

52063

May 20, 2016

TO: Honorable Board of Acquisition and Contract

FROM: Jay T. Pisco, P.E.
Commissioner of Public Works and Transportation

Adam Rodriguez
Director of Real Estate

SUBJECT: Authority to terminate a ground lease agreement with White Plains Aviation Partners LLC d/b/a Million Air White Plains for approximately 22.4 acres at Westchester County Airport and authorize a new ground lease agreement for a term of thirty (30) years. (Lease Agreement No. WCA 16005)

Authority of your Honorable Board is requested for the County of Westchester (the "County") to terminate a ground lease agreement with White Plains Aviation Partners LLC d/b/a Million Air White Plains ("Million Air") for approximately 22.4 acres at Westchester County Airport (the "Airport"), and authorize a new ground lease agreement for a term of thirty (30) years.

In 1999, the County entered into a ground lease with Westair Aviation Services LLC ("Westair") to operate a Light General Aviation facility on approximately 22.4 acres (the "Premises") at the Airport for a term of thirty (30) years (the "Original Lease"). On March 24, 2014, your Honorable Board adopted Local Law Intro 6621-2014 authorizing the County to consent to the assignment of the Original Lease to Million Air. The Original Lease was subsequently assigned to Million Air.

Under the terms of the Original Lease, Million Air may not base any aircraft on the Premises having a maximum gross take-off weight over 12,500 pounds, except with the Airport Manager's prior consent. The Original Lease provides that rent is paid as a percentage of the tenant's annual gross receipts. Rent currently totals approximately \$60,000.00 per year in revenue to the Airport.

Million Air has requested to terminate the Original Lease and enter into a new ground lease with the County that will allow the tenant to operate both a Light General Aviation ("LGA") facility and a Full Service Heavy Aircraft General Aviation Fixed Base Operation ("FBO") on the Premises. Pursuant to the terms of the proposed lease, Million Air would lease the Premises, including existing hangars, structures, roadways, aircraft ramps, taxiway connections, utilities and other improvements. Million Air would then construct a new FBO hangar and a reception building. The term of the lease will be thirty (30) years from June 1, 2016 through May 31, 2046. The lease will give Million Air a right to negotiate the terms of a subsequent separate lease before the term expires.

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On that portion of the Premises utilized for LGA purposes, Million Air will pay the County a percentage of gross revenue generated there, and the percentage will increase throughout the lease term. On the FBO portion, initial rent will be at the rate of \$1.00 per square foot over an area of six (6) acres for a total of \$261,360.00, payable in substantially equal monthly installments. Commencing in the forty-third (43rd) month after the commencement date, the annual rent in connection with the FBO will increase to the rate of \$1.85 per square foot over an area of nine (9) acres for a total of \$725,274.00. The lease provides for annual rent increases thereafter. Million Air will be responsible for all utility costs, heating oil, water and real estate taxes.

On May 16, 2016, the Board of Legislators adopted Local Law Intro No. 8908-2016 authorizing the County to terminate the Original Lease and enter into the new one with Million Air.

This agreement is in the best interests of the County as it provides improvements to the Hangar "M" facility and creates a stable source of revenue to the Airport during the thirty (30) year lease term.

Therefore, we recommend approval of the annexed Resolution.

JTP/AR/dv

RESOLUTION

Upon a communication from the Commissioner of Public Works and Transportation and the Director of Real Estate, be it hereby

RESOLVED, that the County of Westchester (the "County") is hereby authorized to terminate a ground lease agreement with White Plains Aviation Partners LLC d/b/a Million Air White Plains ("Million Air") which permitted the tenant to operate a Light General Aviation facility on approximately 22.4 acres (the "Premises") at the Airport for a term of thirty (30) years; and be it further

RESOLVED, that the County is authorized to enter into a new ground lease agreement with Million Air for a term of thirty (30) years from June 1, 2016 through May 31, 2046, which lease will give Million Air a right to negotiate the terms of a subsequent separate lease before the term expires; and be it further

RESOLVED, that the new lease will allow the tenant to operate both a Light General Aviation ("LGA") facility and a Full Service Heavy Aircraft General Aviation Fixed Base Operation ("FBO") on the Premises. Pursuant to the terms of the proposed lease, Million Air would lease the Premises, including existing hangars, structures, roadways, aircraft ramps, taxiway connections, utilities and other improvements. Million Air would then construct a new FBO hangar and a reception building; and be it further

RESOLVED, that on that portion of the Premises utilized for LGA purposes, Million Air will pay the County a percentage of gross revenue generated there, and the percentage will increase throughout the lease term. On the FBO portion, initial rent will be at the rate of \$1.00 per square foot over an area of six (6) acres for a total of \$261,360.00, payable in substantially equal monthly installments. Commencing in the forty-third (43rd) month after the commencement date, the annual rent in connection with the FBO will increase to the rate of \$1.85 per square foot over an area of nine (9) acres for a total of \$725,274.00, with annual rent increases thereafter; and be it further

RESOLVED, that Million Air will be responsible for all utility costs, heating oil, water and real estate taxes; and be it further

RESOLVED, that the County Executive or his authorized designee is hereby authorized to execute all instruments necessary to implement this Resolution.

RESOLUTION

Lease Agreement No. WCA 16005

Account to be Charged/Credited

Fund	Dept	Major Program, Program & Phase Or Unit	Object/ Sub Object	Trust Account	Dollars
161	44	4110	9096-01		\$183,085.00 Year 2016
161	44	4110	9096-01		\$313,860.00 Year 2017
161	44	4110	9096-01		\$313,860.00 Year 2018
161	44	4110	9096-01		\$352,520.00 Year 2019
161	44	4110	9096-01		\$779,587.00 Year 2020
161	44	4110	9096-01		\$801,400.00 Year 2021
161	44	4110	9096-01		\$823,867.00 Year 2022
161	44	4110	9096-01		\$847,008.00 Year 2023
161	44	4110	9096-01		\$870,843.00 Year 2024
161	44	4110	9096-01		\$895,393.00 Year 2025
161	44	4110	9096-01		\$920,680.00 Year 2026
161	44	4110	9096-01		\$946,726.00 Year 2027
161	44	4110	9096-01		\$973,552.00 Year 2028
161	44	4110	9096-01		\$1,001,184.00 Year 2029
161	44	4110	9096-01		\$1,029,644.00 Year 2030
161	44	4110	9096-01		\$1,058,959.00 Year 2031
161	44	4110	9096-01		\$1,089,152.00 Year 2032
161	44	4110	9096-01		\$1,120,252.00 Year 2033
161	44	4110	9096-01		\$1,152,285.00 Year 2034
161	44	4110	9096-01		\$1,185,278.00 Year 2035
161	44	4110	9096-01		\$1,219,261.00 Year 2036
161	44	4110	9096-01		\$1,254,264.00 Year 2037
161	44	4110	9096-01		\$1,290,317.00 Year 2038
161	44	4110	9096-01		\$1,327,452.00 Year 2039
161	44	4110	9096-01		\$1,365,700.00 Year 2040
161	44	4110	9096-01		\$1,405,096.00 Year 2041
161	44	4110	9096-01		\$1,445,674.00 Year 2042
161	44	4110	9096-01		\$1,487,469.00 Year 2043
161	44	4110	9096-01		\$1,530,519.00 Year 2044
161	44	4110	9096-01		\$1,574,859.00 Year 2045
161	44	4110	9096-01		\$673,591.00 Year 2046

Budget Funding Year(s): 2016-2046
(must match resolution)

Start Date: June 1, 2016

End Date: May 31, 2046

Funding Source

Tax Dollars _____

State Aid _____

Federal Aid _____

\$31,233,337.00
(must match resolution)

Other Airport Special Revenue Fund