

**REPORT/ RECOMMENDATION TO THE BOARD OF COMMISSIONERS OF
ARAPAHOE COUNTY PUBLIC AIRPORT AUTHORITY AND
RECORD OF ACTION**

December 9, 2021

FROM: Luke Skaflen, Business Support Specialist – Administration

SUBJECT: Approval of Subleases on Parcel 50-5

RECOMMENDATION: Motion to approve two Hangar and Office Space Sublease Agreements and authorize the Chairman and Clerk to sign the.

BACKGROUND: In 1981, the Authority and JBC Investment Corp signed a reversionary ground lease agreement for a term of 40 years for Parcel 50-5 in which the lessee constructed the improvements upon the Parcel. The ground lease with the current lessee, Arapahoe Airport Plaza Joint Venture #1, will expire on 1/1/2022 and the improvements built thereon will revert to the Authority, per the lease. Any subleases between the lessee and sublessees will terminate.

The Authority's intention is to: (1) enter new subleases with the current sublessees, and (2) sell the improvements and to enter into a new long-term ground lease with the new buyer and assign the new subleases to the new buyer. The property has not yet been listed for sale; we expect the improvements will be on the market soon.

In early November, Authority staff, along with its broker, met with both sublessees whom currently occupy the building. Both sublessees requested a one-year lease term with a one-year option to extend.

As of 11/30/21, staff, through its broker, have offered each sublessee a one-year sublease term with an additional one-year option and the Authority is gradually increasing the rent over 12 months to a fair market value. Both sublessees will have to agree to the initial term and rate, the sublessee will then be presented the full sublease, subject to any changes by legal counsel.

Authority staff is awaiting legal counsel's review, sublessee comments, and any changes will be placed on the dais. Exhibits A and B to the Hangar and Office Space Sublease Agreement are not attached hereto as they are currently being negotiated.

FINANCIAL DATA: The Authority expects monthly rent from the sublessees as described in the Sublease until the improvements are sold and a new ground lease with the new buyer is approved.

REVIEW BY OTHERS: Jay Clark, Gwen Balk, & Mike Fronapfel.

Action of the Board of Commissioners

	1 st	2 nd	YES	NO	ABSTAIN
Bagnato	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Baker	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Doubek	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Holen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sharpe	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Preliminary Web Documents