

File No. 260441

Committee Item No. 4

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date May 20, 2026

Board of Supervisors Meeting Date \_\_\_\_\_

#### Cmte Board

- |                                     |                          |  |
|-------------------------------------|--------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
|                                     |                          | • AIR Memo 4/7/2026                          |
|                                     |                          | • AIR Letter 4/23/2026                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Notice of Award/Award Letter                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Public Correspondence                        |

#### OTHER (Use back side if additional space is needed)

- |                                     |                          |   |
|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Lease No. 20-0042 3/17/2020</u>                    |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>AIR Commission Resolution No. 26-0077 4/7/2026</u> |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____   |
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Completed by: Brent Jalipa Date May 14, 2026

Completed by: Brent Jalipa Date \_\_\_\_\_

1 [Lease Termination Agreement - HFF SFO TWO, LLC - Harvey Milk Terminal 1 Food and  
2 Beverage Concession Leases in Phases 3 and 4 - Lease 12]

3 **Resolution approving the Lease Termination Agreement for the Harvey Milk Terminal 1**  
4 **Food and Beverage Concession Leases in Phases 3 and 4 - Lease 12, Lease**  
5 **No. 20-0042 between HFF SFO TWO, LLC, as tenant, and the City and County of San**  
6 **Francisco, acting by and through its Airport Commission.**

7

8 WHEREAS, On March 17, 2020, by Resolution No. 20-0042, the Airport Commission  
9 awarded the Harvey Milk Terminal 1 Food and Beverage Concession Leases in Phases 3  
10 and 4 - Lease 12, Lease No. 20-0042 (Lease) to HFF SFO TWO, LLC for a term of 12 years  
11 with one two-year option to extend at the Airport's sole discretion, and an initial minimum  
12 annual guarantee of \$545,000; and

13 WHEREAS, On December 14, 2021, by Resolution 560-21, the San Francisco Board  
14 of Supervisors approved the Lease; and

15 WHEREAS, Since the Lease was awarded construction costs are estimated to have  
16 increased 22% and labor costs are estimated to have increased 10-15% rendering the Lease  
17 no longer financially viable; and

18 WHEREAS, Airport staff believes recapturing the premises will provide the Airport with  
19 an opportunity to re-lease the premises for a higher and better use to better serve the  
20 traveling public; and

21 WHEREAS, The Airport and Tenant have negotiated a Lease Termination Agreement  
22 which provides for the Tenant to surrender the premises; and

23 WHEREAS, On April 7, 2026, by Resolution No. 26-0077, the Commission approved  
24 the Lease Termination Agreement; now, therefore, be it

25 RESOLVED, That this Board of Supervisors hereby approves the Lease Termination

1 Agreement for the Harvey Milk Terminal 1 Food and Beverage Concession Leases in Phases  
2 3 and 4 - Lease 12, Lease No. 20-0042, a copy of which is on file with the Clerk of the Board  
3 of Supervisors in File No. 260441; and, be it

4 FURTHER RESOLVED, That within thirty (30) days of this Lease Termination  
5 Agreement being fully executed by all parties, the Airport Commission shall provide the final  
6 agreement to the Clerk of the Board for inclusion into the official file.

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**LEASE TERMINATION AGREEMENT**  
**(Balboa Café -Harvey Milk Terminal 1)**

This Lease Termination Agreement (this **Agreement**) dated for reference only as of \_\_\_\_\_ (**Effective Date**) is entered into by and between the City and County of San Francisco (**City**), acting by and through its Airport Commission (**Commission**), and HFF SFO Two, LLC, a California Limited Liability Company (**Tenant**), with reference to the following facts:

A. City and Tenant are parties to that certain Lease Agreement for the Harvey Milk Terminal 1 Food and Beverage Concession Lease 12, Lease No. 20-0042 at San Francisco International Airport with an effective date of January 4, 2022 (as amended, the **Lease**).

B. City and Tenant have expressed a mutual desire to terminate the Lease and repurpose the space for a higher and better use.

C. The execution of this Agreement by City and the termination of the Lease is subject to the approval of the Commission and the San Francisco Board of Supervisors (**Board of Supervisors**).

D. Capitalized words and phrases used herein shall have the meaning ascribed to such terms in the Lease, except as otherwise provided.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

**1. Lease Termination; Termination Conditions.** The Lease shall terminate upon the satisfaction of all of the following conditions, as determined by City (**Termination Date**): (i) the execution of this Agreement by Tenant; (ii) approval of this Agreement by the Commission; and (iii) approval of this Agreement by the Board of Supervisors and (iv) Tenant's quit and surrender of the Premises in accordance with Section 16 of the Lease. Upon the Termination Date, the Lease shall terminate with the same force and effect as if the term of the Lease was originally set to expire on the Termination Date. Tenant acknowledges that from and after the Termination Date, Tenant has no rights of possession to the Premises and no rights of any kind with respect to the Premises, whether under the Lease or otherwise; provided, however, Tenant's indemnification obligations, and other provisions of the Lease which expressly survive expiration or early termination, shall continue in full force and effect. Upon the occurrence of the Termination Date, City shall countersign this Agreement, insert the Effective Date above, insert the Termination Date below and provide a fully executed copy of this Agreement to Tenant:

**Termination Date:** \_\_\_\_\_

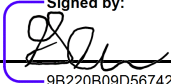
**2. Entire Agreement.** This Agreement contains the entire agreement and understanding between the parties concerning the termination of the Lease and supersedes all prior agreements, terms, understandings, conditions, representations and warranties, whether written or oral, concerning the matters that are the subject of this Agreement.

**3. Lease in Full Force and Effect Prior to Termination.** This Agreement shall not modify the obligations of the parties under the Lease accruing prior to the Termination Date.

*[remainder of page intentionally blank – signature page follows]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

TENANT: HFF SFO Two, LLC, a California Limited Liability Company.

Signed by:  
By:  \_\_\_\_\_  
9B220B09D567428...

Name: Glenn Meyers  
(type or print)

Title: Co-Founder & Chief Executive Officer

CITY: CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation,  
acting by and through its Airport  
Commission

\_\_\_\_\_  
Mike Nakornhket  
Airport Director

AUTHORIZED BY:

AIRPORT COMMISSION

Resolution No.: 26-0077

Date: April 7, 2026

BOARD OF SUPERVISORS:

Resolution No.: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

DAVID CHIU,  
City Attorney

By: \_\_\_\_\_  
Deputy City Attorney

**AIRPORT COMMISSION**

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 26-0077

**APPROVAL OF LEASE TERMINATION AGREEMENT FOR THE HARVEY MILK  
TERMINAL 1 FOOD AND BEVERAGE CONCESSION LEASE 12, LEASE  
NO. 20-0042 WITH HFF SFO TWO, LLC**

WHEREAS, on March 17, 2020, by Resolution No. 20-0042, the Airport Commission (Commission) awarded the Harvey Milk Terminal 1 Food and Beverage Concession Lease 12 (Lease) to HFF SFO Two, LLC (Tenant) which planned to construct and operate a Balboa Café restaurant in the Lease premises; and

WHEREAS, since the Lease was awarded, construction costs are estimated to have increased 22% and labor costs are estimated to have increased 10-15%, rendering the Lease no longer financially viable; and

WHEREAS, Tenant has designed the Balboa Café premises, but construction has not started; and

WHEREAS, Airport and Tenant have negotiated a Lease Termination Agreement which includes no payment or reimbursement to either party, and provides for the Tenant to surrender the premises; and

WHEREAS, Staff believes recapturing the premises will provide the Airport with an opportunity to re-lease the premises for a higher and better use to better serve the traveling public; now, therefore, be it

RESOLVED, that this Commission hereby approves the Lease Termination Agreement for the Harvey Milk Terminal 1 Food and Beverage Concession Lease 12, Lease No. 20-0042 with HFF SFO Two, LLC, and directs the Director of Commission Affairs to seek approval of the agreement from 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 7 2026**

  
\_\_\_\_\_  
*Director of Commission Affairs*



**MEMORANDUM**

April 7, 2026

TO: AIRPORT COMMISSION  
Hon. Malcolm Yeung, President  
Hon. Susan Leal, Vice President  
Hon. Jose F. Almanza  
Hon. Mark Buell  
Hon. Nancy Tung

26-0077

APR 7 2026

FROM: Airport Director

SUBJECT: Approval of Lease Termination Agreement for the Harvey Milk Terminal 1 Food and Beverage Concession Lease 12, Lease No. 20-0042 with HFF SFO Two, LLC

DIRECTOR'S RECOMMENDATION: APPROVE THE LEASE TERMINATION AGREEMENT FOR THE HARVEY MILK TERMINAL 1 FOOD AND BEVERAGE CONCESSION LEASE 12, LEASE NO. 20-0042 WITH HFF SFO TWO, LLC, AND DIRECT THE DIRECTOR OF COMMISSION AFFAIRS TO SEEK APPROVAL OF THE AGREEMENT FROM THE BOARD OF SUPERVISORS PURSUANT TO SECTION 9.118 OF THE CHARTER OF THE CITY AND COUNTY OF SAN FRANCISCO.

**Executive Summary**

Staff seeks approval from the Airport Commission (Commission) to enter into a termination of lease agreement (Lease Termination Agreement) with HFF SFO Two, LLC (Tenant) for its Harvey Milk Terminal 1 (HMT1) Food and Beverage Lease 12, Lease No. 20-0042 (Lease). The premises under the Lease was to be developed into a Balboa Café, and would have been the last food and beverage location planned for HMT1. Tenant has completed design work but not commenced construction. Tenant has requested to surrender the Lease as the business deal no longer appears financially viable. Staff agrees and recommends consenting to the request, as doing so will provide the Airport with an opportunity to re-lease the premises for a higher and better use to better serve the traveling public.

**Background**

On March 17, 2020, by Resolution No. 20-0042, the Commission awarded the Lease to Tenant. The term of the Lease was twelve years with a Minimum Annual Guarantee (MAG) of \$545,000 and Percentage Rent was tiered between 8% and 12% of Gross Revenues.

THIS PRINT COVERS CALENDAR ITEM NO. 11

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

DANIEL LURIE MAYOR    MALCOLM YEUNG PRESIDENT    SUSAN LEAL VICE PRESIDENT    JOSE F. ALMANZA    MARK BUELL    NANCY TUNG    MIKE NAKORNKHET AIRPORT DIRECTOR

POST OFFICE BOX 8097 SAN FRANCISCO, CA 94128 TEL 650.821.5000 FLYSFO.COM

Tenant won the Lease based on its proposal to construct and operate a Balboa Café in the premises. Design was completed, but construction has not yet commenced. While the Lease was awarded in 2020, Balboa Café was to be the last food and beverage location to open in HMT1 due in part to phasing considerations and full passenger projections being met. In the time between when the proposal was developed and submitted (January 2020) and the present, construction costs have escalated approximately 20% and labor costs 10-15%. It is the viewpoint of Tenant and Airport staff that the business deal is no longer viable. Additionally, Staff believes that HMT1 has an adequate amount of food and beverage square footage without the addition of Balboa Café. With the construction and labor costs borne by the other food and beverage concessionaires and fewer passengers than planned, due to the Southwest Airlines move to Terminal 2 and Alaska Airlines concentrating growth in other West Coast cities, it is also undesirable to add another restaurant in HMT1 at this time. Staff believes that recapturing the premises will provide the Airport with an opportunity to re-lease the premises for a higher and better use to better serve the traveling public.

### Proposal

Staff recommends that the Commission approve the Lease Termination Agreement with Tenant under which Tenant surrenders the Lease and loses any costs it incurred with the design work. In exchange for the mutually agreeable surrender, the Airport will not assess an early termination fee. Staff will return to the Commission in the coming months seeking approval to issue a Request for Proposals for the premises, likely for use as a specialty retail location.

### Recommendation

I recommend the Commission adopt the attached resolution approving the Lease Termination Agreement for the Harvey Milk Terminal 1 Food and Beverage Lease 12, Lease No. 20-0042 with HFF SFO Two, LLC, and directing the Director of Commission Affairs to seek approval of the agreement from the Board of Supervisors pursuant to Section 9.118 of the Charter of the City and County of San Francisco.

Sincerely,

DocuSigned by:  
  
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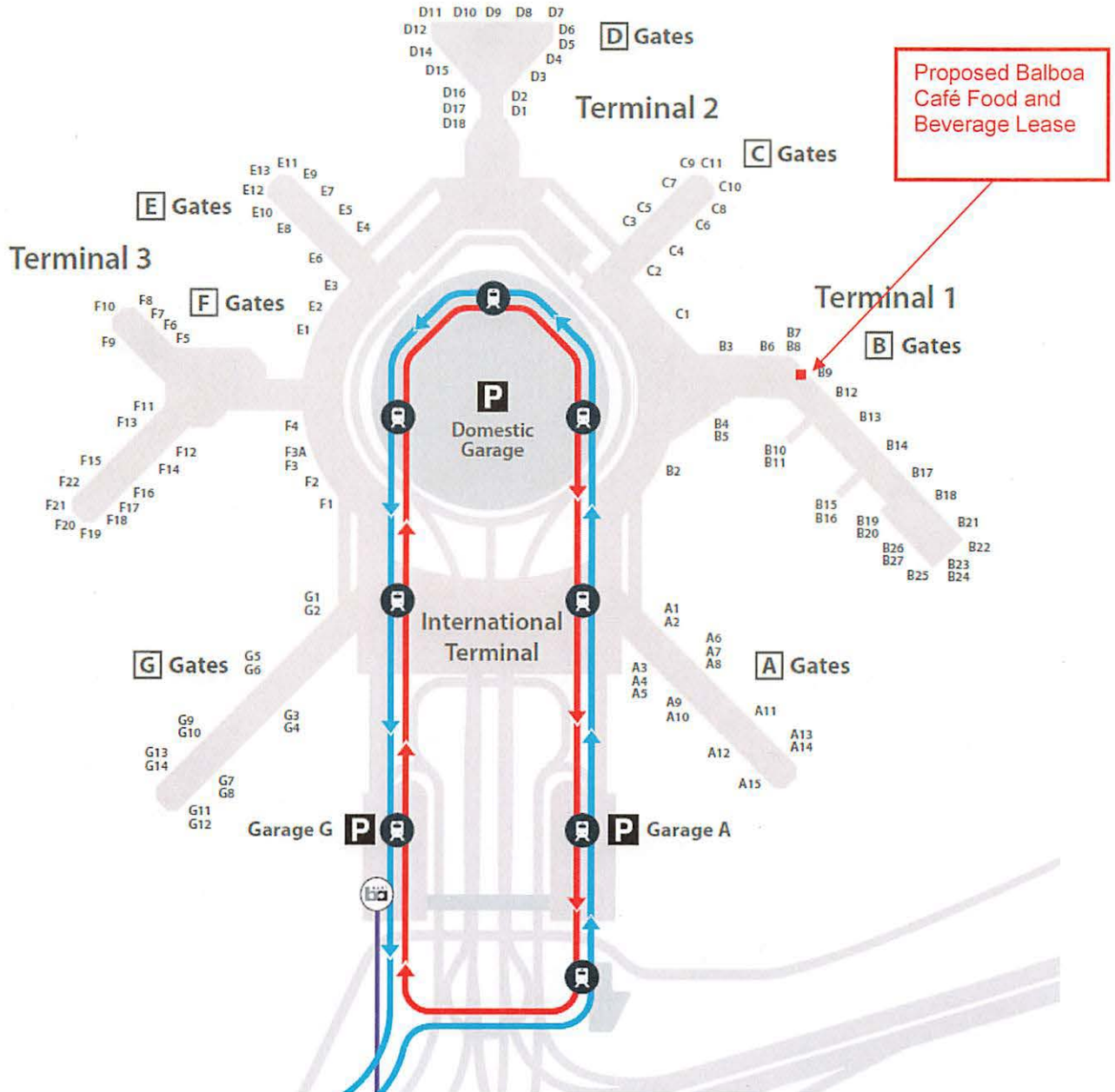
Mike Nakornkhet  
Airport Director

Prepared by: Kevin Bumen  
Chief Commercial Officer

Attachments

## Attachment

### Harvey Milk Terminal 1 Food Beverage Concession Lease 12, Lease No. 20-0042 with HFF SFO Two, LLC





## San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 · Fax: 415.252.3112

### Filing Information

**Record Number**

SFEC126F0001362

**Status**

BOS Legislative Clerk Acceptance

**SFEC126f Form Type**

126f4 BOS

**File Number (BOS)**

260441

**Type of Filing**

Original

## Contractor Information

**Contractor Name**

HFF SFO Two, LLC

**Contractor Email**

gmeyers@highflyingfoods.com

**Contractor Phone #**

(415) 243-8695

**International Address?**

No

**Contractor Address (US)**

123 Second Street

**Contractor City and State**

Sausalito - CA

**Contractor Zip Code**

94965

**Country**

United States of America

## Contract Information

**Contract Amount**

\$545,000.00

**Description of Amount of Contract**

Lease Termination for all the business terms of the contract.

**Contract Description**

LEASE TERMINATION AGREEMENT FOR THE HARVEY MILK TERMINAL 1 FOOD AND BEVERAGE CONCESSION LEASE 12, LEASE NO. 20-0042 WITH HFF SFO TWO, LLC

## City Agency - Departmental Contact Information

### Departmental Contact

Cheryl Brennan

### Departmental Contact Phone #

+16508214501

### Full Department Name

AIR - Airport Commission

## Contract Approval

### Mayoral Approval Not Required

false

## Affiliates and subcontractors

Entity Type	First Name	Last Name	Entity or Sub/Contractor Name
CEO	Glenn	Meyers	HFF SFO Two, LLC
Other Principal Officer	Garrett	Meyers	HFF SFO Two, LLC
COO	Kevin	Westlye	HFF SFO Two, LLC

April 23, 2026

Ms. Angela Calvillo  
Clerk of the Board  
Board of Supervisors  
City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689

Subject: Approval of Lease Termination Agreement for the Harvey Milk Terminal 1 Food and Beverage Concession Lease 12, Lease No. 20-0042 with HFF SFO Two, LLC dba Balboa Café and the City and County of San Francisco, acting by and through its Airport Commission

Dear Ms. Calvillo:

Pursuant to Section 9.118 of the City Charter, I am forwarding for the Board of Supervisors' approval the proposed Resolution, which approves Lease termination to the Harvey Milk Terminal Food and Beverage Concession Lease 12, Lease No. 20-0042, between HFF SFO Two, LLC dba Balboa Café and the City and County of San Francisco, acting by and through its Airport Commission.

The following is a list of accompanying documents:

- Board of Supervisors Resolution;
- Approved Airport Commission Resolution No. 26-0077;
- Memorandum accompanying Airport Commission Resolution No. 26-0077;
- SFEC-126(f)4 (Board of Supervisors) for HFF SFO Two, LLC;
- A copy of the Harvey Milk Terminal Food and Beverage Concession Lease 12, Lease No. 20-0042; and
- A copy of Lease Termination Agreement to the Harvey Milk Terminal Food and Beverage Concession Lease 12, Lease No. 20-0042. The City Attorney's Office is prepared to approve the Lease as to form upon approval by the Board of Supervisors

The following person may be contacted regarding this matter:

Cheryl Brennan  
Director, Revenue Development and Management  
(650) 821.4500  
[cheryl.nashir@flysfo.com](mailto:cheryl.nashir@flysfo.com)

Sincerely,

*Kantrice Ogletree /s/*

Kantrice Ogletree  
Director, Commission Affairs

Enclosures

cc: Cheryl Brennan, Revenue Development and Management  
Dyanna Volek, Governmental Affairs Manager