

**COMMERCIAL PROPERTY DEVELOPMENT COMMITTEE
AGENDA**

DATE: JANUARY 18, 2023

DAY: WEDNESDAY

TIME: 1:45 pm

PLACE: CARL T. LANGFORD BOARD ROOM, ORLANDO INTERNATIONAL AIRPORT, ONE JEFF FUQUA BOULEVARD

For individuals who conduct lobbying activities with Aviation Authority employees or Board members, registration with the Aviation Authority is required each year prior to conducting any lobbying activities. A statement of expenditures incurred in connection with those lobbying instances should also be filed prior to April 1 of each year for the preceding year. Lobbying any Aviation Authority Staff who are members of any committee responsible for ranking Proposals, Letters of Interest, Statements of Qualifications or Bids and thereafter forwarding those recommendations to the Board and/or Board Members is prohibited from the time that a Request for Proposals, Request for Letters of Interests, Request for Qualifications or Request for Bids is released to the time that the Board makes an award. The lobbyist shall file a Notice of Lobbying (Form 4) detailing each instance of lobbying to the Aviation Authority within 7 calendar days of such lobbying. Lobbyists will also provide a notice to the Aviation Authority when meeting with the Mayor of the City of Orlando or the Mayor of Orange County at their offices. The policy, forms, and instructions are available on the Aviation Authority's offices web site. Please contact the Chief Administrative Officer with questions at (407) 825-7105.

I. CALL TO ORDER

II. ROLL CALL

III. CONSIDERATION OF MINUTES FOR DECEMBER 14, 2022

IV. CONSENT AGENDA

- A. Recommendation to Approve the Retail Lease Agreement at Colonial Promenade Shopping Center, Orlando Executive Airport, with Gonzo Marketing Services, LLC ("GMS")
- B. Recommendation to Approve the Retail Lease Agreement at Colonial Promenade Shopping Center, Orlando Executive Airport, with PeopleReady Florida, Inc. ("PeopleReady")

On **WEDNESDAY, DECEMBER 14, 2022**, the **COMMERCIAL PROPERTIES DEVELOPMENT COMMITTEE** of the Greater Orlando Aviation Authority met in the Carl T. Langford Board Room located in the main terminal building at the Orlando International Airport (MCO), One Jeff Fuqua Boulevard, Orlando, Florida. Chair Good called the meeting to order at 1:37 p.m. The meeting was posted in accordance with Florida Statutes and a quorum was present.

Committee members present, M. Carson Good, Chairman
 Mayor Buddy Dyer
 Belinda Kirkegard
 Craig Mateer

Also present, Kevin J. Thibault, Chief Executive Officer
 Kathleen Sharman, Chief Financial Officer
 Brad Friel, Director, Planning & Commercial Properties
 Dan Gerber, General Counsel
 Anna Farmer, Manager, Board Services and Recording Secretary

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MINUTES

1. Upon motion by Mr. Mateer, second by Mayor Dyer, motion passed to accept the October 20, 2021 Commercial Properties Development Committee minutes, as written.

NEW BUSINESS ITEMS

2. The following new business items were presented:
- A. Discussion of Committee Meeting Schedule – Meetings will be held quarterly
 - B. Update on Strategic Plan and Intended Outcomes

Discussion ensued on Mr. Thibault's statement referring to the creation of the strategic plan for the Orlando International Airport and the Orlando Executive Airport.

C. Potential Opportunities – Discussion ensued

ADJOURNMENT

3. There being no further business to be considered, Chair Good adjourned the meeting at 1:42 p.m.

(Digitally signed on , 2022)

Anna Farmer
Manager, Board Services and Recording Secretary

Kevin J. Thibault
Chief Executive Officer



GREATER ORLANDO AVIATION AUTHORITY

Orlando International Airport
One Jeff Fuqua Boulevard
Orlando, Florida 32827-4399

MEMORANDUM

TO: Members of the Commercial Properties Development Committee

FROM: Bradley Friel, Senior Vice President, Modal Planning and Environmental

DATE: January 18, 2023

ITEM DESCRIPTION

Recommendation to Approve the Retail Lease Agreement at Colonial Promenade Shopping Center, Orlando Executive Airport, with Gonzo Marketing Services, LLC ("GMS")

BACKGROUND

In 1984, the Aviation Authority entered into a land lease with Mark A. and Rosalind Schurgin, for approximately 16.5 acres at Orlando Executive Airport for construction, operation and maintenance of a retail shopping center. Through successive lease assignments and transfers in lieu of foreclosure, WCPRT Colonial Promenade, LLC (WCPRT), became the lessee. Over a number of years, the improvements on the property deteriorated due to deferred maintenance and in 2016, the Aviation Authority filed for eviction of WCPRT. Thereafter, on July 1, 2017, a settlement agreement was reached and possession of the property was turned over to the Aviation Authority.

Subsequent to receipt of possession, the Aviation Authority limited new tenant leases and renewals to a 12-month term. During that time, Sembler struggled to find suitable tenants and the occupancy rate at Colonial Promenade declined from 67% to 41%. In that regard, Sembler advised Staff that longer-term leases are required in order to increase occupancy. More specifically, longer-term leases are considered necessary for the construction of tenant improvements and to afford tenants sufficient time to recover the cost of their improvements.

On February 19, 2020, this Committee authorized the issuance of up to five-year tenant leases at Colonial Promenade Shopping Center, provided that the Aviation Authority retain the right to terminate any tenant lease prior to expiration without cause, based on an equitable reimbursement of all agreed upon unamortized tenant improvements, if any.

ISSUES

The predecessors in interest of the Aviation Authority and GMS entered into the Shopping Center Lease November 3, 2015, and through subsequent amendments, the premises increased to 6,894 SF, the lease expired in 2021. GMS' need for space increased to 14,943 SF and is currently on a month-to-month space use agreement. The Aviation Authority and GMS desire to enter into a new Retail Lease

Agreement to occupy 15,060 square feet for the operation of a business office call center for health care providers as defined in the lease, for a period of five (5) years. GMS shall pay annual rent of \$210,840.00 (\$14.00 per sq. ft.) with fixed 3% annual base rent escalations and additional rent of \$56,475.00 (\$3.75 per sq. ft.) during the first year, as adjusted annually based on its prorata share of real estate taxes, insurance and common area maintenance of the center. If GMS is required to install a fire sprinkler system the cost of which exceeds \$70,000, GMS has a right to terminate the lease if the Aviation Authority chooses not to reimburse GMS for the excess amount.

The Aviation Authority shall retain relocation rights to similar square footage and improvements upon thirty (30) days prior written notice and reimbursement of reasonable and actual expenses associated with the relocation.

The Aviation Authority shall retain termination rights to redevelop the Shopping Center either in whole or the majority of the land or buildings comprising the Shopping Center with twelve (12) months prior written notice.

ALTERNATIVES

The Committee may elect not to approve the proposed Lease and authorize staff to negotiate terms under the Space/Use Agreement for continued month-to-month occupancy.

FISCAL IMPACT

The fiscal impact is \$1,119,409.80 in base rent revenue for the five-year term, and, annual additional rent revenue of \$56,475.00, adjusted annually based on its prorata share of real estate taxes, insurance and common area maintenance of the center. Funding for the brokerage commission of \$52,710.00 (5%) paid in installments of fifty percent (50%) of each monthly base rental payment actually received by Authority, until paid in full.

The fiscal impact based on a month-to-month occupancy in base rent revenue would be \$17,570.00 per month, and, additional rent revenue of \$4,706.00 per month for its prorata share of real estate taxes, insurance and common area maintenance of the center.

RECOMMENDED ACTION

It is respectfully requested that the Commercial Properties Development Committee accept this recommendation and recommend to the Aviation Authority Board the approval of a Five (5) year Retail Lease Agreement with Gonzo Marketing Services, LLC, at Colonial Promenade, as outlined above, for 15,060 square feet to be used for the operation of a business office call center for health care providers as defined in the lease, at the initial annual rate of \$14.00 per square foot, with 3% annual escalations and annual additional rent of \$3.75 per square foot, as annually adjusted based on operating expense budget and reconciliation.



GREATER ORLANDO AVIATION AUTHORITY

Orlando International Airport
One Jeff Fuqua Boulevard
Orlando, Florida 32827-4399

MEMORANDUM

TO: Members of the Commercial Properties Development Committee

FROM: Bradley Friel, Senior Vice President, Modal Planning and Environmental

DATE: January 18, 2023

ITEM DESCRIPTION

Recommendation to Approve the Retail Lease Agreement at Colonial Promenade Shopping Center, Orlando Executive Airport, with PeopleReady Florida, Inc. ("PeopleReady")

BACKGROUND

In 1984, the Aviation Authority entered into a land lease with Mark A. and Rosalind Schurgin, for approximately 16.5 acres at Orlando Executive Airport for construction, operation and maintenance of a retail shopping center. Through successive lease assignments and transfers in lieu of foreclosure, WCPRT Colonial Promenade, LLC (WCPRT), became the lessee. Over a number of years, the improvements on the property deteriorated due to deferred maintenance and in 2016, the Aviation Authority filed for eviction of WCPRT. Thereafter, on July 1, 2017, a settlement agreement was reached and possession of the property was turned over to the Aviation Authority.

Subsequent to receipt of possession, the Aviation Authority limited new tenant leases and renewals to a 12-month term. During that time, Sembler struggled to find suitable tenants and the occupancy rate at Colonial Promenade declined from 67% to 41%. In that regard, Sembler advised Staff that longer-term leases are required in order to increase occupancy. More specifically, longer-term leases are considered necessary for the construction of tenant improvements and to afford tenants sufficient time to recover the cost of their improvements.

On February 19, 2020, this Committee authorized the issuance of up to five-year tenant leases at Colonial Promenade Shopping Center, provided that the Aviation Authority retain the right to terminate any tenant lease prior to expiration without cause, based on an equitable reimbursement of all agreed upon unamortized tenant improvements, if any.

ISSUES

The Aviation Authority and PeopleReady desire to enter into a new Retail Lease Agreement to occupy 1,226 square feet for the operation of a staffing agency for skilled labor as defined in the lease, for a period of five (5) years. PeopleReady shall pay annual rent of \$34,328.00 (\$28.00 per sq. ft.) with fixed 3% annual base rent escalations and additional rent of \$4,597.50 (\$3.75 per sq. ft.) during the first year, as adjusted annually based on its prorate share of real estate taxes, insurance and common area maintenance of the center.

The Aviation Authority shall retain relocation rights to similar square footage and improvements upon thirty (30) days prior written notice and reimbursement of reasonable and actual expenses associated with the relocation.

The Aviation Authority shall retain termination rights to redevelop the Shopping Center either in whole or the majority of the land or buildings comprising the Shopping Center with twelve (12) months prior written notice.

ALTERNATIVES

The Committee may elect not to approve the proposed Lease.

FISCAL IMPACT

The fiscal impact is \$182,252.01 in base rent revenue for the five-year term, and, annual additional rent revenue of \$4,597.50, adjusted annually based on its prorated share of real estate taxes, insurance and common area maintenance of the center. Funding for the brokerage commission of \$8,582.00 (5%) paid in installments of fifty percent (50%) of each monthly base rental payment actually received by Authority, until paid in full.

RECOMMENDED ACTION

It is respectfully requested that the Commercial Properties Development Committee accept this recommendation and recommend to the Aviation Authority Board the approval of a Five (5) year Retail Lease Agreement with PeopleReady Florida, Inc., at Colonial Promenade, as outlined above, for 1,226 square feet to be used for the operation of a staffing agency business for skilled labor as defined in the lease, at the initial annual rate of \$28.00 per square foot, with 3% annual escalations and annual additional rent of \$3.75 per square foot, as annually adjusted based on operating expense budget and reconciliation.