[Lease Modification - United Airlines, Inc. - Rental Abatement - Not to Exceed $7,175,000]

Resolution approving Modification No. 2 of Lease and Use Agreement No. 23-0046 between United Airlines, Inc. and the City and County of San Francisco, acting by and through its Airport Commission, to provide United Airlines, Inc. a rental abatement in an amount not to exceed $7,175,000 for the construction of base building improvements, with no change to the term of July 1, 2023, through June 30, 2033.

WHEREAS, On February 7, 2023, by Airport Commission Resolution No. 23-0046, the Airport Commission ("Commission") awarded United Airlines, Inc. ("United") Lease and Use Agreement No. 23-0046 (as amended, the "Lease") for its operations at San Francisco International Airport ("SFO" or the "Airport"); and

WHEREAS, On June 27, 2023, by Resolution No. 338-23, the Board of Supervisors approved the Lease pursuant to Section 9.118 of the Charter of the City and County of San Francisco; and

WHEREAS, United is expanding its passenger lounge presence at the Airport and has leased approximately 21,219 square feet of space on the third floor of Terminal 2; and

WHEREAS, To make the lounge space more functional, United is constructing several base building improvements that go beyond the typical tenant improvement work and will benefit the Airport's property and its passengers into the future; and

WHEREAS, These improvements will include a new rooftop terrace and a new credentialing lobby, which will create new, leasable, and revenue-generating space for the Airport and a redeveloped stairwell which will improve access to other floors of the terminal building; and

WHEREAS, Because these base building improvements are closely interwoven with the design of the larger lounge project, it was deemed impractical for the Airport to perform this work directly; and

WHEREAS, To ensure the improvements were completed efficiently and in coordination with United's broader lounge development project, Airport staff and United agreed that United would incorporate the base building work into its overall construction scope; and

WHEREAS, As consideration for the base building improvements, Airport staff and United negotiated Modification No. 2 to the Lease ("Modification No. 2"), which provides for an abatement of United's rental payments on the new lounge space, in an amount not to exceed $7,175,00 to offset eligible construction costs for the base building improvements, which amounts shall be verified by Airport staff; and

WHEREAS, Staff expects the expanded premises created by these improvements to initially generate approximately $1,755,665 in additional annual revenue, with a total annual rental revenue for the full lounge space estimated at approximately $9,910,975, which amounts are expected to increase commensurate with annual increases to Airport Rates and Charges, with the rental abatement amount projected to be recovered in under a year; and

WHEREAS, On July 21, 2026, by Resolution No. 26-0170, the Airport Commission approved Modification No. 2, a copy of which is on file with the Clerk of the Board in File No. 260944; now, therefore, be it

RESOLVED, That the Board of Supervisors hereby approves Modification No. 2 to Lease and Use Agreement No. 23-0046 with United Airlines, Inc; and, be it

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

City and County of San Francisco
Tails
Resolution

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

File Number: 260944 **Date Passed:** October 06, 2026

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September 30, 2026 Budget and Finance Committee - RECOMMENDED

October 06, 2026 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Chen, Dorsey, Fielder, Mahmood, Mandelman, Melgar, Sauter, Sherrill, Walton and Wong

File No. 260944

I hereby certify that the foregoing Resolution was ADOPTED on 10/6/2026 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Daniel Lurie
Mayor

10/16/2026
Date Approved