

AIRPORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 22-0110

APPROVAL OF AMENDMENT NO. 4 TO THE TERMINAL 2 NEWSSTANDS, COFFEE AND SPECIALTY STORES LEASE NO. 10-0232 WITH WORLD DUTY FREE GROUP NORTH AMERICA, LLP

- WHEREAS, on July 6, 2010, by Resolution No. 10-0232, the Airport Commission (Commission) awarded the Terminal 2 Newsstands, Coffee and Specialty Stores Lease No. 10-0232 (Lease) to Host International, Inc. (Original Tenant) for a term of ten years; and
- WHEREAS, on December 6, 2011, by Resolution No. 11-0296, the Commission approved Amendment No. 1 to the Lease, which modified the definition of Lease Year; and
- WHEREAS, on November 20, 2012, by Resolution No. 12-0263A, the Commission consented to an assignment of the Lease from Original Tenant to World Duty Free Group North America, LLP (WDFG); and
- WHEREAS, on October 6, 2020, by Resolution No. 20-0180, the Commission adopted the COVID-19 Emergency Rent Relief Program for Airport Concession Tenants, which was memorialized in Amendment No. 2 to the Lease; and
- WHEREAS, on December 15, 2020, by Resolution No. 20-0252, the Commission approved Amendment No. 3 to the Lease, which extended the term of the Lease to June 30, 2023; and
- WHEREAS, a portion of the premises demised under the Lease and designated for a coffee café (formerly operated as a Starbucks) has been temporarily closed since the COVID-19 pandemic due to a severe decline in enplanements and concession traffic; and
- WHEREAS, as the Lease expires on June 30, 2023, rather than require WDFG to find a new operator for such a short duration, Staff believes it would be better for the Airport, both operationally and financially, to reclaim the space and issue a request for proposals for a new long-term lease with a new operator; and
- WHEREAS, the removal of the space will reduce the total leasehold square footage of the demised premises from approximately 4,420 square feet to approximately 3,555 square feet, a 20% reduction in leasehold space which results in a reduction in Minimum Annual Guarantee rent from \$1,546,363.72 to \$1,243,738.24; now, therefore, be it

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RESOLVED, that this Commission hereby approves Amendment No. 4 to the Terminal 2 Newsstands, Coffee and Specialty Stores Lease No. 10-0232 with World Duty Free Group North America, LLP, which removes the portion of the leased premises designated for coffee café use; and, be it further

RESOLVED, that this Commission hereby directs the Commission Secretary to seek approval of Lease Amendment No. 4 from the Board of Supervisors pursuant to Section 9.118 of the Charter of the City and County of San Francisco.

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I hereby certify that the foregoing resolution was adopted by the Airport Commission
- JUN 21 2022
at its meeting of _____

Secretary