

**MODIFICATION NO. 1 TO THE FIXED BASE OPERATOR (FBO)  
LEASE AND OPERATING AGREEMENT NO. 07-0106  
WITH SIGNATURE FLIGHT SUPPORT CORPORATION  
AT THE SAN FRANCISCO INTERNATIONAL AIRPORT**

THIS MODIFICATION NO. 1 TO THE FIXED BASE OPERATOR (FBO) LEASE AND OPERATING AGREEMENT NO. 07-0106 AT THE SAN FRANCISCO INTERNATIONAL AIRPORT (this "**Modification**"), as of Reference Date \_\_\_\_\_, is entered into by and between the City and County of San Francisco, acting by and through its Airport Commission ("**City**"), and Signature Flight Support Corporation ("**Signature**").

**Recitals**

A. The City and County of San Francisco owns San Francisco International Airport ("**Airport**") located in the County of San Mateo, State of California, which Airport is operated by and through the Airport Commission ("**Commission**"), the chief executive officer of which is the Airport Director.

B. The Commission has the legal responsibility for the management, supervision, operation, use, maintenance, extension, construction, and control of the Airport's terminals.

C. Signature operates the Fixed Base Operation (hereinafter referred to as "**FBO**") at the Airport, and City determined that such service is desired for the accommodation, storage, and maintenance of general aviation aircraft.

D. Following a competitive process, pursuant to Section 2A.173 of the San Francisco Administrative Code, the Commission has determined that Signature is the best responsible and responsive proposer. Signature was awarded the Fixed Base Operator Lease and Operating Agreement by Airport Commission Resolution No. 07-0106, adopted May 15, 2007, and by Board of Supervisors Resolution No. 436-07, adopted July 31, 2007. Signature became the tenant under Lease No. 07-0106 whereby, effective October 1, 2007, Signature commenced a ten-year Lease and Operating Agreement with the City for the FBO located at the Airport ("**Agreement**").

E. As part of the award of the Agreement, Signature proposed to construct a new hangar at its sole cost; however, due to the unprecedented decline in demand for hangar storage, the slowdown in business aviation travel, and the general economic environment of general aviation, the Airport, at the request of Signature, provided four one-year deferments (in 2009, 2010, 2011 and 2012), as it pertained to their hangar construction obligation.

F. In order for Signature to meet the Agreement obligation for the on-site general aviation hangar ("**Hangar C**"), Signature requested from the Airport an extension of the Term of the Agreement for an additional five (5) years to allow Signature to amortize their investment. Signature has commenced construction of Hangar C and completion is expected in or around November 2014.

G. Airport Finance Staff conducted an extensive survey of rent structures across the country for FBO similar to SFO and determined that the current Agreement is above market

value and, further, it is in the best interest of the City to extend the Agreement Term for a period of five (5) years, from October 1, 2017 to September 30, 2022, as the current rent structure is above market value. During the extension period, Signature will continue to pay the Minimum Annual Guarantee (“MAG”), as the same is adjusted annually by Consumer Price Index (“CPI”).

H. As part of the extension of the Agreement Term, Signature shall renovate the Executive Air Terminal Facility within one hundred eighty (180) days from October 1, 2017. The specific details of the renovation are further described below in this Modification.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants set forth herein, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties do mutually agree as follows:

**1. Commencement Date; Defined Terms.**

(a) This Modification shall be conditioned upon (1) the approval of this Modification by the Airport Commission, Board of Supervisors, and the Mayor, each acting in their sole and absolute discretion, and (2) the execution of this Modification by both parties.

(b) The Agreement Term shall be modified to expire on 11:59 pm on September 30, 2022 (“**Expiration Date**”).

(c) Capitalized terms not defined herein shall have the meanings given them in the Agreement.

**2. Investment and Alteration.** Section 7.3 (d) is hereby included as part of the Agreement:

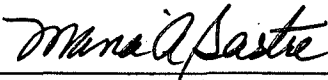
Section 7.3 (d) Operator shall renovate the Executive Air Terminal Building within one hundred eighty (180) days from October 1, 2017 or a later date, as may be approved by the Director, acting in his sole and absolute discretion. Such renovation shall include, but not limited to, the following: (i) roof restorations for the Executive Air Terminal Building and existing hangars; (ii) upgrading the camera monitoring system through the FBO; (iii) HVAC systems; (iv) replacement of the existing monument sign with a LED-lit sign; (v) updating paint, carpet and furniture to ensure the finest traveler experience consistent with standards established for Terminal 2 at the Airport and that exceeds the current condition at the Executive Air Terminals. Operator shall give notice to Director of its intended plan with respect to such required improvements and acknowledges that all such improvements are subject to the requirements of the Agreement, including Director’s approval requirements.

**3. Premises.** Exhibit A is hereby removed and replaced with Exhibit A-1. Exhibit A-1 will reflect the addition of Hangar C, measuring approximately 25,000 square feet, and the revised parking layout.

**4. Full Force and Effect.** As modified hereby, each and every one of the terms, conditions, and covenants in the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate by their duly authorized officers the day and year first hereinabove written.

OPERATOR: Signature Flight Support Corporation,  
a Delaware Corporation

By:   
Maria A. Sastre  
President & Chief Operating Officer

APPROVED AS TO FORM:  
8-14-14  
LEGAL DEPT.

CITY: CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation,  
acting by and through its Airport Commission

\_\_\_\_\_  
John L. Martin  
Airport Director

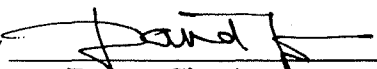
AUTHORIZED BY AIRPORT  
COMMISSION

Resolution No. 14-0176

Adopted: September 9, 2014

Attest: \_\_\_\_\_  
Secretary  
Airport Commission

APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney

By   
Deputy City Attorney

**ATTACHMENT A-1**

**Premises**

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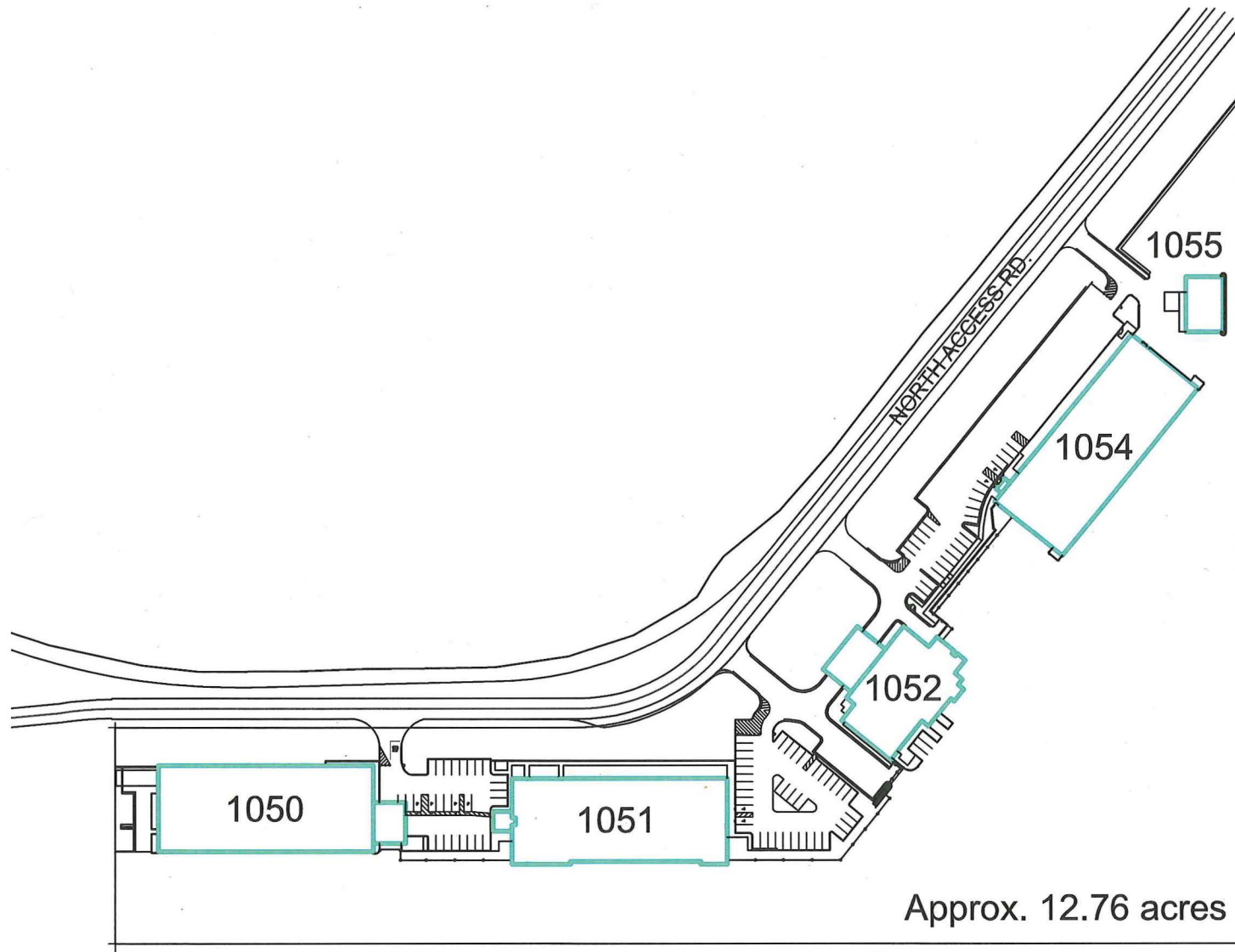


Exhibit A-1

## LEASE DRAWING

LOCATION: PLOT 42  
 TENANT: SIGNATURE FLIGHT SUPPORT  
 AIRPORTS COMMISSION  
 CITY & COUNTY OF SAN FRANCISCO  
 SAN FRANCISCO INTERNATIONAL AIRPORT

DWG: PLT42SIG  
 DATE: 08/28/2014

ROOM NUMBER	AREA	CAT
Bldg. 1055	2,816'	N/A
Bldg. 1054	24,447'	N/A
Bldg. 1052	9,300'	N/A
Bldg. 1051	24,470'	N/A
Bldg. 1050	24,447'	N/A

