

**MODIFICATION NO. 1 TO
2011 LEASE AND USE AGREEMENT NO. L10-0083
SAN FRANCISCO INTERNATIONAL AIRPORT**

DELTA AIR LINES, INC.

THIS MODIFICATION NO. 1 TO LEASE AND USE AGREEMENT NO. L10-0083 (this "**Modification**") dated as of _____, is entered into by and between the City and County of San Francisco ("**City**"), acting by and through its Airport Commission ("**Commission**"), and Delta Air Lines, Inc., a Delaware 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. 10-0083 and Board of Supervisors Resolution No. 208-10, adopted on March 16, 2010 and May 21, 2010, respectively, Airline became a signatory to 2011 Lease and Use Agreement No. L10-0083 under which, effective July 1, 2011, Airline commenced a ten-year leasehold with City for operating rights and occupancy of certain premises located in Terminal 1 and the International Terminal at the Airport ("**Agreement**").

E. Pursuant to Commission Resolution No. 11-0275, adopted on December 6, 2011, as part of the Airport's long-term capital plan construction commenced on a new air traffic control tower ("**Tower**") and associated facilities, including pre-security and post-security passenger corridors between Terminal 1 and Terminal 2, new restrooms, a pre-security concession, and a reconfigured checkpoint at Terminal 1, Boarding Area C ("**Integrated Facilities**").

F. Pursuant to Commission Resolution No. 12-0020, adopted January 31, 2012, the Commission determined that it would be beneficial to passengers to replace Airline's existing pre-security lounge with a new, post-security lounge at Terminal 1, Boarding Area C ("**Airline Lounge**").

G. City is willing to construct the shell space for the Airline Lounge ("**Airline Lounge Shell Space**") as part of the Tower and Integrated Facilities project because the Airline Lounge is directly adjacent to and integrated with certain Integrated Facilities.

H. Airline will be responsible for all costs associated with the design, construction, and all related tenant improvement work within the Airline Lounge.

I. In addition to the development of the new Airline Lounge, Airline also desires to modify the Agreement to remove approximately 4,495 square feet of Category II space

corresponding to the lounge space it will be relinquishing in Terminal 1, and approximately 5,269 square feet of space of Category II airline lounge space in the International Terminal following the cessation of Airline's international flights.

J. City and Airline now desire to modify the terms of the Agreement to reflect (1) the removal of approximately 4,495 square feet of Airline's existing domestic lounge in Terminal 1, and the addition of approximately 10,012 square feet of the Airline Lounge, and (2) the removal of approximately 5,269 square feet of Airline's existing lounge located in the International Terminal.

K. Due to the timing of this Modification, Airline and City will execute a separate Airline Operating and Space Permit No. 4420 ("Permit") to allow Airline to begin the tenant improvement of the Airline Lounge until such time that this Modification is approved by the Commission and the Board of Supervisors. Once full City approval has been obtained and this Modification has taken effect, the parties expect to terminate the Permit, after which Airline shall continue its occupancy of the Airline Lounge under this Modification.

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 _____, 20____, conditioned upon (1) approval of this Modification by the Airport Commission and the Board of Supervisors; and (2) execution of this Modification by both parties.

b) Airport shall turn over the Airline Lounge Shell Space to Airline on or around December 1, 2014, from which date Airline shall commence and diligently pursue to completion its construction, related tenant improvement work, and installation of fixtures by May 18, 2015.

c) Due to the timing of the approval of this Modification, Airline shall execute a separate Permit in order to begin its tenant improvement work without delay. It is expected that the Permit will be terminated, as provided therein once this Modification takes effect, following which Airline's obligation to complete its tenant improvement shall continue under this Modification.

d) Rent for the Airline Lounge shall commence on the earlier to occur of (i) May 18, 2015 or (ii) the date the Airline Lounge is open and fully operational.

e) Airline shall vacate its existing lounge in Terminal 1, known as Room No. T1.3.036, no later than thirty (30) days following the start of operation of the Airline Lounge. Further, Rent for Room No. T1.3.036 shall continue until Airline returns this space to Airport, in accordance with the Surrender Standards set forth in Airport's Tenant Improvement Guide ("TIG").

f) Airline shall vacate the existing lounge in the International Terminal, known as Room No. I.3.142, following full approval of this Modification and a date agreed by to City, currently expected on or around _____.

g) 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 Domestic Terminal and 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 10,012 square feet of Category II Exclusive Use Space, further described as VIP Clubs and Lounges in Terminal 1, comprised of the lobby entrance measuring approximately 576 square feet, known as Space No. C.2.013, and the lounge measuring approximately 9,436, known as Room No. C.3.100;
- b) Removal of approximately 4,495 square feet of Category II Exclusive Use Space, further described as VIP Clubs and Lounges, known as Room No. T1.3.036 in Terminal 1; and
- c) Removal of approximately 5,269 square feet of Category II Exclusive Use Space, further described as a VIP Clubs and Lounges, known as 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-1, incorporated herein and attached hereto, dated _____, 2014, reflecting certain Exclusive Use Space including Airport Drawings, as follows:

- a) Removal of Airport Drawing No. T13MDL dated July 1, 2011;
- b) Replacement of Airport Drawing No. DLIT3E dated September 25, 2014;
- c) Addition of Airport Drawing No. BACL2DL, dated August 21, 2014; and
- d) Addition of Airport Drawing No. BACL3DL dated August 21, 2014.

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

Type	Exclusive Use Space Type	Square Feet
Airline Ticket Counters/Other Category I	I	2,264
VIP Clubs and Lounges	II	10,012
Airline Ticket Office/Other Category II	II	18,507
Other Enclosed Space, Arrivals Level and Below	III	22,006
Inbound/Outbound Baggage Handling and Transfer Areas	IV	8,586

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: DELTA AIR LINES, INC.,
a Delaware corporation

By: 
Name: David Hamm
Title: Director, Corporate Real Estate

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

John L. Martin *lf*
Airport Director

AUTHORIZED BY AIRPORT
COMMISSION

Resolution No. 15-0032
Adopted: February 3, 2015

Attest: _____
Secretary
Airport Commission

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

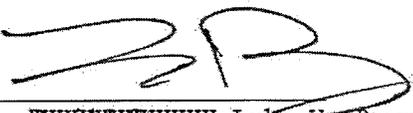
By 
~~David J. Stevens~~ Luke W. Bowman
Deputy City Attorney

EXHIBIT D-1
DESCRIPTION OF DEMISED PREMISES AND SPACE DRAWINGS
 Revised _____, 20__

The Demised Premises consist of the following, pursuant to Airport Commission Resolution No. ___-_____, adopted _____, 20__.

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	1,563
Other Category I		I	701
Airline Ticket Office (ATO)		II	5,826
VIP Clubs and Lounges		II	10,012
Other Enclosed Space Departure Level and above		II	135
Baggage Claim Lobbies		II	11,543
Baggage Service Offices		II	785
Curbside Check-in		II	218
Other Enclosed Space, Arrivals Level and below		III	22,006
Inbound/Outbound Baggage Handling Areas and Baggage Transfer Areas		IV	8,586
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.

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 I, Room T1.2.087	1,563 square feet T12DL	July 1, 2011
CAT I, Room T1.2.087A	175 square feet T12DI	July 1, 2011
CAT I, Room C.2.031	526 square feet T12BCDL	April 8, 2014
CAT II, Room T1.1.077	785 square feet T11DL	October 22, 2013
CAT II, Room T1.1.CO15	3,547 square feet T11DL	October 22, 2013
CAT II, Room T1.1.CO16	3,582 square feet T11DL	October 22, 2013
CAT II, Room T1.1.CO17	4,414 square feet T11DL	October 22, 2013
CAT II, Room T1.2.090	218 square feet T12DL	July 1, 2011
CAT II, Room T1.2.082K-P	1,208 square feet T12DL	July 1, 2011
CAT II, Room T1.2.085A-J	2,207 square feet T12DL	July 1, 2011
CAT II, Room T1.2.086D-P	2,082 square feet T12DL	July 1, 2011
CAT II, Room C.2.013	576 square feet BAACL2DL	August 21, 2014
CAT II, Room C.3.100	9,436 square feet BAACL3DL	August 21, 2014
CAT II, Room I.3.014D	329 square feet DLIT3E	September 25, 2014
CAT II, Room C.2.014	135 square feet T12BCDL	July 1, 2011
CAT III, Room C1.1.007-19/23	6,658 square feet T11BCDL	July 1, 2011
CAT III, Room C.1.033	106 square feet T11BCDL	July 1, 2011
CAT III, Room C.1.034	57 square feet T11BCDL	July 1, 2011
CAT III, Room C.1.039-49	10,386 square feet T11BCDL	July 1, 2011
CAT III, Room C.1.050	127 square feet T11BDCL	July 1, 2011
CAT III, Room C.1.056Z	1,039 square feet T11BCDL	July 1, 2011
CAT III, Room A.1.191	1,005 square feet DLBAA1E	July 1, 2011
CAT III, Room C.1.068B-D	868 square feet T11BCDL	July 1, 2011
CAT III, Room C.1.022	533 square feet T11BCDL	July 1, 2011
CAT III, Room C.1.059	782 square feet T11BCDLP	September 19, 2013
CAT III, Room C.1.061B	445 square feet T11BCDLP	September 19, 2013
CAT IV, Room T1.1.073	8,304 square feet T11DL	October 22, 2013
CAT IV, Room T1.2.087B	177 square feet T12DL	July 1, 2011
CAT IV, Room T1.2.083	105 square feet T12DL	July 1, 2011

JOINT USE SPACE**Drawing No.****Dated**

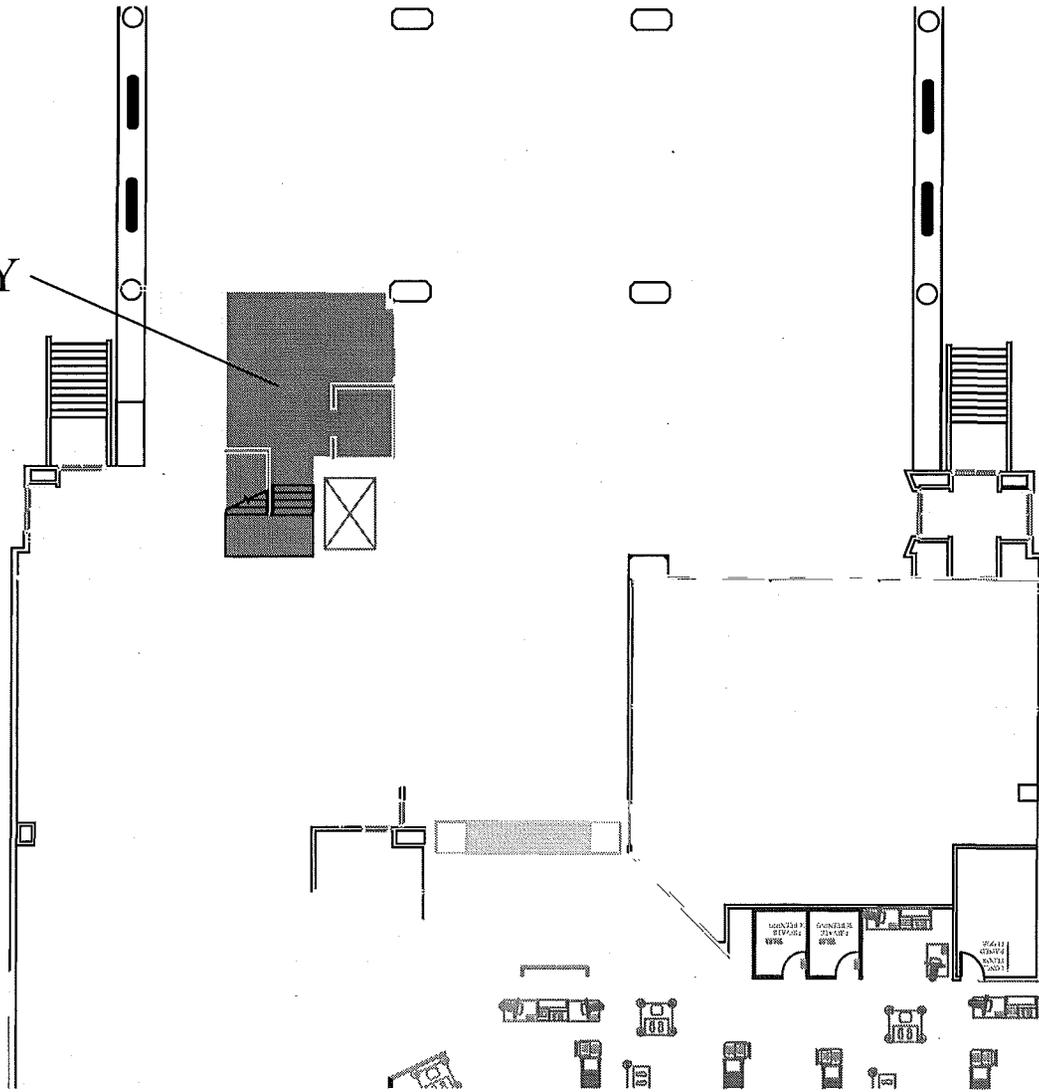
International Terminal, 1 st Floor	IT1JT	July 1, 2011
International Terminal, 2 nd Floor	IT2JT	July 1, 2011
International Terminal, 3 rd Floor	IT3JT	July 1, 2011
Boarding Area A, 1 st Floor	BAA1JT	July 1, 2011
Boarding Area A, 2 nd Floor	BAA2JT	July 1, 2011
Boarding Area A, 2 nd Floor Mezzanine	BAA2MJT	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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DELTA SKY CLUB LOBBY
C.2.013
576'



LEASE DRAWING

LOCATION: BOARDING AREA C - LEVEL 2

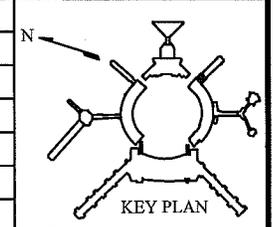
TENANT: DELTA AIRLINES SKY CLUB LOUNGE LOBBY

AIRPORTS COMMISSION DWG: BACL2DL

CITY & COUNTY OF SAN FRANCISCO DATE: 8/21/2014

SAN FRANCISCO INTERNATIONAL AIRPORT

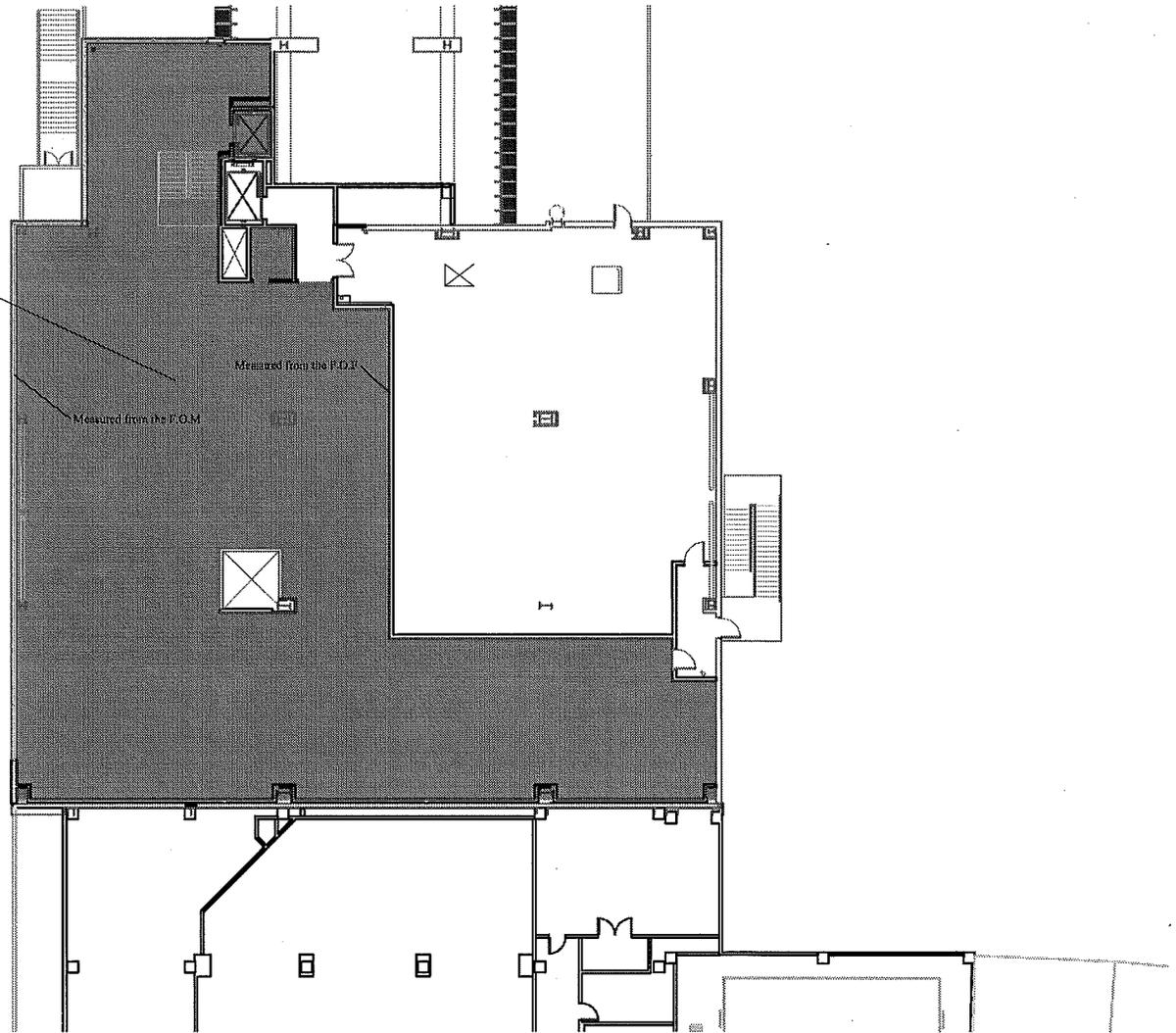
ROOM NUMBER	AREA	CAT
C.2.013	576'	2



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DELTA SKY CLUB
C.3.100
9436'

Lease Calculation reflects area
of base building shaft removed
from total.



LEASE DRAWING

LOCATION: TERMINAL 1 - MEZZANINE
TENANT: DELTA AIRLINES SKY CLUB LOUNGE
AIRPORTS COMMISSION
CITY & COUNTY OF SAN FRANCISCO
SAN FRANCISCO INTERNATIONAL AIRPORT

DWG: BACL3DL
DATE: 8/21/2014

ROOM NUMBER	AREA	CAT
C.3.100	9436'	2

