

1 [Lease Extension Modification - 2011 Lease and Use Agreement - TACA International
2 Airlines, S.A. - Estimated Rent \$4,301,668]

3 **Resolution approving a Lease Modification to 2011 Lease and Use Agreement No. 10-**
4 **0096 between the City and County of San Francisco, acting by and through its Airport**
5 **Commission, and TACA International Airlines, S.A., which extends the term through**
6 **June 30, 2023, with an estimated rent of \$4,301,668 during the extension term, to**
7 **commence upon approval by the Board of Supervisors.**

8
9 WHEREAS, TACA International Airlines, S.A. (“TACA”) conducts flight operations at
10 San Francisco International Airport (the “Airport”) pursuant to 2011 Lease and Use Agreement
11 No. L10-0096 (the “TACA Lease”); and

12 WHEREAS, TACA occupies approximately 672 square feet of Exclusive Use Space
13 and approximately 627,414 square feet of Joint Use Spaces; and

14 WHEREAS, The TACA Lease will expire on June 30, 2021 (“Current Expiration Date”);
15 and

16 WHEREAS, The Airport Commission (the “Commission”) of the City and County of San
17 Francisco (“City”) and the signatory airlines (the “Airlines”) to the 2011 Lease and Use
18 Agreement (the “2011 Lease”) were previously negotiating a new comprehensive lease and
19 use agreement intended to replace the 2011 Lease, including the TACA Lease, which would
20 have commenced immediately following the Current Expiration Date; and

21 WHEREAS, The COVID-19 pandemic interrupted the negotiations and rendered
22 impractical reaching agreement on a comprehensive replacement lease and use agreement
23 that could be implemented directly following the Current Expiration Date; and

24 WHEREAS, City and Airlines have negotiated the terms of a modification to the 2011
25 Lease, which (i) extends the term through June 30, 2023; (ii) preserves the rights of City and

1 Signatory Airlines in any litigation challenging the Healthy Airport Ordinance; and (iii) updates
2 applicable local, state, and federal laws (the “Lease Modification”); and

3 WHEREAS, All other terms and conditions of the 2011 Lease, including the TACA
4 Lease, remain unchanged, including continuance of the current residual rate-setting
5 methodology for terminal rental rates and landing fees based on the Airport’s Rates and
6 Charges and continuance of the Annual Service Payment to City’s General Fund; and

7 WHEREAS, Avianca and certain of its subsidiaries, including TACA, filed for protection
8 under Chapter 11 of the Bankruptcy Code (the “Code”) on May 10, 2020; and

9 WHEREAS, The Modification to the TACA Lease required review and approval by the
10 bankruptcy courts, which caused the delay of TACA’s execution of its Lease Modification; and

11 WHEREAS, On December 6, 2020, TACA assumed the TACA Lease pursuant to the
12 Code and has met its financial obligations under the TACA Lease; and

13 WHEREAS, Due to TACA’s unique position with respect to its bankruptcy proceedings,
14 the TACA Lease will go into holdover status effective July 1, 2021, until this Board of
15 Supervisors approves the Lease Modification, and the effective date of the Lease Modification
16 will not occur until such approval; and

17 WHEREAS, On May 4, 2021, by Resolution No. 21-0110, the Commission approved
18 the Lease Modification; and

19 WHEREAS, A copy of the Lease Modification is on file with the Clerk of the Board of
20 Supervisors in File No. 210735, which is hereby declared to be a part of this Resolution, as if
21 set forth fully herein; and

22 WHEREAS, The Planning Department has determined that the actions contemplated in
23 this Resolution comply with the California Environmental Quality Act (California Public
24 Resources Code, Sections 21000 et. seq.), the same determination previously affirmed under
25 Board of Supervisor’s Resolution No. 232-21, adopted May 18, 2021; and

1 WHEREAS, Said determination is on file with the Clerk of the Board of Supervisors in
2 File No. 210735 and is incorporated herein by reference; now, therefore, be it

3 RESOLVED, This Board of Supervisors affirms this determination; and, be it

4 FURTHER RESOLVED, That this Board of Supervisors approves the Lease
5 Modification to Lease and Use Agreement No. 10-0096 with TACA International Airlines, S.A.;
6 and, be it

7 FURTHER RESOLVED, That within thirty (30) days of being fully executed by all
8 parties, the Airport Commission shall provide a copy of the executed Lease Modification to
9 Lease and Use Agreement No. 10-0096 with TACA International Airlines, S.A. to the Clerk of
10 the Board for inclusion into the official file.

11
12
13
14
15
16
17
18
19
20
21
22
23
24
25