

1 [Settlement of Unlitigated Performance Bond Claim – Travelers Casualty and Surety  
2 Company of America – City to Receive \$250,000]

3 **Resolution authorizing settlement of an unlitigated performance bond claim by the San**  
4 **Francisco Airport Commission ("Airport") against Travelers Casualty and Surety**  
5 **Company of America ("Travelers") relating to a lease default by Mexicana Airlines.**

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7 WHEREAS, In 1983, the Airport and Compania Mexicana de Aviacion S.A. de C.V.,  
8 doing business as Mexicana Airlines, a Mexico corporation ("Mexicana"), entered into a long-  
9 term Airline-Airport Lease and Use Agreement No. L83-0045 and other permits (the "Lease")  
10 enabling Mexicana to operate at the San Francisco International Airport; and

11 WHEREAS, Mexicana delivered to the Airport a performance bond (the "Bond") issued  
12 by Travelers, in the amount of \$452,804 as a security deposit under the Lease; and

13 WHEREAS, On or about August 3, 2010, Mexicana ceased operating at the Airport,  
14 defaulted on the Lease, and petitioned for voluntary bankruptcy in Mexico and in the United  
15 States; and

16 WHEREAS, The City made a demand on the Travelers surety bond for the full penal  
17 sum of the bond (\$452,804) and Travelers denied that claim; and,

18 WHEREAS, The Airport and Travelers negotiated a settlement requiring Travelers to  
19 pay the Airport \$250,000 in exchange for Travelers' right to file an indemnity claim in the  
20 Mexicana bankruptcy; now, therefore, be it;

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1 RESOLVED, That the City Attorney's Office is authorized to settle the unlitigated bond  
2 claim against Travelers by the payment of \$250,000 from Travelers to the Airport, in  
3 exchange for Travelers' right to file an indemnity claim in the Mexicana bankruptcy.

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5 APPROVED AS TO FORM AND  
RECOMMENDED:

6 DENNIS J. HERRERA  
City Attorney

7  for  
8 RONALD P. FLYNN  
9 Deputy City Attorney

RECOMMENDED:

SAN FRANCISCO AIRPORT COMMISSION

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11 JOHN L. MARTIN *lf*  
12 Director, San Francisco International Airport

13 APPROVED:

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15 Secretary, San Francisco Airport Commission  
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**City and County of San Francisco**  
**Tails**  
**Resolution**

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

**File Number:** 111244

**Date Passed:** December 13, 2011

Resolution authorizing settlement of an unlitigated performance bond claim by the San Francisco Airport Commission against Travelers Casualty and Surety Company of America relating to a lease default by Mexicana Airlines.

December 08, 2011 Rules Committee - RECOMMENDED AS COMMITTEE REPORT

December 13, 2011 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Mirkarimi and Wiener

File No. 111244

I hereby certify that the foregoing Resolution was ADOPTED on 12/13/2011 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo  
Clerk of the Board

Mayor Edwin Lee

12/20/11

Date Approved