

1 [Approve Modification of Lease with Japan Airlines]

2 **Resolution approving and authorizing the execution of Modification No. 1 to Lease No.**
3 **L01-0297 with Japan Airlines Company Limited to reduce the demised premises and**
4 **the annual rent at Building 944 on Plot 50B-1 at San Francisco International Airport.**
5

6 WHEREAS, Japan Airlines Company Limited (“Japan Airlines”) has conducted its
7 cargo handling operation and ground service equipment maintenance at Plot 50B-1 and in
8 Building 944 in the North Field Cargo Area for the past twenty nine years pursuant Lease L01-
9 0297, approved by Commission Resolution 01-0297, adopted on September 4, 2001, and
10 Board of Supervisors’ Resolution No. 875-01, adopted November 16, 2001 (the “Lease”), and
11 a predecessor lease L80-0238; and

12 WHEREAS, the Lease has a term of ten (10) years, expiring on October 25, 2011 and
13 an annual rental of \$1,899,989.50; and

14 WHEREAS, the Demised Premises is comprised of 59,438 square feet of cargo
15 warehouse, 13,500 square feet of office space, 5,183 square feet of covered truck dock area,
16 3,249 square feet of a ground service equipment (“GSE”) building, .855 acres of land for
17 employee parking and one (1) exclusive aircraft parking position. Japan Airlines also has the
18 use of one aircraft parking position on a non-exclusive basis; and

19 WHEREAS, on January 19, 2010, Japan Airlines filed for bankruptcy protection in
20 Japan, which allows Japan Airlines to reject the Lease; and

21 WHEREAS, in lieu of rejection of the Lease, Japan Airlines wishes to execute a
22 modification to the Lease to 1) relinquish the GSE building, the land used for employee
23 parking and the two (2) aircraft parking positions, and 2) reduce the annual rent accordingly to
24 \$1,571,736.62 (the “Modification”) for the remainder of the term; and
25

1 WHEREAS, as modified, the Demised Premises will be comprised of 59,438 square
2 feet of warehouse, 13,500 square feet of office space and 5,183 square feet of covered truck
3 dock area, and as modified, the annual rent will be \$1,571,736.62; and

4 WHEREAS, the Modification is deemed to be in the Commission’s best interest, and
5 does not materially increase the obligations or liabilities of the Commission; and

6 WHEREAS, on July 13, 2010, pursuant to Resolution No. 10-0251, the Airport
7 Commission approved the Modification of Lease L01-0297. A copy of the form of Modification
8 No. 1 is on file with the Clerk of the Board of Supervisors in File No. _____, which is
9 hereby declared to be a part of this resolution as if set forth fully herein; now, therefore, be it

10 RESOLVED, that this Board of Supervisors hereby approves Modification No. 1 to L01-
11 0297 between Japan Airlines and the City and County of San Francisco, acting by and
12 through its Airport Commission, resulting in a modified Demised Premises comprised of
13 59,438 square feet of warehouse, 13,500 square feet of office space and 5,183 square feet of
14 covered truck dock area at Building 944, and a modified annual rent of \$1,571,736.62.