EXPLANATION OF CONSENT AGENDA ITEM E.2.c.(7) November 16, 2016

ITEM:

Consideration of approving entering into a five (5) year Lease Agreement with Space Exploration Technologies Corp. (SpaceX) subject to review and approval by General Counsel/Port Attorney.

Request approval of the Lease Terms and grant the CEO the authority to request the Commission Chairman to sign subject to review and approval by General Counsel/Port Attorney.

EXPLANATION:

Through our Broker, Lightle Beckner Robison, Staff has received a LOI to lease the former SpaceHab building located at 620 Magellan Rd under the following terms and conditions:

Building: 53,360 sf Land: ± 4 acres

Lease Commencement Date:	within 3 month
Lease Term:	5 years
Usage:	Office & Warehouse space
Annual Rent ($8.00 sf per year) :	$306,880.00*
Port Infrastructure Fee ($.50 sf per year):	$26,680.00
Additional Land (non exclusive roadway access) ($.90 per sf per year):	$49,110.01
Additional Land (use or expansion of Retention Pond) $.90 per sf per year):	$11,880.00
Capital Improvements –paid by tenant:	$250,000 NTE
Broker Commission (expensed over the life of the lease):	$90,000

SpaceX will be responsible for funding and completing all improvements. CPA agrees to reimburse SpaceX for half the actual cost of the improvements by reducing monthly rent in the amount of $10,000, however, the maximum reimbursement will not exceed $250,000.

*Base Rent for the first twenty-five (25) months of the Lease Term will be reduced by $10,000 per month until the actual cost of the tenant improvements are completed. The maximum amount of the reduction in rent shall not exceed $250,000.

SpaceX will construct within the existing property line, a hangar building approximately 44,000 sf according to Florida Building Codes and approved by CPA and permitted by CPA Building Department.

CPA will grant a non-exclusive roadway easement for the purpose of transporting the SpaceX rocket booster from the dock to the Premises. The cost of constructing the road and required improvements shall be the sole cost of SpaceX. The road shall be a "non-exclusive road" for use by all Port Tenants, however, SpaceX will have exclusive use on launch days for up to six (6) hours for transporting the rocket booster from the cargo pier to the Lease Premises.

CPA will provide area to expand or provide capacity within the existing retention pond to handle stormwater from the new 44,000 sf hangar building. SpaceX will at their sole cost hire an engineer to calculate required stormwater retention and if required have the expansion engineered and constructed at their sole cost.

Funding Review by Finance (Pat Poston): If approved, the broker commission related to this item, in the amount of $90,000, will be amortized over the life of the lease. As an operational expense, it is included in the FY17 Operating Budget, and will be included in future FY Operating Budgets as applicable.

Staff recommends approval.

Prepared by Diane Denig/Scott Shepard *dd/ss*