

GILLESPIE FIELD DEVELOPMENT COUNCIL  
November 18, 2015

AGENDA ITEM #5

Proposed New Industrial Ground Lease with 1844 Friendship, G.P.

**BACKGROUND**

On December 12, 1978 (186), the County Board of Supervisors (“Board”) approved a new 55-year industrial ground lease with Clifford Glen Hartwell and George L. Finkelstein. The lease was subsequently assigned to The Hurley Family Trust dated January 7, 1994 and Prime Heat, Inc. as General Partners dba 1844 Friendship, G.P. (“1844 Friendship”), who now desires to enter into a new 32-year 10-month industrial ground lease.

1844 Friendship currently houses the manufacturing, warehousing and distribution for Prime Heat’s product line of application finishing line equipment. This is a proposal to issue a new 32-year 10-month industrial ground lease to 1844 Friendship using the latest County Counsel-approved lease.

If the new lease is granted, Prime Heat plans to continue to operate their business on the leasehold.

**Proposed New 32-year 10-month Industrial Ground Lease with 1844 Friendship, G.P.**

**Commencement Date** – The commencement date for the new lease would be April 1, 2016.

**Premises** – The total area leased would be 0.96 net acres (1.50 gross acres).

**Term** – Lease Term shall be 32 years, 10 months and will have a lease expiration date of January 31, 2049.

**Equity Payment** – Proposed Lessee shall pay an equity payment of \$33,904 within 30 days of the commencement date.

**Capital Improvement Investment Requirement** – Proposed Lessee shall complete a minimum of \$72,000 in Capital Improvements within three years of the lease commencement date.

**Rent** – Rent for this leasehold will continue to be \$4,623 per month based on the rent schedule previously recommended by GFDC and approved by the County Board of Supervisors for this leasehold. The leases in the Gillespie Field Industrial Park adjust every five years to market rates based on the Industrial Land Value Index. The rent is currently based on approximately \$4,816 per acre per month. The next adjustment will be in January 2019, at the same timing as the other leases in the Gillespie Field Industrial Park.

**RECOMMENDED MOTION**

*“Gillespie Field Development Council recommends the Board of Supervisors approve the New 32-year 10-month Industrial Ground Lease with 1844 Friendship, G.P.”*