

Sugar Land Regional Airport

- The airport has seen an increase in fuel sales since fiscal year 2016
- Last fiscal year 3.2 million gallons sold – approximately 200,000 gallons over budget and a 4.5% increase from fiscal year 2017
- The community corporate hangars are 100% occupied, and there are approximately 20 aircraft on the hangar waiting list
- Customers have an immediate need for hangar space and prefer to lease

Sugar Land Regional Airport

- In addition, the airport is an increasingly important component to economic development – both for the City of Sugar Land and regionally
- There have been several inquiries from Fortune 500 companies in the last year regarding hangar availability – indicating the prestige and importance of SLRA
- Companies are recognizing SLRA's position as the luxury gateway to the entire Houston region - which benefits not just the Airport but also the entire City and region

The background of the slide is a faded, high-angle photograph of an airport hangar. The hangar is a long, single-story building with a series of arched doorways. In the foreground, on the left, the nose and wing of a white private jet are visible. To the right of the jet, a yellow SUV is parked. The entire image has a warm, yellowish tint and is semi-transparent, allowing the text to be clearly visible over it.

Sky Harbour, LLC Introduction

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- Sky Harbour is a hangar development firm with a history in real estate development and aviation
- Harry Macklowe
 - Renowned creator of modern architectural icons like
 - The Apple Cube at the flagship Apple store in New York City
 - 432 Park Avenue, NYC
 - Metropolitan Tower, NYC
 - One of the most acclaimed property-developers in the United States, with a track record spanning more than half a century
 - Longtime aircraft and helicopter owner

Sky Harbour, LLC Introduction Continued

- **Tal Keinan**
 - **Founder of Clarity Capital, a \$2 Billion Asset Management Firm**
 - **18-year military aviation veteran in the Israeli Air Force with over 100 combat sorties in the F-16**
 - **Active General Aviation pilot and aircraft owner since 1998**
- **Tim Herr**
 - **US Navy MH -60R / C -26 Pilot**
 - **MBA in Real Estate from Columbia University**
 - **Longtime General Aviation Pilot**

Sky Harbour, LLC Introduction Continued

- **As longtime users of the general aviation system, Sky Harbour saw an opportunity to address a chronic undersupply of aircraft hangars at airports around the country**
- **Local governments are often funding constrained and want to focus on other airport capital improvement with limited resources**
- **Hangars are ineligible for AIP funding**

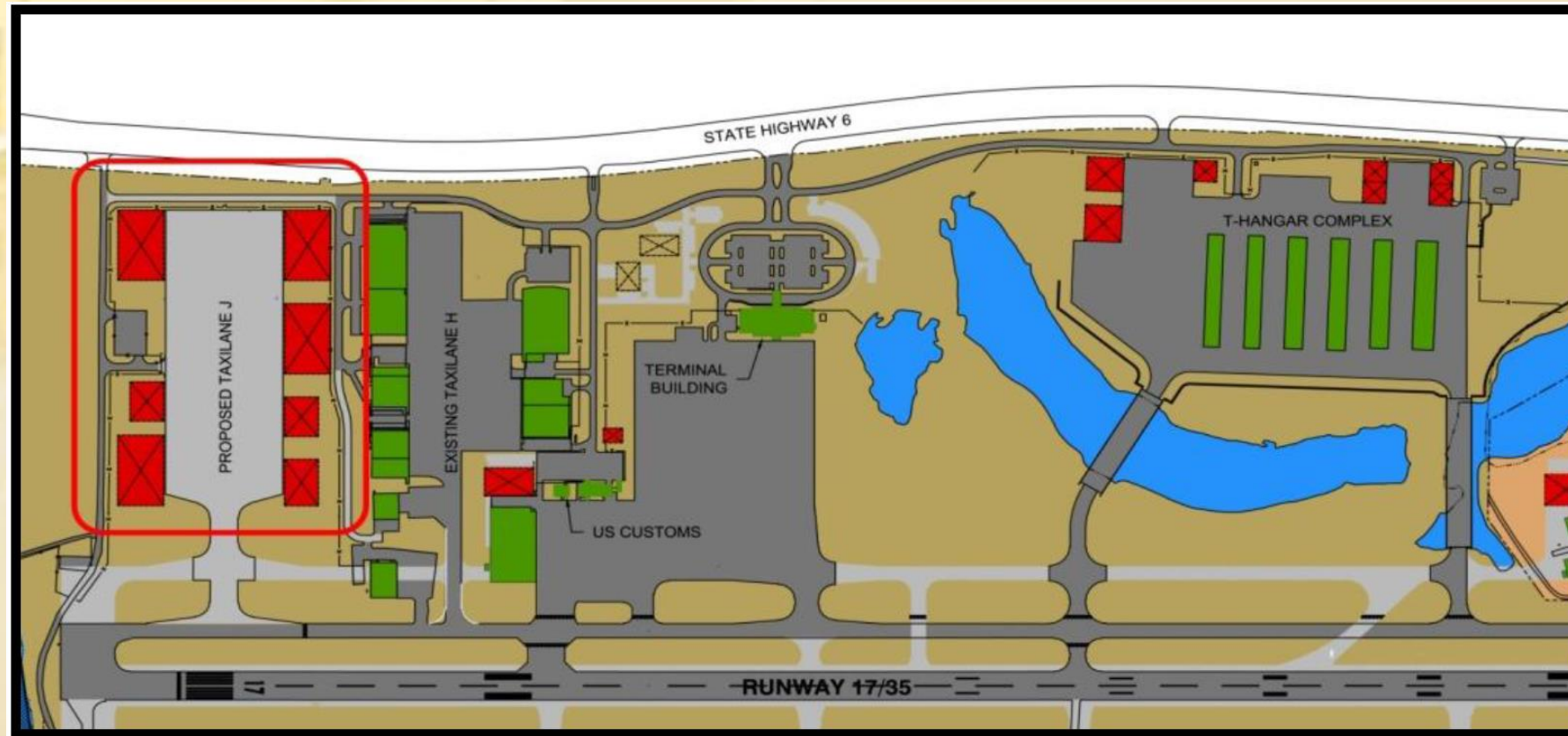
Sky Harbour, LLC Introduction Continued

- **Long waitlists at GA airports with expensive aircraft having to sit on the apron**
- **Aging existing hangar infrastructure sized smaller than needed for the increased wingspans of today's fleet**
- **Dissatisfaction with non-exclusive use gang hangars**

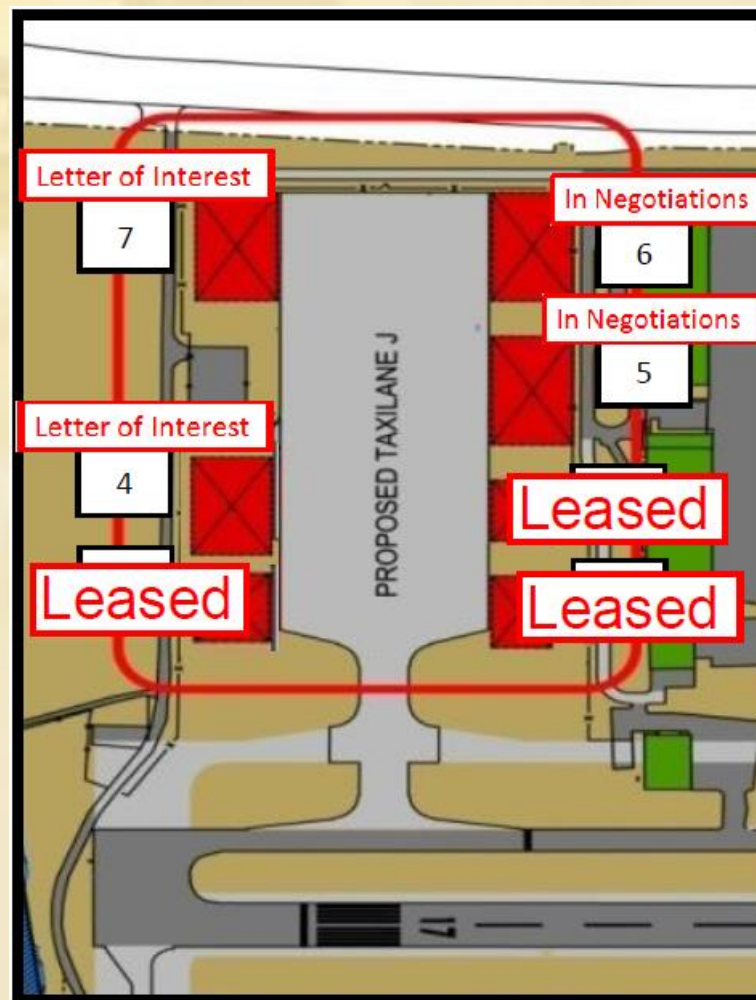
Sky Harbour, LLC Introduction Continued

- We seek to partner with public airports around the country to meet this need for increased airport infrastructure
 - Box hangars and T-hangars
 - Build to suit projects for maintenance and repair organizations, aircraft manufacturers, and other airport users

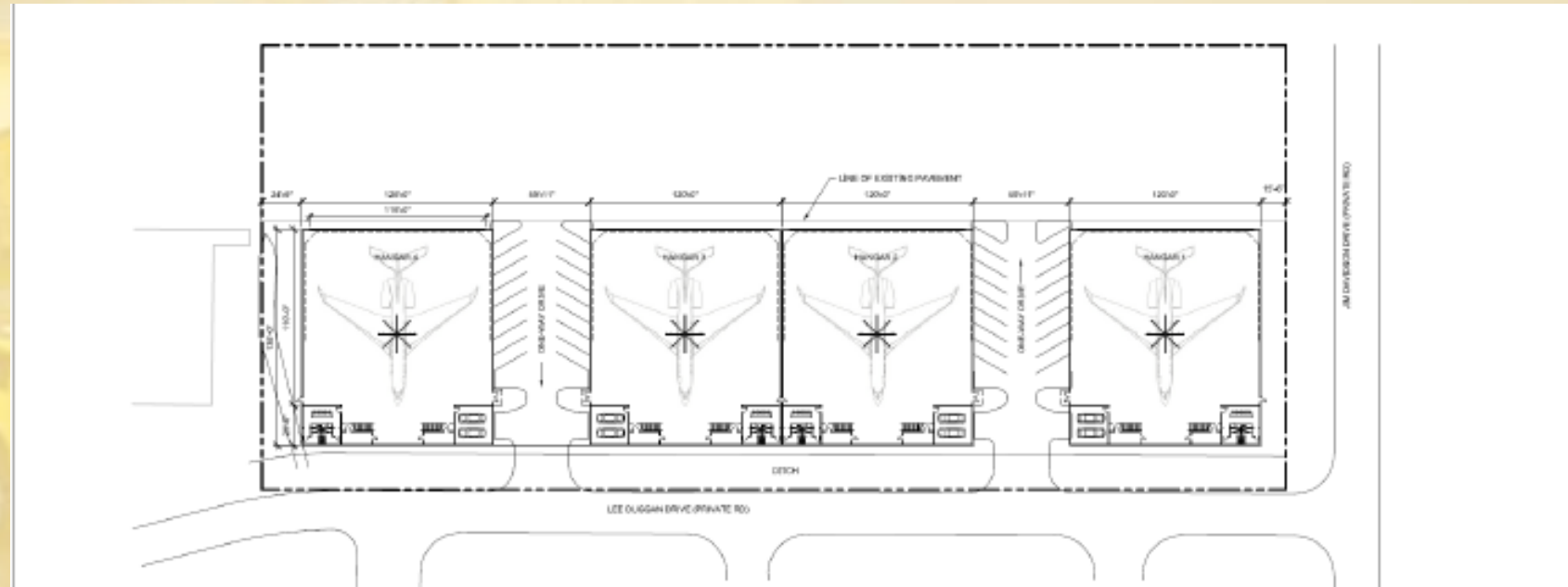
Sugar Land Regional Airport



Taxilane Charlie (former Taxilane J)

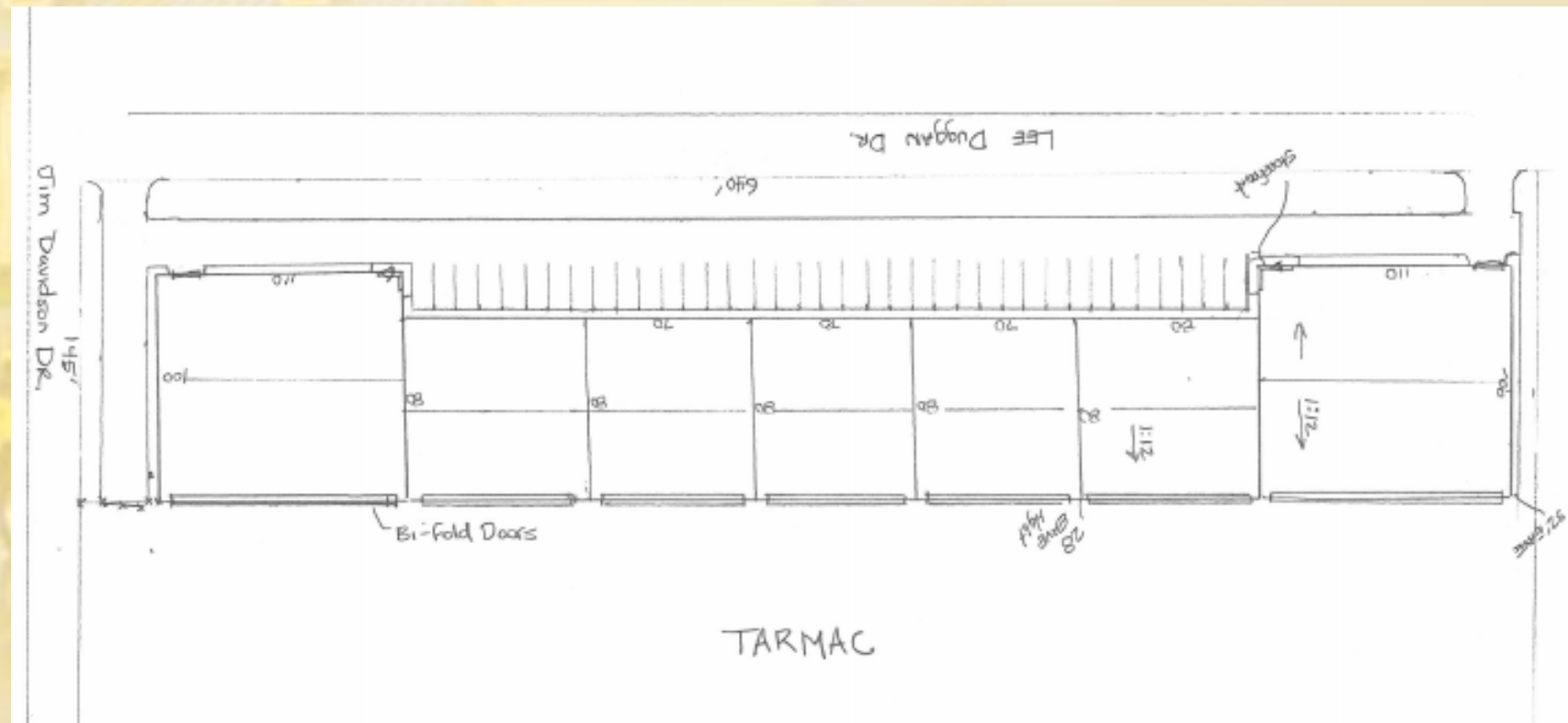


Hangar Proposal



Option 1 includes four exclusive-use premium box hangars consisting of 40,000 square feet of aircraft storage, 10,000 square feet of office space, parking, and airside and landside hangar access.

Hangar Proposal



- Option two provides two larger hangars that will fit a Gulfstream 650, and five smaller box hangars that will fit smaller business jets

Lease Terms

Monthly/Annual Rate – years 1-5	\$7,414 per month/\$88,968 annually
Term	30 years with automatic rate increases of 10% every five years.
Lease Site(s)	Sites 5 and 6 – 4.085 acres (177,920 square feet)
Rent Commencement	8 months after effective date or upon receipt of certificate of occupancy, whichever is earlier

Lease Terms Continued

Construction Start Date	180 days after the effective date or 60 days after receiving all permitting documents and construction must be completed within 360 days from the start of construction
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Recommendation

This lease was reviewed by the Finance/Audit Committee at their September 9, 2018 meeting and on January 17, 2019.

It is staff's recommendation that City Council approve the 30-year land lease with Sky Harbour. With the completion of the hangars, Sky Harbour will bring in new based customers that will increase lease revenue and additional fuel revenue to Sugar Land Regional Airport.



Clarifying Questions for Staff



Council Motion and Discussion