



CCAA BOARD MEMO

Agenda Item: H-1

BOARD MEMO 2022-34

Meeting Date: November 16, 2022

Agenda Title: FOR DISCUSSION AND POSSIBLE ACTION:
AUTHORIZATION TO ISSUE NOTICE OF DEFAULT ON THE KCXP INVESTMENTS, LLC, LEASE ON TAXYWAY C (LEASE RECORDED SETP 5, 2008, AS DOC. NO. 382385) WHICH WAS ENTERED INTO WITH A 2 YEAR REQUIEMENT TO BUILD HANGARS; DETERMIN DEADLINE FOR CURE OF BREACH AND TERMINATION OF LEASE OR OTHER REMEDY. (S. Tackes)

Staff Summary: In 2008, the Authority entered into a lease for hangar construction on a 1.5 acre area along Taxiway C, and allowed an assignment of that lease to KCXP Investments, LLC. Requests for action by the tenant have been made, with the latest being a letter sent by the Airport Manager to the tenant on December 10, 2021. No construction action has taken place. As a result, the Airport Staff recommends that the Authority authorize issuance of the notice of default under the lease giving the tenant a deadline for cure of the breach or termination of the lease.

Agenda Action: Formal Action/Motion

Time Requested: 15 Minutes

Proposed Motion

I move we authorize Staff to issue the Notice of Default to KCXP Investments, LLC, for failure to meet the construction requirements of the lease, and that if the breach is not cured by January 1, 2023, the lease will then be terminated.

CCAA'S Strategic Goal

Maintain financial stability and support economic activity in the region.

Previous Action and Executive Summary

When the Airport Authority moved the fuel island in 2008, it moved the hangar storage portion of that lease to an open area along Taxiway C. Per an agreement between the fuel tenant and Tom Gonzales, the Authority approved an assignment of that lease to KCXP Investments, LLC. The lease required that the construction of hangars be completed within 2 years. Copy of lease attached. The real estate market had a steep downturn shortly after and Mr. Gonzales appeared before the Authority to request some leniency on the 2 year requirement, so the Authority told him he could have a few more years to construct. Over the years, request have been made to Mr. Gonzales to follow through with hangar construction. In December of 2021, the Airport Manager sent a letter notifying Mr. Gonzales that action would be taken to terminate the lease unless he moved ahead with hangar construction as required by the lease. In January of 2022, Mr. Robert Reid, a hangar manager for KCXP Investments, LLC, contacted the Airport Manager and told him they were working on a development plan with other parties. No development has occurred. As a result, the Airport Staff recommends that the Authority decide whether they wish to terminate the lease. If so, then the Authority should set a deadline for KCXP Investments to cure the breach, and authorize Staff to notify the tenant that if not cured then the lease is terminated.

Financial Information

Is there a fiscal impact?

No Yes

If yes, account name/number & amount: 3099 General Fund

General Fund/ Federal Share: Reduction of \$672.26 per month in lease income

Is it currently budgeted?

The current budget includes the \$672.26 per month income.

Alternatives

Grant more time for development of the parcel

Board Action Taken:

Motion: _____ 1) _____
2) _____

Aye/Nay

(Vote Recorded By)