59 p.m.

**Reference Year:** The calendar year immediately prior to the year in which this Lease is awarded: 2002.  
(§4)

**Permitted Use:** The operation of a quick-serve facility, on a non-exclusive basis, as described on the attached Exhibit B.  
(§3)

**Base Rent:** Per Lease Year (as defined below), the greater of the MAG (as defined below) or the following sum (such sum being referred to herein as the "Percentage Rent"):

(§4)

- (a) 6% of Gross Revenues (as defined below) achieved up to and including \$600,000, plus,
- (b) 8% of Gross Revenues achieved from \$600,000.01 up to and including \$1,000,000, plus,
- (c) 10% of Gross Revenues achieved over \$1,000,000.

(For purposes of the above formula, the Gross Revenues achieved from all Facilities and all other operations of Tenant under this Lease such as catering to the extent permitted shall be aggregated.)

**Lease Year:** The period commencing on January 1 and ending on December 31 of each year.

(§4)

**Minimum Annual Guarantee:** Fifty Two Thousand Two Hundred Eighty Dollars (\$52,280) per annum; Four Thousand Three Hundred Fifty Seven Dollars (\$4,357) per month, based on \$40 per square foot, subject to annual adjustments upward as described below.

(§4)

**MAG Adjustment Date:** January 1 of each year

(§4)

**Rent:** Base Rent, together with all other amounts owing by Tenant to City hereunder.

(§4)

**Deposit Amount:** Equal to one-half (1/2) of the then current MAG (subject to adjustment).

(§13)

**Minimum Investment Amount:** With respect to the original Premises, Two Hundred Fifty Dollars (\$250) per square foot. Unless otherwise waived by Director, the foregoing Minimum Investment Amount is applicable to each Facility and may not be considered in the aggregate across all Facilities. Minimum Investment Amount: **Three Hundred Twenty Six Thousand Seven Hundred Fifty Dollars (\$326,750).**

(§7)

With respect to Replacement Premises Space No. T3.2.060, the Minimum Investment Amount applicable is **Three Hundred Fifty Dollars (\$350)** per square foot which equals **Two Hundred Ninety Eight Thousand Two Hundred Dollars (\$298,200).**

**Tenant Infrastructure and Food Court Fees:** Tenant Infrastructure Fee  
Per Lease Year for original Premises: Nineteen Thousand Six Hundred Five Dollars (\$19,605); calculated at Fifteen Dollars (\$15.00) per square foot comprising the Premises.  
(\$4)

Food Court Fee Per Lease Year of original Premises: Nineteen Thousand Six Hundred Five Dollars (\$19,605); calculated at Fifteen Dollars (\$15.00) per square foot comprising the Premises.

With respect to Replacement Premise Space No. T3.2.060, the Tenant Infrastructure and Food Court Fee combined per Lease Year is: **Twelve Thousand Five Hundred Sixteen Dollars (\$12,516)**; calculated at **Fourteen Dollars Sixty Nine Cents (\$14.69)** per square foot of the Premises.

**Food Court Maintenance Fee:** For the first lease year, \_\_\_\_\_ Dollars (\$ \_\_\_\_\_),  
subject to annual adjustments. (amount to be inserted after 2013/2014 food court maintenance fee calculation is completed in May or June 2013)  
(\$4)

**Initial Promotional Charge** One Dollar (\$1.00) per square foot of the Premises  
(subject to adjustment)  
(\$11)

**Resolution:** Number 03-0185, approved by the Airport Commission on September 29, 2003.  
Number 11-0080, approved by the Airport Commission on April 5, 2011.  
Number 12-0054, approved by the Airport Commission on March 20, 2012.

**Initial Tenant Representative:** Robert W. Jones  
Tel. No. (415) 279-6545  
(\$3)

**Other Agreements:** N/A  
(\$13)

**Exhibits:** A – Premises  
B – Use and Operational Requirements  
C-1 – Form of Performance Bond  
C-2 – Form of Letter of Credit  
D – Tenant Work Letter

All such exhibits are incorporated into this Lease and made a part hereof.

Initial of Authorized Representative of City \_\_\_\_\_

Initial of Authorized Representative of Tenant  \_\_\_\_\_

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Summary, Page iv

LEASE: DOMESTIC FOOD & BEVERAGE LEASE NO. 03-0185  
TENANT: BAYSUBWAY AIRPORT

**AMENDMENT NO. 2 TO  
DOMESTIC FOOD AND BEVERAGE LEASE NO. 03-0187  
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

THIS AMENDMENT NO. 2 TO DOMESTIC TERMINAL FOOD AND BEVERAGE LEASE NO. 03-0187 AT THE SAN FRANCISCO AIRPORT ("Amendment No. 2"), dated as of March 20, 2012 for reference purposes only, is entered by and between the between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the "City"), acting by and through the SAN FRANCISCO AIRPORT COMMISSION (the "Airport"), as landlord, and LUNA AZUL CORPORATION, as tenant (the "Tenant").

**RECITALS**

A. The Airport and L&H, LLC entered into Lease No. 03-0187, approved by Airport Commission Resolution No. 03-0187 on September 29, 2003, dated as of February 23, 2003 (the "Original Lease") for certain food and beverage space located at the Airport in Boarding Area E. Under Resolution No. 05-0042, adopted March 22, 2005, the Airport Commission consented to the assignment of the Lease to Luna Azul Corporation ("Tenant").

B. Under the Original Lease Section 2.5, on May 22, 2009, the Airport Commission approved the early exercise of the option term of the Lease.

C. As part of the Airport's ongoing facilities improvement efforts, on April 14, 2011, the Airport closed Boarding Area E for approximately one calendar year for major renovation ("Renovation Period")

D. On April 5, 2011, the Airport Commission approved Amendment No. 1 under Resolution No. 11-0081, approving the conditions for the suspension and reinstatement of the Minimum Annual Guarantee, Tenant Infrastructure Fee, and Food Court Fee related to the Renovation Period.

E. The Original Lease, as amended by Lease Amendment No.1 and by this Amendment No. 2 shall be referred to from time to time collectively herein as the "Lease".

F. Due to changes in the proposed design of Boarding Area E, a complete demolition of Tenant's original premises is required, resulting in the extension of the Renovation Period, mentioned in Recital C above, by an additional eighteen (18) months until approximately November 1, 2013.

G. As a result of the revised Renovation Period extension, the Airport Commission adopted Resolution No. 12-0055 on March 20, 2012, approving certain amendments to the Lease such as replacement premises, reimbursement of unamortized construction investments, new commencement date, and other related provisions, on the terms and conditions set forth herein.

H. Airport and Tenant agree to the amendments set forth in this Lease Amendment No. 2. All capitalized terms not otherwise defined herein shall have the meaning given to them in the Lease

NOW, THEREFORE, in consideration of the foregoing and for valuable consideration the sufficiency of which is hereby acknowledged, City and Tenant hereby agree to amend the Lease as follows:

### AGREEMENT

1. **Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference as if fully set forth herein.
2. **Effective Date.** The effective date of the modifications to the Lease contained in this Lease Amendment No. 2 shall be the date upon which the Airport Director executes this amendment.
3. **Lease Summary.** The Lease Summary is hereby deleted in its entirety and replaced with the Attachment 1 titled "Major Lease Term Summary", attached hereto and made a part of this Lease that identifies New Premises; an Adjusted Term; Adjusted Dates; an Adjusted Minimum Investment Amount; an Adjusted Tenant Infrastructure Fee; and, an Adjusted Food Court Fee.
4. **Premises.** Exhibit A is hereby deleted in its entirety and replaced with the following:  

“Exhibit A - Premises. A total of one facility, comprising approximately 580 square feet of concession space located in Terminal 3, Boarding Area E, specifically referenced as E.2.410 Boarding Area E, as shown on the attached drawings.”
5. **Term.** Section 2.5, City’s Right to Extend the Term, is hereby deleted in its entirety.
6. **Rent.** Section 4.14 Boarding Area E Renovation is hereby deleted in its entirety and replaced with the following::

#### 4.14 Boarding Area E Renovation.

- (a) Boarding Area E Renovation Period. The Renovation Period, as defined in Recital Paragraph B above, shall commence in or around on April 14, 2011, continue for approximately two and one half calendar years and shall end when the Airport Director, in his sole and absolute discretion, determines that the renovations are complete.
- (b) Minimum Annual Guarantee (“MAG”) and Other Fees. During the Renovation Period, the MAG, Tenant Infrastructure Fee, and Food Court Fee shall be suspended for Tenant’s facility in Boarding Area E.

- (c) MAG Reinstatement. At the end of the Renovation Period, the MAG shall be reinstated. The MAG shall be subject to annual adjustments as specified in Lease Section 4.
- (d) Tenant Infrastructure Fee and Food Court Fee Reinstatement. At the end of the Renovation Period, the Tenant Infrastructure Fee and Food Court Fee shall be reinstated in accordance with the Lease.

7. A new Lease Section 19.28 is hereby added to the Lease:

"Lease Section 19.28 Airport's Sustainable Food Guideline. In compliance with Executive Directive No. 09-03 issued by the Office of the Mayor on July 9, 2009, the Airport has established a 16-point Sustainable Food Guideline (the "Airport's Sustainable Food Guideline") that promotes public health, environmental sustainability, and social responsibility.

A. The following must be adhered to throughout the term of the Lease.

Tenants must feature:

- 1. Displays that promote healthy eating and good environmental stewardship
- 2. Visible food preparation areas
- 3. Portion sizes which support good health
- 4. Portion-appropriate menu items for children

Tenants must use:

- 5. Low- or non-phosphate detergents
- 6. Compostable, bio-resin bottles or paper boxes for all bottled water sales
- 7. Un-bleached paper products and compostable To Go containers and utensils

To the very greatest extent possible, Tenants must use:

- 8. Organic agricultural products from the Northern California region
- 9. Agricultural products that have not been genetically modified
- 10. Organic or all-natural meat from animals treated humanely and without hormones or antibiotics
- 11. rBST-free cheese, milk, yogurt and butter
- 12. Cage-free, antibiotic-free eggs"

8. Reimbursement. The City shall reimburse the Tenant for the unamortized cost of improvements to the original premises in an amount of One Hundred Fifty One Thousand Three Hundred Fifty Three Dollars (\$151,353), subject to the reimbursement terms contained in Airport letter dated March 8, 2012 and the memorandum on file with the Airport Commission Secretary for Resolution No.12-0055, incorporated herein by reference and made a part of this Lease.

9. Entire Agreement. This Amendment No. 2 contains all of the representations and the entire agreement between the parties with respect to the subject matter of this agreement. Any prior correspondence, memoranda, agreements, warranties, or written or oral representations relating to the subject matter of the Amendment No. 2 are superseded in their entirety by this

Amendment No. 2. No prior drafts of this Amendment No. 2 or changes between those drafts and the executed version of this Amendment No. 2 shall be introduced as evidence in any litigation or other dispute resolution proceeding by any party or other person, and no court or other body should consider such drafts in interpreting this Amendment No. 2.

10. **Miscellaneous.** This Amendment No. 2 shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto. This Amendment No. 2 is made for the purpose of setting forth certain rights and obligations of Tenant and the Airport, and no other person shall have any rights hereunder or by reason hereof as a third party beneficiary of otherwise.

Each party hereto shall execute, acknowledge, and deliver to each other party all documents, and shall take all actions, reasonably requested by such other party from time to time to confirm or effect the matters set forth herein, or otherwise to carry out the purposes of this Amendment No. 2. This Amendment No. 2 may be executed in counterparts with the same force and effect as if the parties had executed one instrument, and each such counterpart shall constitute an original hereof. No provision of this Amendment No. 2 that is held to be inoperative, unenforceable or invalid shall affect the remaining provisions, and to this end all provisions hereof are hereby declared to be severable. Time is of the essence of this Amendment No. 2. This Amendment No. 2 shall be governed by the laws of the State of California. Neither this Amendment No. 2 nor any of the terms hereof may be amended or modified except by a written instrument signed by all the parties hereto.

11. **Full Force and Effect.** Except as specifically amended herein, the terms and conditions of the Lease shall remain in full force and effect.

///

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Airport and the Tenant execute this Amendment No. 2 to the Lease as of the last date set forth below.

**CITY:** CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation,  
acting by and through its Airport Commission

\_\_\_\_\_  
John L. Martin  
Airport Director

**TENANT:** LUNA AZUL CORPORATION,  
a California corporation

By: \_\_\_\_\_  
Name: Jonathan Leong  
Title: President

AUTHORIZED BY AIRPORT  
COMMISSION

Resolution No. 12-0055  
Adopted: March 20, 2012

Attest: \_\_\_\_\_  
Secretary  
Airport Commission

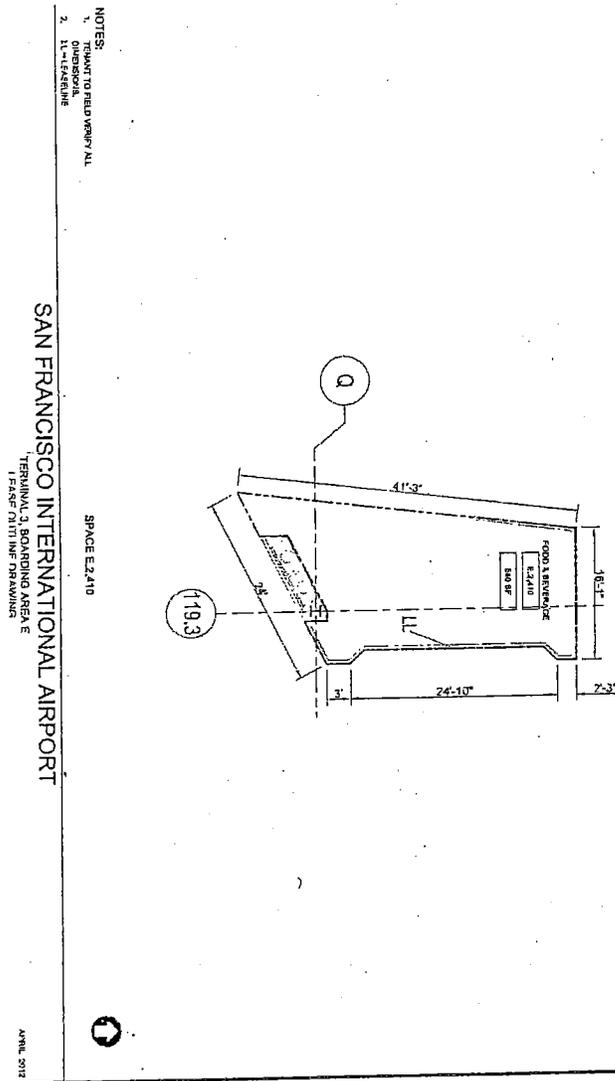
APPROVED AS TO FORM:  
DENNIS J. HERRERA,  
City Attorney

By: David Samuel Swell  
Deputy City Attorney

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Exhibit A Premises  
T3 Boarding Area E

Space E.2.410  
Approximately 580 Square Feet



Attachment 1

**LEASE AGREEMENT  
FOR THE  
DOMESTIC FOOD AND BEVERAGE LEASE NO. 03-0187  
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

**MAJOR LEASE TERM SUMMARY**

For the convenience of Tenant and City (as such terms are defined below), this Major Lease Term Summary (this "Summary") summarizes certain terms of this Lease (as defined below). This Summary is not intended to be a detailed or complete description of this Lease, and reference must be made to the other Sections below for the particulars of this Lease. In the event of any inconsistency between the terms of this Summary and any other provision of this Lease, such other provision shall prevail. Capitalized terms used elsewhere in this Lease and not defined elsewhere shall have the meanings given them in this Summary.

**Effective Date:** \_\_\_\_\_, 20\_\_.

**Tenant:** Luna Azul Corporation  
a California Corporation

**Tenant's Notice  
Address:** 2169 Harbor Bay Parkway  
Alameda, CA 94502  
Attn: Jonathan Leong  
Fax No. (510) 568-2700  
Tel. No. (510) 568-4500

**City:** The City and County of San Francisco, a municipal corporation,  
acting by and through its Airport Commission.

**City's Notice  
Address:** San Francisco International Airport  
International Terminal, North Shoulder Bldg., 5th Floor  
Attn: Airport Director  
P. O. Box 8097  
San Francisco, CA 94128  
Fax No. (650) 821-5005  
Tel. No. (650) 821-5000

**City's Rent  
Payment Address:** San Francisco International Airport  
Attn: Accounting  
575 N. McDonnell Road, 2<sup>nd</sup> Floor  
P. O. Box 7743  
San Francisco, CA 94120

**City's Insurance/  
Deposit Notice  
Address:** San Francisco International Airport  
Attn: Revenue Development and Management  
575 N. McDonnell Road, Suite 3-329  
P. O. Box 8097  
San Francisco, CA 94128  
Fax No. (650) 821-4519  
Tel. No. (650) 821-4500

Summary, Page i

**Premises:** The following facility in the Domestic Terminal at the San Francisco International Airport, comprised of approximately 506 580 total square feet of space, as described on the attached Exhibit "A", broken down as follows:

<u>Space</u>	<u>Terminal</u>	<u>App Sq FT</u>
T3.2.012A (closed 10-2011)	3	506
E.2.410 (Replacement Premises)	3	580

**Relevant Boarding Area:** Boarding Area "E"  
(§4)

**Term:** Development Term, plus the Operating Term, collectively.  
(§2)

**Delivery Date:** The date on which the Director gives notice to Tenant that a facility is ready for Tenant to take possession and commence Tenant's work.  
(§2)

**Development Term** is the period commencing on the delivery date of the Premises (the "**Commencement Date**") ending at 11:59 p.m. on the day prior to the Rent Commencement Date.

**Operating Term** is the period commencing on the Rent Commencement Date, and ending at 11:59 p.m. on the day prior to the tenth (10<sup>th</sup>) anniversary thereof (the "**Expiration Date**").

**Adjusted Term:** The period commencing on the earlier date of (a) the Replacement Premises is open for business or (b) the majority of gates in Boarding Area E are occupied as determined by the Airport Director and ending at 11:59 p.m. on the day prior to the tenth (10<sup>th</sup>) anniversary thereof (the "**Expiration Date**").

**Rent Commencement Date:** With respect to each Facility, the Rent Commencement Date shall be the date that is the earlier of (a) the date on which the Tenant's Work (as defined below) is substantially complete and Tenant opens for business therein, and (b) the majority of gates in Boarding Area E become operational, regardless of whether Tenant is open for business in Boarding Area E.  
(§4)

Actual Dates (to be inserted upon determination):

Commencement Date:	<u>June 4, 2004</u>
Development Term:	<u>June 4, 2004</u> - <u>March 14, 2015</u>
Operating Term:	<u>March 15, 2005</u> - <u>March 14, 2015</u>
Expiration Date:	<u>March 14, 2015</u> 11:59 p.m.
Adjusted Expiration Date:	<u>October 31, 2023</u> 11:59 p.m.

**Reference Year:** The calendar year immediately prior to the year in which this Lease is awarded: 2002.  
(§4)

**Permitted Use:** The operation of a quick-serve facility, on a non-exclusive basis, as described on the attached Exhibit B.  
(§3)

**Base Rent:** Per Lease Year (as defined below), the greater of the MAG (as defined below) or the following sum (such sum being referred to herein as the "Percentage Rent"):

(§4)

- (a) 6% of Gross Revenues (as defined below) achieved up to and including \$600,000, plus,
- (b) 8% of Gross Revenues achieved from \$600,000.01 up to and including \$1,000,000, plus,
- (c) 10% of Gross Revenues achieved over \$1,000,000.

(For purposes of the above formula, the Gross Revenues achieved from all Facilities and all other operations of Tenant under this Lease such as catering to the extent permitted shall be aggregated.)

**Lease Year:** The period commencing on January 1 and ending on December 31 of each year.

(§4)

**Minimum Annual Guarantee:** Twenty Thousand Two Hundred and Forty Dollars (\$20,240) per annum; One Thousand Six Hundred Eighty Seven (\$1,687) per month, based on \$40 per square foot, subject to annual adjustments upward as described below.

(§4)

**MAG Adjustment Date:** January 1 of each year

(§4)

**Rent:** Base Rent, together with all other amounts owing by Tenant to City hereunder.

(§4)

**Deposit Amount:** Equal to one-half (1/2) of the then current MAG (subject to adjustment).

(§13)

**Minimum Investment Amount:** With respect to the original Premises, Two Hundred Fifty Dollars (\$250) per square foot. Unless otherwise waived by Director, the foregoing Minimum Investment Amount: **One Hundred Twenty Six Thousand Five Hundred Dollars (\$126,500).**

(§7)

With respect to Replacement Premises Space No. E.2.410, the Minimum Investment Amount applicable is **Three Hundred Fifty Dollars (\$350)** per square foot which equals Two Hundred Three Thousand Dollars (**\$203,000**).

**Tenant Infrastructure and Food Court Fees :** Tenant Infrastructure Fee  
Per Lease Year for original Premises: Seven Thousand Five Hundred Ninety Dollars (\$7,590); calculated at Fifteen Dollars (\$15.00) per square foot comprising the Premises.

(§4)

Tenant Food Court Fee

Per Lease Year for original Premises: Seven Thousand Five Hundred Ninety Dollars (\$7,590); calculated at Fifteen Dollars (\$15.00) per square foot comprising the Premises.

With respect to Replacement Premise Space No. E.2.410, the Tenant Infrastructure and Food Court Fee combined per Lease Year is: **Eight Thousand Five Hundred Twenty Dollars (\$8,520)**; calculated at **Fourteen Dollars Sixty Nine Cents (\$14.69)** per square foot of the Premises.

**Food Court Maintenance Fee:** For the first lease year, \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), subject to annual adjustments. (amount to be inserted after 2013/2014 food court maintenance fee calculation is completed in May or June 2013)  
(§4)

**Initial Promotional Charge** One Dollar (\$1.00) per square foot of the Premises (subject to adjustment)  
(§11)

**Resolution:** Number 03-0187, approved by the Airport Commission on September 29, 2003.  
Number 11-0081, approved by the Airport Commission on April 5, 2011.  
Number 12-0055, approved by the Airport Commission on March 20, 2012.

**Initial Tenant Representative:** Jonathan Leong  
Tel. No. (510) 568-4500  
(§3)

**Other Agreements:** N/A  
(§13)

**Exhibits:** A – Premises  
B – Use and Operational Requirements  
C-1 – Form of Performance Bond  
C-2 – Form of Letter of Credit  
D - Tenant Work Letter

All such exhibits are incorporated into this Lease and made a part hereof.

Initial of Authorized Representative of City \_\_\_\_\_

Initial of Authorized Representative of Tenant J.L.

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**AMENDMENT NO. 2 TO  
DOMESTIC FOOD AND BEVERAGE LEASE NO. 03-0191  
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

THIS AMENDMENT NO. 2 TO DOMESTIC TERMINAL FOOD AND BEVERAGE LEASE NO. 03-0191 AT THE SAN FRANCISCO AIRPORT ("Amendment No. 2"), dated as of March 20, 2012 for reference purposes only, is entered by and between the between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the "City"), acting by and through the SAN FRANCISCO AIRPORT COMMISSION (the "Airport"), as landlord, and GUAVA & JAVA (SFO) INC., as tenant (the "Tenant").

**RECITALS**

A. The Airport and Tenant entered into Lease No. 03-0191, approved by Airport Commission Resolution No. 03-0191 on September 29, 2003, dated as of September 29, 2003 (the "Original Lease") for certain food and beverage space located at the Airport in Boarding Area E of Terminal 3 and Boarding Area C in Terminal 1.

B. Under the Original Lease Section 2.5, on May 22, 2009, the Airport Commission approved the early exercise of the option term of the Lease.

C. As part of the Airport's ongoing facilities improvement efforts, on April 14, 2011, the Airport closed Boarding Area E for approximately one calendar year for major renovation ("Renovation Period").

D. On April 5, 2011, the Airport Commission approved Amendment No. 1 under Resolution No. 11-0082, approving the conditions for the suspension and reinstatement of the Minimum Annual Guarantee, Tenant Infrastructure Fee, and Food Court Fee during the Renovation Period.

E. The Original Lease, as amended by Lease Amendment No.1 and by this Amendment No. 2 shall be referred to from time to time collectively herein as the "Lease".

F. Due to changes in the proposed design of Boarding Area E, a complete demolition of Tenant's original premises is required, resulting in the extension of the Renovation Period, mentioned in Recital C above, by an additional eighteen (18) months until approximately November 1, 2013.

G. As a result of the revised Renovation Period extension, the Airport Commission adopted Resolution No. 12-0056 on March 20, 2012, approving certain amendments to the Lease such as replacement premises, reimbursement of unamortized construction investments, new commencement date, and other related provisions, on the terms and conditions set forth herein.

H. Airport and Tenant agree to the amendments set forth in this Lease Amendment No. 2. All capitalized terms not otherwise defined herein shall have the meaning given to them in the Lease.

NOW, THEREFORE, in consideration of the foregoing and for valuable consideration the sufficiency of which is hereby acknowledged, City and Tenant hereby agree to amend the Lease as follows:

**AGREEMENT**

1. **Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference as if fully set forth herein.

2. **Effective Date.** The effective date of the modifications to the Lease contained in this Lease Amendment No. 2 shall be the date upon which the Airport Director executes this amendment.

3. **Lease Summary.** The Lease Summary is hereby deleted in its entirety and replaced with the Attachment 1 titled "Major Lease Term Summary", attached hereto and made a part of this Lease that identifies New Premises; an Adjusted Term; Adjusted Dates; an Adjusted Minimum Investment Amount; an Adjusted Tenant Infrastructure Fee; and, an Adjusted Food Court Fee.

4. **Premises.** Exhibit A is hereby deleted in its entirety and replaced with the following:

"Exhibit A – Premises. A total of two facilities comprising approximately 1383 square feet of concession space located in Terminal 1 and Terminal 3 of the San Francisco International Airport, as described on the attached drawings and broken down as follows:"

<u>Space No.</u>	<u>Terminal</u>	<u>App. Sq Ft</u>	<u>Food Court</u>
E.2.315	3	583	Yes
C.2.022	1	800	No

5. **Term.** Section 2.5, City's Right to Extend the Term, is hereby deleted in its entirety.

6. **Rent.** Section 4.14 Boarding Area E Renovation is hereby deleted in its entirety and replaced with the following:

4.14 Boarding Area E Renovation.

(a) Boarding Area E Renovation Period. The Renovation Period, as defined in Recital Paragraph B above, shall commence in or around on April 14, 2011, continue for approximately two and one half calendar years and shall end when the Airport Director, in his sole and absolute discretion, determines that the renovations are complete

- (b) Minimum Annual Guarantee ("MAG") and Other Fees. During the Renovation Period, the MAG, Tenant Infrastructure Fee, and Food Court Fee shall be suspended for Tenant's facility in Boarding Area E.
- (c) MAG Reinstatement. At the end of the Renovation Period, the MAG shall be reinstated. The MAG shall be subject to annual adjustments as specified in Lease Section 4.
- (d) Tenant Infrastructure Fee and Food Court Fee Reinstatement. At the end of the Renovation Period, the Tenant Infrastructure Fee and Food Court Fee shall be reinstated in accordance with the Lease.

7. A new Lease Section 19.28 is hereby added to the Lease:

"Lease Section 19.28 Airport's Sustainable Food Guideline. In compliance with Executive Directive No. 09-03 issued by the Office of the Mayor on July 9, 2009, the Airport has established a 16-point Sustainable Food Guideline (the "Airport's Sustainable Food Guideline") that promotes public health, environmental sustainability, and social responsibility.

A. The following must be adhered to throughout the term of the Lease.  
Tenants must feature:

1. Displays that promote healthy eating and good environmental stewardship
2. Visible food preparation areas
3. Portion sizes which support good health
4. Portion-appropriate menu items for children

Tenants must use:

5. Low- or non-phosphate detergents
6. Compostable, bio-resin bottles or paper boxes for all bottled water sales
7. Un-bleached paper products and compostable To Go containers and utensils

To the very greatest extent possible, Tenants must use:

8. Organic agricultural products from the Northern California region
9. Agricultural products that have not been genetically modified
10. Organic or all-natural meat from animals treated humanely and without hormones or antibiotics
11. rBST-free cheese, milk, yogurt and butter
12. Cage-free, antibiotic-free eggs"

8. Reimbursement. The City shall reimburse the Tenant for the unamortized cost of improvements to the original premises in an amount of One Hundred Forty Four Thousand Five Hundred Fifty Nine Dollars (\$144,559), subject to the reimbursement terms contained in the Airport letter dated March 8, 2012 and the memorandum on file with the Airport Commission Secretary for Resolution No.12-0056, incorporated herein by reference and made a part of this Lease.

9. **Entire Agreement.** This Amendment No. 2 contains all of the representations and the entire agreement between the parties with respect to the subject matter of this agreement. Any prior correspondence, memoranda, agreements, warranties, or written or oral representations relating to the subject matter of the Amendment No. 2 are superseded in their entirety by this Amendment No. 2. No prior drafts of this Amendment No. 2 or changes between those drafts and the executed version of this Amendment No. 2 shall be introduced as evidence in any litigation or other dispute resolution proceeding by any party or other person, and no court or other body should consider such drafts in interpreting this Amendment No. 2.

10. **Miscellaneous.** This Amendment No. 2 shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto. This Amendment No. 2 is made for the purpose of setting forth certain rights and obligations of Tenant and the Airport, and no other person shall have any rights hereunder or by reason hereof as a third party beneficiary of otherwise.

Each party hereto shall execute, acknowledge, and deliver to each other party all documents, and shall take all actions, reasonably requested by such other party from time to time to confirm or effect the matters set forth herein, or otherwise to carry out the purposes of this Amendment No. 1. This Amendment No. 2 may be executed in counterparts with the same force and effect as if the parties had executed one instrument, and each such counterpart shall constitute an original hereof. No provision of this Amendment No. 2 that is held to be inoperative, unenforceable or invalid shall affect the remaining provisions, and to this end all provisions hereof are hereby declared to be severable. Time is of the essence of this Amendment No. 2. This Amendment No. 2 shall be governed by the laws of the State of California. Neither this Amendment No. 2 nor any of the terms hereof may be amended or modified except by a written instrument signed by all the parties hereto.

11. **Full Force and Effect.** Except as specifically amended herein, the terms and conditions of the Lease shall remain in full force and effect.

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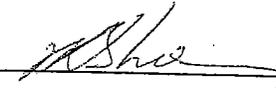
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IN WITNESS WHEREOF, the Airport and the Tenant execute this Amendment No. 2 to the Lease as of the last date set forth below.

**CITY:** CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation,  
acting by and through its Airport Commission

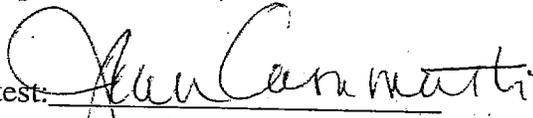
\_\_\_\_\_  
John L. Martin  
Airport Director

**TENANT:** GUAVA & JAVA (SFO) INC.,  
a California corporation

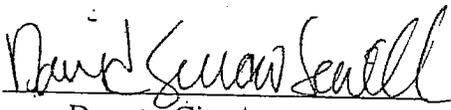
By:   
Name: Rita Bhasker  
Title: President

AUTHORIZED BY AIRPORT  
COMMISSION

Resolution No. 12-0056  
Adopted: March 20, 2012

Attest:   
Secretary  
Airport Commission

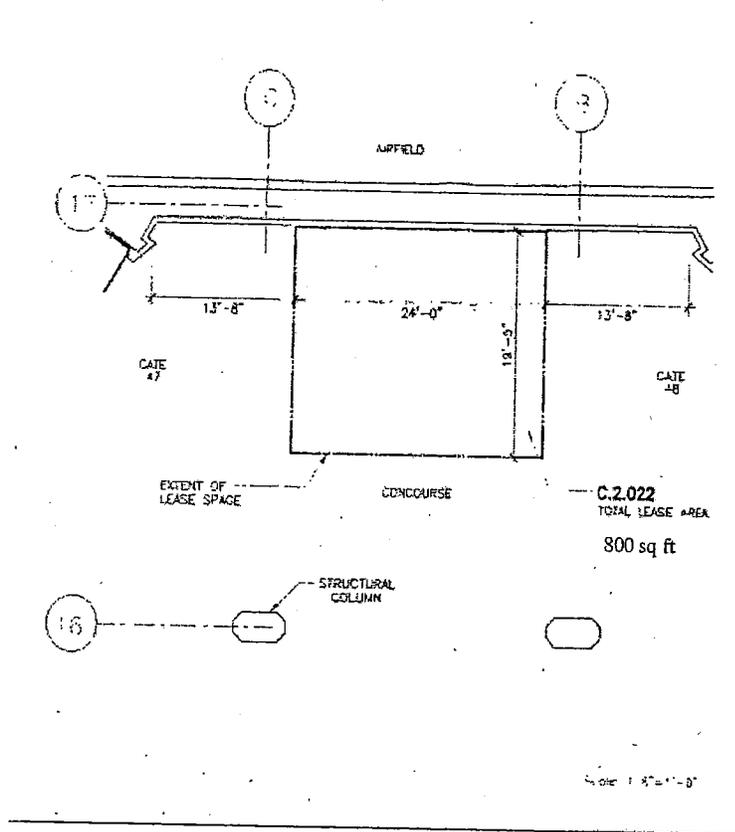
APPROVED AS TO FORM:  
DENNIS J. HERRERA,  
City Attorney

By:   
Deputy City Attorney

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Exhibit A Premises  
(Continued)



TERMINAL 1 - 2ND FLOOR  
LOCATION 11  
10/1/2003

**LEASE AGREEMENT  
FOR THE  
DOMESTIC FOOD AND BEVERAGE LEASE NO. 03-0191  
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

**MAJOR LEASE TERM SUMMARY**

For the convenience of Tenant and City (as such terms are defined below), this Major Lease Term Summary (this "Summary") summarizes certain terms of this Lease (as defined below). This Summary is not intended to be a detailed or complete description of this Lease, and reference must be made to the other Sections below for the particulars of this Lease. In the event of any inconsistency between the terms of this Summary and any other provision of this Lease, such other provision shall prevail. Capitalized terms used elsewhere in this Lease and not defined elsewhere shall have the meanings given them in this Summary.

**Effective Date:** \_\_\_\_\_, 20\_\_.

**Tenant:** Guava & Java (SFO) Inc.  
a California Corporation

**Tenant's Notice  
Address:** 10726 Falls Pointe Drive  
Great Falls, Virginia 22066  
Attn: Rita Bhasker  
Fax No. (703) 759-6816  
Tel. No. (703) 501-4800

**City:** The City and County of San Francisco, a municipal corporation,  
acting by and through its Airport Commission.

**City's Notice  
Address:** San Francisco International Airport  
International Terminal, North Shoulder Bldg., 5th Floor  
Attn: Airport Director  
P. O. Box 8097  
San Francisco, CA 94128  
Fax No. (650) 821-5005  
Tel. No. (650) 821-5000

**City's Rent  
Payment Address:** San Francisco International Airport  
Attn: Accounting  
575 N. McDonnell Road, 2<sup>nd</sup> Floor  
P. O. Box 7743  
San Francisco, CA 94120

**City's Insurance/  
Deposit Notice  
Address:** San Francisco International Airport  
Attn: Revenue Development and Management  
575 N. McDonnell Road, Suite 3-329  
P. O. Box 8097  
San Francisco, CA 94128  
Fax No. (650) 821-4519  
Tel. No. (650) 821-4500

Summary, Page i

**Premises:** The following facilities in the Domestic Terminal at the San Francisco International Airport, comprised of approximately 1200 1383 total square feet of space, as described on the attached Exhibit A, broken down as follows:

<u>Space</u>	<u>Terminal</u>	<u>App Sq FT</u>
T3.2.012G (closed 4-2012)	3	400
E.2.315 (Replacement Premises)	3	583
C.2.022	1	800

**Relevant Boarding Area:** Boarding Area "E"  
(S4)

**Term:** Development Term, plus the Operating Term, collectively.  
(S2)

**Delivery Date:** The date on which the Director gives notice to Tenant that a facility is ready for Tenant to take possession and commence Tenant's work.  
(S2)

**Development Term** is the period commencing on the delivery date of the Premises (the "**Commencement Date**") ending at 11:59 p.m. on the day prior to the Rent Commencement Date.

**Operating Term** is the period commencing on the Rent Commencement Date, and ending at 11:59 p.m. on the day prior to the tenth (10<sup>th</sup>) anniversary thereof (the "**Expiration Date**").

**Adjusted Term:** The period commencing on the earlier date of (a) the Replacement Premises is open for business or (b) the majority of gates in Boarding Area E are occupied as determined by the Airport Director and ending at 11:59 p.m. on the day prior to the tenth (10<sup>th</sup>) anniversary thereof (the "**Expiration Date**").

**Rent Commencement Date:** With respect to each Facility, the Rent Commencement Date shall be the date that is the earlier of (a) the date on which the Tenant's Work (as defined below) is substantially complete and Tenant opens for business therein, and (b) the majority of gates in Boarding Area E become operational, regardless of whether Tenant is open for business in Boarding Area E.  
(S4)

Actual Dates (to be inserted upon determination):

Commencement Date: June 4, 2004

Development Term: June 4, 2004 - March 14, 2015

Operating Term: March 15, 2005 - March 14, 2015

Expiration Date: March 14, 2015 11:59 p.m.

Adjusted Expiration Date: October 31, 2023 11:59 p.m.

**Reference Year:** The calendar year immediately prior to the year in which this Lease is awarded: 2002.  
(S4)

**Permitted Use:** The operation of a quick-serve facility, on a non-exclusive basis, as described on the attached Exhibit B.  
(S3)

**Base Rent:** Per Lease Year (as defined below), the greater of the MAG (as defined below) or the following sum (such sum being referred to herein as the "**Percentage Rent**"):  
(§4)

- (a) 6% of Gross Revenues (as defined below) achieved up to and including \$600,000, plus,
- (b) 8% of Gross Revenues achieved from \$600,000.01 up to and including \$1,000,000, plus,
- (c) 10% of Gross Revenues achieved over \$1,000,000.

(For purposes of the above formula, the Gross Revenues achieved from all Facilities and all other operations of Tenant under this Lease such as catering to the extent permitted shall be aggregated.)

**Lease Year:** The period commencing on January 1 and ending on December 31 of each year.  
(§4)

**Minimum Annual Guarantee:** Forty Eight Thousand Dollars (\$48,000) per annum; Four Thousand (\$4,000) per month, based on \$40 per square foot, subject to annual adjustments upward as described below.  
(§4)

**MAG Adjustment Date:** January 1 of each year  
(§4)

**Rent:** Base Rent, together with all other amounts owing by Tenant to City hereunder.  
(§4)

**Deposit Amount:** Equal to one-half (1/2) of the then current MAG (subject to adjustment).  
(§13)

**Minimum Investment Amount:** With respect to the original Premises, Two Hundred Fifty Dollars (\$250) per square foot. Unless otherwise waived by Director, the foregoing Minimum Investment Amount is applicable to each Facility and may not be considered in the aggregate across all Facilities. Minimum Investment Amount: Three Hundred Thousand Dollars (\$300,000).  
(§7)

With respect to Replacement Premises Space No. E.2.315, the Minimum Investment Amount applicable is **Three Hundred Fifty Dollars (\$350)** per square foot which equals **Two Hundred Four Thousand and Fifty Dollars (\$204,050)**.

**Tenant Infrastructure and Food Court Fees :** Tenant Infrastructure Fee  
Per Lease Year for original Premises: Eighteen Thousand Dollars (\$18,000); calculated at Fifteen Dollars (\$15.00) per square foot comprising the Premises.  
(\$4)

Food Court Fee  
Per Lease Year for original Premises: Six Thousand Dollars (\$6,000); calculated at Fifteen Dollars (\$15.00) per square foot for each facility (if any) located in a food court.

With respect to Replacement Premise Space No. E.2.315, the Tenant Infrastructure and Food Court Fee Combined per Lease Year is: **Eight Thousand Five Hundred Sixty Four Dollars (\$8,564)**; calculated at **Fourteen Dollars Sixty Nine Cents (\$14.69)** per square foot of the Premises.

**Food Court Maintenance Fee:** For the first lease year, \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), subject to annual adjustments. (amount to be inserted after 2013/2014 food court maintenance fee calculation is completed in May or June 2013)  
(\$4)

**Initial Promotional Charge** One Dollar (\$1.00) per square foot of the Premises (subject to adjustment)  
(\$11)

**Resolution:** Number 03-0191, approved by the Airport Commission on September 29, 2003.  
Number 11-0082, approved by the Airport Commission on April 5, 2011.  
Number 12-0056, approved by the Airport Commission on March 20, 2012.

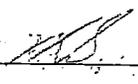
**Initial Tenant Representative:** Rita Bhasker  
Tel. No. (703) 501-4800  
(\$3)

**Other Agreements:** N/A  
(\$13)

**Exhibits:** A – Premises  
B – Use and Operational Requirements  
C-1 – Form of Performance Bond  
C-2 – Form of Letter of Credit  
D – Tenant Work Letter

All such exhibits are incorporated into this Lease and made a part hereof.

Initial of Authorized Representative of City \_\_\_\_\_

Initial of Authorized Representative of Tenant  \_\_\_\_\_

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Summary, Page iv

LEASE: DOMESTIC FOOD & BEVERAGE LEASE NO. 03-0191  
TENANT: GUAVA & JAVA (SFO) INC.

**AMENDMENT NO. 2 TO  
DOMESTIC FOOD AND BEVERAGE LEASE NO. 03-0199  
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

THIS AMENDMENT NO. 2 TO DOMESTIC TERMINAL FOOD AND BEVERAGE LEASE NO. 03-0199 AT THE SAN FRANCISCO AIRPORT ("Amendment No. 2"), dated as of March 20, 2012 for reference purposes only, is entered by and between the between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the "City"), acting by and through the SAN FRANCISCO AIRPORT COMMISSION (the "Airport"), as landlord, and BURGER JOINT, INC. D/B/A MISSION BAR & GRILL, as tenant (the "Tenant").

**RECITALS**

A. The Airport and Tenant entered into Lease No. 03-0199, approved by Airport Commission Resolution No. 03-0199 on September 29, 2003, dated as of March 10, 2004 (the "Original Lease") for certain food and beverage space located at the Airport in Boarding Area E of Terminal 3.

B. Under the Original Lease Section 2.5, on May 22, 2009, the Airport Commission approved the early exercise of the option term of the Lease

C. As part of the Airport's ongoing facilities improvement efforts, on April 14, 2011, the Airport closed Boarding Area E for approximately one calendar year for major renovations ("Renovation Period").

D. On April 5, 2011, the Airport Commission approved Amendment No. 1 under Resolution No. 11-0083, approving the conditions for the suspension and reinstatement of the Minimum Annual Guarantee, Tenant Infrastructure Fee, and Food Court Fee related to the Renovation Period.

E. The Original Lease, as amended by Lease Amendment No.1 and by this Amendment No. 2 shall be referred to from time to time collectively herein as the "Lease".

F. Due to changes in the proposed design of Boarding Area E, a complete demolition of Tenant's original premises is required, resulting in the extension of the Renovation Period, mentioned in Recital C above, by an additional eighteen (18) months until approximately November 1, 2013.

G. As a result of the revised Renovation Period extension, the Airport Commission adopted Resolution No. 12-0057 on March 20, 2012, approving certain amendments to the Lease such as replacement premises, reimbursement of unamortized construction investments, new commencement date, and other related provisions, on the terms and conditions set forth herein.

H. Airport and Tenant agree to the amendments set forth in this Lease Amendment No. 2. All capitalized terms not otherwise defined herein shall have the meaning given to them in the Lease.

NOW, THEREFORE, in consideration of the foregoing and for valuable consideration the sufficiency of which is hereby acknowledged, City and Tenant hereby agree to amend the Lease as follows:

## AGREEMENT

1. **Recitals.** The foregoing recitals are true and correct and are incorporated herein by reference as if fully set forth herein.
2. **Effective Date.** The effective date of the modifications to the Lease contained in this Lease Amendment No. 2 shall be the date upon which the Airport Director executes this amendment.
3. **Lease Summary.** The Lease Summary is hereby deleted in its entirety and replaced with the Attachment 1 titled "Major Lease Term Summary", attached hereto and made a part of this Lease that identifies New Premises; an Adjusted Term; Adjusted Dates; an Adjusted Minimum Investment Amount; an Adjusted Tenant Infrastructure Fee; and, an Adjusted Food Court Fee.
4. **Premises.** Exhibit A is hereby deleted in its entirety and replaced with the following:

"Exhibit A - Premises. A total of one facility, comprising approximately 2680 square feet of concession space located in Terminal 3, Boarding Area E, specifically referenced as E.2.330A Boarding Area E, as shown on the attached drawings."

5. **Term.** Section 2.5, City's Right to Extend the Term, is hereby deleted in its entirety.
6. **Rent.** Section 4.14 Boarding Area E Renovation is hereby deleted in its entirety and replaced with the following:

### 4.14 Boarding Area E Renovation.

- (a) Boarding Area E Renovation Period. The Renovation Period, as defined in Recital Paragraph B above, shall commence in or around on April 14, 2011, continue for approximately two and one half calendar years and shall end when the Airport Director, in his sole and absolute discretion, determines that the renovations are complete.
- (b) Minimum Annual Guarantee ("MAG") and Other Fees. During the Renovation Period, the MAG, Tenant Infrastructure Fee, and Food Court Fee shall be suspended for Tenant's facility in Boarding Area E.

- (c) MAG Reinstatement. At the end of the Renovation Period, the MAG shall be reinstated. The MAG shall be subject to annual adjustments as specified in Lease Section 4.
- (d) Tenant Infrastructure Fee and Food Court Fee Reinstatement. At the end of the Renovation Period, the Tenant Infrastructure Fee and Food Court Fee shall be reinstated in accordance with the Lease.

7. A new Lease Section 19.28 is hereby added to the Lease:

"Lease Section 19.28 Airport's Sustainable Food Guideline. In compliance with Executive Directive No. 09-03 issued by the Office of the Mayor on July 9, 2009, the Airport has established a 16-point Sustainable Food Guideline (the "Airport's Sustainable Food Guideline") that promotes public health, environmental sustainability, and social responsibility.

A. The following must be adhered to throughout the term of the Lease.

Tenants must feature:

- 1. Displays that promote healthy eating and good environmental stewardship
- 2. Visible food preparation areas
- 3. Portion sizes which support good health
- 4. Portion-appropriate menu items for children

Tenants must use:

- 5. Low- or non-phosphate detergents
- 6. Compostable, bio-resin bottles or paper boxes for all bottled water sales
- 7. Un-bleached paper products and compostable To Go containers and utensils

To the very greatest extent possible, Tenants must use:

- 8. Organic agricultural products from the Northern California region
- 9. Agricultural products that have not been genetically modified
- 10. Organic or all-natural meat from animals treated humanely and without hormones or antibiotics
- 11. rBST-free cheese, milk, yogurt and butter
- 12. Cage-free, antibiotic-free eggs"

8. Reimbursement. The City shall reimburse the Tenant for the unamortized cost of improvements to the original premises in an amount of Four Hundred Fifty Five Thousand One Hundred Thirty Four Dollars (\$455,134), subject to the i) reimbursement terms contained in the Airport letter dated March 8, 2012 and the ii) memorandum on file with the Airport Commission Secretary for Resolution No.12-0057, incorporated herein by reference and made a part of this Lease.

9. Entire Agreement. This Amendment No. 2 contains all of the representations and the entire agreement between the parties with respect to the subject matter of this agreement. Any prior correspondence, memoranda, agreements, warranties, or written or oral representations relating to the subject matter of the Amendment No. 2 are superseded in their entirety by this

Amendment No. 2. No prior drafts of this Amendment No. 2 or changes between those drafts and the executed version of this Amendment No. 2 shall be introduced as evidence in any litigation or other dispute resolution proceeding by any party or other person, and no court or other body should consider such drafts in interpreting this Amendment No. 2.

10. **Miscellaneous.** This Amendment No. 2 shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto. This Amendment No. 2 is made for the purpose of setting forth certain rights and obligations of Tenant and the Airport, and no other person shall have any rights hereunder or by reason hereof as a third party beneficiary of otherwise.

Each party hereto shall execute, acknowledge, and deliver to each other party all documents, and shall take all actions, reasonably requested by such other party from time to time to confirm or effect the matters set forth herein, or otherwise to carry out the purposes of this Amendment No. 2. This Amendment No. 2 may be executed in counterparts with the same force and effect as if the parties had executed one instrument, and each such counterpart shall constitute an original hereof. No provision of this Amendment No. 2 that is held to be inoperative, unenforceable or invalid shall affect the remaining provisions, and to this end all provisions hereof are hereby declared to be severable. Time is of the essence of this Amendment No. 2. This Amendment No. 2 shall be governed by the laws of the State of California. Neither this Amendment No. 2 nor any of the terms hereof may be amended or modified except by a written instrument signed by all the parties hereto.

11. **Full Force and Effect.** Except as specifically amended herein, the terms and conditions of the Lease shall remain in full force and effect.

///

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Airport and the Tenant execute this Amendment No. 2 to the Lease as of the last date set forth below.

**CITY:** CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation,  
acting by and through its Airport Commission

\_\_\_\_\_  
John L. Martin  
Airport Director

**TENANT:** BURGER JOINT, INC. dba MISSION BAR & GRILL,  
a California corporation

By: \_\_\_\_\_  
Name: Nidal S. Nazzal

Title: President and Owner

AUTHORIZED BY AIRPORT  
COMMISSION

Resolution No. 12-0057  
Adopted: March 20, 2012

Attest: \_\_\_\_\_  
Secretary  
Airport Commission

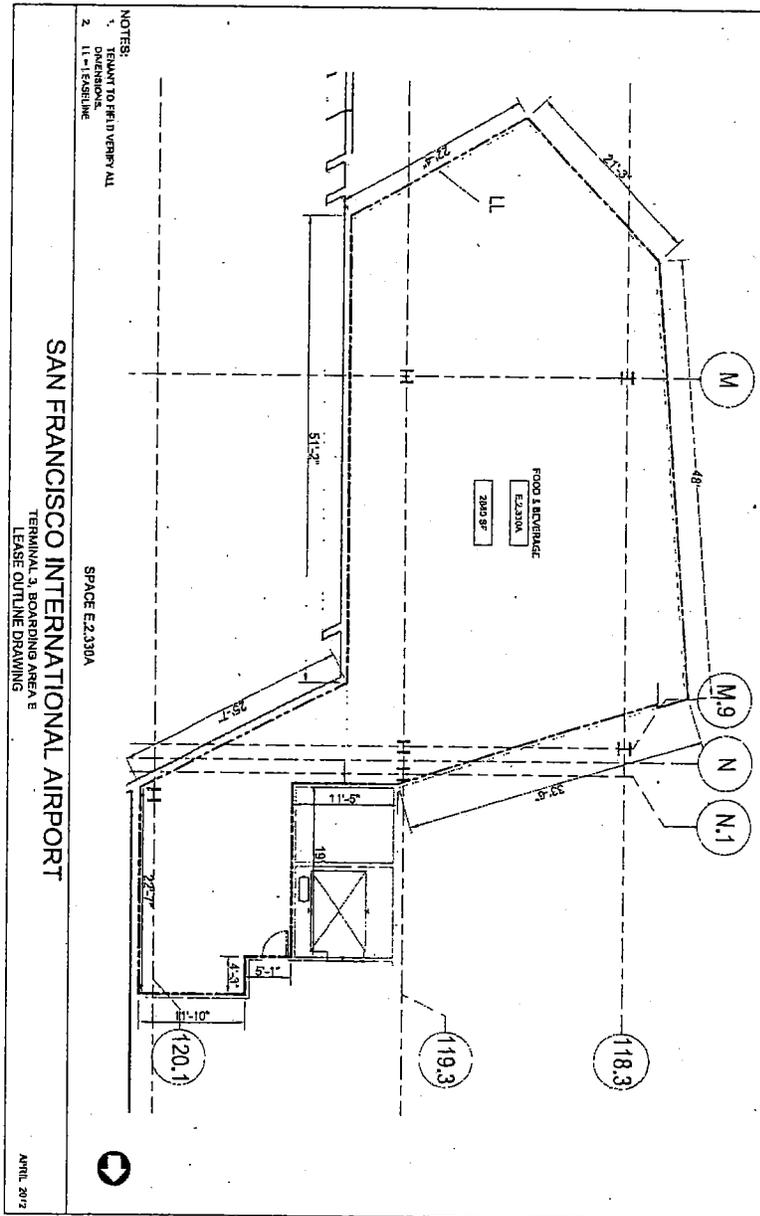
APPROVED AS TO FORM:  
DENNIS J. HERRERA,  
City Attorney

By: \_\_\_\_\_  
Deputy City Attorney

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Burger Joint, Inc. dba Mission Bar & Grill  
Amendment No. 2 to Lease No. 03-0199

Exhibit A Premises  
T3 Boarding Area E  
Space E.2.330A  
Approximately 2680 Square Feet



**FORM SFEC-126:**  
**NOTIFICATION OF CONTRACT APPROVAL**  
 (S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, SF Board of Supervisors	City elective office(s) held: Members, SF Board of Supervisors

<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: <b>Burger Joint, Inc. d/b/a Mission Bar and Grill</b>	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i>	
<b>Nidal S. Nazzal, President</b>	
Contractor address: <b>807 Valencia Street, San Francisco, CA 94110</b>	
Date that contract was approved:	Amount of contract: <b>Current MAG \$78,680</b>
Describe the nature of the contract that was approved: <b>Lease awarded through an RFP process. Amendment 1 precipitated by temporary closure of Boarding Area E in which the premises is located. Amendment 2 seeks to remedy costs associated with demolition and rebuilding of facilities.</b>	
Comments: <b>Airport Commission approved Amendment No. 2 providing Replacement Premises, new Commencement Date, adjustment of Minimum Annual Guarantee, addition of Airport Food Sustainability Guideline and reimbursement of Investment Costs.</b>	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form  
 a board on which the City elective officer(s) serves San Francisco Board of Supervisors  
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer: <b>Angela Calvillo, Clerk of the Board of Supervisors</b>	Contact telephone number: <b>(415) 554-5184</b>
Address: <b>1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102-4689</b>	E-mail: <b>Board.of.Supervisors@sfgov.org</b>

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

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**NOTIFICATION OF CONTRACT APPROVAL**  
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<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s):	City elective office(s) held:
Members, SF Board of Supervisors	Members, SF Board of Supervisors
<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor:	
<b>Luna Azul dba Jalapeno Taqueria</b>	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i>	
<b>Jonathan Leong, President</b>	
Contractor address:	
<b>101 4<sup>th</sup> Street #162, San Francisco, CA 94103</b>	
Date that contract was approved:	Amount of contract:
	<b>Current MAG \$20,240.00</b>
Describe the nature of the contract that was approved: <b>Lease awarded through an RFP process. Amendment 1 precipitated by temporary closure of Boarding Area E in which the premises is located. Amendment 2 seeks to remedy costs associated with demolition and rebuilding of facilities.</b>	
Comments: <b>Airport Commission Approved Amendment No. 2 providing Replacement Premises, new Commencement Date, adjustment of Minimum Annual Guarantee, addition of Airport Food Sustainability Guideline and reimbursement of Investment Costs.</b>	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves San Francisco Board of Supervisors  
 Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

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Address:	E-mail:
<b>1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102-4689</b>	<b>Board.of.Supervisors@sfgov.org</b>

\_\_\_\_\_  
 Signature of City Elective Officer (if submitted by City elective officer)

\_\_\_\_\_  
 Date Signed

\_\_\_\_\_  
 Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

\_\_\_\_\_  
 Date Signed

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**NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> (Please print clearly.)	
Name of City elective officer(s):	City elective office(s) held:
Members, SF Board of Supervisors	Members, SF Board of Supervisors
<b>Contractor Information</b> (Please print clearly.)	
Name of contractor: BaySubway Airport d/b/a Subway	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.	
Robert W. Jones, Owner	
Contractor address: 1457 Lake Street, San Francisco, CA 94118	
Date that contract was approved:	Amount of contract: \$52,280
Describe the nature of the contract that was approved: Lease awarded through an RFP process. Amendment 1 precipitated by temporary closure of Boarding Area E in which the premises is located. Amendment 2 seeks to remedy costs associated with demolition and rebuilding of facilities.	
Comments: Airport Commission Approved Amendment No. 2 providing Replacement Premises, new Commencement Date, adjustment of Minimum Annual Guarantee, addition of Airport Food Sustainability Guideline and reimbursement of Investment Costs.	

This contract was approved by (check applicable):

- the City elective officer(s) identified on this form
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors  
Print Name of Board
- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits
- Print Name of Board

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Name of filer: Angela Calvillo, Clerk of the Board of Supervisors	Contact telephone number: (415) 554-5184
Address: 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102-4689	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

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<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, SF Board of Supervisors	City elective office(s) held: Members, SF Board of Supervisors

<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: <b>Guava and Java (SFO), Inc.</b>	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary. <b>Rita Bhasker, President</b> <b>David Sterling, Vice President</b>	
Contractor address: <b>1040 Walker Mill Road</b> <b>Great Falls, VA 22066</b>	
Date that contract was approved:	Amount of contract: <b>Current MAG \$48,000</b>
Describe the nature of the contract that was approved: <b>Lease awarded through an RFP process. Amendment 1 precipitated by temporary closure of Boarding Area E in which the premises is located. Amendment 2 seeks to remedy costs associated with demolition and rebuilding of facilities.</b>	
Comments: <b>Airport Commission Approved Amendment No. 2 providing Replacement Premises, new Commencement Date, adjustment of Minimum Annual Guarantee, addition of Airport Food Sustainability Guideline and reimbursement of Investment Costs.</b>	

This contract was approved by (check applicable):

- the City elective officer(s) identified on this form
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Print Name of Board
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Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

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Date Signed

