Resolution approving, retroactive to September 11, 2001, the Airport Concession Support Program between Action Cellular-Cellular Phone Rental Service Lease; Andale SFO - New International Terminal Food and Beverage Lease; Bank of America - Domestic Banking Services Lease; Bayport Concessions LLC dba Willow Street Woodfired Pizza - New International Terminal Food and Beverage Lease; Books, Inc. - North Terminal Bookstore Lease; Buth-Na-Bodhaige, Inc. dba The Body Shop - Boarding Area “F” Cosmetic and Toiletries Lease; CalStar Retail, Inc. - Boarding Area “F” Newsstand Lease and North Terminal Candy Cart/Kiosk Lease; Clear Channel Airports - Airport Advertising Program Lease and SFO Cyber Room Technology Showcase Lease; D. Mitchell Concessions dba Harry Denton’s - New International Terminal Food and Beverage Lease; D-Lew Enterprises dba Il Fornaio - New International Terminal Food and Beverage Lease; Deli-Up Enterprises, LLC - New International Terminal Food and Beverage Lease; Discovery Channel Stores - New International Terminal Nature Theme Store Lease; Ebisu, Inc. - New International Terminal Food and Beverage Lease; Emporio Rulli - New International Terminal Food and Beverage Lease; Fung Lum Express, LLC - New International Terminal Food and Beverage Lease; Gotham Foods Two, LLC dba Firewood Café - New International Terminal Food and Beverage Lease; Harbor Airport, LLC dba Harbor Village - New International Terminal Food and Beverage Lease; Host International, Inc. - North Terminal Concession Opportunity Lease, Boarding Areas “B” and “C” Bookstores Lease, New International Terminal Aviation Store Lease, and North Terminal Hub Principal Retail Concession Lease; Lori’s Diner International - New International Terminal Food and Beverage Lease; Nidal Nazzal dba Burger Joint - New International
Terminal Food and Beverage Lease; North Terminal Shines - Shoeshine Service Lease; OSI-MB-Boarding Area “F” Executive Writing Instruments Lease; Pacific Gateway Concessions, LLC - Boarding Areas “B” and “C” Principal Retail Concession Lease; Pacific Golf Partners, LLC - New International Terminal Golf Shop Lease; Polk-Townsend and Associates dba Café Metro - New International Terminal Food and Beverage Lease; Rosedale-Wilsons dba Wilsons Leather - North Terminal Concourse Fine Leather Goods Lease; San Francisco Museum of Modern Art - New International Terminal Museum Store Lease; See’s Candies, Inc. - North Terminal Candy Store Lease (upon execution of the Lease); SFO Hairport - New International Terminal Hair Salon Lease; Smarte Carte - Public Lockers and Over-the-Counter Baggage Lease; Tomokazu Japanese Cuisine (SFO), Inc. - New International Terminal Food and Beverage Lease; Travelex America, Inc. - ATM Lease A in the New International Terminal, ATM Lease B in the New International Terminal, and Foreign Currency Lease; U-Threads - Boarding Area “F” Collegiate Apparel Lease; WH Smith Hotel Services - New International Terminal Bookstore/Café Lease; and Yoko, Inc. dba Osho Japanese Cuisine - New International Terminal Food and Beverage Lease; **Duty Free Shop - New International Terminal Duty Free Shop Lease** and the City and County of San Francisco, Acting by and through its Airport Commission.

WHEREAS, The events of September 11, 2001, in conjunction with the softening dot.com bust economy, have together drastically affected Airport tenants’ revenues; and

WHEREAS, The Airport’s retail, food and beverage, and passenger services tenants have since represented that they cannot meet the demands of the lease(s) with respect to the Minimum Annual Guarantees (MAGs); and
WHEREAS, In response, the Airport Commission approved Resolution No. 02-0039, approved the Airport Concession Support Program, which is a comprehensive long-term plan to provide support to the Airport’s tenants; now, therefore, be it

RESOLVED, That the Board of Supervisors hereby approves, retroactive to September 11, 2001, the Airport Concession Support Program, as follows:

1. **MAG Suspensions/Reinstatements**
   - Suspends the Minimum Annual Guarantees ("MAGs") of Action Cellular - Cellular Phone Rental Service Lease; Books, Inc. - North Terminal Bookstore Lease; CalStar Retail, Inc. - Boarding Area “F” Newsstand Lease and North Terminal Candy Cart/Kiosk Lease; Clear Channel Airports - Airport Advertising Program Lease and SFO Cyber Room Technology Showcase Lease; Discovery Channel - New International Terminal Nature Theme Store Lease; Host International, Inc. - North Terminal Concession Opportunity Lease, Boarding Areas “B” and “C” Bookstores Lease, New International Terminal Aviation Store Lease, and North Terminal Hub Principal Retail Concession Lease; North Terminal Shines - Shoeshine Service Lease; OSI-MB-Boarding Area “F” Executive Writing Instruments Lease; Pacific Gateway Concessions - Boarding Areas “B” and “C” Principal Retail Concession Lease; Pacific Golf Partners, LLC - New International Terminal Golf Shop Lease; San Francisco Museum of Modern Art - New International Terminal Museum Store Lease; See’s Candies, Inc. - North Terminal Candy Store Lease (upon execution of the Lease); SFO Hairport - New International Hair Salon Lease; Smarte Carte - Public Lockers and Over-the-Counter Baggage Lease; Buth-Na-Bodhaige, Inc. dba The Body Shop - Boarding Area “F” Cosmetic and Toiletries Lease; Travelex - ATM Lease in the New
International Terminal, ATM Lease B in the New International Terminal, and
Foreign Currency Lease; U-Threads - Boarding Area “F” Collegiate Apparel
Lease; WH Smith Hotel Services - New International Terminal
Bookstore/Café Lease; and Rosedale-Wilsons dba Wilsons Leather - North
Terminal Concourse Fine Leather Goods Lease; and requires such tenants
to pay the percentage rent specified in their respective leases, except as
otherwise provided below.

- Reinstates the MAGs once monthly enplanements equal or exceed 85% of
the enplanements for the same month in year 2000 for two (2) consecutive
months. Each enplanement comparison would be done by the “Relevant
Boarding Area”. MAGs would not be suspended thereafter. However, in no
event will MAG reinstatement occur before April 1, 2002.
- In the event a tenant delays or refuses to execute an appropriate lease
amendment reflecting these amended terms and conditions, the MAG of
such tenant shall be reinstated immediately upon written notice from the
Airport Director.

2. **Lease Term Extensions**

Grants to the following tenants an option permitting them to extend the terms of their
respective leases for one 5-year period due to the significant build-out costs incurred:
Action Cellular - Cellular Phone Rental Service Lease; Andale SFO - New International
Terminal Food and Beverage Lease; Bank of America - Domestic Banking Services
Lease; Bayport Concessions LLC dba Willow Street Woodfired Pizza - New
International Terminal Food and Beverage Lease; Books, Inc. - North Terminal
Bookstore Lease; Buth-na-Bodhaige, Inc. dba The Body Shop - Boarding Area “F”
Cosmetic and Toiletries Lease; Polk-Townsend and Associates dba Café Metro - New
International Terminal Food and Beverage Lease; CalStar Retail, Inc. - Boarding Area
“F” Newsstand Lease and North Terminal Candy Cart/Kiosk Lease; Clear Channel Airports - Airport Advertising Program Lease and SFO Cyber Room Technology Showcase Lease; D. Mitchell Enterprises dba Harry Denton’s - New International Terminal Food and Beverage Lease; D-Lew Enterprises dba Il Fornaio - New International Terminal Food and Beverage Lease; Deli-Up Enterprises, LLC - New International Terminal Food and Beverage Lease; Discovery Channel Stores - New International Terminal Nature Theme Store Lease; Ebisu - New International Terminal Food and Beverage Lease; Emporio Rulli - New International Terminal Food and Beverage Lease; Fung Lum Express, LLC - New International Terminal Food and Beverage Lease; Harbor Airport, LLC dba Harbor Village - New International Terminal Food and Beverage Lease; Gotham Foods Two LLC dba Firewood Café - New International Terminal Food and Beverage Lease; Host International, Inc. - North Terminal Concession Opportunity Lease, Boarding Areas “B” and “C” Bookstores Lease, New International Terminal Aviation Store Lease, and North Terminal Hub Principal Retail Concession Lease; Lori’s Diner International - New International Terminal Food and Beverage Lease; Nidal Nazzal dba Burger Joint - New International Terminal Food and Beverage Lease; North Terminal Shines - Shoeshine Service Lease; OSI-MB - Boarding Area “F” Executive Writing Instruments Lease; Pacific Gateway Concessions, LLC - Boarding Areas “B” and “C” Principal Retail Concession; Pacific Golf Partners, LLC - New International Terminal Golf Shop Lease; Rosedale-Wilsons dba Wilsons Leather - North Terminal Concourse Fine Leather Goods Lease; San Francisco Museum of Modern Art - New International Terminal Museum Store Lease; See’s Candies, Inc. - North Terminal Candy Store Lease (upon execution of the Lease); SFO Hairport - New International Terminal Hair Salon; Tomokazu Japanese

**Airport Commission**
BOARD OF SUPERVISORS
Cuisine (SFO), Inc. - New International Terminal Food and Beverage Lease; Travelex America - ATM Lease in the New International Terminal, ATM Lease B in the New International Terminal, and Foreign Currency Lease; U-Threads - Boarding Area “F” Collegiate Apparel Lease; WH Smith Hotel Services - New International Terminal Bookstore/Café Lease; and Yoko, Inc. dba Osho Japanese Cuisine - New International Terminal Food and Beverage Lease.

Such option would be exercisable by the tenant on or before the date that is one year before the current lease expiration date. In the event the tenant exercises such option, then the lease rent payable by the tenant during the option term shall be adjusted to equal market rent, as determined by the Airport Director. In no event will be the rent payable in the Option Term be less than the rent payable by the Tenant in the last year of the base term of the Lease. Following such determination, if the tenant is unwilling to pay such market rent, the tenant shall be entitled to withdraw its exercise of the option.

3. DFS Post-Security Master Retail Duty Free/Duty Paid Lease

Specifies the following terms and conditions for DFS, by Airport Commission Resolution No. 02-0072, adopted April 2, 2002, under the Concession Support Program:

- Suspend DFS’ MAG applicable to duty free goods until December 31, 2002 and require DFS to pay percentage rent of 30% on duty free goods, except as otherwise provided below. For purposes of the Program, the MAG applicable to duty free goods is equal to ninety percent (90%) of the MAG specified in the Post Security Master Retail Lease (“Duty Free MAG”).
- Reinstate DFS’ duty free MAG if monthly gross revenues of duty free goods equal or exceed five million dollars ($5,000,000) per month for two (2)
consecutive months. For example, if the gross revenues generated by the sale of duty free goods for the months of April 2002 and May 2002, respectively, equal or exceed $5,000,000, DFS' Duty Free MAG would be reinstated effective May 1, 2002. DFS' Duty Free MAG would not be adjusted or suspended thereafter.

- Suspend DFS’ Minimum Annual Guarantee applicable to duty paid goods and require DFS to pay the percentage rent specified in the lease on duty paid goods. For purposes of the Program, the MAG applicable to duty paid goods equals ten percent (10%) of the MAG specified in the Post Security Master Retail Lease ("Duty Paid MAG").

- Reinstate DFS’ Duty Paid MAG for duty paid goods once monthly enplanements equal or exceed 85% of the enplanements for the same month in year 2000 for two (2) consecutive months. Such comparison would be done by comparing the combined enplanements for International Terminal Boarding Area A and International Terminal Boarding Area G (the “Relevant Boarding Area”). The Duty Paid MAG would not be adjusted or suspended thereafter.

- DFS will be required to submit the customary sales reports and the Airport will have appropriate audit rights.

- Grant DFS an option to extend the term of its lease for one five-year period. Such option would be exercisable on or before the date that is one year before the current lease expiration date.

4. **Travelex Percentage Rent Structure**

Travelex America holds three leases at the Airport: two for Automated Teller Machines in the New International Terminal, and the lease for Foreign Currency Exchange Services.
International Terminal ATM Lease “A” and B”

The rent paid by Travelex for the ATM leases is the sum of: (a) the MAG, plus b) 33% of Transaction Surcharges (“Percentage Rent), plus c) $0.10 per customer use (“Transaction Rent”).

Given the unique rent structure of the Travelex ATM leases, the Airport Commission authorized, in Resolution No. 02-0039, the following percentage rent structure for the Travelex ATM leases during the MAG suspension period:

- 35% of the fees for 0 to 32,000 surchargeable transactions, plus
- 50% of the fees for 32,000 to 50,000 surchargeable transactions, plus
- 60% of the fees for 50,000+ surchargeable transactions.

Each Travelex ATM Lease MAG shall be reinstated in accordance with Section 1 above. Upon reinstatement of its ATM MAGs, Travelex shall, in accordance with its leases, pay the sum of a) the MAG, plus b) 33% of Transaction Surcharges, plus c) $0.10 per customer use.

Additionally, Travelex was granted an option to extend the term of the ATM Leases for one five-year period. Such option would be exercisable on or before the date that is one year before the current lease expiration dates.

Foreign Currency Exchange Lease

The Travelex Foreign Currency Exchange Lease does not include a percentage rent structure. Rather the Lease specifies that Travelex shall pay the greater of the MAG or $0.88 per enplaned international passenger. In Resolution No. 02-0039, the Airport Commission authorized a percentage rent structure for Travelex’s Foreign Currency Exchange Lease as follows:

- 4.25% of $0 to $50,000,000 in currency transactions, plus
- 5% of $50,000,000.01 to $60,000,000 in currency transactions, plus
5.25% over $60,000,000 in currency transactions.

Subsequently, staff engaged in further discussions with Travelex regarding the Foreign Currency Exchange Lease and, by Resolution No. 02-0072, the Airport Commission approved the following rent structure for Travelex’s Foreign Currency Exchange Lease during the MAG Suspension period:

- Suspend Travelex’s MAG for Foreign Currency Exchange until December 31, 2002, and require Travelex to pay the Passenger-Based Fee of eighty-eight cents ($0.88) per Enplanement as specified in the lease.
- Travelex will be required to submit the customary sales reports and the Airport will have appropriate audit rights.
- Reinstate Travelex’s MAG for Foreign Currency Exchange effective January 1, 2003. The MAG would not be adjusted or suspended thereafter.
- In the event Travelex shall default, the Airport Director may immediately reinstate the MAG without the benefit of any notice or right to cure as may otherwise be provided under its lease.

Travelex was also granted an option to extend the term of the Foreign Currency Exchange Lease for one five-year period. Such option would be exercisable on or before the date that is one year before the current lease expiration date.

5. **Adjust Percentage Rent Structure for Certain Post-Security Food/Beverage Operators**

The following post-security restaurants are focused on the sale of food (restaurant classification) and not the sale of liquor (bar classification): Andale SFO, D. Mitchell Concessions dba Harry Denton’s, and Gotham Foods Two LLC dba Firewood Café.

Thus, in Resolution No. 02-0039, the Airport Commission adjusted the percentage rent
structures for these leases to be in line with other food-dominated restaurants as
follows:

6% of Gross Revenues achieved up to and including $1,000,000; plus
8% of Gross Revenues achieved over $1,000,000 up to and including
$1,500,000; plus
10% of Gross Revenues achieved over $1,500,000.

The MAG amounts for these leases will not change.

6. Clear Channel Outdoor dba Clear Channel Airports (formerly known as
Transportation Media, Inc.) (“Clear Channel”) – Airport Advertising
Program Lease

Clear Channel Airport’s Advertising Program Lease was included in the Concession
Support Program. Subsequently, staff engaged in further discussions with Clear
Channel Airport, which resulted in the following:

• Resolution No. 02-0062, adopted by the Commission on March 5, 2002
  approved additional locations in the baggage claim level of the Terminal
  Buildings and the sterile corridors of International Terminal’s arrivals level. This
  same resolution also reinstated the MAG for the Airport Advertising Program
  Lease effective April 1, 2002.

• Resolution No. 02-0071, adopted April 2, 2002, approved the amended MAG
  Increase Schedule as follows:

Lease Year 2 $4,100,000
Lease Year 3 $4,200,000
Lease Year 4 $4,300,000
Lease Year 5 $4,800,000
Resolution No. 02-0071 also allowed for the MAG adjustment calculations to be based on the greater of 85% of the previous year’s rent paid or the above MAG Increase Schedule, instead of the Consumer Price Index adjustment.

Clear Channel was also granted an option to extend the term of the Airport Advertising Program Lease for one five-year period. Such option would be exercisable on or before the date that is one year before the current lease expiration date; and, be it further resolved, that the Airport Director shall take all steps necessary to implement such program, including the execution of appropriate lease amendments; and, be it further resolved, that the Airport Director is requested to submit a written report to the Board on or about April 1, 2003, detailing the status of passenger traffic levels and its impact on the subject leases.
Resolution approving, retroactive to September 11, 2001, the Airport Concession Support Program between Action Cellular-Cellular Phone Rental Service Lease; Andale SFO - New International Terminal Food and Beverage Lease; Bank of America - Domestic Banking Services Lease; Bayport Concessions LLC dba Willow Street Woodfired Pizza - New International Terminal Food and Beverage Lease; Books, Inc. - North Terminal Bookstore Lease; Buth-Na-Bodhaige, Inc. dba The Body Shop - Boarding Area "F" Cosmetic and Toiletries Lease; CalStar Retail, Inc. - Boarding Area "F" Newsstand Lease and North Terminal Candy Cart/Kiosk Lease; Clear Channel Airports - Airport Advertising Program Lease and SFO Cyber Room Technology Showcase Lease; D. Mitchell Concessions dba Harry Denton's - New International Terminal Food and Beverage Lease; D-Lew Enterprises dba Il Fornaio - New International Terminal Food and Beverage Lease; Deli-Up Enterprises, LLC - New International Terminal Food and Beverage Lease; Discovery Channel Stores - New International Terminal Nature Theme Store Lease; Ebisu, Inc. - New International Terminal Food and Beverage Lease; Emporio Rulli - New International Terminal Food and Beverage Lease; Fung Lum Express, LLC - New International Terminal Food and Beverage Lease; Gotham Foods Two, LLC dba Firewood Café - New International Terminal Food and Beverage Lease; Harbor Airport, LLC dba Harbor Village - New International Terminal Food and Beverage Lease; Host International, Inc. - North Terminal Concession Opportunity Lease, Boarding Areas "B" and "C" Bookstores Lease, New International Terminal Aviation Store Lease, and North Terminal Hub Principal Retail Concession Lease; Lori's Diner International - New International Terminal Food and Beverage Lease; Nidal Nazzal dba Burger Joint - New International Terminal Food and Beverage Lease; North Terminal Shines - Shoeshine Service Lease; OSI-MB-Boarding Area "F" Executive Writing Instruments Lease; Pacific Gateway Concessions, LLC - Boarding Areas "B" and "C" Principal Retail Concession Lease; Pacific Golf Partners, LLC - New International Terminal Golf Shop Lease; Polk-Townsend and Associates dba Café Metro - New International Terminal Food and Beverage Lease; Rosedale-Wilsons dba Wilsons Leather - North Terminal Concourse Fine Leather Goods Lease; San Francisco Museum of Modern Art - New International Terminal Museum Store Lease; See's Candies, Inc. - North Terminal Candy Store Lease (upon execution of the Lease); SFO Hairport - New International Terminal Hair Salon Lease; Smarte Carte - Public Lockers and Over-the-Counter Baggage Lease; Tomokazu Japanese Cuisine (SFO), Inc. - New International Terminal Food and Beverage Lease; Travelex America, Inc. - ATM Lease A in the New International Terminal, ATM Lease B in the New International Terminal, and Foreign Currency Lease; U-Threads - Boarding Area "F" Collegiate Apparel Lease; WH Smith Hotel Services - New International Terminal Bookstore/Café Lease; and Yoko, Inc. dba Osho Japanese Cuisine - New International Terminal Food and Beverage Lease and the City and County of San Francisco, Acting by and through its Airport Commission.

August 12, 2002  Board of Supervisors — AMENDED
Ayes: 11 - Ammiano, Daly, Gonzalez, Hall, Leno, Maxwell, McGoldrick, Newsom, Peskin, Sandoval, Yee

August 12, 2002  Board of Supervisors — ADOPTED AS AMENDED
Ayes: 11 - Ammiano, Daly, Gonzalez, Hall, Leno, Maxwell, McGoldrick, Newsom, Peskin, Sandoval, Yee
File No. 021230

I hereby certify that the foregoing Resolution was ADOPTED AS AMENDED on August 12, 2002 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young
Clerk of the Board

Mayor Willie L. Brown Jr.

Date Approved