

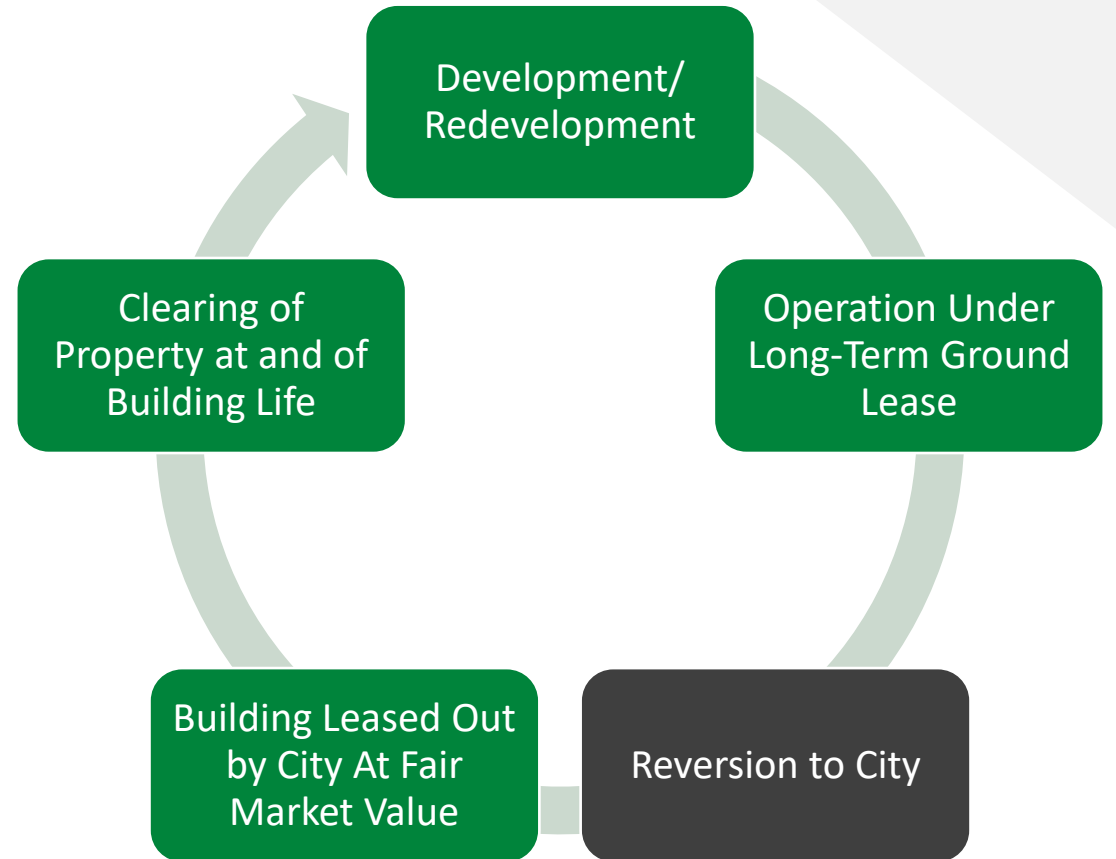


Reversion of Ground Lease Facilities

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Airport Property Lifecycle

- Building reversion is a key component of the leasing lifecycle
 - Ensures Airport's long-term control of property (FAA requirement)
 - Ensures continual redevelopment of the that responds to its evolving needs
- Not a governmental taking
 - Lessees agree to provision
 - Lessees granted long-term access at below-market rates



Upcoming Property Reversions

- 4 Properties
- Reversion effective on May 1
- All current occupants express interest in continuing their occupation of buildings
- Staff communications
 - Letter in April 2024
 - Follow up in summer and fall 2025
 - Conventional hangar lease discussions in January 2025



Conventional Hangar Lease

- Key differences from ground lease
 - 3-year term
 - Security deposit
 - Inclusion of maintenance responsibilities as exhibit to agreement (triple net)
 - Subleasing is prohibited
 - Alterations to building only with City consent
- Rent:
 - Rate per SF of building
 - Utilizing most recent appraisal; adjusted for CPI
 - Rates between \$4.00 and \$6.00 per SF

Triple Net Lease

- Tenant pays all expenses (taxes, building insurance, maintenance, etc.)
- City will generally provide for capital replacement of facility components or infrastructure

Next Steps

- AAB recommendation of Conventional Hangar Leases for:
 - 918 Aeronca
 - 922 Aeronca
 - 926 Aeronca
 - 5088 Sabre
- Council approval of leases
- Ongoing: Further development of standard reversion procedures.