

**PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS  
AGENDA ITEM SUMMARY**

Meeting Date: **March 12, 2013**

[  ] Consent    [   ] Regular  
[   ] Workshop    [   ] Public Hearing

Department:  
Submitted By: **Department of Airports**  
Submitted For:

**I. EXECUTIVE BRIEF**

**Motion and Title:** **Staff recommends motion to approve:** Agreement to Terminate Option Contract for Ground Lease Agreement (Agreement) with A.E.C.O.A., Inc. (A.E.C.O.A.), providing for reimbursement of costs in the amount of \$71,132.52.

**Summary:** This Agreement terminates an Option Contract for Ground Lease (R-2009-0279) (Option Contract) with A.E.C.O.A. in exchange for the reimbursement of costs in the amount of \$71,132.52 incurred by A.E.C.O.A. toward the development of four aircraft hangars at the Palm Beach County Park Airport (Lantana Airport). The proposed development is inconsistent with future redevelopment plans for the Lantana Airport; therefore, staff is recommending termination of the Agreement. A.E.C.O.A.'s current development plans are in the design and permitting stage. In the event the development is completed, the County would be obligated to buyout the cost of the improvements in order to redevelop the area where the hangars are to be located. A.E.C.O.A. has estimated the final construction costs of the project to be approximately \$425,000, exclusive of design costs. **Countywide (AH)**

**Background and Justification:** On February 24, 2009, the Board approved an Option Contract for Ground Lease with A.E.C.O.A. for the option to lease property at the Lantana Airport upon the expiration of the Lease Agreement between the County and Florida Airmotive, Inc., dated May 13, 1986 (R-86-712) (Lease Agreement), for a period of 15 years with one 5-year option in exchange for the development of four aircraft hangars to replace hangars that were demolished due to hurricane damage. In 2009, the Department of Airports had intended to develop infrastructure on the west side of the Lantana Airport's airfield due, in part, to a dispute with Florida Airmotive over the ownership of various improvements. On October 15, 2009, the County filed a lawsuit against Florida Airmotive in an effort to resolve dispute. Detailed planning studies conducted in 2010 revealed that the initial site clearing and infrastructure costs necessary for development of the west side would be approximately \$15 million. On March 20, 2012, the County and Florida Airmotive entered into a Settlement Agreement (R-2012-0414) to enable the Department to plan for the transition of the Lantana Airport upon the expiration of the Lease Agreement on April 1, 2014. In light of the high cost of developing the west side of the Lantana Airport and the settlement of the lawsuit, the Department has refocused its planning efforts on improving the existing facilities and infrastructure on the south side of Lantana Airport. Terminating the Option Contract will allow the Department to provide for the orderly redevelopment of the south side of the Lantana Airport. A.E.C.O.A. has provided a report prepared by an independent certified public accountant in support of the costs to be reimbursed by the County.

**Attachments:**

- 1. Agreement (3)
- 2. Review of A.E.C.O.A. Development Plan by Ricondo & Associates

Recommended By: \_\_\_\_\_ 2/6/13  
Department Director Date

Approved By: \_\_\_\_\_ 2/19/13  
County Administrator Date

**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

| Fiscal Years             | <u>2013</u>            | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--------------------------|------------------------|-------------|-------------|-------------|-------------|
| Capital Expenditures     | _____                  | _____       | _____       | _____       | _____       |
| Operating Costs          | <u>\$71,133</u>        | _____       | _____       | _____       | _____       |
| Operating Revenues       | _____                  | _____       | _____       | _____       | _____       |
| Program Income (County)  | _____                  | _____       | _____       | _____       | _____       |
| In-Kind Match (County)   | _____                  | _____       | _____       | _____       | _____       |
| <b>NET FISCAL IMPACT</b> | <u><u>\$71,133</u></u> | _____       | _____       | _____       | _____       |
| # ADDITIONAL FTE         | _____                  | _____       | _____       | _____       | _____       |
| POSITIONS (Cumulative)   | _____                  | _____       | _____       | _____       | _____       |

Is Item Included in Current Budget? Yes X No \_\_\_\_\_  
 Budget Account No: Fund 4100 Department 120 Unit 1110 Object 4905  
 Reporting Category \_\_\_\_\_

**B. Recommended Sources of Funds/Summary of Fiscal Impact:**

The Agreement provides for the reimbursement of out-of-pocket costs incurred by A.E.C.O.A. toward the development of hangars at the Lantana Airport, which include ground rental, architectural, engineering, permitting, and surveying costs. The County is required to reimburse A.E.C.O.A. within 90 days of the effective date of the Agreement.

C. Departmental Fiscal Review: CM Sumner

**III. REVIEW COMMENTS**

**A. OFMB Fiscal and/or Contract Development and Control Comments:**

K. Davis 2/13/13  
 OFMB  
 2/13/13

Dr. J. Jacobs 2/13/13  
 Contract Dev. and Control  
 2-13-13 B. Wheeler

**B. Legal Sufficiency:**

Anne Helgenst 2-20-13  
 Assistant County Attorney

**C. Other Department Review:**

\_\_\_\_\_  
 Department Director

**C E R T I F I C A T E**  
(Corporation)

The undersigned hereby certifies that the following are true and correct statements:

1. That Marcia Roth is the Secretary of A.E.C.O.A., Inc., a corporation organized and existing in good standing under the laws of the State of Florida, hereinafter referred to as the "Corporation", and that the following Resolutions are true and correct copies of certain Resolutions adopted by the Board of Directors of the Corporation as of the 31<sup>st</sup> day of January, 2013, in accordance with the laws of the State of Florida, the Articles of Incorporation and the By-laws of the Corporation:

RESOLVED, that the Corporation shall enter into that certain Agreement to Terminate Option Contract for Ground Lease Agreement between Palm Beach County, a political subdivision of the State of Florida and the Corporation (the "Agreement"), a copy of which is attached hereto; and be it

FURTHER RESOLVED, that Rudolf Roth, the President of the Corporation, is hereby authorized and instructed to execute such Agreement and such other instruments as may be necessary and appropriate for the Corporation to fulfill its obligations under the Agreement.

2. That the foregoing resolutions have not been modified, amended, rescinded, revoked or otherwise changed and remain in full force and effect as of the date hereof.

3. That the Corporation is in good standing under the laws of the State of Florida, and has qualified, if legally required, to do business in the State of Florida and has the full power and authority to enter into such Agreement.

**IN WITNESS WHEREOF**, the undersigned has set his hand and affixed the Corporate Seal of the Corporation the 31<sup>st</sup> day of January, 2013.



[Signature]

Corporate Seal

MARCIA ROTH, Secretary

**AGREEMENT TO TERMINATE  
OPTION CONTRACT FOR GROUND LEASE AGREEMENT  
PALM BEACH COUNTY PARK AIRPORT**

**THIS AGREEMENT TO TERMINATE OPTION CONTRACT FOR GROUND LEASE AGREEMENT** (this "Agreement") is made and entered into this \_\_\_\_\_ by and between **Palm Beach County**, a political subdivision of the State of Florida, ("County") and **A.E.C.O.A., Inc.**, a Florida corporation, having an address 315 Fairway Court, Atlantis, FL 33462 ("A.E.C.O.A."). County and A.E.C.O.A. are sometimes referred to herein individually as a "party" and collectively as the "parties".

**WITNESSETH:**

**WHEREAS**, the County and A.E.C.O.A. entered into that certain Option Contract for Ground Lease dated February 24, 2009 (R-2009-0279) ("Option Contract"), for the option to lease certain real property at the Palm Beach County Park Airport ("Lantana Airport") from the County upon the expiration of that certain Lease Agreement between Florida Airmotive, Inc., and the County dated May 13, 1986 (R-86-712) ("FAM Lease"), subject to the terms and conditions set forth in the Option Contract and Ground Lease Agreement (as defined in the Option Contract); and

**WHEREAS**, the County desires to terminate the Option Contract, and A.E.C.O.A. has agreed to the termination of the Option Contract, subject to reimbursement of certain costs incurred by A.E.C.O.A. pursuing the development and construction of aircraft hangars at the Lantana Airport.

**NOW, THEREFORE**, in consideration of the premises and of the mutual covenants herein contained, and other good and valuable consideration, the receipt of which the parties hereby expressly acknowledge, the parties hereto covenant and agree to the following terms and conditions:

1. Recitals. The foregoing recitals are true and correct and are hereby incorporated herein by reference.
2. Termination of Option Contract. The parties hereby agree that the Option Contract shall be terminated in its entirety upon the effective date of this Agreement, whereupon the parties shall be released from all further obligations under the Option Contract. Upon termination of the Option Contract, A.E.C.O.A. acknowledges and agrees that it shall no longer have an option to lease the Property (as defined in the Option Contract) from the County upon the expiration of FAM Lease. A.E.C.O.A. acknowledges and agrees that nothing in this Agreement shall be construed as modifying the rights or obligations of A.E.C.O.A. under its current subleases with Florida Airmotive, Inc.
3. Reimbursement of Costs. The County shall reimburse A.E.C.O.A. in the amount of Seventy One Thousand One Hundred Thirty Two Dollars and 52/100 (\$71,132.52) within ninety (90) days of the effective date of this Agreement.
4. Inspector General. Palm Beach County has established the Office of the Inspector General in Palm Beach County Code, Section 2-421 - 2-440, as may be amended. The Inspector General's authority includes but is not limited to the power to review past, present and proposed County contracts, transactions, accounts and records, to require the production of records, and to audit, investigate, monitor, and inspect the activities of County's contractors, including A.E.C.O.A., its officers, agents, employees and lobbyists, in order to ensure compliance with contract requirements and detect corruption and fraud. Failure to cooperate with the Inspector General or interfering with or impeding any investigation shall be in violation of Palm Beach County Code, Section 2-421 - 2-440, and punished pursuant to Section 125.69, Florida Statutes, in the same manner as a second degree misdemeanor.
5. No Third Party Beneficiaries. No provision of this Agreement is intended to, or shall be construed to, create any third party beneficiary or to provide any rights to any person or entity not a party to this Agreement, including but not limited to any citizen or employees of County and/or A.E.C.O.A.

6. Paragraph Headings. The heading of the various articles and sections of this Agreement are for convenience and ease of reference only, and shall not be construed to define, limit, augment or describe the scope, context or intent of this Agreement or any part or parts of this Agreement.

7. Governing Law. This Agreement shall be governed by and in accordance with the laws of the State of Florida.

8. Venue. Venue in any action, suit or proceeding in connection with this Agreement shall be filed and held in a State court of competent jurisdiction located in Palm Beach County, Florida.

9. Effective Date. This Agreement shall become effective when signed by all parties and approved by the Palm Beach County Board of County Commissioners.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

SHARON R. BOCK, Clerk &  
Comptroller

PALM BEACH COUNTY, a  
political Subdivision of the State of Florida,  
by its Board of County Commissioners

By: \_\_\_\_\_  
Deputy Clerk

By: \_\_\_\_\_  
Steven L. Abrams, Mayor

APPROVED AS TO FORM  
AND LEGAL SUFFICIENCY:

APPROVED AS TO THE TERMS AND  
CONDITIONS:

\_\_\_\_\_  
Assistant County Attorney

\_\_\_\_\_  
Director, Department of Airports

Signed, sealed and delivered  
in the presence of two (2)  
witnesses for A.E.C.O.A.:

A.E.C.O.A., Inc., a Florida corporation

Signature: ALDEFONSO GOMEZ

Print Name

Signature

Print Name

By: \_\_\_\_\_  
Name: RUDOLF ROTH  
Title: PRESIDENT

(Corporate Seal)



January 23, 2013

Ms. Laura Beebe  
Deputy Director, Airports Business Affairs  
Palm Beach County Department of Airports  
846 Palm Beach International Airport  
West Palm Beach, FL 33406-1470

RE: A.E.C.O.A. T-Hangar Construction Proposal Review - Palm Beach County Park Airport

Dear Ms. Beebe:

As requested, Ricondo & Associates, Inc. (R&A), in conjunction with Slack, Johnston, & Magenheimer, Inc. (SJM), has conducted an independent review of the proposed hangar development that is currently being planned by A.E.C.O.A. (AECO) at the Palm Beach County Park Airport (LNA or the Airport). The purpose of this review is to determine the compatibility of the proposed hangars with the future operation of the airport once the Palm Beach Department of Airport's (DOA) lease with Florida Airmotive, Inc. (FAM) expires in 2014. The DOA is now considering options to either procure a third-party Fixed Base Operator (FBO) to lease, manage, develop and operate the southern portion of the Airport, or have the DOA assume these responsibilities when FAM's lease expires. This letter serves to summarize the findings of our independent review as it relates to current DOA business and facility planning initiatives for LNA upon expiration of the lease agreement between the DOA and FAM.

On May 13, 1986, the DOA entered into a lease agreement with FAM to provide FBO services at LNA. On June 1, 2008, FAM entered into a sublease agreement with AECO with the intent of constructing four t-hangars adjacent to the existing 600 series port-a-port t-hangar buildings at LNA. On February 24, 2009, Palm Beach County entered into an Option Contract for Ground Rent with AECO in consideration of AECO's plan to construct the t-hangars. Although the t-hangars have yet to be constructed, AECO has recently informed the DOA that they have proceeded with the design of the hangars. AECO has estimated the overall construction costs for the four t-hangars to be \$425,000. Furthermore, AECO has indicated that it has incurred additional costs of approximately \$77,000 for professional services and fees.

At the time that the DOA executed the Option Contract for Ground Rent with AECO in 2009, the DOA had intended to develop infrastructure along the west side of the airfield to support future aviation tenant facility development. This planned development was consistent with the future facility development depicted on the current LNA Airport Layout Plan (ALP) that was approved in 2006.

In 2010, the DOA conducted a detailed site planning effort for west side of the airport. This study determined that the initial site clearing and infrastructure development costs necessary to support

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TEL (305) 260-2727 • FAX (305) 260-2728

Attachment # 2



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development on the west side of LNA were nearly \$15 million. These costs considered the development of taxiways, roadway access from Congress Avenue, and utilities. Combined with the decrease in general aviation demand at LNA, and throughout the country, the DOA determined that it should defer its investment in infrastructure on the west side of LNA. Instead, the DOA has refocused its efforts on improving its existing facilities and infrastructure on the south side of LNA and plans to procure the services of a new FBO to lease, manage, develop and operate the southern portion of the airport.

Given the DOA's recent shift in development priorities and management approach for LNA, we have concluded that the t-hangar development proposed by AECO A would adversely affect the DOA's current business and facility planning initiatives for LNA for the following reasons:

- **Incompatibility with the DOA's current facility planning initiatives for LNA:** During the past year, R&A and SJM have been assisting the DOA with evaluating potential options for improving capital assets and infrastructure at LNA. Most recently, R&A developed a south-side redevelopment plan for LNA that resulted in the preparation of a conceptual site improvement plan for the entire FAM leasehold. The planning analysis considered the potential future use of existing facilities, as well as future development opportunities. This effort determined that the existing t-hangars that are adjacent to AECO A's proposed t-hangars are at the end of their useful life, and therefore would need to be abandoned or demolished. While this would not preclude the development of the four t-hangars proposed by AECO A, doing so would restrict the ability to redevelop other aviation facilities, such as larger conventional or maintenance hangars that would yield greater revenue generation capabilities, on or adjacent to the planned development site.
- **Potential hindrance to procuring a new FBO:** If the DOA plans to procure the services of a new FBO to manage property and assets at LNA once the lease with FAM expires in 2014, the AECO A development would restrict the prospective FBO from developing new facilities on the site. As a result, revenue generating capabilities by the FBO would be impeded. Although the prospective FBO could acquire the t-hangars from AECO A in lieu of carving out a portion of the leasehold area, the compensation would likely not be financially viable to the FBO based on a comparison of cost and achievable rents. This may either discourage some FBOs from pursuing the opportunity altogether, or reduce the leasehold revenues to both the FBO and DOA.

Although it may be possible to develop t-hangars at another location at LNA, AECO A has not expressed an interest to do so at this time. For these reasons, it is recommended that the DOA terminate its Option Contract for Ground Rent with AECO A as soon as practical. To compensate AECO A, it is likely that the DOA would be required to reimburse AECO A for the direct costs that they have incurred to date, including fees for professional services and rental costs to FAM, if any. By terminating the Option Contract prior to



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construction of the t-hangars, the additional costs associated with acquiring the four t-hangars would be avoided. Based on AECOA's estimated construction costs, this would avoid the cost of terminating the Option Contract by approximately \$425,000.

We appreciate the opportunity to assist the DOA in reviewing proposed development initiatives at LNA. Please do not hesitate to call if you have any questions or comments regarding this analysis.

Sincerely,

RICONDO & ASSOCIATES, INC.

A handwritten signature in black ink, appearing to read "David Ramacorti". The signature is fluid and cursive.

David Ramacorti, C.M.  
Director

cc: 09-04-0624-3156A  
Jerry Allen (DOA)  
Gary Sypek, (DOA)  
Pete Ricondo (R&A)  
Remy Lucette (R&A)  
Andy Magenheimer (SJM)  
Read File