

AIRPORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 20-0207

APPROVAL OF AMENDMENT NO. 2 TO THE TERMINAL 3 COMMON USE CLUB LEASE NO. 13-0006 WITH AMERICAN EXPRESS TRAVEL RELATED SERVICES COMPANY, INC.

- WHEREAS, on January 15, 2013, by Resolution No. 13-0006, the Commission awarded the Terminal 3 Common Use Club Lease No. 13-0006 (Lease) to American Express Travel Related Services Company, Inc. (Tenant), which operates the American Express Centurion Lounge (Lounge), for a term of 10 years currently expiring November 5, 2024; and
- WHEREAS, the Lounge has proven to be very successful and popular with travelers since commencing operations in 2014 in the Terminal 3 West area of the Airport (T3 West), and Airport staff is satisfied with Tenant as an operator; and
- WHEREAS, due to its success, the Lounge has had to turn away members and their guests when it is at maximum capacity, which occurs with frequency during peak travel times, due to a severe shortage of space; and
- WHEREAS, the Airport and Tenant have agreed that, in order to address this deficiency, improve the quality of service and the guest experience, the Lounge should be expanded to accommodate additional guests; and
- WHEREAS, Staff has identified a space adjacent to the current Lounge suitable for the expansion; and
- WHEREAS, due to the current pre-security location of this adjacent space and the necessity to maintain adequate flexibility in accommodating construction in the areas around the space arising from the capital improvement project in Terminal 3 West (T3 West Project), Staff has determined that the space is not otherwise currently marketable as a stand-alone concession space; and
- WHEREAS, Tenant has indicated its willingness to expand into the adjacent space and assume all construction costs for the reconfiguration and expansion of the Lounge facilities into such space, in consideration of the Airport agreeing to extend the term of the Lease by approximately seven years, which will allow for an appropriate capital investment amortization period for such costs; and
- WHEREAS, given the opportunity presented to have the space improved and rented by a proven lounge operator well in advance of the current Lease expiration date of November 5, 2024, Staff believes entering into this transaction is in the best interest of the City and the Airport; now, therefore, be it

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RESOLVED, that this Commission hereby approves Amendment No. 2 to the Lease, which (1) increases the square footage of the Lounge premises to approximately 15,287 square feet, (2) establishes a combined Minimum Annual Guarantee amount of \$3,226,546 for the newly expanded premises, (3) increases the annual Promotional Charge to \$15,287 in proportion to the net increase in square footage of the premises, and (4) extends the term by seven years beyond its current expiration date of November 5, 2024, as set forth in the Director's Memorandum included with this Resolution; and, be it further

RESOLVED, that this Commission authorizes the Airport Director to enter into any further modifications to the Lease that the Airport Director determines are in the best interests of the City and County of San Francisco and that do not materially increase the obligations or liabilities of the City, provided such modifications shall only be made when necessary or advisable to effectuate the purposes of the Lease, Amendment No. 2, or this Resolution, and are in compliance with all applicable laws, including the Charter of the City and County of San Francisco; and, be it further

RESOLVED, that this Commission directs the Commission Secretary to forward Amendment No. 2 to the Board of Supervisors for approval 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
at its meeting of* _____ **NOV 10 2020**

Secretary