

File No. 110210

Committee Item No. 2
Board Item No. 6

COMMITTEE/BOARD OF SUPERVISORS
AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance SUB-Committee Date: March 30, 2011

Board of Supervisors Meeting Date April 5, 2011

Cmte Board

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Completed by: Victor Young
Completed by: Victor Young

Date: March 25, 2011
Date: 3-31-11

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

1 [Airline/Airport Lease and Use Agreements - Various Airlines]

2
3 **Approving Leases to the terms of eight (8) new Airline/Airport Lease and Use**
4 **Agreements between the City and various airlines, effective July 1, 2011, to allow such**
5 **Airlines to conduct domestic and international flight operations at San Francisco**
6 **International Airport.**

7
8 WHEREAS, various airlines conduct flight operations at San Francisco International
9 Airport (the "Airport") pursuant to Airline/Airport Lease and Use Agreements, or Airline
10 Operating Permits (collectively, the "Agreements"), including: ABX Air, Inc-Permit 3592, Air
11 Berlin PLC & Co. Luftverkehrs KG-Permit 4073, Air Canada-L82-0114, Air Cargo Carriers,
12 LLC-Permit 4112, Air New Zealand Limited-Permit 3684, Ameriflight, LLC-Permit 3605,
13 Hawaiian Airlines, Inc. -Permit 2003, Lan Peru, S.A. -Permit 4113; (collectively, the
14 "Airlines"); and,

15 WHEREAS, the Airport Commission of the City and County of San Francisco (the
16 "City") and Airlines have negotiated a new Lease and Use Agreement to take effect
17 July 1, 2011, (the "Lease") for a term of ten (10) years to provide for the continuation of flight
18 operations by the Airlines at the Airport; and,

19 WHEREAS, the above referenced Airlines desire to lease from City and City desires to
20 lease the said Airlines certain premises at the Airport, as described on Attachment A hereto;
21 and,

22 WHEREAS, the City also desires to authorize the Airport Director to enter into non-
23 material modifications to the Leases, including changes to the demised premises of not-to-
24 exceed ten percent (10%) of the leased square footage, that the Commission, in consultation
25 with the City Attorney, determines are in the best interests of the Commission and necessary

1 to effectuate the purposes of the Leases and are in compliance with all applicable laws,
2 including the City's Charter; and,

3 WHEREAS, the Commission adopted Resolutions on January 18, 2011, approving the
4 new Leases between the Airlines and the City, and authorizing the Airport Director to execute
5 the new Leases, subject to the Airlines complying with Chapter 12B of the City's
6 Administrative Code and other City contracting requirements, or obtaining the appropriate
7 waivers thereto, specifically as follows: ABX Air, Inc. – Lease 11-0005 by Resolution 11-005;
8 Air Berlin PLC & Co Luftverkehrs KG – Lease 11-0006 by Resolution 11-0006; Air Canada, –
9 L11-0007 by Resolution 11-0007; Air Cargo Carriers-LLC – Lease -11-0008 by Resolution
10 11-0008; Air New Zealand Limited – Lease 11-0009 by Resolution 11-0009; Amerflight, LLC.
11 – Lease 11-0010 by Resolution 11-0010; Hawaiian Airlines, Inc. – Lease 11-0011 by
12 Resolution 11-0011; and Lan Peru, S.A – Lease 11-0012 by Resolution 11-001276; and,

13 WHEREAS, a copy of the form of the 2011 Lease and Use Agreement is on file with
14 the Clerk of the Board of Supervisors in File No. 208-10, which is hereby declared to be a part
15 of this resolution as if set forth fully herein; now, therefore, be it

16 RESOLVED, that this Board of Supervisors approves the new Leases with ABX Air,
17 Inc. – L11-0005; Air Berlin PLC & Co. Luftverkehrs KG – L11-0006; Air Canada – L11-0007;
18 Air Cargo Carriers, LLC. – L11-0008; Air New Zealand Limited – L11-0009; Amerflight, LLC –
19 11-0010; Hawaiian Airlines, Inc. L11-0011 and Lan Peru S.A. – 11-0012, subject to the Airlines
20 complying with Chapter 12B of the City's Administrative Code and other City contracting
21 requirements, or obtaining the appropriate waivers thereto; and, be it

22 FURTHER RESOLVED, that this Board of Supervisors authorizes the Airport Director
23 to enter into non-material modifications to the Leases, including changes to the demised
24 premises of not-to-exceed ten percent (10%) of the leased square footage, that the
25 Commission, in consultation with the City Attorney, determines are in the best interests of the

1 Commission and necessary to effectuate the purposes of the Leases and are in compliance
 2 with all applicable laws, including the City's Charter.
 3
 4

5 **Exclusive Use Space Summary (in square feet)**

	Airline	Categories of Rent				
		Cat I	Cat II	Cat III	Cat IV	Cat V
6	1 ABX Air, Inc.	-	-	-	-	-
7	2 Air Berlin PLC & CO. Luftverkehrs KG	-	-	-	-	-
8	3 Air Canada	538	4,905	339	-	-
9	4 Air Cargo Carriers, LLC	-	-	-	-	-
10	5 Air New Zealand Limited	-	297	-	-	-
11	6 Ameriflight, LLC	-	-	-	-	-
12	7 Hawaiian Airlines, Inc.	-	-	-	-	-
13	8 LAN Peru, S. A.	-	1,136	-	-	-

14
 15
 16 **Joint Use Space (in square feet)**

Joint Use Space	Categories of Rent					
	Cat I	Cat II	Cat III	Cat IV	Cat V	
17	<i>International Terminal</i>					
18	Total = 631,987 square feet	138,367	214,307	12,025	265,400	1,888
19	<i>Terminal 3</i>					
20	Total = 32,356 square feet	-	-	2,309	30,047	-

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

March 24, 2011

TO: Budget and Finance Sub-Committee
FROM: Budget and Legislative Analyst
SUBJECT: March 30, 2011 Budget and Finance Sub-Committee Meeting

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Item 2
File 11-0210

Department:
San Francisco International Airport

EXECUTIVE SUMMARY

Legislative Objective

- The proposed resolution would approve eight new leases for a ten-year period from July 1, 2011 through June 30, 2021, between the San Francisco International Airport (Airport) and eight airlines to conduct domestic and international flight operations at the Airport. The eight new leases are with the following airlines: (1) Air Canada, (2) Air New Zealand Limited, (3) LAN Peru, S.A., (4) Air Berlin PLC & Co., (5) Hawaiian Airlines, Inc., (6) ABX Air, Inc., (7) Air Cargo Carriers, LLC, and (8) Ameriflight, LLC.

Key Points

- The rate and fee schedule, which is used to calculate the total rent paid by each airline, is determined by the Airport's residual rate setting methodology, or "breakeven policy," which places the financial risk of balancing the Airport's budget on the airlines, by allowing for automatic rent increases to the airlines to eliminate any projected Airport budgetary shortfalls.
- The proposed resolution would approve the following seven significant changes under the proposed new leases: (1) require airlines to submit all required landing fee payments 30 days earlier than they are due under the existing leases, (2) reduce more expensive, exclusive use space to two airlines, (3) reduce security deposits required for seven of the eight airlines, (4) allow three of the airlines to request a one-time space reduction, on July 1, 2016, (5) consider the new leases for terminal space in default if an airline defaults on any other lease for non-terminal Airport space, (6) increase the insurance requirements, and (7) increase environmental protections.
- The proposed resolution approving eight new airline leases contains the same terms as the leases for 31 airlines at the Airport, effective July 1, 2011 through June 30, 2021, which were previously approved by the Board of Supervisors on May 11, 2010 (File 10-0351) and October 26, 2010 (File 10-1213).

Fiscal Impacts

- In FY 2009-2010 the Airport received \$2,695,742 in landing fees from these eight airlines. In addition, Air Canada and Air New Zealand are projected to pay \$1,939,485 in terminal rental revenues to the Airport in FY 2010-2011. Under the proposed new leases, the Airport anticipates receiving \$1,203,603 of terminal lease revenues in FY 2011-2012 from Air Canada and Air New Zealand, a reduction of \$735,882 as compared to projected FY 2010-2011 rental revenues, due to the reduction in more expensive exclusive use space by these two airlines. Under the proposed eight new leases, the Airport will receive an undetermined amount of landing fees, based on the actual number of landings per airline, adjusted annually to cover all Airport expenses.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

Section 2A.173 of the City's Administrative Code authorizes the Airport to negotiate and execute leases of Airport lands and space in Airport buildings without undergoing a competitive bid process, as long as the original term of the lease does not exceed 50 years.

City Charter Section 9.118 (a) requires the Board of Supervisors approve any agreement which would result in revenues to the City in excess of \$1,000,000.

Residual Rate Setting Methodology

Under the proposed leases, the San Francisco International Airport (Airport) uses a "breakeven policy" known as the residual rate setting methodology to determine the rental rates, landing fees, and related fees used to calculate the total rent to be paid by each airline for use of Airport terminal space¹. The rental rates, landing fees, and related fees charged to the airlines include (a) the cost per square foot charged for the airline's exclusive² use of Airport space, (b) fees for use of space which is shared by multiple airlines³, and (c) various non-space related fees, such as landing fees and aircraft parking fees. Those rental rates, landing fees, and related fees are then used to calculate the total rent payable by each airline to the Airport, such that while the total rent payable by each airline may differ due to (a) the amount of space leased, (b) the type of space leased, and (c) passenger and aircraft traffic, no airline has preferable lease terms over another airline.

The Airport's residual rate setting methodology, otherwise referred to as the breakeven policy, is a formula which sets the schedule of all rental rates, landing fees, and related fees to a level which ensures that Airport revenues received from the airlines, plus the non-airline revenues received by the Airport, are equal to the Airport's total annual costs, including debt service and operating expenditures. According to this methodology, prior to the beginning of each fiscal year, the Airport first determines the total airline rent revenues needed to balance the Airport's budget in the upcoming year, after considering all other non-airline revenue sources (such as concession revenues and parking revenues) and carrying forward any projected budget shortfall or surplus from the current fiscal year. The amount needed to balance the Airport's budget then becomes the basis for calculating, by a formula specified in the lease, the rental rates, landing fees, and related fees charged to airlines in the upcoming year, such that the total revenues paid

¹ According to the terms of the existing and proposed leases, there are five different types of Airport terminal space, including (1) ticket counters and departure gate waiting areas in the mezzanine and concourse levels, (2) offices, lounges, and curbside check-in counters on the mezzanine and concourse levels, (3) other offices on the ground floor, (4) baggage handling areas and equipment rooms, and (5) unenclosed outdoor areas.

² Exclusive-use space is leased to a single airline and charged on a per square foot basis. Offices, clubs, lounges, ticket counters, and baggage handling space in domestic terminals comprise exclusive-use space.

³ Under the terms of the existing and proposed leases, for specified portions of Airport space, the Airport offers shared use space including (a) "joint-use" space which is leased by multiple airlines, with 20% of the total rent for such shared space divided equally among the airlines and 80% of the total rent allocated according to passenger traffic, and (b) "common use" space which is not leased to any specific airline, but rather charged on a per use basis as needed by any airline.

to the Airport by all airlines in the upcoming year is sufficient to balance the Airport's budget. At the end of the fiscal year, any budget shortfall or surplus is carried forward into the following fiscal year and is used in the calculation of the new rental rates, landing fees, and related fees charged to the airlines.

Existing Airline Leases

According to Mr. Dan Ravina, Senior Property Manager at the Airport, there are currently 60 airlines that have active operating leases or permits with the Airport, which allow each airline to conduct domestic and international flight operations at the Airport. Airlines that have entered into leases with the Airport are considered signatory airlines whereas airlines that have not entered into leases with the Airport are considered non-signatory airlines. According to Mr. Ravina, such non-signatory airlines operate at the Airport under Airline Operating Permits and Terminal Space and Use Permits on a month-to-month basis, and currently pay the same rental rates, landing fees, and related fees as airlines with leases (signatory airlines), as calculated by the residual rate setting methodology. Mr. Ravina notes that the main difference is that signatory airlines are included in the Airport's capital project approval process⁴, while non-signatory airlines are not. Mr. Ravina notes that non-signatory airlines are not required to enter into leases with the Airport because, pursuant to Federal law, the Airport cannot prohibit airlines from operating at the Airport. Mr. Ravina states that historically, non-signatory airlines have not entered into leases with the Airport because, despite being offered Airport leases, there was no financial incentive to enter into such leases.

On May 11, 2010, the Board of Supervisors approved a resolution (File 10-0351) authorizing the Airport to enter into new ten-year leases with 24 previous signatory airlines extending from July 1, 2011 through June 30, 2021. On October 26, 2010, the Board of Supervisors approved another resolution (File 10-1213) authorizing the Airport to enter into new ten-year leases extending from July 1, 2011 through June 30, 2021 with seven previous non-signatory airlines, such that to date, the Airport has entered into 31 new ten-year Airport leases, commencing on July 1, 2011.

According to Mr. Ravina, beginning on July 1, 2011, any non-signatory airline (an airline with an Airport operating permit, not an Airport lease) would be required to pay a 25 percent premium on landing fees in excess of the landing fees paid by the signatory airlines to the Airport. Mr. Ravina states that the proposed 25 percent premium on landing fees for non-signatory airlines creates a financial incentive for non-signatory airlines to enter into leases with the Airport and therefore become signatory airlines.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve eight new ten-year leases between the San Francisco International Airport (Airport) and (1) Air Canada, (2) Air New Zealand Limited, (3) LAN Peru, S.A., (4) Air Berlin PLC & Co., (5) Hawaiian Airlines, Inc., (6) ABX Air, Inc., (7) Air Cargo Carriers, LLC, and (8) Ameriflight, LLC for the period from July 1, 2011 through June 30,

⁴ Currently, signatory airlines vote whether to approve Airport capital projects that exceed \$640,055, while non-signatory airlines cannot vote on any Airport capital projects. The \$640,055 Airport capital project threshold for signatory airlines is increased each year by a cost of living factor.

2021. Of these eight airlines, only Air Canada has an existing lease with the Airport, and therefore is a signatory airline, while the remaining seven airlines are currently non-signatory airlines, operating under permits in lieu of leases authorized by the Airport.

Five of the proposed new leases (Air Canada, Air New Zealand Limited, LAN Peru, S.A., Air Berlin PLC & Co., and Hawaiian Airlines, Inc.) would authorize both landing rights and terminal space. The remaining three proposed new leases (ABX Air, Inc., Air Cargo Carriers, LLC, and Ameriflight, LLC) are cargo-only airlines, which would only authorize landing rights.⁵

The proposed eight new airline leases contain the same terms as the leases for 31 other airlines at the Airport, to be effective July 1, 2011 through June 30, 2021, previously approved by the Board of Supervisors on May 11, 2010 (File 10-0351) and October 26, 2010 (File 10-1213). Under the proposed eight new leases, each airline would pay the Airport revenues based on the rental rates, landing fees, and related fees, calculated under the Airport's same residual rate setting methodology included in the existing leases, such that the only differences between the individual new leases would be the actual level of landing activity and the amount of space allocated to each airline, except for cargo-only airlines which do not lease any terminal space. Because these leases function identically, they are discussed in combination as the "new leases," rather than in eight separate descriptions.

Differences Between Existing Lease and Permits and Proposed New Leases

There are seven material differences between the existing lease and permits and the proposed new leases that would impact Airline lessees as follows:

1. Landing Fees To Be Paid 30 Days Earlier

Under the terms of the proposed leases, all eight airlines would be required to submit all required landing fees to the Airport 30 days earlier than they are due under the terms of the existing leases. Currently, each airline must submit the number of monthly landings to the Airport by the 10th day or 15th day of the following month. Invoices for the landing fees are then processed by the Airport and sent to each airline with a 30-day payment deadline. The new lease provision would require that the airlines submit their landing fee payments to the Airport by the 15th day of the following month, at the same time the airlines submit their monthly number of landing data to the Airport. According to Mr. Ravina, this new provision benefits the Airport by reducing the amount of outstanding landing fees at any given time, thus reducing the Airport's risk of financial loss in the event that an airline files for bankruptcy.

⁵ The proposed leases for the cargo-only airlines involve only landing and take-off rights at the Airport and not terminal space because such cargo-only airlines also enter into separate leases with the Airport to lease warehouses, office space, ground service equipment, maintenance buildings, etc. These separate cargo-only airline leases are subject to Board of Supervisors approval, pursuant to Section 9.118(a) of the City Charter, if such leases result in revenues to the City in excess of \$1,000,000.

2. More Airport Space to Be Shared By Multiple Airlines and Less Exclusive Space

The Airport currently offers airlines both more expensive exclusive use space described in footnote 2 above and less expensive shared-use space described in footnote 3 above. Of the eight airlines covered by the proposed leases, only Air Canada and Air New Zealand currently have exclusive use space, with (a) Air Canada having 3,782 square feet of exclusive use space and (b) Air New Zealand having 297 square feet of exclusive use space. Under the proposed leases, (a) Air Canada would reduce from 3,782 square feet to 1,782 square feet of exclusive use space, a reduction of 2,000 square feet of exclusive use space, and (b) Air New Zealand would eliminate all 297 square feet of exclusive use space. According to Mr. Ravina, both Air Canada and Air New Zealand are part of the Star Alliance under United Airlines, such that these two airlines do not need to pay for their own more expensive exclusive use space at the Airport as they can use the less expensive Star Alliance shared-use space, as needed. Mr. Ravina advises that while reducing the amount of exclusive use space and increasing the amount of shared use space increases the flexibility and efficient utilization of existing Airport space for the airlines, it will result in a reduction in the amount of annual revenues received from these two airlines. However, Mr. Ravina notes that this reallocation of space will not change the fact that the total revenues received from the airlines will be sufficient to balance the Airport's budget after considering the Airport's non-airline revenues, under the Airport's residual rate setting methodology.

3. Security Deposit Requirement To Be Decreased

The proposed new leases would require all eight airlines to submit security deposits equal to two months of rent. The one existing airline lease with Air Canada has similar provisions that require a security deposit equal to two months of rent. However, airlines with operating permits (Air New Zealand Limited, LAN Peru, S.A., Air Berlin PLC & Co., Hawaiian Airlines, Inc., ABX Air, Inc., Air Cargo Carriers, LLC, and Ameriflight, LLC) are currently required to provide the Airport with security deposits equal to six months of rent. Therefore, the proposed new requirement represents a reduction of four months in the required security deposit as compared to the existing airline's permit requirements.

According to Mr. Ravina, the proposed two months of security deposits are intended to reimburse the Airport for losses which might occur in the event an airline is unable to pay rent or otherwise cause financial harm to the Airport. Mr. Ravina notes that a reduction in the security deposits does not increase the overall risk of financial loss to the Airport because, under the Airport's residual rate setting methodology, any projected budgetary shortfalls resulting from an airline's inability to pay rent would result in increases to the rental rates, landing fees, and related fees sufficient to offset such shortfalls.

4. Airlines Will Have a One-Time Option to Reduce Exclusive-Use Space

Under the existing lease and permits, airlines cannot reduce the amount of exclusive-use space during the term of the lease or permits. According to Mr. Ravina, this has resulted in underutilized space which was leased by airlines that have since reduced their flight operations and therefore their need for space at the Airport. The proposed leases would allow airlines to reduce the amount of leased exclusive-use space only one time, by up to 20 percent, on July 1,

2016. Mr. Ravina notes that of the eight airlines covered by the proposed leases, only three airlines, Air Canada, Air New Zealand Limited, and LAN Peru, S.A. have exclusive-use space at the Airport.

5. Airport to Have Additional Protections In The Event of An Airline Lease Default

In addition to leases and permits for airlines to use terminal space, most airlines have separate leases or permits for space on Airport land that is outside the terminal, such as hangar space, flight kitchens, and cargo buildings. Under existing lease and permit provisions, any default by an airline for non-terminal space has no effect on the lease for terminal space. Under the proposed leases for terminal space, if an airline defaults under any of its other leases for non-terminal space with the Airport, such default would trigger default of the proposed lease for terminal space between that airline and the Airport. According to Mr. Ravina, this provides additional leverage to the Airport over airlines to enforce the terms of their other leases, and prevents an airline in bankruptcy from selectively keeping only those leases that the airline wishes to maintain.

6. Airline Insurance Requirements to Increase

Under the terms of the existing leases and permits, all airlines are required to have \$25,000,000 in general liability insurance. In addition, the existing airline permits require (a) \$300,000,000 of aircraft liability insurance, (b) \$1,000,000 of worker's compensation and employer's liability insurance, and (c) \$2,000,000 of commercial auto insurance. Under the terms of the proposed leases, the eight airlines would be required to maintain higher amounts and more specific types of insurance, including the following:

(a) \$500,000,000 in aircraft liability insurance which provides coverage to both the airline and the Airport in the event of injury or property damage which results from airline activity, excluding injury or damage which occurs during acts of war,

(b) \$100,000,000 in war and named perils insurance, which provides coverage for injury or property damage from airline activity which occur during war and other related events (or "named perils") and excluded from aircraft liability insurance discussed above,

(c) \$2,000,000 in worker's compensation and employer's liability insurance, which is required by the State of California, with such insurance providing coverage to the airline for injuries sustained by employees,

(d) \$2,000,000 in commercial auto insurance, which is also required by the State of California, with such insurance providing liability coverage for injuries and damage which occur resulting from the operation of vehicles at the Airport, and

(e) property insurance in the amount of any improvements constructed by the airlines, which insures the airline against property damage which occurs from fire, flood, or other similar causes, except earthquakes.

According to Mr. Ravina, the new requirements (a) better address the specific risks of concern to the Airport, and (b) reflect changes in the insurance industry which have occurred since the

existing lease and permits were approved. Mr. Ravina adds that any damages which might occur which are not covered by the required insurance provisions, would result in higher rental rates, landing fees, and related fees charged to the airlines under the Airport's residual rate setting methodology.

7. Environmental Protections to Increase

The existing lease and permits do not adequately address the handling of hazardous materials, such that the proposed eight new leases would provide for a number of increased environmental protections, including (a) expanding the definition of "environmental law" to include decisional law, also referred to as case law, (b) requiring airlines to investigate and remediate any release of hazardous materials, (c) providing the Airport access to any premises for environmental inspections, and (d) clarifying that the airlines are fully responsible and liable for all costs attributable to hazardous materials resulting from airline activities.

Financial Incentives for Existing Non-Signatory Airlines

The seven material differences between the existing lease and permits and the proposed new leases, discussed above, would be effective on July 1, 2011. In addition, if the seven current non-signatory airlines (airlines with an Airport operating permit, not an Airport lease) did not enter into the subject leases with the Airport, these seven airlines would be required to pay a 25 percent premium on landing fees in excess of the landing fees to be paid to the Airport under the proposed new leases. Mr. Ravina states that this 25 percent premium on landing fees for non-signatory airlines creates a financial incentive for non-signatory airlines to enter into the subject leases with the Airport and therefore become signatory airlines.

FISCAL IMPACT

As shown in Table 1 below, the landing fees received by the Airport from the eight airlines under the proposed eight leases totaled between \$2,558,201 in FY 2007-2008 to \$2,695,742 in FY 2009-2010. However, as also shown in Table 1, the amount that was paid to the Airport by each airline fluctuates considerably, based on the number of landings per airline and the weight of the aircraft and/or number of passengers per landing.

Table 1: Landing Fees for the Subject Eight Airlines in the Past Three Fiscal Years

Airline	2007-2008	FY 2008-2009	FY 2009-2010
ABX Air	\$491,726	\$691,245	\$767,104
Air Berlin*	NA	NA	18,919
Air Canada	1,187,645	1,039,057	1,058,700
Air Cargo Carriers*	NA	NA	17,080
Air New Zealand	517,780	467,520	396,302
Ameriflight	2,032	28,140	76,300
Hawaiian Airlines	359,018	345,960	361,337
LAN Peru	NA	NA	NA
Total	\$2,558,201	\$2,571,922	\$2,695,742

NA indicates no SFO landings during the fiscal year

* Air Berlin and Air Cargo Carriers had partial year operations in FY 2009-2010.

According to Mr Ravina, the Airport does not project future year landing fee revenues due to the fluctuations in the number of landings that occur by airline, but rather sets the landing fee rates each year as part of the rate setting process for the Airport in order to cover all Airport costs.

In addition to landing fees covered by the proposed eight leases, Table 2 below shows the prior four fiscal years rent received from Air Canada and Air New Zealand which currently rent terminal space at the Airport.

Table 2: Terminal Rental Revenues For the Past Four Fiscal Years

Fiscal Year	Terminal Rental Revenues Paid by Air Canada and Air New Zealand
2007-2008	\$ 1,638,442
2008-2009	1,841,993
2009-2010	2,054,690
2010-2011	1,939,485

As shown in Table 3 below, the proposed new lease agreements with Air Canada and Air New Zealand are estimated by the Airport to generate \$1,203,603 of revenues for the Airport in FY 2011-2012, which reflects a reduction of \$735,882, when compared to the projected FY 2010-2011 rental revenues of \$1,939,485. This reduction in rental revenues for Airport terminal space is due to the elimination of all 297 square feet of exclusive use space for Air New Zealand and the reduction of 2,000 square feet of exclusive use space for Air Canada discussed in the Differences section above. Despite this proposed reduction in terminal rent from these two airlines, the revenues generated by both the existing lease and permits and the proposed leases are calculated by the Airport's residual rate setting methodology (breakeven policy), such that the proposed new leases and modifications would continue to result in the Airport's budget being fully balanced by the revenues paid by the airlines to the Airport, after considering the Airport's budgeted expenditures and all non-airline revenues.

Table 3: Estimated Terminal Rental Revenues

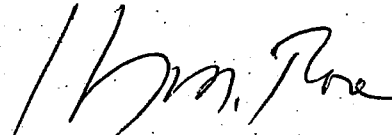
Fiscal Year	Estimated Terminal Rental Revenues to be Paid by Air Canada and Air New Zealand
2011-2012	\$ 1,203,603
2012-2013	1,229,281
2013-2014	1,285,903
2014-2015	1,325,592
2015-2016	1,345,858
2016-2017	1,386,233
2017-2018	1,427,820
2018-2019	1,470,654
2019-2020	1,514,773
2020-2021	1,560,216
Total	\$ 13,749,933

Over the ten-year term from July 1, 2011 through June 30, 2021, the Airport anticipates receiving approximately \$13,749,933 in terminal revenues from Air Canada and Air New Zealand, as shown in Table 3 above.

In addition to continuing the residual rate setting methodology (breakeven policy), the proposed new leases would continue to require that the rental rates, landing rates, and related fees charged to the airlines be sufficient to guarantee that the Airport's Annual Service Payment to the City's General Fund will not be less than \$5,000,000. The Annual Service Payment made by the Airport to the City is currently equal to the greater of (a) 15 percent of concession revenues⁶, or (b) \$5,000,000. In the event that 15 percent of concession revenues is less than \$5,000,000, the Airport is required to pay the City's General Fund \$5,000,000, and the Airport recaptures the difference between the \$5,000,000 and 15 percent of the concession revenues in the following fiscal year through increased rental rates, landing fees, and related fees charged to the airlines as calculated by the Airport's residual rate setting methodology. Notably, the Airport's 15 percent of concession revenue paid to the City's General Fund has exceeded \$5,000,000 every year since 1982. In FY 2010-2011, the Annual Service Payment to be made by the Airport to the City's General Fund is projected to total \$28,100,000.

RECOMMENDATION

Approve the proposed resolution.



Harvey M. Rose

cc: Supervisor Chu
Supervisor Mirkarimi
Supervisor Kim
President Chiu
Supervisor Avalos
Supervisor Campos
Supervisor Cohen
Supervisor Elsbernd
Supervisor Farrell
Supervisor Mar
Supervisor Wiener
Clerk of the Board
Cheryl Adams
Controller
Greg Wagner

⁶ Concession revenues are defined in the lease as those revenues paid to the Airport by non-airline entities such as newsstands, restaurants, bars, retail stores, advertisers, and ground transportation operators.



San Francisco International Airport

February 22, 2011

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2011 FEB 28 PM 1:31
BY [initials]

File # 110210

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

Subject: Approval of New Lease and Use Agreements between Various Airlines that Conduct Flight Operations at San Francisco International Airport 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 of eight (8) new Lease and Use Agreements (the "Lease"), to be effective July 1, 2011, between the City and County of San Francisco, acting by and through its Airport Commission, and various passenger and cargo airlines that conduct flight operations at San Francisco International Airport, as described on Attachment A hereto. The Leases were approved by Airport Commission Resolution Nos. 11-005 through 11-012, adopted January 18, 2011.

On March 16, 2010, and May 11, 2010, the 2011 Lease between the City and twenty five airlines was approved by the Airport Commission and Board of Supervisors, respectively, subsequently on August 17, 2010, and October 27, 2010, an additional six (6) airlines were approved by the Airport Commission and the Board of Supervisors, respectively. The Airport has since offered the 2011 Lease to all remaining airlines that wish to maintain or obtain signatory status at the Airport. Staff is seeking Board of Supervisors approval for five (5) additional passenger airlines and three (3) cargo only airlines. The Leases for passenger airlines provide for rental of approximately seven thousand two hundred fifteen (7,215) square feet of Exclusive Use Space, and six hundred sixty-four thousand two hundred forty-three (664,243) square feet of Joint Use Space in the domestic and international terminals. The term of the Lease is ten (10) years and has a projected annual rent of \$1,203,604.40 based on estimated Rates and Charges for Fiscal Year 2011/2012.

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

- Board of Supervisors Resolution; and
- Approved Airport Commission Resolutions No. 11-0005 through 11-0012; and
- Commission Memorandum; and
- Form SFEC-126: Notification of Contract Approval

A sample of the form of the 2011 Lease may be provided via email. You may contact Cathy Widener, Governmental Affairs Manager at (650) 821-5023 regarding this matter.

Very truly yours,

Jean Caramatti
Commission Secretary

Enclosures

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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San Francisco International Airport

MEMORANDUM

January 18, 2011

TO: AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenlime
Hon. Peter A. Stern

FROM: Airport Director

SUBJECT: Approval of 2011 Airline Lease and Use Agreement

DIRECTOR'S RECOMMENDATION: ADOPT THE ACCOMPANYING RESOLUTIONS THAT AUTHORIZE NEW LEASE AND USE AGREEMENTS, EFFECTIVE JULY 1, 2011, FOR EIGHT (8) AIRLINES OPERATING AT SAN FRANCISCO INTERNATIONAL AIRPORT.

Executive Summary

On July 1, 2011, all 1981 Airline/Airport Lease and Use Agreements and 1999 Lease and Operating Agreements will expire. The Airport and airlines have negotiated a new Lease and Use Agreement to be effective July 1, 2011 (the "2011 Lease"). The 2011 Lease has a term of ten (10) years and continues the current residual rate-setting methodology with terminal rental rates and landing fees based on the Airport's Rates and Charges. Further, the 2011 Lease continues the Annual Service Payment to the City's General Fund. On March 16, 2010, and May 11, 2010, the 2011 Lease between the City and twenty-five airlines was approved by the Airport Commission and Board of Supervisors, respectively. Subsequently on August 17, 2010, and October 27, 2010, an additional six (6) airlines were approved by the Airport Commission and Board of Supervisors, respectively.

THIS PRINT COVERS CALENDAR ITEM NO. 4

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

GAVIN NEWSOM
MAYOR

LARRY MAZZOLA
PRESIDENT

LINDA S. CRAYTON
VICE PRESIDENT

ELEANOR JOHNS
248

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN
AIRPORT DIRECTOR

Background

The Airport has since offered the 2011 Lease to all remaining airlines that wish to maintain or obtain signatory status at the Airport. Staff is seeking Commission approval of the 2011 Lease with five (5) additional passenger airlines and three (3) cargo only carriers, contingent upon approval of the Board of Supervisors.

Most of the airlines operating at the San Francisco International Airport, (the "Airport") are parties to the 1981 Airline/Airport Lease and Use Agreement or the 1999 Lease and Operating Agreement, all of which expire on June 30, 2011. Over the past several years, the Airport and airlines have negotiated the terms of the 2011 Lease, to be effective July 1, 2011, which has a term of ten (10) years and will continue the current residual rate-setting methodology with terminal rental rates and landing fees based on the Airport's Rates and Charges. Further detail on the major lease terms is provided on *Attachment A* hereto.

The 2011 Lease has been offered to all airlines that wish the opportunity to maintain or obtain signatory status at the Airport. On March 16, 2010, and May 11, 2010, the Airport Commission and Board of Supervisors, respectively, approved twenty-five 2011 Leases with the airlines. Subsequently on August 17, 2010, and October 27, 2010, respectively, the Airport Commission and Board of Supervisors approved another six 2011 Leases with the airlines. The total 31 approved airlines are listed on *Attachment B* hereto, pursuant to Commission Resolutions 10-0075 through 10-0099 and 10-0274 through 10-0279, and Board of Supervisors Resolution 208-10 and 505-10, respectively.

Recently an additional eight (8) airlines executed the 2011 Lease, comprising of five (5) passenger airlines: 1) Air Canada, 2) Air New Zealand Limited, 3) LAN Peru, S.A. (with exclusive space in the terminals), and 4) Air Berlin PLC & CO. Luftverkehrs KG, and 5) Hawaiian Airlines, Inc. operating within joint-use space only at this time, and three (3) cargo only airlines; 1) ABX Air, Inc., 2) Air Cargo Carriers, LLC and 3) Ameriflight, LLC. This represents the final opportunity for a 2011 Lease to be effective at the commencement of the lease term and Fiscal Year 2011-12.

In order to facilitate the implementation of the new 2011 Leases, the resolutions also authorize the Airport Director, in consultation with the City Attorney, to sign the 2011 Leases, and enter into any additional non-material modifications (including changes to the demised premises not-to-exceed 10% of leased square footage) to the 2011 Lease as are in the City's best interest and do not otherwise materially increase the obligations or liabilities of the City and are necessary to effectuate the purposes of the 2011 Lease or Commission resolutions, and as are in compliance with all applicable laws, including the City Charter.

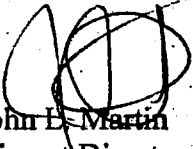
All of the airlines are obligated to be in compliance with or obtain an exemption from the requirements of the Equal Benefits Ordinance and other City contracting requirements, as applicable.

Forms of Agreement

A form of agreement has been developed to accomplish the objectives set forth on Attachment A. The 2011 Lease will create the opportunity for all airlines that are currently non-signatory to become signatory airlines, such as JetBlue Airways, Qantas and Swiss International Airlines. The 2011 Lease will continue to be offered to all other airlines, including new entrants and will be brought forward for Commission and Board of Supervisors' approval at various intervals in the future.

Recommendation

I recommend adoption of the accompanying resolutions that authorize the Director to execute a 2011 Lease with eight (8) airlines, as summarized on *Attachment C* hereto, and direct the Commission Secretary to request Board of Supervisors' approval of such leases in accordance with City Charter Section 9.118.



John E. Martin
Airport Director

Prepared by: Leo Fermin
Deputy Airport Director
Business and Finance

Attachments

ATTACHMENT A

Basic Provisions of 2011 Lease & Use Agreement

The 2011 Lease continues many of the provisions of the current 1981 Lease and Use Agreement and the 1999 Lease and Operating Agreement, with some important improvements and updates, as summarized below:

TERM

- Ten (10) years, effective July 1, 2011, through June 30, 2021.
- Leases can be terminated by airlines upon certain extraordinary events such as destruction of the leased space or closure of the Airport.
- Each signatory airline will be given a mid-term option to surrender up to 20% of their Exclusive Use Space on July 1, 2016.

ANNUAL SERVICE PAYMENT

The 2011 Lease continues the Airport Commission's payment of the Annual Service Payment to the City's General Fund in the amount of fifteen percent (15%) of concession revenues.

TYPES OF SPACE

Space shall be leased in the following five (5) categories of space shown below:

Type	Category
Ticket Counters, Gate Holdrooms	I
Airline Ticket Office (ATO)	II
VIP Clubs and Lounges	II
Other Enclosed Space, Departure Level and above	II
Baggage Claim Lobbies	II
Baggage Service Offices	II
Curbside Check-in	II
Other Enclosed Space, Arrivals Level and below	III
Inbound/Outbound Baggage Handling Areas and Baggage Transfer Areas	IV
Equipment Rooms	IV
Unenclosed or Covered Area - Ramp Level	V

A. Exclusive Use Space – International Terminal

- Each 2011 Lease may include Exclusive Use Space consisting of ATO, baggage service office, ramp operations office, administrative office, VIP clubroom and/or other support space.
- Each 2011 Lease will incorporate the deletion of all Explosive Detection System (EDS) space, currently charged as Category IV rent to airlines for baggage screening.

B. Exclusive Use Space – Domestic Terminals

- Each 2011 Lease may include Exclusive Use Space consisting of ticket counter, ATO, baggage service office, ramp operations office, administrative office, VIP clubroom and/or other support space. The amount of Exclusive Use Space included in each 2011 Lease is described on *Attachment C*.
- Each 2011 Lease will incorporate the deletion of all Explosive Detection System (EDS) space, currently charged as Category IV rent to airlines for baggage screening.
- The 2011 Leases will no longer allow gate holdrooms to be leased on an exclusive use basis to airlines. All gate holdrooms in the domestic terminals will be used by airlines on a preferential or common use basis as further described below, thus allowing for the more efficient utilization of Airport resources and the accommodation of new entrants.

C. Joint Use Space

- Each 2011 Lease for space in the International Terminal will continue the current Joint Use structure for all airline shared operational space in the Airport's International Terminal, including ticket counters, holdrooms, baggage claim and FIS space, and baggage handling related areas, as shown on *Attachment C*.
- Scheduling of Joint Use Space in the International Terminal will continue to be managed by an airline consortium in accordance with established protocols with Airport oversight.
- Ticket counter check-in positions in the International Terminal assigned to each airline will be based on flight activity in accordance with current Ticket Counter Management Protocols. Assignments will continue to be managed by an airline consortium with Airport oversight.
- Certain 2011 Leases may include a Joint Use structure for designated airline shared operational space in the Airport's Domestic Terminals, including certain baggage claim, baggage handling and other shared areas in Terminals 1 and 2, as shown on *Attachment C*.

D. Preferential Use Space – Domestic Terminals

- Domestic Terminal gate holdrooms will convert from Exclusive Use Space under the current leases to a Preferential Use Gate system which will be leased to Signatory Airlines.

- Preferential Use Gates will be assigned annually to signatory airlines for domestic operations based upon their share of all scheduled seats in the previous month of August.
- The 2011 Lease allows the Airport to permit any airline to use a Preferential Use Gate during periods of time when it is not actively being used by the signatory airline to which it is assigned, thus promoting the efficient utilization of Airport resources and the accommodation of new entrants.

E. Common-Use Gates – All Terminals

- The 2011 Lease will provide the Airport an annual opportunity to designate Common Use Gates for domestic operations in both the Domestic and International Terminals to maintain flexibility. In no event may the number of designated Common Use Gates in Domestic Terminals exceed ten percent (10%) of the total number of Domestic Terminal gates.

SECURITY DEPOSIT

The 2011 Lease provides for a standardized security deposit requirement of two (2) months of terminal rent and landing fees, instead of the security deposits under current leases which vary from two to six months.

RENTALS AND FEES

All airlines will pay terminal rent based on square footage for Exclusive Use Space and Preferential Use Space, including ticket counters, gates and support facilities, as well as landing fees in accordance with Airport Rates and Charges, as adjusted from fiscal year to fiscal year commencing on July 1, 2011, through Fiscal Year 2020/21.

Terminal rent for Joint Use Space will continue to be charged on the basis of the current Joint Use Formula, with 20% of the charges divided equally among all airlines using each Joint Use Space and 80% of the charges allocated based on each airline's number of passengers compared to the total number of passengers of all airlines using the Joint Use Space facilities.

Terminal rent for Preferential Use Space will be charged on the basis the average gate holdroom square footage in the respective boarding area.

Airlines will pay per-use fees for use of Common Use space, such as ticket counters, gates and support facilities. These fees will be reviewed annually in connection with Airport Rates and Charges.

JANITORIAL RESPONSIBILITY

In order to ensure a consistent appearance and uniform level of cleanliness in all public areas, the Airport will assume janitorial responsibility in the Domestic Terminals for all areas in full public view including gate holdrooms, baggage claim and Common Use areas. Individual airlines will be relieved of carpet replacement costs in the gate holdrooms and baggage claim areas.

The Airport will continue to provide janitorial service in the International Terminal and cease the "special charge" to the airline consortium as of FY11/12. All costs related to these services will be included within the Rates and Charges.

NON-SIGNATORY AIRLINES

Any airline that does not sign the 2011 Lease will be considered a non-signatory airline and will be issued the appropriate Operating Permit and/or Space Permit, and be subject to the following impacts:

- A security deposit requirement equal to six (6) months of terminal rental and landing fees.
- A twenty-five percent (25%) premium on Landing Fees. Non-signatory airlines that are "Affiliate Airlines" of signatory airlines, as defined in the 2011 Lease, will pay the same Landing Fees as signatory airlines.
- Charges for the use of terminal space to support passenger operations will be applied in accordance with Common Use fees as established in Rates and Charges each Fiscal Year.
- Non-signatory airlines will not be eligible to lease Preferential Gates in Domestic Terminals, but may be accommodated at such gates if not actively in use by the applicable signatory airline, if Common Use gates are not available.

ATTACHMENT B

2011 Leases Approved on March 16 and August 17, 2010

	Airline	Lease No.
1	Air China Limited	L10-0075
2	Air France	L10-0076
3	Alaska Airlines, Inc.	L10-0274
4	All Nippon Airways Corporation, Limited	L10-0077
5	American Airlines, Inc.	L10-0078
6	Asiana Airlines	L10-0079
7	British Airways PLC	L10-0080
8	Cathay Pacific Airways Limited	L10-0081
9	China Airlines, Limited	L10-0082
10	Compañía Mexicana de Aviación S.A. de C.V. d/b/a Mexicana Airlines	L10-0092
11	Continental Airlines, Inc.	L10-0275
12	Delta Air Lines, Inc.	L10-0083
13	Deutsche Lufthansa, AG, dba, Lufthansa German Airlines	L10-0091
14	Emirates	L10-0084
15	Eva Airways Corporation	L10-0085
16	Federal Express Corporation	L10-0086
17	Frontier Airlines, Inc.	L10-0087
18	Japan Airlines International	L10-0088
19	Kalitta Air, LLC	L10-0277
20	KLM Royal Dutch Airlines	L10-0089
21	Korean Airlines Co., Ltd.	L10-0090
22	Nippon Cargo Airlines Company Limited	L10-0278
23	Philippine Airlines, Inc.	L10-0093
24	Singapore Airlines Limited	L10-0094
25	Southern Air, Inc.	L10-0279
26	Southwest Airlines, Co.	L10-0095
27	Taca International Airlines	L10-0096
28	U.S. Airways, Inc.	L10-0276
29	United Air Lines, Inc.	L10-0097
30	Virgin America, Inc.	L10-0098
31	Virgin Atlantic Airways Limited Company	L10-0099

ATTACHMENT C

Exclusive Use Space Summary (in square feet)

	Airline	Categories of Rent				
		Cat I	Cat II	Cat III	Cat IV	Cat V
1	ABX Air, Inc.	-	-	-	-	-
2	Air Berlin PLC & CO. Luftverkehrs KG	-	-	-	-	-
3	Air Canada	538	4,905	339	-	-
4	Air Cargo Carriers, LLC	-	-	-	-	-
5	Air New Zealand Limited	-	297	-	-	-
6	Ameriflight, LLC	-	-	-	-	-
7	Hawaiian Airlines, Inc.	-	-	-	-	-
8	LAN Peru, S. A.	-	1,136	-	-	-

Joint Use Space (in square feet)

Joint Use Space	Categories of Rent				
	Cat I	Cat II	Cat III	Cat IV	Cat V
<i>International Terminal</i>					
Total = 631,987 square feet	138,367	214,307	12,025	265,400	1,888
<i>Terminal 3</i>					
Total = 32,356 square feet	-	-	2,309	30,047	-

ATTACHMENT D

Non Signatory Airlines as of July 1, 2011

The following airlines, that hold Operating Permits with the Airport, have decided not to become signatory airlines to the 2011 Lease and Use Agreement:

- | | |
|-------------------------------------|-------------------------|
| 1. Aer Lingus* | 7. Jet Airways* |
| 2. AirTran Airways | 8. Jet Blue Airways |
| 3. Cargolux Airlines International* | 9. Miami Air |
| 4. El Al Isreal* | 10. MN Airlines |
| 5. Evergreen International* | 11. Ryan International* |
| 6. Finnair* | 12. WestJet |
| | 13. World Airways |

* Currently non active at SFO under an existing agreement.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 11-0005

APPROVAL OF LEASE AND USE AGREEMENT WITH ABX AIR, INC. PROVIDING FOR OPERATING RIGHTS AT SAN FRANCISCO INTERNATIONAL AIRPORT.

WHEREAS, ABX Air, Inc. ("Airline") conducts flight operations at San Francisco International Airport (the "Airport") pursuant to Airline Operating Permit No. 3592; and,

WHEREAS, the Airport has negotiated the terms of a new Lease and Use Agreement to be effective July 1, 2011 (the "2011 Lease"); and,

WHEREAS, the 2011 Lease will have a term of ten (10) years and provides for terminal rental and landing fees in accordance with the Airport's Rates and Charges; and,

WHEREAS, the Airport Commission of the City and County of San Francisco, acting by and through its Airport Commission (the "Commission") and Airline now desire to enter into the 2011 Lease; now, therefore, be it

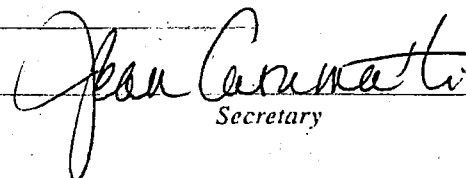
RESOLVED, that this Commission approves the 2011 Lease between ABX Air, Inc. and the City, consistent with the terms of the attached memorandum, subject to the Airline complying with Chapter 12B of the City's Administrative Code and other City contracting requirements, or obtaining the appropriate waivers thereto; and, be it further

RESOLVED, that the Commission Secretary is hereby directed to request Board of Supervisors' approval of said Lease and Use Agreement pursuant to City Charter Section 9.118.

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

JAN 18 2011

at its meeting of _____


Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 11-0006

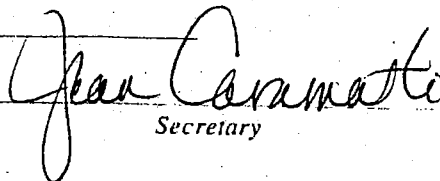
**APPROVAL OF LEASE AND USE AGREEMENT WITH AIR BERLIN PLC & CO.
LUFTVERKEHRS KG PROVIDING FOR OPERATING RIGHTS AT SAN FRANCISCO
INTERNATIONAL AIRPORT.**

- WHEREAS,** Air Berlin PLC & Co. Luftverkehrs KG ("Airline") conducts flight operations at San Francisco International Airport (the "Airport") pursuant to Airline Operating Permit No. 4073; and,
- WHEREAS,** the Airport has negotiated the terms of a new Lease and Use Agreement to be effective July 1, 2011 (the "2011 Lease"); and,
- WHEREAS,** the 2011 Lease will have a term of ten (10) years and provides for terminal rental and landing fees in accordance with the Airport's Rates and Charges; and,
- WHEREAS,** the Airport Commission of the City and County of San Francisco, acting by and through its Airport Commission (the "Commission") and Airline now desire to enter into the 2011 Lease; now, therefore, be it
- RESOLVED,** that this Commission approves the 2011 Lease between Air Berlin PLC & Co. Luftverkehrs KG and the City, consistent with the terms of the attached memorandum, subject to the Airline complying with Chapter 12B of the City's Administrative Code and other City contracting requirements, or obtaining the appropriate waivers thereto; and, be it further
- RESOLVED,** that the Commission Secretary is hereby directed to request Board of Supervisors' approval of said Lease and Use Agreement pursuant to City Charter Section 9.118.

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

at its meeting of

JAN 18 2011


Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 11-0007

APPROVAL OF LEASE AND USE AGREEMENT WITH AIR CANADA PROVIDING FOR OPERATING RIGHTS AND RENTAL OF TERMINAL SPACE AT SAN FRANCISCO INTERNATIONAL AIRPORT.

WHEREAS, Air Canada ("Airline") conducts flight operations at San Francisco International Airport (the "Airport") pursuant to Airline/Airport Lease and Use Agreement L82-0114; and,

WHEREAS, the Airport has negotiated the terms of a new Lease and Use Agreement to be effective July 1, 2011 (the "2011 Lease"); and,

WHEREAS, the 2011 Lease will have a term of ten (10) years and provides for terminal rental and landing fees in accordance with the Airport's Rates and Charges; and,

WHEREAS, the Airport Commission of the City and County of San Francisco, acting by and through its Airport Commission (the "Commission") and Airline now desire to enter into the 2011 Lease; and,

WHEREAS, in order to facilitate the implementation of the 2011 Lease and the placement in service of new facilities, the Commission desires to authorize the Airport Director to enter into non-material modifications to the 2011 Lease, including changes to the demised premises of not-to-exceed 10% of leased square footage, that the Airport Director determines, in consultation with the City Attorney, are in the best interests of the Commission, do not otherwise materially increase the obligations or liabilities of the Commission, are necessary or advisable to effectuate the purposes of the 2011 Lease or this Resolution, and are in compliance with all applicable laws, including City's Charter; now, therefore, be it

RESOLVED, that this Commission approves the 2011 Lease between Air Canada and the City, consistent with the terms of the attached memorandum, subject to the Airline complying with Chapter 12B of the City's Administrative Code and other City contracting requirements, or obtaining the appropriate waivers thereto; and, be it further

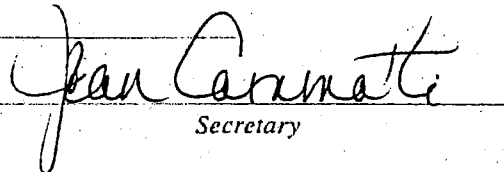
RESOLVED, that this Commission authorizes the Airport Director to execute said 2011 Lease and to enter into any non-material modifications thereto, including changes to the demised premises of not-to-exceed 10% of leased square footage, as described above; and, be it further

RESOLVED, that the Commission Secretary is hereby directed to request Board of Supervisors' approval of said Lease and Use Agreement pursuant to City Charter Section 9.118.

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

at its meeting of _____

JAN 18 2011


Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 11-0008

**APPROVAL OF LEASE AND USE AGREEMENT WITH AIR CARGO CARRIERS, LLC
PROVIDING FOR OPERATING RIGHTS AT SAN FRANCISCO INTERNATIONAL
AIRPORT.**

WHEREAS, Air Cargo Carriers, LLC ("Airline") conducts flight operations at San Francisco International Airport (the "Airport") pursuant to Airline Operating Permit No. 4112; and,

WHEREAS, the Airport has negotiated the terms of a new Lease and Use Agreement to be effective July 1, 2011 (the "2011 Lease"); and,

WHEREAS, the 2011 Lease will have a term of ten (10) years and provides for terminal rental and landing fees in accordance with the Airport's Rates and Charges; and,

WHEREAS, the Airport Commission of the City and County of San Francisco, acting by and through its Airport Commission (the "Commission") and Airline now desire to enter into the 2011 Lease; now, therefore, be it

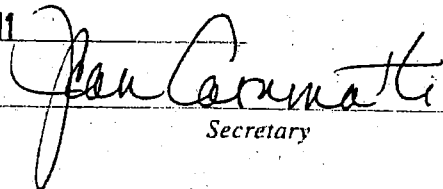
RESOLVED, that this Commission approves the 2011 Lease between Air Cargo Carriers, LLC and the City, consistent with the terms of the attached memorandum, subject to the Airline complying with Chapter 12B of the City's Administrative Code and other City contracting requirements, or obtaining the appropriate waivers thereto; and, be it further

RESOLVED, that the Commission Secretary is hereby directed to request Board of Supervisors' approval of said Lease and Use Agreement pursuant to City Charter Section 9.118.

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

at its meeting of _____

JAN 18 2011


Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 11-0009

APPROVAL OF LEASE AND USE AGREEMENT WITH AIR NEW ZEALAND LIMITED PROVIDING FOR OPERATING RIGHTS AND RENTAL OF TERMINAL SPACE AT SAN FRANCISCO INTERNATIONAL AIRPORT.

WHEREAS, Air New Zealand Limited (“**Airline**”) conducts flight operations at San Francisco International Airport (the “**Airport**”) pursuant to Airline Operating Permit No. 3684; and,

WHEREAS, the Airport has negotiated the terms of a new Lease and Use Agreement to be effective July 1, 2011 (the “**2011 Lease**”); and,

WHEREAS, the 2011 Lease will have a term of ten (10) years and provides for terminal rental and landing fees in accordance with the Airport’s Rates and Charges; and,

WHEREAS, the Airport Commission of the City and County of San Francisco, acting by and through its Airport Commission (the “**Commission**”) and Airline now desire to enter into the 2011 Lease; and,

WHEREAS, in order to facilitate the implementation of the 2011 Lease and the placement in service of new facilities, the Commission desires to authorize the Airport Director to enter into non-material modifications to the 2011 Lease, including changes to the demised premises of not-to-exceed 10% of leased square footage, that the Airport Director determines, in consultation with the City Attorney, are in the best interests of the Commission, do not otherwise materially increase the obligations or liabilities of the Commission, are necessary or advisable to effectuate the purposes of the 2011 Lease or this Resolution, and are in compliance with all applicable laws, including City’s Charter; now, therefore, be it

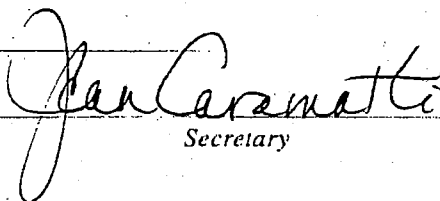
RESOLVED, that this Commission approves the 2011 Lease between Air New Zealand Limited and the City, consistent with the terms of the attached memorandum, subject to the Airline complying with Chapter 12B of the City’s Administrative Code and other City contracting requirements, or obtaining the appropriate waivers thereto; and, be it further

RESOLVED, that this Commission authorizes the Airport Director to execute said 2011 Lease and to enter into any non-material modifications thereto, including changes to the demised premises of not-to-exceed 10% of leased square footage, as described above; and, be it further

RESOLVED, that the Commission Secretary is hereby directed to request Board of Supervisors’ approval of said Lease and Use Agreement pursuant to City Charter Section 9.118.

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

at its meeting of JAN 18 2011


Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

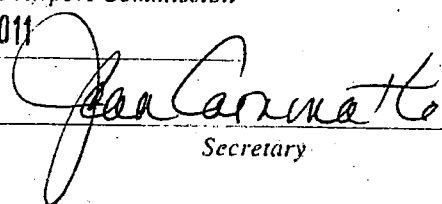
RESOLUTION NO. 11-0010

**APPROVAL OF LEASE AND USE AGREEMENT WITH AMERIFLIGHT, LLC
PROVIDING FOR OPERATING RIGHTS AT SAN FRANCISCO INTERNATIONAL
AIRPORT.**

- WHEREAS,** Ameriflight, LLC (“Airline”) conducts flight operations at San Francisco International Airport (the “Airport”) pursuant to Airline Operating Permit No. 3605; and,
- WHEREAS,** the Airport has negotiated the terms of a new Lease and Use Agreement to be effective July 1, 2011 (the “2011 Lease”); and,
- WHEREAS,** the 2011 Lease will have a term of ten (10) years and provides for terminal rental and landing fees in accordance with the Airport’s Rates and Charges; and,
- WHEREAS,** the Airport Commission of the City and County of San Francisco, acting by and through its Airport Commission (the “Commission”) and Airline now desire to enter into the 2011 Lease; now, therefore, be it
- RESOLVED,** that this Commission approves the 2011 Lease between Ameriflight, LLC and the City, consistent with the terms of the attached memorandum, subject to the Airline complying with Chapter 12B of the City’s Administrative Code and other City contracting requirements, or obtaining the appropriate waivers thereto; and, be it further
- RESOLVED,** that the Commission Secretary is hereby directed to request Board of Supervisors’ approval of said Lease and Use Agreement pursuant to City Charter Section 9.118.

*I hereby certify that the foregoing resolution was adopted by the Airport Commission
at its meeting of _____*

JAN 18 2011


Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 11-0011

**APPROVAL OF LEASE AND USE AGREEMENT WITH HAWAIIAN AIRLINES, INC.
PROVIDING FOR OPERATING RIGHTS AT SAN FRANCISCO INTERNATIONAL
AIRPORT.**

WHEREAS, Hawaiian Airlines, Inc. ("Airline") conducts flight operations at San Francisco International Airport (the "Airport") pursuant to Airline Operating Permit No. 2003; and,

WHEREAS, the Airport has negotiated the terms of a new Lease and Use Agreement to be effective July 1, 2011 (the "2011 Lease"); and,

WHEREAS, the 2011 Lease will have a term of ten (10) years and provides for terminal rental and landing fees in accordance with the Airport's Rates and Charges; and,

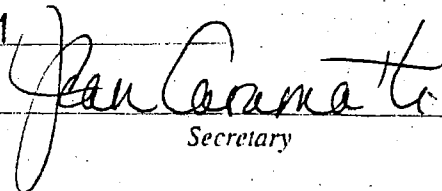
WHEREAS, the Airport Commission of the City and County of San Francisco, acting by and through its Airport Commission (the "Commission") and Airline now desire to enter into the 2011 Lease; now, therefore, be it

RESOLVED, that this Commission approves the 2011 Lease between Hawaiian Airlines, Inc. and the City, consistent with the terms of the attached memorandum, subject to the Airline complying with Chapter 12B of the City's Administrative Code and other City contracting requirements, or obtaining the appropriate waivers thereto; and, be it further

RESOLVED, that the Commission Secretary is hereby directed to request Board of Supervisors' approval of said Lease and Use Agreement pursuant to City Charter Section 9.118.

*I hereby certify that the foregoing resolution was adopted by the Airport Commission
at its meeting of* _____

JAN 18 2011


Secretary

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 11-0012

APPROVAL OF LEASE AND USE AGREEMENT WITH LAN PERU, S.A. PROVIDING FOR OPERATING RIGHTS AND RENTAL OF TERMINAL SPACE AT SAN FRANCISCO INTERNATIONAL AIRPORT.

WHEREAS, LAN Peru, S.A. ("Airline") conducts flight operations at San Francisco International Airport (the "Airport") pursuant to Airline Operating Permit No. 4113; and,

WHEREAS, the Airport has negotiated the terms of a new Lease and Use Agreement to be effective July 1, 2011 (the "2011 Lease"); and,

WHEREAS, the 2011 Lease will have a term of ten (10) years and provides for terminal rental and landing fees in accordance with the Airport's Rates and Charges; and,

WHEREAS, the Airport Commission of the City and County of San Francisco, acting by and through its Airport Commission (the "Commission") and Airline now desire to enter into the 2011 Lease; and,

WHEREAS, in order to facilitate the implementation of the 2011 Lease and the placement in service of new facilities, the Commission desires to authorize the Airport Director to enter into non-material modifications to the 2011 Lease, including changes to the demised premises of not-to-exceed 10% of leased square footage, that the Airport Director determines, in consultation with the City Attorney, are in the best interests of the Commission, do not otherwise materially increase the obligations or liabilities of the Commission, are necessary or advisable to effectuate the purposes of the 2011 Lease or this Resolution, and are in compliance with all applicable laws, including City's Charter; now, therefore, be it

RESOLVED, that this Commission approves the 2011 Lease between LAN Peru, S.A. and the City, consistent with the terms of the attached memorandum, subject to the Airline complying with Chapter 12B of the City's Administrative Code and other City contracting requirements, or obtaining the appropriate waivers thereto; and, be it further

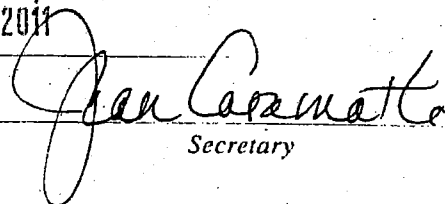
RESOLVED, that this Commission authorizes the Airport Director to execute said 2011 Lease and to enter into any non-material modifications thereto, including changes to the demised premises of not-to-exceed 10% of leased square footage, as described above; and, be it further

RESOLVED, that the Commission Secretary is hereby directed to request Board of Supervisors' approval of said Lease and Use Agreement pursuant to City Charter Section 9.118.

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

at its meeting of _____

JAN 18 2011


Secretary

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

City Elective Officer Information <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

Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: Air Berlin PLC & Co Luftverkehrs KG	
<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>	
Air Berlin PLC & Co Luftverkehrs KG is controlled by Air Berlin PLC as a general partner. Members of the Board of Air Berlin PLC are: Joachim Hunold (CEO); Ulf Huettmeyer (CFO); Christoph Debus (COO); Hans-Joachim Koerber (Chairman); Hartmut Mehdorn; Peter Oberegger; Ali Ismail Sabanci; Heinz Peter Schlueter; Nicholas Teller; Johannes Zurnieden	
Shareholders of more than 20% in the General Partner Air Berlin PLC: none, free floating shares	
Contractor address: Saatwinkler Damm 42-43, 13627 Berlin, Germany	
Date that contract was approved:	Amount of contract: TBD each FY
Describe the nature of the contract that was approved: 2011 Airport/Airline Lease and Use Agreement	
Comments:	

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

Filer Information <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: 415-554-5184
Address: City Hall, Room 244 1 Dr. Carlton B. Goodlett Pl., SF CA 94102	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

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

City Elective Officer Information <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
Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: HAWAIIAN AIRLINES, INC.	
<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> Board Members: See Attachment I	
Contractor address: P.O. Box 30008, Honolulu, HI 96820	
Date that contract was approved:	Amount of contract: TBD each FY
Describe the nature of the contract that was approved: 2011 Airport/Airline Lease and Use Agreement	
Comments:	

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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Address: City Hall, Room 244 1 Dr. Carlton B. Goodlett Pl., SF CA 94102	E-mail: Board.of.Supervisors

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

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

City Elective Officer Information <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
Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: ABX AIR, INC.	
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. Board Members: Please see attached.	
Contractor address: 145 Hunter Drive, Wilmington, Ohio 45177	
Date that contract was approved: TBD	Amount of contract: TBD each FY by formula
Describe the nature of the contract that was approved: 2011 Airport / Airline Lease and Use Agreement	
Comments:	

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

Filer Information <i>(Please print clearly.)</i>	
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Address: City Hall, Room 244 1 Dr. Carlton B. Goodlett Pl, SF CA 94102	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

1. *Members of the contractor's board of directors:*
Joseph C. Hete
Quint O. Turner
John W. Graber
W. Joseph Payne
2. *The contractor's chief executive officer, chief financial officer and chief operating officer:*
Chief Executive Officer: Joseph C. Hete
Chief Financial Officer: Quint O. Turner
Chief Operating Office: John W. Graber
3. *Any person who has an ownership of 20 percent or more in the contractor:*
Air Transport Group, Inc., a Delaware corporation, owns 100% of the outstanding shares of ABX Air, Inc.
4. *Any subcontractor listed in the bid or contract:*
None
5. *Any political committee sponsored or controlled by the contract:*
ABX Air PAC,

FORM SFEC-126:
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(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information <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
Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: Air Canada	
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. Board Members: Calin Rovineseu – Chief Executive Officer Michael Rousseau – Chief Executive Officer Duncan Dee – Chief Operational Officer	
Contractor address: 7373 Boul Cote Vertu West Building 2, 3 rd Floor, Saint Laurent, QC HAS 123	
Date that contract was approved: April 10, 1937	Amount of contract: TBD each FY
Describe the nature of the contract that was approved: 2011 Airport/Airline Lease and Use Agreement	
Comments:	

This contract was approved by (check applicable):

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Print Name of Board
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Print Name of Board

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Date Signed

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

Date Signed

FORM SFEC-126:
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(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information <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
Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: <b style="font-size: 1.2em;">Air Cargo Carriers, LLC.	
<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> Board Members: James M. Germek (Chairman, Secretary, Treasurer, Shareholder); James R. Hoffinan (President, CEO); David A. Affeldt (Director, Assistant Secretary, General Counsel); Ron Goodreau (Director, Shareholder); Richard Peterson (Director); Brian Gillstrom (Director, Shareholder)	
Contractor address: 4951 South Howell Avenue Milwaukee, WI 53207	
Date that contract was approved: <b style="font-size: 1.2em;">TBD	Amount of contract: <b style="font-size: 1.2em;">TBD each FY
Describe the nature of the contract that was approved: 2011 Airport/Airline Lease and Use Agreement	
Comments:	

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
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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

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

Date Signed

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

City Elective Officer Information (Please print clearly.)	
Name of City elective officer(s): ; Members, SF Board of Supervisors	City elective office(s) held: Members, SF Board of Supervisors

Contractor Information (Please print clearly.)	
Name of contractor: Air New Zealand Limited	
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. Board Members: Paul Jonathon BINGHAM, James Charles FOX, George Roger Wayne FRANCE, Jane FREEMAN, Warren Arthur LARSEN, John MCDONALD, John Leonard PALMER CEO – Robert Ian Fyfe CFO – Robert Stuart McDonald	
Contractor address: Air New Zealand Limited P.O. Box 250747 San Francisco International Airport San Francisco, CA 94125-0747	
Date that contract was approved: TBD	Amount of contract: TBD each FY
Describe the nature of the contract that was approved: 2011 Airport/Airline Lease and Use Agreement	
Comments:	

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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Filer Information (Please print clearly.)	
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Date Signed

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

Date Signed

FORM SFEC-126:
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(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information <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
Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: Ameriflight, LLC.	
<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> Board Members/CFO/Owner Information: GARY RICHARDS, President/Owner/Board Manager-Chairman; DAVE DeROSE, EVP/CFO/Board Manager; JEFF DRESS, EVP/Board Manager; MARK LIVINGSTON, Board Manager-VP-Secretary; ALAIN DUMONT, Member, CHUCK GELHAAR, Member; ROBERT JONES, Member	
Contractor address: 4700 Empire Avenue, Hanger #1 Burbank, CA 91505	
Date that contract was approved: TBD	Amount of contract: TBD each FY
Describe the nature of the contract that was approved: 2011 Airport/Airline Lease and Use Agreement	
Comments:	

This contract was approved by (check applicable):

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

Date Signed

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

City Elective Officer Information (Please print clearly.)	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

Contractor Information (Please print clearly.)	
Name of contractor: Lan Peru, S.A. dba LAN Peru	
<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>	
<ol style="list-style-type: none"> 1. Board Members: Emilio Rodriguez-Larrain Salinas, Enrique Cueto Plaza, Ignacio Cueto Plaza, Alejandro de la Fuente Goic, Luis Enrique Galvez de la Puente, Alejandro Garcia Vargas, Jorge Harten Costa. 2. Jorge Vilches Martinez, Chief Executive Officer; Enersto Bart Teran, Chief Operating Officer; Carlos Schacht Rotter, Chief Operating Officer. 3. Lan Airlines 49%; Emilio Rodriguez-Larrain %30; Inversiones Aeras (Peruvian Company owned by Lan Airlines) S.A. %21 4. NA 5. NA 	
Contractor address: C/O: LAN Airines, Legal Department, 6500 NW 22 nd Street, Miami FL 33122	
Date that contract was approved: (By the SF Board of Supervisors)	Amount of contract: TBD each FY. (Percentage of Revenue)
Describe the nature of the contract that was approved: 2011 Airport/Airline Lease and Use Agreement	
Comments:	

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

Filer Information (Please print clearly.)	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	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