

AIRPORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 25-0043

**APPROVAL OF AMENDMENT NO. 3 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 in Terminal 3 (Lounge), for a term of 10 years; 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 included the Lounge and was memorialized in Amendment No. 1 to the Lease. With the rapid decline of enplanements as a result of a global pandemic, the COVID-19 Emergency Rent Relief Program for Airport Concession Tenants authorized the waiver of certain rent and fees to encourage business recovery, employee rehiring, and continued operation of concessions at SFO; and
- WHEREAS, on November 10, 2020, by Resolution No. 20-0207, the Commission authorized Amendment No. 2 to the Lease which added 7,088 square feet to the original premises of 8,199 square feet for a new total of 15,287 square feet. A Minimum Annual Guarantee was established for the expanded premises, the Promotional Fee was increased on a pro rata basis, and the term was extended by seven years to allow for construction cost amortization, which currently expires November 5, 2031; and
- WHEREAS, the Lounge is in the footprint of a current major capital improvement project (Terminal 3 West Modernization Program), necessitating its closure for surrounding demolition and construction for a period of approximately two years; and
- WHEREAS, the Terminal 3 West Modernization Program includes the permanent relocation of the Lounge entrance from the departures level to the mezzanine level; and
- WHEREAS, vacant premises have been identified in Terminal 2 where the Lounge could operate during the closure of its existing premises caused by the Terminal 3 West Modernization Program; and
- WHEREAS, given the opportunity presented to continue Lounge service in temporary premises in Terminal 2 and to memorialize the Airport's responsibility to construct a new Lounge entrance on the Terminal 3 mezzanine level due to the existing departures level being demolished as part of the Terminal 3 West Modernization Program, Staff recommends entering into an amendment of the Lease which: (1) relocates the Lounge to Terminal 2 for a period of approximately two years commencing around June 1, 2025; (2) establishes Rent of \$2,025,827.70 for the temporary Terminal 2 premises, prorated if necessary, commencing upon the opening date in Terminal 2 through December 31, 2026, adjusted as provided for in the Lease thereafter; (3) decreases the Promotional Fee to \$9,035.00 in proportion to the net decrease in square footage of the temporary Terminal 2 premises; and (4) commits the Airport, as its sole cost, to constructing a new entrance to Lounge at the existing Premises in Terminal 3; and

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- WHEREAS, given the inherent uncertainty around the schedule and logistics of temporarily relocating a large tenant such as Tenant during a large scale capital project such as the Terminal 3 West Modernization Program, Staff also recommends that the amendment provide for the Airport Director to have the right to enter into further non-material modifications of the Lease in order to implement the purposes of this temporary relocation and relocation of the Lounge back to its original premises in Terminal 3 without the further consent of the Commission or Board of Supervisors, provided that the terms of any such modification do not otherwise (a) materially increase the financial obligations or liabilities of City, (b) increase the term of the Lease, or (c) change the permitted use under the Lease; and
- WHEREAS, Staff believes entering into this amendment on the above terms to be in the best interest of the City and the Airport; now, therefore, be it
- RESOLVED, that this Commission hereby approves Amendment No. 3 to the Lease, on the terms described in this Resolution and as further set forth in the Director's Memorandum included with this Resolution; and, be it further
- RESOLVED, that this Commission directs the Director of Commission Affairs to forward Amendment No. 3 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
= MAR 4 2025
at its meeting of _____



Secretary