



CITY OF NEW BEDFORD

JONATHAN F. MITCHELL, MAYOR

February 23, 2023

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

Dear Council President Morad and Honorable Members of the Council:

On behalf of the New Bedford Airport Commission, I am submitting to you a Lease Assignment, Extension and Amendment. Both the Committee on Finance and the full City Council previously approved a prior version of this amendment. Due to concerns from the new lessee's lender, the Airport Commission was asked to change a phrase relating to the assignment of the lease. Instead of using the phrase "acquire all of the shares" to describe the means of assignment between the new and existing lessee, the amendment now uses the phrase "purchase all the assets."

The highlights of the Lease Assignment, Extension, and Amendment remain the same. As a result of the transfer between the new and existing lessees, the City will receive a \$200,000.00 transfer fee. The amendment also results in a significant rent increase during the first five extension years with subsequent increases tied to CPI adjustments.

I have enclosed: (a) the new version of the Lease Assignment, Extension and Amendment, (b) a proposed Order, (c) a Memorandum from Carlos A. DaCunha, outlining the terms in greater detail, and (d) the Committee on Finance's previous letter, urging the full City Council to adopt the prior amendment.

I ask that you approve this Lease Assignment, Extension and Amendment, and I thank you for your consideration of this matter.

Sincerely,

Jon Mitchell
Mayor

OM/bar

Attachments (4)



CITY OF NEW BEDFORD

CITY COUNCIL

February 23, 2023

Ordered, that the Mayor or his designee is authorized on behalf of the City of New Bedford to effect and execute the Lease Assignment, Extension and Amendment, a copy of which is attached hereto;

LEASE ASSIGNMENT, EXTENSION, AND AMENDMENT

PARTIES

The parties to this Lease Assignment, 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

WHEREAS, LESSOR and Margaret B. Vulgaris (formerly known as Margaret B. Dinsmore) originally entered into a Lease on August 1, 1985, relative to property owned by the City and located at 600 Mount Pleasant Street, New Bedford, MA, for a term of 5 years together with LESSEE options for a total of 50 years; and

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

WHEREAS, LESSEE's sole shareholder, Margaret B. Vulgaris, now wishes to sell all assets belonging to Airport Mini-Storage, Inc., and Patriot State Storage LLC of 204 Hartford Avenue, Providence, RI 02909, RI, now wishes to purchase all the assets of 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 ASSIGNMENT, 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 – 7/31/2062: Previous annual rent amount, plus trailing 5 year Cumulative CPI adjustment.

“CPI” refers to “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 CPI is unavailable on the Rental Change Date, the NBAC shall determine, in its sole discretion, a replacement index.

The mechanics of the adjustments mean that “the Fixed Payment will increase to 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) one (1) plus the percentage 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) LESSOR acknowledges that upon execution of this Lease Assignment, Extension, and Amendment, the Lease will be assigned from LESSEE to Patriot State Storage LLC. Consequently, LESSEE shall be released from all liability, direct or contingent, to the NBAC or the City of New Bedford relative to the terms and conditions of the original Lease entered on August 1, 1985, and as Amended thereafter.
- d) Upon execution of this Lease Assignment, 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.
- e) Upon the expiration of the Lease on July 31, 2062, consideration by the NBAC of any further extension or renewal of the Lease, transfer of ownership or improvements, or the removal of improvements, shall be determined by the terms of the New Bedford Airport Leasing Policy then in effect.

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

Executed under seal this _____ day of _____, 2023.

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

By: _____
Mathew Provencher,
Commission Vice Chairperson

Jonathan F. Mitchell,
Mayor of the City of New Bedford

Owen Murphy,
Assistant City Solicitor
As to form and legality only

LESSEE, AIRPORT MINI-STORAGE, INC.

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

ASSIGNEE, PATRIOT STATE STORAGE LLC

By: _____
Eric Nadelman

DATED:

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: cn=Carlos A. DaCunha, Chairperson, o=
New Bedford Airport Commission,
email=Carlos.DaCunha@newbedford-ma.gov,
c=US
Date: 2022.06.01 12:33:11 -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.



City of New Bedford
IN COMMITTEE

July 21, 2022

The Honorable City Council
133 William Street
New Bedford, MA 02740

Dear Honorable Members of the City Council:

The Committee on Finance at a Meeting held on Wednesday, July 13, 2022, considered a COMMUNICATION, Mayor Mitchell, to City Council, submitting a LEASE EXTENSION AND AMENDMENT between the New Bedford Airport Commission and Airport Mini Storage, Inc. (Ref'd 06/23/2022)

On motion by Councillor Abreu and seconded by Councillor Burgo, the Committee VOTED: To recommend to the City Council Approval of the LEASE EXTENSION AND AMENDMENT between the New Bedford Airport Commission and Airport Mini Storage, Inc. This motion passed on a voice vote.

IN COMMITTEE ON FINANCE

William Brad Markey

Councillor William Brad Markey, Chairman

WBM/at