

1 [Lease Termination Agreement - Airport Concession Lease - XpresSpa S.F. International,
2 LLC]

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4 **Resolution approving the Lease Termination Agreement for the Terminal 2 Specialty**

5 **Retail Concession Lease No. 5, Lease No. 18-0156, between XpresSpa S.F.**

6 **International, LLC, as tenant, and the City and County of San Francisco, acting by and**

7 **through its Airport Commission.**

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9 WHEREAS, On May 15, 2018, by Resolution No. 18-0156, the Airport Commission

10 (“Commission”) awarded the Terminal 2 Specialty Retail Concession Lease 5 (“Lease”) to

11 XpresSpa S.F. International, LLC (“Tenant”); and

12 WHEREAS, By Resolution No. 378-18 adopted on November 20, 2018, this Board of

13 Supervisors approved the Lease, a copy of which is on file with the Clerk of the Board in File

14 No. 180824; and,

15 WHEREAS, Tenant designed the premises but had not commenced construction prior

16 to the start of the COVID-19 pandemic, and construction never commenced as a result of the

17 delay caused by the pandemic; and,

18 WHEREAS, Tenant has requested to terminate the Lease, citing a significantly

19 diminished business climate for spa services since the COVID-19 pandemic; and

20 WHEREAS, The Airport is agreeable to such termination pursuant to a Lease

21 Termination Agreement that provides for Tenant to pay a termination fee in the amount of

22 \$145,000.00, which is equal to one year of the Minimum Annual Guarantee rent payable

23 under the Lease (“Lease Termination Agreement”); and

24 WHEREAS, The Airport believe this is a fair and reasonable amount that will

25 compensate the Airport for the loss of revenue it will sustain as a result of such termination,

and is confident that a new tenant with a more profitable concept can be identified through a

1 future competitive process within the 12 month period for which the Airport is being
2 compensated by the early termination fee; and

3 WHEREAS, On April 18, 2023, by Resolution No. 23-0110, the Commission approved
4 the Lease Termination Agreement; now, therefore, be it

5 RESOLVED, That the Board of Supervisors hereby approves the Lease Termination
6 Agreement for the Terminal 2 Specialty Retail Concession Lease No. 5, Lease No. 18-0156
7 with XpresSpa S.F. International, LLC, a copy of which is on file with the Clerk of the Board of
8 Supervisors in File No. 230733; and, be it

9 FURTHER RESOLVED, That within thirty (30) days of the agreement being fully
10 executed by all parties, the Airport Commission shall provide the final agreement to the Clerk
11 of the Board for inclusion into the official file.

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