



MEMORANDUM

City of Venice

Airport

TO: Ed Lavallee, City Manager

THROUGH: Wendy Keller

FROM: Mark J. Cervasio, Airport Director

DATE: August 9, 2019

COUNCIL APPROVAL: Yes

MEETING DATE: September 24, 2019

STRATEGIC PLAN GOAL: Ensure a Financially Sound City

SUBJECT: Authorize the Mayor to execute a Lease Agreement between Horizon 880, LLC and the City of Venice

Background: Horizon 880, LLC ("Lessee") desires to lease approximately 11.8 acres located on Venice Municipal Airport property at 1401 Ringling Drive, commonly referred to as the "circus property" (Premises). The Lessee plans to construct a 130 +/- room hotel, a restaurant, offices catering to medical specialists and possibly a 24-hour urgent care facility on the property. The lease will provide revenue to the Airport fund at fair market value, as required by the Federal Aviation Administration (FAA). In order to give the developer time to secure sub-tenants, prepare plans and go through the City's approval process, the rent schedule is tiered as described on the attached LEASE SUMMARY SHEET along with the term details of the lease.

Currently, The Tito Gaona Trapeze Academy, Inc., (Trapeze Academy) is leasing a portion of the Premises on a month-to-month basis and will be permitted to occupy that portion of the Premises under the terms of its existing lease agreement for a period not-to-exceed ninety (90) days from the Effective Date of this Lease Agreement, if approved. Staff has been able to accommodate the Trapeze Academy with a similar piece of property at the entrance to the festival grounds. This new location will allow for the Trapeze Academy to continue operating with visibility comparable to their current location and not interfere with the traffic flow in and out of the festival grounds. A related item recommending an amendment to the Trapeze Academy's lease addressing the relocation is on this agenda.

The FAA has reviewed and approved all terms in the Lease Agreement.

Requested Action: Staff requests City Council authorize the Mayor to execute the Lease Agreement between Horizon 880, LLC and the City of Venice

If for an agenda item, this document and any associated backup created by City of Venice staff has been reviewed for ADA compliance: Yes

City Attorney Review/Approved: Yes

Risk Management Review: Yes

Finance Department Review/Approved: Yes

Funds Availability (account number): N/A

ORIGINAL(S) ATTACHED: Three (3) Original Lease Agreements signed by Lessee between Horizon 880, LLC and the City of Venice

Cc: N/A

SUMMARY LEASE SHEET

- Effective Date of Lease** 9/24/2019 (Fully executed, City signs last at council meeting)
- Lessor** City of Venice
- Lessee** Horizon 880, LLC, consisting of JCRE Development, LLC, Kent Jacoby, James Eppink, Michael J. Furnari and Robert Rogers.
2. **PREMISES** Address: 1401 Ringling Drive S, Venice, FL 34285 Size: 11.8 acres or 514,008 SFT
PID: 0430090007
3. **USE** Refer to Exhibit "B" (Hotel, Medical building, restaurant) RINGLING PARK
4. **TERM** Seventy Five (75) years – commencing on Effective Date (no renewals) "Lease Term"
6. **RENT** Six (6) months after Effective Date, Lessee shall pay an initial "Monthly Rent" payment in the amount of: \$24,833.33 (8% of appraised value of Premises / 12 months + tax)
- Upon issuance of a building permit to Lessee for any individual structure shown on Exhibit "B", Lessee shall pay an additional Monthly Rent payment in the amount of \$24,833.33.
- Rent Commencement Date:* The issuance of Certificate of Occupancy (CO) for any individual structure shown on Exhibit "B" or 12 months from issuance of building permit, whichever is earlier.
- Rent Schedule to be paid to Lessor each month:*
- i.* \$8,277.78 (1/3 of Monthly Rent upon Rent Commencement Date)
- ii.* \$16,555.56 (2/3 of Monthly Rent 12 months from Rent Commencement Date)
- iii.* \$24,833.33 (Full Monthly Rent five (5) years from the Effective Date)
7. **RENT ADJUSTMENT**
- CPI Adjustments:* Monthly Rent shall be adjusted every five (5) years from Rent Commencement Date using Consumer Price Index.
- Renegotiated Monthly Rent:* At the end of Year 30 and Year 60 of the Lease Term, the Monthly Rent shall be renegotiated based upon an appraisal of the Premises. The renegotiated Monthly Rent shall be calculated at a rate of eight percent (8%) of the fair market value of the Premises, excluding any and all improvements. The Renegotiated Monthly Rent shall be effective at the commencement of Year 31 and Year 61 of the Lease Term, respectfully.