

1 [Lease and Use Agreement - Continental Airlines, Inc.]
2

3 **Resolution approving and authorizing the execution of Modification No. 6 of the 1981**
4 **Airline-Airport Lease and Use Agreement L82-0316 with Continental Airlines, Inc., to**
5 **provide a retroactive rent credit for terminal rent of exclusive use space vacated in**
6 **Terminal No. 1 due to the merger of United Air Lines, Inc., and Continental Airlines,**
7 **Inc., at the San Francisco International Airport.**
8

9 WHEREAS, by Airport Commission Resolution No. 82-0316, the Airport Commission
10 approved the 1981 Airline-Airport Lease and Use Agreement L82-0316 (the "Lease"),
11 adopted on July 1, 1981, between Continental Airlines, Inc. ("Continental") and the City and
12 County of San Francisco, acting by and through its Airport Commission; and

13 WHEREAS, by Airport Commission Resolution No. 11-0090, the Airport Commission
14 approved Modification No. 6 of the Lease on April 5, 2011; and

15 WHEREAS, pursuant to the Lease, Continental leases approximately 44,806 square
16 feet of Exclusive Use Space at Terminal 1 with an annual rent of \$5,163,841.58 (\$430,320.13
17 per month); and

18 WHEREAS, Continental and United Air Lines, Inc. ("United") have entered into an
19 agreement to merge the two carriers resulting in the creation of United Continental Holdings,
20 Inc., the parent company in which Continental and United are wholly owned subsidiaries and
21 under which they will integrate their operations pursuant to the issuance of a single operating
22 certificate from the Federal Aviation Administration; and

23 WHEREAS, as part of the merger, Continental will vacate all Exclusive Use Space in
24 Terminal 1 on May 9, 2011 and relocate to Terminal 3 to integrate its operation with United;
25 and

1 WHEREAS, Continental will incur rent for the Exclusive Use Space in Terminal 1 that
2 Continental will not use upon it's relocation to Terminal 3; and

3 WHEREAS, Continental has requested that it be relieved of the obligation to pay
4 terminal rent for the Terminal 1 Exclusive Use Space effective upon the date that Continental
5 surrenders the premises to the Airport through June 30, 2011, the expiration date of the
6 Lease; and

7 WHEREAS, as the required approvals cannot be obtained from the Board of
8 Supervisors prior to the relocation, staff is proposing a rent credit retroactively for the terminal
9 rent for the period spanning the date that the Airport accepts the surrendered premises from
10 Continental through
11 June 30, 2011, pursuant to Modification No. 6 of the Lease; and

12 WHEREAS, a copy of the form of Modification No. 6 is on file with the Clerk of the
13 Board of Supervisors in File No.110559, which is hereby declared to be a part of this
14 resolution as if set forth fully herein; now, therefore, be it

15 RESOVLED, that this Board of Supervisors hereby approves and authorizes the
16 execution of Modification No. 6 to Airline-Airport Lease and Use Agreement L82-0316
17 between Continental and the City and County of San Francisco, acting by and through its
18 Airport Commission, whereby the Airport is authorized to issue a retroactive rent credit to
19 Continental for the period spanning the date of the Airport's acceptance of the surrendered
20 premises from Continental through June 30, 2011, the expiration date of the Lease.



City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 110559

Date Passed: July 26, 2011

Resolution approving and authorizing the execution of Modification No. 6 of the 1981 Airline-Airport Lease and Use Agreement L82-0316 with Continental Airlines, Inc., to provide a retroactive rent credit for terminal rent of exclusive use space vacated in Terminal No. 1 due to the merger of United Air Lines, Inc., and Continental Airlines, Inc., at the San Francisco International Airport.

July 20, 2011 Budget and Finance Sub-Committee - RECOMMENDED

July 26, 2011 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Mirkarimi and Wiener

File No. 110559

I hereby certify that the foregoing Resolution was ADOPTED on 7/26/2011 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor Edwin Lee
Date Approved