

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 25-0050

APPROVAL OF AMENDMENT NO. 1 TO THE TERMINAL 2 RETAIL MARKET AND HARVEY MILK TERMINAL 1 SPECIALTY RETAIL STORES CONCESSION LEASE NO. 20-0156 WITH MRG SAN FRANCISCO TERMINAL 2, LLC

- WHEREAS, on September 15, 2020, by Resolution No. 20-0156, the Commission awarded the Terminal 2 Retail Market and Harvey Milk Terminal 1 Specialty Retail Stores Lease No. 20-0156 (Lease) to MRG San Francisco Terminal 2, LLC (Tenant), which operates Fireworks and MAC in Harvey Milk Terminal 1 and will operate a retail market in Terminal 2 for a term of 12 years; and
- WHEREAS, three small retail spaces, consisting of a news wall and two specialty retail stores, are coming available in Terminal 2 resulting from the expiration of a lease with World Duty Free Group, Inc.; and
- WHEREAS, Staff has determined it in the best interest of the Airport for the news wall location to be added to the Tenant's premises on a permanent basis and for the two specialty retail store locations to be added to the Lease for a period of approximately two years before such spaces are combined with a former lounge space for the future leasing of the contiguous spaces for a future common use lounge; and
- WHEREAS, this arrangement will provide for desirable shopping opportunities for passengers and maintain revenue for the Airport during a period that such spaces would otherwise sit vacant, and Tenant has agreed to this arrangement; now, therefore, be it
- RESOLVED, that this Commission hereby approves Amendment No. 1 to the Lease, which (1) provides for a 409 square foot news wall in Terminal 2 to be permanently added to the Lease premises, (2) provides for a 563 square foot specialty retail store and a 609 square foot specialty retail store, each located in Terminal 2, to be added to the Lease for a period estimated at two years, as the same may be adjusted by the Airport Director to account for the future leasing and construction of the intended common use lounge, (3) increases the annual Promotional Charge from \$ 6,915 to \$8,496 commencing upon Tenant's operation of the news wall and the two specialty retail stores, and (4) decreases the Promotional Charge from \$8,497 to \$7,324 when Tenant vacates the two specialty retail stores, all as set forth in the Director's Memorandum included with this Resolution; and, be it further
- RESOLVED, that this Commission directs the Director of Commission Affairs to forward Amendment No. 1 to the Board of Supervisors for approval pursuant to Section 9.118 of the Charter of the City and County of San Francisco.

I hereby certify that the foregoing resolution was adopted by the Airport Commission
at its meeting of APR 1 2025


Secretary