

1 [Airport Lease Modification - United Airlines, Inc. - Exchange of Certain Land at Plot 40 of the  
2 Superbay Hangar - Total Reduced Annual Rent of \$3,860,232.58]

3 **Resolution approving Modification No. 2 of Lease No. L04-0058 between United Airlines**  
4 **Inc., and the City and County of San Francisco, acting by and through its Airport**  
5 **Commission, for the exchange of certain land at Plot 40 of the SuperBay Hangar to**  
6 **accommodate the demand for the Airport’s construction contractors’ parking at the**  
7 **San Francisco International Airport (“Airport”), and the reduction in annual rent of**  
8 **approximately \$25,918.29 from \$3,886,150.87 to an adjusted annual rent of**  
9 **\$3,860,232.58, with no change to the length of term, to commence on the first day of the**  
10 **month following approval of the Board of Supervisors.**

11  
12 WHEREAS, The Airport and United Airlines, Inc. (“United”) are parties to Lease  
13 No. L04-0058, pursuant to Airport Commission (“Commission”) Resolution No. 04-0058 dated  
14 March 12, 2004, and Board of Supervisors Resolution No. 0063-04 dated April 13, 2004 (the  
15 “Lease”); and

16 WHEREAS, Pursuant to the Lease, United occupies approximately 127,900 square  
17 feet of first floor hangar space and approximately 18.62 acres of land, of which 17.14 acres is  
18 used for aircraft parking, and 1.48 acres is used for employee parking (the “Premises”); and

19 WHEREAS, The Lease has a current rent of \$3,886,150.87 per year and a term of  
20 approximately nine years and one month, with one ten-year option, which was exercised on  
21 March 15, 2013, extending the term of the Lease to June 30, 2023; and

22 WHEREAS, On September 6, 2016, pursuant to Resolution No. 16-0241, the  
23 Commission approved Modification No. 1 to the Lease for the exchange of land at Plot 40  
24 which, due to a change in circumstances, has been deemed unfeasible and was subsequently  
25 rescinded by Airport Commission Resolution No. 17-0012 adopted January 17, 2017; and

1           WHEREAS, The Airport now wishes to recapture approximately 1.48 acres of land and  
2 proposes to exchange it for approximately 1.26 acres also at Plot 40, in order to  
3 accommodate future demand for construction contractors' parking related to the Airport's  
4 Capital Improvement Plan, resulting in a reduction in United's rent of \$25,918.29 per year; and

5           WHEREAS, Together with the recapture of approximately 1.19 acres of land at Plot 40,  
6 pursuant to Modification No. 2 of American Airlines' SuperBay Lease (L13-0071), the Airport  
7 will realize a cost savings of approximately \$1,039,090 in contractor parking costs; and

8           WHEREAS, The Airport and United have negotiated the terms and conditions of a  
9 rescission of Modification No. 1 and a subsequent modification to the Lease, which:

10 1) recaptures that certain portion of the Premises used for employee parking comprised of  
11 approximately 1.48 acres at Plot 40, 2) provides, in exchange, a parcel of land comprised of  
12 approximately 1.26 acres at Plot 40, and 3) adjusts the annual rent from \$3,886,150.87 to  
13 \$3,860,232.58 to reflect the approximately 0.22 acre reduction in the Premises ("Modification  
14 No. 2"), as more fully set forth in the Memorandum accompanying Airport Commission  
15 Resolution No. 17-0112, to be effective on the first day of the month following full City  
16 approval; and

17           WHEREAS, A copy of the form of Lease and Modification No. 2 are on file with the  
18 Clerk of the Board of Supervisors in File No. 180010, which is hereby declared to be a part of  
19 this resolution as is set forth fully herein; now, therefore, be it

20           RESOLVED, That this Board of Supervisors hereby approves Modification No. 2 for the  
21 exchange of certain land from United at Plot 40 to accommodate the demand for the Airport's  
22 construction contractors' parking; and, be it

23           FURTHER RESOLVED, That within 30 days of Modification No. 2 being fully executed  
24 by all parties, the Airport Commission shall provide a copy to the Clerk of the Board for  
25 inclusion into the official file.