

TO: James L. App, City Manager
FROM: Joseph M. Deakin, Public Works Director
SUBJECT: Airport Sublease Agreements – Nunno Corporation LTD
DATE: October 7, 2003

NEEDS: For the City Council to consider approving a sublease agreement form between Nunno Corporation, LTD and potential aircraft hangar tenants for aircraft storage at 3461 Dry Creek Road.

- FACTS:**
1. The City of Paso Robles is currently engaged in a long-term property lease (Master lease) with Nunno Corporation, LTD on the Municipal Airport at 3461 Dry Creek Road. The lease remains in good standing and compliance. It allows the lessee to enter into sublease agreements on the site with the approval of the City.
 2. Nunno Corporation is completing construction of seventeen (17) aircraft storage hangars on the lease site, along with site improvements related to the development. The Nunno Corporation requests the City approve subleasing agreements as required in the Master lease.
 3. The City Attorney reviewed the sublease agreement and concurs as to its form.
 4. A copy of the approved agreement and a site map showing hangar locations are attached for reference.

**ANALYSIS
AND**

CONCLUSION: Nunno Corporation is permitted under the lease terms with the City and conditions to request and enter into sublease agreements. The lease explicitly provides the City the right to review the proposed sublease, and the conditions of development. The City's sublease approval may not be unreasonably withheld. The City Council is requested to approve the lease form, and the proposed process by which individual subleases will be executed by staff (City Manager). Staff will assure that all lease site improvements are completed before any sublease agreements are executed.

The City supports lease holder projects that provide Airport vitality, and in the present case, the Nunno Corporation development is very positive. It provides additional aircraft storage on the Airport, serving the community and increasing airport activity. The hangar development is consistent with the lease, and subleasing such facilities is routine business practice.

POLICY

REFERENCE: Municipal Airport Property Lease; FAA Lease Guidelines

FISCAL

IMPACT: None

- OPTIONS:**
- a. Adopt Resolution No. 03-xx approving the sublease agreement form, and authorize the City Manager to execute subleases between Nunno Corporation, LTD and their respective aircraft hangar tenants at 3461 Dry Creek Road, on the Municipal Airport once all site development conditions are completed and subsequent to review of each sublease request as appropriate.
 - b. Amend, modify, or reject the above option.

Attachments: (4)

- 1) Resolution
- 2) Sublease Agreement
- 3) Sublessee list

4) Site map

Paso Robles Airport Sublease

This is a sub-lease by and between Nunno Corporation, Ltd. and **Name & Address** entered into on November 1, 2003 for property as described:

Hangar Pad **█** Parcel 35, 3461 Dry Creek Rd. Paso Robles Ca. Consisting of approximately 1680 Sq. Ft.

Whereas:

The City of Paso Robles and Nunno Corporation, Ltd. Entered into a long term master lease agreement, dated 1 December 1980, for properties on the Paso Robles Municipal Airport identified as Parcel 35 of Parcel Map PRAL 80-53 depicted in Exhibit "A" which is attached hereto.

Nunno Corporation Ltd. Desire to sub-lease a portion of said Master Leased premises: Hangar Pad **█** for the purpose of construction an aircraft hangar for use a allowed under the Master Lease and the established Airport Rules and Regulations currently in effect, or as may be adopted. Master Lease attached hereto and incorporated herewith as Exhibit "B".

Is agreed therefore:

Term

That the term of this sublease agreement shall consist of twenty five (25) years expiring at midnight on October 31, 2028.

Rent

Sub-tenant agrees to pay Nunno Corporation Ltd. a sum of **█** (\$0.00) per month, payable in advance. Rent escalation: Upon the anniversary date of the commencement date of the Sub-lease agreement, the annual rent may be increased by four percent (4%) over the annual rent in effect immediately prior to such adjustment.

Taxes & Assessments

Sub-lessee shall pay, before delinquency, all taxes, assessment, license fee and other charges which are levied against premises and Sub-Lessee's personal property located on the premises and which become payable during the term.

Premises

It is recognized that the subject sub-lease premises are included as a part of the Master Lease agreement specified above. If the Master Lease is terminated, sub-tenant will if requested attorn to the Master Landlord and recognize Master Landlord as sub-landlord under this sublease. However, sub-tenants obligation to attorn to the Master Lease will be conditioned on sub-tenants receipt of non-disturbance agreement.

Common Area – Changes and Maintenance

Sublessor shall have the right, in Sublessor sole discretion, from time to time; make changes in the common areas, including, without limitation, changes in location, size, and shape. Ingress, egress and direction of traffic; to close temporarily the common areas for maintenance purposes or as a result of the Master Lease; to perform maintenance and add additional improvements to the common areas and charge the subtenant it proportional share of the cost; to use the common area while engaged in making additional improvements, repairs or alterations to the Project, the common areas, or any portion thereof; and to do and perform such other acts and make such other changes in, to or with respect to the common areas and the Project as the Sublessor may, in the exercise of sound business judgment, deem to be appropriate.

Condition of Performance

In the event that the sales contract is cancelled, then this Ground Sublease shall be cancelled without further liabilities of the parties.

Default

The occurrence of any of one or more of the following events shall constitute a default of this Sublease by Subtenant:

- (a) The vacating of abandonment of the Premises by Subtenant.
- (b) The failure by Subtenant to make any payment or rent or any other payment required to be made by Subtenant hereunder, as and when due, where such failure shall continue for a period of ten (10) days after written notice thereof from Sublessor serves Subtenant with a Notice to pay rent or Quit pursuant to applicable Unlawful Detainer statutes such Notice to Pay Rent of Quit shall also constitute the notice required by this Subparagraph.
- (c) Except as otherwise provided in this Sublease. The failure by Subtenant to observe or perform any of the covenants, conditions or provisions of this Sublease.

Remedies:

In the event of any default by Subtenant, Sublessor may at any time thereafter, with or without notice or demand and without limiting Sublessor in the exercise of any right or remedy, which Sublessor may have by reason of such default:

- (a) Terminate Subtenant's right to possession of the Premises by any lawful means, in which case this Sublease and the term hereof shall terminate and Subtenant shall immediately surrender possession of the premises to Sublessor.

Federally Assisted Programs

The sub-tenant for himself, his heirs, personal representatives and assigns as a part of the consideration hereof does hereby covenant and agree "as a covenant running with the land", that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this lease for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services

or benefits, the sub-tenants shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Part 21, nondiscrimination in Federally assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

Discrimination

The sub-tenants for himself, his personal representatives, and assigns as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over or under such and the furnishings of services thereon, no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, (3) that the sub-tenants shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of Secretary, Part 21, Non-discrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

Discrimination Breach

That in the event of breach of any of the above non-discrimination covenants, Lessor shall have the right to terminate the Lease and to reenter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed including expiration of appeal rights.

Fair Charges

Sub-tenants shall furnish its accommodation and or services of fair, equal and act unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service: PROVIDED, THAT the sub-tenants may be allowed to make reasonable nondiscriminatory discounts, rebated or other similar type of price reductions to volume purchasers.

Discrimination Enforcement

Non-compliance with Provision "VIII" above shall constitute a material breach thereof and in the event of such non-compliance the Lessor shall have the right to terminate this Lease and the estate hereby created without liability therefore or at the election of the Lessor or the United States either or both said Government shall have the right to judicially enforce Sections IV, V, VI and VII.

Commercial Use

All Commercial / FBO Aviation services offered or conducted from sub-leased premises, to the extent authorized in the Master Lease, shall be subject to the prior approval of the City and comply with the adopted Minimum Standards for Aeronautical Activities and Airport Rules and Regulations.

Master Lease

It is further agreed that all of the term, conditions, and requirements specified in the Master Lease Agreement shall apply to and be incorporated herein by reference as a part of this agreement and shall extend to the sub-tenants under the same obligations as the Master Lease holder as outlined herein.

Signed:

Sub-lessor:

Sub-lessee

Dated

Dated

Consent of Landlord

The City of El Paso de Robles, Master Landlord under the Master Lease, consents to the sub-lease without waiver of the terms and conditions of the Master Lease.

In the event of a conflict between the Master Lease and the Sublease, the terms and conditions of the Master Lease shall control.

City of Paso Robles

James L. App, City Manager

Attached hereto and incorporated herewith is:

Exhibit "A" Property Map

Exhibit "B" Master Lease agreement by and between the City of Paso Robles and Nunno Corporation, LTD.

RESOLUTION NO. 03-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING THE SUBLEASE AGREEMENT FORM AND AUTHORIZING THE CITY
MANAGER TO EXECUTE SUBLEASES BETWEEN NUNNO CORPORATION, LTD. AND
THEIR RESPECTIVE AIRCRAFT HANGAR TENANTS AT 3461 DRY CREEK ROAD
SUBSEQUENT TO COMPLETION OF SITE DEVELOPMENT CONDITIONS
AND APPROPRIATE SUBLEASE REVIEW

WHEREAS, on June 15, 1978, the City entered into a long-term property lease on Parcels 35 & 54 in the Airport Industrial Park with Nunno Corporation, Ltd.; and

WHEREAS, on December 1, 1980, the City Council approved an amended agreement superceding the previous; and

WHEREAS, Section XV of the lease agreement allows Lessee to enter in to sublease agreements with prior written consent of the City, such consent to not be unreasonably withheld; and

WHEREAS, the Lessee, after completion of the construction of aircraft storage hangars on the lease site requests City approval of sublease agreements with individual tenants on each hangar.

THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1

That the City Council of the City of Paso Robles does hereby approve the sublease agreement form and authorize the City Manager to execute subleases between Nunno Corporation, Ltd. and their respective aircraft hangar tenants at 3461 Dry Creek Road on the Municipal Airport once all site development conditions are completed and subsequent to review of each sublease request as appropriate.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 7th day of October 2003 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk

**ALL ATTACHMENTS TO THIS STAFF REPORT MAY NOT BE AVAILABLE
IN DIGITAL FORMAT FOR VIEWING ON-LINE.**

A hard-copy of the complete agenda packet, along with all staff reports, exhibits and attachments, is available for review in the City Clerk's Office.

**Packets are also available for loan from the City Library,
beginning on the Friday before each Council meeting.**