



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6f

ACTION ITEM

Date of Meeting August 11, 2020

DATE: June 3, 2020

TO: Stephen P. Metruck, Executive Director

FROM: Lance Lyttle, Managing Director, Aviation
James Jennings, Director, Aviation Business and Properties

SUBJECT: Request for authorization for early termination of an agreement between the Port and Xiamen Airlines

Amount of this request: N/A

Total estimated project cost: N/A

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute an Early Termination Agreement (form of which is approved by the Port's legal team) to terminate the 2018-2022 Signatory Lease and Operating Agreement (SLOA) between the Port of Seattle (Port) and Xiamen Airlines in advance of its scheduled expiration of December 31, 2022.

SUMMARY

Xiamen Airlines began service between Seattle-Tacoma International Airport (SEA) and Shenzhen (SZX) on September 26, 2016. After three years of service, Xiamen elected to discontinue the service due to difficulties in establishing themselves in the market, compounded by rising US-China tensions regarding international trade practices; they performed their last flight at SEA on September 25, 2019. Under the terms of the SLOA, Xiamen mostly utilized Common Use Premises, the fees for which are based on activity. Thus, now that Xiamen is not flying, they are not incurring any of these fees. Xiamen did have an exclusive office, but a new tenant has been found to lease that space. Xiamen's account is in good standing, with no outstanding payments due to the Port. Thus, terminating the Xiamen SLOA early will have no financial impact on the Port.

Keeping the SLOA in place requires Xiamen to provide the Port evidence of liability insurance and surety. As Xiamen no longer has a physical presence at SEA, and the airline is not incurring any charges or conducting operations at SEA, neither of these requirements provide a benefit to the Port, thus there is no harm to the Port to allow the early termination of the SLOA between the Port and Xiamen.

There are no attachments to this memo.