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Meeting Date: 06/24/25

Airport - 2nd Amendment to the StandardAero Lease Agreement

Department: Augusta Regional Airport

Presenter: Herbert L. Judon, Jr., Airport Executive Director

Caption: Motion to approve 2nd Amendment to the StandardAero Lease Agreement

Background: *StandardAero Information*

StandardAero operates two primary divisions: Engine Services and Component Repair Services. These divisions represent their core strengths — comprehensive engine maintenance, repair, and overhaul (MRO) capabilities and an extensive portfolio of component repair services for business aviation, commercial aviation, military, fixed-wing, helicopter, and industrial power customers.

StandardAero holds original equipment manufacturer (OEM) authorizations and approvals for aircraft and rotorcraft engines, auxiliary power units, components, airframe services (including major alterations), FAA-authorized avionics capabilities, comprehensive engineering services, and custom exterior and interior design, completion, and paint.

StandardAero has been a valued tenant at the Augusta Regional Airport (AGS) since 1974, currently employing approximately 225 aerospace and support workers at their Augusta facility. They have been operating primarily out of a 130,000 square foot legacy facility owned by AGS.

Current Business Deal

StandardAero approached AGS staff a few years ago seeking to expand their footprint and business lines. After consideration of multiple sites, Augusta was selected as one of their expansion locations. They are currently in the process of completing construction of a new 83,000 square foot hangar expected to open in the Summer of 2025. The expansion of their business at AGS will create approximately 75 - 100 new high paying aerospace jobs.

In consideration of the expansion, StandardAero requested certain improvements to their legacy facility. Subsequent negotiations resulted in the Airport agreeing to a not-to-exceed dollar amount of Two Million dollars and no/100 (\$2,000,000.00) for improvements and repairs to the leased facility/premises. AGS agreed to be responsible for 75% of the total costs of the improvements and repairs, up to One Million Five Hundred Thousand dollars and no/100 (\$1,500,000.00). StandardAero agreed to reimburse AGS for 25% of the total cost of the improvements and repairs, to be paid on a monthly basis in addition to the monthly rent over the length of the current remaining lease, i.e. monthly through June 30, 2031. Reimbursement shall begin once all improvements and repairs have been completed.

The agreed improvements and repairs include:

- 1 – Hangar A
- 2 – Hangar B
- 3 – Hangar C
- 4 – Hangar D
- 5 – Engine Shop
- 6 – Overhead Doors
- 7 – Electrical Floor Box

Specifics regarding each of the improvements are identified in the lease amendment.

Additionally, AGS agreed to waive the reappraisal requirement identified in the First Amendment to the StandardAero agreement until the Second Option commences on July 1, 2031. In lieu of an appraisal and subsequent rent adjustment for the remainder of Renewal Option One (through June 30, 2031), the Parties agreed to an annual three percent (3%) rent escalator, commencing January 1, 2026.

Analysis:

The StandardAero expansion was predicated upon the willingness of the Airport and Aviation Commission to improve the condition of the legacy facility. For example, increasing the door height of the legacy facility allows for the servicing of larger newer generation aircraft. Subsequently, this will increase fuel sales and other ancillary revenues to the Airport.

Additionally, these Improvements will modernize and refresh the legacy facility, providing equivalent levels of comfort, safety, and amenities as the

new facility. These operational, aesthetic, and comfort upgrades are critical elements relative to StandardAero's ability to compete, within a competitive environment, for their core business and the recruitment and retention of employees.

Financial Impact: AGS agreed to be responsible for 75% of the total costs of the improvements and repairs, up to One Million Five Hundred Thousand dollars and no/100 (\$1,500,000.00).

Alternatives: N/A

Recommendation: Approve 2nd Amendment to the StandardAero Lease Agreement.

Funds are available in the following accounts: 551081306-5413130

REVIEWED AND APPROVED BY: N/A