

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5c

Date of Meeting August 23, 2011

DATE: August 11, 2011

TO: Tay Yoshitani, Chief Executive Officer

FROM: James R. Schone, Director, Aviation Business Development
James Jennings, Manager, Aviation Properties

SUBJECT: Memorandum of Lease Termination for Great Wall Airlines Co., Ltd. 2006-2012
Signatory Lease Operating Agreement

ACTION REQUESTED:

Request Port Commission Authorization for the Chief Executive Officer to execute a Memorandum of Lease Termination for Great Wall Airlines Co., Ltd. 2006-2012 Signatory Lease Operating Agreement (SLOA).

SYNOPSIS:

Great Wall Airlines merged with China Cargo Airlines May 31, 2011, and ceased to exist as a separate operating Airline. As a result, it is necessary to terminate the Great Wall Airline inactive lease. Under Resolution No. 3605, as amended, the Commission must approve the termination of the lease. There is no financial impact to the Port as a result of the lease termination.

BACKGROUND:

Great Wall became a SLOA carrier on May 9, 2008. China Cargo Airlines became a SLOA carrier on April 3, 2006. Great Wall's last operations at Seattle-Tacoma International Airport occurred in March 2010. Great Wall's operations have been merged into China Cargo Airlines effective May 31, 2011.

Because termination as a result of merger is not authorized in SLOA and staff has limited authority under Resolution No. 3605 to modify leases with a term longer than 5 years, Commission approval of the termination is required. Port staff requests that the Commission authorize staff to execute the attached Memorandum of Lease Termination (Exhibit A).

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

August 11, 2011

Page 2 of 2

FINANCIAL IMPLICATIONS:

There is no financial impact to the Port related to this action because Great Wall Airlines has no Exclusive or Preferential Premises under their SLOA.

ECONOMIC IMPACTS AND BUSINESS PLAN OBJECTIVES:

With no resulting loss of revenue to the Airport, terminating the Great Wall SLOA does not negatively affect the Port's strategic or business plan objectives.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

Alternative 1: Execute the Memorandum of Lease Termination, as requested by Great Wall Airlines. **This is the recommended alternative.**

Alternative 2: Require Great Wall Airlines to remain under their existing SLOA agreement. This action would require a company that is no longer in operation to continue to hold a lease that would bring no revenue to the Port. This is not the recommended alternative.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

Exhibit A: Memorandum of Lease Termination between the Port of Seattle and Great Wall Airlines Co., Ltd.

PREVIOUS COMMISSION ACTION:

None.