



CITY OF CONCORD

REPORT TO MAYOR AND CITY COUNCIL

FROM: Matthew R. Walsh, Deputy City Manager - Development

DATE: March 7, 2023

SUBJECT: Supplemental Report - Concord Airport Development Zone 3D
United Therapeutics Corporation Lease

Recommendation:

Accept this report and approve the following proposed modifications to the draft lease agreement with United Therapeutics Corporation concerning Development Zone 3D at the Concord Municipal Airport.

Background:

As part of the City Council's February 13, 2023 agenda packet, City Administration provided a report, resolution, and draft lease agreement with United Therapeutics Corporation concerning development of a new corporate aircraft hangar at Airport Development Zone 3D. Said resolution which authorizes the City Manager to execute the proposed lease agreement is scheduled for public hearing on March 13, 2023.

Discussion:

Attached, please find a modified draft lease agreement for the Council's consideration. Proposed modifications are shown in "red lined" track changes. Proposed changes are as follows:

- 1) **Completion Date:** The revised lease stipulates that the proposed hangar shall be substantially complete by October 31, 2024. Substantial completion is defined as the project securing a Certificate of Occupancy from the City.
- 2) **Sureties:** United Therapeutics Corporation has requested modifications to financial surety requirements set forth in Article XII of the lease agreement. Specifically, the lessee has requested the ability forgo requiring their general contractor / construction manager to provide payment and performance bonds for the project, as such requirement is contrary to the lessee's customary business practices for its construction contracts. In lieu of a payment and performance bond, the "completion bond" to be provided by United Therapeutics Corporation has been strengthened to include a specific financial surety in the amount of the estimated cost of construction of the project (currently estimated at approximately \$20 million), as well as a guarantee that the new hangar will achieve substantial completion by October 31, 2024. Should the lessee fail to complete the project, the City would have the right to call said surety and either complete or demolish the project at no cost to the Airport or the taxpayers.

City Administration is comfortable with these proposed modifications.