Resolution approving and authorizing the execution of Modification No. 1 of Lease L00-0464 at Plot 6 with United Air Lines, Inc., at San Francisco International Airport to: 1) extend the Term; 2) reduce the Demised Premises; 3) modify the annual rent; 4) provide for a Deferred City Improvements Payment to City; and 5) provide for certain terms of retroactivity relating to the rent and the Deferred City Improvements Payment.

WHEREAS, Pursuant to Ground Lease L00-0464 (the "Lease"), United Air Lines, Inc. ("United") occupies approximately 16.04 acres of land at Plot 6 at the Airport, together with ancillary City-owned buildings for various aviation related functions, and

WHEREAS, The Lease expired on June 30, 2011 and United wishes to continue occupancy of a portion of the Plot 6 leasehold, including Building 585, for an additional ten (10) years pursuant to a Lease modification; and

WHEREAS, Airport staff has negotiated the terms of Modification No. 1 that will: 1) extend the Term for an additional ten (10) years, 2) reduce the Demised Premises from approximately 16.04 acres to 12.54 acres of land, 3) reduce the rent from $2,081,080 to $1,638,208 per year,

4) add an obligation to pay City a Deferred City Improvements Payment equal to $696,000, and

5) provide for certain terms of retroactivity to July 1, 2011, as set forth in the Director’s Memorandum (the "Modification"); and

WHEREAS, On June 7, 2011, by Airport Commission Resolution No. 11-0135, the Airport Commission approved the Modification to the Lease between United and the City and
County of San Francisco, acting by and through its Airport Commission, subject to the terms
set forth above, which Modification will be effective retroactively to July 1, 2011; and

WHEREAS, A copy of the form of Modification No. 1 to the Lease is on file with the
Clerk of the Board of Supervisors in File No. 111290, which is hereby declared to be a part of
this resolution as if set forth fully herein; now, therefore, be it

RESOLVED, That this Board of Supervisors hereby approves and authorizes the
execution of Modification No. 1 to Lease L00-0464 between United Air Lines, Inc. and the City
and County of San Francisco, acting by and through its Airport Commission, which will: 1) extend the Term for an additional ten (10) years; 2) reduce the Demised Premises from
approximately 16.04 acres to
12.54 acres of land, 3) reduce the rent from $2,081,080 to $1,638,208 per year, 4) add an
obligation to pay City a Deferred City Improvements Payment equal to $696,000, and 5) provide for certain terms of retroactivity to July 1, 2011, as set forth in the Director’s
Memorandum.
Resolution approving and authorizing the execution of Modification No. 1 of Lease L00-0464 at Plot 6 with United Air Lines, Inc., at San Francisco International Airport to: 1) extend the term; 2) reduce the demised premises; 3) modify the annual rent; 4) provide for a deferred City improvements payment to City; and 5) provide for certain terms of retroactivity relating to the rent and the deferred City improvements payment.

January 04, 2012 Budget and Finance Committee - RECOMMENDED

January 10, 2012 Board of Supervisors - ADOPTED

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

File No. 111290

I hereby certify that the foregoing Resolution was ADOPTED on 1/10/2012 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Date Approved