



San Francisco International Airport

April 16, 2021

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: Fourth Modification to the Hotel Management Agreement between Hyatt Corporation 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 the proposed Resolution, which approves the Fourth Modification to the Hotel Management Agreement (HMA) between Hyatt Corporation (Hyatt) and the City and County of San Francisco, acting by and through its Airport Commission (Commission).

The Commission owns the Grand Hyatt at SFO (Hotel), and Hyatt serves as Hotel manager under the HMA. In response to the substantial reduction in income and limited operations at the Hotel, which are directly attributable to the COVID-19 pandemic, Airport staff and Hyatt have negotiated a Fourth Modification to the HMA to (1) reduce the Base Management Fees paid to Hyatt by 60% for 2021 and by 30% for 2022, for a total fee reduction of \$1,158,535; (2) extend the commencement date for certain performance termination events that allow the Commission to terminate the HMA due to Hyatt's performance as manager; (3) extend the initial HMA term by two years, for a new initial term of 12 years, while retaining one 5-year extension option at the discretion of the Commission; (4) provide for payment from Hotel revenues of additional management fees of \$5,054,997 to compensate Hyatt for its management services during years 11 and 12 of the initial HMA term; and (5) make changes necessary to preserve the tax-exempt status of interest on the related bonds, among other changes.

The following is a list of accompanying documents:

- Board of Supervisors Resolution;
- Approved Airport Commission Resolution No. 21-0092;
- Memorandum accompanying Airport Commission Resolution No. 21-0092;
- Copy of electronically filed SFEC-126(f)4 for Hyatt Corporation;
- A copy of the original HMA;

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

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Ms. Angela Calvillo
April 16, 2021
Page 2

- A copy of the First Modification to the HMA;
- A copy of the Second Modification to the HMA;
- A copy of the Third Modification to the HMA; and
- A copy of the Fourth Modification to the HMA.

The following person may be contacted regarding this matter:

Anwar Elgonemy
Hotel and Special Projects Director
(650) 821-5804
Anwar.Elgonemy@flysfso.com

Very truly yours,

Carolyn Jayin /s/

Carolyn Jayin
Acting Commission Secretary

Enclosures

cc: Anwar Elgonemy, SFO Hotel & Special Projects
Cathy Widener, SFO Governmental Affairs