

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 15-0274

APPROVAL OF MODIFICATION NO. 1 TO US AIRWAYS, INC.'S 2011 LEASE AND USE AGREEMENT NO. L10-0276, WHICH GRANTS AN EARLY TERMINATION OF THE AGREEMENT

WHEREAS, American Airlines, Inc. ("American") and US Airways, Inc. ("US Airways") became signatories to the 2011 Lease and Use Agreement pursuant to Lease No. L10-0078 (the "American Agreement") and Lease No. L10-0276 (the "US Airways Agreement"), respectively, both of which expire on June 30, 2021; and

WHEREAS, on November 29, 2011, American and certain of its affiliates filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code; and

WHEREAS, in conjunction with the bankruptcy proceedings, City and American negotiated a Cure Stipulation Agreement, dated June 5, 2013, which provided that American and US Airways would have the option to co-locate in Terminal 2, and eliminates the Exclusive Use Space and Joint Use Space occupied by US Airways under the US Airways Agreement; and

WHEREAS, on December 9, 2013, US Airways and American became affiliates through the merger of AMR Merger Sub, Inc., a wholly owned subsidiary of AMR Corporation, and US Airways Group, Inc.; and

WHEREAS, on April 8, 2015, the Federal Aviation Administration issued a single operating certificate for American and US Airways, and on October 1, 2015, US Airways co-located its passenger check-in functions with American in Terminal 2, and ceased all flights nationwide under the US Airways brand on October 17, 2015; and

WHEREAS, on a related matter, due to the Airport's Terminal 1 Project, US Airways was required to relocate all of its Category III and V Exclusive Use Spaces from Boarding Area B to Boarding Area C in Terminal 1, pursuant to an Exhibit L Space Change Summary Notice, dated May 19, 2015, which space will subsequently be added to the American Agreement pursuant to another Exhibit L Space Change Summary Notice prior to the proposed termination of the US Airways Agreement; and

WHEREAS, US Airways will also be required to relinquish all Category I, II and IV Exclusive Use Spaces and the Joint Use Spaces in early 2016 to accommodate the Terminal 1 Project and, to further the merger and integration process, American will add incremental Category I and II Exclusive Use Space in Terminal 2 pursuant to an Exhibit L Space Change Summary Notice; and

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WHEREAS, US Airways is now seeking City's consent to an early termination of the US Airways Agreement in its entirety, upon completion of the US Airways' space changes referenced above, pursuant to Modification No. 1 to the agreement; now, therefore, be it

RESOLVED, that the Airport Commission hereby approves Modification No. 1 to US Airways' 2011 Lease and Use Agreement No. L10-0276, which grants early termination of the Agreement; and, be it further

RESOLVED, that the Airport Commission hereby directs the Commission Secretary to forward Modification No. 1 to the US Airways Agreement to the Board of Supervisors for approval.

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

**DEC 22 2015**

at its meeting of \_\_\_\_\_

  
Secretary