

1 [Lease Modification - American Airlines, Inc. - SuperBay Hangar Lease No. L13-0071 -
2 Extension of Term, Rent Increase, and Premises Reduction - \$6,076,388 Initial Annual Base
3 Rent]

4 **Resolution retroactively approving Modification No. 3 of the SuperBay Hangar Lease**
5 **No. L13-0071, between American Airlines, Inc. and the City and County of San**
6 **Francisco, acting by and through its Airport Commission, to extend the term by four**
7 **years and eight months, for the period of November 1, 2018, through June 30, 2023;**
8 **increase the initial base rent to \$6,076,388 with rent increases adjusted annually by the**
9 **Consumer Price Index; and reduce the premises by recapture of certain land at Plot 40**
10 **at the San Francisco International Airport.**

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12 WHEREAS, San Francisco International Airport (“Airport”) and American Airlines, Inc.
13 (“American”) are parties to the SuperBay Hangar Lease No. L13-0071, pursuant to Airport
14 Commission (“Commission”) Resolution No. 13-0071, dated April 2, 2013, and Board of
15 Supervisors Resolution No. 370-13, dated November 1, 2013 (the “Lease”); and

16 WHEREAS, The Lease has a current rent of \$4,759,991.76 per year and a term of
17 three years with two one-year options, the second of which expires on October 31, 2018; and

18 WHEREAS, American currently occupies approximately 127,900 square feet of first
19 floor hangar space, approximately 38,900 square feet of upper floor hangar space,
20 approximately 11,500 square feet of ground service equipment maintenance shop space,
21 approximately 17.4 acres of land for aircraft parking, and approximately 4.99 acres of land for
22 employee vehicle parking (the “Premises”); and

23 WHEREAS, Pursuant to Commission Resolution No. 17-011, adopted on January 17,
24 2017, and Board of Supervisors’ Resolution No. 39-18, adopted on February 13, 2018,

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1 Modification No. 1 to the Lease was rescinded and Modification No. 2 to the Lease was
2 approved, which recaptured certain land at Plot 40 for employee vehicle parking; and

3 WHEREAS, American wishes to continue occupancy of the Premises pursuant to
4 proposed Modification No. 3 to the Lease, which will provide for an extension term of four
5 years and eight months, effective retroactively to November 1, 2018, and increase the rent to
6 \$6,076,388 per year based on fair market value, as determined by the City's Real Estate
7 Department; and

8 WHEREAS, In order to accommodate the Airport's SuperBay Hangar Fire Suppression
9 System Replacement Project, the Airport also wishes to recapture certain land comprised of
10 approximately: 0.23 acres of American's employee parking lot, from 4.99 acres to 4.76 acres,
11 and 0.17 acres of American's aircraft parking area, from 17.4 acres to 17.23 acres, for a total
12 reduction of 0.40 acres of land; and

13 WHEREAS, The Airport and American have negotiated the terms and conditions of
14 Modification No. 3 to the Lease, which extends the term of the Lease by four years and eight
15 months, effective November 1, 2018; increases the annual rent to \$6,076,388; and reduces
16 the Premises by recapture of approximately 0.23 acres of land used for employee parking and
17 approximately 0.17 acres of land used for aircraft parking area, for a cumulative reduction of
18 0.40 acres, all as more fully set forth in the Memorandum accompanying Commission
19 Resolution No. 18-0306, to be effective on November 1, 2018; and

20 WHEREAS, A copy of Modification No. 3 approved as to form by the City Attorney's
21 Office is on file with the Clerk of the Board of Supervisors in File No. 180981, which are
22 hereby declared to be a part of this resolution as is set forth fully herein; now, therefore, be it

23 RESOLVED, That this Board of Supervisors hereby approves Modification No. 3 to the
24 Lease to: extend the term by four years and eight months, effective retroactively on November
25 1, 2018; increases the annual rent to \$6,076,388; and reduces the Premises by recapture of

1 land used for employee vehicle parking and aircraft parking at Plot 40 in the cumulative
2 amount of approximately 0.40 acres; and, be it

3 FURTHER RESOLVED, That within 30 days of Modification No. 3 being fully executed
4 by all parties, the Airport Commission shall provide a copy of Modification No. 3 to the Clerk of
5 the Board for inclusion into the official file.

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