

File No. 100351

Committee Item No. 1

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Sub - Committee: Budget and Finance

Date: May 5, 2010

Board of Supervisors Meeting

Date: \_\_\_\_\_

#### Cmte Board

- |                                     |                          |  |
|-------------------------------------|--------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget Analyst Report                        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Analyst Report                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form (for hearings)             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement*                          |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Public Correspondence                        |

#### OTHER

(Use back side if additional space is needed)

- |                                     |                          |          |
|-------------------------------------|--------------------------|----------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Form 126 |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____    |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____    |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____    |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____    |

Completed by: Andrea S. Ausberry

Date Friday, April 30, 2010

Completed by: \_\_\_\_\_

Date \_\_\_\_\_

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



1 [Airport 2011 Lease and Use Agreements with Various Airlines]  
2

3 **Resolution approving a term of twenty five (25) new Lease and Use Agreements**  
4 **between City and County of San Francisco and various airlines, effective July 1, 2011,**  
5 **to allow such airlines to conduct domestic and international flight operations at the**  
6 **San Francisco 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, Lease and  
10 Operating Agreements, or Airline Operating Permits (collectively, the "Agreements"),  
11 including: Air China Limited - L99-0315; Air France - L99-0316; All Nippon Airways  
12 Corporation Limited - L99-0319; American Airlines, Inc. - L82-0111; Asiana Airlines -  
13 L99-0318; British Airways, PLC - L99-0320; Cathay Pacific Airways Limited - L99-0321; China  
14 Airlines Limited - L82-0315; Delta Air Lines, Inc. - L82-0115; Emirates - Permit 4039; EVA  
15 Airways Corporation - L99-0323; Federal Express Corporation - L82-0318; Frontier Airlines,  
16 Inc. - Permit 3129; Japan Airlines International Company Limited - L82-0117; KLM Royal  
17 Dutch Airlines - Permit 2579; Korean Airlines Company Limited - L99-0325; Deutsche  
18 Lufthansa, AG, dba, Lufthansa German Airlines - L99-0328; Compania Mexicana de Aviacion  
19 S.A. de C.V. dba Mexicana Airlines - L83-0045; Philippine Airlines, Inc. - L82-0317; Singapore  
20 Airlines Limited - L82-0124; Southwest Airlines Company - Permit 3948; TACA International  
21 Airlines - Permit 2048; United Air Lines, Inc. - L82-0126; Virgin America, Inc. - Permit 3951;  
22 and Virgin Atlantic Airways Limited Company - L99-0331, (collectively, the "Airlines"); and  
23

24 WHEREAS, The Airport Commission of the City and County of San Francisco (the  
25 "City") and Airlines have negotiated a new Lease and Use Agreement to take effect

1 July 1, 2011 (the "Lease") for a term of ten (10) years to provide for the continuation of flight  
2 operations by the Airlines at the Airport; and

3 WHEREAS, The above referenced Airlines desire to lease from City and City desires to  
4 lease the said Airlines certain premises at the Airport, as described on Attachment A hereto;  
5 and

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

12 WHEREAS, The Commission adopted Resolutions on March 16, 2010, approving the  
13 new Leases between the Airlines and the City, and authorizing the Airport Director to execute  
14 the new Leases, subject to the Airlines complying with Chapter 12B of the City's  
15 Administrative Code and other City contracting requirements, or obtaining the appropriate  
16 waivers thereto, specifically as follows: Air China Limited – L10-0075 by Resolution No. 10-  
17 0075; Air France – L10-0076 by Resolution 10-0076; All Nippon Airways Corporation Limited  
18 – L10-0077 by Resolution No 10-0077; American Airlines, Inc. – L10-0078 by Resolution No  
19 10-0078; Asiana Airlines – L10-0079 by Resolution No 10-0079; British Airways, PLC – L10-  
20 0080 by Resolution No. 10-0080; Cathay Pacific Airways Limited – L10-0081 by Resolution  
21 No. 10-0081; China Airlines Limited – L10-0082 by Resolution No. 10-0082; Delta Air Lines,  
22 Inc. – L10-0083 by Resolution No. 10-0083; Emirates – L10-0084 by Resolution No 10-0084;  
23 EVA Airways Corporation – L10-0085 by Resolution No. 10-0085; Federal Express  
24 Corporation – L10-0086 by Resolution No. 10-0086; Frontier Airlines, Inc. – L10-0087 by  
25 Resolution No. 10-0087; Japan Airlines International Company – L10-0088 by Resolution No.

1 10-0088; KLM Royal Dutch Airlines – L10-0089 by Resolution No. 10-0089; Korean Airlines  
2 Company Limited – L10-0090 by Resolution No. 10-0090; Deutsche Lufthansa, AG, dba,  
3 Lufthansa German Airlines – L10-0091 by Resolution No. 10-0091; Compania Mexicana de  
4 Aviacion S.A. de C.V. dba Mexicana Airlines – L10-0092 by Resolution No. 10-0092;  
5 Philippine Airlines, Inc. – L10-0093 by Resolution No. 10-0093; Singapore Airlines Limited –  
6 L10-0094 by Resolution No. 10-0094; Southwest Airlines Company – L10-0095 by Resolution  
7 No. 10-0095; TACA International Airlines – L10-0096 by Resolution No. 10-0096; United Air  
8 Lines, Inc. – L10-0097 by Resolution No. 10-0097; Virgin America, Inc. – L10-0098 by  
9 Resolution No. 10-0098; and Virgin Atlantic Airways Limited Company – L10-0099 by  
10 Resolution No. 10-0099. A copy of the generic form of the Lease is on file with the Clerk of  
11 the Board of Supervisors in File No. 100351, which is hereby declared to be a part of this  
12 resolution as if set forth fully herein; now, therefore, be it

13 RESOLVED, That this Board of Supervisors approves the new Leases with Air China Limited  
14 – L10-0075; Air France – L10-0076; All Nippon Airways Corporation Limited – L10-0077;  
15 American Airlines, Inc. – L10-0078; Asiana Airlines – L10-0079; British Airways, PLC – L10-  
16 0080; Cathay Pacific Airways Limited – L10-0081; China Airlines Limited – L10-0082; Delta  
17 Air Lines, Inc. – L10-0083; Emirates – L10-0084; EVA Airways Corporation – L10-0085;  
18 Federal Express Corporation – L10-0086; Frontier Airlines, Inc. – L10-0087; Japan Airlines  
19 International Company – L10-0088; KLM Royal Dutch Airlines – L10-0089; Korean Airlines  
20 Company Limited – L10-0090; Deutsche Lufthansa, AG, dba, Lufthansa German Airlines –  
21 L10-0091; Compania Mexicana de Aviacion S.A. de C.V. dba Mexicana Airlines – L10-0092;  
22 Philippine Airlines, Inc. – L10-0093; Singapore Airlines Limited – L10-0094; Southwest  
23 Airlines Company – L10-0095; TACA International Airlines – L10-0096; United Air Lines, Inc.  
24 – L10-0097; Virgin America, Inc. – L10-0098; and Virgin Atlantic Airways Limited Company –  
25 L10-0099, subject to the Airlines 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 Board of Supervisors authorizes the Airport Director

1 to enter into non-material modifications to the Leases, including changes to the demised  
2 premises of not- to-exceed ten percent (10%) of the leased square footage, that the  
3 Commission, in consultation with the City Attorney, determines are in the best interests of the  
4 Commission and necessary to effectuate the purposes of the Leases and are in compliance  
5 with all applicable laws, including the City's Charter.  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

<b>Items 1 and 2</b> <b>Files 10-0351 and 10-0352</b>	<b>Department:</b> San Francisco International Airport (Airport)
--	---

**EXECUTIVE SUMMARY****Legislative Objectives**

- File 10-0351: Resolution approving 25 separate new leases for a ten-year period from July 1, 2011 through June 30, 2021, between the San Francisco International Airport and 25 different airlines, including (a) 19 airlines which have current leases which will expire on June 30, 2011, and (b) 6 airlines which currently do not have leases with the Airport. Such leases will allow the airlines to continue to conduct domestic and international flight operations at the Airport.
- File 10-0352: Resolution approving (a) modifications to 19 of the 24 existing leases which will expire on June 30, 2011, between the San Francisco International Airport and 19 different airlines to conduct domestic and international flight operations at the Airport, and (b) the termination of one of the 24 existing leases effective June 30, 2010.

**Key Points**

- There are currently 24 airlines which have existing leases with the Airport for domestic and international flight operations. Such leases will expire on June 30, 2011. All 24 airlines pay rent based on the same rental rates, landing fees, and related fees, all of which are established by the Airport each fiscal year. The total amount paid by each airline differs only due to the (a) square footage of the area occupied, (b) type of space occupied, (c) maximum landing weight of each aircraft landed, and (d) number of passengers. As such, no airline has preferable lease terms to any other airline.
- 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." Under such methodology, the rental rates, landing fees, and related fees are automatically adjusted annually such that the total amount of airline rent revenues received by the Airport is equal to the amount that all of the Airport's costs, including debt service and operating costs, exceed all of the non-airline revenues received by the Airport including concession and parking revenues. The Airport's "residual rate setting methodology" places the financial risk of budgetary shortfalls on the airlines instead of the Airport, because any shortfalls in the Airport's annual budget result in automatic rent increases to the airlines, which are sufficient to eliminate any Airport budgetary shortfalls.
- Under the proposed new leases with the Airport, the Airport would continue to (a) use the "residual rate setting methodology" for determining the rental rates, landing fees, and related fees charged to the Airlines, and (b) require that annual airline rent be sufficient to guarantee that the Airport's Annual Service Payment, consisting of 15 percent of concession revenues, to the City's General Fund will not be less than \$5,000,000 per year.
- There are seven significant differences between the terms of the 24 existing and proposed 25 new leases which would impact lessee airlines. The new leases, when compared to the

existing leases, would (1) require airlines to submit all required landing fee payments 30 days earlier than they are due under the existing leases, (2) increase space-sharing among airlines to allow the Airport to maximize the use of existing space, (3) reduce security deposits required for 10 airlines, (4) allow the airlines to request a one-time space reduction, effective on July 1, 2016, (5) consider the new lease for terminal space in default if an airline defaults on any other lease for non-terminal Airport space (such as hangars and cargo space), (6) increase the insurance requirements for all airlines, and (7) increase environmental protections.

### **Fiscal Impacts**

- Under the terms of the proposed 25 new leases (File 10-0351), the Airport anticipates receiving \$3,966,261,214 from 25 airlines in rent<sup>1</sup> over the ten-year term.
- The proposed modifications to 19 existing leases and the termination of one lease (File 10-0352) will not result in reduced revenues to the Airport, because of the “residual rate setting method” used to calculate rent, even though the 19 modifications would reduce the amount of overall space leased to the airlines.

### **Recommendations**

- At the request of the Airport, amend the proposed resolutions to state that the proposed new leases and lease modifications are on file with the Clerk of the Board of Supervisors.
- Approve the proposed resolutions, as amended.

## **MANDATE STATEMENT & BACKGROUND**

### **Mandate Statement**

According to Section 2A.173 of the City’s Administrative Code, the Airport is authorized 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. The proposed 25 new leases with 25 airlines would be awarded through direct negotiation instead of a competitive process.

City Charter Section 9.118(a) requires that any contract which would result in revenues to the City in excess of \$1,000,000 be approved by the Board of Supervisors.

### **Residual Rate Setting Methodology**

Under both the existing and proposed leases, the Airport uses a “residual rate setting methodology” to determine the rental rates, landing fees, and related fees used to calculate the

<sup>1</sup> For the purposes of this report, the term “rent” refers to the total amount of revenues paid by an airline to the Airport under the existing and proposed leases, including rent for terminal space rental rates, landing fees, and related fees.



total rent to be paid by each airline for use of Airport terminal space<sup>2</sup>. The rental rates, landing fees, and related fees include (a) the cost per square foot charged to an airline for that airline's exclusive use of Airport space, (b) fees for use of space which is shared by multiple airlines<sup>3</sup>, 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 "residual rate setting methodology" 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, is equal to the Airport's total costs, including debt service and operating expenditures. According to that 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 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 Leases

There are currently 24 airlines operating at the Airport under 24 existing leases including (a) five airlines operating under leases executed in 1981, (b) eight airlines operating under leases executed in 1981 and then amended in 2000 due to the opening of the new International Terminal, and (c) 11 airlines operating under leases executed in 1999. Attachment I, compiled by the Budget and Legislative Analyst based on data provided by the Airport, shows each of the 24 airlines that have an existing lease with the Airport.

According to Mr. Gary Franzella, Associate Deputy Airport Director, the major terms of these 24 leases are generally similar<sup>4</sup> to one another and only differ in (a) their dates of execution, and (b)

<sup>2</sup> 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.

<sup>3</sup> Under the terms of the existing leases, for specified portions of Airport space, the Airport offers shared 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.

<sup>4</sup> The existing leases differ in (a) the amounts of their required security deposit, as discussed in the paragraph below titled "3. Security Deposit Requirement to Be Reduced" and (b) requirements for the treatment of hazardous materials, as discussed in the paragraph titled "7. Environmental Protections to Increase."

the amount and type (exclusive-use or shared-use) of space allocated to each airline. All existing leases expire on June 30, 2011, and the rental rates charged by the Airport to the airlines are subject to the calculation of the rental rates, landing fees, and related fees according to the "residual rate setting methodology" described above.

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution (File 10-0351) would approve 25 separate new leases for a ten-year period between July 1, 2011 and June 30, 2021, between the San Francisco International Airport and 25 different airlines to conduct domestic and international flight operations at the Airport (File 10-0351), including (a) 19 airlines which have existing leases with the Airport, and (b) 6 new airlines which currently do not have leases with the Airport.

The proposed resolution (File 10-0352) would approve (a) modifications to 19 of the 24 existing leases which will expire on June 30, 2011, between the San Francisco International Airport and 19 different airlines to conduct domestic and international flight operations at the Airport, and (b) the termination of one of the 24 existing leases with Northwest Airlines since it was acquired by Delta Air Lines, effective June 30, 2010. Modification of the 19 existing leases will be effective from July 1, 2010 to June 30, 2011, at which time the leases will expire. The 19 airlines requesting modifications to their existing leases are included in the 25 proposed new leases which will be effective on July 1, 2011. These 19 modifications would provide for a net reduction in the overall amount of space leased to the 19 airlines.

The Attachment, compiled by the Budget and Legislative Analyst from data provided by the Airport, identifies the specific airlines which have existing leases with the Airport and those airlines which would be entering into new leases, under these two proposed resolutions.

### New Airport Leases

The proposed 25 new leases would provide the terms under which airlines use terminal space at the Airport. The terms of each of the proposed 25 new leases are all for a 10-year period, with each airline paying the Airport revenues based on the rental rates, landing fees, and related fees calculated under the same "residual rate setting methodology" included in the existing leases. The only difference between the individual new leases would be (a) the name of each airline, and (b) the amount of space allocated to each airline. Because these leases function identically, they are discussed in combination as the "new leases", rather than in 25 separate descriptions.

In addition to continuing the "residual rate setting methodology", the proposed new leases would also continue to require that the rental rates, landing fees, and related fees 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 equal to the greater of (a) 15 percent of concession revenues<sup>5</sup>, or (b) \$5,000,000. In the event that 15 percent of concession revenues is less than \$5,000,000, the Airport pays the City \$5,000,000, and the Airport recaptures the difference between \$5,000,000 and 15 percent of concession

---

<sup>5</sup> Concession revenues are defined in the lease as those revenues paid to the Airport by non-airline entities such as newsstands, restaurants, bars, advertisers, and ground transportation operators.

revenues the following fiscal year through increased rental rates, landing fees, and related fees as calculated by the "residual rate setting methodology". Notably, the Airport's 15 percent of concession revenue has exceeded \$5,000,000 every year since 1982. In FY 2009-2010, the Annual Service Payment to the City's General Fund was budgeted at \$26,226,000.

There are seven material differences between the 24 existing leases and the proposed 25 new leases which would impact Airline lessees as follows:

1. Landing Fees To Be Paid 30 Days Earlier

Under the terms of the proposed leases, airlines are required to submit all required landing fees to the Airport 30 days earlier than they are due under the terms of the existing leases. According to Mr. Franzella, 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 an airline files for bankruptcy.

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

As discussed above, the Airport currently offers airlines both exclusive use and shared-use space to airlines. According to Mr. Franzella, in order to increase the flexibility and efficient utilization of existing Airport space, the proposed leases would increase<sup>6</sup> the total square footage of shared-use space by 242,764 square feet, or 36.7 percent, as shown in Table 1 below. Conversely, as shown in Table 1 below, the proposed new leases would reduce the amount of exclusive-use space by 327,536 or 35.3 percent. Overall, the total amount of leased space would decrease by 84,772 or 5.3 percent because, according to Mr. Franzella, the signatory airlines' overall need for terminal space has slightly reduced. Mr. Franzella advises that this reduction of 84,772 square feet of space that the airlines no longer require will become available for "non-signatory" airline use (see page 7 of this report for a discussion of "non-signatory" airlines) and will not change the fact that the total revenues received from the airlines must be sufficient to balance the Airport's budget after considering the Airport's non-airline revenues.

**Table 1: Amount of Total Shared-Use Space**

	Total Square Feet Under Existing Leases	Total Square Feet Under Proposed Leases	Increase or (Decrease)	Percent Change
<b>Exclusive-Use Space</b>	927,167	599,631	(327,536)	-35.3%
<b>Shared-Use Space</b>	661,747	904,511	242,764	36.7%
<b>Total Leased Space</b>	1,588,914	1,504,142	(84,772)	-5.3%

<sup>6</sup> The new lease would increase shared-use space by (a) discontinuing the practice of leasing departure gates to airlines on an exclusive-use basis, thereby increasing the joint-use and common-use space described in Footnote 3 above, and (b) creating a new shared-use category called "preferential-use", with such space being leased to a single airline for use during scheduled operating hours. The new "preferential-use" space would create additional flexibility for the Airport because (a) the Airport can allow another airline to use the space when the signatory airline is not operating in the space, and (b) the Airport can re-allocate the amount of "preferential-use" space annually based on passenger traffic.

### 3. Security Deposit Requirement to Be Decreased

Under the 24 existing leases, the 13 airlines under leases which were executed in 1981, including the 5 leases which have not been amended and the 8 which were amended, are required to provide the Airport with a security deposit equal to two months of total monthly rent, and the 11 airlines with leases executed in 1999 are required to provide the Airport with a security deposit equal to six months of total monthly rent. The proposed new leases would require all airlines to submit security deposits equal to two months of rent. This represents a reduction in the required security deposit amount of four months of rent when compared to the 1999 lease requirements. Of the 11 airlines with leases executed in 1999, 10 airlines would enter into the proposed new leases effective July 1, 2011 (File 10-0351), such that those 10 airlines would benefit from reduced security deposit requirements.

According to Mr. Franzella, the security deposits are intended to reimburse the Airport for losses which might occur in the event of an airline being unable to pay rent or otherwise causing financial harm to the Airport. Mr. Franzella noted that a reduction in the security deposit amount does not increase the overall risk of financial loss to the Airport because, under the "residual rate setting methodology", any 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 to Have a One-Time Option to Reduce Exclusive-Use Space

Under the existing leases, airlines cannot reduce the amount of exclusive-use space in their lease. According to Mr. Franzella, this has resulted in underutilized space which was leased by airlines which 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.

### 5. Airport to Have Additional Protections In The Event Of an Airline Lease Default

In addition to leases for airline use of terminal space, most airlines have separate leases for space on Airport land that is outside the terminal, such as hangar space, flight kitchens, and cargo buildings. Under the 13 existing leases which were executed in 1981 (including five leases in their original form and eight leases which were later amended) for terminal space, any default by an airline on its lease 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, it would trigger default of the proposed lease for terminal space between that airline and the Airport. According to Mr. Franzella, 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, airlines are required to have \$25,000,000 in general liability insurance. Under the terms of the proposed leases, airlines are 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. Franzella, although these new insurance requirements are not directly comparable to the insurance requirements under the existing leases, 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 leases were written in 1981 and 1999. Mr. Franzella added that any damages which might occur which are not covered by the required insurances would result in higher rental rates, landing fees, and related fees charged to the airlines under the "residual rate setting methodology".

#### 7. Environmental Protections to Increase

Under the 24 existing leases, the 13 leases which were executed in 1981 do not address the handling of hazardous materials, and the 11 leases executed in 1999 had limited restrictions on airline's handling of hazardous materials. The proposed 25 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.

In addition to the seven differences discussed above which would impact the airlines with leases with the Airport, the proposed new leases would impact the 18 "non-signatory" airlines which currently operate at the Airport without a lease by requiring that "non-signatory" airlines pay a 25 percent premium on landing fees compared to lessee airlines. According to Mr. Franzella, a "non-signatory" airline is an airline which operates at the Airport under Airline Operating Permits and Terminal Space and Use Permits on a month-to-month basis and, currently, pays the same rental rates, landing fees, and related fees as airlines with leases, as calculated by the

“residual rate setting methodology”. Mr. Franzella noted that these “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. Franzella stated that non-signatory airlines generally have not entered into leases because, despite being offered leases by the Airport, there is currently little financial incentive to enter into a lease. However, signatory airlines are included in the Airport’s capital project approval process while non-signatory airlines are not. Under the terms of the proposed new leases, “non-signatory” airlines are required to pay a 25 percent premium on landing fees above the landing fees paid by the 25 airlines who will be under lease with the Airport, such that there would be a financial incentive for “non-signatory” airlines to enter into a lease with the Airport. The Budget and Legislative Analyst notes that the operation of “non-signatory” airlines at the Airport does not have an adverse fiscal impact to the Airport because of the “residual rate setting methodology” described above.

**Modifications to Existing Leases**

The proposed resolution (File 10-0352) would also approve (a) modifications to 19 of the 24 existing leases which will expire on June 30, 2011, between the San Francisco International Airport and 19 different airlines to conduct domestic and international flight operations at the Airport, and (b) the termination of one of the 24 existing leases effective June 30, 2010. As discussed above in “4. Airlines to Have a One-Time Option to Reduce Exclusive-Use Space”, the existing leases do not allow for reductions in the amount of exclusive-use space leased by airlines. The proposed modifications were offered to the existing airlines under lease as an incentive to enter into the proposed new leases, while the termination of one lease reflects the acquisition of one lessee, Northwest Airlines, by another lessee, Delta Air Lines. These 19 modifications and one termination would provide for a net reduction in the overall amount of space leased to the airlines of 160,080 square feet, from 868,255 to 708,175 square feet.

Such reductions in exclusive-use space will not result in reduced revenues to the Airport because the rental rates and fees to be paid by the airlines will be increased automatically under the Airport’s “residual rate setting methodology”.

**FISCAL IMPACTS**

As shown in Table 2 below, the proposed 25 new lease agreements are estimated by the Airport to provide \$3,966,261,214 in total revenues to the Airport, over the ten year lease term from July 1, 2011 through June 30, 2021.

**Table 2: Estimated Total Annual Rental Revenues**

Fiscal Year	Estimated Total Rent Paid Under The 25 Proposed 2011 Leases
2011-2012	\$276,938,935
2012-2013	316,478,774
2013-2014	353,359,933
2014-2015	379,593,819
2015-2016	404,418,249
2016-2017	418,227,506
2017-2018	431,752,686
2018-2019	446,946,429
2019-2020	462,447,660
2020-2021	476,097,223
<b>Total</b>	<b>\$3,966,261,214</b>

As discussed above, the revenues generated by both the existing leases which are being modified and the proposed new leases are calculated by the “residual rate setting methodology”, such that the proposed new leases and modifications to the existing leases 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.

**RECOMMENDATIONS**

1. In accordance with a request by the Airport, and in order to ensure that the proposed resolutions conform to the usual form of lease approval resolutions, the Budget and Legislative Analyst recommends amending (a) File 10-0351, on page 2, line 10, to insert the paragraph “WHEREAS, A copy of the form of the 2011 Lease and Use Agreement is on file with the Clerk of the Board of Supervisors in File No. \_\_\_\_\_, which is hereby declared to be a part of this resolution as if set forth fully herein; and”, and (b) File 10-0352, on page 4, line 1, to insert the paragraph “WHEREAS, A copy of the Modifications are on file with the Clerk of the Board of Supervisors in File No. \_\_\_\_\_, which is hereby declared to be a part of this resolution as if set forth fully herein; and”.
2. Approve the proposed resolutions, as amended.

## Airlines With Existing Leases

Airline	1981 Lease	1981 Lease Amended	1999 Lease	Total Existing Leases	Requesting Modification to or Termination of Existing Lease
Air Canada	X			X	
Air China			X	X	X
Air France			X	X	X
Alaska Airlines		X		X	
All Nippon Airways			X	X	X
American Airlines	X			X	X
Asiana Airlines			X	X	X
British Airways			X	X	X
Cathay Pacific			X	X	X
China Airlines		X		X	X
Continental Airlines	X			X	
Delta Air Lines	X			X	X
EVA Airways			X	X	X
Federal Express Corp.	X			X	
Japan Airlines		X		X	X
Korean Air Lines			X	X	X
LACSA			X	X	X
Lufthansa German Airlines			X	X	X
Mexicana Airlines		X		X	X
Northwest Airlines		X		X	X*
Philippine Airlines		X		X	X
Singapore Airlines		X		X	X
United Airlines		X		X	X
Virgin Atlantic			X	X	X
<b>Total</b>	<b>5</b>	<b>8</b>	<b>11</b>	<b>24</b>	<b>20</b>

\*Northwest is requesting termination of its existing lease because it was acquired by Delta Airlines.

## Airlines Under the Proposed New 2011 Lease

Airline	Existing Lessee	New Lessee Without Existing Lease	All Lessees Under 2011 Lease
Air China	X		X
Air France	X		X
All Nippon Airways	X		X
American Airlines	X		X
Asiana Airlines	X		X
British Airways	X		X
Cathay Pacific	X		X
China Airlines	X		X
Delta Air Lines	X		X
Emirates		X	X
EVA Airways	X		X
Federal Express Corp.	X		X
Frontier Airlines		X	X
Japan Airlines	X		X
KLM Royal Dutch Airlines		X	X
Korean Air Lines	X		X
Lufthansa German Airlines	X		X
Mexicana Airlines	X		X
Philippine Airlines	X		X
Singapore Airlines	X		X
Southwest Airlines		X	X
TACA		X	X
United Airlines	X		X
Virgin America	X		X
Virgin Atlantic		X	X
<b>Total</b>	<b>19</b>	<b>6</b>	<b>25</b>



File No. \_\_\_\_\_

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

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

<b>Contractor Information</b> (Please print clearly.)	
Name of contractor: SOCIETE AIR FRANCE	
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: SEE ATTACHED	
Contractor address: 45, rue de Paris 95747 ROISSY CDG Cedex France // 125 West 55th St., New York, NY 10019	
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 (Mayor, Gavin Newsom)  
 a board on which the City elective officer(s) serves San Francisco Board of Supervisors

Print Name of Board

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

Print Name of Board

<b>Filer Information</b> (Please print clearly.)	
Name of filer:	Contact telephone number: 0
Address:	E-mail:
Signature of filer:	Date:

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)**

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

<b>Contractor Information</b> (Please print clearly.)	
Name of contractor: AIR CHINA 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: Mr. Kong, Dong, Ms. Wang, Yinxiang, Mr. Wang, Shixiang, Mr. Cao, Jianxiong, Mr. Christopher Dale Pratt, Mr. Chen, Nan Lok Philip, Mr. Cai, Jianjiang, Mr. Fan, Cheng, Mr. Hu, Hung Lick Henry, Mr. Zhang, Ke, Mr. Jia, Kang, Mr. Fu, Yang. (2) <u>Chairman</u> -Kong Dong, <u>CEO</u> -Cai Jianjiang, <u>CFO</u> -Fan Cheng	
Contractor address: Air China Limited, 400 Oyster Point Blvd., Suite 318, South San Francisco, CA 94080	
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 (Mayor, Gavin Newsom)
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors  
Print Name of Board
- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits  
Print Name of Board

<b>Filer Information</b> (Please print clearly.)	
Name of filer:	Contact telephone number: ()
Address:	E-mail:

\_\_\_\_\_  
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)**

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

<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: <b>American Airlines, Inc.</b>	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i>	
<b>Board Members:</b> Board of Directors: Gerard J. Arpey, John W. Bachmann, David L. Boren, Armando M. Codina, Rajat K. Gupta, Alberto Ibarguen, Ann M. Korologos, Michael A. Miles, Philip J. Purcell, Ray M. Robinson, Judith Rodin, Matthew K. Rose, Roger T. Staubach <b>CEO:</b> Gerald Arpey; <b>CFO:</b> Tom Horton; <b>COO:</b> Bob Reding	
Contractor address: 4333 Amon Carter Boulevard, Fort Worth, TX 76155	
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 (Mayor, Gavin Newsom)
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors  
Print Name of Board
- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits  
Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer:	Contact telephone number: ( )
Address:	E-mail:

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)**

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

<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: <b>All Nippon Airways Corporation Limited</b>	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i>	
<b>Board Members:</b>	
(1) Ref to the attached.	
(2) Chief executive officer: ITO, Shinichiro Chief financial officer (Executive Vice President in charge of Finance & Accounting): HIDEMA, Tomohiro Chief operating officer (President): ITO, Shinichiro	
(3) Nil	
(4) Nil	
(5) Nil	
Contractor address: Head Office: Shiodome-City Center, 1-5-2, Higashi-Shimbashi, Minato-ku, Tokyo 105-7133, Japan SFO Office: 100 Upper International Loop Room # 1-5-050, San Francisco International Airport, San Francisco, CA94128	
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 (Mayor, Gavin Newsom)
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors  
Print Name of Board
- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits  
Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer:	Contact telephone number: ( )
Address:	E-mail:

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)

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

<b>Contractor Information</b> (Please print clearly.)	
Name of contractor: British Airways Plc.	
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: Martin Broughton (Chairman), Willie Walsh (Chief Executive Officer), Keith Williams (Chief Financial Officer), Maarten van den Bergh, Baroness Kingsmill, Jim Lawrence, Alison Reed, Rafael Sanchez-Lozano, Ken Smart, Baroness Symons	
Contractor address: 75-20 Astoria Blvd., Jackson Heights, NY 11370	
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 (Mayor, Gavin Newsom)

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

Print Name of Board

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

Print Name of Board

<b>Filer Information</b> (Please print clearly.)	
Name of filer:	Contact telephone number: ( )
Address:	E-mail:

\_\_\_\_\_  
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)

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

<b>Contractor Information</b> (Please print clearly.)	
Name of contractor: <b>Asiana Airlines</b>	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary. <b>Board Members:</b> CEO: Yoon, Yong Doo; CFO: Han, Chang Soo; COO: Kim, Jae IL See attached for full list of Board of Directors 2010	
Contractor address: Asiana Town, P.O. Box 98, 47Osoe-Dong, Gangseo-Gu, Seoul, South Korea	
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 (Mayor, Gavin Newsom)

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

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

Print Name of Board

<b>Filer Information</b> (Please print clearly.)	
Name of filer:	Contact telephone number: ( )
Address:	E-mail:

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



File No.

**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):  , SF Board of Supervisors	City elective office(s) held:
--	-------------------------------

**Contractor Information** (Please print clearly.)

Name of contractor: China Airlines, 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.

- Chairman of the Board: Wei, Hsing-Hsiung  
Board Directors: Chang, Chia-Juch / Sun, Huang-Hsiang / Lee, Yun-Ling / Ting, Kwang-Hung /  
Lee, Cho-Ping / Tsay, Ching-Yen / Chen, Chih-Yuan / Lo, Ta-Hsin / Lai, Ching-Chyi /  
Ko, Tso-Liang
- Chief Executive officer : Sun, Huang-Hsiang  
Chief financial officer : Han, Liang-Chung  
Chief operating officer: Hsiung, Yu-Chung
- China Aviation Develop Foundation
- Nil.
- Nil.

Contractor address: No. 1, Hangzhan S. Rd., Dayuan Township, Taoyuan County 33758,  
Taiwan, R.O.C.

Date that contract was approved:

Amount of contract:  
TBD each FYDescribe 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 (Mayor, Gavin Newsom)
- 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:	Contact telephone number: ( )
Address:	E-mail:

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

Date Signed



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

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

<b>Contractor Information</b> (Please print clearly.)	
Name of contractor: Delta Air Lines, 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. (1) Richard H. Anderson, Edward H. Bastian, Roy J. Bostock, John S. Brinzo, Daniel A. Carp, John M. Engler, Mickey P. Foret, David R. Good, Paula Rosput Reynolds, Kenneth C. Rogers, Rodney E. Slater, Douglas M. Steenland, Kenneth B. Woodrow; (2) Richard H. Anderson, Hank Halter; (3) None; (4) N/A; (5) Delta Air Lines Political Action Committee (Federal PAC); 1212 New York Ave. NW; Suite 200; Washington, DC 20005	
Contractor address:	
Date that contract was approved:	Amount of contract: TBD each FY
Describe the nature of the contract that was approved:	
Comments:	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form (Mayor, Gavin Newsom)

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

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

Print Name of Board

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

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

Date Signed

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

Date Signed

File No.

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

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

<b>Contractor Information</b> (Please print clearly.)	
Name of contractor: <b>Emirates</b>	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.	
<b>Board Members:</b> Emirates is a non public company based in Dubai, UAE. There is no Board of Director. CEO, HH S Ahmed B Saeed Al Maktoum NO CFO, COO	
Contractor address: 55 East 55 <sup>th</sup> Street, New York, NY10022.	
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 (Mayor, Gavin Newsom)
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors  
Print Name of Board
- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

<b>Filer Information</b> (Please print clearly.)	
Name of filer:	Contact telephone number: ( )
Address:	E-mail:

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

File No.

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

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

<b>Contractor Information</b> (Please print clearly.)	
Name of contractor: <b>EVA Airways Corporation</b>	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i>	
<b>Board Members:</b>	
1. Board of directors : <u>Chang, Yung-Fa</u> ; <u>Lin, Sun-San</u> ; <u>Lin, Long-Hwa</u> ; <u>Chang, Ming-Yuh</u> ; <u>Jeng, Kung-Yeun</u> ; <u>Chang, Kuo-Hua</u>	
2. Chief executive officer: Jeng, Kung-Yeun Chief financial officer: Wu, Kuang-Hui Chief operating officer: Soong, Allen	
Contractor address: 1350 Bayshore Highway, Suite 820 Burlingame, CA94101	
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 (Mayor, Gavin Newsom)
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors  
 Print Name of Board
- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits  
 Print Name of Board

<b>Filer Information</b> (Please print clearly.)	
Name of filer:	Contact telephone number: ( )
Address:	E-mail:

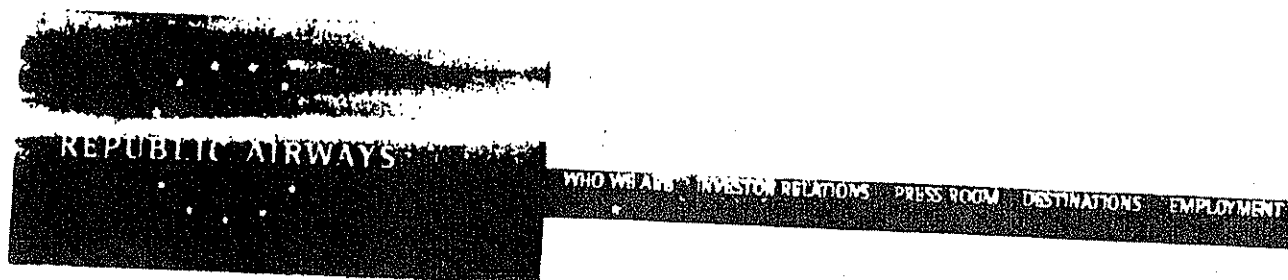
\_\_\_\_\_  
 Signature of City Elective Officer (if submitted by City elective officer)

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

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

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





- SETTING A COURSE
- AIRCRAFT
- LEADERSHIP
- SUBSIDIARIES
- CHARTERS
- AWARDS AND KUDOS
- VIDEO

**LEADERSHIP**

The Republic Airways senior leadership team has extensive experience growing airlines while delivering a high-quality and low-cost product. They have successfully developed the company into one of the country's largest regional jet fixed-fee operators, maintaining multiple code-sharing partnerships, including American Airlines, Continental Airlines, Delta Air Lines, United Airlines and US Airways. In addition, the company owns Frontier Airlines and Midwest Airlines, which it operates under its branded portfolio.

- Bryan Bedford - Chairman, President & Chief Executive Officer**
- Hal Cooper - Executive Vice President, Chief Financial Officer**
- Wayne Heller - Executive Vice President, Chief Operating Officer**
- Sean Menke - Executive Vice President, Chief Marketing Officer**
- Lars-Eric Arnell - Vice President of Corporate Development**
- Joe Allman - Vice President, Controller**
- Greg Aretakis - Vice President, Revenue Production**
- Tim Dooley - Vice President, Financial Planning and Analysis**
- Jeff Domrese - Vice President, Maintenance & Technical Operations**
- Thomas Duffy - Vice President, Technical Services**
- Scott L. Durgin - Vice President, Lean Methods and Administration**
- Brad Elstad - Vice President, Safety & Regulatory Compliance**
- Ron Henson - Vice President, Labor Relations**
- Jeff Jones - Vice President, Market Planning & Development**
- Jerry Balsano - Vice President, Customer Service**
- Paul Kinstedt - Vice President, System Operations Control**
- Don Osmundson - Vice President, Flight Operations**
- Daniel Shurz - Vice President, Planning and Strategy**
- Drew Skaff - Vice President, Supply Chain**
- Kathy Wooldridge - Vice President, Human Resources**
- Aaron Workman - Vice President, Information Technology**

File No.

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

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

<b>Contractor Information (Please print clearly.)</b>	
Name of contractor: <i>Frontier 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.	
Board Members: <i>See attached list</i>	
Contractor address: <i>201 Tower Rd. Newark, Ca. 90249</i>	
Date that contract was approved: <i>Pending</i>	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 (Mayor, Gavin Newsom)
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors  
Print Name of Board
- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits  
Print Name of Board

<b>Filer Information (Please print clearly.)</b>	
Name of filer:	Contact telephone number: ( )
Address:	E-mail:

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)

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

<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: <b>Japan Airlines International Company, Ltd.</b>	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i>	
<b>Board Members:</b> (1) Chairman, Kazuo Inamori, President Masaru Onishi (JAL Group COO), Executive Vice President Hisao Taguchi, Executive Officer-Accounting Norikazu Saito, Senior Vice President-The America Hiroyuki Hioka. (Please refer to attached list for full list of Executive Officers)	
Contractor address: 2-4-11, Higashi-Shinagawa, Shinagawa-ku, Tokyo 140-8605, JAPAN	
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 (Mayor, Gavin Newsom)
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors  
Print Name of Board
- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits  
Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer:	Contact telephone number: ()
Address:	E-mail:

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 \_\_\_\_\_

File No. \_\_\_

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

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

<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: KLM Royal Dutch Airlines	
<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 ATTACHED	
Contractor address: PO. BOX 7700 117 ZL SCHIPOL THE NETHERLANDS // P.O. BOX 251902 SFO INT'L AIRPORT	
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 (Mayor, Gavin Newsom)
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors

Print Name of Board

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

Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer:	Contact telephone number: 0
Address:	E-mail:
Signature of filer:	Date:

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)

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

<b>Contractor Information</b> <i>(Please print clearly.)</i>
Name of contractor: <b>Deutsche Lufthansa AG dba Lufthansa German Airlines</b>

*Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.*

**1 & 2: Board Members and Directors/Officers**

Wolfgang Mayrhuber  
Chief Executive Director  
Von-Gablenz-Strasse 2-6  
D-50679 Cologne, Germany

Christoph Franz  
Deputy Chief Executive Director  
Von-Gablenz-Strasse 2-6  
D-50679 Cologne, Germany

Stephan Gemkow  
Chief Financial Director  
Von-Gablenz-Strasse 2-6  
D-50679 Cologne, Germany

Stefan Lauer  
Director of Aviation Services and Human Resources  
Von-Gablenz-Strasse 2-6  
D-50679 Cologne, Germany

**3, 4 and 5: Not applicable**

Contractor address:  
Lufthansa German Airlines, 1640 Hempstead Turnpike, East Meadow, NY 11554

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 (Mayor, Gavin Newsom)

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

Print Name of Board

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

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

<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: Korean Air Lines Co., LTD.	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i>	
<b>Board Members:</b> Chief Executive Officer: Mr. Woo, Kee Hong Secretary : Mr. Park, Kyung Ho Chief Financial Officer : Mr. Lee, Sung Hwan	
Contractor address: P. O. Box 251700 San Francisco Int'l Airport, San Francisco, Ca 94125-0700	
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 (Mayor, Gavin Newsom)
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors  
Print Name of Board
- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits  
Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer:	Contact telephone number: ( )
Address:	E-mail:

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)

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

<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: <b>Compania Mexicana de Aviacion S.A. de C.V. dba, Mexicana Airlines</b>	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer;</i> <b>Board Members: Manuel Borja, Ricardo Baston, Isaac Volin, Javier Christlieb, Gerardo Barrera y Fernando Loera; 2) CEO: Manuel Borja; CFO: Gerardo Barrera y COO Félix Sánchez.</b>	
<i>(3) any person who has an ownership of 20 percent or more in the contractor; NO</i>	
<i>(4) any subcontractor listed in the bid or contract; NO</i>	
<i>(5) any political committee sponsored or controlled by the contractor. NO.</i>	
Contractor address: <b>Ave. Xola # 535, Col. Del Valle, C.P. 03100 México, D.F. México</b>	
Date that contract was approved:	Amount of contract: TBD each FY
Describe the nature of the contract that was approved: <b>2011 Airport/Airline Lease and Use Agreement</b>	
Comments:	

This contract was approved by (check applicable):

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

Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer:	Contact telephone number: ()
Address:	E-mail:

\_\_\_\_\_  
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

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

\_\_\_\_\_  
Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer:	Contact telephone number: ( )
Address:	E-mail:

\_\_\_\_\_  
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)

<b>City Elective Officer Information</b> (Please print clearly.)	
Name of City elective officer(s):  SF Board of Supervisors	City elective office(s) held:  
<b>Contractor Information</b> (Please print clearly.)	
Name of contractor: <b>PHILIPPINE AIRLINES</b>	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary. <b>Board Members:</b> to be given later 2) Lucio Tan CEO – Jose Gabriel Olives – CFO – Jaime B. Bautista – COO 3) Lucio Tan – sole owner 4) N/A 5) N/A	
Contractor address: PO Box 251960 - SFIA - San Francisco, CA94125	
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 (Mayor, Gavin Newsom)
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors  
Print Name of Board
- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

<b>Filer Information</b> (Please print clearly.)	
Name of filer:	Contact telephone number: ( )
Address:	E-mail:

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

File No.

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

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

<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: <b>TACA International Airlines, S.A.</b>	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i>	
<b>(1) Board Members:</b> Chairman: Roberto José Avila Kriete; Secretary: Joaquín Alberto Palomo Deneke; Director: Ricardo Harold Kriete Avila; Director: Fernando Poma Kriete. <b>(2) Chief Executive Officer:</b> Roberto José Avila Kriete; Chief Financial Officer: Joaquín A. Palomo Deneke; Chief Operating Officer: Estuardo Ortiz. <b>(3) (i) FORBINA, S.A.; (ii) TACA, S.A.</b>	
Contractor address: Edificio TACA, Boulevard Sur, Santa Elena, Antiguo Cuscatlán, La Libertad, El Salvador, Central América.	
Date that contract was approved: February 26 <sup>th</sup> , 2010	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 (Mayor, Gavin Newsom)

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

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

Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer:	Contact telephone number: ()
Address:	E-mail:

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)

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

<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: <b>Virgin Atlantic Airways Limited Company</b>	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary. (1) See Attached (2) CEO - Stephen Ridgway, CFO - Julie Southern, COO - Steve Griffiths (3) 51% - The Virgin Group, 49% - Singapore Airlines (4) N/A (5) N/A	
Contractor address: 75 North Water Street South Norwalk, CT 06854	
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 (Mayor, Gavin Newsom)

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

Print Name of Board

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

Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer:	Contact telephone number: ( )
Address:	E-mail:

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)

<b>City Elective Officer Information</b> (Please print clearly.)	
Name of City elective officer(s): SF Board of Supervisors	City elective office(s) held: San Francisco
<b>Contractor Information</b> (Please print clearly.)	
Name of contractor: Virgin America 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. (1) Don Carty, Jonathan Peachey; Robert Nickell; Cyrus Freidheim; David Cush; John Rapaport; Samuel Skinner; Stephen Freidheim; David Baxby (2) David Cush (3) VAI Partners LLC; Carola Holdings Limited	
Contractor address: 555 Airport Blvd, Burlingame, CA 94010	
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 (Mayor, Gavin Newsom)
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors  
Print Name of Board
- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits  
Print Name of Board

<b>Filer Information</b> (Please print clearly.)	
Name of filer: Leonard Sloper	Contact telephone number: (650) 762-7234
Address: 555 Airport Blvd, Burlingame, CA 94010	E-mail: Len.Sloper@virginamerica.com

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

# LEASE AND USE AGREEMENT

SAN FRANCISCO INTERNATIONAL AIRPORT

By and between the  
AIRPORT COMMISSION OF THE  
CITY AND COUNTY OF SAN FRANCISCO

And

[AIRLINE]

Mayor Gavin Newsom

AIRPORT COMMISSION  
Hon. Larry Mazzola, President  
Hon. Linda S. Crayton, Vice President  
Hon. Caryl Ito  
Hon. Eleanor Johns  
Hon. Richard J. Guggenhime

John L. Martin  
Airport Director

March 1, 2010

Lease No. \_\_\_\_\_

**TABLE OF CONTENTS**  
**LEASE AND USE AGREEMENT**

<b>RECITALS</b>	<b>1</b>
<b>ARTICLE 1. DEFINITIONS</b>	<b>1</b>
<i>Section 101 Definitions.</i>	<i>1</i>
<i>Section 102 Time Conventions.</i>	<i>11</i>
<b>ARTICLE 2. PREMISES; USE</b>	<b>11</b>
<i>Section 201 Lease of Demised Premises.</i>	<i>11</i>
<i>Section 202 Permitted Uses.</i>	<i>12</i>
<i>Section 203 Prohibited Uses, Exclusions and Reservations.</i>	<i>14</i>
<i>Section 204 Space Classifications.</i>	<i>15</i>
<i>Section 205 Rights of Way.</i>	<i>17</i>
<i>Section 206 Ingress and Egress.</i>	<i>18</i>
<i>Section 207 Accommodation of Other Air Carriers in Airline's Exclusive Use Space.</i>	<i>18</i>
<i>Section 208 Environmental Sustainability Measures.</i>	<i>19</i>
<i>Section 209 Equipment, Maintenance and Operating Agreements.</i>	<i>19</i>
<i>Section 210 Relocation of Operations.</i>	<i>20</i>
<i>Section 211 [Reserved].</i>	<i>21</i>
<i>Section 212 Termination.</i>	<i>21</i>
<i>Section 213 Recapture of Exclusive Use Space Following Involuntary Reduction in Number of Preferential Use Gates.</i>	<i>21</i>
<i>Section 214 Recapture of Exclusive Use Space Following Rejection of Preferential Use Gates by Airline.</i>	<i>22</i>
<i>Section 215 Airline-Owned Equipment in Demised Premises.</i>	<i>22</i>
<i>Section 216 Affiliate Airlines.</i>	<i>23</i>
<b>ARTICLE 3. ASSIGNMENT AND USE OF COMMON USE FACILITIES AND PREFERENTIAL USE GATES</b>	<b>24</b>
<i>Section 301 No Exclusive Use Gates.</i>	<i>24</i>
<i>Section 302 Resource Management Advisory Committee.</i>	<i>24</i>
<i>Section 303 Annual Determination by the City of the Total Number of Common Use Gates.</i>	<i>24</i>
<i>Section 304 Annual Determination of the Number and Locations of Preferential Use Gates to be offered to the Signatory Airlines.</i>	<i>25</i>
<i>Section 305 City Scheduling Rights at Preferential Use Gates.</i>	<i>26</i>

Section 306	<i>Charges for Use of Preferential Use Gate by Another Air Carrier.</i>	27
Section 307	<i>Gate Accommodation Conditions.</i>	27
Section 308	<i>City's Control of Common Use Gates, Ticket Counters and Support Facilities.</i>	27
Section 309	<i>Initial Determination by City of Common Use Ticket Counters and Support Facilities.</i>	28
Section 310	<i>Charges for Common Use Gates, Ticket Counters and Support Facilities.</i>	28
Section 311	<i>Shared Use Equipment.</i>	28
Section 312	<i>Self-Service Devices.</i>	28
<b>ARTICLE 4.</b>	<b>RENTALS AND FEES</b>	<b>28</b>
Section 401	<i>Reports and Payments.</i>	28
Section 402	<i>Rent and Usage Fees.</i>	30
Section 403	<i>Landing Fees.</i>	31
Section 404	<i>Payment for Utilities.</i>	31
Section 405	<i>Other Fees.</i>	31
Section 406	<i>Payment Details.</i>	32
Section 407	<i>Prepayment of Terminal Area Rentals/Landing Fees.</i>	32
Section 408	<i>Accounting.</i>	32
<b>ARTICLE 5.</b>	<b>ADJUSTMENT OF AIRLINE RATES AND CHARGES</b>	<b>33</b>
Section 501	<i>Periodic Review.</i>	33
Section 502	<i>Method of Adjusting Terminal Area Rentals.</i>	33
Section 503	<i>Method of Adjusting Landing Fees.</i>	35
Section 504	<i>Review of Adjusted Rentals and Fees.</i>	36
Section 505	<i>Reconciliation of Airline Rates and Charges and Application of Prior Period Deficits (Surpluses).</i>	37
<b>ARTICLE 6.</b>	<b>CAPITAL IMPROVEMENTS</b>	<b>38</b>
Section 601	<i>Financing of Capital Improvements.</i>	38
Section 602	<i>Review of Capital Improvements.</i>	38
Section 603	<i>Development of West of Bayshore Area.</i>	39
<b>ARTICLE 7.</b>	<b>MISCELLANEOUS COVENANTS OF CITY</b>	<b>40</b>
Section 701	<i>Prudent Operation.</i>	40
Section 702	<i>Revenues From Non-Airline Sources.</i>	40
Section 703	<i>Airfield Area Users.</i>	40
<b>ARTICLE 8.</b>	<b>PIPELINES AND UTILITIES</b>	<b>40</b>
Section 801	<i>Reservations by City.</i>	40

Section 802	Relocation of Pipelines.	41
Section 803	Information and Communications Technology; Utilities.	41
<b>ARTICLE 9.</b>	<b>DEVELOPMENT, MAINTENANCE, AND OPERATION OF AIRPORT</b>	<b>41</b>
Section 901	Operation of Airport.	41
Section 902	Condition of Demised Premises and Janitorial Services.	41
Section 903	Airline Improvements.	42
Section 904	Maintenance and Repair; Operator Training.	43
Section 905	Inspections; Audit of Operations.	44
Section 906	Trespass and Security.	44
Section 907	Compliance with Code Requirements.	45
Section 908	Trash Removal.	45
Section 909	Taxes.	45
Section 910	Other Liens.	46
Section 911	Damage and Destruction.	46
Section 912	Condemnation/Eminent Domain.	48
<b>ARTICLE 10.</b>	<b>RULES AND REGULATIONS</b>	<b>48</b>
Section 1001	Rules and Regulations.	48
<b>ARTICLE 11.</b>	<b>NO OTHER CHARGES, QUIET ENJOYMENT</b>	<b>49</b>
Section 1101	No Other Charges.	49
Section 1102	Quiet Enjoyment.	49
<b>ARTICLE 12.</b>	<b>LIMITED OBLIGATIONS, INDEMNITY, WAIVER AND INSURANCE</b>	<b>49</b>
Section 1201	Limited Obligations of City.	49
Section 1202	Indemnity, Waiver.	49
Section 1203	Public Liability and Property Damage Insurance.	51
<b>ARTICLE 13.</b>	<b>SECURITY DEPOSIT</b>	<b>53</b>
Section 1301	Security for Faithful Performance.	53
Section 1302	Deposit/Faithful Performance Bond.	54
<b>ARTICLE 14.</b>	<b>ASSIGNMENT AND SUBLETTING</b>	<b>54</b>
Section 1401	No Transfer.	54
Section 1402	Changes in Airline.	55
Section 1403	No Release.	56

<b>ARTICLE 15. TERMINATION OR SUSPENSION OF LEASE PROVISIONS</b>	<b>56</b>
<i>Section 1501 Airline Events of Defaults and City Remedies.</i>	56
<i>Section 1502 Remedies.</i>	57
<i>Section 1503 City's Right to Perform.</i>	59
<i>Section 1504 Rights Related to Termination.</i>	59
<i>Section 1505 Cumulative Rights.</i>	59
<i>Section 1506 Prepayment.</i>	59
<i>Section 1507 Fines.</i>	59
<i>Section 1508 [Reserved].</i>	60
<i>Section 1509 Waiver of Notice.</i>	60
<i>Section 1510 Annual Service Payments and City's Right to Suspend Part of Agreement.</i>	60
<i>Section 1511 Airline's Right to Terminate.</i>	63
<b>ARTICLE 16. SURRENDER OF POSSESSION OF DEMISED PREMISES</b>	<b>63</b>
<i>Section 1601 Surrender.</i>	63
<b>ARTICLE 17. HOLDING OVER</b>	<b>64</b>
<i>Section 1701 Month to Month.</i>	64
<b>ARTICLE 18. CITY CONTRACTING PROVISIONS</b>	<b>64</b>
<i>Section 1801 Nondiscrimination Ordinance.</i>	64
<i>Section 1802 Conflict of Interest.</i>	65
<i>Section 1803 Tropical Hardwoods and Virgin Redwoods.</i>	66
<i>Section 1804 Drug-Free Workplace Policy.</i>	66
<i>Section 1805 Compliance with Americans With Disabilities Act and Air Carrier Access Act.</i>	66
<i>Section 1806 Pesticide Prohibition.</i>	66
<i>Section 1807 MacBride Principles - Northern Ireland.</i>	67
<i>Section 1808 No Advertising or Promotions; Prohibition of Tobacco Advertising.</i>	67
<i>Section 1809 First Source Hiring Ordinance.</i>	67
<i>Section 1810 [Reserved]</i>	67
<i>Section 1811 Sunshine Ordinance.</i>	67
<i>Section 1812 Charter Provisions.</i>	67
<i>Section 1813 Requiring Health Benefits for Covered Employees.</i>	68
<i>Section 1814 Requiring Minimum Compensation for Covered Employees.</i>	69
<i>Section 1815 Notification of Limitations on Contributions.</i>	70
<i>Section 1816 Compliance with Laws.</i>	71

Section 1817	<i>Airport Intellectual Property.</i>	71
Section 1818	<i>Food Service Waste Reduction.</i>	71
Section 1819	<i>Labor Disputes.</i>	71
Section 1820	<i>Preservative-Treated Wood Containing Arsenic.</i>	72
<b>ARTICLE 19.</b>	<b>MISCELLANEOUS PROVISIONS</b>	<b>72</b>
Section 1901	<i>No Individual Liability.</i>	72
Section 1902	<i>Agreements With Governments.</i>	72
Section 1903	<i>Governing Law.</i>	72
Section 1904	<i>Notices.</i>	72
Section 1905	<i>No Implied Waiver.</i>	73
Section 1906	<i>Federal Grant Agreement Covenants.</i>	73
Section 1907	<i>Contracting on More Favorable Terms.</i>	75
Section 1908	<i>Force Majeure.</i>	76
Section 1909	<i>Invalid Provisions and Severability.</i>	76
Section 1910	<i>Headings.</i>	76
Section 1911	<i>Exclusiveness of Airline's Rights.</i>	76
Section 1912	<i>Withholding Required Approvals.</i>	76
Section 1913	<i>Majority-in-Interest Decisions.</i>	76
Section 1914	<i>Declaration Regarding Airport Private Roads.</i>	76
Section 1915	<i>Subordination of Agreement.</i>	77
Section 1916	<i>Inspection of Records.</i>	77
Section 1917	<i>Successors and Assigns.</i>	77
Section 1918	<i>Taxes, Assessments and Liens.</i>	77
Section 1919	<i>Appendices, Exhibits and Schedules.</i>	78
Section 1920	<i>Entire Agreement.</i>	78
Section 1921	<i>Approvals.</i>	78
Section 1922	<i>Amendments.</i>	79
Section 1923	<i>Interpretation of Agreement.</i>	79
Section 1924	<i>Duty Free Merchandise and International Travel Merchandise.</i>	80
Section 1925	<i>No Third-Party Beneficiaries.</i>	80
Section 1926	<i>No Joint Venture.</i>	80
Section 1927	<i>Nature of Agreement.</i>	80
Section 1928	<i>Required Approvals.</i>	80
Section 1929	<i>Airline Operations Information and Planning.</i>	81
Section 1930	<i>Waiver of Visual Artists Rights.</i>	81



<i>Section 1931</i>	<i>Airport Functions.</i>	81
<b>ARTICLE 20.</b>	<b>HAZARDOUS MATERIALS</b>	<b>82</b>
<i>Section 2001</i>	<i>Definitions.</i>	82
<i>Section 2002</i>	<i>Airline's Covenants.</i>	83
<i>Section 2003</i>	<i>Access for Environmental Inspection.</i>	84
<i>Section 2004</i>	<i>Liability.</i>	84
<i>Section 2005</i>	<i>Environmental Indemnity.</i>	84
<i>Section 2006</i>	<i>Environmental Audit.</i>	84
<i>Section 2007</i>	<i>Notice by Airline.</i>	85
<i>Section 2008</i>	<i>Stormwater.</i>	85
<i>Section 2009</i>	<i>Airline Obligations Upon Termination.</i>	86
<i>Section 2010</i>	<i>Cumulative Remedies.</i>	86
<i>Section 2011</i>	<i>Prior Agreements.</i>	87



File No. 100351



## SAN FRANCISCO PLANNING DEPARTMENT

### Certificate of Determination EXEMPTION FROM ENVIRONMENTAL REVIEW

Case No.: 2010.0227E  
Project Title: SFO- Airline Lease and Use Agreements  
and Lease Modifications  
Project Sponsor: Aubrey Park, San Francisco International Airport (SFO)  
(650) 821-7844  
Staff Contact: Brett Bollinger - (415) 575-9024  
brett.bollinger@sfgov.org

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

#### PROJECT DESCRIPTION:

San Francisco International Airport (SFO) and the airlines have negotiated a new 10-year lease, effective July 1, 2011 ("2011 Lease"), which would continue the airlines' operations at SFO and maintain the current residual rate-setting methodology with terminal rent rates and landing fees. The new 2011 Lease provides for greater flexibility and more efficient use of domestic gates at SFO by moving from exclusive use facilities under airline control to preferential and common use facilities over which SFO would have more control over accommodating airlines needing more space. The 2011 Lease and associated agreements would continue an existing use at SFO, with no physical changes to the site or intensification of use.

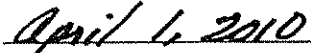
#### EXEMPT STATUS:

Categorical Exemption, Class 1 (State CEQA Guidelines Section 15301)

#### DETERMINATION:

I do hereby certify that the above determination has been made pursuant to State and Local requirements.

  
Bill Wycko  
Environmental Review Officer

  
Date

cc: Project Sponsor  
Bulletin Board/M.D.F.  
Exclusion/Exemption File

**REMARKS:**

The 2011 Lease would allow the continuation of existing airline operations at SFO for an additional 10-year term. Under the new lease certain changes would be made to the business terms under which airlines operate at SFO. However, these changes would not result in an impact to the environment and would not result in construction or expansion of the existing SFO facilities. Since no new construction or other physical change would result with the 2011 Lease, there would be no change or substantial intensification in the on-going activities occurring at SFO. Therefore, it can be seen with certainty that there would be no significant environmental impacts.

CEQA State Guidelines Section 15301, or Class 1, provides an exemption from environmental review for leases of existing public or private structures involving negligible or no expansion of use. The proposed project would meet these criteria because the 2011 Lease and associated agreements would continue an existing use at SFO, with no physical changes to the site or intensification of use.

CEQA State Guidelines Section 15300.2 states that a categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. There are no unusual circumstances surrounding the current proposal that would suggest a reasonable possibility of a significant environmental effect. Therefore, the 2011 Lease would be exempt under the above-cited classification. Therefore, it can be seen with certainty that there would be no significant environmental impacts.



San Francisco International Airport

P.O. Box 8097  
San Francisco, CA 94128  
Tel 650.821.5000  
Fax 650.821.5005  
www.flysfo.com

April 16, 2010

Gail Johnson  
Clerk, Budget and Finance Committee  
San Francisco Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102

**RE: File No. 100351**

Dear Ms. Johnson:

Attached, please find the required Form SFEC – 126 forms for each of the leases included in the Airport 2011 Lease and Use Agreements with Various Airlines (File No. 100351) which has been received and assigned to the Budget and Finance Committee for consideration.

Please place copies of each in the Lease and Use Agreements file.

Thank you.

Sincerely,

Cathy Widener  
Governmental Affairs Manager  
SFO

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

2010 APR 19 PM 2:49

BY

- AIRPORT COMMISSION
- CITY AND COUNTY OF SAN FRANCISCO
- GAVIN NEWSOM  
MAYOR
- LARRY MAZZOLA  
PRESIDENT
- LINDA S. CRAYTON  
VICE PRESIDENT
- CARYL ITO
- ELEANOR JOHNS
- RICHARD J. GUGGENHIME
- JOHN L. MARTIN  
AIRPORT DIRECTOR

cc: Gary Franzella, Aviation Management  
Diane Artz, Aviation Management



San Francisco International Airport

P.O. Box 8097  
San Francisco, CA 94128  
Tel 650.821.5000  
Fax 650.821.5005  
www.flysfo.com

April 8, 2010

Gail Johnson  
Clerk, Budget and Finance Committee  
San Francisco Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102

RE: File Nos. 100351 and 100352

Dear Ms. Johnson:

The Airport recently received a CEQA Exemption Certificate of Determination for the Airport 2011 Lease and Use Agreements with Various Airlines (File No. 100351) and the Airline and Airport Lease and Use Agreement Modifications and Lease and Operating Agreement Modifications with Various Airlines (File No. 100352) which have been received and assigned to the Budget and Finance Committee for consideration.

I'm attaching two (2) copies of the Exemption Certificate and request that a copy be placed in each of the files.

Please feel free to contact me at 650-821-5023 with any questions.

Thank you.

Sincerely,

Cathy Widener  
Governmental Affairs Manager  
SFO

- AIRPORT COMMISSION
- CITY AND COUNTY OF SAN FRANCISCO
- GAVIN NEWSOM  
MAYOR
- LARRY MAZZOLA  
PRESIDENT
- LINDA S. CRAYTON  
VICE PRESIDENT
- CARYL ITO
- ELEANOR JOHNS
- RICHARD J. GUGGENHIME
- JOHN L. MARTIN  
AIRPORT DIRECTOR

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2010 APR -8 PM 1:30  
BY AK

cc: Gary Franzella, Aviation Management  
Melba Yee, City Attorney

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO



San Francisco International Airport

2010 MAR 26 PM 2:03

BY AK

P.O. Box 8097  
San Francisco, CA 94128  
Tel 650.821.5000  
Fax 650.821.5005  
www.flysfo.com

March 26, 2010

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

AIRPORT  
COMMISSION  
CITY AND COUNTY  
OF SAN FRANCISCO

GAVIN NEWSOM  
MAYOR

LARRY MAZZOLA  
PRESIDENT

LINDA S. CRAYTON  
VICE PRESIDENT

CARYL ITO

ELEANOR JOHNS

RICHARD J. GUGGENHIME

JOHN L. MARTIN  
AIRPORT DIRECTOR

**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 twenty-five (25) 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 domestic and international 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. 10-0075 through 10-0099, adopted March 16, 2010.

The Leases provide for rental of approximately five hundred ninety-nine thousand six hundred thirty one (599,631) square feet of Exclusive Use Space, one hundred seventy four thousand seven hundred seventy three (174,773) square feet of Preferential Use Space, and seven hundred twenty three thousand sixty nine (723,069) 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 \$210,781,610 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. 10-0075 through 10-0099; and
- Commission Memorandum; and
- A sample of the form of the Lease that was executed by all airlines.

Ms. Angela Calvillo  
March 26, 2010  
Page 2

You may contact Gary Franzella of the Airport Aviation Management Department at (650) 821-4525 regarding this matter.

Very truly yours,

A handwritten signature in black ink that reads "Jean Caramatti". The signature is written in a cursive style with a large initial "J".

Jean Caramatti  
Commission Secretary

Enclosures



## ATTACHMENT A

Airline	
1	Air China Limited
2	Air France
3	All Nippon Airways Corporation Limited
4	American Airlines, Inc.
5	Asiana Airlines
6	British Airways PLC
7	Cathay Pacific Airways Limited
8	China Airlines Limited
9	Delta Air Lines, Inc.
10	Emirates
11	EVA Airways Corporation
12	Federal Express Corporation
13	Frontier Airlines, Inc.
14	Japan Airlines International Company Limited
15	KLM Royal Dutch Airlines
16	Korean Airlines Company Limited
17	Deutsche Lufthansa, AG, dba, Lufthansa German Airlines
18	Compañía Mexicana de Aviación S.A. de C.V. dba Mexicana Airlines
19	Philippine Airlines, Inc.
20	Singapore Airlines Limited
21	Southwest Airlines Company
22	TACA International Airlines
23	United Air Lines, Inc.
24	Virgin America, Inc.
25	Virgin Atlantic Airways Limited Company

