



MEETING DATE: January 25, 2015  
TO: Board of Directors  
FROM: Kevin Smith, General Manager  
SUBJECT: Clear Capital Lease Agreement and Construction & Development Agreement Review – Discussion Item

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**OBJECTIVE:**

Please review the attached Lease Agreement and Construction and Development Agreement (CDA). The Ad Hoc Committee desires to discuss and review these documents with the Board of Directors, staff, and the public in attendance in preparation for final adoption. Adoption will take place at a later meeting. No action will be taken at this meeting. The intent is to review the lease form, terms, and conditions.

**DISCUSSION:** The two agreements attached to this report are as follows:

1. **Construction and Development Agreement:** The purpose and intent of this agreement is to define terms, conditions, and responsibilities related to the development and construction of the building. It outlines provisions related to delivery of the building, tenant improvements, tenant obligations during construction and takes the project from inception to delivery to the tenant.
2. **Lease Agreement:** This is the long term document that will govern the lease of the building per the terms outlined in the lease. It is anticipated that this will be a 10 year lease with options to extend up to 20 years. Exact terms are still being negotiated. This agreement also provides for a “Delay in Possession” term. This can be found in Section 4. The lease establishes monthly rent, use of the building, utilities and maintenance, repairs and maintenance, alterations, and other important lease terms.

The Ad Hoc Committee and staff are currently working with clear capital to finalize terms and conditions. More information will be provided at the Board Meeting regarding these deliberations, which are ongoing.

Staff also anticipates receiving bids from the metal building contractor RFP issued January 7<sup>th</sup>. These bids will be received on January 27<sup>th</sup>. Staff will share the bid results at the meeting. Their bid results will greatly assist in refining the cost estimate for the structure.

**FISCAL IMPACT:**

The current total project estimate is \$3,200,000. A full analysis of financial results and assumptions, including return on investment, lease rate break-even points, and financial results over the lease term are available for review. These were considered in detail at the January 6, 2015 Special Board Meeting and are available on the District website.

**PUBLIC COMMUNICATIONS:**

This item has been discussed at various Board Meetings including the Dec. 3, 2014 meeting and special meeting on January 6, 2015. The January 6, 2015 meeting was noticed in the Dec. 26<sup>th</sup> and January 2<sup>nd</sup> issues of the Sierra Sun along with eblast and notification on the District website. Airport staff have had various conversations with local media as well as National Public Radio (NPR), which has covered this item. The January 6<sup>th</sup> meeting was well attended by over 50 people. The Board indicated at that meeting that this item would be further discussed at the January 28, 2015 Board Meeting.

The Board of Directors is currently discussing a special meeting during the second week of February to bring final resolution to this proposal. The tentative date for this meeting is February 11, 2015 at 5:30 PM. This date will be confirmed or new date announced at the January 28, 2015 Board Meeting.

**ATTACHMENTS:**

- Construction and Development Agreement
- Lease Agreement

Note: For a full review of the financials for this project, please review the January 6, 2015 Board meeting packet available on the District website.