



Commission Meeting

Meeting Date: January 2, 2024

Augusta Regional Airport

Department:	Augusta Regional Airport – Brown & Gold Aero Investments, LLC Land Lease
Presenter:	Herbert Judon
Caption:	Motion to Approve a land lease agreement with Brown & Gold Aero Investments, LLC for an approximate 174,240 square foot parcel of land (Parcel A) located in the former maintenance compound location. Additionally, Lessee is requesting a ten (10) year lease option on an additional +/- 7.5 acres of land south of Parcel A. Approved by the Augusta Aviation Commission on December 19, 2023.
Background:	<p>Brown & Gold Aero Investments, LLC (Lessee) contacted Airport staff with a request to lease approximately 174,240 square feet of land in the southwest quadrant of the airfield property for the purpose of constructing a large hangar. Lessee is a development firm. Once hangar construction is completed, Lessee will sub-lease the facility to an aviation/aerospace company that will be bringing 75 new, high paying jobs to the Airport.</p> <p>The property will be leased on a graduated scale with no cost to the developer during the construction phase and for the first year after a certificate of occupancy (CO) is obtained. During the second and third years from CO acquisition, the rate will increase to twenty cents (\$0.20) per square foot and a secondary increase to thirty-five cents (\$0.35) per square foot in subsequent years. The lease has an annual escalator of 2.5% with a fair market appraisal occurring in year fifteen (15) and every ten (10) years thereafter for the remainder of the lease, including any option periods.</p> <p>The rate for the lease option will be \$0.10 per square foot per year for 10 years, commencing with the rent commencement with Parcel A. In the event the lease option is exercised, the ground rent will be consistent with the ground rent in effect on Parcel A at the time of election to execute the option.</p>
Analysis:	The ground lease and hangar construction will provide construction jobs initially and new high paying jobs once the hangar is complete and the operator commences operations.
Financial Impact:	After the first year of operations, the Airport will receive approximately \$34,848 in annual ground lease revenues for the next two years and \$60,984 annually in subsequent years for Parcel A. The land option revenues will commence concurrent with Parcel A at an annual rate of \$32,670.

Alternatives:	To deny.
Recommendation:	Recommend Approval. Approved by the Augusta Aviation Commission on December 19, 2023.
Funds are available in the following accounts:	N/A
<u>REVIEWED AND APPROVED BY:</u>	N/A