

BOARD OF PORT COMMISSIONERS OF THE LEE COUNTY PORT AUTHORITY

- | | |
|--|--|
| <p>1. REQUESTED MOTION/PURPOSE: Request Board approve a “Ground Lease for Development of a Cold Storage Facility at Southwest Florida International Airport” with RSW Cold Storage, LLC.</p> <p>2. FUNDING SOURCE: N/A</p> <p>3. TERM: 40 years, with two options to extend by five years each</p> <p>4. WHAT ACTION ACCOMPLISHES: Leases a parcel of land at Southwest Florida International Airport for development of a cold storage warehouse.</p> | <p>5. CATEGORY: 1
WALK-ON</p> <hr/> <p>6. ASMC MEETING DATE: 2/20/2024</p> <p>7. BoPC MEETING DATE: 3/7/2024</p> |
|--|--|

- | | |
|--|---|
| <p>8. AGENDA:</p> <p><input type="checkbox"/> CEREMONIAL/PUBLIC PRESENTATION</p> <p><input type="checkbox"/> CONSENT</p> <p><input type="checkbox"/> ADMINISTRATIVE</p> <p><input checked="" type="checkbox"/> WALK-ON</p> | <p>9. REQUESTOR OF INFORMATION:
(ALL REQUESTS)
NAME <u>Brian W. McGonagle</u></p> <p>DIV. <u>Administration</u></p> |
|--|---|

10. BACKGROUND:

RSW Cold Storage, LLC (“RCS”) proposes to lease a parcel of land at Southwest Florida International Airport for the construction of a cold storage warehouse suitable for air cargo. The subject parcel is approximately 14.29 acres adjoining the west end of the former passenger terminal apron on the north side of the runway, and includes both unimproved land and existing parking lots. RCS plans to develop a climate-controlled warehouse building with over 150,000 square feet of floor area, which will (aside from ancillary office space), be one hundred percent (100%) refrigerated and frozen cold storage. It is anticipated the facility will serve both air cargo and non-air cargo customers.

FAA’s new “Policy Regarding Land Use Changes on Federally Acquired or Federally Conveyed Land,” published December 8, 2023, and effective January 8, 2023, requires the Authority to request and obtain FAA’s written consent for this proposed land use. Accordingly, the lease provides that if the Authority does not receive such consent within four (4) months of the Effective Date of the lease, either party may terminate the lease.

The main points of this proposed ground lease are as follows:

(1) If the FAA grants its consent, the initial term of the lease will commence upon the “FAA Approval Date,” and will continue until the day before the date that is forty (40) years after the Date of Beneficial Occupancy (“DBO”). The DBO will occur no later than thirty-six (36) months after the FAA Approval Date. RCS will have two (2) options to extend the term for an additional five (5) years each, for a total potential lease term of fifty (50) years.

(2) RCS will have a Due Diligence Period of four (4) months (beginning upon the FAA Approval Date) during which it

11. RECOMMENDED APPROVAL

<u>DEPUTY EXEC DIRECTOR</u>	<u>COMMUNICATIONS AND MARKETING</u>	<u>OTHER</u>	<u>FINANCE</u>	<u>PORT ATTORNEY</u>	<u>EXECUTIVE DIRECTOR</u>
Brian W. McGonagle	Victoria B. Moreland	N/A	David W. Amdor	Andrea R. Fraser	Benjamin R. Siegel

- | | |
|---|---|
| <p>12. SPECIAL MANAGEMENT COMMITTEE RECOMMENDATION:</p> <p>APPROVED
APPROVED as AMENDED
DENIED
OTHER</p> | <p>13. PORT AUTHORITY ACTION:</p> <p>APPROVED
APPROVED as AMENDED
DENIED
DEFERRED to
OTHER</p> |
|---|---|

Background (continued)

may examine the site and investigate permitting conditions, etc., and may terminate without penalty during that period if it is unsatisfied.

(3) RCS will be allowed to use the leased premises only for commercial storage and warehousing operations.

(4) Beginning on the first day of the calendar month immediately following the date that is 4 months after the FAA Approval Date, RCS will pay the Authority "Development Period Rent" of \$9,259.00 per month.

(5) Beginning on the DBO (which will be no later than 36 months after the FAA Approval Date), "Development Period Rent" will be replaced with "Ground Rent," which will initially be \$46,295.00 per month, and a Fire District Fee equal to 2.5 mills, annually, per dollar of the assessed value of the improvements as determined by the Lee County Property Appraiser. (The Fire District Fee is intended to offset the Authority's cost of providing fire protection service to the property, and will be terminated if and when the property is annexed by a fire district with ad valorem taxing power.)

(6) Beginning on the DBO and every three years thereafter, "Ground Rent" will be subject to CPI adjustments.

The addition of a large scale cold storage facility is expected to be an economic benefit to both the region and the airport, diversifying the airport's revenue base by increasing both its aeronautical and nonaeronautical revenue.

Attachments:

1. Contract summary
2. Proposed lease
3. June 7, 2023, Memorandum Re: Aeronautical Uses of RSW Cold Storage Facility