

As Amended in Committee 5/5/10

FILE NO. 100352

RESOLUTION NO. _____

1 [Airline and Airport Lease and Use Agreement Modifications and Lease and Operating
2 Agreement Modifications with Various Airlines]

3
4 **Approving modifications to the terms of eight (8) Airline/Airport Lease and Use**
5 **Agreements and eleven (11) Lease and Operating Agreements between City and**
6 **various Airlines to allow such Airlines to modify the rental of Terminal Space and**
7 **modify the terms of one (1) Airline/Airport Lease and Use Agreement to allow for early**
8 **termination of said Lease and Use Agreement.**

9
10 WHEREAS, Various airlines conduct flight operations at San Francisco International
11 Airport pursuant to Airline/Airport Lease and Use Agreements which terminate on
12 June 30, 2011, including: American Airlines, Inc. – L82-0111; China Airlines Limited –
13 L82-0315; Delta Air Lines, Inc. – L82-0115; Japan Airlines International Company Limited –
14 L82-0117; Compania Mexicana de Aviacion S.A. de C. V. dba Mexicana Airlines – L83-0045;
15 Northwest Airlines, Inc. – L82-0119; Philippine Airlines, Inc. – L82-0317; Singapore Airlines
16 Limited – L82-0124; and United Air Lines, Inc. – L82-0126 (collectively, the “Lease and Use
17 Airlines”) and (collectively, the “Lease and Use Agreements”); and

18 WHEREAS, Various airlines conduct flight operations at San Francisco International
19 Airport pursuant to Lease and Operating Agreements which terminate on June 30, 2011,
20 including: Air China Limited – L99-0315; Air France – L99-0316; All Nippon Airways
21 Corporation Limited – L99-0319; Asiana Airlines – L99-0318; British Airways, PLC –
22 L99-0320; Cathay Pacific Airways Limited – L99-0321; EVA Airways Corporation – L99-0323;
23 Korean Airlines Company Limited – L99-325; Lineas Aereas Costarricenses, S.A., dba,
24 LACSA Airlines – L99-0327; Deutsche Lufthansa, AG, dba Lufthansa German Airlines –
25 L99-0328; and Virgin Atlantic Airways Limited Company – L99-0331, (collectively, the “Lease

1 and Operating Airlines”) and (collectively, the “Lease and Operating Agreements”); and

2 WHEREAS, the Airport Commission of the City and County of San Francisco (the
3 “City”), the Lease and Use Airlines, with the exception of Northwest Airlines, and the Lease
4 and Operating Airlines (collectively, the “Airlines”) have negotiated a new Lease and Use
5 Agreement to take effect July 1, 2011 (the “Lease”) for a term of ten (10) years; and

6 WHEREAS, Conditioned upon execution of the Lease, the City and Airlines now desire
7 to amend the terms of the Lease and Use Agreements and the Lease and Operating
8 Agreements (collectively, the Agreements”) to reflect a reduction of rental of terminal space
9 for Fiscal Year 2010/2011 (collectively, the “Modifications”), the last year of said Agreements,
10 as described on Attachment A hereto; and

11 WHEREAS, The City also desires to authorize the Airport Director to enter into non-
12 material modifications to the Agreements, including changes to the demised premises of not-
13 to-exceed ten percent (10%) of the leased square footage, that the City, in consultation with
14 the City Attorney, determines are in the best interests of the Commission and necessary to
15 effectuate the purposes of the Agreements and are in compliance with all applicable laws,
16 including the City’s Charter; and

17 WHEREAS, The Commission approved the following Modifications to the respective
18 Lease and Use Agreements on March 16, 2010, by adoption of the Resolutions as follows:
19 American Airlines, Inc. – L82-0111, Modification No. 10 by Resolution No. 10-0100; China
20 Airlines Limited – L82-0315, Modification No. 3 by Resolution No. 10-0101; Delta Air Lines,
21 Inc. – L82-0115, Modification No 7 by Resolution No. 10-0102; Japan Airlines International
22 Company Limited – L82-0117, Modification No. 3 by Resolution No. 10-0103; Compania
23 Mexicana de Aviacion S.A. de C. V. dba Mexicana Airlines – L83-0045, Modification No. 5 by
24 Resolution No. 10-0104; Philippine Airlines, Inc. – L82-0317, Modification No. 5 by Resolution
25 No. 10-0106; Singapore Airlines Limited – L82-0124, Modification No. 3 by Resolution No. 10-

1 0107; and United Air Lines, Inc. – L82-0126, Modification No. 17 by Resolution No. 10-0108;
2 and

3 WHEREAS, The Commission approved the following Modifications to the respective
4 Lease and Operating Agreements on March 16, 2010, by adoption of the Resolutions as
5 follows: Air China Limited – L99-0315, Modification No. 1 by Resolution No. 10-0109; Air
6 France – L99-0316, Modification No. 1 by Resolution No. 10-0110; All Nippon Airways
7 Corporation Limited – L99-0319, Modification No. 1 by Resolution No. 10-0111; Asiana
8 Airlines – L99-0318, Modification No. 1 by Resolution No. 10-0112; British Airways, PLC –
9 L99-0320, Modification No. 1 by Resolution No. 10-0113; Cathay Pacific Airways Limited –
10 L99-0321, Modification No. 2 by Resolution No. 10-0114; EVA Airways Corporation – L99-
11 0323, Modification No. 1 by Resolution No. 10-0115; Korean Airlines Company Limited – L99-
12 325, Modification No. 1 by Resolution No. 10-0116; and Lineas Aereas Costarricenses, S.A.,
13 dba, LACSA Airlines – L99-0327, Modification No. 1 by Resolution No. 10-0117; Deutsche
14 Lufthansa, AG, dba Lufthansa German Airlines – L99-0328, Modification No. 1 by Resolution
15 No. 10-0118; Virgin Atlantic Airways Limited Company – L99-0331, Modification No. 1 by
16 Resolution No. 10-0119; and

17 WHEREAS, Northwest Airlines (“Northwest”) has been acquired by Delta Air Lines, Inc.
18 (“Delta”) which resulted in the integration of Northwest into Delta, as approved by the Federal
19 Aviation Administration on December 31, 2009; and

20 WHEREAS, Northwest and City now desire to execute Modification No. 9 to
21 Northwest’s Lease and Use Agreement L-82-0119 to provide for the early termination of the
22 Lease effective June 30, 2010; and

23 WHEREAS, Said Modification to Northwest’s Lease and Use Agreement is deemed to
24 be in the Commission’s best interest and does not materially increase the obligations or
25 liabilities of the Commission; and

1 WHEREAS, The Commission adopted Resolution Number 10-0105 on March 16,
2 2010, approving Modification No. 9 to provide for the early termination of the Northwest Lease
3 and Use Agreement; and

4 WHEREAS, A copy of the Modifications are on file with the Clerk of the Board of
5 Supervisors in File No. 100352, which is hereby declared to be part of this resolution as if set
6 forth fully herein; now, therefore be it

7 RESOLVED, That this Board of Supervisors approves Modifications to the Lease and
8 Use Agreements with American Airlines, Inc. – L82-0111, Modification No. 10 by Resolution
9 No. 10-0100; China Airlines Limited – L82-0315, Modification No. 3 by Resolution No. 10-
10 0101; Delta Air Lines, Inc. – L82-0115, Modification No 7 by Resolution No. 10-0102; Japan
11 Airlines International Company Limited – L82-0117, Modification No. 3 by Resolution No.10-
12 0103; Compania Mexicana de Aviacion S.A. de C. V. dba Mexicana Airlines – L83-0045,
13 Modification No. 5 by Resolution No.10-0104; Northwest Airlines, Inc. – L82-0119,
14 Modification No. 9 by Resolution No. 10-0105; Philippine Airlines, Inc. – L82-0317,
15 Modification No. 5; by Resolution No. 10-0106; Singapore Airlines Limited – L82-0124,
16 Modification No. 3 by Resolution No. 10-0107; and United Air Lines, Inc. – L82-0126,
17 Modification No. 17 by Resolution No. 10-0108, subject to Human Rights Commission’s
18 determination that said Airlines are in compliance with or exempt from the requirements of
19 Chapter 12B of the City’s Administrative Code; and, be it further

20 RESOLVED, That this Board of Supervisors approves Modifications to the Lease and
21 Operating Agreements with Air China Limited – L99-0315, Modification No. 1 by Resolution
22 No. 10-0109; Air France – L99-0316, Modification No. 1 by Resolution No. 10-0110; All
23 Nippon Airways Corporation Limited – L99-0319, Modification No. 1 by Resolution No. 10-
24 0111; Asiana Airlines –L99-0318, Modification No. 1 by Resolution No. 10-0112; British
25 Airways, PLC – L99-0320, Modification No. 1 by Resolution No. 10-0113; Cathay Pacific

1 Airways Limited – L99-0321, Modification No. 2 by Resolution No. 10-0114; EVA Airways
2 Corporation – L99-0323, Modification No. 1 by Resolution No. 10-0115; Korean Airlines
3 Company Limited – L99-325, Modification No. 1 by Resolution No. 10-0116; and Lineas
4 Aereas Costarricenses, S.A., dba, LACSA Airlines – L99-0327, Modification No. 1 by
5 Resolution No. 10-0117; Deutsche Lufthansa, AG, dba Lufthansa German Airlines –
6 L99-0328, Modification No. 1 by Resolution No. 10-0118; Virgin Atlantic Airways Limited
7 Company – L99-0331, Modification No. 1 by Resolution No. 10-0119, subject to Human
8 Rights Commission’s determination that said Airlines are in compliance with or exempt from
9 the requirements of Chapter 12B of the City’s Administrative Code; and, be it further

10 RESOLVED, That this Board of Supervisors approves Modification No. 9 to Lease and
11 Use Agreement L82-0119 with Northwest Airlines to provide for early termination effective
12 June 30, 2010; and, be it further

13 RESOLVED, That this Board of Supervisors authorizes the Airport Director to enter into
14 non-material modifications to the Agreements, including changes to the demised premises of
15 not-to-exceed ten percent (10%) of the leased square footage, that the Commission, in
16 consultation with the City Attorney, determines are in the best interests of the Commission
17 and necessary to effectuate the purposes of the Agreements and are in compliance with all
18 applicable laws, including the City’s Charter.

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ATTACHMENT A

Airline/Airport Lease & Use Agreement Modifications

Table 1 - Exclusive Use Space (in square feet)

	Airline	Lease #	Mod. #	Changes in Categories of Rent				
				Cat I	Cat II	Cat III	Cat IV	Cat V
1	American Airlines	L82 - 0111	10	23,909	31,017	35,254	35,005	-
2	China Airlines	L82 - 0315	3	-	3,249	-	-	-
3	Delta Air Lines ¹	L82 - 0115	7	19,489	28,190	20,367	8,481	-
4	Japan Airlines	L82 - 0117	3	-	6,547	-	-	-
5	Mexicana Airlines	L83 - 0045	5	-	-	1,599	-	594
6	Northwest Airlines	L82-0119	9	-	-	-	-	-
7	Philippine Airlines	L82 - 0317	5	-	4,192	-	-	-
8	Singapore Airlines	L82 - 0124	3	-	5,190	588	-	-
9	United Air Lines	L82 - 0126	17	68,485	94,187	71,297	191,207	21,610

¹ Delta's lease modification will include space formerly leased to Northwest Airlines due to the merger of the two airlines.

Lease & Operating Agreement Modifications

Table 2 - Exclusive Use Space (in square feet)

	Airline	Lease #	Mod. #	Changes in Categories of Rent				
				Cat I	Cat II	Cat III	Cat IV	Cat V
1	Air China	L99 – 0315	1	-	1,325	-	-	-
2	Air France	L99 – 0316	1	-	4,673	537	-	-
3	All Nippon Airways	L99 – 0319	1	-	1,777	-	-	-
4	Asiana Airlines	L99 – 0318	1	-	1,789	-	-	-
5	British Airways	L99 – 0320	1	-	8,917	1,236	-	-
6	Cathay Pacific Airways	L99 – 0321	2	-	2,604	-	-	-
7	EVA Airways	L99 – 0323	1	-	4,056	495	-	-
8	Korean Airlines	L99 – 0325	1	-	1,534	421	-	-
9	LACSA Airlines	L99 – 0327	1	-	672	-	-	-
10	Lufthansa German Airlines	L99 – 0328	1	-	2,292	1,023	-	-
11	Virgin Atlantic	L99 – 0331	1	-	4,898	425	-	-

ATTACHMENT A

Table 3 - Joint Use Space (in square feet)

Joint Use Space	Categories of Rent				
	Cat I	Cat II	Cat III	Cat IV	Cat V
International Terminal	138,367	214,307	12,025	265,400	1,888
Total = 631,987 square feet					
Terminal 1	-	216	-	791	-
Total = 1,007 square feet					
Terminal 2	-	13,006	-	78,957	-
Total = 91,963 square feet					
Terminal 3	-	-	-	-	-
Total = 0 square feet					