

Appendix A
Decision Point: Nunno Lease
Lincoln Airport Committee
Oct. 19, 2016

Summary Data

Annual value of Nunno master lease with City: \$66,577.80

Nunno's projected annual income, less City's lease payment, off ground leases: \$83,317 (before any other expenses)

Options Analysis

Option 1: Exercise Reversion Rights

Projected additional airport revenue of \$83,317

Pros	Cons
1) Additional revenue to airport. Option maximizes revenue to airport.	2) Reversion may stifle private investment at airport.
3) Private asset has been fully amortized by Nunno.	4) Airport assumes hanger maintenance liability and repairs for fixed hangers (high risk of unknown maintenance costs)
5) Reversions are intended to provide for sustainability of airports.	6) Airport assumes administration of 50 hanger ground leases and 24 hanger rentals.
7) FAA encourages reversions to meet long-term sustainability of airports.	

Option 2: Sunset Nunno Master Lease Agreement (MLA) and enter into individual ground leases (IGL) with tenants

Projected additional net new airport revenue of \$32,422

Pros	Cons
1) Additional revenue to airport.	2) Airport assumes hanger maintenance liability and repairs (moderate risk).
3) More proactive property management with Airport has property manager.	4) Airport assumes administration of 74 hanger ground leases.

Option 3: Negotiate New Master Lease Agreement (MLA) with Nunno

Projected additional airport revenue of \$19,973 (30% increase from existing master lease)

Pros	Cons
1) Additional revenue to airport.	2) Nunno has not reinvested in airport.
3) Airport would have no hanger maintenance liability (low risk of unknown maintenance costs)	4) Absentee property owner.
5) Airport would have to administrator 1 MLA rather than 74 individual lease agreements	
6) Allowing Nunno opportunity to negotiate new MLA may encourage culture of private investment at airport.	
7) New lease provisions could include: infrastructure payments, specific pavement improvements, and hanger repairs and lagging maintenance.	