

Department of Port Control

Ord. No.: 657-2025

EXECUTIVE SUMMARY

The Department of Port Control is requesting authority to enter into an amendment to the Ground Lease No. CT-3001-LS2024*0010 with Jets Postal Road, LLC to expand the leasehold located at 6045 Postal Rd, Cleveland, OH 44135 by approximately 157,358 square feet.

Background/Purpose:

On March 11, 2024, the Airport entered into a ground lease agreement with Jets Postal Road, LLC ("Jets"), as authorized by Ordinance No. 444-2023. The agreement permits Jets to develop a 33,158-square-foot hangar and a 4,500-square-foot cargo processing facility on 2.88 acres owned by the Cleveland Airport System. Construction began in October 2024. Shortly thereafter, Jets was presented with a new aircraft charter handling opportunity, which requires the development of a 102,758-square-foot parking lot and an additional 54,600 square feet of airfield ramp space.

In response to this opportunity, the proposed legislation authorizes the Director of Port Control to amend the lease agreement to include the additional space necessary to support the expanded facilities.

Development Terms/Project Scope:

The following are the material terms of the proposed amendment:

1. **Lease Term.** The lease will expire on November 22, 2054, as stated in the executed ground lease
2. **New Leasehold.** Leasehold will increase by 157,358 square feet.
3. **Additional Lease Payment.** A fair market value of the property added to the leasehold will be established via an independent appraisal conducted by an MAI certified appraiser. The present base rent of \$61,571 will be increased by the value determined by said appraisal.
4. **Development Costs.** Jets will be responsible for all costs associated with the design, construction and operation of the expansion project.

All other major terms of the agreement will remain the same.

Justification:

The proposed project offers a number of benefits, including but not limited to the following:

1. Jets has demonstrated the capacity to finance 100% of the project.
2. The proposed project will provide Jets with the vehicular parking and ramp space required to increase their operational capabilities.
3. The expansion project will increase the Airport's rental income and concessions fees.

Anticipated Cost:

Jets will be responsible for all costs associated with the project.