

Department of Port Control

Ordinance No.: 444-2023

EXECUTIVE SUMMARY

Authorizing the Director of Port Control to ground lease certain property located at Cleveland Hopkins Airport within the South Campus Area to Marichaels LTD, DBA Jets FBO, an Ohio corporation (“JETS”), or wholly-owned subsidiary for a term not less than twenty-five years, to design, construct, and operate a corporate hangar/flight operation facility.

Background/Purpose:

JETS is proposing to ground lease approximately 2.88 acres of land located within the South Campus Area of the Cleveland Hopkins International Airport (“CLE”) to construct and operate an approximately 38,200 square foot corporate hangar/flight operation facility (the “Leased Premises”).

The Department of Port Control (“DPC”) is requesting legislative authority to enter into a twenty-five year ground lease and to execute any other documents and certificates, and take any other actions that may be necessary or appropriate to effect the agreement.

Scope:

The following are the material provisions to be contained in the agreement:

- (A) The Director of Port Control is authorized to enter into a ground lease for the development use and occupancy of the Leased Premises.;
- (B) The Leased Premises shall be used as a corporate hangar/flight operations facility;
- (C) The base rent shall be based determined by an independent third-party, fair market value appraisal, subject to annual Consumer Price Index (CPI) adjustments, and an additional flowage fee of \$.07 per gallon and a lubricant fee of \$.15 per gallon of product; 7% concession fee
- (D) The initial term of the ground lease shall be for twenty-five years;
- (E) JETS will assume all costs associated with designing, permitting and constructing the corporate hangar facility, including the installation and enhancement of utility lines/service, ramps and taxiways within the boundaries of the development site;

(F) Title to all structures and other fixed improvements related to the facility shall pass to the City of Cleveland upon expiration of the term of the Lease.

Anticipated Cost:

None.