

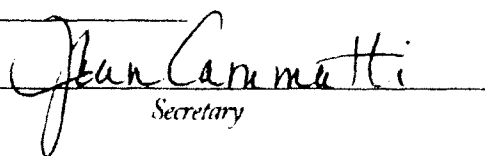
AIRPORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 14 0018

APPROVAL OF MODIFICATION NO. 2 TO THE CONTINENTAL AIRLINES, INC. 2011
LEASE AND USE AGREEMENT NO. L10-0275, WHICH GRANTS AN EARLY
TERMINATION OF THE LEASE

- WHEREAS, on March 31, 2013, United Air Lines, Inc. ("United Air Lines") merged with and into Continental Airlines, Inc. ("Continental"), the surviving corporation; and
- WHEREAS, immediately after the merger, Continental was renamed United Airlines, Inc. ("United"); and
- WHEREAS, on April 2, 2013, the Airport Commission formally consented to the merger pursuant to Resolution No. 13-0072; and
- WHEREAS, prior to the merger, both United Air Lines and Continental became signatories to the 2011 Lease and Use Agreement pursuant to Lease No. L10-0097 (the "United Air Lines Lease") and Lease No. L10-0275 (the "Continental Lease"), respectively, with both leases expiring on June 30, 2021; and
- WHEREAS, pursuant to Airport Commission Resolution No. 11-0091 and Board of Supervisors' Resolution No. 311-11, Continental relinquished all Exclusive Use Space in Terminal 1 effective July 1, 2011, pursuant to Modification No. 1 to the Continental Lease; and
- WHEREAS, since the merger, United has been operating at the San Francisco International Airport under the United Air Lines Lease, now renamed the United Lease, and the Continental Lease has been dormant; and
- WHEREAS, United is seeking consent to terminate the Continental Lease, as a procedural matter, pursuant to Modification No. 2 to the Continental Lease; now, therefore, be it
- RESOLVED, that the Airport Commission hereby approves Modification No. 2 to the Continental Airlines, Inc. 2011 Lease and Use Agreement No. L10-0275, which grants early termination of the Lease; and, be it further
- RESOLVED, that the Airport Commission hereby directs the Commission Secretary to forward Lease Modification No. 2 to the Board of Supervisors for approval.

I hereby certify that the foregoing resolution was adopted by the Airport Commission

at its meeting of JAN 29 2014


Secretary



San Francisco International Airport

MEMORANDUM

January 29, 2014

TO: AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenlime
Hon. Peter A. Stern

FROM: Airport Director

SUBJECT: Modification No. 2 to the Continental Airlines, Inc. 2011 Lease and Use Agreement No. L10-0275 to Terminate the Lease

DIRECTOR'S RECOMMENDATION: ADOPT RESOLUTION APPROVING MODIFICATION NO. 2 TO THE CONTINENTAL AIRLINES, INC. 2011 LEASE AND USE AGREEMENT NO. L10-0275, WHICH GRANTS AN EARLY TERMINATION OF THE LEASE

Executive Summary

On March 31, 2013, United Air Lines, Inc. ("United Air Lines") merged with and into Continental Airlines, Inc. ("Continental") and, simultaneously, Continental was renamed United Airlines, Inc. ("United"). Prior to the merger, both United Air Lines and Continental became signatories to the 2011 Lease and Use Agreement pursuant to Lease No. L10-0097 (the "United Air Lines Lease") and Lease No. L10-0275 (the "Continental Lease"), respectively. Since the merger, United has been operating at the San Francisco International Airport under the United Lease and the Continental Lease has been dormant. United is now seeking the Airport Commission's (the "Commission") consent to terminate the Continental Lease, as a procedural matter, to be effective upon full City approval, pursuant to Modification No. 2 to the Lease.

Background

In October 2010, United Air Lines and Continental entered into an agreement to merge the two carriers resulting in the creation of United Continental Holdings, Inc., a holding company in which United Air Lines and Continental are separate, wholly owned subsidiaries. On March 31, 2013, United Air Lines merged with and into Continental, the surviving corporation. Immediately after the merger, Continental was renamed United Airlines, Inc. On April 2, 2013, the Commission formally consented to the merger pursuant to Resolution No. 13-0072.

THIS PRINT COVERS CALENDAR ITEM NO. 8

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE
MAYOR

LARRY MAZZOLA
PRESIDENT

LINDA S. CRAYTON
VICE PRESIDENT

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN
AIRPORT DIRECTOR

Prior to the merger, both United Air Lines and Continental became signatories to the 2011 Lease and Use Agreement, pursuant to the United Air Lines Lease and Continental Lease, respectively. Both leases will expire on June 30, 2021.

The Continental Lease provided for landing rights and terminal rental of approximately 37,052 square feet of Exclusive Use Space in Terminal 1. As a result of the merger, Continental moved to Terminal 3 in May 2011 and relinquished all Exclusive Use Space effective July 1, 2011, pursuant to Modification No. 1 to the Continental Lease, as approved by Commission Resolution No. 11-0091 and Board of Supervisors' Resolution No. 311-11. Since inception of the aforementioned leases, all landing fees for the combined operation have been paid through the United Lease and the Continental Lease has been dormant.

Proposal

United is now seeking an early termination of the Continental Lease, by the Commission and Board of Supervisors, to be effective upon full City approval.

Recommendation

I recommend adoption of the attached resolution which (1) approves Modification No. 2 to the Continental Airlines, Inc. 2011 Lease and Use Agreement No. L10-0275, which grants early termination of said lease, and (2) directs the Commission Secretary to forward Modification No. 2 to the Board of Supervisors for approval.



John L. Martin
Airport Director

Prepared by: Leo Fermin
Deputy Airport Director
Business and Finance

Attachment

JLM/DA:gp

bcc: admin/chron/doc/file/D. Artz/L. Peng/D. Serrano-Sewell

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