

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5e

Date of Meeting January 24, 2012

DATE: January 12, 2012

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 Continental Air Lines, Inc. 2006-2012
Signatory Lease Operating Agreement

ACTION REQUESTED:

Authorization for the Chief Executive Officer to execute a Memorandum of Lease Termination for Continental Air Lines, Inc. 2006-2012 Signatory Lease Operating Agreement (SLOA).

SYNOPSIS:

Continental Air Lines merged with United Airlines through receipt of Federal Aviation Authority's (FAA) approval of a Single Operating Certificate (SOC) on November 30, 2011, and ceased to exist as a separate operating Airline. As a result, it is necessary to terminate the Continental Air Lines lease as of November 30, 2011.

BACKGROUND:

Both United Airlines and Continental Air Lines became SLOA carriers on April 3, 2006. Both carriers continue to have daily scheduled operations at the Seattle-Tacoma International Airport (Airport), though effective November 30, 2011, the flights formerly designated as Continental Air Lines became designated as United Airlines flights due to the FAA's granting of the SOC.

Because termination as a result of merger is not authorized in SLOA and staff has limited authority under Resolution No. 3605, as amended, to modify leases with a term longer than five 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).

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FINANCIAL IMPLICATIONS:

There is no financial impact to the Port related to this action as the Exclusive and Preferential Premises covered by the Continental Air Lines SLOA will be transferred and incorporated into the United Airlines SLOA.

BUSINESS PLAN OBJECTIVES:

With no resulting loss of revenue to the Airport, terminating the Continental Air Lines 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 Continental Air Lines and United Airlines. **This is the recommended alternative.**

Alternative 2: Require Continental Air Lines to remain under their existing SLOA agreement. This is not practical as the FAA has approved the SOC for United Airlines, who will remain a signatory lease to the Port under SLOA. This is not the recommended alternative.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

Exhibit A: Memorandum of Lease Termination.

PREVIOUS COMMISSION ACTION:

None.