

**INTERNATIONAL TERMINAL
EQUIPMENT
MAINTENANCE AND OPERATING AGREEMENT
SAN FRANCISCO INTERNATIONAL AIRPORT**

By and between

**Airport Commission of the
City and County of San Francisco**

and

**San Francisco Terminal Equipment Company, LLC,
a Delaware Limited Liability Company**

Mayor Edwin M. Lee

AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenime
Hon. Peter A. Sterns

John L. Martin
Airport Director

July 1, 2012

** Complete copy of document is
located in

File No. 120452

Agreement No. _____

TABLE OF CONTENTS

**INTERNATIONAL TERMINAL
EQUIPMENT MAINTENANCE AND OPERATING AGREEMENT**

ARTICLE 1	DEFINITIONS; INTERPRETATION	
1.01	Definitions	1
1.02	Interpretation	5
1.03	Appendices, Exhibits, and Schedules	6
ARTICLE 2	USE AND OPERATION OF EQUIPMENT	
2.01	Right to Operate and Maintain Equipment	6
2.02	Permitted Uses	6
2.03	Limitations Upon Use	6
2.04	Compliance with Laws and Regulations	7
2.05	Access to the Equipment	7
2.06	City Acceptance of Equipment	8
2.07	Refurbishment of, Alterations to or Replacement of the Equipment	8
2.08	Operator and SFOTEC Vendors	10
2.09	Title to the Equipment	11
2.10	Wireless Equipment	11
ARTICLE 3	FEES	
3.01	Equipment Use Fee	11
3.02	Other Fees	11
3.03	Payment of Fees	12
3.04	Accounting and Reports	12
3.05	Member Agreement	12
3.06	Operating Reserve Account and Payment Obligations	13
ARTICLE 4	TERM	
4.01	Term of Agreement	13
4.02	Surrender of Possession	13
4.03	Reversion	13
4.04	Effect of Holding Over	13
ARTICLE 5	REPAIR AND MAINTENANCE	
5.01	SFOTEC Maintenance Responsibilities	13
5.02	Inspection and Notification	14
5.03	Inspections by City; Performance by the City upon Failure by SFOTEC	14
5.04	"As-Is" Condition	14
5.05	City Property	15
5.06	Warranties	15
5.07	SFOTEC Waiver	15
5.08	Liaisons	15
ARTICLE 6	SFOTEC MEMBERSHIP, RATES AND CHARGES, OTHER EQUIPMENT USAGE	
6.01	Rates and Charges	15
6.02	ITB Domestic Fee	15
6.03	Proposed Programs	16
6.04	City Consent Rights	16
6.05	Access by Users	16
ARTICLE 7	REPRESENTATIONS AND WARRANTIES	
7.01	Representations of SFOTEC	16
7.02	Representations of City	16
ARTICLE 8	SERVICES AT CITY'S EXPENSE	
8.01	Integrated Electronic System	17
8.02	Network Monitoring and HelpDesk Services	17

8.03	Patron Assistance and Document Verification Services.....	18
8.04	Not-to-Exceed Amount.....	19
ARTICLE 9	INDEMNITY; INSURANCE; ENVIRONMENTAL LAWS; HAZARDOUS MATERIALS AND RELEASE	
9.01	Indemnity.....	19
9.02	Insurance Maintained by SFOTEC and the Airport.....	21
9.03	Environmental Laws.....	23
9.04	Hazardous Materials; Release.....	23
ARTICLE 10	DAMAGE, DESTRUCTION, AND CONDEMNATION	
10.01	Damage or Destruction.....	24
10.02	Condemnation.....	25
ARTICLE 11	LIENS AND CLAIMS	
11.01	Taxes, Assessments, Licenses, Permit Fees, and Tax Liens.....	26
11.02	Other Liens.....	26
ARTICLE 12	EVENTS OF DEFAULT AND TERMINATION	
12.01	Events of Default.....	27
12.02	City's Remedies.....	28
12.03	Remedies; No Waiver.....	30
12.04	Rights and Duties Upon Termination or Expiration.....	30
ARTICLE 13	CITY AND OTHER GOVERNMENTAL PROVISIONS	
13.01	Charter.....	30
13.02	United States Department of Transportation Provisions.....	30
13.03	Subordination to Sponsor's Assurance Agreement.....	31
13.04	Declaration Regarding Airport Private Roads.....	31
13.05	Conflict of Interest.....	31
13.06	Federal Nondiscrimination Regulations.....	31
13.07	Federal Affirmative Action Regulations.....	32
13.08	Nondiscrimination; Penalties.....	32
13.09	MacBride Principles – Northern Ireland.....	33
13.10	Tropical Hardwood and Virgin Redwood Ban.....	33
13.11	Drug-Free Workplace Policy.....	33
13.12	Resource Conservation.....	33
13.13	Compliance with Americans with Disabilities Act.....	33
13.14	Sunshine Ordinance.....	33
13.15	Limitations on Contributions.....	34
13.16	First Source Hiring Program.....	34
13.17	Prohibition on Political Activity with City Funds.....	37
13.18	Preservative-Treated Wood Containing Arsenic.....	37
13.19	Labor Peace/Card Check Rule.....	38
13.20	Pesticide Prohibition.....	38
13.21	Requiring Minimum Compensation.....	38
13.22	Airport Intellectual Property.....	39
13.23	Requiring Health Benefits for Covered Employees.....	40
13.24	No Relocation Assistance; Waiver of Claims.....	41
ARTICLE 14	MISCELLANEOUS	
14.01	Successors and Assigns.....	41
14.02	Sublicensing, Subcontracting, and Assignment by SFOTEC.....	41
14.03	Notices.....	42
14.04	Interpretation.....	42
14.05	No Additional Waiver.....	42
14.06	Supervision of Minors.....	43
14.07	Severability.....	43
14.08	Graffiti Removal.....	43
14.09	Food Service Waste Reduction Requirements.....	43

14.10	Labor Disputes	44
14.11	Slavery Era Disclosure.....	44
14.12	Suspension and Abatement.....	44
14.13	Force Majeure	44
14.14	No Advertising or Promotions; Prohibition of Tobacco Advertising	44
14.15	City's Right of Access and Inspection.....	44
14.16	Effect of City Approvals.....	45
14.17	No Joint Venture	45
14.18	Survival of Indemnities.....	45
14.19	Entire Agreement	45
14.20	Amendments	46
14.21	Agreement Made in California; Venue.....	46
14.22	Cooperative Drafting	46
14.23	Dispute Resolution Procedure	46
14.24	Execution in Counterparts.....	46
SIGNATURE PAGE.....		47

EXHIBITS

- A Equipment
- B SFOTEC Company Property
- C Baggage Handling System, Maintenance Responsibilities and Standards
- D Passenger Boarding Bridges, Accessories, and Fixed Walkways, Maintenance Responsibilities and Standards
- E Integrated Electronic Systems Maintenance Standards
- F Other Equipment Maintenance Standards
- G International Terminal Ticket Counter and Other Shared use Resources Management Protocols
- H International Terminal Gate Management Protocols
- I International Terminal Domestic Fee Policy
- J Mandatory City Contracting Provisions
- K Integrated Electronic Systems Support Project Description
- L Annual Calculation of Custodial Fee
- M Network Monitoring, Fault Resolution, and HelpDesk Services Project Description
- N Patron Assistance and Document Verification Services Project Description

**SAN FRANCISCO INTERNATIONAL AIRPORT
INTERNATIONAL TERMINAL
EQUIPMENT MAINTENANCE AND OPERATING AGREEMENT**

THIS INTERNATIONAL TERMINAL EQUIPMENT MAINTENANCE AND OPERATING AGREEMENT ("**Agreement**"), dated as of _____, 2012, is made and entered into by and between the CITY AND COUNTY OF SAN FRANCISCO ("**City**"), a municipal corporation acting by and through its Airport Commission ("**Commission**"), and San Francisco Terminal Equipment Company, LLC, a Delaware limited liability company ("**SFOTEC**").

RECITALS

A. WHEREAS, The City, acting by and through its Commission, owns and operates the International and Domestic Terminals ("**Terminal**") at San Francisco International Airport ("**Airport**") and has the power to grant rights and privileges with respect thereto; and

B. WHEREAS, City owns certain equipment and systems serving the Terminal; and

C. WHEREAS, SFOTEC represents and warrants that it is qualified to perform the services required by City as set forth under this Contract; and,

D. WHEREAS, SFOTEC (defined in Article 1) is comprised of Air Carriers (defined in Article 1) as its members. SFOTEC is also the Terminal Company (defined in Article 1) designated by each Air Carrier, under the Lease & Use Agreement (defined in Article 1) or the Airline Operating and Space Permit, to perform those obligations and responsibilities arising out of the Air Carriers' use of Joint Use Space (defined in Article 1) and Equipment (defined in Article 1) in the International Terminal. As the Terminal Company, SFOTEC assumes all responsibilities, duties, and obligations of these Air Carriers, as set forth in the Lease and Use Agreement and Airline Operating and Space Permit, regarding the Air Carriers' use of the Joint Use Space and Equipment in the International Terminal; and

E. WHEREAS, SFOTEC desires to obtain from City, and City desires to grant to SFOTEC, the right to maintain, operate, and use the City-owned equipment and systems, defined as the "**Equipment**", below, on the terms and conditions of this Agreement; and

F. WHEREAS, Other portions of the City-owned equipment and systems, defined below as the "**Integrated Electronic Systems**," are integrated with the Equipment and/or the Company Property. The parties anticipate that in certain limited situations, it will be practical and appropriate for SFOTEC to perform, directly or through the SFOTEC Vendors or Operators (as defined in Article 1), certain services on the Integrated Electronic Systems, with the cost thereof to be borne or shared by City; and

G. WHEREAS, Commission awarded this contract to SFOTEC on March 20, 2012, pursuant to Resolution No. 12-0064, and the Board of Supervisors approved the contract on _____ pursuant to Resolution No. _____; and

H. WHEREAS, approval for this Agreement was obtained when the Civil Service Commission approved Contract number _____ on _____;

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1. DEFINITIONS; INTERPRETATION

1.01. Definitions. The following terms and phrases shall have the following meanings for purposes of this Agreement:

(a) "**Additional Equipment**" means any equipment and/or systems required to meet new customer service or technology requirements in order to maintain SFO's International



BOARD OF DIRECTORS / MANAGEMENT COMMITTEE

AEROMEXICO	Jorge Pacheco
AIR CHINA	Zhihang Chi
AIR FRANCE	Marc Masclet
AIR NEW ZEALAND	Ed Barnes
ALASKA	Mukesh Patel
<hr/>	
ALL NIPPON AIRWAYS	Yūuji Furukawa
ASIANA AIRLINES	Jon gon Park
BRITISH AIRWAYS	Matt Roberts
CATHAY PACIFIC	Ernie Papagano
CHINA AIRLINES	I-Chieh Chen
DELTA AIRLINES	Donnell Harvey
EMIRATES	James Baxter
EVA AIRWAYS	Jackie Kang
JAPAN AIRLINES	Turner Maynor
KLM	Marc Masclet
KOREAN AIRLINES	Young Yoon
LAN PERU	Juan Pablo Sanhueza
LUFTHANSA	Steve Woodward
MEXICANA	Maru Johansen
PHILIPPINE AIRLINES	Norman D'Souza
SINGAPORE AIRLINES	Hao Yu Dai
SWISS INTERNATIONAL	Marc Suhr
TACA INTERNATIONAL	Dalina Trjo
UNITED AIRLINES	Lori Peters
VIRGIN ATLANTIC AIRWAYS	Gary Barnhart
VIRGIN AMERICA	Jim Smith

<u>CHAIRMAN:</u>	Eric Starks
<u>VICE CHAIRMAN:</u>	Ernie Papagano
<u>VICE CHAIRMAN:</u>	Matt Roberts

EXECUTIVE DIRECTOR: Jeff Seid