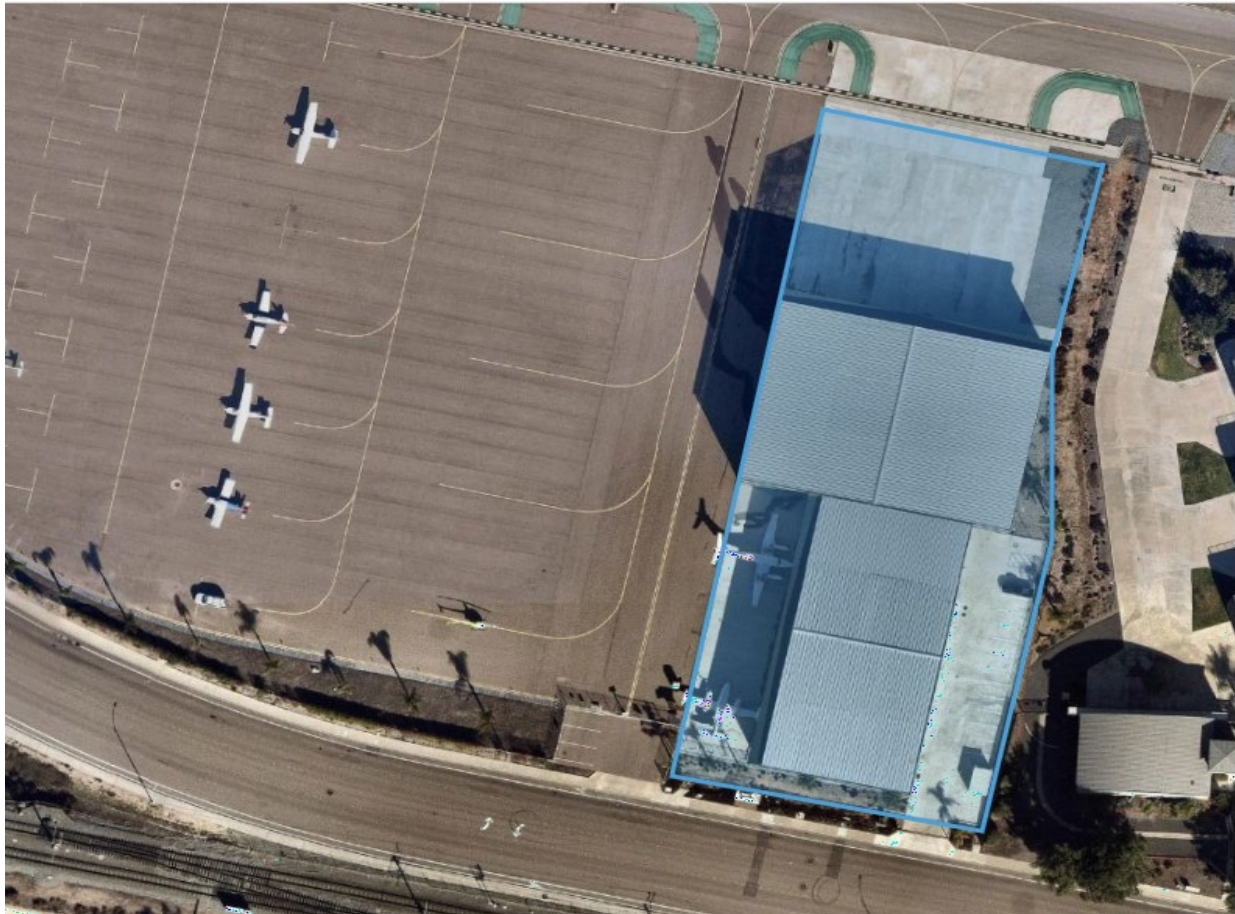


# GILLESPIE FIELD DEVELOPMENT COUNCIL

July 16, 2025  
AGENDA ITEM #9

## NEW 50-YEAR LEASE FOR AIRWORLD LLC



### **BACKGROUND**

Airworld LLC (Airworld) currently has a 1.38 acre aviation ground lease at Gillespie Airport, commenced on February 1, 2007, as successor in interest of the lease granted to La Jolla Investment Group approved by the Board of Supervisors on January 31, 2007 originally for 35 years, known as County Contract #120140. The lease was subsequently amended multiple times, the most recent amendment approved on April 10, 2024 adding 5 years to all aviation leases. The current termination date of this lease is set for January 31, 2047.

Airworld operates a commercial hangar business located on North Marshall Avenue. This lessee has made significant contributions to the improvement of San Diego County, City of El Cajon, Gillespie Airport and the East County economy, such as employing 25 full time employees at the leasehold, increasing property taxes for the building and improvements, increasing aircraft

use taxes for aircraft based at the leasehold, increasing fuel usage on aircraft coming to the Airworld facility for service and repairs, increasing sales tax revenues generated by the parts for aircraft repairs, continuous rent income on transient parking spaces and all the sustainability features added to the design of the Airworld leasehold. These factors make the Airworld leasehold an important component to the wellbeing and success of the airport and East County.

## **PROPOSED NEW LEASE**

Airworld is requesting a new 50-year lease, extending its occupancy by 28 years and 7 months compared to the current lease's termination date. Today's request is to approve a new 50-year lease with Airworld that will supersede the existing lease with the same entity, pursuant to Government Code Section 50478. Government Code Section 50478 allows the County to terminate the existing lease and enter into a new lease consistent with the requirements of subdivision (a) of the code, up to a term of 50 years, with the same or a related party, to provide for the addition of improvements to the leasehold for the sustainability of the airport. This new Aviation Lease would commence on September 1, 2025 and terminate on August 31, 2075. If approved, the new lease would allow the continued operation of this valuable community asset. The leasehold area would remain unchanged. The ground rent would continue the schedules and rates of the current lease.

### **Base Monthly Rent**

For the new lease, the County and Airworld negotiated the initial base monthly rent of \$2,221, to begin on December 1, 2025. The initial base monthly rent would be subject to annual cost of living adjustments (COLA), not to exceed 2% maximum annual increase, and to periodic rental rate renegotiations. The first renegotiated rent rate increase will take effect on December 1, 2029 and thereafter every 10 years.

### **Equity Payment**

At the end of most ground leases, including Airworld's current lease, existing improvements revert to the County. As the County's ownership of the leasehold improvements would be postponed as a result of granting this new lease, Airworld would pay the County compensation for postponing this reversionary interest in the improvements, otherwise known as equity payment. Airworld has agreed to an Equity Payment of \$42,187.50 as representing the County's reversionary interest. This amount will be paid over a period of 10 years at 5% annual amortized interest, to begin 30 days of the Board's approval of the new lease.

### **Recommended Motion**

*"Gillespie Field Development Council" recommends that the County Board of Supervisors approve the proposed new 50-year lease with Airworld LLC.*