

Proposed Facility Acquisition
Workshop – Item 7
March 2, 2015



Facility Background

- The Flagler BoCC entered into Ground Lease with a local developer for both Airport Corporate Center and Triangle Air on November 6, 2006. Subsequently, facilities were constructed and rented to tenants by the developer.
- Both of the County's land leases to the developer became severely delinquent and the Airport issued a letter of default for both properties on May 24, 2013. The developer stopped making rental payments to the County on June of 2012 and requested extensions of its obligations claiming it was seeking additional funds in good faith.
- The bank that loaned money on the two projects, Fifth Third Bank, issued its own defaults and eventually filed foreclosure actions against the local developer.
- The developer filed bankruptcy (Chapter 11) on Triangle Air property which stopped the bank from proceeding to obtain a foreclosure judgment for the property. The Triangle Air property had a positive cash flow while the Airport Corporate Center property did not.



Facility Background (cont.)

- The County contended that its default against the bank as the backup obligor of the Triangle Air property was not stayed by the filing of the bankruptcy action. The County contended that the bank had a duty to cure the default under the County's agreement with the developer and the bank or risk cancellation of the land lease.
- The bank agreed with the County's legal position and paid the County \$62,862. The bankruptcy court concurred by issuing an order confirming the County's legal position and the bank's payment.
- The bank also paid up the default for Airport Corporate Center in the amount of \$12,577.41 in June of 2013.
- In the remainder of the bankruptcy proceedings for Triangle Air the bank made clear it was intending to challenge the legal validity of the developer's bankruptcy and the disclosures that had been made. At the evidentiary hearing, the developer voluntarily dismissed the bankruptcy.



Facility Background (cont.)

- The bankruptcy dismissal allowed the bank to resume the foreclosure process.
- The court issued a final judgment in July of 2014 on the foreclosure of both the Triangle Air and Airport Corporate Center properties and ordered a judicial sale of the properties.
- In September 2014, Fifth Third Bank purchased the properties at the public sale by bidding its debt and then proceeded to perfect its title interest to the properties.
- Following Fifth Third Bank's perfecting its title interest, the County Administrator began discussions with the bank on purchasing the facilities.

Facility Acquisition



TWO SITES, THREE BUILDINGS, TOTALLY 58,327 SQ. FT.

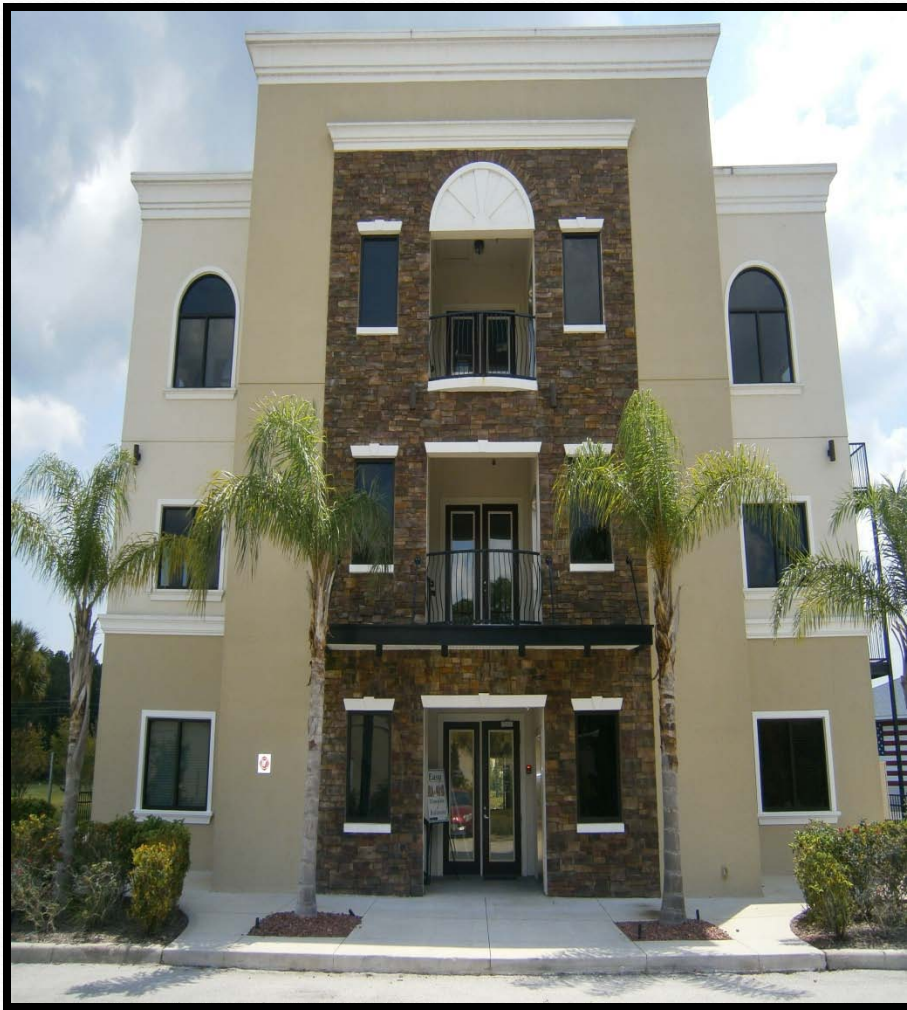


Site 1- Airport Corporate Center





Airport Corporate Center



- Constructed in 2007
- 7,587 sq. ft., three story facility, with elevator.
- Each floor is 2,529 sq.ft.
- Current Tenants:
 - Edward Jones Financial
 - Alexander Levin, DDS
- 5,058 sq. ft. available for lease
- Half of the 2nd floor is finished and the 3rd floor is unfinished.



Airport Corporate Center

Estimated Common Area Maintenance (CAM) Exp.

Item	Monthly Amount	Annual Amount
Water and Sewer	\$250.00	\$3,000.00
Common Lighting	\$200.00	\$2,400.00
Lawn and Parking Lot	\$250.00	\$3,000.00
General Bldg. Maintenance	\$1,000.00	\$12,000.00
Garbage Collection	\$140.00	\$1,680.00
Insurance	\$175.00	\$2,100.00
Pest Control	\$34.00	\$408.00
Termite Treatment	\$0.00	\$0.00
Elevator Maintenance	\$210.00	\$2,520.00
Fire Sprinkler Inspection and Maintenance	\$250.00	\$3,000.00
Total	\$2,509.00	\$30,108.00



Airport Corporate Center Summary

Item	Monthly	Annually
Revenues		
Airport Corporate Center	\$1,545.00	\$18,540.00
CAM	\$840.00	\$10,080.00
Subtotal	\$2,385.00	\$28,620.00
Expenses		
Airport Corporate Center	\$2,509.00	\$30,108.00
NET	(\$124.00)	(\$1,488.00)

*The Airport Corporate Center is not fully occupied at this time. This facility currently has 5,058 sq. ft available for lease.



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Site 2-Triangle Air Facility



- The Triangle Air Facility consists of two buildings.
- Bldg. 1 has both airside (23,100 sq. ft. of hangar space) and landside (13,890 sq. ft. of office space) access.
- Bldg. 2 has only landside (14,700 sq. ft. of office/warehouse space) access.



Triangle Air Facility (Bldg. 1, Landside)

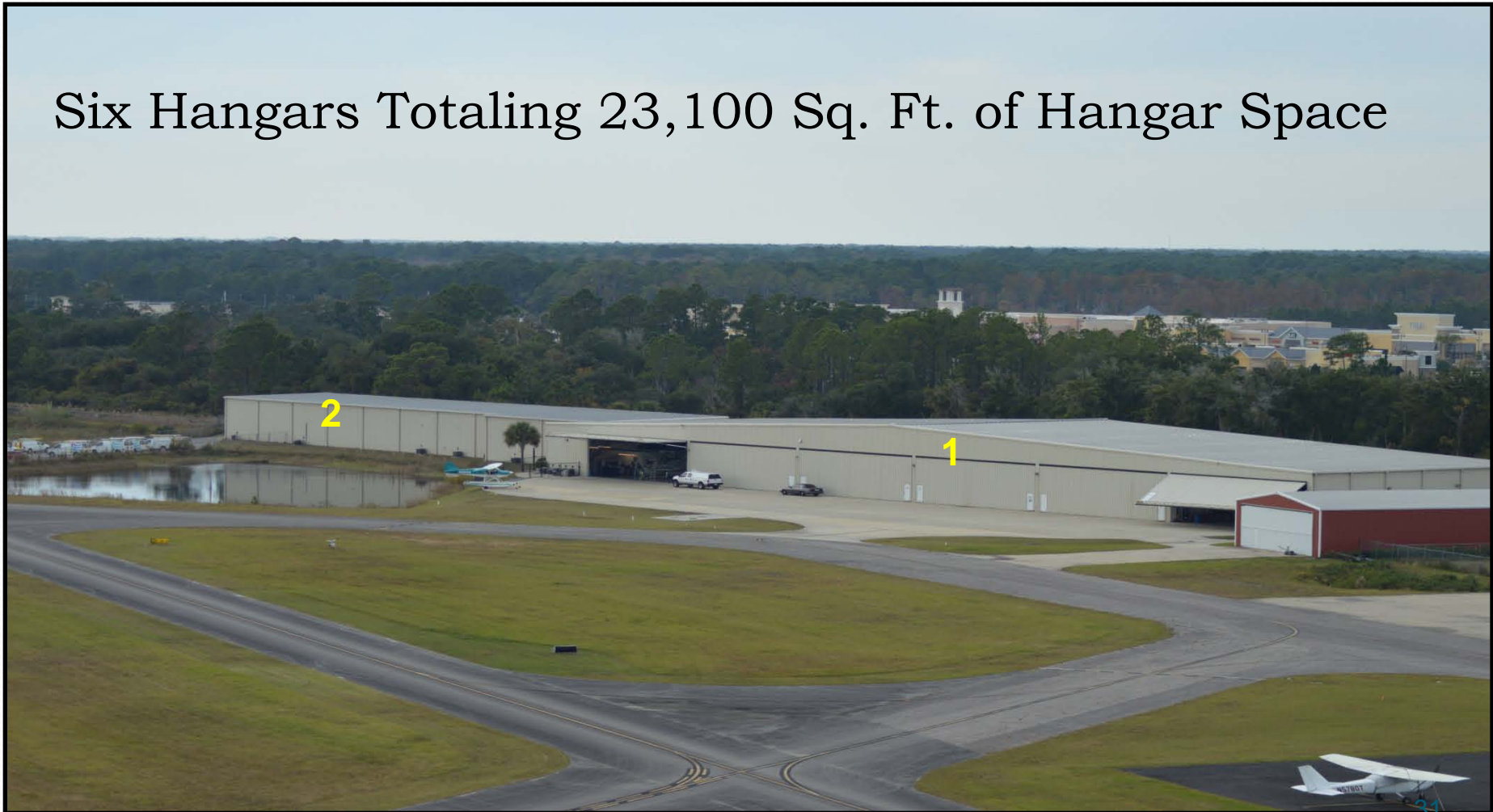
13,890 Sq. Ft. of Office Space





Triangle Air Facility Bldg. 1, (Airside)

Six Hangars Totaling 23,100 Sq. Ft. of Hangar Space





Triangle Air Facility Bldg. 1 (Landside)

- Constructed in 2007
- Facility has both landside and airside access
- Consists of 13,890 sq. ft. of office space (landside) and 23,100 sq. ft. of hangar space (airside), 36,990 sq. ft. total.
- Current Tenants
 - TBD Partners
 - Olga's Hair Salon
 - New Way Church
 - Bear Cat Fitness
- Two office spaces available for lease (2,507 sq. ft.)





Triangle Air Facility Bldg. 1 (Airside)



- Consists of Six Hangars, each containing a full bathroom
- Concrete apron
- Current Tenants:
 - Ryan Aviation (2 units)
 - New Way Church
 - Flagler Co. Sheriff's Office
 - Mills Aviation Charities
- One hangar available for lease (3,600 sq. ft.)



Triangle Air Facility (Bldg. 2)



- Constructed in 2007
- 13,750 sq. ft. facility for office/warehousing use.
- Landside access only
- Current tenants
 - Palm Coast Gymnastics
 - AT&T
- This building is fully occupied.



Triangle Air Facility

Estimated Common Area Maintenance (CAM) Exp.

Item	Monthly Amount	Annual Amount
Water and Sewer	\$350.00	\$4,200.00
Common Lighting	\$300.00	\$3,600.00
Lawn and Parking Lot	\$300.00	\$3,600.00
General Bldg. Maintenance	\$1,500.00	\$18,000.00
Garbage Collection	\$140.00	\$1,680.00
Insurance	\$1,175.00	\$14,100.00
Pest Control	\$34.00	\$408.00
Fire Sprinkler Inspection and Maintenance	\$300.00	\$3,600.00
Total	\$4,099.00	\$49,188.00



Triangle Air Summary

Item	Monthly	Annually
Revenues		
Triangle Air	\$39,624.12	\$475,489.44
Expenses (CAM)		
Triangle Air	\$4,099.00	\$49,188.00
NET	\$35,525.12	\$426,301.44

*Triangle Air is not fully occupied at this time. This facility currently has 6,107 sq. ft available for lease.



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Lease Space Summary

Facility	Total # of Units	Leased Sq. Ft.	Vacant Sq. Ft.	Total Sq. Ft.
Airport Corporate Center	5	1,058	5,058	6,116
Airport Corporate Center (Condo)	1	1,471	0	1,471
Triangle Air (Bldg. 1) Office Space	12	11,383	2,507	13,890
Triangle Air (Bldg. 1) Hangar Space	6	19,500	3,600	23,100
Triangle Air (Bldg. 2)	11	13,750	0	13,750
TOTALS	35	47,162	11,165	58,327



Rollup (Current)

Revenues vs. Expenses

Item	Monthly	Annually
Airport Corp Center Revenues	\$2,385.00	\$28,620.00
Triangle Air Revenues	\$39,624.12	\$475,489.44
Sub Total	\$42,009.12	\$504,109.44
Airport Corp Center Operating Expense	\$2,509.00	\$30,108.00
Triangle Air Operating Expense	\$4,099.00	\$49,188.00
Financing (\$2,750,000/15 Yrs/4%)	\$20,342.00	\$244,104.00
Sub Total	\$26,950.00	\$323,400.00
Net	\$15,059.12	\$180,709.44



Vacant Space Potential Revenue

Facility	Vacant Space	Monthly Revenue	CAM (Annual)	Annual Revenue
Airport Corporate Center	5,058	\$6,323.50	\$20,232.00	\$75,870.00
Triangle Air, Bldg. 1, Office Space	2,507	\$2,089.00	\$3,008.00	\$25,070.00
Triangle Air, Bldg. 1, Hangar Space	3,660	\$1,800.00	\$4,392.00	\$21,600.00
Subtotal	11,225	\$10,211.50	\$27,632.00	\$122,540.00
GRAND TOTAL				\$150,172.00



LEASED SPACE OCCUPANCY ISSUES

- Sheriff may be moving to a new Operation Center soon.
- New Way Church lease expires in February 2016. Airport staff is working with the FAA to extend the lease two years. The Church has expressed an interest in extending for two years.
- Half of the second floor and all of the third floor will need to be finished in the Airport Corporate Center facility.
- One unit (1,471 sq.ft.) on the 1st floor of Airport Corporate Center was sold as a condominium. We will only receive CAM from this owner.
- Miscellaneous repairs to Triangle Air will need to be made, painting, lighting, and gate.



PROPOSED PURCHASE PRICE

\$2,750,000



Appraisals

Company	Airport Corporate Center	Triangle Air	Combined Total
*William H. Benson	\$505,000	\$2,630,000	\$3,135,000
*Southern Appraisal Corporation	\$450,000	\$2,600,000	\$3,050,000
Fifth Third Bank (5/14)	\$650,000	\$3,500,000	\$4,150,000

*Note: County ordered appraisals; Both County appraisals were reviewed by a third reviewing appraiser from Clayton, Roper and Marshall, Inc. The reviewing appraiser confirmed the validity of the numbers and assumptions in the two appraisals.

All appraisals and reviewer results are online included in the backup.



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Financing

Loan Amount: \$2,750,000

Term: 10 Year Fixed

15 year amortization

APR: 3.95%





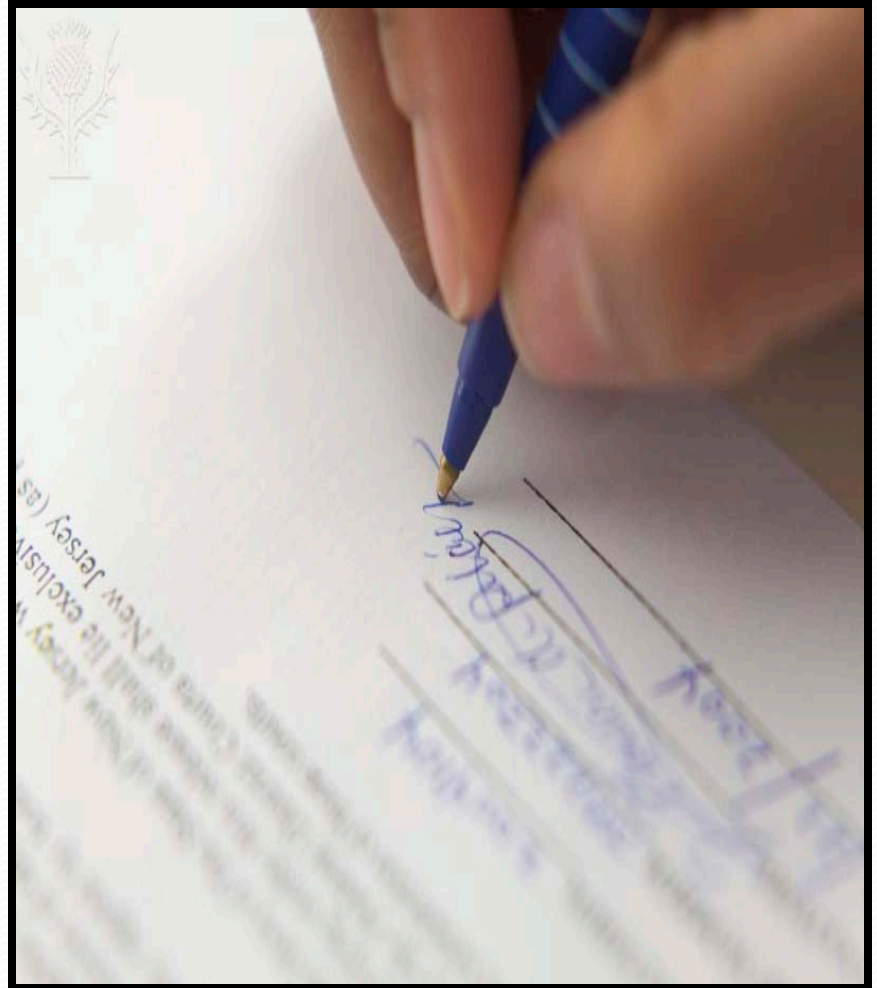
TERMS OF THE PURCHASE AGREEMENT

- 30 Day Due Diligence
- 30 Day Close
- Minimal to do, due to County ownership of property.
- Modern Construction, 2007
- Familiar with tenants and their leases.
- Hoping to close sooner, by March 31st.



Next Steps

- Today seeking approval of the overall concept for acquisition.
- March 16th, Approval of Purchase Agreement
- March 16th, Approval Bank Loan Financing
- Authorize County Staff to address any other issues necessary to close on the property.



QUESTIONS?

