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**MODIFICATION NO. 2 TO
2011 LEASE AND USE AGREEMENT NO. L10-0081
SAN FRANCISCO INTERNATIONAL AIRPORT**

CATHAY PACIFIC AIRWAYS LIMITED

THIS MODIFICATION NO. 2 TO LEASE AND USE AGREEMENT NO. L10-0081 (this "**Modification**") dated as of May 8, 2015, is entered into by and between the City and County of San Francisco ("**City**"), acting by and through its Airport Commission ("**Commission**"), and Cathay Pacific Airways Limited, a Hong Kong corporation ("**Airline**").

Recitals

A. The City owns San Francisco International Airport (the "**Airport**") located in the County of San Mateo, State of California, which Airport is operated by and through the Commission, the chief executive officer of which is the Airport Director.

B. The Commission has the legal responsibility for the management, supervision, operation, use, maintenance, extension, construction, and control of the Airport's terminals.

C. The Commission has the legal responsibility for the management, supervision, operation, use, maintenance, extension, construction, and control of the Airport's terminals.

D. Pursuant to Commission Resolution No. 10-0081 and Board of Supervisors Resolution No. 208-10, adopted on March 16, 2010 and May 11, 2010, respectively, Airline became a signatory to the 2011 Lease and Use Agreement under Lease No. L10-0081 under which, effective July 1, 2011, Airline commenced a ten-year leasehold with the City for operating rights and occupancy of certain premises located in the International Terminal at the Airport (the "**Agreement**").

E. Pursuant to Commission Resolution No. 11-0134, adopted on June 7, 2011, Airline expanded its leasehold space with the addition of approximately 5,664 square feet of Category II Exclusive Use Space to develop a premium class lounge in Boarding Area "A" in the International Terminal.

F. Airline now desires to modify the Agreement to add approximately 3,790 square feet of additional Category II Exclusive Use Space to expand its current premium class lounge in the International Terminal.

G. City and Airline now desire to modify the terms of the Agreement to reflect the addition of approximately 3,790 square feet of Exclusive Use Space located in the International Terminal.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants set forth herein, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties do mutually agree as follows:

1. Effective Date; Defined Terms.

(a) The effective date (the "Effective Date") of this Modification shall be May 11, 2015, conditioned upon the following conditions: (1) the Airport Commission and Board of Supervisors shall have approved this Modification; and (2) both parties have executed this Modification.

(b) Airline shall take possession of Room Nos. I.4.053 and I.4.054, following Commission and Board of Supervisors approval of this Modification and a date agreed to by City, currently expected to occur on or around May 11, 2015, as well as approximately 25 square feet in close proximity to its current lounge that accommodates a water heater installed by Cathay Pacific.

(c) Capitalized terms not defined herein shall have the meanings given them in the Agreement.

2. Airline's International Terminal Joint Use Space remains unchanged, as defined in Article 1 and Exhibit D of the Agreement.

3. From and after the Effective Date, Airline's International Terminal Exclusive Use Space, as defined in the Agreement, including in Article 1 and Exhibit D, is modified as follows:

(a) Addition of approximately 3,790 square feet of Category II Exclusive Use Space, further described as VIP Clubs and Lounges, consisting of Room No. I.4.053 and I.4.054, located in the International Terminal.

(b) Addition of approximately 25 square feet of Category II Exclusive Use space, further described as Other Enclosed Space Departure Level and above, which accommodates a water heater installed by Cathay Pacific.

4. From and after the Effective Date, Exhibit D of the Agreement is deleted in its entirety and replaced with Exhibit D, dated October 1, 2014, reflecting certain Exclusive Use Space including Airport Drawings as follows:

- a) Maintain Airport Drawing No. CXIT5E, dated July 1, 2011;
- b) Remove Airport Drawing No. CXIT4 dated March 24, 2011; and
- c) Add Airport Drawing No. IT4CX, dated October 1, 2014, incorporated herein and attached hereto.

5. From and after the Effective Date, Airline's Exclusive Use Space shall consist of the following:

Type	Exclusive Use Space Type	Square Feet
Airline Administrative Office, 3 rd Floor+	II	2,616

Type	Exclusive Use Space Type	Square Feet
VIP Clubs and Lounges	II	9,429
Other Enclosed Space Departure Level and above	II	25
	TOTAL	12,070

6. **Local Hire.** Airline's construction activities are subject to the San Francisco Local Hiring Policy for Construction ("**Local Hire Policy**") (San Francisco Administrative Code Section 6.22(G)) unless the construction activities are undertaken and contracted for by Airline and are estimated to cost less than \$750,000 per building permit or meet any of the other exemptions in San Francisco Administrative Code Section 6.22(G). Accordingly, Airline, as a condition of the Agreement, agrees that, unless subject to an exemption or conditional waiver, Airline shall comply with the obligations in San Francisco Administrative Code Section 6.22(G) and shall require Airline's subtenants to comply with such obligations to the extent applicable. Before starting any work subject to this Section, Airline shall contact the City's Office of Economic Workforce and Development ("OEWD") to verify the Local Hire Policy requirements that apply to that work and shall comply with all such requirements. Airline's failure to comply with the obligations in this Section shall constitute a material breach of the Agreement and may subject Airline to the consequences of noncompliance specified in the Local Hire Policy, including but not limited to penalties.

A. For each contractor and subcontractor performing improvements in amounts exceeding the "Threshold Amount" for a "Covered Project" (as such terms are as defined in the Local Hire Policy), Airline shall comply with the applicable mandatory participation levels for Project Work Hours performed by Local Residents, Disadvantaged Workers, and Apprentices set forth in Administrative Code Section 6.22(G)(4).

B. For Covered Projects estimated to cost more than \$1,000,000, prior to commencement of any work subject to the Local Hire Policy, Airline shall prepare and submit to City and OEWD for approval a "local hiring plan" for the project in accordance with Administrative Code Section 6.22(G)(6)(a).

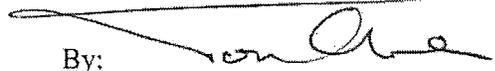
C. Airline shall comply with applicable recordkeeping and reporting requirements and shall cooperate in City inspections and audits for compliance with the Local Hire Policy, including allowing access to employees of its contractors and subcontractors and other witnesses at the Demised Premises.

D. Airline agrees that (i) Airline shall comply with all applicable requirements of the Local Hire Policy; (ii) the provisions of the Local Hire Policy are reasonable and achievable by Airline; and (iii) Airline has had a full and fair opportunity to review and understand the terms of the Local Hire Policy.

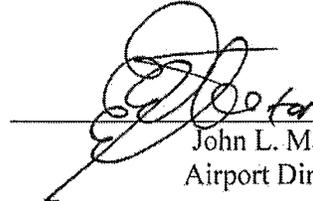
7. **Full Force and Effect.** As modified hereby, each and every one of the terms, conditions, and covenants in the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate by their duly authorized officers the day and year first hereinabove written.

AIRLINE: CATHAY PACIFIC AIRWAYS LIMITED,
a Hong Kong corporation

By: 
Tom Owen
Senior Vice President

CITY: CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation,
acting by and through its Airport Commission


John L. Martin
Airport Director

AUTHORIZED BY AIRPORT COMMISSION

Resolution No. 15-0035
Adopted: February 3, 2015

Attest: 
Secretary
Airport Commission

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

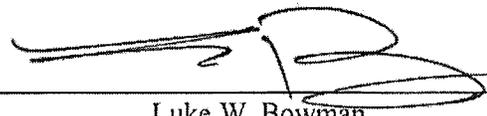
By: 
Luke W. Bowman
Deputy City Attorney

EXHIBIT D

DESCRIPTION OF DEMISED PREMISES AND SPACE DRAWINGS

Revised May 8, 2015

The Demised Premises consist of the following, pursuant to Modification No. 2, dated May 11, 2015.

EXCLUSIVE USE SPACE, as more particularly described on Airport Drawings Numbers specified on the List of Drawings attached hereto.

Type	Terminal	Category	Square Feet
Ticket Counters		I	0
Other Category I		I	0
Airline Ticket Office (ATO)		II	0
VIP Clubs and Lounges	IT	II	9,429
Other Enclosed Space Departure Level and above	IT	II	2,641
Baggage Claim Lobbies		II	0
Baggage Service Offices		II	0
Curbside Check-in		II	0
Other Enclosed Space, Arrivals Level and below		III	0
Inbound/Outbound Baggage Handling Areas and Baggage Transfer Areas		IV	0
Equipment Rooms		IV	0
Unenclosed or Covered Area - Ramp Level		V	0

JOINT USE SPACE, as more particularly described on Airport Drawings Numbers specified on the List of Drawings attached hereto.

Type	Terminal	Category* (J/U type)	Square Feet
Ticket Counter		I (e)	18,769
Holdroom		I (e)	119,598
Other Common Use, Level 1 & 3+		II (d)	544
Baggage Claim/FIS		II (d)	205,711
Domestic Baggage Claim		II (t)	8,052
Other Enclosed Common Use, Level 2 and below		III (t)	12,025
Outbound Baggage Makeup		IV (d)	138,826
Inbound Baggage Makeup		IV (e)	126,574
Other Unenclosed Space		V (t)	1,888

* The Category references are utilized in the Joint Use Formulas, as follows: (e): enplaned / (d): deplaned / (t): total.

LIST OF DRAWINGS

<u>EXCLUSIVE USE SPACE</u>		<u>Drawing No</u>	<u>Dated</u>
CAT II, Room I.5.06	713 square feet	CXIT5E	July 1, 2011
CAT II, Room I.5.061Z	391 square feet	CXIT5E	July 1, 2011
CAT II, Room I.5.075B	1,512 square feet	CXIT5E	July 1, 2011
CAT II, Room I.4.052	5,664 square feet	IT4CX	October 1, 2014
CAT II, Room I.4.053	1,255 square feet	IT4CX	October 1, 2014
CAT II, Room I.4.054	2,510 square feet	IT4CX	October 1, 2014
CAT II, Water Heater Enclosure	25 square feet	IT4CX	October 1, 2014

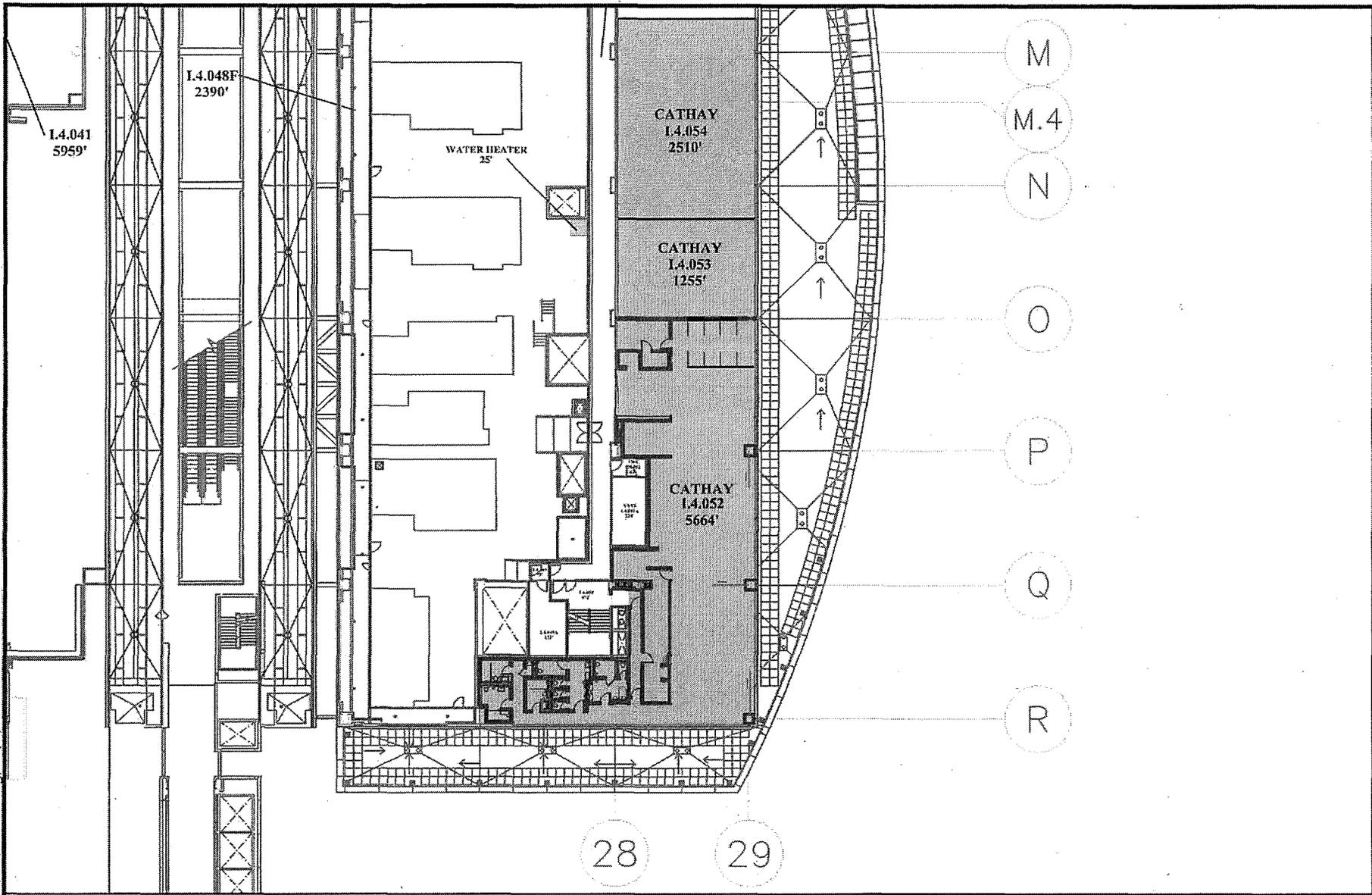
<u>JOINT USE SPACE</u>		<u>Drawing No.</u>	<u>Dated</u>
International Terminal, 1 st Floor		IT1JT	July 1, 2011
International Terminal, 2 nd Floor		IT2JT	July 1, 2011
International Terminal, 3 rd Floor		IT3JT	July 1, 2011
Boarding Area A, 1 st Floor		BAA1JT	July 1, 2011
Boarding Area A, 2 nd Floor		BAA2JT	July 1, 2011
Boarding Area A, 2 nd Floor Mezzanine		BAA2MJT	July 1, 2011
Boarding Area A, 3 rd Floor		BAA3JT	July 1, 2011
Boarding Area G, 1 st Floor		BAG1JT	July 1, 2011
Boarding Area G, 2 nd Floor		BAG2JT	July 1, 2011
Boarding Area G, 3 rd Floor		BAG3JT	July 1, 2011

PREFERENTIAL USE SPACE

For future determination.

Exhibit D

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LEASE DRAWING

LOCATION: INTERNATIONAL TERMINAL, LEVEL 4

TENANT: CATHAY PACIFIC

AIRPORTS COMMISSION

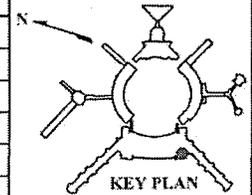
CITY & COUNTY OF SAN FRANCISCO

SAN FRANCISCO INTERNATIONAL AIRPORT

DWG: IT4CX

DATE: 10/01/2014

ROOM NUMBER	AREA	CAT
I.4.052	5,664'	2
I.4.053	1,255'	2
I.4.054	2,510'	2
WATER HEATER	25'	2



**MODIFICATION NO. 1 TO
2011 LEASE AND USE AGREEMENT NO. L10-0076
SAN FRANCISCO INTERNATIONAL AIRPORT**

AIR FRANCE

THIS MODIFICATION NO. 1 TO LEASE AND USE AGREEMENT NO. L10-0076 (this "Modification") dated as of May 8, 2015, is entered into by and between the City and County of San Francisco ("City"), acting by and through its Airport Commission ("Commission"), and Air France, a French corporation ("Airline").

Recitals

- A. The City owns San Francisco International Airport ("Airport") located in the County of San Mateo, State of California, which Airport is operated by and through the Commission, the chief executive officer of which is the Airport Director.
- B. The Commission has the legal responsibility for the management, supervision, operation, use, maintenance, extension, construction, and control of the Airport's terminals.
- C. The Commission has the authority to enter into all contracts, permits, leases, and agreements relating to matters within its jurisdiction and properties.
- D. Pursuant to Commission Resolution No. 10-0076 and Board of Supervisors' Resolution No. 208-10, adopted on March 16, 2010 and May 21, 2010, respectively, Airline became a signatory to the 2011 Lease and Use Agreement No. L10-0076 under which, effective July 1, 2011, Airline commenced a ten-year leasehold with City for operating rights and occupancy of certain premises located in the International Terminal at the Airport ("Agreement").
- E. On May 15, 2014, Air France and Delta Air Lines, Inc. entered into a Sublease Agreement to exchange their airline lounge spaces in the International Terminal ("Sublease"). The City executed a Consent of Airport to Sublease Between Air France and Delta Air Lines, Inc. on June 24, 2014.
- F. Airline desires to modify the Agreement to remove approximately 2,510 square feet of Category II existing airline lounge space and to add approximately 5,268 square feet of Category II airline lounge space to expand their current airline lounge operations in the International Terminal.
- G. City and Airline now desire to modify the terms of the Agreement to reflect (1) the removal of approximately 2,510 square feet of Airline's existing lounge space, and (2) the addition of approximately 5,268 square feet of the airline lounge space, both located in the International Terminal.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants set forth herein, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties do mutually agree as follows:

1. Effective Date; Defined Terms.

(a) The effective date (“Effective Date”) of this Modification shall be May 11, 2015, conditioned upon the following conditions: (1) approval of this Modification by the Airport Commission and Board of Supervisors; and (2) execution of this Modification by both parties.

(b) Airline shall vacate its existing lounge in the International Terminal, Room No. I.4.054, following Commission and Board of Supervisors approval of this Modification and a date agreed to by City, currently expected to occur on or around May 11, 2015, following which Airline shall terminate the Sublease.

(c) Capitalized terms not defined herein shall have the meanings given them in the Agreement.

2. Airline’s International Terminal Joint Use Space remains unchanged, as defined in Article I and Exhibit D of the Agreement.

3. From and after the Effective Date, Airline’s Demised Premises, as defined in the Agreement, including in Article I and Exhibit D, is modified as follows:

(a) Removal of approximately 2,510 square feet of Category II Exclusive Use Space, further described as VIP Clubs and Lounges, located at Room No. I.4.054 in the International Terminal; and

(b) Addition of approximately 5,268 square feet of Category II Exclusive Use Space, further described as VIP Clubs and Lounges, located at Room No. I.3.142 in the International Terminal.

4. From and after the Effective Date, Exhibit D of the Agreement is deleted in its entirety and replaced with Exhibit D, incorporated herein and attached hereto, dated September 30, 2014, reflecting certain Exclusive Use Space including Airport Drawings as follows:

(a) Removal of Airport Drawing No. AFIT4E, dated July 1, 2011;

(b) Removal of Airport Drawing No. AF1T3E, dated July 1, 2011;

(c) Addition of Airport Drawing No. IT3AF, dated September 30, 2014; and

(d) Addition of Airport Drawing No. IT4AF, dated September 30, 2014.

5. From and after the Effective Date, Airline's Exclusive Use Space in the International Terminal, as defined in the Lease, including Article 1 and Exhibit D, shall consist of the following:

Type	Exclusive Use Space Type	Square Feet
Airline Ticket Counters/Other Category I	I	0
VIP Clubs and Lounges	II	5,268
Airline Ticket Office/Other Category II	II	2,163
Other Enclosed Space, Arrivals Level and Below	III	537
Inbound/Outbound Baggage Handling and Transfer Areas	IV	158

6. **Local Hire.** Airline's construction activities are subject to the San Francisco Local Hiring Policy for Construction ("**Local Hire Policy**") (San Francisco Administrative Code Section 6.22(G)) unless the construction activities are undertaken and contracted for by Airline and are estimated to cost less than \$750,000 per building permit or meet any of the other exemptions in San Francisco Administrative Code Section 6.22(G). Accordingly, Airline, as a condition of the Agreement, agrees that, unless subject to an exemption or conditional waiver, Airline shall comply with the obligations in San Francisco Administrative Code Section 6.22(G) and shall require Airline's subtenants to comply with such obligations to the extent applicable. Before starting any work subject to this Section, Airline shall contact the City's Office of Economic Workforce and Development ("**OEWD**") to verify the Local Hire Policy requirements that apply to that work and shall comply with all such requirements. Airline's failure to comply with the obligations in this Section shall constitute a material breach of the Agreement and may subject Airline to the consequences of noncompliance specified in the Local Hire Policy, including but not limited to penalties.

A. For each contractor and subcontractor performing improvements in amounts exceeding the "Threshold Amount" for a "Covered Project" (as such terms are as defined in the Local Hire Policy), Airline shall comply with the applicable mandatory participation levels for Project Work Hours performed by Local Residents, Disadvantaged Workers, and Apprentices set forth in Administrative Code Section 6.22(G)(4).

B. For Covered Projects estimated to cost more than \$1,000,000, prior to commencement of any work subject to the Local Hire Policy, Airline shall prepare and submit to City and OEWD for approval a "local hiring plan" for the project in accordance with Administrative Code Section 6.22(G)(6)(a).

C. Airline shall comply with applicable recordkeeping and reporting requirements and shall cooperate in City inspections and audits for compliance with the Local Hire Policy, including allowing access to employees of its contractors and subcontractors and other witnesses at the Demised Premises.

D. Airline agrees that (i) Airline shall comply with all applicable requirements of the Local Hire Policy; (ii) the provisions of the Local Hire Policy are reasonable and achievable by Airline; and (iii) Airline has had a full and fair opportunity to review and understand the terms of the Local Hire Policy.

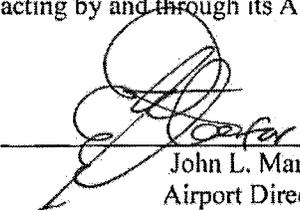
7. **Full Force and Effect.** As modified hereby, each and every one of the terms, conditions, and covenants in the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate by their duly authorized officers the day and year first hereinabove written.

AIRLINE: AIR FRANCE,
a French corporation

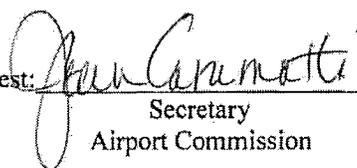
By: 
Name: MARC VERSPYCK
Title: Executive VP Finance

CITY: CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation,
acting by and through its Airport Commission


John L. Martin *et al*
Airport Director

AUTHORIZED BY AIRPORT
COMMISSION

Resolution No. 15-0034
Adopted: February 3, 2015

Attest: 
Secretary
Airport Commission

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: 
Luke W. Bowman
Deputy City Attorney

\\TENANTS\AIRLINES\LEASES\2011 Lease and Use Agreement - Modifications\Air France - Modification No. 1 - FINAL.doc

EXHIBIT D

DESCRIPTION OF DEMISED PREMISES AND SPACE DRAWINGS

Revised May 8, 2015

The Demised Premises consist of the following, pursuant to Modification No. 1, dated May 11, 2015.

EXCLUSIVE USE SPACE, as more particularly described on Airport Drawings Numbers specified on the List of Drawings attached hereto.

Type	Terminal	Category	Square Feet
Ticket Counters		I	0
Other Category I		I	0
Airline Ticket Office (ATO)	IT	II	325
VIP Clubs and Lounges	IT	II	5,268
Other Enclosed Space Departure Level and above	IT	II	1,500
Baggage Claim Lobbies		II	0
Baggage Service Offices	IT	II	338
Curbside Check-in		II	0
Other Enclosed Space, Arrivals Level and below	IT	III	537
Inbound/Outbound Baggage Handling Areas and Baggage Transfer Areas		IV	0
Equipment Rooms	IT	IV	158
Unenclosed or Covered Area - Ramp Level		V	0

JOINT USE SPACE, as more particularly described on Airport Drawings Numbers specified on the List of Drawings attached hereto.

Type	Terminal	Category* (J/U type)	Square Feet
Ticket Counter		I (e)	18,769
Holdroom		I (e)	119,598
Other Common Use, Level 1 & 3+		II (d)	544
Baggage Claim/FIS		II (d)	205,711
Domestic Baggage Claim		II (t)	8,052
Other Enclosed Common Use, Level 2 and below		III (t)	12,025
Outbound Baggage Makeup		IV (d)	138,826
Inbound Baggage Makeup		IV (e)	126,574
Other Unenclosed Space		V (t)	1,888

* The Category references are utilized in the Joint Use Formulas, as follows: (e): enplaned / (d): deplaned / (t): total.

PREFERENTIAL USE GATES, as more particularly described on Airport Drawing Numbers specified on the List of Drawings attached hereto.

The Gates are allocated to Airline on a Preferential Use basis as of the Effective Date, subject to annual reallocation as provided in Article 3.

LIST OF DRAWINGS

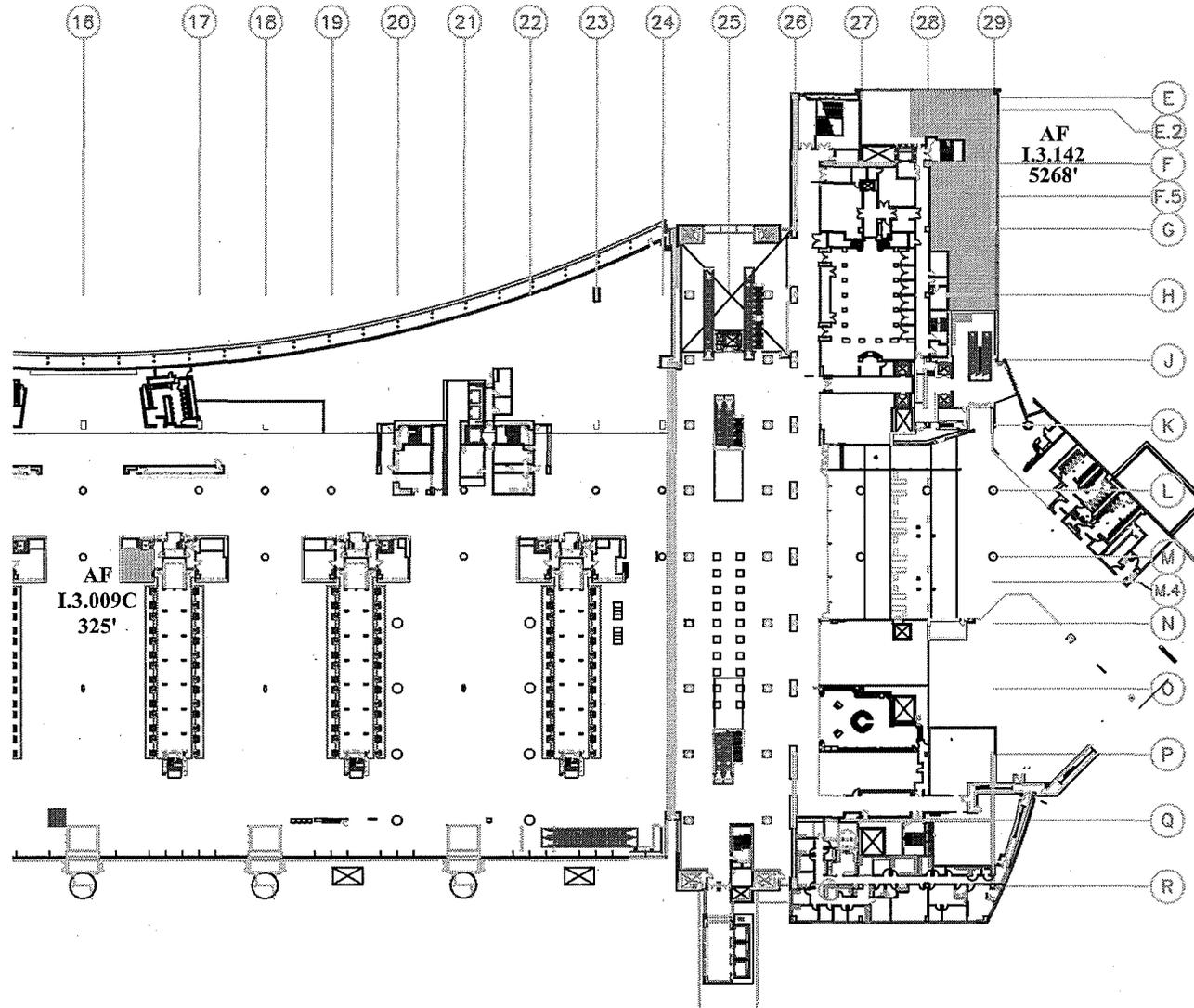
EXCLUSIVE USE SPACE	Drawing No.	Dated
CAT II, Room I.3.009C 325 square feet	IT3AF	September 30, 2014
CAT II, Room I.1.103P 338 square feet	AFIT1E	July 1, 2011
CAT II, Room I.4.033 1,500 square feet	IT4AF	September 30, 2014
CAT II, Room I.3.142 5,268 square feet	IT3AF	September 30, 2014
CAT III, Room A.1.150 537 square feet	AFBAA1E	July 1, 2011
CAT IV, Room I.1.133H 158 square feet	AFIT1E	July 1, 2011

JOINT USE SPACE	Drawing No.	Dated
International Terminal, 1 st Floor	IT1JT	July 1, 2011
International Terminal, 2 nd Floor	IT2JT	July 1, 2011
International Terminal, 3 rd Floor	IT3JT	July 1, 2011
Boarding Area A, 1 st Floor	BAA1JT	July 1, 2011
Boarding Area A, 2 nd Floor	BAA2JT	July 1, 2011
Boarding Area A, 2 nd Floor Mezzanine	BAA2MJT	July 1, 2011
Boarding Area A, 3 rd Floor	BAA3JT	July 1, 2011
Boarding Area G, 1 st Floor	BAG1JT	July 1, 2011
Boarding Area G, 2 nd Floor	BAG2JT	July 1, 2011
Boarding Area G, 3 rd Floor	BAG3JT	July 1, 2011

PREFERENTIAL USE SPACE

For future determination.

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LEASE DRAWING

LOCATION: INTERNATIONAL TERMINAL, LEVEL 3

TENANT: AIR FRANCE

AIRPORTS COMMISSION

CITY & COUNTY OF SAN FRANCISCO

SAN FRANCISCO INTERNATIONAL AIRPORT

DWG: IT3AF

DATE: 09/30/2014

ROOM NUMBER

I.3.142

I.3.009C

AREA

5,268'

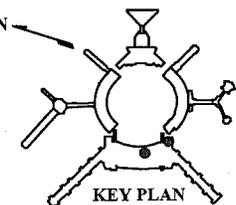
325'

CAT

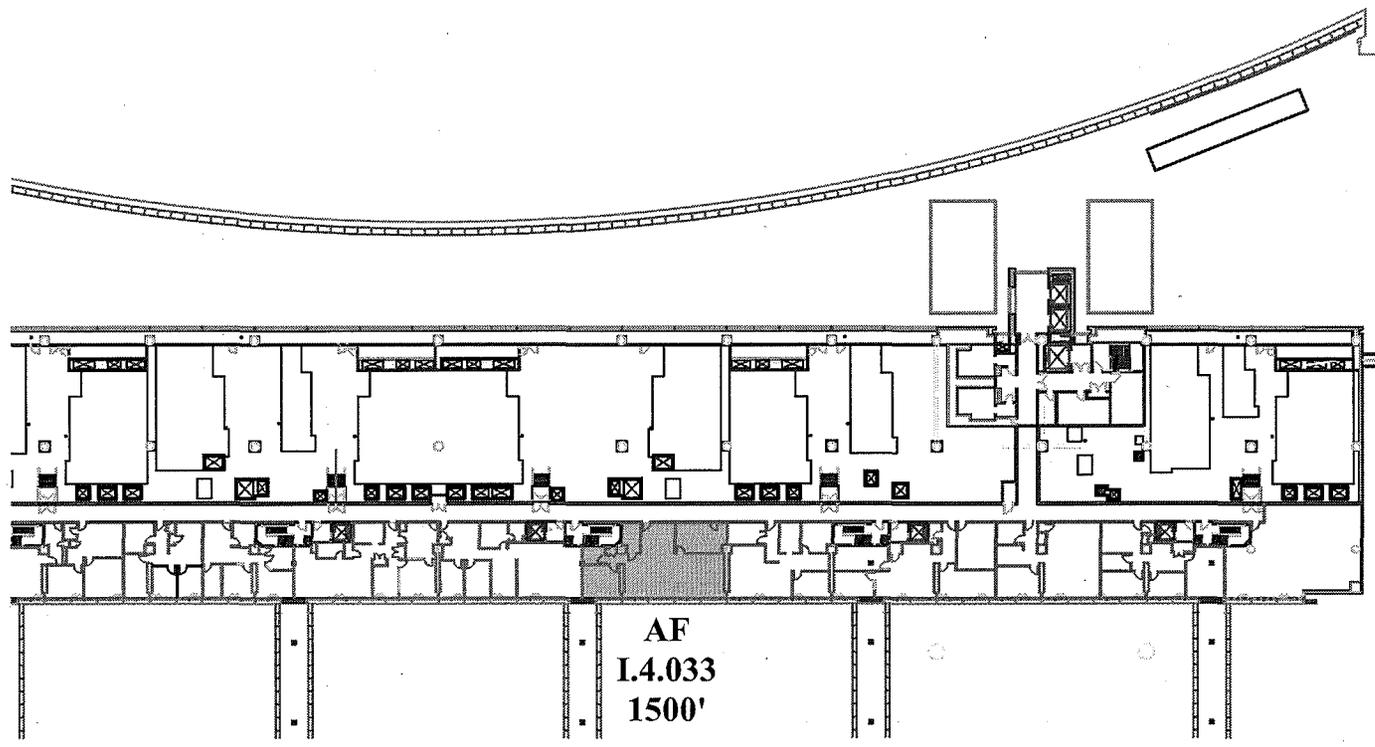
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2

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13 14 15 16 17 18 19 20 21 22 23 24



AF
I.4.033
1500'

LEASE DRAWING

LOCATION: INTERNATIONAL TERMINAL, LEVEL 4

TENANT: AIR FRANCE

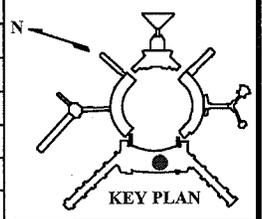
AIRPORTS COMMISSION

CITY & COUNTY OF SAN FRANCISCO

SAN FRANCISCO INTERNATIONAL AIRPORT

DWG: IT4AF
DATE: 09/30/2014 NTS

ROOM NUMBER	AREA	CAT
I.4.033	1,500'	2



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