

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 14-0177

APPROVAL OF AN EARLY TERMINATION AND BUYOUT OF BAYSUBWAY
AIRPORT'S DOMESTIC TERMINAL FOOD AND BEVERAGE PROGRAM LEASE
NO. 03-0185 IN AN AMOUNT NOT-TO-EXCEED \$1,200,000.00

WHEREAS, Baysubway Airport's ("Subway") Domestic Terminal Food and Beverage Program Lease No. 03-0185 ("Lease") is comprised of two (2) facilities located in Terminal 3: one on the mezzanine level and a second location in Boarding Area E; and

WHEREAS, due to the renovation of Boarding Area E, the Airport required the permanent closure of Subway's location in Boarding Area E; and

WHEREAS, pursuant to Resolution No. 12-0054, the Commission approved Amendment No. 2 to the Lease and Replacement Premises were offered and accepted by Subway in the renovated Boarding Area E; and

WHEREAS, Amendment No. 2 also added a new term of ten (10) years from the date the Replacement Premises in Boarding Area E opened for business; and

WHEREAS, due to design changes to the Boarding Area E project, the Airport was not able to deliver the Replacement Premises or find a comparable location in other parts of the Airport; and

WHEREAS, Airport staff believes an early termination and buyout of Subway's Lease is appropriate; and

WHEREAS, Airport staff negotiated the buyout amount not-to-exceed \$1,200,000.00 based on earnings to Subway which were forecast over the remaining term of the Lease; and

WHEREAS, Subway has agreed to \$1,200,000.00 as a fair and reasonable amount for the Airport to buyout the remainder of the Lease term, less any outstanding amount owed to the Airport, upon termination of the Lease; and

WHEREAS, Subway also waives any further claims associated with this Lease as a condition of an early termination and buyout of the Lease; now, therefore, be it


RESOLVED, that the Airport Commission hereby approves an early termination and buyout of Baysubway Airport's Domestic Terminal Food and Beverage Program Lease No. 03-0185 in an amount not-to-exceed \$1,200,000.00; and, be it further

RESOLVED, that the Commission Secretary is hereby directed to seek approval of this early Lease termination and buyout from the Board of Supervisors pursuant to Charter Section 9.118.

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

at its meeting of _____

SEP 09 2014



Secretary