

# **GILLESPIE FIELD DEVELOPMENT COUNCIL**

05/21/2025

AGENDA ITEM # 8

1ST AMENDMENT FOR SGCLMC-WELD INVESTMENT COMPANY LP  
LEASE CONTRACT 321159  
DURATION TERM EXTENSION



## **BACKGROUND**

On March 17, 2021, the County Board of Supervisors approved 50-year industrial lease with SGCLMC-Weld Investment Company LP (“Weld”) for approximately 29.5 acres at the west end of Gillespie Field. The lease commenced on July 6, 2023.

The project on the leased land is known as Gillespie Field iPark and consists of a 383,000 sf multi-tenant capable, concrete tilt-up building. A certificate of occupancy was issued for the building on October 18, 2024. The site and building were carefully designed to accommodate a range of industrial businesses, including warehouse distribution (minimal power and parking needed) to heavy manufacturing (maximum power required and significant parking). Approximately 42 percent of the building (158,328 sf) is currently occupied by GKN Aerospace Chem-tronics, Inc. (“GKN”), a

major international manufacturer. GKN is presently installing its equipment that, once installed, is estimated to cost in excess of \$50,000,000. The remaining 223,000 sf of the building was completed and built out with 16,634 sf interior two-story office and 7,000 amps of 480 volt power to accommodate the most demanding manufacturing businesses.

#### **PROPOSED AMENDMENT**

Weld's \$91,000,000 construction loan will be due December 14, 2025. Securing permanent financing to pay the construction loan is exceptionally difficult because of the limited remaining term of the ground lease. The ground lease requires that Weld construct improvements having a minimum cost of \$20,000,000. To date, Weld has expended approximately \$107,000,000 for improvements to the project (i.e., more than five times the required amount) and, when the project is fully leased and operating, the combined capital investment from Weld and tenants will likely exceed \$200,000,000 (i.e., more than ten times the required amount).

The proposed First Amendment to this Lease will amend the term duration from 50 years to 99 years total, to expire on July 5, 2122, as allowed for industrial leases under Government Code section 25521. Approval of the proposed amendment will facilitate a long-term financing.

#### **Recommended Motion**

*"Gillespie Field Development Council" recommends that the County Board of Supervisors approve the proposed 1<sup>st</sup> amendment to lease with SGCLMC-Weld Investment Company, L.P. for contract 321159."*