FILE NO. 220845

RESOLUTION NO. 426–22

[Lease Amendment No. 4 - World Duty Free Group North America, LLP - Terminal 2 Newsstands, Coffee and Specialty Store Lease No. 10-0232 - Reduction of Premises - Reduction in the Minimum Annual Guarantee of $302,625]

Resolution approving Amendment No. 4 to the Terminal 2 Newsstands, Coffee and Specialty Store Lease No. 10-0232, between World Duty Free Group North America, LLP, as tenant, and the City and County of San Francisco, acting by and through its Airport Commission, for a reduction in the total leasehold square footage of the demised premises by approximately 20% which results in a reduction in the Minimum Annual Guarantee of $302,625 with no change to the term of May 1, 2011, through June 30, 2023, effective upon approval of this Resolution.

WHEREAS, On July 6, 2010, by Resolution No. 10-0232, the Airport Commission (Commission) awarded the Terminal 2 Newsstands, Coffee and Specialty Store Lease No. 13-0136 (Lease) to Host International Inc. (Original Tenant) for five facilities located in Terminal 2 of the San Francisco International Airport (Airport); and

WHEREAS, On September 14, 2010, by Resolution 417-10, the Board of Supervisors approved the Lease; and

WHEREAS, On December 6, 2011, by Resolution No. 11-0296, the Commission approved Amendment No. 1 to the Lease; and

WHEREAS, On December 8, 2015, by Resolution No. 489-15, the Board of Supervisors approved Amendment No. 1 to the Lease; and

WHEREAS, On November 20, 2012, by Resolution No. 12-0263A, the Commission approved assigning the Lease from Original Tenant to World Duty Free Group North America, LLP (Tenant); and
WHEREAS, On January 5, 2021, by Ordinance No. 5-21, the Board of Supervisors approved the COVID-19 Emergency Relief Program for Airport Concession Operations, which was set forth in Amendment No.2 to the Lease; and

WHEREAS, Staff has determined that, due to the COVID-19 pandemic and the resulting severe decline in enplanements and concession traffic, commencing a new Request for Proposals process for this Lease would not be prudent because there would not be sufficient interest to conduct a strong competitive process; and

WHEREAS, On December 15, 2020, by Resolution No. 20-0252, the Commission approved Amendment No. 3 to the Lease to extend the term of the Lease to no later than June 30, 2023 to maintain concession operations, preserve customer service, and maintain revenue; and

WHEREAS, On May 11, 2021, by Resolution No. 220-21, the Board of Supervisors approved Amendment No. 3 to the Lease; and

WHEREAS, Staff believes it would be better for the Airport, both operationally and financially, to reclaim the part of the demised premises designated as a coffee cafe facility and issue a request for proposals for a new long-term lease with a new operator for such space; and

WHEREAS, On June 21, 2022, by Resolution No. 22-0110, the Commission approved Amendment No. 4 to the Lease, removing from the demised premises the space designated as a coffee cafe; and

RESOLVED, That this Board of Supervisors approves Amendment No. 4 to the Terminal 2 Newsstands, Coffee and Specialty Store Lease No. 10-0232 in Terminal 3 with World Duty Free Group North America, LLP to reduce the total leasehold square footage of the demised premises by approximately 20% which will result in a reduction in the Minimum
Annual Guarantee of $302,625.00, a copy of which is on file with the Clerk of the Board of Supervisors in File No. 220845; now therefore be it

FURTHER RESOLVED, That within thirty (30) days of the amendment being fully executed by all parties, the Airport Commission shall provide the final amendment to the Clerk of the Board for inclusion into the official file.
File Number: 220845 Date Passed: October 18, 2022

Resolution approving Amendment No. 4 to the Terminal 2 Newsstands, Coffee and Specialty Store Lease No. 10-0232, between World Duty Free Group North America, LLP, as tenant, and the City and County of San Francisco, acting by and through its Airport Commission, for a reduction in the total leasehold square footage of the demised premises by approximately 20% which results in a reduction in the Minimum Annual Guarantee of $302,625 with no change to the term of May 1, 2011, through June 30, 2023, effective upon approval of this Resolution.

September 21, 2022 Budget and Finance Committee - RECOMMENDED

September 27, 2022 Board of Supervisors - CONTINUED
Ayes: 11 - Chan, Dorsey, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

October 18, 2022 Board of Supervisors - ADOPTED
Ayes: 11 - Chan, Dorsey, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 220845 I hereby certify that the foregoing Resolution was ADOPTED on 10/18/2022 by the Board of Supervisors of the City and County of San Francisco.

[Signature]
Angela Calvillo
Clerk of the Board

[Signature]
London N. Breed
Mayor

10/28/22 Date Approved