

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.

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25