

**PALOMAR AIRPORT ADVISORY COMMITTEE**  
**February 19, 2009**  
**AGENDA ITEM #5**

**BVP ASSOCIATES, LLC**  
**FIRST AMENDMENT TO AVIATION LEASE**

In June of 2007 the County Board of Supervisors, upon recommendation by Palomar Airport Advisory Committee, approved a new 40 year lease with BVP Associates, LLC. The new 1.37 acre lease, which commenced August 1, 2007, replaced BVP's previous lease for approximately 2.5 acres. BVP gave up the remaining 1.14 acres to accommodate Civic Helicopters, Inc, which was located on land needed to develop the Palomar Airport Terminal Redevelopment Project. As part of those negotiations BVP and Civic agreed to spilt the available area and were both granted 40 years leases, providing long term stability for both Lessees while clearing the way for the County to move forward with the Palomar Airport Terminal Redevelopment Project.

The BVP lease contained a three year option to add in all or a portion of the approximate 1.5 acre unleased area east of the leasehold, subject to County and City of Carlsbad approval, should BVP determine it is practical to develop this area for aviation use. If this area is added to the leasehold it will be at the then current standard ground rent rate.

BVP has made some progress in design of the option area parcel. The current concept is for approximately 32,215 sq ft of hangar space. See attached conceptual drawing.. This is concept preliminary and more planning and design are needed to determine the final feasibility of this concept. However, BVP has asked the County for an additional five years option for this area. This is due to time still needed for design, approval and permitting of the project, as well as the challenges of the current economy, including limited availability in credit markets.

In addition, the lease requires BVP to invest \$224,000 in improvements during the first three years of the lease. BVP has already invested some of the \$224,000. If BVP does develop the option parcel investment will more than cover this amount. BVP has also asked for an additional five years to make these capital investments. If BVP decides not to develop the option parcel this amount will be invested to improve the current leasehold.

**PROPOSAL**

Proposed First Amendment to Aviation Lease with BVP Associates, LLC

County and Lessee desire to amend the Lease to

- Amend Option to Expand Premises, to provide an additional five years for a total of eight years to exercise the option to expand. This will give BVP until July 31, 2015. Also, amend this section to continue annual option payments of \$5,000 per year for the additional years.

- Amend Improvements, to provide for eight years to complete a total of \$224,000 of required capital investment to the Premises. Also, amend this section to allow capital investment to be used to develop the option parcel if purchased.

All other terms in the existing lease remain unchanged.

#### RECOMMENDATION

Staff recommends that the Committee adopt the following motion with respect to the proposed transactions.

MOTION -- *"It is recommended that the Board of Supervisors approve the proposed First Amendment to Aviation Lease with BVP Associates, LLC, as recommended by staff."*