



Item Number: 15

**City Council / Board of Directors**

**Written Communications**

**Meeting of: February 4, 2025**

**Submitted By:**

C. Eric Ray, Airport Director

**Subject:**

Termination of Standard Sublease Agreement for Buildings 868, 868A, 869 and 835 by and between the Southern California Logistics Airport Authority and Overair, Inc.

**Recommendation:**

That the Southern California Logistics Airport Authority ("SCLAA") Board of Directors ratify the termination of a Standard Sublease Agreement for Buildings 868, 868A, 869 and 835 ("Agreement"), by and between the SCLAA and Overair, Inc., ("Overair").

**Fiscal Impact:**

The Termination Agreement presented herein for ratification will result in a reduction of revenue to Building 868 Complex Lease Occupancy account 4501175A-45200 in the amount of \$101,556.15 for fiscal year 2024-2025, \$247,797 for fiscal year 2025-2026, and \$83,276.04 for fiscal year 2026-2027. Additionally, a reduction to revenue of less than \$1,000 will occur in Building 868 Complex Utilities Reimbursement account 4501175A-47220 for the remaining fiscal year.

Considering the current insolvency of Overair, this budgeted revenue is highly unlikely to be collected regardless of whether the Termination Agreement is ratified.

Building 868 Lease Occupancy Revenue		
FY 2024-25 (February 25 – June 25)	FY 2025-26 (July 25 – June 26)	FY 2026-27 (July 26 – October 26)
\$101,556.15	\$247,797	\$83,276.04

**Strategic Plan Goal:**

The City of Victorville Strategic Plan 2023-2026 identifies multi-year strategic goals and various strategies to work toward achieving those goals. Goal A fosters fiscal health through disciplined long-term planning, cost control, increased revenues, and cost recovery. The termination of this Sublease will allow Staff to market the building to other tenants whilst potentially avoiding lengthy time delays and costly legal fees for the duration of the bankruptcy proceedings, which can take several years.

**Background:**

Overair's primary business model was to develop and market an electric air taxi that could shuttle up to 5 passengers roughly 100 miles. Aircraft design occurred at Overair's Santa Ana, CA. location and flight and equipment testing occurred at Southern California Logistics Airport ("SCLA").

Overair previously entered into a Sublease Agreement for a certain cluster of properties at the SCLA described as Buildings 868, 868A, 869, and 835, known as Building 868 Complex, as described in the Sublease Agreement. Because of economic conditions beyond the control of Overair, its business operations went into liquidation, and it executed an Assignment for the Benefit of Creditors in favor of Insolvency Services Group, a California corporation ("ISG").

**Discussion:**

Overair is now seeking to terminate the Sublease and vacate the premises in return for the Authority's willingness to forego collection of any rent otherwise due and owing under the Sublease. To the extent Overair vacates the premises by January 31, 2025, and to the extent ISG relinquishes all of its rights under the Sublease or its Assignment for the Benefit of Creditors, the SCLAA is willing to return to Overair any security deposit previously deposited by Overair with the SCLAA and release Overair of their Sublease payment obligations.

Termination of the Sublease with Overair is beneficial to the SCLAA. The SCLAA will avoid litigation costs related to unlawful detainer actions by terminating the Sublease with Overair. Overair's departure and Sublease termination of the Building 868 Complex will allow Airport staff to prepare and market the building to potential tenants. One Airport tenant has made a verbal commitment to Airport staff to begin a Sublease Agreement for the Building 868 Complex as of March 01, 2025, should the space become available. Failure to terminate the Sublease with Overair would potentially take the building off of the market for an extensive period of time while court proceedings take place. Acting now to ratify the Termination Agreement is a demonstration of fiscal efficiency and prudence.

Therefore, staff requests that the SCLAA Board of Directors ratify the termination of a Standard Sublease Agreement for Buildings 868, 868A, 869 and 835 by and between the SCLAA and Overair, Inc.

Staff remains available for any questions or comments you may have.  
CER/see

- Attachments:**
- A. General Site Map
  - B. Termination Agreement for Standard Sublease Agreement for Buildings 868, 868A, 869, and 835