

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

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3 **Resolution approving and authorizing the execution of Modification No. 1 of the 2011**
4 **Lease and Use Agreement L10-0275 with Continental Airlines, Inc., to modify the**
5 **demised premises by elimination of all exclusive use space in Terminal No. 1 due to the**
6 **merger of United Air Lines, Inc., and Continental Airlines, Inc., at the San Francisco**
7 **International Airport.**

8
9 WHEREAS, by Airport Commission Resolution No. 10-0275, the Airport Commission
10 approved the 2011 Lease and Use Agreement L10-0275 (the "Lease"), adopted on August
11 17, 2010, between Continental Airlines, Inc. ("Continental") and the City and County of San
12 Francisco, acting by and through its Airport Commission, which Lease will be effective July
13 1, 2011; and

14 WHEREAS, by Board of Supervisors Resolution No. 505-10, the Board of
15 Supervisors approved and adopted the Lease on October 26, 2010; and

16 WHEREAS, by Airport Commission Resolution No. 11-0091, the Airport Commission
17 approved Modification No. 1 of the Lease on April 5, 2011 (the "Modification"); and

18 WHEREAS, the Lease provides for terminal rent of approximately 37,052 square feet
19 of Exclusive Use Space in Terminal I with a projected annual rent of \$3,938,743; and

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

1 WHEREAS, as part of the merger, Continental plans to relocate to Terminal 3 on May
2 9, 2011 to further its integration with United and no longer requires the Terminal 1 space; and

3 WHEREAS, Continental has requested that all Exclusive Use Space be eliminated
4 from the Lease and to be relieved of the obligation to pay terminal rent for the space effective
5 July 1, 2011, pursuant to the proposed Modification; and

6 WHEREAS, given the broad implications of the merger and its solidification of
7 Continental and United as the world's largest airline, and that such Modification is in the City's
8 best interest; staff is proposing approval of this Modification; and

9 WHEREAS, a copy of the form of Modification No. 1 to the Lease is on file with the
10 Clerk of the Board of Supervisors in File No.110560, which is hereby declared to be a part of
11 this resolution as if set forth fully herein; now, therefore, be it

12 RESOVLED, that this Board of Supervisors hereby approves and authorizes the
13 execution of Modification No. 1 to Lease and Use Agreement L10-0275 between Continental
14 Airlines and the City and County of San Francisco, acting by and through its Airport
15 Commission, to delete all Exclusive Use Space from the Lease and abate all terminal rent
16 related to such space effective July 1, 2011.



City and County of San Francisco
Tails
Resolution

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

File Number: 110560

Date Passed: July 26, 2011

Resolution approving and authorizing the execution of Modification No. 1 of the 2011 Lease and Use Agreement L10-0275 with Continental Airlines, Inc., to modify the demised premises by elimination of all exclusive use space 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. 110560

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