



Pinellas County

Staff Report

File #: 19-039A, **Version:** 1

Subject:

Standard Ground Lease and Consolidation Agreement with Brookline PIE Ulmerton, LLC for property located at the St. Pete-Clearwater International Airport.

Recommended Action:

Approval of the Standard Ground Lease and Consolidation Agreement (Agreement) with Brookline PIE Ulmerton, LLC (Brookline) for property located at the St. Pete-Clearwater International Airport (PIE).

- On May 10, 2017, Pinellas County issued a Request for Negotiation (RFN) pursuant to the development of a 2.68 acre commercial tract of land at the Airport. Brookline was the only respondent to submit a proposal.
- The RFN process initially began on July 21, 2017, subject to further negotiation in consideration and consolidation of two contiguous Airport parcels that Brookline currently leases. Brookline was formally selected January 25, 2018.
- Brookline's development plans include a hotel and commercial office building with planned improvements at \$5M.
- After rent credits expire for the roadway improvements to be completed by the developer, annual revenue to the Airport is \$356,940.00.

Authorize the Chairman to sign and the Clerk of the Court to attest.

Strategic Plan:

Foster Continual Economic Growth and Vitality

4.1 Proactively attract and retain businesses with targeted jobs to the county and the region

Deliver First Class Services to the Public and Our Customers

5.2 Be responsible stewards of the public's resources

Summary:

On May 10, 2017, Pinellas County, through a public proposal process, issued a RFN pursuant to the development of a 2.68 acre commercial tract of land at the Airport. Brookline was selected on July 21, 2017, subject to further negotiation in consideration of two contiguous Airport parcels that Brookline currently leases. This RFN was promulgated jointly by the Airport and Economic Development and after the negotiation period, Brookline was formally selected January 25, 2018.

Brookline's development strategy for the contiguous leasehold sites changed with the availability of this 2.68 acre site; thus, the development strategy for all three sites had to be clearly refined, including payment schedules for each phase of development. Because the current agreements did not specify concrete deadlines for development or payment schedules, this Agreement was an

opportunity to combine all parcels into one ground lease agreement, clarify contradictory lease terms in the previous agreements as well as establish clear development time frames and deadlines for all of Brookline's parcels. In addition, updated language consistent with current FAA guidelines, clauses and environmental mandates were also provided.

Brookline's development plans include a hotel and commercial office building with planned improvements at \$5M.

Background Information:

Brookline PIE Ulmerton, LLC (f/k/a Brookline Development Company, LLC) is a commercial real estate development company specializing in the acquisition, management, development, and redevelopment of commercial real estate. Brookline was formed in 2002 and currently owns and operates over 2 million square feet of commercial real estate that includes retail and office properties in New York, North Carolina, South Carolina, and Florida.

On June 15, 2010, Brookline executed a Standard Ground Lease Agreement, as amended January 21, 2016, consisting of 12.44 acres (after a 2.55 acre parcel reduction due to the impacts of Runway 4-22's Runway Protection Zone). The term was 50 years with two (2) five (5) year options and the annual rate was \$0.35 per square foot. Development plans included a hotel and commercial office building with planned improvements at \$5M. Brookline was responsible for the 40th Street extension for access and utilities connection for this parcel as well as installation of the necessary stormwater drainage facilities. Originally, rent credits were estimated to be \$385,365.00 for the common site improvements.

On August 27, 2014, Brookline was assigned all the rights, title and interest with all benefits and obligations pursuant to a Standard Ground Lease with Renewal Options, effective November 8, 2007, by Corporate Eagle Management Services, LLC; as amended October 20, 2010. The term was 20 years with two (2) subsequent 10-year options, at an annual rate of \$0.35 per square foot and a fuel flowage fee of \$0.065 per gallon. Intended use of this parcel is the sole purpose of constructing and operating aircraft hangars for jet charters inclusive of jet storage, service, management, managed aircraft maintenance, self-fueling, and other related non-FBO functions.

Fiscal Impact:

This Agreement will provide PIE with annual revenue derived from a payment schedule including two (2) phased areas of development with an initial abatement period that ends in year three (3) and \$150,000.00 rent credit abatement beginning in year three (3) at 20% for five (5) years. There is also an initial \$50,000.00 prepayment scheduled upon execution to remain in escrow. Phase I encompasses approximately 3.68 acres MOL with an annual rate of \$0.50 per square foot. Phase II encompasses approximately 11.44 acres MOL and Phase III approximately 5.6 acres, each with an annual rate of \$0.35 per square foot. Rates are subject to CPI-U rate adjustments every five (5) years.

This revenue was not included in FY19 Adopted Budget. Due to contract timing and rent abatements, revenue will not be received until the middle of FY20. A portion of the anticipated revenue for year two of the agreement will be included in the FY20 budget development process.

| | <u>Phase I</u> | <u>Phase II</u> | <u>Phase III</u> | <u>Total Revenue</u> | <u>Rent Offset</u> |
|----|----------------|-----------------|------------------|----------------------|--------------------------|
| Y1 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | (initial abatement 100%) |

| | | | | | |
|-----|----------|-----------|----------|-----------|---------------------------|
| Y2 | \$30,056 | \$21,802 | \$32,018 | \$83,876 | (abatement decreases 25%) |
| Y3 | \$40,132 | \$109,009 | \$74,706 | \$223,847 | (abatement decreases 25%) |
| Y4 | \$50,150 | \$174,414 | \$85,378 | \$309,942 | (full rent starts) |
| Y5 | \$50,150 | \$174,414 | \$85,378 | \$309,942 | |
| Y6 | \$54,158 | \$183,135 | \$89,647 | \$326,940 | (includes est. 5% CPI-U) |
| Y7 | \$54,158 | \$183,135 | \$89,647 | \$326,940 | |
| Y8 | \$84,158 | \$183,135 | \$89,647 | \$356,940 | (rent credits end) |
| Y9 | \$84,158 | \$183,135 | \$89,647 | \$356,940 | |
| Y10 | \$84,158 | \$183,135 | \$89,647 | \$356,940 | |

Staff Member Responsible:

Thomas R. Jewsbury, Airport Director, St. Pete-Clearwater International Airport

Partners:

N/A

Attachments:

Brookline Standard Ground Lease and Consolidation Agreement
Brookline Development Main File, Ground Lease Agreement w Renewal Options
Brookline Corporate Eagle Full Agreement