

TO: James L. App, City Manager
FROM: Meg Williamson, Assistant City Manager
SUBJECT: Airport Lease Option Renewal – RMB&B
DATE: September 19, 2006

NEEDS: For the City Council to adopt Resolution No. 06-XX, which approves an Exercise of Option to Renew Lease document for a long-term lease of Parcel 8 in the Airport Industrial Park.

- FACTS:**
1. On November 15, 1976, the City entered into a long-term lease agreement on Parcel 8 (3077 Rollie Gates Drive) of the Airport Industrial Park with Edward E. Worthan.
 2. Various amendments and assignment actions have taken place over the life of the lease, as outlined in the subject Option document.
 3. The term of the lease includes a number of option periods – each requiring specific request by the Lessee in order to continue the lease. The current option term expires in November, 2006.
 4. In accordance with the lease agreement, the Lessee (RMB&B) has provided notice of intent to exercise the option to renew.
 5. The Lease site is occupied by Specialty Silicone Fabricators, Inc, - who manufacture silicone components for the medical and other technical industries.
 6. The Lessee remains in full compliance with the terms and conditions of the agreement.

**ANALYSIS
AND**

CONCLUSION: The subject lease agreement and the associated facility in the Airport Industrial Park represents a valuable and beneficial part of the community's economy, accommodating just over 200 jobs for the area. The attached Option document provides for the exercise of four (4) five (5) year option renewals, which is the total allowable under the current agreement (to expire November 14, 2026). By approving the remaining option periods, the lessee would be assured the security of an established lease agreement for the operating premises for the long-term. The City would be assured the continued presence of this important constituent of the local economy. In addition, the rent would be adjusted at the beginning of each five-year option period.

POLICY

REFERENCE: Adopted Airport Lease Policy.

FISCAL

IMPACT: None. The fiscal arrangements provided in the lease agreement remain unchanged.

- OPTIONS:**
- A. Adopt Resolution No. 06-XX, approving an Exercise of Option to Renew Lease document for Parcel 8 of the Airport Industrial park.
 - B. Amend, modify, or reject the above option.

Attachments (2):

1. Resolution 06-XX
2. Exercise of Option to Renew Lease document
3. Lease Location Map

RESOLUTION NO. 06-xx

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING THE EXERCISE OF OPTION TO RENEW LEASE DATED
NOVEMBER 15, 1976 FOR PARCEL 8 OF PRAL 88-207**

WHEREAS, the City of El Paso de Robles initially entered into a long-term lease (the "Lease") for Parcel 8 of the Airport Industrial Park with Edward E. Worthan on November 15, 1976; and

WHEREAS, the Lease has been amended and assigned to different parties, with the approval of the City, in order to accommodate changing demands on the premises, and;

WHEREAS, the Lease on said premises, currently set to expire on November 14, 2006, provides that Lessee, RMB&B Joint Venture, has four (4) remaining options to extend the term of the Lease for a period of five (5) years each; and;

WHEREAS, The RMB&B Joint Venture, has notified the City in writing that it wishes to exercise all of the remaining options so that the Lease would terminate on November 14, 2026,

THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. That the City Council of the City of Paso Robles does hereby approve the Exercise of Option to Renew Lease Dated November 15, 1976 for Parcel 8 of PRAL 88-207 ("option Exercise"), for the remaining four (4) five(5) –year terms, so that the Lease would terminate on November 14, 2026. The Option Exercise shall be in substantially the form attached to this Resolution as Exhibit A and incorporated herein by reference;

Section 2. That the City Council of the City of Paso Robles does hereby authorize the City Manager to execute the Option Exercise, subject to any minor technical, non-substantive changes as approved by the City Attorney.

PASSED AND ADOPTED by the City Council of the City of Paso Robles, this 19th day of **September, 2006**, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Frank R. Mecham, Mayor

ATTEST:

Deborah Robinson, Deputy City Clerk

Recording requested by and
When Recorded return to:

William E. Reising, Jr.
Attorney at Law
Wells Fargo Bank Building
32222 Camino Capistrano, Suite A
San Juan Capistrano, CA 92675
Telephone: 949-496-8101

**EXERCISE OF OPTION TO RENEW LEASE DATED NOVEMBER 15, 1976
FOR PARCEL 8 OF PRAL 88-207**

RMB&B Real Estate Joint Venture, a California General Partnership (“RMB&B” herein) and the City of El Paso De Robles (“City” herein) enter into this EXERCISE OF OPTION TO RENEW LEASE DATED NOVEMBER 15, 1976 FOR PARCEL 8 of PRAL 88-207 (herein "Exercise of Option"), commonly known as 3077 Rollie Gates Drive, Paso Robles, California (“Property” herein).

RECITALS

RMB&B (“Lessee” herein) leases Parcel 8 of PRAL 88-207 (aka 3077 Rollie Gates Drive) from the City (“Lessor” herein) pursuant to the terms and conditions of the following documents:

1. On November 15, 1976 a Lease between the City of El Paso de Robles and Edward E. Worthan was executed.
2. On November 15, 1976 a Addendum to Lease Agreement between the City of El Paso de Robles and Edward E. Worthan was executed. The Lease and the Addendum to Lease Agreement are referred to collectively herein as the "Original Lease."
3. On December 9, 1977 a Memorandum of Lease for Recording was recorded in the Official Records of San Luis Obispo County as Document No. 61313, at Vol. 2032, pages 305-308.
4. On September 30, 1977 an Election to Exercise Option Rights to extend the lease term for three (3) successive five (5) year periods for a total lease term of thirty (30 years) was executed.
5. An Assignment of Lease Agreement was recorded on April 18, 1983 in the Official Records of San Luis Obispo County as Document No.

16197, at vol. 2478, pages 769-777 assigning the lease to Roy E. Coats, Trustee of the Roy E. Coats Family Trust.

6. On May 22, 1996, the City of El Paso de Robles recorded Amendment No. 1 to Municipal Airport Property Lease as Document No. 1996-025422 in the Official Records of San Luis Obispo County. Amendment No. 1 to Municipal Airport Property Lease was executed by and between the City and the Laura Coats Revocable Trust, successor in interest to the Roy E. Coats Family Trust, and acknowledged that the property subject to the original lease had been parcelized into two (2) parcels, identified as Parcels 7 and 8 of PRAL 88-207, and that each parcel would be subject to a separate lease.
7. On November 12, 1996 the City and Laura Coats Revocable Trust entered into Amendment No. 2 to Municipal Airport Property Lease.
8. A Grant Deed executed by Laura E. Coats, Successor Trustee of the Roy Coats Trust, granting the leasehold interest for Parcel 8 of Parcel Map No. PRAL 88-207 to William R. Reising, David B. Batdorf, Sr., Thomas J. Mazelin, and David B. Batdorf Jr., was recorded on June 28, 2000 in the Official Records of San Luis Obispo County as Document No. 2000-035780.
9. On November 21, 2000 Laura Coats, Trustee of the Laura Coats Revocable Trust, assigned her leasehold interest in Parcel 8 of PRAL 88-207 to RMB&B pursuant to an assignment agreement with RMB&B..
10. On February 14, 2001 the City of El Paso de Robles recorded a Memorandum of Assignment of Lease for Parcel 8 of PRAL 88-207 in the Official Records of San Luis Obispo County as Document No. 2001-008909, evidencing the assignment to RMB&B Joint Venture and City consent to such assignment.
11. The current lease term for the Property, as previously extended, is due to expire on November 14, 2006.
12. By a letter dated August 7, 2006, LESSEE RMB&B notified City that LESSEE wished to exercise its option to renew the term of the lease for the Property for the four (4) five (5) year renewal periods remaining under the Original Lease, commencing November 15, 2006 and ending November 14, 2026.

AGREEMENTS

Section 1. TERM OF LEASE:

Paragraph 23 of the Original Lease dated November 15, 1976 states in relevant part:

“This Lease shall be for a term of fifteen (15) years, commencing November 15, 1976 and ending at midnight 14, 1991, (hereafter referred to as “the original term”). LESSEE shall have the option of extending the Lease upon the same terms hereof except for rental as hereafter provided, for seven (7) additional five (5) year periods (hereafter referred to as a removal (sic) terms”) up to a period of thirty-five (35) years for a total lease term of fifty (50) years; provided LESSEE shall give City written notice of his intention to extend the Lease for the designated period of time at least three (3) months prior to the expiration of the original term hereof or any renewal term as provided herein, as the case may be. City to give LESSEE written notice of option renewal date at least four (4) months prior to expiration date.

"LESSEE is hereby granted a first option to renew this Lease at the end of the original term and all renewal terms, that is, after fifty (50) years from the commencement of the original term hereunder. The term “first option” as used means the LESSEE shall have the first right to meet the lease terms with respect to the Premises then offered to any prospective tenant thereof or the terms with respect to the Premises then offered to any prospective tenant thereof or the terms then required by City as to any lease of the Premises if there is no qualified prospective tenant thereof. The first right of refusal shall exist for one (1) year after termination of the lease."

The parties hereby agree that, pursuant to Lessee's timely notice of its option to extend, the term of the Original Lease for the Property shall be extended from November 15, 2006 and terminate on November 14, 2026. All of the terms and conditions of the Original Lease, as amended to date, with respect to the Property, shall remain in full force and effect; provided however, that the rental payments for each renewal term (i.e., commencing on November 15, 2006, November 15, 2011, November 15, 2016, and November 15, 2021), shall be determined in accordance with the procedures set forth in Section 24 and 25 of the Original Lease, as amended to date.

Section 2. The above Recitals are hereby incorporated into this Exercise of Option.

Dated: September ____, 2006

LESSEE:
RMB&B Real Estate Joint Venture,
a California General Partnership

By: _____
WILLIAM E. REISING,
Managing Partner

Dated: September ____, 2006

LESSOR:
CITY OF EL PASO DE ROBLES

By: _____
JAMES L. APP
City Manager

Attach Acknowledgements

