

File No. 110695

Committee Item No. 2

Board Item No. 116

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: September 14, 2011

Board of Supervisors Meeting

Date 9/20/11

Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Resolution
<input type="checkbox"/>	<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Budget & Legislative Analyst Report
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Ethics Form 126
<input type="checkbox"/>	<input type="checkbox"/>	Introduction Form (for hearings)
<input type="checkbox"/>	<input type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
<input type="checkbox"/>	<input type="checkbox"/>	Subcontract Budget
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Contract/Agreement
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application

OTHER

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Completed by: Victor Young

Date: Sept 9, 2011

Completed by: Victor Young

Date: 9-15-11

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

[Lease and Use Agreement - Cathay Pacific Airways Limited]

Resolution approving and authorizing the execution of Modification No. 1 of Lease and Use Agreement L-10-0081 with Cathay Pacific Airways Limited for lounge space in the International Terminal of San Francisco International Airport.

WHEREAS, by Airport Commission Resolution No. 10-0081, the Airport Commission approved Lease and Use Agreement L-10-0081 (the "Lease"), adopted on March 16, 2010, between Cathay Pacific Airways Limited and San Francisco International Airport; and

WHEREAS, by Board of Supervisors Resolution No. 208-10, the Board of Supervisors approved and adopted the Lease on May 10, 2010; and

WHEREAS, by Airport Commission Resolution No. 11-0134, the Airport Commission approved Modification No. 1 of the Lease on June 7, 2011; and

WHEREAS, pursuant to the Lease, Cathay Pacific Airways Limited occupies approximately 2,616 square feet of Category II Exclusive Use Space and all Categories of Joint Use Space in the International Terminal in order to operate its air carrier business; and

WHEREAS, Cathay Pacific Airways Limited desires to develop a premium class lounge for its passengers at the Airport; and

WHEREAS, Cathay Pacific Airways Limited wishes to expand into approximately 5,664 square feet of vacant Category II Exclusive Use Space located in the International Terminal Building; and

WHEREAS, Modification No. 1 will increase Lease revenues by \$917,001.60 annually; and

WHEREAS, a copy of the form of Modification No. 1 is on file with the Clerk of the Board of Supervisors in File No. 110695, which is hereby declared to be a part of this resolution as if set forth fully herein; now, therefore, be it

1 RESOLVED, that this Board of Supervisors hereby approves and authorizes the execution of
2 Modification No. 1 to Lease and Use Agreement L-10-0081 between Cathay Pacific Airways Limited
3 and the City and County of San Francisco, acting by and through its Airport Commission.
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Item 2
Files 11-0695

Department(s):
San Francisco International Airport

EXECUTIVE SUMMARY

Legislative Objective

- Resolution approving and authorizing the execution of Modification No. 1 of the 2011 Lease and Use Agreement between the Airport and Cathay Pacific Airways Limited (Cathay Pacific Airways), to expand Cathay Pacific Airways' Exclusive Use Space in the International Terminal for a new passenger lounge.

Key Points

- On May 11, 2010, the Board of Supervisors approved a new ten-year lease, with a term from July 1, 2011 through June 30, 2021, between Cathay Pacific Airways and the City, on behalf of the Airport for 2,616 square feet of Exclusive Use Space and 631,987 square feet of non-exclusive Joint Use Space in the International Terminal of the Airport.
- Cathay Pacific Airways pays a total of \$5,100,234 annually under the terms of the existing lease. Per the terms of the existing lease, Cathay Pacific Airways currently pays \$423,530 annually or \$161.90 per square foot for 2,616 square feet of Exclusive Use Space, equal to \$35,294 per month and \$4,676,704 annually or \$7.40 per square foot for 631,987 square feet of Joint Use Space, equal to \$389,725 per month.
- The Airport issued a Permit to Cathay Pacific Airways on May 1, 2011, granting Cathay Pacific Airways the right to use 5,664 square feet of additional Exclusive Use Space within the International Terminal to begin the \$2,000,000 in tenant improvements at the sole cost of Cathay Pacific Airways, necessary to construct a new lounge space. Under the terms of the Permit, the permit fee is \$917,002 annually or \$161.90 per square foot for the Exclusive Use Space, equal to \$76,417 per month. If the proposed resolution is approved to amend the existing lease, the Permit previously granted by the Airport to Cathay Pacific Airways will be terminated by the Airport. Permits issued by the Airport are not subject to Board of Supervisors approval because they are considered short-term and can be terminated by either party with 30 days notice.

Fiscal Impacts

- If the proposed resolution is approved and Cathay Pacific Airways leases an additional 5,664 square feet of Exclusive Use Space, Cathay Pacific Airways would pay the Airport an additional \$917,002 annually based on \$161.90 per square foot, an increase of \$76,417 per month. Such an increase would be paid under the existing lease instead of being paid under the current Permit as is now the case.
- Under the Airport's residual rate setting methodology, otherwise known as the breakeven policy, the proposed lease modification does not have a direct fiscal impact on the Airport.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

Section 2A.173 of the City's Administrative Code authorizes the Airport to negotiate and execute leases of Airport lands and space in Airport buildings, without undergoing a competitive bid process, as long as the original term of the lease does not exceed 50 years.

Charter Section 9.118 (a) requires that any contract or lease, which would result in revenues to the City in excess of \$1,000,000, be subject to approval of the Board of Supervisors.

Background

On May 11, 2010, the Board of Supervisors approved a new ten-year lease, with a term from July 1, 2011 through June 30, 2021, between Cathay Pacific Airways Limited (Cathay Pacific Airways) and the City, on behalf of the Airport for 2,616 square feet of Exclusive Use Space¹ and 631,987 square feet of non-exclusive Joint Use Space² in the International Terminal of the Airport. As shown in Table 1 below, Cathay Pacific Airways currently pays the Airport a total of \$5,100,234 annually under the terms of the existing lease, including \$423,530 annually or \$161.90 per square foot for Exclusive Use Space, equal to \$35,294 per month and \$4,676,704 annually or \$7.40 per square foot for Joint Use Space, equal to \$389,725 per month. The existing lease includes a provision which allows annual rent increases payable to the Airport based on changes in the Consumer Price Index.³ (CPI)

Table 1: Current Annual Rent Payable by Cathay Pacific Airways to the Airport under Existing Lease	
	Square Feet Under Current Lease Terms
Exclusive Use Space	2,616
X Annual Rental Rate Per Square Foot	\$161.90
Total Annual Rent Paid for Exclusive Use Space	\$423,530
Joint Use Space	631,987
X Annual Rental Rate Per Square Foot	\$7.40
Total Annual Rent Paid for Joint Use Space	\$4,676,704
Total Annual Rent for both Exclusive Use and Joint Use Space	\$5,100,234

According to Mr. Dan Ravina, Senior Property Manager at the Airport, Cathay Pacific Airways wants to create a premium class lounge in the International Terminal for its passengers, which is not possible within the existing primarily Joint Use Space lease agreement.

The Airport issued a Permit to Cathay Pacific Airways on May 1, 2011, granting Cathay Pacific Airways the right to lease an additional 5,664 square feet of Exclusive Use Space within the

¹ Exclusive Use Space is space in an Airport Terminal leased or permitted to a single air carrier for its exclusive use.

² Joint Use Space is space in an Airport Terminal that is leased or permitted for use by more than one air carrier.

³ The Consumer Price Index is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

International Terminal and to commence the \$2,000,000 in tenant improvements, at the sole cost of Cathay Pacific Airways, necessary to create a premium class lounge space. Cathay Pacific Airlines has assumed responsibility for paying for the \$2,000,000 in tenant improvements. Under the terms of the Permit, the permit fee is \$917,002 annually or \$161.90 per square foot, equal to \$76,417 per month, which is the same rate as the proposed lease for this Exclusive Use Space. Permits of this nature are not subject to Board of Supervisors approval because they are considered short-term and can be terminated by either party with 30 days notice.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the execution of Modification No. 1 of the 2011 Lease and Use Agreement between Cathay Pacific Airways and the Airport in order for Cathay Pacific Airways to expand its Exclusive Use Space in the International Terminal by 5,664 square feet for a new premium class lounge.

As noted above, Cathay Pacific Airways currently leases a total of 634,603 square feet of space in the International Terminal, including (a) 631,987 square feet of non-exclusive Joint Use Space, and (b) 2,616 square feet of Exclusive Use Space. Under the proposed lease modification, the total square footage of International Terminal space would be 640,267 square feet, an increase of 5,664 square feet. While the 631,987 square feet of non-exclusive Joint Use Space would remain the same, under the proposed resolution, the Exclusive Use Space would increase from 2,616 square feet to 8,280 square feet, an increase of 5,664 square feet.

FISCAL IMPACTS

Modification to Existing Lease Would Result in the Airport Continuing to Receive \$917,002 from Cathay Pacific Airways For the Duration of the Existing Lease

Under the proposed Modification No 1, instead of being under a permit, the additional 5,664 square feet of Exclusive Use Space would be added to the existing lease between the Airport and Cathay Pacific Airways at the existing permit rate of \$161.90 per square foot annually. As shown in Table 2 below, according to Mr. Ravina, if the proposed resolution is approved and Cathay Pacific Airways leases an additional 5,664 square feet of Exclusive Use Space under the terms of the current lease, the Airport would continue to receive \$917,002 annually or \$161.90 per square foot, equal to \$76,417 per month payable by Cathay Pacific Airways, but such payments would be made under the modified lease instead of being paid to the Airport under the existing permit.

Table 2: Proposed Increase In Leased Space			
Type of Space	Square Feet Under Current Lease Terms	Square Feet Under Proposed Modified Lease Terms	Increase
Exclusive Use Space	2,616	8,280	5,664
x Annual Rental Rate Per Square Foot	161.90	161.90	0
Total Annual Rent Paid for Exclusive Use Space	\$423,530	\$1,340,532	\$917,002
Joint Use Space	631,987	631,987	0
x Annual Rental Rate Per Square Foot	\$7.40	\$7.40	0
Total Annual Rent Paid for Joint Use Space	\$4,676,704	\$4,676,704	0
Total Annual Rent for both Exclusive Use and Joint Use Space	\$5,100,234	\$6,017,236	\$917,002

Therefore, as shown on Table 2 above the total annual rent under the modified lease payable by Cathay Pacific Airways to the Airport is \$6,017,236 or \$917,002 more than the \$5,100,234 currently being paid by Cathay Pacific Airways to the Airport. However, as noted above because Cathay Pacific Airways has been paying such additional rent under a permit, the Airport would continue to receive the same rent for the duration of the current lease, which expires on June 30, 2021.

Residual Rate Setting Methodology

The Airport uses a "breakeven policy" known as the residual rate setting methodology to determine the rental rates, landing fees, and related fees to calculate the total rent to be paid by each airline for use of Airport terminal space. The rental rates, landing fees, and related fees include (a) the cost per square foot charged to an airline for that airline's exclusive use of Airport space, (b) fees for use of space which is shared by multiple airlines, and (c) various non-space-related fees, such as landing fees and aircraft parking fees. Those rental rates, landing fees, and related fees are then used to calculate the total rent payable by each airline to the Airport, such that while the total rent payable by each airline may differ due to (a) the amount of space leased, (b) the type of space leased, and (c) passenger and aircraft traffic, no airline has preferable lease terms over another airline.

The residual rate setting methodology is a formula which sets the schedule of all rental rates, landing fees, and related fees to a level which ensures that Airport revenues received from the airlines, plus the non-airline revenues (such as concession revenues) received by the Airport, are equal to the Airport's total costs, including debt service and operating expenditures. According to this methodology, the amount needed to balance the Airport's budget then becomes the basis for calculating, by a formula specified in the leases with the airlines, the rental rates, landing fees, and related fees charged to airlines operating at the Airport in the upcoming year, such that the total revenues paid to the Airport by all airlines in the upcoming year is sufficient to balance the Airport's budget. At the end of the fiscal year, any budget shortfall or surplus is carried forward into the following fiscal year and is used in the calculation of the new rental rates, landing fees, and related fees charged to the airlines.

The revenues generated by the existing lease is calculated by the Airport's residual rate setting methodology (breakeven policy), such that the modification would continue to result in the Airport's budget being fully balanced by the revenues paid by the airlines to the Airport, after considering the Airport's budgeted expenditures and all non-airline revenues.

POLICY CONSIDERATIONS

As previously discussed, the Airport issued a Permit to Cathay Pacific Airways on May 1, 2011, granting Cathay Pacific Airways the right to lease an additional 5,664 square feet of Exclusive Use Space. Under the terms of the Permit, the permit fee is \$917,002 annually or \$161.90 per square foot, equal to \$76,417 per month, which is the same rate under the proposed Modification No. 1 to the existing lease for this additional Exclusive Use Space. Therefore, as noted above, the Airport would continue to receive from Cathay Pacific Airways the same rental payments, if the proposed Modification No. 1 to the existing lease is approved, as the Airport has been receiving under the Permit.

According to Mr. Ravina, the Permit is an instrument used by the Airport to allow maximum flexibility in leasing and terminating space at the Airport that does not have a defined term but allows a 30-day notice from either party to terminate at will. According to Mr. Ravina, the 5,664 feet of Exclusive Use Space that Cathay Pacific Airways is currently occupying under the Permit has been vacant since the International Terminal opened over ten years ago. Mr. Ravina advises that when Cathay Pacific Airways approached the Airport with their proposal to construct a premium class lounge in November 2010, Cathay Pacific Airways requested that the lounge be operational by the 2011 December holidays. In order to accomplish this goal, the Airport decided to approve a Permit, which is not subject to Board of Supervisors approval, to allow Cathay Pacific Airways to commence construction on the new lounge, before seeking approval to amend the existing lease from the Board of Supervisors. Mr. Ravina advises that, if the proposed resolution is approved and the existing lease is amended, the Permit granted to Cathay Pacific Airways will be terminated by the Airport.

RECOMMENDATION

Approve the proposed resolution.

MODIFICATION NO. 1 TO
2011 LEASE AND USE AGREEMENT
SAN FRANCISCO INTERNATIONAL AIRPORT
CATHAY PACIFIC AIRWAYS LIMITED

THIS MODIFICATION OF AGREEMENT (this "**Modification**") dated as of September 1, 2011, is entered into by and between the City and County of San Francisco, acting by and through its Airport Commission ("**City**"), and Cathay Pacific Airways Limited ("**Airline**").

Recitals

A. The City and County of San Francisco owns San Francisco International Airport (the "**Airport**") located in the County of San Mateo, State of California, which Airport is operated by and through the Airport Commission, the chief executive officer of which is the Airport Director.

B. Pursuant to Airport Commission Resolution No. 10-0081 and Board of Supervisors' Resolution No. 208-10 on March 16, 2010 and May 11, 2010, respectively, Airline became a signatory to the 2011 Lease and Use Agreement under lease number L10-0081 whereby, effective July 1, 2011, Airline will commence a ten year leasehold with the City for certain premises located at the Airport, (the "**Agreement**").

C. Airline now desires to develop a premium class lounge in Boarding Area "A" in the International Terminal which consists of 5,664 square feet of Category II exclusive use space.

D. Airline and City now desire to modify the terms of the Agreement to reflect the addition of the lounge space.

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 (the "**Effective Date**") of this Modification shall be September 1, 2011 conditioned upon the following conditions: (1) the Airport Commission and Board of Supervisors shall have approved this Modification; and (2) both parties have executed this Modification.

(b) Rent for the lounge, as further described in Articles 3 and 4 below, shall commence on September 1, 2011.

(c) 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 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 5,664 square feet of Category II Exclusive Use Space, further described as VIP Clubs and Lounges located in the International Terminal.

4. From and after the Effective Date, Exhibit D of the Agreement is amended to include Airport Drawing Nos. CXIT4P and CXIT4 dated March 24, 2011, 2011, incorporated herein and attached hereto.

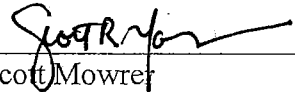
5. From and after the Effective Date, Airline's Exclusive Use Space shall consist of the following:

Type	Exclusive Use Space Type	Square Feet
Airline Administrative Office, 3 rd Floor+	II	2,616
VIP Clubs and Lounges	II	5,664

6. 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: CATHAY PACIFIC AIRWAYS LIMITED
a Hong Kong corporation

By: 
Name: Scott Mowrer
Title: Senior Vice President, North Americas

By: _____
Name: _____
Title: _____

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

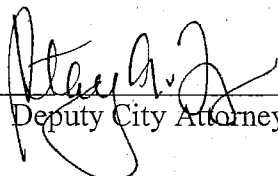
John L. Martin
Airport Director

AUTHORIZED BY AIRPORT
COMMISSION

Resolution No. _____
Adopted: _____
Attest: _____

Secretary
Airport Commission

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

By 
Deputy City Attorney

X:\TENANTS\AIRLINES\LEASES\2011 Lease and Use Agreement - Modifications\Cathay - Modification No.1.DOC

MODIFICATION NO. 1 TO
2011 LEASE AND USE AGREEMENT
SAN FRANCISCO INTERNATIONAL AIRPORT
CATHAY PACIFIC AIRWAYS LIMITED

THIS MODIFICATION OF AGREEMENT (this "**Modification**") dated as of September 1, 2011, is entered into by and between the City and County of San Francisco, acting by and through its Airport Commission ("**City**"), and Cathay Pacific Airways Limited ("**Airline**").

Recitals

A. The City and County of San Francisco owns San Francisco International Airport (the "**Airport**") located in the County of San Mateo, State of California, which Airport is operated by and through the Airport Commission, the chief executive officer of which is the Airport Director.

B. Pursuant to Airport Commission Resolution No. 10-0081 and Board of Supervisors' Resolution No. 208-10 on March 16, 2010 and May 11, 2010, respectively, Airline became a signatory to the 2011 Lease and Use Agreement under lease number L10-0081 whereby, effective July 1, 2011, Airline will commence a ten year leasehold with the City for certain premises located at the Airport, (the "**Agreement**").

C. Airline now desires to develop a premium class lounge in Boarding Area "A" in the International Terminal which consists of 5,664 square feet of Category II exclusive use space.

D. Airline and City now desire to modify the terms of the Agreement to reflect the addition of the lounge space.

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 (the "**Effective Date**") of this Modification shall be September 1, 2011 conditioned upon the following conditions: (1) the Airport Commission and Board of Supervisors shall have approved this Modification; and (2) both parties have executed this Modification.

(b) Rent for the lounge, as further described in Articles 3 and 4 below, shall commence on September 1, 2011.

(c) 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 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 5,664 square feet of Category II Exclusive Use Space, further described as VIP Clubs and Lounges located in the International Terminal.

4. From and after the Effective Date, Exhibit D of the Agreement is amended to include Airport Drawing Nos. CXIT4P and CXIT4 dated March 24, 2011, 2011, incorporated herein and attached hereto.

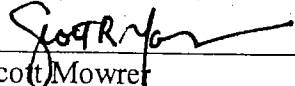
5. From and after the Effective Date, Airline's Exclusive Use Space shall consist of the following:

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Airline Administrative Office, 3 rd Floor+	II	2,616
VIP Clubs and Lounges	II	5,664

6. 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: CATHAY PACIFIC AIRWAYS LIMITED
a Hong Kong corporation

By: 
Name: Scott Mowrer
Title: Senior Vice President, North Americas

By: _____
Name: _____
Title: _____

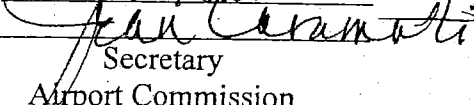
CITY: CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation,
acting by and through its Airport Commission

John L. Martin
Airport Director

AUTHORIZED BY AIRPORT
COMMISSION

Resolution No. 11-0134

Adopted: June 7, 2011

Attest: 
Secretary
Airport Commission

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

By 
Deputy City Attorney



San Francisco International Airport

MEMORANDUM

June 7, 2011

TO: **AIRPORT COMMISSION**
Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenheimer
Hon. Peter A. Stern

FROM: Airport Director

SUBJECT: **Modification No. 1 of Cathay Pacific Airways Limited 2011 Lease and Use Agreement, L10-0081**

DIRECTOR'S RECOMMENDATION: ADOPT RESOLUTION APPROVING MODIFICATION NO. 1 OF CATHAY PACIFIC AIRWAYS LIMITED 2011 LEASE AND USE AGREEMENT (NO. L10-0081) WHICH: 1) ADDS APPROXIMATELY 5,664 SQUARE FEET OF CATEGORY II EXCLUSIVE USE SPACE IN THE INTERNATIONAL TERMINAL; AND 2) DIRECTS THE COMMISSION SECRETARY TO REQUEST BOARD OF SUPERVISORS' APPROVAL OF THE LEASE MODIFICATION.

Executive Summary

Pursuant to Cathay Pacific Airways Limited Airways ("Cathay") 2011 Lease and Use Agreement (the "Lease"), Cathay occupies Category II Exclusive Use Space and utilizes Joint Use Space in the International Terminal. Cathay wishes to offer its passengers a premium class lounge and, pursuant to Modification No. 1 of the Lease, wishes to add 5,664 square feet of Category II exclusive use space. This will increase rental revenues by \$917,002 annually.

Background

On March 16, 2010 and May 11, 2010, respectively, pursuant to Airport Commission Resolution No. 10-0081 and Board of Supervisors Resolution No. 208-10, Cathay became a signatory to the Airport's 2011 Lease and Use Agreement, L10-0081 (the "Lease"), a ten year lease agreement which will go into effect on July 1, 2011.

THIS PRINT COVERS CALENDAR ITEM NO. 2

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE
MAYOR

LARRY MAZZOLA
PRESIDENT

LINDA S. CRAYTON
VICE PRESIDENT

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN
AIRPORT DIRECTOR

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-0134

**APPROVAL OF MODIFICATION NO. 1 TO CATHAY PACIFIC LIMITED AIRWAYS
2011 LEASE AND USE AGREEMENT, L10-0081.**

WHEREAS, Cathay Pacific Limited Airways operates daily flights between San Francisco and Hong Kong; and,

WHEREAS, Cathay Pacific Limited Airways wishes to develop a premium class lounge in the International Terminal which consists of 5,664 square feet of Category II exclusive use space; and,

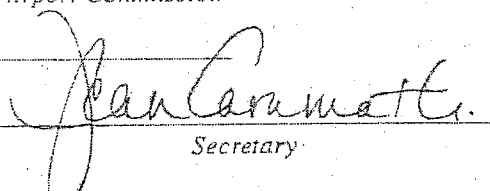
WHEREAS, such rental space will generate \$917,002 in Fiscal Year 2011/12 in incremental revenue to the Airport; and,

WHEREAS, Cathay Pacific Limited Airways has previously entered into the 2011 Lease and Use Agreement, L10-0081, with the Airport effective July 1, 2011; now therefore, be it

RESOLVED, that this Commission hereby approves and authorizes the Director to execute a Modification to Lease L10-0081, to add 5,664 square feet of Category II exclusive use space; and be it further

RESOLVED, that the Commission Secretary is hereby directed to request approval of the Modification of the Lease by resolution of the Board of Supervisors pursuant to Section 9.118 of the Charter of the City and County of San Francisco.

I hereby certify that the foregoing resolution was adopted by the Airport Commission
at its meeting of JUN 07 2011


Secretary



San Francisco International Airport

June 30, 2011

Ms. Angela Calvillo
Clerk of the Board
Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Subject: Approval of Modification No. 1 to Lease and Use Agreement L-10-0081 between Cathay Pacific Airways Limited and the City and County of San Francisco, acting by and through its Airport Commission

Dear Ms. Calvillo:

Pursuant to Section 9.118 of the City Charter, I am forwarding for the Board of Supervisors' approval Modification No. 1 (the "Modification") to Lease and Use Agreement L-10-0081 (the "Lease") between the City and County of San Francisco, acting by and through its Airport Commission, and Cathay Pacific Airways Limited, ("Airline") for lounge space. This Modification was approved by Airport Commission Resolution No. 11-0134, adopted June 7, 2011.

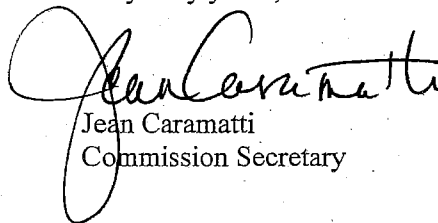
The Modification adds approximately five thousand six hundred sixty four (5,664) square feet of Category II Exclusive Use Space in the International Terminal to the Lease for a term of ten (10) years with an annual rent of \$917,001.60.

The following is a list of accompanying documents (five sets):

- Board of Supervisors Resolution;
- Approved Airport Commission Resolution No. 11-0134;
- Commission Memorandum;
- Form SFEC-126: Notification of Contract Approval; and
- Modification No. 1 to the Lease.

You may contact Dan Ravina of the Airport Aviation Management Department at (650) 821-4525 regarding this matter.

Very truly yours,


Jean Caramatti
Commission Secretary

Enclosures

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2011 JUL 15 PM 1:46

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE
MAYOR

LARRY MAZZOLA
PRESIDENT

LINDA S. CRAYTON
VICE PRESIDENT

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN
AIRPORT DIRECTOR

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information (Please print clearly.)	
Name of City elective officer(s):	City elective office(s) held:
Members, SF Board of Supervisors	Members, SF Board of Supervisors
Contractor Information (Please print clearly.)	
Name of contractor:	
Cathay Pacific Airways Limited	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.	
Board Members:	
(1) See attached	
(2) Tony Tyler, James Hughes-Hallett, John Slosar	
(3) Swire Pacific Limited, Air China Limited	
(4) None	
(5) None	
Contractor address:	
300, 360 Post Street, San Francisco, CA 94108	
Date that contract was approved:	Amount of contract:
February 23, 2010	TBD each FY
Describe the nature of the contract that was approved:	
2011 Airport/Airline Lease and Use Agreement	
Comments:	

This contract was approved by (check applicable):

☐ the City elective officer(s) identified on this form

☐ a board on which the City elective officer(s) serves San Francisco Board of Supervisors
Print Name of Board

☐ the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information (Please print clearly.)	
Name of filer:	Contact telephone number:
Angela Calvillo, Clerk of the Board	0 415-554-5184
Address:	E-mail:
City Hall, Room 244 1 Dr. Carlton B. Goodlett Pl., SF CA 94102	Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed



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Fact Sheet

Senior Management

Chairman	Christopher Pratt
Chief Executive	John Slosar
Chief Operating Officer	Ivan Chu
Director Corporate Development	James Barrington
Finance Director	James Hughes-Hallett
Director Flight Operations	Richard Hall
Director Sales & Marketing	Rupert Hogg
Director Personnel	William Chau
Director Information Management	Tomasz Smaczny
Director Cargo	Nick Rhodes
Director Corporate Affairs	Quince Chong
Engineering Director	Christopher Gibbs

Fact Sheet

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- [Major Shareholders](#)
- [Major Subsidiaries and Associates](#)
- [Total Number of Cathay Pacific Airways Staff](#)
- [Senior Management](#)
- [oneworld](#)
- [Asia Miles](#)
- [Cathay Pacific World Rankings](#)

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