

GILLESPIE FIELD DEVELOPMENT COUNCIL
September 16, 2015

AGENDA ITEM #7

Proposed New 55-year Industrial Ground Lease with M.W. Reynolds Construction Company, Incorporated

BACKGROUND

On December 17, 1978 (40), the County Board of Supervisors (“Board”) approved a new 55-year industrial ground lease with Soniform, Inc. The lease was later assigned to M.W. Reynolds Construction Company, Incorporated. (“Reynolds”), who now desires to enter into a new 55-year industrial ground lease.

Reynolds currently houses their corporate office and operates their construction company from the premises. Reynolds also subleases a portion of the premises to the East County Economic Development Council. This is a proposal to issue a new 55-year industrial ground lease to Reynolds using the latest County Counsel-approved lease.

If the new lease is granted Reynolds plans to market and sell its leasehold to a new buyer. County’s consent would be required for any transfer. One potential buyer is the Home of the Guiding Hands, who would move their administration offices from the Gillespie Field Business Park to this new location, with up to 16% of the building also used for programs. Staff has reviewed and determined this potential use would be consistent with Airport Land Use Compatibility Plans and the terms of the lease.

Proposed New 55-year Industrial Ground Lease with Reynolds

Effective Date – The effective date for the new lease would be January 1, 2016.

Premises – The total area leased would be 1.26 net acres (1.45 gross acres).

Term – Lease Term shall be 55 years and will have a lease expiration date of December 31, 2070.

Equity Payment – Proposed Lessee shall pay an equity payment of \$145,535 within 30 days of the commencement date.

Capital Improvement Investment Requirement – Proposed Lessee shall complete a minimum of \$234,150 in Capital Improvements within three years of the lease commencement date.

Rent – Rent shall remain on the rent schedule previously recommended by GFDC and approved by the County Board of Supervisors for this leasehold.

Existing Subleases – All subleases existing under the current Reynolds Lease will continue under the new Lease.

RECOMMENDED MOTION

“Gillespie Field Development Council recommends the Board of Supervisors approve the New 55-year Industrial Ground Lease with M.W. Reynolds Construction Company, Incorporated.”