

MODIFICATION NO. 1 TO
2011 LEASE AND USE AGREEMENT L10-0098
SAN FRANCISCO INTERNATIONAL AIRPORT
VIRGIN AMERICA, INC.

THIS MODIFICATION OF AGREEMENT (this “**Modification**”), dated as of _____, 2019, is entered into by and between the City and County of San Francisco, acting by and through its Airport Commission (“**City**”), and Alaska Airlines, Inc., an Alaska corporation (and successor-by-merger to Virgin America, Inc. (“**Alaska**”).

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. 10-0098, dated March 16, 2010, and Board of Supervisors’ Resolution No. 208-10, dated May 11, 2010, Virgin America, Inc. (“**Virgin**”) became a Signatory to the 2011 Lease and Use Agreement Lease No. L10-0098 (the “**Virgin Lease**”), effective July 1, 2011, whereby Virgin commenced a lease agreement with the City for a term of ten years with landing rights and the rental of certain Exclusive Use Space, Joint Use Space, and Preferential Use Space located in Terminal 2 at the Airport.

C. Pursuant to Airport Commission Resolution No. 10-0274, dated August 17, 2010, and Board of Supervisors’ Resolution No.505-10, dated November 5, 2010, Alaska Airlines, Inc. (prior to the Alaska-Virgin Merger (as defined below)) became a Signatory to the 2011 Lease and Use Agreement Lease No. L10-0274 (the “**Alaska Lease**”), effective July 1, 2011, whereby Alaska also commenced a lease agreement with the City for a term of ten years with landing rights and the rental of certain Exclusive Use Space, Joint Use Space, and Preferential Use Space located in Terminal 1 at the Airport (the “**Alaska Lease**”).

D. On January 11, 2018, the FAA issued a single operating certificate to Alaska and Virgin. On March 30, 2018, Alaska provided written notice to the Airport of its plan to merge with Virgin (the “**Alaska-Virgin Merger**”). On April 26, 2018, Virgin and Alaska consolidated their respective passenger check-in functions in Terminal 2, and ceased all flights nationwide under the Virgin brand. The parties finalized the Alaska-Virgin Merger on July 20, 2018, wherein Alaska became the surviving corporation.

E. By letter dated January 25, 2019, Alaska notified City of Alaska’s desire to modify the terms of the Virgin Lease to provide for its early termination, in its entirety, whereby Virgin will relinquish all of its Exclusive Use Space and Joint Use Space in Terminal 2, comprised of:

Exclusive Use Space	
Category I	977 sq. ft.
Category II	816 sq. ft.

Exclusive Use Space	
Category III	6,719 sq. ft.
Category V	720 sq. ft.

Joint Use Space	
Category II	13,006 sq. ft.
Category IV	78,957 sq. ft.

F. Upon the request of Alaska, City has prepared Modification No. 1 to the Alaska Lease (the “**Alaska Lease Modification**”) which will incorporate the aforementioned relinquished Exclusive Use Space and Joint Use Space in Terminal 2 into Alaska’s Demised Premises under the Alaska Lease. The Alaska Lease Modification will be presented to the Commission concurrently with this Modification.

G. Alaska, as successor-by-merger to Virgin, and City now desire to modify the terms of the Virgin Lease to provide for early termination of the Virgin Lease.

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 the first day of the month following full City approval and conditioned upon the following: (1) the Airport Commission and Board of Supervisors shall have approved this Modification; and (2) the Airport Commission and Board of Supervisors shall have approved the Alaska Lease Modification, and (3) each of the parties shall have executed both this Modification and the Alaska Lease Modification.

(b) Capitalized terms not defined herein shall have the meanings given them in the Virgin Lease.

2. Early Termination. From and after the Effective Date, the Virgin Lease shall be terminated in its entirety, provided, however, that the terms and conditions of the Virgin Lease and all obligations of Virgin that are expressly stated to survive an expiration or termination of the Virgin Lease will continue in full force and effect against Alaska, as successor-by-merger to Virgin.

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IN WITNESS WHEREOF, the parties hereto have executed this Modification in duplicate by their duly authorized officers the day and year first hereinabove written.

AIRLINE: ALASKA AIRLINES, INC., an Alaska corporation
Successor-by-merger to Virgin America, Inc.

By: 
Name: Shane Jones
Title: VP - Airport Real Estate

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

Ivar C. Satero
Airport Director

AUTHORIZED BY AIRPORT COMMISSION

Resolution No. 19-0186
Adopted: August 27, 2019

Attest: _____
Secretary
Airport Commission

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

By _____
Deputy City Attorney