

# AIRPORT PROPERTY DEVELOPMENT & LEASES COMMITTEE MEETING OF THE MONTEREY PENINSULA AIRPORT DISTRICT BOARD OF DIRECTORS

February 09, 2022 – 9:00 AM

## NOTICE REGARDING A RETURN TO IN-PERSON PUBLIC PARTICIPATION AT MONTEREY PENINSULA AIRPORT DISTRICT BOARD MEETINGS

Due to the expiration of certain directives contained in the Governor's Declaration of Emergency for the State of California (Executive Order N-29-20), the Board of Directors of the Monterey Peninsula Airport District will return to hold meetings at the Airport Board Room, with in-person attendance. Public comments may be made either in person or via email. Members of the public may attend the Board Meeting in person and request to speak to the Board when the Chair calls for public comment. In the alternative, written comments can be emailed to [info@montereyairport.com](mailto:info@montereyairport.com), and should include the following subject line: "Public Comment Item # (insert the agenda item number relevant to your comment)."

The Board meetings will continue to be broadcast via Zoom video conference, however, remote public comment via Zoom will not be accepted. To view the Board meeting via Zoom video conference, please visit [www.zoom.us/join](http://www.zoom.us/join) and enter the following Meeting ID: 861 7642 5350. The password for this meeting is: 20220209. If you do not have access to the internet, you may also participate telephonically by calling (253) 215-8782 and entering the same Meeting ID and password.

### A. CALL TO ORDER

*The meeting was called to order at 9:02 AM. Director Sawhney, Director Cursio and Executive Director La Pier were in attendance.*

### B. COMMUNICATIONS / ANNOUNCEMENTS / INFORMATIONAL ITEMS

*None*

### C. PUBLIC COMMENTS

*None*

### D. REGULAR AGENDA – ACTION ITEMS

Review            1. Lease Assignment of Tioga Land Company for Sky Park Self Storage to Maxi Sky Park, LLC

*Executive Director La Pier reviewed for the committee the details of a proposed assignment of a Lease Agreement with Tioga Land Company, the owners and operators of Sky Park Self Storage. La Pier reported the owners had agreed to sell the improvements and the business to Maxi Sky Park, L.L.C. La Pier stated the current lease agreement considers the sale of improvements as an assignment of the lease therefore the Airport has been asked to take action to approve the assignment. La Pier reviewed the terms of the lease and details of the transaction with the committee. The purchase price was set at \$10,200,000.00. The prospective new owners will take out a loan in the amount of \$7,000,000.00. The loan to purchase ratio is 70%. The terms of the loan were reviewed with the committee as were the pro-forma financials provided by Maxi Sky Park, L.L.C. La Pier reported that the results of the review, along with the fact that the proposed new owners have a very positive history with the airport related to their north side self-storage operation would indicate that the assignment of the lease is warranted.*

*Director Sawhney asked if staff had considered whether it made sense for the airport to consider purchasing the improvements and business as a revenue enhancement opportunity. La Pier indicated that such a review had been done and, because the airport would have to issue debt for the entire purchase, the financial analysis of such a transaction was not favorable. Director Cursio indicated that*

self-storage opportunities are very popular and the fact that the purchase price was nearly \$1,000,000.00 more than the original asking price would seem to indicate a very competitive market.

La Pier reviewed the market rate adjustment provision in the lease that allows the airport to, upon assignment, adjust the lease rate to market. He indicated that in order to do so, staff had chosen to go back to 2015 and apply an annual CPI adjustment through 2021 to arrive at a current market rate. It was discussed with the committee that a previous Board had postponed any CPI adjustments to leases in 2015 and as a result, no adjustments had been made to the current lease rate paid by Tioga Land Development since that time. The committee suggested that the current Board should consider rescinding this directive at a future, near term date.

After discussion, the committee agreed to recommend to the Board that the Assignment of Lease from Tioga Land Development to Maxi Sky Park, L.L.C. be approved.

Review            2. Lease Agreement with Motion Products, Inc., Neenah, WI, for former Forza Motors Property

Executive Director La Pier introduced a proposed new lease agreement with Motion Products, Inc. (MPI) of Neenah, Wisconsin for the property and buildings currently leased on a month-to-month basis to Forza Motors, Inc. La Pier reported that the current owner had agreed to sell his business to MPI but would remain with MPI to operate the new business. The current owner will only be involved in the operations. MPI would be the responsible financial interest.

La Pier reported that in order to set lease rates at market, he engaged Lostrom and Associates to conduct a market analysis. The Lostrom and Associates analysis was reviewed with the committee. Discussions ensued. Director Sawhney indicated she appreciated the work of Lostrom and Associates and asked about lease terms. La Pier indicated the proposed lease carried a five-year term and included one five-year mutual option. It also called for the lease rates to be adjusted annually by CPI. Director Cursio asked if all leases contained the CPI adjustment provision. La Pier indicated that most did, however the Board had agreed not to make CPI adjustments to leases in 2015 so lease rates have remained constant.

La Pier indicated that the lease document had been prepared by airport counsel and had been provided to the prospective tenant for review. He further indicated that the financial terms of the agreement had been shared with MPI.

After discussion, the committee agreed to recommend to the full Board that the new lease be agreed to and that the Executive Director be authorized to sign the agreement once approved.

Discussion       3. Fenton and Keller Lease Option

Executive Director La Pier reported that the current tenants of 2801 Monterey Salinas Highway, building A, had formally notified the airport of their intention to exercise their 5-year lease option and would remain a tenant of the airport under the terms of the lease the airport inherited when the property was purchased. No action was required by the airport. This report was informational only.

Discussion       4. Leasing Activity Review

No discussion or review occurred.

**E. ADJOURNMENT**

The meeting adjourned at 10:41 AM.

Approved at the  
Meeting of February 16, 2022

  
Carl M. Miller, Chair

ATTEST



Michael La Pier, AAE  
District Secretary