

CITY OF
HAYWARD
HEART OF THE BAY

SECOND AMENDMENT AND ASSIGNMENT OF THE
COMMERCIAL AVIATION SITE LEASE BETWEEN THE
CITY AND VOLO HOLDINGS HAYWARD LLC TO
HAYWARD FBO LLC AND TEFRA HEARING FOR
AIRPORT PROPERTY PARTNERS LLC



VOLO AVIATION FIXED BASE OPERATOR (FBO) LEASEHOLD



Leasehold History

- The prior FBO on this site was Career Aviation whose Ground Lease was extended 40 years to 2053 by Council action in 2005, however with a requirement of \$2.0 million in site improvements . If improvement conditions were not met, the lease would expire on June 30, 2013.
- Council also approved the assignment and purchase of this lease by Volo Holdings Hayward LLC in June of 2007 which included a significant ownership interest and financial backing from Merrill Lynch
- Due to its financial problems and eventual takeover by Bank of America, Merrill Lynch was unable to provide funding to Volo to make required improvements at the Hayward FBO site and a new financial ownership structure became necessary



Leasehold Purchase

- In July 2009, Airport Property Partners LLC, (APP) reached agreement to purchase four of the five Volo FBO properties
- Staff supports the assignment and assumption of the lease and the proposed amendment with the following conditions
 - Remove underground storage tanks
 - Reestablish self serve AVGAS facility
 - If above ground tanks are approved, pay \$100,000 toward Aircraft Rescue and Firefighting fund
 - Construct new 2,500 sf FBO terminal facility within 24 months from lease execution based on one of two proposed alternatives
 - Minimum investment of \$2,000,000

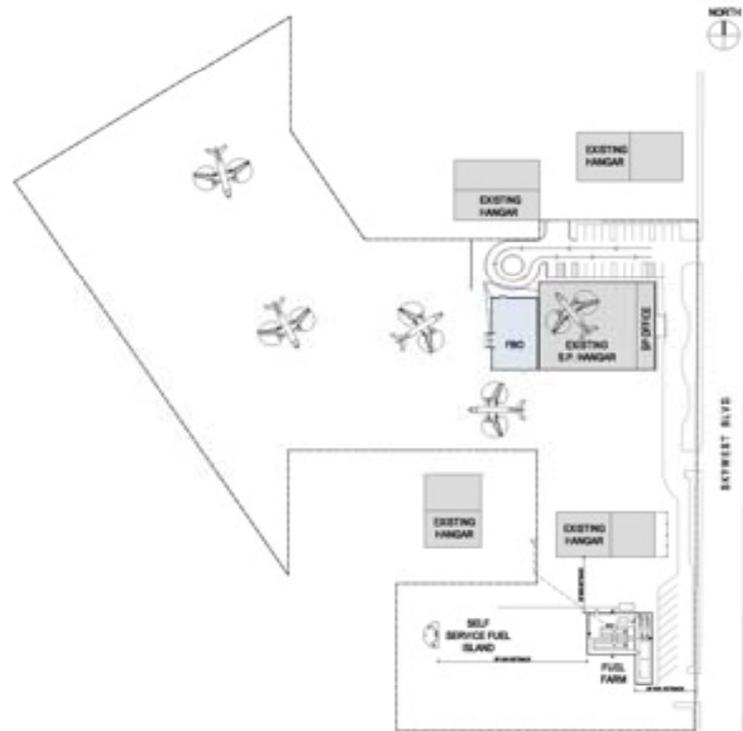


Financing and TEFRA Hearing

- APP is financing the acquisition and improvements through tax free bonds issued by California Communities
- Hayward is a Member of California Communities JPA
- Airport Improvements are one of the categories of eligible financing under the JPA
- There is no risk to City or the Airport, projected revenue from all four FBOs is the source of bond repayment
- Council is asked to conduct the hearing and approve necessary documents including a finding that significant public benefits occur from financing of the acquisition, rehabilitation and improvements for the leasehold
- Benefits include continued revenue to the Airport, reestablishment of a self-serve AVGAS fueling point, replacement of underground fuel tanks and contribution of \$100,000 to support Aircraft Rescue and Firefighting requirements



PROPOSED SITE PLAN A-1



ALTERNATIVE 1

APP Airport Property Partners LLC
350 Rowayton Avenue
Rowayton Connecticut 06890

HAYWARD EXECUTIVE AIRPORT

SCALE: 1:100
DATE: 12/27/09
STUDIO: ASK



PROPOSED SITE PLAN A-2



ALTERNATIVE 2

APP Airport Property Partners LLC
3501 Bluegrass Avenue
Bloomington, Connecticut 06040

HAYWARD EXECUTIVE AIRPORT

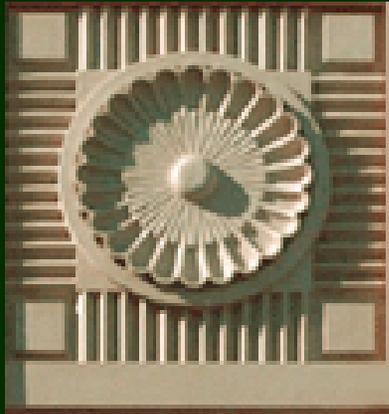
SCALE: 1/100
DATE: 12/15/09
STUDIO: ASK



Next Steps

- Begin Permit process January 2010
- New Fuel Facility in place by July 2010
- Additional FBO improvements by January 2012
- February 25, 2010 Airport Council Committee meeting will address nature and extent of ARFF services at the airport as part of broader discussion of a sustainable funding source for such services consistent with FAA and local requirements





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