

1 [Fixed Base Operator Lease and Operating Agreement Modification - Signature Flight Support
2 Corporation - \$70,511,537 Estimated Minimum Guarantee]

3 **Resolution approving Modification No. 1 to Fixed Base Operator Lease and Operating**
4 **Agreement No. 07-0106 between Signature Flight Support Corporation, and the City**
5 **and County of San Francisco, acting by and through its Airport Commission, to extend**
6 **the lease by five years, for a new expiration date of September 30, 2022, for an**
7 **estimated minimum guarantee of \$70,511,537 during the extension of the term.**

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9 WHEREAS, By Airport Commission Resolution No. 07-0106 and Board of Supervisors
10 Resolution No. 436-07, adopted on May 15, 2007, and July 31, 2007, respectively, Signature
11 Flight Support Corporation (“Signature”) was awarded Fixed Base Operator Lease and
12 Operating Agreement No. 07-0106 (the “Lease”), with a term of 10 years and a Base Rent of
13 the higher of the Minimum Annual Guarantee (MAG) or the sum of Percentage Rent
14 calculated at 100% of aircraft landing fees collected, 27% of all fuel sales, 55% of all aircraft
15 parking fees, 40% of all advertising gross revenues, 26% of other gross revenues, and 1% of
16 the gross sale prices received from the sale of any general aviation aircraft; and

17 WHEREAS, As part of the Lease and subject to Commission approval, Signature
18 proposed construction of a new hangar and associated office and maintenance space, to be
19 located on Plot 42, at its sole cost, with title to the new hangar vesting in the City upon
20 completion and acceptance by the City; and

21 WHEREAS, After obtaining the requisite regulatory approvals, the Commission
22 adopted Resolution No. 08-0208 on November 18, 2008, authorizing Signature to proceed
23 with construction of the new hangar; and

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1 WHEREAS, Due to the unprecedented decline in the general aviation business and
2 demand for hangar storage, Signature requested and was granted one year deferrals in
3 2009, 2010, 2011, and 2012, for the construction of the new hangar; and

4 WHEREAS, In May 2013, the Airport denied Signature's request for another deferral
5 and Signature began construction of the new hangar in November 2013; and

6 WHEREAS, Signature desires to amortize its investment in the new hangar; and

7 WHEREAS, Staff performed an extensive review of the business terms of the lease,
8 including the MAG paid at other fixed base operations around the country, and determined
9 that the current MAG paid by Signature is above those paid at other airports surveyed, and
10 that it is in the best interest of the Airport to retain the lease's above market value; and

11 WHEREAS, On September 9, 2014, the Airport Commission adopted Resolution
12 No. 14-0176 approving Modification No. 1 to extend the term of the lease by five years, for a
13 new expiration date of September 30, 2022, and requiring Signature to renovate the Executive
14 Air Terminal within 180 days from October 1, 2017, or a later date as may be approved by the
15 Director; and

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

19 RESOLVED, That this Board of Supervisors hereby approves and authorizes the
20 execution of Modification No. 1 to Fixed Base Operator Lease and Operating Agreement
21 No. 07-0106 between Signature Flight Support Corporation and the City and County of San
22 Francisco, acting by and through its Airport Commission, extending the term by five years, for
23 a new expiration date of September 30, 2022, with Base Rent being the higher of the MAG
24 estimated at \$70,511,537 during the extension term or the sum of the Percentage Rent each
25 lease year calculated at 100% of aircraft landing fees collected, 27% of all fuel sales, 55% of

1 all aircraft parking fees, 40% of all advertising gross revenues, 26% of other gross revenues,
2 and 1% of the gross sale prices received from the sale of any general aviation aircraft, and
3 requiring Signature to renovate the Executive Air Terminal within 180 days from October 1,
4 2017, or a later date as may be approved by the Director; and, be it

5 FURTHER RESOLVED, That all other terms and conditions contained in the Lease
6 remain in full force and effect; and, be it

7 FURTHER RESOLVED, That within 30 days of Modification No. 1 being fully executed
8 by all parties, the Airport Commission shall provide a copy of the final executed Modification
9 No. 1 to the Clerk of the Board for inclusion into the official file.

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