

**MODIFICATION NO. 2 TO THE FIXED BASE OPERATOR (FBO)  
LEASE AND OPERATING AGREEMENT NO. 07-0106  
WITH SIGNATURE FLIGHT SUPPORT CORPORATION  
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

THIS MODIFICATION NO. 2 TO THE FIXED BASE OPERATOR (FBO) LEASE AND OPERATING AGREEMENT NO. 07-0106 AT THE SAN FRANCISCO INTERNATIONAL AIRPORT (this "**Modification**"), is dated as of the Effective Date (as defined and set forth below) is entered into by and between Signature Flight Support Corporation, as Operator ("**Operator**") and the City and County of San Francisco, a municipal corporation ("**City**"), acting by and through its Airport Commission ("**Commission**").

**Recitals**

- A. The City owns San Francisco International Airport ("**Airport**") located in San Mateo County, State of California, and which Airport is operated by and through the Commission, the chief executive officer of which is the Airport Director ("**Director**").
- B. Pursuant to the Lease (as defined below), Operator services and operates the Fixed Base Operation ("**FBO**") at the Airport. City determined that such operation is desired for the accommodation, storage, and maintenance of general aviation aircraft.
- C. Following a competitive proposal process, on May 15, 2007, by Resolution No. 07-1016, the Commission awarded Operator the Fixed Base Operator Lease and Operating Agreement (the "**Original Lease**"), and on July 31, 2007 by Resolution No. 436-07, the San Francisco Board of Supervisors (the "**BOS**") finally approved the Original Lease. The Original Lease had a ten (10) year term commencing October 1, 2007 and expiring September 30, 2017 ("**Original Term**").
- D. Under the terms of the Original Lease, Signature was obligated to construct a new on-site general aviation hangar ("**Hangar C**") at its own cost and expense no later than twelve months from the commencement date of the Original Lease. However due to an unprecedented decline in demand for hangar storage, a slowdown in business aviation travel and the difficult economic environment of general aviation, the Airport provided deferments of such obligation, and Operator completed Hangar C in 2014.
- E. On September 9, 2014 by Resolution No. 14-0176, the Commission approved Modification No. 1 to the Original Lease ("**Modification No. 1**"), pursuant to which City agreed to extend the Original Term for a period of five (5) years through September 30, 2022 (the "**Extension Term**") in order to provide Operator additional time to amortize its investment in Hangar C. On November 15, 2014, by Resolution No. 436-14, the BOS approved Modification No. 1

F. In advance of the expiration of the Extension Term, Airport Staff conducted market research to evaluate the financial feasibility of conducting a competitive process for a new FBO lease. Due to the significant decline in general aviation operations brought on by the COVID-19 global pandemic, Staff believes it is in the best interest of the City to not conduct a competitive process at this time and extend the term of the Lease for a period of three (3) years, from October 1, 2022 to September 30, 2025 (the “**Additional Extension Term**”). During the Additional Extension Term, Signature will continue to pay the Minimum Annual Guarantee (“**MAG**”), as the same is adjusted annual by the Consumer Price Index (“**CPI**”) formula set forth in the Original Lease.

G. As part of the consideration for the Additional Extension Term, Signature is obligated to make infrastructure improvements in the customer parking lot adjacent to the Executive Air Terminal within one hundred eighty (180) days from the Effective Date, and comply with certain additional sustainability requirements, as further set forth below.

H. On December 7, 2021, by Resolution No. 21-0235, the Commission approved this Modification, and on March 1, 2022, by Resolution No. 76-22, the BOS approved this Modification.

I. All capitalized terms not otherwise defined in this Modification shall have the meaning provided in the Original Lease or Modification No. 1, as the context may so require.

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. Effective Date; Revised Expiration Date.**

(a) Effective Date. This Modification will become effective on the date that each of the following shall occurred (the “**Effective Date**”): (1) this Modification is approved by the Commission and the BOS, each acting in their sole and absolute discretion (the “**Final City Approvals**”), and (2) this Modification is executed by both parties (the “**Effective Date**”). Operator shall submit a fully executed copy of this Modification to City in order for City to obtain the Final City Approvals. Upon the receipt of the Final City Approvals, City shall enter the Effective Date below where indicated and deliver a fully executed original copy of this Modification to Operator:

Effective Date: April 8, 2022 (to be inserted by City only)

(b) Revised Expiration Date. Upon the Effective Date, the Term shall be extended for the Additional Extension Term, commencing on October 1, 2022 (the “**Additional Extension Term Commencement Date**”) and expiring at 11:59 pm on September 30, 2025 (the “**Revised Expiration Date**”).

**2. Required Additional Improvements.** No later than 180 days from the Additional Extension Term Commencement Date, or such later date as may be approved by the Director, acting in his sole and absolute discretion, Operator shall make the following infrastructure improvements in the customer parking lot adjacent to the Executive Air Terminal: (1) installation of at least fifty-five (55) solar powered covered parking stalls; and (2) installation of at least four (4) new level two electrical vehicle charging stations (collectively, the “**Required Additional Improvements**”). Operator shall give notice to Director of its intended plan with respect to such Required Additional Improvements, and covenants and agrees that all such improvements shall be considered “Alterations” and shall be subject to all applicable terms and conditions of the Original Lease, including, without limitation, the provisions of Article 7 [Investments; Alterations] including all approval rights of City and Director.

**3. Additional Sustainability Requirements.** For the duration of the Additional Extension Term, Operator agrees that it shall at all times offer industry standard sustainable aviation fuel, as reasonably determined by City, for turbine engine fuel sales, subject to availability using all commercially reasonable efforts to procure the same. In addition, no later than December 31, 2021, Operator shall replace all fuel trucks in operation at the Premises with low emission models featuring Tier 4/Stage IV engines.

**4. Updates to City and Other Governmental Provisions.**

(a) The provisions of Section 18.25 are hereby deleted and replaced with the following:

“Notification of Limitation on Campaign Contributions. By executing this Agreement, Operator acknowledges its obligations under section 1.126 of the City’s Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves, (ii) a candidate for that City elective office, or (iii) a committee controlled by such elected official or a candidate for that office, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date the City approves the contract. The prohibition on contributions applies to each prospective party to the contract; each member of Operator’s board of directors; Operator’s chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 10% in Operator; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Operator. Operator certifies

that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.”

(b) The following provisions are added as new sections to Article 18 of the Agreement:

“18.27 Prohibition of Tobacco Advertising. Operator acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on the Premises. This advertising prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This advertising prohibition does not apply to any advertisement sponsored by a state, local, nonprofit or other entity designed to (i) communicate the health hazards of cigarettes and tobacco products, or (ii) encourage people not to smoke or to stop smoking.

18.28 Prohibition of Alcoholic Beverage Advertising. Operator acknowledges and agrees that no advertising of alcoholic beverages is allowed on the Premises. For purposes of this Section, “alcoholic beverage” shall be defined as set forth in California Business and Professions Code Section 23004, and shall not include cleaning solutions, medical supplies and other products and substances not intended for drinking. This advertising prohibition includes the placement of the name of a company producing, selling or distributing alcoholic beverages or the name of any alcoholic beverage in any promotion of any event or product. This advertising prohibition does not apply to any advertisement sponsored by a state, local, nonprofit or other entity designed to (i) communicate the health hazards of alcoholic beverages, (ii) encourage people not to drink alcohol or to stop drinking alcohol, or (iii) provide or publicize drug or alcohol treatment or rehabilitation services.

18.29 Vending Machines; Nutritional Standards and Calorie Labeling Requirements. Operator may not install or permit any vending machine on the Premises without the prior written consent of the Director. Any permitted vending machine will comply with applicable food and beverage nutritional standards and calorie labeling requirements set forth in San Francisco Administrative Code Section 4.9-1(c), as may be amended from time to time (the “**Nutritional Standards Requirements**”). Operator will incorporate the Nutritional Standards Requirements into any contract for the installation of a vending machine on the Premises or for the supply of food and beverages to that vending machine. Failure to comply with the Nutritional Standards Requirements or to otherwise comply with this Section 1821 will be a material breach of

this Agreement. Without limiting City's other rights and remedies under this Agreement, City will have the right to require the immediate removal of any vending machine on the Premises that is not permitted or that violates the Nutritional Standards Requirements.

18.30 Local Hire. Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 23.62 (the "**Local Hiring Requirements**"). All Alterations under this Agreement are subject to the Local Hiring Requirements unless the cost for such work is (a) estimated to be less than \$750,000 per building permit or (b) meets any of the other exemptions in the Local Hiring Requirements. Unless subject to an exemption, Operator agrees that it shall comply with the Local Hiring Requirements to the extent applicable only for all Covered Projects. Before starting any Alteration, Operator shall contact City's Office of Economic Workforce and Development ("**OEWD**") to verify if the Local Hiring Requirements apply to the work (i.e., whether the work is a "**Covered Project**"). Unless subject to an exemption or if the construction work is not a Covered Project, Operator shall include, and shall require its subtenants to include, a requirement to comply with the Local Hiring Requirements in any contract for a Covered Project with specific reference to San Francisco Administrative Code Section 23.62. Each such contract shall name the City and County of San Francisco as a third-party beneficiary for the limited purpose of enforcing the Local Hiring Requirements, including the right to file charges and seek penalties. Operator shall cooperate, and require its subtenants to cooperate, with City in any action or proceeding against a contractor or subcontractor that fails to comply with the Local Hiring Requirements when required. Operator's failure to comply with its obligations under this Section shall constitute a material breach of this Agreement. A contractor's or subcontractor's failure to comply with this Section will enable City to seek the remedies specified in San Francisco Administrative Code Section 23.62 against the breaching party. So long as Operator requires compliance with this Section in the construction contract for the Covered Project and reasonably cooperates with the City in any enforcement action, then it shall not be in breach of this Agreement due to a Contractor's or Subcontractor's failure to comply or to meet the mandatory participation levels.

18.31 Resource-Efficient City Buildings. Operator acknowledges that City has enacted San Francisco Environment Code Chapter 7 ("**Env. Code Chapter 7**") relating to green building requirements. Operator hereby agrees that it shall comply with all provisions of Env. Code Chapter 7 applicable to construction work performed by or on behalf of Operator in the Premises.

18.32 All-Gender Toilet Facilities. If applicable, Operator will comply with San Francisco Administrative Code Section 4.1-3 requiring at least one all-gender toilet facility on each floor of the Premises in any building where extensive renovations are made by Operator. An “all-gender toilet facility” means a toilet that is not restricted to use by persons of a specific sex or gender identity by means of signage, design, or the installation of fixtures, and “extensive renovations” means any renovation where the construction cost exceeds 50% of the cost of providing the toilet facilities required by Administrative Code Section 4.1-3. If Operator has any question about applicability or compliance, Operator should contact Building Inspection and Code Enforcement (**BICE**) for guidance.

18.33 List of Pertinent Nondiscrimination Acts and Authorities. During the performance of this Agreement, Operator, for itself, its assignees, and successors-in-interest (hereinafter referred to as the “contractor” in this Section 18.33) agrees to comply with the following non-discrimination statutes and authorities, including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 USC §2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation-Effectuation of Title VI of The Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 USC §4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973, (29 USC. §794 et seq.), as amended (prohibits discrimination on the basis of disability); and 49 CFR §27;
- The Age Discrimination Act of 1975, as amended (42 USC §6101 et seq.), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC §471, Section 47123), as amended (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of

public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 USC §12131 - 12189) as implemented by Department of Transportation regulations at 49 CFR §37 and 38 and the Department of Justice regulations at 28 CFR, parts 35 and 36;

- The Federal Aviation Administration's Non-discrimination statute (49 USC §47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 CFR at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 USC §1681 et seq.)

**5. Board of Supervisors' Approval.** Notwithstanding anything to the contrary contained in this Modification, Operator acknowledges and agrees that no City officer or employee has authority to commit City to this Modification unless and until the BOS has duly adopted a resolution approving this Modification and authorizing the transactions contemplated hereby. Therefore, any City obligations or liabilities under this Modification are contingent on adoption of a resolution, and this Modification will be null and void if City's mayor and the BOS do not approve this Modification, in their respective sole discretion. Approval of this Modification by any city department, commission, or agency will not be deemed to imply that a BOS resolution will be adopted, and no approval will create any binding City obligations.

**6. Full Force and Effect.** Except as modified hereby, each and every one of the terms, conditions, and covenants in the Original Lease and Modification No. 1 shall remain in full force and effect.

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IN WITNESS WHEREOF, the parties hereto have executed this Modification by their duly authorized officers as of the Effective Date.

**OPERATOR:** Signature Flight Support Corporation,  
a Delaware limited liability company

APPROVED AS TO FORM:

PKR 09-29-2021

LEGAL DEPARTMENT

By 

Name Tony Lefebvre

Title Chief Executive Officer

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

AUTHORIZED BY AIRPORT  
COMMISSION

Resolution No. 21-0235

Adopted: December 7, 2021

By   
Ivar C. Satero  
Airport Director 

Attest: 

Secretary  
Airport Commission

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

By 

Christopher W. Stuart  
Deputy City Attorney