



CITY OF NEW BEDFORD
JONATHAN F. MITCHELL, MAYOR

June 23, 2022

City Council President Ian Abreu and
Honorable Members of the City Council
City of New Bedford
133 William Street, Room 215
New Bedford, MA 02740

Dear Council President Abreu and Honorable Members of the Council:

I am submitted to you on behalf of the New Bedford Airport Commission a Lease Extension and Amendment.

The highlights of the Lease Extension and Amendment consist of a significant rent increase during the first five extension years with subsequent increases tied to CPI adjustments, incorporating by reference the Airport Leasing Policy, and most importantly, the Airport Commission negotiated a \$200,000.00 transfer fee as a result of the change in stock ownership from the current sole shareholder, Margaret B. Vulgaris, to the new shareholder, Patriot State Storage, LLC. I have also enclosed a Memorandum from Carlos A. DaCunha which outlines the Lease terms in greater detail.

I ask for your approval of this proposed Lease extension and Amendment.

Thank you for your consideration of this important matter.

Sincerely,

Jon Mitchell
Mayor

EJ/mgr

Attachments:

June 1, 2022, Memo from Carlos A. DaCunha, Commission Chairperson
Proposed Lease Extension and Amendment

MEMORANDUM

TO: New Bedford Mayor Jonathan F. Mitchell

FROM: Carlos A. DaCunha, Commission Chairperson

Carlos A. DaCunha,
Chairperson

Digitally signed by Carlos A. DaCunha,
Chairperson
DN: c=Carlos A. DaCunha, Chairperson, ou=New Bedford Airport Commission,
email=Carlos.DaCunha@newbedford-ma.gov,
cn=CS
Date: 2022.06.06 12:33:14 -0400

SUBJECT: Modification of Lease Agreement

cc: Scot Servis, Airport Manager

DATE: June 1, 2022

Honorable Mayor Mitchell,

By unanimous vote, the New Bedford Airport Commission at its meeting on Tuesday, May 31, 2022 approved a number of modifications to a Lease Agreement originally entered into by the City of New Bedford through its Airport Commission, as "Lessor" and Margaret B. Dinsmore, as "Lessee" (the "Lease Agreement", a copy of which is herewith attached for reference), and thereafter amended on April 13, 1994, which amendment generally provided for the following details: (a) an acknowledgment by the Lessor that the Lease Agreement had been assigned by the Lessee to an entity known as Airport Mini Storage, Inc., of which Margaret B. Vulgaris (who was the same person as Margaret B. Dinsmore) was its duly elected President, and (b) the Lessee be permitted to construct and occupy buildings consisting of approximately 39,745 square feet which may be used for storage and commercial use, as per zoning code.

The Lessee legal counsel, George J. Leontire, provided the Commission with correspondence (which is also herewith attached for reference) outlining the request for modifications.

Similarly, the Lessee's legal counsel also provided a communication from Eric Nadelman, Member on behalf of Patriot State Storage LLC of 32 Mayfair Road Warwick, RI 02888, which is a limited liability partnership between E&L Ventures LLC of Rhode Island and State Storage Midwest LLC of Golden Valley, Minnesota, which is complimented by Lessee's counsel additional email message referencing that Patriot State Storage LLC has apparently agreed to acquire the Lessee's corporate stock for \$4,000,000. Both communications are also attached for reference.

The following are the modifications approved by the Commission:

- a) Amend maturity date, from 07/31/2035 to 07/31/2062
- b) Yearly rental payments shall remain the same, as currently in effect through 07/31/2035. Thereafter, and on the basis of an appraisal report that was prepared for the Commission (as is herewith attached for reference) it would then increase to \$40,000 for the 5-year period, starting on 08/01/2035 and ending on 07/31/2040, and be modified every five years thereafter by the cumulative CPI index as follows:

<u>Start</u> <u>Year</u>	<u>End</u> <u>Year</u>	<u>Yearly</u> <u>Rent</u> <u>Amount</u>	
8/1/1985	7/31/1990	\$15,897.80	
8/1/1990	7/31/1995	\$17,795.80	
8/1/1995	7/31/2000	\$19,693.80	
8/1/2000	7/31/2005	\$21,591.80	
8/1/2005	7/31/2010	\$23,489.80	
8/1/2010	7/31/2015	\$25,387.80	
8/1/2015	7/31/2020	\$27,285.80	
8/1/2020	7/31/2025	\$29,183.80	
8/1/2025	7/31/2030	\$31,081.80	
8/1/2030	7/31/2035	\$32,979.80	
8/1/2035	7/31/2040	\$40,000.00	First payment change
8/1/2040	7/31/2045		Previous annual rent amount plus trailing 5 Year Cumulative CPI adjustment
8/1/2045	7/31/2050		Previous annual rent amount plus trailing 5 Year Cumulative CPI adjustment
8/1/2050	7/31/2055		Previous annual rent amount plus trailing 5 Year Cumulative CPI adjustment
8/1/2055	7/31/2060		Previous annual rent amount plus trailing 5 Year Cumulative CPI adjustment
8/1/2060	7/31/2062		Previous annual rent amount plus trailing 5 Year Cumulative CPI adjustment

For this purpose, "CPI Index" to be defined, as proposed by Lessee legal counsel as "the Consumer Price Index for Urban Wage Earners and Workers for Boston-Brockton-Nashua, MA-NH-CT (Base Period 1982-84=100) as published by the United States Department of Labor, Bureau of Labor Statistics." If the CPI Index is not available on the Change Date, then the Commission shall determine in its sole discretion a replacement index.

The mechanics of the adjustments to mean that "the Fixed Payment will increase by an amount equal to the product of (i) the Fixed Payment for the immediately preceding sixty (60)-month period (as increased by all prior increases in the CPI), and (ii) the cumulative increase in CPI for the period starting on the beginning date of the Last Renewal Option to the date of the Current Renewal Option. However, the CPI Escalation shall never be less than zero."

- c) As bargained for consideration for the granting of these Lease Agreement modifications, the Lessee shall pay the Commission, at the time of execution of these Lease Agreement modifications, a Transfer Fee equal to 5% of the amount of the sale of the Lessee corporate stock, or (\$4,000,000 x 5% = \$200,000)
- d) The Lease Agreement, upon modification shall be subject to the Airport Leasing Policy, at all times in effect
- e) On 7/31/2062, the consideration by the Commission of any further extension or further renewal of the Lease Agreement term, the transfer of ownership of improvements, or the removal of the improvements shall be determined by the terms of the Airport Leasing Policy then in effect
- f) Upon modification of the Lease Agreement, Margaret B. Vulgaris would be released from all liability, direct or contingent, to the Commission or the City of New Bedford relative to the terms and conditions contained on the Lease Agreement

We would like to thank you in advance for your support of these Lease Agreement modifications, as approved by the Commission, and would be glad to provide additional details as necessary to complete this process in a timely manner.

LEASE EXTENSION AND AMENDMENT

PARTIES:

The parties to this Lease Extension and Amendment are the City of New Bedford, acting by and through the New Bedford Airport Commission, as Lessor (hereinafter referred to either as "NBAC" or "LESSOR") and Airport Mini-Storage, Inc., a Massachusetts corporation with a principal place of business at 600 Mount Pleasant Street, New Bedford, Bristol County, Commonwealth of Massachusetts (hereinafter referred to as "LESSEE").

RECITALS:

LESSOR and Margaret B. Dinsmore (now known as Margaret B. Vulgaris) originally entered into a Lease on August 1, 1985, relative property owned by the City and located at 600 Mount Pleasant Street, New Bedford, MA, for a term of five years together with Lessee options for a total of 50 years; and

WHEREAS, said Lease was amended on April 13, 1994, whereby the New Bedford Airport Commission acknowledged that the Lease had been assigned by the original Lessee, Margaret B. Dinsmore to Airport Mini-Storage, Inc., a Massachusetts Corporation whose President was Margaret B. Vulgaris. Said Amendment to the Lease permitted the Lessee to construct and occupy buildings consisting of 39,745 square feet to be used for storage and commercial use in conformance with the New Bedford Zoning requirements; and

WHEREAS, LESSOR'S sole shareholder, Margaret B. Vulgaris, wishes to transfer her shares in the Airport Mini-Storage, Inc. corporation and Patriot State Storage, LLC of 32 Mayfair Road, Warwick, RI, wishes to acquire all of the shares in the Lessee, Airport Mini-Storage, Inc.; and

WHEREAS, the existing Lease, as Amended, shall expire on July 31, 2035.

NOW THEREFORE, LESSOR and LESSEE agree as follows:

LEASE EXTENSION AND AMENDMENT

- a) Article II, Term shall be amended to read as follows: "TO HAVE AND TO HOLD the demised premises for a term commencing August 1, 1985 through July 31, 2062."
- b) Article III, Rent shall be amended to provide for an additional 27 years of rent payments so that the Lease shall expire on July 31, 2062. Rent for the extended years beyond July 31, 2035, shall be as follows:

1. 8/1/2035 – 7/31/2040, \$40,000.00.
2. 8/1/2040 – 7/31/2045, previous annual rent amount, plus trailing 5 Year Cumulative CPI adjustment.
3. 8/1/2045 – 7/31/2050, previous annual rent amount, plus trailing 5 Year Cumulative CPI adjustment.
4. 8/1/2050 - 7/31/2055, previous annual rent amount, plus trailing 5 Year Cumulative CPI adjustment.
5. 8/1/2055 – 7/31/2060, previous annual rent amount, plus trailing 5 Year Cumulative CPI adjustment.
6. 8/1/2060 – 7/31/62, previous annual rent amount, plus trailing 5 Year Cumulative CPI adjustment.

For this purpose, “CPI Index” is to be defined as proposed by LESSEE’s legal counsel as “the Consumer Price Index for Urban Wage Earners and workers for Boston-Brockton-Nashua, MA-NH-CT (Base Period 1982-84 = 100) as published by the United States Department of Labor, Bureau of Labor Statistics.” If the CPI Index is not available on the Rental Change Date, then the Commission shall determine, in its sole discretion, a replacement index.

The mechanics of the adjustments to mean that “the Fixed Payment will increase by an amount equal to the product of (i) the Fixed Payment for the immediately preceding sixty (60)- month period (as increased by all prior increases in the CPI), and (ii) the cumulative increase in CPI for the period starting on the beginning date of the Last renewal Option to the date of the Current Renewal Option. However, the CPI Escalation shall never be less than zero.”

- c) Upon execution of this Lease Extension and Amendment, the Lease shall be subject to the New Bedford Airport Leasing Policy then in effect during the balance of the Lease term.
- d) Upon the expiration of the Lease on July 31, 2062, consideration by the New Bedford Airport commission of any further extension of or renewal of the Lease, transfer of ownership of improvements, or the removal of the improvements, shall be determined by the terms of the New Bedford Airport Leasing Policy, then in effect.
- e) Upon execution of this Lease Extension and Amendment, Margaret B. Vulgaris, individually, shall be released by the LESSOR from all liability, direct or contingent, to the New Bedford Airport Commission or the City of New Bedford relative to the terms and conditions of the original Lease entered into on August 1, 1985, and as Amended thereafter.

- f) As bargained for consideration of this Lease Extension and Amendment, the LESSEE shall pay to the New Bedford Airport Commission, at the time of execution of this Lease Extension and Amendment, a transfer fee equal to five (5%) percent of the amount of the sale of LESSEE's corporate stock, which transfer fee shall be in the amount of \$200,000.00.

Executed under seal this _____ day of _____, 2022.

LESSOR, CITY OF NEW BEDFORD
ACTING BY AND THROUGH THE
NEW BEDFORD AIRPORT COMMISSION

LESSEE, AIRPORT MINI-STORAGE, INC.

By: _____
Carlos A. DaCunha,
Commission Chairperson

By: _____
Margaret B. Vulgaris,
President and Sole Shareholder

Jonathan F. Mitchell, Mayor
City of New Bedford

Eric Jaikes, City Solicitor
As To Form And Legality Only

DATED: