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## City Council Agenda Item

Meeting of June 7, 2016

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**TO:** The Honorable Mayor and Members of the City Council  
**FROM:** James R. O'Connor, City Manager  
**DATE:** May 31, 2016

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**SUBJECT:** Consolidated Lease Agreement between Corporate Air and the City of Vero Beach – Conceptual Approval

**REQUESTED BY:** City Manager/Airport Director

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The following is requested as it relates to the above-referenced agenda item:

- Request Council review and approval based on the attached documentation.
  - No action required. (Information only)
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## MEMORANDUM

**TO:** James R. O'Connor, City Manager  
**VIA:** Wayne R. Coment, City Attorney  
**FROM:** Ericson W. Menger, Airport Director  
**DATE:** May 27, 2016  
**SUBJECT:** **CONSOLIDATED LEASE AGREEMENT BETWEEN CORPORATE AIR AND THE CITY OF VERO BEACH - CONCEPTUAL APPROVAL**

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Corporate Air, Inc., a long-time tenant at the Airport, is currently in the design stage of constructing two additional hangars on leased property, in addition to participating in the Public/Private Partnership for the West GA Apron Improvements. While seeking funding for the improvements, the financial institution has asked Corporate Air to assure 30 year amortization within its leasehold term.

### **BACKGROUND:**

Corporate Air began operations in Vero Beach in October, 1985, with their first lease with the City starting in 1987. Over time, Corporate Air has added various lease additions, extensions and addendums with different expiration dates, terms and conditions and recently, tax and reversionary language changes needed to coincide with Florida Statutes. All lease agreements and changes have been approved by the City at various times over the years, along with most recent Public-Private Partnership Agreements which allows Corporate Air to partially fund the airport improvements at the west apron.

In an effort to assist Corporate Air in obtaining financing requirements for both the apron and additional hangar space, staff has requested that Corporate Air make a new long-term commitment to the City and consolidate all of its leases and addendums into one new lease agreement. Corporate Air has also requested a similar commitment from the City thereby assisting Corporate Air in its pursuit of financing. Both parties have agreed in concept to proceed under this scenario with a proposed commencement date for the new lease to be October 1, 2016.

Accordingly, airport staff recommends negotiating a new consolidated lease. The proposed new lease will be for a 30 year term, with an option to renew for an additional 10-year term. It is expected that conceptual approval by the City Council, documented in the public record, will enable Corporate Air to obtain financing for their current business development in advance of the actual lease documents.

### **ANALYSIS:**

**Strengths:** The new lease will bring additional revenue to the airport directly in the way of rent and indirectly through additional airport use and concession fees.

**Weaknesses:** Until the lease is approved, conceptual approval of the Consolidated Lease may not achieve financing goals.

**Opportunities:** The new apron and hangar space will allow Corporate Air to strengthen its business at the airport.

**Threats:** If Corporate Air is not able to gain appropriate financing, it may have difficulty in meeting its financial obligations in the P3 Agreement.

### **RECOMMENDATION:**

Staff respectfully requests that this item be placed on the **June 7, 2016**, City Council Agenda, recommending conceptual approval of a new Consolidated Lease agreement with Corporate Air, Inc.

EWM/lr

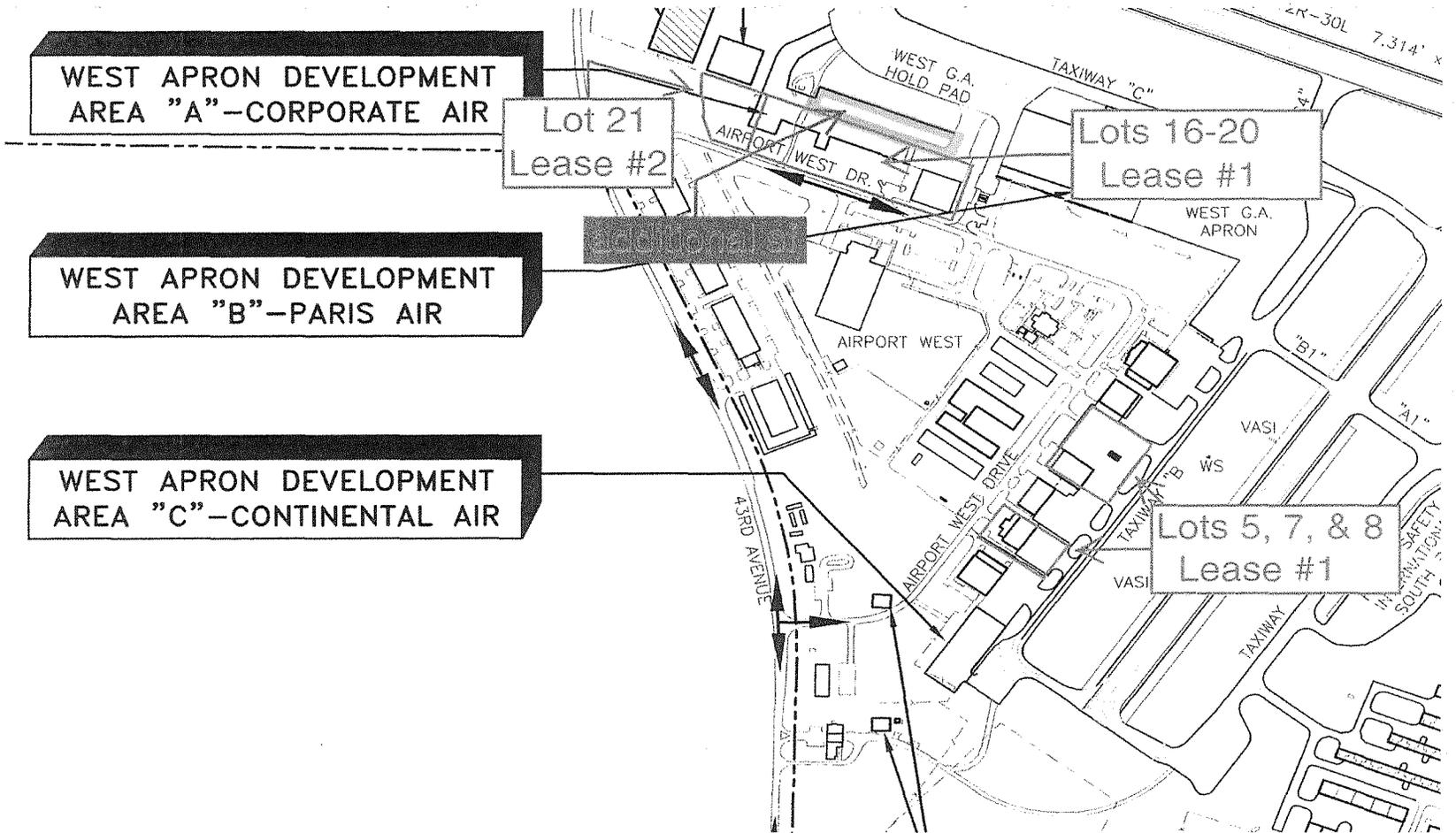
Attachments

cc: Airport Commissioners (via email)  
City Manager's Office  
City Clerk's Office (via email)



Vero Beach Regional Airport

# Corporate Air Inc., Consolidated FBO Lease Agreement Lots 5,7, 8 & 16-21, at Airport West Subdivision



# VERO BEACH REGIONAL AIRPORT

Corporate Air, Inc.  
Consolidated Lease  
CONCEPTUAL APPROVAL  
ONLY

# CORPORATE AIR, INC. CONSOLIDATED FBO LEASE AGREEMENT AIRPORT WEST SUBDIVISION





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**CORPORATE AIR, INC. CONSOLIDATED LEASE**  
**LOTS 5, 7, 8, & 16-21**  
**OCTOBER 1, 2016 - SEPTEMBER 30, 2046**

Vero Beach

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## Staff Request:

- **Gain conceptual approval of new FBO Consolidated Lease Agreement effective October 1, 2016.**
- **Terms: Market Rent; 30 years w/existing improvements reversion to remain as indicated in the various leases.**
- **Return for City Council approval of the Consolidated lease in August/September 2016.**



# VERO BEACH AIR SHOW 2016



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Vero Beach Regional Airport

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**Vero Beach Regional Airport**