

FALLBROOK AIRPARK ADVISORY COMMITTEE  
May 7, 2012  
AGENDA ITEM #5

FALLBROOK FLYERS, LLC; AIRCRAFT HANGAR MANAGEMENT, LLC; L18 AIRPARK, LLC  
AMENDMENTS TO AVIATION LEASES – NEGOTIATED RENTAL ADJUSTMENT

**BACKGROUND**

Fallbrook Flyers, LLC, Aircraft Hangar Management, LLC, and L18 Airpark, LLC (collectively referred to as “Lessees”) have aviation ground leases from the County at Fallbrook Community Airpark.

On June 19, 2002, the Board of Supervisors approved a 30-year aviation lease with Fallbrook Flyers, LLC.

On March 26, 2008, the Board of Supervisors approved new 30-year leases with Aircraft Hangar Management, LLC and L18 Airpark Corporation. In 2011, L18 Airpark Corporation assigned its leasehold interest to L18 Airpark, LLC.

As is standard for County leases, these leases provide for a periodic negotiated rental rate adjustment. County and Lessees agreed that the adjusted rents should be based on a \$405 per acre per month rental rate. This is a slight increase over the current average rate of about \$398 per acre per month. The proposed amendments will adjust the rent to reflect the newly negotiated rate, putting all three leases at the same rate for the next 5 year period. The leases provide for annual cost of living increases based on Consumer Price Index, and a negotiated rental adjustment will be due in another five years.

**PROPOSED AMENDMENTS**

The base monthly rent will be subject to annual cost of living adjustments and rent renegotiation in five years. All three amendments will modify the lease language to provide for reduction of rent if, under certain circumstances, Lessee’s use of Premises is temporarily and substantially diminished.

Fallbrook Flyers, LLC (County Contract No. 75586R)

Fallbrook Flyers, LLC currently pays \$382 per month for its 0.976-acre leasehold. Approval of the proposed First Amendment will raise the base monthly rent to \$395 effective July 1, 2012. The Amendment will also update to the current standards the lease language regarding Environmental and ALP Compliance for any future development.

Aircraft Hangar Management, LLC (County Contract No. 75673R)

Aircraft Hangar Management, LLC currently pays \$2,419 per month for its 6.03-acre leasehold. Approval of the proposed First Amendment will raise the base monthly rent to \$2,442, effective March 1, 2013. The amendment will also provide several options to satisfy the \$52,468 minimum capital improvement requirement and provide an additional 12 months to comply.

L18 Airpark, LLC (County Contract No. 124436)

L18 Airpark, LLC currently pays \$1,622 per month as base monthly rent for its 4.11-acre leasehold. On June 1, 2012, with the cost of living adjustment, the base monthly rent will become \$1,655. Approval of the proposed First Amendment will raise the base monthly rent to \$1,665, effective June 1, 2013. The amendment will also provide to L18 Airpark several options to satisfy the existing \$41,059 minimum capital improvement requirement.

**RECOMMENDED MOTION**

*“Fallbrook Airpark Advisory Committee recommends the Board of Supervisors approve the First Amendment to Aviation Lease between the County of San Diego and Fallbrook Flyers, LLC (County Contract No. 75586R), the First Amendment to Aviation Lease between the County of San Diego and Aircraft Hangar Management, LLC (County Contract No. 75673R) and the First Amendment to Aviation Lease between the County of San Diego and L18 Airpark, LLC (County Contract No. 124436), as recommended by staff.”*