

GILLESPIE FIELD DEVELOPMENT COUNCIL

March 19, 2014

AGENDA ITEM # 5

Proposed Fifth Amendment to Aviation Lease for Wayne E. Breise and
New Aviation Lease for So Cal Leasing, LLC

BACKGROUND

On November 4, 1997 (21), the County Board of Supervisors (“Board”) approved a new 30-year aviation lease with Wayne E. Breise, a Sole Proprietorship (“Breise”). This lease was previously amended on July 30, 2003 (13), October 24, 2007 (23), February 24, 2010 (12), and September 12, 2012 (8).

Breise currently leases approximately 11.02 acres of aviation land along Marshall Avenue with a lease expiration date of January 31, 2033. The leasehold improvements include aviation hangars and tie-downs, numerous aircraft maintenance facilities and businesses, flight schools, the only self-serve fuel island and on-airport café, and other aviation-related businesses.

This is a proposal to amend the Wayne Breise aviation lease to reduce premises so the north portion can be separately leased to So Cal Leasing, LLC, a California limited liability company (“So Cal Leasing”), to revise rent accordingly, and to update lease language to current standards. This proposal would further reduce the So Cal Leasing premises to provide new parking for FAA staff and expand the Breise premises to incorporate a sidewalk area adjacent to the existing buildings. The net overall reduction in premises from what is currently leased is 0.02 acres, or approximately 870 square feet.

Breise intends to assign the amended lease to Richard Essery, or an affiliate, concurrently with execution of the amendment.

PROPOSED FIFTH AMENDMENT TO BREISE LEASE AND PROPOSED NEW AVIATION LEASE TO SO CAL LEASING

Effective Date – The effective dates of both the amendment and the new lease would be June 1, 2014.

Premises – The total area of the amended Breise Lease would be 7.16 acres and the total area of the new So Cal Leasing Lease would be 3.84 acres, for a combined total of 11.00 acres.

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(Continued)

Term – Lease Term would be unchanged and both Breise and So Cal Leasing would have a lease expiration date of January 31, 2033. Because there is no extension of term, there are no new equity or capital improvement requirements for this proposed transaction.

Rent – Rent would remain on the rent schedule previously recommended by GFDC and approved by the County Board of Supervisors for this leasehold, in which it is being phased up to market value based on independent appraisal.

Transfer Premium – The Transfer Premium payable to County for the transfer of the north premises to So Cal Leasing is expected to be \$16,700. The Transfer Premium payable to County for the assignment of the amended Breise Lease is expected to be \$33,400.

Existing Subleases – All subleases existing under the current Breise Lease will continue under the amended Breise Lease or the new So Cal Leasing Lease, depending upon their location on the premises.

Administrative Changes – The new So Cal Leasing Lease is based on the current standard aviation lease language, with certain specific provisions of the existing Breise lease incorporated. The Breise amendment would update appropriate sections to current standards. Such changes include, for example, the name and address for County Lease Administrator, the mailing address for delivery of rent payments, and language regarding the appraisal processes set forth in the lease.

RECOMMENDED MOTION

“Gillespie Field Development Council recommends the Board of Supervisors approve the proposed Fifth Amendment to Aviation Lease with Wayne E. Breise, a Sole Proprietorship (County Contract Number 71999R), and approve the proposed new Aviation Lease with So Cal Leasing, LLC, a California limited liability company, as recommended by staff.”